



# HALF YEAR REPORT 2021





# FINANCIAL STATEMENTS

# Directors' Report

The Directors of CIMIC Group Limited present their report for the half-year ended 30 June 2021 in respect of the Consolidated Entity constituted by the Company and the entities it controlled during the half year.

The Consolidated Entity's interim financial report for the half-year ended 30 June 2021 and the auditor's review report are presented on pages 4 to 42.

The lead auditor's independence declaration is set out on page 43 and forms part of the Directors' Report for the half-year ended 30 June 2021.

A review of the operations of the Consolidated Entity and the results of those operations during the half-year (Management Commentary) are contained on pages 44 to 65 and form part of this report.

INFORMATION REGARDING DIRECTORS	
The Directors of the Company at any time during or since the end of the half-year are:	
<b>Juan Santamaria</b> Executive Chairman since November 2020, CEO and Managing Director since February 2020.	<b>Russell Chenu</b> Independent Non-executive Director since June 2014.
<b>José-Luis del Valle Pérez</b> Non-executive Director since March 2014.	<b>Pedro López Jiménez</b> Non-executive Director since March 2014.
<b>David P Robinson</b> Non-executive Director since December 1990.	<b>Peter W Sassenfeld</b> Non-executive Director since November 2011.
<b>Kathryn Spargo</b> Independent Non-executive Director since September 2017.	

ALTERNATE DIRECTOR	
<b>Robert L Seidler AM</b> Alternate Director for Mr del Valle Pérez since June 2014.	

## ROUNDING OFF

As the Company is of a kind referred to in ASIC Corporations (rounding in Financial/Directors' Report) Instrument 2016/191, the Directors have chosen to round amounts in this Directors' Report and the accompanying Financial Report to the nearest hundred thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors:



Juan Santamaria  
*Chief Executive Officer and Managing Director*



Russell Chenu  
*Chairman Audit and Risk Committee*

Sydney, 20 July 2021

# Results for Announcement to the Market – Appendix 4D

for the six months ended 30 June 2021

Name of Entity

## CIMIC GROUP LIMITED

	6 months to June 2021 \$m	6 months to June 2020 \$m Restated <sup>^</sup>	% Change
Revenue – Group from continuing operations	7,127.4	5,540.6	29%
Revenue – Joint ventures and associates from continuing operations	2,514.9	1,139.5	121%
Revenue from continuing operations <sup>1</sup>	4,612.5	4,401.1	5%
Profit / (loss) attributable to shareholders of the parent entity <sup>2</sup>	208.0	316.6	(34%)

For a brief explanation of the figures reported above: refer to page 44 onwards.

Details of Reporting Period	
Current reporting period:	Six (6) months to 30 June 2021
Previous corresponding period:	Six (6) months to 30 June 2020

Dividends - June 2021	Amount per security	Franked amount per security	
Interim dividend	42.0¢	8.4¢	20%
Previous corresponding period	Nil	Nil	Nil

Key Dividend Dates	Date
Ex-dividend date:	15 September 2021
Record date for determining entitlements to the dividend:	16 September 2021
Date for payment of interim dividend:	7 October 2021

<sup>^</sup> The 2020 comparative has been re-presented to separately show those operations now classified as discontinued, as detailed in Note 12: *Acquisitions, disposals and discontinued operations*.

<sup>1</sup>Revenue from continuing operations excludes revenue from joint ventures and associates.

<sup>2</sup>2020 Profit / (loss) attributable to shareholders of the parent entity includes profit attributable to discontinued operation of \$205.6 million.

# Consolidated Statement of Profit or Loss

for the six months ended 30 June 2021

		6 months to June 2021 \$m	6 months to June 2020 \$m Restated^
	Note		
<i>Continuing Operations</i>			
Revenue	2	4,612.5	4,401.1
Expenses	3	(4,411.9)	(4,199.5)
Finance income	4	7.1	12.2
Finance costs	4	(75.7)	(99.8)
Share of profit / (loss) of associates and joint venture entities		115.1	31.7
Profit / (loss) before tax		247.1	145.7
Income tax benefit / (expense)		(39.3)	(37.6)
Profit / (loss) for the period from continuing operations		207.8	108.1
<i>Discontinued Operations</i>			
Profit / (loss) for the period from discontinued operations	12	-	205.6
Profit / (loss) for the period		207.8	313.7
(Profit) / loss for the period attributable to non-controlling interests		0.2	2.9
Profit / (loss) for the period attributable to shareholders of the parent entity		208.0	316.6
Dividends per share - Interim	6	42.0¢	Nil
<i>Earnings per share from continuing operations</i>			
Basic earnings per share	7	66.8¢	35.3¢
Diluted earnings per share	7	66.8¢	35.3¢
<i>Earnings per share from continuing and discontinued operations</i>			
Basic earnings per share	7	66.8¢	98.6¢
Diluted earnings per share	7	66.8¢	98.6¢

^Certain amounts have been re-presented to separately show those operations now classified as discontinued, as detailed in Note 12: *Acquisitions, disposals and discontinued operations*.

The consolidated statement of profit or loss is to be read in conjunction with the notes to the consolidated interim financial report.

# Consolidated Statement of Other Comprehensive Income

for the six months ended 30 June 2021

	6 months to June 2021 \$m	6 months to June 2020 \$m Restated <sup>^</sup>
Profit / (loss) for the period attributable to shareholders of the parent entity	208.0	316.6
Other comprehensive income attributable to shareholders of the parent entity:		
<i>Items that may be reclassified to profit or loss</i>		
• Foreign exchange translation differences (net of tax)	42.6	(53.3)
• Effective portion of changes in fair value of cash flow hedges (net of tax)	21.0	(63.7)
Other comprehensive income / (expense) for the period	63.6	(117.0)
Total comprehensive income / (expense) for the period attributable to shareholders of the parent entity	271.6	199.6
<i>Total comprehensive income / (expense) for the period attributable to shareholders of the parent entity:</i>		
Total comprehensive income / (expense) for the period	271.4	196.7
Total comprehensive (income) / expense for the period attributable to non-controlling interests	0.2	2.9
Total comprehensive income / (expense) for the period attributable to shareholders of the parent entity	271.6	199.6
Continuing operations	271.6	17.8
Discontinued operations	-	181.8
Total comprehensive income / (expense) for the period attributable to shareholders of the parent entity	271.6	199.6

<sup>^</sup>Certain amounts have been re-presented to separately show those operations now classified as discontinued, as detailed in Note 12: *Acquisitions, disposals, and discontinued operations*.

The consolidated statement of other comprehensive income is to be read in conjunction with the notes to the consolidated interim financial report.

# Consolidated Statement of Financial Position

as at 30 June 2021

	Note	30 June 2021 \$m	31 December 2020 \$m
<b>Assets</b>			
Cash and cash equivalents	9	3,155.2	3,082.5
Short term financial assets and investments	10	4.5	4.5
Trade and other receivables	11	2,123.5	1,929.8
Current tax assets		1.3	1.0
Inventories: consumables and development properties		206.9	185.2
<i>Total current assets</i>		5,491.4	5,203.0
Trade and other receivables	11	87.8	89.8
Inventories: development properties		78.3	84.8
Investments accounted for using the equity method	13	1,508.1	1,378.2
Other investments		79.3	57.1
Deferred tax assets		734.7	757.9
Property, plant and equipment		732.6	814.2
Intangibles		921.0	912.3
<i>Total non-current assets</i>		4,141.8	4,094.3
<b>Total assets</b>		9,633.2	9,297.3
<b>Liabilities</b>			
Trade and other payables		4,134.7	4,569.8
Current tax liabilities		20.1	16.5
Provisions		235.7	218.3
Financial liability		118.4	151.2
Interest bearing liabilities	16	36.7	210.0
Lease liabilities		69.1	69.7
Dividend provision	6	186.8	-
<i>Total current liabilities</i>		4,801.5	5,235.5
Trade and other payables		207.2	195.3
Provisions		43.0	42.7
Interest bearing liabilities	16	3,395.2	2,686.6
Lease liabilities		220.9	245.1
<i>Total non-current liabilities</i>		3,866.3	3,169.7
<b>Total liabilities</b>		8,667.8	8,405.2
<b>Net assets</b>		965.4	892.1
<b>Equity</b>			
Share capital		1,458.7	1,458.7
Reserves		(594.4)	(658.0)
Retained earnings		175.6	165.7
<i>Total equity attributable to equity holders of the parent</i>		1,039.9	966.4
Non-controlling interests		(74.5)	(74.3)
<b>Total equity</b>		965.4	892.1

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated interim financial report.



# Consolidated Statement of Changes in Equity

for the six months ended 30 June 2021

	Share Capital	Reserves	Retained Earnings	Attributable to Equity Holders	Non-controlling Interests	Total Equity
	\$m	\$m	\$m	\$m	\$m	\$m
Total equity at 1 January 2020	1,738.4	(527.0)	(454.4)	757.0	(34.0)	723.0
Profit for the period	-	-	316.6	316.6	(2.9)	313.7
Other comprehensive income	-	(117.0)	-	(117.0)	-	(117.0)
Transactions with shareholders in their capacity as shareholders:						
- Dividends	-	-	-	-	(8.1)	(8.1)
- Share buy backs	(141.2)	(5.7)	-	(146.9)	-	(146.9)
- Acquisitions	-	-	-	-	-	-
- Other	-	-	-	-	(1.5)	(1.5)
Total transactions with shareholders	(141.2)	(5.7)	-	(146.9)	(9.6)	(156.5)
Total equity at 30 June 2020	1,597.2	(649.7)	(137.8)	809.7	(46.5)	763.2
	Share Capital	Reserves	Retained Earnings	Attributable to Equity Holders	Non-controlling Interests	Total Equity
	\$m	\$m	\$m	\$m	\$m	\$m
Total equity at 31 December 2020	1,458.7	(658.0)	165.7	966.4	(74.3)	892.1
Impact of change in accounting policy <sup>1</sup>	-	-	(11.3)	(11.3)	-	(11.3)
Total equity at 1 January 2021	1,458.7	(658.0)	154.4	955.1	(74.3)	880.8
Profit for the period	-	-	208.0	208.0	(0.2)	207.8
Other comprehensive income	-	63.6	-	63.6	-	63.6
Transactions with shareholders in their capacity as shareholders:						
- Dividends	-	-	(186.8)	(186.8)	-	(186.8)
- Share buy backs	-	-	-	-	-	-
- Acquisitions	-	-	-	-	-	-
- Other	-	-	-	-	-	-
Total transactions with shareholders	-	-	(186.8)	(186.8)	-	(186.8)
Total equity at 30 June 2021	1,458.7	(594.4)	175.6	1,039.9	(74.5)	965.4

<sup>1</sup>Refer to Note 1: *Basis of Preparation*

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial report.

# Consolidated Statement of Cash Flows

for the six months ended 30 June 2021

		6 months to June 2021 \$m	6 months to June 2020 \$m
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations (including GST)		5,059.4	6,648.7
Cash payments in the course of operations (including GST)		(5,343.0)	(6,669.2)
Cash flows (used) in / from operating activities	10	(283.6)	(20.5)
Interest received		5.1	12.8
Finance costs paid		(50.8)	(91.8)
Income taxes (paid) / received		0.6	(104.1)
Net cash (used) in / from operating activities		(328.7)	(203.6)
<b>Cash flows from investing activities</b>			
Payments for intangibles		(0.9)	(9.8)
Payments for property, plant and equipment		(37.1)	(296.6)
Proceeds from sale of property, plant and equipment		7.4	10.9
Payments for investments in controlled entities and businesses		-	(3.0)
Payments for investments		(30.0)	-
Net cash (used) in investing activities		(60.6)	(298.5)
<b>Cash flows from financing activities</b>			
Cash payments for share buy backs		-	(146.9)
Payment of financial liability	13	(33.5)	(1,361.8)
Proceeds from borrowings		1,736.8	4,675.0
Repayment of borrowings		(1,210.0)	(250.0)
Repayment of leases		(45.7)	(157.5)
Dividends paid to non-controlling interests		-	(2.4)
Net cash from financing activities		447.6	2,756.4
Net increase / (decrease) in cash held		58.3	2,254.3
Cash and cash equivalents at the beginning of the period		3,082.5	1,750.0
Effects of exchange rate fluctuations on cash held		14.4	(15.6)
Cash and cash equivalents at reporting date	9	3,155.2	3,988.7

The consolidated statement of cash flows includes cash flows from both continuing and discontinued operations. Refer to Note 12: *Acquisitions, disposals and discontinued operations* for cash flows relating to discontinued operations.

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated interim financial report.

# Notes to the Consolidated Financial Statements

for the six months ended 30 June 2021

## 1. BASIS OF PREPARATION

The consolidated interim financial report is presented in Australian dollars and has been prepared on a historical cost basis, except for financial instruments that have been measured at fair value at the reporting date.

CIMIC Group Limited is a Company domiciled in Australia. The consolidated interim financial report for the six months ended 30 June 2021 comprises the Company and its controlled entities (the "Consolidated Entity" or "Group") and the Consolidated Entity's interest in associates and joint arrangements. The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

The consolidated interim financial report does not include all the information required for an annual financial report and should be read in conjunction with the financial report of the Group for the year ended 31 December 2020.

Since the outbreak of the pandemic, the Group has been affected across all businesses with a corresponding impact on operating performance, including increased costs and delay in the award of new work both domestically and overseas.

On 17 July 2021 the New South Wales State Government announced extended COVID-19 control measures including a two week stop on non-critical construction activity in New South Wales. Operations that continued to meet the definition of essential (non-construction) services or that of critical construction activity were unaffected, as were the Group's operations outside of New South Wales. As the situation continues to evolve in NSW and other States, the potential impact on the business as a whole will continue to be monitored. The impact of the 17 July 2021 announcement on the assets and liabilities at the balance date is not considered material, albeit it is possible the New South Wales Government could introduce further changes to COVID-19 control measures that would require further consideration.

Despite impacts from the evolving COVID-19 situation, the outlook across the Group's core markets remains positive with stimulus packages announced by governments in the core markets of Construction and Services with additional opportunities through a strong PPP pipeline.

The consolidated interim financial report was authorised for issue by the Directors on 20 July 2021.

### Significant accounting policies

The accounting policies and methods of computation applied by the Group in this consolidated interim financial report are the same as those applied by the Group in the financial report for the year ended 31 December 2020, except as disclosed below.

#### a) New and amended accounting standards

In the current year, the Group has applied a number of new and revised accounting standards and amendments that are mandatorily effective for an accounting period that begins on or after 1 January 2021, as follows:

- AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions
- AASB 2020-5 Amendments to Australian Accounting Standards – Insurance Contracts
- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2

While these standards introduce new disclosure requirements, they do not materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

## 1. BASIS OF PREPARATION continued

### b) Accounting estimates and judgements

The preparation of the consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing the consolidated interim financial report, judgements made in the application of AASBs that could have a significant effect on the financial report and estimates with a risk of adjustment in the next year are the same as those disclosed in the 31 December 2020 CIMIC Annual Report.

### c) Change in accounting policy

#### *Implementation of IFRIC agenda decision relating to Software as a Service (SaaS) arrangements*

During the period, the Group revised its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements.

The new accounting policy is presented below.

Costs incurred in developing systems and in acquiring software and licenses that are controlled by the Group that will provide future economic benefits are capitalised to other intangible assets. Costs capitalised include external direct costs of materials and services and directly attributable internal labour.

IT systems are amortised over their estimated useful lives of up to 10 years. IT systems are carried at cost less accumulated amortisation and any impairment losses.

Costs related to access, configuration and customisation of unrestricted use Software as a Service arrangements are recognised as an operating expense.

#### *Impact on adoption*

As part of the preparation of the Group's half year financial report the Group has estimated that the capitalised value of costs incurred to implement, customise or configure a cloud provider's application software at 31 December 2019 was \$8.4 million and at 31 December 2020 was \$11.3 million. As a result of the change in accounting policy, \$4.8 million of costs capitalised under the previous accounting policy would have been recognised in other expenses, and \$1.9 million of previously recorded amortisation expense would have not been incurred, in the year ended 31 December 2020, resulting in a net increase in expenses of \$2.9 million. The additions of \$4.8 million that were classified within 'investing activities' as 'payments for intangibles' would be reclassified to 'cash payments in the course of operations' within 'operating activities' in the statement of cash flows for the year ended 31 December 2020.

The Group has assessed that the impact of restating the primary statements for the year ended 31 December 2020 would be immaterial and therefore has recognised the write off of the capitalised costs as an opening retained earnings adjustment in the 30 June 2021 half year financial report. The assessment performed for the Group's half year financial report resulted in a decrease in net assets and a decrease in retained earnings as at 1 January 2021 of \$11.3 million.

The impact on the current year is immaterial, being to expense costs that would have been capitalised of \$0.3 million and not expense amortisation that would have been incurred of \$1.1 million, and to classify the \$0.3 million that would previously have been capitalised as a 'cash payment in the course of operations' within 'cash flows from operating activities' in the statement of cash flows.

## 2. REVENUE

		6 months to June 2021 \$m	6 months to June 2020 \$m Restated <sup>^</sup>
	Note		
Construction revenue		3,328.8	3,195.9
Services revenue		1,267.1	1,183.3
Corporate and Investments		16.6	21.9
Total revenue from continuing operations <sup>1</sup>	5	4,612.5	4,401.1

<sup>^</sup>Certain amounts shown here do not correspond to the consolidated half year report as at 30 June 2020 and have been re-presented to separately show those operations now classified as discontinued, as detailed in Note 12: *Acquisitions, disposals and discontinued operations*.

<sup>1</sup>30 June 2020: Total revenue from continuing operations excludes \$1,805.2 million of revenue from discontinued operations. Refer to Note 12: *Acquisitions, disposals and discontinued operations*.

## 3. EXPENSES

		6 months to June 2021 \$m	6 months to June 2020 \$m Restated <sup>^</sup>
Materials		(837.8)	(779.8)
Subcontractors		(1,661.9)	(1,619.7)
Plant costs		(208.9)	(184.0)
Personnel costs		(1,294.8)	(1,214.2)
Depreciation and impairment of property, plant and equipment		(138.5)	(99.6)
Amortisation of intangibles		(10.3)	(17.2)
Net gain / (loss) on sale of assets		3.5	6.2
Foreign exchange (losses) / gains		(1.5)	(11.8)
Lease expense		(43.8)	(47.2)
Design, engineering and technical consulting fees		(19.5)	(16.6)
Other expenses		(198.4)	(215.6)
Total expenses from continuing operations <sup>1</sup>		(4,411.9)	(4,199.5)

<sup>^</sup>Certain amounts shown here do not correspond to the consolidated half year report as at 30 June 2020 and have been re-presented to separately show those operations now classified as discontinued, as detailed in Note 12: *Acquisitions, disposals and discontinued operations*.

<sup>1</sup>30 June 2020: Total expenses from continuing operations excludes \$1,505.8 million of expenses from discontinued operations. Refer to Note 12: *Acquisitions, disposals and discontinued operations*.

#### 4. NET FINANCE INCOME / (COSTS)

	6 months to June 2021 \$m	6 months to June 2020 \$m Restated <sup>^</sup>
<b>Finance income</b>		
Interest and other	7.1	12.2
Total finance income	7.1	12.2
<b>Finance costs</b>		
Debt interest expense	(28.4)	(44.1)
Finance charge for lease liabilities	(7.7)	(9.1)
Facility fees, bonding and other finance costs	(28.2)	(41.1)
Hedge ineffectiveness on cross currency interest rate swaps	(5.6)	-
Impact of discounting	(5.8)	(5.5)
Total finance costs	(75.7)	(99.8)
Net finance income / (costs) from continuing operations <sup>1</sup>	(68.6)	(87.6)

<sup>^</sup>Certain amounts shown here do not correspond to the consolidated half year report as at 30 June 2020 and have been re-presented to separately show those operations now classified as discontinued, as detailed in Note 12: *Acquisitions, disposals and discontinued operations*.

<sup>1</sup>30 June 2020: Net finance costs from continuing operations excludes \$17.4 million of net finance costs from discontinued operations. Refer to Note 12: *Acquisitions, disposals and discontinued operations*.



## 5. SEGMENT INFORMATION

### Description of segments

Operating segments have been identified based on separate financial information that is regularly reviewed by the CIMIC Chief Executive Officer, the Chief Operating Decision Maker ("CODM"). The Group is structured on a decentralised basis comprising the following main segments:

- Construction
- Services
- Corporate and Investments

The performance of each segment forms the primary basis for all management reporting to the CODM. Consistent with prior years, PPPs, Engineering, BICC and Commercial & Residential segments are included within the Corporate and Investments segment results.

As a result of the 50% sale of Thiess as outlined in Note 12: *Acquisitions, disposals and discontinued operations*, the Mining & Mineral Processing segment did not meet the size threshold of a reportable segment at 31 December 2020 as Thiess was classified as a discontinued operation. The continuing operations results of Sedgman were presented within the Services segment results. Accordingly, segment data for the prior period comparatives have been restated to reflect this.

The Group's share of revenue from associates and joint ventures is included in the revenue reported for each applicable operating segment. Performance is measured based on segment result. The Corporate and Investments segment represents the corporate head office and includes transactions relating to Group finance, taxation, treasury, corporate secretarial and certain strategic investments, including Thiess Group Holdings. Included within the corporate segment disclosed are the results of the non-reportable segments.

## 5. SEGMENT INFORMATION CONTINUED

6 months to June 2021	Construction	Services	Corporate and Investments	Total Continuing Operations	Discontinued Operations	Total
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Revenue</b>						
Segment revenue	3,333.9	1,547.2	2,246.3	7,127.4	-	7,127.4
Segment associates and joint venture revenue	(5.1)	(280.1)	(2,229.7)	(2,514.9)	-	(2,514.9)
Revenue	3,328.8	1,267.1	16.6	4,612.5	-	4,612.5
<b>Result</b>						
Segment EBIT	216.8	71.3	27.6	315.7	-	315.7
Net finance income / (costs)	(13.9)	(6.2)	(48.5)	(68.6)	-	(68.6)
Segment result	202.9	65.1	(20.9)	247.1	-	247.1
Income tax / (expense)				(39.3)	-	(39.3)
Profit for the period				207.8	-	207.8
(Profit) / loss for the period attributable to non-controlling interests				0.2	-	0.2
Profit for the period attributable to shareholder of the parent entity				208.0	-	208.0
<b>Other</b>						
Share of profit / (loss) of associates and joint venture entities	7.3	9.4	98.4	115.1	-	115.1
Depreciation & amortisation	(113.7)	(26.8)	(8.3)	(148.8)	-	(148.8)
Other material non-cash income / (expenses)	-	1.0	11.7	12.7	-	12.7

## 5. SEGMENT INFORMATION CONTINUED

6 months to June 2020 Restated <sup>^</sup>	Construction	Services	Corporate and Investments	Total Continuing Operations	Discontinued Operations	Total
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Revenue</b>						
Segment revenue	3,202.6	1,470.2	867.8	5,540.6	1,833.8	7,374.4
Segment associates and joint venture revenue	(6.7)	(286.9)	(845.9)	(1,139.5)	(28.6)	(1,168.1)
Revenue	3,195.9	1,183.3	21.9	4,401.1	1,805.2	6,206.3
<b>Result</b>						
Segment EBIT	225.9	71.6	(64.2)	233.3	301.3	534.6
Net finance income / (costs)	(23.4)	(7.1)	(57.1)	(87.6)	(17.4)	(105.0)
Segment result	202.5	64.5	(121.3)	145.7	283.9	429.6
Income tax / (expense)				(37.6)	(78.3)	(115.9)
Profit for the period				108.1	205.6	313.7
(Profit) / loss for the period attributable to non-controlling interests				5.3	(2.4)	2.9
Profit for the period attributable to shareholder of the parent entity				113.4	203.2	316.6
<b>Other</b>						
Share of profit / (loss) of associates and joint venture entities	9.9	6.0	15.8	31.7	1.9	33.6
Depreciation & amortisation	(86.6)	(19.5)	(10.7)	(116.8)	(330.7)	(447.5)
Other material non-cash income / (expenses)	18.3	-	15.1	33.4	-	33.4

<sup>^</sup>Certain amounts shown here do not correspond to the consolidated half year report as at 30 June 2020 and have been re-presented to separately show those operations now classified as discontinued, as detailed in Note 12: *Acquisitions, disposals and discontinued operations*.

## 6. DIVIDENDS

	Cents per share	\$m
<b>2021 interim dividend</b>		
Subsequent to reporting date the Company announced a 20% franked interim dividend in respect of the period ended 30 June 2021 <sup>1</sup> . The dividend is payable on 7 October 2021. This dividend has not been provided for in the consolidated statement of financial position.	42.0	130.7
<b>Dividends recognised in the reporting period to 30 June 2021</b>		
31 December 2020 final dividend 20% franked payable on 5 July 2021 <sup>1</sup>	60.0	186.8
<b>Dividends recognised in the reporting period to 31 December 2020</b>		
30 June 2020 interim ordinary dividend	-	-
31 December 2019 final dividend	-	-
Total dividends recognised in reporting period to 31 December 2020	-	-

<sup>1</sup>The unfranked portion of the dividend has been declared Conduit Foreign Income.

## 7. EARNINGS PER SHARE

	6 months to June 2021	6 months to June 2020
<b>Basic earnings per share</b>		
From continuing operations	66.8¢	35.3¢
From discontinued operations	-	63.3¢
Total basic earnings per share	66.8¢	98.6¢
<b>Diluted earnings per share</b>		
From continuing operations	66.8¢	35.3¢
From discontinued operations	-	63.3¢
Total diluted earnings per share	66.8¢	98.6¢
Profit / (loss) attributable to shareholders of the parent entity used in the calculation of basic and diluted earnings per share (\$m)		
From continuing operations	208.0	113.4
From discontinued operations	-	203.2
	208.0	316.6
<b>Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share <sup>1</sup>	311,296,286	321,189,320
Weighted average effect of share options on issue	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	311,296,286	321,189,320

<sup>1</sup>During the current period no ordinary shares were purchased under the on-market share buy-back programme announced on 14 December 2020. In the comparative period ended 30 June 2020, 6,274,847 fully paid ordinary shares were purchased for a consideration of \$146.9 million from the shareholders of CIMIC Group Limited and cancelled under the on-market share buy-back programme announced on 29 December 2019. Issued and fully paid share capital at 30 June 2021 of 311,296,286 (31 December 2020: 311,296,286).

## 8. NET TANGIBLE ASSET BACKING

	June 2021	December 2020
Net tangible asset backing per ordinary share <sup>1</sup>	\$0.14	(\$0.06)

<sup>1</sup>Includes lease assets and lease liabilities recognised in accordance with AASB 16 *Leases*.

## 9. CASH AND CASH EQUIVALENTS

	June 2021 \$m	December 2020 \$m
Funds on deposit	222.8	232.0
Cash at bank and on hand	2,932.4	2,850.5
Cash and cash equivalents	3,155.2	3,082.5

As at 30 June 2021: \$499.5 million (31 December 2020: \$447.5 million) of cash at bank is restricted. It includes cash subject to certain operational restrictions of \$222.9 million (31 December 2020: \$229.5 million) as well as cash in relation to the sale of receivables of \$276.6 million (31 December 2020: \$218.0 million). The receivables only include certified amounts with the factoring done on a non-recourse basis.

## 10. SHORT TERM FINANCIAL ASSETS AND INVESTMENTS

	June 2021 \$m	December 2020 \$m
Short term financial assets and investments	4.5	4.5

This balance represents liquid assets converted or readily convertible to cash subsequent to period end.

	Note	June 2021 \$m	December 2020 \$m
<b>Additional information on cash, cash equivalents and short term financial assets and investments:</b>			
Cash and cash equivalents	9	3,155.2	3,082.5
Short term financial assets and investments		4.5	4.5
Cash and equivalent liquid assets		3,159.7	3,087.0

	June 2021 \$m	June 2020 \$m
Cash flows from operating activities	(283.6)	(20.5)
Change in short term assets and investments	-	(0.4)
Total cash from operating activities and changes in equivalent liquid assets	(283.6)	(20.9)



## 11. TRADE AND OTHER RECEIVABLES

	June 2021 \$m	December 2020 \$m
Contract receivables	266.9	247.2
Contract assets	1,047.1	944.4
Retentions and capitalised costs to fulfil contracts	137.7	130.4
<b>Total contract debtors</b>	<b>1,451.7</b>	<b>1,322.0</b>
Trade debtors	146.6	133.7
Other amounts receivable	527.2	434.5
Prepayments	47.5	78.3
Derivative financial assets	2.6	2.9
Amounts receivable from related parties	34.9	42.5
Non-current tax asset	0.8	5.7
<b>Total trade and other receivables</b>	<b>2,211.3</b>	<b>2,019.6</b>
Current	2,123.5	1,929.8
Non-current	87.8	89.8
<b>Total trade and other receivables</b>	<b>2,211.3</b>	<b>2,019.6</b>
<b>Additional information on contract debtors</b>		
Total contract debtors – trade and other receivables	1,451.7	1,322.0
Total contract liabilities – trade and other payables	(1,623.7)	(1,616.7)
<b>Net contract debtors</b>	<b>(172.0)</b>	<b>(294.7)</b>

### Remaining performance obligations (Work in hand)

Contracts which have remaining performance obligations as at 30 June 2021 are set out below.

	June 2021 \$m	December 2020 \$m
Construction	15,008	12,526
Services	9,439	8,825
Corporate and Investments	8,865	8,728
<b>Work in hand<sup>1</sup></b>	<b>33,312</b>	<b>30,079</b>

<sup>1</sup>Includes \$11,093 million (31 December 2020: \$11,368 million) of CIMIC's share of work in hand from joint venture and associate equity accounted investments.

Contracts in the different sectors have different lengths. The average duration of contracts is given below, however some contracts will vary from these typical lengths. Revenue is typically earned over these varying timeframes, however more of the revenue noted above is expected to be earned in the short-term.

Construction	1-4 years
Services	4-10 years
Corporate and Investments	3-7 years

## 12. ACQUISITIONS, DISPOSALS AND DISCONTINUED OPERATIONS

### ***30 June 2021 acquisitions and disposals of controlled entities***

#### ***Acquisitions***

##### **Innovative Asset Solutions**

On 11 June 2021, CIMIC through its wholly owned subsidiary UGL Operations and Maintenance (Services) Pty Ltd acquired Innovative Assets Solution Group Ltd ("IAS"). IAS is a technology enabled fabric maintenance business predominantly servicing the Australian Oil and Gas industry and adjacent markets. The purchase consideration was \$24.0 million cash, of which \$4.7 million was deferred. The acquisition has been accounted for under AASB 3: *Business Combinations*.

The contribution by IAS to the Group from either the acquisition date or 1 January 2021 to the end of the period ended 30 June 2021 was immaterial. IAS is now reported within the Services segment (refer to Note 5: *Segment information*).

### ***31 December 2020 acquisitions and disposals of controlled entities***

#### ***Acquisitions***

##### **RTL**

On 28 August 2020 CIMIC, through its then subsidiary Thiess, acquired an additional 44% stake in RTL Mining and Earthworks Pty Ltd ("RTL") from Downer EDI Mining Pty Ltd ("Downer") for cash and non-cash consideration of \$18.9 million. RTL was a 44% owned joint venture between Thiess (44%), Downer (44%), and Linfox Resources Pty Ltd (12%), with this transaction bringing CIMIC's total ownership to 88%. RTL provides mining, plant hire and maintenance services to the major electricity generators in the Latrobe Valley, Victoria.

The acquisition was accounted for under AASB 3: *Business Combinations*. The contribution by the acquired company to the Group from either the acquisition date or 1 January 2020 to the end of the period ended 31 December 2020 was immaterial.

##### **Pekko Engineers**

On 28 February 2020, CIMIC through its wholly owned subsidiary Leighton Asia Pty Ltd acquired Pekko Engineers Ltd ("Pekko Engineers"). This company is a Hong Kong based engineering company that provides electrical services on infrastructure projects. The purchase consideration was \$4.3 million cash, of which \$1.7 million was deferred. Subsequent to the acquisition, \$0.7 million of the \$1.7 million deferred amount has been paid. The acquisition has been accounted for under AASB 3: *Business Combinations*.

The contribution by the acquired company to the Group from either the acquisition date or 1 January 2020 to the end of the period ended 31 December 2020 was immaterial. Pekko Engineers is now reported within the Construction segment (refer to Note 5: *Segment information*).

## 12. ACQUISITIONS, DISPOSALS AND DISCONTINUED OPERATIONS CONTINUED

### Disposals

On 31 December 2020, the Group sold 50% of its share in Thiess to funds advised by Elliott Advisors (UK) Ltd ("Elliott") and entered into a joint venture arrangement with Elliott. As the Group no longer controls Thiess, the transaction was recorded as a disposal of controlled entities and the acquisition of an interest in a joint venture entity during the period to 31 December 2020. Refer to 31 December 2020 CIMIC Annual Report for full details of disposal.

Thiess was not classified as discontinued operations as at 30 June 2020, and accordingly the comparative consolidated statement of profit and loss and consolidated statement of profit and loss and other comprehensive income have been re-presented (as required under AASB 5: *Non-current Assets Held for Sale and Discontinued Operations*) to show the discontinued operations separately from continuing operations.

The results of the discontinued operations included in the profit for the period are set out below. The comparative profit from discontinued operations has been re-presented to include those operations classified as discontinued.

	6 months to June 2020 \$m
<b>Profit for the period from discontinued operations</b>	
Revenue	1,805.2
Expenses	(1,505.8)
Net finance costs	(17.4)
Share of profits / (losses) of associates and joint venture entities	1.9
Profit / (loss) before tax from discontinued operations	283.9
Income tax (expense) / benefit from discontinued operations	(78.3)
Profit / (loss) for the period from discontinued operations	205.6
Profit / (loss) attributed to non-controlling interests	(2.4)
Profit / (loss) attributable to shareholders of the parent entity	203.2
<b>Cash flows from discontinued operations</b>	
Net cash from / (used in) operating activities	(91.1)
Net cash from / (used in) investing activities	(183.0)
Net cash from / (used in) financing activities	651.3
Net cash flow for the period	377.2

### 13. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD

The Group has the following investments in associates:

Name of entity	Principal activity	Country	Ownership interest	
			June 2021 %	December 2020 %
Canberra Metro Holdings Pty Ltd <sup>1</sup>	Construction	Australia	30	30
Canberra Metro Holdings Trust <sup>1</sup>	Construction	Australia	30	30
Dunsborough Lakes Village Syndicate <sup>1</sup>	Development	Australia	20	20
LCIP Co-Investment Unit Trust <sup>2</sup>	Investment	Australia	11	11
IC Integrity Pty Ltd	Services	Australia	49	-
Metro Trains Australia Pty Ltd <sup>1</sup>	Services	Australia	20	20
Metro Trains Sydney Pty Ltd <sup>1</sup>	Services	Australia	20	20
On Talent Pty Ltd	Recruitment	Australia	30	30
Shaped NZ Hold GP Limited <sup>3</sup>	Investment	New Zealand	23	23
Shaped NZ Hold LP <sup>3</sup>	Investment	New Zealand	23	23
Torrens Connect Pty Ltd	Services	Australia	23	23

All associates have a statutory reporting date of 31 December with the following exceptions:

<sup>1</sup>Entities have a 30 June statutory reporting date.

<sup>2</sup>The Group's investment was equity accounted as a result of the Group's active participation on the Board and the Group's ability to impact decision making, leading to the assessment that significant influence exists.

<sup>3</sup>Entities have a 31 March statutory reporting date.

### 13. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

The Group has the following joint venture entities:

Name of entity	Principal activity	Country	Ownership interest	
			June 2021 %	December 2020 %
Adelaide Metro Operations Pty Ltd	Services	Australia	50	50
Australian Terminal Operations Management Pty Ltd	Services	Australia	50	50
BICC Contracting LLC	Construction	United Arab Emirates	45	45
Canberra Metro Operations Pty Ltd	Services	Australia	50	50
CIP Holdings General Partner Limited <sup>1</sup>	Investment	New Zealand	40	40
Cornerstone Infrastructure Partners Holding LP <sup>1</sup>	Investment	New Zealand	40	40
GSJV Guyana Inc <sup>1</sup>	Contract Mining	Guyana	50	50
GSJV SCC (formerly GSJV Limited (Barbados)) <sup>1</sup>	Contract Mining	Barbados	50	50
Kings Square No.4 Unit Trust <sup>1</sup>	Development	Australia	50	50
Kings Square Pty Ltd <sup>1</sup>	Development	Australia	50	50
Leighton Abigroup Joint Venture <sup>1</sup>	Construction	Australia	50	50
Leighton-Infra 13 Joint Venture <sup>2</sup>	Construction	India	50	50
Leighton-Ose Joint Venture <sup>2</sup>	Construction	India	50	50
Mode Apartments Pty Ltd	Development	Australia	30	30
Mode Apartments Unit Trust	Development	Australia	30	30
Momentum Trains Holding Pty Ltd <sup>1</sup>	Investment	Australia	49	49
Momentum Trains Holding Trust <sup>1</sup>	Investment	Australia	49	49
Mpeet Pty Limited	Services	Australia	50	50
Mulba Mia Leighton Broad Joint Venture <sup>1</sup>	Construction	Australia	50	50
Naval Ship Management (Australia) Pty Ltd <sup>2</sup>	Services	Australia	50	50
Pulse Partners Agent Pty Ltd <sup>1</sup>	Investment	Australia	49	49
Pulse Partners Holding Pty Ltd <sup>1</sup>	Investment	Australia	49	49
Pulse Partners Holding Trust <sup>1</sup>	Investment	Australia	49	49
Thiess Group Holdings Pty Ltd	Contract Mining	Australia	50	50
U-Go Mobility Pty Ltd	Services	Australia	50	50
Ventia Services Group Pty Limited	Services	Australia	47	47
Wallan Project Pty Ltd <sup>1</sup>	Investment	Australia	30	30
Wallan Project Trust <sup>1</sup>	Investment	Australia	30	30
WSO M7 Stage 3 JV	Construction	Australia	50	50

All joint venture entities have a statutory reporting date of 31 December with the following exceptions as they are aligned with the joint venture partners' reporting date and / or the reporting date is prescribed by local statutory requirements:

<sup>1</sup>Entities have a 30 June statutory reporting date.

<sup>2</sup>Entities have a 31 March statutory reporting date.

Where the Group has an ownership interest in a joint venture entity greater than 50% but does not control the arrangement due to the existence of joint control, the joint venture is not consolidated.

### 13. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

#### *BICC*

On 15 February 2021, CIMIC announced that it has signed a share purchase agreement with SALD Investment LLC ("SALD") for the sale of CIMIC's investment in the Middle East. SALD, a privately owned, UAE-based investment company, will purchase CIMIC's 45% investment in BICC for nominal consideration. SALD is also acquiring the remaining 55% of BICC held by CIMIC's co-shareholder, also for a nominal amount. The sale covers all of CIMIC's investments in the Middle East. On completion, SALD will own all BICC's businesses in the UAE, Qatar, Oman and Saudi Arabia.

While CIMIC has agreed with the purchaser to contribute a certain amount of funds into BICC, the transaction does not increase CIMIC's financial exposure to the Middle East. In the period to 30 June 2021, \$33.5 million has been paid in respect of CIMIC's financial guarantees and other expenses. These amounts have been funded by the financial liability and other amounts payable recognised in the year ended 31 December 2019.

The completion of the share purchase agreement is subject to satisfaction of certain conditions precedent and obtaining all necessary approvals. Accordingly the investment is classified as an asset held for sale in accordance with AASB 5. The investment has nil book value and therefore is not shown on the Consolidated Statement of Financial Position.

#### *Thiess Group Holdings Joint Venture ("Thiess Joint Venture")*

On 31 December 2020, the Group sold 50% of its share in Thiess to funds advised by Elliott and entered into a joint venture arrangement with Elliott, as detailed in Note 12: Acquisitions, disposals and discontinued operations.

The Thiess results were classified as a discontinued operation in the segment reporting at 31 December 2020 to reflect this and the results of the Thiess Group Holdings joint venture ("Thiess Joint Venture") are now equity accounted within the Corporate and Investments segment in the 30 June 2021 half year financial report. Given the significance of the change and of the financial information of the Thiess Joint Venture to understanding the financial performance and position of the Group, additional disclosure has been made of certain financial information of the Thiess joint venture.

The following table provides summarised financial information and reconciles the carrying amount of the Group's interest, and its share of profit or loss of its equity accounted investment in the Thiess Joint Venture. The information has been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and differences in accounting policies.



### 13. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

Thiess Joint Venture	6 months to June 2021^ \$m
<b>Summarised profit or loss</b>	
Revenue	1,689.2
Depreciation and amortisation	(292.6)
Other expenses	(1,179.8)
Share of profit / (loss) of joint venture entities	-
Finance income	0.7
Finance costs	(26.6)
Profit / (loss) before tax	190.9
Income tax (expense) / benefit	(46.5)
Profit / (loss) for the period	144.4
Non-controlling interest	(4.4)
Profit / (loss) for the year attributable to members of the parent	140.0
entity Other comprehensive income	17.8
Total comprehensive income	157.8
Group's ownership interest	50%
Group's total share of:	
Profit / (loss) for the period	70.0
Other comprehensive income	8.9
Total comprehensive income	78.9
Dividends received	-

^On 31 December 2020, the Group sold 50% of its share in Thiess to funds advised by Elliott and entered into a joint venture arrangement with Elliott, as detailed in Note 12: *Acquisitions, disposals and discontinued operations*. Therefore there is no comparative summarised profit of loss to present.

### 13. ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD CONTINUED

Thiess Joint Venture	30 June 2021 \$m	31 December 2020 \$m
<b>Summarised balance sheet</b>		
Current assets		
Cash and cash equivalents	150.2	127.7
Other current assets	1,068.5	768.0
Total current assets	1,218.7	895.7
Non-current assets	4,353.4	4,492.2
Total non-current assets	4,353.4	4,492.2
Current liabilities		
Financial liabilities (excluding trade payables)	(126.3)	(277.6)
Other current liabilities	(651.9)	(672.3)
Total current liabilities	(778.2)	(949.9)
Non-current liabilities		
Financial liabilities (excluding trade payables)	(2,033.8)	(1,820.7)
Other non-current liabilities	(318.4)	(332.1)
Total non-current liabilities	(2,352.2)	(2,152.8)
Net assets (100%)	2,441.7	2,285.2
Less: non-controlling interests	(19.9)	(21.2)
Net assets attributable to members of the parent entity	2,421.8	2,264.0
Group's share of net assets (50%)	1,210.9	1,132.0

#### 14. JOINT OPERATIONS

The Group has the following interest in joint operations:

Name of arrangement	Principal activity	Country	Ownership interest	
			June 2021 %	December 2020 %
Acciona Infrastructure & CPB Contractors Joint Venture (formerly Leighton Abigroup Consortium (Epping to Thornleigh))	Construction	Australia	50	50
Baulderstone Leighton Joint Venture	Construction	Australia	50	50
Bintai - Leighton JV <sup>1</sup>	Construction	Australia	49	-
Casey Fields Joint Venture <sup>1</sup>	Development	Australia	33	33
CH2-UGL JV	Construction	Australia	50	50
CHT Joint Venture	Construction	Australia	50	50
CPB & BMD JV	Construction	Australia	50	50
CPB & Bombardier JV	Construction	Australia	50	50
CPB & JHG JV	Construction	Australia	50	50
CPB BAM Ghella UGL Joint Venture	Construction	Australia	54	54
CPB Black & Veach Joint Venture <sup>1</sup>	Construction	Australia	50	50
CPB Dragados Samsung Joint Venture	Construction	Australia	40	40
CPB Ghella UGL JV	Construction	Australia	78	-
CPB John Holland Dragados Joint Venture	Construction	Australia	50	50
CPB Samsung John Holland Joint Venture	Construction	Australia	33	33
CPB Seymour Whyte JV	Construction	Australia	50	50
CPB Southbase JV	Construction	New Zealand	60	60
Gammon - Leighton Joint Venture	Construction	Hong Kong	50	50
Gateway WA	Construction	Australia	68	68
Henry Road Edenbrook Joint Venture <sup>1</sup>	Development	Australia	30	30
HYLC Joint Venture <sup>1</sup>	Construction	Australia	50	50
Innovative Asset Solutions Pty Ltd & UGL Operations and Maintenance (Services) Pty Limited <sup>2</sup>	Services	Australia	-	70
JH & CPB & Ghella JV	Construction	Australia	45	45
JHCPB JV	Construction	Australia	50	50
John Holland Pty Ltd, UGL Engineering Pty Ltd and GHD Pty Ltd trading as Malabar Alliance	Construction	Australia	50	50
Leighton - Able Joint Venture	Construction	Hong Kong	51	51
Leighton - China State - Van Oord Joint Venture	Construction	Hong Kong	45	45
Leighton - China State Joint Venture	Construction	Hong Kong	51	51
Leighton - China State Joint Venture	Construction	Hong Kong	51	51
Leighton - Chubb E&M Joint Venture	Construction	Hong Kong	50	50
Leighton - Chun Wo Joint Venture	Construction	Hong Kong	84	84
Leighton - Chun Wo Joint Venture	Construction	Hong Kong	60	60
Leighton - Chun Wo Joint Venture	Construction	Hong Kong	70	70
Leighton - Gammon Joint Venture	Construction	Hong Kong	50	50
Leighton - HEB Joint Venture	Construction	New Zealand	80	80
Leighton - John Holland Joint Venture	Construction	Hong Kong	55	55
Leighton - Total Joint Operation	Construction	Indonesia	67	67
Leighton China State Joint Venture (Wynn Resort)	Construction	Macau	50	50
Leighton Contractors Downer Joint Venture <sup>1</sup>	Construction	Australia	50	50
Leighton Fulton Hogan Joint Venture (Sapphire to Woolgoolga) <sup>1</sup>	Construction	Australia	50	50
Leighton Fulton Hogan Joint Venture (Sh16 Causeway Upgrade)	Construction	New Zealand	50	50
Leighton John Holland Joint Venture	Construction	Singapore	50	50

#### 14. JOINT OPERATIONS CONTINUED

Name of arrangement	Principal activity	Country	Ownership interest	
			June 2021 %	December 2020f %
Leighton M&E – Southa Joint Venture	Construction	Hong Kong	50	50
Leighton Yongnam Joint Venture	Construction	Singapore	70	70
Leighton York Joint Venture	Construction	Australia	75	75
LLECPB Crossing Removal JV	Construction	Australia	50	50
Metropolitan Road Improvement Alliance	Construction	Australia	71	71
Murray & Roberts Marine Malaysia - Leighton Contractors Malaysia Joint Venture <sup>1</sup>	Construction	Malaysia	50	50
NRT - Design & Delivery JV	Construction	Australia	50	50
NRT - Infrastructure Joint Venture	Construction	Australia	50	50
NRT Systems JV	Services	Australia	40	40
OWP Joint Venture (Optus Wireless JV)	Services	Australia	50	50
PTA Radio	Services	Australia	44	44
Rizzani CPB Joint Venture	Construction	Australia	50	50
Swietelsky CPB Rail Joint Venture <sup>1</sup>	Services	Australia	50	50
UGL Cape	Services	Australia	50	50
UGL Kentz	Construction	Australia	50	50
Veolia Water - Leighton - John Holland Joint Venture	Construction	Hong Kong	24	24

All joint operations have a reporting date of 31 December with the following exceptions:

<sup>1</sup>Arrangements have a 30 June reporting date. These entities have different statutory reporting dates to the Group as they are aligned with the joint operations partners' reporting date and / or the reporting date is prescribed by local statutory requirements.

<sup>2</sup>As detailed in Note 12: *Acquisitions, Disposals and Discontinued Operations*, on 11 June 2021, CIMIC through its wholly owned subsidiary UGL Operations and Maintenance (Services) Pty Ltd acquired Innovative Assets Solution Group Ltd ("IAS") and therefore this arrangement ceased to be a joint operation and is now a subsidiary of the Group.

## 15. FINANCIAL INSTRUMENTS

### a) Classification of financial assets and financial liabilities

Financial assets	June 2021 \$m	December 2020 \$m
Financial assets at amortised cost:		
Cash and cash equivalents	3,155.2	3,082.5
Short term financial assets and investments	4.5	4.5
Trade debtors	146.6	133.7
Amounts receivable from related parties	34.9	42.5
Other amounts receivable	575.5	518.5
Financial assets at fair value through profit or loss	79.3	57.1
Derivative financial instruments:		
Used for hedging	2.6	2.9
Balance at reporting date	3,998.6	3,841.7
Financial liabilities	June 2021 \$m	December 2020 \$m
Financial liabilities at amortised cost:		
Trade and other payables	4,318.5	4,717.4
Financial liability	118.4	151.2
Interest bearing liabilities	3,431.9	2,896.6
Lease liabilities	290.0	314.8
Derivative financial instruments:		
Used for hedging	10.4	34.7
Held for trading at fair value through profit or loss	13.0	13.0
Balance at reporting date	8,182.2	8,127.7

## 15. FINANCIAL INSTRUMENTS CONTINUED

### a) Classification of financial assets and financial liabilities continued

The Group's financial instruments resulted in the following income, expenses and gains and losses recognised in the consolidated statement of profit or loss:

	6 months to June 2021 \$m	6 months to June 2020 \$m Restated <sup>^</sup>
<b>Income, expenses and gains and losses recognised in the statement of profit or loss:</b>		
Interest from assets held at amortised cost	7.1	12.2
Net fair value gain / (loss) on equity investments mandatorily measured at FVPL	20.9	17.4
Gain / (loss) on de-recognition of financial assets measured at amortised cost	(11.1)	(22.7)
Net foreign exchange gain / (losses) recognised in profit before income tax for the period	(1.5)	(1.0)

<sup>^</sup>Certain amounts shown here do not correspond to the consolidated half year report as at 30 June 2020 and have been re-presented to separately show those operations now classified as discontinued, as detailed in Note 12: *Acquisitions, disposals and discontinued operations*.

### b) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the fair value hierarchy. The fair values of financial assets and liabilities held at fair value have been determined based on either the listed price or the net present value of cash flows using current market rates of interest.

The table below analyses other financial instruments carried at fair value, listed in order of valuation method. The different levels have been identified as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data.

30 June 2021	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Listed	4.7	-	-	4.7
- Unlisted	-	-	74.6	74.6
Derivatives				
- Used for hedging	-	2.6	-	2.6
<b>Total assets</b>	<b>4.7</b>	<b>2.6</b>	<b>74.6</b>	<b>81.9</b>
<b>Liabilities</b>				
Financial liability at fair value through profit or loss				
- Put option	-	-	(13.0)	(13.0)
Derivatives				
- Used for hedging		(10.4)		(10.4)
<b>Total liabilities</b>	<b>-</b>	<b>(10.4)</b>	<b>(13.0)</b>	<b>(23.4)</b>

## 15. FINANCIAL INSTRUMENTS CONTINUED

### b) Fair value hierarchy continued

31 December 2020	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Listed	0.5	-	-	0.5
- Unlisted	-	-	56.6	56.6
Derivatives				
- Used for hedging	-	2.9	-	2.9
<b>Total assets</b>	<b>0.5</b>	<b>2.9</b>	<b>56.6</b>	<b>60.0</b>
<b>Liabilities</b>				
Financial liability at fair value through profit or loss				
- Put option	-	-	(13.0)	(13.0)
Derivatives				
- Used for hedging	-	(34.7)	-	(34.7)
<b>Total liabilities</b>		<b>(34.7)</b>	<b>(13.0)</b>	<b>(47.7)</b>

During the period there were no transfers between Level 1, Level 2 and Level 3 fair value hierarchies. Level 3 instruments comprise unlisted equity and stapled securities and unlisted financial assets at fair value through profit and loss; the determination of the fair value of these securities is discussed below. The tables below analyse the changes in Level 3 instruments as follows:

	6 months to June 2021 \$m	12 months to December 2020 \$m
<b>Financial assets at fair value through profit or loss</b>		
Balance at beginning of reporting period	57.1	112.2
Additions	1.6	9.9
Disposals	-	(79.0)
Gains recognised through profit or loss	20.9	14.0
Foreign exchange recognised in other comprehensive income	(0.3)	-
<b>Balance at reporting date</b>	<b>79.3</b>	<b>57.1</b>

Changing inputs to the Level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognised in profit or loss, total assets, total liabilities or total equity.

## 15. FINANCIAL INSTRUMENTS CONTINUED

### c) Methods and valuation techniques

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

#### *Listed and unlisted investments*

The fair values of listed investments are determined on an active market valuation basis using observable market data such as current bid prices. The fair values of unlisted investments are determined by the use of internal valuation techniques using discounted cash flows. Where practical the valuations incorporate observable market data. Assumptions are generally required with regard to future expected revenues and discount rates.

#### *Listed and unlisted debt*

Fair value has been determined based on either the listed price or the net present value of cash flows using current market rates of interest.

The fair value of interest bearing liabilities is:

- 10-Year-Fixed-Rate Guaranteed Notes - fair value US\$207.1 million, equivalent to \$276.1 million; carrying value US\$201.3 million, equivalent to \$268.4 million (fair value 31 December 2020: US\$208.6 million, equivalent to \$270.9 million; carrying value US\$201.3 million, equivalent to \$261.4 million).
- Euro Medium Term Notes - fair value EUR634.6 million, equivalent to \$997.7 million; carrying value EUR625.0 million, equivalent to \$982.5 million.

The carrying amounts of other financial assets and liabilities in the Group's statement of financial position approximate fair values.

#### *Cash flow hedges*

The Group's foreign currency forward contracts are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates and are included in Level 2 of the fair value hierarchy.

#### *Put option*

As part of the Thiess divestment, the transaction agreement includes an option for Elliott to sell all or part of its 50% interest in Thiess to CIMIC after the third anniversary, between four and six years from completion on 31 December 2020. The exercise price will be the lower of a cost price or a price referable to movements in the S&P / ASX 200 Total Return index plus the accrued value of any shortfall in agreed minimum distributions. This option has no current impact on the control of the company.

The put option is accounted for as a derivative financial instrument in accordance with AASB 9 and is therefore held at fair value through profit and loss in the financial statements of CIMIC. External independent valuation advisors have been utilised in determining the fair value of the put option.

The fair value of the put option cannot be observed from a market price. A Probability Weighted Expected Returns Methodology is used to derive the value of the put option proceeds based on future potential payoffs if the option is exercised, adjusted for the minimum annual distributions per the Shareholders Agreement, and compares this to the estimated strike price to determine a fair value. As at 30 June 2021 the fair value of the put option was determined to be \$13.0 million (31 December 2020: \$13.0 million).

### c) Valuation process

The internal valuation process for unlisted investments, unlisted debt and cash flow hedges is managed by a team in the Group finance department which performs the valuations required for financial reporting purposes. The valuation team reports to CIMIC's CFO. Discussions on valuation processes and outcomes are held between the valuation team and CFO as required. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.



## 15. FINANCIAL INSTRUMENTS CONTINUED

### d) Valuation inputs

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements. There were no significant inter-relationships between unobservable inputs that materially affect fair values.

Financial asset / liabilities	Significant unobservable inputs	Range of inputs	Relationship of inputs to fair value
Unlisted investments	Growth rates	2.5% - 3.0%	The impact on a change in the unobservable inputs would not change significantly amounts recognised in profit or loss, total assets or total liabilities or total equity.
	Internal rate of return	9%	
	Discount rates	8% - 15%	
Put option	Expected exercise period	3 – 6 years	
	EBITDA multiple	3 - 4 times	
	Discount rates	13% - 18%	

### e) Capital Risk Management

Capital planning forms part of the business and strategic plans of the Group. Decisions relating to obtaining and investing capital are made following consideration of the Group's key financial objectives including total shareholder return and the maintenance of an investment grade credit rating. Performance measures include return on revenue, return on equity, earnings growth, liquidity and borrowing capacity. The Group has access to numerous sources of capital both domestically and internationally, including cash balances, equity, bank debt, capital markets, insurance, lease facilities and trade finance facilities.

### f) Cross Currency Interest Rate Swap

On 20 May 2021 and 2 June 2021, CIMIC Finance Pty Limited issued a total of EUR625.0 million of 8-Year Fixed-Rate corporate bonds in the Euro Medium Term Note market.

The notes bear interest from 28 May 2021 at the rate of 1.50% per annum and mature on 28 May 2029. Interest on the notes is paid annually on the 28th day of May in each year. Carrying amount at 30 June 2021: EUR625.0 million, equivalent to \$982.5 million. There are \$6.4 million of capitalised borrowing and other costs recognised against the loan facility.

In order to hedge the exposure to movements in foreign exchange between the Australian Dollar and the Euro, the Group entered into a Cross Currency Interest Rate Swap ("CCIRS"). The terms match the term and value of the underlying debt and CIMIC has designated and documented this as a hedge relationship and swapped the fixed rate Euro debt into fixed rate Australian Dollar Debt with an interest rate of 3.5%.

The notional principal of the CCIRS is \$982.5 million and fair value of the CCIRS is \$7.4 million. The Group applies the maturity date approach to classify derivative financial instruments. The average Australian dollar to Euro exchange rate is 0.64.

## 15. FINANCIAL INSTRUMENTS CONTINUED

### f) Cross Currency Interest Rate Swap continued

The contractual cash flows of the Euro Medium Term Debt and the associated CCIRS as at 30 June 2021 are as follows:

June 2021	Interest rate %	Carrying amount \$m	Contractual cash flows \$m	Less than 1 year \$m	1-5 years \$m	More than 5 years \$m
<b>Non-derivative financial liabilities</b>						
Euro Medium Term Note	1.50%	982.5	(1,100.1)	(14.7)	(58.8)	(1,026.6)
<b>Derivative financial liabilities</b>						
CCIRS	3.50%					
Net derivative financial liabilities		7.4				
Inflow			1,100.1	14.7	58.8	1,026.6
Outflow			(1,257.7)	(34.4)	(137.6)	(1,085.7)
Total CCIRS			(157.6)	(19.7)	(78.8)	(59.1)

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge is recognised in profit or loss at expiry or termination of the hedge transaction. The impact on the hedge reserve from the new CCIRS is as follows:

Cash Flow Hedge Disclosures for Cross Currency Interest Rates Swaps	June 2021 \$m
<b>Derivative financial liabilities</b>	
Assets	-
Liabilities	(7.4)
Balance at reporting date	(7.4)
<b>As at 30 June 2021</b>	
Cumulative fair value adjustment on hedged item	1.8
Effective portion recognised in reserves	1.1
<b>Changes during the reporting period</b>	
Change in fair value of the hedging instrument	(7.4)
Change in fair value of the hedged item	1.8
Effective portion recognised in cash flow hedge reserve from change in fair value of hedging instrument	1.1
(Gain) / loss on hedge ineffectiveness recognised in profit and loss	5.6
Amount reclassified from cash flow hedge reserve to profit and loss	0.7
Balance at reporting date	1.8

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

## 16. INTEREST BEARING LIABILITIES

	June 2021 \$m	December 2020 \$m
Current interest bearing loans	36.7	210.0
Non-current interest bearing loans	3,395.2	2,686.6
Total interest bearing liabilities	3,431.9	2,896.6

### Syndicated loans

CIMIC Finance Limited, a wholly owned subsidiary of the Company, has three core syndicated bank debt facilities. The maturity of the facilities are as follows:

- \$1,300.0 million maturing on 22 September 2022
- \$950.0 million maturing on 25 September 2023
- \$950.0 million maturing on 25 September 2024

The total carrying amount at 30 June 2021 was \$2,160.0 million (carrying amount at 31 December 2020: \$2,400.0 million). There are \$9.3 million of capitalised borrowing costs recognised against the loan facility (31 December 2020: \$11.5 million).

At 30 June 2021, the Group had undrawn bank facilities of \$1,140.0 million (31 December 2020: \$1,101.4 million), and undrawn guarantee facilities of \$554.4 million (31 December 2020: \$550.1 million).

### Guaranteed Senior Notes

#### *CIMIC Finance (USA) Pty Limited (2012)*

On 13 November 2012, CIMIC Finance (USA) Pty Limited issued US\$500.0 million of 10-Year Fixed-Rate Guaranteed Senior Notes.

The notes bear interest from 13 November 2012 at the rate of 5.95% per annum and mature on 13 November 2022. Interest on the notes is paid semi-annually on the 13<sup>th</sup> day of May and November in each year. The Group repurchased US\$298.7 million, equivalent to \$409.2 million of Guaranteed Senior Notes on 24 June 2015. Carrying amount at 30 June 2021: US\$201.3 million (31 December 2020: US\$201.3 million) equivalent to \$268.4 million (31 December 2020: \$261.4 million).

### Euro Medium Term Notes

#### *CIMIC Finance Pty Limited (2021)*

On 20 May 2021 and 2 June 2021, CIMIC Finance Pty Limited issued a total of EUR625.0 million of 8-Year Fixed-Rate corporate bonds in the Euro Medium Term Note market.

The notes bear interest from 28 May 2021 at the rate of 1.50% per annum and mature on 28 May 2029. Interest on the notes is paid annually on the 28<sup>th</sup> day of May in each year. Carrying amount at 30 June 2021: EUR625.0 million, equivalent to \$982.5 million. There are \$6.4 million of capitalised borrowing costs recognised against the loan facility.

### Bilateral loans

At 30 June 2021, bilateral and other unsecured loan facilities outstanding were \$36.7 million (31 December 2020: \$246.7 million).

## 17. TRADE FINANCE ARRANGEMENTS

The Group enters into factoring agreements with banks and financial institutions. These agreements only relate to certified receivables, on a non-recourse basis, acknowledged by the client with payment only being subject to the passage of time. Under the factoring agreements:

- The certified receivables are de-recognised where the risks and rewards of the receivables have been transferred, as the cash flow is only derived when there are goods or services provided or work performed by the Group for which it is entitled to be paid;
- The cash flow to the Group only arises when there is an amount certified by the client and contractually due to be paid to the Group; there are no disputes on the amounts due and the customer has acknowledged this by way of certification; and
- The receipt by the Group irrevocably removes the Group's right to the certified receivable due from the customers.

The factoring of these receivables is therefore done on a non-recourse basis. The level of non-recourse factoring across the Group was \$733.3 million as at 30 June 2021 (31 December 2020: \$975.8 million).

The Group enters into supply chain finance arrangements with financial institutions for suppliers which may elect to receive early payment for goods and services to improve their liquidity. The supply chain finance program is offered on a voluntary basis and suppliers can opt-in and opt-out at their discretion at any point in time. The terms of the arrangements are:

- The creditor arises from operational expenses relating to the supply of goods and services;
- They mirror normal credit terms;
- There are no additional credit enhancements; and
- They are subject to the same obligations that are customary within the industry, such as warranty for defective work.

Accordingly, the terms of the arrangement do not modify the original liability, and therefore the amounts continue to be classified within trade and other payables. Cash flows from such arrangements are classified in line with the underlying asset or liability. The level of supply chain finance across the Group was \$24.3 million as at 30 June 2021 (31 December 2020: \$144.0 million). The Group does not consider there to be a concentration of credit risk from a financial institution.

## 18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### Bank guarantees, insurance bonds and letters of credit

Indemnities given by third parties on behalf of controlled entities and equity accounted investments are as follows:

	June 2021 \$m	December 2020 \$m
Bank guarantees	2,883.9	3,066.2
Insurance, performance and payment bonds	1,665.1	1,686.2
Letters of credit	245.4	259.9

Included in the table above are amounts where the Group has indemnified bank guarantees and performance and payment bonds in respect of all of the Group's joint ventures and associates in the normal course of business totalling \$235.9 million (31 December 2020: \$236.6 million).

### Other contingencies

- The Company gives, in the ordinary course of business, guarantees and indemnities in respect of the performance by controlled entities, associates and related parties of their contractual and financial obligations. The value of these guarantees and indemnities is indeterminable in amount.
- There exists in some entities within the Group the normal design liability in relation to completed design and construction projects.
- Certain entities within the Group have the normal contractor's liability in relation to construction contracts. This liability may include litigation by or against the Group and / or joint arrangements in which the Group has an interest. It is not possible to estimate the financial effect of these claims should they be successful.
- Controlled entities have entered into joint arrangements under which the controlled entity may be jointly and severally liable for the liabilities of the joint arrangement.
- Under the terms of the CIMIC Group Class Order, the Company has entered into approved deeds of indemnity for the cross-guarantee of liabilities with participating Australian subsidiary companies.
- On 13 February 2012, CIMIC announced that it had reported to the Australian Federal Police ("AFP") a possible breach by employees within the Leighton International business of its Code of Ethics that, if substantiated, may have contravened Australian laws. The AFP is investigating the CIMIC Group's international operations.

In March 2014, Australian Securities and Investment Commission ("ASIC") commenced a formal investigation into potential breaches of the Corporations Act relating to a number of matters being investigated by the AFP. In March 2017, ASIC advised CIMIC that its investigation has concluded, and it will take no further action.

CIMIC has become aware that international agencies are also investigating related matters.

On 22 May 2018, the UK Serious Fraud Office ("SFO") announced it has charged individuals, none of whom are CIMIC employees, and on 26 June 2018 announced it has charged a company, which is not a member of the CIMIC Group. On 19 July 2019 the SFO announced that one individual had pleaded guilty to charges. On Monday 13 July 2020 the Court announced that on 26 June 2020 the Jury had reached a guilty determination on some charges but was unable to reach a verdict on others. Two individuals were found guilty of some charges and sentenced to imprisonment. Another defendant is to be retried in January 2021.

On 1 March 2019, CIMIC entered into an investigation agreement with the Department of Justice ("DOJ"). On 30 October 2019 the DOJ announced that in March 2019 three individuals not employed by CIMIC pleaded guilty to a charge of conspiracy to violate the Foreign Corrupt Practices Act.

On 18 November 2020 the AFP advised CIMIC that it had charged an ex-employee with alleged offences relating to foreign bribery and related matters. On 11 January 2021 the AFP informed CIMIC that it had charged a second ex-employee with related offences. The AFP has also indicated it may charge a further ex-employee. CIMIC does not know when the charges will be heard. No CIMIC Group company, executive or employee has been charged. CIMIC continues to cooperate with all official investigations.

## 18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### Other contingencies continued

On 30 September 2020, the New South Wales Court of Appeal overturned the convictions and charges against a former CFO of CIMIC on all counts. The Australian Securities and Investment Commission did not allege that there had been any misstatement of the accounts of CIMIC in the relevant period, nor was CIMIC charged with any offence.

- vii. On 25 August 2020 the Company announced to the ASX that a group of shareholders initiated proceedings on the 24 August 2020 relating to the period 7 February 2018 – 22 January 2020 with regards to disclosures about the Company's non-controlling 45% investment in the Middle East as well as the reporting of the Company's cash flows in the context of factoring arrangements. The Company denies there is a proper basis for the claim and will defend the proceedings.
- viii. UGL, a wholly owned subsidiary of CIMIC, together with its consortium partners CH2M Hill Companies Limited (CH2M) and General Electric Company, were contracted by JKC Australia LNG Pty Ltd (JKC) to carry out works relating to the construction of a combined cycle power plant for the Ichthys LNG Project in the Northern Territory. In January 2017, the UGL-CH2M JV Consortium terminated their contract with JKC for the design, construction and commissioning of the combined cycle power plant (CCPP Contract). In September 2018, JKC filed a declaratory judgment action in Western Australia to execute against the Consortium parent company guaranties to pay JKC's ongoing costs to complete the project. A hearing on that matter was held in March 2019, and a decision in favour of the Consortium was issued. JKC appealed the decision but was unsuccessful in the entirety of its appeal. Arbitration hearings in respect of the termination of the CCPP Contract are scheduled to take place in April 2022 and a decision is currently expected in 2023.
- ix. CIMIC's wholly owned subsidiary, CPB Contractors, and its joint venture partner John Holland, are contracted to provide the Westgate Tunnel for Transurban and the State of Victoria. Due to an inability to remove spoil from the site as a result of soil contaminates, a dispute has arisen between the parties primarily as to the disclosure of soil contaminants and which party is liable for the cost of the disposing thereof and the resultant delays. The parties are engaged in a process to seek to resolve the dispute, including as a first step, participating in a non-binding independent expert process which concluded in the second quarter of 2021. Following the award of the non binding independent expert decision, the parties committed to a mediation process that is ongoing. If the mediation process fails to resolve the matter, the parties may elect to proceed with further steps as set out under the terms of the contract.
- x. CIMIC's wholly owned subsidiary, CPB Contractors, and its joint venture partner Hansen Yuncken, in a 50/50 JV, were awarded the design and construction of the new Royal Adelaide Hospital for the South Australian State Government. The project experienced difficulties and delays arising from the complex interdependencies between the State's works and the JV's works and a dispute between the parties arose. An arbitration to settle the dispute between the parties was commenced but has been delayed with hearings only likely to commence in 2022 with a decision in 2023.

## 19. EVENTS SUBSEQUENT TO REPORTING DATE

The Group determined a 20% franked dividend of 42.0 cents per share to be paid on 7 October 2021. The unfranked portion of the dividend has been declared Conduit Foreign Income.

On 24 May 2021, CIMIC Residential Investments Pty Limited ("CRI"), a controlled entity within the Group, announced its intention to acquire the remaining shares of Devine Limited (Devine) that it did not already own, at a price of \$0.24 per share, through an unconditional off-market takeover offer. Subsequent to 30 June 2021, CRI increased its shareholding in Devine to 90% and exercised its right to compulsorily acquire the remaining shares in Devine. As at 20 July 2021 CRI had increased its shareholding in Devine to 95.66%. This will be treated as a transaction with shareholders, the cash impact of this transaction will be reflected as a reduction in the non-controlling interest and other equity.

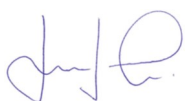
On 17 July 2021 the New South Wales State Government announced extended COVID-19 control measures including a two week stop on non-critical construction activity in New South Wales. Operations that continued to meet the definition of essential (non-construction) services or that of critical construction activity were unaffected, as were the Group's operations outside of New South Wales. As the situation continues to evolve in NSW and other States, the potential impact on the business as a whole will continue to be monitored. The impact of the 17 July 2021 announcement on the assets and liabilities at the balance date is not considered material, albeit it is possible the New South Wales Government could introduce further changes to COVID-19 control measures that would require further consideration.

# Directors' Declaration

In the opinion of the Directors of CIMIC Group Limited ("the Company"):

- 1) the consolidated interim financial report and notes set out on pages 5 to 39, are in accordance with the *Corporations Act 2001* including:
  - a) giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2021 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
  - b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- 2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors:



Juan Santamaria  
*Chief Executive Officer and Managing Director*



Russell Chenu  
*Chairman Audit and Risk Committee*

Sydney, 20 July 2021

## Independent Auditor's Review Report to the members of CIMIC Group Limited

### *Conclusion*

We have reviewed the half-year financial report of CIMIC Group Limited (the "Company") and its subsidiaries (the "Group"), which comprises the Consolidated Statement of Financial Position as at 30 June 2021, and the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 5 to 40.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### *Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (*including Independence Standards*) (the "Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

### *Directors' Responsibility for the Half-year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibilities for the Review of the Half-year Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not



enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Jason Thorne  
Partner  
Chartered Accountants

Sydney, 20 July 2021

20 July 2021

The Directors  
CIMIC Group Limited  
25/177 Pacific Highway  
NORTH SYDNEY NSW 2060

Dear Directors

## **Auditor's Independence Declaration to CIMIC Group Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of CIMIC Group Limited.

As lead audit partner for the review of the interim financial report of CIMIC Group Limited for the half-year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Jason Thorne  
Partner  
Chartered Accountants

# MANAGEMENT COMMENTARY

# Operating and Financial Review

## FINANCIAL OVERVIEW

### OPERATING PERFORMANCE

- Group revenue growth of 10.6% to \$7.1 billion compared to \$6.4 billion for HY20 on a comparable basis<sup>1</sup>.
- Revenue<sup>2</sup> growth of 4.8% to \$4.6 billion compared to \$4.4 billion for HY20 on a comparable basis.
- EBITDA, PBT and NPAT margins resilient at 10.1%, 5.4% and 4.5% respectively.
- EBITDA of \$464.5 million in HY21 versus \$442.0 million in HY20 on a comparable basis.
- PBT of \$247.1 million in HY21 versus \$237.6 million in HY20 on a comparable basis.
- NPAT of \$208.0 million in HY21 versus \$205.3 million in HY20 on a comparable basis.
- No significant one-off impacts during HY21.

### CASH FLOWS

- Operating cash flow pre-factoring of \$(41.1) million, increase of \$64.9 million compared to \$(106.0) million for HY20 on a comparable basis<sup>3</sup>.
- Free operating cash flow pre-factoring of \$(115.9) million, increase of \$166.3 million compared to \$(282.2) million for HY20 on a comparable basis.
- Factoring balance of \$733.3 million, reduced by \$242.5 million from \$975.8 million at 31 December 2020.
- Ongoing focus remains on managing working capital, generating sustainable cash-backed profits and a rigorous approach to tendering, project delivery and risk management.

### FINANCIAL POSITION

- Strong balance sheet position; \$4.3 billion of liquidity comprising of \$3.2 billion cash and \$1.1 billion undrawn bank facilities.
- Net debt of \$272.2 million at 30 June 2021.
- CIMIC's investment grade rating remained unchanged. Moody's strong investment grade credit rating (Baa2/Outlook Stable) confirmed in January 2021. S&P rating issued in March 2021 remains at (BBB-/A-3/Outlook Stable).
- Net contract debtors of \$(172.0) million compared to \$(294.7) million at December 2020.
- The contract debtors portfolio provision remains unchanged.
- In line with the strategy to diversify its funding sources, CIMIC issued EUR625.0 million corporate Eurobond with eight years maturity, swapped to Australian Dollars, thereby providing ongoing access to the Eurobond market.
- In March 2021, CIMIC signed a \$1.4 billion three-year syndicated performance bond facility, reflecting its strong financial position and providing enhanced financial capacity to address the strong tender pipeline.

### WORK IN HAND AND PIPELINE

- \$10.4 billion of new work awarded in the first six months of 2021, exceeding the \$6.8 billion<sup>4</sup> awarded for the full year 2020.
- Total work in hand of \$33.3 billion, well diversified across Construction, Services and Investments (services and mining).
- Extensive project pipeline in our key markets/activities, continuing to provide a range of opportunities.
- Around \$470 billion of tenders relevant to CIMIC to be bid and/or awarded for the remainder of 2021 and beyond, including approximately \$115 billion worth of PPP projects.

### SHAREHOLDER RETURNS

- CIMIC declared an interim dividend of 42.0 cents per share, franked at 20% and complemented by conduit foreign income for the 80% unfranked, representing a 62.8% payout ratio on HY21 result.
- The FY20 final dividend amounting to \$186.8m was paid to shareholders on 5 July 2021.
- EPS (basic) was 66.8 cents per share, a 4.5% increase versus the HY20 comparable of 63.9 cents per share.

### OUTLOOK

- Numerous stimulus packages announced by governments in core Construction and Services markets with additional opportunities through strong PPP pipeline.
- FY21 NPAT guidance of \$400 million to \$430 million maintained, subject to market conditions.

<sup>1</sup> HY20 comparable has been adjusted to reflect Thiess as a 50% equity accounted JV in the P&L on a line-by-line basis. Where appropriate, this is adjusted for a Thiess purchase price allocation ("PPA") adjustment representing the amortisation of the customer relationship intangibles. Thiess PPA adjustment represents the amortisation of the customer relationship intangible raised during Thiess PPA, at CIMIC's 50% share. The Thiess PPA process occurred after CIMIC released FY20 results to the market.

<sup>2</sup> Revenue excludes revenue from joint ventures and associates of \$2,514.9 million (HY20 comparable: \$2,042.1 million).

<sup>3</sup> HY20 reported cash flows have been adjusted to be on a comparable basis, to reflect Thiess as a 50% equity accounted JV.

<sup>4</sup> FY20 new work has been adjusted to reflect Thiess as a 50% equity accounted JV. New work and adjustments of \$7.4 billion announced to the market in FY20 included Thiess at 100%.

## FINANCIAL HIGHLIGHTS

Financial performance \$m	HY2021	HY2020 Comparable <sup>5</sup>	chg. \$	chg. %	FY2020 Comparable <sup>6</sup>
Group revenue	7,127.4	6,443.2	684.2	10.6%	13,576.1
Revenue – joint ventures and associates	(2,514.9)	(2,042.1)	(472.8)	23.2%	(4,571.9)
<b>Revenue<sup>7</sup></b>	<b>4,612.5</b>	<b>4,401.1</b>	<b>211.4</b>	<b>4.8%</b>	<b>9,004.2</b>
Expenses	(4,263.1)	(4,082.7)	(180.4)	4.4%	(8,462.8)
Share of profit/(loss) of associates and joint ventures	115.1	123.6	(8.5)	(6.9)%	278.6
<b>EBITDA</b>	<b>464.5</b>	<b>442.0</b>	<b>22.5</b>	<b>5.1%</b>	<b>820.0</b>
EBITDA margin <sup>8</sup>	10.1%	10.0%	10bp	-	9.1%
Depreciation and amortisation	(148.8)	(116.8)	(32.0)	27.4%	(240.5)
<b>EBIT/Operating profit<sup>9</sup></b>	<b>315.7</b>	<b>325.2</b>	<b>(9.5)</b>	<b>(2.9)%</b>	<b>579.5</b>
EBIT/Operating profit margin <sup>8</sup>	6.8%	7.4%	(60)bp	-	6.4%
Net finance costs	(68.6)	(87.6)	19.0	(21.7)%	(160.0)
<b>Profit before tax</b>	<b>247.1</b>	<b>237.6</b>	<b>9.5</b>	<b>4.0%</b>	<b>419.5</b>
PBT margin <sup>8</sup>	5.4%	5.4%	-	-	4.7%
Income tax	(39.3)	(37.6)	(1.7)	4.5%	(64.3)
<b>Profit for the year</b>	<b>207.8</b>	<b>200.0</b>	<b>7.8</b>	<b>3.9%</b>	<b>355.2</b>
Non-controlling interests	0.2	5.3	(5.1)	(96.2)%	(3.1)
<b>NPAT</b>	<b>208.0</b>	<b>205.3</b>	<b>2.7</b>	<b>1.3%</b>	<b>352.1</b>
NPAT margin <sup>8</sup>	4.5%	4.7%	(20)bp	-	3.9%
EPS (basic)	66.8c	63.9c	2.9c	4.5%	110.7c

Reconciliation of FY2020 comparable NPAT to CIMIC Group Limited 2020 Annual Report

(Operating and Financial Review)

Impact of Thiess purchase price allocation (PPA) adjustment<sup>10</sup> 19.4

**NPAT (pre-Thiess PPA adjustment) 371.5**

Financial position \$m	June 2021	December 2020
<b>Net (debt)/cash<sup>11</sup></b>	<b>(272.2)</b>	<b>190.4</b>
Lease liabilities	(290.0)	(314.8)
Net (debt)/cash (incl. leases)	(562.2)	(124.4)
<b>Net contract debtors<sup>12</sup></b>	<b>(172.0)</b>	<b>(294.7)</b>

<sup>5</sup> HY20 comparable has been adjusted to reflect Thiess as a 50% equity accounted JV in the P&L. HY20 comparable includes a Thiess PPA adjustment representing the amortisation of the customer relationship intangible raised during the Thiess PPA.

<sup>6</sup> FY20 comparable has been adjusted for FY20 one-off items in respect of the gain on Thiess divestment, resolution of the Gorgon Jetty arbitration and other FY20 items. FY20 comparable has also been adjusted to reflect Thiess as a 50% equity accounted JV in the P&L, which includes a Thiess PPA adjustment representing the amortisation of the customer relationship intangibles raised during Thiess PPA.

<sup>7</sup> Revenue excludes revenue from joint ventures and associates of \$2,514.9 million (HY20 comparable: \$2,042.1 million).

<sup>8</sup> Margins are calculated on revenue as defined above in footnote 7.

<sup>9</sup> Operating profit is EBIT adjusted for any one-off items. No one-off items in HY21 or HY20 comparable. FY20 operating profit on a comparable basis is adjusted as described above.

<sup>10</sup> Thiess PPA adjustment represents the amortisation of the customer relationship intangible raised during Thiess PPA, at CIMIC's 50% share. The Thiess PPA process occurred after CIMIC released FY20 results to the market.

<sup>11</sup> Net (debt)/cash includes cash and equivalent liquid assets (which includes cash, cash equivalents and short term financial assets and investments).

<sup>12</sup> Net contract debtors represents the net amount of total contract debtors—trade and other receivables and total contract liabilities—trade and other payables (refer to the Interim Financial Report, 'Note 11: Trade and other receivables'—'Additional information on contract debtors').

Cash flows \$m	Pre-factoring HY2021	Pre-factoring HY2020 Comparable <sup>13</sup>	Post-factoring HY2021	Post-factoring HY2020 Comparable <sup>13</sup>
<b>Operating cash flow<sup>14</sup></b>	<b>(41.1)</b>	<b>(106.0)</b>	<b>(283.6)</b>	<b>(39.4)</b>
Interest, finance costs and taxes	(45.1)	(73.5)	(45.1)	(73.5)
<b>Net operating cash flow<sup>15</sup></b>	<b>(86.2)</b>	<b>(179.5)</b>	<b>(328.7)</b>	<b>(112.9)</b>
Gross capital expenditure <sup>16</sup>	(37.1)	(110.4)	(37.1)	(110.4)
Gross capital proceeds <sup>17</sup>	7.4	7.7	7.4	7.7
<b>Net capital expenditure</b>	<b>(29.7)</b>	<b>(102.7)</b>	<b>(29.7)</b>	<b>(102.7)</b>
<b>Free operating cash flow<sup>18</sup></b>	<b>(115.9)</b>	<b>(282.2)</b>	<b>(358.4)</b>	<b>(215.6)</b>

Work in hand <sup>19</sup> \$m	30 June 2021	31 December 2020	30 June 2020
Work in hand beginning of period	30,078.6	37,510.7	37,510.7
New work and adjustments* <sup>20</sup>	10,360.5	7,393.9	4,875.1
Acquisitions during the year <sup>21</sup>	-	3,072.2	3,072.2
Executed work	(7,127.4)	(14,212.2)	(7,374.4)
<b>Total work in hand</b>	<b>33,311.7</b>	<b>33,764.6</b>	<b>38,083.6</b>
Less: 50% divestment of Thiess	-	(3,686.0)	(5,029.8)
<b>Total work in hand end of period</b>	<b>33,311.7</b>	<b>30,078.6</b>	<b>33,053.8</b>

\*(FY20 new work and adjustments of \$7.4 billion includes Thiess at 100%; FY20 comparable new work and adjustments is \$6.8 billion with Thiess as a 50% JV. HY20 new work and adjustments of \$4.9 billion includes Thiess at 100%; HY20 comparable new work and adjustments is \$3.8 billion with Thiess as a 50% JV.)

Work in hand <sup>19</sup> by segment \$m	30 June 2021	31 December 2020	chg. \$	chg. %
Construction	15,007.5	12,526.0	2,481.5	19.8%
Services	9,438.7	8,824.5	614.2	7.0%
Investments (Thiess JV and Ventia JV) <sup>22</sup>	8,865.5	8,728.1	137.4	1.6%
<b>Total work in hand end of period</b>	<b>33,311.7</b>	<b>30,078.6</b>	<b>3,233.1</b>	<b>10.7%</b>

<sup>13</sup> HY20 reported cash flows have been adjusted to be on a comparable basis, to reflect Thiess as a 50% equity accounted JV.

<sup>14</sup> Operating cash flow includes cash flow from operating activities and changes in short term financial assets and investments, before interest, finance costs and taxes.

<sup>15</sup> Net operating cash flow includes operating cash flow, after interest, finance costs and taxes.

<sup>16</sup> Gross capital expenditure is payments for property, plant and equipment.

<sup>17</sup> Gross capital proceeds are proceeds received from the sale of property, plant and equipment.

<sup>18</sup> Free operating cash flow is defined as net operating cash flow less net capital expenditure for property, plant and equipment.

<sup>19</sup> Work in hand includes CIMIC's share of work in hand from joint ventures and associates.

<sup>20</sup> New work includes new contracts and contract extensions and variations, including the impact of foreign exchange rate movements and other WIH adjustments.

<sup>21</sup> CIMIC's share of work in hand in relation to Ventia's acquisition of Broadspectrum in FY20.

<sup>22</sup> Investments WIH includes WIH from CIMIC's share of investments at their ownership %, including Thiess and Ventia.

## FINANCIAL PERFORMANCE

In HY21 CIMIC generated group revenue of \$7.1 billion and revenue of \$4.6 billion, with NPAT of \$208.0 million.

Financial performance \$m	HY2021	HY2020 Comparable <sup>23</sup>	chg. \$	chg. %	FY2020 Comparable <sup>24</sup>
Group revenue	7,127.4	6,443.2	684.2	10.6%	13,576.1
Revenue – joint ventures and associates	(2,514.9)	(2,042.1)	(472.8)	23.2%	(4,571.9)
<b>Revenue<sup>25</sup></b>	<b>4,612.5</b>	<b>4,401.1</b>	<b>211.4</b>	<b>4.8%</b>	<b>9,004.2</b>
Expenses	(4,263.1)	(4,082.7)	(180.4)	4.4%	(8,462.8)
Share of profit/(loss) of associates and joint ventures	115.1	123.6	(8.5)	(6.9)%	278.6
<b>EBITDA</b>	<b>464.5</b>	<b>442.0</b>	<b>22.5</b>	<b>5.1%</b>	<b>820.0</b>
EBITDA margin <sup>26</sup>	10.1%	10.0%	10bp	-	9.1%
Depreciation and amortisation	(148.8)	(116.8)	(32.0)	27.4%	(240.5)
<b>EBIT/Operating profit<sup>27</sup></b>	<b>315.7</b>	<b>325.2</b>	<b>(9.5)</b>	<b>(2.9)%</b>	<b>579.5</b>
EBIT/Operating profit margin <sup>26</sup>	6.8%	7.4%	(60)bp	-	6.4%
Net finance costs	(68.6)	(87.6)	19.0	(21.7)%	(160.0)
<b>Profit before tax</b>	<b>247.1</b>	<b>237.6</b>	<b>9.5</b>	<b>4.0%</b>	<b>419.5</b>
PBT margin <sup>26</sup>	5.4%	5.4%	-	-	4.7%
Income tax	(39.3)	(37.6)	(1.7)	4.5%	(64.3)
<b>Profit for the year</b>	<b>207.8</b>	<b>200.0</b>	<b>7.8</b>	<b>3.9%</b>	<b>355.2</b>
Non-controlling interests	0.2	5.3	(5.1)	(96.2)%	(3.1)
<b>NPAT</b>	<b>208.0</b>	<b>205.3</b>	<b>2.7</b>	<b>1.3%</b>	<b>352.1</b>
NPAT margin <sup>26</sup>	4.5%	4.7%	(20)bp	-	3.9%
EPS (basic)	66.8c	63.9c	2.9c	4.5%	110.7c

### Reconciliation of FY2020 comparable NPAT to CIMIC Group Limited 2020 Annual Report (Operating and Financial Review)

Impact of Thiess purchase price allocation (PPA) adjustment <sup>28</sup>	19.4
<b>NPAT (pre-Thiess PPA adjustment)</b>	<b>371.5</b>

<sup>23</sup> HY20 comparable has been adjusted to reflect Thiess as a 50% equity accounted JV in the P&L. HY20 comparable includes a Thiess PPA adjustment representing the amortisation of the customer relationship intangible raised during the Thiess PPA.

<sup>24</sup> FY20 comparable has been adjusted for FY20 one-off items in respect of the gain on Thiess divestment, resolution of the Gorgon Jetty arbitration and other FY20 items. FY20 comparable has also been adjusted to reflect Thiess as a 50% equity accounted JV in the P&L, which includes a Thiess PPA adjustment representing the amortisation of the customer relationship intangibles raised during Thiess PPA.

<sup>25</sup> Revenue excludes revenue from joint ventures and associates of \$2,514.9 million (HY20 comparable: \$2,042.1 million).

<sup>26</sup> Margins are calculated on revenue as defined above in footnote 25.

<sup>27</sup> Operating profit is EBIT adjusted for any one-off items. No one-off items in HY21 or HY20 comparable. FY20 operating profit on a comparable basis is adjusted as described above in footnote 24.

<sup>28</sup> Thiess PPA adjustment represents the amortisation of the customer relationship intangible raised during Thiess PPA, at CIMIC's 50% share. The Thiess PPA process occurred after CIMIC released FY20 results to the market.

## REPORTING THIESS ONWARDS FROM 1 JANUARY 2021

Following the Thiess transaction on 31 December 2020, Thiess is now accounted for as a 50% joint venture. From 1 January 2021, 50% of Thiess revenue is included in CIMIC's group revenue, and 50% of Thiess NPAT is included within CIMIC's EBITDA. The 30 June 2020 reported numbers have therefore been re-presented to show CIMIC Group on a comparable basis accounting for Thiess as a 50% equity accounted joint venture, net of the customer relationship intangible adjustment raised during the Thiess PPA process.

Financial performance \$m	HY2020 Statutory <sup>29,30</sup>	Thiess 100%	Thiess 50% JV <sup>31</sup>	HY2020 Comparable <sup>32</sup>
<b>Revenue<sup>33</sup></b>	<b>6,206.3</b>	<b>(1,805.2)</b>	-	<b>4,401.1</b>
Expenses	(5,257.8)	1,175.1	-	(4,082.7)
Share of profit/(loss) of associates and joint ventures	33.6	(1.9)	91.9	123.6
<b>EBITDA</b>	<b>982.1</b>	<b>(632.0)</b>	<b>91.9</b>	<b>442.0</b>
Depreciation and amortisation	(447.5)	330.7	-	(116.8)
<b>EBIT/Operating profit<sup>34</sup></b>	<b>534.6</b>	<b>(301.3)</b>	<b>91.9</b>	<b>325.2</b>
Net finance costs	(105.0)	17.4	-	(87.6)
<b>Profit before tax</b>	<b>429.6</b>	<b>(283.9)</b>	<b>91.9</b>	<b>237.6</b>
Income tax	(115.9)	78.3	-	(37.6)
<b>Profit for the year</b>	<b>313.7</b>	<b>(205.6)</b>	<b>91.9</b>	<b>200.0</b>
Continuing Operations	108.1			
Discontinued Operations	205.6			
Non-controlling interests	2.9	2.4	-	5.3
<b>NPAT</b>	<b>316.6</b>	<b>(203.2)</b>	<b>91.9</b>	<b>205.3</b>

## REVENUE AND PROFIT BEFORE TAX BY SEGMENT

Revenue was \$4.6 billion in HY21, up 4.8% compared to HY20 comparable, with no material impact from COVID-19. Revenue increase is attributable to the growth in Australian Construction and Services seeing a pick-up in operations and maintenance work.

The PBT margin was 5.4%, delivering a PBT of \$247.1 million for HY21.

Revenue by segment \$m	HY2021	HY2020 Comparable <sup>32</sup>	chg. \$	chg. %
Construction	3,328.8	3,195.9	132.9	4.2%
Services	1,267.1	1,183.3	83.8	7.1%
Corporate	16.6	21.9	(5.3)	(24.2)%
<b>Revenue</b>	<b>4,612.5</b>	<b>4,401.1</b>	<b>211.4</b>	<b>4.8%</b>
JV & associates revenue	2,514.9	2,042.1	472.8	23.2%
<b>Group Revenue</b>	<b>7,127.4</b>	<b>6,443.2</b>	<b>684.2</b>	<b>10.6%</b>

Group revenue from the various market segments was split 88:12 between domestic<sup>35</sup> and international markets, compared with 83:17 in HY20 comparable period.

Profit before tax by segment \$m	HY2021	HY2020 Comparable <sup>32</sup>	chg. \$	chg. %
Construction	202.9	202.5	0.4	0.2%
Services	65.1	64.5	0.6	0.9%
Corporate	(119.3)	(137.1)	17.8	(13.0)%
JV Investments	98.4	107.7	(9.3)	(8.6)%
<b>Profit before tax</b>	<b>247.1</b>	<b>237.6</b>	<b>9.5</b>	<b>4.0%</b>

<sup>29</sup> Statutory includes 100% of Thiess' operations for the half year.

<sup>30</sup> Statutory includes both continuing operations and discontinued operations on a line-by-line basis.

<sup>31</sup> Represents 50% of Thiess' NPAT for HY20, net of a Thiess PPA adjustment which represents the amortisation of the customer relationship intangible raised during the Thiess PPA.

<sup>32</sup> HY20 comparable has been adjusted to reflect Thiess as a 50% equity accounted JV in the P&L. HY20 comparable includes a Thiess PPA adjustment representing the amortisation of the customer relationship intangible raised during the Thiess PPA.

<sup>33</sup> Revenue excludes revenue from joint ventures and associates of \$2,514.9 million (HY20 comparable: \$2,042.1 million).

<sup>34</sup> Operating profit is EBIT adjusted for any one-off items. No one-off items in HY21 or HY20.

<sup>35</sup> Domestic includes Australia, New Zealand and Papua New Guinea.



## CONSTRUCTION REVENUE

Construction revenue was \$3.3 billion for HY21 compared to \$3.2 billion for HY20 comparable. Revenue was driven by the recovery from COVID-19, new work being awarded and the ramp up of major tunnelling projects in Australia.

During the HY21 period, some of the Group's major revenue contributors included:

- rail and road developments in Australia, including Sydney Metro 'City & Southwest', WestConnex 'Rozelle Interchange', Paramatta Light Rail, the Monash Freeway Stage 2 and West Gate Tunnel in Victoria;
- social infrastructure projects including the Waikeria Corrections Facility, Metro Sports Facility in New Zealand, and the Nepean Hospital and the Campbelltown Hospital in New South Wales;
- infrastructure projects in Hong Kong and South East Asia including the East Kowloon Cultural Centre, Hong Kong International Airport 'Terminal 1 Annex Building and Car Park' and 'Terminal 2 Foundation and Substructure works', T-09 of the Deep Tunnel Sewerage System Phase 2 project and Tseung Kwan O – Lam Tin Tunnel; and
- several PPP projects, including Transmission Gully in New Zealand, and the Tunnel, Stations and Development package of the Cross River Rail project in Queensland.

Construction PBT was \$202.9 million for HY21 compared to \$202.5 million for HY20 comparable. Construction PBT is reflective of development of revenue in Australian operations, with strong margins of 6.1% versus a comparable FY20 full year margin of 4.7%.

## SERVICES REVENUE

Services revenue was \$1.3 billion for HY21 compared to \$1.2 billion for HY20 comparable. The increase was attributable to the pick-up in operations and maintenance work due to increased shutdowns and maintenance that were delayed or put on-hold because of COVID-19 in HY20.

During the HY21 period, some of the Group's major revenue contributors included:

- maintenance and supply chain services to over 1,200 passenger cars in Sydney's metropolitan rail fleet;
- provision of rail signalling systems, tunnel systems and rolling stock, as well as franchisee operations, for a period of 15 years, as part of the Operation, Trains and System contract for the Sydney Metro 'Northwest' rail project;
- mechanical and electrical works, as well as maintenance, for the Cross River Rail project in Queensland;
- heavy resource maintenance works for resource companies including Chevron, Esso Australia, Australia Terminals Operations Management, Woodside and Alcoa, across Australia;
- rail rolling stock maintenance works for Pacific National, across Australia;
- provision of asset management services for up to 15 years to support the Royal Australian Navy;
- delivery of operation and maintenance services in Australia's energy sector, for companies including AGL and Stanwell;
- Mt Pleasant, Byerwen, Sonoma and Red Mountain mineral processing operations in Australia; and
- Byerwen Coal Handling and Processing Plant (CHPP) Dry Tailings and Jellinbah Central CHPP Upgrade in Queensland.

Services PBT was \$65.1 million for HY21 compared to \$64.5 million for HY20 comparable. Services PBT margin of 5.1% versus a comparable FY20 full year margin of 4.4%, supported by cost efficiency measures in the segment.

## CORPORATE

Corporate PBT was \$(119.3) million for HY21 compared to \$(137.1) million for HY20 comparable. The movement includes a decrease in finance costs due to lower average debt levels in the current six-month period, and other overhead cost reduction initiatives. The HY21 Corporate segment mainly includes contributions from Corporate, EIC Activities, Pacific Partnerships and the commercial & residential business.

## JOINT VENTURE INVESTMENTS

Joint Venture Investments PBT was \$98.4 million for HY21 compared to \$107.7 million for HY20 comparable, consisting of the share of the profits of the Group's corporate joint ventures and associates, including Thiess and Ventia.

## JOINT VENTURES AND ASSOCIATES REVENUE

Revenue from joint ventures and associates was \$2.5 billion for HY21, an increase of 23.2%, or \$472.8 million, compared to HY20 comparable. The amount includes revenue from investments such as Thiess and Ventia, as well as revenue from the other associates and joint venture entities across the CIMIC Group. The increase on HY20 comparable was attributable to Ventia's acquisition of Broadspectrum which was completed on 30 June 2020. Broadspectrum's financial performance was incorporated in CIMIC Group's result from 1 July 2020.

## EXPENSES

Expenses were \$4.3 billion for HY21, an increase of 4.4%, or \$180.4 million, compared to HY20 comparable. The major direct expenses were materials, subcontractors, plant costs and personnel costs.

## DEPRECIATION AND AMORTISATION

Depreciation and amortisation was \$148.8 million for HY21, an increase of 27.4%, or \$32.0 million, compared to HY20 comparable. The ramp up in tunnelling activities across major projects, including Cross River Rail and Westconnex M4-M5 Link Rozelle Interchange has driven the increase in depreciation expense in HY21.

## NET FINANCE COSTS

Net finance costs were \$68.6 million for HY21, a decrease of 21.7%, or \$19.0 million, compared to HY20 comparable. Total finance costs were lower in HY21 due to lower levels of debt held during the period and decreased use of working capital instruments.

The average cost of debt was 1.9% in HY21.

Finance cost detail \$m	HY2021	HY2020 Comparable <sup>36</sup>	chg. \$	chg. %	FY2020 Comparable <sup>37</sup>
Debt interest expenses	(28.4)	(44.1)	15.7	(35.6)%	(83.5)
Facility fees, bonding and other costs <sup>38</sup>	(47.3)	(55.7)	8.4	(15.1)%	(96.3)
<b>Total finance costs</b>	<b>(75.7)</b>	<b>(99.8)</b>	<b>24.1</b>	<b>(24.1)%</b>	<b>(179.8)</b>
Interest income	7.1	12.2	(5.1)	(41.8)%	19.8
<b>Net finance costs</b>	<b>(68.6)</b>	<b>(87.6)</b>	<b>19.0</b>	<b>(21.7)%</b>	<b>(160.0)</b>

Average cost of debt calculation \$m	HY2021	HY2020 Comparable <sup>36</sup>
Debt interest expenses (a)	(28.4)	(44.1)
Gross debt at period end <sup>39</sup>	3,431.9	5,291.1
Gross debt average (b)	2,943.1	4,067.9
<b>Average cost of debt (-2a/b)</b>	<b>1.9%</b>	<b>2.2%</b>

## INCOME TAX

Income tax expense was \$39.3 million for HY21. The effective tax rate of the CIMIC Group of 15.9% reflects the taxation of profit contributions within joint ventures. The underlying Australian business, excluding joint ventures and associates, applies the Australian corporate tax rate.

Furthermore, the effective tax rate is impacted by international income tax differentials and foreign currency translation on profits and losses earned by the Group in overseas jurisdictions.

## NON-CONTROLLING INTERESTS

Non-controlling interests were \$0.2 million for HY21 versus \$5.3 million for HY20 on a comparable basis. This relates to losses attributable to the shareholdings of minority owners for the period.

## NET PROFIT AFTER TAX

NPAT was \$208.0 million for HY21 versus \$205.3 million for FY20 on a comparable basis, representing earnings per share (basic) of 66.8 cents.

<sup>36</sup> HY20 comparable has been adjusted to reflect Thiess as a 50% equity accounted JV in the P&L.

<sup>37</sup> FY20 comparable has been adjusted to reflect Thiess as a 50% equity accounted JV in the P&L.

<sup>38</sup> Relates to the \$3.3 billion of working capital facilities of which \$1.1 billion is undrawn at 30 June 2021, and bank bonding commitment fees and other finance costs.

<sup>39</sup> Total interest bearing liabilities.

## FINANCIAL POSITION

CIMIC maintained a strong level of liquidity during the period with an ongoing disciplined focus on managing working capital and generating sustainable cash-backed profits.

<b>Net (debt)/cash</b> <b>\$m</b>	<b>June</b> <b>2021</b>	<b>December</b> <b>2020</b>	<b>chg. \$</b>	<b>chg. %</b>
<b>Cash and cash equivalent liquid assets</b>	<b>3,159.7</b>	<b>3,087.0</b>	<b>72.7</b>	<b>2.4%</b>
Current interest bearing liabilities	(36.7)	(210.0)	173.3	(82.5)%
Non-current interest bearing liabilities	(3,395.2)	(2,686.6)	(708.6)	26.4%
<b>Net (debt)/cash</b>	<b>(272.2)</b>	<b>190.4</b>	<b>(462.6)</b>	<b>-</b>
Lease liabilities	(290.0)	(314.8)	24.8	(7.9)%
Net (debt)/cash (including leases)	(562.2)	(124.4)	(437.8)	-
<b>Net contract debtors</b> <b>\$m</b>	<b>June</b> <b>2021</b>	<b>December</b> <b>2020</b>	<b>chg. \$</b>	<b>chg. %</b>
Net contract debtors <sup>40</sup>	(172.0)	(294.7)	122.7	(41.6)%
<b>Assets</b> <b>\$m</b>	<b>June</b> <b>2021</b>	<b>December</b> <b>2020</b>	<b>chg. \$</b>	<b>chg. %</b>
<b>Current assets</b>				
Cash and cash equivalent liquid assets	3,159.7	3,087.0	72.7	2.4%
Trade and other receivables	2,123.5	1,929.8	193.7	10.0%
Current tax asset	1.3	1.0	0.3	30.0%
Inventories: consumables and development properties	206.9	185.2	21.7	11.7%
<b>Total current assets</b>	<b>5,491.4</b>	<b>5,203.0</b>	<b>288.4</b>	<b>5.5%</b>
<b>Non-current assets</b>				
Trade and other receivables	87.8	89.8	(2.0)	(2.2)%
Inventories: development properties	78.3	84.8	(6.5)	(7.7)%
Investments accounted for using the equity method	1,508.1	1,378.2	129.9	9.4%
Other investments	79.3	57.1	22.2	38.9%
Deferred tax assets	734.7	757.9	(23.2)	(3.1)%
Property, plant and equipment	732.6	814.2	(81.6)	(10.0)%
Intangibles	921.0	912.3	8.7	1.0%
<b>Total non-current assets</b>	<b>4,141.8</b>	<b>4,094.3</b>	<b>47.5</b>	<b>1.2%</b>
<b>Total assets</b>	<b>9,633.2</b>	<b>9,297.3</b>	<b>335.9</b>	<b>3.6%</b>
<b>Liabilities and equity</b> <b>\$m</b>	<b>June</b> <b>2021</b>	<b>December</b> <b>2020</b>	<b>chg. \$</b>	<b>chg. %</b>
<b>Current liabilities</b>				
Trade and other payables	4,134.7	4,569.8	(435.1)	(9.5)%
Current tax liabilities	20.1	16.5	3.6	21.8%
Provisions	235.7	218.3	17.4	8.0%
Financial liability	118.4	151.2	(32.8)	(21.7)%
Interest bearing liabilities	36.7	210.0	(173.3)	(82.5)%
Lease liabilities	69.1	69.7	(0.6)	(0.9)%
Dividend provision	186.8	-	186.8	-
<b>Total current liabilities</b>	<b>4,801.5</b>	<b>5,235.5</b>	<b>(434.0)</b>	<b>(8.3)%</b>
<b>Non-current liabilities</b>				
Trade and other payables	207.2	195.3	11.9	6.1%
Provisions	43.0	42.7	0.3	0.7%
Interest bearing liabilities	3,395.2	2,686.6	708.6	26.4%
Lease liabilities	220.9	245.1	(24.2)	(9.9)%
<b>Total non-current liabilities</b>	<b>3,866.3</b>	<b>3,169.7</b>	<b>696.6</b>	<b>22.0%</b>
<b>Total liabilities</b>	<b>8,667.8</b>	<b>8,405.2</b>	<b>262.6</b>	<b>3.1%</b>
<b>Equity</b>	<b>965.4</b>	<b>892.1</b>	<b>73.3</b>	<b>8.2%</b>

<sup>40</sup> Net contract debtors represents the net amount of total contract debtors – trade and other receivables and total contract liabilities – trade and other payables (refer to the Interim Financial Report, 'Note 11: Trade and other receivables' – 'Additional information on contract debtors').

## NET (DEBT)/CASH

Net debt was recorded at \$272.2 million at 30 June 2021. Key drivers of the movement were the unwind of \$242.5 million of factoring, Q1 seasonality and the unwinding of existing projects in Leighton Asia.

### *Cash and cash equivalent liquid assets*

CIMIC maintained a strong level of liquidity with a gross cash balance of \$3,159.7 million.

### *Interest-bearing liabilities*

Current and non-current interest-bearing liabilities amounted to \$3,431.9 million at 30 June 2021.

In May 2021, CIMIC issued a EUR500.0 million corporate Eurobond with an eight year maturity to May 2029. Subsequently, a tap of an additional EUR125.0 million was issued on 7 June 2021 to increase the total face value of the Eurobond to EUR625.0 million. The issuance supports the capital management strategy of the Group to diversify funding sources and provides ongoing access to the Eurobond market.

### *Bonding*

CIMIC has significant bonding and guarantee facilities available. These bonds and guarantees are integral to the successful tendering and delivery of projects, and the ability to provide them is an important element of the Group's competitive offering to clients.

In March 2021, CIMIC signed a \$1.4 billion three-year syndicated performance bond facility. The facility reflects CIMIC's strong financial position and supports CIMIC's ability to meet the significant number of projects coming through the pipeline.

Bonds and guarantees outstanding at 30 June 2021 were \$4.8 billion (31 December 2020: \$5.0 billion). An additional \$882.8 million (31 December 2020: \$791.2 million) was undrawn of which \$554.4 million (31 December 2020: \$550.1 million) was committed and \$328.4 million (31 December 2020: \$241.1 million) was uncommitted. The undrawn bonds and guarantees provide significant capacity for the Group to tender for, and take on, more projects in the future.

### *Credit ratings*

CIMIC's investment grade rating remained unchanged. Moody's strong investment grade credit rating (Baa2/Outlook Stable) confirmed in January 2021. S&P rating issued in March 2021 remains at (BBB-/A-3/Outlook Stable).

## CURRENT ASSETS

### *Trade and other receivables*

Trade and other receivables were \$2,123.5 million at 30 June 2021, an increase of 10.0%, or \$193.7 million, compared to 31 December 2020. The figure includes \$1,451.7 million (31 December 2020: \$1,322.0 million) of total contract debtors – trade and other receivables (refer to net contract debtors below). The remaining balance relates to sundry debtors, joint venture and other receivables.

### *Net contract debtors*

The Group's net contract debtors were \$(172.0) million at 30 June 2021 compared to \$(294.7) million at 31 December 2020.

The level of factoring across the Group was \$733.3 million as at 30 June 2021, a reduction of \$242.5 million compared to the 31 December 2020 position of \$975.8 million.

The Group's contract debtors portfolio provision remains unchanged from 31 December 2020.

### *Inventories: consumables and development properties*

Inventories from consumables and development properties were \$206.9 million at 30 June 2021, an increase of 11.7%, or \$21.7 million compared to 31 December 2020. The balance mainly consists of job-costed inventories held for large infrastructure projects.

## NON-CURRENT ASSETS

### *Trade and other receivables*

Trade and other receivables were \$87.8 million at 30 June 2021, a decrease of 2.2%, or \$2.0 million, compared to 31 December 2020. The balance relates to non-current tax assets and other non-current receivables.

### *Investments accounted for using the equity method*

Equity accounted investments include project-related associates, joint ventures and PPP projects. Following the transaction on 31 December 2020, the balance includes CIMIC's 50% investment in the Thiess joint venture.

Investments accounted for using the equity method were \$1,508.1 million at 30 June 2021, an increase of 9.4%, or \$129.9 million compared to 31 December 2020. For further details refer to the Interim Financial Report, 'Note 13: Associates and joint ventures accounted for using the equity method.'

#### *Deferred tax asset*

Deferred tax assets were \$734.7 million at 30 June 2021, a decrease of 3.1%, or \$23.2 million, compared to 31 December 2020.

#### *Property, plant and equipment*

Property, plant and equipment was \$732.6 million at 30 June 2021, a decrease of 10.0%, or \$81.6 million, compared to 31 December 2020. At 30 June 2021, \$290.0 million worth of equipment and property was financed by the Group through leases. The balance includes property, plant and equipment based on the Groups' investment in job-costed tunnelling machines for major road and rail projects.

#### *Intangibles*

Intangibles were \$921.0 million at 30 June 2021, an increase of 1.0%, or \$8.7 million, compared to 31 December 2020. The balance mainly consists of goodwill in relation to Construction and Services businesses. There was an increase in goodwill due to the acquisition of Innovative Asset Solutions Pty Ltd ("IAS Group") in the period, offset by the impact of foreign exchange.

### **CURRENT LIABILITIES**

#### *Trade and other payables*

Trade and other payables were \$4,134.7 million at 30 June 2021, a decrease of 9.5%, or \$435.1 million, compared to 31 December 2020. This figure includes \$1,623.7 million (31 December 2020: \$1,616.7 million) of total contract liabilities – trade and other payables. The remaining balance includes trade creditors and accruals, joint venture payables and other creditors.

The supply chain finance balance as at 30 June 2021 was \$24.3 million, a reduction of \$119.7 million compared to \$144.0 million at 31 December 2020.

#### *Current tax liabilities*

Current tax liabilities were \$20.1 million at 30 June 2021, an increase of 21.8%, or \$3.6 million, compared to 31 December 2020. Changes in tax liabilities are driven by the timing of the various income tax payments as required to be made across the numerous jurisdictions in which the Group operates.

#### *Provisions*

Provisions were \$235.7 million at 30 June 2021, an increase of 8.0%, or \$17.4 million, compared to 31 December 2020. The provision is for employee benefits and relates to wages and salaries, annual leave, long service leave, retirement benefits and deferred bonuses.

#### *Financial liability (BICC)*

CIMIC's financial liability was \$118.4 million at 30 June 2021, a decrease of 21.7%, or \$32.8 million, compared to 31 December 2020. The movement is driven by the amounts paid in respect of CIMIC's financial guarantees of certain BICC liabilities and other expenses, net of the impact of foreign exchange.

#### *Dividend provision*

Dividend provision was \$186.8 million at 30 June 2021 relating to the FY20 final dividend of 60.0 cents per share, which was subsequently paid on 5 July 2021.

### **NON-CURRENT LIABILITIES**

#### *Trade and other payables*

Trade and other payables were \$207.2 million at 30 June 2021, an increase of 6.1%, or \$11.9 million, compared to 31 December 2020.

#### *Provisions*

Provisions were \$43.0 million at 30 June 2021, an increase of 0.7%, or \$0.3 million, compared to 31 December 2020. This figure includes employee benefits relating to long service leave, retirement benefits and deferred bonuses.

### **EQUITY**

Equity was \$965.4 million as at 30 June 2021, an increase of 8.2%, or \$73.3 million, compared to 31 December 2020. The movement in the period is primarily due to the profits earned during the period, offset by foreign currency translation reserve, cash flow hedges and FY20 dividend declared of \$186.8 million.

## CASH FLOWS

Cash flows from operating activities \$m	HY2021	HY2020 Comparable <sup>41</sup>	HY2020 Reported <sup>42</sup>
<b>Operating cash flow pre-factoring</b>	<b>(41.1)</b>	<b>(106.0)</b>	<b>67.1</b>
Variation in factoring	(242.5)	66.6	(88.0)
<b>Operating cash flow<sup>43</sup></b>	<b>(283.6)</b>	<b>(39.4)</b>	<b>(20.9)</b>
Interest, finance costs and taxes	(45.1)	(73.5)	(183.1)
<b>Net operating cash flow<sup>44</sup></b>	<b>(328.7)</b>	<b>(112.9)</b>	<b>(204.0)</b>

Cash flows from investing activities \$m	HY2021	HY2020 Comparable <sup>41</sup>	HY2020 Reported <sup>42</sup>
Payments for intangibles	(0.9)	(9.8)	(9.8)
Payments for property, plant and equipment	(37.1)	(110.4)	(296.6)
Proceeds from sale of property, plant and equipment	7.4	7.7	10.9
Payments for investments in controlled entities and businesses	-	(3.0)	(3.0)
Payments for investments	(30.0)	-	-
<b>Net cash from investing activities</b>	<b>(60.6)</b>	<b>(115.5)</b>	<b>(298.5)</b>

Cash flows from financing activities \$m	HY2021	HY2020 Comparable <sup>41</sup>	HY2020 Reported <sup>42</sup>
Cash payments for share buybacks	-	(146.9)	(146.9)
Proceeds from borrowings	1,736.8	4,675.0	4,675.0
Repayment of borrowings	(1,210.0)	(250.0)	(250.0)
Repayment of leases	(45.7)	(44.9)	(157.5)
Dividends paid to non-controlling interests	-	(2.4)	(2.4)
Payment of financial liability	(33.5)	(1,361.8)	(1,361.8)
Amounts (advanced to) / received from related entities	-	(763.9)	-
<b>Net cash from financing activities</b>	<b>447.6</b>	<b>2,105.1</b>	<b>2,756.4</b>

### OPERATING CASH FLOWS

Operating cash flows pre-factoring were \$(41.1) million in HY21 compared to \$(106.0) million in HY20 comparable.

The net operating cash outflow position has been impacted by the unwinding of existing projects in Leighton Asia, unwind of \$242.5 million of factoring and Q1 seasonality. CIMIC has seen a strong recovery in the operating cash flow pre-factoring position in 2Q21 from \$(125.8) million in 1Q21 to \$84.7 million in 2Q21, netting to the \$(41.1) million position at HY21.

CIMIC reduced its factoring balance by \$242.5 million compared to 31 December 2020, from \$975.8 million to \$733.3 million at 30 June 2021.

### CASH FLOWS FROM INVESTING ACTIVITIES

Net cash outflows from investing activities were \$60.6 million for HY21. The outflow was driven by gross capital expenditure of \$37.1 million in HY21. This reflects ongoing investment in job-costed plant and equipment to deliver tunnelling opportunities.

During the period, \$19.3 million was paid for UGL's acquisition of Innovative Asset Solutions Pty Ltd – a specialist provider of asset life extension and critical repair solutions in the resources, infrastructure and industrial sectors. Furthermore, HY21 investing activities were also impacted by the payment of outstanding transaction costs in relation to the 50% divestment of Thiess on 31 December 2020.

### CASH FLOWS FROM FINANCING ACTIVITIES

Net cash inflows from financing activities were \$447.6 million for HY21. The net cash inflows from financing activities were mainly attributable to the issue of the EUR625.0 million (equivalent to A\$982.5 million) corporate Eurobond. During the period payments of \$45.7 million were made in relation to finance leases. Also, payments of \$33.5 million (HY20: \$1,361.8 million) were made in relation to CIMIC's financial guarantees of certain BICC liabilities and other expenses that are funded by the financial liability and other amounts payable recognised in 31 December 2019.

<sup>41</sup> HY20 reported cash flows have been adjusted to be on a comparable basis, to reflect Thiess as a 50% equity accounted JV.

<sup>42</sup> HY20 reported cash flows include 100% of Thiess.

<sup>43</sup> Operating cash flow includes cash flow from operating activities and changes in short term financial assets and investments, before interest, finance costs and taxes.

<sup>44</sup> Net operating cash flow includes operating cash flow, after interest, finance costs and taxes.

The amounts advanced to related entities in HY20 comparable relates to intercompany payments made to Thiess during HY20. In line with ordinary business operations, CIMIC and its Group entities frequently engage in intercompany transfers which are ordinarily eliminated on consolidation. For HY20 comparable purposes, \$763.9 million is not eliminated on consolidation since Thiess is considered as an equity accounted joint venture. As part of the divestment of 50% of Thiess on 31 December 2020, all outstanding intercompany balances that existed at 31 December 2020 between Thiess and CIMIC were settled.

The FY20 final dividend of \$186.8 million was paid on 5 July 2021 and as such has not been included in HY21 cash flows.

## NEW WORK AND WORK IN HAND

CIMIC has maintained its position as a leading international contractor, with a diversified portfolio of work in hand of \$33.3 billion at 30 June 2021, strongly recovering from the slowdown of new awards in full year 2020 due to COVID-19.

CIMIC has been awarded \$10.4 billion of new work in the first six months of 2021, compared to \$3.8 billion in HY20 comparable and exceeding the \$6.8 billion<sup>45</sup> that was awarded for the full year 2020.

Work in hand <sup>46</sup> \$m	June 2021	December 2020	June 2020
Work in hand beginning of period	30,078.6	37,510.7	37,510.7
New work and adjustments <sup>47</sup>	10,360.5	7,393.9	4,875.1
Acquisitions during the year <sup>48</sup>	-	3,072.2	3,072.2
Executed work	(7,127.4)	(14,212.2)	(7,374.4)
<b>Total work in hand</b>	<b>33,311.7</b>	<b>33,764.6</b>	<b>38,083.6</b>
Less: 50% divestment of Thiess	-	(3,686.0)	(5,029.8)
<b>Total work in hand end of period</b>	<b>33,311.7</b>	<b>30,078.6</b>	<b>33,053.8</b>

\*(FY20 new work and adjustments of \$7.4 billion includes Thiess at 100%; FY20 comparable new work and adjustments is \$6.8 billion with Thiess as a 50% JV. HY20 new work and adjustments of \$4.9 billion includes Thiess at 100%; HY20 comparable new work and adjustments is \$3.8 billion with Thiess as a 50% JV.)

In HY21, work in hand was split 95:5 between the Group's domestic<sup>49</sup> and international markets, compared with 89:11 in HY20 comparable period.

### MAJOR CONTRACT AWARDS AND SCOPE INCREASES IN 2021

CIMIC's work in hand continues to be broadly diversified by segment as well as by activity and geography. Additionally, CIMIC's client profile is split ~75:~25 between Government/PPP clients and other private sector clients (~65:~35 as at 31 December 2020).

Work in hand by segment \$m	June 2021	%	December 2020	%	chg. \$	chg. %
Construction	15,007.5	45%	12,526.0	42%	2,481.5	19.8%
Services	9,438.7	28%	8,824.5	29%	614.2	7.0%
Investments <sup>50</sup>	8,865.5	27%	8,728.1	29%	137.4	1.6%
<b>Total work in hand end of period</b>	<b>33,311.7</b>	<b>100%</b>	<b>30,078.6</b>	<b>100%</b>	<b>3,233.1</b>	<b>10.7%</b>

The table below outlines the comparable new work, accounting for Thiess as a 50% equity accounted joint venture. The \$10.4 billion of new work in the first six months of 2021 represents a strong recovery from the delay in new work due to COVID-19 in the prior year, returning back to the FY19 and FY18 levels of new work awarded.

Comparable new work and adjustments <sup>47</sup> (with Thiess as 50% JV) \$bn	FY 2021	FY 2020	FY 2019	FY 2018
H1 new work awarded during period	10.4	3.8	7.4	6.2
H2 new work awarded during period	-	3.0	9.0	9.5
<b>Total</b>	<b>10.4</b>	<b>6.8</b>	<b>16.4</b>	<b>15.7</b>

<sup>45</sup> FY20 new work has been adjusted to reflect Thiess as a 50% equity accounted JV.

<sup>46</sup> Work in hand includes CIMIC's share of work in hand from joint ventures and associates.

<sup>47</sup> New work includes new contracts and contract extensions and variations, including the impact of foreign exchange rate movements and other WIH adjustments

<sup>48</sup> CIMIC's share of work in hand in relation to Ventia's acquisition of Broadspectrum in FY20.

<sup>49</sup> Domestic includes Australia, New Zealand and Papua New Guinea.

<sup>50</sup> Investments WIH includes WIH from CIMIC's share of investments at their ownership %, including Thiess and Ventia.



In HY21, a number of projects were announced, with revenues to the Group as follows:

- \$4.0 billion preferred proponent to deliver the North East Link Primary Package PPP, Victoria (*including Ventia's award at 47% share*);
- \$1.95 billion to deliver stage 1 of Sydney's M6 motorway, New South Wales;
- \$1.5 billion to provide operations and maintenance of the rail infrastructure for the Country Regional Network, New South Wales;
- \$289 million to deliver the Bruce Highway Upgrade – Cooroy to Curra Section D, Queensland;
- \$150 million to design, construct and install a high voltage transmission line from Kidston to Mt Fox and a new 275kV switching station located at Mt Fox, Queensland;
- \$150 million to design and construct the first build-to-rent residential tower in Sydney's central business district, New South Wales;
- \$124 million to deliver upgrades on the rail services for Victoria's Gippsland line, Victoria;
- \$110 million maintenance contract extensions in the power sector to provide maintenance and outage works, Western Australia, South Australia and New South Wales;
- \$100 million to design and construct a tailings dewatering facility at the Byerwen mine and to deliver stage two of the Yarrabilba State Secondary College, Queensland;
- \$100 million to deliver Brisbane's Ferny Grove Central development, Queensland;
- \$100 million to replace the electrical services and systems for the existing Central Expressway and Fort Canning Road Tunnels and to deliver the expansion of the Casuarina maximum security prison, Singapore and Western Australia respectively; and
- \$7 million early contractor involvement contract with CuString Pty Ltd related to the delivery of CopperString 2.0, a high-voltage transmission network extending from Townsville to Mount Isa, Queensland (*potential for \$1.7 billion*).

## SHAREHOLDER RETURNS

Shareholder returns	30 June 2021	31 December 2020
Closing share price	\$19.78	\$24.37
Market capitalisation (\$m)	6,157.4	7,586.3
Final dividend per share	-	60c
Interim dividend per share	42c	-
Total dividends per share	42c	60c
EPS (basic)	66.8c	195.0c
Payout ratio for ordinary dividends*	63%	62%

\*The payout ratio for ordinary dividends for FY20 is in respect of 2H20 results.

## DIVIDENDS

An interim dividend has been declared of 42.0 cents per share for HY21, representing a payout ratio of 62.8% in respect of HY21 results. The dividend will be franked at 20% and complemented by conduit foreign income to the extent unfranked. The total dividend of \$130.7 million will be paid on 7 October 2021.

## SHARE BUYBACK PROGRAM

On 14 December 2020, CIMIC announced an on-market share buyback of up to 10% of the fully paid ordinary shares for a period of 12 months commencing on 29 December 2020. As at 20 July 2021, no shares have been repurchased or cancelled under the current share buyback program. The timing and number of any shares purchased will depend on CIMIC's share price and market conditions.

## STRATEGY AND OPERATING ENVIRONMENT OUTLOOK

CIMIC is an engineering-led construction, mining, services and public private partnerships (PPPs) leader with a history dating back to 1899, employing around 31,000 people and delivering services in 20 countries. Our mission is to generate sustainable shareholder returns by delivering innovative and competitive solutions for clients and safe, fulfilling careers for our people. We strive to be known for our Principles of Integrity, Accountability, Innovation and Delivery, underpinned by Safety.

### OPERATING MODEL AND STRATEGY

The Group operates through activity-focused businesses in construction, mining and mineral processing, operation and maintenance services, PPPs and engineering. These businesses deliver services across Australia and select markets in Asia, the near Pacific, Southern Africa, and the Americas, with a strategic focus on core markets in Australia, New Zealand, Hong Kong and Singapore.

CIMIC's mission is to generate sustainable returns for its shareholders by delivering projects for its clients while providing safe, rewarding and fulfilling careers for its people. Sustainability (or ESG) is embedded in our business through our commitment to five themes: Safety, Integrity, Culture, Innovation, Environment.

CIMIC's strategy has the following key elements:

- optimise project delivery and production including risk management, creating value for our clients and sustainable returns for shareholders;
- grow the existing business in our core markets;
- expand and diversify the Group's integrated solutions which cover the full lifecycle of infrastructure assets;
- develop and provide innovative solutions to our clients;
- focusing on sustainable project delivery and projects with environmental benefits; and
- efficiently allocate capital and resources to target opportunities.

Underpinning the strategy is the pursuit of operational excellence in terms of:

- identifying value-adding engineering solutions;
- applying a disciplined approach to risk management;
- rigorously managing cash;
- maintaining a tight control on costs;
- integrating sustainability (or ESG) into our decision making; and
- ensuring an uncompromising focus on safety.

Fundamental to the delivery of the strategy is a strong balance sheet, which supports organic growth and provides flexibility in capital expenditure and investments into PPPs, as well as strategic capital allocation opportunities including acquisitions and share buy-backs.

Our financial policy is to manage net debt to a level that supports an investment grade credit rating.

### CONSTRUCTION MARKET

While the COVID-19 pandemic has delayed the awarding of new construction projects, governments remain committed to scaling up their investment in infrastructure to support their economies and to build long-term productive capacity. Additionally, there are encouraging signs that previously delayed projects are being progressed through the planning and tender evaluation phases which is supporting growing confidence about the outlook for the market.

The scaled up commitments are reflected in the latest four-year budgets from the Australian Federal, State and Territory governments which saw commitments to investments in infrastructure increase to \$225 billion<sup>51</sup>. A significant component of this increase reflects the Federal Government's infrastructure investment program which has increased by \$15.2 billion since the start of the pandemic, increasing the Commonwealth's proposed spend over 10-years to \$110 billion. Newly announced funding commitments by the Federal Government include \$2.6 billion for the North-South Corridor — Darlington to Anzac Highway in South Australia, \$2.0 billion for the Great Western Highway Upgrade — Katoomba to Lithgow in NSW, a \$2.0 billion investment to deliver a new Melbourne Intermodal Terminal, and \$400 million in additional funding for the Bruce Highway in Queensland<sup>52</sup>.

In New South Wales, infrastructure investment continues to be a central theme of the State Government's budget outlook, as it seeks to invest in productivity improving capital projects, while supporting the economy's recovery from the COVID-19 pandemic. In the 2021-22 Budget, the New South Wales Government sets out a record \$108.5 billion four-year infrastructure pipeline, allocating \$71.5 billion to road and rail infrastructure over forward estimates. This includes \$12.0 billion for the Sydney Metro West (PPP), \$8.0 billion for the Sydney Metro — Western Sydney Airport (PPP), \$6.3 billion for the Western Harbour Tunnel and Beaches Link Program and Warringah Freeway Upgrade, and \$2.0 billion for major upgrades to the Great Western Highway. In addition, the 2021-22 Budget allocates \$10.8 billion to healthcare infrastructure, to support the health response to COVID-19 and invest in upgrading the State's health care system<sup>53</sup>.

<sup>51</sup> Infrastructure Partnerships Australia, Australian Infrastructure Budget Monitor 2020-21, 22 December 2020.

<sup>52</sup> Commonwealth of Australia, Budget 2021-22, Budget Paper No. 1, 11 May 2021, p. 18-19.

<sup>53</sup> New South Wales Government Budget 2021-22, Budget Paper 3, 22 June 2021, p. 1-1, 1-4, 2-13.

In Victoria, the State Government boosted its infrastructure investment program to \$90.2 billion over the coming four years. The investment program outlines funding for the state-shaping North East Link (PPP), \$6.3 billion for the West Gate Tunnel (PPP) and \$10 billion for the Melbourne Airport Rail project. The Budget also includes \$2.4 billion for initial and early works on the Suburban Rail Loop project, which is expected to commence in 2022. In addition to funding substantial road and rail capital works projects, the Government continues to invest in the State's health, social and community infrastructure, allocating an additional \$556 million to construct and expand 10 community hospitals and more than \$100 million to renew, replace and expand existing health assets<sup>54,55</sup>.

In Queensland, the State Government outlined a four-year \$52.2 billion infrastructure program, providing substantial opportunities for the Group across a broad range of transport, social infrastructure and other capital works projects. In transport, the 2021-22 Budget allocates \$27.5 billion for road infrastructure over the next four years. It outlines commitments to continue work on the \$6.9 billion Cross River Rail (PPP) and new commitments to fund the \$320 million Sunshine Motorway – Mooloolah River Interchange Upgrade (Stage 1) and the \$300 million Cairns Western Arterial Road. Furthermore, the State announced a \$2 billion Hospital Building Fund, and \$2 billion commitment towards a new Queensland Renewable Energy and Hydrogen Jobs Fund to invest in renewable energy and hydrogen projects<sup>56,57</sup>.

In Western Australia, the incumbent State Government was returned with a significant majority following an election in March 2021 and reaffirmed its infrastructure commitment with a record \$27.1 billion asset investment program over the coming four-years. Within this program, \$9.7 billion is to be invested in public transport projects, \$3.8 billion in electricity infrastructure, \$2.7 billion in water infrastructure and \$1.0 billion in health care capital works. This Budget includes \$5.7 billion in funding for the delivery of METRONET - a major expansion of Perth's passenger rail network - an additional \$571 million for new and upgraded roads, and \$449 million in new funding for education infrastructure<sup>58</sup>.

The other State and Territory governments have major transport and social infrastructure programmes, as outlined in their most recent budgets. For example, over the next four years the South Australian, Northern Territory, Australian Capital Territory and Tasmanian governments have committed to infrastructure investments of \$17.9 billion<sup>59</sup>, \$4.4 billion<sup>60</sup>, \$4.3 billion<sup>61</sup> and \$3.8 billion<sup>62</sup> respectively, the bulk of which is in transport and social infrastructure, providing the Group with a broad range of construction opportunities.

As indicated above, recent months have crystalised various government's efforts to upgrade hospital and health care infrastructure, reflecting the country's demographic trends and the recent pandemic. The new 2020-25 National Health Reform Agreement highlights this focus with the provision of increased funding for public hospitals. Within this agreement, the Australian Government has agreed to contribute about \$133.6 billion between 1 July 2020 and 30 June 2025 for public hospital and healthcare services<sup>63</sup>.

The investment commitments outlined above are expected to suit CIMIC's capabilities and will be supplemented with ongoing investment by the private sector, in the form of PPP projects, which underpin the strong outlook for the Australian construction market.

Looking overseas, we see similar construction opportunities across CIMIC's other core markets. In New Zealand, for example, the Government's record NZ\$57.3 billion five-year infrastructure program includes a NZ\$10 billion investment in road and public transport projects, NZ\$5.6 billion in education infrastructure and a further NZ\$700 million in healthcare capital works projects, taking the expected spend in this area to NZ\$6 billion<sup>64,65</sup>. In other international markets, sustained investment in economic and social infrastructure continue to present a range of attractive opportunities for the Group.

## SERVICES MARKET

CIMIC is a market leader in providing engineering, construction and maintenance services, and has a diversified exposure to the transport, power, renewable energy, water, defence, telecommunications, resources and social infrastructure sectors. The Group's standalone service offering, and the ability to integrate our expertise across the Group, presents advantages for clients and positions CIMIC to benefit from the expected growth in the services market.

<sup>54</sup> Victorian State Government Budget 2021-22, Budget Paper 2, 20 May 2021, p.1-6.

<sup>55</sup> Victorian State Government Budget 2021-22, Budget Paper 4, 20 May 2021, p.3, 6, 13, 102, 105 and 198.

<sup>56</sup> Queensland State Government Budget 2021-22, Budget Paper 3, 15 June 2021, p. 1, 6, 116 and 119.

<sup>57</sup> Queensland State Government Budget 2021-22, Budget Speech, 15 June 2021, p. 12, 22 and 27.

<sup>58</sup> Western Australia State Budget 2021-22, Budget Paper 3, 8 October 2021, p. 1, 43-45 and 137.

<sup>59</sup> South Australian Budget 2021-22, Budget Paper 1, 22 June 2021, p. 3.

<sup>60</sup> Northern Territory Budget 2021-22, Budget Paper 2, 27 April 2021, p. 39.

<sup>61</sup> Australian Capital Territory Budget 2020-21, Budget Outlook, February 2021, p. 50.

<sup>62</sup> Tasmanian Government Pre-Election Financial Outlook, April 2021, p. 10.

<sup>63</sup> Australian Government Department of Health, 2020-25 National Health Reform Agreement (NHRA), 1 March 2021 - <https://www.health.gov.au/initiatives-and-programs/2020-25-national-health-reform-agreement-nhra>.

<sup>64</sup> New Zealand Government Budget 2021-22, Wellbeing Budget 2021, 20 May 2021, p. 16-17.

<sup>65</sup> New Zealand Government Budget 2021-22, Budget Speech, 20 May 2021, p. 6.

Historic underinvestment, coupled with systemic maintenance underspend and a growing capital base, is underpinning demand for the Group's specialist services. Overlaying these drivers is the ongoing trend for asset owners to outsource maintenance services to specialist service providers, as they seek to achieve operational efficiencies and deliver productivity improvements. In Australia, the total maintenance market is expected to average \$51.6 billion over the five years to 2024/25, a level 12% higher than the five years to 2019/20. Growth in the outsourced maintenance services market is expected to outpace the overall market, growing by 15% over the same comparable period, to \$30.6 billion on average over the five years to 2024/25<sup>66</sup>.

CIMIC's strong position in the maintenance services market, and ability to deliver innovative and end-to-end construction and maintenance service solutions for clients, positions the Group to capitalise on the expanding range of opportunities presented in this market.

#### **PPP MARKET**

At a time when there continues to be a strong underlying demand for infrastructure in CIMIC's core markets, PPPs offer an opportunity to improve services and achieve better value for money when compared to traditional procurement methods.

PPPs remain a key component of CIMIC's growth strategy, with the Group operating at all phases of a PPP project. Pacific Partnerships undertakes the sponsorship and financial arrangement, with CPB and UGL delivering the subsequent construction and operations and maintenance phases of the projects.

PPPs have become an increasingly accepted procurement approach in Australia and New Zealand. Reflecting this trend, in Australia the National PPP Policy Framework established that all projects valued over \$50 million should be considered for PPPs<sup>67</sup>, and in New Zealand the Government is actively pursuing non-traditional procurement options, where these can demonstrate greater value for money to the public sector<sup>68</sup>. The Government has tasked the Infrastructure Commission (Te Waihanga) to develop and maintain the New Zealand PPP Model and to assist government agencies, local authorities and others with PPP procurement. This growing acceptance is continuing to create a range of opportunities for CIMIC, given the Group's demonstrated track record in this market.

CIMIC is a market leader in PPPs and has positioned itself to take advantage of the growing pipeline of opportunities identified in this space, which was approximately \$115 billion at the end of June 2021. This pipeline includes various types of government concessions in economic infrastructure, such as roads and railways, and social infrastructure, such as hospitals, utilities, schools and prisons – with scope to provide non-custodial services. Opportunities for the Group in the PPP market are likely to include varying combinations of design, construction, finance, and operations and maintenance.

#### **MINING & MINERAL PROCESSING MARKET**

CIMIC's exposure to the Mining and Mineral Processing market reduced significantly following the sale of Thiess, in which CIMIC retained a 50% equity interest and has joint control. Demand for Thiess' services is expected to remain robust due to growing demand for commodities from India, South-East Asia and other commodity importing markets.

The Group's key commodity exposures are expected to play a major role in supporting the recovery of the global economy and are central to new and low emission technologies, which are set to gain momentum over the coming decades.

In the longer-term, the Group's positive outlook for the mining services market is underpinned by sustained population growth, increasing urbanisation and industrialisation, rising global living standards, and limited substitutes for the major commodities mined and processed by the Group.

<sup>66</sup> BIS Oxford Economics, Maintenance in Australia Report 2021-2035, February 2021.

<sup>67</sup> Department of Infrastructure and Regional Development, National PPP Policy Framework, October 2015, p. 7.

<sup>68</sup> New Zealand Infrastructure Commission, Te Waihanga, Media release, 20 May 2021.

## FUTURE DEVELOPMENTS

### GROUP PROSPECTS

CIMIC's core markets – in construction, PPPs, mining and mineral processing, operations and maintenance services, and engineering – continue to offer a broad range of opportunities. CIMIC's work in hand and a substantial pipeline of future projects support our positive outlook.

CIMIC will be bidding on, is currently bidding on, or has been shortlisted for projects including:

- Sydney Metro - Western Sydney Airport Station Boxes and Tunneling, Transport for NSW, New South Wales;
- Sydney Metro West - Westmead to the Bays Central Package, Transport for NSW, New South Wales;
- SA/NSW 330kV Interconnector for Electranet (SA), South Australia;
- Copper String 2.0 for CuString Pty Ltd, Queensland;
- Western Harbour Tunnel - Northern and Southern Tunnel, IMT & project wide civil, M&E fit out for the Roads and Maritime Services, New South Wales;
- Warringah Freeway Upgrade for Roads and Maritime Services, New South Wales;
- Western Sydney Airport - Airside Civil and Pavement Works for Western Sydney Airport Company, New South Wales;
- Inland Rail - Narromine to Narrabri (N2N) - Southern Civil Stage 1 for Australian Rail Track Corporation (ARTC), New South Wales;
- Inland Rail - Gowrie to Kagaru PPP for Australian Rail Track Corporation (ARTC), Queensland;
- Main South Road and Victor Harbor Road Duplication Projects for Department for Infrastructure and Transport, South Australia;
- Auckland Light Rail Stage 1 - Main Works for New Zealand Transport Agency, New Zealand;
- New Dunedin Hospital – Ministry of Health, New Zealand;
- Cross Island Line Phase 1 (CR1010) for Land Transport Authority, Singapore;
- Vale Pomalaa Mining, Nickel project, Indonesia;
- East Kalimantan Coal Project – KPC Beyond 2021 for Kaltim Prima Coal (KPC), Indonesia;
- Los Bronces Phase Donoso 2 - Copper Project, Chile;
- Rio Tinto Winu Copper Gold Project, Western Australia; and
- Various other mining and mineral processing opportunities across Queensland, New South Wales and Western Australia.

The Group has an extensive pipeline with around \$470 billion of tenders relevant to CIMIC to be bid and/or awarded for the remainder of 2021 and beyond, including about \$115 billion worth of PPP projects.

CIMIC continues to consider opportunities to diversify and expand into new regions and markets by leveraging its existing capabilities. The Group's positive outlook is founded on a disciplined focus of sustaining a strong balance sheet, generating cash, and a rigorous approach to tendering and project delivery. This focus, combined with the Group's strong competitive position and the range of opportunities across the core markets, provides a solid base for the generation of sustainable returns.

### OUTLOOK

FY21 NPAT guidance of \$400 million to \$430 million maintained, subject to market conditions.

## GLOSSARY

TERM	DESCRIPTION
1Q21/2Q21/3Q21 or 4Q21	First, second, third or fourth quarter of the relevant year
A\$ or \$	Australian dollars
AASB	Australian Accounting Standards Board
ASX	ASX Limited
BICC	BIC Contracting LLC
BP	Basis points
EBIT	Earnings before net finance costs and tax
EBITDA	Earnings before net finance costs, tax, depreciation and amortisation
EPS (basic)	Earnings per share (basic)
Excl	Excluding
FY21/FY20	Financial year ended 31 December 2021/2020
Group or CIMIC	CIMIC Group Limited and certain entities it controls
H1/HY21/HY20	Six month period ended 30 June 2021/2020
LTM	Last 12 months from 1 July 2020 to 30 June 2021
NPAT	Net profit after tax
PBT	Profit before tax
Period/the period	Six month period ended 30 June 2021
PPP	Public-private partnership
Ventia	Ventia Services Group Pty Limited
WIH	Work in hand
YOY	Year on year