

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S ADDRESS TO SHAREHOLDERS

A presentation to the 2022 Annual General Meeting of CIMIC Group Limited by the Executive Chairman and Chief Executive Officer, Mr Juan Santamaria.

2021 was another year in which we sought to deliver on our mission of generating sustainable returns by delivering projects for our clients, and safe and fulfilling careers for our people.

It was also a transformational year for our business, with several significant achievements, which I will come to in a moment.

First, I want to address the off-market takeover bid made by Hochtief Australia for all the CIMIC shares which it does not own, for \$22 cash per share.

In response to the offer, an Independent Board Committee was formed by CIMIC, comprising your independent directors Kate Spargo and Russell Chenu.

The Committee appointed an independent expert, Grant Thornton, to assess the merits of the offer which concluded that it is fair and reasonable to shareholders other than Hochtief Australia.

The Committee has carefully considered the offer and unanimously recommends that you accept in the absence of a superior proposal and subject to the independent expert continuing to conclude that it is fair and reasonable.

In summary, the key reasons for the Committee's recommendation are:

- The independent expert has concluded that the offer is fair and reasonable.
- The price of \$22 per CIMIC share represents an attractive premium to the recent historical trading price of CIMIC shares.
- It is a final unconditional offer and provides certain and immediate value in the form of cash consideration.
- The Committee considers that it is unlikely that a superior proposal will emerge from another bidder, given Hochtief Australia has 87.8% of CIMIC shares (as at last Friday).
- There are risks and potentially adverse consequences associated with not accepting the offer.

You are encouraged to read the Target's Statement from CIMIC (which includes the independent expert's report) and the Bidder's Statement from Hochtief carefully in full and, if required, to seek independent advice if you are in any doubt as to how to respond to the offer.

FY21 performance

Turning now to my review of the past year.

In 2021, we reported net profit after tax within our guidance range and declared total dividends of 78c per share.

Our result included:

- Group revenue¹ growth of 8.3%² over the year to \$14.7 billion.

¹ Group revenue includes revenue from joint ventures and associates

² Percentages are calculated on FY20 comparable figures which have been adjusted to reflect Thiess as a 50% equity accounted JV

- Profit before tax and net profit after tax margins³ at 5.2% and 4.2% respectively, up from 2020 levels.
- Underlying net profit after tax of \$405 million, or \$402 million on a statutory basis.
- A \$603 million year on year⁴ improvement in operating cashflow⁵ pre-factoring.
- A strong liquidity position of \$4.4 billion.
- And net debt⁶ of \$498 million, after \$318 million in dividend payments and a \$542 million reduction in factoring.

This latter reduction completes the strategic unwinding of factoring, reducing the balance from around \$2 billion⁷ in 2019 to \$434 million in 2021.

We also fully repaid our supply chain finance facilities, with the program now discontinued.

We took steps to further optimise our capital structure by diversifying our funding sources and extending our debt maturity profile. This included a debut issue in the Eurobond market, for €625 million, and the signing of a \$1.4 billion, three-year syndicated performance bond facility.

We reached a commercial settlement on the dispute related to the West Gate Tunnel, providing certainty for the delivery of an important piece of infrastructure for the people of Victoria and achieving a good outcome for all parties.

An arbitration hearing on the termination of work at the combined cycle power plant for the Ichthys LNG Project in the Northern Territory, for which UGL was a consortium member, is scheduled to begin on 14 April and will run for approximately six weeks, with a decision currently expected in 2023. Given the ongoing cost and inherent uncertainty of arbitration proceedings, we always remain open to commercial resolutions to our disputes. Following the mediation in December, CIMIC and its consortium partners continue to explore a commercial settlement in respect of CCPP with the help of a mediator. We note that discussions are accelerating ahead of the commencement of the arbitration next week. Arbitration proceedings will commence, unless a settlement is reached.

In terms of our investments, we listed essential services business Ventia on the Australian Securities Exchange and New Zealand Stock Exchange, selling down 2% of our investment. The initial public offering valued 100% of Ventia shares at \$1.45 billion, which gave a notional value to our retained 32.8% stake of around \$560 million as at December 2021. Ventia is now positioned to benefit from the full integration of Broadspectrum, a company it acquired in 2020, and a lower level of debt.

We also completed a full year with a co-investor in Thiess. Thiess has a bright future as it diversifies and grows its offering in the mining sector. As a trusted partner to its clients, Thiess has a valuable opportunity to deliver sustainable, responsible mining, and contribute to a low carbon future as a part of the global energy transition. Recent wins by Thiess include mining services at the Anthill Copper Project in Queensland and Mount Holland Lithium Mine in Western Australia.

While I'm mentioning M&A; we strengthened UGL's service offering with the acquisition of Innovative Asset Solutions during the year, a specialist provider of asset life extension and critical repair solutions. And we completed the acquisition of property company Devine, simplifying the Group's structure.

³ Margins are calculated on revenue, excluding joint ventures and associates. Margins are calculated on underlying figures in FY21

⁴ FY20 reported cash flows have been adjusted to be on a comparable basis, to reflect Thiess as a 50% equity accounted JV

⁵ Operating cash flow includes cash flow from operating activities and changes in short term financial assets and investments before interest, finance costs and taxes

⁶ Net (debt)/cash includes cash and equivalent liquid assets (which includes cash, cash equivalents and short term financial assets and investments)

⁷ Includes Thiess factoring balance which was fully consolidated as at 31 December 2019

Our strong performance – as well as our commitment to reward shareholders – supported the declaration of a final, unfranked dividend of 36 cents per share, with total dividends of 78 cents per share for the year. This represents a payout ratio of 60% on the FY21 result.

Delivery

Now, let's look at our current operations.

We were awarded \$20.4 billion of new work⁸ during 2021, substantially increasing work in hand⁹ to close the year at \$33.2 billion.

Key wins during the period included:

- The North East Link Primary Package public private partnership, a road tunnelling project in Victoria that will generate \$3.8 billion¹⁰ in revenue for the Group.
- The delivery of the M6 Motorway Stage 1 in New South Wales, generating revenue of \$1.95 billion.
- The operation of rail infrastructure for the Country Regional Network in New South Wales, generating revenue of \$1.5 billion.
- The delivery of the Sydney Metro - Western Sydney Airport Station Boxes and Tunnelling works, with revenue of \$1.35 billion.
- The continuation of mining services at Mount Pleasant in New South Wales.
- The delivery of an upgrade for the Warringah Freeway here in Sydney.
- The operation of the Auckland passenger rail network in New Zealand.
- The rollout of fibre for NBN in New South Wales, Victoria and Queensland.
- And the delivery of Inland Rail's southern civil works program in New South Wales.

As at 31 December, the total future pipeline of tenders relevant to CIMIC is more than \$480 billion, including \$115 billion of public private partnership opportunities.

New projects are being awarded with more equitable sharing of risk, and the outlook remains attractive across our core markets, underpinned by numerous stimulus packages announced by governments.

However, like other major Australian companies, we are facing growth constraints related to skills shortages, particularly among key trades, and the escalation of material and fuel costs. We are collaborating with TAFE and universities to develop accelerated courses to upskill our people and cross-skill entrants from other sectors. In addition, restoring permanent migration levels will go some way to assist with attracting the best skilled talent. Regarding materials escalation, where ever possible, we are securing supply contracts upfront, procuring and storing materials or commodities, or undertaking financial hedging.

⁸ New work includes new contracts and contract extensions and variations, including the impact of foreign exchange rate movements and other WIH adjustments

⁹ WIH includes CIMIC's share of work in hand from joint ventures and associates

¹⁰ \$3.8bn represents total revenue to CIMIC Group, including Ventia's award at 47% share per ASX announcement on 28 October 2021 (pre-Ventia IPO date)

Some major projects that we are currently bidding include:

- The construction of the Western Harbour Tunnel in Sydney.
- The delivery of various packages of Sydney Metro West, a new 24-kilometre metro line.
- The delivery of Copperstring 2.0, a high-voltage transmission network in Queensland.
- Mining support at the West Australian Winu Copper and Gold Project.
- The Truro and Hahndorf bypasses in South Australia.
- The Yuen Long Barrage Scheme, a flood protection project in Hong Kong.
- A stage of the redevelopment of the Prince of Wales Hospital, also in Hong Kong.
- New Manila International Airport Terminal in the Philippines.
- And the Riviera Station works for Singapore's Cross Island Line.

Sustainability

Now some comments on sustainability, which I will address by looking at our initiatives related to safety, innovation, environment, and our people.

Health and safety

Above everything, safe work is our priority, and our target is to eliminate fatalities and serious injuries and reduce all other injuries.

I am incredibly saddened to report that, in October, a member of the subcontracting team at one of our road projects in Queensland died. Our colleague, who had been working in a safe manner and following all safety protocols, was struck by a stolen vehicle. The driver was apprehended by police and charged.

I extend my deepest condolences to his family, friends, and co-workers. Everyone should return home safely, every day. Nothing is more important.

Always looking to make our workplaces safer requires a strong safety culture and critical risk controls. So, in 2021 we introduced a range of new key performance indicators designed for leaders to proactively engage their teams on critical controls and safety.

By completing critical control verifications throughout the year, managers are identifying what needs to be improved, implementing changes, and recording the results.

Importantly, the KPIs are lead indicators to help us to identify and control risks before someone is injured. They are used in tandem with traditional lag indicators which measure incident and injury rates after the event.

We expect to see this translate into better safety performance this year, after an increase in recordable safety incidents during 2021. The 2021 performance was the result of several factors including significant labour constraints at remote projects due to COVID-19 and travel restrictions resulting in fewer site visits. We responded quickly with a range of improvements, and we are seeing progress already. Year to date the monthly recordable injuries are down 13% and potential class 1 events are down 66% from the same period in 2021.

As for all communities and businesses, COVID remained a challenge during the period. I am impressed by the resilience our people have shown in their management of our safety procedures and their care for one another's safety, as well as the suppliers, partners and community members we interact with.

Our people's focus on ensuring we could continue to deliver essential services and projects has been nothing short of impressive. Their adherence to safety measures, while getting on with the job, was critical both for our company, and the people who rely on us.

We have responded by trying to ease the toll on the team and the pressure of the past two years. We have initiatives in place to support physical and mental wellbeing. These initiatives include employee webinars facilitated by our employee assistance program provider, healthy mind and peer support programs and mental health risk assessments. This approach aims to continue to build individual resilience while ensuring our workplaces provide respectful and supportive environments.

Innovation

Innovating with digital technologies to deliver better solutions and safely increase productivity is top of mind at CIMIC. In fact, we believe that our digital capability is a key differentiator.

By integrating technology and data-driven decisions into every aspect of our work, we have built a leading digital capability. We can deliver our clients their asset as well as its digital twin, and provide increased efficiencies from seamless data flow across planning, delivery and operations.

This is the key to unlocking transformative innovation and truly integrated whole-of-life infrastructure solutions – what we call Integrated Digital Delivery. By connecting digital technologies throughout the design, build, operate lifecycle of each project we integrate work processes and stakeholders to achieve better outcomes.

Many of our innovations collect vast quantities of data, undertake complex analysis, and share real or near real-time information in visual form. With these tools, our teams are better equipped to collaborate and de-risk projects. They can make data-based decisions more quickly, operate safely and more efficiently, reduce waste and better meet ESG priorities.

In addition to Active 4D Planning, Intelligent Earthworks and Integra which were profiled in our video, examples include: our Virtual Builder prototype, Sensgrid, Tobe Maps, and SEDGMETRIX.

Each proprietary solution has been developed inhouse by integrated teams of our own software developers, data scientists and technical specialists, collaborating with our engineers. We test, trial, and prove innovations on major projects, which enables us to accelerate their implementation at scale. Nothing stands still in this fast-paced area. We continue to enhance existing innovations with new insights, features and technologies, and develop new solutions to meet future requirements.

Virtual Builder is a new breed of planning and collaboration tool. Much like a flight simulator for construction, it uses video game architecture to replicate the construction site. This tool has been developed by EIC Activities in collaboration with CPB Contractors and with AEC cloud services. It is used to run simulations, test methodologies and design options, and optimise staging and sequencing. Teams can determine the safest best solution for every package of work before deploying to site.

Sensgrid is an automated instrumentation and monitoring data management system. Developed by CIMIC in collaboration with EIC Activities, it is used to verify design inputs and monitor geotechnical safety performance. Sensgrid captures, processes, and then displays the geotechnical data in a graphical format. It supports our delivery of safe, effective soft soil engineering, earthworks, and substructures, and is being further developed to include environmental and asset monitoring.

Tobe Maps takes design into the field. Developed by EIC Activities, in collaboration with CPB Contractors and Leighton Asia, the solution uses augmented reality technology to overlay a 3D digital design onto the real world. The digital model remains anchored as team members walk around, using mobile phones or tablets to share the visualisation. This helps them to visually understand what needs to be built in situ and to de-risk the activity.

The *SEDGMETRIX* platform is an Internet of Things ecosystem of tools, used to remotely monitor and help optimise the performance of any operation or asset. Developed by Sedgman’s systems and innovation team, the platform’s 24-hour automated monitoring software detects abnormal asset performance and sends a notification to the responsible person. It improves response times and prevents extended losses in asset productivity and revenue.

Environment

Turning to environmental responsibility.

In 2021 we set a target to reduce scope 1 and 2 emissions to net zero by 2038 and to achieve net zero for Scope 3 by 2045. We support the goals of the Paris Climate Agreement to stop global warming and we are committed to abiding by the principles of the UN Global Compact.

Our path to decarbonisation is set out in our Sustainability Report and includes our commitment to sustainable project delivery, innovation and delivering projects with environmental benefits. As well as the range of renewable energy projects I mentioned earlier, we are delivering Infrastructure Sustainability Council rated projects.

We received a Leading Design Rating certification from the Infrastructure Sustainability Council for our WestConnex Stage 3B - Rozelle Interchange project. It acknowledges a commitment to planning, designing, constructing, and delivering this infrastructure asset with sustainability in mind.

Our Cross River Rail Tunnels and Stations project was recently named winner of the Excellence in Social Outcomes category by the Infrastructure Sustainability Council.

The Parramatta Light Rail infrastructure works were rated Leading for design by the Infrastructure Sustainability Council and will achieve a 36% reduction in carbon emissions through construction and operation.

Our Pitt Street Station project was awarded six Green Stars – the highest rating – for design by the Green Building Council. And our Columbarium project in Hong Kong achieved the highest rating from the Hong Kong Green Building Council.

In total in 2021, around 97% of our revenue was earned from projects directly aligned with one or more of the UN Sustainable Development Goals.

We had a recycling or reuse rate of 97.2% with only 2.8% of waste disposed to landfill. And we recycled 185,000 tonnes of concrete, compared with 86,000 tonnes during the prior year.

People

Fundamental to our approach, is our respect for people. Our Code of Conduct embeds our commitment to human rights, fair treatment of labour and anti-corruption. Nothing of value is built at the cost of vulnerable adults and children.

We published our first Modern Slavery Statement in June last year, outlining how we identify, mitigate, and prevent the risk of modern slavery, and remedy any impacts which may occur.

At CIMIC we will always operate with integrity, look after our people, and hold our company to the highest standards, so I want to address reports related to our exit from BIC Contracting, our former 45% investment in the Middle East.

In early 2020 we decided to exit the Middle East and write off substantial investment, following accelerated deterioration of market conditions in the region.

In February 2021, CIMIC and its co-shareholder agreed to sell their shareholdings in BICC to SALD Investment. All rights, responsibilities and obligations in BICC were transferred to SALD. The parties are working to finalise the formal share transfer.

Immediately following the sale, all BICC employee entitlements were honoured and up to date. As an additional measure, and as a priority, the sale agreement was structured to protect employee entitlements with funds specifically set aside to meet employees' end of service benefits.

After the sale, SALD restructured the business making some people redundant in the UAE, Saudi Arabia and Oman. To date, in those regions 99.9%, or 1,833 people, have been paid their end of service entitlements by SALD, in compliance with the sale agreement. Two employees remain to be paid and funds have been set aside for them.

BICC's main subsidiary in Qatar, in which CIMIC was not a direct shareholder, has been in receivership since July 2020. An agreement was needed between the receiver and the two shareholders to pay the end of service entitlements. With an agreement now reached, funds to pay the remaining 96 employees who were made redundant were provided to the receiver and payments continue being resolved. A total of 1,148 people, or 92.3%, have been paid in Qatar.

CIMIC and SALD have been committed to the payment and ethical treatment of employees from day one.

Moving now to diversity.

During the year we procured \$97 million worth of goods and services from Indigenous businesses and increased the percentage of women in our workforce. We know that we achieve more when our teams have a mix of skills, experience, and perspectives. When we rely on each other's different contributions we deliver the best solutions.

It is great to see our team diversifying. We are integrating people from adjacent fields such as data science and software development as we advance innovation and integrated digital delivery.

Our local employment and training programs, and our partnerships with universities and community organisations, such as Career Trackers and Career Seekers, are also opening doors for new entrants to the industry to join us.

We have visible targets and regular tracking of gender data. Our progress is driven by our Diversity and Inclusion Council, which I chair, and which involves all our Managing Directors, who report on their programs to increase women's participation.

Our progress last year included achieving female staff participation of almost 25%, which is higher than the industry benchmark for mining at around 19%, and in line with that for construction. Women are also strongly represented in our graduate program, at 33% in 2021 and 37% in 2022.

We are committed to setting the women who join us up for success, and for everyone in our team to enjoy working in a safe, fair, and supportive environment.

In summary, operating sustainably enables us to improve our efficiency, reduce our risk, foster our reputation, grow revenue and increase profitability, and to meet the expectations of shareholders and other stakeholders. It is a bedrock for winning work, attracting partners, building our financial strength, growing our business and continuing to make valued contributions to communities.

Our future

Looking to the year ahead.

With the current takeover offer underway, HOCHTIEF has acquired an interest in 87.8% of CIMIC shares. If HOCHTIEF is successful in acquiring 100% of CIMIC, it has stated that it intends to ensure CIMIC maintains and strengthens its leading position in the markets in which we operate, particularly in Australia.

In its Bidder's Statement, HOCHTIEF states it is committed to supporting CIMIC to develop and expand its business, with areas of focus including ensuring that CIMIC has the capacity it requires to support its clients and continue to serve the needs and act in the best interests of clients and all stakeholders.

We will not know the final outcome until HOCHTIEF's offer closes this coming Monday, 11 April, unless extended. So, for now, it is business as usual.

For FY22, our guidance is for net profit after tax to be in the range of \$425 million to \$460 million, subject to market conditions.

Our work in hand gives us confidence for the future and there is a large pipeline of new work to bid. We have a disciplined focus on sustaining a strong balance sheet, generating cash and a rigorous approach to tendering and project delivery.

I am confident we have the right strategies in place for our future.

I extend my thanks to you, our shareholders, for your continued support, some of you over many years. Along with the extraordinary efforts of our people, and the support of our suppliers, partners and clients, you have allowed us to deliver an enduring economic and social legacy with far reaching benefits for future generations.

Thank you.