



Hill International

Hill International Announces Financial Results for Second Quarter 2006; Net Revenue up 44.5% and Net Income up 78.0%

MARLTON, N.J., Aug 14, 2006 (BUSINESS WIRE) -- Hill International (Nasdaq:HINT), the worldwide construction consulting firm, announced today record results for the second quarter and first half of 2006 (see attached tables). Highlights of Hill's performance are as follows:

- Net revenue increased 44.5% for the second quarter of 2006 vs. the second quarter of 2005.
- Operating income increased 50.0% for the second quarter of 2006 vs. the second quarter of 2005.
- Net income increased 78.0% for the second quarter of 2006 vs. the second quarter of 2005.
- SG&A expense decreased to 34.8% from 38.8% of net revenue for the second quarter of 2006 vs. the second quarter of 2005.
- Operating income increased to 9.0% from 8.6% of net revenue for the second quarter of 2006 vs. the second quarter of 2005.
- Stockholders' equity increased to \$37.6 million at July 1, 2006 from \$6.2 million at December 31, 2005.

"We are extremely pleased with our strong growth in both revenue and profits so far in 2006," said Irvin E. Richter, Hill's Chairman and Chief Executive Officer. "We continue to expand our customer portfolio and geographically diversify our revenue base, which we believe is a testament to Hill's industry reputation and capabilities. Our new status as a Nasdaq-listed public company has elevated our industry profile and provided us with a stronger financial position from which to execute our long-term growth strategy. In addition, our pending acquisition of J.R. Knowles will increase our global network of offices and vastly expand our client base. This should not only contribute to our continued growth, but accelerate it as well."

Second Quarter 2006

Hill's revenue during the three months ended July 1, 2006 rose 72.4% to \$43.5 million from \$25.2 million during the three months ended July 2, 2005. Net revenue (defined as revenue less reimbursable expenses) in the second quarter of 2006 totaled \$28.0 million, a 44.5% increase from \$19.4 million in the second quarter of 2005. The increase in net revenue during the 2006 second quarter was due to net revenue growth of 47.3% at Hill's Project Management Group and net revenue growth of 31.0% at Hill's Construction Claims Group. Hill demonstrated continued strong growth in the Middle East, where net revenue grew 121.8% to \$12.1 million in the 2006 second quarter from \$5.5 million in the same period of 2005.

Gross profit increased to \$12.1 million in the second quarter of 2006 from \$9.1 million in the corresponding 2005 period, an increase of 32.6%. Gross profit margin as a percentage of net revenue declined to 43.3% in the second quarter of 2006 from 47.2% in the same period last year, due primarily to a higher percentage of net revenues from Middle East project management work, where billing rates are lower and costs are higher. The decline was somewhat offset by a significant increase in gross profit margin in the Construction Claims Group, from 58.3% to 62.3%.

Hill's selling, general and administrative (SG&A) expenses grew 29.8% to \$9.7 million in the second quarter of 2006 from \$7.5 million in the same period of 2005, but declined as a percentage of net revenue to 34.8% in the second quarter of 2006 from 38.8% in the same period last year, due primarily to improved operating leverage from Hill's continued growth overall.

Operating income in the second quarter of 2006 increased 50.0% to \$2.5 million (or 9.0% of net revenue), from \$1.7 million (or 8.6% of net revenue) in the comparable prior-year period. Net income in the second quarter of 2006 increased 78.0% to \$1.8 million, or \$0.13 per diluted share, from net income of \$1.0 million, or \$0.07 per diluted share, in the second quarter of 2005.

Hill's balance sheet was significantly strengthened as a result of its merger with Arpeggio Acquisition Corporation on June 28, 2006. Hill's balance sheet at July 1, 2006 included cash and cash equivalents, including restricted cash, of \$26.5 million, shareholders' equity of \$37.6 million, and bank debt of \$1.8 million.

Hill's total backlog at June 30, 2006 was \$266 million, down from \$291 million at March 31, 2006. The \$25 million decrease in

backlog was as a result of backlog consumed during the three-month period of \$28 million, contract terminations or modifications downward of \$16 million, and contract additions or expansions of \$19 million.

First Half 2006

For the six months ended July 1, 2006, Hill's revenue increased 58.7% to \$80.3 million from \$50.6 million for the six months ended July 2, 2005. Net revenue in the first half of 2006 increased 41.9% to \$53.3 million from \$37.6 million in the first half of 2005. This increase was due to 41.8% growth in net revenue for Hill's Project Management Group and net revenue growth of 42.3% for Hill's Construction Claims Group. Net revenue in the Middle East grew 117.6% to \$21.8 million during the first half of 2006 from \$10.0 million in the same period of 2005.

Gross profit increased 34.0% in the first half of 2006 to \$23.5 million from \$17.5 million in the corresponding 2005 period. SG&A expenses increased 29.8% to \$19.4 million in the first half of 2006 versus \$15.0 million in the first half of 2005, but declined to 36.4% as a percentage of net revenue in the first half of 2006 from 39.8% in the same period last year.

Hill's operating income in the first half of 2006 rose 49.4% to \$4.3 million (or 8.0% of net revenue) from \$2.9 million (or 7.6% of net revenue) in the comparable prior-year period. Net income in the first half of 2006 rose 81.5% to \$3.0 million, or \$0.22 per diluted share, from \$1.6 million, or \$0.12 per diluted share, in the first half of 2005.

Conference Call

David L. Richter, Hill's President and Chief Operating Officer, and Ronald F. Emma, Hill's Senior Vice President of Finance, will host a conference call this morning at 11:00 am Eastern Time to discuss second quarter 2006 results. Interested parties may participate in the call by dialing (888) 787-0460 (Domestic) or (706) 679-3200 (International) approximately 10 minutes before the call is scheduled to begin and ask to be connected to the Hill International conference call. A recorded replay of the call will be available until 11:59 pm Eastern Time on Monday, August 21, 2006. Listeners may dial (800) 642-1687 (Domestic) or (706) 645- 9291 (International) and use the code 4120023 for the replay. In addition, the conference call will be broadcast live over the Internet. To listen to the live call, please go to the "Investor Relations" section of Hill's website at www.hillintl.com, and click on "Financial Information," and then "Presentations and Calls". Please go to the website at least 15 minutes early to register, download and install any necessary audio software. If you are unable to participate in the live call, the conference call will be archived and can be accessed for approximately 90 days.

About Hill International

Hill International, with over 1,000 employees in 26 offices worldwide, provides program management, project management, construction management, and construction claims services. Engineering News-Record magazine recently ranked Hill as the 17th largest construction management firm in the United States. For more information on Hill, please visit our website at www.hillintl.com.

Forward-Looking Statements

Any forward looking statements contained in the press release may fall within the definition of "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. Any such statements are subject to risks and uncertainties, overall economic and market conditions, competitors' and clients' actions, and weather conditions, which could cause actual results to differ materially from those anticipated, including those risks identified in Hill's filings with the Securities and Exchange Commission. Accordingly, such statements should be considered in light of these risks. Any prediction by Hill is only a statement of management's belief at the time the prediction is made. There can be no assurance that any prediction once made will continue thereafter to reflect management's belief, and Hill does not undertake to update publicly its predictions, whether as a result of new information, future events or otherwise.

HILL INTERNATIONAL, INC.
Condensed Consolidated Statements of Operations
(Dollars in thousands, except per share data)
(unaudited)

Three Months Ended		Six Months Ended	
July 1, 2006	July 2, 2005	July 1, 2006	July 2, 2005

Revenue	\$43,482	\$25,219	\$80,290	\$50,607
Reimbursable expenses	15,484	5,838	26,941	13,013
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Revenue, less reimbursable expenses	27,998	19,381	53,349	37,594
Direct expenses	15,875	10,236	29,837	20,048
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Gross profit	12,123	9,145	23,512	17,546
Operating expenses (income)				
Selling, general and administrative expenses	9,748	7,511	19,424	14,960
Equity in affiliate	(136)	(40)	(202)	(285)
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Operating income	2,511	1,674	4,290	2,871
Interest expense, net	191	140	381	271
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Income before provision for income taxes	2,320	1,534	3,909	2,600
Provision for income taxes	574	553	929	958
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Net income	\$ 1,746	\$ 981	\$ 2,980	\$ 1,642
	=====	=====	=====	=====
Basic net income per share	\$ 0.15	\$ 0.08	\$ 0.25	\$ 0.14
	=====	=====	=====	=====
Basic weighted average shares outstanding	12,051	11,586	12,041	11,586
	=====	=====	=====	=====
Diluted net income per share	\$ 0.13	\$ 0.07	\$ 0.22	\$ 0.12
	=====	=====	=====	=====
Diluted weighted average shares outstanding	13,818	14,031	13,808	14,093
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HILL INTERNATIONAL, INC.,
Condensed Consolidated Balanced Sheet
(Dollars in thousands)
(unaudited)

	July 1, 2006	December 31, 2005
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Total Current Assets	\$ 68,769	\$ 33,351
Total Assets	\$ 79,923	\$ 40,723
Total Current Liabilities	\$ 38,336	\$ 31,707
Total Liabilities	\$ 42,325	\$ 34,564
Total Stockholders' Equity	\$ 37,598	\$ 6,159

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