



Hill International

Hill International Announces Record Financial Results for Third Quarter 2006; Net Revenue Up 59.4% and Net Income Up 61.4%

MARLTON, N.J., Nov 13, 2006 (BUSINESS WIRE) -- Hill International (Nasdaq:HINT), the worldwide construction consulting firm, announced today record results for the third quarter and first nine months of 2006 (see attached tables). Highlights of Hill's performance for the third quarter of 2006 are as follows:

- Revenue grew to \$49.9 million, an increase of 67.5% from the third quarter of 2005.
- Net revenue grew to \$34.0 million, an increase of 59.4% from the third quarter of 2005.
- Operating income grew to \$3.7 million, an increase of 22.8% from the third quarter of 2005.
- Net income grew to \$2.9 million, an increase of 61.4% from the third quarter of 2005.
- Total backlog at the end of the third quarter of 2006 increased to \$286 million, up from \$266 million at the end of the second quarter of 2006.
- Twelve-month backlog at the end of the third quarter of 2006 increased to \$125 million, up from \$101 million at the end of the second quarter of 2006.
- During the third quarter of 2006, Hill closed on its acquisition of James R. Knowles (Holdings) PLC.

"We are very pleased with our solid year-over-year growth in both revenue and profits," said Irvin E. Richter, Hill's Chairman and Chief Executive Officer. "Hill's acquisition of Knowles has increased our global network of offices and vastly expanded our client base. The integration of the company is proceeding well and their financial performance under Hill has exceeded our expectations," Richter added.

Third Quarter 2006

Hill's revenue during the three months ended September 30, 2006 increased 67.5% to \$49.9 million from \$29.8 million during the three months ended October 1, 2005. Net revenue (defined as revenue less reimbursable expenses) in the third quarter of 2006 totaled \$34.0 million, a 59.4% increase from \$21.4 million in the third quarter of 2005. The increase in net revenue during the 2006 third quarter was due primarily to net revenue growth of 49.0% for Hill's Project Management Group and net revenue growth of 101.6% for Hill's Construction Claims Group. The net revenue growth within the Construction Claims Group was largely attributable to the Knowles acquisition. Hill demonstrated continued strong growth in the Middle East, where net revenue grew 75.3% to \$12.3 million in the third quarter of 2006 from \$7.0 million in the same period of 2005. Hill also experienced strong growth in Europe, where net revenue grew 213.7% to \$7.5 million in the 2006 third quarter from \$2.4 million in the same period of 2005, due principally to the Knowles acquisition.

Gross profit increased to \$15.3 million in the third quarter of 2006 from \$10.4 million in the corresponding 2005 period, an increase of 46.4%. Gross profit margin as a percentage of net revenue declined to 44.8% in the third quarter of 2006 from 48.8% in the same period last year.

Hill's selling, general and administrative (SG&A) expenses grew 54.8% to \$11.9 million in the third quarter of 2006 from \$7.7 million in the same period of 2005, but declined as a percentage of net revenue to 34.9% in the third quarter of 2006 from 36.0% in the same period last year, due primarily to improved operating leverage from Hill's continued growth overall. Hill's SG&A expense grew in the third quarter of 2006 compared to the year-earlier period partly due to higher corporate overhead costs as a result of Hill becoming a public company in the interim.

Operating income in the third quarter of 2006 increased 22.8% to \$3.7 million (or 10.9% of net revenue), from \$3.0 million (or 14.1% of net revenue) in the comparable prior-year period. Net income in the third quarter of 2006 increased 61.4% to \$2.9 million, or \$0.12 per diluted share (based on approximately 23.5 million diluted weighted average shares outstanding), from net income of \$1.8 million, or \$0.14 per diluted share (based on approximately 13.1 million diluted weighted average shares outstanding) in the third quarter of 2005.

Hill's total backlog at September 30, 2006 was approximately \$286 million, up from approximately \$266 million at June 30, 2006. Of its total backlog on that date, Hill anticipates that approximately \$125 million will be recognized within the following twelve months and approximately \$161 million will be recognized after twelve months.

First Nine Months 2006

For the nine months ended September 30, 2006, Hill's revenue increased 61.9% to \$130.2 million from \$80.4 million for the nine months ended October 1, 2005. Net revenue for the first nine months of 2006 increased 48.2% to \$87.4 million from \$58.9 million in the first nine months of 2005. This increase was due to 44.4% growth in net revenue for Hill's Project Management Group and net revenue growth of 66.3% for Hill's Construction Claims Group. Net revenue in the Middle East grew 100.2% to \$34.1 million during the first nine months of 2006 from \$17.0 million in the same period of 2005. Net revenue in Europe grew 133.3% to \$13.6 million during the first nine months of 2006 from \$5.8 million in the same period of 2005.

Gross profit increased 38.6% in the first nine months to \$38.8 million from \$28.0 million in the corresponding 2005 period. SG&A expense increased 38.3% to \$31.3 million in the first nine months of 2006 versus \$22.6 million in the first nine months of 2005, but declined to 35.8% as a percentage of net revenue in the first nine months of 2006 from 38.4% in the same period last year, due primarily to a higher percentage of net revenue from Middle East project management work, where billing rates are lower and costs are higher.

Hill's operating income in the first nine months of 2006 rose 35.8% to \$8.0 million (or 9.1% of net revenue) from \$5.9 million (or 10.0% of net revenue) in the comparable prior-year period. Net income in the first nine months of 2006 rose 71.0% to \$5.9 million, or \$0.35 per diluted share (based on approximately 16.8 million diluted weighted average shares outstanding), from \$3.4 million, or \$0.25 per diluted share (based on approximately 13.7 million diluted weighted average shares outstanding), in the first nine months of 2005.

Knowles Acquisition

Hill acquired James R. Knowles (Holdings) PLC effective on September 1, 2006, so Hill's results for the third quarter include one month of financial results for Knowles. For the month of September 2006, Knowles had revenue of \$4.3 million, net revenue of \$3.7 million, gross profit of \$1.9 million and operating profit of \$0.4 million.

Conference Call

David L. Richter, Hill's President and Chief Operating Officer, and John Fanelli III, Hill's Senior Vice President and Chief Financial Officer, will host a conference call this morning at 11:00 am Eastern Time to discuss third 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, November 20, 2006. Listeners may dial (800) 642-1687 (Domestic) or (706) 645-9291 (International) and use the code 1740194 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 1,400 employees in 60 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.

Condensed Consolidated Statements of Operations
(Dollars in thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2006	October 1, 2005	September 30, 2006	October 1, 2005
Revenue	\$ 49,866	\$ 29,765	\$ 130,156	\$ 80,372
Reimbursable expenses	15,837	8,415	42,778	21,427
Revenue, less reimbursable expenses	34,029	21,350	87,378	58,945
Direct expenses	18,774	10,931	48,611	30,981
Gross profit	15,255	10,419	38,767	27,964
Operating expenses (income)				
Selling, general and administrative expenses	11,892	7,684	31,317	22,644
Equity in affiliate	(331)	(274)	(533)	(559)
Operating income	3,694	3,009	7,983	5,879
Interest (income) expense, net	(36)	148	345	419
Minority Interest	13	-	13	-
Income before provision for income taxes	3,717	2,861	7,625	5,460
Provision for income taxes	806	1,057	1,735	2,015
Net income	\$ 2,911	\$ 1,804	\$ 5,890	\$ 3,445
Basic net income per share	\$ 0.13	\$ 0.16	\$ 0.38	\$ 0.30
Basic weighted average shares outstanding	22,284	11,586	15,506	11,586
Diluted net income per share	\$ 0.12	\$ 0.14	\$ 0.35	\$ 0.25
Diluted weighted average shares outstanding	23,513	13,105	16,927	13,749

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HILL INTERNATIONAL, INC.
Condensed Consolidated Balanced Sheet
(Dollars in thousands)
(Unaudited)

	September 30, 2006	December 31, 2005
Total Current Assets	\$ 73,576	\$ 33,351
Total Assets	\$ 102,725	\$ 40,723
Total Current Liabilities	\$ 52,071	\$ 31,707
Total Liabilities	\$ 61,381	\$ 34,564
Total Stockholders' Equity	\$ 41,344	\$ 6,159

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SOURCE: Hill International, Inc.

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