



## Hill International

### Hill International Announces Financial Results for Third Quarter 2007; Net Revenue Up 51.2% and Net Income Up 30.5%

MARLTON, N.J., Nov 12, 2007 (BUSINESS WIRE) -- Hill International (Nasdaq:HINT), the worldwide construction consulting firm, announced today financial results for the quarter ended September 30, 2007 and for the first nine months of 2007 (see attached tables). Highlights of Hill's performance for the third quarter and first nine months of 2007 are as follows:

-- Revenue for the third quarter of 2007 rose to \$72.2 million, an increase of 44.7% from the third quarter of 2006. Revenue for the first nine months of 2007 rose to \$204.1 million, an increase of 56.8% from the first nine months of 2006.

-- Net revenue for the third quarter of 2007 grew to \$51.5 million, an increase of 51.2% from the third quarter of 2006. Net revenue for the first nine months of 2007 grew to \$144.5 million, an increase of 65.3% from the first nine months of 2006.

-- Operating profit for the third quarter of 2007 improved to \$5.1 million, an increase of 39.1% from the third quarter of 2006. Operating profit for the first nine months of 2007 improved to \$12.6 million, an increase of 58.1% from the first nine months of 2006.

-- EBITDA for the third quarter of 2007 grew to \$6.5 million, an increase of 59.6% from the third quarter of 2006. EBITDA for the first nine months of 2007 grew to \$15.3 million, an increase of 70.6% from the first nine months of 2006.

-- Net income in the third quarter grew to \$3.8 million (or \$0.13 per diluted share based on 29.6 million diluted shares outstanding) from \$2.9 million (or \$0.12 per diluted share based on 23.5 million diluted shares outstanding) in the third quarter of 2006, an increase of 30.5%. Net income for the first nine months grew to \$9.1 million (or \$0.31 per diluted share based on 29.2 million diluted shares outstanding) from \$5.9 million (or \$0.35 per diluted share based on 16.9 million diluted shares outstanding) for the first nine months of 2006, an increase of 53.9%.

-- Total backlog at the end of the third quarter of 2007 increased to \$380 million from \$294 million at June 30, 2007. Twelve-month backlog at the end of the third quarter of 2007 grew to \$179 million from \$150 million at June 30, 2007.

"We are extremely pleased with our excellent financial performance in the third quarter, having achieved record revenue, profits and backlog," said Irvin E. Richter, Hill's Chairman and Chief Executive Officer. "We expect continued strong performance during the remainder of 2007 and beyond," Richter added.

#### Third Quarter 2007 Results

Revenue for the quarter ended September 30, 2007 increased 44.7% to \$72.2 million from \$49.9 million for the quarter ended September 30, 2006. Net revenue (defined as revenue less reimbursable expenses) for the third quarter of 2007 increased 51.2% to \$51.5 million from \$34.0 million for the prior year quarter. During the third quarter of 2007, Hill's net revenue growth was comprised of 23.6% organic growth and 27.6% growth from acquisitions.

Net revenue at Hill's Project Management Group for the third quarter of 2007 increased 37.0% to \$35.0 million from \$25.6 million for the year earlier quarter. That percentage growth was comprised of 23.1% organic growth and 13.9% growth from the acquisition of KJM & Associates, Ltd. ("KJM") which was effective on May 1, 2007.

Net revenue at Hill's Construction Claims Group for the third quarter of 2007 rose 94.2% to \$16.4 million from \$8.5 million for the third quarter of 2006. That percentage growth was comprised of 25.1% organic growth and 69.1% growth from the acquisition of James R. Knowles (Holdings) Ltd. ("Knowles") which was effective on September 1, 2006.

Gross profit increased 61.2% to \$24.6 million in the third quarter of 2007 from \$15.3 million in the third quarter of 2006. Gross profit margin as a percentage of net revenue increased to 47.8% in the third quarter of 2007 from 44.8% in the same period last year due to a higher proportion of third quarter revenue from the Construction Claims Group (as a result of the Knowles acquisition), which has a higher gross profit margin than the Project Management Group.

Selling, general and administrative ("SG&A") expenses grew 71.0% to \$20.3 million in the third quarter of 2007 from \$11.9 million in the same period of 2006. This increase was due primarily to the addition of SG&A expenses of Knowles and KJM; amortization costs associated with the Knowles and KJM acquisitions and a build-up of corporate headquarters staffing in

connection with Hill becoming a publicly-traded company in June 2006.

Operating profit in the third quarter of 2007 improved by 39.1% to \$5.1 million (or 10.0% of net revenue) from \$3.7 million (or 10.9% of net revenue) in the comparable prior-year period.

Net income in the third quarter of 2007 increased 30.5% to \$3.8 million (or \$0.13 per diluted share based on approximately 29.6 million diluted weighted average shares outstanding) from \$2.9 million (or \$0.12 per diluted share based on approximately 23.5 million diluted weighted average shares outstanding) in the third quarter of 2006.

EBITDA (earnings before interest, taxes, depreciation and amortization) for the third quarter of 2007 grew to \$6.5 million, an increase of 59.6% from the third quarter of 2006. EBITDA is not a measure of financial performance under generally accepted accounting principles ("GAAP"). Management believes EBITDA, in addition to operating profit, net income and other GAAP measures, is a useful indicator of Hill's financial and operating performance and its ability to generate cash flows from operations that are available for taxes and capital expenditures. Investors should recognize that EBITDA might not be comparable to similarly-titled measures of other companies. This measure should be considered in addition to, and not as a substitute for or superior to, any measure of performance prepared in accordance with GAAP. Reconciliations of EBITDA amounts to the most directly comparable GAAP measures for the three-month periods ended September 30, 2007 and September 30, 2006 are included in the financial information provided as part of this release.

Total backlog at September 30, 2007 was \$380 million, up from \$294 million at June 30, 2007. Twelve-month backlog at September 30, 2007 was a record \$179 million, up from \$150 million at June 30, 2007.

Hill's balance sheet at September 30, 2007 reflected cash and cash equivalents of \$13.2 million, working capital of \$43.7 million, total debt of \$8.4 million and stockholders' equity of \$61.9 million.

#### Nine Months 2007 Results

Revenue for the nine months ended September 30, 2007 increased 56.8% to \$204.1 million from \$130.2 million for the nine months ended September 30, 2006. Net revenue for the first nine months of 2007 increased 65.3% to \$144.5 million from \$87.4 million for the prior year period. During the first nine months of 2007, Hill's net revenue growth was comprised of 30.5% organic growth and 34.8% growth from acquisitions.

Net revenue at Hill's Project Management Group for the first nine months of 2007 increased 35.4% to \$95.0 million from \$70.1 million for the year earlier period. That percentage growth was comprised of 26.8% organic growth and 8.6% growth from the acquisition of KJM.

Net revenue at Hill's Construction Claims Group for the first nine months of 2007 rose 186.9% to \$49.4 million from \$17.2 million for the year earlier period. That percentage growth was comprised of 45.6% organic growth and 141.3% growth from the acquisition of Knowles.

Gross profit increased 75.6% to \$68.1 million in the first nine months of 2007 from \$38.8 million in the nine months ended September 30, 2006. Gross profit margin as a percentage of net revenue increased to 47.1% in the first nine months of 2007 from 44.4% in the same period last year due to a higher proportion of revenue from the Construction Claims Group (as a result of the Knowles acquisition) which has a higher gross profit margin than the Project Management Group.

SG&A expenses grew 81.6% to \$56.9 million in the first nine months of 2007 from \$31.3 million in the same period of 2006. This increase was due primarily to the inclusion of SG&A expenses of Knowles and KJM and significantly higher corporate overhead costs as a result of Hill becoming a publicly-traded company in June 2006.

Operating profit in the first nine months of 2007 improved by 58.1% to \$12.6 million (or 8.7% of net revenue) from \$8.0 million (or 9.1% of net revenue) in the comparable prior-year period. Net income in the first nine months of 2007 increased 53.9% to \$9.1 million (or \$0.31 per diluted share based on approximately 29.2 million diluted weighted average shares outstanding) from \$5.9 million (or \$0.35 per diluted share based on approximately 16.9 million diluted weighted average shares outstanding) in the first nine months of 2006.

EBITDA for the first nine months of 2007 grew to \$15.3 million, an increase of 70.6% from the first nine months of 2006. Reconciliations of EBITDA amounts to the most directly comparable GAAP measures for the nine-month periods ended September 30, 2007 and September 30, 2006 are included in the financial information provided as part of this release.

#### Redemption of Warrants

As previously announced, Hill is calling for the redemption of all of its outstanding warrants, which trade separately under the symbol HINTW or trade as part of the company's units under the symbol HINTU. The redemption date for the warrants is

November 23, 2007. To exercise, warrant holders must deliver their warrant or unit certificate(s) together with the exercise price of \$5.00 per warrant (payable to Hill International, Inc.) to the company's stock transfer agent, Continental Stock Transfer & Trust Co., 17 Battery Place, New York, New York 10004, (212) 845-3200. On the redemption date, warrant holders who fail to exercise will be paid the sum of \$0.01 per warrant and their warrants will be cancelled.

There were originally 13.6 million warrants issued and, at the time of the redemption notice, there were 10.9 million warrants outstanding. Assuming exercise of all outstanding warrants, Hill would receive additional proceeds of approximately \$54.5 million and there will be a total of approximately 38.2 million shares of Hill's common stock issued and outstanding on the redemption date.

#### 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 on Tuesday, November 13, 2007, at 11:00 am Eastern Time to discuss the financial results for the period ended September 30, 2007. 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. 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](http://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 1,500 employees in 70 offices worldwide, provides program management, project management, construction management, and construction claims services. Engineering News-Record magazine recently ranked Hill as the 10th largest construction management firm in the United States. For more information on Hill, please visit our website at [www.hillintl.com](http://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 other 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.

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HILL INTERNATIONAL, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF EARNINGS  
(In 000's, Except Per Share Data)  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September		September	
	30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Revenue	\$ 72,177	\$ 49,866	\$ 204,052	\$ 130,156
Reimbursable expenses	20,713	15,837	59,602	42,778
Revenue, less reimbursable expenses	51,464	34,029	144,450	87,378
Direct expenses	26,867	18,774	76,386	48,611

Gross profit	24,597	15,255	68,064	38,767
Selling, general and administrative expenses	20,335	11,892	56,875	31,317
Equity in earnings of affiliates	(875)	(331)	(1,430)	(533)
Operating profit	5,137	3,694	12,619	7,983
Minority interest in income of subsidiaries	61	13	176	13
Interest expense, net	217	(36)	717	345
Income before provision for income taxes	4,859	3,717	11,726	7,625
Provision for income taxes	1,059	806	2,659	1,735
Net income	\$ 3,800	\$ 2,911	\$ 9,067	\$ 5,890
Basic earnings per common share	\$ 0.15	\$ 0.13	\$ 0.36	\$ 0.38
Basic weighted average common shares outstanding	25,259	22,284	24,849	15,504
Diluted earnings per common share	\$ 0.13	\$ 0.12	\$ 0.31	\$ 0.35
Diluted weighted average common shares outstanding	29,602	23,513	29,202	16,931

HILL INTERNATIONAL, INC. AND SUBSIDIARIES  
Selected Segment Data  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September		September	
	30, 2007	September 30, 2006	September 30, 2007	September 30, 2006

(in thousands)

Project Management				
Revenue	\$ 51,748	\$ 40,457	\$ 144,123	\$ 111,317
Net revenue	\$ 35,026	\$ 25,564	\$ 95,002	\$ 70,142

Gross profit	\$ 15,504	\$ 10,828	\$ 40,887	\$ 29,116
Gross profit margin	44.3%	42.4%	43.0%	41.5%
Operating profit before equity in earnings of affiliates	\$ 6,286	\$ 4,531	\$ 16,076	\$ 12,385
Equity in earnings of affiliates	875	331	1,430	533
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Operating profit	\$ 7,161	\$ 4,862	\$ 17,506	\$ 12,918
Operating profit margin	20.4%	19.0%	18.4%	18.4%
Construction Claims				
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Revenue	\$ 20,429	\$ 9,409	\$ 59,929	\$ 18,839
Net revenue	\$ 16,438	\$ 8,465	\$ 49,448	\$ 17,236
Gross profit	\$ 9,093	\$ 4,427	\$ 27,177	\$ 9,651
Gross profit margin	55.3%	52.3%	55.0%	56.0%
Operating profit	\$ 1,773	\$ 702	\$ 5,649	\$ 1,881
Operating profit margin	10.8%	8.3%	11.4%	10.9%

HILL INTERNATIONAL, INC. AND SUBSIDIARIES  
Selected Other Financial Data  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
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(in thousands)				
Revenue	\$ 72,177	\$ 49,866	\$ 204,052	\$ 130,156
Net revenue	\$ 51,464	\$ 34,029	\$ 144,450	\$ 87,378
Gross profit	\$ 24,597	\$ 15,255	\$ 68,064	\$ 38,767
Gross profit margin	47.8%	44.8%	47.1%	44.4%
Selling, general and administrative expenses (excluding Corporate expenses)	\$ 16,538	\$ 10,022	\$ 46,339	\$ 24,501
Selling, general and administrative expenses (excluding Corporate expenses) as a percentage of net revenue	32.1%	29.5%	32.1%	28.0%

Corporate expenses	\$ 3,797	\$ 1,870	\$ 10,536	\$ 6,816
Corporate expenses as a percent of net revenue	7.4%	5.5%	7.3%	7.8%
Operating profit	\$ 5,137	\$ 3,694	\$ 12,619	\$ 7,983
Operating profit margin	10.0%	10.9%	8.7%	9.1%
Effective income tax rate	21.8%	21.7%	22.7%	22.8%

HILL INTERNATIONAL, INC. AND SUBSIDIARIES  
Selected Balance Sheet Data  
(Unaudited)

	September 30, December 30, 2007 2006	
	-----	
(in thousands)	(Unaudited)	
Cash and cash equivalents	\$ 13,198	\$ 11,219
Accounts receivable, net	\$ 77,902	\$ 61,159
Current assets	\$ 101,316	\$ 83,344
Total assets	\$ 145,654	\$ 118,993
Current liabilities	\$ 57,571	\$ 50,835
Total debt	\$ 8,370	\$ 11,287
Stockholders' equity	\$ 61,900	\$ 46,036

EBITDA Reconciliation  
(Unaudited)

A reconciliation of EBITDA to the most directly comparable GAAP measure in accordance with SEC Regulation S-K follows:

	Three Months Ended		Nine Months Ended	
	-----		-----	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
	-----		-----	
(in thousands)				
Net income	\$ 3,800	\$ 2,911	\$ 9,067	\$ 5,890
Interest expense (income), net	217	(36)	717	345
Income taxes	1,059	806	2,659	1,735
Depreciation and amortization	1,415	386	2,869	1,008
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EBITDA	\$ 6,491	\$ 4,067	\$ 15,312	\$ 8,978
	=====		=====	

SOURCE: Hill International, Inc.

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