



# Hill International

The Global Leader in Managing Construction Risk

2020 Fourth Quarter & Full Year Financial Results Conference Call

March 17, 2021



HIL  
LISTED  
NYSE

# Forward Looking Statements



Hill International

Certain statements contained herein may be considered "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, and it is the intent of Hill International, Inc. referred to throughout as "Hill" the "Company", "we", "us" and "our" that any such statements be protected by the safe harbor created thereby. Except for historical information, the matters set forth herein including, but not limited to, any statements of belief or intent, any statements concerning our plans, strategies, and objectives for future operations; and any statements regarding our intent to file late periodic reports or relisting on a national securities exchange, are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and assumptions and are subject to certain risks and uncertainties. Although we believe that the expectations, estimates, and assumptions reflected in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Important factors that could cause our actual results to differ materially from estimates or projections contained in our forward-looking statements are set forth in the Risk Factors section and elsewhere in the reports we have filed with the Securities and Exchange Commission, including the preparation of and the audit or review, as applicable, of filings may take longer than currently anticipated. We do not intend, and undertake no obligation, to update any forward-looking statement.

# NON-GAAP MEASURES

The following measures below are not measures of financial performance under U.S. generally accepted accounting principles ("GAAP") and should be considered in addition to and not as a substitute for, or superior to, the related measure of performance prepared in accordance with GAAP.

## **Backlog**

Backlog represents the Company's estimate of the amount of uncompleted projects under contract and awards in-hand that are expected to be recognized as CFR in future periods as a component of total revenue. Hill's backlog is based upon the binding nature of the underlying contract, commitment or letter of intent, and other factors, including the economic, financial and regulatory viability of the project and the likelihood of the contract being extended, renewed or canceled. The company has added additional controls on the booking rules to reflect more accurate actual backlog at any period. Although backlog reflects business that the Company considers to be firm, cancellations or scope adjustments may occur. It is an important indicator of future performance and is used by the Company in planning Hill's operational needs. Backlog is not a measure defined in GAAP and the Company's methodology for determining backlog may not be comparable to the methodology used by other companies in determining their backlog.

## **Adjusted Operating Profit (Loss)**

Adjusted operating profit (loss) is operating profit (loss), adjusted to exclude non-cash items including unrealized foreign currency exchange losses (gains), share-based compensation and the write-off of leasehold improvements previously included in property and equipment on the Company's consolidated balance sheets. The Company believes that adjusted operating profit (loss) is useful to investors and other external users of Hill's financial statements as a measure of a company's core ongoing operations, without regard to non-cash activity.

## **EBITDA & Adjusted EBITDA**

Earnings before interest, taxes, depreciation and amortization ("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 flow 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. The Company believes that EBITDA is useful to investors and other external users of Hill's financial statements in evaluating its operating performance because EBITDA is widely used by investors to measure a company's operating performance without regard to items such as interest expense, taxes, and depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired.

Adjusted EBITDA is EBITDA, adjusted to exclude the impact of certain items, including non-recurring, one-time costs (as presented in the table below) and non-cash items such as unrealized foreign currency exchange losses (benefit) and share-based compensation expense.

## **Adjusted Net Income (Loss) Attributable to Hill**

Adjusted net income (loss) attributable to Hill is net income (loss) attributable to Hill, adjusted to exclude non-cash items including unrealized foreign currency exchange losses (gains), share-based compensation and the write-off of leasehold improvements previously included in property and equipment on the Company's consolidated balance sheets. The Company believes that adjusted net income (loss) attributable to Hill is useful to investors and other external users of Hill's financial statements as a measure of a company's operating performance, without regard to non-cash activity.

## **Free Cash Flow**

Free cash flow, a non-GAAP measure, includes net cash provided by (used in) continuing operations, less purchases of property and equipment. Free cash flow is a useful indicator that provides additional perspective on Hill's ability to generate cash that is available to the Company for taxes and other corporate purposes. Investors should recognize that free cash flow 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.

# 2020 Summary

- Successfully navigated impact of COVID-19 to deliver strong 2020 results
- Increased U.S. exposure, with a focus on infrastructure projects
- Annual bookings of \$360.9 M produced book-to-burn ratio of 121.7%
- Greatly improved free cash flow and liquidity profile; Q2-Q4 recovery after early negative impact of COVID-19
- Well-positioned to capitalize on anticipated federal focus on U.S. infrastructure projects: aviation, transit & rail, highway & bridge

	2020 Forecast	2020 Actual
<b>CFR</b>	<b>\$300 - \$310 M</b>	<b>\$296.6 M</b>
<b>Gross Margin</b>	<b>38% - 39%</b>	<b>40.2%</b>
<b>SG&amp;A</b>	<b>\$107-109 M</b>	<b>\$109.2 M</b>
<b>Adjusted EBITDA*</b>	<b>\$18 - \$20 M</b>	<b>\$19.0 M</b>

\*non-GAAP measure; see reconciliation on slide 17

# Q4 2020 Overview

- CFR reflected deferred project starts due to COVID-19
- SG&A declined after excluding \$7.1 M net credit in Q4 2019 associated with receipt of Libya receivable
- Operated profitably
- Strong bookings period, with an emphasis on U.S., Europe and North Africa
- Robust cash flow + liquidity profile

CFR	SG&A	Operating Profit
<b>\$72.2 M</b>	<b>\$28.7 M</b>	<b>\$6.3 M</b>
Bookings	Net Cash Ops.	Free Cash Flow *
<b>\$83 M</b>	<b>\$9.0 M</b>	<b>\$8.3 M</b>

\* non-GAAP measure

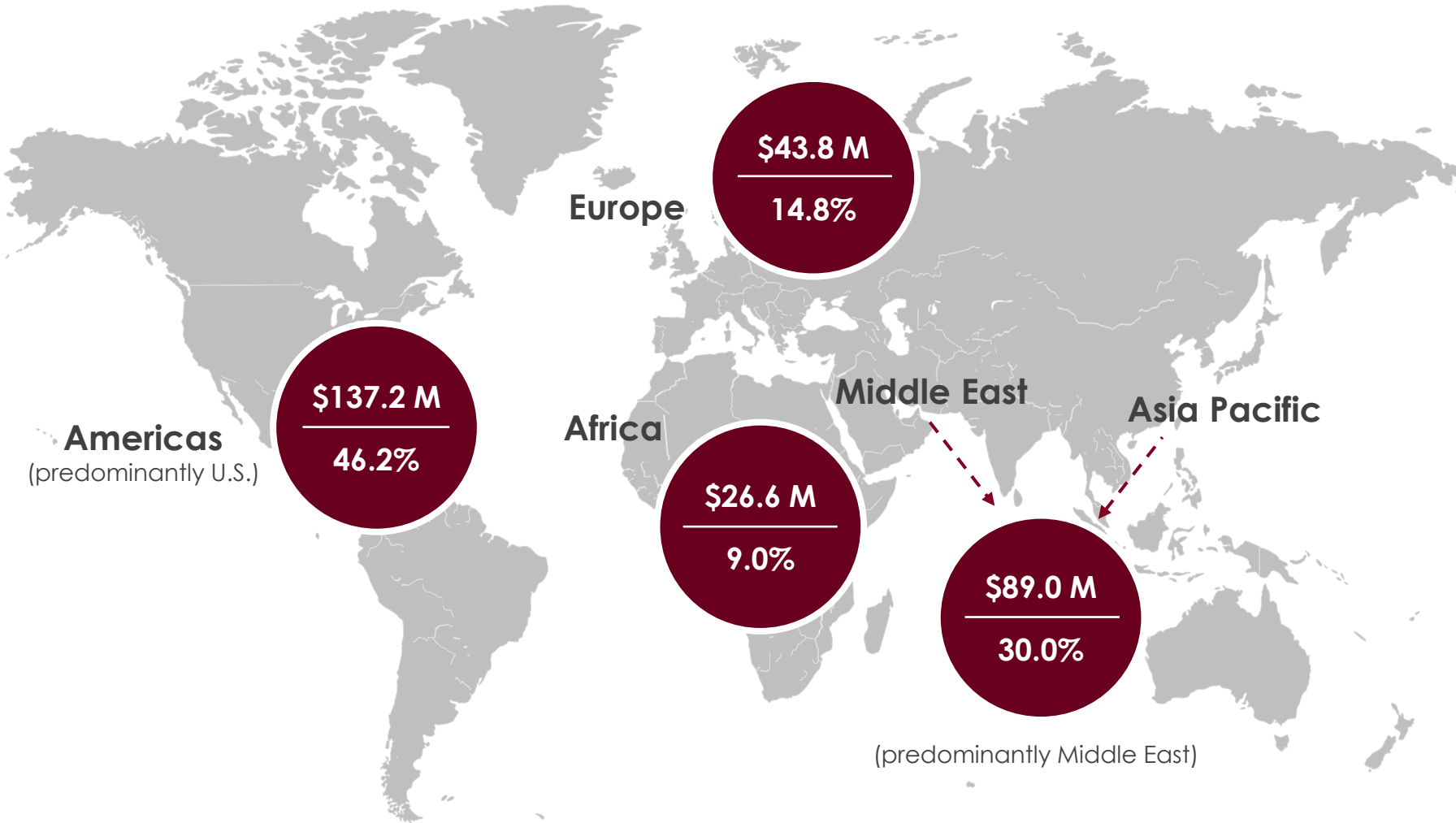


# 2020: U.S. Focus with a Global Reach

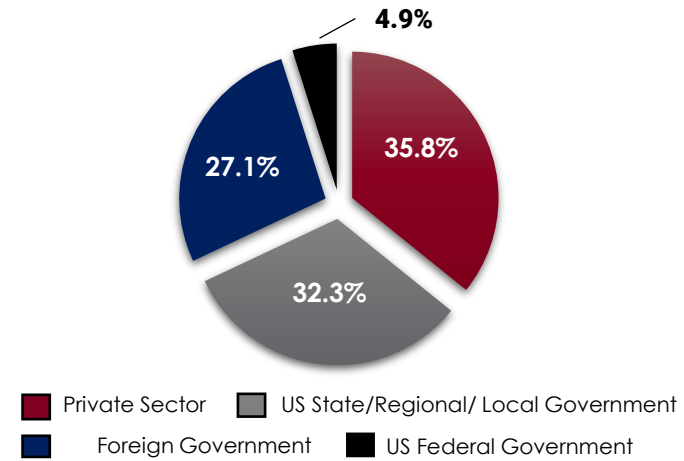
Total CFR = \$296.6 M



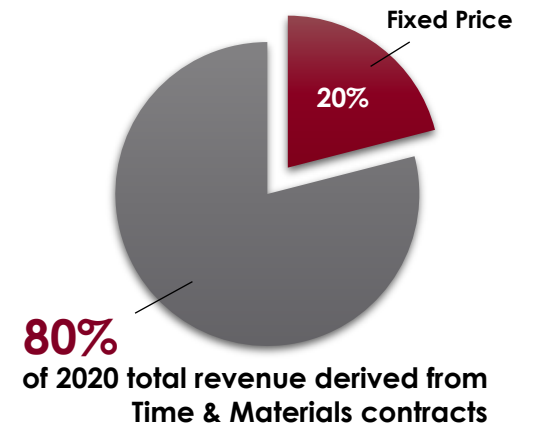
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Revenue by Client Type



Revenue by Contract Type



# Infrastructure Opportunity

## 2020 WINS

- Captured ~\$193 M infrastructure awards in 2020
- Well-positioned to capture COVID-19 related global infrastructure investments
- ~ \$2 trillion underinvestment in U.S. Infrastructure (2016 -2025)\*
- EU stimulus programs with an aggregate value of ~200 billion euros (2021)
- Chronic underinvestment impacts reliability, public safety and disaster recovery efforts

### TRANSIT & RAIL



#### **National Authority for Tunnels Cairo**

Project Management Services for NAC and 6<sup>th</sup> of October City Monorail Lines

### HIGHWAY & BRIDGE



#### **Los Angeles County Metropolitan Transportation Authority**

Construction Management Services for U.S. Interstate 5 Improvements, North County Los Angeles, CA

### TRANSMISSION & DISTRIBUTION



#### **Southern California Edison**

Project Management Services for Major Transmission Line Investment Program

### AVIATION



#### **ADAC Abu Dhabi Airport Midfield Terminal Complex (MTC)**

Construction Management Services for the MTC Program

# 2020 Wins

## MTA 8 Stations Rehabilitation and Upgrades Program

MTA New York City Transit  
New York, NY



## Southern California Optimized Rail Expansion (SCORE) Program, LinkUS and BNSF

Southern California Regional Rail Authority (SCRRA),  
Irvine, CA



## Facilities Backup Power, Owner's Representative/ Project Management Services

HRL Laboratories  
Malibu Campus, CA



## Riyadh Metro Lines 4,5,6 Engineering Consultancy Services

Royal Commission of Riyadh City,  
KSA



## The Hellinikon, Waterfront Urban Regeneration Project

LAMDA Development  
Athens, Greece



## Assoufid Mixed-Use Development Project Phase 2

United Real Estate Company  
Marrakech, Morocco



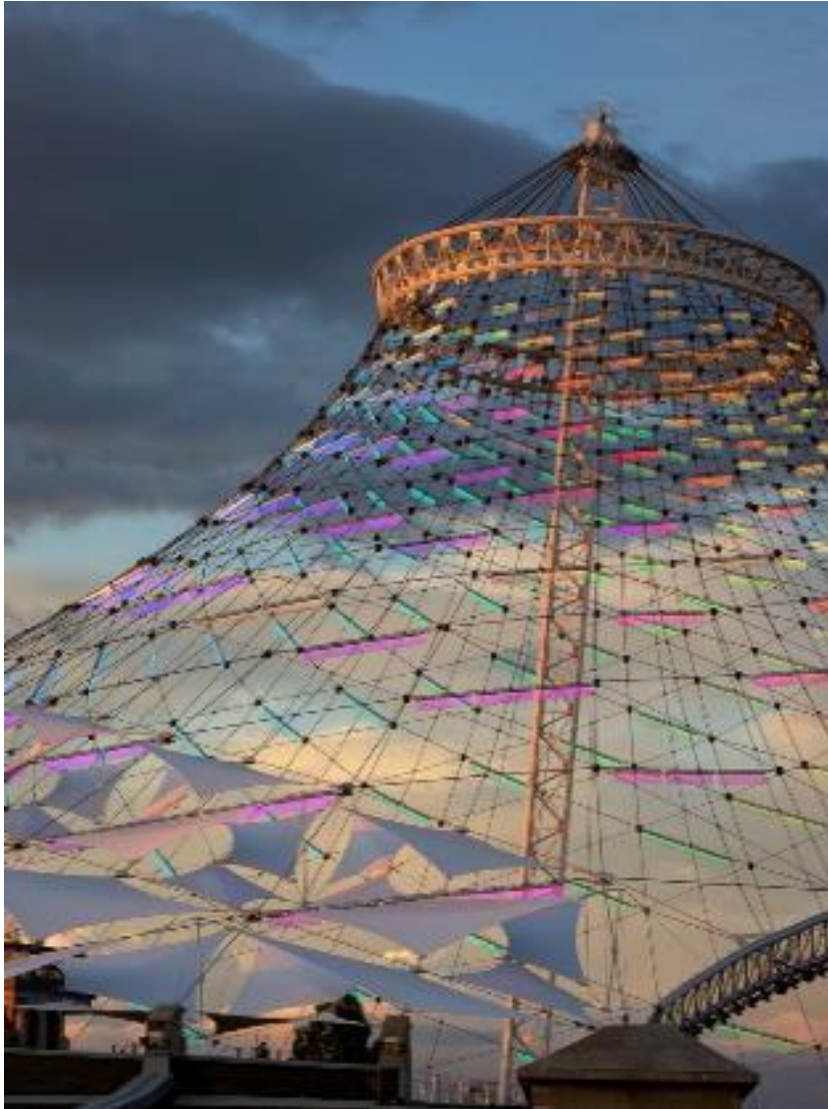


# Awards and Recognition



## 2020 Best of the Best Project Award Landscape/Urban Development

City of Spokane  
Riverfront Park U.S.  
Pavilion  
Spokane, WA



## 2020 Maryland Quality Initiative Modal Award of Excellence

Maryland Aviation Administration, BWI  
Mathison Way Resurfacing Project,  
Baltimore, MD



# Hill International Technical Services Engineering & Inspection Services

- New entity formed following the Q4 2020 acquisition of a licensed NYS engineering corporation
- Expected to provide a significant growth engine in one of our largest U.S. operating regions beginning in 2021
- Positions Hill to pursue major aviation, highway and bridge, and rail and transit programs and projects

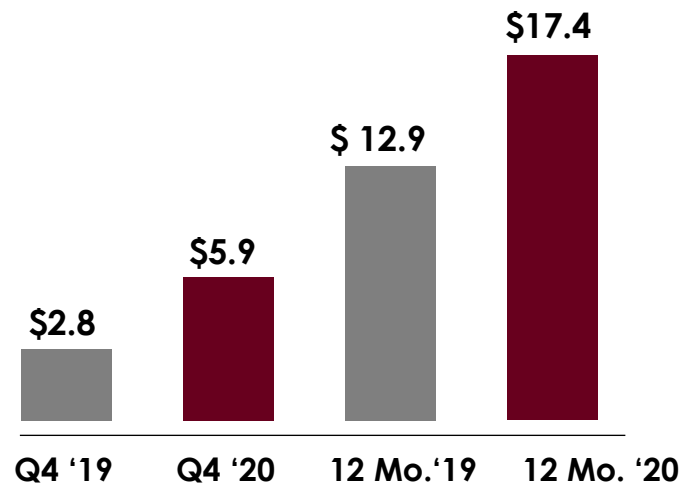


# Statement of Operations Summary (\$ in Thousands)

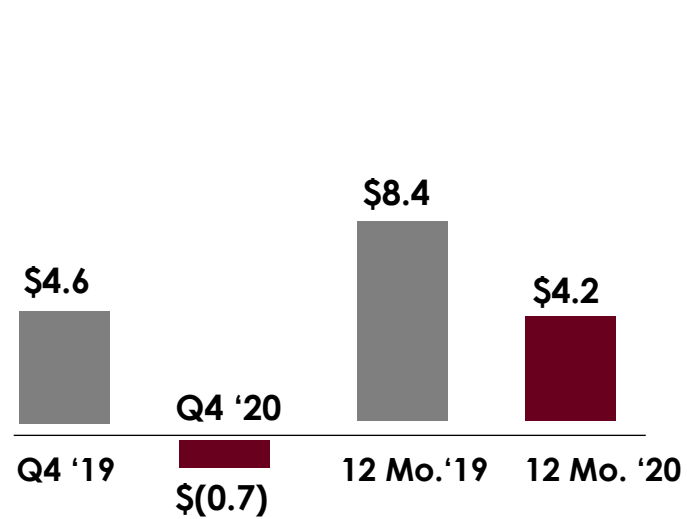
	Q4 2020	Q4 2019	12 Mos. 2020	12 Mos. 2019
Consulting fee revenue	\$72,162	\$76,838	\$296,615	\$308,620
Total revenue	\$92,115	\$83,827	\$368,524	\$376,437
Gross profit	\$33,020	\$32,528	\$119,351	\$126,850
Selling, general and administrative expenses	\$28,672	\$23,580	\$109,215	\$109,746
Operating profit	\$6,312	\$10,300	\$ 10,499	\$18,546
Other (loss) income, net	\$(2,057)	\$(155)	\$ (5,711)	\$ 394
Earnings (loss) before income taxes	\$2,901	\$8,758	\$ (436)	\$13,145
Net (loss) earnings attributable to Hill Int'l., Inc.	\$(1,761)	\$12,121	\$(8,182)	\$14,084

# Financial Overview (\$ in MM)

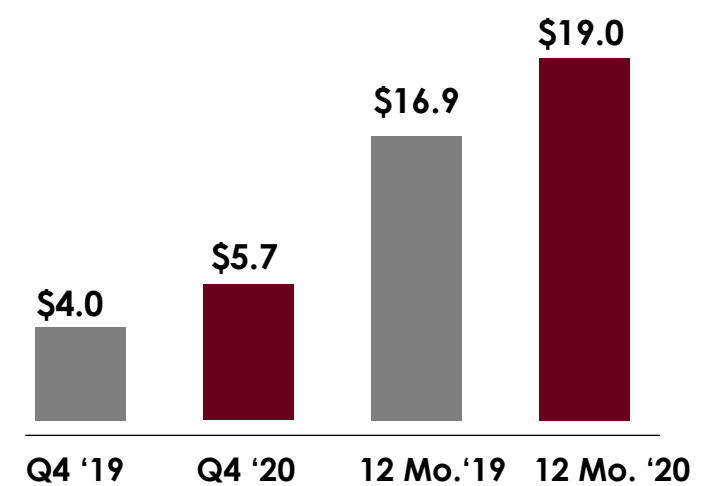
## Adjusted Operating Profit \*



## Adjusted Net Income (Loss)\*



## Adjusted EBITDA \*



\* Non-GAAP measure; see reconciliation on slide 17

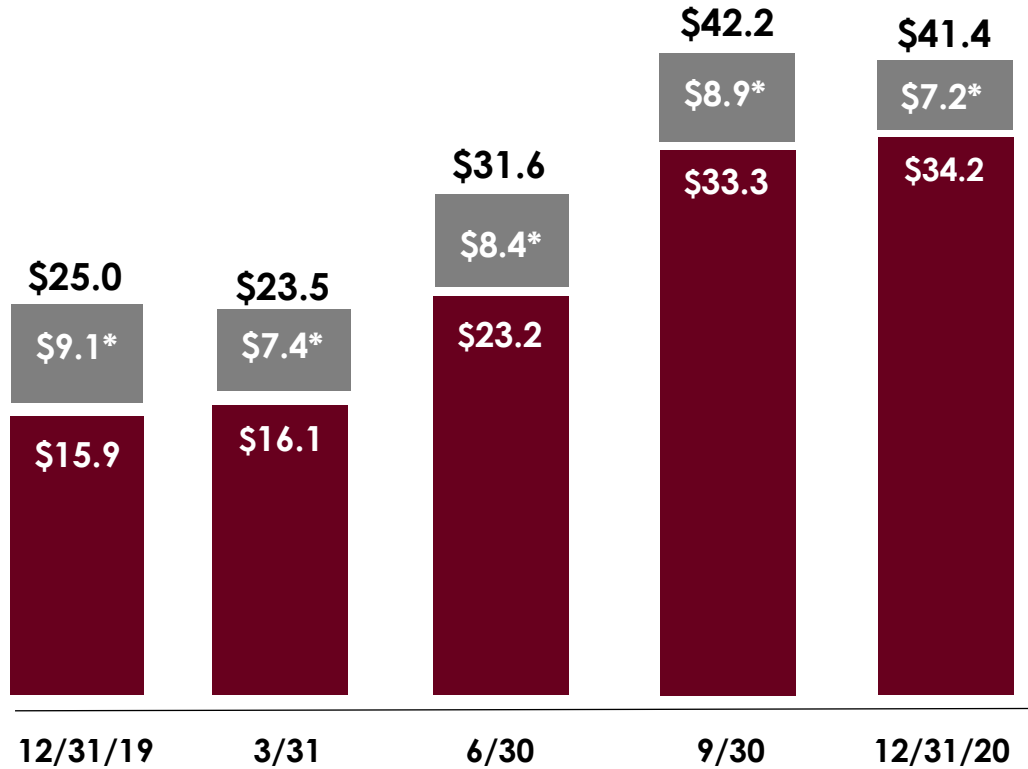


# Liquidity Metrics (\$ in MMs)

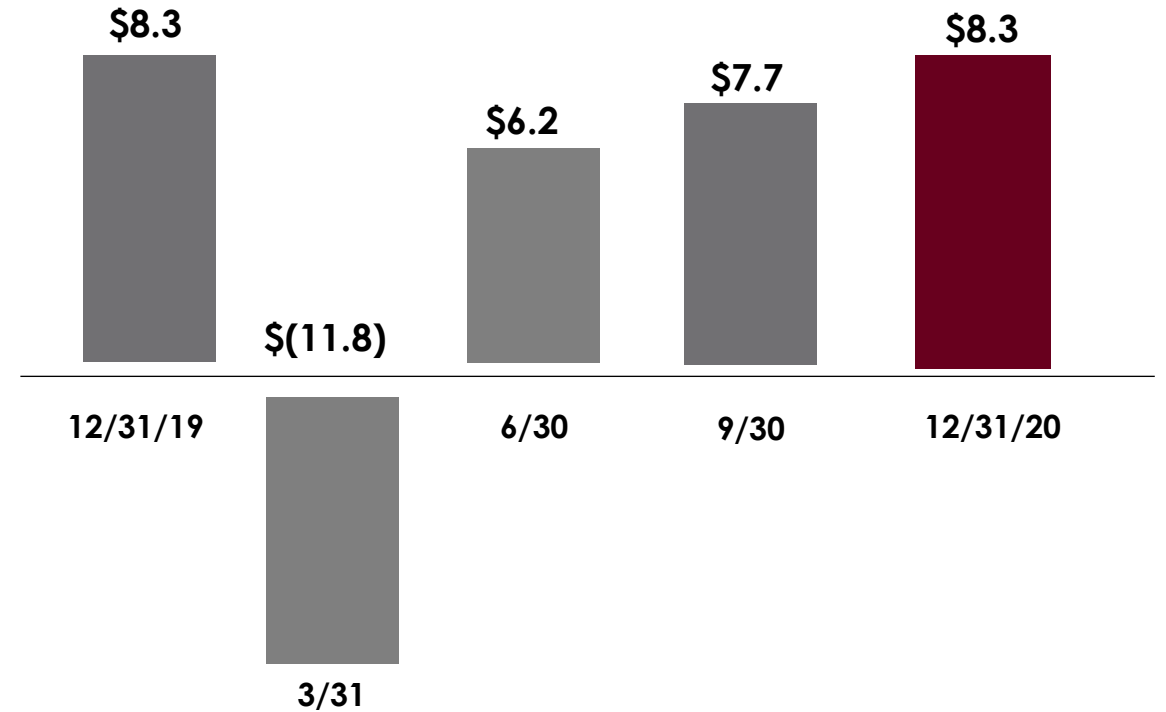


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## Total Cash



## Free Cash Flow\*\*

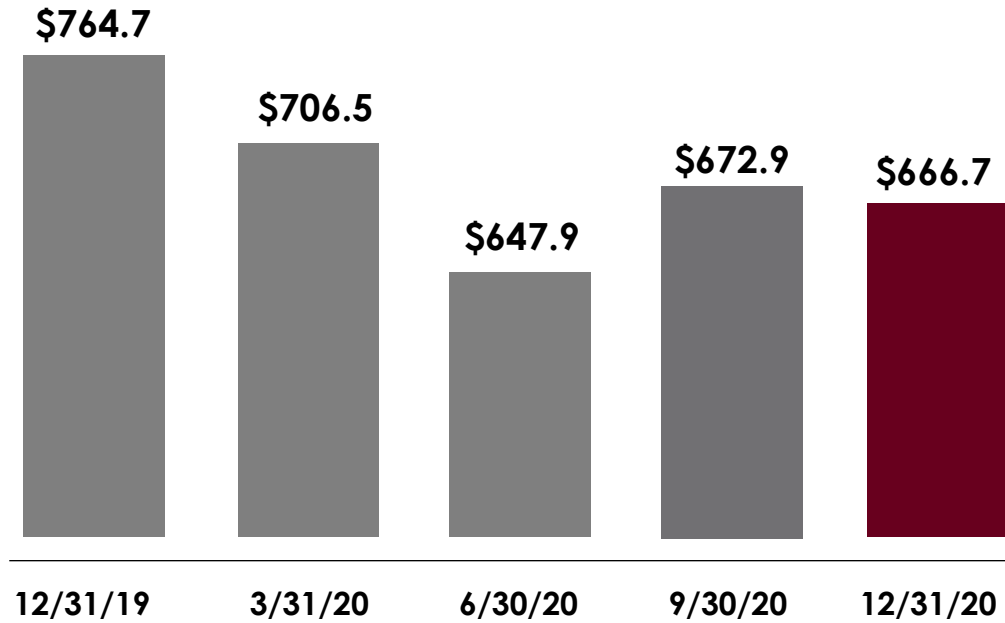


\* Restricted Cash

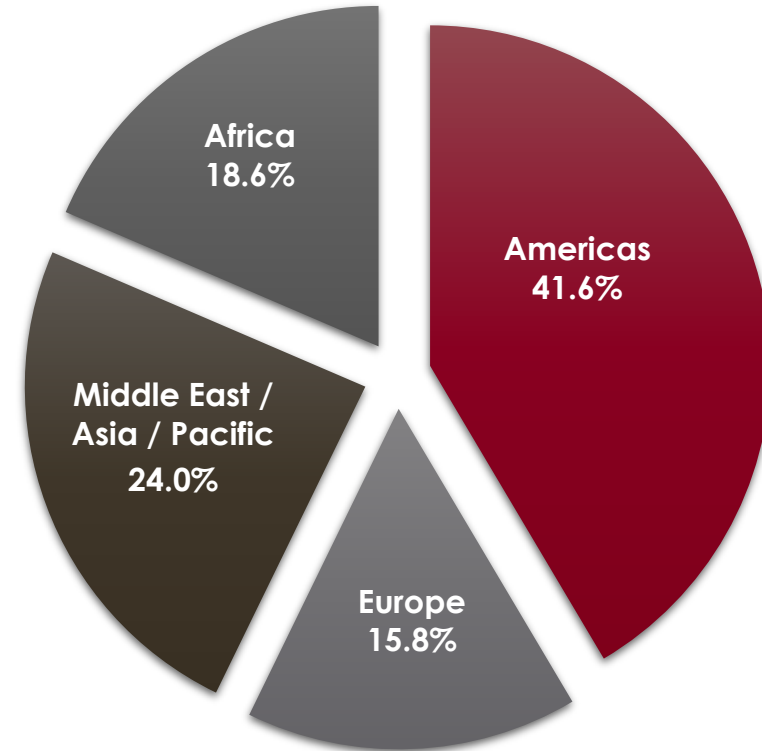
\*\* Non-GAAP measure

# Total Backlog (\$ in MMs)

Total Backlog



Backlog by Geography  
12/31/20



# 2021 Outlook

- Higher CFR to be driven by new awards, extensions to existing contracts
- SG&A to rise in connection with CFR, reflecting increased activity and economic resurgence, post- COVID
- Continuing focus on positive free cash flow and liquidity enhancement; will balance with working capital requirements associated with an anticipated resumption in growth during 2021

CFR

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**\$320 - \$330 M**

Adjusted EBITDA

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**\$20 - \$22 M**



# Appendix



# Reconciliation Tables

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
<b>Operating profit</b>	<b>\$ 6,312</b>	<b>\$ 10,300</b>	<b>\$ 10,499</b>	<b>\$ 18,546</b>
<i>Adjustments to operating profit</i>				
Share-based compensation <sup>(1)</sup>	390	260	2,006	1,598
Unrealized foreign currency exchange (benefit) loss	(765)	(1,172)	2,634	(814)
Collection of Libya receivable, net <sup>(2)</sup>	—	(7,124)	—	(7,124)
Write-off of leasehold improvement <sup>(3)</sup>	—	—	1,582	—
Non-recurring activity <sup>(4)</sup>	—	500	636	646
<b>Adjusted operating profit</b>	<b>\$ 5,937</b>	<b>\$ 2,764</b>	<b>\$ 17,357</b>	<b>\$ 12,852</b>
Net (loss) income	(1,457)	12,115	(7,570)	14,254
Less: net income (loss) - noncontrolling interests	304	(6)	612	170
<b>Net (loss) income attributable to Hill International, Inc.</b>	<b>\$ (1,761)</b>	<b>\$ 12,121</b>	<b>\$ (8,182)</b>	<b>\$ 14,084</b>
<i>Adjustments to net earnings (loss) attributable to Hill International, Inc.</i>				
Interest and related financing fees, net	1,354	1,387	5,224	5,795
Income tax expense (benefit)	4,358	(3,357)	7,134	(1,109)
Depreciation and amortization expense <sup>(3)</sup>	658	1,389	4,038	3,824
<b>EBITDA</b>	<b>4,609</b>	<b>11,540</b>	<b>8,214</b>	<b>22,594</b>
<i>Adjustments to EBITDA:</i>				
Share-based compensation <sup>(1)</sup>	390	260	2,006	1,598
Unrealized foreign currency exchange (benefit) loss	(765)	(1,172)	2,634	(814)
Collection of Libya receivable, net <sup>(2)</sup>	—	(7,124)	—	(7,124)
Brazil Office Closure	1,437	—	5,501	—
Non-recurring activity <sup>(4)</sup>	—	500	636	646
<b>Adjusted EBITDA</b>	<b>\$ 5,671</b>	<b>\$ 4,004</b>	<b>\$ 18,991</b>	<b>\$ 16,900</b>
<b>Net (loss) income attributable to Hill International, Inc.</b>	<b>\$ (1,761)</b>	<b>\$ 12,121</b>	<b>\$ (8,182)</b>	<b>\$ 14,084</b>
<i>Adjustments to net (loss) earnings attributable to Hill International, Inc.</i>				
Share-based compensation <sup>(1)</sup>	390	260	2,006	1,598
Unrealized foreign currency exchange (benefit) loss	(765)	(1,172)	2,634	(814)
Collection of Libya receivable, net <sup>(2)</sup>	—	(7,124)	—	(7,124)
Write-off of leasehold improvement <sup>(3)</sup>	—	—	1,582	—
Brazil Office Closure	1,437	—	5,501	—
Non-recurring activity <sup>(4)</sup>	—	500	636	646
<b>Adjusted net (loss) income</b>	<b>\$ (699)</b>	<b>\$ 4,585</b>	<b>\$ 4,177</b>	<b>\$ 8,390</b>

(1) Share-based compensation excludes amounts paid related to the Company's Profit Improvement Plan during 2019 and accrued in previous years.

(2) The three and twelve months ended December 31, 2019 includes amount collected, net of amounts paid to subcontractors and other fees.

(3) The write-off of leasehold improvements that was incurred during the twelve months ended December 31, 2020 as a result of the sublease of the Company's corporate headquarters as part of its cost reduction initiatives was included in depreciation and amortization expense and is reflected in SG&A in the Company's consolidated statements of operations.

(4) Non-recurring activity includes costs incurred/(recovered) from the Company's Profit Improvement Plan during 2019 and the settlement of Hill's employer tax liability under its former subsidiary recognized during 2020, which are both reflected in SG&A within the Company's consolidated statements of operations.