



Hill International

March 29, 2017

Hill International Reports Fourth Quarter and Full Year 2016 Financial Results

PHILADELPHIA, March 29, 2017 (GLOBE NEWSWIRE) -- Hill International (NYSE:HIL), the global leader in managing construction risk, announced today financial results for the fourth quarter and full year ended December 31, 2016 (see attached tables). On December 20, 2016, Hill entered into a definitive Stock Purchase Agreement to sell its Construction Claims Group ("CCG"), which is expected to close on or about April 30, 2017. Accordingly, the financial results of CCG, together with Hill's existing senior credit facilities which will be paid off and terminated upon closing of the sale, have been presented as discontinued operations for all periods presented.

Total revenue for the fourth quarter of 2016 was \$128.8 million, a decrease of 14.2% from the fourth quarter of 2015. Consulting fee revenue for the fourth quarter was \$100.6 million, a decrease of 18.1% from the prior year's fourth quarter. Lower consulting fee revenue was driven primarily by declines of 34.1% and 47.0% in Hill's Middle East and Latin America operations, respectively, partially offset by an increase of 16.9% in the U.S. operation.

Operating loss for the fourth quarter was (\$3.9 million) compared to an operating profit of \$2.9 million in the prior year's fourth quarter. Net loss from continuing operations was (\$4.3 million), or (\$0.08) per diluted share, compared to net earnings from continuing operations of \$2.1 million, or \$0.04 per diluted share, during the prior year's fourth quarter. Net loss from discontinued operations was (\$10.5 million), or (\$0.20) per diluted share, compared to a net loss from discontinued operations of (\$3.1 million), or (\$0.06) per diluted share, during the prior year's fourth quarter. Net loss for the fourth quarter was (\$14.9 million), or (\$0.28) per diluted share, compared to a net loss of (\$1.1 million), or (\$0.02) per diluted share, in the fourth quarter of 2015. EBITDA (as defined below) for the fourth quarter was a loss of (\$2.3 million) compared to EBITDA of \$4.7 million in the fourth quarter of 2015.

Unusual expenses totaling \$5.0 million, or \$0.10 per diluted share, adversely impacted Hill's profitability in the fourth quarter of 2016. These unusual expenses included \$2.2 million in legal and other professional fees and expenses in connection with the CCG divestiture, a \$2.1 million contingency for potential tax liabilities related to CCG operations in certain foreign jurisdictions, and a \$0.7 million loss on the sale of a long-term investment.

Hill's total backlog at December 31, 2016 was \$831 million, down 6.4% from \$888 million at September 30, 2016. Twelve-month backlog at December 31, 2016 was \$334 million, down 6.7% from \$358 million at September 30, 2016.

"Our U.S. operations achieved strong growth throughout 2016 and added a significant number of new projects to our total backlog. Our overall financial performance, however, continues to be adversely impacted by weak market conditions internationally, especially in the Middle East and Brazil," said David L. Richter, Hill's Chief Executive Officer. "We continue to focus on expanding our U.S. operations and reducing overhead throughout the company, which should contribute to enhancing our overall financial position," added Richter.

Full Year 2016 Results

Total revenue for 2016 was \$520.8 million, a decrease of 5.7% from 2015. Consulting fee revenue for 2016 was \$434.1 million, a decrease of 7.2% from the prior year.

Operating loss for 2016 was (\$0.9 million) compared to an operating profit of \$19.1 million in the prior year. Net loss from continuing operations for 2016 was (\$7.6 million), or (\$0.15) per diluted share, compared to net earnings from continuing operations of \$10.6 million, or \$0.20 per diluted share, in 2015. Net loss from discontinued operations for 2016 was (\$11.1 million), or (\$0.21) per diluted share, compared to a net loss from discontinued operations of (\$2.9 million), or (\$0.06) per diluted share, in the prior year. Net loss for 2016 was (\$18.8 million), or (\$0.36) per diluted share, compared to net earnings of \$6.9 million, or \$0.14 per diluted share, for 2015. EBITDA for 2016 was \$6.2 million compared to \$26.2 million in 2015.

Unusual expenses totaling \$7.0 million, or \$0.14 per diluted share, adversely impacted Hill's profitability during 2016. These unusual expenses included \$3.0 million in legal and other professional fees and expenses in connection with the CCG divestiture, a \$2.1 million contingency for potential tax liabilities related to CCG operations in certain foreign jurisdictions, \$1.2 million in legal fees and expenses in connection with the shareholder proxy contest and a \$0.7 million loss on the sale of a long-term investment.

2017 Guidance

Based on current market conditions and the backlog amounts described above, the company currently expects that consulting fee revenue in 2017 will be between \$400 million and \$425 million. This guidance reflects an approximately 2% to 8% decrease in consulting fee revenue for the year compared to 2016.

Conference Call

David L. Richter, Hill's Chief Executive Officer, and John Fanelli III, Hill's Executive Vice President and Chief Financial Officer, will host a conference call on March 30, 2017, at 11:00 am Eastern Time to discuss the financial results for the fourth quarter and full year ended December 31, 2016. Interested parties may participate in the call by dialing (877) 423-9820 (Domestic) or (201) 493-6749 (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 also 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 "Conferences 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 from Hill's website for approximately 90 days.

About Hill International

Hill International, with 4,300 employees in 100 offices worldwide, provides program management, project management, construction management, construction claims and other consulting services primarily to the buildings, transportation, environmental, energy and industrial markets. *Engineering News-Record* magazine recently ranked Hill as the eighth largest construction management firm in the United States. For more information on Hill, please visit our website at www.hillintl.com.

The Hill International, Inc. logo is available at <http://www.globenewswire.com/newsroom/prs/?pkgid=5733>.

Forward-Looking Statements

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 our intent 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 projections of revenues, earnings or other financial items; any statements concerning our plans, strategies and objectives for future operations; and any statements regarding future economic conditions or performance, 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 that unfavorable global economic conditions may adversely impact our business, our backlog may not be fully realized as revenue, our expenses may be higher than anticipated and the closing of the sale of our Construction Claims Group may be delayed or cancelled. We do not intend, and undertake no obligation, to update any forward-looking statement.

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CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015
Consulting fee revenue	\$ 100,574	\$ 122,755	\$ 434,147	\$ 467,877
Reimbursable expenses	28,186	27,235	86,700	84,699
Total revenue	<u>128,760</u>	<u>149,990</u>	<u>520,847</u>	<u>552,576</u>
Cost of services	62,773	76,280	272,243	288,845
Reimbursable expenses	28,186	27,235	86,700	84,699
Total direct expenses	<u>90,958</u>	<u>103,515</u>	<u>358,943</u>	<u>373,544</u>
Gross profit	37,801	46,475	161,904	179,032
Selling, general and administrative expenses	41,701	43,629	162,721	159,691
Share of loss of equity method affiliates	9	6	37	237
Operating (loss) profit	<u>(3,909)</u>	<u>2,840</u>	<u>(854)</u>	<u>19,104</u>
Interest expense, net	129	278	694	2,026
(Loss) earnings before income taxes	<u>(4,038)</u>	<u>2,562</u>	<u>(1,548)</u>	<u>17,078</u>
Income taxes	282	435	6,068	6,465
(Loss) earnings from continuing operations	<u>(4,320)</u>	<u>2,127</u>	<u>(7,616)</u>	<u>10,613</u>
(Loss) earnings from discontinued operations	<u>(10,548)</u>	<u>(3,107)</u>	<u>(11,076)</u>	<u>(2,874)</u>
Net (loss) earnings	<u>(14,868)</u>	<u>(980)</u>	<u>(18,692)</u>	<u>7,739</u>
Less: net earnings - noncontrolling interest	34	134	136	808
Net (loss) earnings attributable to Hill International, Inc.	<u>\$ (14,902)</u>	<u>\$ (1,114)</u>	<u>\$ (18,828)</u>	<u>\$ 6,931</u>
Basic (loss) earnings per common share from continuing operations	\$ (0.08)	\$ 0.04	\$ (0.15)	\$ 0.20
Basic (loss) earnings per common share from discontinued operations	<u>(0.20)</u>	<u>(0.06)</u>	<u>(0.21)</u>	<u>(0.06)</u>
Basic (loss) earnings per common share - Hill International, Inc.	<u>\$ (0.28)</u>	<u>\$ (0.02)</u>	<u>\$ (0.36)</u>	<u>\$ 0.14</u>
Basic weighted average common shares outstanding	<u>51,784</u>	<u>51,504</u>	<u>51,724</u>	<u>50,874</u>
Diluted (loss) earnings per common share from continuing operations	\$ (0.08)	\$ 0.04	\$ (0.15)	\$ 0.20
Diluted (loss) earnings per common share from discontinued operations	<u>(0.20)</u>	<u>(0.06)</u>	<u>(0.21)</u>	<u>(0.06)</u>
Diluted (loss) earnings per common share - Hill International, Inc.	<u>\$ (0.28)</u>	<u>\$ (0.02)</u>	<u>\$ (0.36)</u>	<u>\$ 0.14</u>
Diluted weighted average common shares outstanding	<u>51,784</u>	<u>51,504</u>	<u>51,724</u>	<u>51,311</u>

Selected Other Financial Data	Three Months Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015
Consulting fee revenue	\$ 100,574	\$ 122,755	\$ 434,147	\$ 467,877
Total revenue	\$ 128,760	\$ 149,990	\$ 520,847	\$ 552,576
Gross profit	\$ 37,801	\$ 46,475	\$ 161,904	\$ 179,032
Gross profit as a percentage of consulting fee revenue	37.6 %	37.9 %	37.3 %	38.3 %
Selling, general and administrative expenses (excluding corporate expenses)	\$ 32,491	\$ 33,586	\$ 126,470	\$ 122,875
Selling, general and administrative expenses (excluding corporate expenses) as a percentage of consulting fee revenue	32.3 %	27.4 %	29.1 %	26.3 %
Corporate expenses	\$ 9,210	\$ 10,043	\$ 36,251	\$ 36,816
Corporate expenses as a percentage of consulting fee revenue	9.2 %	8.2 %	8.3 %	7.9 %
Operating (loss) profit before equity in loss of affiliates	\$ (3,900)	\$ 2,846	\$ (817)	\$ 19,341
Equity in loss of affiliates	\$ (9)	\$ (6)	\$ (37)	\$ (237)

Operating (loss) profit	\$	(3,909)	\$	2,840	\$	(854)	\$	19,104
Operating (loss) profit as a percent of consulting fee revenue		(3.9)%		2.3 %		(0.2)%		4.1 %

	As of December 31,	
	2016	2015
Selected Balance Sheet Data:		
Cash and cash equivalents	\$ 25,637	\$ 24,089
Accounts receivable, net	164,554	187,553
Current assets held for sale	54,144	60,092
Current assets	266,171	291,591
Noncurrent assets held for sale	33,298	36,608
Total assets	411,487	442,563
Current liabilities held for sale	27,703	27,497
Current liabilities	140,104	143,048
Noncurrent liabilities held for sale	4,679	6,403
Total debt	144,103	144,983
Stockholders' equity:		
Hill International, Inc. share of equity	\$ 88,370	\$ 113,969
Noncontrolling interests	2,016	4,070
Total equity	<u>\$ 90,386</u>	<u>\$ 118,039</u>

Non-GAAP Reconciliations

EBITDA

Earnings before interest, taxes, depreciation and amortization ("EBITDA") is not a measure of financial performance under generally accepted accounting principles ("GAAP"). 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. 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. A reconciliation of EBITDA to the most directly comparable GAAP measure in accordance with SEC Regulation S-K follows:

	Three Months Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015
Net (loss) from continuing operations	\$ (4,354)	\$ 1,993	\$ (7,752)	\$ 9,805
Interest expense, net	129	278	694	2,026
Income tax expense	282	435	6,068	6,465
Depreciation and amortization	1,652	1,972	7,153	7,909
EBITDA	<u>\$ (2,291)</u>	<u>\$ 4,678</u>	<u>\$ 6,163</u>	<u>\$ 26,205</u>

 [Primary Logo](#)

Source: Hill International, Inc.

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