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# EDITED TRANSCRIPT

HIL - Hill International, Inc. - Special Call

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## CORPORATE PARTICIPANTS

**Paul J. Evans** *Hill International, Inc. - Interim CEO & Director*

**Raouf S. Ghali** *Hill International, Inc. - President, COO & Director*

## CONFERENCE CALL PARTICIPANTS

**Douglas Jaffe**

## PRESENTATION

### Operator

Thank you, everyone. Thank you to everyone who has joined the call. Welcome to Hill International Investor Call. First, Doug Jaffe of Investor.com (sic) [InvestorCom] will provide some introductory (sic) [introductory] remarks on the content of the call. He will be followed by Paul Evans, Hill Interim CEO; and Raouf Ghali, Hill President and COO. Doug, please begin.

### Douglas Jaffe

Thank you. The company's asked that I read the following statement.

Certain statements on this call are 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 any statements of belief or intent, any statements concerning our future plans and strategies and any statements regarding our intent to file late periodic reports or actions regarding our listing on the NYSE are forward-looking statements. These forward-looking statements are based on our current expectations and assumptions and are subject to risks and uncertainties. These risks and uncertainties include those set forth in our annual report on Form 10-K as well as risks related to the filing of our late periodic reports. We do not intend and undertake no obligation to update any forward-looking statement.

With that, I will turn the call over to Paul Evans, Hill's Interim CEO.

### Paul J. Evans - Hill International, Inc. - Interim CEO & Director

Thank you, Doug, and good morning, everyone. Today, I would like to introduce our incoming CEO, Raouf Ghali. But before I introduce Raouf, I would like to provide an update on Hill's SEC filings, the New York Stock Exchange, the profit improvement plan and also a summary of key financial items. Next, Raouf will provide an outlook for the business and then I will provide some closing remarks.

Let me begin with our late SEC filings. The company continues to make progress becoming current with its financial filings. Working closely with our auditor, EisnerAmper, we are nearing completion of our annual report, Form 10-K for the year-ended December 31, 2017, and our quarterly reports, Form 10-Q for the quarters ended March 31st and June 30, 2018.

We aim to be completely current by the last week of September. As previously disclosed, Hill International's common stock is currently suspended from trading on the New York Stock Exchange. We hope to resume trading on the New York Stock Exchange under ticker symbol HIL shortly after submitting our late filings.

In the interim Hill's shares are trading on the OTC exchange under ticker symbol, HILLI.



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Moving on to the profit improvement plan. Since we began the plan in May 2017, we've captured \$33.7 million in recurring savings and \$4 million in onetime savings. We've also identified \$7 million of additional recurring savings and an additional \$0.5 million in onetime savings. We expect to capture these savings over the subsequent quarters.

I recognize the company's restatement process of ongoing late filing status have resulted in limiting our shareholders' insight in the company's financial performance. To aid in your understanding, I would like to share the following with you. We expect 2018 revenues to be in the range of \$430 million to \$440 million, and 2018 consulting fee revenue to be in the range of \$360 million to \$370 million. Raouf will provide additional background that explains the projected decline in 2018 CFR compared to previous estimates later on this call.

As of June 30, 2018, our backlog is \$816 million and our year-to-date 2018 bookings or sales were approximately \$200 million. Further, our net debt is approximately \$6.6 million as of Friday, August 17, and we have adequate availability in our lending facilities to fund ongoing operations.

Raouf will touch on additional prospects for 2018 sales when he provides an updated outlook.

On that note, let me share why Raouf is the ideal leader for Hill. The decision to name Raouf as Hill's primary CEO reflects Hill's strength and bright outlook. As the board believes the best way to improve shareholder values to make a concerted effort to grow Hill's project management services. The board identified Raouf, a 25-year Hill veteran, as the ideal leader for the company based on his demonstrability to grow Hill's sales.

I've worked closely with Raouf in implementing our profit improvement plan and believe he is committed to maintaining Hill's momentum and reinforcing our responsibilities to shareholders and our clients. Additionally, given Raouf's background in straight -- in the Hill's regional leadership, Hill will not be seeking a new COO at this time.

With that, I would like to introduce Raouf Ghali, Hill International's next CEO.

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**Raouf S. Ghali** - Hill International, Inc. - President, COO & Director

Thank you, Paul. It has been a pleasure working with you, and I appreciate the confidence of the Board. As Paul mentioned, Hill has seen significant improvement over the past year. This is a testament to Paul's diligence in reestablishing a culture of responsibility and accountability at Hill, which I intend to continue to enforce and build upon. In closing out 2018 and beginning 2019, our focus will be on growing our pipeline and converting this growth into backlog, expanding our sales force to realize more opportunities for sustainability, profitable growth and preserving the savings and margin enhancements of the profit improvement plan.

Given this emphasis, the outlook is bright for all of Hill's regions. I'm confident we can realize significant sales growth in the remainder of 2018 and into 2019.

I would like now to share my outlook for Hill's business and the trends impacting each market where the company operates. In the United States, the first half of 2018 has seen a slight slowing in the procurement cycle, shifting some of our expected new backlog and revenue by 1 to 2 quarters. However, given the increased spending in Hill's core U.S. infrastructure and transportation sectors, we remain confident that on the mid- to long-term outlook for Hill's U.S. business.

Hill's Middle East operation has seen strong demand for our services, with more than \$300 billion in preconstruction projects pending in the Gulf Cooperation Council Nations. Hill is well positioned to assist in delivering the projects. However, the political and economical climate has a slow down in the 2018 award cycle that we expect to improve in 2019. Additionally, as the Middle East explores several new initiatives to diversify their national economies beyond crude oil, we expect to see many new opportunities for growth.

Similarly, we have enjoyed a strong upward trend in our European operations with backlog more than doubling since the beginning of the year with healthy margins. This is both the result of our cost restructuring and our focus on growing our European businesses in those sectors and markets where we have been engaged and where projects have secured funding.

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In particular, we're seeing strong growth in private real estate development in Western and Southern Europe, and technical support for privatization initiatives across the continent, and in enabling infrastructure projects funded by major international financial institutions in the Balkan nations.

In North Africa, our business continues to enjoy strong growth, and we anticipate the strength to continue into 2019 and beyond. The need for infrastructure, transportation and urban development across the region is overwhelming. International funding institutions have been actively supporting these types of projects as this development reinforces the region's stability. This combination will continue to drive the need for Hill's services on these major projects for the foreseeable future.

Hill's Asia Pacific region secured several new contracts in 2018 and continues to target the region's growing economies. Opportunities in these markets range from specific pursuits to more general, sector-wide engagements in aviation, rail and transit, private development, pharmaceutical manufacturing and research and development facilities. The region represents a significant opportunity for Hill to leverage its 2018 wins into further profitable growth.

Finally, in our Latin American region, Hill is enjoying a return to growth in Mexico and the Caribbean, while we continue to pursue specific opportunities in Brazil and elsewhere in South America, where we believe we can deliver our services efficiently, effectively and profitably.

In summary, I'm confident in our ability to continue to capitalize on our sales and deliver growth in 2019. I believe my role will be to support our sales leaders in securing the best potential assignments for Hill, and to make certain we execute our work in the best interest of our shareholders, our clients and our employees.

Before I conclude, let me again thank Paul and the Board for this opportunity to serve as Hill's CEO. I look forward to leading Hill further along the path for growth that Paul has established.

I will now turn the call back over to Paul for some closing remarks.

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### **Paul J. Evans** - *Hill International, Inc. - Interim CEO & Director*

Thank you, Raouf, and I would like to also extend my sincere thanks to all of the employees who've worked to make these achievements over the past year possible. Thanks to your efforts, Hill has returned to discipline and responsibility and is well positioned to grow sustainably and profitably. Under Raouf's leadership, I believe, the coming year at Hill will be one of the most successful in the company's history. Although we will not be taking questions today, we look forward to speaking with you and taking your questions shortly after filing our 2018 Q2 report.

I will now turn the call back over to the administrator to close the call.

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### **Operator**

Thank you for joining us. This concludes today's call.

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