ANCORA

May 18, 2017

Sent via email

Hill International, Inc.
One Commerce Square 17th Floor
2005 Market Street
Philadelphia, PA 19103

Hill International, Inc. Board of Directors:

Ancora Advisors LLC is a shareholder of Hill International, Inc. ("Hill"). We are writing this letter to voice our concern over the Company's apparent decision to forego exploring strategic alternatives and instead focus on conducting a CEO search process. We strongly believe hiring a banker to conduct a strategic alternatives review should accompany the search for a permanent CEO. In a worst-case scenario, if the banker is unable to find potential suitors willing to pay a meaningful premium to today's share price, the CEO search process provides an alternative outcome. Additionally, the M&A value of the company provides a baseline by which all other alternatives can be compared (on a risk adjusted basis).

We don't feel it's necessary to rehash here the details of acrimony between Hill and its shareholders, as most of the board today has been seated as the result of multiple years of shareholder activism. Although we were pleased with most of the Company's May 3rd announcements, we were not pleased that commentary around a CEO search did not also include the Company hiring a banker to explore strategic alternatives. We are encouraged by the significant de-risking of the balance sheet that occurred as a result of the Construction Claims divestiture. We also believe there are significant cost-cutting opportunities that should meaningfully enhance EBITDA over the next 12 – 24 months.

Despite the positive changes that have recently occurred at the Company, we believe it will be difficult for an ongoing turnaround plan to deliver more shareholder value (on a risk-adjusted basis) than what would be the result of a sale of the entire Company in the near-term.

Comparison to E&C Peers:

Company Name	Ticker	Market Cap[1]	TEV	EBITDA Margin			TEV / EBITDA		
($'s in mil)				LTM	FY + 1	FY + 2	LTM	FY + 1	FY + 2
Stantec Inc.	STN	2,643.8	3,267.0	10.61%	11.62%	12.44%	12.28x	10.60x	9.28x
Tetra Tech, Inc.	TTEK	2,583.5	2,757.9	10.45%	11.63%	12.12%	13.00x	11.30x	10.35x
AECOM	ACM	5,038.0	8,699.5	4.69%	5.21%	5.54%	10.59x	9.33x	8.36x
Jacobs Engineering Group Inc.	JEC	6,334.3	6,057.2	6.19%	6.43%	6.68%	9.61x	9.40x	8.37x
NV5 Global, Inc.	NVEE	394.4	391.4	10.87%	12.27%	13.38%	14.81x	9.54x	7.77x
ARCADIS NV	ARCAD	1,461.2	2,016.6	5.96%	6.75%	6.91%	9.63x	8.12x	7.94x
Comfort Systems USA, Inc.	FIX	1,302.9	1,273.4	7.65%	7.68%	8.30%	10.22x	9.42x	8.08x
AVERAGE				**8.06%**	**8.80%**	**9.34%**	**11.45x**	**9.68x**	**8.59x**

[1] *All data provided by S&P Capital IQ as of May 16, 2017*

The above table represents a sample of Hill's Engineering & Construction ("E&C") peers. It also provides the "goal posts" from a margin / valuation standpoint. Hill recently reiterated its 2017 revenue guidance range of $400 – $425 million (which would be a decrease of -7.9% to -2.1% from 2016). As recently disclosed, the Company has a healthy backlog of approximately $883 million. Assuming Hill can successfully convert its backlog the business should be able to grow revenues so long as the overall economy remains stable. For the Company to achieve EBITDA margins in-line or better than its peers will require not only converting backlog to revenue, but also significantly reducing operating expenses (particularly SG&A). We are highly confident based on our research that these cost reduction opportunities are legitimate but will be dependent upon management quickly moving forward to identify the appropriate cuts and an actionable time-table for implementation.

Value of a Successful Turnaround Plan:

The analysis below reflects a projection of revenue and EBITDA through 2020 assuming a 10% revenue growth rate in 2018 and then growing 5% annually in 2019-2020. Applying the peer average EBITDA margin (plus a generous 50 BPs of annual margin improvement) would result in EBITDA of approximately $50 million in 2020. Valuing EBITDA at the peer average multiple and then discounting back at 12% results in a net present value today of $5.71 per share. $5.71 represents a nice premium over today's $4.50+ share price but as detailed above comes with a lot of assumptions working in the Company's favor including strong revenue growth, successfully navigating a significant cost-reduction program, and perhaps most importantly, betting on a stable economy through 2020.

	Projected Fiscal Year Ending December 31,			
	2017	**2018**	**2019**	**2020**
Consulting Revenues	$412.5	$453.8	$476.4	$500.3
Growth Rate		10.0%	5.0%	5.0%
EBITDA Margin (avg peer margin + 50 BPs)		8.8%	9.3%	9.8%
Projected EBITDA		39.9	44.3	49.0
Median Peer Multiple		9.48x	9.48x	9.48x
Implied Net Equity Value per Share		$6.83	$7.63	$8.50
Discount Rate		12.0%	12.0%	12.0%
Present Value per Share		**$5.77**	**$5.75**	**$5.71**

HILL Acquisition Analysis:

Alternatively, if Hill were to be marketed for a sale, we believe there are multiple strategic buyers that would participate in a strategic process. Recent representative M&A transactions have yielded extremely attractive valuations. Applying these transaction multiples to Hill results in not only a significant premium to the current share price, but also a meaningful premium above the standalone turnaround value of the Company.

Date[1] ($'s in mil)	Target	Buyer	Deal Value	Implied Ent. Value / LTM Revenues	Implied Ent. Value / LTM EBITDA
04/03/2017	WS Atkins plc	SNC-Lavalin Group Inc.	$2,968.6	1.12x	13.04x
03/31/2017	TRC Companies, Inc.	New Mountain Capital, LLC	680.7	1.26x	14.55x
05/11/2016	SMEC Holdings Pty. Ltd.	Surbana Jurong Private Limited	330.1	1.14x	11.15x
03/29/2016	MWH Global, Inc.	Stantec Inc.	793.0	0.62x	9.81x
12/07/2015	Stork Holding B.V.	Fluor Corporation	753.7	0.43x	6.95x
10/14/2015	Professional Service Industries	Intertek Group plc	330.0	1.30x	8.25x
08/25/2015	MMM Group Limited	WSP Global Inc.	320.6	1.53x	8.90x
07/31/2014	Hyder Consulting PLC	ARCADIS NV	482.7	0.93x	12.85x
Average:				**1.04x**	**10.69x**

[1] *Source: S&P Capital IQ M&A data*

The analysis below shows a range of transaction values based on either a multiple of revenue or a multiple of EBITDA. By utilizing the midpoint of Hill's 2017 revenue guidance multiplied by the average peer M&A revenue multiple results in an equity value per share of $7.83. We don't expect a full-year of cost-cuts to show up in FY 2017 EBITDA and as such, we used the same margin assumption utilized in the turnaround analysis which assumes the business attains the average peer EBITDA margin (which is how we believe a buyer would analyze it as they would not be burdened with Hill's overhead). Applying the M&A EBITDA multiple results in a valuation of $7.02 per share. Regardless of the methodology employed, we believe a transaction above $7 per share is attainable today.

HIL Transaction Value	Proj FY 2017
Consulting Revenues	$412.5
Avg Peer M&A Revenue Multiple	1.04x
Equity Value per Share	**$7.83**
EBITDA Margin (avg peer margin)	8.8%
Projected EBITDA	36.3
Avg Peer M&A EBITDA Multiple	10.69x
Equity Value per Share	**$7.02**

Keep in mind the turnaround plan illustrated earlier in this letter is ambitious and would require Hill to solve its bloated overhead structure and weather any storms in the economy along the way. Whereas an acquisition of Hill could happen in the near term and provide investors with liquidity, as well as far less execution risk.

CEO Search Process / Executive Compensation:

We are supportive of the appointment of interim CEO Paul Evans and believe he will do a fine job as caretaker regardless of what direction the Company ends up pursuing. That being said, the compensation arrangement announced via 8-K on May 16, 2017 seems inappropriate for a company looking to cut costs. We were expecting an arrangement that was less cash-oriented and far more focused around milestone achievements and equity appreciation. A significant package of performance options with immediate vesting in a transaction combined with alternative vesting opportunities geared around the achievement of clearly articulated deliverables seems much more appropriate. If Mr. Evans were to remain CEO for the next 12 months and even if the Company were unsuccessful in securing a qualified long-term CEO or significantly reducing costs he would still earn \$1.68 million of annual compensation (\$60,000 per month of cash comp + \$80,000 of monthly stock grant – not linked to performance). It seems a bit hypocritical on the board's part to basically pay Mr. Evans guaranteed comp (not linked to success) that is nearly equivalent to what was being paid to former CEO David Richter (who was the source of much shareholder angst and complaints regarding corporate excess at the shareholders' expense).

Although the total potential amount of compensation Mr. Evans can earn at Hill doesn't in itself offend us if it were in fact linked to success, unfortunately this just seems like more of the same at Hill paying well above market for just about everything overhead related. We ran a screen on S&P Capital IQ for total reported CEO compensation for all US public companies (excluding OTC/bulletin board stocks) with market caps between \$150 - \$300 million and the median total comp for 2016 was \$1.1 million. This arrangement is at least \$1.68 million over 12 months and potentially more based on attaining the \$50,000 monthly bonus opportunity.

Please don't hesitate to reach out if the board would like to discuss this letter in greater detail. As fellow shareholders of Hill, we encourage the board to rethink its current strategy and pursue parallel paths in order to best maximize shareholder value.

Sincerely,

Fred DiSanto
Chief Executive Officer and Executive Chairman
Ancora Advisors LLC