

General Shareholders' Meeting

May 18, 2005

Dr.-Ing. Dr.-Ing. E. h. Hans-Peter Keitel

Chairman of the Executive Board

Embargoed until 10:30 a.m. on May 18, 2005

Check against delivery.

Dear Shareholders,

Ladies and Gentlemen,

On behalf of everyone at HOCHTIEF, welcome to this year's General Shareholders' Meeting. I also welcome our clients and business partners, the representatives of the media and our employees. A warm welcome to all of you!

We just finished watching a film highlighting our company's new vision:

"HOCHTIEF builds for tomorrow."

What we are formulating in these words is a high standard that binds us as individuals and as a company. A standard that requires a commitment directed inward and outward, a commitment to our shareholders, clients and employees, as well as to the environment. But most especially it is a **commitment to grow value** with every business and strategy decision and to understand value growth as the foundation for increasing our earnings power and thus ensuring a bright future for HOCHTIEF.

This vision also assumes a very tangible form in our strategy of understanding construction as an integrated process, a shaping of the world around us. With our service portfolio of

- **Development**
- **Construction**
- **Services**
- **Concessions and operation**

we offer clients decades of service and support, from the initial inspiration right through to day-to-day operation, or, as people in the business would say, along the entire value chain. This approach is not a natural consequence of working in this industry. Rather, it is a skill that we have systematically honed into a competitive advantage from which we generate real, profitable business opportunities. We are one of only a select few who can deliver packaged services from a single source, integrating the expertise of our individual divisions, both on a technical and regional basis, in ways that make an impact. By doing so, but also by offering peak technological performance and global reach, we create added value for our clients, for HOCHTIEF and for our shareholders as a result. In the past year alone, we pulled in some EUR 2.8 billion in orders attributable to international cooperation between our divisions—EUR 2.8 billion which, without our international reach, would have been lost to competitors.

All individual components of the system are linked by an elaborate **risk management system**. Like opportunity, risk is a natural part of business in general and project business in particular. HOCHTIEF takes a proactive approach and has cultivated risk management, particularly after the experience of the last year, into one of its strengths: The HOCHTIEF brand is now synonymous with efficient risk management. It is an integral part of the management and controlling system and undergoes constant improvement. It defines our work at the management level, but also reaches deep into individual processes. And we are successful precisely because we understand risk management as a "success factor."

Part of risk management is targeted expansion of activities in low-risk business segments. Not least for that reason, we will continue to pursue our strategy of constantly increasing the share of construction-related services in the Group. The result is higher output in segments that

- **offer flatter cyclical fluctuations,**
- **tie up less capital and**
- **involve lower risk**

while at the same time bringing

- **steadier cash flow,**
- **significant growth and**
- **high margins over the long term.**

Allow me to also quantify this for you:

HOCHTIEF generates some 30 percent of its sales in construction-related business segments. Today, that 30 percent of sales accounts for nearly 65 percent of our profit.

This power to generate superior earnings demonstrates clearly our motive for focusing on these new business segments. We are close to reaching the **profitability goals** we set for our Group. Our margins have risen steadily over the past few years. Our **return on capital employed (ROCE)** grew from 9.2 percent in 2002 to 14.2 percent in 2004, placing it above our cost of capital. We have thus already met our objective of achieving positive figures for value created in 2004. In the new return on investment metric to be launched in the Group this year, which is based on RONA (return on net assets), we are adding a new, even more formidable challenge, which is to achieve, this year, positive figures for value created on all invested capital.

We also implemented **key strategic decisions** in the 2004 fiscal year:

- We streamlined our business portfolio and sold holdings that were no longer compatible with our strategic focus. These included Ballast Nedam in the Netherlands and Kitchell in the US.
- By contrast, we invested in growth fields that generate high returns, showcase our deep expertise and match our strategic focus. These segments are facility management, public-private partnership and airport concessions.
- In our Airport division, we formed an investment partnership with strong international partners. This one-of-a-kind alliance will give us even more striking power as we compete with other airport operators worldwide for future projects. With this partnership we have also made a convincing demonstration of how our expertise can contribute toward increasing our holdings' value.

Once again, HOCHTIEF has proven its resolve to set a value-driven course. The success of our strategy is also supported by our figures:

Sales rose considerably in fiscal 2004, by more than 13 percent. Growth was achieved both in the home market in Germany, as well as internationally, and puts us back at the record levels seen in 2002. This time, however, our profitability is much improved.

The strategic measures already mentioned are one reason for this development. Another is the quality of incoming orders. Our **new orders** are likewise rising fast, coming in at EUR 15.59 billion, or some 30 percent higher than the value of our sales for 2004. And a key point is that we achieved these gains without sacrificing quality. To the contrary, the market's hard lessons have affirmed the need to use our elaborate risk management system all the more vigorously.

Consistent with the movement in new orders, the growth in our **order backlog** was remarkable, rising on a continuous basis to EUR 18.72 billion. This marks a

new record, despite negative exchange rate effects, and places us on an excellent footing for the 2005 fiscal year and beyond. The projects represented by the sizeable order backlog are evenly distributed throughout the entire Group and represent a forward order book of some 17 months. In other words, the Group will operate at full capacity for close to the next one-and-a-half years. This figure is a great deal higher than at any other time in the past decades. Thus, good sense dictates not to use this basis primarily as a platform for new growth, but rather as a foundation for consolidation accompanied by rising earnings, i.e. to give quality clear priority over quantity.

At this juncture, allow me to speak for a minute about our **consolidated statement of earnings**:

Profit from operating activities increased by 29.3 percent to EUR 156.3 million due to the increased sales. Net income from participating interests, which had benefited in the prior year from non-recurring income in the Airport division, fell to EUR 33.7 million. Net investment and interest income, on the other hand, improved by some EUR 4 million compared to the prior year, on the whole because of lower risk provisions for the impairment of securities assets. Income taxes climbed to EUR 106.2 million, since we recorded precautionary impairment charges on some of the deferred tax assets recognized for refund entitlements.

Moving on now to the **consolidated balance sheet**, we can see that total assets dropped slightly to EUR 7.29 billion. The asset gains from business acquisitions in the area of facility management were offset by implementation of the contractual trust arrangement, i.e. the establishment of the pension fund. Fixed assets stood at EUR 2.20 billion. The increase here was mainly the result of goodwill recorded on the purchase of additional shares in Leighton and the facility management acquisitions. Current assets fell to EUR 4.81 billion, primarily as a result of asset transfers to the pension fund.

Turning to liabilities, shareholders' equity ended the year at EUR 1.90 billion. At approximately 26 percent, HOCHTIEF's equity ratio remains very solid.

Provisions, which stood at EUR 1.09 billion, are lower than in the prior year. This is due to the assets transferred to the pension fund, which were deducted from pension provisions.

To conclude, let's take a look at our profit before taxes and consolidated net profit:

HOCHTIEF took a giant leap forward in fiscal 2004 in its **profit before taxes**, which amounted to EUR 187.3 million. This figure represents a 17.4 percent gain, despite the risk provisions for projects at our Australian subsidiary Leighton. The growth in consolidated net profit was even more remarkable. It soared 154.3 percent to EUR 41.2 million.

How do these developments benefit you, as shareholders?

Our **dividend policy** has always been driven by the company's earnings situation. Over the years, we have been able to offer consecutive increases in our dividend and intend to propose to this year's General Shareholders' Meeting an increase from EUR 0.65 to EUR 0.75 and thus a total payout of EUR 52.5 million. This represents the available net profit of HOCHTIEF Aktiengesellschaft, the company balance sheet being the basis for profit distribution. The total dividend represents 70 percent of net profit before changes in reserves determined on a German commercial law accounting basis. I will come back to this topic later, when I introduce the resolutions proposed to the Meeting.

The performance of **HOCHTIEF stock** in fiscal 2004 demonstrated a positive trend overall, but was more heavily dominated by isolated events. RWE's announcement of a near-term sale of its stake in HOCHTIEF caused a speculative surge in the stock price that took hold as early as the first of last year and culminated in a sharp drop in the weeks following completion of the transaction. It comes then as no surprise that the sudden release of information

about project risks by our subsidiary Leighton a short time later met with little compassion from a market that was just then getting used to the new ownership structure at HOCHTIEF. The drastic drop that followed is thus only too understandable. Under these circumstances—a speculative price that opened the year and the setback mid-year—an overall gain of 4.3 percent for the year is certainly acceptable. Despite the general movement upward, however, we are not satisfied with the performance of our stock. In the future, we will work even harder to ensure that our company's successes are reflected in its share price. Our efforts already bore fruit in the first quarter of 2005, with the price increasing from EUR 23.90 as the year started to more than EUR 25 at the beginning of March, which equates to growth of just under six percent. The stock closed the first quarter at EUR 24.55, which placed it between the performance of the DAX 30 and the MDAX. The closing price this Monday was EUR 25.04, an increase of 4.8 percent from the beginning of 2005, 8.9 percent from the selling price of the RWE shareholding, and 48.1 percent from the lowest point reached in 2004.

The **first quarter results** published last week confirm the good growth in our company, as very solid contributions from the construction-related service segments, in particular, have given us an excellent start to the new fiscal year. On a comparative basis—which is to say before the positive effects of the investment partnership in the Airport division—profit for the first quarter of 2005 surpassed that for the first three months of the prior year. This represents a sound basis for the continued growth of our Group this year and exceeds our previous expectations. As a result, we have revised our **profit forecast** upward for the current fiscal year. Compared to 2004, we anticipate

- growth in **profit before taxes** of around one-quarter and
- growth in **consolidated net profit** by more than one-half.

Ladies and Gentlemen, this is a very positive sign for you as shareholders. But let me just add this: Our determination and confidence are born not only of our first quarter results, but also of our reading of the markets that are significant to us. Great opportunities await HOCHTIEF presently, and the ones I'm going to speak about now are just two:

1. Facility Management

We completed the integration of the facility management units of Siemens and Lufthansa in record time and with resounding success. HOCHTIEF Facility Management is today's number one integrated service provider in Germany and counts among the leaders in all of Europe. Thus, we have established an excellent position in a market that is growing with remarkable speed: In Germany alone, we expect growth of more than ten percent per year. And it is our clear objective to grow faster than the market. With regard to profitability, we anticipate a pretax return on sales above four percent as soon as 2006.

2. Public-Private Partnership

Effective January 1, 2005, the Group bundled all existing activities in private infrastructure development into HOCHTIEF PPP Solutions GmbH. Our timing with this strategic step could not have been better: The market for PPP projects in Germany is finally taking off. More and more projects are getting underway, and with numerous project awards to its credit, HOCHTIEF is blazing the trail as the market leader:

- In the refurbishment and operation of 49 schools in the Offenbach district, HOCHTIEF landed the largest public buildings PPP project in Germany's history, valued at some EUR 410 million. The importance of our structure is categorically affirmed by this project: As the head company, HOCHTIEF PPP Solutions is in charge of organizing the entire process, which includes planning, financing, refurbishing and operating. The services themselves are being performed by various Group companies: HOCHTIEF Construction AG is executing the necessary refurbishment and modernization work. HOCHTIEF Facility Management has assumed the task of operating the schools. This is a concrete example of how several divisions collaborate on projects: to the benefit of clients and in harmony with our strategy.
- Another project is the EUR 44 million contract to design, finance and operate the new town hall for the city of Gladbeck.

- In April 2005, HOCHTIEF won the contract to refurbish and operate another seven schools, this time in Cologne. The total volume here is roughly EUR 125 million.
- A fourth PPP project is about to start. We will be able to tell you more about it in the coming days.

Ladies and Gentlemen, with project awards totaling some EUR 580 million, we have so far secured over 50 percent of the existing German PPP market for public buildings in terms of volume. And we're in the starting gates for additional projects. Current estimates are that around EUR 20 billion in PPP projects will be bid out between now and 2009 for schools, administrative buildings and hospitals alone. In the area of transportation, Germany's first major A model highway project is approaching, with awarding of the building concession for the A8. Once again, the PPP market is on the verge of breaking wide open, this time for privately financed transport infrastructure projects. HOCHTIEF will vie for this initial contract, which is set to be followed by additional projects worth around EUR 1 billion within the space of a year.

Worldwide, the Group is involved together with its subsidiaries and associates in 20 PPP projects worth in the neighborhood of EUR 8.6 billion. Fifteen of the projects are toll roads with a total length of some 880 kilometers. We have prequalified for an additional five international projects in this market segment. Between now and 2009 in the global transport infrastructure segment alone, privately financed projects worth approximately EUR 45 billion will be bid out as toll roads, which means that roughly 150 to 200 projects will be added to the market over the next few years.

That wraps up my overview of HOCHTIEF's key opportunities. You can see why we consider the company's future to be bright and why we believe in the success of our strategy: We owe the successes I have just mentioned to our carefully planned structure, where the individual divisions complement each other with their expertise and regional presence, in keeping with the needs of clients.

I would now like to discuss the **resolutions being proposed to the General Shareholders' Meeting**: The Supervisory Board and the Executive Board will be submitting a motion for approval by today's Meeting to use the unappropriated net profit for 2004 of EUR 52.5 million to pay a **dividend of EUR 0.75 per no-par-value share**.

We will further move, in items 8 and 9 of the agenda, that the General Shareholders' Meeting adopt **two resolutions regarding treasury stock**:

- In item 8 of the agenda, we are asking the General Shareholders' Meeting to renew the authorization issued last year to acquire and use our own shares.
- In item 9 of the agenda, we are further asking the General Shareholders' Meeting for approval to use the treasury stock to fulfill conversion and/or option rights under convertible and/or warrant-linked bonds issued. This represents a new use of treasury shares since the first-ever vote on the authority to issue convertible bonds and warrant-linked bonds will be taken at this Meeting.

The authority provided by both proposed resolutions is purely precautionary in nature; it would give us the requisite flexibility, if need be, to use our own shares to implement key strategic options on a targeted basis and to the benefit of shareholders.

- In item 10 of the agenda, we are asking the General Shareholders' Meeting—as just alluded to—for approval to issue convertible bonds and warrant-linked bonds plus simultaneously create conditional capital.
- In item 11 of the agenda, we propose creating authorized capital. These actions affecting capital are also purely precautionary in nature. They would give us the leeway we need to enhance the opportunities for boosting our

capital resources if the need arises and financing future operations, in the interests of the company and shareholders alike.

If I may emphasize again:

These are general precautionary financial measures that are of the nature of an anticipatory resolution with a five-year term. They should be regarded as standard resolutions adopted by shareholders' meetings to allow their companies to react quickly and flexibly when needed. The authorized capital and conditional capital will only be used if, upon a diligent review of the situation, the Executive Board and Supervisory Board determine that it is in the best interests of the company to do so.

In this connection, with regard to the authority to increase the company's capital stock (create authorized capital I) proposed to today's General Shareholders' Meeting in item 11 of the agenda, the Executive Board decided to limit the extent of any exclusion of shareholders' subscription rights. Specifically, this means:

In the event there is a capital increase against non-cash contributions for purposes of acquiring companies, parts of companies or equity participations in companies, the Executive Board will cap its authority to exclude shareholders' subscription rights at a 20 percent limit. Specifically, the limit will not exceed 20 percent of the capital stock on the date the authorization becomes effective or, if lower, the capital stock which exists on the date the authorization is exercised, in either case up to a maximum of EUR 35.84 million.

Ladies and Gentlemen,

HOCHTIEF owes most of its success in the 2004 fiscal year and the first quarter of 2005 to its clear-cut strategy and focus on market needs. We consistently place our clients at the heart of our deliberations and actions. Our full range of services covers all phases of the value chain for them, a chain that our Group seamlessly and expertly reflects. And our international presence guarantees that

we can serve and support our clients on all of their projects, anywhere in the world. Thus, we have laid the foundation to realize our vision:

“HOCHTIEF builds for tomorrow.”

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By pursuing this goal without compromise, we create added value,

- added value for our clients,
- added value for HOCHTIEF and, as a result,
- added value for our shareholders.

I thank you for your attention.