

Fall Press Conference 2007

November 14, 2007

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Dr.-Ing. Herbert Lütkestratkötter
Chairman of the Executive Board

Check against delivery.

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Ladies and gentlemen,

Together with my colleagues, Dr. Lohr and Dr. Noé, I bid you a warm welcome to our fall press conference. Yesterday, you had a look around the airport under expert guidance. Any of you already familiar with the airport from previous years will know why we are proud of what we have achieved in recent months and years: Today, the airport is a contemporary structure that is both functional and architecturally appealing. And, thanks to its ongoing upward curve in passenger figures, highly successful commercially. In other words, the perfect setting in which to present to you HOCHTIEF's figures for the first nine months of the year and to elucidate the most important strategic decisions of the past quarter.

But first, let's take a look at the figures:

- At the end of the third quarter, **new orders** were once again up on the previous year's figure. There was a marked rise of 15.9 percent to EUR 15.91 billion.
- Growth in all divisions swelled **work done** to EUR 13.66 billion, an increase of 13.1 percent.

- At the end of the first nine months of the year, the Group **order backlog** set a new record of EUR 27.13 billion, beating the comparative figure for the prior-year period by a clear 17 percent.
- Our **profit before taxes** showed double-digit growth, up 61.7 percent to EUR 343.1 million—despite the losses in the Europe division.
- We boosted **consolidated net profit**, which climbed 44 percent to EUR 70.7 million.

HOCHTIEF stock also made gains in the third quarter. With a hike of 5.4 percent, it clearly set itself apart from the MDAX which was down 6.3 percent in the same period. This means that since the beginning of the year our share price has risen by over 54 percent. That's around 44 percentage points more than the MDAX and 35 percentage points more than the DAX.

To sum up: The “HOCHTIEF team” is on form. The Group’s key business figures are on target and the way we are viewed by the outside world fills the bill. We are moving forward at an excellent pace—and even setting the pace in some areas. We continue to expand on our top position:

Here, our unequivocal goal is to harness market opportunities and boost profitability. Especially during this last quarter, we succeeded in demonstrating what we understand by our **strategy of active portfolio management** at every stage of the real estate and facility life cycle: Among other things we acquired Flatiron Construction in the USA as well as a 50 percent stake in aurelis Real Estate in Germany. Both acquisitions fit HOCHTIEF’s strategy of selective, risk-conscious expansion into profitable, high-growth areas. And both meet our stringent investment criteria and will be making a positive contribution to Group profit from 2009 at the latest, although it should be noted that first-time consolidation will negatively affect the results in 2008 and 2009. In terms of cash flow, we will already be profiting from Flatiron in 2008.

I would like to fill you in on a few more details regarding our latest acquisitions:

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First, a few facts about **aurelis Real Estate**: The company manages, develops and sells non-operating real estate assets formerly used by Deutsche Bahn. aurelis' holdings include 1,495 properties with around 27 million square meters of space in Germany. Much of this property is situated at top inner-city locations in such conurbations as Berlin, Frankfurt and Munich. The rental portfolio of our new acquisition includes modern office buildings, warehouses and open-air areas. The Frankfurt-based enterprise has around 130 staff and stable rental income of some EUR 105 million a year.

Given the size and attractive nature of the portfolio, the acquisition at the same time opens up superb prospects for development: Together with our partner Redwood Grove International, we aim to establish aurelis as the No. 1 integrated asset manager and inner-city district developer in Germany.

This acquisition once again highlights our strategy of **integrating HOCHTIEF capabilities**: We offer one-stop design, development, construction as well as asset and property management, leveraging potential added value for our clients and the HOCHTIEF Group. And that's also something the capital markets acknowledge. In a recent study by one of HSBC's analysts on HOCHTIEF's stock it says: "We do not think there is any reason whatsoever for a conglomerate discount as HOCHTIEF's Group structure allows it to reap attractive synergies. On the contrary, the stock price ought to carry a premium." Not a discount on our stock price, then, but a premium!

We are generating broad synergies also in the case of another of our acquisitions: In September, we signed a purchase agreement for the civil engineering company **Flatiron Construction Corp.** We are expecting to close the deal before the end of this fourth quarter. In the USA, the company ranks among the top ten vendors in the transportation segment. The acquisition of this renowned and well positioned company instantly gives HOCHTIEF an outstanding position on the growing US civil engineering market. Plus, it lets us

expand our existing capability portfolio in North America. In the US general building sector, we have already held the number one spot with Turner for some years now. Both companies open up synergies for each other, such as through the reciprocal use of office networks and customer contacts.

While others endeavor in vain to gain a foothold in this market, we succeed in one fell swoop: Through Flatiron, we will be profiting directly from the booming infrastructure development in the United States. To give you one or two figures: Government spending on expressway and bridge building projects for 2007 alone is put at a total of just under USD 55 billion. The strong demand for refurbishing and new construction of infrastructure will necessitate substantial expenditure also in the coming years: According to estimates, around USD 1 trillion will have to be spent by 2015 on bringing roads, bridges and tunnels into line with growth in traffic volume. Substantial investment in transportation infrastructure is also planned in western Canada.

The acquisition at the same time allows us to gain a foothold in a market which is today increasingly taking hold in North America: the public-private partnership market. Flatiron is already engaged in civil engineering services for PPP projects in western Canada and can therefore draw on experience in this field. Over the next 24 months, several large toll road projects are slated to be put out to tender in the USA and Canada. This trend gives us the opportunity to dovetail our solid civil engineering expertise and international PPP know-how with Flatiron as a seasoned provider in North America and deploy it with concentrated force. Incidentally, we have the same plans in the US building construction segment where HOCHTIEF PPP Solutions is working together with Turner.

We have continued to improve our position not just in the USA but also in the growth markets of the Middle East: Within the HOCHTIEF Asia Pacific division, our Australian subsidiary Leighton Holdings merged its operations in the Gulf with those of Al Habtoor Engineering during the period under review. Al Habtoor Engineering is one of the region's leading construction and engineering

companies. Furthermore, Leighton invested just under EUR 520 million to acquire a 45 percent stake in **Al Habtoor**. The merger gives rise to a perfectly poised new player combining both building and civil engineering capabilities. In fiscal 2007/2008, the new company's sales will be in the region of EUR 1.65 billion.

It goes without saying that we have also set our sights on **new markets**. Energy, for instance, where we are already active in the promising energy contracting segment via our subsidiary HOCHTIEF Facility Management which recently took over the energy contracting arm of the Vattenfall Group in Germany. The acquisition of **Vattenfall Europe Contracting** constitutes another vital stepping stone in complementing our existing range of services in the fields of energy contracting and energy management. The purchase moves us forward to the front rank of providers in this dynamic segment in Germany.

Also operating in the energy sector is **Süddeutsche Geothermie-Projekte GmbH**, known for short as SGG. We set up this company in October together with partners to tap an innovative new area of business: We will be designing, financing, building and operating Germany's first 100 percent privately financed geothermal power plant in the Bavarian town of Dürrenhaar. A geothermal power plant uses the earth's natural heat to generate electricity. The investment costs of the five megawatt plant run to EUR 35 million. HOCHTIEF holds a 40 percent stake in the company.

This is a highly attractive business: Unlike, say, biogas plants, wind energy or photovoltaics, geothermal energy is not subject to any raw material, daytime/nighttime or weather-related fluctuations. What's more—and this is the interesting part—the selling price for geothermal electricity is guaranteed by statute. And where today do you have a business with guaranteed selling prices? Discussions are currently underway to increase the feed-in tariff for electricity from geothermal power plants.

In addition, we intend to use the hot water tapped in the earth's crust for combined heating and power to provide heat to households and industrial users in the vicinity of the power plant. Additional four to five-megawatt plants are planned for southern Germany's high-yield Molasse basin. We have already secured the corresponding approvals and are positioning ourselves in good time with the newly founded SGG for the coming market.

The business principle behind an operating arrangement makes its mark through a number of different factors, above all the calculability of revenue, growth opportunities, profitability and risk profile. In light of this, alternative, independent supply networks will in future continue to grow in importance.

In the SGG project, we are pooling the expertise of several HOCHTIEF subsidiaries: HOCHTIEF PPP Solutions is acting as project developer and investor. The HOCHTIEF subsidiary Streif Baulogistik is investing in a 52 meter high drilling apparatus. And HOCHTIEF Construction will be responsible for the construction of the power plants as well as the drilling of the boreholes up to 5,000 meters deep. While HOCHTIEF will initially be developing the growth market of geothermal energy in Germany, an international expansion of operations has already been envisioned.

Ladies and gentlemen, these acquisitions and new company setups mark the continuation of our active portfolio management as announced and already demonstrated during the first six months of the year. Our team is working dynamically and in a coordinated fashion to the benefit of the Group as a whole—and is profiting from the outstanding achievements of the team members. This is reflected in the **results of the individual divisions:**

In the first nine months of the year, **HOCHTIEF Airport** has significantly boosted its pretax profit compared with the previous year's figure from EUR 15.1 to 117 million. The lion's share of this was contributed by our airport holdings in Sydney and Hamburg. Sydney's earnings this quarter were bolstered by a further tranche of the pro-rata special dividend arising from the airport's

refinancing. The amount contributed by Hamburg Airport rose as a consequence of the corporate tax reform in Germany; the deferred taxes recognized under equity-method accounting have been remeasured, resulting in an extraordinary income item.

Our airport holdings are showing gratifying development: All six airports boosted traffic volume during the first nine months of this year compared with the same period the previous year and handled on average seven percent more passengers. Top of the league once again were the airport here in Tirana with growth of 21.1 percent, and the airport in Athens with 10.1 percent. This growth trend also looks set to continue: The Airports Council International forecasts an average rise in traffic volume of four percent annually up to the year 2025. In light of this, we are already expanding the infrastructure of our airports and enhancing existing processes. At Budapest Airport, for instance, in which we this year acquired a majority stake together with our partners, we will be investing EUR 261 million over the next five years.

Overall, we assume that the HOCHTIEF Airport division will substantially exceed its prior-year pretax profit.

HOCHTIEF Development also continued on its favorable course in the third quarter and, with a pretax profit of EUR 18 million, was up over 37 percent on the figure for the same period last year. This outcome is notably attributable to the improved returns posted by HOCHTIEF Facility Management and the sustained upward earnings trend at HOCHTIEF Projektentwicklung. I'll say just a few words about each of the companies concerned:

In September, **HOCHTIEF PPP Solutions**, together with a partner, won the contract to design, finance, build and operate a 45 kilometer section of the A4 highway between Gotha and Eisenach. The financial close was in October. The project worth around EUR 300 million will run for a period of 30 years. With that, our Group is involved in 13 toll road projects worldwide with a total length of just under 1,000 kilometers. In Germany, there are currently two other "A models" being put

out to tender: HOCHTIEF PPP Solutions is one of two remaining bidders for a section of the A1 in Lower Saxony between Hamburg and Bremen. And in Baden-Württemberg, we are in the initial bidding phase with three other competitors for a section of the A5.

In the public buildings segment, HOCHTIEF PPP Solutions has expanded its schools portfolio during the period under review to include two new contracts: The company is to build or refurbish four schools in Frankfurt am Main and operate them for a period of 20 years. The project is worth around EUR 248 million. In West Lothian in Scotland, we will join with partners in financing, building and operating two schools, a project worth over EUR 400 million with a term of 30 years. Our latest project success is having been awarded the EUR 125 million contract for a non-selective secondary school in the Rodenkirchen district of Cologne in October: We will be building the school and operating it for 25 years. We are now involved in a total of 89 schools—which means that over 60,000 school students and their teachers in Germany, the UK and Ireland are benefiting from HOCHTIEF services.

In the period under review, **HOCHTIEF Projektentwicklung** scored several key successes: The foundation stone was laid, for example, in four architecturally highly sophisticated projects in Hamburg, Munich, Darmstadt and Prague. In addition, work began on the “Quartier 21” project in Hamburg. Together with local partners, we are giving shape to a new urban district on the approximately 13.8 hectare site of the former Barmbek General Hospital, where cross-generational living is to be fostered. The Quartier 21 development encompasses residential buildings, healthcare and educational facilities as well as shops and offices.

The “WilhelmGalerie” shopping center in Ludwigsburg was opened at the end of September. All retail, gastronomy and parking areas have been rented and HOCHTIEF Projektentwicklung has already sold the property to Hannover Leasing.

HOCHTIEF Facility Management also had a successful run: In the third quarter, the company agreed one of Germany's biggest energy-saving contracting projects with the Augsburg Hospital. We are planning and implementing the necessary energy-conserving refurbishment measures geared to slashing the facility's energy costs by 34 percent over the next ten years. CO₂ emissions are expected to drop by 17,000 tons a year as a result. In Aachen, the company will in future assume park management services for Philips' industrial park "Rothe Erde."

We also scored successes in the education segment once again with our facility management services: In late October, we were awarded the 25 year contract to operate 47 schools in England.

The most recent addition to this division, our subsidiary **HOCHTIEF Property Management**, has taken over the business of the property management arm of Allianz Immobilien and successfully launched its operations. In the next ten years, the company will among other things be responsible for managing around 600 Allianz properties in Germany with a total area of around four million square meters.

We have also agreed a takeover of the property management business of RREEF Investment, a subsidiary of Deutsche Bank, which means we will in future be managing the company's domestic German properties.

Overall, we forecast for the HOCHTIEF Development division profit before taxes above the previous year's figure. In the fourth quarter, as is typical for the season, we assume there will be a high earnings contribution through the continued projected sale of developed real estate.

HOCHTIEF Americas put in good third quarter results. There was a powerful boost to profit before taxes of EUR 23.8 million—among other things as a result of operational improvements and higher interest income as a result of the improved liquidity position.

Our US subsidiary Turner notched a number of key project successes in the period under review: For example, the company was awarded a EUR 175 million contract to extend the Children's Hospital of Philadelphia. For the University of Kentucky, we will be replacing an existing hospital with a cutting-edge clinic complex. The project's construction volume stands at EUR 224 million. In the public sector, Turner received a further contract from the Florida Department of Transportation for the Miami Intermodal Center: The transportation hub offering over 100,000 square meters of space is being developed close to Miami International Airport.

The division's operating performance remains strong. In addition, the return of guarantees to the former associate Aecon in the second quarter resulted in a positive, nonrecurring effect. Hence, profit before taxes for the year as a whole will be substantially above the previous year's figure despite expenditure for developing new areas of business. The public-private partnership segment and marketing of the high-performance Ducon concrete serve to exemplify the division's expanded capabilities.

The **HOCHTIEF Asia Pacific** division also performed excellently in the third quarter. Pretax profit was up 65.8 percent—substantially higher than the previous year's figure. This robust growth is attributable to the increase in work done as well as to higher margins. These in turn are the product of our strong positioning coupled with the highly favorable market conditions.

Our subsidiary Leighton acquired an array of large-scale contracts in the period under review: In the United Arab Emirates, for instance, the company is to build a ten-lane highway—a project worth over EUR 400 million. In the infrastructure segment, Leighton company John Holland was commissioned with two major sewage construction projects in Melbourne worth a total of EUR 290 million. Leighton Contractors will construct an access road to Brisbane Airport for EUR 120 million, and Thiess will taken on the fourth phase of the Lavarack Barracks Redevelopment in Australia for EUR 130 million.

In the field of contract mining, we likewise secured a large number of orders: Leighton Contractors, for instance, was given the five-year, EUR 320 million contract for the Sonoma coal mine in Queensland. Thiess succeeded in extending its existing mining contract for South Walker Creek Mine, also in Queensland, securing a new contract volume of EUR 215 million. In turn, Leighton International extended its contract with the MSJ coal mine in Indonesia for another three years—an extension worth around EUR 91 million.

And only last week Leighton announced a major follow-on contract from BHP Billiton: Our company HWE will take over complete operation of the Area C Mine in Western Australia for another two years—a contract worth over EUR 440 million.

Prospects for the division overall remain exceptionally promising: Both in the infrastructure segment and in raw materials, we assume there will be no let-up in demand. Besides Australia, we see enormous growth potential above all in India and the Gulf region. For 2007 as a whole, we anticipate outstanding profit before taxes.

Let us now turn to our **HOCHTIEF Europe** division where we attained a positive pretax profit in the third quarter. We were thus able to break the loss pattern established in the first half-year.

The climate in the German building construction market remains inhospitable. Which is why the division is focusing its efforts on work with regular clients as well as on high-margin projects with fair risk distribution. In Germany, the focus in the third quarter lay on projects from the fields of office and healthcare facilities. The office high-rise “Sky Office” in Düsseldorf worth around EUR 74 million is slated for completion by summer 2009. In a joint venture in Hanover, we are constructing a new office and administration building for the insurance company Vereinigte Hannoversche Versicherung. Our share of the project

stands at over EUR 54 million. In the Porz district of Cologne, the company is building a forensic psychiatric hospital worth almost EUR 23 million.

In Central and Eastern Europe, we further expanded our activities in the third quarter: In Russia, we are part of a joint venture building a flood protection dam for the Greater St. Petersburg area. Scheduled for completion in 2012, the project is worth a total of EUR 350 million, with HOCHTIEF's share standing at EUR 135 million. At Moscow's Sheremetyevo Airport, construction of the new rail station is entering its next phase. This contract is worth just under EUR 32 million. In the Czech Republic, HOCHTIEF Construction has won a follow-on contract to extend the capital's Ring Road urban expressway. The "Tunnel Blanka" project is worth over EUR 56 million. Finally, in the heart of the Polish capital, Warsaw, we are erecting the "Platinum Towers" apartment building worth more than EUR 47 million.

Ladies and gentlemen, it is our declared goal to restore our German building construction business to sustained profitability. The **restructuring measures** at HOCHTIEF Construction are making great strides: Our traditional building portfolio now comprises only more sophisticated business models. Competing fairly on ability, we continue to provide high-quality construction services at competitive prices. All projects are evaluated according to stringent selection criteria: We accept only those projects which meet these criteria—including a fairly negotiated distribution of risk. Our activities in the fields of real estate development, core and shell work and residential construction are clustered in autonomous units. However, the market remains structurally fraught. Our targets with regard to anticipated margins and risk structure may lead to a reduction in new orders in our German building construction business, and we are trimming capacity accordingly. We are confident that with our new structure we will be able to bring the building construction segment back on track for success.

For the fourth quarter, HOCHTIEF Europe anticipates positive pretax profit figures. The announcement made in the first quarter regarding a loss of up to EUR 120 million in fiscal 2007 would hence be confirmed.

Ladies and gentlemen, before concluding with my outlook, I would like to draw your attention to an important new publication: We are the only German construction company to regularly publish a **Sustainability Report**. And we are proud to present the latest edition to you today. You will find a copy hot off the presses at each of your workstations. For us, this is an exceptionally important subject: Sustainability in all areas of our Group—from staff management to sustainable, resource-saving construction—is unmistakably where the future is headed, a trend which we have already been helping to shape for the construction industry for years. Companies which behave in a socially aware manner and are committed to protecting the environment are increasingly rewarded on the capital markets with a premium on their stock price. In September 2007, as also last year, our stock was included in the Dow Jones Sustainability Indices—a fact which prompts more and more funds oriented toward sustainability to include us in their portfolios.

Sustainable economic management is indispensable in this day and age, for our resources are limited. For this reason, we are demonstrating our commitment in many and varied ways: For example, just recently in October, the Future House developed by Darmstadt Technical University won first prize in the highly regarded US competition “Solar Decathlon” with HOCHTIEF’s support. Darmstadt was followed in second place by the team from the University of Maryland sponsored by our subsidiary Turner. In both projects, young academics showcase what will be possible in tomorrow’s world of energy-saving construction. It is fascinating to come face to face with this diversity of options for our future lives. Today, we are already one of the world’s leading service providers in the field of sustainable construction: Our subsidiary Turner is market leader for “Green Buildings” in den USA, and more and more clients are asking us for specific proposals when it comes to modern, sustainable real estate. We are catering to this trend and fostering it wherever we can. Shining examples include the WestendDuo building in Frankfurt, built on the basis of a sustainable concept that, for instance, allows rooms to be cooled using groundwater from deeper strata.

Here, we are at the beginning of a development which will likely become self-evident in the future. HOCHTIEF plays a decisive role in setting the pace in the construction sector. With fresh ideas and innovations we, as it were, wear the “green jersey” of the fastest sprinter in the field.

Ladies and gentlemen, let us now turn to our **Group outlook**:

Despite the losses in the HOCHTIEF Europe division, we are confirming our earnings forecast for the current fiscal year. The losses will be compensated for by earnings from other divisions, in some cases significantly above expectations, with particularly substantial contributions from HOCHTIEF Airport and HOCHTIEF Asia Pacific. We therefore continue to expect:

- **New orders, order backlog** and **Group sales** above the respective 2006 figures.
- We also expect that **profit before taxes** and **consolidated net profit** will exceed prior-year levels. Consolidated net profit is set to pass the EUR 100 million mark, meaning that 2007 will already see us exceeding the medium-term target we communicated during 2006.

Ladies and gentlemen, I wish to thank you for your attention. Dr. Lohr will now explain the third quarter figures to you. After that, we will be happy to take your questions.