

Business Results Press Conference 2008

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March 26, 2008

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

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Embargoed until 9:00 a.m. (CET) on March 26, 2008

Ladies and gentlemen,

I wish you a warm welcome to this year's business results press conference—also on behalf of my colleagues Dr. Burkhard Lohr and Dr. Peter Noé. I'd like to get started straightaway and present to you how the Group performed last year.

Fiscal 2007 was a good year for HOCHTIEF overall. We had held out the prospect to our shareholders of over EUR 100 million in consolidated net profit. We more than realized this goal: Fiscal 2007 **consolidated net profit** was EUR 140.7 million. This is nearly 58 percent up on the prior year and well above capital market expectations.

Our other results are in line with this positive trend:

- Group **new orders**, at EUR 23.51 billion, topped the prior-year figure by a substantial 14.3 percent
- **Work done** set a new record at EUR 18.77 billion. That is another 12.3 percent gain on our prior-year record.
- Our **order backlog** shot up 18.9 percent to EUR 29.89 billion. This is the combined effect of new orders well in excess of annual work done

and of companies included in the consolidated financial statements for the first time.

- **Profit before taxes**, at EUR 501.3 million, was up almost 50 percent (48.3 percent to be precise) on the prior year.

The **HOCHTIEF stock price** mirrored our strong operating performance in 2007. The closing price of EUR 92 represents nearly a 67 percent increase. We thus comfortably outperformed the MDAX, which rose by 4.9 percent, and the DAX, which gained 22.3 percent. Our investors are due a share in their company's success. The Executive Board and Supervisory Board will therefore be proposing a **dividend** of EUR 1.30 per no-par-value share at the General Shareholders' Meeting. This means HOCHTIEF will have increased its distribution to shareholders by an average of just under 19 percent a year for the last five years.

Ladies and gentlemen, 2007 was a good year—but it was also a very eventful one for HOCHTIEF: We got to grips with many issues and harnessed our opportunities worldwide. The Group moved forward and reinforced its activities in 2007. I'd now like to present to you the driver of this growth: Our **strategy of active portfolio management at every link in the life cycle of infrastructure projects, real estate and facilities**. This approach also creates the framework for each of our activities.

As you know, with our four modules of development, construction, services as well as concessions and operation, we cover the entire project value chain. By networking our divisions, we achieve synergies for the benefit of our clients and our company. This strategy, ladies and gentlemen, already served as the guiding principle for our actions in years past. Yet the number of strategic takeovers, newly established companies and business segments tapped over the last year marks a new **high point**: This is the first time in our company's history that we have actively forged ahead with the development of the Group on such a scale. The reason for this is simple: We are now well positioned in strategic and

operational terms all over the globe, with the capability to realize the opportunities that arise in pursuing our strategy.

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I would like to illustrate this to you in light of our four modules:

1. Development module

The development module comprises the design, financing and marketing of complex commercial properties. That means this module covers in particular the activities of HOCHTIEF Projektentwicklung, an area we selectively shored up in fiscal 2007:

In September 2007, HOCHTIEF joined with consortium partner Redwood Grove International in acquiring **aurelis Real Estate**, a real estate subsidiary of Deutsche Bahn. Aurelis has an excellent portfolio which dovetails perfectly with our Group's real estate services. Our aim is to expand the company to become Germany's leading asset manager and developer of urban quarters. With this move, we have rounded out our range of services and boosted our market clout many times over.

For its part, **HOCHTIEF Projektentwicklung** has tapped into dynamic new segments: Last year, we set about developing entire urban quarters—city-center projects comprising residential, healthcare and educational facilities. A prime example is Quartier 21, a model project for cross-generational living currently taking shape in Hamburg which will provide over 1,200 people with a new home. In early 2008, HOCHTIEF Projektentwicklung entered the market for senior citizens' and nursing care real estate. Here, too, we have selectively extended our activities in existing areas of expertise to attractive segments.

2. Construction module

Let's now turn to our construction module: This is HOCHTIEF's core business, whose defining characteristics differ in Germany and Europe as well as in the

USA and Australia. We also actively strengthened this link in our value chain in fiscal 2007:

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With the purchase of **Flatiron Construction Corp.** in September 2007, our company gained an outstanding position on the US civil engineering market in one fell swoop. Our new North American subsidiary ranks among the top ten providers in the booming US transportation sector. For example, among Flatiron's most recent contracts is the reconstruction of the I-35W Bridge in Minneapolis. The EUR 170 million project will be ten lanes wide, a good 370 meters long and ready in only 14 months. In Louisiana, our new US subsidiary got the green light to design and build a cable-stayed bridge spanning in all a four-kilometer stretch over the Mississippi River. Once completed in 2010, the structure with a contract volume of EUR 252 million will be the longest cable-stayed bridge in the whole of North America.

With this acquisition, we seized a unique opportunity to augment our construction module with a champion on the North American civil engineering market—a market in which we were not represented thus far. This move therefore marks a meaningful and profitability-driven addition to our services across the life cycle of transport infrastructure projects. At the same time, the acquisition offers a host of potential synergies with our existing competencies: With Flatiron, we anticipate also winning contracts in the promising North American market for public-private partnerships. The company is already providing services for PPP projects in Alberta, Canada. What is likely to remain a highly lucrative trend in this segment in North America offers us an ideal springboard for combining Flatiron's expertise with the international know-how of HOCHTIEF PPP Solutions on the one hand, and with the market strength of Turner in the USA on the other. HOCHTIEF PPP Solutions is about to establish a branch in the USA with the aim of getting this ball rolling.

As for **Turner** itself, our US subsidiary continued to demonstrate strong performance in fiscal 2007: Despite the market slowdown in the USA, Turner scored a solid increase in revenues as our segments remained stable and we

profited from strong public sector demand. New orders included a US military contract for the construction of six buildings for a new administrative complex in Fort Knox. Valued at EUR 134 million, the contract is associated with the military base realignment investment program aimed at modernizing and restructuring US Army bases. Healthcare facilities represent another key segment for Turner: Here, our subsidiary is the leading US provider, benefiting from the demand for refurbishment of existing facilities as well as technological advances. Turner has similarly made a name for itself in the market for so-called green buildings: Over 200 construction projects designed according to ecological considerations and worth a total of over EUR 9 billion are currently under construction or have already been completed. Sixty of these projects received an award from the United States Green Building Council for Leadership in Energy and Environmental Design. As you see, we have specialized in the right—and the less crisis-prone—market segments.

As in previous years, our subsidiary **Leighton** put in an excellent performance in fiscal 2007 with its construction activities. In order to safeguard this success over the long term also in markets outside Australia, we pressed ahead with expanding the company: Last year, Leighton acquired a 45 percent stake in **Al Habtoor Engineering**, a leading construction firm in the Gulf region. In turn, the newly formed Al Habtoor Leighton Group set up a fifty-fifty strategic joint venture in the United Arab Emirates together with a subsidiary of the **Abu Dhabi Tourism Authority**. The two partners plan to offer construction and facility management services for the tourism authority's projects. Leighton's presence on the Indian market was also boosted: The company entered into a joint venture with the leading project developer **Emaar/MGF** in which both partners hold a 50 percent interest. Performing construction and development services for Emaar/MGF projects, the company is among India's top construction service providers.

The situation on the German building construction market was less gratifying.

HOCHTIEF Construction suffered substantial losses in fiscal 2007:

Increased demand for construction services led to major price hikes in building materials and subcontractor services. These drastic price increases could only be passed on to our clients to a limited degree. This had a marked adverse impact on earnings. Due to additional risk provisioning, the division's loss before taxes ran to EUR 149.4 million.

As already reported, we took immediate countermeasures: Our building construction business in Germany has been completely restructured. We are reducing the volume of our general contractor business and have significantly adjusted criteria for new orders with regard to margin as well as in particular the fair distribution of risks. I am convinced that through these measures we will also succeed in making our building construction business in Germany profitable again on a sustained basis.

HOCHTIEF Construction's civil engineering business in Germany as well as the company's international construction business continue to perform well: In the first few weeks of the new fiscal year, we have already received orders worth over EUR 500 million. There are projects currently up and running in Russia, Sweden, Chile and South Africa.

3. Services module

The services module primarily comprises the services of HOCHTIEF Property Management, HOCHTIEF Facility Management and HOCHTIEF Energy Management. Here, too, we bolstered our position last year:

In fiscal 2007, our company acquired the property management activities of Allianz Immobilien. Together with our existing business, this creates one of the leading providers in the field. The area managed measures seven million square meters—that's just over twice the size of Central Park in New York City. This development prompted us to pool these activities in a dedicated company:

HOCHTIEF Property Management now operates in the marketplace independently. The newly established company has already garnered major new

contracts, including taking over management of 75 properties belonging to Deutsche Bank subsidiary Rreef. What's more, HOCHTIEF Property Management is naturally the perfect complement to HOCHTIEF's chain of services: As part of our property management, we assume owner responsibilities for a property portfolio in a fiduciary capacity with the aim of boosting rental income. We can now offer this service on a broader basis and thus implement the life cycle strategy I mentioned earlier.

But also in new market segments, we are logically expanding our service offerings: In the past fiscal year, HOCHTIEF acquired the energy contracting activities of the Vattenfall Group in Germany, allowing us to even better meet the growing demand for energy conservation solutions. We have incorporated the Vattenfall activities into our new subsidiary **HOCHTIEF Energy Management** which operates on the market in its own right. The company creates an ideal new link in our chain of services and complements the offerings of other HOCHTIEF units with intelligent energy management.

Allow me to say a few more words about **HOCHTIEF Facility Management**: This company also performed well again in 2007. It is, as it were, the perfect example of "Growth made by HOCHTIEF": Following its selective takeover of Siemens' and Lufthansa's facility management activities, their integration into the Group and networking with our chain of services, HOCHTIEF Facility Management reached its critical mass. Effective January 1, 2008, we have therefore spun off the company together with HOCHTIEF Energy Management to form a separate division.

4. Concessions and operation module

Let us now turn to our fourth module, concessions and operation, which covers the Group's airport, public-private partnership and contract mining activities. Here, too, we selectively harnessed market opportunities:

HOCHTIEF AirPort expanded its business portfolio to include Budapest Airport which has excellent growth potential. This is the first project in which a majority holding has been acquired by a consortium led by HOCHTIEF. Right now, we are carefully reviewing the options of participating in other privatization projects. You will have already read about our strong interest in the Chicago Midway privatization process where we are currently taking part in the prequalification phase. The overall market prospects are very good. Air traffic is growing steadily: The Airports Council International (ACI) forecasts annual growth of 3.9 percent up to the year 2025.

Besides several building construction projects, **HOCHTIEF PPP Solutions** also won the contract for two road links in Greece in 2007—marking a major expansion of our toll roads segment. As already reported, we made an important breakthrough in Germany this year: HOCHTIEF won the first public-private partnership project in the building construction segment put out to tender by the federal government. Together with its sister companies HOCHTIEF Construction and HOCHTIEF Facility Management, HOCHTIEF PPP Solutions will finance, design and refurbish/build the Fürst Wrede barracks in Munich, as well as operate it for a period of 20 years. The contract worth around EUR 164 million has been awarded by the Federal Ministry of Defense, and we will be investing a total of just under EUR 48 million. The project at the same time marks the first ever PPP project in the defense field.

Our success is also demonstrated by the resilient value of our **concessions portfolio**, which consists of airport holdings belonging to HOCHTIEF AirPort and projects carried out by HOCHTIEF PPP Solutions. The concessions portfolio has a net value of EUR 1.54 billion. This means the discounted future cash flows from concessions exceed our EUR 841.2 million capital outlay by EUR 703 million. We raised the amount of added value generated in 2007 by no less than 53 percent compared with 2006.

Ladies and gentlemen, as you can see—the way ahead is as clear as our strategy is coherent. And we are implementing it at a good rate of knots and with

great dynamic thrust. We are successively adapting our **corporate structure** to reflect this success: You have already learned from me that HOCHTIEF Facility Management and HOCHTIEF Energy Management have been spun off as an autonomous division. HOCHTIEF Executive Board member Mr. Ehlers, who had previously already been in charge of these companies, has assumed responsibility for the new Services division.

We are now continuing this adjustment process: I can tell you today that we will be bringing together HOCHTIEF AirPort and HOCHTIEF PPP Solutions—a company which was so far part of the HOCHTIEF Development division—to form the new division HOCHTIEF Concessions. This move serves to reflect the distinct growth in importance of this field of activities and to increase our clout in the segment. Dr. Noé, who was thus far responsible for the HOCHTIEF Airport and HOCHTIEF Asia Pacific divisions, will also take over the reins of the newly created division while retaining his responsibility for Asia Pacific. Dr. Noé will hand over responsibility for Corporate Finance and Investor Relations—and hence the position of Chief Financial Officer—to Dr. Lohr effective June 1, 2008. Dr. Lohr is already responsible for Controlling, Accounting and Tax within the Executive Board of HOCHTIEF Aktiengesellschaft.

In addition, we will be setting up the HOCHTIEF Real Estate division, comprising the companies HOCHTIEF Projektentwicklung, Deutsche Bau- und Siedlungsgesellschaft, aurelis and HOCHTIEF Property Management. Dr. Rohr—thus far already responsible for HOCHTIEF Projektentwicklung—will assume responsibility for HOCHTIEF Real Estate within the Executive Board of HOCHTIEF Aktiengesellschaft.

Ladies and gentlemen, as you can see, we remain flexible and are constantly moving in sync with our growth. Before I come to the outlook, I would just like to say a few words about the parameters of our success, namely the **current global economic climate**. In doing so, I feel I will perhaps also be preempting one or two of your questions:

In the second half of 2007, the US subprime crisis sent shock waves through the world's financial markets. Defaults, insolvencies and foreclosures on the US housing construction market had a massive impact on the financial sector. As reported, our US subsidiary Turner was not affected by any of this in the past fiscal year: The US housing construction market is outside our sphere of focus, our involvement in this segment is negligible.

Some economists, however, are now warning of a recession with repercussions for the entire US economy as well as potentially other national economies. In this regard, I would like to say this to you: The US commercial property market in which Turner operates has so far remained unaffected by the subprime crisis. In the event of a recession, it will be the housing construction market—in which, as I said, we have virtually no involvement—which will continue to bear the brunt of fallout.

Also taking a global view, we see no cause for concern and do not foresee any substantial impairment of our business activities. For years now, HOCHTIEF has been systematically defying the fundamentally cyclical nature of the construction markets with its chosen strategy:

- 1.** Thanks to the development of our business activities across the life cycle of infrastructure projects, real estate and facilities, we have an increasingly well-balanced distribution of risks.
- 2.** Our effective internationalization efforts permit us to largely offset regional market fluctuations and risks.
- 3.** As a result of long-term PPP projects, facility, property and asset management contracts as well as our airport and contract mining business, we have stable and calculable cash flows.
- 4.** And last but not least: Rather than engaging in a strictly price-based competition, we convince clients of the merits of end-to-end service packages. This is possible because all the services offered by the Group—by our four modules—are very tightly networked.

Ladies and gentlemen, I present these four points to you for a reason. They are our “insurance” against the cyclical nature of the world’s construction markets. Of course, even they could not completely absorb the impact of a global recession. Yet with them, we are already a big step ahead of many of our competitors: **HOCHTIEF can no longer be measured by the yardstick of conventional construction companies.** By the way, our new image brochure, which you will find at your workstations together with the annual report, offers surprising insights into the worlds of HOCHTIEF. I would be delighted if you took a look at it—it conveys in a very appealing and emotional way what we stand for and what we are capable of.

Ladies and gentlemen, that brings us to our **outlook**. We are confident of further boosting HOCHTIEF’s earning power in fiscal 2008. We expect:

- Both **new orders** and the **order backlog** will remain at a high level, though short of the prior-year figures. New orders will be affected among other things by the likely appreciation of the euro.
- For **Group sales**, we anticipate that we will even surpass our record set in 2007.
- We expect **profit before taxes** will be at the high level of 2007. However, because of different divisional earnings contributions and their different impacts on the minority interest, **consolidated net profit** is set to be up on the prior year.

Ladies and gentlemen, I thank you for your attention and would now like to hand over to Dr. Lohr.