Business Results Press Conference 2009

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Chairman of the Executive Board

Check against delivery.

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Ladies and gentlemen,

A warm welcome to this year's business results press conference—also on behalf of my colleague, Dr. Burkhard Lohr.

Here in inHaus2, our venue for today, the future is all around us—the future of buildings—but also a manifest awareness of how scientific curiosity, innovation and optimism shape the future and break down barriers. The ongoing global economic crisis undoubtedly makes this more critical than ever before. HOCHTIEF created the inHaus2 research building with Fraunhofer Gesellschaft and other prominent partners. In the process, we drew on the full depth and breadth of our expertise. We used the latest 4D models to simulate the building's construction and operation back at the design stage. Innovative technologies and processes were trialed during construction. Today, we operate the building—and do so as a kind of permanent experimental laboratory. Our entire involvement in this project is an example of our skill at crafting solutions for tomorrow today—or to quote our own slogan, at "Turning Vision into Value." Please take time after the press conference to join me on one of the guided tours on offer. I am confident you will find it well worth your while.

This philosophy, ladies and gentlemen, of framing answers for tomorrow while tackling the challenges of today underpinned our onward business success in the past year. Here are the main figures:

- **New orders** were once again well up on the prior year. With new orders totaling EUR 25.28 billion, we set another new record and achieved growth of 7.5 percent.

- **Group work done** grew strongly compared with 2007. We boosted work done to EUR 21.64 billion, passing the EUR 20 billion mark for the first time. The increase was 15.3 percent.

- Our **order backlog** lengthened by 3.4 percent to EUR 30.92 billion. With exchange rate effects factored out, we would have even exceeded EUR 34 billion.

This means our orders and work done have set new records for the fifth year running.

- We further improved on our already strong prior-year figure for **profit before taxes**, which we increased by 3.8 percent to EUR 520.1 million.

- **Consolidated net profit** grew substantially, rising by 24.4 percent to EUR 175.1 million.

Achieving such good results despite the turbulence in the world economy is a distinct sign of strength. We twice raised our guidance in 2008 and met all targets set for the year. This is testimony to our foresight in building and expanding the Group.

Our stockholders are due their share in this positive business trend. The Executive Board and Supervisory Board will therefore once again be proposing an increased **dividend**—of EUR 1.40 per no-par-value share—at the General

Shareholders' Meeting. This also bears witness to our confidence in the future growth of our business.

The attained records and performance gains are an outcome of foresighted planning as well as **conservative accounting and financial policies**. With our equity ratio—shareholders' equity to total assets—at nearly 24 percent and net debt at approximately EUR 200 million, we continue to stand on sound foundations and in a clear position of strength. We have upheld HOCHTIEF's traditionally strong balance sheet ratios and will maintain them into the future. We have also taken further precautions and boosted our cash reserves in light of the financial crisis. Among other things, this means we can muster as necessary the larger equity stakes we anticipate will be called for on development projects for a certain length of time. We are additionally prepared for the contingency of higher interest on borrowed funds.

On top of this, as you know, comes our commitment to sustained growth in value. Using **return on net assets (RONA)** as our performance metric, we make value growth measurable and ensure transparency. On this basis, HOCHTIEF generated 13.5 percent return on capital in 2008, more than recouping its cost of capital and creating substantial value. The drop on the prior-year figure of 14.9 percent reflects growth in average net assets from EUR 4.1 billion to EUR 5.3 billion following large-scale capital expenditure. This represents money well spent—on shaping HOCHTIEF's future.

One thing with which we are far less satisfied is the **HOCHTIEF stock price**: Sometimes irrational volatility on international capital markets has fed through to a price trend that bears no relation whatsoever to the Group's strong operating performance. None of this adds up, and our stock price is overly affected by global fear of recession and panic on the stock exchanges. On the plus side, this leaves huge scope for a recovery: Our Group faces great business and growth opportunities and, at the year-end, 18 out of 24 analysts recommended buying HOCHTIEF stock.

These positive analyst recommendations are also down to our compelling business model and the sustained strategy behind it. We continued successfully applying our **life cycle strategy** in 2008 and will go on implementing it systematically into the future. Our strategy comprises spanning the entire infrastructure project, real estate and facility value chain. We no longer just build. We design, finance and operate projects as well, and we do so all over the world. This boosts our resistance for times of crisis and makes us better able to offset any fluctuation in individual divisions or regions.

Our clients can trust in international expertise, proven best practice solutions, the ability to exploit synergies, and top quality. In parallel with our life cycle strategy, we are also further stepping up our commitment to **sustainability, green building** and **alternative energy sources**. A few words of explanation on this point:

HOCHTIEF has practiced active environmental and sustainability management since the early 1990s. From 2007, this has been coordinated through our Corporate Social Responsibility clearing office. We have published our own environmental and sustainability reports since 2001. And we have made it our responsibility not only to be sustainable as we go about our business, but to promote innovative developments that advance the cause of sustainability in the market.

To name a few examples:

- We are a founder member of the German Sustainable Building Council and had a major hand during 2008 in developing green building certification in Germany.

- Our subsidiary Turner is a member of the United States Green Building Council and has long led the US market in green building.

- Through its Leighton companies, HOCHTIEF is represented on the Green Building Council of Australia. And Leighton Contractors is actively involved in Greenhouse Challenge Plus, an organization in Australia that promotes energy efficiency and reductions in greenhouse gas emissions.

- Finally, we actively support sustainable research projects like inHaus2, in which we invest time, capital and our combined expertise.

HOCHTIEF today spans the entire energy life cycle: We help ensure efficient generation of heat and power, economical use of resources as well as reductions in energy costs and carbon emissions. The great importance we attach to sustainability is acknowledged worldwide: For the third year running, HOCHTIEF stock is listed in the Dow Jones Sustainability Indexes. That, ladies and gentlemen, is no mean achievement, and one we are proud of.

We have earned ourselves an outstanding international reputation. In Fortune Magazine's 2009 global ranking, HOCHTIEF comes fifth among the most admired German companies. The Fortune survey was sent out to more than 4,000 executives, directors and securities analysts. This again shows us that our efforts get noticed and gain recognition.

Before my colleague Dr. Lohr takes you through the figures for fiscal 2008 in detail, I would like to say something about the **performance of our individual divisions**:

I will begin with the world's largest construction market and hence with **HOCHTIEF Americas**. We did very well in this market in 2008. Our subsidiary Turner held its leading position in the rapidly growing education and healthcare segments as well as in green building, and remained No. 1 general builder in the USA. By fully integrating Flatiron, which serves the civil engineering market, HOCHTIEF has significantly enhanced its position in US civil engineering. Flatiron, too, is developing very strongly. At the end of February, Flatiron and a joint venture partner secured a bridge building contract in Canada for approximately EUR 1.5 billion. Both Flatiron and Turner also supported the market entry of HOCHTIEF PPP Solutions, which I will come back to separately in a little while.

We see great opportunities in the USA for the current fiscal year. Flatiron especially stands a strong chance of handsomely profiting from the forthcoming US economic stimulus package. Flatiron is exceedingly well placed as one of the top ten infrastructure contractors and is also able to offer full package solutions in concert with Turner. The two companies already intensified their cooperation in 2008 and scored their first joint successes. Among other things, they are jointly building a EUR 182 million new terminal for Sacramento Airport. We see great potential in shared efforts of this kind.

For the current, 2009 fiscal year, we anticipate that divisional earnings will be impacted by the financial crisis and uncertainties surrounding the trend in exchange rates. Despite this, we expect to keep profit before taxes on a par with 2008 thanks to the strong order backlog. We are assuming here that there will be no major future cancellations of contracts or other losses as a result of the financial crisis.

The **HOCHTIEF Asia Pacific** division turned in another very strong operating performance in 2008. Leighton won a number of major contract awards in the infrastructure, building construction and contract mining segments. Activities in the Arabian region accounted for a large part of the division's success. Through its associate Al Habtoor Leighton Group, the Company is building the EUR 1.02 billion Concourse 3 at Dubai Airport. Despite a now overcast operating climate, Leighton's order backlog in the region remains at a high level. The contract mining business likewise has a robust order backlog. Falling market prices for mineral resources are of little or no consequence for the existing mining projects. Leighton subsidiaries have also announced nearly EUR 1.6 billion in new contracts and extensions in the contract mining segment since the beginning of the year.

The division’s excellent operating performance was, however, countered by turbulence on the stock markets. The stock prices of listed project companies in our subsidiary’s portfolio were caught in the undertow of the crisis, and the Leighton Board of Directors—on which we have a major say—recognized a writedown, partly also on precautionary grounds, as of December 31, 2008. To avoid any misunderstandings: The impairment charge is solely an accounting adjustment for a fall in stock prices. The investments’ operating businesses are robust.

Despite the financial crisis and decreasing momentum in the markets of Asian and Gulf countries, we expect that the HOCHTIEF Asia Pacific division will perform positively in fiscal 2009. Aside from an outstanding position in core markets that still show marked growth, Leighton has a record order backlog. We are therefore anticipating an increase in operating profit before taxes.

As of 2008, the **HOCHTIEF Concessions** division is presided over by a new company, HOCHTIEF Concessions GmbH. We made this change to reflect the growing importance of the concessions and operation business. It is designed to unlock further synergies within the division, which includes HOCHTIEF AirPort and HOCHTIEF PPP Solutions.

HOCHTIEF’s airport holdings grew in 2008, increasing passenger numbers by 1.5 percent to some 90 million. HOCHTIEF AirPort also continued with the expansion of its non-aviation business. HOCHTIEF PPP Solutions secured a range of new contracts over the year. Among other successes, financial close was reached on the EUR 2.2 billion Elefsina-Patras-Tsakona toll road project with a concession term of 30 years. In Germany, the company took on operation of the Fürst Wrede barracks in Munich for 20 years as part of the German government’s first PPP building project. The project is worth EUR 161 million.

A major focus in the current year is on PPP projects in North America. The public-private partnership model is just about to take off in the USA. In an early move to secure faster and more direct access to the market, we launched a new company, HOCHTIEF PPP Solutions North America, in March 2008. We are confident that, in close cooperation with Turner's general building specialists and Flatiron's infrastructure and civil engineering experts, the company will be able to continue the success story begun in Europe.

Nonetheless, in view of the extraordinary items in 2008, we expect that the HOCHTIEF Concessions division's 2009 profit before taxes will be substantially down on the prior year.

In the **HOCHTIEF Europe** division, 2008 was a year of above-average growth on the international side of the business. Civil engineering and infrastructure construction in particular showed exceptionally strong rates of increase, for example, in Greece, Eastern Europe and South Africa. A planned decrease on the domestic front due to restructuring was more than offset by large-scale infrastructure projects internationally. The restructuring program was not just an exercise in right-sizing. On the contrary, we strategically repositioned the division and laid the groundwork for international success with top-caliber expertise in demand the world over. International projects accounted for 60 percent of new orders and 51 percent of work done in 2008. When we first started restructuring, work done internationally stood at less than 40 percent. To forge ahead with this international expansion even more resolutely, our new colleague on the Executive Board, Dr. Frank Stieler, who joined us on March 1, 2009, has taken over responsibility for HOCHTIEF Europe.

Capacity utilization is at a satisfactory level in the HOCHTIEF Europe division and we can largely make good any regional fluctuations thanks to our broad presence in growth regions. At the same time, the restructuring in Germany is delivering results. We were back into profit operationally in the fourth quarter. Improving on our earlier expectations of up to a EUR 60 million loss, we closed the fiscal year with a loss of EUR 34 million. We are therefore reaffirming our forecast and continue to expect divisional profit before taxes to equal a one percent return on sales in the current year. We are also holding by our target of three percent return on sales in 2010.

The **HOCHTIEF Real Estate** division came into being on January 1, 2008 and combines the Group's real estate and real estate portfolio activities. It comprises the companies HOCHTIEF Projektentwicklung, aurelis Real Estate and HOCHTIEF Property Management. 2008 saw our project development company HOCHTIEF Projektentwicklung begin construction on 13 new projects in Germany, Central Europe and Eastern Europe. As of December 31, a total of 30 projects worth EUR 1.28 billion were in the construction phase. At the reporting date, 87 percent of this real estate had already been rented out and 49 percent sold to final investors prior to completion. This means the real estate business has a strong income stream and, as before, HOCHTIEF Projektentwicklung is under no pressure to engage in a sell-off.

aurelis generated some EUR 302 million in real estate sales and EUR 99 million in rental income in 2008. HOCHTIEF Property Management was awarded a contract during the year to manage aurelis Real Estate's entire German portfolio. This comprises nearly 24 million square meters of land and almost two million square meters of building space. The subsidiary has thus advanced in a short space of time to become Germany's largest property manager.

For 2009, we expect that the HOCHTIEF Real Estate division will make further successful progress with its activities. At HOCHTIEF Projektentwicklung, attention will focus on selective growth of the business in Northern and Eastern Europe, project selection concentrating on high-profit projects, and the marketing of developments currently under construction. As it is hard to predict the impact of the financial crisis on real estate demand, we anticipate that divisional profit before taxes in 2009 will be good but not as strong as in 2008.

The **HOCHTIEF Services** division, which was likewise brought into being on January 1, 2008, comprises HOCHTIEF Facility Management together with its ten international subsidiaries, plus HOCHTIEF Energy Management. These companies provide services directly related to the operation and maintenance of buildings and facilities.

All of the companies held a positive trend in fiscal 2008. We consider it a proof of confidence in HOCHTIEF Facility Management that Siemens Real Estate extended its contract with our subsidiary ahead of time. The company is to operate 60 German Siemens locations for a further six years. The contract is worth EUR 192 million. HOCHTIEF Energy Management also put in a very healthy performance. In very short order, it has risen to join the German market leaders in energy contracting. This is a segment we believe holds great promise and fits in with our strategy: Our activities cover the entire project energy life cycle while promoting innovation that advances the cause of sustainability.

HOCHTIEF Services is another division for which the impact of the financial crisis is hard to gauge. For the current fiscal year, we therefore expect profit before taxes slightly above the figure for 2008.

Ladies and gentlemen, if I may sum up:

2009 is going to be a year of challenges. The effects of the financial crisis continue to bring surprises—on almost a daily basis, even now. But the year also holds out great opportunities. Governments around the world have responded with large-scale programs to stabilize the economy. HOCHTIEF is geared up to meet the challenges: We have a forward order book equivalent to some one-and-a-half years' work and are clearly positioned for further growth. Together with our global workforce of over 67,000, we are ready to seize the coming opportunities. These men and women made 2008 another successful year for HOCHTIEF and earn our sincere thanks. I am fully confident they will roll up their sleeves and set to in the current year as well.

The poor forward visibility due to the financial crisis limits our ability to provide guidance for the fiscal year ahead. We are currently working on the assumption that international financial and capital markets will restabilize from 2010 and that there will not be a sustained global recession. Under these assumptions and others regarding exchange rate trends, HOCHTIEF expects for the current fiscal year that:

- The **order backlog**, **new orders** and **sales** will not reach the record levels of 2008.

- **Profit before taxes** and **consolidated net profit** will both reach similarly high levels to the prior year.

We will add further detail to this guidance in our quarterly reports as the current year unfolds. In particular, we can be more precise about volume-related figures once the projected economic stimulus packages around the world take shape.

This brings me to the end of the main points. Dr. Lohr will now explain the figures to you in detail. I will be pleased to answer your questions afterwards.

Thank you for your attention.