

## Press Conference Q3/2010

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Chairman of the Executive Board

Check against delivery.

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Ladies and gentlemen,

I am pleased to see so many of you here today. Allow me, together with my colleague Dr. Lohr, to welcome you to our press conference. HOCHTIEF delivered another outstanding performance—despite the crisis!

First, let's take a look at our figures at the end of the third quarter of 2010:

- Our **new orders** have kept on growing. Group new orders have reached EUR 19.33 billion, 11.6 percent higher than the same period last year.
- **Work done** is also up on the prior-year period, at EUR 16.66 billion. That's an increase of nine percent.
- The Group **order backlog** remains very strong at EUR 41.43 billion. It has swelled by over 17 percent and, even with exchange rate effects stripped out, it is still larger than the comparative prior-year figure.
- We have likewise boosted **profit before taxes**, which attained EUR 430.2 million and showed a further increase on the prior-year period.
- And we have generated EUR 142.7 million in **consolidated net profit**—an increase of more than 17 percent.

These figures reflect major successes by our company—and we have achieved them in an economic environment that is still challenging. Group orders and work done correspond to a forward order book stretching 22 months into the future. This gives us a sound base for new growth. Dr. Lohr will take you through these and other figures in more detail later on.

We at HOCHTIEF are confident to be able to realize additional potential. We promised our shareholders to generate a medium-term profit before taxes of EUR 1 billion. Our business is developing positively, and HOCHTIEF is staying very true to course. We firmly expect to achieve our medium-term target by 2013 and anticipate pretax profit of the same order already next year. These goals are based on our mid-term plan which I would like to present to you in the following.

### **1. High profitability**

First of all, we can build on our healthy business basis. In the last few years, we have systematically focused our activities on growth markets. In this way, we have already substantially increased our profitability. Our focus on growth markets—such as the promising offshore wind power business—stands for high further potential which we will fully exploit.

### **2. Value crystallization**

In 2011 and 2012, we plan to realize further values from our existing portfolio.

As you know, we cancelled the IPO of our subsidiary **HOCHTIEF Concessions** last year after the market environment had deteriorated significantly. We clearly excluded a sale "below value" and reserved ourselves the right of having a second go later. After all, HOCHTIEF Concessions definitely was and is valuable and has also developed well in 2010. One of the indicators for this is the company's net present value which had risen further as of June 30, 2010, running up to more than EUR 1.6 billion. New successes underline the value of HOCHTIEF Concessions: Thanks to attractive projects, for instance, we saw the successful entry into the public buildings and roads segments in North America, and HOCHTIEF's airport holdings registered rising passenger numbers.

We are now planning a second go for 2011: We have decided in favor of a value crystallization at HOCHTIEF Concessions in 2011. To maximize value, we are striving for a twin-track procedure: an IPO and, in parallel, a trade sale addressed at individual investors. We are prepared to dispose of a majority share.

Another success story can be reported from the HOCHTIEF Real Estate division. You may remember that we took over **aurelis Real Estate**, a former subsidiary of Deutsche Bahn, in 2007 together with financial investor Redwood Grove. The clearly formulated development goal was that aurelis should be established as the No. 1 integrated asset manager and inner-city district developer in Germany—and we wanted to sell the company again after successful implementation of the business strategy in 2013. The company tackled these goals and performed strongly in the last three years. Today aurelis has higher rental income from its assets, has generated value enhancement through revitalization measures, realized additional value by land developments and sold non-core business assets. We thus have already achieved our strategic and economic milestones with aurelis. We want to profit from the company value created in this way and sell the company in 2012. We intend to propose to let our shareholders share adequately in the profits from the sales.

### **3. Simplified Group structure**

I already told you in the first half of 2010 that we would modify our Group structure as of January 1, 2011. With this step, we want to become even more transparent and faster. On the one hand, this means that the HOCHTIEF Holding will be streamlined. In future, the Holding will focus exclusively on strategic control of the Group.

On the other hand, the three corporate divisions HOCHTIEF Europe, HOCHTIEF Real Estate and HOCHTIEF Services will be merged into one division in future. As a result, we will have an understandable, coherent regional structure comprising the corporate divisions HOCHTIEF Americas, HOCHTIEF Asia Pacific and HOCHTIEF Europe. Plus the HOCHTIEF Concessions division.

Within the new Europe division, HOCHTIEF's European core business will be realigned. Even more rigorously than before, the new division will bank on high-yield sectors and deliver one-stop property, energy and infrastructure solutions. Here, the company can draw on its high level of competence in the fields of development, planning, construction and operation and pool this competence effectively. The corporate division will also offer its services in growth regions where high-class German workmanship is regarded particularly highly, for example in the Middle East.

The efficiency gain is not least reflected by obvious cost advantages: We will save EUR 40 million per year and additionally create great synergies.

#### **4. Accelerating growth and pushing ahead expansion**

On the whole, it is our clear-cut goal to further accelerate growth in all segments. We therefore want to first and foremost push ahead expansion into significant growth markets in the course of 2011.

This includes, for example, the offshore wind power market in which we already have a leading position in the fields of installation and construction. Here, we have intensified our engagement considerably and in Q3, together with our partner Beluga Shipping, commissioned construction of a special jack-up vessel for the installation of offshore wind power plants in the sea. HOCHTIEF Construction won the contract for building the wind farm Global Tech 1 in the German North Sea. Another large-scale contract is construction of the wind farm EnBW Baltic 2 off the island of Rügen. The development of this booming market promises to continue bringing very favorable wind for our offshore business segment: We expect a sales volume of at least half a billion euros annually.

Another attractive market for HOCHTIEF is India. We want to expand our activities there and pool our business in a national company. We have already started searching for shareholding possibilities.

Other promising markets include Canada. Via our US companies Turner and Flatiron we have a very good starting position here and want to strengthen it further. In this context, an acquisition in Canada is also conceivable.

Ladies and gentlemen, you see that there is multi-faceted potential and that we have a packed business agenda. The chances in our target markets are excellent—and we both want to and will seize them. Further earnings growth is our declared goal. We have paved the way to achieve this goal—and not even the financial crisis has thrown us off course. We can thus realize the results we have promised our shareholders. And I am happy that we can now also give a concrete timeline for our goals.

Here is our **Group outlook for 2010 and for the medium term:**

- We reaffirm our forecast for **2010** and continue to expect new orders and order backlog to be above their respective prior-year levels, sales on a par with 2009, and profit before taxes and consolidated net profit each slightly above last year's figure. As reported, we hold fast to this forecast despite adverse effects on the profits of Leighton which were reported at the beginning of November and which we can offset!
- For **2011**, we plan—depending on the volume and result of the share divestment at HOCHTIEF Concessions—profit before taxes of about EUR 1 billion and consolidated net profit of about EUR 600 million.
- For **2012**, we expect profit before taxes of roughly EUR 1 billion and consolidated net profit of approximately EUR 500 million.
- For **2013**, we plan profit before taxes of more than EUR 1 billion and consolidated net profit of approximately EUR 450 million without extraordinary earnings, i.e. from operating activities.

Ladies and gentlemen, HOCHTIEF is an attractive Group that is developing dynamically. At the same time, we stay true to our successful strategy of accompanying the entire life cycle of infrastructure projects, properties and facilities. With our performance capacity, we are positioned excellently and enjoy a first-class reputation worldwide.

As you know, our major shareholder ACS announced in September that it would make a takeover bid. Due to a deadline postponement, this offer is not yet available today. When the official offer has been published, the Executive Board and the Supervisory Board of HOCHTIEF Aktiengesellschaft will comment on the document and make a recommendation to the HOCHTIEF shareholders.

As you will know, we applied to the Australian Takeovers Panel to check if ACS also has to make a takeover offer for Leighton Holdings. The Panel has now decided not to initiate any further steps. The HOCHTIEF Executive Board, in liaison with the Supervisory Board, has decided to address its request to the Review Panel in order to have the matter reviewed once more. I trust in your understanding that I cannot say anything else on this subject today.

I would now like to give you a brief survey of current developments in our divisions:

Our **HOCHTIEF Americas** division goes from strength to strength. Operating earnings and pretax profit have increased year on year. The positive trend largely reflects operating improvements from high-margin contracts.

Nor does the good news stop there. Our US subsidiary has once again been recognized as the top general builder in the USA. Turner has also kept its traditional first place in the green, education, healthcare and commercial building segments. Third-quarter new orders underscore this strong position—including a EUR 125 million hospital extension in Virginia and various school projects in Los Angeles and New York City. Our civil engineering subsidiary Flatiron has likewise

brought in new orders, including a contract for nearly EUR 85 million to extend Interstate 5 in Los Angeles.

We are upping our guidance for the division as a whole and now expect profit before taxes to be well above the prior-year level.

New orders in the **HOCHTIEF Asia Pacific** division were substantially higher in the first nine months than the same period a year ago. This was mostly due to the exchange rate effect of the strong Australian dollar. Operating earnings and profit before taxes fell. The main causes were a downturn in the Australian real estate market and in Dubai construction demand, plus the impact on earnings from Leighton's Airport Link Brisbane infrastructure project. In line with its conservative accounting practice, incidentally, HOCHTIEF made allowance for this road-building project early on, recognizing a provision in the financial statements for 2009.

New projects garnered by Leighton companies in the third quarter comprise construction of a segment of highway in Hunter Valley for EUR 577 million and the planning of a wind farm in Victoria under a contract worth EUR 200 million for the consortium including Leighton Contractors. Also among new orders in the third quarter were new contracts in Hong Kong, India and the Middle East.

Despite the current difficulties with the Airport Link infrastructure project in Brisbane, we expect the division will generate pretax profit in 2010 on a par with the prior year.

Newly secured contracts likewise made for new orders higher than the prior-year period at the **HOCHTIEF Concessions** division, although operating earnings were significantly down year on year. Prior-year earnings included reversals of provisions for Athens Airport, while earnings this year are impacted by higher taxation on dividends and an additional special tax charge in Greece. Profit before taxes was also down compared with the prior-year period.

There is good news from our airport holdings: Passenger numbers increased during the reporting period. A total of almost 70 million passengers were handled—nearly five percent more than in the same period of 2009.

In the public-sector building construction segment, we reached financial close on our second public-private partnership project in North America. HOCHTIEF PPP Solutions is to design, finance, build and operate a total of 18 police facilities in Ontario, Canada. The contract is worth EUR 306 million over its 30-year term, with a capital outlay of EUR 89 million. We also secured the contract to design, build and operate a new high school in Höhenkirchen-Siegertsbrunn near Munich.

We continue to expect that this year we will fall only slightly short of our prior-year pretax profit figure adjusted for the positive nonrecurring item at Athens Airport.

We have sustained the strong performance trend at **HOCHTIEF Europe**. New orders were not as high as in the prior-year period, but this was because of a large contract awarded in Qatar during 2009. Adjusting for this factor, new orders rose sharply due to the offshore projects in the German North Sea and Baltic mentioned before.

We have achieved a visible improvement in operating earnings and profit before taxes. This reflects how our clear focus on margins rather than volume has led to significantly better contract earnings.

Alongside the emphasis on offshore wind power projects, HOCHTIEF Construction also continued to focus during the third quarter on the international side of its business. New orders included contracts for university buildings in Poland and the Czech Republic. We additionally pulled in new contracts in Germany. In Hamburg, HOCHTIEF Construction is to build Europe's longest bascule bridge. The company is also set to refurbish several schools in Offenbach for its sister company HOCHTIEF Concessions.

The division's companies will sustain this profitable strategic focus. As a result, we continue to expect pretax profit in 2010 to be above the prior year.

**HOCHTIEF Real Estate** has held onto its selective policy for taking on new projects this year. As a result, new orders were up from their half-year level but noticeably down on the prior-year period. The main reason is the market, where the going is still heavy. We are keeping to our strict investment criteria and only start construction when pre-lease rates reach acceptable levels. This is why only a few new projects are currently in progress. We conduct a wide-ranging sales program that, in line with the sector's characteristic seasonal cycle, comes into its own in the fourth quarter.

HOCHTIEF Projektentwicklung concluded rental agreements in the third quarter for real estate with a gross floor area of nearly 20,000 square meters. It was also successful in the residential real estate segment, with two Düsseldorf building plots totaling 150 dwelling units going to an institutional investor. In healthcare real estate, we have started on a further nursing home project.

aurelis Real Estate brought in close to EUR 68 million in rental income during the first nine months of 2010. The company also entered into new rental agreements and extensions for nearly EUR 13 million. You can clearly see from these figures show just how successfully aurelis operates.

Despite the fraught state of the rental and investment market, HOCHTIEF Real Estate continues to expect pretax profit on a par with the prior year.

The **HOCHTIEF Services** division was likewise affected by the challenging market situation with many clients taking time to award contracts. Operating earnings and profit before taxes were down as a result on the prior-year period, but new orders were significantly higher than a year earlier. New orders included an eight-year contract for all facility management services required by Munich Re in Munich. The contract is worth over EUR 100 million.

We are proud of a prize awarded to HOCHTIEF Energy Management. The company won this year's European Energy Service Award in the lighting category for its innovative lighting concept for Hanover's Staatstheater. Using the latest lighting technology, our experts slashed lighting energy costs by a good 80 percent. That's energy expertise you can literally see, and it pays for itself.

Considering the short-time working which a number of clients have introduced and given the still subdued market environment during the current year, HOCHTIEF Services expects to fall short of prior-year profit before taxes but is positive it will benefit as the market picks up. The very strong level of new orders already reflects a healthier market as well as clients' confidence in the quality of our services.

Ladies and gentlemen, as you can tell from my report, HOCHTIEF is internationally successful with its activities. Our company has secured itself a top position in the world market.

We have grown out from our German base while staying firmly rooted in our home market. HOCHTIEF can doubtless count itself among Germany's global market leaders. With our technical expertise, we enjoy a top-class reputation for German quality engineering across the globe. We are a highly regarded and sought-after partner to our clients with a name for quality and reliability. We also support the German market with our skilled workforce, products and services: As employer, investor and innovation driver, HOCHTIEF is a major economic factor in Germany.

We are known for our ability to deliver. We are likewise known for responsible business practices and sustainability. It is a source of pride to us that this should be acknowledged once again with HOCHTIEF's continued inclusion in the Dow Jones Europe and World Sustainability Indexes. This is the fifth time in a row that we feature in these highly regarded indices.

Other independent institutions, too, honor our commitment and our good sustainability performance with awards. In 2010, HOCHTIEF has been added to the Carbon Disclosure Project's Carbon Disclosure Leadership Index and to the Ethibel Sustainability Index Excellence Europe.

Operating sustainably and acting responsibly with the resources placed in our trust is a binding part of our Group strategy. This clear commitment is shared by our over 70,000-strong workforce throughout the world who, day in, day out, show what HOCHTIEF is capable of achieving. We can be proud of this committed workforce, we rely on them, and we will continue our success story with them.

Dr. Lohr will now take you through the figures for the first nine months in detail before we both take your questions.

Thank you very much.

**Note:** This speech contains forward-looking statements. These statements reflect the current views, expectations and assumptions of the Executive Board of HOCHTIEF Aktiengesellschaft and are based on information currently available to the Executive Board. Such statements involve risks and uncertainties and do not guarantee future results, performance or events. Actual results, performance or events relating to HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group, including but not limited to possible future divestments, profit before tax, consolidated net profit and dividends, may differ materially from the expectations and assumptions described in such statements due to, among other things, changes in the general economic, sectoral and competitive environment, risks associated with capital markets, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, the conduct of other shareholders, and other factors. Statements on dividends are additionally subject to the recognition of a corresponding unappropriated net profit in the published separate financial statements of HOCHTIEF Aktiengesellschaft for the fiscal year concerned and the adoption by the competent decision-making bodies of appropriate resolutions taking into account the prevailing situation of the Company. HOCHTIEF Aktiengesellschaft does not assume any obligations to update any forward-looking statements.