

# **Business Results Press Conference 2011**

Page 1 of 13

March 23, 2011

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

Check against delivery.

**Embargoed until 9:00 a.m. (CET) on March 23, 2011**

Ladies and gentlemen,

A warm welcome to the HOCHTIEF business results press conference. Allow me also to welcome you to Düsseldorf on behalf of my colleague on the Executive Board, Dr. Burkhard Lohr.

2010 was a highly exceptional year. For HOCHTIEF, it was the most successful year in our corporate history. For me personally, it was the hardest year of my career to date. I am an enthusiastic marathon runner in good training and with plenty of staying power. But the speed, diversity and impact of the past year's events were packed together over a very short distance. Success and disappointment came in close succession. That was strenuous and not always easy—also for me personally.

My chronicle of developments in 2010 goes like this:

- We worked very hard in recent years and made good progress with our operating business. The results are increasingly plain to see. Only part-way into 2010, operating successes already allowed us to raise our guidance for the year as a whole. The reward for our hard work is **record results**, the best ever in the history of HOCHTIEF. This is something my team and I are very proud of. After-effects of the financial crisis continued to make

themselves clearly felt in the markets in 2010. We upheld our tried and trusted conservative accounting policies throughout and further scaled up our risk provisioning. This makes our success all the more substantial.

- In December, we carried out a share issue and welcomed a **new major shareholder** on board: Qatar Holding, whose investment provides us with new operational leeway and new opportunities in an attractive growth market. The emirate of Qatar presents us with outstanding business opportunities—and not just for the soccer World Cup in 2022.
- Our shareholder ACS announced a **takeover offer** in September and published the offer in December. The HOCHTIEF Executive Board and Supervisory Board recommended shareholders not to accept either this offer from ACS or the higher exchange offer that later followed. We backed up our recommendation with full reasoning. During the takeover offer—as is our mandate—we acted in the interests of all shareholders, the company and its workforce. This included negotiating a ring-fencing agreement to alter change-of-control clauses on key financing arrangements. The strengthening of our equity base through the entry of Qatar Holding was incidentally a key factor in achieving this.

As representatives of the media, you will have followed the events of the past months closely and intensively. As you know, after expiration of all relevant periods, ACS announced that it held over 33 percent of HOCHTIEF shares. That figure is now more than 39 percent. We are currently in talks with our major shareholder to lay down ground rules for the changed working relationship. I am not yet in a position to tell you any more about concrete outcomes.

You will doubtless agree that any one of these challenges on its own would have made a big enough workload for 2010. I am very pleased that we have highly competent, reliable people at all levels who have worked outstandingly despite the double and triple load. Ours is a superb **team** who even through turbulent times have kept the focus on what is important: our contracts, our clients and

trading partners, and the Group's loyal, motivated workforce of over 70,000 people.

Page 3 of 13

As a reward for all this hard work, HOCHTIEF is now in a stronger position than ever. We have succeeded in considerably improving our results. So let us take a look at the past year as reflected in the key figures. As ever, Dr. Lohr will flesh out the details on these in a short while:

- **New orders**, at EUR 29.63 billion, surpassed the prior-year figure by almost 32 percent. Even adjusting for exchange rates, new orders were well up on the comparative figure for 2009.
- The **order backlog** attained the record level of EUR 47.49 billion. That represents over 34 percent growth compared with 2009. On an exchange rate adjusted basis, the order backlog was still more than 15 percent up on the prior year.
- We upped **sales** to EUR 20.16 billion. That is an eleven percent improvement on the prior year.
- HOCHTIEF's strength also comes through in **profit before taxes**: This increased by nearly 27 percent to EUR 756.6 million.
- We boosted **consolidated net profit** by a very substantial 50.3 percent to EUR 288 million. This is a very important and meaningful development for us at HOCHTIEF, especially considering we once again stayed true to our conservative accounting policies in 2010 and also further added to our risk provisioning.

As the numbers show, we succeeded in either meeting or comfortably beating all targets. All these figures—whether new orders or order backlog—are at an all-time high. These are remarkable results at a time when the after-effects of the financial crisis continue to make themselves clearly felt. Nor were these strong results affected by adverse impacts on earnings at our Australian subsidiary, Leighton. All Group units contributed toward the good outcome in 2010—including those outside of the Asia Pacific division. Leighton remains our biggest

and most important investment. But we have made ourselves significantly more independent from developments at Leighton with our strong operating business in the remaining divisions. This is why net profit has grown significantly more strongly than profit before taxes.

If I may take stock at this point:

- We have done our homework and made the Group strong throughout. HOCHTIEF is surging ahead at full power, with profitable, attractive contracts in all segments the world over.
- Our strategy of serving every stage of the infrastructure project, real estate and facility life cycle has once again proved its viability. We serve our clients where we can generate added value for all those involved. The market appreciates our service portfolio—and the proven quality that has now gone hand in hand with the HOCHTIEF name for nearly 140 years.

The **HOCHTIEF stock price**, too, did well overall in 2010. The share price gained almost EUR 10 over the course of the year. In the view of multiple analysts, however, the level reached still fails to reflect the value of our business.

Our shareholders should, of course, share in the success of their company. With our **dividend strategy**, we follow a clear objective of allowing shareholders to participate in earnings growth. Operating performance in 2010 was outstanding, and our finances are rock solid. On this basis, we are able to continue our dividend strategy from past years and deliver a further rise in dividends. The Executive Board and the Supervisory Board will be proposing a dividend of EUR 2 per share at the General Shareholders' Meeting on May 12. This marks added dividend growth on the prior year and a distribution rate of over 50 percent of consolidated net profit. If the proposal is approved at the General Shareholders' Meeting, HOCHTIEF will have increased the dividend ratio by an average of 16 percent a year since 2006. We intend to hold by this strategy in future years and ensure that HOCHTIEF shareholders receive their share of the substantial planned earnings increases—both from operating earnings and non-recurring items.

At this point, a word on **financing**: HOCHTIEF is known for its conservative, long-term financing strategy and accounting policies. We will naturally hold to these in the future. As you know, our financial strategy has always been conservative. This secured us a strong position even during the financial crisis. We successfully placed a EUR 240 million, five-year promissory note loan in the market in May 2010; the offer was more than 100 percent oversubscribed.

Our balance sheet is our witness. Judge for yourselves:

- We have the scope needed for our ongoing business.
- The available credit and guarantee facilities with international banks give us security for our long-term growth strategies.
- Finally, we broadened our capital base by ten percent with the share issue in December. The inflow of funds generated on this share issue from our new major shareholder Qatar Holding strengthens our financial position. It also allowed us to make up for a bond issue cancelled due to the ACS takeover offer.

We will hold to our **strategy** with binding force because it is successful and the fastest track to our goal of generating EUR 1 billion in pretax profit. We are approaching this goal in large strides and expect to achieve earnings of this order of magnitude as early as in 2011. We reiterated our medium-term plans in this connection to the public in more precise terms in the fall of 2010. To revisit the main points in summary:

### **1. We actively manage our portfolio.**

HOCHTIEF builds value and rigorously structures its business portfolio in line with strategy. Accordingly, we have decided for 2011 to **unlock the value in our subsidiary HOCHTIEF Concessions**. The sale process is already underway, on the one hand as a trade sale and on the other as an IPO. We adopted this twin-track approach to address as broad a market as possible and achieve the best possible outcome on the sale—in the interests of our shareholders.

HOCHTIEF Concessions is a successful enterprise with activities that are good at creating value. The assets in its portfolio are steadily growing in value as a result. The net present value of the portfolio increased to EUR 1.68 billion as of December 31, 2010—EUR 84 million or over five percent more than the prior year.

As of December 31, 2010, the portfolio consisted of six airport holdings, seven roads and tunnels, over 90 schools, 18 police facilities, a barracks, a community center and two geothermal energy projects. Starting in 2011, the company is party to a joint venture with Duisport—Duisburger Hafen AG. We thus continue to occupy a leading international role in privately financed infrastructure projects.

We plan to sell a majority stake in HOCHTIEF Concessions AG. And we aim to complete the sale in 2011. I am sure you will appreciate that I cannot give details on the timing or substance of talks going on as part of the sale process.

For 2012—again as announced last fall—we plan the **sale of our interests in aurelis Real Estate**, in which we took a 50 percent stake in 2007. In 2010 alone, aurelis sold real estate worth a total of almost EUR 300 million and improved on the prior year's already good earnings by more than 30 percent. In short, with HOCHTIEF's involvement, aurelis is an ongoing success story. The company's performance has been so strong that we now plan to release the value accumulated within it in 2012 rather than waiting until 2013 as previously planned.

With these two sales, we are delivering on market expectations by trimming the amount of capital tied up in the Group. We intend overall to concentrate more than ever on less capital-intensive activities, boost asset turnover and pack more earnings power at the short end.

We will, of course, propose that HOCHTIEF shareholders get their due slice of the proceeds from the two sales.

## **2. We structure for success.**

Effective January 1, we adopted a **far leaner Group structure**. We pulled together our operating business in four divisions instead of the previous six: HOCHTIEF Americas, HOCHTIEF Asia Pacific, HOCHTIEF Europe and HOCHTIEF Concessions. The HOCHTIEF Europe division operates in Europe and selected growth regions, such as Qatar. This means we can capitalize even better on the good reputation our Group and German engineering enjoy the world over: made in Germany, made by HOCHTIEF.

At HOCHTIEF Europe, we reorchestrated the former HOCHTIEF Europe, HOCHTIEF Real Estate and HOCHTIEF Services under the baton of **HOCHTIEF Solutions AG**. This makes for plenty of give-and-take between the various activity areas—development, construction, operation and construction-related services—along with sharing of responsibility and clear alignment with our strategic goal. HOCHTIEF Solutions is all about delivering innovative solutions for real estate, energy and infrastructure. We already have the skills involved. The difference is that we have now united them in a single division—and this means major synergies.

The HOCHTIEF **management holding company** was also reorganized as part of the restructuring and made significantly leaner with a reduction in force to only 170 employees. The holding company now focuses uniquely on strategic management and control of our international Group.

Our Group structure has to be a perfect fit with market needs. We did our homework here too and successfully finished the entire internal restructuring to plan. As a result, we are outstandingly well positioned and poised for the challenges ahead. The new, simpler structure has quantifiable, lasting benefits: We will cut costs by about EUR 40 million a year and generate synergies from 2012. Of course, the new structure will already have a noticeable impact in 2011.

## **3. We keep growing and driving expansion.**

We want HOCHTIEF to keep on growing. To make sure it does, we have set our sights on a number of attractive growth markets:

Firstly, **offshore wind power**. We have vast hydro construction expertise and already occupy a leading position in assembling and building complex installations for this market. A series of projects have already seen us carry out foundation work for wind turbines on the sea floor. Several contracts in the North Sea and Baltic followed in 2010. Together with a joint venture partner, we have developed a type of lifting vessel that today is the most heavy-duty piece of kit on the market. The first of these vessels is under construction and is already chartered out long-term for when it is ready next year. Another specialty asset is our Thor jack-up platform, which has been deployed without a break since summer 2010. We plan to further extend our offshore activities in future to take in wind farm maintenance and operation. HOCHTIEF Offshore Services, a company we launched in 2010, already operates in this sector and is developing new capabilities based on our facility and energy management expertise. Finally on this topic, we also have a hand in onshore wind power activities, a segment in which we have secured contracts in Australia.

Secondly, we are concentrating efforts on the fast-growing **Indian market**, which is expected to see extra-fast growth in the infrastructure sector. HOCHTIEF is already busy in the Indian market with various companies carrying out projects and activities, and has earned itself a good name there. We now intend to take a stake in an Indian construction company at some point in 2011.

Thirdly, **Canada** remains an attractive growth market for HOCHTIEF. We already successfully do business in North America through our subsidiaries Turner, Flatiron and E.E. Cruz. We are working with the specific aim of further extending our position there with an acquisition.

And fourthly, we also specifically target the **Middle East** market. HOCHTIEF already enjoys a good reputation there as a valued provider. As reported, the partnership with our new major shareholder **Qatar Holding** will doubtless also

deliver new impetus for growth. We and our new shareholder expect wide-ranging benefits from this investment: The emirate is growing rapidly and has major construction projects in the offing. This is an ideal opportunity for HOCHTIEF to apply its expertise and actively support training of the local workforce—an ancillary task that is a key priority for the Qatar government and one we are very pleased to take on.

We will naturally keep you informed as soon as there are more developments in these growth markets.

As you can see, we are systematically working on HOCHTIEF's future development. Within the Group, we continue to operate to our philosophy of **"One roof—all solutions."** The resulting integrated service portfolio provides benefits to our clients in the form of high quality on their contracts. And within the Group, this allows us to generate extra business. Our strategy is future-focused and geared to the long term. We attain continuing gains in profitability. We plan to hold this course with a clear focus on growth.

I would now like to give you a brief survey of developments in our individual divisions before Dr. Lohr goes into the business results for 2010 in detail.

Despite a difficult market environment with a contracting building construction market, our companies in the **HOCHTIEF Americas division** generated attractive new business. In light of the large order backlog and the strong position of our subsidiaries, we anticipate the positive trend to continue in 2011. Assuming the exchange rate stays stable, we expect to generate a strong profit before taxes at the same high level as the prior year.

In the **HOCHTIEF Asia Pacific division**, the companies belonging to our majority-owned subsidiary Leighton generated new business primarily in the growth markets for infrastructure construction and contract mining. The disastrous floods in Australia affected our operating business, as production stoppages became necessary. Major damage was prevented, however, by

taking timely precautions. As a result, we expect to be able to make good the lost production. Given the comparatively robust economy in Australia and the sustained strong demand for raw materials and infrastructure work, we anticipate profit before taxes to match the prior-year level overall.

The **HOCHTIEF Concessions division** further increased operating earnings and profit before taxes in 2010. The strong potential in each of our segments also shows through in the value growth on our assets. Overall, we expect profit before taxes in fiscal 2011 of broadly the same order as the prior year.

We worked very successfully in the **HOCHTIEF Europe division** in its previous structure in 2010 and accomplished a further substantial increase in earnings. The **HOCHTIEF Real Estate division** likewise improved results in 2010. Our companies held strong in a difficult market that still displayed visible impacts of the financial crisis. Banks once again showed greater willingness to lend, however. In the **HOCHTIEF Services division**, new orders improved significantly thanks to attractive new contracts. For the HOCHTIEF Europe division in its new structure, we expect profit before taxes in all parts of the business in 2011 to be above the prior year.

To sum up, then:

- HOCHTIEF has achieved the best results in its corporate history. Our financing remains secure for the long term and allows us the scope needed for planned operating and strategic activities.
- Our clients have confidence in us: We start 2011 with full order books. The Group's current order backlog corresponds to a forward order book of more than 24 months.
- We have strong partners at our side: We have entered into a strategic partnership with Qatar Holding that is attractive to both parties.
- With our improved structure, we have a strong basis for globally integrating work across the Group.

Our market has changed—most of all with the disruptions of the financial crisis. There is a change in thinking, too. Demand for integrated, cost-efficient solutions has increased tangibly. This is exactly what HOCHTIEF has such an excellent international reputation for providing. Our work is associated with high standards of competence, quality and innovation.

We also continue to uphold our leading position in terms of **sustainability**. Demand for green building capabilities keeps on growing. We add to our service portfolio on an ongoing basis. An example is the launch of Blue FM, a seal of quality for sustainable real estate facility management. The fall of 2010 saw HOCHTIEF listed for the fifth time in succession for its sustainable activities and practices in the Dow Jones Sustainability Indexes. And just recently, in Fortune magazine's overall ranking based on a survey of managers, we gained global eighth place for social responsibility among the 350 World's Most Admired Companies.

We owe successes like this to our strategy and, of course, to our strong team. More than 70,000 employees around the world are dedicated to serving our clients and do outstanding work every single day.

We have created a high-performance organization. A key foundation for high performance is workforce motivation. This is a product of trust and predictability, and its outcome is a lot of people doing more than they must, day in, day out—in a word, delivering top performance. Seeing this culture at work makes me proudest of all.

This all adds up to a strong foundation for HOCHTIEF's future. We stepped with optimism into the **2011 fiscal year**. With the record results for 2010, we have attained a new cruising altitude, and this is the level at which we will continue to fly from now on. We will sustain our record performance: Today's record is tomorrow's standard. Our overriding principle continues to be high-margin growth: We strictly hold to our maxim of margin over volume. Our central focus

on increasing value remains. This is the only way to attain our earnings targets while continuing to deliver the top quality we are known for the world over.

Page 12 of 13

Here is our **Group outlook**. We expect:

- New orders, work done and the order backlog to normalize at a level below the record figures of 2010.
- Sales broadly on a par with 2010.
- Depending on the size and outcome of the sale of interests in HOCHTIEF Concessions, pretax profit of around EUR 1 billion and consolidated net profit of some EUR 600 million.

For 2012, we anticipate a pretax profit of approximately EUR 1 billion and consolidated net profit of some EUR 500 million—according to the outcome of the aurelis Real Estate divestiture. For the end of the medium-run planning period, we forecast for 2013 a pretax profit in excess of EUR 1 billion and consolidated net profit of around EUR 450 million excluding non-recurring income—that is, from our operating business and, because of the sales in 2011 and 2012, generated from a smaller base.

I would like to close, ladies and gentlemen, with a few personal words. I take my work and responsibility as Chairman of the HOCHTIEF Executive Board very seriously. The welfare of our company, its shareholders and our workforce is very important to me. It is directly linked to my personal wellbeing. My energy, my conviction and my values go into my work at HOCHTIEF. There is no question in my mind that HOCHTIEF is a fantastic company with dynamic growth. A company packed with opportunities and potential.

Thank you for your attention and your interest. As ever, there will be time for questions afterwards. First, though, I will hand over to Dr. Lohr.

**Forward-looking statements**

This document 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 of HOCHTIEF Aktiengesellschaft. Such statements involve risks and uncertainties and do not guarantee future results (such as profit before tax or consolidated net profit) or developments (such as with regard to possible future divestments, general business activities or business strategy). Actual results (such as profit before tax or consolidated net profit), dividends and other developments (such as with regard to possible future divestments, general business activities or business strategy) relating to HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group may therefore 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, any implications of the acquisition by ACS, capital market developments, 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. Any information provided on dividends is 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 HOCHTIEF Aktiengesellschaft of appropriate resolutions taking into account the prevailing situation of the Company. Aside from statutory publication obligations, HOCHTIEF Aktiengesellschaft does not assume any obligations to update any forward-looking statements.