

# Press Conference

## Half-year report 2011

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Member of the Executive Board

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Ladies and gentlemen,

Allow me to join my colleague in extending a warm welcome to you.

Let us turn to the results in detail. First, the **balance sheet**, changes on which have been driven by the streamlining of our financial structure as well as by the capital raising and the losses incurred at Leighton.

**Total assets** stood at EUR 14.9 billion, close to the figure as of December 31 last year.

**Non-current assets** came to EUR 6.2 billion, which is a significant increase on the prior year. Property, plant and equipment is currently at EUR 2.2 billion. The EUR 376 million increase in property, plant and equipment relates to major spending on maintenance of and additions to plant and equipment in the mining business. Financial assets decreased by EUR 353 million to EUR 2.2 billion. The decrease reflects the loss incurred within the Leighton business portfolio and an increase in an ownership stake resulting in what was previously an equity-accounted investment becoming a consolidated entity.

The main boost to receivables and other assets came from financing the contractually agreed second purchase price installment for Budapest Airport.

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**Current assets** decreased by 4.5 percent overall to EUR 8.7 billion. This was the net outcome of an increase in receivables from strong growth in the operating business and a larger outflow of liquidity to draw down debt.

As of June 30, 2011, **shareholders' equity** came to EUR 3.8 billion. This represents a decrease of EUR 426 million or 10.0 percent this fiscal year. The negative factors here were the EUR 327 million loss after tax, EUR 249 million in dividend payments, and EUR 233 million in currency translation differences and changes in the fair value of financial instruments. These were countered by other changes not recognized in the Statement of Earnings, most notably from the capital raising at Leighton. Our equity ratio—the ratio of shareholders' equity to total assets—held strong at 25.7 percent.

**Non-current liabilities** were EUR 2.8 billion, down EUR 602 million on the prior year. The main reason for this is a reduction in amounts due to banks as part of streamlining the Group's financial structure.

The EUR 979 million increase in **current liabilities** to EUR 8.3 billion mostly relates to the increase in trade payables due to expansion of the operating business.

Turning to the **statement of earnings**:

**Sales** went up to EUR 10.4 billion, 8.9 percent higher than the prior-year period. The strong growth primarily came from the HOCHTIEF Asia Pacific division, which benefited considerably from the positive trend in the contract mining business.

**Other operating income** was more than double the comparative prior-year figure, at EUR 221 million. The main items involved here were the income effect of consolidating a foreign subsidiary for the first time and reversals of provisions that were no longer needed.

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**Materials** and **personnel costs** rose in line with sales. Across the Group, we now employ nearly 74,000 people.

In **other operating expenses**, factors including higher leasing costs for plant and equipment at Leighton resulted in an increase of 18.4 percent to EUR 777 million.

**Net income from participating interests** was minus EUR 468 million, a long way down on the prior-year period. This resulted for the most part from the losses at Leighton on the Victorian Desalination Plant joint venture and the investment in the Habtoor Leighton Group.

**Net investment and interest income** improved by 8.9 percent to minus EUR 78.5 million. The positive change is attributable among other things to the large-scale repayment of loans.

**Profit before taxes**—mainly due to the impact on earnings at Leighton—was a loss of EUR 435 million, well below the profit of EUR 302 million in the same period a year earlier.

The positive impact on deferred taxes of the losses at Leighton resulted in an income item of EUR 108 million under **income taxes**.

**Profit after taxes** was a loss of EUR 327 million. This is allocated as 47.7 percent or EUR 156 million to the **consolidated net loss** and 52.3 percent to minority interest.

Finally a look at our **cash flows**. The Group's cash flows are illustrated in the chart. In January, we had cash and cash equivalents totaling EUR 2.45 billion. We generated a very strong operating cash inflow of EUR 704 million. The chart also shows our capital expenditure, which entailed a cash outflow of EUR 675 million. Repayment of debt and exchange rate effects resulted in a decrease in cash and cash equivalents, which stood at EUR 1.94 billion as of June 30, 2011, below the prior year-end.

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That brings us to the end of our review of the key figures from the consolidated financial statements for the first half of 2011.

If I may close with a few personal words: This is the last time we meet at a HOCHTIEF press conference. As you know, I am leaving the company. I would like to thank you very much as representatives of the press for the excellent working relationship over the years. We have spoken about highly complex projects. I am thinking here of examples such as the HOCHTIEF Concessions IPO, or the Flatiron takeover. I have had the opportunity to hold intensive discussions with many of you—including critical discussions on points of fact. Here, too, I thank you for the professional working relationship and fair play at all times. I hope on behalf of HOCHTIEF that these good relations with the company are maintained going forward.

Thank you very much for your attention.