

Quarterly Report

January-March 2002



The HOCHTIEF Group in figures (EUR,000)				
	Full year 2001	Q1 2001	Q1 2002	Percentage change
Consolidated external sales	12,170,985	2,737,749	3,027,822	10.6
Operating earnings	131,237	10,447	63,923	511.9
EBITDA	322,402	41,858	146,152	249.2
Consolidated net income	23,865	4,134	74,607	1,704.7
Earnings per share (EUR)	0.38	0.07	1.18	1,585.7
Cash flow	159,759	14,095	122,596	769.8
Capital expenditure	555,787	99,065	113,721	14.8
New orders	14,664,000	3,587,827	4,334,191	20.8
Work done	13,392,000	3,025,751	3,119,418	3.1
Order backlog at end of quarter	13,375,000	12,722,563	14,568,748	14.5
Number of employees	36,962 <small>(annual average)</small>	37,099 <small>(as of Mar. 31)</small>	34,995 <small>(as of Mar. 31)</small>	-5.7

The number of employees includes a pro rata headcount for associated companies.

Consolidated external sales (EUR,000)			
Division:	Full year 2001	Q1 2001	Q1 2002
HOCHTIEF Construction	1,868,711	470,979	325,782
HOCHTIEF Americas	6,891,457	1,562,824	1,722,372
HOCHTIEF Asia Pacific	2,755,935	588,497	805,207
HOCHTIEF International	274,720	56,927	83,899
HOCHTIEF Airport	517	131	162
HOCHTIEF Development	310,430	52,547	68,663
Other/Corporate Headquarters/ Consolidation	69,215	5,844	21,737
Total	12,170,985	2,737,749	3,027,822

All prior-year figures in the segment reporting have been restated to mirror the new corporate structure.

Cover photo: A variety of HOCHTIEF units formerly based at different locations in Essen, Germany will now share their future home at the Gruga Office Park in the city. More than a quarter of the building has been leased out to other tenants.

Financial Calendar

August 30, 2002

Half-Year Report, January-June 2002

November 14, 2002

Fall Press Conference

November 14, 2002

Interim Report, January-September 2002

February 19, 2003

Preliminary information on FY 2002

April 10, 2003

Business Results Press Conference

May 13, 2003

Report on the First Quarter of 2003

June 4, 2003

General Shareholders' Meeting, Congress-Center West, Essen, at 10:30 a.m.

Dear shareholders,

Positive business performance in the first three months of 2002 has vindicated our moderately optimistic forecast for the current fiscal year. Work done throughout the HOCHTIEF Group was 3.1 percent higher in the first quarter ended March 31 than in the same period last year, new orders climbed no less than 20.8 percent, and the order backlog grew by 14.5 percent.

The Group's successes are especially evident in sales and earnings growth outside Germany. Thus our continuing emphasis on expanding HOCHTIEF's international reach has succeeded in reducing our dependence on the cyclical domestic market.

The corrective measures applied to our domestic business are now taking effect:

- The clear Group organizational structure which we initiated when HOCHTIEF Construction AG was spun off from HOCHTIEF AG last year was taken a step further on schedule at the turn of the year from 2001 to 2002.
- As expected, the German construction market did not emerge from its recession, now in its seventh straight year, in the first quarter of 2002. HOCHTIEF Construction has adjusted to continuing market contraction.
- Sales in this division declined to the budgeted level, and operating earnings were also in the frame. The substantially reduced losses are almost entirely due to risk provisions and costs associated with underemployment, as there is an

inevitable time-lag before capacity reductions take hold, due to labor laws and other welfare-related factors.

We have changed the make-up of our international divisions:

- Our Australian and Asian operations previously grouped in the HOCHTIEF International division have now been transferred to the newly established Asia Pacific division, which encompasses HOCHTIEF Australia Limited and Leighton Holdings Limited. The division was HOCHTIEF's largest growth driver in the first quarter of 2002.
- The former North America division has been renamed the Americas division, and now also includes our holdings in Argentina and Brazil. HOCHTIEF's largest subsidiary, The Turner Corporation, continued to perform extraordinarily well in terms of earnings, orders and work done.

Our service businesses also continued to perform positively:

- The Airport division picked up the first signs of recovery in air traffic after its decline in the wake of the September 11 terrorist attacks and the worldwide recession.
- In the Development division, all switches continue set for expansion. In the first three months of the year, the operational units of HOCHTIEF Projektentwicklung GmbH, HOCHTIEF Infrastructure and HOCHTIEF Facility Management GmbH all won attractive new contracts.

Operating earnings/ Consolidated net income

The Group's **operating earnings** in the first quarter of 2002 totaled EUR 64 million (prior-year period: EUR 10.4 million). The Development division was a major contributor to this improved performance, with quarterly earnings of EUR 58 million.

Operating earnings (EUR, 000)			
Division:	Full year 2001	Q1 2001	Q1 2002
HOCHTIEF Construction	(160,973)	(34,996)	(19,100)
HOCHTIEF Americas	103,782	17,088	25,853
HOCHTIEF Asia Pacific	147,866	33,718	35,422
HOCHTIEF International	(24,957)	(1,916)	(25,724)
HOCHTIEF Airport	10,764	5,393	461
HOCHTIEF Development	73,692	3,473	57,543
Other/Corporate Headquarters/ Consolidation	(18,937)	(12,313)	(10,532)
Total	131,237	10,447	63,923

These were boosted by the disposal of the real estate firm Monachia Grundstücks-AG, which generated a tax-free gain of EUR 157 million. Around two-thirds of these proceeds were used to top up reserves and/or to serve as a general risk provision.

In the Construction division, the rigorous implementation of restructuring measures showed some positive results. The division's loss of EUR 19 million (year ago: EUR 35 million) is in line with our expectations and planning budget. The operating loss of EUR 26 million generated by the HOCHTIEF International division is due to HOCHTIEF's share of the loss reported by our associated company

Ballast Nedam N.V. (consolidated at equity) for the 2001 fiscal year. This is assumed in full in our consolidated financial statements for the first quarter.

Following the track laid down by operating earnings, **consolidated net income** for the first quarter grew by EUR 70 million relative to the corresponding 2001 quarter, to EUR 75 million.

Sales

HOCHTIEF's consolidated external sales in the first quarter of 2002 were EUR 3.03 billion, marking a EUR 290-million (10.6-percent) increase over the prior-year quarter. The Asia Pacific division contributed the lion's share, with sales growth of EUR 217 million, or 36.8 percent. The Americas division came in second with sales improved by EUR 160 million (10.2 percent). The only division to see a year-on-year decline in revenues, as planned, was HOCHTIEF Construction. Its external sales fell by EUR 145 million (-30.8 percent), reflecting capacity adjustments in the course of the restructuring program.

Recent Developments

Major contract for Turner

In early May, Turner was appointed general contractor for a new hospital project in Springfield, Oregon—a contract worth some EUR 288 million. The complex will include two main buildings with more than 500 beds, as well as administrative and infrastructure facilities. The project is scheduled for completion in 2007.

Further success for HOCHTIEF Construction AG

In recent weeks, HOCHTIEF Construction AG has signed contracts for office building projects worth a total of just under EUR 270 million. Three large projects will all be in the Frankfurt am Main area, including one for the AXA insurance group.

Development poised for further growth

The Development division's HOCHTIEF Projektentwicklung unit is set to open another branch office in a European metropolis, this time in Athens, and the division is stepping up its presence around the continent, particularly in Prague and Warsaw.

HOCHTIEF AirPort taps new markets

By purchasing a 49-percent stake in the UK firm Transport and Logistics Consultancy (TLC), HOCHTIEF's subsidiary company has added air-freight skills to its range of services. TLC is regarded as one of the strategic market leaders in airfreight consultancy, particularly focusing on cargo and baggage logistics.

Investor relations work stepped up

HOCHTIEF Investor Relations held its first Capital Markets Day for stock analysts and investors in March, providing extensive information on the financial performance and strategy of our Development division. Further Capital Markets Days are planned to spotlight other divisions in the Group. The event focusing on HOCHTIEF AirPort, for example, is scheduled for June 2002.

Capital expenditure

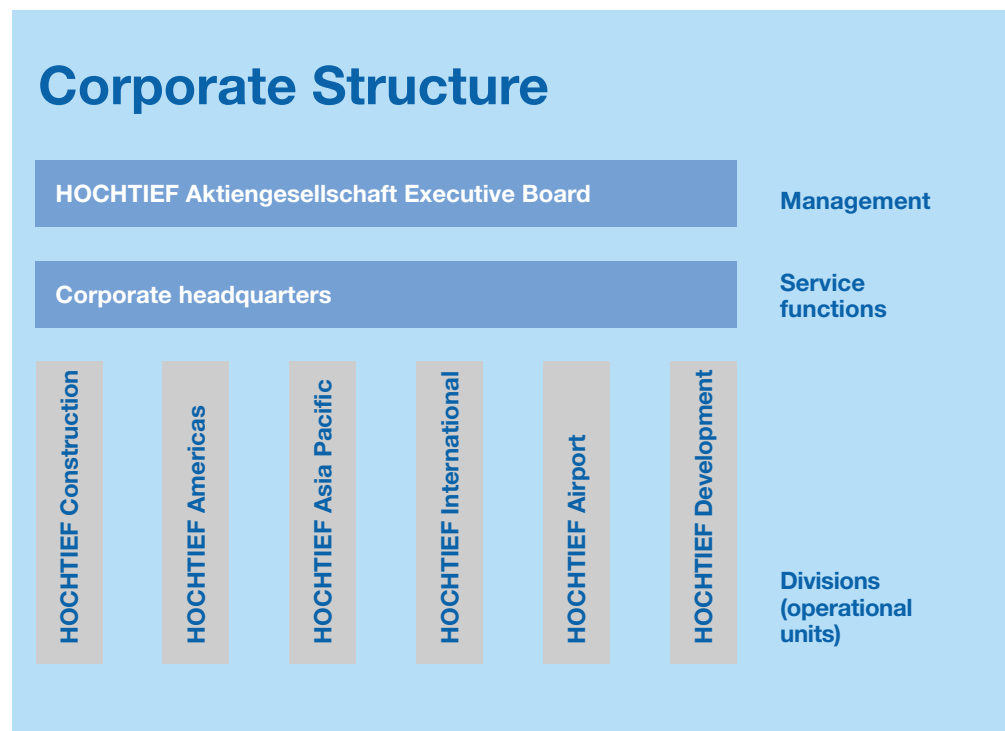
Capital expenditure in the first quarter of 2002, which totaled some EUR 114 million, showed a year-on-year increase of EUR 15 million. Of the total, EUR 81 million was invested in property, plant and equipment (prior-year period: EUR 87 million of a EUR 99 million total). The share of the Leighton Group in capital expenditure was EUR 67 million (prior year: EUR 33 million). EUR 31 million of the EUR 33 million invested in financial assets was used to raise HOCHTIEF's stake in the airport operating company Flughafen Hamburg GmbH from 36 to 40 percent.

HOCHTIEF's stock price

HOCHTIEF's stock continued to show a pleasing performance on the markets in the first three months of the year. Apart from occasional setbacks on particular days, its price climbed steadily to attain values well over the EUR 19 mark—the quarter's high of EUR 19.45 was reached on March 22. Thus the stock added more than 20 percent in value relative to the 2001 year end, significantly outperforming Germany's DAX and MDAX indices which managed increases of only about three percent in the quarter.

RWE restructures its HOCHTIEF stake

At the start of the year, our parent RWE AG, in close consultation with HOCHTIEF, reorganized its direct and indirect equity holdings in the company. This means RWE will in the future no longer be required to include HOCHTIEF in full in its consolidated financial statements, and may instead carry its HOCHTIEF holdings as a financial asset valued at equity. That will permit us at HOCHTIEF to emphasize more strongly than before—both to the international finan-



cial community and to our customers the world over—that we act autonomously in the strategic and entrepreneurial senses. RWE's decision clearly boosts HOCHTIEF's freedom to run its own business.

Looking ahead

Our new structure established at the start of 2002 is designed to ensure we can fulfill individual customer requirements even better than before, generating sustained growth in sales and earnings.

HOCHTIEF will push ahead resolutely with the development and management of synergies, utilizing them on a cross-border basis.

Assuming normal business operations, we anticipate that consolidated earnings in the current fiscal year will be above last year's level. This view is backed up by the outlook for the foreign markets where we operate. However, owing to the persisting adverse conditions on the

German market and given the nature of our project business, it is still too early to offer any precise forecast.

Construction Division

Restructuring resolutely continued

- The division's focus on specialized product market segments bore fruit in the first quarter. The success of the sports facilities segment is underscored by the contracts to build the new soccer arena in Mönchengladbach and to extend and improve the Westfalenstadion in Dortmund.
- Streif Baulogistik GmbH, a provider of infrastructure and logistics for construction and construction-related areas, has now been transferred to HOCHTIEF Construction AG, both legally and organizationally. This services subsidiary continued its expansion in Europe by gaining a logistics contract in association with the Thames Tunnel project.

Construction division (EUR,000)			
	Full year 2001	Q1 2001	Q1 2002
External sales	1,868,711	470,979	325,782
Operating earnings	(160,973)	(34,996)	(19,100)
Capital expenditure	32,435	13,865	5,594
Number of employees	11,568	11,867	10,249

Looking ahead

In addition to its expertise in constructing office properties, in the building construction field the division will intensify its focus on specialized products such as sports facilities, shopping centers and hotels. In its

operations outside Germany, HOCHTIEF Construction will maintain its strategy of confining its attention to complex, technically sophisticated infrastructure projects.

Americas Division

Record-breaking results yet again

- This newly formed division is based on the former North America division. As of January 1, 2002, it now includes not only our U.S. and Canadian group companies but also those based in Brazil and Argentina which formerly belonged to the International division.*
- **Turner** achieved record earnings, while its new orders continued to climb as they have for many years.
- Major new projects:
 - Stadium for John Carroll University, Ohio
 - Inova Heart Institute, Fairfax, Virginia
 - U.S. Patent Office, Alexandria, Virginia.

Total value of new orders in the quarter exceeds EUR 500 million.

Americas division (EUR,000)			
	Full year 2001	Q1 2001	Q1 2002
External sales	6,891,457	1,562,824	1,722,372
Operating earnings	103,782	17,088	25,853
Capital expenditure	46,171	8,489	5,324
Number of employees	7,403	7,012	6,919

- HOCHTIEF's Canadian associated company **Aecon Group Inc.** concluded four new contracts, worth approximately EUR 25 million in total.

- By winning a contract package including planning and consultancy services and the construction of an industrial facility, **Kitchell Corporation** further established its presence in the Mexican market.

Looking ahead

The division is confident that it will again be able to break the new orders record posted in 2001, and to increase both sales and earnings.

* HOCHTIEF do Brasil S.A. and HOCHTIEF Argentina S.A. (formerly HOCHTIEF Construcciones S.A.)

Asia Pacific Division

Sales and earnings improve further

- To ensure our corporate structure properly reflects the growing international reach of the HOCHTIEF Group, the Australian-based Leighton Group was assigned to the new Asia Pacific division effective January 1, 2002.
- First-quarter earnings showed another increase even though the comparative prior-year figures included special influences due to Leighton being valued at equity for the last time.
- Leighton Asia Limited won several new contracts in Hong Kong and Singapore, worth a total of almost EUR 140 million.

Asia Pacific division (EUR,000)			
	Full year 2001	Q1 2001	Q1 2002
External sales	2,755,935	588,497	805,207
Operating earnings	147,866	33,718	35,422
Capital expenditure	282,049	41,997	67,446
Number of employees	6,362	6,274	7,631

- Subsidiary John Holland Group Pty Ltd was commissioned to extend a 4,000-kilometer rail line, in a contract worth some EUR 90 million. This add-on contract will lengthen the project as a whole by five years.

Looking ahead

Leighton's very large order backlog will ensure continuing sales and earnings growth. Rising capital expenditure in the mining sector and an increasing number of development projects are added encouraging factors.

International Division

Holdings reorganized

- Effective January 1, 2002, the Leighton Group was integrated into the newly formed Asia Pacific division. Similarly, HOCHTIEF (UK) Construction Ltd. was transferred to the Construction division, while HOCHTIEF do Brasil and HOCHTIEF Argentina now form part of the Americas division.
- The International division retains its responsibility for HOCHTIEF Polska Sp. z o.o., HOCHTIEF VSB a.s. in the Czech Republic, our HOCHTIEF Russia branch operation, Ballast Nedam in the Netherlands (48-percent held) and the South African associate Concor Limited (49-percent held).

International division (EUR,000)			
	Full year 2001	Q1 2001	Q1 2002
External sales	274,720	56,927	83,899
Operating earnings	(24,957)	(1,916)	(25,724)
Capital expenditure	14,250	1,490	427
Number of employees	10,504	10,712	9,211

- Operating earnings for the first quarter of 2002 are substantially influenced by the pro rata share of the net loss contributed by Ballast Nedam from its last fiscal year (EUR 25 million).^{*} This was due to a high level of asset write-offs and

restructuring expenditure in Ballast Nedam's overseas markets.

Looking ahead

The division anticipates a reduction in the level of losses.

^{*} As in previous years, there is a time lag involved in the equity consolidation of Ballast Nedam, which means that the share of its FY 2001 results attributable to HOCHTIEF has been posted to the financial statements for the first quarter of 2002.

Airport Division

Positive signs for the future

- The year in which it began operation (March 27-December 31, 2001) turned out better than planned for Athens International Airport. Both passenger numbers and flight movements increased by two percent in the first quarter of 2002.
- At Düsseldorf Airport, the “D-Check” program is in progress to lower and optimize costs. The airport’s eastern central building became operative during the quarter.
- HOCHTIEF AirPort GmbH increased its stake in Hamburg Airport by a further four percent in January, and now holds 40 percent jointly with Aer Rianta International cpt. The pioneering noise-abated test hangar at Hamburg Airport was completed at the end of February.

Airport division (EUR,000)			
	Full year 2001	Q1 2001	Q1 2002
External sales	517	131	162
Operating earnings	10,764	5,393	461
Capital expenditure	6,567	1,417	31,838
Number of employees	63	60	58

- Operating earnings are on budget; the prior-year figure included extraordinary income items.

Looking ahead

- Negotiations are still underway on the purchase offer our consortium has submitted for Berlin Brandenburg International Airport.

- Within the next few weeks, HOCHTIEF AirPort GmbH and two partner companies will submit their privatization bid for the international airport in Sydney, Australia.
- Passenger numbers around the world have been recovering since the new year—a trend expected to continue.

Development Division

Continuing on the rise

- **HOCHTIEF Projektentwicklung** (project development) continued on its growth trajectory, and new projects with a high proportion of preleased space were started in Munich, Hamburg, Frankfurt am Main and Prague.
- In cooperation with our real estate management company Deutsche Bau- und Siedlungs-Gesellschaft (Debausie), **HOCHTIEF Facility Management** has substantially stepped up its operations in Hungary. Subsidiary company HOCHTIEF Hungaria Facility Management Kft began managing 800 buildings in Greater Budapest and northern Hungary at the start of

Development division (EUR,000)			
	Full year 2001	Q1 2001	Q1 2002
External sales	310,430	52,547	68,663
Operating earnings	73,692	3,473	57,543
Capital expenditure	164,995	28,621	1,940
Number of employees	608	581	620

2002 (contract value totaling EUR 35 million for a six-year term).

- **Operating earnings** were boosted by the sale of HOCHTIEF’s stake in Monachia Grundstücks-AG.

Looking ahead

Thanks to the division’s successful strategic focus we anticipate continuing growth in spite of the current recession.

Consolidated Statement of Earnings (EUR,000)

	Q1 2001	Q1 2002
Sales	2,737,749	3,027,822
Changes in inventories of finished goods	581	332
Other own work capitalized	3,799	2,014
Other operating income	20,597	170,368
Materials	2,257,977	2,380,520
Personnel costs	380,160	437,455
Depreciation and amortization	61,946	65,375
Other operating expenses	92,277	248,654
Earnings from operating activities	(29,634)	68,532
Net income from participating interests	25,437	(21,903)
Net investment and interest income	3,020	8,953
Earnings before taxes	(1,177)	55,582
Income taxes	(12,440)	(32,865)
Earnings after taxes	11,263	88,447
Minority shareholders' interests	7,129	13,840
Consolidated net income	4,134	74,607

Consolidated Balance Sheet (EUR,000)

	Dec. 31, 2001	Mar. 31, 2002
Assets		
Fixed assets		
Intangible assets	277,715	273,419
Property, plant and equipment	979,029	1,039,041
Financial assets	961,112	945,962
	2,217,856	2,258,422
Current assets		
Inventories	33,025	39,430
Receivables and other current assets	2,917,175	3,044,258
Marketable securities	1,516,266	1,423,380
Cash and cash equivalents	859,607	673,315
	5,326,073	5,180,383
Deferred tax assets	460,976	502,683
Prepaid expenses	10,996	12,476
	8,015,901	7,953,964
Liabilities and Shareholders' Equity		
Shareholders' equity/minority interests		
Attributable to the Group	1,810,654	1,886,771
Attributable to minority shareholders	364,881	389,024
	2,175,535	2,275,795
Provisions	1,228,038	1,288,224
Liabilities	4,298,428	4,089,438
Deferred tax liabilities	308,787	294,277
Deferred income	5,113	6,230
	8,015,901	7,953,964

Accounting and valuation methods

The Quarterly Report as of March 31, 2002 has been prepared to conform to the International Accounting Standards (IAS's) currently applicable. We also pay due attention to the statements issued by the Standing Interpretations Committee (SIC) of the International Accounting Standards Board (IASB). All prior-year figures conform to the IAS's in operation at that time.

There have been no changes in the consolidation principles or in the accounting and valuation methods since December 31, 2001.

For more detailed information, readers are referred to the consolidated financial statements as of December 31, 2001, the basis on which these quarterly financial statements were prepared. Sums of money cited in these notes in round thousands of euros are accurate only to the nearest thousand.

Scope of consolidation

In addition to the parent company HOCHTIEF Aktiengesellschaft, the consolidated financial statements include all significant domestic and foreign subsidiaries in which HOCHTIEF Aktiengesellschaft holds

Consolidated Statement of Cash Flows (EUR,000)		
	Q1 2001	Q1 2002
Cash flow	14,095	122,596
Changes in working capital/other items	(147,893)	(125,160)
Net cash used in operating activities	(133,798)	(2,564)
Investment in property, plant and equipment or financial assets	(99,065)	(113,721)
Proceeds from disposals of property, plant and equipment or financial assets	35,658	7,990
Changes in securities holdings and liquid investments	101,900	103,130
Net cash provided by investing activities	38,493	(2,601)
Net cash used in financing activities	(21,429)	(198,457)
Overall change in cash and cash equivalents	(116,734)	(203,622)
Cash and cash equivalents at the start of the period	670,732	876,937
Cash and cash equivalents at the end of the reporting period	553,998	673,315

Statement of changes in equity and minority interests (EUR,000)			
	Attributable to the Group	Attributable to minority shareholders	Total
Balance as of Jan. 1, 2002	1,810,654	364,881	2,175,535
Dividends paid	0	(12,887)	(12,887)
Other comprehensive income/ other adjustments	1,510	23,190	24,700
Earnings after taxes	74,607	13,840	88,447
Balance as of Mar. 31, 2002	1,886,771	389,024	2,275,795

the majority of the voting rights, whether directly or indirectly. Major associated companies are accounted for using the equity method.

At the start of 2002, HOCHTIEF disposed of its stake in Monachia

Grundstücks-AG, formerly an associated company consolidated at equity. There are now 194 companies fully consolidated, and a further 21 included in the consolidated financial statements using the equity method.

HOCHTIEF's own stock

As of March 31, 2002, HOCHTIEF held 6,999,963 shares of its own stock, acquired during the period September 1999 through October 2001. They constitute EUR 17,919,905 of the nominal capital stock, or 9.99 percent of the total. Of the shares held, 815,970 were purchased to service the stock options granted in the 1999 and 2000 Long-term In-

centive Plans for management staff. A further 6,139,224 were purchased in order to have stock to offer when acquiring companies or equity interests therein or when entering into mergers, or in order to retire the stock. Finally, 44,769 own shares were earmarked for sale directly to employees or officers of the Company or an affiliated company.

The 1999 and 2000 Long-term Incentive Plans led to 874,120 stock purchase options originally being granted, pursuant to Sec. 192 (2) 3 of the German Stock Corporations Act (AktG). The number of options allowed to lapse in earlier fiscal years was 84,670, and a further 29,210 options lapsed in the first quarter of 2002, leaving 760,240 stock options in force as of March 31, 2002.

Earnings per share	Q1 2001	Q1 2002
Consolidated net income (EUR,000)	4,134	74,607
Number of shares in circulation (weighted average)	63,091,806	63,000,037
Earnings per share (EUR)	0.07	1.18

Contingent liabilities

These essentially consist of contingent liabilities from guarantees and letters of support provided; the figure

has increased by EUR 18,414,000 to EUR 248,861,000 since December 31, 2001.

Derivation of operating earnings

The derivation of "operating earnings" from "earnings from operating activities" follows the principles set out in the consolidated financial statements for FY 2001. In addition to amortization of goodwill arising from consolidation, non-operating earnings also include restructuring expenses.

	Q1 2001 (EUR,000)	Q1 2002 (EUR,000)
Earnings from operating activities	(29,634)	68,532
+ Net income from participating interests	25,437	(21,903)
- Non-operating earnings	(+)5,100	(+)9,349
+ Interest credited on advance payments received	9,544	7,945
Operating earnings	10,447	63,923

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You will find further information on HOCHTIEF, and the addresses of our branches and business offices plus those of our subsidiaries and associated companies, on our website.

This Quarterly Report is a translation of the original German version, which remains definitive. Both versions are also published on the Internet.