

Quarterly Report
January—March 2001

HOCHTIEF City



The HOCHTIEF Group in figures (EUR,000)				
	Full year 2000	Q1 2000	Q1 2001	Percentage change
Consolidated external sales	9,585,728	2,084,319	2,737,749	31.3
Operating earnings*	198,505	5,603	10,447	86.5
EBITDA	178,923	12,914	41,858	224.1
Consolidated net income	122,949	- 5,248	4,134	178.8
Earnings per share (EUR)	1.90	- 0.08	0.07	187.5
Cash flow	220,348	19,191	14,095	- 26.6
Capital expenditure	492,929	68,169	99,065	45.3
New orders	14,072,617	3,013,100	3,591,700	19.2
Work done	13,025,388	2,752,000	3,028,300	10.0
Order backlog at end of quarter	12,288,678	10,940,100	12,726,500	16.3
Number of employees	41,004 (annual average)	41,232 (as of Mar. 31)	37,099 (as of Mar. 31)	- 10.0

* Prior-year figures have been restated to adjust for the fact that amortization of goodwill arising at the time of consolidation has been reclassified as a non-operating expense.

Consolidated external sales (EUR,000)			
Division:	Full year 2000	Q1 2000	Q1 2001
Airport	2,151	629	131
Building/Civil	2,711,780	703,460	461,864
Development	210,024	36,627	53,478
International	405,567	75,161	677,139
North America	6,228,900	1,246,089	1,539,395
Services	41,326	17,854	13,993
Corporate Headquarters/ Consolidation	- 14,020	4,499	- 8,251
Total	9,585,728	2,084,319	2,737,749

Financial Calendar

May 30, 2001

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

August 2001

Report on the Second Quarter

November 2001

Report on the Third Quarter

December 3, 2001

Fall Press Conference

April 17, 2002

Business Results
Press Conference

May 2002

Report on the First Quarter
of 2002

May 22, 2002

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

Dear shareholders,

After completing the first quarter, we look forward with confidence to the remainder of fiscal year 2001: The HOCHTIEF Group—which now comprises our North America, International, Airport, Development and Services divisions, the Building and Civil divisions under a common new roof, and a management holding company with strategic responsibility for all divisions—is very well positioned.

Our international operations render us less susceptible to cyclical effects in the domestic market. To prove the point, we once again moved forward strongly in the major markets outside Germany:

- As expected, the International division's results were strongly boosted by the full consolidation of Leighton Holdings Limited for the first time. We anticipate continuing growth in the contribution to net income from Australia in the full FY 2001.
- Operating earnings at our North America division are maintaining the high levels attained in the previous year. The Turner Corporation's order books are already full to the brim past the end of 2001. Here too, we expect a very stable contribution toward consolidated earnings.

In contrast, the German construction market still fails to show any signs of recovery following 2001's first quarter:

- Operating earnings in the Building/Civil division deteriorated. The main contributive factors besides sea-

sonal reductions in output were costs of restructuring.

As a joint unit, the Building and Civil divisions are strong enough to assert their position successfully in the marketplace and, even as the extremely difficult business environment persists, to move our building construction operations in the German market forward again. The new unit will be named HOCHTIEF Construction AG, and headquartered in Essen.

Services operations performed as expected:

- The Airport division returned a further improvement in operating earnings.
- The lower operating earnings from the Development division are as anticipated. The year-on-year decline is due to the fact that some extraordinarily large projects were successfully concluded in the first quarter of 2000.

Sales

Consolidated external sales in the first quarter of 2001 were EUR 2.74 billion. This marks an increase of EUR 0.65 billion (or 31.3 percent) over the corresponding prior-year period. Growth came primarily from the International division, where the Leighton Group was consolidated for the first time. The North America division attained 23.5 percent sales growth, by EUR 0.29 billion to a new total of EUR 1.54 billion. The EUR 0.24 billion decline in external sales by the Building/Civil division to EUR 0.46 billion (–34.3 percent) reflects the persisting difficult conditions on the German construction market.

Operating earnings/ Consolidated net income

Consolidated operating earnings in the first quarter were some EUR 10 million (Q1 2000: EUR 6 million).

Consolidated net income also im-

Operating earnings (EUR,000)			
Divisions:	Full year 2000	Q1 2000	Q1 2001
Airport	13,110	4,562	5,393
Building/Civil	– 30,278	– 29,280	– 34,913
Development	81,063	8,606	2,401
International	58,973	– 3,404	31,608
North America	100,267	16,183	17,018
Services	5,592	996	849
Corporate Headquarters/ Consolidation	– 30,222	7,940	– 11,909
Total	198,505	5,603	10,447

proved substantially: The result for the quarter was a profit of EUR 4 million compared with a EUR 5 million loss in the corresponding prior-year period.

Scope of consolidation

The main feature of the current year's first quarter was the inclusion of Leighton Holdings Limited into the consolidated group effective January 1, 2001. The total assets of the Leighton Group reported in the consolidated financial statements as of March 31, 2001 were EUR 966 million, while its contribution to sales and earnings after taxes came to EUR 588 million and EUR 12 million, respectively.

Capital expenditure

Capital expenditure in the first quarter of 2001 totaled EUR 99 million—well above the figure for the prior-year period (EUR 68 million). Investments in property, plant and equipment came to EUR 87 million, as against EUR 17 million in the first quarter of 2000. The increase was especially pronounced in our international operations: Leighton, for example, invested EUR 33 million in property, plant and equipment in the three months through March. In Germany, too, the sum invested increased by EUR 32 million. Investments in financial assets totaled EUR 12 million in the first quarter of 2001, against EUR 51 million in Q1 2000. The prior-year figures included the pur-

chase of stakes in Leighton and in the Canadian Armbrö Enterprises Inc./BFC Construction Corporation.

Buoyant HOCHTIEF stock price performance

The price of HOCHTIEF's stock has performed well on the markets since the start of the year. After moving ahead strongly from its 2000 closing price, it had settled to a level of around EUR 26 by the end of March 2001. That represented an increase of more than 26 percent from start to finish of the first quarter.

Recent Developments

Good take-off for Athens International Airport

Athens' "Eleftherios Venizelos" International Airport has been up and running since March 29. HOCHTIEF had actually handed over the completed airport in October 2000—Europe's largest transportation infrastructure project based on private-sector financing. Once some airlines' teething troubles had been speedily ironed out, the airport passed its first true test with flying colors during the Easter holiday weekend when more than 1,900 aircraft were handled without a hitch.

Berlin Brandenburg International Airport moves closer to a go-ahead

The major Berlin Brandenburg International Airport project has

moved a vital step closer to its eventual realization. In February, the EU Commission's Competition Directorate-General granted its approval to the merger of the two bidding consortia, led by HOCHTIEF AirPort GmbH and IVG Holding AG. That allowed concrete negotiations to begin on the construction of the airport.

Leighton fully consolidated

The acquisition of a majority stake in Leighton, the Australian construction services group, underscores HOCHTIEF's intent to continue stepping up its operations in the Asia-Pacific region. The plan is that transfer of expertise and other synergy effects will build on the successes already scored in the region. HOCHTIEF raised its previous 49.8-

percent stake to 50.3 percent by way of an option agreement. As a result, the Leighton Group is now fully included in HOCHTIEF's consolidated financial statements.

Focusing on core businesses: Sale of the environment subsidiary

By selling its environment subsidiary HOCHTIEF Umwelt GmbH, the Group has pushed ahead with its strategy of focusing on its core businesses. At the time of sale, HOCHTIEF Umwelt had 460 employees. This unit's work done in the last full financial year totaled EUR 148 million.

Looking ahead

New organizational structure for domestic operations

In our operations within Germany, the prime task in the months ahead will be to finalize the process of formally hiving off the Building and Civil divisions into an autonomous stock corporation. We set the associated organizational changes in motion some time ago, so once the new, autonomous corporate entity has been entered in the commercial register, it will be able to start work right away. The first priority for the new company will be to return our domestic building-construction operations to profitability in spite of Germany's persisting construction recession. The first steps toward that goal will be to systematically focus on profitable regions, and improve our contract management systems.

Market growth in America, Asia and Eastern Europe

Even though overall economic growth in the United States is now falling back from the high rates achieved in the last few years, construction expenditure is projected to continue on a slight increase in 2001. Construction activity is set to grow in Asia, too.

e-business with eAECglobal

eAECglobal, an Internet platform developed under the leadership of HOCHTIEF and Skanska, has a dual purpose. Firstly, it is designed to lend greater transparency and efficiency to the procurement process, thus lowering purchasing costs. Secondly, it is intended to speed up the interchange of information among those involved in construction processes, making for much quicker project execution and ironing out conflicts. eAECglobal is available for use by any interested companies. The platform is scheduled for launch in Germany and Scandinavia early in the first quarter of 2002, with the United States and Australia to follow in mid-2002.

Business prospects in 2001

In the remainder of 2001, business will continue to be shaped by the contracting construction market in Germany and a stable market situation in North America and Asia/Australia. Despite the difficult domestic environment, we anticipate satisfactory overall Group results in 2001, thanks to good earnings contributions from our international operations and from the Development division.

Airport Division:

Growth impetus continues worldwide

- “Eleftherios Venizelos” Airport, serving the Greek capital Athens, successfully started operations on March 29, 2001.
- The combined consortium to build Berlin Brandenburg International Airport obtained EU approval on February 5, 2001.

Looking ahead:

- Terminal B at Düsseldorf International Airport will come into operation on July 1, 2001.

Airport division (EUR,000)			
	Full year 2000	Q1 2000	Q1 2001
External sales	2,151	629	131
Operating earnings	13,110	4,562	5,393
Capital expenditure	291,281	580	1,417
Number of employees	60	57	60

- Promising negotiations are in progress for further airport projects (such as Bangalore, India).

Building/Civil Division

New structure will promote extra potential

- The campaign to improve earnings has continued (capacity adjustment and focusing on more profitable product market segments).
- The currently separate Building and Civil divisions will become one as soon as the autonomous new company is entered in the commercial register.
- Civil attained a significant increase in the volume of orders:
 - Awarded the contract for a further section of the UK's Channel Tunnel Rail Link (project value: EUR 102.5 million).
 - Construction work on the Xiaolangdi dam in China successfully completed 13 months ahead of schedule.

Building/Civil division (EUR,000)			
	Full year 2000	Q1 2000	Q1 2001
External sales	2,711,780	703,460	461,864
Operating earnings	- 30,278	- 29,280	- 34,913
Capital expenditure	20,965	6,617	2,535
Number of employees	13,455	16,140	11,003

Looking ahead:

Leaner structures, more efficient processes, refusing to compete solely on price terms and developing a position as preferred service provider: These will all contribute toward improved earnings.

Development Division

Significant growth in new orders

- Project Development benefited from increased demand for quality commercial properties, and from its own successful premarketing work.
- Infrastructure Development has now received the official planning approval to proceed with the Herren Tunnel build-operate-transfer project in Lübeck.
- Facility Management has made a successful entry into the airport services market in Athens.
- Asset Management pushed ahead with the process of optimizing the real estate portfolio.

Development division (EUR,000)			
	Full year 2000	Q1 2000	Q1 2001
External sales	210,024	36,627	53,478
Operating earnings	81,063	8,606	2,401
Capital expenditure	71,312	502	28,621
Number of employees	612	493	581

Looking ahead:

The division again expects to perform well this year.

International Division

Further along a successful road

Leighton netted the largest single contract around the division, to operate the Southland Colliery in New South Wales, Australia. The contract, initially for two years, is worth EUR 60 million, with the intention to renew for a further eight years.

HOCHTIEF UK is part of a joint venture that won the contract to construct a new tunnel under the River Thames (contract value: EUR 50 million).

International division (EUR,000)			
	Full year 2000	Q1 2000	Q1 2001
External sales	405,567	75,161	677,139
Operating earnings	58,973	- 3,404	31,608
Capital expenditure	36,389	29,301	43,867
Number of employees	19,721	19,512	18,857

Ballast Nedam did particularly well in winning the contract to build a chemical plant near Rotterdam. The contract is worth EUR 50 million.

Looking ahead:

The 2000 operating earnings figure will be substantially outperformed in the current year, primarily due to the full consolidation of the Leighton Group for the first time.

North America Division

Another record result

- New orders, the order backlog and work done all exceed the figures for the corresponding prior-year quarter.
- **Turner** continues to break its own records as new orders flow in. It turned in one of the best quarterly results in the corporation's history.
- Turner has managed to stay immune to the severe cooling-off in U.S. economic activity by diversifying into less cyclical markets in good time.
- The range of product offerings has been expanded to include educational, research and pharmaceutical facilities, public buildings, sports arenas and aviation facilities. Consequently, demand has remained stable.

North America division (EUR,000)			
	Full year 2000	Q1 2000	Q1 2001
External sales	6,228,900	1,246,089	1,539,395
Operating earnings	100,267	16,183	17,018
Capital expenditure	43,360	25,267	8,132
Number of employees	5,629	3,749	5,425

Looking ahead:

Construction expenditure in the United States is still increasing slightly in 2001; the record total of USD 470 billion is likely to be met.

In light of the above, we anticipate continuing positive trends in sales and earnings.

Services Division

Targets achieved in all areas

- **HOCHTIEF Software (HTS):** Slightly exceeded its sales and earnings targets.
- e-commerce: Business picked up strongly thanks to a change of strategy—now project-driven instead of product-driven.
- More progress in tapping non-construction business potential, by winning key orders in the field of computer-aided facility management.

Services division (EUR,000)			
	Full year 2000	Q1 2000	Q1 2001
External sales	41,326	17,854	13,993
Operating earnings	5,592	996	849
Capital expenditure	21,846	2,530	11,322
Number of employees	872	921	866

- **Streif Baulegistik (SBL):** Further consolidated its market position. The volume of work done is on target.
- Exhibited successfully at the BAUMA trade show in Munich, enhancing brand awareness and positioning the company as a quality supplier.

- Other factors boosting sales: A training drive, and the hiring of new recruits for the sales force.

Looking ahead:

Prospects for further growth at HOCHTIEF Services are good.

HTS: Talks in progress to establish system partnerships with leading software houses give cause for optimism.

SBL: Training for sales staff aims to raise the proportion of new clients and boost customer loyalty.

Consolidated Statement of Earnings

	Q1 2000 (EUR,000)	Q1 2001 (EUR,000)
Sales	2,084,319	2,737,749
Changes in inventories of finished goods	1,061	581
Other own work capitalized	1,890	3,799
Other operating income	39,435	20,597
Materials	1,763,127	2,257,977
Personnel costs	283,969	380,160
Depreciation and amortization	24,077	61,946
Other operating expenses	80,975	92,277
Earnings from operating activities	- 25,443	- 29,634
Net income from participating interests	14,189	25,437
Net investment and interest income	7,264	3,020
Earnings before taxes	- 3,990	- 1,177
Income taxes	438	- 12,440
Earnings after taxes	- 4,428	11,263
Minority shareholders' interests	820	7,129
Consolidated net income	- 5,248	4,134

Consolidated Balance Sheet

	Dec. 31, 2000 (EUR,000)	Mar. 31, 2001 (EUR,000)
Assets		
Fixed assets		
Intangible assets	266,786	318,280
Property, plant and equipment	503,263	732,754
Financial assets	1,602,296	1,442,499
	2,372,345	2,493,533
Current assets		
Inventories	40,891	43,245
Receivables and other current assets	2,340,110	2,812,993
Marketable securities	1,096,977	820,444
Cash and cash equivalents	426,641	553,998
	3,904,619	4,230,680
Deferred tax assets	290,078	328,271
Prepaid expenses	2,333	6,963
	6,569,375	7,059,447
Liabilities and Shareholders' Equity		
Shareholders' equity/minority interests		
Attributable to the Group	1,777,168	1,775,892
Attributable to minority shareholders	125,060	325,237
	1,902,228	2,101,129
Provisions	1,034,206	1,079,299
Liabilities	3,391,519	3,627,752
Deferred tax liabilities	235,543	242,380
Deferred income	5,879	8,887
	6,569,375	7,059,447

Consolidated Statement of Cash Flows

	Q1 2000 (EUR,000)	Q1 2001 (EUR,000)
Cash flow	19,191	14,095
Changes in working capital/other balance sheet items	-190,143	-147,893
Net cash used in operating activities	-170,952	-133,798
Investment in property, plant and equipment or financial assets	-68,169	-99,065
Proceeds from disposals of property, plant and equipment or financial assets	11,630	35,658
Changes in securities holdings and liquid investments	96	320,451
Net cash used in/provided by investing activities	-56,443	257,044
Net cash provided by/used in financing activities	67,688	-239,980
Overall change in cash and cash equivalents	-159,707	-116,734
Cash and cash equivalents at the start of the period	465,450	670,732
Cash and cash equivalents at the end of the reporting period	305,743	553,998

In a move designed to optimize our financing costs, we temporarily disposed of some securities holdings

during the reporting period, to reduce our short-term liabilities to banks. These transactions show through

accordingly in the changes in securities holdings and liquid investments, and in the net cash used in financing activities.

Statement of changes in equity and minority interests (EUR,000)

	Attributable to the Group	Attributable to minority shareholders	Total
Balance as of Jan. 1, 2001	1,777,168	125,060	1,902,228
Currency and other adjustments	- 5,410	193,048	187,638
Earnings after taxes	4,134	7,129	11,263
Balance as of Mar. 31, 2001	1,775,892	325,237	2,101,129

Accounting and valuation methods

The Quarterly Report as of March 31, 2001 has been prepared to conform to all International Accounting Standards (IAS's) that are currently operative. We also pay due attention to the statements issued by the Standing Interpretations Committee (SIC) of the International Accounting Stand-

ards Committee (IASC). All prior-year figures are reported on the same principles, and 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, 2000.

For more detailed information, readers are referred to the Consolidated Financial Statements as of December 31, 2000, 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 major domestic and foreign subsidiaries in which HOCHTIEF Aktiengesellschaft holds the majority of the voting rights, whether directly or indirectly. Major associated companies are accounted for using the equity method.

Leighton Holdings Limited, of Sydney, Australia, has been fully consolidated for the first time, together with 106 subsidiaries and three associated companies carried at equity. The Leighton Group's contribution to the Consolidated Financial Statements as of March 31, 2001 comprises total assets of EUR 965,609,000, sales of EUR 588,497,000, and earnings after taxes totaling EUR

12,466,000. As we continue to streamline our portfolio of holdings in Germany, three companies have been deconsolidated. That leaves 181 companies fully consolidated, and a further twelve included in the consolidated financial statements using the equity method.

HOCHTIEF's own stock

As of March 31, 2001, HOCHTIEF held 6,908,194 shares of its own stock, acquired during the period September 1999 through January 2001. They constitute EUR 17,684,976 of the nominal capital stock, or 9.87 percent of the total. 815,970 of the shares were purchased to service the stock options granted in the 1999 and 2000 Long-term Incentive Plans for management staff. 5,997,224 were purchased in order to have stock to offer when acquiring com-

panies or equity interests therein or when entering into mergers, or for the purpose of retiring the stock. 95,000 own shares were purchased in order to offer them for sale directly to present or past employees of the Company or an affiliated company. 95,000 of the shares from the total amount of repurchased stock cited above were acquired in January 2001, at a cost of EUR 1,905,700. These shares constitute EUR 243,200 of the nominal capital stock, or 0.14 percent of the total.

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 58,150, and a further 4,570 options lapsed in the first quarter of 2001, leaving 811,400 stock options in force as of March 31, 2001.

Earnings per share

On the basis of the consolidated net income for the quarter of EUR

4,134,000 (Q1 2000: EUR -5,248,000) and a total of 63,091,806 (67,755,732) shares in

circulation, the earnings per share come to EUR 0.07 (Q1 2000: EUR -0.08).

Contingent liabilities

These essentially consist of guaranties provided; there have been no

significant changes since December 31, 2000.

Derivation of operating earnings

The reconciliation of "operating earnings" to "earnings from operating activities" follows the principles set out in the Consolidated Financial Statements for FY 2000. The new feature in these quarterly financial statements is that amortization of goodwill arising from consolidation is now treated as a non-operating item. Prior-year figures have been restated applying this new method.

	Q1 2000 (EUR,000)	Q1 2001 (EUR,000)
Earnings from operating activities	- 25,443	- 29,634
+ Net income from participating interests	14,189	25,437
- Non-operating earnings	2,580	5,100
+ Interest credited on advance payments received	14,277	9,544
Operating earnings	5,603	10,447

An aerial, isometric-style illustration of a city. The foreground is dominated by a cluster of modern skyscrapers, including a prominent blue tower with a spire. A river flows through the city, with bridges and green spaces. The background shows a more traditional city layout with residential buildings and green hills under a clear blue sky.

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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.