

# TURNING VISION INTO V LUE.

**Analysts' and Investors' Conference**

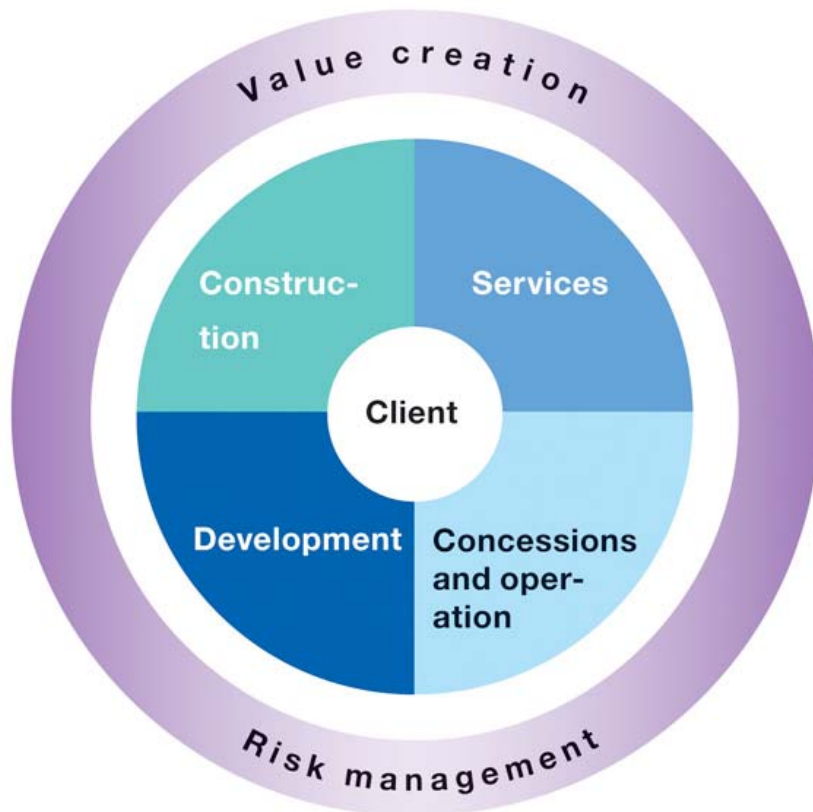
**Full year results 2004**

**23 March, 2005**

**Dr. Hans-Peter Keitel, CEO**

**Dr. Hans-Georg Vater, CFO**

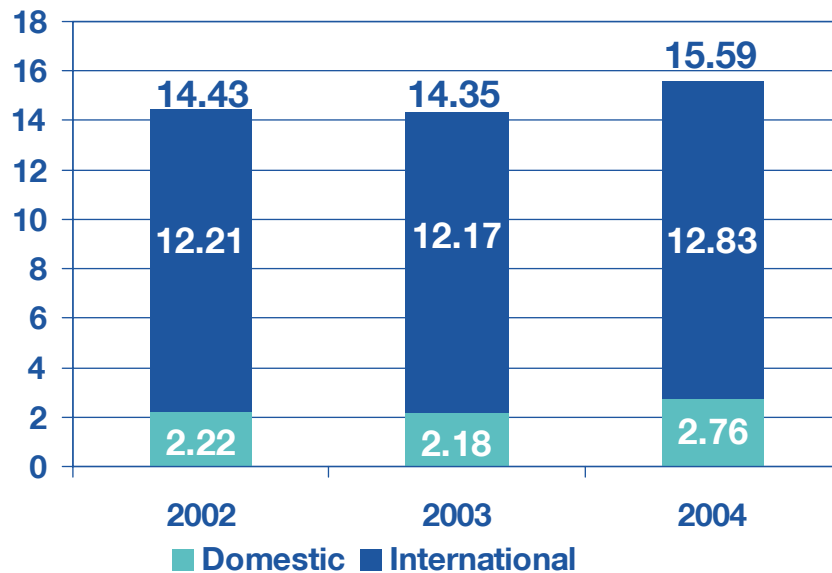
## HOCHTIEF is about...value creation



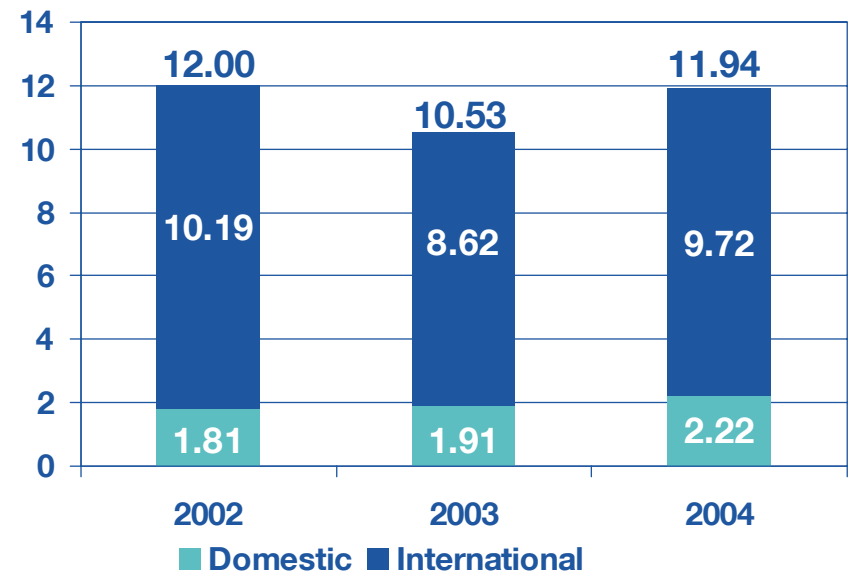
- HOCHTIEF is designed to **meet** the full range of **client needs** maximizing profit potential
- **Core strengths:**
  - An **holistic solution for clients:** Development, Construction, Services, Concessions and Operation
  - **Technical excellence**
  - Combination of **international strength with local focus**
- **Balanced portfolio** by geography, sector and project life
- **Risk Management** – the key consideration

## Financial highlights 2004...

### New orders (EUR bn)



### Sales (EUR bn)



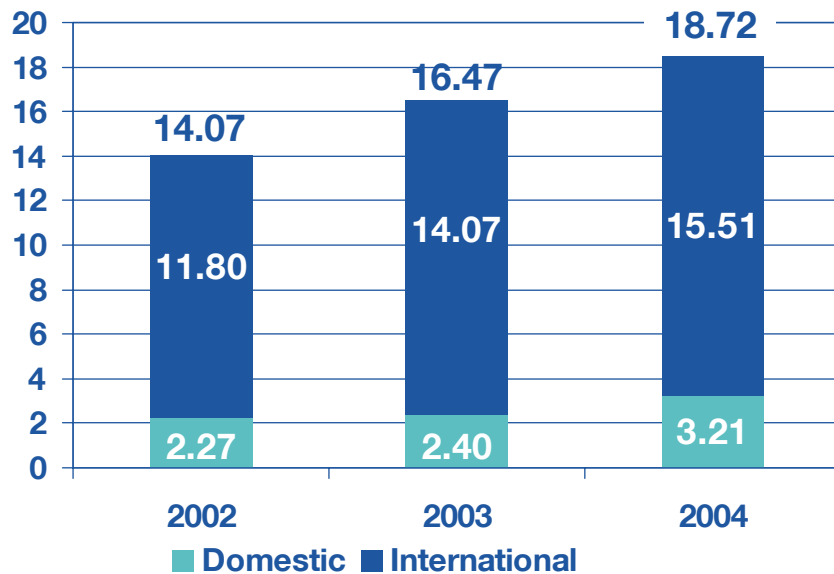
- **New orders: EUR 15.59bn** (+9%) with rigorous selection criteria

- **Sales: EUR 11.94bn** (+13%)

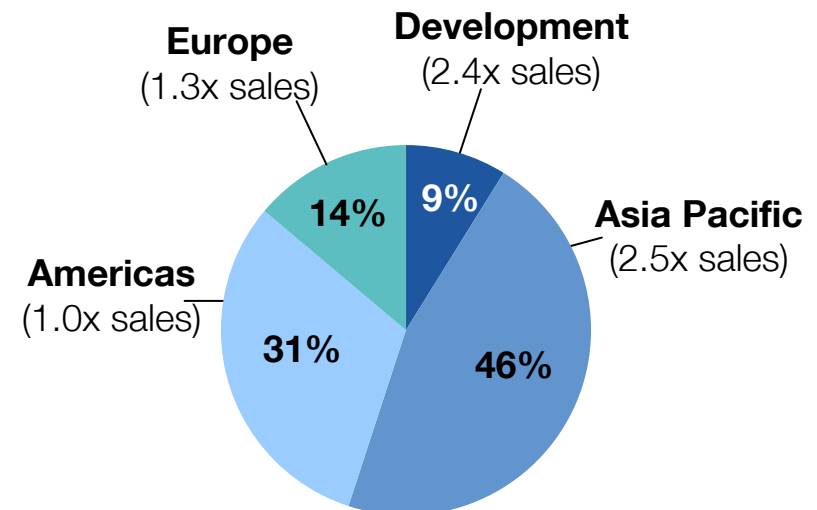
-> new orders = 1.3x sales

## ...forward order backlog of almost 1½ years...

### Order backlog (EUR bn)



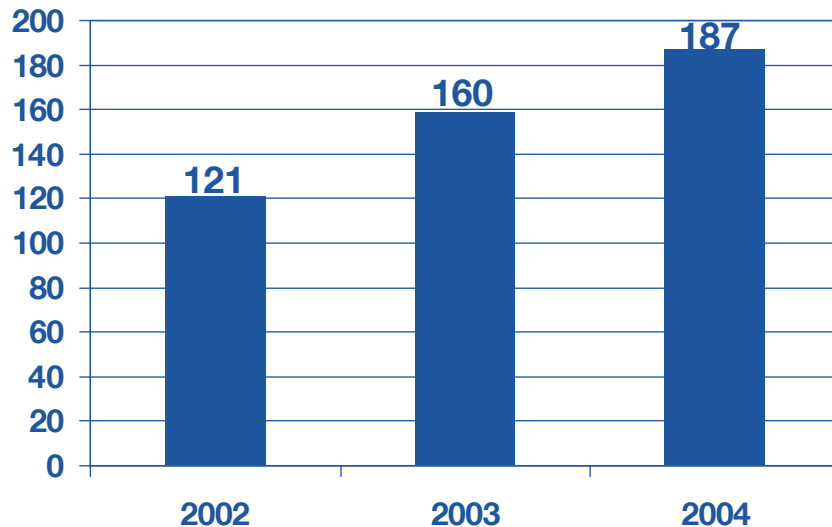
### Order backlog 2004 by divisions



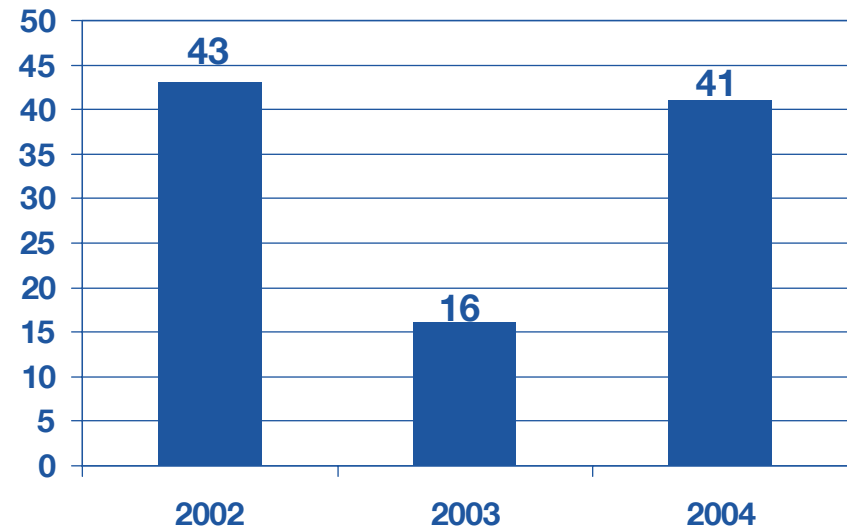
- Record high in order backlog despite currency impact
- Excellent basis for 2005 and beyond

## ...earnings increase in 2004...

**EBT (EUR m)**



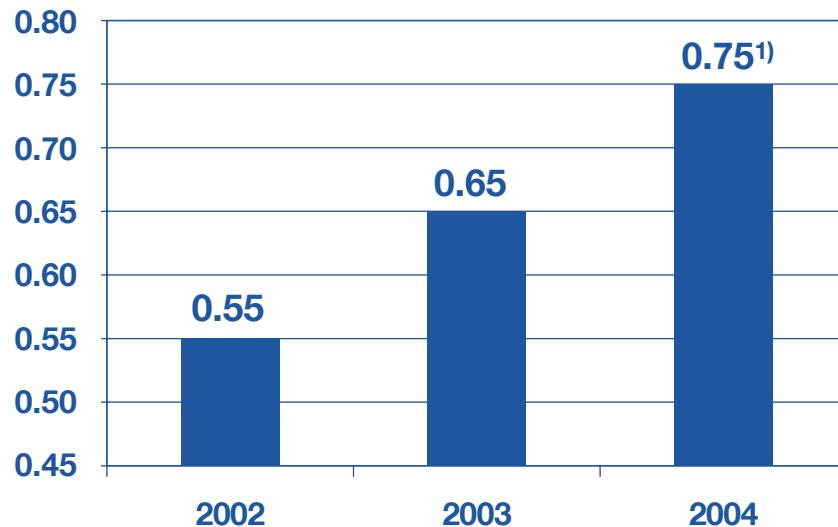
**Net income (EUR m)**



- **EBT:** EUR 187m (+17%) despite risk provisions at Leighton
- **Net income:** EUR 41m (+156%) after an increased tax rate of 57%

## ...thus rewarding shareholders

### Dividend (EUR/share)



### Dividend yield (%):

2002: 4.23

2003: 2.83

2004: 3.13

1) Proposal to Supervisory Board

 **Dividend policy: increased dividend to reflect earnings growth**

## Group figures

### Essentials

- **Sales: significant increase despite negative f/x effect of EUR 435m**
- **EBT: strong business in Europe partly offsets shortfall in Asia Pacific**
- **Capex: expansion of non-construction activities (contract mining, project development, Facility Management)**

### Financials (EUR m)

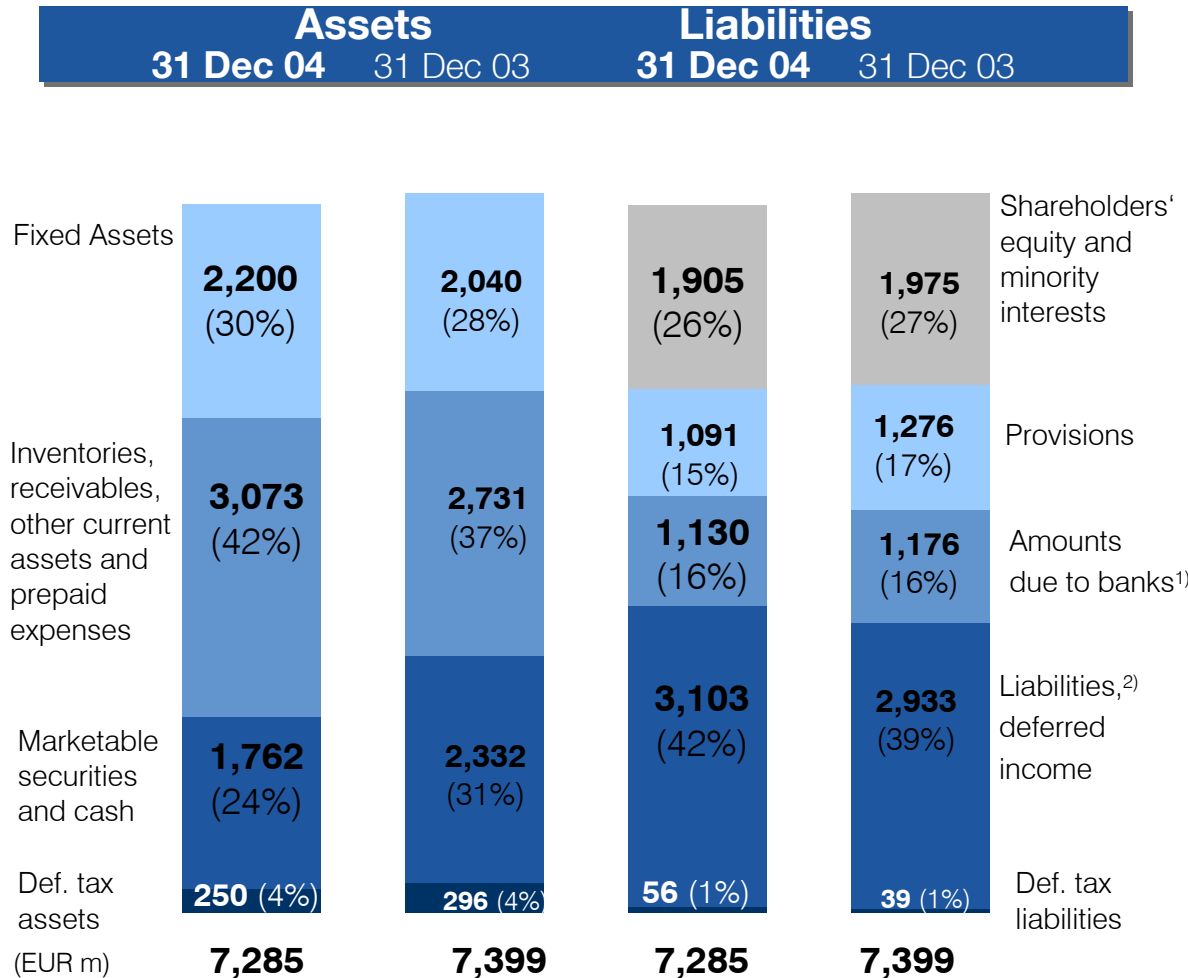
| Jan - Dec (EUR m) | <b>2004</b>   | 2003   | % change |
|-------------------|---------------|--------|----------|
| Sales             | <b>11,944</b> | 10,534 | +13      |
| EBITA             | <b>227</b>    | 220    | +3       |
| EBT               | <b>187</b>    | 160    | +17      |
| EBT margin (%)    | <b>1.6</b>    | 1.5    | +7       |
| Income taxes      | <b>-106</b>   | -83    | +28      |
| EAT               | <b>81</b>     | 77     | +5       |
| Minorities        | <b>-40</b>    | -61    | -34      |
| Net income        | <b>41</b>     | 16     | +156     |
| Cash flow         | <b>320</b>    | 273    | +17      |
| Capex             | <b>678</b>    | 370    | +83      |

# Consolidated balance sheet

## Essentials

- **Creation of pension trust (volume: EUR 286m)**
- **Equity ratio: 26%**
- **Gearing ratio: 38%**
- **Fixed and current assets stepped up parallel to the expansion of business volume**
- **Net cash end 2004: EUR 676m**

1) incl. bonds or notes issued  
2) w/o amounts due to banks



## Group Cash flow

### Essentials

- **Cash and cash equivalents influenced by creation of external pension trust**
- **Expanded investments in non-construction activities (contract mining, project development, Facility Management)**

| Jan-Dec (EUR m)   | 2004        | 2003  | % change |
|---|-------------|-------|----------|
| <b>Cash flow</b>  | <b>320</b>  | 273   | +17      |
| Net cash provided by operating activities                         | <b>311</b>  | 348   | -11      |
| Net cash used in investing activities                             | <b>-132</b> | 98    | -235     |
| Net cash used in financing activities                             | <b>-154</b> | -23   | -570     |
| <b>Net change in cash and cash equivalents</b>                    | <b>25</b>   | 423   | -94      |
| <b>Transfer to HOCHTIEF pension fund</b>                          | <b>-286</b> | -     | n.a.     |
| <b>Cash and cash equivalents at end of period</b>                 | <b>770</b>  | 1,063 | -28      |
| Net cash provided by operating activities                         | <b>311</b>  | 348   | -11      |
| Capex (pp&e)  | <b>-440</b> | -264  | +67      |
| Proceeds from asset disposals (pp&e)                              | <b>137</b>  | 95    | +44      |
| Capex (financial assets)  | <b>-238</b> | -74   | +222     |
| Proceeds from asset disposals (financial assets)                  | <b>149</b>  | 88    | +69      |
| Changes in cash and cash equivalents due to consolidation changes | <b>1</b>    | 12    | -92      |
| <b>Free cash flow</b>   | <b>-80</b>  | 205   | -139     |

# HOCHTIEF Airport

## Essentials

- **On target to break even in 2005**
- **World-wide PAX growth of 6% (04/05)<sup>1)</sup>**
- **BOOT concession at Tirana Airport**
- **March 2005: investment partnership  
HTAC demonstrates portfolio value in  
excess of EUR 1bn**
- **Participate in privatization of airports  
(Central Eastern Europe, Asia)**

## Financials (EUR m)

| Jan-Dec (EUR m)                | <b>2004</b> | 2003 | % change |
|--------------------------------|-------------|------|----------|
| Net income from participations | <b>27</b>   | 55   | -51      |
| EBITA                          | <b>15</b>   | 24   | -38      |
| EBT                            | <b>-14</b>  | 3    | -567     |
| Cash flow                      | <b>19</b>   | -22  | +186     |
| Capex                          | <b>1</b>    | -    | n.a.     |
| Capital employed               | <b>682</b>  | 654  | +4       |

1) Source: IATA, Nov. 2004

# HOCHTIEF Development

## Essentials

- **Based on success of enhanced opportunities in domestic and int'l PPP markets**
- **Successful integration of Siemens and Lufthansa FM unit**
- **Potential 2010 market of approx. EUR 9bn<sup>1)</sup> in Germany**
- **Depressed German project development market balanced by CEE growth**

## Financials (EUR m)

| Jan-Dec (EUR m)  | <b>2004</b>  | 2003 | % change |
|------------------|--------------|------|----------|
| New orders       | <b>1,298</b> | 476  | +173     |
| Work done        | <b>839</b>   | 560  | +50      |
| Order backlog    | <b>1,742</b> | 747  | +133     |
| External sales   | <b>724</b>   | 519  | +39      |
| EBITA            | <b>51</b>    | 52   | -2       |
| EBT              | <b>42</b>    | 38   | +11      |
| EBT margin (%)   | <b>5.8</b>   | 7.3  | -21      |
| Cash flow        | <b>-15</b>   | 26   | -158     |
| Capex            | <b>126</b>   | 44   | +186     |
| Capital employed | <b>529</b>   | 470  | +13      |

1) Source: Integrated Facility Management market; Helbling Study and internal research

## HOCHTIEF Construction Services Americas

### Essentials

- **Increased momentum in commercial with continued strength in healthcare and education**
- **Solid earnings performance at Turner impacted by Aecon restructuring;**
- **Negative f/x impact of EUR 6m on Turner EBT**
- **Major new projects in healthcare; largest four projects total EUR 350m**
- **Addressable market to grow by +6% (04/05)<sup>1)</sup>**

1) Source: McGraw Hill, 2004

### Financials (EUR m)

| Jan-Dec (EUR m)  | <b>2004</b>  | 2003  | % change |
|------------------|--------------|-------|----------|
| New orders       | <b>6,396</b> | 6,266 | +2       |
| Work done        | <b>5,683</b> | 5,453 | +4       |
| Order backlog    | <b>5,746</b> | 5,488 | +5       |
| External sales   | <b>5,605</b> | 5,353 | +5       |
| EBITA            | <b>55</b>    | 68    | -19      |
| EBT              | <b>42</b>    | 38    | +11      |
| EBT margin (%)   | <b>0.7</b>   | 0.7   | 0        |
| Cash flow        | <b>44</b>    | 49    | -10      |
| Capex            | <b>22</b>    | 20    | +10      |
| Capital employed | <b>201</b>   | 264   | -24      |

## HOCHTIEF Construction Services Asia Pacific

### Essentials

- **Strong underlying business effected by risk provisions on two major projects**
- **Tightening up of risk management and control framework to ensure conformity with best practice standards**
- **Major new project: Mitcham-Frankston Freeway (EUR 1.5bn)**
- **Addressable building/civil market to grow by 4-5% (04/05)<sup>1)</sup>; contract mining: to grow by 5-6% p.a. by 2008<sup>1)</sup>**

### Financials (EUR m)

| Jan-Dec (EUR m)  | <b>2004</b>  | 2003  | % change |
|------------------|--------------|-------|----------|
| New orders       | <b>5,522</b> | 5,240 | +5       |
| Work done        | <b>4,039</b> | 2,983 | +35      |
| Order backlog    | <b>8,602</b> | 7,446 | +16      |
| External sales   | <b>3,446</b> | 2,647 | +30      |
| EBITA            | <b>119</b>   | 129   | -8       |
| EBT              | <b>109</b>   | 127   | -14      |
| EBT margin (%)   | <b>3.2</b>   | 4.8   | -33      |
| Cash flow        | <b>296</b>   | 227   | +30      |
| Capex            | <b>494</b>   | 273   | +81      |
| Capital employed | <b>511</b>   | 312   | +64      |

1) Source: BIS Shrapnel, 2004

## HOCHTIEF Construction Services Europe

### Essentials

- **Significant margin increase driven by comprehensive risk management system**
- **Earnings growth as a result of expertise in specific market segments**
- **Major new projects in shopping malls; largest three projects total EUR 270m**
- **Selective expansion in CEE offers additional profitable business opportunities; market growth CEE +8% (04/05)<sup>1)</sup>**

### Financials (EUR m)

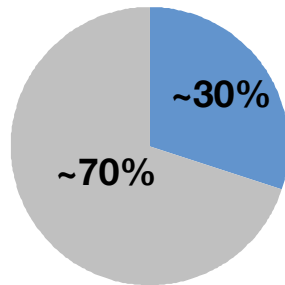
| Jan-Dec (EUR m)     | 2004         | 2003  | % change |
|---------------------|--------------|-------|----------|
| New orders          | <b>2,295</b> | 2,293 | -        |
| Work done           | <b>2,470</b> | 2,430 | +2       |
| Order backlog       | <b>2,625</b> | 2,784 | -6       |
| External sales      | <b>2,087</b> | 1,936 | +8       |
| EBITA               | <b>26</b>    | 0     | n.a.     |
| Earnings before tax | <b>29</b>    | 10    | +190     |
| EBT margin (%)      | <b>1.4</b>   | 0.5   | +180     |
| Cash flow           | <b>36</b>    | 46    | -22      |
| Capex               | <b>24</b>    | 31    | -23      |
| Capital employed    | <b>-143</b>  | -108  | -32      |

1) Source: Ifo-Institut, 2004; Euroconstruct, 2004

# The Group picture

## Balancing the business

### Sales<sup>1)</sup> 04:



- **Group EBT margin:**

| 2002 | 2003 | 2004 |
|------|------|------|
| 1.0% | 1.5% | 1.6% |

- **Group ROCE:**

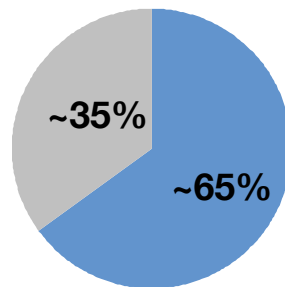
| 2002 | 2003  | 2004  |
|------|-------|-------|
| 9.2% | 13.7% | 14.2% |

- **Group mid-term targets:**

EBT margin > 2%

ROCE > 14%

### EBT 04:



**Construction activities**

**Non-Construction activities**

1) Including pro-rata contribution of at-equity participations

## Achievements 2004

### Strategic actions

#### Releasing and redeploying capital

-> integrate into higher margin, higher growth and lower risk service activities

- ✓ **Acquisition** and **integration** of **Siemens and Lufthansa FM** unit
- ✓ **PPP projects:** e.g. schools Offenbach, tollroads Chile
- ✓ **Tirana Airport** concession
- ✓ **Airport Investment Partnership** (Mar 2005)

#### Streamlining structure, enhancing transparency

- ✓ **Sale of minorities** (Ballast Nedam, Kitchell)
- ✓ Creation of **HOCHTIEF Pension Trust**

#### Leverage global reach

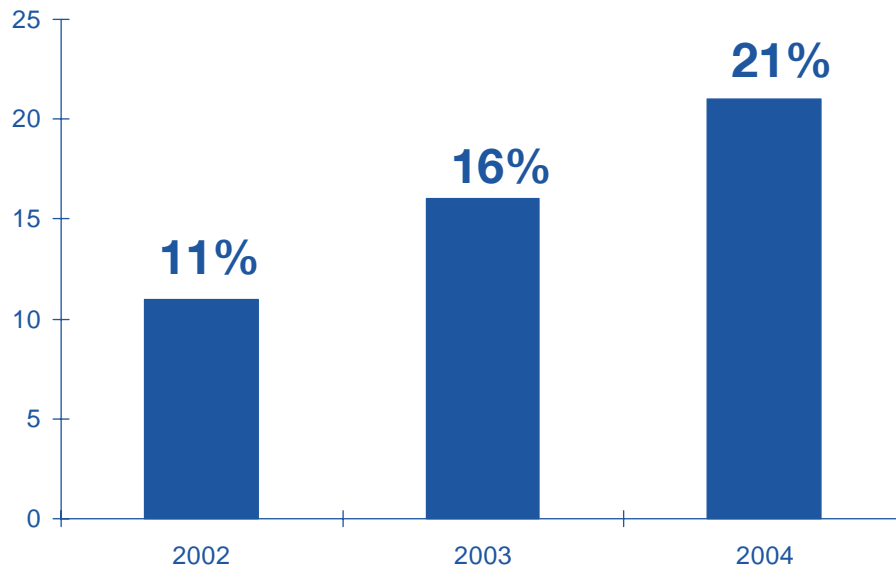
- ✓ Strengthening of Group-wide **partnering projects** (cum. EUR 2.7bn)
- ✓ Enforcement of **Global Risk Management** (Global Risk Initiative)
- ✓ Increased use of **PreFair** in Germany and CEE (21% of HTE building activities)

## Construction

Leading the competition from price to quality



### Portion of PreFair projects of HTE building activities (%)

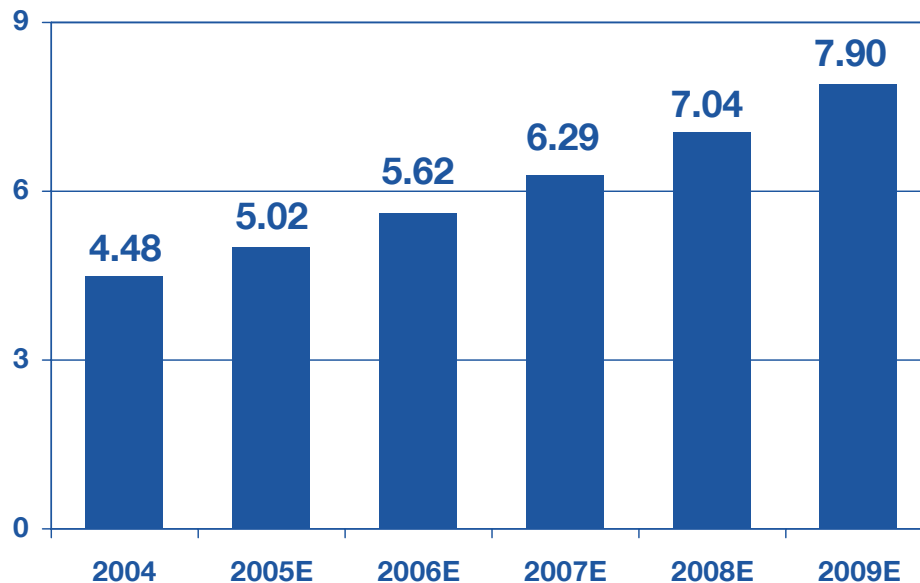


- **Quality competition boosts quality earnings**
- **Improvement of reliability and visibility of earnings**
- **Increases likelihood of repeat business**
- **Target to increase PreFair portion to approx. 30% of HTE building activities by 2006**

## Services

### Strong growth in market opportunity

Market growth integrated Facility Management  
(EUR bn)<sup>1)</sup>:



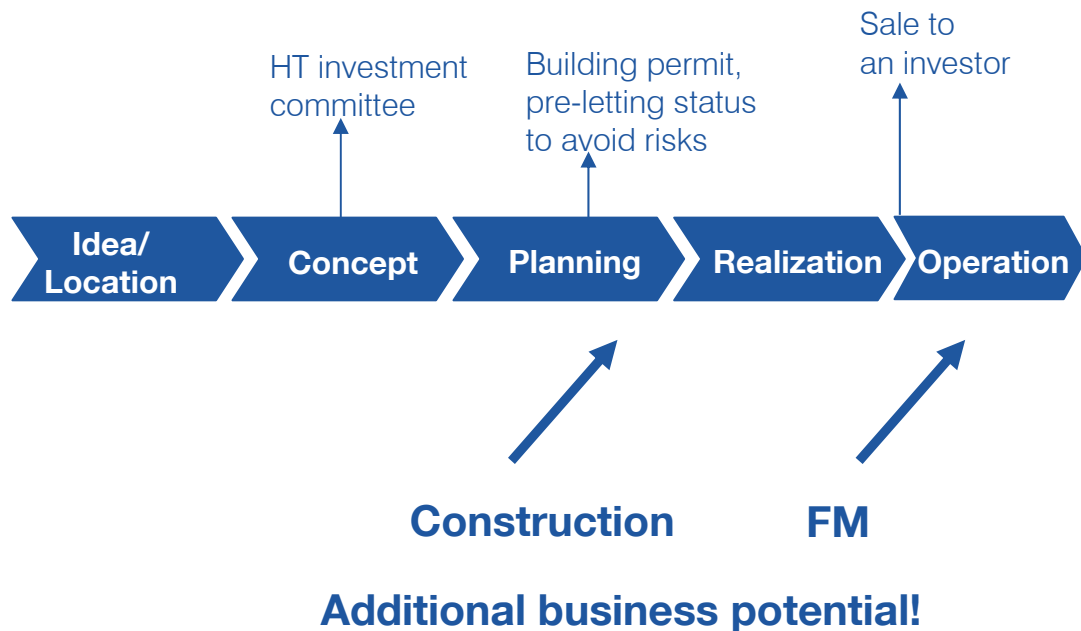
1) Source: Helbling Study and internal research



- **Growth of German market for integrated FM services >10% p.a.**
- **HT FM target: EBT margin of > 4% by 2006**
- **Future focus on six segments**
  - Automotive
  - Airport/Airline
  - Healthcare
  - Engineering
  - Chemicals/Pharmacy
  - Banks/Insurance

# Development

Controlling profitability in project development

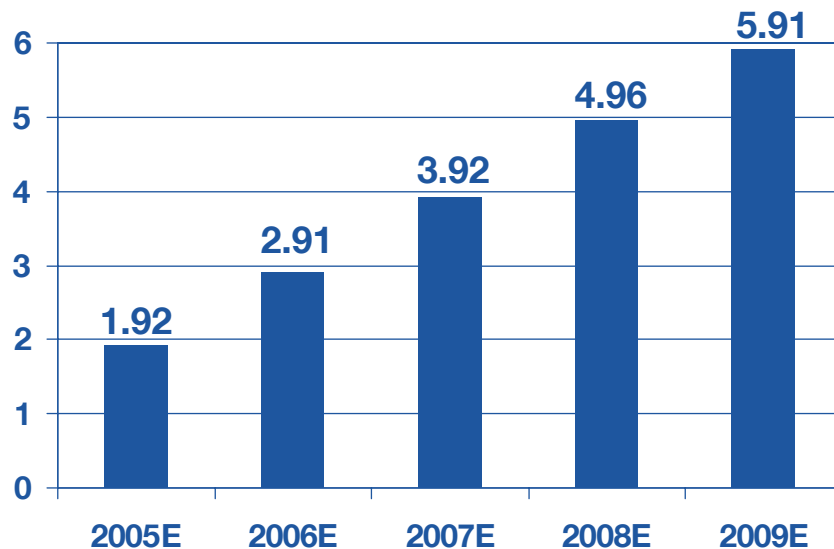


- **Projects selected with strict IRR target > 14%**
- **Particular concentration on CEE**
- **HT real estate development essentials:**
  - Projects under construction: EUR 800m
  - Equity exposure: EUR 150m;
  - Future topics: “Redevelopment”, “Green building”

# Concessions and operation

## Market prospects in Germany

Expected PPP volume in public buildings  
Germany (EUR bn):



1) Source: Dt. Institut für Urbanistik (Difu) and internal research  
2) Related to public building



### • HT PPP essentials<sup>2)</sup>:

- Project volume: EUR 460m
- Equity exposure: < EUR 0.1m
- IRR 12-15%
- Market leader in Germany and most successful domestic bidder in 04:
  - EUR 600m project wins
  - 50% of targeted market

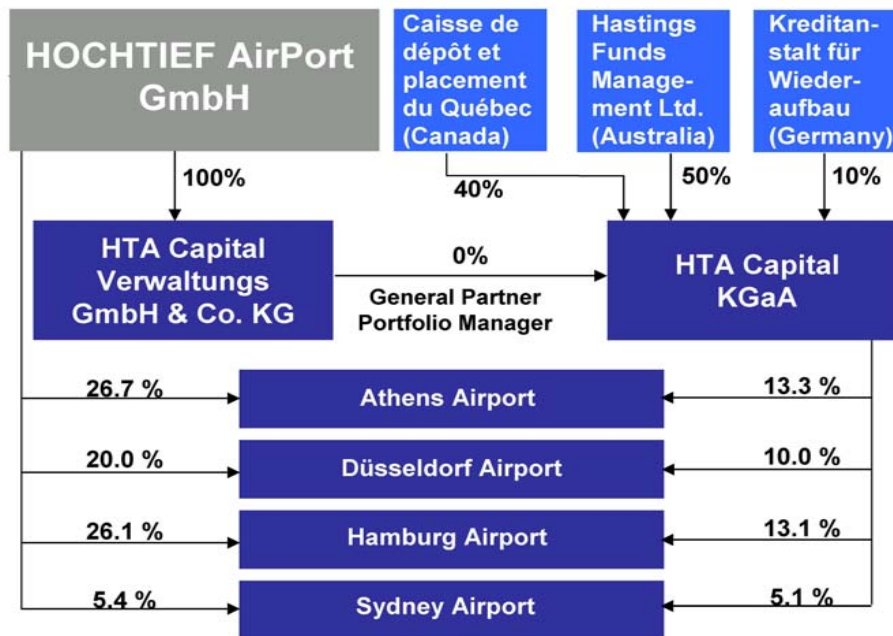
### • Expected PPP market volume 05 to 09 (EUR m):

- Schools: 11,350
- Hospitals: 7,250
- Administration: 1,020

# HOCHTIEF AirPort Capital (HTAC)

Demonstrating value

## Shareholders



- Implied value of airport portfolio in excess of EUR 1bn
- Combination of HOCHTIEF's industrial ability with innovative financial engineering
- HTAC establishes a framework for future growth through a leading role in privatizations

## Looking forward

An holistic approach to our clients will bring...

- Profitability improvement in **German and European construction business**
- A strong boost to growth from **German and international PPP** projects
- Attractive profitability from **real estate development**
- Margin growth from an expanding **Facility Management** business
- Enhanced value creation from the **HTAC partnership**

## Group outlook 2005

| (EUR m)              | <b>2004</b>   | <b>2005E<sup>1)</sup></b>                                    |
|----------------------|---------------|--|
| <b>Sales</b>         | <b>11,944</b> | <b>on previous year's level</b>                              |
| <b>EBT</b>           | <b>187</b>    | <b>upper single digit% increase</b>                          |
| <b>Net income</b>    | <b>41</b>     | <b>over-proportionate increase</b>                           |
| <b>New orders</b>    | <b>15,587</b> | <b>on normalized high level<br/>(below 2004 record high)</b> |
| <b>Order backlog</b> | <b>18,715</b> | <b>in 2004 record high range</b>                             |

1) Before effects from HT AirPort investment partnership;

## Disclaimer

“Certain of the statements contained herein may be statements of future expectations and other forward-looking statements that are based on management’s current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements that are forward-looking by reason of context, the words “may,” “will,” “should,” “expect,” “plan,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” or “continue” and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements.

The Company assumes no obligation to update any forward-looking statement.”

## Financial calendar and IR contact

|                  |   |
|------------------|---|
| <b>11 May 05</b> | <b>Q1 results 2005 and Conference Call</b>                            |
| <b>18 May 05</b> | <b>General Shareholders' Meeting</b>                                  |
| <b>17 Aug 05</b> | <b>Q2 results 2005 and Analysts' and Investors' Conference</b>        |
| <b>17 Nov 05</b> | <b>Q3 results 2005 and Conference Call</b>                            |
| <b>23 Mar 06</b> | <b>Full year results 2005 and Analysts' and Investors' Conference</b> |
| <b>10 May 06</b> | <b>General Shareholders' Meeting</b>                                  |
| <b>15 May 06</b> | <b>Q1 results 2006 and Conference Call</b>                            |

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