

Business Results Press Conference,

March 23, 2005

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Member of the Executive Board

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Ladies and Gentlemen,

I too would like to welcome you to our 2005 Business Results Press Conference. 2004 was a very good year for our company. We once again succeeded in Germany and our international markets and generated results well in excess of the previous year.

I would now like to elucidate the figures for the **2004 fiscal year** and will begin by commenting on the main figures relating to the **orders situation** in 2004:

Adjusted for exchange rates, Group **new orders** are up 11.7 percent on the prior year.

The nominal figure was

EUR 15.59 billion

an increase of 8.6 percent on the previous year.

Here are the individual figures for Germany and our international markets:

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New orders in **Germany** totaled

EUR 2.76 billion

This represents an increase of

26.6 percent

compared with the equivalent prior-year figure. This puts HOCHTIEF in sharp positive contrast to the overall German market trend.

International new orders, at

EUR 12.83 billion

were up

5.4 percent

from the prior year.

Adjusted for exchange rates, growth in new orders was 9.1 percent. Turner with a gain of 10.2 percent in US dollars and Leighton with an increase of 2.5 percent in Australian dollars both contributed significantly toward our very high reported figure for new orders.

Work done in fiscal 2004 was

EUR 13.11 billion.

This was up

14.0 percent

from the prior year. Adjusted for exchange rate effects, the increase in work done was even 17.6 percent.

Work done in **Germany** was

EUR 2.39 billion.

This was

16.6 percent

up from the prior year.

Work done in our **international activities** during 2004 was

EUR 10.72 billion,

an increase of

13.4 percent.

The exchange rate-adjusted increase was 17.8 percent. Leighton in particular and also Turner made notable contributions to this significant increase.

Let's turn to the **2004 financial statements**, which are prepared in accordance with the International Financial Reporting Standards.

You have the annual report before you. Accordingly, I will restrict myself to a few comments on key items in the **balance sheet** and **consolidated statement of earnings**.

I will report on the generally gratifying results from the various divisions as my next topic. You will find the detailed figures, including the breakdown of operating earnings, in the Segment Reporting section of the annual report.

To start with the **balance sheet**:

Total assets decreased slightly by around EUR 0.11 billion or 1.5 percent to EUR 7.29 billion. This is the balance of an increase from the acquisition of the Siemens and Lufthansa facility management activities and the effect of implementing a contractual trust arrangement. HOCHTIEF Aktiengesellschaft transferred assets worth EUR 286 million to a pension fund set up to safeguard and fund HOCHTIEF Aktiengesellschaft's pension commitments. In accordance with the international financial reporting rules, the assets transferred to the fund are deducted from pension provisions.

Fixed assets, at EUR 2.20 billion, were nearly eight percent up from the prior year.

Intangible assets and property, plant and equipment increased eleven percent compared with the prior year, to EUR 1.20 billion. This was mostly due to goodwill recorded on the purchase of additional shares in Leighton and on business acquisitions in the facility management sector.

Financial assets were EUR 1.0 billion at the close of the 2004 fiscal year, slightly above the previous year's level. The increase mostly reflects capital expenditure on participating interests.

Current assets showed a net decrease of EUR 0.23 billion to EUR 4.81 billion.

Inventories and **trade receivables** include unbilled construction work. In line with IFRS rules, this is reported under receivables by the percentage of completion method. Reflecting the increased business volume, inventories and trade receivables gained 12.5 percent from the prior-year level to EUR 3.05 billion.

Marketable securities and **cash and cash equivalents** decreased by EUR 0.57 billion to EUR 1.76 billion. The main factor here were the reduced holdings of securities and cash and cash equivalents after transfers to the pension fund.

Deferred tax assets, at EUR 0.25 billion, are slightly down from the prior year. The main cause is a precautionary EUR 20.0 million impairment charge on assets recognized for tax refund entitlements from domestic tax loss carryforwards.

Turning to the **liabilities side**:

Group **shareholders' equity** decreased by some EUR 70.7 million or 3.6 percent to EUR 1.90 billion. EUR 47.7 million of the decrease relates to **reserves** – mostly from currency translation differences and marking financial instruments to fair value.

The **minority interest** shrank by EUR 31.0 million to EUR 356.0 million compared with 2003, primarily because of the increase in the stake in Leighton.

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We continue to have an outstanding equity ratio comprising 26.1 percent of total assets—compared with 26.7 percent in the prior year.

Provisions were approximately EUR 1.09 billion, a decrease of EUR 184.7 million from the 2003 figure. The main cause of this change was the deduction of pension fund assets from pension provisions.

Liabilities rose approximately by a net EUR 0.10 billion to EUR 4.20 billion.

The largest rise was in **trade liabilities**, which were up EUR 0.16 billion to EUR 2.82 billion. This increase is mainly due to the significantly higher volume of business at Leighton and Turner.

HOCHTIEF AG successfully issued EUR 200.0 million in promissory note loans during 2004. In the Group as a whole, however, **bonds or notes issued and amounts due to banks** were reduced by EUR 46.1 million.

The minor, EUR 17 million increase in **deferred tax liabilities** consists entirely of temporary differences between valuations for tax purposes and amounts carried in the IFRS consolidated financial statements.

That brings us to a close regarding the main developments on our consolidated balance sheet.

Now to the **consolidated statement of earnings**.

Sales and total operating performance in 2004 were EUR 11.94 billion, an increase of EUR 1.41 billion or 13.4 percent compared with the prior year. Key factors in this marked rise were the expansion of facility management activities in Germany and growth in Australia and the USA.

Other operating income in the 2004 fiscal year was EUR 169.8 million, an increase from EUR 120.0 million on the previous year. This was largely accounted for by proceeds from sales of property companies in the Development division.

Materials increased by EUR 1.07 billion to EUR 9.15 billion. The causes are the same as for sales and work done, i.e. expansion of facility management activities in Germany and growth in Australia and the USA.

For the same reasons, **personnel costs**, at EUR 1.83 billion, were up EUR 0.25 billion from the prior year.

Depreciation and amortization were EUR 262.7 million, EUR 30.7 million up from the previous year. Most of this sum is accounted for by the Leighton Group's capital-intensive contract mining activities.

Other operating expenses were EUR 707.5 million, a rise of EUR 63.0 million compared with the prior year. The increase is mostly due to the addition of the new facility management companies to the consolidated group.

As a result, **profit from operating activities** rose from EUR 120.9 million in the previous year to **EUR 156.3 million** in 2004.

Net income from participating interests fell—due among other things to positive non-recurring items in the Airport division during 2003—from EUR 44.9 million in the prior year to EUR 33.6 million in 2004.

Net investment and interest income was a negative EUR 2.6 million, a slight net improvement of EUR 3.7 million on the previous year due to reduced risk provisioning for securities.

Profit before taxes was EUR 187.3 million in 2004, a 27.8 million increase over the 2003 figure of EUR 159.5 million.

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Income taxes for the 2004 fiscal year, at EUR 106.2 million, are EUR 23.2 million or nearly 28 percent above the prior-year figure due to the impairment charge on tax refund entitlements mentioned earlier.

Profit after taxes rose EUR 4.6 million to EUR 81.1 million. After the significantly lower minority interest, which mostly relates to Leighton, **consolidated net profit** for the period was EUR 41.2 million or more than double the previous year's figure of EUR 16.2 million; this represents **earnings per share** of EUR 0.65 compared with EUR 0.26 in the prior year.

This brings us to the end of our review of the consolidated statement of earnings.

The **separate financial statements of HOCHTIEF AG** are prepared, as in earlier years, in accordance with German commercial law and accounting principles and primarily contain net income from participating interests and financial assets. Profit from ordinary activities was EUR 66.0 million, below the previous year figure which was affected by non-recurring items such as write-ups on own shares and special-purpose investment funds. Net income before changes in reserves (EUR 75.1 million), plus net income brought forward (EUR 4.5 million) less transfers to the reserve for own shares (EUR 5.9 million) and the transfer for other revenue reserves (EUR 21.2 million) leaves unappropriated net income of EUR 52.5 million available for distribution.

In the following, I would like to briefly go into the **individual divisions**.

The HOCHTIEF Airport division rigorously pursued the ongoing expansion of its business portfolio in 2004:

HOCHTIEF AirPort GmbH has established itself as one of the world's leading independent companies in the profitable airport management sector. In the 2004 fiscal year, HOCHTIEF AirPort was successful once again in the active

management of airport holdings and in offering a complete range of innovative services for airports. Despite temporary setbacks, air travel is showing substantial, lasting growth worldwide, both in terms of passenger numbers and cargo volume.

Ladies and Gentlemen,

Given the venue for this year's Business Results Press Conference, it would be remiss of us not to mention Düsseldorf Airport. Several new routes and consistently rising passenger figures characterized the fiscal year at this airport. At 15.2 million, the number of passengers far exceeded the prior year's 14.3 million. This positive trend is chiefly due to the addition of successful connections, including new flights offered by Air Berlin, LTU, Lufthansa and Germania Express. The airport once again reported positive results.

Taking all of the aforementioned successes into account, the HOCHTIEF Airport division turned in a strong positive performance in the year under review. At EUR 14.7 million, operating earnings (EBITA), which profited from the stable growth of all airport holdings, increased more strongly than planned. Operating earnings were affected by various non-recurring items in 2003.

For 2005, there are several pending airport privatizations of commercial interest to the division. After examining the related conditions, HOCHTIEF AirPort is likely to bid on several airport projects in Asia and Southeastern Europe.

The HOCHTIEF Development division held its lead with innovative solutions in 2004:

HOCHTIEF Development supports the entire life cycle of properties and infrastructure projects with a broad range of innovative services, including planning, financing, managing and operating. In 2004, the division scored critical successes at home and abroad in the growth markets for privately financed and operated infrastructure projects as well as in the area of facility management. New orders in the Development division rose sharply due to acquisition of the facility management units of Siemens and Lufthansa. HOCHTIEF Facility

Management GmbH thus established itself in 2004 as the German market leader for integrated facility management services.

The division's successful performance is also reflected in external sales, which gained 39.5 percent on the prior year (EUR 518.7 million) to reach EUR 723.8 million. At EUR 41.7 million, the Development division's profit before taxes was up EUR 3.8 million, as planned.

The HOCHTIEF Construction Services Americas division further reinforced its leading position in fiscal 2004:

HOCHTIEF subsidiaries thrived in the US, Canadian and Brazilian construction markets with numerous building and civil engineering projects. The division's portfolio of services was expanded even further. Economic recovery in the US spurred a record order backlog. In June, Turner signed the company's 10,000th major contract. The total value of all contracts since the company's inception in 1902 exceeds EUR 124 billion, with 20 percent of that amount stemming from business generated in the last five years alone.

The record figure of EUR 6.40 billion for new orders is the result of recovery in both the US and Brazilian construction markets in 2004. Adjusted for exchange rate effects, the increase over 2003 at Turner was around 10 percent.

HOCHTIEF's subsidiaries and associates within the Construction Services Americas division have set their sights on further expanding their market positions through organic growth and by building on their product portfolios with innovative construction services. Positive market impetus in our companies' key segments—for example in the green building sector at Turner—serves to strengthen expectations of another strong contribution to pre-tax Group earnings in 2005.

Another word about operating earnings and profit before taxes: The decrease in EBITA partly results from the earnings of Kitchell no longer being included following its divestiture, and partly from the known drop in earnings at Aecon, which mostly encompasses impairment losses on tax assets recognized for Canadian loss carryforwards, plus exchange rate effects. The contrary

improvement in profit before taxes from EUR 38.3 to EUR 42.0 million results from the discontinuation of amortization on goodwill (14.5 percent increase).

Major contracts ensured an outstanding order backlog for the HOCHTIEF Construction Services Asia Pacific division in 2004:

The division proved itself once again with a strong, multifaceted portfolio. Leighton companies secured major orders, particularly in the contract mining sector. Risks in two construction projects made it necessary to recognize accounting provisions in interim financial statements during the first half year. This is reflected in the reduced earnings compared with the prior year. By the third quarter, however, Leighton was back on target as regards its earnings power. Leighton Holdings secured the biggest contract in its corporate history through subsidiaries Thiess and John Holland: The Australian market leader will play a major role in shaping the Mitcham Frankston Freeway project in the federal state of Victoria. Among other things, the contract involves planning and building 78 bridges and 39 kilometers of mostly six-lane freeway, including 1.5 kilometers of tunnels. The total contract volume for what is Australia's largest road construction project to date stands at some EUR 2.2 billion, with the share attributable to HOCHTIEF subsidiaries adding up to around EUR 1.5 billion.

Positive changes in market conditions continued in the Australia-Pacific region in 2004. The effect on Leighton has been sustained growth in its contract portfolio. Tackling the high order backlog from the previous year led to work done of over EUR 4 billion at Leighton Holdings. This marked a record for the HOCHTIEF Construction Services Asia Pacific division compared with the prior-year figure of approximately EUR 3 billion and accounted for a sizeable, 30.8 percent portion of work done reported for the entire HOCHTIEF Group.

In 2005, the division will continue to profit from the consistently high investments being made in Australia's infrastructure, particularly road building and expansion of the nation's rail network. It can be expected in the Asia-Pacific region that the booming demand for raw materials (coal and iron ore) will have an impact on the orders situation in the Leighton Group in the current fiscal year and beyond. Thus, the course is set for continued profitable growth in the division.

Profit continued to rise in 2004 at the HOCHTIEF Construction Services Europe division:

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In the year under review, the HOCHTIEF Construction Services Europe division continued to pursue the successful course set in 2003 and further strengthened its market position. The division ranks among today's market leaders in many profitable business areas. Its risk management system, in place and improved on an ongoing basis for years, also contributes to the increasing profitability. The drive to augment the division's services business is also showing ever greater success.

The situation for the European construction industry improved in 2004, particularly in Eastern Europe. The new business unit in Hungary, formed in mid-2004, will exploit this potential in addition to the existing Polish and Czech subsidiaries and the Russian operating unit.

Despite the challenging market environment, the Europe division reported a positive orders situation. The profit figures reflect the positive trend in the division over the entire course of the year. After achieving slightly positive operating earnings in the prior year, the EUR 25.8 million generated by the division under the leadership of HOCHTIEF Construction AG made a solid contribution to operating earnings in 2004.

Ladies and Gentlemen, thank you for your attention. I would now like to hand back to Dr. Keitel.