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HOCHTIEF

CORPORATE
HEADQUARTERS

Business Results Press Conference

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Member of the Executive Board

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Ladies and Gentlemen,

Following on from Dr. Keitel's presentation, I would now like to turn to the figures for the 2003 fiscal year. A note in advance: the prior year figures for work done, new orders and the order backlog have been adjusted for organizational and accounting consolidation changes.

Beginning with the orders situation in 2003:

Adjusted for exchange rates, Group new orders would be up 8.6 percent on the prior year.

The nominal figure was
EUR 14.4 billion.
This almost equals the prior year.

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

New orders in Germany totaled
EUR 2.2 billion.
This represents a decrease of
2.0 percent
or in absolute terms no more than EUR 44 million. This places us well ahead of the broader German market trend.

International new orders, at
EUR 12.2 billion
were down only
0.3 percent or EUR 34 million
from the prior year—an unexpectedly healthy figure considering the unfavorable dollar exchange rate.

The Americas and the Asia-Pacific regions now generate 95 percent of international new orders.

Work done was
EUR 11.5 billion.
Largely due to exchange rates, this was down
10.0 percent
from the prior year. Adjusted for exchange rate effects, the decrease in work done was only 0.9 percent.

Work done in Germany was
EUR 2.0 billion.
This was only
0.5 percent
less than the prior year.

Work done in our international activities during 2003 was
EUR 9.5 billion.
The
11.8 percent
decrease is largely down to exchange rates.

Let’s turn to the 2003 financial statements, which like the previous year 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.

Dr. Keitel has already reported on the generally highly gratifying results from the various divisions. 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 by EUR 0.2 billion or just under three percent to EUR 7.4 billion. This was primarily due to the weak performance of the US dollar against the euro.

Fixed assets, at EUR 2.1 billion, were slightly down on the prior year.

Intangible assets and property, plant and equipment decreased ten percent compared with the prior year, to EUR 1.1 billion. Besides exchange rate effects, depreciation and amortization, the decrease is mostly due to realty disposals.

Financial assets were just under EUR 1.0 billion in 2003, around the same level as the prior year. Additions and disposals netted out. The slight decrease is due to amortization.

Current assets increased by EUR 0.1 billion to EUR 5.0 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. Total inventories and receivables, at EUR 2.7 billion, are slightly down from the prior year due to exchange rate effects.

Marketable securities and cash and cash equivalents increased by EUR 0.2 billion to EUR 2.3 billion. As our securities are reported at market value in accordance with IFRS, the positive trend on the financial markets resulted in correspondingly higher valuations. Another impact was the flow of funds from a AUD 200 million (EUR 120 million) notes issue at Leighton.

As of the 2003 reporting year, HOCHTIEF has changed its method of reporting deferred tax assets in compliance with IFRS. Consequently, deferred tax assets and deferred tax liabilities are now offset against each other within each company and group. This offsetting reduced deferred tax assets by EUR 0.2 billion to EUR 0.3 billion.

Turning to the liabilities side:

Group shareholders' equity increased by EUR 35 million or 1.8 percent to EUR 2.0 billion. Reserves remained constant at just short of EUR 1.4 billion, with positive changes from the valuation of financial instruments and negative exchange rate effects almost netting out.

Minority interests increased from the prior year by EUR 19 million to EUR 387 million due to the good figures from Leighton and in our airport businesses.

We continue to have an outstanding equity ratio comprising 26.7 percent of total assets—compared with 25.5 percent in the prior year.

Provisions remain near their prior year level, around EUR 1.3 billion.

Liabilities for the Group as a whole decreased by EUR 0.1 billion to EUR 4.1 billion. The reduction in trade payables is chiefly a result of exchange rate effects.

Amounts due to banks were also down, by EUR 0.2 billion to EUR 1.0 billion. A bank loan part-financing the acquisition of a stake in Sydney Airport was repaid early.

A EUR 120 million (AUD 200 million) notes issue by Leighton Holdings on the Australian market increased the Group figure for bonds or notes issued to EUR 134 million.

Deferred tax liabilities fell by EUR 0.2 billion to a low EUR 40 million due to the offsetting mentioned earlier. The balance 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 were EUR 10.5 billion in 2003, down EUR 1.5 billion from the prior year. As Dr. Keitel has already explained, the Americas division suffered exchange rate effects to the tune of EUR 1.1 billion and a change in the method of accounting for joint ventures at Leighton Holdings resulted in a further impact of EUR 0.5 billion.

Other operating income, at EUR 120 million in 2003, was significantly down from the prior year figure of EUR 306 million, the latter figure having included the disposal of the stake in Monachia AG.

Materials decreased EUR 1.4 billion to EUR 8.1 billion. The cause was the same as with sales and total operating performance: the EUR 1.0 billion exchange rate effect at Turner and the EUR 0.4 billion reporting change at Leighton.

Personnel costs and depreciation and amortization, at EUR 1.6 billion and EUR 0.2 billion respectively, were slightly down from the prior year. The Leighton Group's capital intensive contract mining business accounts for most of the depreciation and amortization.

Other operating expenses, at EUR 644 million, were only slightly higher than the prior year.

Profit from operating activities fell from EUR 233 million in the prior year to EUR 121 million in 2003. The net decrease again reflects the non-recurring effect of the Monachia disposal in 2002.

Net income from participating interests improved from a negative EUR 142 million in 2002 to a positive EUR 45 million in 2003. After the writedowns of 2002, we are pleased to report positive figures for 2003 from companies in the Leighton Group and within our airport activities.

Net investment and interest income, at a negative EUR 6 million, is down EUR 36 million from the prior year. This is mainly a result of lower interest income and a EUR 59 million charge taken for impairment losses on securities held in special-purpose investment funds. These factors were partly offset by investment income.

We are pleased to report that profit before taxes increased by EUR 39 million, or about one third, from EUR 121 million in 2002 to EUR 160 million in 2003.

Income taxes for fiscal 2003, at EUR 83 million, showed a EUR 52 million negative swing compared with the prior year. The uncharacteristically low income tax figure of EUR 31 million for 2002 was largely due to the tax-free sale of our stake in Monachia. We were also still recognizing deferred tax assets on domestic losses in 2002. We discontinued this practice for reasons of prudence in 2003, producing a marked rise in the effective tax rate. Adjusted for these effects, the income tax figure would have represented a near-identical tax ratio for the two years.

As a result of these developments, profit after taxes decreased by EUR 13 million to EUR 77 million. Deducting minority interests, primarily in Leighton, leaves a consolidated net profit for the period of EUR 16 million, compared with EUR 43 million in the prior year. This represents earnings per share of EUR 0.26 in 2003, compared with EUR 0.69 in 2002.

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. Profit from ordinary activities, at EUR 107 million, is significantly higher than the prior year. Net profit before changes in reserves was EUR 126.9 million and net profit of EUR 3.8 million was brought forward from the previous year. Transfers of EUR 69.4 million to the revenue reserve for own stock and of EUR 15.8 million to other revenue reserves leave unappropriated net profit of EUR 45.5 million.

In view of the marked rise in earnings, the Supervisory Board and Executive Board will be proposing an increased dividend of EUR 0.65 per no-par-value share at the General Shareholders' Meeting of May 7, 2004. The dividend in 2002 was EUR 0.55. We are thus staying true to our policy of according stockholders their due share in our company's success.

Thank you for your attention.