

## **Fall Press Conference 2005**

November 17, 2005

Dr.-Ing. Dr.-Ing. E.h. Hans-Peter Keitel  
Chairman of the Executive Board

**Embargoed until:**

8:30 a.m. (GMT) / 9:30 a.m. (CET) on November 17, 2005

**Check against delivery.**

Ladies and Gentlemen,

A warm welcome to our Fall Press Conference.

I am pleased to be able to report to you today that, during the first nine months of 2005, our company has continued to show gratifying development. With new public-private partnership projects, successful service contracts and demand for work in our core construction business, we are holding firm to our competitive lead and keep on turning out good results. We have consistently pursued our strategy of closely intertwining the individual modules of our service portfolio. Today, HOCHTIEF covers every link in the value chain throughout a project's life cycle: from development through construction and services all the way to concessions and operation. This provides the ideal stage on which to pool our expertise when it comes to optimum planning and financing, innovative technology and efficient operation. This type of 360° management is a plus point for our projects—and something from which our clients as well as our Group can profit.

This also comes out in the business results, which I will present here as briefly as possible, leaving Dr. Vater to take you through the figures in detail.

- **New orders** to the end of September were EUR 10.15 billion, as budgeted about six percent down from the very high prior-year figure. This is largely a result of rigorously margin-oriented and selective order taking in the USA—although this planned effect was partly offset by the superlative influx of orders secured in the Asia Pacific division.
- We have once again substantially bumped up the Group's **work done**, raising the total to EUR 10.57 billion—that's 9.4 percent more than during the same period last year.
- The **order backlog** set a new record at EUR 19.91 billion and topped the prior-year figure by ten percent. This is equivalent to a forward order book capable of keeping us busy for about one and a half years.
- **Profit before taxes** improved significantly to EUR 206.1 million, up 62.7 percent from the 2004 comparison figure.
- We also achieved a notable increase in **consolidated net profit**, which at EUR 54.4 million represents an improvement of over 50 percent. I would like to stress at this point that all divisions contributed to this profit growth. Leighton had a particularly large part in it with major new contracts—as did our company HOCHTIEF AirPort, which executed a real precision landing with the successful establishment of the airport investment partnership.
- Our Group's healthy performance is also reflected in the **stock price**. This rose 28 percent in the third quarter alone, from EUR 29.00 to EUR 37.15—putting HOCHTIEF stock lengths ahead of the MDAX index.

In fact, HOCHTIEF stock has traced a course impressively above the DAX and MDAX over the last twelve months. In total since October 2004, we have seen our stock price climb by more than 80 percent.

The performance of our stock shows that we enjoy the confidence of our investors and have successfully communicated our strategy—also to the international financial markets. This is borne out in our ownership structure: Just under half of our stock is held in Germany, over a third in the UK and nearly ten percent in the USA. As you know, Custodia Holding AG reported on October 18 that it holds over ten percent of our stock.

Ladies and Gentlemen, before I go into the operational and strategic development of the HOCHTIEF Group, Dr. Vater will first present the figures for the first nine months in more detail.

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Ladies and Gentlemen,

Yesterday afternoon, you went on a tour of inspection of a HOCHTIEF construction site in the UK. As you will have seen there, technical know-how is the basis for our business. Implementing complex, sophisticated projects is HOCHTIEF's core competency—and Paddington Bridge is just one of hundreds of projects worldwide. Our knowledge and management expertise covering every aspect of innovative construction projects is and will remain the core competency of our Group. Construction is thus an indispensable part of HOCHTIEF's business.

And yet, notably HOCHTIEF's development curve in the UK market illustrates the degree to which we have expanded our range of services. At the same time, it highlights the fact that we draw sustained benefit from our modular concept catering to every stage in the construction value chain. We operate successfully in this market not just through HOCHTIEF Construction AG's subsidiary HOCHTIEF (UK), but also in the field of public-private partnership and facility management.

The United Kingdom is, though a country steeped in tradition, the motherland of the innovative PPP idea. Over ten years ago, public and private partners already subscribed to this cooperation model geared to providing public services. Especially here, the **PPP** concept—or PFI (Private Finance Initiative), as it is known in the UK—proved as far back as the nineties what it is capable of: Productive forces are released, decrepit structures smashed—for the UK, PPP was a dynamo of economic growth and remains an integral part of public infrastructure projects to this day. Thus far, EUR 50 billion has been invested in PFI projects. Around 20 percent of all public projects are implemented on a PPP basis, generating cost savings of up to the same percentage figure. Just this handful of figures goes to show the enormous volume this market holds. And we are harnessing these promising growth opportunities also for HOCHTIEF.

Within the space of a year, we have completed our strategic market entry into the education segment of the UK's PPP market. In the third quarter, the contracts were signed for two school projects: In Manchester and in Cork, Ireland, HOCHTIEF is assuming the planning, financing, construction and operation of two school projects. The financial close of another school project in Northern Ireland is imminent. This puts the volume of contracts signed in 2005 at EUR 600 million, with a project investment of EUR 163 million. HOCHTIEF's share in each case is 50 percent.

In all projects, we are optimally leveraging the synergies rooted in HOCHTIEF's service portfolio: HOCHTIEF Facility Management will assume responsibility for the long-term operation of the schools. The company additionally succeeded in securing the contract to operate five schools in Northern Ireland.

What's more, there are other contracts in the pipeline: In the case of two school projects in Scotland, HOCHTIEF was selected as preferred bidder in recent weeks. Closing is anticipated in the first quarter of 2006. Adding these

projects to the equation, our contract volume stands at EUR 1.33 billion, with a combined project investment of EUR 372 million.

We have clearly set out our goal: By 2007, we want HOCHTIEF to be among the top five providers in the UK for education projects in the PFI market.

As you see, the company HOCHTIEF PPP Solutions founded only at the beginning of this year has scored tremendous successes within a very short time—also in Germany. I shall come back to developments on our home market in just a moment. With our concessions business—in other words, through PPP activities and airport management—we have built up a valuable project portfolio for HOCHTIEF. Just how valuable, I shall also present to you a little later on.

The school projects I just mentioned are a shining example of how the **networking** of our operational companies plays a key role in the success of the Group. We continually foster project-related cooperation—both nationally and internationally. After all, projects implemented within the HOCHTIEF network also spell value enhancements for the Group as a whole. HOCHTIEF has already realized EUR 4.7 billion in joint Group projects. Wherever conceivable, we make a thorough review of whether joint involvement makes sense and, if so, whether it is at all feasible.

Ladies and Gentlemen, the HOCHTIEF Group has once again proven over the first nine months of this year that it has firmly established itself as a construction services provider—and its dynamism has at the same time picked up pace. This is confirmed not only by the figures you just heard, but also by our current projects in which we are able to pool and apply our competencies to optimum effect.

Let us now take a look at developments in our operating activities, broken down into our four modules development, construction, services, and concessions and operation.

To begin with **development: HOCHTIEF Projektentwicklung** continues to steadily expand its position as leading developer of office and hotel projects. Construction work commenced on several projects, including office properties in Munich, Cologne and Hamburg, in recent months. In all real estate development projects, we uncompromisingly pursue our strategy of putting safeguards in place by way of high pre-lease rates of up to 70 percent even before construction begins: In all real estate projects currently under construction, anchor tenants and long-term tenancy agreements guarantee that the projects can be financed without the marketing risks typical of the sector. This is also true of the major OpernCarrée project in Berlin, where the topping-out ceremony took place in September. The city complex at Berlin's historic Gendarmenmarkt with its offices, apartments and the luxury Hotel de Rome attracts a great deal of attention; it is scheduled for completion by July 2006 at the latest.

HOCHTIEF Projektentwicklung is also represented in the Eastern European markets of Hungary, Poland and the Czech Republic by its subsidiaries. Here, alongside the office and hotel segments already successful in Germany, logistics properties offer particularly lucrative potential. The company is currently in the process of positioning itself in this market segment.

HOCHTIEF displays compelling performance in its core business of **construction**—also in what continues to be a challenging German market. **HOCHTIEF Europe** has been able to further expand its successes. Since it was formed, this division has boosted earnings on an ongoing basis. Our strategy of consistently focusing on profitable market segments is paying off.

We have managed to secure major contracts notably in the healthcare segment: For instance, HOCHTIEF Construction is building a hospital for the University Clinic of Hamburg-Eppendorf with a contract volume worth EUR 113 million. Work is also currently underway on Germany's first children's heart transplant center in Giessen, and there are other healthcare centers and nursing institutions under construction. The demand for specialized healthcare facilities continues to rise—and we aim to profit from that trend on a sustained basis.

We can also report successes in the field of infrastructure projects, having won new contracts notably in the dynamic Eastern European infrastructure market. These include the expansion of Vienna airport where, together with its Austrian subsidiary Hugo Durst, HOCHTIEF Construction is carrying out the core and shell work as well as part of the finishing and build-out for the new airport complex "Skylink." HOCHTIEF's subsidiary Streif Baulogistik is also involved in this project. In Gdansk, Poland, HOCHTIEF Construction is to build Europe's first privately financed turnkey container port together with Polish subsidiary HOCHTIEF Polska. In Hungary, the business unit set up in 2004 is successfully processing projects with our subsidiary Mélyépitő. These examples serve to demonstrate how intensive the cooperation among the companies of HOCHTIEF Europe is and how successful they are at jointly securing attractive projects.

These examples also clearly illustrate that we have continued to selectively strengthen our international focus and secured an outstanding launch-pad position in Eastern Europe, a region that opens up truly exceptional prospects for us. Which is why our clear-cut objective is to significantly boost HOCHTIEF Europe's international share of business. With our units in Poland, Hungary, the Czech Republic, Bulgaria and Russia, coupled with expert teams who know the ins and outs of their markets, we have effectively prepared the ground for our involvement in Eastern Europe.

In the **US market** we are staying true to our strategy of bolstering earnings quality through selective, margin-focused pursuit of new contracts. Building on its strong development in recent years, our subsidiary Turner has initiated a consolidation phase. The company is focusing on profitable projects where it can fully bring its strengths to bear: quality, expertise and a multifaceted range of services.

Turner is the No. 1 general builder in the US, occupying top-notch positions in the market segments in which it operates. These include the healthcare segment as well as the growing market for “green buildings.” In this segment where buildings are designed and executed with a view to conserving resources, the company has won over 30 new projects this year alone.

In the **Asia-Pacific region**, we witnessed excellent performance over the first nine months of fiscal 2005. New orders and variations to existing projects for our subsidiary Leighton run to the tune of some EUR 3.30 billion. Leighton is once again underpinning its market-leading position notably in the contract mining and infrastructure segments.

The announced sale of our minority stake in the South African company Concor marks another step on the road to streamlining our international business portfolio. The closing of the sale of our shares is slated for 2006.

With our third module, **services** offered Group-wide, HOCHTIEF remains on track for success. HOCHTIEF Construction is restructuring the building process with innovative service offerings—we recognized clients’ needs early on and came up with services to match. Through its new brand strategy, HOCHTIEF Construction is now presenting its service portfolio in an even more transparent way. HOCHTIEF supports clients throughout the construction process—from construction planning to after-sales service—with ConTrust, PreFair, FormArt and AdMore.

In the USA, too, the strategy of expanding the portfolio to include construction-related services and thereby creating added value for the client is bearing fruit. The Turner Casualty and Surety unit, for instance, offers tailored insurance concepts. In the first six months of 2005 alone, clients purchased Turner insurance services along with one in two construction contracts. The Turner Logistics unit successfully supports the projects of offices nationwide with procurement services.

Since July, **HOCHTIEF Facility Management** has been active in the marketplace as a “group of companies” in its own right: Following the renaming of subsidiaries HOCHTIEF Gebäude Management and Lufthansa Gebäudemanagement to HOCHTIEF Facility Management, a unified market identity was created for this leading provider of integrated facility management services. HOCHTIEF Facility Management pools the sector-specific expertise from a number of different segments, allowing the company to cater ideally to the needs of such diverse clients as airlines, financial service providers as well as car manufacturers and automotive suppliers.

I already reported on the company’s success in the UK and Irish markets earlier on. Through the school contracts in the UK and Ireland alone, our subsidiary managed to increase its order backlog by around EUR 180 million—and if the anticipated project in Ireland is added to the list by year-end, that figure will rise to as much as EUR 217 million.

The target for this business segment is similarly clear-cut: Our facility management subsidiary has set its sights on reaching the No. 1 spot in integrated facility management in Europe by 2010.

Let us now turn our attention to the **concessions and operation** module—which also includes our **contract mining** business in the Asia Pacific division. Here, we are profiting above all from the ongoing demand for coal and ore in

the Asian region. Raw material requirements are fueling major projects: Among other things, Leighton—as part of a joint venture—won the largest design and construct contract for coal handling and processing ever to be awarded in Australia with a volume of EUR 217 million. Leighton aims to expand its leading market position in contract mining and is currently planning to take over 15 of the Henry Walker Eltin Group's mining operations in Australia and New Zealand. Corresponding negotiations are planned to be completed by December.

Our international **PPP** projects continue to trace a gratifying upward curve. News of success comes, for instance, from Westlink M7, one of Australia's biggest infrastructure projects: Leighton will be completing the 40-kilometer toll highway a whole eight months ahead of schedule. It is even slated to be operational before Christmas.

As you know, things are finally happening on the German PPP market. Without doubt, HOCHTIEF played no small part in this development with two widely acclaimed pioneer projects, the Herren Tunnel in Lübeck and the contract for 49 schools in the Offenbach district. The response to the concept in political and public circles is marked by a gratifying new openness. I am pleased to be able to report this at a HOCHTIEF press conference at long last—after all, for many years you have heard nothing but the opposite from me! Now at least, the beginning of the end of the investment logjam in Germany is in sight. Having said this, I would just like to add that it is now up to the politicians to improve what I still consider to be difficult parameters for PPP projects. Yet the important thing is that PPP is finally a reality in Germany!

This recent development is also reflected in the new orders for **HOCHTIEF PPP Solutions**. The company is to finance, refurbish and operate a vocational training center in Leverkusen as well as seven schools in Cologne.

Part of the contracts is to be carried out by HOCHTIEF Construction and HOCHTIEF Facility Management. At this point, I should like to emphasize the extent to which HOCHTIEF stands out from the competition: The Group can handle all phases of a PPP project in their entirety—that's designing, financing, building and operation—at the same time guaranteeing the superlative quality of all services.

HOCHTIEF PPP Solutions is currently taking part in tenders for nine public building and five toll road projects worldwide. The prospects for the PPP market we serve are exceptionally good: In Germany alone, tenders for PPP projects in the public building segment are expected to reach a contract volume of EUR 20 billion by 2009. Similarly, the traffic infrastructure segment offers huge prospects: By 2009, toll roads with an investment volume of over EUR 23 billion are expected to be put out to tender, including around EUR 3.5 billion in Germany alone. As you know, HOCHTIEF participated in the initial tender for a section of the A8. We are confident that the additional A-model projects will soon also come onto the market as planned, and we definitely intend to become involved in these infrastructure projects.

As for our **airport business**, I am pleased to report that things are still flying high—helped in no small part by HOCHTIEF AirPort's investment partnership with three financial investors. The partners, who have since March constituted the company HOCHTIEF AirPort Capital, analyze and pursue joint acquisition projects.

The favorable performance of airport holdings also accounted significantly for the increase in HOCHTIEF AirPort's operating earnings to more than EUR 83 million in the third quarter. Passenger figures were up by a total of five percent—the five airports in which HOCHTIEF holds a stake have handled 52 million passengers since January of this year.

I should now like to present to you something completely new: the figures for the **value of our concessions portfolio** which we are reporting here for the first time. As you know, concessions business has evolved into an important business segment for HOCHTIEF. The activities bundled in the companies HOCHTIEF AirPort and HOCHTIEF PPP Solutions will comprise five airport and ten PPP projects at year end. Here, we have computed a combined net present value of EUR 870 million as per December 31, 2005. This figure is the sum of the net present value of EUR 665.7 million for the airport projects and EUR 204.6 million for our PPP projects. This means that the discounted future cash flows exceed the required EUR 530 million capital investment by EUR 340 million. Details on this topic can be found in the “In the Spotlight” section of our Interim Report.

Ladies and Gentlemen, as you can see, the Group continues to enjoy success worldwide; the networking of our services at every link in the construction value chain is not only understood by the market but also turned to advantage by our clients. We convince them by virtue of our project expertise, innovative business ideas and integrated services covering a project’s entire life cycle.

HOCHTIEF is the world’s third largest construction services provider and— with international work done of 83 percent— also the most international. All over the globe, HOCHTIEF stands for project and process expertise, for quality and transparency, for fairness and reliability. Which also means that, for us, responsible action is taken as read. It is a commitment we undertake as much in the interests of our employees, shareholders, clients and partners as of society and our environment. I should like to draw your attention to our **Sustainability Report** which is published today and which you will find in your press kits. It contains the first in-depth report on our commitment as global corporate citizen.

Ladies and Gentlemen, in a few weeks' time, the 2005 business year will be at an end. From today's perspective, we can reiterate our forecast and assume that all targets will be met in full. We aim to fulfill the expectations and satisfy the aspirations of our clients and shareholders in every respect. To make that happen, we work day in, day out and spare no effort. Reflecting this spirit, our slogan at HOCHTIEF sends a very clear message: "Turning Vision Into Value."

Page 14 of 14

Thank you for your attention.