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HOCHTIEF

Fall Press Conference

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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 Fall Press Conference.

As you have already seen, our Group continues to perform very well indeed. I would now like to take you through the nine-month figures in detail. I will begin by commenting on the **orders situation.**

As budgeted, first three quarter **new orders** over the Group as a whole were
6.3 percent down
from the prior year. The absolute figure was
EUR 10.15 billion. In percentage terms, the decrease was more pronounced in our home market than in our international activities. The net reduction internationally was due to selective order taking at Turner.

The exchange-rate adjusted figure shows a similar drop of 6.5 percent.

Work done for the year to September 2005 was

EUR 10.57 billion,

an increase of

9.4 percent

compared with the prior year. Factoring out exchange rate changes, work done was up 9.2 percent. The adverse effect of the US dollar exchange rate trend was more than canceled out by positive movements in other exchange rates, especially the Australian dollar.

This growth was achieved in various operating areas: In Germany, at HOCHTIEF Development and in building contracts executed by HOCHTIEF Europe, and internationally at HOCHTIEF Americas, HOCHTIEF Development and notably Leighton with work done on major contract mining and infrastructure projects.

The **order backlog** was

EUR 19.91 billion,

a new record which exceeds the previous year's figure by

10.0 percent.

This represents about a year-and-a-half in forward orders.

I would now like to take you through the **balance sheet** as of September 30, 2005.

Total assets have increased since December 31, 2004 by 5.4 percent to EUR 7.68 billion.

Non-current assets are EUR 2.65 billion, up EUR 0.11 billion from the end of the prior year. Property, plant and equipment has risen particularly strongly. This mostly reflects heavy capital spending at Leighton to carry out major infrastructure works and to grow its mining business.

The expansion of our operating activities bumped up **current assets** by EUR 0.28 billion compared with the end of fiscal 2004, to EUR 5.03 billion. There was a particularly sharp rise in trade receivables. In the other direction, marketable securities and cash and cash equivalents dipped by EUR 0.14 billion with a transfer of assets to the HOCHTIEF Construction AG pension fund.

Now to the **liabilities side:**

Group shareholders' equity has swollen substantially by 17.2 percent to EUR 2.23 billion. The increase is composed of capital paid in, profit after taxes and other changes not recognized in the Consolidated Statement of Earnings.

This increased the ratio of equity to total assets from 26.1 percent last year to 29.1 percent now. The improved **equity ratio** once again demonstrates the strength and soundness of our balance sheet.

Non-current liabilities were EUR 1.20 billion after a net decrease of EUR 87 million compared with December 31, 2004. The long-term **provisions** included in this total were down EUR 0.16 billion from the prior-year figure, to EUR 0.35 billion. The main factor here was the restructuring of pension liabilities by means of a contractual trust arrangement (CTA) now implemented at HOCHTIEF Construction AG. Together with the HOCHTIEF AG pension liabilities placed in a CTA at the end of 2004, a total of EUR 475.4 million in pension liabilities have now been transferred to pension funds (as of September 30, 2005). The full amount is matched with sound assets.

Current liabilities, at EUR 4.25 billion, were down EUR 0.15 billion from the corresponding figure at the close of the previous fiscal year.

That was it for the main developments on our Consolidated Balance Sheet.

Turning to the **Consolidated Statement of Earnings**:

Group sales have climbed to EUR 9.70 billion, a substantial rise of 11.5 percent from last year's EUR 8.70 billion. A prominent portion of the increase is accounted for by the Asia Pacific division, with especially powerful upward stimulus coming from growth in Leighton's mining activities and megaprojects in its infrastructure business.

Other operating income, at EUR 190.2 million, is far higher than the previous year's EUR 56.1 million. The lion's share represents profit on the investment partnership in the Airport division.

The increases in **materials**, **personnel costs** and **depreciation and amortization** are functions of the increased business volume.

Other operating expenses are up 16.3 percent to EUR 548.2 million. This is partly due to reserve-building at Group level and partly an effect of consolidating the Lufthansa Gebäudemanagement facility management activities.

Profit from operating activities doubled compared with last year, to EUR 182.3 million. This exceptional improvement was mostly due to the operational successes of our subsidiary Leighton in the Asia Pacific market and successful implementation of the investment partnership in the Airport division.

Net income from participating interests reflects the healthy profit growth from our airport holdings. The year-to-date figure of EUR 39.5 million is up about twelve percent compared with the EUR 35.3 million reported last year.

Net investment and interest income is a negative EUR 15.7 million, having decreased compared with the previous year in line with our budget. The prior-year figure included exceptional gains realized when we switched part of our securities portfolio from dividend-bearing paper into fixed-interest investments.

HOCHTIEF accomplished a significant improvement in **profit before taxes** compared with the prior year, with growth of 62.7 percent to EUR 206.1 million.

Income taxes totaled EUR 99.0 million, 56.9 percent more than the previous year. The rise is due to higher deferred taxes, which came to EUR 59.1 million (versus EUR 22.0 million last year), EUR 15.0 million of which was a precautionary impairment charge on deferred tax assets recognized in prior years for tax refund entitlements from domestic tax loss carryforwards.

The healthy performance in the current fiscal year is also reflected in **profit after taxes**. At EUR 107.1 million, this exceeded the previous year's figure of EUR 63.6 million by no less than 68.4 percent. EUR 54.4 million of the total is **consolidated net profit** and EUR 52.7 million represents the **minority interest**, which benefited particularly strongly from profit growth at Leighton and the airport holdings.

I would now like to take a brief look at the individual divisions:

In setting up the investment partnership, the **Airport division** secured both a remarkable accomplishment and an impressive boost in its earnings figures. HOCHTIEF Airport's operating earnings were EUR 83.3 million compared with EUR 12.2 million in the previous year, an exceptional increase of EUR 71.1 million. Aside from the once-only impact of the investment partnership, which accounts for just under EUR 52 million, the earnings growth also reflects the positive trend at our airport holdings.

Development division operating earnings almost doubled to EUR 18.2 million from EUR 9.5 million a year earlier. The main success factors here are good results in real estate marketing and the strong performance of the facility management business.

Operating earnings at the **Americas division** were EUR 43.3 million, almost on a par with the EUR 44.4 million earned the previous year. Against a background of fierce competition on the US construction market and burgeoning cost pressure on the building materials procurement market, HOCHTIEF Americas is once again making a major contribution to Group profit in the current fiscal year.

The outstanding performance turned in by the **Asia Pacific division** shows through in an impressive EUR 65.4 million hike in operating earnings to EUR 139.4 million. The division is profiting here from outstanding progress in major infrastructure and mining projects at our Australian subsidiary, Leighton. The previous year's figures were also brought down by risk provisioning for two problem projects.

In a fiercely embattled market, the **Europe division** is successfully concentrating on highly profitable segments and is reaping positive rewards on a lasting basis. Operating earnings were up about 16 percent from the previous year, to EUR 13.7 million.

Ladies and Gentlemen, with the figures presented today we are reaffirming our forecasts for the full year. We expect:

- A high level of **new orders** as measured in euros, although not quite at the exceptional level attained in 2004.
- An **order backlog** on the same order of magnitude as the 2004 record.
- **Sales** at prior-year levels.

Our profit forecast takes into account the positive business trend in our divisions and the impact of the HOCHTIEF Airport investment partnership on the one hand and, on the other, impairment charges taken on deferred tax assets recognized for tax loss carryforwards in Germany. We expect as a result:

- Growth in **profit before taxes** by about one quarter, and
- An increase in **consolidated net profit** by more than half.

Against this backdrop, we can look forward optimistically to the future.

Thank you. I will now hand back over to Dr. Keitel.