

Press Release

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HOCHTIEF Publishes Half-Year Report

- **Earnings drop in Australia forces operating earnings below the prior-year figure**
- **Surge in consolidated net profit in the first half of 2004**
- **Positive course of business in German and European construction activities**
- **Successful expansion of facility management business**

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The second quarter of fiscal 2004 was characterized by three major developments at HOCHTIEF:

- In the Asia Pacific division, earnings took a hard hit—despite a solid course of business overall—as an additional provision was formed to cover risks associated with Leighton’s Spencer Street Station project in Melbourne. This directly impacted HOCHTIEF’s results in the period under review, forcing the Group to revise its forecast for fiscal year 2004.
- HOCHTIEF Europe, whose German construction business comprises its main activity, reported its best quarter since the division’s inception.
- HOCHTIEF Development, with its acquisition of Lufthansa Gebäudemanagement and the progress made integrating the former Siemens Gebäudemanagement und Services, considerably expanded its position in the market for sophisticated facility management services.

At EUR 6.91 billion, **new orders** in the Group were 3.5 percent above the prior-year figure. Adjusted for exchange rates, growth stood at 6.7 percent. At EUR 6.0 billion, the Group’s **work done** well exceeded the prior-year figure (up 8.0 percent). The increase was more than 10 percent when adjusted for exchange rate movements. Internationally, it was Leighton that especially benefited from the large volume of new orders placed in the previous year. The company increased its work done by more than half a billion euros. At the close of the second quarter, the **order backlog** stood at EUR 17.42 billion, which

made for a more than 15 percent increase over the prior-year figure. At EUR 82.7 million, **operating earnings** fell well short of the prior-year figure of EUR 119.6 million. The principal reason for this was the risk provisioning in the first and second quarters of the current fiscal year for projects of the Leighton Group. Despite the charges relating to individual projects, **profit before taxes** in the first half increased 15.8 percent year on year to EUR 81.5 million. In particular, operating improvements in the Europe division had an impact here. There was a surge in **consolidated net profit**, which increased EUR 25.4 million year on year, from negative EUR 7.4 million to EUR 18.0 million.

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Operating earnings, profit before taxes, consolidated net profit and earnings per share were affected by a change in our valuation practices: With retroactive effect to the beginning of the fiscal year, HOCHTIEF has made use of the option to no longer expense goodwill on a scheduled basis. The cumulative effect of this change, which follows new accounting rules issued by the International Accounting Standards Board in March 2004, is expected to total EUR 27 million for the entire 2004 fiscal year.

In the first six months of the current fiscal year, **HOCHTIEF stock** underperformed relevant benchmark indices such as the MDAX and DJ STOXX Euro Construction. The market reacted to the release of the first quarter results with price drops that eventually drove the value to a year-low of less than EUR 17 per share. As the second quarter progressed, HOCHTIEF stock started to regain some of its losses, closing at EUR 19.50 at the end of June.

Average trading of some 450,000 shares per day in the first half is a reflection of the substantial rise in the stock's liquidity and of the avid interest among investors. Since the placement of RWE's stake in February 2004, over 80 percent of HOCHTIEF stock has been in free float.

Looking ahead to 2004 as a whole, HOCHTIEF still expects in comparison with 2003 new orders similar to the prior year, resulting once again in record order backlogs. 2004 will see a single-digit percentage increase in work done. The profit forecast has been influenced by the risk provisioning at Leighton and

the elimination of goodwill amortization. Taking both effects into account and assuming no external crises, pretax profit for 2004 is expected to show a high single-digit percentage increase over 2003, while consolidated net profit is expected to more than double. (For comparison: Without the change in goodwill amortization, the pretax profit would come in at some ten percent below, while consolidated net profit would be slightly above, the prior year's level.)

The positive course of business in the German and European construction activities, the favorable order situation overall in the Group, the successful expansion of the facility management business and the raised profit forecast of Australian subsidiary Leighton for its new 2004/2005 fiscal year: All of these factors make HOCHTIEF confident in its future. Chairman of the Executive Board Dr. Hans-Peter Keitel: "Our shareholders can be confident that we are hard at work in the interests of all those with a stake in HOCHTIEF to achieve sustainable growth in earnings and shareholder value."

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