

Fall Press Conference

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Presentation Part 2

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Chairman of the Executive Board

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Ladies and gentlemen,

You've just heard a lot of figures. While according to Pythagoras "Number rules the universe," I would still like to bring what's been happening in and around HOCHTIEF to life a little more for you by giving you an overview of the challenges we face and the potential that lies in our business.

Yesterday, you got to know our Skylink project, the future centerpiece of Vienna Airport. It goes without saying that our presence in the promising hub between Eastern and Western Europe is as strong as in the **attractive growth markets of Central and Eastern Europe** themselves. Here, there is a need for functional infrastructure, state-of-the-art real estate and innovative construction services—which add up to attractive prospects also for HOCHTIEF Group companies working in close harness at local level. For example, HOCHTIEF Construction secured the Vienna Airport project together with our Austrian subsidiary Durst-Bau.

Yet we are selectively networking not only our isolated services but also our entire portfolio: One example of such cross-divisional Group cooperation is the Rondo

project in Warsaw. This office high-rise was designed, financed and built by HOCHTIEF companies and has been operated by our Polish facility management subsidiary since January. The **modular structure of our service spectrum** gives us an excellent opportunity to generate synergies in a focused manner.

In their **conceptual work**, too, our companies benefit from our connectivity in expertise. This was how the concept for the central bus terminal in Munich came about—a HOCHTIEF Projektentwicklung project modeled on the non-aviation sections of airports in which HOCHTIEF AirPort can draw on proven know-how in the field. The bus terminal is being incorporated into an inner-urban service and retail center, which makes it an integral part of the city's district planning. Sales at the urban transport hub are to be boosted by revenue from additional services, for instance, from the retail segment—this is the first project of its kind throughout Europe.

And this is how we are tackling each of our individual modules:

Development

Let's first take a look at our **Development module**: HOCHTIEF Projektentwicklung continues to focus on the development, construction and marketing of office and hotel properties in attractive city center areas. A perfect combination of all these elements is taking shape, for instance, within the scope of the OpernCarrée district development in Berlin. Sir Rocco Forte's five-star hotel was opened in October. The retail space at the GendarmenPalais, which also forms part of this complex, was let a few weeks ago to fashion designer Wolfgang Joop for a flagship store. It is still HOCHTIEF Projektentwicklung's aim to sell all projects to final investors at a very early stage—as recently happened, for example, with the Hamburg office complex ConSense 7. Even before construction began, the building had been sold to a Spanish investor. Similarly, the Kavci Hory office complex in Prague, taking shape over a 20,000 m² footprint, was sold before construction commenced. The foundation stone for the centrally located office facility was laid in October, and construction work is being carried

out by our Czech sister company HOCHTIEF VSB. We envision great opportunities for the future, notably on the Prague real estate market.

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Wherever possible, we aim to expand our involvement in Eastern European countries. HOCHTIEF Projektentwicklung has been active in Poland, the Czech Republic and Hungary with sophisticated real estate projects since 1998. Through our subsidiary HOCHTIEF Development Austria set up this year, we are in an even better position to serve the Eastern European market to optimum effect. What's more, our German market is becoming more attractive again—a positive upswing reflected by the new projects in our portfolio.

Construction

In the **Construction module**, HOCHTIEF's core business, the markets in which we operate are marked by differing trends.

As Dr. Noé already outlined, a number of different factors prevented the slight recovery on the German construction market from making its presence felt this year in the results of our German construction business. There is no denying that, for reasons of the prevailing price pressure, there's still a long way to go before we can talk of a real recovery on the German market which is in any substantial way reflected in successes. It is all the more important that along with a construction market which is now growing again for the first time in over ten years, we see a return of confidence that reasonable margins are within reach for the construction industry. Despite the decline in this year's earnings, we are therefore confident that HOCHTIEF Construction will reach its targets in Germany in the medium term. Here, we will continue to pay particular attention to systematically improving our risk management as we move forward.

In our **European construction business**, new construction contracts demonstrate that we stand to gain from market trends in Eastern Europe. Take the Czech Republic, for instance, where we will be building a multipurpose arena and a shopping mall.

With its innovative concepts and products, HOCHTIEF Construction also plays an instrumental role in shaping contemporary, future-viable living environments. Allow me to give you a number of examples:

- In “Secuplex,” the world’s first secure high-rise building, HOCHTIEF Construction has created a model for the protection of people and property which, thanks to its innovative method of construction, is capable of withstanding even the most extreme shocks such as the impact of an aircraft.
- In the healthcare sector, we are facing tremendous challenges, notably in Germany. A large number of hospitals and clinics today no longer meet requirements in terms of efficient capacity utilization. Here, construction companies can also make a major contribution.

In cooperation with the Fraunhofer Institute, we have launched what is known as the “InHaus 2” project. In Duisburg, a building is under construction in which smart technologies are being developed and explored, among other things for senior citizens’ accommodations and sick rooms.

Our US subsidiary Turner is giving shape to new thought and action on the **American construction market**. Through its commitment to “green building,” for instance, the US market leader is setting new standards in general building.

The strong American market continues to generate a large number of new orders for HOCHTIEF as well as keeping our capacity utilization healthy. We thus anticipate a rise in capital expenditure—for instance, in the areas of logistics facilities, hotels, office complexes and educational establishments—in 2007.

It has almost become an accustomed tradition for me to report further outstanding developments in our **Asia-Pacific** business area—and the economic outlook could not be better. The traditional construction market in Australia is still

strong, notably because of major projects in the field of infrastructure. Only a few days ago, we were awarded the contract to design and build a six-lane freeway in Queensland.

In addition, Leighton is diversifying its activities also at regional level and getting involved in such growth markets as India and the Gulf region. In Dubai, for instance, the company is undertaking infrastructure work as part of the mega development project “City of Arabia.” In China’s shooting-star Macau, Leighton is to be entrusted with the construction of a casino complex—the extensive “City of Dreams” project is worth EUR 1 billion. This supraregional focus ensures that we will be present in tomorrow’s growth markets.

Services

In the area of our construction-related **services**, we similarly continue to score successes. The technical building services provided by HOCHTIEF Facility Management cover a diverse range of activities, for instance, in the automotive industry, pharmaceutical research or semiconductor production. This complex business therefore demands specialized expertise on the part of what are today a good 4,700 staff in this field.

We were recently commissioned as part of a joint venture to take on the technical facility management for the new vehicle delivery and multimedia center “BMW Welt” as well as the BMW Museum in Munich. In Liverpool, the company will over the next three years be in charge of complex facility management services at a new research institution, the National Biomanufacturing Center.

Today, HOCHTIEF is one of the leading providers of integrated facility management solutions. The market continues to offer prime opportunities as the trend toward outsourcing remains strong. We anticipate integrated services to show annual growth rates in excess of 13 percent. In 2007, the market is expected to swell to around EUR 6.5 billion.

In the field of PPP educational facility projects, HOCHTIEF Facility Management enjoys success not only in Germany but also in the UK and Ireland. Its close collaboration with sister company HOCHTIEF PPP Solutions allows major projects such as those in the Northern Irish cities of Bangor and Comber to be tackled jointly.

Concessions and Operation

Which brings us to our fourth module covering our **Concessions and Operation** business.

At **HOCHTIEF PPP Solutions**, we have evolved into a leading service provider in the field of PPP educational facilities. Our portfolio meanwhile includes 80 schools—which means a total of 45,000 school students are benefiting from the refurbishment or new construction as well as integrated operation of their schools. In the German public buildings segment, following handover of the new town hall in Gladbeck in October, all HOCHTIEF PPP Solutions' PPP projects are now operational. The company is currently involved in a total of 15 PPP projects with a capital expenditure of over EUR 2 billion.

As you heard earlier with the example of the Greek project Maliakos-Kleidi, the toll roads market is regaining momentum. In the freeway project in Austria where a consortium including HOCHTIEF was awarded the contract to design, finance, build and operate the first section of the north-east ring road around Vienna, we anticipate that the review of objections filed will have been completed within a matter of a few weeks.

Traffic volume using the Herren Tunnel in Lübeck during the ramp-up phase was below the figures originally forecast. We therefore decided to take the precaution in the second quarter of making accounting provision for our equity stake. Starting October 1, the toll at the Herren Tunnel was increased. The operator is additionally offering new tariffs for commuters and frequent travelers which are being well received by customers.

As you know, the first A-model projects got underway last year. Unfortunately, awarding procedures for public toll road projects in Germany are proving to be rather drawn-out. We will need to muster a lot more patience here—more than is good for our infrastructure sorely in need of refurbishment. Add to this that, in Germany, the inhibition threshold for payment of toll charges is particularly high—a barrier we will need to dismantle if we wish to see a sensible, well-oiled traffic infrastructure in our country down the line.

Our concessions business also includes **contract mining**, an area in which we are active as mining contract partner. As the world's biggest contract miner, our subsidiary Leighton is benefiting from the unbroken booming demand for resources. And prospects continue to look very bright: In the current year alone, for example, growth rates in excess of 13 percent are expected in the contract mining segment.

As you just heard, we are involved in suitable projects in the **airport sector**. You can rely on us to keep you informed of any new decisions and developments in this area, as and when they happen.

Ladies and gentlemen, I trust I have been able to clearly illustrate to you that HOCHTIEF is proactively developing and moving forward—both in its activities and in its markets.

Our watchword here is sustainability—not only with regard to our own actions and economic activities but also in implementing our projects. As our corporate vision states: "We expand horizons." We're aware that is an exciting and highly fascinating challenge—and one that brings with it exceptional responsibility which we at all times embrace.

Naturally, sustainability in our line of business also includes fostering up-and-coming young talent—though the situation in the construction industry here gives cause for concern. The gap in the "supply" of construction engineers and other well-trained experts is already making its presence felt. Last year, only 4,300

students completed their studies at technical universities and universities of applied sciences; the number of new undergraduates sank to 6,000. This is why we are making efforts in a number of different ways to whet appetites and attract young people to our industry and our field of expertise.

Yet we must also tread new paths—for instance, encouraging staff members who already have training to qualify for new tasks by way of extra-occupational courses. For this reason, HOCHTIEF set up the HOCHTIEF Academy in the year 2000—a unique forum for learning within the company. Now, the Academy is opening its doors to the outside world: Last week, we signed a cooperation agreement with Münster University of Applied Sciences. This means the HOCHTIEF Academy is granted the status of a full-fledged university which is open to external students and will be capable of awarding Bachelor's degrees in the future. We are proud to be making a contribution to the quality of education and training in this way—not only for the benefit of our own employees.

Given the trend in our employment statistics—as of September 30, the number of people employed at HOCHTIEF had risen by 13 percent year-on-year to almost 48,000—you can see that as a major employer HOCHTIEF has substantial human resources requirements. And from our complex service portfolio you can tell that we need highly qualified, dedicated people.

Ladies and gentlemen, we are on the right track—HOCHTIEF is right on course. And we aim to pursue it systematically as we move forward. Thank you for your attention, I'll be pleased to take your questions now.