Fall Press Conference

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Dr. Peter Noé

Member of the Executive Board

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Ladies and gentlemen,

Let us begin with the **HOCHTIEF Airport division**. Our airport business continues to be successful and we once again substantially increased **profit before taxes** in the first nine months of this year. Stripping the exceptional gain from HOCHTIEF AirPort Capital—the airport investment partnership established in 2005—out of the prior-year period, first-three-quarter growth was 54 percent. Overall, most of the pretax profit at the Airport division consists of profits from the airport holdings, which are reported in net income from participating interests. HOCHTIEF AirPort also earns a success fee for above-target management of HTAC. Despite an out-of-period exceptional gain in 2005 from recognizing airport earnings without a lag of one accounting period for the first time, profit before taxes in the first nine months of 2006 is at a similarly high level.

The updated valuation of our **airport portfolio** at the end of the first half of 2006 had already shown marked value growth compared with the prior year: Between the end of December 2005 and the end of June 2006, the portfolio value grew by

10.8 percent to EUR 737.4 million. We next revalue the portfolio as of December 31, 2006 and will duly publish the results.

On average over the year to date, the five airports in the HOCHTIEF AirPort portfolio processed six percent more **passengers** than in the first nine months of 2005. This is well ahead of the global rate of growth in passenger numbers, which the Airports Council International (ACI) put at 3.6 percent for the first nine months of 2006. We expect that the growth in passenger numbers will continue: The ACI projects annual global air traffic growth of about five percent to 2009.

One of the key factors in this growth is the rise in **low-cost air travel**. The proportion of traffic accounted for by low-cost carriers is steadily rising across our airport portfolio, not least due to dedicated efforts by HOCHTIEF AirPort to foster this trend. Low-cost flights already account for nearly 28 percent of total traffic at Hamburg and 20 percent at Düsseldorf. HOCHTIEF AirPort is also supporting its airports in expanding their non-aviation business. Non-aviation revenue per passenger at the airports in our portfolio has increased since HOCHTIEF AirPort invested in them by an average of over 20 percent.

Our focus is on targeted expansion of our existing airport portfolio. We see **Budapest** as offering very good opportunities in this regard. We signed a letter of intent to purchase BAA's share of Budapest Airport in October and are currently in negotiations. I trust you will understand if I refrain from giving details. Just allow me to say that, for us, Budapest Airport is an excellent airport with huge potential especially on the non-aviation side. All the same—and this is very important for the quality of our airport portfolio—we will not be paying a 'strategic' or, in other words, an overinflated price.

We are also appraising options for HOCHTIEF to invest in other parts of the world where the airport business offers growth opportunities—as with the case of Queen Alia Airport in Amman, the Jordanian capital.

We continue to notch up strong growth in our **Development division** with the expansion of our public-private partnership activities. An over EUR 100 million gain in **external sales** impressively testifies to this growth.

However, we have had to take a charge to earnings for the reduction in the value of our Herren Tunnel project in Lübeck shown in the first-half financial statements. We are pleased to report that first steps have now been taken to put this project back on track. The charge was largely offset by an improvement in net investment and interest income. The remaining segments—HOCHTIEF Projektentwicklung, HOCHTIEF Facility Management and our asset management activities—showed a positive trend in operating earnings.

Profit before taxes was slightly down on the prior-year period, with a decrease of EUR 1.9 million. This was partly due to high bidding costs on PPP projects.

Third quarter successes at HOCHTIEF PPP Solutions include several schools contracts, in Scotland and Northern Ireland among others. We have also taken over a 50 percent share in an already ongoing school project in Ireland. This underscores the leading position HOCHTIEF PPP Solutions occupies in the PPP education segment. HOCHTIEF Facility Management has carried this baton further in pursuit of similar business, securing contracts in the third quarter to operate several schools.

The toll roads segment is also moving forward: HOCHTIEF is part of a consortium that has been announced as the preferred bidder for the large Maliakos-Kleidi project in Greece. The planned 230-kilometer length of expressway forming part of the European Union's Trans-European Transport Network has a capital cost close to EUR 1 billion.

HOCHTIEF Projektentwicklung has also reported successes in marketing, for example, with the sale of two developments in Heidelberg.

As in past years, we expect that HOCHTIEF Development will deliver a seasonally typical strong contribution to earnings in the fourth quarter now in progress. We therefore expect pretax profit for 2006 as a whole to be slightly up on the prior year.

With the US and Brazilian markets going from strength to strength, the **Americas division** recorded **new orders** growth of 52 percent and a marked increase in sales revenue. The growth in project volume was partly triggered by strong demand and partly also by increased prices for construction materials and energy—in the third quarter alone, the cost of construction services rose by ten percent, which given the nature of our construction management contracts has a direct impact on sales. Turner's order backlog passed the ten billion dollar mark for the first time in its corporate history. It includes a landmark contract to build a new stadium for the New York Yankees.

The division has achieved further progress on the earnings side. So far, the earnings figures have not risen as fast as new orders, as several big long-running contracts from lower-margin earlier years are pending completion. Despite this, **profit before taxes** for the nine-month period increased slightly from the prior-year period to EUR 36 million. This is indicative of the upward trend.

Based on the positive trend this year, we expect an improvement in pretax profit for the year as a whole compared with 2005. We have thus raised our forecast for this division.

Our **Asia Pacific division** performed very strongly indeed in the first nine months of 2006. Both the orders and earnings figures increased substantially. We recorded 50 percent growth in **new orders** and upped **external sales** by 36 percent to EUR 4.4 billion. The division is another to have set a new record in its **order backlog**, which stood at EUR 10.1 billion.

The Leighton Group, which is number one in the Australian market, has secured a number of large-scale transport infrastructure projects. These include the contract for the North-South Bypass Tunnel worth a total of EUR 1.2 billion. The contract to build the Gateway Bridge Duplication was signed a few weeks ago. This project has a total value of about EUR 1.1 billion. Leighton has also further extended its position as the world's biggest contract miner during the third quarter.

The significantly improved earnings figures underscore the outstanding growth at the Asia Pacific division. We expect that earnings for the year as a whole will be clearly up on the prior year.

The excellent news from the four divisions we have covered so far is not quite matched by the fifth. In the difficult German market, the **Europe division** has had an uphill struggle in the last nine months against what are still extremely low prices combined with unexpectedly large rises in the cost of raw materials and subcontracting, this despite the slight increase in construction demand. The business was also adversely affected by work lost due to bad weather in the first four months of the year and the added cost of measures taken to speed progress on specific projects. Some but not all of the resulting extra costs were able to be passed on. High bidding costs were also incurred for PPP contracts.

New orders and **external sales** were down due to a policy of deliberate restraint. The **earnings figures** are below the strong comparable prior-year figures. Due to the adverse effects of the German market, the HOCHTIEF Europe division will also remain below target for fiscal 2006 as a whole.

Specifically with this in mind, we are holding on to our strategy and, in the medium-term, our targets for HOCHTIEF Europe. To achieve this, we will:

- Press on with internationalization
- Promote our partnership-based business models
- Continue to move away from the low-margin general contractor business

Ladies and gentlemen, thank you for your attention. I will now hand over to Dr. Lohr, who will take you through the figures for the Group as a whole.