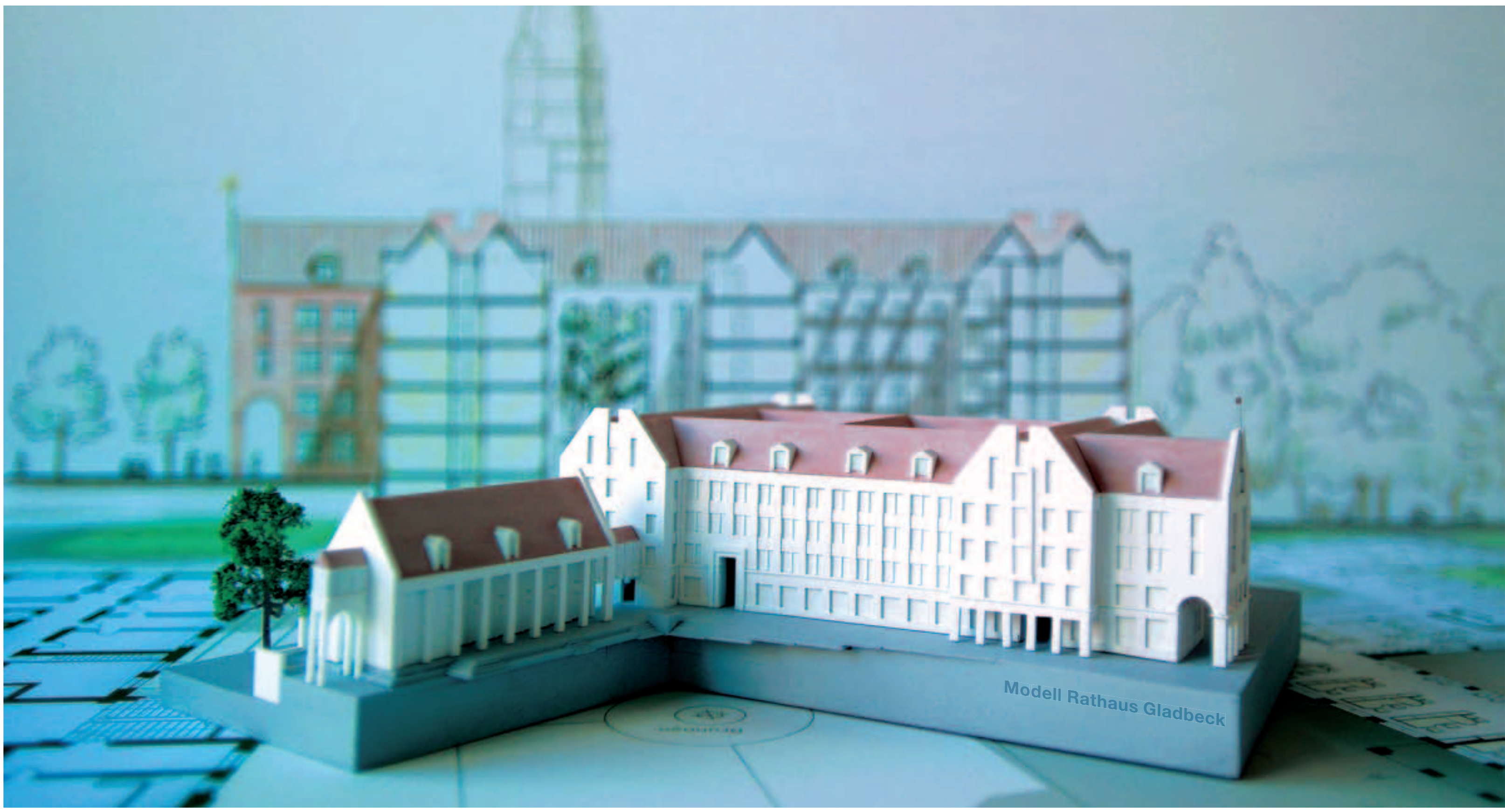
Interim Report
January to September 2004

- Forecast confirmed for 2004
- Group new orders up 16 percent from prior year
- HOCHTIEF Development: Breakthrough in concessions business; fourth quarter decisive for divisional 2004 results
- HOCHTIEF Asia Pacific: Leighton back on track; earnings squeezed by provisions from first half
- HOCHTIEF Europe: Lasting success in a hard market



Public-private partnerships, a growth market. One of the buildings managed by HOCHTIEF is the town hall in the city of Gladbeck.

HOCHTIEF

The HOCHTIEF Group

(EUR thousand)	Q3 2004	Q3 2003	Q1–3 2004	Q1–3 2003	Change (Q1–3)	Full year 2003
New orders	**3,923,295**	2,677,078	**10,834,569**	9,355,136	**15.8 %**	14,352,632
Work done	**3,667,627**	2,941,143	**9,663,568**	8,494,228	**13.8 %**	11,502,983
Order backlog	**18,098,313**	14,718,425	**18,098,313**	14,718,425	**23.0 %**	16,464,715
External sales	**3,204,220**	2,768,005	**8,696,264**	8,120,373	**7.1 %**	10,534,380
Operating earnings (EBITA) excluding goodwill amortization	**60,003**	84,827	**142,662**	204,377 210,843	**–30.2 %**	220,083
Profit before taxes excluding goodwill amortization	**45,249**	79,218	**126,701**	149,537 170,728	**–15.3 %**	159,459
Consolidated net profit excluding goodwill amortization	**17,364**	16,859	**35,406**	9,500 30,691	**272.7 %**	16,231
Earnings per share (EUR) excluding goodwill amortization	**0.28**	0.27	**0.56**	0.15 0.49	**273.3 %**	0.26
Cash flow	**91,800**	101,594	**230,033**	232,857	**–1.2 %**	273,498
Capital expenditure	**152,438**	56,005	**426,111**	248,270	**71.6 %**	369,852
Operating assets	**1,666,041**	1,682,034	**1,666,041**	1,682,034	**–1.0%**	1,525,780
Employees (at Sep. 30)	**36,056**	34,316	**36,056**	34,316	**5.1 %**	34,039 (2003 average)

HOCHTIEF Aktiengesellschaft (including financial participations)

HOCHTIEF Airport

HOCHTIEF AirPort, Germany

- Athens International Airport, Greece
- Flughafen Düsseldorf, Germany
- Flughafen Hamburg, Germany
- Sydney Airports, Australia

- Transport & Logistics Consultancy, UK

HOCHTIEF Development

HOCHTIEF Projektentwicklung, Germany

HOCHTIEF Facility Management, Germany

Deutsche Bau- und Siedlungs-Gesellschaft (Debausie), Germany

HOCHTIEF Construction Services Americas

The Turner Corporation, USA

Aecon Group, Canada

HOCHTIEF do Brasil, Brazil

HOCHTIEF Construction Services Asia Pacific

Leighton Holdings, Australia

- Leighton Contractors, Australia
- Thiess, Australia
- John Holland Group, Australia
- Leighton Properties, Australia
- Leighton Asia (Northern), Hong Kong
- Leighton Asia (Southern), Malaysia

Concor, South Africa

HOCHTIEF Construction Services Europe

HOCHTIEF Construction, Germany

- HOCHTIEF (UK) Construction, UK
- HOCHTIEF Luxembourg, Luxembourg
- Hugo Durst, Austria
- Streif Baulogistik, Germany
- HOCHTIEF Polska, Poland
- HOCHTIEF VSB, Czech Republic
- HOCHTIEF Russia, Russia

Dear Shareholders,

With this third-quarter report, we are pleased to confirm our profit forecast for the fiscal year 2004 at HOCHTIEF, the international provider of construction and construction-related services. In response to the earnings impact of accounting provisions in the first half as a result of project risk at our subsidiary Leighton, risk management across all divisions is now subject to comprehensive auditing, the findings of which are integral parts of our structural and process reviews. Along with significantly higher new orders and order backlog compared with the same period last year our forecast for the current fiscal year is borne out as well as underpinning confidence for beyond.

This positive trend is not echoed by the German market, currently laboring under cuts in public spending and railroad investment, further delays in planned PPP expressway projects, and cyclically induced private sector caution. By backing up its client-focused products and services with technical expertise and first rate quality and reliability, HOCHTIEF continues to grow in these tough conditions, attaining even faster earnings growth as it does so.

In the American market, construction business is picking up speed again after floundering in the wake of the general economic slowdown of early 2003. However relatively low-margin business taken on by Turner at that time continues to impact results.

Leighton has acted decisively to turn around operating problems encountered with specific projects during the first half and is profiting from Australia's still booming market. After the close of the reporting period, the Australian market leader chalked up the biggest design and build contract in its corporate history: the Mitcham Frankston Freeway toll road project in the state of Victoria, budgeted at some EUR 2.2 billion, of which Leighton Group companies account for EUR 1.5 billion.

Shortly after the reporting date, HOCHTIEF Development made a major advance in growing its concessions business in Germany. Following the successful private acquisition of a town hall project for the German city of Gladbeck, HOCHTIEF secured a public-private partnership contract to manage 49 schools for the Offenbach district. We are confident that the working relationship with Offenbach will set an example for other municipalities to follow. Commencing January 2005, HOCHTIEF is going to bring together its activities and expertise in the promising concessions business in a separate company, HOCHTIEF PPP Solutions GmbH (see page 15).

At HOCHTIEF Airport, negotiations for potential investors to take stakes in the airport portfolio remain in the planning.

Group **new orders** to the end of the third quarter 2004 were EUR 10.83 billion, up 15.8 percent from the prior year period. Stripping out exchange rate effects reveals an even higher growth rate of 19.5 percent. The increase was a result of HOCHTIEF Gebäude Management GmbH being included in the Group results for the first time, the good business conditions in the USA, and major contracts secured in Germany during the third quarter. Business in Germany was well up on the prior year, with a EUR 0.53 billion or 37.6 percent increase in new orders. In our international business, new orders rose by EUR 0.95 billion or 12.0 percent.

Work done climbed by EUR 1.17 billion or 13.8 percent to EUR 9.66 billion. The exchange rate adjusted increase was 16.8 percent. Work done in Germany rose by EUR 0.14 billion or 9.4 percent from the prior year period, mostly due to growth in facility management. Work done internationally grew by EUR 1.03 billion or 14.7 percent. The prime mover here was Leighton with growth of EUR 0.84 billion.

The **order backlog** rose to no less than EUR 18.10 billion as of the end of the third quarter, an increase of EUR 3.38 billion or 23.0 percent from the prior year period. This marks a new record in the history of HOCHTIEF and theoretically represents almost one and a half years' worth of forward orders.

External sales, at EUR 8.70 billion, grew sharply compared with the prior year period (EUR 8.12 billion). The lion's share of this increase came from Leighton (up EUR 333 million), Turner (up EUR 147 million) and growth in our facility management activities. As in 2003, 82 percent of external sales were generated outside our home market.

Operating earnings (EBITA) for the first nine months of fiscal 2004, at EUR 142.7 million, were down from the prior year period (EUR 204.4 million), as was profit before taxes at EUR 126.7 million (prior year period: EUR 149.5 million). Within these figures, healthy earnings growth from the Europe division is offset by positive non-recurring items in 2003 and risk provisioning for specific projects at the Leighton Group in the first half of 2004. The prior year figures for consolidated net profit, on the other hand, were comfortably exceeded. EUR 35.4 million is more than triple the consolidated net profit for the nine months to September 2003.

The HOCHTIEF Group has raised **capital expenditure** by no less than 72 percent in the year to date, to EUR 426.1 million (prior year period: EUR 248.3 million). Major increases are reported from the Asia Pacific division through business volume growth and the Development division due to acquisitions in the facility management segment.

The HOCHTIEF **stock price** has partly recovered from its sharp decline following profit warnings from our Australian subsidiary Leighton and subsequent retraction of our profit forecast. Since reaching its low point for the year to date in early August, HOCHTIEF's stock has been on an upward trend and ended September at EUR 19.85, although it has not done quite as well as its benchmark indices, the MDAX and DJ STOXX Euro Construction. The upward momentum has continued into the fourth quarter, with HOCHTIEF shares passing the EUR 21 mark in mid-October.

Group outlook

Nine months into the year, we are able to confirm our forecast for 2004 as a whole. Based on our current views about the market and precluding extraneous crises, our growth expectations compared with 2003 are as follows:

- New orders broadly at prior year's levels, again producing a record order backlog.
- Increases in work done with sales in the upper single digit percentage range.
- An increase in profit before taxes in the upper single digit percentage range as compared with 2003.
- Growth in consolidated net profit, to more than double the total for 2003.

Sincerely yours,

Dr.-Ing. Hans-Peter Keitel

Divisions

HOCHTIEF Airport Division

(EUR thousand)	**Q3 2004**	Q3 2003	**Q1–3 2004**	Q1–3 2003	**Change (Q1–3)**	Full year 2003
New orders	**134**	10	**885**	976	**–9.3 %**	1,505
Work done	**134**	10	**885**	976	**–9.3 %**	1,505
Order backlog	**0**	0	**0**	0	**–**	0
External sales	**311**	10	**884**	980	**–9.8 %**	1,509
Operating earnings (EBITA)	**4,303**	5,486	**12,214**	26,598	**–54.1 %**	23,635
Profit before taxes	**(3,978)**	(3,895)	**(11,514)**	1,533	**–851.1 %**	3,163
Cash flow	**4,248**	4,029	**10,407**	1,328	**683.7 %**	(22,402)
Capital expenditure	**5**	(1,044)	**520**	138	**276.8 %**	153
Operating assets	**627,809**	670,309	**627,809**	670,309	**–6.3%**	653,971
Employees (at Sep. 30)	**47**	59	**47**	59	**–20.3 %**	59 (2003 average)

The results from our airport businesses in Athens, Düsseldorf and Sydney are recognized with a lag of one accounting period.

The Airport division closed the third quarter of the fiscal year on target as before. As anticipated, the growth in passenger numbers achieved since the beginning of the year kept up at all four airport holdings. Passenger growth was again above average at Athens (8.4 percent) and Sydney (11.5 percent).

The planned refinancing of the Australian airport was brought to a successful close in September. As a result, HOCHTIEF AirPort stands to earn dividends totaling AUD 16.4 million in the third quarter alone. This will come out in the fourth quarter results.

Athens International Airport excelled in the operating stakes. The airport mastered the challenges of the Summer Olympics and the Paralympics with aplomb despite the increased security requirements. Athens exceeded international standards with 85 percent punctuality rates on even the busiest days. All told, the airport processed 340,000 more passengers than in the prior year period.

Finishing work on the new facilities at Hamburg Airport continues to plan. The new 2,200-space parking garage formally opened in October will contribute noticeably to increasing non-aviation revenue. The new terminal will be inaugurated in May 2005.

Thanks to the stable business trend at our airport holdings, the division is able to report very strong **operating earnings**, albeit with a budgeted shortfall compared with the prior year period, when large extraordinary items swelled the results.

HOCHTIEF Airport outlook

In October, Düsseldorf International Airport applied for extra takeoff and landing slots because the terms of the operating licence prevent full use being made of the existing contingent approved by the Northrhine-Westphalia Ministry of Transport, Energy and Regional Planning. The airport is now seeking a more flexible arrangement allowing it to fully exploit the approved slots.

With the concession for Tirana International Airport signed on October 15, HOCHTIEF AirPort expects that it will be able to commence running the Albanian capital's airport from the beginning of 2005.

Overall, the division expects to break even in terms of pretax profit earlier than planned, in 2005.

HOCHTIEF Development Division

(EUR thousand)	Q3 2004	Q3 2003	Q1–3 2004	Q1–3 2003	Change (Q1–3)	Full year 2003
New orders	**141,127**	59,056	**736,690**	257,662	**185.9 %**	476,314
Work done	**232,959**	101,719	**537,250**	361,101	**48.8 %**	559,866
Order backlog	**1,493,956**	732,009	**1,493,956**	732,009	**104.1 %**	746,508
External sales	**172,709**	97,351	**446,316**	340,553	**31.1 %**	518,713
Operating earnings (EBITA)	**5,488**	3,975	**9,537**	20,697	**–53.9 %**	51,909
Profit before taxes	**4,877**	531	**10,743**	11,696	**–8.1 %**	37,886
Cash flow	**8,558**	10,304	**9,710**	8,615	**12.7 %**	26,449
Capital expenditure	**75,545**	6,108	**99,526**	9,607	**936.0 %**	44,425
Operating assets	**541,444**	510,031	**541,444**	510,031	**6.2%**	470,079
Employees (at Sep. 30)	**5,033**	1,180	**5,033**	1,180	**326.5 %**	1,147 (2003 average)

External sales in the Development division have risen sharply now that the results include HOCHTIEF Gebäude Management (formerly Siemens Gebäudemanagement) and, from the third quarter, the facility management activities of the Lufthansa Group. The two newly acquired activities account for more than 40 percent of the division's external sales in the reporting period. Thanks to their smooth and successful integration, they have already made a gratifying contribution to **operating earnings** at HOCHTIEF Development. As budgeted, divisional operating earnings are below the exceptionally high prior year figure, despite the third quarter gains.

*** Detailed information on the concessions business at HOCHTIEF is provided in a special feature on page 15.**

Acquisition of Lufthansa Gebäudemanagement resulted in a significant rise in **capital expenditure**. Spending on plant and equipment to build the Rondo 1 office complex in Warsaw and purchases of business interests in the infrastructure sector further contributed to this increase.

The Property Development unit took two new projects through to the construction phase during the third quarter of 2004: Construction of the fourth phase commenced at Helfmann-Park in Eschborn, near Frankfurt, and work has begun on the Villa Fuchs office buildings in Heidelberg. The rentable space in the site's existing buildings is fully leased for ten years and will be ready for use in May 2005, and an additional new building will be completed in August 2005. In total, the unit rented out some 22,000 square meters during the reporting period.

HOCHTIEF's Infrastructure Development unit secured three new projects: The company is to design, finance, build and operate the El Salto toll tunnel in Santiago de Chile. HOCHTIEF was also awarded two public-private partnership (PPP) contracts for public buildings in Germany and thus is making progress in the concessions business*: The company is to build a replacement town hall for the city of Gladbeck and will operate the building for 25 years. HOCHTIEF also secured the largest PPP contract yet put out to tender in Germany: The unit is to refurbish 49 schools in the Offenbach district and to operate them for 15 years. The contract is worth approximately EUR 410 million.

With the recent acquisitions, HOCHTIEF Facility Management is a successful corporate group in its own right and the German market leader in integrated facility management solutions. Rigorous implementation monitoring and control ensures that the integration process will be completed by the new year.

HOCHTIEF Development outlook

The division expects that its Property Development and Asset Management units will make a strong contribution to earnings in the fourth quarter typical of the season. Successful integration of the facility management businesses will generate a further earnings boost. As planned, the division will not achieve the high pretax profit of the previous year due to the slowdown on the domestic real estate markets.

HOCHTIEF Construction Services Americas Division

(EUR thousand)	**Q3 2004**	Q3 2003	**Q1–3 2004**	Q1–3 2003	**Change (Q1–3)**	Full year 2003
New orders	**1,813,664**	1,069,221	**5,185,487**	4,453,013	**16.5 %**	6,266,032
Work done	**1,594,336**	1,339,959	**4,266,576**	4,066,154	**4.9 %**	5,452,657
Order backlog	**6,491,490**	5,524,540	**6,491,490**	5,524,540	**17.5 %**	5,488,232
External sales	**1,555,755**	1,392,846	**4,194,206**	4,067,245	**3.1 %**	5,353,198
Operating earnings (EBITA)	**17,380**	26,189	**44,359**	54,430	**–18.5 %**	67,955
Profit before taxes	**13,672**	18,890	**33,264**	33,923	**–1.9 %**	38,282
Cash flow	**9,190**	19,646	**25,035**	36,496	**–31.4 %**	48,582
Capital expenditure	**2,952**	7,604	**17,960**	13,954	**28.7 %**	19,874
Operating assets	**250,209**	280,678	**250,209**	280,678	**– 10.9%**	264,150
Employees (at Sep. 30)	**5,778**	7,743	**5,778**	7,743	**–25.4 %**	7,400 (2003 average)

Corresponding with the economic recovery in the US construction market, the order backlog in the Americas division has reached an all-time high of EUR 6.49 billion—an increase of EUR 1 billion compared with the prior year period. Despite a negative exchange rate impact of EUR 470 million due to the decline of the US dollar, new orders are up 16.5 percent.

The success of our US subsidiary, The Turner Corporation, was once again confirmed by the US trade magazine Engineering News-Record: As in the previous years, Turner was ranked the nation's leading general builder among the Top 400 US contractors. Turner has now also taken the lead in the healthcare market segment.

In this segment, Turner secured a major new contract in New York City from Montefiore Medical Center (EUR 80 million) and another in Philadelphia from the University of Pennsylvania School of Veterinary Medicine (EUR 41 million). The New York business unit was also awarded a contract worth EUR 115 million to manage construction and modernization of passenger ship terminals in both Manhattan and Brooklyn over a period of five years. In Atlanta, Turner is providing preconstruction and construction management services for the new Centers for Disease Control and Prevention Global Communications and Training Facility.

External Sales are up 3 percent compared to the previous year period despite significant exchange rate effects. As a result, in US dollars the sales increase reported by Turner was 13 percent.

Operating earnings slipped by EUR 10 million as a result of the tense economic climate in 2003. Operating earnings were additionally reduced by EUR 2.8 million due to exchange rate effects and by EUR 1.4 million as a result of the equity interest in Kitchell no longer being included following its sale. Profit before taxes decreased by 1.9 percent, mostly due to exchange rate effects amounting to EUR 1.9 million.

The increase in **capital expenditure** is related to the first quarter 2004 stock issue at our Canadian associate, Aecon, whose restructuring continues to plan.

The number of **employees** was considerably higher in 2003 due to a major project of HOCHTIEF do Brasil. After completion of this project at the beginning of the year, the staff count was reduced according to plan.

HOCHTIEF Americas outlook

The noticeable upswing in the construction market in the USA and Brazil confirms the expectation that profit before taxes at year end will surpass last year. Turner will make a growing contribution to this outcome with the expansion of construction related services such as those offered by Turner Logistics and Turner Casualty and Surety.

HOCHTIEF Construction Services Asia Pacific Division

(EUR thousand)	**Q3 2004**	Q3 2003	**Q1–3 2004**	Q1–3 2003	**Change (Q1–3)**	Full year 2003
New orders	**1,158,481**	1,099,082	**2,969,571**	2,956,380	**0.4 %**	5,240,223
Work done	**1,165,102**	842,156	**3,024,800**	2,184,742	**38.5 %**	2,983,396
Order backlog	**7,214,827**	5,730,648	**7,214,827**	5,730,648	**25.9 %**	7,446,177
External sales	**896,985**	756,208	**2,519,400**	2,186,765	**15.2 %**	2,647,279
Operating earnings (EBITA)	**26,155**	37,287	**73,984**	123,833	**–40.3 %**	129,357
Profit before taxes	**27,571**	37,081	**71,924**	120,919	**–40.5 %**	126,511
Cash flow	**62,554**	54,455	**186,472**	183,141	**1.8 %**	226,662
Capital expenditure	**69,081**	32,856	**291,208**	195,042	**49.3 %**	273,284
Operating assets	**403,563**	320,158	**403,563**	320,158	**26.1 %**	311,548
Employees (at Sep. 30)	**15,774**	15,242	**15,774**	15,242	**3.5 %**	15,185 (2003 average)

Third quarter **new orders** kept up the fast pace set in the first half of 2004, and new orders for the year to September matched the very high prior year figure of nearly EUR 3 billion. The **order backlog** grew some 26 percent from the prior year period, to EUR 7.21 billion. Notable new contracts include the Rapu Rapu Mine on the Philippines (EUR 64 million) and the Albany Grain Terminal in West Australia (EUR 58 million).

Mid-October saw Leighton Group subsidiaries Thiess and John Holland secure the Group its biggest order so far: the Mitcham Frankston Freeway. Among other things, the contract involves planning and building 78 bridges and 39 kilometers of three lane freeway. Leighton will also have a stake in the concession company for what is Australia's largest ever transport infrastructure project.

Work done over the first nine months of 2004 totaled EUR 3 billion. This is already above the all-year figure for 2003 and means divisional work done for the 2004 year as a whole will set a new record.

The very strong order books at Leighton brought a gratifying surge in **external sales**. Improvements in the Australian dollar exchange rate also contributed towards the 15 percent sales boost.

Operating earnings and **profit before taxes** were significantly down in the first half of 2004 due to provision being made for specific project risks. By the third quarter, Leighton was back on target as regards its earnings position.

Capital expenditure gained sharply, both on property, plant and equipment and on financial assets. The extra amount spent on property, plant and equipment mostly represented mining equipment bought in connection with volume growth in mining work. The rise in capital expenditure on financial assets was due to two factors: the Group increasing its stake in Leighton Holdings by some three percentage points, and capital being paid in for companies in the Leighton Group business portfolio.

Since the issues in the Spencer Street Station and Sydney Hilton projects were identified, the Leighton-Board has been working to ensure that the Leighton Group´s **risk management** and control framework represents best practice. The Leighton Board initiated, and has continued to monitor, an extensive review – undertaken by management and an external consultant – of risk management policies and procedures within the Leighton Group. Action taken by the Leighton Group includes continued in-depth on-site technical and business audits, regular reporting to the Leighton Board and the institutionalized transfer of experience between leading risk managers at HOCHTIEF Group companies in Europe, the Americas and Australia.

HOCHTIEF Asia Pacific outlook

Despite divisional earnings below the prior year figure, HOCHTIEF Asia Pacific will contribute substantially to Group profit in 2004. The strong order backlog and marked gains in sales and work done bode well for a strongly positive earnings trend in 2005.

HOCHTIEF Construction Services Europe Division

(EUR thousand)	**Q3 2004**	Q3 2003	**Q1–3 2004**	Q1–3 2003	**Change (Q1–3)**	Full year 2003
New orders	**782,072**	424,535	**1,878,928**	1,629,431	**15.3 %**	2,293,003
Work done	**647,279**	632,125	**1,771,049**	1,823,581	**–2.9 %**	2,430,004
Order backlog	**2,898,040**	2,731,228	**2,898,040**	2,731,228	**6.1 %**	2,783,798
External sales	**547,361**	496,598	**1,463,656**	1,463,559	**0.0 %**	1,936,038
Operating earnings (EBITA)	**10,890**	8,565	**11,755**	(8,178)	**243.7 %**	176
Profit before taxes	**9,822**	11,033	**16,128**	114	**14,047.4 %**	10,371
Cash flow	**17,194**	15,666	**35,636**	22,184	**60.6 %**	45,629
Capital expenditure	**4,690**	4,575	**16,632**	22,827	**–27.1 %**	31,075
Operating assets*	**(63,702)**	(59,910)	**(63,702)**	(59,910)	**–6.3%**	(108,199)
Employees (at Sep. 30)	**8,979**	9,756	**8,979**	9,756	**–8.0 %**	9,918 (2003 average)

*** The negative figure for operating assets is primarily due to large sums in advance payments—a normal feature of the construction business.**

The Europe division kept up its established positive trend in the third quarter. **New orders** rose sharply, up by over 15 percent from the prior year period. HOCHTIEF Europe has thus broken comfortably free from the unrelenting downward momentum of the German construction industry. The **order backlog** grew by more than 6 percent in the first nine months of 2004 compared with the prior year period. This means operations can run at capacity and stands the division in excellent stead for the 2005 fiscal year. As budgeted, total **external sales** in the first three quarters matched the prior year period. Third quarter **work done** was likewise to target, increasing by 2.4 percent compared with 2003.

The earnings picture at the Europe division is lastingly positive. With restructuring successfully completed, the division has attained significant growth in both **operating earnings** and **profit before taxes** under the leadership of HOCHTIEF Construction AG. For instance, operating earnings shot up by over 27 percent compared with the likewise successful third quarter of 2003.

Capital expenditure mostly related to property, plant and equipment, and was down 27 percent from the first nine months of 2003. This is a result of hiving off IT functions and increased asset leasing.

The strategy of providing innovative services to extend the value chain and enhance customer loyalty is very well received by the core construction market. For example, HOCHTIEF Construction AG recently started offering building diagnosis and comprehensive after sales service.

HOCHTIEF Europe secured its main new contracts in market segments where HOCHTIEF is traditionally strong—such as the retail property segment: HOCHTIEF Construction AG is building the Europa Passage Hamburg shopping center as general contractor for Alida Grundstücksgesellschaft. This major contract is worth some EUR 121 million.

In the tunneling and railroad segments, the division secured five projects totaling close to EUR 120 million in the third quarter alone. These include subways in Prague, Berlin and Munich, and Austria’s Wienerwald Tunnel.

In Cologne, HOCHTIEF Construction is extending the trade fair site using the partnership-based PreFair contracting model. The project includes building four new exhibition halls, an entry building, and a trade fair boulevard. The exhibition halls are to be handed over as early as November 2005.

HOCHTIEF Europe outlook

HOCHTIEF Europe expects to report a further lasting rise in earnings to the year end.

Consolidated Statement of Earnings

(EUR thousand)	Q3 2004	Q3 2003	Q1–3 2004	Q1–3 2003	Change (Q1–3)	Full year 2003
Sales	3,204,220	2,768,005	8,696,264	8,120,373	7.1 %	10,534,380
Changes in inventories	80	1,460	180	1,515	–88.1 %	(1,691)
Other own work capitalized	159	464	610	1,473	–58.6 %	1,523
Other operating income	17,689	26,784	56,056	68,592	–18.3 %	120,023
Materials	(2,485,855)	(2,171,613)	(6,707,305)	(6,319,858)	6.1 %	(8,077,842)
Personnel costs	(466,567)	(367,969)	(1,304,885)	(1,157,296)	12.8 %	(1,578,962)
Depreciation and amortization	(52,989)	(55,020)	(178,756)	(167,050)	7.0 %	(232,018)
Other operating expenses	(171,866)	(147,317)	(471,258)	(425,491)	10.8 %	(644,547)
Profit from operating activities	**44,871**	**54,794**	**90,906**	**122,258**	**–25.6 %**	**120,866**
Net income from participating interests	10,313	16,883	35,278	46,012	–23.3 %	44,866
Net investment and interest income	(9,935)	7,541	517	(18,733)	102.8 %	(6,273)
Profit before taxes	**45,249**	**79,218**	**126,701**	**149,537**	**–15.3 %**	**159,459**
Income taxes	(18,733)	(47,581)	(63,137)	(86,421)	–26.9 %	(82,956)
Profit after taxes	**26,516**	**31,637**	**63,564**	**63,116**	**0.7 %**	**76,503**
Minority interest	(9,152)	(14,778)	(28,158)	(53,616)	–47.5 %	(60,272)
Consolidated net profit for the period	**17,364**	**16,859**	**35,406**	**9,500**	**272.7 %**	**16,231**

Statement of Earnings

Group sales increased during the reporting period to EUR 8.70 billion, a gain of EUR 576 million or 7.1 percent from the prior year figure of EUR 8.12 billion. Sales in the Asia Pacific division grew by EUR 333 million, EUR 116 million of which is accounted for by changes in the Australian dollar exchange rate. In the Americas division, external sales increased by EUR 127 million despite an adverse exchange rate impact of EUR 382 million due to the sliding US dollar. The Development division boosted sales by EUR 106 million, mostly by expanding activities in the facility management segment.

Profit from operating activities, at EUR 90.9 million, did not keep up the prior year level of EUR 122.3 million. The positive earnings trend in the Europe division was more than offset by the fraught economic climate in key segments and, most of all, by the impact of once-only risk provisioning in the Leighton Group during the first half of 2004.

Net income from participating interests is healthily positive, at EUR 35.3 million, but below the prior year figure of EUR 46.0 million, which was markedly increased due to once-only factors in the Airport division.

The sale of the HOCHTIEF stake in Ballast Nedam N.V. has had a positive impact in the current reporting period, as has the fact that goodwill is no longer amortized for associated companies.

Net investment and interest income is slightly positive, and represents a marked improvement on the prior year's negative EUR 18.7 million. This is mostly because there was no need to repeat last year's risk provisioning for securities in special-purpose investment funds.

After the risk provisioning of the first half year, **profit before taxes** decreased by 15.3 percent to EUR 126.7 million.

Income taxes were down 26.9 percent, at EUR 63.1 million. EUR 41.1 million of this is current income taxes and EUR 22.0 million is deferred tax. This puts the effective tax rate at 49.8 percent (down from 57.8 percent in the prior year period). Abstaining from recognizing deferred tax assets for tax loss carryforwards in Germany makes the tax rate higher than it would otherwise have been.

Profit after taxes, at EUR 63.6 million, was above the prior year figure of EUR 63.1 million. The **minority interest** decreased to EUR 28.2 million (from EUR 53.6 million in the prior year). This is mostly accounted for by minority interests in earnings at Leighton. **Consolidated net profit for the period** was EUR 35.4 million, a substantial, EUR 25.9 million improvement on the prior year figure of EUR 9.5 million.

Consolidated Balance Sheet

Accounting and valuation methods

The Interim Report at September 30, 2004 was prepared in accordance with those International Financial Reporting Standards (IFRS) whose application was mandatory at the time. These include new IFRSs issued by the International Accounting Standards Board (IASB), International Accounting Standards (IASs), and statements issued by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). All prior year figures conform to the IASs in operation at that time.

The consolidation principles remain unchanged from December 31, 2003, with the following exception: HOCHTIEF has already applied the new rules in IAS 36 "Impairment of Assets" (revised 2004), IAS 38 "Intangible Assets" (revised 2004) and IFRS 3 "Business Combinations" with retroactive effect to January 1, 2004. Accordingly, goodwill carried on the balance sheet and intangible assets with an indefinite useful life are no longer amortized on a scheduled basis. Instead, they are tested annually for impairment.

For further information, readers are referred to the consolidated financial statements at December 31, 2003, on the basis of which these interim financial statements as of September 30, 2004 are prepared.

The consolidated financial statements for the first nine months of 2004 feature seven German and six foreign companies for the first time. Two German companies have been added to and two foreign associated companies removed from the list of associated companies. In addition to HOCHTIEF Aktiengesellschaft, the Group is now made up of 257 fully consolidated companies and 44 companies accounted for using the equity method.

(EUR thousand)	**Sep. 30, 2004**	Dec. 31, 2003
Assets		
Fixed assets		
Intangible assets	303,934	211,801
Property, plant and equipment	956,261	870,792
Financial assets	920,024	957,359
	2,180,219	**2,039,952**
Current assets		
Inventories	72,637	29,880
Trade receivables and other receivables	3,046,052	2,682,267
Marketable securities	1,059,419	1,269,331
Cash and cash equivalents	873,228	1,062,602
	5,051,336	**5,044,080**
Deferred tax assets	**312,309**	**295,873**
Prepaid expenses	**23,231**	**19,311**
	7,567,095	**7,399,216**
Liabilities and Shareholders' Equity		
Shareholders' equity and minority interest		
Attributable to the Group	1,582,457	1,588,295
Minority interest	363,490	386,997
	1,945,947	**1,975,292**
Provisions	**1,376,766**	**1,276,048**
Liabilities	**4,174,934**	**4,095,249**
Deferred tax liabilities	**50,890**	**39,342**
Deferred income	**18,558**	**13,285**
	7,567,095	**7,399,216**

Consolidated Balance Sheet

Total assets were EUR 7.57 billion as of September 30, 2004, an increase of 2.3 percent compared with December 31, 2003.

Capital expenditure over the period January to September 2004 was EUR 426 million, an increase of 71.6 percent. There was a marked rise in capital expenditure both on property, plant and equipment and intangible assets (EUR 266 million) and on financial assets (EUR 160 million), partly due to the acquisitions of the Siemens and Lufthansa facility management companies.

Fixed assets increased by EUR 140 million to EUR 2.18 billion. Intangible assets rose EUR 92 million due to capitalization of goodwill in connection with raising HOCHTIEF's stake in Leighton Holdings and acquiring the Lufthansa facility management group. Capital expenditure in the Asia Pacific and the Development division produced a 9.8 percent gain in property, plant and equipment. Financial assets were slightly down compared with December 31, 2003, with capital expenditure and disposals roughly canceling out.

Current assets, at EUR 5.05 billion, stayed broadly at the prior year level. There were higher trade receivables and inventories from operating activities in the Americas, Asia Pacific and Europe divisions, but a reduction in marketable securities and cash and cash equivalents, which stood at EUR 1.93 billion (December 31, 2003: EUR 2.33 billion). The drop in marketable securities and in cash and cash equivalents is connected with the high capital expenditure and reductions in loan liabilities.

The EUR 29 million reduction in **shareholders' equity and minority interest** consists of profit after taxes (EUR 64 million), changes in other comprehensive income and other adjustments (negative EUR 11 million) and dividends paid to HOCHTIEF and minority shareholders (negative EUR 82 million). Remeasuring financial instruments to fair value produced a loss of EUR 14 million which is recognized directly in equity.

At EUR 1.38 billion, provisions are EUR 101 million above the amount reported on December 31, 2003. EUR 70 million of this increase is accounted for by pension provisions, which after integration of the facility management companies now total EUR 603 million.

Liabilities were EUR 4.17 billion, close to their level at the beginning of the year (EUR 4.10 billion).

Consolidated Statement of Cash Flows

At EUR 230 million, **cash flow** generated in the first nine months of 2004 was only marginally different from the prior year. A higher contribution to cash flow from the Europe division is paralleled by a lower contribution from the Americas division.

Cash provided by operating activities was EUR 21 million (prior year period: EUR 125 million). The change in net current assets within this figure mostly consists of increased receivables from operating activities in the Americas, Asia Pacific and Europe divisions.

Cash used in investment activity was EUR 41 million (prior year period: EUR 14 million). The high capital expenditure on property, plant and equipment and financial assets (EUR 426 million) was largely financed out of proceeds from securities disposals and disinvestments.

In May, HOCHTIEF placed a promissory note loan (Schuldscheindarlehen) of EUR 200 million with a five year term and a five percent coupon. This was the company's debut on the promissory note loan market. At the same time, the Development division, the Asia Pacific division and Corporate Headquarters cleared loan commitments to the tune of EUR 338 million. The changes in financial liabilities resulted in a cash outflow of EUR 94 million (compared with the prior year cash inflow of EUR 27 million). Taking into account dividends paid to HOCHTIEF and minority shareholders, **cash used in financing activities** was EUR 176 million (prior year period: EUR 43 million).

Altogether, our cash and cash equivalents decreased by EUR 189 million from the beginning of the year to EUR 873 million. This is EUR 141 million more than in the prior year period.

Free cash flow consists of net cash provided by operating activities (EUR 21 million) plus proceeds from assets disposals (EUR 140 million), less capital expenditure (EUR 426 million). This amounts to a negative EUR 265 million for the reporting period (prior year period: positive EUR 4 million).

Statement of changes in equity and minority interest (EUR thousand)

	Q1–3 2004			Q1–3 2003		
	Attributable to the Group	Attributable to minority interest	Total	Attributable to the Group	Attributable to minority interest	Total
Balance at January 1	**1,588,295**	**386,997**	**1,975,292**	**1,572,461**	**367,867**	**1,940,328**
Dividends paid	(40,984)	(40,440)	(81,424)	(34,679)	(34,706)	(69,385)
Other comprehensive income/other adjustments	(260)	(11,225)	(11,485)	32,907	112	33,019
Profit after taxes	35,406	28,158	63,564	9,500	53,616	63,116
Balance at September 30	**1,582,457**	**363,490**	**1,945,947**	**1,580,189**	**386,889**	**1,967,078**

Consolidated Statement of Cash Flows

(EUR thousand)	**Q1–3 2004**	Q1–3 2003
Profit after taxes	63,564	63,116
Depreciation/write-ups	179,189	201,819
Changes in long-term provisions	102	(6,379)
Changes in deferred taxes	22,023	27,242
Losses on disposals of fixed assets and marketable securities	(54,174)	(87,682)
Other non-cash income and expenses (primarily writedowns on marketable securities and equity valuations)	19,329	34,741
Cash flow	**230,033**	**232,857**
Changes in short-term provisions	(22,816)	(9,862)
Changes in working capital (net current assets)	(188,603)	(98,330)
Changes in other balance sheet items	2,032	457
Net cash provided by operating activities	**20,646**	**125,122**
Intangible assets/property, plant and equipment		
Purchases	(266,018)	(197,808)
Proceeds from asset disposals	26,236	75,637
Acquisitions, participating interests and loans to participating interests		
Purchases	(160,093)	(50,462)
Proceeds from asset disposals/divestments	105,126	39,373
Cash and cash equivalents from consolidated affiliated companies	9,105	11,796
Changes in securities holdings and liquid investments	244,655	107,605
Net cash used in investing activities	**(40,989)**	**(13,859)**
Dividends/other distributions to HOCHTIEF's and minority shareholders	(81,424)	(69,385)
Proceeds from new borrowing	262,396	306,108
Service of debt	(356,598)	(279,241)
Net cash used in investing activities	**(175,626)**	**(42,518)**
Net cash (decrease)/increase in cash and cash equivalents	**(195,969)**	**68,745**
Effect of exchange rate changes	6,595	(40,429)
Overall change in cash and cash equivalents	**(189,374)**	**28,316**
Cash and cash equivalents at the start of the year	1,062,602	704,295
Cash and cash equivalents at September 30, 2004	**873,228**	**732,611**

Derivation of operating earnings
The derivation of operating earnings from profit from operating activities follows the principles set out in the consolidated financial statements for FY 2003. Non-operating earnings consist solely of restructuring expenses.

Reconciliation of profit from operating activities to operating earnings (EBITA)

(EUR thousand)	**Q3 2004**	Q3 2003	**Q1–3 2004**	Q1-3 2003
Profit from operating activities	**44,871**	**54,794**	**90,906**	**122,258**
+ Net income from participating interests	10,313	16,883	35,278	46,012
– Non-operating earnings	(+) 3,655	(+) 4,740	(+) 11,025	(+) 12,250
– Amortization of goodwill from capital consolidation	–	(+) 4,766	–	(+) 14,725
+ Interest credited	1,164	3,644	5,453	9,132
Operating earnings (EBITA)	**60,003**	**84,827**	**142,662**	**204,377**

Earnings per share

	Q3 2004	Q3 2003	**Q1–3 2004**	Q1–3 2003
Consolidated net profit (EUR thousand)	**17,364**	**16,859**	**35,406**	**9,500**
Number of shares in circulation (weighted average)	63,062,059	63,052,070	63,043,949	63,051,214
Earnings per share (EUR)	**0.28**	**0.27**	**0.56**	**0.15**

HOCHTIEF's own stock

As of September 30, 2004, HOCHTIEF held 6,906,989 shares of its own stock, acquired during the period September 1999 through October 2001. This represents EUR 17,681,892, or 9.87 percent, of the capital stock. Of the shares held, 6,906,989 were purchased for the purposes set forth in the resolutions of the General Shareholders' Meetings of June 21, 1999 and June 28, 2000.

92,855 shares were sold in August 2004 to persons employed by the Company or one of its affiliates. Of these, 49,985 shares were sold at EUR 11.91 per share, 29,520 shares at EUR 12.91 per share, and 13,350 shares at EUR 13.91 per share. These shares represent EUR 237,709 (0.13 percent) of the capital stock.

Contingent liabilities

These consist of contingent liabilities from guarantees provided; the figure decreased by EUR 104,809 thousand from December 31, 2003 to reach EUR 116,941 thousand on the reporting date.

Concessions business: German activities brought together in HOCHTIEF PPP Solutions GmbH

The concessions business consists of building and operating public infrastructure with private funding. This mostly involves "public-private" partnerships (PPP)—between public sector agencies and private sector concession holders. HOCHTIEF focuses on two segments of this market: toll roads and public buildings. It is already by far Germany's number one contracting group in terms of international concessions experience.

HOCHTIEF and its subsidiaries and associates are currently involved in 18 PPP projects worldwide with a total value exceeding EUR 8 billion. HOCHTIEF's share of this total is just short of EUR 1.4 billion. On top of this are HOCHTIEF Airport's five airport holdings with their operating contracts.

The Group secured two new toll road projects during the reporting period: The EUR 2.2 billion Mitcham Frankston Freeway in Australia and the EUR 70 million El Salto tunnel in Chile. Including these two, HOCHTIEF and its subsidiaries and associates are now building or operating 14 toll road projects across the globe, totaling some 850 kilometers of road. The Group has also prequalified for another six international toll road projects.

HOCHTIEF plans to continue expanding its concessions activities in future, in which it identifies a number of key benefits: The concessions business guarantees higher returns and its secure continuous income stream makes it less liable to cyclical fluctuations than the standard contracting trade. HOCHTIEF offers the full service package: finance, design, build and operate.

To further sharpen the focus on building and expanding German-based concessions activities for the home and other markets, HOCHTIEF PPP Solutions GmbH has been established effective January 1, 2005. The new company will take over the business of HOCHTIEF Projektentwicklung GmbH's Infrastructure Development branch. Germany is an attractive market for both managed real estate and toll roads, with the PPP projects market for schools, administrative buildings and hospitals alone estimated at about EUR 6 billion up to 2009. Requests for bids are expected within the coming year for "A-model" expressway building projects with a total value approaching EUR 3.5 billion.

Two projects, the Américo Vespucio Nor-Poniente toll expressway in Chile and the Herren Tunnel in Lübeck, are set to open in the coming year, taking them into the ramp-up phase of rising positive contributions to cash flow. In October, the Group also broke into the growing PPP market for managed real estate in Germany with the award of the country's largest PPP project so far—a contract to refurbish and operate schools in the district of Offenbach worth around EUR 410 million. HOCHTIEF aims to lead the market in PPP projects for public buildings in Germany.

An essential feature of the business case for any concession is a reliable, well-founded, long-term cash flow forecast. This is the only way to give concession projects a sound structure, finance them out of own funds and borrowed capital, and sell them when the time is right in anticipation of the future profits. On a conservative estimate based on current knowledge, the six projects held by HOCHTIEF alone secure for HOCHTIEF a cash flow volume of some EUR 1.5 billion over an average 25 year lifetime.

HOCHTIEF PPP Solutions will apply its large pool of expertise to build up a mature portfolio of attractive products, shares in which can then be sold to investment funds or institutional investors. This has long been HOCHTIEF's ultimate goal in pursuing concession business.

Project clients value HOCHTIEF for its expertise—and for good reason. Take financing: In the last ten years, HOCHTIEF and its inhouse team have put together project finance packages totaling more than EUR 5 billion. The latest major success was the record-breaking AAA-rated bond issue to finance the Américo Vespucio Nor-Poniente in mid-2004. Worth the equivalent of EUR 350 million, the issue was 80 percent oversubscribed within minutes of its inception.

HOCHTIEF offers its public-sector clients integrated, innovative solutions. In such complex, long-term projects, reliability and trust play a key role. HOCHTIEF is a premium brand and market leader rolled into one—a partner the public sector can rely on long-term: HOCHTIEF guarantees consistently high quality on all deliverables.

Financial Calendar

February 16, 2005
Preliminary Report on FY 2004

March 23, 2005
Business Results Press Conference
Analysts' and Investors' Conference

May 11, 2005
Quarterly Report at March 31, 2005
Conference Call with Analysts and Investors

May 18, 2005
General Shareholders' Meeting, 10:30 a.m.,
Congress Center West, West Entrance, Norbertstrasse
Essen

August 17, 2005
Half-Year Report at June 2005
Analysts' and Investors' Conference

November 16, 2005
Interim Report at September 30, 2005
Fall Press Conference
Conference Call with Analysts and Investors

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For further information on HOCHTIEF and our addresses, business units, subsidiaries and associates, please visit our website.

This report is a translation of the original German version, which remains definitive. The report is also available from the HOCHTIEF website.

Bacht 11/04