

Business Results Press Conference, April 10, 2003

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Chief Financial Officer

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Ladies and Gentlemen,

I'd like to follow up Dr. Keitel's review of the outlook for the Group by focusing on our figures for **fiscal year 2002**.

Our consolidated earnings before taxes of EUR 121 million represented a significant increase over the 2001 figure of EUR 78 million. We also boosted our earnings after taxes from EUR 78 million in the previous year to EUR 90 million in 2002.

Dr. Keitel has reported to you how the individual divisions contributed to our very satisfactory overall results. You will find the specific results for the divisions, and also the derivation of operating earnings, in the Annual Report's segment reporting section.

Before I move on to review the key figures in our orders situation in 2002, I would like to point out that we have changed our method of reporting work done, new orders and the order backlog: The new method takes account of changes in our Group structure and mirrors the criteria for full inclusion in our consolidated financial statements. The comparative 2001 figures have been restated accordingly.

Here, then, are our 2002 results in terms of orders and work done.

New orders again beat the previous year's result.

They totaled

EUR 14.4 billion,

placing them

1.8 percent

above the 2001 level. Indeed, adjusted for exchange-rate effects the new orders were 4.8 percent higher.

There were opposing changes in our German and international operations:

New orders **in Germany** came to

EUR 2.2 billion,

representing a decline of

4.2 percent

relative to 2001 on a comparative basis.

New orders **outside Germany** were

EUR 12.2 billion,

which was

2.9 percent

higher than in the previous year.

A major share of the growth in new orders came from the Asia Pacific division via our Australian subsidiary Leighton, which booked 19.8-percent order growth over 2001. In addition, the Construction division won a number of large-scale contracts abroad. While the Americas division saw its new orders fall by 6.9 percent compared to the previous year, the bulk of this was due to shifts in exchange rates.

Work done totaled

EUR 12.8 billion,

which, due entirely to exchange-rate effects, was below the prior-year figure by

1.5 percent.

Adjusted for exchange-rate effects, work done increased by 1.5 percent.

Work done **in Germany** was

EUR 2.1 billion

in 2002, representing a fall of

14.1 percent

compared with 2001.

In our **international operations**, our 2002 work done totaled

EUR 10.7 billion.

This was an increase of

1.3 percent.

The Asia Pacific division made the biggest contribution to the overall increase (+13.6 percent year on year), while the strength of the euro turned the growth figure for the Americas division negative after currency translation.

Ladies and gentlemen, these figures clearly show how important our international operations have now become for HOCHTIEF:

As Dr. Keitel has already pointed out, 84 percent of both our new orders and our work done in 2002 were generated outside Germany, and the Americas and Asia-Pacific region are now HOCHTIEF's most significant markets.

I refer you to the Annual Report and your information folders for further details on our orders and work done.

I turn now to the **2002 consolidated financial statements**, prepared in compliance with IAS accounting principles.

Since you all have copies of the Annual Report, I will simply run through the most important items on the **balance sheet** and **statement of earnings**.

I'll begin with the **consolidated balance sheet**:

Total assets declined by EUR 0.4 billion (or five percent) to EUR 7.6 billion, the main reason being the shift in the exchange rate between the U.S. dollar and the euro.

Fixed assets held the previous year's level at EUR 2.2 billion.

Intangible assets and property, plant and equipment declined by four percent relative to the prior year, to EUR 1.2 billion. This again is primarily due to exchange-rate factors.

Intangible assets are substantially made up of goodwill in our fully consolidated subsidiaries, especially Turner, amounting to EUR 0.2 billion.

Financial assets grew by EUR 70 million in FY 2002, to EUR 1.0 billion. Prominent factors in the rise were the increase in our Hamburg Airport stake from 36 to 49 percent and the acquisition of five percent of the equity in Sydney Airport. Over and above the stake reported here as fixed assets, we purchased a further ten percent of the equity in the airport with the intention to market this to outside investors. The stock involved is therefore posted to marketable securities under current assets. One factor reducing the value of our fixed assets was the write-down on our holding in the associated company Ballast Nedam of the Netherlands.

Current assets were EUR 0.4 billion lower at EUR 4.9 billion.

The **inventories and receivables** item includes construction work not yet billed. In accordance with IAS rules, this is carried as percentage-of-completion receivables. The overall level of inventories and receivables – EUR 2.8 billion – held the previous year's level.

Marketable securities and **cash and cash equivalents** declined by EUR 0.3 billion to EUR 2.1 billion. Our securities are marked to market in compliance with IAS, so the poor performance of the financial markets in the year under review led to correspondingly lower valuations. Cash and cash equivalents were reduced by the repayment of loans. A factor adding to our securities holdings was the acquisition of the ten-percent stake in Sydney Airport I referred to earlier.

The **deferred tax assets** of some EUR 0.5 billion held the previous year's level. While assets resulting from tax loss carryforwards were substantially reduced, this was counterbalanced by newly posted items arising from differences in asset valuations and consolidation measures.

That completes the assets side and takes us on to **equity and liabilities**:

The Group's **shareholders' equity** fell from EUR 2.2 to EUR 1.9 billion, primarily reflecting a fall of EUR 243 million in reserves. This in turn was largely due to the negative impact of marking our securities held in special-purpose funds to their fair value in accordance with IAS 39 (in equity only), and to exchange-rate effects. **Minority interests** in the Group's equity remained virtually unchanged relative to 2001; the bulk of these relate to the Leighton Group and our airport operations.

With shareholders' equity still representing 25.5 percent (2001: 27.1 percent) of the balance-sheet total, we have maintained our very good equity ratio.

Provisions of EUR 1.3 billion were EUR 52 million higher than a year earlier.

The Group's current **liabilities** were EUR 0.1 billion lower, totaling EUR 4.2 billion.

The reduction was most pronounced in **trade payables**, which fell by EUR 0.2 billion to EUR 2.8 billion, mainly due to exchange-rate effects.

At the same time, there was an increase of EUR 70 million in **liabilities to banks**, to EUR 1.2 billion. This primarily reflects new borrowing to finance investment in the Airport division, and also the Development division's increased volume of business. The level of outstanding borrowing by the Construction division fell in the reporting period as cash inflows from maturing securities were used to repay loans.

The **deferred tax liabilities** of some EUR 0.2 billion were EUR 0.1 billion lower than a year earlier owing to reduced temporary differences between tax statements and our IAS consolidated financial statements.

That concludes the main developments on our consolidated balance sheet.

Here now is some detail on the **consolidated statement of earnings**.

Its **external sales** of EUR 12.0 billion in 2002 meant that HOCHTIEF only just missed the EUR 12.2-billion record posted in the previous year. Exchange-rate effects impacting on the figures for the Americas division and the budgeted capacity adjustments in the Construction division were the main factors holding back the overall sales total. Meanwhile, sales performance in the Asia Pacific division was very satisfactory, with an increase coming from large-scale projects in Leighton's engineering/infrastructure and mining operations.

The Group's **other operating income** increased from the previous year's EUR 150 million to EUR 306 million in 2002. The figure includes a non-recurring item consisting of a EUR 160-million gain from the sale of our stake in the real estate company Monachia Grundstücks-Aktiengesellschaft. Although the income belongs to our ordinary business operations, the profit on the sale is posted to other operating income because, in economic terms, it counts as a disposal of real property.

The cost of **materials** fell by EUR 0.4 billion to EUR 9.5 billion, due partly to the reduction in total operating performance, but partly also to the improved cost situation in the Construction division.

The **personnel costs** of EUR 1.7 billion and **depreciation and amortization** of EUR 0.3 billion maintained their 2001 levels. The depreciation charge arises predominantly in the Leighton Group's capital-intensive contract mining operations.

Other operating expenses were also close to the previous year's level at EUR 616 million.

Following an EUR 18-million loss in the prior year, our **earnings from operating activities increased by EUR 251 million** to EUR 233 million in 2002. The strong improvement in earnings is primarily attributable to our Development (approx. 40 percent) and Construction (approx. 30 percent) divisions.

Net income from participating interests fell from a positive EUR 55 million in 2001 to EUR -142 million in 2002. The fall was mainly caused by the negative performance of our associated company in the Netherlands, Ballast Nedam, where results were doubly hit by high write-downs and restructuring expenses. Another negative factor for this item was the impairment charge on Leighton's stake in the telecommunications company NextGen.

The **net investment and interest income** of EUR 30 million was EUR 11 million lower than in 2001, which relates mainly to reduced net interest income.

Consolidated **earnings before taxes** increased from EUR 78 million in 2001 to EUR 121 million in 2002.

The improved earnings also generated a higher tax charge in the year under review: **Income taxes** increased from EUR 0.4 million to EUR 31 million.

Earnings after taxes showed a EUR 12-million increase to EUR 90 million. This provided **earnings per share** of EUR 0.69 compared with EUR 0.38 in 2001.

That wraps up the highlights of the consolidated statement of earnings.

The company-specific **annual financial statements of HOCHTIEF AG** were, as always, prepared in accordance with the German commercial laws and regulations. Based on an initial net income figure of EUR 54.7 million for the year and taking into account net income brought forward of EUR 3.5 million, withdrawals of EUR 20.3 million from the reserve for own stock and a transfer to other revenue reserves of EUR 40.0 million, the unappropriated net income after these changes came to EUR 38.5 million, which is intended for distribution.

The Supervisory and Executive Boards will propose to the General Shareholders' Meeting on June 4, 2003 that **a dividend of EUR 0.55 per no-par-value share** be paid. The dividend set one year earlier was EUR 0.50 per share.

Thank you for your attention.