HOCHTIEF
KONZERNZENTRALE

# Press information

**CORPORATE COMMUNICATIONS**

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## HOCHTIEF makes good start to new year and raises earnings guidance for 2013

Group realignment successfully initiated

- Focus on infrastructure business gains traction
- Efficiency measures launched
- Global improvements to risk management

Stable business development: Group raises guidance

- Profit before taxes between EUR 670 million and EUR 750 million
- Consolidated net profit between EUR 210 million and EUR 250 million

Key strategic milestone achieved: Successful sale of the airports

- Acquisition with retroactive economic effect as of January 1, 2013
- Proceeds of app. EUR 1.1 billion, subject to closing adjustments

Executive Board and Supervisory Board propose dividend of EUR 1.00 per share at General Shareholders' Meeting

HOCHTIEF made a good start to 2013. The Group's realignment has been successfully initiated and earnings for the first quarter of 2013 already show a marked improvement. This included operating earnings (EBITA) of EUR 189.1 million, with all divisions contributing. The order backlog at the end of the first three months is at the same high level as a year earlier. Following the successful turnaround in 2012, the road is now clear for further performance growth. "We have kicked off a process of change and we already see positive effects. The outlook is increasingly brighter," said Marcelino Fernández Verdes, Chairman of the Executive Board at HOCHTIEF. In response, the Group is raising its guidance for the current year. For the preceding year 2012, the Executive Board and the Supervisory Board are proposing a dividend of EUR 1.00 per share at today's General Shareholders' Meeting.

Furthermore HOCHTIEF achieved a strategic key milestone: The Group has on May 7, 2013 entered into a sale and purchase agreeement with a Canadian pension fund manager for the

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sale of its airports segment, thus delivering the previously announced value crystalization. The acquisition will have retroactive economic effect as of January 1, 2013. Transaction proceeds are approximately EUR 1.1 billion, subject to closing adjustments.

**Fiscal year 2012**

HOCHTIEF achieved a turnaround in the preceding fiscal year. New orders rose to just under EUR 31.5 billion, over 24% up on the prior year. Work done approached EUR 30 billion, its highest level in the history of HOCHTIEF. The order backlog stood at almost EUR 50 billion - another new record. Sales went up by 9.6% to EUR 25.5 billion. Profit before taxes improved to EUR 541.4 million*. Consolidated net profit amounted to EUR 155.2 million*, compared with a consolidated net loss of some EUR 160.3 million in the prior year.

The Group thus put the difficulties of the last few years behind it and is now back on track. It nonetheless aims to further increase profitability and cut debt to zero. To attain this, HOCHTIEF is going through a radical program of renewal, most notably in Europe. All business units are being screened for size, strategic importance, growth potential, and contribution to earnings. Four core measures have been initiated:

- HOCHTIEF is boosting efficiency, cutting costs, and streamlining its organizational structure. The Group envisions opportunities in this connection notably in North America and Europe. Closer cooperation is thus to be fostered between subsidiaries Turner and Flatiron. In Europe, what are in some respects highly complex structures are being streamlined and trimmed.
- HOCHTIEF is improving risk management worldwide. In the last few months, the Group laid down tighter, more specific criteria for all stages of the project business. New contracts are now to be selected via specified target countries, segments, projects, and teams. The goal is best-in-class risk management applicable to all Group units the world over.
- HOCHTIEF is expanding in the right segments. This means the Group will concentrate in the future on the countries, market segments, and projects where it has outstanding expertise and a strong competitive position, and where there are attractive returns to be generated. The Executive Board has identified the infrastructure business as a prime example in this regard: In the decades ahead, billions will be invested worldwide in building roads, bridges, schools, hospitals, and the like as well as in energy supply. The Group aims to benefit from this and become the leading global infrastructure contractor.
- HOCHTIEF is divesting activities that are no longer part of its core business. The Group has initiated the sale of its services business in Europe and is seeking strategic partners for the capital-intensive real estate development business. Here, HOCHTIEF is moving

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with due regard to employee interests and looking for strategic purchasers who will continue to develop the business. Any sale proceeds will be used for investment in the core business, to further reduce debt as well as for the adequate participation of shareholders.

The first months of the current year already point to the success of the new strategy. The Group secured numerous new infrastructure contracts worldwide, including the construction of a veterinary college, an airport building, and a university property in the US. In Australia, HOCHTIEF subsidiary Leighton took on a further contract in connection with the Gorgon gas extraction project off the Australian coast and won a follow-up contract for the rail project in Hong Kong. In Europe, the Group is to expand Riga Airport in Latvia and is a member of a consortium building part of a highway in the Netherlands under a public-private partnership contract.

**Key figures: First quarter 2013**

Fiscal 2013 started well, even though new orders in the quarter ending March 31, 2013, at EUR 5.55 billion, were down on the very strong figure of a year earlier (Q1 2012: EUR 7.69 billion) which featured large-scale projects in the coal and gas sector in the HOCHTIEF Asia Pacific division. On the other hand, work done in the first three months of the current fiscal year, at EUR 6.50 billion, was 2.1% higher than in the prior-year period (Q1 2012: EUR 6.36 billion) and the order backlog as of March 31, 2013, at EUR 50.69 billion, was at the same high level as in the prior-year period (Q1 2012: EUR 50.26 billion). Even with work done at a sustained high level, this represents a forward order book of more than 20 months. At EUR 5.50 billion, first-quarter sales similarly almost matched their prior-year level (Q1 2012: EUR 5.57 billion).

HOCHTIEF achieved good progress on the earnings side in the first three months of the current fiscal year, with operating earnings (EBITA) at EUR 189.1 million (Q1 2012: minus EUR 46.1 million). All operating divisions contributed to this improvement. With profit before taxes of EUR 123.3 million, HOCHTIEF made a major step forward in terms of earnings performance relative to the prior year (Q1 2012: loss before taxes of EUR 92.1 million*). Consolidated net profit reached EUR 43.5 million, compared with a consolidated net loss of EUR 34.8 million* in the prior-year period.

**Group outlook**

For the year 2013 HOCHTIEF continues to anticipate that new orders, work done, and the order backlog will normalize. Furthermore the Group is raising its operating profit expectation:

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When publishing the full year figures 2012 HOCHTIEF had guided a 10-20% year-on-year increase of profit before taxes and consolidated net profit respectively for 2013 (equivalent to approximately EUR 601-656 million profit before taxes and EUR 174-190 million consolidated net profit). HOCHTIEF now expects a stronger earnings increase in 2013 with profit before taxes reaching EUR 670-750 million and consolidated net profit EUR 210-250 million.

This guidance is before adjustment for the sale of HOCHTIEF AirPort, which is expected to be closed with retroactive economic effect as of January 1, 2013. Adjusting for this airport transaction, i.e. deducting HOCHTIEF AirPort's operating earnings, this new guidance implies a profit before taxes range of EUR 600-680 million and consolidated net profit of EUR 180-220 million for 2013.

The earnings guidance range is purely operational, i.e. not including non-operative items such as restructuring charges and effects from disposals. The airport transaction is expected to generate no significant extraordinary earnings impact.

The airport transaction is expected to improve the Group's cash position significantly by approximately EUR 1.1 billion. Through operating improvements and disposals, the Group expects to attain a net financial assets/net cash position already by the end of 2013 or by 2014 at the latest.

* restated for IAS 19R (Impact on HOCHTIEF's results in 2012: profit before taxes approximately minus EUR 5 million; consolidated net profit approximately minus EUR 3 million)