

Press information

2012 General Shareholders' Meeting: After many challenges HOCHTIEF looks to a positive future

CORPORATE COMMUNICATIONS

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- Return to stable profit and reliable guidance is top priority
- Executive Board and Supervisory Board propose not to pay a dividend
- Executive Board confirms positive outlook for 2012

HOCHTIEF went through many challenges in 2011: The Group's strong operating business with a new record order backlog of almost EUR 49 billion was countered by severe setbacks in two projects and its Habtoor Leighton joint venture (Dubai). The Group was unable to offset them in full and incurred an overall consolidated net loss of EUR 160 million. The two projects caused additional losses in the first quarter of 2012. The Group is making considerable effort to resolve these difficulties: "Building on our operational strength, we aim to quickly get back to sustainable profits," said Dr. Frank Stieler, Chairman of the Executive Board of HOCHTIEF. At today's General Shareholders' Meeting, the Executive Board will confirm the positive outlook for the current fiscal year.

Key figures for 2011

In the past year, HOCHTIEF generated its highest level of work done in the history of the company, increasing the total by 11 percent to EUR 25.79 billion (2010: EUR 23.23 billion). New orders reached the second highest level ever: New projects worth EUR 25.37 billion were acquired (2010: EUR 29.63 billion). The order backlog also rose to a new high of EUR 48.67 billion (2010: EUR 47.49 billion), up 2.5 percent against the prior year. Thus the Group has a forward order book of more than 22 months. Sales increased to EUR 23.28 billion (2010: EUR 20.16 billion).

This was contrasted by the earnings performance: The Group was burdened by serious problems on two major infrastructure projects in Australia, impairment losses and risk provisioning in respect of toll road projects, losses at a Group company in Dubai, an impairment loss on the investment in the Australian operating company BrisConnections, and expenditure for departed HOCHTIEF Executive Board members. Profit before taxes fell

well below the prior-year level to a loss of EUR 127 million (2010: profit of EUR 756.6 million). As a result, HOCHTIEF reported a consolidated net loss of EUR 160.3 million (2010: consolidated net profit of EUR 288.0 million).

Trend in the first months of 2012

At the start of fiscal year 2012, the problem projects in Australia once again created further impacts on earnings: The Group had to revise its profit forecast. "We will not stand by and watch while the results of our work are affected," said Dr. Frank Stieler, Chairman of the Executive Board of HOCHTIEF. "We will address all areas to bring Leighton back on course. Since August, we have had new management on board in Australia that has its primary focus on optimizing risk management."

HOCHTIEF stock and dividend

The negative events of fiscal year 2011 also impacted on HOCHTIEF stock: The price fell by around 30 percent over the reporting period, closing the year at EUR 44.70. During the first quarter of 2012, HOCHTIEF stock recovered in a market environment that was friendly again overall, even reaching values of over EUR 55. However, the latest impact on earnings at Leighton in March brought the stock price back down again, and HOCHTIEF stock started the second quarter at just under EUR 46.

HOCHTIEF pursues a longstanding dividend policy geared to earnings and liquidity. In light of the consolidated net loss in fiscal year 2011, the Executive Board and Supervisory Board are proposing at today's General Shareholders' Meeting not to distribute a dividend for 2011. Irrespective of this, the Group intends to stay the course with its dividend policy and continue to let shareholders participate adequately in the success of the business going forward.

Business prospects

HOCHTIEF benefits from its position within growing markets. For future growth the Group has identified three growth areas:



Creating advanced energy infrastructure

According to estimates by the Central Federation of the German Construction Industry, construction investments of EUR 25 billion to EUR 30 billion will be made in wind farms off the German coast alone in the next few years. Across Europe, the market has a volume of around EUR 100 billion. HOCHTIEF is one of the most significant providers in this segment and is currently preparing to enter the US market too: With its US

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subsidiary Flatiron and partners, and with the involvement of HOCHTIEF Solutions, the Group has been named the preferred bidder for the first US offshore wind farm. It is the flagship project in this region and the Group has excellent chances of winning the attractive contract. In addition, HOCHTIEF recently entered the offshore development business: The Group acquires undeveloped concessions, develops them, applies its expertise in preparation of the respective work package up to the preconstruction stage, obtains the construction permit and then sells them on before construction begins.

On land, HOCHTIEF's focus is on the construction of power lines: The energy generated by offshore wind farms must be transported from the place where it is generated to the consumer. In Germany alone, several thousand kilometers of power lines are to be constructed for this purpose. Large-scale projects are also coming up all over the world: For example, US subsidiary Flatiron is currently building a 250-kilometer transmission line and Thiess in Australia a power tunnel - a tunnel to install underground power lines - right through Sydney. At the start of 2012, HOCHTIEF also established a joint venture with the ACS subsidiary COBRA, which is to install power lines in Germany and Europe.

In 2011, HOCHTIEF recorded total work done of around EUR 4.9 billion in the advanced energy infrastructure growth area. In view of the momentum on the market and the excellent starting position, the Group expects to be able to increase this by around 40 percent to some EUR 6.8 billion by 2016.

■ **Shaping major cities**

Demand for new urban concepts is on the rise in industrial countries. Demographic change, modern technologies, and the sustainable development of major cities are changing the requirements for living and working spaces. Today, the focus is on ideas for intergenerational living, integrative concepts for work and private spheres, and aspects of green building. As the largest German developer of residential and commercial real estate, HOCHTIEF responds with customized solutions: Urban district developments, such as the le flair district in Düsseldorf, bring young families, senior citizens, and single people together in one place. Retail spaces and office workplaces are integrated harmoniously into the districts.

This contrasts with the development of living space in emerging economies. In light of the population explosion in those countries, the aim there is to develop entire residential zones in a short time. For this purpose, HOCHTIEF joined with two partners to establish the joint venture Sahara Turner in India, which will build entire districts.

The Group aims to continue its solid upward trend in this growth area.

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■ **Building state-of-the-art transportation infrastructure**

In Germany, HOCHTIEF is in charge of PPP (public-private partnership) road projects totaling some EUR 3 billion up to 2015. HOCHTIEF has won four of the eight contracts since 1999. In the USA, where demand for road building is likewise strong, Flatiron is currently reconstructing Route 5 in California and, in San Francisco, the Group is building the southern access road to the Golden Gate Bridge together with partners. By contrast, in Asian countries, the focus is often on rail links: For instance, Leighton is building a terminus station for an express rail link which, from 2015, will carry up to 100,000 passengers a day between Hong Kong and China.

Overall in 2011, the Group carried out projects worth some EUR 5.2 billion in the growth area of state-of-the-art transportation infrastructure. Due to the strong global trend, HOCHTIEF expects the annual figure to increase by around 30 percent in the next five years to approximately EUR 6.76 billion.

Group outlook

The Executive Board reaffirms its expectations for the current fiscal year, last published in March 2012. This means that HOCHTIEF will return to positive results in 2012. For 2013, the Group expects earnings to continue improving.

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