Business Results Press Conference
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Check against delivery.

Good afternoon and welcome to our Business Results Press Conference.

We would like to talk to you today about the HOCHTIEF results of 2017.

I am very pleased to report to you the solid performance that we have achieved in 2017. In Germany and many other countries around the world, we saw growth in infrastructure spending over the last year. HOCHTIEF is well positioned in these attractive markets. We have further enhanced the Group's balance sheet strength and significantly increased cash flow, sales and profits.

2017 was consequently a very successful year for HOCHTIEF.

This is backed up by numerous contracting successes and new large-scale orders in many different parts of the world.

To pick out just a few highlights, we completed

- the Queensferry Crossing bridge near Edinburgh,
- a major PPP freeway project near Amsterdam and
- the Wilshire Grand Center in Los Angeles, with 73 stories the tallest building west of the Mississippi.

Among the contracts we won are orders for

- the airports of Hong Kong, Brisbane, Denver, and San Diego,
- a subway tunnel more than 15 kilometers long under Sydney Harbor,
- operations and maintenance of the Melbourne suburban train network,
- a convention center in New York,
- a dam in California,
- the first IKEA store in India,
- refurbishing the Prague State Opera,
- several solar projects and
- mining projects in Australia and Indonesia and
- the Berlin base of the Federal Ministry of Health.

Let us first take a look at the key financial highlights.

HOCHTIEF has delivered strong profit growth in 2017. Nominal net profit rose by 31% to EUR 421 million with the Americas, Asia Pacific and Europe divisions all contributing to this positive profit development.

Operational net profit increased by over EUR 90 million, or 25%, year-on-year, to EUR 452 million. This result is at the top end of the guidance range we communicated a year ago of EUR 410-450 million.

Earnings per share were 32% higher at EUR 6.55.

Sales also developed positively with growth of 14% to EUR 22.6 billion, exceeding the revenue level of 2013 for the first time. This top-line expansion was accompanied by increased margins. The Group’s operational PBT margin was up 40 basis points year on year to 3.8%.

Focusing on cash-backed profits is a key priority for HOCHTIEF teams across the world. Net cash from operating activities increased by EUR 200 million, or 17%, to EUR 1.4 billion, driven by higher sales, increased margins and a further improvement in working capital management. We achieved an outstanding EBITDA cash-conversion rate of 106%. All three divisions increased their level of positive cash flow generation during the year.

The Group's enhanced balance sheet position is the result of the strong cash flow performance. HOCHTIEF ended 2017 with almost EUR 1.3 billion of net cash, over EUR 560 million higher year on year. Moreover, if we adjust for dividend payments and exchange rate impacts, net cash would stand at EUR 1.8 billion. Our strong balance sheet and positive business outlook were recognized in May 2017 when rating agency S&P assigned a BBB, investment-grade, debt rating for the Group, subsequently reaffirmed in October 2017.

Our year-end order book of almost EUR 45 billion is at its highest level since 2012 and has increased by 12% year on year on an exchange rate adjusted basis. Over half of our order book is for projects located in the Asia Pacific region with a further 40% in Americas and just under 10% in Europe. At over EUR 30 billion, new orders were EUR 5.6 billion higher year on year, an increase of 23%. Notwithstanding this strong order book expansion, our disciplined approach to risk management remains firmly in place supported by our in-house engineering expertise.

Now let us turn to the financial performance of our three divisions.

Around 53% of total sales were accounted for by the Americas division, 40% by Asia Pacific, and 7% by Europe.

Let's start with **Americas:**

The HOCHTIEF Americas division delivered a positive performance in all areas in 2017.

Operational PBT rose by 21% year on year to EUR 258 million, exceeding the top end of the guidance range of 235-250 million. On sales of EUR 11.8 billion, the operational PBT margin increased by 20 basis points to 2.2%.

The cash generation profile has steadily improved during the year with a particularly strong performance during the fourth quarter. Net cash from operating activities of almost EUR 450 million was 15 million higher year on year. As a consequence of the strong cash flow performance, divisional net cash ended 2017 at EUR 972 million, up by almost 130 million year on year.

The order situation developed very positively, new orders and order backlog reached new record levels. New orders increased by 13% to EUR 15.4 billion. The order backlog, after rising 10% since December 2016, stands at EUR 17.5 billion.

We expect further growth at Americas in 2018 with operational profit before tax in the range of EUR 270-300 million, up 5-16% year on year.

Now to our **Asia Pacific** division:

2017 saw the successful integration of the acquisition made by CIMIC in Australia in late 2016 of services company UGL.

Asia Pacific's nominal profit before tax (PBT) advanced by 34% year on year to EUR 579 million. This strong increase was partly driven by sales growth of 24%. Furthermore, the divisional PBT margin rose 50 basis points to 6.4%.

New orders were up by 45% to EUR 13 billion. The order backlog rose by 6% to EUR 23.5 billion.

For 2018, CIMIC expects net profit after tax of between AUD 720 million and AUD 780 million. That represents an increase of 3% to 11% compared with the AUD 702 million last year.

Turning to **Europe:**

The positive trend in the performance of Europe continued during 2017. Operational PBT increased by EUR 9 million year on year to EUR 45 million which was at the top end of the guidance range of EUR 40-45 million. On sales of EUR 1.6 billion, the division's profitability also progressed significantly with the PBT margin expanding to 2.8% compared with 2.3% in 2016.

Europe delivered a strong level of cash flow. Over the last twelve months, positive net cash from operating activities of EUR 107 million was generated, an increase of 45 million. As a consequence of the strong cash flow performance the divisional balance sheet registered a substantial year-on-year improvement. Net cash at the end of 2017 stood at over EUR 210 million, an increase of EUR 166 million.

New orders in Europe remained at a healthy level, reaching almost EUR 2 billion. The order backlog at the end of December stood at EUR 3.7 billion.

Looking forward we expect further growth in divisional operational PBT to EUR 55-65 million for 2018, an increase of EUR 10-20 million compared with EUR 45 million in 2017.

Ladies and Gentlemen, generating value is in our DNA.

Since we first launched our transformation in 2013, we have succeeded in delivering dynamic and consistent value growth in our global business.

Today, our Group is not only one of the leading global infrastructure groups, with top positions in high-growth developed markets. HOCHTIEF has also grown to become one of the key providers of public-private partnership projects. PPP has long been a core business for us. Integrated management of PPP projects delivers substantial added value for clients and shareholders alike. Our companies and departments work in integrated teams, drive internal knowledge transfer, and generate wide-ranging efficiency gains as a result. We also have considerable experience in efficient collaboration with international partners.

Worldwide, we secure large-scale projects that we also continue to operate as a concession holder after finishing construction.

Let me give two recent examples:

First, Champlain Bridge, in Montreal. With a 3.4 kilometer span over the St. Lawrence River, this is one of the key road axes on the U.S.-Canadian border. It is a design-and-build contract where we are now in the build phase. Following completion, we will operate the project as concession holder together with partners for 30 years.

The second example: We have just recently been selected by Los Angeles International Airport as recommended developer for a major PPP rail project with a construction volume of around USD 2 billion. This involves designing, financing, and building an automated people mover, which we will then go on to operate for 25 years. To this end, we have joined forces with experienced partners.

Following commercial close expected by March, we aim to seal the financial details by June. Trains will then serve America's second-biggest airport by 2023.

This new contract further underscores our established strong position in the PPP market as well as how we are able to leverage growing international investment on road, rail, and social infrastructure for our own growth. HOCHTIEF is currently working on around 40 PPP projects around the globe. We see significant opportunities for future growth in this field.

The Los Angeles airport contract is part of a EUR 200 billion pipeline in project volume of PPP infrastructure projects that our teams have identified for tender in the period 2018 to 2021 in our core U.S., Australian, Canadian, and European markets.

Overall, HOCHTIEF has a strong tender pipeline for PPP, construction, mining and services. In the U.S., Turner has its eye on USD 135 billion worth of relevant projects in the pipeline from 2018, while Flatiron has identified new projects worth USD 70 billion. Around AUD 400 billion of tenders, relevant to CIMIC, have been identified for 2018 onwards. HOCHTIEF Europe is pursuing a project pipeline worth EUR 70 billion. The projects in our core markets comprise a combined total of almost EUR 500 billion.

2017 was also a successful year for HOCHTIEF on the capital market. HOCHTIEF's stock performed in line with the most important German stock index, the DAX, and ranked among the best in its sector. The share price gained 11%. Including the dividend of EUR 2.60 per share, total shareholder return amounted to 13%.

Let us now look to the future.

Ladies and Gentlemen,

We want HOCHTIEF shareholders to benefit from the growth of our profits. Focusing on the current year's performance, the proposed dividend for 2017 of EUR 3.38 per share represents an increase of 30% compared with 2016, reflecting the Group's strong profit performance and HOCHTIEF management's focus on shareholder remuneration. In absolute terms, HOCHTIEF will be paying out EUR 217 million in dividends to our shareholders, about 50% of our group net profit. Since we reinstated the dividend in May 2013, the compound annual growth rate has averaged 28%.

For 2018, we expect to achieve an operational net profit in the range of EUR 470-520 million, which represents an increase of 4% to 15% on the 2017 result, with all divisions driving this further improvement in our Group performance.

Let me summarize:

- HOCHTIEF is a very well positioned company with highly skilled and dedicated employees. Together we delivered the fifth consecutive year of strong results, substantially improving our performance.
- HOCHTIEF has bright prospects for the future based on our global EUR 500 billion tender pipeline.
- Looking forward we are committed to our active but disciplined approach to capital allocation with our focus on value creation and sustainable, attractive shareholder remuneration.

Thank you for listening and I now welcome your questions.