CORPORATE
HEADQUARTERS

Business Results Press Conference
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Check against delivery.

Good afternoon and welcome to our Business Results Press Conference.

Today, we would like to present HOCHTIEF's results for 2019 and share with you the outlook for 2020 and beyond.

Let me start by addressing the BIC Contracting issue.

Our subsidiary CIMIC recently announced its decision to exit its 45% non-controlling financial investment in the Middle East in the context of an accelerated deterioration of local market conditions. This will allow CIMIC to focus its resources and capital allocation on the growth opportunities in its core markets Australia, New Zealand and Asia Pacific.

In this context, HOCHTIEF has recognized a one-off, post-tax, charge of EUR 833 million, after minorities, in its 2019 financial statements. As a consequence, we report a nominal net loss of EUR 206 million. We expect an associated cash out-lay, net of tax, of around EUR 0.4 billion during 2020, as CIMIC's financial guarantees of certain BICC liabilities materialize. This is a very disappointing outcome but exiting the region is the right decision for our Group and improves the quality and visibility of our business mix going forward. Following the announcement, the rating agency S&P's 'BBB' investment-grade rating for HOCHTIEF is unchanged with a stable outlook. Based on the strong performance in our operating business and the robust balance sheet we propose to increase the 2019 dividend by 16 percent.

The construction industry is booming in a lot of places—and that goes for Germany, too, as our order books show. For example, HOCHTIEF Building, which is our building construction unit in Germany, has increased new orders by over 50%, to nearly EUR 1 billion. HOCHTIEF Infrastructure, our European civil engineering unit, has steadily increased its percentage of domestic business in recent years.

Our subsidiary Turner has been named the leading U.S. general builder by the highly regarded publication Engineering News-Record. Turner is also one of the top providers of green—or particularly sustainable—buildings. This is a trend that is becoming more and more prevalent worldwide, and one to which we are delighted to bring our expertise. In New York, we are building The Spiral, a green skyscraper.

Our successful projects and major new orders reflect the growth of large cities in many parts of the world, which is also resulting in greater mobility and the need to expand infrastructure. We are progressing equally well with the 15-kilometer-plus subway tunnel under Sydney Harbor and with the improvements we are making to public transportation in California, Copenhagen, Munich, and Brisbane, to name just a few.

Additional projects we have completed or started operating in 2019 include

- a three-kilometer bridge across the St. Lawrence River in Montreal,
- the Marienturm high-rise in Frankfurt,
- the restored opera house in Prague,
- the first autonomous metro in Sydney, and
- a highway connector known as West Connex for Sydney Airport.

We secured several major contracts, such as

- a PPP highway project in the Netherlands (A12/A15),
- a power tunnel in London,
- the extension of Nuremberg's subway,
- a large number of highways, trunk roads, and bridges in locations such as Melbourne, the Czech Republic, the U.S. states of Washington and Virginia, and in Calgary/Canada,
- extensive building construction projects in New York, Seattle, Munich, Düsseldorf, Hamburg, for the University of Warsaw, and the Tacheles complex in Berlin,
- a PPP project for the police in the German state of Hesse,
- a series of service contracts for public transportation in Australia, and
- mining projects in Australia and Botswana.

Our geografically diversified core businesses continued to perform well during 2019 with solid advances in profits, sales and order book, compared with the previous year, and significantly higher underlying cash generation. Our strategy remains focused on further strengthening HOCHTIEF's position in its core markets, taking advantage of growth opportunities, and sustaining cash-backed profitability and a rigorous risk management approach.

Let us first take a look at the key performance indicators in detail.

Operational net profit, which excludes non-operational effects, rose by EUR 146 million, or 28%, year on year to EUR 669 million. All three HOCHTIEF divisions contributed to an increase in the Group's operational net profit which also includes a first-time contribution (in our operational number) from our 20% equity-consolidated stake in Abertis of EUR 122 million. The latter represents a significant 18% of our total operational net profit in 2019.

Nominal net profit, ex-BICC impact, rose by 84 million, or 16% year on year to EUR 627 million. **Sales** increased by EUR 2 billion, or 8%, to EUR 25.9 billion, accompanied by solid operational margins. On an f/x-adjusted basis, sales were up 6% year on year,

HOCHTIEF remains focused on cash-backed profits. Our Group delivered **net cash from operating activities** of EUR 1.6 billion. This corresponds to a significant increase of EUR 1.0 billion year on year on a comparable basis. Due to increased mining and job-costed tunneling work, net operating capital expenditure increased by EUR 174 million to EUR 518 million. Post this significant investment in the business, we achieved **free cash flow from operations** of EUR 1.1 billion.

HOCHTIEF ended December 2019 with a robust **net cash position** of EUR 1.53 billion.

The Group's **order book** reached EUR 51.4 billion at the end of 2019, an increase year on year of EUR 4 billion, or 9%. All divisions expanded their order books over the last twelve months. A strong level of **new orders**, EUR 30.4 billion, was secured during the year, a 8% increase compared with 2018. A disciplined bidding approach remains a priority across the Group.

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

Americas achieved a strong performance during 2019.

Operational profit before tax increased by 6% year on year to EUR 321 million, at the top end of the guidance range for the division of EUR 305–320 million. Sales of EUR 15.3 billion were 17% higher compared with the previous year, the operational PBT margin reached 2.1%.

Americas delivered an outstanding increase in cash generation from an already high level of 2018. Net cash from operating activities of EUR 730 million was over EUR 350 million higher year on year. This reflects among others the division's strong and sustainable competitive position and a continued focus on cash generation.

The year-end order backlog rose to a new all-time high of EUR 23.6 billion, up EUR 2.5 billion or 12% compared with the end of 2018. The division brought in new contracts valued at EUR 16.9 billion, up 11% compared with the prior year.

For 2020, we expect the Americas division to further increase operational profit before tax and achieve EUR 330–350 million.

Now to our **Asia Pacific** division:

In 2019 the operational profit before tax of Asia Pacific was stable year on year at EUR 629 million on sales of EUR 9.1 billion, in line with the comparable period in 2018. The operational PBT margin remained solid at 6.9%.

At the end of the period, the divisional net cash position was EUR 559 million.

The division's robust EUR 23.5 billion order backlog has increased by 4% year on year with new orders during the period of EUR 11.1 billion, up 4% year on year.

For 2020 CIMIC expects a net profit after tax in the range of AUD 810–850 million, subject to market conditions, compared to the AUD 800 million reported for 2019 (excluding the BICC impact).

Turning to **Europe:**

The division continued to increase its profitability during 2019. Operational profit before tax increased by EUR 4 million year on year to EUR 66 million, in line within the guidance range of EUR 65–70 million. The development was driven by higher construction profits and a solid operational PBT margin of 5.4%.

Net cash from operating activities came to EUR 42 million in line with the division's nominal net profit and driven by the construction and PPP business. At the end of 2019, the division had a strong net cash position of over EUR 510 million, up EUR 36 million year on year.

New orders rose substantially by 15% to EUR 2.2 billion. The order backlog at the end of the period climbed significantly by 20% to EUR 4.3 billion.

For 2020, we expect further improvement in divisional operational profit before tax to EUR 68–73 million.

Turning to Abertis:

Since 2019, the earnings contribution from Abertis, the leading toll road operator that we acquired jointly with ACS and Atlantia, has been considered part of the operational result. Our 20% stake in Abertis again had a positive effect in 2019.

A contributing factor here was the efficiency improvement program Abertis has adopted, which targets savings of around EUR 150 million per year. In addition, the average daily traffic volume grew by around 2% last year. Sales increased by 4% on a like-for-like basis, and EBITDA rose by 8%. Net profit amounted to approximately EUR 1.1 billion, up 9% year on year on a comparable basis. The Abertis profit contribution to HOCHTIEF reached EUR 122 million.

In October 2019, Abertis and the sovereign wealth fund GIC announced that they had reached an agreement to acquire a 70% stake in the toll road company RCO (Red de Carreteras de Occidente), one of the largest transport operators in Mexico, which manages 876 kilometres of toll roads. Abertis will fully consolidate RCO and will invest EUR 1.5 billion for a 50.1% stake. RCO is a high-quality asset with a good strategic fit and a source of long-term cash flow generation which extends Abertis' portfolio duration and further diversifies the company geographically.

For 2020, we expect the net profit contribution from the Abertis investment to be at a similar level as in 2019 (EUR 122 million), subject to market conditions.

Let's move on to our strategy.

As a leading infrastructure group, HOCHTIEF today spans the entire life cycle of infrastructure projects in developed markets. That gives us a balanced business profile in terms of cash flow visibility, capital intensity, and margins.

Our strategy is to further strengthen our position in our core markets and leverage growth opportunities. At the same time, we are committed to cash-backed profitability and rigorous risk management. Active and disciplined capital allocation is a high priority for us. We are focused on a sustained increase in our profitability, attractive shareholder remuneration as well as investing in strategic growth opportunities in order to generate value for all stakeholders.

To this end, we adapt our divisions' and regional units' strategies to their market environments on an ongoing basis.

Two examples:

- CIMIC has continuously increased the number of low-risk alliance-style contracts with the public sector in Australia.
- In the German building construction market, we have likewise long relied on partnerships and support our customers early on in the planning phase. This lets our customers benefit from our know-how for optimization, and gives us an in-depth understanding of each project and its challenges.

We further improved our low-risk profile and enhanced the quality of our order book, with construction management, mining, alliance-style contracts and services activities accounting for approximately two-thirds (EUR 34 billion).

With Nexplore, our group-wide innovation hub, we again made good progress in 2019. Nexplore no longer only operates innovation centers in Europe, North America, and the Asia-Pacific region. We have also set up research and development centers and launched a great number of projects.

We work together with renowned IT companies, develop new industry standards, and optimize construction processes using artificial intelligence (AI), sensor-controlled Internet-of-Things (IoT) technology, and blockchain—to name just a few.

We cooperate with institutes such as the Massachusetts Institute of Technology (MIT), the University of Madrid, and the University of Darmstadt, pursuing joint research projects designed to advance tomorrow's world of construction.

Digitalization will enable us to

- increase safety,
- boost efficiency, and
- minimize risks.

In addition, we are evaluating the use of robots in building interiors and deploying drones on large infrastructure construction sites to further enhance operational excellence—for instance, in Copenhagen, California, and Hong Kong. Artificial intelligence helps us gain a deeper understanding of the aggregated data and to generate even greater value for our customers. Our innovation projects benefit overall from our strong international presence and the know-how shared by the entire Group. Artificial intelligence is also being used to analyze complex contract wording in pilot projects in Germany, Australia, and the USA. It helps us automate our energy metering on construction sites and reduce our carbon footprint.

At the same time, we are stepping up our use of Building Information Modeling, which we have been working with for years. We aim to use this digital form of design and construction across the board in the future. In Germany, we are working with the universities of Bochum and Munich to train up-and-coming BIM specialists. In addition, we have been supporting the German government in introducing this technology since 2019.

When we decided to build HOCHTIEF's new Corporate Headquarters on Opernplatz in Essen, it was a decision for the future while also preserving our tradition.

As one of the largest infrastructure groups in the world with over 53,000 employees and sales of around EUR 26 billion, our Group needs modern, contemporary Corporate Headquarters.

The architecture of the new Headquarters stands for openness and transparency. It underscores the role of our company as a technologically leading infrastructure group that acts sustainably. The project is targeting Gold certification from the German Sustainable Building Council.

Looking to the near future HOCHTIEF has a strong **tender pipeline**. In total our local teams have identified a pipeline worth about EUR 600 billion of relevant projects coming to our markets in North America, Asia-Pacific and Europe in 2020 and beyond. Our strong position in developed PPP markets is reflected in the **PPP project pipeline** the Group has identified and which stands at EUR 230 billion.

Ladies and Gentlemen,

Shareholder remuneration continues to be a key element of the Group's capital allocation strategy along with focusing on attractive organic and strategic growth opportunities. Given the positive prospects for our operating divisions and Abertis, and supported by a robust group balance sheet, management intends to propose a dividend for 2019 of EUR 5.8 per share, which represents a 16% increase compared with 2018.

For 2020, we expect to achieve an operational net profit of between EUR 690 million and EUR 730 million. All divisions are expected to contribute to the continued improvement in Group earnings.