

Press information

HOCHTIEF: Nine-month figures confirm forecast for all of 2004

**CORPORATE
COMMUNICATIONS**

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- Group: New orders up 16 percent from prior year
- Development: Breakthrough in concessions business; fourth quarter decisive for divisional 2004 results
- Asia Pacific: Leighton back on track; earnings squeezed by provisions from first half
- Europe: Lasting success in a hard market

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With third quarter figures in hand, HOCHTIEF, the international provider of construction and construction-related services based in Essen, has confirmed its profit forecast for the current 2004 fiscal year. In the words of HOCHTIEF's Chairman of the Executive Board Dr. Hans-Peter Keitel: "Along with significantly higher new orders and order backlog compared with the same period last year our forecast for the current fiscal year is borne out as well as underpinning confidence for beyond." In response to the earnings impact of accounting provisions in the first half as a result of project risk at subsidiary Leighton, risk management across all divisions is now subject to comprehensive auditing, the findings of which are integral parts of structural and process reviews.

Key Group figures Q1-3 2004

New orders in the Group after the first nine months were EUR 10.83 billion, up 15.8 percent from the prior year period. The exchange rate adjusted increase was an even higher 19.5 percent. Driving this growth were the first-time consolidation of HOCHTIEF Gebäude Management GmbH, the good business conditions in the USA and major contracts secured in Germany in the third quarter. Without HOCHTIEF Gebäude Management GmbH the increase would have been 11.6 percent. Business in Germany, which notched growth of EUR 0.53 billion (37.6 percent), far outperformed the prior year period. Internationally, a gain of EUR 0.95 billion (12.0 percent) was achieved.

The Group's work done swelled EUR 1.17 billion (13.8 percent) to EUR 9.66 billion. Stripping out exchange rate effects the increase was 16.8 percent. In Germany, work done enjoyed a gain of EUR 0.14 billion, or 9.4 percent, on the prior year figure, mostly due to expansion in the facility management business. Internationally, work done rose EUR 1.03 billion (14.7

percent). The prime mover here was Leighton, with an increase in work done of EUR 0.84 billion.

The order backlog climbed to no less than EUR 18.10 billion as of the end of the third quarter, up EUR 3.38 billion (23.0 percent) from the prior year period. This marks a new record in the history of HOCHTIEF and theoretically represents nearly one and a half years' worth of forward orders.

External sales, at EUR 8.70 billion, rose sharply when compared with the prior year period (EUR 8.12 billion). Aside from Leighton and Turner, which made gains of EUR 333 million and EUR 147 million respectively, expanded facility management activities contributed substantially to the growth. As in 2003, 82 percent of external sales are generated outside the home market.

Operating earnings (EBITA) for the first nine months of fiscal 2004, at EUR 142.7 million, were down from the prior year period (EUR 204.4 million), as was profit before taxes, at EUR 126.7 million (prior year period: EUR 149.5 million). Gratifying earnings growth in the Europe division was overshadowed by risk provisioning in the first half for specific Leighton Group projects and by nonrecurring items in 2003 that had positively impacted the prior year period. Nevertheless, the prior year figure for consolidated net profit was comfortably exceeded: EUR 35.4 million is more than triple the consolidated net profit for the nine months to September 30, 2003, and corresponds to earnings per (outstanding) share of EUR 0.56.

Capital expenditure was up no less than 72 percent to EUR 426.1 million (prior year period: EUR 248.3 million). Major increases were reported by the Asia Pacific division due to volume growth in the mining business and by the Development division due to acquisitions in the facility management segment.

Divisional highlights

HOCHTIEF Airport continued its positive course in the first nine months of the fiscal year, right on target. All four airport holdings sustained the persistent growth in passenger numbers, with Athens (8.4 percent) and Sydney (11.5 percent) yet again enjoying above-average passenger growth. The concession for Tirana International was signed after the close of the period under review. HOCHTIEF AirPort expects to commence running the Albanian capital's airport at the beginning of 2005.

HOCHTIEF Development focused its third quarter activities on integrating the newly acquired facility management units of Siemens and Lufthansa, which is proceeding according to plan. With respect to expanding the concessions business, a breakthrough was finally achieved in the home market shortly after the close of the reporting period. Following up on the successful acquisition of a town hall project for the German city of Gladbeck, HOCHTIEF also secured a public-private partnership contract worth approximately EUR 410 million to

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operate 49 schools in the Offenbach district. These achievements mark a successful debut on the market for PPP-based managed real estate projects in Germany, where the public-private partnership concept has been slower to take hold.

HOCHTIEF Construction Services Americas weathered developments on the American construction market, which floundered in the wake of the general economic slowdown in early 2003, but low-margin business taken on by subsidiary Turner at the time continues to impact results.

HOCHTIEF Construction Services Asia Pacific and divisional holding company Leighton have acted decisively to master the operating problems that surfaced in specific projects during the first half and continue to profit from Australia's booming market. After the close of the reporting period, the Australian market leader chalked up the biggest design and build contract in its corporate history with the Mitcham Frankston Freeway toll road. The share that Leighton Group companies will have in the project adds up to some EUR 1.5 billion.

HOCHTIEF Construction Services Europe notched considerable gains in Germany and Europe in the first nine months of 2004. Backed by client-focused products and services, technical expertise, first rate quality and reliability, the division is experiencing rapid earnings growth, particularly in the sluggish German market.

Group outlook

Nine months into the year, HOCHTIEF is able to confirm its forecast for all of 2004. Based on current estimates of future market developments and barring any external crises, the Group's expectations compared with 2003 are as follows:

- New orders broadly at prior year levels, again producing a record order backlog.
- Increases in work done and sales in the upper single digit percentage range.
- An increase in profit before taxes in the upper single digit percentage range compared with 2003.
- Growth in consolidated net profit, to more than double the total for 2003.

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Key figures

HOCHTIEF Group					
(EUR thousand)	Q3 2004	Q3 2003	Q1-3 2004	Q1-3 2003	Change (Q1-3)
New orders	3,923,295	2,677,078	10,634,569	9,355,136	15.8%
Work done	3,667,627	2,941,143	9,663,568	8,494,228	13.8%
Order backlog	18,098,313	14,718,425	18,098,313	14,718,425	23.0%
External sales	3,204,220	2,768,005	8,696,264	8,120,373	7.1%
Operating earnings / EBITA [excluding goodwill amortization]	60,003	84,827	142,662	204,377	-30.2%
Profit before taxes [excluding goodwill amortization]	45,249	79,218	126,701	149,537	-15.3%
Consolidated net profit [excluding goodwill amortization]	17,364	16,859	35,406	9,500	272.7%
Earnings per share (EUR) [excluding goodwill amortization]	0.28	0.27	0.56	0.15	273.3%
Cash flow	91,800	101,594	230,033	232,857	-1.2%
Capital expenditure	152,438	56,005	426,111	248,270	71.6%
Operating assets	1,666,041	1,662,034	1,666,041	1,662,034	-1.0%
Employees (at September 30, 2004)	36,056	34,316	36,056	34,316	5.1%

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