

## Press information

# HOCHTIEF: Strong growth in pretax profit to EUR 343.1 million

### CORPORATE COMMUNICATIONS

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- Strategic acquisitions strengthen business
- Restructuring of German building construction business underway
- All other divisions surpass projected targets
- Group outlook for 2007 reaffirmed

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Nine months into the fiscal year, HOCHTIEF has once again presented strong results highlighting its successful strategy. Profit before taxes increased by nearly 62 percent to EUR 343.1 million. Consolidated net profit grew by 44 percent to EUR 70.7 million. The strong performance of the Group as a whole enabled losses in the HOCHTIEF Europe division to be fully compensated for. The international construction services provider expanded its business with several acquisitions in the third quarter. In light of the positive trend in the Group's business, HOCHTIEF has reaffirmed its outlook for fiscal 2007.

### Key figures for January to September 2007

New orders showed another substantial rise in the third quarter to EUR 15.91 billion, up 15.9 percent on the prior-year figure (1-9/2006: EUR 13.73 billion). Work done swelled in line with growth in all divisions to a total of EUR 13.66 billion, representing an increase of 13.1 percent (1-9/2006: EUR 12.08 billion). The Group order backlog set yet another record at EUR 27.13 billion, exceeding the comparable prior-year figure by a comfortable 17.0 percent (1 9/2006: EUR 23.19 billion). The outstanding orders position is also reflected in substantially higher external sales, which gained 7.9 percent to EUR 12.30 billion in the first nine months of 2007 (1-9/2006: EUR 11.40 billion).

The Group's successful business trend fed through to double-digit growth in its earnings figures. Despite losses in the HOCHTIEF Europe division, operating earnings rose by 55.6 percent to EUR 328.3 million (1-9/2006: EUR 210.9 million). Profit before taxes grew by 61.7 percent to EUR 343.1 million (1 9/2006: EUR 212.2 million). HOCHTIEF achieved a major boost in consolidated net profit, which climbed 44 percent to EUR 70.7 million (1 9/2006: EUR 49.1 million). Earnings per share likewise showed a distinct rise to EUR 1.05 (1-9/2006:

EUR 0.76).

### **Expansion across the real estate and facility life cycle**

HOCHTIEF has systematically advanced its active portfolio management strategy spanning the entire real estate and facility life cycle. Keeping the risks in clear view, the Group expanded in high-growth, high-profitability segments and further augmented its activities with several key acquisitions. In September, the contract was signed to take over Flatiron Construction Corp., a leading US player in transport infrastructure. Through this purchase, the Group has strengthened its operations for the impending US infrastructure boom and has gained access to the US concessions market. Also in September, HOCHTIEF and a financial partner jointly acquired aurelis Real Estate GmbH & Co. KG, a subsidiary of the German rail company Deutsche Bahn AG. HOCHTIEF and its ally will establish aurelis as Germany's No. 1 integrated asset manager and inner-city district developer.

"The acquisitions are of major strategic importance to us. We aim for selective growth wherever we can benefit most from synergizing our activities," said Dr. Herbert Lütkestratkötter, Chairman of the HOCHTIEF Executive Board. Both acquisitions fit in with HOCHTIEF's objectives of systematically exploiting market opportunities and further raising Group profitability. Both aurelis and Flatiron will contribute positively to consolidated net profit from 2009 at the latest.

The Group further enhanced its presence in the promising Middle East markets by merging the Gulf businesses of Leighton Holdings with those of Al Habtoor Engineering, a leading regional construction and engineering company. Leighton invested EUR 520 million, giving it a 45 percent stake in the joint company. The merger creates an ideally positioned new player combining both building and civil engineering capabilities. The new company will generate sales of about EUR 1.65 billion in the 2007/08 fiscal year.

### **Losses in German building business compensated for**

HOCHTIEF Europe's Building division is currently in the process of restructuring. The aim is to restore the German building construction business to sustained profitability. In the building segment, subsidiary HOCHTIEF Construction now focuses exclusively on higher-value business models. All contracts must pass strict selective appraisal, which includes risk apportionment negotiated on fair terms. The activities in real estate development, in core and shell work and in residential construction are being combined into self-contained units.

The new Group standards regarding expected margins and risk structure may result in lower new orders figures in the HOCHTIEF Europe division, and capacity is being trimmed accordingly. HOCHTIEF will fully compensate for the division's losses of up to EUR 120

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million with earnings contributions from all other divisions which in some cases substantially exceed expectations. As anticipated, the HOCHTIEF Europe division was able to halt the losses in the third quarter.

### **Group outlook**

HOCHTIEF has reaffirmed its Group outlook for 2007, which remains as follows:

- New orders, an order backlog and Group sales above their respective prior-year levels.
- Profit before taxes and consolidated net profit likewise in excess of the levels attained in the previous year. Consolidated net profit is set to pass the EUR 100 million mark, meaning that 2007 will already see HOCHTIEF exceeding the medium-term target communicated during 2006.

HOCHTIEF is one of the leading international providers of construction-related services. With nearly 47,000 employees and a sales volume of EUR 15.51 billion in FY 2006, the company is represented in all the world's major markets. In the USA, the biggest construction market in the world, HOCHTIEF is the No. 1 general builder via its subsidiary Turner. With its Group company Leighton, HOCHTIEF is market leader in Australia. The HOCHTIEF service offering in the fields of development, construction, services, concessions and operation covers the entire value chain of construction. Further information is available at [www.hochtief.com/press](http://www.hochtief.com/press).

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