

Press information

HOCHTIEF again raises 2008 forecast after strong third quarter

CORPORATE COMMUNICATIONS

Christian Gerhardus
Opernplatz 2
45128 Essen, Germany
Tel.: +49 201 824-2642
Fax: +49 201 824-2585
christan.gerhardus@hochtief.de

- New orders and order backlog now set to beat prior year
- Consolidated net profit up nearly 50 percent to EUR 105 million
- Operating performance confirms successful Group positioning

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HOCHTIEF has presented another set of excellent figures after the first nine months of fiscal 2008. "We maintained our track record of superb performance and quality throughout the quarter. Our consolidated net profit climbed almost 50 percent to EUR 105 million," said Dr. Herbert Lütkestratkötter, Chairman of the HOCHTIEF Executive Board. The order backlog grew to a new all-time record of EUR 32.73 billion - equivalent to a forward order book of 19 months. "We have the right strategy and positioning. Now this is showing results," said Lütkestratkötter. The Group has accordingly further raised its forecast for the year as a whole: HOCHTIEF now expects that new orders and the order backlog will be no longer on a par with the high prior-year level but will exceed it.

Key figures for first nine months of 2008

New orders to September 30, 2008 reached EUR 19.51 billion, up 22.6 percent on the prior-year period (1-9/2007: EUR 15.91 billion). The increase largely came from HOCHTIEF's international operations, with major contracts in the Asia-Pacific region and a growing influx of orders at HOCHTIEF Americas. Work done grew compared with the prior-year period by 15.4 percent to EUR 15.77 billion (1-9/2007: EUR 13.66 billion). The order backlog swelled as a result to EUR 32.73 billion at the reporting date, an increase of 20.7 percent (1-9/2007: EUR 27.13 billion).

The earnings figures are also outstanding: Operating earnings rose by 59.7 percent compared with the prior-year period, to EUR 549.5 million (1-9/2007: EUR 344.1 million). Profit before taxes was boosted by 21.1 percent to EUR 415.3 million (1-9/2007: EUR 343.1 million). Consolidated net profit showed substantial, 48.8 percent growth, rising to EUR 105.2 million (1-9/2007: EUR 70.7 million). Earnings per share increased to EUR 1.50 (1-9/2007: EUR 1.05).

Prudent financial policies

HOCHTIEF has a very close eye on the uncertainties in the international financial markets. The Group does not presently see these as having any lasting impact on its business, however. "Our financing is in place, none of our projects have been cancelled, and new orders continue to be robust - especially in the United States," Lütkestratkötter emphasizes. Nevertheless, the Group has taken suitable precautions, for example, by boosting cash reserves and weighing every new commitment very carefully and critically. "Our utmost priority is to maintain the HOCHTIEF Group's strong balance sheet ratios and sustain our very healthy earnings growth," said Lütkestratkötter. The conservative financial policies applied so far have proven their worth and will be continued without exception, he added.

Successful in all divisions

HOCHTIEF Americas notched up a very strong third quarter. US subsidiary Turner secured numerous new contracts in the education, healthcare and office segments. Once again ranked the largest US general builder by Engineering News-Record, Turner secured the 15,000th large-scale contract award in its corporate history - to design and build various facilities for Stanford University in California. Flatiron, the US transportation infrastructure subsidiary acquired the previous year, likewise scored new successes, including leadership of the design-build consortium contracted for a section of the Edmonton Ring Road in Canada.

In view of this strong performance, HOCHTIEF expects that divisional profit before taxes will match the prior year's high level. Adjusted for nonrecurring items in 2007 and the adverse effect of currency translation, profit before taxes is even anticipated to considerably exceed the prior-year figure.

HOCHTIEF Asia Pacific was likewise highly successful, with subsidiary Leighton winning a series of major contracts in the still-expanding market for infrastructure and building construction. These include the Brisbane Airport Link project, Australia's largest PPP toll road project with a price tag of EUR 2.9 billion. To expedite the division's ongoing growth, HOCHTIEF supported a stock issue by Leighton. The Group bought some eleven million new shares worth approximately EUR 226 million, thus retaining its position as Leighton's biggest shareholder with a stake of around 55 percent. HOCHTIEF still expects an increase in the division's profit before taxes for the year as a whole.

HOCHTIEF Concessions continued its strong performance in the third quarter: The Group's airport holdings performed well despite the challenging market environment and reported an average of 2.8 percent more passengers. In the public-private partnership segment, the

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division reached financial close on the Elefsina-Patras-Tsakona toll road project in Greece. Together with partners, the company will design, finance, part build, part upgrade and operate this 365-kilometer highway in a project valued at some EUR 2.1 billion. For the year as a whole, HOCHTIEF expects that the division's profit before taxes will exceed the 2007 figure adjusted for nonrecurring items. In view of the fraught capital market situation, however, HOCHTIEF Concessions will apply even stricter criteria and thoroughly examine potential new commitments.

HOCHTIEF Europe secured key new contracts during the reporting period, chiefly in Eastern Europe and Russia. Restructuring of the German building construction business continued according to plan. The division is expected to deliver a significant improvement in operating earnings in fiscal 2008. As budgeted, however, overheads on loss-making projects started in previous years and planned capacity reductions in the German building construction business will adversely affect profit before taxes. The division is therefore still expected to return a pretax loss not exceeding EUR 60 million for the year as a whole. For 2009, it is planned that the division will regain a pretax return on sales of around one percent. A three percent return is targeted for 2010.

HOCHTIEF Real Estate sustained its positive trend in orders: HOCHTIEF Property Management secured major contracts, among other things for management of the entire aurelis Real Estate portfolio. This makes the company the largest property manager in Germany. HOCHTIEF Projektentwicklung had a total of 29 development projects with a capital cost of nearly EUR 1.3 billion in the construction phase as of September 30, 2008. The projects had a pre-lease rate of 84 percent at the reporting date. For fiscal 2008, the division expects to generate a strong profit before taxes at prior-year level despite the difficult financial market situation. However, real estate sales anticipated for 2008 could be delayed due to the financial crisis. This would not affect earnings.

HOCHTIEF Services continued its successful business trend: Commerzbank extended a technical facility management contract for more than 500 of its branches throughout Germany to 2011. Another major contract - to operate a large number of Siemens sites across Germany - was extended by a further six years only a few days after the end of the third quarter. The relationship between HOCHTIEF and Siemens is a model of how to succeed at outsourcing: HOCHTIEF Facility Management took over and integrated into its workforce more than 1,500 technical facility management employees from Siemens in 2004 when the contract was first awarded. The division is set to press on with its expansion strategy. The costs associated with this will reduce earnings. Accordingly, HOCHTIEF expects that divisional profit before taxes for the year as a whole will be below the prior-year figure.

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Group outlook

Despite the current turbulence on the international financial markets and its ongoing impacts on the real economy, HOCHTIEF has once again raised its forecast for fiscal 2008 and now expects:

- New orders and an order backlog to be no longer on a par with the high prior-year level but to exceed it.
- Group sales to top the record level achieved in 2007.
- Pretax profit above the high level achieved in 2007.
- Consolidated net profit in excess of the prior-year figure.

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