

General Shareholders' Meeting 2014

May 7, 2014

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Marcelino Fernández Verdes

Chairman of the Executive Board

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Check against delivery.

Guten Morgen, liebe Aktionärinnen und Aktionäre, liebe Freunde von HOCHTIEF, Vertreter der Presse, meine sehr verehrten Damen und Herren,

HOCHTIEF hat im letzten Jahr große Fortschritte gemacht. Mein Deutsch leider noch nicht so sehr,

that's why I switch to English. Translation into German is available over the headphones placed at your seats. On behalf of the Executive Board I would like to welcome you to our General Shareholders' Meeting 2014.

You heard from Mr. Garcia Sanz that our Supervisory Board Chairman, Mr. Thomas Eichelmann, is unable to participate in today's event due to illness. I enjoy an excellent cooperation with Mr. Eichelmann and would, at this point, like to extend my heartfelt wishes to him for a full and speedy recovery.

And I would like to thank Mr. Garcia Sanz for his readiness to chair today's event.

I want like to begin my speech with two gratifying personnel changes: This morning, the Supervisory Board appointed two new Executive Board members whom I would like to heartily welcome here:

Nikolaus Graf von Matuschka and José Ignacio Legorburo Escobar.

- Graf Matuschka will take over responsibility for our European business on the Group's Executive Board. At the same time, he succeeds me as CEO on the Executive Board of HOCHTIEF Solutions. I leave the Executive Board of the Europe division in order to be able to focus on the tasks within the Group.
- Mr. Legorburo is new in our company. He is a very experienced civil engineer and construction manager and takes over the function of Chief Operating Officer in the Group. As senior civil engineer, he will see to further optimization of our processes and of risk management in all divisions. A special focus of his work will be HOCHTIEF Solutions.

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Gentlemen, would you please shortly introduce yourselves?

At this point, I would like to thank all my previous Executive Board colleagues—Peter Sassenfeld, Nikolaus von Matuschka and Essimari Kairisto—for their excellent cooperation in the last 18 months. In times of big challenges and changes, you have helped me steer the Group back on the track of success. I can absolutely rely on your performance and loyalty to HOCHTIEF for continuing developing the company now and in the future.

Before I go into detail, I want to thank all the HOCHTIEF managers and employees, here in Germany and around the world. We all know that the past year was not easy. Outsiders had their doubts whether we would deliver on our goals. We made it. I am proud to be the CEO of such a valuable company with so many dedicated women and men. Thank you very much for your hard work, your dedication and enthusiasm for this company, our shareholders and customers.

Now I am glad to present our results and achievements of last year, the current issues and our perspective of 2014.

Last year at this point, I said that, in many areas, HOCHTIEF's self-perception had been better than our performance. It was our firm goal to restore HOCHTIEF to its former strength.

Today, I can say: HOCHTIEF has delivered in 2013. The year was marked by hard work, many changes and numerous achievements. I am pleased to say that we have achieved our objectives. **We reached our goals, we are committed and delivered.**

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To start with a quick **overview**: We wanted to focus on our construction and infrastructure business again. We put a lot of energy into this. On the one hand, we sold business units which are no longer part of our core business – such as the airports and the services business. On the other hand, we invested in our core business, especially by increasing our stake in Leighton. We have streamlined structures and initiated a cultural change within the company. And we have reorganized the way we do work in all three divisions, most visibly in Europe. All in all, we have improved our results and exceeded our economic targets.

With the effort of all our employees, we have reached a **set of numbers which we can be proud of**:

- **Earnings before taxes** increased by almost 50% to EUR 800 million. The figure includes both positive and negative one-off effects: positive effects from the sale of business units and negative effects from restructuring costs in Europe, America and Asia Pacific.
- On a purely operating level, we achieved an increase of 11%. Our **operating profit** (EBITDA) reached EUR 1.91 billion.
- We aimed to achieve an **operating net profit** between EUR 160 and 200 million in 2013. We performed better than forecasted and achieved EUR 208 million. That means we doubled our 2012 figure. Our profitability has increased in all divisions.
- The value of **incoming orders** was EUR 26.5 billion. This is still at a high level. When adjusted for exchange rate and consolidation effects, the value of incoming orders decreased by about 8%.
- Our **order backlog** of about EUR 40 billion provides a stable basis for the future development of our company. In strictly operating terms, that

is adjusted for foreign exchange and changes in consolidation, the backlog decreased by only 3%.

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- By the end of the year 2013 **work done** reached about EUR 29 billion. On a comparable basis that figure exceeds the operating performance for 2012 by 7%.
- We reduced our **net debt** to under EUR 200 million at the end of 2013. A year earlier, it was almost five times as high at EUR 944 million. Our foundation is solid.

I am particularly glad to see that all divisions have contributed to this positive development: **Americas**, **Europe** and **Asia Pacific**. To give you the right context: The **Americas division** accounts for 31% of the sales, **HOCHTIEF Asia Pacific** for about 58% and **HOCHTIEF Europe** represents 11% of overall sales.

In 2013 the market conditions for **HOCHTIEF Americas** were difficult. Despite this fact we have seen a respectable development in 2013. Specifically, our U.S. colleagues have won a few landmark projects. Flatiron is building a major highway in Edmonton, Canada, with a total volume of EUR 350 million. Turner is building an impressive skyscraper in Los Angeles and the Lincoln Financial Field in Philadelphia, both in the higher double-digit million euro area.

Operational earnings increased to EUR 115 million. **Profit before taxes** increased to EUR 94 million. Much of the improvement is attributable to the civil engineering business, even though earnings in that segment have not yet fully met our expectations.

In our **Asia Pacific division**, Leighton had a successful year 2013, returning to former strength. The improvement in the core operating business was significant. Numerous attractive, large-scale contracts were won in all segments. These include the North West Rail Link in Sydney with a volume of almost EUR 900 million and an even bigger project in the mining area, where a gigantic iron ore mine is ramped up from scratch. That project has a volume of EUR 2 billion.

This led to a strong earnings performance at Leighton: The **underlying net profit after tax** increased by 30% to AUD 584 million. This demonstrates the resilience of Leighton's diversified portfolio. Because we are convinced of the long-term success of our subsidiary, we are intending to increase our stake to roughly 74%. We will come to this topic in detail a little bit later on.

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HOCHTIEF Europe has completed a sound year 2013. Most importantly, the business managed to write black figures again on a net profit level.

We left behind the negative impact of the Elbe Philharmonic Hall project in Hamburg which affected 2012. After the signing of an agreement with the City of Hamburg and a binding arrangement for the project, the building work is making visible progress. These are some of the project highlights we won with HOCHTIEF Europe: a PPP highway in the Netherlands with a total volume of EUR 1 billion, a hydroelectric power station in Peru and the so-called "Dortmunder U", one of the biggest schools in Germany for approximately 6,000 students.

Earnings before taxes more than doubled to EUR 62.8 million. This was partly accounted for by the positive earnings impact from the sale of the service business line and the sale of a stake in a Chilean highway. The previous year had also been negatively impacted by the Elbe Philharmonic Hall project.

All we achieved is reflected in our **share price**. It increased from EUR 43.93 on January 1 to EUR 62.06 at December 31 2013. The price developed even better than the MDax over the course of 2013.

Our **shareholder structure** is solid and reliable. After the cancellation of shares, ACS holds 58.9 % of HOCHTIEF, Qatar Holding 11.1% and the free float represents 30% of the company.

My colleagues and I see it as our goals to make our shareholders share in the success of HOCHTIEF. After all, it is you, our shareholders, we are working for. Thanks to our improved operating performance the Executive Board and the Supervisory Board propose you to approve a **dividend of EUR 1.50 per share**

today. This marks a 50% increase on the prior year and a distribution rate of 65% of consolidated net profit.

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Let me also elaborate a little on the **share buyback** that was initiated and concluded in 2013. The AGM last year authorized the Company to acquire treasury shares. HOCHTIEF made partial use of this authorization and acquired 4,313,000 treasury shares. You can find further details on this in the Notes to the 2013 Annual Financial Statements of HOCHTIEF. The bought back treasury shares were canceled in spring 2014 together with treasury shares that had already been bought back earlier.

This is a **value-creating move for all HOCHTIEF shareholders**.

Today, we ask you to **renew the authorization** to acquire treasury shares. This authorization applies for the period until May 6, 2019. It is limited to a total of 10% of today's share capital. The potential acquisition of new treasury shares will depend on the future development of the company.

My dear shareholders, last year we defined our **key objectives and goals**. We have strictly followed up on these targets. We have focused on our core business, that is transportation infrastructure, energy infrastructure, social and urban infrastructure and contract mining. We have put special emphasis on the optimization of HOCHTIEF's financial strength. We want to minimize volatility in our cash earnings and improve profitability.

We keep an eye on our **risk management** and follow the parameters for this very closely. We have made very good progress in this field. Sound risk management is the base for all success in construction. It is my belief that challenges should be addressed together with our clients.

The basis for all this is a consistent **corporate culture** across the Group. This is essential. We are promoting entrepreneurship and individual responsibility.

In order to steer HOCHTIEF towards future success, we made significant changes. **We have delivered on our commitments**. The year was marked by major divestments. Let's walk through all these initiatives together.

- We have sold our airport business to Canadian Pension Trust PSP Investments.
- Leighton has sold its Australian telecommunications activities.
- We have divested our Services business to the French company SPIE.
- We have sold our stake in aurelis Real Estate. Our partner stakeholder Grove and an independent investor have acquired HOCHTIEF's 50% stake.

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When it comes to format, HOCHTIEF Project Development and HOCHTIEF Property Management, the transactions are making good progress. We will keep you informed.

At the same time we have already **invested proceeds** from these back into our business – mainly in our stake increase in Leighton.

After the divestments we can now fully **concentrate on what we do best: construction and infrastructure projects.**

Let me now explain to you what kind of structural changes we made in each division and how that translates into an outlook per division.

Regarding **Asia Pacific division**: Leighton has continued its “Stabilize, Rebase, Grow” strategy and has now reached the second stage.

Leighton is facing quite a few **challenges** and still has some way to go. I am convinced that there is room for improvement and that we need to speed up the analysis.

You know we have decided to increase our stake from currently roughly 60 % to up to approximately 74% via a proportional offer depending on the final acceptance rate of the offer. We are not aiming for a complete takeover. We want to keep Leighton as an Australian listed company with a sufficient free float.

The **offer** is currently still open, but is expected to be closed on May 9. If all entitled Leighton shareholders accept the offer, we will have to pay a total cash consideration of about AUD 1.2 billion, corresponding to approximately EUR 800 million currently.

HOCHTIEF intends to work with the Leighton Board and management to complete the broad based, general review of Leighton's operating model that is currently being undertaken. A particular focus of the review is whether the existing operating businesses of Leighton can be more efficiently structured. The review is expected to be completed by the end of 2014.

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In the **HOCHTIEF Americas division**, restructuring measures have also been applied - especially to Flatiron. On the economically challenging civil engineering market in North America, Flatiron needed a stronger positioning and clear focus. These are the main measures we have taken:

- The management was replaced.
- The risk management approach was substantially improved.
- The focus was set on transportation infrastructure as the company's key market segment.
- Core regions were redefined according to good market prospects for Flatiron.

All of our American companies are currently reducing costs and are aiming to obtain higher-margin projects. At Flatiron, additional measures were taken to improve risk management. All these measures brought first results in 2013, and are continuing to pay off in 2014. The North-American construction markets served by HOCHTIEF Americas are improving.

Assuming stable exchange rates, we expect 2014 profit before taxes to rise above the prior-year level.

Moving to the **European business**.

Since January, our business operations in **Europe** have been conducted by independent limited-liability companies, "GmbHs" in German. Each of these four companies is headed by a General Manager. This principle of clear accountability is being extended right down to the individual construction sites.

HOCHTIEF Building combines all of our building construction business operations in Germany.

HOCHTIEF Infrastructure offers the entire range of transportation and energy infrastructure services in Europe and in selected regions throughout the world such as South America and the Middle East.

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HOCHTIEF Engineering concentrates its skills in the areas of Planning, Technical Consulting, Design Management and Building Information Modeling.

The integration of financing, planning, building, and operating will continue to be part of the core business of HOCHTIEF, and it will be expanded further by

HOCHTIEF PPP Solutions.

We see a growing demand for public-private partnerships in some of our target markets, for example in North America, South America, the UK, the Netherlands and in Germany. We will only accept PPP projects if we can do part of the construction ourselves.

Group-wide, we generated a construction volume of around EUR 300 million through PPP projects, and we plan to achieve an annual order intake for **PPP-related construction of around EUR 1 billion by 2016.**

Regarding the **restructuring of our business operations in Europe** we have done the essential groundwork. But it will still take a few months before the changes are completed.

From the restructuring measures, we expect **annual savings between EUR 40 to 60 million**, partly already in 2014. Excluding nonrecurring items from disposals and restructuring, we now expect a lasting improvement in operational earnings in 2014.

I am pleased that the employee representatives at HOCHTIEF agreed with us that there was a need to act. Together, we have concluded a collective agreement with IG Bau labor union and the Works Council and we are adapting the company's situation to current market conditions. We are happy to work on this in a **very constructive and trustful relationship.**

If the economy and the market environment continue to develop positively, our four European companies will soon be able to create new jobs in our German home market again.

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Ich sage es noch einmal auf Deutsch:

**Ich möchte gerne auch hier in Deutschland neue Arbeitsplätze schaffen.
Das ist mein Ziel.**

In our core business, we see potential for expansion and growth. We are expanding our activities in attractive international markets and intend to increase our exposure in Scandinavia, the Netherlands and the UK, just to name a few options. We see enormous potential in Germany and in all of these highly developed countries. In Germany, we have less than 1% market share in this fragmented market. So there clearly is room for growth in our home market. As I said earlier, we expect a revenue increase from PPP projects by EUR 700 million in the next few years. We are also currently applying for various large-scale projects. Both the PPP and the other projects will require highly-skilled personnel from Germany.

Around the globe, HOCHTIEF employed more than **75,000 people** at year-end. Once again, more people worked in the HOCHTIEF Asia Pacific and HOCHTIEF Americas divisions in 2013 than in the prior year. Successful international projects account for the further increase in both divisions.

Meine Damen und Herren,

as you can see, much has been done over the past twelve months. We have made necessary structural changes, bundled our strengths – and we have already achieved visible results.

With the first quarter of 2014, HOCHTIEF made a promising start into the year. We had some impacts which mostly result from restructuring and deconsolidation in the divisions. On a like-for-like basis, I would like to adjust for

these one-off non-operational items and focus on the underlying business performance which enables us to see the real operating development.

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- We have seen a **solid increase in operational profits** in all divisions.
- **Earnings before taxes**, at EUR 134 million, were up over 17.3% on the prior-year quarter.
- **Net profit** increased by 22.7% to EUR 53.3 million.
- **Earnings per share** amounted to EUR 0.77 – an increase of 30.5%.
- We could also observe an improved trend in **cash flow** from operations and free cash flow. The seasonal working capital outflow has been reduced.
- We registered a significant year-on-year **net debt reduction** to under EUR 600 million. This is a decrease of approximately EUR 1.4 billion versus the end of Q1 2013.
- The **new order** volume of EUR 5.69 billion represents an 18.7 % increase on a comparable basis and compared to the prior-year period.
- The **order backlog** continues to be stable, at roughly EUR 40 billion, slightly higher than at the end of 2013 and at a similar level to a year ago once we adjust for the impact of exchange rate effects and divestments.

My dear shareholders, let me **summarize the 2013 performance and the outlook**:

- HOCHTIEF has achieved a set of **good results**. We have set the **basis for profitable growth** in all three divisions.
- The Group guidance for 2014 is confirmed with an operating Group net profit in the range of EUR 225 to 250 million compared with EUR 207.5 million in 2013.
- We have **divested** non-core businesses and used the proceeds to **invest in our core businesses** and to **share our success with our shareholders**.
- We are developing our **corporate culture** of compliance and entrepreneurship.

- We have already significantly **strengthened our balance sheet** by optimizing our working capital and reducing net debt.
- In light of **Leighton's** key importance to the HOCHTIEF Group as a whole, we will be additionally enhancing our role in its management, with positions on the Leighton Board commensurate with our status as majority shareholder. The next step will be a thorough analysis on how to improve our Asia-Pacific business.

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Meine Damen und Herren: Ich bin stolz darauf für HOCHTIEF zu arbeiten.

HOCHTIEF is well on track to continue delivering on our strategy.

I am sure that makes you proud, too.

Thank you for your attention.