

# TURNING VISION INTO V LUE.

**WestLB Deutschland Conference, Frankfurt**  
**Corporate Germany's Secrets of Success**  
**16 November 2005**

**Dr. Claus Ehrenbeck,**  
**Head of Investor Relations**

## Three pillars of success

An holistic business philosophy

**Identify profitable opportunities**

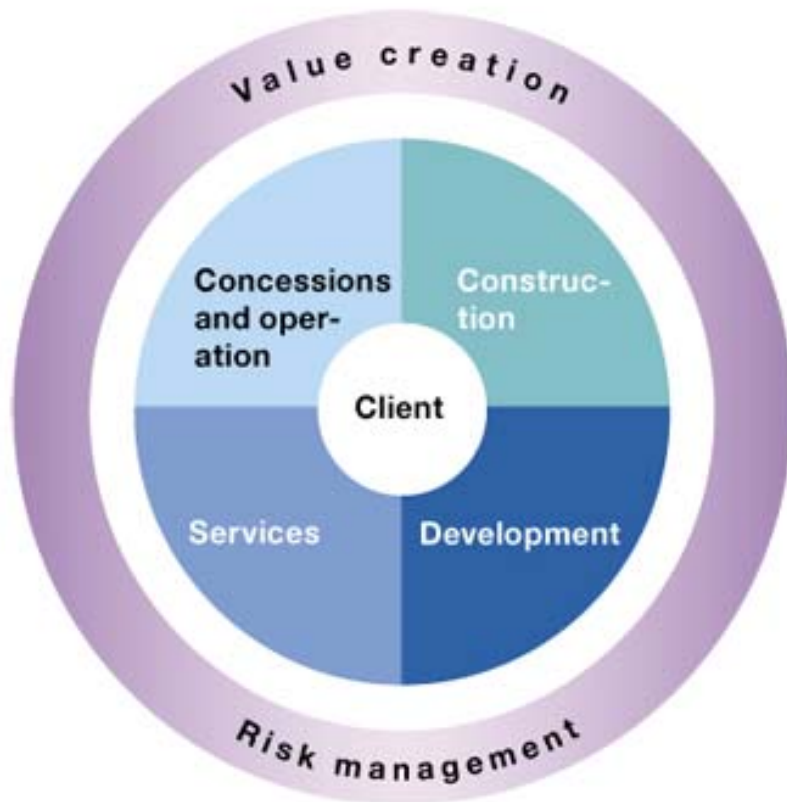
**Bring technical excellence to bear**

**Manage risk to create return**



**HOCHTIEF - Turning Vision into Value**

## HOCHTIEF is about...value creation



- HOCHTIEF is designed to **meet** the full range of **client needs** maximizing profit potential
- **Core strengths:**
  - An **holistic solution for clients:** Development, Construction, Services, Concessions and Operation
  - **Technical excellence**
  - Combination of **international strength with local focus**
- **Balanced portfolio** by geography, sector and project life
- **Risk Management** – the key consideration

# HOCHTIEF divisional structure

Solutions around the world throughout the construction value chain



Sales 04:  
(EUR m)

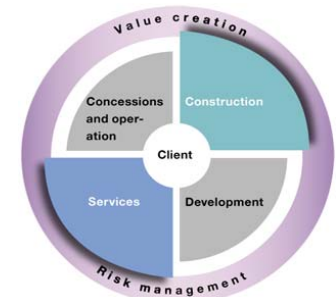
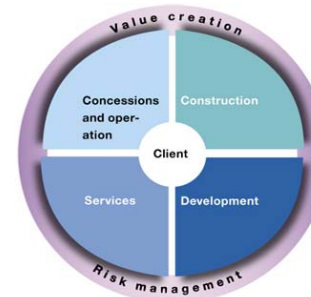
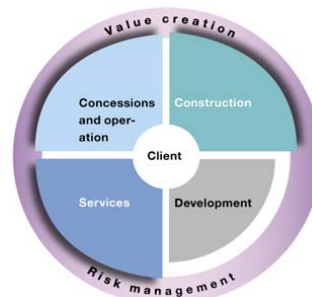
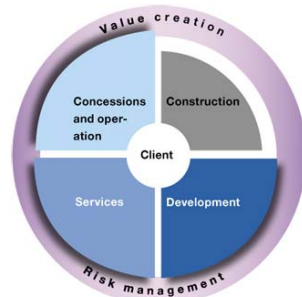
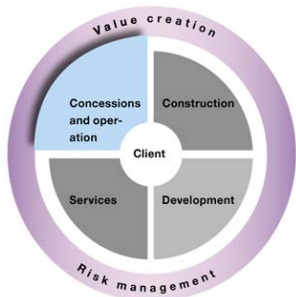
**n.a.**

**724**

**5,605**

**3,446**

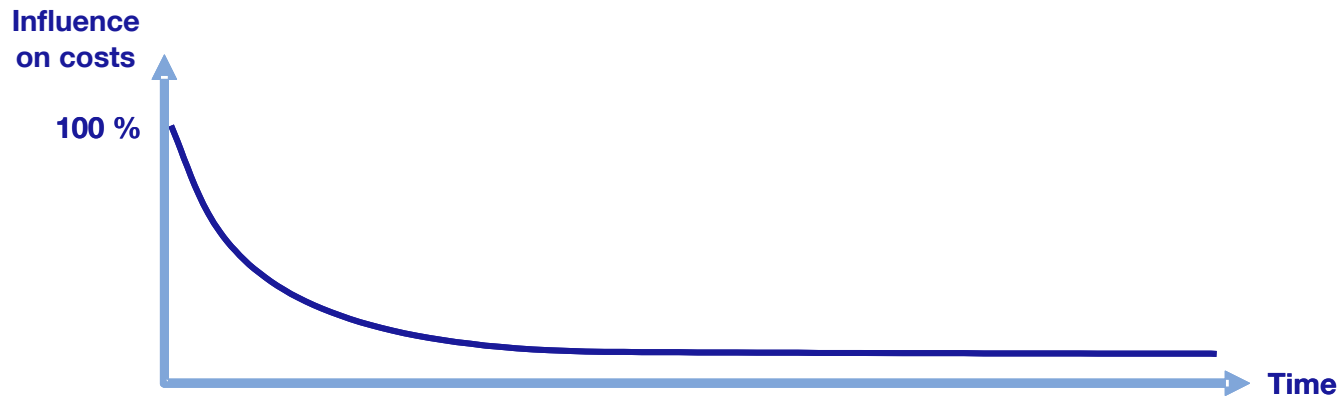
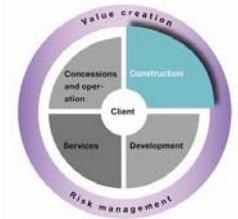
**2,087**



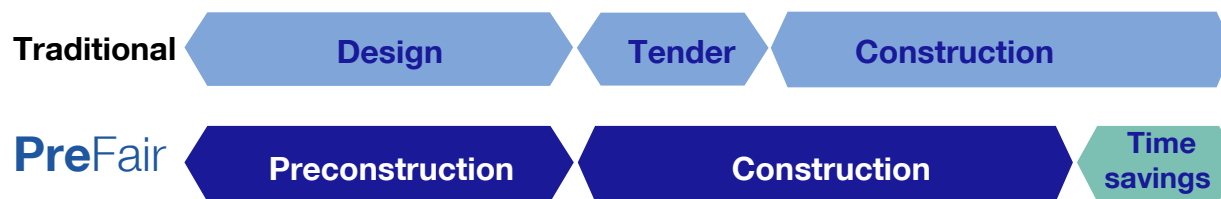
**TURNING VISION INTO VALUE.**

# Construction

PreFair - leading the competition from price to quality



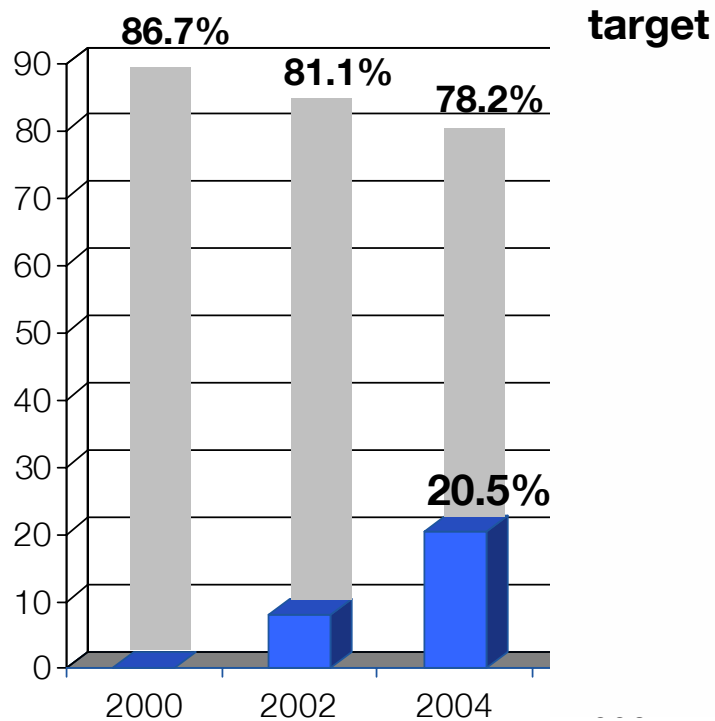
- **Quality competition boosts quality earnings**
- **Improvement of reliability and visibility of earnings**
- **Increases likelihood of repeat business**



# Construction

## PreFair targets

Portion of PreFair projects (%)

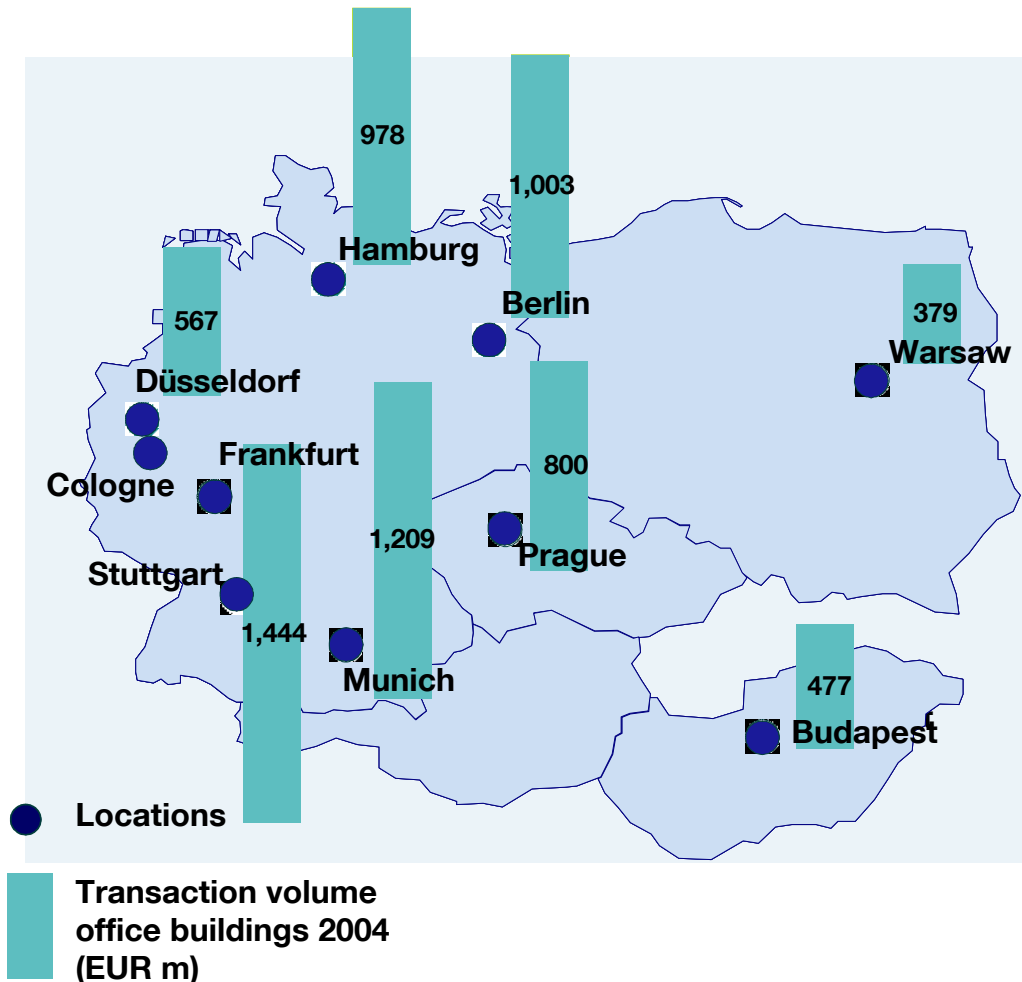


- **HTE**  
(of total building activities)
- **HT Americas**  
(non-lump sum contracts  
average 84%)

**PreFair: Average EBT margin: 3.6 % (completed and ongoing projects)**  
**Target EBT margin: 4.0 %**

# Development

Selected projects yield strong returns



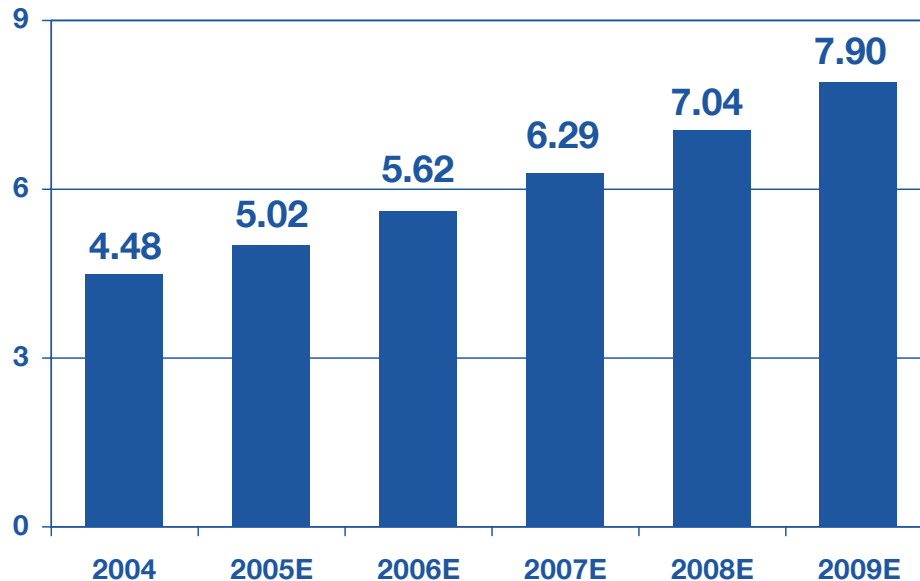
## Success factors:

- **Strict IRR target > 14%**
- **Stringent risk control of the entire development process**
- **Expansion into CEE**
  - expected market volume of EUR 8-10bn until 2010
- **HT real estate development essentials:**
  - Projects under construction: EUR 811m
  - Equity exposure: EUR 147m

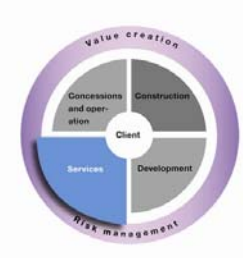
## Services

### FM - strong growth in market opportunity

Market growth integrated Facility Management  
Germany (EUR bn)<sup>1)</sup>:



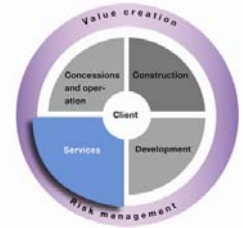
- **Growth of German market for integrated FM services >10% p.a.**
- **HT FM target: EBT margin of > 4% by 2006**



1) Source: Helbling Study and internal research

## Services

Technical, commercial and infrastructural FM



- **Broad spectrum of innovative products and practice-oriented solutions for each project phase**
- **Integrated approach to properties and operational processes**
  - Securing functionality, value preservation and efficiency
  - Supporting and optimizing secondary operational processes
  - Identifying risk- and optimization-potential and development of solutions



- **Focus on six segments:**

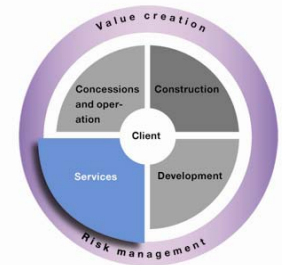
Automotive  
Engineering

Airport/Airline  
Chemicals/Pharmacy

Healthcare  
Banks/Insurance

# Concession and Operation

## Project portfolio (forecast)



### HOCHTIEF - Concession Projects - Portfolio as of 12/2005 - Forecast (EUR m)

Status: <b>Financial Close</b>	Committed Capital	Paid-in Capital	NPV of anticipated Cash Flows	NPV as of 31.12.2004	Difference due to Growth of Portfolio	Growth of Value
Airports	410.4	408.7	<b>665.7</b>	589.3	18.9	57.5
Tollroads - Public Buildings	120.0	93.4	<b>204.6</b>	113.4	13.3	77.9
Total	530.4	502.1	870.3	702.7	32.2	135.4

- **IRR target > 14%**
- **Earnings streams from concessions company:**
  - Fee income
  - Dividends/shareholder loan interests
  - Proceeds from sale (not included in NPV calculation)
- **Additional earnings potential:**
  - Construction/Refurbishment contract
  - FM contract

# Concessions and operation

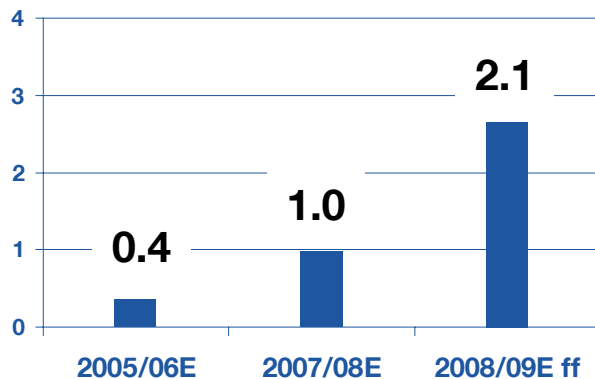
## HT PPP Solutions' business potential



### Toll Roads (EUR bn)

#### Germany:

(investment volume p. a.)



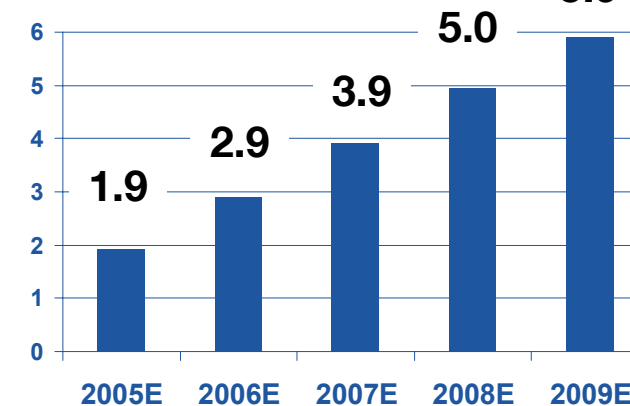
**+ Rest of Europe, 2005-09E: EUR 20bn**

(investment volume)

### Building/Social Infrastructure (EUR bn)

#### Public buildings, Germany:<sup>1)</sup>

(contract volume p. a.)



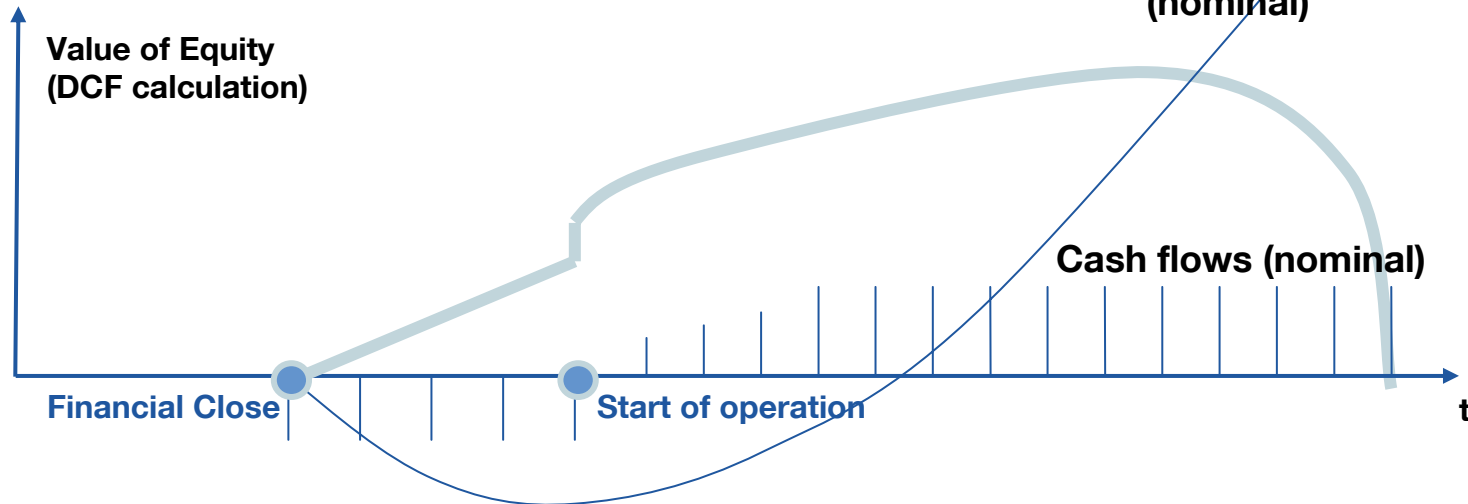
**+ UK PFI market: EUR 6.0bn**

(investment volume p. a.)

1) Source: Dt. Institut für Urbanistik (Difu) and internal research

# Concessions and operation

## Life cycle of a project



Preferred bidder	Construction	Ramp-up	Growth	Maturity
North Ayrshire Schools, Bangor & Comber	Vespucio Norte Express, San Cristobal Express, Offenbach Schools, Gladbeck Townhall, Köln Schools, Leverkusen Schools, Manchester Sports College, Cork School of Music	Herrentunnel Lübeck		

## Ongoing optimization of risk management procedures

Key elements of risk management:



- **Clearly structured Tender Controlling for all projects in excess of division-specific thresholds**
- **Very selective approach to new orders through Contract Review Committees**
- **Increased quality of order backlog**
- **Entire lifecycle of construction projects covered by risk management process**





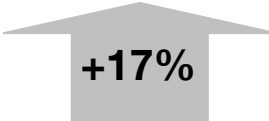

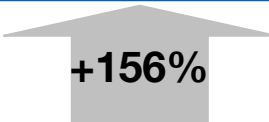

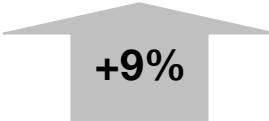

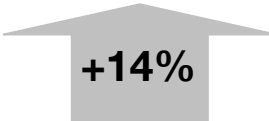
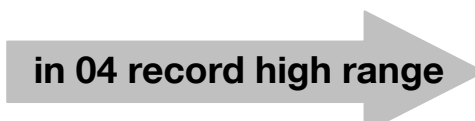
**Reduce risk, improve profitability**

## Looking forward

Our three pillar approach will bring...

- Profitability improvement in **German and European construction business**
- A strong boost to growth from **German and international PPP** projects
- Attractive profitability from **real estate development**
- Margin growth from an expanding **Facility Management** business
- Enhanced value creation from the **HTAC partnership**

## Outlook 2005

2004			2005E	
<b>Sales</b>	 +13%	<b>EUR bn 11.94</b>	<b>Sales</b>	 on prev. year's level
<b>EBT</b>	 +17%	<b>EUR m 187</b>	<b>EBT</b>	 + around one-quarter
<b>Net Income</b>	 +156%	<b>EUR m 41</b>	<b>Net income</b>	 + more than one-half
<b>New Orders</b>	 +9%	<b>EUR bn 15.59</b>	<b>New Orders</b>	 normalized high level*
<b>Order backlog</b>	 +14%	<b>EUR bn 18.72</b>	<b>Order backlog</b>	 in 04 record high range

\*below 04 record high

## Three pillars of success...for Germany!

An holistic business philosophy

Quality

Quality

Quality

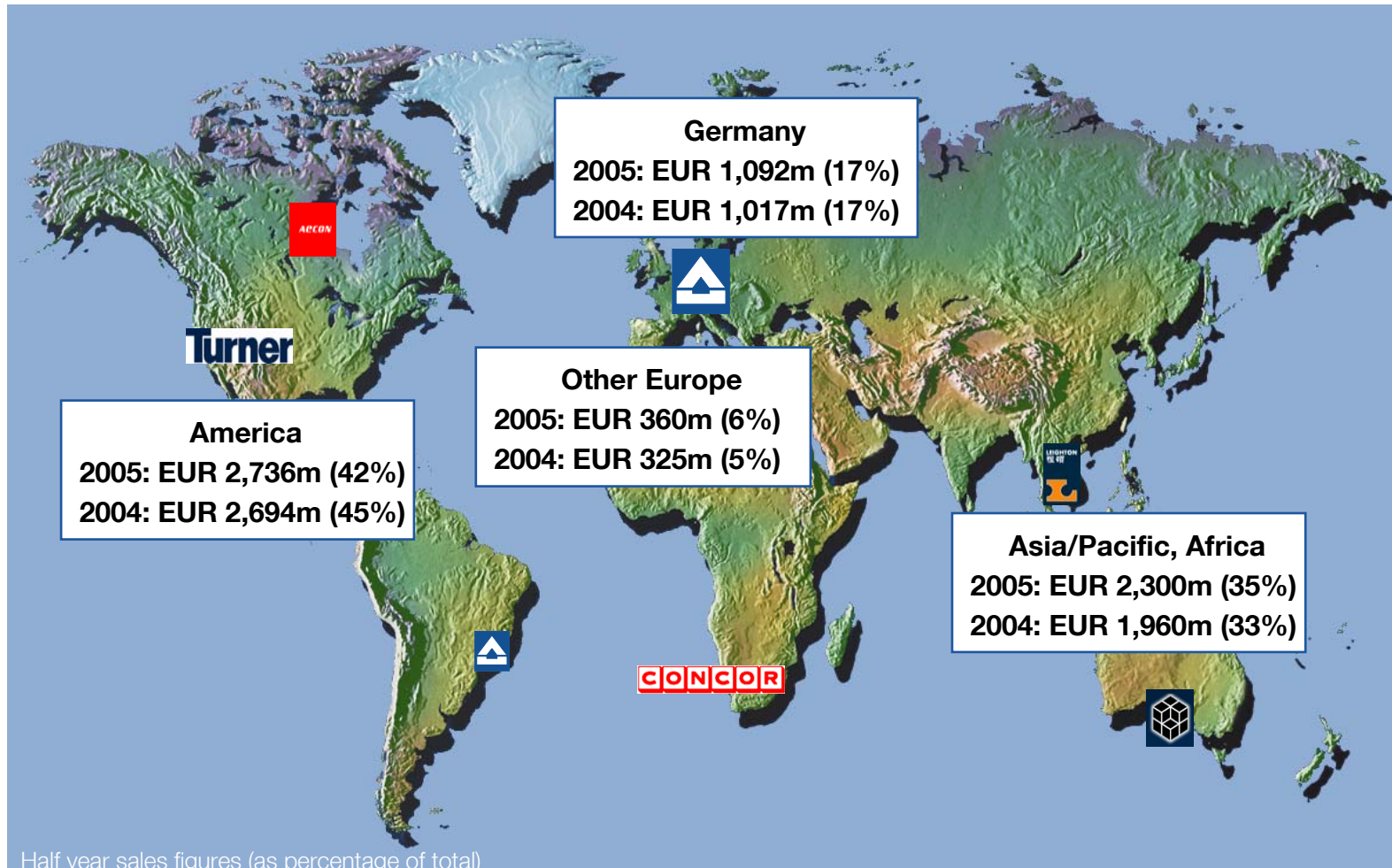


HOCHTIEF - Turning Vision into Value

# Appendix

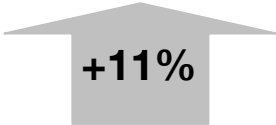
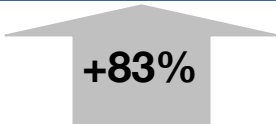
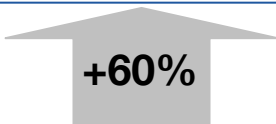
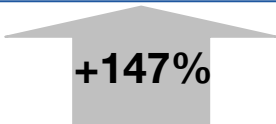
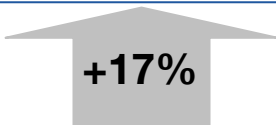
## Split by regional sales

HY 2005: EUR 6,488m; HY 2004: EUR 5,996m



Half year sales figures (as percentage of total)

## Financial Highlights H1 05

H1 2005		
<b>Sales</b>	 +11%	<b>EUR bn</b> 6.09
<b>EBT</b>	 +83%	<b>EUR m</b> 149.0
<b>EBT margin</b>	 +60%	<b>2.4%</b>
<b>Net income</b>	 +147%	<b>EUR m</b> 44.4
<b>Order backlog</b>	 +17%	<b>EUR bn</b> 20.37

- Increase in margins thanks to balanced business portfolio
- High quality order pipeline - never compromising quality for quantity

Half year on half year comparison

## Group figures

### Essentials

- **Sales: increase despite negative f/x effect of EUR 103m**
- **EBT: positive effect of HTAC transaction adds to underlying strong improvement**
- **Margin improvement across the Group**
- **High tax quote expectation remains, H1 05 tax rate lower than in H1 04 due to nearly tax-free HTAC book gain**
- **Capex level reflects continued opportunities in non-construction activities**

### Financials (EUR m)

(EUR m)	<b>HY 05</b>	HY 04	% change	2004
New orders	<b>6,593.5</b>	6,911.3	-4.6	15,586.7
Work done	<b>6,487.8</b>	5,995.9	8.2	13,106.9
Order backlog	<b>20,374.9</b>	17,420.5	17.0	18,715.3
Sales	<b>6,091.3</b>	5,492.0	10.9	11,943.7
EBITA	<b>168.0</b>	82.7	103.1	227.0
EBT	<b>149.0</b>	81.5	82.8	187.3
EBT margin (%)	<b>2.4</b>	1.5	60.0	1.6
Income taxes	<b>-69.3</b>	-44.4	56.1	-106.2
EAT	<b>79.7</b>	37.0	115.4	81.1
of which: consolidated net profit	<b>44.4</b>	18.0	146.7	41.2
of which: minorities	<b>35.3</b>	19.0	85.8	39.9
Cash flow	<b>174.0</b>	138.2	25.9	319.7
Capex	<b>337.4</b>	273.7	23.3	678.1

## Group Cash flow

### Essentials

- **HTAC inflow shown in Net cash provided by operating activities (“other balance sheet items”)**
- **HTAC transaction leads to**
  - increase of Net cash partially used in Financing activities through service of debt
  - significant increase of Free cash flow, despite Capex increase

(EUR m)	<b>HY 05</b>	HY 04	% change
<b>Cash flow</b>	<b>174.0</b>	138.2	25.9
Net cash provided by operating activities	<b>324.4</b>	-40.1	909.0
Net cash used in investing activities	<b>-176.0</b>	102.3	-272.0
Net cash used in financing activities	<b>-103.6</b>	-10.7	-868.2
<b>Net change in cash and cash equivalents</b>	<b>44.8</b>	51.5	-13.0
<b>Cash and cash equivalents at end of period</b>	<b>882.2</b>	1,111.0	-20.6
Net cash provided by operating activities	<b>324.4</b>	-40.1	909.0
Capex (property, plant & equipment)	<b>-271.0</b>	-162.6	66.7
Proceeds from asset disposals (pp&e)	<b>50.3</b>	18.9	166.1
Capex (financial assets)	<b>-66.3</b>	-111.1	-40.3
Proceeds from asset disposals (financial assets)	<b>106.6</b>	46.8	127.8
Changes in cash and cash equivalents due to consolidation changes	<b>0.5</b>	0.2	150.0
<b>Free cash flow</b>	<b>144.5</b>	-247.9	158.3

# Consolidated balance sheet

## Essentials

- **Creation of 2nd external pension trust (volume: EUR 202m)**  
- total CTA volume now: EUR 488m
- **Significant effects of HTAC**
- **Equity ratio: 28%**
- **Gearing ratio: 34%**
- **Net cash end H1 05: EUR 646m**

	Assets		Liabilities	
	30 Jun 05	31 Dec 04	30 Jun 05	31 Dec 04
Intangible assets, pp&e	1,366.9 (17.8%)	1,197.5 (16.4%)	2,180.2 (28.4%)	1,904.6 (26.1%)
Financial Assets	933.2 (12.1%)	959.2 (13.2%)		
Other long-term assets	336.9 (4.4%)	382.7 (5.2%)	1,085.2 (14.1%)	1,130.2 (15.5%)
Inventories, receivables, other current assets, current income tax assets	3,342.2 (43.5%)	2,984.3 (41.0%)	441.8 (5.8%)	601.9 (8.3%)
Marketable securities and cash	1,704.1 (22.2%)	1,761.6 (24.2%)	3,976.1 (51.7%)	3,648.6 (50.1%)
	<b>7,683.3</b>	<b>7,285.3</b>	<b>7,683.3</b>	<b>7,285.3</b>
			Shareholders' equity	
			Amounts due to banks <sup>1)</sup>	
			Long-term liabilities <sup>2)</sup>	
			Short-term Liabilities <sup>2)</sup>	

1) incl. bonds or notes issued  
2) w/o amounts due to banks

(EUR m)

# HOCHTIEF Airport

## Essentials

- **HTAC generates net effect of EUR 52m on HTA EBT**
- **Even without HTAC effect: EBT meets 2005 break-even target**
- **Takeover of operation at Tirana airport (Apr 05)**
- **Individual airports: further improvement in operational performance; focus on implementation of optimization programs and increase in non-aviation segment**

## Financials (EUR m)

(EUR m)	HY 05	HY 04	% change	2004
Net income from particip.	<b>23.7</b>	9.1	160.4	27.0
EBITA	<b>76.4</b>	7.9	867.1	14.7
EBT	<b>58.9</b>	-7.5	885.3	-14.3
Cash flow	<b>-9.2</b>	6.2	-248.4	19.4
Capex	<b>0.5</b>	0.5	0.0	0.5
Capital employed	<b>603.6</b>	650.8	-7.3	682.3

# HOCHTIEF Development

## Essentials

- **Strengthening of market position, major PPP contract wins:**
  - **Leverkusen schools**  
(contract vol.: EUR 70m)
  - **Manchester schools**  
(contract vol.: EUR 170m)
- **Successes in property marketing and solid-margin FM segment drive EBT growth**

## Financials (EUR m)

(EUR m)	HY 05	HY 04	% change	2004
New orders	<b>541.0</b>	595.6	-9.2	1,297.4
Work done	<b>378.6</b>	304.3	24.4	838.6
Order backlog	<b>1,853.7</b>	1,176.8	57.5	1,741.5
External sales	<b>363.6</b>	273.6	32.9	723.8
EBITA	<b>11.3</b>	4.0	182.5	50.6
EBT	<b>9.6</b>	5.9	62.7	41.7
EBT margin (%)	<b>2.6</b>	2.2	18.2	5.8
Cash flow	<b>15.8</b>	1.2	1,216.7	-14.7
Capex	<b>25.1</b>	24.0	4.6	125.7
Capital employed	<b>560.3</b>	473.8	18.3	528.7

# HOCHTIEF Construction Services Americas

## Essentials

- **Margins still tight**
- **Earnings quality is key focus**
- **Broadening of product spectrum by adding construction-related services as further contribution to value creation**
- **H1 confirms strong market position, e.g. in Green Building (30 projects, EUR 800m project volume)**

## Financials (EUR m)

(EUR m)	<b>HY 05</b>	HY 04	% change	2004
New orders	<b>3,001.2</b>	3,371.8	-11.0	6,396.1
Work done	<b>2,697.2</b>	2,672.2	0.9	5,683.5
Order backlog	<b>6,805.7</b>	6,400.5	6.3	5,746.1
External sales	<b>2,628.8</b>	2,638.5	-0.4	5,605.2
EBITA	<b>27.8</b>	27.0	3.0	55.1
EBT	<b>21.4</b>	19.6	9.2	42.0
EBT margin (%)	<b>0.8</b>	0.7	14.3	0.7
Cash flow	<b>25.5</b>	15.8	61.4	43.9
Capex	<b>8.8</b>	15.0	-41.3	21.7
Capital employed	<b>236.7</b>	267.2	-11.4	200.6

## HOCHTIEF Construction Services Asia Pacific

### Essentials

- **Continued significant increase in Sales and Earnings as planned**
- **Hilton Hotel handed over in July 05; progress of Spencer Street Station according to revised schedule**
- **High Capex due to further expansion of contract mining, a long-term business with sustainably strong profits**

### Financials (EUR m)

(EUR m)	<b>HY 05</b>	HY 04	% change	2004
New orders	<b>2,048.9</b>	1,811.1	13.1	5,521.7
Work done	<b>2,243.4</b>	1,859.7	20.6	4,038.9
Order backlog	<b>9,252.6</b>	7,081.2	30.7	8,602.4
External sales	<b>2,078.8</b>	1,622.4	28.1	3,446.4
EBITA	<b>95.8</b>	47.8	100.4	119.0
EBT	<b>85.3</b>	44.4	92.1	109.3
EBT margin (%)	<b>4.1</b>	2.7	51.9	3.2
Cash flow	<b>178.5</b>	123.9	44.1	296.3
Capex	<b>283.2</b>	222.1	27.5	494.1
Capital employed	<b>598.6</b>	362.9	64.9	510.5

# HOCHTIEF Construction Services Europe

## Essentials

- **Major new orders expected from Central Eastern Europe (CEE) in 2H 05**
- **CEE drives increased Sales**
- **Margins continue to increase**
  - further expansion of PreFair
- **Focused expansion in specific market segments in CEE:**
  - Austria: expansion of activities
  - Bulgaria: establishment of branch
  - Hungary: Mélyepítő acquisition complete

## Financials (EUR m)

(EUR m)	HY 05	HY 04	% change	2004
New orders	<b>957.4</b>	1,096.9	-12.7	2,295.1
Work done	<b>1,123.6</b>	1,123.8	0.0	2,469.5
Order backlog	<b>2,462.9</b>	2,762.0	-10.8	2,625.3
External sales	<b>970.5</b>	916.3	5.9	2,086.9
EBITA	<b>2.1</b>	0.9	133.3	25.8
Earnings before tax	<b>11.9</b>	6.3	88.9	28.7
EBT margin (%)	<b>1.2</b>	0.7	71.4	1.4
Cash flow	<b>26.6</b>	18.4	44.6	36.4
Capex	<b>13.5</b>	11.9	13.4	24.0
Capital employed	<b>-53.6</b>	-90.4	40.7	-143.3

# Concessions and operation

## PPP



### Airports



- 13 airports designed and built since 1990
- 5 airports under operation
- EUR 313m capital released by recent assets sale
- IRR target >14%

### Toll roads



- 880km toll roads portfolio at HT Group
- Herrentunnel Lübeck opened in Q3 05
- Vespucio del Norte to open Q1 06
- IRR target >14%

### Public Buildings



- Contract volume: EUR 650m Germany, EUR 380m UK/Ireland
- schools administration
- IRR target >14%



### Pipeline:

- Public Buildings  
pref. bidder: 2 projects  
tender: 9 projects
- Toll Roads:  
tender: 5 projects

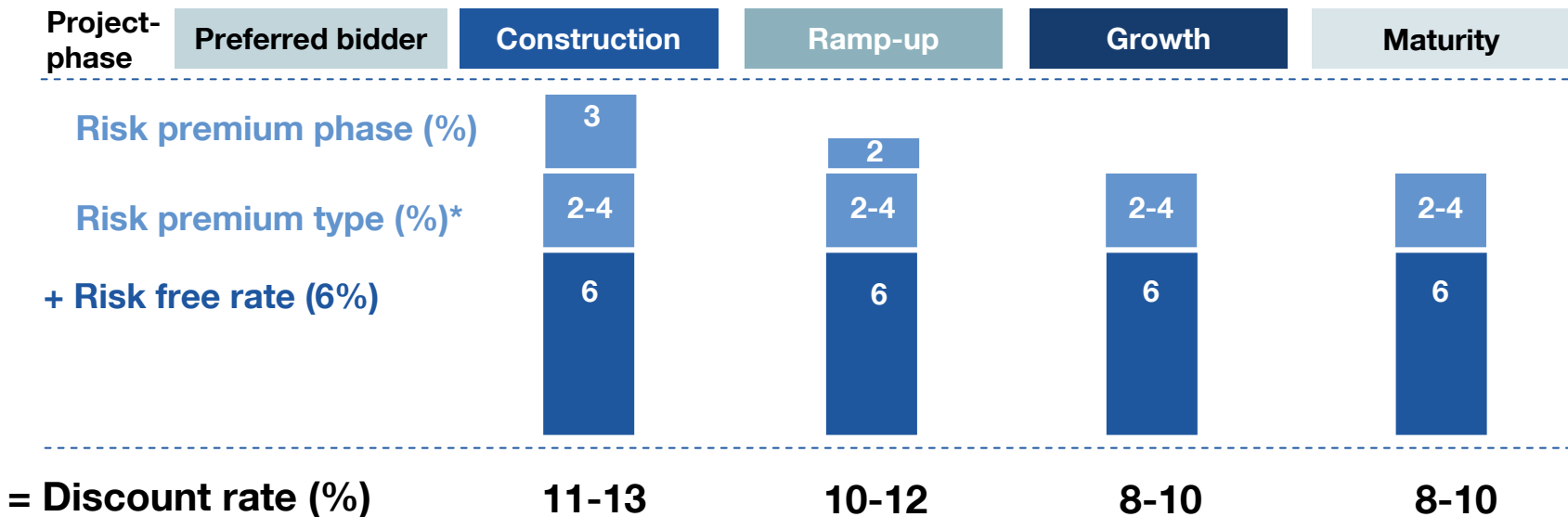
# Concession and Operation

Valuation - Specific Discount rates PPP vs Airports



1) Discount rate Airports: 13% according to market practice

2) Specific Discount rates PPP according to risk profile



\* Availability Type 2%, Shadow Toll 3% and Real Toll Projects 4%.

## Financial calendar and IR contact

<b>17 Nov 05</b>	<b>Q3 results 2005 and Conference Call</b>
<b>16 Mar 06</b>	<b>Full year results 2005 and Analysts' and Investors' Conference</b>
<b>10 May 06</b>	<b>General Shareholders' Meeting</b>
<b>15 May 06</b>	<b>Q1 results 2006 and Conference Call</b>

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## Disclaimer

“Certain of the statements contained herein may be statements of future expectations and other forward-looking statements that are based on management’s current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements that are forward-looking by reason of context, the words “may,” “will,” “should,” “expect,” “plan,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” or “continue” and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements.

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