

Annual General Meeting 2021

May 6, 2021

Page 1 of 17

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Chief Executive Officer (CEO)

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Check against delivery.

Guten Morgen, meine sehr verehrten Damen und Herren, liebe Freunde von HOCHTIEF.

On behalf of the Executive Board, I would like to welcome everyone to our virtual Annual General Meeting.

Last year, during our first online meeting, I expressed my hope that I would be able to meet you again personally today. But as you are all aware, that is not possible on this occasion. I sincerely hope that the rolling-out of vaccination programs will allow us to host you live in Essen next year.

In my address today, I want to run you through the resilient financial performance HOCHTIEF has achieved in 2020 and provide you with our positive outlook for 2021.

In addition, I want to spend some time detailing the Group's long-standing commitment to ESG – **Environmental, Social and Governance** topics, in particular in terms of **Sustainability**.

And I will also update you on Nexlore. Several years ago, we envisioned a sustainable journey driven by a **twin transition: green and digital**. In 2018, we created Nexlore, a digital initiative to make HOCHTIEF more efficient and

sustainable and to spread our knowledge as the best way to build the world of tomorrow.

Page 2 of 17

But let me begin with a few words about our **response to the corona crisis** and the efforts of our employees.

Even in normal times our employees accomplish unique projects and deliver top performances. Managing unforeseen challenges is part of our daily routine. Whether this involves surprising conditions or changing requirements of our clients. Our teams are used to dealing with all this.

Since the outbreak of the virus, they have exercised great discipline in adapting to frequently changing circumstances and have been working as far as possible at home and complying with the local regulations.

HOCHTIEF responded to the pandemic situation at an early stage and established infection control policies in line with the conditions in each country. Those policies are continually revised and adapted to keep on top of the current infection situation and incorporate new knowledge as it emerges. Their purpose is to safeguard the health of everyone involved and ensure that operations continue to run as smoothly as possible.

Public authorities have recognized our professional corona management on many occasions. Furthermore, the employee survey in Europe in November 2020 showed that the employees see the pandemic management at HOCHTIEF positively: 80 percent indicated that HOCHTIEF has adapted well or very well to the situation and has taken the necessary steps. All in all, the success of the measures taken combined with workforce discipline have helped to avoid any major outbreaks.

HOCHTIEF's pandemic response continues through extensions and upgrades to hospitals to create safer environments and build capacity for Covid-19 patient care: Turner provided support to more than 50 hospitals in the United States. The company quickly developed new and additional healthcare

facilities. Turner's work resulted in adding capacity to care for more than 4,000 patients. In addition, Turner built temporary testing sites and completed infrastructure upgrades to healthcare facilities. In Cleveland, our team turned an educational building into a 1,000-bed Covid-19 hospital in just 18 days. Additionally, we designed, built and commissioned a new hospital for the U.S. Army Corps of Engineers. This was completed from start of design to construction completion in 24 days. At the end of March, Turner won the contract for a new state-of-the-art hospital in Washington, D.C.

Page 3 of 17

CIMIC is also supporting community efforts to reduce the spread of the coronavirus.

Our construction sites and service locations have kept operating despite the more challenging conditions. In the U.S., for example, we deployed an in-house corona app specifically developed for use on construction sites.

We are currently offering comprehensive tests to our employees.

I would like to move on to tell you about some of the projects we have been working on or have completed during 2020.

In 2020, Turner completed the **SoFi Stadium** in Los Angeles, California. The 100,000-capacity sports complex is home to two National Football League (NFL) teams and has been chosen as the venue for the Super Bowl in 2022. Furthermore, it will host the opening and closing ceremonies of the Olympic Summer Games in 2028. You can see a photo of this impressive stadium on the front cover of our Group Report.

The **Spiral**, a building project being developed by Turner, will be a 65-floor addition to the New York skyline and features a cascading series of landscaped terraces and hanging gardens as its signature element.

A Turner-Flatiron joint venture has been awarded a contract to build a new USD 2.3 billion terminal at **San Diego International Airport**. The more than 110.000 square meter building with 30 gates will replace the existing 1960s era

terminal. Construction will begin in late 2021 and will offer a range of sustainable and energy-efficient features including an underground fuel-delivery system to reduce the need for trucks to deliver fuel to aircrafts and thus result in less emissions and quicker turnarounds at the gates.

Page 4 of 17

In Australia meanwhile CIMIC's UGL has recently been confirmed as the successful bidder for the operation and maintenance of rail infrastructure for the **Country Regional Network in New South Wales** which provides a reliable and sustainable rail network in the region. CIMIC and UGL are proud to keep this essential service running across more than 2,300 kilometers of rail and we're pleased to do so with a strong commitment to indigenous and regional employment. The 10-year agreement is expected to generate revenue to UGL in excess of AUD 1.5 billion.

Australia's biggest public transport project, the **Sydney Metro** extension, involves several CIMIC Group companies. It is pioneering in terms of environmental protection and resource conservation in various respects. For example, over 500,000 tons of sandstone from excavation of the 15.5-kilometer twin tunnels that were finished in early 2020 was reused in its entirety in the construction of Western Sydney International Airport. The material now provides the foundation for the runways.

The first phase of the **Canberra Light Rail** project in Australia delivered by CPB Contractors and operated by UGL was awarded a leading rating for sustainability by ISCA in 2020. One hundred percent of the electricity needed to power the light rail vehicles as well as for the maintenance and administration buildings is renewable energy—including from roof-mounted solar panels. Rainwater is harvested and reused to water trees and plants along the route. The volume of concrete and steel required in construction of the track was significantly reduced through the use of a fiberglass reinforcing material, which is lighter than steel and has double the tensile strength.

Back here in Germany, in March this year, our teams delivered a unique maneuver in **bridge construction** when we moved the almost one-kilometer-long Lennetal Bridge on the A45 highway into its final position. The colossus

made of steel and concrete weighing 30,000 tons was moved more than 19 meters sideways in the course of precision work lasting 6.5 hours. It is located just a few centimeters away from a twin bridge, across which traffic was at the same time flowing in both directions. Never before has anyone attempted to move a bridge with this dimension in such a way. HOCHTIEF is currently implementing numerous large-scale bridge projects in Germany. Amongst others here in North Rhine-Westphalia we have been awarded the new construction to replace the A40 highway Rhine Bridge in Duisburg and the continuation contract for the construction of the A1 highway bridge over the River Rhine in Leverkusen. This means the company is now responsible for building the two most important bridges over the River Rhine in this region.

Page 5 of 17

In 2020, HOCHTIEF won the contract for the refurbishment of a **listed historical monument comprising four office buildings in Berlin**. The heritage-protected office complex from the 1950s is to be adapted to the latest safety standards and to be optimized from an energy perspective. HOCHTIEF has extensive experience in the careful redesign of historical buildings.

Operational 2020 Results

Meine lieben Aktionäre,

Let us take a closer look at the key financial performance indicators.

HOCHTIEF delivered a **resilient set of results** in 2020 notwithstanding the impact of Covid-19. Nominal net profit of EUR 427 million was achieved and EUR 477 million at the operational level. The Group delivered net cash from operating activities of EUR 1.1 billion and finished the year with an order book of close to EUR 46 billion.

The economic impact of Covid-19 and the associated mobility restrictions imposed by governments had a very significant effect on profits at toll road operator **Abertis**:

- Adjusting for the EUR 139 million year-on-year reduction in the contribution from the Group's 20% Abertis stake, HOCHTIEF's **operational net profit** declined by just 9.6%.

Page 6 of 17

Group margins remained firm on underlying **sales** of EUR 23.7 billion which were 6% lower year on year f/x-adjusted.

The Group generated **net cash from operating activities** of EUR 1.1 billion on an underlying basis with a solid performance in the seasonally strong fourth quarter which accounted for over 80% of the Group's annual figure.

HOCHTIEF ended 2020 with a **net cash position** of EUR 618 million.

During the year, HOCHTIEF paid a dividend to its shareholders of EUR 406 million, invested EUR 168 million in buying back its own shares with a further EUR 170 million in buybacks by CIMIC. Furthermore, close to EUR 104 million was invested to acquire 2.8% of CIMIC with the Group's stake standing at 78.6% at the end of the period.

Adjusting for the Group's **shareholder remuneration** and non-operating effects, we would show a net cash position of EUR 1.6 billion which compares with EUR 1.5 billion at the end of 2019.

Notwithstanding the impact of Covid-19, **new orders** of EUR 23.1 billion were secured, equivalent to about 1.0x work done during the prior-year period with a disciplined bidding approach maintained across all divisions.

As a consequence, the Group's **order book** remained robust at approximately EUR 46 billion, stable compared with twelve months ago, f/x-adjusted.

Now let us turn to the financial performance of our divisions.

Americas continued to deliver an outstanding performance in 2020.

Sales were solid at EUR 14.7 billion, 2% lower in local currency terms.

Operational PBT advanced by 5% year on year to EUR 337 million with a robust margin of 2.3% compared with 2.1% in 2019.

Page 7 of 17

Americas continues to achieve strong cash generation. During 2020, the division delivered a high level of underlying **net cash from operating activities** of EUR 673 million, almost in line with the previous year's record level, despite the impact of the pandemic.

The divisional **net cash** position at the end of December 2020 stood at EUR 1.4 billion, up EUR 93 million year on year in local currency terms.

The **order situation** at Americas remains robust with the **order backlog** ending 2020 at EUR 22.6 billion, an increase of 5% year on year on an f/x-adjusted basis. **New orders** of EUR 15.4 billion during 2020 were at a similar level to 2019.

For 2021, we target an operational pre-tax profit of EUR 320 to EUR 350 million for Americas.

Let's move to **Asia Pacific**:

The contribution of the **Asia Pacific** division reflects HOCHTIEF's holding in CIMIC (78.58% at the end of December 2020 versus 72.80% a year ago) as well as associated financing and holding costs, and the impact of variations in the Australian dollar/Euro exchange rate.

- The increased stake is a consequence of the EUR 104 million investment in CIMIC shares in March 2020 as well as the EUR 170 million share buyback carried out by our Australian company during the year.

HOCHTIEF Asia Pacific's **profit before tax (PBT)** in 2020 was EUR 534 million on **sales** of EUR 6.9 billion.

At the end of the period, the divisional **net cash** position stood at EUR 114 million. The division's **order book** ended 2020 at EUR 18.9 billion, stable during the last quarter of the year and -7% year on year.

CIMIC completed the **sale of 50% of its contract mining business**, Thiess, at the end of 2020 and generated cash proceeds to the Group of EUR 1.3 billion.

Page 8 of 17

For 2021, CIMIC plans to achieve a net profit after tax of AUD 400 to 430 million.

HOCHTIEF Europe:

Our Europe division achieved solid results in 2020 with higher sales, cash flow and profits (f/x-adjusted) despite the impact of Covid-19.

Sales were 3% higher compared with 2019 at EUR 1.3 billion, reflecting a disciplined bidding approach. **Operational net profit** of EUR 56 million increased year on year when adjusted for the impact of f/x movements helped by solid performances from Construction and PPPs.

Europe generated strong **net cash from operating activities** of EUR 121 million in 2020, up EUR 79 million year on year.

At the end of December 2020, the division's balance sheet showed a strong **net cash position** of EUR 544 million.

New orders remained at a firm level with EUR 2.0 billion of work secured during the last twelve months equivalent to 1.3x work done. The divisional **order backlog** ended 2020 at EUR 4.3 billion representing visibility of over 2.5 years.

For 2021, we plan for HOCHTIEF Europe to achieve an operational pre-tax profit of EUR 40 million to 60 million.

I'd like to highlight that the share of **German business** in new orders and order backlog has increased steadily since 2018 and currently represents 6.6% of our order book.

Now let's look at **Abertis:**

The contribution to HOCHTIEF reflects the Group's 20% share in Abertis.

The **net profit** contribution from our toll road investment was minus EUR 17 million compared with plus EUR 122 million in 2019, reflecting the impact from Covid-19. This represents a year-on-year variation of EUR 139 million.

Page 9 of 17

Abertis' **average daily traffic** development in 2020 saw a strong decline in March after extensive lockdown measures were enforced by governments in key markets due to Covid-19. Since end-April, traffic trends have shown improvements but with variations driven by regional mobility restrictions. Overall, average daily traffic saw a decrease of 21% in 2020.

On a comparable basis, **revenues** of over EUR 4.0 billion were 18% lower year on year. **EBITDA** declined 23% to EUR 2.63 billion and **net profit** came in at EUR 365 million pre purchase price allocation.

- In June 2020, Abertis and GIC closed the acquisition of toll road company RCO (Red de Carreteras de Occidente), one of the largest transport operators in Mexico. Abertis acquired a 53.1% equity stake for EUR 1.5 billion and is fully consolidating its investment. RCO manages 876 kilometers of toll roads across five concessions with a duration until 2048, including the primary connection between Mexico's two largest cities—Mexico City and Guadalajara—located in the country's fast-growing industrial corridor.
- In December 2020, Abertis closed the acquisition of a 55.2% stake in the Elizabeth River Crossings concession in the U.S. for EUR 585 million equity. ERC operates four tunnels and a highway in the state of Virginia under a 58-year concession which has 50 years remaining.

Abertis' strategic plan focuses on investments in new assets in order to perpetuate the duration of cash flows and to diversify the portfolio geographically.

The return on our investment in Abertis continues to be attractive. In 2020, a total dividend of EUR 875 million was distributed of which EUR 173 million to HOCHTIEF. The Abertis board has agreed a dividend policy of EUR 600 million

per annum for 2021 and 2022. In recent days, HOCHTIEF has received EUR 119 million as dividend for 2021.

Page 10 of 17

Looking forward, we expect our Abertis stake will return to make a positive net contribution in 2021, subject to market conditions.

Strategy

A leading infrastructure group in developed markets, HOCHTIEF has a well-balanced business profile in terms of cash flow visibility, business mix and geographic diversification supported by a solid balance sheet. And pivotal to our strategy is our **twin transformation** with the strong focus on Environmental, Social and Governance priorities and on digitalization.

We aim to further strengthen our company's positions in their core developed markets and leverage growth opportunities. At the same time, we are committed to sustainable, **cash-backed profitability** and a rigorous approach to risk management.

This is reinforced by the long-standing competitive strength of our subsidiaries in their local markets with the aim to further develop their leading positions and address new growth opportunities.

Active and disciplined capital allocation is a high priority for us. We continue to focus on potential strategic growth opportunities to create sustainable value for all our stakeholders. And a key ingredient of our capital allocation approach is sustainable **shareholder remuneration**.

As a consequence of HOCHTIEF's resilient performance, the Supervisory and Executive boards, under Item 2 of the Agenda, propose a **dividend for 2020** of EUR 3.93 /share or about EUR 278 million in absolute terms

- This represents an **unchanged payout ratio** of 65% of nominal net profit and it will bring the total dividend distributed by

HOCHTIEF to its shareholders since 2012 to almost EUR 1.9 billion

Page 11 of 17

- o Additionally, over this period the Group has returned about EUR 800 million via HOCHTIEF **share buybacks**, including EUR 168 million in 2020. This gives a total shareholder remuneration 2012 to 2020 of EUR 2.7 billion.
- o An investor who bought a share of HOCHTIEF towards the end of 2012 at around EUR 38 per share would since have received EUR 23.16, in dividends and in addition would own a share which was worth EUR 79.6 at the end of 2020. This is equivalent to a return (IRR) averaging 14% per annum over the last eight years.

ESG and Innovation

As you may know, HOCHTIEF is one of the world's leading infrastructure groups in terms of Environmental, Social and Governance topics or ESG.

Sustainability, specifically, is one of our guiding principles for how we approach and manage our business and a cornerstone of our strategy.

Our long-standing commitment to sustainability is reflected, for example, by our listing in the **Dow Jones Sustainability Index**. This index incorporates the most Sustainability-focused companies and we are proud to have been a member for the last fifteen years. In addition:

- **MSCI** has awarded HOCHTIEF a **strong AA ESG rating**
- **Sustainalytics lists** HOCHTIEF as a top 10 company in its global sustainability ranking for our industry
- And we are also recognized for our efforts on climate change by the **Carbon Disclosure Project (CDP)**

Furthermore we also fully support the **UN Global Compact principles**, are committed to the United Nations' Sustainable Development Goals and the United Nations Guiding Principles on Business and Human Rights, among others.

Now we are **further accelerating** our efforts on environmental, social and governance priorities, leveraging the digital technologies we are developing, in order to be prepared for the upcoming ESG regulation, increasing around the globe and led by European countries and to continue our business transformation. The Executive Board is leading this twin transition: green and digital, which is a key element of our strategy.

Page 12 of 17

Environmental

We are updating our sustainability drive with our **new 2021 to 2025 sustainability plan** so that all decisions made by HOCHTIEF, from the board to the last link in our value chain, take ESG criteria into account and add-up to the company's sustainable value creation. We are working to adapt the new sustainability challenges, in response to the global framework of sustainable finance, including the Taxonomy. HOCHTIEF fully supports the goals of the Paris Climate Agreement to stop global warming and to achieve climate neutrality by 2050 and our ambition is for the Group to reach this objective well ahead of schedule. We are working on **science-based carbon reduction targets**.

Our customers value our range of services in this field. HOCHTIEF had revenues in 2020 from green building projects worth EUR 8.3 billion. We are the **leaders in green building in the U.S.** and embrace the trend toward making the industry more and more sustainable. Turner has completed more than 1,200 green building projects and it has more LEED-accredited professionals (the key sustainability metric in the U.S. building market) than any other construction firm and accumulates around USD 60 billion of green building project experience.

We are working with leading suppliers and subcontractors to significantly improve the environmental footprint of the machines and supplies used. We anticipate significant further progress in the future by, for example, using hydrogen for steel and concrete production as well as the use of electric-powered construction machinery that runs on green electricity.

Social

The **social component** of sustainability at HOCHTIEF has just been reinforced by our updated Human Rights policy, which is also available on our website. The Group keeps working on its strong commitment with human rights, reinforcing and widening the scope of human rights due diligence measures and procedures for the identification and mitigation of the potential human rights risks present in its entire value chain.

Page 13 of 17

Our staff's diversity in terms of age, gender, citizenship, religion, and background is something we as an international group care deeply about. The diversity of our teams positively influences their performance. Diversity is an integral part of human resources processes at HOCHTIEF.

Special programs are set up to prevent bias, such as in application processes. Numerous employees at CIMIC, for example, have taken part in bias training or in training on equal opportunities and anti-discrimination. A workplace culture of inclusion and increased responsibility at management level are a special focus at CIMIC.

In North America, Turner and Flatiron take a clear stance on diversity. Racism and discrimination are not tolerated in either company, or in any other HOCHTIEF unit. To further raise awareness of these human rights issues, our subsidiaries have special training programs in place that are to be further stepped up in 2021. Industry publication Construction Dive named Turner Company of the Year in December 2020 for its leadership role, writing that, with its unequivocal stance, Turner had served as a role model in the industry and shown how to respond to racist attitudes and actions on construction sites.

Governance

The Governance aspect of ESG is also a top priority for us and I would like to mention some of the key elements we focus on.

In terms of **Corporate Governance**, the Executive Board is committed to managing HOCHTIEF in the interest of all its stakeholders with particular

attention given to assessing long-term opportunities and the approach to risk management.

Page 14 of 17

The interests of all shareholders are strongly **aligned** with those of management via the existing remuneration structures. ESG targets are already a part of the variable remuneration of the executive management team. Variable compensation accounts for 60% of the direct compensation of the Executive Board. And this variable element is strongly geared to the long-term sustainable development of the Group.

Compliance is key in delivering our corporate principles particularly in terms of our codes of business conduct.

- During 2020, our employees completed over 87,000 compliance trainings; this is equivalent to almost two per employee.

And we attach great importance to ensuring that our high standards extend to the entire **supply chain** and that human rights apply to everyone who works on our projects, through the proactive implementation of our human rights due diligence program which is subject to an ongoing improvement process. We only work with partners who are committed to our values and we are increasing our efforts to ensure to get them monitored and certified.

A key tool to drive our ESG strategy to the next level is **digitalization**.

Our innovation hub **Nexplore** is working on numerous solutions that are enabling us to shape the construction process in a more sustainable, efficient and also significantly more cost-effective manner. We are developing more sustainable processes, optimizing logistics with the help of Blockchain, artificial intelligence and machine learning.

Joining forces with leading tech firms and universities, including the Massachusetts Institute of Technology and the University of Darmstadt, and together with our worldwide operational project teams, Nexplore has launched a first set of hardware and software applications. These are already in use on construction sites in the USA, Europe, Hong Kong, and Australia. They allow us

to monitor real-time construction progress on major projects, keep continuous track of work quality, identify potential savings with our machinery and analyze complex contracts among other things.

Page 15 of 17

- During the first quarter of 2021, we have already launched a software tool, based on Internet of Things, that measures and monitors, in real time, the energy consumption at job sites. Soon, we will also be able to measure other consumables, like water or fuel consumption.
- Another application under development, based on Blockchain technology, will allow us to trace the life cycle of concrete from production to site delivery enabling the reduction of CO₂ emissions.

Digital technology directly helps the people who work on our projects. For instance, Nexplora has invented sensors that warn excavator operators of potential accidents involving people. In initial projects, we are testing robots that use image recognition and artificial intelligence to measure the moisture content of concrete and detect hidden risks.

Recently, Nexplora joined the MIT Climate and Sustainability Consortium. It brings together an alliance of leaders from a broad range of industries such as Apple, IBM, Boeing, Dow or PepsiCo and aims to vastly accelerate large-scale, real-world implementation of solutions to address the threat of climate change. The consortium is developing an ambitious implementation strategy for environmental innovation to meet the urgency of climate change.

Our twin transformation drive in digitalization and sustainability is for the benefit of the people on our projects, the environment, our customers and all other stakeholders and enables us to further strengthen HOCHTIEF's leading market positions.

Safety

Every accident is one too many. And every fatal accident is a tragedy.

We are working continuously on identifying workplace-related risks early and on improving prevention.

Page 16 of 17

It is with the greatest regret I have to inform you that despite all our efforts, four fatal accidents occurred on construction sites of our Group last year.

On behalf of the Supervisory and Executive Boards and all HOCHTIEF employees, I would like to express my deepest sympathies to the families and friends of the colleagues that passed away.

Improving safety is a key objective and one of our guiding principles.

HOCHTIEF has tracked the lost time injury frequency rate (LTIFR) as a non-financial performance indicator since 2015. In accordance with International Labour Organization standards, the LTIFR captures the number of accidents per million hours worked. The accident rate has been reduced to 0.87 (versus 1.19 in 2019).

We will consistently continue on this path with our ultimate goal of zero accidents on our construction sites.

Outlook

I would like to conclude by giving you an outlook for the current fiscal year and beyond.

Demand for economic and social infrastructure remains strong. Furthermore, numerous **stimulus plans** have been announced by governments in our key markets including:

- In the U.S., the new President announced an **infrastructure plan worth USD 2.3 trillion** over eight years. This so-called American jobs plan currently being debated in the U.S. Senate earmarks USD 621 billion specifically for transportation infrastructure and a further USD 689 billion on social infrastructure including schools, hospitals and broadband Internet.

- Regional governments in Australia have announced increases in capital investments which will see close to **AUD 300 billion invested in infrastructure** projects during the next four years with a further AUD 14 billion of new and accelerated transportation projects driven by the Federal government
- And back here in Europe, the EU's Green Deal aims to transform the EU's economy for a sustainable and climate neutral future by 2050. This objective is supported, in the near term, by the **EUR 750 billion pandemic recovery fund** which is expected to provide an important infrastructure investment boost.

Page 17 of 17

Currently, our local teams have identified a **project tender pipeline** of relevant projects worth over EUR 570 billion at the end of 2020 supported by EUR 180 billion in PPP projects in addition to the numerous stimulus packages just mentioned.

Our liquidity position remains strong with more than EUR 5 billion of cash and cash equivalents in our balance sheet and with additional unused credit facilities of around EUR 2 billion. This puts us in a strong position facing the hopefully final months of the pandemic. The positive fundamental outlook and strong balance sheet have been reflected in the recent issuance of an 8-year EUR 500 million rated HOCHTIEF bond that we were able to issue in April at very attractive conditions with a coupon of 0.625% and a yield to maturity of 0.77%.

In terms of our **guidance** for 2021, we are aiming for an operational net profit between EUR 410 million and EUR 460 million, subject to market conditions. This represents an increase of 11 to 25% year on year compared to EUR 368 million of 2020 adjusted for the divestment of 50% of Thiess.

At the end of my speech, I want to personally thank all of you, our shareholders, for attending our virtual AGM today and for your ongoing support.

Please take care of yourselves and your families and I trust that next year we will finally be able to all meet in person.