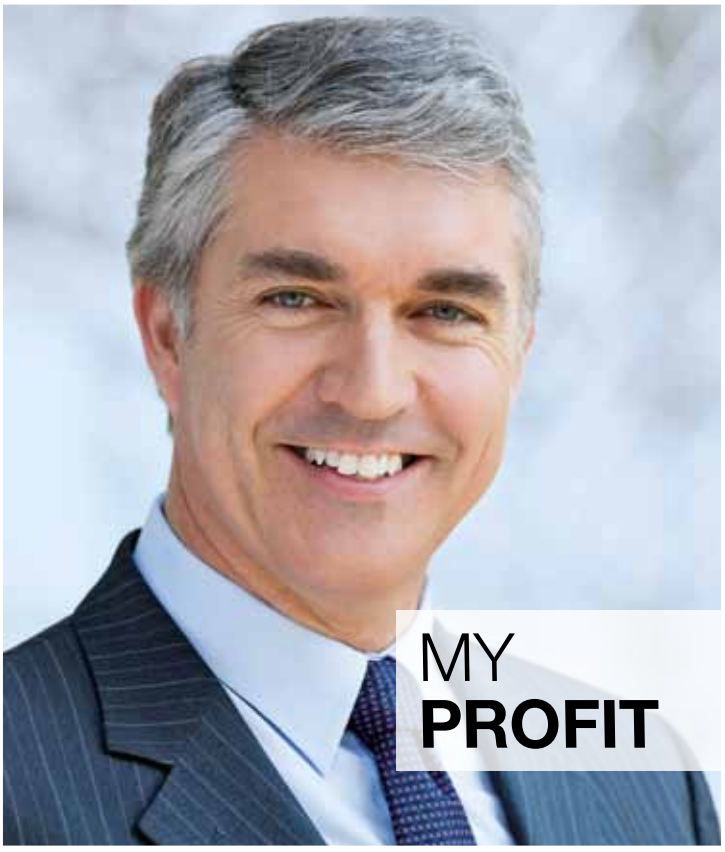
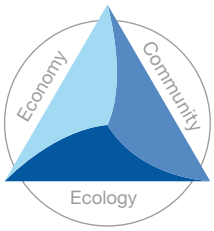
Group Report 2014
Combined Annual Report and Sustainability Report



We are building the world of tomorrow.

HOCHTIEF



Group Report 2014

Combined Annual Report and Sustainability Report

With this Group Report, we have amalgamated our annual financial and sustainability reporting for the first time into a combined report.* Our aim in this is to help present a transparent, 360-degree perspective on economic, ecological, and social aspects and demonstrate their importance for the sustained success of our Group.

*For further information, please see the Foreword by the Chairman of the Executive Board (page 9) and the interview with Nikolaus Graf von Matuschka, Member of the Executive Board (on our website at www.hochtief.com/interview-eb).

**For further information, please see the Audit Report on pages 262 and 263.

Information on this Report:

We keep our stakeholders (interest groups) informed and engage them accordingly. As part of this, we have regularly published environmental or sustainability reports in addition to our annual reports since 2001.

HOCHTIEF Group Report reporting period and cycle: In this combined Group Report, we have opted to present a synopsis of relevant sustainability topics. For additions and further information, please see www.hochtief.com/gr2014. The reporting period is January 1 to December 31, 2014 and follows on from that of the HOCHTIEF Annual Report 2013 and Sustainability Report 2013, which were published in February 2014. Where data relates to a different reporting period, this is indicated separately. The next combined Group Report will appear in February 2016.

***For further information on GRI and UN Global Compact, please see pages 265 to 266.

www.unglobalcompact.org.

Report content: The sustainability content in this report has been developed on the basis of already existing internal processes. The relevant information was either requested from Group operational units or originated from official HOCHTIEF documents. The accounting-related content has been checked by the staff in charge of the individual issues and has undergone independent review (limited assurance).** This also includes articles outside of the Management Report. Certain companies in HOCHTIEF's international business portfolio have management systems of their own and take national laws as their guideline. This precludes compiling standardized data on sustainability topics for the entire Group. We indicate any limits of coverage in this report wherever they apply. The goals described in this Group Report are based on the assumption that the HOCHTIEF Group will continue to operate in its current form.

International reporting standards: The Group Management Report and the Notes to the Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS). With regard to sustainability and reporting quality, the HOCHTIEF Group Report 2014 follows the Global Reporting Initiative (GRI)*** G4 Guidelines and covers the material aspects. This Group Report also serves as our report on progress in implementing the UN Global Compact principles. HOCHTIEF's Group Report 2014 is also published on the Global Compact website as the required annual Communication on Progress (COP).

Visual concept

Cover:
HOCHTIEF ranks among the world's leading construction groups. Our subsidiaries and associated companies carry out complex and sophisticated building construction and infrastructure projects across the globe, shaping the cityscape of modern metropolises—such as Hamburg in Germany.

Photo spreads:
Sustainability is the way we work, actively nurturing the relationship between the economy, ecology, and community. Our aim is to give due account to all three in each of our projects. The photo spreads that follow are a common thread running through the Report, showcasing examples of how we deliver on this goal. Here we provide initial information; for further details, please see the Segment Reporting section and www.hochtief.com.

Group Report 2014

The Group Report is available as a PDF document at www.hochtief.com/reports. The print version is also available from the same source.

Gross references

★ Page reference in the Group Report

This symbol indicates content supplementary to the Group Report, available on the HOCHTIEF website at www.hochtief.com and on the Internet pages of our subsidiaries. We additionally indicate the corresponding links.

Wherever you see this symbol in the report, you will find links to websites whose URLs are indicated on the relevant pages.

HOCHTIEF stands for transparency, sustainability, and innovation.
To underscore these aspirations and commitments, HOCHTIEF is a member of various organizations and complies with their guidelines and standards. In 2014, our company was once again included in established sustainability rankings and indexes, which meant that our commitment was recognized by external experts. Here is a selection:

Transparency International
Member since 1999

International Labour Organization (ILO)
Member since 2000

United Nations Global Compact
Member since 2008

Code of Responsible Conduct for Business
HOCHTIEF committed to this voluntary code of conduct in 2010.

German Sustainability Code
HOCHTIEF made a compliance declaration regarding the German Sustainability Code.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Dow Jones Sustainability Indices
In 2014, HOCHTIEF again qualified for the Dow Jones Sustainability Europe Index—still as the sole German construction group.

Carbon Disclosure Project (CDP)
HOCHTIEF is listed in the Climate Disclosure Leadership Index 2014 and Climate Performance Leadership Index 2014 of the Carbon Disclosure Project (CDP) for Germany, Austria, and Switzerland.

You can find further information at
www.hochtief.com/commitments.

B.A.U.M. e.V.
Bundesdeutscher Arbeitskreis für Umweltbewusstes Management e.V.

HOCHTIEF has been a member of this group promoting environmentally aware management since 2002. It gives its support, both as a matter of principle and financially, to the variety of measures the group takes to ensure forward-thinking, all-round environmental protection.

encord
In 1989, HOCHTIEF was a founding member of encord, the European Network of Construction Companies for Research and Development.

MSCI World ESG Index
HOCHTIEF is the sole German construction group represented in the MSCI World ESG Index, which lists companies highly committed to environmental, social, and governance (ESG) issues.

FTSE4Good Index
HOCHTIEF continues to be listed in the FTSE4Good Index. Compiled by the London provider FTSE, this index comprises companies that excel in matters of sustainability within their sector.

Stifterverband für die Deutsche Wissenschaft

Gründungsmitglied der DGNB
Deutsche Gesellschaft für Nachhaltiges Bauen
German Sustainable Building Council

HOCHTIEF Americas Division

The HOCHTIEF Americas division coordinates the activities of HOCHTIEF's companies in the USA and Canada.

Through our subsidiary Turner, we are the number one general builder in the USA. The company comes top in the healthcare facilities, office properties, sports facilities, and hotels categories, among others. The same goes for sustainable "green" building, where the tradition-steeped company ranks among the pioneers and drivers in that country.

Through our majority stake in the Canadian company Clark Builders, HOCHTIEF has stepped up activities in the Canadian construction market.

The services provided by civil engineering company Flatiron complement our portfolio in North America. Ranking among the top providers in U.S. transportation infrastructure construction, the company has operations in both the USA and Canada. In Flatiron, HOCHTIEF has created a mainstay in the public-private partnership* growth market for U.S. infrastructure projects.

With E.E. Cruz and Company, HOCHTIEF has enhanced its position in the civil engineering infrastructure market in the New York metropolitan area.

*See glossary on page 266.

For further information on the HOCHTIEF divisions, please go to
www.hochtief.com.

Our Company at a Glance in 2014

HOCHTIEF Aktiengesellschaft Corporate Headquarters (strategic and operational management holding company)

HOCHTIEF Asia Pacific Division

Through its majority share in the Leighton Group, HOCHTIEF holds the leading position in the Asia-Pacific region's infrastructure construction market. Its activities are pooled within the HOCHTIEF Asia Pacific division.

In the 2014 fiscal year, the Leighton Group's main operational units were Leighton Contractors, Thiess, John Holland**, and Leighton Properties in Australia, Leighton Asia, India and Offshore in Hong Kong and Southeast Asia, and the Habtoor Leighton Group in the Arab countries.

Following a comprehensive realignment in 2014, Leighton comprises operating companies for the construction, public-private partnership (PPP), engineering, and mining segments.

For public infrastructure measures, the Leighton Group acts as a partner in PPP projects to deliver services such as developing, financing, design, and operation in addition to construction services.

Leighton Group companies are among the leading players in their sectors and enjoy excellent reputations. The Leighton Group is also the world's largest contract miner.

HOCHTIEF Europe Division

The HOCHTIEF Europe division encompasses the core business in Europe and selected high-growth regions around the world. Since January 2014, operating activities have been conducted by four new subsidiaries and HOCHTIEF Projektentwicklung under the single roof of HOCHTIEF Solutions AG. This structure combines the advantages of operating more like a small- or medium-sized enterprise with the service range of an internationally experienced construction group. The new subsidiaries are HOCHTIEF Building, HOCHTIEF Infrastructure, HOCHTIEF Engineering, and HOCHTIEF PPP Solutions. They provide services primarily for infrastructure projects, building construction, and public-private partnerships as well as engineering services. The focus is on the transportation, energy, and social and urban infrastructure segments.

For public infrastructure measures, HOCHTIEF acts as a partner in PPP projects to deliver services such as financing, design, and operation in addition to construction services.

In many regions, HOCHTIEF is highly regarded as a market and innovation leader. Its outstanding technical expertise and engineering services coupled with an end-to-end approach count among the company's top strengths and have earned it an excellent international standing.

**John Holland was removed from the consolidated group with effect from December 12, 2014.

HOCHTIEF is building the world of tomorrow.

HOCHTIEF is one of the world's most relevant building and infrastructure construction groups, focusing on complex projects in the transportation, energy, and social and urban infrastructure segments as well as contract mining. We draw on our expertise in developing, financing, building, and operating gained in over 140 years of experience. Thanks to our global network, HOCHTIEF is on the map in the world's major markets.

Our expert staff create value for clients, shareholders, and HOCHTIEF alike. We set ourselves apart from the competition by way of innovative, one-of-a-kind solutions combined with our project and engineering know-how. That way, we enhance our company's profitability, ensure sustainable growth and raise client satisfaction.

At all times, we are aware of our responsibility to our clients, business partners, shareholders, and employees, as well as to our social and natural environment. With an eye toward our long-term success, we nurture the relationship between business, the environment, and social responsibility.

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*Operational figures excluding one-off impacts; adjusted fo sold assets.

HOCHTIEF Group: Key Earnings Variables* (operational)

(EUR million)	2014	2013 (restated)	change yoy (%)
EBIT	**864.5**	817.3	**5.8**
Profit before taxes	**644.0**	556.7	**15.7**
Americas	**117.5**	96.5	21.8
Asia Pacific	**583.3**	534.5	**9.1**
Europe	**(14.4)**	(44.6)	**67.7**
EBT margin	**2.5**	2.1	**0.4**
Americas	**1.4**	1.2	**0.2**
Asia Pacific	**3.9**	3.3	**0.6**
Europe	**(0.8)**	(2.2)	**1.4**
Net profit	**252.4**	173.0	**45.9**
Americas	**68.7**	61.9	**11.0**
Asia Pacific	**238.2**	215.1	**10.7**
Europe	**(27.8)**	(65.5)	**57.6**
Earnings per share (EUR)	**3.65**	2.40	**52.1**

*Adjusted for f/x effects and deconsolidation

HOCHTIEF Group: Key Order Book Variables* (operational)

(EUR million)	2014	change yoy (%)
New orders	**25,413.8**	1.1
Americas	**10,117.0**	35.7
Asia Pacific	**12,733.5**	(17.8)
Europe	**2,445.2**	18.2
Order backlog	**38,090.5**	(6.0)
Americas	**10,214.8**	10.1
Asia Pacific	**24,132.8**	(11.7)
Europe	**3,743.6**	(3.5)
External sales	**26,374.1**	0,9
Work done	**28,801.0**	1,4

HOCHTIEF Group: Key Cash Flow Variables

(EUR million)	2014	2013 (restated)	change yoy (%)
Cash flow from operations	**756.0**	280.9	**169.2**
Operating capital expenditure	**(433.9)**	(494.5)	**12.3**
Operating free cash flow	**322.1**	(213.7)	**250.7**
Net cash (+)/net debt (-)	**420.8**	(39.6)	**1162.6**

*Unless stated otherwise, the key figures only relate to continuing operations.

**Including discontinued operations

HOCHTIEF Group*: Key Nominal Figures

(EUR million)	2014	2013 (restated)	change yoy (%)
EBIT	**558.7**	901.3	(38.0)
Profit before taxes	**(177.1)**	529.8	–
Net profit**	**251.7**	171.2	47.0
Earnings per share (EUR)**	**3.64**	2.37	53.6
New orders	**21,529.7**	21,911.5	(1.7)
Order backlog	**35,704.2**	35,884.5	(0.5)
External sales	**22,099.1**	22,498.7	(1.8)
Work done	**24,305.9**	24,630.0	(1.3)
Employees (average for the year)	**68,426**	80,912	(15.5)

Divisonal figures are shown in the Segment Reporting section on pages 80 to 93.

Dear Shareholders and Friends of HOCHTIEF,

Marcelino Fernández Verdes, Chairman of the Executive Board

HOCHTIEF has completed a successful year 2014 which saw many changes. Our strategic goal is to enhance earnings quality, thus creating the basis for a sustained improvement of returns in the years to come. In delivering on this strategy, we have made substantial progress. I would like to briefly outline the most important achievements:

First of all, HOCHTIEF **transformed and de-risked** its **balance sheet**. At year-end 2014, we report, post divestment proceeds, over EUR 420 million of net cash compared to EUR 40 million of net debt at the end of 2013. All divisions have contributed to this EUR 460 million improvement, the largest impact coming from our HOCHTIEF Asia Pacific division. Our Group company Leighton further optimized its capital deployment, for example, in the contract mining business. Leighton succeeded in finding buyers for its subsidiary John Holland Group and the Services business within just a few months. We used part of the book gains to generate a general portfolio provision. In addition, we significantly reduced the amount of trade receivables by more than EUR 900 million. Thanks to our good net asset position and the strong balance sheet, we can considerably reduce our financing costs in future in order to benefit from the increasing demand for PPP models, among others.

Secondly, we have raised the **sustainability of earnings** and further improved profit in all divisions. We have exceeded our goal of generating operational net profit of EUR 225 to 250 million. At EUR 252 million, the figure is higher than our forecast. An important performance indicator for us is net cash provided by operating activities (operational cash flow) which improved sharply from 281 million to 756 million.

The improved operational cash flow shows that HOCHTIEF has systematically reduced risks in day-to-day business operations and gained better control of bidding and work processes. A look at our other business data also offers clear proof that we are on the right track with this strategy. Due to the transformation of the company the comparison of nominal figures is not meaningful. I would therefore like to explain the key operating variables to you in detail on a like-for-like basis. These figures illustrate that we have improved significantly in our core business.

Adjusted for one-off effects, operational earnings before tax (EBT) rose by almost 16% to EUR 644 million due mainly to an increased operational margin from 2.1 to 2.5 percent. Like-for-like operational net profit, at EUR 252 million, is above the guidance we issued for the past year and represents a 46% increase. All divisions—HOCHTIEF Americas, Asia Pacific, and Europe—contributed to this solid performance.

New orders amounted to EUR 25.4 billion and registered an increase of 1% compared with the prior-year figure on a like-for-like basis. This decline is mainly due to effects in the HOCHTIEF Asia Pacific division. The slightly lower level is a consequence of a more selective policy in taking on new business as well as from a shift of sales from LNG to infrastructure business where we expect strong sales and margin growth in the next few years. In the HOCHTIEF Americas and Europe divisions, the volume of new orders rose sharply, on a like-for-like basis, by 36% and 18%, respectively. Like-for-like work done, at around EUR 28.8 billion in total, remained at a high level. As before, the Group had a solid order backlog of EUR 35.7 billion at year-end.

We propose increasing the dividend by 27% per share from EUR 1.50 to EUR 1.90, including a special dividend of EUR 0.20 with which we want to let our shareholders participate in the successful sale of corporate units.

Let me now briefly outline the main developments:

- In the first half of last year, HOCHTIEF invested around EUR 615 million to raise its shareholding in Leighton to almost 70% from close to 58%. This underscores our confidence in our Australian Group company's long-term potential. This very significant investment was funded from excess cash.

- As we are convinced of our company's progress, we decided on October 1, 2014 to initiate another stock buyback program. The Company plans to buy back up to 6,916,000 shares of HOCHTIEF, equivalent to nearly 10% of its capital stock. The stock will be acquired exclusively through the Xetra trading system.

- During the year under review, we were able to sell other units no longer part of our core business:

  – In the HOCHTIEF Europe division, the agreement on the sale of our (50%) stake in aurelis Real Estate was announced in January 2014 and the transaction closed in mid-March. We subsequently sold our property management business in July. Later in the year, our offshore assets were sold. At the beginning of October, we completed another key step in implementing our strategy by selling formart, one of Germany's leading residential developers.

  – As already mentioned, Leighton sold 50% of the service business to Apollo, an investment group. Leighton and Apollo further agreed to launch a 50:50 investment partnership. Additionally, a binding agreement for the sale of Leighton subsidiary John Holland Group to CCCC International Holding Limited (CCCI) was signed in December 2014. The total proceeds of around EUR 1.1 billion are to be used to pay down debt, strengthen the balance sheet, and finance future growth, particularly in the PPP segment. In the HOCHTIEF Asia Pacific division, Leighton is exploring divestment or partnership options for its property business.

Inherent in our vision is the motto "HOCHTIEF is building the world of tomorrow". Our goal is to become a market and technology leader in our target markets to develop HOCHTIEF into the most relevant infrastructure construction group driven by sustainable, profitable growth. We worked with great determination toward this goal and made significant progress once again in 2014.

Our strategy is to focus on our core business construction, mining and PPPs as well as maintaining a strong balance sheet.

Our HOCHTIEF Americas division had great success in acquiring projects and so continued to perform well thanks to numerous new orders. New orders reached a new record level.

Our subsidiaries in Europe and Australia similarly secured attractive contracts in their markets, adding to the HOCHTIEF Group's progress.

We acquired large-scale PPP contracts and others in the HOCHTIEF Asia Pacific division. Notably in Australia, PPP is a growing market thanks to the government's announcement of major investments in infrastructure projects. We also started implementing our strategy

during the reporting period and initiated an extensive realignment at Leighton to meet market needs even better. The new structure was already in place at the end of 2014, meaning that Leighton will comprise four operating companies for the construction, mining, public-private partnership, and engineering segments in the future.

We have completed the restructuring of the HOCHTIEF Europe division with the establishment of our three new operating subsidiaries—HOCHTIEF Building, HOCHTIEF Infrastructure, and HOCHTIEF Engineering—alongside the existing HOCHTIEF PPP Solutions. Moving beyond this, we will continue to adapt to the market environment on an ongoing basis. We aim to make HOCHTIEF more competitive in Europe in future as well as to increase profitability by creating leaner structures and more efficient processes.

For 2015, the Group expects an operating Group net profit in the range of EUR 220-260 million.

In this reporting year, we opted to publish our first combined Group Report by merging the content of our Annual Report and our Sustainability Report in order to document HOCHTIEF's environmental, economic, and social performance in the 2014. The interplay between these three aspects of our performance creates even greater transparency in our reporting and gives you a 360-degree view of our Company.

Our activities as a global construction group have an impact on people and nature alike. We aim to manage this impact in order to maximize the benefits for society and the environment while keeping the negative effects to a minimum. HOCHTIEF's goal is to help ensure safety and quality of life for this and future generations and to preserve our natural habitat. Our sustainability performance and transparent reporting were recognized again in the 2014 reporting year—including being listed on the Dow Jones Sustainability Index for the ninth year running.

HOCHTIEF made a commitment to sustainability a long time ago. In 2008, we joined the United Nations Global Compact Initiative and support its principles in the areas of human rights, labor laws, environmental protection, and anti-corruption. We work actively to foster these principles and put them into practice wherever possible. We take responsibility for all partners, subcontractors, and suppliers participating in our projects in the relevant regions.

2014 was again a year of change for HOCHTIEF. We took crucial decisions with an eye to long-term success and made significant progress. This was possible only because our employees shared in shouldering and shaping the change. On behalf of the Executive Board, I would like to thank all HOCHTIEF employees for their commitment and outstanding efforts.

Essen, February 24, 2015

Marcelino Fernández Verdes

Sustainability at HOCHTIEF

Focus Area Sustainable Products and Services

S10 Mühlviertler Expressway, Austria
Sweeping and speedy

Economy: Together with joint venture partners, HOCHTIEF Construction Austria completed an arched bridge over the Feldaist River valley in Upper Austria in November 2014. The structure with a span of 145 meters was part of package 4.2 of the S10 Mühlviertler Expressway, in which 1.5 kilometers of roadway were built. HOCHTIEF is also working on another section of this key project.

Ecology: A sustainable logistics concept reduced truck trips during the construction phase. HOCHTIEF treated some 400,000 cubic meters of rubble for use as bulk material or in processing cement.

Community: The new section of the S10 will help to significantly reduce traffic on the existing, heavily-traveled B310, especially in Freistadt.

Report of the Supervisory Board

Dear Shareholders,

Pedro López Jiménez, Chairman of the Supervisory Board

Throughout 2014, the Supervisory Board performed the tasks required of it by law and under the Company's Articles of Association. It continuously oversaw and regularly advised the Executive Board in its management of the Company and, in doing so, was involved in all decisions of fundamental importance. The Executive Board provided the Supervisory Board with regular, timely, and comprehensive reports, both written and verbal, on key aspects of the performance of the business and significant transactions. The Supervisory Board also received full information on the current earnings situation, the risk position, and risk management.

Four ordinary and three extraordinary Supervisory Board meetings were held in the past fiscal year. All members of the Supervisory Board have attended at least half of the meetings during their term in office. The Supervisory Board made its decisions on the basis of detailed reports and proposed resolutions submitted by the Executive Board. The latter also reported outside of meetings on particularly significant or urgent projects and transactions. The Supervisory Board adopted resolutions as required by law and the Articles of Association, where necessary by written procedure. The Chairman of the Supervisory Board was in constant contact with the Chairman of the Executive Board, enabling events of exceptional importance for the position and development of the HOCHTIEF Group to be addressed immediately.

Shareholder and employee representatives met separately on a regular basis ahead of Supervisory Board meetings to discuss agenda items for the meetings. When discussing some issues, the Supervisory Board met without the Executive Board.

Main points of discussion. The Supervisory Board dealt with a number of issues in 2014, with discussions focusing on matters related to the strategy of the Group as a whole and the divisions, in particular the increase in the stake in Leighton Holdings Limited in Australia to just under 70%. The main issues addressed by the Supervisory Board at its meetings were as follows:

At the financial statements meeting on February 26, 2014, the Supervisory Board primarily concerned itself with the 2013 annual and Consolidated Financial Statements. This is reported on in detail below. The Supervisory Board also devoted attention to the Compliance Declaration pursuant to Section 161 of the German Stock Corporations Act (AktG) and the agenda for the 2014 Annual General Meeting. The redemption of treasury stock in connection with a capital reduction was another key item on the agenda.

At its extraordinary meeting on March 7, 2014, the Supervisory Board turned its attention to the increase in the stake in Australian Group company Leighton Holdings Limited by way of a proportional takeover offer to all outside shareholders and gave the Executive Board its consent to carry out the action.

At the meeting preceding the Annual General Meeting on May 7, 2014, the Executive Board reported on the course of business in the first quarter and the upcoming Annual General Meeting. The Supervisory Board also concerned itself with a non-rated bond issue and matters related to Executive Board compensation. The section headed "Changes on the Supervisory Board

and Executive Board" reports on the appointment of two further members to the Executive Board.

At the extraordinary meeting on June 2, 2014, the Executive Board reported on the review of the corporate strategy of Leighton Holdings Limited and the restructuring measures planned in that context. The Supervisory Board discussed the Executive Board's report, taking note of and approving the measures introduced.

At its meeting on September 17, 2014, the Supervisory Board discussed the course of business in the first half of the year, devoting particular attention to the Asia Pacific and Europe divisions. In addition, the Executive Board reported on an ad hoc audit by Germany's Financial Reporting Enforcement Panel (FREP) of the (condensed) financial statements for the period ended June 30, 2014, which was initiated as a result of press reports. The Supervisory Board discussed the Executive Board's report and continued to be briefed on the matter at the subsequent meetings during the year.

For further information, please see www.hochtief.com/corporate-governance

At its extraordinary meeting on September 25, 2014, the Supervisory Board once again discussed matters related to compensation claimed by a former member of the Executive Board and adopted the necessary resolutions. The section headed "Changes on the Supervisory Board and Executive Board" reports on the handover of the role of Chairman of the Supervisory Board and the resolutions adopted in this regard.

The Supervisory Board held its final meeting of the fiscal year on December 19, 2014, when it discussed the course of business in the first nine months of the fiscal year. The Supervisory Board also dealt in detail with the operational, financial, and balance sheet planning for the period from 2015 to 2017. Deviations from plans and targets drawn up earlier were explained to the Supervisory Board by the Executive Board. Following discussion, the Supervisory Board received and approved the corporate planning submitted by the Executive Board. The Supervisory Board also dealt with the new arrangements for Supervisory Board compensation and adopted the necessary resolutions in this regard. The aim in restructuring compensation arrangements is to switch to purely fixed compensation. An appropriate amendment to the Articles of Association will be put to the 2015 Annual General Meeting.

Compliance at HOCHTIEF was on the agenda at several meetings. Focal points included the measures to improve the organizational structure and the implementation of new processes. The Executive Board reported on measures to implement these changes.

The past fiscal year saw the Supervisory Board deal once again with the recommendations under the German Corporate Governance Code. In accordance with Section 3.10 of the Code, the Executive Board provides a joint Executive Board and Supervisory Board report on corporate governance. That report is published together with the Declaration on Corporate Governance on the Company's website and in the Annual Report.

Also in 2014, the Supervisory Board examined the efficiency of its activities in accordance with Section 5.6 of the Code and discussed its findings and suggestions for improvements.

The Supervisory Board has four **committees** whose members are listed on page 21. The committees prepare topics and resolutions on the agenda at Supervisory Board meetings. In some cases, they also exercise decision-making powers transferred to them by

the Supervisory Board. The committee chairpersons regularly informed the Supervisory Board about the content and outcome of committee meetings.

The **Audit Committee** met three times in 2014. It looked in detail at the quarterly reports and the annual Financial Statements, which it discussed with the Executive Board prior to their publication. The Audit Committee also prepared to issue the auditors with the audit engagement, at the same time dealing with the focal points of the audit and the fee agreement. In addition, it looked at the statement of auditor independence. It devoted special attention to the Group risk management system and the internal control system in relation to the financial reporting process. Furthermore, the Audit Committee dealt with compliance-related issues as well as Internal Auditing's audit findings and audit planning. The wide range of other topics on committee meeting agendas in 2014 included reports on key projects in the HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe divisions.

The **Human Resources Committee** met three times, dealing mainly with the amount of Executive Board compensation and the structure of the compensation system. It also prepared the Supervisory Board's personnel-related decisions.

There was no need to convene a meeting of the **Nomination Committee** or the **Mediation Committee** pursuant to Section 27 (3) of the Codetermination Act (MitbestG) in 2014.

The Supervisory Board's **Executive Committee** and the **Strategy Committee** ceased to meet in the past fiscal year. The Supervisory Board dissolved both committees by amending its Code of Procedure. The tasks previously assumed by these two committees are now being performed by the full Supervisory Board again.

Conflicts of interest. Under the recommendations of the German Corporate Governance Code and related provisions in the Supervisory Board's Code of Procedure, members of the Supervisory Board are required to disclose any conflicts of interest immediately. No such disclosures were made in the year under review.

Annual Financial Statements 2014. The annual Financial Statements prepared for HOCHTIEF Aktiengesellschaft by the Executive Board in accordance with the German Commercial Code (HGB), the Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS), and the combined HOCHTIEF Aktiengesellschaft and Group Management Report for 2014, together with the bookkeeping system, were audited by and received an unqualified auditors' report from Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, the auditors appointed by the Annual General Meeting on May 7, 2014 and instructed by the Supervisory Board to perform the audit of the annual Financial Statements and Consolidated Financial Statements. The auditors also determined that the Executive Board had established a suitable early warning system for risk. The above-mentioned statements, the Annual Report, the proposal on the use of net profit, and the auditors' reports were sent to all members of the Supervisory Board in good time prior to the meeting of the Audit Committee on February 24, 2015 and the Supervisory Board's financial statements meeting on February 25, 2015. The Executive Board also provided verbal explanations at those meetings.

At the same meetings, the auditors responsible reported on the main findings of the audit and were available to provide further information. The Audit Committee scrutinized these statements and reports prior to the Supervisory Board's meeting and recommended that the Supervisory Board approve the annual Financial Statements, the Consolidated Financial Statements, and the combined Management Report. The Supervisory Board thoroughly examined the annual Financial Statements, the Consolidated Financial Statements, the combined Company and Group Management Report, and the proposal on the use of net profit, and concluded on completion of its examination that there were no objections to be raised.

Following its own appraisal and taking account of the Audit Committee's report, the Supervisory Board approved the results of the auditors' audit of the annual Financial Statements and Consolidated Financial Statements. The Supervisory Board has approved and thus adopted the annual Financial Statements and approved the Consolidated Financial Statements. It concurs with the proposal on the use of net profit submitted by the Executive Board.

Report in accordance with Section 312 of the Stock Corporations Act (AktG). The report on relationships with affiliated companies prepared by the Executive Board in accordance with Section 312 of the Stock Corporations Act (AktG) was audited by the auditors. This report and the auditors' report were sent to all members of the Supervisory Board in good time ahead of the financial statements meeting on February 25, 2015. The auditors who signed the audit report took part in the Supervisory Board's discussions on these documents and reported on the main findings of the audit. The Supervisory Board examined the report on relationships with affiliated companies and found it to be in order.

The auditors issued the auditors' report required by Section 313 (3) AktG as follows:

Based on our audit and assessment in accordance with professional standards, we confirm that

1. the actual disclosures in the report are correct;

2. the performance of HOCHTIEF AG in respect of the legal transactions referred to in the report has not been inappropriate.

The Supervisory Board received for inspection and approved the auditors' audit findings. On completion of its examination, the Supervisory Board does not raise any objections to the declaration issued by the Executive Board at the end of the report regarding relationships with affiliated companies.

Changes on the Supervisory Board and Executive Board. The Supervisory Board appointed Mr. Nikolaus Graf von Matuschka and Mr. José Ignacio Legorburo Escobar as members of the Executive Board with effect from May 7, 2014.

Mr. Thomas Eichelmann, the previous Chairman of the Supervisory Board, resigned his position as Supervisory Board Chairman and member with effect from September 30, 2014. At its extraordinary meeting on September 25, 2014, the Supervisory Board elected Mr. Pedro López Jiménez to succeed him as Chairman of the Supervisory Board.

Ms. Christine Wolff was appointed as a member of the Supervisory Board by decision of Essen Local Court on October 10, 2014.

The Supervisory Board thanks Mr. Eichelmann for his work and dedication as Chairman of the Supervisory Board.

The Supervisory Board expresses its thanks and appreciation to the Executive Board, the Group company management teams, and all employees for their work in 2014.

Essen, March 2015
On behalf of the Supervisory Board

Pedro López Jiménez
Chairman

Executive Board

The Executive Board of HOCHTIEF Aktiengesellschaft (from left):
Marcelino Fernández Verdes (Chairman of the Executive Board), José Ignacio Legorburo,
Nikolaus Graf von Matuschka, and Peter Sassenfeld

Marcelino Fernández Verdes, Chairman of the Executive Board

Born in 1955, Marcelino Fernández Verdes has been a member of the Executive Board of HOCHTIEF Aktiengesellschaft in Essen since April 2012. In November 2012, he was appointed Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft and assumed responsibility for the HOCHTIEF Asia Pacific division. In March 2014, he also became Chief Executive Officer (CEO) and Managing Director of HOCHTIEF's Australian subsidiary Leighton, and was elected Executive Chairman in June 2014.

Marcelino Fernández Verdes studied construction engineering at the University of Barcelona and has held a variety of positions in the construction industry since 1984. In 1997, he became General Manager of ACS Proyectos, Obras y Construcciones, and then took over as Chairman and CEO in 2000. Following the merger between Grupo ACS and Grupo Dragados in 2003, Mr. Fernández Verdes took office as Chairman and CEO of Dragados S.A. He served as Chairman and CEO of Construction, Environment and Concessions at ACS Actividades de Construcción y Servicios S.A. from 2006. Mr. Fernández Verdes was appointed to the Executive Committee of the ACS Group in 2000, and to the Board of Directors of ACS Servicios y Concesiones, S.L. (Chairman and CEO) in 2006.

Peter Sassenfeld, Chief Financial Officer

Born in 1966, Peter Sassenfeld has been a member of the Executive Board of HOCHTIEF Aktiengesellschaft in Essen since November 2011. As Chief Financial Officer (CFO) and Labor Director of the company, he is responsible for the corporate departments Mergers & Acquisitions, Controlling, Finance, Capital Markets Strategy/Investor Relations, Accounting, Tax, and Insurance.

Mr. Sassenfeld studied business administration at Saarland University. After his studies, he first performed various management functions at Mannesmann in Germany and abroad. Later he managed the worldwide mergers and acquisitions activities at the Bayer Group in Leverkusen. From October 2005, Mr. Sassenfeld worked for the KraussMaffei Group in Munich and from February 2007 as CFO of KraussMaffei AG. In May 2010, he took over as CFO of Ferrostaal AG in Essen.

Nikolaus Graf von Matuschka

Born in 1963, Nikolaus Graf von Matuschka has been a member of the Executive Board of HOCHTIEF Aktiengesellschaft in Essen since May 2014. He is responsible for the Group companies PPP Solutions and Real Estate in the Europe division.

Graf von Matuschka has held various management positions at HOCHTIEF since 1998, most recently as a member of the HOCHTIEF Solutions Executive Board starting in February 2013. In May, 2014 he was appointed Chief Executive Officer (CEO) of HOCHTIEF Solutions. Previously, Graf von Matuschka was directly responsible for several segments and regions of HOCHTIEF's European business. Graf von Matuschka has earned various qualifications in business administration, including two degrees from the University of Applied Sciences Utrecht.

José Ignacio Legorburo

Born in 1965, José Ignacio Legorburo has been a member of the Executive Board of HOCHTIEF Aktiengesellschaft in Essen since May 2014. On the Board, he holds the post of Chief Operating Officer (COO) and is responsible for the HOCHTIEF Americas division. In addition, he is responsible for the Group companies Building, Engineering, and Infrastructure in the Europe division.

In May 2014, Mr. Legorburo was appointed as a new Member of the Executive Board and Chief Operating Officer (COO) of HOCHTIEF Solutions. He has over 25 years' experience in the European construction sector. Most recently, he headed the ACS construction subsidiary Dragados as European Managing Director and expanded its business within Europe, with a particular focus on the UK. He was also responsible for other units at ACS, such as the building division of the construction company Vias. Previously, he worked as a civil engineer, project manager, and later Managing Director in the ACS Group from 1989. Mr. Legorburo studied civil engineering at the University of Madrid.

Boards

* Supervisory Board member representing employees

a) Membership in other supervisory boards prescribed by law (as of December 31, 2014)

b) Membership in comparable domestic and international corporate governing bodies (as of December 31, 2014)

Reporting date for memberships: December 31, 2014, or date of departure if membership ended during the course of the year

Supervisory Board

Pedro López Jiménez
Madrid, Chairman of the Supervisory Board of HOCHTIEF Aktiengesellschaft (from October 1, 2014), Member of the Board and of the Executive Committee of ACS, Actividades de Construcción y Servicios, S.A., Madrid
b) ACS Servicios y Concesiones, S.L. (Vice-Chairman)
ACS Servicios, Comunicaciones y Energía, S.L. (Vice-Chairman)
Dragados, S.A. (Chairman-in-Office)
Leighton Holdings Limited

Gregor Asshoff*
Frankfurt am Main, Deputy Chairman of the Supervisory Board, attorney-at-law and head of the Policy and Fundamental Issues department, Federal Executive Committee of the Construction, Agricultural and Environmental Employees' Union
a) Zusatzversorgungskasse des Gerüstbaugewerbes VVaG

Abdulla Abdulaziz Turki Al-Subaie
Doha, Managing Director of Qatar Railways
b) Barwa Bank
Qatar Construction & Engineering Company
Qatar Rail

Ángel García Altozano
Madrid, Corporate General Manager of ACS, Actividades de Construcción y Servicios, S.A., Madrid
b) ACS Servicios y Concesiones, S.L.
ACS Servicios, Comunicaciones y Energía, S.L.
Dragados, S.A.
Xfera Móviles, S.A. (Chairman)

Carsten Burckhardt*
Dortmund, Member of the Federal Executive Committee of the Construction, Agricultural and Environmental Employees' Union
a) Zusatzversorgungskasse des Baugewerbes AG
b) Dein Plus GmbH
DGB Rechtsschutz GmbH
Urlaubs- und Lohnausgleichskasse der Bauwirtschaft (ULAK)

José Luis del Valle Pérez
Madrid, Member and Secretary of the Board of ACS, Actividades de Construcción y Servicios, S.A., Madrid, and General Secretary of the ACS Group, Madrid
b) ACS Servicios y Concesiones, S.L.
ACS Servicios, Comunicaciones y Energía, S.L.
Cobra Gestión de Infraestructuras, S.A.
Dragados, S.A.
Leighton Holdings Limited

Thomas Eichelmann
Munich, Chairman of the Supervisory Board of HOCHTIEF Aktiengesellschaft (until September 30, 2014), Chief Executive Officer of ATON GmbH, Munich
a) EDAG Engineering AG (Chairman)
FFT GmbH & Co. KGaA
HAEMA AG
V-Bank AG
Wüstenrot & Württembergische AG
b) ATON US, Inc.
Bankhaus Ellwanger & Geiger KG (Chairman)
OrthoScan, Inc.
J.S. Redpath Holdings, Inc.

Dr. Michael Frenzel
Burgdorf, President of the Federal Association of the German Tourism Industry (BTW)
a) AXA Konzern AG

Dr. rer. pol. h. c. Francisco Javier Garcia Sanz
Braunschweig, Member of the Board of Management of Volkswagen Aktiengesellschaft, Wolfsburg
a) AUDI AG
Dr. Ing. h. c. F. Porsche Aktiengesellschaft
b) CAIXAHOLDING, S.A.
FAW-Volkswagen Automotive Company, Ltd.
Porsche Holding Stuttgart GmbH
Scania AB
Scania CV AB
SEAT, S.A.
Shanghai-Volkswagen Automotive Company Ltd.
VfL Wolfsburg-Fußball GmbH
Volkswagen (China) Investment Company Ltd.
Volkswagen Group of America, Inc.

Dr. Thomas Krause*
Bremen, Executive Vice President of HOCHTIEF Infrastructure GmbH International

Matthias Maurer*
Hamburg, Works Council of HOCHTIEF Infrastructure GmbH

Udo Paech*
Berlin, Works Council of HOCHTIEF Building GmbH (Northeast division)

Nikolaos Paraskevopoulos*
Bottrop, Member of the Group Works Council, HOCHTIEF Aktiengesellschaft

Klaus Stümper*
Lohmar, Chairman of the Works Council of HOCHTIEF Infrastructure GmbH (West division)

Olaf Wendler*
Sülzetal, Head of Human Resources Coordination Shell Construction/Industrial Construction (HOCHTIEF Building GmbH)

Dr. Jan Martin Wicke
Stuttgart, Chairman of the Executive Board of Talanx Deutschland AG, Hanover

a) HDI Lebensversicherung AG
HDI Versicherung AG
HDI Vertriebs AG
PB Lebensversicherung AG
PB Versicherung AG
Talanx Service AG
Talanx Systeme AG
TARGO Lebensversicherung AG
TARGO Versicherung AG

Christine Wolff
Hamburg, management consultant (from October 10, 2014)

a) Berliner Wasserbetriebe A. ö. R.
KSBG Kommunale Verwaltungsgesellschaft GmbH

Supervisory Board Committees

Audit Committee
Ángel García Altozano (Chairman)
Gregor Asshoff (Deputy Chairman)
José Luis del Valle Pérez
Matthias Maurer (until December 19, 2014)
Udo Paech (from December 20, 2014)
Nikolaos Paraskevopoulos
Dr. Jan Martin Wicke

Human Resources Committee
Pedro López Jiménez (Chairman) (from October 1, 2014)
Thomas Eichelmann (Chairman)
(until September 30, 2014)
José Luis del Valle Pérez (from December 19, 2014)
Dr. Michael Frenzel
Matthias Maurer
Klaus Stümper (from December 19, 2014)
Olaf Wendler
Christine Wolff (from December 19, 2014)

Nomination Committee
Pedro López Jiménez (Chairman) (from October 1, 2014)
Thomas Eichelmann (Chairman)
(until September 30, 2014)
Dr. Michael Frenzel
Christine Wolff (from December 19, 2014)

Mediation Committee pursuant to Sec. 27 (3) of the German Codetermination Act (MitbestG)
Pedro López Jiménez (Chairman) (from October 1, 2014)
Thomas Eichelmann (Chairman)
(until September 30, 2014)
Gregor Asshoff
Carsten Burckhardt
Dr. Michael Frenzel

Executive Board

Marcelino Fernández Verdes
Düsseldorf, Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft, Essen

b) Flatiron Holding, Inc.
HOCHTIEF AUSTRALIA HOLDINGS Ltd.
Leighton Holdings Limited (Executive Chairman)
The Turner Corporation

Peter Sassenfeld
Duisburg, Member of the Executive Board and Labor Director of HOCHTIEF Aktiengesellschaft, Essen

b) Flatiron Holding, Inc.
HOCHTIEF AUSTRALIA HOLDINGS Ltd.
Leighton Holdings Limited
The Turner Corporation

José Ignacio Legorburo Escobar
Düsseldorf, Member of the Executive Board and Chief Operating Officer (COO) of HOCHTIEF Aktiengesellschaft, Essen, and of HOCHTIEF Solutions AG, Essen

a) HOCHTIEF Building GmbH
HOCHTIEF Infrastructure GmbH

Nikolaus Graf von Matuschka
Aldenhoven/Jüchen, Member of the Executive Board of HOCHTIEF Aktiengesellschaft, Essen, and Chairman of the Executive Board of HOCHTIEF Solutions AG, Essen

a) HOCHTIEF Building GmbH
HOCHTIEF Infrastructure GmbH

Sustainability at HOCHTIEF

Focus Area Sustainable Products and Services

Reading Station in Reading, UK
Better connections to the capital

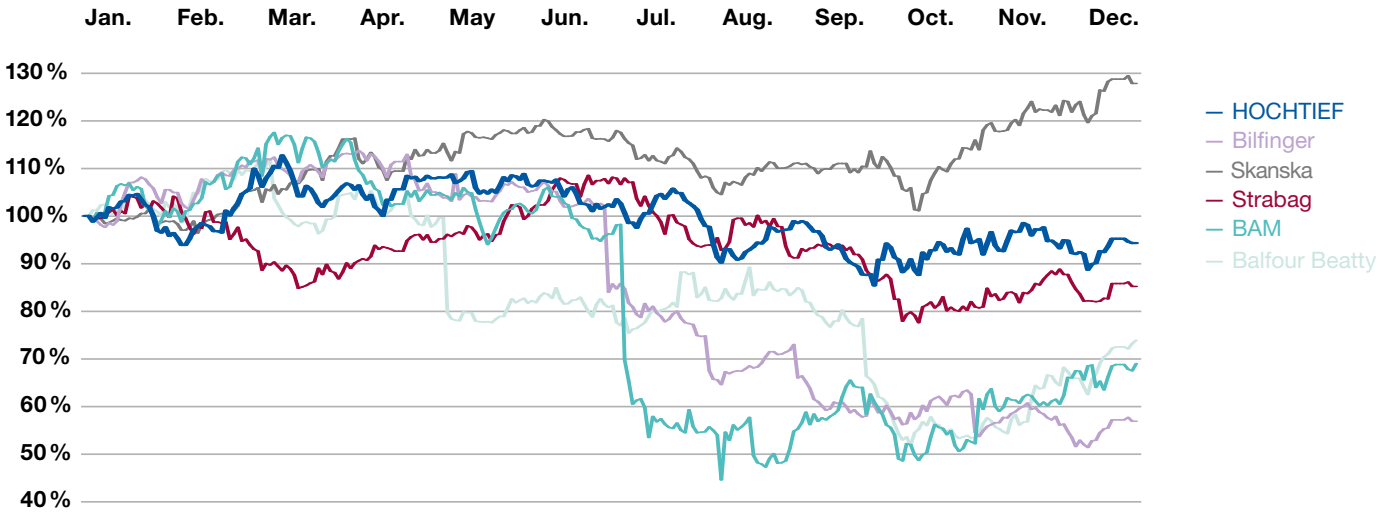
Economy: HOCHTIEF Solutions was part of a joint venture that rebuilt and expanded the main station in the British town of Reading, completing the work in 2014 right on schedule despite the challenge of ongoing rail services. Five additional platforms, two new station entrances to the north and south, and new transfer decks between them were part of the contract in which HOCHTIEF's share was around EUR 47 million.

Ecology: The goal was to apply sustainable construction principles and the highest safety standards to create infrastructure that doubles the number of commuters who can take the train.

Community: Reading is a commuter town outside the capital. Eight hundred trains pass through the new station every day. With this project, HOCHTIEF helped meet Reading residents' growing mobility needs.

HOCHTIEF on the capital markets

Indexed performance of Peer Group 2014



2014 was a successful year for HOCHTIEF on the capital markets. In a challenging sector environment the HOCHTIEF stock price significantly outperformed its central European construction peers aided by the substantial progress made by the Group in both strategic and operational terms as well as the ongoing efforts to optimize our communication with the markets. A key driver of this positive relative performance was the strong rise in the shares of our Australian subsidiary Leighton, which recorded a 40% increase during the year, making it one of the top performing shares in the ASX indices. The increasingly positive view of HOCHTIEF in the equity market was also seen in broker recommendations; by the end of 2014 over 80% of all analysts covering HOCHTIEF had "Buy" recommendations compared with under 20% at the beginning of the year. These encouraging trends were also apparent in May when the company issued a five-year, EUR 500 million, bond at a yield of 2.75% and which attracted strong demand from both domestic and international investors.

Stock market

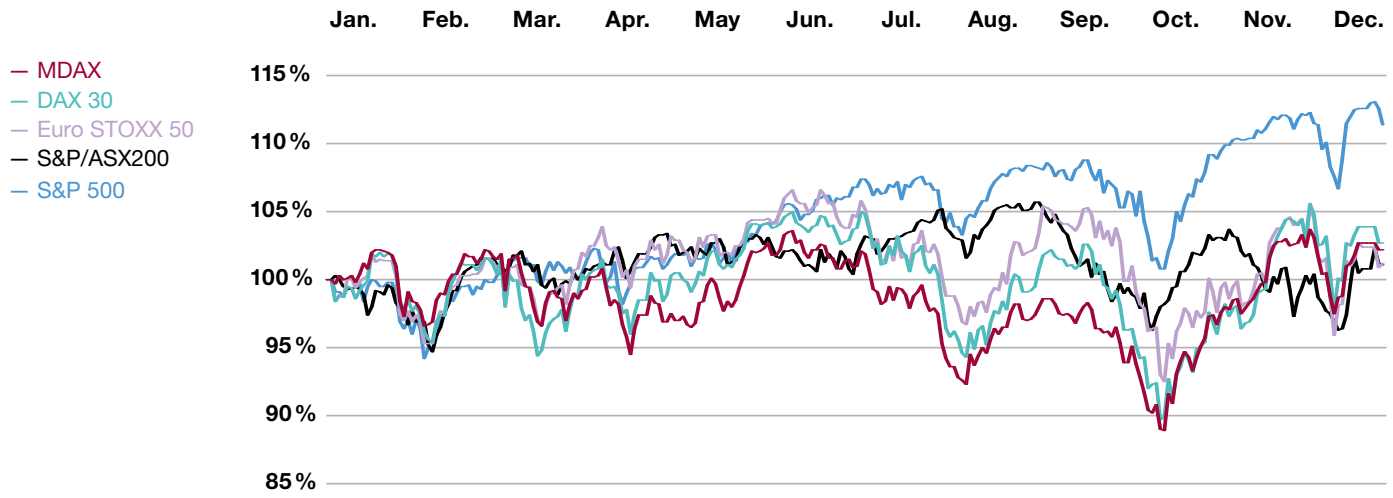
After a promising first six months, European stock markets began to weaken over the summer and finished the year almost unchanged as concerns mounted regarding slowing growth and increased regional political tensions. Bond yields continued to fall reaching record lows whilst the oil price slumped.

Germany's DAX closed the year marginally higher (up 2.7%) at 9,806 points whilst the MDAX, of which HOCHTIEF is a member, rose 2.2% to 16,935. The Euro STOXX 50 index of leading European companies was virtually unchanged (up 1.1%) over the twelve months. Elsewhere there was a more positive mood with the U.S. S&P 500 index rising strongly (11%) whilst the Australian S&P / ASX 200 index finished 2014 with an increase of over 1%.

Beginning in early summer, the construction sector was hit by an unprecented number of profit warnings which resulted in sharp share price drops for the companies concerned and negatively impacted investor sentiment

For further information, please see www.hochtief.com/investor-relations.

Indexed performance of international stock indices in 2014



towards construction groups in general. HOCHTIEF, however, was able to maintain the earnings guidance provided to investors at the beginning of the year and our share price finished 2014 close to the previous year's level at EUR 58.52.

HOCHTIEF stock

HOCHTIEF stock: Key figures

*Restated for IFRS 11. For details on the restatement, please see pages 186 to 187.

**as of year-end

***proposed dividend per share

****excluding one-off impacts and adjusted for sold assets.

		2014	2013 (restated)*
Number of shares	million	69.3	77.0
Market capitalization**	EUR million	4,056.0	4,778.6
High	EUR	69.94	68.41
Low	EUR	53.00	45.48
Close	EUR	58.52	62.06
Shares traded (average per day on Xetra)		127,193	202,866
Dividend per share	EUR	1.90***	1.50
Total dividends	EUR million	132	115
Earnings per share (operational)****	EUR	3.65	2.40

HOCHTIEF is listed in the Prime Standard segment of the German stock exchange and is a component of the MDAX index, in which it ranked 42nd with a weighting of 0.85% at the end of 2014 (2013: 30th, with a weighting of 1.25%).

Key data on HOCHTIEF stock

ISIN	DE 0006070006
Stock symbol	HOT
Ticker symbol	Reuters: HOTG.DE, Bloomberg: HOT GY/HOT GR
Trading segment at Frankfurt	Prime Standard

At the beginning of the year, HOCHTIEF shares kept up the exceptionally strong performance trend from the prior year to reach their high point for the year at EUR 69.94 in early March. Mainly due to macroeconomic reasons and market nervousness, we could not continue this positive development. The closing price of HOCHTIEF stock was EUR 58.52. This represents a decrease of 5.7% on the prior-year closing price.

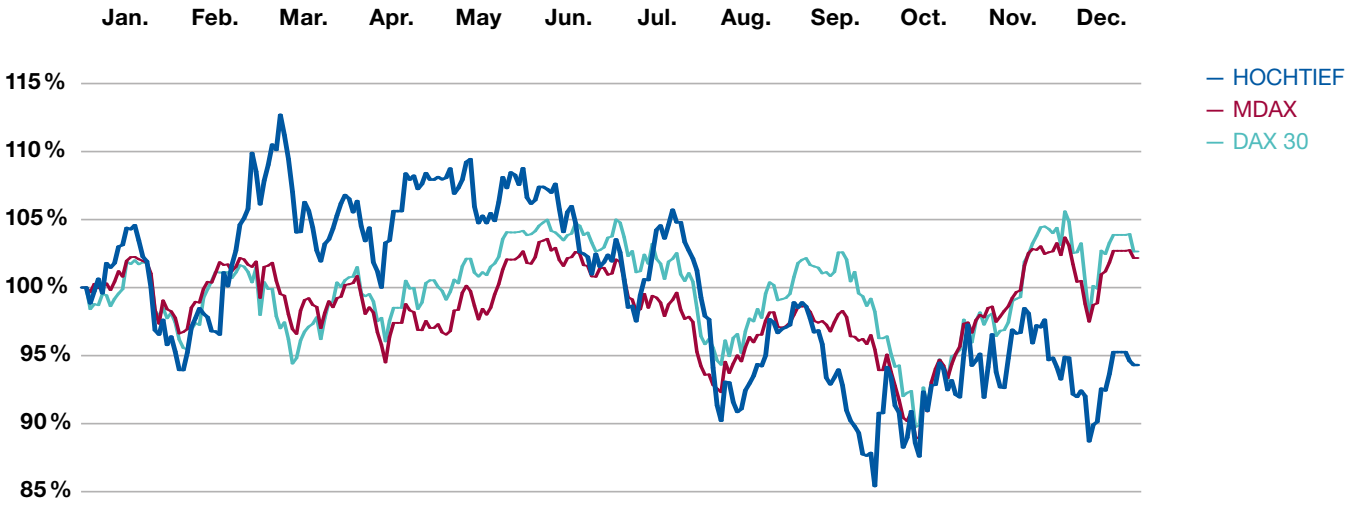
Leighton stock

The shares of our Australian company Leighton showed a very strong performance, closing at AUD 22.50. They recorded a 40% increase during the year, making it one of the top performing shares in the ASX indices. We increased our stake in Leighton to nearly 70% during the second quarter and Marcelino Fernández Verdes, in addition to his responsibilities at HOCHTIEF, was appointed as Leighton CEO. During the second half of the year Leighton significantly delivered on its strategic review plan with two major divestments announced at the end of 2014 alongside substantial progress in streamlining the group. Despite the challenges posed to the region by the effects of a slowing Chinese economy, the Australian government's plans for significant investment in infrastructure and the group rationalization process provide Leighton with significant opportunities going forward.

HOCHTIEF ownership structure

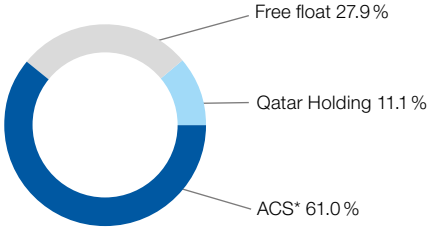
The Group's free float capitalization is about 28%. According to the definition applied by Deutsche Börse AG, the stakes in HOCHTIEF held by ACS and Qatar Holding count as non-free-float.

Indexed performance of HOCHTIEF stock in 2014



As before, the regional distribution of free float share ownership is broadly spread across the U.S., UK, and continental European financial markets.

Ownership structure (as of December 2014)

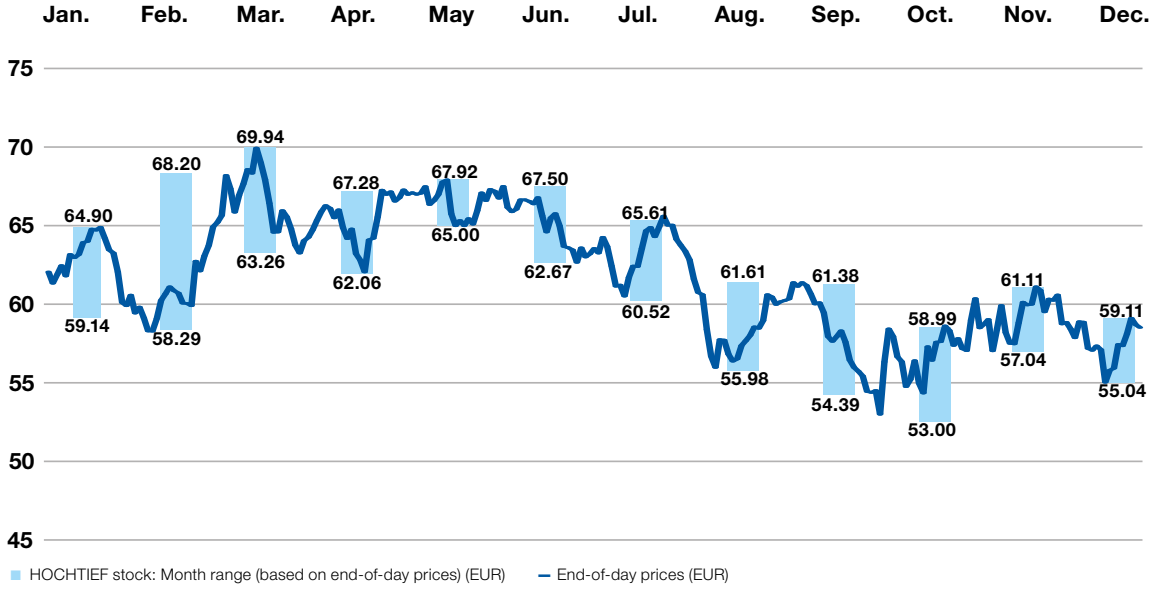


*ACS ACTIVIDADES DE CONSTRUCCIÓN Y SERVICIOS, S.A., Madrid

Shareholder remuneration

We want HOCHTIEF shareholders to benefit from our earnings performance. In the year under review, we once again delivered on this with an attractive dividend, marking a further increase on the year before. At the Annual General Meeting, the Executive Board and Supervisory Board will be proposing a total dividend of EUR 1.90 per share for fiscal 2014 of which EUR 1.70 per share is the ordinary dividend and EUR 0.20 per share a special dividend. With the special dividend, shareholders will share in the value created by the divestments at our subsidiary Leighton. Compared with the prior year, this represents an increase of EUR 0.40 per share or approximately 30%.

Absolute performance of HOCHTIEF stock in 2014 in EUR (Xetra trading)



We also continued to invest in our core business. As part of this, we significantly increased our stake in our Australian subsidiary Leighton from 57.94% to 69.62%, an investment of over EUR 600 million. In doing so, we reduced minority interests considerably, meaning that a larger portion of Leighton profits is now attributable to our own shareholders.

In addition, we invested in the expansion of our PPP activities*. Furthermore, we created value for shareholders via purchases of treasury stock. After canceling the shares held in treasury stock in March, we launched another stock buyback program in October. This targets repurchases of up to 6,916,000 shares (some 10% of the capital stock). All purchases will be made on the Xetra trading platform. The stock buyback scheme covers the period October 7, 2014 to December 31, 2015. We had repurchased 843,189 shares (equivalent to 1.2% of the capital stock) by the end of 2014.

*See glossary on page 266.

For further information, please see www.hochtief.com/stock-buyback

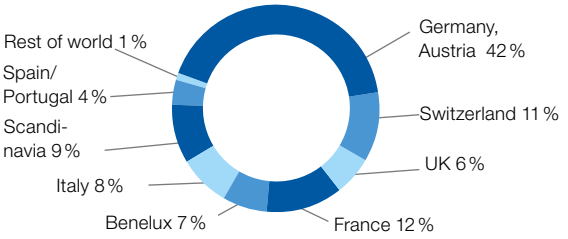
Bonds

Building on the success of the first two HOCHTIEF corporate bond issues in 2012 and 2013 as well as the ongoing optimization of HOCHTIEF's financing structure, we launched a third bond issue in the second quarter of 2014. We continued to benefit in this connection from the low interest rate environment and falling margins on borrowed funds.

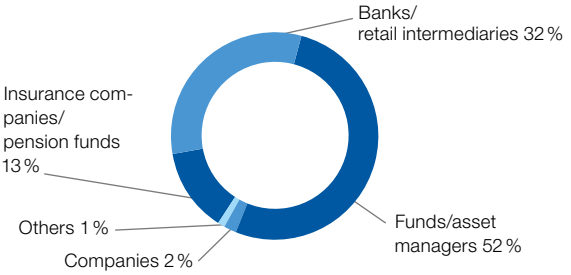
The bond issue has a five-year term to maturity until May 2019, a nominal value of EUR 500 million, and a coupon of 2.625% p.a. Once again, the order book totaling some EUR 2.3 billion showed strong demand from national and international investors and combined with an issue price of 99.423% to make for a 2.75% p.a. yield to maturity. In contrast to the 2012 and 2013 bond issues, subscriptions were dominated by investment funds. As regards regional distribution, there were gains in France and the Nordic region. The broadening of the investor base and the attractive terms on the bond once again underscored the confidence placed in our Group by the capital markets. As with the bond issues in the 2012 and 2013 reporting years, we are using the proceeds to refinance existing facilities for the long term as well as to further expand our position in attractive growth markets.

Structure of the bond issue

Structure by regional distribution (at time of bond issue in May 2014)



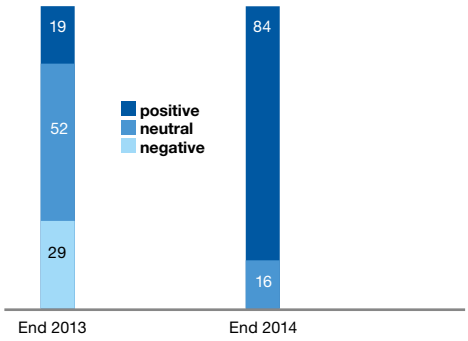
Structure by investor (at time of bond issue in May 2014)



Analysts

HOCHTIEF was monitored by 19 analysts as of the end of 2014 (2013: 21). The majority (84%) gave a "buy" recommendation for HOCHTIEF stock, a very considerable increase on the previous year. In addition, the average target price across all analysts as of the year-end was EUR 72.07 versus EUR 62.28 at the beginning of the year.

Analyst recommendations (in %)



This positive assessment reflects the capital market's renewed confidence in the successful implementation of our strategy and the significant delivery already achieved.

Investor Relations/Capital Market communication

Continuity, openness, and transparency—that is what Investor Relations stands for at HOCHTIEF. Full and timely communication with the capital market forms the core of our work. As part of this, we once again conducted numerous roadshows and took part in capital market conferences in 2014. We presented the figures as of each quarterly reporting date and the full-year figures to a wide audience in a conference and telephone conferences. We report on all of these activities on a timely basis on our website, where we also provide a wide range of additional information (www.hochtief.com/investor-relations).

HOCHTIEF in key sustainability indices

HOCHTIEF once again qualified for inclusion in major sustainability indices in 2014. These rate companies based on economic, environmental, and social criteria. HOCHTIEF is the only German construction group to be included in the Dow Jones Sustainability Index (DJSI) Europe. Over a period of many years, HOCHTIEF has worked intensively to establish and implement a Group-wide sustainability strategy. Our Australian Group company Leighton has similarly gained inclusion in the Dow Jones Sustainability Index Australia. At the same time, HOCHTIEF features in other prestigious global ratings including the FTSE4Good and the MSCI Global Sustainability Index. A cornerstone of our transparent reporting is the HOCHTIEF Sustainability Report, which we have published since 2005. This year, we have amalgamated our Annual Report and Sustainability Report into a combined Group Report. Our aim in this is to help present a transparent, 360-degree perspective on economic, environmental, and social aspects and demonstrate their importance for the sustained success of our Group. Moreover, we are longstanding participants in the Carbon Disclosure Project (CDP). HOCHTIEF qualified for inclusion in the Carbon Disclosure Leadership Index for Germany, Austria, and Switzerland for the fifth time in a row in 2014. More and more clients and investors are demanding transparency and a documented commitment to sustainability. In 2014, we consequently stepped up our participation in investor conferences with sustainability as their focus. We have conferences planned or have registered our participation for 2015. Once again, our roadshows will see us visiting the major financial markets in 2015. We would be delighted to have sparked your interest in our Group. Suggestions, also with regard to our website, are always welcome.

For further information, please see www.hochtief.com/investor-relations

Focus Area
Resource Protection

Duralie Coal Mine in Australia
Bringing back indigenous flora

Economy: Thiess operates the open pit Duralie mine, situated some 190 kilometers north of Sydney. It yields around two million metric tons of coal each year, and will be run by our Australian subsidiary until June 2016.

Ecology: When it comes to sustainability, there are three key issues for the Duralie management team: protecting surface waters, avoiding dust, and preventing noise. What's more, parts of the mine have already been renaturized with trees and bushes.

Community: The nearest neighbors live only a kilometer from the mine. For the people who work and make their homes in the area, rigorous emission protections are vital. As a result of the rehabilitation, the earliest spoil tips are now scarcely distinguishable from surrounding land that stayed in its natural state.

Combined HOCHTIEF Aktiengesellschaft and Group Management Report

Group Structure and Business Activities

Group structure 2014

Group structure 2014

HOCHTIEF delivers its services worldwide through the three divisions HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe. HOCHTIEF's structure reflects the operating focus of our business as well as the Group's presence in key national and international regions and markets.*

HOCHTIEF's strategic and operational management holding company has concentrated on Group management and control. The Executive Board and Group corporate departments, which comprise the control level, are responsible for the strategic, organizational, and operational development of the HOCHTIEF Group. The holding company includes the corporate departments Legal, Corporate Governance/Compliance, Auditing/Organization, Human Resources, Corporate Development, Mergers & Acquisitions, Communications, Controlling, Finance, Capital Markets Strategy/Investor Relations, Accounting as well as Tax and Insurance.

Business activities of the HOCHTIEF Group**

HOCHTIEF is an international construction group that carries out projects in the transportation, energy, and social and urban infrastructure sectors as well as contract mining and services business. The company and its clients alike benefit from HOCHTIEF's many years of experience and our capabilities in development, finance, construction, and operation. Our focus is on complex infrastructure projects, which we also implement on the basis of concession models—because our end-to-end approach yields particularly good results in public-private partnership projects.*** We generate further added value through internal knowledge transfer and close collaboration between divisions. In addition, we work with excellent business partners, whom we select using transparent criteria such as fulfilment of our standards.

**For further information on the divisions' business activities, please see pages 3 and 4 as well as pages 80 to 93.

*For further information, please see pages 3 and 4 as well as pages 32 and 33.

***See glossary on page 266.

For clients, HOCHTIEF is a long-term, dependable partner known for great flexibility, innovation, and outstanding quality. Most of our projects are unique assignments for which we develop and implement custom solutions. HOCHTIEF is committed to sustainability as an integral part of our corporate strategy and promotes the relationship between business, environmental, and social responsibility.

As one of the most international companies in its sector, the HOCHTIEF Group is present in major construction markets worldwide including large parts of Europe, the Americas, Australia as well as the Asia-Pacific and Gulf regions. We generate 94.6% of sales outside of Germany. This global footprint enables us to make up for regional market fluctuations.

Key performance indicators at HOCHTIEF

Return on net assets (RONA) does not represent a key performance indicator in the management of the HOCHTIEF Group in times of major internal restructuring as the capital temporarily released by restructuring measures does not generate a return that can be meaningfully measured and compared using RONA until that capital is reinvested. In contrast to the prior year, RONA is therefore no longer a key performance indicator used in the management of the HOCHTIEF Group. In the context of the Group-wide restructuring, special importance is attached to operational earnings (EBITA) as a new key performance indicator as it renders the operational performance of the Company measurable regardless of non-operational factors such as restructuring expenses.

The main key performance indicators used for management purposes in the HOCHTIEF Group are therefore as follows:

- New orders
- Work done*
- Order backlog
- Profit before taxes
- EBITA
- Consolidated net profit
- Cash flow**
- Net financial assets

*See glossary on page 266.

**See glossary on page 265.

HOCHTIEF around the world:
A selection of the many companies and projects in our divisions shows HOCHTIEF's global presence with the Group structure from 2014.

HOCHTIEF Americas
Activities in more than 20 countries and 30 U.S. states

Turner (USA, Canada)

Flatiron (USA, Canada)

E.E. Cruz (USA)

Clark Builders (Canada)

HOCHTIEF Asia Pacific
Activities in more than 20 countries

Leighton Holdings (Australia)

Leighton Contractors (Australia, Botswana, New Zealand, Papua New Guinea)

Thiess (Australia, India, Indonesia)

Leighton Properties (Australia)

Leighton Asia, India and Offshore (Cambodia, China, Hong Kong, India, Indonesia, Laos, Macau, Malaysia, Mongolia, Philippines, Singapore, Thailand, Vietnam)

Habtoor Leighton Group (Iraq, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates)

John Holland was removed from the consolidated group with effect from December 12, 2014.

HOCHTIEF Europe
Activities in more than 26 countries

HOCHTIEF Solutions (Germany)

HOCHTIEF Building (Germany)

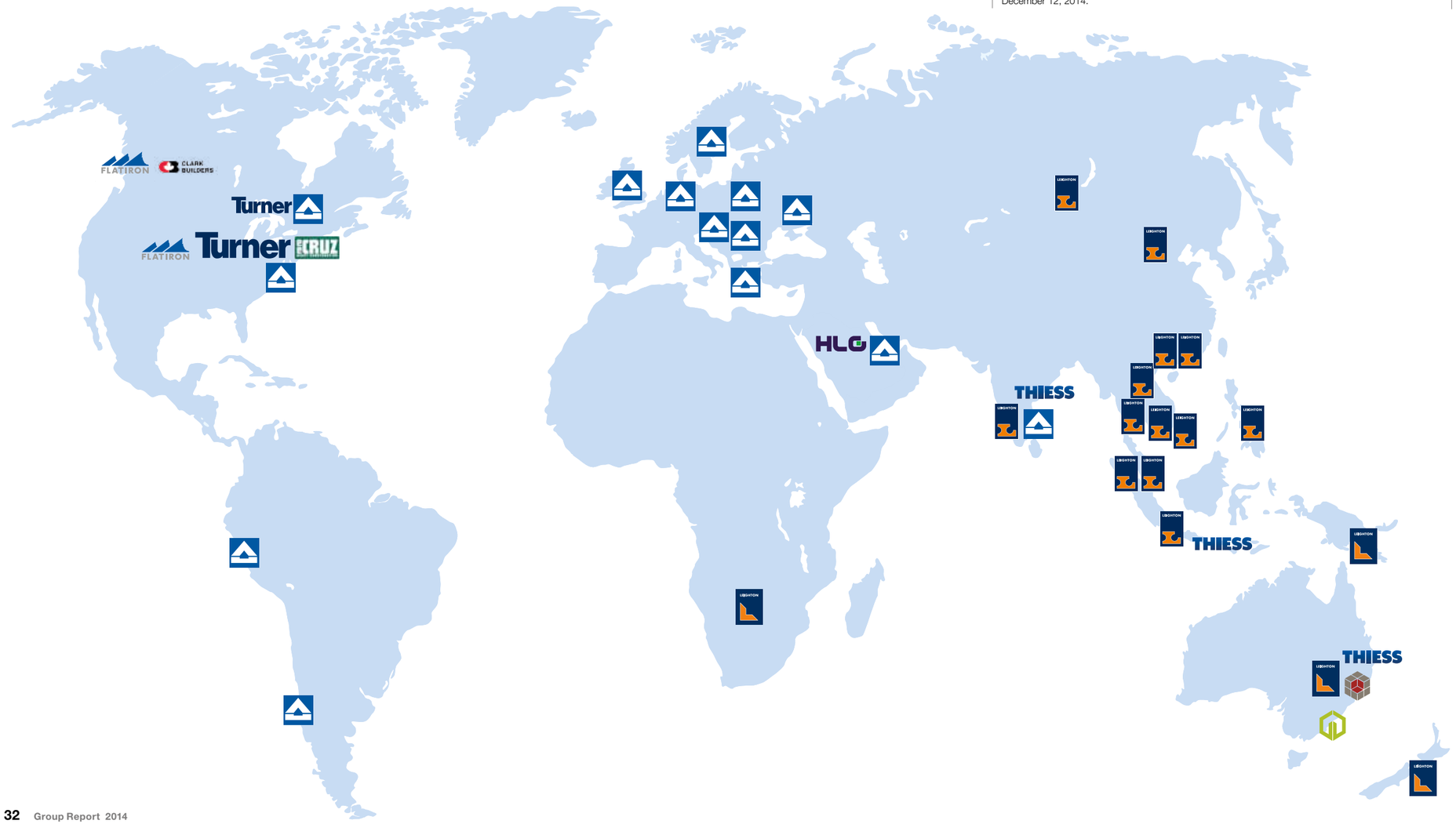
HOCHTIEF Infrastructure (Austria, Chile, Czech Republic, Denmark, Finland, Germany, Greece, Latvia, Netherlands, Norway, Oman, Peru, Poland, Qatar, Romania, Saudi Arabia, Serbia, Slovakia, Sweden, Turkey, UK)

HOCHTIEF Engineering (Germany, India, Qatar)

HOCHTIEF PPP Solutions (Canada, Chile, Germany, Greece, Ireland, Netherlands, UK, USA)

HOCHTIEF ViCon (Germany, Qatar, UK)

HOCHTIEF Projektentwicklung (Austria, Czech Republic, Germany, Poland, Switzerland)



The companies featured here by way of example illustrate HOCHTIEF's national and international lineup. Some activities are carried out through branches, offices or separate companies. For more on the corporate divisions, turn to fold-out pages 3 and 4 and the segment reporting on pages 80 to 93. Alongside HOCHTIEF Aktiengesellschaft, the consolidated financial statements take in 470 fully consolidated companies, 193 equity-accounted companies, and 56 joint operations included proportionately. This organizational presentation goes together with legal information given in the list of subsidiaries, associates and other companies on pages 254 and 255.

For the address and contact information of our subsidiaries and associates as well as their branches and offices, please see our website.

For further information, please see www.hochtief.com/subsidiaries2014

For further information, please see www.hochtief.com

Sustainability at HOCHTIEF

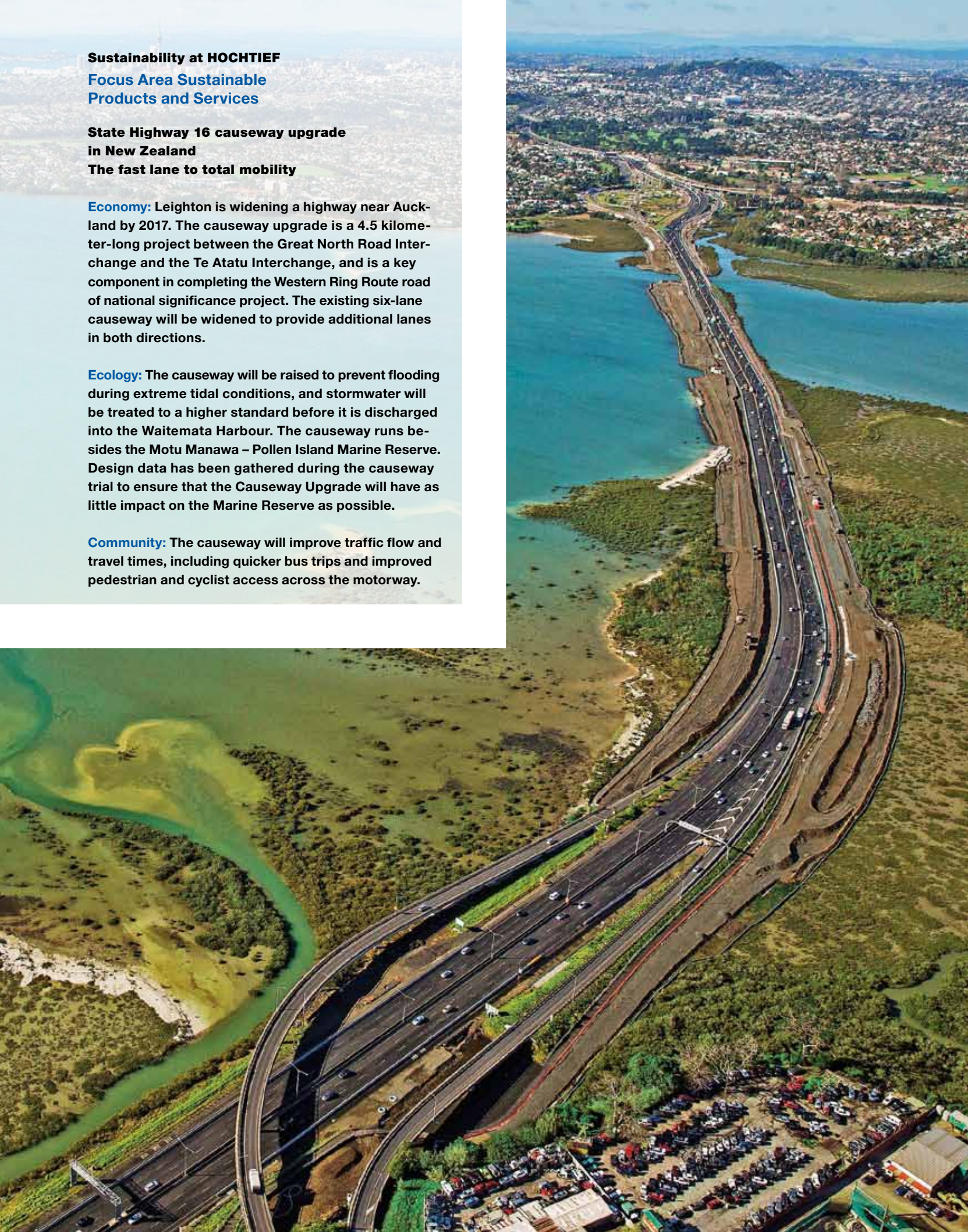
Focus Area Sustainable Products and Services

State Highway 16 causeway upgrade in New Zealand
The fast lane to total mobility

Economy: Leighton is widening a highway near Auckland by 2017. The causeway upgrade is a 4.5 kilometer-long project between the Great North Road Interchange and the Te Atatu Interchange, and is a key component in completing the Western Ring Route road of national significance project. The existing six-lane causeway will be widened to provide additional lanes in both directions.

Ecology: The causeway will be raised to prevent flooding during extreme tidal conditions, and stormwater will be treated to a higher standard before it is discharged into the Waitemata Harbour. The causeway runs besides the Motu Manawa – Pollen Island Marine Reserve. Design data has been gathered during the causeway trial to ensure that the Causeway Upgrade will have as little impact on the Marine Reserve as possible.

Community: The causeway will improve traffic flow and travel times, including quicker bus trips and improved pedestrian and cyclist access across the motorway.



Strategy

HOCHTIEF has been active in its core line of business for over 140 years and is one of the world's leading construction groups. We want to be a real partner to our clients, to serve them in the best possible way, and to carry out projects as effectively and efficiently as possible. This paves the way for us to achieve sound results on a sustained basis, in which our shareholders then take an appropriate share. We are innovative and make efficient use of resources. At all times, we are aware of our responsibility to our clients, business partners, shareholders, and employees, as well as to our social and natural environment. With an eye toward our long-term success, we nurture the relationship between business, the environment, and social responsibility.

Strategy: Basis and focus

Two years ago, we initiated a process of strategic change, which we are systematically pursuing, in order to position HOCHTIEF for the future in the best possible way. One key element is the focus placed on our core business of construction and on delivering complex building and infrastructure construction projects. Our employees and partners have an entrepreneurial mindset and focus on their projects' success. We help them in this by simplifying workflows and placing more decision-making authority at operational level. The divisions are structured into four segments: construction, public-private partnerships (PPPs), engineering, and mining. In addition, some divisions also offer services.

We aim to use our project and engineering expertise to create genuine added value for our clients and society, at the same time taking care to ensure good communication with our clients and a high degree of reliability when delivering our projects. Our top priority is to be on budget, on quality, and on schedule: This creates the basis for ongoing activity and sustained profitability.

Our strategy is clear and simple:
We aim to become the world's most relevant building and infrastructure construction group driven by sustainable, profitable growth and to achieve a position of mar-

HOCHTIEF
aims to become the world's most relevant building and infrastructure construction group driven by sustainable, profitable growth.

Using our core competencies	Financial strength	Focus on infrastructure
• Development • Financing • Construction • Operation	• Increased profitability • Higher positive cash flow • Increased balance sheet strength • Improved risk management approach	• Transportation infrastructure • Energy infrastructure • Social and urban infrastructure • Contract mining

Basis: • High level of innovation • Qualified employees • Sustainable action

Operational structure

• Construction • Public-private partnerships (PPPs) • Engineering • Mining • Services

Strategic focus of the HOCHTIEF Group

ket and technology leadership in our target markets. We focus on the transportation, energy, social and urban infrastructure segments as well as on contract mining. In each of these segments, our objective is to boost efficiency and profitability and further strengthen our balance sheet.

We are pursuing the following strategic initiatives in order to achieve this:

Focus on and invest in the core business of building in infrastructure projects and PPP
- Transportation, energy, social, and urban infrastructure segments as well as contract mining
- Divestments/Aquisitions
- Restructuring

Sustainable optimization of financial strength
- Focus on cash generation
- Capital investment
- Diversification of financing instruments
- Constructive working relationship with investors

Improved risk management as a driver of profitability

Differentiation through one-of-a-kind solutions

HOCHTIEF: an attractive place to work

Sustainable action*

*Fur further information, please see the Sustainability Strategy section on page 40.

Focus on and invest in the core business of building in infrastructure projects and PPP
Drawing on our expertise, we will go on helping to master the challenges modern societies face.

Development of building and infrastructure projects using our PPP business model
Our PPP business is clearly part of HOCHTIEF's core offering—this work makes HOCHTIEF a sought-after partner and source of expertise in complex building construction and infrastructure projects. We will continue to systematically grow these activities and increase vertical integration. In the future, we will only take on PPP projects if we are also carrying out some of the construction work. Provided that the markets continue to grow, we expect sales growth in the PPP segment.

• Transportation, energy, social, and urban infrastructure segments as well as contract mining
– Transportation infrastructure
The demand for mobility is increasing worldwide, requiring significant investment in infrastructure, which a study by McKinsey estimates will reach just over USD 57 trillion (approximately EUR 42.8 trillion) by 2030. In particular, this includes projects such as roads, bridges, tunnels, ports, rail lines, and airports. Many countries in which HOCHTIEF operates are currently pursuing projects to maintain and expand their transportation networks. Increasingly, this is being done on a PPP basis. According to the ratings agency Moody's, the USA is set to become the world's largest PPP market. In Australia, too, the government has said that it will be requesting bids for a large portion of the investments in infrastructure projects on the basis of PPP models. In total, these amount to some AUD 125 billion (EUR 86 billion).

Complex infrastructure projects call for a high degree of expertise and experience. Working to only the highest performance standards, we organize the design, construction and operation process in such a way that we deliver on quality, on schedule, and on budget, thereby setting ourselves apart from the competition. On this front, the HOCHTIEF Group is among the world's leading providers. Our excellent engineering services put us in an ideal position to meet society's needs. It is our goal to be one of the most profitable providers in our regional markets.

– Energy infrastructure
Today's industrial nations and emerging economies have a strong demand for energy. Growth is particularly notable in the North American, Scandinavian, and Middle Eastern markets. In Qatar, for example, demand for electricity is rising by 10% a year, which the Qatar Elec-

tricity & Water Company says will need some USD 22 billion to be invested in energy infrastructure over the next ten years. Despite the uncertainty surrounding the transformation of Germany's energy supplies, the Federal Government puts the amount required to expand the country's energy infrastructure at up to EUR 1 trillion by 2030. The plans to expand renewable energies mean that temporary storage facilities, for example, are vital in ensuring grid stability. One especially suitable means of providing temporary storage are pumped storage power plants, which HOCHTIEF develops and delivers through PPP projects, drawing on its broad expertise and taking an end-to-end view of the life cycle.

HOCHTIEF carries out all kinds of energy infrastructure projects across the globe: From hydroelectric power stations to the decommissioning of nuclear power plants, our portfolio of products and services means that we are superbly placed. We also aim to establish a strong global position in the energy infrastructure segment.

– Social and urban infrastructure
Demographic change is affecting the way cities are being shaped and expanded to accommodate social infrastructure. HOCHTIEF applies its expertise and experience when constructing and modernizing healthcare, educational, office, residential, and commercial properties. Our aim is to achieve good margins on attractive projects in all our markets with the building construction units within the HOCHTIEF Group. In North America, we are looking to significantly increase returns over the coming years. The U.S. market for office properties in particular is set to grow by more than 10% in 2015. According to ENR, we take top spot in this market segment with our green building offering, a position we intend to hold on to going forward. Investment in sustainable, certified properties is also rising in Europe.

It is standard for us to take an end-to-end view especially when it comes to PPP building construction projects, applying our expertise in design, financing, construction, and operation. On social infrastructure projects in particular, the PPP model offers a good alternative to conventional financing and thus enables projects to get off the ground.

For all HOCHTIEF divisions, the public-private partnership (PPP) model is a growing market that we intend to develop even better.

– Contract mining
Our natural resources, which include iron ore, coal, copper, gold, and other commodities, are in increasing demand due to the growth of industrialized and other economies. Australia is the world's fourth largest producer of coal and second largest provider of thermal coal. We expect growth to continue at an average of over 4% between 2014 and 2019. It is our aim to continue exploiting growth opportunities in contract mining through our Australian Group company Leighton as well as to maintain our position as the world's leading contract miner.

• Divestments
Over the past two years, we have divested activities in Europe that are no longer part of our core business. For example, the agreement on the sale of our stake (50%) in aurelis Real Estate was announced in January 2014 and the transaction closed in mid-March. In July, we sold our property management business to vincitag. At the same time, our offshore assets were sold, the majority to longstanding business partner GeoSea. GeoSea is a subsidiary of Belgium's DEME Group specialized in complex offshore hydro construction projects. At the beginning of October, we completed another key step in implementing our strategy with the sale of formart, a German residential developer.

In the HOCHTIEF Asia Pacific division, Leighton is exploring divestment or partnership options for its property business. Leighton sold 50% of the service business to Apollo, an investment group. Leighton and Apollo further agreed to launch a 50:50 investment partnership. The sale generated cash proceeds of around EUR 460 million. Additionally, a binding agreement for the sale of Leighton subsidiary John Holland to CCCC International Holding Limited (CCCI) for approxi-

For further information on the markets served by HOCHTIEF, please see pages 42 to 51.

mately EUR 770 million was signed in December 2014. The proceeds are to be used to pay down debt, strengthen the balance sheet, and finance future growth, particularly in the PPP segment.

• Restructuring

We aim to make HOCHTIEF more competitive in Europe going forward as well as to increase profitability by creating lean structures and efficient processes. In fiscal 2014, we made substantial progress in this respect:

Following the establishment of the three operating subsidiaries HOCHTIEF Building, HOCHTIEF Infrastructure, and HOCHTIEF Engineering alongside the existing HOCHTIEF PPP Solutions, the restructuring of HOCHTIEF Solutions is almost complete. We are thus combining the advantages of operating more like a small- or medium-sized enterprise with the service range of an internationally experienced construction group. Our continued aim is to improve processes. With this in mind, we have launched a program to deal specifically with bid preparation and project delivery so as to allow a sustained improvement in efficiency.

For further information, please see www.hochtief.com/stock-buyback

We started implementing our strategy in the HOCHTIEF Asia Pacific division during the reporting period and initiated an extensive realignment at Leighton. The new structure was already in place at the end of 2014, meaning that Leighton, too, will comprise its own companies for the construction, public-private partnership, engineering, and mining segments in the future. Leighton is seeking strategic partners or investors for units that are no longer part of the core business.

In the HOCHTIEF Americas division, too, the aim is to improve profitability. We have started to achieve results, chalking up some exceptionally good increases in the building construction segment. In this division, we also intend to combine our engineering expertise within one unit.

Sustainable optimization of financial strength

• Focus on cash generation

HOCHTIEF made significant progress in its use of funds in the reporting period. Our operating cash flow returned to positive figures. What is especially gratifying is that all divisions contributed to this improvement.

Despite increasing our stake in Leighton by a total of EUR 617 million to almost 70%, we reduced net debt significantly in 2014 and will endeavor to attain a net cash position in fiscal 2015. To this end, we will continue to sell Leighton units that are no longer part of the strategic core business and fine-tune the use of capital in the other segments. Among other things, we will use the proceeds from the disposals to expand the core business of construction and PPP as well as to repay debt.

• Capital investment

– Stock buyback program

On October 1, 2014, HOCHTIEF decided on a stock buyback program. The Company plans to buy back up to 6,916,000 no-par-value shares in HOCHTIEF Aktiengesellschaft—equivalent to some 10% of its capital stock—exclusively through the Xetra trading system. By doing so, we have continued to systematically implement our strategy of rewarding shareholders for investing in our Company. As of the December 30, 2014 reporting date, 1.217% of the capital stock was bought back. This corresponds to 843,189 shares.

– Increase in the stake in Leighton

Within the framework of a conditional offer to the remaining shareholders in Group company Leighton which ended in May 2014, HOCHTIEF invested approximately EUR 577 million and now owns 69.62% of the shares. This investment in our core business underscores our belief in our Australian Group company's potential. After all, Leighton is a significant part of HOCHTIEF.

– Strategic acquisitions
We are considering strategic acquisitions in certain key markets in which we already have an established presence.

• Diversification of financing instruments
At the same time, HOCHTIEF continues to pursue the strategic aim of improving its financial structure. To this end, we rely above all on diversifying the financial instruments available and in particular increasing the range of sources of long-term debt financing outside of the traditional banking market. Increasingly, capital market transactions are also being included in the diversification strategy. In addition, we are working continuously to extend the maturity profile of our financial liabilities.

HOCHTIEF continuously improved the structure of the Group's financing in the course of the fiscal year. At the end of May 2014, for example, HOCHTIEF Aktiengesellschaft called in and repaid ahead of schedule three variable-rate promissory note loans totaling EUR 303.1 million. In addition, the existing credit and guarantee facility in the amount of EUR 2 billion was renegotiated and extended ahead of time until April 2019 on improved terms. A further EUR 500 million, 2.625% nominal coupon corporate bond issue was placed on the capital market by HOCHTIEF Aktiengesellschaft.

• Constructive working relationship with investors
We wish to present ourselves to capital market participants as a transparent and open company by providing continuous information, and thus sustained reporting, on business, environmental, and social responsibility issues. We explain risks and rewards and offer forward-looking prospects for establishing trust-based cooperation with existing and potential investors. Among other things, our investor relations experts provide market participants with information tailored to their specific needs. Through this work, we aim to go on fostering the value of HOCHTIEF stock in the future.

Improved risk management as a driver of profitability

One of HOCHTIEF's strategic aims is to continuously improve our risk management*. By reducing and effectively managing risk, it is our strategic aim to achieve a sustained increase in returns. We have also defined stricter criteria for selecting countries, market segments, and project sizes. Going forward, HOCHTIEF will only operate in countries where we see good, long-term market opportunities and where reputational risk is not a significant issue. Here, we will establish branches and set up subsidiaries. If conditions in existing markets deteriorate, we will respond resolutely.

*For further information, please see the Risk Report on pages 133 to 141.

In addition, the risk management of operational projects is currently being adjusted. Based on experience and shared examples of best practice, optimized standards for project controls and methods of execution are currently being implemented Group-wide.

Differentiation through one-of-a-kind solutions**

In our complex project business, we principally deliver one-of-a-kind solutions that require us to demonstrate a high degree of technical excellence and innovative edge. Our aim is to achieve a position of market and technology leadership. With this in mind, we offer alternative proposals and expert engineering services. This will enable us to continue generating added value for our clients in the future, to set new standards, and to enhance the quality of our work.

**For further information, please see the Research and Development section on pages 109 to 115.

HOCHTIEF: an attractive place to work

The excellent work performed by our employees paves the way for HOCHTIEF's business success. We are an attractive place to work for more than 68,000 employees. As a global Group, we champion the best possible, secure employment conditions and the best possible occupational safety and health. We ensure that our employees have constant opportunities to gain further qualifications. To attract and retain the right workforce for our Company worldwide, we rely on sustainable recruitment and development programs.***

***For further information, please see the Employees section on pages 117 to 125.

Sustainability strategy

For further information, please see www.hochtief.com/sustainability

*For further information, please see page 150.

HOCHTIEF's sustainability strategy is derived from our corporate strategy and translates our vision* into action: Drawing on its expertise, HOCHTIEF will help to master the challenges modern societies face—now and in the future. Through our actions, we nurture the relationship between business, the environment, and social responsibility worldwide. Based on our business model, our strategy encompasses key aspects which we have defined in six focus areas, and from which we have derived an overarching objective in each area.

Corporate responsibility program (CR program)

Sustainability focus area	Overarching objective
1. Compliance	We aim to set standards with our principles of conduct.
2. Sustainable products and services	We aim to develop sustainable projects in transportation infrastructure, energy infrastructure, social and urban infrastructure as well as contract mining. For this reason, we take an end-to-end approach to our projects and ensure a high level of quality throughout.
3. Attractive working environment	We aim to further boost our position as a sought-after employer and, over the long term, remain among the most attractive employers in the industry.
4. Resource protection	We aim to conserve natural resources and optimize the use of resources.
5. Active climate protection	We aim to reduce carbon emissions together with our clients and partners.
6. Corporate citizenship	We aim to demonstrate social responsibility especially in places where our company operates.

Based on these focus areas, Group-wide, division-specific, and segment-specific subject areas are derived together with corresponding objectives and measures (read about our CR program on pages 162 to 165).

Details of how our CR focus areas match up with the GRI-G4 indicators can be found on pages 260 and 261.

The six sustainability focus areas are also derived from our business operations and from our role as an employer and corporate citizen. They are material to all HOCHTIEF Group companies in that they make a lasting contribution to ensuring the company's business success and to fulfilling our responsibilities toward society and the environment.

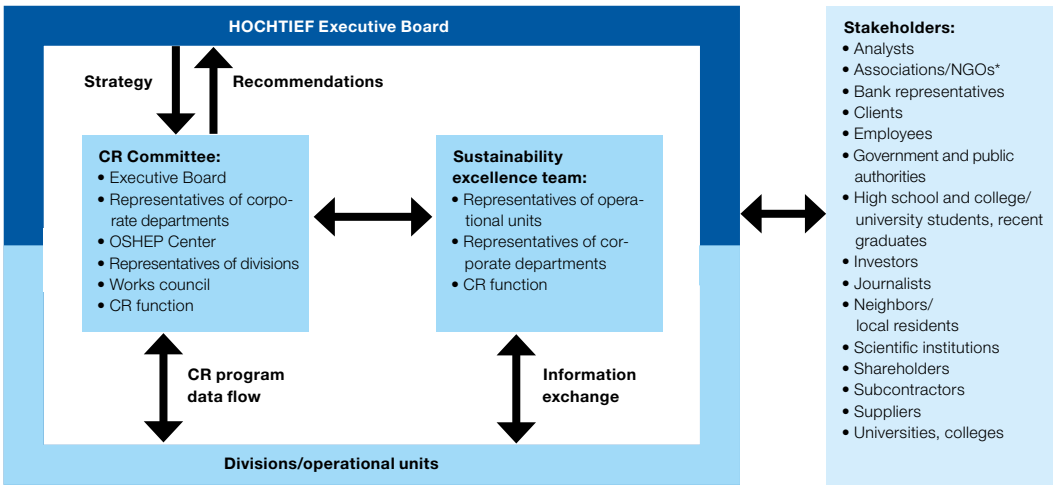
CR organizational structure

In 2007, HOCHTIEF set up the **CR Committee**, whose role is to further develop the sustainability strategy. To that end, it identifies CR areas pertaining to the Group as a whole and, based on this, derives general strategic objectives. The committee then works closely with the operational units to elaborate objectives and measures, and supports and monitors their implementation. It also evaluates the wishes of HOCHTIEF's stakeholders on these matters and instigates programs and measures as necessary in order to accommodate their interests in our strategy and activities. The CR Committee makes decisions within its remit and puts recommendations to the Executive Board.

In addition, the **sustainability excellence team** was created in 2008, comprised primarily of representatives from the operational units. Its objective is to strengthen and further develop networking and knowledge transfer within the company at operational level. As part of the restructuring within the Group, and in the HOCHTIEF Europe division in particular, the sustainability excellence team has also been restructured. The groundwork for this was undertaken in the year under review and the team will meet on a regular basis in 2015.

The **CR function** acts as the business office for the CR Committee and the sustainability excellence team. In organizational terms, it resides within Corporate Communications in the person of the CR coordinator. The CR function coordinates the flow of data and information between the divisions and corporate departments, converts this information into internal and external reports and uses it to gauge how far objectives have been achieved. Working with the specialist departments and operational units, it puts together key figures for CR.

CR Organization



*NGOs = non-governmental organizations

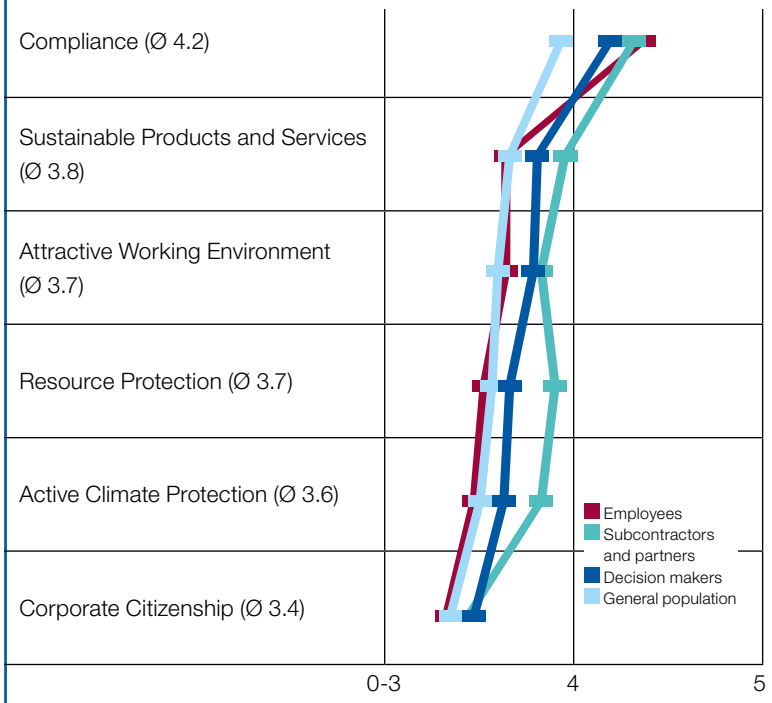
Materiality analysis

To test the validity of the sustainability focus areas we identified and to adjust them if necessary, we once again conducted an online survey of selected stakeholder groups in 2014. The aim was to assess the relevance of the different areas for HOCHTIEF and to ascertain what priorities were attached to them. A total of 1,583 individuals took part in the online stakeholder survey as well as an additional representative survey of the general population.

The findings of the materiality analysis are set out in the matrix (right). This matrix juxtaposes HOCHTIEF's own assessment of the importance of the six focus areas with that of the stakeholders, positioning them according to how well the two match. The result confirms that HOCHTIEF's sustainability strategy is on course. The six focus areas were deemed to be highly relevant or very highly relevant. We will take the findings into account as we continue to fine-tune our CR program.

In order to involve our stakeholders more closely in matters of sustainability, we held our first dialog event in the year under review. Representatives from all stakeholder groups of significance to HOCHTIEF met at Corporate Headquarters in Essen, where they, too, discussed the importance of the six sustainability focus areas for HOCHTIEF and the priorities attached to them. The dialog resulted in confirmation of the six existing focus areas. However, there were indications that the areas of procurement/supply chain have gained in importance. These results will be affirmed by the CR Committee, and appropriate measures drawn up. The plan is to conduct a stakeholder dialog event at least once a year in future and to establish this dialog as a regular tool for stakeholder involvement at HOCHTIEF.

Materiality matrix 2014



Significance of the focus areas for HOCHTIEF and its shareholders from 0 (not relevant) to 5 (highly relevant)

Markets and Operating Environment

*Source: IMF World Economic Outlook (as of October 2014) and IMF World Economic Outlook Update (as of January 2015)

www.imf.org

Global economic environment and trends*

International Monetary Fund (IMF) experts project that the world economy will have grown by 3.3% in 2014. This represents a 0.4 percentage point downgrade in growth expectations compared with April 2014. The markdown reflects a weaker first half year in 2014, mostly due to less vigorous economic growth in the U.S. and less optimistic prospects for some emerging markets. Geopolitical tensions, such as in the Ukraine and the Middle East, dampened growth in the regions affected but had little wider geographical impact in the October 2014 reporting period covered by the IMF.

**Source: IMF World Economic Outlook Update (as of January 2015)

***Listed countries plus the entire euro zone, Japan, Denmark, Hong Kong, Iceland, Israel, South Korea, New Zealand, San Marino, Singapore, and Taiwan

****Listed countries plus CEE, CIS, MENA, Afghanistan and Pakistan, sub-Saharan Africa, Latin America and Caribbean, and Asia (excluding Japan)

*****Source: IMF World Economic Outlook (as of October 2014)

In January, the IMF** likewise slightly downgraded the outlook for 2015 relative to the projections as of October 2014 and now forecasts 3.5% growth for the world economy. While global growth has benefited from the fall in the oil price since the second half of 2014, this is outweighed by negative factors and above all lower medium-term growth expectations in many developed countries and emerging markets. This includes weaker prospects for China, Russia, the euro zone, and Japan as well as for a number of major oil exporting countries thanks to the sharp drop in the oil price. The United States is the only big economy whose growth forecast has been upgraded. Developing and emerging economies are projected to show fairly stable growth of 4.3% in 2015, although that, too, is down on the growth rate expected as of October 2014. This is triggered by slower growth in China, which hits the overall growth rate for emerging markets across Asia. The substantially weaker outlook for Russia is induced by economic impacts of the oil price decline and the geopolitical tensions and also influences the outlook for other CIS economies. Growth potential in many resource exporting countries has also been marked down, especially among emerging and developing markets, due to effects of the lower prices for oil and other resources. In 2015, the growth projection for Latin America and the Caribbean, for example, has been marked down to 1.3%, compared with 2.2% growth expected by the IMF as of October 2014.

Overall real economic growth (GDP) in key HOCHTIEF regions (in percent)

Source: IMF World Economic Outlook (as of October 2014)

	2014	2015E
Australia	2.8	2.9
Austria	1.0	1.9
Canada	2.3	2.4
Czech Republic	2.5	2.5
Germany	1.4	1.5
Netherlands	0.6	1.4
Norway	1.8	1.9
Sweden	2.1	2.7
Switzerland	1.3	1.6
UK	3.2	2.7
USA	2.2	3.1
Industrialized economies* **	**1.8**	**2.3**
Bahrain	3.9	2.9
Chile	2.0	3.3
China	7.4	7.1
India	5.6	6.4
Indonesia	5.2	5.5
Peru	3.6	5.1
Poland	3.2	3.3
Qatar	6.5	7.7
Saudi Arabia	4.6	4.5
United Arab Emirates	4.3	4.5
Emerging and developing economies** **	**4.4**	**5.0**
World	**3.3**	**3.8**

General economic environment and trends in HOCHTIEF regions*****

After a short-term setback in the first quarter of 2014, the **U.S.** economy caught up to join the vanguard of

developed economies in 2014 and will probably take the lead in 2015. Factors include continued supportive monetary policy, favorable borrowing terms, an improvement in the financial situation of private households, and recuperation of the U.S. housing market. This all made for an average 3% growth in the second half of 2014. The trend is set to continue through 2015.

In lockstep with the U.S. economy, **Canada** similarly saw growth decelerate in the first quarter of 2014. Canada profited from the picking-up of the U.S. economy and registered stable growth of 2.3% in 2014. For 2015, growth of 2.4% is expected.

Growth in **Europe** was around 1.5% in 2014, with 1.9% forecast for 2015. The increment is spread very unevenly across the continent. Germany, Europe's biggest economy, grew by 1.4% in 2014 and is expected to gain 1.5% in 2015. It is thus once again the mainstay of the euro area. After a weak year in 2014, Greece is expected to see relatively strong growth of 2.9% in 2015. Following a similarly weak 2014, average growth in the Benelux countries and Austria will only be slightly above the euro zone average in 2015.

In November 2014, the European Commission launched an investment offensive to boost jobs and growth. From 2015 to 2017, at least EUR 315 billion is to be made available for investment in infrastructure, education, research and development as well as renewable energy.

The euro area markets relevant to HOCHTIEF will mostly show above-average growth rates in 2015 as measured against Europe as a whole. The UK, Scandinavia, Poland, and the Czech Republic stand out especially.

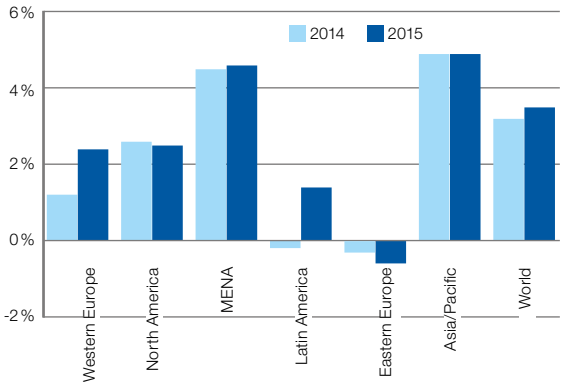
IMF experts put growth in **Asian** emerging and developing economies at 6.5% in 2014. They project 6.6% for 2015. The region thus has the fastest growth rate in the global economy. This is driven by a still strong China, which grew by 7.4% in 2014. A slightly weaker but more sustainable 7.1% is forecast there for 2015. India will boost growth from 5.6% to 6.4% over the forecast period on the back of stronger exports and investment.

Australia showed robust economic growth of 2.8% in 2014. Growth of 2.9% is expected for 2015, with higher exports balanced by lower investment in the mining sector.

In the **Middle East**, the countries relevant to HOCHTIEF—Qatar, the United Arab Emirates (UAE), and Saudi Arabia—have strong positive growth rates. Growth in Saudi Arabia and the UAE was more or less constant in 2014 at around 4.5%. Similar figures are projected for 2015. Qatar is capable of even stronger growth and is set to achieve the highest growth rate of the Middle East and North Africa (MENA) region in 2015, at 7.7% (2014: 6.5%).

In **South America**, the two economies of relevance to HOCHTIEF—Chile and Peru—are seeing well above average growth increases. While the two countries grew

Increase in total construction sector investment by region
(percentage changes compared with the previous year, measured in U.S. dollars)



Source:
Global Construction Outlook, December 30, 2014

Growth in HOCHTIEF's regional construction markets

(percentage change on prior year, measured in 2010 U.S. dollars)

	2014				2015E			
Region	Commercial building construction	Residential construction	Civil engineering (incl. transportation infra-structure)	Overall market	Commercial building construction	Residential construction	Civil engineering (incl. transportation infra-structure)	Overall market
Austria	0.2	1.2	0.8	**0.8**	2.0	1.3	1.2	**1.5**
Germany	3.0	3.7	2.1	**3.3**	3.8	4.0	3.2	**3.8**
Norway	5.7	-0.2	9.0	**4.8**	0.7	-0.3	5.7	**1.8**
Sweden	3.9	8.6	3.6	**5.6**	2.6	5.6	2.0	**3.6**
UK	2.8	8.2	3.0	**4.9**	5.2	5.6	3.1	**4.9**
Western Europe	**1.3**	**1.0**	**1.8**	**1.2**	**2.8**	**2.2**	**2.3**	**2.4**
Czech Republic	6.3	7.0	0.8	**4.0**	2.3	5.1	3.1	**3.1**
Poland	7.4	2.3	5.6	**5.6**	4.0	1.4	4.7	**3.7**
Eastern Europe	**-1.9**	**4.9**	**-1.6**	**-0.3**	**-1.5**	**0.8**	**-0.5**	**-0.6**
Australia	4.6	5.8	-1.6	**1.1**	0.3	2.0	-0.5	**0.2**
Canada	-1.0	-1.4	4.7	**0.1**	-1.8	-1.7	2.5	**-0.7**
Chile	0.5	0.7	-0.1	**0.2**	1.8	1.5	2.4	**2.1**
Peru	0.6	-0.4	1.5	**0.0**	2.1	2.1	3.2	**2.3**
Qatar	9.6	7.7	10.4	**9.0**	8.3	6.9	9.7	**8.2**
Saudi Arabia	3.7	6.8	6.3	**5.8**	3.4	5.7	5.7	**5.2**
United Arab Emirates	6.6	3.7	4.2	**5.4**	5.7	4.7	2.3	**4.5**
USA	3.1	2.3	4.6	**3.2**	5.5	5.7	-4.8	**3.1**
World*	**3.2**	**2.4**	**4.1**	**3.2**	**3.9**	**3.4**	**3.3**	**3.5**

Source/table right: IHS Global Insight : Global Construction Outlook, as of December 30, 2014

www.ihs.com

*Total 74 countries

less strongly in 2014 compared with the high growth rates in 2013, the projections are that they will put in a stronger showing again in 2015, with clear growth signals in the form of a 3.1% increase in Chile and 5.1% in Peru.

Trend in markets served by HOCHTIEF**

HOCHTIEF is represented with its core competencies in the following markets worldwide: transportation, energy, social and urban infrastructure as well as contract mining.

In 2013, Western and Eastern Europe were still in the grip of a steep decline in construction output. 2014 saw the market coming out of this weak phase, at least in Western Europe. The declining oil price had its greatest impact on the Latin American and Eastern European markets. The markets relevant to HOCHTIEF, however, are often clearly above the average for their region. While the Russian market accounts for about 50% of the Eastern European construction market and was hit especially hard by the falling oil price, HOCHTIEF already pulled out of that market in 2013.

**Source unless otherwise specified: IHS Global Insight: Global Construction Outlook (as of December 30, 2014)

Transportation infrastructure

Transportation infrastructure markets will see exceptionally high rates of growth in 2015 in a number of the countries relevant to HOCHTIEF in **Western Europe**. This is driven by large-scale government spending on infrastructure. Norway's National Transport Plan 2014-2023, for example, provides for a further increase in spending on road and rail infrastructure over its predecessor program. This will already start to have an effect in 2015, with over 11% growth on the prior year. The UK, too, is set for more than 7% growth in 2015. Strong spending is likewise underway in the Netherlands, with growth of more than 9% in 2014 and projected growth of nearly 7% in 2015. Germany also aims to boost transportation infrastructure expenditure in the years ahead. This is expected to result in growth rates of over 5% in 2015. The German rail company Deutsche Bahn alone is to invest EUR 28 billion in modernizing the rail network over the next five years. Austria is up for slightly weaker growth of about 3.5% in 2015.

Looking to **Eastern Europe**, Poland is set to grow by 7.5% in 2015. A transit country, Poland benefits from EU programs to support transportation infrastructure. In the Czech Republic, growth will rise from just under 4% to over 5%.

North America is headed for a slowdown in public transportation infrastructure funding. In Canada, which recorded growth of 3.5% in the last few years, the market is set to grow by only 1.4% in 2015. This can be attributed to the Building Canada Plan coming to an end in 2013 and the fact that two newly launched programs (the Community Improvement Fund and the New Building Canada Fund) will only start to show through in the figures from 2016 with anticipated growth of over 4%. The slowdown is more pronounced in the USA. After slight growth in the transportation infrastructure segment in 2014, the market will contract by nearly 2% in 2015, though this slowdown will ease off again in 2016.

The HOCHTIEF markets in **Latin America**—Peru and Chile—show robust growth. Peru is set for a sharp increase from 2.3% in 2014 to 7.3% in 2015. Spending on transportation infrastructure is increasingly vital to Peru's economy as the country aims to boost exports—and for that it needs well-developed infrastructure.* Chile will likewise see strong growth in transportation infrastructure, at just under 4%, in 2015. Much of this consists of roadbuilding, with five new highways in the planning pipeline for an estimated total of USD 5 billion (EUR 4.17 billion).**

Australia once again anticipates growth in 2015, at a rate of almost 2%. Its east coast states especially have launched investment programs worth billions of dollars for the years ahead. These include the AUD 18 billion (EUR 12.41 billion) Queensland Infrastructure Plan, the 20-year, AUD 100 billion (EUR 68.97 billion) New South Wales Transport Master Plan, and the AUD 38 billion (EUR 26.21 billion) Victorian Transport Plan.*** The additional project-based spending comes on the back of a May 2014 announcement that budgetary consolidation is working and a budget surplus is expected as early as in fiscal year 2016/2017.

Transportation infrastructure spending in **Middle East** countries keeps on growing apace. Growth in Qatar is set to rise from the already high rate of about 19% in 2014 to just under 32% a year later. This investment is driven by the expansion of transportation infrastructure for the FIFA World Cup in 2022. Growth of just under 16% is expected for the United Arab Emirates in 2015, compared with upward of 11% a year earlier. Transportation infrastructure spending will also increase in Saudi Arabia. The already strong growth rate of nearly 19% in 2014 will be topped again, with 25% in the year ahead.

PPP transportation infrastructure projects

Public-private partnership infrastructure projects worth EUR 2.7 billion were awarded in **Germany** between 2007 and 2014. Further projects for at least EUR 1.75 billion are expected in the period to 2017. A third raft of "A

Source unless otherwise specified: IHS Global Insight: Global Construction Outlook (as of December 30, 2014)

*Source: BMI Peru Infrastructure Report 2014

www.bmi.com

**Source: BMI Chile Infrastructure Report Q4 2014

***Source: BMI Australia Infrastructure Report Q4 2014

www.oepp-plattform.de

Model" freeway upgrade projects is planned for launch in 2015.*

*Source: InfraDeals

www.rws.nl

The PPP market in the **Netherlands** continues to shape up very well. Three to four transportation infrastructure projects per year are planned from 2015 to 2017, with a total value of around EUR 7 billion.

Scandinavia remains another attractive market for PPP projects. Proposals were requested in 2014 for one PPP project in **Finland**** worth a total of EUR 250 million.

Norway** is currently planning a chain of PPP projects with an initial three projects for a total of some EUR 1.5 billion. Bids are to be requested for the first of these in 2015; an extension to the chain of projects is currently under debate.

Turning to Eastern Europe, there is substantial potential for PPP projects in **Slovakia****. One project for some EUR 1.5 billion is currently planned for early 2015.

In the last few years, the **UK** market has been relatively quiet in terms of transportation infrastructure. However, there are plans to put a number of PPP projects out to tender beginning in late 2015, and we expect the investment volume to reach between EUR 1 billion and EUR 2 billion a year from 2016.

The **North American** market shows ample and continued growing potential for PPP roadbuilding projects. Increasingly frequent use is made of the PPP contracting model in Canada, notably for large-scale projects. Investment spending totaling at least EUR 24 billion (USD 36 billion) is expected in the rail infrastructure sector alone over the next ten years. The PPP model is selected more and more for the award of road and bridge building projects, too. Following Canada's lead, the number of projects has now picked up significantly in the USA as well.*** Rating agency Moody's predicted in 2014 that the USA has the potential to become the world's largest PPP market.

****Source: BMI Australia Infrastructure Report Q4 2014

**Source: InfraNews

*****Source: Euroconstruct, November 2014

***Source: Canadianshipper

Australia already has one of the most attractive PPP markets today and, since 2005, has held third place globally after the UK and Canada for the number of contract awards. However, the average project size is larger in Australia than in the UK or Canada. Road and rail construction will be the prime mover for Australia's infrastructure sector in the years ahead and, besides social and urban infrastructure, holds the greatest potential for PPP.**** This presents good market opportunities for the HOCHTIEF Group in the next few years.

Energy infrastructure

Development in energy markets by country and region

The market for energy infrastructure in **Western Europe** contracted slightly (by 1.3%) in the year under review. This trend is expected to ease off with a 0.4% decrease in 2015. The World Energy Council also attributes the prevailing neutral investment climate to the regulatory environment.

Germany is expected to see market growth at a standstill in 2015. A factor here is once again uncertainty surrounding the transformation of Germany's energy supplies, which inhibits investment spending in the energy sector. On the other hand, the German Government has put the cost of that transformation at up to EUR 1 trillion by 2030.

In **Austria**, spending on energy infrastructure is set to decrease slightly (by 0.8%) in 2015. Even with a number of new hydroelectric power stations postponed to 2020, the segment still offers future growth potential.***** HOCHTIEF is currently involved in building the Gemeinschaftskraftwerk Inn power plant.

Norway showed particularly strong growth of 9.7% in 2014 but will not be able to keep up that rate, with 3.4% anticipated in 2015. Activities relating to the National Power Grid will be the dominating factor in the years ahead.*

The picture is similar in **Sweden**, where the market still showed nearly 2% growth in 2014. Zero growth is expected in 2015. This is due to the gradual winding down of a ten-year energy investment program that was launched in 2008 and comes to an end in 2018.

In **North America**, the U.S. energy market grew the strongest in 2014 with a substantial 6.9% increase. A major driver was unconventional shale gas extraction (fracking). This comes with related construction activity to provide the infrastructure needed in extraction regions in the form of roads, hospitals, and housing. The decline in the oil price from mid-2014 threatens to check this growth, however, as new investment is put off. This is reflected in the projections for 2015, which are now for a market contraction. However, the trend is forecast to reverse yet again in 2016, with growth of over 6%.

Growth in **Canada** was strong at over 5% in 2014. Investment is expected to go down in 2015, with growth slowing to 3.4%. Hydro power accounts for about 55% of total generating capacity in Canada and there is consequently a high level of spending in this segment. At the same time, there are efforts to promote oil sand extraction in Alberta, with ongoing investment in the necessary infrastructure.** The falling oil price could have a negative impact on these projects, too.

In **Latin America**, the countries hardest hit by the falling oil price are oil exporters such as Venezuela. The outlook for the Brazilian construction market has also been revised downward in light of weaker economic data. The result is a slight shrinking of the Latin American energy infrastructure market in 2014 and 2015, with a recovery projected for 2016. The two markets relevant to HOCHTIEF, Chile and Peru, will do similarly, though Chile is projected to see a slight, 0.3% recovery as early as 2015.

After very slight growth in 2014, the **Australian** energy infrastructure segment will contract by 2.6% in 2015. A key factor here is the market for LNG production which, following the completion of a number of large-scale projects, will shrink in the next few years, impacting the entire energy infrastructure market. However, growth of over 3% is expected again for 2016.

Middle East energy infrastructure markets hold their strong growth trend with minor slowdowns. Qatar's expenditure on energy infrastructure is expected to grow by nearly 9% in 2015. This is driven by strong demand for electricity, which is currently increasing by 10% a year. According to the Qatar Electricity & Water Company, over USD 22 billion (EUR 18.33 billion) is going to be invested in the next ten years to meet this demand, including USD 4 billion (EUR 3.33 billion) by 2015 alone.*** Saudi Arabia is also expected to grow by almost 5% in 2015. Here, too, demand for electricity continues to rise, driven by a growing population and stronger demand from industry.****

Social and urban infrastructure

Development in building construction markets by country and region

The commercial/industrial building construction markets important to HOCHTIEF in **Western Europe** will continue to grow in 2015 by between 0.7% and 5.2%. First and foremost, Germany and the UK are showing more favorable developing than the Western European average.

Sustainability plays a key role in building construction, as evidenced by a 2013 Union Investment study on the investment climate in **Europe**. More and more investors emphasize the importance of a 360-degree approach with regard to real estate. Some six out of ten companies in the real estate sector thus consider sustainability criteria to be an integral part of their in-

*Source: Euroconstruct, November 2014

***Source: BMI Qatar Infrastructure Report Q4 2014

****Source: BMI Saudi Arabia Infrastructure Report Q4 2014

**Source: BMI Canada Infrastructure Report Q4 2014

vestment strategy. The market for green buildings with sustainability certification (DGNB, LEED, etc.) is growing in Europe. According to a study by Roland Berger, the energy and resource efficiency market, too, will grow by nearly 7% a year up to 2020.

The **German** commercial/industrial construction market already developed well in 2014 with a growth rate of 3.0%. A further 3.8% increase is expected in 2015. Here, the public sector, office, and commercial segments stand out especially, each with projected growth of over 4% in 2015. Residential construction will show a very healthy growth rate of 4% in 2015.

A HOCHTIEF analysis compiled in 2014 shows substantial growth potential for the German refurbishment and upgrading market, above all in major cities such as Berlin, Munich, Hamburg, and Düsseldorf. Berlin is the leader in sustainable land recycling, with some 290,000 square meters of building space put to new use.

*Source: Federation of the German Construction Industry, Partnerschaften Deutschland

Green Building Market Barometer

www.turnerconstruction.com/about-us/sustainability/green-market-barometer

Every two years, HOCHTIEF's U.S. subsidiary Turner collates market trends on green building in the USA. The Green Building Market Barometer, published for the sixth time in 2014, shows very strong ongoing interest in sustainable buildings and facilities, as well as a significantly heightened appreciation of non-financial aspects—the positive effects of green buildings on the health, wellbeing, and productivity of their users. Another finding of the survey is that 62% of respondents (2012: 48%) intend to seek LEED certification when buildings are planned or erected.

More than 300 corporate CEOs who are owners or tenants of green buildings or are in the business of developing or constructing such buildings took part in the survey.

Diverging trends are projected for 2015 for the commercial/ industrial building construction markets in **Canada** and the **USA**. While Canada will contract by 1.8%, the USA will show very strong growth of 5.5%. The office buildings and commercial subsegments stand out here, with growth of over 10% each.

After strong growth of 4.6% in 2014, the commercial/industrial construction market in **Australia** will show only marginal growth the year after with an increase of 0.3%.

Qatar and the **United Arab Emirates** will also show strong, stable growth rates of more than 5% in the commercial/industrial construction markets over the next few years. In Qatar, the office buildings market will grow strongest in 2015, at nearly 14%.

PPP social and urban infrastructure projects

In **Germany***, a total of 180 building construction projects worth some EUR 5.7 billion have been carried out on a PPP basis since 2002. Four projects for EUR 603 million were completed in the year under review. Twenty-nine projects are currently at the tender stage and 60 projects at the preparation stage. While the total value of current projects has slightly increased, the average project size—ranging in the mid-double-digit millions—still has development potential in international terms.

The social infrastructure segment in Poland and the Netherlands also shows a slight positive trend.

Poland** has seen 19 PPP projects worth EUR 146 million carried out in public-sector building construction since 2009. Another 13 are currently at the tender or preparation stage. However, the project sizes remain small.

**Source: PPP Institute, Inspiratia

In the **Netherlands***, a total of 14 building construction contracts have been completed on a PPP basis for some EUR 1.67 billion since 2004. Three of these projects, worth some EUR 430 million, were completed in the reporting period. At present, there are five projects at the tender stage and another two at the preparation stage.

The **UK** has the best-developed PPP building construction market in the world. More than 700 social infrastructure PPP projects have been carried out there since the early 1990s. Major programs in the education sector have recently been announced for Ireland and Wales.

PPP projects continue to play an increasingly important role in the **USA** and **Canada**. In Canada, 41 out of a total of 221 PPP projects** reached financial close*** in the year under review, the majority of them in healthcare. Those 41 projects alone account for EUR 15.9 billion (USD 21 billion) in investment spending. In the USA, this segment is still in its infancy. We are already seeing the first attractive projects there, however, in states such as Florida and California.

Alongside a growing PPP market in transportation infrastructure, **Australia** also holds huge potential in social and urban infrastructure. Hospitals constitute the leading market. Projects here are marked by large individual contract sizes (such as the Perth Children's Hospital with a total contract value of some EUR 887 million, of which Leighton's share is around EUR 592 million). Large-scale projects in the education and healthcare segment will also have a massive positive impact on the PPP market. The Australian government is going to invest very large sums in amenities in this segment over the medium term.**** The PPP model is also an option for the Australian government in other social infrastructure segments such as stadiums, convention centers, and correctional facilities.

*Source: InfraNews

****Source: BMI Australia Infrastructure Report Q4 2014

Contract mining

Development in resources markets by country and region*****

The long-term increase in demand for resources ensures that this market will keep on growing steadily. HOCHTIEF is very well positioned in the market with its Group company Leighton. As the world's biggest contract miner******, Leighton operates in various regions of the Asia-Pacific and will continue to take a share in the positive market trend.

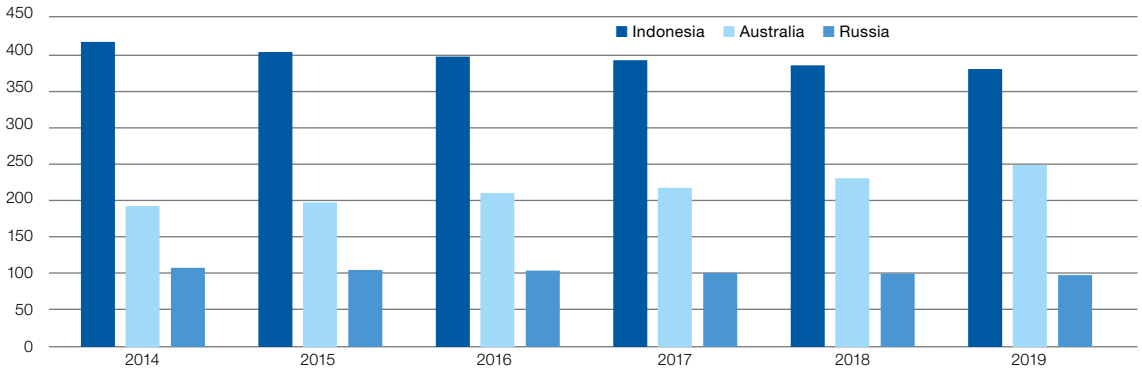
**Scource: The Canadian Council for Public-Private Partnerships

***See glossary on page 265.

*****Source: BREE Resources and Energy Quarterly (September 2014)

******See glossary on page 265.

Top three exporters of thermal coal (million t)



Source: BREE Resources and Energy Quarterly (September 2014)

*Source: BMI Australia Infrastructure Report Q4 2014

Australia is the world's fourth largest producer of coal.* In thermal coal specifically, Australia is the number two—behind Indonesia and ahead of Russia. Australia is also the only country among the top three exporters to show steady growth. This stood at 1.8% in 2014 and will rise to 3% next year. The annual growth rate could even average over 4% between 2014 and 2019 and is set to increase further in the medium term.

Indonesia is the biggest exporter of thermal coal by a large margin. It exported twice as much thermal coal in 2014 as the second-largest exporter, Australia. The country will continue to assert its leading role in the future. However, the government aims to export less and use more domestically in order to reap greater macroeconomic benefits for Indonesia.**

**Source: BMI Indonesia Infrastructure Report Q1 2015

The market for iron ore is dominated by **Australia**, whose volume share of global trade will pass the 50% mark in the years ahead. China, the main buyer of iron ore, should sustain its high demand and thus help maintain high growth rates in the future.

These trends in the coal and iron ore sectors in Australia will support that investment in resource-related infrastructure continues.

Iron ore trading volume (million t)

Legal and Economic Environment

Resumption of construction work on Greek toll road projects

After the successful restructuring of the two Greek toll road projects Maliakos-Kleidi (HOCHTIEF share: 35%) and Elefsina-Patras-Tsakona (HOCHTIEF share: 17%) in late 2013, construction work on the two road links has continued since the beginning of the year under review. Traffic and revenues developed slightly better than projected at the time of the restructuring. The outlook for both projects is positive for the long term provided that economic and political conditions in Greece continue to stabilize.

U.S. economic policy

In the U.S. mid-term elections in November 2014, Republicans obtained a majority in the House of Representatives and the Senate. It remains to be seen how this situation will affect policy implementation going forward, as it calls for greater readiness to compromise between U.S. President Barack Obama and the Republicans. Barack Obama has announced a four-year investment program for 2015 to improve and expand infrastructure, including roads, bridges, and rail systems. A National Infrastructure Bank is to be established for the purpose.

New EU directives on public procurement

New EU directives on public procurement came into force in April 2014. EU member states have 24 months to transpose all but a few of the provisions into national law.

www.eur-lex.europa.eu

The new rules make it easier to take environmental and social issues into account in public procurement procedures. This significantly enhances the importance attached to environmental concerns in public procurement. Compliance with environmental obligations will have equal status with other procurement principles that have applied so far. The rules include provisions on environmental requirements and make it possible to take into account the product life cycle and environmental impacts across the entire production process. Proof of conformity may be required in the form of accreditation or certification such as LEED, DGNB, or BREEAM.*

*See glossary on pages 265 and 266.

The new directive allows life cycle costing to be integrated into award criteria. The carbon footprint of products and services offered, for example, could be made the deciding criterion. In addition, public purchasers must reject any bid that comes at an abnormally low price because the bidder is violating social, environmental, or labor laws.

In a number of markets relevant to HOCHTIEF, including Scandinavia, Benelux, and the UK, special importance is already given to social and environmental aspects in public procurement.

Orders and Work Done in 2014
New orders and work done at solid levels

HOCHTIEF once again held its own as a top global infrastructure construction group in the year under review. Group orders and work done progressed well through the year. New orders excluding the activities sold remain at a stable level on an exchange rate adjusted basis (up 0.1%). As an outcome of selective order taking and of working through large-scale projects in the order backlog, Group work done, excluding the activities sold and adjusted for exchange rates, was slightly (1.3%) up on the prior year. At EUR 35.70 billion, the order backlog was lower than the prior-year comparative figure (EUR 40.75 billion), largely due to the sale of the John Holland Group and the Services business at Leighton. Adjusted for the activities sold, the decrease was only 0.5%; the order backlog remains a good basis for growth in work done going forward.

New orders: Stable level with selective order intake

At an absolute figure of EUR 21,53 billion, the Group's new orders excluding the activities sold were 1.7% below the prior-year figure. Adjusted for exchange rate effects, new orders matched the prior year (up 0.1%).

HOCHTIEF Americas significantly improved on its prior-year figure to set a new record. Both building construction and civil engineering contributed to the increase. New orders came to EUR 10.19 billion, a substantial 36.7% (exchange rate adjusted: 35.7%) higher than the prior-year figure.

HOCHTIEF Asia Pacific once again added large-scale, long-term contract mining and infrastructure contracts to its order books in the year under review. Due to selective order taking, new orders excluding the activities sold at EUR 8.53 billion were 25.6% below the large prior-year figure (21.4% down adjusted for exchange rates)

HOCHTIEF Europe came in with new orders of EUR 2.69 billion, a nominal decrease of 6.7% on the prior year. However, the prior-year figures included the service, HOCHTIEF Property Management, and formart businesses. Adjusted for the sale of these businesses and exchange rate effects, new orders showed growth of 18.2%.

Work done: Uniform high level

Group work done excluding the activities sold attained a stable level at EUR 24.31 billion to the end of the year. Adjusted for exchange rate effects—chiefly against the U.S. dollar and the Australian dollar—work done is EUR 0.325 billion higher than in the prior year, marking an increase of 1.3%.

HOCHTIEF Americas comfortably surpassed the prior year by 7.2%, posting a record figure of EUR 9.16 billion in work done for the year under review. Adjusted for positive exchange rate effects against the U.S. dollar, work done in the reporting year was 6.4% up on the prior year.

HOCHTIEF Asia Pacific held work done at a high level with the execution of large-scale, multi-year contracts in the contract mining and infrastructure segments. The selective order intake and adjusting to the change in the market situation nonetheless made for a decrease. On a nominal basis, the division's work done was below the prior-year figure; on an exchange rate adjusted basis, the decrease was 1.4%. Excluding the activities sold, on the other hand, exchange rate adjusted work done showed growth of 3.7%.

The decrease (of 22.1%) in the HOCHTIEF Europe division is mostly down to the formart and Service Solutions businesses having been included in the comparative period. Adjusting for these divestments and exchange rate effects, the division is broadly level with the previous year, with a reduction of 0.6%.

International work done made up 94% of Group work done. HOCHTIEF once again secured a top position in the annual Top 225 International Contractors ranking by industry publication Engineering News-Record.

Order backlog: Stable basis with strong future potential

At EUR 35.70 billion, the order backlog is significantly down on the nominal figure for the prior year. Adjusted for the units sold during 2014 and no longer included in the order backlog as of the 2014 year-end—John Holland and the Australian service business (both Leighton/ HOCHTIEF Asia Pacific)—the decrease relative to 2013 was solely 0.5%.

Based on current work done, the order backlog continues to represent a large forward order book of 18 months.

Prior-year orders and work done have been adjusted for the figures relating to the discontinued activities (John Holland Group). The prior-year figures have also been adjusted with the figures relating to Al Habtoor Leighton to make them comparable with the figures for the Leighton Group in which they are included.

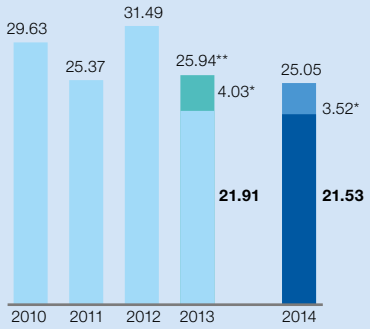
Al Habtoor Leighton's orders and work done are as follows:

EUR million	2013	**2014**
New orders	(552.1)*	**1,206.2**
Work done	357.8	**499.3**
Order backlog	818.0	**1,647.2**

*New orders were impacted by the removal of the Dubai Pearl project

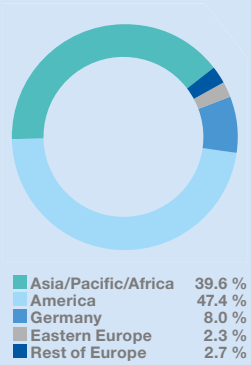
New orders

EUR billion



*Discontinued operations
**See table below on the left

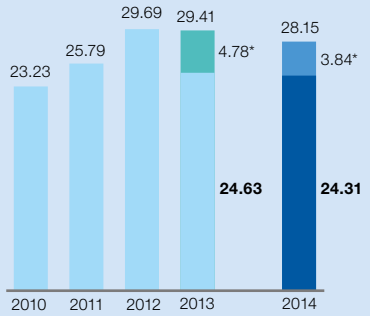
New orders by region



100 % = EUR 21.53 billion

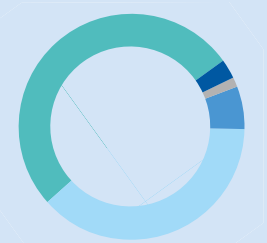
Work done

EUR billion



*Discontinued operations

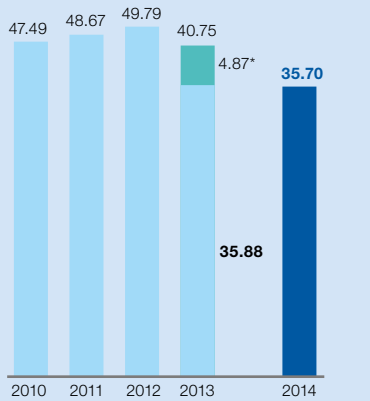
Work done by region



100 % = EUR 24.31 billion

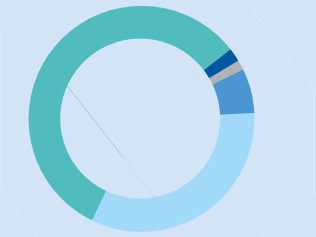
Order backlog

EUR billion



*Discontinued operations

Order backlog by region



100 % = EUR 35.70 billion

For the detailed five-year summary, please see pages 267 and 268.

Sustainability at HOCHTIEF

Focus Area Sustainable Products and Services

Fan Pier buildings A and B in Boston
Contemporary workplaces in a prime location

Economy: Turner Construction has erected a building complex in Boston: Fan Pier buildings A and B were completed in 2013. The 18-story towers are now the headquarters of a pharmaceuticals company.

Ecology: Over 50% recycled steel was used in construction, and building B has a green roof. The complex affords easy access to public transportation as well as charging stations for electric cars, so getting to and from the site does not mean leaving a large carbon footprint. The shell construction has received LEED Gold certification, and the interior will also seek LEED rating.

Community: The twin towers are located in the readily accessible heart of Boston, right on the waterfront. Floor-to-ceiling windows admit plenty of daylight and ensure a pleasant working atmosphere.

Financial Review

Earnings

HOCHTIEF took further action to focus on its core business in the year under review. Alongside the sale of activities in the HOCHTIEF Europe division—including the divestment of formart and a number of peripheral activities—that action was largely concentrated on the Leighton business portfolio, with the divestments of John Holland and of the service business under Leighton subsidiaries Thiess and Leighton Contractors.

These transactions had a substantial impact on the presentation of earnings and on the earnings figures for the HOCHTIEF Group. In accordance with IFRS, HOCHTIEF presents profit after taxes for the 2013 and 2014 fiscal years separately for continuing operations and discontinued operations. Total profit after taxes generated by the HOCHTIEF Group is the sum of these two earnings figures.

Earnings from continuing operations were mainly impacted in 2014 by the recognition of accounting provisions for credit risk in relation to project receivables at Leighton. This had the effect of reducing earnings before taxes from continuing operations by EUR 458 million (AUD 675 million) and profit after taxes from continuing operations by EUR 321 million (AUD 473 million). In the prior year, earnings from continuing operations also still included positive contributions to earnings from the operating business of non-core activities and from the disposal of such activities. These notably included the airport business and the services business previously managed in the HOCHTIEF Europe division.

Operational Statement of Earnings

(EUR million)	2014	2013 (restated)*
Profit from operating activities	**(75.3)**	**585.9**
+ Net income from participating interests	118.5	210.4
– Non-operating earnings	(+) 515.5	(+) 105.0
Operating earnings (EBITA)	**558.7**	**901.3**
Net investment and interest income	(220.3)	(266.5)
Non-operating earnings	(515.5)	(105.0)
Profit before taxes—continuing operations	**(177.1)**	**529.8**
Income taxes	45.3	(158.1)
Profit after taxes—continuing operations	**(131.8)**	**371.7**
Profit after taxes—discontinued operations	537.6	173.7
Profit after taxes—total	**405.8**	**545.4**
Of which: HOCHTIEF Group	251.7	171.2
Of which: Minority interest	154.1	374.2

*Restated for IFRS 5 and IFRS 11. For notes on the adjustments, please see pages 177–178 and 186 et seq.

The businesses sold at Leighton—John Holland and the service business of Leighton subsidiary Thiess—were classified as discontinued operations in 2014. **Profit after taxes from discontinued operations** in 2014 contained a total of EUR 538 million comprising the profit on disposal (EUR 409 million) and from the operating business of those operations (EUR 129 million). The EUR 174 million prior-year profit after taxes from discontinued operations included earnings from the operating business at John Holland and Leighton's service business (EUR 91 million) as well as the profit on disposal of the telecommunications assets (EUR 83 million).

HOCHTIEF Group **sales** came to EUR 22.1 billion in 2014. This represented a decrease of EUR 0.4 billion (2.0%) compared with the prior year (EUR 22.5 billion). The main factor here was negative exchange rate effects—primarily against the Australian dollar—which reduced sales by a total of EUR 597 million. Adjusted for exchange rate effects, sales were 1% higher than the prior-year comparative figure.

Leighton generated sales of AUD 16.8 billion, surpassing the comparable prior-year figure (AUD 16.2 billion) by 4%. The Leighton Group was particularly successful in the Australian market in its core businesses of infrastructure construction and contract mining along with selected regions of the Asia-Pacific economic region and the Middle East. The HOCHTIEF Asia Pacific division's reported sales were down on the prior-year period due to the lower average exchange rate for translation from Australian dollars. This reduced sales by EUR 644 million. Sales thus decreased by 2% from EUR 11.6 billion in 2013 to EUR 11.4 billion in the year under review. The sales trend in the American market was very positive, notably thanks to strong growth in the building construction business. Our U.S. building construction subsidiary Turner increased sales by 11% from USD 9.5 billion in the prior year to USD 10.6 billion in 2014. Conversely, sales were down in the civil engineering business at Flatiron. In total, the HOCHTIEF Americas division generated sales of EUR 8.6 billion, an increase of 8% on the prior year (EUR 7.9 billion). HOCHTIEF Americas division sales were swelled slightly by a EUR 63 million exchange rate effect on translation from the U.S. dollar. With the reorganization of the HOCHTIEF Europe division, we have further focused our German and European construction activities on the core business segments of infrastructure and building construction as well as on the PPP business. This had an impact on divisional sales which, at EUR 2 billion, were significantly down as expected in 2014 as compared with the prior-year figure of EUR 2.8 billion. The main factor in the 30% decrease was the sale of the services business at HOCHTIEF Solutions AG in the prior year. Sales of further non-core activities in the course of the year, such as residential developer formart, our property management business, and STREIF Baulogistik's Project Service business unit, had an additional impact.

HOCHTIEF is on the map in all the world's major markets and generated 94% of sales outside of Germany in the year under review. This marks a further increase in the international share of sales relative to the prior year (91%).

Consolidated net profit increased on prior year

HOCHTIEF generated **operational earnings** (EBITA/EBIT) from continuing operations of EUR 559 million in 2014 (2013: EUR 901 million). In comparing with the prior year, it should be noted that nonrecurring items relating to non-core transactions resulted in higher nominal earnings in 2013. These mostly were positive effects from sales of activities.

For an adequate assessment of earnings from operating activities, EBIT is adjusted for the one-time impact of nonrecurring items. Reclassifications to non-operational earnings in 2014 (EUR 516 million) comprised EUR 458 million for the recognition of accounting provisions at Leighton for credit risk on project receivables and EUR 58 million mostly for restructuring expenses at Leighton. Prior-year non-operational earnings (EUR 105 million) consisted of restructuring expenses in the HOCHTIEF Europe division and at Leighton.

Leighton generated good earnings from its operating activities. In total, the HOCHTIEF Asia Pacific division booked EBIT of EUR 575 million in 2014. This marked an improvement of EUR 104 million (22%) compared with the prior year (EUR 471 million).

The HOCHTIEF Americas division also further improved EBIT by 7% from EUR 115 million in the prior year to EUR 123 million in the year under review. The building construction business managed by our subsidiary Turner showed especially strong growth. In the civil engineering business, only a small increase in earnings was attained. Civil engineering company Flatiron, which spearheads our American construction business, secured a substantially larger number of contracts in 2014. However, EBIT continued to be negatively affected by losses on projects taken on in previous years.

In 2014, we systematically pushed ahead with the reorganization of the HOCHTIEF Europe division commenced in the prior year and now offer our product and service spectrum for the core business segments of infrastructure, building, engineering, and public-private partnerships through four independent units. Additionally, we completed a further milestone in implementing our strategy with the majority sale of residential developer formart as well as disposing of our property management and offshore businesses together with STREIF Baulogistik's Project Service business unit. EBIT in the HOCHTIEF Europe division—a loss of EUR 37 million—was less than satisfactory and far short of the EUR 152 million prior-year figure. The main factor in this was the positive impact on prior-year earnings from the sale of the service business line at HOCHTIEF Solutions AG. Earnings in the year under review also continued to be affected by losses and proceeds on legacy projects in infrastructure and a loss in the real estate business.

HOCHTIEF generated EUR 118 million in **net income from participating interests** in 2014. The decrease compared with the substantially larger prior-year figure (EUR 210 million) relates to exceptional factors. One major reason is that the prior-year figure was still boosted by dividend distributions from airport holdings. This contributed EUR 96 million to HOCHTIEF's net income from participating interests in 2013—the year in which HOCHTIEF disposed of this non-core business. In the HOCHTIEF Asia Pacific division, net income from participating interests primarily comprises earnings from companies in the Leighton business portfolio. After a prior-year figure close to zero, HOCHTIEF Asia Pacific's net income from participating interests was well into positive figures in 2014 at EUR 37 million. Most of the improvement was accounted for by larger contributions to earnings from other participating interests jointly controlled entities. Net income from participating interests in the HOCHTIEF Americas division was weaker by comparison. HOCHTIEF Americas' net income from participating interests was EUR 31 million in 2014, compared with EUR 46 million in the prior year. At our subsidiary Turner, net income from participating interests was on a par with the prior year but was significantly down at Flatiron. This related to weaker earnings from individual jointly controlled entities in which Flatiron delivers infrastructure projects in cooperation with joint venture partners. In the HOCHTIEF Europe division, net income from participating interests came to EUR 51 million for 2014, compared with EUR 69 million in the prior year. A substantial decrease was seen in the Infrastructure Solutions business line, whose net income from participating interests mostly consists of contributions to earnings from European construction consortia. Income from participating interests in this business was significantly down due to losses on individual infrastructure projects. In contrast, net income from participating interests improved in the PPP business line.

HOCHTIEF's main goals also include securing and diversifying Group financing on a long-term basis. The EUR 500 million non-rated bond issued in 2014 was more than four times oversubscribed. The Company's existing EUR 2 billion credit and guarantee facility was also successfully extended to 2019 on significantly improved terms. In the year under review, the transactions effected reduced our interest expense and resulted in an overall improvement in **net investment and interest income** to a negative EUR 220 million, compared with a negative EUR 266 million in the prior year.

Earnings performance affected by reorganization and risk provisioning in the HOCHTIEF Group
HOCHTIEF's **earnings before taxes from continuing operations** was a negative EUR 177 million in 2014 (2013: positive EUR 530 million). However, earnings performance was impacted very substantially by the reorganization of the HOCHTIEF Group and the risk provisioning at Leighton in the amount of EUR 455 million (AUD 675 million). In the prior year, earnings before taxes from continuing operations also still included positive contributions to earnings from the operating business of the non-core airport and HOCHTIEF Europe's service activities as well as from the disposal of those activities.

The **income taxes** item shows tax income of EUR 45 million for 2014. This contrasts with a EUR 158 million tax expense in the prior year. Current tax expense increased due to higher taxable income at Leighton by a total of EUR 142 million to EUR 164 million. By contrast, deferred taxes for 2014 comprised tax income of EUR 209 million, compared with a tax expense of EUR 137 million in the prior year. A major reason for the tax income in the year under review was the recognition of deferred taxes on the risk provisioning at Leighton and the reversal of deferred tax liabilities when the grounds requiring their recognition ceased to exist.

Profit after taxes from continuing operations was a negative EUR 132 million in 2014 (2013: positive EUR 372 million), significantly influenced by risk provisioning at Leighton.

Profit after taxes from discontinued activities was EUR 538 million in 2014 (2013: EUR 174 million), influenced to a significant extent by the gain from the sale of John Holland and of Leighton's Services business.

HOCHTIEF's total **profit after taxes** from continued and discontinued operations was EUR 406 million in 2014 (2013: EUR 545 million). Of this amount, EUR 252 million was attributable to **consolidated net profit** (2013: EUR 171 million). Consolidated net profit thus improved substantially with an increase of 47%. Profit after taxes attributable to minority interests was significantly lower, at EUR 154 million (2013: EUR 374 million). Besides the reduction due to the increase in HOCHTIEF's stake in Leighton in 2014, the prior-year minority interest also included the share of proceeds attributable to minority owners on the sale of the investment in Sydney Airport.

Statement of Cash Flows for the HOCHTIEF Group (Summary)*

(EUR million)	2014	2013 (restated)**
Net cash provided by/(used in) operating activities	756.0	280.9
Net cash provided by/(used in) investment activities	(178.6)	577.4
Net cash provided by/(used in) financing activities	(375.8)	(1,115.7)
Net cash increase/(decrease) in cash and cash equivalents	**201.6**	**(257.4)**
Cash and cash equivalents at year-end	**2,585.4**	**2,190.1**

Cash flow

Consolidated statement of cash flows

The proceeds generated from the disposals at Leighton of John Holland as well as the Thiess and Leighton Contractors service business did not show through in cash flow in 2014 because the contracts were only signed shortly before the year-end. These proceeds are expected shortly. The sale transactions involving formart and the project service activities in the HOCHTIEF Europe division did result in a cash inflow in 2014.

HOCHTIEF recorded a cash inflow of EUR 756 million in **net cash provided by operating activities** in 2014. We thus generated EUR 475 million more cash in our operating business than in the prior year, which showed a cash inflow of EUR 281 million. A positive factor comprised changes in working capital (net current assets). This led to a cash inflow of EUR 308 million in 2014. In the prior year, by contrast, the commitment of increased resources to working capital produced a cash outflow of EUR 884 million. This represents a EUR 1.2 billion improvement year on year. Developments in trade receivables played a crucial part in this. In the year under review, we focused on recovering outstanding receivables. Cash flow improved as a result by EUR 870 million compared with the prior year. The improved cash inflow from changes in working capital was, however, countered by a smaller cash inflow from earnings. Across the board, all operating divisions achieved turnaround in cash flow performance thanks to the improved liquidity management and contributed substantially to net cash provided by operating activities in 2014.

Net cash used in investing activities represented a cash outflow of EUR 179 million in 2014. The prior year saw a net inflow of EUR 577 million, largely generated from the disposal of non-core activities. Significant disposals impacting cash flow in the year under review comprised the sales of the stake in aurelis Real Estate, the stake in residential developer formart, and parts of the Project Service activities carried under STREIF Baulogistik GmbH in the HOCHTIEF Europe division. In the prior year, major receipts resulted from the disposal of the airport business, the service business line at HOCHTIEF Europe, and the majority stake in the telecommunications activities at Leighton. Total proceeds from asset disposals in the HOCHTIEF Group, comprising both sales of property, plant and equipment and divestments, came to EUR 416 million in 2014. Of this amount, EUR 309 million was accounted for by the HOCHTIEF Europe division and EUR 76 million by the HOCHTIEF Asia Pacific division. The equivalent prior-year figure was around EUR 2.6 billion. Cash used for **capital expenditure** on property, plant and equipment as well as financial assets amounted to EUR 723 million in 2014. Capital expenditure was thus EUR 729 million down on the prior-year comparative figure (EUR 1.5 billion). Purchases of property, plant and equipment and intangible assets accounted for EUR 575 million of the total (2013: EUR 932 million). Cash used for purchases of property, plant and equipment was significantly reduced—notably in the capital-intensive contract mining business—by intensive efforts to improve deployment and procurement management at Leighton. Increasingly, Leighton met its mining equipment procurement needs through the use of operating leases. As a result, capital expenditure on property, plant and equipment

*The full Consolidated Statement of Cash Flows appears on page 172, in the Consolidated Financial Statements and Notes section of this Group Report.
**Restated for IFRS 11. For notes on the adjustment, please see page 186 et seq.

in the HOCHTIEF Asia Pacific division decreased from EUR 865 million in the prior year to EUR 498 million in the year under review. At EUR 148 million, significantly less cash was used for capital expenditure on financial assets than in the prior year (EUR 521 million). The main factor here comprised significantly lower expenditure in the Leighton business portfolio which, at EUR 75 million, was well below the prior-year figure (EUR 469 million). In the HOCHTIEF Americas division, EUR 59 million in capital expenditure on financial assets was incurred (2013: EUR 38 million). Capital spending on financial assets in the HOCHTIEF Europe division, at EUR 14 million, was level with the prior year and mainly focused on the PPP business line. HOCHTIEF generated large cash inflows from securities holdings by means of active portfolio management in the year under review. Most of this related to sales of variable and fixed-income securities by HOCHTIEF Aktiengesellschaft and Turner. Changes in securities holdings and financial receivables accounted for a EUR 438 million inflow of cash for the HOCHTIEF Group in fiscal year 2014. In the prior year, the Group recorded a EUR 534 million cash outflow for changes in securities holdings and receivables. Changes in cash and cash equivalents due to consolidation changes came to EUR 309 million in 2014. The outflow of cash mostly related to the deconsolidation of John Holland and the service business at Leighton. For the most part, the EUR 17 million prior-year cash outflow came about as a result of removing the airport business and the service business line at HOCHTIEF Solutions AG from the consolidated Group.

HOCHTIEF carried out further financing activities in the year under review, deploying a range of instruments to enhance the diversification and long-term security of the Group's finances. This included the issue by HOCHTIEF Aktiengesellschaft of a third corporate bond with a principal amount of EUR 500 million. Funding requirements above and beyond this were primarily met by the use of conventional bank borrowing. Most borrowing was accounted for by Leighton in the amount of EUR 1.0 billion. In total, new borrowing across the HOCHTIEF Group came to EUR 1.7 billion and was thus a substantial EUR 967 million down on the prior year (2013: EUR 2.6 billion). EUR 1.1 billion in cash was used for debt repayment. The lion's share of debt repayment was effected by Leighton (EUR 594 million) and Corporate Headquarters (EUR 374 million). Cash used for debt repayment in the prior year totaled EUR 2.8 billion. HOCHTIEF increased the size of its stake in Leighton in both 2013 and 2014. Cash resources of EUR 198 million were used for this purpose in 2013 and EUR 617 million in 2014. Additionally, Group cash resources of EUR 212 million were utilized for dividend payments in the year under review. The prior-year cash outflow for dividend payments was significantly larger, at EUR 431 million. This was due to one-time distributions to minority shareholders in the airport segment in connection with the sale of the airport business. Disposal of the airport holdings also led in 2013 to EUR 125 million in payments out of equity to minority shareholders in the airport business line. HOCHTIEF launched another stock buyback program in the year under review. Cash used for this purpose came to EUR 48 million as of December 31, 2014. In the prior year, the stock buyback program entailed the use of EUR 256 million in cash resources to purchase HOCHTIEF shares. **Net cash used in financing activities** represented in total a cash outflow of EUR 376 million in 2014. Cash used was thus EUR 740 million lower than in the prior year (EUR 1.1 billion).

HOCHTIEF's Consolidated Balance Sheet shows EUR 2.6 billion in cash and cash equivalents at the December 31, 2014 reporting date, and is thus EUR 395 million higher than the comparative figure of EUR 2.2 billion as of December 31, 2013. The effect of exchange rate changes amounted to EUR 194 million (2013: minus EUR 204 million). The U.S. dollar and Australian dollar exchange rates constituted the major factor here.

In fiscal 2014, the HOCHTIEF Group generated a free cash flow of EUR 577 million (2013: EUR 858 million). This consisted of EUR 756 million net cash provided by operating activities (2013: EUR 281 million) less EUR 179 million net cash used in investing activities (2013: plus EUR 577 million net cash provided by investing activities).

Group financing further diversified and secured for the long term: HOCHTIEF extends syndicated credit and guarantee facility ahead of time and issues third long-end corporate bond

In April of the reporting period and ahead of time, HOCHTIEF extended the EUR 2 billion syndicated credit and guarantee facility* refinanced in December 2011 until April 2019. Of strategic importance to the Group, this syndicated facility had originally been due to mature in December 2016. The maturity profile was also significantly extended by issuing a third HOCHTIEF corporate bond. HOCHTIEF Aktiengesellschaft once again decided in favor of a securities issue in light of the positive capital market environment. The third corporate bond was launched as of May 28, 2014 in the principal amount of EUR 500 million. Featuring an annual coupon of 2.625% and a term of five years, it was issued in cooperation with a banking syndicate comprising Commerzbank, ING, Royal Bank of Scotland, and UniCredit. Once again, the high name recognition, retail-friendly denominations of EUR 1,000, and attractive conditions with regard to documentation and pricing had a positive impact on the level of interest shown by domestic and international investors. The allotments in France and northern European regions in particular increased significantly compared with previous regional allocations. The positive price performance of the three bonds now outstanding on the secondary market further demonstrates the solid ongoing demand from institutional and non-institutional investors.

*See glossary on page 266.

In April 2014 and ahead of time, HOCHTIEF Aktiengesellschaft extended until April 2019 the EUR 2 billion syndicated credit and guarantee facility originally due to mature in December 2016, comprising a guarantee facility tranche totaling EUR 1.5 billion and a credit facility tranche for EUR 500 million drawable on a revolving basis. Drawings on the guarantee facility were EUR 0.95

billion as of the reporting date. Drawings on the credit facility tranche are made flexibly as needed and were at zero as of the reporting date. When extending the facility, the terms were amended to HOCHTIEF's benefit to reflect the now much more attractive market conditions.

A promissory note loan issued in fiscal 2009 for an initial principal amount of EUR 300 million was redeemed as planned in May 2014. In addition, HOCHTIEF Aktiengesellschaft called in a total of three variable-rate promissory note loans prior to the scheduled maturity date in accordance with Section 489 (1) No. 1 of the German Civil Code (BGB). In total, EUR 303 million had been repaid early as of May 26, 2014. After deducting the contractual maturity settlement and the early redemptions and repayments, we now have funding totaling EUR 89 million in issue domestically and internationally in this finance segment.

HOCHTIEF Aktiengesellschaft also has bilateral, short-term credit facilities to furnish operational units with sufficient cash resources to finance day-to-day business. These facilities, which run to a total of around EUR 259 million, have to be renewed annually. 60% of the facilities have been confirmed in writing by the banks for up to a year. The terms are in keeping with the high credit standing of the HOCHTIEF Group. Drawings on these short-term credit facilities were zero as of the reporting date.

The syndicated guarantee facility is supplemented with bilateral guarantee facilities. These placed an additional amount of roughly EUR 792 million at HOCHTIEF Aktiengesellschaft's disposal as of year-end 2014. In this case, too, the terms accord with the HOCHTIEF Group's ongoing good credit standing. Taken together, the various borrowing instruments secure long-term, broadly diversified funding for the Group, on borrowing terms and conditions that continue to be acceptable and attractive to HOCHTIEF. None of the borrowing instruments taken out by HOCHTIEF is secured and all are pari-passu, with all lenders having equal seniority.

The syndicated and bilateral facilities are supplemented with project-related borrowing as needed. Such borrowings are each negotiated and agreed on the basis of a specific project, can be put to flexible use, and are repaid out of the proceeds when the project is sold. If at all, loans are secured against project assets themselves and, in almost all cases, any recourse to the HOCHTIEF Group is expressly precluded.

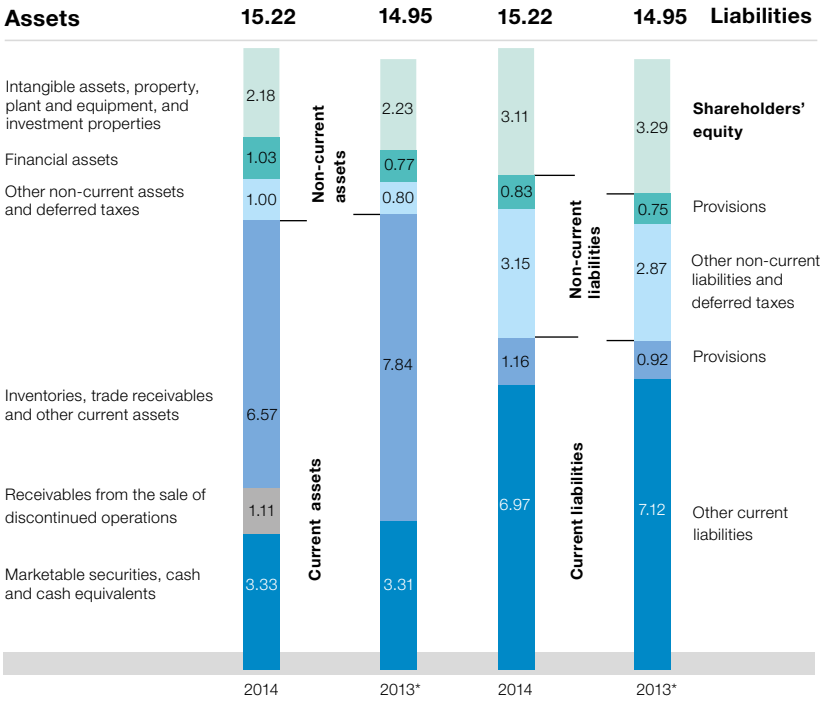
As in the prior year, there are loans in place on a local basis for the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions. The U.S. bonding facility is very important in this regard. This covers a total of approximately EUR 5.4 billion (USD 6.5 billion) and, as before, represents the cornerstone of our funding for the U.S. business. Both the Turner and the Flatiron groups use this facility for bonding purposes. Bonding is a statutory form of security used in the U.S. to guarantee performance of public projects. It is also used with selected other clients. A facility of this magnitude is necessary in the U.S. market, where construction projects often have to be bonded at 100% of the contract value, in contrast to other jurisdictions where 10% performance guarantees are generally required. The local surety bonding facility continues to be backed by a Group guarantee from HOCHTIEF Aktiengesellschaft. In addition, Flatiron maintains bilateral arrangements with banks in the form of both credit and guarantee facilities as well as a CAD 240 million syndicated credit facility. These are primarily used in Canadian activities, where bank guarantees are frequently required rather than surety bonds.

The strong standing of Leighton Holdings in the international capital market remains undiminished, as was reflected in its classification as investment grade by the external rating agencies Moody's (Baa3) and S&P (BBB-). Leighton Holdings carries out borrowing activities on a bilateral or syndicated basis. Due to strong investor demand, an AUD 700 million syndicated credit facility placed with banks in May of fiscal 2013 was increased to a total principal amount of AUD 1 billion in June 2013. The facility, which has a three-year term, refinances and augments a facility that expired in December 2013. As before, no security or underwriting is provided by HOCHTIEF Aktiengesellschaft or any other Group company for the USD 500 million bond issued by Leighton in November 2012.

With the exception of the promissory note loan issues currently in place as well as the short-term credit and guarantee facilities, which have to be renewed annually, we had no borrowing arrangements falling due in 2014. The principal amount of the promissory note loans falling due in 2015 is EUR 39 million.

As in the year under review and prior years, we will additionally continue to keep a close watch on the financial and capital markets and take advantage of any opportunities to maintain, optimize and further diversify the Group's secure long-term financing.

Consolidated Balance Sheet (EUR billion)



*Restated for IFRS 11. For notes on the adjustments, please see pages 186 et seq.

Balance sheet

HOCHTIEF makes further progress in focusing on the core business and strengthens the Consolidated Balance Sheet

HOCHTIEF made further progress in focusing on the core business in 2014 with sales of non-core activities—notably John Holland, the service business at Leighton subsidiaries Thiess and Leighton Contractors, and residential developer formart. These measures also gave the Group additional financial headroom to strengthen the Consolidated Balance Sheet. Furthermore, Leighton recognized EUR 458 million (AUD 675 million) in accounting provisions to cover credit risk on project receivables. By increasing its stake in Leighton

by 11.68 percentage points to 69.62%, HOCHTIEF further strengthened its competitive position in the Asia-Pacific economic area. Additional measures included a successful EUR 500 million corporate bond issue and the stock buyback program launched by HOCHTIEF Aktiengesellschaft.

The HOCHTIEF Group had **total assets** of EUR 15.2 billion as of the December 31, 2014 balance sheet date, up EUR 268 million due to exchange rates on the comparative figure as of December 31, 2013 (EUR 15.0 billion). Exchange rate effects of EUR 1.2 billion were accounted for in the increase. The increase due to exchange rate effects was largely countered by amounts derecognized on the disposal of discontinued activities.

Non-current assets rose by EUR 410 million, from EUR 3.8 billion as of December 31, 2013 to EUR 4.2 billion as of December 31, 2014. Intangible assets went up by EUR 36 million to EUR 866 million as of the end of 2014. Significant factors in the slight increase were positive exchange rate effects. Goodwill on fully consolidated subsidiaries came to EUR 667 million as of the 2014 year-end, compared with EUR 613 million in the prior year. The EUR 145 million in concessions and similar rights likewise included in intangible assets mainly related to the contract mining business at Leighton. Property, plant and equipment came to EUR 1.3 billion as of December 31, 2014, EUR 74 million below the prior-year comparative figure (EUR 1.4 billion). The sale of John Holland and the service business at Leighton had an impact here, though this was largely offset by purchases of property, plant and equipment in the course of the year as well as by exchange rate effects. Investment properties showed practically no change at EUR 15 million. This item consists exclusively of investment properties in the HOCHTIEF Europe division's Asset Management business line. Financial assets showed an increase of EUR 254 million from EUR 774 million at the 2013 fiscal year-end to EUR 1.0 billion. This mainly reflected the transfer of 50% of Leighton's service business to a jointly controlled entity launched with Apollo Global Management. In addition, financial assets increased as a result of payments into the equity of other jointly controlled entities at Leighton and Flatiron and on the recognition of HOCHTIEF's approximately 24% remaining stake in formart. Non-current financial receivables in the HOCHTIEF Consolidated Balance Sheet increased by EUR 105 million to EUR 631 million at the end of 2014. The increase relates primarily to exchange rate effects and additional loans to public-private partnership companies in the HOCHTIEF Europe division. Aside from the PPP business, the majority of non-current financial receivables comprise EUR 437 million in loans granted by Leighton to the Habtoor Leighton Group. Other receivables and other assets came to EUR 75 million at the end of 2014, down EUR 19 million on the prior-year figure. The main influences here were decreases in derivative receivables and pension fund credit balances. In view of the ongoing low level of capital market interest rates, we have adjusted the discount rate used in the measurement of pension provisions down from 3.5% to 2.0%. This increased the carrying amount of pension obligations and decreased the credit balance in pension funds with a funding surplus. The EUR 25 million in income tax assets mainly consists of amounts receivable by Leighton from foreign revenue authorities. Deferred tax assets rose by a substantial EUR 140 million to EUR 266 million. Most of this resulted from the recognition of deferred tax assets in connection with the accounting provision made for project-related trade receivables subject to risk at Leighton.

Current assets totaled EUR 11.0 billion as of the December 31, 2014 balance sheet date, down EUR 141 million on the comparative figure as of December 31, 2013 (EUR 11.2 billion). Within this total, inventories went down by EUR 240 million to EUR 920 million. Besides a decrease in raw materials and supplies, there was also a notable fall in work in progress from the property de-

velopment business. This was driven by the sale of residential developer formart in the HOCHTIEF Europe division. Current financial receivables went down by EUR 49 million to EUR 77 million. Trade receivables decreased substantially, falling by EUR 917 million from EUR 6.0 billion to EUR 5.1 billion. This was the net outcome of an increase due to exchange rate effects versus reductions in connection with the sale of John Holland and the service business at Leighton. Trade receivables also decreased on recognition of a portfolio allowance on receivables subject to risk at Leighton in the amount of EUR 458 million (AUD 675 million). Other receivables and other assets remained on a level with the prior year at EUR 199 million. The EUR 1.1 billion in receivables from the sale of discontinued operations relates to purchase price receivables on the sale of John Holland and the service business at Leighton.

Income tax assets went up by EUR 105 million to EUR 140 million. The figure mostly comprises recoverable taxes in connection with the sale of the stake in Sydney Airport and must be passed on to the purchaser of the airport business by contractual agreement. The item is therefore matched by a corresponding liability. The carrying amount of our securities portfolio decreased due to disposals by EUR 382 million to EUR 742 million. First and foremost, the funds released were used to finance the increase in the stake in Leighton. The HOCHTIEF Group had EUR 2.6 billion in cash and cash equivalents at the December 31, 2014 balance sheet date. We thus retained our good cash position and further improved it by EUR 395 million compared with the comparative figure as of the end of 2013 (EUR 2.2 billion). Of the increase, EUR 194 million was accounted for by exchange rate effects. The operating business and sales of securities also generated inflows of cash, most of this was used to increase the stake in Leighton as well as for dividend payments. The EUR 172 million in assets held for sale as of December 31, 2014 related in their entirety to Leighton mining business assets in Indonesia. Alongside the mining assets, the comparative figure as of the 2013 year-end (EUR 334 million) also included the stake in aurelis Real Estate GmbH. The carrying amount of the stake in aurelis was removed from assets held for sale following the sale of the stake in the first quarter of 2014.

HOCHTIEF Group **shareholders' equity** amounted to EUR 3.1 billion as of December 31, 2014, with an equity ratio (shareholders' equity to total assets) of 20%. This represents a decrease of EUR 182 million on the prior-year comparative figure of EUR 3.3 billion (equity ratio: 22%). The predominant factor here was the increase in the stake in Leighton, accounted for as a deduction of EUR 617 million in the EUR 662 million negative figure for other changes not recognized in the Statement of Earnings. The latter item also includes a charge of EUR 48 million for treasury stock under the HOCHTIEF Aktiengesellschaft stock buyback program. Shareholders' equity was also reduced in 2014 by EUR 212 million in dividend payments and by EUR 111 million in changes from remeasurement of pension plans. In the opposite direction, shareholders' equity was positively impacted by profit after taxes in the amount of EUR 406 million as well as by currency translation differences and changes in the fair value of financial instruments in the amount of EUR 396 million.

Non-current liabilities increased by EUR 366 million in the course of the year, from EUR 3.6 billion as of December 31, 2013 to EUR 4.0 billion at the 2014 year-end. The increase was mainly driven by the issue of a further corporate bond by HOCHTIEF Aktiengesellschaft with a principal amount of EUR 500 million. In the other direction, lease liabilities went down by EUR 42 million to EUR 133 million. Non-current provisions were dominated in the year under review by changes in provisions for pensions and similar obligations. The latter

increased—mainly due to the reduction in the discount rate from 3.5% to 2.0%—by a total of EUR 136 million to EUR 379 million. Other non-current provisions chiefly related to personnel and insurance-related obligations. The item decreased by EUR 55 million to EUR 450 million, primarily due to the utilization of provisions at Leighton. Deferred tax liabilities went down by EUR 79 million, from EUR 126 million as of December 31, 2013 to EUR 47 million at the end of 2014. The driving factors here were the reversal of deferred tax liabilities due to the grounds requiring their recognition ceasing to exist, together with the deconsolidation of formart.

Current liabilities showed only a small net change, increasing by EUR 85 million from EUR 8.0 billion as of December 31, 2013 to EUR 8.1 billion. The main influencing factor in current financial liabilities comprised reclassifications of repayment obligations on bonds and bank loans from non-current liabilities as their remaining term decreased below one year. This resulted in an increase of EUR 256 million to EUR 982 million. Trade payables went down by EUR 335 million to EUR 5.5 billion, mainly resulting from the sale of John Holland and the service business at Leighton. However, this led to a substantial decrease, which was partly offset by contrary exchange rate effects against the Australian and the U.S. dollar. Other current liabilities were EUR 400 million as of the end of fiscal 2014. In the main, the reduction of EUR 61 million related to the sale of John Holland and of Leighton's Services business. Current provisions were up by EUR 235 million, from EUR 921 million as of December 31, 2013 to EUR 1.2 billion. This was primarily due to higher tax provisions at Leighton in connection with the sale of activities. Liabilities associated with assets held for sale related to Leighton's mining activities in Indonesia in the amount of EUR 63 million as of December 31, 2014 and EUR 68 million as of December 31, 2013.

Summary assessment of the business situation by the Chairman of the Executive Board

HOCHTIEF brought fiscal year 2014 to a successful close and generated consolidated net profit totaling EUR 252 million, which is higher than the forecast. All divisions—Americas, Asia Pacific, and Europe—contributed to the improvement of over 40%. We made enormous progress in the year under review toward our strategic target of enhancing earnings quality and thus creating the basis for a sustained improvement of returns in the years to come. Key developments in this regard include raising HOCHTIEF's shareholding in Leighton Holdings to almost 70%, the decision to launch a further stock buyback program, and further divestments of non-core activities in the HOCHTIEF Asia Pacific and the HOCHTIEF Europe divisions. We propose raising the dividend from EUR 1.50 to a total of EUR 1.90, which includes a special dividend of EUR 0.20 for the successful sale of corporate units at Leighton.

For the year under review, HOCHTIEF has opted for the first time to present a combined Group report. In this, we have amalgamated the content of our Annual Report and Sustainability Report in order to document HOCHTIEF's environmental, economic, and social performance in 2014. This creates even greater transparency in our reporting and provides a 360-degree view of HOCHTIEF.

By way of guidance for 2015, HOCHTIEF expects an operational consolidated net profit in the range of EUR 220 million to EUR 260 million.

Report on relations with affiliated companies in accordance with Section 312 of the German Stock Corporations Act (AktG)

As there is no control agreement with our major shareholder ACS Actividades de Construcción y Servicios S. A., the Executive Board of HOCHTIEF Aktiengesellschaft is required to prepare a report on relations with affiliated companies in accordance with Section 312 of the German Stock Corporations Act (AktG). This report concludes with the following statement from the Executive Board:

"There was a reportable transaction under terms customary to the market at HOCHTIEF Aktiengesellschaft in relation to the controlling company or its affiliates in the reporting period January 1 to December 31, 2014. No actions were undertaken or refrained from at the instruction or in the interest of the controlling company or its affiliates."

Sustainability at HOCHTIEF

Focus Area Active Climate Protection

Gemeinschaftskraftwerk Inn power plant, Tirol
Clean power

Economy: HOCHTIEF is in charge of the major work package for this run-of-river power station, currently Austria's largest, which is scheduled to be hooked up to the grid in mid-2018. The EUR 132 million contract for Tiroler Wasserwirtschaft AG, a repeat client, consists chiefly in building the 22-kilometer Maria Stein pressure tunnel.

Ecology: To cut down on heavy haulage, conveyor belts will transport the excavated rock to storage areas nearby. The power plant will save some 322,000 metric tons of carbon dioxide, 168 metric tons of sulfur dioxide and eight metric tons of dust per year as compared with a conventional coal-fired power plant.

Community: Experts estimate that the plant will generate some 414 million kilowatt-hours of energy per year. This means that around 100,000 households stand to benefit from this clean, reliable source of power.

HOCHTIEF Aktiengesellschaft (Holding Company): Financial Review

HOCHTIEF Aktiengesellschaft Statement of Earnings (Summary)

(EUR million)	2014	2013
Sales	49.9	37.2
Changes in the balance of construction work in progress	(0.4)	(2.3)
Other operating income	53.9	63.5
Materials	(16.6)	(16.8)
Personnel costs	(27.1)	(29.3)
Depreciation and amortization	(4.0)	(5.2)
Other operating expenses	(93.7)	(184.8)
Net income from financial assets	275.7	434.1
Net interest income	(81.5)	(74.2)
Writedowns on financial assets and marketable securities	(3.0)	(1.9)
Profit from ordinary activities	**153.2**	**220.3**
Income taxes	0.8	(1.0)
Net profit/(loss) before changes in reserves	**154.0**	**219.3**
Net profit brought forward	11.5	3.4
Changes in revenue reserves	(33.8)	(107.2)
Income from capital reduction	19.7	–
Appropriation to the capital reserve	(19.7)	–
Unappropriated net profit	**131.7**	**115.5**

HOCHTIEF Aktiengesellschaft Balance Sheet (Summary)

(EUR million)	Dec. 31, 2014	Dec. 31, 2013
Fixed assets		
Intangible assets and property, plant and equipment	30.3	30.0
Financial assets	2,486.7	1,981.6
	2,517.0	**2,011.6**
Current assets		
Inventories, receivables and other assets, and prepaid expenses	714.8	751.5
Cash and cash equivalents, and marketable securities	485.5	746.5
	1,200.3	**1,498.0**
Excess of plan assets over obligations	**19.7**	**17.6**
Total assets	**3,737.0**	**3,527.2**
Shareholders' equity	1,573.0	1,571.2
Provisions	61.5	74.0
Liabilities	2,102.5	1,882.0
Total liabilities	**3,737.0**	**3,527.2**

As a strategic operational management holding company, HOCHTIEF Aktiengesellschaft focuses on managing and controlling the HOCHTIEF Group and, as such, is responsible for the strategy, organization, and operational development of the entire Company. HOCHTIEF Aktiengesellschaft's profits are mostly determined by net income from participating interests as well as by revenues and expenditure relating to its function as a holding company. In fiscal years 2013 and 2014, HOCHTIEF Aktiengesellschaft also made substantial adjustments to the business portfolio as part of the strategic realignment of its activities. This had a major effect on certain items in the Balance Sheet and the Statement of Earnings, especially in the prior year.

The HOCHTIEF Aktiengesellschaft annual financial statements are prepared in accordance with the German Commercial Code (HGB) and Stock Corporations Act (AktG) and have been given an unqualified auditors' report by auditors Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft. There are no recognition and measurement changes relative to the prior year. The 2014 Annual Financial Statements and Combined Management Report of HOCHTIEF Aktiengesellschaft and the Group are published in the Bundesanzeiger (Federal Official Gazette).

Earnings

HOCHTIEF Aktiengesellschaft's sales of EUR 50 million (2013: EUR 37 million) relate to remuneration for administration and other services, and notably rental and lease revenue. Other operating income, at EUR 54 million (2013: EUR 64 million), mainly relates to corporate headquarters charges and reversals of provisions. The year-on-year decline is due to low income from reversals of provisions. At EUR 94 million, other operating expenses remained well below the prior-year figure (EUR 185 million). The figures for both fiscal years include effects in connection with strategic adjustments of business activities. However, the substantially higher prior-year figure was boosted in particular by the sale of the airport business. The main factors here were the loss on the disposal of HOCHTIEF AirPort GmbH and the transaction costs incurred in the sale. The net income from financial assets is primarily determined by income from

profit/loss transfer agreements and expenses from transfer of losses. At EUR 276 million, the figure for 2014 remained well below the prior year level of EUR 434 million, which was dominated by special factors. These included the profit transfer of EUR 199 million from HOCHTIEF AirPort GmbH for the short fiscal year 2013 as well as high income from the profit transfer of EUR 150 million from HOCHTIEF Insurance Broking and Risk Management GmbH. This was the result of intra-Group transfers of ownership due to reorganization of the insurance activities. In 2014, expenses from transfer of losses remained below the prior-year figure, which mainly comprised the transfer of losses from HOCHTIEF Solutions AG in the prior year. Compared with 2013 (a loss of EUR 74 million), net interest expense declined, falling to a loss of EUR 82 million. The main factor here was lower interest income with affiliated companies.

In 2014, HOCHTIEF Aktiengesellschaft generated net profit of EUR 154 million. The higher prior-year figure of EUR 219 million was primarily boosted by nonrecurring factors from disposals of business stakes.

Balance sheet

In keeping with its function as a holding company, HOCHTIEF Aktiengesellschaft's balance sheet is dominated by financial assets and receivables from affiliated companies. As of December 31, 2014, these items accounted for 83% of total assets compared with 75% at the end of 2013.

The financial assets of HOCHTIEF Aktiengesellschaft increased by EUR 505 million in 2014, reaching EUR 2.5 billion as of year-end. This reflected payments of EUR 610 million into the capital reserve of HOCHTIEF Asia Pacific GmbH, made in connection with the increase in the stake at Leighton by some 12% to 69.62%. The total for long-term loans to affiliated companies decreased by EUR 103 million to EUR 36 million and relates entirely to HOCHTIEF Projektentwicklung GmbH. Marketable securities include fixed-interest investments and investment funds and fell by EUR 264 million to EUR 280 million. Cash and cash equivalents, which primarily comprise bank balances, amounted to EUR 206 million as of the end of the year, slightly up on the prior-year level (EUR 203 million).

Due to the redemption of 7,690,565 shares of treasury stock approved in fiscal year 2014, HOCHTIEF Aktiengesellschaft's subscribed capital is now divided into 69,309,434 no-par-value shares. Deducting treasury stock still held and the amount of capital stock it represents, subscribed capital stands at EUR 175 million. The capital reserve increased by EUR 20 million, the amount of the subscribed capital represented by the redeemed stock, to EUR 804 million. Revenue reserves decreased by EUR 32 million from EUR 494 million to EUR 462 million. A decrease of EUR 46 million was attributable to the charging of acquisition costs from the purchase of treasury shares and a further EUR 20 million to the amount of the subscribed capital represented by the redeemed stock. This was offset in the amount of EUR 34 million by the appropriation to other revenue reserves.

Shareholders' equity came to the equivalent of 42% of total assets (2013: 45%).

Liabilities increased by EUR 220 million from EUR 1.9 billion as of the end of fiscal year 2013 to EUR 2.1 billion. The majority of this relates to bonds at EUR 1.8 billion. Bearer bonds issued by HOCHTIEF Aktiengesellschaft are recognized in this item. A carrying amount of EUR 508 million relates to a bearer bond issued in May of the reporting year with a coupon of 2.625% and maturing in May 2019. Furthermore, a carrying amount of EUR 773 million is recognized for a bearer bond issued in March 2013 and a carrying amount of EUR 521 million for a bearer bond issued in March 2012. These bonds mature in March 2020 and 2017 and carry a 3.875% and 5.5% coupon respectively. In addition, liabilities include promissory note loans issued in past years totaling EUR 89 million (2013: EUR 404 million). The EUR 315 million decrease resulted from premature and scheduled repayments. The coupon on the still outstanding promissory note loan issues is in line with market conditions at the time of issue and is either equal to six-month EURIBOR plus an appropriate margin or is set at a fixed rate. As in the prior year, there are no drawings on the EUR 500 million syndicated revolving credit facility as of the reporting date. Amounts due to affiliated companies are largely connected with intra-Group financial manage-

ment and come to EUR 136 million (2013: EUR 149 million).

HOCHTIEF Aktiengesellschaft's net profit before changes in reserves for 2014 was EUR 154 million. Including the appropriation to revenue reserves (EUR 34 million) and profit carried forward from the previous year (EUR 12 million), unappropriated net profit comes to EUR 132 million.

Executive Board proposal for the use of net profit
The Executive Board proposes a resolution on the use of net profit as follows:

The unappropriated net profit of HOCHTIEF Aktiengesellschaft for fiscal 2014 in the amount of EUR 131,687,942.60 will be used to pay a dividend of EUR 1.90 per eligible no-par-value share for fiscal 2014 (EUR 129,307,560.90 on total), and the amount of the dividend that would have been payable on non-eligible shares, amounting to EUR 2,380,363.70 will be carried forward. The stated amount of EUR 1.90 includes a special dividend of EUR 0.20 in connection with the disposal of John Holland Group and the partial disposal of the Services business by Leighton Holdings Limited.

The dividend is payable on the day following the Annual General Meeting.

The amounts given here for the profit distribution and for the profit to be carried forward take into account the 68,056,611 no-par-value shares with dividend entitlement for 2014 that exist at the time of the profit appropriation proposal. The number of eligible shares may change by the date of the Annual General Meeting. In this case, while the distribution of EUR 1.90 for each no-par-value share with dividend entitlement for 2014 will stay the same, an adjusted proposal for the appropriation of the profit will be made to the Annual General Meeting.

Disclosures pursuant to Sections 289 (4)/315 (4) of the German Commercial Code
The disclosures relating to the composition of subscribed capital pursuant to Sections 289 (4) No. 1 and 315 (4) No. 1 of the German Commercial Code are contained in the Notes to the Financial Statements and the Notes to the Consolidated Financial Statements respectively.

Holdings of more than 10% of voting rights: On October 6, 2014, we were notified by ACS, Actividades de Construcción y Servicios, S.A., Madrid, Spain, pursuant to Section 25a (1) of the German Securities Trading Act (WpHG), that its share of voting rights in HOCHTIEF Aktiengesellschaft in accordance with Sections 21 and 22 WpHG was 60.66% on October 2, 2014. These voting rights were either held directly or attributed to it via subsidiaries within the meaning of Section 22 (1) Sentence 1 No. 1 WpHG. On September 24, 2012, subsidiary Cariátide S.A. additionally informed us pursuant to Section 21 (1) WpHG that its voting share exceeded the threshold of 30% of voting rights on September 19, 2012 and on that day amounted to 30.69%. On March 24, 2014, subsidiary Major Assets S.L. additionally informed us pursuant to Section 21 (1) WpHG that its voting share exceeded the threshold of 20% of voting rights on March 19, 2014 and on that day amounted to 20.13%.

On March 23, 2011, we were notified by the State of Qatar, acting by and through the Qatar Investment Authority, Doha, Qatar, pursuant to Section 21 (1) WpHG that the State of Qatar's voting share exceeded the threshold of 10% on March 23, 2011 and on that day amounted to 10.000001%. All of these voting rights are attributed to the State of Qatar pursuant to Section 22 (1) Sentence 1 No. 1 WpHG. The attributed voting rights are held via the Qatar Investment Authority, Doha, Qatar and Qatar Holding LLC, Doha, Qatar, both of which are controlled by the State of Qatar. We received corresponding voting rights notifications from the two above-mentioned controlled entities on the same day. On September 29, 2011, Qatar Holding Luxembourg II S.à.r.l., Luxembourg, additionally informed us pursuant to Section 21 (1) WpHG that its voting share likewise amounted to 10.000001% on September 28, 2011.

There are no shares with special control rights. The Executive Board is not aware of any employee shares where the control rights are not exercised directly by the employees.

Appointment and replacement of members of the Executive Board/changes to the Articles of Association: The appointment and replacement of Executive Board members is governed by Sections 84 and 85 of the German Stock Corporations Act (AktG) and Section 31 of the Codetermination Act (MitbestG) read in conjunction with Sections 9 (2) and 7 (1) of the Company's Articles of Association. Statutory rules on the amendment of the Articles of Association are contained in Section 179 et seq. and Section 133 AktG. In instances where the Act requires a majority of the capital stock represented at the time of the resolution in addition to a majority of votes cast, Section 23 (3) of the Articles of Association provides that a simple majority will suffice unless there is a mandatory requirement stipulating a different majority. Under Section 15 of the Articles of Association, the Supervisory Board is authorized to make amendments that only affect the wording of the Articles of Association.

Executive Board authorization to issue new shares: Pursuant to Section 4 (5) of the Articles of Association, the Executive Board is authorized, subject to Supervisory Board approval, to increase the capital stock by issuing new no-par-value bearer shares for cash and/or non-cash consideration in one or more issues up to a total of EUR 35,840 thousand by or before May 10, 2015 (Authorized Capital I). Similarly, there is an authorization to increase capital by up to EUR 23,296 thousand by or before May 11, 2016 under Section 4 (6) of the Articles of Association (Authorized Capital II). Detailed provisions are contained in the stated section of the Articles.

Pursuant to Section 4 (4) of the Articles of Association, the Company's capital stock has been conditionally increased by up to EUR 49,280 thousand divided into up to 19,250,000 no-par-value bearer shares (conditional capital). Detailed provisions are contained in the stated section of the Articles.

Authorization to repurchase shares: The Company is authorized by resolution of the Annual General Meeting of May 7, 2014 to repurchase its own shares in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG). The authorization expires on May 6, 2019. It is limited to 10% of the capital stock at the time of the Annual General Meeting resolution or at the time of exercising the authorization, whichever figure is smaller, with the quantity of shares able to be acquired by the use of call options limited to a maximum of 5% of the capital stock at the time of the resolution. The authorization can be exercised directly by the Company or by a company in its control or majority ownership or by third parties engaged by the Company or engaged by a company in its control or majority ownership and allows the share repurchase to be executed in one or more installments covering the entire amount or any fraction. The repurchase may be effected through the stock exchange or by public offer to all shareholders, or by public invitation to all shareholders to tender shares for sale, or by issuing shareholders with rights to sell shares, or by the use of call options. The conditions governing the repurchase are set forth in detail in the resolution.

By resolution of the Annual General Meeting of May 7, 2014, the Executive Board is authorized, subject to Supervisory Board approval, in the event of a sale of treasury shares effected by way of an offer to all shareholders, to issue subscription rights to the shares to holders of warrant-linked and/or convertible bonds issued by the Company or by any subordinate Group company. The Executive Board is also authorized, subject to Supervisory Board approval, to sell treasury shares other than through the stock exchange and other than by way of an offer to all shareholders, provided that the shares are sold for cash at a price not substantially below the current stock market price for Company shares of the same class at the time of sale.

The HOCHTIEF Aktiengesellschaft Executive Board is also authorized, subject to Supervisory Board approval and the conditions set out in the following, to offer and transfer treasury shares to third parties other than through the stock exchange and other than by way of an offer to all shareholders. Such transactions may take place in the course of acquisitions of business enterprises in whole or part and in the course of mergers. They are also permitted for the purpose of obtaining a listing for the Company's shares on foreign stock exchanges where it is not yet listed. The shares may also be offered for purchase by employees or former employees of the Company or its affiliates. Holders of bonds which the Company or a Group company subordinate to it issues or has issued under the authorization granted at the Annual General Meeting of May 12, 2011 (agenda item 8) may also be issued with the shares upon exercising the warrant and/or conversion rights and/or obligations attached to the bonds.

The shares may also, on condition that they be held for at least two years after transfer, be transferred to (current or past) members of the Executive Board of the Company and to (current or past) members of the executive boards and general management of companies under its control within the meaning of Section 17 of the German Stock Corporations Act (AktG), and to current or past employees of the Company or of a company under its control within the meaning of Section 17 AktG. Such transfers are only permitted for the purpose of settling the transferees' variable compensation entitlements in place of cash settlement. Further conditions of transfer are detailed in the resolution. Where shares are issued to members of the Executive Board of the Company, the decision to issue the shares is taken solely by the Supervisory Board.

Shareholders' statutory subscription rights to such shares are barred pursuant to Sections 71 (1) 8 and 186 (3) and (4) of the German Stock Corporations Act (AktG) to the extent that the shares are used in exercise of the authorizations set out above.

The Executive Board is also authorized, subject to Supervisory Board approval, to retire repurchased shares without a further resolution of the Annual General Meeting being required for the share retirement itself or its execution.

The conditions governing awards of subscription rights and the sale, transfer, and retirement of treasury stock are set forth in detail in the Annual General Meeting resolution.

Change-of-control clauses in connection with loan agreements and financing instruments:
On March 23, 2012, HOCHTIEF Aktiengesellschaft issued its first **corporate bond**. The bond issue is for a principal amount of EUR 500 million, matures in 2017, and has a coupon of 5.5% p.a. On March 20, 2013, HOCHTIEF Aktiengesellschaft issued a second corporate bond. The bond issue is for a principal amount of EUR 750 million, matures in March 2020, and has a coupon of 3.875% p.a. Another corporate bond was issued on May 28, 2014. This third HOCHTIEF bond issue is for a principal amount of EUR 500 million, matures in May 2019 and has a coupon of 2.625% p.a. The bond terms include change-of-control clauses entitling each holder to require early redemption of the bonds held at their principal amount together with interest accrued provided that the holder submits a completed exercise notice within 68 days of the issuer* publishing the put event notice. A change of control is defined in this context as the acquisition of control within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act (WpÜG) over HOCHTIEF Aktiengesellschaft by a party or a group of parties acting in concert within the meaning of Section 30 (2) WpÜG—excluding shareholder ACS (ACS Actividades de Construcción y Servicios, S.A.) and its affiliates—or entering into a profit and loss transfer agreement, control agreement or other intercompany agreement within the meaning of Sections 291 and 292 of the German Stock Corporations Act (AktG) to the extent that the agreement results in the issuer becoming a dominated company.

*See glossary on page 266.

Comprehensive ring-fencing clauses for transactions with ACS were also built into the bond documentation.

HOCHTIEF Aktiengesellschaft successfully arranged a **syndicated credit and guarantee facility*** for a total of EUR 2 billion with an international banking syndicate on December 13, 2011. Originally set to run until December 2016, the syndicated facility was renewed on April 25, 2014 until April 2019. It consists of a EUR 1.5 billion guarantee facility tranche and a EUR 500 million credit facility tranche, and also contains change-of-control clauses, which were retained on extension. Lenders may each withdraw from their credit exposure early subject to satisfaction of an agreed condition precedent if negotiations with the borrower to continue the facility have failed, such negotiations having given consideration to the credit standing of the party taking control, the risk of any change in corporate strategy, and the risk of the lenders being restricted in any way in provision of the facilities. The condition precedent is satisfied if a party, or group of parties acting in concert, secures control of the borrower within the meaning of Section 29 (2) of the German Securities Acquisition and Takeover Act (WpÜG). Lenders may give notice of termination of their credit exposure within 70 days of it becoming known to HOCHTIEF Aktiengesellschaft that the condition precedent has been satisfied, subject to a minimum of ten days to consider the options available. As before, the outlined change-of-control clauses do not apply for shareholder ACS and its affiliates; the comprehensive ring-fencing clauses agreed with the lenders with regard to transactions with ACS were likewise retained. The ring-fencing includes an undertaking by HOCHTIEF Aktiengesellschaft not to enter into any contractual agreement with ACS that would weaken HOCHTIEF's credit standing; this would include any control agreement. Lenders have a special right of termination for the event that any such contracts are nevertheless entered into.

*See glossary on page 266.

HOCHTIEF Aktiengesellschaft signed a **promissory note loan agreement** (Schuldscheindarlehen) for initially EUR 50 million with a German bank on July 4, 2008. It also signed a promissory note loan agreement with a German bank for EUR 30 million on May 25, 2009, with a final maturity date of May 26, 2014. It additionally signed two five-year promissory note loan agreements, one for initially EUR 180.5 million and one for initially EUR 59.5 million, with two German banks on May 26, 2010. Both of these loans were repaid ahead of schedule on May 26, 2014. A further promissory note loan for initially EUR 120.6 million was arranged on November 25, 2011. This loan had an original term of five years and was likewise repaid ahead of schedule on May 26, 2014. Alongside the syndicated promissory note loan agreements, HOCHTIEF agreed a bilateral four-year promissory note loan for EUR 50 million with a foreign bank on December 11, 2012. HOCHTIEF Aktiengesellschaft also extended a EUR 100 million **global credit facility** with a German bank on March 31/April 11, 2014, as well as the term of a global credit facility for initially EUR 175 million with a German bank on November 27, 2014. All of these agreements contain a substantively identical provision under which, in the event of a change of control, HOCHTIEF Aktiengesellschaft must repay the loan early if it and the lender do not reach agreement on the loan's continuation within 60 days of announcement of the change of control, and the lender demands early repayment within ten days of the 60-day period expiring. In this context, a change of control is defined as a party, or group of parties acting in concert within the meaning of Section 30 (2) of the German Securities Acquisition and Takeover Act (WpÜG), securing control of HOCHTIEF Aktiengesellschaft within the meaning of Section 29 (2) WpÜG. The outlined change-of-control clauses for the foregoing loans do not apply for shareholder ACS and its affiliates, in exchange for which comprehensive ring-fencing clauses have been agreed with lenders with regard to dealings and transactions with ACS. The ring-fencing includes an undertaking by HOCHTIEF Aktiengesellschaft not to enter into any con-

tractual agreement with ACS that would weaken HOCHTIEF's credit standing; this would include any control agreement with ACS. Lenders have a special right of termination for the event that any such contracts are nevertheless entered into.

Alongside the above-mentioned loan agreements, HOCHTIEF agreed a USD 150 million **bilateral guarantee facility** with a foreign bank on October 17, 2014. In addition, HOCHTIEF concluded a EUR 25 million guarantee facility with a German bank on November 28, 2014. The two facilities feature an identical change-of-control stipulation, corresponding with the definition in the syndicated credit and guarantee facility, under which each creditor has the right to demand early repayment of the amount granted. HOCHTIEF furthermore arranged a EUR 78.05 million guarantee facility with a foreign insurance company on August 12, 2014. The agreement includes a change-of-control provision under which the creditor has the right to demand early repayment of the amount granted if HOCHTIEF Aktiengesellschaft is the subject of a merger or takeover and HOCHTIEF Aktiengesellschaft is not the acquirer.

On September 15, 2014, HOCHTIEF Aktiengesellschaft signed a redrafted general counter indemnity arranged with six U.S. surety companies to secure a USD 6.5 billion bonding line provided by the surety companies. As before, the redrafted general counter indemnity contains a change-of-control provision giving the surety companies the right, if an agreed condition precedent is satisfied, to require HOCHTIEF Aktiengesellschaft to submit up to USD 500 million in cash by way of security; under the agreed terms, this sum is reduced by the amount of any bank guarantees already provided as security for the bonding facility. The condition precedent is satisfied if a party, or group of parties acting in concert within the meaning of Section 30 (2) of the German Securities Acquisition and Takeover Act (WpÜG) (with the exception of shareholder ACS and its affiliates), acquires in total 30% or more of all shares in HOCHTIEF Aktiengesellschaft, or if shareholder ACS and its affiliates acquire in total 75% or more of all shares in HOCHTIEF Aktiengesellschaft. The security payment must then be made within 30 bank working days of notification that it is required.

Further agreements conditional on a change of control: The terms of the D&O insurance* taken out by HOCHTIEF Aktiengesellschaft provide for a limitation of insurance cover if HOCHTIEF Aktiengesellschaft is absorbed by another company by merger, takeover, or similar action or if another company other than ACS or another third party gains control of HOCHTIEF Aktiengesellschaft. In any such event, unless otherwise agreed, the insurance solely covers claims relating to breaches of obligations that took place before the change took legal effect. Insurance cover terminates in the foregoing instances on expiration of the insurance period.

*See glossary on page 265.

Above and beyond the mandatory disclosures under Sections 289 (4) 8/315 (4) 8 of the German Commercial Code, other Group companies are party to further agreements that are conditional upon a change of control. The following is a non-exhaustive presentation: In the PPP segment, project contracts frequently accord the client substantial rights that make it difficult to effect a change of ownership structure in the project company.

As of the balance sheet date, there are no agreements with members of the Executive Board or employees providing for compensation in the event of a takeover offer.

Explanatory report by the Executive Board of HOCHTIEF Aktiengesellschaft pursuant to Sections 175 (2) and 176 (1) of the German Stock Corporations Act (AktG) on the disclosures pursuant to Sections 289 (4), 289 (5) and 315 (4) of the German Commercial Code (HGB) as of the balance sheet date December 31, 2014.

The Executive Board provides the following explanatory notes on disclosures provided in the combined Group and HOCHTIEF Aktiengesellschaft Management Report and required under Sections 289 (4), 289 (5) and 315 (4) of the German Commercial Code:

Our disclosures relate to the situation in fiscal year 2014 up to the time the combined Management Report was prepared. The disclosures consist of information on the Company's subscribed capital, direct and indirect holdings exceeding 10% of voting rights, statutory rules, and rules contained in the Company's Articles of Association about the appointment and replacement of Executive Board members as well as about amendment of the Articles of Association, powers of the Company's Executive Board including, in particular, any powers in relation to the issuing or buying back of shares, and any significant agreements to which the Company is a party that are conditional upon a change of control of the Company following a takeover bid.

The structure of the Company's subscribed capital and rights attaching to no-par-value bearer shares in the Company are determined, among other things, by the Company's Articles of Association. The shareholdings held by ACS, Actividades de Construcción y Servicios, S.A. and its subsidiaries are known from the published voting rights notifications of July 25, 2012, September 24, 2012, March 24, 2014 and October 6, 2014. The shareholdings held by the State of Qatar and the entities it controls are known from the published voting rights notifications of March 23, 2011 and September 29, 2011.

Restrictions on voting rights attaching to those shares may result from the provisions of the German Stock Corporations Act (AktG). For example, there are circumstances in which shareholders are prohibited from voting (Section 136 AktG). The Company also has no voting rights with regard to treasury stock (Section 71b AktG). No agreements are known to us that may result in restrictions on voting rights or on the transfer of securities. The information in accordance with Section 289 (4) 3 and Section 315 (4) 3 of the German Commercial Code on direct or indirect shareholdings exceeding 10% of voting rights is included in the Notes to the (Consolidated) Financial Statements. The information provided on appointment and replacement of Executive Board members conforms to the substance of the German Stock Corporations Act and the Company's Articles of Association, as does the information on amendment of the Articles of Association.

The Executive Board's powers in relation to the issuing or buying back of shares are based in their entirety on authorizations granted by resolution of the Annual General Meeting in 2010, 2011, and 2014 relating to conditional and authorized capital as well as other matters, including the authorization to repurchase and utilize the Company's own shares. The information provided on these powers conforms to the authorizations granted by resolution of the Annual General Meeting.

Significant agreements to which the Company is a party that are conditional upon a change of control of the Company following a takeover bid, and the effects of such agreements, are accurately described. If lenders were to exercise their right of termination under these agreements according to the conditions stated, the corresponding borrowing needs of HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group would have to be met by other means.

By way of an additional disclosure for informational purposes, in supplement to the mandatory disclosures under the stated sections of the German Commercial Code, other Group companies are party to further agreements that are conditional upon a change of control. The following is an abridged and non-exhaustive presentation:

In the PPP segment, project contracts frequently accord the client substantial rights that make it difficult to effect a change of ownership structure in the project company.

The remaining disclosures required under Sections 289 (4) and 315 (4) of the German Commercial Code relate to circumstances that do not apply to HOCHTIEF Aktiengesellschaft. We do not therefore cover these points in detail in the combined Group and HOCHTIEF Aktiengesellschaft Management Report. There are no limitations on voting rights, no restrictions on the exercise of voting rights attached to employee shares, no agreements between the Company and members of the Executive Board or the Company's employees providing for compensation in the event of a takeover bid, and no securities carrying special rights with regard to control of the Company.

The main features of the internal control and risk management system in relation to the financial reporting process described in the Management Report are accurately presented and conform with the Executive Board's knowledge.

Essen, February 2015

Marcelino Fernández Verdes

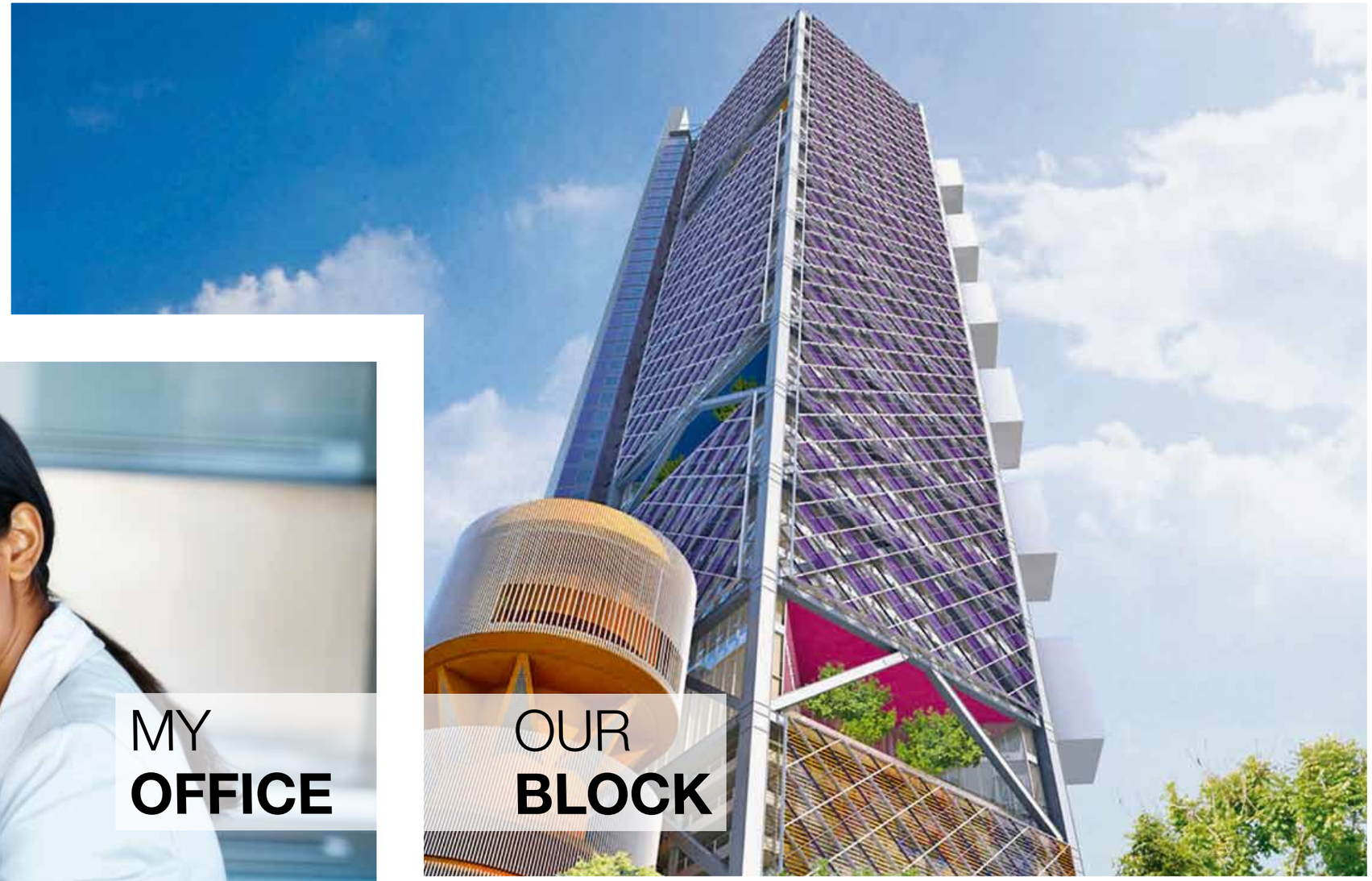
Peter Sassenfeld

José Ignacio Legorburo Escobar

Nikolaus Graf von Matuschka

Focus Area
Active Climate Protection

Torre BBVA Bancomer
One of Mexico's tallest buildings



Economy: Soaring 234.8 meters into the sky, this streamlined 50-story skyscraper tops most of the other buildings in the country. Turner International is constructing the office property for a Spanish bank in the heart of Mexico City. The project is slated for completion in the fourth quarter of 2015.

Ecology: The project will seek LEED Gold certification and green features include a geometric, high-tech facade that will cut energy use by admitting enough sunlight to illuminate the rooms while simultaneously shielding them from excessive heat. Thanks to cutting-edge heating and air conditioning systems, the building ensures that less water and electricity is consumed than in other, comparable structures.

Community: Six garden terraces designed as a place to relax, meet up and enjoy a breath of nature contribute a feel-good working atmosphere for the 4,500 staff.

Group Management Report

Divisional Reporting
HOCHTIEF Americas Division

For further information, please see:

- **www.turnerconstruction.com**
- **www.flatironcorp.com**
- **www.eecruz.com**
- **www.clarkbuilders.com**

The HOCHTIEF Americas division brings together the activities of our four North American subsidiaries—Turner, Flatiron, E.E. Cruz, and Clark Builders. Each with its own special focus, these four companies serve the U.S. and Canadian markets for building construction and infrastructure construction. 2014 once again saw further synergies generated through Group-wide, cross-divisional cooperation.

The HOCHTIEF Americas division had a highly successful year, with the economic environment in North America showing positive development. The USA recorded growth of 2.2% (versus 1.9% in 2013), placing it among the leading developed economies in 2014. With a growth rate of 2.3%, the Canadian economy likewise grew significantly more strongly than in 2013 (1.7%). Our subsidiaries benefited from this positive market trend. They showed exceptionally good growth rates, notably in the building construction sector. Engineering News-Record magazine (ENR) once again ranked Turner as market leader in this sector. The office properties segment in particular grew by more than 10% in the year under review. We are confident that this positive trend will continue in 2015.

*For further information, please see the Markets section on page 42 et seq.

In the infrastructure segment, public funding was lower than in the prior year but the market for PPP projects expanded substantially. At least EUR 15 billion in investment spending is planned in the PPP sector over the next few years. According to a survey by rating agency Moody's, the USA could grow to become the biggest PPP market in the world. We see great potential here for our infrastructure companies. Besides roads and bridges, increasing numbers of rail and hydro construction contracts are being awarded in this way. Following Canada's lead, the number of projects has now picked up significantly in the USA as well.

**See glossary on page 266.

The measures we instituted in 2012 to enhance risk management and boost efficiency at Flatiron are now paying off. The company's main focus in risk management is on fine-tuning project selection criteria, tightening selection criteria as regards project risk, and efficient contract management. New IT tools have also been deployed to improve project reporting.

Fashioning urban spaces and developing public buildings, office properties, sports facilities, hospitals, roads, and bridges, our North American subsidiaries shape the metropolitan landscape. Turner continues to hold its own as number one U.S. general builder, as reflected in the latest ranking from ENR. The company is among the leaders in the categories of healthcare, education, offices, commercial properties, cultural facilities, sports facilities, and hotels. It comes first in the green building category for the seventh time running. Turner is thus market leader in sustainable construction, leading the 100 best green builders in the USA. The HOCHTIEF subsidiary also comes first in the Top Green Building Construction Firms ranking published by Building Design and Construction Magazine for the eighth time in a row. As shown by Turner's market analysis in its latest Green Building Barometer survey*, demand in this segment continues to grow.

In total, Turner generated sales of some EUR 3.11 billion in the green building segment until 2014 (2013: EUR 2.66 billion). To serve this successful segment, Turner has on staff almost 1,500 LEED** Accredited Professionals who are qualified to audit and certify green building projects.

Certification schemes similar to those already established for building construction have now also been launched for sustainable infrastructure projects. The Presidio Parkway in San Francisco currently being built by Flatiron is the company's first project that will gain Greenroads certification.

Flatiron, our infrastructure construction subsidiary, is another successful incumbent in the ENR ranking, featuring among the top twenty in the transportation infrastructure and civil construction categories.

HOCHTIEF has an outstanding overall position with its subsidiaries in the North American market—both as an attractive employer* and as an innovation driver. This notably includes the development and advancement of virtual design and construction services, known as building information modeling (BIM).**

Project highlights

Social and urban infrastructure

Sports and event facilities segment

HOCHTIEF subsidiary Turner is carrying out a two-phase renovation of the FirstEnergy Stadium in Cleveland. Work in 2014 covered some 11,000 square meters and included new elevators and escalators, LED boards, and a sound system. Seating capacity was also expanded. The second phase includes improvements to interior spaces through to 2015. The FirstEnergy Stadium is home to the Cleveland Browns football team. On days between games, the stadium is used for school projects and concerts, so the city's residents gain an extra venue for public events. The renovation of the professional football stadium is a further milestone in the structural transformation of a city bouncing back. Turner has a major hand in shaping Cleveland's urban and social infrastructure. Alongside the FirstEnergy Stadium renovation, the same reporting period saw Turner start work on the Hilton Cleveland Downtown Ohio, a 600-bed conference hotel. Numerous other buildings have been developed with Turner's aid in previous years.

Commercial properties segment

The new headquarters of Schwan Cosmetics in Murfreesboro, Tennessee, unites offices, production facilities as well as research and development under a single roof. Turner is building an approximately 14,000-square-meter complex for the cosmetics manufacturer, with completion due in March 2015. Spatial proximity will ease interdepartmental communication and workflows while enhancing efficiency.

Hotels segment

In Cleveland, Ohio, Turner is building a 28-story, 650-bed conference hotel complete with rooftop bar and numerous meeting rooms. Scheduled for completion in 2016, the Hilton Cleveland Downtown will have an underground connection to the new Cleveland Convention Center completed by Turner in summer 2013. The approximately EUR 69 million project will employ some 2,800 people during construction.

Education segment

Constructed by Turner between 2010 and 2014, the James Cancer Hospital and Solove Research Institute at the Ohio State University in Columbus is pursuing LEED Silver certification. The project features green roofs, high energy efficiency in systems such as air conditioning, and sustainable water management. The HOCHTIEF subsidiary recycled more than 75% of the construction waste during construction work. It also ensured that sensitive medical devices were protected from dust during the construction.

Public buildings segment

Turner is building the new San Joaquin County Courthouse in Stockton, California, for some EUR 147 million. At peak times, the construction site will employ a workforce of 300 to 400. On completion in 2016, the 13-story courthouse housing 30 courtrooms will be Stockton's tallest structure. The new San Joaquin County Courthouse will meet the latest standards and enhance city security.

Office properties segment

In Mexico City, HOCHTIEF subsidiary Turner International is managing construction of the BBVA Bancomer tower. At a height of 234.8 meters (50 stories), this will be one of Mexico's tallest buildings. It will be ready for use in 2015 when the client, Spain's Banco Bilbao Viczcaya Argentaria, takes up occupancy with its new Latin American headquarters. The aim is to obtain LEED Gold certification for the project. Large windows make sure the 80,000 square meters of office space receive plenty of natural light. A geometric high-tech facade will be installed to cut energy use. This shields the building from the sun while balancing heating and cooling throughout the year. Six garden terraces at different levels serve as green oases and meeting places, enhancing the working environment. High work safety standards have

*For further information, please see the Employees section on page 119.

**For further information, please see the Research and Development section on pages 109 to 115.

More project highlights: www.hochtief.com/clientportal

paid off, with more than two million man-hours without a reportable accident.*

*For further information, please see pages 78 and 79.

Healthcare properties segment

Turner once again secured numerous contracts in the healthcare segment during the period under review—further proof that longstanding experience, excellent references, and well-founded expertise pay dividends. Most of the projects have already received or are at least targeted for LEED certification.

Turner is building the new 100-bed Northeast Georgia Medical Center in Braselton, Georgia. On completion, which is scheduled for early 2015, the builders will seek Gold-level Leadership in Energy and Environmental Design Healthcare Certification (LEED-HC), making this one of the first hospitals in the USA to achieve this new certification. Geothermal wells will provide energy to heat and cool the hospital. Reclaimed water will be used to irrigate outside vegetation, as well as the roof gardens, which will keep the rooms below cool in the summer. Energy-efficient LEDs are used for the lighting. During construction, Turner and its partners realize the importance of engaging with the community and providing them with opportunities to work on the project. Equipment such as forklifts are rented from local businesses.

Cultural and entertainment segment

Turner built an extension to the Clark Art Institute in Williamstown, Massachusetts, between 2010 and 2014. Combined with an art research institute, the museum has gained various new features, including a visitor center. Large quantities of recycled concrete were used in constructing the project, which is now awaiting LEED Silver certification. The campus was reconfigured with numerous water elements, which partly have the function of collecting large volumes of stormwater for use in irrigation and building systems such as climate control. Additional features include green roofs, highly efficient lighting and seven geothermal wells to heat and cool the building.

Transportation infrastructure

Our infrastructure specialists at Flatiron are building a new approach bridge project for State Route 520 in western Seattle. The project worth approximately EUR 147 million includes the construction of two approach bridges to earthquake standards by 2017. This further consolidates Flatiron's market presence in Washington State, where it has two additional projects underway. It is also the second to be awarded to the company by the Washington State Department of Transportation. The bridge will not be exclusively reserved for motorized transport as Flatiron is also adding a pedestrian and a bicycle path. These will make for more carbon-free mobility in the largest city in the Northwest USA.

Our civil engineering specialists at E.E. Cruz have completed phase one of the Second Avenue Subway 96th Street Station project in Manhattan. The company had a hand in upgrading New York City's subterranean transportation system around the Upper East Side. Engineering News-Record New York, the highly regarded trade magazine, voted the project a Best Project winner in the Airport/Transit category.**

**For further information, please see pages 142.

During the reporting period, Flatiron was awarded the contract to construct a new interchange between Interstate 85 and Interstate 385 near Greenville, South Carolina. The EUR 185 million infrastructure project will improve the everyday traffic situation for 194,000 vehicles and is being designed and built by Flatiron together with a joint venture partner. Scheduled for completion in 2018, the project includes building twelve new bridges, revamping two existing bridges, and resurfacing work. The project is one of the biggest of its kind awarded in the last decade in the State of South Carolina.

The HOCHTIEF Americas division's key figures

In the period under review, the HOCHTIEF Americas division significantly increased both **EBIT** and **earnings before taxes** compared with the prior year, to EUR 122.8 million and EUR 108.4 million respectively. The improvement is due to good performance relating to projects in the building construction segment. The effect of the measures adopted to achieve lasting improvement in processes and a consolidation in earnings is still impacted by legacy projects; however, we currently see significant upside potential for the coming years.

New orders in the HOCHTIEF Americas division set a new record in 2014 with an increase of 36.7%. Both building construction and civil engineering projects contributed to this success. Building construction in particular saw a strong additional surge in orders during the fourth quarter of the year as a result of major successes in securing new business. New civil works orders trebled during 2014.

Work done rose by 7.2% in the year under review to reach EUR 9.16 billion—likewise the highest figure for any fiscal year to date. The increase relative to the prior year related to the building construction business. Work done in the civil engineering business normalized after a record prior-year figure. This is largely down to the lower level of new orders in the prior year. In line with work done, total **external sales** rose 8.5% above the prior-year figure.

At EUR 11.60 billion, the **order backlog** also reached an all-time high in the year under review. This corresponds to a 25.0% (exchange rate adjusted: 10.1%) increase on the prior year. The order backlog is equivalent to 15 months in forward orders.

Mostly as a result of the large number of projects in progress, the average total number of **employees** increased to 9,503.

HOCHTIEF Americas Division

(EUR million)	2014	2013	change yoy (%)
EBIT	122.8	115.1	6.7
Profit before taxes/EBT	108.4	94.0	15.3
Divisional sales	8,615.2	7,943.8	8.5
New orders	10,191.6	7,457.3	36.7
Order backlog	11,603.1	9,278.8	25.0
External sales	8,615.2	7,943.8	8.5
Work done	9,164.0	8,546.3	7.2
Operating capital expenditure*	(7.0)	(14.5)	51.7
Net cash (+)/Net debt (-)	400.7	369.5	8.4
Employees (average over the year)	9,503	9,295	2.2

*Net

Outlook

The U.S. construction markets relevant to HOCHTIEF Americas—the commercial building construction market and the transportation infrastructure market—both grew in 2014. According to projections from IHS Global Insight for 2015, prospects are now even better. Assuming a stable U.S. dollar exchange rate, we expect a further increase in operational earnings before taxes in 2015 to EUR 130–160 million.

Sustainability at HOCHTIEF

Focus Area Sustainable Products and Services

Kings Square in Perth, Australia
World-class architecture

Economy: Leighton Properties is developing a new, campus-style office site in Perth's Central Business District: Two companies in the business portfolio of our Australian subsidiary Leighton Holdings are constructing the four office towers of up to 20 stories, which are targeted for completion in 2015.

Ecology: Featuring efficient energy systems, the towers are targeting both a 5 Star Green Star rating and a 5 Star NABERS Energy rating. The systems in place include software that will measure the project's environmental impact throughout its life cycle.

Community: On completion, the buildings will provide over 60,000 square meters of modern office space along with units for stores, restaurants, and boutiques. Traffic will run underground, creating a pleasant public space that offers locals new opportunities to interact.

HOCHTIEF Asia Pacific Division

This chapter is part of Focus Area Sustainable Products and Services

HOCHTIEF is majority owner of the Australian Leighton Group which, together with its subsidiaries, holds a leading position in the Australian, Asian, and Middle East construction markets and operates in more than 20 countries. Through its operating companies, the Leighton Group boasts a broad portfolio of capabilities for the infrastructure, resources, and real estate market and is also the world's largest contract miner*. Leighton's operational units included Leighton Contractors, Thiess, John Holland, Leighton Properties, Leighton Asia, and the Habtoor Leighton Group (in which it holds a minority interest) up until June 2014.

The strategy for Leighton's business going forward requires streamlining its operating activities. In June 2014, the company therefore began realigning its operations on a strategic and organizational level. The process will clearly structure operations to avoid overlaps in responsibilities and reduce costs. Four new segments were established: Construction, Public Private Partnerships, Engineering, and Mining. This new operational structure was implemented successfully by the end of the year under review. A new operating company will consolidate and focus the Group's PPP expertise in the future, enabling it to offer end-to-end project services in this segment. We see enormous growth potential for Leighton here. In-house engineering and design capabilities are to be expanded within Leighton Engineering. The restructuring will also enhance the Group's ability to monitor and manage risk, thereby optimizing project results. The mining business will be pooled in Thiess, and Leighton Contractors will serve the construction business.

By harmonizing the operating structures of the HOCHTIEF Asia Pacific division and the already reorganized HOCHTIEF Europe division, we have made it possible for all HOCHTIEF Group companies to work together even more closely in the future.

Leighton is exploring divestment or partnership options for its property business. A binding agreement for the sale of Leighton subsidiary John Holland to CCCC International Holding Limited (CCCI) was signed in December 2014. Likewise in December, an agreement was signed for the sale of 50% of the interests in Thiess Services and Leighton Contractors Services to Apollo Global Management, LLC. The capital freed up will be used primarily to strengthen the balance sheet and reduce debt, as well as for investment in growth segments such as PPP.

Leighton closed out the 2014 fiscal year with good results thanks to many high-volume contracts. Last year's favorable trend has continued, and Leighton's performance has been positive throughout, particularly in its core operating markets. Due to the capabilities and the very good market positioning of the Leighton Group, HOCHTIEF therefore increased its share to 69.62% by investing EUR 617 million in the year under review. In HOCHTIEF's view, this is an investment in our core business.

As Leighton is of key importance for the HOCHTIEF Group as a whole, we decided to additionally enhance our role in its management, with positions on the Leighton Board commensurate with our status as majority shareholder. In mid-March 2014, Marcelino Fernández Verdes took over as Chief Executive Officer of Leighton. He is combining this responsibility with his role as Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft and Executive Chairman of Leighton. Five HOCHTIEF representatives out of a total of eight now sit on Leighton's Board.

In 2014, Australia's economy grew by a robust 2.8%, a figure expected to increase further in the coming year. Leighton's primary aim is not to boost sales but to generate sustainable cash-backed earnings. For this reason, the company will be more selective in seeking out contracts and systematically pursue an improved risk management approach. The economic stimulus packages offered by the Australian federal government and the federal states for improving infrastructure are worth billions, and offer considerable potential for Leighton

For further information, please see www.leighton.com.au.

*See glossary on page 265.

as the company is ideally positioned to secure orders stemming from them.

In the PPP segment, the number of projects being tendered is increasing, especially in the healthcare and education sector, with the government as the main driver. We also see a wealth of opportunities in the mining business as demand for raw materials continues to rise, and the overall market will grow. Leighton aims to go on asserting its position as a top global contract miner in Australia and Asia.

More project highlights: www.hochtief.com/clientportal

Project highlights

During the 2014 fiscal year, the Leighton Group once again secured numerous attractive new contracts in the energy, transportation, and social and urban infrastructure segments, made successful progress with existing work, and brought a number of projects to completion.

Energy infrastructure

The Habtoor Leighton Group has taken on the construction and installation of pipelines for two sections of the Mega Reservoir Corridor Main 1 project in Doha with a total length of 120 kilometers. This is the Leighton Group company's fifth contract since 2009 from KAHRAMAA, Qatar's General Electricity and Water Corporation. The project is worth EUR 219 million.

Contract mining

Under contract to Samsung C&T, Leighton Contractors is building mine process plant facilities for the Roy Hill iron ore mine. The contract is for EUR 224 million. More than 1,000 jobs will be generated over the 14-month project lifetime.

Thiess uses energy-efficient LED lighting in many mining projects. This significantly cuts diesel consumption and can deliver total savings of some EUR 650,000 a year. It also substantially cuts CO_2 emissions.

Transportation infrastructure

The year under review saw Leighton secure its third contract in a row for the Central Wanchai Bypass tunnel, a major transportation infrastructure project in Hong Kong. Our Australian Group company is to deliver some EUR 292 million worth of tunnel buildings and systems for the bypass through to 2017. Once completed, the new road will link central Hong Kong with the island's eastern corridor. Shifting traffic below ground will significantly relieve the congested surface level road system in the Asian metropolis, making for better air quality and reduced noise.

As lead contractor in the joint venture, Leighton is currently constructing a 30-meter-tall passenger clearance building at the Hong Kong-Zhuhai-Macau Bridge, which marks the Hong Kong-Macau border. To speed up work on the project valued at EUR 759 million, most components are fabricated and assembled off-site. Completion is planned for the end of 2016.

In September 2014, Leighton was part of a consortium which was awarded the operations contract for the EUR 5.8 billion North West Rail Link in Sydney, Australia. The North West Rail Link is the biggest public transport project currently under construction in Australia and the first stage of Sydney Rapid Transit, the city's new rapid transit railway network. Leighton Contractors and John Holland are part of the Northwest Rapid Transit consortium, which was awarded the operations contract as part of the biggest public-private partnership in the history of the state of New South Wales. The contract is worth approximately EUR 1.4 billion to the two companies. The project will open to customers in the first half of 2019 with a train every four minutes in the peak. Operation under the PPP contract will continue until March 2034. The project places maximum requirements on passenger safety and will improve mobility in the northwest of Sydney. Separately, Thiess and John Holland have been cooperating with Dragados in a joint venture since 2013 on the first major construction package of the North West Rail Link with a total value of more than EUR 800 million. They are delivering Australia's longest railway tunnels—twin 15-kilometer tunnels using four tunnel boring machines, the first time in Australian con-

struction history that four TBMs have been used on one transportation project. More than 2.8 million tons of rock will be excavated during tunneling, or the equivalent of 1,000 Olympic swimming pools. All the crushed rock from tunneling is being re-used, including on other infrastructure projects in the region. Here, too, the project team sets high-level economic, social and ecological standards. The staff receive training in a tunnel simulation center especially established for this purpose, and a proactive community engagement program has been implemented.

In a joint venture project near Doha, Qatar, the Habtoor Leighton Group is designing and building a 56-kilometer section of the Orbital Highway and Truck Route project under a contract worth approximately EUR 1.2 billion. A total of 31 kilometers of the new road will be seven lanes wide, with dedicated lanes for cars and for trucks. This segregation will improve traffic flow. New bicycle and pedestrian overpasses provide enhanced safety and convenience for non-motorized road users.

Together with joint venture partners, Leighton has won a EUR 560 million contract to finance, design and build the Transmission Gully Motorway, New Zealand's first freeway to be delivered on a public-private partnership basis, and to operate the freeway for 25 years. In expanding the transportation network around one of the country's major metropolitan regions, Leighton is meeting the mobility needs of a flexible society and helping residents, commuters, and tourists alike to get where they are going faster. The motorway is to be built to "green road" sustainability standards.

Under a joint venture contract worth EUR 101 million for Leighton, Leighton Contractors will design and build the M4 motorway widening in Sydney by 2017. Marking the first stage of WestConnex, Australia's biggest urban road project, the project involves upgrading a 7.5-kilometer section of roadway to be widened from three to four lanes in each direction. Leighton will also expand the Granville viaduct and other bridges. One new bridge and various new access ramps will be built.

Social and urban infrastructure

Office and commercial properties segment

In the third quarter, the Habtoor Leighton Group secured a follow-on contract worth some EUR 290 million to deliver Package 8 of the Jewel of the Creek development in Dubai by the second half of 2017. The company has been working on the multifunctional property featuring a hotel, apartments and catering establishments since 2012.

Construction is underway in Sydney on the new Leighton Group headquarters. The property is being developed by Leighton Properties, with Leighton Contractors in charge of construction. Work began in February 2014 and is expected to be completed early in 2016. Some 2,500 Leighton employees will then be able to move into their new workplace. The 30-story office building will meet top sustainability criteria and aims for a 5 Star Green Star* and a 5 Star NABERS rating. This contract is worth EUR 270 million.

*See glossary on page 266.

Healthcare properties segment

John Holland is constructing a new 298-bed children's hospital in Perth for completion in 2015. Offering more beds and operating theaters than the city's previous children's hospital, the state-of-the-art Perth Children's Hospital** will improve healthcare provision for young patients in Perth and the surrounding region. It will also house the only pediatric trauma center serving the wider region. John Holland's share of the contract is worth some EUR 592 million. The hospital targets a 5 Star Green Star rating from the Green Building Council of Australia (GBCA).

**For further information, please see pages 166 and 167.

Leighton Contractors is to design and build the approximately EUR 364 million Northern Beaches Hospital in Sydney in a major enhancement to healthcare provision for the growing population. The hospital will include a 50-space emergency department, 14 operating theaters, and six surgical suites. At its peak, design and construction will provide employment for approximately 700 people. Construction will begin in early 2015. The new hospital is set to open in 2018.

HOCHTIEF Asia Pacific Division

(EUR million)	2014	2013 (restated)*	change yoy (%)
EBIT	574.7	471.5	21.9
Profit before taxes/EBT	(114.5)	229.8	-149.8
Divisional sales	11,397.1	11,623.3	-1.9
New orders	8,532.1	11,464.1	-25.6
Order backlog	20,355.3	22,469.0	-9.4
External sales	11,397.1	11,623.3	-1.9
Work done	12,501.8	12,740.1	-1.9
Operating capital expenditure**	498.5	864.8	-42.4
Net cash (+)/Net debt (-)***	407.7	(276.6)	247.4
Employees (average over the year)****	50,014	58,715	-14.8

*Restated for IFRS 5 and IFRS 11. For notes on the adjustment, please see pages 177–178 and 186 et seq.
**Gross
***Including receivables from the sale of discontinued operations
****The average number of employees in continuing operations in 2014 was 40,290.

The HOCHTIEF Asia Pacific division's key figures

The division had a successful 2014 with profits increased, cash flow sharply higher and the balance sheet substantially strengthened, despite a challenging market environment.

Work done and **external sales** in continuing operations were stable compared with the prior year.

The **order backlog** decreased by around 9% to EUR 20.36 billion as a result of tighter bidding discipline and market conditions. This backlog represents a forward order book of 20 months.

*****Assuming a stable euro/Australian dollar exchange rate

EBIT increased substantially year on year by 21.9% to EUR 574.7 million; adjusted for exchange rates, the increase was even higher at 28.7%. This was driven by margin improvement, solid project performances and by the initial impact of the strategic restructuring measures being applied since mid-year.

The EBT figure includes the impact of a EUR 458 million contract debtors risk provision. The corresponding gain on the sale of Leighton subsidiary John Holland and the Services business, which resulted in earnings of EUR 661 million, is not included in this EBT figure, but is accounted for in the consolidated net profit.

Gross operating capital expenditure was reduced by over 40% driven mainly by a more efficient management of the division's property, plant and equipment.

As a result of improved operating cash flow and the successful negotiations for the sale of Leighton's John Holland and Services businesses, the division reported a net cash position of nearly EUR 408 million in 2014 an improvement of over EUR 680 million compared with the previous year-end.

Outlook

The division is strongly positioned in the market segments of infrastructure, mining, and operations and maintenance, both in Australia and in Asia. Leighton will continue to focus on improving profitability and sustainability.

The diversified order backlog represents a solid basis for short- and medium-term business growth, even if the current shift in demand from resource processing industries toward large-scale infrastructure projects may result in a temporary slowdown in sales.

For 2015 Leighton Group's profit after taxes is expected to be within the range of AUD 450-520 million (EUR 310-360 million)*****, subject to market conditions. The forecast range is driven by substantial improvement in margins, from improved project delivery, continuation of the current cost saving program and reduced finance costs from the deleveraging of the balance sheet.

HOCHTIEF Europe Division

This chapter is part of Focus Area Sustainable Products and Services

The HOCHTIEF Europe division combines the core business in Europe and selected high-growth regions around the world. Since January 2014, operating activities have been conducted by four new subsidiaries and HOCHTIEF Projektentwicklung GmbH under the single roof of HOCHTIEF Solutions AG. This structure combines the advantages of operating more like a small- or medium-sized enterprise with the service range of an internationally experienced construction group.

These are the new operating companies:

HOCHTIEF Building serves the building construction market in Germany. Its branches in major cities will expand their market presence into the surrounding regions.

HOCHTIEF Infrastructure delivers a full range of transportation and energy infrastructure services in Europe and selected regions throughout the world. The company also houses experts with specialized knowledge in a technical competence center to deliver project assistance to the infrastructure units.

HOCHTIEF Engineering provides clients with planning, technical consulting, design management, and building information modeling expertise. The company is divided into the Transport Infrastructure, Energy Infrastructure, and Building business lines.

HOCHTIEF PPP Solutions designs, finances, builds, and operates projects as a partner to the public sector. It delivers end-to-end PPP solutions for transportation, energy, and social infrastructure projects. We only offer PPP services if HOCHTIEF is also commissioned with the construction work so that greater value can be created for our company.

Streamlined and flexible organizational structures coupled with efficient processes and rapid decision making sharpen the competitive edge of the individual companies. With this in mind, we launched a program in the year under review to deal specifically with bid preparation and project delivery so as to allow a sustained improvement in efficiency and risk approach.

Our focus on our core business resulted in HOCHTIEF divesting some units in the reporting year. In March 2014, we completed the sale of our 50% interest in aurelis Real Estate. HOCHTIEF also divested the construction logistics business unit of Streif Baulogistik that same month. The remaining Streif Baulogistik businesses—crane leasing and formwork technology—continue to operate under the TRINAC brand. In July, we sold our property management activities to vincitag. Under the transaction, more than 500 employees were transferred to this new employer. In October, HOCHTIEF sold formart, a residential real estate developer, to fund manager ActivumSG. At the same time, our offshore assets were sold, the majority to longstanding business partner GeoSea. GeoSea is a subsidiary of DEME Group specialized in complex offshore hydro construction projects. The Belgian company acquired HOCHTIEF's jack-up vessels and pontoons. With closing expected to take place in the first half of 2015, the sale is subject to the usual conditions as well as approval by the authorities.

HOCHTIEF is very much committed to our home market, Germany, where we see great growth potential, and intends to achieve good returns winning the competition for attractive projects. In addition, we aim to step up our activities in Europe, notably in Scandinavia, the Netherlands, and the United Kingdom. We aim to further step up our activities in those countries. In 2015, we anticipate very healthy growth rates in the Middle East as well. Qatar, Saudi Arabia, and Oman all hold significant potential.

HOCHTIEF Europe is not primarily geared to sales growth, but to stable cash-based earnings. To this end, the company is focusing among other things on improving processes and risk management.

For further information, please see www.hochtief-solutions.com.

Sustainability at HOCHTIEF

Focus Area Corporate Citizenship

Queensferry Crossing in Scotland
Bridging the gap to nature

Economy: Under a contract worth EUR 950 million, HOCHTIEF is working with partners to build one of Europe's longest cable-stayed bridges, "Queensferry Crossing," due to be completed in 2016. The project team is progressing on time and under budget.

Ecology: Nature and wildlife protection are high-priority factors: Damaged forests and green spaces are quickly renaturalized. What's more, noisy foundation drilling work is postponed as soon as any large marine mammals are discovered within a radius of one kilometer.

Community: From the end of 2016, the new bridge over the Firth of Forth near Edinburgh in Scotland will replace the old structure, which could no longer handle the heavy traffic volumes around the capital. Construction is subject to the very highest safety standards. In addition, preference is given to regional subcontractors.

Project highlights

Transportation infrastructure

HOCHTIEF is part of a joint venture that was awarded a public-private partnership contract to plan, finance, and upgrade some 65 kilometers of the A7 federal highway near Hamburg. The HOCHTIEF-led consortium will also operate and maintain a 59-kilometer stretch for 30 years. The construction work is worth some EUR 600 million. The project involves widening the section of the highway from four to six lanes (south of the Hamburg-Nordwest interchange from six to eight) and also includes the construction or refurbishment of 72 overpasses and bridges. This expansion will minimize traffic jams, thus reducing CO_2 emissions and mitigating the economic loss caused by unproductive delays. Businesses in the region are in need of an improved link between Hamburg and the port. In Hamburg-Schnelsen, an approximately 550-meter section of the highway will first be covered before being landscaped like a park. This will significantly reduce noise and reconnect the east and west sections of the city district after many years of separation, greatly enhancing residents' quality of life.

Since 2014, HOCHTIEF Construction Austria has been refurbishing a seven-kilometer stretch of the A4 highway near Vienna, modernizing and widening a total of four bridges, and adding a lane to each of the existing roads in every direction. The contract comes to about EUR 32 million. New highway drainage is being installed with two watercourse protection systems to filter waste water. Fences are also being erected to protect animals and raised rescue areas built up as a place of refuge for wildlife during floods.

In Denmark's capital city Copenhagen, HOCHTIEF Infrastructure is part of a joint venture that is to add a total of 3.5 kilometers of tunneling to the subway network and construct the Nordhavn subway station on a turnkey basis. HOCHTIEF has a 40% stake in the joint venture, and the contract is worth some EUR 59 million.

HOCHTIEF CZ is part of a joint venture building a highway bypass extending for 4.25 kilometers around the city of Žilina, Slovakia, along with a 2.2-kilometer tunnel and three bridges. One of these bridges runs for 1.4 kilometers over a protected water reservoir. The contract for the work totals just short of EUR 102 million.

HOCHTIEF Infrastructure was awarded the contract worth EUR 312 million to build a four-kilometer rail tunnel in Rastatt, Germany, by 2018. The structure will run under a nature reserve with low ground coverage. So as to avoid disturbing the sensitive ecosystem such as through the release of pressurized air during work at the breakthrough point, civil engineering specialists will freeze the underground construction site.

During the year under review, HOCHTIEF was part of a joint venture that won a contract worth a total of EUR 122 million to build the Cherbourger Strasse harbor tunnel in Bremerhaven, Germany. The consortium in which HOCHTIEF holds a 33% interest will construct a two-lane road tunnel including on- and off-ramps, two central plant buildings, and ten emergency exit stairways by 2018. After completion, the tunnel will connect the international port as well as the adjacent business parks to the A27 highway.

Energy infrastructure

HOCHTIEF Solutions is working on the largest and most important work package in the "Gemeinschaftskraftwerk Inn" power plant project in Tirol, Austria, under a contract valued at EUR 132 million. Our civil engineering specialists are building an approximately 22-kilometer pressure tunnel, the Maria Stein works water channel. Conveyor belts are being used to transport most of the excavated rock to storage areas nearby to cut down on heavy haulage. The state-of-the-art conveyor belt system is designed to be as noiseless as possible during operation. An added benefit is the system's ability to effectively minimize dust by transporting the excavated material directly from the tunnel to the storage site. Lining the tunnel calls for approximately 50,000 reinforced concrete segments, which are produced directly at the construction site, thus eliminating the need to transport any prefabricated components by road. The power plant will be connected to the grid in 2018 and will then supply the equivalent of around 100,000 households with clean electricity.

More project highlights: www.hochtief.com/clientportal

Further information on this special financing concept: www.hochtief.com/financing-concept-a7

PFI AWARDS 2014

ÖPP = public-private partnership (PPP)

*See glossary on page 265.

www.bauindustrie.de/media/uploads/publikationen/oepp-praxistest_kurzumfrage_final.pdf

Social and urban infrastructure

Office and commercial properties segment

In Duisburg, Germany, HOCHTIEF Solutions is putting up a modern, eight-story building complex for Targobank which, along with the neighboring TDG high-rise, forms the new Targobank Quartier. Completion of the new property with a gross floor area of nearly 9,000 square meters is slated for June 2015. The office building will provide space for 500 people. The property's primary energy requirements fall at least 15% below the levels stipulated by current German energy conservation regulations.

HOCHTIEF Building began erecting the new German headquarters for Technip, the French plant engineering company, in August 2014. The project is to be completed in September 2015. The aim is to receive silver certification from the German Sustainable Building Council (DGNB).*

During the period under review, HOCHTIEF Building won the contract to act as general contractor on the construction of DB Schenker's new corporate headquarters in Essen. The client is project developer Kölbl Kruse, a company that has previously completed many projects with HOCHTIEF. Under construction in the center of Essen, the new office building will accommodate 900 staff from summer 2016 onward. A fine-tuned control system guarantees energy-efficient heating and cooling. The plan is to obtain DGNB silver certification for the building.

During the reporting period, HOCHTIEF Projektentwicklung received six certificates for sustainable projects: DGNB awarded gold certification to AOK Rheinland/Hamburg's building in Essen, the smarthouse in Munich, and the maxCologne building in Cologne. The latter was named the third-best project in Europe. In addition, the Caleido project in Stuttgart was recognized by the DGNB with silver certification. "Berlins Grosse Freiheit" earned LEED Gold certification, and Hamburg Heights 1 and 2 received silver DGNB precertification.

Clients highly satisfied with PPP projects

Since 2005, HOCHTIEF and the city of Cologne have been partners on "Package 1", a project to renovate and modernize seven schools. Most recently, the building added to the Max Planck Secondary School in the Porz district was opened at the end of 2014. At the ceremony marking the building's completion, it was evident that not only the school's administrators but also the students and teachers were highly satisfied with the PPP solution. HOCHTIEF worked to schedule and on budget at all times. This positive sentiment is also echoed in the findings of a brief survey among all public-sector partners in PPP projects in Germany conducted by the Central Federation of the German Construction Industry (HDB): 84% are satisfied or very satisfied with how their projects are running. More than 90% of respondents reported that their projects were on schedule and on budget.

Residential segment

In Munich, HOCHTIEF Projektentwicklung is building the "Lehel Höfe" residential complex featuring 105 condominiums and 113 car parking spaces by early 2016 as part of a joint venture. The building's thermal insulation, which meets the requirements of the 2009 German Energy Saving Ordinance (EnEV) and the KfW Effizienzhaus 70 standard, allows residents to lower energy consumption. Part of the "Lehel Höfe" complex will house a daycare center serving a total of 150 children.

Cultural and event facilities segment

HOCHTIEF PPP Solutions and HOCHTIEF Building are slated to build the new ballet rehearsal building for the Deutsche Oper am Rhein in Düsseldorf at the behest of the North Rhine-Westphalian capital. The contract includes the building's design and construction. Its supporting structure will be erected solely using recycled materials. Solid walls and ceilings with good insulating capacity will mitigate excessive cold in the winter and heat in the summer. Water-conserving toilet tanks and faucets will ensure the frugal use of potable water, a valuable resource. Following its completion in summer 2015, the ballet house will be operated by HOCHTIEF for 30 years by way of a lease. The contract, including financing, is worth around EUR 26 million.

Education segment

In January 2014, HOCHTIEF PPP Solutions was selected to design and build a high school in the municipality of Halstenbek in the German state of Schleswig-Holstein and to operate it until 2033. HOCHTIEF Building is constructing the project. We are employing mostly subcontractors from the area, thereby supporting local small- and medium-sized businesses. An existing combined heat and power plant will be integrated into the new building, enabling HOCHTIEF PPP Solutions to provide a cost-effective and environmentally friendly alternative heating source.

The HOCHTIEF Europe division's key figures

We focus on the performance of the four core businesses, excluding Real Estate and consolidation effects. Due mainly to the gain of the divestment of Services (in 2013) the nominal figures are not comparable.

Focusing on the division's four core operating businesses (Building, Infrastructure, PPP and Engineering), **EBIT** and **earnings before taxes** show a substantial improvement of around EUR 30 million compared with last year with the Building business returning to profits in 2014. Earnings are still affected by legacy issues and restructuring costs.

New orders in the HOCHTIEF Europe division, adjusting for the sold units (EUR 2.44 billion) showed an increase of 18%, mainly due to the very successful bidding for new contracts in the infrastructure segment.

Work done, adjusting for the effects of the disposals (EUR 2.31 billion), was stable (minus 1%) compared to the prior year. The division has an **order backlog** totaling EUR 3.75 billion, which is marginally (4%) lower than in the prior year on a comparable basis. The order backlog is equivalent to 19 months in forward orders, representing a good basis for the future.

Cash flow from operations also showed a very positive trend and at over EUR 21 million represents an improvement of EUR 325 million. This sharply improved figure is mostly due to a significant reduction in working capital, a key focus for management.

HOCHTIEF Europe Division

(EUR million)	2014	2013 (restated)*	change yoy (absolute)
EBIT			
Core business	**(18.7)**	**(51.3)**	**32.6**
Other	(17.9)	203.8	(221.7)
Total	(36.6)	152.5	(189.1)
Profit before taxes/EBT			
Core business	**(30.0)**	**(59.8)**	**29.8**
Other	(42.7)	122.6	(165.3)
Total	(72.7)	62.8	(135.5)
			change yoy (%)
Divisional sales	1,965.5	2,819.5	-30.3
New orders	2,687.0	2,879.0	-6.7
Order backlog	3,746.5	4,138.1	-9.5
External sales	1,961.7	2,813.7	-30.3
Work done	2,520.7	3,235.1	-22.1
Operating capital expenditure**	22.3	(30.7)	–
Net cash (+)/Net debt (-)	(236.5)	(486.5)	51.4
Employees (average over the year)	8,670	12,662	-31.5

*Restated for IFRS 11. For notes on the adjustment, please see pages 186 et seq.
**Net

The significant reduction in **net debt** of EUR 250 million to EUR 236 million results from the significant improvement in cash flow generation as well as the proceeds from the divestments including aurelis and formart.

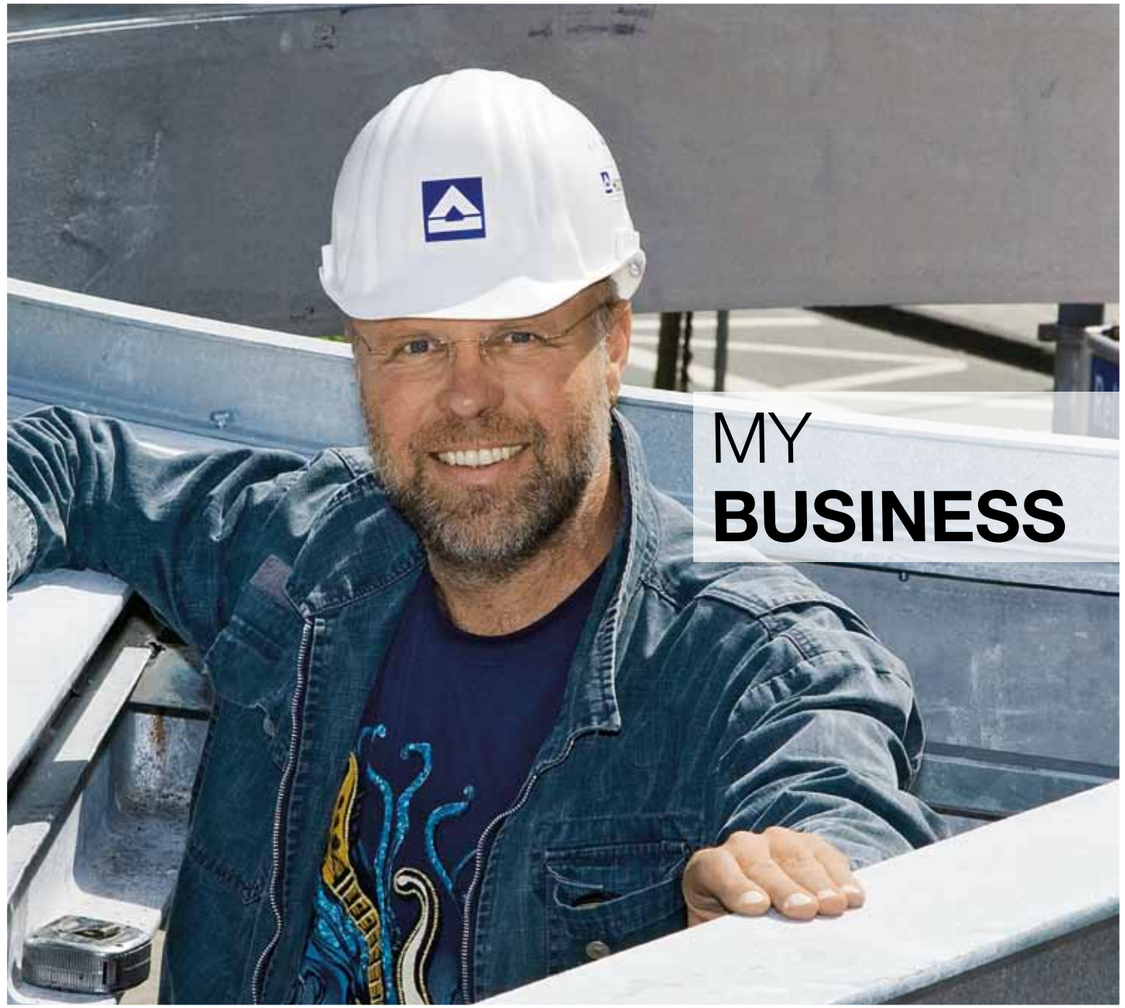
The decrease in the average number of **employees** to 8,670 is mainly attributable to the sale of the services business, formart, HOCHTIEF Property Management, and lower headcount in overhead departments.

Outlook

The division showed a significant improvement in results during 2014 aided mainly by the restructuring efforts of the last year which are leading to improved profitability by creating leaner structures and efficient processes. Following the establishment of the three operating subsidiaries, Building, Infrastructure, and Engineering alongside the existing PPP Solutions, the restructuring of HOCHTIEF Solutions is progressing in a satisfactory manner. As a result, we expect a further improvement in operational earnings and margins in 2015.

Focus Area Compliance

Corruption prevention at HOCHTIEF



Economy: At HOCHTIEF, our commitment to upholding international agreements that protect human rights, combat corruption, and promote sustainability is binding. Our Code of Conduct was derived from this commitment. Our basic principle is: No business deal is worth casting any doubt on HOCHTIEF's trustworthiness.

Ecology: HOCHTIEF is committed to protecting the earth, water, air, and biodiversity. We are well aware of the environmental effects of our activities. Our primary guiding principle is: We use natural resources responsibly.

Community: HOCHTIEF respects each individual's dignity and works to uphold and protect human rights. Our employees act with fairness and decency, both in their dealings with one another and in their contact with business partners and clients.

Group Management Report

Corporate Governance and Compliance

Corporate governance

Commitment to the principles of good corporate governance takes in all divisions at HOCHTIEF. Our benchmark in this connection is the German Corporate Governance Code, as amended from time to time. In the following, in accordance with the Code, the Executive Board reports jointly with, and on behalf of, the Supervisory Board on corporate governance at HOCHTIEF.

Corporate governance relates to the principles and regulatory framework by which a company is managed and monitored.

HOCHTIEF Aktiengesellschaft is committed to the principles of responsible and transparent business management and control geared to long-term financial success. Good corporate governance builds the foundations for investor, client, workforce, and public confidence.

In February 2015, the Executive Board and Supervisory Board published the annual Compliance Declaration* pursuant to Section 161 of the German Stock Corporations Act (AktG).

*For further information, please see pages 106 and 107.

For further information on corporate governance at HOCHTIEF, please see our website. The information provided there also includes our Code of Conduct, all past compliance declarations, and the current Declaration on Corporate Governance pursuant to Section 289a of the German Commercial Code (HGB).

For further information, please see www.hochtief.com/corporate-governance

As announced, the Executive Board and Supervisory Board monitored the four instances stated in the Compliance Declaration for 2014 in which the Code is not complied with or is only complied with to a limited extent, and have once again reviewed application of the Code's provisions.

The four instances concerned relate to the chairmanship of the Audit Committee (Section 5.3.2, last sentence of the Code); the objectives regarding the composition of the Supervisory Board (Section 5.4.1 [2] and [3] of the Code); the information required by the Code pursuant to Section 5.4.1 [4] to [6] on the candidates recommended by the Supervisory Board for election to the Annual General Meeting; and the Code recommendation regarding performance-based compensation for Supervisory Board members (Section 5.4.6 [2] Sentence 2 of the Code).

The Executive Board and Supervisory Board remain of the opinion that the stated departures from the Code's recommendations are well-founded. Reasons for not applying the Code provisions are set out in the Compliance Declaration reprinted below.

In all other respects, we comply with the recommendations of the Code as currently amended.

The German Corporate Governance Code recommends that diversity should be respected when appointing the Supervisory Board and, in particular, an appropriate proportion of women members must be ensured. The HOCHTIEF Supervisory Board already has a strongly international lineup with Messrs. López Jiménez, Al-Subaie, García Altozano, Garcia Sanz, and del Valle Pérez. Our Supervisory Board currently has one female member: Christine Wolff was appointed to the Supervisory Board on October 10, 2014. For the upcoming elections in 2016, the Supervisory Board aims to see additional women elected to its ranks both as shareholder and as workforce representatives. The power to decide in this connection, however, lies with the Annual General Meeting as regards shareholders and with employees entitled to vote as regards the workforce.

The HOCHTIEF Supervisory Board is composed in such a way that its members as a group possess the knowledge, ability, and expert experience required to properly complete its tasks.

Compliance

It is our goal to manage HOCHTIEF on the basis of a value-oriented strategy. We have enshrined this in our corporate guiding principles.

Business ethics and integrity are fundamental to HOCHTIEF's credibility. To deliver on our commitments, we have adopted a compliance system. This recognizes the fact that as an international company we operate in a wide array of political systems and legal jurisdictions.

Compliance organization at HOCHTIEF

Our compliance system is headed by the Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft, to whom the Chief Compliance Officer reports on a regular basis, and in urgent cases immediately. The Chief Compliance Officer also submits a report each year to the Supervisory Board Audit Committee. He is supported in the exercise of his duties by compliance and criminal law specialists at the HOCHTIEF holding company. Responsibility for compliance matters at divisional level lies with divisional compliance officers who report directly to the HOCHTIEF Chief Compliance Officer and liaise with the compliance functions of other divisions.

For instance, the HOCHTIEF Europe division has its own Compliance Office and General Compliance Managers as well as (operational) Compliance Managers as points of contact. The latter are responsible for compliance in day-to-day operations and take care of the necessary exchange of information among units.

At Turner and Flatiron, our U.S. subsidiaries in the HOCHTIEF Americas division, the system is similar.

Our Group company Leighton in the HOCHTIEF Asia Pacific division likewise has an established compliance program. An Ethics and Compliance Committee acts as the exchange platform between companies in the Leighton Group.

The compliance organization described above is generally responsible for all compliance matters relating to combating corruption and white collar crime. At HOCHTIEF, a separate OSHEP Center is responsible for occupational safety, health, and environmental protection matters*. Data protection matters are the responsibility of the Data Security Officer**.

Clear commitment

Sustainable action and a value-oriented strategy are enshrined in HOCHTIEF's corporate guiding principles. Back in 2002, we published the HOCHTIEF Code of Conduct. We attach utmost importance to fairness, objectivity, and transparency when competing in the market, awarding contracts, and in all ongoing business relationships. Our compliance system is regularly reviewed and adapted to avoid the risk of criminal or civil liability along with the damage to our reputation and competitive disadvantages that would ensue from non-compliance.

HOCHTIEF has been a corporate member of Transparency International since 1999—a global first for a company from the construction industry. The company was also the first construction group to commit to the standards of the International Labour Organization (ILO), which we signed up to in 2000. The ILO is a United Nations agency with the objective of promoting decent and productive work in conditions of freedom, equity, security, and human dignity everywhere in the world.

In 2007, HOCHTIEF was a founding member of Netzwerk Compliance, a German compliance network with the aim of combating dishonest business practices. HOCHTIEF is also a member of the international Partnering Against Corruption Initiative of the World Economic Forum.

*For further information, please see page 117 to 125.

**For further information, please see the Risk Report on page 133 et seq.

www.ilo.org
www.ohchr.org

As early as 2008, we undertook to adhere to and promote the ten rules of the UN Global Compact, an international initiative comprising representatives of the United Nations, the private sector, civil society, and workers. Within the meaning of the ILO and UN conventions, HOCHTIEF predominantly operates in countries where human rights are respected.

Code of Conduct and directives

Combining business with ethical principles is a fundamental tenet for HOCHTIEF. These corporate principles are enshrined in the HOCHTIEF Code of Conduct, which sets forth the rules for responsible business practice. Its binding rules cover both internal dealings as well as external relations with business partners, subcontractors, and public authorities. The HOCHTIEF Code of Conduct is published in eleven languages. It focuses overall on five thematic areas:

- Dealing with antitrust issues, business partners, and conflicts of interest such as bribery and corruption, donations, and sponsorship
- Dealing with information, insider knowledge, confidentiality, and data protection
- Health, safety, and the environment
- Company assets, including documenting transactions, dealing with company-owned property and company assets, and insider rules
- Principles of social responsibility such as respecting human dignity, rejecting child labor and forced labor, equal opportunities and bans on discrimination, the right to organize, and the right to collective bargaining

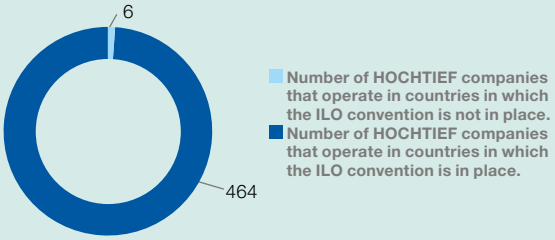
We expect all clients, business partners, and suppliers to adhere to our compliance standards. For this purpose, HOCHTIEF compiled the Code of Conduct for Business Partners in 2011, which is likewise available in eleven languages. It is derived from our Code of Conduct for Subcontractors and Suppliers.

www.ilo.org
www.ohchr.org

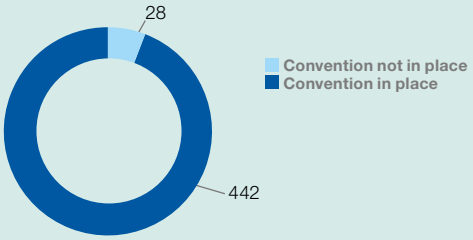
HOCHTIEF is fundamentally committed to the ILO and UN conventions.

The charts below are based on HOCHTIEF's 470 fully consolidated companies in 45 countries as of December 31, 2014.

ILO Worst Forms of Child Labour Convention

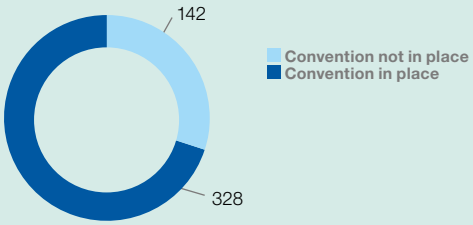


ILO Abolition of Forced Labour Convention

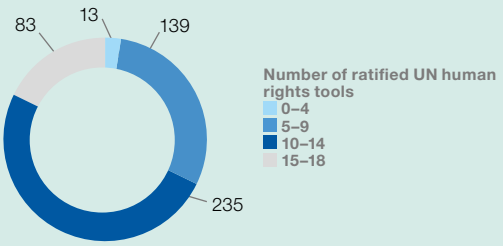


*See glossary on page 266.

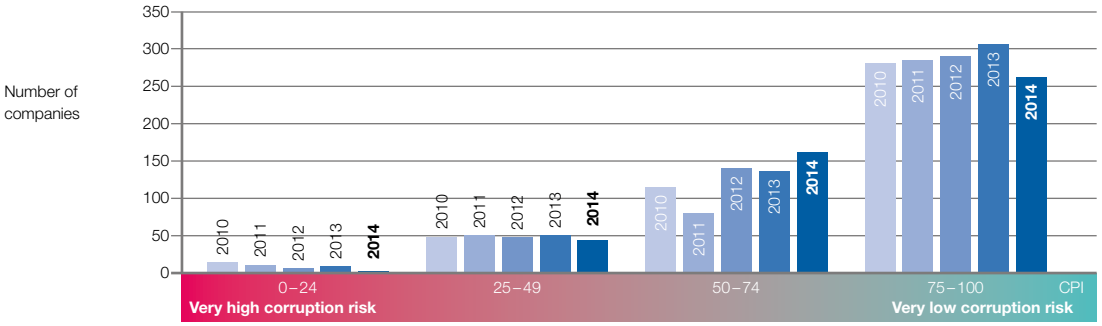
ILO Right to Organise and Collective Bargaining Convention



UN human rights conventions*



Number of HOCHTIEF Group companies in relation to corruption risk in each country



Measured on Transparency International's Corruption Perception Index (CPI), HOCHTIEF's fully consolidated companies mostly operate in countries with low or very low corruption risk.

www.transparency.de

The stipulations of the HOCHTIEF Code of Conduct are further clarified by various Group directives on matters such as contributions.

These aim to help our employees differentiate between legal customer service practices and corruption that is punishable under criminal law, and to conduct themselves within the bounds of the law in their daily business activities.

HOCHTIEF regularly reviews the directives and brings them into line with changing circumstances as necessary. Corporate Auditing also reviews the status of the compliance process at scheduled intervals.

Whistleblower system

HOCHTIEF's credibility and reputation depend on employees and business partners complying with the applicable rules. It is extremely important for us to hear about any non-compliance without delay. We therefore call upon all employees to notify HOCHTIEF of any irregularities of this kind. If an employee suspects any such non-compliance, the first point of contact is their direct superior. In cases where turning to the direct superior is not an option, the next point of contact is the HOCHTIEF compliance organization.

There are also other channels: Employees can call an internal hotline to report incidents to a Corporate Compliance Officer. Another, external hotline puts employees in contact with an independent law firm specializing in criminal law. Employees can alternatively write to Corporate Compliance by e-mail. Whistleblowers are, of course, protected: All information provided is treated as confidential, and reports can also be made anonymously.

HOCHTIEF's divisions have similar whistleblower hotlines. At the same time, they exchange information with Corporate Compliance on a regular basis.

Thematically speaking, about one third each of all cases relate to labor law, requests for advice, and compliance.

Response to reports

All reports of violations are handled with great care and attention at HOCHTIEF. While responding forcefully, we are always alert to the risk of false accusations made anonymously. Compliance cases are investigated in-house by Corporate Auditing, where necessary with the support of external consultants, and of Corporate Compliance if issues of criminal law are involved. Suggestions for action in response to compliance infringements are subsequently put forward by the Steering Committee, which comprises members from the Auditing, Communications, Legal, Human Resources, and Corporate Compliance departments. Implementing the selected course of action is the responsibility of the relevant superior or the management of the corporate unit in question. Consequences can go as far as dismissal.

Focus area indicator

Compliance; aspect: Fighting corruption
For further information, please see the GRI index on pages 260 and 261.

Training and communication

HOCHTIEF uses a range of means to make employees aware of compliance issues and inform them about the rules that apply. The corporate intranet plays an important part in this regard. All internal directives and information on the compliance program together with contact persons are listed on the intranet. Employees further add to their knowledge in e-learning programs based on a detailed training plan. The online training courses use practical examples to explain the existing legal situation and show how to apply the rules in areas such as combating corruption as well as unregistered or illegal employment. All HOCHTIEF managerial staff are required to complete the learning programs.

The online courses are supplemented with classroom-based training in departments and branches on the same thematic areas.

In addition, we regularly publish articles on related topics in various internal and external corporate publications.

Compliance training programs and compliance-related communications are structured similarly in HOCHTIEF's Americas and Asia Pacific divisions. Our subsidiary Turner, for example, provides video messages on compliance topics on the corporate intranet in addition to on-site training for all employees.

Corporate Compliance provided risk-based training for various branches in Germany and internationally in 2014 on the current compliance structure and applicable directives. This training was provided for 14,174 employees* comprising 5,734 in the HOCHTIEF Americas division, 8,022 in the HOCHTIEF Asia Pacific division, and 418 in the HOCHTIEF Europe division (including the holding company). As in 2012 and 2013, an international compliance meeting was held at the HOCHTIEF Europe division for all divisional Compliance Managers. The focus was on exchanging information and discussing experiences, notably concerning current and country-specific issues.

*For further information, please see the CR program on pages 162 to 165.

Compensation report

Executive Board compensation for 2014

The Executive Board compensation system is geared toward long-term, sustainable management goals. Total compensation for members of the Executive Board is set by the Supervisory Board. The compensation system for the Executive Board is also decided and regularly reviewed by the Supervisory Board. The Supervisory Board's Human Resources Committee prepares the relevant motions for resolution by the full Supervisory Board.

The compensation for the Executive Board members for 2014 comprises

1. Fixed compensation
2. Fringe benefits
3. Variable compensation
4. Old-age pension plan.

1. The fixed compensation is paid in equal monthly amounts.

2. The fringe benefits comprise amounts to be recognized for tax purposes for private use of company cars and other non-cash benefits.

3. The variable compensation is computed on the basis of the following equally weighted components: adjusted free cash flow, consolidated net profit (absolute), and consolidated net profit delta as compared to the prior year. Target attainment for all three components can range between zero and 200% of the budgeted figure. In addition to these financial targets, the Supervisory Board annually stipulates up to four strategic targets that apply uniformly for all members of the Executive Board. The Supervisory Board has the right to adjust overall target attainment with regard to the financial targets upward or downward according to its assessment of the attainment of those strategic targets.

   The resulting variable compensation is settled in three equal parts as follows:

   a. Cash settlement (short-term incentive component)
   b. Transfer of shares in HOCHTIEF Aktiengesellschaft in the net amount, subject to a two-year bar (long-term incentive component* I)
   c. Grant of an annual long-term incentive plan (long-term incentive component II).

4. All members of the Executive Board have company pension provision in the form of individual contractual pension arrangements that provide for a minimum pension age of 65. The amount of the pension is determined as a percentage of fixed compensation, the percentage rising with the number of years in office. The maximum amount the Executive Board member can receive is 65% of his final fixed compensation. Surviving dependents receive 60% of the pension.

*See glossary on page 266.

Benefits granted	Fernández Verdes Chairman of the Executive Board Date joined: April 15, 2012				Legorburo Member of the Executive Board Date joined: May 7, 2014				von Matuschka Member of the Executive Board Date joined: May 7, 2014				Sassenfeld Member of the Executive Board Date joined: November 1, 2011			
	2013[1]	2014			2013	2014			2013	2014			2013	2014		
(EUR thousand)		Granted	Minimum	Maximum		Granted	Minimum	Maximum		Granted	Minimum	Maximum		Granted	Minimum	Maximum
Fixed compensation	900	1,008	1,008	1,008	–	195	195	195	–	228	228	228	600	600	600	600
Fringe benefits	64	46	46	46	–	79	79	79	–	12	12	12	233	22	22	22
Total	**964**	**1,054**	**1,054**	**1,054**	**–**	**274**	**274**	**274**	**–**	**240**	**240**	**240**	**833**	**622**	**622**	**622**
One-year variable compensation	846	1,048	0	1,300	–	184	0	228	–	210	0	261	564	564	0	700
Multi-year variable compensation																
Long-term incentive component I[2]	846	886	0	1,100	–	184	0	228	–	210	0	261	564	564	0	700
Long-term incentive component II[3]																
LTIP stock awards (6-year term)	423	443[4]	0	550	–	92[4]	0	114	–	105[4]	0	131	282	282[4]	0	350
LTIP stock appreciation rights (7-year term)	423	443[4]	0	550	–	92[4]	0	114	–	105[4]	0	131	282	282[4]	0	350
Total	**3,502**	**3,874**	**1,054**	**4,554**	**–**	**826**	**274**	**958**	**–**	**870**	**240**	**1,024**	**2,525**	**2,314**	**622**	**2,722**
Service cost (service and interest cost)	1,010	1,020	1,020	1,020	–	166	166	166	–	219	219	219	331	392	392	392
Total compensation	**4,512**	**4,894**	**2,074**	**5,574**	**–**	**992**	**440**	**1,124**	**–**	**1,089**	**459**	**1,243**	**2,856**	**2,706**	**1,014**	**3,114**

[1]Excluding subsequent restatement (see compensation for past years)
[2]Share-based with two-year bar
[3]Granted as long-term incentive plan
[4]Value at grant date

Benefits allocated	Fernández Verdes Chairman of the Executive Board Date joined: April 15, 2012		Legorburo Member of the Executive Board Date joined: May 7, 2014		von Matuschka Member of the Executive Board Date joined: May 7, 2014		Sassenfeld Member of the Executive Board Date joined: November 1, 2011	
(EUR thousand)	2014	2013[1]	2014	2013	2014	2013	2014	2013
Fixed compensation	1,008	900	195	–	228	–	600	600
Fringe benefits	46	64	79	–	12	–	22	233
Total	**1,054**	**964**	**274**	**–**	**240**	**–**	**622**	**833**
One-year variable compensation	1,048	846	184	–	210	–	564	564
Multi-year variable compensation								
Long-term incentive component I[2]	886	846	184	–	210	–	564	564
Long-term incentive component II	0	0	0	–	0	–	0	0
Total	**2,988**	**2,656**	**642**	**–**	**660**	**–**	**1,750**	**1,961**
Service cost (service and interest cost)	1,020	1,010	166	–	219	–	392	331
Total compensation	**4,008**	**3,666**	**808**	**–**	**879**	**–**	**2,142**	**2,292**

[1]Excluding subsequent restatement (see compensation for past years)
[2]Share-based with two-year bar

Arrangements in the event of termination of contract

If their contract is not extended, Executive Board members receive a severance award equaling one year's fixed annual compensation. For the severance award to be payable, an Executive Board member must on termination of contract be in at least the second term of office as a member of the Executive Board and be under the age of 65. If an individual's service on the Executive Board is prematurely terminated, severance awards will not exceed the value of two years' annual compensation (severance cap) and compensation will not be payable for more than the remaining term of the contract.

The present value of pension benefits for current and former Executive Board members is EUR 98,186 thousand (2013: EUR 78,668 thousand).

Payments to former members of the Executive Board and their surviving dependents were EUR 7,676 thousand (2013: EUR 17,011 thousand). Pension obligations to former members of the Executive Board and their surviving dependents totaled EUR 90,590 thousand (2013: EUR 75,792 thousand).

Executive Board compensation for past years

For 2013, as a result of the exceptional transactions as well as Mr. Fernández Verdes' performance, the Supervisory Board set overall target attainment for Mr. Fernández Verdes for the STIP, LTIP I, and LTIP II components from 161.16% to 200%. Compensation was awarded accordingly in the amount of EUR 204 thousand short-term incentive, EUR 204 thousand long-term incentive I, and EUR 204 thousand long-term incentive II. In connection with an amendment to the pension arrangement with Mr. Fernández Verdes, a past service cost of EUR 1,625 thousand was incurred in 2014 for 2013.

In addition, in 2014, the Supervisory Board adopted a Long-term Incentive Plan 2014 (LTIP 2014) for Mr. Fernández Verdes and Mr. Sassenfeld to satisfy the long-term incentive component II from 2013. This comprises grants of stock appreciation rights (SARs) and stock awards (phantom stock). If the applicable exercise targets are met after a four-year waiting period, the 2014 stock appreciation rights grant the Executive Board members a monetary claim against the Company, which they can exercise over the then following three years. The amount of the claim depends on the development of the share price within the waiting and exercise periods. Furthermore, relative and absolute performance targets, which cannot be modified retroactively, have to be met. The terms of the 2014 stock awards provide that after the four-year waiting period, those entitled have, for each stock award and for a further two-year exercise period, a monetary claim against the Company equal to the closing price of HOCHTIEF stock on the last day of stock market trading prior to the exercise date. The value of all entitlements under Long-term Incentive Plan 2014 is capped (at a 50% increase in the share price) so that the amount of compensation stays appropriate in the event of extraordinary, unforeseeable developments. Mr. Fernández Verdes was granted 47,797 stock appreciation rights and 11,249 stock awards, in each case worth EUR 525 thousand at the date of grant. Mr. Sassenfeld was granted 25,676 stock appreciation rights and 6,043 stock awards, in each case worth EUR 282 thousand at the date of grant. Additional information on the plans is provided in the Notes to the Consolidated Financial Statements on pages 250 and 251.

The long-term incentive plans granted to Executive Board members in the last few years resulted in the following expense:

(EUR thousand)		Expenses under long-term incentive plans
Fernández Verdes	2014	325
	2013	75
Legorburo	2014	0
	2013	–
von Matuschka	2014	153
	2013	–
Sassenfeld	2014	282
	2013	130
Executive Board total	**2014**	**760**
	2013	**205**

*The euro amount depends on the exchange rate.

Executive Board compensation in relation to offices held at Group companies

The members of the Executive Board received pension awards under Australian law for their services on the Leighton Board. Leighton incurred an expense for this purpose of EUR 3 thousand for Mr. Fernández Verdes and EUR 12 thousand for Mr. Sassenfeld.

For his services in Australia as Chairman of Leighton Holdings Limited, Mr. Fernández Verdes received an expense allowance of EUR 251 thousand* for 2014. Mr. Fernández Verdes was additionally granted a one-time bonus in the form of a long-term incentive plan (stock appreciation rights) for the company's restructuring and strategic realignment. If and only if the share price increases, Mr. Fernández Verdes will receive a payment that is capped at a share price of AUD 50 per Leighton share. The stock appreciation rights can be exercised for three years after a waiting period of two years. No more than 40% of the stock appreciation rights can be exercised per year. Their value at the time they were granted was EUR 3.2 million*. If Leighton's share price does not rise above AUD 17.71 during the exercise period, the plan loses its value. If the share price increases by 182%, a maximum of EUR 5.3 million* will become due per year of the five-year term. This presupposes a EUR 7,426 million* increase in the value of the company.

Further compensation for the holding of office on the boards of other companies in which HOCHTIEF has a direct or indirect interest are either not paid out to the Executive Board members or are set off against their Executive Board compensation.

Supervisory Board compensation

Supervisory Board compensation is determined at the Annual General Meeting and is governed by Section 18 of the Company's Articles of Association. Compensation for 2014 based on the use of net profit proposed for approval at the Annual General Meeting in May 2015 is shown in the table below.

(EUR)	Fixed compensation	Variable compensation	Attendance feets	Total
Pedro López Jiménez	22,500	168,750	13,500	204,750
Thomas Eichelmann	27,000	202,500	7,000	236,500
Gregor Asshoff	24,000	180,000	15,000	219,000
Ángel García Altozano	24,000	180,000	15,000	219,000
Abdulla Abdulaziz Turki Al-Subaie	12,000	90,000	7,500	109,500
Carsten Burckhardt	18,000	135,000	9,000	162,000
José Luis del Valle Pérez	18,000	135,000	15,000	168,000
Dr. Michael Frenzel	18,000	135,000	13,500	166,500
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz	18,000	135,000	7,500	160,500
Dr. Thomas Krause	12,000	90,000	10,500	112,500
Matthias Maurer	18,000	135,000	16,500	169,500
Udo Paech	18,000	135,000	10,500	163,500
Nikolaos Paraskevopoulos	18,000	135,000	15,000	168,000
Klaus Stümper	18,000	135,000	10,500	163,500
Olaf Wendler	18,000	135,000	13,500	166,500
Dr. Jan Martin Wicke	18,000	135,000	15,000	168,000
Christine Wolff	2,900	21,750	1,500	26,150
Supervisory Board total	**304,400**	**2,283,000**	**196,000**	**2,783,400**

Compliance Declaration pursuant to Section 161 of the German Stock Corporations Act

After due appraisal, the Executive Board and Supervisory Board of HOCHTIEF Aktiengesellschaft submit their compliance declaration as follows:

In the period since submission of the last compliance declaration in February 2014 up to September 30, 2014, HOCHTIEF Aktiengesellschaft, with the following exceptions, complied with all recommendations of the Government Commission on the German Corporate Governance Code dated May 13, 2013 and published on June 10, 2013 by the German Ministry of Justice in the official section of the Bundesanzeiger (Federal Official Gazette): Since October 1, 2014 HOCHTIEF Aktiengesellschaft has complied with the recommendations of the Code published on September 30, 2014, also with the following exceptions:

- Since 2012, Section 5.3.2, last sentence, of the Code has contained a recommendation that the Chairman of the Audit Committee should be independent. To comply with this recommendation, the Supervisory Board would have had to vote out of office the current Chairman of the Audit Committee, Mr. Ángel García Altozano. The Supervisory Board is of the opinion that it is in the interests of the Company for Mr. García Altozano to remain Chairman of the Audit Committee despite his business relations with ACS, Actividades de Construcción y Servicios, S.A. This assessment is based on the fact that Mr. García Altozano has been a member of the Audit Committee since 2007 and its Chairman since May 2010. In its decision, the Supervisory Board took into account Mr. García Altozano's considerable expertise and experience from having held leading positions in international companies.

- The Supervisory Board has determined that it includes what it considers to be an adequate number of independent members within the meaning of Section 5.4.2 of the Code. In departure from Section 5.4.1 paragraphs 2 and 3 of the Code however, it did not take into account the number of independent Supervisory Board members within the meaning of Section 5.4.2 when specifying concrete objectives regarding its composition. The Supervisory Board has furthermore specified objectives which, while considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, the age limit specified by the Supervisory Board for its members, and diversity. In view of residual uncertainty regarding the required level of concreteness of the objectives to be specified, in order to avoid the risk of resolutions being challenged on this basis in court, a departure from Section 5.4.1 paragraphs 2 and 3 is therefore declared as a precautionary measure. The Supervisory Board will continue to comply with the statutory requirements in its election recommendations to the General Shareholders' Meeting, placing the priority on the professional and personal qualification of candidates. It goes without saying in this connection that allowance will also be made for the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members, an age limit for Supervisory Board members, and diversity.

- The Code's recommendations on election recommendations to the General Shareholders' Meeting contained in Section 5.4.1 paragraphs 4 to 6 of the Code (disclosure of the personal and business relations of each individual candidate with the enterprise, the executive bodies of the Company and with any shareholder holding a material interest in the Company) are not applied. In practice, there is currently still legal uncertainty regarding the nature and scope of the circumstances to be disclosed in election recommendations. It is therefore to be feared that the specificity problem with this Code recommendation may be used to challenge resolutions in court. The Supervisory Board will watch developments in this regard and re-examine the question of applying the Code recommendations in the next fiscal year.

- Section 5.4.6 paragraph 2, second sentence, of the Code provides that any profit-based compensation for members of the Supervisory Board must be oriented toward sustainable growth of the enterprise. The terminological resemblance between this wording and the provisions of the German Stock Corporations Act on Executive Board compensation suggests that the Code requires a multi-year assessment basis for profit-based Supervisory Board compensation in the same way as the Stock Corporations Act requires for Executive Board compensation. Under Article 18, paragraphs 1 and 2 of the Articles of Association of HOCHTIEF Aktiengesellschaft, members of the Supervisory Board receive profit-based compensation alongside their fixed compensation. The profit-based compensation consists of a bonus based on the annual dividend. However, in departure from the aforesaid interpretation of Section 5.4.6 paragraph 2, second sentence, of the Code, no use is made, in the Articles of Association, of a multi-year assessment basis. The composition of compensation for Supervisory Board members laid down in the Articles of Association was adopted by resolution of the General Shareholders' Meeting in June 2003 and complied with the German Corporate Governance Code until the amendments came into force in June 2012. In the current fiscal year, the Executive Board and the Supervisory Board will once again review whether a corresponding amendment and revision in line with the modified Code recommendation should be proposed to the General Shareholders' Meeting.

With regard to the recommendation given in Section 4.2.3, second paragraph, sixth sentence of the Code—that the amount of compensation be capped, both overall and for variable compensation components—we note that the contracts with the members of our Executive Board, as well as providing for a fixed salary, include caps on the amounts of all variable compensation elements. Supplementary to this, the Supervisory Board has reserved the right, in addition to the fixed annual salary and the variable compensation components, to grant at its own discretion a one-off payment for exceptional performance. The contracts also provide for normal fringe benefits (private use of company car, accident insurance, etc.). There is no cap on the amount of any one-off payment for exceptional performance or on the value of fringe benefits because it does not appear necessary for such amounts to be capped in accordance with the letter and spirit of the Code recommendation and, in our legal appraisal, the Code recommendation does not extend to this. For the same reason, such payments and benefits are not covered by any cap on the amount of overall compensation.

Essen, February 2015
HOCHTIEF Aktiengesellschaft
For the Supervisory Board For the Executive Board

Pedro López Jiménez Marcelino Fernández Verdes Peter Sassenfeld

In accordance with Section 317 (2) sentence 3 of the HGB, the Corporate Governance Declaration issued pursuant to Section 289a HGB is not included in the audit of the financial statements.

Sustainability at HOCHTIEF

Focus Area Resource Protection

Musical Theater Hamburg
Virtual construction

Economy: In a project scheduled for completion by the beginning of 2015, HOCHTIEF is building a musical theater in a landmarked wholesale market hall in Hamburg without interrupting operations. Clash detection—a process whose benefits include highlighting potential problems among structures—was conducted using a digital BIM model created before construction got underway.

Ecology: In reconfiguring the market halls, HOCHTIEF is creating an economical solution that uses resources responsibly: Without sealing new areas of land, a professional team is upgrading the existing building to modern standards.

Community: The musical theater will significantly enhance Hamburg's cultural spectrum, making the German city the world's second largest venue for musicals after New York, and generating jobs in the creative sector.

Research and Development

This chapter is part of Focus Area Sustainable Products and Services

Unique projects require innovative strength

HOCHTIEF undertakes sophisticated building construction and infrastructure projects for national and international clients worldwide. Often, these customized solutions are complex and one-of-a-kind. Numerous research and development (R&D) advances are used in the projects to meet our clients' exacting requirements. Developing and implementing innovative alternative proposals generates quantifiable value added and clearly sets us apart from competitors. Research and development is a major factor in HOCHTIEF's sustainability activities. Both centrally as well as at divisional and project level, our employees develop forward-thinking ideas for sustainable solutions. In addition to producing financial benefit, these solutions take us a long way toward achieving our environmental and social goals.

Innovation management as a success factor

HOCHTIEF is among the innovation leaders in the construction industry thanks to our systematic innovation management efforts across companies and divisions. These activities enable us to continuously reinforce and boost our market position. Our teams work day in, day out to make internal workflows and processes even more efficient. We also deploy R&D to develop strong new business segments.

Innovation management on three levels

Innovation at HOCHTIEF is managed on three levels: The first level, central innovation management, focuses on cross-divisional issues. Here, the emphasis is on innovations that benefit operating activities throughout the Group. As the central point of coordination for innovation management, the Corporate Development department picks out promising innovations and initiates and supports their implementation. Made up of members from the operational units and Corporate Headquarters, the Innovation Committee decides in each case whether to go ahead with an innovation project.

HOCHTIEF spent EUR 3.2 million on first-level R&D projects in the year under review. Some 40 employees worked on 32 such projects. We launched 11 new projects in 2014, and brought 16 to completion.

The second level of the HOCHTIEF innovation management system deals with divisional innovation. These projects are developed, financed, and implemented by the corporate units and companies themselves.

The third level targets project-specific innovations, with all necessary R&D work carried out during contract bidding and execution. The expenses incurred are accounted for directly as part of project cost and so are not registered at Group level. Most of the development at HOCHTIEF takes place at this third level. Hence, this level's research expenditure amounts to many times the investments in first-level R&D.

Active workforce involvement

The creativity of our employees is at the core of our Group's great innovative strength. In the year under review, we employed various tools, platforms, and initiatives to continuously leverage this potential.

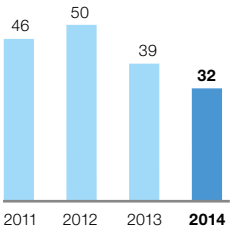
In Germany, these activities center around the Ideas Room run by HOCHTIEF Ideas Management, a platform allowing employees to directly submit their suggestions online. Ideas are evaluated transparently for all employees to see—this also happens on the intranet platform.

The Ideas Room was a key tool for generating ideas once again this year. In May 2014, the Executive Board of HOCHTIEF Solutions AG honored the six best ideas of 2013 with financial rewards.*

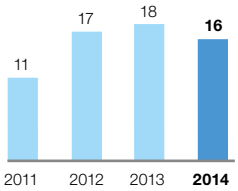
On-site events where Ideas Management requests and gathers suggestions in person provide an important complement to the digital Ideas Room. The initial "Ideas Workshops" were successful, so another event was held in the reporting year.

For further information on R&D and innovation projects, please see www.hochtief.com/rd

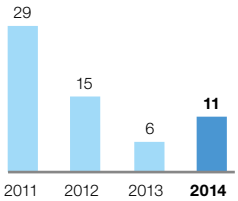
Number of R&D projects



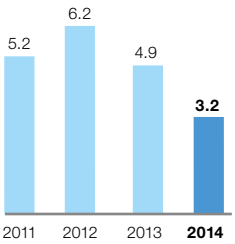
Number of R&D projects completed



Number of R&D projects started



Investment volume of R&D projects (EUR million)



The statistics in the charts relate to the first-level innovation projects only.

*For further information, please see page 112 et seq.

The Turner Learning Tree operated by our U.S. subsidiary is a web-based knowledge management platform used by employees to share their best-practice solutions. The tool also encourages participation in an Improvement Forum where questions can be asked and answered by users directly online and ideas for improvement shared. The platform is accessible via smart phones and tablet computers. This gives every Turner employee the ability to instantaneously reach out and connect with experts and share their suggestions. In the first three months, more than 1,000 posts were created. As soon as additional data from the launch phase is available, the next step will be to explore how far the Turner Learning Tree can be expanded into an application usable throughout the Group.

Outstanding innovations at Turner

For three years now, Turner has presented the Construction Company Award for Innovation to teams or individuals who have achieved notable success in projects by developing or implementing innovative ideas. The 82 applications submitted during the year under review included numerous suggestions for improving safety, sustainability, and knowledge transfer as well as financial and marketing and other business processes. First place along with a USD 10,000 prize went to two employees for their refinement of a Microsoft SharePoint project site to create a comprehensive document management system to which all project parties involved have access in the construction process. In total, USD 50,000 was awarded.

Turner Prize for innovation in the construction industry

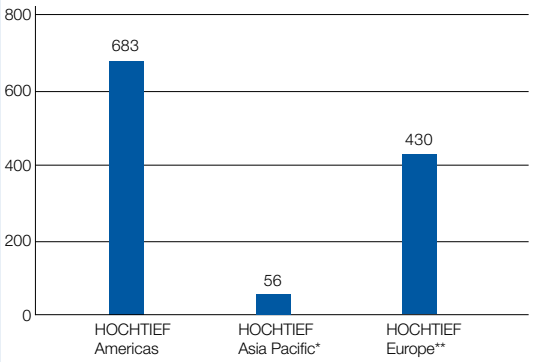
Another award recognizing the great value attached to innovation in the Group is the Henry C. Turner Prize for Innovation launched by Turner in 2002. Named after the founder of Turner Construction Company, the prize is awarded annually by Turner and the National Building Museum in Washington to people or organizations for outstanding contributions or innovations in the construction industry. In 2014, the Pennsylvania State University Department of Architectural Engineering was honored for its successful research on improving efficiency in the construction process and its promotion of energy-efficient construction solutions.

BIM—a forward-thinking way of working

Construction projects are becoming increasingly complex and must be completed in ever shorter timeframes. Often, another factor is a large cast of project participants. Conventional computer-based planning methods have reached their limit. The future is Building Information Modeling (BIM)—a method for planning and executing projects based on active networking of all those involved in the construction process. The system is based on a digital 3D model that can be expanded by adding other information such as scheduling, costs, use, etc. Building a project virtually before constructing the real thing allows project partners to vividly visualize the project and assess construction work before it even begins. Coordinating work—between trades, for example—and resolving clashes very early in the project schedule saves time, money, material, and energy in substantial quantities. Design changes are also easier to integrate and put into effect along the line. Another advantage is that better visualization makes for greater public acceptance of large-scale projects. BIM also promotes sustainability in the ways in which it benefits clients, stakeholders, and the environment: Projects are mostly completed faster and the risks can be better quantified.

This all makes BIM very important to HOCHTIEF. The method has long featured in our work and today it is an integral part of our capability portfolio. As early as 2003, we focused our innovation efforts on the topic of virtual construction. This led first to the establishment of an in-house excellence team that systematically

Number of HOCHTIEF Group projects delivered using BIM up to 2014



*Estimated figure. The comparatively low number of BIM projects in the HOCHTIEF Asia Pacific division is a result of the special nature of the business: At Leighton, fewer projects are completed than in other divisions but the projects are larger.

**This figure relates to projects of HOCHTIEF ViCon, which pools the division's BIM expertise with a 50-strong workforce. BIM was also used for other projects in the HOCHTIEF Europe division.

BIM as the future of construction: digital 3D planning and actual construction of the precinct surrounding St. Catherine's Church in Hamburg (left).

Hand-held devices allow users to access the 3D model data directly at the construction site.

consolidated our BIM expertise. After completing a large number of pilot projects demonstrating the added value of BIM, we took the next step and set up our own virtual construction company. HOCHTIEF ViCon GmbH delivers BIM services worldwide to both the Group and external clients. Today, HOCHTIEF ViCon provides 80% of its services to clients outside the Group. BIM was once again an innovation focus in the year under review with ongoing adoption across the Group's divisions. HOCHTIEF ViCon is among the 14 partners receiving grants as part of the European Union's "Insiter" research project. The objective is to close the gap between a structure's projected and actual quality and energy efficiency. Running since December 2014, the research project tasks the participating companies with developing an innovative set of hardware, software, and guidelines for continual self-monitoring and self-guidance. BIM and augmented reality* will be a key part of the solutions. This highlights the great importance of these techniques for sustainability issues such as optimizing energy efficiency.

Our Australian Group company Leighton has set up a BIM Center that works constantly to update the method, thus continuing to ensure Leighton's position as a pioneer in this important field of technology. The BIM Center also benefits from the expertise of our U.S. subsidiary Turner, which boasts USD 43 billion in BIM project experience to date. Turner has completed 683 projects with BIM since 2002. In the eminent Giants 300 Report ranking by the industry publication Building Design + Construction in 2014, Turner placed first among construction companies for its leadership in the use of BIM. Turner has over 250 BIM experts and provides its employees with training in this field in its in-house academy. In the HOCHTIEF Europe division, too, increasing numbers of employees are being given training in BIM, enabling us to offer even more BIM applications in the future.

Going forward, the number of projects completed without BIM will be negligible. This trend is evident both nationally and internationally. What is more, BIM is well on its way to becoming the standard for public construction projects in countries such as the UK, Denmark, and the Netherlands. As a contemporary work method, BIM simplifies both project management and cooperation in the planning, construction, and operating phases. This mitigates risk and improves market competitiveness. Our BIM expertise puts HOCHTIEF in a prime position to benefit from this trend.

Number of employees provided with BIM or similar training in 2014

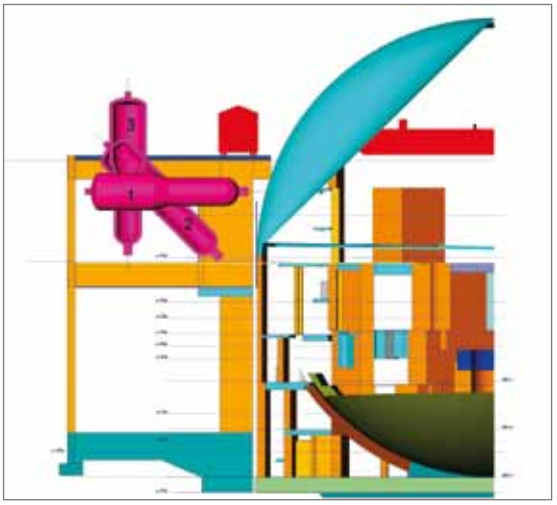
Division	HOCHTIEF Americas	HOCHTIEF Asia Pacific	HOCHTIEF Europe
Employees	431	147	148

Focus area indicator

Sustainable Products and Services; aspect: BIM as a future-oriented work method

For further information, please see the GRI index on pages 260 and 261.

*See glossary on page 265.



Turner promotes a culture of innovation with the Innovation Summit (left).

HOCHTIEF provides innovative solutions for nuclear power plant decommissioning.

Turner Innovation Summit

The Turner Innovation Summit was a three-day conference in Denver, Colorado, which brought together participants from inside and outside the company to share ideas, innovations, and best practices. The event featured presentations, workshops, and hands-on training sessions led by Turner employees and industry leaders. Sessions focus on practical improvements, emerging technologies, and process solutions, with topics at the first Summit ranging from 3D printing, Lean process improvement, project collaboration, and the application of advanced technologies for better project results in areas of cost, quality, and safety.

In addition to the Turner Learning Tree and the Innovation Award, the Summit is part of a broader program to facilitate the continual sharing and application of lessons learned at Turner and to build a corporate culture in which innovations play an increasingly important role.

Innovation projects in 2014

Almost all our projects feature technology and process improvements. The following projects showcase the HOCHTIEF Group's outstanding innovative capacity.

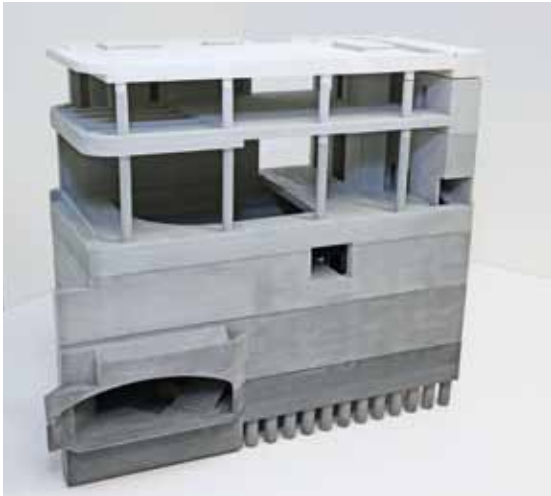
Level 1: Central innovation management

Lowering maintenance costs

In the year under review, two HOCHTIEF PPP Solutions employees developed their idea for "Algorithmic Optimization in Financing Models" to reduce maintenance costs in PPP projects. The idea has already proven effective in practice: Costs were cut by 9% in the rehearsal building project for the Deutsche Oper am Rhein ballet company. In HOCHTIEF Ideas Management's ideas competition, the suggestion was awarded first place and a prize of EUR 8,400.

Additional innovation project for nuclear power plant decommissioning

HOCHTIEF has been an expert in planning and executing nuclear power plant decommissioning since the mid-1990s. Deployed in this work are in-house decommissioning concepts as well as planning tools and implementation technologies, including the HOCHTIEF heavy-duty undercut anchor system, which can be used to transport very tall pieces of debris, and the DECON surface removal system, a high-powered tool for the cost-effective removal of contaminated surfaces. HOCHTIEF is one of only a few suppliers to possess all of the relevant certifications for planning and executing the nuclear power plant decommissioning process. The R&D project conducted from 2012 to 2013 to establish a nuclear power plant decommissioning business was completed successfully. Another innovation project was launched in the reporting year: HOCHTIEF is planning to join partners in offering a complete decommissioning service from plant and structural engineering planning through decommissioning to permanent storage. The still relatively young trend toward plant closures and decommissioning technologies enables us to seek out new and alternative methods as well as offer clients innovative solutions. This will help HOCHTIEF to go on improving its market opportunities in this segment.



HOCHTIEF developed an innovative excavator bucket that increases the digging force of a tunnel excavator to eliminate the need for blasting (left).

3D printers can be used to create models that facilitate communication among all project participants.

New construction methods for onshore wind turbines

Accounting for an 8% share of the electricity mix, onshore wind energy makes up nearly half of the total green electricity produced in Germany. With hub heights reaching 140 meters and more, alternatives to conventional tubular steel towers are needed. The demand among plant engineering and project development companies for cost-effective towers and foundations for tall wind turbines remains unabated. With conventional towers, there are often problems during transportation and construction as well as with the quality of execution and use of cranes. At the end of 2013, HOCHTIEF initiated an R&D project to develop a concrete tower design to market readiness. Based on the findings from the previous R&D project on optimizing tower construction for onshore multi-megawatt wind turbines, HOCHTIEF worked in the year under review on developing a weather-independent, space-saving tower design not requiring a heavy-lift crane.

Innovative tunnel excavator is market-ready

Differing geological strata slow down tunneling progress considerably because of the need to switch between mechanical excavation and blasting. To address this, HOCHTIEF joined with manufacturer Liebherr in developing an innovative excavator bucket that increases the digging force of a tunnel excavator. The bucket has been adapted so that even hard rock can be removed using a tunnel excavator. Blasting is thus avoided, eliminating the time and effort involved in switching between blasting and mechanical excavation. Model calculations for a 550-meter tunnel showed savings of roughly EUR 320,000. The design phase was completed in the reporting year, and the tunnel excavator featuring this novel bucket has been on the market since early 2015.

Safe bridges and tunnels

Since 2012, HOCHTIEF has been contributing its structural engineering and operations organization expertise to the Skribt Plus project on safety with regard to critical bridges and tunnels. Skribt Plus is a three-year joint research project by ten German partners, including government agencies, universities, and private-sector companies under the leadership of the Federal Highway Research Institute (BASt). The main goal involves developing and evaluating innovative ways to protect road bridges and tunnels in order to reduce the vulnerability of this kind of critical infrastructure and its users. In the course of the research project, HOCHTIEF developed and applied for a patent for a new type of explosion protection material in the form of concrete sandwich facing. The fire resistance of this element was also optimized and its effectiveness proven in explosion and fire tests. At the same time, we developed a measurement technique for tunnel linings exposed to explosions. The research project, in which HOCHTIEF Engineering as an official project partner formed a joint project team with HOCHTIEF PPP Solutions, offers an excellent opportunity to further enhance our market position by growing our expertise in the safety and operation of bridges and tunnels.

www.skribt.org

Better communication with 3D models

3D printing technology opens up new possibilities for many sectors, including the construction industry. Digital CAD designs can be used to print stable 3D models suitable for presentations to project participants. In com-

Radar technology in mining projects helps improve workplace safety and blasting plans (left).

A portable environmental monitoring system developed by Thiess delivers more comprehensive data and reduces costs.

munication with stakeholders, 3D models provide significant added value – construction options and challenges can be visualized clearly in the planning phase without clients requiring dedicated CAD know-how. Thiess, for example, used a 3D model for building the Wynyard Walk pedestrian tunnel in Sydney.

Level 2: Innovation by the divisions

Innovative radar technology improves safety

With radar technology, our Australian Group company Thiess ensures greater operating efficiency and workplace safety at the Burton Coal Mine in Queensland, Australia. The system monitors slope movement around the clock. As soon as movement is detected, teams and equipment can be evacuated from the area without delay. That makes the radar system one of the most important technologies currently available for mining safety. The measurements are also used for long-term planning, for instance, to calculate batter angles and position barriers. The technology is already being used in other Thiess mines.

Client-driven service components

One product innovation example is Project Engineering, which was developed by HOCHTIEF during the year under review. This allows clients to mix and match HOCHTIEF Engineering GmbH services as product components at every link in the value chain. The new product is a forward-thinking sales initiative that enables HOCHTIEF to meet specific client needs even better. Alongside selective customer acquisition, it also contributes to improving customer retention. Project Engineering provides HOCHTIEF with considerable competitive advantages in the marketplace.

Optimized monitoring

Our Group company Thiess has developed a new, portable gauge for environmental monitoring. In contrast to conventional fixed systems, the Portable Automated Logger System (PALS) saves up to AUD 40,000 and collects a broader range of environmental data. Developed in response to shortfalls identified in flood monitoring in the state of Victoria, the system has already been successfully deployed in three other flood events. PALS, which can be installed in 30 minutes, eliminates the need for manual water level readings. In addition, the new system features a camera and can be combined with other monitoring systems. Whenever evacuation becomes necessary, government offices and rescue stations receive early warnings from PALS. The data can also be sent to mobile end devices. The government of Victoria has already ordered 20 systems.

Aerial site surveys

Our Australian Group company Thiess is breaking new ground with a method of conducting site surveys for mining and infrastructure projects. The company developed an innovative solution with two components: a remote-controlled model aircraft and a customized software program. Instead of sending surveyors into a project, which is dangerous and labor-intensive, the aerial vehicle follows a programmed flight plan to collect the data. The photos recorded along with GPS data are combined into volumetric data by computer. Whereas

surveyors often require several weeks to collect the required information, the aircraft provides a full set of data in just a few days. In addition to the massive time savings, risks to safety are avoided, and the quality and quantity of data are improved. The overwhelming advantages of this method lead us to believe that this technology will become the standard for this type of application.

Level 3: Project-specific innovation

World-record concrete pour

Our U.S. subsidiary Turner achieved a superlative in Los Angeles: After extensive pre-planning, the company completed a concrete pour for the Wilshire Grand Center which was recognized by the Guinness Book of World Records as the longest continuous pour. Over a period of 18.5 hours, 200 trucks delivered 16,200 cubic meters of concrete for pouring the building's foundation. The continuous concrete pour made the foundation of the 73-story building particularly strong. Each truck made 14 trips to the construction site to deliver the concrete weighing 30,600 metric tons. An important element of the project was Building Information Modeling (BIM). Turner used several BIM models, for instance, to coordinate the process and calculate the precise volume of concrete required.*

Faster building with prefabricated walls

Medical technology in hospitals is becoming ever more complex. The headwalls behind patient beds have extensive conduits for medical utilities as well as electrical, phone, and data lines. Installing these technologies at the construction site is a very time-consuming process. Our U.S. subsidiary Turner solved issue by using prefabricated headwalls with preinstalled technology in the construction of Sibley Memorial Hospital in Washington D.C. Headwalls were manufactured, delivered to the site in trucks, positioned with cranes, mounted, and then connected to services. Since the method saves both time and money and improves workplace safety, Turner came out on top against intense competition with this process, which was already outlined in its tender.

Thiess uses a model aircraft to record data in mine and infrastructure projects.

International cooperation

HOCHTIEF maintains a worldwide network of partners who contribute significantly to our innovative capacity. For instance, we work closely with national and international universities, scientists, and associations. HOCHTIEF is one of the founding members of ENCORD (European Network of Construction Companies for Research and Development). Via this platform, 20 European companies representing 1.15 million employees and revenue of EUR 200 billion in the construction industry, currently share information about research, development, and innovation on an ongoing basis. Benefits from our membership include best-practice exchange on issues such as bridge construction and tunneling, lean construction, virtual construction, corporate responsibility, risk management, and work safety. ENCORD was founded 25 years ago. As a member of the European Construction Technology Platform (ECTP), HOCHTIEF is also actively involved in maintaining the high technical standards of the European construction industry. The organization's approximately 200 members comprise various construction industry stakeholders. ECTP sees construction-related research and innovations as an opportunity to solve pressing societal problems of the future.

www.encord.org

*For further information on BIM, please see pages 110 and 111.

www.ectp.org

Sustainability at HOCHTIEF

Focus Area
Corporate Citizenship

Wolfgang Borchert high school in Halstenbek
A project with prospects

Economy: In January 2014, HOCHTIEF PPP Solutions was selected to design and build a high school in the northern German community of Halstenbek, to finance it during the construction phase, and to operate it until 2033. The long-term contract gives both the community and HOCHTIEF a high degree of planning certainty.

Ecology: A combined heat and power station located nearby will deliver eco-friendly heat to the school building and the surrounding residential area, covering their entire heating needs.

Community: Starting in 2015, the educational facility will provide some 1,000 students with a new place to "live and learn." And tradespeople benefit, too: HOCHTIEF is employing mostly subcontractors from the area, thereby supporting local small- and mid-sized businesses.

Employees

This chapter is part of Focus Area Attractive Working Environment

Human resources strategy

Our employees are a key factor in HOCHTIEF's successful business. For this reason, our human resources strategy derives from our corporate strategy. After all, our business is a "people business" based on mutual trust that calls for highly qualified, forward-looking specialist and managerial staff. The key is to put the right employees in the right place at the right time. HOCHTIEF works systematically to attract, train and promote employees and gain their long-term loyalty to the company.

How human resources management is organized

Strategic human resources management is the responsibility of the Human Resources corporate department and is implemented in close consultation with the Group Executive Board as well as in partner-like cooperation with the HOCHTIEF Americas, Asia Pacific, and Europe divisions. Human resources operations are regional and are under the purview of the divisions' companies.

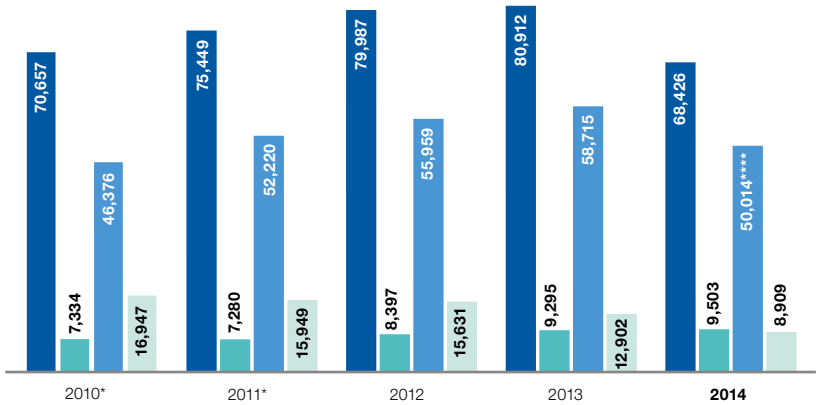
We provide active and sustainable support for these structured human resources management processes during which long-term goals and projects are developed. The principal tasks for our strategic human resources management are: Executive development, optimizing employee structures, employer branding, calculating and analyzing key indicators, steering human resources management processes, and supporting major M&A and restructuring projects.

Number of employees in 2014

HOCHTIEF has had an annual average of 68,426 employees worldwide, 38,625 of whom are waged/industrial employees and 29,801 of whom are salaried/office employees. The restructuring at the HOCHTIEF Asia Pacific and HOCHTIEF Europe divisions reduced the Group's workforce by 15.43% in 2014.

The Americas division had 9,503 employees, an average of 2.24% more than in the previous year—this was due to the increase in work done.

Number of employees at HOCHTIEF by division



Average for the year**

Total **HOCHTIEF Americas** **HOCHTIEF Asia Pacific** **HOCHTIEF Europe** (incl. holding company)***

Restructuring at HOCHTIEF Europe and HOCHTIEF Asia Pacific

In the 2014 fiscal year, we have divested activities that are no longer part of our core business. This affected the size of the workforce.

HOCHTIEF Europe division (including holding company): The restructuring in 2013 and 2014 was completed successfully. The number of employees here declined by 30.95%. The company had an average of 8,909 staff (previous year: 12,902).

In the HOCHTIEF Asia Pacific division, initial restructuring measures also impacted the number of employees. This figure decreased by 14.82% to 50,014.

Restructuring at the HOCHTIEF Europe and HOCHTIEF Asia Pacific divisions made adjustments to the workforce unavoidable. However, even during times of change, HOCHTIEF never loses sight of its responsibility toward its employees. The resolutions required were passed in close cooperation with the codetermination bodies, i.e. the works councils and the trade union. In Australia, the various professions each have their own trade unions, which are integrated into these processes. Redundancies were for the most part unnecessary.

Footnotes to chart:
*In this figure, HOCHTIEF Europe also includes the Concessions, Real Estate, and Services divisions.

**The annual average is calculated using the total workforce on the four quarterly reporting dates: All persons who are employed by a HOCHTIEF Group company as of the reporting date (except the Executive Board). Employees are counted per capita.

***The holding company had 239 employees in 2014.

****HOCHTIEF Asia Pacific: annual average including the following units sold in December: John Holland (3,874 employees), Thiess Services (1,070 employees) and Leighton Contractors Services (3,758 employees) (as of Dec. 31, 2014)

Human resources management topics

Human resources management at HOCHTIEF comprises:

- Employee rights
- Recruiting and talent search
- Employee retention
- Personnel development
- Diversity
- Occupational safety and health

• Employee rights

Human and employee rights, the Group's vision and guiding principles, as well as the principles of the Corporate Governance Code are the cornerstones of human resources management at HOCHTIEF. In addition, the HOCHTIEF Code of Conduct is mandatory for our employees and ensures respectful, lawful conduct toward colleagues, business partners, and customers. It was created in 2002 and revised in 2013. We also adhere to the voluntary obligations contained in the applicable ILO* standards. HOCHTIEF attaches great importance to cooperation with employee representatives. Management approves of the employees' right to form unions. Employees at all HOCHTIEF locations are encouraged to take advantage of their right to elect representatives to safeguard their interests.

For further information, please see www.hochtief.com/corporate-governance.

*For further information, please see page 98.

In the HOCHTIEF Europe (including holding company) division, the Works Council represents roughly 96% of the workforce. In the HOCHTIEF Americas division, approximately 30% of the workforce are union-represented, while in the Asia Pacific division the figure amounts to around 70%.

Employee representatives are also members of the HOCHTIEF Supervisory Board and regularly participate in the meetings of the various committees. Should personnel changes become unavoidable because of strategic actions, HOCHTIEF first determines whether the employees affected can be moved to another division or unit within the Group. We attempt to make mutually agreeable arrangements with our employees and are also available to them for advice and support.

• Recruiting and talent search

One of HOCHTIEF's strategic goals is to hire highly qualified employees and ensure their long-term loyalty to the company—especially in view of the discussion about a shortage of trained professionals. For this reason, we implement a wide range of measures to reinforce the attractiveness and positioning of our employer brand:

- Partnerships with representatives from universities and schools in the form of presentations, field trips, round-table discussions, scholarships, and prizes for students
- Wide-ranging career training options, internships, and work-study placements
- The "Employees Recruit Employees" campaign
- Entry, trainee, mentoring, and job rotation programs
- Alumni and intern retention programs

For HOCHTIEF, personal contact with potential new employees plays a key role. Our companies therefore work closely with colleges and universities. For example, the HOCHTIEF Asia Pacific division operates a two-year graduate program with the participation of Thiess and Leighton Contractors. All divisions are using various social media more and more. These include Twitter and Facebook, the career networks Xing and LinkedIn, and a YouTube channel for recruiting videos. Moreover, we are also increasingly using online tools for the application process. At HOCHTIEF in Germany alone, Internet applications account for some 70% of the total. The figures are similar at Group companies in other countries.

This year, Turner developed a unique idea for retaining interns: Interns and work-study students filmed a total of 23 video clips to share their first work experience at the company with interested students. The best contributions received prizes. Turner supports the US Army's Partnership for Youth Success program to make entry into a civilian job easier for young people who served in the military. The company also participates on a regional level in the YouthForce 2020 initiative, which encourages students of all ages to prepare for college and pursue careers in the construction industry. The

ACE Mentor Program offers high school students the opportunity to work on planning and construction projects in groups—always with an experienced professional at their side. This provides the students with access to state-of-the-art technology, and allows them to visit construction sites and offices, as well as experience first hand what it means to carry out a real-life construction project.

Flatiron is also looking to encourage students to pursue construction and engineering education in a program called Build-a-Bridge. Here Flatiron exposes students to career options available in the construction industry during ten-week courses led by employees that include construction site visits, team-building exercises, and practical training.

In Australia, Leighton Contractors is a partner to the Beacon Foundation, which helps socially disadvantaged youth—for example, from families with unemployed members—to find permanent employment. At Leighton, they are offered traineeships and other paths into the construction industry.

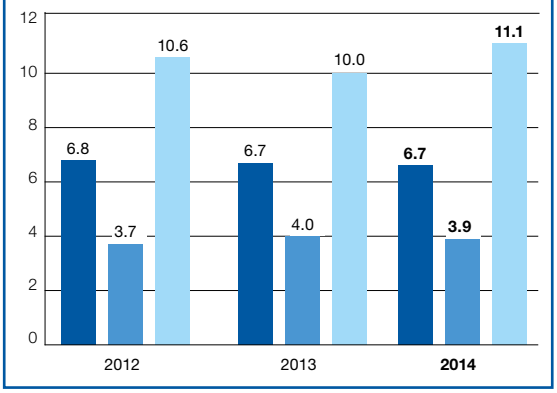
Our international reputation as an attractive employer is a boon to our search for talent and recruitment of new employees. Various prestigious awards and rankings reinforce this public image—and hence also among potential applicants. The recognition HOCHTIEF received once again included being named one of the 100 most attractive employers in Germany in the trendence "Schülerbarometer 2014" and one of the 500 most attractive employers in Europe in the trendence European Graduate Barometer 2014. In addition, Turner is one of the 100 best employers in the USA, says Universum's Ideal Employer Ranking. The HOCHTIEF subsidiary is ranked number 40 among engineering employers in the 2014 Universum Student Survey covering 700,000 respondents (Turner was ranked number 44 in 2013).

Our infrastructure specialist Flatiron has been ranked among the top employers in British Columbia for the second time in a row. Similarly, Flatiron was named one of the 100 best employers for young people, also in Canada. This award recognizes the efforts made by companies to attract and retain young people in their industry. Flatiron has launched several initiatives that, for example, allow young employees to work directly on the practical aspects of a project—often on some of the most interesting infrastructure undertakings in North America. Clark Builders has been ranked among Canada's best employers for the sixth time in a row and is one of Canada's 50 Best Managed Companies (Platinum Club Member).

• Employee retention

Retaining qualified employees is instrumental to our long-term business success.

Tenure of employment in the HOCHTIEF Group by division (in years, as of Dec. 31, 2014)



HOCHTIEF continuously furthers the advancement of its employees' careers and development of their personal potential by offering a broad range of continuing education opportunities.

Employee participation, such as through in-house ideas management, a program where employees can submit suggestions for improvement and discuss innovations, is actively promoted by HOCHTIEF.*

HOCHTIEF hired 21,396 new employees in 2014 (previous year: 12,958). The HOCHTIEF Americas division

*For further information, please see the Research and Development section on page 109.

brought 3,605 employees on board in 2014 (previous year: 1,191), while 3,122 people left the division (previous year: 1,118). The HOCHTIEF Asia Pacific division hired 15,448 staff (previous year: 9,776) and 28,000 left (previous year: 12,469). The HOCHTIEF Europe division saw a total of 2,343 hirings (previous year: 1,991); 3,910 people are no longer employed by the division (previous year: 2,292).

In the year under review, staff turnover in Germany stood at 14.9% (previous year: 10.0%). The percentage of contracts with indefinite terms in Germany is 90.6%. Due to many project-related employment contracts in the United States and Australia, the turnover figures and statistics on contracts in the HOCHTIEF Americas and Asia Pacific divisions are not comparable.

Performance-aligned compensation

Economic feasibility, competitiveness, attractiveness, and fairness shape HOCHTIEF's compensation policy. Each of the companies adheres to appropriate standards for fixed and variable compensation components, which are reviewed at regular intervals. These are supplemented by analyses and external benchmarks in order to ensure that HOCHTIEF meets the resulting standards and those of the German Corporate Governance Code.

We do not conduct gender-specific analyses: HOCHTIEF focuses on the individual qualifications, responsibility, and experience of our employees.

Pensions

HOCHTIEF offers its employees throughout the Group a range of pension options in line with the conditions in the respective country. Various insurance and deferred compensation plans are among the options included in retirement planning.

Open dialog

Open dialog at HOCHTIEF includes active internal communications. Employees are regularly informed in both German and English about all issues relevant to the Group via intranet platforms such as "Indoor" and employee publications such as "One Roof". Corresponding platforms and publications, such as the Turner Knowledge Network (TKN) and Structurally Speaking at Flatiron are available at the companies of the HOCHTIEF Asia Pacific and Americas divisions.

Work-life balance

Both the choice of workplace and employee satisfaction are significantly influenced by the desire to achieve a work-life balance. HOCHTIEF encourages work-life balance through measures and programs tailored to employees' needs, including part-time employment, teleworking, flextime models, and workshops on topics such as personal organization skills. Our education program includes courses on stress management and preventing burnout.

The proportion of HOCHTIEF employees in Germany who work part-time decreased in the reporting period, from 9.1% in 2013 to 8.8% in fiscal 2014. The proportion of employees in Germany who return to work after parental leave was 71.9% in 2014 (previous year: 77.9%).

• Personnel development

Offering our employees opportunities for personal development is central to human resources management at HOCHTIEF. The structured employee interviews that take place once a year as well as the associated feedback from management provide the opportunity for reviewing and initiating additional measures for individual advancement. These interviews are held in all divisions.

Lifelong learning is very important to HOCHTIEF. We conduct our training and continuing education activities in the HOCHTIEF Europe and Americas divisions mainly in-house, for example, in programs such as the HOCHTIEF Academy, Turner University, and Flatiron Construction University, which offer both classroom and online instruction. The subjects covered range from specialized professional courses to personal develop-

ment. We aim to provide our employees with the best and most wide-ranging training and support. In 2014, the average number of hours spent on training and continuing education was around 22 per employee.

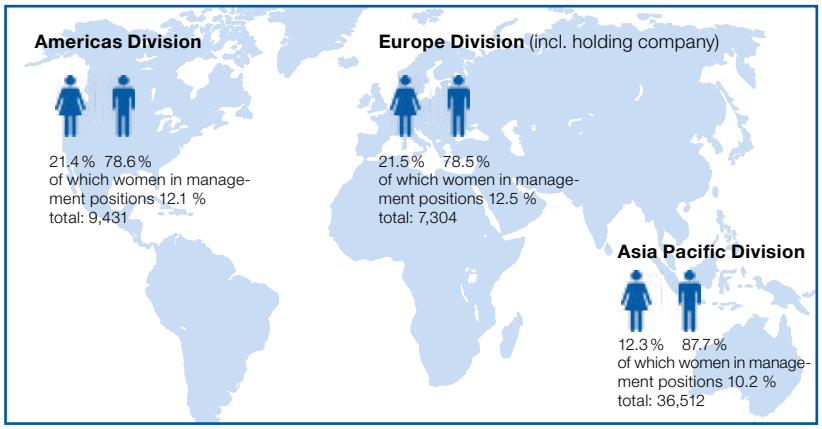
In addition to construction-related seminars, for which demand is high, we are continuously expanding our online classes in particular. This year, new e-learning courses on communication and management were launched. In the USA, Turner employees had logged more than 100,000 hours at Turner University, attending seminars on topics including workplace safety, compliance, and building information modeling (BIM). A new and very popular tool for sharing knowledge is the Turner Learning Tree*. Flatiron, too, offers both classroom and online seminars. Since 2014, the company has offered more than 100 mobile online courses available on tablets.

The HOCHTIEF Asia Pacific division has firm partnerships with external further education institutions. One example is the Thiess "Pinnacle" program in cooperation with Queensland University of Technology in the framework of which employees take part in managerial training based on their personal skill sets.

In addition to continuing education, employees have many other options for personal development. Job rotation programs, such as the Engineer Rotation Program at Flatiron, facilitate knowledge and experience sharing among employees, ultimately ensuring that they possess a broader range of specialist knowledge. Individual departments receive training as well. Events and symposia covering specific thematic fields, some of which are held across divisions, additionally promote knowledge sharing.

Talent promotion is another key component of personnel development and entails various programs and talent pools in the divisions. Participants are trained in areas such as leadership and decision-making capabilities as well as receiving individual training to ensure sustainable personnel planning for management and expert roles.

Employees of the HOCHTIEF Group by division (as of Dec. 31, 2014)



Total number of employees by employment type and gender
(average for the year)

2014	HOCHTIEF total	HOCHTIEF Americas	HOCHTIEF Asia Pacific (incl. John Holland, Thiess Services, Leighton Contractors Services)	HOCHTIEF Europe (incl. holding company)
white-collar workers	29,801	6,834	17,274	5,693
female	8,088	1,913	4,376	1,799
male	21,713	4,921	12,898	3,894
blue-collar workers	38,625	2,669	32,740	3,216
female	2,077	124	1,896	57
male	36,548	2,545	30,844	3,159

In many of our Group units, we provide thorough professional training and study opportunities which are always supervised by seasoned trainers. At the same time, our trainees are given the opportunity to obtain additional qualifications by participating in language classes, IT training, and exam-preparation courses. The number of **trainees** at HOCHTIEF in Germany decreased from 215 in 2013 to 130 in 2014 (as of December 31 each year). The training quota therefore stood at 3.3%. This decline is mainly the result of the restructuring of HOCHTIEF Solutions AG.

Our goal is to provide more traineeships again in Germany in 2015 and select the right young talent for these positions. In addition, we are stepping up the search for graduates of technical colleges.

*For further information, please see the Research and Development section on page 110.

Apprenticeships at HOCHTIEF

Commercial/administrative careers:
Industrial administrator
Office communications administrator
Bachelor of Arts (Industrial administrator)

Technical careers:
Technical drafter
Bachelor of Engineering

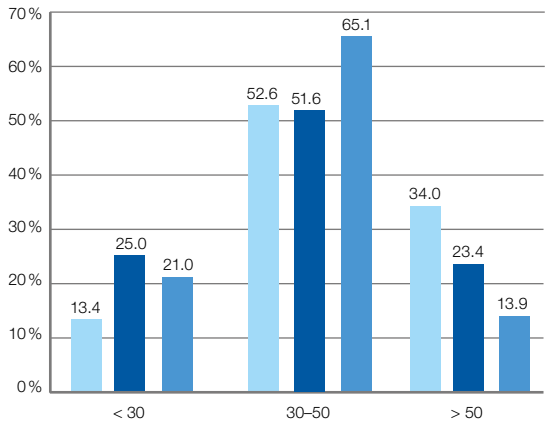
Industrial careers:
Bricklayer
Carpenter
Concretor
Conduit builder
Civil engineering worker
Construction equipment operator
Industrial mechanic
Mechatronics technician
Electronics technician specializing in industrial engineering

• **Diversity**

The diversity of our employees is vital to ensuring HOCHTIEF's success. This is why we specifically focus on diversity in our divisions in a number of ways.

Age structure in the HOCHTIEF Group in 2014
(in years, as of Dec. 31, 2014)

www.supplynation.org.au

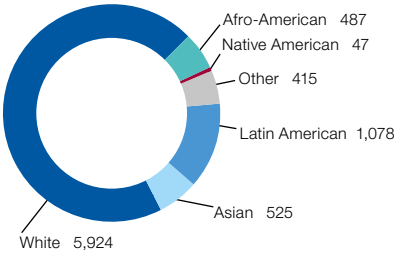


www.ngarda.com.au

In the USA, Turner concentrates primarily on employing persons from different ethnic backgrounds and promotes the hiring of women in the construction industry. In recognition of this engagement, the company has recently been included in the list of "Top Corporate Allies for Diversity" again in 2014 by the "Difference Matters" magazine . The HOCHTIEF company organized a Diversity Symposium in Ohio, and six offices participated in the "Leading Women" initiative. Two others will soon be included. This year, Turner once again took part in the conferences of the Society of Hispanic Professional Engineers, the National Society of Black Engineers, and the Society of Women Engineers.

www.differencematters.net

Employees by ethnic group in North America
(as of Dec. 31, 2014)



There are also a number of initiatives underway in Australia for women in the construction and mining industries as well as Diversity Councils in each operational unit that encourage initiatives on the subject. Moreover, the Leighton Group promotes Indigenous Australians in particular, for instance, by partnering with organizations such as Supply Nation . In order to help guide 11th and 12th graders with Indigenous backgrounds into careers in engineering, the Indigenous Australian Engineering Summer School receives Leighton's support. Especially talented and dedicated participants receive scholarships. Since 2006, Leighton Contractors has held a 50% interest in Ngarda, a company which employs Indigenous workers in the Australian mining business, civil engineering, and for infrastructure projects.

In all projects and processes, notably in the HOCHTIEF Europe division, we allow for demographic change and open the way for integrating employees of all ages.

In Germany, we emphasize equal opportunities for people with severe disabilities. Whenever they come for interviews, the disability officer is present. People with severe disabilities comprised 2.7% of the HOCHTIEF workforce in Germany as of December 31, 2014. As this is below the statutory 5% quota, HOCHTIEF pays a compensatory levy.

Thanks to employees and employee representatives

The loyalty, commitment, qualifications, and motivation of our employees are crucial to HOCHTIEF's success and good performance. The company's management therefore wishes to express its sincere gratitude to all our staff and employee representatives for their hard work.

• Occupational safety and health

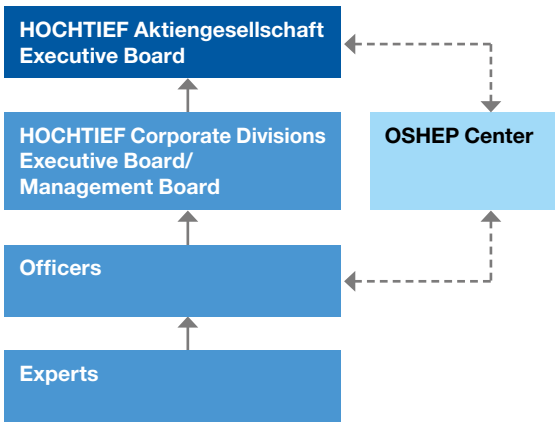
Employee health means much more to HOCHTIEF than just a legal obligation. Occupational safety and health are a top priority for the entire Group. We aim to create a working environment in which our employees are and stay healthy, and the risk of job-related illnesses and accidents—whether in the office or on the construction site—has been eliminated to the highest possible degree. It is also important to us that our business partners and subcontractors implement such working conditions.

As a company that acts sustainably, we take responsibility—first and foremost for the people who are hard at work for us: our employees and the workers at our partner companies. It is our goal to create the best possible working conditions for them. One of our most important guiding principles is therefore to provide optimum occupational safety and health protection. These standards, which apply to all employees, are enshrined in the HOCHTIEF Code of Conduct.

In addition, we have developed a Group directive that stipulates the minimum standards in this area and lays the cornerstone for occupational safety, health, and environmental protection (OSHEP) in the Group as a whole. Our employees know how critical it is to adhere to all statutory and regulatory rules and to reduce risks to the greatest possible extent. The OSHEP Center, our key competence center, provides assistance with organizing and implementing the standards.

Structure of occupational safety and health at HOCHTIEF

The head of the OSHEP Center, which develops overarching workplace safety requirements for the HOCHTIEF Group, reports to the HOCHTIEF Executive Board's Labor Director. In the divisions, additional core OSHEP departments support our managers in implementing the standards in practice and ensure compliance with the Group's rules. Employees in these departments monitor every phase of projects both nationally and internationally and maximize occupational safety and health protection with the help of all participants. As the superordinate link, the OSHEP Center maintains



contact with them and ensures that reporting is carried out.

In terms of their organizational systems and procedures, the companies of HOCHTIEF's divisions have set up structures and processes that correspond with the relevant standards. Management representatives as well as experts within the divisions advise and support the management boards and project executives.

In addition, the companies use management systems based on international standards (BS OHSAS 18001) to integrate occupational safety and health into the project process from end to end. In 2014, 89.5% of active employees (2013: 76.8%) worked in units certified accordingly.

www.ohsas-18001-occupational-health-and-safety.com

Identifying risk early on

Our highest priority is identifying and assessing risks as early as possible. Safety experts are called upon to lend their expertise to projects as early as the bid phase, pointing out potential hazards and subsequently developing and taking the appropriate steps. This ensures that preventive measures tailored to individual projects can be implemented and the source of hazards eliminated. Safety planning continues to be applied throughout the project timeline and is updated depending on planning changes. It allows us to keep the risks to employee health to a minimum.

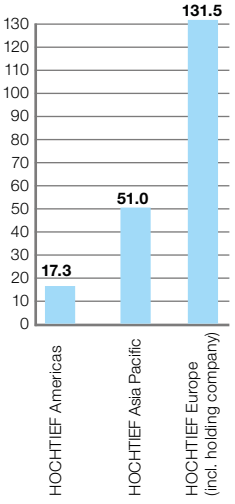
Generally, our data concerning occupational health and safety refer to HOCHTIEF and its business partners for whom HOCHTIEF is liable.

Focus area indicator

Attractive Working Environment; aspect: Occupational safety and health
For further information, please see the GRI index on pages 260 and 261.

We require not only our own employees but also those of all our contracting partners and subcontractors to acknowledge and apply the occupational safety and health standards in place at HOCHTIEF. It is thus particularly important to us that all partners sign our Code of Conduct. As early as the selection stage, we ensure that subcontractors comply with statutory occupational safety and environmental protection regulations. Companies that do not meet our requirements are not considered for future projects.

Severity rate 2014 in the HOCHTIEF Group
(as of Dec. 31, 2014)



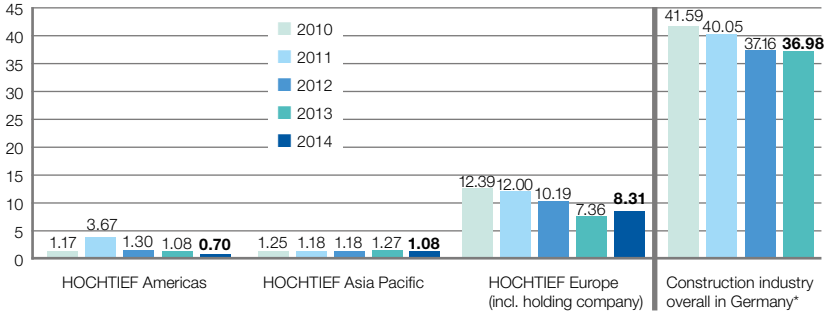
Computation of the severity rate
Number of working hours lost due to accidents per million hours worked = severity rate

Work-related accidents and occupational diseases

We use a reporting system to record and analyze accidents in order to understand the cause, develop new preventive measures, and optimize our processes. These activities are based on a uniform, cross-divisional understanding of how to classify workplace accidents according to the standards of "Recording and notification of occupational accidents and diseases" of ILO. Depending on the seriousness of the accident, we involve different management levels in incident investigations. The occupational diseases rate per million man-hours stood at 0.31 in the HOCHTIEF Europe division (incl. holding company) in 2014. Despite the above-average preventive measures we put in place, it was unfortunately not possible to entirely rule out accidents, some of which had serious or fatal consequences.

Accident rate within the HOCHTIEF Group by division (as of Dec. 31, 2014)

Accidents per million man-hours (Lost Time Injury Frequency Rates LTIFR); Table modified due to new data basis: Under international standards, accidents are counted from the first working day lost.



*Source: Annual accounts of German institutions for statutory insurance and prevention; figures for 2014 were not yet available as of the editorial deadline.

Number of fatal accidents in the HOCHTIEF Group (as of Dec. 31, 2014)

Division	2010	2011	2012	2013	**2014**
Americas	0	0	0	0	**0**
Asia Pacific (incl. subcontractors)	2	5	3	5	**3**
Europe (incl. holding company)	1	0	0	0	**0**
HOCHTIEF Group total	3	5	3	5	**3**

Tribute
We deeply regret that employees have died during their work. We extend our condolences to their families.

Promoting a culture of occupational safety through continuing education

The various HOCHTIEF units and companies have different occupational safety cultures that have grown out of the diverse social systems and legislation in the countries where they operate. Nonetheless, we at HOCHTIEF aim for a common culture and shared understanding of occupational safety and health. Our goal is to ensure that all of our employees feel responsible not only for their own safety but also that of their coworkers.

That is why continuing education on this subject is emphasized strongly in all HOCHTIEF divisions. Occupational safety and health training is an integral part of the educational programs offered by our in-house training facilities, and additional courses are offered outside the company.

All divisions organize individually tailored initiatives at construction sites and in offices to raise even greater awareness of occupational safety among employees. For instance, our subsidiary Flatiron took part in the first nationwide Safety Week in the U.S. in May. The major safety convention at the beginning of the event was especially well received both by our project teams and in our offices. Hazard assessment, fall and sun protection, vehicles, equipment, and crisis management were among the topics discussed.

A similar event, the tenth Safety Stand-Down, was held at Turner in June. This year, the focus was on the im-

portance of pre-task planning for occupational safety. Work was temporarily stopped on all construction sites while workers discussed this issue.

The HOCHTIEF Asia Pacific division also runs various occupational safety programs. In September, Leighton Asia launched a new safety initiative called "Simply Safe". The catchphrase "Don't Walk Past" reminds employees that each and every one of them is responsible for safety and should not tolerate any unsafe activities. "Everyone Safe Everyday" is a program running very successfully at Thiess.

In the HOCHTIEF Europe division, occupational safety and environmental protection plans are also developed at project level. The plan for the Queensferry Crossing bridge project in Scotland contains eight separate points guaranteeing the safety of employees, residents, and subcontractors—from the "Bridging the Forth Safely—Behavioural Safety" program through monthly safety meetings to the "Health and Safety Management System". During the period under review, the team received various honors including being named the National Site Award Winner by Considerate Constructors in the "Performance Beyond Compliance" category, which includes occupational safety.

For our team working on the C310 contract at the large-scale Crossrail project in London, occupational safety and health is also extremely important. Among other events, the team organized "Stepping Up Week" in 2014. The "Target Zero" program features three core principles to which all employees are motivated to adhere. This effort received the Considerate Constructors Scheme National Award in the "Performance Beyond Compliance" category in 2014 for employee safety as well as environmental protection and excellent communication with residents.

We report on occupational safety programs regularly in our internal media. In addition, our companies organize special event days at regular intervals to further raise awareness of the issue among employees in the units and at project locations.

Executives must be aware of their responsibilities. At the same time, they must enable and promote a culture of occupational safety and health in their divisions. Special programs have been developed for them. We are especially proud that Cindy de Prater, Vice President of Environmental Health and Safety at Turner, was elected to the OSHA Advisory Committee on Construction Safety & Health in September 2014 and will now participate in discussing and shaping nationwide standards.

We also attach great importance specifically to providing training and continuing education for our safety experts. They are always up to date in their areas of specialization so that they can advise and support the project executives. The experts take advantage of internal and external working groups to share their experiences at both regional and international level.

We are concerned with the health and well-being of all of our employees. That is why prevention is a major issue at HOCHTIEF: Managerial staff have regular check-ups, and the Department of Occupational Medicine (AMD) of the professional association of the construction industry is available for consultations with all employees. In 2014, Turner lent support on health issues to more than 12,000 employees and their families by way of medical consultations, hospital stays, and drug counseling. Our subsidiary's "Healthy Me" program offers check-ups and weight-loss classes. At all its main offices, Flatiron organizes annual health fairs at which employees can check their fitness levels. These programs are very popular.

Significant types of injury in 2014 using the HOCHTIEF Europe division as an example
(as of Dec. 31, 2014)

HOCHTIEF Europe (incl. holding company)

- Lacerations (34)
- Cuts and stab wounds (11)
- Fractures (14)
- Contusions (60)
- Sprains (32)
- Other (51): specific types of injury arising in HOCHTIEF's individual contracting business

As we only began gathering statistics on significant types of injury in the reporting year, we are not yet able to present Group-wide data. We are working on full statistics for future reports.

Procurement

Further information on the subject of procurement is available on the Internet at www.hochtief.com/procurement.

In the year under review, HOCHTIEF spent EUR 15.8 billion on the procurement of materials and subcontractor services. This means that procurement accounted for approximately 65% of Group work done. Thus, efficient procurement is a key factor in the Group's performance. This is more than a matter of simply obtaining a good purchase price: A procurement strategy, incorporating an efficient procurement organizational structure and the strategic selection of suppliers, also helps to enhance HOCHTIEF's profitability.

Organizational structure, procurement process, and objectives

Following the realignment of procurement activities in 2013 to create a three-tier organizational structure, this setup was successfully launched and implemented in the year under review.

Organizational structure of procurement in the HOCHTIEF Group

Strategic procurement at HOCHTIEF Group level

- Authority to issue directives
- Development of strategic initiatives
- Ensuring adherence to compliance requirements

Strategic procurement at divisional level

- Implementation of Procurement Directive
- Governance/compliance/processes
- Group and division framework agreements
- Information exchange/networking

Decentralized procurement at project level

- Project-driven procurement
- Project expertise
- Extensive penetration of regional procurement markets

Strategic procurement at Group level

The Procurement unit at HOCHTIEF Solutions AG is responsible for strategic procurement at Group level. It is tasked with developing overall procurement through strategic initiatives, propagating best-practice examples from the divisions throughout the Group, and ensuring that the entire Group adheres to the Procurement Directive and procurement-related compliance requirements.

Strategic procurement at divisional level

The companies of each division have centralized procurement units that help implement the procurement strategy at divisional level. This includes coordinating procurement activities within the division, leveraging synergies, and developing best-practice solutions. By constantly exchanging knowledge throughout the entire network—both with the operational units and with the international procurement managers of other divisions—the procurement experts ensure constant availability of key information and provide ongoing support for procurement at project level.

Decentralized procurement at project level

Finally, decentralized procurement on an individual project basis is the third level of HOCHTIEF's procurement organizational structure. Our products are unique in nature, since each individual project involves a change of "production site" and a fresh project team setup. The project procurement staff have to tackle the concomitant challenges in selecting our subcontractors and suppliers. An appropriate selection of subcontractors and suppliers is made with the benefit of extensive penetration of regional, national, and international procurement markets. Unlike in other industries, our project activities always entail identifying a large proportion of new business partners. In addition, subcontractors and suppliers who operate beyond the local region and perform well need to be identified and deployed.

We meet these challenges by having in place a procurement network with the advantages of a decentralized procurement organizational structure operating on a project basis in a similar way to a small or medium-sized company, as well as through support provided by the centralized divisional and Group-level procurement units.

Simplified procurement process in five steps

1. Service and material specifications defined
2. Potential business partners (list of bidders) selected on the basis of prequalification and evaluations from projects previously executed
3. Specifications put out to tender
   Binding proposals submitted by participating bidders
4. Bids examined from a technical and commercial perspective
   Decision made on winning bidder
5. Work of business partner monitored and managed
   Performance evaluated upon completion

All divisions pursue unified procurement objectives with a view to selecting the right subcontractors and suppliers. Procurement

- manages the project-specific procurement process within the operational units, and is therefore instrumental to ensuring the success of the project;
- ensures that the bids put forward are in line with the services put out to tender and that they are comparable with each other in technical and financial terms. In particular, the bids must meet the requirements we place on our subcontractors and suppliers with regard to the environment as well as health and safety when executing projects, and
- guarantees fair competition between different bidders in accordance with HOCHTIEF's compliance rules.

A unified procurement process has also been established across the companies of all divisions. The specific content of this procurement process is guided by each division's project requirements.

This means Procurement represents the key interface between the project, the division, and the Group on the one hand and subcontractors and suppliers on the other. All requirements relating to products and materials, execution, quality, service, schedules, and costs as well as those deriving from our commitment to sustainability come together in the procurement process. This ensures that these requirements are enshrined in the contracts with our subcontractors and suppliers and are applied in implementing the project. In Europe, for example, all procurement negotiations take in the specific product, service, and quality requirements as well as HOCHTIEF's sustainability criteria.

Selection and evaluation of suppliers and subcontractors

Through our procurement process, we ensure that the right subcontractors and suppliers with respect to cost, technical specifications, and sustainability are deployed. Guaranteeing that our subcontractors meet HOCHTIEF's requirements is of decisive importance to us, since purchasing subcontractor services makes up the main bulk—70%—of procurement activities.

The issue of sustainability plays an ever greater part in selecting subcontractors. We expect our suppliers and subcontractors to act in a way which meets HOCHTIEF's requirements for sustainable action. Prior to the provision of services or delivery of materials, all HOCHTIEF companies stipulate that their subcontractors and suppliers agree to the Code of Conduct as part of a prequalification process. This code encompasses important environmental, social, and ethical standards and serves as a basis for the contractual relationship with suppliers and subcontractors. Our contracting partners either subscribe to the HOCHTIEF Code of Conduct for Business Partners or submit a comparable code of their own.

The subcontractors we use must also provide assurance that they will enforce HOCHTIEF's standards with their own subcontractors. These rules reflect our responsible commitment to sustainability in the value chain. A total of 94% of the business partners we worked with in the Group in 2014 are prequalified.

Furthermore, HOCHTIEF trains its own employees as well as subcontractors and suppliers to comply with requirements and stipulations with regard to the environment as well as health and safety. For example, Turner has established its "Building L.I.F.E. safety" programs for this purpose, which have been certified by Occupational Health and Safety Advisory Services (OHSAS).

Our commitment to ensuring sustainable action at every link in the value chain with our business partners also has a positive impact on our search for suitable business partners. For example, part of the reason why subcontractors and suppliers are keen to work with our subsidiary Turner Construction Company is to be found in its well-established high standards in occupational safety within the framework of Building L.I.F.E.

Following provision of their services, the vast majority of our subcontractors and suppliers are evaluated by the project teams. Among other things, this evaluation asks whether, in their work on the construction project, the contracting partners have complied with legal provisions, internal regulations, and the Code of Conduct, or whether there is cause to suspect corruption, discrimination, or inappropriate working hours, working conditions, or pay. Based on this evaluation, subcontractors and suppliers are either recommended for future projects or promptly excluded from subsequent projects if infringements have occurred.

The evaluations are conducted both using tried-and-tested systems and manually within projects. In Germany, for example, 996 subcontractor, supplier, and planner evaluations were initiated by Headquarters, to be carried out and returned by the project teams in the reporting period. These evaluations can thus be used in subcontractor and supplier selection for future construction projects. In 2014, this meant that 55% of the total procurement volume in Germany was met using subcontractors and suppliers selected on the basis of good performance in past projects.

Examples of sustainable procurement

Choosing the right subcontractors and suppliers is also becoming ever more important in view of the increasing demand for sustainably constructed properties. More and more, certified materials and service providers are being called for, and we are adapting to this trend.

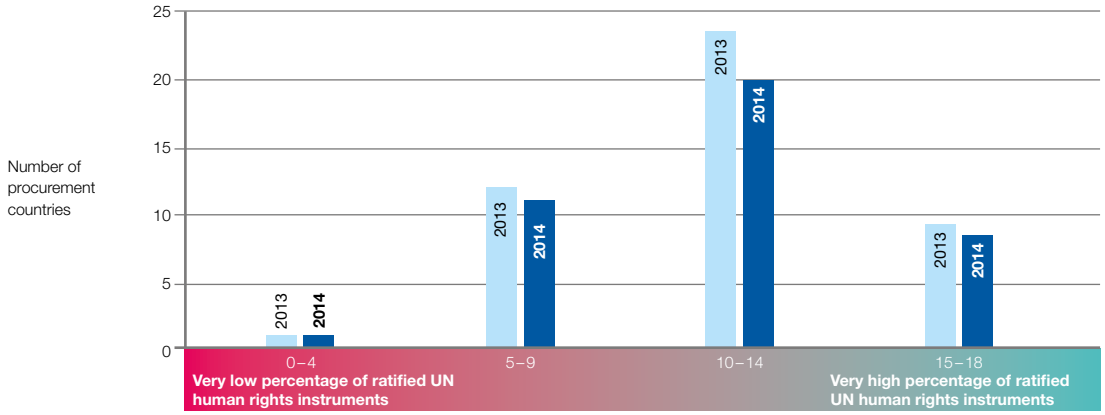
An outstanding example of sustainable construction by Turner is the Phipps Center for Sustainable Landscapes in Pittsburgh, Pennsylvania (U.S.). The building was constructed with a view to being the first in the world to meet the requirements for three independent certificates for sustainable construction: LEED Platinum, the Four Stars Sustainable Sites Initiative, and Living Building Challenge. This meant that, as general contractor, Turner faced the challenge of meeting extremely stringent stipulations for sustainable construction in the procurement of materials. All materials had to be locally sourced as well as tested for potentially hazardous chemical constituents and compared to the constituents permitted by Living Building Challenge standards. To achieve this, Turner had to consult both the vendors of the materials themselves and the specialist staff at the manufacturers directly. The options for sustainable action were also harnessed in operating the construction site: For instance, the trucks and equipment were run on low-sulfur diesel and an end-to-end recycling system was introduced for the construction waste generated. As a result, the weekly magazine Engineering News-Record (ENR), which specializes in construction, voted the Phipps Center for Sustainable Landscapes the world's best green project in the reporting period.

UN human rights* conventions in HOCHTIEF's main procurement countries

(Number of procurement countries in 2014: 40; 2013: 45)

www.ohchr.org

*See glossary on page 266.



We also practice sustainable procurement for our own needs. As a case in point, HOCHTIEF Solutions AG and Leighton subsidiary Thiess have each tagged over 1,000 products on our electronic procurement platform as sustainable so users can quickly and easily select them when buying for internal requirements. The products span a wide range from office materials to oils and other lubricants.

Another example of sustainable procurement at Thiess is the switch from conventional to LED lighting on lighting masts at all Thiess construction sites across Australia. This saved some 500 metric tons of greenhouse emissions in 2014. Also, under contracts for the procurement of machinery and equipment at Thiess, 98% of returned tires must be recycled by an accredited operator. Compliance has been verified in an audit. Not least for these initiatives, the Supply Chain & Logistics Association of Australia (SCLAA) nominated Thiess as finalist for the environment category in the Supply Chain & Logistics Awards.

Procurement countries

As in previous years, the HOCHTIEF Group bought materials and services in the year under review predominantly from subcontractors and suppliers in countries with high human rights standards in compliance with UN conventions. The chart shows all major suppliers (Group coverage: 100%).

Sustainability at HOCHTIEF

Focus Area Sustainable Products and Services

San Diego International Airport in California
Green landings for the new terminal

Economy: Turner and Flatiron have completed—on time and on budget, much to the client's satisfaction—the Green Build, a terminal expansion at San Diego International Airport. The project has already received a series of awards—including LEED Platinum certification.

Ecology: Its sustainable features include a solar power system that meets 12.5% of the building's total energy requirements. Natural light replaces artificial sources wherever possible. The building was constructed largely from recycled materials.

Community: At peak times, over 1,000 workers including many employees of local female-owned and minority-owned businesses were busy at the construction site. The airport expansion will continue to bolster the labor market in the future as well, with passenger numbers expected to almost double by 2030.

Looking ahead

General economic environment for 2015*

According to the International Monetary Fund (IMF), global economic growth was 3.3% in 2014 which is above global economic growth of the prior year. The growth which was forecast in April 2014 for the reporting year has been negatively affected above all by weaker economic growth in the USA, reduced optimism in emerging markets, and geopolitical tensions. World economic growth is projected to improve to 3.8% in 2015. In the regions and markets relevant to HOCHTIEF, the forecast growth rates are, for the most part, well above this average. HOCHTIEF intends to profit significantly from the chosen strategic focus on selected markets with clearly defined core competencies in transportation infrastructure, energy infrastructure, social and urban infrastructure, and contract mining.

HOCHTIEF Group strategic realignment**

HOCHTIEF continues to systematically forge ahead with the strategic realignment launched two years ago. Our divisions are mostly structured into the segments of construction, public-private partnerships (PPPs), engineering, mining, and services. In America, the PPP business is handled by our subsidary HOCHTIEF PPP Solutions. On the basis of our simple, clear strategy, we aim to become the world's most relevant building and infrastructure construction group driven by sustainable, profitable growth as well as to achieve a position of market and technology leadership in our target markets. We have set our sights on higher efficiency and profitability, with lower net debt across all segments.

As part of the strategic realignment over the past two years, we divested activities that were no longer part of HOCHTIEF's core business. In the Europe division, we sold our (50%) stake in aurelis Real Estate, our property management business, our offshore assets, and a large part of formart, one of Germany's leading residential property developers, during the year under review. The HOCHTIEF Asia Pacific division divested Leighton subsidiary John Holland and a 50% stake in the service business. Leighton is also exploring divestment or partnership options for its property business. The proceeds are to be used to further reduce debt, strengthen the balance sheet, and finance future growth, particularly in the PPP segment.

Targeting continuous improvements in competitiveness and profitability, we made our structures even leaner and enhanced process efficiency across all divisions in 2014. This served to substantially streamline business processes and boost entrepreneurial thinking throughout HOCHTIEF. Our intention is to combine the advantages of operating more like a small- or medium-sized enterprise with the service range of an internationally experienced construction group.

In the year under review, HOCHTIEF significantly increased its stake in Australian Group company Leighton to 69.62%, an investment in our core business that underscores our belief in Leighton's potential. We are also weighing strategic acquisitions in selected key markets where we already have a presence. This will further improve HOCHTIEF's strong market and competitive position.

The stock buyback program launched in October 2014, under which we plan to repurchase close to 10% of the no-par-value shares in HOCHTIEF Aktiengesellschaft, advances our objective and strategy of rewarding shareholders for investing in the Group. This also strengthens our constructive working relationship with investors and supports the value of HOCHTIEF moving forward beyond 2014.

Executive Board's assessment of the current business situation***

HOCHTIEF once again held its own in 2014. The Americas division registered an excellent volume of new orders, and the Europe division—adjusted for the divestments—also significantly exceeded the prior-year figure. The more selective policy in taking in new orders and the temporary reduction of the liquefied

*For further information, please see the Markets section and Legal and Economic Environment on pages 42 to 51.

**For further information, please see the Strategy section on pages 35 to 39.

***For further information, please see the Financial Review section on pages 55 et seq.

natural gas business make for a significant decrease in new orders at Leighton. The total new orders volume is 1.7% below the prior-year figure, as expected. With work done of the HOCHTIEF Group nearly constant as expected and a deduction being made for the already mentioned sales in the Europe and Asia Pacific divisions, the order backlog decreased slightly and is 0.5% lower than in the prior year—largely in line with the forecast level. This constitutes a good basis for future performance.*

*For further information, please see the Orders and Work Done section on pages 52 and 53.

HOCHTIEF also completed fiscal 2014 successfully in terms of earnings and generated total nominal and operational consolidated net profit of EUR 252 million—well above the prior year (up 46%) and above the upper range of our forecast interval. The divisions—Americas and Asia Pacific—contributed to this improvement in earnings. Operational earnings (EBITA/EBIT) from continuing operations in the amount of EUR 559 million are comparable to the prior year to a limited extent only as 2013 included significant positive nonrecurring effects from transactions that do not form part of our core business. Earnings before taxes from continuing activities, at minus EUR 177 million, are influenced by the restructuring expenses in connection with the realignment measures in the HOCHTIEF Group and by risk provisioning at Leighton. A nominal comparison between this earnings figure and the prior-year figure is therefore not meaningful. In operational terms, both EBIT (up 5.8%) and earnings before taxes (up 15.7%) are well above the prior-year figures and our guidance, thus underlining HOCHTIEF's performance capacity. We also achieved our goal of significantly improving the cash flow of the HOCHTIEF Group and of creating a net cash position including the expected cash inflow from the divestments at Leighton.**

**For further information, please see the Financial Review section on page 55 et seq.

Overall assessment of future developments

In 2015, HOCHTIEF will pursue intensive efforts to systematically implement its strategy in harness with the related initiatives as well as to attain its targeted objectives. In this connection, it is expected that all divisions will improve operational earnings and that profit margins will increase on a lasting basis. Accordingly, HOCHTIEF's earnings before taxes, EBITA and consolidated net profit are expected to grow and—eliminating operating earnings from discontinued operations—to significantly exceed prior-year levels. The focus on cash generation will also continue to show a strong positive impact on Group cash flow and net financial assets. This will strengthen the HOCHTIEF balance sheet, enabling us to invest in profitable growth.

HOCHTIEF will see adjusted new orders, work done, and the order backlog stabilize in 2015 at constant level. Future new orders for PPP projects, and notably government infrastructure projects, are among the main drivers behind this assessment for all divisions and will help offset the temporary slowdown in the contract mining business as well as the reduction in LNG projects in the Australian market.

We anticipate an operational consolidated net profit of between EUR 220 million and EUR 260 million for the HOCHTIEF Group in 2015. Representing a further marked increase on a like-for-like basis compared with 2014, this reflects both the enhanced profitability and the lasting improvements in earnings quality.

Dividends

HOCHTIEF's aim is to let shareholders participate in the Company's positive earnings performance. The Executive Board and the Supervisory Board of HOCHTIEF Aktiengesellschaft are proposing to distribute a dividend of EUR 1.70 per share for fiscal 2014. They are also recommending that shareholders participate in the past year's successful divestments. A special dividend of EUR 0.20 per share is therefore proposed in addition. In total, the proposed dividend for fiscal year 2014 thus comes to EUR 1.90 per share.

Risk Report

Risk management at HOCHTIEF encompasses all organizational processes designed to detect risks as well as to develop and implement suitable countermeasures. A risk is defined as any contingency with a potential negative impact on the attainment of qualitative or quantitative business goals, particularly earnings or liquidity.

Risk management is an integral component of our management system. It enables the active management of identified risks to ensure the Group's continuing ability to operate as a going concern, maintain jobs, and secure HOCHTIEF's onward development. Risk awareness is continuously promoted throughout the workforce by means of organizational processes at all levels that are fine-tuned on an ongoing basis. Risks are communicated adequately, fully, and openly.

Improving risk management

Continuous improvement to risk management is an ongoing focus at HOCHTIEF as we identify a well functioning risk management system as a key driver of profitability. Our goal is to sustainably increase returns by reducing risks and managing them effectively. This involves fine-tuning the selection criteria for processing acquisition offers and project bids as well as making additional improvements to subsequent project monitoring throughout the Group by implementing best practices solutions, all of which ensures that we will be even more effective in avoiding loss-making projects. We will also respond faster to changing markets and give greater emphasis to employing the most suitable staff for each project. On the whole, a more entrepreneurial approach will allow risks to be identified and eliminated earlier, and managed better. To this end, new approval and reporting processes have been introduced for large-scale projects in order to enhance transparency and risk awareness in all phases of the project.

HOCHTIEF Group early warning system

A Group risk reporting directive that is accessible to all employees and was revised in 2014 sets forth uniform guidelines for risk reporting and communication, describes the structure and procedures for risk reporting, and lays down the Group-wide risk reporting framework. To supplement this directive, the Group divisions have their own organizational instructions for the identification, assessment, and management of risks, developed with their specific circumstances in mind.

Risk inventories and forecasts/budgets are compiled at project level and discussed with the management team responsible in each division. The information is then aggregated to Group level. This approach brings in managers at all levels of the corporate hierarchy. Each risk report contains information on the potential impact of a risk, its probability of occurrence, the risk category, the possible time scale, and any measures that have already been taken to avert or mitigate the risk.

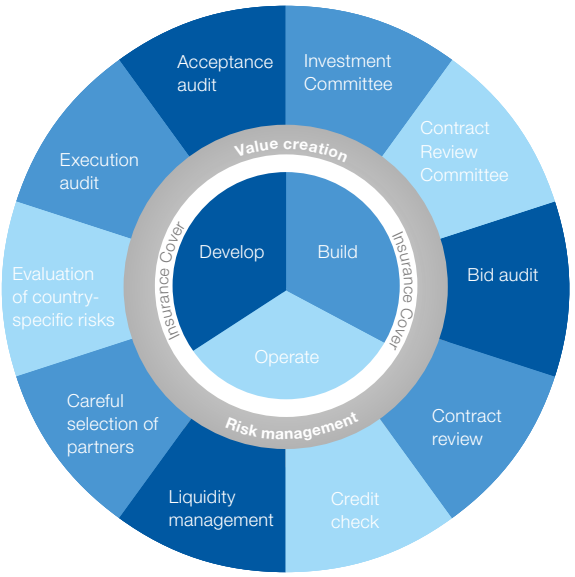
Above and beyond the quantitative risk assessment, HOCHTIEF considers it particularly important for risks to be discussed openly by Group management. A Risk Reporting Committee has been established for this purpose, including at least one member of the HOCHTIEF Executive Board together with representatives of the divisions and of relevant corporate departments. The Committee looks at reported risks from the perspective of both the divisions and the HOCHTIEF holding company. Its findings are collated for information purposes for the Executive Board. The risk position is likewise discussed at scheduled intervals at the meetings of the Supervisory Board's Audit Committee. Risk scenarios are also generated routinely in the course of forecasting and planning as well as in specific cases.

The risk situation is subject to ongoing monitoring. New, material risks arising at short notice are reported to risk managers separately from the standardized process.

Within the HOCHTIEF risk management system, the Investment Committee plays a key role in risk avoidance.

The chart shows the elements of risk management at HOCHTIEF. Key among these are the Investment Committee for risk avoidance, the Risk Management Steering Committee for monitoring and managing identified risks, and the divisional contract review committees.

Project risk management



The Investment Committee ensures that all equity stakes and investments are assessed in line with uniform, generally accepted principles and are only approved if they meet strict criteria.

Corporate Auditing, as an independent function, reviews and assesses compliance with requirements and the effectiveness of the installed systems and processes. In addition, the auditing departments carry out compliance, risk, and organizational audits on the basis of risk-focused audit plans and assess the effectiveness of the installed systems and processes. The program is supplemented by ad-hoc special audits. As material foreign subsidiaries, Turner and Leighton additionally have their own independent audit functions. The audit findings are used to optimize the early detection and management of risk.

*International Financial Reporting Standards

HOCHTIEF Insurance Broking and Risk Management Solutions as a part of Group-wide insurance and risk management

This HOCHTIEF subsidiary is directly owned by the holding company. It coordinates insurance-related risk management for the HOCHTIEF Group divisions all over the world.

As the company's own insurance provider, it assesses risks and ensures that the necessary insurance coverage is in place for the various projects and activities carried out by the Group companies. This chiefly includes insurance solutions for all our infrastructure projects such as transportation, energy, and social and urban infrastructure—before and during the construction phase as well as in the operating phase. HOCHTIEF Insurance Broking and Risk Management Solutions also offers insurance services to external companies, including those involved in our projects, owners, and end users.

Our subsidiary Builders Reinsurance S.A. in Luxembourg additionally offers reinsurance for construction work, subcontractor default, liability risks, and other risks. Builders Reinsurance S.A. was once again awarded a rating of A- (Excellent) by A.M. Best Rating in the year under review.

These activities enable HOCHTIEF to generate additional income and ensure risk- and cost-optimized coverage for the Group.

Internal control and risk management system in relation to the financial reporting process

Reliable and accurate financial reporting is of key significance in making management decisions as well as in providing financial statement users with information. Risks associated with the Group financial reporting process are dealt with in a variety of ways at the HOCHTIEF Group. Uniform financial reporting and measurement throughout the Group is ensured by IFRS* Accounting Guidelines, which are updated each year based on the current IFRSs as endorsed by the EU. A set of German Commercial Code (HGB) accounting guidelines is also updated annually for German Group companies. Working in close consultation with Corporate Accounting, our subsidiaries are responsible for adhering to the Group-wide accounting policies in their financial statements.

Accounting for deferred taxes and financial instruments is carried out in close consultation with the Tax and Corporate Finance corporate departments in order to guarantee the reliability and accuracy of the figures used in this connection. The measurement of derivative financial instruments is additionally supported by a treasury management system established throughout the industrial and banking sectors. HOCHTIEF also makes use of external service providers, for example for the assessment of pension obligations.

The correct performance of capital, liability, expense, and income consolidation as well as interim profit elimination is aided by IT-supported preparation of the consolidated financial statements and systems for validating the figures generated. Should inconsistencies nonetheless emerge, these are investigated and remedied by Corporate Accounting. In addition, the consolidation system utilized by the Group is access-protected to ensure that employees are only able to access the data of relevance to them. The consolidation system was reviewed by Corporate Auditing during the reporting year. Corporate Auditing also performs a Group-wide review of the internal control, management, and monitoring systems in all divisions using a risk-based approach, notably taking into account uniform application of the existing IFRS and HGB guidelines.

Risk classification

In the following, risks are classified according to expected value as “low”, “medium”, or “high”. Expected value is defined as probability of occurrence times impact on financial position, financial performance, and cash flows.

HOCHTIEF Group risk position

The overall risk position of the HOCHTIEF Group is determined by adding the expected individual risk exposures and comparing them with projected earnings and the liquidity forecast. In addition, expected risk exposures are aggregated at Group level by division and risk category.

The overall risk situation of the Group further improved in the year under review. This notably reflected an improvement in risk management and risk reporting together with increased risk provisioning at our Group company Leighton. The HOCHTIEF Americas and HOCHTIEF Europe divisions also significantly improved their risk situation compared with the prior year.

Our financing and liquidity situation, which was subjected to intense scrutiny against the backdrop of the euro crisis and the financial crisis, remains on a sound basis. HOCHTIEF is able to compensate for any identified liquidity risks with holdings of cash resources. We also continue to implement measures introduced to reduce tied-up capital.

In light of this analysis, there is no identifiable risk to HOCHTIEF’s future financial position and results of operation that might raise doubt about the entity’s ability to continue as a going concern.

The overall risk identified at HOCHTIEF primarily relates to the risk categories covered in the following.

Project and contract risk

Most project and contract risk arises in the mainstream construction activities and contract mining activities of HOCHTIEF’s divisions. HOCHTIEF Solutions AG and Leighton are also exposed to risk in their real estate development activities and their PPP projects. Cost risk is inherent to all projects.

Acquisitions of equity stakes, real estate investments, development projects, PPP projects, and outsourcing projects are carefully appraised in a structured process. Projects above a certain volume or risk level must also undergo this approval process. HOCHTIEF attaches importance to operating pragmatic, effective mechanisms.

The early warning system at our U.S. subsidiaries Turner and Flatiron is supplemented by the Contract Review Committee at Turner and the Bid Review Committee at Flatiron, which fulfill a role similar to that of the Contract Review Committee in the HOCHTIEF Europe division. Quarterly business risk analyses are compiled in all of Turner's business units and collated in a risk memorandum. At Flatiron, monthly earnings meetings are held on all significant projects for early detection of risks. The intensified competition in the civil engineering market had previously been weighing on Flatiron's margins. The Canadian ILM project, a joint venture for the construction of above-ground transmission lines, continues to be subject to project risk monitoring. Cost increases here led to claims. We classify the risk of not being able to recover the claim receivables as low.

Further risk is attached to the Presidio project in California, a PPP joint venture project between Flatiron and Kiewit. The project entails the replacement of the outdated Doyle Drive with a new roadway. Doyle Drive links San Francisco with the famous Golden Gate Bridge. The risk here is that of not being able to recover claims receivables. We classify the risk as low.

At HOCHTIEF Asia Pacific, the division's main company Leighton provides directives for the divisional risk management system in line with the Group directive. The risk management system at Leighton was further improved in the reporting year. Establishing the Audit and Risk Committee as a sub-committee of the Leighton Board served to link governance and oversight in relation to annual and quarterly financial statements and finances together with risk identification, assessment, and management. This gives the Leighton Board substantially improved visibility with regard to risks and their impacts on the Group.

Substantial cost increases relating to the Gorgon Jetty & Marine STR project led to corresponding claims against the client on which negotiations continue. The risk of the claims not being recovered still exists but we rate that risk as low in light of the project's completion on time during the year under review and the client's satisfaction with the project.

Changes to a number of work packages and problems with subcontractors in the Iraq Crude Oil project have led to various claims. Leighton is confident of being able to recover those claims in collaboration with experienced outside consultants and classifies the risk as low.

Leighton currently has free, underutilized equipment capacity, such as its contract mining vehicle fleet. The establishment of a central asset management company, greater shared use of equipment across the Leighton Group and ongoing focus on enhancing deployment mean that we consider the risk of having to recognize an impairment loss on those assets as low.

All prospective acquisitions and bids in the HOCHTIEF Europe division likewise undergo risk assessment. Bids that exceed set contract value limits are assessed by a Contract Review Committee made up of competent specialists. Risk auditors watch over projects from bid preparation through contract award to handover to the client. In addition, the internal audit function regularly analyzes domestic and international projects for technical, commercial, and legal risk.

The restructuring was brought to completion in the fiscal year now in progress. The restructuring of HOCHTIEF Solutions was completed with the establishment of the three operating subsidiaries HOCHTIEF Building, HOCHTIEF Infrastructure, and HOCHTIEF Engineering alongside the existing HOCHTIEF PPP Solutions. In addition, the HOCHTIEF Europe division will adapt to the market environment on an ongoing basis. Margins on new projects have improved, and risk is fairly distributed among the contract parties. Projects are not approved until there are sound offers from subcontractors for key trades and materials. The risk of price increases is generally reduced by using escalation clauses or is costed in.

In the HOCHTIEF Europe division, the Global Tech I offshore project involves risk relating to changes not yet approved by the client and to a compensation claim asserted by the client. The client pulled out of the contract in 2014. Out-of-court dispute resolution proceedings are currently underway. The related risk is classified as low.

Although HOCHTIEF generates a high volume of sales with individual trading partners, it is not dependent on any one client or supplier. Credit risk is reduced through client credit checks and by obtaining guarantees for amounts owed. HOCHTIEF's procurement management ensures that only capable operating partners are selected. By maintaining a constant watch over the market and close contact with suppliers and institutions, we ensure that we can quickly react to changes on the procurement market and respond accordingly.

Contracts usually specify which risks lie with the client. Risks arise for HOCHTIEF if, for example, the value of change orders cannot be recovered. Moreover, the project execution phase also poses the risk of not being able to meet ambitious completion dates.

Earnings from a project can be affected during the execution phase by factors such as unexpected circumstances on the ground differing from those in the bid invitation. Project and contract risks are generally recognized in the HOCHTIEF Group as set forth in the applicable accounting guidelines as well as during ongoing project assessment. The commercial viability of projects often depends on that risks can be allocated fairly and unequivocally and are resolved in a balanced way if problems arise (for example because of unpredictable factors).

Risk arising from legal disputes and third-party claims

HOCHTIEF aims to avoid court cases wherever possible. Despite this, we are party to various lawsuits and arbitrations both in Germany and abroad. The outcome of legal disputes is difficult to predict. We consider the provisions recognized for ongoing litigation to be adequate.

A settlement was reached in the year under review in the class action suit brought against Leighton Holdings Limited alleging that the information supplied to the capital markets pursuant to disclosure obligations under the Australian Corporations Act 2001 was insufficient. The related risk therefore no longer applies.

Investigations continue into the allegations raised in the Australian media during the 2013 fiscal year in connection with the Leighton Group's international business practices. The Leighton Group takes these allegations seriously, is cooperating fully with the Australian Federal Police in the investigation and had actively informed the authorities.

The Leighton Board and management condemn any form of corrupt or fraudulent behavior.

*For further information, please see pages 96 et seq.

Our compliance* program reduces antitrust and corruption risk as well as ensuring that the organizational precautions are in place to secure compliance with applicable law, with the rules by the Company, its decision-making bodies, and its workforce. Another top priority for HOCHTIEF is combating economic crime. The HOCHTIEF Code of Conduct and various Group directives and circulars lay down the conduct expected from employees. Employees are provided with comprehensive information on compliance topics, both on the intranet and through web-based e-learning programs with which employees are required to take training. There is also regular classroom-based training. All members of the workforce are called upon to play an active part in implementing the compliance program in their areas of responsibility. In addition, the compliance program is reviewed on a regular basis and adapted where necessary.

**For more detailed information on our markets, please see pages 42 to 51 and the Segment Report on pages 80 to 93.

HOCHTIEF also expects compliance with certain standards of conduct from suppliers and other contracting parties in order to avoid corruption risk. This minimizes risk due to criminal acts.

Investment risk

The change of control risk under the articles of association for the Budapest Airport consortium company ceased to apply following a settlement in arbitration proceedings (this risk had been still in place for the HOCHTIEF Group as of December 31, 2013 notwithstanding the sale of the airport business during 2013 to a subsidiary of Public Sector Pension Investment Board of Canada, or PSP Investments).

Within the HOCHTIEF Europe and HOCHTIEF Asia Pacific divisions, concession projects, which generally have a very long contract term, pose specific risks, among other things due to the need to estimate future business growth as well as to cost operation and maintenance expenditure. On concession projects in the transportation infrastructure segment, HOCHTIEF either guarantees a particular level of availability or assumes the risk relating to future utilization levels. We classify any concession risks as low.

In the HOCHTIEF Asia Pacific division, impairment losses were recognized on companies in the Leighton Group during the year under review. On current knowledge, no future impairments are expected. We therefore classify this risk as low.

We cannot preclude the eventuality that it may be necessary to recognize impairment losses on our subsidiaries and associated companies in isolated cases in the future, both in the consolidated financial statements and in the annual financial statements of HOCHTIEF Aktiengesellschaft.

Market risk**

The world economy grew by 3.3% in the reporting year. Global economic growth is expected to increase to 3.8% in 2015. There is once again strong country to country variation in the forecasts, however. We keep a close watch on developments in our target markets. The overall economic situation continues to pose risks due to the fiscal policy situation in the euro area, geopolitical tensions in the Ukraine and the Middle East, although so far these have had only little wider impact, and from exchange rate movements. Based on our good market position and our broad international market lineup, however, we estimate the general market risk for HOCHTIEF to be low.

Demand for infrastructure projects in particular depends heavily on individual countries' budgetary situation. Most of all, the transportation infrastructure segment in Western Europe promises attractive openings for HOCHTIEF Europe thanks to high levels of government investment. Australia, too, offers good market opportunities in this

segment as the eastern states especially have launched spending plans worth billions for the years ahead. By contrast, the situation with regard to publicly financed transportation infrastructure in North America remains tight. There is the risk here that we will not fully achieve our planned level of new orders. We likewise classify this risk as low.

Regulatory risk

Changes in the legal framework at national or European level entail risks that may impact our earnings situation, in particular in the case of long-term concession projects.

In legal systems such as Canada and the USA where tendering rules mostly prohibit two entities from the same corporate group from taking part in an invitation for bids, there is a risk that only one company from the ACS Group may be allowed to participate.

HOCHTIEF's business activities also include public-sector contracts. To undertake such contracts, contractors are required to provide a wide range of sureties. In the USA, these are provided by surety companies on the basis of the HOCHTIEF Group's credit standing. In terms of the size of the commitment, HOCHTIEF's bonding capacity is among the largest bonding facilities in the USA.

In addition, we operate PPP projects in countries that may quickly be affected by political changes, such as Greece. This may influence the economic success of the PPP project concerned.

We classify the regulatory risk for HOCHTIEF as low.

Financial risk*

Coordinating financial requirements within the Group and safeguarding its long-term financial independence is a central task in the financial management process. HOCHTIEF achieves this goal with sound Group financing secured for the years ahead and by limiting financial risk.

Financial activities in the HOCHTIEF Group are conducted on the basis of a Group-wide financial framework directive. Alongside this general directive, there is a financial risk directive that is supplemented by further individual, function-specific operating directives. In addition, responsibilities within the Group are strictly separated between financing and trading activities on the one hand and the corresponding control and settlement activities on the other. All trading transactions are compulsorily subject to dual control at minimum. Compliance with all directives and requirements is checked by the internal audit function at least once a year.

Financial covenants** on the syndicated and bilateral credit facilities that trigger lenders' rights to call in loans if violated are monitored continually, and are currently rated as non-critical. No financial covenants are featured in the bond documentation to the HOCHTIEF corporate bonds.

**See glossary on page 266.

For further information on the management of financial, liquidity, currency, and interest rate risk, please see page 228.

In light of our efficient financial management, we assess our overall financial risk as low.

Personnel risk

Particularly in the case of large-scale projects, our financial success depends on the extent to which we succeed in gaining the loyalty of experienced specialist and managerial personnel. The aim of our human resources strategy is to enhance workforce qualification and retain employees long-term.

For early detection of potential risks, we have reviewed risk management in the human resources function based on our risk management guidelines. Since January 2014, a systematic survey has captured major risk categories such as skill, motivation, staff turnover, and succession risk together with the potential impacts on HOCHTIEF.

*For further information on our financial risk management system, please see page 228.

Occupational safety, health, and environmental protection are given high priority at HOCHTIEF and are coordinated centrally by the OSHEP Center. The aim is to

further reduce accident and health risks for employees, subcontractors, and third parties.*

*For further information please see the Employees section on pages 123 to 125.

Based on the most recent surveys, we classify personnel risk as low.

Risk arising from pension obligations

The switch from defined benefit pension plans to defined contribution arrangements, where the costs to the company are predictable, was made several years ago. All new pension commitments at Leighton, Turner, and Flatiron likewise follow the defined contribution model.

Pension obligations in Germany are largely covered by HOCHTIEF Pension Trust e. V. and pension liability insurance and are backed by sound assets.** The plan assets consist of fixed-income securities, equities, real estate, and other asset classes. Negative developments on the capital markets may lead to a fall in the value of plan assets and a growing shortfall relative to pension obligations. This can result in an additional outflow of liquidity to fund the pension obligations. We counter the risk of market fluctuations in the value of plan assets with balanced strategic portfolio allocation and by matching portfolio structure to pension durations and the expected development of pension obligations. Changes in measurement parameters such as the discount factor or life expectancies can also lead to an increase in the pension obligations as measured on actuarial principles. Under IFRS accounting rules, both a decrease in plan assets and an increase in pension obligations ultimately result in a reduction in equity.

**For further information, please see pages 183 and 215.

No material risks are currently apparent with regard to HOCHTIEF's company pensions. The associated risk is therefore classified as low.

Risk associated with information security

HOCHTIEF counters IT risks by working together with capable service providers. IT service categories are clearly set out in service certificates forming part of our service contracts. Compliance with availability and data security service levels is ensured by stipulating measurable targets. We take care that business-critical systems maintain high availability levels. The deployment of modern hardware and software combined with digital and physical access control protect data from unauthorized access. Key data is kept in certified, redundant, geographically separate data centers. Regular external penetration tests verify the ability of our firewall systems to withstand attacks from the Internet. Confidential data and files are protected by using encryption systems covering areas such as data storage and e-mail.

Our IT security directive, which applies to the HOCHTIEF Europe division as well as to the HOCHTIEF Americas division with respect to security aspects, is continuously refined with the support of experts and verified by audits both in Germany and internationally. Our subsidiary Leighton uses its own information and communication systems as well as corresponding directives which are in line with the applicable HOCHTIEF directives. This ensures that the requirements on data security, confidentiality and availability are met.

In cooperation with the Group's Data Security Officer, our service providers ensure that personal data are only processed in accordance with the requirements of the German Federal Data Protection Act. HOCHTIEF has not yet had any notable IT incident. We estimate that the risk will continue to remain low also in the future.

Executive Board's overall assessment of risks

The HOCHTIEF Group's risk management approach is subject to ongoing control and improvement. As part of best practice solutions, optimized standards for project controls and methods of execution are currently being implemented Group-wide. Notably in large-scale projects, we have significantly improved risk transparency in all project phases. On the whole, this more entrepreneurial approach will allow risks to be identified and eliminated earlier, or managed better, in order to lower earnings volatility and increase returns on a lasting basis.

The Group's overall risk significantly improved in 2014 compared with the prior year. All divisions contributed to this positive change. We aim to continue improving our risk situation going forward.

From today's perspective, there are no risks that might cast doubt on the HOCHTIEF Group's ability to continue as a going concern based on the probability of occurrence and impact of the risks described. We continue to assess the Group's risk-bearing capacity as sound based on our good financial position and results of operations.

Sustainability at HOCHTIEF

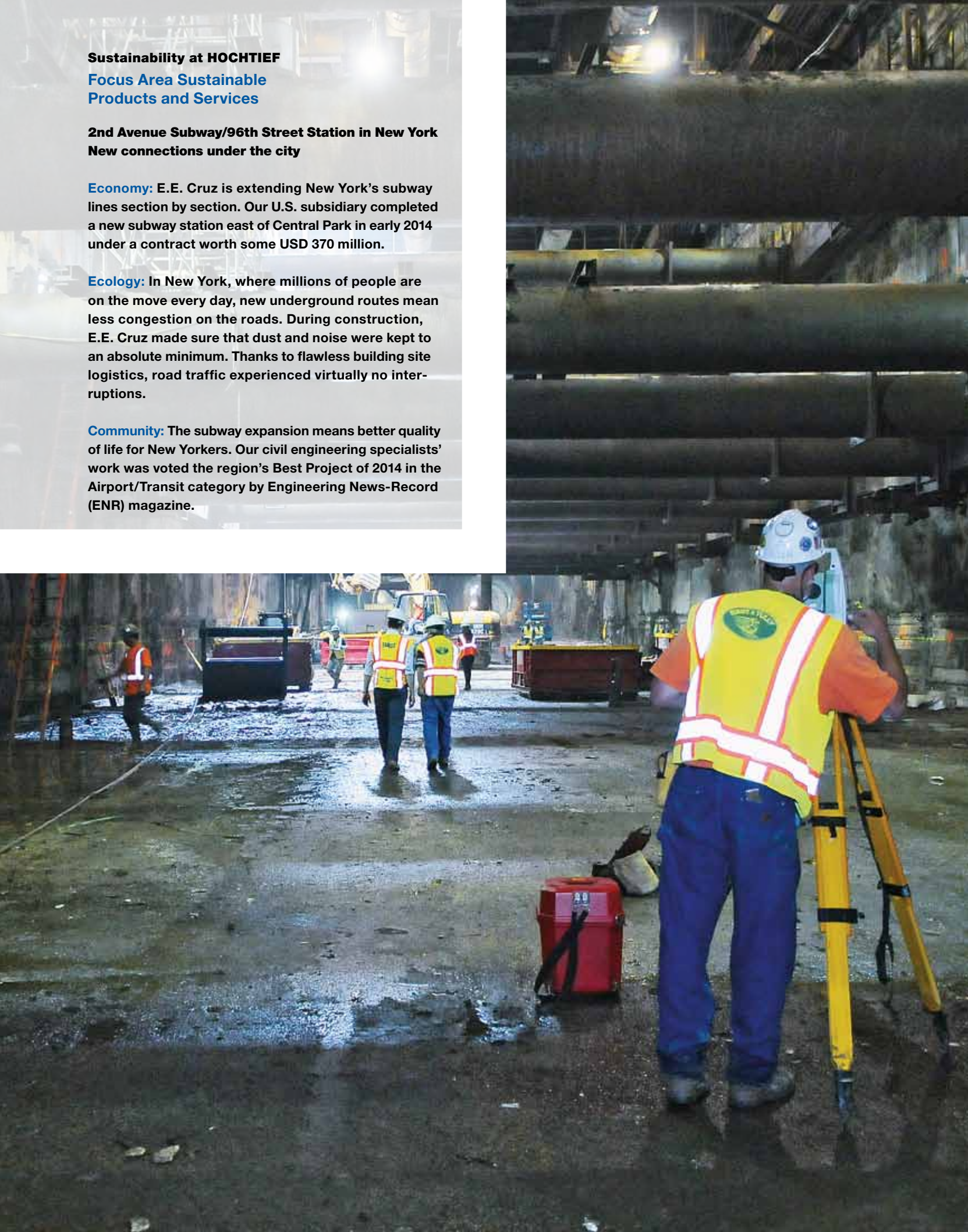
Focus Area Sustainable Products and Services

2nd Avenue Subway/96th Street Station in New York
New connections under the city

Economy: E.E. Cruz is extending New York's subway lines section by section. Our U.S. subsidiary completed a new subway station east of Central Park in early 2014 under a contract worth some USD 370 million.

Ecology: In New York, where millions of people are on the move every day, new underground routes mean less congestion on the roads. During construction, E.E. Cruz made sure that dust and noise were kept to an absolute minimum. Thanks to flawless building site logistics, road traffic experienced virtually no interruptions.

Community: The subway expansion means better quality of life for New Yorkers. Our civil engineering specialists' work was voted the region's Best Project of 2014 in the Airport/Transit category by Engineering News-Record (ENR) magazine.



Opportunities

Opportunities in key HOCHTIEF markets*

We see good opportunities to further expand our core business in HOCHTIEF's key regions. Good growth rates are expected as before in the markets for transportation, energy, and social and urban infrastructure as well as in contract mining. Our successful strategic positioning puts us among the leaders in the competitive arena. As one of the industry's most internationally oriented players, we are on the map in all the world's major construction markets. These include large parts of Europe, the Americas, Australia, Asia-Pacific, and the Gulf region. We generate more than 94.6% of sales outside Germany. This global footprint means HOCHTIEF can balance out regional market fluctuations.

The latest forecasts for Europe's construction market make us optimistic for the future. After negative growth in 2013, the period of weakness was overcome in 2014. The forecast for 2015 is for a sharp recovery in the markets relevant to HOCHTIEF. We expect additional business in our European units due to closer collaboration among the companies brought together under HOCHTIEF Solutions AG as well as through cooperation with other Group subsidiaries. HOCHTIEF Solutions sees potential for growth especially in Scandinavia, the Netherlands, and the United Kingdom. It also continues to expect good market opportunities outside of Europe—for example, in the Middle East.

The opinion expressed in the IMF's World Economic Outlook is that the strong economic recovery in the USA will continue in 2015. Together with the U.S. economy, Canada will benefit from this trend and show stable growth. Experts at ratings agency Moody's continue to see great potential in the North American market, especially for new public-private partnership projects. Based on the substantial investment planned in infrastructure, we expect this trend to persist in the years ahead and that we will be able to step up our activities in the fast-growing market segment for PPP infrastructure projects.

The Asia-Pacific region is still one of the world's most promising growth markets. The social infrastructure market is supported, in particular, by government programs and will see high rates of growth. This holds many opportunities for our Group company Leighton.

The general infrastructure market in Australia will continue to consolidate in 2015. However, the market for transportation and social infrastructure is expected to return to growth this year. In the period to 2020, the Australian government intends to request bids for a large volume of infrastructure projects in the form of public-private partnerships. These include transportation infrastructure projects and construction projects such as schools and hospitals.

Middle Eastern countries are exhibiting very healthy rates of growth and therefore continue to offer the best opportunities for new projects. Qatar especially is recording strong growth and is becoming one of the most important markets as construction activity picks up ahead of the 2022 FIFA World Cup. Construction business is therefore expected to boom there over the next ten years. The government is planning to invest in buildings and infrastructure projects, with the lion's share going into mega projects in the tourism, transportation infrastructure, healthcare, education, and residential construction sectors. Saudi Arabia also plans major investments in infrastructure projects. We are strategically positioned with numerous subsidiaries and associated companies in the region and have already built up a very good reputation through construction work and services on various large-scale projects.

If the markets relevant to us develop better than expected, this could have a positive impact on our sales, earnings, and cash flows, thus enabling us to exceed our guidance.

Opportunities from focus on core business

Our strategy is all about achieving a sustained increase in HOCHTIEF's profitability and efficiency, the objective being to become the world's most relevant infrastructure construction group. We focus on the transportation, energy, and social and urban infrastructure segments as well as on contract mining. These strategic segments offer all Group divisions attractive business opportunities and development potential. The public-private partnership (PPP) model is a growing market for all HOCHTIEF divisions. In the year under review, HOCHTIEF's operational units once again won and successfully delivered numerous projects in our core business.

*For further information, please see the Market section on pages 42 to 51.

Transportation infrastructure
Worldwide, our companies and units build roads, bridges, tunnels, ports, railroads, and airports, putting in place the infrastructure needed to meet our society's growing mobility requirements. Transportation infrastructure projects are heavily dependent on the budgetary situation of individual governments. The western and eastern European countries relevant to HOCHTIEF are planning substantial government investment in infrastructure expansion. Norway, for example, is anticipating double-digit growth in 2015. For our European subsidiaries within the HOCHTIEF Europe division, this is fertile ground for securing new contracts in the transportation infrastructure segment.

In the HOCHTIEF Americas division, particularly Flatiron contributes to the development of transportation infrastructure through numerous projects. Following a period of consolidation in 2015, demand for transportation infrastructure projects will remain strong across North America. Canada is forecast to see moderate growth in demand over the coming years. In North America, the market is expected to recover starting in 2016.

The companies in the HOCHTIEF Asia Pacific division are currently involved in a number of trailblazing transportation projects and succeeded in securing further attractive large-scale infrastructure projects in the reporting period. Working in consortium projects, the Leighton Group is to build a rail link as part of the Sydney local transportation network. In New Zealand, Leighton Contractors and a joint venture partner are to finance, design, and build the Transmission Gully Motorway project and to maintain and operate the motorway for 25 years from 2020. Investment in the transportation infrastructure segment is being driven by Australia's east coast states' enormous investment programs. Infrastructure plans involving projects worth billions and an improvement in public finances are giving rise to a positive trend.

If government investment means that demand for transportation infrastructure grows faster than currently expected, this could have a positive effect on our sales, earnings, and cash flows.

Energy infrastructure
By nature, the energy market is strongly shaped by technical and political developments as well as by the availability of natural resources. Government action on the global energy market is currently a significant factor influencing investment conditions in the energy infrastructure segment.

In Germany, investment in the energy sector is declining slightly due to the policy aimed at transforming the country's energy supplies. However, the federal government's willingness to invest in the transition to renewable energy also offers opportunities. Austria holds considerable potential. Here, HOCHTIEF is currently involved in the construction of a power plant on the River Inn. In Scandinavia, long-term investment programs will run into 2018.

In the energy infrastructure segment in North America and Canada, we also continue to see opportunities, which are driven by Canadian government investment in renewable energy.

The Leighton Group is delivering numerous highly advanced energy infrastructure projects in the HOCHTIEF Asia Pacific division. While the expansion of liquefied natural gas capacity seen in 2014 is set to slow in the coming years, strong growth is expected in the Middle East. The demand for power in particular is giving rise to enormous investment programs, offering multiple opportunities for large-scale projects.

Social and urban infrastructure
The social and urban infrastructure segment is also on a positive trend. Worldwide, strong demand is emerging for solutions that create contemporary, cutting-edge living and work spaces. Strong growth is forecast notably for the office and commercial properties subsegment. The work of HOCHTIEF Group subsidiaries Turner and Flatiron shapes the cityscapes of major conurbations in America. Our subsidiary Turner has been among the leading providers in the U.S. green building segment for years. The Leighton Group contributes to the development of Australia's social infrastructure through a range of projects. Shaping the world's social and urban infrastructure offers the HOCHTIEF Group a raft of business opportunities. In Australia, the USA, and Canada, the social and urban infrastructure segment will account for a large proportion of PPP projects, as it does in Europe too. We spotted this development early on and expect the positive trend in this market segment to con-

tinue in the years ahead. This will enable us to secure a large number of new contracts across all divisions.

Contract mining

Global demand for resources is set to rise over the long term. Our Group company Leighton is the world's biggest contract miner. In Australia and Asia, we primarily mine iron ore and coal. Contract mining once again generated a large percentage of revenue in the reporting period. Thanks to their long contract terms, mining projects create certainty in planning and ensure a sustained trend in work done.

Behind Indonesia, Australia ranks as a leading producer of thermal coal. The BMI Australia Infrastructure Report predicts growth in excess of 4% over the next five years. Australia will cover over half of the market for iron ore in the coming years. Demand from China in particular will shoot up over the next few years, resulting in high rates of growth from which Leighton stands to benefit substantially.

If demand for resources increases faster than expected, this could have a positive effect on our sales, earnings, and cash flows.

Growth opportunities through internal partnerships

National and international collaboration between our companies opens up additional growth potential for HOCHTIEF and creates added value for clients. This is particularly true of PPP projects. During the fiscal year, close collaboration between our companies showed results on ongoing road projects on the North American market as well as on a Canadian school project. Construction services on the projects by HOCHTIEF PPP Solutions are provided by our subsidiaries Turner, Flatiron, and Clark Builders respectively.

Should the number of such cooperation projects increase, this could have a positive effect on our sales, earnings, and cash flows.

Innovation as a key success factor

HOCHTIEF undertakes challenging building construction and infrastructure projects for national and international clients.

We therefore endeavor to set HOCHTIEF apart from the competition through top quality standards, innovative solutions, and a flexible approach. Our Group has long been one of the innovators in the construction industry and wins over clients time and again with new, tailored developments. Most HOCHTIEF projects are unique assignments shaped by custom solutions. Our projects incorporate a wide range of research and development outcomes. HOCHTIEF will go on systematically promoting innovation management in 2015. We will also use ideas management to harness the potential of employee ideas for leveraging market opportunities and sustaining the Group's onward development.

Opportunities through a successful workforce

The performance, qualifications, and motivation of our employees are crucial to HOCHTIEF's future commercial success. Our company's long-term projects call for a focused human resources strategy to foster enduring loyalty in suitable employees as well as to provide individual support for especially qualified and talented staff. It is our aim to further establish HOCHTIEF nationally and internationally on the careers market as an attractive employer and to offer employees appealing development prospects.

If we succeed in implementing our human resources strategy better than expected, this could have a positive impact on our business performance.

Sustainability sharpens competitive edge

For further information, please see www.hochtief.com/sustainability

As a growth-oriented company, we step up to our responsibilities toward society and the environment. Through its projects, HOCHTIEF brings space to life. In doing so, we impact the people who use them and the natural environment that surrounds them. Acting responsibly is our obligation to the community—to present and future generations alike.

Sustainability* accordingly has a long tradition as an integral part of our corporate strategy. The capital market likewise acknowledges our commitment to sustainability. In the reporting period, HOCHTIEF thus once again qualified for inclusion in the respected Dow Jones Sustainability Indexes. We are still the sole German construction group to be listed in the Europe Index. This means our shares continue to be suitable for investors who base their portfolio decisions on sustainability criteria.

*For further information, please see pages 40 and 41, 150 to 154.

Forward-looking statements

Please see page 147 for further information on forward-looking statements.

Sustainability at HOCHTIEF

Focus Area Resource Protection

State Route 520 west approach bridge, Seattle contract secured with quality and expertise

Economy: With the construction of a new approach bridge for State Route 520 in Seattle, Flatiron is expanding its market presence in the U.S. state of Washington. Scheduled for completion in 2017, this EUR 147 million project is the second in a row from the Washington State Department of Transportation.

Ecology: A park will be located north of the road, which integrates a pedestrian and bike path. An environmentally friendly storm water treatment facility will capture roadway runoff.

Community: The new connector will enhance Seattle's transportation infrastructure, especially for commuters who, after completion, will gain a faster, easier route from much of the region to the Montlake area and a major interstate highway.

Post-balance-sheet events

There were no other material events to report between the close of 2014 and the editorial deadline for this Group Report.

Forward-looking statements

This Group Report contains forward-looking statements. These statements reflect the current views, expectations and assumptions of the Executive Board of HOCHTIEF Aktiengesellschaft concerning future events and developments relating to HOCHTIEF Aktiengesellschaft and/or the HOCHTIEF Group and are based on information currently available to the Executive Board of HOCHTIEF Aktiengesellschaft. Such statements involve risks and uncertainties and do not guarantee future results (such as earnings before taxes or consolidated net profit) or developments (such as with regard to possible future divestments, general business activities or business strategy). Actual results (such as earnings before taxes or consolidated net profit), dividends and other developments (such as with regard to possible future divestments, general business activities or business strategy) relating to HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group may therefore differ materially from the expectations and assumptions described or implied in such statements due to, among other things, changes in the general economic, sectoral and competitive environment, capital market developments, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, the conduct of other shareholders, and other factors. Any information provided on dividends is additionally subject to the recognition of a corresponding unappropriated net profit in the published separate financial statements of HOCHTIEF Aktiengesellschaft for the fiscal year concerned and the adoption by the competent decision-making bodies of HOCHTIEF Aktiengesellschaft of appropriate resolutions taking into account the prevailing situation of the Company. Aside from statutory publication obligations, HOCHTIEF Aktiengesellschaft does not assume any obligations to update any forward-looking statements.

Focus Area Attractive Working Environment

Occupational safety and health
Taking responsibility for a healthy working environment

Economy: The occupational safety and health of our employees are much more to HOCHTIEF than merely a legal obligation. They are governed by a dedicated competence center, the OSHEP Center, where a qualified team develops directives, keeps abreast of current requirements, and focuses on prevention.

Ecology: Comprehensive hazardous substances management forges the link between occupational safety, climate and environmental protection. HOCHTIEF is very serious in its commitment to the responsible use of resources and hazardous substances, which are inevitable in exceptional cases. Experts ensure the highest safety standards at all times—to protect human health and the environment.

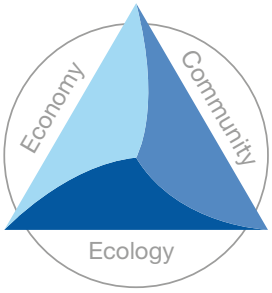
Community: HOCHTIEF as a company makes the prevention of job-related illness and accidents one of its top priorities. Our primary goal throughout the Group is to create a working environment in which our employees and our partners stay healthy.

Sustainability at HOCHTIEF
Reconciling economy, ecology, and community

For further information, please see www.hochtief.com/sustainability

*For further information, please see the Strategy section on pages 35 to 41.

For further information, please see www.hochtief.com/vision



For further information on sustainability at HOCHTIEF, please see the interview with Nikolaus Graf von Matuschka, Member of the Executive Board (on our website at www.hochtief.com/interview-eb).

HOCHTIEF is a global infrastructure construction group that focuses on complex projects in the transportation, energy, and social and urban infrastructure segments as well as contract mining. All our projects are unique creations in a changing regional environment and not one-size-fits-all products. For each project, we devise a separate production process, taking into account both the client's individual requirements and the overall parameters. We are sustainable even in our approach: HOCHTIEF takes a 360-degree approach to its projects, especially for public-private partnerships. From long before construction starts, we work in close partnership and dialog with clients and others involved so that we can develop and plan the project well ahead. This allows us to factor in sustainability considerations such as energy efficiency and project life cycle assessments at an early stage.

Through our core business, construction, we have an impact on our environment—people and nature alike. We change and shape landscapes, consume resources and energy, employ people from a wide range of cultures, and work with partners and clients in countries all over the world. This brings with it an enormous responsibility and our goal is to manage this impact in a conscientious and sustainable way. Our business should optimize the benefit for society and the environment while keeping the burdens to a minimum. In fact, through its activities, HOCHTIEF aims to help ensure safety and quality of life for this and future generations and to preserve our natural habitat in the best possible way. In order to achieve this aim and fulfill our corporate responsibility (CR), our daily work is shaped by an integrated, forward-thinking approach to doing business that also takes risk management into account. This is how we ensure the long-term success of our company.

Sustainability: Integral component of our vision and Group strategy*

HOCHTIEF aims to nurture the interaction between business, the environment, and social responsibility in our company—as it has a tradition of doing. Sustainability is part of our corporate vision and our guiding principles. It is also one of the guiding principles in the Group strategy.

Vision and guiding principles

HOCHTIEF is building the world of tomorrow.
Our business is shaped by innovation, expertise, teamwork, and transparency. We are a reliable and trusted partner to our clients with a consistent focus on quality in all project phases. The HOCHTIEF Vision describes what we aim to achieve in general terms. It provides orientation for all employees, but also for our partners, clients, and shareholders.

The Guiding Principles serve us as signposts. They show what convictions and values inspire how we act at HOCHTIEF—in our daily work. And they are the basis for our Company's success.

Four **cornerstones** form the foundation for our Guiding Principles:
1. Client-oriented service spectrum
2. Successful employees
3. Sustainability
4. Value-oriented strategy

These act as parameters for the convictions and values that underlie everything we do at HOCHTIEF. They are substantiated for our employees through binding directives, guidelines, and principles of conduct. At minimum, they correspond to international standards and satisfy applicable legislation as well as provisions; in some cases, they go well beyond this.

HOCHTIEF is also a member of various organizations and complies with their guidelines and standards. You can find a selection on foldout page 3.

HOCHTIEF's stakeholder groups

- Shareholders (O)*
- Clients (P)
- Employees (O/P)
- Subcontractors and suppliers (O)
- Government and public authorities (O/P)
- Investors, analysts and bank representatives (O)
- Associations and organizations, NGOs** (O)
- Neighbors and local residents (P)
- Universities, colleges, and scientific institutions (O/P)
- High school and college/university students, recent graduates (O/P)
- Journalists (O/P)

Taking economic, ecological, and social concerns into balanced consideration in decision-making processes and in our everyday work is a business challenge that we tackle head on. For example, by constructing sustainable products such as energy-efficient buildings (green buildings), implementing extensive environmental protection programs on major transportation infrastructure projects, supporting young people in their training pathways, and selectively promoting the development of our employees.***

Stakeholder involvement

HOCHTIEF has identified various stakeholder groups (see box). On the one hand, they can impact on our economic, ecological, and social welfare and, on the other, our work can bring about changes for them (today or in the future).

We therefore attach great importance to a transparent approach in all our dealings with these groups. This enables our stakeholders to gain a comprehensive picture of our company. In return, this active dialog with our stakeholders lets us pinpoint their requirements, wishes, and expectations, address them discerningly, and incorporate them into our business activities. Involving stakeholders additionally helps us to identify and analyze risks in our environment at an early stage.

Within the Group, there are various different approaches to and tools for stakeholder involvement. HOCHTIEF presents its capabilities to clients at numerous trade shows, conferences, and events as well as actively participating in industry discussions. As and when the need arises, our companies and units carry out market studies and customer satisfaction analyses. Employee surveys and external rankings give us an idea of our attractiveness as an employer. We maintain close and active information sharing with the capital markets and inform the interested public as well as trade specialists through open communications work. In the area of sustainability, we launched a **stakeholder dialog event** for the first time in 2014, in addition to our **online survey**.

*O = organizational level
P = project level

**NGOs = non-governmental organizations

Sustainability topics at HOCHTIEF

In order to give concrete shape to the issue of sustainability at HOCHTIEF and provide a framework for it, we based our sustainability strategy on asking ourselves how HOCHTIEF can contribute with its competencies to meeting the challenges with which modern societies are faced (now and in the future). From this, we defined the following **six focus areas** back in 2008, which apply to all our companies:

1. Compliance
2. Sustainable products and services
3. Attractive working environment
4. Resource protection
5. Active climate protection
6. Corporate citizenship

These are the areas around which sustainability at HOCHTIEF revolves. They contribute to the Group satisfying its corporate responsibility. The materiality analysis carried out in 2014 among our stakeholders and the stakeholder dialog confirmed the validity and importance of these issues for the HOCHTIEF Group.****

***For further information, please see the Employees section on pages 117 to 122.

****For further information, please see the Sustainability Strategy section on pages 40 to 41. The connection between CR issues and GRI indicators is presented on pages 260 and 261.

Focus area indicator

Corporate Citizenship; aspect: Taking responsibility for local communities
For further information, please see the GRI index on pages 260 and 261.

Corporate citizenship at HOCHTIEF

As an international construction group, HOCHTIEF designs living spaces all over the world and therefore interacts closely with the people with whom and for whom we work. We are part of society and, as a corporate citizen, take responsibility for the community wherever we do business and carry out projects. HOCHTIEF and its employees act on this mission through monetary donations and donations in kind, by contributing their expertise, and volunteering. We focus these activities on two main issues: Educating and promoting young talent, and shaping and maintaining living spaces. They are of special significance to the company and its business activities and have a sustained effect.

For further information, please sse www.hochtief.com/community

Bridges to Prosperity

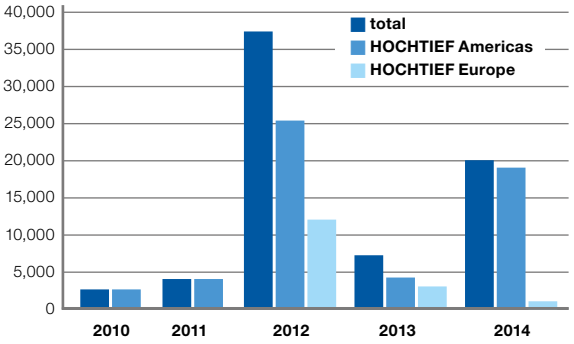
Again in 2014, one focal point of our sponsorship activities was the non-governmental organization Bridges to Prosperity (B2P), which builds footbridges in remote regions all over the world, thereby helping local communities obtain better access to trade, education, and medical care. Our U.S. subsidiaries have supported B2P projects in Central and South America for some years now. Flatiron is particularly committed to its role as a strategic B2P partner and harnesses its building expertise to support the design of the bridge models. In the reporting period, the company built a 121-meter footbridge in Nicaragua, the longest ever constructed by B2P and HOCHTIEF Group employees. In 2012, HOCHTIEF became involved in this charity work from Germany and Europe and is now supporting B2P on projects in Rwanda. In 2014, in the country's Western Province, a 54-meter footbridge was erected across a river that becomes impassable in the rainy season.

www.bridgestoprosperity.org

For further information, please see www.hochtief.com/b2p

The collaboration with B2P augments HOCHTIEF's business activities by adding a community dimension. Our involvement benefits both sides, particularly the people in the regions, as the footbridges span rivers that swell considerably during the rainy season, thus becoming a major threat or an insurmountable obstacle for residents. The rivers prevent them from reaching important institutions such as schools, markets, and doctors. B2P estimates that the projects result in approximately 12% more children enrolling in school, a 24% increase in healthcare treatment, an 18% increase in women employed, and a 15% increase in local business.

Number of people who benefit from B2P bridges constructed by HOCHTIEF



HOCHTIEF creates added value for the population

Bridges to Prosperity estimates that one new footbridge results in 12% more children enrolling in school, a 24% increase in healthcare treatment, and an 18% increase in women employed. By building 14 footbridges in five years, HOCHTIEF and its subsidiaries have therefore contributed to

- around 8,500 children being able to enroll in school.
- around 17,000 people having easier access to healthcare treatment.
- around 12,800 women finding employment.

Through its sponsorship projects, HOCHTIEF has a positive impact on the regions' economic and social development. For example, during the construction phase, HOCHTIEF consciously involves, pays, and trains people

In 2014, employees of HOCHTIEF Solutions and the HOCHTIEF holding company built a 54-meter bridge over Kiromozi River in Rwanda (left).

In Nicaragua, two Flatiron teams helped to construct a 121-meter bridge spanning Esteli River.

from the region. They not only gain construction skills, but also learn how to maintain the structure. The building materials, such as wood and concrete, also come mainly from the surrounding area and are purchased from local suppliers.

How HOCHTIEF benefits: Ten Group employees are released for a defined period of time to work on each project. As well as promoting better networking, team building, and a sense of community, the sponsorship projects also improve the employees' construction expertise, provide intercultural experience, and boost their commitment to society. This knowledge is useful to them in their future day-to-day work. Identification with HOCHTIEF also increases—around 150 employees have benefited from this experience so far.

Our objective is to expand these sponsorship activities across the Group, with the Leighton Group also becoming involved in this charity work in the long run. More than 71,000 people living near the bridges have benefited from our projects over the last five years. This number we would like to raise going forward.

Footbridges constructed by HOCHTIEF and B2P, by country

Project name	Daily users (average)
HOCHTIEF Americas (Flatiron, Turner, E.E. Cruz)	
2010, Copan, Honduras	200
2010, La Taña, Guatemala	200
2011, Melara, El Salvador	500
2011, El Bosque, El Salvador	600
2012, Santa Lucia, Nicaragua	200
2012, El Rodeo, Nicaragua	100
2012, Jucuapa Abajo, Nicaragua	650
2013, Ducale Grande, Nicaragua	200
2013, El Dorado, Nicaragua	200
2013, San Jose de Pire, Nicaragua	200
2014, Paso Real, Nicaragua (two teams)	650
HOCHTIEF Europe	
2012, Mayange Nyamabare, Rwanda	500
2013, Bakokwe, Rwanda	300
2014, Ngororero, Rwanda	350
Total: 14 projects	**4,850**

Donations and sponsorship: Organization and reporting

Our Group directive on donations and sponsorship defines the thematic priorities of these activities, assigns responsibility, and specifies reporting processes and duties.

The Corporate Communications department is responsible for donations and sponsorship in conjunction with the Executive Board of HOCHTIEF Aktiengesellschaft. It handles strategic policy and overall coordination of these issues in addition to reporting. The department is also responsible for the sponsorship activities of the holding company.

In HOCHTIEF's divisions, the relevant executive boards and management are tasked with setting the donation and sponsorship budgets. Specific employees are responsible for monitoring selection of suitable projects in the appropriate form and level in line with the directive, documenting the activities, and reporting on them to Corporate Communications on a fixed schedule.

Documentation of donation and sponsorship activities stipulated in the Group directive aims to eventually allow HOCHTIEF to measure the social benefits of its commitment* and to develop suitable performance indicators.

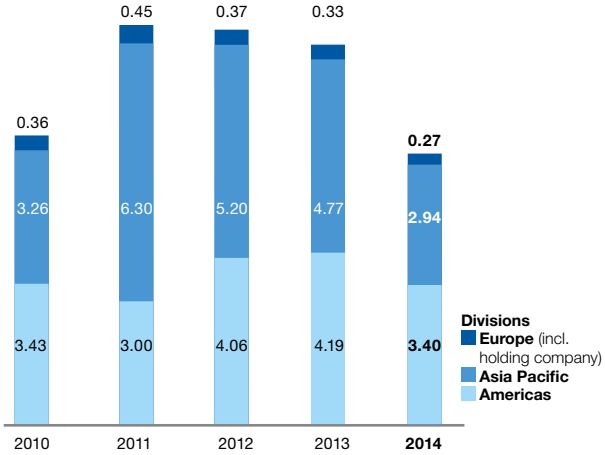
*For further information, please see the targets table on page 165.

Sponsorship examples

Leighton's subsidiary Thiess has been supporting the Royal Flying Doctor Service since 2010. This organization provides reliable healthcare in remote regions of Australia, working around the clock to provide both routine healthcare services and help in emergencies.

In Australia's Queensland state, the Thiess team at the Burton Coal Mine is working for a good cause: Employees there financed the training of a seeing eye dog. A similar project was undertaken by Flatiron's employees in the United States. During a Christmas initiative in 2013, a generous sum was raised by the Anthony Henday Drive project in Canada, in which Flatiron is a participant, for the Canada-based "Dogs with Wings" organization. The money is to be used for training a puppy to become a guide dog. When they finish their training, both dogs will enable people with disabilities to live more independently.

Total donations and sponsorship in the HOCHTIEF Group (EUR million)



HOCHTIEF's organizational units and companies may not make donations to political organizations, parties, or individual politicians, whether directly or indirectly (excerpt from our Code of Conduct). The Code of Conduct can be found in full on the Internet at www.hochtief.com/codeofconduct).

In summer 2014, a volunteer team from HOCHTIEF Construction Austria repaved the exterior areas of a Caritas facility for the disabled at St. Leonhard am Forst in Lower Austria. The construction materials were paid for by HOCHTIEF. A total of 15 employees paved a terrace, a parking lot, and a wheelchair-accessible path around the residential building and workshop run by the charitable organization.

Environmental protection: Responsibility for climate and resources

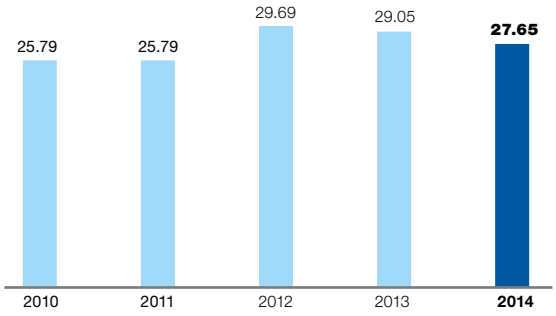
This chapter is part of Focus Areas Resource Protection and Active Climate Protection

We are aware that HOCHTIEF's business affects the natural environment—the soil, water, air, climate, and biological diversity. So together with partners, our experts are working on numerous developments geared to active climate protection, including keeping the impact of our activities to a minimum as well as avoiding environmental damage. There is a firm commitment throughout the HOCHTIEF Group to conserve resources, optimize their use, and systematically reduce emissions harmful to the environment and our climate.

For HOCHTIEF, environmental, resource, and climate protection is a top priority. We aim to continuously improve our performance in this area so as to not only minimize the risk for our company but also because we have a responsibility toward the environment and society.

The environmental indicators set out below as well as the Group coverage* are to be viewed in relation to the Group work carried out for each year. At the same time, they depend directly on the nature and scope of the relevant projects. That means the higher the Group work done, the higher the greenhouse gas emissions.

Work done (EUR billion)

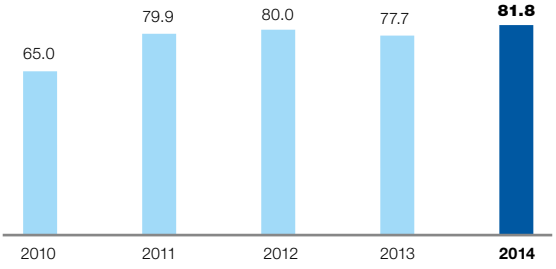


Organizational structure of environmental, resource, and climate protection in the HOCHTIEF Group

Environmental protection-relevant issues are coordinated centrally in the Center for Occupational Safety, Health and Environmental Protection (OSHEP Center). This center reports directly to HOCHTIEF's Labor Director on the Executive Board, which underlines the key importance attached to the issue. All activities are based on the Group-wide environmental protection policy. It is set down in a corresponding directive and defines the minimum requirements.

The OSHEP Center brings together environmental and occupational safety experts. They ensure that general environmental requirements are organized in a legally compliant manner and also support the management and project teams on site with their expertise. The HOCHTIEF divisions have themselves taken responsibility for enshrining environmental and climate protection in their organizational structures and take the appropriate steps to ensure that the applicable legal provisions and HOCHTIEF standards are complied with and implemented.

Share of environmental management systems (ISO 14001) in the HOCHTIEF Group measured in terms of staff headcount** (in %)



Environmental, resource, and climate protection is integrated into each HOCHTIEF division's project processes. To this end, there are management systems based on international standards (ISO 14001). In 2014, the percentage of environmental management systems (ISO 14001) in the HOCHTIEF Group stood at 81.8%.

Identifying risk early on

The key factor for a successful, accident-free project from an environmental protection perspective is to identify and assess the relevant environmental risks early on. Only then can preventive measures be planned and effectively implemented in the course of the project. This is why environmental protection experts at HOCHTIEF are involved in projects as early as the bid phase to coordinate the necessary measures on a cross-disciplinary basis and implement them in the con-

*Coverage: Proportion of data reported in relation to Group work done.

**For further information, please see the Employees section on pages 117 to 122.

struction phase. The relevant issues are then tracked continually during project operations, and activities adjusted where necessary. Environmental and climate protection aspects are also a fixed component in investment decisions.

In addition to compliance with fundamental legal and normative requirements, it is also very important to analyze how and why incidents of environmental damage have occurred in order to achieve accident-free project operations. Evaluating near-accidents can also provide valuable insights when it comes to preventing future environmental damage. A graduated reporting system is used to record and assess environmental damage.

Environmental damage

Incidents resulting in significant chemical or biological environmental damage must be reported to HOCHTIEF. Such incidents are internally divided into three levels:

- Level 1: Trans-regional, high severity and/or irreversible detrimental effect and/or estimated impact of over EUR 5 million
- Level 2: Medium severity, estimated impact exceeding general deductible but under the general amount of coverage of EUR 5 million
- Level 3: Low severity, impact below the general deductible

No Level 1 environmental damage was reported in the HOCHTIEF Group in 2014. Four instances of Level 2 environmental damage were reported. Minor instances of environmental damage and low-severity Level 3 incidents are dealt with under the auspices of the relevant unit and are not reported Group-wide.

Fines

In the period under review, no non-monetary fines were levied against HOCHTIEF for violations of environmental regulations.

Fostering employee awareness and training

HOCHTIEF considers it important that employees develop an in-depth understanding of ecological issues. The only way to guarantee sustained occupational safety, health, and environmental protection is by keeping employees well-informed and well-trained across the board. To this end, organizational structures must be tailored to employees' needs and employees should regard them as supportive in their everyday work. In order to achieve this kind of acceptance, we are fostering employee awareness of the issue and providing our workforce with thorough training. This is part of an ongoing process which entails training measures in the form of regular in-project instruction and training lectures.

HOCHTIEF also attaches particular importance to providing training and continuing education for our environmental and health and safety experts. They are always up to date in their areas of specialization and advise the project executives in their environmental protection activities. These experts share their experiences on a regional basis via internal and external working groups.

Environmental, resource, and climate protection topics at HOCHTIEF

Hazardous substances management

Comprehensive hazardous substances management forges a link between environmental and occupational safety. The handling of products containing hazardous substances affects not only occupational safety, but also raises questions of proper storage, transportation, and disposal. To this end, there are country-specific indexes, regulations, and guidelines. For example, HOCHTIEF Solutions in Europe has developed and introduced a concept that puts into practice the requirements of the Hazardous Materials Ordinance (Gefahrstoffverordnung): An Internet-based program allows hazardous substances indexes to be drawn up. At the same time, it helps to generate safety data sheets and additional information on individual materials—such as toxicological evaluations of building materials used—as well as workplace-specific operating instructions.

Focus area indicator

Resource protection; aspect: Waste
For further information, please see the GRI index on pages 260 and 261.

Waste management

In light of the growing shortage of resources, it is increasingly important to treat construction waste in the right way. Recording selective material separation as accurately as possible in demolition and earthwork activities promotes high-quality recycling of materials and, together with detailed planning of the quantities of materials needed for the HOCHTIEF projects, helps to ensure the careful use of raw materials. Methods of waste disposal are set out in project-specific concepts. For large-scale infrastructure projects, plans are developed early on to keep quantities of excavation materials to a minimum, to reuse them and, where possible, to deploy a large percentage of recycled materials.

Waste requiring disposal in the HOCHTIEF Group (t)

	Waste requiring disposal	Group coverage*
2014	8,363,958	100 %
2013	3,011,091	94 %
2012	1,061,669**	75 %
2011	499,384	40 %
2010	510,464	45 %

8,213,595 tons of the total amount of waste generated in 2014 can be allocated to the category non-hazardous.

Disposal method in the HOCHTIEF Group (in t)

Recycling/diversion (including energy recovery)	5,881,835
Landfill/disposal	2,482,123

The Group-wide waste recycling rate was approximately 70% in 2014 (2013: 81%).

Due to construction measures in Australia, where excavation material had to be deposited in landfills, the Group-wide recycling rate decreased and the total waste volume increased sharply.

Turner developed an online program for recording waste—Online Waste Tracking—back in 2005. This program records and analyzes waste disposal and recycling data in construction and demolition projects. Several hundred projects are recorded each month. In the reporting year, Turner recycled approximately 443,595 metric tons of construction waste, which corresponds to a rate of around 91%.

Water management

In many building projects, water is an important consideration. This relates not only to the water required for the construction process; intrusions into the groundwater supply for dewatering measures also need to be carried out in an environmentally-friendly way. HOCHTIEF tackles this issue with tailor-made concepts. Water management also deals with aspects of the use of groundwater and drinking water in the course of the project, the disposal of recycled and waste water, infiltration, water pollution, and water treatment.

The data is estimated from material-specific cost types assuming average prices. In the HOCHTIEF Asia Pacific division, 20.6% of the water is drawn from fresh-water sources and 51.3% from recycled water.

Water consumption (in m^3)

	Water consumption	Group coverage
2014	37,128,755	50%
2013	19,679,874	67 %
2012	5,074,045***	68 %
2011	735,000	35 %
2010	671,000	45 %

In the HOCHTIEF Europe division, water is generally drawn from fresh-water sources. Extraction from other sources is not open to influence due to the Group's project structure.

A particularly good example of the responsible use of water as a resource is our team in London, which is currently working on the C310 tunnel contract as part of the Crossrail mega infrastructure project. Employees of the HOCHTIEF Murphy joint venture saved a total of 68 million liters of fresh water in the excavation of the

*Coverage: Proportion of date reported in relation to Group work done.

**For the HOCHTIEF Asia Pacific division, this figure was only used as a basis for six months.

***For the HOCHTIEF Asia Pacific division, this figure was only used as a basis for six months.

two approximately 6-kilometer tunnel tubes under the Thames—that is enough to fill more than 27 standard swimming pools. The excavation requires high water pressure. Rather than using drinking water for this, our tunnel experts collected the water pumped from the Plumstead Portal, which also forms part of the C310 project, to drain it dry. This achievement won the team a sustainability award in the Environmental Performance category, which our client Crossrail regularly presents. At the start of the year, the team was already honored with the Crossrail Green Line Award for outstanding environmental protection standards, due in particular to its integrated approach: The tunnel builders endeavor to reduce the consumption of concrete, production waste, and energy at every stage. Their aim is not just to meet benchmarks, but to exceed them.

Biodiversity

HOCHTIEF's goal is to conserve biological diversity in its project environments. Where necessary, we work—often in close collaboration with the authorities responsible—to develop specific environmental concepts. These cover all requirements and measures to be carried out in terms of nature conservation and environmental protection. Their implementation is monitored during construction and measures are adjusted where necessary.

On the Queensferry Crossing bridge project in Scotland, protective measures were taken for whales, seals, and shoals of fish. Foundation drilling work for the bridge caissons only began when no large marine animals were detected within a radius of one kilometer because the vibrations disturb them.

For further information, please see www.hochtief.com/clientportal

For the PPP project won in the reporting period to widen the A7 freeway in Hamburg and Schleswig-Holstein, the team is taking particular care to protect the dormouse. Woodland clearance work for the project may only be carried out in spring so as not to endanger the animals, which hibernate in burrows. In one construction segment, dormice are relocated to newly created replacement habitats.

Turner's Seattle office played a major part in developing the Salmon Safe construction certificate. After steep population decline due to the destruction of many spawning grounds, the wild Pacific salmon has become symbolic of nature conservation in the U.S. Northwest. Factors include overfishing, changes in river ecosystems as a result of deforestation, avalanches, and erosion. The new certificate is awarded to construction projects in which water quality is protected and sediment is prevented from being washed from construction sites into surface waters. Turner implemented the necessary measures in its construction of the Vulcan Block 45 office building in Seattle, Washington, which will have a LEED Gold rating and is targeted for Salmon Safe certification upon completion in the third quarter of 2015.

Energy efficiency and emissions

We aim to use energy efficiently, save electricity, and reduce emissions throughout the Group. To this end, we record and measure our emissions and consumption on an ongoing basis to derive further potential for reductions from those findings. Our focus is both within the Group and at our clients. This makes HOCHTIEF one of the world's leading providers of "green" building: Our companies construct buildings noted for their power and heat conservation. At HOCHTIEF, we employ a wide range of measures and regulations to reduce carbon emissions—for instance, by way of equipment specifications for the company fleet. Flatiron runs a particularly environment-friendly vehicle fleet and has been continuously awarded Platinum-level Green Fleet certification for this by the Association of Equipment Management Professionals since 2011. Platinum is the highest award level. Flatiron pays special attention to low-emission, fuel-saving vehicles on construction sites and for company cars. In Germany, company cars are allowed to emit a maximum 160 grams of CO_2 per kilometer. In 2014, the average carbon emission was just 133 grams per kilometer.

We help to save energy on infrastructure projects through innovative ideas. In January 2014, at the "Cross City Tunnel" project in Sydney and the "Airport Link" project in Brisbane, Leighton held tunnel energy efficiency workshops to determine how much energy and greenhouse gas emissions can be saved through modern ventilation systems. During the reporting year, the tunnel projects run by Leighton Contractors were systematically monitored and analyzed. Thanks to the new systems, emissions of 934,000 kWh and thus around EUR 100,500

were saved by the end of the year at Cross City Tunnel since April 2014; the Airport Link reduced energy consumption by 3,054,000 kWh of energy and hence by EUR 218,000. These savings will have a positive impact on the project life cycle also in years to come. At the same time, the findings of these two excellent examples will be used in existing and future projects.

Pollutants in building fabric

The construction industry uses materials and products manufactured industrially and chemically. Once installed, it is often no longer possible to clearly identify materials individually, such that there is a risk of unintentional release due to construction activity. In certain circumstances, this can have an environmental impact—for example, in the form of contamination—or cause damage to health. For this reason, HOCHTIEF takes the risk of pollutants in building products very seriously and ensures that contractors and managers systematically allow for this issue throughout all construction processes affected. Careful separation also ensures a high degree of purity in construction waste, paving the way for high-quality recycling.

Greenhouse gas emissions: Scope 1, Scope 2, Scope 3*

The key figures shown relate to the energy consumption and carbon emissions of the main corporate units in the HOCHTIEF Americas, Asia Pacific, and Europe divisions. The majority of the data was determined from material-specific cost types assuming average prices. The ratio of material to service costs in the HOCHTIEF Europe division was also assumed for the HOCHTIEF Americas and the HOCHTIEF Asia Pacific divisions. Until 2012, direct and indirect carbon emissions were determined; from 2013 Scope 3.

Turner GREEN ZONE

Green Zone program

In 2014, Turner analyzed its employees' workplace situation for the fourth year in a row with the Green Zone program. Out of 305 offices and construction sites, 159 were identified and certified as Green Zones. In the prior year, it was 146 offices. Improvements targeted by the program include the environmental life cycle assessment and the working environment. To this end, employees answer questionnaires on aspects in five categories covering comfort and environmental quality, recycling and waste disposal, water efficiency, energy and indoor air quality as well as innovation and design.

Carbon savings through green buildings

Group coverage**

	Scope 1	Scope 2	Scope 3
2014	100 %	100 %	100 %
2013	97 %	93 %	93 %
2012	85 %	88 %	–
2011	85 %	85 %	–

*The GHG Protocol Corporate Standard categorizes companies' direct, indirect and extended emissions into three "scopes" (see chart).

**Coverage: Proportion of data reported in relation to Group work done

Classification of greenhouse gas emissions

Scope 1 includes all direct sources of emissions that are owned or controlled by the company (such as carbon emissions from HOCHTIEF vehicles).

Scope 2 includes all indirect emissions from the company's consumption of energy (electricity, district heating).

Scope 3 includes all other indirect emissions that arise in the company's value chain and thus similarly fall within its scope of responsibility (such as carbon emissions from use of materials by HOCHTIEF subcontractors).

Scope 1
Direct

Burning of fossil fuels

Cars

Scope 2
Indirect

Purchased energy

Scope 3
Extended

Business travel

Waste disposal

Production of purchased materials

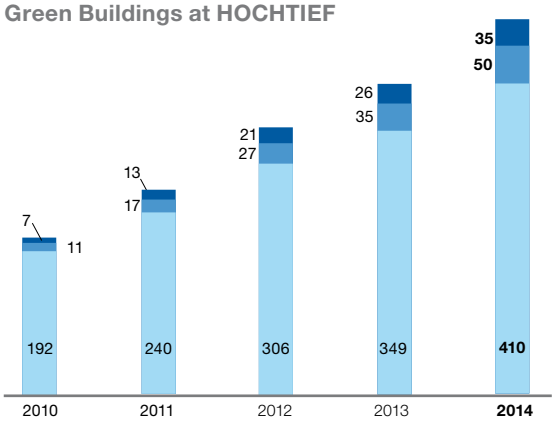
With our sustainable products and services—notably with green buildings, which are certified by LEED, Green Star, or DGNB—we substantially reduce our carbon footprint. This happens not only during construction, such as when recycled material or effective heat protection is used, but also during operation with state-of-the-art heating systems. According to the Emissions Gap Report 2014 by UNEP*, energy efficient buildings use 60% to 90% less energy than those built using conventional means.

*United Nations Environment Programme (UNEP)

***Electricity figures in the HOCHTIEF Americas division partly extrapolated.

Group sales in the green building market segment had reached more than EUR 5 billion by 2014.

Green Buildings at HOCHTIEF



HOCHTIEF Europe division (DGNB, LEED, BREEAM, other)**
HOCHTIEF Asia Pacific division (Green Star, LEED, other)
HOCHTIEF Americas division (LEED, other)

Cumulative number of certified "green" buildings constructed by HOCHTIEF at Dec. 31, 2014

**For details, please see glossary on pages 265 and 266.

HOCHTIEF's major office locations in Germany have been using green power fully since 2010. The Leighton Group similarly uses green power at selected locations.

Energy consumption levels and the greenhouse gas emissions inferred from them directly depend on the nature and scale of the projects in progress. A tunneling project with a tunnel boring machine, for example, generates far greater indirect carbon emissions than a building construction site. The figures specified here relate solely to materials purchased by the HOCHTIEF Group.

Group energy consumption in 2014

	Quantity	Group coverage
Electricity***	522,337 MWh	100 %
Heating oil	313,037 liters	10 %
Diesel	1,990,171,406 liters	60 %
Gasoline	8,735,068 liters	100 %
Other	289 MWh	60 %

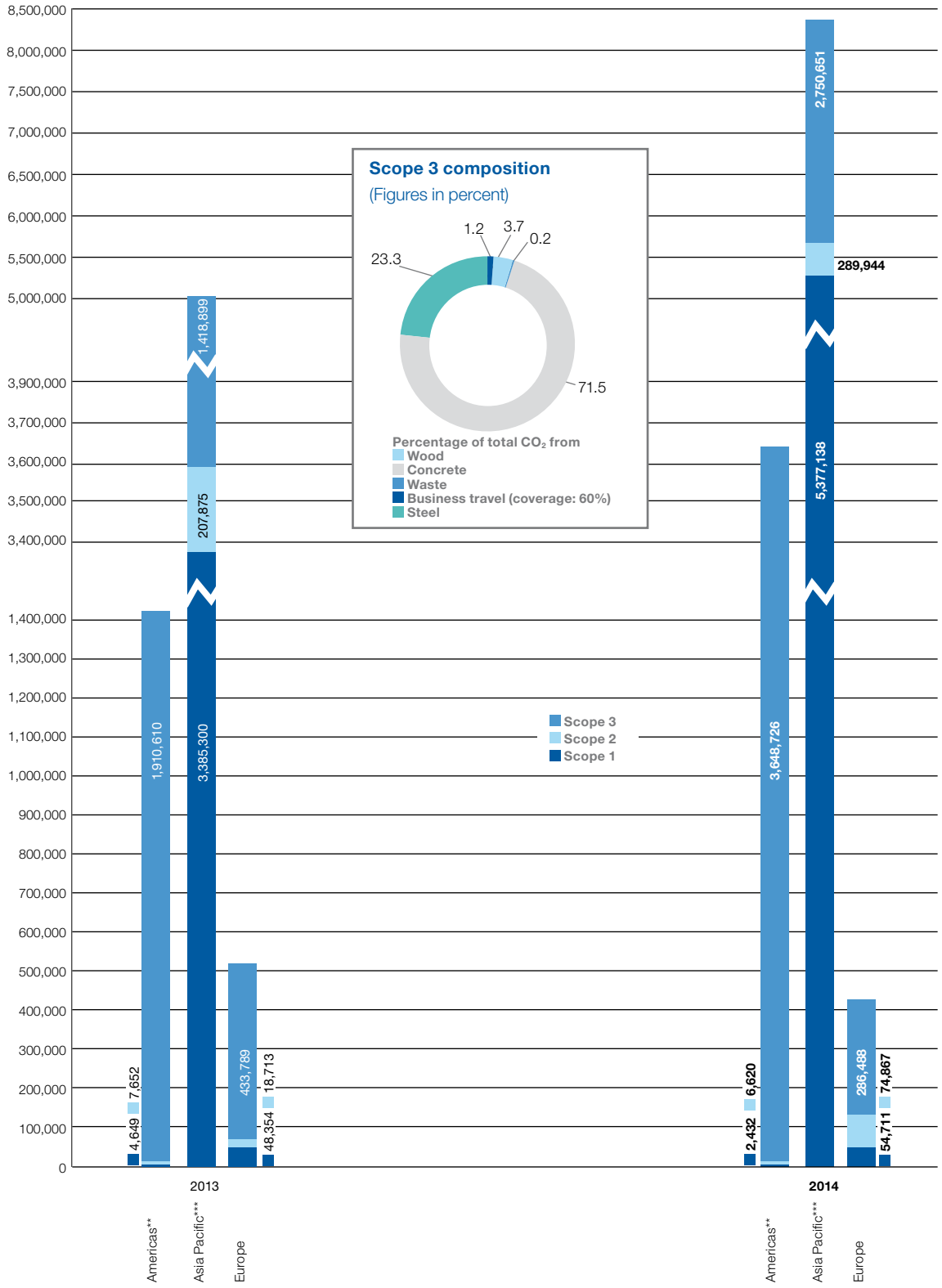
Materials used in 2014

	Quantity	Group coverage
Concrete	13,251,074 m^3	100 %
Steel	1,032,352 t	100 %
Wood	1,230,680 m^3	100 %

Refurbishment

Part of our service portfolio comprises building refurbishment and redevelopment. This is especially environment- and resource-friendly as it does not involve sealing new land. Some of the materials already present in a building can be reused, which cuts down on the amount of waste. We also allow for historic landmark specifications where applicable. The preservation of old buildings is also important from an urban development perspective, in terms of retaining the character of the urban landscape.

Greenhouse gas emissions* (t/CO_2)



Focus area indicator

Active Climate Protection; aspect: Greenhouse gas emissions
For further information, please see the GRI index on pages 260 and 261.

*Metric tons of carbon equivalent. Source for carbon conversion factors: GHG Protocol, DEFRA and Germany's Federal Environmental Agency.

The GHG Protocol Corporate Standard categorizes companies' direct, indirect and extended emissions into three "scopes":
Scope 1 includes all direct sources of emissions that are owned or controlled by the company (such as carbon emissions from HOCHTIEF vehicles).
Scope 2 includes all indirect emissions from the company's consumption of energy (electricity, district heating).
Scope 3 includes all other indirect emissions that arise in the company's value chain and thus similarly fall within its scope of responsibility (such as carbon emissions from use of materials by HOCHTIEF subcontractors).

The figures are not yet fully comparable due to differing detail levels in divisional statistics. Intensive efforts are underway to establish a comparable data basis across the Group.

** HOCHTIEF Americas Scope 1 and Scope 2 data are based on assumptions and projections. Scope 1 relates solely to fuel consumption by company vehicles. Scope 2 reflects estimated electricity consumption.

***All data provided by the HOCHTIEF Asia Pacific division refer to the period from July 1, 2013 to June 30, 2014.

CR Program—Corporate responsibility and CR management

In our CR program, we present our goals for sustainable corporate responsibility and our CR management as well as the key aspects, which we have defined in six focus areas and for each of which we have derived an overarching objective. From the focus areas, we have derived Group-wide, division- and business area-specific subject areas, which are also defined with corresponding goals and measures.

Subject area	Goal by 2020	Status December 31, 2014
Transparency and data quality	Ongoing participation in national and international sustainability rankings and ratings	Included again in the Dow Jones Sustainability Index Europe for the ninth time in a row as the only German construction group; CDP: Climate Performance Leader 2014 for the fifth time in a row
	Continuous improvement in data quality	Use of the IT system CRedit together with manual queries
	Gradual development toward integrated reporting	Merging of the annual report and the sustainability report into a combined Group Report 2014
Innovation	Encourage transfer of knowledge between the divisions	Initiative launched: In 2014, HOCHTIEF took part in Turner's Innovation Summit in the USA. Video conferences have been held and visits made in the divisions.
	Uphold investment volume in R&D projects	Investments in R&D projects in 2014: EUR 3.2 million
	Ideas Management at HOCHTIEF Europe: Increase number of ideas to 250; set up five Ideas Workshops per year	Number of ideas in 2014: 64 One Ideas Workshop (initiative) has been held
Reputation	Maintain high image and reputation value in Germany at ≥ 75%	87%
Stakeholder dialog	Develop and implement an extended concept for conducting a materiality analysis in accordance with GRI G4	Group of respondents was increased for the 2014 materiality analysis; participants: 1,583 (prior year: 1,489)
	Introduce annual stakeholder dialog events	Stakeholder dialog event was held on November 20, 2014.
	Step up analyst and investor communications on sustainability	November 2014 ESG/SRI conference in Paris
Corporate governance	Revise Group directive on CR	In the approval process

CR program—Topics

Focus area 1: Compliance

Overarching objective: We aim to set standards with our code of conduct.

Subject area	Goal by 2020	Status December 31, 2014
Anti-corruption and economic crime	Expand training offering	In 2014, more than 14,000 employees (2013: 7,300) throughout the Group received compliance training.
	Expand Group-wide standards on dealing with business partners	Further expansion of compliance requirements HOCHTIEF Business Partner Compliance Due Diligence is being prepared.
	Reduce the fully-consolidated Group companies in countries with increased risk of corruption	Further withdrawal from countries with increased risk of corruption
Supply chain management (Code of Conduct for Business Partners)	Continuously increase proportion of prequalified and validated contract partners	Contract partners prequalified and validated: HOCHTIEF Americas (Turner): 99%; HOCHTIEF Asia Pacific: 81%; HOCHTIEF Europe: 99%; number of prequalified contract partners: 89,547

Focus area 2: Sustainable products and services

Overarching objective: We aim to develop sustainable products for transportation infrastructure, energy infrastructure, social and urban infrastructure, and mining. For this reason, we take an integrated approach to our projects and ensure top quality from end to end.

Subject area	Goal by 2020	Status December 31, 2014
Sustainability excellence team	Develop solutions to meet the needs of the market	Realignment complete; the next meeting of the excellence team will be held in March 2015.
Green building and sustainable infrastructure	Expand range of sustainable projects in building construction and civil engineering Group-wide	Cumulated values as of Dec. 31, 2014: LEED-certified projects: 418; LEED-registered projects: 420; DGNB-certified projects: 23; DGNB-registered projects: 30; Green Star-certified projects: 46; Green Star-registered projects: 34; BREEAM-certified projects: 3; BREEAM-registered projects: 1; Other certificates: 8; other precertificates: 4; ISCA-certified projects: 2; ISCA-registered projects: 14; CEEQUAL-certified projects: 2; CEEQUAL-registered projects: 3 Greenroads-registered projects: 1
		Accredited auditors (as of December 31, 2014) LEED: 1,482; DGNB: 2; Greenstar: 34; BREEAM: 1; ISCA: 63; Greenroads: 2; other: 22
Building Information Modeling (BIM)	Promote further development and implementation in all divisions	A focus of innovation at HOCHTIEF since 2003, BIM has been implemented strategically and organizationally in all divisions. By 2014, the HOCHTIEF Group had carried out more than 1,129 BIM projects: HOCHTIEF Americas Division (Turner): 683 BIM projects HOCHTIEF Asia Pacific Division (Leighton): 56 BIM projects HOCHTIEF Europe Division (ViCon): 430 BIM projects
	Continuously increase the number of BIM training courses	726 employees received training (HOCHTIEF Americas Division 431, HOCHTIEF Asia Pacific Division 147, HOCHTIEF Europe Division 148
	Promote Group-wide exchange, stage annual “BIM Exchange” event	First “BIM Exchange” event in March 2015

Focus area 3: Attractive working environment

Overarching objective: We aim to further boost our position as a sought-after employer and, over the long term, make a name for ourselves among the most attractive employers in the industry.

Subject area	Goal by 2020	Status December 31, 2014
Occupational safety and health	Increase percentage of employees working according to an internationally recognized and certified occupational safety and health management system to 90%	Group-wide certification rate: 89.5% (2013: 76.8%)
	Reduce Lost Time Injury Frequency Rate (LTIFR) to 1.35	LTIFR in the HOCHTIEF Group in 2014: 1.42 (2013: 1.68; 2012: 1.97; 2011: 2.37; 2010: 2.15)
	Group-wide statistics on significant types of injury at HOCHTIEF	Good figures for the HOCHTIEF Europe division
Employee satisfaction	Maintain average tenure of employment	HOCHTIEF Americas Division: 6.7 years HOCHTIEF Asia Pacific Division: 3.9 years HOCHTIEF Europe Division: 11.1 years
Train employees	Maintain average number of continuing education hours per employee within the Group at current level	2014: around 22 continuing education hours per employee* HOCHTIEF Americas Division: around 19 hours HOCHTIEF Asia Pacific Division: around 24 hours HOCHTIEF Europe Division: around 12 hours (18 hours in Germany)
	Selectively foster young specialist and managerial talent Group-wide	305 participants in talent pools** (105 Germany; 200 international)

*includes both in-person seminars and e-learning units; **Talent pool = group of selected high-potential employees who are given targeted support in preparation for taking up a position as expert or middle-management executive

Focus area 4: Resource protection

Overarching objective: We aim to conserve natural resources and optimize the use of resources.

Subject area	Goal by 2020	Status December 31, 2014
Environmental protection	Increase percentage of employees working according to an internationally recognized and certified environmental management system	Group-wide certification rate: 81.8% (ISO14001)
Resource protection	Increase recycling rate to 85%	Group-wide recycling rate: approximately 70%
	Increase coverage for relevant environmental data to 100%	Water consumption at Leighton: 50% coverage; waste: 100% coverage
	Participation in CDP Water Disclosure Program	2015: in preparation

Focus area 5: Active climate protection

Overarching objective: We aim to save CO_2 emissions ourselves and jointly with our clients.

Subject area	Goal by 2020	Status December 31, 2014
Climate protection: strategy and organization	Develop new guidelines on occupational safety and health, environmental and climate protection in 2015	In the consultation phase
	Ensure permanent listing in Climate Disclosure Project (CDP)	Climate Disclosure Score 95 Climate Performance Leadership Index B
Greenhouse gas emissions	Compile comparable statistics on greenhouse gas emissions in HOCHTIEF Divisions	Status as of 2014: Statistics not yet fully comparable due to differing detail levels in divisions.
	Based on current usage of the telepresence system, a saving of around 8,000 metric tons of CO_2 by 2020 is forecast	Approximately 1,100 metric tons of CO_2 saved per year (assuming each telepresence conference replaces one personal meeting between two individuals, with air travel) and the figures are transferable to 2014.
	Take CO_2 compensatory measures	HOCHTIEF Holding 2014: 59.3 metric tons of CO_2 compensated in relation to print products
Climate protection through renewable energies	Initiate four R&D projects per year devoted to renewable energies	HOCHTIEF Solutions: projects to date 2011–2014: 18

Focus area 6: Corporate citizenship

Overarching objective: We aim to get involved in the community wherever our company is at work.

Subject area	Goal by 2020	Status December 31, 2014
Corporate citizenship	Continuously improve framework for corporate citizenship	2014: Group directive on donations and sponsorship implemented
	Promote sponsorship activities in relation to HOCHTIEF projects	Examples of this can be found on the Internet www.hochtief.com/community
	Continue involvement in Bridges to Prosperity and extend Group-wide	2014: one project carried out in Rwanda, one in Nicaragua, see www.hochtief.com/b2p
	Present measurability of the social benefit of our involvement in sponsorship—focus on Bridges to Prosperity	Information about the number of people who benefit from the construction of a footbridge in remote regions.

Focus Area Sustainable Products and Services

Perth Children's Hospital, Australia
A place for health

Economy: New healthcare properties are being built across the globe. Many of them are the work of HOCHTIEF—including this one in Perth, Australia. John Holland, a subsidiary of our Australian Group company Leighton, is constructing a state-of-the-art, 298-bed children's hospital slated for completion in 2015.

Ecology: The hospital has an Ecologically Sustainable Design strategy, with features including an active facade that reacts to temperature changes.

Community: The new Perth Children's Hospital replaces the city's old facility and will offer 20% more beds as well as a far greater number of operating theaters. The result: a significant improvement in the medical infrastructure in Australia's fourth largest metropolis, and tertiary level paediatric health services.

Consolidated Financial Statements and Notes

HOCHTIEF Group Consolidated Financial Statements as of December 31, 2014

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Consolidated Statement of Earnings

(EUR thousand)	Note	2014	2013 (restated)*
Sales	(1)	22,099,054	22,498,675
Changes in inventories		(30,425)	(77,851)
Other operating income	(2)	225,403	454,362
Materials	(3)	(15,745,552)	(15,540,661)
Personnel costs	(4)	(4,415,757)	(4,731,004)
Depreciation and amortization	(5)	(440,427)	(686,439)
Other operating expenses	(6)	(1,767,628)	(1,331,177)
Profit from operating activities		**(75,332)**	**585,905**
Share of profits and losses of equity-method associates and jointly controlled entities	(7)	75,482	152,829
Net income from other participating interests	(7)	43,006	57,535
Investment and interest income	(8)	104,352	78,945
Investment and interest expenses	(8)	(324,655)	(345,370)
Profit before taxes—continuing operations		**(177,147)**	**529,844**
Income taxes	(9)	45,366	(158,170)
Profit after taxes—continuing operations		**(131,781)**	**371,674**
Profit after taxes—discontinued operations**		537,564	173,685
Profit after taxes—total		**405,783**	**545,359**
Of which: Consolidated net profit/(loss)		[251,687]	[171,196]
Of which: Minority interest	(10)	[154,096]	[374,163]
Earnings per share (EUR)			
Diluted and undiluted earnings per share—continuing operations	(32)	(1.77)	0.98
Diluted and undiluted earnings per share—discontinued operations	(32)	5.41	1.39
Total earnings per share		**3.64**	**2.37**

*Restated for IFRS 5 and IFRS 11. For notes on the adjustments, please see pages 177–178 and 186 et seq.

**For further information, please see pages 177–178 and 182–183.

Consolidated Statement of Comprehensive Income

(EUR thousand)	2014	2013
Profit after taxes	**405,783**	**545,359**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	370,594	(365,648)
Changes in fair value of financial instruments		
Primary	22,123	(144,079)
Derivative	(18)	19,034
Share of profits and losses of equity-method associates and jointly controlled entities recognized directly in equity	3,595	150,382
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	(110,576)	18,244
Other comprehensive income (after taxes)	**285,718**	**(322,067)**
Total comprehensive income after taxes	**691,501**	**223,292**
Of which: HOCHTIEF Group	[445,260]	[53,712]
Of which: Minority interest	[246,241]	[169,580]

Consolidated Balance Sheet

(EUR thousand)	Note	Dec. 31, 2014	Dec. 31, 2013 (restated)*	Jan. 1, 2013 (restated)*
Assets				
Non-current assets				
Intangible assets	(11)	866,299	830,094	713,669
Property, plant and equipment	(12)	1,304,566	1,378,357	1,905,286
Investment properties	(13)	15,252	15,996	19,331
Equity-method investments	(14)	898,484	698,508	1,084,170
Other financial assets	(15)	129,374	75,268	91,752
Financial receivables	(16)	631,479	526,730	635,283
Other receivables and other assets	(17)	74,830	93,831	101,516
Non-current income tax assets	(18)	24,863	57,047	23,929
Deferred tax assets	(19)	265,527	125,175	257,941
		4,210,674	**3,801,006**	**4,832,877**
Current assets				
Inventories	(21)	919,505	1,159,342	1,452,896
Financial receivables	(16)	77,474	126,934	135,285
Trade receivables	(21)	5,066,174	5,983,079	5,553,569
Other receivables and other assets	(17)	199,045	198,676	234,398
Receivables from the sale of discontinued operations	(17)	1,108,112	–	–
Current income tax assets	(18)	139,867	34,947	33,130
Marketable securities	(23)	741,535	1,123,258	628,800
Cash and cash equivalents	(24)	2,585,359	2,190,132	2,641,178
Assets held for sale**		171,579	333,773	1,851,904
		11,008,650	**11,150,141**	**12,531,160**
		15,219,324	**14,951,147**	**17,364,037**
Liabilities and Shareholders' Equity				
Shareholders' equity	(25)			
Attributable to the Group				
Subscribed capital		177,432	197,120	197,120
Capital reserve		804,018	784,326	784,050
Revenue reserves		1,183,395	1,484,243	1,800,131
Of which: Deduction for treasury stock		[48,304]	[344,450]	[89,138]
Accumulated other comprehensive income		(118,207)	(315,574)	(217,939)
Unappropriated net profit		131,688	115,500	77,000
		2,178,326	**2,265,615**	**2,640,362**
Minority interest		**933,052**	**1,028,085**	**1,603,445**
		3,111,378	**3,293,700**	**4,243,807**
Non-current liabilities				
Provisions for pensions and similar obligations	(27)	378,697	242,471	309,647
Other provisions	(28)	449,906	505,260	523,327
Financial liabilities	(29)	3,073,471	2,700,235	2,749,980
Other liabilities	(30)	33,190	42,648	63,240
Deferred tax liabilities	(19)	47,158	126,149	92,713
		3,982,422	**3,616,763**	**3,738,907**
Current liabilities				
Other provisions	(28)	1,156,127	921,153	985,360
Financial liabilities	(29)	982,374	726,786	1,399,716
Trade payables	(31)	5,513,425	5,848,382	6,446,960
Other liabilities	(30)	399,653	460,845	385,380
Current income tax liabilities	(32)	10,682	15,402	8,747
Liabilities associated with assets held for sale**		63,263	68,116	155,160
		8,125,524	**8,040,684**	**9,381,323**
		15,219,324	**14,951,147**	**17,364,037**

*Restated for IFRS 11. For notes on the adjustment, please see page 186 et seq.

**For further information, please see page 177.

Consolidated Statement of Cash Flows

*Restated for IFRS 11. For notes on the adjustment, please see page 186 et seq.

(EUR thousand)	Note 37	2014	2013 (restated)*
Profit after taxes		405,783	545,359
Depreciation, amortization, impairments, and impairment reversals		503,064	798,302
Changes in provisions		(134,353)	98,010
Changes in deferred taxes		(208,928)	136,593
Gains/(losses) from disposals of non-current assets and marketable securities		(47,199)	(28,019)
Other non-cash income and expenses (primarily equity accounting) and deconsolidations		(85,856)	(374,902)
Changes in working capital (net current assets)		307,557	(884,132)
Changes in other balance sheet items		15,965	(10,366)
Net cash provided by operating activities		**756,033**	**280,845**
Intangible assets, property, plant and equipment, and investment properties			
Purchases		(575,335)	(931,803)
Proceeds from asset disposals		141,390	437,342
Acquisitions and participating interests			
Purchases		(147,964)	(520,970)
Proceeds from asset disposals/divestments		274,475	2,143,722
Changes in cash and cash equivalents due to consolidation changes		(309,079)	(16,720)
Changes in securities holdings and financial receivables		437,918	(534,138)
Net cash provided by/(used in) investing activities		**(178,595)**	**577,433**
Payment for repurchase of treasury stock		(49,227)	(255,552)
Payments received from sale of treasury stock		928	517
Payments for the purchase of additional shares in subsidiaries		(619,991)	(198,390)
Payments out of equity to minority shareholders		–	(124,862)
Payments into equity by minority shareholders		2,559	32,815
Other financing activities		(1,335)	1,005
Dividends to HOCHTIEF's and minority shareholders		(212,084)	(431,221)
Proceeds from new borrowing		1,650,551	2,617,671
Service of debt		(1,147,210)	(2,757,684)
Net cash provided by/(used in) financing activities		**(375,809)**	**(1,115,701)**
Net cash increase/(decrease) in cash and cash equivalents		**201,629**	**(257,423)**
Effect of exchange rate changes		193,598	(204,384
Overall change in cash and cash equivalents		**395,227**	**(461,807)**
Cash and cash equivalents at the start of the year		2,190,132	2,651,939
Of which: Included in assets held for sale		[-]	[10,761]
Of which: Cash and cash equivalents as per Consolidated Balance Sheet		[2,190,132]	[2,641,178]
Cash and cash equivalents at year-end		**2,585,359**	**2,190,132**

Consolidated Statement of Changes in Equity

Note 25 (EUR thousand)	Subscribed capital of HOCHTIEF Aktiengesellschaft	Capital reserve of HOCHTIEF Aktiengesellschaft	Revenue reserves*	Accumulated other comprehensive income: Remeasurement of defined benefit plans	Accumulated other comprehensive income: Currency translation differences	Accumulated other comprehensive income: Changes in fair value of financial instruments	Unappropriated net profit	Attributable to the Group	Attributable to minority interest	Total
Balance as of Jan. 1, 2013	197,120	784,050	1,800,131	(239,783)	148,876	(127,032)	77,000	2,640,362	1,603,445	4,243,807
Dividends paid	–	–	–	–	–	–	(73,613)	(73,613)	(357,608)	(431,221)
Profit after taxes	–	–	–	–	–	–	171,196	171,196	374,163	545,359
Currency translation differences and changes in fair value of financial instruments	–	–	–	–	(230,326)	94,604	–	(135,722)	(204,589)	(340,311)
Changes from remeasurement of defined benefit plans	–	–	–	18,238	–	–	–	18,238	6	18,244
Total comprehensive income	–	–	–	18,238	(230,326)	94,604	171,196	53,712	169,580	223,292
Transfer to revenue reserves	–	–	59,083	–	–	–	(59,083)	–	–	–
Other changes not recognized in the Statement of Earnings**	–	276	(374,971)	19,849	–	–	–	(354,846)	(387,332)	(742,178)
Balance as of Dec. 31, 2013/ Jan. 1, 2014	**197,120**	**784,326**	**1,484,243**	**(201,696)**	**(81,450)**	**(32,428)**	**115,500**	**2,265,615**	**1,028,085**	**3,293,700**
Dividends paid	–	–	–	–	–	–	(103,964)	(103,964)	(108,120)	(212,084)
Profit after taxes	–	–	–	–	–	–	251,687	251,687	154,096	405,783
Currency translation differences and changes in fair value of financial instruments	–	–	–	–	275,956	28,305	–	304,261	92,033	396,294
Changes from remeasurement of defined benefit plans	–	–	–	(110,688)	–	–	–	(110,688)	112	(110,576)
Total comprehensive income	–	–	–	(110,688)	275,956	28,305	251,687	445,260	246,241	691,501
Transfer to revenue reserves	–	–	131,535	–	–	–	(131,535)	–	–	–
Other changes not recognized in the Statement of Earnings**	(19,688)	19,692	(432,383)	3,794	–	–	–	(428,585)	(233,154)	(661,739)
Balance as of Dec. 31, 2014	**177,432**	**804,018**	**1,183,395**	**(308,590)**	**194,506**	**(4,123)**	**131,688**	**2,178,326**	**933,052**	**3,111,378**

*As of December 31, 2014, treasury stock with a purchase cost of EUR 48,304 thousand (2013: EUR 344,450 thousand) was accounted for as a deduction from revenue reserves. The treasury stock accounted for as a deduction from revenue reserves in the prior year has been redeemed. This reduced the subscribed capital of HOCHTIEF Aktiengesellschaft by EUR 19,688 thousand and increased the additional paid-in capital of HOCHTIEF Aktiengesellschaft by EUR 19,688 thousand.

**Other changes not recognized in the Statement of Earnings include a negative EUR 617,125 thousand (2013: a negative EUR 198,390 thousand) for the acquisition of additional shares in Leighton Holdings.

Notes to the consolidated financial statements

Accounting policies

General information

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and with supplementary provisions of German commercial law applicable under Section 315a (1) of the German Commercial Code (HGB). The same accounting policies applied in the prior year.

Alongside the Consolidated Statement of Earnings, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, and the Consolidated Statement of Cash Flows, the Consolidated Financial Statements also include a Consolidated Statement of Changes in Equity. Segment reporting is provided in these Notes.

For purposes of clarity, a number of items are combined in the Balance Sheet and in the Statement of Earnings. These items are broken down into their constituents and commented on elsewhere in these Notes. The Statement of Earnings is presented using the nature of expense method of analysis.

The Consolidated Financial Statements are presented in euros.

As an independent listed group, HOCHTIEF Aktiengesellschaft, Essen, Germany, publishes its own consolidated financial statements, which are also included in the consolidated financial statements of ACS Actividades de Construcción y Servicios, S.A., Madrid, Spain (ACS).

The Consolidated Financial Statements relate to the 2014 fiscal year, comprising the reporting period from January 1 to December 31, 2014.

The Executive Board of HOCHTIEF Aktiengesellschaft released the financial statements for publication on February 24, 2015. They will be approved at the Supervisory Board meeting on February 25, 2015.

Basis of consolidation

The Consolidated Financial Statements include HOCHTIEF Aktiengesellschaft and all significant domestic and foreign subsidiaries in which it directly or indirectly holds the majority of voting rights. This generally goes hand in hand with a majority shareholding. Three companies are consolidated by virtue of contractual arrangements. Significant associates and jointly controlled entities are accounted for using the equity method. Companies in which HOCHTIEF Aktiengesellschaft holds a majority of voting rights but over which it exercises joint control by contractual arrangement with other owners are likewise accounted for using the equity method unless classified as joint operations.

Holdings in subsidiaries or associated companies or jointly controlled entities deemed to be of minor overall significance from a Group perspective are not consolidated and are accounted for in accordance with IAS 39.

The list of subsidiaries, associates, and other equity interests held by the HOCHTIEF Group (pursuant to Section 313 (2) 1-4 of the German Commercial Code) is published in the electronic Bundesanzeiger (Federal Official Gazette). The main consolidated subsidiaries, equity-method investments, and joint operations are listed on pages 254–255.

A number of the subsidiaries included in the Consolidated Financial Statements make partial use of the exempting provisions in either Section 264 (3) or Section 264b of the German Commercial Code. A list of the companies that make use of these exemptions is included on page 253.

The Consolidated Financial Statements as of December 31, 2014 include HOCHTIEF Aktiengesellschaft and a total of 58 German, 412 foreign consolidated companies and, as in the prior year, five special-purpose funds. The number of consolidated companies showed a decrease of 13 over the previous year. Two German and 45 foreign companies were consolidated for the first time in 2014. The additions are mainly in the HOCHTIEF Asia Pacific division (30), the HOCHTIEF Europe division (8), and the HOCHTIEF Americas division (7). The majority are project companies. Eighteen domestic and 42 foreign companies have been removed from the consolidated group. Most of the companies removed from the consolidated group were in the HOCHTIEF Asia Pacific division (37) and the HOCHTIEF Europe division (21). Those in the HOCHTIEF Asia Pacific division mainly relate to the disposal of John Holland Group as well as the Thiess and Leighton Contractors service business. Those in the HOCHTIEF Europe division primarily relate to the sale of shares in residential developer formart. An entity is generally added to or removed from the consolidated group at the time the equity stake in the entity is acquired or disposed of.

Sixty-one affiliated companies of minor overall significance to the Group's financial position and results of operations were not consolidated in the year under review. Their combined sales represented less than 1% of consolidated sales.

Nineteen domestic and 174 foreign associates were accounted for using the equity method. This number showed a decrease of 93, with 29 companies added and 122 removed. The additions are mainly in the HOCHTIEF Asia Pacific division (19) and the HOCHTIEF Americas division (7). The companies removed from the consolidated group were mostly accounted for by the reclassification of 74 equity-method jointly controlled entities as joint operations in the HOCHTIEF Asia Pacific division. Due to their minor overall significance, a further 21 companies were not accounted for using the equity method.

Fifty-six joint operations in the HOCHTIEF Asia Pacific division are included in the Consolidated Financial Statements on a proportionate basis. Following the reclassification of 74 equity-method jointly controlled entities, 27 entities were added and 45 removed in the reporting year.

A total of EUR 98,732 thousand was expended in 2013 under asset deals and for purchases of companies consolidated for the first time; for EUR 19,797 thousand, the expenditure was made in cash.

Business combinations in 2013 affected Group earnings and the balance sheet as follows:

(EUR thousand)	2013
Non-current assets	71,000
Current assets excluding cash and cash equivalents	254,622
Cash and cash equivalents	5,216
Assets	**330,838**
Provisions	21,716
Other liabilities	268,002
Liabilities	**289,718**
Sales	**128,695**
Profit before taxes	**(63,289)**

A total of EUR 187,396 thousand in goodwill was recognized on acquisitions in 2014.

Consolidation policies

The financial statements of domestic and international companies included in the Consolidated Financial Statements are prepared in accordance with uniform Group accounting principles. All business combinations (acquisitions) are accounted for using the acquisition method. Business combinations are measured at the acquisition date by allocating the consideration given to the acquired subsidiary's net assets measured at fair value. Transaction costs arising in connection with such acquisitions are recognized directly as expense. All assets, liabilities, and contingent liabilities of an acquired subsidiary that satisfy the recognition criteria are measured at full fair value regardless of any minority interest. Intangible assets are recognized separately from goodwill if they are separable from the accounting entity or arise from contractual or other legal rights. Any goodwill then left is recognized as an asset. Goodwill is not amortized, but is tested instead for impairment in accordance with IAS 36 on an annual basis and whenever there are indications that it may be impaired. Negative goodwill arising on initial measurement is recognized immediately in income. On divestment, a pro rata share of the divesting division's goodwill is taken into account when measuring disposal proceeds.

Goodwill increased by EUR 53,473 thousand in the year under review, from EUR 613,204 thousand to EUR 666,677 thousand.

Income, expenses, receivables, and liabilities between consolidated companies are eliminated. Unrealized intercompany profits and losses are eliminated unless they are of minor significance. Any impairment losses recognized for consolidated companies in their separate financial statements are reversed.

The same policies apply for equity-method investments. These include the Group's associates and jointly controlled entities. Any goodwill increases the carrying amount of an investment. Like other goodwill, goodwill on equity-method investments is not amortized. Reductions in carrying amount due to impairment are reported in the share of profits and losses of equity-method associates and jointly controlled entities. The financial statements of all equity-method investments are prepared in accordance with uniform Group accounting and valuation principles.

Non-current assets held for sale and discontinued operations

Non-current assets held for sale (disposal group)

In view of the intention to sell, mining assets of PT Thiess Contractors Indonesia (HOCHTIEF Asia Pacific division) are accounted for in accordance with IFRS 5 as assets held for sale.

The assets and liabilities classified as held for sale are presented separately in the Balance Sheet. The table below shows the major classes of assets and liabilities held for sale. As of December 31, 2013 a cumulative amount of minus EUR 1,914 thousand was recognized in other comprehensive income.

(EUR thousand)	**Dec. 31, 2014**	Dec. 31, 2013
Intangible assets and property, plant and equipment	150,994	130,896
Financial assets	–	132,307
Other assets	20,585	70,570
Total assets	**171,579**	**333,773**
Liabilities	**63,263**	**68,116**

The stake in aurelis Real Estate GmbH & Co, KG in the HOCHTIEF Europe division was sold in 2014. A breakeven amount was recognized on deconsolidation. The sale proceeds were settled entirely in cash.

Discontinued operations

In accordance with its strategic alignment, HOCHTIEF Group company Leighton Holdings entered into binding agreements for the sale of John Holland Group as well as Thiess Services and Leighton Contractors Services in December 2014.

John Holland Group

On December 12, 2014, Leighton Holdings signed an agreement for the 100% sale of its subsidiary John Holland Group, Melbourne, Australia (JHG) to CCCC International Holding Limited, Beijing, China. The EUR 491,665 thousand proceeds on the sale, combined with amounts recognized on remeasurement (EUR 726 thousand), significantly exceeds the carrying amount of EUR 204,749 thousand, resulting in a disposal gain of EUR 287,642 thousand. In the period January 1, 2014 to December 12, 2014, the discontinued operations accounted for sales of EUR 2,168,544 thousand and profit after taxes—excluding the actual disposal gain—of EUR 24,798 thousand.

Thiess Services and Leighton Contractors Services

On December 17, 2014, Leighton Holdings announced the signing of an agreement for the sale of 50% of its activities in Thiess Services, Brisbane, Australia, and Leighton Contractors Services, Sydney, Australia, (Services) with the establishment of a joint venture with subsidiaries of Apollo Global Management, LLC. The purchase price receivable amounts to EUR 430,120 thousand. Taking into account the remeasurement of the remaining shares at fair value (EUR 154,373 thousand) and amounts recognized on remeasurement (EUR 5,072 thousand) as well as a carrying amount of EUR 216,218 thousand, the outcome was a gain of EUR 373,347 thousand. From January 1, 2014 to December 17, 2014, the discontinued Services operations accounted for sales of EUR 1,520,223 thousand and profit after taxes of EUR 104,223 thousand excluding the disposal gain.

The table below shows the main figures for the discontinued operations of John Holland Group and of Thiess Services and Leighton Contractors Services. The prior-year figures are compiled on a like-for-like basis, taking into account the June 2013 sale by Leighton Holdings of interests in the telecommunications sector as part of the Services activities.

(EUR thousand)	2014	2013
Income from discontinued operations		
Sales	3,688,767	4,523,511
Expenses	(3,531,328)	(4,407,195)
Net investment and interest income	995	59
Share of profit or loss of associates and jointly-controlled entities	10,459	834
Profit before taxes (excluding income from disposals)	168,893	117,091
Income taxes	(39,872)	(25,907)
Profit after taxes (excluding income from disposals)	**129,021**	**91,184**
Income from disposals, before taxes	660,989	154,282
Income taxes	(252,446)	(71,781)
Income from disposals, after taxes	**408,543**	**82,501**
Profit after taxes—discontinued operations	**537,564**	**173,685**
Net cash flow from discontinued operations		
Net cash used in operating activities	(198,737)	(455,526)
Net cash used in investing activities	(27,576)	359,010
Net cash used in financing activities	(2,785)	(26,766)
Net cash flow—discontinued operations	**(229,098)**	**(123,282)**

Currency translation

For currency translation purposes, the following exchange rates have been used for the main Group companies outside the euro area:

	Annual average		Daily average at reporting date	
(All rates in EUR)	2014	2013	2014	2013
1 U.S. dollar (USD)	0.76	0.75	0.82	0.73
1 Australian dollar (AUD)	0.68	0.72	0.67	0.65
1 British pound (GBP)	1.25	1.18	1.28	1.20
100 Polish zloty (PLN)	23.84	23.73	23.40	24.07
100 Qatari riyal (QAR)	20.78	20.65	22.57	19.95
100 Czech koruna (CZK)	3.63	3.84	3.61	3.65
100 Chilean pesos (CLP)	0.13	0.15	0.14	0.14

In their separate financial statements, Group companies disclose transactions denominated in foreign currency using the average exchange rate on the day of recording the transaction. Exchange gains or losses up to the reporting date on the measurement of foreign currency-denominated monetary assets or liabilities are included in other operating income or other operating expenses at the average exchange rate on the reporting date. Currency translation differences relating to a net investment in a foreign company are accounted for in accumulated other comprehensive income until the company is sold. This includes foreign currency receivables from fully consolidated Group com-

panies for which settlement is neither planned nor likely to occur in the foreseeable future and which therefore resemble equity.

Financial statements of foreign companies are translated by applying the functional currency approach. As all companies outside the euro area operate autonomously in their own national currencies, their balance sheet items are translated into euros using the average exchange rate prevailing on the reporting date in accordance with official requirements. The same method is used to translate the shareholders' equity of equity-method foreign associates following equity-method adjustment. Differences from the previous year's translated amount are recognized in other comprehensive income and are reversed to income or expense on sale of the equity interest. Goodwill of commercially independent foreign Group entities is translated at the exchange rate prevailing on the reporting date. Income and expense items are translated into euros using the annual average exchange rate.

Accounting policies

Intangible assets are reported at amortized cost. All intangible assets have a finite useful life with the exception of company names recognized as assets on initial consolidation and excepting goodwill. Intangible assets include concessions and other licenses with useful lives of up to 30 years. These are amortized according to the pattern of consumption of economic benefits. They also include future earnings from additions to the order backlog arising from business acquisitions; these are amortized over the period in which the corresponding work is billed. Intangible assets further encompass software for commercial and engineering applications, which is amortized on a straight-line basis over three to five years, and entitlements to various financing arrangements with banks amortized over terms of up to 98 months in accordance with the term of the arrangement. Estimated useful lives and amortization methods are reviewed annually.

Company names and goodwill are not amortized. They are tested instead for impairment in accordance with IAS 36 on an annual basis and whenever there are indications that they may be impaired. The company names recognized as intangible assets in the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions are recognized with an indefinite useful life as they do not have a product life cycle and are not subject to technical, technological, or commercial depletion or any other restriction.

Capitalized development costs in the HOCHTIEF Group are reported in intangible assets as licenses and amortized on a straight-line basis over three to five years.

Property, plant and equipment is stated at depreciated cost. Only amounts directly attributable to an item of property, plant or equipment are included in its cost. Borrowing costs are included in cost in the case of qualifying assets. Property, plant and equipment is normally depreciated on a straight-line basis except in the contract mining business, where depreciation is mostly recognized on an activity basis.

Items of property, plant, machinery and equipment typically encountered in the HOCHTIEF Group are depreciated on a straight-line basis over the following uniform useful lives:

	No. of years
Buildings and investment properties	20–50
Technical equipment and machinery; transportation equipment	3–10
Other equipment and office equipment	3–8

Estimated useful lives and depreciation methods are reviewed annually.

Items of property, plant and equipment on finance leases are recognized at fair value or the present value of the minimum lease payments, whichever is lower, and are depreciated on a straight-line basis over their estimated useful life or over a shorter contract term if applicable.

Investment properties are stated at amortized cost. Transaction costs are included on initial measurement. The fair values of investment properties are disclosed in the Notes. They are assessed using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method. Like property, plant and equipment, investment properties are normally depreciated using the straight-line method.

Impairment losses are recognized for intangible assets (including goodwill), property, plant and equipment, or investment properties if their recoverable amount falls below their carrying amount. The recoverable amount of an asset or cash-generating unit is normally defined as net selling price or value in use, whichever is higher. Impairment testing may require assets and in some cases liabilities to be grouped into cash-generating units. For goodwill, impairment testing is performed on cash-generating units corresponding to the HOCHTIEF divisions that feature in segmental reporting. For any asset that is part of an independent cash-generating unit, impairment is determined with reference to the recoverable amount of the unit. If the recoverable amount of a cash-generating unit falls below its carrying amount, the resulting impairment loss is allocated first to any goodwill belonging to the unit and then to the unit's other assets, normally pro rata on the basis of the carrying amount of each asset. Except in the case of goodwill, impairment charges are reversed (up to a maximum of amortized cost) when the impairment ceases to exist.

A **joint arrangement** is an arrangement of which two or more parties have joint control. The parties to a joint arrangement classify it as a joint operation or a joint venture depending on their respective rights and obligations. In a joint operation, the parties have direct rights to the assets, and obligations for the liabilities, relating to the arrangement. Each party recognizes assets, liabilities, revenues, and expenses, together with its share of such items held or incurred jointly, relative to the HOCHTIEF Group's rights and obligations. In a joint venture, where the parties have rights to the net assets of the arrangement, the parties each account for their interests in the joint venture using the equity method.

Equity-method investments are stated at cost, comprising the acquired equity interest in an associate or jointly controlled entity plus any goodwill. The carrying amount is increased or decreased annually to recognize the Group's share of after-tax profits or losses, any dividends, and other changes in equity. The full carrying amount is tested for impairment in accordance with IAS 36 whenever there are indications that it may be impaired. If the recoverable amount of an equity-method investment is less than its carrying amount, an impairment loss is recognized for the difference. Any subsequent reversal of an impairment loss is recognized in profit or loss.

All **other financial assets**, comprising interests in non-consolidated subsidiaries, other participating interests, and non-current securities, are classed as held for sale and are measured at fair value where a fair value can be reliably estimated. In the case of publicly listed financial assets, fair value is determined as the market price. If there is no active market, fair value is calculated using the most recent market transactions or a valuation method such as the discounted cash flow method. In cases where fair value cannot be measured reliably, financial assets are reported at cost (less any impairments). Initial measurement is performed as of the settlement date. Unrealized gains or losses are accounted for, after adjusting for deferred taxation, in other comprehensive income and are reversed to income or expense on disposal of the asset. If there is objective evidence of impairment, the carrying amount of an asset is reduced and the impairment loss recognized as an expense. Such evidence includes a significant or prolonged decline in fair value below cost.

Receivables and other assets are measured at amortized cost using the effective interest rate method (accounting for factors such as premiums and discounts). An impairment loss is recognized if there is any objective material evidence that a financial asset may be impaired. Such evidence for impairment includes, for example, downgrading of a debtor's credit rating and related interruptions in payment or potential insolvency. Impairment losses are recognized according to actual credit risk. "Receivables" comprise financial receivables, trade receivables, and other receivables. Sales are shown net of VAT and other taxes and expected reductions such as trade discounts and rebates. Sales of goods are recognized when:

- The significant risks and rewards of ownership of the goods have been transferred to the buyer
- The HOCHTIEF Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the HOCHTIEF Group.

Revenue from transactions involving the rendering of services is recognized by reference to the stage of completion. Revenue under construction contracts is recognized as described below.

Long-term loans are stated at amortized cost. Loans yielding interest at normal market rates are reported at face value, and non-interest-bearing and low-interest-bearing loans are discounted to present value. Discounting is always done using a risk-adjusted discount rate.

Construction contracts are reported using the percentage of completion (POC) method*. Cumulative work done to date, including the Group's share of net profit, is reported under sales on a pro rata basis according to the percentage completed. The percentage of completion is measured by reference to the stage of completion; that is, as the ratio of performance delivered up to the end of the reporting period to total contract performance. Construction contracts are reported in trade receivables and trade payables, as "Gross amount due from/to customers for/from contract work (POC)." If cumulative work done to date (contract costs plus contract net profit) of contracts in progress exceeds progress payments received, the difference is recognized as an asset and included in amounts due from customers for contract work. If the net amount after deduction of progress payments received is negative, the difference is recognized as a liability and included in amounts due to customers from contract work. Anticipated losses on specific contracts are accounted for on the basis of the identifiable risks. Construction contracts handled by construction joint ventures are also accounted for using the POC method. Trade receivables from construction joint ventures include pro rata entitlements to contract net profit. Anticipated losses are immediately recognized in full in contract net profit. Contract income on construction contracts undertaken by the Group independently or in construction joint ventures is recognized in accordance with IAS 11 as the income stipulated in the contract plus any claims and variation orders. Construction contract receivables are realized as part of the HOCHTIEF Group's operating cycle. In accordance with IAS 1, they are therefore included in current assets even though they are not expected to be realized within twelve months of the balance sheet date.

*See glossary on page 266.

The POC method is used primarily in the mainstream construction business, construction management, and contract mining.

Deferred taxes arising from temporary differences between the IFRS accounts and the tax base of individual Group companies or as a result of consolidation are recognized as separate assets and liabilities. Deferred tax assets are also recognized for tax refund entitlements resulting from the anticipated use of existing tax loss carry-forwards in subsequent fiscal years provided it is sufficiently certain that they will be realized. Deferred tax assets and liabilities are offset within each company or group. Deferred taxes are measured on the basis of tax rates applying or expected to apply in each country when they are realized. For domestic operations, as in the prior year, a tax rate of 31.5% is assumed taking account of corporate income tax plus the German "solidarity surcharge" and the average rate of municipal trade tax faced by Group companies. For all other purposes, deferred taxes are measured on the basis of the tax regulations in force or enacted at the reporting date.

Inventories are initially stated at cost of purchase or production. Production cost includes costs directly related to the units of production plus an appropriate allocation of materials and production overhead, including production-related depreciation charges. Borrowing costs for inventories that are qualifying assets are capitalized as part of cost. Most materials and supplies are measured on a FIFO or moving-average basis. Inventories are written down to net realizable value if their recoverable amount is less than their carrying amount at the reporting date. If the recoverable amount of inventories subsequently increases, the resulting gain must be recognized. This is done by reducing materials expense.

All **marketable securities** are classed as held for sale and measured at fair value. They mainly comprise securities held in special-purpose and general investment funds as well as fixed-income securities with a residual term of more than three months at the time of acquisition and where there is no intention to hold the securities to maturity. Initial measurement is performed as of the settlement date and includes any transaction costs directly attributable to the acquisition of the securities. Unrealized gains or losses are reported in other comprehensive income and are reversed to income or expense on disposal. If there is objective evidence of impairment, the carrying amount of an asset is reduced and the impairment loss recognized as an expense. Such evidence includes a significant or prolonged decline in fair value below cost.

Cash and cash equivalents consist of petty cash, cash balances at banks, and marketable securities with maturities of no more than three months at the time of acquisition that are subject to insignificant risk of changes in value.

Discontinued operations along with non-current assets held for sale and associated liabilities are measured in accordance with IFRS 5 and presented separately in the current section of the Consolidated Balance Sheet. To be classed as assets held for sale, assets must be available for immediate sale and their sale must be highly probable. Assets held for sale can be individual non-current assets, groups of assets held for sale (disposal groups), or discontinued operations. A component of an entity is a discontinued operation if it represents a separate major line of business or geographical area of operations and is part of a single coordinated plan to dispose of a major line of business or geographical area of operations, or if it is a subsidiary acquired exclusively with a view to resale. Liabilities disposed of with assets in a single transaction are part of a disposal group or discontinued operation. Non-current assets held for sale cease to be depreciated or amortized, and are measured at their carrying amount or at fair value less costs to sell, whichever is lower. Gains or losses arising on the measurement of individual assets held for sale or of disposal groups are reported in the Statement of Earnings under results from continuing operations until their ultimate disposal. Conversely, gains or losses arising on the measurement of discontinued operations at fair value less costs to sell, profits or losses of discontinued operations, and gains or losses on their disposal are presented separately in the Statement of Earnings under results from discontinued operations. Cash flows from discontinued operations are presented in the Notes. In all other respects, the information in the Notes relates to continuing operations unless direct reference is made to discontinued operations. Prior-year information has been restated accordingly.

Share-based payment transactions are measured in accordance with IFRS 2, Stock option plans are accounted for Group-wide as cash-settled share-based payment transactions. Provisions for obligations under the Long-term Incentive Plans, the Top Executive Retention Plans, and the Retention Stock Award Plans are recognized in the amount of the expected expense that is or was spread over the stipulated waiting period. The fair value of stock options is measured using generally accepted financial models, the value of the plans being determined with the Black/Scholes option pricing model. The specific problem of valuing the plans in question is solved using binomial tree methods. The computations are performed by an outside appraiser.

Provisions for pensions and similar obligations are recognized for current and future benefit payments to active and former employees and their surviving dependants. The obligations primarily relate to pension benefits, partly for basic pensions and partly for optional supplementary pensions. The individual benefit obligations vary from one country to another and are determined for the most part by length of service and pay scales. The Turner Group's obligations to meet healthcare costs for retired staff are likewise included in pension provisions due to their pension-like nature.

Provisions for pensions and similar obligations are computed by the projected unit credit method. This determines the present value of future entitlements, taking into account current and future benefits already known at the reporting date plus anticipated future increases in salaries and pensions and, for the Turner Group, in healthcare costs. The computation is based on actuarial appraisals using biometric accounting principles. Plan assets as defined in IAS 19 are shown separately as deductions from pension obligations. Plan assets comprise assets transferred to pension funds to meet pension obligations, shares in investment funds purchased under deferred compensation arrangements, and qualifying insurance policies in the form of pension liability insurance. If the fair value of plan assets is greater than the present value of employee benefits, the difference is reported—subject to the limit in IAS 19—under other non-current assets.

Remeasurements of defined benefit plans are recognized directly in other comprehensive income in the period during which they arise. The current service cost is reported under personnel costs. The net interest component, comprising the interest element of the increase in pension obligations less expected returns on plan assets (each calculated using the discount rate for the pension obligations), is reported in net investment and interest income.

Tax provisions comprise current tax obligations. Income tax provisions are offset against tax refund entitlements if they relate to the same tax jurisdiction and are congruent in nature and reporting period.

Other provisions account for all identifiable obligations as of the reporting date that result from past business transactions or events but are uncertain in their amount and/or settlement date. Provisions are stated at the estimated settlement amount, i.e. after making allowance for price and cost increases, and are not offset against any rights to reimbursement. For obligations with a settlement probability exceeding 50%, the provision amount is calculated on the basis of the most likely settlement outcome. A provision can only be recognized on the basis of a legal or constructive obligation toward third parties. Long-term provisions are stated at the present value of the estimated settlement amount as of the reporting date and are reported under non-current liabilities.

Liabilities are reported at amortized cost using the effective interest rate method (accounting for factors such as premiums and discounts). **Finance lease liabilities** are initially recognized at fair value at the inception of the lease or the present value of the minimum lease payments, whichever is lower.

Derivative financial instruments are measured at fair value regardless of their purpose and reported under other receivables and other assets or other liabilities. Initial measurement is as of the settlement date. All derivative financial instruments are measured on the basis of current market rates as of the balance sheet date. The recognition of changes in fair value depends on the purpose for which a derivative is held. Derivatives are only ever used in the HOCHTIEF Group for hedging purposes. Hedges are structured for maximum effectiveness. A cash flow hedge is a hedge of the exposure to variability in cash flows from a hedged item, as with the hedging of variable rate loans to counter variations in payment amounts due to interest rate changes. Unrealized gains and losses are initially recognized in equity, taking account of deferred taxes. The portion of the changes in value initially recognized in equity is reclassified to income or expense as soon as the hedged item is recognized in income or expense. If a hedged planned transaction subsequently results in recognition of a financial asset or a financial liability, gains or losses recognized in equity in the meantime are reclassified to income or expense in the period when the financial asset or financial liability affects income. If a hedged planned transaction subsequently results in recognition of a non-financial asset or liability, gains or losses recognized in equity in the meantime are taken out of equity and subtracted from or added to the initial cost of the asset or liability. In the cases described, only the portion of changes in value that are determined to be effective for hedging purposes are recognized in equity. The ineffective portion is recognized directly as income or expense. In the HOCHTIEF Group, only cash flow hedges are currently recognized. Derivatives are also used for economic hedging purposes where no hedge accounting is applied. In such cases, changes in fair value are recognized in income or expense.

Contingencies, commitments, and other obligations are possible or current obligations, based on past transactions, that are unlikely to lead to an outflow of resources. They are disclosed separately and are not included in the Balance Sheet unless assumed in the course of a business combination. The amounts stated for contingent liabilities reflect the extent of the liabilities as of the reporting date.

Judgments made by management in applying the accounting policies primarily relate to the following issues:

- Leases must be assessed to determine whether the substantial risks and rewards of beneficial ownership transfer to the lessee.
- Securities may be grouped in different categories.
- Assets earmarked for sale must be assessed to confirm that they are available for immediate sale and their sale is highly probable. If the result of this assessment is positive, they and any liabilities to be disposed of in the same transaction must be reported and accounted for as assets held for sale and liabilities associated with assets held for sale.
- It is necessary to determine whether construction revenue is accounted for under IAS 11 or IAS 18.

The decision made by the HOCHTIEF Group for general application in each instance is set out under Accounting Policies in these Notes.

Preparation of the IFRS Consolidated Financial Statements requires **Group management to make estimates and assumptions** that affect the reported amount of assets, liabilities, income and expenses, and disclosures of contingencies, commitments, and other obligations, The main estimates and assumptions relate to the following:

- Assessing projects on a percentage of completion basis, in particular with regard to accounting for change orders, the timing of profit recognition, and the amount of profit recognized.
- Estimating the economic life of intangible assets, property, plant and equipment, and of investment properties.
- Accounting for provisions.
- Testing goodwill and other assets for impairment.
- Testing deferred tax assets for impairment.

All estimates and assumptions are based on current circumstances and appraisals. Forward-looking estimates and assumptions made as of the balance sheet date with a view to future business performance take account of circumstances prevailing on preparation of the Consolidated Financial Statements and future trends considered realistic for the global and industry environment. Actual amounts can vary from the estimated amounts due to changes in the operating environment that are at variance with the assumptions and lie beyond management control. If such changes occur, the assumptions and, if necessary, the carrying amounts of affected assets and liabilities are revised accordingly.

New accounting pronouncements

Adoption by the International Accounting Standards Board (IASB) of amendments to IFRS pronouncements and of new IFRS pronouncements has resulted in **changes to accounting policies** in those instances where the pronouncements have been adopted by the EU and their application is mandatory for the reporting period January 1 to December 31, 2014.

Changes in IFRS affecting the HOCHTIEF Group are as follows:

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and **IFRS 12 Disclosure of Interests in Other Entities,** in conjunction with **Amendments to IAS 27 Separate Financial Statements** and **IAS 28 Investments in Associates and Joint Ventures** as well as **Amendments since made to IFRS 10, IFRS 11, and IFRS 12:**

IFRS 10 replaces the previous control approach in IAS 27 and SIC-12 with a uniform approach applicable to all business combinations. The rules for separate financial statements remain in IAS 27. The new control approach has three elements:

- Power over the investee
- Variable returns
- Ability to use the power over the investee to affect the amount of the variable returns.

IFRS 11 replaces IAS 31 and abolishes proportionate consolidation. The core principle of IFRS 11 is the rule that a party to a joint arrangement classifies the arrangement either as a joint operation or a joint venture by assessing its rights and obligations arising from the arrangement. With a joint operation, each party accounts for the assets, liabilities, revenues, and expenses relating to its interest in the joint operation, together with its share of such items held or incurred jointly, in accordance with the applicable IFRSs. With a joint venture, each party accounts for its investment in the joint venture using the equity method in accordance with the amended IAS 28.

IFRS 12 brings together the revised disclosures under IFRS 10, IFRS 11, IAS 27, and IAS 28 in a separate standard.

The amended standards all apply for annual periods beginning on or after January 1, 2014. They were endorsed by the EU in December 2012 and April 2013. First-time application of IFRS 11 resulted in reclassifications of equity-method jointly controlled entities to joint operations, primarily concerning the following companies in the HOCHTIEF Asia Pacific division:

Name	Domicile	Activities	Shareholding (%)
Thiess Balfour Beatty	Australia	Construction	67
Baulderstone Leighton Joint Venture (Regional Rail Link Pack E)	Australia	Construction	50
GHD & John Holland Joint Venture (Perth City Link Rail Alliance)	Australia	Construction	85
SA Health Partnership (New Royal Adelaide Hospital)	Australia	Construction	50
Leighton-Gammon Joint Venture – H2561	Hong Kong	Construction	50
Leighton Fulton Hogan Joint Venture (Sapphire to Woolgoolga)	Australia	Construction	50
Abigroup Contractors Pty Ltd & Coleman Rail Pty Ltd & John Holland Pty Ltd (Integrate Rail JV)	Australia	Construction	40
Thiess Degremont Joint Venture	Australia	Construction	65
Silcar Thiess Services Joint Venture	Australia	Service	50
N.V. Besix S.A. & Thiess Pty Ltd (Best Joint Venture)	Australia	Construction	50

Retrospective application of IFRS 11 did not result in any change in the HOCHTIEF Group's reported profit after taxes or accordingly in its earnings per share, The tables that follow show the financial statement items that have been restated; the restatement extends to the entire discussion of the items in the Notes to the Consolidated Financial Statements.

First-time application of IFRS 12 resulted in additional disclosures in the Notes.

Consolidated Statement of Earnings

(EUR thousand)	2013	Adjustment	2013 (restated)
Sales	25,693,245	1,328,941	27,022,186
Changes in inventories	(77,851)	–	(77,851)
Other operating income	608,365	279	608,644
Materials	(17,680,296)	(1,049,090)	(18,729,386)
Personnel costs	(5,472,911)	(242,666)	(5,715,577)
Depreciation and amortization	(734,891)	(739)	(735,630)
Other operating expenses	(1,476,550)	(39,333)	(1,515,883)
Profit from operating activities	**859,111**	**(2,608)**	**856,503**
Share of profits and losses of equity-method associates and jointly controlled entities	152,877	785	153,662
Net income from other participating interests	57,535	–	57,535
Investment and interest income	77,348	3,220	80,568
Investment and interest expenses	(347,052)	–	(347,052)
Profit before taxes	**799,819**	**1,397**	**801,216**
Income taxes	(254,460)	(1,397)	(255,857)
Profit after taxes	**545,359**	**–**	**545,359**
Of which: Consolidated net profit/(loss)	[171,196]	–	[171,196]
Of which: Minority interest	[374,163]	–	[374,163]
Earnings per share (EUR)			
Diluted and undiluted earnings per share (EUR)	2.37	–	2.37

Consolidated Balance Sheet

(EUR thousand)	Jan. 1, 2013	Adjustment	Jan. 1, 2013 (restated)	Dec. 31, 2013	Adjustment	Dec. 31, 2013 (restated)
Assets						
Non-current assets						
Intangible assets	713,359	310	713,669	829,835	259	830,094
Property, plant and equipment	1,899,207	6,079	1,905,286	1,357,539	20,818	1,378,357
Investment properties	19,331	–	19,331	15,996	–	15,996
Equity-method investments	1,095,940	(11,770)	1,084,170	698,508	–	698,508
Other financial assets	91,752	–	91,752	75,268	–	75,268
Financial receivables	635,283	–	635,283	526,730	–	526,730
Other receivables and other assets	101,516	–	101,516	93,831	–	93,831
Non-current income tax assets	23,929	–	23,929	57,047	–	57,047
Deferred tax assets	257,941	–	257,941	125,175	–	125,175
	4,838,258	**(5,381)**	**4,832,877**	**3,779,929**	**21,077**	**3,801,006**
Current assets						
Inventories	1,425,655	27,241	1,452,896	1,149,540	9,802	1,159,342
Financial receivables	135,285	–	135,285	126,934	–	126,934
Trade receivables	5,309,120	244,449	5,553,569	5,983,132	(53)	5,983,079
Other receivables and other assets	225,406	8,992	234,398	190,162	8,514	198,676
Current income tax assets	33,130	–	33,130	34,947	–	34,947
Marketable securities	628,800	–	628,800	1,123,258	–	1,123,258
Cash and cash equivalents	2,514,782	126,396	2,641,178	2,035,251	154,881	2,190,132
Assets held for sale	1,851,904	–	1,851,904	333,773	–	333,773
	12,124,082	**407,078**	**12,531,160**	**10,976,997**	**173,144**	**11,150,141**
	16,962,340	**401,697**	**17,364,037**	**14,756,926**	**194,221**	**14,951,147**
Liabilities and Shareholders' Equity						
Shareholders' equity						
Attributable to the Group	2,640,362	–	2,640,362	2,265,615	–	2,265,615
Minority interest	1,603,445	–	1,603,445	1,028,085	–	1,028,085
	4,243,807	**–**	**4,243,807**	**3,293,700**	**–**	**3,293,700**
Non-current liabilities						
Provisions for pensions and similar obligations	309,647	–	309,647	242,471	–	242,471
Other provisions	523,082	245	523,327	505,202	58	505,260
Financial liabilities	2,749,980	–	2,749,980	2,700,235	–	2,700,235
Other liabilities	63,240	–	63,240	42,648	–	42,648
Deferred tax liabilities	92,713	–	92,713	126,149	–	126,149
	3,738,662	**245**	**3,738,907**	**3,616,705**	**58**	**3,616,763**
Current liabilities						
Other provisions	974,803	10,557	985,360	915,889	5,264	921,153
Financial liabilities	1,706,480	(306,764)	1,399,716	995,517	(268,731)	726,786
Trade payables	5,749,301	697,659	6,446,960	5,410,953	437,429	5,848,382
Other liabilities	385,380	–	385,380	440,644	20,201	460,845
Current income tax liabilities	8,747	–	8,747	15,402	–	15,402
Liabilities associated with assets held for sale	155,160	–	155,160	68,116	–	68,116
	8,979,871	**401,452**	**9,381,323**	**7,846,521**	**194,163**	**8,040,684**
	16,962,340	**401,697**	**17,364,037**	**14,756,926**	**194,221**	**14,951,147**

Consolidated Statement of Cash Flows

(EUR thousand)	2013	Adjustment	2013 (restated)
Profit after taxes	545,359	–	545,359
Depreciation, amortization, impairments, and impairment reversals	797,563	739	798,302
Changes in provisions	101,428	(3,418)	98,010
Changes in deferred taxes	136,593	–	136,593
Gains/(losses) from disposals of non-current assets and marketable securities	(27,740)	(279)	(28,019)
Other non-cash income and expenses (primarily equity accounting) and deconsolidations	(374,902)	–	(374,902)
Changes in working capital (net current assets)	(971,902)	87,770	(884,132)
Changes in other balance sheet items	375	(10,741)	(10,366)
Net cash provided by operating activities	**206,774**	**74,071**	**280,845**
Intangible assets, property, plant and equipment, and investment properties			
Purchases	(913,569)	(18,234)	(931,803)
Proceeds from asset disposals	437,063	279	437,342
Acquisitions and participating interests			
Purchases	(520,969)	(1)	(520,970)
Proceeds from asset disposals/divestments	2,143,722	–	2,143,722
Changes in cash and cash equivalents due to consolidation changes	(16,720)	–	(16,720)
Changes in securities holdings and financial receivables	(534,138)	–	(534,138)
Net cash provided by/(used in) investing activities	**595,389**	**(17,956)**	**577,433**
Payment for repurchase of treasury stock	(255,552)	–	(255,552)
Payments received from sale of treasury stock	517	–	517
Payments for the purchase of additional shares in subsidiaries	(198,390)	–	(198,390)
Payments out of equity to minority shareholders	(124,862)	–	(124,862)
Payments into equity by minority shareholders	33,820	–	33,820
Dividends to HOCHTIEF's shareholders	(73,613)	–	(73,613)
Dividends to minority shareholders	(357,608)	–	(357,608)
Proceeds from new borrowing	2,617,671	–	2,617,671
Service of debt	(2,757,684)	–	(2,757,684)
Net cash provided by/(used in) financing activities	**(1,115,701)**	**–**	**(1,115,701)**
Net cash increase/(decrease) in cash and cash equivalents	**(313,538)**	**56,115**	**(257,423)**
Effect of exchange rate changes	(176,754)	(27,630)	(204,384)
Overall change in cash and cash equivalents	**(490,292)**	**28,485**	**(461,807)**
Cash and cash equivalents at the start of the year	2,525,543	126,396	2,651,939
Of which: Included in assets held for sale	[10,761]	–	[10,761]
Of which: Cash and cash equivalents as per Consolidated Balance Sheet	[2,514,782]	–	[2,641,178]
Cash and cash equivalents at year-end	**2,035,251**	**154,881**	**2,190,132**

The remaining IFRS pronouncements applicable in the fiscal year had no material impact on the HOCHTIEF Consolidated Financial Statements:

- **Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements**, and **IFRS 12 Disclosure of Interests in Other Entities:** Investment Entities
- **Amendments to IAS 32 Financial Instruments: Presentation:** Offsetting Financial Assets and Financial Liabilities
- **Amendments to IAS 39 Financial Instruments: Recognition and Measurement:** Novation of Derivatives and Continuation of Hedge Accounting
- **IFRIC 21 Levies**

Other new accounting pronouncements issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) take the form of standards and interpretations that affect the HOCHTIEF Consolidated Financial Statements but do not have to be applied for the 2014 fiscal year and in some cases have not yet been endorsed by the EU:

IFRS 9 Financial Instruments: After publishing the three phases of the new standard over the last few years, the IASB published the final version of IFRS 9 in July 2014. The new standard notably introduces major changes relating to the classification and measurement of financial assets, with classification to be based on the type of business model and on contractual cash flows. In the same connection, impairment assessment is extended from an incurred loss model to an expected loss model. A new hedge accounting model is also introduced that aims to bring hedge accounting more closely into line with the risk management activities of the entity.

The complete overhaul of IAS 39 with the publication of IFRS 9 results in additional disclosures.

The standard is applicable for annual periods beginning on or after January 1, 2018. Initial application is retrospective, although transitional provisions apply. Earlier application is permitted. EU endorsement is still pending. On current assessment, the new standard will result in a reclassification of financial assets in the HOCHTIEF Group. The new rules on financial liabilities will probably have no material effect on the HOCHTIEF Group. Further implications of IFRS 9 and its additional provisions cannot be assessed until final endorsement by the EU.

IFRS 15 Revenue from Contracts with Customers: The IASB issued this new standard in May 2014 with the objective of bringing together in one standard the rules on revenue recognition previously contained in various different standards and interpretations. IFRS 15 applies across all sectors to revenue from all contracts with customers except those that are within the scope of other IFRSs, such as leases, insurance contracts, and financial instruments. Revenue recognition is carried out with regard to both timing and amount by applying the following five steps:

(1) Identify the contracts with a customer
(2) Identify the performance obligations in the contract
(3) Determine the transaction price
(4) Allocate the transaction price to the performance obligations in the contract
(5) Recognize revenue when (or as) the entity satisfies a performance obligation

Alongside this five-step model, IFRS 15 includes an array of further provisions, such as on contract modifications and additional notes disclosures. The revised IFRS 15 applies for annual periods beginning on or after January 1, 2017; earlier application is permitted. EU endorsement is still pending. With regard to the HOCHTIEF Consolidated Financial Statements, it is assumed on current assessment that the new standard will lead to changes in revenue recognition and additional notes disclosures. The effects of IFRS 15 cannot be finally assessed until final endorsement by the EU.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: In "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" published in September 2014, the IASB clarifies that recognition of a gain or loss on the sale or contribution of assets depends on whether the assets constitute a business as defined in IFRS 3. When a transaction involves a business, the investor recognizes a full gain or loss. When a transaction involves the sale of assets that do not constitute a business, a partial gain or loss is recognized. The amendments to IFRS 10 and IAS 28 apply for annual periods beginning on or after January 1, 2016; earlier application is permitted. EU endorsement is still pending. On current assessment, the amendments will have no material impact on the HOCHTIEF Consolidated Financial Statements.

Amendments to IFRS 11 Joint Arrangements: In "Accounting for Acquisitions of Interests in Joint Operations" published in May 2014, the IASB clarifies that the acquisition of an initial or additional interest in a joint operation when the operation constitutes a business as defined in IFRS 3 should be accounted for using the principles related to business combinations in IFRS 3 and other standards with the exception of those principles that conflict with the guidance in IFRS 11. On the acquisition of additional interests in a joint operation, previously held interests are not remeasured. The amendments to IFRS 11 do not apply if the parties sharing joint control are under the common control of the same ultimate controlling party. The amendments apply for annual periods beginning on or after January 1, 2016. Earlier application is permitted. EU endorsement is still pending. The amendments are not expected to have a material impact on the HOCHTIEF Consolidated Financial Statements.

As part of its **annual improvements process**, the IASB published two omnibus standards in December 2013 (Annual Improvements Cycles 2010-2012 and 2011-2013) and another in September 2014 (Annual Improvements Cycle 2012-2014). This involved small but necessary changes to various standards. The Annual Improvements Cycles 2010-2012 and 2011-2013 apply for annual periods beginning on or after July 1, 2014, the Annual Improvements Cycle 2012-2014 for annual periods beginning on or after January 1, 2016. The EU has so far endorsed the Annual Improvements Cycles 2010-2012 and 2011-2013. On current assessment, the changes are not expected to have a material impact on the presentation of the financial position and financial performance of the HOCHTIEF Group.

The remaining IFRS pronouncements issued by the IASB have no major relevance to the HOCHTIEF Group and are therefore not expected to have a material impact on the Consolidated Financial Statements:

- **IFRS 14 Regulatory Deferral Accounts**
- **Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities** and **IAS 28 Investments in Associates and Joint Ventures:** Investment Entities: Applying the Consolidation Exception
- **Amendments to IAS 1 Presentation of Financial Statements:** Disclosure Initiative
- **Amendments to IAS 16 Property, Plant and Equipment** and **IAS 38 Intangible Assets:** Clarification of Acceptable Methods of Depreciation and Amortisation
- **Amendments to IAS 16 Property, Plant and Equipment** and **IAS 41 Agriculture:** Bearer Plants
- **Amendments to IAS 19 Employee Benefits:** Defined Benefit Plans: Employee Contributions
- **Amendments to IAS 27 Separate Financial Statements:** Equity Method in Separate Financial Statements

Explanatory Notes to the Consolidated Statement of Earnings

1. Sales

The EUR 22,099,054 thousand (2013: EUR 22,498,675 thousand) sales figure comprises, firstly, contract sales recognized under the percentage of completion (POC) method in the mainstream construction business, construction management, and contract mining, plus products and services provided to construction joint ventures, and other related services. Secondly, the sales figure includes revenues from services such as construction planning, project development, logistics, asset management, and insurance and concessions business.

Sales recognized under the percentage of completion method came to EUR 18,448,153 thousand (2013: EUR 18,649,776 thousand).

*See glossary on page 266.

Sales figures provide only an incomplete view of work done* during the fiscal year. For additional information, work done by the Group is presented below, including the Group's share of work done in construction joint ventures.

The Group's total operating performance by divisions is as follows:

(EUR thousand)	2014	2013 (restated)
HOCHTIEF Americas	9,163,954	8,546,316
HOCHTIEF Asia Pacific	12,501,836	12,740,055
HOCHTIEF Europe	2,520,698	3,235,074
Corporate Headquarters/Consolidation	119,379	108,594
	24,305,867	**24,630,039**

2. Other operating income

(EUR thousand)	2014	2013 (restated)
Income from reversal of provisions	66,528	60,495
Foreign exchange gains	28,993	34,468
Income from the disposal of intangible assets, property, plant and equipment, and investment properties	26,125	16,790
Income from divestitures	13,872	290,991
Sundry other operating income	89,885	51,618
	225,403	**454,362**

Income from divestitures in the year under review are mainly from the sale of two companies in the HOCHTIEF Europe division. Prior-year income from divestitures were mainly from the sale of our airport and service interests and related to the HOCHTIEF Europe division (EUR 168,140 thousand) and Corporate Headquarters (EUR 122,701 thousand).

Sundry other operating income includes lease and rental income, plus income from insurance claims.

3. Materials

(EUR thousand)	2014	2013 (restated)
Raw materials, supplies, and purchased goods	2,649,822	3,159,168
Purchased services	13,095,730	12,381,493
	15,745,552	**15,540,661**

4. Personnel costs

(EUR thousand)	2014	2013 (restated)
Wages and salaries	4,006,209	4,316,464
Social insurance, pensions, and support	409,548	414,540
	4,415,757	**4,731,004**

Expenditure on pensions totaled EUR 191,307 thousand (2013: EUR 215,701 thousand). This mostly comprises new entitlements accrued during the year under defined benefit pension plans and payments into defined contribution pension schemes. Payments to state pension insurance funds are included in social insurance.

Personnel costs include restructuring expenses of EUR 43,477 thousand (2013: EUR 35,542 thousand) in the HOCHTIEF Asia Pacific division.

Employees (average for the year)

	2014	2013
Waged/industrial employees	38,625	41,269
Salaried/office employees	29,801	39,643
	68,426	**80,912**

5. Depreciation and amortization

(EUR thousand)	2014	2013 (restated)
Intangible assets	34,925	33,660
Property, plant and equipment	405,189	652,445
Investment properties	313	334
	440,427	**686,439**

As in the prior year, there were no impairment charges on intangible assets or investment properties. Likewise, no impairment charges were recorded on property, plant and equipment (2013: EUR 1,069 thousand).

6. Other operating expenses

(EUR thousand)	2014	2013 (restated)
Impairment losses and losses on disposal of current assets (except inventories)	470,990	15,813
Rentals and lease rentals	358,213	310,355
Insurance expenses	260,443	215,290
Technical and business consulting	110,982	122,060
External organization and programming	64,394	71,165
Travel expenses	59,394	71,924
Court costs, attorneys' and notaries' fees	42,968	61,955
Office supplies	38,825	32,654
Currency losses	31,095	23,629
Deconsolidation expense	17,191	56,199
Marketing	16,000	25,893
Commission	14,549	23,803
Restructuring and adjustment costs/severance benefits	13,282	65,145
Mail and funds transfer expenses	13,186	14,342
Legal costs	9,013	5,017
Sundry other operating expenses	247,103	215,933
	1,767,628	**1,331,177**

The impairment losses and losses on disposal of current assets (except inventories) constitute a EUR 458,467 thousand accounting provision to cover credit risk on project receivables in the HOCHTIEF Asia Pacific division.

The insurance expenses mainly relate to project risk management in the Turner Group. Insurance covers of Turner and other project stakeholders such as suppliers and clients are combined to minimize project execution risks to Turner and its clients. The insurance expenses are counterbalanced by insurance revenue reported in sales.

Sundry other operating expenses mostly comprise order processing, costs of materials for administrative purposes, costs of preparing the annual financial statements, losses incurred on disposal of property, plant and equipment, and other expenses not reported elsewhere. Also included under this heading are sundry taxes amounting to EUR 24,712 thousand (2013: EUR 18,220 thousand).

Including personnel and material expenses, a total of EUR 3,167 thousand was spent on Group-wide research and development projects by the central innovation management function in 2014 (2013: EUR 4,891 thousand).

7. Net income from participating interests

Net income from participating interests includes all income and expenses relating to equity-method investments and participating interests. Entities presented as assets held for sale in accordance with IFRS 5 cease to be subject to equity-method adjustments. Net income from participating interests includes profit distributions from such entities during the year under review up to the date of deconsolidation.

Net income from participating interests is made up as follows:

(EUR thousand)	2014	2013 (restated)
Share of profits and losses of equity-method associates and jointly controlled entities	**75,482**	**152,829**
Of which: Impairment	[(13,418)]	[(50,705)]
Net income from non-consolidated subsidiaries	713	335
Of which: Impairment	[(20)]	[(70)]
Net income from other participating interests	7,486	10,596
Of which: Impairment	[(72)]	[(13,332)]
Income from the disposal of participating interests	6,058	8,171
Expenses on disposal of participating interests	(9)	(11)
Income from long-term loans to participating interests	32,499	38,869
Expenses relating to long-term loans to participating interests	(3,741)	(425)
Other income from participating interests	**43,006**	**57,535**
	118,488	**210,364**

The share of profits and losses of equity-method associates and jointly controlled entities consists of minus EUR 10,926 thousand (2013: EUR 22,328 thousand) relating to associates and EUR 86,408 thousand (2013: EUR 130,501 thousand) relating to jointly controlled entities. Prior-year net income from participating interests still included earnings contributions from the airport business sold, along with higher earnings from jointly controlled entities at Flatiron and German construction joint ventures in the HOCHTIEF Europe division. Impairments included in the share of profits and losses of associates and jointly controlled entities come to EUR 13,418 thousand (2013: EUR 50,705 thousand). These relate to associates and jointly controlled entities in the HOCHTIEF Asia Pacific division. The prior-year impairments mostly related to a company in the HOCHTIEF Europe division separated out in line with IFRS 5 and partly to associates and jointly controlled entities in the HOCHTIEF Asia Pacific division.

Prior-year net income from other participating interests included, for the last time, EUR 21,920 thousand in distributed profits of Southern Cross Airports Corporation Holdings Ltd. from the ownership interest in Sydney Airport.

Participating interests measured at cost—less impairments—and disposed of in the fiscal year had a carrying amount of EUR 1,826 thousand (2013: EUR 225 thousand). Disposals realized a net gain on sale of EUR 287 thousand in 2014 (2013: net loss of EUR 11 thousand). As of the balance sheet date, there are no other plans to sell participating interests measured at cost.

8. Net investment and interest income

(EUR thousand)	2014	2013 (restated)
Interest and similar income	63,234	55,219
Other investment income	41,118	23,726
Investment and interest income	**104,352**	**78,945**
Interest and similar expenses	(284,606)	(310,947)
Interest component of increase in non-current provisions	(9,042)	(12,627)
Of which: Net interest (expense)/income on pension obligations	[(8,148)]	[(9,829)]
Other investment expenses	(31,007)	(21,796)
Investment and interest expenses	**(324,655)**	**(345,370)**
	(220,303)	**(266,425)**

Interest and similar income consists of interest on cash investments, interest-bearing securities, and other long-term loans, plus profit shares and dividends from current and non-current securities. Interest and similar expenses represent all interest incurred. Net interest income—the balance of interest and similar income and expenses—is negative, at minus EUR 221,372 thousand (2013: minus EUR 255,728 thousand).

Interest income of EUR 62,781 thousand was recorded in the 2014 fiscal year for financial instruments not carried at fair value through profit or loss (2013: EUR 51,013 thousand). Interest expenses of EUR 284,606 thousand were recorded for financial instruments not carried at fair value through profit or loss (2013: EUR 310,947 thousand).

Net interest expense/income from pension obligations—an amount of minus EUR 8,148 thousand (2013: minus EUR 9,829 thousand)—consists of EUR 37,246 thousand (2013: EUR 37,674 thousand) in annual interest on the net present value of long-term pension obligations rolled over into the new fiscal year, offset against EUR 29,098 thousand (2013: EUR 27,845 thousand) in interest income on plan assets.

Investment and interest income and expenses not included in interest and similar income and expenses or in the interest component of increases in long-term provisions are reported as other investment income and expenses. These mostly comprise income and expenses relating to sales of securities and to derivatives as well as expenses relating to impairment losses on securities.

9. Income taxes

(EUR thousand)	**2014**	2013 (restated)
Current income taxes	163,562	21,577
Deferred taxes	(208,928)	136,593
	(45,366)	**158,170**

Current income taxes include EUR 158 thousand (2013: EUR 300 thousand) net tax income relating to prior periods.

Tax expense is derived from the theoretical tax expense. The theoretical tax rate applied to profit before taxes is 31.5%, as in the prior year.

(EUR thousand)	**2014**	2013 (restated)
Profit before taxes	(177,147)	529,844
Theoretical tax income, at 31.5%	(55,801)	166,901
Difference between the above and foreign tax rates	13,788	(3,101)
Tax effects on:		
Tax-exempt income	(4,207)	(107,182)
Non-tax-allowable expenditure	58,418	63,748
Equity accounting of associates and jointly controlled entities, including impairment of associates and jointly controlled entities	330	4,313
Unrecognized deferred tax assets for domestic tax loss carryforwards	(4,809)	51,257
Other	(53,085)	(17,766)
Effective tax charges	**(45,366)**	**158,170**
Effective rate of tax (percent)	25.6	29.9

The tax-exempt income item in the prior year mainly related to income from the sale of the airport activities and the services business.

The “Other” item mainly relates to losses from foreign Group companies for which no deferred taxes have been recognized and to the reversal of deferred tax liabilities as the grounds requiring their recognition ceased to exist.

10. Minority interest

The EUR 154,096 thousand (2013: EUR 374,163 thousand) minority interest in consolidated net profit represents the balance of profits totaling EUR 158,540 thousand (2013: EUR 375,334 thousand) and losses totaling EUR 4,444 thousand (2013: EUR 1,171 thousand). The profits include EUR 143,087 thousand (2013: EUR 125,553 thousand) for minority shareholders in the Leighton Group. In the prior year, profits for minority shareholders were boosted by the sale of the interests in Sydney Airport in connection with the disposal of the entire airport business.

Explanatory Notes to the Consolidated Balance Sheet

11. Intangible assets

The table below shows the composition of and changes in intangible assets on the Consolidated Balance Sheet for 2014 and the previous year:

(EUR thousand)	Concessions, industrial property and similar rights and assets, and licenses in such rights and assets	Goodwill arising on consolidation	Total
Cost of acquisition or production			
Jan. 1, 2014	347,970	613,204	961,174
Additions or disposals due to consolidation changes	(27,078)	(7,676)	(34,754)
Additions	25,714	–	25,714
Disposals	(15,689)	–	(15,689)
Reclassifications	–	–	–
Currency adjustments	21,576	61,149	82,725
Dec. 31, 2014	352,493	666,677	1,019,170
Cumulative amortization			
Jan. 1, 2014	131,080	–	131,080
Additions or disposals due to consolidation changes	(6,296)	–	(6,296)
Amortization	34,925	–	34,925
Disposals	(15,144)	–	(15,144)
Reclassifications	–	–	–
Currency adjustments	8,306	–	8,306
Impairment reversals	–	–	–
Dec. 31, 2014	152,871	–	152,871
Carrying amounts as of Dec. 31, 2014	**199,622**	**666,677**	**866,299**
Cost of acquisition or production*			
Jan. 1, 2013	346,143	489,821	835,964
Additions or disposals due to consolidation changes	2,082	182,500	184,582
Additions	41,648	–	41,648
Disposals	(1,527)	–	(1,527)
Reclassifications	2,316	–	2,316
Currency adjustments	(42,692)	(59,117)	(101,809)
Dec. 31, 2013	347,970	613,204	961,174
Cumulative amortization*			
Jan. 1, 2013	122,295	–	122,295
Additions or disposals due to consolidation changes	(9,871)	–	(9,871)
Amortization	33,660	–	33,660
Disposals	(1,471)	–	(1,471)
Reclassifications	(1,468)	–	(1,468)
Currency adjustments	(12,065)	–	(12,065)
Impairment reversals	–	–	–
Dec. 31, 2013	131,080	–	131,080
Carrying amounts as of Dec. 31, 2013*	**216,890**	**613,204**	**830,094**

* restated

As in the prior year, intangible assets do not include any capitalized development costs.

Likewise as in the prior year, there were no impairment charges on intangible assets in the reporting year.

Intangible assets include EUR 54,457 thousand (2013: EUR 50,017 thousand) for company names recognized on initial consolidation, accounted for by EUR 38,272 thousand (2013: EUR 34,456 thousand) in the HOCHTIEF Americas division and EUR 16,185 thousand (2013: EUR 15,561 thousand) in the HOCHTIEF Asia Pacific division. The changes compared with the prior year relate to currency adjustments. The company names are not subject to systematic amortization, but are tested for impairment annually and if there is any indication of impairment. Impairment testing is performed in accordance with IAS 36 as described below for goodwill. As in the prior year, no impairment was identified in the year under review.

Goodwill recognized for consolidated companies on initial consolidation is allocated to cash-generating units at segment level for the purposes of impairment testing as described in the following. The cash-generating units correspond to the divisions used in segment reporting.

Annual impairment testing of goodwill at segment (division) level is performed at HOCHTIEF in the fourth quarter of each year. In impairment testing, the recoverable amount of a division is compared with its carrying amount.

The recoverable amount for the HOCHTIEF Americas and HOCHTIEF Europe cash-generating units is measured separately for each unit as value in use. Value in use is the present value of future cash flows expected to arise from a cash-generating unit. It is determined from an internal Group perspective using the discounted cash flow method. This is carried out on the basis of cash flow budgets derived from the three-year budget for the detailed planning horizon as approved by the Executive Board and current at the time of impairment testing. The forecasts incorporate past experience and expected future market developments Cash flows are assumed to remain constant in subsequent years. Weighted average cost of capital (WACC) is used for cost of capital data. Value in use is first measured on an after-tax basis by discounting the cash flows with an after-tax WACC determined separately for each cash-generating unit. The pretax discount rate is then found by iteration for the purposes of the Notes disclosures.

The discount rates used for cash-generating units in impairment testing are between 10.4 and 12.2% before tax (2013: between 10.1 and 11.8%).

The recoverable amount for the HOCHTIEF Asia Pacific cash-generating unit is measured as fair value based on Leighton Holdings' market capitalization.

As in the prior year, comparison of the divisions' recoverable amounts with their carrying amounts has not revealed any impairment of goodwill.

Changes in goodwill by division in 2014 were as follows:

(EUR thousand)	Jan. 1, 2014*	Currency adjustments	Consolidation changes	**Dec. 31, 2014**
HOCHTIEF Americas	259,836	30,992	–	290,828
HOCHTIEF Asia Pacific	307,610	30,157	(2,268)	335,499
HOCHTIEF Europe	45,758	–	(5,408)	40,350
	613,204	**61,149**	**(7,676)**	**666,677**

*restated

The changes in goodwill within the consolidation changes in the HOCHTIEF Asia Pacific division mainly relate to the discontinued operations and those in the HOCHTIEF Europe division to the sale of shares in residential developer formart.

12. Property, plant and equipment

(EUR thousand)	Land, similar rights and buildings, including buildings on land owned by third parties	Technical equipment and machinery, transportation equipment	Other equipment and office equipment	Prepayments and assets under construction	Total
Cost of acquisition or production					
Jan. 1, 2014	194,394	2,906,856	268,063	4,004	3,373,317
Additions or disposals due to consolidation changes	(32,340)	(365,559)	(15,571)	–	(413,470)
Additions	7,088	501,303	54,238	2,614	565,243
Disposals	(23,716)	(511,812)	(104,767)	(1,142)	(641,437)
Reclassifications	(511)	(5,998)	(622)	(199)	(7,330)
Currency adjustments	7,868	276,872	17,377	107	302,224
Dec. 31, 2014	152,783	2,801,662	218,718	5,384	3,178,547
Cumulative depreciation					
Jan. 1, 2014	94,301	1,726,592	174,067	–	1,994,960
Additions or disposals due to consolidation changes	(14,872)	(200,718)	(14,439)	–	(230,029)
Depreciation	17,287	414,224	23,013	466	454,990
Disposals	(18,102)	(447,963)	(60,074)	–	(526,139)
Reclassifications	(167)	9,223	1	–	9,057
Currency adjustments	3,752	155,432	11,958	–	171,142
Impairment reversals	–	–	–	–	–
Dec. 31, 2014	82,199	1,656,790	134,526	466	1,873,981
Carrying amounts as of Dec. 31, 2014	**70,584**	**1,144,872**	**84,192**	**4,918**	**1,304,566**
Cost of acquisition or production*					
Jan. 1, 2013	225,145	3,847,766	291,632	3,430	4,367,973
Additions or disposals due to consolidation changes	561	7,594	(19,773)	(1,138)	(12,756)
Additions	31,607	825,540	29,895	3,100	890,142
Disposals	(34,626)	(984,314)	(24,958)	(356)	(1,044,254)
Reclassifications	(464)	(360,964)	(1,664)	(1,022)	(364,114)
Currency adjustments	(27,829)	(428,766)	(7,069)	(10)	(463,674)
Dec. 31, 2013	194,394	2,906,856	268,063	4,004	3,373,317
Cumulative depreciation*					
Jan. 1, 2013	99,935	2,179,239	183,512	1	2,462,687
Additions or disposals due to consolidation changes	169	(7,293)	(13,229)	(478)	(20,831)
Depreciation	14,008	659,770	27,856	2	701,636
Disposals	(7,454)	(598,760)	(19,544)	–	(625,758)
Reclassifications	(391)	(246,587)	272	475	(246,231)
Currency adjustments	(11,966)	(259,777)	(4,800)	–	(276,543)
Impairment reversals	–	–	–	–	–
Dec. 31, 2013	94,301	1,726,592	174,067	–	1,994,960
Carrying amounts as of Dec. 31, 2013*	**100,093**	**1,180,264**	**93,996**	**4,004**	**1,378,357**

* restated

Property, plant and equipment includes EUR 252,572 thousand (2013: EUR 361,891 thousand) in lease-financed assets. These largely comprise plant and machinery at Leighton Holdings.

The reclassifications under "Technical equipment and machinery, transportation equipment" in the prior year mainly relate to assets held for sale.

No impairment losses were recorded on property, plant and equipment in the reporting year (2013: EUR 1,069 thousand).

Property, plant and equipment mainly in the HOCHTIEF Asia Pacific division is subject to restrictions in the amount of EUR 111,022 thousand (2013: EUR 126,419 thousand).

13. Investment properties

(EUR thousand)	
Cost of acquisition or production	
Jan. 1, 2014	41,901
Additions	–
Disposals	(2,104)
Currency adjustments	–
Dec. 31, 2014	39,797
Cumulative amortization	
Jan. 1, 2014	25,905
Amortization	313
Disposals	(1,673)
Currency adjustments	–
Impairment reversals	–
Dec. 31, 2014	24,545
Carrying amounts as of Dec. 31, 2014	**15,252**
Cost of acquisition or production	
Jan. 1, 2013	47,002
Additions	13
Disposals	(5,114)
Currency adjustments	–
Dec. 31, 2013	41,901
Cumulative amortization	
Jan. 1, 2013	27,671
Amortization	334
Disposals	(2,100)
Currency adjustments	–
Impairment reversals	–
Dec. 31, 2013	25,905
Carrying amounts as of Dec. 31, 2013	**15,996**

As in the prior year, there were no impairment losses on investment properties in the year under review.

The fair values of investment properties came to EUR 15,916 thousand as of December 31, 2014 (2013: EUR 22,698 thousand). These are assessed as in the past using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method. Of this total, EUR 1,586 thousand (2013: EUR 1,793 thousand) is accounted for by fair value adjustments following independent external appraisals.

Rental income from investment properties in the reporting year totaled EUR 873 thousand (2013: EUR 1,164 thousand). Direct operating expenses totaling EUR 1,203 thousand (2013: EUR 1,801 thousand) consisted of EUR 503 thousand (2013: EUR 674 thousand) in expenses for rented and EUR 700 thousand (2013: EUR 1,127 thousand) in expenses for unrented investment properties.

As in the prior year, investment properties are not subject to any restrictions.

14. Equity-method investments

(EUR thousand)	Dec. 31, 2014	Dec. 31, 2013
Equity-method associates	363,476	330,750
Equity-method jointly controlled entities	535,008	367,758
	898,484	**698,508**

Material associates

In the following, information is provided on Al Habtoor Engineering Enterprises Co. LLC, Dubai, United Arab Emirates, which—in the view of management—is the one material associate of the HOCHTIEF Group as of December 31, 2014.

The proportion of ownership interests and the proportion of voting rights (both 45%) are unaltered from the prior year. As in the prior year, there is no quoted market price as of December 31, 2014.

The following tables show the Group's share of items of the balance sheet and statement of comprehensive income of the above-mentioned material equity-method associate:

(EUR thousand)	Dec. 31, 2014	Dec. 31, 2013
Non-current assets	440,464	397,255
Current assets	932,839	645,766
Non-current liabilities	(328,032)	(342,953)
Current liabilities	(786,699)	(476,316)
Carrying amount	**258,572**	**223,752**

(EUR thousand)	2014	2013
Sales	499,316	357,794
Profit before taxes	**–**	**753**
Income taxes	–	–
Profit after taxes	**–**	**753**
Other comprehensive income	–	–
Total comprehensive income	**–**	**753**
Dividends received	–	–

Immaterial associates

The table below shows the carrying amounts and the Group's share of items of the statement of comprehensive income of immaterial equity-method associates:

(EUR thousand)	2014	2013
Carrying amount	**104,904**	**106,998**
Profit before taxes	**(7,959)**	**28,737**
Income taxes	(2,967)	(7,162)
Profit after taxes	**(10,926)**	**21,575**
Other comprehensive income	–	117,587
Total comprehensive income	**(10,926)**	**139,162**

Profit from material and immaterial equity-method associates includes EUR 12,549 thousand (2013: EUR 10,764 thousand) in impairment losses. These relate to associates in the HOCHTIEF Asia Pacific division.

As in the prior year, investments in material and immaterial associates are not subject to any restrictions.

Immaterial joint ventures

The table below shows the carrying amounts and the Group's share of items of the statement of comprehensive income of immaterial equity-method joint ventures:

(EUR thousand)	2014	2013
Carrying amount	**535,008**	**367,758**
Profit before taxes	**96,044**	**131,945**
Income taxes	(9,636)	(1,444)
Profit after taxes	**86,408**	**130,501**
Other comprehensive income	3,595	32,795
Total comprehensive income	**90,003**	**163,296**

Profit from immaterial equity-method joint ventures includes EUR 869 thousand (2013: EUR 39,941 thousand) in impairment losses. These relate to joint ventures in the HOCHTIEF Asia Pacific division. In the prior year, they mainly related to a company in the HOCHTIEF Europe division separated out in line with IFRS 5.

Investments in joint ventures are pledged in the amount of EUR 5,192 thousand (2013: EUR 1,279 thousand).

15. Other financial assets

(EUR thousand)	Dec. 31, 2014	Dec. 31, 2013
Non-consolidated subsidiaries	5,451	6,436
Other participating interests	123,923	68,572
Non-current securities	–	260
	129,374	**75,268**

An amount of EUR 20 thousand was recognized in impairment losses on non-consolidated subsidiaries in the year under review (2013: EUR 70 thousand) and EUR 72 thousand on other participating interests (2013: EUR 13,332 thousand).

The increase in other participating interests relates to the sale of shares in a fully consolidated company in the HOCHTIEF Europe division and the classification of the remaining shares under other participating interests.

As in the prior year, other financial assets are not subject to any restrictions.

16. Financial receivables

(EUR thousand)	Dec. 31, 2014 Non-current	Dec. 31, 2014 Current	Dec. 31, 2013 Non-current	Dec. 31, 2013 Current
Long-term loans to non-consolidated subsidiaries and to participating interests	539,231	13,644	442,556	31,664
Financial receivables from non-consolidated subsidiaries	7,189	20,371	7,394	21,437
Financial receivables from participating interests	62,650	38,487	43,868	33,435
Interest accruals	–	2,666	–	38,969
Other financial receivables	22,409	2,306	32,912	1,429
	631,479	**77,474**	**526,730**	**126,934**

Long-term loans to non-consolidated subsidiaries and to participating interests comprise loans to the Habtoor Leighton Group in the amount of EUR 436,679 thousand (2013: EUR 373,990 thousand).

Receivables from equity-accounted companies total EUR 619,756 thousand (2013: EUR 527,038 thousand).

17. Other receivables and other assets

(EUR thousand)	Dec. 31, 2014 Non-current	Dec. 31, 2014 Current	Dec. 31, 2013 (restated) Non-current	Dec. 31, 2013 (restated) Current
Prepaid expenses	2,667	58,162	2,396	92,104
Entitlements from sales of participating interests	–	50,451	–	39,238
Derivative receivables	6,414	4,998	15,506	11,981
Tax receivables (excluding income taxes)	–	7,115	–	7,485
Entitlements from real estate sales	–	1,800	–	1,096
Pension fund credit balances	1,456	–	10,296	–
Sundry other assets	64,293	76,519	65,633	46,772
	74,830	**199,045**	**93,831**	**198,676**

Prepaid expenses consist of insurance premiums, rents applicable to later accounting periods, and prepayments for maintenance and services. They also include commission paid by HOCHTIEF insurance companies for insurance arranged by direct insurers. Such commission is reversed to expense over the lifetime of the policy.

As in the prior year, sundry other assets are not subject to any restrictions in the year under review.

18. Income tax assets

The EUR 164,730 thousand (2013: EUR 91,994 thousand) in income tax assets comprises amounts receivable from domestic and foreign revenue authorities. These consist of EUR 24,863 thousand (2013: EUR 57,047 thousand) classified as non-current assets and EUR 139,867 thousand (2013: 34,947 thousand) classified as current assets.

19. Deferred taxes

Deferred tax assets and liabilities break down as follows:

	Dec. 31, 2014		Dec. 31, 2013	
(EUR thousand)	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Non-current assets	101,160	212,274	127,746	125,194
Current assets	214,319	261,146	58,896	345,458
Non-current liabilities				
Pension provisions	160,097	26,916	107,340	10,716
Other provisions	37,186	10,534	58,459	84,780
Sundry non-current liabilities	907	–	5,928	1,224
Current liabilities				
Other provisions	82,364	392	101,071	248
Sundry current liabilities	59,716	63,574	46,834	85,691
	655,749	**574,836**	**506,274**	**653,311**
Losses carried forward	137,456	–	146,063	–
Gross amount	**793,205**	**574,836**	**652,337**	**653,311**
Offsetting item	527,678	527,678	527,162	527,162
Reported amount	**265,527**	**47,158**	**125,175**	**126,149**

Deferred tax assets and deferred tax liabilities are offset within each company or group. The EUR 793,205 thousand (2013: EUR 652,337 thousand) gross amount of deferred tax assets includes the following tax refund entitlements arising from the expected future use of tax loss carryforwards:

(EUR thousand)	Dec. 31, 2014	Dec. 31, 2013
Corporate income tax	119,372	139,650
German municipal trade tax	18,084	6,413
	137,456	**146,063**

There is adequate assurance that the tax loss carryforwards will be realized. German tax loss carryforwards for which no deferred tax assets have been recognized amount to EUR 696,944 thousand (2013: EUR 1,149,129 thousand) in respect of corporate income tax and EUR 914,280 thousand (2013: EUR 1,376,328 thousand) in respect of German municipal trade tax. The change in the tax loss carryforward figures mainly relates to adjustments made on the basis of completed tax audits and subsequent changes that followed as a result.

No deferred tax assets have been recognized in relation to interest expense carryforwards in the amount of EUR 321,106 thousand (2013: EUR 238,703 thousand).

Deferred tax assets are normally recognized for tax-deductible temporary differences if it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

Group companies that generated losses in the past fiscal year or previous years have EUR 68,124 thousand (2013: EUR 19,181 thousand) in deferred tax assets resulting from temporary differences or tax loss carryforwards found not to be impaired.

Deferred tax liabilities totaling a gross amount of EUR 574,836 thousand (2013: EUR 653,311 thousand) are entirely due to taxable temporary differences, mostly from adjustments to ensure uniform Group-wide compliance with IFRS valuation principles.

EUR 7,934 thousand was charged to equity (2013: EUR 16,720 thousand) for deferred tax relating to exchange differences from translation of foreign entity financial statements. EUR 10,984 thousand (2013: EUR 3,851 thousand) was charged to equity for deferred tax on amounts recognized in equity for changes in the fair value of derivative and non-derivative financial instruments. EUR 50,990 thousand was credited to equity (2013: EUR 24,491 thousand charged to equity) for deferred tax relating to actuarial gains and losses. As of the balance sheet date, deferred tax from the measurement of financial instruments charged to equity amounted to EUR 4,992 thousand (2013: EUR 5,992 thousand credited to equity), while EUR 162,996 thousand (2013: EUR 112,006 thousand) was credited to equity in connection with actuarial gains and losses.

20. Inventories

(EUR thousand)	**Dec. 31, 2014**	Dec. 31, 2013 (restated)
Raw materials and supplies, spare parts	159,457	214,895
Work in progress	748,552	929,615
Finished goods	5,084	11,959
Prepayments	6,412	2,873
	919,505	**1,159,342**

Borrowing costs of EUR 12,779 thousand were capitalized under work in progress in accordance with IAS 23 in 2014 (2013: EUR 16,240 thousand). The borrowing costs were determined on the basis of interest rates of between 1.58 and 10.8% (2013: between 1.69 and 9.00%).

Work in progress also includes properties under development that are subject to restrictions in the amount of EUR 455,208 thousand (2013: EUR 422,276 thousand).

21. Trade receivables

(EUR thousand)	**Dec. 31, 2014**	Dec. 31, 2013 (restated)
Trade receivables		
Gross amount due from customers for contract work (POC)	4,866,197	6,537,917
Less: progress payments received	(2,512,716)	(2,891,214)
	2,353,481	**3,646,703**
From construction joint ventures	187,527	172,616
Other	2,512,758	2,134,363
	5,053,766	**5,953,682**
From non-consolidated subsidiaries	3,493	9,250
From participating interests	8,915	20,147
	5,066,174	**5,983,079**

The figure of EUR 2,353,481 thousand (2013: EUR 3,646,703 thousand), representing the gross amount due from customers for construction work (POC) less progress payments received, relates to construction contracts where contract costs incurred (including shares of contract net profit) exceed progress payments received from customers. The combined total of POC contract costs (including net profit shares) reported under trade receivables and trade payables is EUR 5,201,642 thousand (2013: EUR 7,069,635 thousand). The combined total of progress payments received and offset against the gross amounts due to and from customers for contract work (POC) in the year under review is EUR 3,661,481 thousand (2013: EUR 3,596,325 thousand).

Accounting provision was made in the HOCHTIEF Asia Pacific division in the year under review to cover credit risk on project receivables in the amount of EUR 458,467 thousand.

Various fully consolidated companies in the HOCHTIEF Group have been granted service concession or similar arrangements. These arrangements are mostly accounted for as financial assets and reported as part of the gross amount due from customers for contract work (POC). The service concession arrangements, which are in the social infrastructure/Europe segment, are agreements to build and modernize, operate, and maintain schools and other public buildings. Construction work and improvements are on schedule. These activities broke even with sales of EUR 14,604 thousand (2013: EUR 38,573 thousand). Accordingly, the HOCHTIEF Group companies concerned are required to perform their obligations under the service concession arrangements and are granted the rights necessary to do so in each case. At the end of the period of a service concession arrangement, the infrastructure to which the arrangement relates is returned to the public-sector client. The assets associated with a service concession arrangement generally remain public property for the entire duration of the arrangement. The sole termination option provided for in the service concession arrangements relates to termination for cause. Some arrangements have renewal options.

Trade receivables include EUR 532,773 thousand (2013: EUR 423,695 thousand) in contractual retention amounts.

Trade receivables do not include any properties under development that are subject to restrictions (2013: EUR 304,457 thousand).

Receivables from equity-accounted companies total EUR 2,698 thousand (2013: EUR 8,906 thousand).

22. Receivables from the sale of discontinued operations

The receivables in the amount of EUR 1,108,112 thousand are recognized in the HOCHTIEF Asia Pacific division for the sale of the John Holland Group and of 50% of the ownership interest in Thiess Services and Leighton Contractors Services.

In accordance with its strategic alignment, HOCHTIEF Group company Leighton Holdings entered into binding agreements for the sale of these activities in December 2014.

The transaction generated a pre-tax gain on disposal of EUR 660,989 thousand.

23. Marketable securities

The marketable securities totaling EUR 741,535 thousand (2013: EUR 1,123,258 thousand) mainly consist of securities held in special-purpose and general investment funds and fixed-income securities with maturities at the time of acquisition of more than three months where there is no intention to hold the securities to maturity.

All marketable securities are classified as available for sale and are carried at fair value. The carrying amount decreased due to fair value adjustments by EUR 7,944 thousand (2013: EUR 17,733 thousand).

Marketable securities are pledged in the amount of EUR 23,262 thousand (2013: EUR 19,936 thousand) as security for employee benefit entitlements under semi-retirement programs. Marketable securities are subject to restrictions in the amount of EUR 172,552 thousand (2013: EUR 223,602 thousand).

Outside of externally managed investments, direct investment activities are exclusively restricted to the purchase of bonds from top-class issuers* with broad diversification to ensure that concentration risks relative to specific issuers are strictly avoided.

*See glossary on page 266.

24. Cash and cash equivalents

Cash and cash equivalents total EUR 2,585,359 thousand (2013: EUR 2,190,132 thousand) and comprise petty cash, cash at banks, and marketable securities with maturities at the time of acquisition of no more than three months. Cash and cash equivalents are subject to an insignificant risk of changes in value. Cash and cash equivalents to the value of EUR 26,518 thousand are subject to restrictions (2013: EUR 65,553 thousand).

25. Shareholders' equity

The Consolidated Statement of Changes in Equity is shown on page 173.

Exercising the authorization given at the Annual General Meeting of May 7, 2013 to redeem shares of treasury stock acquired in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG), the Executive Board passed a resolution on February 24, 2014 to redeem all 7,690,565 shares of treasury stock. The Supervisory Board approved the redemption. Following the redemption, the Company's capital stock is divided into 69,309,434 no-par-value bearer shares. Concurrently with the redemption, the Company's capital stock was reduced to EUR 177,432,151.04. The capital reduction was effected by redemption of treasury stock acquired in accordance with Section 71 (1) 8 Sentence 6 AktG by application of the simplified redemption procedure (Section 237 (3) 2 AktG). As in the prior year, each share accounts for EUR 2.56 of capital stock.

As of December 31, 2014, HOCHTIEF Aktiengesellschaft held a total of 843,189 shares of treasury stock as defined in Section 160 (1) 2 of the German Stock Corporations Act (AktG). These shares were purchased from October 7, 2014 onward for the purposes provided for in the resolution of the Annual General Meeting of May 7, 2014 and for all other purposes permitted under AktG, at a total price of EUR 48,303,535 (an average price of EUR 57.29 per share). The holdings of treasury stock represent EUR 2,158,564 (1.22%) of the Company's capital stock.

The capital reserve comprises premium on shares issued by HOCHTIEF Aktiengesellschaft.

The Executive Board is unaware of any restrictions on voting rights or on transfers of securities.

There are no shares with special control rights. The Executive Board is not aware of any employee shares where the control rights are not exercised directly by the employees.

Statutory rules on the appointment and replacement of Executive Board members are contained in Sections 84 and 85 and statutory rules on the amendment of the Articles of Association in Sections 179 and 133 of the German Stock Corporations Act (AktG). Under Section 7 (1) of the Company's Articles of Association, the Executive Board comprises at least two individuals. Section 23 (1) of the Articles of Association provides that resolutions of the Annual General Meeting require a simple majority of votes cast unless there is a statutory requirement stipulating a different majority. In instances where the Act requires a majority of the capital stock represented at the time of the resolution in addition to a majority of votes cast, Section 23 (3) of the Articles of Association provides that a simple majority will suffice unless there is a mandatory requirement stipulating a different majority.

Pursuant to Section 4 (5) of the Articles of Association, the Executive Board is authorized, subject to Supervisory Board approval, to increase the capital stock by issuing new no-par-value bearer shares for cash and/or non-cash consideration in one or more issues up to a total of EUR 35,840 thousand by or before May 10, 2015 (Authorized Capital I). Similarly, there is an authorization to increase capital by up to EUR 23,296 thousand by or before May 11, 2016 under Section 4 (6) of the Articles of Association (Authorized Capital II). Detailed provisions are contained in the stated section of the Articles.

Pursuant to Section 4 (4) of the Articles of Association, the Company's capital stock has been conditionally increased by up to EUR 49,280 thousand divided into up to 19,250,000 no-par-value bearer shares (conditional capital). Detailed provisions are contained in the stated section of the Articles.

Authorization to repurchase shares:

The Company is authorized by resolution of the Annual General Meeting of May 7, 2014 to repurchase its own shares in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG). The authorization expires on May 6, 2019. It is limited to 10% of the capital stock at the time of the Annual General Meeting resolution or at the time of exercising the authorization, whichever figure is smaller, with the quantity of shares able to be acquired by the use of call options limited to a maximum of 5% of the capital stock at the time of the Annual General Meeting resolution. The authorization can be exercised directly by the Company or by a company in its control or majority ownership or by third parties engaged by the Company or engaged by a company in its control or majority ownership and allows the share repurchase to be executed in one or more installments covering the entire amount or any fraction. The repurchase may be effected through the stock exchange, or by public offer to all shareholders, or by public invitation to all shareholders to tender shares for sale, or by issuing shareholders with rights to sell shares, or by the use of call options. The conditions governing the repurchase are set forth in detail in the resolution.

By resolution of the Annual General Meeting of May 7, 2014, the Executive Board is authorized, subject to Supervisory Board approval, in the event of a sale of treasury shares effected by way of an offer to all shareholders, to issue subscription rights to the shares to holders of warrant-linked and/or convertible bonds issued by the Company or by any subordinate Group company. The Executive Board is also authorized, subject to Supervisory Board approval, to sell treasury shares other than through the stock exchange and other than by way of an offer to all shareholders, provided that the shares are sold for cash at a price not substantially below the current stock market price for Company shares of the same class at the time of sale.

The HOCHTIEF Aktiengesellschaft Executive Board is also authorized, subject to Supervisory Board approval and the conditions set out in the following, to offer and transfer treasury shares to third parties other than through the stock exchange and other than by way of an offer to all shareholders. Such transactions may take place in the course of acquisitions of business enterprises in whole or part and in the course of mergers. They are also permitted for the purpose of obtaining a listing for the Company's shares on foreign stock exchanges where it is not yet listed. The shares may also be offered for purchase by employees or former employees of the Company or its affiliates. Holders of bonds which the Company or a Group company subordinate to it issues or has issued under the authorization granted at the Annual General Meeting of May 12, 2011 (agenda item 8) may also be issued with the shares upon exercising the warrant and/or conversion rights and/or obligations attached to the bonds.

On condition that they be held for at least two years after transfer, the shares may also be transferred to (current or past) members of the Executive Board of the Company and to (current or past) members of the executive boards and general management of companies under its control within the meaning of Section 17 of the German Stock Corporations Act (AktG), and to current or past employees of the Company or of a company under its control within the meaning of Section 17 AktG. Such transfers are only permitted for the purpose of settling the transferees' variable compensation entitlements in place of cash settlement. Further conditions of transfer are detailed in the resolution. Where shares are issued to members of the Executive Board of the Company, the decision to issue the shares is taken solely by the Supervisory Board.

Shareholders' statutory subscription rights to such shares are barred pursuant to Sections 71 (1) 8 and 186 (3) and (4) of the German Stock Corporations Act (AktG) to the extent that the shares are used in exercise of the authorizations set out above.

The Executive Board is also authorized, subject to Supervisory Board approval, to retire repurchased shares without a further resolution of the Annual General Meeting being required for the share retirement itself or its execution.

The conditions governing awards of subscription rights and the sale, transfer, and retirement of treasury stock are set forth in detail in the Annual General Meeting resolution.

Exercising the authorization given at the Annual General Meeting of May 7, 2014, HOCHTIEF Aktiengesellschaft acquired 13,991 shares between May 12, 2014 and May 23, 2014 for a total price of EUR 924,205 (an average price of EUR 66.06 per share). These shares represent EUR 35,817 (0.02%) of the Company's capital stock.

In May 2014, 13,991 shares of treasury stock were transferred to members of the Executive Board of the Company and to members of the Executive Board of HOCHTIEF Solutions AG at a price of EUR 66.35 per share on condition that the shares be held for at least two years after transfer. The transfer settled the transferees' variable compensation entitlements in place of cash settlement. These shares represent EUR 35,817 (0.02%) of the Company's capital stock.

Unappropriated net profit is identical for HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group.

A dividend of EUR 103,964 thousand was paid out in the year under review (2013: EUR 73,613 thousand).

The minority interest in the shareholders' equity of consolidated Group companies totals EUR 933,052 thousand (2013: EUR 1,028,085 thousand); EUR 787,831 thousand (2013: EUR 895,019 thousand) of this relates to the Leighton Group. The decrease relative to the prior year mainly relates to the increase in the stake in Leighton.

Accumulated other comprehensive income is part of revenue reserves. It includes amounts recognized in equity for changes in the fair value of primary and derivative financial instruments and exchange differences from translation of foreign entity financial statements. Accumulated other comprehensive income also includes the Group's share of changes recognized directly in the other comprehensive income of equity-method associates and jointly controlled entities, plus the portion of other comprehensive income from the remeasurement of defined benefit plans that will not subsequently be reclassified to profit or loss. The changes in other comprehensive income are presented on a year-on-year basis in the following table:

Changes in other comprehensive income

(EUR thousand)	Dec. 31, 2014	Dec. 31, 2013
Currency translation differences		
Changes in other comprehensive income for the period	377,935	(414,988)
Amounts reclassified to profit or loss	(7,341)	49,340
	370,594	**(365,648)**
Changes in fair value of financial instruments – primary		
Changes in other comprehensive income for the period	24,129	(390)
Amounts reclassified to profit or loss	(2,006)	(143,689)
	22,123	**(144,079)**
Changes in fair value of financial instruments – derivative		
Changes in other comprehensive income for the period	1,172	20,224
Amounts reclassified to profit or loss	(1,190)	(1,190)
	(18)	**19,034**
Share of profits and losses of equity-method associates and jointly controlled entities recognized directly in equity		
Changes in other comprehensive income for the period	(2,325)	4,788
Amounts reclassified to profit or loss	5,920	145,594
	3,595	**150,382**
Remeasurement of defined benefit plans	**(110,576)**	**18,244**
Other comprehensive income after taxes	**285,718**	**(322,067)**

The tax effects relating to changes in other comprehensive income are distributed as follows:

	Dec. 31, 2014			Dec. 31, 2013		
(EUR thousand)	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Currency translation differences	370,594	–	370,594	(365,648)	–	(365,648)
Changes in fair value of financial instruments primary	31,587	(9,464)	22,123	(147,523)	3,444	(144,079)
Changes in fair value of financial instruments derivative	1,502	(1,520)	(18)	26,329	(7,295)	19,034
Share of profits and losses of equity-method associates and jointly controlled entities recognized directly in equity	3,595	–	3,595	150,382	–	150,382
Remeasurement of defined benefit plans	(163,148)	52,572	(110,576)	33,608	(15,364)	18,244
Other comprehensive income	**244,130**	**41,588**	**285,718**	**(302,852)**	**(19,215)**	**(322,067)**

26. Share-based payment

The following Group-wide share-based payment systems were in force for managerial staff of HOCHTIEF Aktiengesellschaft and its affiliates in 2014:

Retention Stock Awards 2008

In May 2008, the Supervisory Board adopted a resolution to launch, for members of the Executive Board, a Retention Stock Award plan (RSA 2008) consisting of three tranches and running for seven years, and granted a first tranche of awards under the plan. The conditions for the first tranche of stock awards stipulated that for each stock award exercised within a two-year exercise period following a three-year waiting period, entitled individuals received at HOCHTIEF Aktiengesellschaft's discretion either a HOCHTIEF share or a compensatory cash amount equal to the closing price of HOCHTIEF stock on the last stock market trading day before the exercise date. The gain on each stock award was limited to EUR 160.

The second tranche was granted in March 2009. The conditions for the second tranche differed from the first tranche solely in the time frame being one year later and with regard to the cap, which was set for the second tranche at EUR 66.50 per stock award. The third tranche was granted in March 2010. The conditions for the third tranche differed from the first tranche solely in the time frame being two years later and with regard to the cap, which was set for the third tranche at EUR 133.12 per stock award.

The first tranche was exercised in full by the members of the Executive Board in 2011. The second and third tranches were exercised in full or expired in 2014.

Top Executive Retention Plan 2008

The Executive Board also resolved in June 2008 to launch a Top Executive Retention Plan 2008 (TERP 2008) for selected managerial employees.

This plan is likewise based on stock awards and consists of three tranches. The first tranche was granted in July 2008, the second in July 2009, and the third in July 2010.

The total term of the plan is ten years. The waiting period after the granting of each tranche is three years. The exercise period is between five and seven years, depending on the tranche.

The conditions stipulate that, after the waiting period, entitled individuals receive for each stock award either a HOCHTIEF share or, at HOCHTIEF Aktiengesellschaft's discretion, a compensatory cash amount equal to the closing price of HOCHTIEF stock on the last stock market trading day before the exercise date. The gain is capped for each year of the exercise period. The cap rises annually up to a maximum gain at the end of the term. The maximum gain is set to EUR 160 per stock award for the first tranche, EUR 81.65 for the second tranche, and EUR 166.27 for the third tranche.

Long-term Incentive Plan 2009

The Long-term Incentive Plan 2009 (LTIP 2009) was launched by resolution of the Supervisory Board in 2009 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. Alongside grants of stock appreciation rights (SARs), LTIP 2009 also provided for grants of stock awards. The SARs could only be exercised if, for at least ten consecutive stock market trading days before the exercise date, the ten-day average (arithmetic mean) stock market closing price of HOCHTIEF stock was higher relative to the issue price compared with the ten-day average closing level of the MDAX index relative to the index base (relative performance threshold) and, additionally, return on net assets (RONA) in the then most recently approved set of consolidated financial statements was at least 10% (absolute performance threshold). The relative performance threshold was waived if the average stock market price of HOCHTIEF stock exceeded the issue price by at least 10% on ten consecutive stock market trading days after the end of the waiting period.

Provided that the targets were met, the SARs could be exercised at any time after a two-year waiting period except during a short period before publication of any business results. When SARs were exercised, the issuing entity paid out the difference between the then current stock price and the issue price. The difference was capped at 50% of the issue price.

The LTIP conditions for stock awards stipulated that for each stock award exercised within a two-year exercise period following a three-year waiting period, entitled individuals received at HOCHTIEF Aktiengesellschaft's discretion either a HOCHTIEF share or a compensatory cash amount equal to the closing price of HOCHTIEF stock on the last stock market trading day before the exercise date. The maximum gain was set to EUR 40.10 per stock award.

The plan was exercised in full.

Long-term Incentive Plan 2010

The Long-term Incentive Plan 2010 (LTIP 2010) was launched by resolution of the Supervisory Board in 2010 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. Except for the longer waiting period (four instead of two years) for the SARs, the conditions do not differ in any material respect from those of LTIP 2009. The gain is limited to EUR 27.28 per SAR and EUR 81.83 per stock award.

Long-term Incentive Plan 2011

The Long-term Incentive Plan 2011 (LTIP 2011) was launched by resolution of the Supervisory Board in 2011 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. The conditions do not differ in any material respect from those of LTIP 2010. The gain is limited to EUR 32.67 per SAR and EUR 98.01 per stock award.

Long-term Incentive Plan 2012

The Long-term Incentive Plan 2012 (LTIP 2012) was launched by resolution of the Supervisory Board in 2012 and is open to Executive Board members and upper managerial employees of HOCHTIEF Aktiengesellschaft and its affiliates. The plan conditions differ from those of LTIP 2011 in two points:

1. Return on net assets (RONA) as per the most recently approved Consolidated Financial Statements must be at least 15%.

2. The waiting time for stock awards was extended from three to four years and the total term of the plan accordingly from five to six years.

The gain is limited to EUR 25.27 per SAR and EUR 75.81 per stock award.

Long-term Incentive Plan 2013

The Long-term Incentive Plan 2013 (LTIP 2013) was launched by resolution of the Supervisory Board in 2013 and is open to Executive Board members. The plan conditions differ from those of LTIP 2012 in only one point:

The number of SARs that can be exercised depends on attainment of the planned value range for adjusted free cash flow. This value range is set in the business plan for each exercise year.

The gain is limited to EUR 24.61 per SAR and EUR 73.83 per stock award.

Long-term Incentive Plan 2014

The Long-term Incentive Plan 2014 (LTIP 2014) was launched by resolution of the Supervisory Board in 2014 and is open to Executive Board members. The plan conditions do not differ in any material respect from those of LTIP 2013.

The gain is limited to EUR 30.98 per SAR and EUR 92.93 per stock award.

Other information

Return on net assets (RONA)

Return on net assets (RONA) indicates how well HOCHTIEF's assets are performing as an investment and thus measures the profitability of the HOCHTIEF Group. RONA measures return as a percentage of net assets. For this purpose, return is defined as operational earnings (EBITA, shown in the Operational Statement of Earnings) plus interest income from the Group's financial assets. The net assets figure reflects the total capital commitment from which returns are to be generated.

*restated

The HOCHTIEF Group generated a return on net assets (RONA) of 20.3% in 2014 (2013: 15.6%*). RONA thus increased/decreased by 4.7 percentage points compared with the prior year.

The conditions of all plans stipulate that on the exercise of SARs or stock awards—and the fulfillment of all other requisite criteria—HOCHTIEF Aktiengesellschaft normally has the option of delivering HOCHTIEF shares instead of paying out the gain in cash. Where the entitled individuals are not employees of HOCHTIEF Aktiengesellschaft, the expense incurred on exercise of SARs or stock awards is met by the affiliated company concerned.

The quantities of SARs and stock awards granted, expired, and exercised under the plans are as follows:

	Originally granted	Outstanding at Dec. 31, 2013	Granted in 2014	Expired in 2014	Exercised/ settled in 2014	Disposal/sale 2014	**Outstanding at Dec. 31, 2014**
TERP 2008/Tranche 1	130,900	4,800	–	–	–	–	4,800
TERP 2008/Tranche 2	359,000	85,500	–	12,600	55,950	–	16,950
TERP 2008/Tranche 3	174,100	26,900	–	–	4,600	–	22,300
RSA 2008/Tranche 2	347,478	80,188	–	–	80,188	–	–
RSA 2008/Tranche 3	146,884	40,060	–	–	40,060	–	–
LTIP 2009 – stock awards	273,400	500	–	500	–	–	–
LTIP 2010 – SARs	353,200	202,500	–	6,100	146,850	500	49,050
LTIP 2010 – stock awards	166,000	10,600	–	500	6,300	–	3,800
LTIP 2011 – SARs	275,250	180,250	–	13,350	–	9,850	157,050
LTIP 2011 – stock awards	124,850	72,300	–	1,100	55,450	–	15,750
LTIP 2012 – SARs	457,406	340,506	–	30,550	–	19,250	290,706
LTIP 2012 – stock awards	82,991	54,829	–	5,135	–	2,880	46,814
LTIP 2013 – SARs	38,288	38,288	–	–	–	–	38,288
LTIP 2013 – stock awards	9,297	9,297	–	–	–	–	9,297
LTIP 2014 – SARs	–	–	86,907	–	–	–	86,907
LTIP 2014 – stock awards	–	–	20,453	–	–	–	20,453

Provisions recognized for the stated share-based payment arrangements totaled EUR 11,766 thousand as of the balance sheet date (2013: EUR 20,095 thousand). The total expense recognized for the stated arrangements in 2014 was EUR 1,784 thousand (2013: EUR 17,334 thousand). The intrinsic value of options exercisable at the end of the reporting period was EUR 4,150 thousand (2013: EUR 7,658 thousand).

27. Provisions for pensions and similar obligations

Defined benefit plans

Under defined benefit plans, the Company's obligation is to provide agreed benefits to current and former employees. The main pension obligations in Germany consist of direct commitments under the current 2000+ pension plan and deferred compensation plans. The 2000+ plan in force since January 1, 2000 consists of a basic pension in the form of a modular defined contribution plan and a supplementary pension linked to company performance. The size of the basic pension component depends on employee income and age (resulting in an annuity conversion factor) and a general pension contribution reviewed by HOCHTIEF every three years. The size of the supplementary pension component depends on growth in IFRS-basis profit after taxes. The basic pension can be supplemented in this way by up to 20%. The pension amount at retirement is the sum total of the pension components vested each year. In isolated instances, length-of-service and final salary pension arrangements are in existence for executive staff, although except at Executive Board level such arrangements have no longer been offered since 1995. Benefits comprise an old-age pension, an invalidity pension, and a surviving dependants' pension, and in almost all cases are granted as a lifelong annuity.

Up to December 31, 2013, employees in Germany additionally had the option of deferred compensation in a company pension plan. The deferred compensation was invested in selected investment funds. The pension amount is based on the present value of acquired fund units at retirement, subject to a minimum of the deferred compensation amount plus an increment that is guaranteed by HOCHTIEF and ranges from 3.50% down to 1.75% p.a. There is a choice at retirement between a lump sum payment and an annuity for five or six years.

Outside of Germany, there are defined benefit plans at Turner in the USA and HOCHTIEF UK in the United Kingdom. The plan at Turner was frozen as of December 31, 2003, and no new entitlements can be earned under it. Benefits comprise an old-age pension, an invalidity pension, and a surviving dependants' pension. There is a choice at retirement between a lifelong annuity and a lump sum payment. Commitments at Turner also include post-employment benefits in the form of medical care for pensioners. HOCHTIEF UK has a length-of-service, final salary pension plan. For each year of service, 1/75th of the eligible final salary is granted as a monthly pension. Benefits comprise an old-age pension, an invalidity pension, and a surviving dependants' pension.

Defined benefit obligations in the HOCHTIEF Group are made up as follows:

		Dec. 31, 2014	
(EUR thousand)	Germany	USA	UK
Active members	144,137	87,107	11,212
Final salary	[19,613]	–	[11,212]
Not final salary	[124,524]	[87,107]	–
Vested benefits	171,419	44,594	15,110
Current benefit payments	521,605	100,762	15,069
Similar obligations	91	48,827	–
Total	**837,252**	**281,290**	**41,391**
Duration in years (weighted)	**14.8**	**8.3**	**20.0**

		Dec. 31, 2013	
(EUR thousand)	Germany	USA	UK
Active members	131,025	76,456	8,495
Final salary	[16,973]	–	[8,495]
Not final salary	[114,052]	[76,456]	–
Vested benefits	129,228	48,555	12,012
Current benefit payments	459,716	77,728	12,943
Similar obligations	82	38,909	–
Total	**720,051**	**241,648**	**33,450**
Duration in years (weighted)	**13.1**	**8.1**	**22.0**

Plan assets

There are no statutory or regulatory minimum funding requirements for pension plans in Germany. Domestic pension obligations are fully funded. The funded plans take the form of a contractual trust arrangement (CTA). The transferred assets are administered in trust by HOCHTIEF Pension Trust e. V. and serve exclusively to fund domestic pension obligations. The transferred cash is invested in the capital market in accordance with investment principles set out in the trust agreement and the investment guidelines. The investment guidelines and decisions are based on the findings of an asset liability matching (ALM) study compiled by outside specialists at regular intervals of three to five years. This uses Monte Carlo simulation to model the development of the pension liabilities and other key economic factors over a very long forward horizon and in numerous combinations. Based on the ALM study, a range of criteria are then applied to determine the optimum asset allocation in order to ensure that pension liabilities can be met in the long term. To assure an optimum conservative risk structure, we have also established risk overlay management using the services of a professional external overlay manager who is given a fixed annual risk budget and works fully autonomously in a clearly structured risk overlay management process. HOCHTIEF aims to ensure full funding of pension obligations and to fund new vested benefits on the basis of current service cost annually or at least on a timely basis. The companies pay in additional amounts from time to time in the event of any shortfall. Pension commitments in Germany in excess of the contribution assessment ceiling applied in the statutory pension insurance scheme are additionally covered using pension liability insurance. Pension liabilities from deferred employee compensation are funded by the purchase of retail fund units. Funding of the obligations served by HOCHTIEF Pension Trust e.V. as of December 31, 2014 is about 60% (2013: 71%); the figure for Germany as a whole is about 64% (2013: 75%). It should be noted in this connection that the size of pension obligations has increased significantly in recent years due to the low level of market interest rates and that the funding ratio will significantly increase again when interest rates recover.

The frozen defined benefit obligations in the Turner Group are likewise managed in a pension fund. Plan assets are administered in trust by BNY Mellon and serve exclusively to fund the plan. The trust's independence is reviewed annually and attested to by auditors. Investment decisions are not made by the trust but by a special committee. The investment of plan assets is based on a regularly compiled ALM study. The investment objectives are to maximize the funding ratio and reduce volatility in the funding ratio. With the pension obligations fully funded, high-risk investments in equities are to be reduced in favor of fixed-interest bonds. These ideally perform in line with plan liabilities, thus ensuring full funding. There is no statutory minimum funding requirement, but low funding levels result in higher contributions to the Pension Benefit Guarantee Corporation, and limits to lump-sum payments, hence maximum funding is aimed for. The funding of obligations covered by plan assets at Turner as of December 31, 2014 is about 91% (2013: 96%); funding at Turner overall is about 75% (2013: 80%). Funding of plan assets at HOCHTIEF UK is likewise on a trust basis. Statutory minimum funding requirements apply. If funding is insufficient to make up a funding shortfall, an additional restructuring plan is drawn up. Plan funding is reviewed at least once every three years. Funding of pension obligations at HOCHTIEF UK is about 81% (2013: 86%).

Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

	Dec. 31, 2014		Dec. 31, 2013	
(EUR thousand)	Defined benefit obligations	Plan assets	Defined benefit obligations	Plan assets
Uncovered by plan assets	50,159	–	44,707	–
Partially covered by plan assets	1,039,671	711,133	894,256	696,492
Incompletely covered by plan assets	**1,089,830**	**711,133**	**938,963**	**696,492**
Fully covered by plan assets	70,103	71,559	56,186	66,482
Total	**1,159,933**	**782,692**	**995,149**	**762,974**

Actuarial assumptions

The size of pension provisions is determined on an actuarial basis. This necessarily involves estimates. Specifically, the actuarial assumptions used are as follows:

	2014			2013		
(Percent)	Germany	USA	UK	Germany	USA	UK
Discount factor*	2.00	3.85	4.00	3.50	4.65	4.60
Salary increases	3.00	–	2.15	3.25	–	2.20
Pension increases	1.75	–	4.48	2.00	–	4.52
Health cost increases	–	5.00	–	–	5.00	–

* weighted average

The discount factors are derived from the Mercer Pension Discount Yield Curve (MPDYC) model, taking into account the company-specific duration of pension liabilities. Salary and pension increases ceased to be taken into account in the USA (Turner Group) in 2004 due to the changeover in pension arrangements. Mortality assumptions are based on published country-specific statistics and experience. Domestically, they are determined using the Prof. Dr. Klaus Heubeck 2005 G tables. Turner uses the RP 2014 separate annuitant/non-annuitant no collar tables with generational improvement using scale MP-2014 as published by the Society of Actuaries (SOA); HOCHTIEF UK uses the S2PxA CMI_2013 [1.25%] males [1.00%] females year of birth mortality tables.

The present value of defined benefit obligations and the market value of plan assets have changed as follows:

Changes in the present value of defined benefit obligations

(EUR thousand)	2014 Domestic	2014 International	2014 Total	2013 Domestic	2013 International	2013 Total
Defined benefit obligations at start of year	**720,051**	**275,098**	**995,149**	**817,209**	**279,475**	**1,096,684**
Current service cost	6,667	1,652	8,319	9,841	2,089	11,930
Past service cost	1,515	–	1,515	813	–	813
Gain on settlements	–	(1,158)	(1,158)	–	–	–
Interest expense	24,304	12,942	37,246	27,032	10,642	37,674
Remeasurements						
Actuarial gains/(losses) arising from changes in demographic assumptions	–	7,379	7,379	–	3,963	3,963
Actuarial gains/(losses) arising from changes in financial assumptions	139,474	22,692	162,166	265	(26,806)	(26,541)
Actuarial gains/(losses) arising from experience adjustments	1,543	(2,336)	(793)	3,882	131	4,013
Benefits paid from Company assets	(482)	(1,794)	(2,276)	(594)	(2,103)	(2,697)
Benefits paid from fund assets	(37,539)	(18,800)	(56,339)	(36,721)	(13,030)	(49,751)
Settlements paid from fund assets	–	(9,096)	(9,096)	–	–	–
Employee contributions	–	187	187	842	189	1,031
Effect of transfers	(2,041)	–	(2,041)	(120)	–	(120)
Consolidation changes	(16,240)	–	(16,240)	(102,398)	31,069	(71,329)
Currency adjustments	–	35,915	35,915	–	(10,521)	(10,521)
Defined benefit obligations at end of year	**837,252**	**322,681**	**1,159,933**	**720,051**	**275,098**	**995,149**

Changes in the market value of plan assets

(EUR thousand)	2014 Domestic	2014 International	2014 Total	2013 Domestic	2013 International	2013 Total
Plan assets at start of year	**540,833**	**222,141**	**762,974**	**602,115**	**191,612**	**793,727**
Interest on plan assets	18,832	10,266	29,098	20,471	7,374	27,845
Plan expenses paid from plan assets recognized in profit or loss	–	(944)	(944)	–	(927)	(927)
Remeasurements						
Return on plan assets not included in net interest expense/income	11,761	12,629	24,390	(4,279)	17,840	13,561
Difference between plan expenses expected and recognized in profit or loss	–	–	–	–	(11)	(11)
Employer contributions	15,548	743	16,291	48,046	717	48,763
Employee contributions	–	187	187	842	189	1,031
Effect of transfers	(1,328)	–	(1,328)	(8)	–	(8)
Benefits paid	(37,539)	(18,800)	(56,339)	(36,721)	(13,030)	(49,751)
Settlements paid	–	(9,096)	(9,096)	–	–	–
Consolidation changes	(10,249)	–	(10,249)	(89,633)	26,490	(63,143)
Currency adjustments	–	27,708	27,708	–	(8,113)	(8,113)
Plan assets at end of year	**537,858**	**244,834**	**782,692**	**540,833**	**222,141**	**762,974**

Investing plan assets to cover future pension obligations generated actual returns of EUR 53,488 thousand in 2014 (2013: EUR 41,406 thousand).

The pension provisions are determined as follows:

Reconciliation of pension obligations to provisions for pensions and similar obligations

(EUR thousand)	Dec. 31, 2014	Dec. 31, 2013
Defined benefit obligations	1,159,933	995,149
Less plan assets	782,692	762,974
Funding status	**377,241**	**232,175**
Adjustments arising from the limit in IAS 19	–	–
Assets from overfunded pension plans	1,456	10,296
Provision for pensions and similar obligations	**378,697**	**242,471**

The fair value of plan assets is divided among asset classes as follows:

Composition of plan assets

Dec. 31, 2014	Fair value			
(EUR thousand)	Quoted in an active market	Not quoted in an active market	Total	%
Stock				
U.S. equities	40,599	–	40,599	5.19
European equities	78,110	18,616	96,726	12.36
Emerging market equities	52,960	–	52,960	6.77
Other equities	15,422	–	15,422	1.97
Bonds				
U.S. government bonds	–	–	–	–
European government bonds	123,453	–	123,453	15.77
Emerging market government bonds	39,022	–	39,022	4.99
Corporate bonds	190,253	12,361	202,614	25.89
Other bonds	–	–	–	–
Investment funds	45,148	–	45,148	5.77
Real estate	–	31,573	31,573	4.03
Insurance policies	–	78,834	78,834	10.07
Commodities	32,362	–	32,362	4.13
Cash	18,880	–	18,880	2.41
Other	–	5,099	5,099	0.65
Total	**636,209**	**146,483**	**782,692**	**100.00**

Dec. 31, 2013	Fair value			
(EUR thousand)	Quoted in an active market	Not quoted in an active market	Total	%
Stock				
U.S. equities	46,595	–	46,595	6.11
European equities	88,720	18,616	107,336	14.07
Emerging market equities	48,679	–	48,679	6.38
Other equities	16,231	–	16,231	2.13
Bonds				
U.S. government bonds	–	–	–	–
European government bonds	118,979	–	118,979	15.59
Emerging market government bonds	39,442	–	39,442	5.17
Corporate bonds	169,035	11,822	180,857	23.70
Other bonds	–	–	–	–
Investment funds	43,505	–	43,505	5.70
Real estate	–	33,391	33,391	4.38
Insurance policies	–	73,792	73,792	9.67
Commodities	38,342	–	38,342	5.03
Cash	15,606	–	15,606	2.04
Other	115	104	219	0.03
Total	**625,249**	**137,725**	**762,974**	**100.00**

As of December 31, 2014, anticipated pension payments for future years are as follows:

(EUR thousand)	
Due in 2015	59,060
Due in 2016	59,523
Due in 2017	59,927
Due in 2018	60,606
Due in 2019	60,122
Due in 2020 to 2024	291,771

Pension expense under defined benefit plans is made up as follows:

	2014			2013		
(EUR thousand)	Domestic	International	Total	Domestic	International	Total
Current service cost	6,667	1,652	8,319	9,841	2,089	11,930
Past service cost	1,515	–	1,515	813	–	813
Gain on settlements	–	(1,158)	(1,158)	–	–	–
Total personnel expense	**8,182**	**494**	**8,676**	**10,654**	**2,089**	**12,743**
Interest expense for accrued benefit obligations	24,304	12,942	37,246	27,032	10,642	37,674
Return on plan assets	(18,832)	(10,266)	(29,098)	(20,471)	(7,374)	(27,845)
Net interest expense/income (net investment and interest income)	**5,472**	**2,676**	**8,148**	**6,561**	**3,268**	**9,829**
Plan expenses paid from plan assets recognized in profit or loss	**–**	**944**	**944**	**–**	**927**	**927**
Total amount recognized in profit or loss	**13,654**	**4,114**	**17,768**	**17,215**	**6,284**	**23,499**

In addition to the expenses recognized in profit or loss, the Consolidated Statement of Comprehensive Income includes EUR 157,772 thousand in actuarial losses recognized in 2014 before deferred taxes and after consolidation changes and exchange rate adjustments (2013: EUR 62,585 thousand actuarial gains). Before deferred taxes, the cumulative amount of actuarial losses is EUR 471,587 thousand (2013: EUR 313,815 thousand).

The Turner Group's obligations to meet healthcare costs for retired staff are included in pension provisions due to their pension-like nature. The defined benefit obligation as of December 31, 2014 came to EUR 48,827 thousand (2013: EUR 38,909 thousand). Healthcare costs accounted for EUR 1,416 thousand (2013: EUR 1,838 thousand) of the current service cost and EUR 2,004 thousand (2013: EUR 1,614 thousand) of the interest expense.

Sensitivity analysis

Pension obligations in the HOCHTIEF Group are subject to various risks. The main risks result from general changes in interest and inflation rates; there is no unusual risk inherent in the pension obligations.

One major risk is interest rate risk. For defined benefit plans, (notional) contributions are translated into benefits using a table of fixed interest rates, independent of the current market interest rate. HOCHTIEF thus bears the risk of general capital market interest rate changes with regard to the determination of benefits. Pension obligations have increased significantly in recent years due to the generally low level of capital market interest rates. The correspondingly large impact is due to the relatively long term of the obligations.

There is also inflation risk. By law, company pensions in Germany must be raised level with the inflation rate at least every three years. German company pensions under the 2000+ plan rise at a fixed 1% p.a., hence there is only minor inflation risk in the pension phase. Turner plans are free from inflation risk as the main defined benefit plan was frozen and no more adjustments to the company pension are made.

In addition, there is longevity risk. The granting of lifelong pensions means that HOCHTIEF bears the risk of pensioners living longer than actuarial calculations predict. This risk normally cancels out collectively across all pension plan members and only comes into play if general longevity is longer than expected.

The impact of the stated risks on the defined benefit obligations under a corresponding change in actuarial assumptions is shown in the sensitivity analysis that follows.

Impact on the defined benefit obligation

	Dec. 31, 2014					
	Domestic		International		Total	
(EUR thousand)	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0.50% / -0.50%	(56,560)	64,496	(15,332)	16,767	(71,892)	81,263
Discount rate +1.00% / -1.00%	(106,949)	137,612	(29,511)	35,329	(136,460)	172,941
Salary increases +0.50% / -0.50%	329	(315)	514	(478)	843	(793)
Pension increases +0.25% / -0.25%	21,016	(21,500)	1,081	(1,121)	22,097	(22,621)
Medical costs +1.00% / -1.00%	–	–	73	(67)	73	(67)
Life expectancy +1 year	36,406	n/a	6,575	n/a	42,981	n/a

	Dec. 31, 2013					
	Domestic		International		Total	
(EUR thousand)	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0.50% / -0.50%	(43,509)	49,666	(12,732)	13,193	(56,241)	62,859
Discount rate +1.00% / -1.00%	(83,023)	104,909	(25,066)	26,912	(108,089)	131,821
Salary increases +0.50% / -0.50%	557	(438)	369	(342)	926	(780)
Pension increases +0.25% / -0.25%	16,324	(15,565)	818	(638)	17,142	(16,203)
Medical costs +1.00% / -1.00%	–	–	2	(3)	2	(3)
Life expectancy +1 year	28,164	n/a	5,605	n/a	33,769	n/a

Defined contribution plans

Under defined contribution plans, the Company pays into a state or private pension fund voluntarily or in accordance with statutory or contractual stipulations. It has no obligation to pay further contributions.

There are defined contribution plans at Turner, Flatiron, and E.E. Cruz in the USA as well as at Leighton in Australia. Depending on length of service and salary level, Turner pays between 3% and 6% of an employee's salary into an external fund. In addition, Turner employees have an option to pay up to 25% of their salaries into an investment fund as part of a 401 (k) plan. Turner matches the first 5% of the deferred compensation by up to 100% depending on length of service. All employees can join the plan immediately, and are vested in the company's contributions after three years' service. Tax relief is granted on payments into the fund; the investment risk is borne by employees. The defined contribution plans at Flatiron and E.E. Cruz are likewise 401 (k) plans. All non-union employees are entitled. Flatiron pays a contribution in the amount of 6.0% of the wage or salary, while E.E. Cruz doubles one-third of employee contributions, in each case up to the statutory maximum. In Australia, since July 1, 2014 Leighton has paid 9.50% (previously 9.25%) of the wage and salary total into the statutory pension (superannuation) scheme. The contribution rate is expected to rise incrementally up to 12.0% by 2025. Employees have a choice of investment funds and bear the investment risk. They are able to pay top-up contributions on a voluntary basis. Tax relief is granted on top-up contributions.

EUR 182,071 thousand was paid into defined contribution plans in 2014 (2013: EUR 201,972 thousand*), mostly in the Leighton Group (EUR 148,689 thousand; 2013: EUR 169,061 thousand*) and the Turner Group (EUR 30,731 thousand; 2013: EUR 29,572 thousand). An additional EUR 66,366 thousand was paid into state pension schemes in 2014 (2013: EUR 86,617 thousand). Costs of defined contribution plans are reported as part of personnel expenses.

*restated

28. Other provisions

	Dec. 31, 2014			Dec. 31, 2013 (restated)		
(EUR thousand)	Non-current	Current	Total	Non-current	Current	Total
Provisions for taxes	**–**	**437,113**	**437,113**	**–**	**54,126**	**54,126**
Personnel-related provisions	180,911	332,517	513,428	183,864	445,622	629,486
Provisions for insurance claims	131,580	52,614	184,194	127,588	37,192	164,780
Warranty obligations	–	52,359	52,359	–	62,054	62,054
Restructuring costs	2,327	19,981	22,308	3,635	67,981	71,616
Litigation risks	–	12,687	12,687	–	11,699	11,699
Sundry other provisions	135,088	248,856	383,944	190,173	242,479	432,652
Other provisions	**449,906**	**719,014**	**1,168,920**	**505,260**	**867,027**	**1,372,287**
	449,906	**1,156,127**	**1,606,033**	**505,260**	**921,153**	**1,426,413**

The increase in provisions for taxes to EUR 437,113 thousand (2013: EUR 54,126 thousand) was mainly a result of the sale of John Holland and of the Services business at Leighton subsidiaries Thiess and Leighton Contractors.

The personnel-related provisions primarily consist of provisions for stock option schemes, long-service awards, leave entitlements, termination benefits, and early retirement arrangements.

The size of provisions for insurance claims is computed annually by an actuary.

Items covered by sundry other provisions include contract administration, contract costs incurred subsequent to invoicing, investment risk, preparation of annual financial statements, payments for damages, and other uncertain liabilities.

Statement of provisions

(EUR thousand)	Balance at Jan. 1, 2014 (restated)	Allocations to provisions	Reversal of provisions	Consolidation changes, currency adjustments, re-classifications, and transfer	Use of provisions	**Balance at Dec. 31, 2014**
Provisions for taxes	**54,126**	**515,565**	**(1,203)**	**(67,561)**	**(63,814)**	**437,113**
Personnel-related provisions	629,486	491,503	(5,854)	(85,318)	(516,389)	513,428
Provisions for insurance claims	164,780	18,837	–	21,997	(21,420)	184,194
Sundry other provisions	578,021	117,945	(60,674)	(6,491)	(157,503)	471,298
Other provisions	**1,372,287**	**628,285**	**(66,528)**	**(69,812)**	**(695,312)**	**1,168,920**
	1,426,413	**1,143,850**	**(67,731)**	**(137,373)**	**(759,126)**	**1,606,033**

29. Financial liabilities

	Dec. 31, 2014		Dec. 31, 2013 (restated)	
(EUR thousand)	Non-current	Current	Non-current	Current
Bonds or notes issued	2,436,129	235,409	1,991,006	292,217
Amounts due to banks	492,860	651,565	498,339	299,360
Financial liabilities to non-consolidated subsidiaries	–	1,707	–	1,724
Financial liabilities to participating interests	–	27,665	–	30,081
Lease liabilities	132,693	65,595	174,942	97,346
Sundry other financial liabilities	11,789	433	35,948	6,058
	3,073,471	**982,374**	**2,700,235**	**726,786**

The bonds or notes issued relate to both HOCHTIEF Aktiengesellschaft and Leighton Holdings.

A EUR 500,000 thousand bearer bond issued by HOCHTIEF Aktiengesellschaft in May 2014 has a carrying amount of EUR 503,744 thousand. The bond matures in May 2019. It carries a coupon of 2.625% per year. Coupon payments are made on May 28 each year. A EUR 750,000 thousand bearer bond issued by HOCHTIEF Aktiengesellschaft in March 2013 has a carrying amount of EUR 766,057 thousand (2013: EUR 764,771 thousand). The bond matures in March 2020. It carries a coupon of 3.875% per year. Coupon payments are made on March 20 each year. A EUR 500,000 thousand bearer bond issued by HOCHTIEF Aktiengesellschaft in March 2012 has a carrying amount of EUR 518,652 thousand (2013: EUR 517,421 thousand). The bond matures in March 2017. It carries a coupon of 5.50% per year. Coupon payments are made on March 23 each year.

A U.S. dollar bond issued by Leighton Holdings in 2012 with a principal amount of USD 500,000 thousand has a carrying amount of EUR 416,265 thousand (2013: EUR 354,907 thousand). The bond has a fixed coupon of 5.95% and matures in November 2022. A U.S. dollar bond issued by Leighton Holdings in 2010 with a principal amount of USD 350,000 thousand has a carrying amount of EUR 291,386 thousand (2013: EUR 251,689 thousand). The bond is repayable in three installments in 2015, 2017, and 2020. The installments each carry a different rate of interest ranging from 4.51 to 5.78%. The bonds or notes issued item for the prior year also included EUR 181,538 thousand for a further bond issued by Leighton Holdings in 2009 that was repaid in full in the year under review. In 2008, Leighton Holdings issued a U.S. dollar private placement with a principal amount of USD 280,000 thousand. The two remaining tranches are repayable in 2015 and 2018. The installments each carry a different rate of interest ranging from 7.19 to 7.66%. The carrying amount of the U.S. dollar private placement at December 31, 2014 is EUR 140,698 thousand (2013: EUR 121,760 thousand). Finally, bonds or notes issued contain EUR 34,736 thousand (2013: EUR 91,137 thousand) under four further Leighton Holdings notes issues, some with a variable coupon.

Amounts due to banks include a EUR 50,000 thousand portion of a bilateral promissory note loan arranged on December 13, 2012. The loan has an initial term of four years and has a fixed interest rate. A liability of EUR 44,500 thousand previously included in this item and resulting from a EUR 120,600 thousand promissory note loan issue placed in the market on November 25, 2011 was repaid ahead of time as of May 26, 2014. A further EUR 240,000 thousand promissory note loan issue put out by HOCHTIEF in 2010 and consisting of two tranches, for EUR 59,500 thousand and EUR 180,500 thousand respectively, was likewise repaid ahead of time as of May 26, 2014. Repayment of four promissory note loans taken out in 2009 for a total of EUR 300,000 thousand and with terms of three and five years split halfway with part-fixed, part-variable interest was completed on schedule at the end of the loan terms with a remaining amount of EUR 30,000 thousand paid as of May 26, 2014. Of the two promissory note loans taken out in 2008, one loan with an initial term of seven years remains included in this item. The loan is for a nominal amount of EUR 39,000 thousand and carries a coupon equal to six-month EURIBOR plus an appropriate lending margin.

An international banking syndicate provided HOCHTIEF on market terms with a credit facility with a term to April 30, 2019 comprising a EUR 1.5 billion guarantee tranche and a EUR 500,000 thousand cash tranche. The cash tranche is undrawn at the balance sheet date (2013: undrawn).

EUR 946,146 thousand (2013: EUR 117,981 thousand) of amounts due to banks concerns borrowings by Leighton Holdings.

Amounts due to banks at the balance sheet date comprise EUR 1,018,922 thousand (2013: EUR 208,065 thousand) subject to variable rates of interest and EUR 125,503 thousand (2013: EUR 589,634 thousand) subject to fixed rates of interest. The average interest rate on the variable-interest portion stood at 2.31% (2013: 2.27%). The average interest rate on the fixed-interest portion was 3.72% (2013: 3.78%). As in the prior year, the average term was one-and-a-half years.

Trade payables due to companies accounted for using the equity method were EUR 23,307 thousand (2013: EUR 30,024 thousand). This mainly related to obligations to make payments into capital in connection with project companies in the HOCHTIEF Asia Pacific division.

The EUR 198,288 thousand (2013: EUR 272,288 thousand) in lease liabilities mainly relates to plant and equipment under finance leases at Leighton Holdings.

The minimum lease payments for liabilities under finance leases break down as follows:

Finance leases

	Dec. 31, 2014			Dec. 31, 2013		
(EUR thousand)	Nominal value	Discount	Present value	Nominal value	Discount	Present value
Due in up to 1 year	74,921	9,326	65,595	110,149	12,803	97,346
Due in 1–5 years	137,483	4,790	132,693	185,066	10,124	174,942
Due after 5 years	–	–	–	–	–	–

Sundry other financial liabilities mostly contain short-term loans and other debt.

30. Other liabilities

	Dec. 31, 2014		Dec. 31, 2013 (restated)	
(EUR thousand)	Non-current	Current	Non-current	Current
Liabilities to employees	–	176,945	–	230,359
Deferred income	31,248	28,533	34,021	20,410
Tax liabilities (excluding income taxes)	–	38,989	–	38,688
Social insurance liabilities	–	13,878	–	14,809
Liabilities under derivative financial instruments	1,349	4,517	8,107	19,195
Sundry other liabilities	593	136,791	520	137,384
	33,190	**399,653**	**42,648**	**460,845**

Deferred income mainly comprises insurance premiums received in advance for subsequent years (these are reversed to income over the life of the policies) and rental payments.

EUR 2,461 thousand (2013: EUR 14,757 thousand) of the liabilities under derivative financial instruments relates to interest-rate swaps held by HOCHTIEF Aktiengesellschaft.

Sundry other liabilities comprise other non-trade payables.

31. Trade payables

(EUR thousand)	Dec. 31, 2014	Dec. 31, 2013 (restated)
Trade payables		
Gross amount due to customers from construction work (POC)	(335,445)	(531,718)
Progress payments received	1,148,765	705,111
	813,320	**173,393**
To construction joint ventures	97,570	91,922
Other	4,587,015	5,557,351
	5,497,905	**5,822,666**
Advance payments received	7,315	18,138
From non-consolidated subsidiaries	430	290
From participating interests	7,775	7,288
	5,513,425	**5,848,382**

The EUR 813,320 thousand (2013: EUR 173,393 thousand) gross amount due to customers from construction work (POC) represents such amounts where the progress payments received from customers exceed the incurred contract costs including a pro rata allocation of contract net profit.

Trade payables due to companies accounted for using the equity method were EUR 6,208 thousand (2013: EUR 5,496 thousand).

32. Current income tax liabilities

The EUR 10,682 thousand (2013: EUR 15,402 thousand) in current income tax liabilities comprises amounts payable to domestic and foreign revenue authorities.

Other disclosures

33. Undiluted and diluted earnings per share

Undiluted earnings per share are calculated by dividing the consolidated net profit attributable to the Company's stock by the average number of shares in circulation. This indicator can become diluted as a result of potential shares (mainly stock options and convertible bonds). HOCHTIEF's share-based payment arrangements do not have a dilutive effect on earnings. Consequently, diluted and undiluted earnings per share are identical.

	2014	2013
Consolidated net profit—continuing operations (EUR thousand)	(122,439)	70,651
Consolidated net profit—discontinued operations (EUR thousand)	374,126	100,545
Total consolidated net profit (EUR thousand)	**251,687**	**171,196**
Number of shares in circulation in thousands (weighted average)	69,124	72,105
Consolidated net profit per share—continuing operations (EUR)	(1.77)	0.98
Consolidated net profit per share—discontinued operations (EUR)	5.41	1.39
Total earnings per share (EUR)	**3.64**	**2.37**
Dividend per share (EUR)		1.50
Proposed dividend per share (EUR)	1.90	

The number of shares outstanding as of December 31, 2014 was 68,466 thousand. The number as of December 31, 2013 was 69,309 thousand and is equal to the number of shares outstanding at the beginning of the period, as of January 1, 2014 (January 1, 2013: 73,613 thousand).

34. Reporting on financial instruments

Financial instruments include financial assets and liabilities as well as contractual claims and obligations relating to exchanges and transfers of financial assets. Financial instruments can be derivative or non-derivative.

Non-derivative financial assets mostly comprise cash and cash equivalents, marketable securities, receivables, and other financial assets. Marketable securities are carried at fair value. The fair values of available-for-sale financial assets are established with reference to market prices or, in the absence of such prices, are determined using accepted valuation methods.

Non-derivative financial liabilities are mostly current liabilities measured at amortized cost.

According to their fair value, derivative financial instruments are reported either in other receivables and other assets or in other liabilities. Derivatives are used in the HOCHTIEF Group exclusively for hedging existing transactions and in asset management.*

*See glossary on page 265.

Holdings of non-derivative and derivative financial instruments are carried on the Balance Sheet; the maximum risk of loss or default is equal to total financial assets. Any such risk identified in respect of financial assets is accounted for with an impairment loss.

Risk management

All financial activities in the HOCHTIEF Group are conducted on the basis of a Group-wide financial framework directive. This is fleshed out by individual, function-specific operating directives on issues such as currency and collateral management. These directives lay down principles for dealing with the various classes of financial risk.

Trading, control, and settlement activities are divided within Corporate Finance between front, middle, and back offices. This ensures effective operational risk management in that monitoring and settlement of front office external trading activities are performed by a separate and independent back office. All external trading actions are also subject to at least dual control. Internal authorizations to give instructions are strictly limited in number and monetary amount, and are reassessed at least once a year and adjusted as necessary.

Management of liquidity risk

HOCHTIEF uses predominantly centralized liquidity structures—in particular cash pooling—to pool liquidity at Group level, among other things to avoid liquidity bottlenecks at the level of individual entities. The central liquidity position is calculated at regular monthly intervals and budgeted in a bottom-up process over a rolling 18-month period. Liquidity budgets are supplemented with monthly stress testing. Liquidity budgets are used by HOCHTIEF in active management of the securities portfolio and loans portfolio.

Issuance of a third corporate bond with a principal amount of EUR 500,000 thousand and a five-year term to maturity in May 2014 enabled the Group once again to spread borrowing over a larger range of national and international lenders and further extend the maturity profile of the debt portfolio.

The tables below show maximum payments. The tables show the worst-case scenario for HOCHTIEF, i.e. the earliest possible contractual payment date in each case. Creditors' rights of termination are taken into account. Foreign currency items are translated using the closing rate as of the balance sheet date. Interest payments on variable rate items are translated uniformly using the last interest rate fixed prior to the balance sheet date. Both primary and derivative financial instruments (for example, forward exchange contracts and interest rate swaps) are taken into account. Credit facilities granted but not yet drawn in their full amount are also included, as are financial guarantees given by the Group.

The maximum payments shown in the following tables (worst case scenario) are offset by contractually fixed receipts in the same periods that are not shown here (for example, from trade receivables). These cover most of the cash outflows shown.

Maximum payments as of December 31, 2014

(EUR thousand)	2015	2016	2017-2018	after 2018	**Total**
Primary financial liabilities	5,893,098	264,049	1,291,077	2,012,640	9,460,864
Derivative financial instruments	4,517	1,116	233	–	5,866
Loan commitments and financial guarantees	193,657	–	–	–	193,657
	6,091,272	**265,165**	**1,291,310**	**2,012,640**	**9,660,387**

Maximum payments as of December 31, 2013

(EUR thousand)	2014	2015	2016-2017	after 2017	**Total**
Primary financial liabilities	6,387,209	746,705	1,017,501	1,467,055	9,618,470
Derivative financial instruments	19,195	6,262	1,445	400	27,302
Loan commitments and financial guarantees	69,237	–	–	–	69,237
	6,475,641	**752,967**	**1,018,946**	**1,467,455**	**9,715,009**

In addition, Group liquidity is adequately secured for the long term with cash in hand and on deposit, marketable securities holdings, and undrawn revolving credit facilities. The following table shows the main liquidity instruments:

(EUR thousand)	**Dec. 31, 2014**	Dec. 31, 2013 (restated)
Cash in hand and on deposit	2,291,978	1,842,178
Marketable securities	812,585	1,162,121
Undrawn revolving credit facilities	2,027,911	1,961,306
	5,132,474	**4,965,605**

The revolving credit facilities include a credit facility tranche with a facility amount of EUR 500,000 thousand under the syndicated guarantee and credit facility that was extended ahead of term in April 2014 to April 30, 2019. As in the prior year, the credit facility was undrawn as of December 31, 2014. HOCHTIEF Aktiengesellschaft also has short-term, bilateral, revolving money market facilities with a total facility amount of EUR 259,349 thousand (2013: EUR 336,636 thousand); as in the prior year, these are undrawn as of the balance sheet date. Some of the facilities are subject to creditors' rights of termination in connection with a financial covenant, which is continuously monitored as part of corporate planning. In light of the broad international syndication in each instance and the successful extension of the credit and guarantee facilities in April 2014, there is no refinancing risk with regard to long-term guarantee and credit facilities. As a further precautionary measure, there is appropriate scope for raising additional capital under resolutions adopted at the 2011 Annual General Meeting.

HOCHTIEF also has sufficient revolving guarantee facilities, which play an important role for the Group. The guarantee facilities have a total size of EUR 12.90 billion (2013: EUR 11.86 billion) and are 66% drawn (2013: 67%).

Management of currency risk

HOCHTIEF is exposed to currency risk (in the form of transaction risk) from receivables, liabilities, cash and cash equivalents, securities, and pending transactions in currencies other than the functional currency of the Group company concerned in each case. Currency derivatives, mainly forward exchange contracts, are used to hedge against fluctuations in these payments or items caused by exchange rates. HOCHTIEF normally hedges all currency risk.

Hedges for Group companies—with the exception of hedges in the Leighton Group—are mainly administered via HOCHTIEF Aktiengesellschaft. Binding guidelines clarify their use and separate controls and responsibilities for all Group companies. Currency derivatives are normally only used to hedge risk. Any form of speculation is ruled out under a binding, Group-wide risk directive. The counterparties for derivatives entered into externally are banks with a top credit rating.

The following table shows the fair values of currency derivatives:

(EUR thousand)	**Dec. 31, 2014**	Dec. 31, 2013
Assets		
Forward exchange contracts/currency swaps		
for hedging purposes (cash flow hedges)	1,612	8,199
for hedging purposes (but not hedge accounted)	1,987	4,132
	3,599	**12,331**
Liabilities and shareholders' equity		
Forward exchange contracts/currency swaps		
for hedging purposes (cash flow hedges)	1,902	3,470
for hedging purposes (but not hedge accounted)	746	1,380
	2,648	**4,850**

The maximum residual term of currency derivatives in cash flow hedges as of December 31, 2014 is 13 months (2013: 35 months). As of December 31, 2014, the maximum residual term of currency derivatives for which hedge accounting is not applied is 25 months (2013: 11 months).

Where hedge accounting is used, unrealized gains and losses on hedges are initially recognized in other comprehensive income, taking into account deferred tax. Gains and losses are not realized until a hedged item affects income. Derivatives are measured on the basis of current market rates as of the balance sheet date. When interpreting positive or negative fair value changes relating to derivatives, it is important to remember that they balance hedged items whose values move in the opposite direction. A net EUR 5,019 thousand was charged to equity in 2014 (2013: EUR 9,301 thousand credited) for market value changes on the above derivatives in cash flow hedges. Where hedge accounting is not applied, all unrealized gains and losses on the hedged item are recognized immediately in profit or loss; in 2013 this related to a net loss of EUR 1,511 thousand (2013: net gain of EUR 4,256 thousand).

The following sensitivity analyses demonstrate the impact on HOCHTIEF Group equity and profit that would result from a 10% fluctuation in foreign currencies relative to each Group company's functional currency. The analysis is based on holdings as of the balance sheet date.

(EUR thousand)		Dec. 31, 2014 Exchange rate 10% increase	Dec. 31, 2014 Exchange rate 10% decrease	Dec. 31, 2013 Exchange rate 10% increase	Dec. 31, 2013 Exchange rate 10% decrease
Change in equity due to market value fluctuations of currency derivatives used for hedging (cash flow hedges)					
Functional currency	Foreign currency				
EUR	CHF	–	–	1,229	(1,488)
EUR	PLN	12,337	(10,419)	(3,997)	3,988
EUR	USD	9	(7)	(2,184)	2,181
EUR	GBP	(4)	(1)	444	(506)
AUD	EUR	–	–	(43)	43
AUD	JPY	–	–	–	–
AUD	USD	38	(38)	84	(84)
Change in profit or loss due to unhedged currency exposures in primary financial instruments and to market value fluctuations in derivative financial instruments (not hedge accounted)					
Functional currency	Foreign currency				
EUR	PLN	236	(236)	460	(460)
EUR	USD	3,817	(3,817)	5,673	(8,037)
EUR	RON	(1,611)	1,611	(5,964)	5,964
AUD	HKD	(3,560)	(3,560)	2,046	(2,046)
AUD	USD	(112,461)	112,461	81,937	(81,937)
CZK	EUR	(2,460)	2,460	(1,844)	1,844
QAR	EUR	(4,737)	4,737	6,175	(6,175)
USD	GBP	9	(9)	1,100	(1,310)
USD	CAD	4	(4)	3,079	(3,740)

Management of interest rate risk

HOCHTIEF is exposed to interest rate risk through financial items primarily consisting of interest-bearing marketable securities on the assets side and financial liabilities on the liabilities side of the Balance Sheet. Two approaches are used to minimize this risk. Firstly, the Company uses natural hedging, meaning that it eliminates contrary interest rate risk from primary financial instruments on the asset and liabilities side. The second method is to use interest rate derivatives. These generally take the form of interest rate swaps used in accordance with the Group annual financing strategy to manage cash flow risk from changes in interest rates for variable-rate financial items.

As with currency derivatives, hedges for Group companies—with the exception of hedges in the Leighton Group—are mainly administered via HOCHTIEF Aktiengesellschaft. There are also parallel regulations and guidelines, and derivatives are used solely for hedging (i.e. not speculatively) as a matter of principle. The counterparties for derivatives entered into externally are generally banks with a top credit rating.

The following table shows the fair values of interest rate derivatives:

(EUR thousand)	**Dec. 31, 2014**	Dec. 31, 2013
Assets		
Interest rate swaps		
for hedging purposes (cash flow hedges)	–	–
for hedging purposes (but not cash flow hedge accounted)	–	–
Interest rate futures		
not for hedging purposes (for asset management structuring)	190	250
	190	**250**
Liabilities and shareholders' equity		
Interest rate swaps		
for hedging purposes (cash flow hedges)	450	10,777
for hedging purposes (but not cash flow hedge accounted)	2,461	4,724
Interest rate futures		
not for hedging purposes (for asset management structuring)	65	294
	2,976	**15,795**

The maximum residual term of interest rate swaps both in cash flow hedges and otherwise as of December 31, 2014 is 31 months (2013: 43 months). The interest rate futures have a maximum residual term of 363 months (2013: 36 months).

EUR 10,327 thousand was credited to equity in 2014 (2013: EUR 15,880 thousand) for market value changes on interest rate derivatives in cash flow hedges. As in the prior year, this included EUR 1,190 thousand reclassified to profit or loss. There was no hedge ineffectiveness. A net EUR 2,432 thousand was recognized in profit or loss (2013: EUR 2,705 thousand) for market value changes on the remaining interest rate derivatives.

The following sensitivity analyses demonstrate the impact that a 1% fluctuation in the respective market interest rate would have had on equity and on profit or loss. The analysis is based on holdings as of the balance sheet date.

	Dec. 31, 2014		Dec. 31, 2014	
	Market interest rate		Market interest rate	
(EUR thousand)	1% increase	1% decrease	1% increase	1% decrease
Change in equity due to market value fluctuations of interest rate derivatives used for hedging (cash flow hedges) and of fixed-interest securities measured at fair value through equity	(9,874)	9,871	(6,481)	3,365
Change in profit or loss due to unhedged variable rate interest rate exposures on primary financial instruments and to market value fluctuations in derivative financial instruments (not hedge accounted)	(10,049)	10,388	3,824	(3,866)

Management of other price risk

Other price risk results at HOCHTIEF through investing in current and non-current non-interest-bearing securities, chiefly shares and funds, that are classified as available for sale and therefore measured at fair value through equity. Other price risk stems from participating interests that are classified as available for sale to the extent that they are measured at fair value. Such items are shown in the following table. Participating interests measured at amortized cost because their fair value cannot be reliably measured are not included.

(EUR thousand)	**Dec. 31, 2014**	Dec. 31, 2013
Price risk exposure on non-current assets	118,732	60,371
Price risk exposure on current assets	83,454	81,979

HOCHTIEF actively manages price risk. Continuous monitoring and analysis of the markets make it possible to marshal investments at short notice. This allows the Company to detect negative developments on the capital market at an early stage and take appropriate action. Derivatives are only used to control price risk in exceptional instances.

To hedge our share-based compensation plans, stock-based derivatives were entered into with a maximum residual term of 51 months as of December 31, 2014 (2013: 63 months). These derivatives are not subject to hedge accounting, but are deployed as a natural hedge. Gains and losses in the fair value of these derivatives are contained in personnel costs.

The following table shows the fair values of equity options, stock forward contracts, and index-based options:

(EUR thousand)	**Dec. 31, 2014**	Dec. 31, 2013
Assets		
Equity options and stock forward contracts for hedging purposes (but not hedge accounted)	7,623	14,906
Index-based options, not for hedging purposes	–	–
	7,623	**14,906**
Liabilities and shareholders' equity		
Forward purchase contracts for hedging purposes (cash flow hedges)	–	–
Equity options and stock forward contracts for hedging purposes (but not hedge accounted)	242	712
Options written, not for hedging purposes	–	5,945
	242	**6,657**

As in the prior year, no market value changes on the above forward contracts in cash flow hedges were recognized in equity in the year under review. A net EUR 868 thousand was charged to profit or loss (2013: EUR 545 thousand credited) for market value changes on equity options, stock forward contracts, index-based options not in hedges, and on the written options.

The following sensitivity analyses demonstrate the impact that a 10% fluctuation in the market value of primary and derivative financial instruments would have had on equity and on profit or loss. The analysis is based on holdings as of the balance sheet date.

	Dec. 31, 2014		Dec. 31, 2013	
	Market value		Market value	
(EUR thousand)	10% increase	10% decrease	10% increase	10% decrease
Change in equity due to market value fluctuations of derivatives used for hedging (cash flow hedges)	–	–	–	–
Change in profit or loss due to market value fluctuations of derivatives to which hedge accounting is not applied	1,223	(1,223)	5,365	(5,196)
Change in equity due to changes in market price of unimpaired securities	8,345	(8,345)	8,197	(8,197)
Change in equity due to changes in value of unimpaired participating interests measured at fair value	7,442	(7,442)	5,790	(5,790)
Change in equity due to increases in the market price of impaired securities	–	–	–	–
Change in equity due to increases in the value of impaired participating interests measured at fair value	233	–	222	–
Change in profit or loss due to reductions in the market price of impaired securities	–	–	–	–
Change in profit or loss due to decreases in the value of impaired participating interests measured at fair value	–	(233)	–	(222)

Management of credit risk

The HOCHTIEF Group is exposed to credit risk from operations and from certain financing activities.

HOCHTIEF performs risk management for operations by continuously monitoring trade receivables at divisional level. If a specific credit risk is detected, it is countered by recognizing an individual impairment.

The HOCHTIEF Group has given third parties financial guarantees in respect of companies accounted for using the equity method. Financial guarantees are only given in respect of companies with top credit standing, restricting to a minimum the probability of the guarantees being drawn upon. Loan commitments are only given to companies accounted for using the equity method.

The maximum credit risk exposure of financial assets is equivalent to their carrying amounts in the Balance Sheet. The actual credit risk exposure is lower, however, due to collateral given in favor of the HOCHTIEF Group. The maximum risk exposure on financial guarantees given by HOCHTIEF is the maximum amount to be paid by HOCHTIEF. The maximum credit risk for loan commitments is the amount of the commitment. The maximum credit risk from financial guarantees and loan commitments amounted to EUR 195,944 thousand as of December 31, 2014 (2013: EUR 69,237 thousand). The probability of the financial guarantees and loan commitments being drawn upon is very small as of the reporting date.

HOCHTIEF accepts collateral to secure contract performance by subcontractors, subcontractors' warranty obligations, and claims to remuneration. Such collateral includes guarantees relating to warranty obligations, contract performance, advance payments, and receivables. Acceptance of collateral is governed by a HOCHTIEF directive. Among other things, this covers the contractual drafting, implementation, and management of all agreements. The detailed rules vary according to factors such as the country jurisdiction and applicable case law. In the case of credit risk, HOCHTIEF examines the credit rating of the party providing the collateral for all guarantees accepted. HOCHTIEF uses external specialists (for example, rating agencies) to assess credit ratings where possible. The fair values of accepted collateral are not disclosed as they often cannot be measured reliably.

The following table shows unimpaired financial assets that are past due:

	Dec. 31, 2014				Dec. 31, 2013			
(EUR thousand)	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Up to 30 days	31 to 60 days	61 to 90 days	Over 90 days
Trade receivables	155,438	24,778	19,577	99,334	113,127	33,495	14,362	105,669
Current financial receivables	3	144	–	7,528	–	455	274	11,347
Other current receivables and other current financial assets	29	33	–	111	29	–	–	–
	155,470	**24,955**	**19,577**	**106,973**	**113,156**	**33,950**	**14,636**	**117,016**

The age structure of financial assets that are past due is shaped by industry-specific factors. Receipt of payment depends on acceptance (inspection) and invoice checking, which can often take a relatively long time, especially for large-scale projects. Most of the unimpaired financial assets that are past due are from public-sector clients and industrial companies with top credit ratings.

Individually impaired financial assets are shown below:

(EUR thousand)	Dec. 31, 2014 Gross carrying amount	Dec. 31, 2014 Impairment	Dec. 31, 2014 Net carrying amount	Dec. 31, 2013 Gross carrying amount	Dec. 31, 2013 Impairment	Dec. 31, 2013 Net carrying amount
Trade receivables	273,871	153,299	120,572	106,517	72,062	34,455
Financial receivables						
Non-current	52,710	46,705	6,005	42,727	31,051	11,676
Current	44,394	16,825	27,569	18,615	16,574	2,041
Other current receivables and other current financial assets	6,318	752	5,566	1,949	397	1,552
Securities	–	–	–	21,391	6,630	14,761
	377,293	**217,581**	**159,712**	**191,199**	**126,714**	**64,485**

The impairments in trade receivables mostly consist of impaired contracting-related claims as is typical for the industry.

The following table shows changes in impairments on financial assets in 2014 and in the prior year:

Reconciliation of changes in impairments

(EUR thousand)	Jan. 1, 2013	Changes*	Dec. 31, 2013/ Jan. 1, 2014	Changes*	Dec. 31, 2014
Trade receivables	91,033	(18,971)	72,062	81,237	153,299
Financial receivables					
Non-current	19,987	11,064	31,051	15,654	46,705
Current	8,343	8,231	16,574	251	16,825
Other current receivables and other current financial assets	957	(560)	397	355	752
Securities	–	6,630	6,630	(6,630)	–
	120,320	**6,394**	**126,714**	**90,867**	**217,581**

*Changes result from allocations, reversals, utilizations, curreny adjustments and consolidation changes.

With regard to financial assets that are neither past due nor impaired, there are currently no indications of any need to recognize impairments for reasons relating to credit ratings.

Capital risk management

The HOCHTIEF Group manages capital with the aim of ensuring that all Group companies can continue to operate as a going concern. The Group keeps the cost of capital as low as possible by optimizing the balance between equity and debt as the need arises. These measures primarily serve to secure the best possible credit standing as well as to maximize shareholder earnings.

The Group's capital structure consists of the Balance Sheet items comprising net debt (current and non-current liabilities less cash and cash equivalents) and shareholders' equity. The Risk Management Steering Committee assesses and examines the Group's capital structure at regular intervals, taking into account the risk-adjusted cost of capital.

The overall capital risk management strategy did not change in 2014 compared with the prior year.

Additional information on financial instruments

The table overleaf shows carrying amounts and fair values for each class of financial instrument and carrying amounts for each IAS 39 category as of December 31, 2014 and December 31, 2013:

2014

(EUR thousand)	Carrying amount by category: Financial assets: Available for sale	Financial assets: Held for trading	Financial assets: Loans and receivables	Financial liabilities: Held for trading	Financial liabilities: At amortized cost	Not belonging to any category: Hedge accounting and finance leases	Not covered by IFRS 7	Total carrying amounts Dec. 31, 2014	Total fair value Dec. 31, 2014
Assets									
Other financial assets									
At fair value	118,732	–	–	–	–	–	–	118,732	118,732
At amortized cost	10,642	–	–	–	–	–	–	10,642	N/A
	129,374	**–**	**–**	**–**	**–**	**–**	**–**	**129,374**	**118,732**
Financial receivables									
Non-current	**–**	**–**	**631,479**	**–**	**–**	**–**	**–**	**631,479**	**631,479**
Current	**–**	**–**	**77,474**	**–**	**–**	**–**	**–**	**77,474**	**77,474**
Trade receivables	**–**	**–**	**2,712,693**	**–**	**–**	**–**	**2,353,481**	**5,066,174**	**5,066,174**
Other receivables and other financial assets									
Non-current									
At fair value	–	6,392	–	–	–	22	–	6,414	6,414
At amortized cost	–	–	1	–	–	–	–	1	1
Not covered by IFRS 7	–	–	–	–	–	–	68,415	68,415	68,415
	–	**6,392**	**1**	**–**	**–**	**22**	**68,415**	**74,830**	**74,830**
Current									
At fair value	–	3,408	–	–	–	1,590	–	4,998	4,998
At amortized cost	–	–	108,574	–	–	–	–	108,574	108,574
Not covered by IFRS 7	–	–	–	–	–	–	85,473	85,473	85,473
	–	**3,408**	**108,574**	**–**	**–**	**1,590**	**85,473**	**199,045**	**199,045**
Receivables from the sale of discontinued operations	**–**	**–**	**1,108,112**	**–**	**–**	**–**	**–**	**1,108,112**	**1,108,112**
Securities	**741,535**	**–**	**–**	**–**	**–**	**–**	**–**	**741,535**	**741,535**
Cash and cash equivalents	**–**	**–**	**2,585,359**	**–**	**–**	**–**	**–**	**2,585,359**	**2,585,359**
Liabilities and shareholders' equity									
Financial liabilities									
Non-current	**–**	**–**	**–**	**–**	**2,940,778**	**132,693**	**–**	**3,073,471**	**3,238,759**
Current	**–**	**–**	**–**	**–**	**916,779**	**65,595**	**–**	**982,374**	**982,374**
Trade payables	**–**	**–**	**–**	**–**	**4,692,790**	**–**	**820,635**	**5,513,425**	**5,513,425**
Other liabilities									
Non-current									
At fair value	–	–	–	756	–	593	–	1,349	1,349
At amortized cost	–	–	–	–	73	–	–	73	73
Not covered by IFRS 7	–	–	–	–	–	–	31,768	31,768	31,768
	–	**–**	**–**	**756**	**73**	**593**	**31,768**	**33,190**	**33,190**
Current									
At fair value	–	–	–	2,758	–	1,759	–	4,517	4,517
At amortized cost	–	–	–	–	122,865	–	–	122,865	122,865
Not covered by IFRS 7	–	–	–	–	–	–	272,271	272,271	272,271
	–	**–**	**–**	**2,758**	**122,865**	**1,759**	**272,271**	**399,653**	**399,653**

2013 (restated)

(EUR thousand)	Carrying amount by category: Financial assets: Available for sale	Financial assets: Held for trading	Financial assets: Loans and receivables	Financial liabilities: Held for trading	Financial liabilities: At amortized cost	Not belonging to any category: Hedge accounting and finance leases	Not covered by IFRS 7	Total carrying amounts Dec. 31, 2013	Total fair value Dec. 31, 2013
Assets									
Other financial assets									
At fair value	60,371	–	–	–	–	–	–	60,371	60,371
At amortized cost	14,897	–	–	–	–	–	–	14,897	N/A
	75,268	**–**	**–**	**–**	**–**	**–**	**–**	**75,268**	**60,371**
Financial receivables									
Non-current	**–**	**–**	**526,730**	**–**	**–**	**–**	**–**	**526,730**	**526,730**
Current	**–**	**–**	**126,934**	**–**	**–**	**–**	**–**	**126,934**	**126,934**
Trade receivables	**–**	**–**	**2,336,376**	**–**	**–**	**–**	**3,646,703**	**5,983,079**	**5,983,079**
Other receivables and other financial assets									
Non-current									
At fair value	–	14,948	–	–	–	558	–	15,506	15,506
At amortized cost	–	–	1	–	–	–	–	1	1
Not covered by IFRS 7	–	–	–	–	–	–	78,324	78,324	78,324
	–	**14,948**	**1**	**–**	**–**	**558**	**78,324**	**93,831**	**93,831**
Current									
At fair value	–	4,340	–	–	–	7,641	–	11,981	11,981
At amortized cost	–	–	76,206	–	–	–	–	76,206	76,206
Not covered by IFRS 7	–	–	–	–	–	–	110,489	110,489	110,489
	–	**4,340**	**76,206**	**–**	**–**	**7,641**	**110,489**	**198,676**	**198,676**
Receivables from the sale of discontinued operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Securities	**1,123,258**	**–**	**–**	**–**	**–**	**–**	**–**	**1,123,258**	**1,123,258**
Cash and cash equivalents	**–**	**–**	**2,190,132**	**–**	**–**	**–**	**–**	**2,190,132**	**2,190,132**
Liabilities and shareholders' equity									
Financial liabilities									
Non-current	**–**	**–**	**–**	**–**	**2,525,293**	**174,942**	**–**	**2,700,235**	**2,784,768**
Current	**–**	**–**	**–**	**–**	**629,440**	**97,346**	**–**	**726,786**	**726,786**
Trade payables	**–**	**–**	**–**	**–**	**5,656,851**	**–**	**191,531**	**5,848,382**	**5,848,382**
Other liabilities									
Non-current									
At fair value	–	–	–	3,020	–	5,087	–	8,107	8,107
At amortized cost	–	–	–	–	–	–	–	–	–
Not covered by IFRS 7	–	–	–	–	–	–	34,541	34,541	34,541
	–	**–**	**–**	**3,020**	**–**	**5,087**	**34,541**	**42,648**	**42,648**
Current									
At fair value	–	–	–	10,035	–	9,160	–	19,195	19,195
At amortized cost	–	–	–	–	135,268	–	–	135,268	135,268
Not covered by IFRS 7	–	–	–	–	–	–	306,382	306,382	306,382
	–	**–**	**–**	**10,035**	**135,268**	**9,160**	**306,382**	**460,845**	**460,845**

Because current financial instruments have short residual terms and are measured at market value, their carrying amounts correspond to market value as of the balance sheet date. Non-current securities in the available-for-sale category are measured at fair value through equity and, as such, their carrying amounts also correspond to fair value.

Shares in non-consolidated subsidiaries and other participating interests are measured at fair value if fair value can be reliably determined. Otherwise, such items are measured at cost in the available-for-sale category.

In the disclosures on the fair value hierarchy for financial instruments measured at fair value, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e., the exit price). For non-financial assets, fair value is measured assuming the highest and best use of the asset by market participants. A three-level hierarchy is applied that reflects the observability of the inputs to valuation techniques used to measure fair value.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; e.g. quoted securities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); e.g. interest rate swaps and forward exchange contracts.

Level 3: No relevant observable inputs available, hence unobservable inputs are determined as an exit price from the perspective of a market participant that holds the asset or owes the liability; e.g. investments measured at fair value determined by business valuation.

Disclosures relating to the fair value hierarchy for financial instruments measured at fair value

	Dec. 31, 2014			Dec. 31, 2013		
(EUR thousand)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Other financial assets	1,044	42,998	74,690	1,273	–	59,098
Other receivables and other assets						
Non-current	–	6,414	–	–	15,506	–
Current	–	4,998	–	–	11,981	–
Marketable securities	655,788	85,747	–	1,048,332	74,926	–
Liabilities						
Other liabilities						
Non-current	–	1,349	–	–	8,107	–
Current	–	4,517	–	–	13,250	5,945

There were no transfers of assets measured at fair value between Level 1 and Level 2 of the fair value hierarchy. There were therefore likewise no changes in Level 3.

The fair value of investments in unlisted entities and of debt instruments not traded in an active market is measured using the discounted cash flow method. Any discounting is done using current market interest rates.

Reconciliation of beginning to ending balances for Level 3 measurements of financial instrument fair values

(EUR thousand)	Balance as of Jan. 1, 2014	Currency adjustments	Gains/(losses) recognized in profit or loss	Other changes	**Balance as of Dec. 31, 2014**
Other financial assets	59,098	2,272	(68)	13,388	74,690
Other liabilities					
Non-current	–	–	–	–	–
Current	5,945	–	–	(5,945)	–

(EUR thousand)	Balance as of Jan. 1, 2013	Currency adjustments	Gains/(losses) recognized in profit or loss	Other changes	Balance as of Dec. 31, 2013
Other financial assets	75,073	(12,900)	(13,307)	10,232	59,098
Other liabilities					
Non-current	–	–	–	–	–
Current	–	–	(5,945)	–	5,945

The EUR 68 thousand in losses recognized in profit or loss are included in net income from other participating interests. In the prior year, losses of EUR 19,252 thousand were recognized in other operating expenses; as in the prior year, the remaining changes are not recognized in profit or loss.

Financial assets with a carrying amount of EUR 222,332 thousand are provided as collateral for recognized financial liabilities and unrecognized contingent liabilities as of December 31, 2014 (2013: EUR 613,548 thousand).

The following table shows the net profit from financial instruments by IAS 39 category:

Net profit from financial instruments

(EUR thousand)	**2014**	2013 (restated)
Available for sale	23,084	32,160
Held for trading	7,434	4,587
Loans and receivables	72,754	72,179
Liabilities at amortized cost	(283,830)	(310,947)
	(180,558)	**(202,021)**

The calculation of net profit from financial instruments includes interest income and expenses, impairments and impairment reversals, income and expenses from currency translation, dividend income, gains and losses on disposal, and other changes in the fair value of financial instruments recognized in income.

Impairments of financial assets totaling EUR 110,431 thousand (2013: EUR 29,576 thousand) were recognized in 2014. Of this figure, EUR 24 thousand (2013: EUR 96 thousand) relates to the carrying amounts of non-consolidated subsidiaries and other participating interests measured at cost where a fair value is not available. In the prior year, an additional EUR 68 thousand (2013: EUR 13,306 thousand) related to the carrying amounts of non-consolidated subsidiaries and other participating interests measured at fair value. Impairments of EUR 3,490 thousand (2013: EUR 425 thousand) were recorded on non-current financial receivables in the reporting year. Impairments of EUR 6,866 thousand (2013: EUR 8,562 thousand) were recognized for current financial receivables. Impairments of EUR 99,526 thousand (2013: EUR 7,143 thousand) were recognized for trade receivables and impairments of EUR 457 thousand (2013: EUR 44 thousand) were recognized for other current receivables and other current financial assets.

35. Contingencies, commitments, and other financial obligations

(EUR thousand)	Dec. 31, 2014	Dec. 31, 2013
Obligations under guarantees and letters of comfort	8,779	9,379

These commitments and potential obligations primarily serve as security for bank loans, contract performance, warranty obligations, and advance payments. Most guarantees as of the reporting date related to participating interests and construction joint ventures. HOCHTIEF is also jointly and severally liable for all construction joint ventures in which it has an interest in Germany.

The syndicated credit and guarantee facility for EUR 2 billion taken out in December 2011 and extended ahead of term in April 2014 continues to be a central long-term financing instrument for HOCHTIEF Aktiengesellschaft. The syndicated facility has a guarantee tranche with a facility amount of EUR 1.5 billion, drawings on which amounted to EUR 0.947 billion as of December 31, 2014 (2013: EUR 1.02 billion) and a EUR 500,000 thousand cash tranche, which, as in the prior year, is undrawn as of December 31, 2014. The facility permits the furnishing of guarantees for ordinary activities, mainly of the HOCHTIEF Europe division. The credit and guarantee facility had an initial term of five years and was extended in April of the year under review to April 30, 2019.

In addition, the HOCHTIEF Group has available a further EUR 6.05 billion (2013: EUR 5.64 billion) in guarantee facilities provided by insurance companies and banks. This includes the EUR 944,096 thousand (2013: EUR 908,735 thousand) syndicated guarantee facility negotiated by Leighton Holdings in 2013. The latter facility has an initial term of three years and is drawn in the amount of EUR 483,832 thousand (2013: EUR 690,862 thousand).

HOCHTIEF Aktiengesellschaft has provided an unlimited bonding guarantee in favor of U.S. insurance companies in respect of obligations of the Turner Group and the Flatiron Group. Bonding is a statutory form of security used in the U.S. to guarantee performance of public projects. It is also used with other selected customers. The total bonding amount is USD 6,500 million as in the prior year. USD 5,032 million was utilized in the year under review (2013: USD 4,027 million). No recourse has ever been made to this guarantee provided by HOCHTIEF, and none is currently anticipated for the future.

Group order exposure from awarded capital expenditure projects is EUR 22,521 thousand (2013: EUR 137,395 thousand) and mostly relates to mining activities at the Leighton Group.

Cash call commitments on financial assets totaled EUR 19,068 thousand (2013: EUR 36,817 thousand). EUR 13,059 thousand (2013: EUR 14,676 thousand) of this amount relates to PPP project companies in the HOCHTIEF Asia Pacific division and EUR 6,009 thousand (2013: EUR 22,141 thousand) to joint ventures in the HOCHTIEF Europe division.

The term breakdown of minimum lease payments under operating leases is as follows:

Operating leases

(EUR thousand)	Dec. 31, 2014 Nominal value	Dec. 31, 2013 Nominal value
Due within 1 year	259,616	346,770
Due in 1–5 years	650,720	841,209
Due after 5 years	62,960	64,929

The obligations from operating leases mainly relate to technical equipment and machinery leased by the Leighton Group. Lease payments under operating leases were EUR 318,512 thousand in 2014 (2013: EUR 315,974 thousand).

Several non-consolidated companies in the HOCHTIEF Asia Pacific division have a number of leasing arrangements. The companies concerned are financed by third parties and HOCHTIEF itself holds neither interests in their equity nor assets such as loans or receivables. Relevant activities are managed by third parties under contractual agreement, as a result of which they are not consolidated. The minimum lease payments under operating leases come to EUR 244,789 thousand (2013: EUR 347,013 thousand).

Amounts due under long-term tenancies are EUR 194,499 thousand (2013: EUR 217,252 thousand). The term for which such tenancies cannot be terminated is between two and 13 years (2013: two and 14 years). The amounts due under tenancies are partly offset by anticipated rental income of EUR 90,046 thousand (2013: EUR 101,422 thousand).

Other financial obligations include EUR 116,453 thousand (2013: EUR 101,100 thousand) in commitments under long-term contracts for the supply of goods and services.

Legal disputes

HOCHTIEF Group companies are involved in various legal disputes in the context of their operating activities. HOCHTIEF does not anticipate that the disputes will have any material negative impact on the Group's business and financial situation.

36. Segment reporting

HOCHTIEF's structure reflects the operating focus of our business as well as the Group's presence in key national and international regions and markets. Segmental reporting in the HOCHTIEF Group is based on the Group's divisional operations. The breakdown mirrors the Group's internal reporting systems.

The Group's reportable segments* (divisions) are as follows:

*Detailed information on the various operating segments is included in the Management Report on pages 80 to 93.

HOCHTIEF Americas encompasses the construction activities of operational units in the USA and Canada.

HOCHTIEF Asia Pacific pools the construction activities and contract mining in the Asia-Pacific region.

HOCHTIEF Europe brings together the core business in Europe as well as selected other regions and designs, develops, builds, operates, and manages real estate and infrastructure.

The Corporate Headquarters/Consolidation unit comprises Corporate Headquarters, other activities not assigned to separately listed divisions, including management of financial resources and insurance activities, plus consolidation effects. Insurance activities are managed from Corporate Headquarters under the responsibility of HOCHTIEF Insurance Broking and Risk Management Solutions GmbH together with a subsidiary in Luxembourg. The HOCHTIEF insurance companies provide various reinsurance offerings for builders' risk, supplier default, guarantee liability, third party liability, and workers' compensation insurance. In the prior year, the airport holdings came under HOCHTIEF Aktiengesellschaft until disposal.

The segment reporting figures relating to the Consolidated Statement of Earnings only include continuing operations.

Divisions	External sales		Intersegment sales		Sales by division (external plus intersegment)	
(EUR thousand)	**2014**	2013 (restated)	**2014**	2013	**2014**	2013 (restated)
HOCHTIEF Americas	8,615,179	7,943,785	–	–	8,615,179	7,943,785
HOCHTIEF Asia Pacific	11,397,065	11,623,268	–	–	11,397,065	11,623,268
HOCHTIEF Europe	1,961,734	2,813,726	3,790	5,770	1,965,524	2,819,496
Corporate Headquarters/ Consolidation	125,076	117,896	24,569	8,944	149,645	126,840
HOCHTIEF Group	**22,099,054**	**22,498,675**	**28,359**	**14,714**	**22,127,413**	**22,513,389**

	Profit/(loss) from operating activities (segment result)		EBITDA		Operational earnings (EBITA)		Profit before taxes (EBT)	
	2014	2013 (restated)	**2014**	2013 (restated)	**2014**	2013 (restated)	**2014**	2013 (restated)
HOCHTIEF Americas	92,051	67,742	146,051	143,015	122,770	115,143	108,419	94,045
HOCHTIEF Asia Pacific	31,121	430,252	967,192	1,089,373	574,686	471,496	(114,549)	229,801
HOCHTIEF Europe	(96,340)	21,885	(14,712)	189,147	(36,570)	152,498	(72,748)	62,803
Corporate Headquarters/ Consolidation	(102,164)	66,026	(99,380)	165,911	(102,162)	162,181	(98,269)	143,195
HOCHTIEF Group	**(75,332)**	**585,905**	**999,151**	**1,587,446**	**558,724**	**901,318**	**(177,147)**	**529,844**

Divisions	Profit after taxes		Depreciation/ amortization		Impairment losses	
(EUR thousand)	**2014**	2013	**2014**	2013 (restated)	**2014**	2013
HOCHTIEF Americas	78,245	71,839	23,281	26,803	–	1,069
HOCHTIEF Asia Pacific	(129,602)	135,720	392,506	618,189	13,486	29,811
HOCHTIEF Europe	(84,790)	39,514	21,858	36,650	23	34,297
Corporate Headquarters/ Consolidation	4,366	124,601	2,782	3,728	–	–
HOCHTIEF Group	**(131,781)**	**371,674**	**440,427**	**685,370**	**13,509**	**65,177**

	Impairment reversals		Share of profits and losses of equity-method associates and jointly controlled entities		Interest and similar income		Interest and similar expenses	
	2014	2013	**2014**	2013 (restated)	**2014**	2013 (restated)	**2014**	2013 (restated)
HOCHTIEF Americas	–	–	30,719	45,643	6,240	3,294	16,973	19,522
HOCHTIEF Asia Pacific	673	1,435	11,189	(8,802)	39,770	23,217	221,985	222,745
HOCHTIEF Europe	–	–	33,574	56,274	11,825	28,433	33,235	47,233
Corporate Headquarters/ Consolidation	–	–	–	59,714	5,399	275	12,413	21,447
HOCHTIEF Group	**673**	**1,435**	**75,482**	**152,829**	**63,234**	**55,219**	**284,606**	**310,947**

Divisions	Non-cash expenses		Carrying amount of equity-method investments		Purchases of intangible assets, property, plant, equipment, and investment properties	
(EUR thousand)	**2014**	2013 (restated)	**2014**	2013	**2014**	2013 (restated)
HOCHTIEF Americas	83,915	107,066	109,263	70,742	27,581	19,344
HOCHTIEF Asia Pacific	868,987	480,716	683,438	535,308	514,108	864,768
HOCHTIEF Europe	160,933	260,411	105,783	92,458	42,838	45,633
Corporate Headquarters/ Consolidation	77,096	57,315	–	–	6,430	2,058
HOCHTIEF Group	**1,190,931**	**905,508**	**898,484**	**698,508**	**590,957**	**931,803**

	Purchases of financial assets		Total purchases		Total assets (balance sheet total)		Gross debt	
	2014	2013	**2014**	2013 (restated)	**2014**	2013 (restated)	**2014**	2013 (restated)
HOCHTIEF Americas	59,055	38,208	86,636	57,552	3,090,054	2,778,101	2,721,910	2,469,800
HOCHTIEF Asia Pacific	51,406	469,071	565,514	1,333,839	8,575,646	7,932,810	5,948,830	5,755,390
HOCHTIEF Europe	14,206	13,690	57,044	59,323	2,391,697	3,037,883	1,854,491	2,297,164
Corporate Headquarters/ Consolidation	–	–	6,430	2,058	1,161,927	1,202,353	1,582,715	1,135,093
HOCHTIEF Group	**124,667**	**520,969**	**715,624**	**1,452,772**	**15,219,324**	**14,951,147**	**12,107,946**	**11,657,447**

Regions	External sales by customer location		Property, plant and equipment		Intangible assets	
(EUR thousand)	**2014**	2013 (restated)	**2014**	2013 (restated)	**2014**	2013 (restated)
Germany	1,256,006	1,975,640	69,789	115,691	52,731	56,396
Rest of Europe	569,392	694,965	32,424	34,498	1,592	1,584
Americas	8,816,689	8,137,208	105,308	90,984	346,822	313,624
Asia	2,962,670	3,052,312	365,813	379,602	117,127	140,730
Australia	8,493,469	8,637,928	731,232	757,582	348,027	317,760
Africa	828	622	–	–	–	–
HOCHTIEF Group	**22,099,054**	**22,498,675**	**1,304,566**	**1,378,357**	**866,299**	**830,094**

	Carrying amount of equity-method investments		Total assets (balance sheet total)		Purchases	
	2014	2013	**2014**	2013 (restated)	**2014**	2013 (restated)
HOCHTIEF Americas	52,113	54,134	1,959,865	2,799,543	19,733	48,640
HOCHTIEF Asia Pacific	11,952	11,525	1,244,795	1,164,337	14,684	6,497
HOCHTIEF Europe	150,981	96,695	3,238,068	2,844,329	115,642	63,730
Corporate Headquarters/ Consolidation	350,996	328,598	3,034,048	2,824,928	234,530	376,504
Australia	332,442	207,556	5,742,548	5,318,010	331,035	957,401
Africa	–	–	–	–	–	–
HOCHTIEF Group	**898,484**	**698,508**	**15,219,324**	**14,951,147**	**715,624**	**1,452,772**

Discontinued operations regarding John Holland and Leighton's Services business:

Divisions	External sales		Intersegment sales		Sales by division (external plus intersegment)	
(EUR thousand)	2014	2013	2014	2013	2014	2013
HOCHTIEF Asia Pacific	3,688,767	4,523,511	–	–	3,688,767	4,523,511
HOCHTIEF Group	**3,688,767**	**4,523,511**	**–**	**–**	**3,688,767**	**4,523,511**

Divisions	Profit/(loss) from operating activities (segment result)		EBITDA		Operational earnings (EBITA)		Profit before taxes (EBT)	
(EUR thousand)	2014	2013	2014	2013	2014	2013	2014	2013
HOCHTIEF Asia Pacific	818,428	270,598	897,025	320,622	847,225	271,431	829,882	271,373
HOCHTIEF Group	**818,428**	**270,598**	**897,025**	**320,622**	**847,225**	**271,431**	**829,882**	**271,373**

Divisions	Profit after taxes		Depreciation/amortization		Impairment losses	
(EUR thousand)	2014	2013	2014	2013	2014	2013
HOCHTIEF Asia Pacific	537,564	173,685	49,801	49,191	–	–
HOCHTIEF Group	**537,564**	**173,685**	**49,801**	**49,191**	**–**	**–**

Divisions	Impairment reversals		Share of profits and losses of equity-method associates and jointly controlled entities		Interest and similar income		Interest and similar expenses	
(EUR thousand)	2014	2013	2014	2013	2014	2013	2014	2013
HOCHTIEF Asia Pacific	–	–	10,459	834	1,819	1,622	824	1,681
HOCHTIEF Group	**–**	**–**	**10,459**	**834**	**1,819**	**1,622**	**824**	**1,681**

Total from continuing and discontinued operations:

Divisions	External sales		Intersegment sales		Sales by division (external plus intersegment)	
(EUR thousand)	2014	2013 (restated)	2014	2013	2014	2013 (restated)
HOCHTIEF Americas	8,615,179	7,943,785	–	–	8,615,179	7,943,785
HOCHTIEF Asia Pacific	15,085,832	16,146,779	–	–	15,085,832	16,146,779
HOCHTIEF Europe	1,961,734	2,813,726	3,790	5,770	1,965,524	2,819,496
Corporate Headquarters/ Consolidation	125,076	117,896	24,569	8,944	149,645	126,840
HOCHTIEF Group	**25,787,821**	**27,022,186**	**28,359**	**14,714**	**25,816,180**	**27,036,900**

Divisions	Profit/(loss) from operating activities (segment result)		EBITDA		Operational earnings (EBITA)		Profit before taxes (EBT)	
(EUR thousand)	2014	2013 (restated)	2014	2013 (restated)	2014	2013 (restated)	2014	2013 (restated)
HOCHTIEF Americas	92,051	67,742	146,051	143,015	122,770	115,143	108,419	94,045
HOCHTIEF Asia Pacific	849,549	700,850	1,864,217	1,409,995	1,421,911	742,927	715,333	501,174
HOCHTIEF Europe	(96,340)	21,885	(14,712)	189,147	(36,570)	152,498	(72,748)	62,803
Corporate Headquarters/ Consolidation	(102,164)	66,026	(99,380)	165,911	(102,162)	162,181	(98,269)	143,195
HOCHTIEF Group	**743,096**	**856,503**	**1,896,176**	**1,908,068**	**1,405,949**	**1,172,749**	**652,735**	**801,217**

Divisions	Profit after taxes		Depreciation/amortization		Impairment losses	
(EUR thousand)	2014	2013	2014	2013 (restated)	2014	2013
HOCHTIEF Americas	78,245	71,839	23,281	26,803	–	1,069
HOCHTIEF Asia Pacific	407,962	309,405	442,307	667,380	13,486	29,811
HOCHTIEF Europe	(84,790)	39,514	21,858	36,650	23	34,297
Corporate Headquarters/ Consolidation	4,366	124,601	2,782	3,728	–	–
HOCHTIEF Group	**405,783**	**545,359**	**490,228**	**734,561**	**13,509**	**65,177**

Divisions	Impairment reversals		Share of profits and losses of equity-method associates and jointly controlled entities		Interest and similar income		Interest and similar expenses	
(EUR thousand)	2014	2013	2014	2013 (restated)	2014	2013 (restated)	2014	2013
HOCHTIEF Americas	–	–	30,719	45,643	6,240	3,294	16,973	19,522
HOCHTIEF Asia Pacific	673	1,435	21,648	-7,968	41,589	24,839	222,809	224,426
HOCHTIEF Europe	–	–	33,574	56,274	11,825	28,433	33,235	47,233
Corporate Headquarters/ Consolidation	–	–	–	59,714	5,399	275	12,413	21,447
HOCHTIEF Group	**673**	**1,435**	**85,941**	**153,663**	**65,053**	**56,841**	**285,430**	**312,628**

Explanatory notes to the segmental data

Intersegment sales represent revenue generated between divisions. They are transacted on an arm's length basis. External sales mainly comprise revenue recognized using the percentage-of-completion method in the mainstream construction business, construction management, and contract mining, in the amount of EUR 18,448,153 thousand (2013: EUR 18,649,776 thousand). The sum of external sales and intersegment sales gives total sales revenue for each division.

The share of profits and losses of equity-method associates and jointly controlled entities comprises income and expenses, including impairment losses relating to companies accounted for using the equity method.

Depreciation and amortization relate to intangible assets with finite useful lives, property, plant and equipment, and investment properties.

The impairment losses relate to intangible assets, property, plant and equipment, investment properties, and financial assets.

Purchases comprise additions to intangible assets, property, plant and equipment, investment properties, equity-method investments (excluding equity-method adjustments), subsidiaries, and other participating interests.

Total assets are equivalent to the divisions' totals in the Consolidated Balance Sheet. Gross debt equals total assets minus consolidated shareholders' equity.

Operational earnings (EBITA) are derived from earnings from operating activities as follows:

(EUR thousand)	**2014**	2013 (restated)
Earnings from operating activities	(75,332)	585,905
+ Net income from participating interests	118,488	210,364
– Non-operating earnings	(+) 515,568	(+) 105,049
Operational earnings (EBITA)	**558,724**	**901,318**

The derivation of operational earnings from earnings from operating activities is based on the following considerations:

Net income from participating interests contains all income and expense from equity stakes held for operational purposes and is thus an integral part of the Group's operational earnings.

Income and expenses classified as exceptional items for business management purposes or resulting from exceptional transactions hinder analysis of ordinary operations and should be attributed to non-operational earnings. Consolidated earnings from operating activities were adjusted in the year under review by non-operational earnings of EUR 515,568 thousand (2013: EUR 105,049 thousand). The non-operational earnings item in the year under review relates to an accounting provision to cover credit risk on project receivables in the HOCHTIEF Asia Pacific division along with restructuring expenses.

37. Notes to the Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows classifies cash flows into operating, investing, and financing activities. Exchange rate effects are eliminated and their influence on the cash position is disclosed separately. Changes in cash and cash equivalents due to acquisitions and disposals of consolidated companies are shown separately under cash used in or provided by investing activities. The EUR 309,079 thousand decrease (2013: EUR 16,720 thousand) in cash and cash equivalents due to consolidation changes consists in its entirety of cash and cash equivalents disposed of in divestments. The prior-year figure was the balance of EUR 21,936 thousand in cash and cash equivalents disposed of in divestments and EUR 5,216 thousand in cash and cash equivalents from acquisitions.

The EUR 2,585,359 thousand (2013: EUR 2,190,132 thousand) year-end total for cash and cash equivalents shown on the cash flow statement matches the cash and cash equivalents item on the balance sheet. The total comprises EUR 1,574 thousand (2013: EUR 1,988 thousand) in petty cash, EUR 2,316,922 thousand (2013: EUR 1,905,743 thousand) in cash balances at banks, and EUR 266,863 thousand (2013: EUR 282,401 thousand) in marketable securities with maturities of no more than three months at the time of acquisition. Cash and cash equivalents to the value of EUR 26,518 thousand are subject to restrictions (2013: EUR 65,553 thousand).

Net cash provided by operating activities represented a cash inflow of EUR 756,033 thousand. The balance of cash flows relating to capital expenditure and asset disposals/divestments resulted in EUR 178,595 thousand in net cash used in investing activities. The increase in the equity interest in Leighton Holdings, purchases of treasury stock, and dividend payments made up the main factors in the cash outflow of EUR 375,809 thousand comprising net cash used in financing activities. Including exchange rate changes, cash and cash equivalents increased overall by EUR 395,227 thousand.

All non-cash income and expense and all income from asset disposals or arising on deconsolidation is eliminated in net cash provided by or used for operating activities.

Net cash provided by operating activities included:
- Interest income of EUR 57,272 thousand (2013: EUR 46,119 thousand),
- Interest expenses of EUR 284,606 thousand (2013: EUR 312,629 thousand),
- Income tax paid amounting to EUR 81,792 thousand (2013: EUR 120,562 thousand).

After deducting the non-cash component of income from equity-accounted interests, net income received (as dividends) from such interests was EUR 106,844 thousand (2013: EUR 195,557 thousand).

Divestments relate to the deconsolidation of fully consolidated subsidiaries. This reduced non-current assets by EUR 342,708 thousand (2013: EUR 1,953,357 thousand) and current assets by EUR 1,665,507 thousand (2013: EUR 334,661 thousand). Non-current liabilities decreased by EUR 60,192 thousand (2013: EUR 32,837 thousand) and current liabilities by EUR 1,352,758 thousand (2013: EUR 324,588 thousand). As of the balance sheet date, EUR 145,350 thousand (2013: EUR 2,131,612 thousand) of the EUR 1,067,124 thousand (2013: EUR 2,131,612 thousand) sale proceeds were settled in the form of cash and cash equivalents.

Dividends of EUR 103,964 thousand (2013: EUR 73,613 thousand) were paid to HOCHTIEF's shareholders in the year under review. Dividends paid to minority shareholders totaled EUR 108,120 thousand (2013: 357,608 thousand). The prior-year figure included large cash outflows in connection with the sale of the airport business.

Debt repayments came to EUR 1,147,210 thousand (2013: EUR 2,757,684 thousand), compared with EUR 1,650,551 thousand (2013: EUR 2,617,671 thousand) in new borrowing.

Financial assets and financial liabilities are made up as follows:

(EUR thousand)	**Dec. 31, 2014**	Dec. 31, 2013 (restated)
Cash and cash equivalents	2,585,359	2,190,132
Receivables from the sale of discontinued operations	1,108,112	–
Marketable securities	741,535	1,123,258
Non-current securities	–	260
Total financial assets	**4,435,006**	**3,313,650**
Bonds or notes issued, and amounts due to banks	3,815,963	3,080,922
Lease liabilities	198,288	272,288
Financial liabilities	**4,014,251**	**3,353,210**
Net financial assets (+)/Net financial liabilities (-) including receivables from the sale of discontinued operations	**420,755**	**(39,560)**

The total financial assets of EUR 4,435,006 thousand include, under receivables from the sale of discontinued operations, EUR 1,108,112 thousand in sale proceeds under the binding agreements for the sale of John Holland and of the Services business at Thiess and Leighton Contractors. The cash inflow from these transactions is expected in the near future.

Financial assets are subject to certain restrictions on their use. Other than by financial liabilities, financial assets are offset by advance payments from clients, cash call commitments on financial assets, and order exposure from awarded capital expenditure projects. Advance payments from clients came to EUR 813,320 thousand (2013: EUR 173,393 thousand) and serve to fund contract costs. Cash call commitments on financial assets totaled EUR 19,068 thousand (2013: EUR 36,817 thousand), relating in the amount of EUR 13,059 thousand (2013: EUR 14,676 thousand) to PPP project companies in the HOCHTIEF Asia Pacific division and EUR 6,009 thousand (2013: EUR 22,141 thousand) to jointly controlled entities in the HOCHTIEF Europe division. Group order exposure from awarded capital expenditure projects is EUR 22,521 thousand (2013: 137,395 thousand) and mostly relates to the Leighton Group's mining activities.

38. Related party disclosures

Significant related parties include ACS, the parent company of HOCHTIEF Aktiengesellschaft. No material transactions were entered into between HOCHTIEF Aktiengesellschaft or any Group company and ACS or its affiliates during the year under review.

Further related parties comprise companies accounted for using the equity method that are material to the Group: Sociedad Concesionaria Túnel San Cristobal S.A., and the Habtoor Leighton Group. Leighton Welspun Contractors is also included here pending its transition to a fully consolidated subsidiary. Material related parties also included aurelis Real Estate GmbH & Co. KG up to its deconsolidation in 2013.

Transactions with material related parties gave rise to amounts in the financial statements as follows:

(EUR thousand)	**2014**	2013
Loans	436,679	412,449
Receivables	75,317	68,744
Payables	870	2,219
Sales	–	33,650
Goods and services purchased	77	2,422
Other operating income	500	181
Interest income	20,668	37,638

The loans mostly relate to the Habtoor Leighton Group.

All transactions with related parties were conducted on an arm's length basis, with the exception of an interest-free loan for EUR 91,207 thousand (2013: EUR 75,040 thousand) to an associate in the HOCHTIEF Asia Pacific division. No other material transactions were entered into between HOCHTIEF Aktiengesellschaft or any Group company and Executive or Supervisory Board members or persons or companies close to them during 2013. There were no conflicts of interest involving Executive Board or Supervisory Board members.

39. Total Executive Board and Supervisory Board compensation

The Compensation Report on pages 101–105 of this Group Report outlines the principles applied when determining Executive Board compensation at HOCHTIEF Aktiengesellschaft and explains the amount and composition of that compensation. The principles applied and the amount of Supervisory Board compensation are also described. The Compensation Report is based on the recommendations of the German Corporate Governance Code.

Benefits granted	Fernández Verdes Chairman of the Executive Board Date joined: April 15, 2012				Legorburo Member of the Executive Board Date joined: May 7, 2014				von Matuschka Member of the Executive Board Date joined: May 7, 2014				Sassenfeld Member of the Executive Board Date joined: November 1, 2011			
	2013[1]	2014			2013	2014			2013	2014			2013	2014		
(EUR thousand)		Granted	Minimum	Maximum		Granted	Minimum	Maximum		Granted	Minimum	Maximum		Granted	Minimum	Maximum
Fixed compensation	900	1,008	1,008	1,008	–	195	195	195	–	228	228	228	600	600	600	600
Fringe benefits	64	46	46	46	–	79	79	79	–	12	12	12	233	22	22	22
Total	**964**	**1,054**	**1,054**	**1,054**	**–**	**274**	**274**	**274**	**–**	**240**	**240**	**240**	**833**	**622**	**622**	**622**
One-year variable compensation	846	1,048	0	1,300	–	184	0	228	–	210	0	261	564	564	0	700
Multi-year variable compensation																
Long-term incentive component I[2]	846	886	0	1,100	–	184	0	228	–	210	0	261	564	564	0	700
Long-term incentive component II[3]																
LTIP stock awards (6-year term)	423	443[4]	0	550	–	92[4]	0	114	–	105[4]	0	131	282	282[4]	0	350
LTIP stock appreciation rights (7-year term)	423	443[4]	0	550	–	92[4]	0	114	–	105[4]	0	131	282	282[4]	0	350
Total	**3,502**	**3,874**	**1,054**	**4,554**	**–**	**826**	**274**	**958**	**–**	**870**	**240**	**1,024**	**2,525**	**2,314**	**622**	**2,722**
Service cost (service and interest cost)	1,010	1,020	1,020	1,020	–	166	166	166	–	219	219	219	331	392	392	392
Total compensation	**4,512**	**4,894**	**2,074**	**5,574**	**–**	**992**	**440**	**1,124**	**–**	**1,089**	**459**	**1,243**	**2,856**	**2,706**	**1,014**	**3,114**

[1]Excluding subsequent restatement (see compensation for past years)
[2]Share-based with two-year bar
[3]Granted as long-term incentive plan
[4]Value at grant date

Benefits allocated	Fernández Verdes Chairman of the Executive Board Date joined: April 15, 2012		Legorburo Member of the Executive Board Date joined: May 7, 2014		von Matuschka Member of the Executive Board Date joined: May 7, 2014		Sassenfeld Member of the Executive Board Date joined: November 1, 2011	
(EUR thousand)	2014	2013[1]	2014	2013	2014	2013	2014	2013
Fixed compensation	1,008	900	195	–	228	–	600	600
Fringe benefits	46	64	79	–	12	–	22	233
Total	**1,054**	**964**	**274**	**–**	**240**	**–**	**622**	**833**
One-year variable compensation	1,048	846	184	–	210	–	564	564
Multi-year variable compensation								
Long-term incentive component I[2]	886	846	184	–	210	–	564	564
Long-term incentive component II	0	0	0	–	0	–	0	0
Total	**2,988**	**2,656**	**642**	**–**	**660**	**–**	**1,750**	**1,961**
Service cost (service and interest cost)	1,020	1,010	166	–	219	–	392	331
Total compensation	**4,008**	**3,666**	**808**	**–**	**879**	**–**	**2,142**	**2,292**

[1]Excluding subsequent restatement (see compensation for past years)
[2]Share-based with two-year bar

The present value of pension benefits for current and former Executive Board members is EUR 98,186 thousand (2013: EUR 78,668 thousand).

Payments to former members of the Executive Board and their surviving dependents were EUR 7,676 thousand (2013: EUR 17,011 thousand). Pension obligations to former members of the Executive Board and their surviving dependents totaled EUR 90,590 thousand (2013: EUR 75,792 thousand).

(EUR thousand)		Present value of pension benefits
Fernández Verdes	2014	5,068
	2013	1,844
Legorburo	2014	236
	2013	–
von Matuschka	2014	301
	2013	–
Sassenfeld	2014	1,991
	2013	1,032
Executive Board total	2014	**7,596**
	2013	**2,876**

Total compensation for the members of the Supervisory Board came to EUR 2,783,400 (2013: EUR 2,051,327).

40. Auditing fees

Fees for services provided by auditors Deloitte & Touche were paid and recognized as expenses as follows:

(EUR thousand)	**2014**	2013
Financial statement audits	5,568	6,221
Of which in Germany	[1,190]	[1,257]
Other assurance services	1,084	576
Of which in Germany	[118]	[339]
Tax consulting	136	381
Of which in Germany	[–]	[–]
Other services for HOCHTIEF Aktiengesellschaft or subsidiaries	237	125
Of which in Germany	[68]	[19]
	7,025	**7,303**

The fees for services provided in Germany relate to services of the appointed Group financial statement auditors Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft and its affiliates within the meaning of Section 271 (2) of the German Commercial Code. The fees for financial statement audits mostly relate to fees charged by Group auditors Deloitte & Touche for auditing the HOCHTIEF Group consolidated financial statements, the combined HOCHTIEF Group and HOCHTIEF Aktiengesellschaft management report, and the financial statements of HOCHTIEF Aktiengesellschaft and its domestic and international subsidiaries. Tax consulting encompasses all services provided in connection with tax matters, mostly for HOCHTIEF Aktiengesellschaft's international subsidiaries. The other services mainly relate to projects in the HOCHTIEF Asia Pacific division.

41. Declaration pursuant to Section 161 of the German Stock Corporations Act

The declaration on corporate governance required by Section 161 of the German Stock Corporations Act (AktG) has been made available for the general public to view at any time on the HOCHTIEF website.*

*For further information on corporate governance at HOCHTIEF, please see www.hochtief.com/corporategovernance.

42. Events since the balance sheet date

There were no material reportable events during the subsequent events period.

43. Use of the exempting provisions in Section 264 (3) (and Section 264b) of the German Commercial Code

The following domestic fully consolidated subsidiaries made partial use of the exempting provisions in 2014:
A.L.E.X.-Bau GmbH, Essen,
AVN Chile Vierte Holding GmbH, Essen,
AVN Chile Fünfte Holding GmbH, Essen,
Deutsche Baumanagement GmbH, Essen,
Deutsche Bau- und Siedlungs-Gesellschaft mbH, Essen,
Eurafrica Baugesellschaft mbH, Essen,
forum am Hirschgarten Nord GmbH & Co. KG (formerly: MK 3 Nord GmbH & Co. KG), Essen,
forum am Hirschgarten Süd GmbH & Co. KG (formerly: MK 3 Süd GmbH & Co. KG), Essen,
GVG mbH & Co. Objekt RPU Berlin 2 KG, Essen,
HOCHTIEF Ackerstraße 71–76 GmbH & Co. KG, Berlin,
HOCHTIEF Americas GmbH, Essen,
HOCHTIEF Asia Pacific GmbH, Essen,
HOCHTIEF Aurestis Beteiligungsgesellschaft mbH, Essen,
HOCHTIEF Building GmbH, Essen,
HOCHTIEF Construction Erste Vermögensverwaltungsgesellschaft mbH, Essen,
HOCHTIEF Engineering GmbH, Essen,
HOCHTIEF Engineering International GmbH, Essen,
HOCHTIEF Infrastructure GmbH, Essen,
HOCHTIEF Insurance Broking and Risk Management Solutions GmbH, Essen,
HOCHTIEF ÖPP Projektgesellschaft mbH, Essen,
HOCHTIEF Offshore Crewing GmbH, Essen,
HOCHTIEF PPP Europa GmbH, Essen,
HOCHTIEF PPP Operations GmbH, Essen,
HOCHTIEF PPP Solutions GmbH, Essen,
HOCHTIEF PPP Schulpartner Braunschweig GmbH, Essen,
HOCHTIEF Projektentwicklung GmbH, Essen,
HOCHTIEF Projektentwicklung „Helfmann Park“ GmbH & Co. KG, Essen,
HOCHTIEF Solutions AG, Essen,
HOCHTIEF Solutions Real Estate GmbH, Essen,
HOCHTIEF ViCon GmbH, Essen,
HTP Immo GmbH, Essen,
HTP Projekt 2 (zwei) GmbH & Co. KG, Essen,
I.B.G. Immobilien- und Beteiligungsgesellschaft Thüringen-Sachsen mbH, Erfurt,
LOFTWERK Eschborn GmbH & Co. KG, Essen,
Maximiliansplatz 13 GmbH & Co. KG, Essen,
MK 1 Am Nordbahnhof Berlin GmbH & Co. KG, Essen,
Moltendra Grundstücks- und Vermietungsgesellschaft mbH & Co. Objekt Mainoffice KG, Frankfurt am Main,
Projektgesellschaft Börsentor Frankfurt GmbH & Co. KG, Essen,
Projektgesellschaft Konrad-Adenauer-Ufer Köln GmbH & Co. KG, Essen,
Projektgesellschaft Marco Polo Tower GmbH & Co. KG, Hamburg,
Projektgesellschaft Marieninsel Ost GmbH & Co. KG, Essen,
Projektgesellschaft Marieninsel West GmbH & Co. KG, Essen,
Projektgesellschaft Quartier 21 mbH & Co. KG, Essen,
SCE Chile Holding GmbH, Essen,
Spiegel-Insel Hamburg GmbH & Co. KG, Essen,
Tivoli Garden GmbH & Co. KG, Essen,
Tivoli Office GmbH & Co. KG, Essen,
TRINAC GmbH, Essen.

44. Subsidiaries, associates, and other significant participating interests of the HOCHTIEF Group at December 31, 2014

The HOCHTIEF Group Report 2014 including the auditor's report contains the complete list of subsidiaries, associates, and other significant participating interests and is published in the electronic Bundesanzeiger (Federal Official Gazette) as well as on our website.

	Percentage stock held	Shareholders' equity Local currency (thousand)		EUR thousand	Profit/(loss) for the year (EUR thousand)
I. Affiliates included in the Consolidated Financial Statements					
HOCHTIEF Americas Division					
HOCHTIEF Americas GmbH, Essen	100			610,159	– [1]
The Turner Corporation, Dallas, USA	100 [2]	USD	596,209	491,074	75,929 [3]
Clark Builders Partnership Corporation, Alberta, Canada	51 [2]	CAD	69,432 [4]	49,372 [4]	23,694 [4]
Flatiron Construction Corp., Wilmington, USA	100 [2]	USD	203,870	167,920	(17,828) [3]
E. E. Cruz and Company Inc., Holmdel, USA	100 [2]	USD	71,399 [5]	58,809 [5]	3,003 [5]
HOCHTIEF Asia Pacific Division					
HOCHTIEF Asia Pacific GmbH, Essen	100			2,198,305	– [1]
HOCHTIEF Australia Holdings Ltd., Sydney, Australia	100 [2]	AUD	3,630,042	2,447,919	170,648
Leighton Holdings Limited, Sydney, Australia	70 [2] [6]	AUD	3,753,589	2,531,233	460,893 [3]
HOCHTIEF Europe Division					
HOCHTIEF Solutions AG, Essen	100			225,743	– [1]
HOCHTIEF Building GmbH, Essen	100 [2]			44,727	– [1]
HOCHTIEF Engineering GmbH, Essen	100 [2]			3,842	– [1]
HOCHTIEF Infrastructure GmbH, Essen	100 [2]			150,771	– [1]
HOCHTIEF PPP Solutions GmbH, Essen	100 [2]			32,540	– [1]
HOCHTIEF Projektentwicklung GmbH, Essen	100			7,909	– [1]
Corporate Headquarters					
HOCHTIEF Insurance Broking and Risk Management Solutions GmbH, Essen	100			257,497	– [1]
Builders Reinsurance S.A., Steinfort, Luxembourg	100 [2]	USD	362,067	298,220	118,583
II. Equity-method investments					
HOCHTIEF Asia Pacific Division					
Al Habtoor Engineering Enterprises Co. LLC, Dubai, United Arab Emirates[7]	45 [2]				0

	Percentage stock held 2014	Business activities
III. Joint operations included in the Consolidated Financial Statements		
HOCHTIEF Asia Pacific Division		
Thiess John Holland Dragados	50	Construction
LCPL - HYLC JV (New Royal Adelaide Hospital)	50	Construction
LCALOP - Leighton-Gammon Joint Venture - H2561	50	Construction
TPL - Thiess Balfour Beatty	67	Construction
TPL - EVT JV	50	Construction

[1] Profit/loss transfer agreement

[2] Indirect shareholding

[3] Consolidated result for group

[4] Consolidated in Turner

[5] Consolidated in Turner/Flatiron

[6] Profit attributable to non-controlling interests is EUR 143,087 thousand (2013: EUR 125,553 thousand). The minority interest in equity as of December 31, 2014 is 787,831 thousand (2013: EUR 895,019 thousand). EUR 96,891 thousand in dividends were paid to minority shareholders in 2014 (2013: EUR 115,196 thousand). For summary financial information, please see the HOCHTIEF Asia Pacific division, which primarily consists of this Group company.

[7] Presentation as at Leighton Holdings

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report, which is combined with the management report of HOCHTIEF Aktiengesellschaft, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Essen, February 24, 2015

HOCHTIEF Aktiengesellschaft

The Executive Board

Marcelino Fernández Verdes

Peter Sassenfeld

José Ignacio Legorburo Escobar

Nikolaus Graf von Matuschka

Independent Auditors' Report

We have audited the consolidated financial statements—comprising Group statement of earnings, consolidated statement of comprehensive income, Group balance sheet, statement of cash flows, statement of changes in equity, and notes to the consolidated financial statements, prepared by HOCHTIEF Aktiengesellschaft, Essen/Germany, as well as the group management report, which has been combined with the parent company's management report for the financial year from January 1, to December 31, 2014. The preparation of the consolidated financial statements and the group management report in accordance with International Financial Reporting Standards (IFRS), as applicable in the EU, and the regulations under German commercial law as complementarily applicable under § 315a (1) German Commercial Code (HGB) is the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 German Commercial Code (HGB) in compliance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with applicable accounting regulations and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Executive Board, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, which is based on the results of our audit, the consolidated financial statements of HOCHTIEF Aktiengesellschaft, Essen/Germany, comply with the IFRS, as applicable in the EU, and the regulations under German commercial law as complementarily applicable under § 315a (1) German Commercial Code (HGB) and convey a true and fair view of the Group's net assets, financial position and results of operations in accordance with these regulations. The group management report is consistent with the consolidated financial statements, conveys, in the aggregate, a true and fair view of the Company's and Group's position and suitably presents the risks and opportunities of future development.

Düsseldorf, February 25, 2015

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Schlereth)
Wirtschaftsprüfer (German Public Auditor)

(Bedenbecker)
Wirtschaftsprüfer (German Public Auditor)

Focus Area
Corporate Citizenship

Bridges boost quality of life in Rwanda
In harmony with people and nature

MY COMMUNITY

OUR CONTRIBUTION

Economy: Economic growth and trade are dependent on access to markets. The right infrastructure provides that access. We partnered with the non-profit organization Bridges to Prosperity again in 2014 and helped people in Rwanda, this time in the Ngororero district, gain better access to schools, markets, and medical facilities. The new 54-meter-long footbridge over the Kiromozi River is used by some 350 locals every day.

Ecology: Our team used mostly regionally-sourced materials and simple tools to build the bridge. They were careful to preserve the natural surroundings and leave the river's flow undisturbed.

Community: Ten HOCHTIEF employees worked with villagers to complete the bridge. This taught the locals bridge-building skills they can now use and share with others. The HOCHTIEF group also learned a lot about Rwandan culture. Team spirit remained high throughout the project and beyond.

Index for the 10 Principles of the UN Global Compact (UNGC) and the Global Reporting Initiative (GRI)

UNGC principles		GRI G4 index (for "in accordance"—Core)			
		General GRI indicators	Application level	Page number	Link/notes
	G4-1	**Strategy and analysis**			
	G4-1	Sustainability strategy and relevance of sustainability	● ✔	9–11, 35, 40–41, 131, 162–165	www.hochtief.com/sustainability
	G4-3–16	**Organizational profile**			
	G4-3	Name of organization	● ✔	1, 269	
	G4-4	Brands, products, and services	● ✔	3–4, 80–93	www.hochtief.com/clientportal
	G4-5	Location of organization's headquarters	● ✔	269	
	G4-6	Number and names of countries where organization operates	● ✔	32–33	
	G4-7	Nature of ownership and legal form	● ✔	25, 30–33, 269	
	G4-8	Markets in which organization operates	● ✔	32–33, 42–51, 80–93	
	G4-9	Scale of organization	● ✔	23–25, 32–33, 254, 267	
06	G4-10	Detailed information on workforce	● ✔	9–11, 18–21, 117–122	
03	G4-11	Employees covered by collective gargaining agreements	● ✔	98, 118, CoC	www.hochtief.com/compliance
05	G4-12	Organization's supply chain	● ✔	126–129	
	G4-13	Changes during reporting period	● ✔	9–17, 32–39, 80–93, 117	
07, 08	G4-14	Precautionary principle	● ✔	123 et seq, 155, CoC	www.hochtief.com/committments www.hochtief.com/compliance
01, 02, 05	G4-15	Commitments	● ✔	3,11	www.hochtief.com/committments
	G4-16	Memberships	● ✔	3	www.hochtief.com/committments
	G4-17-23	**Identified material aspects and boundaries**			
	G4-17	List of subsidiaries, associates, and other significant participating interests	● ✔	32–33, 254	www.hochtief.com/reports
	G4-18	Reporting principles and report content	● ✔	2, 40–41, 150–165, 174	
	G4-19	Material aspects of report content	● ✔	40–41, 162–165	www.hochtief.com/interview-eb
	G4-20	Material aspects within organization	● ✔	40–41, 162–165	www.hochtief.com/interview-eb
	G4-21	Material aspects outside organization	● ✔	40–41, 162–165	www.hochtief.com/interview-eb
	G4-22	Restatements of information provided in previous reports	● ✔	2, 9–11, 150–165	www.hochtief.com/interview-eb
	G4-23	Changes in scope and aspect boundaries	● ✔	2, 9–11, 41, 150–165	www.hochtief.com/interview-eb
	G4-24-27	**Stakeholder engagement**			
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	G4-25	Basis for identification of stakeholder groups	● ✔	40–41, 151	
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	G4-31	Contact point	● ✔	269	www.hochtief.com
	G4-32	GRI Index assurance report	● ✔	260–261	
08	G4-33	Basis and scope of assurance; relationship between organization and auditors; Executive Board support	● ✔	2, 15	www.hochtief.com/interview-eb www.hochtief.com/auditors
	G4-34	**Governance**			
	G4-34	Governance structure	● ✔	20–21, 32–33, 40–41	www.hochtief.com/corporate-governance
01, 02, 04, 05, 06	**G4-56**	**Ethics and integrity**			
	G4-56	Principles, values, and standards	● ✔	96–100, 150, CoC	www.hochtief.com/vision

◗ Covered in part ◕ Covered for the most part ● Covered in full ✔ External review CoC = Code of Conduct

GRI G4 Index (for "in accordance"—Core)

		Industry-specific general GRI Indicators	Application level	Page number	Link notes
		Strategy and analysis			
	G4-2	Refurbishment and upgrading	● ✔	48, 108, 160	
		Organizational profile			
	G4-9	Sales by region Green building, PPP, significant market segments	◗ ✔	48, 80–93, 160, 162–165	Some relevant information currently unavailable; to be gathered Group-wide in future years.
	G4-10	Employees of different ethnic origins Employees in high-risk regions	◗ ✔	122, CoC	Due to differences in national legislation, we are unable to present statistics by gender for all companies.
		Stakeholder engagement			
	G4-24	Stakeholder identification at organization and project levels	● ✔	41, 151	

UNGC principles		Specific GRI indicators in relation to HOCHTIEF's major sustainability focus areas			
	Focus area 1:	**Compliance**			
01, 02, 04, 05, 10	**G4-SO3–4**	**Aspect: Anti-corruption**			
	G4-SO3	Risk analysis	● ✔	97, 133–141	www.hochtief.com/corporate-governance
	G4-SO4	Compliance training	● ✔	97–100, 120, CoC	www.hochtief.com/compliance
	Focus area 2:	**Sustainable products and services**			
09		**Organization-specific indicator:** **Aspect: Building information modeling (BIM)—forward thinking working method**			
		Benefits and implications for stakeholder groups and the environment	● ✔	110–111	www.hochtief-vicon.com www.hochtief.com/rd
		Number of BIM projects	● ✔	110	www.hochtief.com/rd
		Number of employees trained in BIM	● ✔	111	www.hochtief.com/rd
	Focus area 3:	**Attractive working environment**			
03, 06		**Aspect: Occupational safety and health**			
	G4-LA6	Injuries, occupational diseases, lost days, absenteeism, and fatalities	◕ ✔	123–125	Data for analysis by gender and accident type not yet collected. Data on significant types of injury will be collected on a Group-wide basis in future years.
	Focus area 4:	**Resource protection**			
		Aspect: Waste			
	G4-EN23	Waste by quantity, type, and disposal method	◕ ✔	157	As our products are unique, the choice of disposal method varies according to the project.
	Focus area 5:	**Active climate protection**			
08	**G4-EN15–17**	**Aspect: Greenhouse gas emissions**			
	G4-EN15	Direct greenhouse gas emissions (Scope 1)	● ✔	159–161	
	G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	● ✔	159–161	Full reporting by combining Scopes 1, 2, and 3.
	G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	● ✔	159–161	
	Focus area 6:	**Corporate citizenship**			
		Organization-specific indicator: **Aspect: Supporting local communities**			
		Construction of pedestrian bridges in remote regions in cooperation with the organization Bridges to Prosperity	● ✔	152–153	www.hochtief.com/b2p www.bridgestoprosperity.org
		Number of users	● ✔	152–153	www.bridgestoprosperity.org
		Added value for the population	● ✔	152–153	www.bridgestoprosperity.org
		Benefits to HOCHTIEF	● ✔	152–153	www.bridgestoprosperity.org

Please note that as we are reporting in accordance with the Global Reporting Initiative G4 Guidelines for the first time, we are not yet able to cover some of the industry-specific indicators in full.

Deloitte.

Independent Assurance Report
To HOCHTIEF Aktiengesellschaft, Essen

Our Engagement
We have been engaged to perform a limited review of sustainability information as stated in the Annual Report 2014 of HOCHTIEF Aktiengesellschaft, Essen in the chapter "Sustainability at HOCHTIEF" for the year ended December 31, 2014, including compliance with the criteria and standards the information is based on.

Management's Responsibility
The Management Board of HOCHTIEF Aktiengesellschaft is responsible for the preparation of the combined Annual Report 2014 in accordance with the criteria as stated in the Sustainability Reporting Guidelines G4 of the Global Reporting Initiative (GRI). These criteria are:

- Materiality,
- Stakeholder inclusiveness,
- Sustainability context,
- Completeness,
- Balance,
- Clarity,
- Accuracy,
- Timeliness,
- Comparability and
- Reliability.

This responsibility also includes the development, implementation and operation of systems and processes as well as the definition of key issues of the report and the reporting method.

Our Responsibility
Our responsibility is to give an attestation, based on the results of our work, as to whether any matters have come to our knowledge that could give rise to the assumption that the sustainability information as stated in the Annual Report 2014 do not comply, in all material respects, with the above mentioned criteria of the Sustainability Reporting Guidelines G4 of the GRI.

The objective of a limited review is to obtain a limited assurance. Hence, the scope of a limited review is less comprehensive than the scope of an audit, which – in contrast to a limited review – aims to obtain a reasonable assurance. Consequently, a limited review may thus not reasonably assure all material facts as could an audit. Therefore, we may not issue a positive statement (auditors' opinion) on the selected data.

Based on the results of our audit, we have been also engaged to give recommendations for the further development of the sustainability management and the respective reporting.

Methodology
Our limited review was conducted in accordance with the "International Standard on Assurance Engage-ments (ISAE) 3000".

Within the scope of our engagement, the following activities were performed amongst others:

- Interviews with employees of the Group head office in the respective departments, who are in charge of reporting sustainability issues.
- Inspection of the documentation of the systems, processes and internal controls for consolidation and internal reporting of performance indicators.
- Examination via telephone and questionnaire of the project-reporting of the divisions.
- Analytical testing on selected sustainability data on a sample basis.

Our Conclusion
Based on our limited review, no facts have come to our knowledge that could give rise to the assumption that the sustainability information as stated in the Annual Report 2014 of HOCHTIEF Aktiengesellschaft, Essen in the chapter "Sustainability at HOCHTIEF" do not comply with the criteria of the Sustainability Reporting Guidelines G4 of the GRI.

Deloitte.

Note and Recommendation

Without qualifying our attestation, we give the following recommendations for the further development of the sustainability management and reporting:

- Further implementation of strategic guidelines, specifications and responsibilities as well as their organizational set up in order to ensure comparability and reliability of sustainability information and data on a group wide level,
- The automated capturing and validation of data and sustainability indicators in the context of standardization and existing reporting-structures,
- Consideration of relevant developments and progression of the materiality analysis (i. a. supply chain) as well as
- Quantification of targets with corresponding key performance indicators, which have been mostly expressed in a qualitative way up until now.

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Düsseldorf/ Germany, February 20, 2015

(André Bedenbecker)
Auditor

(Ina Stubenrauch)
Graduated engineer

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Glossary

Asset management
Asset management means all activities involved in managing buildings and properties. This includes rent accounting, tenant administration, utility billing and support, systems maintenance, energy management, coordinating repairs and refurbishing, as well as short-to-medium-run planning of all cash flows relating to the property.

Augmented reality
Supplementing the user's view of the real world with computer-generated input, for example, by overlaying or superimposing images and videos containing additional information.

BREEAM
BREEAM (Building Research Establishment Environmental Assessment Method) is a UK-developed, internationally used environmental assessment method for buildings. Based on a straightforward scoring system with eight categories (management, health and wellbeing, energy, transport, water, material and waste, land use and ecology, and pollution), BREEAM assigns assessed buildings an overall rating in one of four rating bands.

Carbon Disclosure Leadership Index
The German Carbon Disclosure Leadership Index lists the 30 leading companies in terms of transparency with regard to climate protection. The index is published by the Carbon Disclosure Project, a global carbon transparency initiative launched by institutional investors with the aim of collating high-quality corporate climate-related information and making it publicly available. Using a standardized questionnaire, the CDP annually surveys a wide range of companies—including Germany's 200 largest—on their climate protection policies and carbon emissions.

Cash flow
One of the key figures used to assess a company's financial position. Represents the net inflow of funds from sales and other operating activities.

Compliance
Compliance refers to conformity both with the law as well as with internal rules and codes of conduct. The thematic areas covered differ from company to company. The compliance function at HOCHTIEF is responsible for combating corruption and economic crime.

Contract mining
In contract mining, a mine owner contracts out certain operations to a service provider. HOCHTIEF's Australian Group company Leighton extracts commodities such as ores and coal under long-term contract to mine owners. Its services also include mine development and renaturalization after mine closure.

DGNB (German Sustainable Building Council)
Since January 2009, the German Sustainable Building Council (DGNB) has awarded DGNB certification to projects that are environmentally compatible, economically efficient, and user-friendly. The certification system addresses all areas relevant to green building. Evaluation is based on some 60 criteria in the categories environmental performance, economy, sociocultural and functional aspects, technology, processes, and location. Certification for outstanding performance in terms of the criteria is awarded in gold, silver, or bronze. HOCHTIEF is a founding member of DGNB.

Directors and officers (D&O) insurance
D&O insurance is consequential loss insurance taken out by a company for its decision-making boards. The insurance covers the boards' personal liability risk from their work for the company under company-law liability obligations.

Euroconstruct Group
A cooperation of several European research and consulting institutes that produces annual analyses of trends in the European construction industry.

Financial close
Point in time when all the project and financing agreements have been signed and all the required conditions contained in them have been met

Further terms and explanations are provided in the Investor Relations section of the HOCHTIEF website, www.hochtief.com/glossary. Here, you will find a detailed glossary.

Financial covenants
Financial indicators which are negotiated with a loan and with which the borrower is required to comply.

Global Reporting Initiative (GRI)
The Global Reporting Initiative is a non-profit organization established in 1997 to promote and improve international sustainability reporting. Recognized as the de facto standard, its guidelines are continuously revised in consultation with numerous stakeholders.

Green Star
Green Star is a voluntary rating system developed by the Green Building Council of Australia that evaluates the environmental performance of buildings. The rating system covers nine categories that assess the environmental impact that is a direct consequence of a project's site selection, design, construction, and maintenance. The nine categories are Management, Indoor Environment Quality, Energy, Transport, Water, Materials, Land Use & Ecology, Emissions, and Innovation.

Issuer
An issuer of securities is a company in the case of shares and a company, public body, the state, or other institution in the case of bonds.

LEED
LEED (Leadership in Energy and Environmental Design) is the United States Green Building Council rating system for green building projects. LEED certification specifies precise standards for green buildings. Points are awarded across six major categories: Sustainable Sites, Water Efficiency, Energy & Atmosphere, Materials & Resources, Indoor Environmental Quality, and Innovation & Design Process. LEED certification is awarded in the four categories Platinum, Gold, Silver, and Certified.

Long-term incentive plan (LTIP)
A long-term incentive plan is an incentives system or pay component offered to selected managerial staff so that they participate in the company's long-term success, thus securing their loyalty to the company.

Percentage of completion (PoC) method
Method of accounting for long-term contracts that computes the applicable costs and revenues generated by the project up to the reporting date. Revenues, expense, and earnings are thus reported in line with the progress of a project to date. This method supersedes the "realization principle" stipulated by the German Commercial Code, which does not allow profits from construction contracts to be recognized until the fiscal year in which a project is formally accepted by the client.

Public-private partnership (PPP)
Cooperation between the public sector and usually well-capitalized private-sector firms. A characteristic feature of such cooperation is that the parties pursue common objectives and interests as regards the project itself even though they differ in terms of their broader functions.

Syndicated guarantee facility
A loan facility structured by an international banking syndicate in order to furnish financial guarantees by way of assurance for clients.

UNGC (United Nations Global Compact)
The UN Global Compact is a strategic policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment, and anti-corruption.

United Nations human rights conventions
Nine human rights treaties and their nine optional protocols:
1. Civil Pact (Optional Protocol on individual complaints and Optional Protocol on abolition of the death penalty);
2. Social Pact (Optional Protocol to the Covenant on Economic, Social and Cultural Rights);
3. Anti-Racism Convention;
4. Women's Rights Conventions (Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women);
5. Anti-Torture Convention (Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment);
6. Children's Rights Convention (involvement of children in armed conflict/on the sale of children, child prostitution and child pornography/individual complaints);
7. Migrant Workers Convention;
8. Disability Rights Convention (Optional Protocol to the Convention on the Rights of Persons with Disabilities);
9. Enforced Disappearance Convention.

Work done
This reporting term covers all construction work completed by the company itself, together with its fully consolidated subsidiaries, and by joint ventures on a pro rata basis, plus all other sales generated by non-construction operations during the reporting period.

Five Year Summary

			2010	2011	2012	2013 (restated)*	**2014**
New orders		EUR million	29,627	25,368	31,488	21,912	**21,530**
Of total:	domestic		2,524	2,286	2,127	1,870	**1,716**
	international		27,103	23,082	29,361	20,042	**19,814**
Work done		EUR million	23,234	25,790	29,693	24,630	**24,306**
Of total:	domestic		1,804	2,017	2,129	2,130	**1,463**
	international		21,430	23,773	27,564	22,500	**22,843**
Order backlog at year-end		EUR million	47,486	48,668	49,794	35,885	**35,704**
Of total:	domestic		3,726	4,048	3,991	2,507	**2,270**
	international		43,760	44,620	45,803	33,378	**33,434**
Employees (average for year)		Number	70,657	75,449	79,987	80,912	**68,426**
Of total:	domestic		10,821	10,331	10,111	7,911	**4,574**
	international		59,836	65,118	69,876	73,001	**63,852**
External sales		EUR million	20,159	23,282	25,528	22,499	**22,099**
Increase/(decrease) on prior year		%	11.0	15.5	9.6	-11.9	**-1.8**
Materials		EUR million	13,764	15,572	17,312	15,541	**15,746**
Materials ratio		%	67.8	67.3	67.6	69.3	**71.3**
Personnel costs		EUR million	4,081	4,864	5,536	4,731	**4,416**
Payroll ratio		%	20.1	21.0	21.6	21.1	**20.0**
Depreciation and amortization		EUR million	679	783	919	686	**440**
Profit from operating activities		EUR million	715	626	595	586	**(75)**
Net income from participating interests		EUR million	223	(585)	186	210	**118**
Net investment and interest income		EUR million	(181)	(168)	(240)	(266)	**(220)**
Profit before taxes—continuing operations		EUR million	757	(127)	541	530	**(177)**
Of which:	Americas	EUR million	126	142	57	94	**108**
	Asia Pacific	EUR million	513	(285)	411	230	**(115)**
	Concessions**	EUR million	84	–	–	–	**–**
	Europe	EUR million	83	(9)	29	63	**(73)**
Pre-tax return on sales		%	3.8	–0.5	2.1	2.4	**-0.8**
Profit after taxes—continuing operations		EUR million	546	(168)	383	371	**(132)**
Profit after taxes—discontinued operations		EUR million	–	–	–	174	**538**
Profit after taxes—total		EUR million	546	(168)	383	545	**406**
Return on equity		%	12.8	-4.1	9.0	16.5	**13.1**
Consolidated net profit/(loss)—continuing operations		EUR million	288	(160)	155	71	**(122)**
Consolidated net profit/(loss)—discontinued operations		EUR million	–	–	–	100	**374**
Consolidated net profit/(loss)—total		EUR million	288	(160)	155	171	**252**
EBITDA—continuing operations		EUR million	1,626	845	1,722	1,587	**999**
EBITDA—discontinued operations		EUR million	–	–	–	321	**897**
EBITDA—total		EUR million	1,626	845	1,722	1,908	**1,896**
Operational earnings (EBIT)—continuing operations		EUR million	948	62	803	901	**559**
Operational earnings (EBIT)—discontinued operations		EUR million	–	–	–	272	**847**
Operational earnings (EBIT)—total		EUR million	948	62	803	1,173	**1,406**
Earnings per share—continuing operations		EUR	4.31	(2.18)	2.11	0.98	**(1.77)**
Earnings per share—discontinued operations		EUR	–	–	–	1.39	**5.41**
Earnings per share—total		EUR	4.31	(2.18)	2.11	2.37	**3.64**
Dividend per share		EUR	2.00	–	1.00	1.50	**1.90*** **
Dividends paid		EUR million	154	–	77	115	**132**
RONA		%	15.1	1.8	10.3	15.6	**20.3**
Free cash flow[1)]		EUR million	65	(251)	(447)	858	**577**

* Restated for IFRS 5 und IFRS 11. For notes on the adjustment, please see pages 177–178 and 186 et seq. For operations classified as discontinued, the prior-year figures are reported on a like-for-like basis.

** The division was redistributed to the Europe division and to Corporate Headquarters with effect from January 1, 2012. The figures for fiscal 2011 have been adjusted accordingly.

*** Proposed dividend per share

[1)] Free cash flow: Net cash provided by operating activities and net cash used for investing activities

For details on the restatement of the orders situation, please see page 53.

		2010	2011	2012	2013 (restated)*	**2014**
Assets						
Intangible assets	EUR million	583	693	713	830	**866**
Property, plant and equipment	EUR million	1,807	2,235	1,899	1,378	**1,305**
Investment properties	EUR million	24	22	19	16	**15**
Financial assets	EUR million	2,511	1,098	1,188	774	**1,028**
Other non-current assets	EUR million	943	1,166	1,019	803	**997**
Non-current assets	**EUR million**	**5,868**	**5,214**	**4,838**	**3,801**	**4,211**
As % of total assets		39.2	33.0	28.5	25.4	**27.7**
Inventories	EUR million	1,268	1,287	1,426	1,159	**919**
Receivables and other assets	EUR million	4,461	5,182	5,703	6,344	**6,590**
Marketable securities and cash and cash equivalents	EUR million	3,389	2,657	3,143	3,313	**3,327**
Assets held for sale	EUR million	–	1,456	1,852	334	**172**
Current assets	**EUR million**	**9,118**	**10,582**	**12,124**	**11,150**	**11,008**
As % of total assets		60.8	67.0	71.5	74.6	**72.3**
Total assets	**EUR million**	**14,986**	**15,796**	**16,962**	**14,951**	**15,219**
Liabilities and Shareholders' Equity						
Attributable to the Group	EUR million	2,965	2,598	2,640	2,266	**2,178**
Minority interest	EUR million	1,299	1,512	1,604	1,028	**933**
Shareholders' equity	**EUR million**	**4,264**	**4,110**	**4,244**	**3,294**	**3,111**
As % of total assets		28.5	26.0	25.0	22.0	**20.4**
As % of non-current assets		72.7	78.8	87.7	86.7	**73.9**
Non-current provisions	EUR million	544	640	833	748	**829**
Non-current financial liabilities	EUR million	2,577	2,302	2,750	2,700	**3,073**
Other non-current liabilities	EUR million	252	257	155	169	**80**
Non-current liabilities	**EUR million**	**3,373**	**3,199**	**3,738**	**3,617**	**3,982**
As % of total assets		22.5	20.3	22.0	24.2	**26.2**
Current provisions	EUR million	959	957	975	921	**1,156**
Current financial liabilities	EUR million	646	1,493	1,706	727	**982**
Other current liabilities	EUR million	5,744	6,037	6,299	6,392	**5,988**
Current liabilities	**EUR million**	**7,349**	**8,487**	**8,980**	**8,040**	**8,126**
As % of total assets		49.0	53.7	53.0	53.8	**53.4**
Total assets	**EUR million**	**14,986**	**15,796**	**16,962**	**14,951**	**15,219**
Property, plant and equipment ratio[2]	%	12.1	14.1	11.2	9.2	**8.6**
Total capital expenditure, including acquisitions	EUR million	1,128	2,023	1,781	1,453	**716**
Of total: Intangible assets	EUR million	22	31	48	42	**26**
Of total: Property, plant and equipment	EUR million	902	1,474	1,166	890	**565**
Of total: Investment properties	EUR million	–	1	–	–	**–**
Of total: Financial assets	EUR million	204	517	567	521	**125**
Capital expenditure ratio[3]	%	19.5	27.3	23.2	21.3	**13.9**
Depreciation and amortization ratio[4]	%	73.5	52.0	75.7	73.6	**74.5**
Receivables turnover[5]		5.5	5.4	5.1	3.9	**4.0**
Total assets turnover[6]		1.5	1.5	1.6	1.4	**1.5**
Net financial assets/(liabilities)	EUR million	408	(653)	(944)	(40)	**421[7]**

[2] Property, plant and equipment ratio: Property, plant and equipment as a percentage of total assets

[3] Capital expenditure ratio: Capital expenditure on intangible assets, property, plant and equipment and investment properties as a percentage of cumulative cost of acquisition

[4] Depreciation and amortization ratio: Depreciation and amortization as a percentage of intangible assets, property, plant and equipment and investment properties

[5] Receivables turnover: Ratio of external sales to average trade receivables

[6] Total assets turnover: Ratio of external sales to average total assets

[7] Including receivables from the sale of discontinued operations

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Current financial calendar
www.hochtief.com/ir-calendar

This group report is a translation of the original German version, which remains definitive.

For the pdf of this group report including references to further information, please see www.hochtief.com/gr14.

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Forward-looking statements
This Group Report contains forward-looking statements. These statements reflect the current views, expectations and assumptions of the Executive Board of HOCHTIEF Aktiengesellschaft concerning future events and developments relating to HOCHTIEF Aktiengesellschaft and/or the HOCHTIEF Group and are based on information currently available to the Executive Board of HOCHTIEF Aktiengesellschaft. Such statements involve risks and uncertainties and do not guarantee future results (such as profit before taxes or consolidated net profit) or developments (such as with regard to possible future divestments, general business activities or business strategy). Actual results (such as profit before taxes or consolidated net profit), dividends and other developments (such as with regard to possible future divestments, general business activities or business strategy) relating to HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group may therefore differ materially from the expectations and assumptions described or implied in such statements due to, among other things, changes in the general economic, sectoral and competitive environment, capital market developments, currency exchange rate fluctuations, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, the conduct of other shareholders, and other factors. Any information provided on dividends is additionally subject to the recognition of a corresponding unappropriated net profit in the published separate financial statements of HOCHTIEF Aktiengesellschaft for the fiscal year concerned and the adoption by the competent decision-making bodies of HOCHTIEF Aktiengesellschaft of appropriate resolutions taking into account the prevailing situation of the Company. Aside from statutory publication obligations, HOCHTIEF Aktiengesellschaft does not assume any obligations to update any forward-looking statements.

HOCHTIEF

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