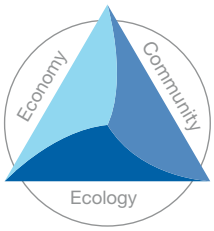
Group Report 2015
Combined Annual Report and Sustainability Report

HOCHTIEF

We are building the world of tomorrow.



Group Report 2015
Combined Annual Report and Sustainability Report

*For further information, please see the Audit Report on pages 256 to 257.

In our combined Group Report 2015, we amalgamate our annual financial and sustainability reporting into a combined report for the second consecutive year. Taking a transparent, 360-degree perspective, we bring out the mutual linkages between financial, environmental, and social factors, highlighting their influence on the long-term success of our business.

Information on this Report

Our aim in this combined Group Report is to provide our stakeholders with the full picture. The period and reporting cycle covered by this combined Group Report are as follows: The reporting period is January 1 to December 31, 2015 and follows on from that of the HOCHTIEF Group Report 2014, which was published in February 2015. Where data relates to a different reporting period, this is indicated separately. The next combined Group Report will appear in February 2017.

In our reporting, we have opted to present a brief synopsis of relevant sustainability topics, which we identified by materiality analysis across all stakeholders. For further information, please see www.hochtief.com/gr2015. Report content: The sustainability content in this report has been developed on the basis of established internal processes. Relevant information was either requested from Group operational units or originated from official HOCHTIEF documents. The report content has been checked by the staff in charge of the individual issues and has additionally undergone independent review (limited assurance).* This includes articles outside of the Management Report as well. Certain Group companies in HOCHTIEF's international business portfolio have management systems of their own and take national laws as their guidelines. It is therefore not yet possible to compile standardized data on sustainability topics for the entire Group, although we are working to achieve this. 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.

**For further information on GRI and UN Global Compact, please see pages 254 to 255.

www.unglobalcompact.org

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) and additional German statutory requirements. With regard to sustainability and reporting quality, the HOCHTIEF Group Report 2015 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 2015 is also published on the Global Compact website as the required annual Communication on Progress (COP).

Visual concept
Cover:
HOCHTIEF is building the world of tomorrow: This is our vision and our mission. As one of the leading international construction groups, HOCHTIEF and its subsidiaries deliver complex building construction and infrastructure projects across the globe. We shape the cityscape of modern metropolises—such as New York, where we have constructed a particularly large number of green buildings.

Photo spreads:
Our aim is to actively build sustainability in all we do, constantly nurturing the relationship between the economy, ecology, and community. We aspire to integrate all three aspects into every project. In the photo spreads that follow, we showcase examples of how we deliver on this goal. Each spread corresponds to one of our six sustainability focus areas. For further information on our projects, please see the Segment Reporting section and www.hochtief.com.

Group Report 2015
The Group Report is available as a PDF document at www.hochtief.com/reports. The print version is also available from the same source.

Cross 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 as well as on the Internet pages of our Group companies and subsidiaries. We additionally indicate the corresponding links.

Wherever you see this symbol, 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 2015, 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)
Agreement 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 2015, HOCHTIEF qualified for the Dow Jones Sustainability Europe Index for the tenth time in succession—still as the sole German construction group.

CDP (Carbon Disclosure Project)
In 2015, HOCHTIEF was given the status of "Index Leader MDAX" and "Sector Leader Industrial". This makes the Group one of the best companies from the MDAX in 2015.

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.

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

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

New York, USA

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 builder in the USA. The company also has top positions in the categories of green building, sustainable healthcare, educational and commercial properties as well as in sports facilities. The tradition-steeped company ranks among the pioneers and drivers of green building in the USA. Turner is expanding its portfolio as an engineering service provider with a new focus in the engineering segment.

Through our majority stake in the Canadian company Clark Builders, HOCHTIEF is also active 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 a mainstay in the public-private partnership growth market for U.S. infrastructure projects.

E.E. Cruz and Company enhances our position in the civil engineering infrastructure market in the New York metropolitan area.

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

Our Company at a Glance in 2015

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

HOCHTIEF Asia Pacific Division

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

In 2015, the CIMIC Group's main operational units were Thiess, CPB Contractors (formerly Leighton Contractors), EIC Activities, Pacific Partnerships and the participating interest in service company Ventia in Australia, Leighton Asia in Hong Kong and Southeast Asia, and the Habtoor Leighton Group in the Arab countries.

CIMIC's activities are organized into operating companies for the construction, public-private partnership (PPP), engineering, contract mining, and operations and maintenance segments.

For public infrastructure projects, CIMIC operates as a partner in PPP projects, delivering services such as developing, financing, design, and operation.

CIMIC Group companies are among the leading players in their sectors and enjoy excellent reputations. CIMIC is 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. Operating activities are conducted by the subsidiaries 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 four subsidiaries—HOCHTIEF Building, HOCHTIEF Infrastructure, HOCHTIEF Engineering, and HOCHTIEF PPP Solutions—provide services primarily for building construction, infrastructure projects, and engineering services as well as public-private partnerships. The focus is on the transportation, energy, and social and urban infrastructure segments. These activities are supplemented by HOCHTIEF Projektentwicklung, the division's real estate development arm.

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.

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

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 raise client satisfaction, ensure sustainable growth and enhance our company's profitability.

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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Highway Bridge A4, Germany

Ruskin Dam, Canada

Husky Stadium, USA

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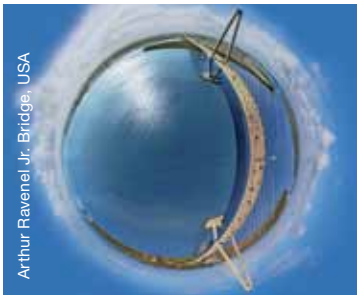
Elbe Philharmonic Hall Hamburg, Germany


Arthur Ravenel Jr. Bridge, USA

Wynyard Walk, Sydney, Australia

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*Operational earnings excluding one-off impacts and adjusted for sold assets

**As highlighted in February 2015, the comparable net operational profit is EUR 190 million post divestments and EUR 252 million pre divestments in 2014.

HOCHTIEF Group: Key Operational Variables* (like-for-like)			
(EUR million)	**2015**	2014	Change yoy
Profit before tax/PBT	**600.1**	508.9	**17.9%**
PBT margin in %	**2.8**	2.3	**0.5**
Americas	**1.5**	1.4	**0.1**
Asia Pacific	**5.0**	3.9	**1.1**
Europe	**0.9**	-0.8	**1.7**
Net profit**	**264.7**	190.0	**39.3%**
Americas	**104.4**	68.7	**52.0%**
Asia Pacific	**184.2**	175.8	**4.8%**
Europe	**8.9**	(27.8)	**–**
Earnings per share (EUR)	**3.95**	2.75	**43.6%**

***2014 including divestment proceeds

HOCHTIEF Group: Key Cash Variables			
(EUR million)	**2015**	2014	Change yoy
Cash flow from operations	**1,135.2**	756.0	**50.2%**
Gross operating capital expenditure	**285.4**	575.3	**-50.4%**
Free cash flow from operations	**984.8**	322.1	**205.7%**
Net cash/(net debt)***	**805.4**	469.8	**71.4%**

****2014 including discontinued operations

HOCHTIEF Group: Key Nominal Figures			
(EUR million)	**2015**	2014	Change yoy
Profit before tax/PBT	**523.4**	(177.1)	–
Net profit****	**208.3**	251.7	-17.2%
Earnings per share (EUR)****	**3.11**	3.64	-14.6%
Sales	**21,096.6**	22,099.1	-4.5%
New orders	**22,263.4**	22,040.9	1.0%
Work done	**23,947.6**	24,245.9	-1.2%
Order backlog	**36,717.0**	36,254.9	1.3%
Employees**** (average for the year)	**47,129**	68,426	-31.1%

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

Dear Shareholders and Friends of HOCHTIEF,

Picture:
Marcelino Fernández Verdes, Chairman of the Executive Board

We can look back on a busy and successful 2015. With a wealth of new contracts and project successes all over the globe, we have further underpinned our commitment to developing HOCHTIEF into the world's leading construction group driven by sustained profitable growth. In 2015, we also further enhanced our earnings quality. The last few years have seen us transform the HOCHTIEF Group—with some substantial changes. That transformation is delivering results. HOCHTIEF has attained an excellent financial position.

HOCHTIEF's operational net profit, which measures our performance on a comparable basis, rose by almost 40% to EUR 265 million. All our divisions contributed to this strong growth in net profit and enabled us to reach the top end of our guidance range HOCHTIEF provided to you a year ago of EUR 220-260 million.

At the nominal level, Group net profit of EUR 208 million was reached, an increase of over 50% on the prior year comparable figure.*

The higher level of profits was driven by an increase in margins, which at the operational profit before tax level rose from 2.3% to 2.8%.

As I have indicated previously, our focus is on sustainable profitability and cash. I am particularly pleased to inform you that cash flow from operations expanded by 50% to over EUR 1.1 billion, helped by a further improvement in working capital. In addition, our efforts to be more efficient in the management of our property, plant and machinery, resulted in a reduction of about 50% in our capital expenditure. As a consequence, free cash flow from operations, the cash that HOCHTIEF generates from its activities and is available for remunerating shareholders and investing in growth, more than tripled to over EUR 980 million.

The result of this strong cash flow performance is highlighted in the further strengthening of our balance sheet. HOCHTIEF ended 2015 with a net cash position of over EUR 800 million with all divisions contributing to the EUR 335 million nominal increase during the year. The underlying improvement in the Group's net cash position was over EUR 1 billion once we adjust for divestments, share buybacks and dividends paid to our shareholders.

Our order book remains firm at almost EUR 37 billion at the end of 2015 with a solid level of new orders secured during the year of EUR 22.3 billion.

Looking forward, we are well positioned in attractive, solid, markets such as North America, Australia, Hong Kong, Germany and the UK, where we are actively working on a strong tender pipeline.

In Australia and the Asia-Pacific region, CIMIC has identified AUD 60 billion of infrastructure projects to be tendered and awarded in 2016 (including AUD 18 billion in contract mining) with a further AUD 170 billion in 2017 and 2018. In North America, the positive outlook is supported by the newly announced 5-year Transportation Infrastructure Bill amounting to USD 305 billion, whilst in Europe, the German government's EUR 14 billion PPP infrastructure plan provides positive momentum. In these, and other, markets, our specialized PPP expertise puts HOCHTIEF in a strong position. In addition, our solid balance sheet provides confidence and flexibility to pursue future growth opportunities.

The positive outlook for our Group is reflected in our guidance for 2016. We aim to achieve operational net profit

*Adjusted for divestment impacts and contract debtor's provision at the end of 2014

in the range of EUR 300-360 million which represents an annual growth of approximately 15-35% and with all our divisions achieving improved results.

We want our shareholders to adequately participate in the Group's success. This is why, at the Annual General Meeting, we plan to propose an ordinary dividend of EUR 2.00 per share—that represents a rise of about 18% on the prior year. This is in addition to the share buyback executed during 2015. The combined benefit to our shareholders is comparable to a yield of 7.4%, based on the average HOCHTIEF share price in 2015.

We operate to the highest standards, working sustainably to deliver excellent results—for clients, business partners, and shareholders alike. In the year under review, we revised HOCHTIEF's vision and underpinned it with a set of guiding principles: Integrity, accountability, innovation, delivery, and sustainability, together with the fundamental precept of safety, are core principles shared by all employees in our Group, and form an integral part of our corporate culture. Our core mission remains unchanged: "HOCHTIEF is building the world of tomorrow."

In all of this, we embrace constant change, giving us the flexibility to adapt to the needs of our business at all times. Here are some of the key developments we set in motion in 2015:

- At our Australian Group company CIMIC (formerly Leighton), we successfully implemented the restructuring launched in 2014 with a constructive transformation phase in 2015. This involved streamlining business systems and carrying out cost-cutting initiatives. Today, CIMIC operates with a lean, clear-cut organizational structure through specialized units focused on construction, public-private partnerships, contract mining, engineering, and services.

  The sale of John Holland was approved by the Australian authorities in March 2015, with the financial close achieved in April. Likewise in the first quarter of 2015, we set up the planned investment partnership with Apollo for the service segment.

- Risk management continues to receive our undivided attention. We review and improve our systems across the Group on an ongoing basis. In 2015, we further simplified reporting Group-wide, thus ensuring that all indicators contained in project reports are compiled using a standardized system. This means that, if anything goes off target, we have reliable early warning indicators and can take suitable countermeasures as needed.

- The stock buyback program adopted in 2014 ran from October 7, 2014 to December 31, 2015. A total of 4,134,094 no-par-value shares were repurchased by HOCHTIEF Aktiengesellschaft during that timeframe, equivalent to 5.96% of the capital stock. In January 2016, the HOCHTIEF Executive Board opted to continue the program. HOCHTIEF plans to repurchase up to 2,780,000 no-par-value HOCHTIEF shares (about 4% of the capital stock). The purchases are to be made on the Frankfurt stock exchange (via Xetra), with the buyback taking place between January 12, 2016 and September 30, 2016. The stock buyback program reflects our belief in HOCHTIEF's future.

HOCHTIEF continues to focus its global activities on the construction, public-private partnership, engineering, mining, and services business—and the market environment for projects in these segments looks favorable for 2016. In contract mining, which was affected by low prices and the weakening Chinese economy, we chalked up new order successes and contract renewals. Working together, we aim to attain a leading position in our target markets. We once again pursued systematic efforts toward this goal in 2015 and made significant progress. In all three divisions, our subsidiaries' operating businesses displayed very positive development throughout 2015.

In 2015, the subsidiaries in our HOCHTIEF Americas division once again confirmed their status as leading contractors in their industry. New orders sustained their stable trend. In the HOCHTIEF Asia Pacific division, CIMIC significantly boosted margins with improvements in efficiency and secured major construction contracts. The HOCHTIEF Europe division and its operating companies improved their performance.

The success of our business activities is inseparable from our active contribution to the environment and the community. For us at HOCHTIEF, sustainability means integrating economic, ecological, and community aspects into all processes to create lasting value. The safety and health of employees, communities, and ecosystems are a central part of this.

As an infrastructure group, the work we do has an impact on people and the environment. This goes hand in hand with big responsibility, which we consciously embrace in all our projects. Our goal is to maximize the benefits of our activities for society and the environment while keeping impacts to a minimum. In implementing our sustainability strategy, we systematically pursue this aim throughout the Group. Sustainability is also a strategic principle at HOCHTIEF. It is also an Executive Board responsibility, firmly embedded in all processes and workflows. We have set our sights on leading the industry as sustainability pioneers. To this end, we champion innovations—such as building information modeling—and above all the work of our employees. They know the importance of sustainability and take all related aspects into account in their day-to-day work.

Sustainability has for many years been a core focus of HOCHTIEF. We have had an agreement with the International Labour Organization (ILO) since 2000 and have supported the United Nations Global Compact since 2008, upholding its principles in the areas of labor laws, environmental protection, and anti-corruption. Wherever it is within our sphere of influence to do so, we resolutely promote these principles with business partners, subcontractors, and suppliers in our projects. At the same time, we express our unequivocal commitment to the Paris climate goals and will do all we can in our areas of activity to go on reducing carbon emissions and help limit global warming.

We are open and transparent. Accordingly, we appreciate that our stakeholders wish to learn more about our work and expect reliable, in-depth information about the actual and potential impacts of our business on the environment and the community. We actively meet these requirements. This report provides a comprehensive overview of our sustainable activities. Once again this year, we have brought together the information from our business and sustainability reporting for you in a combined Group Report. Jointly presenting our performance in terms of economy, ecology, and the community clearly illustrates the integrated approach we take to managing all three aspects. The report also provides you with audited figures and targets on sustainability. For 2015, we have opted to introduce a non-financial indicator as one of the key performance indicators for our Group: Considering that safety is a corporate guiding principle at HOCHTIEF, and given the relevance of occupational safety across the Group as a whole, we now present the lost time injury frequency rate (LTIFR)—representing the number of accidents per million hours worked—as a non-financial key performance indicator.

Our favorable sustainability credentials also gained external recognition in 2015. The year under review saw HOCHTIEF once again listed in the Dow Jones Sustainability Index for the tenth year running, with compelling scores notably in terms of supplier management, working conditions, and environmental reporting. CIMIC is also listed in this index. Areas in which we aim to go on improving include human resources development and eco-efficiency. In the CDP (formerly Carbon Disclosure Project)—the leading global carbon disclosure ranking—we received special praise for our efforts in mitigating climate change and reducing pollution.

We accomplished a great deal in the year under review and resolutely persevered in pursuing our goals. Our focus remains unchanged: We have set our sights on long-term success. That is what we are working to achieve together throughout the Group.

On behalf of the Executive Board, I wish to thank each and every employee for their great commitment and dedication.

To our shareholders, we pledge that we will continue to focus all our efforts on further improving our performance in 2016.

Essen, February 19, 2016

Marcelino Fernández Verdes

Report of the Supervisory Board

Dear Shareholders,

Pedro López Jiménez, Chairman of the Supervisory Board

The Supervisory Board performed the tasks required of it by law and the Company's Articles of Association throughout 2015. It regularly advised and continuously oversaw the Executive Board in management of the Group and was involved in all decisions of fundamental importance. The Executive Board comprehensively reported to the Supervisory Board both in writing and verbally on a regular and timely basis, covering all key aspects of business development. The Supervisory Board was also provided with full information on the current earnings situation, risks, and risk management.

Four Supervisory Board meetings were held in the year under review. Supervisory Board decisions were made on the basis of detailed reports and proposals for resolution submitted by the Executive Board. Information on particularly significant or urgent projects and transactions was also provided by the Executive Board outside of meetings. The Supervisory Board adopted all resolutions as required by law and the Articles of Association. Where necessary, resolutions were also adopted by written procedure. The Chairman of the Supervisory Board maintained constant contact with the Chairman of the Executive Board. This allowed events of exceptional importance for the position and development of the Group to be addressed without delay. With three exceptions, all members of the Supervisory Board attended all Supervisory Board meetings during their term in office. Only two members of the Supervisory Board attended no more than half or fewer of the meetings of the Supervisory Board, or of the committees to which they belonged, during their term in office.

Shareholder and employee representatives met separately on a regular basis ahead of Supervisory Board meetings to discuss agenda items for the meetings. The Supervisory Board convened without the Executive Board to consult on specific issues.

Main points of discussion. The Supervisory Board considered a wide range of issues in 2015. One focus of the talks was how the HOCHTIEF Group's transformation would impact earnings, cash flow, and the order backlog. Another central issue was the Group's overall corporate strategy geared to further enhancing earnings quality while boosting efficiency and sustained profitability. Other issues addressed by the Supervisory Board in its meetings included the following:

At the financial statements meeting on February 25, 2015, the Supervisory Board primarily focused on the 2014 annual Financial Statements and Consolidated Financial Statements. This is reported on in detail below. Items covered also included the Compliance Declaration pursuant to Section 161 of the German Stock Corporations Act (AktG) and the agenda for the 2015 Annual General Meeting. Another major topic of discussion was variable compensation for members of the Executive Board. At the same meeting, the Supervisory Board also took an in-depth look at the operating budget along with the financing and balance sheet budgets for the years 2015 to 2017. The Executive Board explained the main changes in that connection relative to the pro forma budget for 2015–2017. Following discussion, the Supervisory Board noted with approval the budgets presented by the Executive Board.

At the Supervisory Board meeting preceding the Annual General Meeting on May 6, 2015, the Executive Board reported on the performance of the business in the first quarter as well as on details of the upcoming Annual General Meeting. In addition, the Supervisory Board held committee by-elections in connection with the departure of two Supervisory Board members.

At its meeting on September 24, 2015, the Supervisory Board considered the performance of the business in the first half year, focusing in particular on the Europe and Asia Pacific divisions. The Supervisory Board also specified a general limit for the duration of membership of the Supervisory Board. Pursuant to Section 111 (5) of the German Stock Corporations Act, the Supervisory Board additionally set a target of 30% for the percentage of women on the Supervisory Board and a target of 0% for the percentage of women on the Executive Board. The end of the implementation period—when reporting on target attainment commences—was set at June 30, 2017.

The Supervisory Board's last meeting of the year was held on November 17, 2015. At that meeting, the Supervisory Board addressed the performance of the business in the first nine months of the year. It also adopted resolutions on matters relating to the Executive Board.

The Supervisory Board considered compliance issues in several meetings during the year. Both general reporting by the compliance organization and specific incidents were addressed in this connection. The Executive Board reported on action taken.

As in previous years, the Supervisory Board once again consulted on the recommendations of the German Corporate Governance Code and amendments to the Code. In accordance with Section 3.10 of the Code, the Executive Board reports jointly on this subject with and on behalf of the Supervisory Board. That report is published together with the Declaration on Corporate Governance on the Company's website and in the Group Report.

The Supervisory Board has set up four committees, whose members are listed on page 19. Those committees are tasked with preparing agenda items and resolutions for Supervisory Board meetings. In some instances, they also exercise decision-making powers transferred to them by the Supervisory Board. The committee chairpersons regularly informed the Supervisory Board about the committees' work.

In 2015, the **Audit Committee** met four times. It looked in detail at the quarterly financial reports, the half-year financial statements and the annual financial statements, and discussed the reports and financial statements with the Executive Board prior to publication. The Audit Committee provided the Supervisory Board with a recommendation for the latter's proposal to the Annual General Meeting regarding the appointment of auditors and prepared the audit engagement letter for issuance to the auditors. This included the focal points of the audit and the fee agreement. Furthermore, the Audit Committee addressed Group risk management and the internal control system in relation to the financial reporting process. It additionally dealt with compliance issues as well as Internal Auditing's audit findings and audit planning. The broad range of other topics on committee meeting agendas in the reporting year included reports on key projects in the HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe divisions.

The **Human Resources Committee** met twice, primarily to consider details of Executive Board compensation and the structure of the compensation system. It also prepared the Supervisory Board's personnel-related decisions.

The **Nomination Committee** convened once in the year under review and adopted the necessary resolutions in connection with the nomination for by-election

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

of a member of the Supervisory Board at the Annual General Meeting.

There was no need to convene a meeting of the **Mediation Committee** pursuant to Section 27 (3) of the Codetermination Act (MitbestG) in 2015.

Conflicts of interest. Under the German Corporate Governance Code and the Supervisory Board's Code of Procedure, members of the Supervisory Board are required to disclose any conflicts of interest without delay. No such disclosures were made in the year under review.

Annual Financial Statements 2015. 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 2015, 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 6, 2015 and instructed by the Supervisory Board to perform the audit of the annual Financial Statements and Consolidated Financial Statements. The audit has been performed by these auditors since the 2006 annual Financial Statements. The auditor responsible for performing the audit is changed in line with the applicable statutory requirements. Since the audit of the 2011 annual Financial Statements, Mr. Bedenbecker has been the responsible auditor.

In addition, the auditors determined that the Executive Board had established a suitable early warning system for risk. The above-mentioned statements, the Group 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 and the Supervisory Board's financial statements meeting on February 24, 2016. At those meetings, the Executive Board also provided verbal explanations.

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. After thoroughly examining the annual Financial Statements, the Consolidated Financial Statements, the combined Company and Group Management Report, and the proposal for the use of net profit, the Supervisory Board 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 has 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 24, 2016. The auditors who signed the audit report took part in the Super-

visory 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:

"On completion of our audit and assessment in accordance with professional standards, we confirm that

1. the factual statements in the report are correct,

2. the consideration given by the Company for the transaction specified in the report was not unreasonably high."

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 to the Supervisory Board and Executive Board. Dr. Michael Frenzel and Dr. Jan Martin Wicke stepped down from office as members of the Supervisory Board in March 2015. Beate Bell and Patricia Geibel-Conrad were appointed to succeed them as members of the Supervisory Board by decision of Essen Local Court on April 10, 2015.

Abdulla Abdulaziz Turki Al-Subaie stepped down from office as member of the Supervisory Board with effect from November 13, 2015.

The Supervisory Board thanks Mr. Al-Subaie, Dr. Frenzel, and Dr. Wicke for their work and dedication as Supervisory Board members.

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

Essen, February 2016
On behalf of the Supervisory Board

Pedro López Jiménez
Chairman

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

Executive Board

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 became Chief Executive Officer (CEO) and Managing Director of HOCHTIEF's Australian subsidiary CIMIC, 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) of the company, he is responsible for the corporate departments Mergers & Acquisitions, Controlling, Finance, Capital Markets Strategy/Investor Relations, Accounting and Tax, and Insurance. Since July 2015, Mr. Sassenfeld has also been Chief Financial Officer (CFO) of HOCHTIEF Solutions AG. Up to November of the year under review, he was Labor Director of HOCHTIEF Aktiengesellschaft.

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 and the company's Labor Director since November 2015. He is responsible for the Group companies PPP Solutions and Real Estate in the Europe division and is additionally in charge of Sustainability/Corporate Responsibility within the HOCHTIEF Group.

Nikolaus 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, he 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 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, 2015)

b) Membership in comparable domestic and international corporate governing bodies (as of December 31, 2015)

Reporting date for memberships: December 31, 2015, 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, 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)
CIMIC Group Limited
Dragados, S.A. (Chairman-in-Office)

Gregor Asshoff*
Frankfurt am Main, Deputy Chairman of the Supervisory Board, member of the Executive Board of SOKA-Bau

Abdulla Abdulaziz Turki Al-Subaie
Doha, Managing Director of Qatar Railways (member until November 13, 2015)
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)

Dipl.-Ing., Dipl.-Wirtsch.-Ing. Beate Bell
Cologne, Managing Director of immoADVICE GmbH (member from April 25, 2015)
a) Deutsche EuroShop AG

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., and General Secretary of the ACS Group, Madrid
b) ACS Servicios y Concesiones, S.L.
ACS Servicios, Comunicaciones y Energía, S.L.
CIMIC Group Limited
Cobra Gestión de Infraestructuras, S.A.
Dragados, S.A.

Dr. Michael Frenzel
Burgdorf, President of the Federal Association of the German Tourism Industry (BTW) (member until April 24, 2015)
a) AXA Konzern AG
Deutsche Bahn AG
b) BHF-Bank AG
GBT III B.V.
VHV Holding 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) Bus and Truck GmbH
CAIXAHOLDING, S.A.
FAW-Volkswagen Automotive Company, Ltd.
Porsche Holding Stuttgart GmbH
SEAT, S.A.
VfL Wolfsburg-Fußball GmbH
Volkswagen (China) Investment Company Ltd.
Volkswagen Group of America, Inc.

Dipl. oec. Patricia Geibel-Conrad
Leonberg, Business consultancy—Auditing/Tax consultancy in own office (member from April 27, 2015)

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

Matthias Maurer*
Hamburg, Chairman of the Central 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 (member until April 26, 2015)
a) HDI Lebensversicherung AG
HDI Versicherung AG
HDI Vertriebs AG
neue leben Holding AG
PB Lebensversicherung AG
PB Versicherung AG
Talanx Service AG
Talanx Systeme AG
TARGO Lebensversicherung AG
TARGO Versicherung AG

Dipl.-Geol. MBA Christine Wolff
Hamburg, management consultant
a) Berliner Wasserbetriebe A. ö. R.
KSBG Kommunale Verwaltungsgesellschaft GmbH
b) Grontmij N.V.

Supervisory Board Committees

Audit Committee
Ángel García Altozano (Chairman)
Abdulla Abdulaziz Turki Al-Subaie (from May 6, 2015 until November 13, 2015)
Gregor Asshoff (Deputy Chairman)
José Luis del Valle Pérez
Patricia Geibel-Conrad (from May 6, 2015)
Matthias Maurer (from May 6, 2015)
Udo Paech
Nikolaos Paraskevopoulos
Dr. Jan Martin Wicke (until April 26, 2015)

Human Resources Committee
Pedro López Jiménez (Chairman)
Beate Bell (from May 6, 2015)
José Luis del Valle Pérez
Dr. Michael Frenzel (until April 24, 2015)
Matthias Maurer
Klaus Stümper
Olaf Wendler
Christine Wolff

Nomination Committee
Pedro López Jiménez (Chairman)
José Luis del Valle Pérez (from May 6, 2015)
Dr. Michael Frenzel (until April 24, 2015)
Christine Wolff

Mediation Committee pursuant to Sec. 27 (3) of the German Codetermination Act (MitbestG)
Pedro López Jiménez (Chairman)
Gregor Asshoff
Beate Bell (from May 6, 2015)
Carsten Burckhardt
Dr. Michael Frenzel (until April 24, 2015)

Executive Board

Marcelino Fernández Verdes
Düsseldorf, Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft, Essen
b) CIMIC Group Limited (Executive Chairman and Chief Executive Officer)
Flatiron Holding, Inc.
HOCHTIEF AUSTRALIA HOLDINGS Ltd.
The Turner Corporation

Peter Sassenfeld
Duisburg, Member of the Executive Board (Chief Financial Officer – CFO) and Labor Director (until November 14, 2015) of HOCHTIEF Aktiengesellschaft, Essen and Member of the Executive Board of HOCHTIEF Solutions AG, Essen
b) CIMIC Group Limited
Flatiron Holding, Inc.
HOCHTIEF AUSTRALIA HOLDINGS Ltd.
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

Nikolaus Graf von Matuschka
Aldenhoven/Jüchen, Member of the Executive Board and Labor Director (from November 15, 2015) of HOCHTIEF Aktiengesellschaft, Essen and Chairman of the Executive Board and Labor Director of HOCHTIEF Solutions AG, Essen
a) HOCHTIEF Building GmbH (Chairman)
HOCHTIEF Infrastructure GmbH (Chairman)
Malteser Deutschland gGmbH

The continent's longest rail tunnel: Sydney Metro Northwest

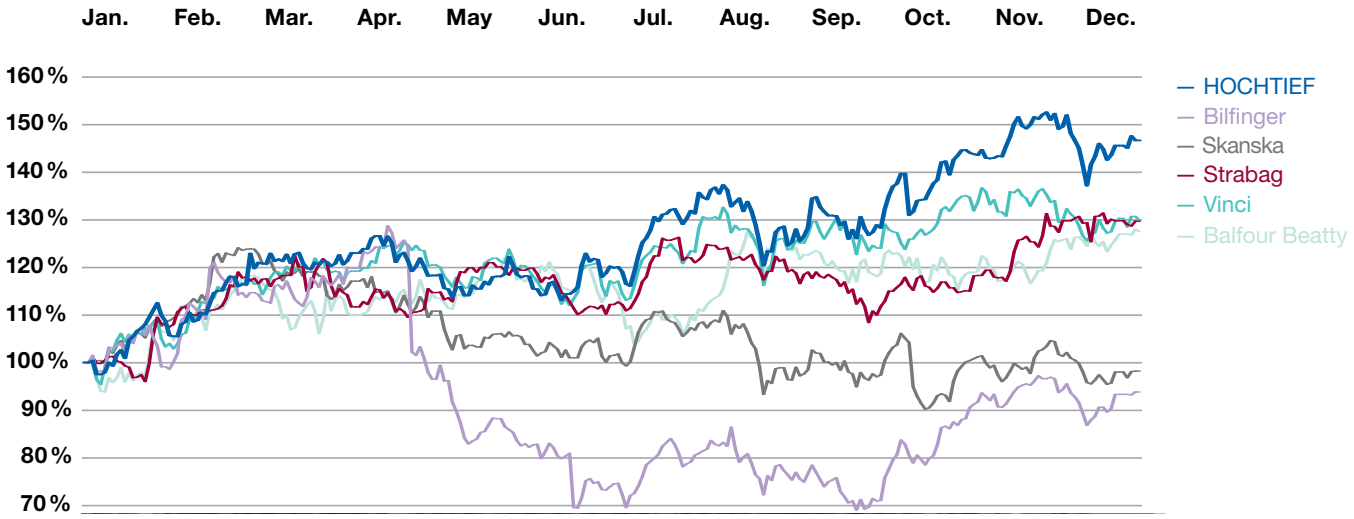
Economy: As part of a joint venture, CIMIC's subsidiary CPB Contractors is building 15 kilometers of twin tunnels and excavating five underground stations for the Sydney Metro Northwest. When Australia's largest public transportation infrastructure project will be completed in 2019, the rail tunnels will be the longest on the continent.

Ecology: The team has recycled 82,000 liters of water to date. Similarly, over four million tons of excavated rock will be used again and dust is being kept to a minimum. In addition, the team is providing boxes for nesting birds and animals. The work has attained a leading design rating from the Infrastructure Sustainability Council of Australia.

Community: Throughout construction, great importance is attached to intensive communication with residents and community relations. Australia's first turn-up-and-go metro will feature short intervals between trains to give customers maximum flexibility. There will be 15 departures per hour from the stations at peak periods.

HOCHTIEF on the capital markets

Indexed performance of Peer Group 2015



2015 was a very successful year for HOCHTIEF on the capital markets. In a challenging sector environment, HOCHTIEF's stock performed far better than Central European peers. We systematically furthered the Group's development both strategically and operationally. The capital market also rewarded our results-driven approach and ability not merely to attain, but even to exceed our projected targets. This went hand in hand with continuous improvement of communications with our stakeholders.

The HOCHTIEF share price went up by 47% to close at EUR 85.87 as of the year-end (2014: EUR 58.52). This made it one of the top ten performers in the MDAX index. The share price of our Australian Group company CIMIC gained 8% and also outperformed its local market.

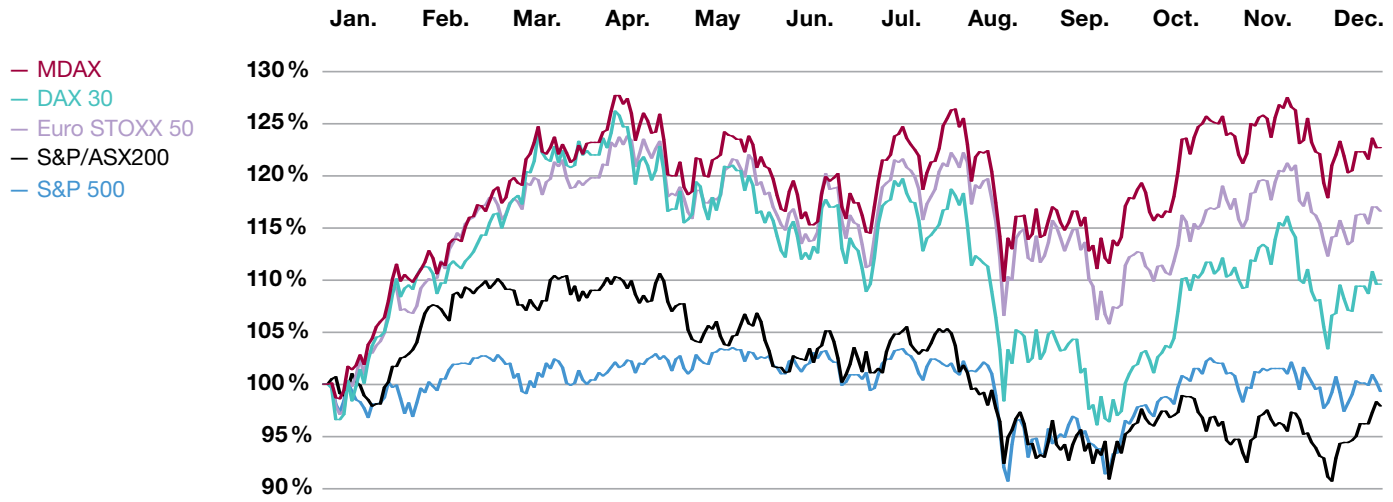
Stock market

In 2015, stock markets were characterized by high levels of volatility. After a promising trend in the first four months, the European stock market took a sharp dip mid-year. This was largely due to geopolitical conflicts, the Greek debt crisis, ongoing uncertainty about the timing of any base rate rise by the U.S. Federal Reserve, and fears of a slowdown in Chinese economic growth. Bond yields fell to all-time lows. The price of oil and other major commodity prices collapsed even further. In December, the U.S. Federal Reserve Bank raised the federal funds rate for the first time in seven years with an increase of 25 basis points. This took the wind out of financial market speculation regarding the Fed taking a tougher stance, and global stock and commodities markets recovered significantly.

Germany's DAX index closed the year at 10,743 points, marking an increase of 10% compared with the prior year-end. The MDAX, which includes HOCHTIEF, gained no less than 23% to 22,775 points. The STOXX All Europe 800 Construction & Materials was up 17%. By contrast, the U.S. and Australian markets showed a slight down-

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

Indexed performance of international stock indices in 2015



turn. America's S&P 500 dipped by 1% and Australia's S&P/ASX 200 by 2%. Commodities markets came under severe pressure over the course of the year, with the Stoxx 600 Basic Resources Index some 38% down by the year-end.

HOCHTIEF stock

HOCHTIEF stock: Key figures

		2015	2014 (restated)*
Number of shares	million	69.3	69.3
Market capitalization**	EUR million	5,950.8	4,056.0
High	EUR	89.29	69.94
Low	EUR	57.04	53.00
Close	EUR	85.87	58.52
Shares traded (average per day on Xetra)		126,524	127,193
Dividend per share	EUR	2.00***	1.90
Total dividends	EUR million	139***	132
Earnings per share (operational)****	EUR	3.95	2.75

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

**As of year-end

***Proposed dividend

****Excluding one-off impacts and adjusted for sold assets

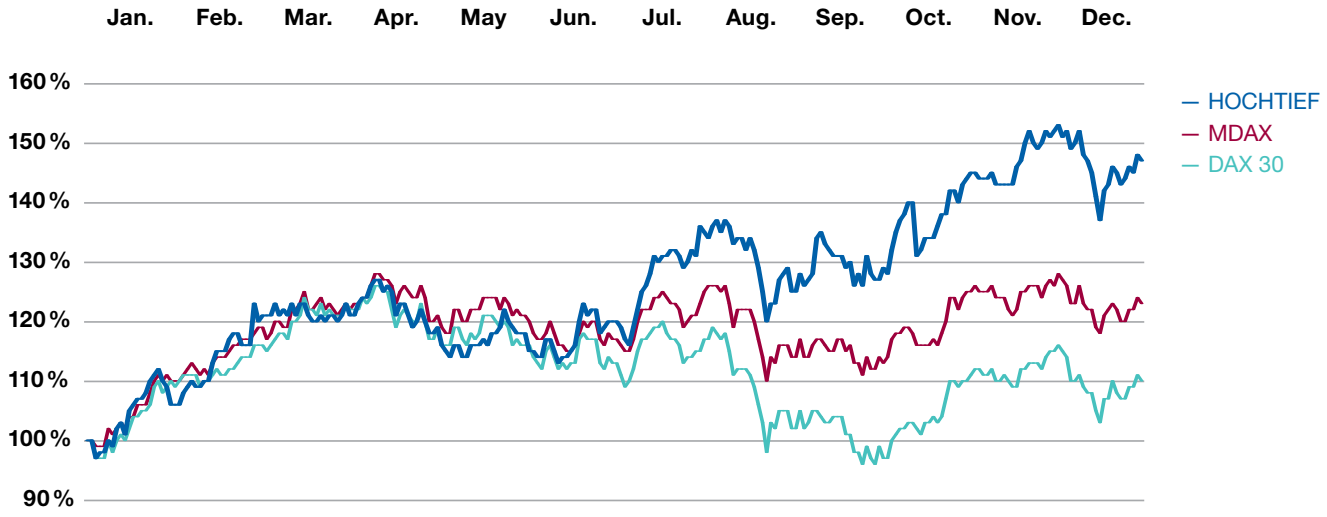
HOCHTIEF is listed in the Prime Standard segment of the German stock exchange and is a component of the MDAX index, in which it ranked 30th in terms of market capitalization with a weighting of 1.09% at the year-end (2014: 42nd, with a weighting of 0.85%). In terms of trading volume on the stock exchange, HOCHTIEF stock took 28th place (2014: 25th).

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

The HOCHTIEF stock price performed very successfully in the year under review, reaching an annual high of EUR 89.29 at the end of November. It closed the year at EUR 85.87, representing 47% value growth on the prior-year closing price.

Indexed performance of HOCHTIEF stock in 2015

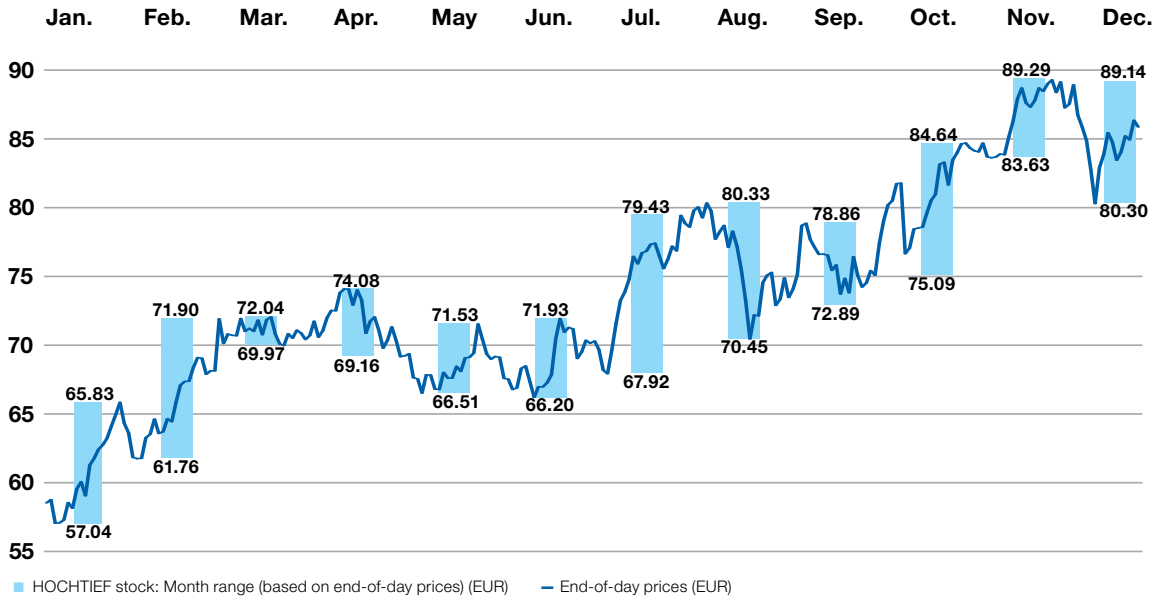


HOCHTIEF stock buyback

Under our stock buyback program announced on October 1, 2014, we purchased a total of 4,134,094 shares for treasury stock (5.96% of the capital stock) in the period from October 7, 2014 to December 30, 2015 at an average purchase price of EUR 71.07 per share. Repurchased shares can be used for all purposes provided for in the authorizing resolution of the Annual General Meeting of May 6, 2015. In January 2016, we resolved to carry out another share buyback program. Plans are to purchase up to 2.78 million shares in the period from January 12, 2016 to September 30, 2016. Including the shares purchased up to the end of 2015, this would take the total quantity up to a maximum of 10% of the capital stock. This latter stock buyback program is based on the authorization granted at the Annual General Meeting of May 6, 2015.

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

Absolute performance of HOCHTIEF stock in 2015 in EUR (Xetra trading)



CIMIC stock

Key data on CIMIC stock

ISIN	AU000000CIM7
Stock symbol	CIM
Ticker symbol	Reuters: CIM.AX, Bloomberg: CIM AU
Stock exchange	Australian Securities Exchange

The stock price of our Australian Group company CIMIC likewise put in a healthy performance in the year under review. CIMIC stock ended the year with a closing price of AUD 24.30. Although the stock price lost substantial ground mid-year due to the steeply falling commodity prices, it recovered toward the year-end for a gain of 8% on the prior year. This healthy performance compares with a slight fall in the relevant Australian index and substantial price markdowns on many other Australian construction stocks.

CIMIC share buyback

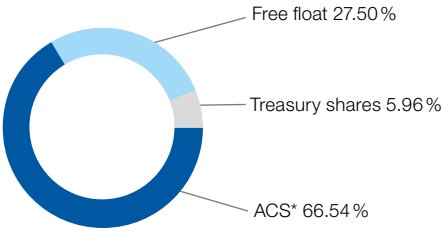
In December, CIMIC decided to conduct a share buyback program, with up to 33,850,356 shares (up to 10% of the share capital) to be bought back in the twelve months from December 29, 2015.

The on-market buyback will improve shareholder returns, enhance capital efficiency, and maintain sufficient balance sheet flexibility to pursue future growth and investment opportunities. The initiative is reflective of CIMIC's strong balance sheet position, solid cash flow generation, and disciplined approach to capital management. The buyback will be funded by a combination of CIMIC's existing cash balances and working capital facilities. By the end of 2015, CIMIC had repurchased no shares.

Ownership structure

Our long-term major shareholder Qatar Holdings sold its approximately 10% stake in HOCHTIEF (7,006,911 shares) in October. In this context, ACS increased its holding by 5.84 percentage points to 66.54%. The remainder of the Qatar Holdings stake went to the open market, substantially increasing the free float. We held 4,134,094 shares of treasury stock (5.96%) as of the 2015 year-end. According to the definition applied by Deutsche Börse AG, the stakes in HOCHTIEF held by ACS count as non-free-float, as do the shares held as treasury stock. The free float consequently stands at 27.50%.)

Ownership structure



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

Shareholder remuneration

HOCHTIEF wants shareholders to adequately participate in its positive earnings performance. As in past years, we made this possible in the year under review with an attractive dividend, which we once again increased relative to the prior year. At the Annual General Meeting for 2015, the Executive Board and Supervisory Board will be proposing a dividend of EUR 2.00 per share. This represents a rise of EUR 0.30 per share or some 18% on the prior year (2014: EUR 1.70 plus EUR 0.20 special dividend per share). This is in addition to the share buyback executed during 2015. The combined benefit to our shareholders is comparable to a yield of 7.4%, based on the average HOCHTIEF share price in 2015.

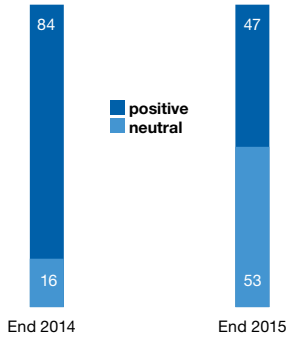
Bonds

Our Australian Group company CIMIC, in which HOCHTIEF has held an ownership stake of just under 70% since the second quarter of 2014, announced a tender offer on June 15, 2015 to buy back its USD notes issued on November 5, 2012. The buyback prior to maturity reduced the principal amount of the notes by EUR 267 million (USD 299 million) from initially USD 500 million. Buying back a portion of the notes, which carry a nominal coupon of 5.95% and were originally due November 13, 2022, enabled the Company to reduce interest costs and helps improve the structure of its balance sheet.

Analysts

HOCHTIEF was covered by 17 analysts at the end of 2015 (2014: 19). HOCHTIEF received positive or neutral recommendations across the board throughout 2015. The average target price across all analysts as of the year-end was EUR 86.79 (year-end 2014: EUR 72.07). Several analysts had target prices of EUR 100 or over. This positive assessment reflects the capital market's confidence in the successful implementation of our strategy and the accomplishments made so far.

Analyst recommendations (in %)



Investor relations/capital market communication

Continuity, openness, and transparency are what investor relations has always stood 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 2015. We presented our full-year figures to the entire market in a business results press conference and quarterly figures in conference calls as of each reporting date. Talks in 2015 focused on implementing our corporate strategy, further enhancing earnings quality, and on performance in terms of free cash flow. We report on all activities on a timely basis on our website and 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 2015. These rate companies based on economic, environmental, and social criteria. For the tenth year in succession, HOCHTIEF is the sole German construction group to be included in the Dow Jones Sustainability Index (DJSI) Europe. HOCHTIEF has worked intensively for many years to establish and implement a Group-wide sustainability strategy. Our Australian Group company CIMIC thus once again featured in the Dow Jones Sustainability Index Australia. HOCHTIEF shares are also listed in the FTSE4Good.

Published since 2005, the HOCHTIEF Sustainability Report represents a cornerstone of our transparent reporting; since 2014, it has been amalgamated with the Annual Report in a combined Group Report. This lets us present a transparent, 360-degree perspective on economic, ecological, and social aspects and demonstrate their importance for the sustained success of our Group.

Moreover, we are longstanding participants in the CDP (formerly Carbon Disclosure Project). This non-profit organization represents more than 800 institutional investors with some USD 95 trillion in funds under management. CDP's indices are used by investors as assessment tools. In 2015, HOCHTIEF qualified for inclusion in the Carbon Disclosure Leadership Index for Germany, Austria, and Switzerland for the sixth time in a row. 2015 also saw HOCHTIEF secure the status of "Index Leader MDAX" and "Sector Leader Industrials." With these awards, the CDP organization honored HOCHTIEF's contribution to mitigating climate change and reducing pollution. It sees HOCHTIEF as being characterized by a high degree of transparency in its handling of environmental issues.

More and more clients and investors demand transparency and a documented commitment to sustainability. Consequently, we again took part in sustainability-focused investor conferences in 2015. We have already confirmed our participation in conferences targeting sustainability-oriented investors for 2016. Our roadshows will once again see us visiting the major financial markets. We would be delighted to have sparked your interest in our Group and at all times welcome your feedback and suggestions, also as regards our website ›.

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

In the Canadian province of British Columbia, the HOCHTIEF company Flatiron is upgrading Ruskin Dam and powerhouse, work slated for completion by 2017.

In my world, I provide green electricity.

Rick Morisson, project manager, Flatiron "Ruskin Dam and Powerhouse"

Our latest project is absolutely exciting. While upgrading and expanding the Ruskin Dam and hydro power station located less than 60 kilometers from Vancouver, we discovered a light bulb in the powerhouse that had been installed more than 80 years earlier and was still glowing strong! We interpreted this as a good sign.

After all, this facility will produce clean hydroelectric power for 33,000 households in the future. Since embarking on the project in 2012, we have gained a wealth of experience and huge respect for water as a force of nature. When, for instance, heavy rains dramatically raised levels in the reservoir in fall 2014, we had to open the spill gates to release enormous volumes of water—900 cubic meters per second for a period of several weeks!

Before construction got underway, we devised an environmental management plan. And we have adhered to it strictly ever since, especially as the 40-meter-high, 100-meter-long dam sits in a recreation area used by many people. What's more, the reservoir behind the dam is not just a source of drinking water. Downstream thousands of salmon also come to spawn. This is why any water we contaminate is collected and treated.

The Ruskin Dam is being built to stand the test of time as well as any potential earthquakes. So that 80 years from now it will still be keeping the lights on.

Combined HOCHTIEF Aktiengesellschaft and Group Management Report

Business Activities and Group Structure

Group structure 2015

**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 30 and 31.

***See glossary on page 260.

Group structure 2015

HOCHTIEF delivers its services worldwide through the three divisions HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe. This structure reflects the operating focus of the Group: HOCHTIEF is on the map in key national and international regions and markets.*

The focus of HOCHTIEF's strategic and operating management holding company is on Group management and control. Its control level comprising the Executive Board and the Group corporate departments is responsible for the strategic, organizational, and operating 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 and Tax, and Insurance.

Business activities of the HOCHTIEF Group**

HOCHTIEF is an international construction group, carrying out projects in the transportation, energy, and social and urban infrastructure sectors as well as in contract mining and services. These activities are founded on HOCHTIEF's many years of experience and capabilities in development, financing, construction, and operation—to the equal benefit of the Company and its clients. We leverage our engineering expertise to the full in our projects.

HOCHTIEF's focus is on complex infrastructure projects. These are delivered, among others, on the basis of concession arrangements. The integrated approach applied by HOCHTIEF notably generates added value in public-private partnership (PPP)*** projects. Our projects additionally benefit from internal knowledge transfer and close collaboration across the Group. We seek similar excellence in the external partners we work with, who are selected specifically against a range of criteria such as compliance with our standards.

Our aim is to be a long-term, reliable partner to our clients. To this end, we attach great importance to flexibility, innovation, and outstanding quality. Our projects are one-of-a-kind, calling for the development and implementation of custom solutions.

As another key Group objective, sustainability is firmly established as an integral part of our corporate strategy. In this way, we nurture the relationship between business, the environment, and social responsibility.

HOCHTIEF is among the most international companies in the industry, generating 96% of sales outside of Germany. The construction markets we serve include large parts of Europe, the Americas, Australia, the wider Asia-Pacific, and the Gulf region. This global footprint means HOCHTIEF is able to seize the various opportunities offered by regional markets.

Key performance indicators at HOCHTIEF

In contrast to the prior year, the key performance indicator for operational earnings is now EBIT. This does not represent a change in the key performance indicator, however, as the HOCHTIEF Group did not recognize any impairment of goodwill in the periods subject to comparison. As a result, the EBIT and EBITA figures are identical.

The key performance indicators used in managing the HOCHTIEF Group are thus as follows:

Financial performance indicators:

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

*See glossary on page 260.

**Restated, see page 242.

***Restated, see page 244.

Non-financial performance indicators:

- Lost time injury frequency rate (LTIFR)****

****Restated, see page 123

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 2015.

HOCHTIEF Americas
Activities in over 15 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

CIMIC (Australia)

Thiess (Australia, Chile, India, Indonesia, Mongolia, New Zealand, Philippines, South Africa)

CPB Contractors (Australia, New Zealand, Papua New Guinea)

Leighton Asia, India and Offshore (Hong Kong, India, Indonesia, Iraq, Macau, Malaysia, Philippines, Singapore, Thailand)

Pacific Partnership (Australia)

EIC Activities (Australia)

Leighton Properties (Australia)

Ventia (Australia, New Caledonia, New Zealand)

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

HOCHTIEF Europe
Activities in more than 25 countries

HOCHTIEF Solutions (Germany)

HOCHTIEF Building (Germany)

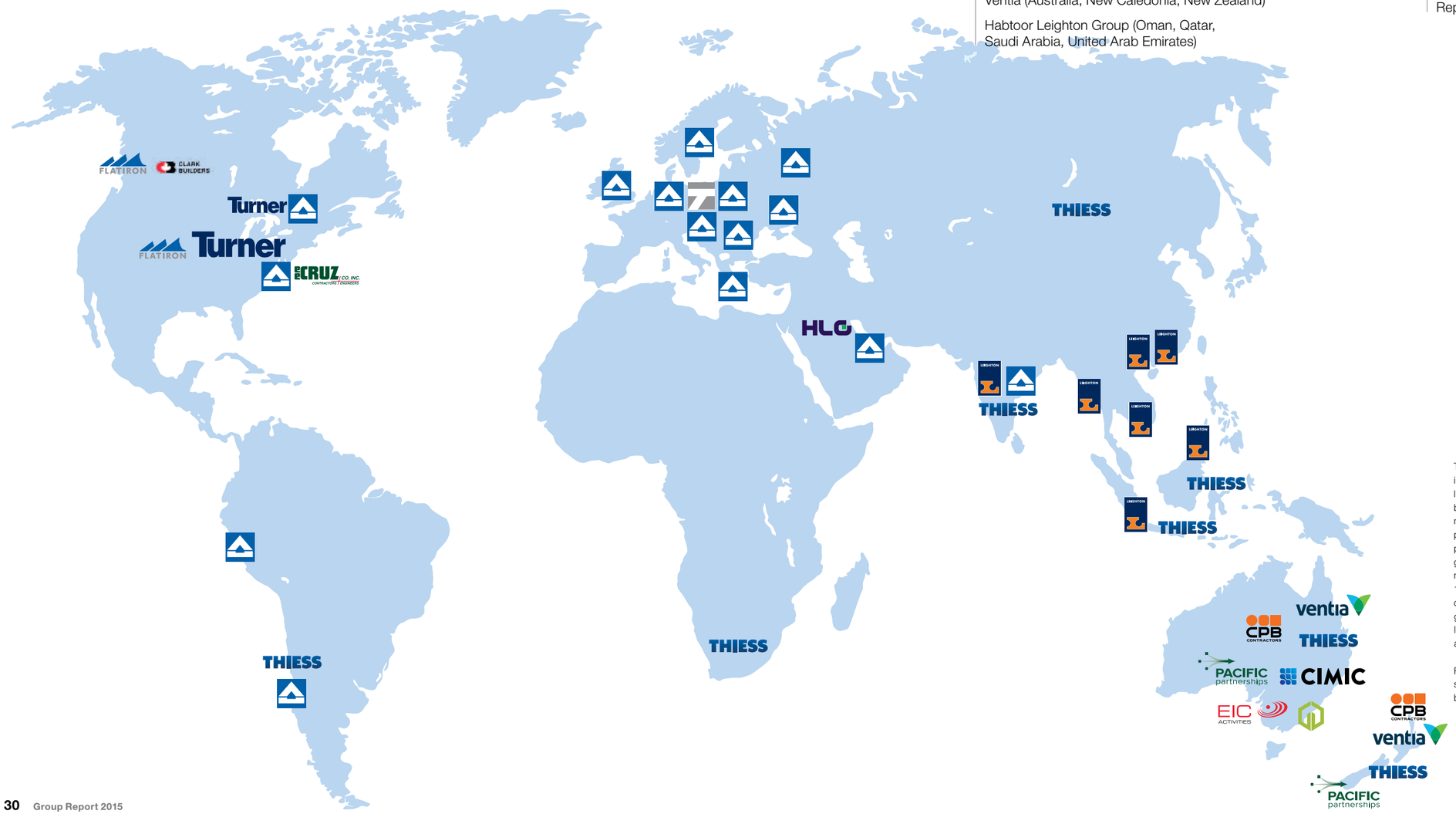
HOCHTIEF Infrastructure (Austria, Chile, Czech Republic, Denmark, Finland, Germany, Greece, Latvia, Netherlands, Norway, Peru, Poland, Qatar, Romania, Saudi Arabia, Serbia, Slovakia, Sweden, Turkey, UK)

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 455 fully consolidated companies, 182 equity-accounted companies, and 59 joint operations included proportionately. This organizational presentation goes together with legal information given in the list of subsidiaries, associates and other companies.

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/subsidiaries2015

For further information, please see www.hochtief.com

Our vision: "HOCHTIEF is building the world of tomorrow"

This sentence captures the aspiration and the responsibility that are bound up in our work, because with our projects, we are shaping the world in which we live. Together with our customers and partners, we are setting up infrastructure projects in selected regions. Our transportation routes connect people and markets, our power stations ensure the energy supply, our mining business delivers resources for industry, our buildings create room for living and working.

Our principles pave the way for our daily work. They show what values inspire how we act at HOCHTIEF. These include: Integrity, reliability, innovation, delivery and sustainability. Safety on our construction sites is fundamental to the success of our work. By systematically applying these principles in all our divisions, we continuously boost the success of our Company.

Strategy

Our strategy—clear and simple:
We aim to become the world's most relevant building and infrastructure construction group and attain both sustainable and profitable cash-backed growth. To ensure our long-term success, we foster the interaction of economic, ecological, and social aspects.

Active in its core business of construction for more than 140 years, HOCHTIEF is one of the world's leading infrastructure providers. We draw on our expertise in developing, financing, building, and operating. Our new vision and our principles provide the framework for the strategic development of our Company, which we are systematically pursuing.

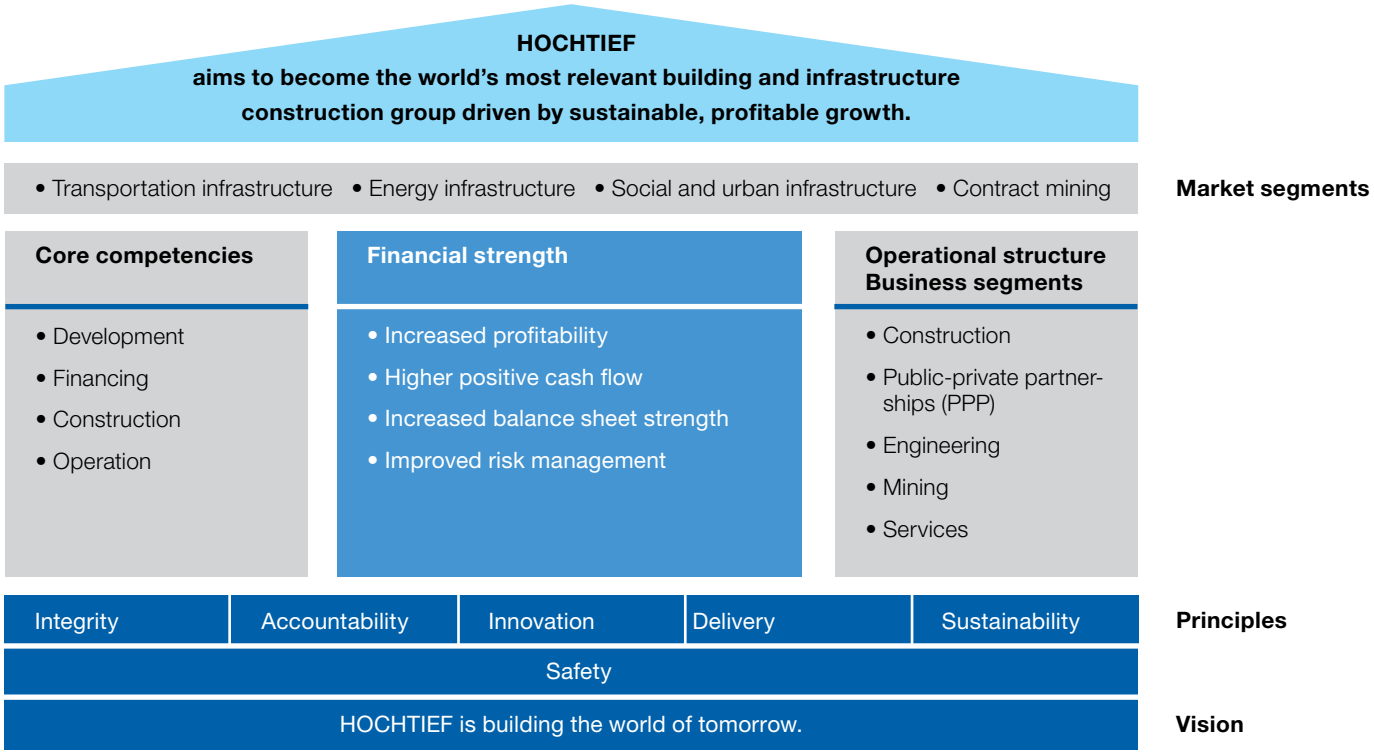
In our target markets, our project management and engineering expertise will give us a leading market and technology edge in the segments of construction, engineering, public-private partnerships, contract mining, and services.

Our thoughts and actions are value-driven: We stand for integrity, accountability, innovation, delivery, sustainability, and safety.

Our experience, technical excellence, and innovative solutions enable us to realize projects that convince our customers and benefit society. We make efficient use of existing resources.

Our employees' knowledge, dedication, and motivation form the basis for our success. In return, we offer them safe, challenging, and fulfilling jobs.

Together, we generate earnings on a sustained basis and create value for our shareholders.



Strategic initiatives

Construction as core business
- **Transportation, energy, social and urban infrastructure market segments as well as contract mining business**
- **Transformation and harmonization of structures and processes**

Focus on cash-backed profitability

Continuous improvement in risk management

Differentiation through innovation

HOCHTIEF: an attractive place to work

Sustainable action*

*For further information, please see the Sustainability Strategy section on page 38.

Construction as core business

There will always be construction, wherever you go. Societies that are developing or changing need to continuously adapt their infrastructure to new or evolving challenges. This goes for industrial nations as much as for emerging economies and developing regions:
- Globalization calls for new, more efficient transportation routes.
- Demographic change is shifting demands on real estate.
- Due to population growth, demand for resources and infrastructure continues to rise.
- Climate change is leading to a fundamental remodeling of the energy infrastructure.
- The digital revolution is giving rise to entirely new business areas, including the construction sector, while existing industries are having to realign themselves ever more quickly.

HOCHTIEF is profiting from these megatrends.

Our expertise and business models allow us to lend our clients support right from the ideas phase—for instance, with our engineering experts. If they so desire, we are able to accompany them throughout the life cycle of a building or piece of infrastructure, such as within the scope of a PPP project. This means HOCHTIEF covers every link in the value chain from planning and financing through to operation and, where applicable, decommissioning. Our core business is and remains construction. That is why we only take on PPP projects if we are also carrying out some of the construction work. Due to rising demand in the markets relevant for us, we anticipate that sales will grow in the PPP segment. For all HOCHTIEF divisions, the public-private partnership (PPP) model is a burgeoning market in which we will continue to participate in the future.

- **Transportation, energy, social and urban infrastructure market segments as well as contract mining business**

Complex infrastructure projects call for a high level of expertise and years of 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. This is what sets us apart from the competition. We want our solutions to be technically compelling and bring commercial success to all concerned.

– Transportation infrastructure

Many countries in which HOCHTIEF operates are currently pursuing programs to maintain and expand their transportation networks. Roads, bridges, tunnels, ports, rail lines or airports urgently need to be reshaped in line with rising demand. Most industrial nations have built up huge investment backlogs that are in urgent need of clearing. As this is often not possible with the financial and human resources available to them, governments in our target markets are increasingly turning to PPP models. In Canada alone, for example, rail projects worth EUR 24 billion are to be implemented over the next ten years. An investment volume of up to EUR 22.3 billion for transportation infrastructure is forecast for Germany in the ten years ahead. In Australia, the government has said that it intends to request bids for the lion's share of investments in infrastructure projects. Due to the 20-year

Transport Master Plan for transportation infrastructure projects in New South Wales alone, these amount to some EUR 175 billion (AUD 260 billion).

– Energy infrastructure
HOCHTIEF carries out all kinds of energy infrastructure projects across the globe. From hydroelectric power stations to the decommissioning of nuclear power plants, we offer a comprehensive portfolio of products and services. We also aim to consolidate and expand our strong position in the energy infrastructure segment. Energy is in great demand in today's industrial nations and emerging economies. Growth is particularly notable in the North American, Scandinavian, and Middle Eastern markets. 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.

– Social and urban infrastructure
The planning, construction, and modernization of office blocks, shopping malls, hospitals, schools, and apartments are among our most important market segments in almost every region. Our competitors are often small and medium-sized enterprises. Having become more agile thanks to more rigorous order selection, leaner structures, and more efficient processes, we are now able to meet our clients' needs in the best possible way. We are also profiting from a positive market trend. Demand for commercial properties in the USA alone is set to increase by around 4.8% in 2016. In the most important market segment—office properties—we take top spot, according to ENR*, with our green building offering. This is a position we intend to hold on to going forward. Investment in sustainable, certified properties is also on an upward trajectory in Europe and the Asia-Pacific region.

It is standard for us to take a sustainable, 360-degree approach when it comes to PPP building construction projects, bringing our expertise in design, financing, construction, and operation into play. Notably in social infrastructure projects, the PPP model offers a good alternative to conventional financing and construction.

– Contract mining
Demand for resources such as iron ore, coal, copper, and gold continues to rise, especially in developing and emerging economies. In industrial nations, demand remains stable at a high level. We expect growth to continue at an average of 2.4% until 2020. Australia is now one of the world's largest producers of coal and second largest provider of thermal coal. It is our aim to continue exploiting growth opportunities in contract mining through our Australian subsidiary CIMIC as well as to maintain our position as the world's leading contract miner. To this end, CIMIC is also moving into new regions. Our mining subsidiary Thiess signed its first deal in Chile in the year under review.

- **Transformation and harmonization of structures and processes**

The structure of the divisions has been gradually adjusted and harmonized. It now breaks down into the four segments of construction, public-private partnerships (PPP), engineering, and mining in Australia. In addition, the HOCHTIEF Asia Pacific division offers services. With the transformation continued in the 2015 reporting year, we are pursuing the aim of improving efficiency, profitability, liquidity, and risk management, while increasing the quality of the orders acquired. At the same time, workflows and processes in the individual segments have been simplified, IT tools harmonized, reporting lines streamlined, and more decision-making authority placed at operational level. This is how we plan to further cut costs and achieve a better position on the market. The positive development shows us that we are on the right track with our strategic initiatives.

For further information on the markets served by HOCHTIEF, please see pages 41 to 51.

*Engineering News-Record

Engineering expertise in each of our divisions is now pooled in independent business units that work very closely together. They offer engineering services to end customers, while at the same time supporting our operational units. This lets us meet the needs of the market by offering engineering and construction services from a single source.

In the HOCHTIEF Asia Pacific division, the transformation of the operational model was successfully completed. As a way of underscoring this realignment, the main company Leighton Holdings was renamed CIMIC Group Limited. The new name stands for the four core activities **C**onstruction, **I**nfrastructure, **Mi**ning and **C**oncessions (PPP business). In order to pool specialist equipment for the contract mining business and leverage synergies, CIMIC has set up a company called FleetCo, which offers the widest selection of mining equipment in Australia. CIMIC Group companies and, in future, customers, too, can benefit from the team's many years of experience and the service they provide. In the long term, we are looking for a strategic partner for this business in order to release tied-up capital.

The aim in the HOCHTIEF Americas division is also to improve profitability, thereby maximizing added value for our customers through our services and technical expertise. To do this, we plan in particular to offer more and more of our services in the Canadian and South East Asian markets. Our building construction subsidiary Turner is already serving clients in Vietnam, Malaysia, and Indonesia.

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

Following the transformation of HOCHTIEF Solutions, the HOCHTIEF Europe division is divided into the three main businesses of construction (building construction and civil engineering), engineering, and PPP. Our aim is to combine the advantages of operating more like a small or medium-sized enterprise with the product and service spectrum of an internationally experienced construction group, with a view to enhancing our processes. In this division, too, we have trained the spotlight on bid preparation and project delivery so as to allow sustained improvements in efficiency.

Focus on cash-backed profitability

HOCHTIEF significantly improved cash generation in the year under review. The key drivers behind this development were improved profitability, tighter working capital management and reduced capital expenditure. Cash flow from operations totaled EUR 1.1 billion. This marked a further EUR 379 million increase on the already high equivalent prior-year figure (EUR 756 million). Our free cash flow from operations, i.e. operating cash flow plus operating capex, tripled to EUR 985 million. This is an increase of EUR 663 million compared with year-end 2014.

We again significantly increased our net cash position, despite our ongoing stock buyback program and impacts from dividend payments. At the end of 2015, net cash stood at EUR 805 million. This was EUR 335 million more than the equivalent prior-year figure of EUR 470 million, which included the receivables from the sale of discontinued operations at CIMIC. All divisions contributed to this substantial improvement.

The business transformation to a cash-focused corporate culture accompanied by a rigorous approach to risk management, is clearly paying off. We will continue along this path and maintain and foster the Group's culture where good profits are the bottom line.

• Capital investment

– Stock buyback program

First adopted in fiscal 2014, the stock buyback program was continued in 2015 under the same conditions. The number of shares bought back exclusively through XETRA as of December 31, 2015 was 4,134,094 (approximately 5.96% of the Company's capital stock). The average purchase price amounted to EUR 71.07 per share. In January 2016, the Executive Board decided to continue the stock buyback program, with up to 2,780,000 no-par-value shares in HOCHTIEF Aktiengesellschaft (approximately 4% of the capital stock) to be repurchased between January 12 and September 30, 2016.

- **Diversification and optimization of the financing instruments**

HOCHTIEF continues to pursue the strategic aim of improving its financial structure. In implementing this strategy, our Group company CIMIC managed to redeem early a U.S. dollar bond in the amount of EUR 267 million (USD 299 million). Issued in November 2012 with a total volume of USD 500 million, the bond originally had a term of ten years and a nominal coupon of 5.95% per annum. We continue to seek to diversify the financial instruments available and notably expand the range of long-term debt financing sources outside of the traditional banking market. Capital market transactions are increasingly being included in the diversification strategy when required. However, thanks to the free liquidity available, no long-term debt financing was raised in the reporting year.

- **Constructive working relationship with investors, analysts, and the media**

We are committed to presenting a 360-degree view of HOCHTIEF through continuous and open communication with capital market participants and the media. To this end, we provide 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 new investors. Our investor relations and press experts provide their target groups with information tailored to their specific needs. For example, we give investors who base their decisions on sustainability criteria targeted information on this issue. Through this work, we aim to go on increasing the value of HOCHTIEF stock in the future.

Continuous improvement in risk management

Continuously improving risk management* is one of our key strategic aims. By reducing and effectively managing risk, we plan to achieve a sustained increase in returns. HOCHTIEF will only operate in countries where we see good, long-term market opportunities. We will establish branches and set up subsidiaries in those countries. If the operating environment in existing markets deteriorates, we will continue to respond resolutely in the future. In addition, risk management continues to be dovetailed with operational projects. Based on experience and shared examples of best practice, optimized standards for project controls and methods of execution are being implemented Group-wide.

Differentiation through innovation**

With our experience, technical excellence, and innovative, tailored solutions, we aim to realize projects that convince our customers and benefit society. In our complex project activities, we deliver one-of-a-kind solutions that require us to demonstrate a high degree of technical excellence, new and improved processes, and an innovative edge. Our aim is to achieve a position of market and technology leadership through our engineering expertise. To do this, we develop sustainable projects or products and services and ensure existing resources are used efficiently. This strategy will enable us to continue setting new standards, enhancing the quality of our work, and honing our competitive edge going forward.

**For further information, please see the Research and Development section on pages 107 to 113.

This is exemplified by our involvement in the field of virtual construction (Building Information Modeling, BIM)***, which we continued to forge ahead with in 2015. Today, many clients have come to expect the virtual construction method to be used. This lets HOCHTIEF benefit greatly from its longstanding experience with the innovative technology.

***For further information, please see the Research and Development section on pages 108 to 109.

HOCHTIEF: an attractive place to work

We want to further build on our position as an attractive employer and to offer our employees safe, challenging, and fulfilling jobs. Knowledge, dedication, and motivation pave the way for our business success. We ensure that our more than 47,000 employees have constant opportunities to gain further qualifications, and we set up programs to attract and retain the right workforce for our Company worldwide.

As a global Group, we champion the best possible, secure employment conditions coupled with the best possible occupational safety and health protection. By way of supporting this commitment, we have firmly embedded our principles under the axiom of safety and also introduced a non-financial key performance indicator by reporting the accident rate in the 2015 Group Report with the aim of reducing it.****

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

****For further information, please see the Employees section on pages 122 to 125 and the goals table on page 164.

We firmly believe our strategic focus puts us in a good position to meet the market's needs.

Sustainability strategy

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

Details of how our CR focus areas match up with the GRI-G4 indicators can be found on pages 254 to 255.

*In 2016, we will be amalgamating the focus areas of Resource Protection and Active Climate Protection and introducing the new focus area "Sustainable Procurement."

The HOCHTIEF corporate strategy is the foundation for our sustainability strategy. This is how we fill our corporate vision "HOCHTIEF is building the world of tomorrow" with life and turn it into reality. Through our actions, we nurture the relationship between business, the environment, and social responsibility worldwide. Drawing on its expertise, HOCHTIEF will help master the challenges modern societies face—now and in the future. Our sustainability strategy is aligned with our business model and encompasses what we regard as key aspects. We have defined these in six focus areas and 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. In addition, we aim to continue building on our longstanding commitment to Bridges to Prosperity, which represents a focus very much in line with our construction business activities.

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

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

Our six sustainability focus areas make a lasting contribution to ensuring the company's business success and to fulfilling our responsibilities toward society and the environment. We derived our six focus areas from our business operations as well as from our role as an exemplary employer and corporate citizen.

In implementing our sustainability strategy, we pursue clear-cut goals: We aim to stay ahead of topics and issues relevant to us, leverage business opportunities and market potential, and reduce risk. Knowing and addressing our stakeholders' needs and aspirations is key to reaching these goals.

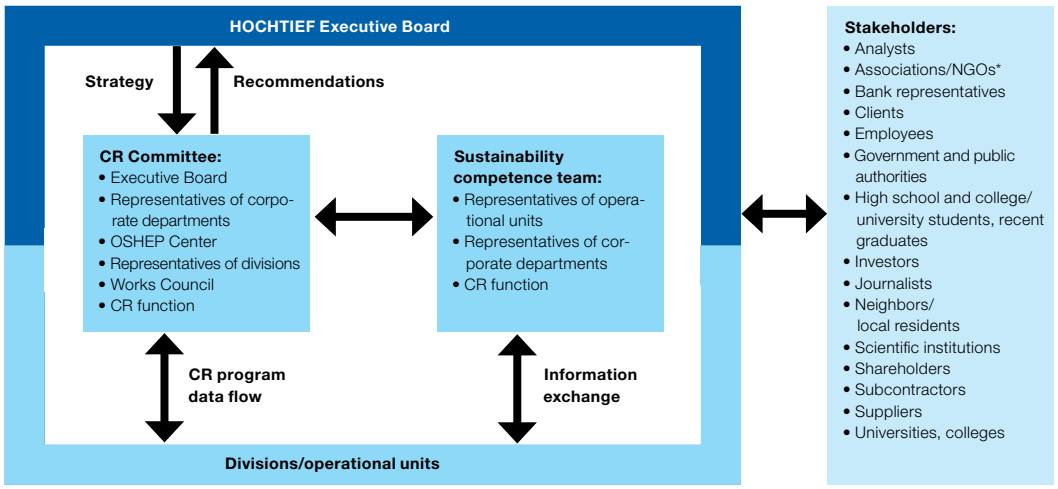
Our Group-wide standards contribute to **minimizing risk**. These include occupational safety, health and social standards, as well as conduct and compliance guidelines such as our Code of Conduct. In many cases, these exceed statutory requirements.

To harness **market opportunities**, we create innovative products and services for our customers. This is why we take an end-to-end approach to our projects and ensure a high level of quality throughout. In our construction business, we principally deliver one-of-a-kind projects that call for customized, resource-conserving solutions coupled with the use of cutting-edge technologies.

CR organizational structure

Sustainability is firmly rooted in the HOCHTIEF Group by way of various committees with a clear set of organizational responsibilities. This is codified in our CR directive. Accordingly, the CR Committee, the Sustainability Competence Team, and the CR function are integral parts of the CR organization. In the year under review, CR committees were also formed in the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions. The findings from committee work are distributed and applied throughout the Group. At HOCHTIEF's sub-

CR Organization



*NGOs = non-governmental organizations

sidiaries Turner and CIMIC, Sustainability Working Groups are currently being set up. These are scheduled to meet for the first time in 2016.

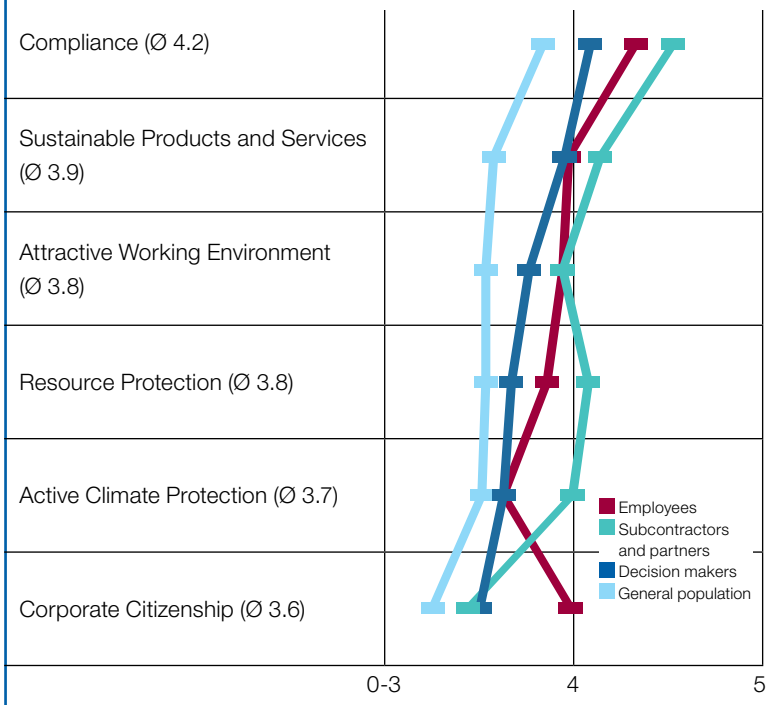
Stakeholder involvement

We use various tools to encourage stakeholder involvement:

Once a year, we hold a **stakeholder dialog event** at HOCHTIEF. Representatives from all stakeholder groups of significance to HOCHTIEF meet at Corporate Headquarters to discuss the importance of the sustainability focus areas for HOCHTIEF. The results and ideas generated are incorporated into the work of the Sustainability Competence Team and developed into specific projects. In 2015, the dialog again corroborated the existing six focus areas. Based on stakeholder suggestions, a new focus area, "Sustainable Procurement," will be introduced in 2016.

We run a **materiality analysis** once a year to test the validity of the sustainability focus areas we identified and to make any necessary adjustments. In 2015, a total of 2,117 individuals took part in the online stakeholder survey as well as a supplementary representative survey of the general public. The aim was to assess how relevant each different area is for HOCHTIEF and how to prioritize them going forward. The findings of the materiality analysis are set out in the matrix below.

Materiality matrix 2015



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

Commended: Wynyard Walk in Sydney

Economy: Thiess is building the Wynyard Walk pedestrian tunnel in Sydney, one of Australia's technically most complex tunnel projects, scheduled for completion by 2016 and worth around EUR 120 million. The 180-meter tunnel represents a major nodal point and new entrance portal to the city. Also included in the project are the construction of a five-story entrance building, a pedestrian bridge and a community area.

Ecology: In 2015, the Infrastructure Sustainability Council of Australia gave the project its "Commended" accolade. Over 90% of material from the demolition of two buildings was either processed or recycled.
Community: Tunneling work has been scheduled so as to reduce the inconvenience to commuters and residents to a minimum. In the future, up to 55,000 commuters per day will be able to reach Barangaroo Waterfront from the new station in just under six minutes.

Markets and Operating Environment

Global economic trends*

The International Monetary Fund (IMF) forecast global economic growth at 3.1% in 2015. That is 0.2 percentage points down on the projection as of July 2015. The slight reduction is explained by a further slowdown in emerging markets and a weaker recovery in developed economies. This is primarily a result of falling commodity prices, slower growth in the Chinese economy, devaluation of some emerging market currencies, and rising financial market volatility.

As of January 2016, the IMF likewise revised its outlook for 2016 slightly downward relative to the outlook as of April 2015 for developed, emerging, and developing economies alike. According to the IMF, the world economy is expected to grow by 3.4% in 2016, 0.6 percentage points below the April forecast.

Nonetheless, the global economy is projected to pick up somewhat in 2016 in developed economies as well as in emerging and developing countries. The growth rate will stay low in states such as Brazil, Russia as well as some Latin American and Middle Eastern countries that were already laboring under economic problems in 2015. Higher rates of growth are forecast for developed economies, driven by the economic recovery in Japan, the USA, and the euro area. They will make up for the anticipated growth slowdown in China.

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

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

	2015	2016E
Australia	2.4	2.9
Austria	0.8	1.6
Canada	1.2	1.7
Czech Republic	3.9	2.6
Germany	1.5	1.7
Netherlands	1.8	1.9
Norway	0.9	1.3
Sweden	2.8	3.0
Switzerland	1.0	1.3
UK	2.2	2.2
USA	2.5	2.6
Industrialized economies**	**1.9**	**2.1**
Bahrain	3.4	3.2
Chile	2.3	2.5
China	6.9	6.3
India	7.3	7.5
Indonesia	4.7	5.1
Peru	2.4	3.3
Poland	3.5	3.5
Qatar	4.7	4.9
Saudi Arabia	3.4	1.2
United Arab Emirates	3.0	3.1
Emerging and developing economies***	**4.0**	**4.3**
World	**3.1**	**3.4**

*Source: IMF World Economic Outlook (as of October 2015) and IMF World Economic Update (as of January 2016)

www.imf.org

**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)

General economic environment and trends in HOCHTIEF regions*

In 2015, the **USA** was among the leading group of developed economies in terms of growth. Consumer spending was buoyed by the government's ongoing supportive monetary policy in combination with favorable financing terms. Lower energy costs and a general improvement in the budgetary situation also contributed to the economic upturn.

The above factors were able to compensate for the negative effects of the stronger dollar on net exports, leading to growth of 2.5% in 2015. In 2016, the U.S. economy is forecast to grow by 2.6%.

Canada registered growth of 1.2% in the 2015 reporting year, a decrease of 1.0 percentage points on the projections made in the spring of 2015. The decline was chiefly due to lower commodities prices. Growth of 1.7% is projected for 2016.

The moderate recovery in the **euro area** was maintained in 2015 on the basis of lower oil prices, an easing of monetary policy, and the devaluation of the euro. Euro area growth stood at 1.5%. For 2016, slight growth of 1.7% is expected. Moreover, the European Commission has announced that it will be investing an additional EUR 7.6 billion in improvements to transportation infrastructure, to be funded via the "Connecting Europe" program facility.

In Germany, Europe's largest economy, growth is projected to likewise reach 1.7% in 2016. This once again makes Germany a mainstay of the euro area. In Greece, the situation remains difficult, with economic activity contracting by 2.3% in 2015. The outlook for 2016 indicates an upward trend, although growth will stay negative at minus 1.3%. Luxembourg and the Netherlands both saw growth in excess of the euro area average in 2015. For 2016, Luxembourg is projected to grow by 3.4% and the Netherlands by 1.9%—both once again over the euro area average. Austria and Belgium are expected to notch growth of 1.6% and 1.5%, respectively, in 2016 in line with the average predicted for the EU. Growth in Eastern Europe will remain robust, with an increase to 3.1% forecast for 2016, notably in the case of Poland and Hungary. Projections for other southern European countries (Bulgaria, Coratia and Serbia) are lower than 2.0%. On the one hand, the region has benefited from lower oil prices and the gradual euro area recovery while, on the other, suffering from the effects of the sanctions against Russia.

Most of the euro area markets relevant to HOCHTIEF will show above-average growth rates in 2016, with special emphasis on Poland, Sweden, the Czech Republic, and the United Kingdom.

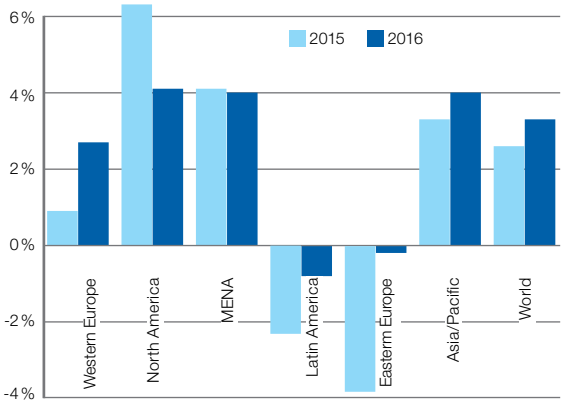
Growth in the emerging and developing economies of **Asia** amounted to 6.6% in 2015, according to IMF experts. They are projecting a rise of 6.3% for 2016. Thus, despite the slight decline, the Asian region is still the fastest growing economy in the world. India in particular is a strong driver of growth, with rates of 7.5%. The country is benefiting from recent reforms, a clear investment strategy, and low commodities prices. China is expected to continue along its growth trajectory, with projections for 2016 coming in at 6.3%. However, there will be a slight decrease of 0.6 percentage points.

In **Australia**, growth is forecast to remain at the favorable level of the previous year (2.9%) in 2016 based on structural reforms and low prices for oil and other commodities. However, the country's supportive monetary policy and weaker exchange rate will offset some of the gains.

For 2016, the IMF projects stronger growth of 4.9% for Qatar. Growth in the United Arab Emirates (UAE) is expected to remain constant at around 3.1%. The forecast for Saudi Arabia has been reduced from 3.4% in 2015 to 1.2% in 2016 after being adjusted to reflect the low price of oil.

Experts forecast that the economy in the **Middle East** region will pick up. In January 2016, European Union and United States sanctions against Iran were lifted, opening the way, for instance, for a resumption of oil exports

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



*Source:
Global Construction Outlook, January 2016

and anticipated new orders for industry. The country's longstanding isolation means there is substantial pent-up demand, among other things for the development of transportation infrastructure. At the same time, growth in the Middle East will be driven by the gradual improvement in prospects for those countries afflicted by armed conflicts in recent years. In Iraq, growth is expected to be robust in 2016, at a rate of 7.1% (2015: 0.02%).

Growth in Chile (2.3%) and Peru (2.4%), the two economies in **Latin America** of relevance to HOCHTIEF, considerably outpaced the Latin American average. In 2016, Chile is forecast to see growth of 2.5%, with Peru reaching 3.3%.

Trend in the markets and market segments served by HOCHTIEF

Transportation infrastructure

In **Western Europe**, the transportation infrastructure markets saw exceptionally high growth rates in 2015 in the countries relevant to HOCHTIEF. A growth rate of 2.6% is forecast for 2016.

Germany is set for growth of 5% in 2016. The 2016 budget approved by the German Bundestag calls for allocating EUR 12.3 billion for investments in long-distance road links, waterways, and rail infrastructure. Another EUR 10 billion has been earmarked for investments between 2016 and 2018. In particular, the funds will be used to resurface damaged roads and bridges. After a slight slowdown, Germany's North Sea and Baltic Sea ports* are expected to return to growth in 2016, with rates in the low single digits.

At 17.5%, growth in the **United Kingdom** was also well above the Western European average. In 2016, the UK growth rate in the segment is expected to decrease significantly to 3.6%. However, it still puts the UK above the Western European average of 2.6%.

The growing market for Building Information Modeling (BIM)—the future of construction

Notably when it comes to complex projects, clients in many countries are increasingly asking for Building Information Modeling (BIM—see page 108) to be used. Deploying BIM delivers improvements in productivity, efficiency, quality, safety, and related sustainability aspects. As many clients and investors consider BIM to have significant benefits, they stipulate its use in more and more requests for bids. The approach is witnessing dynamic growth in countries such as Australia and New Zealand. In Germany, too, the Federal Ministry of Transport has set out a roadmap for the adoption of BIM, with an introductory phase to 2017 followed by the launch of pilot projects. From 2020, BIM is to be used in transportation infrastructure projects on a regular basis. HOCHTIEF and its operational units are well prepared to meet the challenges in this field.

Major investments were also carried out in the **Netherlands**, where growth rates reached 11.6% in 2015. A solid growth rate of 2.5% is projected for 2016.

In **Norway**, the initial effects of the 2014–2023 National Transport Plan resulted in a growth rate of 23.1%. The increase was driven by public investments in infrastructure expansion. Growth of 4.5% is forecast for 2016.

The trend in **Austria** was solide in 2015, at 3.2%. In 2016, growth is set to remain favorable at 2.5%.

Sweden reported strong growth of 5.6% in 2015. However, a significant decline is projected for 2016, with growth of just 1.4%.

*Source: Federal Association of German Seaport Operators (ZDS)

Growth in HOCHTIEF's regional construction markets

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

	2015					2016 E				
Region	Commercial building construction	Residential construction	Civil engineering	Transportation infrastructure	Overall market	Commercial building construction	Residential construction	Civil engineering	Transportation infrastructure	Overall market
Austria	-2.6	-0.4	-1.5	3.2	**-1.4**	0.9	1.5	1.2	2.5	**1.2**
Germany	-3.7	1.2	-1.9	1.1	**-0.5**	2.0	6.5	4.1	5.0	**5.1**
Netherlands	7.8	8.5	4.0	11.6	**7.0**	3.4	3.0	1.7	2.5	**2.7**
Norway	0.1	-2.4	4.4	23.1	**0.6**	0.2	0.6	4.5	4.5	**1.6**
Sweden	3.0	8.4	4.3	5.6	**5.8**	1.9	5.6	0.9	1.4	**3.2**
UK	0.4	3.6	5.5	17.5	**2.6**	4.1	5.1	1.8	3.6	**4.1**
Western Europe	**-0.1**	**1.3**	**1.4**	**4.6**	**0.9**	**2.3**	**3.3**	**2.1**	**2.6**	**2.7**
Czech Republic	2.3	4.1	12.1	14.1	**6.9**	1.9	3.0	2.2	2.6	**2.2**
Poland	2.0	1.4	1.0	4.9	**1.5**	4.1	1.5	3.0	3.0	**3.1**
Eastern Europe	**-5.0**	**-3.3**	**-2.7**	**1.9**	**-3.8**	**-1.0**	**-0.7**	**1.3**	**1.6**	**-0.1**
Australia	-2.1	5.1	-3.8	18.6*	**-1.4**	-0.3	2.8	-1.6	14.9*	**-0.3**
Canada	-3.6	3.0	-1.5	1.7	**-0.2**	-3.9	2.1	1.7	3.2	**0.1**
Chile	1.0	1.1	0.5	2.4	**0.7**	0.5	0.9	1.0	1.1	**0.9**
Peru	-3.4	1.5	-4.0	5.0	**0.1**	1.6	1.8	1.4	1.5	**1.7**
Qatar	7.2	7.4	10.4	57.0	**8.7**	6.5	5.6	10.2	13.8	**7.8**
Saudi Arabia	1.9	5.8	4.8	38.7	**4.4**	3.3	4.6	3.4	9.5	**3.7**
United Arab Emirates	5.3	3.9	2.8	33.3	**4.3**	4.0	0.2	5.2	9.1	**3.7**
USA	12.5	9.1	1.2	4.9	**8.5**	4.8	7.6	2.8	-0.6	**5.3**
World (74 countries)	**3.1**	**1.7**	**3.1**	**8.8**	**2.6**	**3.2**	**3.0**	**3.7**	**3.8**	**3.3**

Source/table left: IHS Global Insight: Global Construction Outlook, December 31, 2015

www.ihs.com

*Source: Macromonitor, July 2015

Source unless otherwise specified: IHS Global Insight: Global Construction Outlook (as of December 31, 2015)

In **Eastern Europe**, Poland and the Czech Republic posted outstanding growth rates in 2015 of more than 4.9% and 14.1%, respectively. The first phase of the Rail Baltica II project in Poland is expected to reach completion. While the 2016 forecasts are lower for both countries, business is set to stay healthy with a 3.0% increase in **Poland** and 2.6% in the **Czech Republic**.

In the **USA**, after an increase of 4.9% in 2015, new investment is expected to make for growth momentum in 2016 and the years beyond. An act of the long-term expansion of highways entered into force in December 2015. The Fixing America's Surface Transportation Act provides for spending of some USD 305 billion (nearly EUR 280 billion) in the next five years, primarily on high-

ways, bridges, rail infrastructure, and public transit systems.

In **Canada**, after 1.7% in 2015, stronger growth is once again expected for 2016. Growth rates of 3.2% are expected in light of the new programs established in connection with the change in government (the Community Improvement Fund and the New Building Canada Fund).

In **Latin America**, the countries relevant to HOCHTIEF invested in transportation infrastructure in 2015. Peru reported growth of 5.0%, while growth in Chile stood at 2.4%. Although those rates are expected to decline in 2016, with Peru dropping to 1.5% and Chile to 1.1%, the growth indicators are still good on the whole. The governments of both countries are planning major infrastructure projects.

In **Australia**, the trend on the transportation infrastructure market was strong in 2015, with growth of 18.6%. Growth of 14.9% is projected for 2016.* The healthy growth rate will benefit from the Asset Recycling Initiative launched by the government in July 2014 as an incentive to regional governments to release capital now tied up in assets through privatization and to invest it in new infrastructure. Australia's government has budgeted EUR 2.8 billion (AUD 4.2 billion) per year for the initiative over a period of five years, meaning that it could lead to investments in new infrastructure projects of up to EUR 21.6 billion (AUD 32 billion).** The NSW (New South Wales) Long Term Transport Master Plan is an additional investment plan geared to setting the direction for transportation planning over the next 20 years. One of its main objectives is to create the underlying conditions for implementing transportation policies. The Master Plan provides for an investment volume of EUR 175 billion (AUD 260 billion) for transportation and infrastructure projects.***

Sustainability aspects are playing an increasingly important role in the area of **transportation infrastructure** in Australia. In Western Australia, for example, all major public transportation projects must undergo sustainability certification. It can be assumed that the certification requirement will apply to the entire country in the future. Moreover, the certifying organization for sustainable infrastructure projects (the Infrastructure Sustainability Council of Australia, or ISCA) is gaining in significance. The company supplies measuring instruments to assist in quantifying sustainable infrastructure projects in line with key economic, ecological, and community aspects.

In the **Middle East**, the transportation infrastructure markets performed very well in 2015. Both **Qatar** and the **United Arab Emirates (UAE)** experienced unusually high transportation-sector growth rates of 57.0% and 33.3%, respectively. Yet forecasts for 2016 are somewhat lower, at 13.8% for Qatar and 9.1% for the UAE. The market in **Saudi Arabia** also grew by a very strong 38.7%. In light of the falling oil prices and the tense political situation in 2016, funding is not assured for all projects planned. The growth projection therefore stands at 9.5%.

*Source: Macromonitor, July 2015

Public-private partnership (PPP) transportation infrastructure projects

In **Germany**, the Federal Ministry of Transport and Digital Infrastructure has announced an investment volume of around EUR 7 billion for the new generation of PPP infrastructure projects planned for the coming years.**** Alongside the investment funding, another EUR 7 billion is being made available for maintenance and operation over the 30-year project lifetime. Two to three road projects are to be put out to tender each year up to the end of 2019. In total, the program takes in some 600 kilometers of autobahn. In addition to autobahns, planning under the "New Generation PPP" program has now been expanded to include federal highways.*****

**Source: Australian Government – Department of Infrastructure and Regional Development

****Source: BMVI (Federal Ministry of Transport and Digital Infrastructure) as of April 30, 2015

***Source: www.transport.nsw.gov.au

*****Source: Infra-Deals, as of January 29, 2016

The PPP market in the **Netherlands** remains strong. For 2016 and 2017, four to five PPP projects are planned each year in the area of transportation infrastructure, with a total volume of more than EUR 5 billion.

Norway is still involved in preparations for a PPP road infrastructure project chain comprising at least three projects. The invitation to tender for the first project (Ommangsvollen-Grundset) will likely be issued in the first half of 2016.*

*Source: InfraNews, as of April 20, 2015

**Source: BMI Australia Infrastructure Report Q1 2016

In addition, according to the Czech Ministry of Transport (information as of 16 April, 2015), the **government in the Czech Republic** plans to build two roads, the R4 and the R7, as PPP projects. These are expected to be put out to tender in the second half of 2016.

The **United Kingdom** plans to put a number of PPP projects out to tender in 2016. Here, the expected investment volume is EUR 1–2 billion per year.

According to forecasts by Canadian Shipper and InfraAmericas, the **North American market** has major, lasting growth potential for PPP road and bridge construction projects. **Canada** in particular makes use of the PPP contract model, first and foremost in implementing its large-scale projects. For example, more than EUR 24 billion is expected to be invested in the railway segment over the next ten years. In Canada, eight projects with a total investment volume of approximately EUR 8.2 billion (CAD 11.7 billion) reached financial close in 2015.

***Source unless otherwise specified: IHS Global Insight: Global Construction Outlook (as of December 31, 2015)

While Canada continues to lead the North American PPP market, the **U.S.** PPP market is making only slow progress. Three PPP transportation projects totaling EUR 1.9 billion (USD 2.1 billion) reached financial close in the U.S. in 2015. Another project—SHH 288, worth a total of EUR 731 million (USD 820 million)—is expected to reach financial close in 2016. Three additional projects representing total investment spending of EUR 5.2 billion (USD 5.7 billion) were in the bidding phase, according to InfraAmericas, at the end of 2015.

Australia already has one of the world's most attractive PPP markets, and its Asset Recycling Initiative will contribute to a further increase in PPP projects. Transportation infrastructure projects are expected to receive even more funding from the private economy in the future. Both conventional PPP models and innovative new contracting models will be considered here—for example, in the form of a new financing and risk structure for the private sector.**

The PPP business in the **Middle East** continues to perform very well. For instance, the Emirate of Dubai passed new PPP legislation in late 2015 aimed at implementing infrastructure projects and building healthcare properties with the help of private investors. In Kuwait, the Ministry of Education is accepting bids for the construction of nine schools. The total investment volume for PPP projects has been estimated at around EUR 30 billion.

All in all, the entire HOCHTIEF Group will benefit from excellent opportunities in its core PPP market.

Energy infrastructure

Performance of the energy markets by country and region***

Investments in energy infrastructure projects also declined, recording a decrease of 2.4% in 2015 due to the lower price of oil. This was well below expectations. For 2016, growth of 3.6% is expected.

In **Western Europe**, the energy infrastructure market shrank by 3.3% in the reporting year. However, analysts anticipate positive growth once again of some 1.3% in 2016.

The climate in **Germany** is uncertain due to the ongoing transition to new forms of energy as well as upcoming

grid expansion. After a decline in growth in 2015, however, growth is expected to reach 2.7% in 2016. In addition, the German government still puts the costs for the entire transformation of energy supplies at EUR 1 trillion by 2030.

The energy market in **Austria** decreased by 5.8% in 2015. Low electricity prices are hindering investment in the construction of new hydropower plants and thermal power plants.* The market is expected to be flat in 2016. It is driven by the expansion of hydroelectric power stations. Greater hydroelectric capacity is needed to meet future electricity requirements as well as to meet climate protection targets.

Similarly in **Norway**, the low price of oil has adversely impacted the energy infrastructure segment. The market shrank by 2.2% in 2015. In 2016, a positive trend is expected, with growth of 4.3%.

In **Sweden**, the market still managed 0.6% growth in 2015. A slight decrease of 0.8% is expected for 2016.

The energy market in the **USA** contracted by 8.5% in 2015—somewhat less than projected in 2014; this is due to the lower oil price. New investment was postponed as a result. For 2016, growth of 8.1% is projected.

The falling price of oil also negatively impacted the energy infrastructure market in **Canada**, which saw a decline of 3.9% in 2015. However, slight growth of 0.4% is forecast for 2016.

In **Latin America**, the energy infrastructure market likewise suffered from low oil prices, with a decrease of 7.5% in 2015. Unrest in certain Latin American countries also contributed to the poor overall economy. Growth is expected to be positive in 2016 at 0.3%. The trend was similar in **Chile** and **Peru**, the markets relevant to HOCHTIEF. Chile posted a decline in growth of 1.4% in 2015, while the market in Peru contracted to an even greater extent, with a decrease of 17.3%. Growth is expected to be positive again in both countries in 2016 (Chile: 0.8%; Peru: 1.2%).

The **Australian** energy infrastructure market trended downward in 2015, with a decline of 10.6%. A recovery is expected for 2016, with growth of 1.3%.

Growth in the **Middle East** has slowed. This region, too, witnessed negative impacts in countries such as Saudi Arabia, Kuwait, and the United Arab Emirates (UAE) due to the low oil prices. To become less dependent on the energy market, these countries with vast oil reserves are investing more and more in infrastructure projects, office properties, and residential construction. In 2015, the energy infrastructure markets in Qatar and Saudi Arabia evidenced growth of 8.7% and 3.5%, respectively. These markets, which are relevant to HOCHTIEF, were almost able to sustain their previous growth rates. The projections for 2016 are 10.0% for Qatar and 3.1% for Saudi Arabia.

*Source: Euroconstruct, June 2015

Social and urban infrastructure

Increasing significance of sustainability in the building construction market

Given the legislation being enacted in some countries, it looks likely that sustainability aspects will become more important for the construction industry. At the COP21 conference in Paris in December 2015, the World Green Building Council noted the strong significance of the construction sector with regard to climate protection, since that sector is responsible for more than 30% of all CO_2 emissions. Twenty-five local Green Building Councils have been tasked with supporting the construction of green properties totaling more than 1.25 billion square meters over the next five years to enable their certification as low-CO_2 properties.

More and more investors emphasize the importance of taking a 360-degree approach to investing in real estate. Fifty-six percent of all companies in the real estate sector consider sustainability criteria to be an integral part of their investment strategy, as indicated by a study of

the European investment climate carried out by Union Investment in 2014.

A Forbes study on energy efficiency in properties found that, based on current market trends, EUR 869 billion (USD 960 billion) will be invested worldwide in the revitalization of existing real estate by 2023. The objective is for the properties to be converted in line with sustainability aspects so that their greenhouse gas emissions will be lower in the future.

www.rics.org

According to a study by RICS Deutschland, around one in five euros—equivalent to a total of some EUR 5.3 billion—was invested in sustainable new construction of commercial properties certified by LEED or DGNB in 2014. The number of certified buildings in the refurbishment and upgrading segment also rose, with around 30% of existing buildings already having been certified.

This trend is an indication of a huge market in which HOCHTIEF is well positioned thanks to its commitment to sustainability.

Performance of the building construction markets by country and region

In **Germany**, the commercial building construction market saw a decline of 3.7%. Growth is expected to resume in 2016, however, with a rise of 2.0%. The office property segment will contribute 3.0% to the increase and the commercial property segment 2.4%. In 2016, the market for residential construction is expected to improve significantly from 1.2% in 2015 to 6.5% in 2016. Moreover, the sharp rise in the influx of refugees will necessitate additional residential construction and lead to increases in 2016 and 2017.

Performance of the North American commercial building construction markets fluctuated widely in 2015. The **USA** reported growth of 12.5% whereas **Canada** posted a decline of 3.6%. The difference in figures is projected to be similar in 2016. For the U.S., growth of 4.8% is projected, largely due to the positive trend in the office, commercial, and industrial property segments. The Canadian market will contract by 3.9% in 2016, due among other things to the decrease of 7.6% in the office property segment coupled with the low-margin market.

The commercial/industrial construction market in **Australia** contracted by 2.1% in 2015. In 2016, the rate of contraction will be reduced to 0.3%.

Qatar and the **United Arab Emirates** will continue to show healthy development in the commercial/industrial construction market over the next few years. In Qatar, growth of 6.5% is projected for 2016. The **United Arab Emirates** will see a similar trend, with growth of 4.0%.

PPP social and urban infrastructure projects

In Germany, a total of 185 building construction projects valued at some EUR 5.8 billion have been carried out on a PPP basis since 2002/2003. Twenty-six PPP projects were at the tender stage and 79 projects at the preparation and design stage in the third quarter of 2015. Of the 105 projects in total, 89 involved building construction and 16 road construction. We expect demand to rise significantly in 2016, one reason being the provision by the German government of a EUR 3.5 billion fund to promote municipal investment, including investment in PPP projects.*

*Source: PPP Report, as of 2015

In **Poland**, 55 tenders were published on the basis of PPP and concession law in the reporting year, 15 of them in the area of social infrastructure. The average amount invested in the tendered building construction projects was nearly EUR 10 million. As of the beginning of 2016, 19 projects put out to tender prior to 2015 are at the negotiating phase. Several PPP projects for hospital construction/modernization are expected in 2016, according to Centrum PPP (information as of 11/2015),

as well as a sports center and an IT center (source: Polish Ministry of Infrastructure and Development PPP platform, ppp.gov.pl; information as of 11/2015).

The **UK** has the best developed PPP building construction market in the world. Over 700 social and urban infrastructure PPP projects have been carried out since the start of the 1990s. Major initiatives were announced in the third quarter of 2015 with respect to new PPP investment, including large-scale projects in Scotland, as well as a new investment scheme in Ireland. This provides for around EUR 500 million in support for new PPP real estate projects in the education, health, and the judiciary segments (source: Department of Public Expenditure and Reform).

PPP projects continue to play an increasingly significant role in **Canada**, where twelve projects reached financial close in the reporting year, according to InfraAmericas. The majority of the projects comprised hospitals and educational facilities, with the volume invested coming to EUR 1.8 billion (USD 2 billion).* A strong pipeline of hospital and educational facilities is expected to continue.

Only one project—a social and urban infrastructure project with an investment volume of EUR 376 million—has reached financial close in the **USA** since 2010. Two further projects are at the tender phase.

Alongside a prospering PPP market in transportation infrastructure, **Australia** also holds huge potential in social and urban infrastructure. The healthcare properties market segment is leading the way here, Australia being world market leader in this segment alongside the United Kingdom. Projects are marked by large individual contract sizes, such as a hospital in Kawana with a total contract value of some EUR 1.97 billion (USD 2.18 billion) and a children's hospital in Perth for a total of some EUR 887 million. Large-scale projects in the educational properties segment will also have a hugely positive impact on the PPP market. According to BMI: Australia Infrastructure Report Q1 2016, the Australian government intends to invest very large sums in amenities in this segment over the medium term. It also plans to consider the PPP model for stadiums, conference centers, and penitentiaries.

Contract mining

Performance of the resources markets by country and region**

Demand for commodities is growing steadily all over the world on a sustained basis.

**Source: BREE, Resources and Energy Quarterly, September 2015 (unless specified otherwise in the text)

The mining sector in **Australia** has expanded production capacities and significantly increased export quantities in recent years. Given the decline in prices and quantities mined, the focus is currently directed toward increasing production efficiency. Market research institute BIS Shrapnel predicts that short-term growth will be relatively low. Starting in 2016/2017, the Australian contract mining sector is expected to see a recovery due to expanded production quantities and rising commodities prices. For the period from 2015 to 2020, BIS Shrapnel predicts annual growth of 2.4%.

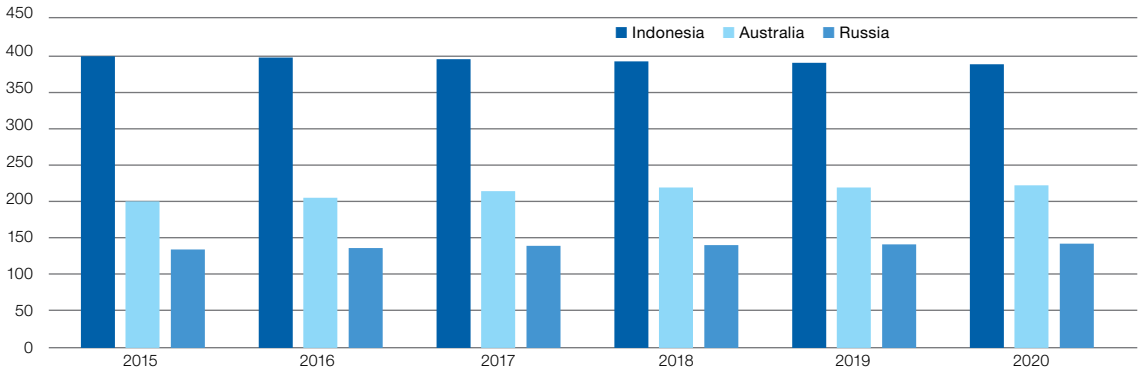
*Source: InfraAmericas, as of December 31, 2015

Australia is one of the world's biggest producers and exporters of coal. In the area of thermal coal, Australia took second place in 2015 with 200 megatons (mt), after Indonesia (400 mt) but ahead of Russia (135 mt). Even though export volumes were virtually flat in 2015, growth of 2.8% is forecast for 2016. The projected annual growth rate between 2015 and 2020 is 1.8% due to the sustained increase in demand for energy.

Indonesia is still by far the world's largest exporter of thermal coal today. In 2015 alone, Indonesia exported twice as much coal as Australia, the second biggest exporter. However, Indonesian coal production declined in the first half of 2015. The main reason for the lower production levels was reduced demand from the key export markets of China and India coupled with the

Source: BREE Resources and Energy Quarterly (September 2015)

Top three exporters of thermal coal (million t)



associated price declines. It is moreover improbable that production will increase over the medium term since the Indonesian government continues to pursue the goal of reducing exports in favor of keeping more products for use in the country. The Indonesian market is nonetheless attractive for HOCHTIEF. Thiess, the CIMIC company responsible for mining projects, is currently involved there with long-term contracts for no fewer than five coal mines.

**Formerly Leighton Holdings

***See glossary on page 259.

Global trade in iron ore grew by 1.4% to some 1.4 billion metric tons in 2015. In **Australia**, iron ore extraction increased by 6.3% to 762 million metric tons. Growth of 8% is expected for 2016. Australia thus continues to be the world's largest iron ore exporter. Its volume share of global trade will exceed 55% in the coming years. The main buyer of iron ore is China, which will sustain its strong demand and thus help maintain high growth rates.

*Source: BREE Resources and Energy Quarterly (September 2015)

Iron ore trading volume* (million t)

Iron ore production is projected to grow by an average of 2.0% per year worldwide until 2020, resulting in production volumes of 1.55 billion metric tons.

HOCHTIEF is very well positioned in the contract mining business thanks to CIMIC**, its Group company in Australia. As the world's biggest contract miner***, CIMIC operates in various parts of the Asia-Pacific region and will continue to share in the positive market trend. CIMIC also plans to expand its presence in existing markets over the medium to long term and to offer its contract mining products and services in new markets, while additionally reviewing opportunities to enter other markets such as those in North and South America. In 2015, CIMIC already won its first contract in Chile.

Legal and Economic Environment

Economic policy in North America

Following the change of government in Canada in October 2015, plans are to shore up the economy through state injections of liquidity. The new government will focus on the renewable energy segment in order to reduce dependence on oil. Greater emphasis will also be placed on environmental protection in the battle against climate change.

In the USA, the Fixing America's Surface Transportation Act was adopted in December 2015. A total of USD 305 billion (nearly EUR 280 billion) is to be spent on transportation infrastructure in the next five years, primarily on highways, bridges, rail infrastructure, and public transit systems. This is the first comprehensive national transportation infrastructure package for more than a decade.

New EU directive must be implemented by member states by April 2016

The EU directive on the award of public contracts adopted in 2014 must be implemented by all member states by April 2016. The new rules make it easier to take environmental and social issues into account in public procurement procedures. This significantly raises the importance of environmental concerns when it comes to awarding public contracts. Compliance with environmental obligations will have equal status with other procurement principles that have applied so far.

The directive must be implemented into German law by April 18, 2016. 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 contracts.

Growing market for certified infrastructure projects

Along with the certification already common in the building construction business, infrastructure certification is becoming increasingly popular. Current valuation methods and standards for infrastructure projects include Greenroads, Envision, AGIC, CEEQUAL, and SuRe. At the same time, the EU is currently developing a set of criteria for awarding public road construction projects in line with sustainability requirements (EU Green Public Procurement Criteria for Design, Construction and Maintenance of Roads).

Stricter Energy Saving Ordinance (EnEV) in Germany starting in 2016

The energy standards for new buildings were raised from January 1, 2016. This means that the energy consumption of new buildings has to be reduced by 25% relative to the 2014 regulation. The figure refers to the annual primary energy requirements, for instance, for heating, warm water, ventilation, air conditioning, and—for non-residential construction—lighting. In addition, the maximum permissible average heat loss through the building envelope has been reduced by some 20%.

New global climate change agreement at COP21

At the global climate summit in Paris in December 2015, the international community adopted a shared climate target for the first time, with a binding commitment to limit global warming to well below 2°C and, if possible, to 1.5°C.

Resumption of construction work on Greek toll road projects

Construction work on the Maliakos-Kleidi project (HOCHTIEF's share: 35%) and the Elefsina-Patras-Tsakona project (HOCHTIEF's share: 17%) continued as planned in the first half of 2015. In the summer, exacerbation of the Greek financial and economic crisis resulted in a considerable reduction in construction activity at times. The revival of the Greek economy in the fall enabled normal construction work to resume on both roads. Despite the construction delays, the outlook is positive for both projects. However, the positive outlook is based on the assumption that the political—and notably the economic—situation will continue to stabilize in Greece.

Orders and Work Done in 2015
New orders and work done at high levels

HOCHTIEF further intensified its focus on the core business in the year under review. Despite the planned reduction in size, order figures were kept at a solid level.

New orders: Stable trend, with tougher risk focus in bidding

At EUR 22.26 billion, Group new orders were roughly on a par with the prior year (up 1%)*.

*Percentages calculated on EUR million basis.

The HOCHTIEF Americas division once again substantially improved on its prior-year figure to set a new record. This increase was an outcome of exceptional growth at U.S. subsidiary Flatiron and the strong U.S. dollar. New orders came to EUR 10.83 billion, a significant 6% increase on the record figure set in the prior year.

The HOCHTIEF Asia Pacific division secured further major construction projects and contract extensions in contract mining in the year under review. Due to more selective, risk-conscious order taking, however, the new orders of EUR 8.62 billion were 5% down on the prior-year figure.

At EUR 2.68 billion, new orders at the HOCHTIEF Europe division held stable on a par with the prior year. Adjusted for the non-core property development activities, the HOCHTIEF Europe division's new orders were on a clear upward trend year on year.

Work done: Constant level

Despite the tightened focus on the core business, Group work done, at EUR 23.95 billion, achieved a volume more or less at the prior-year level (down 1%).

The HOCHTIEF Americas division boosted work done by a substantial 19% compared with the prior year to set a new record of EUR 10.87 billion in 2015. Adjusted for positive exchange rate effects against the U.S. dollar, work done in the reporting year was on a level with the prior year.

Working through its solid order backlog in contract mining and infrastructure, the HOCHTIEF Asia Pacific division generated a high level of work done. As expected, however, the total figure was down due to the transformation at Australian subsidiary CIMIC. The division showed a decrease of 13% on the prior-year figure.

The reduction at the HOCHTIEF Europe division (down 18%) is likewise an outcome of the transformation, coupled with focusing activities on the core business segments of building and infrastructure construction. Work done in the comparative period had still included figures from the divested property development business, formart.

International work done accounted for 96% of Group work done. Based on the 2014 figures, HOCHTIEF secured a top position in the annual Top 225 International Contractors ranking by industry publication Engineering News-Record.

Order backlog: Sound basis for future trend in work done

At an absolute total of EUR 36.72 billion, the Group order backlog is 1% up on the prior-year figure.

The EUR 12.86 billion order backlog at the HOCHTIEF Americas division as of the end of 2015 was 11% above the already very high prior-year level.

The HOCHTIEF Asia Pacific division maintains a very high order backlog of EUR 19.47 billion. With projects worth around EUR 40 billion (AUD 60 billion) in the bidding phase for 2016 alone, our Group company CIMIC continues to have very good prospects for business. Of this, contract mining contracts are expected to account for approximately EUR 12 billion (AUD 18 billion).

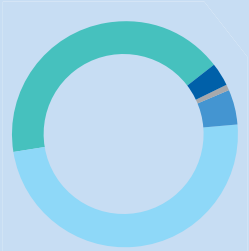
The order backlog in the HOCHTIEF Europe division, at EUR 4.39 billion as of the end of the reporting year, is 17% higher than the prior-year figure, underscoring the division's positive forward trend in work done.

Based on current work done, the Group order backlog continues to represent a substantial forward order book of more than 18 months.

New orders

EUR billion

New orders by region



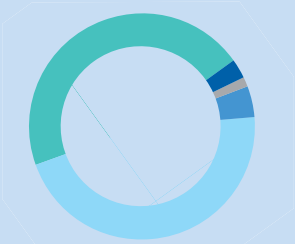
Asia/Pacific/Africa	41.9%
Americas	48.7%
Germany	5.1%
Eastern Europe	0.7%
Rest of Europe	3.6%

100% = EUR 22.26 billion

Work done

EUR billion

Work done by region



Asia/Pacific/Africa	45.5%
Americas	45.8%
Germany	4.3%
Eastern Europe	1.5%
Rest of Europe	2.9%

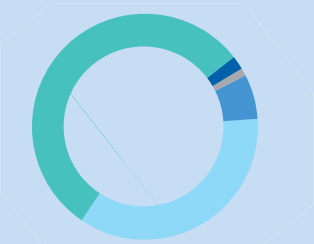
100% = EUR 23.95 billion

Order backlog

EUR billion

*Restated with adjustment by EUR 0.55 billion for revised definition at CIMIC

Order backlog by region



Asia/Pacific/Africa	54.9%
Americas	35.5%
Germany	6.4%
Eastern Europe	1.0%
Rest of Europe	2.2%

100%= EUR 36.72 bilion

Going green— the Martin Army Community Hospital

Economy: Turner designed and built the Martin Army Community Hospital that was awarded LEED Gold certification in 2015. Situated in Fort Benning in the U.S. state of Georgia, the facility with an outpatient clinic as well as 70 inpatient beds serves American soldiers and their families.

Ecology: Alongside a design that makes the most of natural daylight and an insulating vegetative roof, the building is equipped with a 3.8-million-liter rainwater storage tank that saves the facility roughly the same quantity of water as would fill one and a half Olympic-size swimming pools. What's more, Turner made extensive use of recycled materials during construction.

Community: Blending seamlessly into the landscape, the new hospital offers a natural and relaxing setting for staff, patients, and visitors alike. Turner primarily sourced local materials for the project. There are also plenty of charging stations for electric cars in the parking lot.

Value creation 2015

Value added analysis shows how HOCHTIEF generates added value while quantifying how the various public and private stakeholder groups benefit as a result.

In connection with the disposals of activities, sales have decreased by approximately EUR 1 billion. The transformation processes completed in 2015 and the effective action taken to further boost profitability and liquidity at HOCHTIEF led within the same year to a slight increase (by 0.5%) in net value added expressed as a percentage of corporate performance. We benefit across the board from our commitment to sustainability, which among other aspects enhances our attractiveness on the capital and labor market.

In 2015, the HOCHTIEF Group once again distributed the lion's share of net value added—83.0% of the total—to employees. This large proportion of value added means that we can continue offering attractive employment on fair terms. In this area, too, the changes relative to the prior year correspond with the transformation processes in the HOCHTIEF Group.

In today's difficult, low-interest market environment, HOCHTIEF's good credit standing makes it an enduringly attractive investment opportunity for lenders and equity investors. The proportion distributed to lenders in the year under review came to EUR 240.2 million. The portion distributed to shareholders and HOCHTIEF itself was EUR 208.3 million, mainly as a result of our consistent dividend policy. This represented 4.7% of net value added.

Likewise, the percentage of value added distributed to public authorities in 2015 was well into positive figures, at 4.3% (EUR 190.2 million).

Sources of value added

	2015		2014	
	EUR million	%	EUR million	%
Sales	21,096.6	98.9	22,099.1	99.1
Changes in inventories	18.5	0.1	(30.4)	-0.1
Other operating income	217.5	1.0	225.4	1.0
Corporate performance	**21,332.6**	**100.0**	**22,294.0**	**100.0**
Materials	(15,484.3)	-72.6	(15,745.6)	-70.6
Other operating expenses	(1,203.4)	-5.6	(1,767.6)	-7.9
Other investment expenses	(51.2)	-0.2	(31.9)	-0.1
Input costs	**(16,738.8)**	**-78.5**	**(17,545.1)**	**-78.7**
Investment and interest income	92.8	0.4	104.4	0.5
Net income from participating interests	155.7	0.7	118.5	0.5
Gross value added	**4,842.3**	**22.7**	**4,971.8**	**22.3**
Depreciation and amortization	(413.8)	-1.9	(440.4)	-2.0
Net value added	**4,428.5**	**20.8**	**4,531.4**	**20.3**

Distribution of value added

	2015		2014	
	EUR million	%	EUR million	%
Employees	3,664.8	82.8	4,423.9	97.6
Lenders	240.2	5.4	284.6	6.3
Minority shareholders*	124.9	2.8	(9.2)	-0.2
Public authorities	190.2	4.3	(45.4)	-1.0
HOCHTIEF and shareholders*	208.3	4.7	(122.6)	-2.7
Net value added	**4,428.5**	**100.0**	**4,531.4**	**100.0**

Profit distributions to minority shareholders in the CIMIC Group were the main factor in the amount distributed to minority shareholders (EUR 124.9 million) in 2015.

*Restated for discontinued operations

Moving ahead: The new Champlain Bridge in Montréal

Economy: Working as part of a consortium, HOCHTIEF PPP Solutions is scheduled to complete construction of the new Champlain Bridge over the St. Lawrence River in Montréal, Canada, in 2018. Replacing the structure built in 1962, the new eight-lane, 3.4-kilometer highway bridge will not only serve motor vehicles but also provide a transit corridor capable of accommodating a light rail as well as a path for pedestrians and cyclists. The members of the public-private partnership (PPP) responsible for planning, financing, and building the EUR 1.6 billion project will also operate the route for 30 years. Flatiron forms part of the construction consortium.

Ecology: Thanks to the use of special technology, the high water quality and fish populations will be preserved during construction. Managing noise levels is also a priority.

Community: As a key transport link to the United States, the Champlain Bridge is one of the busiest in Canada. Every year, 40 to 60 million vehicles use it to traverse the St. Lawrence River. Since the new, enlarged structure will allow even more people to use the bridge in the future, it is hoped this will strengthen the region's economy.

Financial Review

Earnings

HOCHTIEF has carried out a comprehensive transformation of its Group structure and business model to deliver sustained improvements in earnings, margins, and cash flow. In December 2014, HOCHTIEF Group company CIMIC signed binding agreements for the sale of the John Holland Group as well as of the Thiess and Leighton Contractors service businesses, and classified these as discontinued operations. Under the applicable IFRS accounting rules, HOCHTIEF's Consolidated Statement of Earnings for 2014 therefore presented profit after tax separately for continuing operations and discontinued operations. No divestments meeting the criteria of discontinued operations were made in 2015. The profit after tax generated in 2015 therefore stems in its entirety from continuing operations.

HOCHTIEF continued the transformation process in 2015, working to standardize and streamline business systems as well as to cut costs, increase margins, and boost cash generation. The Group reorganization and the focusing of activities on core business segments had a tangible impact on the sales volume. As expected, **sales** maintained a sound level at EUR 21.1 billion, compared with the EUR 22.1 billion of the previous year.

Sales

(EUR million)	2015	2014	Change yoy
HOCHTIEF Americas	10,354.4	8,615.2	20.2%
HOCHTIEF Asia Pacific	8,946.1	11,397.1	-21.5%
HOCHTIEF Europe	1,660.2	1,965.5	-15.5%
Corporate Headquarters/ Consolidation	135.9	121.3	12.0%
Group	**21,096.6**	**22,099.1**	**-4.5%**

Operational Statement of Earnings

(EUR million)	2015	2014 (restated)
Profit from operating activities	**575.4**	**(75.3)**
+ Net income from joint ventures	102.2	86.4
– Non-recurring items	(+) 51.1	(+) 548.1
Operational earnings (EBIT)*	**728.7**	**559.2**
Net income from associates and other participating interests	53.5	32.1
Net investment and interest income	(207.7)	(220.3)
Non-recurring items	(51.1)	(548.1)
Profit before tax—continuing operations	**523.4**	**(177.1)**
Income taxes	(190.2)	45.3
Profit after tax—continuing operations	**333.2**	**(131.8)**
Profit after taxes—discontinued operations	–	537.6
Profit after tax—total	**333.2**	**405.8**
Of which: HOCHTIEF Group	208.3	251.7
Of which: Minority interest	124.9	154.1

*Prior-year figures restated. For details on the restatement, please see page 242.

The HOCHTIEF Americas division delivered strong sales performance in the year under review, with sales of EUR 10.4 billion and sales growth of 20%. Turner, our subsidiary responsible for the American building construction business, once again maintained the high level of sales from the prior year in 2015. In addition, record levels of new orders resulted in substantial sales growth at Flatiron, the U.S. subsidiary operating in the infrastructure and civil engineering sector. The major part of sales growth resulted from the appreciation of the U.S. dollar.

At our HOCHTIEF Asia Pacific division, our Australian Group company CIMIC implemented measures to improve efficiency, cash generation, and risk management as well as substantial changes to the Group's structure. The business model was transformed from the ground up, with stronger emphasis on the infrastructure business rather than on primary resources. As expected, CIMIC's sales, at AUD 13.3 billion in 2015, fell short of the high prior-year figure as a consequence of these changes and of a more selective and risk conscious order intake. Exchange rate effects at divisional level were non-material as the average Australian dollar exchange rate stayed virtually unchanged. Subsequently, and as planned, sales in the HOCHTIEF Asia Pacific division came to EUR 8.9 billion, compared with EUR 11.4 billion a year earlier.

In the HOCHTIEF Europe division, where the transformation process was largely completed, the division focused in the year under review on its core business segments of building and infrastructure construction, PPP activities, and engineering. Sales were largely accounted for by the building and infrastructure construction segments, which delivered slight growth and a satisfactory overall performance. In contrast, we substantially scaled back sales in the real estate development business in line with our strategy. A portion of sales in 2014 was also still attributable to the sold non-core businesses formart and HOCHTIEF Property Management. This meant that HOCHTIEF Europe's total sales figure for the reporting period, at EUR 1.7 billion, was EUR 305 million down on the prior year—whereas core business was up.

Retaining its position among the world's most international construction groups in 2015, HOCHTIEF aims in its target markets for a leading market and technology edge in the construction, engineering, public-private partnerships, and contract mining segments. The Group generated sales of EUR 20.2 billion outside of Germany. As a proportion of total sales, this represents a 96% international footprint (2014: 94%).

Transformation lays basis for long-term success

With the transformation of the HOCHTIEF Group, we have realigned the business model and focused activities on our core competencies. This was the basis of the earnings growth achieved in 2015. All divisions contributed to this growth with significant improvements across key financial performance indicators.

To improve reporting clarity and transparency as well as to better reflect the Group's business performance, HOCHTIEF standardized the method of determining **EBIT** across the Group in the course of 2015. The prior-year figures have been restated accordingly. EBIT is an indicator assessing earnings from operating activities. It is derived by adjusting profit from operating activities in the Statement of Earnings by a number of earnings components. The adjustments relate to income and expenses deemed exceptional for business management purposes, or resulting from exceptional transactions, or not attributable to the operating business. These items are reclassified to non-recurring items. Additionally included in EBIT are earnings from joint ventures reported in net income from participating interests.

HOCHTIEF generated EBIT of EUR 729 million in 2015. This represents a substantial 30% increase on the equivalent prior-year figure (EUR 559 million). The non-recurring items reported in the year under review (EUR 51 million) mainly comprise restructuring expenses, exchange rate gains or losses, and net income or expense from disposals. Prior-year non-recurring items (EUR 548 million) notably also included EUR 458 million in accounting provisions recognized at CIMIC for default risk on project receivables.

HOCHTIEF substantially increased **net income from participating interests** in the reporting year. At EUR 156 million, this was 31% higher than the comparable prior-year figure (EUR 118 million). Improvements were seen both in net income from joint ventures—which is included in EBIT—and in sundry net income from participating interests. A key driver of this development was the substantially improved net income from participating interests in the HOCHTIEF Americas division. This primarily reflected higher earnings from joint ventures in which Flatiron delivers infrastructure projects with consortium partners. Net income from participating interests consequently went up by EUR 30 million, from EUR 31 million in the prior year to EUR 61 million in 2015. The HOCHTIEF Europe division's contribution of EUR 71 million additionally represented a marked improvement on the prior year (EUR 51 million). Net income from participating interests in the HOCHTIEF Asia Pacific division, at EUR 23 million, was down on the prior-year figure (EUR 37 million) due to lower contributions to earnings from associates in the CIMIC Group.

HOCHTIEF has sufficient and broadly diversified funding with a balanced maturity profile. We continued to fine-tune our financing structures in the year under review and significantly reduced borrowing across the Group on the basis of our strong cash position. In this connection, bank loans were paid off and a long-term U.S. dollar bond issued by CIMIC was redeemed early to reduce future interest expense. Despite the one-off expense incurred on early redemption of the bond in the year under review, **net investment and interest income** improved by EUR 12 million, from a negative EUR 220 million in the prior-year period to a negative EUR 208 million in 2015.

Earnings from continuing operations significantly higher than prior year

The focus on the Group's core competencies already began delivering results in 2015. Earnings from continuing operations showed a major improvement on the prior year.

HOCHTIEF improved **profit before tax (PBT) from continuing operations** by EUR 700 million to EUR 523 million. The improvement was broad-based, with all divisions contributing to the earnings improvement for the Group as a whole. The prior-year figure of minus EUR 177 million was mainly influenced by EUR 458 million (AUD 675 million) in accounting provisions for default risk on project receivables at CIMIC and by costs related to Group restructuring.

Profit before tax (PBT)

(EUR million)	2015	2014	Change yoy
HOCHTIEF Americas	154.9	108.4	42.9%
HOCHTIEF Asia Pacific	424.4	(114.5)	–
HOCHTIEF Europe	(27.5)	(72.7)	62.2%
Corporate Headquarters/ Consolidation	(28.4)	(98.3)	71.1%
Group	**523.4**	**(177.1)**	**–**

The HOCHTIEF Americas division put in a very good performance. Alongside a favorable economic climate, this also reflected key improvements in project delivery in our operational units. Turner once again held its position in the year under review as a leading builder in the USA. The company harnessed its strong market position for further earnings growth and produced a strong improvement in PBT. Our infrastructure company Flatiron benefited from a large influx of attractive new orders in the reporting year and achieved the targeted turnaround in earnings. In total, the HOCHTIEF Americas division generated PBT of EUR 155 million, marking a substantial 43% increase on the prior year (EUR 108 million). This reflects the positive exchange rate development of EUR 25 million.

The HOCHTIEF Asia Pacific division can look back on good earnings performance in 2015. Compared with the prior-year PBT of minus EUR 115 million, profit before tax improved by EUR 539 million to EUR 424 million. Measures adopted at CIMIC to standardize and streamline business processes and systems along with the changes in corporate structure leading to a reduction in overheads were key contributing factors here. PBT in the prior year was also impacted by the EUR 458 million in risk provisioning at CIMIC for default risk on project receivables.

The HOCHTIEF Europe division benefited in 2015 from the restructuring measures completed in the preceding years, good contributions to earnings from the PPP business, and improved project earnings in the infrastructure and building business. On the other hand, PBT in the prior year was tangibly impacted by restructuring expenses and losses on legacy projects in the infrastructure and real estate activities. As a result of progress in project delivery, these impacts were significantly reduced during the year under review. A marked improvement in PBT from minus EUR 73 million in the prior year to minus EUR 27 million in 2015 thus shows that the earnings trend reversal is on a good way.

The HOCHTIEF Group incurred an **income tax** expense of EUR 190 million in 2015. This represents a EUR 235 million increase in the tax burden relative to the EUR 45 million tax income item in the prior year. The income tax item for the year under review included EUR 129 million in current tax, a decrease of EUR 35 million on the prior-year figure of EUR 164 million. There was a marked change in deferred taxes. Compared with deferred tax income of EUR 209 million in the prior year, the reporting year showed a deferred tax expense of EUR 61 million. The income item in 2014 mainly resulted from the recognition of deferred taxes on the risk provisioning at CIMIC and the reversal of deferred tax liabilities when the grounds requiring their recognition ceased to exist.

Profit after tax from continuing operations stood at EUR 333 million in 2015. This represented a substantial EUR 465 million improvement compared with the prior-year figure (minus EUR 132 million), which was still noticeably impacted by the risk provisioning at CIMIC as well as by costs related to the Group transformation.

The prior-year Statement of Earnings for the HOCHTIEF Group showed EUR 538 million in **profit after tax from discontinued operations**. This consisted of the income from disposals from the sale of John Holland and the Thiess and Leighton Contractors services business as well as the 2014 profit from the operating business of those activities up to the time of sale. No divestments meeting the criteria of discontinued operations were made in 2015. It was therefore not necessary to report profit after tax from discontinued operations in 2015.

Profit after tax in 2015 thus corresponds to profit after tax from continuing operations (EUR 333 million). Total profit after tax in the prior year was made up of a loss of EUR 132 million from continuing operations and a profit of EUR 538 million from discontinued operations. The post-tax loss from continuing operations in 2014 was mostly accounted for by costs incurred through transformation of the CIMIC Group as well as accounting provisions for default risk on project receivables at CIMIC. The prior-year profit from discontinued operations included operating earnings of John Holland and of Thiess and Leighton Contractors Services up to the disposal date, plus the disposal gain on those activities.

Profit after tax attributable to the HOCHTIEF Group (consolidated net profit) stood at EUR 208 million in 2015. The higher prior-year figure (EUR 252 million) was largely a result of the positive contributions to earnings from discontinued operations mentioned above. Minority interest in profit after tax came to EUR 125 million for the period January to December 2015. As in the prior year (EUR 154 million), the major part of this related to minority shareholders at CIMIC.

Consolidated net profit

(EUR million)	2015	2014	Change yoy
HOCHTIEF Americas	101.2	63.2	60.1 %
HOCHTIEF Asia Pacific	173.2	264.9	-34.6 %
HOCHTIEF Europe	(29.9)	(80.8)	63.0 %
Corporate Headquarters/ Consolidation	(36.2)	4.4	–
Group	**208.3**	**251.7**	**-17.2 %**

The HOCHTIEF Americas division boosted consolidated net profit by 60% to EUR 101 million. Here, the division benefited not only from Turner's strong market position and favorable earnings performance but also from improved project earnings and the resulting turnaround in earnings figures at Flatiron.

In the HOCHTIEF Asia Pacific division, the measures taken in the course of the transformation took hold and contributed to improved profit from continuing operations in 2015. Consolidated net profit in 2015 (EUR 173 million) was 35% down on the 2014 figure (EUR 265 million) as the latter still included the additional profit from discontinued operations, partly offset by the default risk provision.

Notably due to the positive impact of restructuring and better project earnings in the infrastructure and building construction business, the HOCHTIEF Europe division improved its consolidated net loss by 63% to EUR 30 million.

The consolidated net loss of EUR 36 million under Corporate Headquarters/Consolidation was substantially below the equivalent prior-year figure (a consolidated net profit of EUR 4 million). The 2014 figure included positive tax effects—particularly the effect from the reversal of deferred tax liabilities when the grounds requiring their recognition ceased to exist.

Cash flow

HOCHTIEF significantly improved cash generation in the year under review. Alongside the cash inflow in early 2015 from the sale of activities at CIMIC, emphasis should be given here first and foremost to the substantially higher operating free cash flow. The core elements we set in motion to attain this goal consisted in increasing operational earnings, releasing cash previously tied up in working capital and heightened discipline in capital expenditure.

Cash flow from operations increased significantly in 2015 and reached EUR 1.1 billion as the business focused on cash. This marked a further EUR 379 million increase on the already high equivalent prior-year figure (EUR 756 million). Instrumental to this success was the higher inflow of cash earnings across all divisions. Group-wide working capital measures imposing rigorous man-

Cash flow components

(EUR million)	2015	2014	Change yoy
Cash flow from operations pre net working capital (NWC) change	776.5	448.5	328.0
NWC change	358.7	307.5	51.2
Cash flow from operations	**1,135.2**	**756.0**	**379.2**
– Gross operating capital expenditure	(285.4)	(575.3)	289.9
– Operating asset disposals	135.0	141.4	(6.4)
Net operating capital expenditure	(150.4)	(433.9)	283.5
Free cash flow from operations	**984.8**	**322.1**	**662.7**
Other investments (-)/divestments (+)	915.1	(194.3)	1,109.4
Free cash flow (w/o change in current marketable securities)	**1,899.9**	**127.8**	**1,772.1**

agement of trade receivables also helped reduce the amount of cash tied up in working capital despite a reduced sales volume. We thus delivered confirmation in the year under review of the turnaround in cash generation achieved in the prior year.

Capital expenditure on property, plant and equipment and intangible assets **(gross operating capital expenditure)** came to EUR 285 million. This marks a substantial 50% reduction in this category of expenditure compared with the prior year (EUR 575 million). The major share of capital expenditure—EUR 190 million—was accounted for by the HOCHTIEF Asia Pacific division and related to repair and maintenance and to the procurement of plant and equipment for the contract mining business at CIMIC. Reduced capital expenditure in the contract mining business combined with smart deployment and procurement management made for 62% lower capital expenditure in the HOCHTIEF Asia Pacific division compared with the prior year (EUR 498 million). The **proceeds from asset disposals** generated from the sale of property, plant and equipment came to EUR 135 million in 2015, just slightly down on the EUR 141 million prior-year figure.

Subsequently **operating free cash flow** tripled to EUR 985 million, EUR 663 million higher than the prior-year figure (EUR 322 million). This marks a substantial further improvement in the financial resources generated from the operating business.

In **other investments/divestments**, HOCHTIEF records a cash inflow for 2015 of EUR 915 million. The main factor here was the receipt of payment for the sale at CIMIC of John Holland as well as the Thiess and Leighton Contractors services business. Capital spending on financial assets made for a cash outflow of EUR 116 million (2014: EUR 148 million). Capital spending on financial assets in the prior year was supplemented by the derecognition of cash and cash equivalents associated with the sold activities to make for a total cash outflow of EUR 194 million.

Free cash flow (excluding changes in marketable securities) significantly improved and came to EUR 1.9 billion. This marked a very good, EUR 1.8 billion increase on the prior-year figure (EUR 128 million).

The EUR 963 million (2014: minus EUR 179 million) **cash flow from investing activities** shown in the Consolidated Statement of Cash Flows comprises net operating capital expenditure, other investments/divestments

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

(EUR million)	2015	2014
Cash flow from operations	**1,135.2**	**756.0**
Net operating capital expenditure	(150.4)	(433.9)
Other investments (-)/ divestments (+)	915.1	(194.3)
Change in current marketable securities	198.2	449.6
Cash flow from investing activities	**962.9**	**(178.6)**
Cash flow from financing activities	**(2,008.8)**	**(375.8)**
Net cash increase in cash and cash equivalents	**89.3**	**201.6**
Cash and cash equivalents at year-end	**2,808.7**	**2,585.4**

*The full Consolidated Statement of Cash Flows appears on page 172, in the Consolidated Financial Statements and Notes section of this Group Report.

(mainly cash inflow from divestments at CIMIC), and changes in marketable securities.

We continued to strengthen the balance sheet. Due to debt repayment, **cash flow from financing activities** showed a cash outflow of EUR 2.0 billion in 2015 (2014: EUR 376 million). Debt repayment came to a total of EUR 2.3 billion (2014: EUR 1.1 billion). The majority of this was accounted for by repayment of amounts owed to banks and early redemption of a CIMIC bond denominated in U.S. dollars. Proceeds from new borrowing made for a EUR 786 million (2014: EUR 1.7 billion) cash inflow for the HOCHTIEF Group. This mainly consisted of bank loans at CIMIC. In addition, EUR 236 million in cash was used in 2015 for the payment of dividends (2014: EUR 212 million) and EUR 245 million (2014: EUR 48 million) for the stock buyback program at HOCHTIEF Aktiengesellschaft. In the prior year, an additional EUR 617 million in cash was used to increase the stake in CIMIC.

With cash and cash equivalents totaling EUR 2.8 billion as of the December 31, 2015 reporting date, HOCHTIEF had a good and sufficient supply of liquidity—a further improvement on 2014 (EUR 2.6 billion). Exchange rate changes had an impact of EUR 134 million (2014: EUR 194 million).

Securing Group liquidity long-term and optimizing the financial structure

HOCHTIEF Aktiengesellschaft did not carry out any borrowing transactions in the year under review due to its strong cash position. The corporate bond issued in 2014 with an initial five-year term and a principal amount of EUR 500 million thus remains the most recent transaction launched in national and international capital markets.

As before, one of HOCHTIEF Aktiengesellschaft's most important financing instruments is the syndicated credit and guarantee facility refinanced in April 2014 and due to mature in April 2019. This has a total principal amount of EUR 2 billion, comprising a EUR 1.5 billion guarantee facility tranche and a EUR 500 million revolving credit facility tranche. The facility permits the furnishing of guarantees for ordinary activities—mainly of the HOCHTIEF Europe division. As of the reporting date, drawings on the guarantee facility stood at EUR 0.86 billion. Drawings on the credit facility tranche are made flexibly as needed and were zero as of the reporting date.

A promissory note loan issued in 2008 for an initial principal amount of EUR 50 million was redeemed as planned in July 2015. After deducting the contractual maturity settlement, we now have funding totaling EUR 50 million in issue 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 239 million, have to be renewed annually. Of such facilities, 55% have been confirmed in writing by the banks for up to a year. The terms are very favorable due to the HOCHTIEF Group's high credit standing. 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 made an additional amount of roughly EUR 1,496 million available to HOCHTIEF Aktiengesellschaft as of the 2015 year-end. Likewise in this case, the favorable terms accord with the HOCHTIEF Group's ongoing good credit standing. The various borrowing instruments secure long-term, broadly diversified funding for the Group on borrowing terms and conditions that continue to be 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.

*See glossary on page 260.

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 for the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions on a local basis. The U.S. bonding facility is very important in this regard. This covers a total of some EUR 6.7 billion (USD 7.3 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 the reporting year, the total amount was increased from EUR 6.0 billion (USD 6.5 billion) to EUR 6.7 billion (USD 7.3 billion) in light of ongoing large bonding requirements under current bidding procedures. Flatiron additionally maintains bilateral arrangements with banks in the form of both credit and guarantee facilities as well as a syndicated credit facility. The total size of the syndicated credit facility was increased in December 2015 from previously EUR 159 million (CAD 240 million) to EUR 232 million (CAD 350 million) and extended to December 2018 on improved terms. These facilities are primarily used in Canadian activities, where bank guarantees are frequently required rather than surety bonds.

The decrease in non-current liabilities was mainly attributable to early partial redemption of a U.S. dollar bond at CIMIC in the amount of EUR 267 million (USD 299 million). Carrying a coupon of 5.95% p.a., the bond had an initial term running until November 2022. In addition, two private placements issued in 2008 and 2010 in the amount of EUR 83 million (USD 90 million) each were paid back on schedule in the reporting year at the end of their terms in July and October respectively. CIMIC's standing in the international capital market continues to be strong, as reflected in the confirmed classification of CIMIC Group Limited in the investment grade rating segment by external rating agencies Moody's (Baa3) and S&P (BBB-). As before, borrowing activities are carried out by the holding company on a bilateral or syndicated basis.

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 the reporting year. The principal amount of the promissory note loan falling due in 2016 is EUR 50 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.

Balance sheet

Strong and solid consolidated balance sheet

HOCHTIEF continued its charted course in 2015 to strengthen the consolidated balance sheet and reduced balance sheet risk. Use was made of the good available financial leeway, notably for debt reduction and for the stock buyback program at HOCHTIEF Aktiengesellschaft. These measures reduced the HOCHTIEF Group's **total assets**, which stood at EUR 13.3 billion as of the December 31, 2015 reporting date. Total assets were down 13% on the 2014 year-end figure (EUR 15.2 billion).

Non-current assets came to EUR 4.1 billion as of December 31, 2015, showing virtually no change relative to December 31, 2014. Intangible assets, which totaled EUR 883 million, included EUR 707 million in goodwill recognized on initial consolidation of fully consolidated subsidiaries. These increased only marginally on the prior-year figure due to exchange rate effects. Also contained in intangible assets is a total of EUR 176 million for concessions and similar rights, mainly relating to the contract mining business at CIMIC. Property, plant and equipment came to EUR 1.1 billion, slightly down on the 2014 year-end level. The lion's share of this—EUR 862 million—related to contract mining plant and equipment in the CIMIC Group. Financial assets amounted to EUR 1.1 billion as of the December 31, 2015 reporting date and thus exceeded the year-end 2014 figure by EUR 76 million. The increase was mainly a result of payments into capital and equity-method adjustments on joint ventures at Flatiron and CIMIC. As of December 31, 2015, the majority (EUR 679 million) of non-current financial receivables comprised loans to Group companies granted by CIMIC and by the PPP segment in the HOCHTIEF Europe division. Of this amount, EUR 488 million relates to a loan granted by CIMIC to the Habtoor Leighton Group. Other receivables and other assets went up by EUR 72 million to EUR 147 million. Deferred tax assets decreased by a total of EUR 95 million to EUR 171 million. This notably reflected changes in temporary differences and the adjustment of the discount rate used to measure defined benefit obligations in Germany. In line with financial market developments, we adjusted the discount rate from 2.0% to 2.5%.

Current assets decreased substantially in 2015. The amount as of December 31, 2015, at EUR 9.1 billion, was down EUR 1.9 billion on the comparative figure as of the prior year-end. This was largely accounted for by the change in receivables from the sale of discontinued operations. As of December 31, 2014, these had included EUR 1.1 billion in receivables at CIMIC from the sale of

Consolidated Balance Sheet

(EUR billion)	Dec. 31, 2015	Dec. 31, 2014
Assets		
Non-current assets		
Intangible assets, property, plant and equipment, and investment properties	2,012.8	2,186.1
Financial assets	1,103.6	1,027.9
Other non-current assets and deferred taxes	1,013.9	996.7
	4,130.3	**4,210.7**
Current assets		
Inventories, trade receivables and other current assets	5,754.1	6,573.6
Receivables from the sale of discontinued operations	–	1,108.1
Marketable securities, cash and cash equivalents	3,385.6	3,326.9
	9,139.7	**11,008.6**
	13,270.0	**15,219.3**
Liabilities		
Shareholders' equity	**3,146.8**	**3,111.4**
Non-current liabilities		
Provisions	803.4	828.6
Other non-current liabilities and deferred taxes	2,452.8	3,153.8
	3,256.2	**3,982.4**
Current liabilities		
Provisions	817.7	1,156.1
Other current liabilities	6,049.3	6,969.4
	6,867.0	**8,125.5**
	13,270.0	**15,219.3**

John Holland as well as the Thiess and Leighton Contractors service business. That item was derecognized in full following settlement of the full purchase price by each of the acquirers in 2015, with the inflow of cash largely used to repay debt. Inventories—mainly work in progress in connection with real estate projects at CIMIC and the HOCHTIEF Europe division as well as raw materials and supplies—decreased by EUR 152 million to EUR 768 million mainly due to sales of projects at CIMIC. Trade receivables declined by EUR 529 million to EUR 4.5 billion. An increase due to exchange rate changes was more than offset by reductions on the operating side as well as working capital measures, primarily at CIMIC. Most of the trade receivables total was accounted for by the CIMIC Group and the HOCHTIEF Americas division, with EUR 1.8 billion each. Recoverable tax associated with the 2013 sale of the stake in Sydney Airport was reimbursed to HOCHTIEF by the tax authorities and, as contractually agreed, passed on to the purchaser in the year under review. Income tax assets decreased as a result by EUR 88 million to EUR 52 million. HOCHTIEF had a total of EUR 577 million in marketable securities as of December 31, 2015. The portfolio showed a reduction of EUR 165 million compared with the 2014 year-end due to sales of securities by Corporate Headquarters and Turner. Cash and cash equivalents went up by EUR 223 million to EUR 2.8 billion as of the December 31, 2015 reporting date. This means the HOCHTIEF Group has further improved its cash position to a very good level. The EUR 158 million in assets held for sale relate to CIMIC mining business assets.

HOCHTIEF Group **shareholders' equity** amounted to EUR 3.1 billion as of December 31, 2015, on a par with the level as of December 31, 2014. Marking a substantial 3.3 percentage point improvement on the comparable prior-year figure, the balance sheet equity ratio (shareholders' equity to total assets) climbed to 23.7%. The increase in shareholders' equity was mainly accounted for by profit after tax (EUR 333 million) together with currency translation differences and changes in fair value of financial instruments, as well as other factors (EUR 183 million). In the opposite direction, acquisitions of shares of treasury stock from January to December 2015 reduced shareholders' equity by EUR 245 million and dividend payments by EUR 236 million.

Non-current liabilities mainly comprise financial liabilities and provisions. Total non-current liabilities came to EUR 3.3 billion as of December 31, 2015. Financial liabilities went down by EUR 718 million to EUR 2.4 billion. This was mainly accounted for by repayments of amounts owed to banks and partial early redemption of a U.S. dollar bond issued by CIMIC. The initial term of the bond totaling USD 500 million ran until 2022. Non-current provisions fell slightly by EUR 25 million to a total of EUR 803 million due to a decrease in provisions for pensions and similar obligations. This reflected the adjustment in the discount factor used to measure the defined benefit obligation. The other non-current provisions in the amount of EUR 450 million mostly relate to personnel and insurance-related obligations.

In 2015, the reduction in debt in the HOCHTIEF Group had a marked impact on **current liabilities**. Total current liabilities decreased by EUR 1.3 billion to EUR 6.9 billion. CIMIC contributed substantially to the decrease with a major reduction in short-term bank borrowing. Overall, current financial liabilities were reduced across the HOCHTIEF Group by EUR 673 million to EUR 309 million. Trade payables went down slightly to EUR 5.4 billion as of the 2015 year-end, a decline of EUR 94 million from the prior-year comparative figure. Current provisions fell by EUR 338 million to EUR 818 million, primarily due to the utilization of tax provisions in connection with the sale of discontinued operations at CIMIC.

The reduction in debt and measures to improve cash flow have strengthened HOCHTIEF's consolidated balance sheet on a lasting basis. Having continued to improve our financial situation over the last few years, we have achieved turnaround relative to the substantial initial net debt position. Despite the EUR 658 million paid for dividend payments, stock buybacks, and taxes on disposals at CIMIC, HOCHTIEF had a strong **net cash position** of EUR 805 million as of December 31, 2015. This was EUR 335 million more than the equivalent prior-year figure of EUR 470 million, which had additionally included the receivables from the sale of discontinued operations at CIMIC. All divisions contributed to that substantial improvement.

Net cash (+)/net debt (-)

(EUR million)	Dec. 31, 2015	Dec. 31, 2014*	Change
HOCHTIEF Americas	572.5	416.8	155.7
HOCHTIEF Asia Pacific	732.0	385.4	346.6
HOCHTIEF Europe	(99.1)	(180.0)	80.9
Corporate Headquarters/Consolidation	(400.0)	(152.4)	(247.6)
Group net profit	**805.4**	**469.8**	**335.6**

*Prior-year figures adjusted, for details please see page 244. The full-year 2014 figure includes receivables from the sale of discontinued operations.

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

HOCHTIEF can look back on a successful year in 2015 with operating consolidated net profit increasing to EUR 265 million, above the top limit of the guidance range. All three divisions contributed to this profit growth of almost 40%. Profit after tax attributable to the HOCHTIEF Group came to EUR 208 million. We want our shareholders to have a commensurate share in the Group's success. Accordingly, a dividend of EUR 2.00 will be proposed at the Annual General Meeting.

For clients, business partners, and shareholders alike, we aim to deliver excellent results based on the highest of standards through our sustained work effort. In the year under review, HOCHTIEF's vision was revised to reflect this, and underpinned with a corresponding set of guiding principles. Our core mission remains unaltered: "HOCHTIEF is building the world of tomorrow." We embrace constant change to give us the flexibility to adapt to the needs of our business at all times. In line with this, key developments in 2015 relate to the successful implementation of restructuring at CIMIC, the Group-wide streamlining of reporting in the context of risk management, and continuation of the stock buyback program.

Looking ahead, we are well positioned in attractive markets such as North America, Australia, Hong Kong, Germany, and the UK. And HOCHTIEF will continue to focus on the construction, public-private partnership, engineering, mining, and services business. As guidance for 2016, HOCHTIEF anticipates operating consolidated net profit of between EUR 300 million and EUR 360 million.

The success of our business activities is inseparable from our active contribution to the environment and the community. For us at HOCHTIEF, sustainability means integrating economic, ecological, and community aspects into all processes to create lasting value. Once again for this reporting year, HOCHTIEF has pooled the information from its business and sustainability reporting in a combined Group Report.

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, 2015. No actions were undertaken or refrained from at the instruction or in the interest of the controlling company or its affiliates."

Safe and sustainable learning environment – Lakewood City Schools

Economy: Turner's multi-phase construction and renovation master program for the Lakewood Board of Education in Lakewood, Ohio, has resulted in the construction of four elementary schools, two middle schools, and half of Lakewood High School. The plan's final phase, now underway, includes completion of the high school and reconstruction of three elementary schools.

Ecology: Located within range of public transportation, the schools feature optimized energy and water performance, occupant-controlled lighting and heating and cooling systems, and recycled and regionally sourced construction materials. The elementary schools are seeking LEED credits that recognize innovation in design for their work to use the schools themselves as tools for teaching about sustainable construction.

Community: Turner has been engaged in community board meetings throughout the planning and construction processes. The renovation and reconstruction of every school to LEED standards will put every student in a safe, healthy, and sustainable learning environment.

HOCHTIEF Aktiengesellschaft (Holding Company): Financial Review of Financial Statements under German GAAP (HGB)

HOCHTIEF Aktiengesellschaft Statement of Earnings (Summary)

(EUR million)	2015	2014
Sales	38.4	49.9
Changes in the balance of construction work in progress	(0.5)	(0.4)
Other operating income	53.2	53.9
Materials	(17.5)	(16.6)
Personnel costs	(31.2)	(27.1)
Depreciation and amortization	(3.4)	(4.0)
Other operating expenses	(93.0)	(93.7)
Net income from financial assets	312.8	275.7
Net interest income	(93.0)	(81.5)
Writedowns on financial assets and marketable securities	(0.1)	(3.0)
Profit from ordinary activities	**165.7**	**153.2**
Income taxes	(16.3)	0.8
Net profit/(loss) before changes in reserves	**149.4**	**154.0**
Net profit brought forward	2.8	11.5
Changes in revenue reserves	0.0	(33.8)
Income from capital reduction	0.0	19.7
Appropriation to the capital reserve	0.0	(19.7)
Unappropriated net profit	**152.2**	**131.7**

HOCHTIEF Aktiengesellschaft Balance Sheet (Summary)

(EUR million)	Dec. 31, 2015	Dec. 31, 2014
Fixed assets		
Intangible assets and property, plant and equipment	27.7	30.3
Financial assets	2,484.2	2,486.7
	2,511.9	**2,517.0**
Current assets		
Inventories, receivables and other assets, and prepaid expenses	663.9	714.8
Cash and cash equivalents, and marketable securities	339.9	485.5
	1,003.8	**1,200.3**
Excess of plan assets over obligations	**15.8**	**19.7**
Total assets	**3,531.5**	**3,737.0**
Shareholders' equity	1,349.1	1,573.0
Provisions	110.4	61.5
Liabilities	2,072.0	2,102.5
Total liabilities	**3,531.5**	**3,737.0**

HOCHTIEF Aktiengesellschaft heads the Group's divisions as a strategic operational management holding company. Comprising the control level, it is responsible for the entrepreneurial goals, fundamental strategic direction, enterprise policies, and organization of the HOCHTIEF Group. 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.

The annual financial statements of HOCHTIEF Aktiengesellschaft are prepared in accordance with the German Commercial Code (HGB) and Stock Corporations Act (AktG). There are no recognition and measurement changes relative to the prior year. The 2015 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 38 million (2014: EUR 50 million) relate to remuneration for administration and other services, as well as notably rental and lease revenue. Other operating expenses amounted to EUR 93 million and thus remained around the previous year's level of EUR 94 million. They mainly consist of guarantee, rental and lease expenses, additions to provisions, and consulting fees. Net income from financial assets is primarily determined by income from profit/loss transfer agreements and expenses from transfer of losses. The figure for 2015 came to EUR 313 million, EUR 37 million above the prior-year comparative figure (EUR 276 million). This improvement was mainly due to higher profit/loss transfers from HOCHTIEF Insurance Broking and Risk Management GmbH and HOCHTIEF Americas GmbH which amounted to EUR 202 million. In total, HOCHTIEF Aktiengesellschaft generated income of EUR 382 million from profit/loss transfer agreements (2014: EUR 283 million). Expenses from transfer of losses came to EUR 71 million, compared with EUR 9 million in the prior year. Despite a reduction in bank interest expense, net interest income was further into negative figures, with a loss of EUR 93 million versus EUR 82 million in the prior year. The main factor here was a marked

decrease in gains on plan assets relating to pension obligations.

HOCHTIEF Aktiengesellschaft's net profit before changes in reserves amounted to EUR 149 million in 2015 (2014: EUR 154 million).

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, 2015, these items accounted for 88% of total assets compared with 83% at the end of 2014.

HOCHTIEF Aktiengesellschaft's financial assets, at EUR 2.5 billion as of the end of 2015, showed virtually no change relative to the prior year. The majority related as before to shares in affiliated companies, with material carrying amounts accounted for by shares in HOCHTIEF Asia Pacific GmbH, HOCHTIEF Americas GmbH, and HOCHTIEF Insurance Broking and Risk Management GmbH. Long-term loans to affiliated companies—as in the prior year—comprise EUR 36 million loaned to HOCHTIEF Projektentwicklung GmbH. Marketable securities related in their entirety to investment funds and decreased compared with the prior year (EUR 280 million) by EUR 82 million to EUR 198 million. The EUR 142 million in cash and cash equivalents as of December 31, 2015 mainly consists of bank balances. This was EUR 64 million below the figure as of the 2014 year-end (EUR 206 million). The proceeds from the sale of securities and the freely available cash resources were used to fund the HOCHTIEF Aktiengesellschaft stock buyback program.

HOCHTIEF Aktiengesellschaft's subscribed capital is divided into 69,309,434 no-par-value shares and has a nominal value of EUR 177 million. Deducting the amount of capital stock represented by treasury stock still held, subscribed capital stands at EUR 167 million. The EUR 804 million capital reserve showed no change compared with the end of 2014. Revenue reserves decreased by EUR 223 million from EUR 462 million to EUR 239 million. The decrease was accounted for by EUR 236 million charged against equity for acquisition costs on purchases of treasury stock and EUR 13 million credited to equity for the appropriation of net profit to revenue reserves.

Shareholders' equity came to the equivalent of 38% of total assets (2014: 42%).

Liabilities showed a slight decrease of EUR 30 million. At EUR 2.1 billion as of the December 31, 2015 reporting date, total liabilities were thus at almost the same level as of the prior year-end. The majority of this—EUR 1.8 billion as in the prior year—was accounted for by bonds representing the bearer bonds issued by HOCHTIEF Aktiengesellschaft. A carrying amount of EUR 508 million relates to a bearer bond issued in May 2014 with a nominal 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% nominal coupon respectively. Liabilities additionally include the residual debt from a promissory note loan arranged in December 2012 in the amount of EUR 50 million. The EUR 39 million decrease relative to the promissory note loan issues as of the prior year-end (EUR 89 million) reflects a planned redemption. The promissory note loan still outstanding has a fixed interest rate. As in the prior year, there are no drawings on the EUR 500 million syndicated revolving credit facility as of the reporting date. The EUR 199 million (2014: EUR 136 million) in amounts due to affiliated companies is largely related to intra-Group financial management.

HOCHTIEF Aktiengesellschaft's net profit before changes in reserves was EUR 149 million in 2015. Deducting the appropriation to revenue reserves (EUR 13 million) and adding in profit carried forward (EUR 3 million), unappropriated net profit is EUR 139 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 2015 in the amount of EUR 138,618,868.00 will be used to pay a dividend of EUR 2.00 per eligible no-par-value share for the capital stock of EUR 177,432,151.04, divided into 69,309,434 no-par-value shares.

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

The amount that would have been payable on shares of treasury stock held by the Company as of the day of the Annual General Meeting and that, under Section 71b of the German Stock Corporations Act (AktG), are not eligible for a dividend will be carried forward. As of the date of preparation of the annual financial statements, February 19, 2016, HOCHTIEF Aktiengesellschaft held a total of 4,914,571 shares of treasury stock, which would mean an amount of EUR 9,829,142.00 to be carried forward. The number of no-par-value shares with dividend entitlement for 2015 may change in the run-up to the Annual General Meeting. In any such event, while the distribution of EUR 2.00 for each no-par-value share with dividend entitlement for 2015 will stay the same, an adjusted proposal for the appropriation of net profit will be made to the Annual General Meeting.

Disclosures pursuant to Sections 289 (4)/315 (4) of the German Commercial Code
The information on the composition of subscribed capital pursuant to Section 289 (4) 1 and Section 315 (4) 1 of the German Commercial Code is included in the Notes to the Financial Statements/the Notes to the Consolidated Financial Statements.

Restrictions on transfers of securities: To the extent that members of the Executive Board of the Company have been transferred shares in settlement of their entitlement to variable compensation, such shares are subject to a two-year blocking period. Members of the Executive Board are not allowed to sell shares thus transferred before expiration of the blocking period.

Holdings of more than 10% of voting rights: On May 11, 2015, 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 voting share in HOCHTIEF Aktiengesellschaft pursuant to Sections 21 and 22 WpHG amounted to 60.70% on May 8, 2015.

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 54,000 thousand by or before May 5, 2020 (Authorized Capital I). 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.

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

Authorization to repurchase shares: By resolution of the Annual General Meeting of May 6, 2015, the Company is authorized to repurchase its own shares in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG). Said authorization expires on May 5, 2020. 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. 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, the authorization 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. The conditions governing the repurchase are set forth in detail in the resolution.

By resolution of the Annual General Meeting of May 6, 2015, 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. Subject to Supervisory Board approval, the Executive Board is also authorized 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 as well as 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. In addition, the shares may 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), as well as 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.

Subject to Supervisory Board approval, the Executive Board is additionally authorized to retire treasury stock 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.

By a further resolution of the Annual General Meeting of May 6, 2015, the Company is authorized to acquire treasury shares in accordance with Section 71 (1) 8 AktG using equity derivatives as well as to exclude shareholders' rights to sell shares and subscription rights. This is not intended to increase the volume of shares that may be purchased; instead, it merely opens the way for other alternatives to purchase treasury shares within and against the upper limit set in the aforementioned authorization to acquire treasury shares. The Executive Board has been authorized to acquire options which, when exercised, entitle the Company to acquire shares of the Company (call options). The Executive Board has been further authorized to sell options which, when exercised by their holders, require the Company to acquire shares of the Company (put options). Additionally, the shares can be acquired using a combination of call and put options or forward purchase agreements. The conditions governing the use of equity derivatives to acquire treasury shares and the exclusion of shareholders' rights to sell shares and subscription rights 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

*See glossary on page 260.

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. 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 260.

HOCHTIEF additionally 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 **global credit facility** for an initial amount of EUR 100 million with a German bank on February 27, 2015, as well as the term of a global credit facility for an initial amount of EUR 175 million with a German bank on November 26, 2015. 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 contractual 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 EUR 138 million (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 remain in force and 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 remains in force and 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.

In the year under review, to secure a EUR 6.7 billion (USD 7.3 billion) bonding line provided by six U.S. surety companies, HOCHTIEF Aktiengesellschaft signed a general counter indemnity with the surety companies for a corresponding amount. As before, this 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 EUR 459 million (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, Actividades de Construcción y Servicios, S.A. 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 259.

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)) and 315 (4) of the German Commercial Code (HGB) as of the balance sheet date December 31, 2015.

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) and 315 (4) of the German Commercial Code:

Our disclosures relate to the situation in fiscal year 2015 up to the time the combined Management Report was prepared. The disclosures consist of information on the Company's subscribed capital, on restrictions on the transfer of securities, 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 notification of October 6, 2014. 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). With one exception, no agreements are known to us that may result in restrictions on voting rights or on the transfer of securities. Insofar as the Company has transferred securities to Executive Board members for the purpose of settling their variable compensation entitlements, these securities are subject to a two-year lock-up period. 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 Meetings in 2011 and 2015 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.

Essen, February 2016

Marcelino Fernández Verdes

Peter Sassenfeld

José Ignacio Legorburo Escobar

Nikolaus Graf von Matuschka

New York is a dazzling city with a unique energy. Turner has been instrumental in shaping its modern face by adding numerous structures—the majority of which qualify as green buildings.

In my world,
I see the big picture.

Michael Deane, Chief Sustainability Officer, Turner Construction

An integrated approach to construction projects using sustainable products and services pays off. When you look at building use and long-term operation, the advantages of environmentally friendly construction are clear. Turner is the market leader for green buildings which has given us a clear understanding of the vital importance not just of green materials but also the responsible use of energy and resources in every phase of construction and operation of a building.

We work to recognized benchmarks, chiefly the U.S. Green Building Council's LEED standard, and have completed 508 LEED-certified structures. We share our clients' commitment to this concept and trust in our expertise.

At Turner, minimizing the impact on the environment and neighboring communities is among our top priorities. To help us achieve these goals, we harness technologies such as Building Information Modeling (BIM). This computer-aided design and construction method helps us maximize our efficiency. BIM and other lean processes have resulted in improved outcomes including reductions in schedule and project cost, and increases in overall client satisfaction.

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**

*For further information, please see the Markets section on page 41 et seq.

The HOCHTIEF Americas division combines the activities of our North American subsidiaries Turner, Flatiron, E.E. Cruz, and Clark Builders. Each of these companies focuses on different aspects of the building and infrastructure construction segment primarily in the U.S. and Canada, including public buildings, office properties, sports facilities, educational and healthcare properties, roads and bridges as well as hydroelectric power stations, dams, and power lines. The North American units are closely linked through their cooperation within the Group, which allows them to benefit from synergies as well as from a steady exchange of information and experience.

All of the operational units performed very well in the reporting year. The U.S. was again in the leading group of developed economies in terms of growth in 2015, showing overall real growth of 2.5% (2014: 2.2%). Despite the fact that the Canadian economy expanded less than expected in 2015 due to low commodities prices, growth was still well into the positive range at 1.2% (2014: 2.3%). This general upward trend was also reflected in the favorable performance of the construction markets, particularly the U.S. commercial/industrial building construction market. The increase of 12.5% offered major opportunities for Turner, and experts are currently projecting another rise of 4.8% in the market in 2016. As one of the market leaders in general building construction in the U.S., Turner stands to benefit from the upturn.

In the PPP transportation infrastructure segment, the North American market again showed signs of lasting growth potential in road and bridge construction during the year under review. Whereas the U.S. market shows gradual progress, in Canada, with its well-established PPP market, HOCHTIEF PPP Solutions was again successful in cooperating with Flatiron, Turner and Clark Builders, its U.S. partners within the HOCHTIEF Group. On a PPP basis alone, rail projects valued at EUR 24 billion are expected to be realized in the Canadian market over the next ten years.

Turner remains among the leaders in the U.S. building construction market. According to Engineering News-Record magazine, Turner leads the market for commercial/industrial building construction and was ranked No. 1 among the top 100 sustainable building suppliers in the U.S. for the eighth time in a row. Demand in this latter segment remains strong, as evidenced by the systematic analyses regularly conducted by Turner in the shape of its Green Building Barometer* surveys. In 2015, the company generated sales of more than EUR 5 billion in the green building segment (2014: EUR 3.11 billion).

Flatiron, our infrastructure construction subsidiary, also secured a good standing in the Engineering News-Record survey with a ranking of 15 among the top 50 U.S. Domestic Heavy Contractors. Flatiron will continue to enhance its market position based on its good level of new orders.

In 2015, notably the engineering segment grew in importance at Turner and Flatiron. The two companies have set up their own engineering units: Turner Engineering Group and Flatiron Technical Services Group both serve as competence centers that oversee the preparation of designs—including review and optimization where necessary—in order to minimize project risk. The objective is to generate a competitive edge by improving the value added and profitability of projects.

For example, the Turner Engineering Group provides technical expertise in geotechnology, building physics, structural dynamics, building management systems, technical building services, and additional fields. Support for the new engineering units comes from HOCHTIEF Engineering in Essen, Germany, with which they exchange information in order to enhance efficiency.

Turner also plays a leading role in the Building Information Modeling (BIM) and lean construction segments. In the prestigious Giants 300 Report ranking by industry publication Building Design + Construction, Turner placed

first by a wide margin for the implementation of BIM construction projects in 2015.

The company continued to step up its activities in Building Information Modeling* in 2015, completing more than 200 such virtual design and construction projects.

HOCHTIEF has positioned itself extremely well in the North American market. The Group's subsidiaries are regarded as attractive employers** and innovative companies in the sector.

Project highlights

Social and urban infrastructure

Sports and event facilities segment

Levi's Stadium in Santa Clara, which Turner completed in August 2014, was named sports arena of the year in 2015. The home of the San Francisco 49ers boasts a photovoltaic solar system and a green roof. It was awarded the LEED Gold certification for this achievement. Turner used an innovative approach, incorporating methods such as Building Information Modeling (BIM) and design-build to complete the stadium six weeks ahead of schedule and right on time for the start of the new season.

Commercial properties segment

The building construction experts at Turner are excellently positioned in the field of data center construction. They acquired several new contracts in the reporting year, including contracts for data centers in the U.S. states of North Carolina and Iowa.

Hotels segment

Turner was awarded the contract to manage construction of the Hilton Conrad Washington Hotel in Washington, D.C. Completion of the five-star hotel with its 195 suites is scheduled for 2018. It is expected to receive LEED Silver certification.

Education segment

In South Carolina, Turner completed the Watt Family Innovation Center for Clemson University in late 2015. The four-story building is to receive LEED Silver certification. Its Innovation Center will not only host introductory courses for 1,800 students but also serve as the university's forum for exchange, interdisciplinary studies, and innovation. The Turner team integrated the concepts of cooperation and interdisciplinary learning into the construction process. It worked in close consultation with Clemson University professors, for example, arranging tours of the construction site and coordinating these with the students' schedules.

Turner is also building the new West Clermont High School under construction in Cincinnati, Ohio, where some 2,500 students will attend classes starting in the fall of 2017. The contract is valued at around EUR 83 million. Turner has already implemented several public school projects in West Clermont for the same client.

Office properties segment

In December 2015, Turner completed construction of the new North American headquarters of pharmaceuticals company Celgene in Summit, New Jersey. The project was particularly challenging in terms of its tight timetable. Turner deployed its lean construction approach, innovative building methods, and close communication style with all stakeholders to deliver the six-story building within a very short period of time. Since many prefabricated components were used, the team managed to construct the building facade in only nine days instead of twelve weeks. Various sustainability factors make the headquarters a green building. For one thing, LED lighting was installed in the entire building housing 960 employees, while motion sensors ensure energy efficiency. Celgene will also use electricity from renewable sources. The goal is to obtain LEED Silver certification at minimum.

*For further information, please see the Research and Development section on pages 107 to 113.

**For further information, please see the Employees section on page 115 et seq.

More project highlights: www.hochtief.com/clientportal

Turner is the construction manager for the new worldwide headquarters of car rental company Hertz in Miami, Florida. The project is geared toward obtaining LEED Gold certification.

In the Malaysian capital Kuala Lumpur, Turner is providing construction management services on a 38-story office tower to be completed by 2018. Etiqa Insurance Berhad's new head office is positioned tightly between two adjacent high-rise commercial towers and a rail link. The location of the project in an area with heavy traffic means that the logistics must be well coordinated. Measures intended to contribute to the building receiving LEED Gold certification include highly efficient technical building installations, the use of sustainably produced construction materials, and a well-planned construction.

Healthcare properties segment

Turner is also construction manager for the cancer institute of the Cleveland Clinic in Cleveland, Ohio. The company has been working together with the clinic for 25 years now. For the current project, which is expected to receive LEED Silver certification, the team has set very high standards for lean management. The interdisciplinary center is scheduled for completion in 2016.

In Illinois, Turner is enlarging the Northwestern Lake Forest Hospital. Comprising a new hospital and administrative building, both of which will be energy and water efficient, the project is expected to receive LEED Silver certification.

Cultural and entertainment segment

In Columbus, Ohio, Turner is building a new monument and a museum for war veterans. The contract worth some EUR 32 million also involves the surrounding landscaping.

Turner is additionally constructing an annex to the National Museum of the United States Air Force in Columbus, Ohio, in line with the LEED Silver standard.

Transportation infrastructure

Flatiron, our subsidiary specializing in transportation infrastructure projects, has been awarded a major contract to improve the rail infrastructure in California's Central Valley. The whole California High Speed Rail Package 2–3 project is valued at EUR 1.1 billion. As part of a joint venture, Flatiron will construct nearly 100 kilometers of embankment and bridge structure to develop the alignment corridor for the USA's first high-speed rail system connecting Los Angeles and San Francisco. The design-build project is currently in the design stage. Construction is scheduled to begin mid-2016 and continue for around 48 months.

Another project Flatiron is working on in California is the Interstate 5/Genesee Avenue Interchange in San Diego. The company is to replace a six-lane overpass with a ten-lane structure over a length of more than 100 meters in order to meet future traffic demands. Slated for completion in 2018, the project will improve traffic connections and traffic safety for both commuters and commercial vehicle operators.

In the third quarter of 2015, Flatiron received its first contract in Winnipeg in the Canadian province of Manitoba, where the company will be designing and building a new highway interchange. Valued at some EUR 146 million, the project entails the construction of eight

bridges of between 40 and 100 meters each. The new traffic hub, which is expected to be completed within three years, will increase safety for commuters and commercial vehicle operators.

Our civil engineering specialists at E.E. Cruz won the tender to rebuild a pumping station in Washington, D.C. to be completed in 2017. The contract is valued at just under EUR 46 million. The company is also responsible for the upgrade of seven subway stations in the New York borough of Brooklyn by 2017.

The HOCHTIEF Americas division's key figures

HOCHTIEF Americas performed strongly in 2015. **Profit before tax** of EUR 155 million showed a significant improvement of 43%. Our operational guidance for 2015 was clearly reached. The strong development was driven by improved earnings at both our building activities at Turner and our civil business Flatiron.

Driven by a particularly strong fourth quarter, **cash flow from operations** reached EUR 324 million, a very substantial EUR 283 million higher than in 2014. This sharp improvement in cash generation is a consequence of improving margins and much tighter working capital control.

The division's positive performance reflects another good year at our building construction company Turner, where margins improved and cash flow more than tripled. The continuing turnaround at our civil works subsidiary Flatiron also contributed positively, with Flatiron reaching breakeven in 2015 and producing a positive cash flow from operations.

HOCHTIEF Americas Division

(EUR million)	2015	2014	Change yoy
Divisional sales	10,354.4	8,615.2	20.2%
EBIT	191.3	123.2	55.3%
Profit before tax/PBT	154.9	108.4	42.9%
New orders	10,829.3	10,191.6	6.3%
Work done	10,874.9	9,164.0	18.7%
Order backlog	12,859.5	11,603.1	10.8%
Cash flow from operations	324.1	41.2	686.7%
Gross operating capital expenditure	35.9	27.6	30.1%
Net cash/(net debt)	572.5	416.8	37.4%
Employees (average for the year)	9,739	9,503	2.5%

New orders (EUR 10.8 billion, up 6% year on year) as well as **work done** (EUR 10.9 billion) and the **order backlog** (EUR 12.9 billion) rose to record levels in 2015 due to significant improvements at Flatiron and a strengthening of the U.S. dollar.

Outlook

We expect a further improvement at HOCHTIEF Americas in 2016 with operational profit before tax in the range of EUR 180-210 million.

First major Greenroad project in New Zealand: The Transmission Gully Motorway

Economy: CIMIC is part of a consortium building the Transmission Gully Motorway, a 27-kilometer stretch of motorway north of Wellington. This is the first motorway in New Zealand to be built under a public-private partnership. Worth EUR 559 million, the project is slated for completion in 2020, after which the motorway will be operated by the consortium until 2045.

Ecology: The motorway is the first in New Zealand to seek silver certification under the Greenroads international sustainability rating system for road design and construction. A major focus is on water conservation. Measures include seven kilometers of seepage pools, 17 kilometers of fencing to prevent building sludge from flowing into the groundwater, as well as 37 kilometers of waste water drainage systems.

Community: The motorway will be a safer, more reliable, and more efficient transportation link. Notably, it can be brought back into operation faster than the previous coastal road in the event of an earthquake.

HOCHTIEF Asia Pacific Division

This chapter is part of Focus Area Sustainable Products and Services

Together with its operational units, CIMIC —our Group company in the HOCHTIEF Asia Pacific division—holds a leading position in the Australian, Asian, and Middle East construction markets. CIMIC operates in more than 20 countries, delivering services in the infrastructure, resources, and real estate markets. The various units operate under their own brands in those markets. The CIMIC Group includes CPB Contractors (formerly Leighton Contractors) and Leighton Asia serving the construction business. Thiess (the world's biggest contract miner*) pools the mining activities, Pacific Partnership is in charge of PPP projects and concessions, and EIC Activities serves the engineering segment. CIMIC also owns 45% of the Habtoor Leighton Group in Dubai and 50% of Ventia, one of Australia's largest service providers.

The **CIMIC Group,** previously known as Leighton Holdings until early 2015, was renamed CIMIC by majority vote of the Annual General Meeting in April. The new name stands for the core activities of **C**onstruction, **I**nfrastructure, **Mi**ning and **C**oncessions (the PPP business). In 2015, CIMIC largely completed the strategic realignment and operational streamlining announced previously. Part of this is the newly established engineering company, **EIC Activities**. EIC stands for **E**ngineering, **I**nnovation, and **C**apability. Bringing together the full range of engineering expertise, the company collaborates closely with the engineering companies in other HOCHTIEF divisions. EIC Activities provides engineering services for end clients as well as supporting CIMIC's operational units in building construction and the infrastructure segment. Leighton Contractors, the CIMIC Group company responsible for construction, has borne the name **CPB Contractors** since January 2016. The new name reflects the CIMIC subsidiary's capability range: **C**onstruction/ Civil **P**rojects, and **B**uilding.

Streamlining operating structures across the divisions facilitates the transfer of expertise between all units in the HOCHTIEF Group.

The transformation at CIMIC allows us to provide the full spectrum of capabilities throughout the life cycle of properties and infrastructure projects under a PPP project framework. We see enormous growth potential for the CIMIC Group here, above all because Australia already has one of the most attractive PPP markets anywhere. This is helped along by infrastructure expansion under billions' worth of economic stimulus packages adopted by the Australian Federal Government and individual Australian states.

While Australian economics experts anticipate robust 2.9% growth in 2016, the market for transportation infrastructure is projected to expand in 2016 by a substantial 14.9%.**

As elsewhere, sustainability is an increasingly important topic in Australia. The ASX Corporate Governance Council Principles and Recommendations have been revised accordingly. For our business, this means that we must provide additional reporting on non-financial, sustainability risks and show how we deal with them. Related activities at CIMIC in 2016 will once again include publication of a sustainability report.

To further enhance earnings quality, CIMIC Group companies are rigoros in selectively seeking out contracts and pursuing further improvements in risk management.

The transformation within the CIMIC Group was well received by the market. Notably in its core operating markets, CIMIC managed to sustain 2014's successful trend. It continued to report a large number of high-volume contracts. The company also put in a compelling performance in the mining and transportation infrastructure segments.

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

*See glossary on page 259.

**For further information, please see the Markets section on page 41 et seq.

More project highlights: www.hochtief.com/clientportal

Project highlights

During the 2015 year, the companies in the CIMIC Group secured a large number of new orders in the energy, transportation, and social and urban infrastructure segments, made good headway with existing work, and brought a number of projects to completion.

Transportation infrastructure

CPB Contractors is to deliver the Torrens Road to River Torrens (T2T) highway project with a joint venture partner in Adelaide. The project is due for completion at the end of 2018 and, at its peak, will provide employment for over 500 people. The contract will generate EUR 158 million for CPB Contractors and the project is to be built to Infrastructure Sustainability Council of Australia (ISCA) criteria. Key aspects include urban design, close community liaison, reduction of material use as well as energy and water consumption, waste avoidance, mitigation of the environmental impacts of noise, dust, and vibration during construction, and reduction of noise in the operating phase.

CIMIC's construction company CPB Contractors is involved in various work packages—each under a different joint venture—as part of Australia's biggest infrastructure project, the around EUR 10 billion WestConnex motorway project in the Greater Sydney region. In June, the company was selected for the extension of a seven-kilometer section of the M4 East Motorway to be completed in 2019. The revenue for CPB Contractors amounts to some EUR 616 million. In November 2015, the company secured a follow-on contract to design and build a section of the M5 with a contract value of EUR 934 million. This includes building several tunnels and sections of motorway by the end of 2019. CIMIC had already secured a EUR 101 million contract for part of this giant project in the prior year. All sub-projects are being built to ISCA standards. A special focus is placed on community relations. In all instances, those residents affected are given timely notification of upcoming construction work. The purpose of the WestConnex investment program is to provide connecting links between the west and southwest of Sydney, and the city center, port area, and the airport.

Another urban road project, the Mitchell Freeway in Perth, is in the pipeline for Main Roads Western Australia. From 2017 onward, the freeway expansion will significantly cut travel times to the city's northern suburbs. The revenue for CPB Contractors is some EUR 115 million. The team is to widen the six-kilometer road section to two lanes in each direction, with the option of adding a third lane in the future. Segregated pedestrian and cycle paths round out the project, which is likewise being built to meet ISCA criteria. Residents' suggestions were also incorporated into the plans for this large-scale project. Before construction started, seeds from local plants were collected for later revegetation.

CPB Contractors also has major projects in New Zealand. The company is to design and build improvements to a section of State Highway 1 in Auckland for EUR 114 million. Goals of the Southern Corridor Improvements project include improving safety, traffic flow, and highway access while delivering a substantial boost to mobility and development of the economy in a growing region. Scheduled for completion in 2018, the work includes 11 kilometers of additional lanes, the improvement of 16 existing bridges, and the construction of six new bridges.

CPB Contractors has two contracts in the Sydney Metro Northwest project (originally the North West Rail Link). This is the largest public transportation project currently under construction in Australia and is slated for certification as a sustainable infrastructure project by ISCA. The first contract with a total value of just under EUR 892 million involves building 15 kilometers of twin-tube tunnel and five subterranean stations (see page 20). This section is expected to be completed by January 2017. Under the second contract, CPB Contractors is responsible in the Northwest Rapid Transit (NRT) consortium for the design, building, financing, and operation of a PPP project worth a total of EUR 2.6 billion. NRT will operate the 36-kilometer rail link for 15 years.

Among other activities under the contract, the team has developed noise, vibration, and dust mitigation measures. The rock from tunneling excavation is to be reused, and the site surroundings were carefully surveyed prior to construction to minimize the impact on flora and fauna.

CIMIC company Leighton Asia is to deliver the Shatin to Central Link project under a joint venture in Hong Kong. The project value is approximately EUR 658 million, in which the company has a 51% share. Leighton Asia's ongoing working relationship with the client—MTR Corporation of Hong Kong—testifies to a high degree of customer satisfaction. Drawing on extensive experience in the construction of complex projects in urban surroundings, the CIMIC subsidiary attaches great importance to occupational safety, community relations, and ongoing workforce training.

Energy infrastructure

In Queensland, CIMIC's company CPB Contractors won two further liquid natural gas (LNG) contracts. The company is responsible for delivering wells and other infrastructure for the gas field in the Surat Basin through to 2017. As in all LNG projects, care is taken to minimize environmental impacts, with the focus in this case on soil conservation over an area of some 1,700 hectares. The contracts are for a combined total of approximately EUR 340 million.

The Habtoor Leighton Group, in which CIMIC holds a 45% stake, has won the contract to build the world's biggest reinforced concrete reservoirs in Qatar. The PRPS 3 project for the Qatar General Electricity and Water Corporation, worth EUR 557 million in total, is planned to ensure the population's supply with good drinking water. Work includes the construction of five reservoirs with a capacity of nearly 380 million liters each, along with pumping stations and pipework.

Contract mining

CIMIC's position as the world's largest contract miner is primarily driven by the mining of large volumes of export coal. Prices and quantities mind were down in 2015, but a recovery is expected in the Australian mining sector in 2016/2017. CIMIC subsidiary Thiess works in close harness with clients to deliver continuous gains in efficiency and productivity. In the medium to long term, Thiess will expand its presence in existing markets while offering its range of services in new markets. In our mining projects, we are placing an ever greater emphasis on returning land to nature after use. Thiess restored 1,477 hectares of land in 2015.

Thiess won its first contract in South America in 2015. The company is to operate a copper mine and associated production facility in Chile until 2019 in partnership with another company. An estimated 50,000 metric tons of copper cathode will be produced per year. The contract for revenue of EUR 95 million demonstrates the success of the company's regional diversification.

In Central Queensland, Thiess won a contract extension from client Jellinbah Group, worth EUR 856 million in revenue, to continue turnkey mining operations at Lake Vermont Coal Mine until 2021. Thiess has operated at the mine since 2007. The work includes mine planning, operations, maintenance, processing, and train loading.

In December, Thiess secured a further contract for revenue of EUR 512 million at the Mount Owen coal mine in New South Wales. The working relationship with the client has existed since 1994 (see page 142). Thiess has also been awarded a follow-on contract in southern Mongolia, where it is to continue providing services at the Ukhaa Khudag coal mine through to 2022. Total revenue from the contract comes to some EUR 662 million.

HOCHTIEF Asia Pacific Division

(EUR million)	2015	2014	Change yoy
Divisional sales	8,946.1	11,397.1	-21.5%
EBIT	627.6	543.5	15.5%
Profit before tax/PBT	424.4	(114.5)	–
New orders	8,622.8	9,043.3	-4.6%
Work done	10,871.0	12,441.9	-12.6%
Order backlog	19,470.0	20,906.0	-6.9%
Cash flow from operations	906.9	724.7	25.1%
Gross operating capital expenditure	189.8	498.5	-61.9%
Net cash/(net debt)*	732.0	385.4	89.9 %
Employees** (average for the year)	30,494	50,014	-39.0%

*2014 including divestment proceeds
**2014 including discontinued operations

Social and urban infrastructure

Public buildings segment

CIMIC company Leighton Asia has secured its biggest ever single contract in Hong Kong. The company is to build a boundary control point on the border with China for EUR 810 million, taking in the construction of several buildings, including a passenger terminal, police and fire stations, as well as bridge structures.

Healthcare segment

Under a EUR 116 million contract, the Habtoor Leighton Group (of which CIMIC owns 45%) is to construct the first phase of the Fakeeh Academic Medical Centre in Dubai by late 2017. The medical facility will comprise five centers of excellence, offer robotic surgery, and feature an automated medication dispensing system. It will be the first smart hospital in the United Arab Emirates and targets LEED Silver certification.

CIMIC's key figures

HOCHTIEF Asia Pacific achieved a solid profit performance in 2015 accompanied by a strong improvement in cash flow. HOCHTIEF's Group company CIMIC reported a 20% increase, on a comparable basis, in net profit after tax (NPAT) to AUD 520 million, at the top end of the guidance range provided by the company of AUD 450-520 million. NPAT margins rose to 3.9% in 2015, up from a comparable 2.6% the previous year. The order book has evolved in a firm manner during the last few quarters. In total, CIMIC won new work during the year worth AUD 14.1 billion, including several major construction projects and mining contract extensions, bringing our order backlog level to AUD 29 billion as of December 31, 2015. CIMIC has a tender pipeline of AUD 60 billion in 2016, of which AUD 18 billion in mining and more than AUD 170 billion in subsequent years.

The HOCHTIEF Asia Pacific division's key figures

The HOCHTIEF Asia Pacific division can look back on sound earnings performance in 2015. Year-on-year earnings comparison is difficult as the previous year's figures were influenced by EUR 458 million (AUD 675 million) in accounting provisions for default risk on project receivables at CIMIC. Compared with a prior-year **PBT** of minus EUR 115 million (including the provisions just mentioned), profit before tax improved by EUR 539 million to EUR 424 million. Measures adopted at CIMIC to standardize and streamline business processes and systems along with the changes in corporate structure were key contributing factors here.

The **new order** flow of EUR 8.6 billion and the **order backlog** of EUR 19.5 billion remained at a hight level.

Gross operating capital expenditure was reduced by over 60% driven under the ongoing commitment to further optimize equipment management.

Stronger earnings quality, improved working capital and reduced investments meant that free cash flow from operations, i.e. **cash flow from operations** after net operating capital expenditure, nearly tripled year-on-year, leading to a significantly higher **net cash position** of EUR 732 million (2014: EUR 385 million).

Outlook

CIMIC has provided guidance for its NPAT (net profit after tax) for 2016 in the range of AUD 520-580 million, subject to market conditions, compared to the AUD 520 million reported for 2015.

HOCHTIEF Europe Division

This chapter is part of Focus Area Sustainable Products and Services

HOCHTIEF Solutions AG is the management company for the HOCHTIEF Europe division. It encompasses the core business in Europe and other high-growth regions. The operating companies offer their services under the umbrella of HOCHTIEF Solutions AG.

To standardize the organizational structure across all divisions, the operating segments of the HOCHTIEF Europe division will in the future also be structured as follows: Construction, Public-Private Partnerships (PPP), and Engineering. The two companies HOCHTIEF Building and HOCHTIEF Infrastructure, in charge of building construction and civil engineering respectively, are thus to be amalgamated. Under the umbrella of HOCHTIEF Infastructure GmbH, the units deliver the full spectrum of transportation and energy infrastructure services in Europe and other selected regions as well as the building construction business in Germany with offices in major cities. Experts in the technical competence center support the construction unit in its projects.

HOCHTIEF Engineering provides clients with expertise in planning, technical consulting, design and project management as well as—through HOCHTIEF ViCon—building information modeling. The company is divided into the following four business lines: Infrastructure; Energy, Industrial and Special Services; Virtual Design and Construction; Construction and Project Management Services.

HOCHTIEF PPP Solutions designs, finances, builds, and operates projects as a partner to the public sector. The company delivers end-to-end PPP solutions for transportation, energy, and social infrastructure projects. To create greater value for our company, we generally offer PPP services only if HOCHTIEF is also commissioned with the construction work.

In addition, we have harmonized our processes within this structure. Improvements were made to the quality of the contracts acquired and to risk management, processes were simplified, IT tools standardized, and reporting paths streamlined. We plan to continue reducing costs with a view to enhancing our individual companies' competitive edge.

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

Fully committed to our home market of Germany where we see growth potential, we intend to achieve good returns with attractive projects. The German Bundestag alone has approved a transportation budget of EUR 22.3 billion for the period up to 2018. We also plan to step up our activities in Europe, notably in Scandinavia, the Netherlands, Austria, and the United Kingdom. All of these regions are set to achieve good growth rates.

The HOCHTIEF Europe division secured some attractive orders in 2015.

Project highlights

More project highlights: www.hochtief.com/clientportal

Transportation infrastructure

As part of a bidding group, HOCHTIEF PPP Solutions is responsible for the design, financing, construction, and operation of the new Champlain Bridge Corridor across the St. Lawrence River in Montreal, Canada. With a volume of more than EUR 1.6 billion, the construction project ranks among North America's major transportation infrastructure projects. HOCHTIEF has a 25% share in the project, and Group company Flatiron is one of the project partners. The structure is slated for completion in 2019, after which the project company will operate the new Champlain Bridge Corridor for 30 years.*

*For further information please see photospread on page 56.

HOCHTIEF is also part of a joint venture to expand two terminals at the King Khaled International Airport in Riyadh, Saudi Arabia, by 2019. Valued at EUR 1.3 billion, the project involves redesigning and expanding the two buildings to accommodate more than 18 million passengers annually. To reduce negative environmental impacts, the construction team will make greater use of recycled materials. In addition, at least 75% of all construction debris will be reused. Air filters will ensure that air quality is impacted as little as possible during the construction work. Not only has HOCHTIEF met the project quota for employment of Saudi nationals, it has also integrated Saudi college students, technicians,

Performance pirouette: Ballet on the Rhine

Economy: HOCHTIEF PPP Solutions successfully completed its first project in Düsseldorf during the 2015 reporting year. After a construction period of only one year, the ballet rehearsal building opened just in time for the new season. The Düsseldorf ballet company now has a total of 3,000 square meters of usable space at its disposal, including five auditoriums and a ballet school.

Ecology: Recycled rubble from road construction was among the materials used to construct the building. Our experts also installed energy-efficient facility systems and lighting activated by motion sensors in the new building.

Community: At the same time, we support the local economy with our PPP projects: One out of every two subcontractors hired to build the new ballet rehearsal building came from the region. The new building also adds value to the grounds of the former Rheinbahn "Am Steinberg" tram depot, which is protected as a historical landmark.

and engineering graduates into the project as part of the company's activities to nurture young talent. Once the project is completed, they will have the opportunity to obtain permanent employment with the airport company. The project has been awarded LEED Silver certification.

HOCHTIEF Infrastructure Austria is involved in a construction joint venture to build the Gloggnitz tunnel in Lower Austria. With the total contract volume amounting to around EUR 457 million, HOCHTIEF's share in the joint venture stands at 40% (EUR 183 million). The joint construction project covers a length of 7.4 kilometers and the tunnel will be approached from two sides using the "New Austrian Tunneling Method." Its total length of 27.3 kilometers makes the Semmering base tunnel one of Europe's major large-scale infrastructure projects. It is also part of the new Austrian Southern Route, which is an important link affording trans-European access from the Baltic to the Adriatic Sea (the Baltic-Adriatic corridor).

Construction of the Koralm high-speed rail link will also provide for fast, forward-looking connections on Austria's new Southern Route. Under a joint venture, HOCHTIEF Infrastructure Austria is carrying out the contract for ÖBB Infrastruktur AG to build the Granitztal tunnel chain—a six-kilometer stretch of the Koralm rail link. The contract is valued at around EUR 140 million. HOCHTIEF accounts for 50% of the total volume. Early 2020 has been set as the work's scheduled completion date, with final completion of the Koralm high-speed rail link projected for 2023. Alongside precise testing of the geological substrata, the bid planning focused on construction site administration, construction logistics, and safety. The contract covers construction of the shell for the tunnel chain, including the open segments at the tunnel entrances, as well as landscaping and work on the flanking hydraulics at the enclosure.

HOCHTIEF (UK) Construction is modernizing and electrifying a nearly 55-kilometer long stretch of the Great Western Main Line, a historical railway line running between London and Bristol. To create enough space for the overhead cables, HOCHTIEF will be carrying out conversion work on structures including two train stations, five pedestrian bridges, an aqueduct, and two road overpasses by 2016. Older structures will be entirely revamped. The trains themselves, which in the future will run on electricity instead of diesel, will emit 20% to 35% less CO_2, thus improving air quality. They will also run more quietly.

Under a joint venture, HOCHTIEF plans to complete shell construction of the Rastatt tunnel—part of a large-scale project to extend the Karlsruhe-Basel line—by 2018. At the tunnel's northern entrance, an approximately 800-meter long groundwater tank was completed in late 2015. The tank will form the entry shaft for the tunnel boring machines used by the joint venture to drill through the tunnel. To route the groundwater collected from the tank's docks, a water treatment facility was installed at the site to purify the water in such a way as to ensure it meets the high environmental standards before being fed into a nearby stream. At a total length of 4,270 meters, the Rastatt Tunnel is the second-biggest single structure in the large-scale Karlsruhe-Basel project being carried out by Deutsche Bahn AG. The excavated material of around 710,000 cubic meters that will accrue during the project will be treated at a separation plant for re-use as excess material in the preparation of concrete. The tunnel is designed for speeds of up to 250 kilometers per hour. Innovative noise protection measures are being implemented at both tunnel entrances. To reduce noise from the micro-pressure waves heard when trains exit the tunnel, openings will be made in the roof of both tunnel entrances over a length of 45 meters. The pressure waves will be able to exit through the openings in a controlled manner, thus reducing the "tunnel boom" effect considerably. This will not only result in less noise at the tunnel entrances, but will also reduce the pressure in passengers' ears occasionally felt upon entering a tunnel.

Water supply and sewerage

Under a joint venture, HOCHTIEF Solutions Middle East Qatar has been awarded the contract to construct the central section of the new sewerage network under Doha, the capital of Qatar, scheduled for completion in 2019. The client is ASHGAL, the state public works authority. Serving an area of 680 square kilometers, the new sewerage system is required as the result of rapid population growth. The work includes constructing a 14.7-kilometer tunnel using two boring machines. The special construction method used for the inner lining is intended to ensure a project life of some 100 years.

Social and urban infrastructure

Office and commercial properties segment

Since August 2014, HOCHTIEF has been building a new European headquarters in Mainz, Germany, for U.S. engineering company Deublin—the global market leader for rotating unions. Designed to requirements based on production process optimization, the building lays the foundation for the company's onward development at the new location. The project includes some 9,000 square meters of production space and another 2,500 square meters of offices, conference rooms, and communal areas for around 160 employees. HOCHTIEF had already developed a close relationship with the client as early as the preconstruction phase in activities such as site purchase, planner selection, project design as well as technical and financial optimization of the EUR 21 million project together with the planning team. To cite just one example, switching all lighting over to LEDs will enable energy savings of some 300,000 kWh per year in the operating phase compared with the original plans. The established partnership with the client is also reflected in the selection of the transparent open book approach as the contracting model. The client expressed great satisfaction with the construction work and the project's progress through 2015. It will be completed in the second quarter of 2016.

HOCHTIEF PPP Solutions is part of a public-private partnership to design and build the new police headquarters in Aachen, Germany. The company will subsequently operate the project on a rental basis, initially until 2045. Space for around 1,200 employees will be created over a total rental area of 22,500 square meters. The project, valued at EUR 60 million for the construction volume, is scheduled to be handed over to the Aachen police force in October 2018. Thanks to its proximity to the A44 highway and favorable public transportation connections, the new police headquarters will be easily accessible for both employees and the public. In addition, despite the necessary safety precautions, the police headquarters will feature a glass foyer and include a cafeteria that will also be open to the public. The building will be constructed to the standard stipulated by the 2016 German Energy Saving Ordinance (EnEV). Among other benefits, this means energy savings of around 25% compared with the 2014 Energy Saving Ordinance.

In Munich's Ostbahnhof factory district, HOCHTIEF plans to complete the HighriseOne Project for real estate developer Reiß & Co. by 2017. The EUR 36 million project involves construction of a 65-meter, 17-story office tower plus a five-story base structure to be built according to the DGNB Silver standard. HOCHTIEF has already renovated two office and commercial buildings for Reiß & Co. in addition to a Marriot Hotel.

In Essen, Germany, HOCHTIEF is designing and constructing the new administrative building dubbed the "House of Elements" for chemicals distributor Brenntag, which will be relocating its domicile from Mülheim an der Ruhr to Essen in the second half of 2017. April 2015 saw the signing of the lease for the entire building comprising some 20,700 square meters of gross floor space. In addition to offices, the six-story building will include a conference zone and an employee restaurant. The "House of Elements" will offer space for around 650

employees and is being constructed to meet sustainability criteria.

Residential segment

HOCHTIEF Building is constructing what is thus far the highest residential building in Frankfurt's Europaviertel district. The EUR 60 million Praedium complex to be completed over a period of 23 months will comprise an eight-story building and a 19-story residential tower with a total of 242 condominiums. It will also include an underground parking garage with 288 parking spaces, 20 of which will be equipped with electric charging stations, as well as bicycle stands for more than 400 bicycles.

Education segment

HOCHTIEF is planning, building and will subsequently operate (in part) the new "KISS Birkenstraße—Schule Kita Sport" educational center in Hanover under a public-private partnership. The center to be built according to passive solar standards includes an elementary school for 450 children in addition to a daycare facility for six groups and a three-court gymnasium with spectator seating for 250. The contract volume totals EUR 20 million.

The HOCHTIEF Europe division's key figures

2015 was a positive year for Europe as the division continued its operational turnaround with a EUR 45 million year-on-year improvement in **PBT**, though 2015 earnings were still impacted by legacy issues and restructuring costs.

Cash flow from operations in the core business, particularly in the infrastructure segment also improved strongly. The divisional figure is lower due to Real Estate project sales in 2014 and planned milestone payments in a building project in 2015.

HOCHTIEF Europe Division

(EUR million)	2015	2014	Change yoy
Divisional sales	1,660.2	1,965.5	-15.5%
EBIT	(19.6)	(52.6)	62.7%
Profit before tax/PBT	(27.5)	(72.7)	62.2%
Core business	**22.9**	**(30.0)**	**–**
Other	(50.4)	(42.7)	-10.0%
New orders	2,677.0	2,687.0	-0.4%
Work done	2,066.4	2,520.8	-18.0%
Order backlog	4,390.4	3,746.5	17.2%
Cash flow from operations	(64.2)	21.1	–
Gross operating capital expenditure	58.7	42.8	37.1%
Net cash/(net debt)	(99.1)	(180.0)	44.9%
Employees (average for the year)	6,682	8,670	-22.9%

Combined with the improvement in earnings and rigorous working capital management, **net debt** was reduced by EUR 81 million.

New orders of EUR 2.7 billion are in line with the previous year's level. Adjusting for the further planned reduction at Real Estate, the core business new orders further improved. The division ended 2015 with a solid **order book** of EUR 4.4 billion, 17% higher compared with end of 2014. This backlog is equivalent to more than 25 months in forward orders, representing a very good basis for the future.

Outlook

Looking forward, we expect a further improvement in operational PBT to over EUR 20-35 million in 2016.

Frankfurt am Main is a major financial, trade show, and service-provider center. HOCHTIEF buildings feature prominently in its look—including the Trade Fair Tower and exhibition hall 3.

In my world, fairness counts.

Dr. Alexandra Albrecht-Baba
Head of Corporate Compliance
HOCHTIEF Aktiengesellschaft

Whether in the world's financial capitals, on construction sites or in offices—wherever people come together to work and do business, clear rules are indispensable. That's why we at HOCHTIEF have drawn up a Code of Conduct that provides all employees with a set of binding rules and clear guidance on appropriate behavior. HOCHTIEF expects everyone in its employ to adhere to these rules—no ifs or buts. To ensure our external partners are also on the same page, we have additionally formulated a Code of Conduct for Business Partners.

It is a matter of great importance to me that the compliance system itself is credible and consistent. Staff should be in a position to evaluate the advice Compliance provides. Not just because they know and understand the rules, but also because they can count on similar matters being handled in the same way. For this reason, training is also an essential part of our job.

Over the course of many years, HOCHTIEF and its subsidiaries have earned an excellent reputation around the world—chiefly for our strong sense of tradition and steadfast resolve but also for our outstanding products and services as well as our reliability. Safeguarding this reputation is the key task of every HOCHTIEF employee.

Corporate Governance and Compliance

Corporate Governance

Good corporate governance is a fundamental guiding principle for the entire HOCHTIEF Group and takes in all HOCHTIEF divisions. Corporate governance relates to the principles and regulatory framework by which a company is managed and monitored.

Our benchmark in this connection is the German Corporate Governance Code, as amended from time to time.

In the following, the Executive Board reports jointly with and on behalf of the Supervisory Board on corporate governance at HOCHTIEF in accordance with the Code.

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 2016, 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 www.hochtief.com/corporate-governance

We provide further information on our corporate governance practices on our website. There, you will also find 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). The Declaration also contains the targets set by the Supervisory Board and the Executive Board for the percentage of women in the Supervisory Board, the Executive Board and the two management levels below the Executive Board.

As announced, the Executive Board and Supervisory Board monitored the four instances stated in the Compliance Declaration of February 2015 constituting non-compliance or less than full compliance with recommendations of the Code, and have once again reviewed application of the Code's provisions.

Following a resolution on the subject at the Annual General Meeting in May 2015, HOCHTIEF has complied in full with the Code recommendations on Supervisory Board compensation since July 2015. The Compliance Declaration was updated accordingly in June 2015. Regarding the three remaining departures from the Code, the Executive Board and Supervisory Board continue to hold the view that those departures represent well-founded exceptions. The reasons for not applying the Code provisions are set out in the Compliance Declaration reprinted below. In all other respects, HOCHTIEF complies with the recommendations of the Code as currently amended.

An amendment to the German Stock Corporations Act (AktG) that came into force in May 2015 requires a gender ratio of at least 30% to be observed from 2016 in new elections to the supervisory boards of listed companies that are subject to full employee codetermination. In addition, Section 111 AktG stipulates that the Supervisory Board must set a target for the percentage of women on the Supervisory Board.

To comply with these requirements, the Supervisory Board set a target of 30% in September 2015 for the quota of women in its ranks. Women currently constitute just under 19% of the membership. The target of 30% female membership will be met following the Supervisory Board election in spring 2016.

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*

HOCHTIEF's reputation is a valuable asset that we aim to further build upon and enhance. Key to this is compliance. In our Vision, Guiding Principles and Codes of Conduct, we have defined what we expect of the workforce at all Group companies. These standards and our internal directives are in line with or even exceed statutory requirements. Among other things, we operate in accordance with the ten principles of the UN Global Compact and the ILO Core Labor Standards, which are likewise reflected in our own standards. The Executive Board is committed to compliance. We take care to ensure that employees of all Group companies comply with the law and HOCHTIEF's standards.

The compliance system is headed by the Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft. He receives regular reports from the Chief Compliance Officer, who also reports annually to the Supervisory Board Audit Committee. The compliance and criminal law specialists at the HOCHTIEF holding company support the Chief Compliance Officer in the exercise of his duties. Divisional compliance officers head the compliance organizations of each division and report directly to the Chief Compliance Officer. They ensure that the Group-wide standards are put into practice and are also responsible for conformity with specific local requirements. Depending on the size and regional presence of divisional companies, compliance managers are an additional point of contact on compliance for employees.

The compliance organization is responsible for combating corruption. In other areas where compliance violations can arise, responsibility for prevention lies with the relevant organizational function, such as the corporate competence center for occupational safety, health and environmental protection (OSHEP Center)** or, in data protection matters, the HOCHTIEF Data Security Officer.***

Prevent

Our compliance system is designed to prevent compliance violations. Managerial staff and employees alike are responsible for compliance with the applicable standards. HOCHTIEF's Codes of Conduct serve as a set of guidelines and standards outlining the conduct expected of employees in day-to-day business life. The guiding principle is that no business deal is worth endangering the high degree of trust and the excellent reputation that HOCHTIEF enjoys.

We published our standards as early as 2002 in a behavioral code that is updated continuously and today applies in HOCHTIEF Aktiengesellschaft and across the HOCHTIEF Europe division in the form of the HOCHTIEF Code of Conduct. Available in twelve languages, the Code of Conduct lays down binding rules for all employees on 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 environmental protection; company assets including documenting transactions, dealing with company-owned property and assets, and insider rules; and 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.

The stipulations of the HOCHTIEF Code of Conduct are further clarified by various Group directives on matters such as donations and engaging consultants. The HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions have adopted these standards in their own codes of conduct.

*See glossary on page 259.

****For further information, please see fold-out page 3 and page 148 et seq.

**For further information, please see page 122 to 125.

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

HOCHTIEF also expects, and lays down as a binding requirement, full compliance with Group standards by clients, business partners, and suppliers. Likewise available in twelve languages, the HOCHTIEF Code of Conduct for Business Partners was drawn up in 2011 on the basis of the Code of Conduct for Subcontractors.

We attach great importance to building employee awareness and making sure everyone knows about the current rules. All internal directives and information on the compliance program together with contact persons are listed in the corporate intranet at each company. E-learning programs and information videos expand on this knowledge on the basis of a detailed training plan.

Online resources are supplemented with regular classroom training. The Compliance department once again provided training at units in Germany and internationally during the year under review. Some 15,326 employees received training*, including 6,789 in the HOCHTIEF Americas division, 7,069 in the HOCHTIEF Asia Pacific division, and 1,468 in the HOCHTIEF Europe division (including the holding company).

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

Additionally, for the fourth year in succession, an international compliance conference was held at the HOCHTIEF Europe division for all divisional compliance managers. This covered a range of compliance arrangements in presentations and workshops, providing the opportunity for an exchange of news and views.

Number of Compliance training courses

	2015	2014
HOCHTIEF Americas	6,789	5,734
HOCHTIEF Asia Pacific	7,069	8,022
HOCHTIEF Europe	1,468	418

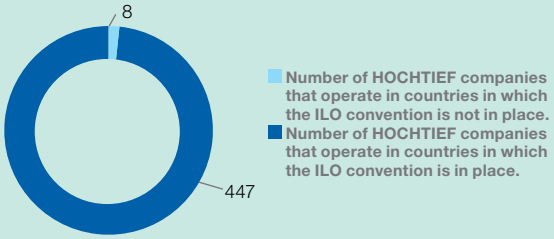
We verify the integrity and reliability of the companies we work with in a risk-based Business Partner Compliance Due Diligence Process. This process is now firmly established at the HOCHTIEF Europe division. The standardization of due diligence processes in the HOCHTIEF Americas division is currently underway.

www.ilo.org
www.ohchr.org

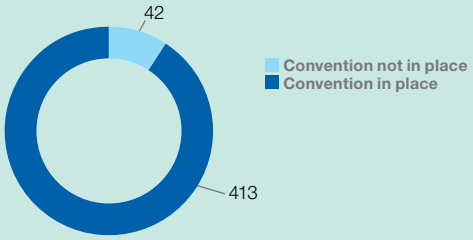
International Labor Organization (ILO) standards
As early as 2000, HOCHTIEF became the first construction company in the world to sign on to the standards of the UN agency International Labor Organization (ILO). The ILO focuses on enabling women and men the world over to work in conditions of freedom, equity, security, and human dignity. HOCHTIEF is also fundamentally committed to the ILO conventions and the UN conventions—see glossary on page 260.

The charts below are based on HOCHTIEF's 455 fully consolidated companies in 47 countries as of December 31, 2015.

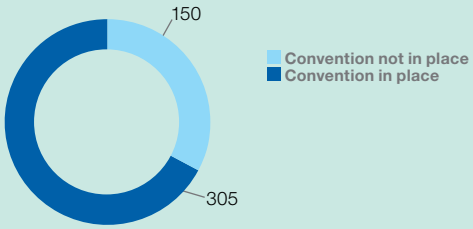
ILO Worst Forms of Child Labour Convention C182



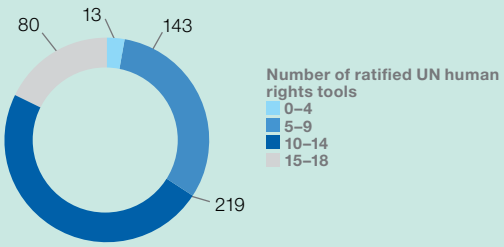
ILO Abolition of Forced Labour Convention C105



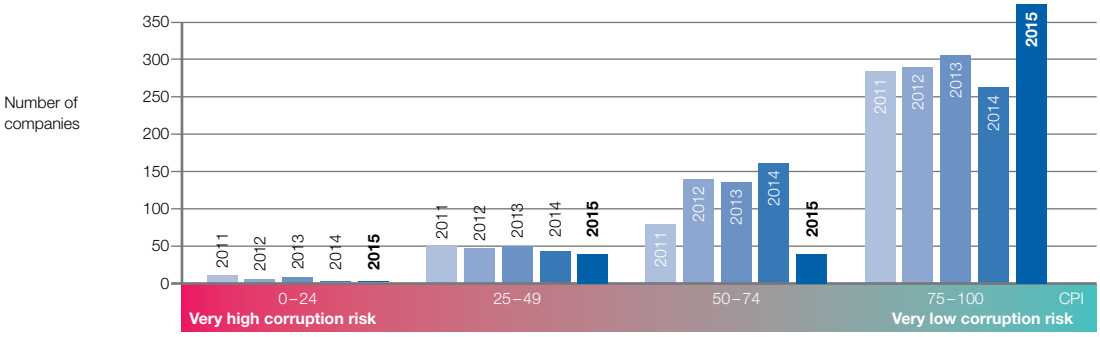
ILO Right to Organise and Collective Bargaining Convention C098



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

Detect

All employees are called upon to notify HOCHTIEF of any irregularities. HOCHTIEF has put whistleblower systems in place across all divisions for this purpose. Employees can report incidents to compliance officers using a range of hotlines and e-mail addresses. Whistleblowers are, of course, protected in that all information is treated confidentially; reports can also be made anonymously.

Corporate Compliance or Corporate Auditing launches compliance investigations on an ad-hoc basis wherever violation of compliance rules is suspected. The Auditing function additionally monitors the current status of compliance processes and conformity with compliance directives.

The implementation status of compliance measures is also regularly checked and evaluated by means of information requests within the compliance organization. To gain a better picture of how employees rate compliance matters and whether, for instance, they find the published rules clear to follow, Corporate Compliance has rolled out a compliance awareness check in the HOCHTIEF Europe division. This process is to be intensified in 2016.

The importance of compliance is also highlighted for us from outside of the Group. Our survey in connection with the materiality analysis for sustainability issues showed that compliance plays a key part in assessing a company. As in the prior year, it was cited as a material aspect of sustainability by all groups surveyed.

Respond

All breaches of the law or internal directives at HOCHTIEF are handled with sensitivity and pursued very attentively. While responding with full rigor, we are always mindful of the risk of false accusations made anonymously. Various compliance committees reporting to the relevant management bodies decide on the action to be taken in the event of compliance violations.

Implementing personal disciplinary action is the responsibility of the relevant superior or management. Action taken under employment law can go as far as dismissal. In addition, the compliance officer responsible checks whether the prevailing compliance standards and established procedures are adequate and sufficient to preclude infringements from the outset. If this proves not to be the case, the compliance officer oversees modifications to the existing arrangements or the adoption of new requirements.

Focus area indicator

Compliance; aspect: Fighting corruption
For further information, please see the GRI index on pages 254 to 255.

Compensation report

Executive Board compensation for 2015

The Executive Board compensation system is geared toward sustainable, long-term management of the company. 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 2015 comprises

*See glossary on page 260.

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.

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 Chief Financial Officer Date joined: November 1, 2011			
	2014[1]	2015			2014	2015			2014	2015			2014	2015		
(EUR thousand)		Granted	Minimum	Maximum		Granted	Minimum	Maximum		Granted	Minimum	Maximum		Granted	Minimum	Maximum
Fixed compensation	1,008	1,038	1,038	1,038	195	309	309	309	228	361	361	361	600	618	618	618
Fringe benefits	46	37	37	37	79	39	39	39	12	18	18	18	22	20	20	20
Total	**1,054**	**1,075**	**1,075**	**1,075**	**274**	**348**	**348**	**348**	**240**	**379**	**379**	**379**	**622**	**638**	**638**	**638**
One-year variable compensation	1,048	1,260	0	1,339	184	339	0	361	210	388	0	412	564	679	0	721
Multi-year variable compensation																
Long-term incentive component I[2]	886	1,066	0	1,133	184	339	0	361	210	388	0	412	564	679	0	721
Long-term incentive component II[3]																
LTIP stock awards (6-year term)	443	533[4]	0	567	92	170[4]	0	180	105	194[4]	0	206	282	339[4]	0	361
LTIP stock appreciation rights (7-year term)	443	533[4]	0	567	92	170[4]	0	180	105	194[4]	0	206	282	339[4]	0	361
Total	**3,874**	**4,467**	**1,075**	**4,681**	**826**	**1,366**	**348**	**1,430**	**870**	**1,543**	**379**	**1,615**	**2,314**	**2,674**	**638**	**2,802**
Service cost (service and interest cost)	1,020	1,824	1,824	1,824	166	246	246	246	219	313	313	313	392	548	548	548
Total compensation	**4,894**	**6,291**	**2,899**	**6,505**	**992**	**1,612**	**594**	**1,676**	**1,089**	**1,856**	**692**	**1,928**	**2,706**	**3,222**	**1,186**	**3,350**

[1]Excluding subsequent restatement (see compensation for past years)
[2]Transfer of shares 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 Chief Financial Officer Date joined: November 1, 2011	
(EUR thousand)	2015	2014[1]	2015	2014	2015	2014	2015	2014
Fixed compensation	1,038	1,008	309	195	361	228	618	600
Fringe benefits	37	46	39	79	18	12	20	22
Total	**1,075**	**1,054**	**348**	**274**	**379**	**240**	**638**	**622**
One-year variable compensation	1,260	1,048	339	184	388	210	679	564
Multi-year variable compensation								
Long-term incentive component I[2]	1,066	886	339	184	388	210	679	564
Long-term incentive component II	0	0	0	0	23	0	0	0
Total	**3,401**	**2,988**	**1,026**	**642**	**1,178**	**660**	**1,996**	**1,750**
Service cost (service and interest cost)	1,824	1,020	246	166	313	219	548	392
Total compensation	**5,225**	**4,008**	**1,272**	**808**	**1,491**	**879**	**2,544**	**2,142**

[1]Excluding subsequent restatement (see compensation for past years)
[2]Transfer of shares 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 92,889 thousand (2014: EUR 98,186 thousand).

Payments to former members of the Executive Board and their surviving dependents were EUR 4,869 thousand (2014: EUR 7,676 thousand). Pension obligations to former members of the Executive Board and their surviving dependents totaled EUR 83,404 thousand (2014: EUR 90,590 thousand).

Executive Board compensation for past years

For 2014, as a result of Mr. Fernández Verdes' exceptional performance, the Supervisory Board set overall target attainment for Mr. Fernández Verdes for the STIP, LTIP I, and LTIP II components from 161.17% to 200%. Compensation was awarded accordingly in the amount of EUR 252 thousand short-term incentive, EUR 214 thousand long-term incentive I, and EUR 214 thousand long-term incentive II.

In addition, in 2015, the Supervisory Board adopted a Long-term Incentive Plan 2015 (LTIP 2015) for the members of the Executive Board to satisfy the long-term incentive component II from 2014. 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 2015 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 2015 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 2015 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 49,751 stock appreciation rights and 10,414 stock awards, in each case worth EUR 550 thousand at the grant date. Mr. Legorburo was granted 8,311 stock appreciation rights and 1,740 stock awards, in each case worth a total of EUR 92 thousand at the grant date. Mr. von Matuschka was granted 9,498 stock appreciation rights and 1,988 stock awards, in each case worth a total of EUR 105 thousand at the grant date. Mr. Sassenfeld was granted 25,513 stock appreciation rights and 5,340 stock awards, in each case worth a total of EUR 282 thousand at the grant date. Additional information on the plans is provided in the Notes to the Consolidated Financial Statements on pages 208 to 210.

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	2015	1,080
	2014	325
Legorburo	2015	51
	2014	0
von Matuschka	2015	284
	2014	153
Sassenfeld	2015	846
	2014	282
Executive Board total	**2015**	**2,261**
	2014	**760**

Executive Board compensation in relation to offices held at Group companies

Peter Sassenfeld received pension awards under Australian law for the services on the CIMIC Board in the amount of EUR 1 thousand*.

For his services in Australia as CEO of CIMIC, Mr. Fernández Verdes received an expense allowance of EUR 340 thousand* and fringe benefits in the amount of EUR 24 thousand* for 2015 . The conditions for exercising the stock appreciation rights (SARs) granted by CIMIC in 2014 were modified in 2015. Following the waiting period, up to 40% of the SARs—as previously—may be exercised per annum in the first two years of the exercise period. However, all remaining unexercised SARs may be exercised in the third year of the exercise period. The sole effect of this amendment to the conditions was the increase of the fair value as of the grant date by EUR 2.1 million*. Neither the basis of calculation nor the maximum value of the SARs was altered as a result of the amendment.

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.

*The euro amount depends on the exchange rate.

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 2015 based on the use of net profit proposed for approval at the Annual General Meeting in May 2016 is shown in the table below.

(EUR thousand)	Fixed compensation (net)	Variable compensation (net)	Attendance feets (net)	Total compensation (net)
Pedro López Jiménez	115,500	142,500	9,500	267,500
Gregor Asshoff	77,000	95,000	11,000	183,000
Ángel García Altozano	77,000	95,000	14,000	186,000
Abdulla Abdulaziz Turki Al-Subaie	42,940	54,760	7,000	104,700
Beate Bell	51,860	24,670	7,000	83,530
Carsten Burckhardt	57,750	71,250	7,000	136,000
José Luis del Valle Pérez	57,750	71,250	15,500	144,500
Dr. Michael Frenzel	5,700	45,120	2,500	53,320
Patricia Geibel-Conrad	51,800	24,140	9,500	85,440
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz	38,500	47,500	3,000	89,000
Dr. Thomas Krause	38,500	47,500	7,000	93,000
Matthias Maurer	57,750	71,250	13,500	142,500
Udo Paech	57,750	71,250	14,000	143,000
Nikolaos Paraskevopoulos	57,750	71,250	14,000	143,000
Klaus Stümper	57,750	71,250	9,500	138,500
Olaf Wendler	57,750	71,250	9,500	138,500
Dr. Jan Martin Wicke	5,800	45,910	1,500	53,210
Christine Wolff	57,750	71,250	9,500	138,500
Supervisory Board total	**966,600**	**1,192,100**	**164,500**	**2,323,200**

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

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 2015 up to June 12, 2015, HOCHTIEF Aktiengesellschaft, with the following exceptions, complied with all recommendations of the Government Commission on the German Corporate Governance Code dated June 24, 2014 and published on September 30, 2014 by the German Ministry of Justice in the official section of the Bundesanzeiger (Federal Official Gazette):
Since June 13, 2015 HOCHTIEF Aktiengesellschaft has complied with the recommendations of the Code published on June 12, 2015, 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 Company, take into account the international activities of the Company, potential conflicts of interest, the age limit specified by the Supervisory Board for its members, and a regular limit of length of membership for its members as well as 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 Annual General 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 Company, potential conflicts of interest, the number of independent Supervisory Board members, an age limit and a regular limit of length of membership for Supervisory Board members as well as diversity.

- The Code's recommendations on election recommendations to the Annual General Meeting contained in Section 5.4.1 paragraphs 5 to 7 of the Code (disclosure of the personal and business relations of each individual candidate with the enterprise, the executive bodies of the enterprise and with any shareholder holding a material interest in the enterprise) are not applied. In practice, there is currently still legal uncertainty regard-

ing 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.

- For the period January 1 to June 30, 2015, the members of the Supervisory Board of HOCHTIEF Aktiengesellschaft received performance-linked compensation based on the dividend alongside their fixed compensation. Whether HOCHTIEF thereby complied with the recommendation in Section 5.4.6 paragraph 2, second sentence, of the Code cannot be determined with sufficient legal certainty due to differing interpretations of this provision of the Code. A departure from this recommendation of the Code for the period stated is therefore declared as a precautionary measure.

With regard to the recommendation given in Section 4.2.3, paragraph 2, 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 2016

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.

© Foster + Partners

Vietnam's tallest building (362 meters): VietinBank Tower

*For further information, please see page 108.

Economy: Using advanced BIM* methods, Turner is building the VietinBank Tower in the Vietnamese capital, Hanoi, slated for completion in 2017. The 300,000-square-meter development consists of two towers. The taller, 68-story tower will house the new headquarters of VietinBank. The second, 48-story tower will be used for a five-star hotel and apartments.

Ecology: A combined heat and power plant will supply waste heat for domestic heat and hot water. Other features include groundwater and rainwater recycling and use of groundwater for cooling. The shape and orientation of the building maximizes daylight and views. Plantings and water features provide a "green spine" that helps cool the building and improves air quality.

Community: The new building is open to residents and interested parties, who are invited to make use of the shopping mall, restaurants, and conference facilities.

Research and Development

This chapter is part of Focus Area Sustainable Products and Services

Innovation for added value

Innovation is a key element in our business success. The elaborate building construction and infrastructure projects we deliver for our clients worldwide are often complex and one of a kind. To meet client expectations, our projects incorporate outcomes from our ongoing, Group-wide research and development (R&D) activities. HOCHTIEF's innovative prowess is demonstrated by project-specific alternative proposals that are collated, developed, and implemented at Corporate Headquarters, in our divisions, in projects, or right on site. In this way, we create measurable added value for clients and set ourselves apart from the competition. We also deploy R&D to develop new business segments. Aside from their economic benefits, our research and development activities also take us a long way toward achieving our environmental and social goals, and are a major factor in sustainability at HOCHTIEF.

Group-wide innovation system

Our innovative capacity is firmly rooted in our established Group units and activities dealing with innovation (see diagram).

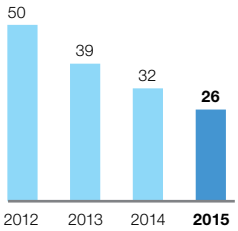
HOCHTIEF Innovation Management is part of Corporate Development. The team is responsible both for Group-wide innovation management and for that of our European subsidiary, HOCHTIEF Solutions. All Group companies can apply for funding via the corporate innovation budget. An Innovation Committee composed of representatives of the operational units and the holding company decides what projects to fund and develop in a defined, transparent process.

HOCHTIEF's U.S. subsidiary Turner established an Innovation Group in the year under review with the aim of developing and sharing ideas for further improvement of the company and hence of the construction industry as a whole. Via the Innovation Group, Turner aims to keep at the forefront of innovation in order to offer added value for clients and business partners. Focus issues include Building Information Modeling (BIM) and lean construction. Turner has also created a Change Management team, which systematically prioritizes and implements ideas from a variety of internal channels on an ongoing basis. This ensures that maximum benefit is derived from ideas across the company.

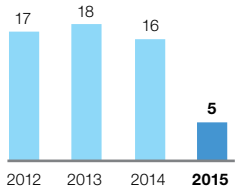
Our Australian Group company CIMIC has established a research and technology capability to improve and systematically drive forward the development of innovative solutions. The team is tasked with identifying technical expertise across CIMIC and implementing exchange with other Group companies. This involves capturing project information such as methods and lessons learned on an ongoing basis and, where it makes sense, converting that information into strategic insights. Additionally, the team will research construction industry innovations, monitor developments, and share its findings within the company.

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

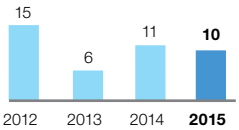
Number of R&D projects



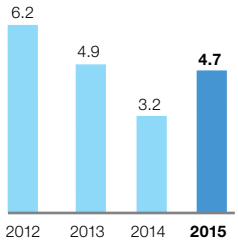
Number of R&D projects completed



Number of R&D projects started

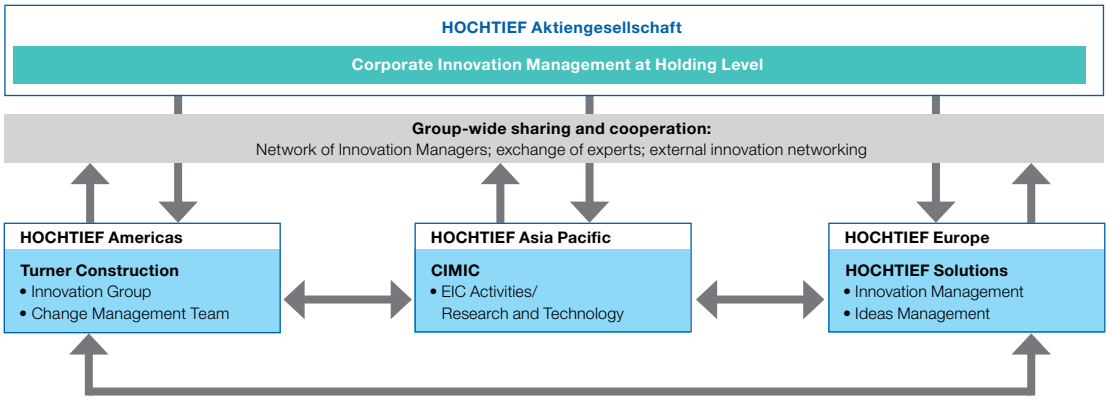


Investment volume of R&D projects (EUR million)



The statistics in the charts only relate to innovation projects of Group Innovation Management at holding company level.

Innovation organization



Networking and exchange

Continuous exchange among innovation units and managers in the HOCHTIEF holding company and subsidiaries makes for Group-wide transparency as well as synergies in R&D and innovation. This knowledge transfer takes place at joint events, through collaboration on projects, and in regular web conferences. To align structures across the Group, engineering units were also integrated at Turner and CIMIC in the year under review to permit direct transfer of expertise.

Turning the research spotlight on innovation

A three-year project at CIMIC subsidiary Thiess targets innovation itself as a research topic. Under the project, a research fellow at the University of Queensland will investigate the innovation processes at Thiess and develop a strategy geared to enhancing the capture and sharing of innovation. The aim is to help ensure that Thiess stays ahead in the mining game.

Tools

Ideas Room

Our teams work day in, day out to make internal workflows and processes even more efficient. For our workforce in Germany, these activities center around the Ideas Room. This is a central intranet-based tool allowing employees to submit suggestions online for evaluation on a transparent basis. The Ideas Room also makes it possible to track implementation progress. A total of 58 ideas were published in the reporting year. Ideas Management paid out bonuses totaling EUR 31,650 in 2015 (2014: EUR 28,350). The best ideas of 2014 were singled out for award by the Executive Board and the Ideas Management team at an annual conference in May 2015 (see “Awards and events”). For the first time, the conference also saw awards presented for the best innovation projects.

BIM: The future of construction is here today

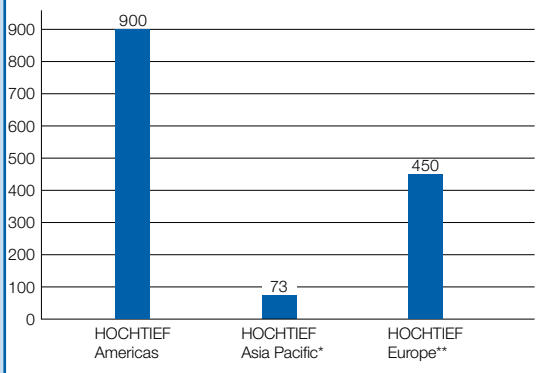
Building information modeling (BIM) is the key tool of the future when it comes to digital project execution. The design and construction of projects with BIM is already in demand among clients in many countries today. The method is based on actively connecting up everyone involved in a project using a 3D computer model that can be enhanced with additional information such as timing, costs, and utilization. HOCHTIEF moved very early in recognizing the potential of BIM, launching its Virtual Construction innovation focus as early as 2003. With the launch of a company specialized in virtual construction, HOCHTIEF ViCon GmbH, HOCHTIEF is considered a pioneer in the field. Today, HOCHTIEF ViCon is the Group’s BIM Competence Center and already practices the future of virtual construction worldwide.

We further stepped up our BIM activities throughout the Group in the year under review. This means we are able to meet customer requirements, deliver sustainable products and services, and improve our market position as a result.

Development of BIM standards

Our U.S. subsidiary Turner has implemented BIM standards to further boost efficiency. Following a scorecard principle, the standards help project teams to set targets, plan, and monitor implementation. Projects implemented in this manner can achieve cost, time, and energy savings as well as further enhance customer satisfaction. Risk assessment is also improved. Turner can already boast experience with nearly USD 60 billion worth of projects with BIM, including over 900 proj-

Number of HOCHTIEF Group projects delivered using BIM up to 2015



*The comparatively low number of BIM projects in the HOCHTIEF Asia Pacific division is a result of the special nature of the business: At CIMIC, 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. BIM was also used for other projects in the HOCHTIEF Europe division.

ects since 2002 when BIM was first implemented. In the prestigious Giants 300 Report ranking by the industry publication Building Design + Construction, Turner was once again placed first among construction companies for the implementation of construction projects with BIM in 2015.

Our Group Company CIMIC in Australia has a BIM excellence group that is working to ensure that BIM is effectively and consistently deployed into our tenders and projects to reduce risk and maximize value to our contracts and clients.

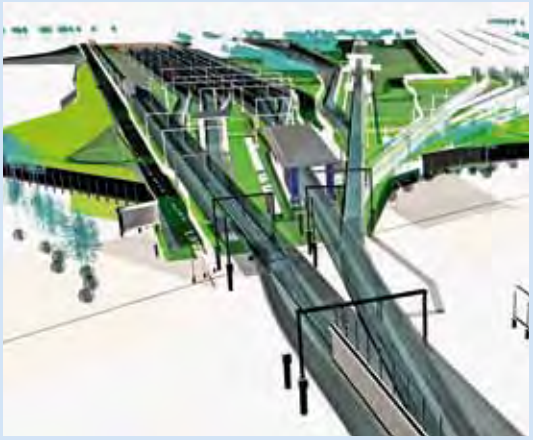
Similarly, in the HOCHTIEF Europe division, a range of BIM initiatives ensure the strategic and operational integration of BIM in both building construction and civil engineering. In one such initiative, a BIM model developed specially for PPP projects surports the digital organization of information at every stage of the project life cycle. The aim is to shape working relationships with our business partners so BIM data from the design and construction phase can be leveraged in the operation and maintenance phase, creating transparency for all concerned. Once put into practice, this would be an innovation for the entire construction industry. BIM is to be made standard operating practice for selected focus segments at HOCHTIEF in Europe.

BIM Exchange 2015

HOCHTIEF Innovation Management staged a Group-wide BIM workshop in the year under review. Representatives from the HOCHTIEF holding company, HOCHTIEF ViCon, HOCHTIEF Solutions, Turner, and CIMIC made full use of BIM Exchange for knowledge transfer and networking. Workshop participants also launched a range of tools and activities for future cooperation, including a BIM newsletter, BIM webinars, and a shared BIM exchange platform. In this way, our experts gain from experience with BIM worldwide.

BIM Cluster Rhine-Ruhr

The fact that clients increasingly require projects to be carried out using BIM is not just an issue for major corporate groups. It also affects the construction sector at regional level. In light of this, HOCHTIEF ViCon joined forces with the University of Duisburg-Essen and the Ruhr University Bochum to launch the



Basis of data management in construction and operation of the Sydney Metro North West project: 3D model.

BIM Cluster Rhine-Ruhr. The cluster's mission is to drive debate and regional exchange on BIM in the Rhine-Ruhr region as a close-knit network of business, research as well as small and medium-sized enterprises. Drawing on their combined expertise, the member companies and institutions aim to actively shape the onward development of BIM. Supporting and networking opportunities for regional BIM players are another important aspect for the founding members. HOCHTIEF ViCon will contribute its experience to the network in implementing BIM projects worldwide. The BIM Cluster Rhine-Ruhr spans every link in the value chain from the initial idea to construction and operation.

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 254 to 255.

For further information, please see www.hochtief-vicon.com/BIM-network

BIM User Day

An important date on the regional events calendar in Doha, Qatar, is the Qatar BIM User Day, which was held in the reporting year for the fifth time. HOCHTIEF ViCon has partnered with Qatar University and Teesside University in the UK since 2011 to support research projects and events in the region. The Qatar BIM User Days aim to provide an open knowledge platform for all BIM experts, BIM novices, and young talent in order to meet the growing need for qualified workers on a timely basis. The fifth staging of the event focused on BIM implementation and BIM management. All four BIM components were considered: People, processes, technology, and policy.

Number of employees provided with BIM or similar training in 2015

Division	HOCHTIEF Americas	HOCHTIEF Asia Pacific	HOCHTIEF Europe
Employees	35*	454	169

*After a major further training drive in 2014, the need for BIM training was largely met in 2015.

The Executive Board of HOCHTIEF Solutions presented awards for the best ideas and innovations at the HOCHTIEF Ideas Management annual conference.

Ideas Workshops

To boost the number of entries and make it easier for staff without intranet access to submit ideas, we launched our series of on-site Ideas Workshops. In an Ideas Workshop, suggestions are collected from employees and evaluated right on the construction site or in the office. One Ideas Workshop was held at HOCHTIEF PPP Solutions in the reporting year. The workshops are an ideal supplement to own-initiative submissions using the Ideas Room. A total of 80 suggestions were collected at the events held during the year under review. Having proven highly effective, Ideas Workshops are to be further expanded for Ideas Management in the future.

Turner Learning Tree

The Turner Learning Tree operated by our U.S. subsidiary is a web-based knowledge management platform that allows employees to publish their best practice solutions. In addition, the tool provides an Improvement Forum for sharing suggestions for improvement and asking questions for users to answer right there online. The platform also works on smartphones and tablet computers. Turner staff can thus connect with experts and share ideas at any time. There were 700 new postings in the reporting year. Options for Group-wide rollout of the Turner Learning Tree will be weighed once more practical experience has been gathered with the platform.

Awards and events

Top Idea 2014

The Top Idea award goes to suggestions posted in the Ideas Room. First place in the ranking for 2014—published in 2015—was awarded to the idea of making reinforced concrete walls not out of cast-in-situ concrete but by using precast slabs held in place by an innovative anchoring system. The idea has many advantages. Among other things, construction is some 50% faster, as fitting precast elements takes less time than casting in situ. Precast parts can also be made to higher precision. Further benefits of the method include a smaller site footprint as well as the considerable flexibility of the structural design planned by the structural engineer. Trials are now underway to refine the approach. Prize money of EUR 7,600 was awarded for the idea.

Top Innovation Project 2014

The prize for best innovation went to a project in which employees drew up a business plan for widespread adoption of BIM at HOCHTIEF Solutions.

Precast slabs and an innovative anchoring system cut construction time by half (left).

In-house experts and external specialists share ideas and best-practice examples at the Turner Innovation Summit in New Orleans.

HOCHTIEF Energy Award

With the HOCHTIEF Energy Award conceived during the year under review, we spotlight solutions that fuse innovation with our environmental responsibility. Group employees are invited to submit ideas and best practice examples relating to energy efficiency. The call for submissions has gone out to all office and construction site locations throughout the Group. The initiative enables us to help conserve resources, cut carbon emissions, and further enhance project efficiency. Initial communications activities began in the reporting year.

Turner Prize for Innovation in Construction

Another award reflecting the high status of innovation in our Group is the Henry C. Turner Prize for Innovation in Construction first established by Turner in 2002. Named after the founder of the Turner Construction Company, the annual prize is awarded to people or organizations by Turner and the National Building Museum in Washington to recognize an advance or outstanding achievement in the process of construction. The prize was presented in 2015 to the Council on Tall Buildings and Urban Habitat (CTBUH) for its long history of leadership in facilitating research and promoting education, as well as for its contributions to the building industry, which has benefited from the Council's work related to tall buildings and urban planning issues.

Turner innovation awards

Launched four years ago, the Turner Construction Company Award for Innovation is presented by Turner to employees or teams who have achieved exceptional successes in projects through the development or implementation of innovative ideas. The 101 entries submitted in the year under review included a great many ideas relating to lean construction, collaboration, IT, and safety. The USD 10,000 first prize was awarded twice over this year. One of the winners is an internal initiative that collates and makes available information on employee health-related events and programs. Largely intended for waged/industrial employees and their families, the initiative aims to raise their health awareness. The other idea picked out for first prize is a program to standardize preconstruction processes across the company. Drawing on the experience gained, the unit will continue to develop and grow. A total of USD 225,000 in prizes has been awarded in the last four years.

Turner Innovation Summit, New Orleans

The Turner Innovation Summit is a conference initiated and organized by Turner, bringing together employees and business leaders to share ideas, innovations, and best practice examples. Held in New Orleans during the year under review, the second summit with keynote speeches by top industry representatives as well as presentations, workshops, and training sessions offered numerous opportunities for knowledge transfer and collaboration. More than 230 Turner employees and industry speakers took part. The ideas put forward and fine-tuned at the summit drive improvements at Turner in terms of efficiency, productivity, and quality.

Innovative maintenance: Drones inspect the quality of structures and systems (top left).

The HOCHTIEF Group gains a competitive edge in ice storage technology with its own innovation project (top right).

Innovation highlights in 2015

The projects presented showcase the HOCHTIEF Group's above-average innovative capacity. Technology and process improvements also feature in every single project we undertake.

Using drones for maintenance

The activities of HOCHTIEF Engineering's Aging Management segment include ensuring the proper functioning of building envelopes and ongoing compliance with quality requirements for systems and structures. This quality performance is verified in regular walk-through inspections. HOCHTIEF supplements such walk-throughs using drone technology. As part of this, we launched an innovation project on the use of drones in aging management in the year under review. Models with four, six, or eight rotors are used for the purpose. The video data is streamed in-flight by radio link for viewing on the ground, where images can additionally be captured by remote trigger photography and evaluated while the drone is still airborne.

Infrastructure maintenance and renewal

Maintenance requirements grow exponentially as infrastructure ages. To address this, we have launched an innovation project in Germany on infrastructure maintenance services. This will develop solutions to meet public sector infrastructure maintenance and refurbishment needs. The first phase of the project has already seen completion of the necessary preliminary market survey. It also included analyses of typical requirements profiles in infrastructure refurbishment and of existing HOCHTIEF capabilities. This provides the basis for deriving specific options for future business models.

Ice storage technology

In the right conditions, an ice storage tank—a concrete tank filled with water—can be used to provide buildings of almost any size with reliable, economic, and environment-friendly heating via heat pumps, and also to cool them in summer. Following a successful pilot project in Hamburg, HOCHTIEF stepped up the development and use of the innovative heat pump and ice storage technology in the reporting year. We have established an Ice Storage Competence Team and launched an innovation project in which we will monitor facilities in specific projects for several years to better assess the economics of the technology, structure the findings and experience acquired, and present them for Group-wide dissemination. A knowledge lead in this innovative technology will give HOCHTIEF a key competitive edge in the market.

Data collection, processing, and visualization

During the construction and operation phases of a project, various instruments are continuously used to capture data on parameters such as groundwater, pore pressure, loads, and deformation. The data is used to derive design specifications, verify design assumptions, and monitor safety performance during different stages of the construction process. With the proliferation of monitoring equipment, it is increasingly hard for surveyors and engineers to efficiently manage the complex process of data collection, data storage, and reporting. In response, CIMIC has developed the innovative GeoView system to collect and process all data internally and display it on a range of different devices. This removes the need to engage an external service provider at high cost. GeoView has the flexibility to meet project-specific requirements and adapt to new instrument technologies. Everyone involved in a project has direct, 24/7 access to the data. The new system delivers both cost and time savings and has already been deployed on several construction sites to great success, including the Sydney Metro Northwest tunnel project.

Efficient loading using RFID

Our global mining company Thiess has improved production efficiency with an innovative solution in two mining projects. Haul trucks are identified by radio frequency identification (RFID) as they enter the pit. The system then determines the most effective next location for the truck to travel to and displays the location to the driver on a screen. Powered by solar panels, the receiver towers are mobile. A thermoelectric cooling system keeps the devices at optimum operating temperatures. The system was first used at the Melak coal mine in Indonesia. Based on the favorable experience gained at Melak, it is now also in use at Kaltim Prima Coal's Sangatta mine, the biggest project being undertaken by Thiess in Indonesia.

Advanced RFID technology ensures more efficient haul truck turnaround in mining projects.

Networks and collaborations

HOCHTIEF works closely with national and international universities, scientists, and associations. We are among the founding members of ENCORD (European Network of Construction Companies for Research and Development). European companies share information about research, development, and innovation via this platform 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.

www.encord.org

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.ectp.org

This exchange coupled with the resulting global cooperation network is a key factor in our Group's capacity to innovate.

Düsseldorf Airport office building awarded DGNB* platinum certificate

*German Sustainable Building Council

Economy: Between 2013 and 2015, HOCHTIEF erected a new six-story administration building at Düsseldorf Airport City. Valued at EUR 36.6 million, the high-caliber office property provides some 15,000 square meters of workspace for more than 500 employees. The client was delighted with the huge success of its collaboration with HOCHTIEF.

Ecology: In recognition of its outstanding green features, the building was awarded platinum certification by the German Sustainable Building Council (DGNB). Thanks to such features as a geothermal system coupled with highly efficient heat recovery from the ventilation, energy consumption for heating and air conditioning is kept to a minimum. At the same time, cooling panels suspended from the ceilings not only boost performance but also enhance interior acoustics.

Community: Internal anti-glare shields ensure employees enjoy a comfortable working environment and well-being in the offices. Now that administration operations are centrally located, shorter distances between coworkers also make for better communications.

Employees
The foundation of our success

This chapter is part of Focus Area Attractive Working Environment

Human resources strategy

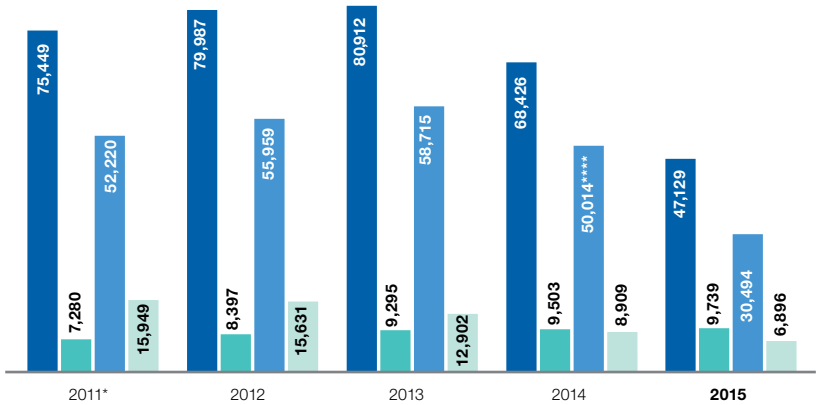
Our employees—their commitment, expertise, skills, and readiness to move forward—are integral to the business success of HOCHTIEF. After all, our business is a "people business" based on mutual trust. Our human resources strategy stems from our corporate strategy and is founded on knowledge transfer and cooperation across the Group. As a global Group, we champion the best possible, secure employment conditions. It is also key for our business to put the right employees in the right place at the right time. This is why our goal is to systematically attract and promote employees, and retain them for the long term at HOCHTIEF.

How human resources management is organized

Strategic human resources management at HOCHTIEF is the responsibility of the Human Resources corporate department, which works in close consultation with the Group Executive Board and collaborates with the companies in the HOCHTIEF Americas, Asia Pacific, and Europe divisions. Human resources operations are regional and fall within the responsibility of the companies.

The principal tasks for our strategic human resources management are: employer branding, young talent and executive development, optimizing employee structures, calculating and analyzing key indicators, developing remuneration tools, steering human resources management processes, and supporting major M&A and restructuring projects. We provide active support for these structured human resources management processes in order to develop long-term goals and projects.

Number of employees at HOCHTIEF by division



Average for the year**

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

Number of employees in 2015

In 2015, the HOCHTIEF Group had an average of 47,129 employees (40,505 men, 6,624 women), 22,768 of whom are waged/industrial employees (21,810 men, 958 women) and 24,361 of whom are salaried/office employees (18,695 men, 5,666 women). The number of employees decreased by 31.12%.

In the HOCHTIEF Americas division, the orders situation, which still remains good, is reflected in the number of employees: On average, this division had 9,739 employees (7,649 men, 2,090 women), 2.48% more than in the prior year.

The main transformation processes taking place in recent years in the HOCHTIEF Asia Pacific and Europe divisions were completed. Where adjustments to the workforce were unavoidable, HOCHTIEF never lost sight of its responsibility, even in times of change: The decisions in Germany were made in cooperation with the codetermination bodies (works councils and the trade union). Redundancies in Germany were for the most part unnecessary.

In the reporting year, CIMIC in the Asia Pacific division employed 30,494 people (27,517 men and 2,977 women). In the reporting year, the workforce in the HOCHTIEF

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

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

***The holding company had 195 employees in 2015.

****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)

Europe division contracted and now numbers 6,896 (5,339 men, 1,557 women), 22.60% fewer employees than in 2014. The number of direct employees in both companies fell in 2015 due to transformation, including divestments. As a result of the divestment of the John Holland company completed in April 2015, for example, around 4,000 employees switched to CCCC International Holding Company.

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 resources management at HOCHTIEF is founded on the Group's vision and guiding principles*, as well as the standards of the Corporate Governance Code. In addition, we developed our own HOCHTIEF Code of Conduct as early as 2003. Revised in 2013, it is mandatory for all employees. This Code ensures respectful, lawful conduct toward colleagues, business partners, and customers. HOCHTIEF is committed to complying with ILO** standards and maintains a cooperative relationship with employee representatives. The Executive Board expressly approves of the employees' right to form unions. Employees at all HOCHTIEF locations elect representatives to safeguard their interests.

*For further information, please see Strategy section on page 32.

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

**For further information, please see page 98.

In the HOCHTIEF Europe, roughly 96% of the workforce in Germany (including holding company) are represented by a works council. In the HOCHTIEF Americas division, approximately 67% of the workforce are union-represented, while in the HOCHTIEF Asia Pacific division the figure amounts to 26%.

Employee representatives are also members of the HOCHTIEF Supervisory Board and regularly participate in the meetings of the various committees. If personnel changes become unavoidable because strategic measures need to be taken, HOCHTIEF first determines whether the employees affected can be moved to another unit within the Group or division. Our objective is to make mutually agreeable arrangements with our employees to whom we also provide continual advice and support.

• Recruiting and talent search

HOCHTIEF's reputation as an attractive employer is underscored by many domestic and international awards and rankings, and serves to support our recruiting efforts. In the 2015 Graduate Barometer by consulting firm Universum, HOCHTIEF placed eleventh among engineers in Germany, moving up three rungs. We are also among the Top 100 companies in the Trendence "Schülerbarometer" ranking Germany's most attractive employers. The German Society for the Certification of Management Systems (DQS) honored the Group's achievements and many continuing education opportunities with the "German Award for Excellence" in the "Employer Accountability" category.

Our international subsidiaries also enjoy an excellent reputation as an employer. In the HOCHTIEF Americas division, Turner was again included in the year under review in Universum's Ideal Employer Ranking as one of the 50 best engineering employers in a survey of 50,000 university students. Additionally, Turner earned the designation of "Best Place to Work" by Corporate Equality Index for receiving a score of 100/100 for equality. For the second time in a row, Flatiron was named a top employer for young people in Canada. The HOCHTIEF company also took this title in the Canadian province of British Columbia, chiefly for the following: tuition subsidies, summer employment and co-op opportunities as well as community involvement activities for employees. In the HOCHTIEF Asia Pacific division, CPB Contractors (formerly Leighton Contractors) and Thiess were both

voted in the top 10 most sought after employers in Australia according to business social media survey by LinkedIn.

HOCHTIEF's success depends largely on our highly qualified employees. This is why we make a special effort to hire excellent staff and ensure they remain at HOCHTIEF for the long term. In the interest of preventing a pending shortage of trained professionals, we have implemented 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, roundtable 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

We consider it especially important to generate fascination among young people for the construction industry and for HOCHTIEF, and offer them support in starting their careers. For this reason, our companies work closely with schools, colleges, and universities. CIMIC in the HOCHTIEF Asia Pacific division, for instance, has developed initiatives such as graduate programs with the participation of Thiess and CPB Contractors to retain students in the company. The Thiess Apprenticeship Program (TAP) provided training for 120 apprentices in remote areas of Australia.

Turner also partners with universities in the United States, for example, on an Externship Program where students are mentored by Turner staff who help them with their day-to-day work activities, thereby allowing them to learn by doing. Relationships with talented and motivated students are intensified through the Turner Bridge intern retention program. The company also held another Intern Film Festival in which 75 interns participated. In addition, Turner offers students access to careers in the construction industry with programs such as the ACE Mentor Program and Youth Force 2020, and additionally 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. In the 2014–2015 recruiting period, Turner was able to leverage these and other programs to hire 325 new graduates, a strong showing in a time of demographic change.

In the Build-a-Bridge educational program at Flatiron in the HOCHTIEF Americas division, students were exposed to the career options available in the construction industry during ten-week courses led by employees that included construction site visits and practical training. In the interest of recruiting employees, Flatiron works closely with the best schools, colleges, and universities in the country as well as operating established intern retention programs. As in the previous year, the company held an internal competition in which interns filmed videos illustrating "a day in the life of an intern." The winner received a scholarship.

In addition, HOCHTIEF implements smaller initiatives in Germany and abroad such as during a PPP project in Schleswig-Holstein: The project team working on construction of the Wolfgang Borchert high school led students from Leipzig University of Applied Sciences on a tour of the construction site in May. Similar programs are offered in all divisions.

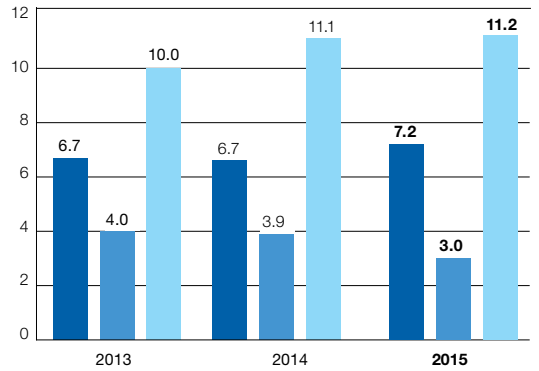
At trade shows as well as college and university open houses, HOCHTIEF participated in discussions, gave presentations, or ran a booth. Among other activities, HOCHTIEF took part in a job fair at Hamburg University of Technology (TUHH) during Hamburg's annual Construction Day. Many students showed an interest in HOCHTIEF's booth and took the opportunity to establish contact with our representatives. Additionally, HOCHTIEF regularly takes part in the Youth Dialog initiated by the Initiativkreis Ruhr with the aim of making business topics and occupations appealing to young people. With the support of the Executive Board, HOCHTIEF helps fund the Joblinge Initiative to also give traineeship opportunities to young people without a secondary school qualification, and aims to expand this commitment in the near future.

*For further information, please see the Research and Development section on page 110.

Our goal is to hire a greater number of trainees and direct recruits in Germany now and in the future. We want to be prepared for new projects and to increasingly entrust young people with responsible tasks. In 2015 alone, more than 60 young engineers found attractive jobs at HOCHTIEF in Germany. Further young engineers are expected to be hired in 2016.

All divisions are using various social media more and more for the purposes of recruiting. These include Twitter, Facebook, the career networks Xing and LinkedIn as well as the YouTube channel. At HOCHTIEF in Germany alone, Internet applications account for more than 80% of the total.

Tenure of employment in the HOCHTIEF Group by division (in years, as of Dec. 31, 2015)



• Employee retention

Retaining our qualified employees is instrumental to our long-term success. So it goes without saying that HOCHTIEF continues to further its employees' careers and develop their personal potential by offering a broad range of opportunities. Turner's efforts in this arena include the Talent Mobility Program, whereby talented employees can work in various regions of the world on challenging projects. Particularly in the case of young people, this promotes employee retention and reinforces a community feeling.

We actively promote employee participation*, such as through in-house ideas management—a program where employees can submit suggestions for improvement and discuss innovations—and the equivalent at Turner, the Turner Learning Tree.

In 2015, HOCHTIEF hired a total of 12,276 new employees (2014: 21,396). The HOCHTIEF Americas division reported 1,589 new hires (2014: 3,605) and 1,105 departures (2014: 3,122). At HOCHTIEF Asia Pacific, 9,039 new employees joined (2014: 15,448) and 11,942 employees left (2014: 28,000) the division. The HOCHTIEF Europe division counted 1,648 new employees (2014: 2,343) and 2,095 departing employees (2014: 3,910).**

**For further information, please see page 120.

In 2015, staff turnover in Germany stood at 18.1% (2014: 14.9%). The percentage of these contracts with indefinite terms is 78.0%. Due to many project-related employment contracts in the HOCHTIEF Americas and Asia Pacific divisions, the turnover figures and statistics on employees joining and leaving the company are not comparable.

Performance-aligned compensation

HOCHTIEF's compensation policy is based on the key principles of economic feasibility, competitiveness, attractiveness, and fairness. 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 because the conditions and pension systems in the countries in which we do business differ. Various different insurance and deferred compensation plans are among the options included. Turner has a robust retention program with an employer matching feature.

Open dialog

HOCHTIEF promotes 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 and Structurally Speaking at Flatiron, are available at HOCHTIEF Americas and Asia Pacific division companies.

In addition, 23 roadshows were held throughout the Group in the reporting year in which the Chairman of the Executive Board and other Executive Board members engaged in dialog with employees. These discussions served to inform employees of the company’s new direction, vision and principles, and open up a channel of communication with them.

Work-life balance

A successful work-life balance is a major factor in both the choice of workplace and employee satisfaction. HOCHTIEF encourages work-life balance through measures and programs, including part-time employment, telecommuting, flextime models, and workshops. Parents are supported in our companies around the world, and our education program includes courses on stress management and preventing burnout.

At HOCHTIEF in Germany, more employees chose to work part-time in the year under review: The figure stood at 10.1% (2014: 8.8%). In Germany, the proportion of employees who return to work after parental leave was 86.6% in 2015 (2014: 71.9%).

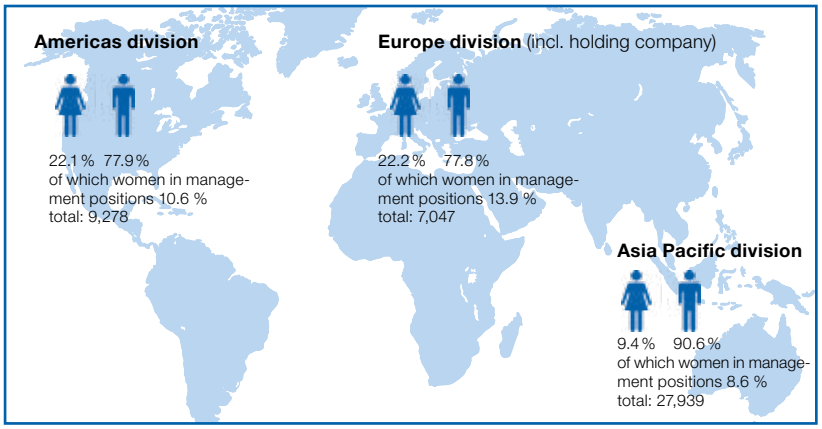
• Personnel development

Offering our employees opportunities for personal development is central to human resources management at HOCHTIEF. Throughout the Group, structured employee interviews take place once a year to provide employees with feedback on their performance from their managers. Additional measures for individual advancement are reviewed and initiated jointly. These include job rotation models. Our strategy is based on a policy of open communication and knowledge transfer within the Group.

HOCHTIEF promotes lifelong learning and has implemented various tools for this purpose. Thanks to institutions such as the HOCHTIEF Academy and Turner University, we offer various in-house continuing education options, both online and in the classroom. HOCHTIEF offers courses on many different specialized professional topics as well as workplace safety issues and opportunities for personal development. This allows our employees to obtain comprehensive training in all areas. In a two-year project management qualification program at the HOCHTIEF Academy, for example, existing and soon-to-be project managers are prepared and receive support for the challenges in their multifaceted work area. The courses are divided into five modules and promote such aspects as interdisciplinary exchange of experience. They are actively supported by the Executive Board. In 2015, our employees throughout the Group spent an average of 13.27 hours each on training. At U.S.-based Turner alone, employees logged a total of 183,077 hours at Turner University. Flatiron offers more than 100 courses, which are available on media including tablets.

We have noted growing demand for construction-related seminars on topics including building information modeling (BIM), drywall construction, and compliance. The selection of online courses is also becoming increasingly popular and is constantly being expanded. At

Employees of the HOCHTIEF Group by division (as of Dec. 31, 2015)



Total number of employees by employment type and gender
(average for the year)

2015	HOCHTIEF total	HOCHTIEF Americas	HOCHTIEF Asia Pacific	HOCHTIEF Europe (incl. holding company)
white-collar workers	24,361	7,006	12,552	4,803
female	5,666	1964	2,204	1498
male	18,695	5,042	10,348	3,305
blue-collar workers	22,768	2,733	17942	2,093
female	958	126	773	59
male	21810	2,607	17169	2,034
Total number of employees	47,129	9,739	30,494	6,896

Apprenticeships at HOCHTIEF

Commercial/administrative careers:
Industrial administrator
Office communications administrator
Bachelor of Arts (Industrial administrator)

Technical careers:
Technical drafter
Bachelor of Arts
Bachelor of Engineering
Construction materials tester

Industrial careers:
Bricklayer
Carpenter
Concretor
Conduit builder
Civil engineering worker
Construction equipment operator
Mechatronics technician
Electronics technician specializing in industrial engineering
Electronics technician specializing in energy and building technology

Turner, there is a great deal of interest in the Turner Learning Tree platform (for further information, please see page 110) for sharing knowledge.

Through its engineering company, EIC Activities, 1,762 employees in the HOCHTIEF Asia Pacific division attended webinars on technical topics, and approximately 660 employees attended technical training. CIMIC also cooperates with universities and other external institutions to provide learning opportunities for its people. For example, CIMIC provides a Masters degree in Project Management through the University of New South Wales. Thiess, in conjunction with the client, has delivered a nationally-recognized “Certificate III in Surface Extraction” vocational qualification at its Prominent Hill site. This training formalizes the skills of 235 employees and is a key component of the social impact management strategy.

Events and symposia covering specific subject areas, some of which are held across divisions, additionally promote knowledge sharing. Talent promotion is another key component of personnel development within the Group and entails various programs.

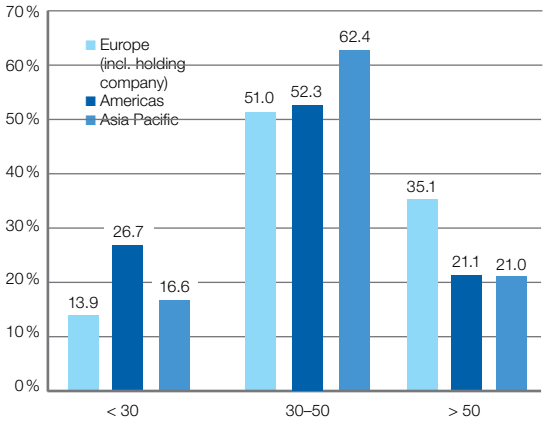
In our divisions, we provide opportunities for thorough training and study, at all times supervised by seasoned trainers. Language classes, IT training, and exam-preparation courses round out our trainees’ options to obtain additional qualifications. In 2015, HOCHTIEF employed 105 trainees (2014: 130, as of December 31 each year) in Germany. The training quota therefore stood at 3.0%. Going forward, we will continue to offer traineeships in order to recruit and promote young talent. In this way, we aim to fulfill our social responsibility toward young people.

• Diversity

Since HOCHTIEF fosters a culture of diversity, we have employees from all over the world. We specifically focus on promoting diversity, although the emphasis is different in each of our divisions.

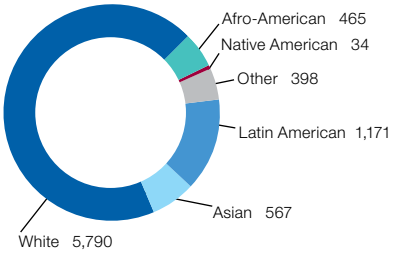
In the USA, our subsidiaries concentrate primarily on employing people from different ethnic backgrounds and promoting the hiring of women in the construction industry. Turner continues to be represented in the Society of Hispanic Professional Engineers, the National Society of Black Engineers, and the Society of Women Engineers. The “Turner Construction Diversity” scholarship at Missouri University of Science and Technology is intended specifically for African-American, Asian-American, and Hispanic students as well as women. In addition, the company’s Pride Alliance has been set up as an employee representative body that champions diversity in sexual orientation.

Age structure in the HOCHTIEF Group in 2015
(in years, as of Dec. 31, 2015)



Diversity also continues to be a focus for the Asia Pacific division. In 2015, CIMIC revised its Diversity policy and refreshed its Code of Conduct and workplace behavior policies to promote inclusion. In Australia, programs to engage Indigenous employees are a key focus of our Diversity commitment. Programs include "Career Trackers", which employs and trains Indigenous interns through CPB Contractors. The Thiess Reconciliation Action Plan specifically promotes Indigenous employees in the mining industry. Thiess' Women in Mining Strategy aims to increase female participation in mining activities in Australia. 12.5% of the members of the CIMIC Board are female.

Employees by ethnic group in North America
(as of Dec. 31, 2015)



We allow for demographic change and open the way for integrating employees of all ages in all projects and processes, notably in the HOCHTIEF Europe division.

In Germany, we emphasize equal opportunities for people with severe disabilities. Whenever they come for interviews, a disability officer is present. However, our operating business permits only limited opportunities for hiring people with severe disabilities. As of December 31, 2015, people with severe disabilities comprised 3.3% of the HOCHTIEF workforce in Germany. 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. This is why the company's management wishes to express its sincere gratitude to all our staff and employee representatives for their hard work.

• Occupational safety and health

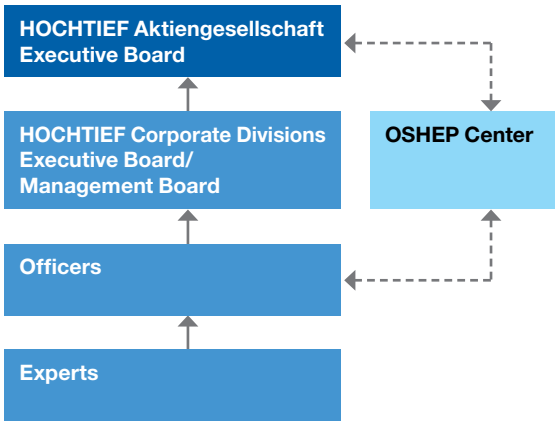
Safety is an integral part of our company's vision, and it goes without saying that safety is a permanent aspect of our corporate culture. Occupational safety and health form the fundamental prerequisites of our business. We take responsibility for our employees, for the employees of our subcontractors and suppliers, and for all those taking part in our projects. The following pages explain how we put this commitment into action.

Occupational safety and health

Generally, our data concerning occupational health and safety refer to HOCHTIEF and its business partners for whom HOCHTIEF is liable.

The occupational safety and health of our workforce are a key element of HOCHTIEF's corporate responsibility. Preventing work-related accidents and health injury in everyday work on our projects is of paramount importance to us. Both in office environments and on construction sites, we seek to eliminate or minimize risks of workplace-induced illness and occupational accidents. This applies in equal measure to the contractual partners and subcontractors for whom we are legally responsible. In line with our commitment to sustainability, we accept responsibility, aiming to secure the highest standards of occupational safety and health for all those who are dedicated to working hard on our behalf.

As one of our most important principles, this is enshrined in the HOCHTIEF Code of Conduct, which applies for each of our employees. In addition, we have defined minimum standards in this area in a Group directive that lays the cornerstone for occupational safety, health, and environmental protection (OSHEP) at HOCHTIEF. Our workforce receives intensive training with a view to building a keen awareness of the importance of legal requirements and the standards issued by statutory insurance and prevention institutions, as well as of the potential dangers. The OSHEP Center, our competence center in this field, advises on both the organization and the implementation of such standards.



Structure of occupational safety and health at HOCHTIEF

The OSHEP Center draws up Group-level occupational safety requirements and the head of the OSHEP Center reports to the Labor Director. Additional core OSHEP departments within our divisions support managers in implementing the standards in practice and monitor compliance with the law and the internal HOCHTIEF rules. At national and international level, staff from these departments monitor projects at every phase, working to maximize occupational safety and health protection for all those involved. The OSHEP Center oversees these departments, liaises with them, and is responsible for reporting.

Within our divisions, the various companies have put in place corresponding processes and structures in line with our standards. The management systems they have established are based on international standards (such as BS OHSAS 18001). Occupational safety and health is thus integrated into the entire project process. In 2015, 79.6% of active employees (2014: 89.5%) worked in units certified to such standards. Executive boards and project managers receive further support from management representatives and experts within the divisions.

Early risk identification

It is our declared aim to detect and assess potential risks as early as possible. This is why we ensure that individual preventive measures are taken for each project to eliminate or minimize risk. To this end, we consult from an early stage—commencing in the bid phase—with safety experts who identify the potential hazards and develop suitable prevention measures. In doing so, we reduce risks in subsequent project execution stages, which plays a major part in ensuring a successful project outcome for all concerned.

Detection and assessment of occupational safety and health risks are not restricted to the launch of a project, but take place on an ongoing basis throughout project delivery. Safety measures are recalibrated straightaway if circumstances change. To make sure that all those involved embrace HOCHTIEF's occupational safety and health culture, we ask all parties to sign the HOCHTIEF Code of Conduct before a project kicks off. At the same time, we ensure that subcontractors comply with statutory occupational safety and environmental protection regulations as early as in the selection stage.

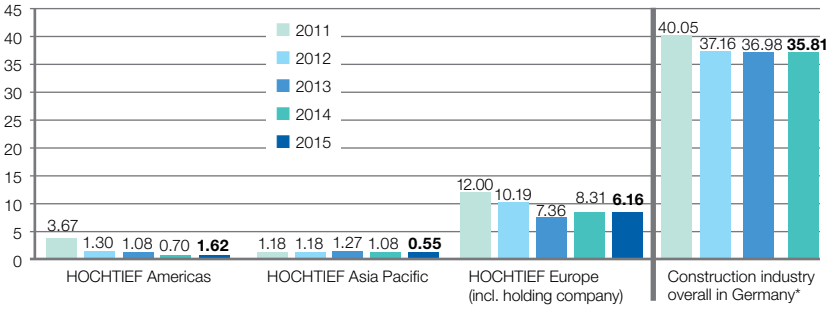
Work-related accidents and illnesses

As safety is one of our central corporate Guiding Principles and of utmost importance across the Group as a whole, we have made the decision to adopt the lost time injury frequency rate (LTIFR)—representing the number of accidents per million hours worked—as a non-financial performance indicator*. The materiality analysis compiled in the year under review once again confirmed the importance of occupational safety for our business.

We work to improve our prevention activities on an ongoing basis in order to counter potential risks as effectively as possible. Accordingly, we tally all accidents and incidents in a reporting system and analyze them to understand the causes, take action to avoid a repeat in the future, and implement continuous process improvement. Various management hierarchies are involved in investigating an incident depending on its severity. We attach special importance to ensuring that our three divisions apply a uniform classification of work-related accidents in line with the ILO code of practice, Recording and Notification of Occupational Accidents and Diseases. Despite extensive preventive measures, it has not been possible to entirely prevent accidents, including those with severe or fatal consequences. In the future, we will continue to do everything in our power to prevent such accidents.

Accident rate in the HOCHTIEF Group by division (as of Dec. 31, 2015)

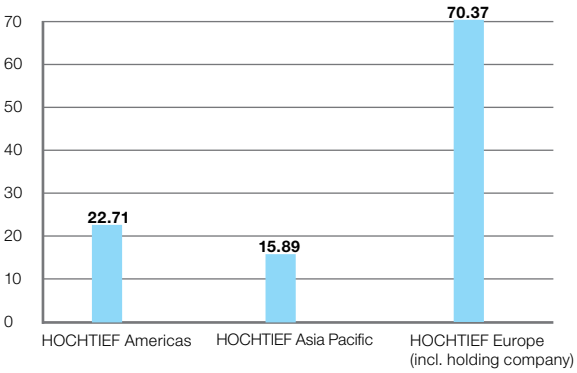
Accidents per million man-hours (Lost Time Injury Frequency Rates LTIFR); Table modified due to new data basis: Under international standards, accidents are counted from the first working day lost.



*Source: DGUV as reported by BG Bau; figures for 2014 were not yet available as of the editorial deadline.

Severity rate 2015 in the HOCHTIEF Group by division (as of Dec. 31, 2015)

Computation of the severity rate
Number of days lost due to accidents per million hours worked = severity rate



The variation primarily reflects cultural differences in the handling of injuries and different, country-specific insurance systems.

Focus area indicator

Attractive Working Environment; aspect: Occupational safety and health
For further information, please see the GRI index on pages 254 to 255.

*For further information, please see the goals table on page 164.

Number of fatal accidents in the HOCHTIEF Group (as of Dec. 31, 2015)

Division	2011	2012	2013	2014	**2015**
Americas	0	0	0	0	**0**
Asia Pacific (incl. subcontractors)	5	3	5	3	**1**
Europe (incl. holding company)	0	0	0	0	**1**
HOCHTIEF Group total	5	3	5	3	**2**

Tribute
We deeply regret that employees have died during their work. We extend our condolences to their families.

In the HOCHTIEF Europe division (including the holding company), the occupational illness rate per million hours worked stood at 0.83 in 2015. HOCHTIEF Europe is the sole division in which this statistic is kept. Differences in the legal framework and the project-based human resources policies deployed in the case of our Australian and American operations mean that occupational illnesses cannot be tracked in those countries.

Promoting a culture of occupational safety through continuing education

HOCHTIEF considers it important to ensure that employees undergo regular, ongoing occupational safety training. The overarching goal is for all individuals to feel responsible not just for their own safety, but also for that of their coworkers. Even though our units and companies have differing occupational safety cultures resulting from national rules, regulations, and social systems, we aim to foster a common understanding of occupational safety and health. To achieve this, we provide a wide range of training offerings on occupational safety and health through in-house further training centers and external courses. The many individual initiatives actively implemented on construction sites and in our divisional branch offices on a daily basis demonstrate our Group-wide, living commitment to this endeavor.

To pick up on an example from the HOCHTIEF Americas division, our subsidiary Turner has developed a safety-first philosophy trademarked Building L.I.F.E. (Living Injury Free Everyday). This goes with the expectation that all projects provide a safe workplace for employees, subcontractors, clients, and the community. Turner's 2015 Safety Stand-Down was already the 11th event of its kind. Work on project sites around the world was laid down for an hour to sensitize employees to the importance of occupational safety. The theme this time was Situational Awareness: Know Your Next Move. In all, around 45,000 workers took part. First and foremost, they addressed strategies for controlling and continuously improving construction safety processes using the four-point Plan, Do, Check, Adjust approach.

HOCHTIEF subsidiary Flatiron similarly stages regular action days to raise awareness about occupational safety. Flatiron once again participated in Safety Week in the year under review. The company has also developed a "Don't Walk By" program, where all employees are given the authority to stop procedures if they have the slightest doubt about their safety, and take responsibility for keeping themselves and each other safe.

The HOCHTIEF Asia Pacific division has a wide range of occupational safety initiatives. Based on an investigation of all past incidents as well as on expert advice—including from safety experts across the CIMIC Group—subsidiary Thiess has developed a series of Safety Essentials featuring mandatory core processes, critical control points, and check lists. Thiess expanded this approach in the reporting period to include a suite of Mining Safety Essentials, targeting aspects such as explosives, falls, isolations, and traffic.

CIMIC company Leighton Asia's "Don't walk past it, fix it" program takes a similar approach to that of the occupational safety program at Flatiron. Employees are encouraged to be alert to potential risks and immediately fix or report them, thus taking responsibility for their own and each other's safety.

In its Camellia project in India, Leighton Asia attained the milestone of eleven million hours worked without a single lost-time incident in August. For its very high occupational safety standards—based on the Strive for L.I.F.E. (Leighton Incident Free Environment) initiative—Leighton Asia garnered two separate Innovative Safety Initiative Awards from the Hong Kong Construction Association in the Safety Operational Device category: The South Island Lane (East) 903 project secured a

Bronze award and the Central-Wanchai Bypass Central Interchange project a Merit award. Both projects are under construction in Hong Kong.

The HOCHTIEF Europe division likewise operates a large number of safety measures and programs. A case in point: An energy infrastructure project in Austria—the Maria Stein works water channel—involves constructing a 22-kilometer pressure tunnel. Three rescue trains with their own oxygen supply are on site in case of an emergency such as a tunnel fire.

Moreover, in the HOCHTIEF Europe division, the Cityring project team in Copenhagen has been presented with the client's own safety award for attaining 500 days without incident through to November 2015. It was the first work package to attain this milestone in the large-scale subway project.

To further increase workforce awareness of occupational safety and health throughout the Group, we regularly report on OSHEP issues on our intranet and in our in-house magazine.

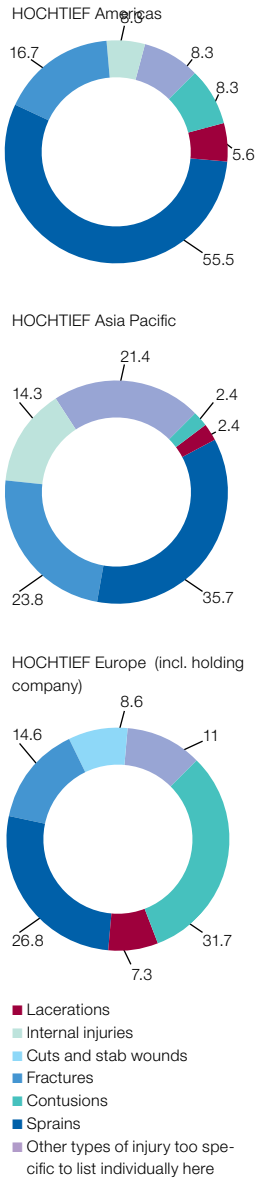
Our safety experts undergo continuous training to ensure that they can provide project managers with advice and support in line with the latest developments in their profession. All managerial staff must be aware of their responsibilities and work to maintain a Group-wide occupational safety and health culture.

Numerous locations once again participated in Occupational Safety Day in 2015. Managers worked on construction sites and at the branches to raise employee awareness of the critical importance of occupational safety and health. Members of the Executive Board visited construction sites and underscored the importance of the issue for employees in video messages. The event centered this time on load handling and working at heights. A large number of headquarters and branch employees took advantage of the offer of a medical checkup, as the event was held simultaneously with an Active Health Day.

The health and well-being of all of our employees are very important to us. This is why we place a major focus on prevention. Our managerial staff and experts take regular checkups and all employees can go to the Department of Occupational Medicine (AMD) for consultations.

Similar provision is made across the Group: Turner's services for employees include health checks and weight loss courses. The company also provided 1,784 employees with on-site biometric screenings in March of 2015 and supported employees and their families in matters such as medical consultations, hospital stays, and drug counseling. Our subsidiary Flatiron similarly holds regular health fairs at many different locations.

Significant types of injury in the HOCHTIEF Group in %
(as of Dec. 31, 2015)



Procurement

Further information on the subject of procurement is available on the Internet at www.hochtief.com/procurement.

HOCHTIEF spent EUR 15.5 billion in the reporting year on the procurement of materials and subcontractor services, which corresponds to approximately 65% of Group work done. This makes it all the more important for the Group's success to ensure that our procurement processes are both effective and efficient. All requirements relating to products and materials, workmanship, quality, service, schedules, and costs as well as those deriving from our commitment to sustainability come together in the procurement process. Those requirements are enshrined in the contracts with our subcontractors and suppliers and are applied in executing the project.

Procurement objectives

All HOCHTIEF divisions share common procurement objectives with a view to selecting the "right" partners in terms of quality and cost—a process that is key to ensuring the Group's success.

HOCHTIEF procurement objectives

- Procurement manages the procurement process for each project within the operational units and thus plays a key part in ensuring successful project outcomes.
- Procurement ensures that bids match the products and services put out to tender, that they are comparable technically and financially and, in particular, that they meet the environmental, safety, and health standards HOCHTIEF expects of subcontractors and suppliers in project execution.
- Procurement enables fair competition between multiple bidders in accordance with HOCHTIEF's compliance rules by ensuring that the procurement process is transparent and verifiable.

Implementing objectives and controlling risk

Procurement is where all of the measures put in place to minimize procurement risk come together. Risks include quality risk (quality of materials, products, or services), price risk (e.g. higher payment demands, exchange rate risk, or commodity price risk), supply risk (e.g. through supply of incorrect products or quantities), and contractor default risk (e.g. default due to insolvency, force majeure, or changes in the legal or political framework). We also place special emphasis on compliance and sustainability risks. Such risk ensues from infringement of laws on the part of suppliers or failure to meet environmental, ethical, or social standards.

Our procurement organization and our tried and trusted supplier management system are designed to meet these challenges.

Organizational structure of procurement at HOCHTIEF

Our procurement system operates along the lines of a purchasing network. Decentralized procurement teams operating in a similar way to a small or medium-sized company are closely integrated into ongoing projects and additionally supported by the central cross-divisional, Group-wide purchasing units.

Strategic procurement at Group level

The Procurement unit at HOCHTIEF Solutions AG is responsible for strategic procurement at Group level. It is tasked with ensuring that the entire Group adheres to the Procurement Directive and procurement-related compliance requirements. The Procurement unit is also in charge of implementing strategic initiatives to enhance the overall procurement system and propagating best-practice examples from the divisions throughout the Group. In 2015, options were reviewed across the Group for leveraging synergies from additional product categories in the purchasing network. For each product category, division experts were assigned to further coordinate the topics as well as to draw up a balanced strategy and a timetable that reflect the current status, market, and opportunities. This proven method has been successfully implemented in the past.

Strategic procurement at divisional level

Each of the division companies has its own central procurement unit that helps 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—both with the operational

units and with other divisions' international procurement managers—the procurement experts ensure constant availability of key information and provide extensive support for procurement at project level. One example is the permanent spend analysis performed by each individual division. The results of the analysis are made available to the other divisions on a project basis, such as in connection with the Global Sourcing Initiative. Another example is the procurement report prepared each year by the European companies. The report shows the revenue of all centrally managed product categories as well as describing the strategic direction and the steps initiated on that basis. We work to ensure that all employees involved in procurement are familiar with the requirements of the procurement process. The central Procurement unit of our Australian Group company CIMIC, for instance, held a roadshow in the reporting year, detailing CIMIC's revised Procurement Directive.

Decentralized procurement at project level

Decentralized procurement on an individual project basis represents the third level of HOCHTIEF's organizational structure for procurement. 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 must tackle the concomitant challenges in selecting our subcontractors and suppliers. They select suitable subcontractors and suppliers with the benefit of extensive penetration of regional, national, and international procurement markets. Unlike in other industries, our project activities require us to pinpoint a large proportion of new business partners on an ongoing basis. We engage subcontractors and suppliers who operate beyond the local region if we have worked with them successfully in the past.

Subcontractor and supplier management at HOCHTIEF

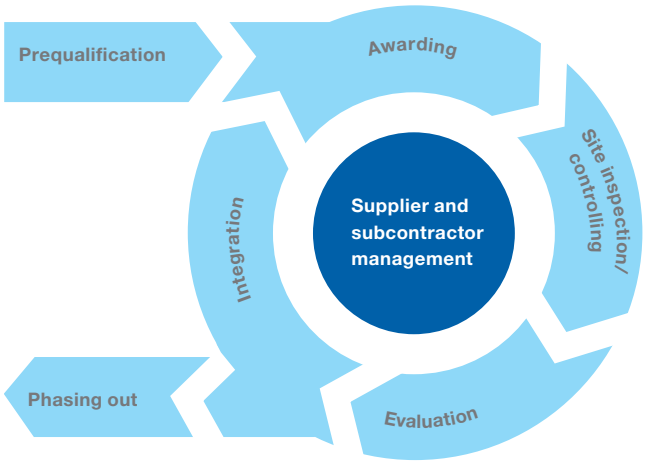
Subcontractor and supplier management is a key component of our procurement activities. This is why we have established comprehensive subcontractor and supplier management processes to allow us to assess the efficiency of our subcontractors and suppliers and to counteract risk.

Even before awarding any contracts, we minimize the probability of any risk materializing by carefully selecting suitable subcontractors and suppliers in each country on the basis of their compliance with HOCHTIEF's economic, environmental, and societal standards.

For several years now, HOCHTIEF has had a comprehensive system in place in all divisions for **prequalifying** subcontractors and suppliers. New subcontractors and suppliers are required to fully commit to observing the HOCHTIEF Code of Conduct, which includes an undertaking to comply with all human rights, labor laws as well as societal and environmental standards. By accepting the Code of Conduct, our subcontractors and suppliers guarantee that they will also hold their contractors to the same standards of behavior. In the year under review, a total of 95% of the parties we contracted with were prequalified.*

The agreements we conclude with our partners when **awarding contracts** contain clearly defined provisions. For example, all purchasing contracts include clauses stipulating adherence to specific HOCHTIEF sustainability standards. These encompass regulations on environmental and occupational safety, ethical principles as well as reporting on energy consumption and emission levels. The exact wording is selected to meet country or division-specific requirements.

*Based on the findings of the materiality analysis, sustainable procurement will be added as a new focus area in the HOCHTIEF CR program from 2016.



The project teams at the HOCHTIEF construction sites are responsible for **monitoring** the subcontractors and suppliers. Among other things, the teams manage and monitor the materials supplied and review the contractually agreed works and services. This also involves adhering to work safety directives and properly disposing of or recycling waste. In addition, the project teams in Germany check to make sure that, for example, our contract partners comply with all minimum wage requirements.

The HOCHTIEF project teams also make a structured **evaluation** of the services provided, assessing all subcontractors and suppliers, whether new or longstanding. In Europe, for instance, environmental factors—such as handling of hazardous materials and waste and awareness of resource conservation—as well as societal issues are also evaluated, in addition to economic aspects such as dealing with change orders. The societal aspects include observing international human rights conventions, labor standards, and pay norms. The results of the evaluation determine whether subcontractors and suppliers will be recommended for future projects or promptly excluded from subsequent projects if infringements have occurred. We also point out areas in which we see room for improvement among our subcontractors and suppliers. The evaluations are conducted with the help of established IT systems as well as manually within the project framework.

*See glossary on page 260.

Our Australian Group company CIMIC, for example, has a variety of tools in place at its construction sites. The tools are used to test and assess such aspects as the environmental sustainability of materials.

www.supplynation.org.au/

During the reporting period, the project teams in Germany centrally evaluated some 700 subcontractors, suppliers, and designers with regard to their main products and services. Subject to a positive evaluation, these business partners were consequently **included** in the process for future procurement awards. This relates to a total procurement volume of over EUR 400 million in 2015.

To promote local business, HOCHTIEF gives preference to subcontractors and suppliers whose companies are located in the vicinity of our project or construction sites. In 2015, an estimated 80.5% of our procurement volume went to local subcontractors and suppliers. This is how we at HOCHTIEF promote economic development in the regions in which we operate. We apply this procedure to all of our divisions in Europe as well as in the Americas and Australia. Simply by awarding contracts to local subcontractors and suppliers, we secure existing jobs and strengthen the local economy. Also, shorter transportation distances are sustainable in their own right, among other things because they make for lower CO_2 emissions.

The project team on site reviews adherence to the agreed contract terms, and the results are included in the suppliers' evaluations. Audits, visits to suppliers, and an analysis of external information ensure additional transparency. On past experience, between 70% and 80% of subcontractors and suppliers at CIMIC, for example, are audited in relation to their performance. The audits are performed either internally within the Group or with the assistance of external providers.

Whenever subcontractors or suppliers fail to live up to HOCHTIEF's standards and receive a negative evaluation from the project teams, they are correspondingly designated in the system and **phased out*** by excluding them from future selection processes.

Sustainability initiatives

CPB Contractors (formerly Leighton Contractors) and Thiess are both members of Supply Nation, an Australian organization aiming to promote cooperation in procurement activities between private companies and Indigenous businesses, and to thus foster integration. More than EUR 23 million has been spent thus far in procurement via companies listed with Supply Nation. This includes the Cape Lambert Landfill Relocation project, a joint venture between Thiess and Indigenous business Hicks Civil & Mining that was completed on time and within budget. CPB Contractors has concluded cooperation agreements with Indigenous Australian businesses in various fields, including earthworks, ICT services as well as safety and security. Some CIMIC Group employees and team members receive bonus payments for meeting diversity or sustainability targets in procurement—for example, targets relating to the proportion of Indigenous businesses hired as subcontractors.

CIMIC provides incentives for its subcontractors and suppliers in the shape of long-term contracts and strategic agreements. Special programs acquaint the suppliers' employees with the requirements set by the CIMIC companies, with the added benefit of ensuring that CIMIC's own employees are familiar with the subcontractors' workflows. This improves operational efficiency between the companies in the supply chain. In the year under review, for instance, CIMIC entered into a strategic agreement with its supplier for mining vehicle tires over a period of more than five years. This process enables CIMIC to reliably meet its needs and reduce its inventories. In the HOCHTIEF Americas division, Turner is once again listed in the CDP Supply Chain program and contributes with a good score (91 out of 100 points) to sustainable procurement in the HOCHTIEF Group.

Sustainable procurement: project highlights

The HOCHTIEF Group companies are working on implementing tools for sustainable procurement. In Europe, we use an online platform for buyers in which sustainable products* are tagged with a green emblem. The product descriptions are supplemented with qualitative information. Known as eCat, the electronic catalog system includes more than a thousand such "green" products.

Growing demand in the international arena for sustainable properties is in turn fueling the need for certified materials and service providers at HOCHTIEF companies. We meet these requirements through our procurement processes and draw on our vast experience in this segment to offer our customers the best possible service.

One example from our U.S. subsidiary Turner illustrates this clearly: A laboratory building owned by Amgen, a biotechnology company in Thousand Oaks, California, received LEED Platinum certification, even though it was only up for the Silver award. During renovation of the laboratory built in 1984, for instance, the expertise provided by Turner enabled the climate control systems in multiple building sections to be converted to meet sustainability standards rather than being dismantled. This led to a high level of project efficiency while achieving an optimum degree of modernization in terms of materials.

Procurement activities: 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%).

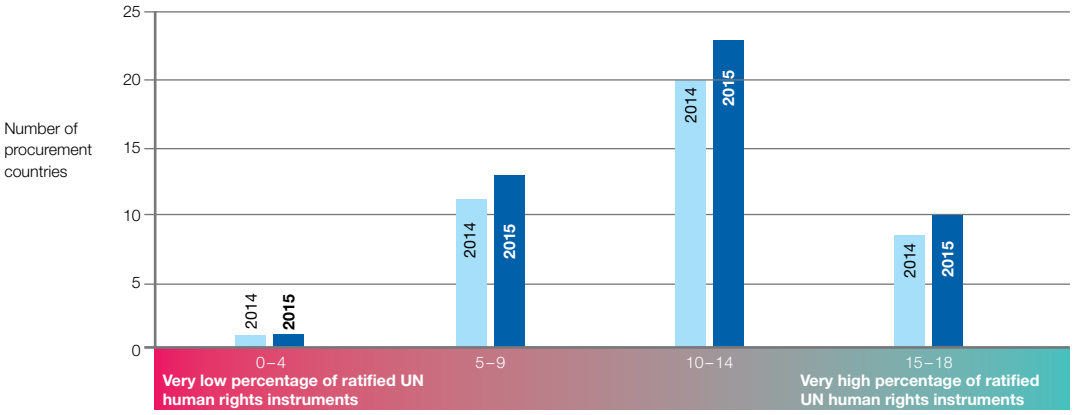
*Sustainable products for this purpose are articles such as recycled paper.

UN human rights conventions in HOCHTIEF's main procurement countries**

(Number of procurement countries in 2015: 47; 2014: 45)

www.ohchr.org

**See glossary on page 260.



Maria Stein works water channel—renewable energy for 100,000 households

Economy: HOCHTIEF Infrastructure Austria is building a 22-kilometer pressure tunnel for the Gemeinschaftskraftwerk Inn hydroelectric power station in Tyrol. Valued at EUR 132 million, the tunnel will on its completion in 2018 feed the largest run-of-river hydroelectric power plant in the Alpine region.

Ecology: The tunnel will channel water underground to the powerhouse in Prutz. There, over 400 gigawatt hours of green electricity will be generated annually to supply more than 100,000 households. Since the facility guarantees a continual water discharge of at least 5.5 cubic meters per second, even in winter, the river's aquatic life can continue developing undisturbed during the crucial winter dormancy phase.

Community: Occupational safety is a top priority on the powerhouse construction site. Three rescue trains are available in case of emergencies on site, such as a fire in the tunnel. They comprise a service engine and a flat wagon with a rescue compartment that includes its own oxygen supply.

Looking ahead

General economic environment for 2016*

According to the International Monetary Fund (IMF), the global economy expanded by 3.1% in 2015. In 2016, global economic growth is forecast to improve by 0.3 percentage points to 3.4%. Most of the growth rates projected for the target regions and markets relevant to HOCHTIEF are above that average. HOCHTIEF continues to regard its strategic focus on selected markets with clearly defined core competencies in transportation infrastructure, energy infrastructure, social and urban infrastructure, and contract mining as promising. The global need for infrastructure, building and contract mining work in HOCHTIEF's markets is expected to provide good business perspectives for the Group in 2016 and beyond. Based on the good performance in 2015 regarding both earnings and cash flow, HOCHTIEF considers itself well positioned to further improve results.

HOCHTIEF Group's strategic focus**

In recent years, the Group has systematically forged ahead with its strategic transformation program, which can be summed up clearly and simply as follows: HOCHTIEF aims to become the world's most relevant building and infrastructure construction group and attain both sustained and profitable growth.

To this end, we have continued to transform our operational model in recent years, especially in the HOCHTIEF Asia Pacific and HOCHTIEF Europe divisions. We continued this transformation process in the past year. The structure of our divisions as well as the market segments are now clearly defined and harmonized across the Group. Today, HOCHTIEF can be even more effective in combining the advantages of operating more like a small- or medium-sized enterprise with the service range of an internationally experienced construction group. This creates the basis for additional efficiency increases.

One of HOCHTIEF's key strategic initiatives involves optimizing its financial strength on a lasting basis. Focusing on cash generation and the associated optimized use of capital and improved financial structures will help HOCHTIEF to expand its core construction business and the PPP business as well as enabling sustainable growth.

To additionally reward our shareholders in the year under review we continued our stock buyback program which we had launched in 2014.

HOCHTIEF's sustainability strategy*** (corporate responsibility, or CR) constitutes another building block when it comes to anchoring corporate strategy within our business model. This enables us to better stay a step ahead of topics and issues relevant to us, leverage business opportunities and market potential, and proactively reduce risk. The CR program, the CR organization, the CR Committee of the HOCHTIEF holding company, that is also responsible for the HOCHTIEF Europe division, and the CR committees newly set up this year in the HOCHTIEF Americas and Asia Pacific divisions assist us in getting all stakeholders actively involved in our decision-making processes and taking their interests into account in our business activities.

Executive Board's assessment of the current business situation****

HOCHTIEF pressed ahead with the transformation process in 2015 and laid the cornerstone for sustained success going forward. New orders at HOCHTIEF developed as expected, with an increase of 1% on the prior-year figure. The HOCHTIEF Americas division benefited here from a record volume of new orders at U.S. subsidiary Flatiron as well as from the appreciation of the U.S. dollar. While the HOCHTIEF Europe division was able to maintain the favorable level attained in the prior year, the HOCHTIEF Asia Pacific division recorded an expected decrease in new orders due to lower LNG and mining market volumes. Work done was marginally down as expected due to the transformation of the Group already mentioned, and to the focus on core business segments. The order backlog increased slightly to 1% above the prior year, and thus exceeded last year's forecast, which foresaw only a stable development. The order backlog of EUR 36.72 billion per year-end 2015 represents an excellent basis for future growth in work done.

*For further information, please see the Markets section and Legal and Economic Environment on pages 41 to 51.

***For further information, please see the Sustainability Strategy section on page 38 to 39.

**For further information, please see the Strategy section on pages 32 to 37.

****For further information, please see the Financial Review section on page 57 et seq.

HOCHTIEF's earnings performance in 2015 was very positive and above the projected figures across the board. The improvements in earnings were supported by all divisions. EBIT increased by 30% on the prior year to EUR 729 million and profit before tax (PBT) from minus EUR 177 million in 2014 to EUR 523 million, in each case marking a substantial improvement. When adjusting the prior-year consolidated net profit by the effects of disposals, restructuring expenses, and risk provisioning at CIMIC, all associated with the HOCHTIEF Group's transformation—i.e., on an operating and like-for-like comparable basis—consolidated net profit of EUR 265 million in 2015 was up 39% on the adjusted prior-year figure. As a consequence the 2015 result even exceeded the upper limit of our guidance range. On a nominal basis, the consolidated net profit of EUR 208 million was below the EUR 252 million prior-year figure.

HOCHTIEF achieved a substantial improvement In cash flow and net cash position, as envisaged in the prior-year Group Report. All divisions contributed to this positive outcome. Cash flow from operations in particular shows a marked 50% year-on-year improvement, notably as a beneficial effect of the cash management measures adopted throughout the Group. Gross operating capex was reduced by 50% compared with the prior year to EUR 285 million. This meant that the HOCHTIEF Group significantly improved its net cash position by 71% to EUR 805 million, despite the ongoing stock buyback program.

Overall assessment of future developments

In 2016, HOCHTIEF will continue to focus on implementing its strategy throughout the Group and systematically press ahead with related initiatives. In the process, operational earnings and profit margins are expected to further improve across all divisions. HOCHTIEF's profit before tax, EBIT, and consolidated net profit will consequently see sustained growth, with levels well above the prior year. Alongside the anticipated gain in profitability, the strategic focus on cash generation will also maintain a clearly positive effect on Group cash flow and net cash development. This ongoing optimization of HOCHTIEF's financial strength means we will remain exceedingly well placed in future years to invest on a sustained basis and generate profitable, cash-backed growth throughout the Group.

HOCHTIEF's new orders, work done, and order backlog will hold their solid levels consistently in 2016 while showing enhanced quality. Notably government infrastructure projects in conjunction with PPP contracting models serve to corroborate this appraisal throughout all divisions.

HOCHTIEF gives occupational safety a high priority. The company takes active steps to protect employees, partners, and subcontractors against work-related accidents and health hazards. In 2016, we will continue efforts to slightly improve on what is already today a low Group average accident rate.

We anticipate an operational consolidated net profit of between EUR 300 million and EUR 360 million for the HOCHTIEF Group in 2016. This represents a further increase of 15-35% compared with 2015, and reflects both the enhanced profitability and the lasting improvements in earnings quality.

Dividends

HOCHTIEF will let shareholders participate correspondingly in the Company's positive earnings performance. The Executive Board and the Supervisory Board of HOCHTIEF Aktiengesellschaft are proposing to distribute an ordinary dividend of EUR 2.00 per share for 2015. This represents an 18% increase on the prior year.

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 HOCHTIEF's 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 prerequisite for good corporate management and for successful and profitable project handling. Our goal is to sustainably increase returns and liquidity by reducing risks and managing them effectively. This involves continuing to fine-tune the selection criteria for processing 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 risks are detected even earlier and more effectively avoided or better managed.

HOCHTIEF Group early warning system

A Group risk reporting directive that is accessible to all employees 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 use their own organizational instructions for the identification, assessment, and management of risks, developed with their specific circumstances in mind.

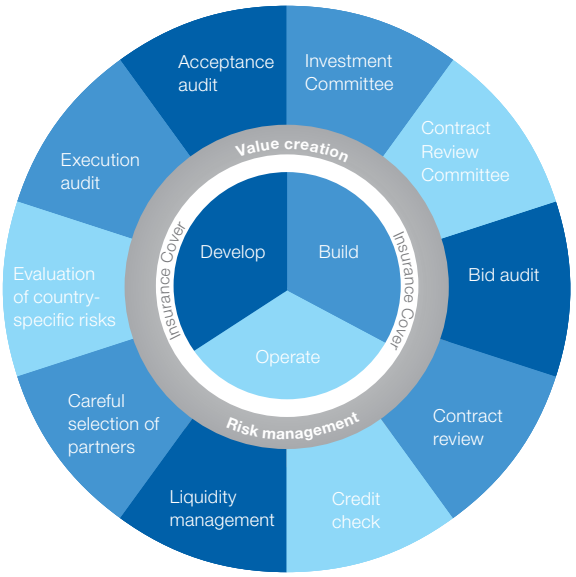
Risk inventories and forecasts/budgets are compiled at project level and discussed with the management team responsible in each division. The information is then aggregated to Group level. This approach brings in managers at all levels of the corporate hierarchy.

The standardized risk reports produced in this way each contain information on the potential impact of observed risks on earnings and liquidity in the current year and the two subsequent years, the risk category, the possible time scale, the risks' probability of occurrence as well as any measures that have already been taken to avert, mitigate and finance them.

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. The 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 for specific cases are also generated routinely in the course of forecasting and planning.

The chart shows the elements of risk management at HOCHTIEF. Key among these are the Investment Committee for risk avoidance, the Risk Reporting Committee for monitoring and managing identified risks, and the divisional contract review committees.

Project risk management



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 Investment Committee ensures that all equity stakes, investments, and divestments 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 CIMIC additionally have their own independent audit functions. The audit findings are used to optimize the early detection and management of risk.

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.

The two Luxembourg subsidiaries Builders Reinsurance S.A. and Builders Direct S.A. primarily provide reinsurance for builders' risk, subcontractor default, third-party liability, and workers' compensation insurance. Builders Reinsurance S.A. was once again awarded a rating of A- (Excellent) by A.M. Best Rating in the year under review, while Builders Direct was for the first time awarded a rating of A- (Excellent) on February 5, 2016.

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 department 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. If there is nonetheless any need for clarification in specific instances, the matters 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 is reviewed by Corporate Auditing on a regular basis. 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 aggregating them at Group level by division and risk category.

The Group’s overall risk situation further improved in the 2015 reporting year. This was largely due to our HOCHTIEF Asia Pacific division.

Our financing and liquidity situation remains on a very sound basis. HOCHTIEF is able to compensate for any identified liquidity risks with holdings of cash resources. We continued to implement measures to reduce tied-up capital with a view to enhancing our liquidity situation.

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 mainly 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 the CIMIC Group are also exposed to risk in their real estate development activities and their PPP projects. Cost risk is inherent to all projects.

*International Financial Reporting Standards

Acquisitions of equity stakes, investments in PPP projects, and real estate developments are carefully appraised in a structured 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 ILM and Presidio Parkway projects continue to be subject to project risk monitoring. On the ILM project, a joint venture for the construction of above-ground transmission lines in Canada, cost increases led to claims. There is also still a risk of not being able to recover claims receivables on the Presidio Parkway PPP project, a joint venture for the construction of a new roadway to replace the outdated Doyle Drive, which links San Francisco with the famous Golden Gate Bridge. We classify the risk of not being able to recover the claims receivables recognized as low.

At HOCHTIEF Asia Pacific, the division's main company CIMIC provides directives for the divisional risk management system in line with the Group directive.

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. Regarding the Gorgon Jetty & Marine STR project, it is in CIMIC's best interests to move the regulation process with Chevron to the next stage. This may see the parties enter into an arbitration procedure in accordance with the contract.

Changes to a number of work packages and problems with subcontractors in the Iraq Crude Oil project have led to various claims. CIMIC is confident of being able to recover those claims in collaboration with experienced outside consultants and we classify the risk as low.

CIMIC 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 CIMIC 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. In addition, numerous contract mining projects were extended in 2015, further limiting the risk of underutilized capacity.

In 2014, CIMIC recognized risk provisioning for default risk on project receivables for project risks in the amount of EUR 458 million (AUD 675 million). This remained unused at the end of 2015.

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 HOCHTIEF Europe division will continue to adapt to the market environment on an ongoing basis. Margins on new projects have improved, and risk is better distributed among the contract parties. Projects are generally not approved until there are sound offers from sub-

contractors 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, but an amicable settlement between the parties is still being sought. HOCHTIEF classifies the risk 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 generally by obtaining guarantees for amounts owed. HOCHTIEF's procurement management ensures that 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.

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).

Environmental risks

Just as HOCHTIEF's activities have impacts on the environment, our business success is affected by the environmental conditions we face. Most of all, our construction projects can be disrupted by out-of-the-ordinary meteorological conditions such as heavy rain, flooding, storms, or cold temperatures. This can lead to reduced productivity. There may also be hazards to our employees and subcontractors, and also to passers-by. HOCHTIEF therefore provides training on occupational safety in this context on an ongoing basis. Our use of state-of-the art equipment and methods also contributes in protecting against the elements and ensuring work safety. Our project teams appraise weather conditions for each project and prepare the workforce and subcontractors accordingly. The cost risk associated with any damage that can still occur in a construction project due to unusual or exceptional weather events is assessed at project level and generally transferred to insurers. In light of our ongoing controls and of the fact that potential impacts are accounted for, we do not consider there to be any significant risk to HOCHTIEF.

HOCHTIEF must comply in the markets it serves with growing numbers of statutory requirements regarding, for example, emission levels and energy efficiency. This can drive up operating costs in our projects. We have the capabilities and the know-how to meet the increasingly demanding requirements, and we offer an extensive range off energy-efficient solutions in building construction and civil engineering. Consequently, we likewise do not consider there to be any material risk to HOCHTIEF in this connection.

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.

Allegations of unfair practices in international business raised against the then Leighton Group by the Australian media in 2013 led to investigations which are still ongoing. The CIMIC Group takes these allegations seriously, is cooperating fully with the Australian Federal Police in the investigation, and had actively informed the authorities. The Board and management of HOCHTIEF and CIMIC condemn any form of corrupt or fraudulent behavior.

Compliance-related risks

*For further information, please see page 97 et seq.

Our compliance* program significantly reduces 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.

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

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, no future impairment losses on CIMIC companies are expected based on current knowledge. 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**

**For further information, please see the Markets section and Legal and Economic Environment on pages 41 to 51.

The world economy grew by 3.1% in the reporting year. Global economic growth is expected to increase to 3.4% in 2016. 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 Middle East, and the trend in the oil price—although this trend has had only little wider impact—as

well as 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 all divisions promises attractive openings for HOCHTIEF. There is the risk here that we will not fully achieve our planned level of new orders. We likewise classify this risk as low, as we definitely see potential stemming from PPP and concession projects that include a private shareholding, and from rising infrastructure needs.

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.

To enable HOCHTIEF to undertake projects for the public and private sectors, we must provide our clients with 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 and deliver large infrastructure projects in regions that may quickly be affected by political changes, such as Greece and the Middle East. 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.

*For further information on the management of financial risk, please see page 223 et seq.

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 on a regular basis.

The financial covenants** that are in some cases in place on credit facilities and may 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 259.

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, please see pages 182 and 213.

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 122 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 CIMIC, 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.

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 technical availability and data security requirements is ensured by stipulating measurable targets. We take care that the relevant business 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—for data storage and e-mail, for example—are protected by using encryption systems. We are also vigilant with regard to cyber crime and develop appropriate measures.

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 Group company CIMIC in the HOCHTIEF Asia Pacific division 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.

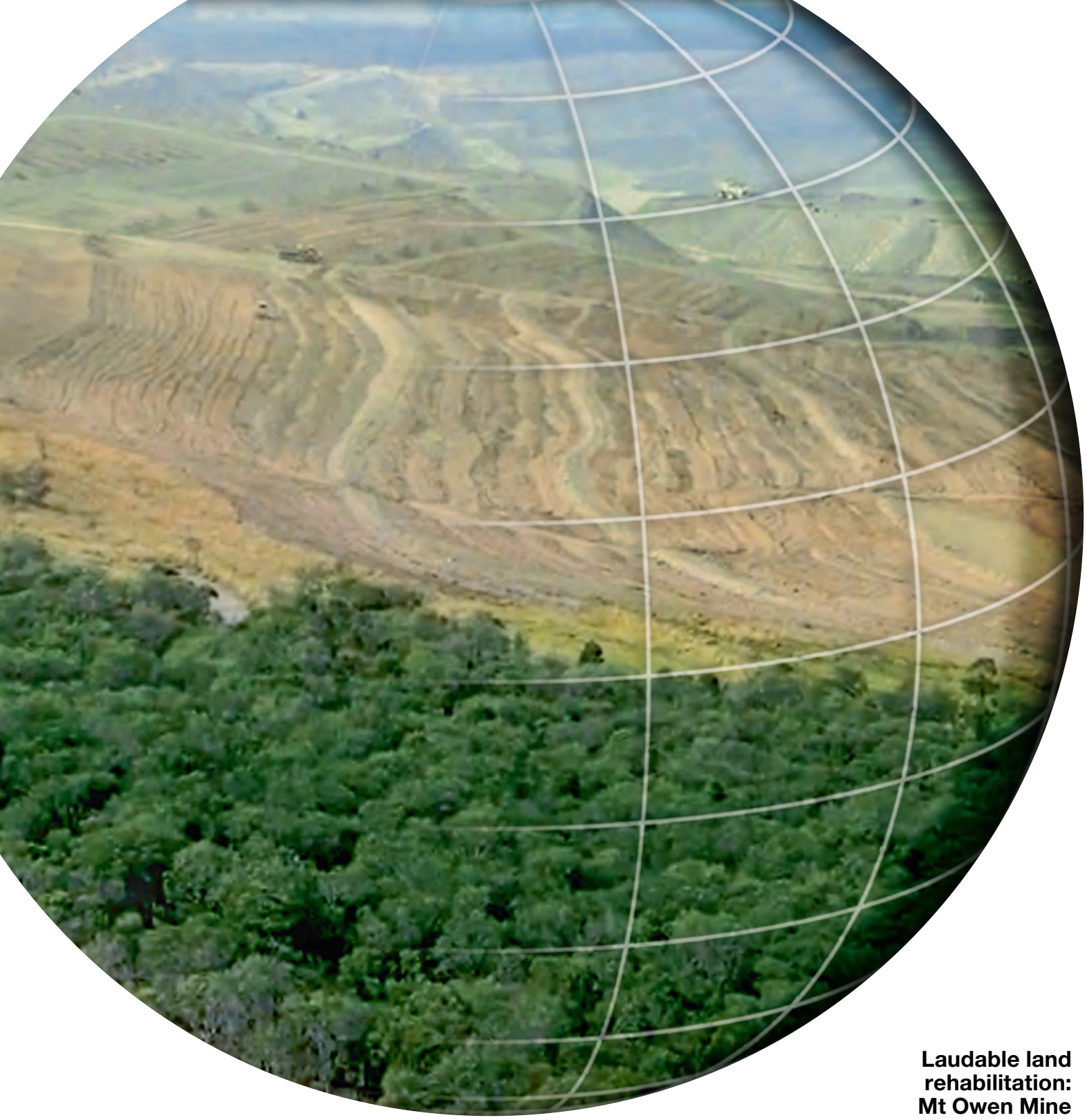
In addition, our service providers cooperate with the Group's Data Security Officer to ensure that personal data are only processed in accordance with the requirements of the German Federal Data Protection Act. HOCHTIEF has not had any notable IT incident. We estimate that the risk will continue to remain 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. On the whole, this more entrepreneurial approach will allow risks to be identified and eliminated earlier, or managed better, in order to reduce the volatility of earnings and liquidity as well as increase returns on a lasting basis.

The Group's overall risk continued to improve year-on-year in 2015. We aim to further optimize 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.



Laudable land rehabilitation: Mt Owen Mine

Economy: CIMIC's Thiess has been operating the Mt Owen Mine, its largest coal mining operation in the Hunter Valley, New South Wales, since 1995. Around 7.6 million metric tons of coal are excavated each year from depths of up to 270 meters. In 2015, Thiess secured an additional EUR 512 million contract for the mine, recognizing its ability to provide certainty of operations, while seeking out innovative ways to drive efficiency.

Ecology: Rehabilitating brownfield operations is also among Thiess's capabilities. More than 450 hectares of mined land has been rehabilitated to a standard that supports a mix of native forest, open woodland and pasture. Spotted Quolls and squirrels also use the areas in piles of logs and rocks. In 2009, the Global Restoration Network recognized the rehabilitation program.

Community: Employees largely live in Singleton, a small town nearby the mine. Team members can take advantage of health and wellbeing programs, such as the on-site weight loss program and a quit smoking campaign leading to a smoke-free site in 2015.

Opportunities

Opportunities in the regions and markets relevant to HOCHTIEF*

HOCHTIEF's large international footprint and broad regional spread enable us to offset regional market fluctuations very well. In addition, we see good opportunities to continue and selectively expand our core business in HOCHTIEF's key regions with sustained success.

Given the increasing economic growth expected in the U.S. and Canada in 2016, we are confident that we can further expand our already strong position in these markets. The transportation infrastructure segment is a key driver in this context. Particularly the Canadian market exhibits major, lasting growth potential for PPP road and bridge construction projects. One notable example in the U.S. is the market for social and urban infrastructure in the office, commercial, and industrial property segments.

The current market forecasts for the euro zone point to above-average growth rates in the markets relevant to HOCHTIEF, which we intend to capitalize on. Here too, we see enormous potential in the transportation infrastructure segment based mainly on the many government investment programs associated with PPP projects.

Growth rates in Asia and Australia are expected to be as good as those in 2015. In the past year, the HOCHTIEF Asia Pacific division held up very well amid the current downturn in this market environment, and the cornerstone for further profitable growth is in place. The market for transportation infrastructure performed strongly in 2015. This trend looks set to continue in 2016. The large volume of government investment programs associated with PPP financing represents an excellent source of opportunity for HOCHTIEF, both for projects in the transportation infrastructure segment and in social and urban infrastructure. HOCHTIEF's sustainability strategy, working in combination with a stronger focus on sustainability aspects in transportation infrastructure in Australia, is also likely to have a positive impact. In addition, the Australian contract mining sector is expected to see a recovery starting in 2016/17, from which HOCHTIEF also stands to benefit significantly in the Australian market.

*For further information, please see the Market and Operating Environment section on pages 41 to 51.

In the Middle East, HOCHTIEF won some attractive new contracts and expanded its market position in 2015. What is more, growth forecasts remain good, meaning that we will be able to continue operating successfully in this region in 2016. The outlook for the region, however, depends to a significant extent on the trend in the oil price and political stability.

If the regions and markets relevant to HOCHTIEF perform better than currently forecast, this could have a positive impact on our key performance indicators and possibly further improve the growth predicted for 2016.

Opportunities based on successful research and development**

HOCHTIEF benefits substantially from its experience, technical excellence, and innovative, tailored solutions. In our complex project activities, we primarily deliver one-of-a-kind solutions that call for a high degree of technical excellence, new and improved processes, and an innovative edge. Through our engineering expertise, we have reached a position of market and technology leadership. To do this, we develop sustainable projects/products and services and ensure existing resources are used efficiently.

**For further information, please see the Research and Development section on pages 107 to 113.

If, in the future, we continue to set new standards, raise the quality of our work even higher, and hone our competitive edge, this will have a clearly positive impact on our business and social success.

*For further information, please see the Employees section on pages 115 to 125.

Opportunities from having the right workforce*

HOCHTIEF's employees are crucial to the company's commercial success. Our human resources strategy is derived from our corporate strategy and founded above all else on knowledge transfer and cooperation across the Group, with a view to enhancing the efficiency and effectiveness of our activities and continuing to deliver excellent results. For our business, it is essential therefore to deploy the right people in the right place at the right time. Our goal is to strengthen our position as an attractive employer, systematically attract and groom employees, and retain them at HOCHTIEF over the long term.

If we continue to systematically pursue this objective and exceed our expectations in this regard, this will have an additional positive impact on our business performance.

**For further information, please see the Strategy section on pages 33 to 37.

***For further information, please see the Sustainability Strategy section on pages 38 to 39.

Opportunities from systematically pursuing the strategy**/sustainability strategy***

HOCHTIEF has a clear and simple strategy. We aim to become the world's most relevant building and infrastructure construction group and attain both sustained and profitable growth. With an eye to our long-term success, we nurture the relationship between economic, ecological, and social aspects. Several strategic initiatives have been defined in order to more firmly anchor and systematically fine-tune these ideas within the Company.

*'***For further information, please see page 159.

HOCHTIEF focuses on its core business of construction, allowing it to benefit from the major social megatrends even better. Coupled with our efforts to transform and harmonize structures and processes, a clear focus on the market segments for transportation, energy, and social and urban infrastructure as well as contract mining helps us to operate successfully. In addition, the lasting improvements we make to our financial strength are instrumental when it comes to honing HOCHTIEF's competitive edge. Key strategic initiatives and success potential are also linked to continuously enhancing risk management as well as the areas of research and development and human resources already mentioned.

For further information, please see: www.hochtief.com/interview-eb2015

HOCHTIEF will first and foremost work to implement its strategy throughout the Group and bring about the related positive impact on all of its key performance indicators. If we implement and put into practice the strategic roadmap and the associated initiatives sooner than hoped, this is likely to have a significantly positive impact for HOCHTIEF.

The HOCHTIEF corporate strategy paves the way for our sustainability strategy. In our activities throughout the Group, we nurture the relationship between business, the environment, and social responsibility. Our sustainability strategy is aligned with our business model. In implementing this strategy, we pursue clear goals: We aim to stay a step ahead of topics and issues relevant to us, leverage business opportunities and market potential, and reduce risk. Knowing and addressing our stakeholders' needs and aspirations is key to reaching these goals. Our Group-wide standards contribute to minimizing risk. In many cases, these exceed statutory requirements. To harness market opportunities, we create innovative products and services for our clients. This is why we take an end-to-end approach to our projects and ensure a high level of quality throughout.

The public and commercial focus on sustainability issues is playing an ever more important role in business life. Systematically implementing our sustainability strategy will enable HOCHTIEF to reap the benefits today. Green buildings and green roads are two notable areas that promise significant growth potential. Our sales**** topped EUR 7 billion in the green building segment in 2015 and EUR 6.7 billion in green infrastructure (cumulative figures to end of 2015). We expect this trend to continue and potentially increase, opening up substantial opportunities for HOCHTIEF in the context of sustainability —opportunities that must be leveraged and are likely to have a positive impact on the success of our business going forward.

Post-balance-sheet events

On January 11, 2016, the Executive Board of HOCHTIEF Aktiengesellschaft opted to continue the stock buyback program completed on December 31, 2015. The stock buyback program is based on the authorization granted at the Annual General Meeting of May 6, 2015 to repurchase shares in the amount of up to 10% of the Company's capital stock by May 5, 2020. Repurchases can commence from January 12, 2016.

On December 14, 2015, the CIMIC Group Board approved a share buyback of up to 10% of CIMIC's fully paid ordinary shares within the next twelve months. The purchased CIMIC shares will then be canceled. No CIMIC shares were purchased up to December 31, 2015.

There were no other material events to report between the close of 2015 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 profit before tax 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 tax 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.

Working as part of a joint venture, Flatiron completed the Arthur Ravenel Jr. Bridge (formerly Cooper River Bridge) in Charleston, South Carolina.

In my world, I work to improve quality of life.

Birgit Meise, project manager for the 2015 B2P project in Rwanda and a HOCHTIEF Building engineer

Building bridges—that means overcoming limitations, gathering new experiences, and bringing people together. In November, I took part in just such an enriching encounter: Nine colleagues from Germany and other countries, the organization Bridges to Prosperity (B2P), and local helpers all joined forces to build a footbridge in Rwanda. Residents of the nearby villages were desperately in need of the bridge because the stream swells during the rainy season and creates an insurmountable barrier, cutting them off from schools, markets, and doctors.

Getting to know new cultures and mentalities in a foreign country was fascinating. I was especially thrilled to see how well the international team pulled together. We all learned from one another in the process and ultimately completed a 70-meter bridge—with huge benefits for everyone involved.

For further information, please see pages 150 and 151 of this section.

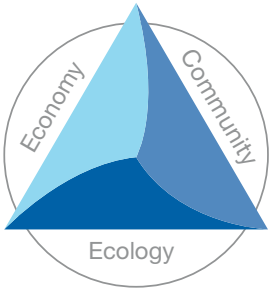
Sustainability at HOCHTIEF

Long-term success through the interplay between economy, ecology, and community

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-eb2015).

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

**For further information, please see the Strategy section on page 32 et seq.



*For further information, please see the Employees section on pages 115 to 125.

HOCHTIEF is one of the world's most relevant construction groups, focusing on complex projects in the transportation, energy, and social and urban infrastructure segments as well as contract mining. What makes our business special is that every one of our projects is a unique creation in a changing regional environment. We do not make one-size-fits-all products. In the planning phase of each project, we accordingly devise a separate production process, taking into account both the client's individual requirements and the overall parameters. 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 with foresight. This allows us to factor in such aspects as energy efficiency and project life cycle assessments at an early stage as well as to ensure long-term success through the interplay between economy, ecology, and community.

We incorporate this triad in all our decision-making processes and in our everyday work, for instance, in the construction of sustainable real estate (green buildings) and transportation infrastructure projects. Demand for certification is growing fast in both of these segments (e.g. by LEED or DGNB for building construction and by Greenroads or ISCA for infrastructure projects). We also constantly champion fair employment conditions and the best possible occupational safety and health.*

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 across the globe. This brings with it an enormous responsibility. 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 create safe and valuable living spaces for the present 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, principles, and Group strategy

HOCHTIEF is building the world of tomorrow. That is the core of our vision. We stand for integrity, accountability, innovation, delivery, sustainability, and safety.**

Our vision and principles serve us as signposts and show what values inspire how we act at HOCHTIEF. They are substantiated for our employees through binding directives and guidelines. At minimum, they correspond to international standards and satisfy applicable legislation as well as provisions; in some cases, they go well beyond this.

Commitments, memberships, and rankings

We also underline our diligence with regard to sustainability through our commitments and membership in various organizations whose guidelines we follow and to whose standards we commit. We are, for example, a member of the German Environmental Management Association (B.A.U.M.) and we comply with the German Sustainability Code. We have been listed on the Dow Jones Sustainability Index for the tenth year running, and in the CDP (formerly Carbon Disclosure Project) for the seventh time. You can find a detailed selection on fold-out page 3.

Stakeholder involvement

We attach great importance to dealing transparently with our stakeholder groups. This is why HOCHTIEF maintains a regular dialog with them, since our projects impact on the economic, ecological, and social welfare of our Group. In turn, our projects can bring about changes for them—today or in the future.

At construction sites, clients, residents, and subcontractors are kept informed. In addition, HOCHTIEF presents its capabilities at various trade shows, conferences,

HOCHTIEF's stakeholder groups

- Analysts (O)*
- Associations/NGOs** (O)
- Bank representatives (O)
- Clients (P)
- Employees (O/P)
- Government/public authorities (O/P)
- High school and college/university students, recent graduates (O/P)
- Investors (O)
- Journalists (O/P)
- Neighbors/local residents (P)
- Scientific institutions (O/P)
- Shareholders (O)
- Subcontractors (O)
- Suppliers (O)
- Universities/colleges

and events in Germany and abroad. We participate in current industry discussions as a matter of course. As and when the need arises, our companies and units carry out market studies, reputation studies (see table), and customer satisfaction analyses. In the reporting year, for instance, the Australian engineering firm EIC Activities, which is part of the CIMIC Group, surveyed the satisfaction of its customers at three-month intervals. It found satisfaction levels to be high. Employee surveys and external rankings also give us an idea of our attractiveness as an employer. We share information closely with the capital markets and the media and inform the public as well as trade specialists through transparent and comprehensive communication.***

HOCHTIEF's reputation values (%)

2011	2012	2013	2014	**2015**
84	83	88	87	**85**

85% of people surveyed in the reporting year rated HOCHTIEF as excellent/very good/good.

In order to involve our stakeholders even more closely, to find out their opinions and receive their criticism, as well as to give them the chance to gain a comprehensive picture of HOCHTIEF, we have set up a range of tools such as the materiality analysis and the stakeholder dialog event. First, the stakeholder groups were identified (see box). They present their requirements, wishes, and expectations to us in an active dialog, which we examine discerningly and incorporate into our business activities as far as possible. This dialog also helps us in assessing opportunities and risks.

Our annual **stakeholder dialog event** centers closely on our sustainability focus areas. We attach utmost importance to the selection of stakeholders attending this event, which leads to high-caliber results through intensive discussions in small working groups. All stakeholder groups are represented by at least one person. Among others, they confirmed HOCHTIEF's sustainability focus areas again in the reporting year. The suggestion to establish a new focus area of "sustainable procurement" will be put into practice in 2016. Other suggestions made by participants have been developed further by the project teams during the reporting year, including the idea of a HOCHTIEF label for sustainable projects and the implementation of an internal ideas competition on energy efficiency. The savings achieved and associated reduction in carbon emissions resulting from this campaign, which was launched in December 2015, will benefit customers and HOCHTIEF alike.

Another way we involve our stakeholders is through our regular **online materiality analysis**. In 2015, this survey confirmed the validity and importance of our six HOCHTIEF sustainability focus areas, which are as follows:****

1. Compliance
2. Sustainable products and services
3. Attractive working environment
4. Resource protection
5. Active climate protection
6. Corporate citizenship

Measures for the focus areas

In order to be able to implement these focus areas even further in practice, we have derived measures specific to divisions and business areas which are similarly defined with corresponding goals*****. These goals include expanding the spectrum of sustainable products and services, in doing so, for example, increasing the proportion of certified projects. Other goals include reducing the Lost Time Injury Frequency Rate (LTIFR), improving our data quality, and taking CO_2 compensatory measures. In the area of corporate citizenship, we plan to continue our collaboration with Bridges to Prosperity and extend it Group-wide.

*O = organizational level
P = project level

**NGOs = non-governmental organizations

A Brand of the Century: Thanks to its outstanding reputation and rich heritage, HOCHTIEF has been included in the list of German Brands of the Century.

****For further information, please see the Sustainability Strategy section on pages 38 to 39. The connection between CR issues and GRI indicators is presented on pages 254 to 255.

***For further information, please see "HOCHTIEF on the capital markets" section starting on page 21 and the Sustainability Strategy section starting on page 38.

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

Corporate citizenship at HOCHTIEF

Focus area indicator

Corporate Citizenship; aspect: Taking responsibility for local communities
For further information, please see the GRI index on pages 254 to 255.

Any international construction group that, like HOCHTIEF, brings space to life through its projects has a duty to minimize its impact on the environment. That is why we interact closely with employees, clients, or future users and residents of the projects. Moreover, we are part of society and, as a corporate citizen, take responsibility for the community. In order to give something back to the people, especially in places where we carry out our projects, we get involved by providing monetary donations, donations in kind, by contributing expertise, and volunteering. We focus our sponsorship activities firstly on educating and promoting young talent and secondly on shaping and maintaining living spaces. This involvement, which has a sustained effect, creates a connection with the company and with our business activities.

For further information, please sse www.hochtief.com/community

For further information, please see www.hochtief.com/b2p

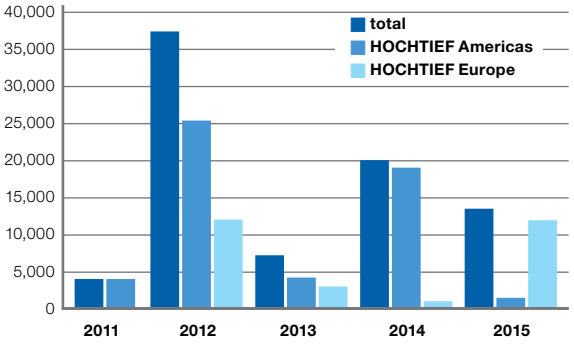
Bridges to Prosperity

Under the aspect of "shaping and maintaining living spaces," we spotlight the sponsorship focal point of "Bridges to Prosperity" (B2P). In collaboration with the non-governmental organization B2P, we again built footbridges in some of the world's remote regions in the reporting year, offering those communities better access to trade, education, and medical care. Settlements are often separated by rivers, which become very hazardous when they swell massively in the rainy season. This kind of involvement chimes with our core business, the construction of transportation infrastructure. In addition to financial support, our employees play an active role, sharing their expertise with the people on the ground. This experience is also formative for the HOCHTIEF employees, binds them more closely to the company, and helps them build up their personal networks within the Group.

www.bridgestoprosperity.org

Our U.S. subsidiaries have been realizing B2P projects in Central and South America since 2010. As a civil engineering specialist, Flatiron acts as a strategic partner to the organization and develops individual bridge construction plans. In 2015, two teams from Flatiron and E.E. Cruz built cable suspended and suspension footbridges in Nicaragua. Both are used by more than 100 people every day. HOCHTIEF became involved in this charity work from Europe in 2012 and is now focusing its support on projects in Rwanda. Employees from Germany, the Czech Republic, the UK, and Slovakia built an over 70-meter-long bridge there in the reporting year.

Number of people who benefit from B2P bridges constructed by HOCHTIEF



HOCHTIEF creates added value for the population

Based on estimates by Bridges to Prosperity, HOCHTIEF and its subsidiaries have contributed to

- around 10,150 children being able to enroll in school, and
- around 20,300 people having easier access to healthcare treatment.

This sponsorship rounds out our business activities by adding a community dimension. It benefits not only HOCHTIEF and B2P, but also notably the people in the regions. B2P makes this clear for each project in figures: According to estimates, 12% more children enroll in school, 24% of the population get better access to healthcare treatment, the percentage of women in employment increases by 18%, and local business increases by 15%.

In the last six years, more than 84,600 people who live near the bridges have benefited from our projects. We would like to increase this figure even further.

The positive impact on the regions' economic and social development is also evident in that HOCHTIEF consciously

This chapter is part of Focus Area Corporate Citizenship

Simple footbridges make life easier for many people in remote parts of the world. Especially in the rainy season, they would otherwise be cut off from places they urgently need to access. In 2015, HOCHTIEF staff built bridges in Nicaragua (Jocote Arriba, left) and Rwanda (Muguba, right). (El Pueblito project in Nicaragua not shown).

involves local people in the construction work, pays them fairly, and provides training. Accordingly, they gain skills in building and maintaining the bridges. Local suppliers are supported since the requisite building materials come mainly from the surrounding area.

The benefit to HOCHTIEF: Our involvement not only gives us an image boost, it also helps to enhance employees' satisfaction and sense of identification with the Group: Ten Group employees are released to work on each project for a predefined period of time. The B2P projects promote better networking, team building, and a stronger sense of belonging to the company. The intercultural experience strengthens the social skills of those involved. Since 2010, 180 HOCHTIEF employees have been involved in B2P projects.

By documenting community activities, we aim to develop suitable performance indicators, allowing HOCHTIEF to measure the social benefits of its commitment over the long term.*

Our objective is to expand these sponsorship activities across the Group, with the CIMIC Group also coming on board as of 2016.

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
2015, El Pueblito	100
2015, Jocote Arriba	100
HOCHTIEF Europe	
2012, Mayange Nyamabare, Rwanda	500
2013, Bakokwe, Rwanda	300
2014, Ngororero, Rwanda	350
2015, Muguba, Rwanda	500
Total: 17 projects	**5,550**

*For further information, please see the goals table on page 165.

Donations and sponsorship: Organization and reporting

HOCHTIEF defines its thematic priorities when it comes to donations and sponsorship activities in a Group directive, which assigns responsibilities as well as specifying reporting processes and duties. The Corporate Communications department is responsible for donations and sponsorship in close consultation with the Executive Board of HOCHTIEF Aktiengesellschaft. It develops the strategic policy and overall coordination of these issues in addition to reporting. At the same time, it is responsible for the HOCHTIEF holding company's sponsorship activities. In cooperation with Initiativkreis Ruhr, for example, we support startups to promote new jobs in the region with a secure future. The Executive Board in particular is very actively engaged in this area.

Furthermore, in each HOCHTIEF division, the members of the executive boards and general management are tasked with setting the donation and sponsorship budgets. The responsible managers select projects in line with the Group directive, observe the appropriate form and level of spending, document the activities, and report on them to Corporate Communications on a fixed schedule.

In addition, all of our projects also have a social component—for example, we always see to it that we bring the community on board from an early stage and contribute through community projects in the vicinity of our activities.

The Group-wide budget for donations and sponsorship came to around EUR 3.9 million in the year under review.

Sponsorship examples

HOCHTIEF's companies sponsored a large number of projects in the reporting year. In the HOCHTIEF Americas division, May 6, Turner's "birthday," is celebrated each year as "Founders' Day." On this day, employees at home and abroad take part in numerous social initiatives, whether it be hands-on support in a soup kitchen or reconstruction work after a natural disaster. In 2015, more than 6,000 man-hours were offered up to more than 100 organizations.

For example, Thiess in Australia (a subsidiary of CIMIC), which specializes in mining projects, made a donation to the South Australia Epilepsy Centre. The team from the copper-gold mine "Prominent Hill" won a grant in a competition on occupational safety and health. They donated it for the purchase of mats fitted with sensors that sound an alarm when they detect epileptic seizures during sleep.

Based in Hong Kong, the CIMIC company Leighton Asia was awarded the title "Caring Company" by the Hong Kong Council of Social Service for the third time in a row thanks to the many charitable actions of employees. These included raising awareness about child poverty, collecting garbage, and helping to reforest the rainforest. This is how they demonstrated their company's commitment to the local community. Leighton Asia also made a donation toward reconstruction following the earthquakes in Nepal in April and May 2015, for which it received recognition from Oxfam*.

HOCHTIEF employees helped refugees in Germany in a number of smaller initiatives. In Hamburg, the "Hamburg Heights" project team enabled 100 refugees, most of them children, to enjoy an exciting night at the circus. This rapidly organized, cross-divisional activity gave huge pleasure to all concerned.

No donations to political organizations

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).

*Oxfam is an independent association of different international aid and development organizations committed to greater fairness without poverty.

Environmental protection: Responsibility for climate and resources

This chapter is part of Focus Areas Resource Protection and Active Climate Protection

HOCHTIEF is aware that the Group's core business—building construction, infrastructure construction, and mining—impacts the natural environment in terms of the soil, water, air, climate, and biodiversity. This is why we are committed to carrying out operational project execution in such a way that environmental damage is avoided and adverse impacts of our day-to-day operations are minimized. To this end, our project teams work with experts from the Group and external partners to develop suitable measures before projects are launched. We aim for responsible and sparing use of the resources needed in our construction projects while thoroughly weighing the options for recycling and reuse. This helps us cut emissions that harm the environment and the climate.

The issues of environmental, resource, and climate protection are thus a key priority for the HOCHTIEF Group. We seek to improve performance in these areas so as to lower the risks for our business. At the same time, we accept environmental and social responsibility.

The environmental indicators we present in the following—together with the Group coverage figures—are to be viewed in relation to the Group's operating performance in each year. They also depend directly on the type and scope of projects delivered in any given year. This means that greenhouse gas emissions go up in line with Group work done.

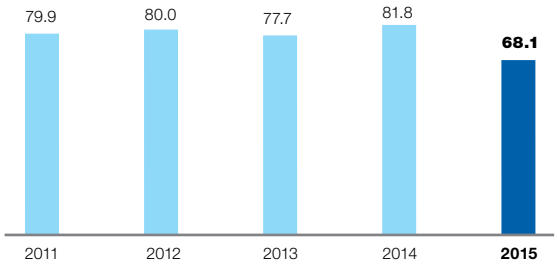
Work done (EUR billion)

Organizational structure of environmental, resource, and climate protection in the HOCHTIEF Group

Fundamental environment-related issues are coordinated for the entire Group in the Center for Occupational Safety, Health and Environmental Protection (OSHEP Center). In keeping with the vital importance of the issues involved, the head of the OSHEP Center reports directly to the HOCHTIEF Executive Board's Labor Director. All activities are based on the Group-wide environmental protection policy laid down in a corresponding directive. This sets out the minimum requirements.

Among those working at the OSHEP Center are experts for occupational safety and environmental protection. They see to it that statutory requirements are organized in a legally compliant manner, supporting management as well as project teams on site. Environmental and climate protection is embedded in the organizational structure of the HOCHTIEF divisions, each of which is responsible in its own right. They ensure that the law and HOCHTIEF's standards are complied with and put into practice.

Share of environmental management systems (ISO 14001) in the HOCHTIEF Group measured in terms of staff headcount* (in %)



*For further information, please see the Employees section on pages 115 to 121.

Environmental, resource, and climate protection are integrated into each division's project processes. These feature management systems based on international standards (ISO 14001). The percentage of certified environmental management systems (ISO 14001) in the HOCHTIEF Group stood at 68.14% in 2015 (2014: 81.8%). This percentage was down on previous years due to the transformation processes at CIMIC.

Early risk identification

We aim to deliver projects that succeed without incident, also in environmental terms. Only by recognizing and assessing the environmental risks that apply from an early stage can we identify preventive measures and put them into effect as a project proceeds. To this end, environmental experts are involved in projects right from the bid phase. They coordinate the appropriate measures on a cross-disciplinary basis and implement them during construction. The relevant issues are then tracked through project operation and the measures adapted as needed. Environmental and climate protection aspects are integral to investment decisions.

A key factor in ensuring that HOCHTIEF's projects stay free of accidents is compliance with legal requirements and standards. Additionally, we analyze incidents of environmental damage and investigate each case. Likewise, any near-misses are evaluated, as these provide key insights for avoiding future harm to the environment. Any environmental damage that does occur is recorded and assessed in an escalating reporting system.

Environmental damage

Any environmental damage with significant impact on the natural environment must be reported to HOCHTIEF. Severe damage must be reported via a crisis hotline. Environmental damage is internally classified into three categories that company units may further elaborate upon as needed:

- Category 1: Severe potential damage with irreversible or long-term assumed impacts
- Category 2: Minor to medium potential damage
- Category 3: Negligible incidents without substantial potential damage, and near-misses

No instances of Category 1 or 2 environmental damage were reported across the entire HOCHTIEF Group in the year under review. Minor instances of environmental damage and low-severity Category 3 incidents are dealt with under the auspices of the relevant unit and are not reported Group-wide.

Fines

No monetary fines were levied against HOCHTIEF for violations of environmental regulations in 2015.*

*The internal reporting limit is EUR 10,000.

Fostering employee awareness and training

HOCHTIEF considers it important for employees to gain a broad understanding of environmental issues. Ensuring that all those involved in a project are well-informed and well-trained makes for sustained occupational safety, health, and environmental protection. To achieve this, organizational structures must be tailored to employees' needs and perceived by them as an aid to their everyday work. We consequently strive to make employees aware of the issues involved and offer related further training. This is part of an ongoing process, with training in the form of in-project instruction and presentations.

HOCHTIEF likewise attaches great importance to the initial and further training of environmental and occupational safety experts. Always up to date in their areas of specialization, they advise project executives in their environmental protection activities and share expertise in internal and external working groups.

Environmental, resource, and climate protection topics at HOCHTIEF

Hazardous substances management

The proper handling of hazardous substances and products containing them involves both occupational safety and environmental protection issues. It is governed by country-specific indexes, regulations, and guidelines. To take a case in point, HOCHTIEF Europe has developed and introduced a concept that puts into practice the requirements of the German Hazardous Materials Ordinance (Gefahrstoffverordnung): Hazardous substances lists are compiled in an online program. Safety data sheets can also be integrated and additional information on individual materials generated—such as toxicological evaluations of building materials used—along with workplace-specific operating instructions.

Waste management

Both in building construction and infrastructure projects, construction work generally produces large quantities of waste. Responsible management notably of the mineral component of construction waste is increasingly important, not least given the growing scarcity of resources. Systematic material separation in demolition work and earthworks promotes high-quality recycling. In combination with detailed material quantities planning for projects, this contributes to resource conservation. Disposal paths are specified on a project-specific basis. For large-scale infrastructure projects, we develop efficient material flow management plans at an early stage. Suitable material available for recycling on site does not need to be hauled away and disposed of at great expense. Smart material flow management thus not only saves resources but also helps combat climate change. We regard avoiding waste, reducing unavoidable waste, and maximizing recycling rates as a fundamental part of today's sustainable waste management.

Waste requiring disposal in the HOCHTIEF Group (t)

	Waste requiring disposal	Group coverage*
2015	3,897,625	100%
2014	3,747,136**	100%
2013	3,011,091	94%
2012	1,061,669***	75%
2011	499,384	40%

*Coverage = Proportion of data reported in relation to Group work done.

**Figures adjusted on basis of more precise renewed survey by HOCHTIEF Asia Pacific division after 2014 reporting year.

***Figure for HOCHTIEF Asia Pacific division based on only six months of data.

Disposal method in the HOCHTIEF Group (in t)

Reuse	1,709,547
Recycling/diversion (including energy recovery)	1,482,700
Landfill/disposal	705,378

Focus area indicator

Resource protection; aspect: Waste

For further information, please see the GRI index on pages 254 to 255.

3,589,250 metric tons of the total quantity of waste generated in 2015 are classified as non-hazardous waste.

The Group recycling rate* stood at around 81.9% in 2015 (2014: 70%). The increase relates to a higher recycling rate primarily in relation to the mineral construction waste fraction.

*At HOCHTIEF, the term recycling covers both recycling and reuse. HOCHTIEF's recycling rate is the volume of all recycled and reused waste as a percentage of total waste.

In most countries, clear-cut statutory rules restrict the options available when it comes to disposal and recovery methods. This mostly applies to hazardous waste. For non-hazardous construction waste, however, such as mineral demolition waste or uncontaminated excavated material, companies themselves generally take responsibility for freely choosing their preferred recycling or recovery path. HOCHTIEF and its selected subcontractors effectively manage material flows using project-based disposal logistics. Maximizing recycling rates remains the top priority.

Turner in the HOCHTIEF Americas division has used an Online Waste Tracking system since 2005. This aids the recording and analysis of waste disposal and recycling data in construction and demolition projects, making it possible to keep track of several hundred projects in any one month. Turner recycled about 177,439 metric tons of construction waste in the reporting year, equivalent to a recycling rate of 77%. By way of example, the company reused 75% of the demolition waste in construction of its new Philadelphia office, which earned LEEDv4 for Commercial Interiors certification in 2015.

A further instance of waste management excellence is furnished by the Leighton Asia (CIMIC Group) team, which is currently building the Tin Shui Wai hospital in Hong Kong under a joint venture. In 2014 alone, 81.7% of waste from the project was successfully recycled. This included the use of precast concrete blocks, which were not needed for construction, to pave site roads. Dust was also reduced as a result. In the year under review, the team was presented with the Hong Kong Architectural Services Department's Green Contractors Award 2014 in silver for these and other efforts—such as energy efficiency and stakeholder inclusion.

Water management

Water is a key aspect in almost any construction project. Building construction itself uses a lot of water. Impacts on the groundwater regime and through water conservation measures are a further consideration. HOCHTIEF develops tailored approaches for responsible and environment-friendly construction. Water management deals with aspects such as groundwater and drinking water use during the course of a project, disposal of used and waste water, infiltration, water pollution, and water treatment.

Water consumption (in m^3)

	Water consumption	Group coverage
2015	11,900000	45.5%
2014	8,180000*	50%
2013	19,679,874	67%
2012	5,074,045**	68%
2011	735,000	35%

*Figures adjusted on basis of more precise renewed survey by HOCHTIEF Asia Pacific division after 2014 reporting year.
**Figure for HOCHTIEF Asia Pacific division based on only six months of data.

The above data was determined using material-specific cost categories assuming average prices. In the HOCHTIEF Asia Pacific division, 43% of water is recycled or reused. On average, 54% of water is taken from the mains water supply, with 98% of water in the mining business taken from surface waters.

In the HOCHTIEF Europe division, water is generally taken from freshwater sources. Extraction from other sources is not open to influence due to the Group's project structure.

In the HOCHTIEF Asia Pacific division, CIMIC is listed with a good score in the CDP Water ranking.*** Among the points highlighted were that the company gathers data on water consumption and pursues reductions accordingly. A strategic framework was also created and targets specified. CDP, a non-profit organization, produced the questionnaire for the first time in the year under review.

***For further information, please see the CR Program on page 164.

One example in terms of good water management is the Lake Vermont Coal project at Thiess: The team installed ten monitoring stations that track water storage and rainfall across the entire mine site. This furnishes data that the team can use for purposes such as developing pumping strategies. Using the rainfall and runoff figures collected, CIMIC can maximize short- and long-term water efficiency, which is reflected in areas such as construction planning, operation as well as maintenance of pipes, pumps, and dams.

Biodiversity

HOCHTIEF is committed to conserving the natural environment and biodiversity around its projects. This is why a site investigation is always carried out before construction starts. In consultation with the competent authorities, we then develop a specific environmental strategy integrating all stipulations as well as mandatory nature conservation and environmental measures. In many cases, we exceed the requirements. Implementation is continuously monitored, and environmental measures are also revised in the event of changes to plans.

CIMIC, for example, is involved in building Sydney Metro Northwest, which includes five metro stations and 15 kilometers of tunnel. Ecologists investigated the flora and fauna around the planned rail line before construction began. Nest boxes were put up for use as an alternative habitat for nesting species. Equipment capable of sensing the tiniest changes in the ground is in operation throughout the project in order to immediately detect and, if necessary, halt any negative impacts from construction work.

Working with partners, our U.S. company Turner has developed a special construction management certification scheme for protection of the Pacific Salmon. Salmon-Safe accreditation has already been gained for three Turner building construction projects. Accredited buildings place a special focus on excellence in water quality. Measures are taken right from the construction phase, for instance, to prevent runoff of sediment from construction sites into water bodies and especially into any rivers in the vicinity. Construction sludge would alter water nutrient levels and hence affect the survival chances of juvenile salmon.

In constructing the A7 highway cover in Hamburg-Schnelsen, HOCHTIEF is keeping an eye on a nesting area for northern lapwings in a swathe of wetland behind the construction site. To this end, the HOCHTIEF-led consortium has erected a barrier comprising several kilometers of black sheeting to protect the ground-nesting birds. If the rare birds were to nest right on the site itself, they would be hugely disturbed by construction traffic.

The team replacing the Lennetal Bridge over the A45 highway, scheduled for completion in 2018, is similarly taking care to protect endangered animal species. This includes providing new nesting options for bats.

Pollutants in building fabric

Some materials used in past construction projects were allowed at the time under building law but today are known to harbor risks to human health. In many cases, component substances cannot be clearly identified and there is consequently a risk of pollutants being unintentionally released during demolition or refurbishment. This can result in environmental contamination and injury to health. HOCHTIEF takes very seriously the proper handling of building materials containing hazardous substances and also of secondary contamination of built structures and ensures that attention is given to the issue systematically and responsibly throughout all applicable work activities. Careful separation also ensures segregated construction waste streams, paving the way for efficient recycling.

Refurbishment

HOCHTIEF not only builds new projects but also refurbishes existing buildings. Refurbishment is especially environment-friendly and conserves resources because it does not involve sealing new land. Many of the materials already present in a building can be reused, which cuts down on the amount of waste. Where applicable, we comply with stipulations attached to landmarked buildings. Conservation of old buildings is also important from an urban development perspective when it comes to retaining the character of the urban landscape.

Green Zone program

Turner analyzed the workplace situation for the fifth time in a row in 2015. Staff at 262 offices and construction sites were surveyed with regard to such aspects as comfort and environmental quality, recycling and waste disposal as well as innovation and design. Of the projects covered, 146 were identified and certified as Green Zones. Offices and construction sites in Chicago, San Jose, and New York City scored highest. Forty-six projects took part for the second time in succession. Over one in two significantly improved their score.

Offices and construction sites recognized as Green Zones not only have lesser adverse environmental impacts but also minimize costs thanks to energy economy or efficient use of water or materials. The result is an improved environmental footprint coupled with a healthier and more productive working environment for our employees.

Turner GREEN ZONE

Energy efficiency

HOCHTIEF is committed to doing its part in cutting emissions of climate-changing gases so that global warming can be limited to 2°C and if possible 1.5°C. Accordingly, we use energy as efficiently as possible as well as taking care to save electricity and reduce emissions. To identify further scope for reductions, we continuously monitor and analyze our emissions and consumption.

We do this at two levels—in the HOCHTIEF Group itself and in projects for clients. This reflects HOCHTIEF's standing as one of the global leaders in sustainable construction. One of the characteristics that make green buildings stand out is the fact that they use less heat and power than conventional buildings. For example, in design and construction we pay due regard to the efficient use of energy and resources, short transportation routes, and sustainable materials. One example from our work is our Australian Group company CIMIC's Gateway WA road project in Perth. A 10% saving in the quantity of asphalt used in the project makes for a corresponding reduction in greenhouse gas emissions from production and transportation. Within the Group, we have put in place numerous measures and regulations to cut carbon emissions. Included among them is the energy saving campaign we launched in 2015 in which employees are encouraged to submit ideas and best practice examples for energy efficiency. The best suggestions will be selected for an award in mid-2016 and, where possible, implemented throughout the Group.

To minimize their environmental footprint, HOCHTIEF's major office locations in Germany have exclusively used green power since 2010. Selected CIMIC locations similarly use green power.

Strict criteria apply to the choice of company cars at HOCHTIEF: In Germany, company cars are allowed to emit a maximum 160 grams of CO_2 per kilometer. In 2015, average carbon emissions were reduced to 129 grams per kilometer (2014: 133 grams of CO_2 per kilometer). For the fifth time running, HOCHTIEF's U.S. subsidiary Flatiron was once again awarded Platinum-level Green Fleet certification by the Association of Equipment Management Professionals in 2015. Platinum is the highest award level. Flatiron attaches utmost importance to low emissions and fuel economy in site vehicles and company cars.

Carbon emission reductions through green buildings

One key sustainability focus area at HOCHTIEF is the provision of sustainable products and services. We play an instrumental part in shrinking the carbon footprint, notably with LEED, Green Star, and DGNB-certified green buildings. HOCHTIEF not only targets reductions in greenhouse gas emissions during construction, with measures such as material recycling or the use of LED lighting on construction sites. Green projects also continue to score in the subsequent operating phase. According to the UNEP* Emissions GAP Report 2014, energy-efficient buildings use 60% to 90% less energy than conventional buildings. HOCHTIEF Group sales in the green building segment alone exceeded EUR 7 billion in 2015. U.S. subsidiary Turner contributed to this with sales of over EUR 5 billion in the green building segment.

Notably in sustainable projects, we pay greater attention to using sustainably produced materials. For example, most of the timber used by CIMIC in constructing the building at 177 Pacific Highway in Sydney comes from certified, sustainable sources.

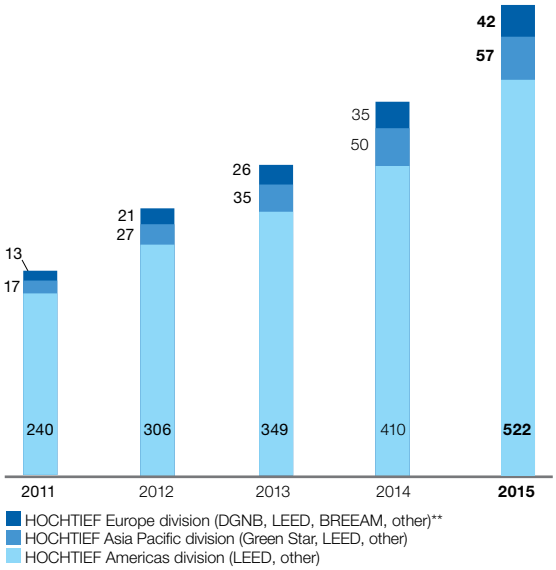
Carbon emission reductions through green infrastructure

Similarly, we increasingly seek certification for infrastructure projects. In order to advance these efforts, two HOCHTIEF employees in 2015 completed the Sustainable Transportation Professional Exam with the Greenroads organization in the U.S. Group sales in the green infrastructure segment topped EUR 6.7 billion by 2015.

CIMIC subsidiary CPB Contractors, for instance, is delivering the Gateway WA Perth Airport and Freight Access project, one of the biggest road projects in Western Australia. The joint venture is seeking Infrastructure Sustainability Council of Australia (ISCA) certification. Among other aspects, the project team looked at materials conventionally used for road construction to see if sustainability benefits could be reaped by replacing one material with another. Class 600 bitumen is now being used in place of the Class 320 traditionally used as asphalt binder. The benefits are that the team uses 10% less asphalt for the project overall with the same design life. This not only represents a significant cost saving, but also reduces carbon emissions.

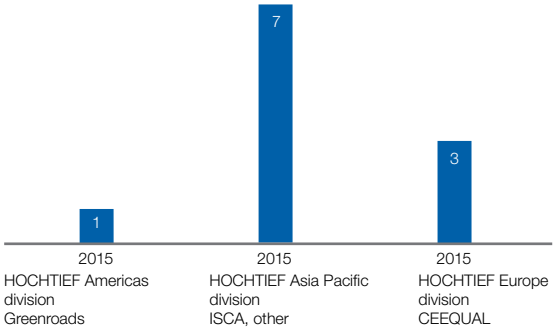
*United Nations Environment Programme (UNEP)

Green Buildings at HOCHTIEF



Cumulative number of certified "green" buildings constructed by HOCHTIEF by the year-end

Green Infrastructure at HOCHTIEF



Cumulative number of certified "green" infrastructures constructed by HOCHTIEF by the year-end

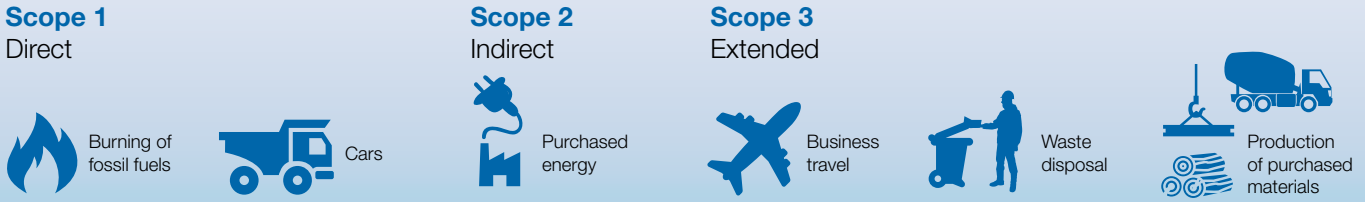
**For details, please see glossary on pages 259 and 260.

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).



Greenhouse gas emissions: Scope 1, Scope 2, Scope 3*

The figures set out in the following relate to the energy consumption and carbon emissions of the main corporate units in the HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe divisions. Most of the data was determined using material-specific cost categories assuming average prices. The ratio of material to service costs in the HOCHTIEF Europe division was also assumed to apply in the HOCHTIEF Americas and the HOCHTIEF Asia Pacific divisions. Direct and indirect carbon emissions were measured up to 2012; Scope 3 was included from 2013.

*The GHG Protocol Corporate Standard categorizes companies' direct, indirect and extended emissions into three "scopes" (see chart).

***For the calculation of materials used and energy consumption in the HOCHTIEF Americas division for 2015, we have taken the data from the 2014 reporting year and applied to that the percentage variance in total costs of materials purchased year on year (2015/2014). The percentage variance is -0.04% adjusted for exchange rate effects.

**HOCHTIEF will continue its efforts to improve data quality in order to standardize the basis of calculation.

Group energy consumption in 2015**

	Electricity (MWh)	Diesel/ gasoline (l)
HOCHTIEF Americas	119,290***	376,904,640
HOCHTIEF Asia Pacific	109,000	755,100,000
HOCHTIEF Europe	80,762	14,533,561
Total	**309,052**	**1,146,538,201**
Coverage	100%	100%

Materials used in 2015**

	Steel (t)	Concrete (m^3)	Wood (m^3)	Asphalt (t)
HOCHTIEF Americas	165,320	2,459,541	67,590	–
HOCHTIEF Asia Pacific	238,000	3,418,000	111,000	309,000
HOCHTIEF Europe	60,052	966,699	16,380	–
Total	**463,372**	**6,844,240**	**194,970**	**309,000**
Coverage	100%	100%	100%	45.50%

With respect to the construction industry, it is important to note that energy consumption levels and the carbon emissions inferred from them directly depend on the nature and scale of the projects in progress. A tunneling project using a tunnel boring machine, for example, is far more energy-intensive than a building construction site. The figures relate solely to materials purchased by the HOCHTIEF Group.

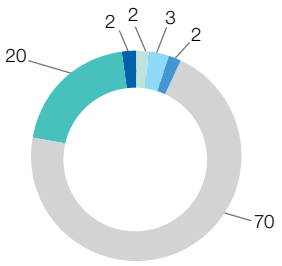
The GHG Protocol Corporate Standard categorizes companies' direct, indirect and extended emissions into three "scopes":

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 extended 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 3 composition (figures in percent)



Percentage of total CO_2 from

Wood · Concrete · Waste · Business travel · Steel · Asphalt

Greenhouse gas emissions* (t/CO_2)

Scope 1

	2013	2014	**2015**
HOCHTIEF Americas**	4,649	2,432	855,574
HOCHTIEF Asia Pacific	4,267,144***	3,191,956***	1,790,000
HOCHTIEF Europe	48,354	54,711	38,628

Scope 2

	2013	2014	**2015**
HOCHTIEF Americas**	7,652	6,620	60,620
HOCHTIEF Asia Pacific	207,046***	218,953***	84,000
HOCHTIEF Europe	18,713	74,867	80,762

Scope 3

	2013	2014	**2015**
HOCHTIEF Americas**	1,910,610	3,648,726	1,155,254
HOCHTIEF Asia Pacific	1,418,899	2,750,651	3,497,000
HOCHTIEF Europe	433,789	286,488	449,472

Group coverage

	2015
Scope 1	98%
Scope 2	98%
Scope 3	98%

Coverage: Proportion of data reported in relation to Group work done.

The figures are not yet fully comparable due to differing detail levels in divisional statistics. Comparable data will be established in the future with the adoption of new Group-wide sustainability software.

*Metric tons of carbon equivalent. Source for carbon conversion factors: GHG Protocol, DEFRA and Germany's Federal Environmental Agency.

**HOCHTIEF Americas Scope 1, Scope 2 and Scope 3 data are based on assumptions and projections.

***Figures adjusted on basis of more precise renewed survey by HOCHTIEF Asia Pacific division after 2014 reporting year.

Focus area indicator

Active Climate Protection; aspect: Greenhouse gas emissions

For further information, please see the GRI index on pages 254 and 255.

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, 2015
Transparency and data quality in reporting	Ongoing participation in national and international sustainability rankings and ratings	Included again in the Dow Jones Sustainability Index (DJSI) Europe for the tenth time in a row as the only German construction group and included in DJSI Yearbook 2016; CDP: Climate Performance Leader 2015 for the sixth time in a row
	Continuous improvement in data quality	Introduction and implementation of SoFi sustainability software (by thinkstep)
	Gradual development toward integrated reporting	Merging of the annual report and the sustainability report into a combined Group Report in accordance with GRI G4 since 2014
Innovation	Encourage transfer of knowledge between the divisions	2015: participation in Innovation Summit, exchange on innovative contributions, telephone conferences, focus on exchange within HOCHTIEF Solutions companies as four BIM initiatives were launched during the year. Implementation of BIM IT circle, BIM project manager round table and BIM steering committee.
	Uphold investment volume in R&D projects	Investment volume stepped up from approximately EUR 3.2 million to EUR 4.7 million in 2015
	Ideas Management at HOCHTIEF Europe: Increase number of ideas to 250; set up five Ideas Workshops per year	One Ideas Workshop held in 2015 (with 80 ideas collected). Of these, 25 ideas were posted in Ideas Room; one Best Practice event (with twelve suggestions collected). Total of 58 ideas posted in Ideas Room in 2015.
Reputation	Maintain high image and reputation value in Germany at ≥ 75%	85%
Stakeholder dialog	Develop and implement an extended concept for conducting a materiality analysis in accordance with GRI G4	Group of respondents expanded for 2015 materiality analysis; participants: 2,117 (2014: 1,583); materiality analysis performed in all three divisions.
	Introduce annual stakeholder dialog events	Second stakeholder dialog event held on November 26, 2015.
	Step up analyst and investor communications on sustainability	2014: Participated in one roadshow 2015: Participated in two roadshows
Strategy and organization	Implement CR Committee in all HOCHTIEF divisions	Ethics, Compliance and Sustainability Committee in HOCHTIEF Asia Pacific division and CSR Committee in HOCHTIEF Americas division; first meetings held

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, 2015
Anti-corruption and economic crime	Expand training offering	In 2015, more than 15,300 employees (2014: 14,000) 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
	Further expand monitoring activities	Expansion of compliance risk analysis; introduction of compliance spot checks
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: 80%; HOCHTIEF Europe: 95%; number of prequalified contract partners: 79,992

Focus area 2: Sustainable products and services

Overarching objective: We aim to develop sustainable products and services 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, 2015
Sustainability Competence Team	Develop solutions to meet the needs of the market	Realignment complete; Sustainability Competence Team met four times in 2015; next meeting will be held in March 2016.
Green building and green infrastructure	Expand range of sustainable projects in building construction and civil engineering Group-wide	Cumulated values as of Dec. 31, 2015: LEED-certified projects: 524; DGNB-certified projects: 25; Green Star-certified projects: 51; BREEAM-certified projects: 4; Other certificates: 10; ISCA-certified projects: 7; CEEQUAL-certified projects: 3; Greenroads-registered projects: 2
		Accredited auditors (as of December 31, 2015) LEED: 1,460; DGNB: 4; Green Star: 6; ISCA: 35; Greenroads: 2; CEEQUAL: 2; other: 44
Building Information Modeling (BIM)	Promote further development and implementation in all HOCHTIEF divisions	A focus of innovation at HOCHTIEF since 2003, BIM has been implemented strategically and organizationally in all divisions. By 2015, the HOCHTIEF Group had carried out more than 1,433 BIM projects: HOCHTIEF Americas Division (Turner): 900 BIM projects HOCHTIEF Asia Pacific Division (CIMIC): 73 BIM projects HOCHTIEF Europe Division: 450 BIM projects
	Continuously increase the number of BIM training courses	658 employees received training (HOCHTIEF Americas Division 35, HOCHTIEF Asia Pacific Division 454, HOCHTIEF Europe Division 169
	Promote Group-wide exchange	Several workshops held and various working groups launched, including BIM IT circle

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, 2015
Non-financial performance indicator	Reduce Lost Time Injury Frequency Rate (LTIFR) to 1.35	LTIFR in the HOCHTIEF Group in 2015: 1.38 (2014: 1.42; 2013: 1.68; 2012: 1.97; 2011: 2.37; 2010: 2.15)
Certification	Increase percentage of employees working according to an internationally recognized and certified occupational safety and health management system to 90%	Group-wide certification rate: 79.63% (2014: 76.8%)
Data quality on occupational safety	Collect Group-wide statistics on significant types of injury at HOCHTIEF	Data available for all HOCHTIEF divisions
Employee satisfaction	Maintain average tenure of employment	HOCHTIEF Americas Division: 7.6 years (2014: 6.7 years) HOCHTIEF Asia Pacific Division: 3.0 years (2014: 3.9 years) HOCHTIEF Europe Division: 11.2 years (2014: 11.1 years)
Train employees	Maintain average number of continuing education hours per employee within the Group at current level	2015: 13 continuing education hours per employee* (2014: 22 hours) HOCHTIEF Americas Division: around 23 hours HOCHTIEF Asia Pacific Division: around 11 hours HOCHTIEF Europe Division: around 11 hours
	Selectively foster young specialist and managerial talent Group-wide	412 participants in talent pools** (2014: 305)

*The decrease is due among other things to the fact that, notably at CIMIC, increased use is made of e-learning courses, which are usually shorter;
**Talent pool: Group of selected high-potential employees given targeted coaching for positions as experts or in middle management.

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, 2015
Environmental management	Increase percentage of employees working according to an internationally recognized and certified environmental management system	Group-wide certification rate: 68.14% (ISO 14001) (2014: 81.8%)
Recycling rate	Increase recycling rate to 85%	Group-wide recycling rate: approximately 82% (2014: 70%)
Data quality on resource consumption	Increase coverage for relevant environmental data to 100%	Water consumption at CIMIC: 45.5% coverage; waste: 99% coverage
Water conservation	Participation in CDP Water Disclosure Program	2015: First-time listing for CIMIC 2016: HOCHTIEF participation under 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, 2015
Strategy and organization	Commitment to climate protection	2015: CDP commitment at COP21 conference in Paris
	Ensure permanent listing in Climate Disclosure Project (CDP)	Climate Disclosure Score 100 Climate Performance Leadership Index B
Greenhouse gas emissions	Compile comparable statistics on greenhouse gas emissions in HOCHTIEF divisions	Basis for compilation of statistics created with Group-wide sustainability software.
	Based on current usage of the telepresence system, a saving of around 8,000 metric tons of CO_2 by 2020 is forecast	For verification against project examples, please see www.hochtief.com/sustainability.
	Take CO_2 compensatory measures	HOCHTIEF holding company 2015: 41.4 metric tons of CO_2 compensated in relation to print products (2014: 59.3 metric tons of CO_2)
Energy efficiency	Launch energy efficiency initiatives	Group-wide energy award launched

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, 2015
Community initiatives	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	2015: one project carried out in Rwanda, two in Nicaragua, see www.hochtief.com/b2p
	Present measurability of the social benefit of our involvement in sponsorship—focus on Bridges to Prosperity	Our projects carried out with B2P benefit over 84,600 people who live in the vicinity of the bridges. We have built 17 footbridges since 2010.

The companies making up the HOCHTIEF Group company CIMIC have shaped the Sydney skyline with their numerous building construction and infrastructure projects, including the office block currently being erected at 177 Pacific Highway.

In my world, the working atmosphere is great.

Justin Grogan
Executive General Manager
Sustainability at HOCHTIEF
Group company CIMIC

At CIMIC, we aim to provide a healthy working environment where all our employees can feel at home. The fact that we are considered one of Australia's preferred employers is evident in the ranking we received from professional networking platform LinkedIn in 2015. Our companies CPB Contractors and Thiess both made it into the country's top ten Most inDemand Employers.

And for good reason. CPB Contractors offers a broad spectrum of job opportunities on construction projects that help people navigate public life—roads, bridges, and tunnels allowing commuters to get where they're going quickly and safely, hospitals that save lives, and wind power facilities that generate green electricity.

Like CPB Contractors, Thiess also invests in its employees, providing a variety of ways to take their personal development to the next level. These run the gamut from student scholarships and traineeships, through technical and functional management programs, to coaching for executives.

We are proud that CIMIC is recognized as an attractive employer. Since we are headquartered in Sydney, we have a special relationship with this metropolis. Many sustainable buildings and extensive portions of the infrastructure bear our signature and lend Sydney the high quality of life it has to offer.

HOCHTIEF Group Consolidated Financial Statements as of December 31, 2015

Hong Kong

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Consolidated Statement of Earnings

(EUR thousand)	Note	2015	2014
Sales	(1)	21,096,618	22,099,054
Changes in inventories		18,468	(30,425)
Other operating income	(2)	217,498	225,403
Materials	(3)	(15,484,266)	(15,745,552)
Personnel costs	(4)	(3,655,734)	(4,415,757)
Depreciation and amortization	(5)	(413,831)	(440,427)
Other operating expenses	(6)	(1,203,403)	(1,767,628)
Profit from operating activities		**575,350**	**(75,332)**
Share of profits and losses of equity-method associates and joint ventures	(7)	79,035	75,482
Net income from other participating interests	(7)	76,676	43,006
Investment and interest income	(8)	92,840	104,352
Investment and interest expenses	(8)	(300,497)	(324,655)
Profit before taxes—continuing operations		**523,404**	**(177,147)**
Income taxes	(9)	(190,210)	45,366
Profit after tax—continuing operations		**333,194**	**(131,781)**
Profit after tax—discontinued operations*		–	537,564
Profit after tax—total		**333,194**	**405,783**
Of which: Consolidated net profit/(loss)		[208,287]	[251,687]
Of which: Minority interest	(10)	[124,907]	[154,096]
Earnings per share (EUR)			
Diluted and undiluted earnings per share—continuing operations	(33)	3.11	(1.77)
Diluted and undiluted earnings per share—discontinued operations	(33)	–	5.41
Earnings per share—total		**3.11**	**3.64**

*For further information, please see page 176 et seq.

Consolidated Statement of Comprehensive Income

(EUR thousand)	2015	2014
Profit after tax	**333,194**	**405,783**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	148,334	370,594
Changes in fair value of financial instruments		
Primary	22,581	22,123
Derivative	1,543	(18)
Share of profits and losses of equity-method associates and joint ventures recognized directly in equity	1,004	3,595
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	21,063	(110,576)
Other comprehensive income (after tax)	**194,525**	**285,718**
Total comprehensive income after tax	**527,719**	**691,501**
Of which: HOCHTIEF Group	[344,766]	[445,260]
Of which: Minority interest	[182,953]	[246,241]

Consolidated Balance Sheet

(EUR thousand)	Note	Dec. 31, 2015	Dec. 31, 2014
Assets			
Non-current assets			
Intangible assets	(11)	883,184	866,299
Property, plant and equipment	(12)	1,115,512	1,304,566
Investment properties	(13)	14,096	15,252
Equity-method investments	(14)	979,720	898,484
Other financial assets	(15)	123,853	129,374
Financial receivables	(16)	679,461	631,479
Other receivables and other assets	(17)	147,013	74,830
Non-current income tax assets	(18)	16,907	24,863
Deferred tax assets	(19)	170,582	265,527
		4,130,328	**4,210,674**
Current assets			
Inventories	(20)	767,760	919,505
Financial receivables	(16)	66,083	77,474
Trade receivables	(21)	4,536,997	5,066,174
Other receivables and other assets	(17)	172,996	199,045
Receivables from the sale of discontinued operations	(22)	–	1,108,112
Current income tax assets	(18)	51,933	139,867
Marketable securities	(23)	576,898	741,535
Cash and cash equivalents	(24)	2,808,707	2,585,359
Assets held for sale*		158,281	171,579
		9,139,655	**11,008,650**
		13,269,983	**15,219,324**
Liabilities and Shareholders' Equity			
Shareholders' equity	(25)		
Attributable to the Group			
Subscribed capital		177,432	177,432
Capital reserve		804,163	804,018
Revenue reserves		1,005,415	1,183,395
Of which: Deduction for treasury stock		[292,913]	[48,304]
Accumulated other comprehensive income		18,272	(118,207)
Unappropriated net profit		138,619	131,688
		2,143,901	**2,178,326**
Minority interest		**1,002,847**	**933,052**
		3,146,748	**3,111,378**
Non-current liabilities			
Provisions for pensions and similar obligations	(27)	353,448	378,697
Other provisions	(28)	449,937	449,906
Financial liabilities	(29)	2,355,089	3,073,471
Other liabilities	(30)	68,040	33,190
Deferred tax liabilities	(19)	29,719	47,158
		3,256,233	**3,982,422**
Current liabilities			
Other provisions	(28)	817,735	1,156,127
Financial liabilities	(29)	309,439	982,374
Trade payables	(31)	5,419,879	5,513,425
Other liabilities	(30)	277,010	399,653
Current income tax liabilities	(32)	10,257	10,682
Liabilities associated with assets held for sale		32,682	63,263
		6,867,002	**8,125,524**
		13,269,983	**15,219,324**

*For further information, please see page 176.

Consolidated Statement of Cash Flows

(EUR thousand) Note 37	2015	2014
Profit after tax	333,194	405,783
Depreciation, amortization, impairments, and impairment reversals	409,965	503,064
Changes in provisions	(2,400)	(134,353)
Changes in deferred taxes	60,986	(208,928)
Gains/(losses) from disposals of non-current assets and marketable securities	(9,181)	(47,199)
Other non-cash income and expenses (primarily equity accounting) and deconsolidations	(24,026)	(85,856)
Changes in working capital (net current assets)	358,666	307,557
Changes in other balance sheet items	8,002	15,965
Cash flow from operations	**1,135,206**	**756,033**
Intangible assets, property, plant and equipment, and investment properties		
Purchases	(285,475)	(575,335)
Proceeds from asset disposals	135,042	141,390
Acquisitions and participating interests		
Purchases	(116,016)	(147,964)
Proceeds from asset disposals/divestments	1,463,806	274,475
Changes in cash and cash equivalents due to consolidation changes	(465,847)	(309,079)
Changes in securities holdings and financial receivables	231,397	437,918
Cash flow from investing activities	**962,907**	**(178,595)**
Payment for repurchase of treasury stock	(245,511)	(49,227)
Payments received from sale of treasury stock	1,047	928
Payments for the purchase of additional shares in subsidiaries	(5,847)	(619,991)
Payments into equity by minority shareholders	2,683	2,559
Other financing activities	(2,843)	(1,335)
Dividends to HOCHTIEF's and minority shareholders	(236,220)	(212,084)
Proceeds from new borrowing	786,090	1,650,551
Debt repayment	(2,308,197)	(1,147,210)
Cash flow from financing activities	**(2,008,798)**	**(375,809)**
Net cash increase in cash and cash equivalents	**89,315**	**201,629**
Effect of exchange rate changes	134,033	193,598
Overall change in cash and cash equivalents	**223,348**	**395,227**
Cash and cash equivalents at the start of the year	2,585,359	2,190,132
Cash and cash equivalents at year-end	**2,808,707**	**2,585,359**

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, 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 tax	–	–	–	–	–	–	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/ Jan. 1, 2015	**177,432**	**804,018**	**1,183,395**	**(308,590)**	**194,506**	**(4,123)**	**131,688**	**2,178,326**	**933,052**	**3,111,378**
Dividends paid	–	–	–	–	–	–	(128,926)	(128,926)	(107,294)	(236,220)
Profit after tax	–	–	–	–	–	–	208,287	208,287	124,907	333,194
Currency translation differences and changes in fair value of financial instruments	–	–	–	–	92,285	23,131	–	115,416	58,046	173,462
Changes from remeasurement of defined benefit plans	–	–	–	21,063	–	–	–	21,063	–	21,063
Total comprehensive income	–	–	–	21,063	92,285	23,131	208,287	344,766	182,953	527,719
Transfer to revenue reserves	–	–	72,430	–	–	–	(72,430)	–	–	–
Other changes not recognized in the Statement of Earnings	–	145	(250,410)	–	–	–	–	(250,265)	(5,864)	(256,129)
Balance as of Dec. 31, 2015	**177,432**	**804,163**	**1,005,415**	**(287,527)**	**286,791**	**19,008**	**138,619**	**2,143,901**	**1,002,847**	**3,146,748**

*As of December 31, 2015, treasury stock with a purchase cost of EUR 292,913 thousand (2014: EUR 48,304 thousand) was accounted for as a deduction from revenue reserves. The shares of treasury stock accounted for as a deduction from revenue reserves as of January 1, 2014 were canceled in the first quarter of 2014. 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.

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 year 2015, comprising the reporting period from January 1 to December 31, 2015.

The Executive Board of HOCHTIEF Aktiengesellschaft released the financial statements for publication on February 19, 2016. They will be approved at the Supervisory Board meeting on February 24, 2016.

Basis of consolidation

The Consolidated Financial Statements include HOCHTIEF Aktiengesellschaft as well as 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. Two companies are consolidated by virtue of contractual arrangements. Associates and joint ventures 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 joint ventures deemed to be of minor overall significance from a Group perspective are not consolidated and are accounted for in accordance with IAS 39.

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 248 and 249.

The Consolidated Financial Statements as of December 31, 2015 include HOCHTIEF Aktiengesellschaft and a total of 58 German and 397 foreign consolidated companies as well as four special-purpose investment funds (Spezialfonds). The number of consolidated companies decreased by 15 and the number of special-purpose funds by one compared with the previous year. A total of four German and 28 foreign companies were consolidated for the first time in the reporting year. The additions were in the HOCHTIEF Asia Pacific division (17), the HOCHTIEF Europe division (11), and the HOCHTIEF Americas division (4). The majority are project companies. A total of four domestic and 43 foreign companies were removed from the consolidated group. Most of the companies removed from the consolidated group were in the HOCHTIEF Asia Pacific division (28) and the HOCHTIEF Europe division (18). 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.

Fifty-two affiliated companies of minor overall significance to the Group's financial position and results of operations were not consolidated. Their combined sales represented less than 1% of consolidated sales.

Sixteen domestic and 166 foreign associates were accounted for using the equity method. This number declined by a total of 11 companies, with 14 companies added and 25 removed. Most of the additions were in the HOCHTIEF Asia Pacific division (7) and the HOCHTIEF Americas division (5). The removals related to the HOCHTIEF Asia Pacific division (16) and the HOCHTIEF Europe division (9). Due to their minor overall significance, a further 19 companies were not accounted for using the equity method.

A total of 59 joint operations from the HOCHTIEF Asia Pacific division are included in the Consolidated Financial Statements on a proportionate basis. In the year under review, ten entities were added and seven removed.

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 40,494 thousand in the year under review, from EUR 666,677 thousand to EUR 707,171 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 to equity-method investments. These include the Group's associates and joint ventures. 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 joint ventures. The financial statements of all equity-method investments are prepared in accordance with uniform Group accounting policies.

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. Further negotiations were conducted during the 2015 reporting year and an agreement for the sale of the assets was signed in January 2016. Inventories, property, plant and equipment, and lease liabilities were consequently reclassified, the reclassification having no impact on the Statement of Earnings. The remaining assets and liabilities are classified as held for sale and presented separately in the balance sheet. The table below shows the major classes of assets and liabilities held for sale. No amount is additionally recognized in other comprehensive income.

(EUR thousand)	Dec. 31, 2015	Dec. 31, 2014
Property, plant and equipment	130,488	150,994
Inventories	27,793	20,585
Total assets	**158,281**	**171,579**
Non-current liabilities	–	–
Current liabilities	32,682	63,263
Liabilities	**32,682**	**63,263**

Discontinued operations

In accordance with its strategic alignment, HOCHTIEF Group Company CIMIC Holdings entered into binding agreements for the sale of the John Holland Group as well as Thiess Services and Leighton Contractors Services in December 2014. CIMIC's entire stake in its subsidiary John Holland Group (Melbourne, Australia) was consequently sold to CCCC International Holding Limited (Beijing, China). CIMIC brought 50% of its activities in Thiess Services (Brisbane, Australia) and Leighton Contractors Services (Sydney, Australia) under a joint venture established with subsidiaries of Apollo Global Management, LLC.

The prior-year Statement of Earnings for the HOCHTIEF Group showed EUR 537,564 thousand in profit after tax from discontinued operations. No divestments meeting the criteria of discontinued operations were made in 2015. It was therefore not necessary to report profit after tax from discontinued operations in 2015.

The table below shows the main figures, including for the prior year, for the discontinued operations of the John Holland Group as well as of Thiess Services and Leighton Contractors Services.

(EUR thousand)	2014
Income from discontinued operations	
Sales	3,688,767
Expenses	(3,531,328)
Net investment and interest income	995
Share of profit or loss of associates and joint ventures	10,459
Profit before tax (excluding income from disposals)	168,893
Income taxes	(39,872)
Profit after tax (excluding income from disposals)	**129,021**
Income from disposals, before tax	660,989
Income taxes	(252,446)
Income from disposals, after tax	**408,543**
Profit after taxes—discontinued operations	**537,564**
Net cash flow from discontinued operations	
Cash flow from operations	(198,737)
Cash frow from investing actitivies	(27,576)
Cash frow from financing actitivies	(2,785)
Net cash flow—discontinued operations	**(229,098)**

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)	**2015**	2014	**2015**	2014
1 U.S. dollar (USD)	0.91	0.76	0.92	0.82
1 Australian dollar (AUD)	0.67	0.68	0.67	0.67
1 British pound (GBP)	1.38	1.25	1.36	1.28
100 Polish złoty (PLN)	23.90	23.84	23.45	23.40
100 Qatari riyal (QAR)	24.88	20.78	25.22	22.57
100 Czech koruna (CZK)	3.67	3.63	3.70	3.61
100 Chilean pesos (CLP)	0.14	0.13	0.13	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 companies 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 of 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 a maximum of 10 years 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 companies recognized in the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions were classified as intangible assets 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 are reported in intangible assets and are 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 fair value less costs to sell 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 in 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 direct 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 arising from 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 joint ventures 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. Objective 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.

*See glossary on page 260.

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.

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 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 carryforwards in subsequent 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 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 fluctuations in value only.

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 earnings 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 earnings from discontinued operations.

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 and the Top Executive Retention 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.

Amounts ensuing from the remeasurement of defined benefit plans are recognized directly in equity 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 the anticipated returns on plan assets (each calculated using the discount factor 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 amount set aside 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. Non-current provisions are stated at the present value of the estimated settlement amount as of the reporting date and 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. These are disclosed separately and 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, those assets 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) and IFRS Interpretations Committee (IFRS IC) of new and revised IFRS and IFRIC 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 from January 1 to December 31, 2015.

Changes in IFRS and IFRIC affecting the HOCHTIEF Group are as follows:

- **Annual Improvements Cycle 2011–2013** and
- **IFRIC 21 Levies**

The IFRS pronouncements applicable in the reporting year had no material impact on the HOCHTIEF Consolidated Financial Statements.

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 2015 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. Due to postponement of the date of initial application in September 2015, the revised IFRS 15 applies for annual periods beginning on or after January 1, 2018; 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. However, it will still be possible to recognize revenue over time. Otherwise, the main changes relate to additional requirements for notes disclosures. The effects of IFRS 15 cannot be finally assessed until final endorsement by the EU.

IFRS 16 Leases: The standard announced by the IASB in January 2016 mainly introduces new rules for the classification of leases by lessees. The previous risk-and-rewards approach is abandoned in favor of recognizing a right-of-use asset and a corresponding lease liability for all leases. Exceptions from this rule only exist for leases with lease terms of less than twelve months and leases where the underlying asset has a low value. Lessors, on the other hand, continue to classify leases as operating or financing leases according to whether substantially all the risks and rewards are transferred. The new IFRS 16 applies for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15 Revenue from Contracts with Customers has also been applied. EU endorsement is still pending. The potential impact for the HOCHTIEF Group is currently under assessment.

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 applicable 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. The amendments were endorsed by the EU in November 2015. 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 an omnibus standard in December 2013 (Annual Improvements Cycle 2010–2012) and another in September 2014 (Annual Improvements Cycle 2012–2014). This involved minor but necessary changes to various standards. The Annual Improvements Cycle 2010–2012 applies for annual periods beginning on or after February 1, 2015, and the Annual Improvements Cycle 2012–2014 for annual periods beginning on or after January 1, 2016. The EU has already endorsed both of those omnibus standards. On current assessment, the changes are not expected to have a material impact on the presentation of the financial position or 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 or their potential impact is currently under assessment:

- **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 7 Cash Flow Statements:** Disclosure Initiative
- **Amendments to IAS 12 Income Taxes:** Recognition of Deferred Tax Assets for Unrealised Losses
- **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 21,096,618 thousand (2014: EUR 22,099,054 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 17,965,879 thousand (2014: EUR 18,448,153 thousand).

*See glossary on page 260.

Sales figures provide only an incomplete view of work done* during the 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)	**2015**	2014
HOCHTIEF Americas	10,874,926	9,163,954
HOCHTIEF Asia Pacific	10,870,972	12,441,905
HOCHTIEF Europe	2,066,437	2,520,698
Corporate Headquarters/Consolidation	135,283	119,379
	23,947,618	**24,245,936**

2. Other operating income

(EUR thousand)	**2015**	2014
Income from divestitures	92,104	13,872
Foreign exchange gains	41,876	28,993
Income from reversal of provisions	26,278	66,528
Income from the disposal of intangible assets, property, plant and equipment, and investment properties	2,229	26,125
Sundry other operating income	55,011	89,885
	217,498	**225,403**

Income from divestitures in the year under review mainly relates to the Corporate Headquarters/Consolidation and the HOCHTIEF Asia Pacific division. In the prior year, income from divestitures primarily reflected the sale of two companies in the HOCHTIEF Europe division.

Sundry other operating income includes lease and rental income, plus income from insurance claims.

3. Materials

(EUR thousand)	2015	2014
Raw materials, supplies, and purchased goods	2,192,741	2,649,822
Purchased services	13,291,525	13,095,730
	15,484,266	**15,745,552**

4. Personnel costs

(EUR thousand)	2015	2014
Wages and salaries	3,184,960	4,006,209
Social insurance, pensions, and support	470,774	409,548
	3,655,734	**4,415,757**

Expenditure on pensions totaled EUR 184,529 thousand (2014: EUR 191,307 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 12,671 thousand (2014: EUR 43,477 thousand) in the HOCHTIEF Asia Pacific division.

Employees (average for the year)

	2015	2014
Waged/industrial employees	22,768	38,625
Salaried/office employees	24,361	29,801
	47,129	**68,426**

5. Depreciation and amortization

(EUR thousand)	2015	2014
Intangible assets	39,826	34,925
Property, plant and equipment	373,415	405,189
Investment properties	590	313
	413,831	**440,427**

Depreciation and amortization includes EUR 33,700 thousand in impairments in the HOCHTIEF Asia Pacific division (2014: EUR – thousand).

6. Other operating expenses

(EUR thousand)	2015	2014
Rentals and lease rentals	331,627	358,213
Insurance expenses	279,803	260,443
Technical and business consulting	65,858	110,982
External organization and programming	63,350	64,394
Travel expenses	47,655	59,394
Currency losses	41,864	31,095
Court costs, attorneys' and notaries' fees	39,664	42,968
Office supplies	35,084	38,825
Restructuring and adjustment costs/severance benefits	29,053	13,282
Marketing	15,175	16,000
Mail and funds transfer expenses	13,017	13,186
Impairment losses and losses on disposal of current assets (except inventories)	11,437	470,990
Legal costs	8,446	9,013
Commission	3,171	14,549
Deconsolidation expense	761	17,191
Sundry other operating expenses	217,438	247,103
	1,203,403	**1,767,628**

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.

The prior-year impairment losses and losses on disposal of current assets (except inventories) contained a EUR 458,467 thousand accounting provision to cover credit risk on project receivables in the HOCHTIEF Asia Pacific division.

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 14,319 thousand (2014: EUR 24,712 thousand).

Including personnel and material expenses, a total of EUR 4,678 thousand was spent on Group-wide research and development projects by the central innovation management function in 2015 (2014: EUR 3,167 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.

Net income from participating interests is made up as follows:

(EUR thousand)	2015	2014
Share of profits and losses of equity-method associates and joint ventures	**79,035**	**75,482**
Of which: Impairment	[–]	[(13,418)]
Net income from non-consolidated subsidiaries	(117)	713
Of which: Impairment	[(158)]	[(20)]
Net income from other participating interests	8,618	7,486
Of which: Impairment	[–]	[(72)]
Income from the disposal of participating interests	36,793	6,058
Expenses on disposal of participating interests	(803)	(9)
Income from long-term loans to participating interests	32,185	32,499
Expenses relating to long-term loans to participating interests	–	(3,741)
Other income from participating interests	**76,676**	**43,006**
	155,711	**118,488**

The share of profits and losses of equity-method associates and joint ventures consists of minus EUR 23,189 thousand (2014: minus EUR 10,926 thousand) relating to associates and EUR 102,224 thousand (2014: EUR 86,408 thousand) relating to joint ventures. No impairments are included in the share of profits and losses of associates and joint ventures (2014: EUR 13,418 thousand). The prior-year impairments related to the HOCHTIEF Asia Pacific division.

As in the prior year, net income from other participating interests related in its entirety to the HOCHTIEF Europe division.

Participating interests measured at cost—less impairments—and disposed of in the year under review had a carrying amount of EUR 3,450 thousand (2014: EUR 1,826 thousand). Disposals realized a net loss on sale of EUR 691 thousand in 2015 (2014: net gain of EUR 287 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)	2015	2014
Interest and similar income	59,797	63,234
Other investment income	33,043	41,118
Investment and interest income	**92,840**	**104,352**
Interest and similar expenses	(240,247)	(284,606)
Interest component of increase in non-current provisions	(9,908)	(9,042)
Of which: Net interest (expense)/income on pension obligations	[(9,092)]	[(8,148)]
Other investment expenses	(50,342)	(31,007)
Investment and interest expenses	**(300,497)**	**(324,655)**
	(207,657)	**(220,303)**

Interest and similar income consists of interest on cash investments, interest-bearing securities, and other long-term loans, plus profit shares and dividends from securities. Interest and similar expenses represent all interest incurred. Net interest income—the balance of interest and similar income and expenses—is minus EUR 180,450 thousand (2014: minus EUR 221,372 thousand).

Interest income of EUR 59,644 thousand was recorded in 2015 for financial instruments not carried at fair value through profit or loss (2014: EUR 62,781 thousand). Interest expenses of EUR 240,247 thousand were recorded for financial instruments not carried at fair value through profit or loss (2014: EUR 284,606 thousand).

Net interest expense/income from pension obligations—an amount of minus EUR 9,092 thousand (2014: minus EUR 8,148 thousand)—consists of EUR 29,671 thousand (2014: EUR 37,246 thousand) in annual interest on the net present value of long-term pension obligations rolled over into the new year, offset against EUR 20,579 thousand (2014: EUR 29,098 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 and on other long-term loans.

9. Income taxes

(EUR thousand)	2015	2014
Current income taxes	129,224	163,562
Deferred taxes	60,986	(208,928)
	190,210	**(45,366)**

Current income taxes include EUR 9,547 thousand net tax income (2014: EUR 158 thousand) relating to prior periods.

Tax expense is derived from the theoretical tax expense. The theoretical tax rate applied to profit before tax is 31.5%, as in the prior year.

(EUR thousand)	**2015**	2014
Profit before tax	523,404	(177,147)
Theoretical tax income, at 31.5%	164,872	(55,801)
Difference between the above and foreign tax rates	1,512	13,788
Tax effects on:		
Tax-exempt income	(36,623)	(4,207)
Non-tax-allowable expenditure	27,631	58,418
Equity accounting of associates and joint ventures, including impairment of associates and joint ventures	(2,215)	330
Unrecognized deferred tax assets for domestic tax loss carryforwards	60,953	(4,809)
Other	(25,920)	(53,085)
Effective tax charges	**190,210**	**(45,366)**
Effective rate of tax (percent)	36.3	25.6

The tax-exempt income mostly relates to companies fully consolidated and accounted for using the equity method.

As in the prior year, the “Other” item mainly related 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 124,907 thousand (2014: EUR 154,096 thousand) minority interest in consolidated net profit represents the balance of profits totaling EUR 126,982 thousand (2014: EUR 158,540 thousand) and losses totaling EUR 2,075 thousand (2014: EUR 4,444 thousand). The profits include EUR 102,501 thousand (2014: EUR 143,087 thousand) for minority shareholders in the CIMIC Group.

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 2015 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, 2015	352,493	666,677	1,019,170
Additions or disposals due to consolidation changes	(5)	(733)	(738)
Additions	11,812	–	11,812
Disposals	(26,530)	–	(26,530)
Reclassifications	–	–	–
Currency adjustments	13,846	41,227	55,073
Dec. 31, 2015	351,616	707,171	1,058,787
Cumulative amortization			
Jan. 1, 2015	152,871	–	152,871
Additions or disposals due to consolidation changes	(1)	–	(1)
Amortization	39,826	–	39,826
Disposals	(23,437)	–	(23,437)
Reclassifications	–	–	–
Currency adjustments	6,344	–	6,344
Impairment reversals	–	–	–
Dec. 31, 2015	175,603	–	175,603
Carrying amounts as of Dec. 31, 2015	**176,013**	**707,171**	**883,184**
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**

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; as before, intangible assets are not subject to any restrictions.

Intangible assets include EUR 59,867 thousand (2014: EUR 54,457 thousand) for company names recognized on initial consolidation, accounted for by EUR 43,756 thousand (2014: EUR 38,272 thousand) in the HOCHTIEF Americas division and EUR 16,111 thousand (2014: EUR 16,185 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 10.40% and 10.84% before tax (2014: between 10.40% and 12.20%).

The recoverable amount for the HOCHTIEF Asia Pacific cash-generating unit is measured at fair value based on CIMIC's stock market valuation.

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 2015 were as follows:

(EUR thousand)	Jan. 1, 2015	Currency adjustments	Consolidation changes	**Dec. 31, 2015**
HOCHTIEF Americas	290,828	38,318	–	329,146
HOCHTIEF Asia Pacific	335,499	2,909	–	338,408
HOCHTIEF Europe	40,350	–	(733)	39,617
	666,677	**41,227**	**(733)**	**707,171**

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, 2015	152,783	2,801,662	218,718	5,384	3,178,547
Additions or disposals due to consolidation changes	–	206	(9,651)	(6)	(9,451)
Additions	5,861	213,412	43,949	803	264,025
Disposals	(42,007)	(698,558)	(17,378)	(871)	(758,814)
Reclassifications	(751)	10,678	292	(196)	10,023
Currency adjustments	1,990	137,070	14,572	72	153,704
Dec. 31, 2015	117,876	2,464,470	250,502	5,186	2,838,034
Cumulative depreciation					
Jan. 1, 2015	82,199	1,656,790	134,526	466	1,873,981
Additions or disposals due to consolidation changes	–	–	(6,006)	(1)	(6,007)
Depreciation	9,194	339,060	22,915	2,246	373,415
Disposals	(22,425)	(531,613)	(14,614)	–	(568,652)
Reclassifications	(1,792)	(26,116)	1,547	–	(26,361)
Currency adjustments	1,120	64,564	11,295	–	76,979
Impairment reversals	–	–	(833)	–	(833)
Dec. 31, 2015	68,296	1,502,685	148,830	2,711	1,722,522
Carrying amounts as of Dec. 31, 2015	**49,580**	**961,785**	**101,672**	**2,475**	**1,115,512**
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**

Property, plant and equipment includes EUR 202,123 thousand (2014: EUR 252,572 thousand) in lease-financed assets. These largely comprise plant and machinery at CIMIC.

Impairments of EUR 33,700 thousand were recognized on property, plant and equipment in the HOCHTIEF Asia Pacific division in the year under review. None were recognized in the prior year.

Property, plant and equipment mainly in the HOCHTIEF Asia Pacific division is subject to restrictions in the amount of EUR 81,623 thousand (2014: EUR 111,022 thousand).

13. Investment properties

(EUR thousand)	
Cost of acquisition or production	
Jan. 1, 2015	39,797
Additions	–
Disposals	(577)
Dec. 31, 2015	39,220
Cumulative amortization	
Jan. 1, 2015	24,545
Amortization	590
Disposals	(11)
Dec. 31, 2015	25,124
Carrying amounts as of Dec. 31, 2015	**14,096**
Cost of acquisition or production	
Jan. 1, 2014	41,901
Additions	–
Disposals	(2,104)
Dec. 31, 2014	39,797
Cumulative amortization	
Jan. 1, 2014	25,905
Amortization	313
Disposals	(1,673)
Dec. 31, 2014	24,545
Carrying amounts as of Dec. 31, 2014	**15,252**

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 16,003 thousand as of December 31, 2015 (2014: EUR 15,916 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 1,435 thousand (2014: EUR 1,586 thousand) is accounted for by fair value adjustments following independent external appraisals.

Rental income from investment properties in the reporting year totaled EUR 971 thousand (2014: EUR 873 thousand). Direct operating expenses totaling EUR 986 thousand (2014: EUR 1,203 thousand) consisted of EUR 311 thousand (2014: EUR 503 thousand) in expenses for rented and EUR 675 thousand (2014: EUR 700 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, 2015	Dec. 31, 2014
Equity-method associates	382,583	363,476
Equity-method joint ventures	597,137	535,008
	979,720	**898,484**

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, 2015. 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, 2015.

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, 2015	Dec. 31, 2014
Non-current assets	505,925	440,464
Current assets	1,248,546	932,839
Non-current liabilities	423,320	328,032
Current liabilities	1,208,615	786,699
Carrying amount	**298,536**	**258,572**

(EUR thousand)	2015	2014
Sales	781,528	499,316
Profit before tax	**(9,638)**	**–**
Income taxes	–	–
Profit after tax	**(9,638)**	**–**
Other comprehensive income	–	–
Total comprehensive income	**(9,638)**	**–**
Dividends received	–	–

Aggregated information on immaterial associates

The table below shows the carrying amounts and the Group's share of items of the statement of comprehensive income in aggregate for individually immaterial equity-method associates:

(EUR thousand)	2015	2014
Carrying amounts	**84,047**	**104,904**
Profit before tax	**(19,456)**	**(7,959)**
Income taxes	5,905	(2,967)
Profit after tax	**(13,551)**	**(10,926)**
Other comprehensive income	–	–
Total comprehensive income	**(13,551)**	**(10,926)**

Profit from equity-method associates in the prior year included EUR 12,549 thousand in impairment losses. These related to associates in the HOCHTIEF Asia Pacific division.

As in the prior year, investments in associates are not subject to any restrictions.

Aggregated information on immaterial joint ventures

The joint ventures of the HOCHTIEF Group are individually immaterial.

The table below shows the carrying amounts and the Group's share of items of the statement of comprehensive income in aggregate for individually immaterial equity-method joint ventures:

(EUR thousand)	2015	2014
Carrying amounts	**597,137**	**535,008**
Profit before tax	**106,515**	**96,044**
Income taxes	(4,291)	(9,636)
Profit after tax	**102,224**	**86,408**
Other comprehensive income	1,004	3,595
Total comprehensive income	**103,228**	**90,003**

Profit from immaterial equity-method joint ventures in the prior year included EUR 869 thousand in impairment losses. These related to joint ventures in the HOCHTIEF Asia Pacific division.

Investments in joint ventures are pledged in the amount of EUR 2,510 thousand (2014: EUR 5,192 thousand).

15. Other financial assets

(EUR thousand)	Dec. 31, 2015	Dec. 31, 2014
Non-consolidated subsidiaries	5,549	5,451
Other participating interests	118,304	123,923
	123,853	**129,374**

An amount of EUR 158 thousand in impairment losses was recognized on non-consolidated subsidiaries in the year under review (2014: EUR 20 thousand); an amount of EUR 72 thousand was recognized in the prior year on other participating interests.

As in the prior year, other financial assets are not subject to any restrictions.

16. Financial receivables

(EUR thousand)	Dec. 31, 2015 Non-current	Dec. 31, 2015 Current	Dec. 31, 2014 Non-current	Dec. 31, 2014 Current
Long-term loans to non-consolidated subsidiaries and to participating interests	582,771	16,632	539,231	13,644
Financial receivables from non-consolidated subsidiaries	7,391	14,211	7,189	20,371
Financial receivables from participating interests	78,204	28,586	62,650	38,487
Interest accruals	–	4,382	–	2,666
Other financial receivables	11,095	2,272	22,409	2,306
	679,461	**66,083**	**631,479**	**77,474**

Long-term loans to non-consolidated subsidiaries and to participating interests comprise loans to the Habtoor Leighton Group in the amount of EUR 487,544 thousand (2014: EUR 436,679 thousand).

Financial receivables from equity-accounted companies total EUR 691,862 thousand (2014: EUR 619,756 thousand).

17. Other receivables and other assets

(EUR thousand)	Dec. 31, 2015 Non-current	Dec. 31, 2015 Current	Dec. 31, 2014 Non-current	Dec. 31, 2014 Current
Prepaid expenses	3,081	52,030	2,667	58,162
Entitlements from sales of participating interests	–	16,727	–	50,451
Derivative receivables	11,831	1,374	6,414	4,998
Tax receivables (excluding income taxes)	–	11,447	–	7,115
Pension fund credit balances	6,214	–	1,456	–
Sundry other assets	125,887	91,418	64,293	78,319
	147,013	**172,996**	**74,830**	**199,045**

Prepaid expenses consist of insurance premiums as well as 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 68,840 thousand (2014: EUR 164,730 thousand) in income tax assets comprises amounts receivable from domestic and foreign revenue authorities. These consist of EUR 16,907 thousand (2014: EUR 24,863 thousand) classified as non-current assets and EUR 51,933 thousand (2014: 139,867 thousand) classified as current assets.

19. Deferred taxes

Deferred tax assets and liabilities break down as follows:

	Dec. 31, 2015		Dec. 31, 2014	
(EUR thousand)	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Non-current assets	64,068	242,324	101,160	212,274
Current assets	262,208	244,462	214,319	261,146
Non-current liabilities				
Pension provisions	131,408	7,836	160,097	26,916
Other provisions	23,619	10,792	37,186	10,534
Sundry non-current liabilities	684	231	907	–
Current liabilities				
Other provisions	74,394	380	82,364	392
Sundry current liabilities	99,036	165,057	59,716	63,574
	655,417	**671,082**	**655,749**	**574,836**
Losses carried forward	156,528	–	137,456	–
Gross amount	**811,945**	**671,082**	**793,205**	**574,836**
Offsetting item	641,363	641,363	527,678	527,678
Reported amount	**170,582**	**29,719**	**265,527**	**47,158**

Deferred tax assets and deferred tax liabilities are offset within each company or group. The EUR 811,945 thousand (2014: EUR 793,205 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, 2015	Dec. 31, 2014
Corporate income tax	138,444	119,372
German municipal trade tax	18,084	18,084
	156,528	**137,456**

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 486,865 thousand (2014: EUR 696,944 thousand) in respect of corporate income tax and EUR 828,148 thousand (2014: EUR 914,280 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 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 373,807 thousand (2014: EUR 321,106 thousand). The change in the interest expense carryforward figures relates to adjustments made on the basis of tax audits and ongoing changes.

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 year or previous years have EUR 41,636 thousand (2014: Euro 68,124 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 671,082 thousand (2014: EUR 574,836 thousand) are entirely due to taxable temporary differences, mostly from adjustments to ensure uniform Group-wide compliance with IFRS valuation principles.

EUR 6,411 thousand was charged to equity (2014: EUR 7,934 thousand) for deferred tax relating to exchange differences from translation of foreign entity financial statements. EUR 9,956 thousand (2014: EUR 10,984 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 7,453 thousand was charged to equity (2014: EUR 50,990 thousand credited 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 14,948 thousand (2014: EUR 4,992 thousand), while EUR 155,543 thousand (2014: EUR 162,996 thousand) was credited to equity in connection with actuarial gains and losses.

20. Inventories

(EUR thousand)	**Dec. 31, 2015**	Dec. 31, 2014
Raw materials and supplies	137,529	159,457
Work in progress	609,871	748,552
Finished goods	15,421	5,084
Prepayments	4,939	6,412
	767,760	**919,505**

Borrowing costs of EUR 7,946 thousand were capitalized under work in progress in accordance with IAS 23 in 2015 (2014: EUR 12,779 thousand). The borrowing costs were determined on the basis of interest rates of between 1.50% and 10.80% (2014: between 1.58% and 10.80%).

Work in progress also includes properties under development that are subject to restrictions in the amount of EUR 322,703 thousand (2014: EUR 455,208 thousand).

21. Trade receivables

(EUR thousand)	**Dec. 31, 2015**	Dec. 31, 2014
Trade receivables		
Gross amount due from customers for contract work (POC)	4,801,439	4,866,197
Less: progress payments received	(2,812,184)	(2,512,716)
	1,989,255	**2,353,481**
From construction joint ventures	168,501	187,527
Other	2,369,095	2,512,758
	4,526,851	**5,053,766**
From non-consolidated subsidiaries	4,312	3,493
From participating interests	5,834	8,915
	4,536,997	**5,066,174**

The figure of EUR 1,989,255 thousand (2014: EUR 2,353,481 thousand), representing the gross amount due from customers for contract 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 5,119,984 thousand (2014: EUR 5,201,642 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 stands at EUR 3,839,359 thousand (2014: EUR 3,661,481 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 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 34,289 thousand (2014: EUR 14,604 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 606,312 thousand (2014: EUR 532,773 thousand) in contractual retention amounts.

Trade receivables also include properties under development that are subject to restrictions in the amount of EUR 14,541 thousand (2014: EUR – thousand).

Receivables from equity-accounted companies total EUR 1,392 thousand (2014: EUR 2,698 thousand).

22. Receivables from the sale of discontinued operations

The receivables recognized as of December 31, 2014 for the sale of the John Holland Group and of 50% of the ownership interest in Thiess Services and Leighton Contractors Services were settled on receipt of the corresponding payments in 2015.

23. Securities

The marketable securities totaling EUR 576,898 thousand (2014: EUR 741,535 thousand) mainly consist of securities held in special-purpose and general investment funds as well as 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 10,664 thousand (2014: EUR 7,944 thousand).

Marketable securities are pledged in the amount of EUR 21,338 thousand (2014: EUR 23,262 thousand) as security for employee benefit entitlements under semi-retirement programs. In the prior year, marketable securities were also subject to restrictions in the amount of EUR 172,552 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 260.

24. Cash and cash equivalents

Cash and cash equivalents total EUR 2,808,707 thousand (2014: EUR 2,585,359 thousand) and comprise petty cash, cash at banks, and marketable securities with maturities at the time of acquisition of no more than three months. These are subject to an insignificant risk of changes in value. Cash and cash equivalents to the value of EUR 110,963 thousand are subject to restrictions (2014: EUR 26,518 thousand).

25. Shareholders' equity

The Consolidated Statement of Changes in Equity is shown on page 173.

The Company's capital stock is divided into 69,309,434 no-par-value bearer shares. The capital stock is EUR 177,432,151.04. As in the prior year, each share accounts for EUR 2.56 of capital stock.

As of December 31, 2015, HOCHTIEF Aktiengesellschaft held a total of 4,118,351 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 that of May 6, 2015 and for all other purposes permitted under AktG, at a total price of EUR 292,913,194 (an average price of EUR 71.12 per share). The holdings of treasury stock represent EUR 10,542,979 (5.94%) of the Company's capital stock.

Between January 1, 2015 and December 31, 2015, 3,290,905 shares of treasury stock were purchased for a total price of EUR 245,511,524 (an average price of EUR 74.60 per share) as part of the stock buyback program decided upon on October 1, 2014 for the purposes provided for in the authorizing resolution of the Annual General Meeting of May 7, 2014 and that of May 6, 2015 and for all other purposes permitted under AktG. These shares represent EUR 8,424,717 (4.75%) 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 unaware 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 54,000 thousand by or before May 5, 2020 (Authorized Capital I). 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:

By resolution of the Annual General Meeting of May 6, 2015, the Company is authorized to repurchase its own shares in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG). Said authorization expires on May 5, 2020. 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. 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, the authorization 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. The conditions governing the repurchase are set forth in detail in the resolution.

By resolution of the Annual General Meeting of May 6, 2015, 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. Subject to Supervisory Board approval, the Executive Board is also authorized 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 in 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. In addition, the shares may 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 option 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), as well as 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.

Subject to Supervisory Board approval, the Executive Board is additionally authorized to retire treasury stock 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.

By a further resolution of the Annual General Meeting of May 6, 2015, the Company is authorized to acquire treasury shares in accordance with Section 71 (1) 8 AktG using equity derivatives as well as to exclude shareholders' rights to sell shares and subscription rights. This is not intended to increase the volume of shares that may be purchased; instead, it merely opens the way for other alternatives to purchase treasury shares within and against the upper limit set in the aforementioned authorization to acquire treasury shares. The Executive Board has been authorized to acquire options which, when exercised, entitle the Company to acquire shares of the Company (call options). The Executive Board has been further authorized to sell options which, when exercised by their holders, require the Company to acquire shares of the Company (put options). Additionally, the shares can be acquired using a combination of call and put options or forward purchase agreements. The conditions governing the use of equity derivatives to acquire treasury shares and the exclusion of shareholders' rights to sell shares and subscription rights are set forth in detail in the Annual General Meeting resolution.

In May 2015, 15,743 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 66.51 per share on condition that the shares be held for at least two years after transfer. The transfer settled the transferees' variable compensation entitlements. These shares represent EUR 40,302 (0.023%) of the Company's capital stock.

Unappropriated net profit is identical for HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group.

A dividend of EUR 128,926 thousand was paid out in the year under review (2014: EUR 103,964 thousand).

The minority interest in the shareholders' equity of consolidated Group companies totals EUR 1,002,847 thousand (2014: EUR 933,052 thousand); EUR 849,758 thousand (2014: EUR 787,831 thousand) of this relates to the CIMIC Group.

A subsidiary of HOCHTIEF Aktiengesellschaft, CIMIC Group Limited is based in Sydney, Australia. HOCHTIEF's Consolidated Financial Statements include non-controlling interests in CIMIC that are material to HOCHTIEF. As in the prior year, our ownership interest in CIMIC is 69.62% as of December 31, 2015. Summary financial information on the subsidiary is provided in the table below.

(EUR thousand)	**Dec. 31, 2015**	Dec. 31, 2014
Non-current assets	2,901,943	3,256,234
Current assets	3,593,899	5,202,745
Non-current liabilities	842,456	1,525,110
Current liabilities	2,890,874	4,383,794
Shareholders' equity	**2,762,512**	**2,550,075**
Of which: Minority interest	15,092	18,842
Minority interest in total shareholders' equity	**849,758**	**787,831**
Sales	8,946,139	11,397,065
Profit before tax – continuing operations	**495,368**	**(54,824)**
Income tax	(148,653)	(15,054)
Profit after tax – continuing operations	**346,715**	**(69,878)**
Profit after tax – discontinued operations	–	537,564
Profit after tax – total	**346,715**	**467,686**
Of which: Minority interest	(4,066)	1,442
Minority interest in total profit (after tax)	**102,501**	**143,087**
Cash flow from operations	977,599	776,921
Cash flow from investing activities	840,831	(781,297)
Cash flow from financing activities	(1,724,817)	135,836

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 joint

ventures, 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, 2015	Dec. 31, 2014
Currency translation differences		
Changes in other comprehensive income for the period	219,853	377,935
Amounts reclassified to profit or loss	(71,519)	(7,341)
	148,334	**370,594**
Changes in fair value of financial instruments – primary		
Changes in other comprehensive income for the period	9,999	24,129
Amounts reclassified to profit or loss	12,582	(2,006)
	22,581	**22,123**
Changes in fair value of financial instruments – derivative		
Changes in other comprehensive income for the period	2,138	1,172
Amounts reclassified to profit or loss	(595)	(1,190)
	1,543	**(18)**
Share of profits and losses of equity-method associates and joint ventures recognized directly in equity		
Changes in other comprehensive income for the period	(8,866)	(2,325)
Amounts reclassified to profit or loss	9,870	5,920
	1,004	**3,595**
Remeasurement of defined benefit plans	**21,063**	**(110,576)**
Other comprehensive income after tax	**194,525**	**285,718**

The tax effects relating to changes in other comprehensive income are distributed as follows:

	Dec. 31, 2015			Dec. 31, 2014		
(EUR thousand)	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Currency translation differences	148,334	–	148,334	370,594	–	370,594
Changes in fair value of financial instruments – primary	32,147	(9,566)	22,581	31,587	(9,464)	22,123
Changes in fair value of financial instruments – derivative	1,933	(390)	1,543	1,502	(1,520)	(18)
Share of profits and losses of equity-method associates and joint ventures recognized directly in equity	1,004	–	1,004	3,595	–	3,595
Remeasurement of defined benefit plans	28,516	(7,453)	21,063	(163,148)	52,572	(110,576)
Other comprehensive income	**211,934**	**(17,409)**	**194,525**	**244,130**	**41,588**	**285,718**

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 2015:

Top Executive Retention Plan 2008

The Executive Board resolved in June 2008 to launch a Top Executive Retention Plan 2008 (TERP 2008) for selected managerial employees.

This plan is 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.

The first tranche was exercised in full in 2015.

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. Alongside grants of stock appreciation rights (SARs), LTIP 2010 also provided for grants of stock awards. The SARs can 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 is 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 is at least 10% (absolute performance threshold). The relative performance threshold is waived if the average stock market price of HOCHTIEF stock exceeds 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 are met, the SARs can be exercised at any time after a four-year waiting period except during a short period before publication of any business results. When SARs are exercised, the issuing entity pays out the difference between the then current stock price and the issue price. The gain is limited to EUR 27.28 per SAR.

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 81.83 per stock award.

The plan for the stock awards ended in 2015.

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 performance target for RONA was replaced with a performance target for adjusted free cash flow. 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.

Long-term Incentive Plan 2015
The Long-term Incentive Plan 2015 (LTIP 2015) was launched by resolution of the Supervisory Board in 2015 and is open to Executive Board members. The plan conditions do not differ in any material respect from those of LTIP 2014.

The gain is limited to EUR 31.68 per SAR and EUR 95.04 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 (EBIT, 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.

The HOCHTIEF Group generated a return on net assets (RONA) of 13.2% in 2015 (2014: 20.3%). RONA thus decreased by 7.1 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, 2014	Granted in 2015	Expired in 2015	Exercised/ settled in 2015	**Outstanding at Dec. 31, 2015**
TERP 2008/Tranche 1	130,900	4,800	–	–	4,800	0
TERP 2008/Tranche 2	359,000	16,950	–	–	13,650	3,300
TERP 2008/Tranche 3	174,100	22,300	–	–	13,100	9,200
LTIP 2010 – SARs	353,200	49,050	–	800	44,150	4,100
LTIP 2010 – stock awards	166,000	3,800	–	1,900	1,900	0
LTIP 2011 – SARs	275,250	157,050	2,800	4,600	125,850	29,400
LTIP 2011 – stock awards	124,850	15,750	–	200	13,450	2,100
LTIP 2012 – SARs	457,406	290,706	–	13,800	–	276,906
LTIP 2012 – stock awards	82,991	46,814	–	2,520	–	44,294
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	–	–	–	86,907
LTIP 2014 – stock awards	20,453	20,453	–	–	–	20,453
LTIP 2015 – SARs	–	–	96,801	–	–	96,801
LTIP 2015 – stock awards	–	–	20,262	–	–	20,262

Provisions recognized for the stated share-based payment arrangements totaled EUR 14,811 thousand as of the balance sheet date (2014: EUR 11,766 thousand). The total expense recognized for the stated arrangements in 2015 was EUR 8,335 thousand (2014: EUR 1,784 thousand). The intrinsic value of options exercisable at the end of the reporting period was EUR 2,195 thousand (2014: EUR 4,150 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 takes the form of a modular defined contribution plan. The size of the annual pension component depends on employee income and age (resulting in an annuity conversion factor) and a general pension contribution reviewed by HOCHTIEF Aktiengesellschaft every three years and adjusted as necessary. The future pension amount is the sum total of the pension components earned 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, 2015	
(EUR thousand)	Germany	USA	UK
Active members	116,993	90,919	12,842
Final salary	[15,964]	–	[12,842]
Not final salary	[101,029]	[90,919]	–
Vested benefits	154,162	46,477	17,077
Current benefit payments	488,211	102,376	15,468
Similar obligations	93	54,350	–
Total	**759,459**	**294,122**	**45,387**
Duration in years (weighted)	**14.7**	**7.9**	**21.0**

		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**

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 have been administered since January 1, 2015 by an external trustee and serve exclusively to fund domestic pension obligations. To ensure that final investment decisions continue to be made in-house as in past years, HOCHTIEF Pension Trust e.V. has set up what is known as the Investment Committee as a new decision-making body within the Trust, which is a registered association under German law. The core function of the Investment Committee is to collectively represent the interests of the trustors vis-à-vis an external trustee with regard to the administration and investment of their trust assets. 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 an 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, 2015 is about 61% (2014: 60%); the figure for Germany as a whole is about 67% (2014: 64%). 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, 2015 is about 87% (2014: 91%); funding at Turner overall is about 71% (2014: 75%). 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% (2014: 81%).

Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

	Dec. 31, 2015		Dec. 31, 2014	
(EUR thousand)	Defined benefit obligations	Plan assets	Defined benefit obligations	Plan assets
Uncovered by plan assets	55,705	–	50,159	–
Partially covered by plan assets	977,080	679,337	1,039,671	711,133
Incompletely covered by plan assets	**1,032,785**	**679,337**	**1,089,830**	**711,133**
Fully covered by plan assets	66,183	72,397	70,103	71,559
Total	**1,098,968**	**751,734**	**1,159,933**	**782,692**

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:

	2015			2014		
(Percent)	Germany	USA	UK	Germany	USA	UK
Discount factor*	2.50	4.20	3.70	2.00	3.85	4.00
Salary increases	3.25	–	1.90	3.00	–	2.15
Pension increases*	1.75	–	4.45	1.75	–	4.48
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_2015 [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)	2015 Domestic	2015 International	2015 Total	2014 Domestic	2014 International	2014 Total
Defined benefit obligations at start of year	**837,252**	**322,681**	**1,159,933**	**720,051**	**275,098**	**995,149**
Current service cost	9,102	2,074	11,176	6,667	1,652	8,319
Past service cost	–	–	–	1,515	–	1,515
Gain on settlements	–	–	–	–	(1,158)	(1,158)
Interest expense	16,352	13,319	29,671	24,304	12,942	37,246
Remeasurements						
Actuarial gains/(losses) arising from changes in demographic assumptions	–	(842)	(842)	–	7,379	7,379
Actuarial gains/(losses) arising from changes in financial assumptions	(54,446)	(8,063)	(62,509)	139,474	22,692	162,166
Actuarial gains/(losses) arising from experience adjustments	(10,257)	980	(9,277)	1,543	(2,336)	(793)
Benefits paid from Company assets	(433)	(2,836)	(3,269)	(482)	(1,794)	(2,276)
Benefits paid from fund assets	(38,059)	(19,114)	(57,173)	(37,539)	(18,800)	(56,339)
Settlements paid from fund assets	–	(3,525)	(3,525)	–	(9,096)	(9,096)
Employee contributions	–	201	201	–	187	187
Effect of transfers	(52)	–	(52)	(2,041)	–	(2,041)
Consolidation changes	–	–	–	(16,240)	–	(16,240)
Currency adjustments	–	34,634	34,634	–	35,915	35,915
Defined benefit obligations at end of year	**759,459**	**339,509**	**1,098,968**	**837,252**	**322,681**	**1,159,933**

Changes in the market value of plan assets

(EUR thousand)	2015 Domestic	2015 International	2015 Total	2014 Domestic	2014 International	2014 Total
Plan assets at start of year	**537,858**	**244,834**	**782,692**	**540,833**	**222,141**	**762,974**
Interest on plan assets	10,702	9,877	20,579	18,832	10,266	29,098
Plan expenses paid from plan assets recognized in profit or loss	–	(1,130)	(1,130)	–	(944)	(944)
Remeasurements						
Return on plan assets not included in net interest expense/income	(12,051)	(12,993)	(25,044)	11,761	12,629	24,390
Difference between plan expenses expected and recognized in profit or loss	–	(237)	(237)	–	–	–
Employer contributions	8,427	964	9,391	15,548	743	16,291
Employee contributions	–	201	201	–	187	187
Effect of transfers	–	–	–	(1,328)	–	(1,328)
Benefits paid	(38,059)	(19,114)	(57,173)	(37,539)	(18,800)	(56,339)
Settlements paid	–	(3,525)	(3,525)	–	(9,096)	(9,096)
Consolidation changes	–	–	–	(10,249)	–	(10,249)
Currency adjustments	–	25,980	25,980	–	27,708	27,708
Plan assets at end of year	**506,877**	**244,857**	**751,734**	**537,858**	**244,834**	**782,692**

Investing plan assets to cover future pension obligations generated actual expenditure of EUR 4,465 thousand in 2015 (2014: returns of EUR 53,488 thousand).

The pension provisions are determined as follows:

Reconciliation of pension obligations to provisions for pensions and similar obligations

(EUR thousand)	Dec. 31, 2015	Dec. 31, 2014
Defined benefit obligations	1,098,968	1,159,933
Less plan assets	751,734	782,692
Funding status	**347,234**	**377,241**
Adjustments arising from the limit in IAS 19	–	–
Assets from overfunded pension plans	6,214	1,456
Provision for pensions and similar obligations	**353,448**	**378,697**

The fair value of plan assets is divided among asset classes as follows:

Composition of plan assets

Dec. 31, 2015	Fair value			
(EUR thousand)	Quoted in an active market	Not quoted in an active market	Total	%
Stock				
U.S. equities	29,272	–	29,272	3.89
European equities	72,296	18,734	91,030	12.11
Emerging market equities	46,337	–	46,337	6.16
Other equities	10,224	–	10,224	1.36
Bonds				
U.S. government bonds	–	–	–	–
European government bonds	97,688	412	98,100	13.05
Emerging market government bonds	34,335	–	34,335	4.57
Corporate bonds*	225,637	–	225,637	30.02
Other bonds	–	–	–	–
Investment funds	45,802	42,239	88,041	11.71
Real estate	–	31,938	31,938	4.25
Insurance policies	–	80,021	80,021	10.65
Commodities	–	–	–	–
Cash	13,259	–	13,259	1.76
Other	–	3,540	3,540	0.47
Total	**574,850**	**176,884**	**751,734**	**100.00**

*Of which EUR 8,446 thousand state-guaranteed bonds.

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**

As of December 31, 2015, anticipated pension payments for future years are as follows:

(EUR thousand)	
Due in 2016	63,813
Due in 2017	62,773
Due in 2018	63,259
Due in 2019	62,324
Due in 2020	62,064
Due in 2021 to 2025	298,787

Pension expense under defined benefit plans is made up as follows:

	2015			2014		
(EUR thousand)	Domestic	International	Total	Domestic	International	Total
Current service cost	9,102	2,074	11,176	6,667	1,652	8,319
Past service cost	–	–	–	1,515	–	1,515
Gain on settlements	–	–	–	–	(1,158)	(1,158)
Total personnel expense	**9,102**	**2,074**	**11,176**	**8,182**	**494**	**8,676**
Interest expense for accrued benefit obligations	16,352	13,319	29,671	24,304	12,942	37,246
Return on plan assets	(10,702)	(9,877)	(20,579)	(18,832)	(10,266)	(29,098)
Net interest expense/income (net investment and interest income)	**5,650**	**3,442**	**9,092**	**5,472**	**2,676**	**8,148**
Plan expenses paid from plan assets recognized in profit or loss	**–**	**1,130**	**1,130**	**–**	**944**	**944**
Total amount recognized in profit or loss	**14,752**	**6,646**	**21,398**	**13,654**	**4,114**	**17,768**

In addition to the expenses recognized in profit or loss, the Consolidated Statement of Comprehensive Income includes EUR 28,516 thousand in actuarial gains recognized in 2015 before deferred taxes and after consolidation changes and exchange rate adjustments (2014: EUR 157,772 thousand actuarial losses). Before deferred taxes, the cumulative amount is actuarial losses of EUR 443,071 thousand (2014: EUR 471,587 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, 2015 came to EUR 54,350 thousand (2014: EUR 48,827 thousand). Healthcare costs accounted for EUR 1,785 thousand (2014: EUR 1,416 thousand) of the current service cost and EUR 2,223 thousand (2014: EUR 2,004 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, 2015					
	Domestic		International		Total	
(EUR thousand)	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0.50% / -0.50%	(48,716)	54,437	(15,559)	17,146	(64,275)	71,583
Discount rate +1.00% / -1.00%	(91,976)	116,235	(29,730)	36,105	(121,706)	152,340
Salary increases +0.50% / -0.50%	423	(369)	609	(564)	1,032	(933)
Pension increases +0.25% / -0.25%	17,468	(18,402)	1,232	(1,377)	18,700	(19,779)
Medical costs +1.00% / -1.00%	–	–	82	(77)	82	(77)
Life expectancy +1 year	31,274	n/a	8,223	n/a	39,497	n/a

	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

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 CIMIC 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 CIMIC 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 172,255 thousand was paid into defined contribution plans in 2015 (2014: EUR 182,071 thousand), mostly in the CIMIC Group (EUR 129,525 thousand; 2014: EUR 148,689 thousand) and the Turner Group (EUR 38,207 thousand; 2014: EUR 30,731 thousand). An additional EUR 69,881 thousand was paid into state pension schemes in 2015 (2014: EUR 66,366 thousand). Costs of defined contribution plans are reported as part of personnel expenses.

28. Other provisions

	Dec. 31, 2015			Dec. 31, 2014		
(EUR thousand)	Non-current	Current	Total	Non-current	Current	Total
Provisions for taxes	**–**	**89,089**	**89,089**	**–**	**437,113**	**437,113**
Personnel-related provisions	151,492	331,674	483,166	180,911	332,517	513,428
Provisions for insurance claims	194,521	8,362	202,883	131,580	52,614	184,194
Warranty obligations	–	49,627	49,627	–	52,359	52,359
Restructuring costs	964	19,127	20,091	2,327	19,981	22,308
Litigation risks	–	14,222	14,222	–	12,687	12,687
Sundry other provisions	102,960	305,634	408,594	135,088	248,856	383,944
Other provisions	**449,937**	**728,646**	**1,178,583**	**449,906**	**719,014**	**1,168,920**
	449,937	**817,735**	**1,267,672**	**449,906**	**1,156,127**	**1,606,033**

The decline in tax provisions to EUR 89,089 thousand (2014: EUR 437,113 thousand) is mainly due to payments to the tax authorities in connection with the sale of John Holland and of the services business at CIMIC Group companies Thiess and Leighton Contractors in 2014.

Personnel-related provisions primarily comprise 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 external 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, 2015	Allocations to provisions	Reversal of provisions	Consolidation changes, currency adjustments, reclassifications, and transfer	Use of provisions	**Balance at Dec. 31, 2015**
Provisions for taxes	**437,113**	**64,573**	**(7,647)**	**(10,398)**	**(394,552)**	**89,089**
Personnel-related provisions	513,428	268,003	(4,819)	18,040	(311,486)	483,166
Provisions for insurance claims	184,194	47,192	–	21,123	(49,626)	202,883
Sundry other provisions	471,298	158,312	(21,459)	(18,364)	(97,253)	492,534
Other provisions	**1,168,920**	**473,507**	**(26,278)**	**20,799**	**(458,365)**	**1,178,583**
	1,606,033	**538,080**	**(33,925)**	**10,401**	**(852,917)**	**1,267,672**

29. Financial liabilities

	Dec. 31, 2015		Dec. 31, 2014	
(EUR thousand)	Non-current	Current	Non-current	Current
Bonds or notes issued	2,236,835	65,339	2,436,129	235,409
Amounts due to banks	33,908	136,519	492,860	651,565
Financial liabilities to non-consolidated subsidiaries	–	2,448	–	1,707
Financial liabilities to participating interests	–	5,346	–	27,665
Lease liabilities	71,834	99,787	132,693	65,595
Sundry other financial liabilities	12,512	–	11,789	433
	2,355,089	**309,439**	**3,073,471**	**982,374**

The bonds and notes issued by the HOCHTIEF Group are as follows:

	Carrying amount Dec. 31, 2015 (EUR thousand)	Carrying amount Dec. 31, 2014 (EUR thousand)	Principal amount Dec. 31, 2015 (EUR thousand)	Coupon (%)	Initial term (in years)	Matures
HOCHTIEF AG bond (2014)	504,671	503,744	EUR 500,000	2.63	5	May 2019
HOCHTIEF AG bond (2013)	767,343	766,057	EUR 750,000	3.88	7	March 2020
HOCHTIEF AG bond (2012)	519,884	518,652	EUR 500,000	5.50	5	March 2017
CIMIC US$ Senior Notes (2012)	185,103	416,265	USD 500,000	5.95	10	November 2022
CIMIC US$ Senior Notes (2010)	239,086	291,386	USD 350,000			
Series A-Notes	[–]	[74,926]	USD 90,000	4.51	5	July 2015
Series B-Notes	[133,336]	[120,734]	USD 145,000	5.22	7	July 2017
Series C-Notes	[105,750]	[95,726]	USD 115,000	5.78	10	July 2020
CIMIC US$ Senior Notes (2008)	72,645	140,698	USD 169,000			
Series B-Notes	[–]	[74,926]	USD 90,000	7.19	7	October 2015
Series C-Notes	[72,645]	[65,772]	USD 79,000	7.66	10	October 2018
Other CIMIC bonds	13,442	34,736				
	2,302,174	**2,671,538**				

In June 2015, CIMIC repaid a principal amount of USD 298.7 million on the bearer bond issued in November 2012 ahead of schedule as part of a bond buyback program.

Amounts due to banks include a EUR 50,000 thousand portion of a bilateral promissory note loan taken out by HOCHTIEF Aktiengesellschaft on December 13, 2012. The loan has an initial term of four years and has a fixed interest rate. Repayment of a promissory note loan issue placed in the market in 2008 with an initial term of seven years and a nominal amount of EUR 39,000 thousand was completed on schedule at the end of its term on July 4, 2015.

An international banking syndicate provided HOCHTIEF with a credit facility on market terms with a term to April 30, 2019 comprising a EUR 1.5 billion guarantee tranche and a EUR 500,000 thousand cash tranche. As in the prior year, there are no drawings on the cash tranche as of December 31, 2015.

The sum of EUR 34,914 thousand (2014: EUR 946,146 thousand) of amounts due to banks concerns borrowings by CIMIC.

Amounts due to banks at the balance sheet date comprise EUR 111,392 thousand (2014: EUR 1,018,922 thousand) subject to variable rates of interest and EUR 59,035 thousand (2014: EUR 125,503 thousand) subject to fixed rates of interest. The average interest rate on the variable-interest portion stood at 2.42% (2014: 2.31%) and the average interest rate on the fixed-interest portion was 3.84% (2014: 3.72%). The average term was one year (2014: 1.5 years).

Financial liabilities due to companies accounted for using the equity method were EUR 1,000 thousand (2014: EUR 23,307 thousand).

The EUR 171,621 thousand (2014: EUR 198,288 thousand) in lease liabilities mainly relates to plant and equipment under finance leases at CIMIC.

The minimum lease payments for liabilities under finance leases break down as follows:

Finance leases

	Dec. 31, 2015			Dec. 31, 2014		
(EUR thousand)	Nominal value	Discount	Present value	Nominal value	Discount	Present value
Due in up to 1 year	105,539	5,752	99,787	74,921	9,326	65,595
Due in 1–5 years	73,325	1,491	71,834	137,483	4,790	132,693
Due after 5 years	–	–	–	–	–	–

30. Other liabilities

	Dec. 31, 2015		Dec. 31, 2014	
(EUR thousand)	Non-current	Current	Non-current	Current
Liabilities to employees	–	147,182	–	176,945
Deferred income	35,816	24,737	31,248	28,533
Tax liabilities (excluding income taxes)	–	34,032	–	38,989
Social insurance liabilities	–	7,943	–	13,878
Liabilities under derivative financial instruments	1,364	2,362	1,349	4,517
Sundry other liabilities	30,860	60,754	593	136,791
	68,040	**277,010**	**33,190**	**399,653**

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.

Sundry other liabilities comprise other non-trade payables.

31. Trade payables

(EUR thousand)	Dec. 31, 2015	Dec. 31, 2014
Trade payables		
Gross amount due to customers from construction work (POC)	(318,545)	(335,445)
Progress payments received	1,027,175	1,148,765
	708,630	**813,320**
To construction joint ventures	106,614	97,570
Other	4,573,916	4,587,015
	5,389,160	**5,497,905**
Advance payments received	11,380	7,315
From non-consolidated subsidiaries	345	430
From participating interests	18,994	7,775
	5,419,879	**5,513,425**

The EUR 708,630 thousand (2014: EUR 813,320 thousand) gross amount due to customers for contract 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.

Payables due to equity-accounted companies total EUR 18,519 thousand (2014: EUR 6,208 thousand).

32. Current income tax liabilities

The EUR 10,257 thousand (2014: EUR 10,682 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.

	2015	2014
Consolidated net profit—continuing operations (EUR thousand)	208,287	(122,439)
Consolidated net profit—discontinued operations (EUR thousand)	–	374,126
Total consolidated net profit (EUR thousand)	**208,287**	**251,687**
Number of shares in circulation in thousands (weighted average)	66,953	69,124
Consolidated net profit per share—continuing operations (EUR)	3.11	(1.77)
Consolidated net profit per share—discontinued operations (EUR)	–	5.41
Total earnings per share (EUR)	**3.11**	**3.64**
Dividend per share (EUR)		1.90
Proposed dividend per share (EUR)	2.00	

The number of shares outstanding as of December 31, 2015 was 65,191 thousand. The number as of December 31, 2014 was 68,466 thousand and is equal to the number of shares outstanding at the beginning of the period, as of January 1, 2015 (January 1, 2014: 69,309 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, 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.

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 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. HOCHTIEF uses liquidity budgets in active management of the securities portfolio and loans 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, 2015

(EUR thousand)	2016	2017	2018-2019	after 2019	**Total**
Primary financial liabilities	5,121,480	866,428	700,033	1,113,095	7,801,036
Derivative financial instruments	2,362	674	690	–	3,726
Loan commitments and financial guarantees	144,414	–	–	–	144,414
	5,268,256	**867,102**	**700,723**	**1,113,095**	**7,949,176**

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**

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, 2015**	Dec. 31, 2014
Cash in hand and on deposit	2,133,884	2,291,978
Marketable securities	1,119,420	812,585
Undrawn revolving credit facilities	2,191,196	2,027,911
	5,444,500	**5,132,474**

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, 2015. HOCHTIEF Aktiengesellschaft also has short-term, bilateral, revolving money market facilities with a total facility amount of EUR 239,000 thousand (2014: EUR 259,349 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 13.96 billion (2014: EUR 12.90 billion) and are 75% drawn (2014: 66%).

Under a legally binding arrangement with banks, financial assets in the HOCHTIEF Asia Pacific division in the amount of EUR 856,688 thousand (2014: EUR 1,065,540 thousand) and financial liabilities in the amount of EUR 407,601 thousand (2014: EUR 600,576 thousand) are offset and presented in the balance sheet with their net amount of EUR 449,087 thousand (2014: EUR 464,946 thousand).

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 CIMIC Group—are mainly administered via HOCHTIEF Aktiengesellschaft. Binding guidelines clarify their use as well as 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, 2015**	Dec. 31, 2014
Assets		
Forward exchange contracts/currency swaps		
for hedging purposes (cash flow hedges)	3,092	1,612
for hedging purposes (but not hedge accounted)	213	1,987
	3,305	**3,599**
Liabilities and shareholders' equity		
Forward exchange contracts/currency swaps		
for hedging purposes (cash flow hedges)	1,215	1,902
for hedging purposes (but not hedge accounted)	1,772	746
	2,987	**2,648**

The maximum residual term of currency derivatives in cash flow hedges as of December 31, 2015 is 19 months (2014: 13 months). As of December 31, 2015, the maximum residual term of currency derivatives for which hedge accounting is not applied is eleven months (2014: 25 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 2,167 thousand was credited to equity in 2015 (2014: EUR 5,019 thousand charged to equity) 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 2015 this related to a net loss of EUR 2,800 thousand (2014: EUR 1,511 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, 2015 Exchange rate 10% increase	Dec. 31, 2015 Exchange rate 10% decrease	Dec. 31, 2014 Exchange rate 10% increase	Dec. 31, 2014 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	(1,924)	1,924	–	–
PLN	EUR	(4,929)	4,929	12,337	(10,419)
EUR	CZK	(854)	854	(1)	1
AUD	CNH	970	(970)	–	–
AUD	NZB	1,510	(1,510)	(33)	33
AUD	EUR	(3,088)	3,088	–	–
AUD	USD	(214)	214	38	(38)
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	(2,009)	2,009	224	(224)
USD	EUR	(2,388)	2,388	2,134	(2,134)
EUR	RON	1,424	(1,424)	(1,611)	1,611
EUR	CAD	(9,207)	9,207	–	–
EUR	SEK	(4,318)	4,318	(2,543)	2,543
AUD	HKD	4,646	(4,646)	3,560	(3,560)
AUD	USD	(70,751)	70,751	(112,461)	112,461
CZK	EUR	(1,997)	1,997	(832)	832
QAR	EUR	2,691	(2,691)	(7,285)	7,285

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 CIMIC 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 banks with a top credit rating.

The following table shows the fair values of interest rate derivatives:

(EUR thousand)	**Dec. 31, 2015**	Dec. 31, 2014
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)	149	190
	149	**190**
Liabilities and shareholders' equity		
Interest rate swaps		
for hedging purposes (cash flow hedges)	–	450
for hedging purposes (but not cash flow hedge accounted)	–	2,461
Interest rate futures		
not for hedging purposes (for asset management structuring)	47	65
	47	**2,976**

The maximum residual term of interest rate swaps both in cash flow hedges and otherwise in the prior year was 31 months. As of December 31, 2015, the interest rate futures have a maximum residual term of 363 months (2014: 363 months).

An amount of EUR 450 thousand was credited to equity in 2015 (2014: EUR 10,327 thousand) for market value changes on interest rate derivatives in cash flow hedges. An amount of EUR 595 thousand was reclassified to profit or loss (2014: EUR 1,190 thousand). There was no hedge ineffectiveness. A net EUR 2,438 thousand was recognized in profit or loss (2014: EUR 2,432 thousand) for market value changes on the remaining interest rate derivatives.

The following sensitivity analyses demonstrate the impact that a one percentage point change in the respective market interest rate would have had on equity and profit. The analysis is based on holdings as of the balance sheet date.

	Dec. 31, 2015		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	(916)	915	(9,874)	9,871
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)	3,016	(3,080)	(9,634)	9,973

Management of other price risk

At HOCHTIEF, other price risk results 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, 2015**	Dec. 31, 2014
Price risk exposure on non-current assets	115,623	118,732
Price risk exposure on current assets	66,181	83,454

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 39 months as of December 31, 2015 (2014: 51 months). They 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, 2015**	Dec. 31, 2014
Assets		
Equity options and stock forward contracts for hedging purposes (but not hedge accounted)	9,751	7,623
Index-based options, not for hedging purposes	–	–
	9,751	**7,623**
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)	692	242
Options written, not for hedging purposes	–	–
	692	**242**

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 1,678 thousand was credited to profit or loss (2014: EUR 868 thousand charged to profit or loss) 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 on HOCHTIEF Group equity and profit that would result from a 10% fluctuation in the market value of primary and derivative financial instruments. The analysis is based on holdings as of the balance sheet date.

	Dec. 31, 2015		Dec. 31, 2014	
	Market value		Market value	
(EUR thousand)	10% increase	10% decrease	10% increase	10% decrease
Change in profit or loss due to market value fluctuations of derivatives to which hedge accounting is not applied	2,811	(2,725)	1,223	(1,223)
Change in equity due to changes in market price of unimpaired securities	9,690	(9,690)	8,345	(8,345)
Change in equity due to changes in value of unimpaired participating interests measured at fair value	8,490	(8,490)	7,442	(7,442)
Change in equity due to increases in the value of impaired participating interests measured at fair value	–	–	233	–
Change in profit or loss due to decreases in the value of impaired participating interests measured at fair value	–	–	–	(233)

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 and loan commitments in respect of Group companies. Financial guarantees and loan guarantees are only given in respect of companies with top credit standing, restricting to a minimum the probability of the guarantees being drawn upon.

The maximum credit risk exposure of financial assets is equivalent to their carrying amounts in the balance sheet. However, the actual credit risk exposure is lower 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. As of December 31, 2015, the maximum credit risk from financial guarantees and loan commitments amounted to EUR 144,414 thousand (2014: EUR 193,657 thousand). As of the reporting date, the probability of the financial guarantees and loan commitments being drawn upon is very small.

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 aspects, 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, 2015				Dec. 31, 2014			
(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	129,379	28,753	10,662	56,043	155,438	24,778	19,577	99,334
Current financial receivables	1	–	–	6,235	3	144	–	7,528
Other current receivables and other current financial assets	228	31	–	461	29	33	–	111
	129,608	**28,784**	**10,662**	**62,739**	**155,470**	**24,955**	**19,577**	**106,973**

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:

	Dec. 31, 2015			Dec. 31, 2014		
(EUR thousand)	Gross carrying amount	Impairment	Net carrying amount	Gross carrying amount	Impairment	Net carrying amount
Trade receivables	273,178	154,551	118,627	273,871	153,299	120,572
Financial receivables						
Non-current	59,974	42,223	17,751	52,710	46,705	6,005
Current	21,973	8,777	13,196	44,394	16,825	27,569
Other current receivables and other current financial assets	1,235	247	988	6,318	752	5,566
Securities	–	–	–	–	–	–
	356,360	**205,798**	**150,562**	**377,293**	**217,581**	**159,712**

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 2015 and in the prior year:

Reconciliation of changes in impairments

(EUR thousand)	Jan. 1, 2014	Changes*	Dec. 31, 2014/ Jan. 1, 2015	Changes*	Dec. 31, 2015
Trade receivables	72,062	81,237	153,299	1,252	154,551
Financial receivables					
Non-current	31,051	15,654	46,705	(4,482)	42,223
Current	16,574	251	16,825	(8,048)	8,777
Other current receivables and other current financial assets	397	355	752	(505)	247
Securities	6,630	(6,630)	–	–	–
	126,714	**90,867**	**217,581**	**(11,783)**	**205,798**

*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 Reporting Committee assesses and examines the Group's capital structure at regular intervals, taking into account the risk-adjusted cost of capital.

In 2015, the overall capital risk management strategy did not change 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, 2015 and December 31, 2014.

2015 (EUR thousand)	Carrying amount by category					Not belonging to any category			
	Financial assets			Financial liabilities					
	Available for sale	Held for trading	Loans and receivables	Held for trading	At amortized cost	Hedge accounting and finance leases	Not covered by IFRS 7	**Total carrying amounts Dec. 31, 2015**	**Total fair value Dec. 31, 2014**
Assets									
Other financial assets									
At fair value	115,623	–	–	–	–	–	–	115,623	115,623
At amortized cost	8,230	–	–	–	–	–	–	8,230	N/A
	123,853	**–**	**–**	**–**	**–**	**–**	**–**	**123,853**	**115,623**
Financial receivables									
Non-current	**–**	**–**	**679,461**	**–**	**–**	**–**	**–**	**679,461**	**679,461**
Current	**–**	**–**	**66,083**	**–**	**–**	**–**	**–**	**66,083**	**66,083**
Trade receivables	**–**	**–**	**2,547,742**	**–**	**–**	**–**	**1,989,255**	**4,536,997**	**4,536,997**
Other receivables and other financial assets									
Non-current									
At fair value	–	9,737	–	–	–	2,094	–	11,831	11,831
At amortized cost	–	–	30,701	–	–	–	–	30,701	30,701
Not covered by IFRS 7	–	–	–	–	–	–	104,481	104,481	104,481
	–	**9,737**	**30,701**			**2,094**	**104,481**	**147,013**	**147,013**
Current									
At fair value	–	376	–	–	–	998	–	1,374	1,374
At amortized cost	–	–	76,277	–	–	–	–	76,277	76,277
Not covered by IFRS 7	–	–	–	–	–	–	95,345	95,345	95,345
	–	**376**	**76,277**	**–**	**–**	**998**	**95,345**	**172,996**	**172,996**
Receivables from the sale of discontinued operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Securities	**576,898**	**–**	**–**	**–**	**–**	**–**	**–**	**576,898**	**576,898**
Cash and cash equivalents	**–**	**–**	**2,808,707**	**–**	**–**	**–**	**–**	**2,808,707**	**2,808,707**
Liabilities and shareholders' equity									
Financial liabilities									
Non-current	**–**	**–**	**–**	**–**	**2,283,255**	**71,834**	**–**	**2,355,089**	**2,457,046**
Current	**–**	**–**	**–**	**–**	**209,652**	**99,787**	**–**	**309,439**	**309,439**
Trade payables	**–**	**–**	**–**	**–**	**4,699,869**	**–**	**720,010**	**5,419,879**	**5,419,879**
Other liabilities									
Non-current									
At fair value	–	–	–	690	–	674	–	1,364	1,364
At amortized cost	–	–	–	–	30,700	–	–	30,700	30,700
Not covered by IFRS 7	–	–	–	–	–	–	35,976	35,976	35,976
	–	**–**	**–**	**690**	**30,700**	**674**	**35,976**	**68,040**	**68,040**
Current									
At fair value	–	–	–	1,821	–	541	–	2,362	2,362
At amortized cost	–	–	–		54,011	–	–	54,011	54,011
Not covered by IFRS 7	–	–	–	–	–	–	220,637	220,637	220,637
	–	**–**	**–**	**1,821**	**54,011**	**541**	**220,637**	**277,010**	**277,010**

2014 (EUR thousand)	Carrying amount by category					Not belonging to any category			
	Financial assets			Financial liabilities					
	Available for sale	Held for trading	Loans and receivables	Held for trading	At amortized cost	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**

As 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, 2015			Dec. 31, 2014		
(EUR thousand)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Other financial assets	1,044	31,249	83,331	1,044	42,998	74,690
Other receivables and other assets						
Non-current	–	11,831	–	–	6,414	–
Current	–	1,374	–	–	4,998	–
Marketable securities	482,035	94,863	–	655,788	85,747	–
Liabilities						
Other liabilities						
Non-current	–	1,364	–	–	1,349	–
Current	–	2,362	–	–	4,517	–

There were no transfers of assets measured at fair value between Level 1 and Level 2 of the fair value hierarchy in the year under review. This means that there were 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, 2015	Currency adjustments	Gains/(losses) recognized in profit or loss	Other changes	**Balance as of Dec. 31, 2015**
Other financial assets	74,690	(376)	3,147	5,870	83,331
Other liabilities					
Non-current	–	–	–	–	–
Current	–	–	–	–	–

(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)	–

As in the prior year, the amounts recognized in profit or loss are accounted for in net income from other participating interests; the other changes are accounted for in other comprehensive income.

Financial assets with a carrying amount of EUR 146,842 thousand are provided as collateral for recognized financial liabilities and unrecognized contingent liabilities as of December 31, 2015 (2014: EUR 222,332 thousand).

The following table shows the net profit from financial instruments by IAS 39 category:

Net profit from financial instruments

(EUR thousand)	**2015**	2014
Available for sale	39,626	23,084
Held for trading	1,826	7,434
Loans and receivables	62,737	72,754
Liabilities at amortized cost	(240,247)	(283,830)
	(136,058)	**(180,558)**

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 20,206 thousand were recognized in 2015 (2014: EUR 110,431 thousand). Of this figure, EUR 158 thousand (2014: EUR 24 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 related to the carrying amounts of non-consolidated subsidiaries and other participating interests measured at fair value. Impairments of EUR 10,864 thousand (2014: EUR 3,490 thousand) were recorded on non-current financial receivables in 2015. Impairments of EUR 57 thousand (2014: EUR 6,866 thousand) were recognized for current financial receivables and impairments of EUR 9,127 thousand (2014: EUR 99,526 thousand) were recognized for trade receivables. In the prior year, additional impairments of EUR 457 thousand were recognized for other current receivables and other current financial assets.

35. Contingencies, commitments, and other financial obligations

(EUR thousand)	Dec. 31, 2015	Dec. 31, 2014
Obligations under guarantees	7,771	8,779

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 857,719 thousand as of December 31, 2015 (2014: EUR 946,578 thousand), and a EUR 500,000 thousand cash tranche, which, as in the prior year, is undrawn as of December 31, 2015. 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 2014 to April 30, 2019.

In addition, the HOCHTIEF Group has available a further EUR 5.76 billion (2014: EUR 6.05 billion) in guarantee facilities provided by insurance companies and banks. This includes a three-year syndicated guarantee facility with a total principal amount of AUD 1 billion (EUR 704,840 thousand) negotiated by CIMIC in May 2013. The facility's maturity date was extended in December 2014 by 18 months from initially June 2016 to December 2017. The facility was undrawn as of December 31, 2015 (2014: drawn by AUD 600,000 thousand/EUR 402,766 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 was increased to USD 7,300 million in 2015. An amount of USD 6,491 million was utilized in the year under review (2014: USD 5,032 million). No recourse has ever been made to this guarantee provided by HOCHTIEF, and none is currently anticipated for the future. There is also a CAD 350 million syndicated credit facility in favor of Flatiron (2014: CAD 240 million) that matures in December 2018, which was drawn down by CAD 147.4 million as of December 31, 2015 (2014: CAD 74.5 million). This facility is also backed by a Group guarantee from HOCHTIEF Aktiengesellschaft.

Group order exposure from awarded capital expenditure projects is EUR 2,468 thousand (2014: EUR 22,521 thousand) and mostly relates to mining activities at the CIMIC Group.

Cash call commitments on financial assets totaled EUR 4,209 thousand (2014: EUR 19,068 thousand) and relate to joint ventures in the HOCHTIEF Europe division. In the prior year, an additional EUR 13,059 thousand related to PPP project companies in the HOCHTIEF Asia Pacific division.

The term breakdown of minimum lease payments under operating leases is as follows:

Operating leases

(EUR thousand)	Dec. 31, 2015 Nominal value	Dec. 31, 2014 Nominal value
Due within 1 year	199,808	259,616
Due in 1–5 years	461,618	650,720
Due after 5 years	54,793	62,960

The obligations from operating leases mainly relate to technical equipment and machinery leased by the CIMIC Group. Lease payments under operating leases came to EUR 280,026 thousand in 2015 (2014: EUR 318,512 thousand).

Several 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 143,184 thousand (2014: EUR 244,789 thousand).

Amounts due under long-term tenancies are EUR 176,665 thousand (2014: EUR 194,499 thousand). The term for which such tenancies cannot be terminated is between two and twelve years (2014: two and 13 years). The amounts due under tenancies are partly offset by anticipated rental income of EUR 65,786 thousand (2014: EUR 90,046 thousand).

Other financial obligations include EUR 103,307 thousand (2014: EUR 116,453 thousand) in commitments relating to shareholder loans and 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 adverse 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 with various companies in Luxembourg, including Builders Reinsurance S.A. The HOCHTIEF insurance companies primarily provide mainly reinsurance offerings for builders' risk, subcontractor default, third-party liability, and workers's compensation insurance.

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)	**2015**	2014	**2015**	2014	**2015**	2014
HOCHTIEF Americas	10,354,362	8,615,179	–	–	10,354,362	8,615,179
HOCHTIEF Asia Pacific	8,946,139	11,397,065	–	–	8,946,139	11,397,065
HOCHTIEF Europe	1,655,532	1,961,734	4,618	3,790	1,660,150	1,965,524
Corporate Headquarters/ Consolidation	140,585	125,076	13,837	24,569	154,422	149,645
HOCHTIEF Group	**21,096,618**	**22,099,054**	**18,455**	**28,359**	**21,115,073**	**22,127,413**

Divisions	Profit after tax		Depreciation/ amortization		Impairment losses	
(EUR thousand)	**2015**	2014	**2015**	2014	**2015**	2014
HOCHTIEF Americas	123,662	78,245	23,510	23,281	–	–
HOCHTIEF Asia Pacific	275,717	(129,602)	332,861	392,506	33,700	13,486
HOCHTIEF Europe	(29,916)	(84,790)	21,474	21,858	158	23
Corporate Headquarters/ Consolidation	(36,269)	4,366	2,286	2,782	–	–
HOCHTIEF Group	**333,194**	**(131,781)**	**380,131**	**440,427**	**33,858**	**13,509**

Divisions	Non-cash expenses		Carrying amount of equity-method investments		Purchases of intangible assets, property, plant, equipment, and investment properties	
(EUR thousand)	**2015**	2014	**2015**	2014	**2015**	2014
HOCHTIEF Americas	139,256	83,915	166,598	109,263	35,934	27,581
HOCHTIEF Asia Pacific	147,259	868,987	720,362	683,438	180,116	514,108
HOCHTIEF Europe	164,618	160,933	92,760	105,783	58,735	42,838
Corporate Headquarters/ Consolidation	127,794	77,096	–	–	1,052	6,430
HOCHTIEF Group	**578,927**	**1,190,931**	**979,720**	**898,484**	**275,837**	**590,957**

Regions	External sales by customer location		Property, plant and equipment		Intangible assets	
(EUR thousand)	**2015**	2014	**2015**	2014	**2015**	2014
Germany	890,141	1,256,006	78,041	69,789	49,564	52,731
Rest of Europe	663,363	569,392	32,437	32,424	1,603	1,592
Americas	10,545,460	8,816,689	123,557	105,308	388,237	346,822
Asia	3,075,811	2,962,670	293,953	365,813	118,000	117,127
Australia	5,920,984	8,493,469	587,524	731,232	325,780	348,027
Africa	859	828	–	–	–	–
HOCHTIEF Group	**21,096,618**	**22,099,054**	**1,115,512**	**1,304,566**	**883,184**	**866,299**

Profit/(loss) from operating activities (segment result)		EBITDA		Operational earnings (EBIT)		Profit before tax (PBT)	
2015	2014	**2015**	2014 (restated)	**2015**	2014 (restated)	**2015**	2014
110,057	92,051	214,842	146,455	191,332	123,174	154,898	108,419
562,979	31,121	994,179	935,991	627,619	543,485	424,370	(114,549)
(73,351)	(96,340)	1,864	(30,722)	(19,610)	(52,581)	(27,487)	(72,748)
(24,335)	(102,164)	(68,349)	(52,119)	(70,636)	(54,900)	(28,377)	(98,269)
575,350	**(75,332)**	**1,142,536**	**999,605**	**728,705**	**559,178**	**523,404**	**(177,147)**

Impairment reversals		Share of profits and losses of equity-method associates and joint ventures		Interest and similar income		Interest and similar expenses	
2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
–	–	60,784	30,719	4,010	6,240	16,701	16,973
3,147	673	(7,515)	11,189	38,940	39,770	200,137	221,985
44	–	25,766	33,574	9,169	11,825	28,679	33,235
833	–	–	–	7,678	5,399	(5,270)	12,413
4,024	**673**	**79,035**	**75,482**	**59,797**	**63,234**	**240,247**	**284,606**

Purchases of financial assets		Total purchases		Total assets (balance sheet total)		Gross debt	
2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
88,509	59,055	124,443	86,636	3,657,469	3,090,054	3,301,939	2,721,910
86,890	51,406	267,006	565,514	6,692,309	8,575,646	3,854,287	5,948,830
3,838	14,206	62,573	57,044	2,223,535	2,391,697	1,622,470	1,854,491
–	–	1,052	6,430	696,670	1,161,927	1,344,539	1,582,715
179,237	**124,667**	**455,074**	**715,624**	**13,269,983**	**15,219,324**	**10,123,235**	**12,107,946**

Carrying amount of equity-method investments		Total assets (balance sheet total)		Purchases	
2015	2014	**2015**	2014	**2015**	2014
41,942	52,113	1,642,483	1,959,865	13,168	19,733
2,668	11,952	1,122,771	1,244,795	38,321	14,684
214,748	150,981	3,724,646	3,238,068	136,453	115,642
386,109	350,996	2,352,024	3,034,048	65,784	234,530
329,151	332,442	4,428,059	5,742,548	201,348	331,035
5,102	–	–	–	–	–
979,720	**898,484**	**13,269,983**	**15,219,324**	**455,074**	**715,624**

Discontinued operations regarding John Holland and Leighton's Services business:

Divisions	External sales		Intersegment sales		Sales by division (external plus intersegment)	
(EUR thousand)	**2015**	2014	**2015**	2014	**2015**	2014
HOCHTIEF Asia Pacific	–	3,688,767	–	–	–	3,688,767
HOCHTIEF Group	**–**	**3,688,767**	**–**	**–**	**–**	**3,688,767**

Divisions	Profit after tax		Depreciation/amortization		Impairment losses	
(EUR thousand)	**2015**	2014	**2015**	2014	**2015**	2014
HOCHTIEF Asia Pacific	–	537,564	–	49,801	–	–
HOCHTIEF Group	**–**	**537,564**	**–**	**49,801**	**–**	**–**

Total from continuing and discontinued operations:

Divisions	External sales		Intersegment sales		Sales by division (external plus intersegment)	
(EUR thousand)	**2015**	2014	**2015**	2014	**2015**	2014
HOCHTIEF Americas	10,354,362	8,615,179	–	–	10,354,362	8,615,179
HOCHTIEF Asia Pacific	8,946,139	15,085,832	–	–	8,946,139	15,085,832
HOCHTIEF Europe	1,655,532	1,961,734	4,618	3,790	1,660,150	1,965,524
Corporate Headquarters/ Consolidation	140,585	125,076	13,837	24,569	154,422	149,645
HOCHTIEF Group	**21,096,618**	**25,787,821**	**18,455**	**28,359**	**21,115,073**	**25,816,180**

Divisions	Profit after tax		Depreciation/amortization		Impairment losses	
(EUR thousand)	**2015**	2014	**2015**	2014 (restated)	**2015**	2014
HOCHTIEF Americas	123,662	78,245	23,510	23,281	–	–
HOCHTIEF Asia Pacific	275,717	407,962	332,861	442,307	33,700	13,486
HOCHTIEF Europe	(29,916)	(84,790)	21,474	21,858	158	23
Corporate Headquarters/ Consolidation	(36,269)	4,366	2,286	2,782	–	–
HOCHTIEF Group	**333,194**	**405,783**	**380,131**	**490,228**	**33,858**	**13,509**

Profit/(loss) from operating activities (segment result)		EBITDA		Operational earnings (EBIT)		Profit before tax (PBT)	
2015	2014	**2015**	2014 (restated)	**2015**	2014 (restated)	**2015**	2014
–	818,428	–	897,025	–	847,225	–	829,882
–	**818,428**	**–**	**897,025**	**–**	**847,225**	**–**	**829,882**

Impairment reversals		Share of profits and losses of equity-method associates and joint ventures		Interest and similar income		Interest and similar expenses	
2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
–	–	–	10,459	–	1,819	–	824
–	**–**	**–**	**10,459**	**–**	**1,819**	**–**	**824**

Profit/(loss) from operating activities (segment result)		EBITDA		Operational earnings (EBIT)		Profit before tax (PBT)	
2015	2014	**2015**	2014 (restated)	**2015**	2014 (restated)	**2015**	2014
110,057	92,051	214,842	146,455	191,332	123,174	154,898	108,419
562,979	849,549	994,179	1,833,016	627,619	1,390,710	424,370	715,333
(73,351)	(96,340)	1,864	(30,722)	(19,610)	(52,581)	(27,487)	(72,748)
(24,335)	(102,164)	(68,349)	(52,119)	(70,636)	(54,900)	(28,377)	(98,269)
575,350	**743,096**	**1,142,536**	**1,896,630**	**728,705**	**1,406,403**	**523,404**	**652,735**

Impairment reversals		Share of profits and losses of equity-method associates and joint ventures		Interest and similar income		Interest and similar expenses	
2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
–	–	60,784	30,719	4,010	6,240	16,701	16,973
3,147	673	(7,515)	21,648	38,940	41,589	200,137	222,809
44	–	25,766	33,574	9,169	11,825	28,679	33,235
833	–	–	–	7,678	5,399	(5,270)	12,413
4,024	**673**	**79,035**	**85,941**	**59,797**	**65,053**	**240,247**	**285,430**

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 17,965,879 thousand (2014: EUR 18,448,153 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 joint ventures 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 (EBIT) are derived from profit from operating activities as follows:

(EUR thousand)	2015	2014 (restated)
Earnings from operating activities	575,350	(75,332)
+ Net income from joint ventures	102,224	86,408
– Non-recurring items	(+) 51,131	(+) 548,102
Operational earnings (EBIT)	**728,705**	**559,178**

The method used to calculate EBIT was standardized across the Group in 2015 and the prior-year figures were restated accordingly. The net income from participating interests included in EBIT now consists exclusively of earnings from joint ventures. Non-recurring items comprise income and expenses deemed exceptional for business management purposes, or resulting from exceptional transactions, or not attributable to the operating business. Non-recurring items are mainly attributable to restructuring expenses, exchange rate gains or losses, as well as income or expenses from asset disposals or arising on deconsolidation. In the previous year, the non-recurring items item was also impacted by an accounting provision to cover default risk on project receivables in the HOCHTIEF Asia Pacific division.

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. As in the prior year, the EUR 465,847 thousand decrease (2014: EUR 309,079 thousand) in cash and cash equivalents due to consolidation changes consists in its entirety of cash and cash equivalents disposed of in divestments.

The EUR 2,808,707 thousand (2014: EUR 2,585,359 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 913 thousand (2014: EUR 1,574 thousand) in petty cash, EUR 2,243,934 thousand (2014: EUR 2,316,922 thousand) in cash balances at banks, and EUR 563,860 thousand (2014: EUR 266,863 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 110,963 thousand are subject to restrictions (2014: EUR 26,518 thousand).

Cash flow from operations represented a cash inflow of EUR 1,135,206 thousand. The balance of cash flows relating to capital expenditure and asset disposals/divestments resulted in a EUR 962,907 thousand net cash inflow in cash flow from investing activities. This reflects the sale of John Holland as well as the Thiess and Leighton Contractors service business at CIMIC in late 2014, which led to a cash inflow in 2015. The net cash outflow of EUR 2,008,798 thousand in cash flow from financing activities was largely attributable to extensive debt repayment. Including exchange rate changes, cash and cash equivalents increased overall by EUR 223,348 thousand.

All non-cash income and expense and all income from asset disposals or arising on deconsolidation is eliminated in cash flow from operations.

Cash flow from operations included:
- Interest income of EUR 61,736 thousand (2014: EUR 57,272 thousand),
- Interest expenses of EUR 240,247 thousand (2014: EUR 284,606 thousand),
- Income tax paid amounting to EUR 428,899 thousand (2014: EUR 81,792 thousand).

After deducting the non-cash component of income from equity-accounted interests, net income received (as dividends) from such interests was EUR 116,703 thousand (2014: EUR 106,844 thousand).

Divestments relate to the deconsolidation of fully consolidated subsidiaries. This reduced non-current assets by EUR 832 thousand (2014: EUR 342,708 thousand) and current assets by EUR 548,510 thousand (2014: EUR 1,665,507 thousand). Non-current liabilities decreased by EUR 3 thousand (2014: EUR 60,192 thousand) and current liabilities by EUR 81,648 thousand (2014: EUR 1,352,758 thousand). As of the balance sheet date, the sale proceeds of EUR 494,008 thousand (2014: EUR 1,067,124 thousand) were settled in full (2014: in the amount of EUR 145,350 thousand) in the form of cash and cash equivalents.

Dividends of EUR 128,926 thousand (2014: EUR 103,964 thousand) were paid to HOCHTIEF's shareholders in the year under review. Dividends paid to minority shareholders totaled EUR 107,294 thousand (2014: EUR 108,120 thousand), of which EUR 79,017 thousand (2014: EUR 96,891 thousand) relates to the CIMIC Group.

Debt repayments came to EUR 2,308,197 thousand (2014: EUR 1,147,210 thousand), compared with EUR 786,090 thousand (2014: EUR 1,650,551 thousand) in new borrowing.

Financial assets and financial liabilities are made up as follows:

(EUR thousand)	**Dec. 31, 2015**	Dec. 31, 2014 (restated)
Cash and cash equivalents	2,808,707	2,585,359
Marketable securities	576,898	741,535
Current financial receivables	66,083	77,474
Current tax receivables (excluding income taxes)	11,447	7,115
Receivables from the sale of discontinued operations	–	1,108,112
Total financial assets	**3,463,135**	**4,519,595**
Bonds or notes issued, and amounts due to banks	2,472,601	3,815,963
Lease liabilities	171,621	198,288
Financial liabilities to associates	1,000	23,306
Sundry other financial liabilities	12,512	12,222
Financial liabilities	**2,657,734**	**4,049,779**
Net financial assets	**805,401**	**469,816**

The method and criteria used to calculate net financial assets was standardized across the HOCHTIEF Group in the current year. This mainly affects current financial receivables as well as financial liabilities to associates and sundry other financial liabilities, which are now included in net financial assets. The prior-year figures were restated accordingly.

In the prior year, the total financial assets of EUR 4,519,595 thousand included, under receivables from the sale of discontinued operations, proceeds of EUR 1,108,112 thousand from the sale of John Holland and of the services business at Thiess and Leighton Contractors.

Financial assets are subject to certain restrictions on their use. Other than by financial liabilities, net 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 708,630 thousand (2014: EUR 813,320 thousand) and serve to fund contract costs. Cash call commitments on financial assets total EUR 4,209 thousand (2014: EUR 6,009 thousand) and relate to joint ventures in the HOCHTIEF Europe division. The prior-year figure also included cash call commitments for PPP project companies in the HOCHTIEF Asia Pacific division in the amount of EUR 13,059 thousand. Group order exposure from awarded capital expenditure projects is EUR 2,468 thousand (2014: EUR 22,521 thousand) and mostly relates to the CIMIC 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.

The Habtoor Leighton Group, a company accounted for using the equity method, is a related party that is material to the Group as of the balance sheet date.

Transactions with material related parties gave rise to amounts in the financial statements as follows:

(EUR thousand)	2015	2014
Loans	487,544	436,679
Receivables	79,307	75,317
Payables	766	870
Goods and services purchased	–	77
Other operating income	–	500
Interest income	21,732	20,668

The loans 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 105,958 thousand (2014: EUR 91,207 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 2015. There were no conflicts of interest involving Executive Board or Supervisory Board members.

On November 12, 2015, the CIMIC Group made a takeover offer for the 49% of Devine Limited that it did not already own at a price of AUD 0.75 per share. The offer ended on December 29, 2015 with an increase in CIMIC's shareholding from 51% to 59%.

39. Total Executive Board and Supervisory Board compensation

The Compensation Report on pages 100–103 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 Chief Financial Officer Date joined: November 1, 2011			
	2014[1]	2015			2014	2015			2014	2015			2014	2015		
(EUR thousand)		Granted	Minimum	Maximum		Granted	Minimum	Maximum		Granted	Minimum	Maximum		Granted	Minimum	Maximum
Fixed compensation	1,008	1,038	1,038	1,038	195	309	309	309	228	361	361	361	600	618	618	618
Fringe benefits	46	37	37	37	79	39	39	39	12	18	18	18	22	20	20	20
Total	**1,054**	**1,075**	**1,075**	**1,075**	**274**	**348**	**348**	**348**	**240**	**379**	**379**	**379**	**622**	**638**	**638**	**638**
One-year variable compensation	1,048	1,260	0	1,339	184	339	0	361	210	388	0	412	564	679	0	721
Multi-year variable compensation																
Long-term incentive component I[2]	886	1,066	0	1,133	184	339	0	361	210	388	0	412	564	679	0	721
Long-term incentive component II[3]																
LTIP stock awards (6-year term)	443	533[4]	0	567	92	170[4]	0	180	105	194[4]	0	206	282	339[4]	0	361
LTIP stock appreciation rights (7-year term)	443	533[4]	0	567	92	170[4]	0	180	105	194[4]	0	206	282	339[4]	0	361
Total	**3,874**	**4,467**	**1,075**	**4,681**	**826**	**1,366**	**348**	**1,430**	**870**	**1,543**	**379**	**1,615**	**2,314**	**2,674**	**638**	**2,802**
Service cost (service and interest cost)	1,020	1,824	1,824	1,824	166	246	246	246	219	313	313	313	392	548	548	548
Total compensation	**4,894**	**6,291**	**2,899**	**6,505**	**992**	**1,612**	**594**	**1,676**	**1,089**	**1,856**	**692**	**1,928**	**2,706**	**3,222**	**1,186**	**3,350**

[1]Excluding subsequent restatement (see compensation for past years)
[2]Transfer of shares 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 Chief Financial Officer Date joined: November 1, 2011	
(EUR thousand)	2015	2014[1]	2015	2014	2015	2014	2015	2014
Fixed compensation	1,038	1,008	309	195	361	228	618	600
Fringe benefits	37	46	39	79	18	12	20	22
Total	**1,075**	**1,054**	**348**	**274**	**379**	**240**	**638**	**622**
One-year variable compensation	1,260	1,048	339	184	388	210	679	564
Multi-year variable compensation								
Long-term incentive component I[2]	1,066	886	339	184	388	210	679	564
Long-term incentive component II	0	0	0	0	23	0	0	0
Total	**3,401**	**2,988**	**1,026**	**642**	**1,178**	**660**	**1,996**	**1,750**
Service cost (service and interest cost)	1,824	1,020	246	166	313	219	548	392
Total compensation	**5,225**	**4,008**	**1,272**	**808**	**1,491**	**879**	**2,544**	**2,142**

[1]Excluding subsequent restatement (see compensation for past years)
[2]Transfer of shares with two-year bar

The present value of pension benefits for current and former Executive Board members is EUR 92,889 thousand (2014: EUR 98,186 thousand).

Payments to former members of the Executive Board and their surviving dependents were EUR 4,869 thousand (2014: EUR 7,676 thousand). Pension obligations to former members of the Executive Board and their surviving dependents totaled EUR 83,404 thousand (2014: EUR 90,590 thousand).

(EUR thousand)		Present value of pension benefits
Fernández Verdes	2015	6,193
	2014	5,068
Legorburo	2015	432
	2014	236
von Matuschka	2015	537
	2014	301
Sassenfeld	2015	2,323
	2014	1,991
Executive Board total	2015	**9,485**
	2014	**7,596**

Executive Board compensation in relation to offices held at Group companies

Peter Sassenfeld received pension awards under Australian law for the services on the CIMIC Board in the amount of EUR 1 thousand*.

*The euro amount depends on the exchange rate.

For his services in Australia as CEO of CIMIC, Mr. Fernández Verdes received an expense allowance of EUR 340 thousand* and fringe benefits in the amount of EUR 24 thousand* for 2015. The conditions for exercising the stock appreciation rights (SARs) granted by CIMIC in 2014 were modified in 2015. Following the waiting period, up to 40% of the SARs—as previously—may be exercised per annum in the first two years of the exercise period. However, all remaining unexercised SARs may be exercised in the third year of the exercise period. The sole effect of this amendment to the conditions was the increase of the fair value as of the grant date by EUR 2.1 million*. Neither the basis of calculation nor the maximum value of the SARs was altered as a result of the amendment.

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.

Total compensation for the members of the Supervisory Board came to EUR 2,323,200 (2014: EUR 2,783,400).

40. Auditing fees

Fees for services provided by auditors Deloitte & Touche were paid and recognized as expenses as follows:

(EUR thousand)	2015	2014
Financial statement audits	6,462	5,568
Of which in Germany	[1,189]	[1,190]
Other assurance services	492	1,084
Of which in Germany	[65]	[118]
Tax consulting	63	136
Of which in Germany	[–]	[–]
Other services for HOCHTIEF Aktiengesellschaft or subsidiaries	91	237
Of which in Germany	[–]	[68]
	7,108	**7,025**

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 assurance services and 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/corporate-governance.

42. Events since the balance sheet date

On January 11, 2016, the Executive Board of HOCHTIEF Aktiengesellschaft opted to continue the stock buyback program completed on December 31, 2015. The stock buyback program is based on the authorization granted at the Annual General Meeting of May 6, 2015 to repurchase shares in the amount of up to 10% of the Company's capital stock by May 5, 2020. Repurchases can commence from January 12, 2016.

On December 14, 2015, the CIMIC Group Board approved a share buyback of up to 10% of CIMIC's fully paid ordinary shares within the next twelve months. The purchased CIMIC shares will then be canceled. No CIMIC shares were purchased up to December 31, 2015.

On January 13, 2016, the CIMIC Group, through subsidiary CIMIC Group Investments Pty Limited (CGI), announced its intention to make a takeover offer to acquire the 63.01% of Sedgman that it does not yet already own at a price of AUD 1.07 per share.

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 2015:
A.L.E.X.-Bau 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 Bau und Betrieb GmbH, 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 LLBB GmbH, Essen,
HOCHTIEF ÖPP Projektgesellschaft mbH, Essen,
HOCHTIEF Offshore Crewing GmbH, Essen,
HOCHTIEF PANDION Oettingenstraße GmbH & Co. KG, Essen,
HOCHTIEF PPAC GmbH, Essen,
HOCHTIEF PPP Europa GmbH, Essen,
HOCHTIEF PPP Operations GmbH, Essen,
HOCHTIEF PPP Solutions GmbH, Essen,
HOCHTIEF PPP Schulpartner Braunschweig GmbH, Braunschweig,
HOCHTIEF Projektentwicklung GmbH, Essen,
HOCHTIEF Projektentwicklung “Helfmann Park” GmbH & Co. KG, Essen,
HOCHTIEF Solutions AG, Essen,
HOCHTIEF Solutions Real Estate GmbH, Essen,
HOCHTIEF Trade Solutions 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 Quartier 21 mbH & Co. KG, Essen,
Projekt Messeallee Essen GmbH & 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, 2015

The complete list of subsidiaries in accordance with the requirements of Section 313 of the German Commercial Code is published in the Bundesanzeiger (Federal Official Gazette) as well as on our website: www.hochtief.com/subsidiaries2015

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 19, 2016

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, 2015. 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 19, 2016

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Schlereth)
Wirtschaftsprüfer (German Public Auditor)

(Bedenbecker)
Wirtschaftsprüfer (German Public Auditor)

CIMIC Group company CPB Contractors (formerly Leighton Contractors) formed part of an alliance that successfully expanded the railway line between Kingsgrove and Revesby in Sydney, including building a bridge over Salt Pan Creek.

In my world, the environment stays intact.

Craig Tucker
Group Environment Manager,
CPB Contractors (CIMIC)

In all of our projects, we work to protect the environment. And the railway upgrades between Kingsgrove and Revesby in Sydney were no exception. Among other things, this involved expanding the section to four tracks and constructing a number of rail bridges. As the principal contractor representing a consortium, CPB Contractors assumed responsibility for all aspects of the project including safety, environmental protection, and community consultation—all while trains continued to run.

The consortium worked closely with the planning authorities, putting in place compensatory measures to maintain biodiversity. In the process, we ensured that our bridge work didn't impact the protected mangroves at Salt Pan Creek. What's more, right from the earliest stages of the project, we consulted with industry experts about initiatives to conserve resources. That created a wealth of ideas, most of which were ultimately implemented. For instance, our team installed solar panels on the temporary noise barriers to generate green electricity.

This project was the first in Australia where we built a bridge incrementally, meaning that we were able to leave the sensitive nearby waterway virtually untouched. When the 165-meter-long bridge was completed, the creek was returned to its original state—as nature intended.

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	External review	Page number	Link/notes
	G4-1	**Strategy and analysis**			
	G4-1	Sustainability strategy and relevance of sustainability	✔	9–11, 32ff, 38–39, 132, 162–165	www.hochtief.com/sustainability
	G4-3–16	**Organizational profile**			
	G4-3	Name of organization	✔	1, 2, 263	
	G4-4	Brands, products, and services	✔	3–4, 80–93	www.hochtief.com/clientportal
	G4-5	Location of organization's headquarters	✔	263	
	G4-6	Number and names of countries where organization operates	✔	30–31	
	G4-7	Nature of ownership and legal form	✔	24, 28–31, 263	
	G4-8	Markets in which organization operates	✔	30–31, 41–51, 80–93	www.hochtief.com/interview-eb2015
	G4-9	Scale of organization	✔	22–25, 30–31, 249, 263	
06	G4-10	Detailed information on workforce	✔	16–19, 115–125	
03	G4-11	Employees covered by collective bargaining agreements	✔	97, 98, 115, 116, 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, 115	
07, 08	G4-14	Precautionary principle	Ω✔	123ff, 137, 148, CoC	www.hochtief.com/commitments www.hochtief.com/compliance
01, 02, 05	G4-15	Commitments	✔	3, 11, 97, 148, 149	www.hochtief.com/commitments
	G4-16	Memberships	✔	3	www.hochtief.com/commitments
	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	✔	38–39, 162–165	
	G4-20	Material aspects within organization	✔	38–39, 162–165	
	G4-21	Material aspects outside organization	✔	38–39, 162–165	
	G4-22	Restatements of information provided in previous reports	✔	2, 9–11, 150–165	
	G4-23	Changes in scope and aspect boundaries	✔	2, 38–39, 148ff	
	G4-24-27	**Stakeholder engagement**			
	G4-24	Stakeholder groups engaged by organization	✔	2, 38–39, 148–149	
	G4-25	Basis for identification of stakeholder groups	✔	2, 38–39, 148–149	
	G4-26	Approach for engagement of stakeholder groups	✔	2, 38–39, 148–149	
	G4-27	Key topics raised through stakeholder engagement	✔	2, 38–39, 148–149	
	G4-28-33	**Report profile**			
	G4-28	Reporting period	✔	2, 174	
	G4-29	Date of previous report	✔	2	
	G4-30	Reporting cycle	✔	2, 174	
	G4-31	Contact point	✔	263	www.hochtief.com
	G4-32	GRI Index assurance report	✔	254–255	
08	G4-33	Basis and scope of assurance; relationship between organization and auditors; Executive Board support	✔	2, 14, 251, 256-257	www.hochtief.com/auditor
	G4-34	**Governance**			
	G4-34	Governance structure	✔	18f, 32f, 38f, 96	www.hochtief.com/corporate-governance
01, 02, 04, 05, 06, 10	**G4-56**	**Ethics and integrity**			
	G4-56	Principles, values, and standards	✔	32f, 55, 96ff, 148f, CoC	www.hochtief.com/vision

CoC = Code of Conduct

GRI G4 Index (for "in accordance"—Core)

		Industry-specific general GRI Indicators	External review	Page number	Link notes
		Strategy and analysis			
	G4-2	Refurbishment and upgrading	✔	48, 157	www.hochtief.com/clientportal
		Organizational profile			
09	G4-9	Sales by region; green building, green infrastructure, PPP, significant market segments	✔	45–49, 53, 80–93, 159, 162–165	
06	G4-10	Employees of different ethnic origins Employees in high-risk regions	✔	121, CoC, 99, 129	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	✔	39, 149	

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	✔	97–99, 131–141,	www.hochtief.com/corporate-governance
	G4-SO4	Compliance training	✔	98, 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	✔	43, 108–109	www.hochtief-vicon.com www.hochtief.com/rd
		Number of BIM projects	✔	108	www.hochtief.com/rd
		Number of employees trained in BIM	✔	109	www.hochtief.com/rd
	Focus area 3:	**Attractive working environment**			
03, 06		**Aspect: Occupational safety and health**			
	G4-LA6	Accident rate, injuries, lost days, occupational diseases, absenteeism, and fatalities	✔	122–125	Due to differences in national legislation, we are unable to present statistics by gender for all companies. The differences are also not material.
	Focus area 4:	**Resource protection**			
		Aspect: Waste			
07, 08	G4-EN23	Waste by quantity, type, and disposal method	✔	155	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)	✔	160–161	
	G4-EN16	Energy indirect greenhouse gas emissions (Scope 2)	✔	160–161	Full reporting by combining Scopes 1, 2, and 3.
	G4-EN17	Other indirect greenhouse gas emissions (Scope 3)	✔	160–161	
	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	✔	150–151	www.hochtief.com/b2p www.bridgestoprosperity.org
		Average number of users per day	✔	150–151	www.bridgestoprosperity.org
		Added value for the population	✔	150–151	www.bridgestoprosperity.org
		Benefits to HOCHTIEF	✔	150–151	www.bridgestoprosperity.org

Deloitte.

Independent Assurance Report
To HOCHTIEF Aktiengesellschaft, Essen

Our Engagement

We have been engaged to perform a limited review of the materiality analysis, management approaches and quantitative and qualitative information in the chapter "Sustainability at HOCHTIEF" in the Group Report (hereinafter: the report) of HOCHTIEF Aktiengesellschaft, Essen (hereinafter: HOCHTIEF), for the business year starting January 1, 2015, to December 31, 2015. It was not part of our engagement to review any product or service related statements, any links to external sources, future-looking statements or statements from external experts.

Management's Responsibility

The Company's Executive Board is responsible for the accurate preparation of the report in accordance with the criteria stated in the Sustainability Reporting Guidelines G4 of the Global Reporting Initiative (GRI).

This responsibility includes the selection and application of appropriate methods to prepare the report as well as the usage of reasonable assumptions and estimates for individual sustainability disclosures. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the report in a way that it is free of – intended or unintended – material misstatements.

Our Independence and Quality Control

We have met the requirements regarding independence along with the additional requirements relating to professional conduct of the IESBA Code of Ethics for Professional Accountants, which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct worthy of the profession.

The quality assurance system of Deloitte & Touche GmbH is based on the International Standard on Quality Control 1 "Quality Control for Audit, Assurance and Related Service Practices" (ISQC 1) and, in addition on national statutory requirements and professional standards, especially the Professional Code for Certified Accountants as well as the joint statement of WPK (Chamber of Public Accountants) and IDW (Institute of Public Auditors in Germany): Requirements for quality assurance in the auditing practice (VO 1/2006).

Practitioner's responsibility

Our responsibility is to express a conclusion based on our work performed and the evidences obtained on the above mentioned information of the report.

Procedures and extend of the assurance engagement

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information". This standard requires that we comply with our professional duties and 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 Group Report 2015 does not comply, in all material respects, with the above mentioned criteria of the Sustainability Reporting Guidelines G4 of the GRI. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement. Hence, the scope of a limited review is less comprehensive and may not reasonably assure all material facts as could a reasonable assurance. The selection of audit activities is subject to the auditor's own judgement. This includes the assessment of the risk of material misstatement in the report under consideration of the GRI reporting criteria.

Deloitte.

Within the scope of our work, we performed amongst others the following procedures when conducting the limited assurance engagement:

- Interviewing employees at group level in order to gain an understanding of the process for determining material sustainability topics and the stakeholder engagement process of HOCHTIEF
- Interviews with relevant staff at group level responsible for providing the data and information, carrying out internal control procedures and consolidating the data and information, including the explanatory notes
- Analytical procedures on relevant data
- Comparison of selected data with corresponding data in the HOCHTIEF consolidated financial statement and management report
- Evaluation of information on selected sustainability performance measurements

Our Conclusion

Based on our limited review, nothing has come to our knowledge that could give rise to the assumption that the information of the materiality analysis, management approaches and quantitative and qualitative sustainability information as stated in the Group Report for the business year starting January 1, 2015, to December 31, 2015 of HOCHTIEF, Essen, does not comply with the criteria of the Sustainability Reporting Guidelines G4 of the GRI.

Recommendations

Without qualifying our conclusion above, we make the following recommendations for the further development of the company's sustainability management and sustainability reporting:

- Continuing cross-functional data gathering within the entire group using a centralized software system
- Focusing on performance relevant KPI systems
- Further linking of financial and non-financial performance indicators

This assurance report is issued based on an assurance engagement agreed upon with HOCHTIEF. The assurance engagement to obtain limited assurance is issued for the purposes of HOCHTIEF and the report is intended solely to inform HOCHTIEF of the results of the assurance engagement. This assurance report is not intended as a basis for (financial) decision-making by third parties of any kind. We have responsibility only towards HOCHTIEF. We do not assume any responsibilities for third parties.

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

Düsseldorf/ Germany, February 16, 2016

(André Bedenbecker)
Certified Public Accountant

(Vinzenz Fundel)
Manager Sustainability

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Glossary

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 well-being, 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.

CDP (formerly Carbon Disclosure Leadership Index)
The German CDP 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.

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 CIMIC 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.

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.

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.

Infrastructure Sustainability Council of Australia (ISCA)

ISCA was established in 2008 to rate infrastructure projects according to sustainability criteria and to award them IS certification. Besides roads, bridges, and tunnels, ISCA also rates other projects such as energy supply, water supply, and digital infrastructure. Via CPB Contractors, CIMIC is a founding member and sponsor of ISCA and has a seat on the ISCA Board.

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.

Phasing out

If, based on current findings, a decision has been made to no longer engage specific subcontractors or suppliers, the operators concerned are tagged as blocked in the system and thus "phased out" of the pool of potential trading partners.

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 Convention (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

			2011	2012	2013	2014	**2015**
New orders*		EUR million	25,368	31,488	21,912	22,041	**22,263**
Of total:	domestic		2,286	2,127	1,870	1,716	**1,133**
	international		23,082	29,361	20,042	20,325	**21,130**
Work done		EUR million	25,790	29,693	24,630	24,246	**23,948**
Of total:	domestic		2,017	2,129	2,130	1,463	**1,025**
	international		23,773	27,564	22,500	22,783	**22,923**
Order backlog at year-end*		EUR million	48,668	49,794	35,885	36,255	**36,717**
Of total:	domestic		4,048	3,991	2,507	2,270	**2,357**
	international		44,620	45,803	33,378	33,985	**34,360**
Employees (average for year)		Number	75,449	79,987	80,912	68,426	**47,129**
Of total:	domestic		10,331	10,111	7,911	4,574	**3,700**
	international		65,118	69,876	73,001	63,852	**43,429**
External sales		EUR million	23,282	25,528	22,499	22,099	**21,097**
Increase/(decrease) on prior year		%	15.5	9.6	(11.9)	(1.8)	**(4.5)**
Materials		EUR million	15,572	17,312	15,541	15,746	**15,484**
Materials ratio		%	67.3	67.6	69.3	71.3	**73.3**
Personnel costs		EUR million	4,864	5,536	4,731	4,416	**3,656**
Payroll ratio		%	21.0	21.6	21.1	20.0	**17.3**
Depreciation and amortization		EUR million	783	919	686	440	**414**
Profit from operating activities		EUR million	626	595	586	(75)	**575**
Net income from participating interests		EUR million	(585)	186	210	118	**156**
Net investment and interest income		EUR million	(168)	(240)	(266)	(220)	**(208)**
Profit before tax—continuing operations		EUR million	(127)	541	530	(177)	**523**
Of which: Americas		EUR million	142	57	94	108	**155**
Asia Pacific		EUR million	(285)	411	230	(115)	**424**
Europe		EUR million	(9)	29	63	(73)	**(27)**
Pre-tax return on sales		%	-0.5	2.1	2.4	-0.8	**2.5**
Profit after tax—continuing operations		EUR million	(168)	383	371	(132)	**333**
Profit after tax—discontinued operations		EUR million	–	–	174	538	**–**
Profit after tax—total		EUR million	(168)	383	545	406	**333**
Return on equity		%	-4.1	9.0	16.5	13.1	**10.6**
Consolidated net profit/(loss)—continuing operations		EUR million	(160)	155	71	(122)	**208**
Consolidated net profit/(loss)—discontinued operations		EUR million	–	–	100	374	**–**
Consolidated net profit/(loss)—total		EUR million	(160)	155	171	252	**208**
EBITDA—continuing operations		EUR million	845	1,722	1,587	1,000	**1,143**
EBITDA—discontinued operations		EUR million	–	–	321	897	**–**
EBITDA—total		EUR million	845	1,722	1,908	1,897	**1,143**
Operational earnings (EBIT)—continuing operations		EUR million	62	803	901	559	**729**
Operational earnings (EBIT)—discontinued operations		EUR million	–	–	272	847	**–**
Operational earnings (EBIT)—total		EUR million	62	803	1,173	1,406	**729**
Earnings per share—continuing operations		EUR	(2.18)	2.11	0.98	(1.77)	**3.11**
Earnings per share—discontinued operations		EUR	–	–	1.39	5.41	**–**
Earnings per share—total		EUR	(2.18)	2.11	2.37	3.64	**3.11**
Dividend per share		EUR	–	1.00	1.50	1.90	**2.00****
Dividends paid		EUR million	–	77	115	132	**139**
Operating free cash flow[1)]		EUR million	(363)	41	(214)	322	**985**

* 2014 figures restated with adjustment by EUR 0.55 billion for revised definition at CIMIC

** Proposed dividend per share

[1)] Operating free cash flow: Cash flow from operations and cash flow from purchases and disposals of intangible assets, of property, plant and equipment, and of investment properties

		2011	2012	2013	2014	**2015**
Assets						
Intangible assets	EUR million	693	713	830	866	**883**
Property, plant and equipment	EUR million	2,235	1,899	1,378	1,305	**1,116**
Investment properties	EUR million	22	19	16	15	**14**
Financial assets	EUR million	1,098	1,188	774	1,028	**1,104**
Other non-current assets	EUR million	1,166	1,019	803	997	**1,013**
Non-current assets	**EUR million**	**5,214**	**4,838**	**3,801**	**4,211**	**4,130**
As % of total assets		33.0	28.5	25.4	27.7	**31.1**
Inventories	EUR million	1,287	1,426	1,159	919	**768**
Receivables and other assets	EUR million	5,182	5,703	6,344	6,590	**4,828**
Marketable securities and cash and cash equivalents	EUR million	2,657	3,143	3,313	3,327	**3,386**
Assets held for sale	EUR million	1,456	1,852	334	172	**158**
Current assets	**EUR million**	**10,582**	**12,124**	**11,150**	**11,008**	**9,140**
As % of total assets		67.0	71.5	74.6	72.3	**68.9**
Total assets	**EUR million**	**15,796**	**16,962**	**14,951**	**15,219**	**13,270**
Liabilities and Shareholders' Equity						
Attributable to the Group	EUR million	2,598	2,640	2,266	2,178	**2,144**
Minority interest	EUR million	1,512	1,604	1,028	933	**1,003**
Shareholders' equity	**EUR million**	**4,110**	**4,244**	**3,294**	**3,111**	**3,147**
As % of total assets		26.0	25.0	22.0	20.4	**23.7**
As % of non-current assets		78.8	87.7	86.7	73.9	**76.2**
Non-current provisions	EUR million	640	833	748	829	**803**
Non-current financial liabilities	EUR million	2,302	2,750	2,700	3,073	**2,355**
Other non-current liabilities	EUR million	257	155	169	80	**98**
Non-current liabilities	**EUR million**	**3,199**	**3,738**	**3,617**	**3,982**	**3,256**
As % of total assets		20.3	22.0	24.2	26.2	**24.5**
Current provisions	EUR million	957	975	921	1,156	**818**
Current financial liabilities	EUR million	1,493	1,706	727	982	**309**
Other current liabilities	EUR million	6,037	6,299	6,392	5,988	**5,740**
Current liabilities	**EUR million**	**8,487**	**8,980**	**8,040**	**8,126**	**6,867**
As % of total assets		53.7	53.0	53.8	53.4	**51.8**
Total assets	**EUR million**	**15,796**	**16,962**	**14,951**	**15,219**	**13,270**
Property, plant and equipment ratio[2]	%	14.1	11.2	9.2	8.6	**8.4**
Total capital expenditure, including acquisitions	EUR million	2,023	1,781	1,453	716	**455**
Of total: Intangible assets	EUR million	31	48	42	26	**12**
Of total: Property, plant and equipment	EUR million	1,474	1,166	890	565	**264**
Of total: Investment properties	EUR million	1	–	–	–	**–**
Of total: Financial assets	EUR million	517	567	521	125	**179**
Capital expenditure ratio[3]	%	27.3	23.2	21.3	13.9	**7.0**
Depreciation and amortization ratio[4]	%	52.0	75.7	73.6	74.5	**150.0**
Receivables turnover[5]		5.4	5.1	3.9	4.0	**4.4**
Total assets turnover[6]		1.5	1.6	1.4	1.5	**1.5**
Net cash/(net debt)	EUR million	(653)	(944)	(40)	470[7]	**805**

[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 sales to average trade receivables

[6] Total assets turnover: Ratio of sales to average total assets

[7] Including receivables from the disposal of discontinued activities. Amount restated for change in definition. Please see page 244 for detailed information.

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Current financial calendar
www.hochtief.com/ir-calendar

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For the pdf of this group report including references to further information, please see www.hochtief.com/gr15.

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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 tax 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 tax 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.

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Picture:
New York is a dazzling city with a unique energy. Turner has been instrumental in shaping its modern face by adding numerous structures—the majority of which qualify as green buildings.

HOCHTIEF

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