Group Report 2020

COMBINED ANNUAL FINANCIAL
AND SUSTAINABILITY REPORT

HOCHTIEF

We are building the world of tomorrow.

The HOCHTIEF Group at a glance

HOCHTIEF Americas Division

The HOCHTIEF Americas division combines our construction activities in the U.S. and Canada. Our subsidiaries operate in the building construction management as well as in the civil engineering markets. Turner is the number one general builder in the U.S., and Flatiron ranks among the top ten in transportation infrastructure (Engineering News-Record 2020).

For more information, please see the divisional reporting section

HOCHTIEF Asia Pacific Division

The HOCHTIEF Asia Pacific division comprises our majority stake in Australia-based CIMIC. With its operating companies, CIMIC occupies leading positions in infrastructure construction, public-private partnerships, mining services, mineral processing, as well as engineering, asset management, and maintenance services in Australia and selected markets in the Asia-Pacific region.

For more information, please see the divisional reporting section

HOCHTIEF Europe Division

Our core business in Europe is organized under the HOCHTIEF Europe division. The operating companies provide infrastructure and building construction services as well as public-private partnerships in transportation, social, and urban infrastructure. The portfolio also comprises engineering services, including Virtual Construction, and facility management.

For more information, please see the divisional reporting section

Abertis Investment

The investment in Abertis Infraestructuras, S.A., a leading international toll road operator, falls under its own HOCHTIEF division. The company operates a total of over 8,300 kilometers of toll road in 16 countries, particularly France, Spain, North America, Brazil, Chile, and Mexico. HOCHTIEF's stake amounts to 20%.

For more information, please see the divisional reporting section

Cover:

In a league of its own: SoFi Stadium in Inglewood, California, was completed in 2020. Home to the Los Angeles Rams and Los Angeles Chargers NFL teams, the state-of-the-art stadium completely re-imagines the fan experience. In the future, SoFi Stadium will also host other large events with audiences of up to 100,000, including the Super Bowl LVI in 2022, and the Opening and Closing ceremonies of the Olympic Games in 2028. Inside the arena is the biggest wrap-around video board in the world of sports, with 80 million pixels providing a pin-sharp view of the action. The screen is 110 meters long and weighs nearly 1,000 metric tons. A signature feature of the stadium is the open-ended, semi-translucent, almost 93,000-square-meter roof.

Group Report 2020

COMBINED ANNUAL FINANCIAL AND SUSTAINABILITY REPORT

This combined Group Report contains the financial and sustainability reporting of the HOCHTIEF Group for 2020. It highlights the close relationship between economic, environmental, and community aspects, together with their influence on the success of our business.

Information on this Report

The Group Report covers the period from January 1 to December 31, 2020 and follows on from the report published on February 11, 2020. We indicate explicitly wherever data relates to a different reporting period, year-on-year comparisons are not possible without restriction, or limits of coverage are reached.

At the end of December 2020, Australian Group company CIMIC announced the finalization of the sale of 50% of the equity interest in Thiess. As a result, Thiess is accounted for using the equity method in the 2020 financial statements. Thiess is included in full in the non-financial figures for the entire 2020 reporting year, including the data as of the December 31, 2020 reporting date. Through its investment partnership Ventia, CIMIC additionally acquired Broadspectrum effective June 30, 2020. There were no other material divestments or acquisitions of companies in the HOCHTIEF Group.

This Group Report includes information on the first-time and retrospective full consolidation of BIC Contracting LLC (BICC), Dubai, United Arab Emirates, in which HOCHTIEF Group company CIMIC holds a 45% interest, and on the classification of BICC as a discontinued operation in the reporting year. The non-financial information in the Group Management Report does not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group.

No non-financial information has been reported to HOCHTIEF.

The Consolidated Financial Statements are prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) as adopted by the EU and with supplementary provisions of German commercial law to be observed under Section 315e (1) of the German Commercial Code (HGB). The report is published for the first time using the European Single Electronic Format (ESEF), which has been required in the EU since 2020. With regard to sustainability aspects, the Group Report follows the Global Reporting Initiative (GRI)), which is used pursuant to Section 289d HGB. This Group Report also serves as our report on progress in implementing the UN Global Compact[1)] principles and is published on the organization's websites. Disclosures that are not normally part of the management report are marked as such.

The information on sustainability issues addresses relevant focus areas that resulted among other things from a materiality analysis among stakeholders.

We have assigned selected United Nations Sustainable Development Goals (SDGs) to HOCHTIEF's sustainability focus areas and integrated them into this Group Report.

An explanation of the technical terms used can be found in the glossary at the end of this Group Report.

The next Group Report is planned to appear in February 2022.

[1)] For further information on GRI and UN Global Compact.

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

This symbol indicates a link to an external website. The corresponding Internet addresses are shown on the respective pages.

Commitment to fairness, sustainability, and innovation

Our aspiration and our responsibility are reflected in memberships and voluntary commitments. Our Company was once again successfully rated in a number of established sustainability rankings and included in indexes, of which the examples below are just a sampling.

COMMITMENTS (EXAMPLES)

Deutscher NACHHALTIGKEITS Kodex

Wirtschaft macht KLIMASCHUTZ

UN GLOBAL COMPACT WE SUPPORT

Further commitments:
- Transparency International
- ILO
- Leitbild für verantwortliches Handeln in der Wirtschaft (Code of Responsible Conduct in Business)

MEMBERSHIPS (EXAMPLES)

B.A.U.M.

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

Stifterverband für die Deutsche Wissenschaft

encord

MITGLIED IM FÖRDERVEREIN BUNDESSTIFTUNG bauKULTUR

SUSTAINABILITY RATINGS/INDEXES (EXAMPLES)

FTSE4Good

SILVER 2020 ecovadis CSR Rating

CDP DRIVING SUSTAINABLE ECONOMIES

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

SAM Sustainability Award Bronze Class 2020

MSCI ESG RATINGS AA

CCC B BB BBB A AA AAA

Additionally:
- DAX 50 ESG: HOCHTIEF included in Deutsche Börse's new index for sustainable companies
- Sustainalytics: HOCHTIEF ranked ninth worldwide in an ESG analysis of companies rated in the relevant sector

HOCHTIEF IS BUILDING THE WORLD OF TOMORROW.

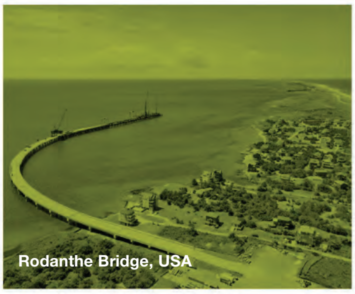
HOCHTIEF is an engineering-led global infrastructure group with leading positions across its core activities of construction, services, and concessions/public-¬private partnerships (PPP). Our success operating in these segments is based on our expertise in development, financing, construction, and operations gained in almost 150 years of experience. The Group's activities focus on the Australian, North American, and European markets.

Our expert staff create value for clients, shareholders, and HOCHTIEF alike. We set ourselves apart from the competition by way of innovative solutions combined with our end-to-end project and engineering know-how. That way, we enhance our company's profitability and ensure long-term growth. Our goal is to create sustainable value for all stakeholders.

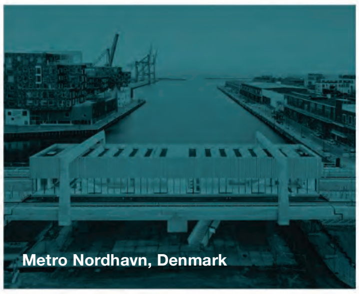
At all times, we are aware of our responsibility to our clients, business partners, shareholders, and employees, as well as to our social and natural environment. For this reason, we maintain a dialog with diverse stakeholder groups. With an eye toward our long-term success, we systematically nurture the relationship between business, the environment, and social responsibility.

Contents

Mizal, Germany

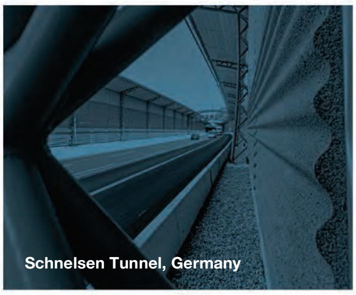


Rodanthe Bridge, USA



Metro Nordhavn, Denmark


JHS Rehab Center, USA


Schnelsen Tunnel, Germany


Liantang/Heung Yuen Wai, Hong Kong

Non-financial Group Report

Financial Statements and Notes

Notes to the Consolidated Financial Statements

Further Information

The HOCHTIEF Group: Key Figures[1]			
(EUR million)	2020	2019	Change yoy
Sales	**22,953.8**	25,851.9	**-11.2%**
Sales adjusted	**23,679.2**	25,851.9	**-8.4%**
Operational profit before tax/PBT	**802.3**	1,108.1	**-27.6%**
Operational profit before tax/PBT pre-Abertis	**819.4**	985.7	**-16.9%**
Operational PBT margin (%)	**3.4**	4.3	**-0.9**
Operational PBT pre-Abertis margin (%)	**3.5**	3.8	**-0.3**
Operational net profit	**476.7**	668.9	**-28.7%**
Operational net profit pre-Abertis	**493.8**	546.5	**-9.6%**
Operational earnings per share (EUR)	**6.87**	9.47	**-27.5%**
EBITDA	**1,749.7**	1,892.8	**-7.6%**
EBITDA margin (%)	**7.4**	7.3	**0.1**
EBIT	**1,046.1**	1,191.5	**-16.1%**
EBIT margin (%)	**4.4**	4.6	**-0.4**
Pprofit before tax/PBT	**881.9**	1,049.6	**-16.0%**
Profit before tax/PBT pre-Abertis	**899.0**	927.2	**–**
Tax rate (taxes/PBT in %)	**37.7**	24.6	**13.1**
Net profit	**427.2**	614.2	**-30.4 %**
Net profit pre-Abertis	**444.3**	491.8	**-9.7 %**
Net profit incl. discontinued operations	**427.2**	-206.2	**–**
Earnings per share (EUR) incl. discontinued operations	**6.16**	-2.92	**–**
Net cash from operating activities pre-factoring	**1,098.1**	1,559.4	**-29.6**
Net cash from operating activities	**742.8**	1,602.5	**-53.6**
Net operating capital expenditure	**371.1**	518.1	**-65.7**
Free cash flow from operations pre-factoring	**727.0**	1,041.3	**-30.2%**
Free cash flow from operations	**371.7**	1,084.4	**-65.7%**
Net cash (+)/net debt (-)	**617.9**	1,529.0	**-59.6%**
New orders	**23,069.9**	30,428.8	**-24.2%**
Work done	**24,549.6**	27,138.9	**-9.5%**
Order backlog adjusted	**45,840.4**	48,296.7	**-5.1%**
Order backlog visibility (in months)			
Order backlog			
Direct employees (end of period)[2]	**46,644**	53,282	**-12.5%**
Employees (full year average)[3]	**48,727**	54,494	**-10.6%**

[1] All figures refer to continued operations only unless stated otherwise.
[2] The non-financial performance indicators do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF. The analysis as of the reporting date includes the 11,862 employees of CIMIC Group company Thiess also for 2020.
[3] The average includes, as of the December 31, 2020 reporting date, 11,862 employees at CIMIC Group company Thiess, which is included in the consolidated financial statements using the equity method as of the year-end.

Note:
FY 2019/FY2020: Sales FY 2020 adjusted for Gorgon and other minor effects
Order backlog 2019 adjusted for Thiess deconsolidation
Operational profits are adjusted for non-operational effects

Dear Shareholders and friends of HOCHTIEF,

Picture:
Marcelino Fernández Verdes, Chairman of the Executive Board

HOCHTIEF has delivered a **resilient set of results** for 2020 notwithstanding the impact of Covid-19.[1] The Group achieved a nominal net profit from continuing operations of EUR 427 million, adjusted net cash from operating activities of EUR 1.1 billion and finished the year with an order book of close to EUR 46 billion.

At the same time HOCHTIEF companies continue to supported government efforts to mitigate the impacts of the pandemic.

HOCHTIEF achieved an **operational net profit** of EUR 477 million. The economic impact of Covid-19 and the associated mobility restrictions imposed by governments had a very significant effect on profits at Abertis. Adjusting for the EUR 139 million year on year reduction in the contribution from the Group's 20% stake in the toll road operator, HOCHTIEF's operational net profit declined by 9.6%.

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

The Group generated **adjusted net cash from operating activities** of EUR 1.1 billion in 2020 with a solid performance in the seasonally strong fourth quarter which accounted for over 80% of the Group's annual figure. Net operating capex, driven by mining and job-costed tunneling works, was EUR 371 million versus EUR 518 million in 2019.

HOCHTIEF ended December 2020 with a **net cash position** of EUR 618 million. Adjusting for shareholder remuneration and non-operating effects, HOCHTIEF would show a net cash position of EUR 1.62 billion which compares with EUR 1.52 billion at the end of 2019. During the year, HOCHTIEF has paid a dividend to shareholders of EUR 406 million, invested EUR 168 million in buying back its own shares with a further EUR 170 million in buybacks by CIMIC. Furthermore, close to EUR 104 million was invested to acquire 2.8% of CIMIC with the Group's stake standing at 78.6% at the end of the period.

HOCHTIEF ended the quarter with a **strong liquidity position** of EUR 5.4 billion further supported by undrawn credit facilities of EUR 2.1 billion.

Notwithstanding the impact of Covid-19, **new orders** of EUR 23.1 billion were secured, equivalent to about 1.0x work done during the period with a disciplined bidding approach maintained across all divisions. As a consequence, the Group's **order book** remained robust at approximately EUR 46 billion, stable during the last quarter as well as compared with twelve months ago, on an f/x-adjusted basis. Half of our order book is located in North America with a further 40% in the Asia-Pacific region and around 10% in Europe.

Looking forward, our local teams have identified a **project tender pipeline** of relevant projects worth over EUR 570 billion for 2021 and beyond supported by EUR 180 billion in PPP projects in addition to the numerous stimulus packages approved by governments.

HOCHTIEF management actively assesses its capital allocation options of which **shareholder remuneration** is a key ingredient. In July 2020, HOCHTIEF paid its shareholders a dividend for full year 2019 of EUR 5.80 per share or EUR 406 million. This was a 16% increase year on year and is in addition to the EUR 168 million returned to shareholders via the buyback of 3.5% of our shares during 2020.

1) All figures refer to continuing operations only unless stated otherwise.

HOCHTIEF continues to focus on attractive shareholder remuneration. Reflecting the Group's resilient profit and cash generation performance and supported by a positive outlook for core markets as well as our strong investment grade rated balance sheet, the proposed **dividend** is EUR 3.93 per share, notwithstanding Covid-19. This corresponds to an unchanged dividend payout ratio of 65% of nominal net profit. Over the last eight years, the Group has paid out EUR 23.16 of dividend per share for a total of EUR 1.6 billion

Our subsidiary CIMIC completed the sale of 50% of its mining business, Thiess, at the end of 2020 which has generated cash proceeds to the Group of EUR 1.3 billion. The associated capital gain which was generated offset the impact of the resolution of the Gorgon Jetty arbitration and other one-off expenses at the Australian business.

The pandemic situation created many new challenges for the HOCHTIEF Group in 2020. We actively met those challenges to protect our employees and keep our projects up and running. The working arrangements we provide for employees not only comply with official requirements and recommendations—in many cases they exceed them. Mobile working is used to complete projects wherever possible. This testifies to our tremendous organizational flexibility, with the changeover to remote and modified ways of working accomplished quickly and smoothly. Our employees rose to the challenges with great adaptability.

HOCHTIEF's pandemic response continues through upgrades to hospitals to create safer environments and build capacity for Covid-19 patient care: Turner provided support to more than 50 hospitals in the United States in 2020. The company expedited completion of space, built new space and built out existing space to enable healthcare clients to treat patients. Turner's work resulted in adding capacity to care for more than 4,000 patients. In addition, Turner built temporary testing facilities and completed infrastructure upgrades to healthcare facilities. In Cleveland our team turned an educational building into a 1,000-bed Covid-19 hospital in 18 days. Additionally, we designed, built and commissioned a new stand-alone, 1,014-bed hospital for the U.S. Army Corps of Engineers. This was completed from start of design to construction completion in 24 days. CIMIC is also supporting community efforts to reduce the spread of the coronavirus. CPB Contractors is redeveloping, expanding and building hospitals in New South Wales, Australia, and is also delivering the Christchurch Hospital in New Zealand by bringing in additional resources from neighboring CPB Contractors projects.

Two years ago, we embarked on our Company's digital transformation with the launch of Nexplore, our innovation company. We have already come a long way since then. Joining forces with leading tech firms and universities, and together with our worldwide operational project teams, Nexplore is developing several hardware and software applications. They let us monitor construction progress on major projects, keep continuous track of work quality, pinpoint potential savings with our machinery, and analyze complex contracts. Digital technology also helps the people who work on our projects. Nexplore has invented special sensors that warn excavator operators of potential accidents involving people. In the USA and Germany, we deploy a corona app specifically developed for use on construction sites.

Artificial intelligence, Industry 5.0, and blockchain will change HOCHTIEF as never before. Our goals are cost reduction, scheduling, quality control, improved productivity, simpler maintenance, and effortless collaboration with all those involved. At the same time, digitalization helps us massively cut carbon emissions and conserve natural resources far more effectively than in the past.

Recently, Nexplore joined the MIT Climate and Sustainability Consortium (MCSC). It convenes an alliance of leaders from a broad range of industries like Apple, IBM, Boeing, Dow, PepsiCo or Verizon and aims to vastly accelerate large-scale, real-world implementation of solutions to address the threat of climate change. The MCSC unites similarly motivated, highly creative and influential companies to work with MIT to build a process, market, and ambitious implementation strategy for environmental innovation. The work of the consortium will involve a true cross-sector collaboration to meet the urgency of climate change. The MCSC will take positive action and foster the necessary collaboration to meet this challenge, with the intention of influencing efforts across industries.

Our performance as a sustainable enterprise is rewarded. In 2020, HOCHTIEF was added to the DAX 50 ESG, Deutsche Börse's new index for sustainable stocks. In the Dow Jones Sustainability Index, too, HOCHTIEF once again ranked among the best in the industry. It goes without saying that we continue working to further enhance our sustainability performance.

Today, with green building infrastructure projects worth EUR 8.3 billion in hand, we are one of the market leaders in green building and embrace the trend toward making the industry more and more sustainable, above all to counter climate change. Together with other stakeholders and especially our clients, we can actively contribute to a low-carbon future—such as with low-emission construction sites or with new services for sustainable construction, including project delivery based on the principles of the circular economy.

HOCHTIEF is a supporter of the UN Global Compact principles and is committed to the United Nations' Sustainable Development Goals.

Group Outlook

HOCHTIEF expects to achieve an operational net profit in 2021 in the range of EUR 410–460 million, an increase of 11 to 25% year on year compared with the EUR 368 million of 2020 adjusted for the divestment of 50% of Thiess.

Our engineering expertise and robust balance sheet combined with the deep presence in our core markets leaves us well positioned to take advantage of future opportunities. We maintain our disciplined approach to capital allocation with our focus on value creation and sustainable shareholder remuneration. Based on our solid order book and our strong global tender pipeline, the fundamental outlook remains positive, provided that the economy continues to gradually recover from the impact of the Covid-19 pandemic.

HOCHTIEF is well placed to meet all challenges. We continue to develop our Group in line with our vision: HOCHTIEF is building the world of tomorrow.

Yours,

Marcelino Fernández Verdes
Chairman of the Executive Board

Report of the Supervisory Board
Dear Shareholders,

Pedro López Jiménez, Chairman of the Supervisory Board

Throughout 2020, the Supervisory Board performed all tasks required of it by law and the Company's Articles of Association. Those tasks notably include advising the Executive Board in its management of the Company and overseeing the Executive Board's activities. The Executive Board provided the Supervisory Board continuously, comprehensively, and promptly with information on all key aspects of management, both in writing and verbally. Consequently, the Supervisory Board was involved in all key decisions. The Supervisory Board was also provided with full information on the current financial situation, risks, and risk management. Four ordinary meetings and two extraordinary meetings were held in the reporting year. Due to the corona pandemic, the Board was forced to conduct five of the meetings by video or telephone conference which partially compromised the benefit of lively discussions on various topics. The Supervisory Board adopted its resolutions based on comprehensive reports and proposed resolutions submitted by the Executive Board. It had sufficient opportunity to consider the proposals in detail, both in plenary meetings and in the Audit Committee. In relation to particularly significant or urgent projects and transactions, the Executive Board also informed the Supervisory Board outside of meetings. The Supervisory Board adopted all resolutions as required by law and the Articles of Association, where necessary by written procedure. The Chairman of the Supervisory Board maintained constant contact with the Chairman of the Executive Board, thus ensuring that events of exceptional importance to the situation and development of the Group were addressed on a timely basis. Thirteen of the sixteen members of the Supervisory Board took part in all meetings. Three members of the Supervisory Board each attended five of the six Supervisory Board meetings. An overview of meeting attendance by each member at meetings of the Supervisory Board and its committees is provided in the table below.

Both the shareholder representatives and the employee representatives met separately on a regular basis to prepare the Supervisory Board meetings. On individual topics, the Supervisory Board consulted without the attendance of the Executive Board.

Main points of discussion. The Supervisory Board addressed a large number of topics in the 2020 reporting year. Particular attention was paid to the significant impact of the corona pandemic on the Group's profitability and liquidity and the required adaptions to its business operations. Other subject matters of discussion at the six meetings were as follows:

At the meeting on February 11, 2020, the Supervisory Board notably considered the Annual Financial Statements and Consolidated Financial Statements for 2019 as well as the BICC investment. The Supervisory Board likewise addressed the agenda and proposed resolutions for the April 2020 Annual General Meeting including the dividend proposal for 2019. A further topic was operational planning and both financial and balance sheet budgeting for the years 2020 to 2022. In this regard, the Executive Board explained the key planning assumptions and provided an overview of significant developments in the HOCHTIEF Group. The Supervisory Board appraised the Executive Board's budget planning and noted it with approval. In addition, the Supervisory Board approved the profile of skills and expertise, the diversity policy, and succession planning for the Executive Board.

At the Supervisory Board meeting on May 12, 2020, the Executive Board reported on the performance of the business in the first quarter and on the impacts of the corona pandemic upon the year to date.

At the extraordinary meeting on August 3, 2020, the Executive Board once again reported on the impacts of the pandemic so far and on the measures taken to

Attendance at meetings in 2020 by Supervisory Board member[1]

	Supervisory Board	Human Resources Committee	Audit Committee
Pedro López Jiménez (Chairman)	6/6	1/1	
Matthias Maurer (Deputy Chairman)	6/6		4/4
Ángel García Altozano	6/6		4/4
Beate Bell	6/6	1/1	
Christoph Breimann	6/6		
Carsten Burckhardt	5/6		4/4
José Luis del Valle Pérez	6/6	1/1	4/4
Dr. rer. pol. h. c. Francisco Javier García Sanz	6/6		
Patricia Geibel-Conrad	6/6		4/4
Arno Gellweiler	5/6	1/1	
Luis Nogueira Miguelsanz	6/6		4/4
Nikolaos Paraskevopoulos	6/6		
Sabine Roth	6/6		4/4
Nicole Simons	5/6	1/1	
Klaus Stümper	6/6	1/1	4/4
Christine Wolff	6/6	1/1	

[1]Attendance = number of meetings attended by Supervisory Board member/total number of meetings during tenure

counteract them, in particular to maintain business operations and protect employees and subcontractors.

At its meeting of September 17, 2020, the Supervisory Board considered the performance of the business in the first half year. It also discussed in detail the amendments to the German Corporate Governance Code and the revisions thus necessitated in the Codes of Procedure for the Supervisory Board, the Audit Committee, and the Human Resources Committee. In addition, it revised the targets for the composition of the Supervisory Board. The shareholder representatives also resolved that more than half of their number be required to be independent of the Company and of the Executive Board. Moreover, at least two shareholder representatives are required to be independent of the controlling shareholder.

A further extraordinary meeting was held on October 15, 2020. Its subject matter was the planned transaction between CIMIC Group Ltd. and Elliott Group centering on the sale of 50% of Thiess Group Holdings Pty. Ltd. Following an explanation by the Executive Board of the substance of the key transaction documents and the main financial implications for Group company CIMIC and for HOCHTIEF, the Supervisory Board approved the transaction.

The Supervisory Board's final meeting of the year was held on November 5, 2020. At that meeting, the Supervisory Board discussed Executive Board remuneration. A further item was the revision of the remuneration system for Executive Board members in accordance with the amended requirements of the German Corporate Governance Code and ARUG II, the legislation implementing the Shareholder Rights Directive. Moreover, the Supervisory Board resolved on the Compliance Declaration pursuant to Section 161 of the German Stock Corporations Act, as well as on the Declaration on Corporate Governance. In the Declaration on Corporate Governance, the Supervisory Board reports jointly with the Executive Board on the Company's corporate governance.

At the same meeting, the Supervisory Board also addressed the non-financial Group reporting. For the purposes of the Group Report 2020, the Supervisory Board engaged the auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, as auditors for the non-financial reporting.

The Supervisory Board has set up four committees, whose members are listed on pages 248 and 249. These are tasked with preparing topics and resolutions for Supervisory Board meetings. In some cases, the committees also exercise decision-making powers delegated to them by the Supervisory Board. The committee chairpersons kept the Supervisory Board regularly informed about the committees' consultations and decisions.

The **Audit Committee** met four times in 2020. Topics of intensive discussion were the quarterly reports, the half-year financial statements, the Annual Financial Statements, and the Consolidated Financial Statements. In each instance, the Committee 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 discussed the audit strategy for auditing the Consolidated Financial Statements. Additionally, the Audit Committee addressed the Group's risk management system, the internal control system in relation to financial reporting, and the internal audit report. The Chief Compliance Officer reported to the Committee with an in-depth presentation on the development of the compliance organization, individual potential compliance cases, and measures taken in consequence. Another regular item at the meetings held during the reporting year comprised the reports on major projects in the HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe divisions.

There was one meeting of the **Human Resources Committee** in 2020. At that meeting, it considered details of Executive Board compensation and the structure of the compensation system for the Executive Board, and adopted the necessary resolutions. The Human Resources Committee also prepared personnel-related decisions for the Supervisory Board, and made the requisite recommendations to the plenary meeting.

The **Nomination Committee** and the **Mediation Committee** pursuant to Section 27 (3) of the Codetermination Act (MitbestG) were not convened in 2020.

Conflicts of interest. Under the rules of 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 2020.

Annual Financial Statements 2020. 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 2020 have been audited and issued with an unqualified auditors' report. The audit was performed by KPMG AG Wirtschaftsprüfungsgesellschaft, the auditors elected by the Annual General Meeting on April 28, 2020 and engaged by the Supervisory Board to perform the audit of the Annual Financial Statements and Consolidated Financial Statements. The bookkeeping system was included in the audit. In addition, KPMG AG Wirtschaftsprüfungsgesellschaft audited the non-financial Group report with limited assurance.

This was the second time the audit was performed by these auditors following a change of auditors and the first audit by KPMG in the prior year. The key audit partners responsible for carrying out the audit are changed in accordance with statutory requirements. For the reporting year, the key audit partner for the Consolidated Financial Statements and for the Annual Financial Statements is Ms. Charlotte Salzmann.

It was determined by the auditors that the Executive Board possesses a suitable early warning system for risk. The above-mentioned statements, the Group Report, the proposal for 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 March 30/31, 2021. Also submitted was the separate non-financial Group report. In addition, the Executive Board provided verbal explanations at the same meetings.

In those meetings, the key audit partners explained the main findings of the audit and were available to provide further information. The Audit Committee had scrutinized the statements and reports prior to the Supervisory Board's meeting and subsequently recommended that the Supervisory Board approve the financial statements. The Supervisory Board examined the Annual Financial Statements, the Consolidated Financial Statements, the combined Company and Group Management Report, the separate non-financial Group report, and the proposal for the use of net profit. It raised no objections.

Taking the Audit Committee's consultations into account, 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 for 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 likewise the audit report, went out to all members of the Supervisory Board in good time ahead of the latter's financial statements meeting. The key audit partners took part in the Supervisory Board's discussions on these documents, and reported on the main findings of the audit. In accordance with Section 312 of the Stock Corporations Act, the Supervisory Board examined the report and found it to be in order.

The auditors granted the certification pursuant to Section 313 (3) AktG as follows:

"Based on our audit and assessment carried out in accordance with our duties and obligations as auditors, we confirm that

1. the statements of the report are factually accurate,

2. in the case of the legal transactions set forth in the report, the performance by the Company was not unreasonably high."

The Supervisory Board noted the auditors' audit findings with approval. On completion of its examination, the Supervisory Board raises no objections to the declaration issued by the Executive Board at the end of the report regarding relationships with affiliated companies.

The Supervisory Board expresses its thanks and appreciation to the Executive Board, the Group company management teams, and all employees for their work, dedication, and loyal contribution to the Group's success in 2020.

Essen, March 2021

On behalf of the Supervisory Board

Pedro López Jiménez
Chairman

MARCELINO FERNÁNDEZ VERDES
(CHAIRMAN OF THE EXECUTIVE BOARD)

NIKOLAUS GRAF VON MATUSCHKA

JOSÉ IGNACIO LEGORBURO

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 Americas and Asia Pacific divisions. From March 2014 to October 2016, he was Chief Executive Officer (CEO) of HOCHTIEF's Australian Group company CIMIC, and Executive Chairman at CIMIC from June 2014 until November 2020. In May 2017, he became member of the Board of Directors of HOCHTIEF's majority shareholder, Grupo ACS, as CEO. Since May 2018, he has been President of the Board of Directors of HOCHTIEF's financial holding Abertis. Mr. Fernández was appointed Abertis Chairman on May 18, 2018.

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 1994, he became General Manager of OCP and in 1997, 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, 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. 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, Sassenfeld has also been Chief Financial Officer (CFO) of HOCHTIEF Solutions AG.

Peter 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, Sassenfeld worked for the Krauss-Maffei 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 activities in the PPP, real estate, and facility management segments in the HOCHTIEF 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 and was directly responsible for several segments and regions of HOCHTIEF's European business. Since February 2013, he has been a member of the Executive Board of HOCHTIEF Solutions AG and was appointed Chief Executive Officer (CEO) of HOCHTIEF Solutions in May 2014. 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). He is responsible for the Group companies Infrastructure and Engineering in the Europe division.

In May 2014, Legorburo was appointed as a member of the Executive Board and Chief Operating Officer (COO) of HOCHTIEF Solutions AG. He has over 25 years' experience in the European construction sector. Previously, he headed the ACS construction subsidiary Dragados as European Managing Director and expanded its business within Europe, with a 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. Legorburo studied civil engineering at the University of Madrid.

HOCHTIEF on the capital markets

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

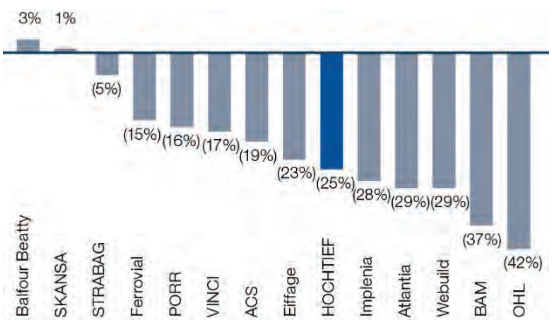
European stock market development

European stock markets started 2020 with solid gains and some country indices reached all-time highs by mid-February. Subsequently, however, increasing concerns regarding Covid-19 and the impact of the pandemic sharply impacted stock markets globally. The German DAX index fell an unprecedented pace dropping by almost 40% from February 19, 2020 to March 18, 2020. Strict lockdown measures to limit the spread of Covid-19, immediate aid packages from governments and central banks alike and first positive news on a Covid-19 vaccine development supported a stock market recovery in the remainder of the year. The performance of individual stocks showed an unusually high degree of variance with cyclical sectors underperforming the wider market trend while stay-at-home stocks performed very strongly. The DAX index increased by 4% for the whole of 2020 (+26% in 2019) and the MDAX by 9% (+31% in 2019) while the sector index STOXX Europe 600 Construction and Materials fell by -3% (+35% in 2019).

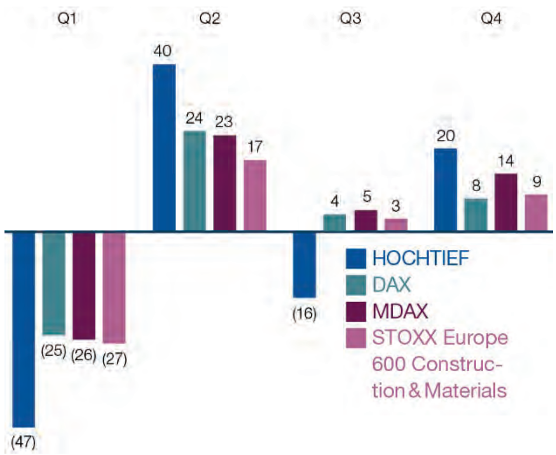
Performance of HOCHTIEF shares

The HOCHTIEF share price ended the year at EUR 79.55. Including the dividend of EUR 5.80 per share, the total shareholder return stood at -25% for 2020.

Total shareholder return versus peers (2020)



Total shareholder return by quarter in % (2020)



HOCHTIEF stock: Key figures

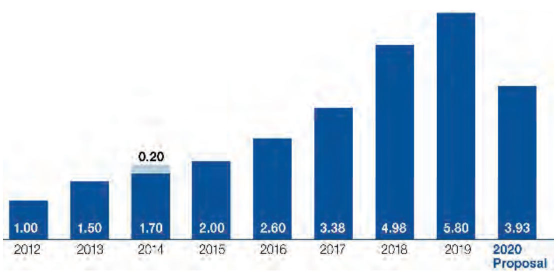
		2020	2019
Number of shares outstanding[1]	million	70.6	70.6
Average number of shares	million	69.4	70.6
Market capitalization[1]	EUR million	5,620	8,033
High	EUR	120.60	143.50
Low	EUR	43.90	94.65
Close	EUR	79.55	113.70
Shares traded (average per day on Xetra)		188,846	113,966
Shares traded (average per day on Xetra)	EUR million	15.0	13.2
Dividend per share	EUR	3.93 [2]	5.8
Total dividend payout	EUR million	278 [2]	406
Earnings per share (operational)	EUR	6.87	9.47
Earnings per share (nominal)	EUR	6.16	(2.92)

[1] As of year-end
[2] Proposed dividend based on the number of total shares outstanding

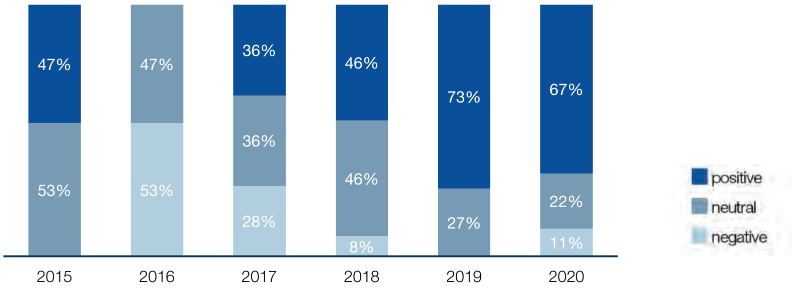
Shareholder remuneration

HOCHTIEF continues to focus on attractive shareholder remuneration. Reflecting the Group's resilient profit and cash generation performance and supported by a positive outlook for core markets as well as our strong investment grade rated balance sheet, the proposed dividend is EUR 3.93 per share, notwithstanding Covid-19. This corresponds to an unchanged dividend payout ratio of 65% of nominal net profit. Over the last eight years, the Group has paid out EUR 23.16 of dividend per share for a total of EUR 1.6 billion.

Dividend development



Analysts' rating distribution (end of year)

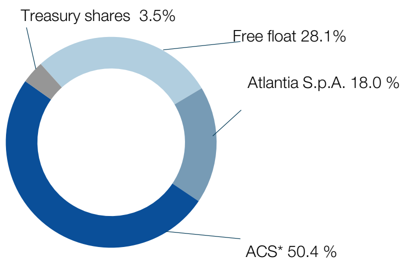


Share buyback

Under a share buyback program announced on March 9, 2020, a total of 2,436,917 shares were repurchased at an average purchase price of EUR 68.96. The share buyback program was based on the authorization of the Annual General Meeting of May 11, 2016 and updated by the authorization granted by the Annual General Meeting of 28 April 2020. The program concluded on December 31, 2020.

Shareholder structure

HOCHTIEF's total shares outstanding remained unchanged at 70.65 million shares during 2020. The largest shareholders remained unchanged with ACS holding a 50.4% stake (35,611,834 shares) and Atlantia holding 18.0% (12,725,470 shares). As a result of the share buyback executed during 2020, HOCHTIEF now holds 3.5% or 2,459,263 treasury shares at year-end (22,346 end of 2019). As a result, the free float now stands at 28.1% at the end of 2020 compared to 31.6% end of 2019.



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

Analysts

The analyst community continues to recognize HOCHTIEF's strong market position in developed markets and diversified activities. At the end of the year, HOCHTIEF continues to have a historical high proportion of Buy ratings with 6 Buy, 2 Hold and 1 Sell recommendations. The analysts' average target price stood at EUR 91 per share by year-end, which provided an upside potential of more than 14% at that time. Latest ratings and the average target price of our analysts are available on our website (www.hochtief.com/investor-relations/hochtief-share).

Capital markets communication

Transparent and timely communication with the markets is a key priority for HOCHTIEF management and our Capital Markets Strategy/Investor Relations department. During 2020, we participated in a series of virtual international investor conferences and regularly presented our quarterly results to the market via conference calls. All activities were reported on a timely basis on our website where we also provide a wide range of additional information (www.hochtief.com/investor-relations).

HOCHTIEF recognized for strong sustainability performance

As on several previous occasions, HOCHTIEF was recognized for its strong sustainability performance once more in 2020 and qualified for inclusion in several major sustainability indices. For the 15th year in a row, the Group was included in the internationally recognized Dow Jones Sustainability Index (DJSI) World. Based on its good score in the DJSI, HOCHTIEF has once again been listed in the RobecoSAM Sustainability Yearbook. The Group was awarded a bronze medal in "Construction and Engineering" meaning that HOCHTIEF ranks among the top ten percent of companies in its industry worldwide. In 2020, Deutsche Börse has included HOCHTIEF in a newly created index for sustainable companies. The DAX 50 ESG takes into account the biggest listed German corporations not only in terms of market capitalization and trading volumes, but also evaluates how intensively companies deal with environmental protection, social issues and good corporate governance. Furthermore, the company's shares remain listed in the FTSE4Good Index. And we are likewise longstanding participants in the Carbon Disclosure Project (CDP)[1], where HOCHTIEF has once again received a B rating, putting the Group above the average among all companies assessed.

[1] See glossary.

MIZAL

Striking architecture: The MIZAL office building is being developed in Düsseldorf's fashionable former docklands. Generous glazing elements suspended from the zigzag floor geometry create a panoramic frontage. MIZAL, which targets DGNB Gold certification, forms part of a dynamic campus-style office district.


GER

Combined Management Report
Group Structure and Business Activities

Group Structure 2020

Group structure 2020

The operating companies within the HOCHTIEF Group are organized under the three divisions HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe. The HOCHTIEF portfolio was supplemented with a 20% stake in toll road operator Abertis Infraestructuras. This stake has been reported in the Abertis Investment Division from the end of 2019. Abertis is the leading international toll road operator by kilometers managed and manages high-capacity roads in several countries in Europe, the Americas, and Asia.

BIC Contracting LLC (BICC), Dubai, United Arab Emirates, in which HOCHTIEF Group company CIMIC holds a 45% interest, is a building construction and civil engineering company that operates in the Middle East region. CIMIC decided as early as in 2019 to exit the Middle East region. The strategic review conducted in this context was completed at the beginning of 2020. On February 15, 2021, CIMIC announced the signing of a purchase agreement with SALD Investment LLC ("SALD") for the sale of BICC. BICC is hence classified as a discontinued operation in accordance with IFRS 5 and accounted for as such as of December 31, 2020. The CIMIC Group's business activities in the Middle East were not part of the HOCHTIEF management focus and had no impact on the overall management of the HOCHTIEF Group. For this reason, the Management Report concentrates primarily on continuing operations.

The structure reflects the Group's strong regional presence, focused on developed markets.[1] The global footprint in selected core markets enables the Group to exploit diverse regional market opportunities. As one of the most international companies in the construction industry, HOCHTIEF generates approximately 96% of work done outside of its German home market.

HOCHTIEF's strategic and operational management holding company directs the Group, focusing on leadership and control. Responsibility for the strategic, organizational, and operational development of the Group as a whole lies with the Executive Board and the Group corporate departments (control level). The holding company encompasses the corporate departments Legal, Corporate Governance/Compliance, Auditing, Risk Management/Organization/Innovation, Human Resources, IT, Mergers & Acquisitions, Communications, Controlling, Finance, Capital Markets Strategy/Investor Relations, Accounting and Tax, and Insurance.

Business activities of the HOCHTIEF Group[2]

A global infrastructure group specializing in activities in construction, services and mining, and public-private partnership (PPP) and concessions, HOCHTIEF spans the entire life cycle of infrastructure projects, with a focus on developed markets. HOCHTIEF delivers these services drawing on longstanding experience in development, financing, construction, and operation. With its capability portfolio and global footprint, the Group has a balanced business profile.

[1] For further information, please see page 2 as well as the Global Presence map.

[2] For further information on the divisions' business activities, please see page 2 as well as the Segment Reporting section. The Group Management Report includes information on the first-time and retrospective full consolidation of BIC Contracting LLC (BICC), Dubai, United Arab Emirates, in which HOCHTIEF Group company CIMIC holds a 45% interest, and on the classification of BICC as a discontinued operation in the reporting year. The non-financial information in the Group Management Report does not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

The Group subsidiaries have positioned themselves successfully in their markets. By cooperating closely, the operating companies and corporate departments ensure a continuous global transfer of knowledge within the Group for the benefit of our stakeholders.

We also aim to collaborate with external partners in a productive spirit of trust. Subcontractors, suppliers, and service providers are selected on the basis of transparent criteria and proven processes. They are required to comply with our high standards, in particular, by acknowledging the conditions laid down in our Code of Conduct for Business Partners.

Each of our projects is one of a kind and therefore requires tailor-made solutions. In line with our guiding principles, our work to this end is characterized by a high level of innovation and quality. Sustainability is a strategic principle guiding our activities.

Key performance indicators at HOCHTIEF

The key performance indicators used in managing the HOCHTIEF Group are net cash/net debt—subject to capital allocation— and operational net profit as these best reflect our focus on cash-backed profits.

Financial performance indicators

- Net cash/net debt
- Operational net profit

Non-financial performance indicator

- Lost time injury frequency rate (LTIFR)[1)]

[1)]See glossary.

Global presence:
HOCHTIEF is focused on developed markets. This map shows a selection of our operating companies and their geographic spread of activity according to the 2020 Group structure.

HOCHTIEF Americas
• Turner (USA, Canada) • Flatiron (USA, Canada) • E.E. Cruz (USA) • Clark Builders (Canada) (Selection of the most important activities)

HOCHTIEF Asia Pacific
• CIMIC (Australia) • Thiess (Australia, Canada, Chile, India, Indonesia, Mongolia, South Africa) • Sedgman (Australia, Canada, Chile, China, South Africa) • CPB Contractors (Australia, New Zealand, Papua New Guinea) • UGL (Australia, New Zealand, Southeast Asia) • Leighton Asia, India and Offshore (Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore) • Pacific Partnerships (Australia, New Zealand) • EIC Activities (Australia) • Leighton Properties (Australia) • Broad Construction (Australia) • Ventia (Australia, New Caledonia, New Zealand) (Selection of the most important activities)

HOCHTIEF Europe
• HOCHTIEF Solutions (Germany) • HOCHTIEF Infrastructure (Austria, Czech Republic, Denmark, Germany, Netherlands, Norway, Poland, Slovakia, Sweden, UK) • HOCHTIEF Engineering (Australia, Germany, India, Netherlands, Switzerland)) • HOCHTIEF PPP Solutions (Canada, Germany, Greece, Ireland, Netherlands, UK, USA) • HOCHTIEF ViCon (Australia, Germany, Netherlands, Switzerland, UK) • HOCHTIEF Projektentwicklung (Germany) • synexs (Germany) (Selection of the most important activities)

Abertis Investment
• Abertis Infraestructuras, S.A. (Argentina, Brazil, Canada, Chile, Colombia, Croatia, France, Hungary, India, Ireland, Italy, Mexico, Puerto Rico, Spain, UK, USA)

➲ For further information, please see www.hochtief.com/subsidiaries2020[1]

The companies featured on the map by way of example illustrate HOCHTIEF's international lineup. Activities are carried out through branches, offices or separate companies. For more information on the corporate divisions, turn to the segment reporting. Alongside HOCHTIEF Aktiengesellschaft, the consolidated financial statements take in 375 fully consolidated companies, 117 equity-accounted companies, and 76 joint operations included proportionately. This organizational presentation goes together with legal information given in the list of shareholdings. ➲
For the address and contact information of our subsidiaries and associates as well as their branches and offices, please see our website.

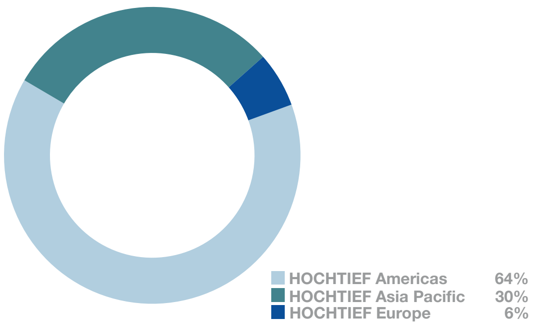
[1] Neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft

Strategy

Creating sustainable value for all stakeholders

HOCHTIEF is an engineering-led global infrastructure group with leading positions across its core activities of construction, services, and concessions/public-private partnerships (PPP) focused on Australia, North America, and Europe.

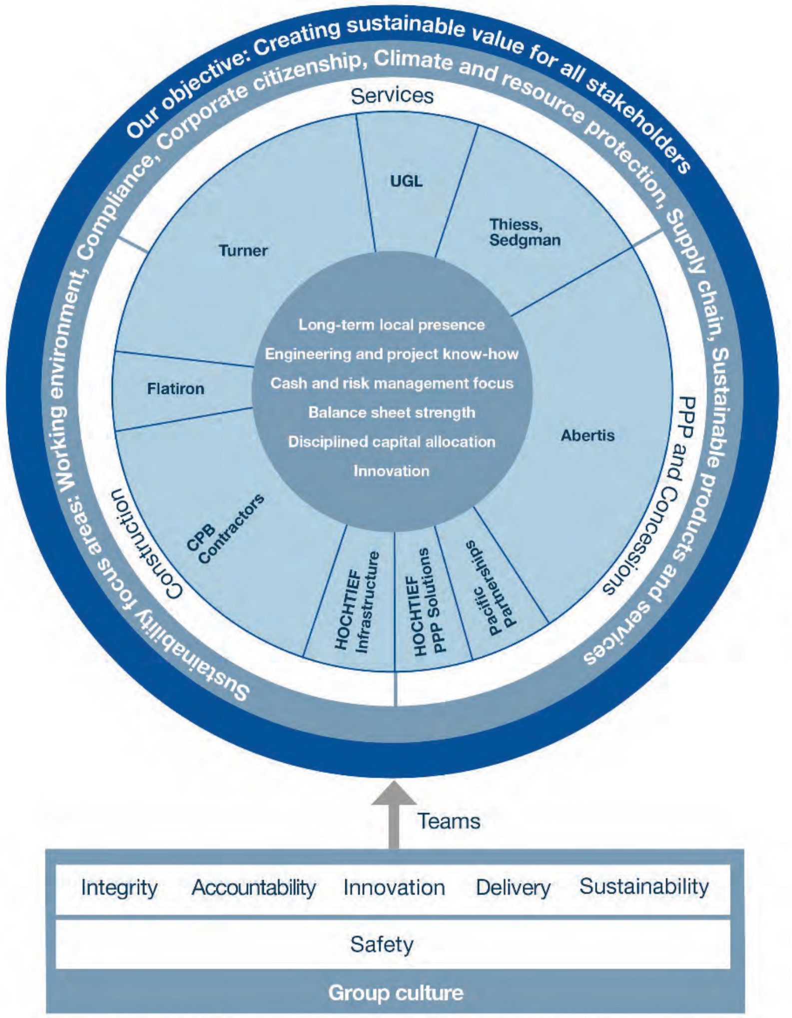
Sales by division (2020)



For almost 150 years, HOCHTIEF has been delivering complex projects for its clients based on its core competence of construction. The Group's capabilities today also include engineering, mining, and maintenance services as well as (greenfield) public-private partnerships projects and brownfield concessions[1]. We provide these services in selected regions, mainly in developed markets. As a leading infrastructure group—based on share of sales—HOCHTIEF today spans the entire life cycle of infrastructure projects. As a result, the Group has a balanced business profile in terms of cash flow visibility, capital intensity, and margins.

The HOCHTIEF vision looks to the future: "HOCHTIEF is building the world of tomorrow." Our business activities are based on a common corporate culture with shared values. The Group's values are represented by five guiding principles: integrity, accountability, innovation, delivery, and sustainability—all underpinned by the precondition of safety. These principles apply to all employees at HOCHTIEF, as well as to all work areas, both operational and strategic. Our integrated approach to projects fosters a culture of collaboration among our Group companies to the benefit of our stakeholders.

Strategy and risk diversification profile



(The graphic depicts selected Group companies and an order of magnitude for the normalized contribution to Group results.)

Our strategy is to further strengthen HOCHTIEF's position in its core markets and to pursue market growth opportunities while sustaining cash-backed profitability and a rigorous risk management approach. Our businesses are flexible, allowing Management to quickly adapt to varying market conditions. Active and disciplined capital allocation is a high priority for us. We continue to focus on attractive shareholder remuneration as well as investing in strategic growth opportunities to create sustainable value for all stakeholders.

[1] See glossary.

Key elements of our strategy aimed at achieving our objectives are as follows:

Focus on activities and geographies with strong competitive positions

With a goal to deliver a sustainable increase in profitability, risk management is a key process and amongst others includes a decision on the scope of activities and the geographic footprint. We focus on the strong competitive positions that our subsidiaries have with an aim to foster the existing positions and address the existing and new market growth opportunities. Opportunities to expand geographically and in related activities are tackled in a very disciplined fashion based on our governance, risk, growth, and return requirements.

Construction

With our expertise encompassing design, financing, construction, operation and maintenance of transportation, energy, social, and urban infrastructure, we are well positioned to benefit from both public and private investments in projects that deliver new or upgrade existing infrastructure. Our local teams draw on in-depth experience in executing complex projects with a view to driving a successful outcome for everyone involved. Our key subsidiaries have a decades-long track record of success in their markets:

- **Turner,** our construction management company, is once again ranked No. 1 in the U.S. in general and green building in 2020, according to the ranking compiled by the reputed Engineering News-Record[1]. Turner holds leading positions in the United States in the construction of educational and healthcare facilities as well as office buildings.
- **Flatiron** ranks among the top civil engineering contractors in the U.S./Canada.[2]
- **CPB Contractors** is one of the largest civil engineering and building contractors in Australia.
- **Leighton Asia** offers comprehensive construction services primarily in Hong Kong and other selected Southeast Asian countries.
- **HOCHTIEF** is a leading contractor in Germany and several neighboring countries for civil engineering and building construction.

Services

Our diversified services footprint addresses two dedicated key activities: on the one hand, mining services, and on the other, engineering, construction, and maintenance services.

Our mining activities come under CIMIC companies Thiess and Sedgman. **Thiess**, the world’s largest mining services provider, operates both open-cut and underground mines in Australia, Asia, Africa, and the Americas in 25 projects for various commodities. In October 2020, the CIMIC Group announced that it had signed an agreement with funds advised by Elliott Advisors (UK) Limited. That agreement provides for the acquisition by Elliott of a 50% equity interest in Thiess. The agreement reflects Thiess’ ongoing strategic importance. Together with Elliott, CIMIC plans to pursue market opportunities in line with Thiess’ growth and diversification strategy. On December 31, CIMIC announced it had completed the sale of 50% of Thiess. The price for 50% of the equity interest in Thiess implies an enterprise valuation of approximately AUD 4.3 billion (based on 100% of Thiess).

The agreement does not include mining specialist **Sedgman**. This CIMIC Group company provides customized solutions for the design, construction, and operation of state-of-the-art mineral processing plants and associated mine-site infrastructure.

Most of the services activities in the HOCHTIEF Asia Pacific division are carried out by **UGL**, which serves the market with end-to-end solutions for the entire life cycle of critical assets in power, water, resources, transport, and social infrastructure.

PPP and concessions

Our concessions/PPPs portfolio has a broad base that includes not only greenfield but also substantial brownfield activities[3].

Our subsidiary **HOCHTIEF PPP Solutions** focuses on greenfield PPP project development in Europe, including investing own equity into the project companies while at the same time delivering major parts of the construction work. In Australia, the same activity is led by **Pacific Partnerships** within our Group company CIMIC.

We are present in the brownfield market via our 20% stake in the leading international toll road operator **Abertis**, which primarily operates in France, Spain, Brazil, Chile, North America, Mexico as well as other markets. Abertis manages a total of over 8,300 kilometers of toll roads in 16 countries.

Together with our majority shareholder ACS, HOCHTIEF has a combined track record since 1985 of being the largest PPP developer by number of transportation concessions and invested capital, which affords us unparalleled breadth and depth of experience.

[1] According to Engineering News-Record ranking 2020

[3] See glossary.

[2] Based on the share of sales

Focus on sustainable and cash-backed profitability

Achieving sustainable profits which are consistently backed by cash generation is a core element of our strategy and the basis for an attractive shareholder remuneration policy as well as further strategic growth investments.

The Group generated net cash from operating activities from continuing operations pre-factoring of EUR 1.1 billion on an underlying basis in 2020 with a solid performance in the seasonally strong fourth quarter which accounted for over 80% of the Group's annual figure. Net operating capex, driven by mining and job-costed tunneling works, was EUR 371 million versus EUR 518 million in 2019.

HOCHTIEF ended December 2020 with a net cash position of EUR 618 million. Adjusting for shareholder remuneration and non-operating effects, HOCHTIEF would show a net cash position of EUR 1.62 billion which compares with EUR 1.52 billion at the end of 2019.

Continuous focus on risk management

In all our projects, effective risk management is essential. Effective risk management requires constant improvements. That is why we work continuously to adapt and optimize our risk management processes[1] and, in doing so, contribute toward enhancing profitability. We focus on selected, attractive markets where our engineering and project management know-how coupled with the benefits of a long-term local presence provide a sound basis for execution of our core activities, and constantly evaluate market opportunities with a view to complementing our activities accordingly.

Diversification and optimization of the financing instruments

Improving the financial structure is an ongoing strategic goal for HOCHTIEF. Diversifying the available financing instruments and notably expanding short-term and long-term debt financing sources, including outside of the traditional banking market, is key to attaining that goal.

In this connection, HOCHTIEF launched a commercial paper program with a ceiling of EUR 750 million in May 2020. Under this program, bonds with a maturity of up to one year may be placed on a continuous basis. This enables HOCHTIEF Aktiengesellschaft to participate in the current negative interest rates on short-term corporate bonds and make short-term liquidity management even more flexible.

The use of promissory note loans, private placements, and public bond issues on attractive terms to refinance existing debt significantly extends the maturity profile, additionally reduces average interest expense, and further expands HOCHTIEF's investor base.

Active and disciplined capital allocation a key priority for management

Capital allocation remains a key priority for management. We follow an active and disciplined approach to the opportunities we identify, including strategic acquisitions, PPP investments as well as additional shareholder remuneration through dividends and share buybacks.

Accelerating innovation by making use of digital developments[2]

HOCHTIEF works with the Group's operating companies to actively drive digitalization in its core activities via Nexplore, a dedicated company set up in 2018. Nexplore operates through innovation centers located in Essen, Frankfurt/Darmstadt, Madrid, Minneapolis, Sydney, and Hong Kong, and also collaborates with leading universities and IT companies. The goal is to systematically examine trends, programs, and hardware in the IT sector for potential applications in our business segments as well as to develop custom software, tools, or processes for our industry. Nexplore consequently addresses the opportunities for artificial intelligence, virtual reality, machine learning, the Internet of Things, and Industry 4.0. Through the products and processes developed by Nexplore, HOCHTIEF aims to continuously increase its efficiency, raise execution quality, and improve project controlling. An initial suite of solutions are already in use. These innovations deliver immediate benefits to our employees, clients, and project partners. Nexplore also aims to market the products it develops commercially and open up new sources of revenue for HOCHTIEF.

Innovation has always been a major focus in the Group. We have further stepped up our efforts here through Nexplore. The ability of our workforce to quickly adapt to changing conditions is paying off amid the Covid-19 pandemic. Displaying a high degree of individual responsibility and great agility, they have ensured that all in all, our projects continued to move ahead successfully despite the major challenges caused by the Covid-19 pandemic.

[2] The non-financial information in this section do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

[1] For further information, please see the Opportunities and Risks Report.

[1] The content in this section is not part of the statutory audit of the annual financial statements and consolidated financial statements but is subject instead to a separate assurance engagement in accordance with ISAE 3000, providing limited assurance, by KPMG AG Wirtschaftsprüfungsgesellschaft. The non-financial information does not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

[2] For further information on the LTIFR, please see the Occupational Safety and Health section.

Further enhancing our attractiveness as an employer[1]

HOCHTIEF and its Group companies are attractive employers in the markets they serve—a reputation we aim to maintain and further enhance. A skilled and dedicated workforce is critical to our business success. In future years, too, HOCHTIEF aims to offer its employees challenging and fulfilling jobs with safe, fair working conditions. Our human resources management is geared to finding the right people for each project and securing their lasting loyalty to the Group. We are committed to ongoing training and invest in individual development.

Occupational safety and health are priorities. We work continuously to optimize safety. In addition, we have established the lost time injury frequency rate (LTIFR) as a non-financial performance indicator. Our target remains to further reduce LTIFR.[2]

Sustainability[1]

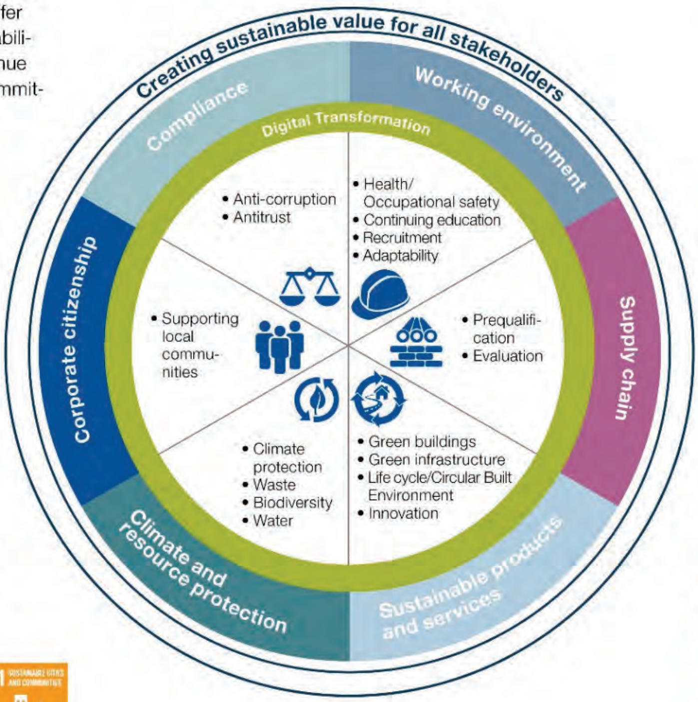
Our sustainability strategy forms an integral part of the Group strategy, with which we generate value for all stakeholders. We define sustainability as a systematic approach to harmonizing economy, ecology, and social responsibility across all our business activities with the aim of securing the long-term viability of the Company. To this end, we apply a 360-degree focus, taking in all of our business segments and operating activities. At all times, we keep in mind and make the best possible allowance for the interests of other stakeholders such as suppliers, subcontractors, and also residents in the vicinity of our projects.

HOCHTIEF's main sustainability focus areas, taking into account the Sustainable Developement Goals (SDGs)

Focus area: Corporate citizenship
Our goal: In line with our focal sponsorship activities—firstly, educating and promoting young talent, and secondly, shaping and maintaining living spaces—we aim to demonstrate social responsibility, especially wherever our company operates or can offer added value by virtue of its capabilities. In addition, we aim to continue building on our longstanding commitment to Bridges to Prosperity.

Focus area: Compliance
Our goal: We aim to set compliance standards.

Focus area: Working environment
Our goal: We aim to further strengthen our position as a sought-after employer.



Focus area: Supply chain
Our goal: As a partner to subcontractors, we aim to redouble our efforts to ensure fair, transparent procurement processes and further step up purchases of products and materials with a sustainability label.

Focus area: Climate and resource protection
Our goal: We aim to conserve natural resources. We aim to reduce carbon emissions both independently and together with our clients and partners.

Focus area: Sustainable products and services
Our goal: We aim to execute our projects responsibly. For this reason, we take a 360-degree approach to our projects and ensure a high level of quality throughout.

Human rights is an interdisciplinary topic worked on in various focus areas and functions.
The digital transformation is a driver with direct impact on all focus areas.

The strategic development of sustainability management is coordinated by the Corporate Responsibility (CR) organizational structure. A CR directive governs the processes and specifies standards. The work of both the CR function and the CR bodies, particularly the CR Committee, is geared toward the ongoing strategic and operational fine-tuning of sustainability at HOCHTIEF. The Executive Board member responsible for CR and all other members of the Executive Board are provided with regular reporting on current developments in CR matters.

An integral part of the CR organization is stakeholder management. This involves collating and strategically incorporating stakeholder needs—a key element in making sure that our selected focus areas are both relevant and valid.

Business success through sustainable action

As a global infrastructure group, we take responsibility for direct environmental and social impacts, while aiming to have a positive effect. This is why HOCHTIEF considers sustainability to be part and parcel of results-oriented business, flanking the performance maximization goal in contracting. We aim to preserve, create, and grow value for clients and for the Group alike. This mindset is deeply rooted in our corporate vision and our Group's guiding principles[1], which explicitly include sustainability as a precondition. Aspects of sustainability also affect our Company—we both actively address risk and aim to harness opportunities. At the same time, our corporate success is tied to environmental conditions, giving rise to risks that we actively address and opportunities that we exploit.

Within our markets, we contribute in various ways, including with green buildings, sustainable infrastructure, and environmentally and socially responsible construction processes. Innovations in products and services lead to tailor-made, resource-conserving solutions in our business segments.

We work constantly to enshrine Corporate Responsibility issues ever more deeply throughout the Group. Over the long term, we aim for full integration of CR into financial reporting as well as for further improvements in sustainability planning and control. HOCHTIEF aims to maintain its leading position as provider of sustainable infrastructure solutions.

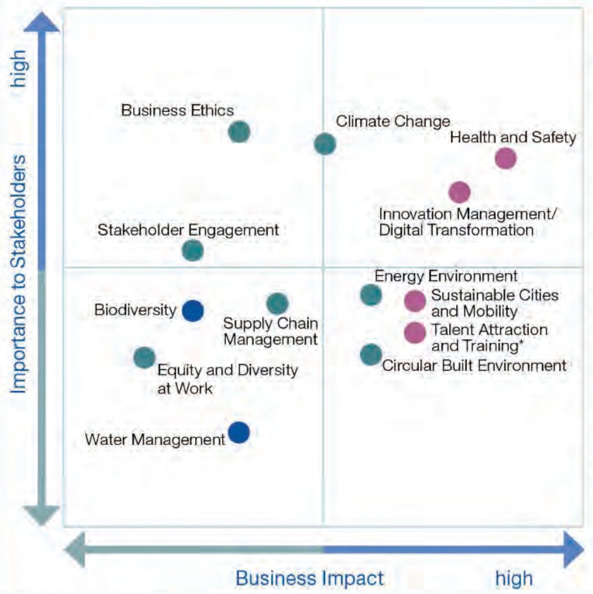
Materiality approach is reviewed regularly

The selection of key sustainability focus areas is subject to regular review with regard to business relevance, impacts, and stakeholder interests. Such a review was again conducted with both external and internal stakeholders in 2020. Material issues were identified in interviews and workshops.[2] Issues are prioritized according to their relevance to HOCHTIEF and their impact on the Group. The impact of HOCHTIEF's business activities on each of the individual aspects

[2] BICC was not included in HOCHTIEF's materiality analysis in 2020 or in prior years, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

[1] For further information, please see our vision and guiding principles.

Materiality matrix 2020



Survey topics grouped under HOCHTIEF's focus areas

Working environment
Health and Safety
Talent Attraction and Training
Equity and Diversity at Work

Sustainable products and services
Sustainable Cities and Mobility
Circular Built Environment
Innovation Management/Digital Transformation

Compliance
Business Ethics

Climate and resource protection
Climate Change
Water Management
Biodiversity
Energy Environment

Supply chain
Supply Chain Management

Corporate citizenship
Stakeholder Engagement

Interdisciplinary topics
Observance of Human Rights

● Acceleration Topics ● Sustainability Enablers ● Material issues with local execution

*During the validation and finetuning of the matrix, 'Adaptability' was integrated into the Talent attraction and Training issue.

● Acceleration topics: Large impact on the business, major importance for stakeholders, and material to HOCHTIEF's success

● Sustainability enablers: Enabling factors for addressing the acceleration topics and other material topics

● Material issues with local execution: Execution with strong local focus based on global stipulations was included in the analysis and double-weighted in the scores for “Business Impact.” HOCHTIEF’s potential impacts in the next three years were also incorporated, with single weighting, on the basis of trend analyses.

The outcomes were subsequently evaluated at management level and the materiality matrix adopted (see chart, “Materiality matrix 2020”). A material new aspect, “adaptability”, was included in the working environment focus area. “Circular built environment” was added under “life cycle”, an existing material aspect. We identified “digital transformation” as a driver with cross-cutting impacts on all focus areas. The individual movements do not otherwise have any impact on the material topics in accordance with GRI.

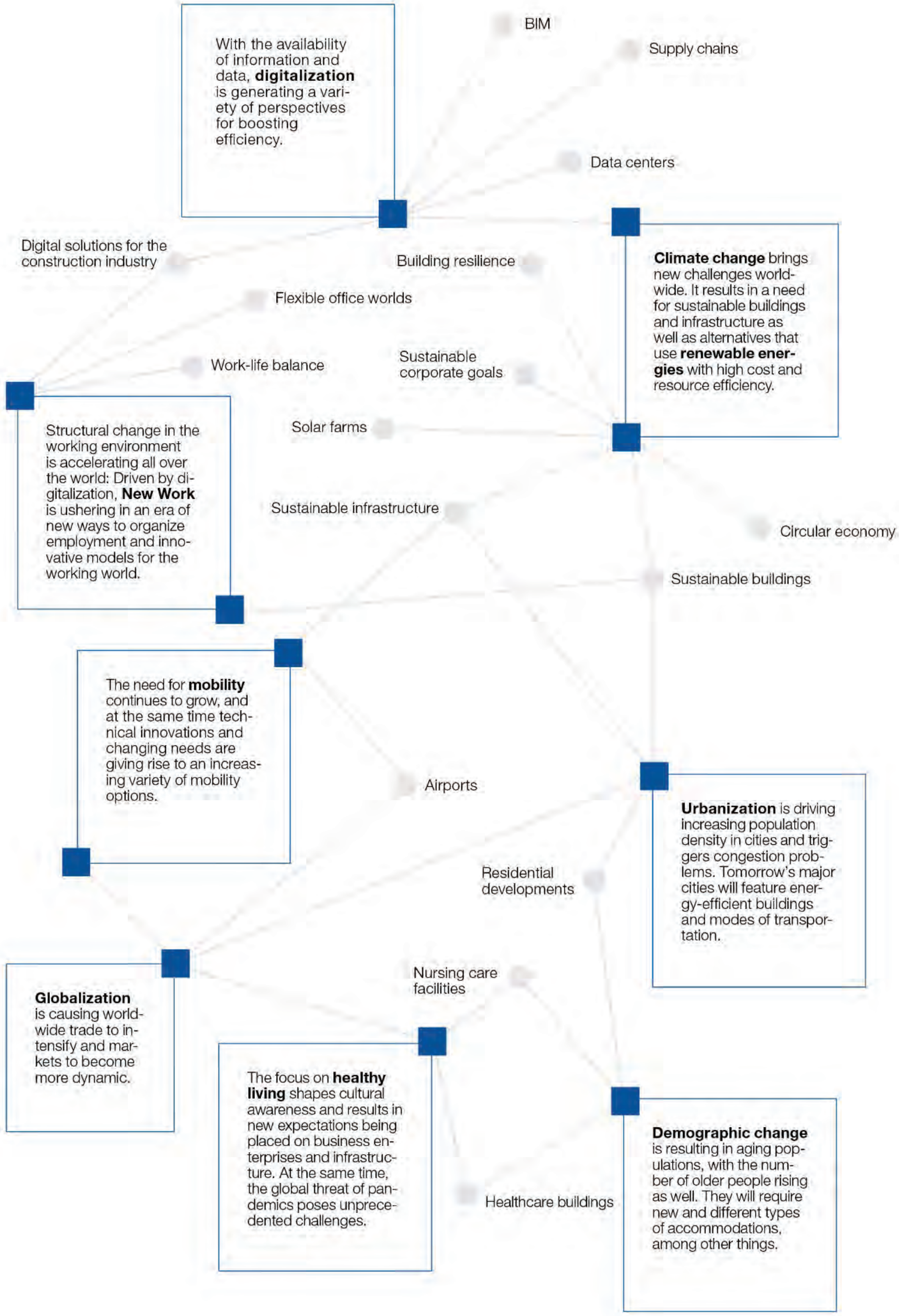
Following this process, HOCHTIEF sees its six CR focus areas reaffirmed and continues to address key issues as part of its CR program.

Actively meeting challenges arising from global megatrends[1)]

In its business activities, HOCHTIEF responds to all global megatrends. Alongside increasingly complex challenges, these also present us with attractive opportunities. Our main focus here is on organic growth opportunities driven in particular by megatrends such as globalization, urbanization, digitalization, demographic change, and climate change. We have done so in the past and keep our focus on the new opportunities that will continue to arise.

[1)]The content in this section is not part of the statutory audit of the annual financial statements and consolidated financial statements but is subject instead to a separate assurance engagement in accordance with ISAE 3000, providing limited assurance, by KPMG AG Wirtschaftsprüfungsgesellschaft.

Shaping the future: Solutions for megatrends—examples[1]



[1] The content in this section is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

MAUERSTRASSE PPP PROJECT

Makeover behind a historic facade: HOCHTIEF is transforming Deutsche Bank's former Berlin headquarters into a state-of-the-art office building. In the future, the building will house, among others, the German Federal Ministry of Health. The refurbishment under a public-private partnership contract meets the highest standards of architectural quality, functionality, energy efficiency, and landmark conservation.

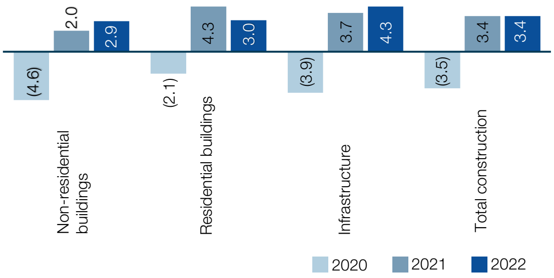
Markets and operating environment

Construction

Global construction market trends[1)]

According to IHS Markit estimates, the total volume of investments in the global construction industry reached EUR 8.7 trillion in 2020 (measured in 2015 USD). This corresponds to a 3.5% lower level compared to 2019, primarily driven by the wide ranging impacts of the Covid-19 pandemic. A positive trend is expected to return in 2021 and 2022 with growth of 3.4% in each year. Global growth during the period is expected to be driven by all major segments and regions, most notably in Asia-Pacific—which accounts for more than 50% of the total market size.

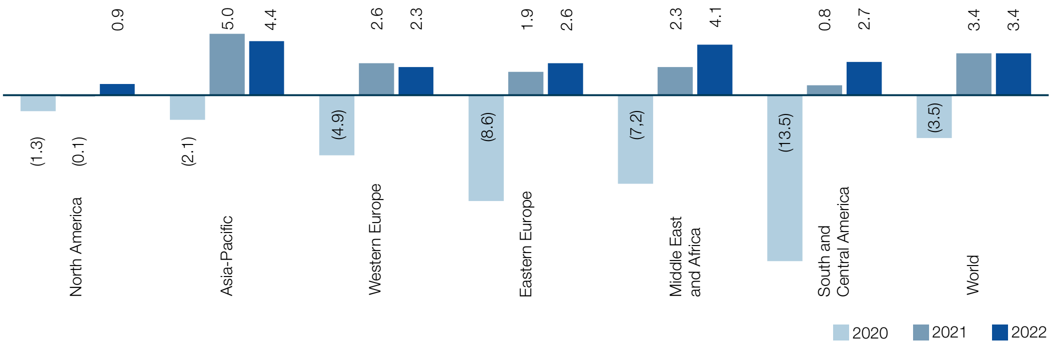
Increase in total construction sector investment by segment[2)]



[1)] Source unless otherwise specified: IHS Markit, Global Construction Outlook, as of January 2021

[2)] Percentage change on prior year, measured in 2015 USD; IHS Markit; Global Construction Outlook, as of January 2021

Increase in total construction sector investment by region[2)]



North America[3)]

The construction industry in the markets relevant for HOCHTIEF in North America slightly rose by 0.4% in 2020, which was primarily supported by a recovering residential segment in the United States (6.5% in 2020) according to IHS Markit. Total volume reached a level of about EUR 1.1 trillion. A stable overall development is expected over the coming two years with growth rates of -0.2% in 2021 followed by 0.8% in 2022.

The construction market in the **United States** is forecasted to return to 2019 levels in 2021 and 2022. The development is driven by a strong rise in residential construction activity in 2021, helped by low mortgage rates and pent-up demand. The impact is offset by expected reduction of activity in non-residential and infrastructure construction as expenditure plans are reviewed in light of the pandemic. IHS Markit forecasts do not reflect a potential infrastructure stimulus plan by the recently elected Biden administration.

In **Canada,** the construction market saw a broad-based reduction in activity in 2020 across all market segments, which are expected to recover in 2021 and with continued strong growth prospects heading into 2022. This growth is led by industrial construction and a further strength in the residential segment.

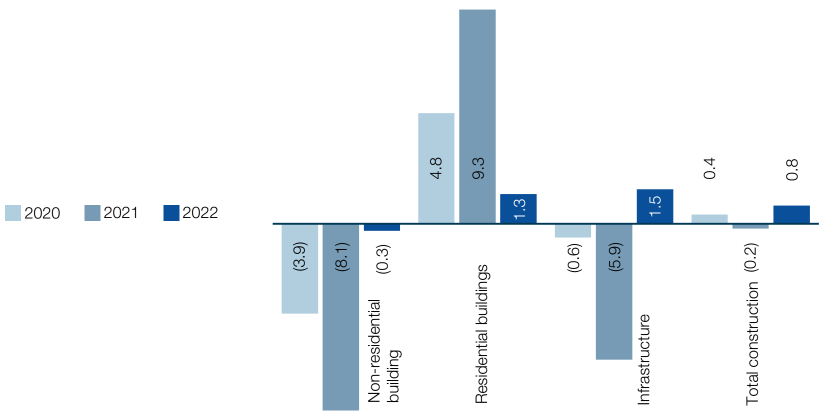
[3)] Source unless otherwise specified: IHS Markit, Global Construction Outlook, as of January 2021

Growth in HOCHTIEF's regional construction markets[1]

Region	2020 Building construction (excl. residential)	2020 Residential construction	2020 Infrastructure	2020 **Overall market**	2021 Building construction (excl. residential)	2021 Residential construction	2021 Infrastructure	2021 **Overall market**	2022 Building construction (excl. residential)	2022 Residential construction	2022 Infrastructure	2022 **Overall market**
United States	-3.6	6.5	0.0	**1.2**	-9.7	9.2	-6.7	**-1.1**	-0.9	0.7	0.7	**0.1**
Canada	-5.9	-5.2	-4.3	**-5.2**	5.6	10.1	-0.6	**6.4**	4.9	5.3	7.0	**5.5**
North America	**-3.9**	**4.8**	**-0.6**	**0.4**	**-8.1**	**9.3**	**-5.9**	**-0.2**	**-0.3**	**1.3**	**1.5**	**0.8**
Australia	-11.3	-7.6	-9.2	**-9.0**	0.5	1.2	1.3	**1.1**	3.8	1.7	5.5	**4.0**
New Zealand	-5.9	-5.6	-5.0	**-5.5**	2.5	5.9	2.6	**4.1**	3.9	4.4	3.7	**4.1**
Southeast Asia[2]	-12.9	-13.6	-13.9	**-13.5**	4.3	4.4	7.7	**5.4**	4.6	4.4	5.9	**5.0**
Asia-Pacific	**-12.5**	**-12.0**	**-12.1**	**-12.2**	**3.7**	**3.8**	**5.3**	**4.3**	**4.5**	**3.8**	**5.7**	**4.7**
Germany	-1.6	3.1	1.1	**1.7**	0.9	2.7	1.6	**2.1**	2.9	2.2	2.4	**2.4**
Netherlands	-1.5	-0.5	-1.1	**-0.9**	1.7	2.2	1.6	**1.9**	1.1	2.2	1.1	**1.7**
Austria	-5.4	0.3	-3.7	**-2.6**	1.6	1.3	1.6	**1.5**	2.5	2.2	2.0	**2.3**
Poland	-7.6	-4.4	-4.7	**-5.9**	1.0	1.3	2.3	**1.6**	2.1	1.9	2.4	**2.2**
Scandinavia[3]	-3.5	-0.7	-3.2	**-2.2**	1.5	1.6	2.2	**1.7**	1.8	2.4	2.7	**2.3**
Czech Republic	-10.2	-3.4	-5.2	**-6.7**	2.1	1.8	3.2	**2.6**	3.0	3.3	4.4	**3.7**
United Kingdom	-8.5	-3.2	-5.0	**-5.6**	0.5	4.1	4.0	**2.7**	3.1	2.1	4.9	**3.0**
Europe	**-5.8**	**-0.3**	**-3.0**	**-2.7**	**1.0**	**2.8**	**2.5**	**2.2**	**2.6**	**2.2**	**3.1**	**2.5**

[1] Percentage change on prior year, measured in 2015 USD; IHS Markit; Global Construction Outlook, as of January 2021
[2] Southeast Asia includes Indonesia, India, Philippines, Hong Kong and Singapore.
[3] Scandinavia includes Sweden, Norway, Finland and Denmark.

Increase in investment by sector in North America (U.S. and Canada)



Asia-Pacific[4]

In the countries relevant for HOCHTIEF in the Asia-Pacific region, growth is expected to return to a strong level of above 4% from 2021 onwards, according to IHS Markit, after a notable decline in 2020 impacted by measures implemented to contain the spread of Covid-19. Across the Group's core construction markets of Australia, New Zealand, and selected countries in the Asia-Pacific region, governments are taking steps to secure additional funding for infrastructure, seeking to accelerate projects by fast-tracking planning approvals, and implementing planning and procurement reforms. The award of numerous major projects has been delayed due to Covid-19 related disruptions, yet these stimulus measures are adding to a growing pipeline across all sectors of the construction market. Stimulus measures are supplementing ongoing investment from the private sector, and long-term spending commitments from the public sector—with government-initiated transport and social infrastructure projects expected to remain the key drivers. These commitments are reflected in the most recent federal, state and territory government plans and budgets.

Australia's Federal Government has announced AUD 14 billion (EUR 9 billion) of new and accelerated transport infrastructure projects since the beginning of the pandemic—aiming to drive significant near-term investments in major road and rail projects, road safety, and community infrastructure—increasing the Federal Government's 10-year transport infrastructure pipeline to AUD 110 billion (EUR 69 billion).[5] At the same time, state and territory governments are also progressing with major transport and social infrastructure programs in their most recent budgets, which are complemented by substantial economic stimulus and support measures in response to the Covid-19 pandemic including additional infrastructure investments. Growth across all major subsectors is expected to slowly recover in 2021, with a more dynamic growth in 2022, according to IHS Markit.

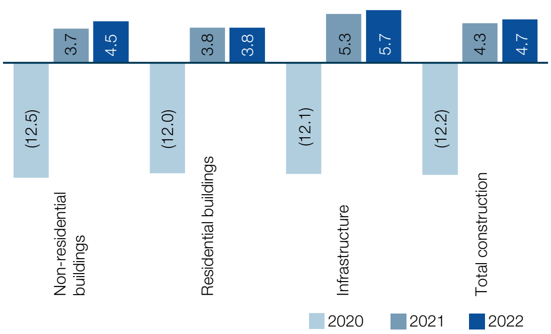
[4] Source unless otherwise specified: CIMIC Annual Report 2020, Strategy and Operating Environment Outlook, and IHS Markit, Global Construction Outlook, as of January 2021

[5] Commonwealth of Australia, Budget 2020–21, Budget Paper No. 1, 6 October 2020, p. 1-17, 1-33 and 2-19.

In **New Zealand**, the recently established Infrastructure Commission's (Te Waihanga) infrastructure pipeline grew to 1,616 projects with an estimated total value of NZD 47 billion (EUR 27.7 billion), up from NZD 21.1 billion (EUR 12.4 billion) in November 2019, as new projects continue to be added. This pipeline is based on submissions from government agencies and local councils, with transport being the largest sector followed by water and health.[1] Overall, IHS Markit expects 4.1% growth per annum in 2021 and 2022 with solid contributions from all subsectors.

Across the other construction markets in **Southeast Asia**, relatively high levels of investment in economic and social infrastructure projects, along with the removal of tendering restrictions in Hong Kong, should continue to sustain a broad range of construction opportunities.

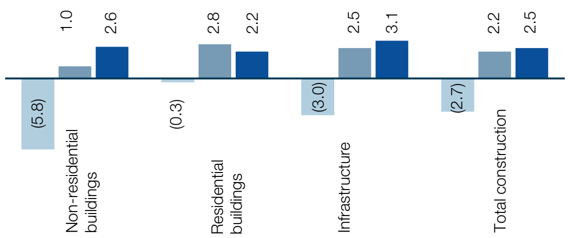
Increase in investment by sector in Asia-Pacific in the markets of relevance for HOCHTIEF



Europe[2]

In the countries relevant for HOCHTIEF in Europe, construction activity saw a mixed development in 2020, largely depending on the consequences of the Covid-19 pandemic. Notwithstanding high uncertainty levels, the construction market in **Germany** still had solid growth of 1.7% in 2020 for structural reasons including pent-up housing demand, persistently low interest rates as well as additional public spending on transport, energy, and IT infrastructure. **Elsewhere in Europe** growth rates in the low to mid single-digit negative territory have been experienced as a result of uncertainties linked to the pandemic impacting investments, Covid-19 containment measures and related changes to the award of new work. The total construction market volume reached about EUR 1.1 trillion, according to IHS Markit. The outlook for the following years is positive with growth rates of 2.2% in 2021 and 2.5% in 2022. The highest growth rates during that period are expected for the infrastructure segment with 2.5% in 2021 and 3.1% in 2022. The non-residential buildings segment is robust with growth rates reaching 1.0% in 2021 and 2.6% in 2022. These solid growth prospects are evenly spread across HOCHTIEF's core European markets which IHS Markit expects to benefit from a normalization of working conditions as well as from funds allocated via the European Recovery and Resilience Facility (RRF) and a prolonged period of low interest rates.

Increase in investment by sector in Europe in the markets of relevance for HOCHTIEF



Services[3]

Maintenance services

A sustained increase in the level of investment committed to physical assets across transport, power, renewable energy, water, defense, telecommunications, resources and social infrastructure, to meet a rising demand and address historic underinvestment, is resulting in a greater need for maintenance to keep those assets in proper working order. This increase comes at a time when existing infrastructure is aging and facing systemic maintenance underspend. Overlaying this expected market growth, asset owners are increasingly seeing the benefit of outsourcing their maintenance services to pursue operational efficiencies and to deliver productivity improvements. These factors are driving a growing maintenance backlog across the Group's markets.

The maintenance services market in **Australia** grew to AUD 47.1 billion (EUR 29.6 billion) in 2019–20, 58.4% of which was outsourced to the private sector. The outsourced segment of this market is expected to grow to AUD 31.6 billion (EUR 19.9 billion) by 2024–25, from AUD 27.5 billion (EUR 17.3 billion) in 2019–20, outpacing the growth of the overall maintenance market.[4]

[1] New Zealand Infrastructure Commission – Infracom (Te Waihanga), November 30, 2020 – https://infracom.govt.nz/news/newsletter/

[3] Source unless otherwise specified: CIMIC Annual Report 2020, Strategy and Operating Environment Outlook

[2] Source unless otherwise specified: IHS Markit, Global Construction Outlook, as of January 2021

[4] BIS Economics, Maintenance in Australia 2020 to 2034, March 2020, p. 8.

Facility services

Due to the impact of the Covid-19 pandemic, the facility management market in **Germany** did not develop as forecast in 2020.[1] Despite current uncertainties, experts predict a recovery in 2021.[2] The impact of the pandemic on work environments derives new requirements to develop flexible facility service concepts.[3] Furthermore, the pandemic expedites the digitization in facility management and "Sustainable FM" remains an ongoing trend.[4]

Mining services[5]

While there has been some market uncertainty surrounding the export of **Australian** thermal coal to the Chinese market, global economic conditions are improving, and significant fiscal stimulus is driving recovery efforts. Looking forward, the Group's mining and minerals processing businesses are driven by demand for commodities that are expected to continue to play a major role in supporting the recovery of the global economy. In the long-term, the Group's positive outlook for the mining and mineral processing market remains underpinned by sustained population growth, increasing urbanization and industrialization, rising global living standards, and limited substitutes for the major commodities mined and processed by the Group.

Australia's resource and energy exports were at a record level of AUD 290 billion (EUR 182 billion) in 2019–20, with a 3.9% rise in volumes offsetting a 0.1% fall in prices. Australian export volumes are expected to maintain a positive trajectory in the coming years, driven by demand for iron ore from China and a gradual recovery in other commodity exporting countries as Covid-19 restrictions ease and industrial production recovers. Over the next two years, export volumes of Australian iron ore, metallurgical coal, thermal coal and nickel are expected to grow by 5.2%, 4.5%, 3.8% and 36.2%, respectively.[6]

In 2019-20, mining investment in Australia grew for the first time in seven years and is projected to grow by a further 5.5%in 2020–21.[7]

Concessions and PPP

Europe

The wider European greenfield public-private partnership (PPP) market saw an overall increase in the transaction volume during 2020, but more concentrated on a smaller number of transactions.[8] Based on the activity in HOCHTIEF's current greenfield PPP pipeline, we expect the European market relevant to the Group to remain at a solid level.

In **Germany**, the pipeline of social infrastructure PPP projects is very strong, mainly procured at state and municipality level, driven by education and administration projects. The federal government's program for the procurement of eleven roads through a PPP scheme is largely progressing. The current government's coalition agreement has confirmed the current program, which therefore should lead to a good level of transportation infrastructure activity.[9]

The public roads authority in **Norway**, Statens vegvesen, continued with the procurement of major road projects through PPPs. This complements the unprecedented investment in infrastructure which is outlined in the Norwegian Ministry of Transport and Communications' 12-year National Transport Plan (NTP) for 2018–2029.[10]

In other relevant European PPP markets for HOCHTIEF, such as **UK, Greece** and **Eastern Europe**, there remains a steady flow of infrastructure and social greenfield projects.

North America

In 2020, the North American greenfield PPP market saw a steady activity level in terms of the number of transactions as well as its aggregated volume.[11] Based on the activity in HOCHTIEF's current greenfield PPP pipeline, we expect the North American market to show a robust trend in the coming years, helped by the increasing adoption of PPPs for infrastructure procurement in the U.S. and major project developments in Canada.

The PPP market in the **United States** in 2021 is expected to continue a steady activity level. Medium to longer term prospects for the accelerated adoption of PPP procurement may potentially increase due to lower post-pandemic public budgets.[12]

In **Canada**, the outlook for infrastructure procurement through PPP schemes remains positive, as current governments in Alberta, Ontario and Quebec confirmed their support for PPPs.

[1] https://www.luenendonk.de/aktuelles/presseinformationen/fahren-auf-sicht-fuer-2020-beendet-b2b-dienstleister-korrigieren-umsatzprognosen/

[2] Lünendonk®-Blitzumfrage 2020: Corona, as of October 2020; p. 24

[3] Lünendonk®-Whitepaper 2020: Workplace as a Service, Lösungen für die Real-Estate-Strategie nach Corona und der Beitrag von Facility-Service-Unternehmen; p. 22

[4] Lünendonk®-Studie 2020: Facility-Service-Unternehmen in Deutschland ; p.47 ff.

[5] Source unless otherwise specified: CIMIC Annual Report 2020, Strategy and Operating Environment Outlook

[9] Partnerschaften Deutschland: overview of PPP projects in building construction and civil engineering in Germany, December 2018

[10] Inframation News, Norway's multi-billion euro transport plan could yield more PPPs, April 2017

[11] Inframation Deals

[12] https://www.nytimes.com/2021/01/19/business/public-private-partnerships.html

[6] Australian Government (Office of the Chief Economist) Department of Industry, Innovation and Science: Resources and Energy Quarterly, September 2020, p. 7 and 15.

[7] Commonwealth of Australia, Budget 2020–21, Budget Paper No. 1, 6 October 2020, p. 1-17, 1-33 and 2-19.

[8] Inframation Deals

Asia Pacific[1)]

In the PPP markets relevant for HOCHTIEF in the Asia-Pacific region, i.e. Australia and New Zealand, federal and state governments are supporting the use of PPP procurement as part of the countries' infrastructure agendas, notably in the sectors of transport and social infrastructure.

In **Australia**, continued support for the National PPP Policy Framework, which established that projects valued over AUD 50 million (EUR 32 million) should be considered for PPP procurement, reflects the ongoing acceptance of the PPP procurement model.[2)]

In **New Zealand**, one of the newly established Infrastructure Commission's (Te Waihanga) functions is for the maintenance and development of the New Zealand PPP Model, as the Government is actively pursuing non-traditional procurement options, involving greater private-sector involvement in the provision of both infrastructure and services, where these can demonstrate greater value for money to the public sector.[3)]

Abertis investment

Toll road traffic levels have been significantly affected in 2020 by the restrictions applied by governments to combat Covid-19. In the key existing markets for Abertis (France, Spain, Chile, Mexico and Brazil) average daily traffic declined by around 21% year on year in 2020 with strong declines during Q2 2020 and some subsequent recovery. The outlook for 2021 and beyond is a function of the degree to which containment measures and vaccination programs are successful in combating the virus and therefore driving a sustained recovery in economic activity. Based on current expectations, we believe that traffic levels will show improved trends in 2021 and 2022.

[1)] CIMIC Annual Report 2020, Strategy and Operating Environment Outlook

[2)] Department of Infrastructure and Regional Development, National PPP Policy Framework, October 2015, p. 7.

[3)] New Zealand Infrastructure Commission – Infracom (Te Waihanga), Accessed December 1, 2019 - https://infracom.govt.nz/major-projects/public-private-partnerships/ppp-guidance/

Order Backlog Development in 2020[1)]

Resilient order backlog notwithstanding Covid-19 impacts on new orders

[1)] All figures refer to continuing operations only unless stated otherwise. The discontinued operations (BIC Contracting LLC in the Middle East) had order backlog of EUR 496 million in 2020 (EUR 646 million in 2019), and work done of EUR 132 million in 2020 (EUR 380 million in 2019).

HOCHTIEF secured new orders of EUR 23.1 billion in 2020 equivalent to 0.9x work done during the period. The order situation was impacted by temporary delays of project awards due to the Covid-19 pandemic, especially in the Asia Pacific division, as well as negative foreign exchange rate effects. Notwithstanding these temporary delays, the Group maintained a disciplined bidding approach across all divisions. HOCHTIEF's order backlog remained resilient at EUR 45.8 billion at the end of the reporting period, stable compared to the previous year and prior quarter on an exchange rate adjusted basis and when adjusting for the deconsolidation of 50% of Thiess.

HOCHTIEF Americas: Order backlog resilient as level of new orders exceeds work done by 8%

New orders came in at a solid level of EUR 15.4 billion during the year, equivalent to 1.1x work done. Compared to the previous year, new orders are down 7% when adjusting for exchange rate effects, due to Covid-19. Consequently, the order backlog in the HOCHTIEF Americas division was up 5% year on year on an exchange rate adjusted basis at the end of 2020. At EUR 22.6 billion, the order backlog also increased slightly compared to the previous quarter in local currency terms, highlighting the strength of the business.

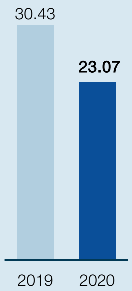
HOCHTIEF Asia Pacific: Order backlog impacted by delayed project awards due to Covid-19

New orders stood at EUR 5.6 billion, impacted by temporary delays in the award of new projects due to Covid-19. At the end of 2020, the HOCHTIEF Asia Pacific division's order backlog stood at EUR 18.9 billion, down 7% compared to the prior year and stable compared to the prior quarter if adjusting the comparable periods for the deconsolidation of 50% of Thiess and including EUR 1.9 billion from the Broadspectrum acquisition by CIMIC's Ventia.

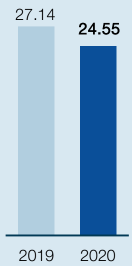
HOCHTIEF Europe: Order backlog robust amidst strong new orders in 2020

In the HOCHTIEF Europe division, a good level of new orders worth EUR 2.0 billion were recorded in 2020, with a particularly strong Q4 and in total representing 1.3x work done during the reporting period. The divisional order backlog at the end of December 2020 remained robust at EUR 4.3 billion.

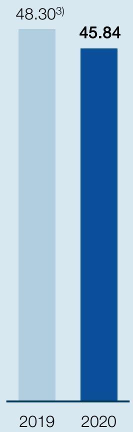
New orders[1)]
EUR billion



Work done[1) 2)]
EUR billion



Order backlog[1)]
EUR billion



New orders by region

America	67%
Asia/Pacific/Africa	25%
Germany	5%
Rest of Europe	3%

100% = EUR 23.07 billion

Work done[2)] by region

America	59%
Asia/Pacific/Africa	35%
Germany	4%
Rest of Europe	2%

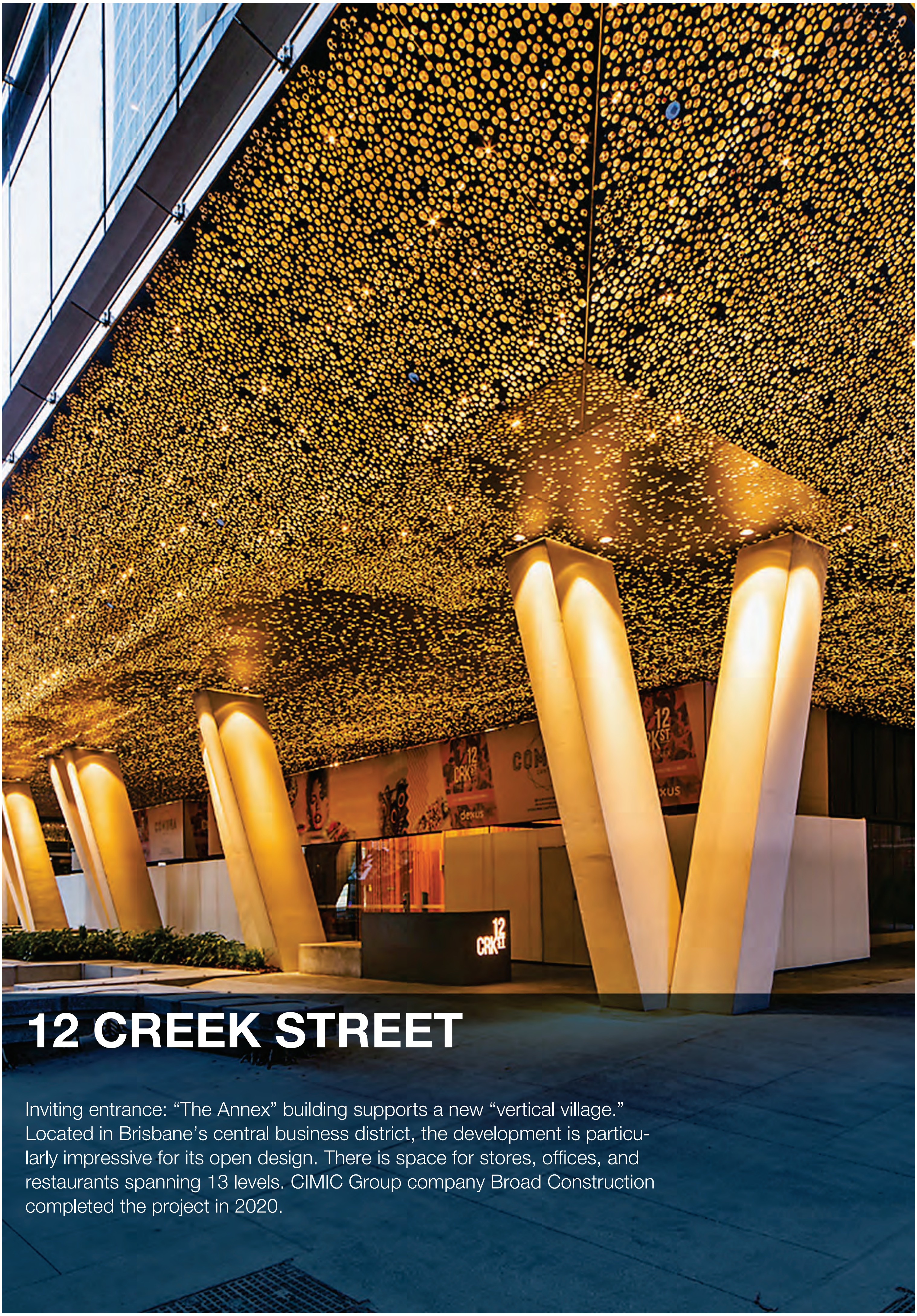
100% = EUR 24.55 billion

Order backlog by region

America	49%
Asia/Pacific/Africa	41%
Germany	7%
Rest of Europe	3%

100% = EUR 45.84 billion

[1)] All figures refer to continued operations only unless stated otherwise.
[2)] The reporting term work done 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.
[3)] Comparative periods adjusted for the deconsolidation of 50% interest in Thiess.



12 CREEK STREET

Inviting entrance: “The Annex” building supports a new “vertical village.” Located in Brisbane’s central business district, the development is particularly impressive for its open design. There is space for stores, offices, and restaurants spanning 13 levels. CIMIC Group company Broad Construction completed the project in 2020.

Value creation 2020

HOCHTIEF's value added analysis serves to show how its added value is generated while quantifying what benefit is derived from that value added for public and private stakeholder groups.

Notwithstanding the impacts of Covid-19 in 2020, HOCHTIEF continued to focus on cash-backed profits to maintain profitability and improve cash generation on Group level. Our renewed listing in the Dow Jones Sustainability Index (DJSI) is the result of our sustainable business practices. This commitment to sustainability itself further enhances our attractiveness to customers as well as on the capital and labor markets.

Net value added as a percentage of Group performance was 22.3% in 2020, at the same level as the restated net value added in the prior year. As in past years, the HOCHTIEF Group once again distributed the lion's share of net value added to employees in 2020. This large proportion of value added means that we can continue offering attractive employment on fair terms.

HOCHTIEF's unchanged favorable credit standing makes it an attractive investment opportunity for lenders in a market environment with persistently low interest rates. The proportion of value added distributed to lenders in the year under review was EUR 189.4 million, which is on a par with 2019.

Distributions to minority shareholders accounted for EUR 122.4 million of value added in 2020. The decrease relative to the prior year relates to lower Group profits due to the Covid-19 pandemic.

The proportion distributed to public authorities in 2020, at 6.0% (EUR 332.3 million), was higher than in the prior year (4.6%).

HOCHTIEF aims to afford shareholders their commensurate share in the Group's positive underlying earnings performance, correspondingly. The share attributable to HOCHTIEF and shareholders reached EUR 427.2 million in 2020, notwithstanding the negative impacts from the Covid-19 pandemic.

Sources of value added[1]

	2020 EUR million	2020 in %	2019 EUR million[2]	2019 in %
Sales	22,953.8	93.2	25,851.9	99.3
Changes in inventories	31.0	0.1	3.2	0.0
Other operating income	1,651.8	6.7	191.4	0.7
Corporate performance	**24,636.6**	**100.0**	**26,046.5**	**100.0**
Materials	(17,435.1)	-70.8	(18,989.7)	-72.9
Other operating expenses	(1,169.6)	-4.7	(1,062.6)	-4.1
Other investment expenses	(13.5)	-0.1	(25.1)	-0.1
Input costs	**(18,618.2)**	**-75.6**	**(20,077.4)**	**-77.1**
Investment and interest income	54.5	0.3	76.1	0.3
Net income from participating interests	126.8	0.5	298.7	1.2
Gross value added	**6,199.7**	**25.2**	**6,343.9**	**24.4**
Depreciation and amortization	(703.6)	-2.9	(701.3)	-2.7
Net value added	**5,496.1**	**22.3**	**5,642.6**	**21.7**

[1] Continuing operations
[2] Adjusted

Distribution of value added[1]

	2020 EUR million	2020 in %	2019 EUR million[2]	2019 in %
Employees	4,424.8	80.5	4,397.1	77.9
Lenders	189.4	3.5	195.9	3.5
Minority shareholders	122.4	2.2	177.6	3.1
Public authorities	332.3	6.0	257.9	4.6
HOCHTIEF and shareholders	427.2	7.8	614.2	10.9
Net value added	**5,496.1**	**100.0**	**5,642.6**	**100.0**

[1] Continuing operations
[2] Adjusted

HEINRICH CAMPUS

High-end working environment: The Heinrich Campus in Düsseldorf is an office complex with 40,000 square meters of office space being built for Deloitte, the auditing and consulting firm. Encouraging commuters to leave their cars at home, parking space is provided for 500 bicycles combined with changing and washing facilities as well as a workshop for quick bike repairs. Recycling-friendly, easily dismantled materials and the use of regenerative resources further enhance the project's sustainability credentials.

Financial Review

All prior-year figures are restated unless otherwise indicated.

Overview

HOCHTIEF has delivered a resilient set of results for 2020 notwithstanding the impact of Covid-19. The Group achieved a nominal net profit from continuing operations of EUR 427 million, net cash from operating activities pre-factoring of EUR 1.1 billion and finished the year with an order book of close to EUR 46 billion.

The core businesses of the HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe divisions together with our 20% investment in Abertis HoldCo S.A. (Abertis investment) were affected by the Covid-19 pandemic to varying degrees. Most of our construction, mining and service sites were able to keep operating through the reporting period. At Abertis, however, government-imposed temporary lockdowns, travel restrictions and falling in traffic volumes led to significantly lower toll road revenue. The earnings contribution from our Abertis Investment consequently fell to a negative EUR 17 million, compared with EUR 122 million in the prior year.

In the course of 2020, CIMIC entered into an agreement with funds advised by Elliott Advisors (UK) Ltd to sell 50% of its subsidiary Thiess, finalizing the transaction on December 31, 2020. The terms of the sale agreement meant that CIMIC no longer exercises sole control over Thiess and the company is now jointly controlled with Elliott. Accordingly, the transaction was accounted for as a sale of a controlled entity and Thiess ceased to be a fully consolidated entity in the consolidated financial statements. The 50% interest remaining with CIMIC was recorded as an interest in a joint venture as of December 31, 2020. Thiess-related positions have not been adjusted in the Statement of Earnings and Cash Flows for 2020 and 2019 as it was a fully consolidated entity in the consolidated financial statements until the end of 2020. Its earnings contributions will start being accounted for at equity in the HOCHTIEF Consolidated Financial Statements at the beginning of the first quarter of 2021. Consequently, CIMIC retains a core strategic interest in the mining operations at Thiess. CIMIC generated cash proceeds and a pre-tax gain of EUR 1.4 billion (AUD 2.2 billion) from the transaction as well as a post-tax gain of EUR 0.9 billion (AUD 1.4 billion). The sale proceeds were primarily used to reduce debt and strengthen the balance sheet, while also providing additional capital to pursue organic growth prospects as well as broader capital allocation opportunities.

The Gorgon LNG Jetty and Marine Structures Project (Gorgon) was undertaken by CPB Contractors, a wholly owned subsidiary of CIMIC, together with its consortium partners, Saipem SA and Saipem Portugal Comercio Maritime LDA for Chevron Australia (Chevron). On October 20, 2020, the arbitration concluded, and the Arbitral Tribunal issued an award of AUD 78 million to the Consortium (CPB and Saipem) and counterclaims of AUD 35 million to Chevron. The overall financial outcome on CIMIC's profit and loss statement in 2020 was negative AUD 1.15 billion (gross of tax, recorded against revenue and corresponding reduction of contract assets). The award has had no impact on CIMIC's operational business or cash position.

Adjusted Group sales 6% lower – negative impacts of Covid-19

Covid-19 and related impacts led in part to slower sales and temporary delays in new orders in some of the Group's regions and activities. In total, the HOCHTIEF Group generated sales of EUR 23 billion. Adjusted for exchange rates, sales were 9% down year on year. Adjusted by the Gorgon gross impact and exchange rates, sales were 6% down year on year.

Sales—continuing operations

(EUR million)	2020	2019	Change	Change f/x-adjusted
HOCHTIEF Americas	14,676.1	15,327.8	-4.3%	-1.9%
HOCHTIEF Asia Pacific	6,886.3	9,143.2	-24.7%	-22.4%
HOCHTIEF Asia Pacific adjusted*	7,611.7	9,143.2	-16.8%	-14.2%
HOCHTIEF Europe	1,265.7	1,225.5	3.3%	4.1%
Corporate	125.7	155.4	-19.1%	-17.3%
HOCHTIEF Group	**22,953.8**	**25,851.9**	**-11.2%**	**-9.0%**
Sales adjusted*	**23,679.2**	**25,851.9**	**-8.4%**	**-6.1%**

* adjusted for Gorgon and other minor effects

Sales at HOCHTIEF Americas were solid at EUR 14.7 billion versus EUR 15.3 billion in 2019 and were just 2% lower in local currency terms, notwithstanding the impact of Covid-19.

CIMIC generated sales from continuing operations of AUD 11.4 billion in 2020 (AUD 12.6 billion adjusted by the Gorgon gross impact and other minor effects). Here, Covid-19 led to temporary delays in new contract awards and slower sales in all businesses. Sales at HOCHTIEF Asia Pacific division level came to EUR 6.9 billion.

The HOCHTIEF Europe division improved sales compared with the prior year by 3% (4% f/x-adjusted) to EUR 1.3 billion. This was notably due to growth in the core construction and public-private partnership businesses.

The Group sales volume generated on markets outside Germany represents 96% of total Group sales. This puts the proportion of HOCHTIEF Group sales generated internationally on a similar level to the prior year (97%).

Operational Statements of Earnings

(EUR million)	2020	2019 (restated)	Change
Sales	**22,953.8**	**25,851.9**	**-11.2%**
Change in inventories	31.0	3.2	
Materials	(17,435.1)	(18,989.7)	
Personnel costs	(4,418.6)	(4,388.7)	
Other operating income	1,651.8	191.4	
Other operating expenses	(1,169.6)	(1,062.6)	
Net income from equity-accounted associates	106.9	282.5	
Net non-operating expenses adjustment	29.5	4.8	
EBITDA—continuing operations	**1,749.7**	**1,892.8**	**-7.6%**
Depreciation and amortization	(703.6)	(701.3)	
EBIT—continuing operations	**1,046.1**	**1,191.5**	**-12.2%**
Net interest income and other financial result	(134.7)	(137.1)	
Net non-operating expenses adjustment	(29.5)	(4.8)	
Profit before tax/PBT—continuing operations	**881.9**	**1,049.6**	**-16.0%**
Taxes	(332.3)	-257.8	
Tax rate (taxes/PBT in %)	37.7 %	24.6 %	
Profit after tax—continuing operations	549.6	791.8	
Profit after tax—discontinued operations	32.5	(1,053.1)	
Profit after tax—total	**582.1**	**(261.3)**	
Minority interest	(154.9)	55.1	
Consolidated net profit — total	**427.2**	**(206.2)**	
Consolidated net profit ex-Abertis	**444.3**	**(328.6)**	

Earnings from continuing operations
HOCHTIEF achieved solid earnings figures from continuing operations in 2020 despite the impacts of the Covid-19 pandemic.

The reporting year saw HOCHTIEF generate **EBIT** of EUR 1.0 billion, compared with EUR 1.2 billion in the prior year. This variation was mainly due to the lower earnings contribution from the Abertis investment due to the effects of the Covid-19 pandemic.

The **net interest income and other financial result** comprises the result from loans, net income from other participating interests and net interest income/expenses. In total, this came to an expense of EUR 135 million (2019: EUR 137 million).

Nominal **profit before tax (PBT)** totaled EUR 882 million, compared with EUR 1 billion in 2019. Here, too, there was an impact from the decline in earnings at Abertis and CIMIC, also due to Covid-19.

Non-operational effects amounted to EUR -80 million compared to EUR 59 million in the prior year. In 2020, investments/divestments in the amount of EUR -1.3 billion mainly related to the Thiess divestment. Write-offs in the amount of EUR 706 million mainly refer to the Gorgon accounting gross impact. Other effects in the amount of EUR 525 million were mainly at CIMIC for impairments, restructuring costs, project settlements and provisions driven by the uncertainty of Covid-19.

HOCHTIEF's **operational PBT** (nominal PBT adjusted for non-operational effects) came to EUR 802 million (2019: EUR 1.1 billion).

Profit before tax (PBT)—continuing operations

(EUR million)	2020	2019 (restated)	Change
HOCHTIEF Americas	325.9	309.8	5.2%
HOCHTIEF Asia Pacific	534.0	611.6	-12.7%
HOCHTIEF Europe	42.9	53.8	-20.3%
Abertis Investment	(17.1)	122.4	–
Corporate	(3.8)	(48.0)	92.1%
Group nominal PBT—continuing operations	**881.9**	**1,049.6**	**-16.0%**
Non-operational effects	**(79.6)**	**58.5**	**–**
Restructuring	8.8	35.3	-75.1%
Investments/Divestments	(1,319.1)	20.3	–
Write-offs (mainly Gorgon)	705.9	0.0	–
Other	524.8	2.9	–
Group operational PBT—continuing operations	**802.3**	**1,108.1**	**-27.6%**
Group operational PBT—continuing operations pre Abertis	**819.4**	**985.7**	**-16.9%**

The HOCHTIEF Americas division delivered good earnings performance in 2020. As a result of solid sales figures and improved margins, nominal PBT improved by 5% on the prior year (EUR 310 million) to EUR 326 million.

Earnings in the HOCHTIEF Asia Pacific division reflect HOCHTIEF's stake in CIMIC (78.58% as of December 31, 2020 compared with 72.8% as of December 31, 2019) as well as variations in the Australian dollar/Euro exchange rate. Nominal PBT amounted to EUR 534 million in 2020 (2019: EUR 612 million).

In 2020, the HOCHTIEF Europe division kept its focus on its core construction and public-private partnership business. These activities continued to generate a solid earnings contribution in the reporting year. In total, the HOCHTIEF Europe division generated nominal PBT of EUR 43 million (2019: EUR 54 million). Adjusted for f/x effects, PBT would have increased year on year.

Earnings contributions to the HOCHTIEF Group from the Abertis Investment reflect the Group's 20% interest in Abertis HoldCo S.A., the operating performance of Abertis, and non-cash purchase price allocation (PPA) effects. The reporting year saw a marked decrease in average traffic volumes and lower revenue from Abertis-operated toll roads as a result of extensive government-imposed lockdowns in core markets to contain the Covid-19 pandemic. The earnings contribution from the Abertis investment was consequently a negative EUR 17 million in 2020, compared with a positive EUR 122 million in the prior year, a EUR 139 million variation year on year.

Income tax expense came to EUR 332 million in 2020 (2019: EUR 258 million), with an effective tax rate of 38% (2019: 25%). The higher effective tax rate in 2020 is due to a higher tax rate at CIMIC, higher deferred tax expense and lower income from equity-accounted joint ventures and associated companies.

Nominal consolidated net profit for the HOCHTIEF Group in 2020 amounted to EUR 427 million (2019: EUR 614 million). HOCHTIEF posted **operational consolidated net profit** of EUR 477 million (2019: EUR 669 million).

Consolidated net profit/loss – continuing operations

(EUR million)	2020	2019 (restated)	Change
HOCHTIEF Americas	236.5	212.4	11.3%
HOCHTIEF Asia Pacific	229.5	294.5	-22.1%
HOCHTIEF Europe	40.2	45.4	-11.5%
Abertis Investment	(17.1)	122.4	–
Corporate	(61.9)	(60.5)	-2.3%
Group nominal net profit/loss—continuing operations	**427.2**	**614.2**	**-30.4%**
Non-operational effects	**49.5**	**54.7**	**-9.5%**
Restructuring	5.3	28.7	-81.5%
Investments/Divestments	(693.7)	21.2	–
Write-offs (mainly Gorgon)	393.5	0.0	–
Other	344.4	4.8	–
Group operational net profit—continuing operations	**476.7**	**668.9**	**-28.7%**
Group operational net profit—continuing operations pre-Abertis	**493.8**	**546.5**	**-9.6%**

Earnings from discontinued operations

Discontinued operations relate to the 45% stake in BICC. Profit after tax from discontinued operations amounted to EUR 32 million in 2020 (2019: loss of EUR 1.1 billion). The high prior-year loss was attributable to impairments in connection with the decision to exit the Middle East.

Cash flow

In 2020, HOCHTIEF continued to focus on cash-backed profitability as well as tight networking capital management.

Cashflow – continuing operations

(EUR million)	2020	2019 (restated)	Change
Net cash from operating activities pre-factoring	**1,098.1**	**1,559.4**	**(461.3)**
Net cash from operating activities	**742.8**	**1,602.5**	**(859.7)**
Gross operating capital expenditure	(397.2)	(542.5)	145.3
Operating asset disposals	26.1	24.4	1.7
Net operating capital expenditure	(371.1)	(518.1)	147.0
Free cash flow from operations	**371.7**	**1,084.4**	**(712.7)**
Free cash flow from operations pre-factoring	**727.0**	**1,041.3**	**(314.3)**
Cash flow from investing activities	**647.7**	**(966.5)**	**1,614.2**
Cash flow from financing activities	**(642.2)**	**201.0**	**(843.2)**

HOCHTIEF generated **net cash from operating activities pre-factoring** of EUR 1.1 billion in the reporting year. Despite the impact of Covid-19, the final quarter of 2020 showed a seasonally strong cash flow performance of EUR 890 million (2019: EUR 1.0 billion). Factoring volume decreased substantially in the reporting year, resulting in a negative cash flow impact of EUR 355 million. **Net cash from operating activities** came in at EUR 743 million.

The HOCHTIEF Group's **gross operating capital expenditure** amounted to EUR 397 million in 2020 (91% of this was accounted for by the HOCHTIEF Asia Pacific division, with Thiess contributing EUR 253 million), a reduction of EUR 145 million year on year. At EUR 26 million, **proceeds from operating asset disposals** were at a similar level to the prior year (EUR 24 million). **Net operating capital expenditure** resulted in a total cash outflow of EUR 371 million (2019: EUR 518 million).

Free cash flow from operations pre-factoring amounted to EUR 727 million (2019: EUR 1.0 billion), or EUR 372 million for the 2020 reporting year (2019: EUR 1.1 billion).

Cash flow from investing activities, including net capital expenditure and changes in marketable securities, shows a cash inflow of EUR 648 million for 2020 in the HOCHTIEF Group's Statement of Cash Flows driven by the EUR 1.3 billion cash inflow from the Thiess transaction. In the prior year, Group investing activities amounted to a EUR 966 million cash outflow.

HOCHTIEF recorded a EUR -642 million **cash flow from financing activities** in 2020. This included EUR 4.0 billion in new borrowing, mainly by CIMIC and HOCHTIEF Aktiengesellschaft among others to temporarily increase liquidity reserves during the corona pandemic. This was largely offset by debt repayments accounted in an amount of EUR 3.4 billion (2019: EUR 1.2 billion). These mainly related to CIMIC for payments in connection with the Middle East exit and loan repayments. An additional EUR 299 million was incurred for the repayment of lease liabilities. Furthermore, EUR 441 million in cash was used for dividend payments to HOCHTIEF shareholders and minority interests as well as EUR 338 million for stock buybacks at HOCHTIEF and CIMIC. An additional EUR 103 million was invested to increase the stake in CIMIC, which rose to 78.58% at the end of 2020 (2019: 72.80%).

Balance sheet

The HOCHTIEF Group's **total assets** came to EUR 17.0 billion at the December 31, 2020 reporting date. This represented a decrease of EUR 2.0 billion on the 2019 year-end (EUR 19.0 billion).

The structure of our Consolidated Balance Sheet was notably influenced by the Thiess transaction. Following the sale of 50% of Thiess by CIMIC, assets and liabilities relating to Thiess were deconsolidated as of the December 31, 2020 reporting date. CIMIC's remaining 50% interest is reported as a joint venture under equity-method investments.

On February 15, 2021, CIMIC announced the signing of a purchase agreement with SALD Investment LLC ("SALD") for the sale of the interest in BICC held by a subsidiary of CIMIC. Accordingly, the subsidiary is classified as a discontinued operation in accordance with IFRS 5 and accounted for as such as of December 31, 2020. The assets and liabilities of the discontinued operation are presented separately under assets held for sale and associated liabilities in the Consolidated Balance Sheet as of December 31, 2020. In 2019, the assets and liabilities of BICC were reported under the respective balance sheet items. (see Note 1 to the Consolidated Financial Statements).

Consolidated Balance Sheet

(EUR million)	**Dec. 31, 2020**	Dec. 31, 2019 (restated)
Assets		
Non-current assets		
Intangible assets, property, plant and equipment, and investment properties	1,974.2	3,187.7
Financial assets	2,472.8	2,011.8
Other non-current assets and deferred taxes	816.8	1,005.1
	5,263.8	**6,204.6**
Current assets		
Inventories, trade receivables and other current assets	5,465.9	7,846.7
Marketable securities, cash and cash equivalents	5,423.4	4,953.7
Assets held for sale	828.5	–
	11,717.8	**12,800.4**
	16,981.6	**19,005.0**
Liabilities		
Shareholders' equity	**962.6**	**1,594.9**
Non-current liabilities		
Provisions	840.2	797.2
Other non-current liabilities and deferred taxes	4,465.0	3,894.8
	5,305.2	**4,692.0**
Current liabilities		
Provisions	775.5	1,137.9
Other current liabilities	9,101.2	11,580.2
Liabilities associated with assets held for sale	837.1	–
	10,713.8	**12,718.1**
	16,981.6	**19,005.0**

Non-current assets went down in 2020 by EUR 941 million to EUR 5.3 billion. Within this figure, intangible assets fell relative to the prior year by EUR 261 million to EUR 1.0 billion. This mainly related to the disposal of goodwill recognized on initial consolidation of subsidiaries in connection with the Thiess transaction. Property, plant and equipment decreased by EUR 954 million to EUR 912 million, while right-of-use assets recognized in property, plant and equipment in connection with the application of IFRS 16 Leases went down to EUR 328 million (2019: EUR 677 million). Most of the changes in property, plant and equipment likewise relate to the Thiess transaction. As of December 31, 2020, financial assets stood at EUR 2.5 billion (December 31, 2019: EUR 2.0 billion). The increase primarily related to the change in accounting method for the Thiess investment from full consolidation to equity accounting. The book value of Abertis is reduced mainly because of dividend payments.

Current assets amounted to EUR 11.7 billion as of December 31, 2020 (December 31, 2019: EUR 12.8 billion). The decrease in trade receivables and other receivables mainly related to the deconsolidation of Thiess and a write-off of contract assets in connection with the termination of arbitration proceedings for the Gorgon project. At EUR 5.1 billion, the total trade receivables and other receivables for the HOCHTIEF Group at the end of the reporting period was down EUR 2.2 billion on the prior year-end. The HOCHTIEF Group's factoring volume decreased by a substantial EUR 644 million—thereof EUR -289 million as a result of the Thiess transaction—and stood at EUR 1.1 billion at the end of the year. With a slight increase in marketable securities to EUR 474 million and a substantial rise in cash and cash equivalents by EUR 450 million to EUR 4.9 billion, HOCHTIEF has a strong liquidity position totaling EUR 5.4 billion as of the December 31, 2020 reporting date. The additional liquidity mainly resulted from the Thiess transaction and from borrowings to temporarily increase liquidity reserves during the Covid-19 pandemic. The assets held for sale relate to the fully consolidated BICC.

HOCHTIEF Group **equity** amounted to EUR 963 million as of December 31, 2020 (December 31, 2019: EUR 1.6 billion). The main changes related to profit after tax (EUR 582 million), which was opposed by dividends (minus EUR 445 million), the effects of the increased stake in CIMIC, and the share buyback programs at

HOCHTIEF and CIMIC (minus EUR 442 million), as well as exchange rate effects (minus EUR 222 million) and other changes outside of the statement of earnings (minus EUR 105 million).

Non-current liabilities increased in 2020 by EUR 613 million to EUR 5.3 billion. Most of this related to non-current financial liabilities, which rose by EUR 551 million to EUR 4.2 billion. This mainly involved drawings on syndicated credit facilities by CIMIC and HOCHTIEF Aktiengesellschaft to temporarily increase liquidity reserves during the corona pandemic. Non-current lease liabilities recognized in connection with the application of IFRS 16 amounted to EUR 279 million as of December 31, 2020 (December 31, 2019: EUR 529 million). The decrease was mainly due to the Thiess transaction.

Current liabilities fell in 2020 by EUR 2.0 billion to EUR 10.7 billion. Within this, financial liabilities decreased by a net EUR 628 million to EUR 1.2 billion, primarily as a result of utilizing the commercial paper program, offset by repayment of a HOCHTIEF Aktiengesellschaft EUR 750 million corporate bond issue. Due to the partial sale of Thiess, lower sales, and delays in new orders because of Covid-19, trade payables and other liabilities were down by EUR 1.9 billion to EUR 7.9 billion in 2020. The assets held for sale relate to the fully consolidated BICC.

The HOCHTIEF Group's **net cash position** from continuing operations amounted to EUR 618 million as of December 31, 2020 (2019: EUR 1.5 billion). Within this, the EUR 1.3 billion gain from the Thiess sale was mainly offset by EUR 844 million in payments for financial liabilities of BICC as well as by the effects of shareholder remuneration (EUR 406 million dividends and EUR 339 million share buybacks), by increasing the stake in CIMIC (EUR 103 million), by the reduction in factoring (EUR 355 million) and currency effects (EUR 274 million).

Adjusting for the above mentioned effects—net cash pre shareholder remuneration, increase in CIMIC stake and non-operating effects—net cash would stand at EUR 1.6 billion.

HOCHTIEF Group net cash (+)/net debt (-) development—continuing operations

(EUR million)	Dec. 31, 2020	Dec. 31, 2019 (restated)	Change
HOCHTIEF Americas	1,399.5	1,467.4	(67.9)
HOCHTIEF Asia Pacific	114.1	558.6	(444.5)
HOCHTIEF Europe	544.4	511.3	33.1
Corporate	(1,440.1)	(1,008.3)	(431.8)
Group—continuing operations	**617.9**	**1,529.0**	**(911.1)**

Securing Group liquidity long-term and optimizing the financial structure

Financial events 2020

To secure a temporarily increased level of liquidity within HOCHTIEF Aktiengesellschaft on account of the corona pandemic during the reporting year, commensurate short-term borrowing was obtained in the capital and bank markets. The ongoing external investment grade rating from rating agency S&P was beneficial for HOCHTIEF in this regard. CIMIC Group Limited's ratings with rating agencies S&P and Moody's likewise remain in the investment grade rating segment.

Bank financing at HOCHTIEF Aktiengesellschaft

As temporary increase of liquidity reserves, HOCHTIEF signed a one-year syndicated cash credit facility for EUR 400 million in May 2020. Of this cash credit facility, EUR 400 million continued to be fully drawn and invested as of the reporting date.

The EUR 1.7 billion syndicated credit and guarantee facility[1)] entered into in August 2017 and maturing in 2024 continues to be one of HOCHTIEF Aktiengesellschaft's most important financing instruments. A EUR 1.2 billion guarantee facility tranche permits the furnishing of guarantees for ordinary activities, mainly in the HOCHTIEF Europe division. The EUR 0.5 billion credit facility tranche is utilized flexibly as needed and was drawn on for some of the time during the reporting year to temporarily increase liquidity reserves as a consequence of the corona pandemic. As of the reporting date, the credit facility was undrawn.

[1)] See glossary

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 have to be renewed annually, run to a total of around EUR 423 million. Approximately 14% of the facilities have been confirmed in writing by the banks for up to a year. Drawings on these short-term credit facilities were zero as of the reporting date.

HOCHTIEF Aktiengesellschaft's syndicated guarantee facility is supplemented with bilateral guarantee facilities totaling some EUR 1.4 billion as of the 2020 year-end. The various borrowing instruments secure long-term, broadly diversified funding for the Group on borrowing terms and conditions that continue to be attractive. None of the borrowing instruments taken out by HOCHTIEF is secured and all are pari-passu, with all lenders having equal seniority.

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

Capital market financing at HOCHTIEF Aktiengesellschaft

In March 2020, a maturing HOCHTIEF corporate bond with a principal amount of EUR 750 million was repaid in full. This was already refinanced in August 2019 by the issue of an eight-year and a twelve-year corporate bond on improved terms with a total principal amount of EUR 750 million.

In order to optimize and further diversify Group financing, HOCHTIEF Aktiengesellschaft launched a commercial paper program with a ceiling of EUR 750 million in May 2020. Under this program, bonds with a maturity of up to one year may be issued on a continuous basis. This enables HOCHTIEF Aktiengesellschaft to participate in the current negative interest rates on short-term corporate bonds and make short-term liquidity management even more flexible.

As in 2020 and prior years, HOCHTIEF Aktiengesellschaft will additionally continue to keep a close watch on the financial and capital markets and take advantage of any opportunities to further optimize and diversify the Group's financing.

Financing events in the Americas and Asia Pacific divisions

In January 2020, CIMIC Finance (USA) Pty Limited entered into a syndicated credit facility totaling USD 1,060 million, maturing in August 2021. The facility was drawn between February and December of the reporting year and canceled in December 2020.

In June 2020, CIMIC Finance (USDA) Pty Limited entered into a syndicated credit facility across two tranches of USD 105 million and AUD 125 million. The credit facility has a term to maturity of one year. As of the reporting date, the credit facility was undrawn.

On July 21, 2020, CIMIC Finance (USA) Pty Limited repaid the last tranche of a U.S. private placement originally issued across three tranches in 2010. The nominal value of the 10-year tranche with an interest rate of 5.78% was USD 115 million.

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 outstanding of approximately EUR 7.4 billion (approximately USD 9.1 billion) and, as before, represents the cornerstone of funding for the U.S. business. Both the Turner and the Flatiron group use this facility for bonding purposes. The local surety bonding facility continues to be backed by a Group guarantee from HOCHTIEF. Due to the rise in order book and the related need for greater bonding capacity, committed bonding capacity was continuously increased during 2020 to meet the outstanding bonding demands.

Summary assessment of the business situation by the Executive Board

HOCHTIEF achieved an operational net profit of EUR 477 million in 2020. The economic impact of Covid-19 and the associated mobility restrictions imposed by governments had a very significant effect on profits at Abertis. Adjusting for the EUR 139 million year-on-year reduction in the contribution from the Group's 20% stake in the toll road operator, HOCHTIEF's operational net profit declined by 9.6%.

Notwithstanding the impact of Covid-19, new orders of EUR 23.1 billion[1)] were secured, equivalent to about 1.0x work done during the period with a disciplined bidding approach maintained across all divisions. As a consequence, the Group's order book remained robust at approximately EUR 46 billion[1)], stable during the last quarter as well as compared with twelve months ago, on an f/x-adjusted basis. Half of our order book is located in North America with a further 40% in the Asia-Pacific region and around 10% in Europe.

HOCHTIEF continues to focus on attractive shareholder remuneration. Reflecting the Group's resilient profit and cash generation performance and supported by a positive outlook for core markets as well as our strong investment grade rated balance sheet, the proposed dividend is EUR 3.93 per share, notwithstanding Covid-19. This corresponds to an unchanged dividend payout ratio of 65% of nominal net profit.

Our engineering expertise and robust balance sheet combined with the deep presence in our core markets leaves us well positioned to take advantage of future opportunities. We maintain our disciplined approach to capital allocation with our focus on value creation and sustainable shareholder remuneration. Based on our solid order book and our strong global tender pipeline, the fundamental outlook remains positive, provided that the economy continues to gradually recover from the impact of the Covid-19 pandemic.

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:

"We declare that, according to the circumstances known to us at the time when the legal transactions were carried out with the controlling company or one of its affiliated companies within the meaning of Section 312 of the German Stock Corporations Act (AktG), our company received consideration under terms customary to the market for each legal transaction.

In the reporting period, no reportable legal transactions with third parties or measures were taken or refrained from at the instigation of or in the interests of the controlling company or one of its affiliated companies."

[1)] All figures refer to continuing operations only unless stated otherwise

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

HOCHTIEF Aktiengesellschaft heads the Group's divisions as a strategic and 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, by net investment and interest income, 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 2020 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 reported sales mainly relate to services in connection with performing the functions of a holding company. This primarily consists of remuneration for administration and other services as well as of rental income. Sales rose by EUR 2 million year on year to EUR 84 million. Other operating income went down relative to the prior year (EUR 22 million) by EUR 16 million to EUR 6 million. The prior-year figure notably included higher income from allocated charges and prior-period income from reversals of writedowns on receivables. Other operating expenses came to EUR 96 million (2019: EUR 91 million). The rise relative to the prior year was mainly due to increased writedowns on receivables.

Amounting to EUR 582 million (2019: EUR 521 million), net income from financial assets chiefly comprised—as in the prior year—income and expense from profit/loss transfer agreements, and income from long-term equity investments. The year-on-year increase by EUR 61 million mainly related to a EUR 36 million reduction in expenses from transfer of losses and a EUR 21 million improvement in income from profit/loss transfer agreements. Income from long-term equity investments relating to Abertis HoldCo S.A. was stable relative to the prior year, at EUR 173 million. Net interest income improved, mainly due to lower interest expense on bonds, by EUR 18 million compared with the prior year (minus EUR 47 million) to minus EUR 29 million.

HOCHTIEF Aktiengesellschaft's net profit before changes in reserves amounted to EUR 524 million in 2020 (2019: EUR 431 million).

HOCHTIEF Aktiengesellschaft Statement of Earnings (Summary)

(EUR million)	**2020**	2019
Sales	84.0	82.4
Changes in the balance of construction work in progress	(6.9)	(0.3)
Other operating income	5.7	21.8
Materials	(16.8)	(15.0)
Personnel costs	(18.8)	(29.1)
Depreciation and amortization	(2.2)	(2.7)
Other operating expenses	(95.8)	(91.4)
Net income from financial assets	581.6	521.2
Net interest income	(29.3)	(47.2)
Profit before tax	**501.5**	**439.7**
Income taxes	16.1	(21.7)
Profit after tax	517.6	418.0
Other taxes	6.7	12.8
Net profit/(loss) before changes in reserves	**524.3**	**430.8**
Net profit brought forward	4.1	0.2
Changes in retained earnings	(250.8)	(21.2)
Distributable profit	**277.6**	**409.8**

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. These items accounted for 89% of total assets as of the December 31, 2020 reporting date (December 31, 2019: 85%).

HOCHTIEF Aktiengesellschaft's financial assets as of December 31, 2020 mostly related to shares in affiliated companies and participating interests. Financial assets increased in the reporting year, mainly as a result of additions to shares in affiliated companies, by EUR 391 million to EUR 4.9 billion. Shares in affiliated companies mostly comprised the carrying amounts of the investments in HOCHTIEF Asia Pacific GmbH, HOCHTIEF Americas GmbH, HOCHTIEF Solutions AG, and HOCHTIEF Insurance Broking and Risk Management Solutions GmbH. Participating interests mainly related to the shares in Abertis HoldCo S.A.

Inventories, receivables, other assets, and prepaid expenses went down by EUR 162 million to EUR 857 million, primarily in connection with intra-Group financial management with affiliated companies.

Financial resources came to EUR 579 million as of the December 31, 2020 reporting date (2019: EUR 818 million). The changes in the reporting year mainly related to cash outflows for the dividend distribution and for the stock buyback program at HOCHTIEF Aktiengesellschaft, borrowing to increase the stake in Australian Group company CIMIC Group Ltd. as well as loan repayments and new borrowing.

The EUR 11 million excess of plan assets over obligations (2019: EUR 14 million) relates to pension plans where the fair value of plan assets exceeds the settlement amount of the covered pension obligations.

HOCHTIEF Aktiengesellschaft's subscribed capital is divided into 70,646,707 no-par-value shares as of the December 31, 2020 reporting date. At nominal value, and calculated allowing for shares of treasury stock, subscribed capital stood at EUR 175 million (2019: EUR 181 million). The capital reserve primarily comprises the premium on shares issued by HOCHTIEF Aktiengesellschaft and remained unchanged relative to the prior year at EUR 1.7 billion.

The equity ratio, at 44% as of the December 31, 2020 reporting date, was on a par with the prior-year level (December 31, 2019: 45%).

HOCHTIEF Aktiengesellschaft Balance Sheet (Summary)

(EUR million)	**Dec. 31, 2020**	Dec. 31, 2019
Non-current assets		
Intangible assets and property, plant and equipment	10.2	13.7
Financial assets	4,850.4	4,459.4
	4,860.6	**4,473.1**
Current assets		
Inventories, receivables and other assets, and prepaid expenses	856.9	1,019.1
Financial resources	578.5	818.0
	1,435.4	**1,837.1**
Excess of plan assets over obligations	**11.4**	**13.8**
Total assets	**6,307.4**	**6,324.0**
Shareholders' equity	2,785.9	2,835.4
Provisions	119.1	124.0
Liabilities	3,402.4	3,364.6
Total liabilities	**6,307.4**	**6,324.0**

Liabilities amounted to EUR 3.4 billion at the end of 2020. Most of the slight EUR 38 million year-on-year increase related to short-term borrowing in the capital and banking markets during the reporting year. As a precautionary liquidity measure, HOCHTIEF signed a one-year syndicated cash credit facility for EUR 400 million in May 2020. This cash credit facility was fully utilized with drawings of EUR 400 million as of the reporting date. In addition, the commercial paper program with a ceiling of EUR 750 million launched in May 2020 was utilized in the amount of EUR 276 million as of the December 31, 2020 reporting date. Conversely, in March 2020, HOCHTIEF Aktiengesellschaft repaid in its entirety a maturing corporate bond with a volume of EUR 750 million. The EUR 459 million (2019: EUR 340 million) in amounts due to affiliated companies was related to intra-Group financial management.

The total figure of bonds is as follows:

	Carrying amount Dec. 31, 2020 (EUR thousand)	Carrying amount Dec. 31, 2019 (EUR thousand)	Principal amount Dec. 31, 2020 (thousand)	Coupon (%)	Initial term (in years)	Matures
HOCHTIEF AG bond (2019)	50,788	50,788	50,000 EUR	2.3	15	April 2034
HOCHTIEF AG bond (2019)	251,027	251,027	250,000 EUR	1.25	12	September 2031
HOCHTIEF AG bond (2019)	104,435	104,435	1,000,000 NOK	1.7	10	July 2029
HOCHTIEF AG bond (2019)	500,822	500,822	500,000 EUR	0.5	8	September 2027
HOCHTIEF AG bond (2019)	44,762	44,762	50,000 CHF	0.77	6	June 2025
HOCHTIEF AG bond (2018)	504,363	504,363	500,000 EUR	1.75	7	July 2025
HOCHTIEF AG bond (2013)	–	772,852	–	3.88	7	March 2020
	1,456,197	**2,229,049**				

HOCHTIEF Aktiengesellschaft's net profit before changes in reserves for 2020 stands at EUR 524.3 million. Deducting the appropriation to retained earnings (EUR 250.8 million) and adding in profit carried forward (EUR 4.1 million), distributable profit stands at EUR 277.6 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 distributable profit of HOCHTIEF Aktiengesellschaft for 2020 in the amount of EUR 277,641,558.51 will be used to pay a dividend of EUR 3.93 per eligible no-par-value share for the capital stock of EUR 180,855,569.92, divided into 70,646,707 no-par-value shares.

The dividend falls due on July 7, 2021.

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, March 29, 2021, HOCHTIEF Aktiengesellschaft held a total of 2,459,263 shares of treasury stock, which would mean an amount of EUR 9,664,903.59 to be carried forward. The number of no-par-value shares with dividend entitlement for 2020 may change in the run-up to the Annual General Meeting. In any such event, while the distribution of EUR 3.93 for each no-par-value share with dividend entitlement for 2020 will stay the same, an adjusted proposal for the appropriation of net profit will be made to the Annual General Meeting.

Outlook for HOCHTIEF Aktiengesellschaft (holding company) under German GAAP (HGB)
The performance indicator for HOCHTIEF Aktiengesellschaft under German GAAP (HGB) is the net profit. The forecast net profit for 2020 was significantly exceeded. For the net profit in 2021 we expect an amount that will be slightly below the prior-year level.

Disclosures pursuant to Section 289 (2) sentence 2 of the German Commercial Code
The disclosures pursuant to Section 160 (1) 2 of the German Stock Corporations Act are contained in the Notes to the Annual Financial Statements of HOCHTIEF Aktiengesellschaft.

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

The Executive Board is unaware of any restrictions on voting rights or on transfers of securities within the meaning of Section 289a (1) 2 and Section 315a (1) 2 of the German Commercial Code.

Holdings of more than 10% of voting rights within the meaning of Section 289a (1) 3 and Section 315a (1) 3 of the German Commercial Code: 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, old version), that its voting share in HOCHTIEF Aktiengesellschaft pursuant to Sections 21 and 22 WpHG (old version) amounted to 60.70% on May 8, 2015. The share of HOCHTIEF shareholder ACS was 50.41% as of December 31, 2020 (2019: 50.41%).

We were notified by Atlantia S.p.A., Rome, Italy, that its voting share pursuant to Sections 33, 38 WpHG amounted to 23.86% on April 24, 2019. As of December 31, 2020, the share amounted to 18.01%.

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 by up to a total of EUR 65,752 thousand by or before May 9, 2022 (Authorized Capital I). Detailed provisions are contained in the stated section of the Articles. Pursuant to Section 4 (6) 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 by up to a total of EUR 24,675 thousand by or before May 6, 2024 (Authorized Capital II). Detailed provisions are contained in the stated section of the Articles. Pursuant to Section 4 (4) of the Articles of Association, the Company's capital stock has been conditionally increased by up to EUR 46,080 thousand divided into up to 18 million no-par-value bearer shares (conditional capital). Detailed provisions are contained in the stated section of the Articles.

Authorization to repurchase shares: The Company is authorized by resolution of the Annual General Meeting of April 28, 2020 to repurchase its own shares in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG). The authorization expires on April 27, 2025. 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 of the authorization 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 April 28, 2020, 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 or of other other assets or 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 may also be issued with the shares upon exercising the warrant and/or conversion rights and/or obligations attached to the bonds.

The shares may also, on condition that they be held for at least two years after transfer, be transferred to (current or past) members of the Executive Board of the Company and to (current or past) members of the executive boards and general management of companies under its control within the meaning of Section 17 of the German Stock Corporations Act (AktG), and to current or past employees of the Company or of a company under its control within the meaning of Section 17 AktG. Such transfers are only permitted for the purpose of settling the transferees' variable compensation entitlements. 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 April 28, 2020, the Company is authorized to acquire shares of treasury stock 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 shares of treasury stock. The Executive Board has been authorized to acquire options which, when exercised, entitle the Company to acquire shares of the Company (call options). Furthermore, the Executive Board is authorized to sell options which, when exercised by their holder, 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 shares of treasury stock 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:

Instrument	Issue date	Principal amount	Maturity
Bond issue	July 2018	EUR 500 million	July 2025
Bond issue	September 2019	EUR 500 million	September 2027
Bond issue	September 2019	EUR 250 million	September 2031
Private placement	April 2019	EUR 50 million	April 2034
Private placement	June 2019	CHF 50 million	June 2025
Private placement	July 2019	NOK 1 billion	July 2029

The terms of the above bond issues and private placements (based on the contractual framework for the Debt Issuance Program[1]) 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 (in the case of the March 2013 corporate bond issue only) or 45 days of the issuer[2] 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 group of parties acting in concert within the meaning of Section 30 (2) WpÜG—excluding shareholder ACS (ACS Actividades de Construcción y Servicios, S.A.) and its affiliates—or entering into a profit and loss transfer agreement, control agreement or other intercompany agreement within the meaning of Sections 291 and 292 of the German Stock Corporations Act (AktG) to the extent that the agreement results in the issuer becoming a controlled company.

In March 2017, HOCHTIEF Aktiengesellschaft launched a promissory note loan issue for EUR 500 million. A further promissory note loan for an initial principal amount of EUR 300 million was issued in May 2019. In addition, HOCHTIEF Aktiengesellschaft issued a bilateral loan for EUR 25 million in June 2019. The contractual documentation for these loans likewise includes change-of-control clauses requiring HOCHTIEF Aktiengesellschaft to repay the loan with interest by then accrued if it and the lender concerned do not reach agreement on the loan's continuation within 60 bank working days of announcement of a change of control and the lender demands early repayment in writing within ten bank working days of the 60 bank working-day period expiring. A change of control is deemed to have occurred if, within the meaning of Section 29 (2) WpÜG, a party (except a member of the ACS Group), or group of parties (except members of the ACS Group) acting in concert within the meaning of Section 30 (2) WpÜG, acquires control of HOCHTIEF Aktiengesellschaft, or if a profit and loss transfer agreement, control agreement

[1] The Debt Issuance Program launched in June 2018 with a maximum volume of EUR 3 billion allows bonds to be issued on the market on an ongoing basis. This enables HOCHTIEF Aktiengesellschaft not only to borrow more rapidly, taking advantage of favorable issue windows, but also to spread borrowing over a broader range of lenders.

[2] See glossary.

or other intercompany agreement within the meaning of Section 291 or 292 AktG is entered into between a member of the ACS Group and HOCHTIEF Aktiengesellschaft as controlled company.

HOCHTIEF Aktiengesellschaft entered into a syndicated credit and guarantee facility[1] for a total of EUR 1.7 billion with an international banking syndicate on August 9, 2017. Set to run until August 2024, the syndicated facility comprises a EUR 1.2 billion guarantee facility tranche and a EUR 500 million credit facility tranche. The facility includes change-of-control clauses. 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 facility. 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) 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 change-of-control clauses outlined do not apply to shareholder ACS and its affiliates.

One material loan agreement featuring change-of-control provisions was entered into in 2020:

On May 11, 2020, a syndicated loan agreement for EUR 400 million was signed with an international banking syndicate, with change-of-control provisions similar to those for the syndicated credit and guarantee facility entered into in August 2017.

Other material loan agreements with change-of-control provisions are as follows:

On January 30, 2019, a global credit facility agreement for EUR 65 million was entered into with a German bank. The agreement contains a 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) WpÜG, acquiring control of HOCHTIEF Aktiengesellschaft within the meaning of Section 29 (2) WpÜG. The outlined change-of-control clauses for the foregoing loan agreement do not apply to shareholder ACS and its affiliates.

In August 2019, HOCHTIEF Aktiengesellschaft as guarantor together with Flatiron Construction Corporation and several subsidiaries as borrowers entered into an approximately EUR 244 million (USD 300 million) syndicated guarantee and credit facility with an international banking syndicate that features substantively identical change-of-control stipulations, corresponding with the definition in the August 2017 syndicated credit and guarantee facility, under which each creditor has the right to demand early repayment of the loan amount.

Likewise in August 2019, HOCHTIEF Aktiengesellschaft, again acting as guarantor, together with Flatiron Construction Corporation entered into a bilateral guarantee facility for approximately EUR 94 million (CAD 150 million). The agreement contains a change-of-control provision that gives the creditor the right to early termination in the event of a change of control (defined analogously to the above-mentioned January 2019 global credit facility agreement) if HOCHTIEF and the bank do not reach agreement on continuation of the contractual relationship within 60 days of immediate notification of the change of control.

To secure an approximately EUR 7.7 billion (USD 9.5 billion) bonding line provided by six U.S. surety companies, a general counter indemnity continued to exist between HOCHTIEF Aktiengesellschaft and the surety companies for a corresponding amount as of the reporting date. 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 demand from HOCHTIEF Aktiengesellschaft up to approximately EUR 407 million (USD 500 million) by way of security. The condition precedent is satisfied if a party, or group of parties acting in concert within the meaning of Section 30 (2) WpÜG (with the exception of shareholder ACS and its affiliates), acquires in total 30% 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.

[1] See glossary.

Further material agreements conditional on a change of control: A change in majority ownership by direct or indirect acquisition of HOCHTIEF Aktiengesellschaft is defined in the D&O insurance policy[1] as a material change in risk circumstance of which the insurer must be notified within a specified period. Material change in risk circumstances entitles the insurer to demand a premium adjustment. In the event that the parties are unable to agree on the amount of the premium adjustment, the insurance cover lapses in regard of the risk-related circumstance.

[1] See glossary.

Above and beyond the mandatory disclosures under Sections 289a (1) 8/315a (1) 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 Section 176 (1) of the German Stock Corporations Act (AktG) on the disclosures pursuant to Sections 289a (1)) and 315a (1) of the German Commercial Code (HGB) as of the balance sheet date December 31, 2020.

The Executive Board provides the following explanatory notes on disclosures provided in the combined Group and HOCHTIEF Aktiengesellschaft Management Report and required under Sections 289a (1) and 315a (1) of the German Commercial Code:

Our disclosures relate to the situation in fiscal year 2020 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 shareholding held by ACS, Actividades de Construcción y Servicios, S.A. is known from the published voting rights notification of May 11, 2015. The shareholding held by Atlantia S.p.A. is known from the voting rights notification published on May 2, 2019.

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 289a (1) 3 and Section 315a (1) 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.

Among others, HOCHTIEF Aktiengesellschaft has entered into loan and financing agreements that comprise change-of-control clauses with right of termination. If the lenders would exercise their right of termination in case of such change of control, 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 289a (1) and 315a (1) 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, March 2021

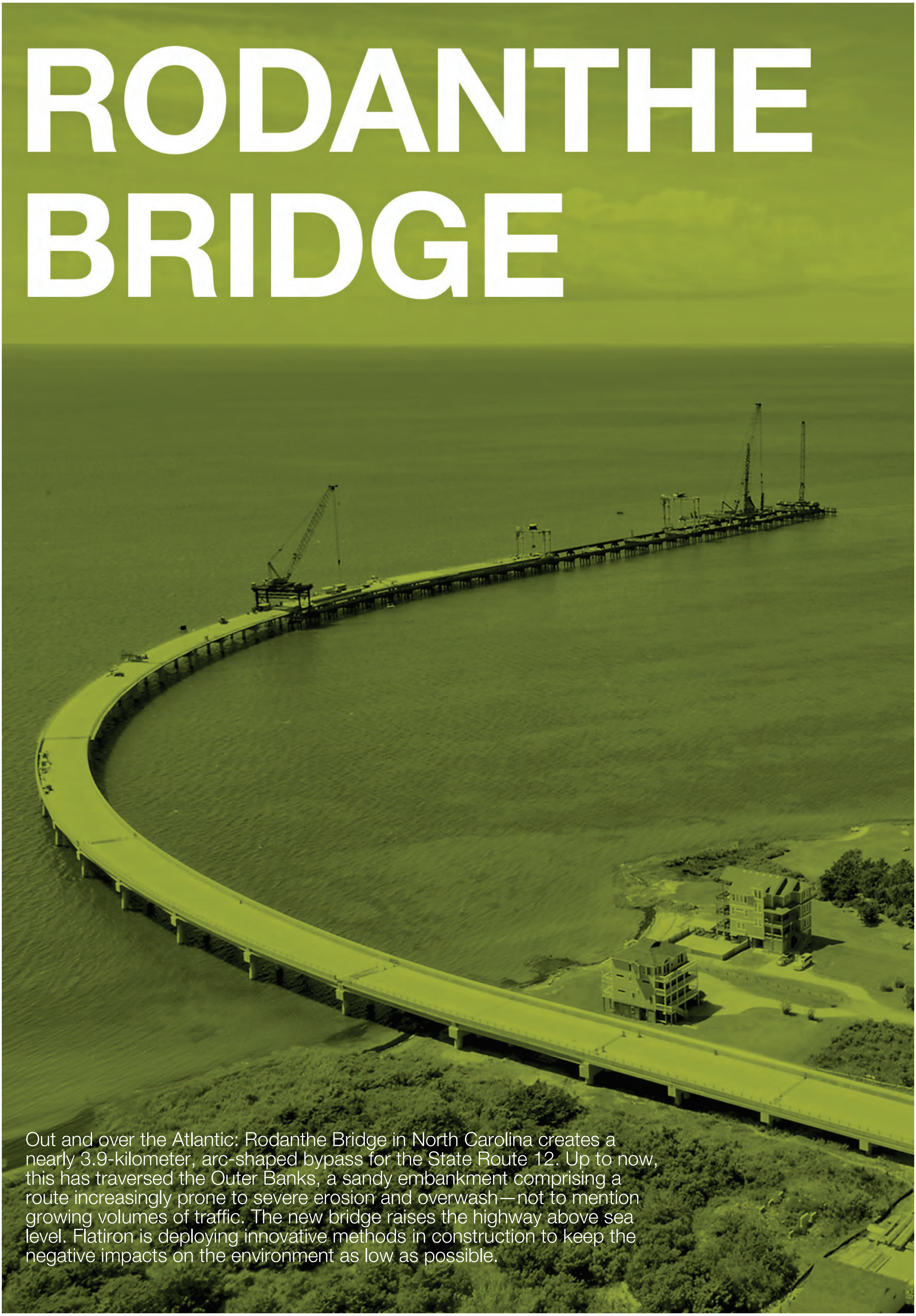
Marcelino Fernández Verdes

Peter Sassenfeld

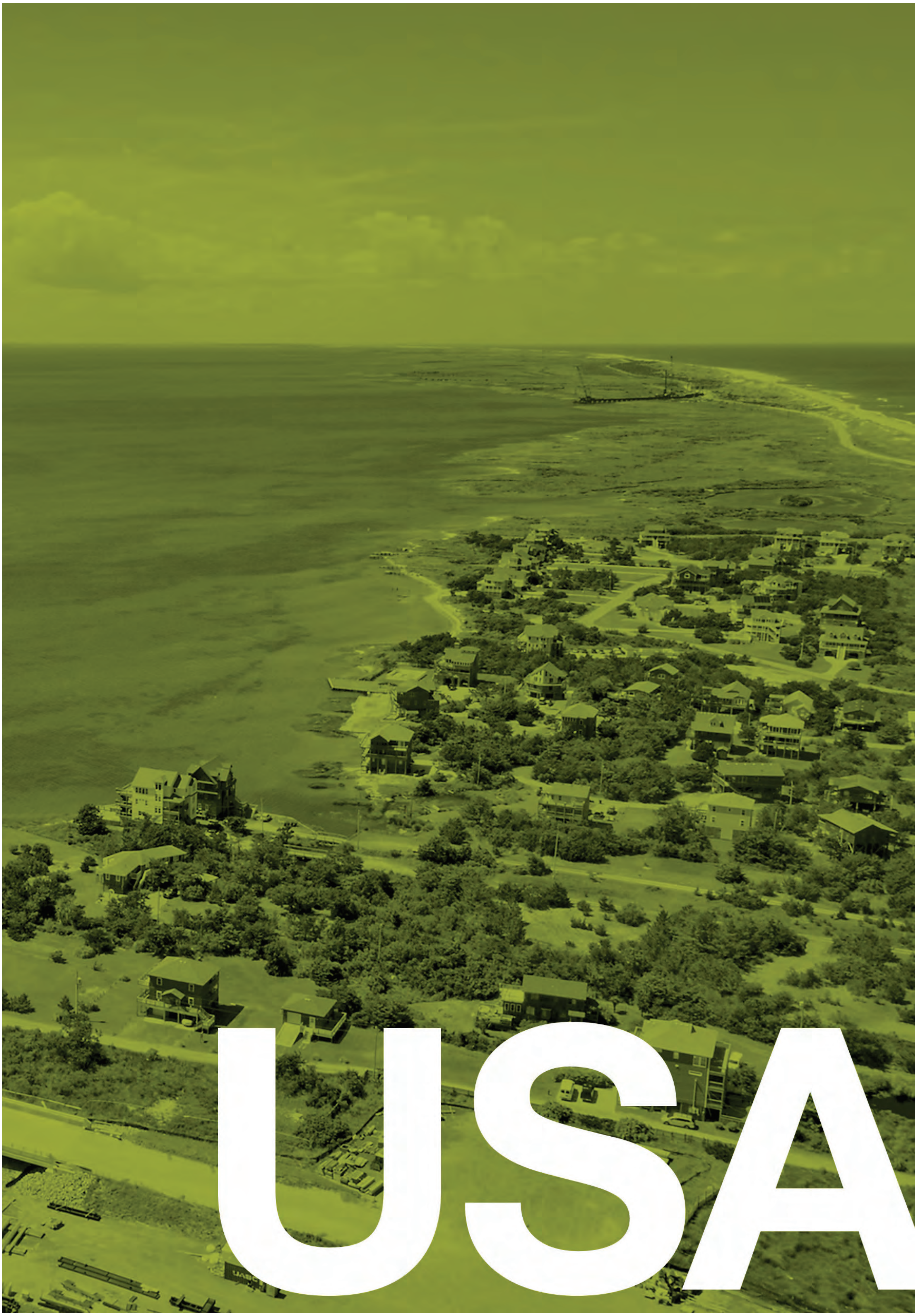
José Ignacio Legorburo Escobar

Nikolaus Graf von Matuschka

RODANTHE BRIDGE



Out and over the Atlantic: Rodanthe Bridge in North Carolina creates a nearly 3.9-kilometer, arc-shaped bypass for the State Route 12. Up to now, this has traversed the Outer Banks, a sandy embankment comprising a route increasingly prone to severe erosion and overwash—not to mention growing volumes of traffic. The new bridge raises the highway above sea level. Flatiron is deploying innovative methods in construction to keep the negative impacts on the environment as low as possible.



USA

Divisional Reporting
HOCHTIEF Americas Division

In the HOCHTIEF Americas division, our companies operate in the two segments of building construction and transportation infrastructure construction.

New York-based Turner Construction Company focuses on general building projects and primarily operates on the basis of low-risk construction management contracts. Turner leads the field above all through cutting-edge techniques, such as Building Information Modeling (BMI) and lean construction, which are used to efficiently execute high-quality construction projects. These tools and processes benefit clients and users alike.

Turner is the established market leader in multiple segments, as analyzed by the highly regarded Engineering News-Record (ENR) magazine: For 2020, Turner once again holds top positions in the ENR ranking both in general building and in green building. Furthermore, the company is at the forefront of the industry in the education and healthcare segments, and occupies leading positions in commercial offices, hotels, motels, and convention centers. During the reporting year, Turner's activities "Logistics, Medical & Research" and "Global Sourcing" were amalgamated and now operate jointly under the name SourceBlue.

Clark Builders is also a general builder, focusing on the construction of institutional, commercial, healthcare, and sports facilities in Northern and Western Canada, frequently in cooperation with Turner.

Flatiron is the trusted provider of innovative solutions to infrastructure challenges across the U.S. and Canada. Based in Colorado, Flatiron builds highways, bridges, airports, rail transit, dams, water facilities and underground projects. Flatiron also regularly features in the ENR rankings, where it attains leading positions in the transportation, heavy contractors, highways and bridges categories.

The outlook for the overall market in North America is largely stable, with the construction industry as a whole recording 0.4% growth in 2020 despite the impact of Covid-19. Presupposing a broadly stable year in 2021, IHS Markit forecasts slight growth of 0.8% in 2022. This assumes a positive trend in infrastructure projects in 2022 together with a stabilization of building construction volume and growth in residential construction leveling off.

Project highlights

HOCHTIEF companies are working at many locations in support of government measures to contain the corona pandemic. Among other projects, Turner, a leader in healthcare construction in the United States, was commissioned to build urgently needed emergency care facilities for 4,000 patients at 25 locations across the country. This included partnering with Flatiron subsidiary E.E. Cruz on the construction of a field hospital for a total of 960 patients at Stony Brook University in New York.

Under a joint venture, Turner and Flatiron are constructing a new terminal at San Diego International Airport, California, with a total contract value of over EUR 2.0 billion. Replacing the existing terminal from the 1960s, the 111,000-square-meter building will include 30 gates. In order to keep gates operational during expansion, the work is being carried out in two phases. In the first phase, 19 new gates will be added by early 2025. The second phase involving construction of the remaining 11 gates ends with the opening of the terminal in early 2027. Turner and Flatiron have previously collaborated successfully on other projects at San Diego International Airport as well as at airports in San Francisco, Oakland, Sacramento, and Denver.

In Columbus, Ohio, Turner is constructing a building at the Ohio State University Wexner Medical Center that will provide additional patient rooms and space for clinical services. The total contract value is approximately EUR 436 million. Turner previously completed a building on the site in 2013.

Other new projects in the Turner books include the U.S. DOT Volpe Exchange, a 13-story new build on the U.S. Department of Transportation's premises in Cambridge, Massachusetts. The project, which is targeting LEED Gold certification, has a total contract value of some EUR 383 million.

Turner is also building The Campus at Horton in San Diego, California. This involves redeveloping a former shopping mall, with office space for creativity with a focus on sustainability. Amenities around The Campus will include health, wellness, culture, and entertainment facilities.

Also in San Diego, Turner is constructing office buildings and a parking garage in the IQHQ Research and Development District, a life sciences campus. The project occupies three entire city blocks, representing

This chapter is part of Focus Area Sustainable Products and Services

what is purported to be the largest urban commercial waterfront site along the Pacific coast.

Turner was awarded a contract from Des Moines University in Iowa to build four buildings that will provide space for academic, office, student support services, recreation and operations support services.

Turner has also been awarded a contract from Ascension St. Thomas Hospital for Rehabilitation in Nashville, Tennessee. This facility will provide care for those in need of neurological and cardiovascular care after serious health events.

In Bellevue, Washington, Turner is constructing Block 5 and Block 6 of the Spring District project. The eleven-story office buildings are designed to comply with the LEED-ND (LEED for Neighborhood Development) standard, which is awarded for particularly sustainable and connected neighborhoods.

Flatiron is upgrading a section of the U.S. Highway 50 in California. The multimodal project includes adding carpool lanes and replacing the road surface. It also involves widening 12 bridges and the construction of noise barriers. The total project value is put at approximately EUR 390 million.

In Los Angeles, California, Flatiron is in charge of rehabilitating a roughly 16-kilometer stretch of Route 210 for more than EUR 120 million.

The company is delivering another aviation project in Dallas, Texas. The Love Field Airport Runway and Taxiway Reconstruction project at Love Field Airport has a contract value of around EUR 113 million and includes the full removal and replacement of runway concrete pavement as well as adjacent taxiways.

Flatiron is to complete a slope restoration project by 2023 on the Pacific Coast Highway, north of Malibu, California. Resiliency challenges not only involve the rising sea level; heavy storms in the past have caused large-scale damage to the embankment and roadway. The construction work is subject to strict environmental compliance criteria.

HOCHTIEF Americas division's key figures

Business performance in the HOCHTIEF Americas division in 2020 was outstanding, continuing the strong trend from previous years.

Sales were solid at EUR 14.7 billion versus EUR 15.3 billion in 2019 and were just 2% lower in local currency terms, notwithstanding the impact of Covid-19.

Operational PBT advanced by 5% year on year to EUR 337 million with a robust margin of 2.3% compared with 2.1% in 2019. Operational net profit rose 11% to EUR 244 million.

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

The divisional **net cash** position at the end of December 2020 stood at EUR 1.4 billion, up EUR 93 million year on year on an exchange rate adjusted basis.

The **order situation** in the Americas division remains robust. At year-end 2020, the **order backlog** adjusted for currency effects rose 5% year on year to EUR 22.6 billion. At EUR 15.4 billion, **new contracts** awarded in 2020 were 7% down in local currency on the all-time record set in the prior year, but were still at a high level. New orders were equivalent to 1.1x the work done during the reporting year.

HOCHTIEF Americas Outlook

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

HOCHTIEF Americas Division: Key Figures[1]

(EUR million)	2020	2019	Change yoy
Operational profit before tax/PBT[2]	336.5	320.7	4.9%
Operational PBT margin[2] (%)	2.3	2.1	0.2
Operational net profit[2]	244.4	220.4	10.9%
Profit before tax/PBT	325.9	309.8	5.2%
Net profit	236.5	212.4	11.3%
Net cash from operating activities	642.6	729.8	-87.2
Gross operating capital expenditure	22.2	33.7	-11.5
Net cash (+)/net debt (-)	1,399.5	1,467.4	-67.9
Divisional sales	14,676.1	15,327.8	-4.3%
New orders	15,391.8	16,915.1	-9.0%
Work done	14,283.8	14,753.7	-3.2%
Order backlog (year on year)	22,599.2	23,592.9	-4.2%
Employees (end of period)	12,000	12,378	-3.1%

[1] All figures are nominal unless otherwise indicated
[2] Operational earnings are adjusted for deconsolidation effects and other non-operational effects

MACKAY RING ROAD

Boost for the region: The Mackay Ring Road project in Queensland took in 11 kilometers of highway, 13 bridge structures, and two dual-lane traffic circles. It has eased the traffic situation in the city of Mackay since 2020. During construction, the CPB Contractors team recorded zero lost time due to accidents—a great achievement considering the 1.3 million hours worked. In total, 1,800 workers were involved from more than 140 subcontractors and suppliers, 80% of whom were from the Mackay region.

HOCHTIEF Asia Pacific Division

The performance of the HOCHTIEF Asia Pacific division reflects HOCHTIEF's stake in CIMIC (78.58% as of December 31, 2020) as well as associated financing and holding costs, and the impact of variations in the AUD/EUR exchange rate. Compared to 2019, the stake in CIMIC increased by about 5.8% due to investments in CIMIC shares and share buybacks at CIMIC.

CIMIC's capability portfolio spans construction, mining and mineral processing, services, and public-private partnerships (PPP). The engineering-led CIMIC Group works across the life cycle of assets, infrastructure, and resources projects. As a family of industry-leading, activity-focused businesses, the Group integrates a world of experience and expertise to drive insight, develop future-ready solutions, and deliver enduring value for clients.

In October 2020, the CIMIC Group announced that it had signed an agreement with funds advised by Elliott Advisors (UK) Limited.It was agreed that Elliott would acquire a 50% equity interest in Thiess, with CIMIC retaining the remaining 50%. One of the biggest mining services providers in the world, Thiess delivers both open-cut and underground mining in Australia, Asia, Africa, and the Americas, providing services to 25 projects across a range of commodities. On December 31, 2020, CIMIC announced the completion of the sale of 50% of Thiess.

CIMIC will consequently retain a strategic interest in its core mining operations while maintaining a balanced and diversified business portfolio. Its investment in Thiess following completion of the transaction will be recorded as an equity-accounted joint venture. CIMIC and Elliott will jointly control Thiess in accordance with a Shareholders Agreement, which contains governance arrangements as well as, among other items, Thiess' financial and dividend policies.

The transaction strengthened CIMIC's Statement of Financial Position with net cash inflows of approximately AUD 2.1 billion. At the same time, the deconsolidation reduced CIMIC's factoring balance by AUD 459 million and lease liabilities by AUD 484 million. The disposal gain on the transaction was AUD 2.2 billion before tax and AUD 1.4 billion after tax.

CIMIC Group company Sedgman is a market leader in the design, construction, and operation of state-of-the-art mineral processing plants and associated mine-site infrastructure. Sedgman delivers excellence in engineering and innovative solutions in diverse and remote locations globally.

CPB Contractors, which also incorporates Leighton Asia and Broad Construction, is a leading international construction contractor that delivers projects spanning all key sectors of the construction industry—including roads, rail, tunneling, defense, building and resources infrastructure—across a range of delivery models.

UGL is a market leader in end-to-end asset solutions, delivering operational value and enhanced customer experiences through its whole-of-life offer for critical assets in power, water, resources, transport, defense and security, and social infrastructure.

Pacific Partnerships develops, invests in, and manages infrastructure concession assets for the CIMIC Group, offering clients seamless, value-for-money solutions for key infrastructure projects under public-private partnership and build-own-operate-transfer structures.

EIC Activities is the CIMIC Group's engineering and technical services business, providing a competitive advantage for profitable projects that generate value for clients and leveraging CIMIC's collective experience, technical capabilities, and leading technologies.

CIMIC also holds a 47% stake in services company Ventia. Ventia completed the acquisition of Broadspectrum on June 30, 2020. The combined company is expected to generate annual sales of more than AUD 5 billion. This acquisition added AUD 3.1 billion to CIMIC's order backlog.

Meeting sustainability criteria in construction projects is often prescribed in the Asia-Pacific region, particularly by public-sector clients. Ideally placed in this respect, CIMIC is able to deliver green buildings and infrastructure projects in Australia. The company was once again listed in the Australian Dow Jones Sustainability Index, FTSE4Good, and the CDP climate ranking in 2020.

Led by EIC Activities, the Group's innovation program is directed at faster development and roll-out of innovations at all CIMIC companies. Interaction and collaboration within the HOCHTIEF Group primarily takes place via Nexplore.

After strict measures to contain the coronavirus led to subdued activity in the countries of the Asia-Pacific region relevant to HOCHTIEF, the future outlook for the market environment is positive. IHS Markit expects a return to strong growth rates exceeding 4% from 2021, with the strongest growth potential seen in infrastructure construction.

Project highlights

Construction

CPB Contractors was selected by the South Australian Government to deliver three important infrastructure projects under the Port Wakefield to Port Augusta Regional Projects Alliance (RPA). Together, these will generate revenue of around EUR 140 million and are scheduled for completion in 2022. The three upgrades will provide improved road safety, reduced traffic congestion, and greater network resilience for the surrounding communities. A key focus is on maximizing social and economic benefits to the regional and indigenous community, including employment, training and economic opportunities.

CPB Contractors is also delivering concrete and detailed earthworks for a wet processing plant at the Iron Bridge Magnetite Project in the Pilbara region of Western Australia. In Queensland, CPB Contractors is undertaking essential works at the Paradise Dam for water service provider Sunwater. Together, these two projects will generate EUR 78.0 million.

CPB Contractors' order books include additional projects to deliver upgrades to regional transportation infrastructure with the upgrade of the South Gippsland Highway in Victoria and the Mackay Northern Access in Queensland. Both projects will provide significant safety and economic benefits for regional communities. With a contract value of more than EUR 100 million each, these orders are slated for completion in 2022.

Leighton Asia is building the Hindu Heritage Experience Center in the Indian state of Uttar Pradesh, including an iconic Lotus building, a Namaste structure, and a retail, food and beverage precinct, likewise scheduled for completion in 2022. The company was also awarded the contract for an extension to an international school in Mumbai, which is scheduled to be completed in 2021.

Broad Construction is building a music and visual arts center as well as a sports hall at Aspley State High School in Brisbane. The work is to be completed in early 2021.

CPB Contractors successfully completed several hospital projects in the reporting year. Given the pandemic situation, additions to existing healthcare facilities were particularly welcomed. This included the completion of construction in New Zealand's largest hospital project to date, the Waipapa Building at the Christchurch Hospital. The CIMIC Group company also completed the first stage in the redevelopment of the Mater Private Hospital in Townsville, Queensland and completed an early handover of the Tuberculosis Standard Ward part of the ANGAU Memorial Hospital project in Lae, Papua New Guinea.

Services

CIMIC Group company Thiess was awarded a contract extension to continue to provide mining services at the Lake Vermont Coal Mine in Queensland. This five-year extension will generate revenue of approximately EUR 1.5 billion. The Thiess team has been working at the mine since 2007 and provides full-service mining operations including mine planning, coal mining, topsoil and overburden removal, drill and blast, water management, and rehabilitation of final landforms.

In Chile, Thiess received a mining services contract for the Mantos Blancos copper mine. The CIMIC Group company has been operating in the South American country since 2015 and has now added to its customer base in the region with this new contract.

Thiess was also awarded an 18-month contract extension valued at some EUR 206 million for the Mount Owen mine in Australia's Hunter Valley (New South Wales). Thiess has been operating the mine since 1994.

UGL received further construction and maintenance contracts in the mining sector for a total of around EUR 110 million.

In the rail sector, UGL was awarded two contracts with a combined value of more than EUR 100 million. Through a consortium, the company will provide operations and maintenance services for the Adelaide north-south tram and bus network over the next eight years. UGL is also manufacturing new locomotives for Qube Logistics over a period of 18 months.

In addition, improvements are planned on the Gippsland Line in Victoria, and UGL has been named preferred bidder as part of an alliance.

HOCHTIEF Asia Pacific Division's key figures[1)]

[1)] All figures refer to continuing operations only unless stated otherwise.

The contribution of the **HOCHTIEF Asia Pacific** division reflects HOCHTIEF's holding in CIMIC (78.58% at the end of December 2020 versus 72.80% a year ago) as well as associated financing and holding costs, and the impact of variations in the Australian dollar/Euro exchange rate. The increased stake is a consequence of the EUR 104 million investment in CIMIC shares in March 2020 as well as the EUR 170 million share buy-back carried out by the Australian company during the year.

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

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

CIMIC's key figures[1)]

Adjusting for the impact of the gain on the sale of 50% of Thiess, as well as the one-offs related to Gorgon and other items, CIMIC reported **underlying revenue** of AUD 12.6 billion, compared to AUD 14.7 billion in the prior year, with the impact of Covid-19 leading to a slowdown in revenues across activities and a temporary delay in new work. **Underlying PBT** was AUD 838 million and the associated PBT margin remained robust at 6.6%. CIMIC reported **underlying NPAT** of just over AUD 600 million.

Pre-factoring **operating cash flow** reached a total of AUD 579 million impacted by Covid-19 since Q1 2020.

The Group maintains a disciplined focus on net capital expenditure with AUD 549 million invested during 2020, approximately AUD 200 million lower year on year. CIMIC finished the year with a **net cash** position of AUD 190 million. The rating agency Moody's confirmed its strong credit rating (Baa2/Stable) in January 2021.

The **work in hand** of AUD 30.1 billion, adjusted for the sale of 50% of Thiess, compares with an adjusted AUD 32.6 billion a year ago, and is equivalent to about two years worth of revenue.

AUD 500 billion of tenders relevant to CIMIC are expected to be bid and/or awarded in 2021 and beyond. This **pipeline** includes AUD 130 billion of identified PPP opportunities.

CIMIC completed the **sale of 50% of its contract mining business**, Thiess, at the end of 2020.

HOCHTIEF Asia Pacific Outlook

CIMIC has announced its NPAT (net profit after tax) guidance for 2021 in the range of AUD 400-430 million, subject to market conditions. This guidance accounts for the sale of a 50% stake in Thiess as well as continuing Covid-19 impacts and compares to a proforma underlying level of AUD 372 million, according to CIMIC.

HOCHTIEF Asia Pacific Division: Nominal Figures[1)]

(EUR million)	**2020**	2019	Change yoy
Profit before tax/PBT	534.0	611.6	-12.7%
PBT margin (%)	7.0	6.7	0.3
Net profit	229.5	294.5	-22.1%
Net cash (+)/net debt (-)	114.1	558.6	-444.5
Divisional sales	6,886.3	9,143.2	-24.7%
Divisional sales adjusted[2)]	7,611.7	9,143.2	-16.8%
Order backlog	18,922.1	23,451.7	-19.3 %
Order backlog adjusted[3)]	18,922.1	20,386.3	-7.2 %
Employees (end of period)[4)]	29,341	35,375	-17.1 %

[1)] All figures refer to continuing operations only unless stated otherwise. All figures are nominal unless otherwise indicated.
[2)] Adjusted for Gorgon and other minor effects
[3)] In 2019 adjusted for the deconsolidation of 50% of Thiess
[4)] The analysis as of the reporting date includes the 11,862 employees of CIMIC Group company Thiess also for 2020.

FISCHBEKER HEIDBROOK

New residential experience: Despite difficult working conditions due to the coronavirus, Hamburg’s new Fischbeker Heidbrook residential quarter was handed over four months ahead of schedule. HOCHTIEF delivered 165 residential units, a daycare center, and a neighborhood meeting place to exacting environmental standards on a former German armed forces site. The partly subsidized units will house people from diverse income groups.

This chapter is part of Focus Area Sustainable Products and Services

HOCHTIEF Europe Division

The HOCHTIEF Europe division is mainly comprised of our construction activities complemented by PPPs. Geographically we are present in the German, Polish, Czech, Austrian, UK, Scandinavian and Dutch construction markets where we have an outstanding reputation. Our activities in the division benefit from being part of the Group's international network as well as from its technical expertise, risk management and financial strength.

The focus of our activities in Europe is on transportation, energy, and social/urban infrastructure. Our operating companies provide a wide product and service spectrum. HOCHTIEF Infrastructure covers the building and infrastructure construction business.

The PPP model allows us to optimize public infrastructure over its entire life cycle. HOCHTIEF PPP Solutions handles the design, financing, construction, and operation of facilities for public-sector customers. The company always works in tandem with other HOCHTIEF units. Clients benefit from the companies' experience and innovative capacity.

HOCHTIEF Engineering provides engineering services, while HOCHTIEF ViCon is a seasoned service provider in virtual construction and Building Information Modeling (BIM). synexs is a facility management provider in the German market.

Construction activity in the European countries relevant to HOCHTIEF was 2.7% down in 2020. At country level, the main trend driver was the severity of restrictions to contain the corona pandemic. The outlook for the following years is positive, with growth rates of 2.2% in 2021 and 2.5% in 2022. The highest growth rates during that period are expected for the infrastructure segment, with 2.5% in 2021 and 3.1% in 2022. The non-residential building construction segment is expected to be solid, with growth rates between 1.0% and 2.6% during 2021–2022.

Project highlights

Construction

In a joint venture, HOCHTIEF is to build the Altona Tunnel for the A7 highway in Hamburg. Using the cut-and-cover method, 2.2 kilometers of highway are to be covered over without disrupting traffic. Completion is scheduled for 2028. As well as improving noise abatement for residents of the immediate and adjacent neighborhoods, traffic flow into and out of the Elbe Tunnel will also improve, as the highway is being widened from three to four lanes in either direction. The contract totals some EUR 578 million, 65% of which is attributable to HOCHTIEF. Following Stellingen and Schnelsen, this is the third section of highway in Hamburg to be covered over by HOCHTIEF.

HOCHTIEF is building the replacement A40 Rhine Bridge in Duisburg. A joint venture with HOCHTIEF as technical lead is expected to complete Germany's longest free-spanning cable-stayed bridge by 2026. Each direction of travel will be served by a four-lane bridge supported by four pylons. New footpaths and cycle paths, separated from the vehicle lanes and fitted with a noise barrier, will be provided in both directions. Two interchanges are also being upgraded. The total contract value for the joint venture is some EUR 500 million, with HOCHTIEF holding an approximately 44% share.

As the technical leader of a joint venture, HOCHTIEF is responsible for the core and shell work for segment 2.2 of the U3 Southwest subway in Nuremberg, with a contract value of more than EUR 100 million. HOCHTIEF has already successfully completed a number of subway projects in Nuremberg.

HOCHTIEF has been awarded the contract worth a total of about EUR 90 million to refurbish a landmarked complex comprising four office buildings in Berlin. As general contractor, HOCHTIEF is to fully refurbish the 18-story high-rise and three interconnected six-story buildings. The 1950s office complex will be brought up to the latest safety standards and improved in terms of energy efficiency. The sustainability criteria for obtaining a BNB silver certificate are met. Construction is slated for completion in spring 2023.

In the role of general contractor, HOCHTIEF is carrying out two projects in the German state of Hesse: On the campus of Frankfurt University of Applied Sciences, a new building is to be constructed by June 2022 to replace the sports hall together with the university archive housed in the former water storage basin beneath it with a view to meeting the university's growing need for more space. HOCHTIEF is also constructing a seven-story office building in Bad Homburg, the contract having been awarded after a preconstruction phase. The green building is slated for completion in January 2022.

In Bonn, HOCHTIEF is constructing a five-story office building for Nordrheinische Ärzteversorgung, a pension fund for medical practitioners in the North-Rhine region. Construction will begin in spring 2021 after demolition is completed. The building will be heated with geothermal energy and will boast DGNB Gold certification.

In Lübeck, HOCHTIEF is building a residential complex comprising four multi-family homes scheduled for completion in 2022. The complex is projected to comprise 110 privately financed rental apartments with a gross floor area of some 10,500 square meters and shared underground parking. Here, too, the contract was awarded after a preconstruction phase.

The London Power Tunnel Phase 2 project awarded in 2019 was supplemented in 2020 with an additional lot 5. Under a joint venture, HOCHTIEF (UK) Construction will be responsible for technical building services as well as the construction of headhouses for the national grid.

HOCHTIEF and its consortium partners are expanding the Vienna subway network. The joint venture is to deliver two sections of the U2 and U5 lines slated for 2027 under an approximately EUR 242 million contract, HOCHTIEF's share of which is around EUR 80 million.

Also for the City of Vienna, HOCHTIEF is building the replacement Heiligenstädter Hangbrücke viaduct. The 880-meter structure is scheduled for completion by summer 2023. Demolition of the existing viaduct originally built in 1973 is part of the contract. Special challenges are posed by the limited space available and construction while traffic continues to flow.

In Poland, HOCHTIEF is modernizing the Saint Jadwiga nursing home for the elderly. Three buildings that form part of a historical monastery and hospital complex are being remodeled and extended; when completed, they will house 84 rooms with 135 beds.

In the Czech Republic, HOCHTIEF is further expanding Prague airport. A joint venture is responsible for extending Terminal 2 as well as adding a new runway. The project is to be completed in 2022. Including projects in Prague and České Budějovice, the company has a wealth of experience in airport construction.

To create more space for pedestrians and public events, HOCHTIEF is upgrading part of Wenceslas Square in Prague with a view to completion by late 2021.

HOCHTIEF has secured the contract for the I/42 project in the Czech city of Brno. An existing bypass is to be widened from two to four lanes along a stretch measuring just short of a kilometer and provided with a pedestrian and cycle path. Wildlife bridges are also to be added as part of the upgrade, which is expected to take four years.

Likewise in the Czech Republic, HOCHTIEF is replacing an old pedestrian bridge over the River Elbe. This is scheduled for completion in summer 2021.

PPP and concessions

Commercial close was reached in 2020 for extension and expansion of the A12 and A15 freeways near Arnhem in the Netherlands. Under this PPP project for a total of EUR 1.2 billion, the GelreGroen consortium led by HOCHTIEF will extend the A15 by a further 12 kilometers and widen the A12 and A15 with additional lanes along a length of 23 kilometers. Sustainability is a key focus of the project and plays a major role both in the planning and construction and in the operation of the freeway.

HOCHTIEF is constructing a new school building as part of the Rodenkirchen comprehensive school PPP project in Cologne. HOCHTIEF PPP Solutions has been operating the school since 2009 and now additional capacity is needed to meet growing space requirements.

HOCHTIEF Europe division's key figures

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

Sales were 3% higher compared with 2019 at EUR 1.27 billion, reflecting a disciplined bidding approach. **Operational net profit** of EUR 56 million increased year on year when adjusted for the impact of f/x movements with solid performances from Construction and PPPs.

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

At the end of December 2020, the division's balance sheet showed a strong **net cash** position of EUR 544 million, up almost EUR 33 million year on year.

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

HOCHTIEF Europe Outlook

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

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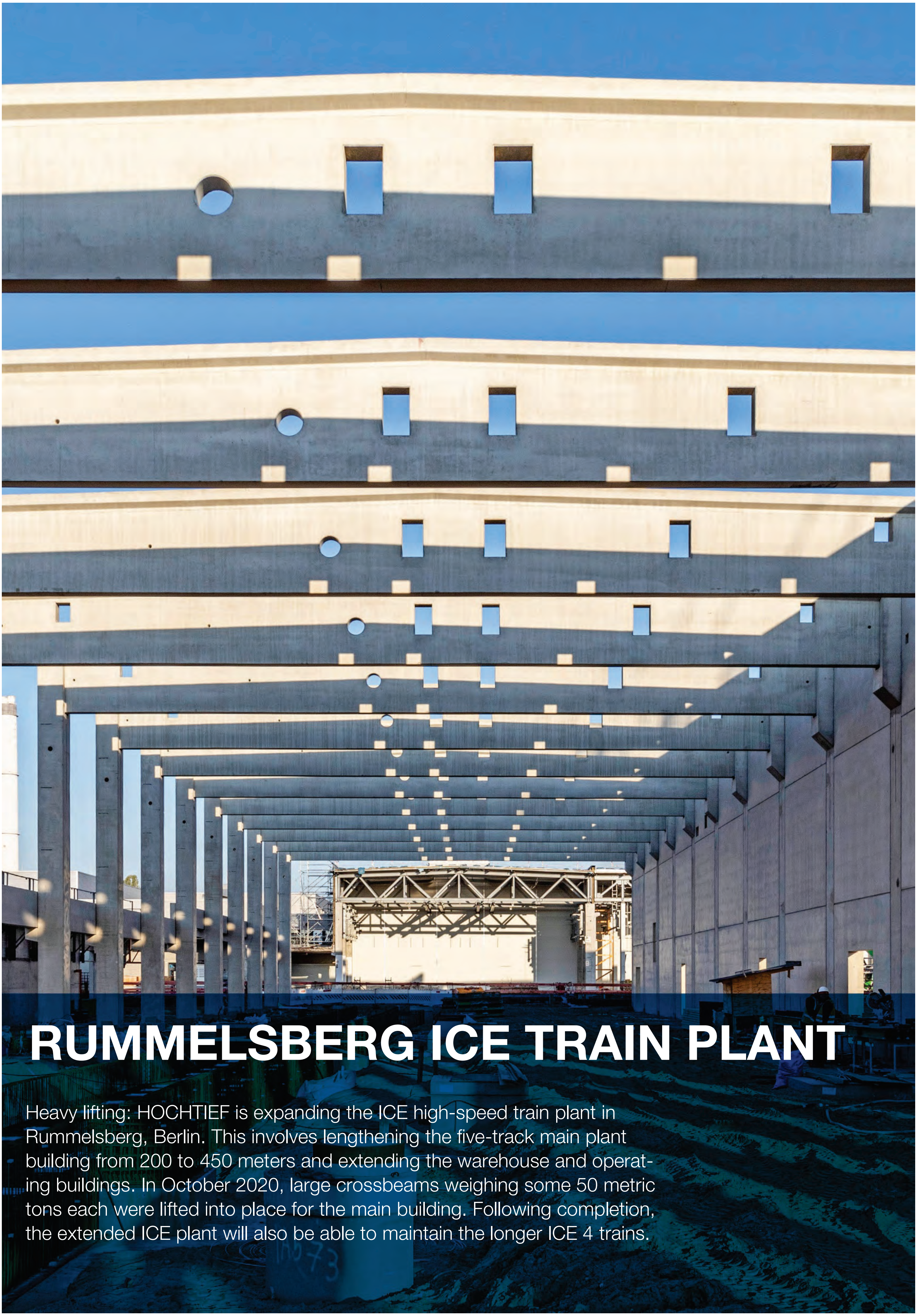
HOCHTIEF Europe Division: Key Figures[1)]

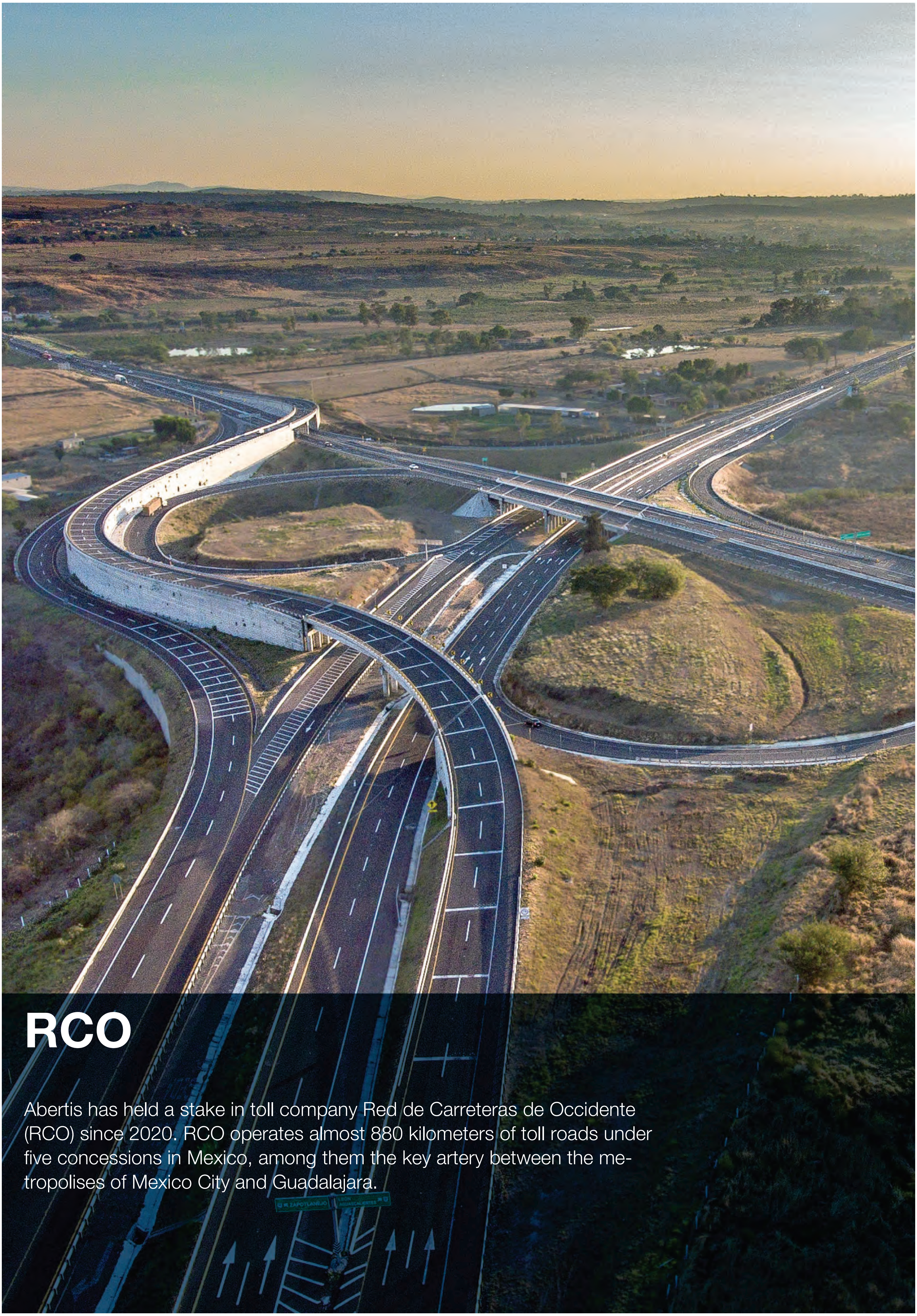
(EUR million)	**2020**	2019	Change yoy
Operational profit before tax/PBT[2)]	57.9	66.3	-12.7%
Operational PBT margin[2)] (%)	4.6	5.4	-0.8
Operational net profit[2)]	56.0	61.0	-8.2%
Profit before tax/PBT	42.9	53.8	-20.3%
Net profit	40.2	45.4	-11.5%
Net cash from operating activities	120.8	42.3	78.5
Gross operating capital expenditure	10.2	11.0	-0.8
Net cash (+)/net debt (-)	544.4	511.4	33.0
Divisional sales	1,270.7	1,233.0	3.1%
New orders	1,961.3	2,227.6	-12.0%
Work done	1,566.6	1,534.0	2.1%
Order backlog (year on year)	4,319.9	4,318.0	0.0%
Employees (end of period)	5,055	5,314	-4.9%

1) All figures are nominal unless otherwise indicated
2) Operational earnings are adjusted for deconsolidation effects and other non-operational effects



RUMMELSBERG ICE TRAIN PLANT

Heavy lifting: HOCHTIEF is expanding the ICE high-speed train plant in Rummelsberg, Berlin. This involves lengthening the five-track main plant building from 200 to 450 meters and extending the warehouse and operating buildings. In October 2020, large crossbeams weighing some 50 metric tons each were lifted into place for the main building. Following completion, the extended ICE plant will also be able to maintain the longer ICE 4 trains.



RCO

Abertis has held a stake in toll company Red de Carreteras de Occidente (RCO) since 2020. RCO operates almost 880 kilometers of toll roads under five concessions in Mexico, among them the key artery between the metropolises of Mexico City and Guadalajara.

Abertis Investment

Since June 2018, HOCHTIEF has presented in its financial statements its EUR 1.4 billion investment in a 20%[1)] stake in Abertis HoldCo, the direct owner of 98.7% of Abertis Infraestructuras, S.A. (Abertis), a leading international toll road operator. This investment is accounted for using the equity method and the net profit contribution is consequently included as an operating item in EBITDA.

1) minus one share

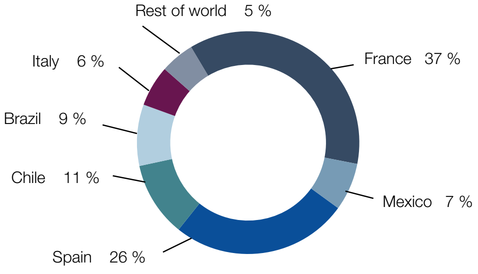
Abertis manages a geographically diversified portfolio of toll roads comprising over 8,300 kilometers in 16 countries and with leading positions in France, Spain, Brazil, Mexico and Chile amongst others. HOCHTIEF's investment in Abertis is strategically managed at the level of Corporate Headquarters and together with the remaining Abertis HoldCo shareholders ACS (30%) and Atlantia (50%[2)]) on the basis of a shareholder agreement as well as a commercial framework agreement.

2) plus one share

The contribution to HOCHTIEF Group resulting from the Abertis Investment reflects the operating performance of Abertis and the purchase price allocation.

For fiscal year 2020, a EUR -17 million contribution from the **Abertis Investment** was recognized in HOCHTIEF's EBITDA, compared with EUR 122 million in FY 2019, reflecting the impact from Covid-19. This represents a year-on-year variation of EUR -139 million. HOCHTIEF also received a dividend of EUR 172.8 million, on par with the prior year, paid out in 2020 in two tranches.

EBITDA 2020 by country



Key developments at Abertis

Abertis' **average daily traffic** development in 2020 saw a solid performance in January and February followed by a strong decline in March after extensive lockdown measures were enforced by governments in key markets due to Covid-19. Since end-April, traffic trends have shown improvements but with variations driven by regional mobility restrictions. Overall, average daily traffic saw a decrease of 21% in 2020, with individual country performances driven mainly by the timing and extent of lockdown measures coming into force as well as prevailing travel restrictions:
France -25%, Spain -31%, Italy -28%, Brazil -8%, Chile -26% and Mexico -12%.

Revenues of over EUR 4.0 billion were 18% lower year on year on a comparable basis. Lower traffic volumes resulted in a FY 2020 **EBITDA** of EUR 2.63 billion, a 23% reduction on a comparable basis. **Net profit pre-PPA** was EUR 365 million.

Abertis' **strategic plan** focuses on investments in new assets in order to perpetuate the duration of cash flows and to diversify the portfolio geographically. The acquisition made together with GIC of a 76% stake in brownfield toll road company RCO (Red de Carreteras de Occidente) was completed on June 5, 2020. Abertis acquired a 53.1% stake in RCO for EUR 1.5 billion and will fully consolidate its investment. RCO is one of the largest transport operators in Mexico and manages 876 kilometers of toll roads across 5 concessions, including the primary connection between Mexico's two largest cities—Mexico City and Guadalajara— in the country's fast-growing industrial corridor.

On December 30, 2020, Abertis and Manulife Investment Management, as a consortium, completed the acquisition of a 100% stake in the Elizabeth River Crossings (ERC) concession. The transaction is based on an enterprise value of approximately EUR 2 billion and an equity value of approximately EUR 1 billion. Operation of the toll road began in 2014 and the concession has a remaining term of approximately 50 years. Abertis holds a 55.2% stake in the consortium, as a result of which the investment is fully consolidated. Due to its long concession life, ERC adds 13% to the Abertis EBITDA backlog. The acquisition represents a key step for Abertis' growth strategy in the strategic U.S. target market, one of the most important infrastructure markets in the world.

The Abertis Board of Directors also approved a dividend policy at an annual level of EUR 600 million to be paid in 2021 and 2022.

Abertis' capital structure reinforced with hybrid bonds issues of EUR 1.25 billion in November 2020 and EUR 600 million in January 2021. Abertis maintains a strong liquidity position with no material refinancing needs until 2023.

Abertis Investment Outlook

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

Abertis key figures (100%)

(EUR million)	2020	2019	Change yoy
Operating revenues	4,054	5,361	-24%
Operating revenues comparable[1)]			-18%
EBITDA	2,628	3,737	-30%
Comparable EBITDA[1)]			-23%
Net profit pre-PPA	365	1,101	-67%

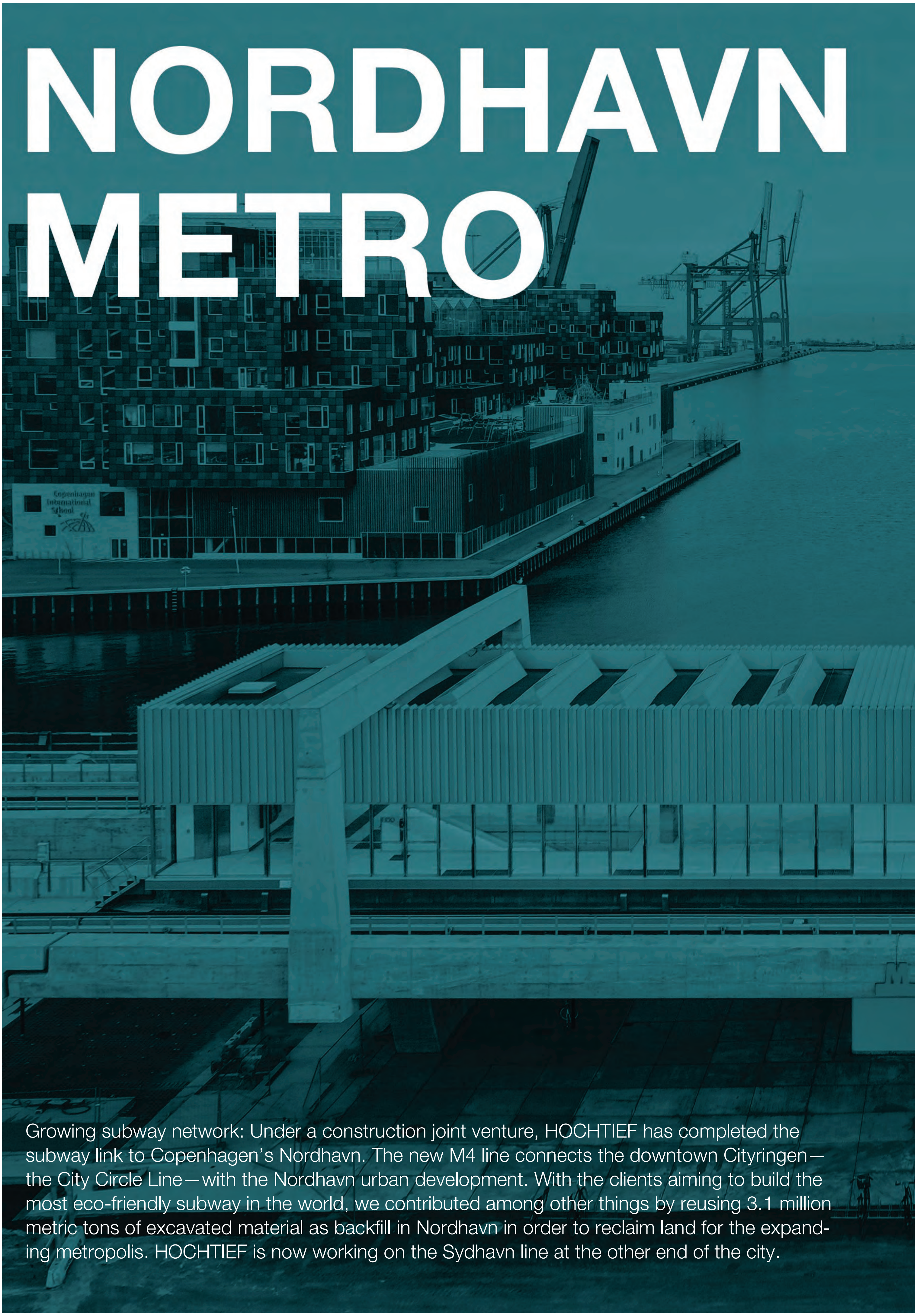
1) Comparable variations consider constant portfolio, f/x rates and other non-comparable effects

Abertis Investment contribution to HOCHTIEF

(EUR million)	2020	2019	Change yoy
Nominal result[2)]	-17.1	122.4	–
Operational result[3)]	-17.1	122.4	–
Dividend received	172.8	172.8	0.0%

2) Nominal result included in EBITDA, profit before tax/PBT and net profit/NPAT
3) Operational result included in operational profit before tax/PBT and operational net profit

NORDHAVN METRO



Growing subway network: Under a construction joint venture, HOCHTIEF has completed the subway link to Copenhagen's Nordhavn. The new M4 line connects the downtown Cityringen—the City Circle Line—with the Nordhavn urban development. With the clients aiming to build the most eco-friendly subway in the world, we contributed among other things by reusing 3.1 million metric tons of excavated material as backfill in Nordhavn in order to reclaim land for the expanding metropolis. HOCHTIEF is now working on the Sydhavn line at the other end of the city.

DK

Compliance[1)]

[1)] The content in this section is not part of the statutory audit of the annual financial statements and consolidated financial statements but is subject instead to a separate assurance engagement in accordance with ISAE 3000, providing limited assurance, by KPMG AG Wirtschaftsprüfungsgesellschaft.

You will find our Code of Conduct, all past compliance declarations as well as the combined Declaration on Corporate Governance pursuant to Section 289f and Section 315d of the German Commercial Code (HGB) on the website: www.hochtief.com/corporate-governance

The non-financial information in this section do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

Focus area indicator Compliance

Aspect: Business Ethics

Compliance organization

Compliance is key in delivering on our corporate principles at HOCHTIEF. We are committed to preventing antitrust infringements and corruption with adequate compliance measures.

Responsibility for compliance is held by the Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft. In this capacity, he is supported by the Chief Compliance Officer and the Corporate Compliance & Legal department. Compliance in HOCHTIEF's divisions has a similar organizational structure, in each case headed by a compliance officer. The compliance officers report on a regular basis to the Chief Compliance Officer, who in turn reports once annually to the Supervisory Board Audit Committee. The compliance officers ensure that the compliance program is implemented in the divisions, that compliance risks are identified at an early stage, and that appropriate action is taken. Compliance managers provide a direct point of contact for employees in each company. They support the implementation and onward development of the program and report to the responsible compliance officers.

All divisions have compliance committees of their own, in which the functional departments (human resources, auditing, procurement, etc.) are represented. These committees meet at least once every quarter to advise and support the compliance organization in integrating the program into business workflows and processes. In case of confirmed compliance violations, the compliance committee advises on the appropriate sanctions.

Infringements in areas that do not come under Compliance are the responsibility of the respective functional departments, such as the OSHEP Center[2)] or the Data Protection Officer[3)].

[2)] For further information, please see the Occupational Safety and Health section.

[3)] For further information, please see the Opportunities and Risks Report.

The HOCHTIEF compliance program

Responsibility for compliance lies with all employees and managers at HOCHTIEF, who undertake to meet the requirements in order to prevent compliance violations. We are convinced that ethical and economic values are mutually dependent and that business needs to be done in a spirit of fairness within the framework of existing rules.

HOCHTIEF expects all employees to embrace and comply with the HOCHTIEF Code of Conduct in their daily work. Alongside important statutory requirements, this also contains the standards that we adhere to and aim to foster under our voluntary commitments. These include the UN Global Compact and the ILO Core Labour Standards.

The publication of a Code of Conduct has a long tradition at HOCHTIEF. We published our internal standards in a code of conduct for the first time in 2002. Available in nine languages, the HOCHTIEF Code of Conduct stipulates binding rules for all employees. The same standards have been integrated into the codes of conduct for the companies in the HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions.

The HOCHTIEF Code of Conduct provides orientation and guidelines on the behavior we expect from our employees in their day-to-day business (see chart "Elements of the HOCHTIEF Code of Conduct"). It answers questions on antitrust law, provides support in potential conflicts of interest or in negotiations with business partners. It is also meant to help identify situations of bribery or corruption or to deal correctly with donations and sponsorship money.

In order to ensure fair play, HOCHTIEF also calls upon business partners, clients, and suppliers to comply with our standards. For this purpose, the HOCHTIEF Code of Conduct for Business Partners has been developed, which is available in 14 languages.

Our aim is to establish good, successful, long-term business relationships. Accordingly, we conduct due diligence reviews before entering into business transactions. For example, Corporate Compliance screens joint venture partners and consultants in a precisely defined selection procedure and approves signing subject to integrity criteria. This business partner compliance due diligence process is fully documented at Corporate Compliance and the adherence to the standards monitored regularly.

We keep employees informed about the compliance program, points of contact, and internal directives via the customary in-house media. Our training programs are available on the corporate intranet.

This chapter is part of Focus Area Compliance

Elements of the HOCHTIEF Code of Conduct

In 2020, a total of 87,548 compliance trainings[1] were taken by our employees—this corresponds to an average of 1.9 trainings per employee.

A total of 61,965 compliance trainings were taken by the employees in the HOCHTIEF Americas division, 19,514 in the HOCHTIEF Asia Pacific division, and 6,069 trainings in the HOCHTIEF Europe division (including the holding company).

Number of Compliance training courses

	2020	2019
HOCHTIEF Americas	61,965	12,283
HOCHTIEF Asia Pacific	19,514	25,419
HOCHTIEF Europe (incl. holding company)	6,069	3,900
HOCHTIEF Group	**87,548**	**41,602**

Our goal was for every employee to have completed compliance training at least once by 2020. We attained that goal this year. To that end, we rolled out a revised version of the HOCHTIEF Code of Conduct e-learning module, which all active white-collar employees in the HOCHTIEF Europe division completed. For a specific target group comprising employees who come into regular contact with competitors, we also rolled out an e-learning module on antitrust law.

We require all HOCHTIEF employees to report any suspected compliance violations. Various communication channels are available for this purpose. If employees do not wish to go straight to their direct superior, they can use whistleblower systems that are in place in all divisions. Both hotlines and e-mail addresses are available. All reports are escalated to compliance officers or Corporate Compliance. To protect whistleblowers, reports can be rendered anonymous on request.

Outside stakeholders such as business partners and subcontractors are also able to report issues. HOCHTIEF publishes all contact channels for this purpose on the Group website.

In 2020, 136 communications were received through the whistleblower systems. All matters reported were investigated by Corporate Compliance, Corporate Auditing, or the responsible functional department.

Adherence to compliance rules is regularly monitored. For instance, Corporate Compliance reviews HOCHTIEF projects selected according to specific risk criteria in order to determine whether compliance requirements have been implemented and obeyed.

In addition, Corporate Auditing monitors observance of compliance processes and the corresponding directives. Checks were made in 53 instances during 2020.

[1] The non-financial information in these performance indicators does not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF

We investigate any breaches of the law and internal directives without compromise and with the highest priority. As a matter of course, we take care to guard against anonymous false accusations.

If disciplinary measures such as dismissal follow, the respective superiors or management are responsible for initiating and implementing them.

In the event of a breach of the rules, the responsible compliance officer checks whether the prevailing standards and processes are adequate and sufficient. If not, appropriate action or requirements are introduced or revised.

Corporate Compliance also conducts regular risk analyses to examine corruption and antitrust risks and, where necessary, takes suitable action to reduce any risk.

On behalf of the Executive Board, auditors Deloitte reviewed the adequacy of the compliance management system against German auditing standard IDW PS 980 in conjunction with ISO 37001 for HOCHTIEF Europe. An audit of the companies in the HOCHTIEF Americas division is currently underway and will be completed in 2021.

Tax compliance

Tax-related activities are outlined in a Group directive on taxes. This lays down the tasks, objectives, rights, and obligations of, among others, the Tax department at HOCHTIEF Aktiengesellschaft. The Corporate Tax department advises the Executive Board and the managers of the companies it serves in all taxation matters and reports to the Executive Board on a regular basis. A tax compliance management system (TCMS) has been established in Germany and was reviewed for appropriateness in 2019. It meets the requirements for a TCMS and is organized in accordance with IDW PS 980.

HOCHTIEF seeks a cooperative relationship with tax administrations, based on mutual trust and transparency.

GLENMORE DAM

More drinking water, less flooding risk: Flatiron has rehabilitated a key piece of the water infrastructure system at Glenmore Dam near Calgary, Canada. Glenmore Reservoir is formed by a huge concrete dam measuring 320 meters in length, originally built in the early 1930s. The purpose of the reservoir is to provide drinking water for the population of Calgary.

Compensation report

This compensation report, which is an integral part of the Management Report, describes the essential features of the compensation systems for the Executive Board and Supervisory Board. In addition, the compensation received for 2020 by each member of the Executive Board and Supervisory Board of HOCHTIEF Aktiengesellschaft is individually disclosed.

Principles and responsibilities for the Executive Board compensation system

Objectives

The current compensation system for members of the Executive Board is geared toward long-term, sustainable management. Criteria for determining the appropriateness of compensation comprise the duties of each member of the Executive Board, their personal performance, the economic situation, the performance and future prospects of the Company, as well as the customary level of compensation, taking peer companies into account. The objective of the compensation system is to support successful and sustainable management by linking the compensation of Executive Board members to both the short-term and long-term performance of the Company. It comprises personal and corporate performance parameters. Variable compensation components have a predominantly multi-year assessment basis and thus provide long-term incentives. The structure of long-term variable compensation, which also reflects share price performance, additionally ensures that the goals of management are aligned with immediate shareholder interests.

Appropriateness of compensation

The Supervisory Board regularly reviews the system and the appropriateness of individual compensation components as well as of compensation as a whole. In this connection, it considers the amount and structure of Executive Board compensation at peer companies (horizontal benchmark) and the ratio of Executive Board compensation to employee compensation, including over time (vertical benchmark).

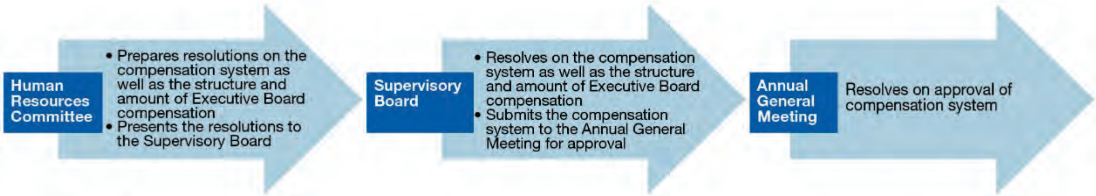
The review for appropriateness and market conformity of Executive Board compensation is based on comparison with compensation at the companies listed in the MDAX index.

For the vertical benchmark, the Supervisory Board looks at compensation both at the level of managerial employees and at the level of the workforce.

Determination and review of the compensation system

The Supervisory Board as a whole is responsible for adopting resolutions on the compensation system for members of the Executive Board and for setting individual compensation. In this, the Supervisory Board is supported by the Human Resources Committee. The latter oversees the appropriate structuring of the compensation system and prepares resolutions for the Supervisory Board.

In the event of material changes to the compensation system and, from 2021 at minimum once every four years, the compensation system is submitted to the Annual General Meeting for approval.

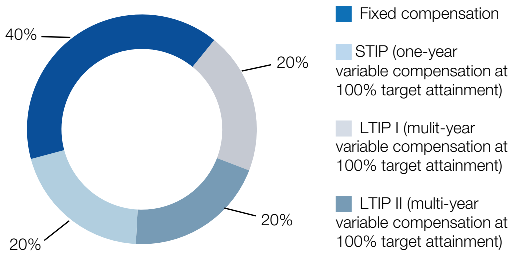


Structure and components of the compensation system for the Executive Board

In detail, total compensation comprises non-performance-related fixed compensation, fringe benefits, performance-related variable compensation comprising a Short-term Incentive Plan (STIP) and two Long-term Incentive Plans (LTIP I/II), and pension benefits.

Fixed compensation makes up 40% of target direct compensation, while variable compensation components equate to 60% of target direct compensation. About two-thirds of variable compensation (LTIP I/II) are not at the immediate disposal of Executive Board members. This amount is dependent upon the development of future performance indicators and thus geared to the Company's long-term business performance.

Compensation system (Target direct compensation excluding fringe benefits and pension benefits)



Compensation components

Fixed compensation		Fixed contractual compensation paid in twelve monthly installments
Fringe benefits		Primarily amounts to be recognized for tax purposes for private use of company cars plus other non-cash benefits.
Variable compensation	Short-term Incentive Plan (STIP)	One-year variable compensation dependent on financial and non-financial performance criteria (targets).
	Long-term Incentive-Plan I (LTIP I)	Multi-year variable compensation dependent on financial and non-financial performance criteria (targets). Paid out by transfer of shares.
	Long-term Incentive-Plan II (LTIP II)	Multi-year variable compensation dependent on financial and non-financial performance criteria (targets). Paid out by the granting of annual long-term incentive plans.
Pension benefits		Individual pension award setting the minimum pension age at 65.

Fixed compensation

Fixed compensation for members of the Executive Board is paid pro rata as a monthly salary.

Fringe benefits

In addition to the fixed compensation, the members of the Executive Board also receive fringe benefits. These primarily comprise amounts to be recognized for tax purposes for private use of company cars and other non-cash benefits.

Variable compensation

Variable compensation for members of the Executive Board is strongly geared to sustainable development of the enterprise. The variable compensation is intended as remuneration for performance. If targets are not met, variable compensation can drop to zero.

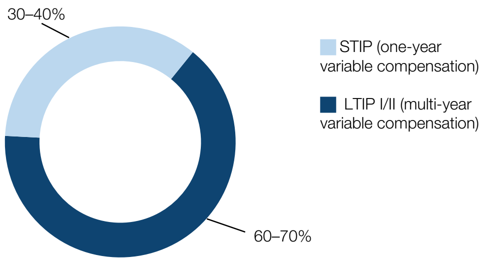
The Supervisory Board agrees targets for variable compensation with the members of the Executive Board for each year. At the end of each year, on the basis of Group performance in the year concerned, the Supervisory Board determines overall target achievement for variable compensation. About a third of variable compensation is paid out in cash (STIP). The remaining approximately two-thirds are paid out in equal parts by transfer of shares in HOCHTIEF Aktiengesellschaft in the net amount, subject to a three-year[1)] bar (LTIP I – Deferral) and by the provision of a Long-term Incentive Plan with a three-year bar (LTIP II) that is relaunched each year. This ensures that the amounts awarded for long-term incentive components I (deferral) and II are dependent on attainment of the targets for the respective year and thus are linked to a minimum of four years'[1)] performance.

Since 2017, Executive Board members have been granted performance stock awards (PSAs) in fulfillment of the Long-term Incentive Plan II compensation component. Under the plan conditions, for each PSA exercised within a two-year exercise period following a three-year waiting period, Executive Board members receive a payment entitlement equal to the closing price of HOCHTIEF stock on the last stock market trading day before the exercise date, plus a performance bonus. The size of the performance bonus depends on target achievement on adjusted free cash flow in the last complete year before the exercise date. It can be between 0 and 200% of the stock market

[1)] The existing contracts with Mr. Fernández Verdes, Mr. Legorburo, and Mr. von Matuschka are still subject to a two-year lock-up period for LTIP I and thus at least three years' performance for this component.

closing price of HOCHTIEF stock on the last stock market trading day before the exercise date. Both the stock price and the performance bonus are capped so that the amount of compensation stays appropriate even in the event of extraordinary, unforeseeable developments.

Variable compensation



Pension benefits

All members of the Executive Board have company pension plans 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 an Executive Board member can receive is 65% of their final fixed compensation. Surviving dependents receive 60% of the pension. For material modifications to existing contracts, the Human Resources Committee reviews pension provision for the members of the Executive Board as well as the resulting annual and long-term pension expense to the Company. With the aid of an actuarial report, the annual pension expense (service cost) needed to meet the vested pension benefits, including surviving dependents' benefits, is calculated for life from retirement age. Retirement and surviving dependents' benefits are reviewed every three years in accordance with Section 16 of the German Occupational Pensions Act (BetrAVG) and adjusted for the increase in the German consumer price index over the comparison period.

Maximum total compensation

In order to ensure that the compensation system has a balanced risk-reward profile and corresponding incentive effect, the variable compensation components are structured in such a way that they can fall in amount to zero or rise to 200%. Additionally, caps are agreed when granting LTIPs.

Since 2020, a total compensation cap has been set for new Executive Board members and for reappointments of Executive Board members. The compensation cap for 2020 was set for Mr. Sassenfeld at EUR 6 million on his reappointment.

Malus/Clawback arrangement

Pursuant to Section 87 (2) of the German Stock Corporations Act (AktG), variable compensation is subject to a clawback right in the event of deterioration in the Company's situation.

In addition, from 2020, all new Executive Board contracts and those entered into with existing members of the Executive Board on reappointment feature malus/clawback arrangements that make it possible to reduce or claw back variable compensation components in the event of serious breaches of statutory obligations or in-house codes of conduct. The limited-term clawback right continues to apply after termination of Executive Board service. Its exercise is subject to the professional judgment of the Supervisory Board.

Continuation of payment in the event of illness

In the event of medically certified incapacity, Executive Board members retain the right to their fixed annual salary and pro rata entitlements to variable compensation for the duration of 12 months, but not beyond the termination of their contract. The same applies if an Executive Board member is prevented from performing his or her duties on account of other reasons for which they are not responsible.

Arrangements in the event of termination of contract

In case of early termination of Executive Board mandates, severance payments 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. There is no special right of termination or entitlement to any severance award in the event of a change of control.

If their contract is not extended, Executive Board members receive a severance award equaling one year's fixed 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 under the age of 65.

In the event of termination of contract, multi-year variable compensation components are paid out in accordance with the originally agreed targets and the contractually specified due dates or holding periods.

Loans and advances

No loans or advances have been granted to any member of the Executive Board.

Share ownership

As a result of the LTIP I component being granted in shares, the Executive Board members hold barred HOCHTIEF shares as follows:

	Number of barred shares as of December 31, 2020 from the granting of the LTIP I component in the last two years	Value on the basis of the average price of a HOCHTIEF share* in 2020 (EUR thousand)	Amount as percentage of fixed compensation
Fernández Verdes	5,381	427	33
Legorburo	1,750	139	40
von Matuschka	1,846	146	36
Sassenfeld	3,501	278	40

*The average price of a HOCHTIEF share in 2020 was EUR 79.27

Executive Board compensation for 2020

Due to the exceptional situation relating to Covid-19, target direct compensation for 2020 was held constant relative to 2019.

For 2020, 90% of overall target achievement in respect of variable compensation for members of the Executive Board was tied to financial targets and 10% to a non-financial sustainability target. In accordance with the corporate strategy, the financial targets were based 50% on consolidated net profit and 50% on adjusted free cash flow. Generating net income enables the Group to reinvest in the business, seize growth opportunities, and distribute profits to shareholders. Targeting cash-backed profit ensures earnings quality and requires management to focus on free cash flow. Focusing on consolidated net profit and free cash flow is therefore an integral and essential part of the Group strategy.

Implementation of a compliance certificate for Europe has been adopted in addition as a non-financial sustainability target. At the same time, an inventory for America has been agreed, which serves as a prerequisite for a subsequent certification. Certification ensures that HOCHTIEF's compliance system meets the requirements of internationally recognized auditing standards for compliance management systems. The certification process as such involves an additional in-depth review of the rules and measures implemented within the Group.

Both for the individual financial targets and for the sustainability target, the potential target achievement rate ranges from 0% to 200%. The Supervisory Board set the targets for 2020, taking into account the Group's planning and the special situation brought about by the pandemic. Overall target achievement in 2020 was 87.02%. No variable compensation components were clawed back in 2020.

No Long-term Incentive Plan was launched in 2020, as the LTIP II component for members of the Executive Board in 2019 was EUR 0.

No agreements on termination of contract were entered into in 2020. Furthermore, as in past years, no loans or advances were granted to members of the Executive Board.

In accordance with German Accounting Standard GAS 17, total compensation for the members of the Executive Board in 2020 and the compensation for the individual members of the Executive Board are shown in the table below:

	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		Total	
(EUR thousand)	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**
Fixed compensation	1,300	1,300	348	348	406	406	696	696	2,750	2,750
Fringe benefits	39	33	16	16	29	29	19	20	103	98
Total	**1,339**	**1,333**	**364**	**364**	**435**	**435**	**715**	**716**	**2,853**	**2,848**
One-year variable compensation Short-term Incentive Plan	0	0 [4]	0	177	0	202	0	353	0	732
Multi-year variable compensation										
Long-term incentive component I[1]	0	0 [4]	0	177	0	202	0	353	0	732
Long-term incentive component II[2] (5-year term)	0	0 [4]	0	177	0	202	0	353	0	732
Total compensation[3]	**1,339**	**1,333**	**364**	**895**	**435**	**1,041**	**715**	**1,775**	**2,853**	**5,044**

[1] Transfer of shares with three-year respectively two-year lock-up period
[2] Granted as long-term incentive plan (for details of the plans, please see pages 207 to 208); amount at grant date
[3] Excluding Executive Board compensation in relation to offices held at Group companies
[4] In 2020 Marcelino Fernández Verdes has waived his entitlement to variable compensation (STIP/LTIP I/LTIP II)

Benefits granted in case of 100% target achievement and allocated in 2020

The tables below show the benefits granted and allocated, together with pension expense, for each member of the Executive Board. Amounts granted and allocated are divided into fixed and variable compensation components and supplemented with pension expense data. With the aid of an actuarial report, the annual pension expense (service cost) needed to meet the pension benefits vested in 2020, including surviving dependents' benefits, is calculated for life from retirement age. Variable performance-based compensation components are divided into one-year variable compensation (STIP) and the two multi-year components, LTIP I and LTIP II. "Benefits granted" show variable compensation at the amount for 100% target achievement. For LTIP II, the grant amount at the grant date is shown. The compensation elements are supplemented with information on individually attainable minimum and maximum compensation amounts.

Amounts granted (EUR thousand)	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			
	2019	**2020**			2019	**2020**			2019	**2020**			2019	**2020**		
(EUR thousand)	Granted (at 100% target attainment)	Granted (at 100% target attainment)	Minimum (at 0% target attainment)	Maximum (at 200% target attainment)	Granted (at 100% target attainment)	Granted (at 100% target attainment)	Minimum (at 0% target attainment)	Maximum (at 200% target attainment)	Granted (at 100% target attainment)	Granted (at 100% target attainment)	Minimum (at 0% target attainment)	Maximum (at 200% target attainment)	Granted (at 100% target attainment)	Granted (at 100% target attainment)	Minimum (at 0% target attainment)	Maximum (at 200% target attainment)
Fixed compensation	1,300	1,300	1,300	1,300	348	348	348	348	406	406	406	406	696	696	696	696
Fringe benefits	39	33	33	33	16	16	16	16	29	29	29	29	19	20	20	20
Total	**1,339**	**1,333**	**1,333**	**1,333**	**364**	**364**	**364**	**364**	**435**	**435**	**435**	**435**	**715**	**716**	**716**	**716**
One-year variable compensation Short-term Incentive Plan	854	854	0	1,708	203	203	0	406	232	232	0	464	406	406	0	811
Multi-year variable compensation																
Long-term incentive component I[1]	676	676	0	1,352	203	203	0	406	232	232	0	464	406	406	0	811
Long-term incentive component II[2] (5-year term)	676	676	0	1,352	203	203	0	406	232	232	0	464	406	406	0	811
Total	**3,545**	**3,539**	**1,333**	**5,745**	**973**	**973**	**364**	**1,582**	**1,131**	**1,131**	**435**	**1,827**	**1,933**	**1,934**	**716**	**3,149**
Pension expenses (service cost)	1,414	1,541	1,541	1,541	262	311	311	311	303	352	352	352	520	620	620	620
Total compensation[3]	**4,959**	**5,080**	**2,874**	**7,286**	**1,235**	**1,284**	**675**	**1,893**	**1,434**	**1,483**	**787**	**2,179**	**2,453**	**2,554**	**1,336**	**3,769**

[1] Transfer of shares with three-year respectively two-year lock-up period
[2] Granted as long-term incentive plan; amount at grant date
[3] Excluding Executive Board compensation in relation to offices held at Group companies

The Allocation table shows the fixed compensation components paid out in the reporting year plus the one-year and multi-year variable compensation amounts established at the time of preparation of the compensation report for payout in the year following the reporting year. Data on the Long-term Incentive Plan II components relates to programs exercised by each Executive Board member in the reporting year and corresponds to the amount paid out. Total compensation also includes the annual pension expense for pension benefits, although this does not represent an actual allocation in the strict sense of the word.

Allocation	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)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Fixed compensation	1,300	1,300	348	348	406	406	696	696
Fringe benefits	33	39	16	16	29	29	20	19
Total	**1,333**	**1,339**	**364**	**364**	**435**	**435**	**716**	**715**
One-year variable compensation Short-term Incentive Plan	0 [3]	0	177	0	202	0	353	0
Multi-year variable compensation								
Long-term incentive component I[1]	0 [3]	0	177	0	202	0	353	0
Long-term incentive component II								
Exercise LTIP 2015	–	2,566	–	429	–	552	–	1,316
Exercise LTIP 2016	–	2,642	–	791	–	904	–	1,582
Total	**1,333**	**6,547**	**718**	**1,584**	**839**	**1,891**	**1,422**	**3,613**
Pension expenses (service cost)	1,541	1,414	311	262	352	303	620	520
Total compensation[2]	**2,874**	**7,961**	**1,029**	**1,846**	**1,191**	**2,194**	**2,042**	**4,133**

[1] Transfer of shares with three-year respectively two-year lock-up period
[2] Excluding Executive Board compensation in relation to offices held at Group companies
[3] In 2020 Marcelino Fernández Verdes has waived his entitlement to variable compensation (STIP / LTIP I / LTIP II)

The table below shows the pension expense incurred for 2020 and the amount of the pension obligations for members of the Executive Board in office in the reporting year:

(EUR thousand)		Service cost	Interest expense	Total	Present value of pension benefits
Fernández Verdes	2020	1,541	163	1,704	14,472
	2019	1,414	197	1,611	12,522
Legorburo	2020	311	25	336	2,307
	2019	262	26	288	1,908
von Matuschka	2020	352	28	380	2,616
	2019	303	30	333	2,155
Sassenfeld	2020	620	74	694	6,545
	2019	520	83	603	5,687
Executive Board total	**2020**	**2,824**	**290**	**3,114**	**25,940**
	2019	**2,499**	**336**	**2,835**	**22,272**

The present value of pension benefits for current and former Executive Board members is EUR 113,083 thousand (2019: EUR 108,706 thousand). In the reporting year, pension expenses for incumbent members of the Executive Board comprised service cost of EUR 2,824 thousand (2019: EUR 2,499 thousand) and interest cost of EUR 290 thousand (2019: EUR 336 thousand). The interest cost for the pensions of former members of the Executive Board totaled EUR 1,096 thousand in 2020 (2019: EUR 1,648 thousand).

Payments in the amount of EUR 4,829 thousand (2019: EUR 5,019 thousand) were made to former members of the Executive Board and their surviving dependents. Pension obligations to former members of the Executive Board and their surviving dependents totaled EUR 87,144 thousand (2019: EUR 86,434 thousand).

Long-term Incentive Plans granted and not yet exercised:

	LTIP 2017			LTIP 2018			LTIP 2019			Expense	
	Number of PSAs	Exercise period	Maximum gain per PSA (in EUR)	Number of PSAs	Exercise period	Maximum gain per PSA (in EUR)	Number of PSAs	Exercise period	Maximum gain per PSA (in EUR)	2019	2020
Fernández Verdes	5,449	One day after approval date of 2019 consolidated financial statements to approval date of 2021 consolidated financial statements	514.62	5,714	One day after approval date of 2020 consolidated financial statements to approval date of 2022 consolidated financial statements	533.70	6,344	One day after approval date of 2021 consolidated financial statements to approval date of 2023 consolidated financial statements	477.12	1,954	334
Legorburo	1,734			1,715			1,905			564	98
von Matuschka	1,981			1,960			2,177			650	112
Sassenfeld	3,467			3,430			3,809			1,168	196
Total	**12,631**			**12,819**			**14,235**			**4,336**	**740**

Executive Board compensation in relation to offices held at Group companies

For his services in Australia as Executive Chairman of CIMIC in 2020, Mr. Fernández Verdes received a lump-sum expense allowance of EUR 255 thousand[1] and fringe benefits in the amount of EUR nine thousand[1].

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

[1] 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 2020 is shown in the table below.

(EUR)	Fixed compensation (without VAT)	Attendance fees (without VAT)	Total compensation (without VAT)
Pedro López Jiménez	195,000	13,500	208,500
Ángel García Altozano	130,000	20,000	150,000
Beate Bell	97,500	13,500	111,000
Christoph Breimann	65,000	12,000	77,000
Carsten Burckhardt	97,500	18,000	115,500
José Luis del Valle Pérez	97,500	21,500	119,000
Patricia Geibel-Conrad	97,500	20,000	117,500
Dr. rer. pol. h. c. Francisco Javier Garcia Sanz	65,000	12,000	77,000
Arno Gellweiler	97,500	11,500	109,000
Matthias Maurer	130,000	20,000	150,000
Luis Nogueira Miguelsanz	97,500	20,000	117,500
Nikolaos Paraskevopoulos	97,500	12,000	109,500
Sabine Roth	97,500	20,000	117,500
Nicole Simons	97,500	11,500	109,000
Klaus Stümper	97,500	21,500	119,000
Christine Wolff	97,500	13,500	111,000
Supervisory Board total	**1,657,500**	**260,500**	**1,918,000**

1201 NEW YORK AVENUE

Place for forging connections: Turner has refurbished this office building on New York Avenue in Washington, D.C., to provide state-of-the-art workspaces and ideal conditions to bring users together—including the new foyer extending over two levels, an atrium, a gym, meeting rooms, and a large roof terrace. Floor-to-ceiling windows ensure plenty of natural daylight.

This chapter is part of Focus Area Sustainable Products and Services

Research and Development

The non-financial information in this section do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

Innovation is the key to successful project delivery

Innovation is a key success driver in project execution and delivery at HOCHTIEF: Custom solutions developed in our projects and the use of cutting-edge systems enhance quality, cost-efficiency, and sustainability. Process and methodology improvements from digital technologies in particular boost operational efficiency. Innovation is a corporate guiding principle and shapes our fundamental understanding of our work across the Group.

The strategic goals of the work we put into innovation are to improve operational efficiency and safety on an ongoing basis, coupled with ensuring the competitiveness of all our operating companies and the marketability of our services long-term. We will also, with our in-house product innovations, raise the bar in the market and establish our position as an independent digital solution provider.

To this end, innovation work is directly embedded in project activities at HOCHTIEF. This enables us to accommodate the unique requirements of each project, to profit from the experience and competence of the operational units, as well as directly meet clients' wishes and expectations.

The workforce has a hand in improving existing and developing new technologies and processes. A wide variety of training programs educate, motivate, and upgrade skills in this regard. Innovation activities worldwide are steered via the digital process platform Nexplore.

Innovation topics are dealt with in a centralized approach at HOCHTIEF. Strategic innovation management at HOCHTIEF as well as the operational implementation and coordination of innovation-related activities are the responsibility of Nexplore, which was established in 2018. Operating as a central strategic unit, Nexplore promotes the systematic adaptation of digital products in the operational units. Nexplore stands out for generating proprietary digital product innovations programmed to the latest technical standards in collaboration with leading technology companies. The Executive Board is kept informed of Innovation Management's activities on an ongoing basis. Innovation organizations in the operational units support Innovation Management and liaise closely with Nexplore.

Responsibility for the development of new digital products lies with Nexplore, which works in close coordination with the operational units from idea generation right through to the finished application. The technical development of solutions is carried out by Nexplore. To this end, a large number of pilot projects are being developed worldwide. Activities in the reporting year relate to various thematic areas, including blockchain technology, artificial intelligence, Internet of Things (IoT), administration tools, planning and execution tools, data management tools, and the visionary Life as a Service (LaaS) platform.

Nexplore continued to grow in 2020, expanding its global footprint with new locations in New York, Denver, Austin and Munich, Germany. Today, it has innovation centers in Germany, Spain, the USA, Australia, Singapore as well as Hong Kong. Nexplore is also working in cooperation with partners in other countries.

The product portfolio is constantly expanding. Current hot topics include software digitalizing the construction industry supply chain, a digital platform to improve project coordination in infrastructure construction, the generation of digital ground models, and the development of products that deploy artificial intelligence in areas such as the bidding process, contract and project management, and quality assurance. IoT applications are also currently on trial, for purposes such as real-time tracking of consumption data. Other notable projects deploy drones and robots for automated data collection.

Nexplore collaborates on a project basis with scientific and research establishments including Massachusetts Institute of Technology (MIT), Universidad Politécnica in Madrid, the Hong Kong Applied Science and Technology Research Institute, and the Technical University of Darmstadt. 2020 brought new collaborations with universities in the USA, Spain, Hong Kong, and Germany.

Nexplore additionally plans to develop its own market position as a provider of digital solutions.

Field test in New York: Mobile robot Spot helps the Turner team with tasks such as automated site inspections.

Project-driven innovation in Group companies

The work done by the operating companies' decentralized innovation units takes its cue from the existing or emerging requirements in their own business lines. Ideas Management is of great importance in this context: At our American subsidiary Turner, for example, innovation proposals are aggregated and evaluated in a clearly defined, centrally steered bottom-up process. The Turner Innovation Challenge Program is designed to motivate employees to use in-house tools—such as the Turner Learning Tree knowledge platform and social networks—to help develop new ideas in defined focus areas. Turner's Innovation Department specifically elaborates topics that are of company-wide significance and implements the resulting developments with Nexplore.

In the CIMIC Group, EIC Activities—which specializes in engineering and technical services—works with CIMIC's operational units to deliver competitive solutions. EIC Activities specialists come in as early as the project bid phase to pinpoint potential for innovation, mitigate risk, and add value. This cooperation makes for high-quality bids as well as for cost and labor efficiency in project execution. Specialist teams at EIC Activities provide access to technical resources and leading-edge technologies, make their technical expertise and best practices consistently available throughout the Group, and additionally create an in-house knowledge network.

Focus area indicator Sustainable Products and Services

Aspect: Innovation/Digital transformation

The Interactive Project Knowledge Library, an interactive database which is available as a common platform, documents knowledge acquired in projects and shares it internally within CIMIC. This enables the Group's tender and project teams to repeat successes, fast-track learnings, and continue to innovate. Besides making project documents and reports available, the platform also provides community functionality for sharing knowledge.

HOCHTIEF Solutions updated its Ideas Room tool during the reporting year. This is an in-house platform where employees can publish ideas and best-practice examples. In a structured process, these are evaluated and followed up by Group experts. Special campaigns launched for a limited period target ideas in a specific thematic area. The first such campaign took place in November 2020 on "Corona".

Decentralized units coordinate their activities within the Group in terms of focal area. Nexplore primarily takes the lead on digitalization projects that have Group-wide significance and potential for application. Work on joint Group pilot projects involving digitalization was stepped up during the reporting year.

Industry-wide networking

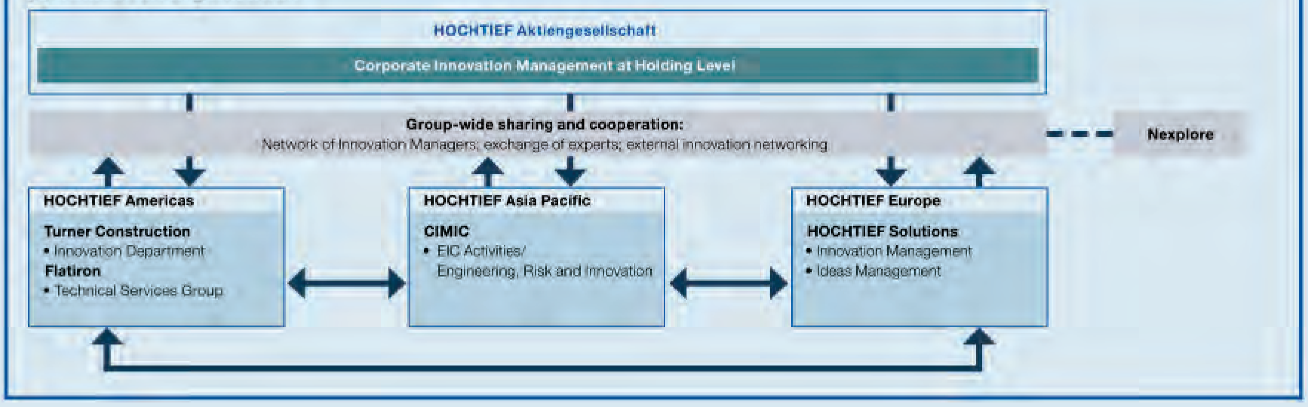
We work together with industry partners to promote issues of sectoral importance. Collaboration in industry networks such as the European Network of Construction Companies for Research and Development (ENCORD) also helps to advance specific issues in the construction sector. At the same time, we also join forces with partners in other industries as well as prestigious universities on diverse topics, such as the mobility of the future.

Building Information Modeling

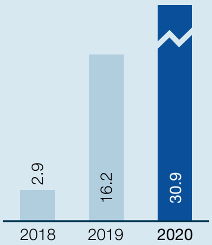
The development of innovative applications for Building Information Modeling (BIM) remained a common long-term focal area for all corporate units in 2020. This digital planning and execution approach interconnects everyone involved in a project using a 3D computer model. Supplemented with additional data, such as on timing and costing, the model enables real-time monitoring of construction progress and improved planning processes, and on the basis of comprehensive data is even able to simplify maintenance and operation. This makes BIM an important tool also for reducing construction-related risks.

Facts and figures

(1) Innovation organization



(2) Investment volume of R&D projects (EUR million)



The figures in the chart relate to innovation projects conducted by Group Innovation Management at holding company level. The figures for 2020 include the expenses for operating projects of Nexplore.

(3) Number of employees provided with BIM or similar training in 2020

Division	HOCHTIEF Group	HOCHTIEF Americas	HOCHTIEF Asia Pacific	HOCHTIEF Europe
Employees	**5,973**	454	1,344	4,175

Group companies regularly use BIM for their major construction projects; to date, HOCHTIEF has gathered BIM experience in several thousand projects Group-wide. Increasingly, the technology is also being deployed in smaller construction projects. The goal is to use BIM across the board. To this end, the BIM training campaign launched in 2018 by HOCHTIEF company ViCon was continued in 2020. Across the Group, a total of 5,973 employees[1)] received further training on the latest iteration of this technology in the reporting year. To train BIM professionals, HOCHTIEF ViCon additionally works with Ruhr University Bochum and the Technical University of Munich, among others.

HOCHTIEF ViCon is an active participant in the Road Map for Digital Design and Construction adopted by Germany's Federal Ministry of Transport and Digital Infrastructure, contributing in various ways such as supporting a series of pilot projects. The company also uses BIM to carry out refurbishment and upgrading projects.

Innovation as sustainability driver

The use of digital data and models directly contributes to protecting the environment. Optimized planning makes it possible to improve logistics processes and so conserve resources. Examples include transport logistics serving construction sites and digitally planned freeway maintenance management. Digital planning models help avoid errors, thus removing the need for resource-intensive remedial work, including demolition, rebuilding, and the production of replacement parts. Automated data capture and analysis processes, such as those using sensor and robot technology, lead to improved planning and related savings.

The possibilities here extend far beyond the end of the construction phase: For instance, having data available in digital form also makes for efficient operation of built structures and methodical planning of future construction measures.

[1)] The non-financial performance indicators do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

Project highlights

Successful collaboration: HOCHTIEF patent deployed in Leighton Asia project

At the beginning of November, HOCHTIEF Infrastructure experts deployed the flying launch method in a Leighton Asia tunnel project in Singapore—the first time it has been used outside Europe. Previously, HOCHTIEF Engineering provided Leighton with the design for the steel support structure used for the launch.

HOCHTIEF developed the method for improving the launch of tunnel boring machines (TBMs) in 2004 and submitted a patent application. It is especially well suited for use in narrow shafts and also offers significant benefits in terms of occupational safety as well as of the time and cost structure of mechanized tunnel driving. The method had previously been used in some 30 TBM launches in Germany, the UK, and Denmark.

In December 2020, the first slurry TBM with an excavation diameter of 7.56 meters was launched in Singapore in the 50-meter-deep O1 launch shaft and successfully advanced into the first key position. Experts from the Technical Competence Center supervised the system setup and, within three days following ready-to-bore, used the flying launch method to drive the TBM into position through the two-meter-thick concrete wall and the adjoining bedrock horizon. The launch was controlled to high precision with a vertical deviation of just four millimeters and zero horizontal deviation. The deployment in Singapore is the first of a total of three TBM launches in the Leighton Asia project.

Robots on the construction site

In 2020, Turner launched a pilot program deploying an advanced mobility robot—Spot—that can safely traverse construction sites carrying customized technological integrations. The pilot kicked off on the 550 Washington Street project in New York City. There, Turner is testing Spot's ability to conduct routine site walks and automate tasks like site laser scanning and progress monitoring. Scan data captured by Spot will enable Turner teams to efficiently track construction progress, conduct rapid QA/QC checks, and update as-built BIM models to provide clients with true digital twins of their facilities at turnover. Pairing the mobile robot with the latest reality capture technologies demonstrates the possibilities of automated construction workflows.

CPB Contractors likewise has a robot on its workforce: During construction work on a section of Melbourne's M80 Ring Road, the team is using Matey, a fully autonomous robot surveyor, to check line markings and carry out survey work. Matey is operated from a safe observation point via a tablet, which also contributes to construction site safety by reducing contact between the workforce and live traffic. As the robot can operate on several surfaces including asphalt, grass, and dirt, it is already booked in for work on other CPB Contractors projects.

University-industry partnership a road to innovation

With CIMIC as its major industry partner, the SPARC (Smart Pavements Australia Research Collaboration) Hub is the first university-led research collaboration platform in Australia to focus on advancing transport pavement innovations. The aim of SPARC is to develop solutions for the Australian industry by addressing short-, medium-, and long-term challenges in the transport sector. Through high-quality, collaborative research into innovative materials, smart technologies, and advanced design, construction, and maintenance methods, they are working to make Australia's transport pavements smarter and more sustainable.

Current Nexplore projects (examples):

Development of a method for examining the quality of concrete using image recognition. Concrete quality is gaged against flow characteristics and other parameters. This innovation is made possible by the vast quantities of data available within the Group.

Development of an automated tool for contract risk analysis. The tool scans contracts running to thousands of pages and classifies the inherent risks.

Development of a deep learning application to simulate missing information in BIM. This helps eradicate sources of error in complex construction projects.

Robotics-based process automation projects, including the development of sensor technology on construction sites.

Launch of the Artificial Intelligence in Construction (AICO) research project together with the Technical University of Darmstadt, in which the partners are trying out a program aimed at involving PhD students in practice-oriented topics.

The content in this section is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

Employees[1]
HOCHTIEF as an employer

[1] The content in this section is not part of the statutory audit of the annual financial statements and consolidated financial statements but is subject instead to a separate assurance engagement in accordance with ISAE 3000, providing limited assurance, by KPMG AG Wirtschaftsprüfungsgesellschaft.

The analysis as of the reporting date includes the 11,862 employees of CIMIC Group company Thiess also for 2020. For further information, please see page 43. The non-financial information and performance indicators in this section do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

Human resources strategy

Our human resources strategy is based on the Group strategy. Its most important tasks are recruiting suitable employees and creating employee development opportunities. Further objectives of human resources management at HOCHTIEF include a safe, innovation-rich working environment and performance-based pay. We take our cues in this from our Group-wide guiding principles: integrity, accountability, innovation, delivery, sustainability, all underpinned by the precondition of safety.

The Corporate Department Human Resources and the operational Personnel Departments in corporate units maintain close, ongoing dialog. Cross-cutting issues are identified and developed centrally, and then locally adapted and implemented together with the companies. Operational personnel matters are the responsibility of the respective units.

Our human resources management activities in the past year were heavily impacted by the Covid-19 pandemic. The primary goal here was and remains to protect our workforce and not to jeopardize the onward course of our projects. In close consultation with the Executive Board, measures to protect the health of employees were formulated at short notice, implemented as swiftly as possible, and communicated within the Group to all managers and employees.

Focus area indicator Working Environment

Aspect: Talent attraction: Meeting demand for skilled labor

The changes in the world of work, which the pandemic has accelerated and which are characterized by increasing complexity and flux, are also plain to see at HOCHTIEF. The question of how the Group dynamically adapts to this challenge will become increasingly important for current and future employees. We are already progressing successfully here and aim to ensure that employees, on the basis of our corporate culture, continue to embrace the changes to new, flexible ways of working, are able and eager to adapt, and actively contribute. This includes self-organized, agile working in small teams with strong goal orientation, and structuring projects in rapid succession. Innovation projects for software development at Nexplore, for example, are based on agile working principles. HOCHTIEF supports employees in adapting to new ways of working with personal development and training programs in order to acquire the flexibility needed. Over 71% of training sessions in Germany were thus held online in the reporting year, compared with just under 9% in 2019.

HOCHTIEF was already well prepared for the challenge of providing a safe working environment for employees. Universally rolling out and training employees in the Microsoft Office 365 application suite in 2019, for example, contributed to the fact that, wherever possible, our employees were able to work from home. Wide-ranging protective measures were implemented in our construction projects to ensure the safety of employees and continuation of work.

Number of employees

In 2020, the number of employees in the HOCHTIEF Group was 46,644 (Chart 1). This marks a decrease of 12.5% compared with the prior year.[2] In addition, we employed subcontractors on our construction sites.

[2] This paragraph is part of the statutory audit of the annual financial statements and consolidated financial statements.

Across the Group, 12,373 people joined the company, while 18,467 employees left (Table 2). Staff turnover in Germany stood at 8.5% (2019: 10.2%), in line with our targeted range of 8–12%. We do not report Group-wide turnover rates because large numbers of employees are hired in our international business on a project-by-project basis and this can lead to major fluctuation in employee numbers. As of the December 31, 2020 reporting date, the share of Group-wide contracts with permanent positions was 91%.

Winning employees for HOCHTIEF

HOCHTIEF changed its approach to recruitment in response to the pandemic. Normally, recruitment activities take place at schools, higher education institutions, recruitment fairs, and involvement in courses at universities. That was not possible in the reporting year. To maintain its good contacts with selected schools and higher education institutions, HOCHTIEF established virtual communication channels with relevant decision makers. We also kept in touch by digital means with in-

This chapter is part of Focus Area Working Environment

terns in our intern retention programs. Entry opportunities were discussed by telephone with former interns, especially those completing their studies.

We significantly stepped up our social media activities: XING, LinkedIn, Twitter, Facebook, and Instagram are now integral to the Group's positioning as an employer and in attracting prospective new employees. With a complete relaunch of our website, we have succeeded in sparking people's interest in HOCHTIEF, leading them to choose HOCHTIEF as an employer. HOCHTIEF received over 16,000 applications in Germany alone during 2020, almost 20% more than in the prior year. The largest number of new appointments related to construction engineers with prior professional experience. We currently conduct interviews using Microsoft Teams, WebEx or Skype—both for the protection of applicants and for the safety of our employees. In Germany, for example, we hired 42 young talents in this way (2019: 66) against our existing target of 50; Turner hired a total of 334 young talents.

We have also been able to use the new media to capture the interest of school students in HOCHTIEF. Alongside conventional training, HOCHTIEF provides training in combination with a co-op degree program. In Germany, the company employed 98 trainees in 2020 (2019: 101). Our training quota was 2.8% as of the reporting date (December 31, 2020).

Employee development builds our future

Opportunities for further training and career development are important for employees and applicants alike. Framing such opportunities therefore contributes significantly to securing the Group's pool of expertise and its future. HOCHTIEF's training approach combines professional and methodological skills with personal competencies.

Normally, we provide special onboarding programs to help new employees find their way around. At HOCHTIEF Infrastructure, for one, these currently take place in virtual form. The altered situation during the reporting year also had an impact on annual employee interviews, in which supervisor and employee select targeted training for employee development opportunities and measures.

Further training activities provided among others by the HOCHTIEF Academy and Turner University also had to change in 2020 due to the special challenges. Where possible and expedient, classroom training units from the wide-ranging continuing education program were reconceptualized in consultation with in-house and outside trainers as online training modules. The success of this endeavor—which was not least thanks to openness to the idea on the part of participants—meant that many trainings were able to take place despite the pandemic. Switching from classroom to even more online training enabled us in general to explore new dynamic opportunities in continuing education. Based on the positive experience, the good response, and successful course performance, we will further expand our offering of online and hybrid (combined online and in-person) seminars over the coming years.

In the reporting year, despite the limitations, the time invested in continuing education throughout the Group[1)] was 25.3 hours per employee (2019: 21.8 hours), once again well above our target of 13 hours.

[1)]This figure relates to 98.0% (2019: 97.9%) of the Group's average total workforce.

Diversity as an asset

Our staff's diversity in terms of age, gender, citizenship, religion, and background is something we as an international Group care deeply about (Chart 5). The diversity of our teams directly influences their performance. This is why diversity is an integral part of human resources processes at HOCHTIEF.

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

In North America, our Group companies Turner and Flatiron took a clear stance on diversity in connection with the recent Black Lives Matter movement. Racism and discrimination are not tolerated in either company, or in any other HOCHTIEF unit. To further raise awareness of these human rights issues, our subsidiaries have special training programs in place that are to be further stepped up in 2021. At Turner, for example, in response to the debate, construction site teams spontaneously interrupted their work to address the subject collectively. Employees were called upon to consciously reflect on their own attitudes. Industry publication Construction Dive named Turner Company of the Year in December 2020 for its leadership role, writing that, with its unequivocal stance, Turner had served as a role model in the industry and shown how to respond to racist attitudes and actions on construction sites.

In its project activities, HOCHTIEF promotes networking between seasoned and younger colleagues in order to pass on know-how in both directions and ensure high-caliber project execution. Recruiting the new generation is our answer to demographic change (Chart 3).

Focus area indicator Working Environment

Aspect: Training: Further training hours

Apprenticeships at HOCHTIEF
Commercial/administrative careers:
Industrial administrator
Office communications administrator
Bachelor of Arts (Industrial administrator)
Technical careers:
Technical drafter
Bachelor of Engineering
Surveying technician
Industrial careers:
Concretor
Construction equipment operator
Mechatronics technician
Electronics technician specializing in industrial engineering
Electronics technician specializing in technical building services
Underground builder
Carpenter

Training to build the future: The latest cohort of trainees started at the Group's Essen headquarters in the fall (top left). Executive Board member Nikolaus von Matuschka congratulated the best trainees of the past two years on their outstanding performance (bottom left).

Office and site workers alike wear face coverings to help contain the spread of the coronavirus (right).

Inclusion is a social obligation at HOCHTIEF. In the construction industry, the most feasible opportunities for employing people with disabilities tend to be in administration. People with severe disabilities comprised 3.5% of our workforce in Germany as of December 31, 2020. In Germany, to identify the best possible prospects for potential employees, interviews for applicants who have severe disabilities are always attended by a disability officer.

Codetermination at HOCHTIEF

HOCHTIEF is committed to active employee involvement as well as a culture of fairness and dialog. In Germany, 97% of the workforce are represented by works councils. In the HOCHTIEF Americas division, 19.4% of employees are represented by unions, while the quota in the HOCHTIEF Asia Pacific division stands at 58%.

To gain a picture of workforce opinion and an independent perspective on employee satisfaction and commitment, HOCHTIEF regularly invites employees to take part in employee surveys. A total of 56% of respondents took part in the Europe-wide Dialog@HOCHTIEF survey in November 2020. HOCHTIEF will use the findings to generate focal areas for action.

Performance-based pay and retirement provision

HOCHTIEF is committed to performance-based, economic, competitive, attractive, and fair compensation. Our compensation systems are geared to the conditions in the countries and markets in which we operate. HOCHTIEF was one of the first construction companies in Germany to completely align wages and salaries in Berlin and eastern Germany with the levels in the west. Compensation systems are supplemented with additional benefits. The package is rounded out by innovative schemes such as the option of using the JobRad leased bicycle scheme.

As a matter of principle, our employees' compensation is based on their duties, qualifications, experience, and responsibilities. Internal gender pay gap analyses serve as an additional controlling instrument. In order to ensure fair compensation in line with market conditions, we regularly review the fixed and variable components of our compensation systems on the basis of internal and external benchmarks.

As a responsible employer, we are also committed to ensuring that our employees are provided for in retirement. Numerous Group companies offer their employees supplementary pension options in line with the legal framework in the respective countries. These include insurance options or deferred compensation.

Work-life balance

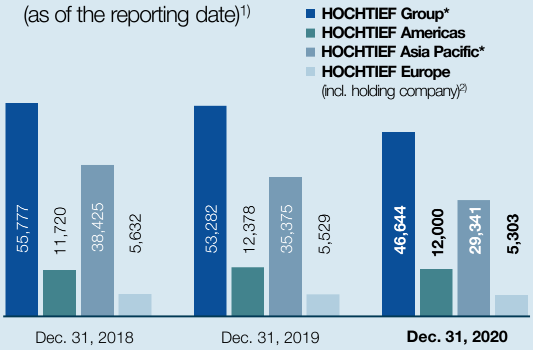
Achieving a good balance between work and private life is a key health, motivation, and performance factor for employees. HOCHTIEF provides a range of measures and programs to this end, including part-time working, teleworking, flexible working hours, and mobile working (Table 6). The Covid-19 pandemic, in which the boundaries between work and private life have frequently become blurred, has made this issue even more prominent. HOCHTIEF will leverage the wealth of experience gained here and incorporate it in the future working environment. Many HOCHTIEF companies also offer flexible parental leave schemes (Table 7).

As a further employee health measure, we provide preventive healthcare throughout the Group. This includes checkups, health screenings, sports programs, and a variety of seminars—also in online form—on occupational safety, health, and mental fitness.

The pandemic and its impacts on our professional and private lives will continue to accompany us in 2021. Our paramount goal will continue to be the health and protection of our employees.

Facts and figures

(1) Number of employees at HOCHTIEF by division (without indirect employees)
(as of the reporting date)[1)]

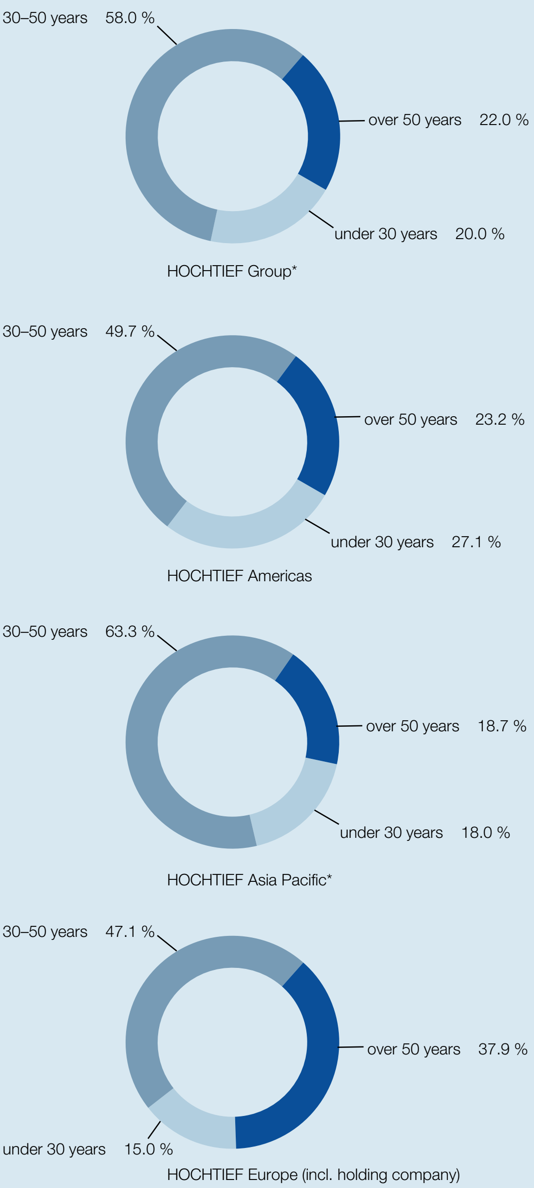


Footnotes to chart:
[1)] Total workforce: All persons who are employed by a fully consolidated HOCHTIEF Group company as of the reporting date (except for the Executive Board), plus 11,862 employees at CIMIC Group company Thiess. Employees are counted per capita.
[2)] The holding company had 159 employees as of the reporting date.

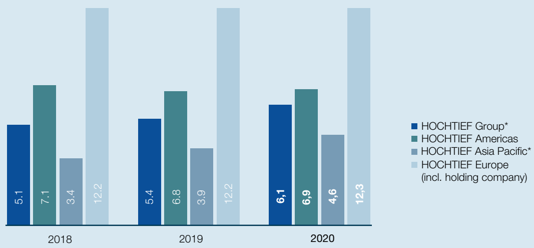
(2) Total number of employees in the HOCHTIEF Group by gender and employment type (reporting date Dec. 31, 2020) **and number of new hires and departures** (2020 total)

	HOCHTIEF Group*	HOCHTIEF Americas	HOCHTIEF Asia Pacific*	HOCHTIEF Europe (incl. holding company)
Employees (total workforce)	**46,644**	**12,000**	**29,341**	**5,303**
– of which men	38,647	9,236	25,463	3,948
– of which women	7,997	2,764	3,878	1,355
– women in man agement positions (%)	13.2 %	14.1 %	13.4 %	11.9 %
White-collar workers (incl. apprentices)	**25,552**	**9,553**	**11,857**	**4,142**
– of which men	18,776	6,862	9,106	2,808
– of which women	6,776	2,691	2,751	1,334
Blue-collar workers (incl. apprentices)	**21,092**	**2,447**	**17,484**	**1,161**
– of which men	19,871	2,374	16,357	1,140
– of which women	1,221	73	1,127	21
New hires	**12,373**	**2,751**	**9,062**	**560**
Departures	**18,467**	**2,573**	**15,203**	**691**
Fixed-term contracts	**4,272**	**101**	**3,821**	**350**
– of which men	3,671	64	3,368	239
– of which women	601	37	453	111
Permanent positions	**42,372**	**11,899**	**25,520**	**4,953**
– of which men	34,971	9,172	22,095	3,704
– of which women	7,401	2,727	3,425	1,249

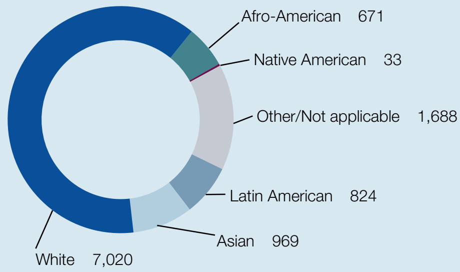
(3) Age structure in the HOCHTIEF Group in 2020
(%, as of Dec. 31, 2020)



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



(5) Employees by ethnic group in North America
(as of Dec. 31, 2020)



Data is gathered quarterly and annually worldwide for purposes of HR reporting, unless otherwise indicated.

A Group directive governs the consistent definition and method of counting employees in the HOCHTIEF Group.

* The non-financial performance indicators do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF. The analysis as of the reporting date includes the 11,862 employees of CIMIC Group company Thiess also for 2020.

(6) Percentage of full-time and part-time employees by gender in Germany
(reporting date Dec. 31, 2020)

	Total	Full-time	Part-time	Part-time %
Total workforce	**3,445**	**3,001**	**444**	**12.9%**
– of which men	2,540	2,390	150	5.9%
– of which women	905	611	294	32.5%

(7) Employees on parental leave in Germany (reporting date Dec. 31, 2020)

	Employees on parental leave	of whom returned to work after parental leave	of whom did not return to work after parental leave	Proportion of employees who return to work %
Total	**149**	**75**	**9**	**89.3%**
– of which men	66	50	4	92.6%
– of which women	83	25	5	83.3%

Returnee rate in Germany (employees who still work for HOCHTIEF 12 months after their return from parental leave) (reporting date Dec. 31, 2020)

	Returnees from parental leave in 2019	Still employed by HOCHTIEF 12 months after return	Returnee rate in %
Total	**68**	**62**	**91.2%**
– of which men	47	43	91.5%
– of which women	21	19	90.5%

ONE

New landmark: ONE, a 190-meter office and hotel tower, is being built in Frankfurt's Europaviertel district. A spectacular overhang on the 34th floor lends the building the visual appearance of the numeral 1. The building will house a 375-room hotel as well as office, co-working, public catering facilities, and a sky bar on the top floor. Completion of the shell is scheduled for spring 2021. The German Sustainable Building Council has already awarded DGNB Platinum precertification.

This chapter is part of Focus Area Working Environment

Occupational safety and health[1]

Occupational safety and health are essential to all everyday working processes on construction sites at HOCHTIEF because such work fundamentally involves risks. We also attach importance to safety in office workplaces. The health and wellbeing of our employees and contractors is firmly embedded as a principle in our corporate culture. We consider safety to be at the core of all project activities.[2] Our fundamental aim is for all projects to be carried out without a single accident. Accident-free project delivery is consequently our overriding objective. This applies to all teams involved in a project.

In view of the pandemic situation, we supplemented our existing safety policies in 2020 with additional infection control measures to protect our workforce and minimize the risk of spreading the coronavirus. These measures impact all work processes at HOCHTIEF.

The Covid-19 pandemic

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

They include temporarily working from home and reducing in-person meetings to the necessary minimum. Construction site workflows are organized to afford the best possible protection as people go about their work, such as by observing distancing rules, wearing face coverings, and regular hygiene. By implementing the additional infection control measures, the restrictions on business operations are to be kept as small as possible. The measures are regularly reviewed and adapted according to the situation by the Group's occupational safety experts in consultation with the Executive Board. The employee survey in Europe in November 2020 showed that the employees see the pandemic management at HOCHTIEF positively: 80 percent indicated that HOCHTIEF has adapted very well or well to the situation and has taken the necessary steps. All in all, the success of the measures taken combined with workforce discipline have helped avoid any major inter-team outbreaks. Group-wide, a total of 1,442 employees reported a Covid-19 infection during the course of the year, with various sources of infection. There were three fatalities in connection with Covid-19 at CIMIC. Our sympathies are with their families and friends

Organizational structure

The OSHEP Center is HOCHTIEF's internal competence center for occupational safety, health, and environmental protection and reports to the Executive Board. A directive lays down responsibilities, structure, and procedures that the country-level subsidiaries supplement in line with the legislation and requirements that apply to them. The OSHEP experts also draft and update rules, directives, and policies. They coordinate

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Unless otherwise noted, our occupational safety and health indicators refer to HOCHTIEF employees.

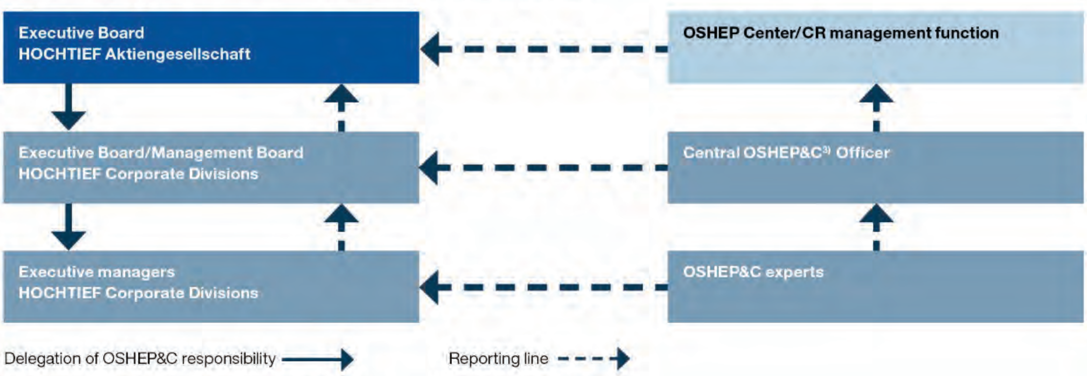
[2] For further information, please see the Strategy section.

Focus area indicator Working Environment

Aspect: Health and Safety

The analysis as of the reporting date includes the 11,862 employees of CIMIC Group company Thiess also for 2020. For further information, please see page 43. The non-financial information and performance indicators in this section do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

Structure of occupational safety and health at HOCHTIEF



[3] Occupational safety, health, environmental and climate protection

This chart is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

Occupational safety has topmost priority—especially when working at great heights, such as maintaining signaling equipment in Australia (left).

Always in view: Billboards put up on construction sites help keep the corona protection measures in mind (right).

occupational safety and health issues at Group level and liaise regularly with divisional safety experts.

Additional specialists within each operating company ensure that the applicable laws, standards, internal rules, and initiatives are implemented on construction sites and provide project teams with support and advice.

Occupational safety is an integral part of HOCHTIEF's management systems. The requirements under these management systems apply to all employees in the various units. HOCHTIEF's occupational safety management system is for the most part based on voluntarily selected international standards such as BS OHSAS 18001 and ISO 45001. In 2020, 84.1% (2019: 84.8%) (Chart 2) of HOCHTIEF employees worked in units certified to such standards. The management system applies to the relevant certified HOCHTIEF units and contains processes for working with subcontractors. The rules under the management systems apply to all employees for whom HOCHTIEF has responsibility, including any temporary workers. Rules on occupational safety when dealing with subcontractors are integral to the management systems. The management systems are subject to ongoing development on the basis of an annual review.

Central stipulations on occupational safety are laid down in the Group directive on occupational safety, health, environmental, and climate protection, the HOCHTIEF Code of Conduct, and the HOCHTIEF Code of Conduct for Business Partners. Workplace- and project-related risks are evaluated by security experts at construction sites and office locations. Occupational physicians are brought in on relevant consultations. In addition, regular inspections by occupational safety experts serve to assure quality and minimize risks. Random checks are also carried out by Internal Auditing.

Indicator: Lost time injury frequency rate (accident rate)[1)]

Reflecting the major importance of occupational safety, HOCHTIEF has tracked the lost time injury frequency rate (LTIFR) as a non-financial performance indicator since 2015. The indicator is reported to the Executive Board on a quarterly basis. In accordance with International Labour Organization (ILO) standards, the LTIFR captures the number of accidents per million hours worked, recording accidents involving at least one lost day in addition to the day of the accident itself.

In 2020, the LTIFR for HOCHTIEF was 0.87[2)] (2019: 1.19) (Chart 4). This substantially exceeded our guidance for 2020 (1.15). We attribute this improvement, among other factors, to significantly heightened awareness of health protection and safe behavior in the workplace in connection with the Covid-19 pandemic. We continue to target an LTIFR of 0.9 in 2030.

Responsibility for contractors

HOCHTIEF employs many subcontractors on its construction sites, and construction work is frequently carried out by contractors rather than by in-house teams. We involve contractors as needed. Contractors are contractually bound to adhere to HOCHTIEF's rules on construction sites. This naturally also applies to occupational safety. In 2020, the lost time injury frequency rate (LTIFR) for contractors in the HOCHTIEF Group at Group companies CIMIC and Turner was 1.44 (2019: 1.98[3)]).

[1)] This paragraph is part of the statutory audit of the annual financial statements and consolidated financial statements.

[2)] The analysis as of the reporting date includes the 11,862 employees of CIMIC Group company Thiess also for 2020. BICC was not included in HOCHTIEF's LTIFR analysis in 2020 or in prior years as BICC was not managed by the HOCHTIEF Group with reference to non-financial matters, including policies and outcomes, at any time and was not included in the reporting on non-financial performance indicators.

[3)] The 2019 data is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

Occupational illness frequency rate at HOCHTIEF

A further indicator is the occupational illness frequency rate (OIFR), which is calculated based on recorded cases of occupational diseases per million hours worked. The OIFR is an indicator of long-term health risks in the workplace, as occupational illnesses tend to develop over the longer term. In 2020, the OIFR for the HOCHTIEF Asia Pacific and HOCHTIEF Europe divisions was 0.54 (2019: 0.86). The decrease is primarily due to a smaller number of recognized occupational illnesses in the HOCHTIEF Asia Pacific division. This statistic is not currently collected for the HOCHTIEF Americas division due to differences in insurance systems. Our aim is for any work situation that could lead to an occupational illness to be identified as early as possible so that we can take targeted action to prevent such illnesses. We have set our sights on continuous improvement in the indicator. To that end, we cooperate closely with occupational health physicians.

Occupational healthcare is provided by outside occupational health physicians. In terms of preventive care, employees are given suggestions for medical checkups as well as being able to obtain preventive checkups on request.

Information for improved safety

In all operating companies, we continuously provide employees with information to improve safety awareness—in project manager meetings, in safety walks (where Management also takes part) as well as in instruction and further training. Every employee needs to be aware that they are responsible not only for their own safety, but also for that of the people around them. Communication on construction sites also targets workers who are not directly employed by HOCHTIEF by including temporary workers and workers from subcontractors and suppliers. HOCHTIEF provides essential communication and information in several languages to keep construction site employees and subcontractors fully informed.

Due to the pandemic, instruction in 2020 either took place online or was provided on construction sites in due observance of the applicable distancing and hygiene rules.

Further training on occupational safety is adapted to the needs of the operating companies and takes in both basic topics and current developments. It is complemented by established formats such as the annual Occupational Safety Day at the HOCHTIEF Europe division. Focal topics in 2020 were electricity and workplace ergonomics. The presentations were given online. In the HOCHTIEF Americas division, Turner held its annual Safety Stand-Down, this time with the slogan “Be Safe, Accountable, and Relentless.” Some 110,000 people on 1,500 construction sites downed tools for a day to concentrate on safety issues.

To keep the subject at the front of people’s minds, the companies have each developed their own programs, such as “Building L.I.F.E.” (Living Injury Free Every Day) at Turner and “Safety Essentials” at CPB Contractors.

We also apply innovative approaches—for example, we have integrated occupational safety and defect tracking into our Building Information Modeling applications. This enhances the efficiency of all measures taken on construction sites.

Occupational safety committees ensure that occupational safety measures are coordinated at HOCHTIEF with employees, management, and the Works Council. Moreover, occupational safety and health are an integral feature of contractual agreements with subcontractors and are incorporated in project contracts in standardized form, among other things via the Code of Conduct for Business Partners.

Promoting health and fitness

HOCHTIEF supports employees in keeping physically and mentally fit and healthy. A wide variety of health promotion measures are available for this purpose. We have provided employee advice for many years and offer further training on physical and mental health. These activities are rounded out by special campaigns. A number of companies also subsidize private attendance of health courses. In addition, everything was done to protect our workforce from the risks of contracting Covid-19 in 2020. That included detailed hygiene policies, modified construction site processes, and the provision of additional site huts so that distancing rules could be observed.

Tailored policies for every project

When occupational safety and related policies are acted on by all those involved right from the project planning and preparation stage, risk prevention can be integrated into work processes in an even clearer and more structured manner.

For each project, our occupational safety experts design tailor-made occupational safety and health policies and processes that meet the overarching Group criteria and allow for the project's unique conditions. Attendance at site briefings—with particular emphasis on specific hazardous activities where applicable—is mandatory for all employees working on site.

Safety specialists accompany all project stages, continuously assessing the risks and developing prevention plans. Potential hazards are tracked and evaluated on an ongoing basis and protective measures and policies adapted as needed. At the same time, this foresighted approach contributes significantly to the financial success of our projects.

Accident prevention and response

Our behavioral prevention approach applies throughout the Group: When accidents occur, superiors are required to address the employees concerned in order to reconstruct what happened in detail. The findings are incorporated into prevention plans in order to prevent similar hazards from arising again.

In routine communication on construction sites, our own and subcontractors' employees are called upon to report work-related hazards and dangerous situations. These are evaluated with the aid of occupational safety experts so that countermeasures or preventive action can be taken immediately. Management is involved at the level of the construction site and, where necessary, the business unit. The managers involved ensure that reporting hazardous situations never results in negative consequences for the employees concerned.

All safety-related events are entered into a structured reporting system that complies with the ILO code of practice, "Recording and Notification of Occupational Accidents and Diseases." This also helps to ensure that the causes of accidents are analyzed as accurately as possible and that preventive action or countermeasures can be taken. Unsafe situations and near-misses are recorded at project level and followed up by managers. Management is always involved in the event of any serious accident.

Despite comprehensive precautionary measures, we regrettably cannot rule out the possibility of accidents with severe or even fatal consequences on HOCHTIEF construction sites (Table 1). Our deepest condolences go to the families of employees who have lost their lives. We cooperate with the authorities to thoroughly shed light on fatal accidents and conduct very close analysis to eliminate comparable risks in the future.

Project highlights

An occupational accident or fire calls for a rapid response. Doctors, paramedics, and firefighters have to be notified immediately and directed to the incident. In especially large construction projects, that is not always easy. The HOCHTIEF team delivering the Federal Ministry of Health (BMG) PPP refurbishment project in Berlin consequently uses an advanced radio system to locate injured individuals or fires on the 70,000-square-meter construction site.

Our subsidiary E.E. Cruz, which operates in the New York metropolitan area, has completely revised its safety program and reduced the accident rate below the average as a result. This garnered the company a Safety Excellence Award in 2020 from Associated Construction Contractors of New Jersey.

The content in this section is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

Facts and Figures

(1) Number of fatal accidents involving employees of the HOCHTIEF Group

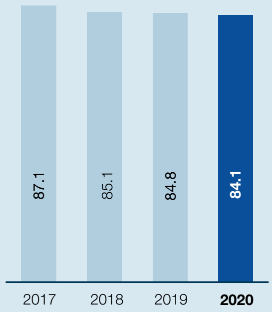
Division	HOCHTIEF Group[1]	HOCHTIEF Americas	HOCHTIEF Asia Pacific[1]	HOCHTIEF Europe (incl. holding company)
2020	**3**	1	1	1
2019	**0**	0	0	0
2018	**2**	1	0	1
2017	**0**	0	0	0

Number of fatal accidents involving subcontractors

Division	HOCHTIEF Group[1]	HOCHTIEF Americas	HOCHTIEF Asia Pacific[1]	HOCHTIEF Europe (incl. holding company)
2020	**1**	1	0	0
2019	**3**	3	0	0

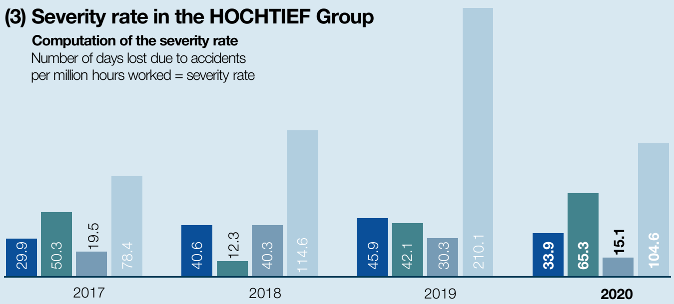
We deeply regret that people have died during work. We extend our condolences to their families.

(2) Proportion of units in the HOCHTIEF Group certified in accordance with occupational safety management systems (e.g. BS OHSAS 18001/ ISO45001), relative to number of employees[1] (%)



(3) Severity rate in the HOCHTIEF Group

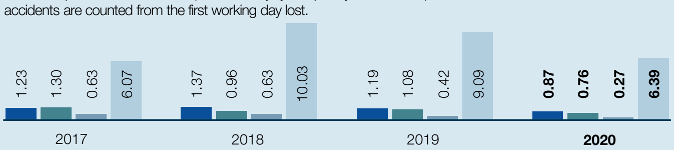
Computation of the severity rate
Number of days lost due to accidents per million hours worked = severity rate



■ HOCHTIEF Group[1]
■ HOCHTIEF Americas
■ HOCHTIEF Asia Pacific[1]
■ HOCHTIEF Europe (incl. holding company)

(4) Lost time injury frequency rate (LTIFR) in the HOCHTIEF Group[2]

Accidents per million man-hours (Lost Time Injury Frequency Rates LTIFR); Under ILO standards, accidents are counted from the first working day lost.



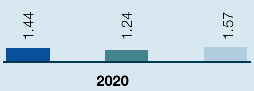
[2] This chart is part of the statutory audit of the annual financial statements and consolidated financial statements .

■ HOCHTIEF Group[1]
■ HOCHTIEF Americas
■ HOCHTIEF Asia Pacific[1]
■ HOCHTIEF Europe (incl. holding company)

Note on (3) and (4): The large variation in the divisional figures reflects cultural differences in attitudes to injuries and differing country-specific insurance systems.

Lost time injury frequency rate (LTIFR) in the HOCHTIEF Group Contractors

Accidents per million man-hours (Lost Time Injury Frequency Rates LTIFR); Under ILO standards, accidents are counted from the first working day lost.

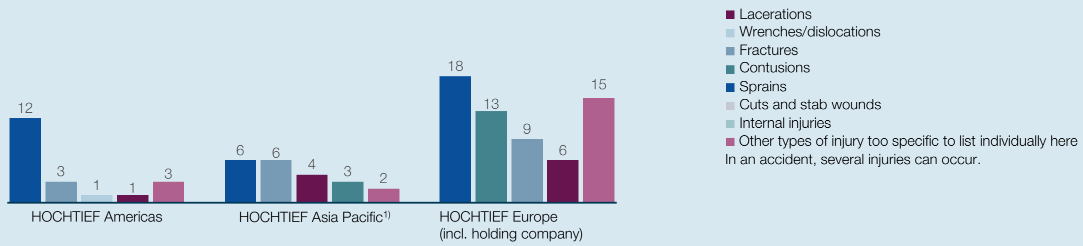


■ CIMIC[1]/Turner (based on a Group coverage of 88 percent[3])
■ CIMIC[1]
■ Turner

[3] The calculation of LTIFR for contractors includes Group companies CIMIC and Turner (except Clark Builders). However, Clark Builders is included in the Group coverage figure of 88%.

[1] The non-financial performance indicators do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF. The analysis as of the reporting date includes the 11,862 employees of CIMIC Group company Thiess also for 2020.

(5) Significant types of injury in the HOCHTIEF Group by number



(6) Causes of accidents in the HOCHTIEF Group by number

HOCHTIEF Americas

	2020
Misjudgment	8
Work task	3
Workload	3
External cause	2
Other causes	4

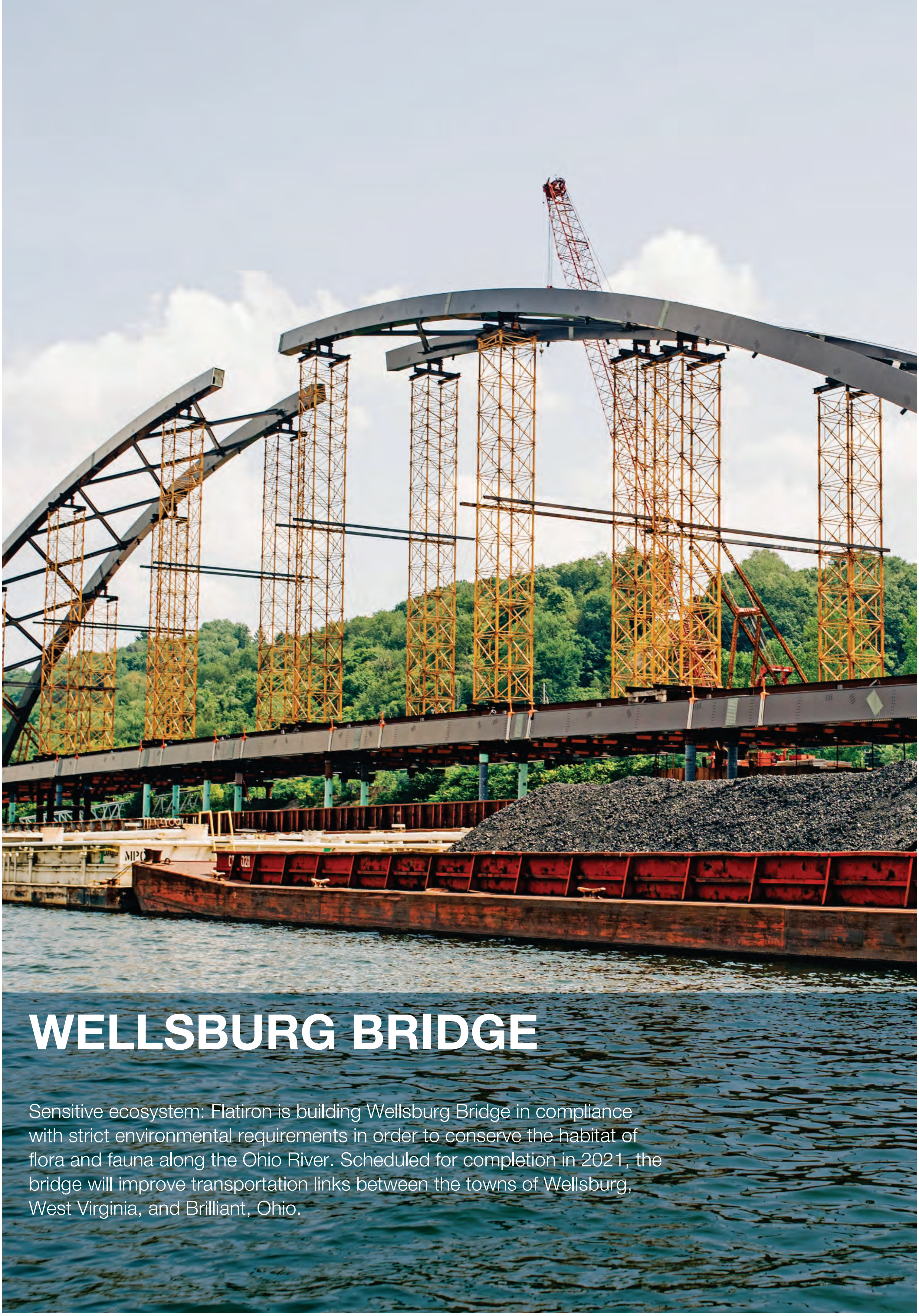
HOCHTIEF Asia Pacific[1]

	2020
Misjudgment	6
Work preparation	4
Tools	3
Observance of rules/instructions	2
Other causes	6

HOCHTIEF Europe (incl. Holding company)

	2020
Handling	12
Untidy workplace	9
Misjudgment	8
Transportation	5
Other causes	23

[1] The non-financial performance indicators do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF. The analysis as of the reporting date includes the 11,862 employees of CIMIC Group company Thiess also for 2020.



WELLSBURG BRIDGE

Sensitive ecosystem: Flatiron is building Wellsburg Bridge in compliance with strict environmental requirements in order to conserve the habitat of flora and fauna along the Ohio River. Scheduled for completion in 2021, the bridge will improve transportation links between the towns of Wellsburg, West Virginia, and Brilliant, Ohio.

Procurement

The non-financial information and performance indicators in this section do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

Procurement at HOCHTIEF is centered on working together in a spirit of partnership as well as on innovative and sustainable processes. In 2020, HOCHTIEF expended EUR 17.4 billion on the procurement of materials—notably concrete, steel, and timber—and subcontractor services such as craft trades. This is equivalent to around 76% of Group work done. Transparent, efficient, and sustainable procurement processes are a key factor in our success.

Objectives for the procurement of materials and services

Focus area indicator supply chain

Aspect: Supply chain engagement: Percentage of prequalified business partners in percent

Procurement at HOCHTIEF follows a uniform, clear-cut objective in all divisions and units: Our aim is to always select the right partners—subcontractors and suppliers—in order to safeguard our economic, ecological, and social standards. The focus here is on high-quality goods and services, impeccable conduct on the part of our partners' employees in line with the Code of Conduct for Business Partners as well as sustainable manufacturing and work processes. Accordingly, we choose partners who operate sustainably and meet our standards for materials and services.

Careful selection of business partners enables us to actively manage procurement risk. We seek to minimize quality risk (quality of materials, products, or services), price risk (such as higher payment demands, exchange rate risk, or commodity price risk), supply risk (due, for example, to supply of incorrect quantities), and contractor default risk (such as relating to insolvency, force majeure, or changes in the legal or political framework). Similarly, we counteract environmental and social risks as well as compliance risks that may arise, for instance, from infringement of laws by suppliers. By means of proactive procurement management, we address the risk of scarcity of materials such as gravel and sand, as well as of contractors in the skilled trades. Extended contract terms and agreements with key suppliers ensure we have long-term access to resources.

We apply high standards when selecting subcontractors and suppliers, especially in light of the Group's large procurement volumes. Our constant aim is to further improve transparency in our supply chain and to continue integrating sustainability aspects as a firm feature of our procurement processes. Over the medium term, by 2030 at the latest, we wish to establish the sustainability performance of our business partners as a quantifiable metric and a permanent selection criterion in prequalification.

In pursuing these goals, we set our sights on creating maximum value with minimum risk.

Prequalification

We assess our contractual partners' performance in an end-to-end, multistage subcontractor and supplier management system.

In each of our three divisions, we have established wide-ranging prequalification processes. We rate potential subcontractors and suppliers against comprehensive information from a supplier self-assessment—including on company structure and on credit and financial standing—as well as other internal and external data such as scores from rating agencies. In the course of prequalification, new contractual partners are required to demonstrate that their products and services meet our economic, ecological, and social requirements.

We see significant added value in collaborating with rating agencies that provide information on subcontractors' and suppliers' CR performance. Accordingly, we continued our collaboration with EcoVadis in the reporting year. EcoVadis analysts assess the information provided by subcontractors and suppliers with respect to sustainability criteria, especially the data on environment protection, employment rights and human rights, fair business practices, and the supply chain.

Where risks are identified, we work with the subcontractor or supplier concerned to develop specific corrective action plans. In this way, we aim to further enhance transparency and sustainability in our supply chain.

This chapter is part of Focus Area Supply Chain

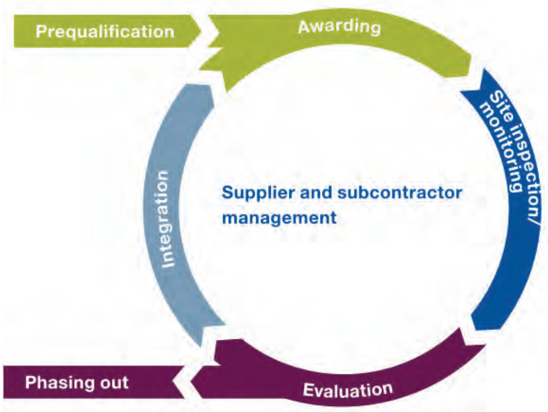
We regularly review our supplier selection processes and add further requirements as needed, such as those provided by EcoVadis. This brings us a major step closer to our medium-term goal of integrating CR performance as a fixed metric in supplier selection.

The lost time injury frequency rate (LTIFR)[1] is established at HOCHTIEF as a Group-wide non-financial key performance indicator. As a mandatory part of the prequalification process in our activities both at the HOCHTIEF Europe division and at our United States subsidiary Turner, this indicator also serves to further reinforce our risk management. It underscores the high priority we assign to occupational safety and health on our construction sites.

Directly or indirectly, our projects involve many people—for whom HOCHTIEF takes responsibility, above all with regard to safeguarding the safety and health and respecting the human rights of people at every link in our supply chain. Potential subcontractors and suppliers from countries with a heightened risk of human rights infringements are subjected to special scrutiny. By additionally including human rights information in supplier self-disclosure—and specifically assessing that information—we aim to ensure that potential contractual partners' conduct meets our standards with regard to safeguarding human rights. In 2020, as in previous years, HOCHTIEF largely bought materials and services from subcontractors and suppliers in countries that, in accordance with UN conventions, display high human rights standards. In the very few procurement countries where the UN conventions are not followed, our requirements set new benchmarks.

We also take due account of compliance risks in our extensive prequalification process. Among other factors, this incorporates information on convictions or pending lawsuits involving corruption, money laundering, and antitrust violations. At HOCHTIEF Europe, we perform separate business partner due diligence in cases where partners come from countries with a critical corruption score in Transparency International's Corruption Perceptions Index. Group-wide, approximately 96%[2] of our contractual partners were prequalified in 2020. We work continuously to further increase this figure.

Stages of the procurement process at HOCHTIEF



Fair competition

Once potential subcontractors and suppliers are prequalified, they may submit bids for the various trades involved in our projects. In this way, we provide an effective basis for competition in line with our Procurement Directive in contract award. Together with the selected business partners, we specify requirement profiles, quality of service, costs, and relevant deadlines in binding contracts. On each contract award, all subcontractors and suppliers—both new and longstanding—are required via prequalification to fully commit to the HOCHTIEF Code of Conduct for Business Partners. In this way, our partners undertake to adhere to human rights, employment, social, and environmental standards—and to communicate these to their contractual partners.

Our construction and contracting business constantly takes us to new locations around the globe. We promote the regional economies around our construction projects by giving preference to local subcontractors and suppliers based in the vicinity of our project sites. This not only secures jobs but also strengthens economic development on a lasting basis in the regions where we are active. Furthermore, our project teams gain a better understanding of local conditions. It additionally keeps transportation routes short and minimizes carbon emissions. But we also engage supraregional partners with whom we have worked successfully in the past. Globally, we awarded approximately 79% of our procurement volume to regional subcontractors and suppliers in 2020.

[1] For further information, please see the Occupational Safety and Health section.

[2] The non-financial performance indicators do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

Safeguarding the health of all those involved in our construction projects has utmost priority for HOCHTIEF. This fundamental principle applies to our employees, subcontractors, and suppliers and has taken on special importance in the current corona pandemic. We have consequently implemented additional measures on our construction sites—such as hygiene and distancing rules—throughout HOCHTIEF and have informed and sensitized HOCHTIEF employees and those of our business partners in order to minimize the infection risk for all involved.

Focus area indicator supply chain
Aspect: Supply chain management: Evaluation

Performance evaluation

The activities of subcontractors and suppliers on our construction sites are tracked by project teams, who verify performance of the contracted works and services and inspect material as it is delivered. In this connection, they place special emphasis on adherence to all occupational safety rules and instructions as well as the proper disposal or recycling of waste. We also obtain verification that our partners comply with the applicable minimum wage laws.

These construction site checks are complemented by structured evaluations of our contractual partners, which our project teams carry out following delivery of goods or services. This applies equally to new and longstanding subcontractors and suppliers. We conduct these in-project evaluations both with the aid of our IT systems and manually. In the HOCHTIEF Europe and HOCHTIEF Asia Pacific divisions, they cover not only economic matters (such as the handling of change orders), but also environmental aspects (such as the management of hazardous materials and waste together with resource conservation) as well as social issues (notably occupational safety and health requirements, and fair pay).

The evaluations are supplemented with visits to suppliers, audits, analysis of external information, and sustainability assessment by EcoVadis. Audits are performed either by outside partners or by in-house units according to country-specific practice.

Contractual partners with a positive rating are included in future tender processes.

If contractual partners fail to meet our requirements and are therefore given a negative assessment by our project teams, we either provide them with targeted support as part of our supplier development process—such as in collaboration with EcoVadis—or flag them in our system such that they are no longer considered for future contracts (supplier phase-out).

Organizational structure of procurement

Operating procurement is an integral part of project and branch organization at HOCHTIEF and is supported by central, divisional procurement units. This creates a well-functioning procurement network.

Decentralized procurement at project level

Each of our construction projects is unique. As a result, all new projects entail not just a change of location but also different team members, which poses particular challenges for the selection of subcontractors and suppliers. This is why procurement for projects at HOCHTIEF and the associated subcontractor and supplier management are primarily handled on a project-specific and local basis. Our project buyers have detailed knowledge of regional, national, and international markets combined with in-depth expertise when it comes to selecting suitable contractual partners. The constant changes of location in our project activities mean that HOCHTIEF has ongoing demand for new subcontractors and suppliers.

Centralized procurement at Group and division levels

Each division has a central procurement unit tasked with ensuring adherence to all purchasing directives and compliance requirements. These units are interconnected and in constant touch with one another, providing mutual support where necessary in selecting and managing international subcontractors and suppliers.

The digital transformation at HOCHTIEF is well advanced, also with regard to our procurement activities. More and more processes are successfully going digital, which enhances security, raises efficiency, and minimizes risks. In Germany, we launched a new supplier management system during the reporting year that digitally replicates our established project procurement process and consequently facilitates and accelerates workflows. Building on the experience gained, we will also move ahead with digitalization at our other European procurement units. The HOCHTIEF Americas and HOCHTIEF Asia Pacific divisions likewise deploy efficient digital procurement systems.

Within each division, the central procurement units oversee and assist project buyers. Additionally, HOCHTIEF Solutions AG performs the procurement function at Group level, promoting Group-wide interchange and launching strategic initiatives to improve procurement. The Group Executive Board is kept informed of procurement activities on an ongoing basis.

Internal guidelines are designed to ensure transparency, fair competition, the application of proper procedures, and sustainability in procurement in accordance with shared principles. Our procurement processes are guided by the ISO 20400 standard on sustainable procurement.

According to the latest Dow Jones Sustainability Index rating, HOCHTIEF's supply chain management in the reporting year once more ranked among the best systems worldwide of all the companies assessed in the construction industry.

Project highlights

Multiple examples of successful, long-term, partnership-based working relationships with our subcontractors and suppliers are to be found in Hamburg. In several general building projects delivered there by HOCHTIEF for various regular clients, collaboration between HOCHTIEF and the contracted partners functioned so smoothly with regard to schedule adherence, quality, and price consistency that the entire project team—HOCHTIEF employees, subcontractors, and suppliers—worked together on multiple occasions.

One of Australia's biggest aviation construction projects, the new Brisbane Airport runway, was successfully handed over by CPB Contractors and consortium partners in April 2020. Successful project execution secured the company the 2020 Civil Contractors Federation Queensland Earth Award, recognizing excellence in project delivery including construction management and innovation as well as environmental and social management. Most impressively, the project employed over 2,700 people of 300 subcontractors from the region, and 90% of construction materials were sourced from local suppliers.

The content in this section is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

GRANITZTAL TUNNEL CHAIN

Connecting countries: After some six years under construction, HOCHTIEF completed the shell of six kilometers of tunnel comprising the Granitztal tunnel chain project in Carinthia, Austria, so that track-laying work could begin. With a focus on ensuring that the structures blend in with the countryside, the tunnel tubes were backfilled after completion of the construction work and the terrain landscaped to match the surroundings. The tunnel chain is part of the Koralm high-speed rail link in southern Austria, which is the future link connecting Graz and Klagenfurt.

Looking ahead

General economic environment for 2021[1]

According to IHS Markit estimates, the total volume of investments in the global construction industry reached EUR 8.7 trillion in 2020. This corresponds to a 3.5% lower level compared to 2019, primarily driven by the wide ranging impacts of the Covid-19 pandemic. A positive trend is expected to return in 2021 and 2022 with growth of 3.4% in each year. The growth outlook also remains positive in the markets and regions relevant to HOCHTIEF. This also applies with regard to the number of projects of relevance for HOCHTIEF. At the end of 2020, our order backlog stood resilient at EUR 45.8 billion, stable if adjusted for deconsolidation of Thiess due to partial disposal of the participation. HOCHTIEF is very well positioned with its global presence and capabilities portfolio. Considering the fundamental outlook for 2021 and beyond as well as our operational performance in 2020, we anticipate that we will be able to continue delivering resilient key performance figures on a comparable basis.

The HOCHTIEF Group's strategic focus[2]

Our strategy is to further strengthen HOCHTIEF's position in core markets and to focus on market growth opportunities while sustaining cash-backed profitability and a rigorous risk management approach. Our businesses are flexible, allowing management to quickly adapt to varying market conditions. Active and disciplined capital allocation is a high priority and we continue focusing on attractive shareholder remuneration as well as investing in strategic growth opportunities to create sustainable value for all stakeholders.

Assessment of the current business situation by the Executive Board[3][4]

HOCHTIEF has delivered a resilient set of results for 2020 notwithstanding the impact of Covid-19. The Group achieved a nominal net profit of EUR 427 million, net cash from operating activities pre-factoring of EUR 1.1 billion and finished the year with an order book of close to EUR 46 billion.

During the reporting period, the core businesses of the HOCHTIEF Americas, HOCHTIEF Asia Pacific, and HOCHTIEF Europe divisions together with our 20% investment in Abertis HoldCo (Abertis investment) were affected by the Covid-19 pandemic to varying degrees. Most of our construction, mining and service sites were able to keep operating through the reporting period. At Abertis, however, government-imposed temporary lockdowns, travel restrictions and falling in traffic volumes led to significantly lower toll road revenue and consequently earnings contribution of negative EUR 17 million, compared with EUR 122 million in the prior year. Excluding the contribution of Abertis the Group's operational net profit declined by 9.6%. Consequently operational net profit came out at EUR 477 million, below the guidance range given at the start of 2020 (EUR 690–730 million), and down 29% year on year.

The HOCHTIEF Group's net cash position from continuing operations amounted to EUR 618 million as of December 31, 2020 (2019: EUR 1.5 billion). Within this, the EUR 1.3 billion gain from the Thiess sale was mainly offset by EUR 844 million in payments for financial liabilities of BICC as well as by the effects of shareholder remuneration (EUR 406 million dividends and EUR 339 million share buybacks), by increasing the stake in CIMIC (EUR 103 million), by the reduction in factoring (EUR 355 million) and currency effects (EUR 274 million). Adjusting for the above mentioned effects—net cash pre shareholder remuneration, increase in CIMIC stake and non-operating effects—net cash would stand at EUR 1.6 billion. This adjusted net cash is therefore above the figure forecast in the prior year.

Accident rates were reduced significantly in all divisions in 2020, the LTIFR decreased to 0.87[5] (2019: 1.19), an improvement of 26.9%. It thus exceeded the target set for 2020. The positive trend is based, among other factors, on committed implementation of numerous occupational safety activities—such as safety stand-downs and a wide range of training measures—but also on the high level of employee awareness resulting from the corona pandemic. As part of Covid-19 prevention, a wide variety of additional campaigns and briefings were carried out and updated multiple times over the course of the year. The dangers of the pandemic helped raise awareness of safety and health issues. We aim to continue promoting this heightened health consciousness. Nevertheless, we are well aware that accident rates also depend on other factors and that the LTIFR indicator will only show a sustained downward trend over the longer term. In addition, the LTIFR for the HOCHTIEF Asia Pacific division will be reported without Thiess in future years. That is why we are revising our LTIFR forecast for 2021 for continuing operations to a value of 1.16.

[1] For further information, please see the Markets and Operating Environment section.

[2] For further information, please see the Strategy section.

[5] BICC was not included in HOCHTIEF's LTIFR analysis in 2020 or in prior years as BICC was not managed by the HOCHTIEF Group with reference to non-financial matters, including policies and outcomes, at any time and was not included in the reporting on non-financial performance indicators.

[3] For further information, please see the Financial Review section.

[4] All figures mentioned in this chapter refer to continuing operations only unless stated otherwise

Overall assessment of future developments

HOCHTIEF's year-end 2020 order backlog stood at EUR 45.8 billion, broadly stable year on year in local currency and adjusted for the 50% sale of Thiess. Considering, in addition, a tender pipeline worth over EUR 570 billion[1)] for 2021 and beyond, the fundamental outlook remains positive in 2021 for the activity level in the relevant markets for HOCHTIEF on a comparable basis. Exchange rates applied to the forecast are close to the spot rates at the time of the publication of the HOCHTIEF Group Report. The positive outlook is also reflected in our expectations for HOCHTIEF's key performance indicators in 2021. For the HOCHTIEF Group, we expect an operational net profit in the range of EUR 410 – 460 million for 2021. This represents an increase of 11% – 25% on a comparable basis (operational net profit 2020 adjusted for pro-rata Thiess net profit), subject to market conditions and the evolution of the Covid-19 pandemic. HOCHTIEF expects to maintain a similarly solid net cash position in 2021 with the variation compared with 2020 being a function of capital allocation decisions and shareholder remuneration and subject to market conditions and the Covid-19 impacts.

1) This figure is not part of the statutory audit of the annual financial statements and consolidated financial statements.

We will maintain our focus on safety as the precondition underlying HOCHTIEF's guiding principles. For 2021, we target a lost time injury frequency rate (LTIFR) of 1.16 in continuing operations. We continue to target an LTIFR of 0.9 for continuing operations by 2030, even though the LTIFR will in future years be calculated without the data from Thiess.

HOCHTIEF expects non-operational items at a similar level compared with the 2020 figure; the main components are expected to be restructuring costs and investments.

Dividend

Given the solid performance of HOCHTIEF's geographically diversified core businesses, the positive outlook and supported by a robust Group balance sheet, the Executive Board and Supervisory Board of HOCHTIEF Aktiengesellschaft are proposing a dividend for fiscal year 2020 of EUR 3.93 per share, corresponding to an unchanged dividend payout ratio of 65% of nominal net profit.

Opportunities and Risks Report

HOCHTIEF's projects and business segments vary in nature, size, duration, complexity, and engineering requirements. An opportunity and risk management system specially tailored to our business activities and placing the focus on operations in all individual projects is therefore a key success driver for HOCHTIEF.

HOCHTIEF's established risk management system embraces all layers of the organization and defines directives, responsibilities, processes, and instruments. Based on early assessments, we develop suitable measures to take advantage of opportunities as well as for effective risk reduction. This covers both financial and non-financial aspects.

We keep constant track of developments in the markets and regions relevant to the Group and give due account to such developments in corresponding planning activities. If influencing factors in a project or segment develop differently than assumed prior to this time, this could have an impact on HOCHTIEF's key performance indicators and possibly alter the growth figures predicted for a given year or several consecutive years.

The financial position and financial performance of HOCHTIEF Aktiengesellschaft as management holding company are ultimately determined by the assets of the Group companies and their ability to generate sustained positive earnings contributions and positive cash flows. The Company's risk profile is therefore essentially the same as that of the Group. The assessment of the Company's position is thus reflected in the reporting previously provided for the Group of HOCHTIEF Aktiengesellschaft.

Group-wide risk and opportunity management/ early warning system

Our Group-wide risk management system is made up of numerous individual components. The framework is provided by directives, which are continuously reviewed and adapted as necessary with regard to changing legal requirements. Group-wide standards—on subjects such as occupational safety and health, social standards, and rules on conduct and compliance such as the Code of Conduct—contribute toward minimizing risk. Individual systems, processes, and organizational instructions that allow for the identification, assessment, and management of opportunities and risks supplement risk and opportunity management in the divisions and operational units.

HOCHTIEF considers itself very well placed to avoid and manage long-term risks. 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, liquidity, and reputation. This includes financial, market, human resources, investment, project, and contract risks, internal risks, as well as environmental and social risks that have a direct or indirect impact on HOCHTIEF's business activities. In our assessment, we generally also take into account risks that arise from our products and services for our stakeholders and the environment. We also simultaneously analyze and actively develop the opportunities that present themselves for our projects and markets.

All HOCHTIEF divisions continuously improve risk management in their respective market environments.

Turner and Flatiron in the HOCHTIEF Americas division are embedded in HOCHTIEF's risk management system. The Risk Management Steering Committee at Turner assumes a key role, coordinating and overseeing all risk-related issues. A specially developed risk matrix enables Turner to identify and—where necessary—monitor potential risks from an early stage. Business unit-level risk analysis is also compiled on a quarterly basis and the findings aggregated into a "risk memorandum". At Flatiron, the Risk Management Department covers all aspects of risk management, in particular regarding project and contract risks. All projects are systematically analyzed and assessed with a view to risks right from the bid phase. Risks and related mitigation measures are identified in all significant projects and the current status of the risk situation coordinated and assessed in monthly meetings at top management level. Involving the Turner Engineering Group and the Flatiron Technical Services Group as in-house engineering centers of excellence additionally contributes to avoiding project risks within both companies.

In the HOCHTIEF Asia Pacific division, CIMIC defines risk management as the identification, assessment, and treatment of risks with the potential to materially impact its operations, people, and reputation, the environment and communities in which it works, and its financial prospects. CIMIC's risk management framework is continuously monitored. It is coordinated with CIMIC's business activities, embedded for the most part within existing processes and aligned to corporate objectives, both short and longer term. Given the diversity of its operations and the breadth of its geographies and markets, CIMIC faces a range of risk factors that

For an overview of current market opportunities and megatrends, please see the Markets and Operating Environment section.

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have the potential to affect the achievement of business objectives. As in all other divisions, risk management at CIMIC is in line with the HOCHTIEF Group directive on risk reporting.

HOCHTIEF Infrastructure, which is responsible for the construction business in Europe, splits risk management into five groups: Project Acquisition and Implementation (assisting operational units in all aspects of bid preparation); Project Risk Management (supporting operational units in risk monitoring); Dispute Resolution and Litigation (providing project management for dispute handling); the Technical Quality Control Group (reducing technical risks and improving project execution); and Quality Management (QM; development, documentation, and further improvement of processes for our operating business; internal and external QM audits; continuous improvement process (CIP); best practices; and lean construction[1]).

[1] See glossary.

HOCHTIEF PPP Solutions, which delivers design, finance, build, and operate services for transportation and social infrastructure projects on a public-private partnership (PPP) basis, has implemented a risk management system for systematic risk identification, assessment, and control. Opportunities and risks are regularly analyzed in the core acquisition, execution, and divestment processes. Active risk control reduces the potential impact with suitable measures. The range of defined measures is broad. Depending on the potential risk, they may include, for example, working actively with the client to develop an alternative technical solution, insurance against risk, or additional risk provisioning. Risk management is part of the quality management system introduced by HOCHTIEF PPP Solutions for continuous improvement of projects and services and for systematic process optimization.

Additional evidence of HOCHTIEF's successful application of opportunities and risk management is provided by our certification according to ISO 9001: 2015, which also takes into account how opportunities and risks are handled.

Risk culture

HOCHTIEF pursues the continuous improvement of risk management as a key strategic goal with priority for all HOCHTIEF employees.[2] The importance of risk management, and HOCHTIEF's strategic approach, are communicated among other things in dialog events between the top management and employees. We offer initial and further training on risk management in-house and place great importance on regular participation by employees. HOCHTIEF has a remuneration system with fixed and variable components which is regularly reviewed. A key element of this system comprises risk-based metrics and targets for employee performance measurement on the basis of individual performance agreements tailored to each employee's job profile and responsibilities. The Group provides a wide range of systems and tools enabling employees to identify potential risks for HOCHTIEF, escalate them, and take action when necessary.

[2] For further information, please see the Employees section.

Risk and opportunity reporting

A Group-wide directive accessible to all employees governs the uniform application of risk reporting. It encompasses risk reporting and communication, describes the structure and procedures, and lays down the Group-wide framework. This risk reporting process supplements operating risk management as part of the Group-wide processes for managing risk.

Risks—both financial and non-financial—are incorporated into the planning and forecasting process. In a multi-stage process, the operating and holding companies collate their risk exposures and assess them together with Management and Divisional Controlling. Relevant risks are then submitted to Corporate Controlling, stating the potential impact of a risk on earnings and liquidity in the current and two subsequent years, the risk category, the possible time scale, the probability of occurrence, and any measures already taken to avert and reduce the risks identified. The resulting risk situation is then summarized in a risk report for the Executive Board. In addition, the Supervisory Board Audit Committee receives regular reports on the Group's current risk situation.

Opportunity management is primarily a function of strategic management and the decentralized continuous improvement process. In order to spot opportunities and act on them at an early stage, we keep a very close watch on our markets and their development.

Notable current opportunities include acquisitions and increased levels of investment in our core markets.

Elements of project risk management at HOCHTIEF

Scenarios, correlations, and sensitivities

Risk scenarios are additionally compiled on a case-by-case basis to present potential impacts on HOCHTIEF and correlations between risks, as well as to perform sensitivity analyses. Consequently, the risk situation is continuously monitored and—independently of the regular updates—material changes are reported without delay (internal ad-hoc reporting). A key element of risk management at HOCHTIEF in this connection is the Investment Committee, which provides advance assessment of the risks for HOCHTIEF associated with planned capital expenditure, divestments, and investments requiring approval. The identified risks can then be reduced or entirely avoided. This serves to provide a framework of standard criteria and processes and thus to ensure that all decisions are made on the basis of identical approved principles. Project size and complexity are important criteria for the type and scope of risk analysis.

Corporate Auditing integral to risk management

A key role in the risk management system at HOCHTIEF is performed by Corporate Auditing[1]. This is an independent internal audit function tasked with monitoring business processes and risk management with regard to compliance with the law, regulations, directives, internal control systems, and corporate objectives. To this end, Corporate Auditing has extensive and unrestricted powers of information and examination within the Group. It is an independent internal institution which performs audits on behalf of the HOCHTIEF Executive Board in the business segments, Group companies, project companies, and third-party entities for which it has contractual auditing powers, and which supports the Executive Board in this regard and in its managerial role with independent analyses, assessments, and recommendations.

Corporate Auditing aims to protect corporate assets, to assess the reliability of the risk management and monitoring systems, and to contribute toward improving those systems as well as toward cost efficiency in internal business processes. Ad-hoc special audits supplement the risk-based audit program.

Our Group companies Turner and CIMIC additionally have their own independent audit units. Audit findings are used to further optimize risk management and notably the early detection and control of risk. The processes operated by Corporate Auditing follow international auditing standards and are subject to regular independent quality assessments. Corporate Auditing reports to management and the Executive Board on each audit and, in summary form, to the Audit Committee of HOCHTIEF.

HOCHTIEF Insurance Broking and Risk Management Solutions an essential part of Group-wide insurance and risk management

As the company's in-house insurance broker, HOCHTIEF Insurance Broking and Risk Management Solutions GmbH falls directly under HOCHTIEF Aktiengesellschaft and is responsible for coordinating insurance-related risk management for the Group's divisions worldwide.

The company's objective is to protect the consolidated balance sheet with adequate insurance cover for the HOCHTIEF Group's manifold projects and activities at a minimal total cost of risk, among other things by providing own insurance resources. Localized risk management at the operational units is further supported by aggregated information obtained through collection and analysis of data as part of Group-wide insurance reporting processes.

Thanks to insurance solutions, both for transportation infrastructure projects and for social and urban infrastructure projects, the relevant insurable risks are covered both before and during the construction phase as well as in the operating phase. The comprehensive, primarily international insurance concepts focus on the provision of proper insurance cover for property damage and financial losses. Instruments that typically serve this purpose not only offer liability insurance but also builders' risk insurance and all-risk property insurance. In addition to HOCHTIEF Group units, project insurance cover often also extends to external companies, notably project partners, owners, and end users.

[1] For further information, please see the Compliance section.

To optimize the Group's risk and cost structure, additional products and services are also provided to HOCHTIEF Group units and external customers by the insurance companies Builders Reinsurance S.A. and Builders Direct S.A., as well as by consulting company Independent (Re)insurance Services S.A. In the reporting year, the two insurance companies were once again awarded a rating of A- (Excellent) in a financial strength rating by the renowned rating agency A.M. Best.

Internal control and risk management system in relation to the financial reporting process

Proper and reliable financial reporting is of key significance in making management decisions as well as in providing information for stakeholders and the public. Risks associated with the Group financial reporting process are dealt with in a variety of ways at the HOCHTIEF Group. IFRS Guidelines ensure uniform accounting recognition and measurement throughout the Group. These are updated annually. There are also annually updated German Commercial Code (HGB) accounting guidelines for German Group companies. Subsidiaries—in close consultation with Corporate Accounting—are responsible for adhering to the Group-wide accounting policies in their financial statements.

Accounting for financial instruments is carried out in consultation with the Corporate Finance department. This ensures the reliability and accuracy of the figures used.

The measurement of derivative financial instruments is additionally supported by a treasury management tool 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 software-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. The consolidation system utilized by the Group is access-protected. This ensures that employees are only able to access the data of relevance to them. The consolidation system is regularly reviewed by Corporate Auditing.

Classification of opportunities and risks

HOCHTIEF defines "risk" as an event with a potential impact on the expected values of relevant budgeted financial performance indicators in relation to corporate goals. Risk in this context primarily relates to events with potential impacts on profit before tax and on liquidity. For a transparent presentation of the risk structure, individual risks are classified into risk categories. Risk assessment and reporting serve to quantify risks with regard to potential impact and probability, after accounting for any action taken. Expected value is defined as probability of occurrence times impact on financial position and financial performance. The aggregated risks in the current and two subsequent years in the risk categories set out in the following are classified according to expected value as "low" (potential impact EUR 0–250 million), "medium" (potential impact EUR 250–500 million), or "high" (potential impact over EUR 500 million). The expected value of the potential impact relates both to profit before tax and to liquidity.

An "opportunity" is defined as a positive impact on our business activities. Identifying and exploiting opportunities can make an important contribution to maintaining and extending our market position. As with risks, opportunities are assessed for their impact on profit before tax and on liquidity.

We see opportunities for HOCHTIEF above all in our core markets, where we actively exploit growth potential primarily in our established market segments.[1)]

Assessment of non-financial risk[2)]

The definition of risk applied in the HOCHTIEF Group encompasses financial and non-financial risks together with their impacts. For the internal reporting process, it is immaterial whether a reportable risk is based on financial or non-financial aspects. Any divergence between net impact and expected value is reportable once the figure exceeds the applicable reporting threshold. In this way, material risks that are likely to have a substantial negative impact on non-financial aspects are taken into account. Risks whose impact is below the reporting threshold are not included.

[1)] For further information on our markets and HOCHTIEF's positioning, please see the Markets and Divisonal Reporting sections.

[2)] The content in this section is not part of the statutory audit of the annual financial statements and consolidated financial statements but is subject instead to a separate assurance engagement in accordance with ISAE 3000, providing limited assurance by KPMG AG Wirtschaftsprüfungsgesellschaft. The assessment of non-financial risks does not include potential risks at BIC Contracting (BICC) as HOCHTIEF had no access to that company's risk inventory and BICC was not managed by the HOCHTIEF Group with reference to non-financial matters, including policies and outcomes, at any time.

With regard to the sustainability aspects in accordance with the German Commercial Code, sustainability management is decentralized at HOCHTIEF and is the responsibility of the Corporate Headquarters functional departments. These analyze the risks relevant to the thematic areas in connection with their core responsibilities and within their target systems.

Impacts on the environment and society, and the resulting risks, are additionally processed at project level. Environmental and stakeholder management plans are thus standard tools in construction project execution.

Opportunity and risk situation in the HOCHTIEF Group

The overall risk exposure for the HOCHTIEF Group is determined by taking the sum total of the expected individual risk exposures and aggregating at Group level by divisions and the stated categories. Opportunities are primarily established by closely observing markets and identifying available market potential in all segments served by the Group.

The overall risk identified at HOCHTIEF principally relates to the risk categories covered in the following.

Market risk

The HOCHTIEF Group's economic performance is closely tied to macroeconomic trends and business cycles in the countries and regions where HOCHTIEF operates. Economic development in 2020 was severely impacted by the global corona pandemic. HOCHTIEF was also affected by Covid-19 in 2020, partly due to pandemic-related restrictions and additional constraints on projects as well as delays in new contract awards, and partly due to significant declines in traffic growth at our financial investment Abertis caused by lockdown measures to contain the pandemic. IHS Markit expects economic activity to recover in all major regions and markets in 2021 and 2022.

We closely monitor world economic and geopolitical developments in the regions and markets key to HOCHTIEF. HOCHTIEF's operations focus on attractive markets in the Americas, the Asia-Pacific region, and Europe. We occupy leading market and technology positions in our chosen segments worldwide. From this base, we continue to see good opportunities to further bolster our market position and core business in line with our goals and to continuously grow profitably in the long term.

Changes in the geopolitical situation may have negative long-term impacts on the global economy and notably lead to decreased public investment spending. This may lower the long-term growth outlook in the markets key to HOCHTIEF and/or impair future business development. With its strong global presence centered on developed markets and its prestigious local operations, HOCHTIEF can offset potential regional fluctuations and respond flexibly to risks of this kind.

In 2020, **U.S. economic growth** was down on the prior year due to the global corona pandemic. Here, too, growth is projected to regain its prior-year level. The IHS Markit forecasts do not include any infrastructure incentives that may be offered by the newly elected U.S. administration. How the present trade conflicts between the United States and its trading partners will develop is subject to uncertainty. An intensification of those conflicts may negatively impact global economic growth and potentially contribute to a fall in economic output. IHS Markit expect sthe North American construction industry to show robust growth in the years ahead, buoyed by a sharp rise in residential construction in the USA in 2021 and major development projects in Canada.

The **Asian** and **Australian** markets saw negative growth in 2020 due to strict measures to contain the corona pandemic. As a result of new infrastructure programs from the Australian government, the market outlook for 2021 is positive, with the incipient growth set to strengthen further in 2022. In combination with its robust PPP capabilities, the HOCHTIEF Asia Pacific division is very well placed through our Group company CIMIC to continue delivering sustained profitable growth. Global demand for resources is also expected to continue increasing. This is likely to shape the expansion of resource extraction notably in the Australian market and have a positive impact on our activities in contract mining and mineral processing. Growing internationalization in this segment means that CIMIC is additionally well positioned for a positive trend of this kind. Asset owners' increasing outsourcing of maintenance services is expected to benefit the services business and mitigate economic risks.

Persistent political and corona-related uncertainties in **Europe** may have negative effects on the European economic region. Despite the signing of the trade agreement, the United Kingdom's exit from the European Union could have as yet unforeseeable consequences for the UK and European Union economies and hence impact HOCHTIEF. Furthermore, rising political populism and protectionism—notably tariff policy measures—in some countries outside and within the European Union could have a negative effect on contract awards. Given the numerous state investment programs in individual European countries, we see very good opportunities, which we intend to continue capitalizing upon.

A rise in the oil price may have a negative impact on our operating costs. In our contract mining activities especially, this risk is watched and continuously assessed. The resulting higher operating costs may have adverse implications for the projects concerned. This is why HOCHTIEF strives to work with customers in order to spread this long-term risk equitably and ensure a fair balance of interests, thus allowing HOCHTIEF to reduce the risk to a negligible level.

Despite the ongoing uncertainty regarding the duration of the Covid-19 pandemic before economic activity in our core markets returns to normal, we do not see any significant market risk for HOCHTIEF and therefore classify such risk as low.

Financial risk
Coordinating financial requirements within the Group and safeguarding its long-term financial independence at all times is a central task in the financial management process. HOCHTIEF achieves this goal with sound Group financing secured for the years ahead and by limiting financial risk. Financial activities in the HOCHTIEF Group are conducted on the basis of a Group-wide financial directive. The general financial directive is supplemented with functional, operating-level work instructions. They also govern the use of financial instruments and derivatives, which may only be entered into for hedging purposes.

The primary objective of financial risk management is to safeguard Group liquidity at all times. For the HOCHTIEF Group, liquidity not only means solvency in the strict sense, but also the long-term availability of the financial headroom needed for the basic operating business (such as collateral management/bank guarantees). Safeguarding liquidity at all times therefore requires integrated management of all Group financial resources, including its credit standing and hence borrowing capacity.

A further objective is to minimize financial risks affecting the value and profitability of the HOCHTIEF Group (currency, interest rate, exchange rate, and commodity price risks of all kinds, as well as counterparty risks). HOCHTIEF uses largely centralized liquidity structures—notably cash pooling—to pool liquidity at Group level, among other things to avoid cash flow bottlenecks at the level of individual entities.

HOCHTIEF is exposed to currency risk (transaction risk) arising from receivables, liabilities, cash and cash equivalents, marketable securities, and pending transactions in currencies other than the functional currency of the Group company concerned in each instance. Currency derivatives, mainly forward exchange contracts, are used to hedge against fluctuations in these payments or items caused by exchange rates.

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 non-derivative financial instruments on the asset and liabilities side. The second method is to use interest rate derivatives.

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 in the necessary amount.

In addition, a strict separation of responsibilities is maintained within the Group 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 regularly checked by the internal audit function.

Potential financial risks are tracked and monitored via the monthly reporting system. This includes cash budgeting with a long-term planning horizon (18 months) and thus provides the basis for coordinating and securing finance requirements at Group level. In addition to known amounts due under existing Group financing arrangements, cash budgeting also includes budgeting for cash inflows and outflows. The impacts of specified stress scenarios on the cash position are also presented.

No financial covenants feature in the respective documentation to HOCHTIEF Aktiengesellschaft's main financing instruments, comprising three corporate bond issues, several promissory note loan issues, private placements, a commercial paper program, and a syndicated credit and guarantee facility.

In light of our efficient financial management, we assess our overall financial risk as low.

Employees

All employees contribute decisively to HOCHTIEF's business success. In this connection, our human resources strategy delivers a valuable contribution to the HOCHTIEF corporate strategy. While for some groups of employees the labor market situation has eased only slightly, HOCHTIEF is successful in meeting its demand for qualified staff. Our primary goal remains to convey a positive image and maintain our attractiveness as an employer for different target groups and skill profiles. Furthermore, we want to develop and make optimum use of our workforce potential.

For early detection of potential personnel risks, we have established risk management in the human resources function based on a risk guide. 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. The risk management classification scheme in human resources is regularly reviewed for new risks and adapted as necessary.

Due to protective measures implemented in the reporting year, HOCHTIEF was able to mitigate the heightened personnel risk due to the pandemic. In the further course of the pandemic, however, there may be external factors that cannot currently be realistically assessed in terms of potential risks. HOCHTIEF will, however, continue to take measures in 2021 to keep personnel risk as low as possible.

We attach top priority to occupational safety and health protection for our employees, because every accident also means human suffering. Effective occupational safety guards against project risks, since accidents at work also have a negative impact on profitable project execution. Deficiencies in the area of occupational safety can also harm the company's reputation.

Safety is the foundation underpinning all of our Group's guiding principles. Project hazard assessments serve to identify safety risks on project sites and in our offices as well as to counter those risks either preventively or with targeted action. The lost time injury frequency rate (LTIFR) is a non-financial key performance indicator. This underscores the importance of safety for HOCHTIEF.

Our focus is on proactively avoiding work accidents and workplace-related illness. Regular action days, intranet and poster campaigns as well as training raise employee awareness of issues surrounding occupational safety, health, and environmental protection. This applies in equal measure to the contractual partners and subcontractors for whom we are legally responsible.[1)]

[1)] For further information, please see the Occupational Safety section.

We classify the risk to our companies and activities with regard to occupational safety and health protection as low.

Risk arising from pension obligations

Largely covered by plan assets and pension liability insurance, pension obligations at HOCHTIEF are backed by sound asset holdings. Plan assets comprise a range of different asset classes based on balanced strategic portfolio allocation as well as the matching of portfolio structure to pension durations and the expected development of pension obligations. This broadly diversified investment strategy puts HOCHTIEF in a position to offset, to the greatest possible extent, capital market movements that affect the value of plan assets and any pension plan deficit. 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.

Risk arising from HOCHTIEF's pension obligations is rated as low.

Risks arising from projects, investments, legal disputes, regulatory proceedings, and third-party claims

Project and contract risks are a key risk management category in our mainstream construction business. Engineering risks resulting from factors such as complex geology in construction projects thus feature among the challenges of our business. We address these risks with the engineering expertise and longstanding contracting experience of our expert workforce. Costing and pricing risks are inherent in all projects and the appraisal of project-specific change orders also harbors risks that are continuously monitored. Risks that require monitoring—such as a changed demand situation—also arise in our non-construction businesses and notably in contract mining, public-private partnerships, and services.

As an engineering-led global infrastructure group, HOCHTIEF also faces numerous legal risks. Compliance is key in delivering on of our guiding principles. However, our normal business operations expose us to a number of risks in connection with lawsuits, claims, and regulatory proceedings, even if it is our aim to avoid court cases wherever possible. In most cases, the outcome of legal disputes and regulatory proceedings is hard to predict. By involving our legal departments at an early stage prior to legal proceedings, assigning specialized in-house teams to accompany such proceedings, and mandating experienced law firms, we ensure that process risks are mitigated wherever possible. In addition to the costs and expenses arising from proceedings themselves, the possibility of adverse rulings cannot be ruled out in individual cases. Provisions for ongoing litigation are recognized on the basis of estimated risk. We consider these accounting provisions to be sufficient.

In the HOCHTIEF Americas division, risk relating to design issues significantly impacted the C470 project in Colorado, USA. The Flatiron project entailed adding tolled express lanes in each direction and replacing/widening bridges along a 20-kilometer-long segment of the C470, and reconstructing the interchange with the I-25.

Together with partners, Flatiron completed the New Champlain Bridge corridor project in Montreal, Canada. The joint venture was responsible for the construction of a new bridge over the St. Lawrence River. Construction was affected by a crane operator strike in 2018 and several design issues. Meetings and negotiations with the owner and designer are ongoing.

As at December 31, 2019 contract assets included an amount equal to AUD 1.15 billion relating to the Gorgon LNG Jetty and Marine Structures Project being undertaken by CPB Contractors Pty Ltd (CPB), a wholly owned subsidiary of CIMIC, together with its consortium partners, Saipem SA and Saipem Portugal Comercio Maritime LDA (Saipem and CPB together referred to as the Consortium) for Chevron Australia Pty Ltd (Chevron) (Gorgon Contract).

The recovery of these contract assets was being pursued by CIMIC through an arbitration process in Australia against Chevron. This arbitration has now concluded, and the Arbitral Tribunal issued an award of AUD 78 million to the Consortium (CPB and Saipem) and counterclaims of AUD 35 million to Chevron. CIMIC's share of the net award along with certain legal expenses attributable to the arbitration process, has resulted in a one-off reduction in revenue and contract asset recognized in the period of AUD 1.15 billion representing CPB's full exposure.

There are also additional projects in which claims exist against the client. Pursuing and enforcing these claims is a top priority.

On February 13, 2012, CIMIC announced that it had reported to the Australian Federal Police ("AFP") a possible breach by employees within the Leighton International business of its Code of Ethics that, if substantiated, may have contravened Australian laws. The AFP is investigating the CIMIC Group's international operations.

In March 2014, Australian Securities and Investment Commission ("ASIC") commenced a formal investigation into potential breaches of the Corporations Act relating to a number of matters being investigated by the AFP. In March 2017, ASIC advised CIMIC that its investigation has concluded, and it will take no further action. CIMIC has become aware that international agencies are also investigating related matters.

On May 22, 2018, the UK Serious Fraud Office ("SFO") announced it has charged individuals, none of whom are CIMIC employees, and on June 26, 2018 announced it has charged a company, which is not a member of the CIMIC Group. On July 19, 2019, the SFO announced that one individual had pleaded guilty to charges. On Monday July 13, 2020, the Court announced that on June 26, 2020, the Jury had reached a guilty determination on some charges but was unable to reach a verdict on others. Two individuals were found guilty of some charges and sentenced to imprisonment. Another defendant is to be retried in January 2021.

On March 1, 2019, CIMIC entered into an investigation agreement with the Department of Justice ("DOJ"). On October 30, 2019, the DOJ announced that in March 2019, three individuals not employed by CIMIC pleaded guilty to a charge of conspiracy to violate the Foreign Corrupt Practices Act.

On November 18, 2020 the AFP advised CIMIC that it had charged an ex-employee with alleged offences relating to foreign bribery and related matters. On January 11, 2021 the AFP informed CIMIC that it had charged a second ex-employee with related offences. The AFP has also indicated it may charge a further ex-employee. CIMIC does not know when the charges will be heard. No CIMIC Group company, executive or employee has been charged. CIMIC continues to cooperate with all official investigations.

In the HOCHTIEF Europe division, a collapse occurred in the Rastatt Tunnel project—a joint venture for the construction of a tunnel as part of the Karlsruhe-Basel high-speed rail link for German rail track operator DB Netz AG—in the partially constructed tunnel during August 2017, with the subsequent closure of the existing rail link along the Rhine Valley. The joint venture and DB Netz AG agreed to identify the causes and responsibilities in extrajudicial dispute resolution proceedings, which are still ongoing.

In connection with the Alto Maipo hydropower project in Chile, arbitration proceedings are underway in which both parties assert claims for damages due to termination of the construction contract in June 2017.

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.

Based on the foregoing, we classify the risk arising from projects, investments, legal disputes, regulatory proceedings, and third-party claims as low overall.

Compliance

The aim of our compliance system[1] is to prevent corruption and antitrust infringements from the outset. This is put into effect by regular workforce training as well as by the adoption of suitable processes and systematic controls. It is thus the job of the compliance organization to put organizational precautions in place so as to secure compliance with prevailing law on the part of the company, its decision-making bodies, and the workforce.

We therefore rate the risks in connection with compliance as low.

Human rights

Our efforts with regard to human rights are directed at preventing human rights due diligence violations. To evaluate material human rights risks in the construction business, analyses were carried out for the operating business in the course of the year and measures implemented based on the findings. Communication activities serve to increase employee awareness and sensitivity with regard to this subject.

We rate the risks in connection with human right as low.

Procurement

HOCHTIEF's procurement management ensures that capable operating partners—both subcontractors and suppliers—are selected. By maintaining a constant watch over the market and close contact with subcontractors, suppliers, and institutions, we ensure that we can quickly spot changes on the procurement market and respond accordingly. Although HOCHTIEF generates a high volume of sales with individual trading partners and certain services can only be provided by a handful of business partners, the company is not critically or solely dependent on any one client or supplier. With our detailed prequalification system for business partners and by evaluating projects not only during the execution phase, but also after completion, we maintain a comprehensive overview of our partners' capabilities, both technical and commercial. This minimizes default risk and opens the way to alternatives, enabling us to meet customer needs with the best possible solution.

[1] For further information, please see the Compliance section.

Resource availability is a highly important issue for procurement at HOCHTIEF. That is why we place special emphasis on resources that are subject to growing scarcity—with regard to materials, for example, of basic materials such as gravel and sand—and also on the availability of trade subcontractors in areas such as technical building systems and drywall construction. We address any anticipated scarcity with proactive procurement management.

We classify HOCHTIEF's overall procurement risk as low.

Regulatory environment

As a result of our business activities and significant international presence, HOCHTIEF has to contend with risks arising from regulatory changes, particularly in the areas of tax and environmental protection.

Such risks can affect our key performance indicators and impact our earnings situation, notably in the case of projects lasting several years. HOCHTIEF continuously monitors national and international regulatory initiatives as well as any potential resultant changes which could affect the company in the various markets.

We currently do not consider there to be any significant regulatory risks for HOCHTIEF and therefore classify the risk as low.

Information security and data protection

Information security

HOCHTIEF addresses IT risks at all levels of the organization. Under Supervisory Board oversight and Executive Board responsibility, policies are implemented by an IT security function with the support of specialized security consultants and capable operational service providers. Continuous awareness training ensures compliance by employees in their everyday work.

IT service categories are clearly set out in service certificates forming part of our service contracts. Compliance with technical availability, data security, and integrity requirements is ensured by stipulating measurable targets. Steps are taken to ensure adherence to the exacting standards required in the case of mission-critical systems. The deployment of cutting-edge hardware and software coupled with digital and physical access control protect data from unauthorized access. Critical data is kept in separate fire compartments inside certified data centers. Regular external penetration tests verify the ability of our firewall systems to withstand cyber attacks. Confidential data and files—for data storage and e-mail, for example—are protected by technical and organizational measures such as the use of encryption systems. We are also vigilant with regard to cyber crime and adapt our measures to the latest threats on an ongoing basis.

Our IT Security Directive, which applies to the HOCHTIEF Europe division as well as the HOCHTIEF Americas division, is continuously refined on the basis of the latest standards and with the support of experts, and is 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 regarding data security, confidentiality, and availability are met.

Data protection

Data protection organization

HOCHTIEF takes the protection of personal data very seriously—for employees, clients, and business partners alike—and consequently pays particular attention to ensuring high standards of data protection when processing such data.

To this end, HOCHTIEF has established a data protection organization in the HOCHTIEF Europe division, with data protection officers in Germany, the Czech Republic, the United Kingdom, Poland, and Luxembourg. Data protection coordinators assist management in complying with the obligations under the EU General Data Protection Regulation (GDPR) and Group data protection requirements. They are appointed by their companies and work closely with the data protection officers in charge. Support with regard to data protection law is provided by the legal department.

Data protection program

HOCHTIEF has laid down standards for the handling of personal data in the HOCHTIEF Europe division in a Group data protection directive.

Alongside regular training for data protection coordinators and all employees, this covers audits to verify compliance with data protection requirements. HOCHTIEF provides information on data protection for all employees on the corporate intranet. Processing of personal data at each HOCHTIEF company is tracked in the record of processing activities.

Personal data is processed on the basis of suitable technical and organizational measures for data security. Where processing is outsourced to service providers, these are subject to a meticulous selection process and monitoring and verification rights secured in a contract processing agreement. HOCHTIEF's data protection coordinators, data protection officers, and legal department are involved in the process leading to any such agreement. This ensures compliance with high standards of data protection whenever outside service providers are used. In accordance with undertakings they are required to sign by HOCHTIEF, service providers ensure that personal data is processed solely in accordance with statutory requirements.

HOCHTIEF expects all employees to comply with data protection requirements in their everyday work. In order to be able to respond quickly and appropriately in the event of a data breach, HOCHTIEF has implemented an incident reporting process that can also be used anonymously. Any internally reported data breaches are investigated with the involvement of the responsible data protection coordinators, data protection officers, the legal department and, where necessary, the relevant IT departments. In individual cases, outside legal advice is sought. Without exception, all breaches are exhaustively investigated and assessed. Where applicable, they are reported to the competent supervisory authority within the period required by law. Close cooperation with the supervisory authorities in this regard is a matter of course for HOCHTIEF. Incidents are documented and—if necessary—concluded with an action plan to prevent repeat occurrences as far as possible.

HOCHTIEF has not had any notable data protection incident to date. Given the rapid pace of developments, as well as the many requirements that apply and are subject to ongoing revision, HOCHTIEF will continue to place a commensurate focus on data protection in the future.

Environment

HOCHTIEF's business activities have a direct impact on the environment. At the same time, the Group's business success is inextricably linked to environmental conditions. Our risk management takes into account environmental and social risks with a direct or indirect bearing on HOCHTIEF's business activities, and likewise risks to our stakeholders and the environment—air, water, and soil purity, health, species conservation, etc.—resulting from our products and services.

One factor in this connection is climate risk, relating to phenomena such as the proliferation of extreme weather events such as storms, increased precipitation, extreme heat waves, and droughts. At HOCHTIEF, climate risk is defined as damage caused by climate events that potentially has negative impacts on the qualitative or quantitative attainment of business targets. Climate risk is addressed centrally as a non-financial risk for the entire Group. In order to identify the impacts of climate change for HOCHTIEF as a whole and to adequately assess the risks involved, we make use of external frameworks such as that of the Task Force on Climate-related Financial Disclosures (TCFD). HOCHTIEF conducted a risk and opportunity analysis for the construction business in line with the TCFD recommendations in the reporting year, evaluating and prioritizing risks on the basis of a range of scenarios. Currently, HOCHTIEF is working to quantify the financial implications and develop a Group-specific carbon accounting methodology. At operating level, we analyze climate risk for our construction projects. Climate risk is treated here as part of project risks because it is directly connected to project execution.

In HOCHTIEF's core business of construction, significant carbon emissions are generated in the upstream and downstream value chains (Scope 3 emissions). This brings with it a major responsibility in terms of impact management, while at the same time sustainable business practices offer an opportunity to contribute toward climate action.

Our construction projects can be held up by exceptional weather conditions such as heavy rain, floods, storms, and extreme heat and cold. This can lead to reduced productivity. It can also endanger the safety of employees, subcontractors, and third parties. It is therefore a priority for HOCHTIEF to raise awareness of safety during project execution. Our use of cutting-edge equipment and methods helps protect against the elements and ensure work safety. Project teams monitor current weather conditions during project execution and take action to avoid hazardous situations. 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.

Along with the risk assessment for extreme weather conditions, the prevention of environmental incidents is also a top priority: Even minor environmental incidents can have a lasting negative impact on the environment, people, and wildlife. Additionally, these can adversely impact project profitability and the company's reputation. As part of our environmental management, we identify potential hazards and factor them into project planning. Recording and analysis of environmental incidents provides important information about risks and enables us to prevent potential environmental damage by adopting targeted countermeasures.

The markets relevant to HOCHTIEF are subject to increasingly strict legal requirements on sustainability criteria and environmental protection, such as compliance with emission levels and energy efficiency. We meet these challenges with energy-efficient solutions in building construction and civil engineering. Environmental regulations can drive up operating costs in our projects, although these are generally passed on to clients. Consequently, also in this connection, we do not consider there to be any material risk to HOCHTIEF.

In light of the fact that potential impacts are accounted for, we do not consider there to be any significant environmental and social risks to HOCHTIEF.

Climate change also holds commercial opportunities for HOCHTIEF as a result of changing needs and requirements. Built structures for renewable energy, flood control, water supply and wastewater management, reconstruction of infrastructure damaged by extreme weather events, and investment in resilient infrastructure all offer new business potential that HOCHTIEF can tap into with its capabilities. Furthermore, we already successfully serve the growing market for sustainable certification of buildings and infrastructure projects. HOCHTIEF additionally sees major business potential here for further, related activities.

Social issues

In its projects, HOCHTIEF works closely with a wide variety of stakeholder groups on an ongoing basis in order to identify local needs and requirements and respond accordingly. Stakeholder information and communication are consequently a standard part of project management and also serve to prevent risks so as, for instance, to avoid delays in project execution. At the same time, we address social risk that can arise from the Group's business activities—in an exemplary analysis on managing the impact of construction activity, for instance.

Regular, detailed market research on the Group's reputation and image provides additional indications as to how it is perceived in the public eye.

We rate the risks in connection with social issues as low.

No significant risks in relation to sustainability aspects[1)]

At the present time, we see no significant risks within the meaning of Section 289c (3) Sentence 1 No. 3 and 4 of the German Commercial Code (HGB) likely to have a substantial negative impact on the sustainability aspects and therefore anticipate no noteworthy risks arising from negative deviations from our major stakeholders' expectations. The assessment of non-financial risks does not include potential risks at BIC Contracting as HOCHTIEF had no access to that company's risk inventory at any time and no risk reporting has been made to HOCHTIEF. Therefore, HOCHTIEF is unable to make any statement on non-financial risks.

[1)] The content in this section is not part of the statutory audit of the annual financial statements and consolidated financial statements but is subject instead to a separate assurance engagement in accordance with ISAE 3000, providing limited assurance by KPMG AG Wirtschaftsprüfungsgesellschaft.

Opportunities from systematically pursuing the strategy/sustainability strategy

As an engineering-led, global infrastructure group with leading positions across its core activities of construction, services, and concessions/public-private partnerships (PPP) as well as operations focused in Australia, North America, and Europe, HOCHTIEF's strategy is to further strengthen its position in core markets and pursue market growth opportunities. At the same time, we are committed to cash-backed profitability and rigorous risk management. Our businesses are flexible, allowing management to quickly adapt to varying market conditions. Active and disciplined capital allocation is a high priority, and we intend to continue focusing on attractive shareholder remuneration as well as investment in strategic growth opportunities in order to generate lasting value for all stakeholders. We systematically balance economy, ecology, and social responsibility throughout all our business activities with the aim of safeguarding the Company's long-term viability. To this end, we apply a 360-degree focus, taking in our business segments and operating activities as well as our surroundings and the interests of our stakeholders.

Our strategy comprises the following elements:
- Focus on activities and geographies with strong competitive positions
- Focus on sustainable and cash-backed profitability
- Active and disciplined capital allocation
- Continuous focus on risk management
- Diversification and optimization of financing instruments
- Accelerating innovation by making use of digital developments
- Enhancing our position as an attractive place to work
- Contributing to sustainable development

We continue to build on these elements and aim to exploit the room for improvement that still remains. The related initiatives will deliver additional positive outcomes and have a positive effect on HOCHTIEF's business activities.

We center our sustainability management on six sustainability focus areas. Active stakeholder management seeks to anticipate issues of relevance to us, utilize business opportunities and market potential, and mitigate risk.

In both building and infrastructure construction, we profit from our early engagement for sustainable construction and we see further development potential in our markets.

Opportunities based on successful research and development

Our ability to innovate is a key driver of HOCHTIEF's business success and effectively contributes to making our activities sustainable.

The organizational framework for innovation at HOCHTIEF provides the basis to generate value with innovation—in particular in the field of digital construction, which is steadily gaining in importance in the market. It helps us further improve the quality of our work and enhance our competitiveness, especially in hotly contested markets. The further improvement in the area of innovation can have a correspondingly positive impact on our business success as well as with regard to exercising our environmental and social responsibility.

Regulatory risk

Complex large-scale projects can involve legal and regulatory risks. Provisioning has been made for all risks known to HOCHTIEF associated with legal disputes that are nearing conclusion or are anticipated, legal claims, and official procedures relating to individual large-scale projects.

Executive Board's overall assessment of opportunities and risks

The overall risk situation of the Group did not change significantly in the 2020 reporting year. HOCHTIEF will continue to work intensively to optimize its risk position even further. The risk management approach is kept under constant review and adjusted as necessary to preclude any volatility in HOCHTIEF's key performance indicators.

Systematic implementation of our uniform Group-wide strategy helps HOCHTIEF exploit opportunities as they arise. We expect to be able to counter potential risks and thereby avoid or reduce the negative impact on our business activities.

From the current perspective, based on their probability and potential impact on HOCHTIEF, the risks described in the foregoing report do not cast any doubt over the HOCHTIEF Group's ability to continue as a going concern.

Based on our analyses and the sound development of the business in 2020, we continue to assess HOCHTIEF's risk-bearing capacity as robust.

JHS REHAB CENTER

State-of-the-art treatment capabilities: The nine-story Jackson Health Christine E. Lynn Rehabilitation Center in Miami, Florida, provides optimum conditions for diagnosis, treatment, and research in relation to spinal cord and brain injuries as well as other conditions. Among other facilities, these include diagnosis and treatment rooms, outpatient therapy areas, hydrotherapy swimming pools, gymnasiums, and research areas. The building meets LEED Silver standards and was completed by Turner in 2020.

USA

Non-financial Group Report

Vision and strategy: the cornerstone of sustainability

Sustainability, as a principle, is a fundamental part of the HOCHTIEF vision, our Group guiding principles, and HOCHTIEF's corporate strategy. Our sustainability strategy forms part of our corporate strategy. HOCHTIEF's understanding of sustainability is based on the concept of reconciling economy, ecology, and community in all business activities.[1] Our overarching goal is to create sustainable value for all stakeholders.

Ongoing core areas of non-financial reporting are compliance, employees and occupational safety, supply chain, environment, innovation/digital transformation, and corporate citizenship. HOCHTIEF also ensures transparency regarding current sustainability performance by taking part in sustainability ratings—such as the CDP[2] and the Dow Jones Sustainability Index—as well as by providing information on the Group website and in its own publications, among other channels.

In accordance with Section 315b (3) 2a of the German Commercial Code (HGB), the non-financial Group report is published together with the Group Management Report. The framework used is the Global Reporting Initiative (GRI)[3] standards.

HOCHTIEF Aktiengesellschaft is not subject to the preparation requirement under Section 289b (1) HGB and does not publish a separate non-financial report in addition to the non-financial Group report.

The non-financial Group Management Report does not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

Business model

HOCHTIEF is an engineering-led, global infrastructure group with leading positions across its core activities of construction, services, and concessions/public-private partnerships (PPP). Its operations are focused in Australia, North America, and Europe. With a track record of almost 150 years, HOCHTIEF delivers complex projects for clients based on its core competence in construction—primarily building construction and civil engineering—and has extensive experience in developing, financing, building, and operating infrastructure assets.[1] HOCHTIEF thus spans the entire life cycle of infrastructure projects.

Aspects in accordance with the German Commercial Code

All information required under the German Commercial Code (HGB) on environmental, social, and employee-related issues as well as compliance with human rights standards and combating corruption and bribery is presented in this Group Report. We use a non-financial key performance indicator (LTIFR) and also a series of indicators for each focal area; however, the latter are not treated as most significant non-financial indicators within the meaning of Section 315c read in conjunction with Section 289c (3) 5 HGB.

Cross-references to where the policies, processes, results, and risks relating to each aspect are presented are listed in a table on page 135.

We consider topics material if they are relevant to HOCHTIEF and are capable of having an impact on the development and performance of the business and its environment. The perspectives and interests of HOCHTIEF's stakeholders are taken into account in this analysis. We assess the materiality of topics through a regular review and evaluation of the aspects and material risks in accordance with the German Commercial Code.

A presentation of the opportunities and risks significant for HOCHTIEF, including risks in connection with the above-mentioned aspects, is provided in the combined Management Report, in the Opportunities and Risks Report starting on page 119. The Group is unaware of any material risks within the meaning of Section 289c (3) Nos. 3 and 4 of the German Commercial Code. The assessment of non-financial risks does not include potential risks at BIC Contracting as HOCHTIEF had no access to that company's risk inventory at any time and no risk reporting has been made to HOCHTIEF. Therefore, HOCHTIEF is unable to make any statement on non-financial risks.

[1] For detailed information on the business model and the Group strategy, please see the Strategy section.

[2] See glossary.

[3] Further information on the GRI index in accordance with the GRI standards

Placement of material sustainability aspects in this Group Report

		Page
Non-financial Group Report		
Non-financial aspects		
Business model		22–23, 24, 25–31
Environmental matters (policies/outcomes)		
	Sustainable cities and mobility	141-151
	Circular built environment	136, 144
	Innovation/digital transformation	27, 30, 93–97, 114
	Climate change	141–151
	Water management	141–151
	Biodiversity	143
	Energy environment	141–151
Employee issues (policies/outcomes)		
	Health and safety	105–110
	Talent attraction and training	98–100
	Equity and diversity at work	99–100, 102
Social matters (policies/outcomes)		
	Stakeholder engagement	28–29, 137, 139–140
Anti-corruption matters (policies/outcomes)		
	Business ethics	80–82, 139
Respect for human rights (policies/outcomes)		
	Observance of human rights	138
	Supply chain engagement	112–115
Risk management related to non-financial aspects		119, 120, 122–123, 125, 129–131

For further information, please see our CR Program.

Sustainability at HOCHTIEF
Holistic approach to project activities

The non-financial information and performance indicators in this section do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

Building means shaping the future. HOCHTIEF delivers projects that aim to service users' needs and requirements. In its project work, HOCHTIEF therefore adopts a 360-degree, solution-driven approach, taking the entire project life cycle into account. As part of this approach, we also seek to balance economic, environmental, and social dimensions (see chart). This calls for dialog with the various stakeholders, which we conduct openly and in a spirit of partnership. It is our approach to combine economical, ecological and social aspects. In this way, we are able to take on board their diverse expectations and requirements in the planning and execution phase while minimizing risks. A range of different contracting models, including the PreFair model[1] developed by HOCHTIEF, foster dialog with clients in order to optimize the project outcome.

Integrated planning at global level ensures that operations continue even in exceptional times. This has enabled HOCHTIEF to maintain its solution-driven focus also under pandemic conditions.

Active impact management in the construction process:

Construction projects always tend to have an impact on the existing fabric. People and the environment in the surrounding area can be affected both during construction and after completion of a project. By taking a responsible approach, we aim to leverage positive effects and minimize the adverse impact. Foresighted, end-to-end planning that fundamentally addresses the impacts of our business activities is essential. Innovative construction engineering and project solutions also make for sustainable outcomes. We fulfill our obligation to take remedial action without delay in the event of any situation that needs rectifying.

The nature and extent of environmental impacts vary from project to project and include land use, excavation, hydrological changes, consumption of energy, water, and resources, as well as the generation of noise, dust, vibrations, emissions, wastewater, and other waste. Our aim is to protect and preserve the natural surroundings to best possible effect. To this end, we draw up individual project management plans that allow for each project's unique requirements.

HOCHTIEF's project activities also have direct social impacts. Positive effects include creating jobs and boosting local economic factors. Environmental and climate issues also have social implications, either directly or indirectly, and call for responsible management. In its capacity as corporate citizen, HOCHTIEF steps up to this need, contributing to the community in the vicinity of its projects and locations.

In our project activities, we make the best possible allowance for social and environmental impacts from an early stage. Wherever practicable, aspects such as environmental protection as well as occupational safety and health are integrated right from the planning stage.[2] During the reporting year, we carried out a research project with Zeppelin University (Friedrichshafen, Germany). Its aim was to develop a process to render project sustainability performance measurable. Based on two transportation infrastructure projects in Germany, the exemplary research involved tracking and linking indicators such as the generation of noise and traffic congestion. The findings will now be used in further work.

HOCHTIEF targets a balanced interplay of economic, environmental, and social factors. An ideal way to achieve this is by using certifications for construction projects such as DGNB, LEED, BREEAM, Green Star, or ISCA, as these are based on a wide variety of sustainability aspects and systematic management of impacts while taking into account resource-efficient construction processes as well as the operation of buildings and infrastructure projects. Clients benefit from HOCHTIEF's has wide-ranging experience in this field: Both HOCHTIEF and its operating companies are recognized as top suppliers of green buildings in rankings such as those published by the Engineering News-Record (ENR) magazine.

Our employees are likewise expected and encouraged to contribute to sustainability. Their active involvement in advancing the development of our sustainable project activities is of great importance to HOCHTIEF. Keeping employees regularly informed and raising awareness of the subject is also provided in internal communications.

Quality management

Successful project delivery calls for well-founded quality management. HOCHTIEF Solutions and CIMIC companies CPB Contractors, Leighton Asia, Thiess, UGL, and Sedgman execute projects on the basis of the DIN EN ISO 9001 quality management system. Their quality managers are responsible for ensuring compliance with the standards and develop improvement and verification measures as required. Internal and external audits coupled with a continuous improvement process contribute to optimizing overall quality management throughout the HOCHTIEF Group.

[2] For further information on the regulations, please see the Occupational Safety and Health section and the Environmental Protection section.

[1] See glossary.

Stakeholder management

We maintain continuous dialog[1] with stakeholders to allow for the needs of individual groups in our work. Our aim is to systematically track and give strategic consideration to relevant needs and expectations. To this end, we identify stakeholder groups (see box), involve them, and invite them to actively participate in consultation. Feedback from stakeholders is also incorporated into defining our corporate responsibility focus areas.[2]

Target group-specific activities and formats used for stakeholder engagement by our corporate units include:

- Communication at construction sites (continuous)
- Employee feedback (every two years)
- Executive Board events for senior executives (regular)
- Public relations (continuous)
- Capital market communications (continuous)
- Trade shows, congresses, and events (continuous/ad hoc)
- Market studies (regular)
- Client surveys/client satisfaction analyses (regular)
- Image and reputation polls (annual)
- Corporate responsibility stakeholder dialog (regular)
- Quality assessments/audits (continuous)

This year, many of these activities were carried out digitally or in strict compliance with hygiene rules.

Client orientation

Client satisfaction plays a major role in the commercial success of the HOCHTIEF Group. Using locally deployed tools, such as surveys and database analysis, we gather client feedback to enable improvements in follow-up projects.

We see follow-up contracts—when a client engages us again for an additional project or expands an existing contract—generally as a key indicator of client satisfaction. The repeat client rate in 2020 across the Group as a whole was 84.8%[3] (2019: 81.5%). This figure confirms to us that our clients enjoy working with HOCHTIEF.

Repeat clients[4] (%)

	2017	2018	2019	2020
Total[5]	76.3	77.0	81.5	84.8
Group coverage[6]	100 %	100 %	100 %	100 %

[4] Repeat client rate: HOCHTIEF uses the repeat client rate to measure customer satisfaction. We define repeat clients as clients who commission HOCHTIEF at least for a second time.
[5] Weighted relative to Group work done in each year
[6] The coverage figures mean the coverage of each indicator in relation to Group work done.

We also regularly analyze HOCHTIEF's reputation score using a representative survey[7]. Here, the Group has attained constantly high scores for many years.

HOCHTIEF's reputation values[8] (%)

2017	2018	2019	2020[9]
87	83	87	88[10]

[8] The figures shown here indicate the sum total of HOCHTIEF's reputation ratings (excellent, very good, and good).
[9] 88% of people surveyed by market research institute YouGov in Germany in the reporting year rated HOCHTIEF's reputation as excellent/very good/good. An additional 10% rated our reputation as average, 2% as poor.
[10] The non-financial performance indicators do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

[1] For further information, please see the Strategy section.

[2] Comparative presentation in the Strategy section.

[3] The non-financial performance indicators do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

[7] The survey is addressed to decision-makers in large companies by market research institute YouGov Deutschland.

HOCHTIEF's stakeholder groups
Analysts
Associations/NGOs
Bankers
Clients
Employees
Government/public authorities
High school and college/university students, recent graduates
Investors
Journalists
Neighbors/local residents
Scientific institutions
Shareholders
Subcontractors
Suppliers
Universities/colleges

The topic of human rights is covered as a cross-cutting topic in all focus areas.

Human rights

The non-financial information and performance indicators in this section do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

Respecting and observing human rights

HOCHTIEF respects human rights and is committed to preventing human rights violations. This is articulated clearly and with binding effect in Group standards. Both the HOCHTIEF Code of Conduct and the HOCHTIEF Code of Conduct for Business Partners require the respect of human rights. HOCHTIEF's position paper on human rights reaffirms our clear commitment to respecting and observing human rights and to the active prevention of human rights violations.

In its human rights approach, HOCHTIEF follows the UN Global Compact, the ILO conventions, and the United Nations' Universal Declaration of Human Rights. Our overriding goal is to take preventive action and rule out human rights violations at HOCHTIEF.

Current activities and measures

Under a consultancy-assisted project, we conducted a Group-specific human rights country analysis in 2020 focusing on relevant countries identified by HOCHTIEF in order to better track the nature and geographic focus of risks. The findings enable HOCHTIEF to identify risk areas better and more specifically in terms of nature and geography as well as to address corresponding risk mitigation measures.

In the reporting year, human rights were included as a topic in regular project launch and project manager training courses within the HOCHTIEF Europe division. The subject of human rights also featured once again as a separate section in the Code of Conduct e-learning module that all employees have to complete. Another measure geared to sensitizing employees to the topic was the publication of a multilingual explanatory video specially produced for HOCHTIEF, providing basic information on human rights. In an interview specifically focusing on human rights for our ONE ROOF employee magazine, Executive Board member Nikolaus Graf von Matuschka emphasized the subject's overlaps with other areas and HOCHTIEF's responsibility when it comes to implementing suitable and necessary preventative measures. A more detailed in-house information campaign sensitizing employees and subcontractors notably on HOCHTIEF construction sites has been postponed to a later date due to the Covid-19 pandemic. On construction sites, the focus in 2020 was on providing information on corona-related matters, above all in connection with occupational safety.

CIMIC conducted a human rights impact assessment (HRIA) at Thiess in Mongolia in the reporting year. Developed on the basis of findings from previous HRIAs, the tools used here follow the recommendations of the Danish Institute of Human Rights. An HRIA was also conducted at CPB Contractors in Papua New Guinea. Due to the pandemic-related travel restrictions, the assessments were conducted from Australia. Due diligence will be finalized in 2021.

Human rights aspects are also taken into account in procurement and integrated into HOCHTIEF's procurement processes, including as part of prequalification.

This chapter is part of Focus Area Corporate Citizenship

Corporate citizenship at HOCHTIEF

Corporate citizenship is an integral part of HOCHTIEF's corporate culture. First of all, we support people in the vicinity of our projects whose everyday lives are affected by our business activities. Above and beyond that, we aim to give something back to the communities around our operating locations who are important to us.

As our projects are carried out at different locations, our donation and sponsorship activities are organized on a decentralized basis. Accordingly, our operating companies each have their own budget for corporate citizenship activities. They are guided in this by our Group Directive on Donations and Sponsoring. This directive is the responsibility of Corporate Communications, which also sets the general direction for such activities. HOCHTIEF management is involved in this on an ongoing basis.

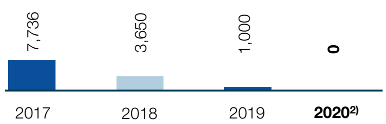
The focus areas for sponsorship at HOCHTIEF—firstly, educating and promoting young talent, and secondly, designing and preserving living spaces—are put into action with donations in kind, knowledge transfer as well as both corporate and personal volunteering. We align our activities with the circumstances surrounding each project and with current needs, and do not define any specific target figure for our corporate citizenship work. However, we are working on specifying and tracking indicators to render the impact of our activities measurable. Ideally, this will enable us to provide stakeholders in the vicinity of our projects with even more targeted support.

The Group-wide budget for donations and sponsorship totaled some EUR 5.3 million in 2020 (2019: EUR 5.4 million).

No donations to political parties

The HOCHTIEF Code of Conduct lays down clear rules concerning donations to political organizations: "HOCHTIEF's business units and companies do not make donations to political organizations, parties, or individual politicians, whether directly or indirectly."

Number of people who benefit from B2P bridges constructed by HOCHTIEF[1)]



[1)] Figures based on data provided by B2P and reused by HOCHTIEF. The information is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.
[2)] Construction work on the bridge—from which 4,000 people are estimated to benefit and which was planned for 2020—was delayed due to the pandemic and is now expected to be completed in the first half of 2021.

Since 2010, HOCHTIEF has been a key partner to the U.S. organization Bridges to Prosperity (B2P). This partnership lies at the heart of Group sponsorship activities and comes under the sponsorship focus "designing and preserving living spaces." Together with B2P, we pursue the goal of giving people in remote rural regions better access to key infrastructure such as schools, hospitals, and markets. This is done by building footbridges that provide safe passage, especially in the rainy season. In this collaboration, HOCHTIEF specifically aims to support people in regions where the Group itself does not operate.

Normally, HOCHTIEF also supports bridge building by deploying employees who carry out the construction work together with local residents on site. This was not possible in the reporting year due to the coronavirus pandemic. HOCHTIEF nevertheless maintained its commitment and funded construction of the 115-meter Mugunga Bridge in Rwanda, which is intended to make the everyday lives of some 4,000 people easier and safer. The bridge will cross a river that represents a severe hazard to local people during the rainy season. The Mugunga Bridge is the 27th footbridge to be built with HOCHTIEF Group assistance. The construction work planned for 2020 was delayed due to the pandemic and is now expected to be completed in the first half of 2021.

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Focus area indicator Corporate Citizenship

Aspect: Stakeholder engagement

bridgestoprosperity.org

Having a go at building: In 2020, little visitors to the Explorado Children's Museum in Duisburg were able to try out their construction skills. Supported by HOCHTIEF, the children's museum offered a hands-on building site under corona conditions.

By joining in the work on these projects, local residents not only earn a fair wage, but also learn valuable skills that they can use, among other things, on maintenance and repair of the footbridge. Where possible, project teams also engage local subcontractors and suppliers to promote regional economic development. We hope to be able to deploy HOCHTIEF teams again in future years. To date, over 270 employees from across the Group have been involved in B2P projects, all of whom rated the experience as highly rewarding. The projects thus make an important contribution to employee motivation and loyalty.

Positive impact on the community:
According to Bridges to Prosperity's analyses, the footbridges built by HOCHTIEF have contributed to:
• about 59% more women finding work
• an increase in agricultural productivity of some 75%
• a rise in income of about 30%

The content in this section is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

Additional donations by the HOCHTIEF Group (examples)[1]:

Habitat for Humanity, Los Angeles, USA: Habitat for Humanity supports the construction of housing projects for poorer people, especially after environmental disasters; since 1990, over 1,000 homes have been built or rebuilt in and around Los Angeles.

Indigenous Literacy Foundation (ILF), Australia: Since 2004, over 500,000 books have been distributed to indigenous children in more than 380 communities to improve reading and writing skills.

Christmas donation, Germany: As in-person Christmas parties were not able to take place in the reporting year due to the corona pandemic, HOCHTIEF decided to increase the budget planned for parties at the Essen location and to donate it to charities. "Menschenmögliches" assists families with a parent suffering from cancer. "Essener Chancen" supports children and adolescents in school, leisure, education, training, and career orientation.

MyKindaFuture program, London, U.K.: The program supports over 100,000 disadvantaged children in South London in science, technology, engineering, and mathematics.

[1] The content in this section is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

This chapter is part of Focus Area Climate and Resource Protection

Environmental protection

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Our activities have an impact on society and the environment—the soil, water, air, climate, and biological diversity. Environmental and climate protection are therefore integral parts of our mission as a sustainable, global infrastructure group. Our aim is to prevent our projects having negative impacts on the environment. We achieve this by deploying a range of strategies, including high recycling rates for construction materials and energy-efficient lighting on construction sites. Other factors include our use of innovative technologies and networking all those involved. HOCHTIEF teams always tailor the measures taken on construction sites to the project in hand and the specific circumstances.

Aside from the construction process itself, we also take upstream and downstream processes into account—the supply chain and the future operation phase. The latter is particularly relevant for PPP projects. We work with clients to develop concepts that are resource-saving and climate-friendly while enhancing efficiency in maintenance. Right from the planning phase, our experts assess options such as reusing or recycling materials, thus helping to conserve resources and minimize harmful emissions.

Outside of PPP projects, we use partnership-based contracting models such as PreFair[1)] or competitive dialog for close coordination with clients. In an intensive preconstruction phase, we optimize the planning in a focused manner and identify any deficits with a potential negative environmental or climate impact, thus paving the way for countermeasures. Technologies such as Building Information Modeling (BIM) help to ensure efficient processes and continuous improvement.

For each project, our experts put together a tailored environmental protection plan that additionally allows for any impacts from the construction process itself. Our focus here extends beyond the actual construction activity itself, also taking in the areas surrounding our projects such as adjacent developments and open spaces. As environmental damage may compromise the environment long-term, threaten the safety of the people involved, and also raise project costs, environmental management is simultaneously risk management. We aim to minimize the risks of environmental damage and other impacts in every project.

We are currently in the process of developing CO_2 reduction targets and selecting a base year for reductions. This work is still in progress at the moment.

Organizational structure of environmental protection

Responsibility for environmental and climate protection matters at HOCHTIEF lies with the Center for Occupational Safety, Health and Environmental Protection (the OSHEP Center), the head of which reports to the Group Executive Board. The OSHEP Center's team of experts have laid down in a Group directive how environmental matters are coordinated and organized. Part of the same directive is a Group-wide environmental protection policy, which provides a guideline for our culture of environmental protection.

The operating companies in each of the HOCHTIEF divisions organize environmental and climate protection matters under their own responsibility. In-house environmental experts support project teams in implementing legal and corporate requirements in construction site processes to ensure they are fully compliant. Corporate Auditing also reviews selected projects for compliance with all requirements.

To integrate environmental protection into workflows in all HOCHTIEF projects, we have put in place management systems in accordance with international standard ISO 14001. In 2020, the proportion of corporate units certified on the basis of environmental management systems was 69.9% (by number of employees; 2019: 72.8%) (chart 1).

1) See glossary.

Early risk identification

We have to comply with legal requirements and standards when executing our projects. By doing so, we are able to ensure commercially successful projects without harming the environment.[2)] Our project teams consequently work right from the planning phase to develop preventive measures and integrate them into the construction process—or adapt them if circumstances change. Experts identify, examine, and evaluate any environmental risks in each project. To this end, HOCHTIEF needs suitably qualified employees. This is why we attach great importance to training and instruction, which also ensures an in-depth understanding of environmental correlations. The environmental experts in operational units also enhance their knowledge in company-wide working groups.

2) For further information, please see the Opportunities and Risks Report.

Waste management

Waste management is of utmost importance at HOCHTIEF as our construction activities may generate large quantities of waste. Our project teams aim to avoid, or if that is not possible, reduce, or recycle waste. This makes an active contribution to preventing

Focus area indicator Climate and Resource Protection

Aspect: Water management

the extraction of additional natural resources. The success of these measures is reflected in our consistently high recycling rate.

We target a consistently high recycling rate (including recovery) of at least 85% each year. This target gives due account to the fluctuations caused by our varied project activities. Large infrastructure projects—in tunneling, for instance—can at times generate large volumes of waste. Wherever possible, this is reused for purposes such as backfilling or as roadbuilding substrate, or a use is found in other projects. By separating such construction waste as cleanly as possible, we achieve very high-quality recycling (Table 4).[1)]

The recycling rate in 2020, at 90.3%[2)] (2019 adjusted: 78.7%), is above our target (85%). This relates to the absolute total waste volume generated in the Group. As a matter of principle, waste is reused in other projects wherever possible.

HOCHTIEF's experts develop waste disposal concepts for each project at an early stage to organize material flows in an economically and environmentally sound and directed fashion. This involves calculating the quantity of waste produced and of materials required, identifying potential uses for the waste within the same project, and efficiently planning transport and disposal routes—among other things, to avoid empty runs wherever possible. Special systems, such as Turner's waste tracking system, are used in some companies for calculation and separation by type.

Great care must be taken when projects involve hazardous materials or products containing such materials that might endanger human life and the environment. We always proceed responsibly and in accordance with legal and corporate requirements—which may vary from country to country—when handling and disposing of such materials. In the HOCHTIEF Europe division, we use a software application that identifies the relevant stipulations in hazardous substance lists. This tool also contains workplace-specific instructions, precise information on individual hazardous substances, and safety data sheets.

In demolition, conversion, or revitalization projects, critical constituents must be identified prior to project start so that they can be disposed of safely and in accordance with regulations. Our employees are trained to be aware of such matters.

Water management

Water is a material issue for HOCHTIEF. We are committed to responsible use and conservation of this valuable resource. There are various facets to water use in construction projects. For example, large quantities of water are needed to cool concrete when temperatures are high, or to bind dust (Table 9). Compacting, sealing, and clearing ground, draining works, and lowering the groundwater table all have an impact on water resources in the vicinity of construction sites—and can also affect people as well as the natural environment. Potential consequences include water shortages or sedimentation.

We aim to use water efficiently and sparingly at all times. Project water conservation plans allow for local conditions, such as groundwater and drinking water use, disposal of used and waste water, infiltration, water pollution, and water treatment. Erosion and sedimentation control plans are similarly included. Water abstraction, consumption, and discharge always depend on the nature, location, and specific conditions of a project. As necessary, project teams draw up water conservation plans together with public agencies and, where applicable, local stakeholders. Wastewater-related or process water-related impacts are also identified on a project-by-project basis.

It goes without saying that efficient water management is particularly vital in regions where water is scarce or in short supply. A number of Group companies, including CIMIC, operate in some such areas, and periods of heat and drought are also increasingly common in Europe and North America. We consequently work closely with authorities and stakeholders on the ground in order to minimize the impact of water consumption. For each project, for example, CIMIC project teams draw up dedicated water management plans and identify where water can be recycled or reused. They evaluate local conditions, the potential volume of water required, available sources, the regulatory environment, as well as obligations to property owners, and specify monitoring measures. As a rule, we aim to minimize the use of mains water in our project activities as well as to increase water recycling and recovery.

[1)] 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.

[2)] The non-financial performance indicators do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

In 2020, recycled/reused water accounted for some 16%[1] of water consumption at CIMIC (2019: 20%). With regard to water abstraction, consumption by CIMIC companies increased, while water discharge decreased—both of which were related to the ongoing drought in Australia. This led to increased water abstraction, primarily for dust control at mining projects in Australia. CIMIC achieved a "B-" score (2019: "B-") in the CDP water ranking.

Biodiversity conservation

As the impacts of our activities can affect the natural environment and consequently biodiversity, we look for ways to avoid negative impacts in our projects or keep them as low as possible. This constitutes another dimension of our project-specific environmental plans and strategies, in which we cooperate closely with clients and the authorities. For this purpose, we deploy biodiversity strategies, regular monitoring, and expert advice. Ecological studies, impact mitigation plans, and species conservation plans primarily feature where there is a nature reserve in the vicinity of a project site.

Energy efficiency and climate protection

Especially in the areas of construction and mining, HOCHTIEF's business activities are energy-intensive and consequently also emissions-intensive. Analysis of the upstream end of the construction business value chain—the production of materials such as steel and cement—shows that here, too, large quantities of emissions are generated. The downstream end, such as building operation, adds further emissions. According to the World Green Building Council, constructing and operating buildings account for about 36% of the world's total energy consumption, as well as around 39% of energy-related carbon emissions.[2]

HOCHTIEF actively supports the goal of limiting the rise in global temperatures to an average of not more than 2 °C or, if possible, 1.5 °C. We publicly embrace calls for sector-specific targets and—in Germany, for instance—actively participate in the "Wirtschaft Macht Klimaschutz" dialog forum launched by the Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety.

Our contribution to climate protection in project activities consists in cutting energy consumption and greenhouse gas emissions. In conjunction with outside experts, we have classified and evaluated climate risks in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We are now working on quantifying the risks identified. From this, scenarios are developed to assess the financial climate impacts for the Company over various time horizons (short, medium and long term). These are then to be used to specify a climate target for HOCHTIEF. As this evaluation is ongoing, we have not yet specified a base year for reduction targets (target year: 2020).

Our subsidiary Turner has the specific climate target of halving greenhouse gas emissions by the year 2030. During 2020, Turner further revised its data collection process to obtain a solid basis for measuring target attainment. Electricity, water, and fuel consumption is currently metered at around 75 construction sites—equivalent to about 5% of all Turner projects, with more to follow. Turner also aims to further strengthen its focus on green building as well as accelerate the development and deployment of innovative technologies and processes.

As in previous years, HOCHTIEF gained recognition in 2020 for its contribution to climate change mitigation and reducing greenhouse gases, and once again achieved a "B" score (2019: "B") in the climate ranking, corresponding to Management status under the CDP criteria. Our goal is to achieve an "A" score by no later than 2030. CIMIC likewise received a "B" rating.

Key indicators

The nature, scope, and location of our projects have a direct impact on material and energy consumption levels, as well as on the emissions inferred from them in any given year. Due to their unique character, our projects are by nature not comparable with one another: Using a tunneling machine to penetrate hard rock, for example, is much more energy-intensive than a building construction site on softer ground. The construction of large-scale projects extends over several years, with a number of different construction phases—and consequently very pronounced variation in matters such as waste generation and material consumption.

Environmental and climate protection indicators must always be viewed in relation to Group work done in the year in question, as the number, nature, location, and scope of projects have an influence on such indicators and hence on the level of emissions generated by HOCHTIEF's business activities. Group work done[3] in 2020 amounted to EUR 24.55 billion (2019: EUR 27.14 billion).[4] The coverage[5] figures mean the coverage of each indicator in relation to Group work done.

The indicators presented in this section under the heading of climate protection relate exclusively to materials, energy consumption, and services purchased by the HOCHTIEF Group. In the HOCHTIEF Asia Pacific division, the indicators comply with the statutory requirements of the National Greenhouse and Energy Reporting Act 2007.

[1] The non-financial performance indicators do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

Focus area indicator Climate and Resource Protection

Aspect: Biodiversity

Focus area indicator Climate and Resource Protection

Aspect: Climate change

CDP DISCLOSER 2020

[2] World Green Building Council, Global Status Report 2017

[3] Cf. page 39

[4] The figures refer only to continuing operations.

[5] See glossary

HOCHTIEF HAS COMMITTED

Focus area indicator Sustainable Products and Services

Aspect: Sustainable cities and mobility: Number of accredited auditors

Focus area indicator Sustainable Products and Services

Aspect: Circular built environment

[3] The non-financial performance indicators do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

[1] Source: "Re-Assessing Green Building Performance", September 2011

[2] Source: "The Value of Green Star", 2013

We aim for a uniform detail level in data collection across divisions for enhanced data comparability and verifiability. In the HOCHTIEF Europe division, we have collected construction-site consumption data since the beginning of 2020. The focus is on tracking material consumption categories—electricity, water, concrete, steel, and timber. In the future, the data collected in this way is to be used to track performance indicators. Based on this, our sustainability control system is to be further expanded in order for it to be used for management in the medium to long term.

Green building and cutting carbon emissions

The construction of sustainable buildings is an important factor in climate action and resource conservation (Table 10). Green buildings help significantly reduce carbon emissions relative to projects delivered the conventional way, among other things by the use of sustainably produced or recycled materials, or by awarding contracts to regional subcontractors and suppliers and thus shortening transportation distances. Notably green buildings also save emissions over the long term thanks to energy-efficient operation: LEED-certified buildings use over 25% less energy than conventional buildings and cut water consumption by about 11%.[1] Data from the Green Building Council of Australia shows that buildings with Green Star certification have 62% lower emissions and use 51% less water.[2] HOCHTIEF expressly promotes sustainable construction and advises clients on suitable certification. Our aim is to further expand our portfolio of sustainable projects. To this end, we employ 1,152 accredited auditors throughout the Group, who provide professional support during each certification phase.

When our project teams revitalize, convert, or refurbish existing buildings, no or at least little additional ground surface sealing is involved, and both energy systems and insulation are upgraded to the latest standards and so made more efficient. Wherever possible, materials can be reused, thus reducing the consumption of new resources. In addition, we have developed a concept designed to illustrate how using the sustainable Cradle to Cradle® approach, where materials are repurposed, can be integrated into a building without neglecting economic aspects as well as structural demands and construction processes. This involves a potential analysis that applies the Cradle to Cradle® product certification principles to buildings.

There is also considerable potential in sustainable transportation infrastructure projects (Table 11). In some countries, such as Australia, increasing use is made of certification schemes for road, rail, bridge, and tunnel projects because of the huge scope for saving energy and resources in the construction and operation phases. Other countries where HOCHTIEF operates, such as the Netherlands, require that construction projects meet high environmental standards.

Sales through green building[3]

In 2020, HOCHTIEF handled projects for a total of some EUR 8.3 billion in the green building and green infrastructure segments (2019: EUR 8.0 billion).

According to analysis by the Engineering News-Record (ENR), HOCHTIEF's U.S. subsidiary Turner once again led the Top Green Contractors ranking in the United States in 2020. Turner's sales in the green building segment amounted to some EUR 6.0 billion in the reporting year (2019: EUR 5.9 billion).

In Australia, CIMIC reported total sales of approximately EUR 1.7 billion (2019: EUR 1.9 billion) from sustainable building and infrastructure projects. CIMIC companies are sought-after for their expertise and CIMIC ranks among the leading providers especially in sustainable infrastructure projects.

Environmental damage

Although project teams devise and implement numerous precautions, environmental damage can still occur (Table 2). HOCHTIEF classifies damage into three categories, which at some Group companies are further subdivided:

- 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 damage were reported in 2020. In the event of significant damage, this must be immediately reported via the in-house crisis information system. We collate environmental damage incidents in a reporting system for analysis and subsequent resolution. Near-misses provide important pointers to where situations and processes harbor risks and are handled in the same way.

Fines

No fines were paid in 2020 that exceeded the EUR 10,000 internal reporting limit.

Examples of environmental and climate protection

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

Turner’s Seattle, Washington, office achieved Salmon Safe accreditation in 2020. Salmon Safe requirements for construction projects include strict water management on construction sites in order to protect the habitats of endangered salmon populations in the nearby North Pacific. Preventing erosion and sedimentation is particularly important. As a matter of policy, Turner offices implement plans to prevent surface-water run-off from contaminating other water bodies.

For the Hampton Roads Bridge-Tunnel Expansion project in Virginia, in which Flatiron plays a major role, the project team has compiled a bird management plan that is updated and adapted as necessary. One of the plan’s objectives is to provide alternative breeding habitats for seabirds that normally nest within the area of this large-scale project.

The Sydney Metro project, which involves several CIMIC Group companies, is trailblazing in terms of environmental protection and resource conservation in various respects. Over 500,000 tons of sandstone from excavation of the 15.5-kilometer twin tunnels between Chatswood and Marrickvill was reused in its entirety in the construction of Western Sydney International Airport. The material now provides the foundation for the runways. The construction teams extending the Sydney Metro Trains Facility, where the metro fleet is stabled and maintained, also recycled 1,000 tons of glass, which was crushed and used instead of sand in the installation of new drainage pipes.

For the Logan Enhancement project in Brisbane, CIMIC Group company CPB Contractors was awarded the top Leading As Built rating from the Infrastructure Sustainability Committee of Australia (ISCA). Key factors included avoiding 17,093 metric tons of carbon emissions as well as reducing energy by 9.8%, water by 36%, and materials by 12%. The experts achieved this by combining LEDs with more efficient technology in street lighting. During construction, the generators were powered with electricity instead of diesel, and use was made of solar-powered light towers.

With the PPP Goes Green initiative, the experts at HOCHTIEF PPP Solutions aim to deliver environmental improvements both for project users and for the natural surroundings. In several projects, for instance, wild meadows have already been sown to attract bees and a variety of insects. A particularly impressive example is the meadow at the Fürst Wrede barracks in Munich.

Provision of vegetated open spaces also features in the Grande Prairie Regional Hospital project being delivered by our company Clark Builders in Alberta, Canada. To meet LEED Open Space requirements, at least 20% of the project area had to be left unsealed; the final figure actually came close to 37%. This benefits not only flora and fauna, but also patients, guests, and hospital staff.

The content in this section is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

Conserving resources and protecting the climate: HOCHTIEF unit Nexplore uses this meter to track electricity consumption at the Heinrich Campus construction site in Düsseldorf. It then analyzes the consumption and utilization data collected (left).

Biodiversity: Bees are vital to our ecosystem and need protection. HOCHTIEF PPP Solutions has sown wild meadows in various projects, including at Fürst Wrede barracks in Munich (right).

The One office and hotel high-rise in Frankfurt am Main, Germany, has already secured preliminary platinum certification from the German Sustainable Building Council (DGNB). This is awarded when projects attain an above-average score on the 37 sustainability criteria for DGNB certification. The project team is aiming for 84.7%, having set their sights on the highest possible score for indoor air quality, total cost of ownership, and acoustic comfort. The same applies to safety inside the building, accessibility in office areas, and public amenities. Emphasis is placed on the use of low-emission building products such as solvent-free and low-VOC paints, coatings, adhesives, and sealants, as well as emission-tested floor coverings.

In a joint, circular-economy innovation with the Czech Technical University in Prague and a local energy company, HOCHTIEF CZ has developed a concrete from construction waste and by-products from energy generation. The concrete has already been used in the construction of tunnels for geological surveying work on the future Prague Metro Line D.

HOCHTIEF applies strict criteria to the selection of company cars. In the reporting year, the CO_2 emissions of company cars in Germany, for instance, averaged 126 grams per kilometer (2019: 119 grams per kilometer). When replacing company cars, there is a growing preference—also out of economic considerations—for engines with lower CO_2 emissions. Turner additionally launched a campaign in 2020 to reduce idle running of construction equipment. There is great potential here, as this relates to an estimated 30% of equipment running time.

Multiple campaigns mobilize and raise awareness among employees regarding all aspects of climate action. Over a three-week period in 2020, for instance, numerous HOCHTIEF employees once again participated in the nationwide Stadtradeln (urban cycling) campaign, consciously avoiding traveling by car in favor of cycling. The 19,566 kilometers traveled saved some 2,876 kilograms of CO_2. That is approximately the amount emitted per person during a return journey by air from Berlin to Tenerife.

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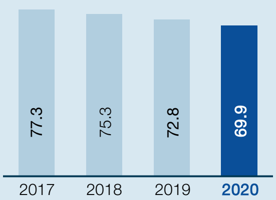
Facts and Figures

(1) Proportion of units in the HOCHTIEF Group certified in accordance with environmental management systems, relative to number of employees (%)



The nature, scope, and location of our projects have an impact on the reported indicators, as well as on the emissions inferred from them in any given year. This limits data comparability from year to year. The non-financial information and performance indicators in this section do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

(2) Number of environmental damage incidents within the HOCHTIEF Group[1]

	2017	2018	2019	2020
Category 1	0	0	1	**0**
Category 2	12	14	30	**18**

[1] Minor instances of environmental damage and low-severity Category 3 incidents are dealt with under the auspices of the relevant company and are not reported Group-wide. The figures in the table also include incidents for which only a warning was issued. For the definition of environmental damage, see Environmental damage.

(3) Waste volume by type within the HOCHTIEF Group (t)

	Waste volume total	Thereof: hazardous	Thereof: non-hazardous	Group Coverage*
2020	**10,089,581**	**294,820**	**9,794,761**	100%
2019	9,995,339 [1]	93,859	9,901,480 [1]	95%
2018	14,617,195 [1]	113,632 [1]	14,503,563 [1]	95%
2017	9,158,724 [1]	123,481	9,035,243 [1]	95%

[1] Figures restated due to a retrospective quality audit at CIMIC in 2020 and therefore unaudited

(4) Waste volume by disposal method within the HOCHTIEF Group (t)

	Waste volume total	Thereof: recycled/ reused	Thereof: land filled/ disposed	Recycling rate (%)	Group Coverage*
2020	**10,089,581**	**9,112,823**	**976,758**	**90.3%**	100%
2019	9,995,339 [1]	7,869,948	2,125,391 [1]	78.7% [2]	95%
2018	14,617,195 [1]	13,627,331 [1]	989,864 [1]	93.2% [2]	95%
2017	9,158,724 [1]	8,213,771 [1]	944,953 [1]	89.7% [2]	95%

[1] Figures restated due to a retrospective quality audit at CIMIC in 2020 and therefore unaudited
[2] Prior-year figures restated due to change in calculation method

(5) Main materials used within the HOCHTIEF Group[1]

Asphalt (t)	2017	2018	2019	2020
HOCHTIEF Americas	–	749,019	684,841	492,202
HOCHTIEF Asia Pacific	345,240 [2]	362,730 [2]	1,035,970 [2]	1,151,150
HOCHTIEF Europe	–	–	–	–
HOCHTIEF Group	**345,240 [2]**	**1,111,749 [2]**	**1,720,811 [2]**	**1,643,352**
Group Coverage*	41%	45%	48%	42%

[1] Calculations based on mean prices. The figures for 2017 are neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft. They were audited by different auditors within the scope of the 2017 audit of the financial statements. The methodology was improved in the reporting year, which limits data comparability with the prior year. Statistics were collected for the first time in the reporting year on the use of glass in individual units: 827 t
[2] Figures restated due to a retrospective quality audit at CIMIC in 2020 and therefore unaudited

*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.

Concrete (m³)	2017	2018	2019	2020
HOCHTIEF Americas	1,035,900	1,535,384	1,594,670	1,085,508
HOCHTIEF Asia Pacific	1,430,050 [2]	1,569,529 [2]	2,321,038 [2]	336,089
HOCHTIEF Europe	699,108	538,063	605,301	702,593
HOCHTIEF Group	**3,165,058** [2]	**3,642,976** [2]	**4,521,009** [2]	**2,124,190**
Group Coverage*	100%	100%	100%	100%

[2] Figures restated due to a retrospective quality audit at CIMIC in 2020 and therefore unaudited

Wood (m³)	2017	2018	2019	2020
HOCHTIEF Americas	1,168,859	3,725,928	2,130,450	1,092,530
HOCHTIEF Asia Pacific	22,187 [2]	34,533	11,867	44,700
HOCHTIEF Europe	12,424	12,657	11,944	7,680
HOCHTIEF Group	**1,203,470** [2]	**3,773,118**	**2,154,261**	**1,144,910**
Group Coverage*	95%	100%	100%	100%

[2] Figures restated due to a retrospective quality audit at CIMIC in 2020 and therefore unaudited

Steel (t)	2017	2018	2019	2020
HOCHTIEF Americas	138,061	354,666	270,369	140,462
HOCHTIEF Asia Pacific	195,990 [2]	139,420 [2]	137,450 [2]	106,270
HOCHTIEF Europe	129,219	98,960	35,570	205,645
HOCHTIEF Group	**463,270** [2]	**593,046** [2]	**443,389** [2]	**452,377**
Group Coverage*	100%	100%	100%	100%

[2] Figures restated due to a retrospective quality audit at CIMIC in 2020 and therefore unaudited

(6) Main energy consumption within the HOCHTIEF Group[1]

Gasoline (MWh)	2017	2018	2019	2020
HOCHTIEF Americas	14,058	116,360	99,768	95,931
HOCHTIEF Asia Pacific[2]	6,220 [3]	8,610 [3]	7,280 [3]	6,590
HOCHTIEF Europe	13,186	10,532	11,689 [4]	17,900
HOCHTIEF Group	**33,464** [3]	**135,502** [3]	**118,737** [5]	**120,421**
Group Coverage*	100%	100%	100%	100%

[1] Calculations based on mean prices. The figures for 2017 are neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft. They were audited by different auditors within the scope of the 2017 audit of the financial statements. The figures include only part of the energy consumption of Group companies Turner and Clark Builders.
[2] Including bio-gasoline (2020: 720 MWh)
[3] Figures restated due to a retrospective quality audit at CIMIC in 2020 and therefore unaudited.
[4] Figures restated due to a retrospective quality audit at HOCHTIEF Infrastructure in 2020 and therefore unaudited.
[5] Figures restated due to a retrospective quality audit at CIMIC and HOCHTIEF Infrastructure in 2020 and therefore unaudited.

Diesel (MWh)	2017	2018	2019	2020
HOCHTIEF Americas	637	551,229	524,468	225,591
HOCHTIEF Asia Pacific[2]	8,569,370 [3]	10,627,420 [3]	10,411,100 [3]	9,443,460
HOCHTIEF Europe	160,663	85,889	69,276 [4]	78,382
HOCHTIEF Group	**8,730,670** [3]	**11,264,538** [3]	**11,004,844** [5]	**9,747,433**
Group Coverage*	100%	100%	100%	100%

[2] Including biodiesel (2020: 2,890 MWh)
[3] Figures restated due to a retrospective quality audit at CIMIC in 2020 and therefore unaudited.
[4] Figures restated due to a retrospective quality audit at HOCHTIEF Infrastructure in 2020 and therefore unaudited.
[5] Figures restated due to a retrospective quality audit at CIMIC and HOCHTIEF Infrastructure in 2020 and therefore unaudited.

LPG[2] (in MWh)	2017	2018	2019	2020
HOCHTIEF Americas	–	184	298	15,203
HOCHTIEF Asia Pacific	4,190 [3]	6,020 [3]	4,970 [3]	2,660
HOCHTIEF Europe	–	–	–	–
HOCHTIEF Group	**4,190** [3]	**6,204** [3]	**5,268** [3]	**17,863**
Group Coverage*	45%	48%	94%	94%

[2] Liquid petroleum gas. Additional consumption of Liquid natural gas (LNG) in 2020 (CIMIC): 2,300 MWh
[3] Figures restated due to a retrospective quality audit at CIMIC in 2020 and therefore unaudited.

*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.

Electricity (MWh)	2017	2018	2019	2020
HOCHTIEF Americas[2]	9,906	9,423	11,991	17,558
HOCHTIEF Asia Pacific[3]	153,840 [5]	153,050 [5]	141,140 [5]	85,980
HOCHTIEF Europe[4]	342,384	174,979 [6]	207,991	213,903
HOCHTIEF Group	**506,130 [5]**	**337,452 [7]**	**361,122 [5]**	**317,441**
Group Coverage*	95%	95%	95%	94%

[2] Including district heating (2020: 445 MWh) and district cooling (2020: 270 MWh).
[3] 2018 onwards including green electricity (2020: 5,570 MWh).
[4] Including district heating (2020: 5,958 MWh).
[5] Figures restated due to a retrospective quality audit at CIMIC in 2020 and therefore unaudited.
[6] Figures restated due to a retrospective quality audit at HOCHTIEF Infrastructure in 2020 and therefore unaudited.
[7] Figures restated due to a retrospective quality audit at CIMIC and HOCHTIEF Infrastructure in 2020 and therefore unaudited.

(7) Business travel within the HOCHTIEF Group[1]

Train (km)	2017	2018	2019	2020
HOCHTIEF Americas[2]	2,000,000	2,050,114	1,708,196	2,820,642
HOCHTIEF Asia Pacific[3]	–	–	–	–
HOCHTIEF Europe	3,452,502	5,516,151	5,059,768	1,748,048
HOCHTIEF Group	**5,452,502**	**7,566,265**	**6,767,964**	**4,568,690**
Group Coverage*	47%	49%	53%	57%

[1] Group Coverage adjusted retroactively due to a correction. The figures for 2017 are neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft. They were audited by different auditors within the scope of the 2017 audit of the financial statements.
[2] Data based on estimates.
[3] Data is not collected for this mode of transport as it is seldom used for business travel.

Plane[2] (km)	2017	2018	2019	2020
HOCHTIEF Americas	65,666,774	73,295,253 [3]	72,059,721	60,039,733
HOCHTIEF Asia Pacific	68,143,837	99,745,359	96,187,164	28,759,456
HOCHTIEF Europe	9,629,003	8,615,639	8,478,692	3,266,019
HOCHTIEF Group	**143,439,614**	**181,656,251 [3]**	**176,725,577**	**92,065,208**
Group Coverage*	96%	97%	97%	98%

[2] For a detailed list of air travel broken down by short, medium, and long-haul flights, please see www.hochtief.com/responsibility/sustainability/key-figures.
[3] Figures restated due to a retrospective quality audit at CIMIC in 2020 and therefore unaudited

Rental car (km)	2017	2018	2019	2020
HOCHTIEF Americas	2,300,000	3,756,042	3,797,097	3,275,253
HOCHTIEF Asia Pacific	5,218,873	6,202,514	6,167,551	6,102,073
HOCHTIEF Europe	523,986	746,982	511,575	344,404
HOCHTIEF Group	**8,042,859**	**10,705,538**	**10,476,223**	**9,721,730**
Group Coverage*	92%	92%	97%	98%

(8) Greenhouse gas emissions[1] within the HOCHTIEF Group

Scope 1 (t/CO_2)	2017	2018	2019	2020
HOCHTIEF Americas	3,687	176,611	165,327	87,811
HOCHTIEF Asia Pacific	2,236,300 [2]	2,689,060 [2]	2,634,340 [2]	2,391,160
HOCHTIEF Europe	46,278	25,611	21,456 [3]	25,446
HOCHTIEF Group	**2,286,265 [2]**	**2,891,282 [2]**	**2,821,123 [4]**	**2,504,417**
Group Coverage*	100%	100%	100%	100%

[1] Includes all companies under operational control (excluding construction joint ventures). Sources for carbon conversion factors: GHG Protocol, DEFRA and Germany's Federal Environmental Agency as well as the Australian framework National Greenhouse and Energy Reporting (NGER). The 2020 figures were calculated on the basis of updated emission factors. The HOCHTIEF Asia Pacific figures are calculated based on own, specific emissions factors. The figures include only part of the Scope 1 and Scope 2 greenhouse gas emissions of Group companies Turner and Clark Builders.
[2] Figures restated due to a retrospective quality audit at CIMIC in 2020 and therefore unaudited.
[3] Figures restated due to a retrospective quality audit at HOCHTIEF Infrastructure in 2020 and therefore unaudited.
[4] Figures restated due to a retrospective quality audit at CIMIC and HOCHTIEF Infrastructure in 2020 and therefore unaudited.

Scope 2[2] (t/CO_2)	2017	2018	2019	2020
HOCHTIEF Americas	3,997 [3]	3,619 [3]	4,515 [3]	6,788
HOCHTIEF Asia Pacific	127,510 [3]	125,570 [3]	121,860 [3]	60,660
HOCHTIEF Europe	191,964	82,884	96,299	95,144
HOCHTIEF Group	**323,471 [3]**	**212,073 [3]**	**222,674 [3]**	**162,592**
Group Coverage*	95%	95%	95%	94%

[2] Normally, calculated on basis of local emission factors.
[3] Figures restated due to a retrospective quality audit at CIMIC in 2020 and therefore unaudited

*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.

Scope 3[2] (t/CO_2)	2017	2018	2019	**2020**
HOCHTIEF Americas	835,092	1,714,011	1,167,556	475,189
HOCHTIEF Asia Pacific	1,653,300 [3]	1,016,260 [3]	1,142,830 [3]	800,590
HOCHTIEF Europe	453,300	350,138	278,263	567,742
HOCHTIEF Group	**2,941,692** [3]	**3,080,409** [3]	**2,588,649** [3]	**1,843,521**
Group Coverage*	84%	85%	86%	87%

[2] For a detailed breakdown of Scope 3, please see www.hochtief.com/responsibility/sustainability/key-figures.
[3] Figures restated due to a retrospective quality audit at CIMIC in 2020 and therefore unaudited.

Consumption categories included in calculation of Scope emissions at HOCHTIEF

Scope 1 →	Direct emissions: Gasoline, diesel, LPG, LNG
Scope 2 →	Energy indirect emissions: Electricity, district heat, district cold
Scope 3 →	Other indirect emissions: Waste, materials (asphalt, concrete, glass, wood, steel), travel (rail, air, rental vehicles)

(9) Water withdrawal[1] and reuse within the HOCHTIEF Group (m^3)

	2017	2018	2019	**2020**
Water withdrawal (m^3)	**7,686,255**	**8,472,111**	**17,530,454**	**19,024,513**
Fresh surface water	3,019,520	3,620,820	11,868,960	12,421,890
Ground water—renewable	1,470,810	1,358,520	2,502,420	1,029,010
Ground water—non-renewable	101,940	761,000	215,080	316,704
Brackish surface water/sea water	–	220,290	–	–
Produced water	–	240	–	–
Sourced from third-party providers (grid, municipal supply)	2,860,215	2,511,241	2,943,994	5,256,909
Rain water	233,770	–	–	–
Water discharge (m^3)	**697,896**	**9,212,276**	**11,747,715**	**7,450,083**
Fresh surface water	264,130	7,803,390	11,513,610	7,162,120
Ground water—renewable	–	525,720	1,300	–
Ground water—non-renewable	–	–	–	–
Brackish surface water/sea water	110,670	642,190	–	–
Sourced from third-party providers (grid, municipal supply)	323,096	240,976	232,805	287,963
Water consumption (m^3)	**6,988,359**	**-740,165** [2]	**5,782,739**	**11,574,430**
Group Coverage*	52%	95%	100%	100%

[1] Figures for HOCHTIEF Infrastructure and certain HOCHTIEF Americas companies based on invoicing amounts. Water reporting was restructured in the reporting year and restated for prior years, therefore unaudited for 2017-2019.
[2] The negative figure in 2018 is due to pit dewatering activities at CIMIC on a mining project in Indonesia, where significant quantities of water were discharged.

Recycled/reused water[1] (m^3)

	2017	2018	2019	**2020**
Consumption of recycled fresh surface water (m^3)	4,044,130	9,200,150	108,174	241,700
Consumption of reused fresh surface water (m^3)	152,010	–	4,189,000	3,325,000
Brackish surface water/sea water recycled/ reused (m^3)	–	–	–	330,215
Recycled/reused water (m^3)	**4,196,140**	**9,200,150**	**4,297,174**	**3,896,915**
Group coverage*	45%	43%	39%	35%

[1] Water reporting was restructured in the reporting year and restated for prior years, therefore unaudited for 2017-2019. Unlike in prior years, we will distinguish between recycled and reused fresh water from 2020 onward.

*Coverage includes at least CIMIC, Turner, Flatiron, and HOCHTIEF Infrastructure. The coverage figure may therefore exclude smaller companies.

(10) Number of green buildings within the HOCHTIEF Group[1)]

	2017	2018	2019	**2020**
HOCHTIEF Americas[2)]	605	632	647	676
HOCHTIEF Asia Pacific[3)]	65	76	80	80
HOCHTIEF Europe[4)]	79	81	92	96
HOCHTIEF Group[3)]	**749**	**789**	**819**	**852**

1) Cumulative year-end number of green buildings certified since 2000 and either completed or under construction by HOCHTIEF.
2) LEED, other
3) Green Star, LEED, other; the 2019 data was restated for the HOCHTIEF Asia Pacific division and hence also for the Group and is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.
4) DGNB, LEED, BREEAM, other; including precertifications

(11) Number of green infrastructure projects within the HOCHTIEF Group[1)]

	2017	2018	2019	**2020**
HOCHTIEF Americas[2)]	1	1	1	1
HOCHTIEF Asia Pacific[3)]	19	22	28	32
HOCHTIEF Europe[4)]	7	7	7	7
HOCHTIEF Group[3)]	**27**	**30**	**36**	**40**

1) Cumulative year-end number of green infrastructure projects certified since 2013
2) Greenroads
3) ISCA, Greenroads; the 2018 and 2019 data was restated for the HOCHTIEF Asia Pacific division and hence also for the Group and is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft
4) CEEQUAL

CR Program

Our CR program presents the aspects and objects that we link with our six sustainability focus areas. For each focus area, we have derived an overarching objective, specified subject areas on significant issues in progress, and adopted long-term goals and measures.

Sustainable corporate responsibility and CR management

Subject area	Goals by 2030	Status as of December 31, 2020*
Sustainability evaluation	• Full integration of CR into financial reporting	• 129 users of SoFi sustainability software Group-wide (2019: 99 users)
	• Installation of sustainability control and management system	• Key data on materials and energy consumption on construction contracts collated within HOCHTIEF Europe project control system
Green building capabilities	• Become established as leading provider of green building solutions	• Continuation of innovation project with Nexplore focusing on monitoring consumption in sustainable construction processes (prototype phase completed) • Telematics research project to gather statistics on construction site vehicle consumption (planned for 2021) • Delivery of circular economy-based construction projects offered in Germany

Focus Area: Compliance[1)]
Overarching objective: We aim to set compliance standards.

Subject area	Goals by 2030	Status as of December 31, 2020*
Anti-corruption	• Ensure compliance training for all employees (by the end of 2020)	• Target achieved
	• Expansion and standardization of compliance training	• Compliance training per employee in reporting year: [1.9]
Antitrust law	• Security in dealing with competitors	• E-learning content on antitrust law rolled out in the HOCHTIEF Europe division

1) The analysis as of the reporting date includes the 11,862 employees of CIMIC Group company Thiess also for 2020.

Focus Area: Working environment[1)]
Overarching objective: We aim to further strengthen 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	Goals by 2030	Status as of December 31, 2020*
Occupational safety and health	• Reduce lost time injury frequency rate (LTIFR) Group-wide to 0.9	• LTIFR: 0.87 (2019: 1.19)
Further training	• Maintain average number of further training hours per employee (2015 comparative figure: 13 hours)	• Further training hours per employee: 25.3 (2019: 21.8)
Recruitment	• Meet Group-wide requirements for skilled labor	• 42 young engineers recruited in Germany (of which 18 women) (2019: 66)
Adaptability	• Alignment to the needs of the more dynamic world of employment	• Proportion of online training courses 2020 in Germany: 71.3% (2019: 8.7%[2)]) Trend significantly reinforced by immediate shift to online training due to Covid-19 pandemic

1) The analysis as of the reporting date includes the 11,862 employees of CIMIC Group company Thiess also for 2020.
2) This disclosure is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

* The non-financial information and performance indicators do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

Focus Area: Supply chain

Overarching objective: As a partner to subcontractors, we aim to redouble our efforts to ensure fair, transparent procurement processes and further step up purchases of sustainable products and materials.

Subject area	Goals by 2030	Status as of December 31, 2020*
Prequalification	• Subcontractor CR performance defined as metric and established as selection criterion in prequalification	• Extended supplier information system in accordance with CPI and UN human rights conventions implemented in Germany for business partners from high-risk countries (further steps for rollout in Europe planned in 2021) • Continuing with the EcoVadis project as one element in the prequalification process at HOCHTIEF Europe • Modern Slavery Act information added to prequalification at HOCHTIEF Asia Pacific
Evaluation	• Increased number of subcontractor, supplier, and business partner evaluations and implementation of corrective action plans	• New supplier management system implemented in Germany: increased number of subcontractor and supplier assessments from 2021 (further steps for rollout in Europe planned in 2021) • Corrective action plans information to be added to system in 2021 (projected)

Focus Area: 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 work and ensure top quality from end to end.

Subject area	Goals by 2030	Status as of December 31, 2020*
Green building and green infrastructure	• Group-wide expansion of sustainable project portfolio	• Cumulative figures as of Dec. 31, 2020: Certified green buildings (LEED, DGNB, Green Star, BREEAM, other certificates): 852 (2019: 819 (adjusted[1])) Certified and registered green infrastructure projects (ISCA, CEEQUAL, Greenroads): 40 (2019: 36 (adjusted[1])) • Accredited auditors in HOCHTIEF Group (Dec. 31, 2020): 1,152
Innovation	• BIM used in all large-scale projects	• Current innovation focus; BIM training 2020: 5,973 employees trained (2019: 3,375)

[1] This disclosure is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

Focus Area: Climate and resource protection

Overarching objective: We aim to conserve natural resources and enhance resource protection. We work actively to save CO_2 emissions ourselves and jointly with our clients and business partners.

Subject area	Goals by 2030	Status as of December 31, 2020*
Climate protection, water, biodiversity	• Reduction targets/target quotas defined relative to a base year (by 2020) • CDP A rating in Climate Change Disclosure	• Data quality improved thanks to increased use of SoFi with 129 users • CDP rating—Climate Change Disclosure program: “B” (2019: “B”) • Participation in CDP Water Disclosure program by CIMIC: “B-” (2019: “B-”)
Waste	• Recycling rate (including reuse) constantly ≥85%	• Recycling rate: 90.3 % (2019: 78.7% (adjusted[2]))

[2] This disclosure is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

Focus Area: Corporate citizenship

Overarching objective: We aim to get involved in the community wherever our company is at work or can offer added value by virtue of its capabilities.

Subject area	Goals by 2030	Status as of December 31, 2020*
Supporting local communities	• Continued Group commitment to Bridges to Prosperity NGO	• 1 project (in Rwanda) (2019: 1 project), construction of which has been delayed until 2021 due to the pandemic

* The non-financial information and performance indicators do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.

Sustainable Development Goals at HOCHTIEF

HOCHTIEF’s contributions to the United Nations Sustainable Development Goals

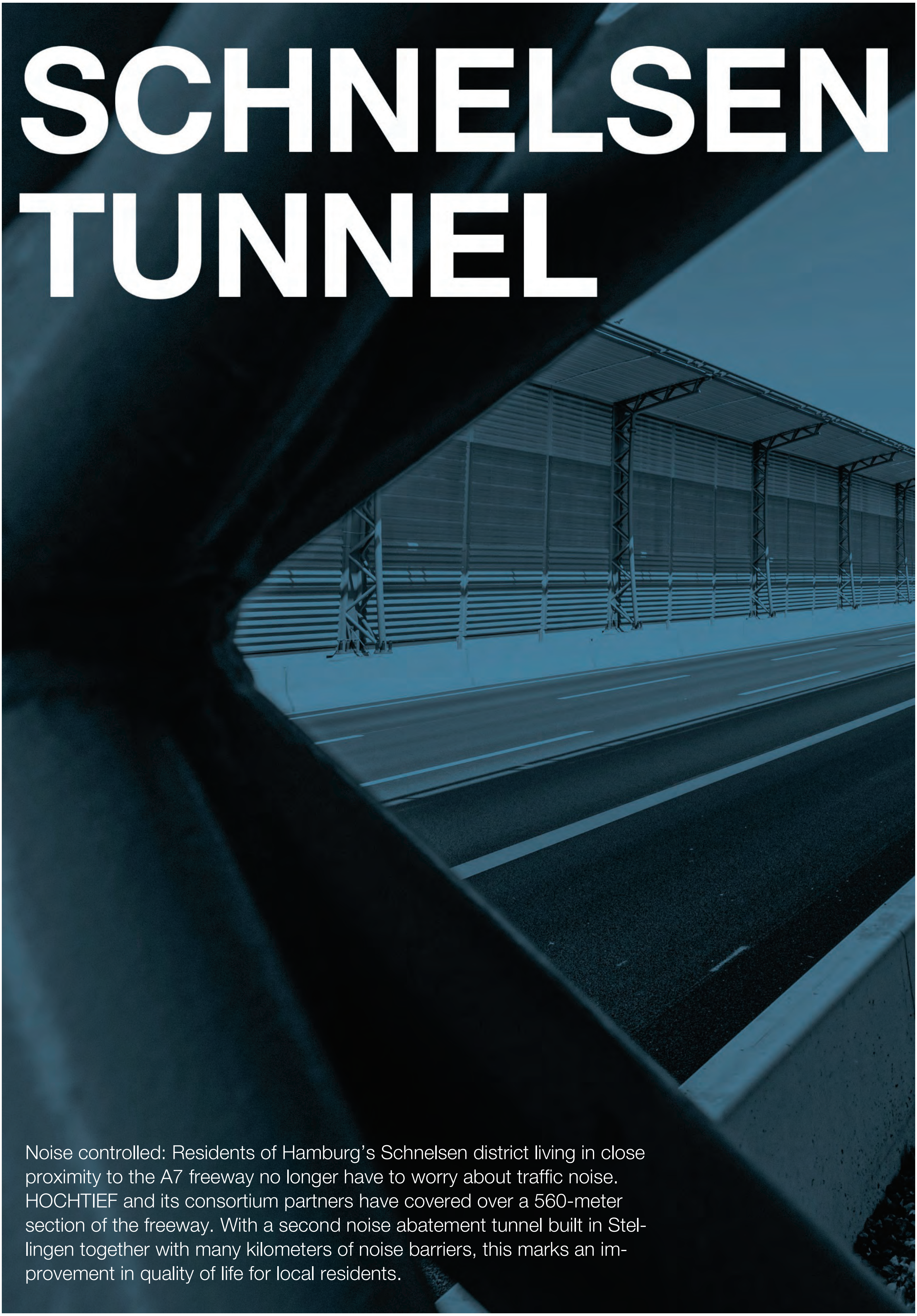
HOCHTIEF is committed to the Agenda 2030 for Sustainable Development and has adopted the 17 Sustainable Development Goals (SDGs). In connection with our business activities, the goals and indicators listed below are of particular relevance to sustainability management at the HOCHTIEF Group. In this overview, we spell out HOCHTIEF’s concrete contributions.

	Ensure healthy lives and promote well-being for all at all ages: • Active promotion of occupational safety and health; health offerings and sports exercise programs for employees • Construction of healthcare properties • Corporate citizenship/donation and sponsorship projects for local communities
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all: • Extensive continuing education offerings for HOCHTIEF employees • Construction and operation of educational properties • Support for academic projects/collaboration with universities • Corporate citizenship/sponsorship activities focused on education and promotion of young talent
	Ensure availability and sustainable management of water and sanitation for all: • Construction of flood protection projects and water treatment plants • Construction of water supply and wastewater disposal projects • Sustainability in the construction process
	Ensure access to affordable, reliable, sustainable, and modern energy for all: • Construction of energy infrastructure projects • Construction of sustainable/certified building and infrastructure projects • Construction and operation of renewable energy projects
*	**Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation:** • Construction of sustainable, certified infrastructure projects • Implementation of PPP models • Expansion and new construction of transportation infrastructure as well as telecommunications grid expansion • Group-wide digitalization and innovation projects • Involvement in associations and industry initiatives • Support for academic projects/collaboration with universities
*	**Make cities and human settlements inclusive, safe, resilient, and sustainable:** • Construction of sustainable, certified, and resilient projects • Construction of cultural and educational properties, public buildings, and public transportation infrastructure • Implementation of PPP models • Corporate citizenship/donation and sponsorship projects for local communities • Involvement in associations and industry initiatives
	Ensure sustainable consumption and production patterns: • Sustainability in procurement and in the value chain • High standards in occupational health and safety as well as environmental protection • Life cycle management • Collaboration with EcoVadis

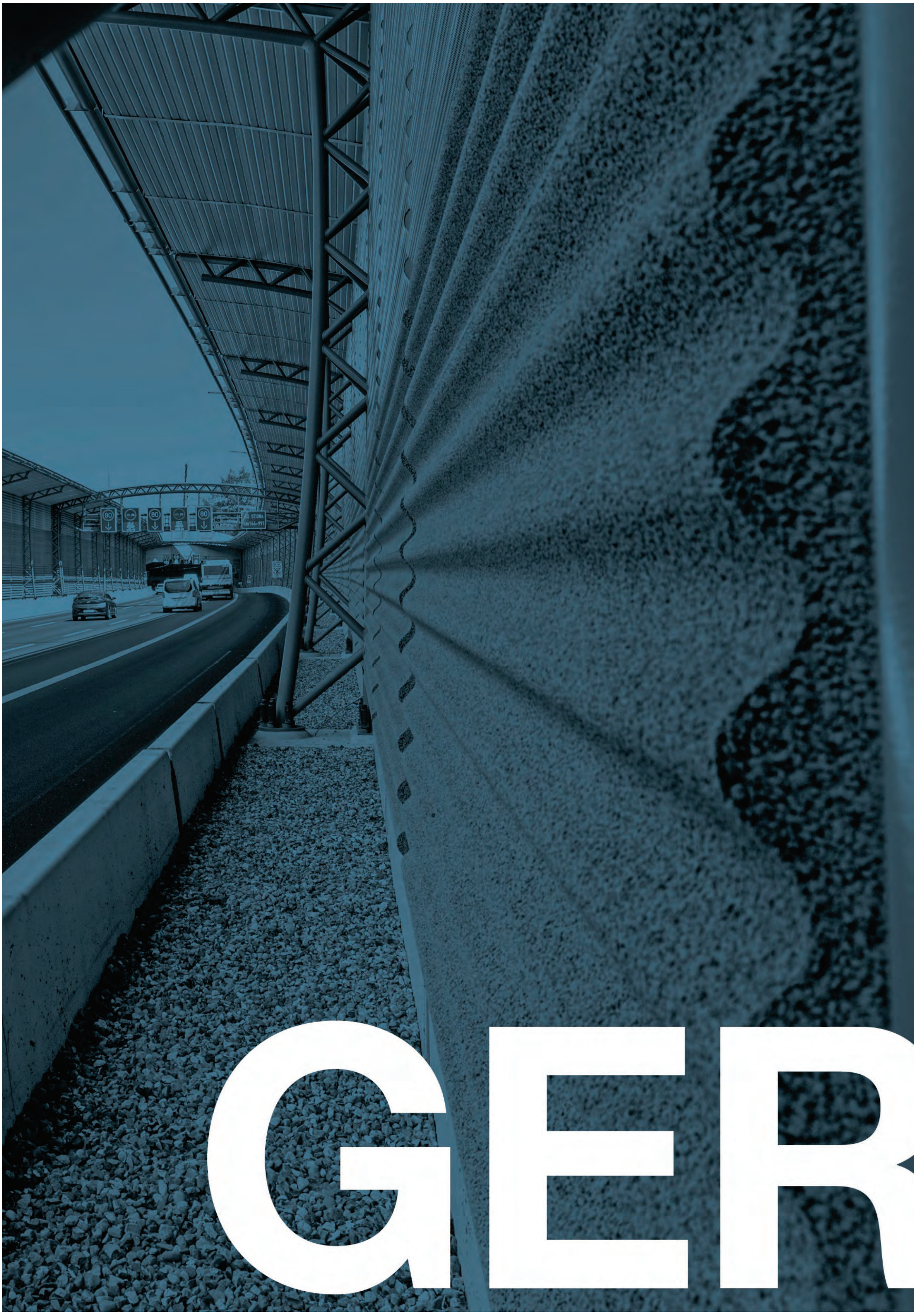
*	**Take urgent action to combat climate change and its impacts:** • Sustainability in the construction process and value chain • Construction of flood protection projects and resilient infrastructure • Involvement in associations and industry initiatives
	Protect, restore, and promote sustainable use of terrestrial ecosystems: • Sustainability in the construction process and value chain • Measures to conserve biodiversity, e.g. rehabilitation measures
	Promote peaceful and inclusive societies for sustainable development: • Active compliance work • Corporate citizenship/donation and sponsorship projects for local communities
	Strengthen the means of implementation and revitalize the global partnership for sustainable development: • Involvement in associations and industry initiatives • Active participation in the "Wirtschaft macht Klimaschutz" initiative

* These SDGs are currently considered the most relevant for HOCHTIEF.

SCHNELSEN TUNNEL



Noise controlled: Residents of Hamburg’s Schnelsen district living in close proximity to the A7 freeway no longer have to worry about traffic noise. HOCHTIEF and its consortium partners have covered over a 560-meter section of the freeway. With a second noise abatement tunnel built in Stellingen together with many kilometers of noise barriers, this marks an improvement in quality of life for local residents.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HOCHTIEF Group Consolidated Financial Statements as of and for the year ended December 31, 2020

Consolidated Statement of Earnings

(EUR thousand)	Note	2020	2019 (restated)*
Sales	(2)	22,953,752	25,851,855
Changes in inventories		30,991	3,238
Other operating income	(3)	1,651,822	191,437
Materials	(4)	(17,435,055)	(18,989,659)
Personnel costs	(5)	(4,418,586)	(4,388,675)
Depreciation and amortization	(6)	(703,634)	(701,326)
Other operating expenses	(7)	(1,169,595)	(1,062,619)
Share of profits and losses of equity-method associates and joint ventures	(8)	106,936	282,286
Net income from other participating interests	(8)	19,911	16,404
Investment and interest income	(9)	63,975	80,559
Investment and interest expenses	(9)	(218,571)	(233,858)
Profit before tax - continuing operations		**881,946**	**1,049,642**
Income taxes	(10)	(332,305)	(257,874)
Profit after tax - continuing operations		**549,641**	**791,768**
Of which: Attributable to non-controlling interest		122,400	177,555
Of which: Attributable to HOCHTIEF shareholders (net profit)		427,241	614,213
Profit after tax - discontinued operations	(1)	32,439	(1,053,084)
Of which: Attributable to non-controlling interest		32,439	(232,624)
Of which: Attributable to HOCHTIEF shareholders (net profit)		–	(820,460)
Profit after tax - total		**582,080**	**(261,316)**
Of which: Attributable to non-controlling interest	(11)	154,839	(55,069)
Of which: Attributable to HOCHTIEF shareholders (net profit)		427,241	(206,247)
Earnings per share (EUR)			
Diluted and basic earnings per share - continuing operations		6.16	8.70
Diluted and basic earnings per share - discontinued operations		–	(11.62)
Total earnings per share	(32)	6.16	(2.92)

*The restatements relate to BIC Contracting LLC (BICC). For details of the restatements, please see Note 1.

Consolidated Statement of Comprehensive Income

(EUR thousand) Note (24)	2020	2019 (restated)*
Profit after tax	**582,080**	**(261,316)**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences**	(222,098)	92,223
Changes in fair value of financial instruments	–	–
Primary	(3,764)	27,301
Derivative	(1,921)	(9,879)
Share of other comprehensive income of equity-method associates and joint ventures	(66,106)	(35,215)
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	(28,969)	(35,938)
Other comprehensive income (after tax)	**(322,858)**	**38,492**
Total comprehensive income after tax	**259,222**	**(222,824)**
Of which: Non-controlling interest	78,481	(16,464)
Of which: HOCHTIEF Group	180,741	(206,360)

*The restatements relate to BIC Contracting LLC (BICC). For details of the restatements, please see Note 1.
**Thereof discontinued operations EUR -51,157 thousand (2019: EUR 54,067 thousand).

Consolidated Balance Sheet

(EUR thousand)	Note	Dec. 31, 2020	Dec. 31, 2019 (restated)*	Jan. 1, 2019 (restated)*
Assets				
Non-current assets				
Intangible assets	(12)	1,041,440	1,302,828	2,016,545
Property, plant and equipment	(13)	912,110	1,865,752	1,659,256
Investment properties	(14)	20,629	19,159	45,717
Equity-method investments	(15)	2,409,185	1,927,787	1,877,030
Other financial assets	(16)	63,641	84,053	73,781
Financial receivables	(17)	111,580	97,904	91,755
Other receivables and other assets	(18)	180,542	166,193	168,385
Non-current income tax assets	(19)	4,065	19,962	21,162
Deferred tax assets	(20)	520,553	720,957	126,398
		5,263,745	**6,204,595**	**6,080,029**
Current assets				–
Inventories	(21)	284,094	440,326	383,537
Financial receivables	(17)	113,962	171,982	178,045
Trade receivables and other receivables	(18)	5,040,054	7,207,135	6,342,200
Current income tax assets	(19)	27,795	27,281	23,444
Marketable securities	(22)	473,537	454,111	445,474
Cash and cash equivalents	(23)	4,949,899	4,499,585	3,614,185
Assets held for sale	(1)	828,469	–	920
		11,717,810	**12,800,420**	**10,987,805**
		16,981,555	**19,005,015**	**17,067,834**
Liabilities and Shareholders' Equity				
Shareholders' equity	(24)			
Attributable to the Group				
Subscribed capital		180,856	180,856	180,856
Capital reserve		1,711,057	1,711,057	1,710,499
Retained earnings		(940,217)	(702,957)	(81,036)
Of which: Deduction for treasury stock		169,695	1,641	2,557
Accumulated other comprehensive income		(559,731)	(313,231)	(313,118)
Distributable profit		277,642	409,751	351,821
		669,607	**1,285,476**	**1,849,022**
Non-controlling interest		**293,012**	**309,443**	**444,375**
		962,619	**1,594,919**	**2,293,397**
Non-current liabilities				
Provisions for pensions and similar obligations	(26)	481,607	428,193	390,013
Other provisions	(27)	358,597	368,974	397,933
Financial liabilities	(28)	3,932,097	3,131,567	2,379,334
Lease liabilities	(29)	279,367	528,976	535,601
Trade payables and other liabilities	(30)	209,914	185,314	71,089
Deferred tax liabilities	(20)	43,608	48,980	51,020
		5,305,190	**4,692,004**	**3,824,990**
Current liabilities				
Other provisions	(27)	775,477	1,137,918	879,837
Financial liabilities	(28)	1,051,368	1,546,065	906,874
Lease liabilities	(29)	123,068	255,879	245,921
Trade payables and other liabilities	(30)	7,857,106	9,722,267	8,892,213
Current income tax liabilities	(31)	69,602	55,963	24,602
Liabilities associated with assets held for sale	(1)	837,125	–	–
		10,713,746	**12,718,092**	**10,949,447**
		16,981,555	**19,005,015**	**17,067,834**

*The restatements relate to BIC Contracting LLC (BICC). For details of the restatements, please see Note 1.

Consolidated Statement of Cash Flows

(EUR thousand)	Note (36)	2020	2019 (restated)*
Profit after tax		582,080	(261,316)
Depreciation, amortization, impairments, and impairment reversals		689,676	1,464,679
Changes in provisions		(3,682)	(298)
Changes in deferred taxes		233,241	(581,676)
Gains/(losses) from disposals of non-current assets and marketable securities		(20,582)	(8,769)
Other non-cash income and expenses and deconsolidations		(317,416)	701,623
Changes in working capital (net current assets)		(456,693)	(199,371)
Changes in other balance sheet items		704	2,140
Cash flow from operating activities		**707,328**	**1,117,012**
Intangible assets, property, plant and equipment, and investment properties			
Operational purchases		(397,256)	(544,130)
Other purchases		–	(44,861)
Payments from asset disposals		26,085	24,726
Acquisitions and participating interests			
Purchases		(286,143)	(322,073)
Payments from asset disposals/divestments**		1,441,216	26,079
Changes in cash and cash equivalents due to changes in the scope of consolidation		(64,868)	(367)
Changes in marketable securities and financial receivables		(71,288)	(393)
Cash flow from investing activities		**647,746**	**(861,019)**
Disbursements for repurchase of treasury stock		(168,053)	–
Payments received from sale of treasury stock		–	1,475
Disbursements for repurchase of treasury stock at CIMIC		(169,772)	(10,386)
Payments into equity from non-controlling interests		19,719	17,091
Payments from equity to non-controlling interests		(14,996)	(28,461)
Disbursements for acquisition of additional shares in subsidiaries		(103,828)	–
Dividends to HOCHTIEF's and non-controlling interests		(441,021)	(461,986)
Proceeds from new borrowing		3,990,415	2,643,147
Debt repayment		(3,445,868)	(1,286,889)
Repayment of lease liabilities		(298,738)	(300,940)
Cash flow from financing activities		**(632,142)**	**573,051**
Net change in cash and cash equivalents		**722,932**	**829,044**
Effect of exchange rate changes		(257,925)	56,356
Overall change in cash and cash equivalents		**465,007**	**885,400**
Cash and cash equivalents at the start of the year		4,499,585	3,614,185
Cash and cash equivalents at year-end		**4,964,592**	**4,499,585**
Of which: Included in assets held for sale		14,693	–
Of which: Cash and cash equivalents as per Consolidated Balance Sheet		4,949,899	4,499,585

*The restatements relate to BIC Contracting LLC (BICC). For details of the restatements, please see Note 1.
**Including payment from the sale of Thiess Pty Limited (EUR 1,398,719 thousand); for further information please see Note 1

Consolidated Statement of Changes in Equity

Note 24	Subscribed capital of HOCHTIEF Aktiengesellschaft	Capital reserve of HOCHTIEF Aktiengesellschaft	Retained earnings	Erfolgsneutrale Eigenkapitalveränderungen			Distributable profit	Attributable to HOCHTIEF shareholders	Attributable to non-controlling interest	Total
(EUR thousand)				Remeasurement of defined benefit plans	Currency translation differences	Changes in fair value of financial instruments				
Balance as of Jan. 1, 2019	180,856	1,710,499	(81,036)	(320,350)	63,523	(44,776)	351,821	1,860,537	550,789	2,411,326
Adjustment BICC	–	–	–	–	(11,515)	–	–	(11,515)	(106,414)	(117,929)
Balance as of Jan. 1, 2019 (adjusted)*	180,856	1,710,499	(81,036)	(320,350)	52,008	(44,776)	351,821	1,849,022	444,375	2,293,397
Dividends paid	–	–	–	–	–	–	(351,647)	(351,647)	(110,339)	(461,986)
Profit after tax (adjusted)*	–	–	–	–	–	–	(206,247)	(206,247)	(55,069)	(261,316)
Currency translation differences and changes in fair value of financial instruments (adjusted)*	–	–	–	–	52,132	(16,307)	–	35,825	38,605	74,430
Changes from remeasurement of defined benefit plans	–	–	–	(35,938)	–	–	–	(35,938)	–	(35,938)
Total comprehensive income (adjusted)*	–	–	–	(35,938)	52,132	(16,307)	(206,247)	(206,360)	(16,464)	(222,824)
Transfer from retained earnings	–	–	(615,824)	–	–	–	615,824	–	–	–
Other changes not recognized in the Statement of Earnings	–	558	(6,097)	–	–	–	–	(5,539)	(8,129)	(13,668)
Balance as of Dec. 31, 2019/Jan. 1, 2020 (adjusted)*	**180,856**	**1,711,057**	**(702,957)**	**(356,288)**	**104,140**	**(61,083)**	**409,751**	**1,285,476**	**309,443**	**1,594,919**
Dividends paid	–	–	–	–	–	–	(405,684)	(405,684)	(39,715)	(445,399)
Profit after tax	–	–	–	–	–	–	427,241	427,241	154,839	582,080
Currency translation differences and changes in fair value of financial instruments	–	–	–	–	(153,318)	(64,213)	–	(217,531)	(76,358)	(293,889)
Changes from remeasurement of defined benefit plans	–	–	–	(28,969)	–	–	–	(28,969)	–	(28,969)
Total comprehensive income	–	–	–	(28,969)	(153,318)	(64,213)	427,241	180,741	78,481	259,222
Transfer to retained earnings	–	–	153,666	–	–	–	(153,666)	–	–	–
Other changes not recognized in the Statement of Earnings	–	–	(390,926)	–	–	–	–	(390,926)	(55,197)	(446,123)
Balance as of Dec. 31, 2020	**180,856**	**1,711,057**	**(940,217)**	**(385,257)**	**(49,178)**	**(125,296)**	**277,642**	**669,607**	**293,012**	**962,619**

*The restatements relate to BIC Contracting LLC (BICC). For details of the restatements, please see Note 1.

Notes to the Consolidated Financial Statements

1. 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 315e (1) of the German Commercial Code (HGB). There have been no changes to the accounting policies during the reporting 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 understandability, various 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, Court of Registration: Essen District Court, HRB 279, 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 of HOCHTIEF Aktiengesellschaft are published in the Bundesanzeiger (Federal Official Gazette); the consolidated financial statements of ACS are published in the register of Comisión Nacional del Mercado de Valores.

The Consolidated Financial Statements relate to the 2020 reporting year, comprising the reporting period from January 1 to December 31, 2020.

The Executive Board of HOCHTIEF Aktiengesellschaft released the financial statements for publication on March 29, 2021. They will be approved at the Supervisory Board meeting on March 30, 2021.

Basis of consolidation

The Consolidated Financial Statements include HOCHTIEF Aktiengesellschaft as well as fundamentally all German and foreign subsidiaries under its direct or indirect control. HOCHTIEF Aktiengesellschaft is normally considered to control a company when it holds the majority of the voting rights. This generally goes hand in hand with a majority shareholding. Nineteen companies (prior year restated: nineteen companies) are fully 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 parties 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 IFRS 9.

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 in Note 43.

The Consolidated Financial Statements as of December 31, 2020 include HOCHTIEF Aktiengesellschaft and a total of 45 German and 330 foreign consolidated companies as well as four special-purpose investment funds (Spezialfonds). The number of consolidated companies decreased by 51 compared with the previous year. The number of special-purpose investment funds stayed unchanged. One German company and ten foreign companies were consolidated for the first time in the reporting year. The additions were in the HOCHTIEF Asia Pacific division (5), the HOCHTIEF Europe division (4), and the HOCHTIEF Americas division (2). One German company and 61 foreign companies were removed from the consolidated group. The companies removed from the consolidated group related to the HOCHTIEF Asia Pacific division (51), the HOCHTIEF Europe division (6), and the HOCHTIEF Americas division (5). 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.

Thirty-three affiliated companies of minor overall significance to the Group's financial position and results of operations were not consolidated (prior year: 36 affiliated companies). Their combined sales represented less than 1% of consolidated sales.

Sixteen domestic and 101 foreign associates were accounted for using the equity method. This number declined by a total of twelve companies. The addition of six companies was offset by 18 removals. The additions were in the HOCHTIEF Asia Pacific division (5) and the HOCHTIEF Americas division (1). The removals related to the HOCHTIEF Asia Pacific division (13), the HOCHTIEF Europe division (3), and the HOCHTIEF Americas division (2). Due to their minor overall significance, a further ten companies were not accounted for using the equity method.

A total of 76 joint operations are included in the Consolidated Financial Statements on a proportionate basis. These relate to the HOCHTIEF Asia Pacific division (56), the HOCHTIEF Americas division (19), and the HOCHTIEF Europe division (1) (2019: 75 joint operations).

Thiess Pty Limited and its controlled entities ("Thiess")
During the year the Group entered into an arrangement with funds advised by Elliott regarding the acquisition by Elliott of a 50% equity interest in Thiess and entered into a joint venture arrangement with Elliott. The sale completed on December 31, 2020.

As the Group does not have the current ability to direct Thiess' relevant activities on its own and given Elliott is exposed to variable returns we have determined that the Group has lost control of Thiess and is therefore required to recognize the sale of Thiess as a subsidiary and the recognition of the retained interest in Thiess as a joint venture, located in New South Wales, Australia, at December 31, 2020.

The disposal has been accounted for under the requirements of IFRS 10 as follows: the total consideration receivable net of transaction costs was EUR 2,144 million (comprising: cash consideration of EUR 1,432 million and non-cash consideration of EUR 712 million (fair value of the 50% retained interest)) less the carrying value of Thiess net assets of EUR 594 million, the recycling of reserves of EUR 37 million and the transaction costs of EUR 163 million, resulting in a net gain before tax of EUR 1,350 million.

The portion of the gain which is attributable to recognizing the investment retained in the former subsidiaries at their fair values is EUR 712 million; the portion of the gain attributable to the investment in the former subsidiaries disposed is EUR 712 million. Thiess' contribution from January 1, 2020 to December 31, 2020 to Group revenue is EUR 2,177 million and EUR 239 million to Group net profit after tax before minority interest.

(EUR million)	
Gain on disposal	
Total cash consideration	1,432
Non-cash consideration	712
Carrying amount on disposal	(594)
Recycling of reserves	(37)
Gain on disposal of controlled entities before tax	**1,513**
Transaction costs	(163)
Net gain on disposal of controlled entities before tax	**1,350**
Carrying value of assets and liabilities of entities and businesses disposed	
Cash and cash equivalents	80
Trade and other receivables	521
Inventories: consumables and development properties	86
Deferred tax assets	36
Property, plant and equipment	791
Goodwill	94
Other intangibles	20
Trade and other payables	(617)
Provisions	(91)
Lease liabilities	(305)
Deferred tax liabilities	(8)
Non-controlling interest	(13)
Net assets disposed	**594**
Cash flows resulting from sale	
Cash consideration net of transaction costs[1)]	1,399
Cash disposed	(80)
Net cash inflow	**1,319**

[1)] As at December 31, 2020 certain transaction costs remain unpaid which are accrued in the trade and other payables balance.

The results of Thiess included in the profit and net cash flow of the Group for this year as well as for the comparative year are set out below.

(EUR million)	2020	2019
Profit for the period from Thiess		
Revenue	2,177	2,423
Expenses	(1,842)	(2,023)
Net finance costs	(17)	(26)
Share of profits/(losses) of associates and joint venture entities	1	2
Profit/(loss) before tax before gain/(loss) on sale of Thiess	**319**	**376**
Gain/(loss) on sale of assets from Thiess	1,350	–
Profit/(loss) before tax	**1,669**	**376**
Income tax (expense)/benefit from Thiess before gain on sale of assets	(80)	(116)
Income tax (expense)/benefit on gain on sale of assets	(408)	–
Income tax (expense)/benefit from Thiess	**(488)**	**(116)**
Profit/(loss) for the year from Thiess	**1,181**	**260**
Profit attributed to non-controlling interests	257	74
Profit attributable to the shareholders of HOCHTIEF	924	186
Cash flows from Thiess		
Net cash from/(used in) operating activities	69	561
Net cash from/(used in) investing activities	(245)	(292)
Net cash from/(used in) financing activities	135	(303)
Net cash flow for the year	**(41)**	**(34)**

BICC

On February 15, 2021, CIMIC announced the signing of a purchase agreement with SALD Investment LLC ("SALD") for the sale of CIMIC's interest in BICC, a building and infrastructure contractor in the Middle East; hence, the subsidiary is classified as a discontinued operation in accordance with IFRS 5 and accounted for as such as of December 31, 2020 (previously accounted for in the HOCHTIEF Asia Pacific division).

The results from discontinued operations are as follows:

(EUR million)	2020	2019
Net income from discontinued operations		
Sales	139	232
Current expenses	(59)	(1,623)
Net investment and interest income	(48)	(59)
Share of profits and losses of equity-method associates and joint ventures	–	(153)
Profit before tax	32	(1,603)
Income tax credit	–	550
Profit after tax – discontinued operations	**32**	**(1,053)**
Cash flows from discontinued operations		
Cash flow from operating activities	(35)	(485)
Cash flow from investing activities	–	106
Cash flow from financing activities	10	372
	(25)	**(7)**

Transactions between continuing and discontinued operations were eliminated in accordance with IFRS 10.

The assets and liabilities of the discontinued operation are presented separately in the Consolidated Balance Sheet under non-current assets held for sale and associated liabilities. As of December 31, 2020, a cumulative amount of EUR -31,368 thousand was recognized in equity (other comprehensive income). The table below shows the main classes of BICC's assets and liabilities.

(EUR million)	Dec. 31, 2020
Non-current assets	
Intangible assets	89
Property, plant and equipment	1
Investment properties	14
	104
Current assets	**724**
Assets held for sale	**828**
Non-current liabilities	
Provisions	11
Financial liabilities	1
	12
Current liabilities	**825**
Liabilities associated with assets held for sale	**837**

The German Financial Reporting Enforcement Panel (FREP) subjected the Consolidated Financial Statements of HOCHTIEF Aktiengesellschaft as of December 31, 2017 and the Group Management Report of HOCHTIEF Aktiengesellschaft for the 2017 fiscal year to a routine examination pursuant to Section 342b (2) Sentence 3 No. 3 HGB (random sample examination). The competent chamber of the FREP concluded, by letter of December 21, 2020, that the shares in BIC Contracting LLC (BICC) were accounted for as joint ventures under the equity method as of the 2016 fiscal year in the Consolidated Financial Statements as of December 31, 2017, although—in the view of the FREP—HOCHTIEF should have fully consolidated it as a subsidiary. The finding leads to a retrospective correction of the comparative prior-year figures in the 2020 Consolidated Financial Statements in accordance with IAS 8.41 et seq. The retrospective correction had an impact on the Notes of the items concerned. The financial impact of CIMIC's exit from the Middle East had already been accounted for in the one-off post-tax effects for the HOCHTIEF Consolidated Financial Statements 2019.

The following tables summarize the impact of the restatements on the 2020 Consolidated Financial Statements.

(EUR thousand)	Note	Reported	2019 Restatement	Restated
Sales	(2)	25,851,855	–	25,851,855
Changes in inventories		3,238	–	3,238
Other operating income	(3)	191,437	–	191,437
Materials	(4)	(18,989,659)	–	(18,989,659)
Personnel costs	(5)	(4,388,675)	–	(4,388,675)
Depreciation and amortization	(6)	(701,326)	–	(701,326)
Other operating expenses	(7)	(1,062,619)	–	(1,062,619)
Provision and asset impairment in relation to Middle East exit*		(1,694,600)	1,694,600	–
Share of profits and losses of equity-method associates and joint ventures	(8)	282,286	–	282,286
Net income from other participating interests	(8)	33,893	-17,489	16,404
Investment and interest income	(9)	80,559	–	80,559
Investment and interest expenses	(9)	(233,858)	–	(233,858)
Profit before tax—continuing operations		**(627,469)**	**1,677,111**	**1,049,642**
Income taxes	(10)	292,232	-550,106	(257,874)
Profit after tax—continuing operations		**(335,237)**	**1,127,005**	**791,768**
Profit after tax—discontinued operations	(1)	–	-1,053,084	(1,053,084)
Profit after tax—total		**(335,237)**	**73,921**	**(261,316)**
Of which: Attributable to non-controlling interest	(11)	(128,990)	(73,921)	(55,069)
Of which: Attributable to HOCHTIEF shareholders (net profit)		(206,247)	–	(206,247)
Earnings per share (EUR)				
Diluted and basic earnings per share—continuing operations		-3	12	9
Diluted and basic earnings per share—discontinued operations		–	-12	-12
Total earnings per share	(32)	**-2.92**	**–**	**-2.92**

* See Note 8 to the Consolidated Financial Statements for 2019 "Provision and asset impairment in relation to Middle East exit".

(EUR thousand) Note (24)	Reported	2019 Restatement	Restated
Profit after tax	**(335,237)**	**73,921**	**(261,316)**
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	(38,156)	54,067	(92,223)
Changes in fair value of financial instruments			
Primary	(27,301)	–	(27,301)
Derivative	(9,879)	–	(9,879)
Share of other comprehensive income of equity-method associates and joint ventures	(35,215)	–	(35,215)
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	(35,938)	–	(35,938)
Other comprehensive income (after tax)	**(15,575)**	**54,067**	**(38,492)**
Total comprehensive income after tax	**(350,812)**	**127,988**	**(222,824)**
Of which: Non-controlling interest	(123,146)	(106,682)	(16,464)
Of which: HOCHTIEF Group	(227,666)	(21,306)	(206,360)

(EUR thousand)	Note	Dec. 31, 2019 Reported	Restatement	Restated	Jan. 1, 2019 Reported	Restatement	Restated
Assets							
Non-current assets							
Intangible assets	(12)	1,187,203	115,625	1,302,828	1,159,395	857,150	2,016,545
Property, plant and equipment	(13)	1,857,274	8,478	1,865,752	1,647,150	12,106	1,659,256
Investment properties	(14)	3,778	15,381	19,159	7,195	38,522	45,717
Equity-method investments	(15)	1,927,787	–	1,927,787	1,865,368	11,662	1,877,030
Other financial assets	(16)	83,696	357	84,053	73,481	300	73,781
Financial receivables	(17)	97,904	–	97,904	486,760	(395,005)	91,755
Other receivables and other assets	(18)	166,193	–	166,193	168,385	–	168,385
Non-current income tax assets	(19)	19,962	–	19,962	21,162	–	21,162
Deferred tax assets	(20)	720,957	–	720,957	126,398	–	126,398
		6,064,754	**139,841**	**6,204,595**	**5,555,294**	**524,735**	**6,080,029**
Current assets							
Inventories	(21)	434,976	5,350	440,326	378,018	5,519	383,537
Financial receivables	(17)	171,982	–	171,982	178,045	–	178,045
Trade receivables and other receivables	(18)	6,290,405	916,730	7,207,135	5,497,572	844,628	6,342,200
Current income tax assets	(19)	27,281	–	27,281	23,444	–	23,444
Marketable securities	(22)	454,111	–	454,111	445,474	–	445,474
Cash and cash equivalents	(23)	4,458,020	41,565	4,499,585	3,565,888	48,297	3,614,185
Assets held for sale	(1)	–	–	–	920	–	920
		11,836,775	**963,645**	**12,800,420**	**10,089,361**	**898,444**	**10,987,805**
		17,901,529	**1,103,486**	**19,005,015**	**15,644,655**	**1,423,179**	**17,067,834**
Liabilities and Shareholders' Equity							
Shareholders' equity	(24)						
Attributable to the Group							
Subscribed capital		180,856	–	180,856	180,856	–	180,856
Capital reserve		1,711,057	–	1,711,057	1,710,499	–	1,710,499
Retained earnings		(702,958)	1	(702,957)	(81,036)	–	(81,036)
Of which: Deduction for treasury stock		1,641	–	1,641	2,557	–	2,557
Accumulated other comprehensive income		(323,022)	9,791	(313,231)	(301,603)	(11,515)	(313,118)
Distributable profit		409,751	–	409,751	351,821	–	351,821
		1,275,684	**9,792**	**1,285,476**	**1,860,537**	**(11,515)**	**1,849,022**
Non-controlling interest		**309,173**	**270**	**309,443**	**550,789**	**(106,414)**	**444,375**
		1,584,857	**10,062**	**1,594,919**	**2,411,326**	**(117,929)**	**2,293,397**
Non-current liabilities							
Provisions for pensions and similar obligations	(26)	428,193	–	428,193	390,013	–	390,013
Other provisions	(27)	350,682	18,292	368,974	370,271	27,662	397,933
Financial liabilities	(28)	2,726,365	405,202	3,131,567	2,069,838	309,496	2,379,334
Lease liabilities	(29)	528,976	–	528,976	535,601	–	535,601
Trade payables and other liabilities	(30)	185,314	–	185,314	71,089	–	71,089
Deferred tax liabilities	(20)	48,980	–	48,980	51,020	–	51,020
		4,268,510	**423,494**	**4,692,004**	**3,487,832**	**337,158**	**3,824,990**
Current liabilities							
Other provisions	(27)	1,046,590	91,328	1,137,918	842,152	37,685	879,837
Financial liabilities	(28)	944,017	602,048	1,546,065	599,623	307,251	906,874
Financial liabilities (exit from Middle East region)		927,431	(927,431)	–	–	–	–
Lease liabilities	(29)	255,879	–	255,879	245,921	–	245,921
Trade payables and other liabilities	(30)	8,830,262	892,005	9,722,267	8,044,846	847,367	8,892,213
Current income tax liabilities	(31)	43,983	11,980	55,963	12,955	11,647	24,602
Liabilities associated with assets held for sale	(1)	–	–	–	–	–	–
		12,048,162	**669,930**	**12,718,092**	**9,745,497**	**1,203,950**	**10,949,447**
		17,901,529	**1,103,486**	**19,005,015**	**15,644,655**	**1,423,179**	**17,067,834**

(EUR thousand)	Note (36)	2019 Reported	2019 Restatement	2019 Restated
Profit after tax		(335,237)	73,921	(261,316)
Depreciation, amortization, impairments, and impairment reversals		679,992	784,687	1,464,679
Changes in provisions		13,580	(13,878)	(298)
Changes in deferred taxes		(581,676)	–	(581,676)
Gains/(losses) from disposals of non-current assets and marketable securities		(8,770)	1	(8,769)
Other non-cash income and expenses and deconsolidations		1,732,435	(1,030,812)	701,623
Changes in working capital (net current assets)		99,456	(298,827)	(199,371)
Changes in other balance sheet items		2,140	–	2,140
Cash flow from operating activities		**1,601,920**	**(484,908)**	**1,117,012**
Intangible assets, property, plant and equipment, and investment properties				
Operational purchases		(542,466)	(1,664)	(544,130)
Other purchases		(44,861)	–	(44,861)
Payments from asset disposals		24,355	371	24,726
Acquisitions and participating interests				
Purchases		(180,807)	(141,266)	(322,073)
Payments from asset disposals/divestments		26,079	–	26,079
Changes in cash and cash equivalents due to changes in the scope of consolidation		(367)	–	(367)
Changes in marketable securities and financial receivables		(248,423)	248,030	(393)
Cash flow from investing activities		**(966,490)**	**105,471**	**(861,019)**
Payments received from sale of treasury stock		1,475	–	1,475
Disbursements for repurchase of treasury stock at CIMIC		(10,386)	–	(10,386)
Payments into equity from non-controlling interests		17,091	–	17,091
Payments from equity to non-controlling interests		(28,461)	–	(28,461)
Dividends to HOCHTIEF's and non-controlling interests		(461,986)	–	(461,986)
Proceeds from new borrowing		2,233,224	409,923	2,643,147
Debt repayment		(1,249,029)	(37,860)	(1,286,889)
Repayment of lease liabilities		(300,940)	–	(300,940)
Cash flow from financing activities		**200,988**	**372,063**	**573,051**
Net change in cash and cash equivalents		**836,418**	**(7,374)**	**829,044**
Effect of exchange rate changes		55,714	642	56,356
Overall change in cash and cash equivalents		**892,132**	**(6,732)**	**885,400**
Cash and cash equivalents at the start of the year		3,565,888	48,297	3,614,185
Of which: Included in assets held for sale		–	–	–
Of which: Cash and cash equivalents as per Consolidated Balance Sheet		–	–	–
Cash and cash equivalents at year-end		**4,458,020**	**41,565**	**4,499,585**

Consolidation policies

The financial statements of German and foreign companies included in the Consolidated Financial Statements are prepared in accordance with uniform Group accounting principles. All business combinations 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. In accordance with the optional treatment under IFRS 3, non-controlling interest is measured at the acquisition date at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's net identifiable assets. Intangible assets are recognized separately from goodwill if they are separable from the reporting entity or arise from contractual or other legal rights. Any remaining positive difference is recognized as goodwill. Goodwill is not subjected to amortization, but is tested instead for impairment in accordance with IAS 36 on an annual basis and whenever there are indications that the carrying book value may be impaired. Any remaining negative difference arising from the initial measurement is recognized in profit and loss. On divestment, a pro rata share of the divesting division's goodwill is taken into account when measuring disposal proceeds.

Income, expenses, receivables, and liabilities between consolidated companies are eliminated. Intercompany profits and losses are eliminated unless they are of minor significance. Any impairment losses recognized for consolidated companies that are included in the consolidated 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 included 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.

Currency translation

For currency translation purposes, the following exchange rates have been used for the main Group companies outside the euro area:

(All rates in EUR)	Annual average 2020	Annual average 2019	Daily average at reporting date 2020	Daily average at reporting date 2019
1 U.S. dollar (USD)	0.87	0.89	0.81	0.89
1 Australian dollar (AUD)	0.60	0.62	0.63	0.63
1 British pound (GBP)	1.12	1.14	1.11	1.18
100 Polish złoty (PLN)	22.38	23.26	21.93	23.49
100 Czech koruna (CZK)	3.77	3.90	3.81	3.94
100 Chilean pesos (CLP)	0.11	0.13	0.12	0.12

In their separate financial statements, Group companies account for 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 zone 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 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

Revenue from Contracts with Customers

Sales are accounted for in the HOCHTIEF Group net of VAT and other taxes as well as expected reductions such as trade discounts and rebates. Revenue under construction contracts as well as under construction management and service agreements is recognized as described in the following.

The contractual terms of **construction contracts** in the HOCHTIEF Group are predominantly based on projects containing a single performance obligation. Cumulative performance to date, including the proportionate share of net profit, is generally recognized as sales over time. Project progress is determined using the method that provides the best measure of progress toward completion. The input or output methods may be used consistently for similar performance obligations and in similar circumstances.

Contracts are recognized as **contract assets** in trade receivables or as **contract liabilities** in trade payables according to the relationship between the HOCHTIEF Group's performance and the customer's payments. If cumulative performance (contract costs and contract earnings) exceeds progress payments in a given construction contract, the project is presented as a contract asset. Where the net amount after deduction of progress payments received is negative, the difference is recognized as a liability and presented under contract liabilities. Netting is carried out at project level. Contract assets are realized within one operating cycle at the HOCHTIEF Group. In accordance with IAS 1, they are therefore included in current assets even if realization of the entire receivable or performance of the construction contract extends over more than twelve months. Part-performance already invoiced is accounted for in trade receivables.

Expected contract losses are accounted for on the basis of the identifiable risks and immediately included in full in contract earnings. Contract income is recognized in accordance with IFRS 15 as the income stipulated in the contract plus **contract modifications**, meaning any claims and variation orders. Revenue is thus recognized when it is highly probable that a significant reversal of revenue will not occur for such modifications. Where consideration in respect of a contract is variable, the expected value of revenue is recognized (constraint requirements). The Group assesses the constraint requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information, including historic performance. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect them. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognize whilst also considering the constraint requirement.

Revenue from **construction management** and **service agreements** arises from maintenance and other services, which may involve a range of services and processes. If different services are closely related, they comprise a single performance obligation and are performed over time. The related revenues are therefore recognized in the HOCHTIEF Group with progress over time. As with revenue from construction contracts, there are also incentives, variations, and claims that are subject to the same requirement of only recognizing revenue to the extent it is highly probable that there will be no significant cancellations.

Contract costs incurred during a tender process are capitalized if they are both expected to be recovered and either would not have been incurred if the contract had not been won or if they are intrinsic to the delivery of the project.

Costs incurred prior to the commencement of a contract (contract fulfillment costs) may arise due to mobilization/site setup costs, feasibility studies, environmental impact studies, and preliminary design activities as these are costs incurred to fulfill a contract. Where these costs are expected to be recovered, they are capitalized and amortized over the course of the contract consistent with the transfer of service to the customer. Where the costs, or a portion of these costs, are reimbursed by the customer, the amount received is recognized as deferred revenue and allocated to the performance obligations within the contract and recognized as revenue over the course of the contract.

The HOCHTIEF Group does not have any contracts where the period up to the transfer of the promised goods or services to the customer represents a **financing component**. As a consequence, the Group normally does not adjust any of the transaction prices for the time value of money.

Generally, construction and services contracts include **defect and warranty periods** following completion of the project. These obligations are not deemed to be separate performance obligations and are therefore estimated and included in the total costs of the contracts. Where required, amounts are recognized in accordance with IAS 37 under provisions.

Concerning **loss-making contracts**, a provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue.

Items on the Consolidated Balance Sheet

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 to profit or loss over a maximum of seven years in accordance with the term of the arrangement. Estimated useful lives and depreciation methods are reviewed annually.

Company names and goodwill are not subject to amortization. They are tested instead for impairment in accordance with IAS 36 on an annual basis and whenever there are indications that they may be impaired. The company names recognized 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 amortized on a straight-line basis over five years.

Property, plant and equipment is carried at depreciated cost. Only amounts directly attributable to an item of property, plant or equipment are included in 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
Right-of-use assets	2–70

Estimated useful lives and depreciation methods are reviewed annually.

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. The fair values are measured 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. As with 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 defined as fair value less cost of disposal 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, in relation to its interests in a joint operation, 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 venture 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.

A **service concession arrangement** is an arrangement under which a public entity commissions the financing, design, development, construction or expansion as well as the operation and maintenance of public service infrastructure (such as roads, bridges, tunnels, schools). HOCHTIEF is paid for its services as operator over the period of the arrangement. Service concession arrangements are typically for a duration of up to 30 years. From HOCHTIEF's perspective, the consideration paid by the public entity for the services performed may constitute rights to a financial or to an intangible asset. The criterion that decides whether a financial or an intangible asset is recognized is whether the consideration is subject to demand risk.

Deferred taxes arising from temporary differences between the IFRS accounts and tax base of individual Group companies or as a result of consolidation and the expected use of existing loss carryforwards are recognized as separate assets and liabilities. Deferred tax assets resulting from the anticipated use of existing tax loss carryforwards in subsequent years are only recognized if it is sufficiently certain that they will be realized. Deferred tax assets and liabilities are offset within each company or tax group and type of tax. 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. Changes in deferred tax assets and liabilities are normally reflected in the Statement of Earnings. An exception to this comprises changes accounted for in other comprehensive income or directly in equity. 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 measured 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. Should the recoverable amount of inventories subsequently increase, the resulting gain must be recognized. This is done by reducing materials expense.

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.

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 profit or loss 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 profit or loss 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 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. Varying from one country to another, the individual benefit obligations 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 resulting 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.

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. 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.

Current income tax liabilities comprise payment obligations arising from current income taxes. They are offset against tax refund entitlements if they relate to the same tax jurisdiction and are identical in nature and timing. Current tax expense is normally measured for the purposes of the annual financial statements in accordance with the interpretation of the law applied by the taxation authorities. Tax returns are prepared in accordance with applicable law, taking into account current case law and updated administrative instructions. If a field audit results in uncertain tax items that may give rise to payment obligations, these are measured in accordance with IFRIC 23. In examining uncertainty over income tax treatments, HOCHTIEF considers whether it is probable that the taxation authority will accept an uncertain tax treatment or make changes. HOCHTIEF applies the recognition and measurement obligations arising from the application of IFRIC 23 conservatively in the Consolidated Financial Statements by following the interpretation adopted by the taxation authority. Potential tax receivables as a result of recent legal developments are accounted for by reducing the tax provision or, in the case of a reimbursement claim, by recognizing the amount receivable if it is certain to be realized. Reductions in tax liability mutually agreed with the tax authorities are accounted for by reducing the tax provision or by recognizing a receivable, whichever is applicable. Opportunities arising from settled litigation or appeal proceedings are accounted for if the taxation authorities accept that the legal principles apply by publishing the appeal decisions, the facts have been disclosed, and revision has been applied for. Any opportunities that arise from unpublished litigation or appeal proceedings but must first be asserted by actively litigating are disclosed to the extent that they exist and are quantifiable and not immaterial.

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 recognized on the balance sheet unless assumed in the course of a business combination. The amounts stated for contingent liabilities reflect the amount of the liability as of the reporting date.

Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation, and disclosure of leases both for lessees and lessors.

The Group as a lessee

Lease recognition

The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In such instances, the Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements, except for short-term, cancellable leases where, if canceled by the lessee, the losses associated with the cancellation are borne by the lessor and low-value leased assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group has a lease portfolio, comprising predominantly property, plant, operating equipment, and fleet vehicle rentals. Given the Group's operational involvement in the construction, construction management, and services sectors, leasing equipment is a key component of the business.

Measurement and presentation of right-of-use asset

The right-of-use assets recognized by the Group comprise the initial measurement of the related lease liability, any lease payments made at or before the commencement of the contract, less any lease incentives received and any direct costs. Costs incurred by the Group to dismantle the asset, restore the site or restore the asset are included in the cost of the right-of-use asset.

It is subsequently measured under the cost model with any accumulated depreciation and impairment losses applied against the right-of-use asset. If the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the asset over the shorter period of either the useful life of the asset or the lease term. The depreciation starts at the commencement date of the lease and the carrying value of the asset is adjusted to reflect the accumulated depreciation balance.

Any remeasurement of the lease liability is also applied against the right-of-use asset value.

The right-of-use assets are presented within property, plant and equipment in the balance sheet.

Measurement and presentation of lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. HOCHTIEF presents the interest expense on the lease liability separately from the depreciation charge on the right-of-use asset.

The following items are also included in the measurement of the lease liability:
- Fixed lease payments offset by any lease incentives;
- Variable lease payments, for lease liabilities which are tied to a floating index;
- The amounts expected to be payable to the lessor under residual value guarantees;
- The exercise price of purchase options (if it is reasonably certain that the option will be exercised); and
- Payments of penalties for terminating leases, if the lease term reflects the lease terminating early.

The lease liability is separately disclosed in the balance sheet. The liabilities which will be repaid within 12 months are recognized as current and the liabilities which will be repaid in excess of 12 months are recognized as non-current.

The lease liability is subsequently measured by reducing the balance to reflect the principal lease repayments made and increasing the carrying amount by the interest on the lease liability.

The Group is required to remeasure the lease liability and make an adjustment to the right-of-use asset in the following instances:
- The term of the lease has been modified or there has been a change in the Group assessment of the purchase option being exercised, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; and
- The lease payments are adjusted due to changes in the index or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate. However, where the lease payments change is due to a change in a floating interest rate, a revised discount rate is used.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some property subleases as well as renting equipment to its partners, suppliers, and contractors. Those leases are recognized as either finance or operating leases. If the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. If this is not the case, then the lease is recognized as an operating lease. The income received from the operating leases is recognized on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are included in the carrying amount of the leased asset. Amounts due from lessees under finance leases are recognized as receivables.

Financial instruments

The following section first outlines in brief the **classification, measurement, and derecognition rules** relevant to the HOCHTIEF Group with regard to financial assets and liabilities. Explanatory notes are then provided on the balance sheet items within the scope of IFRS 9, comprising other financial assets, long-term loans, receivables and other assets, marketable securities, liabilities, and derivative financial instruments.

Financial assets and liabilities—except trade receivables—that are within the scope of IFRS 9 are initially recognized at fair value. Financial assets are measured subsequently at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The following **classification** criteria are applied:
- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortized cost ("AC");
- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income ("FVOCI") after adjusting for deferred taxation. Unrealized gains or losses are reclassified to profit or loss on disposal;
- All other debt investments and equity investments are measured subsequently at fair value through profit or loss ("FVPL").

Notwithstanding the above, the HOCHTIEF Group may make the following irrevocable designation at initial recognition of a financial asset:
- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination in other comprehensive income after adjusting for deferred taxation. Unrealized gains or losses are reclassified to retained earnings on disposal;
- The Group may irrevocably designate a debt investment that meets the amortized cost or "FVOCI" criteria as measured at "FVPL" if doing so eliminates or significantly reduces an accounting mismatch.

With regard to **measurement**, expected credit losses are taken into account in the presentation of impairments of financial assets at amortized cost or "FVOCI". Quantifying expected credit losses involves determining probability of default on initial recognition of an asset and subsequently whether there has been any significant increase in credit risk on an ongoing basis at each reporting period. In making this assessment, the HOCHTIEF Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks, and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the HOCHTIEF Group's core operations. In particular, as far as available, the following information is taken into account when assessing significant movements in credit risk:
- Actual or expected significant adverse changes in business, financial, or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations.
- Actual or expected significant changes in the operating results of the borrower.
- Significant increases in credit risk on other financial instruments of the same borrower.
- External credit rating.
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.
- Significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.
- Macroeconomic information such as market interest rates and growth rates.

Financial assets are **derecognized** when the contractual rights to the cash flows from the financial asset expire or substantially all the risks and rewards of ownership are transferred to another entity. The HOCHTIEF Group also derecognizes financial assets if it no longer has control over an asset, although none of the substantial risks and rewards of ownership have been either transferred or retained. If the HOCHTIEF Group retains control, it continues to recognize the asset to the extent of its continuing involvement together with an associated liability for any obligations that have been retained.

The interests in non-consolidated subsidiaries and other participating interests accounted for under **other financial assets** fall under the "FVPL" measurement category. 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 normally calculated using the most recent market transactions or a valuation method such as the discounted cash flow method. Cost may be an appropriate estimate of fair value if only insufficient recent information is available to measure fair value or if there is a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range. Initial measurement is performed as of the settlement date.

Long-term loans are stated at amortized cost. Loans bearing interest at normal market rates are reported at cost, and non-interest-bearing and low-interest-bearing loans are discounted to present value. Discounting is always done using a risk-adjusted discount rate.

Receivables and other assets are measured at amortized cost. Subsequent measurement is based on the effective interest rate method taking into account transaction costs, which are all costs that would not have been incurred had the transaction not been entered into. Receivables comprise financial receivables, trade receivables, and other receivables. Accounting provision is made for expected credit losses on receivables. For trade receivables, using the simplified approach, expected credit losses can be determined on the basis of loss rates calculated from historical and projected data taking into account the client and the regional economic environment. If there is objective material evidence that a financial asset may be impaired, the effective interest rate method is applied to the net carrying amount. Such objective evidence of impairment includes, for example, downgrading of a debtor's credit rating and related interruptions in payment or potential insolvency. For financial receivables and other receivables, expected credit losses are determined according to credit risk on the basis of the losses expected either in the next twelve months or over the remaining term. The effective interest rate is applied in such cases to the gross carrying amount. Significant changes in credit risk are taken into account on an ongoing basis. Receivables are derecognized in connection with factoring if substantially all risks and rewards of ownership are transferred.

The **marketable securities** shown under current assets are classified in the AC or the FVOCI measurement category, depending on business model and contractual cash flows. For marketable securities, IFRS 9 provides the option of measurement at fair value through profit or loss. These mainly comprise securities held in special-purpose funds 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 at fair value is performed as of the settlement date and includes any transaction costs directly attributable to the acquisition of the securities. Unrealized gains or losses on debt instruments measured at fair value through other comprehensive income are reported in other comprehensive income and are reversed to income or expense on disposal. Accounting provision is made for expected credit losses on securities in the AC and FVOCI measurement categories. Expected credit losses are calculated according to credit risk on the basis of the losses expected either in the next twelve months or over the remaining term. Significant changes in credit risk are taken into account. If there is no objective evidence of impairment, the effective interest rate is applied to the gross carrying amount. If, however, there is objective evidence that a financial asset may be impaired, the effective interest rate is applied to the net carrying amount. Selected marketable securities are adjusted to fair value through other comprehensive income on the basis of the rules for use of the "overlay approach".

Liabilities are recognized at amortized cost and subsequently measured using the effective interest rate method. Supply chain finance arrangements with banks match usual payment terms and do not modify the original liability toward the supplier, hence the amounts are presented under trade payables or other liabilities.

Derivative financial instruments are measured at fair value regardless of purpose and reported under other receivables and other assets or other liabilities. Initial measurement is as of the trade 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 in accordance with the HOCHTIEF Group's risk management strategy and economic risk control. 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 entered into. There are also derivatives—such as a put option—which are used for economic hedging purposes but for which no hedge accounting is applied. In such cases, changes in fair value are recognized in income or expense.

Judgments made by management in applying the accounting policies primarily relate to the following matters:

- Determination of whether an arrangement constitutes a lease.
- Financial assets may be measured, irrespective of the business model and the presence of standard cash flow conditions, at fair value through profit or loss if the requirements for the fair value option are met.
- Presentation of the risk management strategy in the case of hedges by the use of hedge accounting.
- 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. In this connection, it must be assessed whether an asset is a non-current asset, a disposal group, or a discontinued operation.

- Determination of control or joint control
  We continually reassess facts and circumstances based on currently available information to consider, under IFRS, if changes are required to previous conclusions regarding control or joint control determinations. Reassessments undertaken in the current year identified no changes to previous control or joint control determinations, except for Thiess Pty Limited as outlined below and under the basis of consolidation and BIC Contracting as described above under the basis of consolidation.

- Thiess Pty Limited and its controlled entities ("Thiess")
  During the year the Group entered into an arrangement with funds advised by Elliott regarding the acquisition by Elliott of a 50% equity interest in Thiess and entered into a joint venture arrangement with Elliott. The sale completed on December 31, 2020. The terms of the completed sale agreement means that the Group no longer controls Thiess, but now jointly controls Thiess with Elliott, and accordingly the transaction has been recorded as a disposal of controlled entities in accordance with Accounting Standard IFRS 10 (Consolidated Financial Statements) and the recognition of an interest in a joint venture entity.

  The transaction agreements contemplate future share transfer options including a potential initial public offering or sale to a third party, and an option ("Put Option") for Elliott to sell all or part of its interest in Thiess to CIMIC between three and six years from completion. The Shareholders Agreement also prescribes a minimum distribution to each shareholder of AUD 180 million per annum for the first six years, with Elliott receiving preferential payment. CIMIC has provided business warranties and indemnities as part of the transaction which are subject to customary limitations.

  Judgment was required in determining whether the transaction should be accounted for as a sale under the IFRS resulting in the deconsolidation of Thiess and recognition of a joint venture for the Group's retained interest in Thiess or that the Group continued to control Thiess following the disposal of the 50% equity interest to Elliott. The decision making process prescribed in the Shareholders Agreement and the various parties' exposure to variable returns were taken into account in the assessment.

We have concluded that in accordance with the contractual agreements in place between the parties the Group cannot solely control the relevant activities or key decision outcomes of Thiess as the Shareholders Agreement prescribes equal representation on the Board and the requirement for the consent of both shareholders (or their board appointees) on relevant business activities.

CIMIC and Elliott are exposed to the variable returns of Thiess. Elliott is exposed to equity risks and rewards while it holds the equity interest including during the period that the Put Option is exercisable. The pricing of the Put Option does not provide Elliott the ability to take advantage of any positive changes in the fair value of Thiess. Any changes in the fair value of the put option going forward will be recognized in Group's statement of profit of loss.

- Asset disposals:
  - Controlled entities and businesses: determination of loss of control and fair value of consideration,
  - Other assets: determination as to whether the significant risks and rewards of ownership have transferred.

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:

- Construction/PPP and construction management/services business:
  - determination of stage of completion;
  - estimation of total contract costs;
  - estimation of total contract revenue, including recognizing revenue on contract variations and claims only to the extent it is highly probable that a significant reversal in the amount recognized will not occur in the future;
  - estimation of a customer's preparedness to accept contract variations and claims;
  - estimation of project completion date; and
  - assumed levels of project execution productivity.
- Assessing projects on a percentage of completion basis, in particular with regard to accounting for contract modifications, 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.
- The measurement of expected credit losses.
- The estimation of residual value guarantees and options for the purchase of lease liabilities.
- The estimation of options to extend a lease.
- Accounting for provisions.
- Impairment testing of equity-method participating interests.
- Testing goodwill on the basis of the three-year plan or, in the case of listed companies, on the basis of the share price and other assets for impairment.
- The assessment of the recognition of deferred taxes considering the expected future performance of the business in line with Group strategy.

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

Financial reporting standards applied for the first time in 2020

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, or earlier application permitted for, the reporting period from January 1 to December 31, 2020.

The changes relate to the following standards and interpretations:

- **Amendments to IFRS 3 Business combinations:** Definition of a Business

- **Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: recognition and measurement and IFRS 7 Financial instruments: disclosures:** Interest Rate Benchmark Reform

- **Amendments to IAS 1 Presentation of Financial Statement and IAS 8 Accounting policies, changes in accounting estimates and errors:** Definition of Material

- **Amendments to References to the Conceptual Framework in IFRS Standards.**

- **Amendments to IFRS 16 Leases:** Covid-19-related Rent Concessions

The disclosure requirements resulting from the amendments to IFRS 3, IFRS 9, IAS 39, IFRS 7, IAS 1, IAS 8, and from the amendments regarding the Conceptual Framework had no material impact on the HOCHTIEF Consolidated Financial Statements.

Accounting standards to be applied after the 2020 reporting year

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have issued new accounting pronouncements in the form of standards and interpretations that affect the HOCHTIEF Consolidated Financial Statements but do not have to be applied for the 2020 year and in some cases have not yet been endorsed by the EU.

IFRS 17 Insurance Contracts

This standard published by the IASB in May 2017 will supersede the current IFRS 4 Insurance Contracts. It provides for various approaches in accounting for insurance contracts. First-time application is expected for reporting periods beginning on or after January 1, 2022. EU endorsement is still pending. The implications of the new standard for the HOCHTIEF Group are currently still being analyzed.

From today's perspective, the remaining new pronouncements adopted by the IASB and the IFRS IC do not have any major relevance to the HOCHTIEF Group. Potential implications for the Consolidated Financial Statements are currently still being assessed:

- **Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases:** Interest Rate Benchmark Reform—Phase 2

- **Amendments to IFRS 4 Insurance Contracts:** Extension of the Temporary Exemption from Applying IFRS 9

- **Amendments to IFRS 3 Business Combinations:** Reference to the Conceptual Framework

- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets:** Onerous Contracts—Cost of Fulfilling a Contract

- **Amendments to IAS 16 Property, Plant and Equipment:** Proceeds before Intended Use

- **Amendments to IAS 1 Presentation of Financial Statements:** Classification of Liabilities as Current or Non-current—Deferral of Effective Date

- **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practise Statement 2:** Disclosure of Accounting Policies

- **Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors:** Definition of Accounting Estimates

As part of its annual improvements process, the IASB published an omnibus standard in May 2020 (Annual Improvements Cycle 2018–2020). This cycle contains minor but necessary amendments to IFRS 1, IFRS 9, IFRS 16, and IAS 41.

Explanatory Notes to the Consolidated Statement of Earnings

2. Sales

The EUR 22,953,752 thousand (2019: EUR 25,851,855 thousand) sales figure comprises performance obligations recognized under the percentage of completion method in the mainstream construction business, construction management and contract mining plus products and services provided to construction joint ventures and other related services. Contract mining sales accounted for EUR 2,176,722 thousand (2019: EUR 2,796,802 thousand). Secondly, the sales figure includes revenues from services such as construction planning, project development, logistics, asset management and concessions and insurance business.

Sales by division are allocated to the types of activities “Construction/PPP,” “Construction Management/Services,” and “Other.” “Construction/PPP” includes Flatiron at HOCHTIEF Americas, CPB Contractors, Leighton Asia and Pacific Partnerships at HOCHTIEF Asia Pacific and HOCHTIEF Infrastructure and HOCHTIEF PPP Solutions at HOCHTIEF Europe. The main construction management/services companies are Turner at HOCHTIEF Americas, Thiess’ and Sedgman’s contract mining and mineral processing businesses and UGL’s service business at HOCHTIEF Asia Pacific as well as HOCHTIEF Engineering, synexs and Trinac at HOCHTIEF Europe. Sales from non-core businesses are allocated to the category “Other.”

The composition of sales from continuing operations is as follows (EUR thousand):

2020

Divisions	**Activities** Construction/PPP		Construction Management/Services		Other		**Total sales**	
HOCHTIEF Americas	1,431,631	6.2%	13,239,707	57.7%	4,749	0.0%	**14,676,087**	**63.9%**
HOCHTIEF Asia Pacific	3,287,083	14.3%	3,596,050	15.7%	3,199	0.0%	**6,886,332**	**30.0%**
HOCHTIEF Europe	1,191,750	5.2%	46,247	0.2%	27,660	0.1%	**1,265,657**	**5.5%**
Corporate	–	–	–	–	125,676	0.6%	**125,676**	**0.6%**
HOCHTIEF Group	**5,910,464**	**25.7%**	**16,882,004**	**73.6%**	**161,284**	**0.7%**	**22,953,752**	**100.0%**

2019

Divisions	**Activities** Construction/PPP		Construction Management/Services		Other		**Total sales**	
HOCHTIEF Americas	1,396,489	5.4%	13,926,106	53.9%	5,185	0.0%	**15,327,780**	**59.3%**
HOCHTIEF Asia Pacific	4,684,514	18.2%	4,430,285	17.1%	28,423	0.1%	**9,143,222**	**35.4%**
HOCHTIEF Europe	1,150,205	4.4%	46,950	0.2%	28,335	0.1%	**1,225,490**	**4.7%**
Corporate	292	0.0%	–	–	155,071	0.6%	**155,363**	**0.6%**
HOCHTIEF Group	**7,231,500**	**28.0%**	**18,403,341**	**71.2%**	**217,014**	**0.8%**	**25,851,855**	**100.0%**

Revenues not related to contracts with clients, mainly relating to “Other” activities in Corporate, amount to EUR 157,390 thousand (2019: EUR 186,117 thousand).

Revenues recognized in the reporting period that were included in contractual liabilities at the beginning of the reporting period came to EUR 741 million (2019: EUR 835 million). An amount of negative EUR 773 million (2019: EUR 139 million) in revenues was recognized in the reporting period in relation to performance obligations satisfied (or partially satisfied) in prior periods.

CPB Contractors, a wholly owned subsidiary of CIMIC, together with its consortium partners, Saipem SA and Saipem Portugal Comercio Maritime LDA completed the Gorgon LNG Jetty and Marine Structures Project (Gorgon Jetty) for Chevron Australia (Chevron). HOCHTIEF’s financial statements as at December 31, 2019 included EUR 0.7 billion recorded in contract assets in relation to Gorgon Jetty and recovery of these contract assets was being pursued by CIMIC through an arbitration process in Australia against Chevron. This arbitration has now concluded, and the Arbitral Tribunal has issued an award of EUR 47.1 million to the Consortium (CPB and Saipem) and counterclaims of EUR 21.1 million to Chevron. CIMIC’s share of the net award along with certain legal expenses attributable to the arbitration process, has resulted in a one-off reversal of revenue recognized in the period of EUR 694.2 million in accordance with the variable consideration reassessment requirements of IFRS 15. This gross value does not include the amount of a partial reversal of a contract debtors portfolio provision.

The Group's order backlog from continuing operations (remaining performance obligations) by activities is as follows (EUR thousand):

2020

Divisions	Construction/PPP		Construction Management/Services		Other		**Total order backlog**	
HOCHTIEF Americas	4,477,742	9.8%	18,121,449	39.5%	–	–	**22,599,191**	**49.3%**
HOCHTIEF Asia Pacific	7,879,981	17.2%	11,042,165	24.1%	–	–	**18,922,146**	**41.3%**
HOCHTIEF Europe	4,289,917	9.3%	29,159	0.1%	–	–	**4,319,076**	**9.4%**
Corporate	–	–	–	–	–	–	**–**	**–**
HOCHTIEF Group	**16,647,640**	**36.3%**	**29,192,773**	**63.7%**	**–**	**–**	**45,840,413 ***	**100.0%**

*includes EUR 9,415,510 thousand of HOCHTIEF's share from equity-accounted joint ventures and associates

2019 (restated)

Divisions	Construction/PPP		Construction Management/Services		Other		**Total order backlog**	
HOCHTIEF Americas	4,232,955	8.2%	19,359,957	37.7%	–	–	**23,592,912**	**45.9%**
HOCHTIEF Asia Pacific**	10,146,371	19.8%	13,305,319	25.9%	–	–	**23,451,690**	**45.7%**
HOCHTIEF Europe	4,283,718	8.3%	33,789	0.1%	–	–	**4,317,507**	**8.4%**
Corporate	–	–	–	–	–	–	**–**	**–**
HOCHTIEF Group	**18,663,044**	**36.3%**	**32,699,065**	**63.7%**	**–**	**–**	**51,362,109 *****	**100.0%**

**Reclassification of investments in Construction Management/Services in the amount of EUR 1,372,127 thousand previously reported under Other
***includes EUR 6,526,382 thousand of HOCHTIEF's share from equity-accounted joint ventures and associates

Contract durations vary between business activities. The average duration of contracts is given below; however, some contracts will differ from these typical durations. While revenue is typically earned over these varying contract durations, a larger proportion of the revenue shown above is expected to be earned in the short term.

- Construction: 1–4 years
- PPP: up to 30 years
- Construction Management/Services: up to 10 years

The forward order book is equivalent to 22 months of work.

3. Other operating income

(EUR thousand)	**2020**	2019
Deconsolidation gains and gains from change in the method of consolidation	1,537,135	6,602
Income from reversal of provisions	33,206	35,274
Income from disposal of intangible assets, property, plant and equipment, and investment properties	20,320	8,340
Foreign exchange gains	19,306	27,752
Income from derecognition of/reversals of impairments on receivables	1,845	2,608
Sundry other operating income	40,010	110,861
	1,651,822	**191,437**

Deconsolidation gains and gains from change in the method of consolidation mostly relate to the HOCHTIEF Asia Pacific division (those in the prior year related exclusively to the HOCHTIEF Europe division) and result from the sale of a 50% interest and remeasurement of the remaining 50% interest in Thiess Pty Limited, which is now accounted for as an equity-method joint venture (please refer to Note 1).

Sundry other operating income includes income from insurance claims, value added tax refund entitlements, and other income not accounted for elsewhere.

4. Materials

(EUR thousand)	2020	2019
Raw materials, supplies, and purchased goods	1,826,062	2,162,916
Purchased services	15,608,993	16,826,743
	17,435,055	**18,989,659**

5. Personnel costs

(EUR thousand)	2020	2019
Wages and salaries	3,845,074	3,807,747
Social insurance, pensions, and support	573,512	580,928
	4,418,586	**4,388,675**

Expenditure on pensions totaled EUR 205,014 thousand (2019: EUR 202,622 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.

Employees (average for the year excluding employees in occupational training)

	2020	2019
Germany	3,212	3,246
International	44,395 *	50,189
	47,607	**53,435**

* The average includes, as of the December 31, 2020 reporting date, 11,862 employees at CIMIC Group company Thiess, which is included in the consolidated financial statements using the equity method as of the year-end.

6. Depreciation and amortization

(EUR thousand)	2020	2019
Intangible assets	27,945	31,820
Property, plant and equipment	675,058	668,284
Of which: Right-of-use assets for leases	(262,700)	(262,724)
Investment properties	631	1,222
	703,634	**701,326**

Depreciation and amortization includes impairment losses in the HOCHTIEF Asia Pacific division in the amount of EUR 31,207 thousand (2019: EUR 0 thousand) and in the HOCHTIEF Europe division in the amount of EUR 270 thousand (2019: EUR 568 thousand).

7. Other operating expenses

(EUR thousand)	2020	2019
Insurance expenses	346,736	359,188
Rentals and lease rentals	122,694	125,487
Technical and business consulting	105,645	69,040
Court costs, attorneys' and notaries' fees	93,344	69,884
Organization and programming	85,693	93,346
Travel expenses	53,966	90,032
Office supplies	51,473	45,266
Currency losses	38,583	22,102
Mail and funds transfer expenses	14,311	11,220
Provisions for project risks	4,900	20,905
Losses from disposal of non-current assets (excluding financial assets)	3,152	3,607
Impairment losses and losses on disposal of current assets (except inventories)	2,919	8,664
Other taxes	11,221	9,512
Sundry other operating expenses	234,958	134,366
	1,169,595	**1,062,619**

The insurance expenses mainly relate to project risk management in the Turner Group. Insurance cover from Turner and from other project stakeholders such as suppliers and clients is combined to minimize project execution risks to Turner and its clients. The insurance expenses are counterbalanced by insurance revenue reported in sales.

Sundry other operating expenses mostly comprise order processing, costs of materials for administrative purposes, costs of preparing the annual financial statements, and other expenses not reported elsewhere.

8. 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)	2020	2019 (restated)
Share of profits and losses of equity-method associates and joint ventures	**106,936**	**282,286**
Of which: Impairment	(781)	(312)
Result from non-consolidated subsidiaries	96	90
Of which: Impairment	–	–
Result from other participating interests	8,914	1,215
Of which: Impairment	(1,369)	–
Income from the disposal of participating interests	43	301
Expenses on disposal of participating interests	(132)	(44)
Income from long-term loans to participating interests	11,119	14,906
Expenses relating to long-term loans to participating interests	-129	(64)
Net income from other participating interests	**19,911**	**16,404**
	126,847	**298,690**

The share of profits and losses of equity-method associates and joint ventures was minus EUR 11,960 thousand (2019: EUR 147,493 thousand) relating to associates and EUR 118,896 thousand (2019: EUR 134,793 thousand) relating to joint ventures.

Net income from other participating interests in the reporting year comprises reversals of impairments on participating interests in the HOCHTIEF Asia Pacific division in the amount of EUR 9,838 thousand (2019: EUR 836 thousand).

9. Net investment and interest income

(EUR thousand)	2020	2019
Interest and similar income	41,230	47,492
Other investment income	22,745	33,067
Investment and interest income	**63,975**	**80,559**
Interest and similar expenses	(189,417)	(195,873)
Interest component of increase in non-current provisions	(6,361)	(8,796)
Of which: Net interest expense on pension obligations	(6,185)	(8,388)
Other investment expenses	(22,793)	(29,189)
Investment and interest expenses	**(218,571)**	**(233,858)**
	(154,596)	**(153,299)**

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 negative EUR 148,187 thousand (2019: negative EUR 148,381 thousand).

Interest income of EUR 41,230 thousand was recorded in 2020 for financial instruments not carried at fair value through profit or loss (2019: EUR 47,492 thousand). Interest expenses of EUR 162,132 thousand were recorded for financial instruments not carried at fair value through profit or loss (2019: EUR 163,804 thousand).

Other investment income includes EUR 8,464 thousand (2019: EUR 4,410 thousand) in interest on value added tax refund entitlements from HOCHTIEF Aktiengesellschaft.

Net interest expense on pension obligations—an amount of EUR 6,185 thousand (2019: EUR 8,388 thousand)—consists of EUR 19,327 thousand (2019: EUR 27,215 thousand) in annual interest on the net present value of long-term pension obligations rolled over into the new year, offset against EUR 13,142 thousand (2019: EUR 18,827 thousand) in interest income on plan assets.

That portion of investment and interest income/expenses which is not included in interest and similar income/expenses or in the interest component of increases in non-current provisions is reported in other investment income and other investment expenses. This category mostly comprises 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.

10. Income taxes

The HOCHTIEF Group's income taxes include income taxes paid or owed in the various countries together with deferred taxes. They break down by origin as follows:

(EUR thousand)	2020	2019 (restated)
Current income taxes	99,064	289,444
Of which: Current taxes of prior periods	(26,252)	30,212
Deferred taxes	233,241	(31,570)
Of which: Relating to temporary differences	205,575	28,193
Of which: Arising from tax loss carryforwards/tax credits	27,666	(59,763)
	332,305	**257,874**

The amount by which tax expense is reduced by the utilization of tax loss carryforwards for which no deferred tax assets have been recognized as well as by unrecognized temporary differences and tax credits is EUR 24,443 thousand (2019: EUR 2,858 thousand).

Deferred taxes are measured on the basis of tax rates enacted or substantively enacted in each country as of the reporting date. Applying an average multiplier for German municipal trade tax, the underlying Group tax rate of 31.5% as in the prior year is derived as follows:

(%)	2020	2019
Corporate income tax rate	15.000	15.000
Solidarity surcharge	5.500	5.500
Corporatde income tax rate including solidarity surcharge	**15.825**	**15.825**
Average municipal trade tax rate	15.675	15.675
Group tax rate	**31.500**	**31.500**

The effective tax expense of EUR 332,305 thousand (2019 restated: EUR 257,874 thousand) differs by EUR 54,492 thousand (2019 restated: EUR 72,763 thousand) from the expected tax expense of EUR 277,813 thousand (2019 restated: EUR 330,637 thousand). The expected tax expense is determined by applying the Group tax rate to profit before tax.

The following table shows the reconciliation of the expected tax expense to the effective tax expense:

(EUR thousand)	**2020**	2019 (restated)
Profit before tax	881,946	1,049,642
Theoretical tax expense, at 31.5%	277,813	330,637
Difference between the above and foreign tax rates	(57,717)	(42,675)
Differences from tax base for German municipal trade tax	1,508	1,369
Changes in valuation allowances on deferred tax assets without recognition of deferred taxes/utilization of loss carryforwards/tax credits	114,361	9,032
Tax effects on:		
Tax-exempt income	(65,450)	(57,940)
Non-tax-allowable expenditure	27,686	24,042
Equity accounting of associates and joint ventures, including impairment of associates and joint ventures	52,564	(2,060)
Other	(18,460)	(4,531)
Effective tax charges	**332,305**	**257,874**
Effective rate of tax (percent)	37.7	24.6

As in the prior year, the tax-exempt income mostly relates to income from participating interests.

The “Other” item mainly includes tax income from prior-period transactions in the amount of EUR 26,252 thousand and tax expense of EUR 16,230 thousand in connection with the sale of Thiess.

11. Non-controlling interests

The EUR 154,839 thousand (2019 restated: minus EUR 55,069 thousand) non-controlling interests in consolidated net profit represents the balance of profits totaling EUR 155,826 thousand (2019: EUR 46,518 thousand) and losses totaling EUR 987 thousand (2019 restated: EUR 101,587 thousand). The profits include EUR 110,570 thousand (2019 restated: losses of EUR 100,369 thousand) for non-controlling shareholders in the CIMIC Group.

Explanatory notes to the Consolidated Balance Sheet

12. Intangible assets

The table below shows the composition of and changes in intangible assets on the Consolidated Balance Sheet for 2020 and 2019:

(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, 2020	435,566	1,930,222	2,365,788
Additions or disposals due to changes in the scope of consolidation	(1,497)	(79,163)	(80,660)
Additions	15,959	–	15,959
Disposals	(7,326)	–	(7,326)
Reclassifications*	(2,671)	(806,851)	(809,522)
Currency adjustments	(12,192)	(126,321)	(138,513)
Dec. 31, 2020	427,839	917,887	1,345,726
Cumulative depreciation			
Jan. 1, 2020	296,933	766,027	1,062,960
Additions or disposals due to changes in the scope of consolidation	(4,144)	–	(4,144)
Additions	27,945	–	27,945
Disposals	(5,681)	–	(5,681)
Reclassifications*	(4,708)	(717,548)	(722,256)
Currency adjustments	(6,059)	(48,479)	(54,538)
Impairment reversals	–	–	–
Dec. 31, 2020	304,286	–	304,286
Carrying amounts as of Dec. 31, 2020	**123,553**	**917,887**	**1,041,440**
Cost of acquisition or production**			
Jan. 1, 2019	414,851	1,869,974	2,284,825
Additions or disposals due to changes in the scope of consolidation	19,867	20,422	40,289
Additions	16,268	–	16,268
Disposals	(22,578)	–	(22,578)
Reclassifications	749	–	749
Currency adjustments	6,409	39,826	46,235
Dec. 31, 2019	435,566	1,930,222	2,365,788
Cumulative depreciation**			
Jan. 1, 2019	268,280	–	268,280
Additions or disposals due to changes in the scope of consolidation	1	–	1
Additions	31,820	762,033	793,853
Disposals	(7,802)	–	(7,802)
Reclassifications	764	–	764
Currency adjustments	3,870	3,994	7,864
Impairment reversals	–	–	–
Dec. 31, 2019	296,933	766,027	1,062,960
Carrying amounts as of Dec. 31, 2019**	**138,633**	**1,164,195**	**1,302,828**

* Includes reclassifications for BICC to the assets held for sale item
** Restated

No impairment losses were recognized on intangible assets in 2020 (2019: restated impairment losses of EUR 762,101 thousand). As in the prior year, intangible assets are not subject to any restrictions. Development costs in the amount of EUR 2,580 thousand (2019: EUR 2,431 thousand) were capitalized during the reporting year. A total of EUR 30,918 thousand (previous year: EUR 16,296 thousand) was expensed for Group-wide research and development projects by the central innovation management function.

Intangible assets include EUR 40,269 thousand (2019: EUR 44,581 thousand) for company names recognized on initial consolidation, comprising EUR 38,183 thousand (2019: EUR 42,508 thousand) in the HOCHTIEF Americas division and EUR 2,086 thousand (2019: EUR 2,073 thousand) in the HOCHTIEF Asia Pacific division. 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. No impairment loss was identified in 2020 (2019: impairment loss of EUR – thousand). The changes in 2020 comprise a decrease of EUR 784 thousand for disposals in the HOCHTIEF Americas division, a decrease by EUR 3,541 thousand (HOCHTIEF Americas division) and an increase by EUR 13 thousand (HOCHTIEF Asia Pacific) due to exchange rate adjustments.

Goodwill recognized on initial consolidation for consolidated companies in continuing operations 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 as of March 31 of the reporting year for the HOCHTIEF Americas division and the HOCHTIEF Europe division and as of December 31 of the reporting year for the HOCHTIEF Asia Pacific division. It is ensured as of the balance sheet date that there are no material changes in the parameters for impairment testing that would result in an impairment. For the purpose of impairment testing, a division's recoverable amount 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. This is the present value of expected future free cash flows from each cash-generating unit. Value in use is determined from an internal Group perspective using the discounted cash flow method. This is applied on the basis of cash flow budgets derived as a rule 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 without applying a terminal-value growth rate. A sustained cash flow is determined on the basis of free cash flow in the last budget year. Weighted average cost of capital (WACC) is used for cost of capital figures. 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. For the purposes of the Notes disclosures the pretax discount rate is then found by iteration.

The discount rates used in impairment testing for the HOCHTIEF Americas and HOCHTIEF Europe cash-generating units are 7.55% and 8.61% before tax (2019: 7.02% and 8.74%).

The recoverable amount of 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 recoverable amounts with the carrying amounts for the divisions in continuing operations did not reveal any impairment of goodwill.

Retrospective full consolidation of the interest in BIC Contracting LLC (BICC) resulted in an increase of EUR 857,147 thousand in goodwill from capital consolidation as of January 1, 2019, which was allocated to the BICC cash-generating unit.

On January 23, 2020, CIMIC announced the decision to exit the Middle East region and focus its resources and capital on growth opportunities in its main core markets and regions (Australia, New Zealand, and the Asia-Pacific region). As a result of this decision and on the basis of an impairment test of the BICC cash-generating unit, the CIMIC Group recognized an impairment loss of EUR 762,033 thousand on goodwill as of December 31, 2019. In this context, the recoverable amount of BICC was calculated on the basis of the value in use determined by a business valuation model (discounted cash flow method) and compared with the carrying amount. This resulted in the recognition of goodwill of EUR 115.622 thousand after currency adjustments as of December 31, 2019.

For the impairment test as of December 31, 2020, the recoverable amount was determined from the fair value less cost of disposal based on the purchase price of AED 1 defined in the purchase agreement dated February 15, 2021, that was concluded with SALD. The net carrying amount of the BICC cash-generating unit (including goodwill of EUR 89.303 thousand after currency adjustments) as of December 31, 2020, is consistent with the recoverable amount. Therefore, there is no further significant need for impairment of goodwill.

If the requirements of IFRS 5 are satisfied, the remaining goodwill attributable to the discontinued BICC business unit will be reclassified to assets from discontinued operations as of December 31, 2020, which is explained separately in the Notes to the Consolidated Financial Statements.

Changes in goodwill by division in 2020 were as follows:

(EUR thousand)	Jan. 1, 2020 (restated)	Currency adjustments	Consolidation changes	Reclassifi-cations	**Dec. 31, 2020**
HOCHTIEF Americas	320,552	(27,087)	–		293,465
HOCHTIEF Asia Pacific	695,805	(24,436)	(78,079)		593,290
HOCHTIEF Europe	32,216	–	(1,084)		31,132
HOCHTIEF Group - continuing operations	**1,048,573**	**(51,523)**	**(79,163)**	**–**	**917,887**
HOCHTIEF Group - discontinued operations	115,622	(26,319)	–	(89,303)	–
HOCHTIEF Group total	1,164,195	(77,842)	(79,163)	(89,303)	917,887

13. 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	Right-of-use assets: Land and buildings	Right-of-use assets: Technical equipment and machinery; other equipment and office equipment	Total
Cost of acquisition or production							
Jan. 1, 2020	174,336	2,606,427	213,352	53,178	792,087	643,001	4,482,381
Additions or disposals due to changes in the scope of consolidation	(2,775)	(1,387,850)	–	–	(66,361)	(453,689)	(1,910,675)
Additions	3,029	358,311	12,128	15,721	62,797	149,735	601,721
Disposals	(2,757)	(330,631)	(9,760)	(67)	(63,934)	(115,917)	(523,066)
Reclassifications*	(62,568)	(126,487)	4,031	(5,711)	(749)	(1,072)	(192,556)
Currency adjustments	(3,250)	(191,838)	(15,591)	(1,191)	(14,856)	(29,457)	(256,183)
Dec. 31, 2020	106,015	927,932	204,160	61,930	708,984	192,601	2,201,622
Cumulative depreciation							
Jan. 1, 2020	116,881	1,594,149	147,994	–	474,631	282,974	2,616,629
Additions or disposals due to changes in the scope of consolidation	(1,579)	(904,342)	–	–	(22,601)	(235,984)	(1,164,506)
Additions	6,251	386,596	19,511	–	79,092	183,608	675,058
Disposals	(2,120)	(317,406)	(9,183)	–	(63,873)	(101,615)	(494,197)
Reclassifications*	(61,362)	(119,187)	(3,919)	–	(600)	(1,221)	(186,289)
Currency adjustments	(2,908)	(122,768)	(10,525)	–	(7,069)	(13,913)	(157,183)
Impairment reversals	–	–	–	–	–	–	–
Dec. 31, 2020	55,163	517,042	143,878	–	459,580	113,849	1,289,512
Carrying amounts as of Dec. 31, 2020	**50,852**	**410,890**	**60,282**	**61,930**	**249,404**	**78,752**	**912,110**
Cost of acquisition or production**							
Jan. 1, 2019	178,200	2,394,782	198,206	15,661	749,920	528,033	4,064,802
Additions or disposals due to changes in the scope of consolidation	16	3,149	(8,325)	–	748	7,221	2,809
Additions	5,492	514,395	18,085	46,722	93,902	179,581	858,177
Disposals	(9,312)	(368,285)	(5,743)	(113)	(64,581)	(80,306)	(528,340)
Reclassifications	(2,889)	9,292	7,826	(9,420)	4,163	2,265	11,237
Currency adjustments	2,829	53,094	3,303	328	7,935	6,207	73,696
Dec. 31, 2019	174,336	2,606,427	213,352	53,178	792,087	643,001	4,482,381
Cumulative depreciation**							
Jan. 1, 2019	117,230	1,539,212	139,069	–	450,008	160,027	2,405,546
Additions or disposals due to changes in the scope of consolidation	–	(7)	(6,581)	–	–	5,637	(951)
Additions	8,464	383,204	19,139	–	76,691	186,033	673,531
Disposals	(9,120)	(353,071)	(5,308)	–	(60,603)	(71,499)	(499,601)
Reclassifications	(2,007)	(10,309)	–	–	4,262	21	(8,033)
Currency adjustments	2,314	35,135	1,675	–	4,273	2,755	46,152
Impairment reversals	–	(15)	–	–	–	–	(15)
Dec. 31, 2019	116,881	1,594,149	147,994	–	474,631	282,974	2,616,629
Carrying amounts as of Dec. 31, 2019**	**57,455**	**1,012,278**	**65,358**	**53,178**	**317,456**	**360,027**	**1,865,752**

* Includes reclassifications for BICC to the assets held for sale item
** Restated

In the reporting year, impairment losses of EUR 31,207 thousand (2019: EUR 0 thousand) were recognized on property, plant and equipment for the Asia Pacific division. As in the prior year, property, plant and equipment is not subject to any restrictions.

14. Investment properties

(EUR thousand)	
Cost of acquisition or production	
Jan. 1, 2020	58,757
Additions or disposals due to changes in the scope of consolidation	19,842
Additions	12
Disposals	(11,553)
Reclassifications*	(38,255)
Currency adjustments	(1,368)
Dec. 31, 2020	27,435
Cumulative depreciation	
Jan. 1, 2020	39,598
Additions	631
Disposals	(9,181)
Reclassifications*	(23,405)
Currency adjustments	(837)
Dec. 31, 2020	6,806
Carrying amounts as of Dec. 31, 2020	**20,629**
Cost of acquisition or production**	
Jan. 1, 2019	61,550
Additions	2
Disposals	(3,587)
Reclassifications	(309)
Currency adjustments	1,101
Dec. 31, 2019	58,757
Cumulative depreciation**	
Jan. 1, 2019	15,833
Additions	25,338
Disposals	(1,699)
Currency adjustments	126
Dec. 31, 2019	39,598
Carrying amounts as of Dec. 31, 2019**	**19,159**

* Includes reclassifications for BICC to the assets held for sale item
** Restated

Impairment losses of EUR 270 thousand were recognized on investment properties in 2020 (2019 restated: EUR 24,616 thousand).

The fair values of investment properties was EUR 20,629 thousand as of December 31, 2020 (2019 restated: EUR 19,159 thousand). This is measured as in the past using internationally accepted valuation techniques, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method.

Rental income from investment properties of continuing operations in the reporting year totaled EUR 1,284 thousand (2019: EUR 364 thousand). Direct operating expenses totaling EUR 626 thousand (2019: EUR 577 thousand) consisted of EUR 217 thousand (2019: EUR 42 thousand) in expenses for rented and EUR 409 thousand (2019: EUR 535 thousand) for unrented investment properties of continuing operations.

As in the prior year, investment properties are not subject to any restrictions.

15. Equity-method investments

(EUR thousand)	Dec. 31, 2020	Dec. 31, 2019
Equity-method associates	1,185,266	1,404,117
Equity-method joint ventures	1,223,919	523,670
	2,409,185	**1,927,787**

Material associate and other associates

HOCHTIEF Aktiengesellschaft holds 20% minus one share of Abertis HoldCo, S.A., Madrid, Spain. HOCHTIEF Aktiengesellschaft's interest in Abertis HoldCo, S.A. gives it significant influence (within the meaning of IAS 28) and the latter is therefore accounted for in the Consolidated Financial Statements as an associate using the equity method.

(EUR thousand)	Dec. 31, 2020	Dec. 31, 2019
	100.00%	**100.00%**
Non-current assets	41,589,347	37,178,399
Current assets	4,973,427	5,047,034
Assets held for sale	26,750	–
Non-current liabilities	32,845,543	30,264,993
Current liabilities	4,193,594	3,602,876
Liabilities associated with assets held for sale	–	–
Equity	**9,550,387**	**8,357,564**
Non-controlling interest	2,840,199	1,774,477
Equity excluding non-controlling interest	**6,710,188**	**6,583,087**
Hybrid bond recognized in Abertis' equity	(1,225,759)	–
Equity attributable to owners of the company	**5,484,429**	**6,583,087**
HOCHTIEF share of equity (shareholding 20.00%)	1,096,886	1,316,617
Other costs	56,501	56,501
Carrying amount of the investment	**1,153,387**	**1,373,118**

(EUR thousand)	2020	2019
	100.00%	**100.00%**
Sales	4,053,648	5,361,265
Profit or loss from continuing operations	(178,435)	628,512
Post-tax profit/(loss) from discontinued operations	–	(15,350)
Profit/(loss) for the year	**(178,435)**	**613,162**
Non-controlling interest	(92,947)	1,386
Profit/(loss) for the year attributable to owners of the company	(85,488)	611,776
Income and expenses recognized directly in equity, after tax	**(388,802)**	**(197,375)**
Non-controlling interest	(234,528)	(10,825)
Income and expenses recognized directly in equity, after tax, attributable to owners of the company	(154,274)	(186,550)
Total comprehensive income (100%)	**(567,237)**	**415,787**
Non-controlling interest	(327,475)	(9,439)
Total comprehensive income attributable to owners of the company	(239,762)	425,226
HOCHTIEF share of total comprehensive income attributable to owners of the company (shareholding 20.00%)	**(47,953)**	**85,045**
Annual profit	**(17,098)**	**122,355**
Other comprehensive income	**(30,855)**	**(37,310)**
Dividends received from associate during the year	172,770	172,770

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)	2020	2019
Carrying amounts	**31,879**	**30,999**
Profit before tax	**6,285**	**13,490**
Income taxes	(1,147)	(3,172)
Profit after tax	**5,138**	**10,318**
Other comprehensive income	–	–
Total comprehensive income	**5,138**	**10,318**

Investments in associates, as in the prior year, are not subject to any restrictions.

In the prior year, profit from equity-method associates (EUR 147,493) included impairment reversals of EUR 14,821 thousand.

Joint ventures

Thiess JV

As disclosed in Note 1, the sale of Thiess completed on December 31, 2020. The Group now jointly controls Thiess with Elliott and accordingly the transaction has been recorded as a sale of a subsidiary in accordance with IFRS 10 and the recognition of an interest in a joint venture entity.

As the disposal was completed on December 31, 2020 there is no material profit or loss contribution of Thiess as a joint venture for the year ended December 31, 2020. Refer to Note 1: Basis of Consolidation for the assets and liabilities of the joint venture at December 31, 2020 and Thiess' financial performance for the year ended December 31, 2020. These assets and liabilities are subject to the ongoing purchase price allocation process being undertaken by the joint venture which allocates the consideration it paid for Thiess to the identifiable assets acquired and liabilities assumed. Therefore, the purchase price allocation is likely to change certain assets and liabilities disclosed in Note 1: Basis of Consolidation, adjusted for the incremental liabilities driven by new debt in the newly owned Thiess Group of EUR 0.4 billion for CIMIC's 50% share and the recognition of goodwill and other identifiable intangible assets within the joint venture when finalized.

Aggregated information on joint ventures

The table below shows the carrying amounts and the Group's share of items of the statement of comprehensive income of equity-method joint ventures:

(EUR thousand)	2020	2019
Carrying amounts	**1,223,919**	**523,670**
Profit before tax	**129,488**	**146,364**
Income taxes	(10,592)	(11,571)
Profit after tax	**118,896**	**134,793**
Other comprehensive income	(35,251)	2,095
Total comprehensive income	**83,645**	**136,888**

The increase in the carrying amount is mainly due to the capitalization of the remaining 50% share in Thiess as a joint venture in the amount of EUR 712 million. The finalization of the purchase price allocation will take place in 2021.

Profit from equity-method joint ventures contained EUR 781 thousand (2019: EUR 312 thousand) in impairment losses and EUR 6,244 thousand (2019: EUR 20,786 thousand) in reversal of impairment losses.

Investments in joint ventures are pledged in the amount of EUR 81,510 thousand (2019: EUR 81,790 thousand).

16. Other financial assets

(EUR thousand)	Dec. 31, 2020	Dec. 31, 2019 (restated)
Non-consolidated subsidiaries	2,151	5,352
Other participating interests	42,470	78,701
Non-current marketable securities	19,020	–
	63,641	**84,053**

In other participating interests, there were impairments of EUR 1,369 thousand in 2020 (2019: 0 thousand) and impairment reversals of EUR 9,838 thousand (2019: EUR 917 thousand). A further EUR 27 thousand (2019: EUR 9 thousand) was recognized in impairment reversals on non-consolidated subsidiaries. As in the prior year, sundry other assets are not subject to any restrictions in the reporting year.

17. Financial receivables

(EUR thousand)	Dec. 31, 2020 Non-current	Dec. 31, 2020 Current	Dec. 31, 2019 Non-current	Dec. 31, 2019 Current
Loans to non-consolidated subsidiaries and to participating interests	111,499	24,259	97,822	37,142
Financial receivables from non-consolidated subsidiaries	–	5,372	–	6,374
Financial receivables from participating interests	–	70,678	–	69,134
Interest receivable on tax refunds	–	9,993	–	44,447
Interest accruals	–	3,479	–	6,252
Other financial receivables	81	181	82	8,633
	111,580	**113,962**	**97,904**	**171,982**

Loans to and financial receivables from equity-accounted companies total EUR 206,385 thousand (2019: EUR 204,047 thousand).

18. Trade receivables and other receivables

(EUR thousand)	Dec. 31, 2020	Dec. 31, 2019 (restated)
Trade receivables	2,992,476	3,855,191
Contract assets	1,413,818	2,526,006
Other receivables and other assets	814,302	992,131
	5,220,596	**7,373,328**

Trade receivables include receivables from equity-accounted companies in the amount of EUR 19.959 thousand (2019: EUR 779 thousand). EUR 8,052 thousand of this consists of amounts receivable by CIMIC from Thiess Pty Limited.

As at December 31, 2019 contract assets included an amount equal to EUR 0.7 billion relating to the Gorgon LNG Jetty and Marine Structures Project being undertaken by CPB Contractors Pty Ltd (CPB), a wholly owned subsidiary of CIMIC, together with its consortium partners, Saipem SA and Saipem Portugal Comercio Maritime LDA (Saipem and CPB together referred to as the Consortium) for Chevron Australia Pty Ltd (Chevron) (Gorgon Contract). The recovery of these contract assets was being pursued by CIMIC through an arbitration process in Australia against Chevron. This arbitration has now concluded, and the Arbitral Tribunal issued an award of EUR 47.1 million to the Consortium (CPB and Saipem) and counterclaims of EUR 21.1 million to Chevron. CIMIC's share of the net award along with certain legal expenses attributable to the arbitration process, has resulted in a one-off reduction in revenue and contract asset recognized in the period of EUR 694.2 million representing CPB's full exposure. This gross value does not include the amount of a partial reversal of a contract debtors portfolio provision.

Performance not yet billed is accounted for in contract assets if progress payments do not exceed cumulative performance (contract costs and contract earnings). Where the net amount after deduction of progress payments is negative, the difference is presented under contract liabilities.

The change in the receivables balances is mainly due to performance completed and payments received in the operating business and to reclassifications to trade receivables. Contract assets include contract obtaining/fulfilment costs of EUR 35,211 thousand (2019: EUR 41,336 thousand).

Other receivables and other assets are made up as follows:

	Dec. 31, 2020		Dec. 31, 2019 (restated)	
(EUR thousand)	Non-current	Current	Non-current	Current
Claims for damages and claims under guarantee	–	180,125	–	255,202
Prepaid expenses	14,578	98,976	12,150	124,307
Tax receivables (excluding income taxes)	–	62,888	–	107,826
Pension fund credit balances	16,176	–	15,513	–
Derivative receivables	746	3,330	905	10,593
Sundry other assets	149,042	288,441	137,625	328,010
	180,542	**633,760**	**166,193**	**825,938**

Claims for damages and claims under guarantee include EUR 149,648 thousand (2019: EUR 208,267 thousand), mainly in reimbursement claims under insurance policies held by the Turner Group.

Prepaid expenses consist of insurance premiums and prepayments for maintenance and services. They also include commission paid by HOCHTIEF insurance companies for insurance arranged by direct insurers. Such commission is reversed to expense over the lifetime of the policy.

As in the prior year, sundry other assets are not subject to any restrictions in the reporting year.

19. Income tax assets

EUR 31,860 thousand (2019: EUR 47,243 thousand) in income tax assets comprises amounts receivable from domestic and foreign tax authorities. These consist of EUR 4,065 thousand (2019: EUR 19,962 thousand) classified as non-current assets and EUR 27,795 thousand (2019: 27,281 thousand) classified as current assets.

20. Deferred taxes

Deferred tax assets and liabilities break down as follows:

(EUR thousand)	Dec. 31, 2020 Deferred tax assets	Dec. 31, 2020 Deferred tax liabilities	Dec. 31, 2019 (restated) Deferred tax assets	Dec. 31, 2019 (restated) Deferred tax liabilities	Changes recognized in profit or loss 2020	Changes recognized in profit or loss 2019 (restated)
Non-current assets	45,915	126,458	79,446	149,541	1,506	(39,504)
Current assets	197,418	76,287	196,969	294,042	(207,435)	21,886
Non-current liabilities						
Pension provisions	87,372	–	84,012	–	6,011	28,752
Other provisions	39,899	36,950	5,411	33,390	(25,777)	12,602
Sundry non-current liabilities	26,908	3,077	17,344	352	(12,126)	6,479
Current liabilities						
Other provisions	37,955	138	87,298	226	24,832	(14,941)
Sundry current liabilities	163,844	69,068	105,244	113,622	(27,106)	12,919
Tax expense incurred on Thiess disposal gain	–	–	–	–	445,670	–
	599,311	**311,978**	**575,724**	**591,173**	**205,575**	**28,193**
Losses carried forward/tax credits	189,612	–	137,320	–	27,666	(59,763)
Gross amount subtotal (continuing operations)	788,923	311,978	713,044	591,173	233,241	(31,570)
Asset impairment and obligations in relation to the Middle East exit (discontinued operations)	–	–	550,106	–	–	(550,106)
Gross amount	**788,923**	**311,978**	**1,263,150**	**591,173**	**233,241**	**(581,676)**
Offsetting item	268,370	268,370	542,193	542,193		
Reported amount	**520,553**	**43,608**	**720,957**	**48,980**		

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.

Deferred tax liabilities totaling a gross amount of EUR 311,978 thousand (2019: EUR 591,173 thousand) are entirely due to taxable temporary differences, mostly from adjustments to ensure uniform Group-wide compliance with IFRS measurement principles.

Deferred taxes from temporary differences amounting to EUR 550,106 thousand related in the prior year to the exit from the Middle East region and are presented in profit or loss from discontinued operations.

Deferred tax assets and deferred tax liabilities are offset within each company or tax group. The EUR 788,923 thousand (2019: EUR 1,263,150 thousand) gross amount of deferred tax assets includes the following tax refund entitlements arising from the expected future use of tax loss carryforwards and tax credits:

(EUR thousand)	Dec. 31, 2020	Dec. 31, 2019
Corporate income tax (or comparable foreign income tax)	189,612	115,620
German municipal trade tax	–	21,700
	189,612	**137,320**

Deferred tax assets are only recognized for tax loss carryforwards in so far as it is sufficiently certain that the tax loss carryforwards can be utilized. To the extent that no sufficient taxable temporary differences are available, expected taxable income for the purpose of measuring deferred taxes on deductible temporary differences and/or tax loss carryforwards is derived from budget figures, taking account of restrictions due to rules to be observed with regard to minimum taxation.

Tax loss carryforwards for which no deferred tax assets have been recognized amount to EUR 1,737,722 thousand (2019: EUR 1,594,147 thousand) in respect of German and foreign corporate income tax and EUR 1,578,831 thousand (2019: EUR 1,439,610 thousand) in respect of German municipal trade tax.

Deferred tax assets have not been recognized for EUR 152,529 thousand (2019: EUR 88,291 thousand) in tax loss carryforwards that are subject to a time limit. EUR 64,242 thousand (2019: EUR 1,802 thousand) has a time limit of three years. EUR 80,506 thousand (2019: EUR 86,489 thousand) expires within seven years and EUR 7,781 thousand within 17 years.

German and foreign Group companies that generated losses in 2020 or prior years have EUR 153,666 thousand (2019: EUR 650,793 thousand) in unimpaired deferred tax assets relating to temporary differences or tax loss carryforwards.

In the deferred tax asset surplus recognized by HOCHTIEF, EUR 550,106 thousand were derived from the Middle East exit. In recognizing deferred tax assets, the Group considers the expected future performance of the business in line with Group strategy, business plans as well as future capital allocation opportunities. The deferred tax asset surplus will decrease this year with the use of loss carryforwards in connection with the sale of Thiess.

No deferred tax assets have been recognized in relation to interest expense carryforwards in the amount of EUR 440,867 thousand (2019: EUR 420,794 thousand). The change in the interest expense carryforward figures relates to adjustments made on the basis of tax audits and ongoing changes.

No deferred tax liabilities have been recognized on temporary differences in the amount of EUR 17,609 thousand (2019: EUR 13,237 thousand) in connection with investments in subsidiaries because the Group is able to control the timing of the reversal of the temporary differences and it is not probable that they will reverse in the foreseeable future.

Deferred taxes recognized directly in equity were as follows in 2020:

(EUR thousand)	**2020**	2019
Changes in deferred taxes recognized directly in equity	38,209	14,923
Of which: Consolidation changes / other	16,342	9,531
Of which: Currency translation differences	2,255	4,394
Of which: Deferred taxes recognized in other comprehensive income for the measurement of primary and derivative financial instruments not affecting profit and loss	9,834	12
Of which: Deferred taxes recognized in other comprehensive income for remeasurements of defined benefit plans	9,778	986

21. Inventories

(EUR thousand)	**Dec. 31, 2020**	Dec. 31, 2019 (restated)
Raw materials and supplies	123,658	255,758
Work in progress	146,773	153,105
Finished goods	10,407	11,224
Prepayments	3,256	20,239
	284,094	**440,326**

Borrowing costs of EUR 18,793 thousand were capitalized under work in progress in accordance with IAS 23 (2019: EUR 22,310 thousand). The borrowing costs were determined on the basis of interest rates between 1.56% and 6.63% (2019: between 3.06 and 6.63%).

As in the prior year, properties under development included in work in progress are not subject to any restrictions.

22. Marketable securities

Marketable securities totaling EUR 473,537 thousand (2019: EUR 454,111 thousand) mainly consist of fixed-income securities with maturities of more than three months on acquisition where there is no intention to hold the securities to maturity. They also include shares measured at fair value through other comprehensive income as well as securities held in special-purpose and general investment funds. Shares are not acquired for the purpose of selling in the short term.

Most marketable securities classified as at fair value through profit or loss are accounted for on the basis of the rules for use of the overlay approach.

Marketable securities are pledged in the amount of EUR 3,604 thousand (2019: EUR 5,556 thousand), therof EUR 3,604 thousand (2019: EUR 5,556 thousand) as security for employee benefit entitlements under semi-retirement programs.

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.

23. Cash and cash equivalents

Cash and cash equivalents total EUR 4,949,899 thousand (2019 restated: EUR 4,499,585 thousand) and comprise cash in hand, 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 in the amount of EUR 281,526 thousand (December 31, 2019: EUR 292,644 thousand) are subject to certain operational restrictions of EUR 144,376 thousand (December 31, 2019: EUR 200,439 thousand) as well as cash in relation to the sale of receivables of EUR 137,150 thousand (December 31, 2019: EUR 92,205 thousand).

24. Equity

The Consolidated Statement of Changes in Equity is part of the Consolidated Financial Statements.

The Company's capital stock is divided into 70,646,707 no-par-value bearer shares and amounts to EUR 180,855,569.92. Each share accounts for EUR 2.56 of capital stock. As of December 31, 2020, HOCHTIEF Aktiengesellschaft held a total of 2,459,263 (2019: 22,346) shares of treasury stock. These shares were purchased since October 7, 2014 for the purposes provided for in the resolutions of the Annual General Meeting of May 7, 2014, May 6, 2015, and April 28, 2020, and for all other purposes permitted under the German Stock Corporations Act (AktG). The holdings of treasury stock represent EUR 6,295,713.28 (3.48%) of the Company's capital stock, compared with EUR 57,205.76 and 0.03% in the prior year.

As in the prior year, the capital reserve comprises EUR 1,674,269 thousand constituting the premium on shares issued by HOCHTIEF Aktiengesellschaft together with EUR 4,276 thousand for the book gain on the sale of treasury stock, and the capital stock represented by the shares canceled in 2016 (EUR 12,824 thousand) and 2014 (EUR 19,688 thousand).

Distributable profit is identical for HOCHTIEF Aktiengesellschaft and the HOCHTIEF Group. A dividend of EUR 405,684 thousand was paid out in the reporting year (2019: EUR 351,647 thousand).

The Executive Board is unaware of any restrictions on voting rights or on transfers of shares.

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

Statutory rules on the appointment and replacement of Executive Board members are contained in Sections 84 and 85 and statutory rules on the amendment of the Articles of Association in Sections 179 and 133 of the German Stock Corporations Act (AktG). Under Section 7 (1) of the Company's Articles of Association, the Executive Board comprises at least two individuals. Section 23 (1) of the Articles of Association provides that resolutions of the Annual General Meeting require a simple majority of votes cast unless there is a statutory requirement stipulating a different majority. In instances where the Act requires a majority of the capital stock represented at the time of the resolution in addition to a majority of votes cast, Section 23 (3) of the Articles of Association provides that a simple majority will suffice unless there is a mandatory requirement stipulating a different majority.

Pursuant to the resolution of the Annual General Meeting of May 10, 2017 and Section 4 (5) of the Articles of Association as revised on October 24, 2018, 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 65,752 thousand by or before May 9, 2022 (Authorized Capital I). Detailed provisions are contained in the stated section of the Articles.

Pursuant to the resolution of the Annual General Meeting of May 7, 2019 and to Section 4 (6) of the Articles of Association inserted in accordance with that resolution, 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 24,675 thousand by or before May 6, 2024 (Authorized Capital II). Detailed provisions are contained in the stated section of the Articles.

Pursuant to Section 4 (4) of the Articles of Association, the Company's capital stock has been conditionally increased by up to EUR 46,080 thousand divided into up to 18 million no-par-value bearer shares (conditional capital). The detailed stipulations are contained in the aforementioned section of the Articles of Association and the aforementioned resolution of May 10, 2017. Under that resolution, the Executive Board is authorized, subject to the approval of the Supervisory Board, to issue on one or more occasions in the period up to May 9, 2022 registered or bearer warrant-linked and/or convertible bonds, profit participation rights or participating bonds, or any combination of such instruments (collectively "bonds"), in an aggregate principal amount of up to EUR 4,000,000,000.00 with or without maturity restrictions and to grant or issue option rights or obligations to holders or creditors of warrant-linked bonds or of participatory notes with warrants or of warrant-linked participating bonds or to grant or issue conversion rights or obligations to holders or creditors of convertible bonds or convertible participatory notes or convertible participating bonds for up to 18 million no-par-value bearer shares in HOCHTIEF Aktiengesellschaft with an aggregate proportionate interest in the capital stock of up to EUR 46,080,000.00, as stipulated in greater detail in the terms and conditions of the bonds.

Authorization to repurchase shares:

The Company is authorized by resolution of the Annual General Meeting of April 28, 2020 to repurchase its own shares in accordance with Section 71 (1) 8 of the German Stock Corporations Act (AktG). This authorization expires on April 27, 2025. 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. The authorization can be exercised directly by the Company or by a company in its control or majority ownership or by third parties engaged by the Company or engaged by a company in its control or majority ownership and allows the share repurchase to be executed in one or more installments covering the entire amount authorized 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 April 28, 2020, the Executive Board is authorized, subject to Supervisory Board approval, in the event of a sale of shares of treasury stock effected by way of an offer to all shareholders, to issue subscription rights to the shares to holders of warrant-linked and/or convertible bonds issued by the Company or by any subordinate Group company. The Executive Board is also authorized, subject to Supervisory Board approval, to sell shares of treasury stock 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 further authorized, subject to Supervisory Board approval and the conditions set out in the following, to offer and transfer shares of treasury stock 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 or of other assets and in the course of mergers. They are also permitted for the purpose of obtaining a listing for the Company's shares on foreign stock exchanges where it is not yet listed. The shares may furthermore 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 may also be issued with the shares upon exercising the warrant and/or conversion rights and/or obligations attached to the bonds.

The shares may also, on condition that they be held for at least two years after transfer, be transferred to (current or past) members of the Executive Board of the Company and to (current or past) members of the executive boards and general management of companies under its control within the meaning of Section 17 of the German Stock Corporations Act (AktG), and to current or past employees of the Company or of a company under its control within the meaning of Section 17 AktG. Such transfers are only permitted for the purpose of settling the transferees' variable compensation entitlements. 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 exempt pursuant to Sections 71 (1) 8 and 186 (3) and (4) of the German Stock Corporations Act (AktG) to the extent that the shares are used in exercise of the authorizations set out above.

The Executive Board is also authorized, subject to the Supervisory Board approval, to cancel shares of treasury stock without a further resolution of the Annual General Meeting being required for the cancellation itself or its execution.

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

By a further resolution of the Annual General Meeting of April 28, 2020, the Company is authorized to acquire shares of treasury stock 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 shares of treasury stock within and against the upper limit set in the aforementioned authorization. The Executive Board has been authorized to acquire options which, when exercised, entitle the Company to acquire shares of the Company (call options). Furthermore, the Executive Board is authorized to sell options which, when exercised by their holder, require the Company to acquire shares of the Company (put options). Moreover, the shares can be acquired using a combination of call and put options or forward purchase agreements. Additional details of the conditions for the use of equity derivatives in the acquisition of treasury stock and for the exclusion of shareholders' rights to sell and subscription rights are set out in the Annual General Meeting resolution.

On March 9, 2020, a decision was made to launch a stock buyback program. HOCHTIEF Aktiengesellschaft planned to buy back up to 6,908,597 no-par-value shares in HOCHTIEF Aktiengesellschaft, equivalent to approximately 9.8% of the capital stock. The stock was to be acquired exclusively through the Xetra trading system. These repurchases were made between March 10, 2020 and December 31, 2020. The stock buyback program was based on the authorizations granted at the Annual General Meeting of May 11, 2016 and that of April 28, 2020 to repurchase shares in the amount of up to 10% of the Company's capital stock at the time of the Annual General Meeting resolution. A bank mandated by the Company carried out the buyback, which was performed in compliance with Articles 2 to 4 of Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016. As of the December 31, 2020 reporting date, 3.45% of the capital stock had been bought back. This corresponds to 2,436,917 shares.

Non-controlling interests total EUR 293,012 thousand (2019 restated: EUR 309,443 thousand) and represent that portion of the equity of consolidated Group companies which is attributable to third parties; EUR 90,539 thousand (2019 restated: EUR 107,733 thousand) of this relates to the CIMIC Group.

A Group company of HOCHTIEF Aktiengesellschaft, CIMIC Group Limited is based in Sydney, Australia. The Consolidated Financial Statements of HOCHTIEF Aktiengesellschaft include non-controlling interests in CIMIC that are material to HOCHTIEF. HOCHTIEF increased its stake in CIMIC by 2.77% in 2020 by purchasing 8,962,059 shares. The purchase price amounted to EUR 103,828 thousand. CIMIC also launched its pre-announced stock buyback program in the same period, as a result of which HOCHTIEF's stake in CIMIC increased in total to 78.58% as of December 31, 2020 (2019: 72.80%). Summary financial information on the Group company is provided in the table below.

(EUR thousand)	**2020**	2019
Non-current assets	2,575,683	3,136,441
Current assets	3,273,155	3,569,267
Non-current liabilities	1,994,075	1,041,021
Current liabilities	3,293,583	5,212,658
Shareholders' equity	**561,180**	**452,029**
Of which: Non-controlling interest	(46,820)	(21,275)
Total non-controlling interest in equity	**83,414**	**107,464**
Sales	6,886,332	9,143,222
Profit before tax	**598,654**	**(1,010,480)**
Income tax	(226,419)	365,382
Profit after tax	**372,235**	**(645,098)**
Of which: Non-controlling interest	(2,039)	1,616
Total non-controlling interest in profit after tax	**78,131**	**(174,290)**
Net cash from operating activities	(160,054)	777,114
Cash flow from investing activities	925,595	(740,731)
Cash flow from financing activities	89,449	(286,092)

Accumulated other comprehensive income is part of retained earnings. It includes amounts recognized in equity for changes in the fair value of derivative and non-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:

(EUR thousand)	2020	2019 (restated)
Currency translation differences		
Changes in other comprehensive income for the period	(254,261)	92,223
Amounts reclassified to profit or loss	32,163	–
	(222,098)	**92,223**
Changes in fair value of financial instruments – primary		
Changes in other comprehensive income for the period	(350)	31,337
Amounts reclassified to profit or loss	(3,414)	(4,036)
	(3,764)	**27,301**
Changes in fair value of financial instruments – derivative		
Changes in other comprehensive income for the period	(3,956)	(9,879)
Amounts reclassified to profit or loss	2,035	–
	(1,921)	**(9,879)**
Share of other comprehensive income of equity-method associates and joint ventures		
Changes in other comprehensive income for the period	(72,246)	(35,215)
Amounts reclassified to profit or loss	6,140	–
	(66,106)	**(35,215)**
Remeasurement of defined benefit plans	**(28,969)**	**(35,938)**
Other comprehensive income after tax	**(322,858)**	**38,492**

The income tax effects relating to changes in other comprehensive income are distributed as follows:

	2020			2019 (restated)		
(EUR thousand)	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Currency translation differences	(222,098)	–	(222,098)	92,223	–	92,223
Changes in fair value of financial instruments – primary	(13,006)	9,242	(3,764)	29,325	(2,024)	27,301
Changes in fair value of financial instruments – derivative	(2,513)	592	(1,921)	(11,914)	2,035	(9,879)
Share of other comprehensive income of equity-method associates and joint ventures	(66,106)	–	(66,106)	(35,215)	–	(35,215)
Remeasurement of defined benefit plans	(38,747)	9,778	(28,969)	(36,924)	986	(35,938)
Other comprehensive income	**(342,470)**	**19,612**	**(322,858)**	**37,495**	**997**	**38,492**

25. Share-based payment

The following share-based payment plans were in force for managerial staff of HOCHTIEF Aktiengesellschaft and its affiliates in 2020:

Long-term Incentive Plan 2017

The Long-term Incentive Plan 2017 (LTIP 2017) was launched by resolution of the Supervisory Board in 2017 and is open to Executive Board members and selected managerial employees. The plan is based on performance stock awards.

The conditions stipulate that for each performance stock award (PSA) exercised within a two-year exercise period following a three-year waiting period, entitled individuals receive from the issuing entity a payment entitlement equal to the closing price of HOCHTIEF stock on the last stock market trading day before the exercise date, plus a performance bonus. The size of the performance bonus depends on the adjusted free cash flow of the last complete year before the exercise date.

The gain is limited to EUR 514.62 per PSA.

Long-term Incentive Plan 2018

The Long-term Incentive Plan 2018 (LTIP 2018) was launched by resolution of the Supervisory Board in 2018 and is open to Executive Board members and selected managerial employees. The plan is based on performance stock awards.

The conditions stipulate that for each performance stock award (PSA) exercised within a two-year exercise period following a three-year waiting period, entitled individuals receive from the issuing entity a payment entitlement equal to the closing price of HOCHTIEF stock on the last stock market trading day before the exercise date, plus a performance bonus. The size of the performance bonus depends for each company on the relevant cash performance indicator in the last complete year before the exercise date. For the members of the Executive Board and managerial employees of HOCHTIEF Aktiengesellschaft, the performance bonus depends on adjusted free cash flow.

The gain is limited to EUR 533.70 per PSA.

Long-term Incentive Plan 2019

The Long-term Incentive Plan 2019 (LTIP 2019) was launched by resolution of the Supervisory Board in 2019 and is open to Executive Board members and selected managerial employees. The plan is based on performance stock awards.

The conditions stipulate that for each performance stock award (PSA) exercised within a two-year exercise period following a three-year waiting period, entitled individuals receive from the issuing entity a payment entitlement equal to the closing price of HOCHTIEF stock on the last stock market trading day before the exercise date, plus a performance bonus. The size of the performance bonus depends for each company on the relevant cash performance indicator in the last complete year before the exercise date. For the members of the Executive Board and managerial employees of HOCHTIEF Aktiengesellschaft, the performance bonus depends on adjusted free cash flow.

The gain is limited to EUR 477.12 per PSA.

The conditions of all plans stipulate that on exercise—and on 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 is borne by the affiliated company concerned.

The quantities granted, expired, and exercised under the plans so far are as follows:

	Originally granted	Outstanding at Dec. 31, 2019	Granted in 2020	Expired in 2020	Exercised/ settled in 2020	**Outstanding at Dec. 31, 2020**
LTIP 2017 – performance stock awards	20,081	20,081	–	–	3,900	16,181
LTIP 2018 – performance stock awards	20,069	20,069	–	–	–	20,069
LTIP 2019 – performance stock awards	21,485	21,485	–	–	–	21,485

Provisions recognized for the stated share-based payment arrangements totaled EUR 8,356 thousand as of the balance sheet date (2019: EUR 7,968 thousand). The total expense recognized for the stated arrangements in 2020 was EUR 985 thousand (2019: EUR 5,794 thousand). The intrinsic value of plans exercisable at the end of the reporting period was EUR 1,309 thousand (2019: EUR 0 thousand).

26. 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 life-long 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 life-long annuity and a lump-sum payment. Commitments at Turner also include post-employment benefits in the form of medical care for retirees. 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, 2020	
(EUR thousand)	Germany	USA	UK
Active members	145,340	78,340	9,980
Final salary	(29,113)	–	(9,980)
Not final salary	(116,227)	(78,340)	–
Vested benefits	163,479	42,675	19,846
Retirees	509,540	90,078	26,225
Similar obligations	90	65,813	–
Total	**818,449**	**276,906**	**56,051**
Duration in years (weighted)	**15.0**	**10.1**	**19.3**

		Dec. 31, 2019	
(EUR thousand)	Germany	USA	UK
Active members	139,931	84,853	12,878
Final salary	(25,631)	–	(12,878)
Not final salary	(114,300)	(84,853)	–
Vested benefits	161,985	42,865	20,470
Retirees	498,022	94,592	16,816
Similar obligations	86	65,508	–
Total	**800,024**	**287,818**	**50,164**
Duration in years (weighted)	**15.0**	**9.7**	**18.8**

Plan assets

Germany

There are no statutory or regulatory minimum funding requirements for pension plans in Germany. Domestic pension obligations are fully funded. The funded plans take the form of a contractual trust arrangement (CTA). The transferred assets are administered by an external trustee and serve exclusively to fund domestic pension obligations. The transferred cash is invested in the capital market in accordance with investment principles set out in the trust agreement and the investment guidelines. Investment decisions are not made by the trustee but by an investment committee.

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 offered up to December 31, 2013 were funded by the purchase of retail fund units. Funding of the obligations served by HOCHTIEF Pension Trust e. V. as of December 31, 2020 is about 45% (2019: 51%); the figure for Germany as a whole is about 51% (2019: 57%). It should be noted in this connection that pension obligations have increased significantly in recent years due to the low level of market interest rates and that the funding ratio is expected to significantly increase again when interest rates recover.

USA

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. 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. The pension obligations being fully funded at Turner, high-risk investments in equities have been gradually replaced by investments in bonds that are more stable in value. 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 Turner's pension fund as of December 31, 2020 is about 108% (2019: 106%); funding at Turner overall is about 82%, as in the prior year.

UK

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 74% (2019: 75%).

Defined benefit obligations are covered by plan assets as follows:

Coverage of defined benefit obligations by plan assets

	Dec. 31, 2020		Dec. 31, 2019	
(EUR thousand)	Defined benefit obligations	Plan assets	Defined benefit obligations	Plan assets
Uncovered by plan assets	67,008	–	66,750	–
Partially covered by plan assets	872,232	457,633	776,905	415,462
Not fully covered by plan assets	**939,240**	**457,633**	**843,655**	**415,462**
Fully covered by plan assets	212,166	228,342	294,351	309,864
Total	**1,151,406**	**685,975**	**1,138,006**	**725,326**

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:

	2020			2019		
(Percent)	Germany	USA	UK	Germany	USA	UK
Discount factor*	1.00	2.17	1.45	1.30	2.98	2.05
Salary increases	2.75	–	2.00	2.75	–	1.90
Pension increases*	1.50	–	3.30	1.50	–	3.15
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. The following mortality tables were used in the actuarial calculation of pension obligations:

Germany	Heubeck Richttafeln 2018 G
USA	PRI2012 table projected generationally with MP2020
UK	S2PxA CMI_2019 [1,25%] year of birth

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

	2020			2019		
(EUR thousand)	Domestic	International	Total	Domestic	International	Total
Defined benefit obligations at start of year	**800,024**	**337,982**	**1,138,006**	**763,286**	**294,637**	**1,057,923**
Current service cost	6,992	2,454	9,446	6,235	1,807	8,042
Past service cost	–	–	–	–	–	–
Interest expense	10,159	9,168	19,327	14,880	12,335	27,215
Remeasurements						
Actuarial (gains)/losses arising from changes in demographic assumptions	–	(1,422)	(1,422)	1,556	(2,666)	(1,110)
Actuarial (gains)/losses arising from changes in financial assumptions	35,897	27,937	63,834	60,315	40,066	100,381
Actuarial (gains)/losses arising from experience adjustments	2,222	2,058	4,280	(8,933)	3,841	(5,092)
Benefits paid from Company assets	(425)	(2,814)	(3,239)	(499)	(3,646)	(4,145)
Benefits paid from funds assets	(36,383)	(14,462)	(50,845)	(36,684)	(15,576)	(52,260)
Employee contributions	–	98	98	–	105	105
Effect of transfers	(37)	–	(37)	(34)	–	(34)
Changes in the scope of consolidation	–	–	–	(98)	–	(98)
Currency adjustments	–	(28,042)	(28,042)	–	7,079	7,079
Defined benefit obligations at end of year	**818,449**	**332,957**	**1,151,406**	**800,024**	**337,982**	**1,138,006**

Changes in the market value of plan assets

(EUR thousand)	2020 Domestic	2020 International	2020 Total	2019 Domestic	2019 International	2019 Total
Plan assets at start of year	**452,797**	**272,529**	**725,326**	**442,187**	**240,051**	**682,238**
Interest on plan assets	5,858	7,284	13,142	8,795	10,032	18,827
Plan expenses paid from plan assets recognized in profit or loss	–	(1,404)	(1,404)	–	(1,081)	(1,081)
Remeasurements						
Return on plan assets not included in net interest expense/income	(9,853)	23,902	14,049	29,496	31,556	61,052
Difference between plan expenses expected and recognized in profit or loss	–	88	88	–	(358)	(358)
Employer contributions	6,147	2,064	8,211	9,003	2,118	11,121
Employee contributions	–	98	98	–	105	105
Benefits paid	(36,383)	(14,462)	(50,845)	(36,684)	(15,576)	(52,260)
Currency adjustments	–	(22,690)	(22,690)	–	5,682	5,682
Plan assets at end of year	**418,566**	**267,409**	**685,975**	**452,797**	**272,529**	**725,326**

Investing plan assets to cover future pension obligations generated actual returns of EUR 27,191 thousand (2019: EUR 79,879 thousand).

The pension provisions are determined as follows:

Reconciliation of pension obligations to provisions for pensions and similar obligations

(EUR thousand)	Dec. 31, 2020	Dec. 31, 2019
Defined benefit obligations	1,151,406	1,138,006
Less plan assets	685,975	725,326
Funding status	**465,431**	**412,680**
Assets from overfunded pension plans	16,176	15,513
Provision for pensions and similar obligations	**481,607**	**428,193**

The fair value of plan assets is divided among asset classes as follows:

Composition of plan assets

Dec. 31, 2020

(EUR thousand)	Fair value Quoted in an active market	Not quoted in an active market	Total	%
Stock				
U.S. equities	23,085	–	23,085	3.37
European equities	24,858	–	24,858	3.62
Emerging market equities	10,423	–	10,423	1.52
Other equities	14,867	–	14,867	2.17
Bonds				
U.S. government bonds	48,102	1,111	49,213	7.17
European government bonds	22,095	–	22,095	3.22
Emerging market government bonds	25,108	–	25,108	3.66
Corporate bonds*	242,892	–	242,892	35.41
Other bonds	17,127	1,709	18,836	2.75
Secured loans				
USA	8,476	–	8,476	1.24
Europe	8,744	–	8,744	1.27
Investment funds	51,591	–	51,591	7.52
Real estate	–	55,866	55,866	8.14
Infrastructure	–	33,909	33,909	4.94
Insurance policies	–	81,085	81,085	11.82
Cash	13,412	–	13,412	1.96
Other	697	818	1,515	0.22
Total	**511,477**	**174,498**	**685,975**	**100.00**

Dec. 31, 2019

(EUR thousand)	Fair value Quoted in an active market	Not quoted in an active market	Total	%
Stock				
U.S. equities	34,430	–	34,430	4.75
European equities	31,248	15,700	46,948	6.48
Emerging market equities	13,815	–	13,815	1.90
Other equities	16,448	–	16,448	2.27
Bonds				
U.S. government bonds	3,275	–	3,275	0.45
European government bonds	25,904	–	25,904	3.57
Emerging market government bonds	22,836	–	22,836	3.15
Corporate bonds*	280,516	1,539	282,055	38.89
Other bonds	14,946	2,102	17,048	2.35
Secured loans				
USA	9,261	–	9,261	1.28
Europe	9,229	–	9,229	1.27
Investment funds	51,804	–	51,804	7.14
Real estate	–	57,601	57,601	7.94
Infrastructure	–	31,559	31,559	4.35
Insurance policies	–	81,262	81,262	11.20
Cash	22,592	–	22,592	3.11
Other	(1,643)	902	(741)	-0.10
Total	**534,661**	**190,665**	**725,326**	**100.00**

Pension expense under defined benefit plans is made up as follows:

(EUR thousand)	2020 Domestic	2020 International	2020 Total	2019 Domestic	2019 International	2019 Total
Current service cost	6,992	2,454	9,446	6,235	1,807	8,042
Past service cost	–	–	–	–	–	–
Total personnel expense	**6,992**	**2,454**	**9,446**	**6,235**	**1,807**	**8,042**
Interest expense for accrued benefit obligations	10,159	9,168	19,327	14,880	12,335	27,215
Interest on plan assets	(5,858)	(7,284)	(13,142)	(8,795)	(10,032)	(18,827)
Net interest expense (net investment and interest income)	**4,301**	**1,884**	**6,185**	**6,085**	**2,303**	**8,388**
Plan expenses paid from plan assets recognized in profit or loss	**–**	**1,404**	**1,404**	**–**	**1,081**	**1,081**
Total amount recognized in profit or loss	**11,293**	**5,742**	**17,035**	**12,320**	**5,191**	**17,511**

In addition to the expenses recognized in profit or loss, the Consolidated Statement of Comprehensive Income includes EUR 38,747 thousand in actuarial losses in 2020 before deferred taxes and after changes in the scope of consolidation and exchange rate adjustments (2019: EUR 36,925 thousand). Before deferred taxes, the cumulative amount is actuarial losses of EUR 537,777 thousand (2019: EUR 499,030 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, 2020 came to EUR 65,813 thousand (2019: EUR 65,508 thousand). Healthcare costs accounted for EUR 2,194 thousand (2019: EUR 1,595 thousand) of the current service cost and EUR 2,016 thousand (2019: EUR 2,398 thousand) of the interest expense.

Sensitivity analysis

Pension obligations in the HOCHTIEF Group are subject to the following material risks:

Interest rate risk

For defined contribution 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 strong impact is due to the relatively long term of the obligations.

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 is frozen and no more adjustments to the company pension are made.

Longevity risk

The granting of life-long pensions means that HOCHTIEF bears the risk of pensioners living longer than actuarial calculations predict. This risk normally averages out across all pension plan members and only comes into play if life expectancy is greater 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, 2020					
	Domestic		International		Total	
(EUR thousand)	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0.50% / -0.50%	(57,951)	64,904	(18,327)	20,409	(76,278)	85,313
Discount rate +1.00% / -1.00%	(107,900)	138,887	(34,851)	43,221	(142,751)	182,108
Salary increases +0.50% / -0.50%	619	(602)	591	(558)	1,210	(1,160)
Pension increases +0.25% / -0.25%	19,947	(19,191)	1,442	(1,376)	21,389	(20,567)
Medical costs +1.00% / -1.00%	–	–	–	–	–	–
Life expectancy +1 year	41,615	n/a	9,678	n/a	51,293	n/a

	Dec. 31, 2019					
	Domestic		International		Total	
(EUR thousand)	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate +0.50% / -0.50%	(57,156)	63,241	(17,771)	19,692	(74,927)	82,933
Discount rate +1.00% / -1.00%	(107,677)	139,234	(33,860)	41,599	(141,537)	180,833
Salary increases +0.50% / -0.50%	687	(667)	498	(481)	1,185	(1,148)
Pension increases +0.25% / -0.25%	19,071	(18,336)	1,162	(1,118)	20,233	(19,454)
Medical costs +1.00% / -1.00%	–	–	–	–	–	–
Life expectancy +1 year	40,890	n/a	9,066	n/a	49,956	n/a

Future cash flows

Benefit payments

As of December 31, 2020, anticipated pension payments for future years are as follows:

(EUR thousand)	
Due in 2021	57,106
Due in 2022	55,985
Due in 2023	57,190
Due in 2024	56,097
Due in 2025 to 2029	56,235
Due in 2026 to 2030	262,924

Contributions to defined benefit plans

Contributions to defined benefit plans in 2021 are expected to be EUR 9,300 thousand.

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 most payments into the fund, although it is also possible to pay contributions from taxed income and receive the investment earnings free of tax; the investment risk is borne by employees. The defined contribution plans at Flatiron and E.E. Cruz are similar to 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. Since July 1, 2014, CIMIC in Australia 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.

The following amounts were paid into defined contribution plans and state pension schemes:

(EUR thousand)	2020	2019
Amounts paid into defined contribution plans		
CIMIC	129,443	131,324
Turner	53,578	55,373
Other	10,899	6,654
Total	**193,920**	**193,351**
Amounts paid into state pension schemes (employer share)	**26,561**	**26,438**

The costs are reported as part of personnel costs.

27. Other provisions

	Dec. 31, 2020			Dec. 31, 2019 (restated)		
(EUR thousand)	Non-current	Current	Total	Non-current	Current	Total
Provisions for taxes	**–**	**–**	**–**	**–**	**74,139**	**74,139**
Personnel-related provisions	134,221	264,794	399,015	167,322	349,244	516,566
Provisions for insurance claims	180,516	57,608	238,124	193,792	67,652	261,444
Provisions for project losses	–	149,648	149,648	–	208,267	208,267
Warranty obligations	–	27,065	27,065	–	24,705	24,705
Litigation risks	–	12,531	12,531	–	11,812	11,812
Sundry other provisions	43,860	263,831	307,691	7,860	402,099	409,959
Other provisions	**358,597**	**775,477**	**1,134,074**	**368,974**	**1,063,779**	**1,432,753**
	358,597	**775,477**	**1,134,074**	**368,974**	**1,137,918**	**1,506,892**

Personnel-related provisions primarily comprise provisions for stock option schemes, employment anniversary bonuses, holiday accrual, termination benefits, and early retirement arrangements.

The size of provisions for insurance claims is computed annually by an external actuary.

Provisions for project losses comprise EUR 149,648 thousand (2019: EUR 208,267 thousand) in current provisions for liabilities to customers of the Turner Group that are fully covered by insurance claims. The insurance claims are included in other receivables and other assets.

Items covered by sundry other provisions include contract administration, contract costs incurred subsequent to invoicing, payments for damages, and other uncertain liabilities.

Statement of provisions

(EUR thousand)	Balance at Jan. 1, 2020 (restated)	Additions	Reversal of provisions	Changes in the scope of consolidation, currency adjustments, reclassifications, and transfer*	Use of provisions	**Balance at Dec. 31, 2020**
Provisions for taxes	**74,139**	**62**	**(2)**	**(74,180)**	**(19)**	**–**
Personnel-related provisions	516,566	232,402	(5,613)	(127,822)	(216,518)	399,015
Provisions for insurance claims	261,444	12,480	–	(21,229)	(14,571)	238,124
Provisions for project losses	208,267	–	–	(14,735)	(43,884)	149,648
Warranty obligations	24,705	10,355	(2,209)	(27)	(5,759)	27,065
Litigation risks	11,812	2,342	(536)	11	(1,098)	12,531
Sundry other provisions	409,959	111,103	(24,849)	(125,612)	(62,910)	307,691
Other provisions	**1,432,753**	**368,682**	**(33,207)**	**(289,414)**	**(344,740)**	**1,134,074**
	1,506,892	**368,744**	**(33,209)**	**(363,594)**	**(344,759)**	**1,134,074**

* Includes reclassifications for BICC to the liabilities associated with assets held for sale item

28. Financial liabilities

(EUR thousand)	**Dec. 31, 2020** Non-current	Current	Dec. 31, 2019 (restated) Non-current	Current
Bonds or notes issued	1,597,020	284,005	1,617,231	883,330
(of which Commercial Paper Program)	–	276,000	–	–
Amounts due to banks	1,539,872	736,416	1,488,282	649,059
Promissory note loans	768,703	6,129	–	–
Financial liabilities to non-consolidated subsidiaries	–	1,062	–	651
Financial liabilities to participating interests	14,000	1,353	11,950	875
Sundry other financial liabilities	12,502	22,403	14,104	12,150
	3,932,097	**1,051,368**	**3,131,567**	**1,546,065**

Bonds

	Carrying amount Dec. 31, 2020 (EUR thousand)	Carrying amount Dec. 31, 2019 (EUR thousand)	Principal amount Dec. 31, 2020 (EUR thousand)	Coupon (%)	Initial item (in years)	Matures
HOCHTIEF AG bond (2019)	50,622	50,610	50,000 EUR	2.30	15	April 2034
HOCHTIEF AG bond (2019)	496,278	495,597	500,000 EUR	0.50	8	September 2027
HOCHTIEF AG bond (2019)	249,246	249,079	250,000 EUR	1.25	12	September 2031
HOCHTIEF AG bond (2019)	96,083	104,140	1,000,000 NOK	1.67	10	July 2029
HOCHTIEF AG bond (2019)	46,389	44,662	50,000 CHF	0.77	6	June 2025
HOCHTIEF AG bond (2018)	501,949	501,413	500,000 EUR	1.75	7	July 2025
HOCHTIEF AG bond (2013)	–	772,565	–	3.88	7	March 2020
CIMIC US$ Senior Notes (2012)	164,458	179,784	201,300 USD	5.95	10	November 2022
CIMIC US$ Senior Notes (2010)	–	102,711	115,000 USD			
Of which: Series C-Notes	–	102,711	115,000 USD	5.78	10	July 2020
	1,605,025	**2,500,561**				

In March 2020, a maturing HOCHTIEF corporate bond with a principal amount of EUR 750 million was repaid in full. This was already refinanced in August 2019 by the issue of an eight-year and a twelve-year corporate bond on improved terms with a total principal amount of EUR 750 million.

In order to optimize and further diversify Group financing, HOCHTIEF Aktiengesellschaft launched a commercial paper program with a ceiling of EUR 750 million in May 2020. Under this program, bonds with a maturity of up to one year may be issued on a continuous basis. This enables HOCHTIEF Aktiengesellschaft to participate in the current negative interest rates on short-term corporate bonds. As of the December 31, 2020 balance sheet date, utilization of the commercial paper program amounted to EUR 276 million, with an average maturity of approximately three months and an average interest rate of approximately -0.36%.

Financing measures in connection with the corona pandemic

In order to temporarily increase liquidity reserves during the corona pandemic, HOCHTIEF Aktiengesellschaft drew the EUR 500 million cash tranche of the existing syndicated credit facility in full in March 2020. HOCHTIEF secured a one-year syndicated cash credit facility for EUR 400 million in May 2020. Of that syndicated cash credit facility, EUR 400 million continued to be fully drawn and invested in liquid assets as of the reporting date.

In the reporting period, credit lines were also agreed or drawn down at HOCHTIEF´s operational units in the USA and Australia to expand liquidity reserves.

Financing measures in the HOCHTIEF Asia Pacific division

In January 2020, CIMIC Finance (USA) Pty Limited entered into a syndicated credit facility totaling USD 1,060 million, maturing in August 2021. The facility was drawn between February and December of the reporting year and canceled in December 2020.

In June 2020, CIMIC Finance Limited entered into a syndicated credit facility across two tranches of USD 105 million and AUD 150 million. The credit facility has a term to maturity of one year. As of the reporting date, the credit facility was undrawn.

On July 21, 2020, CIMIC Finance (USA) Pty Limited repaid the last tranche of a U.S. private placement originally issued across three tranches in 2010. The nominal value of the 10-year tranche with an interest rate of 5.78% was USD 115 million.

Amounts due to banks

	Carrying amount Dec. 31, 2020 (EUR thousand)	**Average interest rate (%)**	Carrying amount Dec. 31, 2019 (EUR thousand)	Average interest rate (%)
Variable-rate loans	1,695,618	1.37	329,308	2.30
Fixed-rate loans	580,670	1.95	26,261	1.26
	2,276,288		**355,569**	

In addition, amounts due to banks as of December 31, 2019 have been restated for financial liabilities from the initial consolidation of BICC in the amount of EUR 1,781,772 thousand.

Financial liabilities to equity-accounted companies total EUR 15,352 thousand (2019: EUR 12,824 thousand).

29. Lease liabilities

Lease liabilities total EUR 402,435 thousand (2019: EUR 784,855 thousand), divided into non-current liabilities of EUR 279,367 thousand (2019: EUR 528,976 thousand) and current liabilities of EUR 123,068 thousand (2019: EUR 255,879 thousand).

The following amounts are recognized in connection with leases:

(EUR thousand)	**2020**	2019
Interest expense on the lease liability	27,285	32,069
Short-term lease expense	63,555	78,162
Low-value lease expense	15,872	9,511
Variable lease expense not included in lease liability	17,853	5,683
Lease remeasurement expense	44	–
Other lease expense	25,371	32,131
Sublease income	–	–
Sale-and-leaseback income	–	–
Lease remeasurement income	–	3
Other lease income	215	878

Total cash outflows from leases amount to EUR 419,850 thousand (2019: EUR 424,768 thousand).

Certain leases contain extension options by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options, and where it is reasonably certain, the extension period has been included in the lease liability. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Certain lease contracts may include an option to buy out the asset at the end of the lease term or include contingent rental guarantees where the Group could be exposed to the variability of returns in relation to return conditions at lease expiry. The Group will include the payments for the contingent rental guarantee or the buy-out option only if it is reasonably certain that the payment will occur at the end of the lease term. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The maturity analysis of lease liabilities is shown in Note 33.

30. Trade payables and other liabilities

(EUR thousand)	**Dec. 31, 2020**	Dec. 31, 2019 (restated)
Trade payables	5,568,759	7,539,433
Contract liabilities	1,893,381	1,928,083
Other liabilities	604,880	440,065
	8,067,020	**9,907,581**

Trade payables consist of non-current liabilities in the amount of EUR 114,684 thousand (2019: EUR 125,566 thousand) and current liabilities in the amount of EUR 5,454,075 thousand (2019 restated: EUR 7,413,867 thousand).

Trade payables include payables to equity-accounted companies in the amount of EUR 4,045 thousand (2019: EUR 4,809 thousand).

The EUR 1,893,381 thousand (2019 restated: EUR 1,928,083 thousand) contract liabilities represent construction contracts with a net negative balance in favor of customers where progress payments received exceed incurred contract costs including a pro rata allocation of contract net profit.

Other liabilities are made up as follows:

(EUR thousand)	Dec. 31, 2020 Non-current	Dec. 31, 2020 Current	Dec. 31, 2019 (restated) Non-current	Dec. 31, 2019 (restated) Current
Liabilities to employees	–	61,875	–	78,345
Deferred income	78,199	27,534	48,796	50,403
Tax liabilities (excluding income taxes)	–	71,073	–	42,535
Liabilities under derivative financial instruments	16,946	22,204	10,814	7,896
Social insurance liabilities	–	34,063	–	2,155
Sundry other liabilities	85	292,901	138	198,983
	95,230	**509,650**	**59,748**	**380,317**

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.

31. Current income tax liabilities

The EUR 69,602 thousand (2019 restated: EUR 55,963 thousand) in current income tax liabilities comprises amounts payable to domestic and foreign tax authorities. EUR 22,648 thousand of this amount relates to prior periods (2019 restated: EUR 49,763 thousand).

Other disclosures

32. Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the Group share of profit after tax attributable to the shares 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 any dilutive effect. Diluted and basic earnings per share are consequently identical.

	2020	2019 (restated)
Profit after tax—continuing operations attributable to HOCHTIEF shareholders (EUR thousand)	427,241	614,213
Profit after tax—discontinued operations attributable to HOCHTIEF shareholders (EUR thousand)	–	(820,460)
Profit after tax—total attributable to HOCHTIEF shareholders (EUR thousand)	427,241	(206,247)
Number of shares in circulation in thousands (weighted average)	69,394	70,620
Earnings per share—continuing operations attributable to HOCHTIEF shareholders (EUR)	**6.16**	**8.70**
Earnings per share—discontinued operations attributable to HOCHTIEF shareholders (EUR)	–	(11.62)
Total earnings per share (EUR)	6.16	(2.92)
Dividend per share (EUR)	–	5.80
Proposed dividend per share (EUR)	3.93	–

33. 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 financial assets classified in the at fair value through profit or loss (FVPL) category and in the at fair value through other comprehensive income (FVOCI) category are determined with reference to market prices or, in the absence of such prices, 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 the hedging of 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 impairment losses or expected credit losses.

Financial Risk management strategy
All finance activities in the HOCHTIEF Group are conducted on the basis of a Group-wide financial directive. This is fleshed out by function-specific operating work instructions on issues such as currency and collateral management. These lay down the risk management strategy and the principles for dealing with the various classes of financial risk.

The primary objective of financial risk management is to safeguard Group liquidity at all times. For the HOCHTIEF Group, liquidity not only means solvency in the strict sense, but also the long-term availability of the financial headroom needed for the basic operating business (such as collateral management/bank guarantees). Safeguarding liquidity at all times therefore requires integrated management of all Group financial resources, including its credit standing and hence borrowing capacity.

A further objective is to minimize financial risks affecting the value and profitability of the HOCHTIEF Group (currency, interest rate, exchange rate, and commodity price risks of all kinds, as well as counterparty risks).

The HOCHTIEF Group's operating business gives rise to new or changing financial risk exposures all the time. Risk minimization therefore does not mean excluding all financial risk, but substantially reducing, within specified bounds, financial risk exposures quantifiable at any time. This serves to ensure rapid response and adaptation capability in the event of unforeseen situations.

Management of liquidity risk
HOCHTIEF Aktiengesellschaft uses largely centralized liquidity structures—notably cash pooling—to pool liquidity at Group level. 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 marketable securities and loans portfolios.

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 derivative and non-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 issued 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).

Maximum payments as of December 31, 2020

(EUR thousand)	2021	2022	2023–2024	after 2024	**Total**
Non-derivative financial liabilities	6,552,083	839,045	1,707,262	1,652,231	10,750,621
Lease liabilities	123,068	248,932	22,342	8,092	402,434
Derivative financial instruments	22,204	13	–	16,933	39,150
Loan commitments and financial guarantees	2,111	–	5,575	7,091	14,777
	6,699,466	**1,087,990**	**1,735,179**	**1,684,347**	**11,206,982**

Maximum payments as of December 31, 2019 (restated)

(EUR thousand)	2020	2021	2022–2023	after 2023	**Total**
Non-derivative financial liabilities	9,424,964	690,152	624,846	2,130,254	12,870,216
Lease liabilities	255,879	488,766	30,238	9,972	784,855
Derivative financial instruments	7,896	33	–	10,780	18,709
Loan commitments and financial guarantees	30,074	511	5,881	4,609	41,075
	9,718,813	**1,179,462**	**660,965**	**2,155,615**	**13,714,855**

In addition, Group liquidity is adequately secured for the long term with cash in hand and on deposit, marketable securities holdings, undrawn revolving credit facilities, and the possibility of issuing notes under the Commercial Paper Program. The following table shows the main liquidity instruments:

(EUR thousand)	**Dec. 31, 2020**	Dec. 31, 2019 (restated)
Cash in hand and on deposit	3,933,010	3,223,423
Marketable securities	1,204,009	1,432,074
Undrawn revolving credit facilities (nominal)	1,849,232	2,986,464
	6,986,251	**7,641,961**
Undrawn guarantee facilities	2,376,272	1,777,635

No refinancing risk is currently seen with regard to the long-term guarantee and credit facilities in light of the broad international syndication of existing borrowing in each instance, the long-term maturity profile, and the diverse alternatives for refinancing. The authorized capital in the amount of up to EUR 65,752 thousand, the authorized capital II in the amount of up to EUR 24,675 thousand, and the conditional capital in the amount of up to EUR 46,080 thousand provide appropriate scope for raising additional capital as needed.

Financial assets and financial liabilities are presented net in the balance sheet when there is a legally enforceable right to set off the recognized amounts. There must also be an intention either to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. In the prior year in the HOCHTIEF Asia Pacific division, under a legally binding arrangement with banks, financial assets in the amount of EUR 116,724 thousand and financial liabilities in the amount of EUR 8,565 thousand were offset and presented in the balance sheet with their net amount of EUR 108,159 thousand. There was not such offsetting in the HOCHTIEF Asia Pacific division as of December 31, 2020.

The Group enters into factoring agreements with banks and financial institutions. These agreements only relate to certified receivables, on a non-recourse basis, acknowledged by the client with payment only being subject to the passage of time. Under the factoring agreements:

- The certified receivables are derecognized where the risks and rewards of the receivables have been transferred as the cash flow is only derived when there are goods or services provided or work performed by the Group for which it is entitled to be paid;

- The cash flow to the Group only arises when there is an amount certified by the client and contractually due to be paid to the Group; there are no disputes on the amounts due and the customer has acknowledged this by way of certification; and

- The receipt by the Group irrevocably removes the Group's right to the certified receivable due from the customers.

The factoring of these receivables is therefore done on a non-recourse basis. The level of non-recourse factoring across the Group was EUR 1.1 billion as of December 31, 2020 (2019: EUR 1.7 billion).

The Group enters into supply chain finance arrangements with financial institutions for suppliers which may elect to receive early payment for goods and services to improve their liquidity. The supply chain finance program is offered on a voluntary basis and suppliers can opt in and opt out at their discretion at any point in time. The terms of the arrangements are:

- The creditor arises from operational expenses relating to the supply of goods and services;

- They mirror normal credit terms;

- There are no additional credit enhancements; and:

- They are subject to the same obligations that are customary within the industry, such as warranty for defective work.

Accordingly, the terms of the arrangement do not modify the original liability, and therefore the amounts continue to be classified within trade and other payables. The level of supply chain finance across the Group was EUR 145.6 million as of December 31, 2020 (2019: EUR 656.3 million).

Management of currency risk

HOCHTIEF is exposed to currency risk (transaction risk) arising from receivables, liabilities, cash and cash equivalents, marketable securities, and pending transactions in currencies other than the functional currency of the Group company concerned in each instance. Currency derivatives, mainly forward exchange contracts, are used to hedge against fluctuations in these payments or items caused by exchange rates. The prospective effectiveness between the hedged item and the hedging instrument has been confirmed for all hedging relationships using the critical terms match method. HOCHTIEF normally hedges all currency risk from foreign currency transactions.

Hedges for Group companies—with the exception of hedges in the CIMIC Group—are mainly administered via HOCHTIEF Aktiengesellschaft. A binding guideline clarifies 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 financial directive. As a matter of policy, the counterparties for derivatives entered into externally are banks with a top credit rating.

The following table shows the fair values and nominal values of currency derivatives, changes in their fair values, and their maximum remaining maturities:

(EUR thousand)	**Dec. 31, 2020**	Dec. 31, 2019
Assets		
Forward exchange contracts/cross-currency swaps		
for hedging purposes (cash flow hedge accounting)	2,644	7,518
for hedging purposes (no cash flow hedge accounting)	1,380	3,928
	4,024	**11,446**
Liabilities and shareholders' equity		
Forward exchange contracts/cross-currency swaps		
for hedging purposes (cash flow hedge accounting)	30,581	18,672
for hedging purposes (no cash flow hedge accounting)	335	6
	30,916	**18,678**
Changes in fair value		
of derivatives held for hedging purposes (cash flow hedge accounting) – recognized in other comprehensive income	(5,139)	(11,742)
of derivatives held for hedging purposes (no cash flow hedge accounting) – recognized immediately in profit or loss	(3,140)	4,814
Nominal amounts		
Forward exchange contracts/cross-currency swaps		
for hedging purposes (cash flow hedge accounting)	621,637	522,423
for hedging purposes (no cash flow hedge accounting)	187,331	311,813
Maximum remaining maturity		
(months)		
for hedging purposes (cash flow hedge accounting)	103	115
for hedging purposes (no cash flow hedge accounting)	12	18

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.

The average hedging rates for forward exchange contracts are EUR/USD 1.2136 and EUR/CZK 27.6181.

In the case of cross-currency interest rate swaps, the cross-currency basis spreads that are part of the hedging instrument are not included in the hedge and HOCHTIEF Aktiengesellschaft accounts for the cost of hedging in other comprehensive income.

The table below shows both the reconciliation of the cash flow hedge reserve and the reconciliation of the cost of hedging in which the non-designated cross-currency basis spreads that are part of the cross-currency interest rate swaps are included.

(EUR thousand)	Jan. 1, 2020	Hedging gain or loss	Reclassified	Reclassified to inventories (basis adjustment)	Dec. 31, 2020
Cash flow hedge reserve	(2,094)	(5,344)	6,378	–	(1,060)
Cost of hedging	(3,903)	3,322	–	–	(581)

The following sensitivity analyses demonstrate what material impact on HOCHTIEF Group equity and profit would result from a 10% fluctuation in foreign currencies relative to each Group company's functional currency. The analysis is based on the risk exposure as of the balance sheet date.

(EUR thousand)		Dec. 31, 2020 Exchange rate 10% increase	Dec. 31, 2020 Exchange rate 10% decrease	Dec. 31, 2020 Risk exposure	Dec. 31, 2019 Exchange rate 10% increase	Dec. 31, 2019 Exchange rate 10% decrease	Dec. 31, 2019 Risk exposure
Change in equity due to market value fluctuations of currency derivatives used for hedging (cash flow hedge accounting)							
Functional currency	Foreign currency						
EUR	CHF	4,531	(4,531)	46,288	4,534	(4,534)	46,066
EUR	NOK	9,333	(9,333)	95,508	9,681	(9,681)	101,381
AUD	EUR	(597)	597	5,426	(296)	296	3,033
AUD	NZD	478	(478)	4,710	9,167	(9,167)	91,563
AUD	USD	(38,076)	38,076	339,833	(22,961)	22,961	215,756
PLN	EUR	–	–	–	(25)	25	249
CZK	EUR	(157)	157	1,563	–	–	–
USD	EUR	–	–	–	20,149	(20,149)	200,100
Change in profit or loss due to unhedged currency exposures in primary financial instruments and to market value fluctuations in derivative financial instruments (no cash flow hedge accounting)							
Functional currency	Foreign currency						
EUR	CZK	235	(235)	2,352	273	(273)	2,730
EUR	DKK	216	(216)	2,164	148	(148)	1,479
EUR	GBP	1	(1)	10	1,176	(1,176)	11,760
EUR	HUF	(186)	186	1,863	(196)	196	1,957
EUR	NOK	54	(54)	542	60	(60)	598
EUR	PLN	17	(17)	174	542	(542)	5,421
EUR	SEK	174	(174)	1,737	(90)	90	901
EUR	USD	(8,892)	8,892	89,876	(23,418)	23,418	238,579
AUD	CAD	320	(320)	1,523	320	(320)	3,198
AUD	EUR	962	(962)	9,618	681	(681)	6,812
AUD	HKD	1,944	(1,944)	19,438	3,330	(3,330)	33,298
AUD	SGD	2,577	(2,577)	25,768	3,862	(3,862)	38,616
AUD	USD	6,374	(6,374)	63,745	4,575	(4,575)	45,747
CZK	EUR	(2,307)	2,307	23,065	(2,924)	2,924	29,236
USD	CAD	(50)	50	507	(308)	308	3,149
USD	EUR	(342)	342	3,590	2,117	(2,117)	21,158
USD	GBP	(929)	929	9,498	(9)	9	92

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 non-derivative financial instruments on the assets and liabilities sides. 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. The prospective effectiveness between the hedged item and the hedging instrument has been confirmed for all hedging relationships using the critical terms match method. 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 a guideline, and derivatives are used solely for hedging (i.e. not speculatively) as a matter of principle. As a matter of policy, the counterparties for derivatives entered into externally are banks with a top credit rating.

The following table shows the fair values and nominal values of interest rate derivatives, changes in their fair values, and their maximum remaining maturities:

(EUR thousand)	**Dec. 31, 2020**	Dec. 31, 2019
Assets		
Interest rate futures/Interest rate swaps		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	51	52
	51	**52**
Liabilities and shareholders' equity		
Interest rate futures/Interest rate swaps		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	55	32
	55	**32**
Changes in fair value		
of derivatives held for hedging purposes (cash flow hedge accounting) – recognized in other comprehensive income	–	–
of derivatives held for hedging purposes (no cash flow hedge accounting) – recognized immediately in profit or loss	231	(107)
Nominal amounts		
Interest rate futures/Interest rate swaps		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	124,501	50,481
Maximum remaining maturity		
(months)		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	16	19

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 the risk exposure as of the balance sheet date.

	Dec. 31, 2020			Dec. 31, 2019		
	Market interest rate		Risk exposure	Market interest rate		Risk exposure
(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 hedge accounting) and of fixed-interest securities measured at fair value through other comprehensive income (OCI)	7,110	(6,440)	74,689	9,784	(8,888)	503,180
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 (no cash flow hedge accounting)	(17,503)	17,504	1,750,662	(1,742)	1,746	274,929

Management of other price risk

At HOCHTIEF, other price risk results from investing in current and non-current non-interest-bearing marketable securities. Price risk also results from other financial assets (mainly investments). Such items are shown in the following table.

(EUR thousand)	**Dec. 31, 2020**	Dec. 31, 2019 (restated)
Price risk exposure on non-current assets	63,641	84,053
Price risk exposure on current assets	13,820	33,271

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 markets at an early stage and take appropriate action. The changes relative to the prior year result from ongoing active portfolio management as part of Group-wide risk management. Derivatives are used to control other price risk only in exceptional instances.

The following table shows the fair values and nominal values of equity options and stock forward contracts, changes in their fair values, and their maximum remaining maturities:

(EUR thousand)	**Dec. 31, 2020**	Dec. 31, 2019
Assets	**–**	**–**
Liabilities and shareholders' equity		
Equity options and stock forward contracts		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	8,178	–
	8,178	**–**
Changes in fair value		
of derivatives held for hedging purposes (cash flow hedge accounting) – recognized in other comprehensive income	–	–
of derivatives held for hedging purposes (no cash flow hedge accounting) – recognized immediately in profit or loss	–	–
Nominal amounts		
Equity options and stock forward contracts		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	8,178	–
Maximum remaining maturity		
(months)		
for hedging purposes (cash flow hedge accounting)	–	–
for hedging purposes (no cash flow hedge accounting)	72	–

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 derivative and non-derivative financial instruments. The analysis is based on holdings as of the balance sheet date.

	Dec. 31, 2020 Market value		Dec. 31, 2019 Market value	
(EUR thousand)	10% increase	10% decrease	10% increase	10% decrease
Change in equity due to changes in market price of unimpaired securities	12,791	(12,791)	12,508	(12,508)
Change in equity due to changes in value of unimpaired participating interests measured at fair value	4,167	(4,167)	7,745	(7,745)

In insurance activities, the HOCHTIEF Group applies the overlay approach to selected securities, as a result of which changes in fair value are recognized through other comprehensive income. The carrying amount of securities subject to the overlay approach as of December 31, 2020 amounts to EUR 13,820 thousand (2019: EUR 33,271 thousand). Changes in fair value recognized through other comprehensive income in the reporting period amounted to EUR -594 thousand (2019: EUR 11,776 thousand).

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. For trade receivables, using the simplified approach, expected credit losses can be determined in accordance with IFRS 9 on the basis of loss rates calculated from historical and projected data, taking into account the client and the regional economic environment.

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, minimizing 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 issued 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, 2020, the maximum credit risk from financial guarantees and loan commitments amounted to EUR 14,777 thousand (2019: EUR 41,075 thousand). No recourse has ever been made to these guarantees provided by HOCHTIEF and, in light of the financial circumstances, none is currently anticipated for the future.

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 work instruction. 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 (such as rating agencies) to assess credit standings where possible. The fair values of accepted collateral are not disclosed as they generally cannot be measured reliably.

The following tables show the gross carrying amounts, as of the balance sheet date and in the prior year, of trade receivables past due and not past due for which impairment losses are recognized either on the basis of an impairment matrix (simplified approach) or without an impairment matrix. Contract assets are included in trade receivables. The fact of payments being more than 30 days past due does not imply an increase in credit risk.

Dec. 31, 2020

			Impairment matrix					
(EUR thousand)	Gross carrying amount	Impairment matrix not applied	Not past due	Up to 30 days past due	31 to 60 days past due	61 to 90 days past due	91 to 120 days past due	Over 120 days past due
Trade receivables	4,964,538	4,381,266	505,807	30,786	2,805	988	986	41,900
	4,964,538	**4,381,266**	**505,807**	**30,786**	**2,805**	**988**	**986**	**41,900**

Dec. 31, 2019 (restated)

			Impairment matrix					
(EUR thousand)	Gross carrying amount	Impairment matrix not applied	Not past due	Up to 30 days past due	31 to 60 days past due	61 to 90 days past due	91 to 120 days past due	Over 120 days past due
Trade receivables	6,381,197	5,819,593	500,138	14,754	3,329	1,541	1,384	40,458
	6,381,197	**5,819,593**	**500,138**	**14,754**	**3,329**	**1,541**	**1,384**	**40,458**

The aging profile of trade receivables 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 trade receivables that are past due are from public-sector clients and industrial companies with top credit ratings, meaning that they are mostly subject to low credit risk.

The opening balance of impairments on trade receivables at the beginning of the reporting period was EUR 165,111 thousand. Changes within the 2020 reporting period relate to additions, reversals, utilizations, exchange rate adjustments, and consolidation changes, and come to a total of negative EUR 51,837 thousand (2019: negative EUR 3,965 thousand), as a result of which impairments on trade receivables amounted to EUR 113,274 thousand as of December 31, 2020. In percentage terms, the loss rate on the gross carrying amount of trade receivables is 2.28% (2019 restated: 2.59%). Most of these expected credit losses on trade receivables consist of impairments typical for the industry. Impairments of contract assets in this context are classified as non-material.

The following tables show, for 2020 and 2019, changes in the expected credit losses (ECLs) on financial assets that come under the general impairment model in accordance with IFRS 9:

(EUR thousand)	Stage 1 12-month ECL	Stage 2 lifetime ECL gross carrying amount	Stage 3 lifetime ECL net carrying amount	Total gross carrying amount
Financial receivables				
Jan. 1, 2020	**14,674**	**17,089**	**28,966**	**31,763**
Remeasurement (changed measurement parameters)	409	(224)	–	188
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Newly acquired/issued financial assets	–	–	4,832	4,832
Repaid or derecognized financial assets	(13,335)	–	498	(13,335)
Other changes*	(36)	–	(2,906)	(36)
Dec. 31, 2020	**1,712**	**16,865**	**31,390**	**18,577**
Other current receivables and other current assets				
Jan. 1, 2020	**334**	**–**	**–**	**334**
Remeasurement (changed measurement parameters)	(179)	–	–	(179)
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Newly acquired/issued financial assets	–	–	–	–
Repaid or derecognized financial assets	–	–	–	–
Other changes*	–	–	–	–
Dec. 31, 2020	**155**	**–**	**–**	**155**

*The other changes relate to exchange rate adjustments and consolidation changes.

(EUR thousand)	Stage 1 12-month ECL	Stage 2 lifetime ECL gross carrying amount	Stage 3 lifetime ECL net carrying amount	Total gross carrying amount
Financial receivables				
Jan. 1, 2019	**14,472**	**24,453**	**372,727**	**38,925**
Remeasurement (changed measurement parameters)	188	(7,364)	(347,437)	(7,176)
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Newly acquired/issued financial assets	–	–	–	–
Repaid or derecognized financial assets	–	–	699	–
Other changes*	14	–	2,977	14
Dec. 31, 2019	**14,674**	**17,089**	**28,966**	**31,763**
Other current receivables and other current assets				
Jan. 1, 2019	**225**	**–**	**–**	**225**
Remeasurement (changed measurement parameters)	110	–	–	110
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Newly acquired/issued financial assets	–	–	–	–
Repaid or derecognized financial assets	(1)	–	–	(1)
Other changes*	–	–	–	–
Dec. 31, 2019	**334**	**–**	**–**	**334**

*The other changes relate to exchange rate adjustments and consolidation changes.

The expected credit loss (ECL) stages are defined in further detail based on the following risk classes:

Risk class	Company definition of risk class	Basis for recognition of expected credit loss
Performing	Customers have a low risk of default, no past due amounts	12-month expected losses or lifetime expected losses (simplified approach) where asset life is less than 12 months
Underperforming	Amount is initially past due (unless there is reasonable and supportable information to prove otherwise) or there has been a significant increase in credit risk since initial recognition.	Lifetime expected losses—not credit impaired; gross carrying amount
Non-performing	Amount is significantly past due (unless there is reasonable and supportable information that demonstrates otherwise) and there is objective evidence that the asset is credit impaired.	Lifetime expected losses—credit impaired; net carrying amount
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Asset is written off

In order to enable an assessment of the HOCHTIEF Group's credit risk exposure, the following tables show the gross carrying amounts of financial assets by risk class within the ECL stages.

	Dec. 31, 2020			
(EUR thousand)	Stage 1 12-month ECL	Stage 2 lifetime ECL gross carrying amount	Stage 3 lifetime ECL net carrying amount	Total
Risk classes				
Performing	3,710,469	5,132	–	3,715,601
Underperforming	15,005	53,854	–	68,859
Non-performing	10,978	163,868	61,393	236,239
	3,736,452	**222,854**	**61,393**	**4,020,699**

	Dec. 31, 2019			
(EUR thousand)	Stage 1 12-month ECL	Stage 2 lifetime ECL gross carrying amount	Stage 3 lifetime ECL net carrying amount	Total
Risk classes				
Performing	4,714,267	4,567	–	4,718,834
Underperforming	11,009	189,710	–	200,719
Non-performing	10,736	42,471	143,366	196,573
	4,736,012	**236,748**	**143,366**	**5,116,126**

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 returns.

The Group's capital structure consists of the balance sheet items comprising net debt (defined as current and non-current liabilities less cash and cash equivalents) and equity. The overall capital risk management strategy did not change in the reporting year compared with the prior year.

Additional information on financial instruments

In the following, carrying amounts and fair values are shown for each class of financial instrument and carrying amounts for each IFRS 9 category as of December 31, 2020 and as of December 31, 2019.

2020	Carrying amount by category						Not belonging to any category			
	Financial assets				Financial liabilities					
(EUR thousand)	At fair value through other comprehensive income: Equity instruments	At fair value through other comprehensive income: Debt instruments	At fair value through profit or loss	At amortized cost	Held for trading	At amortized cost	Hedge accounting	Not covered by IFRS 7	**Total carrying amounts Dec. 31, 2020**	**Total fair value Dec. 31, 2020**
Assets										
Other financial assets										
At fair value	–	–	63,641	–	–	–	–	–	63,641	63,641
At amortized cost	–	–	–	–	–	–	–	–	–	–
	–	**–**	**63,641**	**–**	**–**	**–**	**–**	**–**	**63,641**	**63,641**
Financial receivables										
Non-current	**–**	**–**	**–**	**111,580**	**–**	**–**	**–**	**–**	**111,580**	**111,580** *
Current	**–**	**–**	**–**	**113,962**	**–**	**–**	**–**	**–**	**113,962**	**n/a**
Trade receivables	**–**	**–**	**–**	**2,992,476**	**–**	**–**	**–**	**1,413,818**	**4,406,294**	**n/a**
Other receivables and other financial assets										
Non-current										
At fair value	–	–	11	–	–	–	735	–	746	746
At amortized cost	–	–	–	–	–	–	–	–	–	–
Not covered by IFRS 7	–	–	–	–	–	–	–	179,796	179,796	n/a
	–	**–**	**11**	**–**	**–**	**–**	**735**	**179,796**	**180,542**	**746**
Current										
At fair value	–	–	1,421	–	–	–	1,909	–	3,330	3,330
At amortized cost	–	–	–	248,949	–	–	–	–	248,949	n/a
Not covered by IFRS 7	–	–	–	–	–	–	–	381,481	381,481	n/a
	–	**–**	**1,421**	**248,949**	**–**	**–**	**1,909**	**381,481**	**633,760**	**3,330**
Marketable securities	**114,092**	**340,733**	**18,712**	**–**	**–**	**–**	**–**	**–**	**473,537**	**473,537**
Cash and cash equivalents	**–**	**–**	**–**	**4,949,899**	**–**	**–**	**–**	**–**	**4,949,899**	**n/a**
Liabilities and shareholders' equity										
Financial liabilities										
Non-current	**–**	**–**	**–**	**–**	**–**	**3,790,630**	**141,467**	**–**	**3,932,097**	**4,004,393** *
Current	**–**	**–**	**–**	**–**	**–**	**1,050,363**	**1,005**	**–**	**1,051,368**	**1,051,368**
Trade payables										
Non-current	**–**	**–**	**–**	**–**	**–**	**114,684**	**–**	**–**	**114,684**	**n/a**
Current	**–**	**–**	**–**	**–**	**–**	**5,442,469**	**–**	**1,904,987**	**7,347,456**	**n/a**
Other liabilities										
Non-current										
At fair value	–	–	–	–	8,191	–	8,755	–	16,946	16,946
At amortized cost	–	–	–	–	–	85	–	–	85	n/a
Not covered by IFRS 7	–	–	–	–	–	–	–	78,199	78,199	n/a
	–	**–**	**–**	**–**	**8,191**	**85**	**8,755**	**78,199**	**95,230**	**16,946**
Current										
At fair value	–	–	–	–	377	–	21,827	–	22,204	22,204
At amortized cost	–	–	–	–	–	21,853	–	–	21,853	n/a
Not covered by IFRS 7	–	–	–	–	–	–	–	465,593	465,593	n/a
	–	**–**	**–**	**–**	**377**	**21,853**	**21,827**	**465,593**	**509,650**	**22,204**

*In accordance with IFRS 13 allocated to fair value hierarchy level 2

2019 (restated)	Carrying amount by category						Not belonging to any category			
	Financial assets				Financial liabilities					
(EUR thousand)	At fair value through other comprehensive income: Equity instruments	At fair value through other comprehensive income: Debt instruments	At fair value through profit or loss	At amortized cost	Held for trading	At amortized cost	Hedge accounting	Not covered by IFRS 7	**Total carrying amounts Dec. 31, 2019**	**Total fair value Dec. 31, 2019**
Assets										
Other financial assets										
At fair value	–	–	84,053	–	–	–	–	–	84,053	84,053
At amortized cost	–	–	–	–	–	–	–	–	–	–
	–	**–**	**84,053**	**–**	**–**	**–**	**–**	**–**	**84,053**	**84,053**
Financial receivables	–									
Non-current	**–**	**–**	**–**	**97,904**	**–**	**–**	**–**	**–**	**97,904**	**n/a**
Current	**–**	**–**	**–**	**171,982**	**–**	**–**	**–**	**–**	**171,982**	**n/a**
Trade receivables	**–**	**–**	**–**	**3,855,191**	**–**	**–**	**–**	**2,526,006**	**6,381,197**	**n/a**
Other receivables and other financial assets	–									
Non-current	–									
At fair value	–	–	8	–	–	–	898	–	906	906
At amortized cost	–	–	–	–	–	–	–	–	–	–
Not covered by IFRS 7	–	–	–	–	–	–	–	165,287	165,287	n/a
	–	**–**	**8**	**–**	**–**	**–**	**898**	**165,287**	**166,193**	**906**
Current	–									
At fair value	–	–	3,972	–	–	–	6,621	–	10,593	10,593
At amortized cost	–	–	–	308,211	–	–	–	–	308,211	n/a
Not covered by IFRS 7	–	–	–	–	–	–	–	507,134	507,134	n/a
	–	**–**	**3,972**	**308,211**	**–**	**–**	**6,621**	**507,134**	**825,938**	**10,593**
Marketable securities	**91,805**	**285,623**	**76,683**	**–**	**–**	**–**	**–**	**–**	**454,111**	**454,111**
Cash and cash equivalents	**–**	**–**	**–**	**4,499,585**	**–**	**–**	**–**	**–**	**4,499,585**	**n/a**
Liabilities and shareholders' equity	–									
Financial liabilities	–									
Non-current	**–**	**–**	**–**	**–**	**–**	**3,131,567**	**–**	**–**	**3,131,567**	**3,173,226** *
Current	**–**	**–**	**–**	**–**	**–**	**1,546,065**	**–**	**–**	**1,546,065**	**1,533,462**
Trade payables	–									
Non-current	**–**	**–**	**–**	**–**	**–**	**125,566**	**–**	**–**	**125,566**	**n/a**
Current	**–**	**–**	**–**	**–**	**–**	**7,394,226**	**–**	**1,948,015**	**9,342,241**	**n/a**
Other liabilities	–									
Non-current	–									
At fair value	–	–	–	–	9	–	10,805	–	10,814	10,814
At amortized cost	–	–	–	–	–	85	–	–	85	n/a
Not covered by IFRS 7	–	–	–	–	–	–	–	48,849	48,849	n/a
	–	**–**	**–**	**–**	**9**	**85**	**10,805**	**48,849**	**59,748**	**10,814**
Current	–									
At fair value	–	–	–	–	29	–	7,867	–	7,896	7,896
At amortized cost	–	–	–	–	–	33,262	–	–	33,262	n/a
Not covered by IFRS 7	–	–	–	–	–	–	–	339,159	339,159	n/a
	–	**–**	**–**	**–**	**29**	**33,262**	**7,867**	**339,159**	**380,317**	**7,896**

*In accordance with IFRS 13 allocated to fair value hierarchy level 2

As current financial instruments have short remaining maturities and are measured at market value, their carrying amounts generally correspond to market value as of the balance sheet date. Non-current securities are measured at fair value through profit or loss; as such, their carrying amounts also correspond to fair value. Where insufficient recent information is available for fair value measurement of shares in non-consolidated subsidiaries and other participating interests, cost may be used as an appropriate estimate of fair value.

In the disclosures on the fair value hierarchy for financial instruments measured at fair value as set out below, 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. The following 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, 2020			Dec. 31, 2019 (restated)		
(EUR thousand)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Other financial assets	308	27,133	36,200	357	13,578	70,118
Other receivables and other assets						
Non-current	3	744	–	3	903	–
Current	71	3,259	–	50	10,543	–
Marketable securities	473,398	139	–	417,305	36,806	–
Liabilities						
Other liabilities						
Non-current	13	8,755	8,178	9	10,805	–
Current	42	22,162	–	23	7,873	–

There were no transfers of assets measured at fair value between Level 1 and Level 2 of the fair value hierarchy in the course of the reporting year. This means that there were likewise no changes in Level 3.

The Group's forward exchange contracts are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximizes the use of observable market inputs, e.g. market exchange and interest rates. Therefore they are included in Level 2 of the fair value hierarchy.

In Level 3, the fair value of investments in unlisted entities is measured using generally recognized valuation techniques based on discounted cash flow analysis. The unobservable inputs used for this purpose are an internal rate of return of 9%, growth rates of between 2.5% and 3.0%, and required discount rates of between 10% and 15%.

As part of the Thiess divestment, the transaction agreement includes an option for Elliott to sell all or part of its 50% interest in Thiess to CIMIC after the third anniversary, between four and six years from completion on December 31, 2020. The exercise price will be the lower of a cost price or a price referable to movements in the S&P / ASX 200 Total Return index plus the accrued value of any shortfall in agreed minimum distributions. This option has no current impact on the control of the company.

The fair value of the put option cannot be observed from a market price. A Probability Weighted Expected Returns Methodology is used to derive the value of the put option proceeds based on future potential payoffs if the option is exercised, adjusted for the minimum annual distributions per the Shareholders Agreement, and compares this to the estimated strike price to determine a fair value. External independent valuation advisors have been utilized in determining the fair value of the put option. As at December 31, 2020 the fair value of this option was determined to be EUR 8,178 thousand.

Assumed input parameters for the valuation were an expected exercise period of three to six years, an EBITDA multiplier of three to four times, and discount rates between 13% and 18%. Changes in the unobservable inputs had no material effect on total comprehensive income, total assets and liabilities, or equity.

The put option is accounted for as a derivative financial instrument in accordance with IFRS 9 and will therefore be held at fair value through profit and loss in the financial statements.

Reconciliation of beginning to ending balances for Level 3 measurements of financial instrument fair values

(EUR thousand)	Balance as of Jan. 1, 2020	Currency adjustments	Gains/(losses) recognized in profit or loss	Other changes	**Balance as of Dec. 31, 2020**
Assets					
Other financial assets	70,118	(955)	8,747	(41,710)	36,200
Other receivables and other assets					
Non-current	–	–	–	–	–
Current	–	–	–	–	–
Liabilities					
Other liabilities					
Non-current	–	331	7,847	–	8,178
Current	–	–	–	–	–

(EUR thousand)	Balance as of Jan. 1, 2019	Currency adjustments	Gains/(losses) recognized in profit or loss	Other changes	Balance as of Dec. 31, 2019
Assets					
Other financial assets	64,984	953	4,181	–	70,118
Other receivables and other assets					
Non-current	46,890	1,062	(47,952)	–	–
Current	–	–	–	–	–
Liabilities					
Other liabilities					
Non-current	–	–	–	–	–
Current	–	–	–	–	–

The remaining changes in 2020 are accounted for in other comprehensive income.

Financial assets with a carrying amount of EUR 286,418 thousand are pledged as collateral for recognized financial liabilities and unrecognized contingent liabilities as of December 31, 2020 (2019: EUR 298,200 thousand).

The following table shows the net profit from financial instruments by IFRS 9 category for 2020 and 2019:

Net profit from financial instruments – continuing operations

(EUR thousand)	2020	2019
At amortized cost	14,364	64,847
At fair value through profit or loss	4,051	8,020
At fair value through other comprehensive income: Debt instruments	11,817	9,445
At fair value through other comprehensive income: Equity instruments	1,984	645
Liabilities at amortized cost	(189,677)	(195,949)
	(157,461)	**(112,992)**

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 profit or loss or other comprehensive income.

34. Contingencies, commitments, and other financial obligations

(EUR thousand)	Dec. 31, 2020	Dec. 31, 2019
Obligations under guarantees	149,905	127,041

Of this total, obligations in the amount of EUR 148,860 thousand (2019: EUR 125,978 thousand) relate to associates and joint ventures, of which—as in the prior year—the entire amount is accounted for by the CIMIC Group. The remaining commitments and potential obligations relate to HOCHTIEF Aktiengesellschaft and primarily serve as security for bank loans, contract performance, warranty obligations, and advance payments. Most guarantees given by HOCHTIEF Aktiengesellschaft as of the reporting date related to participating interests and construction joint ventures. HOCHTIEF Aktiengesellschaft is also jointly and severally liable for all construction joint ventures in which it has an interest in Germany.

Material guarantee facilities

(EUR billion)	Total available 2020	2019	Utilized 2020	2019	Expires
HOCHTIEF AG					
Syndicated guarantee facility (EUR)	1.20	1.20	0.79	0.86	Aug. 9, 2024
Further guarantee facilities (EUR)	1.32	1.42	0.53	0.66	n/a
Turner/Flatiron					
Bonding (USD)	9.50	9.61	9.06	9.61	until further notice
Flatiron syndicated guarantee (USD)	0.10	0.10	0.02	0.00	Aug. 16, 2024
Further guarantee facilities (USD)	0.15	-	0.08	-	n/a
CIMIC					
Syndicated guarantee facility (AUD)	1.35	1.35	1.11	1.01	Mar. 27, 2021
Further guarantee facilities (AUD)	4.45	4.60	3.91	4.12	n/a

Group order exposure from awarded capital expenditure projects is EUR 46,931 thousand (2019: EUR 83,624 thousand) and mostly relates to the CIMIC Group in the amount of EUR 46,205 thousand (2019: EUR 83,107 thousand). In the HOCHTIEF Asia Pacific division, there are additionally cash call commitments to non-consolidated entities in the amount of EUR 9,499 thousand (2019: EUR 9,566 thousand).

Legal disputes

HOCHTIEF Group companies are involved in various legal disputes and arbitration proceedings in the context of their operating activities. As currently assessed, HOCHTIEF does not anticipate that the disputes and arbitration proceedings will have any material adverse impact on the Group's business and financial situation.

35. Segment reporting

HOCHTIEF's structure reflects the operating focus of the 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:

HOCHTIEF Americas encompasses the construction management and construction activities of operational units in the USA and Canada;

HOCHTIEF Asia Pacific pools the construction activities, contract mining and services 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;

Abertis Investment comprises the investment in Spanish toll road operator Abertis Infraestructuras, S.A.

Corporate comprises Corporate Headquarters, other activities not assignable to the 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 companies in Luxembourg, including Builders Reinsurance S.A. The HOCHTIEF insurance companies primarily provide reinsurance offerings for contractors' casualty and surety, subcontractor default, liability, and occupational accident insurance.

Divisions		External sales		Intersegment sales		Sales by division (external plus intersegment)
(EUR thousand)	**2020**	2019 (restated)	**2020**	2019	**2020**	2019 (restated)
HOCHTIEF Americas	14,676,087	15,327,780	–	–	14,676,087	15,327,780
HOCHTIEF Asia Pacific	6,886,332	9,143,222	–	–	6,886,332	9,143,222
HOCHTIEF Europe	1,265,657	1,225,490	5,033	7,511	1,270,690	1,233,001
Abertis Investment	–	–	–	–	–	–
Corporate	125,676	155,363	6,854	7,090	132,530	162,453
HOCHTIEF Group—continuing operations	**22,953,752**	**25,851,855**	**11,887**	**14,601**	**22,965,639**	**25,866,456**
HOCHTIEF Group—discontinued operations	138,571	231,913	–	–	138,571	231,913
HOCHTIEF Group total	**23,092,323**	**26,083,768**	**11,887**	**14,601**	**23,104,210**	**26,098,369**

Divisions		Work done		Nominal profit before tax (PBT)		Nominal net profit*
(EUR thousand)	**2020**	2019 (restated)	**2020**	2019 (restated)	**2020**	2019 (restated)
HOCHTIEF Americas	14,283,800	14,753,713	325,881	309,803	236,550	212,420
HOCHTIEF Asia Pacific	8,578,566	10,701,784	534,050	611,565	229,500	294,586
HOCHTIEF Europe	1,566,565	1,533,994	42,919	53,772	40,151	45,446
Abertis Investment	–	–	(17,098)	122,355	(17,098)	122,355
Corporate	120,686	149,453	(3,806)	(47,853)	(61,862)	(60,594)
HOCHTIEF Group—continuing operations	**24,549,617**	**27,138,944**	**881,946**	**1,049,642**	**427,241**	**614,213**
HOCHTIEF Group—discontinued operations	132,131	379,936	32,439	(1,603,190)	–	(820,460)
HOCHTIEF Group total	**24,681,748**	**27,518,880**	**914,385**	**(553,548)**	**427,241**	**(206,247)**

* Profit after tax attributable to HOCHTIEF shareholders

Divisions		EBITDA		Ordinary depreciation/amortization		Share of profits and losses of equity-method associates and joint ventures
(EUR thousand)	**2020**	2019 (restated)	**2020**	2019 (restated)	**2020**	2019 (restated)
HOCHTIEF Americas	430,448	397,749	85,949	80,061	41,899	77,518
HOCHTIEF Asia Pacific	1,263,578	1,334,204	565,343	570,715	42,936	41,514
HOCHTIEF Europe	110,831	97,270	47,726	47,082	39,349	26,169
Abertis Investment	(17,098)	122,355	–	–	(17,098)	122,355
Corporate	(38,059)	(58,732)	4,346	2,900	(150)	14,730
HOCHTIEF Group—continuing operations	**1,749,700**	**1,892,846**	**703,364**	**700,758**	**106,936**	**282,286**
HOCHTIEF Group—discontinued operations	80,478	(753,117)	–	5,247	(1,197)	(153,199)
HOCHTIEF Group total	**1,830,178**	**1,139,729**	**703,364**	**706,005**	**105,739**	**129,087**

Divisions	Interest and similar income		Interest and similar expenses		Non-cash expenses	
(EUR thousand)	**2020**	2019 (restated)	**2020**	2019 (restated)	**2020**	2019 (restated)
HOCHTIEF Americas	7,024	18,562	20,355	21,626	99,836	145,657
HOCHTIEF Asia Pacific	13,929	17,823	178,113	167,744	170,338	230,775
HOCHTIEF Europe	1,119	2,809	11,561	13,251	96,795	83,907
Abertis Investment	–	–	–	–	–	–
Corporate	19,158	8,298	(20,612)	(6,748)	30,547	99,096
HOCHTIEF Group—continuing operations	**41,230**	**47,492**	**189,417**	**195,873**	**397,516**	**559,435**
HOCHTIEF Group—discontinued operations	–	12,245	48,039	70,923	–	110,992
HOCHTIEF Group total	**41,230**	**59,737**	**237,456**	**266,796**	**397,516**	**670,427**

Divisions	Carrying amount of equity-method investments		Purchases of intangible assets, property, plant, equipment, investment properties and financial assets		Net cash (+)/ Net debt (-)	
(EUR thousand)	**2020**	2019 (restated)	**2020**	2019 (restated)	**2020**	2019 (restated)
HOCHTIEF Americas	240,494	231,623	352,658	254,210	1,399,510	1,467,391
HOCHTIEF Asia Pacific	867,000	156,572	484,206	756,856	114,117	558,562
HOCHTIEF Europe	138,427	154,359	56,228	75,129	544,363	511,369
Abertis Investment	1,153,387	1,373,118	–	1,497	–	–
Corporate	9,877	12,115	4,207	6,760	(1,440,106)	(1,008,306)
HOCHTIEF Group—continuing operations	**2,409,185**	**1,927,787**	**897,299**	**1,094,452**	**617,884**	**1,529,016**
HOCHTIEF Group—discontinued operations	–	–	–	142,930	–	(965,685)
HOCHTIEF Group total	**2,409,185**	**1,927,787**	**897,299**	**1,237,382**	**617,884**	**563,331**

Regions	External sales by customer location		Non-current assets	
(EUR thousand)	**2020**	2019 (restated)	**2020**	2019 (restated)
Germany	857,398	711,067	183,513	199,058
Rest of Europe	432,448	542,792	96,506	64,910
USA	14,016,645	14,798,218	475,693	523,665
Rest of America	829,893	773,424	59,372	61,051
Asia	1,419,238	1,954,935	311,859	834,276
Australia	5,019,356	6,572,695	847,236	1,365,295
Rest of Oceania	292,760	443,190	–	–
Africa	86,014	55,534	–	–
HOCHTIEF Group—continuing operations	**22,953,752**	**25,851,855**	**1,974,179**	**3,048,255**
HOCHTIEF Group—discontinued operations (Asia)	138,571	231,913	–	139,484
HOCHTIEF Group total	**23,092,323**	**26,083,768**	**1,974,179**	**3,187,739**

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 performance obligations recognized under the percentage of completion method in the mainstream construction business, construction management, and contract mining. The sum of external sales and intersegment sales adds up to total sales for each division.

Work done includes work done for fully consolidated companies plus the proportional share of work done in joint ventures.

EBIT/EBITDA is derived from profit before tax as follows:

(EUR thousand)	2020	2019 (restated)
Profit before tax—continuing operations	**881,946**	**1,049,642**
+ Investment and interest expenses	218,571	233,858
– Investment and interest income	(63,975)	(80,559)
– Net income from other participating interests (excluding gains/losses from disposals of participating interests)	(20,000)	(16,147)
+ Adjustment for non-operating net expenses	29,524	4,726
EBIT—continuing operations	**1,046,066**	**1,191,520**
+ Depreciation and amortization	703,634	701,326
EBITDA—continuing operations	**1,749,700**	**1,892,846**

Adjustment for non-operating net expenses within EBIT/EBIDA in the reporting year mainly comprises income from asset disposals as well as exchange rate gains and losses. The 2019 figure chiefly included exchange rate gains and losses as well as expenses for the recognition of provisions for project risks.

Depreciation and amortization relates to intangible assets with finite useful lives, property, plant and equipment (including right-of-use assets), and investment properties.

The share of profits and losses of equity-method associates and joint ventures comprises income and expenses, including impairment losses, relating to equity-method investments.

The non-cash expenses consist of additions to provisions.

Purchases comprise additions to intangible assets, property, plant and equipment, investment properties, equity-method investments (excluding equity-method adjustments), subsidiaries, and other participating interests.

Net cash is made up as follows:

(EUR thousand)	Dec. 31, 2020	Dec. 31, 2019 (restated)
Cash and cash equivalents	4,949,899	4,499,585
Marketable securities	473,537	454,111
Current financial receivables	113,962	171,982
Current tax receivables (excluding income taxes)	62,888	107,826
Dividend receivables	–	6,808
Financial assets included in net cash	**5,600,286**	**5,240,312**
Bonds or notes issued, amounts due to banks and promissory note loans	4,932,144	4,637,901
Financial liabilities to participating interests	15,353	12,825
Sundry other financial liabilities	34,905	26,255
Financial liabilities included in net cash	**4,982,402**	**4,676,981**
Net cash	**617,884**	**563,331**
therof from continuing operations	617,884	1,529,016
therof from discontinued operations	–	(965,685)

Non-current assets comprise intangible assets, property, plant and equipment, and investment properties.

36. 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 flow from investing activities. The minus EUR 64,868 thousand (2019: minus EUR 367 thousand) changes in cash and cash equivalents due to consolidation changes comprised EUR 15,832 thousand (2019: EUR 12,226 thousand) in cash and cash equivalents from acquisitions and EUR 80,700 thousand (2019: EUR 12,593 thousand) in cash and cash equivalents in disposals.

The EUR 4,949,899 thousand (2019 restated: EUR 4,499,585 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 345 thousand (2019 restated: EUR 877 thousand) in cash in hand, EUR 4,214,191 thousand (2019 restated: EUR 3,515,189 thousand) in cash balances at banks, and EUR 735,363 thousand (2019: EUR 983,519 thousand) in marketable securities with maturities of no more than three months at the time of acquisition. Cash and cash equivalents in the amount of EUR 281,526 thousand are subject to restrictions (2019: EUR 292,644 thousand).

All non-cash income and expense and all income from asset disposals or arising on deconsolidation is eliminated in cash flow from operating activities.

Additional information on cash and cash equivalents, and short-term financial assets and investments

(EUR thousand)	Dec. 31, 2020	Dec. 31, 2019 (restated)
Cash and cash equivalents	4,949,899	4,499,585
Short-term financial assets and investments	2,831	2,813
Cash and equivalent liquid assets	**4,952,730**	**4,502,398**

(EUR thousand)	2020	2019 (restated)
Cash flow from operating activities	707,328	1,117,012
Change in short-term financial assets and investments	–	622
Net cash from operating activities	**707,328**	**1,117,634**

Cash flow from operating activities includes:

- Interest income of EUR 51,906 thousand (2019: EUR 55,117 thousand)
- Interest expense of EUR 201,572 thousand (2019 restated: EUR 199,872 thousand)
- Income tax paid amounting to EUR 152,803 thousand (2019: EUR 269,962 thousand).

After deducting the non-cash component of income from equity-accounted interests, net income received (as dividends) from such interests was EUR 406,601 thousand (2019: EUR 326,456 thousand).

Divestments relate to the deconsolidation of fully consolidated subsidiaries. This reduced non-current assets by EUR 963,251 thousand (2019: EUR 17,057 thousand) and current assets by EUR 688,022 thousand (2019: EUR 12,775 thousand). Non-current liabilities decreased by EUR 144,024 thousand (2019: EUR 143 thousand) and current liabilities by EUR 876,989 thousand (2019: EUR 5,957 thousand). Of the sale proceeds totaling EUR 1,439,737 thousand (2019: EUR 23,546 thousand), EUR 1,439,737 thousand were settled in cash and cash equivalents as of the reporting date (2019: EUR 23,345 thousand).

Dividends of EUR 405,684 thousand (2019: EUR 351,647 thousand) were paid to HOCHTIEF's shareholders in the reporting year. Dividends paid to non-controlling interests total EUR 35,337 thousand (2019: EUR 110,339 thousand), of which EUR 6,867 thousand (2019: EUR 89,123 thousand) relates to the CIMIC Group.

Liabilities from financing activities changed as follows:

(EUR thousand)	Jan. 1, 2020 (restated)	Cash changes		Non-cash changes		**Dec. 31, 2020**
		Borrowings	Principal repayments	Currency translation adjustments	Changes in the scope of consoli-dation and others*	
Bonds or notes issued, amounts due to banks and promissory note loans	4,637,901	3,975,368	(3,444,364)	(105,982)	(130,779)	4,932,144
Financial liabilities to non-con-solidated subsidiaries and equity interests	13,476	2,979	(1,065)	1,027	(2)	16,415
Other financial liabilities	26,255	12,068	(439)	(2,978)	–	34,906
Total financial liabilities	**4,677,632**	**3,990,415**	**(3,445,868)**	**(107,933)**	**(130,781)**	**4,983,465**

* Includes reclassifications for BICC to the liabilities associated with assets held for sale item

(EUR thousand)	Jan. 1, 2019	Cash changes		Non-cash changes		Dec. 31, 2019
		Borrowings	Principal repayments	Currency translation adjustments	Changes in the scope of consoli-dation and others	
Bonds or notes issued, amounts due to banks and promissory note loans (restated)	3,251,921	2,626,479	(1,271,469)	29,767	1,203	4,637,901
Financial liabilities to non-con-solidated subsidiaries and equity interests	17,134	2,207	(15,420)	9,555	–	13,476
Other financial liabilities	17,153	14,461	–	236	(5,595)	26,255
Total financial liabilities	**3,286,208**	**2,643,147**	**(1,286,889)**	**39,558**	**(4,392)**	**4,677,632**

37. Related party disclosures

Related parties as defined by IAS 24 include entities or persons that can be influenced by the reporting entity or that can influence the reporting entity. A significant related party is 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 reporting year. The main relationships between fully consolidated Group companies and related parties concern associated companies and joint ventures, whose operating transactions resulted in the following items in the financial statements:

(EUR thousand)	**Associates**		**Joint ventures**	
	2020	2019	**2020**	2019
Income	6,446	4,882	134,874	124,656
Expenses	30	30	1,632	3,227
Receivables	8,933	8,253	396,278	357,615
Liabilities	1,022	2,087	277,574	358,325

No other material transactions were entered into between HOCHTIEF Aktiengesellschaft or any Group company and Executive Board or Supervisory Board members or persons or companies close to them during 2020. There were no conflicts of interest involving Executive Board or Supervisory Board members.

38. Total Executive Board and Supervisory Board compensation

The Compensation Report on pages 84 to 91 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.

Total compensation for the members of the Executive Board in 2020 and compensation for the individual members of the Executive Board are shown in the table below.

	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		Total	
(EUR thousand)	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**
Fixed compensation	1,300	1,300	348	348	406	406	696	696	2,750	2,750
Fringe benefits	39	33	16	16	29	29	19	20	103	98
Total	**1,339**	**1,333**	**364**	**364**	**435**	**435**	**715**	**716**	**2,853**	**2,848**
One-year variable compensation Short-term Incentive Plan	0	0 [4]	0	177	0	202	0	353	0	732
Multi-year variable compensation										
Long-term incentive component I[1]	0	0 [4]	0	177	0	202	0	353	0	732
Long-term incentive component II[2] (5-year term)	0	0 [4]	0	177	0	202	0	353	0	732
Total compensation[3]	**1,339**	**1,333**	**364**	**895**	**435**	**1,041**	**715**	**1,775**	**2,853**	**5,044**

[1] Transfer of shares with three- respectively two-year lock-up period
[2] Granted as long-term incentive plan (for plan details, see pages 207 to 208)/Value at grant date
[3] Excluding Executive Board compensation in relation to offices held at Group companies
[4] In 2020 Marcelino Fernández Verdes has waived his entitlement to variable compensation (STIP/LTIP I/LTIP II)

The present value of pension benefits for current and former Executive Board members is EUR 113,083 thousand (2019: EUR 108,706 thousand). In the reporting year, pension expenses for incumbent members of the Executive Board comprised service cost of EUR 2,824 thousand (2019: EUR 2,499 thousand) and interest cost of EUR 290 thousand (2019: EUR 336 thousand). The interest cost for the pensions of former members of the Executive Board totaled EUR 1,096 thousand in 2020 (2019: EUR 1,648 thousand).

Payments in the amount of EUR 4,829 thousand (2019: EUR 5,019 thousand) were made to former members of the Executive Board and their surviving dependents. Pension obligations to former members of the Executive Board and their surviving dependents totaled EUR 87,144 thousand (2019: EUR 86,434 thousand).

Executive Board compensation in relation to offices held at Group companies

For his services in Australia as Executive Chairman of CIMIC in 2020, Mr. Fernández Verdes received a lump-sum expense allowance of EUR 255 thousand* and fringe benefits in the amount of EUR nine thousand*.

*The euro amount depends on the exchange rate.

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

Total compensation, including attendance fees, for the members of the Supervisory Board came to EUR 1,918,000 (2019: EUR 1,864,000).

Executive Board and Supervisory Board compensation is explained in the Compensation Report.

39. Auditing fees

Fees for services provided in Germany by auditors KPMG AG Wirtschaftsprüfungsgesellschaft were paid and recognized as expenses as follows:

(EUR thousand)	2020	2019
Financial statement audit services	1,644	987
Other assurance services	138	100
Tax consulting	16	18
Other services performed for HOCHTIEF Aktiengesellschaft	29	148
	1,827	**1,253**

The fees for services provided in Germany relate to services of the appointed Group financial statement auditors KPMG AG Wirtschaftsprüfungsgesellschaft and its affiliates within the meaning of Section 271 (2) of the German Commercial Code. The fees for financial statement audits relate to fees charged by Group auditors KPMG AG Wirtschaftsprüfungsgesellschaft 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 subsidiaries, together with fees for the review of the half-year report as of June 30, 2020. The auditors provided other assurance services for HOCHTIEF Aktiengesellschaft mainly in connection with the issuance of a comfort letter and carried out agreed-upon procedures in accordance with ISAE 3000 in connection with the review of the separate non-financial Group report and the sustainability report. Tax consulting relates to tax advice to foreign employees. The other services mainly consist of consulting services in connection with data protection and archiving.

40. 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 submitted on behalf of HOCHTIEF Aktiengesellschaft and made available for the general public to view at any time on the HOCHTIEF website.

41. Events since the balance sheet date and report on post-balance-sheet events

On February 15, 2021, CIMIC announced it has signed a purchase agreement with SALD Investment LLC (“SALD”) for the sale of CIMIC’s investment in the Middle East (see Note 1). SALD, a privately owned, UAE-based investment company, will purchase CIMIC’s 45% investment in BICC for nominal consideration. SALD is also acquiring the remaining 55% of BICC held by CIMIC’s co-shareholder, also for a nominal amount. The sale covers all of CIMIC’s investments in the Middle East. On completion, SALD will own all BICC’s businesses in the UAE, Qatar, Oman and Saudi Arabia. The completion of the share purchase agreement is subject to satisfaction of certain conditions precedent and obtaining all necessary approvals. CIMIC has agreed with the purchaser to contribute a certain amount of funds into BICC. Corresponding risk provisioning has been made. The transaction therefore does not increase the previously announced financial exposure to the Middle East. The sale is the final step of the decision, taken in January 2020, to exit the Middle East.

As of March 26, 2021, CIMIC Group has successfully signed a AUD 1.4 billion three-year syndicated performance bond facility.

42. Use of the exempting provisions in Section 264 (3) (and Section 264b) of the German Commercial Code

The following German domestic, fully consolidated subsidiaries made partial use of the exempting provisions in 2020:

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,
HOCHTIEF Americas GmbH, Essen,
HOCHTIEF Asia Pacific GmbH, Essen,
HOCHTIEF Bau und Betrieb GmbH, Essen,
HOCHTIEF BePo Hessen Bewirtschaftung GmbH, Essen,
HOCHTIEF BePo Hessen GmbH, Essen,

HOCHTIEF Engineering GmbH, Essen,
HOCHTIEF Infrastructure GmbH, Essen,
HOCHTIEF Insurance Broking and Risk Management Solutions GmbH, Essen,
HOCHTIEF OBK Vermietungsgesellschaft mbH, Essen,
HOCHTIEF Offshore Crewing GmbH, Essen,
HOCHTIEF ÖPP Projektgesellschaft mbH, Essen,
HOCHTIEF PPP Europa GmbH, Essen,
HOCHTIEF PPP Operations GmbH, Essen,
HOCHTIEF PPP Schulpartner Braunschweig GmbH, Braunschweig,
HOCHTIEF PPP Solutions GmbH, Essen,
HOCHTIEF PPP Transport Westeuropa GmbH, Essen,
HOCHTIEF Projektentwicklung GmbH, Essen,
HOCHTIEF Projektentwicklung "Helfmann Park" GmbH & Co. KG, Essen,
HOCHTIEF Solutions AG, Essen,
HOCHTIEF Solutions Real Estate GmbH, Essen,
HOCHTIEF ViCon GmbH, Essen,
HTP Immo GmbH, Essen,
I.B.G. Immobilien- und Beteiligungsgesellschaft Thüringen-Sachsen mbH, Essen,
LOFTWERK Eschborn GmbH & Co. KG, Essen,
Maximiliansplatz 13 GmbH & Co. KG, Essen,
MK 1 Am Nordbahnhof Berlin GmbH & Co. KG, Essen,
Projektgesellschaft Börsentor Frankfurt GmbH & Co. KG, Essen,
Projektgesellschaft Konrad-Adenauer-Ufer Köln GmbH & Co. KG, Essen,
Projektgesellschaft Marco Polo Tower GmbH & Co. KG, Hamburg,
Spiegel-Insel Hamburg GmbH & Co. KG, Essen,
synexs GmbH, Essen,
Tivoli Garden GmbH & Co. KG, Essen,
Tivoli Office GmbH & Co. KG, Essen,
TRINAC GmbH, Essen.

43. Subsidiaries, associates, and other significant participating interests of the HOCHTIEF Group at December 31, 2020

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/subsidiaries2020

44. Boards

Supervisory Board

a) Membership in other supervisory boards prescribed by law (as of December 31, 2020)
b) Membership in comparable domestic and international corporate governing bodies (as of December 31, 2020)

*Supervisory Board member representing employees

Pedro López Jiménez
Madrid, Chairman of the Supervisory Board of HOCHTIEF Aktiengesellschaft, Member of the Board, Member of the Nomination Committee and the Audit Committee as well as Vice-Chairman of the Executive Committee of ACS, Actividades de Construcción y Servicios, S.A., Madrid

b) Abertis Infraestructuras, S.A. (Chairman of the Audit and Control Committee)
ACS Servicios y Concesiones, S.L. (Chairman)
ACS Servicios, Comunicaciones y Energía, S.L. (Vice-Chairman)
CIMIC Group Limited
Dragados, S.A. (Vice-Chairman)

Matthias Maurer*
Hamburg, Deputy Chairman of the Supervisory Board, Chairman of the Central Works Council of HOCHTIEF Infrastructure GmbH

b) Medizinischer Dienst der Krankenversicherung Mecklenburg-Vorpommern e.V. (Chairman of the Administrative Board)

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.
GED Capital

Dipl.-Ing., Dipl.-Wirtsch.-Ing. Beate Bell
Cologne, Managing Director of immoADVICE GmbH

Christoph Breimann*
Lüdinghausen, Head of Technical Office Building of HOCHTIEF Infrastructure GmbH

Carsten Burckhardt*
Dortmund, Member of the Federal Board of IG Bauen-Agrar-Umwelt (the Construction, Agricultural and Environmental Employees' Union)

a) Zusatzversorgungskasse des Baugewerbes AG
Zusatzversorgungskasse Steine und Erden Bayern (ZVK Bayern)
Zusatzversorgungskasse des Dachdeckerhandwerks VVaG
Zentrales Versorgungswerk für das Dachdeckerhandwerk VVAG
Gemeinnützige Urlaubskasse für das Maler- und Lackiererhandwerk e.V.
Zusatzversorgungskasse für das Maler- und Lackiererhandwerk VVaG
Zusatzversorgungskasse des Gerüstbaugewerbes VVaG
b) Urlaubs- und Lohnausgleichskasse der Bauwirtschaft (ULAK)
Präsidium der Europäischen Föderation der Bau- und Holzarbeiter (EFBH)
Board of Directors of the Federal Employment Agency

José Luis del Valle Pérez
Madrid, Member, Director 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.

a) Membership in other supervisory boards prescribed by law (as of December 31, 2020)
b) Membership in comparable domestic and international corporate governing bodies (as of December 31, 2020)

Dr. rer. pol. h. c. Francisco Javier García Sanz
Madrid, former Member of the Board of Management of Volkswagen Aktiengesellschaft, Wolfsburg, retired

b) Acerinox, S.A.
TUBACEX

Dipl. oec. Patricia Geibel-Conrad
Leonberg, Auditing/Tax consultancy in own office, Business consultancy

a) CEWE Stiftung & Co. KGaA, Oldenburg
DEUTZ AG, Cologne

Arno Gellweiler*
Oberhausen, structural engineering and bridge designer, HOCHTIEF Engineering GmbH, Consult Infrastructure

Luis Nogueira Miguelsanz
Madrid, Secretary-General, Dragados, S.A.

Nikolaos Paraskevopoulos*
Bottrop, Chairman of the European Works Council and Member of the Group Works Council of HOCHTIEF Aktiengesellschaft; Chairman of the Works Council Essen of TRINAC GmbH

Sabine Roth*
Ratingen, internal sales administrator

Nicole Simons*
Niddatal, Attorney-at-law and Member of the Federal Board of IG Bauen-Agrar-Umwelt (the Construction, Agricultural and Environmental Employees' Union)

a) HOCHTIEF Infrastructure GmbH
SOKA-BAU Zusatzversorgungskasse des Baugewerbes AG
Zusatzversorgungskasse des Steinmetz- und Steinbildhauerhandwerks VVaG (ZVK Steinmetz) (Deputy Chairwoman)
b) DGB-Rechtsschutz GmbH
facts – Die Infoline GmbH (Chairwoman)

Klaus Stümper*
Lohmar, Chairman of the Group Works Council of HOCHTIEF Aktiengesellschaft

Dipl.-Geol. MBA Christine Wolff
Hamburg, management consultant

a) KSBG Kommunale Verwaltungsgesellschaft GmbH
b) Sweco AB

Supervisory Board Committees

Audit Committee

Ángel García Altozano (Chairman)
Carsten Burckhardt
José Luis del Valle Pérez
Patricia Geibel-Conrad
Matthias Maurer
Luis Nogueira Miguelsanz
Sabine Roth
Klaus Stümper (Deputy Chairman)

Human Resources Committee
Pedro López Jiménez (Chairman)
Beate Bell
José Luis del Valle Pérez
Arno Gellweiler
Nicole Simons
Klaus Stümper
Christine Wolff

Nomination Committee
Pedro López Jiménez (Chairman)
José Luis del Valle Pérez
Christine Wolff

Mediation Committee pursuant to Sec. 27 (3) of the German Codetermination Act (MitbestG)
Pedro López Jiménez (Chairman)
Beate Bell
Matthias Maurer
Nikolaos Paraskevopoulos

Executive Board

Marcelino Fernández Verdes
Madrid, Chairman of the Executive Board of HOCHTIEF Aktiengesellschaft, Essen and Chief Executive Officer (CEO) of ACS, Actividades de Construcción y Servicios, S.A., Madrid

b) Abertis Infraestructuras, S.A. (President)
Flatiron Holding, Inc.
The Turner Corporation (Member of the Board of Directors)

Peter Sassenfeld
Duisburg, Member of the Executive Board (Chief Financial Officer—CFO) 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

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

a) HOCHTIEF Infrastructure GmbH (Chairman)
Malteser Deutschland gGmbH

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, March 30, 2021

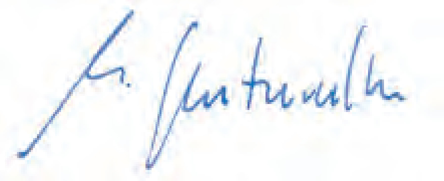
HOCHTIEF Aktiengesellschaft

The Executive Board

Marcelino Fernández Verdes

José Ignacio Legorburo Escobar

Peter Sassenfeld



Nikolaus Graf von Matuschka

Reproduction of the Independent Auditor’s Reproduction Based on the results of our audit, we have issued the following unqualified audit opinion:

Independent Auditor’s Report

To HOCHTIEF Aktiengesellschaft, Essen

Report on the Audit of the Consolidated Financial Statements and of the Group Management Report

Opinions

We have audited the consolidated financial statements of HOCHTIEF Aktiengesellschaft, Essen, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2020, and the consolidated statement of earnings, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report (hereinafter: "group management report") of HOCHTIEF Aktiengesellschaft for the financial year from January 1 to December 31, 2020.

In accordance with German legal requirements, we have not audited the content of those components of the group management report specified in the "Other Information" section of our auditor's report.

The group management report contains cross-references that are not required by law and which are marked as unaudited. In accordance with German legal requirements, we have not audited the cross-references and the information to which the cross-references refer.

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2020, and of its financial performance for the financial year from January 1 to December 31, 2020, and

– the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the group management report does not cover the content of those components of the group management report specified in the "Other Information" section of the auditor's report. The group management report contains cross-references that are not required by law and which are marked as unaudited. Our audit opinion does not extend to the cross-references and the information to which the cross-references refer.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Opinions
We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Revenue recognition for customer-specific construction contracts
For details of the accounting policies applied, please refer to the explanatory notes to "Revenue from Contracts with Customers" as well as "Judgments made by management in applying the accounting policies" in the accounting policies in the notes to the consolidated financial statements. Information on the amount and breakdown of revenue can be found in the notes to the consolidated financial statements in the section "Explanatory notes to the consolidated statement of earnings" under "Sales" (Note 2).

THE FINANCIAL STATEMENT RISK

The Group's revenue amounted to EUR 22,954 million in financial year 2020.

A major part of the HOCHTIEF Group's business activities relates to the execution of customer-specific construction contracts. These primarily involve construction, construction project management and mining (contract mining). Contract revenue and contract modifications, i.e. contract amendments and subsequent claims, are recognized as revenue. Revenue is recognized by reference to the stage of completion as a measure of the transfer of control to the customer and includes the proportionate share of profit or loss on the construction contract.

The main estimates made by management in this context concern:

– Determination of stage of completion

– Estimation of the entire contract performance and total contract costs including forecast cost increases

– Estimation of total contract revenue, taking into account contract amendments and subsequent claims for which it is highly probable that they will not have to be canceled to a significant extent in the future

The Group's significant markets are located in the Asia Pacific region, the US and in Europe. Various and to some extent complex contractual conditions are agreed by the Group's companies for their worldwide activities.

Due to the use of varying contractual agreements in different markets for customers and estimates in assessing the timing of the transfer of control to the customer, there is the financial statement risk that the amount of accrued revenues at the reporting date is inaccurate.

OUR AUDIT APPROACH

Based on our understanding of the process gained, we have evaluated the design and implementation of the internal controls identified, in particular relating to the accurate determination of the stage of completion of contracts. Insofar as we have relied on the identified controls, we have also assessed their effectiveness. Our focus was on the controls for reviewing project invoices.

The most significant judgments, such as the existence of a legally enforceable claim for payment including an appropriate margin for services already rendered as well as the selection of the method for measuring progress and the estimation of the stage of completion as of the reporting date, were assessed for appropriateness using contracts selected on the basis of a risk-oriented approach. Key criteria for the risk-oriented selection included the sales recorded in the current financial year, the project history with regard to the total contract size, the amount of revenue from contract modifications and the forecast project result as well as changes in project margins recorded or expected in the current financial year.

In addition, our audit procedures included obtaining an understanding of the underlying contracts, interviewing project managers on the development of the projects, corroborating the Company's estimates of the probability of occurrence of legal contract risks, reviewing the incurred and forecast costs by means of respective evidence, and examining the anticipated losses from loss-making projects. Furthermore, we obtained evidence from third parties for selected projects (for instance confirmations from customers and lawyers) and, with the involvement of our engineers, visited (partially in person, partially virtually) construction sites.

Based on the knowledge previously obtained, we assessed the appropriateness of the determination of the respective stage of completion as well as recognition in the balance sheet and statement of earnings.

OUR OBSERVATIONS

The HOCHTIEF Group's approach to recognizing revenue on an accrual basis is appropriate. The assumptions and methods underlying the accounting treatment are overall appropriate.

Impairment testing of goodwill

For details of the accounting policies applied, please refer to the explanations in the sections "Intangible assets" and "Impairment losses" in the accounting policies in the notes to the consolidated financial statements. Information on the amount of goodwill can be found in the notes to the consolidated financial statements in the explanatory notes to the consolidated balance sheet under "Intangible assets" (Note 12). Information on the economic development of the business segments can be found in the combined management report in the section "Segment reporting".

THE FINANCIAL STATEMENT RISK

Goodwill amounted to EUR 918 million as of December 31, 2020, and, at 95% of group equity, has a significant impact on the net assets. In 2020, the Company did not identify any need for impairment loss.

Goodwill is tested for impairment annually at the level of the operating segments (divisions) HOCHTIEF Americas, HOCHTIEF Asia Pacific and HOCHTIEF Europe. For this purpose, the carrying amount of the assets is compared with their recoverable amount for the respective business segment. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of the fair value less costs to sell and the value in use of the operating segment. The recoverable amount of the division HOCHTIEF Asia Pacific is determined on the basis of the fair value derived from the stock market value of CIMIC Group Ltd., North Sydney, Australia (hereinafter referred to as "CIMIC"). The impairment test for the divisions HOCHTIEF Americas and HOCHTIEF Europe was performed as of March 31, 2020, while the impairment test for the division HOCHTIEF Asia Pacific was performed as of December 31, 2020.

Impairment testing of goodwill is complex and based on a range of assumptions that require judgment. These include, among others, the expected sales and cost development, which is also dependent on new projects, of the business segments for the next three years and the discount rate used.

There is the risk for the financial statements that an existing impairment as of the reporting date has not been recognized.

OUR AUDIT APPROACH

With the support of our valuation specialists, we assessed, among other things, the appropriateness of the significant assumptions as well as the Company's valuation models. For this purpose, we discussed the projected business and earnings development with those responsible for planning. In addition, reconciliations were made with other internally available forecasts as well as the budget for the HOCHTIEF Group approved by the Executive Board and acknowledged by the Supervisory Board. Furthermore, we assessed the consistency of assumptions with external market assessments.

We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and analyzing deviations. We compared the assumptions and data underlying the discount rate – in particular the risk-free rate, the market risk premium and the beta factor – with own assumptions and publicly available information.

To assess the methodically and mathematically correct implementation of the valuation method, we verified the Company's valuation using our own calculations and analyzed deviations.

To reflect the existing uncertainty with respect to forecasts as well as the earlier effective date for the impairment test of the divisions HOCHTIEF Americas and HOCHTIEF Europe, we examined the effects of possible changes of the budget and the discount rate on the recoverable amount as of the reporting date by calculating alternative scenarios and comparing these with the Company's valuation results (sensitivity analysis).

As the recoverable amount for the division HOCHTIEF Asia Pacific is determined using the fair value derived from the stock market value of CIMIC, we compared the stock market prices used by the HOCHTIEF Group with publicly available market data as of the reporting date.

OUR OBSERVATIONS

The underlying valuation models used for goodwill impairment testing are appropriate and consistent with the applicable accounting policies.

The Company's assumptions and data underlying the valuation are overall appropriate.

Disposal of 50% of the shares in Thiess Pty Limited, Southbank, Australia

For details of the accounting policies applied, please refer to the explanatory notes to the "Basis of consolidation" and "Judgments made by management in applying the accounting policies" in the accounting policies and Note 16 "Equity-method investments" in the explanatory notes to the consolidated balance sheet.

THE FINANCIAL STATEMENT RISK

In the course of financial year 2020, HOCHTIEF subsidiary CIMIC Group Limited, Sydney, Australia (hereinafter "CIMIC") with funds, advised by Elliott Advisors (UK) Ltd, London, United Kingdom (hereinafter "Elliott"), concluded an agreement on the sale of 50% of the shares in the previously wholly owned subsidiary Thiess Pty Limited, Southbank, Australia, and its subsidiaries (hereinafter "Thiess" or "Thiess business") and entered into a joint venture agreement with Elliott. The sale was concluded on December 31, 2020.

From the HOCHTIEF perspective, it is particularly necessary in this respect to evaluate whether the partial sale as well as the joint venture agreement resulted overall in a loss of control pursuant to IFRS 10 over the previous subsidiaries and how the retained 50% of the shares in Thiess are to be recognized in future. In order to evaluate the accounting issues in the content of the transaction, HOCHTIEF used an independent expert.

HOCHTIEF deconsolidated Thiess as of December 31, 2020, and entered the retained 50% shareholding at fair value. The carrying amount of the investment is carried forward by applying the equity method pursuant to IAS 28 in future. The pre-tax gain on disposal recorded in the consolidated financial statements of HOCHTIEF as of December 31, 2020, amounts to EUR 1,350.0 million.

The agreements reached between CIMIC and Elliott are complex and require assessments by management to determine whether this transaction overall has resulted in loss of control within the meaning of IFRS 10. In addition, the determination of the gain on disposal is complex and requires judgment.

There is the risk for the consolidated financial statements that due to contractual agreements HOCHTIEF continues to control Thiess with the result that the Thiess business would need to continue to be consolidated in the consolidated financial statements of HOCHTIEF and no gain on disposal would have been recorded as of the reporting date of December 31, 2020.

Furthermore, there is the risk that the gain on disposal was not correctly determined and the required disclosures on the transaction in the notes are not complete and appropriate.

OUR AUDIT APPROACH

We initially obtained an understanding of the transaction based on the contractual agreements between HOCHTIEF and CIMIC and between HOCHTIEF and Elliott, respectively.

We evaluated the competence, professional skills and impartiality of the independent expert engaged by HOCHTIEF.

Considering the requirements of IFRS 10, we discussed with management the relevant activities for managing the Thiess business that mostly influence the future returns on the investment and whether decisions regarding these activities can only be made jointly on the basis of the Shareholder Agreement concluded with Elliott.

In addition, our evaluation included the contractual subsidiary agreements, such as granting Elliott a put option and the joint determination of distributions to be made by Thiess in future, as these can have a bearing on future returns from the investment in Thiess and the joint control involves sufficient variability of future returns for both joint venture partners.

We evaluated whether all closing conditions for the transaction were fulfilled as of the reporting date of December 31, 2020. This included evidence of the payment of the purchase price made by Elliott at the conclusion of the transaction.

We evaluated the determination of the gain on disposal in respect of compliance with IFRS 10.

Finally, we evaluated the appropriateness of the disclosures in the notes on the sale of the Thiess business.

OUR OBSERVATIONS

The underlying approach for the presentation of the 50% sale of the Thiess business in the consolidated financial statements of HOCHTIEF is appropriate overall. The disclosures in the notes to consolidated financial statements are complete and appropriate.

Full consolidation of BIC Contracting LLC and its classification as disposal group and discontinued operation

For details of the accounting policies applied, please refer to the explanations "Basis of consolidation" in the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

Owing to the error finding of the German Financial Reporting Enforcement Panel (FREP) that BIC Contracting LLC and its affiliated entities (hereinafter "BICC"), with registered office in Dubai, United Arab Emirates, and previously included using the equity method in the 2017 consolidated financial statements of HOCHTIEF, is required to be fully consolidated, HOCHTIEF fully consolidated BICC in the consolidated financial statements as of December 31, 2020, and recognized a restatement pursuant to IAS 8.41 et seqq. for the prior year.

The acquired identifiable assets and assumed liabilities are recognized at fair value pursuant to IFRS 3 on the date of obtaining control (November 30, 2016).

The identification and measurement of assets acquired and liabilities assumed of BICC at the date of obtaining control and their carrying forward to December 31, 2020, is complex and based on assumptions of the Executive Board that require judgment.

On February 15, 2021, the HOCHTIEF subsidiary CIMIC, which indirectly holds the investment in BICC, concluded an agreement on the disposal of all shares in BICC with SALD Investment LLC, United Arab Emirates. Therefore, as of December 31, 2020, BICC is classified as disposal group and as discontinued operation pursuant to IFRS 5 and presented correspondingly.

There is the risk for the consolidated financial statements that the assets and liabilities assumed as of November 30, 2016, are identified improperly or measured inaccurately and that amounts are not appropriately carried forward to December 31, 2020. Further, there is the risk that the classification and presentation as disposal group and discontinued operation is not appropriate. There is also the risk that the related disclosures in the notes are not sufficiently detailed and appropriate.

OUR AUDIT APPROACH

We initially evaluated the appropriateness of the identification and valuation methods as well as their underlying key assumptions. To that end, we obtained an understanding of the effects of the first-time full consolidation by questioning employees of the finance and M&A functions of CIMIC and by evaluating the relevant contracts.

We evaluated the process of identification of the assumed assets and liabilities for compliance with the requirements of IFRS 3 based on our knowledge of BICC's business model. We investigated the valuation methods used for their compliance with the accounting policies.

Subsequently, we evaluated whether the assets and liabilities of BICC were fully and appropriately presented as of January 1, 2019, and the following reporting dates in the consolidated financial statements of HOCHTIEF.

We evaluated whether the classification of BICC as disposal group and discontinued operation pursuant to IFRS 5 was accurately made. For this purpose, we consulted management and assessed internal and external reporting. Furthermore, we assessed whether the allocation of income and expenses to the discontinued operation was correct.

Further, using the sale agreement we evaluated whether the measurement of the assets and liabilities classified as disposal group was appropriately made.

Finally, we evaluated whether the disclosures in the notes relating to the restatement pursuant to IAS 8.41 et seqq. and to the disposal group and discontinued operation are complete and appropriate.

OUR OBSERVATIONS

The approach used for identifying and measuring as well as carrying forward the assumed assets and liabilities is appropriate and in line with the accounting policies to be applied.

The classification of BICC as disposal group and discontinued operation pursuant to IFRS 5 as of December 31, 2020, is appropriate.

The disclosures in the notes relating to the restatement pursuant to IAS 8.41 et seqq. and to the disposal group and discontinued operation are sufficiently detailed and appropriate.

Other Information
Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the group management report, whose content was not audited:

- the integrated combined non-financial statement of the Company and the Group, which are marked as unaudited

- the combined corporate governance statement for the Company and the Group referred to in the group management report, and

- information extraneous to management reports and marked as unaudited.

The other information also includes the separate non-financial group report and the remaining parts of the annual report (group report). The other information does not include the consolidated financial statements, the group management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report information audited for content or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In accordance with our engagement letter, we conducted a separate assurance engagement of the separate non-financial group report. Please refer to our assurance report dated March 31, 2021, for information on the nature, scope and findings of this assurance engagement.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report
Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

– Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

– Perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

We have performed assurance work in accordance with Section 317 (3b) HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the file that can be downloaded by the issuer from the electronic client portal with access protection, "Hochtief Konzernabschluss 2020.zip" (SHA256-Hashwert: 20a6ac1457ba998376 a11c984d8f856adc4fe771b58e0c4be27bc87fbc39bd42) and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained in this reproduction nor any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned electronic file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned file beyond this reasonable assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2020, contained in the "Report on the Audit of the Consolidated Financial Statements and the Group Management Report" above.

We conducted our assurance work of the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned electronic file in accordance with Section 317 (3b) HGB and the Exposure Draft of the IDW Assurance Standard: Assurance in accordance with Section 317 (3b) HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410). Accordingly, our responsibilities are further described below. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management is responsible for the internal controls they consider necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Company’s management is also responsible for the submission of the ESEF documents together with the auditor’s report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance of the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the electronic file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815 on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on April 28, 2020. We were engaged by the Supervisory Board on September 14, 2020. We have been the group auditor of HOCHTIEF Aktiengesellschaft, Essen, since financial year 2019.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Information on the Supplementary Audit

We issue this independent auditor's report for the consolidated financial statements and the group management report as well as for the electronic reproduction of the consolidated financial statements and group management report presented to us for audit for the first time, contained in the file that can be downloaded by the issuer from the electronic client portal with access protection, "Hochtief Konzernabschluss 2020.zip“ (SHA256-Hashwert: 20a6ac1457ba998376a11c984d8f856adc4fe771b58e0c4be27bc87fbc39bd42) and prepared for publication purposes, based on our audit duly completed on March 31, 2021 and our supplementary audit completed on April 9, 2021, which relates to the first-time submission of the ESEF documents.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Charlotte Salzmann.

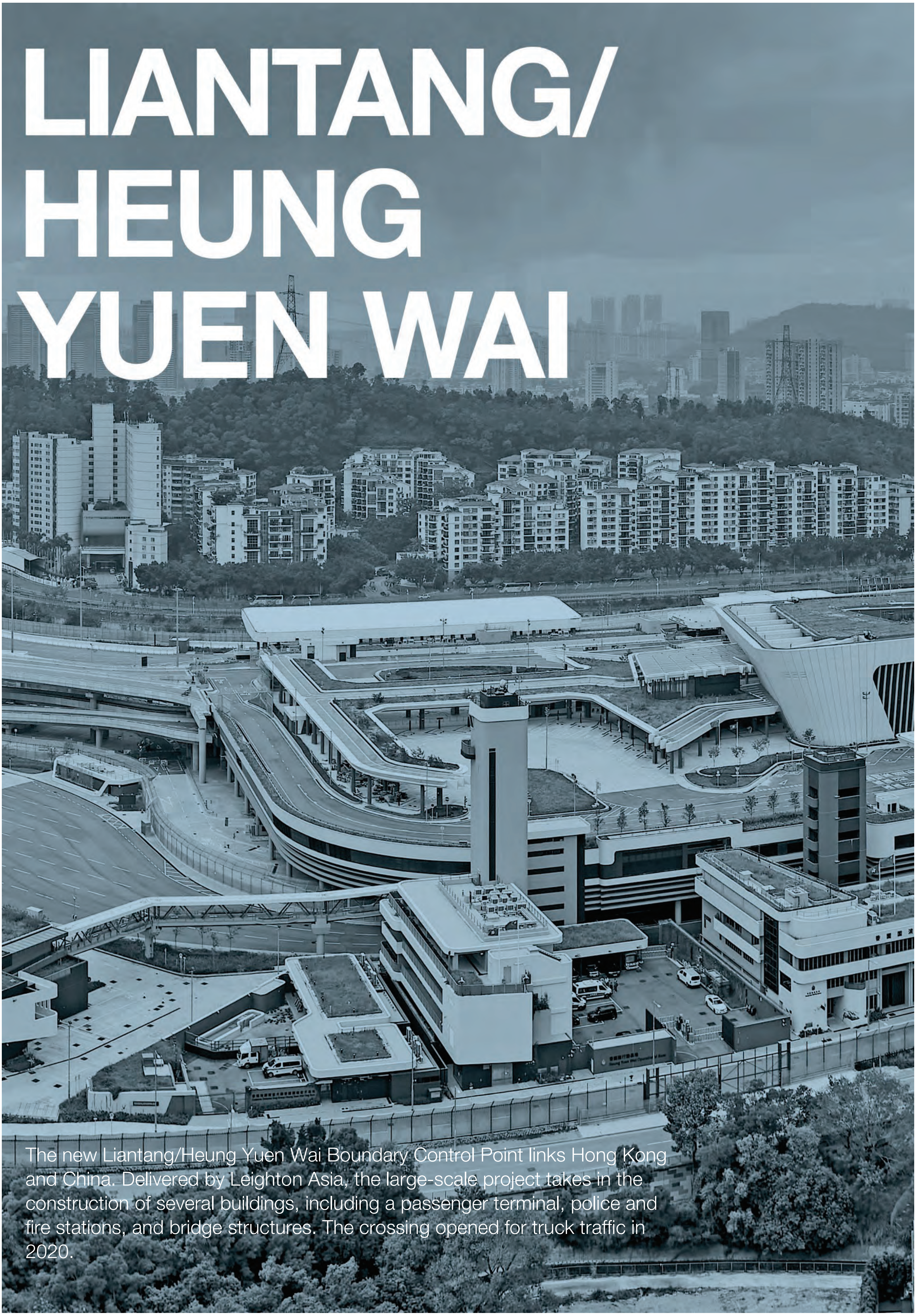
Essen, March 31, 2021/limited to the assurance of the ESEF documents specified in the information on the supplementary audit: April 9, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

[signature] Ufer
Wirtschaftsprüfer
[German Public Auditor]

[signature] Salzmann
Wirtschaftsprüferin
[German Public Auditor]

LIANTANG/ HEUNG YUEN WAI



The new Liantang/Heung Yuen Wai Boundary Control Point links Hong Kong and China. Delivered by Leighton Asia, the large-scale project takes in the construction of several buildings, including a passenger terminal, police and fire stations, and bridge structures. The crossing opened for truck traffic in 2020.


Heung Yuen Wai Fire Station
HK

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, planned investments or acquisitions, 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, planned investments or acquisitions, 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.

Index for the 10 Principles of the UN Global Compact (UNGC) and the Global Reporting Initiative (GRI)

UNGC princip-les		GRI content index to GRI standards (for in accordance—"Core")		
	GRI 101	**Foundation**		
	Section 2	Using the GRI Standards for sustainability reporting		
	GRI 102	**General information**	Page number	Further information/notes
	1	**Organizational profile**		
	102-1	Name of organization	1, 3, 283	
	102-2	Activities, brands, products, and services	2, 22–24, 62–77	No products or services are banned in certain markets.
	102-3	Location of headquarters	281	
	102-4	Location of operations	2, 24	
	102-5	Ownership and legal form	19, 243, 281	
	102-6	Markets served	2, 22–24, 33–37	
	102-7	Scale of the organization	241	www.hochtief.com/subsidiaries2020
	102-8	Information on employees and other workers	98–103	Based on the construction management model applied by HOCHTIEF, construction activities—above all in the HOCHTIEF Europe and HOCHTIEF Americas divisions—are mostly not carried out by Group employees. At CIMIC in particular, fluctuation in the size of the work-force is normal due to project-driven employ-ment on temporary contracts.
	102-9	Supply chain	112–115	
	102-10	Significant changes to the organization and its supply chain	3	
7	102-11	Precautionary principle or approach	136	
5, 8	102-12	External initiatives	4, 139–140	https://www.hochtief.com/responsibility/commitments
8	102-13	Membership of associations	4, 139–140	https://www.hochtief.com/responsibility/commitments
	2	**Strategy**		
	102-14	Statement from senior decision-maker	9–11, 12–15, 54, 58-59	
	3	**Ethics and integrity**		
1, 2, 4, 5, 6, 10	102-16	Values, guidelines, standards and norms of behavior	5, 25–31, 80–82, 98–103, 105–110, 136–151, Code of Conduct	www.hochtief.com/compliance
	4	**Governance**		
	102-18	Governance structure	17, 22–23	www.hochtief.com/corporate-governance
8	**5**	**Stakeholder engagement**		
	102-40	List of stakeholder groups	137	
3	102-41	Collective bargaining agreements	100	Statistics are not currently kept on the percent-age of employees covered by collective bar-gaining agreements.
	102-42	Identifying and selecting stakeholders	28–30, 137	
	102-43	Approach to stakeholder engagement	28–30, 137	
10	102-44	Key topics and concerns raised	28–31	

	6	Reporting practice	Page number	Further Information/notes
	102-45	Entities included in the consolidated financial statements	24, 164–165	Sustainability indicators are reported on the basis of the consolidated group. The non-financial information and performance indicators in the Group Report do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.
	102-46	Defining report content and topic boundaries	3, 28–31, 134–135	The non-financial information and performance indicators in the Group Report do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.
	102-47	List of material topics	25, 28, 29, 152–153, 154–155	
	102-48	Restatements of information	3	Restatements due to data updates are reported as a matter of policy.
	102-49	Changes in reporting	3	The non-financial information and performance indicators in the Group Report do not include any information (policies and due diligence processes applied, outcomes of the policies, or risks) relating to BICC, as no policy for the non-financial aspects has been or is pursued for this part of the Group. No non-financial information has been reported to HOCHTIEF.
	102-50	Reporting period	3	
	102-51	Date of most recent report	282	
	102-52	Reporting cycle	3	
	102-53	Contact point for questions regarding the report	282	
	102-54	Claims of reporting in accordance with the GRI Standards	3, 134, 265–270	
	102-55	GRI content index	265–270	
	102-56	External assurance	251–261, 271–276	

		Compliance		
1,2,4,10	103-1	**Business Ethics** Boundary: Own organization, business partners, supply chain	80–82, 113	
	103-2	The management approach and its components	80–82	
	103-3	Evaluation of the management approach	80–82	
	205-1	Operations assessed for risks related to corruption	81–82	
	205-2	Communication and training about anti-corruption policies and procedures	81	
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		For reasons of confidentiality, HOCHTIEF does not report on any antitrust proceedings and their outcomes.
	307-1	Non-compliance with environmental laws and regulations	144, 147	
1, 2, 3, 4, 5, 6, 10	103-1	**Observance of human rights** Boundary: Own organization, business partners, supply chain, users	99, 100, 112, 138	
	103-2	The management approach and its components	138	
	103-3	Evaluation of the management approach	138	
	412-1	Operations that have been subject to human rights reviews or impact assessments	138	The Human Rights Impact Assessments conducted by CIMIC in 2017 (India, Indonesia, Philippines, Papua New Guinea, and Mongolia) represent a total of about 33% of all direct CIMIC employees.
	412-2	Employee training on human rights policies or procedures	81, 138	Human rights are observed at HOCHTIEF under the Code of Conduct and form part of training seminars. No separate statistics on this are currently kept.
		Working environment		

	103-1	**Health and Safety** Boundary: Own organization, business partners, supply chain	105–110	
	103-2	The management approach and its components	105	
	103-3	Evaluation of the management approach	105	
	403-1	Occupational health and safety management system	105–106	
	403-2	Hazard identification, risk assessment, and incident investigation	107–108	Employee representatives attend the regular Occupational Safety and Health Committee meetings, at which occupational safety risks and measures are discussed. Hazards are identified as part of in-project hazard assessments and appropriate measures taken where necessary. All employees are asked to report unsafe situations to their supervisor.
	403-3	Occupational health services	107	
	403-4	Worker participation, consultation, and communication on occupational health and safety	107–108	
	403-5	Worker training on occupational health and safety	107	
	403-6	Promotion of worker health	100–101, 107	Employees at the various companies are offered free programs with seminars and information (such as on ergonomics, nutrition, and resilience), theme days and long-term campaigns (Fit for Work – Fit for Life).
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	108	Project-related occupational safety hazards over which we have no direct influence are taken into account in hazard assessments.
	403-8	Workers covered by an occupational health and safety management system	109	Information on subcontractor occupational safety management systems is obtained in prequalification
	403-9	Work-related injuries	110	Only fatalities and the lost time injury frequency rate are currently also reported for subcontractors as there is no corresponding reporting for injury data. Work-related injuries with serious consequences are not reported for either the company's own employees or for subcontractors as there is no corresponding reporting. For reasons of confidentiality, the number of hours worked is not reported.
	403-10	Work-related ill health	108	Only fatalities and the lost time injury frequency rate are currently also reported for subcontractors as corresponding reporting of injury data and work-related injuries with serious consequences is not implemented for subcontractors. Deaths caused by occupational illnesses are not reported to HOCHTIEF. Recognized occupational diseases among HOCHTIEF employees in 2020 (Germany): squamous cell carcinoma (7), noise-induced hearing loss (4), silicosis (2), asbestosis (3). Occupational diseases are usually identified and recognized by accident insurers.
6	103-1	**Talent Attraction and Training** Boundary: Own organization	98–100	
	103-2	The management approach and its components	98–100	
	103-3	Evaluation of the management approach	98–100	
	401-1	New employee hires and employee turnover	98, 102	HOCHTIEF does not currently provide information by age group and gender but is preparing to collect this data.
		Self-defined focus area indicator: Aspect: talent attraction	98–99	
	404-1	Average hours of training per year per employee	99	HOCHTIEF does not currently report rates of hours of training by gender and employee category but is preparing to collect this data.
	401-3	Parental leave	103	The number eligible cannot be determined because fathers are not required to report the birth of a child.
		Adaptability	98	HOCHTIEF aims to attune the workforce and its culture to persistently flexible, agile working environments. Approaches are currently being developed for this newly added material topic.

		Supply chain		
	103-1	**Supply Chain Engagement** Boundary: Business partners, supply chain	112–115	
	103-2	The management approach and its components	112–115	
	103-3	Evaluation of the management approach	112–115	
	301-1	Materials used by weight or volume	147	Reporting to distinguish between renewable and non-renewable energy sources is currently being developed within the framework of consumption data acquisition.
		Self-defined focus area indicator: Aspect: supply chain engagement (number of prequalified contractual partners)	112–113	
	414-1	New suppliers screened using social criteria	112–113, 115	The figures relate to all subcontractors. The percentage of new suppliers screened using social criteria is currently not reported.
	204-1	Proportion of spending on local suppliers	113	The primary locations in this connection are the various large-scale construction sites. The definition of local differs for each HOCHTIEF division. At HOCHTIEF Europe, for example, suppliers from areas with neighboring postal codes are defined as local. In less densely settled Australia, however, a larger area can be considered local.
7, 8, 9		**Products and services**		
	103-1	**Sustainable cities and mobility** Boundary: Own organization, business partners, supply chain, users	141, 144–146, 151	
	103-2	The management approach and its components	144	HOCHTIEF promotes green building approaches at project level. As one of the market leaders, we pursue the cross-cutting goal of advancing green building. This largely depends on what customers want at project level. Management approaches are developed on a project basis.
	103-3	Evaluation of the management approach	144	
		Self-defined focus area indicator: Aspect: sustainable cities and mobility (number of accredited auditors; number of certified projects)	144, 151	
	103-1	**Circular built environment** Boundary: Own organization, business partners, supply chain, users	11, 136, 144, 146	
	103-2	The management approach and its components	144	HOCHTIEF promotes the life cycle and circular built environment approaches at project level. We pursue the crosscutting goal of advancing the life cycle approach and establishing circular economy models in the market. Management approaches are developed on a project basis.
	103-3	Evaluation of the management approach	144	
		Self-defined focus area indicator: Aspect: Circular built environment	144	
9	103-1	**Innovation/Digital transformation** Boundary: Own organization, business partners, supply chain, users	93	
	103-2	The management approach and its components	93	
	103-3	Evaluation of the management approach	93	
		Self-defined focus area indicator: Aspect: innovation/digital transformation (BIM as a future-oriented work method)	94–95	
7,8,9		**Environment**		
	103-1	**Climate change** Boundary: Own organization, business partners, supply chain	143–144	
	103-2	The management approach and its components	143–144	
	103-3	Evaluation of the management approach	143–144	
	305-1	Direct (Scope 1) GHG emissions	149	Only CO_2 is currently reported. No biogenic CO_2 emissions are reported.
	305-2	Energy indirect (Scope 2) GHG emissions	149	Only CO_2.is currently reported.
	305-3	Other indirect (Scope 3) GHG emissions	150	Only CO_2. is currently reported. No biogenic CO_2-emissions are reported.

	103-1	**Water management** Boundary: Own organization, business partners, supply chain	142–143	
	103-2	The management approach and its components	142–143	
	103-3	Evaluation of the management approach	142–143	
	303-1	Interactions with water as a shared resource	143, 150	HOCHTIEF's project business, with its diverse conditions that change with each project, calls for water concepts to always be addressed on a project basis.
	303-2	Management of water discharge-related impacts	148-149	Minimum wastewater discharge quality standards are project-dependent.
	303-3	Water withdrawal	150	Calculation is based on billing volumes or project data acquisition.
	303-4	Water discharge	150	Calculation is based on billing volumes or project data acquisition. CIMIC in particular operates in regions with water scarcity or shortage and consequently has well-founded reporting.
	303-5	Water consumption	150	Reporting is currently being developed. Calculation is based on billing volumes or project data acquisition. CIMIC in particular operates in regions with water scarcity or shortage and consequently has well-founded reporting.
	103-1	**Biodiversity** Boundary: Own organization, business partners, supply chain	143	
	103-2	The management approach and its components	143	HOCHTIEF addresses biodiversity on a project basis and according to local circumstances. The fundamental aim is to conserve biodiversity. Management approaches are developed on a project basis.
	103-3	Evaluation of the management approach	143	
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		The GRI definition of operational sites is not applicable to HOCHTIEF's project activities. Protected areas are safeguarded with strict stipulations on projects. See p. 146 for examples.
	304-2	Significant impacts of activities, products, and services on biodiversity	143	Impact management at HOCHTIEF is carried out on a project-specific basis and dealt with in connection with construction sites. Consequently, no data is collected Group-wide.
	103-1	**Energy environment** Boundary: Own organization, business partners, supply chain	143	
	103-2	The management approach and its components	143	
	103-3	Evaluation of the management approach	143	
	302-1	Energy consumption within the organization	149	Country-specific conversion factors are used. No statistics are gathered on steam consumption for reasons of materiality. The sale of energy is not a material category in our business. No statistics on the consumption of renewable fuel sources are kept Group-wide. The consumption figures for gasoline, diesel fuel, LPG, and electricity add up to total energy consumption and are not reported separately.
	103-1	**Waste** Boundary: Own organization, business partners, supply chain	141	
	103-2	The management approach and its components	141	
	103-3	Evaluation of the management approach	141	
	306-2	Waste by type and disposal method	141–142, 147	HOCHTIEF focuses on the disposal methods of significance in project activities. We do not currently report hazardous and non-hazardous waste with a breakdown by disposal method.

		Community		
	103-1	**Stakeholder engagement** Boundary: Own organization, business partners, supply chain, users	139–140	
	103-2	The management approach and its components	139	
	103-3	Evaluation of the management approach	139	
	413-1	Operations with local community engagement, impact assessments, and development programs	139–140	Organization of the related activities is decentralized due to the project-based location structure and, for this reason, no percentages are reported.
10	415-1	Political contributions	139, Code of Conduct	
		Self-defined focus area indicator: Aspect: stakeholder engagement	139	

The content of the stated websites is neither part of the statutory audit of the annual financial statements and consolidated financial statements nor part of the separate limited assurance engagement by KPMG AG Wirtschaftsprüfungsgesellschaft.

Limited Assurance Report of the Independent Auditor regarding Sustainability Information [1)]

To the Executive Board of HOCHTIEF Aktiengesellschaft, Essen

[1)] Our engagement applied to the German version of the Sustainability Report. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

We have been engaged to perform an independent limited assurance engagement on the qualitative and quantitative disclosures on sustainability performance in the section "Sustainability HOCHTIEF" in the group report 2020 - combined financial report and sustainability report (further "Sustainability Report") for the period January 1 to December 31, 2020 of HOCHTIEF Aktiengesellschaft, Essen (further "Company").

It was not part of our engagement to review product and service-related information, references to external websites and information sources, as well as future-related statements in the Sustainability Report.

Management's Responsibility
The legal representatives of HOCHTIEF Aktiengesellschaft are responsible for the preparation of the Sustainability Report in accordance with the Reporting Criteria.
HOCHTIEF Aktiengesellschaft applies the principles and standard disclosures of the Standards of the Global Reporting Initiative (GRI) (option "Core") as Reporting Criteria (further "Reporting Criteria).

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the Sustainability Report and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for the internal controls they deem necessary for the preparation of Sustainability Report that is free of – intended or unintended – material misstatements.

Practitioner's Responsibility
It is our responsibility to express a conclusion on the Sustainability Report based on our work performed within a limited assurance engagement.

We conducted our work in the form of a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", published by IAASB. Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the Sustainability Report of the Company for the period from January 1 to December 31, 2020 has not been prepared, in all material respects, in accordance with the Reporting Criteria. We do not, however, issue a separate conclusion for each disclosure. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The choice of assurance procedures is subject to the auditor's own judgement.

Within the scope of our engagement we performed, amongst others, the following procedures:

- Inquiries of personnel who are responsible for the materiality analysis to get an understanding of the process for identifying material topics and respective report boundaries of HOCHTIEF Aktiengesellschaft
- A risk analysis, including a media research, to identify relevant information on HOCHTIEF Aktiengesellschaft sustainability performance in the reporting period
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of disclosure on environmental, employee and social matters, respect for human rights as well as combatting corruption and bribery matters, including the collection and consolidation of quantitative data
- Inquiries of personnel who are responsible for determining disclosures and for compiling the disclosures on concepts, due diligence processes, results and risks, the conduction of internal controls and consolidation of the disclosures
- Evaluation of selected internal and external documents
- Analytical evaluation of data and trends of quantitative disclosures which are reported by all sites on group level
- Assessment of local data collection and reporting processes and reliability of reported data via a sampling survey at site in Australia CIMIC Group / Division HOCHTIEF Asia Pacific (via videoconference)
- Assessment of the overall presentation of the disclosures

As described in the Sustainability Report, HOCHTIEF Aktiengesellschaft engaged an external provider to perform assessments in order to ensure compliance with company's requirements concerning sustainability in the area of environmental protection, labor and human rights, fair business practices and supply chain. The adequacy and accuracy of the conclusions from these external assessments were not part of our limited assurance engagement.

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

Independence and Quality Assurance on the Part of the Auditing Firm
In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Conclusion
Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability information in Sustainability Report for the period January 1 to December 31, 2020, has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Restriction of Use/Clause on General Engagement Terms
This assurance report is issued for purposes of the Executive Board HOCHTIEF Aktiengesellschaft, Essen, only. We assume no responsibility with regard to any third parties.

Our assignment for the Executive Board of HOCHTIEF Aktiengesellschaft, Essen, and professional liability as described above was governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms notice of the provisions contained therein including the limitation of our liability as stipulated in No. 9 and accepts the validity of the General Engagement Terms with respect to us.

Frankfurt am Main, March 31, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Glöckner
Wirtschaftsprüfer
[German Public Auditor]

Brokof
Wirtschaftsprüferin
[German Public Auditor]

Limited Assurance Report of the Independent Auditor regarding the separate non-financial group report[1)]

To the Supervisory Board of HOCHTIEF Aktiengesellschaft, Essen

1) Our engagement applied to the German version of the separate non-financial group report. This text is a translation of the Independent Assurance Report issued in German, whereas the German text is authoritative.

We have performed an independent limited assurance engagement on the separate non-financial group report (further „non-financial group report"), of HOCHTIEF Aktiengesellschaft, Essen (further: "Company"), according to §§ 315b, 315c in connection with 289c to 289e of the German Commercial Code (HGB) for the period from January 1 to December 31, 2020.

It was not part of our engagement to review product and service-related information, references to external websites and information sources, as well as future-related statements in the non-financial group report.

Management's Responsibility
The legal representatives of the Company are responsible for the preparation of the non-financial group report in accordance with §§ 315b, 315c in connection with 289c to 289e HGB.

This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the non-financial group report and the use of assumptions and estimates for individual disclosures which are reasonable under the given circumstances. Furthermore, the legal representatives are responsible for the internal controls they deem necessary for the preparation of the non-financial group report that is free of – intended or unintended – material misstatements.

Practitioner's Responsibility
It is our responsibility to express a conclusion on the non-financial group report based on our work performed within a limited assurance engagement.

We conducted our work in the form of a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by IAASB. Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the non-financial group report of the Company for the period from January 1 to December 31, 2020 has not been prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB. We do not, however, issue a separate conclusion for each disclosure. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The choice of assurance procedures is subject to the auditor's own judgement.

Within the scope of our engagement we performed, amongst others, the following procedures:

- Inquiries of personnel who are responsible for the materiality analysis to get an understanding of the process for identifying material topics and respective report boundaries of HOCHTIEF Aktiengesellschaft
- A risk analysis, including a media research, to identify relevant information on HOCHTIEF Aktiengesellschaft sustainability performance in the reporting period
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of disclosure on environmental, employee and social matters, respect for human rights as well as combatting corruption and bribery matters, including the collection and consolidation of quantitative data
- Inquiries of personnel who are responsible for determining disclosures and for compiling the disclosures on concepts, due diligence processes, results and risks, the conduction of internal controls and consolidation of the disclosures
- Evaluation of selected internal and external documents
- Analytical evaluation of data and trends of quantitative disclosures which are reported by all sites on group level
- Assessment of local data collection and reporting processes and reliability of reported data via a sampling survey at site in Australia CIMIC Group / Division HOCHTIEF Asia Pacific (via videoconference)
- Assessment of the overall presentation of the disclosures

As described in the non-financial group report, HOCHTIEF Aktiengesellschaft engaged an external provider to perform assessments in order to ensure compliance with company’s requirements concerning sustainability in the area of environmental protection, labor and human rights, fair business practices and supply chain. The adequacy and accuracy of the conclusions from these external assessments were not part of our limited assurance engagement.

Independence and Quality Assurance on the Part of the Auditing Firm

In performing this engagement, we applied the legal provisions and professional pronouncements regarding independence and quality assurance, in particular the Professional Code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial group report of HOCHTIEF Aktiengesellschaft for the period from January 1 to December 31, 2020 has not prepared, in all material respects, in accordance with §§ 315b and 315c in conjunction with 289c to 289e HGB.

Restriction of Use/Clause on General Engagement Terms

This assurance report is issued for purposes of the Supervisory Board of HOCHTIEF Aktiengesellschaft, Essen, only. We assume no responsibility with regard to any third parties.

Our assignment for the Supervisory Board of HOCHTIEF Aktiengesellschaft, Essen, and professional liability as described above was governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf). By reading and using the information contained in this assurance report, each recipient confirms notice of the provisions contained therein including the limitation of our liability as stipulated in No. 9 and accepts the validity of the General Engagement Terms with respect to us.

Frankfurt am Main, March 31, 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

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Glossary

Bonding
A statutory form of security used in the U.S. to guarantee performance of public projects, bonding is also employed for selected other clients. A facility of this magnitude is necessary in the U.S. market. Whereas construction projects in the U.S. often have to be bonded with 100% of the contract value, other jurisdictions generally call for 10% performance guarantees.

Brownfield projects
Investment in and management of an existing asset. Opposed to “greenfield projects”, which refers to projects that start from bare ground and lack constraints from prior work, i.e. investment in, construction and maintenance of entirely new or newly rehabilitated facilities or infrastructure.

CDP
The Carbon Disclosure Project is a global carbon transparency initiative launched by institutional investors with the goal of collating corporate climate change information and making it publicly available.
www.cdp.net

Contract mining
Contracting out of certain mine owner operations to a service provider. Via its company Thiess, HOCHTIEF’s Group company CIMIC extracts and processes commodities under long-term contract. Its services include mine development and subsequent renaturalization.

Corporate responsibility (CR)
CR relates to the HOCHTIEF-specific contribution to sustainability that is coordinated by the CR organization.

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 of green building.
www.dgnb.de

Directors and officers (D&O) insurance
D&O insurance is a liability insurance for financial loss 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.

Green buildings
Buildings certified by relevant organizations for satisfying sustainability criteria in design, construction, and operation. BREEAM, DGNB, Green Star, and LEED are currently the certifications most frequently used in HOCHTIEF projects.

Green infrastructure
Sustainable infrastructure projects (such as transportation projects and power plants) delivered to efficiency and resource conservation standards and certified as such by relevant organizations such as CEEQUAL, Greenroads, or ISCA.

Greenfield projects
Projects that start from bare ground and lack constraints from prior work, i.e. investment in, construction and maintenance of entirely new or newly rehabilitated facilities or infrastructure. Opposed to brownfield projects, i.e. investment in and management of an existing asset.

Issuer
An issuer of securities: a company in the case of shares and a company, public body, the state, or other institution in the case of bonds.

Lean construction
Integrated approach that takes into account the entire life cycle of a building for the optimized planning and execution of construction projects.

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.

Lost Time Injury Frequency Rate (LTIFR)
LTIFR represents the number of accidents per million hours worked. Under international standards, accidents are counted from the first working day lost.

OSHEP
The HOCHTIEF Group’s occupational safety, health, and environmental protection organization.

Phasing out
If, based on current findings, a decision has been made to no longer engage specific subcontractors or suppliers, they are tagged as blocked in the system and thus “phased out” of the pool of potential trading partners.

PreFair
A collaborative contracting model at HOCHTIEF in which building is preceded by a preconstruction phase. Planning management prevents inconsistencies in the planning process, optimizes coordination, and reduces the risk of supplemental work. Timely teamwork among all those involved in the project ensures reliable scheduling and budgeting as well as quality assurance.

Public-private partnership (PPP)
Cooperation between the public sector and private-sector entities. 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.

Scope 1/2/3 in relation to greenhouse gas emissions
Direct and indirect emissions of CO_2 and other greenhouse gases, divided in accordance with the Greenhouse Gas Protocol (GHGP) into scopes relating to the emission sources included. Scope 1: direct emission sources in the possession or control of the company; Scope 2: indirect emissions from consumption of energy by the company; Scope 3: other indirect emissions from the company's supply chain.

Services
At HOCHTIEF, the term "services" relates to maintenance and operating services. In the Australian market, this covers the following sectors: roads, non-residential building, mining, light and heavy manufacturing, electricity, water and wastewater, rail, telecommunications, ports, defense, and gas pipelines. In Germany, facility management services comprise the following: facility cleaning, building services, security guard services, catering/restaurant/canteen operation, commercial management, energy management, garden and landscape maintenance, contracting, industrial cleaning, (small-scale) plant engineering, reception and office services, fleet management, and logistics.

Stakeholders
Internal and external groups that either significantly influence the economic, ecological, and social performance of HOCHTIEF or may do so in the future, or that are significantly affected by the Group's economic, ecological, and social performance or may be so in the future. Stakeholder management serves the purpose of systematically surveying and giving strategic consideration to the requirements of key stakeholder groups with regard to sustainable, responsible business practices and HOCHTIEF's public positioning.

Sustainability
Defined at HOCHTIEF as a systematic approach to harmonizing economy, ecology, and social responsibility in business activities with the aim of securing the long-term viability of the Company.

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 strategic policy initiative for businesses committed to aligning their operations and strategies with ten accepted principles. www.unglobalcompact.org

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.

Further terms and explanations are provided in the Investor Relations section of the HOCHTIEF website, www.hochtief.com, where you will find a detailed glossary.

Five Year Summary

		2016	2017	2018	2019 (restated)	2020
New orders[1] (EUR million)		24,813	30,443	28,098	30,429	**23,070**
	Of total: domestic	1,395	884	1,226	1,357	**1,242**
	international	23,418	29,559	26,872	29,072	**21,828**
Work done[1] (EUR million)		22,292	24,518	25,446	27,139	**24,550**
	Of total: domestic	1,039	1,069	1,173	877	**981**
	international	21,253	23,449	24,273	26,262	**23,569**
Order backlog[1] at year-end (EUR million)		43,088	44,644	47,267	51,362	**45,840**
	Of total: domestic	2,739	2,470	2,316	2,818	**3,009**
	international	40,349	42,174	44,951	48,544	**42,831**
Employees at year-end (number)		51,490	53,890	55,777	53,282	**46,644**
	Of total: domestic	3,449	3,403	3,462	3,515	**3,445**
	international	48,041	50,487	52,315	49,767	**43,199** [2]
External sales (EUR million)		19,908	22,631	23,882	25,852	**22,954**
Increase/(decrease) on prior year (%)		-5.6	13.7	5.5	8.2	**-11.2**
Materials (EUR million)		14,778	16,229	17,355	18,990	**17,435**
Materials ratio (%)		74.6	71.9	72.7	73.4	**75.9**
Personnel costs (EUR million)		3,285	4,120	4,168	4,389	**4,419**
Payroll ratio (%)		16.6	18.2	17.5	17.0	**19.2**
Depreciation and amortization (EUR million)		288	396	562	701	**704**
Net income from participating interests (EUR million)		115	177	290	299	**127**
Net investment and interest income (EUR million)		-123	-118	-115	-153	**-155**
Profit before tax—continuing operations (EUR million)		621	824	979	1,050	**882**
Of which: Americas (EUR million)		204	254	297	310	**326**
Asia Pacific (EUR million)		432	579	618	612	**534**
Europe (EUR million)		19	33	52	54	**43**
Pre-tax return on sales—continuing operations (%)		3.1	3.6	4.1	4.1	**3.8**
Profit after tax—continuing operations (EUR million)		433	582	720	792	**550**
Profit after tax—discontinued operations (EUR million)		–	–	–	-1,053	**32**
Profit after tax—total (EUR million)		433	582	720	-261	**582**
Return on equity (%)		16.8	23.0	29.9	49.7	**57.1**
Consolidated net profit/(loss)—continuing operations (EUR million)		320	421	543	614	**427**
Consolidated net profit/(loss)—discontinued operations (EUR million)		–	–	–	-820	**–**
Consolidated net profit/(loss)—total (EUR million)		320	421	543	-206	**427**
EBITDA—continuing operations (EUR million)		997	1,321	1,686	1,893	**1,750**
EBIT—continuing operations (EUR million)		716	925	1,124	1,192	**1,046**
Earnings per share—continuing operations (EUR)		4.98	6.55	8.30	8.70	**6.16**
Earnings per share—discontinued operations (EUR)		–	–	–	-11.62	**–**
Earnings per share—total (EUR)		4.98	6.55	8.30	-2.92	**6.16**
Dividend per share (EUR)		2.60	3.38	4.98	5.80	**3.93** [3]
Dividends paid (EUR million)		167	217	352	410	**278**
Free cash flow from operations —continuing operations[4] (EUR million)		986	1,120	1,230	1,084	**372**

[1] All figures refer to continuing operations only unless stated otherwise.
[2] As of the December 31, 2020 reporting date, this includes 11,862 employees at CIMIC Group company Thiess, which is reported at equity in the consolidated financial statements as of the year-end.
[3] Proposed dividend per share
[4] Free cash flow from operations: Cash flow from operations and cash flow from purchases and disposals of intangible assets, of property, plant an d equipment, and of investment properties

	2016	2017	2018	2019 (restated)	2020
Assets					
Intangible assets (EUR million)	1,322	1,192	1,159	1,303	**1,041**
Property, plant and equipment (EUR million)	1,178	960	1,647	1,866	**912**
Investment properties (EUR million)	12	9	7	19	**21**
Financial assets (EUR million)	776	651	1,939	2,012	**2,473**
Other non-current assets (EUR million)	1,324	1,148	803	1,005	**817**
Non-current assets (EUR million)	**4,612**	**3,960**	**5,555**	**6,205**	**5,264**
As % of total assets	32.8	29.7	35.5	32.6	**31.0**
Inventories (EUR million)	559	425	378	440	**284**
Receivables and other assets (EUR million)	5,562	5,419	5,700	7,406	**5,182**
Marketable securities and cash and cash equivalents (EUR million)	3,311	3,524	4,011	4,954	**5,423**
Assets held for sale (EUR million)	33	21	1	–	**829**
Current assets (EUR million)	**9,465**	**9,389**	**10,090**	**12,800**	**11,718**
As % of total assets	67.2	70.3	64.5	67.4	**69.0**
Total assets (EUR million)	**14,077**	**13,349**	**15,645**	**19,005**	**16,982**
Liabilities and Shareholders' Equity					
Attributable to the Group (EUR million)	1,814	1,788	1,860	1,286	**670**
Non-controlling interest (EUR million)	757	746	551	309	**293**
Shareholders' equity (EUR million)	**2,571**	**2,534**	**2,411**	**1,595**	**963**
As % of total assets	18.3	19.0	15.4	8.4	**5.7**
As % of non-current assets	55.7	64.0	43.4	25.7	**18.3**
Non-current provisions (EUR million)	864	717	760	797	**840**
Non-current financial liabilities (EUR million)	1,633	2,183	2,070	3,132	**3,932**
Other non-current liabilities (EUR million)	72	162	658	763	**533**
Non-current liabilities (EUR million)	**2,569**	**3,062**	**3,488**	**4,692**	**5,305**
As % of total assets	18.2	22.9	22.3	24.7	**31.2**
Current provisions (EUR million)	822	729	842	1,138	**776**
Current financial liabilities (EUR million)	1,047	236	600	1,546	**1,051**
Other current liabilities (EUR million)	7,068	6,788	8,304	10,034	**8,050**
Liabilities associated with assets held for sale (EUR million)	–	–	–	–	**837**
Current liabilities (EUR million)	**8,937**	**7,753**	**9,746**	**12,718**	**10,714**
As % of total assets	63.5	58.1	62.3	66.9	**63.1**
Total assets (EUR million)	**14,077**	**13,349**	**15,645**	**19,005**	**16,982**
Property, plant and equipment ratio[5] (%)	8.4	7.2	10.5	9.8	**5.4**
Total capital expenditure, including acquisitions (EUR million)	796	394	2,259	1,237	**897**
Of total: Intangible assets (EUR million)	13	18	5	16	**16**
Of total: Property, plant and equipment (EUR million)	260	339	736	858	**602**
Of total: Investment properties (EUR million)	–	–	–	–	**–**
Of total: Financial assets (EUR million)	523	37	1,518	363	**279**
Capital expenditure ratio[6] (%)	6.0	8.9	13.9	12.7	**17.3**
Depreciation and amortization ratio[7] (%)	105.5	110.9	75.8	80.2	**113.9**
Receivables turnover[8]	4.2	4.6	5.1	4.6	**4.3**
Total assets turnover[9]	1.5	1.7	1.6	1.5	**1.3**
Net cash/(net debt) —continuing operations (EUR million)	704	1,266	1,564 [10]	1,529	**618**

[5] Property, plant and equipment ratio: Property, plant and equipment as a percentage of total assets
[6] Capital expenditure ratio: Capital expenditure on intangible assets, property, plant and equipment and investment properties as a percentage of cumulative cost of acquisition
[7] Depreciation and amortization ratio: Depreciation and amortization as a percentage of intangible assets, property, plant and equipment and investment properties
[8] Receivables turnover: Ratio of sales to average trade receivables incl. contract assets
[9] Total assets turnover: Ratio of sales to average total assets
[10] Including short-term financial assets and investments

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