



Interim Report Q3 2005

Business review

- **Growth in business volume**
- **Significant increase in nine-month earnings**
- **Net profit for full-year 2005 will exceed prior-year result despite charges from building construction in Australia**

Bilfinger Berger once again expanded its business volume in the first nine months of the year 2005. Growth in all business segments was accompanied by a significant increase in earnings.

Growth in output volume, orders received and order backlog

Output volume, orders received and order backlog all posted double-digit growth rates compared with the same period of the prior year. Output volume increased by 17% to €5,287 million, while orders received rose by a strong 27% to €5,873 million. The order backlog of €7,124 million at the end of September surpassed the mark of seven billion Euros for the first time in Bilfinger Berger's history.

Significant increase in nine-month earnings

Operating profit (EBITA) increased significantly in the first nine months of this year to €50 million (Jan.-Sept. 2004: €25 million), largely due to significant increases in earnings by the Civil and Services segments.

As we have already reported, however, this growth was partially offset by substantial charges from the building construction business in Australia, which were booked in the third quarter of 2005. The review of our order backlog has shown that no additional comparable risks exist.

In spite of this, earnings before taxes still increased to €43 million (Jan.-Sept. 2004: €27 million). Net profit after taxes and minority interests for the first nine months of the year rose to €23 million (Jan.-Sept. 2004: €14 million).

Sound financial situation, healthy capital structure

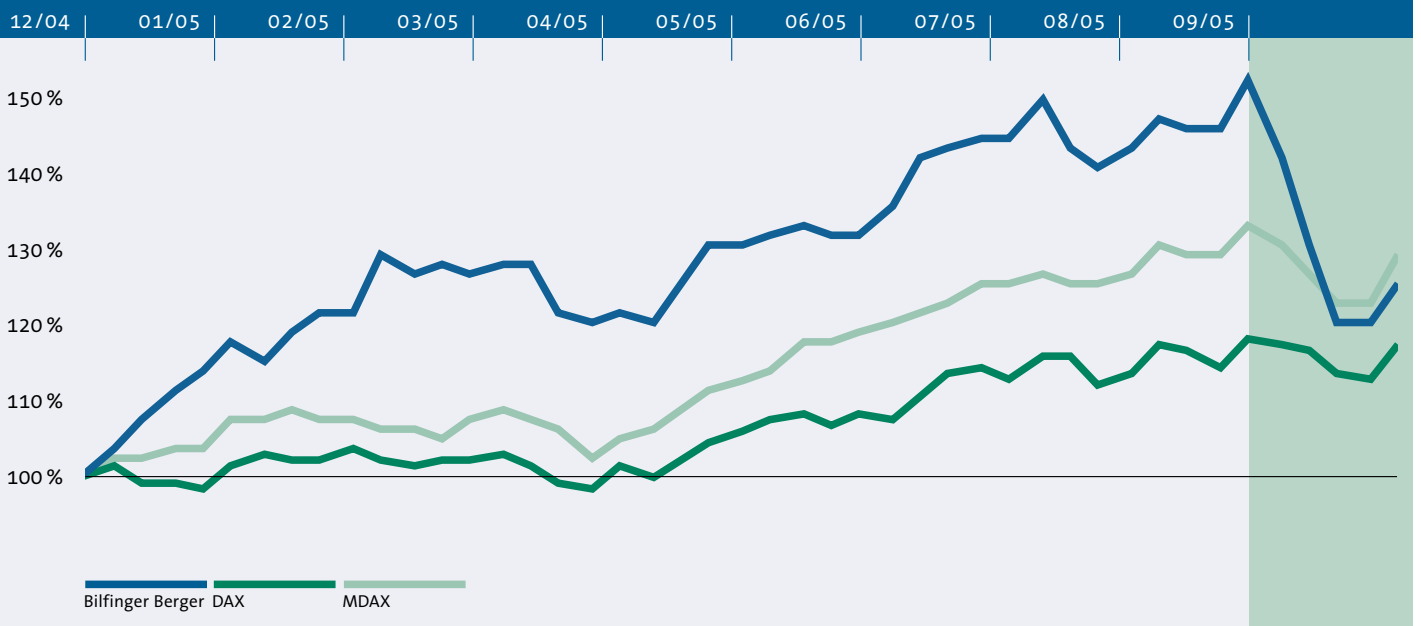
Bilfinger Berger's sound financial situation and unchanged healthy capital structure are the basis for the Group's continued successful development. At the end of the period under review, the equity ratio was 28%. As expected, cash and marketable securities of €426 million at the end of September were lower than at the beginning of the year. The generally lower liquidity is due on the one hand to increased investment of €252 million in financial assets and property, plant and equipment. On the other hand, working capital was up significantly as a result of the growing volume of business and the decrease in advance-payment cover compared with last year's particularly high level. We assume that the higher volume of funds tied up in working capital will continue. Liabilities to banks – excluding project financing on a non-recourse basis – amounted to €133 million.

Due to work starting on major projects, capital expenditure on property, plant and equipment increased to €62 million (Jan.-Sept. 2004: €45 million). Investments in financial assets rose to €190 million in the first nine months of this year (Jan. - Sept. 2004: €65 million), primarily as a result of the acquisition of Babcock Borsig Service and EPM Assetis.

Key figures for the Group

€ million	1-9 / 2005	1-9 / 2004	Δ in %	FY 2004
Output volume	5,287	4,516	+17	6,111
Orders received	5,873	4,613	+27	6,139
Order backlog	7,124	6,409	+11	6,339
EBITA	+50	+25	+100	+81
Earnings before taxes	+43	+27	+59	+91
Net profit	+23	+14	+64	+51
Earnings per share (in €)	0.62	0.38	+63	1.39
Capital expenditure	252	110	+129	165
thereof, property, plant, equipment	62	45	+38	70
thereof, financial assets	190	65	+192	95
Employees	55,849	48,898	+14	49,852

Relative performance of our shares



Workforce expansion due to acquisitions

At the end of September 2005, the Bilfinger Berger Group had a total workforce of 55,849 persons, representing growth of 14% compared with a year earlier (48,898). The first-time consolidation of the new acquisitions led to an increase to 22,372 employees in the Services business segment (September 30, 2004: 16,855). The number of persons employed by the construction business segments increased to 32,957 (September 30, 2004: 31,375) as a result of the growth in our international output volume, although the number employed in Germany decreased again to 5,617 (September 30, 2004: 6,123). Altogether, the Group employed 16,061 persons in Germany (September 30, 2004: 13,500) and 39,788 in the other markets (September 30, 2005: 35,398).

Increase in output volume and earnings for the full year

The Bilfinger Berger Group's output volume is likely to exceed €6.9 billion in full-year 2005. Due to a significant increase in the Civil and Services business segments, we anticipate a corresponding rise

in EBITA compared with the prior year. Despite the charges from the building construction business in Australia, we anticipate a net profit of between €65 million and €70 million (2004: €51 million).

Share price

From January through September 2005, the price of Bilfinger Berger's shares developed very positively. The share price came under pressure following the reduction in our earnings guidance connected with the charges from the building construction business in Australia, and then stabilized at a somewhat lower level. Profit-taking in the market then ensued, particularly with shares in small and medium-sized companies. This trend also affected Bilfinger Berger's stock. The share price (+25%) is currently performing at a level with the MDAX (+29%) and is clearly outperforming the DAX (+17%).

Developments in our business segments

Overview of output volume and order situation

€ million	1-9/2005	Δ in %	1-9/2005	Δ in %	1-9/2005	Δ in %	2005	2004	Δ in %
	Output volume		Orders received		Order backlog		Target output volume	Output volume	
Civil	2,087	+17	2,269	+20	3,292	+2	2,750	2,447	+12
Building and Industrial	1,490	+1	1,718	+19	2,283	+17	2,100	1,989	+6
Services	1,667	+40	1,850	+49	1,560	+36	2,150	1,600	+34
Concessions	128	+117	194	+411	198	+23	200	84	+138
Consolidation, other	-85		-158		-209		-250	-9	
	5,287	+17	5,873	+27	7,124	+11	6,950	6,111	+14

EBITA by business segment

€ million	1-9/2005	1-9/2004	Δ in %	FY 2004
Civil	+24	-4		+22
Building and Industrial	-25	+3		+9
Services	+59	+36	+64	+62
Concessions	+2	0		+3
Consolidation, other	-10	-10		-15
	+50	+25	+100	+81

Civil

- Higher output volume
- Pleasing level of orders received
- Rising earnings

The business volume of the Civil business segment expanded significantly. EBITA for the period reached €24 million; in the prior-year period it was reduced by an exceptional item to minus €4 million.

The Civil business segment's increase in output volume is primarily due to major infrastructure projects outside Germany. In Europe, we have started work on complex tunnel constructions such as the Wienerwald Tunnel in Austria and the Malmö City Tunnel in Sweden. And the Gotthard Basis Tunnel in Switzerland is progressing as planned – Bilfinger Berger has a major involvement in the core section of this tunnel. We are also responsible for key road-building projects such as the M6 highway in Hungary. In Australia, work on the 40-kilometer Westlink M7 connecting two other motorways in the Sydney region will be completed this year, well ahead of the contractually agreed deadline.

The strong growth in orders received was partially a result of transportation projects in Australia and on the island of La Réunion. In addition, Bilfinger Berger further strengthened its market position in Scandinavia with several new contracts. In connection with the expansion of the Swedish railway network, Bilfinger Berger is constructing two important bridges in the province of Norrland and an overpass in the center of Gothenburg. In Norway, we are responsible for the construction of a new road link over the Imarsund. Total order volume in the region thereby amounts to € 310 million.

In full-year 2005, we expect the Civil business segment's output volume to increase to €2,750 million. EBITA will more than double compared with the prior year.

Building and Industrial

- Significant increase in orders received
- Building division successful in Germany
- Earnings burdened by business in Australia

In the first nine months of this year, the building construction business featured stable output volume and a significant increase in orders received outside Germany. Due to the aforementioned losses in Australia, EBITA of minus €25 million (Jan.-Sept. 2004: €3 million) was well below the level originally anticipated. In view of the quality of our new orders, no further charges are to be expected from our building construction activities in Australia.

With its positive result, the German Building division made a significant contribution to offsetting the charges that arose in Australia. The consistent focus of our German business towards the needs of our customers forms the basis for our growing success in a market environment that continues to be difficult. With "i.volution", we offer our clients in this segment a comprehensive range of consulting and other services in each phase of a building's lifecycle. This ranges from development, design, construction and operation through to revitalization. The Bilfinger Berger Building division is thus succeeding in expanding its already high share of repeat customers.

For full-year 2005, we anticipate an output volume of €2,100 million in the Building and Industrial business segment. Due to the charges from the Australian business, a negative profit contribution in this segment is expected.

Key figures for Civil

€ million	1-9 / 2005	1-9 / 2004	Δ in %	FY 2004
Output volume	2,087	1,787	+17	2,447
Orders received	2,269	1,895	+20	2,447
Order backlog	3,292	3,234	+2	3,127
Capital expenditure on P, P & E	38	27	+41	40
EBITA	+24	-4		+22
Employees	22,949	22,570	+2	22,090

Key figures for Building and Industrial

€ million	1-9 / 2005	1-9 / 2004	Δ in %	FY 2004
Output volume	1,490	1,478	+1	1,989
Orders received	1,718	1,441	+19	2,061
Order backlog	2,283	1,946	+17	2,055
Capital expenditure on P, P & E	5	4	+25	5
EBITA	-25	+3		+9
Employees	10,008	8,805	+15	9,972

Services

- High growth rates
- Strong market position
- Significant rise in earnings

The Services business segment comprises our Industrial Services and Facility Services divisions, both of which posted positive growth rates. In the first nine months of this year, EBITA continued to grow to €59 million (Jan.-Sept. 2004: €36 million).

Industrial Services showed the effects of the first-time consolidation of the Australian company Simon Engineering in March 2005 and of Babcock

Borsig Service in April. Simon Engineering is a service partner to renowned industrial companies for the repair and maintenance of machinery. Babcock Borsig Service profits from the growing need worldwide for power-plant modernization. Among other things, the company received orders for the rehabilitation of plants in Italy. Rheinhold & Mahla, the company of the Bilfinger Berger Group specialized in providing services to the processing industry, has significantly expanded its activities in Germany and other European countries this year.

The Group's Facility Services division has a strong position. In the United States, Centennial extended a framework agreement with the US Army Corps of Engineers worth a total of €100 million for another five years. HSG gained a contract to service all 175 properties of ABB Immobilien AG in Switzerland. This framework agreement with a volume of €50 million also runs for five years, and includes the complete commercial and technical facility management as well as consulting services and the maintenance of the technical equipment in the buildings.

The Services business segment will grow strongly once again this year and will probably achieve an output volume of €2,150 million. Of this total, some €1,600 million will be accounted for by Industrial Services and over €500 million by Facility Services. EBITA will significantly surpass the good result of the prior year.

Key figures for Services

€ million	1-9 / 2005	1-9 / 2004	Δ in %	FY 2004
Output volume	1,667	1,189	+40	1,600
Orders received	1,850	1,241	+49	1,588
Order backlog	1,560	1,151	+36	1,088
Capital expenditure on P, P & E	18	13	+38	22
EBITA	+59	+36	+64	+62
Employees	22,372	16,855	+33	17,125

Key figures for Concessions

number / € million	1-9 / 2005	1-9 / 2004	Δ in %	FY 2004
Projects in portfolio	17	15	+13	16
thereof, in construction	10	10	0	11
Committed equity	176	171	+3	171
thereof, paid in	102	108	-6	112
EBITA	+2	0		+3
Employees	80	61	+31	64

Concessions

- **New projects in England and Canada**
- **Positive value added**

Our Concessions business segment is pursuing a long-term growth strategy. At the end of September, our portfolio comprised 17 privately financed projects and committed equity amounted to €176 million, of which €102 million had been paid into project companies. Despite advance expenses for new projects, EBITA improved to €2 million (Jan.-Sept. 2004: €0 million).

With the expansion of our project portfolio we concentrate on the two sectors of public buildings construction and transportation infrastructure, as well as the key markets of Australia, North America and Europe. In the third quarter of the year 2005, two transportation projects started operation – the Cross City Tunnel in Sydney and the Herren Tunnel in Lübeck.

In the English county of Kent, we took on another major school project with a volume of €130 million. Bilfinger Berger is involved in the operator consortium with a stake of 60%; the Group's committed equity amounts to €8 million. Our consortium will design, finance and build six school buildings, and operate them for a period of 28 years. After the balance-sheet date, we succeeded in spreading our concessions activities to North America, where we are now responsible for the widening of a 26-kilometer section of the Trans Canada Highway. This highway connects the

Canadian provinces of British Columbia and Alberta. Bilfinger Berger will design, finance and execute the widening of the section; the operating phase lasts for 25 years. The project volume amounts to €100 million, the concession company is 100% owned by Bilfinger Berger and our equity commitment is €9 million.

At the end of September, we sold our equity interest in the listed Bangkok Expressway Company that we had held since 1994. The proceeds from the sale of our 4% stake amounted to €16 million.

For the assessment of our business success in the concessions business, we consider not only current earnings, but also the annual change in the net present value of future cash flows. This value increased substantially over the past year, and was already well over the book value of the paid-in equity despite the early stage of the portfolio. We will further expand our concessions business and anticipate positive value added once again in 2005.

Interim financial statements

The interim financial statements as of September 30, 2005, have been prepared in accordance with the guidelines of the International Accounting Standards Board (IASB), London, as were the year-end financial statements for 2004. The accounting and valuation methods explained in the notes to the consolidated financial statements for 2004

have been applied unchanged. With the application of the revised IAS 1 as of January 1, 2005, starting with this financial year the balance sheet is presented with a clear separation of current and non-current assets and liabilities.

As a material addition to the Group, Babcock Borsig Service Group has been consolidated since April 1.

Consolidated income statement

€ million	January 1 - September 30		July 1 - September 30	
	2005	2004	2005	2004
Sales revenues	4,599	4,109	1,726	1,441
Other operating income	89	81	34	27
Cost of materials	-2,876	-2,609	-1,090	-912
Personnel expenses	-1,254	-1,138	-447	-387
Depreciation	-66	-62	-23	-21
Other operating expenses	-442	-356	-181	-140
EBITA	50	25	19	8
Amortization of intangible assets from acquisitions	-4	0	-2	0
EBIT	46	25	17	8
Net interest result	-3	2	-3	2
Earnings before taxes	43	27	14	10
Income taxes	-16	-10	-5	-4
Minority interests	-4	-3	-2	-2
Net profit	23	14	7	4
Average number of shares, basic (in thousands)	36,950	36,733	37,185	36,743
Average number of shares, diluted (in thousands)	37,195	36,923	37,198	36,901
Earnings per share, basic (€)	0.62	0.38	0.17	0.11
Earnings per share, diluted (€)	0.62	0.38	0.17	0.11

While output volume increased by 17% to €5.3 billion, the item of sales revenues in the income statement rose by only 12% to €4.6 billion. This is due to the output volume generated by joint ventures and associated companies.

About half of the increase in the income and expense items resulted from the first-time consolidation of the Babcock Borsig Service Group.

The net interest result amounts to minus

€3 million. It includes the interest result of plus €11 million from the investment of our net cash. This is largely offset by the interest expense of €9 million for non-recourse financing. An additional factor is the interest expense for pension provisions of €5 million.

The effective tax rate is unchanged at 37%. The minority interests are mainly related to the Rheinhold & Mahla subgroup.

Consolidated balance sheet

€ million	Sep. 30, 2005	Dec. 31, 2004
Assets		
Non-current assets		
Intangible assets	581	349
Property, plant and equipment	493	475
Financial assets	561	428
thereof, shareholdings in associated companies	(85)	(81)
thereof, investment properties	(158)	(162)
Fixed assets	1,635	1,252
Deferred tax assets	135	113
	1,770	1,365
Current assets		
Inventories	441	283
Receivables and other assets	1,389	1,158
Cash and marketable securities	426	914
	2,256	2,355
	4,026	3,720
Liabilities and shareholders' equity		
Shareholders' equity		
Shareholders' equity before minority interests	1,112	1,110
Minority interests	25	21
	1,137	1,131
Non-current liabilities		
Provisions for pensions	127	97
Other provisions	123	117
Financial liabilities ¹	398	200
Other liabilities	11	20
Deferred tax liabilities	55	53
	714	487
Current liabilities		
Accruals	433	389
Financial liabilities ²	57	139
Other liabilities	1,685	1,574
	2,175	2,102
	4,026	3,720

¹ Thereof, non-recourse debt of €319 million (December 31, 2004: €114 million)

² Thereof, non-recourse debt of €4 million (December 31, 2004: €91 million)

The increase in intangible assets primarily reflects goodwill from acquisitions, mainly from the first-time consolidation of the Babcock Borsig Service Group.

The growth of our PPP business leads to higher receivables from concession projects and is reflected in the increased financial assets. Accordingly, non-recourse debt has increased on the liabilities side. The changes in current assets and current

liabilities are explained in the notes on the statement of cash flows.

€29 million of the increase in pension provisions is due to first-time consolidation effects. €16 million of this amount is covered by acquired liquidity.

The increase in total assets was mainly caused by the first-time consolidation of the Babcock Borsig Service Group.

Consolidated statement of cash flows

€ million	1-9 / 2005	1-9 / 2004
Cash earnings according to DVFA / SG	101	47
Changes in working capital	-327	-31
Cash flow from operating activities	-226	16
Cash flow from investing activities	-219	-34
thereof, property, plant and equipment	-42	-29
thereof, financial assets	-177	-5
Cash flow from financing activities	-51	-91
Change in cash and marketable securities	-496	-109
Other adjustments to cash and marketable securities	8	3
Cash and marketable securities at January 1	914	900
Cash and marketable securities at September 30	426	794

Cash earnings doubled to €101 million (Jan.-Sept. 2004: €47 million). However, the cash flow from operating activities was negative at minus €226 million due to a significant increase in working capital (Jan.-Sept. 2004: plus €16 million). In addition to the seasonal increase in working capital, during the period under review the reduction of the previous year's particularly high level of advance payments in the construction business and the general increase in business volumes led to higher working capital needs.

The cash outflow for investing activities, net of cash inflows of €33 million from disposals,

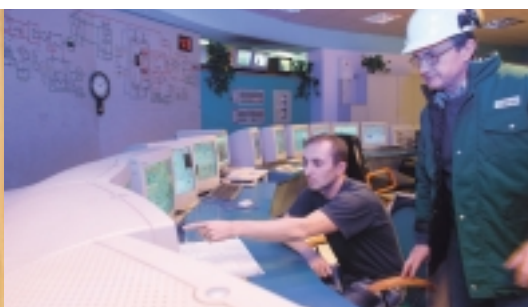
amounted to €219 million (Jan.-Sept. 2004: €34 million). The cash outflow for investments in financial assets mainly reflects the acquisition of the Babcock Borsig Service Group, EPM Assetis and other acquisitions by the Industrial Services division. In the prior-year period, the cash outflow for investments in financial assets was reduced by the sale of our equity holding in the listed Australian highway company, Hills Motorway.

The cash outflow for financing activities of €51 million primarily comprises the €37 million dividend distribution for the 2004 financial year, as well as the repayment of financial liabilities.

Statement of changes in shareholders' equity

€ million	Subscribed capital	Additional paid-in capital	Retained earnings	Other comprehensive income ¹	Unappropriated retained earnings	Shareholders equity before minority interests	Minority interests	Shareholders' equity
Balance at January 1, 2004	110	522	445	-14	48	1,111	25	1,136
Contributions to capital	0	0	0	0	0	0	0	0
Dividend distributions	0	0	0	0	-48	-48	0	-48
Net profit	0	0	0	0	14	14	0	14
Other changes	0	0	0	4	0	4	-6	-2
Balance at September 30, 2004	110	522	445	-10	14	1,081	19	1,100
Balance at January 1, 2005	110	523	461	-21	37	1,110	21	1,131
Contributions to capital	2	0	0	0	0	2	0	2
Dividend distributions	0	0	0	0	-37	-37	0	-37
Net profit	0	0	0	0	23	23	0	23
Other changes	0	0	1	13	0	14	4	18
Balance at September 30, 2005	112	523	462	-8	23	1,112	25	1,137

¹ Currency translation and reserves from the fair valuation of securities and hedging transactions



Financial Calendar

2006

February 14	Preliminary figures for the year 2005
March 22	Press conference on financial statements Investors' and analysts' conference
May 11	Interim Report Q1 2006
May 18	Annual General Meeting*
August 10	Interim Report Q2 2006
November 13	Interim Report Q3 2006

* Congress Centrum Rosengarten,
Mannheim, 10 a.m.

The members of the Supervisory and Executive Boards are listed in the Boards of the Company section of our Annual Report and our Internet site, www.bilfingerberger.com

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