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**Bilfinger Berger: Preliminary Report on the 2004 Financial Year**

- **Output volume and orders received at record levels**
- **Net profit at prior-year level despite substantial risk provisions**
- **Significant earnings increase planned for 2005**

Bilfinger Berger can look back on a successful 2004. Output volume and orders received increased significantly, while the order backlog remained at a high level. Net profit reached the magnitude of the prior year, despite substantial risk provisions for a bridge project in the United States.

**Growth in output volume, orders received and order backlog**

Output volume increased by 9% to €6,111 million, a new record in the Group's history. This was due among other things to the consolidation of the new Australian subsidiary, Abigroup, which was acquired at the end of 2003. The share of output volume generated on international markets increased to 65% (2003: 56%), while the share of the Group's output volume accounted for by the domestic construction business decreased further to 21% (2003: 27%). Services activities in Germany were mainly responsible for the remaining 14% (2003: 17%).

Orders received also reached a new record, rising by 10% compared with the prior year to €6,139 million. All of the Group's business segments contributed to this increase. At the end of the year, the order backlog amounted to €6,339 million, and was thus at the same high level as at the end of 2003.

**Key figures for the Group**

number / € million	2004	2003	Δ in %
Output volume	6,111	5,586	+9
Orders received	6,139	5,605	+10
Order backlog	6,339	6,277	+1
Capital expenditure	165	271	-39
thereof, property, plant and equipment	70	88	-20
thereof, financial assets	95	183	-52
Employees	49,852	50,460	-1

## **Earnings**

The development of the Group's earnings was generally positive in 2004. As was already reported, accident-related problems at the site of the Maumee River Crossing, a new bridge under construction in the state of Ohio, USA, caused delays and additional costs. The provision of €50 million that was already formed in the third quarter of 2004 is sufficient to cover all incurred and foreseeable losses until completion of the project. An agreement has been reached with the client on the revised construction procedure. It will thus be possible to complete the bridge by the contractually agreed deadline of October 2006.

Despite this burden, according to preliminary figures, Bilfinger Berger achieved an EBITA (operating profit) of a good €80 million (2003: €101 million), due to a significant increase in earnings in the services business and strong contributions from other civil-engineering projects. Net profit of €50 million was at the same level as the prior-year result excluding exceptional items.

## **Attractive dividend planned**

Bilfinger Berger will ensure that its shareholders have an adequate share in the Group's growing success. A proposal will be made to the Supervisory Board to distribute a dividend significantly in excess of the €0.65 per share (excluding bonus) paid out in 2004.

## **Sound financial situation and capital structure**

Bilfinger Berger's financial situation and capital structure form a solid basis for future corporate development. Cash and marketable securities of more than €900 million were again at the high level of the prior year, although liabilities to banks - excluding project financing on a non-recourse basis - were reduced to €135 million (2003: €181 million).

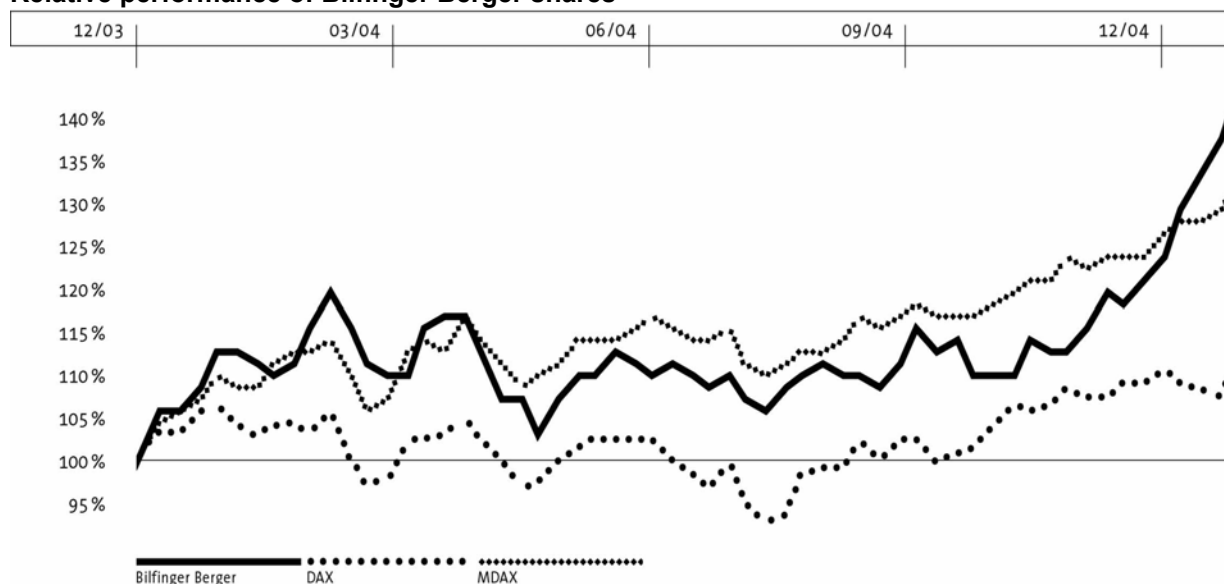
Capital expenditure on property, plant and equipment decreased to €70 million (2003: €88 million). Investments made in financial assets amounted to €95 million (2003: €183 million). These funds were applied to acquire companies in the services sector and in the international construction business, as well as for equity capital injections into concession companies.

## **Slight reduction in the workforce**

As of December 31, 2004, the Bilfinger Berger Group employed 49,852 people (2003: 50,460). The number of employees in the Services business segment increased again compared with 2003, while personnel levels decreased in the construction business. 13,291 persons were employed in Germany (2003: 13,711) and 36,561 were employed in the Group's other markets (2003: 36,749).

## Significant share-price increase

### Relative performance of Bilfinger Berger shares



For a large part of 2004, Bilfinger Berger's share price remained around the level achieved in 2003, in line with the general trend. The announcement of the increased risk provisions caused only a temporary fall: the share price had already recovered within a few days. A positive rise occurred towards the end of the year. With a closing price of €30.25 at the end of 2004, the shares posted a performance of 17% including the dividend. The share price rose sharply in the first few weeks of the year 2005, reaching €34.50 by the middle of February. Current analyst's reports still recommend Bilfinger Berger's stock as a "buy", and see further potential for price rises in view of the Group's increasing earnings, sound capital structure and financial situation, a consistently implemented corporate strategy, and not least due to an attractive dividend yield.

## Developments in the business segments

### Overview of output volume and order situation <sup>1</sup>

€ million	Output volume		Orders received		Order backlog	
	2004	Δ in %	2004	Δ in %	2004	Δ in %
Civil	2,447	+12	2,447	+13	3,127	+1
Building and Industrial	1,989	+4	2,061	+9	2,055	+7
Services	1,600	+17	1,588	+8	1,088	-3
Concessions	183	+71	235	+19	330	+19
Consolidation / Other	-108		-192		-261	
	6,111	+9	6,139	+10	6,339	+1

<sup>1</sup> Due to the modification of the reporting structure as of January 1, 2004, the prior-year figures have been adjusted accordingly for better comparability.

## Civil

- **Significant growth in output volume**
- **Substantial increase in orders received**
- **New major international orders**

### **Key figures for Civil**

number / € million	2004	2003	Δ in %
Output volume	2,447	2,189	+12
Orders received	2,447	2,169	+13
Order backlog	3,127	3,102	+1
Capital expenditure on P, P & E	40	51	-22
Employees	22,090	25,541	-14

The Civil business segment's output volume grew by 12% to €2,447 million, while orders received rose by 13% to €2,447 million. Both of these increases were partly due to the consolidation of the Group's new Australian subsidiary, Abigroup, which was acquired at the end of 2003. Another important factor was that Bilfinger Berger obtained several major new orders. These include the 13-kilometer Wienerwald Tunnel in Austria, a five-kilometer railway tunnel in Malmö, Sweden, and the 58-kilometer M6 toll expressway to be realized by Bilfinger Berger in Hungary as a concession project. The order backlog of €3,127 million at the end of 2004 was similar to the high level of the prior year. Despite the risk provisions for the Maumee River Crossing, Civil's EBITA of a good €20 million was about half the prior-year result of €45 million.

## Building and Industrial

- **Growth in output volume, orders received and order backlog**
- **New major projects in Germany and on international markets**
- **Improved EBITA**

### **Key figures for Building and Industrial**

number / € million	2004	2003	Δ in %
Output volume	1,989	1,920	+4
Orders received	2,061	1,899	+9
Order backlog	2,055	1,917	+7
Capital expenditure on P, P & E	5	5	0
Employees	9,972	8,615	+16

The output volume of the Building and Industrial business segment increased by 4% to €1,989 million. Orders received of €2,061 million were 9% higher than in 2003, while the order backlog at the end of the year surpassed the prior-year figure by 7% to reach €2,055 million. EBITA improved to nearly €10 million (2003: €6 million), despite additional costs from the discontinuation of building-construction activities in the United Kingdom.

In this segment, Bilfinger Berger offers its customers not only turnkey construction packages, but also a particularly comprehensive range of services including design and development, financing, maintenance and operation. In the German market for building construction, the Group took on several new major projects in 2004, such as the turnkey refurbishment of a department store at Alexanderplatz in Berlin and the construction of office buildings in Frankfurt and Cologne. An example of an important order received outside Germany in 2004 is the expansion of the complex of buildings of the National Assembly in Abuja, the capital of Nigeria. In Australia, Bilfinger Berger obtained several major orders for building construction.

### Services

- **Dynamic development of facility management and industrial services**
- **Substantial increase in output volume**
- **EBITA grows at an even higher rate**

#### **Key figures for Services**

number / € million	2004	2003	Δ in %
Output volume	1,600	1,363	+17
Orders received	1,588	1,464	+8
Order backlog	1,088	1,121	-3
Capital expenditure on P, P & E	22	31	-29
Employees	17,125	15,612	+10

The Services business segment continued its dynamic development in 2004. Output volume increased by 17% to €1,600 million and orders received increased by 8% to €1,588 million. According to preliminary figures, EBITA rose at an even higher rate to more than €60 million (2003: €47 million).

In the field of facility management, the HSG Group is one of the market leaders in Germany. As a supplement to this business, in 2004 Bilfinger Berger acquired DiPro, a company specializing in commercial facility management. The importance of the US market has increased considerably due to the acquisition of Centennial at the end of 2003. This company is a leading provider of repair, maintenance and extension work for buildings based on long-term framework agreements. Output volume in the business of facility management increased to more than €500 million last year.

In the business of industrial services, Rheinhold & Mahla further extended its leading position as a service provider for the process industry in several European countries. In the Australian market, Bilfinger Berger has supplemented its existing activities in the field of gas and water supply with the acquisition of Skilled Power Services, which specializes in the repair and maintenance of electricity networks. Bilfinger Berger increased its output volume in the business of industrial services to more than €1 billion in 2004.

## **Concessions**

- **Strong growth of investment portfolio**
- **New projects in Hungary, the United Kingdom and Germany**

### **Key figures for Concessions**

number / € million	2004	2003	Δ in %
Projects in portfolio	16	11	+45
thereof, under construction	11	6	+83
Committed equity	171	148	+16
thereof, paid-in	112	90	+24
Employees	64	50	+28

Bilfinger Berger's investment portfolio in the Concessions business expanded significantly in 2004, reaching 16 projects by the end of the year. Committed equity rose to €171 million (2003: €148 million). Of this total, €112 million was paid into project companies (2003: €90 million).

The business segment's new projects include the M6 expressway in Hungary with a volume of €470 million and additional school buildings in the United Kingdom. In Germany, where the market for PPP solutions for public buildings is beginning to develop, Bilfinger Berger is modernizing and expanding the offices of the district administration in the town of Unna in North-Rhine-Westphalia.

Concession's EBITA was slightly positive despite continuing substantial start-up costs for the development of new projects; according to preliminary figures it reached previous year's level of €3 million. As most of the projects are at present under construction or still in an early phase of operation, EBITA is currently unsuitable as a measure of the success of this business. Over their concession periods, Bilfinger Berger's PPP projects generate a return on equity of between 12% and 17%. The future free cash flows from existing projects already add up to over €900 million; their net present value is more than €150 million, which is significantly higher than the book value of the paid-in equity.

### **Significant earnings growth planned for 2005**

Bilfinger Berger has made a good start to the year 2005. In the first few weeks of this year, an above-average high volume of orders was received in the international construction business. The Group expects to obtain additional major projects soon, and anticipates further growth in output volume for the full year. Significant increases in both operating profit and net profit are also expected.

The final figures and the financial statements for last year will be available in Bilfinger Berger's Annual Report 2004, which will be published on March 31, 2005. The Annual General Meeting will be held in Mannheim on May 19, 2005.