



## Interim Report Q3 2002

# Overview of corporate developments

In the first nine months of 2002, Bilfinger Berger made significant progress in attaining its strategic goal of becoming a multi-service group. Bilfinger Berger has now entered the attractive market for industrial services with the acquisition of Rheinhold & Mahla AG, a company active in Europe. And the acquisition of HSG has substantially enhanced our activities in real-estate services.

Rheinhold & Mahla and HSG are included in the Group's consolidation as of September 2002. Also from September, all of the Bilfinger Berger Group's services activities have been concentrated in the area of Services, which will constitute a separate business segment from 2003. With a projected output volume of more than €1.1 billion, these activities will contribute earnings before interest, taxes and goodwill amortization (EBITA) in the order of €40 million to the Group's profits in 2003.

At a total of €3,977 million, orders received in the first nine months were up compared to 2001 by 9% this year, and the order backlog of €5,436 million was 20% higher than in the prior year.

## Key figures for the Group

	Q3 2002 € million	Q3 2001 € million	Change %	12/2001 € million
Output volume	3,399	3,340	+2	4,607
Orders received	3,977	3,651	+9	4,680
Order backlog	5,436	4,511	+20	4,272
EBITA	+22	+14	+57	+36
Net profit before exceptional income	+26	+33	-21	+52
Exceptional income	+161	0		0
Net profit	+187	+33		+52
Earnings per share before exceptional income (€)	+0.72	+0.91	-21	+1.44
Earnings per share (€)	+5.14	+0.91		+1.44
Cash earnings according to DVFA/SG	+82	+96	-14	+133
Capital expenditure	230	64		111
of which, property plant and equipment	43	52	-17	73
Workforce	52,157	43,821	+19	43,471

Output volume climbed by 2% to €3,399 million, whereby these key figures have been reduced statistically due to exchange-rate effects. Without the inclusion of the new acquisitions and the exchange-rate effects, orders received stand at €3,924 million (+7%), order backlog is €4,919 million (+9%) and the output volume remains unchanged at €3,338 million.

EBITA increased compared with the prior year by €8 million to €22 million. Net profit excluding the capital gain made on the disposal of our shares in Dresdner Bank amounted to €26 million for the first nine months. Due to the decrease in financial income, net profit is €7 million lower than in the prior year. A decision on the utilization of the disposal gain of €161 million will be taken in the context of preparing the annual financial statements.

Our capital structure and financial situation continue to be sound. As a result of the acquisitions, investments made in financial assets have been stepped up from €12 million to €187 million. Due to the inclusion of the workforces of Rheinland & Mahla, HSG and Wolfferts, the total number of employees was augmented by 19% to 52,157. If these companies were excluded, there would be an 11% reduction to 38,996 employees.

The price of our shares followed the general downward trend of the German stock exchanges. Our unchanged sound fundamental data, continuously rising profits and the consistent implementation of our future-oriented strategy have not yet been reflected by an appropriate share price. Therefore, when investors regain confidence in the equity markets, Bilfinger Berger's shares should benefit accordingly.

For full-year 2002 we anticipate growth in output volume from €4.6 billion to €4.9 billion. On the basis of significant growth in EBITA, we continue to assume that our net profit will also increase substantially to around €60 million.

## Output volume by business segments

	Q3 2002 € million	Q3 2001 € million	Change %	12/2001 € million
Domestic Construction	1,220	1,295	-6	1,766
International Construction	1,812	1,803	+1	2,516
Real Estate Development and BOT	108	167	-35	248
Environmental Services	133	145	-8	200
Services	232	41		55
Consolidation, other	-106	-111		-178
	<b>3,399</b>	<b>3,340</b>	<b>+2</b>	<b>4,607</b>

## EBITA by business segments

	Q3 2002 € million	Q3 2001 € million	Change %	12/2001 € million
Domestic Construction	-5	-7	+29	+3
International Construction	+31	+28	+11	+40
Real Estate Development and BOT	-4	+2		+1
Environmental Services	+1	-1		+1
Services	+8	+2		+2
Consolidation, other	-9	-10		-11
	<b>+22</b>	<b>+14</b>	<b>+57</b>	<b>+36</b>

# Developments in our business segments

## Domestic Construction

The overall orders situation of this segment is still good. Orders received rose by 18% to €1,776 million, and an order backlog of €1,996 million is a substantial 32% higher than in the prior year. This increase is due to projects that our domestic civil-engineering units are carrying out abroad.

The construction industry in Germany is still declining. The latest legislative initiatives mean that additional negative impulses and considerable burdens on the economy are to be expected. Against this background, the proportion of our construction business in Germany, which already accounts for less than a third of the Group's total output volume, will inevitably decrease.

In the current year we expect Domestic Construction to achieve an output volume of €1.7 billion and improved positive earnings.

## International Construction

Orders received by the International Construction business segment of €1,697 million were down 12% on the prior year. The order backlog narrowed by 9% to €2,520 million. This was caused not only by cut-off-date effects, but also by the stronger euro. However, output volume remained stable at €1,812 million – 1% up on the corresponding period of last year.

Demand in Australia saw a revival. After September 30, 2002, our subsidiary, Boulderstone Hornibrook, obtained major orders for the design and turnkey construction of residential and commercial buildings in an amount of €250 million. Furthermore, the company is pursuing several important infrastructure projects. And in the United States, the expansion of civil-engineering capacities at our subsidiary, Fru-Con, is making successful progress. The company increased its volume of orders received and anticipates a stable output volume in the current year, despite clear signs of an incipient recession in the construction industry. In Nigeria the situation has normalized, after the exceptionally high demand of the prior year. Our activities in Southeast Asia are concentrated on China and Taiwan at present.

The International Construction segment will achieve an output volume of €2.4 billion in the full year. We anticipate a further increase to our pleasing result of last year.

## Key figures for Domestic Construction

	Q3 2002 € million	Q3 2001 € million	Change %	12/2001 € million
Output volume	1,220	1,295	-6	1,766
Orders received	1,776	1,506	+18	1,900
Order backlog	1,996	1,516	+32	1,440
Capital expenditure	16	19	-16	27
EBITA	-5	-7	+29	+3
Workforce	7,032	7,066	0	6,802

## Key figures for International Construction

	Q3 2002 € million	Q3 2001 € million	Change %	12/2001 € million
Output volume	1,812	1,803	+1	2,516
Orders received	1,697	1,922	-12	2,489
Order backlog	2,520	2,781	-9	2,636
Capital expenditure	29	29	0	38
EBITA	+31	+28	+11	+40
Workforce	30,107	34,881	-14	34,819

## Real Estate Development and BOT

The Real Estate Development and BOT business segment received orders of €110 million in the period under review, 25% lower than in the prior year; its order backlog diminished by 17% to €159 million. Output volume declined by 35% to 108 million.

The segment's key figures have been impacted above all by the negative developments in the real-estate market. Our real-estate development activities are being reduced considerably and refocused in order to reflect the deteriorating economic environment.

On the other hand, our BOT business is gaining importance. In the United Kingdom we are preferred bidder for the realization and operation of more schools. And we expect to sign a concession agreement at the end of this year for the private-sector realization of the Cross City Tunnel in Sydney, with a volume of €520 million.

The reallocation of some of the activities previously carried out by this segment into the new Services segment led to lower statistics in the third quarter compared with the first two quarters of the year. We have adjusted the prior year's figures accordingly.

For full-year 2002 we expect an output volume to the tune of €0.2 billion. Start-up costs for BOT projects and negative results from real-estate development will lead to a loss for this segment.

#### Environmental Services

The orders situation for Environmental Services was bolstered appreciably compared with last year. As a result of consistent internationalization, orders received were boosted by 41% to €172 million, while the order backlog was stepped up by 30% to €158 million. The 8% drop in output volume to €133 million was a result of selling the activities that are not part of the core business of Passavant-Roediger Umwelttechnik GmbH.

We anticipate an output volume of €0.2 billion and improved earnings by Environmental Services in 2002. As well as the intensified internationalization, service components will be systematically extended.

#### Services

The integration of our new services companies is forging ahead according to plan. In this area we have bundled the new acquisitions made since September 2002 and our existing facility-management activities, as well as IT and insurance services. We have given appropriate comparative statistics for the prior year. This year the services business will contribute about €0.5 billion to our Group output volume and will achieve good earnings.

### Key figures for Real Estate Development and BOT

	Q3 2002 € million	Q3 2001 € million	Change %	12/2001 € million
Output volume	108	167	-35	248
Orders received	110	147	-25	195
Order backlog	159	192	-17	157
Capital expenditure	0	5		5
EBITA	-4	+2		+1
Workforce	111	107	+4	111

### Key figures for Environmental Services

	Q3 2002 € million	Q3 2001 € million	Change %	12/2001 € million
Output volume	133	145	-8	200
Orders received	172	122	+41	174
Order backlog	158	121	+30	119
Capital expenditure	2	5	-60	9
EBITA	+1	-1		+1
Workforce	1,118	1,139	-2	1,121

### Key figures for Services

	Q3 2002 € million	Q3 2001 € million	Change %	12/2001 € million
Output volume	232	41		55
Orders received	362	41		58
Order backlog	752	30		33
Capital expenditure	178	0		0
EBITA	+8	+2		+2
Workforce	13,465	298		303

# Interim financial statements

## Consolidated income statement

€ million	1.1. - 30.9.2002	1.1. - 30.9.2001
Sales revenues / Changes in inventories	2,667	2,760
Other operating income	+51	+32
Cost of materials	-1,696	-1,826
Personnel expenses	-710	-645
Depreciation	-50	-48
Other operating expenses	-240	-259
<b>EBITA (Earnings before interest, taxes and goodwill amortization)</b>	<b>+22</b>	<b>+14</b>
Goodwill amortization	-2	-1
<b>EBIT (Earnings before interest and taxes)</b>	<b>+20</b>	<b>+13</b>
Income from investments	+15	+24
Net interest income	-1	+7
<b>EBT (Earnings before taxes)</b>	<b>+34</b>	<b>+44</b>
Taxes on income and earnings	-7	-11
Minority interests	-1	0
<b>Net profit before exceptional income</b>	<b>+26</b>	<b>+33</b>
Exceptional income	+161	0
<b>Net profit</b>	<b>+187</b>	<b>+33</b>
<b>Average number of shares in thousands</b>	<b>36,362</b>	<b>36,261</b>
<b>Earnings per share (€) before exceptional income</b>	<b>+0.72</b>	<b>+0.91</b>
<b>Earnings per share (€)</b>	<b>+5.14</b>	<b>+0.91</b>

EBITA improved to €22 million. The reduction in income from investments was primarily a result of lower dividends received after the disposal of our Dresdner Bank shares at the beginning of the year. Net interest income declined due to the general fall in market interest

rates, but also due to losses incurred on the sale of securities. Exceptional income includes the tax-free capital gain from the sale of our Dresdner Bank shares to Allianz AG.

## Consolidated statement of cash flows

€ million	1.1. - 30.9.2002	1.1. - 30.9.2001
Cash earnings according to DVFA/SG	82	96
Change in working capital	-161	-257
<b>Cash flow from operating activities</b>	<b>-79</b>	<b>-161</b>
<b>Cash flow from investing activities</b>	<b>49</b>	<b>-38</b>
<b>Cash flow from financing activities</b>	<b>-162</b>	<b>1</b>
Change in cash and securities	-192	-198
Other adjustments to cash and securities	-15	1
Cash and marketable securities at January 1	802	877
<b>Cash and marketable securities at September 30</b>	<b>595</b>	<b>680</b>

With positive cash earnings of €82 million, the cash flow from operating activities improved significantly, but was still negative at €79 million. The reasons for this are not only the reduction in liabilities and provisions of around €50 million, but primarily the increase in inventories and receivables of about €100 million. The cash inflow from investing activities includes the income from the sale of our

Dresdner Bank shares in an amount of €262 million. Investments in financial assets increased significantly due to the acquisition of the companies Rheinhold & Mahla, HSG and Wolfferts. The cash outflow for financing activities also result from repaying the loans of the Thai joint venture, Bang Na Expressway.

## Consolidated balance sheet

€ million	Sep. 30, 2002	Dec. 31, 2001
<b>Assets</b>		
<b>Fixed assets</b>		
Intangible assets	199	8
Property, plant and equipment	555	502
Financial assets	358	336
	<b>1,112</b>	<b>846</b>
<b>Current assets</b>		
Inventories	492	406
Receivables and other assets	1,268	1,204
Cash and marketable securities	595	802
	<b>2,355</b>	<b>2,412</b>
<b>Deferred tax assets</b>	<b>58</b>	<b>53</b>
	<b>3,525</b>	<b>3,311</b>
<b>Liabilities and shareholders' equity</b>		
<b>Shareholders' equity</b>	<b>1,088</b>	<b>1,110</b>
<b>Minority interests</b>	<b>17</b>	<b>3</b>
<b>Provisions</b>		
Provisions for pensions and similar obligations	184	120
Other provisions	424	416
	<b>608</b>	<b>536</b>
<b>Liabilities</b>		
Liabilities to banks	439	351
Other liabilities	1,324	1,266
	<b>1,763</b>	<b>1,617</b>
<b>Deferred tax liabilities</b>	<b>49</b>	<b>45</b>
	<b>3,525</b>	<b>3,311</b>

Changes in the balance-sheet items compared with December 31, 2001 are mainly caused by the first-time consolidation of Rheinhold & Mahla, HSG and Wolfferts. Receivables and other assets at December 31, 2001 still include our shareholding in Dresdner Bank in an amount of €262 million.



## Financial calendar

2003

<b>February 20</b>	Preliminary figures for the year 2002
<b>April 9</b>	Announcement of dividend distribution
<b>April 15</b>	Financial statements press conference
<b>April 15</b>	Analysts' conference
<b>May 28</b>	Annual General Meeting*
<b>May 28</b>	Interim Report Q1 2003

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