



Interim Report Q1 2006

Business review

- **Increase in output volume**
- **High level of orders received**
- **Rise in earnings in services business**

Bilfinger Berger's business developed well in the first three months of the year 2006. The Group's volume figures grew at double-digit rates. The increase in orders received was particularly high as a result of orders placed with the Civil and Services business segments. With regard to profitability, it is necessary to take into consideration the fact that earnings are generally significantly lower at the beginning of the year than in the following quarters, so they cannot be extrapolated for the full year.

In the course of our corporate development, two acquisitions were carried out in the area of facility services. Furthermore, we added two major transportation projects to our concessions portfolio and were selected as preferred bidder for four additional projects.

Substantial growth in output volume, orders received and order backlog

The Group's first-quarter output volume increased by 15% to €1,611 million. Orders received of €2,335 million were 34% above the previous year's figure, and the order backlog rose by 15% to a new record level of €7,725 million.

Improved first-quarter earnings

As had been anticipated, the operating result (EBITA) for the period amounted to minus €3 million (Q1 2005: -€6 million). The Group recorded net interest income of €3 million in the first quarter (Q1 2005: €2 million); earnings before taxes were minus €2 million (Q1 2005: -€4 million). After the deduction of taxes and minority interest, there was a net result for the first quarter of 2006 of minus €2 million (Q1 2005: -€3 million).

Sound financial situation and capital structure

Bilfinger Berger's financial situation and capital structure are as sound as ever. The equity ratio was 28% at the end of the first quarter. Cash and cash equivalents of €638 million were below the figure at the end of 2005, in line with planning. While the fourth quarter of 2005 saw an extremely high cash inflow, working capital in the first three months of this year increased by approximately €200 million, as it had in the previous year. Liabilities to banks – excluding project financing on a non-recourse basis – amounted to €125 million.

Capital expenditure on property, plant and equipment was €22 million. €12 million was invested in financial assets, of which €8 million was for companies acquired in the services business and €4 million was for capital contributions relating to privately financed concession projects.

Key figures for the Group

€ million	Q1 2006	Q1 2005	Δ in %	FY 2005
Output volume	1,611	1,399	+ 15	7,061
Orders received	2,335	1,746	+ 34	7,545
Order backlog	7,725	6,706	+ 15	7,001
EBITA	- 3	- 6		115
Earnings before taxes	- 2	- 4		115
Net profit	- 2	- 3		66
Earnings per share (in €)	- 0.07	- 0.08		1.80
Capital expenditure	34	59	- 42	330
thereof, property, plant and equipment	22	21	+ 5	102
thereof, financial assets	12	38	- 68	228
Employees	55,221	51,004	+ 8	55,346

Relative performance of our shares



Workforce expansion

At the end of March 2006, the Group employed 55,221 people (Q1 2005: 51,004). The 8% increase resulted primarily from the Services business segment, in which the number of employees increased to 21,481 (Q1 2005: 17,808). The construction business employed a total of 33,211 people (Q1 2005: 32,524). The number employed in the German construction business decreased to 5,326 (Q1 2005: 5,573). Altogether, the Group employed 14,718 people in Germany (Q1 2005: 13,208) and 40,503 in its other markets (Q1 2005: 37,796).

Significant increases planned in EBITA and net profit

Bilfinger Berger plans a total output volume of more than €7.2 billion in full-year 2006 as well as significant increases in EBITA and net profit. We intend to achieve a return on capital employed in excess of 11% at Group level.

Positive share-price development

Bilfinger Berger's success is also reflected by its share-price development. During 2005, the share price increased by 37%, reaching more than €40 at the end of the year. The positive trend has continued in 2006; at the start of May, our share price had risen by more than 30% to over €52. Our stock continues to show a high level of liquidity: since the beginning of 2006, an average of 250,000 shares are being traded every day. This is clear evidence of the equity market's strong interest.

Developments in our business segments

Overview of output volume and order situation

€ million	Q1 2006	Δ in %	Q1 2006	Δ in %	Q1 2006	Δ in %	FY 2005
	Output volume		Orders received		Order backlog		Output volume
Civil	522	-5	1,238	+76	3,899	+19	2,747
Building and Industrial	525	+29	367	-31	2,021	-7	2,081
Services	564	+49	728	+42	1,809	+45	2,250
Consolidation, other	0		2		-4		-17
	1,611	+15	2,335	+34	7,725	+15	7,061

EBITA by business segment

€ million	Q1 2006	Q1 2005	FY 2005
Civil	-7	-3	50
Building and Industrial	-3	-3	-14
Services	+15	+5	90
Concessions	-4	-2	4
Consolidation, other	-4	-3	-15
	-3	-6	115

Civil

- **High level of orders received**
- **New international major projects**

A high volume of orders received was recorded by the Civil business segment in the first quarter. Due to the hard winter in Europe and the resulting decrease in output volume, EBITA decreased to minus €7 million (Q1 2005: -€3 million).

The Civil segment, too, is profiting from synergies with other business segments: our construction expertise and concessions know-how complement one-another and are key strategic advantages in major transportation infrastructure projects. Particular success in the reporting period was achieved with the privately financed Golden Ears Crossing, a bridge connection in Vancouver, Canada and city highways in Belfast, Northern Ireland with a total construction volume of €400 million for the Civil business segment.

In addition, the countries of the Middle East, with their growing demand, are increasingly becoming a focal point for us. We have received an order in the Emirate of Qatar to expand Doha's city highway. This project has a volume of €170 million. Construction is being carried out with the participation of Bilfinger Berger Road, which in the first quarter had very positive orders received, also in Germany. In Australia, we have been commissioned to design and construct a section of a highway on the Gold Coast with a volume of €200 million. In Poland, we received an order for a section of the N 25 national highway including a bridge over the River Warta near Konin.

For full-year 2006, Bilfinger Berger expects its Civil business segment to deliver stable output volume and good earnings once again.

Building and Industrial

- **Selective order acceptance**
- **Significantly positive earnings projected for full year**

In the Building and Industrial business segment, volume of orders received was lower than in the first quarter of last year as a result of selective order acceptance in Australia and cycles in the major projects business. The segment's EBITA amounted to minus €3 million (Q1 2005: -€3 million).

By consistently focusing on the needs of our clients, we continue to maintain a strong competitive position in what remains a difficult German market. In Nigeria, we have become well established in major projects for the international oil and gas industry and see a good chance of receiving further orders when decisions are made on upcoming investment projects. In Australia, high output volume is still connected to the working off of the existing order backlog and new projects are being selected with extreme care.

In total, we plan for our Building and Industrial business segment to achieve a stable output volume and a significantly positive EBITA in 2006.

Key figures for Civil

€ million	Q1 2006	Q1 2005	Δ in %	FY 2005
Output volume	522	550	-5	2,747
Orders received	1,238	704	+76	2,984
Order backlog	3,899	3,273	+19	3,344
Capital expenditure on P, P & E	14	15	-7	65
EBITA	-7	-3		+50
Employees	23,293	22,679	+3	23,480

Key figures for Building and Industrial

€ million	Q1 2006	Q1 2005	Δ in %	FY 2005
Output volume	525	408	+29	2,081
Orders received	367	534	-31	2,122
Order backlog	2,021	2,180	-7	2,095
Capital expenditure on P, P & E	2	1	+100	8
EBITA	-3	-3		-14
Employees	9,918	9,845	+1	9,629

Services

- **Further growth in business volume**
- **Once again, significant growth in earnings**

The Services business segment recorded high growth rates for output volume, orders received and order backlog. EBITA increased sharply to €15 million (Q1 2005: €5 million). This includes a first-time consolidation effect of €5 million from the acquisition of Babcock Borsig Service as of April 1 in the previous year.

Key figures for Services

€ million	Q1 2006	Q1 2005	Δ in %	FY 2005
Output volume	564	379	+49	2,250
Orders received	728	512	+42	2,441
Order backlog	1,809	1,250	+45	1,568
Capital expenditure on P, P & E	6	5	+20	27
EBITA	+15	+5		+90
Employees	21,481	17,808	+21	21,709

Key figures for Concessions

€ million	Q1 2006	Q1 2005	FY 2005
Projects in portfolio	19	17	17
thereof, under construction	9	12	8
Committed equity	225	186	177
thereof, paid-in	134	117	130
EBITA	- 4	- 2	+ 4
Employees	85	66	80

In Industrial Services, volume of business continues to rise. In the first quarter, important rehabilitation measures were taken over in the power plant sector. Of particular significance among these are the lignite-burning power stations in Jämschwalde, Germany and Belchatow, Poland. At the Finnish nuclear power station Olkiluoto, we are delivering and installing large sections of the piping system.

In Facility Services, we acquired 80% of the shares in Serimo Holding as of March 1, 2006. This company is the biggest independent property manager in Switzerland, and provides commercial services including portfolio and asset management. In April, we expanded into the hospitals sector with the acquisition of the Ahr Group. The company specializes in facility management in the healthcare sector and manages approximately 200 hospitals and nursing homes in Germany.

For full-year 2006, we expect the Services business segment to achieve another significant increase in output volume and EBITA.

Concessions

- **Success with new transportation projects**
- **Growth in British PPP market**

The Concessions business segment continued to post further major successes in the first three months of 2006. Of particular importance is the financial close of two major transportation projects: the city highways in Belfast and the Golden Ears Crossing, a bridge connection in Vancouver. The volume of the two projects totals more than €900 million, and our equity commitment is €50 million. Both projects are based on availability models with no risks deriving from volume of traffic. The portfolio now comprises 19 projects with an equity commitment of €225 million. Of this total, €134 million had been paid into project companies by the end of March.

Due to the start-up costs of projects in the ramp-up phase and expenses for our intensive bidding activities, EBITA decreased to minus €4 million (Q1 2005: -€2 million). Our concessions portfolio will provide us with long-term stable cash flows and attractive return on equity over the term of the projects.

In the field of transportation infrastructure, Bilfinger Berger is about to take over its first privately financed project in Scandinavia. A consortium under the Group's leadership has been selected as

preferred bidder for the financing, design, construction and operation of a 38-kilometer section of a highway in Norway. The investment volume amounts to €475 million. This project is also based on an availability model.

The Cross City Tunnel in Sydney, in which Bilfinger Berger has an equity stake in the amount of €50 million and which went into operation at the end of August 2005, is currently in an eighteen-month ramp-up phase. Traffic volumes so far have been lower than projected. At present, the concessions company is involved in promising negotiations with the responsible authorities in order to get over the difficulties of the start-up phase more quickly. Future developments must be awaited before a valid new assessment of the profitability of the project can be made.

In the field of public-sector building construction, we continued to reinforce our strong position in the British education sector: In Scotland, Bilfinger Berger has been selected as preferred bidder for two projects which we will operate for 32 years. The investment volume amounts to more than €200 million. In Northern Ireland, we are preferred bidder for the rehabilitation and extension of several educational facilities and their subsequent operation over a period of 25 years. The investment volume amounts to over €90 million.

Interim financial statements

The interim financial statements as of March 31, 2006 have been prepared in accordance with the guidelines of the International Accounting Standards Board (IASB), London, as were the year-

end financial statements for 2005. The accounting and valuation methods explained in the notes to the consolidated financial statements for 2005 have been applied unchanged.

Consolidated income statement

€ million	Q1 2006	Q1 2005
Sales revenues	1,515	1,180
Other operating income	29	28
Cost of materials	-966	-729
Personnel expenses	-429	-356
Depreciation	-22	-21
Other operating expenses	-130	-108
EBITA	-3	-6
Amortisation of intangible assets from acquisitions	-2	0
EBIT	-5	-6
Net interest result	3	2
Earnings before taxes	-2	-4
Income taxes	1	2
Earnings after taxes	-1	-2
Minority interest	-1	-1
Net profit	-2	-3
Average number of shares (in thousands)	37,196	36,744
Earnings per share, basic (in €)	-0.07	-0.08
Earnings per share, diluted (in €)	-0.07	-0.08

While output volume increased by 15% to €1,611 million, sales revenues actually rose by 28% to €1,515 million. This was due to the significantly higher proportion of business done in consortiums in the prior year, which is solely reflected in our output volume and not in sales revenues. Furthermore, the increase in expense and income items was due not only to organic growth, but also to the effects of first-time consolidation, in particular the acquisition of Babcock Borsig Service effective April 1, 2005.

First-quarter EBITA was negative, as usual due to the seasonal effects typical of our business, but improved to minus €3 million (Q1 2005: minus €6 million).

It is necessary to take into consideration the fact that the method of calculating EBITA for

concession projects was changed at the end of 2005. Interest income and expenses relating to concession projects are now included in the Concessions business segment's EBITA. The figures for the first quarter of 2005 have been adjusted for comparability. This led to a reduction of €2 million in EBITA and an improvement in the net interest result in the same amount. The change has no impact on earnings before taxes or net profit.

Scheduled amortization of €2 million was carried out on intangible assets from acquisitions (Q1 2005: €0 million).

The net interest result increased to €3 million (Q1 2005: €2 million). After taxes and minority interest there was a net loss of €2 million (Q1 2005: net loss of €3 million).

Consolidated balance sheet

€ million	Mar. 31, 2006	Dec. 31, 2005
Assets		
Non-current assets		
Intangible assets	600	593
Property, plant and equipment	511	512
Financial assets	722	712
thereof, shares in associated companies	(86)	(88)
thereof, investment properties	(34)	(34)
Fixed assets	1,833	1,817
Deferred tax assets	134	135
	1,967	1,952
Current assets		
Inventories	390	385
Receivables and other assets	1,171	1,188
Cash and marketable securities	638	832
	2,199	2,405
	4,166	4,357
Shareholders' equity and liabilities		
Shareholders' equity		
Shareholders' equity before minority interest	1,155	1,162
Minority interest	27	27
	1,182	1,189
Non-current liabilities		
Pension provisions	131	130
Other provisions	106	105
Financial liabilities ¹	584	572
Other liabilities	18	17
Deferred tax liabilities	70	75
	909	899
Current liabilities		
Accruals	451	470
Financial liabilities ²	50	51
Other liabilities	1,574	1,748
	2,075	2,269
	4,166	4,357

¹ thereof, non-recourse debt of €497 million (Dec. 31, 2005: €485 million)

² thereof, non-recourse debt of €12 million (Dec. 31, 2005: €10 million)

Consolidated statement of cash flows

€ million	Q1 2006	Q1 2005
Cash earnings	25	5
Changes in working capital	-197	-197
Cash flow from operating activities	-172	-192
Cash flow from investing activities	-14	-56
thereof, property, plant and equipment	-18	-18
thereof, financial assets	4	-38
Cash flow from financing activities	-2	-10
Change in cash and marketable securities	-188	-258
Other adjustments to cash and marketable securities	-6	5
Cash and marketable securities at January 1	832	914
Cash and marketable securities at March 31	638	661

The cash flow from operating activities is generally negative in the first quarter as a result of a seasonal increase in net current assets. Like in the first quarter of 2005, the reduction in advance payments and the payment of liabilities led to an increase in working capital of €197 million.

The cash outflow from investing activities, net of proceeds from disposals of €20 million (Q1 2005: €5 million), amounted to €14 million (Q1 2005: €56 million), of which a net amount of €18 million was for property, plant and equipment. With financial

assets, cash inflows from disposals of €16 million exceeded investments of €12 million. €8 million was applied for acquisitions in the field of services, and €4 million for capital contributions in concession companies.

The cash outflow for financing activities of €2 million (Q1 2005: €10 million) was used for repayments on loans.

Currency-translation effects led to a reduction in cash and marketable securities of €6 million.

Statement of changes in shareholders' equity

€ million

	Subscribed capital	Additional paid-in capital	Retained earnings	Other comprehensive income ¹	Unappropriated retained earnings	Minority interests	Total
Balance at January 1, 2005	110	523	461	-21	37	21	1,131
Contributions to capital	0	0	0	0	0	0	0
Dividend distributions	0	0	0	0	0	0	0
Earnings after taxes	0	0	0	0	-3	1	-2
Transfer to retained earnings	0	0	-3	0	3	0	0
Currency adjustments	0	0	0	6	0	0	6
Other changes	0	0	1	1	0	-4	-4
Balance at March 31, 2005	110	523	459	-16	37	18	1,131
Balance at January 31, 2006	112	523	492	-2	37	27	1,189
Contributions to capital	0	0	0	0	0	0	0
Dividend distributions	0	0	0	0	0	0	0
Earnings after taxes	0	0	0	0	-2	1	-1
Transfer to retained earnings	0	0	-2	0	2	0	0
Currency adjustments	0	0	0	-7	0	0	-7
Other changes	0	0	0	2	0	-1	1
Balance at March 31, 2006	112	523	490	-7	37	27	1,182

¹ Currency translation and reserves from fair valuation and hedging transactions



Financial calendar

2006

May 18	Annual General Meeting*
August 10	Interim Report Q2 2006
November 13	Interim Report Q3 2006

2007

March 21	Press conference on financial statements, Investors' and analysts' conference
May 14	Interim Report Q1 2007
May 23	Annual General Meeting*
August 9	Interim Report Q2 2007
November 13	Interim Report Q3 2007

* 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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