

Interim Report Q1 2007



Business review

- **Growth course continues**
- **Improved quarterly earnings**
- **Further increases in output volume and earnings planned**

In the first three months of 2007, Bilfinger Berger once again increased its volume of business and improved its quarterly earnings. All of the segments increased their profit contributions compared to the first quarter of last year.

Higher output volume, orders received and order backlog

The Group's first-quarter output volume rose by 23% to €1,988 million. Orders received increased to €2,532 million, surpassing the figure for the prior-year quarter by 8%. The order backlog rose by 19% to €9,212 million.

Significant improvement in first-quarter earnings

EBITA amounted to plus €16 million (Q1 2006: -€3 million). The net interest result was zero (Q1 2006: +€3 million). Earnings before taxes increased to plus €13 million (Q1 2006: -€2 million), while net profit after minority interests rose to plus €7 million (Q1 2006: -€2 million).

Further increases in output volume and earnings planned

We intend to increase our output volume and to achieve further improvements in EBITA and net profit in full-year 2007. The return on capital employed will once again surpass the cost of capital of 10.5% significantly (2006: ROCE 16.3%).

Key figures for the Group

€ million	Q1 2007	Q1 2006	Δ in %	FY 2006
Output volume	1,988	1,611	+23	7,936
Orders received	2,532	2,335	+8	10,000
Order backlog	9,212	7,725	+19	8,747
EBITA	+16	-3		+180
Earnings before taxes	+13	-2		+173
Net profit	+7	-2		+92
Earnings per share (€)	+0.20	-0.07		+2.48
Investments	42	34	+24	370
thereof in property, plant and equipment	28	22	+27	136
thereof in financial assets	14	12	+17	234
Employees	49,195	38,561	+28	49,141

Sound financial situation and capital structure

Cash and cash equivalents decreased to €589 million at the end of the first quarter, in line with our expectations (end of 2006: €783 million). This was primarily due to the additional requirement for working capital in the course of the year which is typical for our business. Excluding project financing on a non-recourse basis, liabilities to banks amounted to €140 million (end of 2006: €139 million). The equity ratio at the end of the quarter was 24%; adjusted for non-recourse loans it was 29%.

Investments in property, plant and equipment increased to €28 million. €14 million was invested in financial assets, most of which was for capital contributions into concession projects.

Workforce

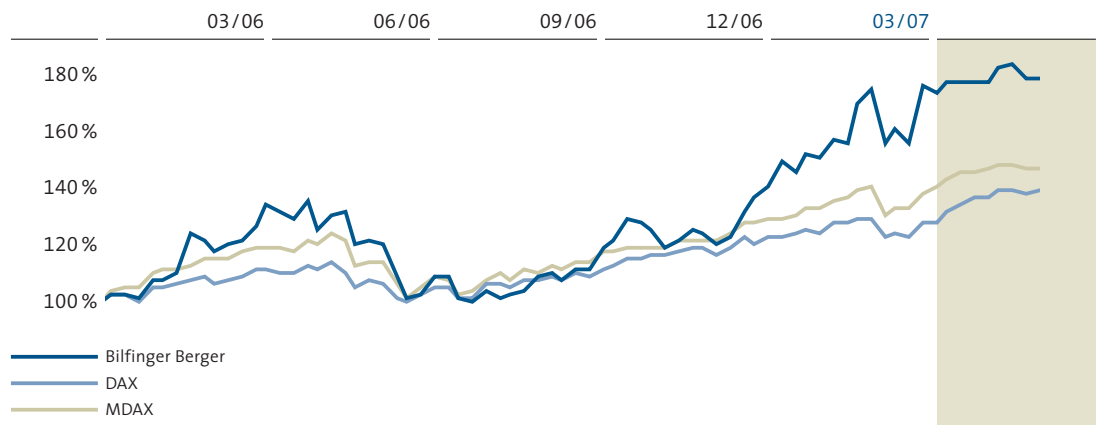
At the end of March 2007, the Bilfinger Berger Group employed a workforce of 49,195 people (end of Q1 2006: 38,561). The number of people employed in Germany increased to 19,536 (end of Q1 2006: 14,719), while the workforce outside Ger-

many expanded to 29,659 employees (Q1 2006: 23,843). The growth was mainly a result of acquisitions in the services business.

Share price development

At the beginning of 2007, the German stock market continued its positive development of the prior year. There was a significant dip at the end of February due to economic uncertainty, share-price losses on the Chinese stock market, and interest-rate and currency speculation. However, encouraged by optimistic economic forecasts, the stock market soon continued its upward trend. Additional stimulus came from announcements or rumors of mergers and acquisitions. The development of Bilfinger Berger's share price in the first four months of the year was significantly better than that of the market as a whole. From January until the beginning of May, it increased by 27%, while the DAX rose by 13% and the MDAX by 14%.

Relative performance of our shares



Developments in our business segments

Overview of output volume and order situation	Output volume		Orders received		Order backlog		Output volume
	€ million	Q1 2007	Δ in %	Q1 2007	Δ in %	Q1 2007	Δ in %
Civil	787	+51	1,005	-19	4,846	+24	2,973
Building and Industrial	420	-20	380	+3	1,713	-15	2,069
Services	780	+38	1,137	+56	2,643	+46	2,881
Consolidation, other	2		11		10		13
	1,988	+23	2,532	+8	9,212	+19	7,936

EBITA by business segment

€ million	Q1 2007	Q1 2006	FY 2006
Civil	-3	-7	+43
Building and Industrial	-2	-3	+22
Services	+24	+15	+123
Concessions	0	-4	-4
Consolidation, other	-3	-4	-4
	+16	-3	+180

Civil

- Continued strong demand in Australia
- Billion euro order in the Persian Gulf region

Our strong international business led to a substantial increase in output volume. Orders received were lower than in the first quarter of 2006, when numerous major orders were received, but significantly higher than output volume. First-quarter EBITA improved to minus €3 million (Q1 2006: -€7 million).

Strong demand in Australia continues. Major orders received in the first quarter include the construction of a 100-kilometer water-supply pipeline in Queensland and the expansion of a 16-kilometer section of the Hume Highway between Sydney and Melbourne. Furthermore,

Bilfinger Berger was contracted to design and construct the Phu My Bridge over the Saigon River in Ho Chi Minh City. After the My Thuan Bridge, this is the Group's second cable-stayed bridge in Vietnam.

After the interim balance-sheet date, we received a large order worth approximately €1 billion in Qatar in the Persian Gulf. In Doha, the capital of Qatar, Bilfinger Berger will construct a new residential district for 20,000 inhabitants. The project includes the entire infrastructure and turnkey construction of nearly 6,000 homes. Construction will be carried out over a period of 36 months.

We are planning a rise in output volume and an increase in earnings in full-year 2007.

Building and Industrial

- **Growing demand for commercial construction in Germany**
- **Lower output volume in Australia in line with planning**

Due to our selective approach to taking on new projects in Australia's building-construction market, output volume decreased in the first quarter, in line with our planning. The segment posted EBITA for the period of minus €2 million (Q1 2006: -€3 million).

Our German Building division is experiencing an increasing willingness to invest among its key clients. For example, we received an order from Lufthansa for the construction of a new training

center near Frankfurt am Main. A decisive criterion for this order was our comprehensive expertise in each of the fields of consulting, construction and services. The latest major order received is for a justice and administrative center in Wiesbaden, which Bilfinger Berger will first design and construct, and then operate for a period of 30 years. Although prices for material and subcontractor services are rising, we once again expect a positive contribution to net profit from our German building construction business.

We anticipate ongoing positive developments for the Building and Industrial business segment. We plan an output volume in full-year 2007 at the same magnitude as in 2006 and, once again, a rising EBITA.

Key figures for Civil

€ million	Q1 2007	Q1 2006	Δ in %	FY 2006
Output volume	787	522	+51	2,973
Orders received	1,005	1,238	-19	4,580
Order backlog	4,846	3,899	+24	4,706
Capital expenditure on P, P & E	13	14	-7	73
EBITA	-3	-7		+43

Key figures for Building and Industrial

€ million	Q1 2007	Q1 2006	Δ in %	FY 2006
Output volume	420	525	-20	2,069
Orders received	380	367	+3	2,053
Order backlog	1,713	2,021	-15	1,754
Capital expenditure on P, P & E	1	2	-50	4
EBITA	-2	-3		+22

Services

- **Increased output volume in all divisions**
- **Significant earnings growth**

The three divisions of this segment – Industrial Services, Power Services and Facility Services – continued their positive development. In addition to last year's acquisitions, organic growth of 19% contributed to the strong increase in output volume. EBITA rose significantly once again, reaching plus €24 million (Q1 2006: +€15 million); approximately half of the growth was achieved organically.

The economic revival in Germany and other European countries has led to lively demand for Bilfinger Berger Industrial Services. In this situation, the company succeeded in gaining or extending numerous long-term framework agreements. Bilfinger Berger Power Services has major business opportunities in the rehabilita-

tion of existing power plants and the supply and installation of components for the construction of new plants. Substantial investments are being made in all regional markets. In particular, orders were received for the high-pressure piping system and flue-gas desulfurization at the Boxberg lignite-fired power plant. Bilfinger Berger Facility Services is mainly active in Germany and has good prospects in the field of complex facility services. This is especially the case in connection with public-private partnerships: In the first quarter, contracts for five PPP projects were concluded with terms of between 20 and 30 years with an accumulated order value of nearly €200 million.

For the year 2007, we expect another increase in output volume and EBITA in the Services business segment.

Key figures for Services

€ million	Q1 2007	Q1 2006	Δ in %	FY 2006
Output volume	780	564	+38	2,881
Orders received	1,137	728	+56	3,345
Order backlog	2,643	1,809	+46	2,285
Capital expenditure on P, P & E	13	6	+117	52
EBITA	+24	+15	+60	+123

Concessions

- **Financial close on three major projects**
- **Renewed success in the Canadian market**

Already in the first quarter of this year, financial close was achieved on three new projects. Therefore, our portfolio comprised 18 concession projects on the reporting date. Committed equity amounted to €161 million at the end of the quarter, of which €68 million had been paid into project companies. EBITA was close to zero, despite intensive bidding activities (Q1 2006: -€4 million); the present value of our portfolio increased once again.

We took over the design, financing, construction and operation of a section of the Calgary ring highway in Canada during the reporting period, thus adding a significant transport infrastructure project to our portfolio. During the 30-year

operating phase, we will guarantee the availability of the highway in return for an annual payment from the province of Alberta. In the field of public-sector building, Great Britain remains our most important market for concession projects: In the Scottish Borders region and in the county of Clackmannanshire, we are realizing a total of six new school complexes in two separate projects. Bilfinger Berger is one of the preferred partners for public-sector school buildings in the United Kingdom.

For the full year, we anticipate a slightly negative EBITA due to the projects' early stage of maturity and high bidding costs. However, the present value of our growing portfolio – the relevant measure of success in this segment – will once again show a clear increase.

Key figures for Concessions

Number / € million	Q1 2007	Q1 2006	FY 2006
Projects in portfolio	18	19	15
thereof, under construction	11	9	8
Committed equity	161	225	137
thereof, paid-in	68	134	56
EBITA	0	- 4	- 4

Interim financial statements

The interim financial statements as of March 31, 2007 have been prepared in accordance with the guidelines of the International Accounting Standards Board (IASB), London, as were the year-end financial statements for 2006, and conform with the requirements of IAS 34. The accounting and valuation methods explained in the notes to the consolidated financial statements for 2006

have been applied unchanged. Starting this year, the income statement is presented for the first time according to the cost-of-sales method, in line with international practice. The prior-year figures have been adjusted for comparability. There were no material changes in the consolidated group during the first quarter of this year.

Consolidated income statement

€ million	Q1 2007	Q1 2006
Revenue	1,797	1,526
Cost of sales	-1,595	-1,367
Gross profit	202	159
Selling and administrative expenses	-193	-171
Other operating income and expenses	7	9
EBITA	16	-3
Amortization of intangible assets from acquisitions	-3	-2
EBIT	13	-5
Net interest result	0	3
Earnings before taxes	13	-2
Income taxes	-5	1
Earnings after taxes	8	-1
Minority interest	1	1
Net profit	7	-2
Average number of share, basic / diluted (in thousands)	37,196	37,196
Earnings per share, basic / diluted (in €)	0.20	-0.07

While output volume increased by 23% to €1,988 million, revenue grew at a lower rate of 18% to €1,797 million. The reason for this is that there are differences between the measurement of output volume and of revenue for joint ventures and concession projects.

Gross profit increased to €202 million (Q1 2006: €159 million), while the gross margin improved to 11.2% (Q1 2006: 10.4%). Selling and administrative expenses increased at a lower rate than sales revenue to €193 million (Q1 2006: €171 million). EBITA rose from minus €3 million in the prior-year quarter to plus €16 million; approx-

imately €5 million of the increase was due to consolidation effects from services companies acquired in the year 2006.

Scheduled amortization of €3 million was carried out on intangible assets from acquisitions (Q1 2006: €2 million).

The net interest result decreased to €0 million (Q1 2006: +€3 million). It is necessary to consider the fact that the interest expense for minority equity interests, a component included in the net interest result, increased to €2 million (Q1 2006: €0 million).

Consolidated balance sheet

	€ million	Mar. 31, 2007	Dec. 31, 2006
Assets	Non-current assets		
	Intangible assets	737	739
	Property, plant and equipment	611	607
	Financial assets	1,156	977
	thereof, receivables from concession projects	(1,068)	(893)
	thereof, shares in associated companies	(48)	(46)
	Fixed assets	2,504	2,323
	Deferred tax assets	129	128
		2,633	2,451
	Current assets		
	Inventories	470	393
	Receivables and other assets	1,514	1,502
	Cash and marketable securities	589	783
		2,573	2,678
		5,206	5,129
Equity and liabilities	Equity		
	Equity attributable to shareholders of the parent	1,206	1,189
	Minority interest	18	17
		1,224	1,206
	Non-current liabilities		
	Pension provisions	161	160
	Other provisions	98	100
	Financial liabilities, recourse	90	91
	Financial liabilities, non recourse	977	808
	Other liabilities	57	67
	Deferred tax liabilities	95	94
		1,478	1,320
	Current liabilities		
	Accruals	469	495
	Financial liabilities, recourse	50	48
	Financial liabilities, non recourse	27	19
	Other liabilities	1,958	2,041
		2,504	2,603
		5,206	5,129

The increase in the balance-sheet total is solely due to the expansion of our PPP business. This led to an increase in receivables from concession

projects of €175 million and a corresponding increase in non-recourse debt on the liabilities side.

Consolidated cash flow statement

€ million	Q1 2007	Q1 2006
Cash earnings	29	25
Change in working capital	-180	-197
Cash flow from operating activities	-151	-172
Cash flow from investing activities	-40	-14
thereof, property, plant and equipment	-26	-18
thereof, financial assets	-14	4
Cash flow from financing activities	-4	-2
Change in cash and marketable securities	-195	-188
Other adjustments to cash and marketable securities	1	-6
Cash and marketable securities at January 1	783	832
Cash and marketable securities at March 31	589	638

The cash flow from operating activities is generally negative in the first quarter due to the seasonal increase in working capital.

The cash outflow for investing activities, net of proceeds from disposals of €2 million (Q1 2006: €20 million), amounted to €40 million (Q1 2006: €14 million), of which a net amount of €26 million was for property, plant and equipment. Investments in financial assets primarily

comprise capital contributions for concession companies.

The cash outflow for financing activities of €4 million (Q1 2006: €2 million) constitutes repayments on loans.

The effects of exchange rate fluctuation led to an increase of €1 million in cash and marketable securities.

Statement of changes in shareholders' equity

€ million	Subscribed capital	Additional paid-in capital	Retained earnings	Other comprehensive income ¹	Distributable earnings	Minority interest	Total equity
Balance at January 1, 2006	112	523	492	-2	37	27	1,189
Capital contributions	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
Balance at January 1, 2007	112	523	538	-30	46	17	1,206
Capital contributions	0	0	0	0	0	0	0
Dividend distributions	0	0	0	0	0	0	0
Earnings after taxes	0	0	0	0	7	1	8
Transfer to retained earnings	0	0	7	0	-7	0	0
Currency adjustments	0	0	6	-3	0	0	3
Other changes	0	0	0	7	0	0	7
Balance at March 31, 2007	112	523	551	-26	46	18	1,224

¹ Currency translation and reserves from fair valuation and hedging transactions

All of the statements in this report that relate to the future have been made in good faith and based on the best knowledge available. However, as these statements also depend on factors beyond our control, actual developments may differ from our forecasts.



Financial calendar

2007

May 23	Annual General Meeting*
August 9	Interim Report Q2 2007
November 13	Interim Report Q3 2007

2008

March 17	Press Conference on financial statements, Investors' and analysts' conference call
May 21	Annual General Meeting*

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