

Building and Industrial

- **Revival of demand in Germany**
- **Additional momentum from public-private partnerships**
- **Consolidation in Australia**

Our activities in the Building and Industrial business segment are concentrated on Germany, Australia and Nigeria. The good competitive position in these markets can be attributed to our ability to offer demanding clients much more than just the execution of pure construction tasks. The building construction business in Germany ideally complements our facility services knowledge and our expertise in concessions. On the Australian market we are carrying out successful projects in the health care sector and in the prisons system based on concession models. In Nigeria, too, we are often involved at early stages of projects in a consultative capacity.

Output volume in the Building and Industrial business segment in 2006 was, with € 2,069 million, at about the level of the previous year. Due to our selective approach in the acquisition of new projects in Australia, orders received of € 2,053 million were about 3% below the prior

year level. As planned, order backlog decreased, with the figure of € 1,745 million representing a minus of 16%. EBITA in the business segment, burdened a year earlier by business in Australia, once again achieved a very positive value with € 22 million (2005: minus € 14 million).

Capital expenditure on property, plant and equipment amounted to € 4 million (2005: € 8 million), the size of the workforce, at 3,745 was below the figure for the previous year.

Germany – life cycle approach as key to success

In 2006, our German Building division was again able to improve its profitability in a difficult market environment and once again made a positive contribution to net profit.

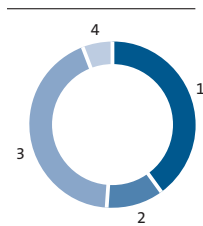
The revival of demand for commercial construction in Germany is having a positive impact on our business. Orders received made a significant jump, particularly in the second half of the year. Here we are increasingly profiting from our comprehensive consulting, building and services competence. Under the i.volution brand, Bilfinger Berger offers its clients individual solutions for every phase of a property's life cycle. Services range from construction, development and design through to operation and revitalization. The interaction between building competence and the Group's own expertise in the area of facility services form the basis for successful development in the German building construction market.

Key figures for Building and Industrial

€ million	2006	2005	Δ in %
Output volume	2,069	2,081	- 1
Orders received	2,053	2,122	- 3
Order backlog	1,754	2,095	- 16
Capital expenditure	4	8	- 50
Depreciation	5	4	+ 25
EBITA	+ 22	- 14	
Employees (number at December 31)	3,745	9,629	- 61

Building and Industrial: output volume by region

€ million	2006	2005	%
1 Germany	827	827	40
2 Africa	234	301	11
3 Australia	893	891	43
4 Other regions	115	62	6
	2,069	2,081	100



We have received an order from Deutsche Lufthansa for the construction of a new training center near Frankfurt. Experts from Bilfinger Berger were involved in the project as early as the concept phase and were thereby able, together with the client, to optimize the design, construction process, scheduling and costs. In addition to the most modern training and event facilities, the eight-storey building will also house a business hotel with wellness and catering areas. We were also involved as early as the design phase for the renovation and expansion of the Schloss Fuschl Hotel near Salzburg which was successfully completed in 2006. The client's high demands were fulfilled within a very tight timeframe.

In addition, Bilfinger Berger received several major orders for the construction of retail shopping space in the past year. In Essen we are carrying out turn-key construction on one of the largest inner-city shopping centers in Germany, with room for more than 200 shops and 1,600 parking places. In Passau, turn-key construction is also being carried out on the Stadt-Galerie, with up to 90 shops spread out over three levels. In Duisburg we received the order for the construction of another inner-city shopping center: With 120 shops, the 'Forum' will form a new retail focal point. In this project, too, we provided our

client with competent advice in advance and together optimized the operating costs of the building. In 2006 we successfully completed the remodeling and expansion of the Kaufhof department store on the Alexanderplatz in Berlin while the store remained open for business.

Our building and industrial business in Germany is gaining additional momentum from the growing acceptance of privately-financed concession models. In Chemnitz, we received an order to realize a judiciary center to accommodate the district court and district attorney's office within the framework of a public-private partnership. In Halle an der Saale we are modernizing and operating eight schools. In Burg, near Magdeburg, a new correctional facility is being built using a similar approach. In Unna, the district administration office, which was renovated and expanded by Bilfinger Berger on the basis of a public-private partnership, was handed over to its tenant in the middle of 2006.

The ongoing cooperation with our repeat clients has top priority at Bilfinger Beger. Their satisfaction has a positive effect on the quality of our order backlog. Our German Building division

is also available to our clients as a reliable partner internationally. In this way we completed turn-key construction on a commercial vehicle assembly plant for MAN in Niepolomice, Poland.

Australia – economic downturn expected in commercial construction

In Australia, demand in residential construction continues to decline, the still relatively good economic situation in commercial construction will likely weaken in the course of 2007.

Output volume at our Australian building-construction unit, in light of the high order backlog, still remains at a high level. Quality is being put before quantity in the acquisition of new projects, which will lead to a clearly positive contribution to earnings from our Australian building construction activities.

In Australia, Bilfinger Beger is currently carrying out construction on the new main building of the University of Sydney, among other things. The largest building project in the history of the

university includes the construction of a seven-storey library as well as administration and lecture rooms. In addition, the company has begun to expand the campus of Wollongong University into a research and development center. In the first phase of the contract, an office complex will be built which will later house research facilities.

Nigeria – good position in major projects for the oil and gas industry

In Nigeria we carry out projects for both the public sector and for industrial clients. The increase in the country's budget leeway will be accompanied by a jump in construction activity. We are well-positioned in projects for the international oil and gas industry, the planned construction of major gas liquefaction plants creates excellent order opportunities in Building and Industrial. We are also involved in the construction of a gas-to-liquids production facility in Escravos in the Niger Delta. This will be one of the first facilities in the world for the industrial conversion of gas into liquid fuels. Our activities in this region are proceeding in an orderly fashion despite the tense security situation. We have adapted measures taken to protect our employees in the effected areas to the current situation.

Outlook

We expect an increasingly positive development in our Building and Industrial business segment. Demand in German commercial construction will continue to revive. Here we deal with risks which could arise from the rising construction market in Germany in a forward-looking manner. We will continue to intensively market our comprehensive consulting, construction and services package to our clients under the i.volution brand. We want to play a leading role in the growing market for PPP projects in public-sector construction in the future, too. In Australia we will reduce the volume in building construction and secure sustainable economic success, in Nigeria we expect continued high demand in the public sector and from the international oil and gas industries.

In full-year 2007, we plan for our Building and Industrial business segment an output volume at the same magnitude as in 2005 and, once again, a rising EBITA.