

Glossary

Associated companies

Companies upon which a significant influence can be exercised but in which there is no majority holding or controlling interest. The holding is usually between 20% and 50%.

BOT

Abbreviation for build-operate-transfer. BOT projects, also known as public-private partnerships, are private-sector solutions to real estate or infrastructure tasks in the public sector, with design, financing, construction and long-term operation from one source. Refinancing of the entire investment takes place during the operational phase by means of user fees.

Business-unit-related financial assets/ interest income

Accounting category in Bilfinger Berger's return-on-capital-employed controlling for the assessment of appropriate capital resources of the respective unit of the Group.

Capital employed

The average capital tied up in operative assets, which, in the context of return-on-capital-employed controlling, is expected to yield a return at least as high as the weighted average cost of capital (WACC).

Cash earnings

Financial performance measure for the ability of a company to provide its own funds. Measures the financial surplus earned in a certain period from current, profit-relevant activities, but without taking into consideration the change in working capital.

Cash flow

Figure for the assessment of the financial strength and profitability of a company in terms of the flow of funds. The statement of cash flows shows the changes in marketable securities and cash during an accounting period in terms of the cash flows from, or into, operating, investing and financing activities.

Corporate governance

The internationally common term for a responsible system of corporate management and monitoring with a focus on long-term value creation.

CTA

Abbreviation for "contractual trust arrangement," a form of financing pension obligations whereby pension plan assets covering the Company's pension obligations are transferred to a trust fund. In consolidated financial statements prepared according to IFRS, this has the effect of reducing the balance-sheet total, as the plan assets are netted out against the corresponding pension provisions. The effect is to improve the international comparability of the consolidated financial statements.

Deferred taxes

Asset or liability items that compensate for different accounting periods compared with earnings according to the tax financial statements. Deferred tax expenses / income are corrections to the actual tax expense derived from the tax financial statements for the period. The primary aim is to show an income-tax expense in a proper relation to the reported earnings before taxes.

Discounted cash-flow method

Valuation model for projects and ventures. All future free cash flows are discounted to their present values and added up. Key factors are the cost of capital (discount), the future free cash flows and the period of time involved.

EBIT

Abbreviation for “earnings before interest and taxes.”

EBITA

Abbreviation for “earnings before interest, taxes and goodwill amortization.” In Bilfinger Berger’s accounting, EBITA is used as a performance measure for the profits from operating activities.

Equity consolidation

Minority holdings in companies of between 20 % and 50 % are included in the consolidated financial statements as associated companies by means of equity-method consolidation. In the consolidated income statement, the pro-rated net profit of the associated companies – reduced by goodwill amortization if necessary – is shown under income from investments.

Equity ratio

Key figure for a company’s financing structure, stating the ratio between equity and total assets.

Fair value

The amount for which an asset could be sold or a liability could be settled between knowledgeable, willing and independent parties.

Goodwill

The difference between the amount paid for a company and the market value of its net assets. It arises as a result of taking into consideration a company’s expected future earnings when deciding on a suitable price for it. Goodwill is capitalized under fixed assets and subjected to annual impairment tests in accordance with IFRS 3 / IAS 36.

IASB

Abbreviation for “International Accounting Standards Board” based in London. An institution founded in 1973 for the formulation of International Accounting Standards (IAS).

IFRIC

Abbreviation for the London-based “International Financial Reporting Interpretations Committee.” IFRIC determines the details of the interpretation of the IAS.

IFRS

Abbreviation for “International Financial Reporting Standards” based on Anglo-American accounting principles. Against a background of harmonization of international accounting, these standards are becoming increasingly important for German accounting. IFRS is based on the International Accounting Standards (IAS/IFRS), which set rules for accounting and valuation: for example, IAS 19 for the valuation of pension provisions.

ISIN code

Abbreviation for “International Securities Identification Number.” Internationally valid identification number for securities. Uniform system for the simplification of cross-border transactions.

Joint venture

A company, keeping its own accounts, that is established by two or more construction companies for the period of executing a construction contract. Profits and losses are entered in the income statements of the partner companies according to their percentage of participation and shown under sales revenues. The respective shares of joint-venture revenues are not shown in the financial statements of the partner companies.

Long-term incentive plan (LTI)

Components of Executive Board compensation with a long-term incentive effect, related both to internal measures of success as well as the performance of the Bilfinger Berger share price.

Non-recourse financing

Debt which is secured solely against the financed project, without the possibility of any recourse liability for Bilfinger Berger.

Output volume

This comprises the supply of goods and services by the Group and the pro-rated supply of goods and services by joint ventures in which the Group participates.

Percentage-of-completion method (POC)

Accounting method according to IAS 11 for long-term construction contracts. Contract costs and revenues are accounted for in accordance with the percentage of completion of the contract so that the realization of profits is shown in the income statement in line with the progress made by the project.

Performance share units (PSU)

Phantom shares that are granted to the members of the Executive Board as a part of their compensation within the framework of our long-term incentive plans depending on the development of value added.

Plan assets

Assets that serve to cover pension obligations and fulfill the conditions of IAS 19. In accordance with IFRS, plan assets are netted out against pension provisions, which reduces the balance-sheet total. See CTA.

**Project-related financial assets /
project-related interest income**

Accounting category in Bilfinger Berger's return-on-capital-employed controlling for the assessment of appropriate capital resources of the respective units of the Group.

Public-private partnership (PPP)

See BOT

Return

The measure of earnings in return-on-capital-employed controlling at Bilfinger Berger, derived from EBITA.

Return on equity

Measure of earnings which states the ratio between net profit and shareholders' equity.

Return on output volume

Measure of profitability showing the ratio of EBITA to output volume.

ROCE

Abbreviation for "return on capital employed." Ratio between the earnings of a reporting period (return) and the average operative assets (capital employed).

Syndicated credit lines

Credit lines that are agreed upon with a group of banks (syndicate) under uniform conditions.

Statement of cash flows

Presentation of liquidity developments / flows of funds taking into consideration the sources and applications of funds within a certain period. The statement of cash flows shows the separate cash flows from, or into, operating, investing and financing activities.

Value added

Difference between ROCE and the weighted average cost of capital multiplied by capital employed. If value added is positive, this means that the return on capital employed is higher than the weighted average cost of capital.

WACC

Abbreviation for "weighted average cost of capital." Serves as a measurement of the financing of the operative assets in return-on-capital-employed controlling at Bilfinger Berger. It reflects the minimum required rate of return of the shareholders and the creditors.

Working capital

Factor for observing changes in liquidity. It shows the difference between current assets, without cash and marketable securities, and current liabilities.