

Services

- **Dynamic growth across all divisions**
- **Excellent development in earnings**
- **Further expansion of business planned**

Development in the services business once again outperformed targets. In its three divisions of Industrial Services, Power Services and Facility Services, the segment recorded consistently positive growth rates and is highly profitable. We continued to pursue our successful strategy over the past financial year and have expanded our services business through suitable acquisitions.

Output volume climbed by 28 % to € 2,881 million. Acquisitions and an organic growth rate of 6 % were contributing factors here. Orders received exceeded the previous year's volume by 37 % and came to € 3,345 million. At year-end, order backlog stood at € 2,285 which was a year-on-year increase of 46 %.

EBITA rose by a disproportionately high rate of 37 % to € 123 million (2005: € 90 million), of which 10 % was due to organic growth in earnings.

Capital expenditure on property, plant and equipment advanced to € 52 million (2005: € 27 million) owing to a higher business volume. The number of employees increased to 30,218 as a result of acquisitions.

Industrial Services – growing long term demand

The Industrial Services division comprises Bilfinger Berger Industrial Services as well as our industrial services activities in Australia and the United States. The output volume rose to € 1,753 million (2005: € 1,343 million).

In October 2006, Rheinhold & Mahla AG changed its name to Bilfinger Berger Industrial Services AG. Under the Bilfinger Berger umbrella,

the company, acquired in 2002, has strengthened its position as a leading services provider for the process industry through targeted acquisition and by shedding non-core activities. Bilfinger Berger Industrial Services offers its customers in the chemicals, petrochemicals, energy and oil and gas industries comprehensive services for the repair, maintenance and modernization of production facilities. As part of an extensive range of services, a number of specialist tasks such as pipeline construction, machine technology, EMSR technology, insulation, scaffolding construction and corrosion protection are bundled together into customized packages of services. The comprehensive package is a full-service offering, which comprises complete maintenance management of production sites.

As many companies had shelved their maintenance measures for a longer period, the demand for industrial services is clearly on the rise against the backdrop of good economic conditions in Germany and in the rest of Europe. Bilfinger Berger Industrial Services benefits from extensive investments in the energy and the chemicals industries. The company operates at large production sites with long-term service contracts. In Germany for instance, Bilfinger Berger Industrial Services bears responsibility for a large part of the repair and maintenance of the Höchst and Griesheim industrial parks near Frankfurt. The company assumes similar tasks at many locations in Europe.

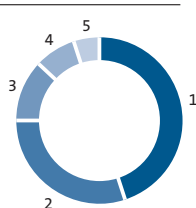
In addition, we have reinforced our position in the repair and maintenance of oil and gas facilities in the North Sea. Bilfinger Berger Industrial Services, which already ranks among the leading service providers in the Norwegian offshore business, acquired the Salamis Group with headquarters in Aberdeen in 2006. The company holds a market share of a good 40 % in the United Kingdom and serves renowned companies in the oil and gas industry.

Key figures for Services

€ million	2006	2005	Δ in %
Output volume	2,881	2,250	+28
Orders received	3,345	2,441	+37
Order backlog	2,285	1,568	+46
Capital expenditure	52	27	+93
Depreciation	35	28	+25
EBITA	+123	+90	+37
Employees (number at December 31)	30,218	21,709	+39

Services: Output volume by region

€ million	2006	2005	%
1 Germany	1,284	1,039	45
2 Rest of Europe	856	603	30
3 America	334	317	12
4 Australia	238	175	8
5 Other regions	169	116	5
	2,881	2,250	100



In the process of concentration on industrial services, Bilfinger Berger Industrial Services sold the Ship Technologies unit at the end of 2006. The activities, which were concentrated on the interior fittings and insulation of ships, were taken over with the former Rheinhold & Mahla AG in 2002 and no longer belonged to the core business of the company.

Our subsidiary Bilfinger Berger Services Australasia operates in the field of maintenance of electricity, gas and water networks as well as in the maintenance of recycling plants. Through the ongoing trend in the public sector towards outsourcing services and the high level of investments in the infrastructure and raw materials demand is growing constantly. The Company has extended its range of products through acquisitions and expanded its regional activities. The purchase of Techscape in Auckland makes Bilfinger Berger market leader in the maintenance of water distribution networks in New Zealand.

The good overall economic situation in the United States underpins stable demand for industrial services. There, Fru-Con has been active as a service partner to renowned companies for decades, in particular the processing, food and paper industries. The business is anchored in the engineering competence of the company and draws on the close cooperation with long-standing regular customers. Fru-Con, for instance, is active on behalf of the consumer goods manufacturer Procter & Gamble at more than 20 locations - and on a permanent basis.

Power Services – outstanding prospects through growing need for renewal

The Power Services division combines our engineering-supported power plant activities which comprise repair and maintenance as well as efficiency enhancements, lifetime extensions and components supply. Output volume rose to € 520 million in 2006 (2005: € 316 million).

We have grouped our services for power plants together and aligned them to suit the special needs of utilities. Along with ongoing maintenance, Bilfinger Berger Power Services offers sophisticated measures for extending plant life, raising efficiency and for the rehabilitation of power plants. To this end, we also deliver components for plant construction. We concentrate primarily on steam generation, flue gas desulphurization and piping systems. The most important markets are Germany, Western and Eastern Europe, along with the Persian Gulf States and South Africa.

Following our acquisition of the Babcock Borsig Service Group in 2005, Essener Hochdruckrohrleitungsbau (EHR) has contributed to strengthening our leading position in the power plant sector since May 2006. We are now able to offer the entire value chain encompassing design, delivery and assembly through to repair, maintenance and rehabilitation, all from a single source.

The global increase in the demand for energy and the age of existing power plants necessitate a high level of investment in the new construction and the rehabilitation of power plants. This is in addition to increasingly stringent environmental constraints which are reflected in the growing demand in our power services business. In financial year 2006, a series of orders for rehabilitation were secured, including the lignite-burning power stations in Jänschwalde in Brandenburg, Germany, and Belchatow in Poland. We participate in the construction of new

plants by delivering components and laying high-pressure pipelines. Major new projects worth mentioning in the past financial year were the assembly of pipeline systems in the Finnish power plant Olkiluoto and in the lignite-burning power station of Neurath near Grevenbroich.

Facility Services – top position in complex services

The offering of our Facility Services division encompasses full services for real estate, from individual solutions through to integrated services. We undertake sophisticated technical services, especially the operation and maintenance of complex building equipment as well as the property and asset management of entire real estate portfolios. These activities are focused on Germany. The range is complemented by special services in building construction provided by our subsidiary Centennial in the United States. In the financial year 2006, output volume of this division rose to € 658 million (2005: € 591 million).

Bilfinger Berger Facility Services, under which the operating units for real estate services are combined, is one of Germany's market leaders. Competition in this market remains fierce. Bilfinger Berger is playing an active role in the ongoing concentration process in the sector: We expanded our business in the health care sector in 2006 through the acquisition of the Ahr Group in Oberhausen. The company is specialized in infrastructure-related and integrated services in the hospital segment and provides services for around 200 clinics and nursing homes in Germany. In addition, we acquired an 80 % stake in Serimo Holding which is one of Switzerland's largest independent real estate management companies.

In facility services, we consistently place importance on complex technical and commercial services. Together with our building con-

struction units, Bilfinger Berger Facility Services provides a full service range which includes consulting services, design, finance, construction, maintenance and operation. The concept concentrated under the i.volution brand generates important competitive advantages for us. Our subsidiary HSG operates principally in technical facility management. Based on its proven know-how and consulting competence, it can offer its customers an important value added. Along with repair and maintenance of classical office real estate, comprehensive solutions are gaining increasing importance in facility management for industrial companies. In commercial facility management, EPM Assetis has a leading position. The company concentrates on property and asset management. It oversees around 1,200 properties with a total surface area of more than eight million square meters and manages rental income of more than € 600 million a year.

In the United States, our subsidiary Centennial operates according to the job-order-contract model, above all for public-sector customers, such as the Ministry of Defense. In addition, the company provides maintenance services to schools and universities. In the past year, Centennial expanded, and framework agreements with a large volume were successfully renewed.

Outlook

The strategic focus of our services business on Industrial Services, Power Services and Facility Services creates platforms for further, targeted expansion, both on an organic basis and through acquisitions.

Our Industrial Services are on a long-term growth path. Brisk demand in the core sectors of chemicals, petrochemicals, energy and oil and gas gives rise to expectations for an increase in output volume. Bilfinger Berger Industrial Services is set to expand its activities to cover other interesting markets. Supplementing its range of services will enable the company to fulfill the

specific needs of its clients even more effectively in future. In Australia, we are anticipating growth in the market volume for our industrial services. Given our good competitive position, we intend to reap above-average benefit. Our American company Fru-Con intends to expand its business.

There is considerable growth potential for Bilfinger Berger Power Services, which was formed in financial year 2006, in the rehabilitation of existing power stations and in the supply of components for pending new construction. In Germany and on the international markets there are a numerous major projects where preparation is under way, and the chances of Babcock Borsig Service and EHR being mandated are good. Stable output volume is expected in the maintenance and rehabilitation business.

Bilfinger Berger Facility Services intends to strengthen its leading position in the market for sophisticated facility services in Germany. We consider that the health care sector, public-private partnership projects and energy contracts will create opportunities for growth. Moreover, we are investigating acquisition options in this field with the aim of expanding our core activities and promoting our growth in European markets. The profitable business of our American subsidiary Centennial based on job-order contracting is set to grow.

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