Interim Report Q1 2008



The Multi Service Group. BILFINGER BERGER

Group management report

- **Bilfinger Berger continues along its successful path**
- **Earnings increased significantly**
- **Positive outlook for the full year**

In the first quarter of 2008, the construction and services Group Bilfinger Berger continued its successful development with significantly increased earnings as compared to the prior year. We expanded our position as a Multi Service Group with acquisitions in the services business and with new concession projects. We continue to see active demand in our markets.

We expanded our activities in the Australian services business with the takeovers of Clough Engineering and iPower Solutions. In April, we acquired the industrial services business of Norsk Hydro, and have now gained a leading position in this market in Scandinavia too. In February, together with Siemens, we signed a concession contract for the design, financing, construction and operation of a particle therapy center in Kiel. At the beginning of May, we commenced a long-term contract for the modernization, expansion and operation of several educational facilities in Northern Ireland.

Output volume and order backlog above prior-year level

In the first three months of this year, we increased output volume by 12% to €2,223 million. Orders received amounted to €2,245 million, which was 11% – in constant currency terms 3% – lower than in the prior-year period. The reasons for the decrease in orders received in the construction segments was the fact that we are currently working to full capacity and have a correspondingly hesitant approach to assuming new orders. Order backlog rose by 17% to €10,791 million.

First-quarter earnings increased significantly

EBITA rose to €40 million (Q1 2007: €16 million). This includes a gain of €9 million realized on the previously reported sale of office buildings used by Bilfinger Berger to a real-estate investment trust. Even without this one-time effect, EBITA would still have doubled over the previous year figures. Earnings before taxes increased to €38 million (Q1 2007: €13 million). Net profit after taxes and minority interest rose to €31 million (Q1 2007: €7 million), whereby the real estate sale led to a positive tax effect of €7 million.

Positive outlook for the full year

We plan to continue the successful development in the current year with a rise in output volume and a further increase in EBITA and net profit. In 2008, the return on capital employed will again significantly exceed the cost of capital of 10.5%.

Key figures for the Group

€ million	Q1 2008	Q1 2007	Δ in %	FY 2007
Output volume	2,223	1,988	+12	9,222
Orders received	2,245	2,532	–11	11,275
Order backlog	10,791	9,212	+17	10,759
EBITA	+40	+16	+150	+242
Earnings before taxes	+38	+13	+182	+228
Net profit	+31	+7	+300	+134
Earnings per share (in €)	+0.84	+0.20	+320	+3.60
Investments	62	42	+48	268
thereof in P, P, & E	38	28	+32	204
thereof in financial assets	24	14	+79	64
Employees	55,626	49,195	+13	52,723

Unchanged sound financial situation and capital structure

Cash and marketable securities decreased to €697 million at the end of the first quarter (end of 2007: €796 million). This was primarily due to the typical cyclic need for working capital over the course of the year. The sale of the office buildings resulted in a cash inflow of €105 million. On the other hand, there were cash outflows in the amount of €51 million by the end of the first quarter related to our share buyback program as well as investments in property, plant and equipment and financial assets in the amount of €62 million.

Excluding project financing on a non-recourse basis, liabilities to banks amounted to €116 million (end of 2007: €111 million). The equity ratio was 21%; adjusted for non-recourse debt it was 27%.

Number of employees grows

As a result of the larger volume of business, the total workforce expanded in comparison with the previous year to 55,626 employees at the end of March 2008 (March 30, 2007: 49,195). The number of persons employed in Germany increased to 20,351 (March 30, 2007: 19,536) and the number employed abroad rose to 35,275 (March 30, 2007: 29,659).

No existence-threatening risks

No significant changes occurred with regard to opportunities and risks during the reporting period compared with the situation as described in the Annual Report 2007. There are no risks that would jeopardize the continuing existence of the Company.

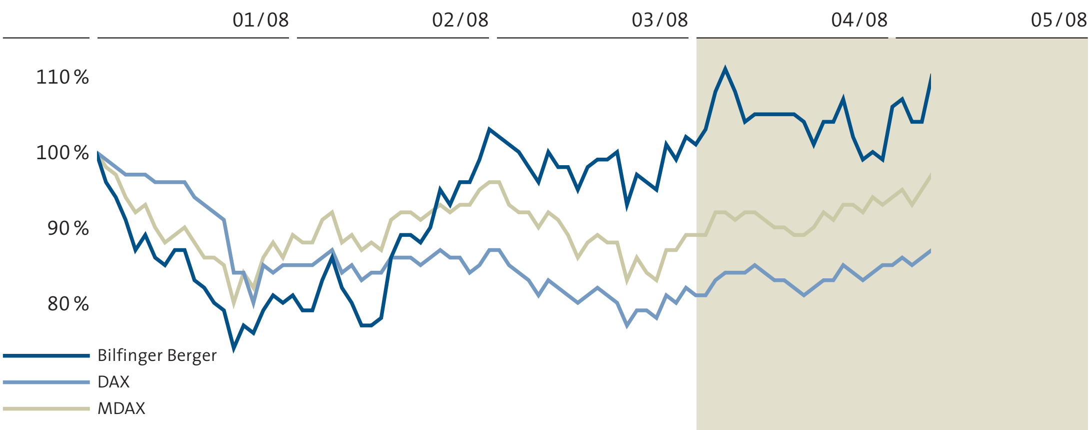
Share price development

Following a weak start to the year, equity markets also failed to gain much ground over the course of the first quarter. The reasons for this weakness were continuing uncertainties about the effects of the subprime crisis. The weak US dollar and extremely high raw-material prices exacerbated the capital market's reticence.

Bilfinger Berger's share price fell more sharply than the overall market and sector at the beginning of the year, without any company-specific reasons. But following the publication of the preliminary results for the year 2007, investors' interest in our shares bounced back. The announcement of new acquisitions and the start of the share buyback program provided additional impetus. At the beginning of May, the share price was 9% higher than at the end of 2007 and was well above the development of the DAX and MDAX in the period.

The share buyback program has now been completed with a volume of €100 million. During the period of February 19 to April 29, 2008, 1,884,000 shares representing 5.065% of the voting rights were bought back at an average price of €53.07 per share. The shares are now held as treasury shares and there is currently no plan to cancel them.

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 2008	Δ in %	Q1 2008	Δ in %	Q1 2008	Δ in %	FY 2007
Civil	898	+14	761	−24	5,377	+11	3,647
Building and Industrial	447	+6	289	−24	2,228	+30	1,965
Services	876	+12	1,185	+4	3,189	+21	3,606
Consolidation, other	2		10		−3		4
	2,223	**+12**	**2,245**	**−11**	**10,791**	**+17**	**9,222**

EBITA by business segment

€ million	Q1 2008	Q1 2007	Δ in %	FY 2007
Civil	+2	−3		+58
Building and Industrial	−2	−2		+24
Services	+36	+24	+50	+180
Concessions	−1			−2
Consolidation, other	+5	−3		−18
	+40	**+16**	**+150**	**+242**

Civil

- **Order backlog at high level**
- **Further growth in earnings planned**

The Civil business segment's output volume increased as planned during the first quarter. In view of the current high utilization of our capacities, we are selective in assuming new projects. In constant currency terms, orders received was at the same level as output volume. EBITA improved to plus €2 million (Q1 2007: -€3 million).

Australia continues to be the Group's biggest single market for civil-engineering work. At the beginning of 2008, we received the order to expand the deep-sea port at Botany Bay in Sydney with five new berths for large container ships; the order volume for Bilfinger Berger amounts to €220 million. Other new projects include the expansion and modernization of the West Gate Freeway in Melbourne and the construction of the first section of the Northern Busway in Brisbane. Each of these two orders has a value of €100 million. We anticipate ongoing positive economic conditions in Australia and continuing high levels of investment in the country's infrastructure.

In Germany, demand for public-sector construction has revived, but the level of prices is still unsatisfactory. Return and risk criteria play a decisive role in our project selection. Work on the large urban-railway projects is proceeding according to plan. After concluding the tunnel-driving work for the North-South urban railway in Cologne, the underground stations are now being constructed. In Düsseldorf, we have begun construction of the Wehrhahn line, the order for which we received in 2007.

We plan for the Civil business segment to achieve further growth in output volume and earnings for the full-year 2008.

Key figures for Civil

€ million	Q1 2008	Q1 2007	Δ in %	FY 2007
Output volume	898	787	+14	3,647
Orders received	761	1,005	–24	4,528
Order backlog	5,377	4,846	+11	5,507
Capital expenditure on P, P & E	22	13	+69	112
EBITA	+2	–3		+58

Building and Industrial

- **Stable output volume, solid order backlog**
- **Earnings improvement expected for full year**

In the Building and Industrial business segment, first-quarter output volume was similar to last year's level. Orders received decreased due to our strict selection criteria for new projects. EBITA amounted to minus €2 million, as in Q1 2007.

In Australia, we have a high-quality order backlog and continue to profit from positive demand for commercial construction. Our business in Germany continues to benefit from the growing number of public-private-partnership projects. In Schleswig-Holstein, we will construct a new cancer-therapy center for the University Hospital in Kiel; in Saxony-Anhalt, the structural works for the new prison in Burg have been completed. Demand in commercial construction is also increasing.

However, the burdensome cost increases for material supplies and subcontractor services continue. We have adjusted to these difficulties and expect our Building division in Germany to break even, as in the previous year. In full-year 2008, we plan for the overall Building and Industrial business segment to achieve higher earnings with output volume remaining at the level of the previous year.

Key figures for Building and Industrial

€ million	Q1 2008	Q1 2007	Δ in %	FY 2007
Output volume	447	420	+6	1,965
Orders received	289	380	–24	2,596
Order backlog	2,228	1,713	+30	2,385
Capital expenditure on P, P & E	1	1		8
EBITA	–2	–2		+24

Services

- **Strong growth in all three divisions**
- **Acquisitions in Scandinavia and Australia**

The Services business segment continued its strong growth in the first quarter. Once more, output volume, orders received and order backlog were all higher than in the prior-year period. EBITA increased to plus €36 million (Q1 2007: +€24 million).

We have further expanded our industrial services business with major acquisitions in Scandinavia and Australia. In Norway, the repair and maintenance operations of the Norsk Hydro group were purchased. These activities have an annual output volume of €250 million. This acquisition took effect at the beginning of the second quarter of 2008, and impressively strengthens the position of Bilfinger Berger Industrial Services as the leading service partner for the European processing industry. In addition, we were able to increase our capacities in the Australian services business through the acquisition of iPower Solutions. Our existing services operations have now been extended to cover switchgear and transformer stations for the energy and raw-materials industries. The acquisition of Clough Engineering & Maintenance also adds capabilities for the operation and maintenance of equipment in coal-fired power plants.

Bilfinger Berger Power Services has received an order to renovate the fourth boiler in the lignite power plant at Belchatow in Poland. This order has a volume of €60 million. As part of the power plant's modernization, Bilfinger Berger is already modernizing the third boiler. With a total output of more than 4,400 megawatts, Belchatow is the biggest coal-fired power plant in Europe.

The field of facility management was also very successful in the first quarter of 2008. New orders gained by Bilfinger Berger Facility Services include property management for the German buildings portfolio of SEB Immobilien-Investment. Together with a partner, we are now responsible for the commercial facility management of more than 50 buildings with a total floor space of 700,000 square meters.

Our services business will continue to grow this year. We also anticipate a strong increase in earnings.

Key figures for Services

€ million	Q1 2008	Q1 2007	Δ in %	FY 2007
Output volume	876	780	+12	3,606
Orders received	1,185	1,137	+4	4,125
Order backlog	3,189	2,643	+21	2,844
Capital expenditure on P, P & E	14	13	+8	82
EBITA	+36	+24	+50	+180

Concessions

- **First project in Germany's healthcare system**
- **Further expansion of the portfolio**

Our privately financed concessions portfolio comprised 19 projects at the end of March. Total committed equity amounted to €172 million, of which €71 million had been paid into project companies. As a result of our intensive bidding activities, EBITA amounted to minus €1 million (Q1 2007: €0 million).

Bilfinger Berger has been successfully active as a private partner in the British and Australian health-care sectors for some time. In March 2008, we secured our first project in the German health-care sector. In Kiel, a project company owned equally by Bilfinger Berger and Siemens will design, finance and construct a new particle-therapy center, and will then operate and maintain the facility for a period of 25 years. With a total investment volume of approximately €250 million, this is the largest public-private-partnership project to date in the German health-care sector. Our equity commitment amounts to €10 million. The project company will receive a contractually fixed payment for ensuring the availability of the facility through the operating period.

After the interim balance sheet date, Bilfinger Berger signed a further concession project in the United Kingdom education sector. In East Down and Lisburn, Northern Ireland, we will modernize and expand several educational facilities and subsequently operate them for a period of 25 years. The investment volume amounts to more than €80 million; our committed equity is €4 million.

We will continue expanding the concessions business by acquiring new projects. Our projects currently in operation are generating stable cash flows and attractive returns on equity. The portfolio's increasing maturity in the coming years will also lead to an increase in its market value.

Key figures for Concessions

Number / € million	Q1 2008	Q1 2007	FY 2007
Projects in portfolio	19	18	18
thereof under construction	9	11	9
Committed equity	172	161	161
thereof paid-in	71	68	71
EBITA	–1	0	–2

Interim financial statements

The interim consolidated financial statements as of March 31, 2008 have been prepared in accordance with the guidelines of the International Accounting Standards Board (IASB), London, as were the consolidated financial statements for the year 2007, and comply with the requirements of IAS 34. The accounting and valuation methods explained in the notes to the consolidated financial statements for the year 2007 have been applied unchanged.

Acquisitions of companies

In the Industrial Services division, we acquired a 100% equity interest in each of the Australian companies Clough Engineering & Maintenance Pty. Ltd., Brisbane (acquired on January 24, 2008), and iPower Solutions Pty. Ltd., Brisbane (acquired on February 28, 2008), for a total purchase price of €39 million, of which €15 million has been recognized as a purchase-price liability for earn-out agreements. The resulting changes in the consolidated Group have no material effect on revenue, earnings or the balance sheet structure.

Furthermore, immediately after the interim balance sheet date, we acquired an 85% equity interest in each of the Norwegian companies Hydro Production Partner Holding AS, Porsgrunn, and Produksjonstjenester AS, Porsgrunn, for a total purchase price of €85 million.

Consolidated income statement

€ million	Q1 2008	Q1 2007
Output volume (for information only)	2,223	1,988
Revenues	**1,944**	**1,797**
Cost of sales	– 1,711	– 1,595
Gross profit	**233**	**202**
Selling and administrative expenses	– 210	– 193
Other operating income and expenses [1]	17	7
EBITA	**40**	**16**
Amortization of intangible assets from acquisitions	– 3	– 3
EBIT	**37**	**13**
Net interest result	1	0
Earnings before taxes	**38**	**13**
Income tax expense	– 7	– 5
Earnings after taxes	31	8
thereof, minority interest	0	1
Net profit	**31**	**7**
Average number of shares, basic / diluted (in thousands)	36,940	37,196
Earnings per share, basic / diluted (in €)	0.84	0.20

[1] Including a gain of €2.1 million accounted for using the equity method (2007:€1.5 million)

While output volume increased by 12% to €2,223 million, revenue grew at a lower rate of 8% to €1,944 million. This is due to differences between the measurement of output volume and revenue for joint ventures and concession projects.

Gross profit increased to €233 million (Q1 2007: €202 million), while the gross margin related to output volume improved to 10.5% (Q1 2007: 10.2%). Selling and administrative expenses increased to €210 million (Q1 2007: €193 million), although in relative terms they decreased to 9.4% of output volume (Q1 2007: 9.7%). EBITA increased significantly to plus €40 million (Q1 2007: +€16 million). This includes a gain of €9 million realized on the previously announced sale to a real-estate investment trust of office buildings used by Bilfinger Berger, which is reported under other operating income. Depreciation of property, plant and equipment increased to €28 million (Q1 2007: €22 million).

As in the first quarter of last year, scheduled amortization of €3 million was carried out on intangible assets from acquisitions.

The net interest result increased slightly to plus €1 million (Q1 2007: €0 million) due to a lower interest expense. The result includes an unchanged interest expense of €2 million for minority interest.

With regard to the income tax expense, it is necessary to consider the fact that the sale of real estate had a positive effect (€7 million). Adjusted to exclude this one-time item, the effective tax rate is 35%.

After the deduction of income taxes and minority interest, the Group's net profit for the quarter amounted to €31 million (Q1 2007: €7 million).

Consolidated balance sheet

	€ million	Mar. 31, 2008	Dec. 31, 2007
Assets	**Non-current assets**		
	Intangible assets	827	787
	Property, plant and equipment	587	581
	Investments accounted for using the equity method	55	55
	Receivables from concession projects	1,489	1,499
	Other financial assets	60	88
	Deferred tax assets	108	104
		3,126	**3,114**
	Current assets		
	Inventories	204	154
	Receivables and other financial assets	1,900	1,881
	Non-current assets held for sale	2	96
	Current tax assets	10	10
	Other assets	64	59
	Cash and marketable securities	697	796
		2,877	**2,996**
	Total	**6,003**	**6,110**
Equity and liabilities	**Equity**		
	Equity attributable to shareholders of the parent	1,248	1,289
	Minority interest	20	21
		1,268	**1,310**
	Non-current liabilities		
	Retirement benefit obligation	149	148
	Provisions	86	89
	Financial debt, recourse	75	70
	Financial debt, non-recourse	1,316	1,314
	Other financial liabilities	88	79
	Deferred tax liabilities	117	121
		1,831	**1,821**
	Current liabilities		
	Current tax liabilities	82	81
	Provisions	428	435
	Financial debt, recourse	40	41
	Financial debt, non-recourse	42	48
	Other financial liabilities	2,126	2,148
	Other liabilities	186	226
		2,904	**2,979**
	Total	**6,003**	**6,110**

Compared with the annual financial statements 2007, the balance sheet total is nearly unchanged at €6.0 billion.

On the assets side, the reduction in the item 'Non-current assets held for sale' reflects the planned sale of office buildings that have to date been primarily used by Bilfinger Berger (€94 million).

On the liabilities side, equity decreased primarily due to the buyback of the company's own shares.

Consolidated statement of changes in equity

€ million	Issued share capital	Share premium	Retained earnings	Other compre-hensive income[1]	Treasury shares	Unappro-priated retained earnings	Minority interest	Equity
Balance at January 1, 2007	**112**	**523**	**538**	**– 30**	**0**	**46**	**17**	**1,206**
Capital contributions	0	0	0	0	0	0	0	0
Dividends paid out	0	0	0	0	0	0	0	0
Earnings after taxes	0	0	0	0	0	7	1	8
Transfer to retained earnings	0	0	7	0	0	– 7	0	0
Currency adjustments	0	0	6	– 3	0	0	0	3
Other changes	0	0	0	7	0	0	0	7
Balance at March 31, 2007	**112**	**523**	**551**	**– 26**	**0**	**46**	**18**	**1,224**
Balance at January 1, 2008	**112**	**523**	**609**	**– 22**	**0**	**67**	**21**	**1,310**
Capital contributions	0	0	0	0	0	0	0	0
Dividends paid out	0	0	0	0	0	0	0	0
Earnings after taxes	0	0	0	0	0	31	0	31
Transfer to retained earnings	0	0	31	0	0	– 31	0	0
Currency adjustments	0	0	0	– 8	0	0	0	– 8
Other changes	0	0	0	– 13	– 51	0	– 1	– 65
Balance at March 31, 2008	**112**	**523**	**640**	**– 43**	**– 51**	**67**	**20**	**1,268**

[1] Currency translation and reserves from fair valuation and hedging transactions

Equity decreased by €42 million during the first quarter of 2008. While net profit of €31 million led to an increase, it was primarily exchange-rate movements and negative changes in the fair value of interest-rate swaps of minus €21 million as well as the share buyback with minus €51 million which had an opposing effect on equity.

With the approval of the Supervisory Board and on the basis of the authorization granted by the Annual General Meeting of May 23, 2007, the Executive Board of Bilfinger Berger AG resolved in February to buy back the company's own shares in a volume of up to €100 million. The buyback was limited to a maximum of 10% of the company's share capital or 3,719,610 shares. The share buyback took place solely through the stock exchange. In the first quarter of 2008, a total of 994,000 no-par shares or 2.7% of the capital stock were acquired at an average price of €51.38 per share. The buyback was completed at the end of April.

Consolidated statement of cash flows

€ million	Q1 2008	Q1 2007
Cash earnings	54	29
Change in working capital	–128	–180
Gains / losses on the disposal of non-current assets	–11	0
Cash flow from operating activities	**–85**	**–151**
Cash flow from investing activities	**45**	**–40**
thereof property, plant and equipment	69	–26
thereof financial assets	–24	–14
Cash flow from financing activities	**–51**	**–4**
thereof debt repayment	0	–4
thereof share buyback	–51	0
Change in cash and marketable securities	–91	–195
Other adjustments to cash and marketable securities	–8	1
Cash and marketable securities at January 1	796	783
Cash and marketable securities at March 31	**697**	**589**

The cash flow from operating activities is generally negative in the first quarter due to a seasonal increase in working capital. It improved this year, however, to minus €85 million (Q1 2007: -€151 million).

The cash flow from investing activities was positive in the reporting period, and amounted to €45 million (Q1 2007: -€40 million). Cash outflows for property, plant and equipment of €38 million (Q1 2007: €29 million) were more than offset by cash inflows of €107 million (Q1 2007: €3 million), mainly from the sale of office buildings used by Bilfinger Berger. Investment in financial assets, net, comprising the acquisition of the aforementioned Australian services companies, amounted to €24 million (Q1 2007: €14 million).

The cash outflow for financing activities of €51 million (Q1 2007: outflow of €4 million) was solely the result of the share buyback.

Changes in currency exchange rates led to an arithmetical reduction of €8 million in cash and marketable securities.

Segment reporting	Output volume		External revenues		Internal revenues		EBITA	
€ million	**Q1 2008**	**Q1 2007**	**Q1 2008**	**Q1 2007**	**Q1 2008**	**Q1 2007**	**Q1 2008**	**Q1 2007**
Civil	898	787	534	518	33	21	2	–3
Building and Industrial	447	420	388	361	17	19	–2	–2
Services	876	780	839	740	8	5	36	24
Concessions	7	8	160	151	0	0	–1	0
Total of segments	**2,228**	**1,995**	**1,921**	**1,770**	**58**	**45**	**35**	**19**
Consolidation, other	–5	–7	23	27	–58	–45	5	–3
Consolidated Group	**2,223**	**1,988**	**1,944**	**1,797**	**0**	**0**	**40**	**16**

As in the consolidated financial statements for the year 2007, segment reporting corresponds to our internal reporting by business segment.

The reconciliation of segment earnings (EBITA) to earnings before taxes is derived from the consolidated income statement.

Related-party transactions

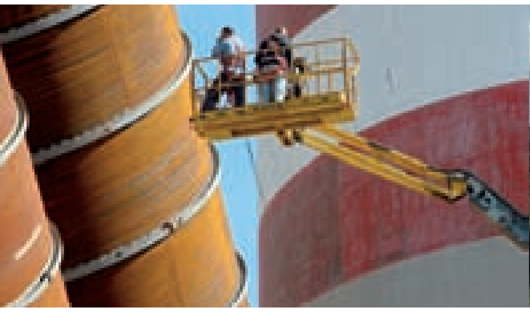
Any transactions carried out with companies or persons that are in a close relationship with Bilfinger Berger (related-party transactions) take place at arm's length.

All statements made 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

	2008
May 21	Annual General Meeting*
August 12	Interim Report Q2 2008
November 11	Interim Report Q3 2008

*Congress Centrum Rosengarten
Mannheim, 10 a.m.



Investor Relations

Andreas Müller
Phone +49-6 21-4 59-23 12
Fax +49-6 21-4 59-27 61
E-Mail: sabine.klein@bilfinger.de

Corporate Communications

Martin Büllesbach
Phone +49-6 21-4 59-24 75
Fax +49-6 21-4 59-25 00
E-Mail: martin.buellesbach@bilfinger.de

Headquarters

Carl-Reiß-Platz 1-5
68165 Mannheim, Germany
Phone +49-6 21-4 59-0
Fax +49-6 21-4 59-23 66

You will find the addresses
of our branches and affiliates
in Germany and abroad
in the Internet at
www.bilfinger.com