WE ARE BILFINGER.

BILFINGER SE
ANNUAL REPORT 2012

BILFINGER

ENGINEERING
AND SERVICES

Business segments

Industrial

Bilfinger provides services for the design, construction, maintenance and modernization of plants, primarily in the sectors oil and gas, refineries, petrochemicals, chemicals and agro-chemicals, pharmaceuticals, food and beverages, power generation, steel and aluminum. The range of services covers consulting, engineering, project management, piping and component engineering, plant assembly, mechanical engineering, electrical, instrumentation and control technology, process engineering, insulation, scaffolding and corrosion protection. Important regions include Europe, USA and Asia. __ page 62

€ million	2012	2011	Δ in %
Output volume	3,705	3,294	+12
Orders received	3,737	3,224	+16
Order backlog	2,733	2,476	+10
Capital expenditure on P, P & E	77	69	+12
Depreciation	61	56	+9
EBITA	206	169	+22
EBITA margin	5.6%	5.1%	
Employees (at December 31)	37,056	29,427	+26

Power

Bilfinger is active in maintenance, repair, efficiency enhancements and lifetime extensions at existing plants as well as in the design, manufacture and assembly of components for power plant construction with a focus on boiler and high-pressure piping systems. Services include engineering, delivery, assembly and maintenance of power plants throughout their entire life cycles (construction, operation, demolition). Important regions include Europe, South Africa and the Middle East. __ page 66

€ million	2012	2011	Δ in %
Output volume	1,319	1,157	+14
Orders received	1,178	1,221	-4
Order backlog	1,311	1,437	-9
Capital expenditure on P, P & E	20	14	+43
Depreciation	22	19	+16
EBITA	123	96	+28
EBITA margin	9.3%	8.3%	
Employees (at December 31)	9,278	7,588	+22

Building and Facility

The Building and Facility business segment includes technical, commercial and infrastructural real-estate services in Europe, USA and MENA countries, worldwide services in water and wastewater technology as well as building construction in Germany. Design, construction, maintenance and operation of buildings are carried out in accordance with the life cycle approach. We provide services for the operation of facilities of all kinds. Through close cooperation and exchange of knowledge and experience among designers, builders and facility managers, Bilfinger can make sustainable, energy saving and value optimized buildings a reality for its clients. __ page 70

€ million	2012	2011	Δ in %
Output volume	2,249	2,256	0
Orders received	2,373	2,363	0
Order backlog	2,147	2,369	-9
Capital expenditure on P, P & E	14	16	-13
Depreciation	14	14	0
EBITA	106	94	+13
EBITA margin	4.7%	4.2%	
Employees (at December 31)	15,292	15,711	-3

Construction

A high degree of technical expertise and decades of experience enable Bilfinger to design and execute demanding civil engineering projects in the fields of mobility and energy. Key areas cover road construction (including bridge construction), hydraulic engineering, prestressing technology, steel construction and foundation engineering. Civil engineering activities are focused on Germany and other European countries. Outside of Europe we act only as technology partner for local companies. __ page 74

€ million	2012	2011	Δ in %
Output volume	1,404	1,751	-20
Orders received	1,099	971	+13
Order backlog	1,224	1,506	-19
Capital expenditure on P, P & E	29	26	+12
Depreciation	25	33	-24
EBITA	25	37	-32
EBITA margin	1.8%	2.1%	
Employees (at December 31)	4,490	5,843	-23

Concessions

On the basis of long-term concession contracts, Bilfinger delivers and operates transport and social infrastructure projects as a private partner to the public sector. Important markets include Australia, North America and Europe. __ page 78

Number / € million	2012	2011	Δ in %
Projects in portfolio	14	30	-53 %
thereof under construction	6	8	-25%
Committed equity	232	383	-39 %
thereof paid-in	163	225	-28 %
Net present value	241	368	-35%
EBITA	41	23	+78 %
Employees	143	141	+1 %

Key figures

KEY FIGURES

€ million

	2010[1]	2011	2012
Output volume	8,059	8,476	**8,635**
Orders received	7,954	7,776	**8,348**
Order backlog	8,497	7,833	**7,422**
Capital expenditure	343	345	**545**
Property, plant and equipment	141	127	143
Financial assets	202	218	402
Employees (at year-end)	58,182	59,210	**66,826**
Balance sheet			
Balance-sheet total	7,937	7,720	6,850
Equity	1,812	1,793	2,037
Equity ratio	23	23	30
Working capital	-913	-939	-620
Cash and cash equivalents	537	847	1,087
Financial debt, recourse	273	186	711
Financial debt, non-recourse	1,643	348	470
Capital employed	2,408	2,529	2,684
Earnings			
EBITA	382	397	466
EBIT	341	361	415
Net profit	284	394	275
thereof from continuing operations	206	220	275
Cash flow from operating activities	244	281	224
Cash flow per share (in €)	5.52	6.37	5.07
Earnings per share (in €)	6.43	8.93	6.23
thereof from continuing operations	4.66	4.99	6.23
Dividend per share (in €)	2.50	2.50	3.00
Bonus (in €)	–	0.90	–
Profitability			
Return on output (EBITA) (in %)	4.7	4.7	5.4
Return on equity (ROE) (in %)	17.6	21.5	13.7
Return on capital employed (ROCE) (in %)	22.1	24.5	17.1
Value added	292	374	211

[1] Wherever relevant, figures have been adjusted for discontinued operations.

Annual Report 2012

**WHETHER THEY ARE WORKING ON THE OPEN SEAS
NEAR THE THAMES ESTUARY IN GALE-FORCE WINDS
OR AT A DESK BETWEEN HEAPS OF FILES
STRUCTURING COMPLEX CLIENT REQUIREMENTS.**

**WHETHER THEY ARE WELDING AND BENDING
THICK-WALLED STEEL TUBES WITH UTMOST PRECISION
OR IN DISCUSSIONS TO ENSURE
THINGS ARE DONE EXACTLY THE WAY
THE CLIENT WANTS THEM TO BE DONE.**

**BILFINGER EMPLOYEES HAVE THE KNOWLEDGE
AND THE SKILLSET THEIR JOBS REQUIRE –
THEY ARE STORM-TESTED, WORK WITH A STRICT FOCUS
ON GOALS AND THE NEEDS OF THE CLIENT
SO THAT THE CLIENT CAN FOCUS ON THE CORE BUSINESS.
EACH AND EVERY DAY
THEY ARE MAKING A CONTRIBUTION
TO ENSURING THAT OUR MODERN LIFE WORKS.**

**IT IS THE CLOSELY-COORDINATED COMBINATION
OF DIVERSE ENGINEERING AND SERVICE SKILLS
THAT MAKES BILFINGER SPECIAL.**

WE CREATE. WE CARE. WE CAN.

WE MAKE IT WORK.

Dear Shareholders,
Ladies and Gentlemen,

From an external perspective, this past year was a very special one for us: Bilfinger Berger SE became Bilfinger SE. Hand in hand with the renaming and the new, fresh corporate design comes the fact that we as a Group are presenting ourselves uniformly under a strong brand. 'Bilfinger' will now appear in front of the names of all operating units, a measure which will significantly increase public awareness. The name change is also an indication of the dynamic development our company has undergone. We remain on a path to success with a mixture of continuity and change.

In financial year 2012, Bilfinger once again achieved higher output volume although a number of activities were reduced as planned. It is pleasing that we were able to increase earnings once again. And it is just as pleasing that we are able to distribute an attractive dividend to our shareholders while at the same time further strengthening our company for the future.

Bilfinger is completing its transformation to an engineering and services group in a challenging economic environment. Even though we are seeing initial signs of recovery in the global economy, uncertainties remain with regard to further development in light of risk factors that are not insignificant. The strength of the German economy, our limited involvement in 'crisis countries', the quality of our services and our broad international positioning are the cornerstones of our success.

For our Industrial business segment, we see a strong chance that the willingness to invest in the important markets, especially North America and Northern Europe, will experience a revival in 2013. The Power business segment will increasingly benefit from growing global energy needs and the simultaneous necessity for the modernization of existing power plants. The new, highly targeted acquisitions, primarily in the area of Bilfinger Water Technologies, provide a boost to the Building and Facility business segment, more than compensating for the withdrawal from the Nigerian business. In the Construction business segment, while maintaining a stable output volume, we want to significantly improve earnings by concentrating on high-margin technologies. The successful acquisition of new concession projects and the sale of projects in the portfolio is the basis for success for the Concessions business segment.

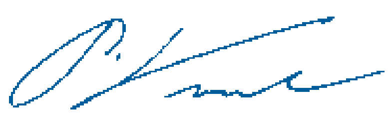
Dear Shareholders, Bilfinger's prospects for 2013 and the years to follow remain gratifyingly positive. It is becoming increasingly clear that the intelligent and sustainable approach to buildings, industrial facilities and power plants requires a special level of expertise. In its markets, Bilfinger is pioneering the comprehensive 'lifecycle' consideration of building structures and is consistently refining this approach. Maintenance and modernization of existing facilities are especially important here.

Bilfinger is committed to the principle of sustainability. We have made it a key task to offer our clients products and services that help them to conserve resources. This pertains to the reduced consumption of energy and raw materials as well as the avoidance of emissions wherever possible.

Tapping into and significantly shaping the growing market for value-retaining, economically and ecologically sensible solutions requires the coordinated efforts and combined expertise of all our companies and the Group as a whole. Our strength lies, on the one hand, in the diversity and depth of our service range and, on the other hand, in the networking and interaction among our operational units, which predestines us for this task.

We are strategically well-positioned and looking toward the future with optimism. The resources necessary for the further targeted development of the engineering and services group are available. Together with my colleagues on the Executive Board, I look forward to receiving your continued support.

Yours,



Roland Koch
Chief Executive Officer of Bilfinger SE

Executive Board of Bilfinger SE

from left:

Thomas Töpfer

Industrial Services, Industrial Technologies, Concessions, Safety, Health, Environment, Quality Management

Born 1961 in Frankfurt am Main. After studying business administration at the University of Nuremberg and economics at the University of Würzburg, he joined a consulting company. In 1995, Thomas Töpfer then joined what is now Bilfinger Industrial Services. He has been a Member of the Executive Board since 2009.

Joachim Enenkel

Construction, Power Systems, Technology

Born 1962 in Sindelfingen. After a degree in Civil Engineering from the University of Technology in Stuttgart and positions with various engineering offices and construction companies, Joachim Enenkel joined the Bilfinger Group in 1996. He assumed management functions in Germany and abroad and was appointed to the Executive Board in 2010.

Dr. Jochen Keysberg (from November 1, 2012)

Building, Facility Services, Government Services, Data Protection, Corporate Real Estate

Born 1966 in Dortmund. In 1997, after completing his studies in engineering at the Technical University in Aachen and his doctorate at the Technical University in Hamburg-Harburg, Dr. Jochen Keysberg joined the Bilfinger Group. He held a number of management positions in the Group both in Germany and abroad and was appointed Member of the Executive Board in November 2012.

Roland Koch, Chairman

Strategic issues, Human Resources (Labor Director), Legal, Compliance, Project Controlling, Communications, Group Organization, Sustainability Projects

Born 1958 in Frankfurt am Main. After a degree in law at the University of Frankfurt, Roland Koch worked as a lawyer specializing in corporate and labor law. From 1987 to 2010 he was a member of the state parliament in Hesse and from 1999 to 2010 he was Premier of the state of Hesse. Roland Koch has been a member of the Executive Board at Bilfinger since March 2011 and took over as Chairman on July 1, 2011.

Joachim Müller

Accounting, Finance, Corporate Projects, Controlling, Internal Audit, Taxes, Investor Relations, Purchasing, IT

Born 1959 in Eberbach. After studying economics at the University of Heidelberg, Joachim Müller worked in the field of finance and accounting at several international industrial and IT companies. He was appointed to the Executive Board at Bilfinger in 2008.

Dr. h. c. Bernhard Walter
Chairman of the Supervisory Board

Ladies and Gentlemen,

The change of our company's name to Bilfinger SE as approved by the Annual General Meeting on May 10, 2012 took effect upon entry in the commercial register on September 21, 2012. The new name reflects both the continuity of the company and its transformation into an engineering and services group. This process took another major step forward in the reporting year. The Supervisory Board remains convinced that Bilfinger has chosen the right path.

Cooperation between the Supervisory Board and the Executive Board

During the year under review, the Supervisory Board performed the duties incumbent upon it in accordance with the law and the Articles of Incorporation. The cooperation with the Executive Board was characterized by an intensive and open dialogue. The Executive Board informed the Supervisory Board regularly, in a timely manner and extensively, in both written and verbal form, on all relevant aspects of the company's development. The Supervisory Board discussed the reports from the Executive Board in detail and also received supplementary information. The Supervisory Board continuously monitored the work of the Executive Board on the basis of this reporting and provided advice regarding the management and strategic development of the company. The Supervisory Board was involved at an early stage in decisions of substantial importance. The primary benchmarks for the supervision of the Executive Board by the Supervisory Board were the legality, correctness, suitability and profitability of the Group-wide management of the business by the Executive Board. The content and scope of reporting from the Executive Board fulfilled the requirements placed on it by law, by the principles of good corporate governance and by the Supervisory Board.

Article 15 Paragraph 1 of the Articles of Incorporation of Bilfinger SE and a catalog prepared by the Supervisory Board, embedded in the Executive Board and Supervisory Board rules of procedure and regularly reviewed for any necessary adjustments, list the transactions and measures of fundamental importance which require the approval of the Supervisory Board. The Supervisory Board decided on transactions and measures submitted to it and requiring its approval after reviewing them and discussing them with the Executive Board.

A further focus of consultations in the plenary sessions of the Supervisory Board was on the earnings development in the individual business segments. The Supervisory Board was also informed by the Executive Board, on an ongoing basis, about the development of critical major projects and the findings of risk management. In addition, detailed examinations were also carried out on corporate planning, capital expenditure, return-on-capital-employed controlling, and the comparison of the course of business with the expected figures.

The Supervisory Board also dealt intensively with compliance questions. Through its Audit Committee, the Supervisory Board accompanies and monitors the framework, development and application of the Bilfinger compliance system.

The Chairman of the Supervisory Board regularly exchanged information with the Chairman of the Executive Board, also outside the Supervisory Board meetings. The Supervisory Board was therefore constantly informed about current business developments and significant events.

No conflicts of interest to be disclosed by members of the Executive or Supervisory Boards arose.

Supervisory Board meetings

There were six regular meetings of the Supervisory Board in the year 2012; they were held on February 28, March 14, May 10, September 13, October 23 and December 6. All members of the Supervisory Board attended more than half of the meetings; the average attendance rate was 92 percent.

Topics in the plenary meetings

With the exception of the meeting held on October 23, the focus of which was on the approach to corporate strategy, in each regular meeting the Executive Board reported on current business development and the Chairmen of the Supervisory Board committees informed the plenum about the activities of the bodies they lead. The meetings of the Supervisory Board also dealt with the following topics:

On March 14, the Supervisory Board dealt with concepts for the implementation of the corporate strategy, the 2011 individual and consolidated financial statements, the change of the company's name to Bilfinger SE and the resolutions proposed to the Annual General Meeting.

The meeting held on May 10 primarily served to prepare the subsequent Annual General Meeting.

On September 13, the Supervisory Board dealt with personnel issues of the Executive Board, the employee participation programs and the planned new construction of Group headquarters in Mannheim. In addition, the Plenum approved in principle the issue of a bond and authorized the Presiding Committee to make the final determinations on the volume and terms of the bond.

The focus of the meeting held on October 23 was the implementation of the corporate strategy for the years 2011 to 2016 approved in the previous year. The status and the necessary steps to achieve the objectives presented by the Executive Board were discussed in detail. In addition, the Supervisory Board dealt with the concept for increasing the proportion of female management staff in the Bilfinger Group, the handling of M&A processes and the post-merger integration of acquisitions as well as the employee participation program. Finally the Supervisory Board redefined the targets for its composition in accordance with Number 5.4.1 Section 2 of the German Corporate Governance Code against the backdrop of changes to the Code and approved the annual Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG).

On December 6, the Supervisory Board dealt with the corporate planning for the years 2013 to 2015 and the investment budget. Current issues from the areas of Project Controlling, Internal Auditing and Compliance as well as personnel issues in the Executive Board were also on the agenda. In addition, the Supervisory Board approved the acquisition of Johnson Screens Inc., Minneapolis, USA in this meeting.

The only item on the agenda at the meeting held on February 28 was the acquisition of the Dutch company Tebodin B.V., The Hague, Netherlands. Following extensive discussion, the Supervisory Board granted the approval sought by the Executive Board for the acquisition of the company.

In June 2012, the Supervisory Board approved in writing the acquisitions of both Westcon, Inc., Bismarck, North Dakota, USA and Envi Con Holding GmbH, Nuremberg, Germany.

In accordance with the recommendation of the Audit Committee, the Supervisory Board proposed to the Annual General Meeting that the accounting firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Mannheim, be elected to conduct the external audit of the company and consolidated financial statements for the year 2012.

Work of the Committees

In order to ensure the efficiency of its activities, the Supervisory Board has formed a Presiding Committee, an Audit Committee and a Nomination Committee.

Presiding Committee of the Supervisory Board The Presiding Committee of the Supervisory Board consists of four members (see page 195). The main tasks of the Presiding Committee include, in particular, regulating the personnel issues of the Executive Board, unless the provisions of the German Stock Corporation Act and the German Corporate Governance Codex stipulate that they are to be regulated by the plenum of the Supervisory Board, and taking decisions on legal transactions subject to approval and other transactions. The Presiding Committee also prepares the plenary meetings and makes recommendations on important resolutions.

Four meetings of the Presiding Committee of the Supervisory Board were held in 2012. On the basis of a relevant authorization from the plenary sessions of the Supervisory Board, the Presiding Committee approved the conditions for issuing a bond. In addition, the Presiding

Committee approved three corporate acquisitions, the sale of two equity interests and three bids for concessions projects. Furthermore, bids for major construction projects and the participation in a joint venture for the production of foundations for offshore wind turbines received approval. Some of the resolutions of the Presiding Committee of the Supervisory Board were made in written form.

Audit Committee The Audit Committee also consists of four members (see page 195). It monitors the accounting as well as the functionality and effectiveness of the risk management system, the internal auditing system and the internal control system. It also deals with questions relating to auditing and compliance. Members of the Audit Committee include, along with Mr. Udo Stark and Dr. Klaus Trützschler, two independent members who, in accordance with Article 100 Paragraph 5 AktG, possess expertise in the areas of accounting and auditing and who have particular experience in the application of internal control procedures.

At five meetings in the past financial year, the Audit Committee primarily dealt with the annual financial statements for 2011 and the quarterly reports for 2012, including the corresponding interim financial statements of March 31, June 30 and September 30. The auditor participated in four meetings of the Audit Committee and reported in detail on the results of the audit of the individual and consolidated financial statements, the auditor's review the of interim financial statements as of June 30 and September 30 and on the significant findings for the work of the Audit Committee. The Chairman of the Supervisory Board participated in all meetings of the Audit Committee as a guest. The Chairman of the Audit Committee also met individually with the Chief Financial Officer outside the Committee meetings and discussed the annual financial statements and the interim financial statements with him.

The Audit Committee reviewed the independence of the external auditors and recommended that the Supervisory Board propose their election by the Annual General Meeting in 2012. There were no reasons to doubt the external auditor's impartiality. The Committee awarded the contracts for the audit of the individual and consolidated financial statements as well as for the auditor's review of the interim financial statements from June 30 and September 30 to the auditors, negotiated the audit fee with them and determined the focus of the audit. It also dealt with the non-audit services provided by the external auditors and reviewed compliance with the relevant legal limits for such services.

The Audit Committee received information on the development of the risk situation from the quarterly reports of the Executive Board, which were also submitted to the Presiding Committee of the Supervisory Board. Furthermore, the Audit Committee dealt in detail with the activities of Project Controlling and Internal Auditing. To enable the Audit Committee to carry out an evaluation of the risk management, the Project Controlling and Internal Auditing departments submitted reports to the committee. The Audit Committee reviewed the functionality of the internal control and the risk management system in relation to the accounting process. The Audit Committee is of the opinion that the internal control system, the internal auditing system and the risk management system fully meet the demands that are made of them.

The Audit Committee also dealt in detail with questions of compliance. The Chief Compliance Officer reported on his activities to the Committee once a quarter (see page 112).

Nomination Committee The Supervisory Board has formed a Nomination Committee in accordance with the recommendation in Number 5.3.3 of the German Corporate Governance Code. This Committee consists of three members representing the shareholders (see page 195) and recommends suitable candidates to the Supervisory Board for its proposals for the election of Supervisory Board members to be made to the Annual General Meeting. The Nomination Committee held two meetings in 2012 and discussed possible succession regulations for the case of any members of the Bilfinger SE Supervisory Board stepping down.

Corporate governance and declaration of compliance

In year 2012, the Supervisory Board dealt in detail with questions of corporate governance and with the German Corporate Governance Code. On October 23, 2012, the Executive Board and the Supervisory Board issued a declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG), which is a component of the corporate governance report (see page 110) and is permanently available on the company's website, as are the previous declarations.

Efficiency check

The Supervisory Board and Audit Committee check the efficiency of their activities annually. The efficiency check takes place on the basis of a comprehensive company-specific questionnaire and through discussion in the plenary sessions of the Supervisory Board or in the Audit Committee. In 2012 this again confirmed the quality of the Supervisory Board's activities that had already been ascertained in previous years.

Audit of the individual and consolidated financial statements

Accounting firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Mannheim, has audited the annual financial statements and the combined management report of Bilfinger SE and the Group prepared by the Executive Board in accordance with the German Commercial Code (HGB) for the year 2012 and has issued them with an unqualified audit opinion. The consolidated financial statements of Bilfinger SE for the year 2012 were prepared in accordance with Section 315a of the German Commercial Code (HGB) on the basis of the International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements were also issued with an unqualified audit opinion by the auditors. The audit assignment had been issued by the Audit Committee of the Supervisory Board in accordance with the resolution of the Annual General Meeting of May 10, 2012. The aforementioned financial statements, the audit reports of the external auditors and the proposal of the Executive Board on the appropriation of profits were provided to all members of the Supervisory Board in good time. The Audit Committee of the Supervisory Board, in preparation for the review and discussion of these documents by the plenary session of the Supervisory Board, discussed the financial statements and the audit reports as well as the proposal on the appropriation of distributable earnings in the presence of the external auditors. In addition, the Audit Committee received a report from the external auditors on their collaboration with the Internal Auditing department and other persons in positions involved in risk management and on the effectiveness of the internal control and risk management system with regard to accounting, whereby the external auditors stated that no significant weaknesses had been found. The external auditors confirmed that the internal control system, the internal auditing system and the risk management system fully meet the demands made of them.

The Supervisory Board undertook a detailed review of the company financial statements, the consolidated financial statements and the combined management report of Bilfinger SE and the Group for the year 2012, as well as the proposal of the Executive Board on the appropriation of distributable earnings – following an explanation of these documents by the Executive Board – and dealt with these matters in its meeting on March 6, 2013. The external auditors, represented by the two auditors who signed the audit opinion, also participated in this meeting. They explained the audit and responded to questions from the Supervisory Board on the results of the audit as well as its form and scope. They also discussed with the Supervisory Board the internal control and risk management system, in particular as it relates to the accounting process. The Supervisory Board shares the opinion of the Audit Committee on the effectiveness of these systems. The Supervisory Board was convinced that the audit by the external auditor was conducted in a proper manner. In concurrence with the recommendation of the Audit Committee, the Supervisory Board took note of and approved the results of the audit conducted by the external auditor. Following the final results of the Supervisory Board's own review carried out on this basis, there were no objections to be made; this applies in particular to the corporate governance statement, namely to the extent that its components are to be analyzed by the Supervisory Board alone. At its meeting held on March 6, 2013, the Supervisory Board approved the company and consolidated financial statements and the combined management report for the 2012 financial year as submitted by the Executive Board. The company's financial statements have thus been adopted.

The Supervisory Board, in its assessment of the situation of the company and the Group, is in agreement with the assessment made by the Executive Board in its combined management report. The Supervisory Board consents to the proposal of the Executive Board on the appropriation of distributable earnings, particularly with regard to the stringency of accounting and dividend distribution policy, the effects on liquidity, creditworthiness and future financing needs, as well as with consideration of shareholders' interests. In accordance with the recommendation of the Audit Committee, it consents to the Executive Board's proposal for the appropriation of distributable earnings.

Auditors' review of the interim consolidated financial statements and the interim group management reports

The external auditors were also commissioned to review the interim consolidated financial statements and the interim Group management reports as of June 30, 2012 and September 30, 2012. The auditors participated in the Audit Committee's discussions of those financial statements and reports and described their own auditors' reviews, which were carried out with positive results.

Executive Board personnel matters

On September 13, 2012, the Supervisory Board appointed Dr. Jochen Keysberg as a member of the Executive Board with effect from November 1, 2012. Dr. Keysberg was previously Head of Executive Management at Bilfinger Berger Ingenieurbau GmbH. Mr. Klaus Raps stepped down from the Executive Board by mutual agreement on December 31, 2012. Mr. Joachim Enenkel was reappointed to the Executive Board for a period in office of five years on December 6, 2012 with effect from October 8, 2013.

Thanks to the Executive Board and the employees

The Supervisory Board thanks the members of the Executive Board for the trusting and constructive cooperation and expresses its thanks and appreciation to all the employees for their good work for Bilfinger in the past financial year.

Adoption of this report

The Supervisory Board adopted this report in its meeting on March 6, 2013 in accordance with Section 171 Subsection 2 of the German Stock Corporation Act (AktG).

For the Supervisory Board

Dr. h.c. Bernhard Walter
Chairman of the Supervisory Board
Mannheim, March 6, 2013

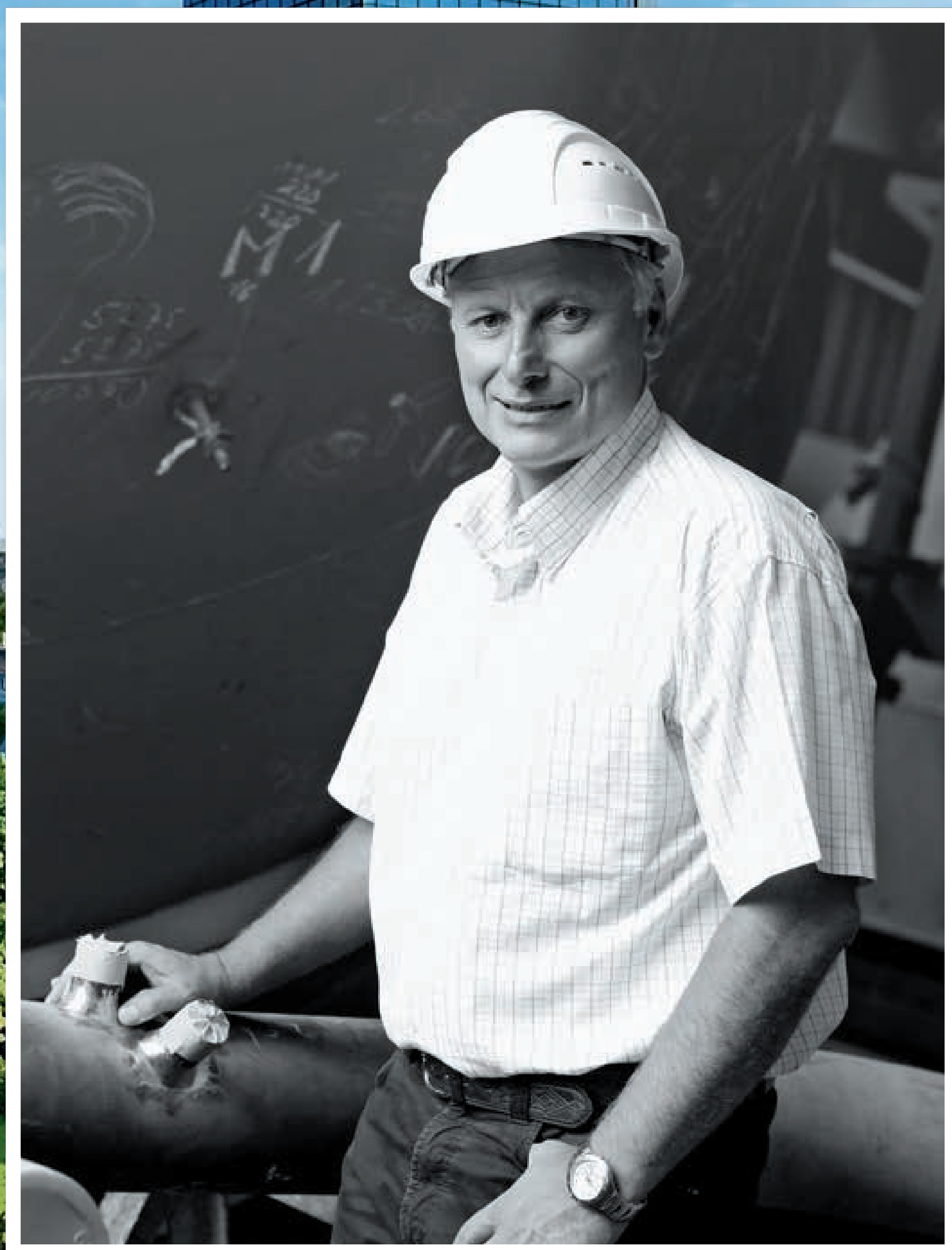
RETAINING VALUE

Dr. Kati Herzog
Bilfinger Hochbau, Frankfurt, Germany

Dr. Kati Herzog plans for the long term and thinks about the future today.
The 37-year old works in sustainability consulting and ensures that real estate is consistently adjusted for energy and resource efficiency. She shows repeatedly that environmental protection and economic efficiency are not mutually exclusive concepts.

RETAINING VALUE

Andreas Maria Baldus
Bilfinger Power Systems, Dortmund, Germany



Andreas Maria Baldus is stepping on the gas: the 50-year old is using the orbital welding machine to literally take one turn after the other connecting giant pipes in the Dortmund factory – high-pressure piping systems, for example, which are used in power plants and whose welding seams are subject to extreme demands.

STRATEGY OF PREVENTION

Whenever climate protection is discussed, there is one aspect that never seems to get the attention it deserves: the easiest way to prevent the emission of greenhouse gases is the more efficient use of energy.

That applies to buildings in particular. They represent a large share of energy consumption as a result of their heating needs. And the potential for savings is enormous since about a quarter of existing buildings are not technologically up-to-date.

A number of countries have therefore introduced modernization programs. Germany is investing about €1.8 billion each year in state subsidies. By the year 2050, the German government wants to reduce primary energy needs by 80 percent. Buildings should then be nearly climate neutral.

Increasing the energy efficiency of real estate is part of Bilfinger's range of services. Energy management has become an increasing focus of attention. Under the heading 'Smarter Buildings', the company is working together with IBM on intelligent and energy optimized buildings of the future.

Dr. Kati Herzog
Certification expert

"I go to the substance of every building."

ONE INCREASES THE VALUE OF REAL ESTATE. WITH HER EXPERTISE IN THE FIELD OF SUSTAINABILITY, DR. KATI HERZOG REGULARLY MANAGES TO GARNER TOP GRADES IN BUILDING CERTIFICATION. AND THUS DO GOOD FOR THE ENVIRONMENT. – THE OTHER HAS A RED-HOT JOB AND MAKES EVEN THE MOST MASSIVE PIPES STABLE. ANDREAS MARIA BALDUS IS AN ORBITAL WELDER: HIS WORK RETAINS ITS VALUE OVER THE LONG TERM. HERZOG AND BALDUS: IN THEIR OWN WAY, BOTH SHOW HOW BILFINGER RETAINS VALUE.

Dozens of charts and diagrams float across Andreas Maria Baldus' computer screen. Fully-concentrated, he enters the data for the next welding seam which, in the next few hours, will be perfectly produced by his orbital welding machine. It is a process that must be completed with the precision of a tenth of a millimeter. – Perfection is also important for Kati Herzog. The buildings, the design and construction of which she accompanies, are one thing above all else: sustainable. "For me, this term means considering the implications of all decisions", explains the construction engineering graduate. With this approach she looks after the internal and external value of real estate.

Nature itself and how to retain it have occupied Kati Herzog for some time. She began her career at the Technical University of Darmstadt. Her doctoral thesis combined construction technology with sustainability: "The lifecycle costs of building structures". In 2005, Bilfinger took notice of the ambitious specialist. Today she creates value as Head of Sustainability and Energy Efficiency of Real Estate.

It is a role that requires her to be flexible. No wonder, since her clients have very different ideas about what sustainability is: sometimes the primary objective is saving electricity, in other cases the focus is on efficient heating. Some clients want to manage both, others have their own focus: then the emphasis may perhaps be on functionality or individual intervention options for the user. "The customer is king. And I accompany him on his way to green buildings", emphasizes Kati Herzog: "I am a kind of sustainability consultant, if you will – with ecological and economic interests!"

The rules for a sustainable concept arise from the international certification systems BREEAM or LEED and the German system from the DGNB. Here, Kati Herzog looks after the so-called audit. She puts each building through its paces and checks whether the sustainability approach is being complied with. According to the German Ministry of Transport, Building and Urban Development, current needs must be met without endangering the ability of future generations to meet their needs. The negative impact of decisions on sustainability are carefully scrutinized by Kati Herzog – just as especially sustainable measures are positively highlighted. She then submits the so-called results spectrum in her role as certified auditor. And when the conditions are met, the inspecting authority issues the relevant certificate.

"I find it very interesting to find efficient designs for real estate – designs that allow people to feel comfortable", she says. She is supported in these efforts by a six-member team in Frankfurt. It is here that the sustainability concepts for the new administration building of Bilfinger Power Systems in Oberhausen are developed. A project that is being implemented with the comprehensive approach of 'Bilfinger one' for development, design, construction and operation – something that Dr. Herzog is especially proud of: "We have been part of the project from the very beginning and have therefore been able to consistently pursue each and every aspect. The sum of all the measures guarantees the user a sustainable building that will retain its valve over the long term", says Kati Herzog.

Sustainability also has a role to play in her private life – at least to the extent that it is possible. The old house that she occupies in Darmstadt limits her options. For Kati Herzog, the situation is nonetheless of value: "Right now I'm testing the potential of aging construction materials with all their rough edges."

"Rough edges? That is something that we could never let happen", explains Andreas Maria Baldus. A single rough edge, after all, has the potential to ruin a whole week's worth of work. "That could eventually develop into a fracture." Andreas Baldus is a member of the small fraternity of orbital welders. It is primarily thick-walled pipes that are brought together with this specialized, fully-automated type of welding. The seams are produced millimeter for millimeter with absolute precision. And with a sustainable character: "The things that we weld together should stay together for an eternity – or at least half an eternity", says Andreas Baldus.

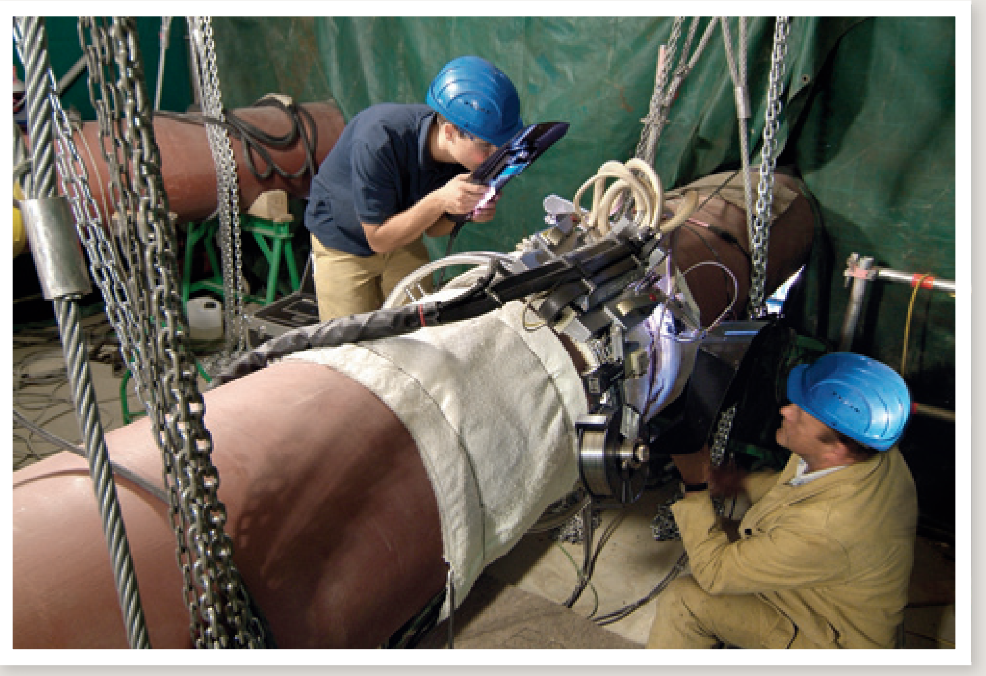
His career began in 1990 with an apprenticeship as an automated welder. "I traveled around the world on assembly projects – I'm a construction site type", he states. He now has a permanent office in Dortmund, but is still often on the road. The head of a 25-member team, he learned the very specialized technology of orbital welding from an older colleague. And he enjoys passing his knowledge along to others: he has already familiarized more than 40 colleagues with the secrets of his art. Day after day, he applies the highly specialized welding procedure which is used by but a few companies around the world. "What we offer is actually unique", says Andreas Baldus. It is only with the concept from Bilfinger that so-called chromium martensites can be connected. Other welding technologies cannot handle this special alloy.

The image of men with giant protective goggles standing in the middle of a torrent of sparks has nothing to do with orbital welding. Once the complex programming has been completed, the process is fully mechanized. The pipes are clamped together, a ring which is used to guide the welding head is attached to the location of the seam. Cameras send high-resolution images of the welding work to a monitor. The welding head then begins to circle around the walls of the pipe which are up to 160 millimeters thick. Layer for layer, the segments are welded together. After the welding procedure, the seam has to be gradually cooled to approximately 80 degrees Celsius. A heat treatment follows that allows for the welding voltage to be reduced. This means that the seam is once again heated to 760 degrees Celsius. The quality of the seam is then examined. Up to 100 man-hours can quickly flow into the production of a single connection.

"We have achieved a lot", says Andreas Baldus, looking back at the last few years with a sense of confidence. In 2004, he and four colleagues began to apply the orbital welding procedure in Dortmund. Since then, his team has produced about 700 welding seams: 200 of those were for the Neurath lignite-fired power plant, 100 for the Boxberg lignite-fired power plant and another 200 were for the Moorburg coal and gas power plant. Many other seams were produced for smaller projects. Valuable work that has its price: up to €30,000 per seam. "The seams really hold", says Andreas Baldus describing the quality of his work. "We deliver reproducible results with very few or no imperfections." That is how the specialist describes what others would simply refer to as an error.

"The things that we weld together should stay together for an eternity – or at least half an eternity!"

Andreas Maria Baldus
Extreme welder



HIGH PRESSURE

Energy providers and the power plant industry are united in the goal of generating energy as efficiently and environmentally-friendly as possible. Particular attention is paid to coal-fired power plants. Worldwide, such plants are responsible for more than 40 percent of carbon-dioxide emissions from energy conversion.

The steam parameters are key to achieving greater levels of efficiency and less CO_2. The higher the temperature and pressure, the more electricity can be generated. Current measures are at about 600 degrees Celsius and 290 bar. That, however, should increase to more than 700 degrees Celsius and 350 bar. The result would be an increase in efficiency of approximately 50 percent for coal-fired power plants. But the question remains: can the materials in pipes, valves and fittings withstand the additional burden?

With the aid of the European Union, these new parameters have already been tested on advanced materials at the Scholven Power Plant in Gelsenkirchen, Germany. Additional tests are also underway at the Mannheim Power Plant. In a high-temperature test route, technicians are looking into whether materials made of nickel alloy are suitable for the increased steam parameters. The tests should pave the way for a pilot plant.

STORM PROOF

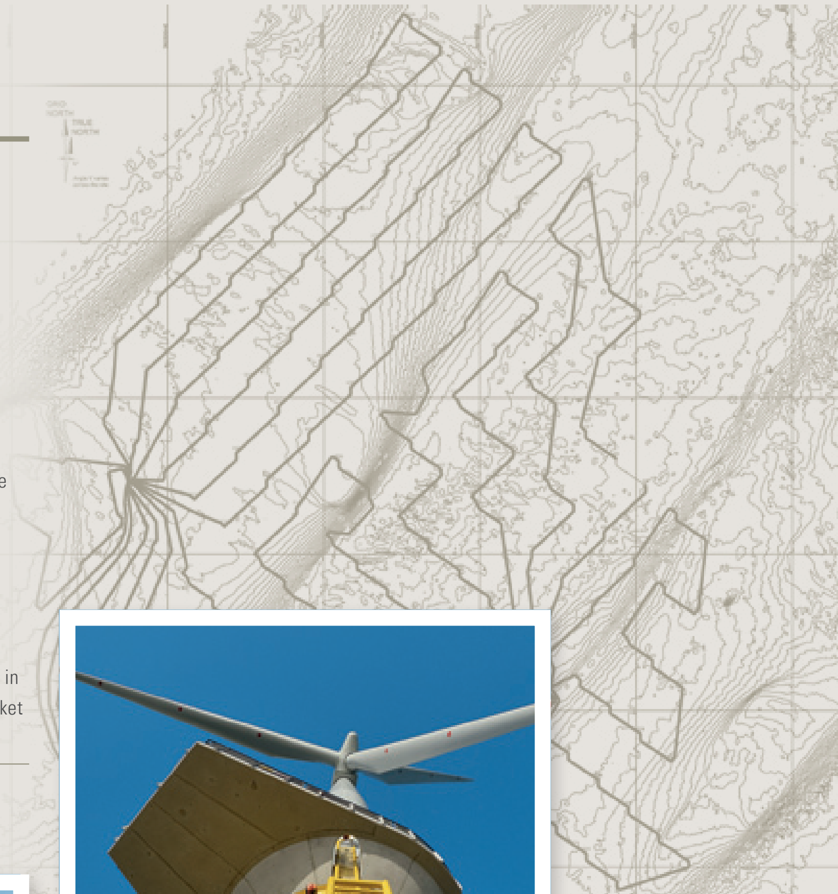
Roland Ludwig
Bilfinger Construction, London, United Kingdom

Roland Ludwig doesn't take any unnecessary risks: on the high seas, the weather is often only stable for a couple of hours. The 51-year old knows how difficult the job being performed by his people off the coast of England really is. They are building the world's largest wind park in open waters – and they can be sure that their boss is keeping an eye on all the storms.

STORM PROOF

Karen Schenkelberg
Bilfinger Industrial Services, Ballwin (Missouri), United States

Karen Schenkelberg is on top of it all: whether it is the conversion of a plant or a new project with tight deadlines: the 45-year old brings a fresh breeze to the production of her clients and she always remains on course. No wonder that she can look back on a fulfilling and varied career at Bilfinger.



SOLID FOOTING ON THE HIGH SEAS

The German offshore era began in the summer of 2009. It was then, for the first time, that the 12 wind turbines of the Alpha-Ventus test field in the North Sea delivered electricity to the grid. Today, the output installed in such facilities is about 230 megawatts. And that is just the beginning. By 2025, about 15 percent of Germany's electricity needs will be generated offshore. To achieve this goal, about 8,000 turbines with a total output of 20 to 25 gigawatt are required.

Wind power has long been an important economic factor for Germany: 100,000 specialists produce plants with a value of €6 billion each year. German manufacturers also play an important role internationally with a 16 percent share of the global market.

Bilfinger is also counting on offshore wind power: the company has been in this business since 2000 and laid the foundations for about one-third of the turbines built to date in the North Sea and Baltic Sea. In the future, the approximately 1,000-ton steel constructions will not only be anchored but also produced by the company. To facilitate this, Bilfinger formed a joint venture with a Polish partner in 2012. With the increased vertical integration, the Group is strengthening its market position in foundations for wind turbines on the high seas.

Roland Ludwig
Weather manager

“I have yet to have a boring day at work.”

FOR ONE, MULTI-TASKING IS THE ORDER OF THE DAY: KAREN SCHENKELBERG LOOKS AFTER PRODUCTION FACILITIES ALL OVER THE NORTH AMERICAN CONTINENT. MAINTENANCE, REPAIRS OR MODERNIZATION UNDER ENORMOUS TIME PRESSURE, NOTHING CAN BLOW HER OVER. – THE OTHER HAS BEEN FOCUSED ON A SINGLE TASK FOR THE PAST TWO YEARS: ROLAND LUDWIG HEADS A CREW THAT IS BUILDING THE WORLD’S LARGEST WIND PARK IN OPEN WATERS OFF THE COAST OF ENGLAND. – SCHENKELBERG AND LUDWIG: IN THEIR OWN INDIVIDUAL WAYS, BOTH ARE SHOWING JUST HOW STORM-PROOF BILFINGER EMPLOYEES ARE.

“We grow with our challenges!” This bit of wisdom has been familiar to Karen Schenkelberg for at least 31 years. That’s how long the American from Ballwin, Missouri has been working for Bilfinger Industrial Services. Each new project presents a new set of challenges; and she masters them all with flying colours. Karen Schenkelberg becomes more and more storm-proof with time ... Roland Ludwig, on the other hand, is actually at home on the high seas, even though it rarely requires that he leave his office. One glance at the weather chart is enough for him to know whether his people can head out at this unique construction site. Since August 2010, Roland Ludwig from Bilfinger Construction has been responsible for ramming the foundations at the world’s largest offshore windpark into the sea floor.

London Array lies 20 kilometers from the English coast. In future, its 175 wind turbines will provide electricity for 470,000 British households. The 100-meter tall wind turbines rest on steel tubes that are 70 meters long and six meters thick. They can withstand any storm – just like Roland Ludwig’s team of 70. “A dangerous, back-breaking job, around the clock in two shifts”, he reports and concentrates on the myriad of figures and graphics on his monitor. The time he has spent on this project has turned Roland Ludwig into a real weather specialist. One glance at the meteorological data is enough for him to know whether his staff can head out or if the work will have to wait. “Even the smallest errors in project planning can have severe consequences”, he explains. For that reason, his thoughts are constantly on his team which is now working on the heavy equipment outside.

At sea, he and his team are subject to the whim of nature and they have even had to face gale-force storms. The weather can change dramatically within just two hours. His people cannot then simply hoist sail and head for port. For that reason, the German-born manager does not take any risks – despite the time pressure. In a career spanning 22 years, Roland Ludwig has always followed a single premise: safety first. In this regard, modern technology is a huge help: in heavy weather, our special ships, which are supported by four legs resting on the seabed, can lift themselves out of the water and thus away from the stormy sea”, he explains. “Even when a hurricane slams into the ship, my crew is safe. And they can rest peacefully in their bunks.”

His caution pays off: his staff has completed more than two million work hours – without a single serious accident. The sea does not let go of Roland Ludwig in his free time. He then sails out on his own, but he prefers the Aegean: “The British coast is too rough for me!”

"We grow with our challenges!" And more often that not it is headwind that gives us wings: that is one thing Karen Schenkelberg has learned in a career spanning 31 years – that's how long the Ballwin, Missouri native has been working for Bilfinger Industrial Services. As an Operations Manager she and her teams maintain and modernize production facilities for companies such as Weyerhaeuser, BASF and Georgia Pacific.

Through it all, she is always close to her clients. At most of her sites, she is responsible for ensuring production runs smoothly: accelerating a production process here or expanding the capacity of a facility there. And Karen Schenkelberg always has to pay close attention to deadlines, costs, quality and occupational safety. Luckily, she remains unperturbed by it all. Time and again, she recalls one particular project: "15 years ago, I was looking after the construction of a production facility for cooking oil." A very complex challenge with a budget of USD 280 million. In peak periods, 1,800 employees were at work on the project, with Karen Schenkelberg in the middle of it all. The client wanted to see results fast. "Thirteen months and two-and-a-half million accident-free man hours went into the project", she explains, "I must have gathered two decades worth of professional experience over the course of that one year."

How does she react when things don't go according to plan? "Fortunately, I have colleagues who are always there for one another", answers Karen Schenkelberg. "Together, it is possible to clear nearly all obstacles. Everyone on the team can rely on one another for support." This was especially beneficial when Hurricane Katrina raged through the southeastern United States in 2005. The storm also damaged an important plant from a client. But thanks to the commitment and expertise of the team, reconstruction was quickly initiated.

It doesn't have to be work in a disaster area, but the Operations Manager is not afraid of heavy winds: "Back home in the Midwest, thunderstorms can be fascinating", says Karen Schenkelberg. When the forces of nature start to rattle the windows, she likes to look out, open the window and let the storm inside – simply because she wants to experience the natural spectacle. As is the case with her eventful job at Bilfinger, she doesn't let anything get her down.

"Together, it is possible
to clear nearly all obstacles."

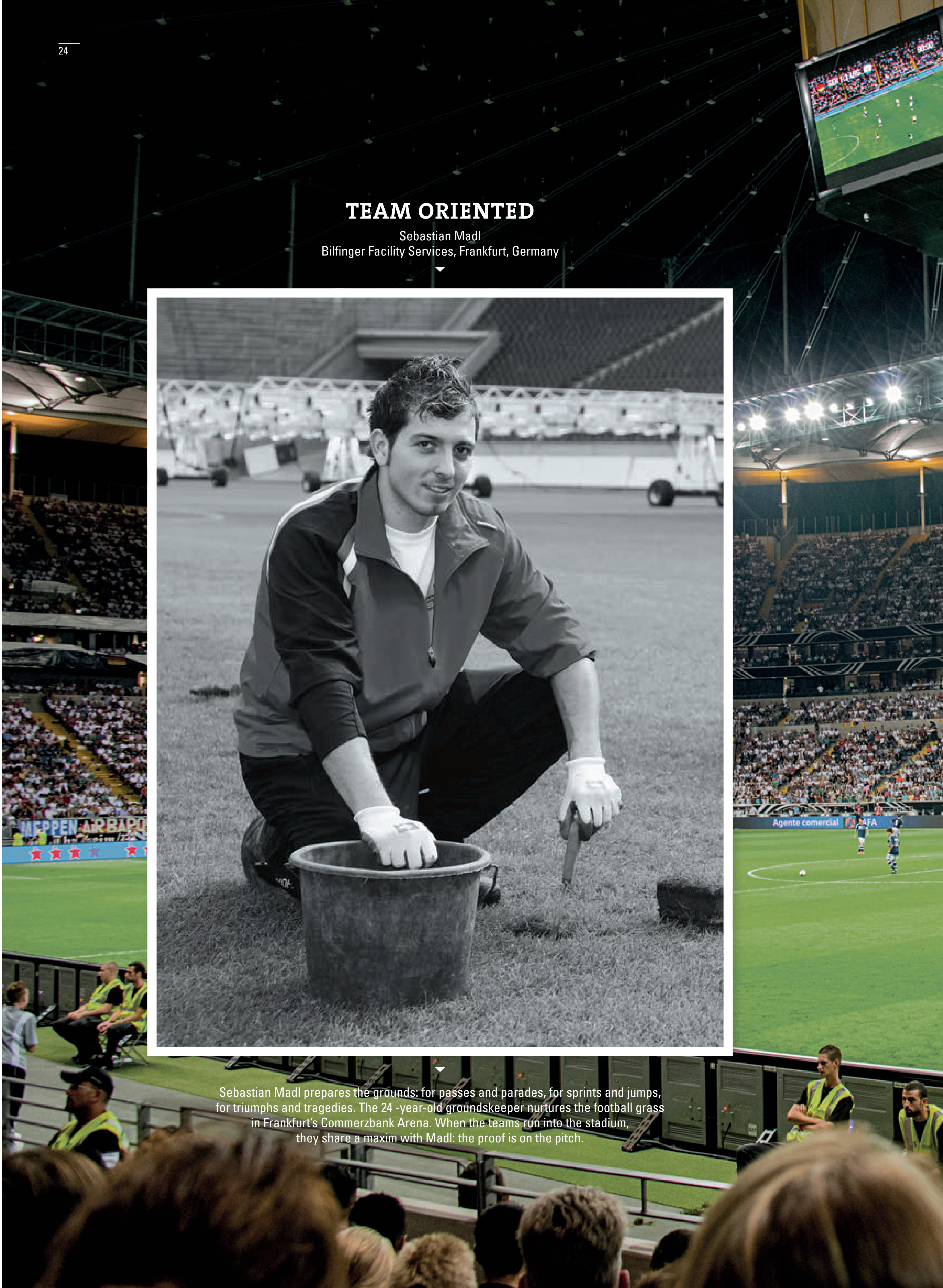
Karen Schenkelberg
Bundle of energy

DO WHAT YOU DO BEST, OUTSOURCE THE REST

Management legend Peter Drucker put it in a nutshell 25 years ago: “Do what you do best, outsource the rest.” And the fact is: today, the outsourcing of everything from individual tasks all the way through to complete processes is a key component of the business model for many companies.

The need to succeed against global competition in the 21st century is what drives this trend. In industry, more and more companies are therefore focusing on what they do best: developing innovative products and manufacturing them at a set level of quality.

Maintaining production facilities is not part of this core competence. Specialists such as Bilfinger are increasingly assuming responsibility for such tasks – for example at the Industriepark Höchst, a chemicals and pharmaceutical location near Frankfurt with 90 companies and 22,000 employees. Instead of simply repairing defects or replacing parts, Bilfinger guarantees companies in the industrial park the availability of their facilities and in future wants to benefit to a greater extent from its expertise in proactive maintenance management. This, after all, is a market that is only now beginning to show its true potential.



TEAM ORIENTED

Sebastian Madl
Bilfinger Facility Services, Frankfurt, Germany

Sebastian Madl prepares the grounds: for passes and parades, for sprints and jumps, for triumphs and tragedies. The 24 -year-old groundskeeper nurtures the football grass in Frankfurt's Commerzbank Arena. When the teams run into the stadium, they share a maxim with Madl: the proof is on the pitch.

TEAM ORIENTED

Rainer Gross
Bilfinger Industrial Services, Leuna, Germany

Rainer Gross shuts things down: giant refineries and chemical plants that need to be maintained at regular intervals to be precise. He then gets them up and running again as quickly as possible. The 47-year old and his team organize so-called turnarounds – a highly complex business that is mastered by only a few companies around the world.

Rainer Gross
Turnaround expert

"The job is much too complex for lone wolves."

HE DOES HIS ROUNDS ALONE, DOWN ON THE FOOTBALL PITCH WHEN THE HUGE FRANKFURT COMMERZBANK-ARENA IS EMPTY. SEBASTIAN MADL LOOKS AFTER THE PITCH SO THAT THE TEAMS HAVE PERFECT PLAYING CONDITIONS. – THE OTHER IS A MASTER OF COOPERATION AT ALL LEVELS: FOR HIS DEMANDING TURNAROUND PROJECTS, RAINER GROSS GATHERS HUNDREDS OF EMPLOYEES FROM VARIOUS PARTS OF THE COMPANY AND MOTIVATES THEM TO PERFORM AT THEIR BEST TOGETHER. – SEBASTIAN MADL AND RAINER GROSS: IN THEIR OWN WAYS THEY BOTH SHOW HOW BILFINGER WORKS IN A TEAM ORIENTED WAY.

Sebastian Madl is of course in the stadium when Frankfurt's first division football team is playing – and he is thrilled whenever the home team wins, as are all of the spectators at the Commerzbank Arena. For him, teamwork begins when the final whistle blows. – Rainer Gross played first-division football in his native Austria as a young man. He cannot help but think in terms of cooperation: "Without teamwork there would be no turnaround", he says. "The job is much too complex for lone wolves."

According to Rainer Gross and his team who, from their home base in Leuna, Germany have consistently expanded and internationalized this business, the term 'turnaround' should not be understood literally. "No, we don't simply turn on our heels and head in another direction", laughs the mechanical engineer who has dedicated his entire career to the maintenance business. "By turnaround, we mean the complete shutdown of an industrial plant which is then taken apart, maintained and meticulously checked. All of that in an extremely tight timeframe so that operations can begin again as quickly as possible." It is, if you like, as if the turnaround professionals from Bilfinger were to turn an entire refinery or chemical plant on its head and back again in record time. In a revamp the efficiency and productivity of the plant are also increased after the shutdown; Bilfinger is also among the best in this team discipline.

Whether it is a turnaround or a revamp: speed is important because every minute of downtime costs the plant operator a lot of money. "It can quickly run into the millions", says Rainer Gross, "per day!" If as a turnaround manager you dare to take on an ambitious schedule and also manage to keep it, you will quickly become very popular with the client. At the same time, however, you cannot cut corners with either quality or work safety: "These are, in fact, the most important criteria for success", explains Rainer Gross. Inspection authorities such as Germany's TÜV pay very close attention to compliance with legal and technical safety regulations.

There are always only a few short weeks available for the actual turnaround: then there are dozens of experts on site guiding the work of hundreds of specialists from all over Europe. This was the case in Rotterdam where, for Kuwait Petroleum Europoort, Rainer Gross and his specialists are once again responsible for a major inspection as general contractors in 2013. "The project volume that we managed was already at €20 million the last time, this year it should reach about €45 million", he reports with a sense of pride. It can take up to one and a half years to complete the preparafin and detailed planning for turnarounds of this size – to ensure that each individual work package has been structured, put in the right order and prepared in good time. If you ask him what skill it would be impossible for him to do without, he does not need to stop and think: "The ability to work in a team! That's the most important thing."

Rainer Gross is certain that there are many opportunities for Bilfinger in the global market for turnarounds: "We have the relevant expertise in a lot of different places in the Group and that is our strength." With a newly-established Center of Excellence for Turnarounds, Bilfinger is taking aim at promising new markets.

THE PHASES OF A TURNAROUND PROJECT

When the operator puts a plant on the so-called 'scope list', that is the starting signal for a turnaround. The list includes all of the measures that are to be carried out.

The busy phase of the planning process can now begin. All work steps must undergo detailed preparation. More and more planning specialists join the project team.

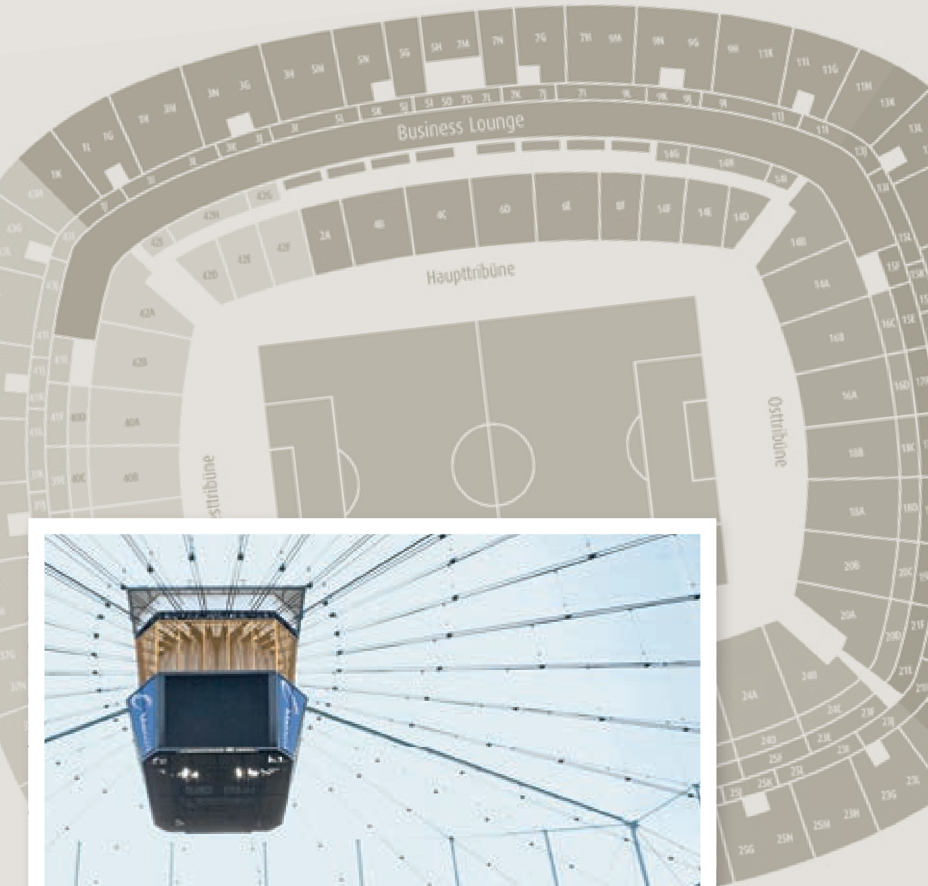
Using the 'scope list' as a basis, the turnaround planner determines everything that will be needed: specialists, equipment, material. By the end of this phase, thousands of individual work packages have been defined.

The work packages have to be ordered and linked: and now the planner's attention turns to the concrete procedural and resource planning. This results in a critical path. A complex network plan is developed which defines the time-critical factors for the entire turnaround.

At this point, the plant is shut down and the turnaround is in full swing. The engineers in the project team constantly monitor the process. Those responsible get together each morning for a status meeting.

When everything has been taken apart, maintained and inspected, the job of putting it all back together begins. Afterwards, the plant is started up once again and production starts anew.

In the final step, all of the experience that has been gathered is evaluated in workshops: so that the next turnaround can be just as efficient.



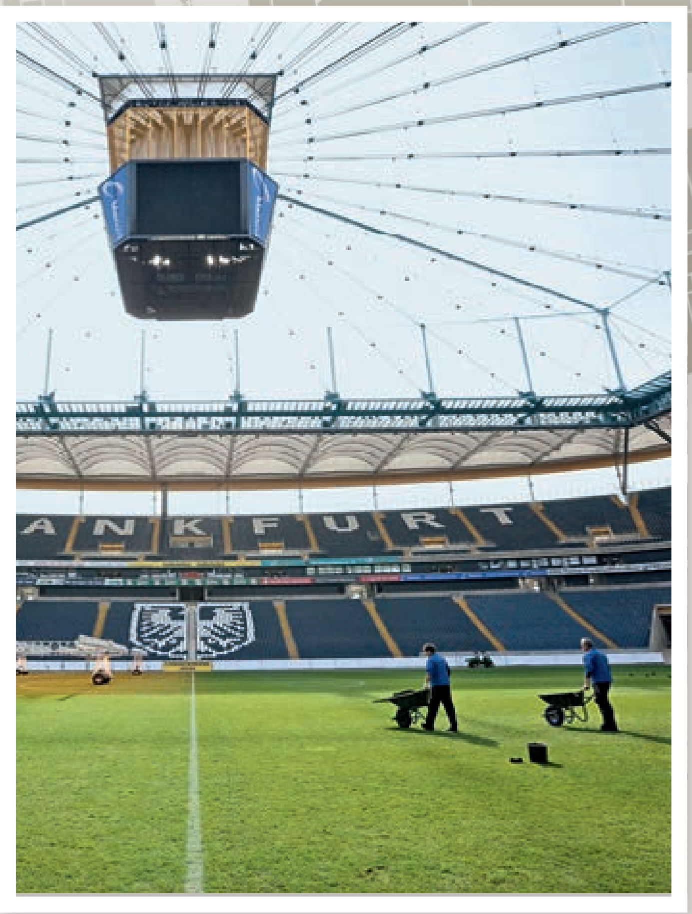
MORE THAN JUST A GAME

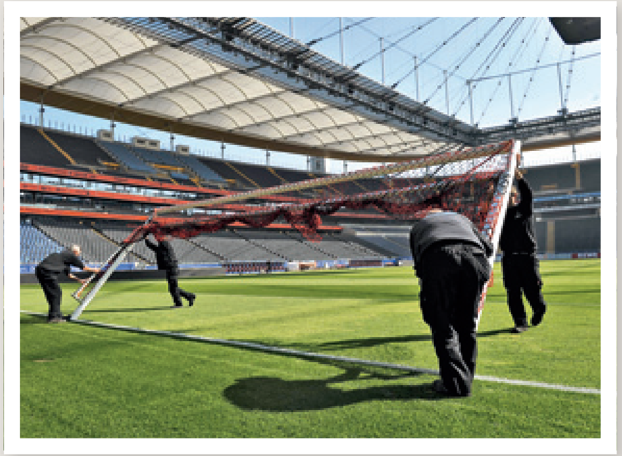
Football fascinates. As different as people and countries are, the passion for football is everywhere. Especially in Europe, but to an increasing extent, on other continents, too. In China alone, the stars of top European clubs have millions of fans.

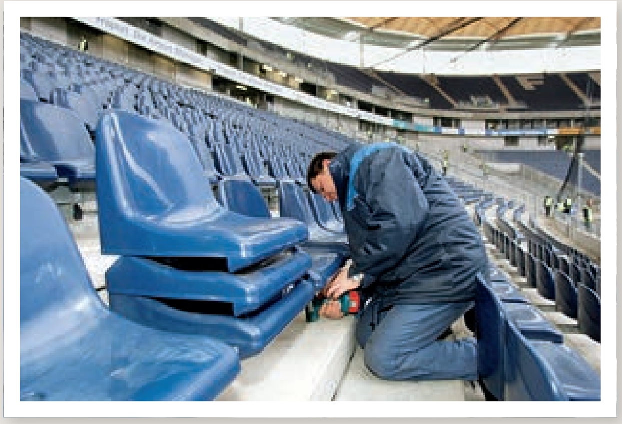
Football brings us together: entrepreneurs and workers, professors and artists – the game overcomes all social and professional borders. Fans stand together in the stadiums and eagerly anticipate their team's victory.

Of course, football also has a dark side, but its integrative impact cannot be denied – from the local village team to the first division club all the way to the national side. At that level, players with a migrant background have long been part of the picture. Germany, for example, has international stars like Mesüt Özil and Lukas Podolski.

In this respect, football expert Dietrich Schulze-Marmeling was right: "When a game mobilizes millions of people around the world, it is no longer just a game. Football is never just football."







“If it gets too cold or too dark for the grass, that would be the worst”, says Sebastian Madl. “That would definitely not do it any good.” Madl is not talking about a pet, but about his grass, a huge stretch of green, 68 meters by 105 meters to be exact. It is holy ground for the fans. It is the living room for the Eintracht Frankfurt football team, and for Sebastian Madl simply “a dream job”.

Sebastian Madl is part of the large Bilfinger Facility Services team that keeps the Commerzbank Arena, which was built in 2005, up and running: heating, electronics, public address system, floodlights, elevators. What would all of that be without the grass? It is there that 22 men regularly run around for one and a half hours, passing and performing their magic in front of 51,500 fans who all look in the same direction. “Real grass, nothing artificial”, states its caretaker. “You really have to know it well to know what’s good for it.”

The grass specialist is a trained landscape gardener. Following his education he trained to become a qualified football groundskeeper with a certification that is recognized by the German Football Association. Sebastian Madl knows a lot about different types of grass, granulated stratification, scarification, aerification, sanding, watering and drawing lines. “We use liquid chalk for the lines”, he explains. “It’s biodegradable.” He sticks to a grass length of exactly 28 millimeters as required by FIFA, football’s governing body – even though the German Football League allows for lengths between 25 and 28 millimeters.

Together with five of his colleagues, Sebastian Madl has been responsible for the playing field in one of the most modern and, at the same time, most traditional football stadiums in Europe since 2008; he also looks after the five training pitches and outside areas, a total of 48 hectares. “Not possible without my colleagues”, he says. In a complete overhaul, the former Waldstadion (forest stadium) was equipped with a 9,000 square meter roof. Like a convertible, the roof can be opened or closed as needed: when closed, it covers the entire playing field. When open the world’s largest membrane roof elegantly folds together into the 30 cubic meter video cube. The complex mechanism is operated and maintained by colleagues of Sebastian Madl. But he readily admits: “I am very happy that we generally have clear skies above us. That’s best for the grass.” In winter he gets additional support from a gigantic grass solarium which compensates for the lack of light and heat. In dark time, 360 special UV lamps ensure the grass retains its lush green colour. Dry periods can be overcome with the help of rainwater collected in the huge tanks. “Evan after major events during which the grass is completely covered up for days at a time, we get it back into game condition”, reports Sebastian Madl.

His passionate commitment has one overriding objective: “Both teams have to feel comfortable.” Sebastian Madl is very team-oriented. “No football team should ever be able to say that the pitch was at fault. And I really suffer when the game leaves its marks on the grass.” When everyone has left, he and his colleagues turn their attention to the grass. The next game starts where the last game ends.

“No football team should ever be able to say that the pitch was at fault.”

Sebastian Madl
Football groundskeeper

SINGLE MINDED

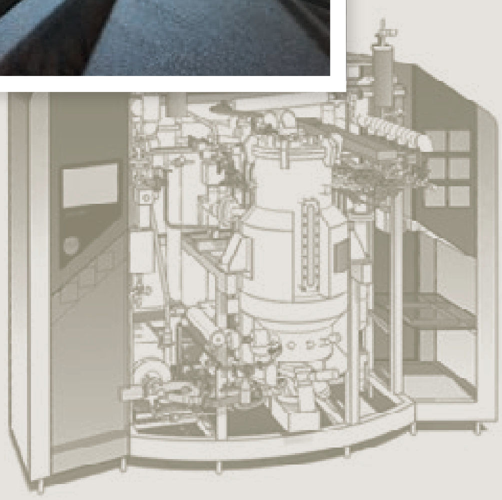
Gabriele Reiter
Bilfinger Industrial Technologies, Salzburg, Austria

Gabriele Reiter always has good ideas brewing: Together with her colleagues in Salzburg, the process engineer has developed a modular system for bioreactors and fermenters. These systems are used to grow microorganisms or cells – material that is used primarily for the biotechnology and pharmaceutical industries. Gabriele Reiter is in a position to deliver the perfect breeding ground for every application.

SINGLE MINDED

Dr. Wolfgang Walter
Bilfinger Power Systems, Würzburg, Germany

Dr. Wolfgang Walter provides the power of attraction:
The 42-year old develops and manufactures incredibly strong magnets.
With their help, physicists can keep million degree plasma under control –
or decode the blueprint of our universe in particle accelerators.



PRODUCTIVE REACTIONS

In the field of medicine, biotechnology has repeatedly provided significant leaps forward in innovation. This was the case in 1982 when American start-up Genentech revolutionized the production of human insulin. Instead of employing a complex process to extract the vital hormone from animal intestines, the company developed a new procedure for production in bioreactors. That was the beginning of an impressive success story that still continues today and led to the acquisition of Genentech by pharmaceutical group Roche.

Biotechnology is a very general term for a large number of procedures, products and methods. The focus, however, is always on the application of science and technology on living organisms down to the level of individual cells and molecules.

Most biotechnology companies develop new medications or diagnostic tests. For them, and for the pharmaceutical industry in general, bioreactors are becoming increasingly important for both production and for research, for example in the microbial fermentation and cell cultivation processes. Bilfinger delivers the relevant full solutions – on the basis of its expertise in automation, measurement and software technology among other things.

Gabriele Reiter
Reactor specialist

"The client has to know what the objective is. I keep my eye on the rest."

ONE PRODUCES SUPER MAGNETS THAT ARE 100,000 TIMES STRONGER THAN THE EARTH'S MAGNETIC FIELD. DR. WOLFGANG WALTER, WHO HIMSELF HOLDS A DOCTORATE IN PHYSICS, THUS SUPPLIES HIS COLLEAGUES WITH AN IMPORTANT INSTRUMENT FOR MAKING ONE OF HUMANITY'S DREAMS COME TRUE. THE GOAL: THE DECODING OF ORDER IN THE COSMOS. – THE OTHER DEVELOPS 'GREENHOUSES' FOR THE PHARMACEUTICAL INDUSTRY. IN THE END GABRIELE REITER'S MODULAR BIOREACTORS PRODUCE EXACTLY WHAT THE CUSTOMER EXPECTS FROM THEM. – WOLFGANG WALTER AND GABRIELE REITER: BOTH SHOW IN THEIR OWN WAY HOW GOAL ORIENTED BILFINGER IS.

Anyone who has looked at the stars in the sky has often asked themselves what holds the universe together at its core. The answer is being sought by leading physicists who are accelerating tiny particles and protons with huge amounts of energy. Wolfgang Walter is also focused on this goal: from the German city of Würzburg, he supplies the extreme scientists with tools for their experiments which weigh several tons. – Regardless whether someone just wants to grow a few tomatoes or is planning for the expansion of his gardening center: these days, everybody gets the greenhouse that fits to their goals. "Why shouldn't there be something comparable for the cultivation of bio-material?" When Gabriele Reiter from Bilfinger Industrial Services in Salzburg asked herself this question for the first time, she had her goal perfectly pictured. The client has to know what the objective is. I keep my eye on the rest." That is how Gabriele Reiter describes her job. Together with ten colleagues, the Head of Project Development developed a system for bioreactors with a feature that is unique: "Its components can be combined again and again to create new solutions."

If you want to put it in simple terms, a bioreactor is actually just a big container – "but one that really packs a punch", according to Gabriele Reiter. Because in this 'container', certain cells of animal and plant origin or microorganisms such as bacteria and fungi can, under optimal conditions, be cultivated. The concept is similar to that of a greenhouse, but micro-bioligical. "We provide research with an unlimited range of possibilities to carry out experiments", says the 35-year old who studied industrial environmental protection with a focus on process engineering at the University of Mining and Metallurgy in Leoben, Austria. The diversity of the components really is enormous. The containers alone come in innumerable sizes and variations: for small lab experiments with a volume of 15 liters up to models with a volume of up to 2,500 liters which are used for the serial production of pharmaceutical or biotechnical products. Depending on what the customer wants, the containers are combined with compatible control modules for temperature, ventilation or for the supply of oxygen and nutrients. The bioreactors thus also vary greatly in terms of price. The range begins at €50,000 and ends, depending of the cultivation task, into the millions.

The modular product concept has tremendous advantages. "Because the customer puts together his system from pre-developed, fully compatible modules, they save a big part of the development and planning work", points out Gabriele Reiter. With a constant focus on customer satisfaction, she can even respond to very specific requests. The systems can be put together in a very short period of time, the orders are carried out on schedule. But that's not enough: "Our team looks after the reactors over their entire lifecycle." In addition to production and installation, that includes maintenance and repair as well as the delivery of spare parts – customers receive everything from a single source. "My team does an outstanding job", says Gabriele Reiter with a sense of satisfaction. "Our success is flourishing."

For that reason, she is especially happy about the goal that she recently achieved. "We put together a fermenter and a bioreactor from our component system for Chinese companies." Those weren't the first systems the construction of which she had accompanied. "But they were the first that were selected on the basis of the module catalogue!" One of the customers is working on a state of the art cell culture testing system – the only one of its kind in the world. "That was an order that really had everything", according to Gabriele Reiter. In addition to numerous components, all of which had to be precisely fitted, communication with the Chinese business partners was a particular challenge. But it was not a challenge that could have forced her off course.

"The first thing you need is a suitable conductor", answers Wolfgang Walter when asked about the requirements for the construction of a super magnet. And he doesn't mean someone standing in front of an orchestra with a baton, although clear guidance is also important. The head of magnet technology at Bilfinger Power Systems is talking about the metal niobium-titanium.

It has been ten years since the 42-year old completed his doctorate in the theoretical field of elementary particle physics. He started his career directly afterwards and since then his job has become much more tangible. That's because Wolfgang Walter produces magnets that are used in particle accelerators, so that the particles really make it to the desired target. Using this technology, scientists at the European Organization for Nuclear Research (CERN), for example, are researching the fundamental framework of the universe.

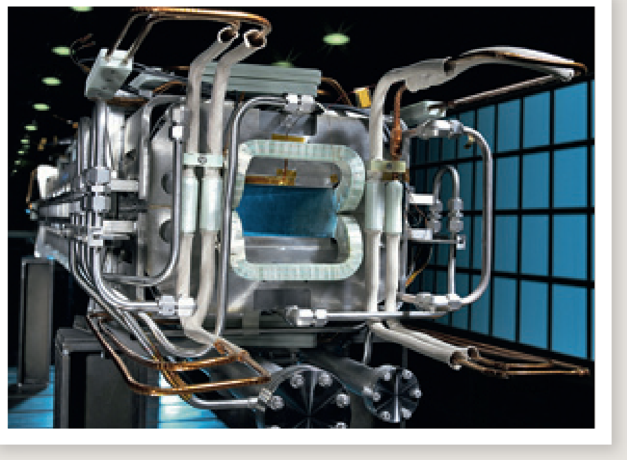
It is not the dimensions of these super magnets that makes them so complex – the systems Bilfinger has delivered to CERN were 15 meters long and weighed 30 tons. It is the physical control of the enormous amounts of energy that is stored within them. The liquid helium that flows around the coils, for example, must be kept at a constant temperature of minus 269 degrees Celsius. Additionally, all material undergoes extreme contraction under these conditions – and expands again as it warms. "If that is not taken into account in the engineering, everything breaks apart!", says Wolfgang Walter. And of course the magnet has to be protected from the threat of melting. "So much energy is stored in the coil and a slight warming can never be completely ruled out. The transition from supra to a normal conducting state is then extremely sudden. We therefore have to build in precautionary measures which, in the case of an emergency, can quickly withdraw the energy from the magnet."

For all of these reasons, the period between the development of a prototype and the conclusion of serial production can easily amount to 16 years. Once developed, however, the magnets are capable of achieving the demanding goal of controlling plasma with a temperature of several million degrees Celsius. Nuclear fusion is therefore a further pioneering area of application for Wolfgang Walter's technology. He is especially proud of the equipment at the FAIR project in Darmstadt where leading physicists are exploring the blueprint of an atomic nucleus in a proton accelerator. "I have been with that project from the very beginning", says Wolfgang Walter happily. "It was of course amazing one year ago to sign the contract for the serial production of 113 magnets."

He now eagerly anticipates the results of the experiments. Wolfgang Walter is certain that they will answer important questions and solve a number of mysteries. But at the same time he is aware: "That will lead to a new set of challenges. It would be boring if we ran out of goals."

"Everybody does what they do best"

Dr. Wolfgang Walter
Particle tamer



INEXHAUSTIBLE ENERGY

Due to Germany's phase out of nuclear energy, nuclear fusion has been put on the backburner. But at the Max-Planck Institute for Plasma Physics in Greifswald, Germany, scientists continue to work feverishly. In 2014, the Wendelstein 7-X reactor will go into operation. At that point we will see whether man has taken a step closer to his dream of inexhaustible energy.

In nuclear fusion, atomic nuclei fuse together, releasing enormous amounts of energy in the process. To induce this reaction and to control it, however, the nuclei must be heated to a temperature of 100 million degrees and held steady by a strong magnetic field. This has already been done, but only for a few seconds. Yet the goal at Greifswald is for 30 minutes! If this objective is achieved, researchers will have taken a significant step forward on the path toward a practical use for controlled nuclear fusion.

As a world leader in the manufacture of supra-conducting magnet systems, Bilfinger has been involved in many nuclear fusion and particle research projects, including the Wendelstein project. In close cooperation with research institutes, the company develops high-tech magnet systems, constructs prototypes and guides them through to series production.

Bilfinger in the capital market

Change in stock-exchange sector leads to inclusion in services indices

Positive S&P credit rating – first corporate bond successfully placed

Attractive dividend of €3.00 per share

Significant share-price increase in 2012

The sovereign debt crisis in Europe had a significant impact on the development of German capital markets also in 2012. Driven by the progress made with managing the crisis, the good business situation of many companies and the robust economic situation in Germany, the development of markets in the first several months of the year was mainly positive. The situation changed for a while in the spring: Renewed uncertainty about the parliamentary elections in Greece and the credit downgrading of Spain and Italy, combined with unexpectedly poor economic data, caused the share-price gains to disappear again. The general sentiment improved again towards the middle of the year: The expansive monetary policy in the United States and the euro zone and the resulting low level of interest rates made investments in shares more attractive – and an upward trend commenced that extended beyond the end of the year.

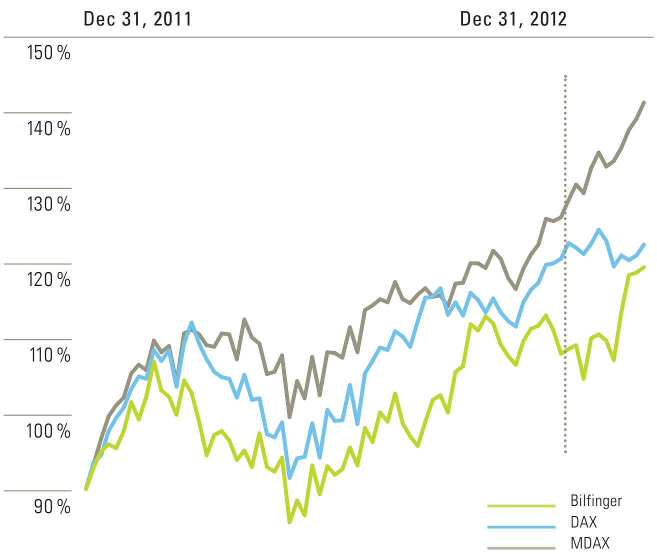
Bilfinger's share price largely moved in parallel with the market trend throughout the year, although with a lower performance. Our share price was at its lowest point during a phase of market weakness in June; a subsequent positive share-price development led to a high for the year in mid-November. Due to the strong outperformance in 2011, our share price was at a high level at the beginning of 2012, and with a plus of 17 percent its performance in 2012 was significantly below the DAX (29 percent) and the MDAX (34 percent). The picture is different if one examines a three-year period: At 54 percent, Bilfinger's share price is only slightly below the extremely good MDAX performance (59 percent) but substantially better than the DAX (28 percent).

Bilfinger shares closed the year 2012 at a price of €73.00, representing a market capitalization of €3.36 billion.

Change in stock-exchange sector leads to inclusion in services indices

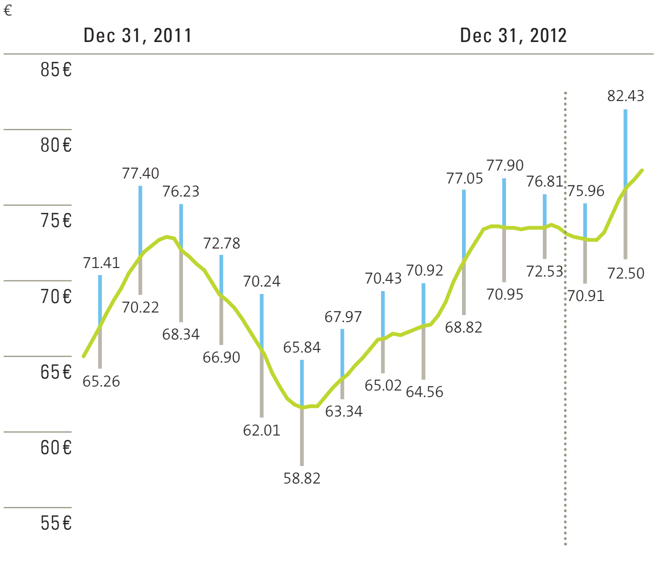
Since June 2012, the German Stock Exchange (Deutsche Börse) in Frankfurt has no longer listed Bilfinger's shares in the Construction sector, but in the Industrial Products & Services sector. Deutsche Börse has thus reflected the fundamental change in the Group's business activities of recent years. For its Global Industry Classification Standard (GICS), Standard & Poor's has classified Bilfinger in the sector Diversified Support Services since the middle of the year. In September, the Industry Classification Benchmark (ICB) upon which the Dow Jones STOXX Index is based was also changed; since then, our shares have been listed in the important service index 'STOXX Europe TMI Support Services.' This supports the accurate perception of Bilfinger in the capital market and thus facilitates a fair valuation.

RELATIVE PERFORMANCE OF OUR SHARES



MOVING 30-DAY AVERAGE

in combination with monthly highest and lowest prices
€



BILFINGER SHARE

ISIN / Stock exchange abbreviation	DE0005909006 / GBF
WKN	590 900
Main stock market	XETRA / Frankfurt
Deutsche Boerse segment	Prime Standard
Component of	MDAX, Prime Industrial Products & Services DivMSDAX, DJ STOXX 600, STOXX EUROPE TMI Support Services, DJ EURO STOXX, DJ EURO STOXX Select Dividend 30

BILFINGER BOND

ISIN / Stock exchange abbreviation	DE000A1R0TU2
WKN	A1R0TU
Listing	Luxembourg (official trading)
Emission volume	€ 500 million
Interest coupon	2.375 %
Maturity	December 7, 2019
Year-end closing price (Stuttgart)	103.75

Positive S&P credit rating – first corporate bonds successfully placed

In December 2012, Bilfinger issued its first corporate bonds to finance further acquisitions in the context of implementing the Group's strategy. The emission volume amounted to €500 million with an interest coupon of 2.375 percent.

This bond issue followed a first-time credit rating by Standard & Poor's in October 2012. The rating agency affirmed Bilfinger's good creditworthiness and expects the Group to continue its successful development in the future. The Group was given a solid investment-grade rating of BBB+ with a stable outlook, also with consideration of further acquisitions to come.

Ongoing strong weighting in the MDAX

Compared with the prior year, XETRA trading volumes continued to decrease in 2012. In line with the general market trend, trading activities continued to shift to the newly created multilateral trading platforms and the over-the-counter market. Within the MDAX, Bilfinger shares continued to be among the more liquid stocks: They ranked tenth by trading volume in December 2012 (December 2011: ninth). The strong weighting of Bilfinger shares in this stock-exchange segment is also

KEY FIGURES ON OUR SHARES

€ per share

	2008	2009	2010	2011	2012
Earnings	5.18	3.79	6.43	8.93	6.23
thereof from continuing operations		2.28	4.66	4.99	6.23
thereof from discontinued operations		1.51	1.77	3.94	0.00
Dividend	1.85	2.00	2.50	3.40[1]	3.00
Dividend yield [2]	5.4%	3.7%	4.0%	5.2%	4.1%
Pay-out ratio [3]	36%	53%	39%	38%	48%
Highest price	59.68	54.56	64.35	70.35	77.90
Lowest price	22.06	21.57	40.75	50.47	58.82
Year-end price	34.45	53.92	63.20	65.88	73.00
Book value [4]	29.26	34.85	40.84	40.51	45.96
Market value / book value [2, 4]	1.2	1.5	1.5	1.6	1.6
Market capitalization in € million [2, 6]	1.388	2.482	2.909	3.032	3.360
MDAX weighting [5]	3.1%	4.0%	3.5%	3.7%	3.2%
Price-to-earnings ratio [2]	6.65	14.23	9.83	7.38	11.72
Number of shares (in thousands) [5, 6]	37,196	46,024	46,024	46,024	46,024
Average XETRA daily volume (no. of shares)	485,628	390,746	381,287	253,322	156,993

All price details refer to XETRA trading.
Values per share for the year 2008 were adjusted in accordance with the capital increase in 2009.
[1] Including bonus in the amount of €0.90
[2] Based on the year-end closing price
[3] Based on earnings per share
[4] Balance-sheet shareholders' equity excluding minority interest
[5] Based on the year-end
[6] Including treasury shares

INSTITUTIONAL INVESTORS BY REGION

as of December 31
in %

	2012	2011
Bilfinger treasury shares	4	4
Private investors	12	12
Shareholders by region		
Germany	25	30
Switzerland	22	13
United Kingdom	19	18
USA	9	11
France	3	3
Scandinavia	3	3
Benelux	2	2
Canada	0	2
Other	1	2

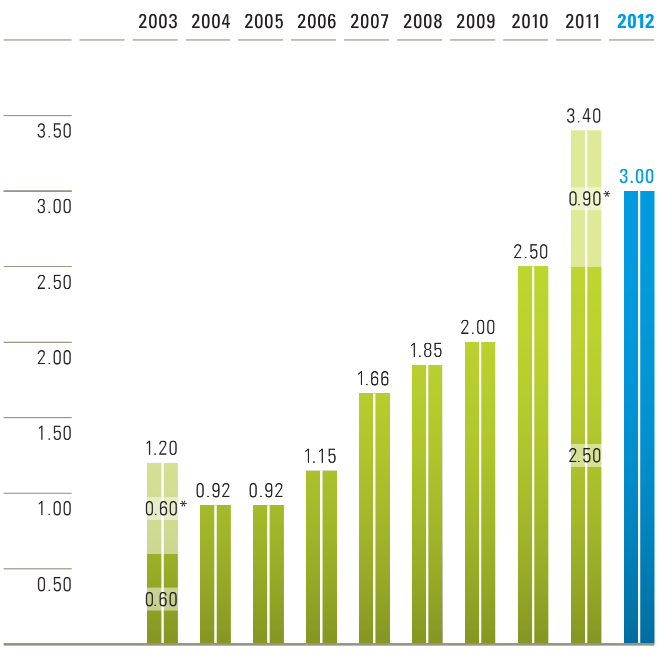
reflected by their ranking of ninth by market capitalization of free float (December 2011: sixth). Also due to the lower free float, our MDAX weighting was 3.2 percent at the end of 2012 (December 2011: 3.7 percent).

Broad international shareholder structure

As in previous years, we carried out two shareholder surveys in 2012. Four percent of our shares are currently held as treasury stock and 96 percent are in the hands of private and institutional investors.

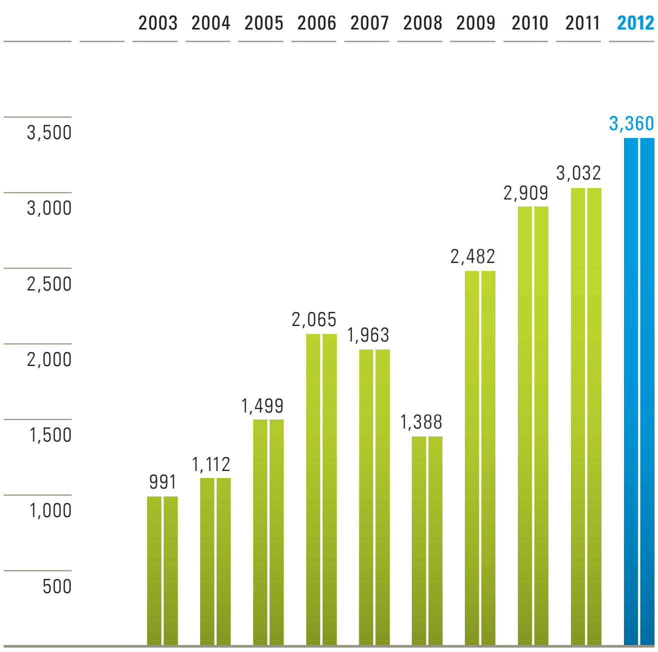
The analysis of shareholders shows that as of December 31, 2012, shareholders in Germany, Switzerland, the United Kingdom and the United States continue to be the most prominent. Switzerland gained sharply in terms of prominence and the United Kingdom gained slightly compared with the previous year; the prominence of German investors decreased. The proportion of shares held in the United States also decreased slightly, while the proportions of shares held in France, Scandinavia and the Benelux countries remained unchanged. Institutional investors continue to dominate our shareholder structure; the proportion of private investors amounts to 12 percent.

DIVIDEND DEVELOPMENT OF BILFINGER SHARES
in €



* Bonus dividend

MARKET CAPITALIZATION BILFINGER SHARES
€ million



Attractive dividend of €3.00 per share

With regard to our dividend policy, our focus is on a sustainable development. This year, we would like our shareholders to participate once again in the company's operational success. A proposal will be made to increase the dividend for the year 2012 to €3.00 per share (2011: €2.50). In relation to the share price at the end of 2012, this represents a dividend yield of 4.1 percent. Last year, a bonus of €0.90 per share was paid due to the capital gain realized on the sale of the Australian subsidiary, Valemus; the total dividend was therefore €3.40 per share.

In dialogue with our investors

The broad coverage of Bilfinger's stock remained nearly stable in 2012. We are in regular contact with a total of 21 financial analysts, twelve of whom recommend our shares as buy, eight as hold and one as sell. We provided information to institutional investors in more than 250 individual discussions, in particular in roadshows in 18 cities in Germany and abroad, as well as by participating in seven international investor conferences.

This year's Capital Markets Day focused on our Industrial business segment and was held in Rotterdam and Amsterdam. Presentations by members of the operational management gave representatives of the capital market deeper insights into that business segment's range of services and market development, and were followed by a tour through an industrial plant in the Port of Rotterdam. The event demonstrated the comprehensive and integrated product offering of our Industrial business segment. The high number of participants is evidence of the great interest in this event.

Annual General Meeting 2012 with increased capital presence

Shareholder presence at the Annual General Meeting increased once again in 2012: 62 percent of the share capital according to our Articles of Incorporation was represented (2011: 52 percent). We will continue to encourage our shareholders to exercise their voting rights – either in person or through a proxy. All the resolutions of last year's Annual General Meeting were passed as recommended by the management with large majorities.

01 Combined management report

Overview of financial year 2012 and outlook for 2013

Record operating profit

Attractive dividend once again

Positive outlook for the year 2013

Results of operations

- Growth in output volume of 2 percent to €8,635 million
- Orders received 7 percent above prior-year level at €8,348 million
- EBITA up 17 percent to €466 million
- Increase in EBITA margin to 5.4 percent (2011: 4.7 percent)
- Net profit of €275 million (2011: €220 million plus profit from discontinued operations of €174 million)
- Proposed dividend of €3.00 per share (2011: €2.50 plus bonus from sale of Valemus Australia of €0.90)

Financial position and net assets

- Decrease in cash from operating activities to €224 million (2011: €281 million) due to structural changes in working capital; once again above-average free cash flow of €431 million (2011: €774 million due to sale of Valemus Australia)
- Significant increase in investments in financial assets to €402 million (2011: €218 million)
- Capital expenditure on property, plant and equipment remained at the comparatively low level of €143 million (2011: €127 million)
- Increase in cash and cash equivalents to €1,087 million at year-end (2011: €847 million)
- Financial debt – excluding project debt on a non-recourse basis – of €711 million (2011: €186 million) includes the bond issued in December 2012 of €500 million and a promissory-note loan of €166 million maturing in mid-2013
- The good capital structure continues to offer substantial scope for investment for further strategic development

Outlook for 2013

- Positive development anticipated for all business segments in 2013
- Renewed increase in output volume due to planned organic growth and acquisitions already made – despite the deconsolidation of the Nigerian business and further volume reduction in the Construction business segment
- EBITA and net profit will be above the levels of 2012 adjusted for the capital gain from the reduction of interest in the Nigerian business

The Bilfinger Group

Legal form and organization

Bilfinger is a stock company in accordance with European law (Societas Europaea – SE). The change of the Company's name from Bilfinger Berger SE to Bilfinger SE that was approved by the Annual General Meeting in May 2012 took effect upon being entered in the Commercial Register on September 21, 2012. The management bodies of the company are the Executive Board, the Supervisory Board and the Annual General Meeting. The Group is managed in accordance with both German and international standards.

We have combined the management reports for Bilfinger SE and for the Bilfinger Group in this annual report.

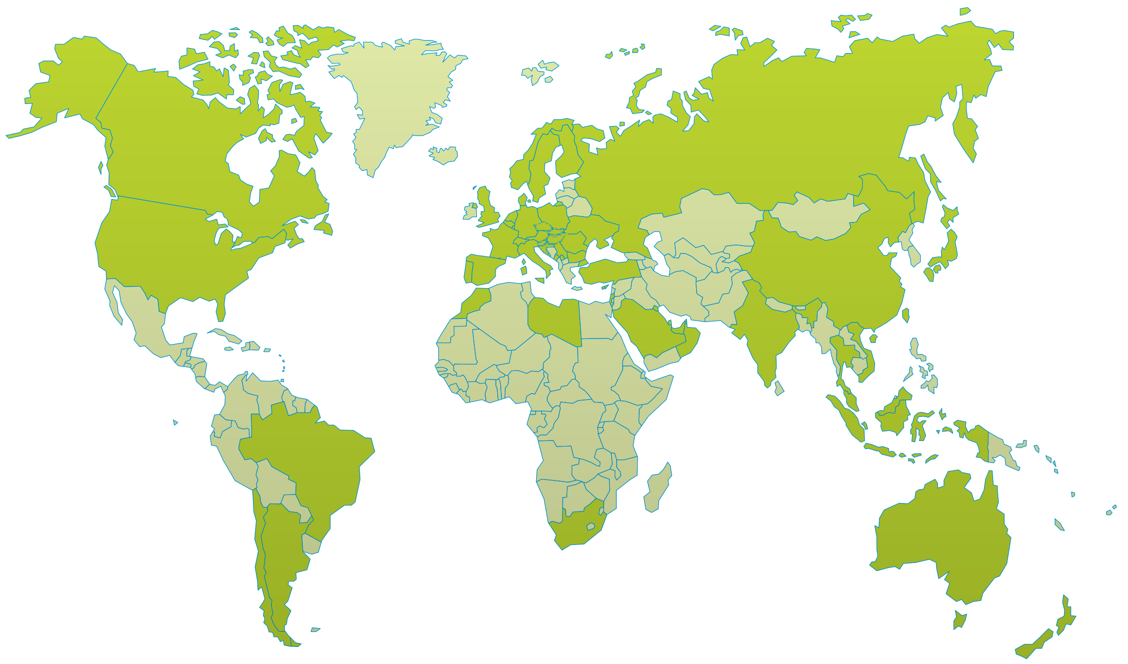
STRUCTURE OF THE BUSINESS SEGMENTS

Industrial	Power	Building and Facility	Construction	Concessions
Bilfinger Industrial Services	Bilfinger Power Systems	Bilfinger Facility Services	Bilfinger Construction	Bilfinger Project Investments
Bilfinger Industrial Technologies[1]		Bilfinger Hochbau	Bilfinger Infrastructure	
		Bilfinger Berger Nigeria[2]		
		Bilfinger Government Services		

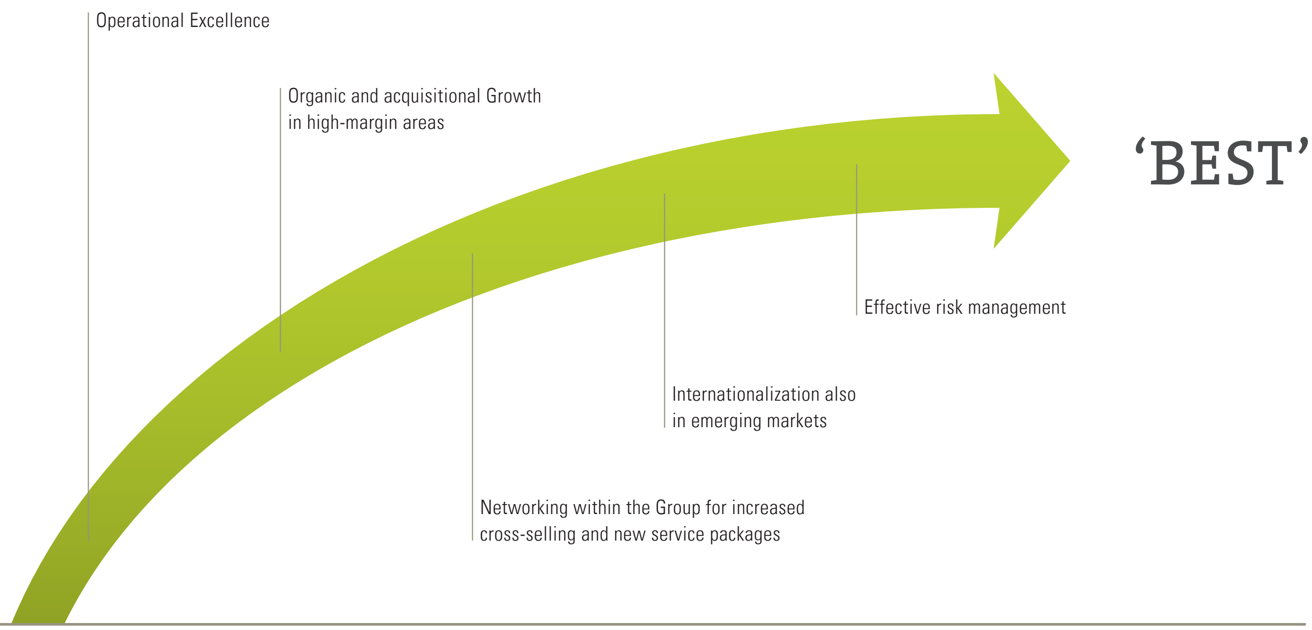
[1] as of January 1, 2013

[2] until December 31, 2012

REGIONS



STRATEGIC PROGRAM 'BEST' – BILFINGER ESCALATES STRENGTH



Structure of the business segments

Our business operations are organized in a decentralized manner. The Bilfinger Group is structured under five business segments to which the operationally active Subgroups are allocated. The Subgroups and their entities act as independent profit centers in the market. Controlling and monitoring functions are based on close management by the Executive Board, strong Group headquarters with clearly defined tasks, and a risk management system that encompasses the entire Group.

No substantial changes to the organizational structure were undertaken in the reporting year as compared to the previous year.

The names of our business segments were adjusted as of the third quarter of 2012 to reflect the strong growth in engineering expertise resulting from the recent acquisitions. The allocation of our operating units to the various business segments is unchanged.

Strategy

With our renaming as Bilfinger SE and the new corporate design, we appear as a group of companies under a uniform and strong brand. The name Bilfinger is the first element of the names of our operating entities, thus significantly enhancing the public perception of our group of companies. Bilfinger's transformation into an engineering and services group has also been reflected by a changed classification on the stock exchange, where the Group is now classified in the Services sector.

Following the successful transformation from a construction group to an engineering and services company, Bilfinger is using its financial strength and operating potential for the next phase in its development. Supported by the strategic program BEST (Bilfinger Escalates Strength) that was initiated in late 2011, output volume will grow to €11-12 billion by 2016 and net profit will increase to about €400 million.

Bilfinger has decided to focus on optimization in five key areas:

Operational excellence The ability to deliver outstanding service anytime, anywhere, is the foundation of our success. We increase our competitiveness by constantly improving the quality and efficiency of all processes for the benefit of our clients. In parallel, we are also strengthening our activities in research and development and are investing in new technologies.

Organic and acquisitional growth in high-margin areas Each business segment has concrete objectives for organic growth in high-margin areas. We have up to €850 million available for acquisitions. Through the further expansion of our Industrial, Power and Building and Facility business segments, their share of Group output volume will continue to increase from the current level of nearly 85 percent.

Networking within the Group for increased cross-selling and new service packages Through internal networking, we want to increasingly offer our clients all the services we have available for their respective needs and develop specific new service packages.

Internationalization also in emerging markets We are optimizing our international organization in order to better coordinate existing regional activities. Outside Europe, we anticipate growth in particular in Asia, the Middle East and the United States.

Effective risk management We focus on steadily improving our risk awareness and our ability to realistically evaluate risks.

Implementation of key modules

The implementation of the BEST strategic program was vigorously pushed forward in 2012. We created the required structures for intensified cooperation between all parts of the Group, based on which we will offer our clients a systematic and comprehensive range of services:

- The uniform brand architecture makes the variety of services we offer transparent, both internally and externally.
- An optimized international organization coordinates our efforts in major regions.
- All operating units have access to a complete set of rules, on the basis of which joint projects are tackled and implemented.

First-time credit rating: BBB+ and stable outlook

Bilfinger's successful development has also been recognized in the financial world. For the first time, the rating agency Standard & Poor's examined Bilfinger's financial standing and business model and awarded us the investment-grade credit rating of BBB+ with a stable outlook. Standard & Poor's confirms our high level of creditworthiness and expects the Group to continue its positive development. This positive rating is recognition of our strategic course and of our sound financial policy.

Financial management system

Our key financial management metrics include figures for growth, profitability, capital efficiency, cash-flow generation and capital structure.

Output volume In addition to the Group's revenue, the figure for output volume also includes our proportion of the goods and services supplied by joint ventures and consortiums. Orders received and order backlog constitute a key basis for the planning of output volume. Profitable growth in output volume forms a cornerstone of our strategy for increasing Bilfinger's enterprise value. Our goal is to expand the Group's output volume to between €11 billion and €12 billion by the year 2016. We aim to achieve organic growth averaging 3 to 5 percent per annum. In addition, targeted acquisitions will contribute to the growth in output volume.

EBITA and EBITA margin At the beginning of the reporting year, the indicator of operating profit of the corporate units and of the Group, and thus the measure of earnings for segment reporting, was changed from *earnings before interest and taxes* to *earnings before interest, taxes and amortization* (EBITA). This allows better comparability of the results of existing business operations and new acquisitions. When performing such an analysis, the focus is on the profit margin – calculated as operating profit as a percentage of output volume. Our goal is to achieve an EBITA margin in the year 2014 of at least 5.5 percent in relation to Group output volume. For the business segments, we plan to achieve the following EBITA margins: Industrial: 6 to 6.5 percent; Power: 9 to 9.5 percent; Building and Facility: 4.5 to 5 percent; Construction: at least 4 percent. By the year 2016, we plan to achieve a Group EBITA margin of approximately 6 percent.

Net profit / dividend policy Net profit consists of operating profit plus/minus amortization of intangible assets from acquisitions, financial income and expense and net of taxes. It forms the basis for measuring the dividend. We pursue a sustainable dividend policy with the objective of letting our shareholders participate appropriately in the Group's success. By the year 2016, we plan to increase our net profit to approximately €400 million. With regard to the dividend, we intend to pay out to the shareholders approximately 50 percent of net profit, adjusted for any special effects.

Return on capital employed (ROCE), value added An important financial management system at the Bilfinger Group is the system of return-on-capital-employed controlling, which makes it possible to measure the value added by our business segments and by the Group as a whole. We employ our capital specifically where high value added is achieved. The main idea behind this concept is that positive value added can only be achieved for the Group if the return on the average capital employed is higher than the weighted average cost of capital (WACC). We aim to achieve a return on capital employed (ROCE) in the coming years of between 15 and 20 percent.

The parameters upon which this calculation is based are determined as long-term average values, are regularly reviewed, and are adjusted for any relevant changes in the market environment. The calculation of the value added achieved by the business segments and by the Group is presented in the chapter on return-on-capital-employed controlling with appropriate explanations.

Cash flow from operating activities / net working capital A key financial metric for managing liquidity is the cash flow from operating activities with particular consideration of the development of net working capital. They measure the extent to which earnings are reflected by cash inflows. A major factor to be considered is the change in net working capital. Net working capital is calculated as the difference between current assets excluding cash and cash equivalents and current liabilities excluding financial debt. A reduction in net working capital leads to lower capital employed and thus also contributes towards an increase in the return on capital employed (ROCE) and in the value added by the business segment concerned.

Investments / acquisitions Although compared with some industries our business is not very capital intensive, planned additions to property, plant and equipment are subject to intensive investment controlling. The planned investment ratio in relation to output volume is approximately 1.5 to 2 percent. For corporate acquisitions, we have defined minimum requirements that generally have to be fulfilled. For example, acquisitions should make a positive contribution to net profit in the first full financial year after being acquired, and should make a positive contribution to value added with a return on capital employed above the respective cost of capital.

Other key figures On the basis of our strategic corporate planning, we regularly review the effects on our financial risk profile of various scenarios for the business and financial development of the Group. The key financial metrics are the dynamic debt-equity ratio, gearing and cash-flow protection. In line with our targets, their levels should reflect a financial standing comparable with our sound investment-grade rating (BBB+). For the dynamic debt-equity ratio (quotient of adjusted net debt and adjusted EBITDA), we have determined a target value of less than 2.5, the target value for gearing (quotient of financial debt and total equity) is less than 40 percent. The target for cash-flow protection (quotient of cash inflow from operating activities before change in working capital and adjusted net debt) is also less than 40 percent. Accordingly, the tolerated level of Group debt on a recourse basis is oriented towards meeting these targets. In our view, its present level gives us substantial scope to finance the strategic development of the Bilfinger Group.

Economic environment

Economic developments

Growth of the world economy slowed once again to a rate of 3.1 percent in 2012 (after 3.8 percent in 2011), mainly due to the European debt crisis and the associated recession in the euro zone. Falling European imports reduced the growth in world trade to 2.7 percent (from 5.8 percent in the prior year). The central banks of the industrialized countries reacted to the negative economic development by continuing their expansive monetary policy of low interest rates and generous lending. Fiscal policies were mainly restrictive, however, due to the measures required to consolidate budgets. The emerging economies were not able to avoid the negative impact of developments in Europe. Nonetheless, they proved to be the stability anchor of the world economy with growth rates that were still satisfactory.

Economic developments in the euro zone were once again dominated by the crisis of confidence about high rates of sovereign debt. At the turn of the year 2011/12, generous ECB loans with unusually long terms resulted in a temporary improvement, but the situation worsened again already in the spring. Rapidly increasing risk premiums on Spanish and Italian government bonds exacerbated the crisis. The situation only relaxed significantly in September when the European Central Bank announced its program to buy government bonds from crisis countries, if necessary in unlimited volumes. Foreign-exchange markets mirrored this change in sentiment: After falling against the dollar until the summer, the euro has recovered significantly since September. The calmer situation in autumn did not prevent the euro zone from posting a recession year with a decrease in GDP of 0.4 percent.

The average figures for developments in Europe cover up some sharp divergences. Germany for example experienced economic growth of 0.8 percent, which was still a sharp slowdown compared with the prior year (3.0 percent). There was also a divergence within the German economy: While stable growth in consumer spending provided some stimulus, exports to the euro zone declined. The labor market remained largely unaffected by the economic slowdown in 2012. The number of persons employed increased by 400,000 to a new record of 41.6 million. The labor market became much less dynamic towards the end of the year, however.

Economic developments in most of the other countries of the euro zone were much more unfavorable. The French economy stagnated and is suffering from persistently high government debt and the lack of genuine reform prospects. Of the economies at the focus of the crisis, only Ireland achieved slightly positive growth of 0.4 percent, while Portugal and Greece remained in deep recession. The spread of the crisis led to recession also in Spain (-1.4 percent) and Italy (-2.3 percent). And even countries such as Belgium and the Netherlands, which had not been through crises of their bond markets, were confronted with negative economic developments in 2012.

GDP GROWTH IN SELECTED REGIONS AND COUNTRIES

in %

	2012	2011
Germany	0.8	3.0
Euro zone	-0.4	1.4
Poland	2.4	4.3
United Kingdom	-0.3	0.9
United States	2.1	1.8
India	4.9	6.8
Oil-producing Middle East	6.6	3.9

The biggest growth rates in the European Union were posted by the Baltic countries with a peak of 4.3 percent in Latvia. But in Central Europe, Poland and Slovakia once more proved to be robust economies with growth of 2.4 and 2.6 percent respectively, but due to their export dependency, they were not quite able to avoid the consequences of the recession in Western Europe.

The United Kingdom continued to suffer from the consequences of the financial crisis, with a particularly sharp increase in UK government debt. The policy of budgetary consolidation in combination with a rising private savings rate hindered economic recovery, resulting in a moderate recession (-0.3 percent).

In the Gulf states, economic growth weakened slightly compared with partially double-digit rates in the prior year. Nonetheless, stable, high oil prices and rising government spending allowed strong growth once again. This amounted to 4.0 percent in the United Arab Emirates, 6.0 percent in Saudi-Arabia and 6.3 percent in Qatar. The Indian economy continued its positive development. Growth is being slowed down, however, by the falling dynamism of exports and the lack of reform projects.

In the United States, economic growth accelerated during 2012 due to rising consumer spending and investments, and amounted to 2.1 percent for the full year. There were also increasing signs that the real-estate market had bottomed out and that house prices were stabilizing. But the labor market reacted only slowly to the economic recovery. After the presidential election, the debate about action to reduce the very high federal deficit (8.5 percent of GDP) resulted in renewed uncertainty. Canada posted a similar growth rate of 1.9 percent, but is suffering much less from fiscal problems.

Industrial

Companies' investments in plant and equipment, an important factor for industrial services, declined significantly in Europe in 2012 due to the economic situation. After an increase of 4.0 percent in the prior year, companies' capital expenditure in the euro zone decreased by 4.5 percent in 2012. Compared with the double-digit falls in some crisis countries, the decrease of 3.0 percent in Germany was rather moderate. The world economy worsened due to the European debt crisis, with a significant impact on investment rates in other regions of the world. Investments in India, for example, declined as of the middle of the year. In a global comparison, the high rates of investment in the United States stood out with growth of 5.0 percent.

Overall, declining rates of investment worldwide significantly reduced the growth of markets for industrial services. However, the ongoing outsourcing trend provided some compensation for falling levels of investment. Manufacturing companies increasingly turned to suppliers whose repair and maintenance services prevent economic damage from interruptions in production and contribute to reducing costs. The trend of purchasing integrated services from one source continued in 2012.

In 2012, growth of the German market for industrial services fell to about half its rate of 10 percent in 2011. This was reflected by lower growth in employment, which was still approximately 4.5 percent in the prior year. The volume of externally sourced industrial services in Germany is now estimated at €17 billion. The most important sector for externally sourced industrial services was still chemicals and petrochemicals, with a market share of a good 30 percent at the beginning of 2012.

Power

The market for industrial services in the field of power plants and energy is on a stable growth path worldwide. The main feature of the German market was still the energy changeover initiated in the year 2011, which will entail the fundamental reorganization of the system of energy supply. The permanent shutdown of eight nuclear power plants significantly reduced the proportion of electricity generated by nuclear power from 22.4 to 17.6 percent already in 2011, and this trend continued in 2012. At the same time, the winter of 2011/2012 showed that the number of critical power-network situations has increased considerably. Substantial investment in electricity generation and distribution are necessary to guarantee security of supply in the future. As well as the need to expand the network, there is also a strong demand for new power plants that can be used flexibly, especially in the south of Germany, to offset fluctuations in the production of solar and wind energy. Unclear pricing conditions for the provision of reserve capacities are still having a dampening effect on willingness to invest. Nonetheless, in the coming years, this upheaval will create stable demand for capable suppliers that can help to improve the economy of existing plants, especially of coal-fired power plants.

The abrupt implementation of Germany's energy changeover is unparalleled worldwide. But other national energy markets also feature fundamental changes that will create the right conditions for increased demand for services in the fields of power plants and energy. In the United States, it is estimated that the current dominance of coal as a source of electricity will disappear in the coming years. The average age of US coal-fired power plants now exceeds 45 years and is well above the originally intended service life of 30 years. Stricter environmental standards will lead to the closure or further modernization of many power plants in the years to come. Due to strong growth in confirmed gas reserves in deep rock strata, a sharp increase in market share is predicted for modern, gas-based power plants. New recovery technologies will secure the United States' potential as an oil and gas producing country for the foreseeable future. While the energy resources of oil and gas are about to experience an energy-policy renaissance in the USA, the Gulf states are investing consistently in the increased use of non-fossil energy resources. In addition to solar energy, nuclear power is playing a growing role, at least in the United Arab Emirates. In South Africa, energy policy is directed at ensuring security of supply. Large new coal-fired power plants and a pumped storage power plant are under construction. In the medium term, rising investments in renewable energy sources are planned to reduce the country's high dependence on coal.

Facility

The market for facility management services in Germany was largely unaffected by the European debt crisis in 2012, with overall growth of approximately 6 percent. However, it was still far away from the double-digit growth rates of the time before the financial crisis. The market's continuous expansion was reflected once again by an increase of about 5 percent in the number of people employed, whereby the industry is increasingly suffering from a lack of qualified personnel.

Market conditions featured ongoing pressure on prices and a tendency towards shorter contract periods. The market's volume is meanwhile estimated at just under €60 billion. The biggest proportions of the revenues generated are accounted for by infrastructure management (57 percent) and technical facility management (31 percent), with lower but growing shares accounted for by commercial facility management and other services. There is a strong demand for service packages with convincing concepts for improving energy efficiency and minimizing costs.

The customer mix remains highly diversified. Industry continues to be the most important sector accounting for 24 percent of total revenues, followed by healthcare with 13 percent. The sectors of telecommunications/IT, public authorities, and banking and insurance were approximately equal in volume, each accounting for about 10 percent of total revenues.

The proportion of German real-estate service providers' revenue generated outside the home market recently declined slightly and was about 15 percent. This reflects the severe economic problems in Southern Europe, which had a negative impact on cross-border opportunities. The most important foreign markets for companies in Germany were the neighboring countries of Austria, Switzerland, Poland and the Czech Republic, while access is still difficult to the market in France, Germany's biggest neighboring country. Outside Europe, Asia is the main sales market for German providers of facility management services.

Construction

The German construction industry showed a disparate picture in 2012. Public-sector and commercial construction contracted, while residential construction expanded. Public-sector construction investment slumped by a further 11 percent compared with the prior year, primarily due to the end of economic stimulus programs and the ongoing structural investment weakness of many municipalities. Demand for road construction and foundation engineering was comparatively good. Commercial construction investment fell by a moderate 1 percent. This was the result of falling capacity utilization due to weaker exports in the manufacturing sector and increasing skepticism with regard to ongoing economic developments. The situation of residential construction was quite different. Stable employment, good income developments, sharply increased distrust in the security of financial investments and historically low interest rates caused investment in residential construction to increase by 2.8 percent.

In Poland, the moderate economic slowdown had a corresponding impact on the construction industry. Falling numbers of building permits for residential and commercial construction reflect the industry's significant weakening. Infrastructure construction also became significantly less dynamic as the year progressed, with a distinct decrease in orders and the EU's high share of financing was not able to prevent the slow-down.

The British construction industry contracted by 4 to 5 percent in 2012 due to the country's worsened economic situation. In the coming years, an investment program with a volume of £40 billion designed to stimulate the economy will create new impetus.

In Austria, the required budget consolidation is having a negative impact on public-sector investment. There was significant expansion in the area of tunnel building, however. As in Germany, favorable financing conditions and concern about the security of monetary assets led to increased investment in residential construction.

In the northern countries of the European Union, the construction industry achieved slight growth only in Sweden (+2.6 percent), while investment in construction decreased slightly in Denmark and Finland. Outside the European Union, the rate of expansion of construction investment in Norway remained high as a result of stable, high oil revenues and lively residential construction.

Concessions

In the market for concession projects, the volume of new closings decreased around the world in 2012. In Germany, developments were slowed down by the expiry of economic stimulus programs and increasingly critical political discussion about public-private partnerships (PPPs). For this reason, the recovery observed last year did not continue. By August 2012, only ten new projects with a volume of €170 million had been initiated, compared with a contract volume of €1.2 billion in the prior year. However, more than 100 projects were in the planning stage at that time. The sector and its public-sector concession clients made efforts to increase the acceptance of PPPs through improved transparency and the disclosure of agreements.

Unlike the situation in Germany, PPP projects in Canada are well accepted and are being pushed forward as planned with the help of the P3 Canada Fund. As before, the most important sectors are health care and transportation.

In the United Kingdom, where the PPP market is also highly developed, the volume of new projects was well below the levels prevailing before the financial crisis. While new projects with a total contract volume of £8 billion were concluded in 2007, the volume had fallen to just over £2 billion in 2012.

In Australia, PPP plays a role in all areas of infrastructure provision. The main impetus in 2011/12 was from the area of new hospital construction.

Business developments in 2012

Bilfinger achieved the goals it had set itself in the year 2012. Output volume and earnings increased once again, despite divestments and the planned volume reduction in the Construction business segment. The EBITA margin increased – driven also by capital gains – to 5.4 percent (2011: 4.7 percent). Earnings were thus at the upper end of the forecast. Shareholders will participate in the successful development of business with an attractive dividend of €3.00 per share (2011: €2.50 plus €0.90 bonus).

Bilfinger developed well in an economically difficult environment. Output volume, of which 61 percent was generated in international markets (2011: 60 percent), increased by 2 percent to €8,635 million, also as a result of acquisitions and despite the deconsolidation of the Nigerian business as of June 30, 2012 and reduced business volume in the Construction segment. As a result of these two effects, however, order backlog decreased by 5 percent to €7,422 million. The volume of orders received by the Group of €8,348 million was 7 percent higher than the prior-year figure.

OUTPUT VOLUME, ORDERS RECEIVED, ORDER BACKLOG
€ million

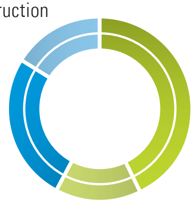
	2012	2011	Δ in %
Output volume	8,635	8,476	+2
Orders received	8,348	7,776	+7
Order backlog	7,422	7,833	-5

Boosted by capital gains, EBITA increased significantly to €466 million (2011: €397 million). Net profit amounts to €275 million. Net profit in 2011 of €394 million also included earnings from discontinued operations of €174 million, primarily from the sale of Valemus Australia.

PLAN / ACTUAL COMPARISON	Actual 2012	Outlook Interim report H1 2012 and Interim Report Q3 2012	Outlook Annual Report 2011 and Interim Report Q1 2012	Actual 2011
Output volume	€8.6 billion	at least €8.4 billion	Decrease	€8.5 billion
EBITA	€466 million	€450 - 470 million	Significant increase	€397 million
Net profit	€275 million	€265 - 275 million	Substantially higher than earnings from continuing operations of €220 million in financial year 2011	€394 million

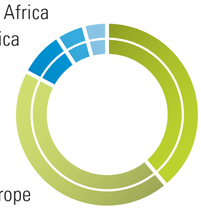
OUTPUT VOLUME BY BUSINESS SEGMENT
€ million

	2012	2011	Δ in %
Industrial	3,705	3,294	+12
Power	1,319	1,157	+14
Building and Facility	2,249	2,256	0
Construction	1,404	1,751	-20
Consolidation, other	-42	18	
	8,635	8,476	+2



OUTPUT VOLUME BY REGION
€ million

	2012	2011	Δ in %
Germany	3,331	3,360	-1
Rest of Europe	3,747	3,520	+6
America	709	624	+14
Africa	468	565	-17
Asia	380	407	-7
	8,635	8,476	+2



CONSOLIDATED INCOME STATEMENT (ABRIDGED)
€ million

	2012	2011
Output volume from continuing operations (for information only)	8,635	8,476
Revenue	**8,509**	**8,209**
Cost of sales	-7,374	-7,142
Gross profit	**1,135**	**1,067**
Selling and administrative expenses	-852	-771
Other operating income and expense	107	37
Income from investments accounted for using the equity method	25	28
Earnings before interest and taxes (EBIT)	**415**	**361**
Net interest result	-34	-30
Earnings before taxes	**381**	**331**
Income tax expense	-104	-109
Earnings after taxes from continuing operations	**277**	**222**
Earnings after taxes from discontinued operations	**0**	**174**
Earnings after taxes	277	396
thereof minority interest	2	2
Net profit	**275**	**394**
Average number of shares (in thousands)	44,140	44,140
Earnings per share (in €)	6.23	8.93
thereof from continuing operations	6.23	4.99
thereof from discontinued operations	0.00	3.94

Results of operations

Revenue / output volume

Revenue increased by 4 percent to €8,509 million (2011: €8,209 million) and output volume rose by 2 percent to €8,635 million (2011: €8,476 million). Revenue primarily comprises revenue from the rendering of services and construction contracts, but also for goods and services supplied to joint ventures as well as our proportionate share of joint ventures' profits and losses. Revenue does not include our share of the output volume generated by joint ventures. For the presentation of the total output volume generated by the Group, we therefore report on output volume rather than revenue in the management report. For the reconciliation of revenue to output volume, goods and services supplied to joint ventures and the proportionate share in the profit or loss of joint ventures have to be deducted and our proportionate share of the revenue generated by joint ventures has to be added.

Cost of sales

The main components of cost of sales are material expenses and personnel expenses. Other components of cost of sales are depreciation of property, plant and equipment, amortization of intangible assets from acquisitions, and other costs directly allocable to the sale process. The level of these costs in relation to sales revenue differs from period to period and fluctuates from order to order, mainly depending on the extent that subcontractors are used. Whereas order processing in the Group's own output volume is reflected in both material expenses and personnel expenses, all costs for the use of subcontractors are allocated to material expenses.

Cost of sales increased by 3 percent to €7,374 million (2011: €7,142 million). In relation to revenue, cost of sales decreased slightly to 86.7 percent (2011: 87.0 percent). Of that total, material and personnel expenses accounted for 78.0 percentage points (2011: 79.2 percentage points).

Cost of sales also includes amortization of intangible assets from acquisitions of €51 million (2011: €36 million). This relates to scheduled amortization of capitalized items from acquired order backlogs and long-term customer relations from acquisitions. Depreciation of property, plant and equipment was almost unchanged compared with the prior year at €126 million (2011: €125 million), of which €98 million was allocated to cost of sales (2011: €96 million). The remaining depreciation of property, plant and equipment is allocated to selling and administrative expenses.

Gross profit

Gross profit increased to €1,135 million (2011: €1,067 million). In relation to output volume, the gross margin increased to 13.1 percent (2011: 12.6 percent).

Selling and administrative expenses

Selling and administrative expenses increased to €852 million (2011: €771 million), equivalent to 9.9 percent of output volume (2011: 9.1 percent). That total includes increased expenses for the penetration of new markets and to develop new service offerings, as well as costs for the BEST strategy program.

Other operating income and expense

The balance of other operating income and expense increased significantly to €107 million (2011: €37 million). It includes contributions to earnings totaling €45 million from the reduction of our equity interest in the Nigeria business and of €52 million from the sale of 18 concession companies in the Concessions business segment. There was an opposing, negative effect of €13 million from the impairment of a concession project in Australia.

Income from investments accounted for using the equity method

Income from investments accounted for using the equity method is composed of income and expenses from associated companies and jointly controlled entitier and decreased to €25 million (2011: €28 million). The decrease was the result of the sale of investments in the Concessions business segment.

EBIT / EBITA

EBIT amounts to €415 million (2011: €361 million). Since the 2012 financial year, EBITA (earnings before interest, taxes and amortization of intangible assets from acquisitions) serves as a measure of operating profit.

EBITA increased significantly to €466 million (2011: €397 million). It includes the aforementioned capital gains totaling €97 million. There were opposing effects from the approximately €48 million lower operating profit from the operation of the sold concession projects, the impairment of an Australian concession project and one-time expenses for our BEST strategy program. In relation to output volume, the EBITA margin was 5.4 percent (2011: 4.7 percent).

In the Industrial business segment, EBITA increased to €206 million, primarily as a result of acquisitions (2011: €169 million). The EBITA margin increased to 5.6 percent (2011: 5.1 percent).

EBITA*
€ million

	2012	2011
Industrial	206	169
Power	123	96
Building and Facility	106	94
Construction	25	37
Concessions	41	23
Consolidation, other	-35	-22
Continuing operations	466	397

* A change in the allocation of headquarters expenses at the beginning of the year 2012 led to an increase in the business segments' EBITA margins of 0.3 percentage points and to a corresponding charge on headquarters. This change has no impact on the earnings of the Group. The prior-year figures have not been adjusted.

In the Power business segment, EBITA increased to €123 million (2011: €96 million). With another increase in the EBITA margin to 9.3 percent (2011: 8.3 percent), Power is once again the segment of the Bilfinger Group with the highest profit margin.

In the Building and Facility business segment, EBITA increased to €106 million (2011: €94 million). The EBITA margin increased to 4.7 percent (2011: 4.2 percent).

In the Construction business segment, EBITA decreased to €25 million (2011: €37 million). The EBITA margin was 1.8 percent (2011: 2.1 percent). Earnings of the Infrastructure business unit lagged behind expectations, partially due to the difficult situation in the Polish market, while the other business units achieved improved margins.

In the Concessions business segment, EBITA increased to €41 million (2011: €23 million) due to the aforementioned capital gain of €52 million from the sale of projects to the infrastructure fund. EBITA for 2012 includes the impairment charge of €13 million recognized in the second quarter on a project in Australia.

In order to assess the success of our concessions business, we also take into consideration the annual changes in the present value of future cash flows. The development of the value of our concessions portfolios is explained in detail in the chapter of this Annual Report on the *Valuation of the project portfolio in the Concessions business segment* (see pages 188ff.).

EBITA not allocated to the business segments amounts to minus €35 million (2011: minus €22 million). This includes the aforementioned capital gains in the Nigeria business of €45 million. There were opposing effects in particular from the changed allocation of headquarters expenses of €25 million and from one-time expenses for our BEST strategy program of €17 million.

Net interest result

Net interest result decreased to minus €34 million (2011: minus €30 million). This reflects a decrease in interest income to €14 million caused by the lower average liquidity and the lower level of interest rates (2011: €19 million). Current interest expense was almost unchanged at €26 million (2011: €25 million). The interest expense from the increase in the retirement benefit obligation – offset against the income from plan assets – amounted to €15 million, as in 2011. Income of €1 million was achieved from securities (2011: €0 million).

The interest expense for minority interest decreased to €8 million (2011: €9 million).

Earnings before and after taxes

Earnings before taxes increased to €381 million (2011: €331 million). Nonetheless, income taxes decreased to €104 million (2011: €109 million). Adjusted for tax-free capital gains and the impairment of an investment with no tax effect, the effective tax rate is 32 percent (2011: 33 percent).

Earnings after taxes from continuing operations increased to €277 million (2011: €222 million). In the prior year, the sale of Valemus Australia in particular had led to earnings after taxes from discontinued operations in the amount of €174 million. As a result of this base effect, earnings after taxes of €277 million were below the prior-year figure of €394 million.

Minority interest

Profit attributable to minority interest amounts to €2 million, as in the prior year.

Net profit / earnings per share

Net profit amounts to €275 million. Net profit in 2011 of €394 million also included earnings from discontinued operations of €174 million.

Earnings per share amount to €6.23 (2011: €8.93). Of that total, €6.23 is accounted for by continuing operations (2011: €4.99).

Attractive dividend once again

It is proposed that the dividend for the year 2012 be increased to €3.00 per share (2011 €2.50). Last year, a bonus of €0.90 per share was also paid out due to the capital gain realized on the sale of Valemus in Australia, i.e. a total of €3.40 per share was distributed. This represents a total dividend payout of €132 million for the year 2012 (2011: €150 million) in relation to the number of shares entitled to a dividend as of February 26, 2013. On the basis of the share price at the end of 2012, this represents a dividend yield of 4.1 percent.

Value added

Value added – the difference between return on capital employed (ROCE) and the cost of capital – is an important key figure for measuring profitability of capital employed and for the efficient controlling of the capital employed. The weighted average cost of capital (WACC) for the Group amounts to 9.25 percent before taxes (2011: 9.75 percent). The ROCE of the business segments is compared with segment-specific cost-of-capital rates to reflect their differing risk profiles. These rates of return are 9.25 percent for the Industrial, Power and Building and Facility business segments (2011: 9.5 percent), 11.25 percent for the Construction business segment (2011: 11.5 percent) and an unchanged 8.5 percent for the Concessions business segment. Further details can be found in the chapter *Return-on-capital-employed controlling* (see pages 186ff).

The average capital employed at the Group increased to €2,684 million in 2012 (2011: €2,529 million). The average equity – adjusted for the negative hedging instruments reserve – increased by €103 million and the average interest-bearing liabilities increased by €52 million.

The Group's ROCE from continuing operations decreased due to the higher capital employed to 17.1 percent (2011: 18.1 percent); value added in absolute terms nonetheless increased slightly to €211 million (2011: €204 million). In 2011, the sale of Valemus Australia resulted in a substantial additional return, so with the inclusion of discontinued operations, there was a ROCE of 24.5 percent and value added of €374 million.

In the Industrial business segment, ROCE was at the level of the prior year of 15.2 percent (2011: 15.4 percent), despite significantly higher EBITA. This was due to a primarily acquisition-related increase in capital employed to €1,351 million (2011: €1,094 million). Value added increased to €81 million (2011: €65 million).

Despite the higher level of capital employed in the Power business segment, ROCE increased slightly due to the high return to 32.5 percent (2011: 31.2 percent). Value added increased to €89 million (2011: €69 million).

In the Building and Facility business segment, ROCE decreased due to higher capital employed following acquisitions to 20.5 percent (2011: 23.3 percent). Value added was nearly unchanged at €59 million (2011: €60 million).

As a result of the lower EBITA, ROCE in the Construction business segment decreased to 16.1 percent (2011: 19.1 percent) and value added fell to €12 million (2011: €20 million).

Despite new investment in the Concessions business segment, capital employed decreased to €186 million due to the sale of projects during the reporting year (2011: €230 million). The calculation of return takes into account not only EBITA, but also the portfolio's value growth

DETERMINATION OF THE COST OF CAPITAL (WACC)

	2012	2011
Risk-free interest rate	3.0 %	3.5 %
Market risk premium	5.5 %	5.0 %
Beta factor	0.87	0.87
Cost of equity capital after taxes	**7.80 %**	**7.83 %**
Cost of borrowed capital before taxes	4.25 %	5.50 %
Tax rate	31.0 %	31.0 %
Cost of borrowed capital after taxes	**2.93 %**	**3.80 %**
Proportion of equity capital	70.0 %	70.0 %
Proportion of borrowed capital	30.0 %	30.0 %
Cost of capital (WACC) after taxes	**6.34 %**	**6.62 %**
Income tax rate	31.0 %	31.0 %
Cost of capital (WACC) before taxes (rounded)	**9.25 %**	**9.75 %**

VALUE ADDED IN THE BUSINESS SEGMENTS

	Capital Employed € million		Return € million		ROCE %		Cost of Capital %		Value added € million	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Industrial	1,351	1,094	206	169	15.2	15.4	9.25	9.5	81	65
Power	384	317	125	99	32.5	31.2	9.25	9.5	89	69
Building and Facility	525	438	107	102	20,5	23.3	9.25	9.5	59	60
Construction	243	261	39	50	16.1	19.1	11.25	11.5	12	20
Concessions	186	230	19	49	10.5	21.3	8.5	8.5	4	29
Consolidation. other	-5	110	-37	-26	-	-	-	-	-34	-39
Continuing operations	2,684	2,450	459	443	17.1	18.1	9.25	9.75	211	204
Discontinued operations	0	79	0	177	-	226.4	-	9.75	0	170
Consolidated Group	**2,684**	2,529	**459**	620	**17.1**	24.5	**9.25**	9.75	**211**	374

compared with a year earlier. The calculation of the segment's value added of €19 million (2011: €27 million) is explained in detail in the chapter 'Valuation of the project portfolio in the Concessions business segment' (see pages 188ff.). Due to the sale of projects and the impairment of a project, value added taken into account in previous years had to be corrected by minus €41 million. As a result, with a ROCE of 10.5 percent (2011: 21.3 percent), value added decreased to €4 million (2011: €29 million).

The value added by headquarters and consolidation was negative at minus €35 million (2011: minus €39 million).

Net assets

Total assets decreased due to the sale of concession companies to €6.9 billion (2011: €7.7 billion). This is evident from the disposal of assets and liabilities classified as held for sale.

On the assets side, non-current assets increased to €3,519 million (2011: €3,090 million).

As a result of the acquisition of companies, intangible assets, which primarily comprise acquired goodwill of €1,744 million (2011: €1,434 million) and intangible assets from acquisitions of €121 million (2011: €106 million), increased to €1,890 million (2011: €1,561 million).

Property, plant and equipment increased to €690 million (2011: €647 million) and receivables from concession projects increased to €508 million (2011: €377 million).

Other non-current assets decreased to €431 million, due in particular to the repayment of loans to concession companies (2011: €505 million).

Receivables and other current assets rose to €2,244 million due to an increase in trade receivables (2011: €2,022 million).

Cash and cash equivalents amounted to €1,087 million at the end of the year (2011: €847 million). Current and non-current financial liabilities – excluding project debt on a non- recourse basis – increased following the issue of a bond in a volume of €500 million to €711 million (2011: €186 million).

Non-recourse debt reflects project financing in the Concessions business segment, which is granted without any liability for the Group. It increased in line with receivables from concession projects to €470 million (2011: €348 million).

Primarily due to a decrease in the applicable interest rate to 3.5 percent (2011: 5.0 percent), the retirement benefit obligation increased significantly to €394 million (2011: €325 million).

CONSOLIDATED BALANCE SHEET (ABRIDGED)

€ million

	Dec 31, 12	Dec 31, 11
Assets		
Non-current assets		
Intangible assets	1,890	1,561
Property, plant and equipment	690	647
Receivables from concession projects	508	377
Other non-current assets	431	505
	3,519	**3,090**
Current assets		
Receivables and other current assets	2,244	2,022
Cash and cash equivalents	1,087	847
Assets classified as held for sale	0	1,761
	3,331	**4,630**
	6,850	**7,720**
Equity and liabilities		
Equity	**2,037**	**1,793**
Financial debt, non-recourse	**470**	**348**
Non-current liabilities		
Retirement benefit obligation	394	325
Non-current financial debt, recourse	519	181
Other non-current liabilities	374	314
	1,287	**820**
Current liabilities		
Current financial debt, recourse	192	5
Other current liabilities	2,864	2,959
Liabilities classified as held for sale	0	1,795
	3,056	**4,759**
	6,850	**7,720**

Other current liabilities decreased to €2,864 million (2011: €2,959 million). This mainly reflects a reduction in provisions, especially due to the utilization of provisions for risks from discontinued operations.

The negative working capital decreased to minus €620 million (2011: minus €939 million).

Equity increased significantly to €2,037 million (2011: €1,793 million). Earnings after taxes contributed €277 million of the increase while dividend payments led to a decrease of €152 million. Items not recognized in the income statement increased equity by €119 million. This primarily reflects the reduction in the negative hedging instruments reserve of €172 million, which was caused by the sale of concession companies. There were opposing effects above all from actuarial losses on pension plans of €45 million and from negative exchange rate effects of €11 million.

The equity ratio increased to 30 percent at the balance sheet date (2011: 23 percent).

Financial position

Principles and objectives of financial management

The main aspects of the Group's financial policy are determined by the Executive Board of Bilfinger SE. The prime objective of financial management is to maintain liquidity and limit financial risk. In addition, we regard financial flexibility as an important precondition for our further corporate development.

Within the context of the central Group financing, the application of available surplus liquidity as well as the provision and utilization of financing instruments on a recourse basis for the entire Bilfinger Group are managed and executed by Group Treasury.

The controlling of market price change risks as well as creditworthiness risks of financial counterparts is also carried out centrally by means of a Group-wide limit and control system. To this end, financial derivatives are also used to a limited extent.

We report in detail on our management of financial risk in the risk and opportunities report on pages 94ff. and in the Notes to the consolidated financial statements under Note 31 *Risks related to financial instruments, financial risk management and hedging relationships.*

Financing

The main source of funds for corporate financing is our business operations and the cash they generate. This is based not only on operating profits, but also on the stringent management of working capital.

For the purpose of general corporate financing, our main banks have provided a firmly committed, syndicated credit facility of €500 million, available until 2016, which had not been utilized at the balance sheet date. We also have additional short-term bilateral credit commitments of approximately €180 million.

We have credit by way of bank guarantees of approximately €3.3 billion from various banks and bonding insurers available to meet the needs of the project business, which is not fully utilized. Of the total, €1.8 billion is accounted for by guarantee facilities with maturities in 2014.

Detailed information on existing financial debt with maturities and interest rates is provided in the notes to the consolidated financial statements under Note 27 *Financial debt.*

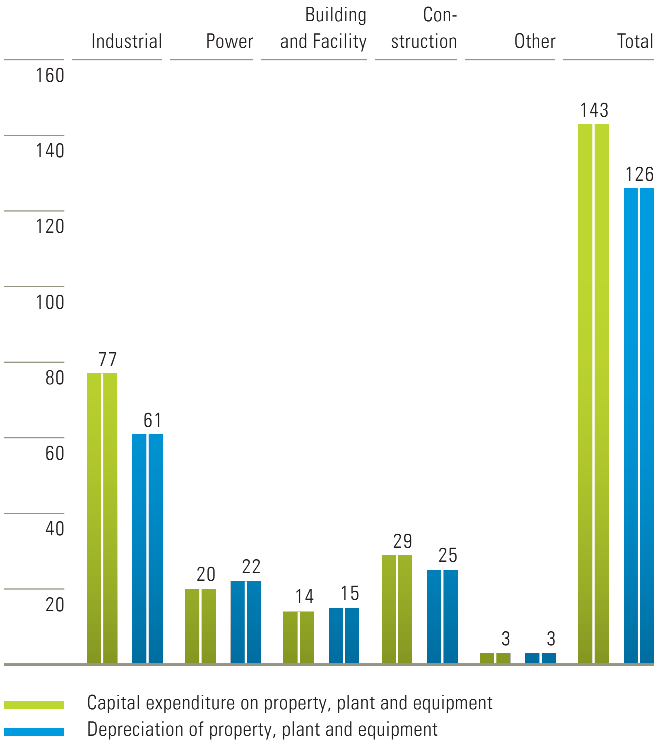
Financial debt – excluding non-recourse debt – totaled €711 million on the balance sheet date (2011: €186 million). Of that total, €519 million is non-current (2011: €181 million) and €192 million is current (2011: €5 million). It includes financial leasing of €18 million (2011: €18 million).

For the ongoing implementation of our growth strategy and to refinance a promissory-note loan of €166 million falling due in mid-2013, we successfully placed a non-subordinated unsecured corporate bond of €500 million in December 2012 maturing in December 2019.

GROUP FINANCIAL STATUS, RECOURSE LIABILITIES
€ million

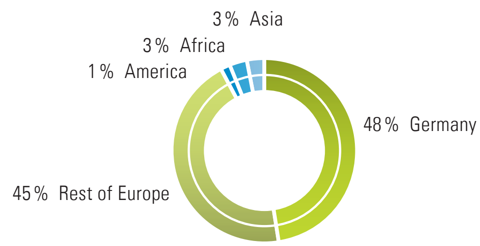
	Amount utilized	Available credit	Amount utilized	Available credit
		2012		2011
Bank guarantees	**3,288**	**2,179**	3,711	2,195
thereof with residual term < 1 year	1,468	988	1,891	1,367
Syndicated credit facility	**680**	**27**	646	2
thereof with residual term < 1 year	180	22	144	2
Promissory-note loan	**166**	**166**	166	166
thereof with residual term < 1 year	166	166	-	-
Corporate bond	**500**	**500**	-	-
thereof with residual term < 1 year	-	-	-	-
Finance leases	**18**	**18**	18	18
thereof with residual term < 1 year	4	4	3	3

CAPITAL EXPENDITURE / DEPRECIATION BY BUSINESS SEGMENT
€ million



CAPITAL EXPENDITURE ON PROPERTY, PLANT AND EQUIPMENT BY REGION
€ million

	2012	2011
Germany	69	59
Rest of Europe	65	63
America	1	1
Africa	4	2
Asia	4	2
	143	127



We finance our concession projects with the use of project-specific non-recourse financing. The lenders have no access to Bilfinger's assets or cash flows outside the respective project companies. Following the sale of shares in 18 concession projects in 2012, that non-recourse financial debt amounts to €470 million at the balance sheet date (2011: €1,763 million). We do not utilize off-balance sheet financing instruments.

Approved capital of €69 million is available for future equity increases.

Bilfinger also has conditional equity of €14 million to be used to grant conversion and/or warrant rights in the case of convertible bonds being issued.

We report in detail on the existing authorizations of the Executive Board to raise capital in the management report on pages 102ff., as part of the disclosure pursuant to Sections 289 (4) and 315 (4) of the German Commercial Code (HGB).

Capital expenditure

Capital expenditure on property, plant and equipment and intangible assets – excluding intangible assets from acquisitions in accordance with IFRS 3 – amounted to €143 million (2011: €127 million). €68 million of the total was invested in operating equipment and office equipment, €49 million in technical equipment and machinery, €14 million in land and buildings and €12 million in intangible assets. Depreciation and amortization amounted to €126 million, almost unchanged from the prior year (2011: €125 million).

The Industrial business segment accounted for €77 million or an unchanged 54 percent of the total capital expenditure (2011: €69 million). €46 million was invested in operating equipment and office equipment, of which scaffolding accounted for €28 million (2011: €45 million, thereof €30 million for scaffolding). A further €21 million was invested in technical equipment and machinery (2011: €20 million).

Capital expenditure at the Power business segment totaled €20 million (2011: €14 million), with €9 million invested in operating equipment and office equipment (2011: €6 million) and €7 million invested in technical equipment and machinery (2011: €5 million).

The Building and Facility business segment invested a total of €14 million (2011: €16 million), €7 million invested in operating equipment and office equipment (2011: €10 million) and €3 million invested in technical equipment and machinery (2011: €2 million).

Capital expenditure in the Construction business segment totaled €29 million (2011: €26 million), whereof €19 million was invested in construction machinery (2011: €17 million) and €5 million was invested in operating equipment and office equipment (2011: €6 million).

The regional focus of investment was on Europe, which accounted for 93 percent of the total (2011: 95 percent). Germany accounted for 48 percent of total investment (2011: 46 percent).

Payments totaling €402 million were made for investments in financial assets (2011: €218 million), of which €24 million is accounted for by the Concessions business segment (2011: €85 million). Corporate acquisitions, increases in equity interests and earn-out obligations accounted for €378 million (2011: €133 million). The most important acquisitions include the companies Neo Structo, Tebodin and Westcon in the Industrial business segment, the company Envi Con in the Power business segment and the company S.I.E.L.V. in the Facility business segment.

Further information on corporate acquisitions can be found in the notes to the consolidated financial statements on pages 135ff. under Consolidated Group.

Statement of cash flows

Cash earnings increased to €473 million (2011: €386 million), primarily due to the higher level of earnings after taxes and increased depreciation and amortization. Cash tied up in working capital increased by €145 million (2011: €91 million). This was due to structural changes, in particular the sale of our Nigerian activities and less favorable terms of payment as well as the reduction of our construction business in the reporting year.

The gains on disposals of fixed assets, which are to be deducted from the operating cash flow, increased substantially to €104 million (2011: €14 million). They primarily reflect gains on the sale of shares in 18 concession companies and from the reduction of our equity interest in the Nigeria business.

The cash flow from operating activities of continuing operations amounts to €224 million (2011: €281 million).

Investments in property, plant and equipment and intangible assets totaled €143 million (2011: €127 million). These cash outflows were reduced by a cash inflow of €17 million (2011: €13 million). The net cash outflow of €126 million was once again at a comparatively low level (2011: €114 million).

STATEMENT OF CASH FLOWS (ABRIDGED)
€ million

	2012	2011
Cash earnings from continuing operations	**473**	386
Changes in working capital	-145	-91
Gains on the disposal of non-current assets	-104	-14
Cash flow from operating activities of continuing operations	**224**	281
Capital expenditure on P, P & E and intangible assets	-143	-127
Proceeds from the disposal of property, plant and equipment	17	13
Cash outflow for P, P & E and intangible assets	**-126**	-114
Proceeds from the disposal of financial assets	**333**	607
Free cash flow from continuing operations	**431**	774
Investments in financial assets	**-402**	-218
Cash flow from financing activities of continuing operations	**335**	-206
Dividends	-152	-114
Repayment of financial debt / borrowing	487	-92
Change in cash and cash equivalents from continuing operations	**364**	350
Change in cash and cash equivalents from discontinued operations	**-119**	-68
Change in value of cash and cash equivalents due to changes in foreign exchange rates	**5**	-8
Change in cash and cash equivalents	**250**	274
Cash and cash equivalents at January 1	847	537
Cash and cash equivalents of discontinued operations at January 1, 2011 (+)	-	306
Cash and cash equivalents classified as assets held for sale (Concessions) at January 1, 2012 (+) / at December 31, 2011 (-)	68	68
Disposal of cash and cash equivalents Concessions / Valemus	-78	-202
Cash and cash equivalents at December 31	**1.087**	847

Disposals of financial assets, mainly relating to Nigeria and the concessions business, resulted in proceeds of €333 million. This led to free cash flow of €431 million (2011: €774 million) which is once again well above average. The unusually high prior-year figure was boosted by the cash inflow from the sale of Valemus Australia.

Investments in financial assets increased to €402 million (2011: €218 million). Of that total, €378 million was invested to acquire companies, to increase equity interests in companies and to meet earn-out obligations (2011: €133 million). €24 million was applied for capital contributions and loans in the concessions business (2011: €35 million). In 2011, €50 million was invested to acquire a 19.9 percent equity interest in the infrastructure investment fund placed on the London Stock Exchange.

Financing activities of continuing operations resulted in a net cash inflow of €335 million, after an outflow of €206 million in the prior year. Payment of the dividend for the year 2011 comprised an amount of €150 million (prior year: €110 million) paid to the shareholders of Bilfinger SE and €2 million paid to minority interest (2011: €4 million). Net borrowing amounted to €487 million. This includes the cash inflow of €500 million from the issuance of a bond. In 2011, €92 million was applied for the repayment of loans. €84 million of that amount constituted the scheduled repayment of the first tranche of a promissory-note loan in an original amount of €250 million.

The change in cash and cash equivalents of continuing operations amounted to an increase of €364 million (2011: increase of €350 million). There was a decrease in cash and cash equivalents of €119 million from discontinued operations (2011: decrease of €68 million). In 2012, this primarily reflects payments made after the conclusion of two longstanding legal disputes.

Exchange-rate changes led to an arithmetical increase in cash and cash equivalents of €5 million, after a decrease of €8 million in 2011.

Cash and cash equivalents of concession projects classified as held for sale amounted to €68 million at January 1, 2012, and were disposed of along with the sale of those projects at their respective levels then totaling €78 million.

In total, cash and cash equivalents at the end of the year increased to €1,087 million (2011: €847 million).

Information on the results of operations, net assets and financial position of Bilfinger SE (company financial statements in accordance with the German Commercial Code – HGB)

Results of operations

The income statement of the company financial statements of Bilfinger SE is characterized by its holding function. Revenue amounted to €113 million (2011: €137 million) and resulted almost solely from services charged to companies of the Group. The decrease as compared with the prior-year is due to the change in accounting of headquarters costs from the beginning of the financial year.

INCOME STATEMENT OF BILFINGER SE (HGB)

€ million

	2012	2011
Revenue	113	137
Other operating income	8	572
Personnel expenses	-65	-52
Amortization of intangible assets / depreciation of property, plant & equipment	-1	-1
Other operating expenses	-134	-295
Earnings from financial assets	294	150
Net interest result	-3	-8
Earnings from ordinary business activities	**212**	**503**
Income tax expense	-14	-19
Net profit	**198**	**484**
Profit carryforward	97	5
Allocation to other retained earnings	-99	-242
Unappropriated retained earnings	**196**	**247**

BALANCE SHEET BILFINGER SE (HGB, ABRIDGED)

€ million

	Dec 31, 2012	Dec 31, 2011
Assets		
Non-current assets		
Intangible assets and P, P & E	3	3
Financial assets	1,948	1,705
	1,951	1,708
Current assets		
Receivables and other assets	349	465
Cash and cash equivalents	904	584
	1,253	1,049
Excess of plan assets over pension liability	21	23
Assets	3,225	2,780
Equity and liabilities		
Equity	1,512	1,464
Provisions	253	326
Liabilities	1,460	990
Equity and liabilities	3,225	2,780

Other operating income of €8 million (2011: €572 million) also includes income from currency translation. In the previous year, this item included a capital gain in the amount of €554 million from the sale of Valemus Australia.

The increase in personnel expenses is influenced by both the increase in the average number of employees and by higher retirement benefit costs of €2 million.

Other operating expense primarily consists of non-personnel administrative expenses, rents and leases, insurance premiums, other service and personnel expenses as well as additions to provisions. The decrease of this item to €134 million (2011: €295 million) is mainly attributable to the fact that the prior-year figure included a risk provision in connection with the sale of Valemus Australia.

Financial income of €294 million (2011: €150 million) mainly comprises income from profit-and-loss-transfer agreements as well as other investment income from companies of the Group. Income and expenses from profit-and-loss-transfer agreements are subject to fluctuations relating to the accounting of contracts in accordance with the realization principle of the German Commercial Code (HGB). In the year under review this included gains from the disposal of 18 concession companies in the Concessions business segment and the reduction of our investments in the Nigerian business.

Net interest income improved, mainly due to a significant decrease in interest expenses for associated companies by €5 million to minus €3 million (2011: minus €8 million). The decrease in current interest income was offset by higher income from plan assets for pension provisions.

Profit from ordinary activities declined to €212 million (2011: €503 million), whereby the prior-year figure was influenced by the capital gain from the sale of Valemus Australia.

In terms of the tax expense in the amount of €14 million (2011: €19 million), it must be considered that earnings from profit-and-loss-transfer agreements primarily comprise tax-free distributions and capital gains.

Net profit after taxes amounts to €198 million (2011: €484 million). Thereof, 50 percent or €99 million has been transferred to other retained earnings. Including the profit carried forward of €97 million (2011: €5 million), this results in distributable earnings of €196 million (2011: €247 million).

Net assets and financial position

The net assets and financial position of Bilfinger SE is governed by its function as a holding.

Total assets of €3,225 million (2011: €2,780 million) primarily comprise financial assets of €1,948 million (2011: €1,705 million), receivables of €349 million (2011: €465 million), and cash and cash equivalents of €904 million (2011: €584 million).

Financial assets increased by €243 million to €1,948 million. Shares in associated companies in particular increased by €148 million, for the most part due to the acquisition of Dutch company Tebodin B.V., The Hague. In addition, loans to associated companies and subsidiaries recorded an increase of €88 million. While loans were reduced in relation to disposals in the Concessions business segment, the financing of growth in the Industrial business segment led to a significant increase of this item overall.

Receivables and other assets of €335 million (2011: €432 million) mainly comprises receivables from subsidiaries in connection with the Group's central corporate financing.

The increase in cash and cash equivalents to €904 million (2011: €584 million) is attributable to the placement of a bond in the amount of €500 million in December 2012.

On the equity and liabilities side, equity amounts to €1,512 million (2011: €1,464 million), provisions amount to €253 million (2011: €326 million) and liabilities amount to €1,460 million (2011: €990 million).

Provisions include tax provisions of €45 million (2011: €44 million) and other provisions of €208 million (2011: €281 million). Other provisions declined mainly due to the use of a risk provision made in the previous year for guarantees granted as part of the sale of Valemus Australia.

The retirement benefit obligation is fully netted with plan assets, whereby the surplus funding of €21 million (2011: €23 million) is presented as a net asset after offsetting.

Liabilities include liabilities to associated companies in the amount of €699 million (2011: €711 million) from deposits in connection with the central cash pooling. They also relate to financial debt in the amount of €666 million (2011: €166 million). As before, €166 million of that is accounted for by a promissory note loan which is due for repayment in mid-2013. A further €500 million relates to a non-subordinated unsecured bond issued in December 2012 with a term until December 2019.

Based on the increased balance-sheet total, the equity ratio on the balance sheet date was 47 percent (2011: 53 percent).

Opportunities and risks

The business development of Bilfinger SE is generally subject to the same risks and opportunities as the Bilfinger Group.

As the parent company of the Bilfinger Group, Bilfinger SE is included in the Group-wide internal control and risk-management system.

Outlook

As the parent company of the Group without any business operations of its own, Bilfinger SE receives revenue primarily from its subsidiaries. Positive expectations with regard to the Group's business development will generally affect the earnings of Bilfinger SE. We assume that we will continue to achieve a net profit sufficient for our shareholders to participate in the company's success with an attractive dividend.

Declaration of corporate governance in accordance with Section 289 a of the German Commercial Code (HGB)

The declaration of corporate governance pursuant to Section 289 a of the German Commercial Code (HGB) has been made available on the company's website (www.bilfinger.com) under the heading *Corporate governance.*

INDUSTRIAL

WE ARE ONE OF THE WORLD'S LEADING PROVIDERS OF INTEGRATED TECHNICAL SERVICES FOR THE PROCESS INDUSTRY

THE KEY TO OUR SUCCESS IS OUR COMPREHENSIVE RANGE OF TECHNICAL SERVICES FOR THE ENTIRE LIFECYCLE OF INDUSTRIAL PLANTS, FROM ENGINEERING TO MAINTENANCE

WE PROVIDE OUR SERVICES TO CLIENTS WORLDWIDE WITH THE HIGHEST STANDARDS OF OCCUPATIONAL SAFETY, ENVIRONMENTAL PROTECTION AND QUALITY

Market position and strategic success factors

We are a preferred partner for our clients in the process industry and the energy sector, and set standards for technical solutions covering the entire lifecycle of their plants. Several competitors enjoy a degree of importance similar to that of our two Subgroups, Bilfinger Industrial Services and Bilfinger Industrial Technologies, only in sub-markets or individual regions. Those two Subgroups together make up the Industrial business segment.

The services we provide range from consulting, engineering and project management to manufacturing and assembly as well as solutions for far-reaching maintenance concepts and ambitious projects. We package our expertise to create optimal, needs-oriented solutions for our clients. Our goal is to increase plant efficiency and availability for our clients, thus improving plant productivity, reducing relative maintenance costs, and to optimizing lifecycle costs.

With a focus on long-term partnerships, we combine local presence, proximity to clients and a services orientation with the expertise and solidity of an international group, to the benefit of our clients.

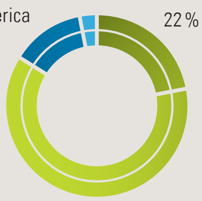
An important part of our operational activities relates to the general overhaul of large plants in the process industry, also known as turnarounds. They serve to perform regular inspections of large-scale industrial plants and are used to carry out alterations or expansions. Turnarounds require up to 100,000 individual tasks, which have to be performed by a large number of involved companies within a very short time in order to keep the production shortfall as small as possible.

KEY FIGURES INDUSTRIAL
€ million

	2012	2011	Δ in %
Output volume	3,705	3,294	+12
Orders received	3,737	3,224	+16
Order backlog	2,733	2,476	+10
Capital expenditure on P, P & E	77	69	+12
Depreciation	61	56	+9
EBITA	206	169	+22
EBITA margin	5.6 %	5.1 %	
Employees (at December 31)	37,056	29,427	+26

INDUSTRIAL: OUTPUT VOLUME BY REGION
€ million

	2012	2011	Δ in %
Germany	805	802	0
Rest of Europe	2,292	2,064	+11
America	490	410	+20
Asia	118	18	+556
	3,705	3,294	+12



Industrial companies are increasingly outsourcing their turnarounds to managing contractors, which assume responsibility for the planning, coordination and execution of all work, and are the sole point of contact for the client. With our deep understanding of technical correlations and the expertise of our specialists, we are ideally placed to perform these tasks. Our clients for turnaround services include BASF, Borealis, BP, Esso, Kuwait Petroleum, Neste Oil, Total and Yara.

Growth strategy

Organic

- Our entire range of services is offered in all markets
- We are expanding our activities in the general overhaul of large plants in the process industry ('turnarounds')
- Outsourcing (maintenance of industrial plants also by taking over the client's service personnel)
- Growth of integrated service packages

Acquisitions

- Regions: Europe, United States, Asia, Turkey
- Sectors: Primarily oil and gas and mechanical engineering as well as electrical, instrumentation and control technology

Performance

The strong growth of Industrial was sustained primarily by acquisitions. Output volume increased by 12 percent to €3,705 million. Organic growth of two percent was primarily attributable to good demand in the ongoing maintenance business. Orders received increased at a higher rate than output volume to €3,737 million. With the margin increasing to 5.6 percent, EBITA reached €206 million. The number of employees rose to 37,056.

With a share of 62 percent, the most important markets included European countries outside Germany, especially Scandinavia, the Benelux countries, the United Kingdom, Austria and Eastern Europe. 13 percent of output volume was generated in the American market.

Market trend

The market for industrial services in Europe is generally stable, despite ongoing pressure on margins. In the project business, we continue to observe a reticence to invest on the part of our clients. Although general economic conditions have become more difficult, India has great growth potential, as does Asia in general. The service and project business in the United States is reviving, especially in the fast-growing oil and gas industry. Long-term impetus is to be expected from the US government's very ambitious target of covering 20 percent of national energy requirements from the country's own resources.

Services

The design, construction, maintenance and modernization of industrial plants for the process industry over their entire lifecycle

Areas of activity

Consulting, engineering, project management, piping and component installation, plant assembly, mechanical engineering, electrical, instrumentation and control technology, process engineering, insulation, scaffolding, corrosion protection

Clients

The process industry in the key markets of oil and gas, refineries and petrochemicals, chemicals and agrochemicals, pharmaceuticals, food and beverages, electricity generation, steel and aluminum

Major competitors

ABB Industrial Services, Cape, Fabricom, Fluor Industrial Services, Hertel, Kaefer, Redhall, Remondis, Siemens Industrial Services, Stork, Voith Industrial Services

Important events in 2012

With the acquisition of Westcon, an assembly and service specialist, we have expanded our business in the United States. This company is active in the fields of piping systems, steel construction, plant assembly, and repair and maintenance. With approximately 1,000 employees, it generates annual output volume of €150 million. We have strengthened our position in the field of electrical, instrumentation and control technology with two further acquisitions. In Germany, we took over the EMV Group, which provides assembly services for clients in the chemicals and petrochemicals industries. In the United Kingdom, we will merge the activities of the recently acquired HG Group, a specialist for system integration and automation, with existing corporate units in that market.

In April 2012, we acquired Tebodin B.V., an internationally active company located in The Hague, the Netherlands. Tebodin is one of the leading providers of consulting and engineering services and generates an annual output volume of €230 million with more than 4,000 employees. Tebodin forms the core of the new Subgroup Bilfinger Industrial Technologies, which was established in Frankfurt in early 2013 and specializes in engineering and plant technology.

In the reporting year, together with two partners, Tebodin gained a major order for the complete engineering as well as procurement and assembly work for all onshore plants of the Netherlands' biggest gas supplier, NAM. We are responsible for the planning and engineering, while the partner companies will be in charge of the construction and assembly work. The framework agreement is valid for a period of five years.

Outlook

We have summarized details of the expected development of Industrial and our other business segments in the Outlook section on pages 105ff.

POWER

OUR SUCCESS IS BASED ON EXPERTISE, QUALITY, RELIABILITY AND ADHERENCE TO DEADLINES

MODERNIZATION AND SERVICE-LIFE EXTENSIONS FOR EXISTING POWER STATIONS ARE BECOMING INCREASINGLY IMPORTANT

WE ARE WELL-PREPARED FOR THE CHALLENGES OF THE ENERGY CHANGEOVER

Market position and strategic success factors

The depth of our own vertical integration, quality and on-time delivery all give Bilfinger Power Systems an excellent market position. With our own expertise and our own capacities, we provide power-plant operators with products and services of the highest quality. We optimize the downtimes that are necessary for the maintenance and modernization of facilities and reliably adhere to deadlines that have been set. In light of the aging of many power plants and public resistance to new locations, service-life extensions at existing power plants are becoming increasingly important.

Bilfinger Power Systems' competitive advantage is its broad portfolio. Our specialists plan, produce, supply and install all boiler components for power plants. By optimizing combustion systems, we achieve higher efficiency, reduce CO_2 emissions and extend plant lifetimes. Our services portfolio ranges from engineering to maintenance, allowing us to cover the complete lifecycle of power plants.

Combustion technology is the key to steam generation, because efficiently controlled combustion improves a power plant's efficiency and reduces CO_2 emissions. And that applies no matter whether the plant uses lignite, coal, oil, natural gas, biomass, nuclear power or waste as a source of primary power: We have the right combustion technology for many fuels and applications.

Our highly qualified engineers are constantly developing new, intelligent solutions in order to meet the ever-growing demands placed on power-plant processes. We ensure the quality of our components with our own production capacities.

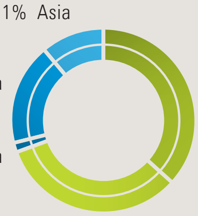
Power plants should consume fuel economically and emit minimal emissions. Improving the efficiency of power-plant processes requires higher temperatures and higher pressures. As a European market leader for high-pressure piping systems, Bilfinger Power Systems has decades of experience in the engineering, pre-production and assembly of pipeline systems. We specialize in the exact bending of pipes made of special materials and with up to 12 centimeters material thickness

KEY FIGURES POWER
€ million

	2012	2011	Δ in %
Output volume	1,319	1,157	+14
Orders received	1,178	1,221	-4
Order backlog	1,311	1,437	-9
Capital expenditure on P, P & E	20	14	+43
Depreciation	22	19	+16
EBITA	123	96	+28
EBITA margin	9.3 %	8.3 %	
Employees (at December 31)	9,278	7,588	+22

POWER: OUTPUT VOLUME BY REGION
€ million

	2012	2011	Δ in %
Germany	487	493	-1
Rest of Europe	435	326	+33
America	11	12	-8
Africa	237	208	+14
Asia	150	118	+27
	1,319	1,157	+14



in powerful inductive pipe-bending systems. Thanks to our technical expertise, we can guarantee that our products will withstand very high temperatures and high pressures.

Bilfinger Power Systems' machine and apparatus engineering has specialist knowledge in the combination of welding technology and mechanical processing as well as in the assembly of large, heavy and complex steel components. The services provided include reactor containers weighing several tons for the chemical industry, core containers for nuclear power plants, as well as blades and foundations for offshore wind turbines. Engineers in the Nuclear and Environmental Technology business unit deliver pioneering new solutions for highly complex facilities. These include, for example, flue gas purification systems for power plants, superconducting magnets for research facilities and containment structures for nuclear power plants. A broad spectrum of specialized knowledge and decades of experience in environmental technology, magnet technology as well as nuclear technology and service mean that our experts are sought-after partners for the operators of power plants and major research facilities

Growth strategy

Organic
- Opening new markets
- Expansion of our service portfolio in all markets
- Greater vertical integration

Acquisitions
- Regions: Middle East, Asia (especially India), USA
- Sectors: Rounding out portfolio for power-plant technology and regenerative energies

Performance

The dynamic in the Power business segment was sustained by the good development in international business. Output volume increased by 14 percent to €1,319 million, with 10 percent of that growth organic. EBITA increased by 28 percent to €123 million. Orders received, which is typically volatile in this business, was €1,178 million, 4 percent below the prior year. With an EBITA margin that increased to 9.3 percent, Power was once again Bilfinger's most profitable segment. The number of employees increased to 9,278.

Business in Germany accounted for 37 percent of output volume. 33 percent of volume was generated in European countries outside Germany with a focus on Finland and Poland. South Africa as well as the Arabian Gulf region and Israel are also important international markets.

Market trend

With population growth and increasing industrialization, global demand for energy is rising and can only be met through a mix of the various energy sources that are available. In addition to renewable energy, coal, gas and nuclear power will be indispensable for the foreseeable future. The use of these energy sources will therefore increase moderately.

We are faced with strong demand for our expertise in both conventional power plants and nuclear technology in our international markets. The importance of our international business is growing steadily. With our expertise, we are in great demand as a partner for projects usually involving a high degree of complexity.

Services

Engineering, supply, assembly and maintenance for power plants over their entire lifecycle (new construction, operating phase, dismantling)

Areas of activity

Maintenance, repair, efficiency enhancements and service-life extensions for existing power plants as well as the design, production and assembly of components for power plant construction with a focus on boilers and high-pressure piping systems

Clients

Energy utilities, industrial companies, plant manufacturers

Major competitors

Alpic, Alstom Power, Balcke-Dürr, Doosan Babcock, Hitachi Power Europe, Shaw

Important events 2012

We are further completing our range of services: In 2012, we supplemented our expertise in the field of plant design and power-plant design with the acquisition of Envi Con & Plant Engineering GmbH, in Nuremberg. Envi Con has a leading market position in Germany and other European countries for the design and control of large coal and gas power plants.

For one of Israel's largest energy companies, we will design, supply and assemble eight denitrification systems that will substantially reduce the emissions of four power-plant blocks at two sites. In Bitola, Macedonia, we are carrying out a major order for the modernization of all three boilers of the lignite power plant there. With EVN, the Vietnamese national energy company, we have signed a memorandum of understanding covering close cooperation on the modernization of power plants in Vietnam. The first phase of the cooperation will be a jointly prepared, comprehensive analysis of the condition of the country's power plants.

Through a joint venture with Tyazhmash, a supplier of power-plant equipment, Bilfinger Power Systems has gained entry to Russia's large power-plant market. The goal is to play a major role in the modernization of the country's power plants. Bilfinger holds a 51 percent stake in the new Bilfinger Babcock Tyazhmash.

More than 600 coal-fired steam generators are in operation in Russia. Tyazhmash occupies a leading position in this sector with a market share in the manufacturing and maintenance of coal pulverizers, for example, of over 90 percent. The modernization of power plants that are usually several decades old focuses on efficiency enhancements and significant improvements in environmental compatibility.

In the beginning of 2013, we acquired Helmut Mauell GmbH, a control-technology specialist that has a leading position for technical process systems and equipment for modern power plants. The company is located in Velbert, Wuppertal, and has an annual output volume of approximately €60 million with 460 employees. Mauell generates the majority of its business in Germany, and also has activities in the United States, Brazil, the Netherlands and Switzerland.

After Bilfinger expanded its range of range of power-plant services in the summer of 2012 with the acquisition of engineering specialist Envi Con, the takeover of Mauell is another achievement in the expansion of our portfolio. The company develops and produces complete systems for the control of power plants and electrical transmission networks as well as technical equipment for power-plant control rooms.

As a result of this acquisition, Bilfinger can significantly expand its range of services – both for new construction and demanding modernization projects: This relates, for example, to control systems for the partial load capacities of existing power plants as required in the context of Germany's energy changeover. Mauell also has cutting-edge expertise in control systems for electrical transmission networks, relying on hardware and software developed in-house.

Outlook

We have summarized details of the expected development of Power Systems and our other business segments in the Outlook section on pages 105ff.

BUILDING AND FACILITY

WE ARE REINFORCING OUR LEADING MARKET POSITION FOR FACILITY SERVICES IN GERMANY AND EUROPE

OUR SPECIALTY: SOLVING COMPLEX TASKS

BUILDING AND FACILITY SERVICES OFFER AN INNOVATIVE LIFECYCLE PRODUCT: 'ONE'

Market position and strategic success factors

The exchange of knowledge and experience among planners, building contractors and facility managers of the units in this business segment relates primarily to the energy redevelopment of older buildings – an important growth market. For new properties, we use our expertise in construction and operation – with full consideration of construction costs and future operating costs – to make sure that lifecycle costs are optimized. To achieve that, technology and service have to fulfill increasingly complex demands. Private clients can now also benefit from our competence: Under the brand *one – Real Estate Performance Guarantee,* the Group offers private clients a complete package including design, construction and operation together with a cost guarantee over an agreed term.

Building

We are among the leading German construction companies. We avoid pure price competition and instead focus on providing our clients with high-quality solutions for sustainable, energy-efficient and cost-optimized buildings.

We cover the most important areas in Germany through a network of branches, with a major project unit, our own companies for interior fitting and cold storage construction as well as specialized consulting, design and logistics units. Since 2012, we now have our own company for facade engineering: Bilfinger IKF.

Facility Services

Bilfinger is a market leader for facility services in Germany and is amongst the leading providers in Europe. With our *360° Facility Services* concept, we offer our clients tailored services with innovative solutions. We have competitive advantages from the high proportion of services we provide directly and from a comprehensive portfolio in all our markets. We provide all services for the management of all kinds of facilities. For cultural venues such as the 'Alte Oper' opera house in Frankfurt, we take care for example of the technical equipment for performances and of optimizing energy consumption. For sport venues such as the Commerzbank Arena in Frankfurt, we are responsible for technical and infrastructure facility management and are also involved in event planning and sports-rights marketing including public-relations work. For healthcare facilities such as the Berlin Accident Hospital, we look after patient service, both the patient hotels and the cafeteria. In data and IT centers such as at the ProSiebenSat1 television station, we ensure that the technical side of broadcasting performs reliably. In prisons, we provide various services under high security conditions. With our vacuum technology, we operate ecologically and economically highly efficient sanitary installations with minimal water consumption such as the system at the stadium in Kiev which we modernized for the 2012 European Football Championships.

We apply a special key-account management model for major clients, largely relieving them of the management of their properties with the exception of strategic tasks, and we also take on the important task of energy management for them. In currently 30 countries we offer a uniformly high level of comprehensive services to national and international companies.

Growth strategy Building

Organic

- Moderate organic growth with the objective of shifting the focus of activities towards higher-margin specialized services

Acquisitions

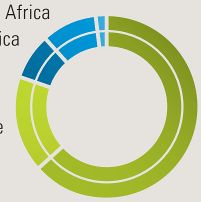
- Smaller targets with high-margin specialties such as consulting and construction logistics

KEY FIGURES BUILDING AND FACILITY
€ million

	2012	2011	Δ in %
Output volume	2,249	2,256	0
Orders received	2,373	2,363	0
Order backlog	2,147	2,369	-9
Capital expenditure on P, P & E	14	16	-13
Depriciation	14	14	0
EBITA	106	94	+13
EBITA margin	4.7 %	4.2 %	
Employees (at December 31)	15,292	15,711	-3

BUILDING AND FACILITY: OUTPUT VOLUME BY REGION
€ million

	2012	2011	Δ in %
Germany	1,441	1,385	+4
Rest of Europe	377	314	+20
America	191	183	+4
Africa	219	348	-37
Asia	21	26	-19
	2,249	2,256	0



Growth strategy Facility Services

Organic

- Expansion of the portfolio offering with integrated services, further development of niche businesses
- Further development of product portfolio in the areas of energy consulting and management
- Outsourcing projects with internationally active key clients

Acquisitions

- Expansion of national and international presence
- Expansion of the portfolio offering in the areas of water and integrated facility services

Performance

At Building and Facility, output volume of €2,249 million and orders received of €2,373 million were both stable, although there was no contribution from the Nigerian business in the second half of the year. Organic growth in output volume amounted to 3 percent. EBITA developed positively and increased by 13 percent to €106 million. This represents an increased EBITA margin of 4.7 percent. The number of employees declined to 15,292.

64 percent of output volume was generated in Germany. Important international markets in Europe, with a focus on Switzerland, Austria and Eastern Europe, had a share of 17 percent, and North America had an unchanged share of 8 percent.

Market trend

Building

Following strong demand for construction in the German building industry in 2012, there are increasing indications of weaker developments in the future. Regardless of the overall economic situation, increased investment in energy-saving schemes for property will likely increase further.

Facility Services

Demand for facility services is generally stable, with rising demand above all in niche areas. The trend is away from individual services provided locally and towards providing multinational clients with integrated services. Our services are increasingly measured against defined results and not in terms of individual activities. Energy efficiency, sustainability and resource conservation continue to gain importance.

Services

Our Building and Facility Services units operating in this business segment offer all real-estate related services over the entire lifecycle of real-estate properties.

Building

All development, design and construction services throughout the lifecycle of real-estate properties.

Facility Services

All technical, commercial and infrastructural services throughout a building's lifecycle including energy management, water technologies and outsourcing solutions.

Areas of activity

Building

Development, design, consulting, turnkey construction, rehabilitation, portfolio optimization, expansion, facade engineering, cold storage construction

Facility Services

Asset and property management, integrated facility management, building technology, infrastructural and health care services, water technologies

Clients

Public and private clients of all types, especially professional real-estate owners

Major competitors

Building

BAM, Hochtief, Max Bögl, Züblin

Facility Services

Carilion, Cofely, Hochtief, ISS, Johnson Controls, Strabag, Wisag

Important events 2012

Building

We expanded our service offering in 2012 with the acquisition of specialized design and consulting units. The focus of the extended expertise is on technical building equipment and energy consulting.

In Oberhausen, the new headquarters of our Bilfinger Power Systems unit is being constructed as the first 'one' project. The building has been designed in accordance with the latest sustainability standards and has already received a preliminary certificate in silver for its high quality from the German Association for Sustainable Building. In the spring of 2013, 600 employees will move into the new headquarters with high-quality workplaces.

For ThyssenKrupp, following the shell construction for the high-profile group headquarters and an underground parking garage, we are now realizing three additional buildings in the ThyssenKrupp district in Essen. In order to comply with the ambitious requirement of 18 months construction time, we have prepared a sophisticated concept for formwork, armoring, concreting and logistics.

Our specialists for mobile energy and plant monitoring test the efficiency and consumption of plants in operation for heating, air conditioning, ventilation and electrics. Using sensors and a piece of equipment we developed, non-destructive data regarding the condition of the plant is gathered and analyzed and measures for optimization are suggested. From the correct and needs-adjusted handling and adjustment of technical equipment alone, savings of up to 15 percent can be achieved.

Facility Services

With acquisitions in the United Kingdom, Italy and Germany, we have strengthened our capacities in those countries. The units we have acquired are focused on integrated facility management, technical facility management and event services.

In January of 2013, we acquired US water technology specialists Johnson Screens. The company, which was founded in 1904, generates an annual output volume of €160 million with 1,200 employees and is active primarily in North America, Europe and the Asia-Pacific region. At eleven locations, Johnson Screens produces mechanical components for the separation of solids from liquids and gases and provides associated services. Together with the activities already present in the business segment from Passavant and Diemme, Bilfinger Water Technologies assumes a leading global position in nearly all areas of water and wastewater technology.

We are steadily expanding our business with important large clients. For the fourth time in succession, IBM has extended a contract covering the complete facility management and project management of more than 200 properties in 24 countries of Central and Eastern Europe and the Middle East. The contract runs for a period of four years. This extension is a reflection of the trend for contracting the management of entire real-estate portfolios. In addition to IBM for example, Bilfinger also manages major international real-estate portfolios of other premium clients such as BASF, Deutsche Bank, EADS, Kraft Foods and MAN.

As well as traditional FM services, consulting services are also in high demand, in particular for increasing the energy efficiency of buildings. In this context, Bilfinger is also responsible for energy management for many clients, and advises companies on sustainable energy supply and environmental protection. And with the 'Smarter Buildings' project, IBM and Bilfinger are jointly researching and developing the intelligent, energy-optimized buildings of the future.

Our subsidiary Bilfinger Government Services Holding manages our job order contracting in the United States and Europe. Buildings and facilities of the US Armed Forces and other public institutions such as schools and hospitals are maintained, renovated, altered and expanded on the basis of long-term framework agreements.

Nigeria

In the Nigerian business, our investments have been reduced as planned. In February 2012, we sold ten percent of our shares in Julius Berger Nigeria PLC (JBN) in Abuja to a Nigerian investor. The remaining equity interest of 39.9 percent is to be gradually reduced.

The engineering and services activities of Bilfinger Berger Nigeria GmbH were concentrated at Julius Berger International GmbH, Wiesbaden. We sold 60 percent of that company to JBN in mid-2012, followed by a further 30 percent at the end of the year.

As a result of those disposals, our involvement in Nigeria now consists solely of financial investments. We have thus complied with an initiative by the Nigerian government designed to increase the value added of the national economy.

Outlook

We have summarized details of the expected development of Building and Facility and our other business segments in the Outlook section on pages 105ff.

CONSTRUCTION

WE SPECIALIZE IN THE EXECUTION OF DEMANDING ENGINEERING PROJECTS IN THE AREAS OF MOBILITY AND ENERGY

WE EXPAND OUR TECHNICAL COMPETENCE THROUGH RESEARCH AND DEVELOPMENT

WE FOCUS ON EUROPEAN CORE MARKETS

Market position and strategic success factors

Bilfinger positions itself as a specialist for intelligent civil-engineering services in the areas of mobility and energy. As a result of our own research and development as well as cooperation with industrial partners and universities, we are extending our lead in the technologies we offer. In the area of offshore wind parks for example, we are searching for technical solutions to optimize the design of foundation elements and to reduce underwater sound waves when ramming pile foundations. In the area of electricity networks, we are part of a research association that is developing an innovative system for laying high-voltage cables underground. With our expertise in technology and project work and our knowledge of regional circumstances, we are a sought-after partner for our clients. For public-sector clients, we primarily realize major transport infrastructure projects in Europe. For private-sector clients, we provide engineering services mainly for industrial construction and in the energy sector.

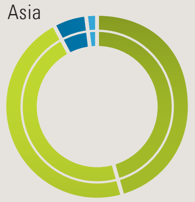
In addition to the successful construction of new power-plant blocks such as the ones in Mannheim and Karlsruhe, we are increasingly carrying out projects for the generation of electricity from regenerative resources. For example, in Nohra near Weimar in the German state of Thüringen, we constructed a biogas plant with which we were responsible for the site development as well as the construction of the operating buildings with sewage works and a mobile silo for the interim storage of biomass. We are one of the leading companies for laying foundations for wind parks in the North Sea and the Baltic Sea with

KEY FIGURES CONSTRUCTION
€ million

	2012	2011	Δ in %
Output volume	1,404	1,751	-20
Orders received	1,099	971	+13
Order backlog	1,224	1,506	-19
Capital expenditure on P, P & E	29	26	+12
Depreciation	25	33	-24
EBITA	25	37	-32
EBITA margin	1.8 %	2.1 %	
Employees (at December 31)	4,490	5,843	-23

CONSTRUCTION: OUTPUT VOLUME BY REGION
€ million

	2012	2011	Δ in %
Germany	645	702	-8
Rest of Europe	663	813	-18
Asia	81	236	-66
Other regions	15	0	0
	1,404	1,751	-20



more than 500 foundations either completed or in progress. In order to strengthen our position in the offshore business, we have extended our vertical integration with our own production of steel foundations in cooperation with Crist Dockyards, located near Szczecin in Poland.

Our key strengths are our technological expertise, decades of experience in design advice and optimization, and trouble-free technical and logistical realization of challenging construction projects. We are among the technology leaders in many areas of civil engineering such as tunneling, harbor construction, pre-stressed engineering, steel construction and special foundations. In order to avoid country risks, we concentrate our activities on core markets in Europe. Outside Europe, we take on tasks only as a technology partner for locally experienced and reliable companies.

Our Bilfinger Infrastructure unit in Warsaw is responsible for road construction activities throughout Europe. In the core markets of Poland and Germany, the company is reducing its capacities to adjust for weaker demand in road construction. At the same time, it is entering new markets: The first orders have already been acquired in the field of flow regulation.

Growth strategy

Organic

- Electricity generation (especially offshore foundations)
- Expansion of business activities in the Scandinavian market (especially in the area of transport infrastructure)

Acquisitions

- Targeted investments to strengthen special technologies

Performance

In Construction, output volume and order backlog were reduced as planned. Output volume decreased by 20 percent to €1,404 million. Orders received increased to €1,099 million due to the inclusion of long-term projects. EBITA declined to €25 million. Earnings in the area of infrastructure lagged behind expectations, while margin improvements were achieved in other areas. Overall, the EBITA margin decreased to 1.8 percent. The number of employees fell to 4,490.

Of the total output volume, the portion accounted for by European countries outside Germany was unchanged at 47 percent. Key markets included Poland, the United Kingdom, Scandinavia and Austria. The share of domestic volume amounted to 46 percent. Our activities in the Arabian Gulf region accounted for 6 percent of total volume following the conclusion of a major project.

Market trend

In our European markets, demand for infrastructure projects differs significantly: While investment in transport infrastructure remains flat in Germany and is declining in Poland, the further expansion and modernization of transport infrastructures with public-sector investment will continue for some years to come in the Scandinavian countries.

In the energy sector, demand is growing as a result of the expansion of wind energy, utility networks and storage technology, as well as through the conversion and modernization of power plants. In the coming years, this is expected to result in attractive construction projects in that sector in Germany and other European countries.

Services

Challenging civil engineering services in the areas of mobility and energy

Areas of activity

Tunneling, road construction (including bridge building), hydraulic engineering, prestressed technology, steel construction and foundation engineering

Clients

Public and private-sector clients

Major competitors

Balfour Beatty, Hochtief, Max Bögl, Porr, Skanska, Strabag / Züblin

Important events in 2012

In Berlin, we started two major construction projects for the improvement of the city's public transport system. On the one hand, we are extending the U 5 U-Bahn tramline from Brandenburger Tor to Rotes Rathaus. On the other hand, we are connecting the S 21 S-Bahn urban railway line from the city's main train station (Hauptbahnhof) to the northern S-Bahn ring system. And in Norway, our expansion market, we have received two major orders to improve the transport infrastructure: the Vågstrands Tunnel and the Tresfjord Bridge.

We have successfully completed the first construction phase of the world's biggest offshore wind park, London Array in the Thames Estuary, with the installation of 175 foundations. And we are currently laying the foundations for the DanTysk wind park in the German North Sea with a total of 80 wind turbines.

We have also realized several major projects for industrial clients, including a maintenance hangar for military airplanes and the expansion of assembly lines for Airbus.

The Barwa City urban development project in Qatar with a total of nearly 6,000 homes was handed over to the client in March 2012 after completing the last phase of the turnkey construction.

Outlook

We have summarized details of the expected development of Construction and our other business segments in the Outlook section on pages 105ff.

CONCESSIONS

THE BASIS OF SUCCESS IS THE QUALITY OF OUR TEAM, OUR EXPERTISE AND COOPERATION WITH STRONG PARTNERS

SALE OF 18 PROJECTS TO A PUBLICLY-LISTED FUND

PREFERRED BIDDER FOR FIRST PPP PROJECT IN PROMISING US MARKET

Market position and strategic success factors

The basis of our success is the quality of the team deployed in the target markets, cooperation with strong partners, and the expertise acquired over many years.

Concessions has a clear competitive advantage due to the experience of more than 40 successfully realized international projects and our interlocking competence in finance, technology and operation. Concessions will continue to concentrate on those countries and regions which have a proven and stable political, legal and economic environment. Concessions will focus on availability models also with new projects.

Strategy

- Target volume of up to €400 million committed equity in projects remains unchanged
- Reinvestment of proceeds from the sale of 18 projects to a fund
- Sale of mature projects also in the future

Perfomance

The project portfolio in the Concessions business segment comprised 14 projects at the end of the reporting year after 18 projects were sold to the Bilfinger Berger Global Infrastructure Fund in the reporting year. Committed equity amounted to €232 million and €163 million had already been paid in to project companies. Due to the capital gain of €52 million, EBITA increased to €41 million (2011: €23 million). This also includes an impairment of €13 million recognized on a project in Australia. The net present value of the portfolio fell to €241 million at the end of the year (2011: €368 million).

KEY FIGURES CONCESSIONS

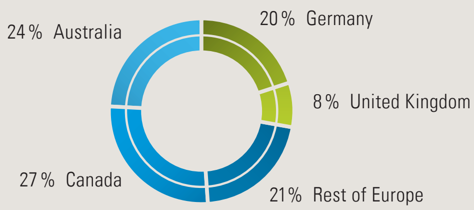
Number / € million

	2012	2011	Δ in %
Projects in portfolio	14	30	-53 %
thereof under construction	6	8	-25%
Committed equity	232	383	-39 %
thereof paid-in	163	225	-28 %
Net present value	241	368	-35%
EBITA	41	23	+78 %
Employees	143	141	+1%

CONCESSIONS: EQUITY INVESTMENT BY REGION

€ million

	2012	2011	Δ in %
Germany	47	53	-11
United Kingdom	19	81	-77
Rest of Europe	49	50	-2
Canada	61	100	-39
Australia	56	99	-43
	232	383	-39



Market trend

In relevant markets, the model of privately financed and operated public-sector projects is seen as an opportunity to improve a country's infrastructure despite budget constraints. In the key market of Australia, the new governments of the federal states of Victoria, New South Wales and Queensland have affirmed that they intend to continue carrying out investments by means of private-partnership projects. In New Zealand, following the successful implementation of public-sector building construction, transport infrastructure projects will also be open for tender in the private sector.

In Canada and the United States, projects in the areas of transport infrastructure and building construction in the public sector are being processed. As highway projects in the United States are increasingly tendered as availability models, we believe there is great potential also in that market.

In the United Kingdom, demand is proving to be robust, with primarily smaller projects coming onto the market. But together with international partners, Concessions is currently tendering for a major bridge and road project in Liverpool.

Demand for privately financed public-sector projects in Germany continues to develop slowly.

Services

Construction and operation of privately financed projects for infrastructure and administration

Transport infrastructure: Highways, bridges and tunnels

Public-sector building: Education and health facilities, justice system, fire service, police and general administration

Areas of activity

Development, design, financing, investment, construction, operation, divestment

Clients

Public and private-sector clients

Major competitors

Balfour Beatty, Carillion, Elis Don, Hochtief, John Laing, Leighton Group, Lend Lease, PCL

Important events in 2012

In 2012, 18 projects were sold to the infrastructure fund we launched on the London Stock Exchange in December 2011.

As leader of a consortium, Concessions reached financial close for another PPP project in the United Kingdom: As part of the project, several police facilities at four locations in the southwest of England will be delivered and operated over a period of 25 years. The investment volume amounts to approximately €100 million. Concessions holds a 70 percent interest in the project company and will invest equity of about €6 million.

In the US states of Indiana and Kentucky, Concessions is preferred bidder for the design, financing and construction of the East End Crossing, a 12-kilometer section of highway. Near Louisville, a cable-stayed bridge is to be built over the Ohio River in addition to a twin-bore tunnel and other construction work. The project company, in which Concessions holds a one-third share, will operate the route in return for a fixed fee from the state for a period of 35 years. The project has a volume of €800 million. Bilfinger will invest equity of €20 million.

The widening to six lanes of the 73-kilometer section of the A1 autobahn between Hamburg and Bremen was completed after a construction period of just 49 months – and three months earlier than planned. With an investment volume of €650 million, this is Germany's biggest public private partnership project.

The projects Kelowna and Vernon Hospitals in Canada, M80 motorway in Scotland, M6 Tolna motorway in Hungary and East Down and Lisburn Colleges in Northern Ireland were completed on schedule and handed over to our clients.

The valuation of the project portfolio in the Concessions business segment is explained on pages 188ff.

Outlook

We have summarized details of the expected development of Concessions and our other business segments in our Outlook from page 105ff.

Sustainability

Sustainability secures Bilfinger's future viability

We help our clients reach their sustainability goals

We make an active contribution to conserving resources and to improving social conditions

Sustainability report published

Our top priority is to secure the viable future of Bilfinger. Beyond meeting short-term goals, we want to be successful over the long term. As we see it, this can only be managed if we consistently apply the concept of sustainability.

For Bilfinger, sustainability means two things: on the one hand, we support our clients in their efforts to achieve the sustainability goals they set for themselves. We offer comprehensive services, products and contracting for renewable energies, energy efficiency, sustainable real estate, water supply and disposal as well as the reduction of pollutants and noise control. Technological expertise and international experience make us a sought-after partner for sustainable products and services. On the other hand, we as a company are obliged to make an active contribution to the conservation of resources and the improvement of social conditions. We demonstrate this dedication through commitments to international initiatives such as the UN Global Compact and to the German Sustainability Code. Since financial year 2011, we have been publishing our objectives, strategies, activities and results in an annual Sustainability Report (www.sustainability.bilfinger.com).

Environment

We want to keep our activities as environmentally friendly as possible and to always heed our ecological responsibilities. This applies to the materials we use, but also concerns our consumption of energy and water, as well as levels of emissions, waste and wastewater.

An important part of our business activities consists of helping our clients increase their energy efficiency and reducing their emissions. To this end, we draw up individual solutions based on cutting-edge technology. Our expertise focuses in particular on professional engineering and premium services for the extraction and application of biological, wind, thermal and hydro power as well as on the reduction of toxic emissions and the design, construction and operation of highly energy-efficient buildings.

Employees

Our employees are our most important resource. We develop their skills, motivate them and feel bound by the principles of respect, fairness and loyalty in the way we treat each other. The health of our employees is a top priority and occupational safety is paramount.

The diversity of our workforce is an important factor for our success. We rely on a diverse range of experience, qualifications and perspectives from the people who work for us in countries around the world. Bilfinger has been offering solutions to improve compatibility between career and family for many years. Solutions include, in particular, flexible working time models as well as programs for the care of children and relatives with special needs. In order to secure our business success over the long term, we intensively train young talent. But older employees too are supported and given higher qualifications through systematic training.

Society

We see ourselves as part of society. We therefore get involved socially wherever our business activities are located. The diverse volunteer commitments of our employees enriches our company and creates a connection with the people in whose environment we operate. The company also meets its social responsibilities by supporting charitable organizations and people in need.

Products and services

Bilfinger has an extensive portfolio of sustainable products and services. Together with our clients, we generate innovative solutions that are setting examples, both ecologically and economically. We have focused on the lifecycle concept for some time, taking into account the various phases of industrial plants, real estate and infrastructure. This allows us to increase efficiency and conserve resources. A significant part of our research and development activities are geared toward climate protection and a reduction of resource consumption. The focus of these activities is on improving energy efficiency in power plants and industrial facilities, reducing real-estate energy requirements and cutting emissions.

Research and development

Our research and development activities lead to practical solutions that make economic sense

Focus includes optimization of energy generation in power plants and the reduction of energy requirements over the lifecycle of buildings

We are active in the generation of renewable energies, resource conservation through efficiency, reducing pollution and sustainable real estate

Our research and development activities aim to protect the climate and to conserve scarce resources through the optimization of power plants, industrial facilities and buildings. Our key projects include the optimization of energy generation in power plants and the reduction of energy requirements over the lifecycle of buildings. Our research and development activities focus on clients' needs and lead to practical solutions that make economic sense. We are making an important contribution to meeting the ecological challenges of our time with over 200 different research and development projects.

Research activities expanded

Bilfinger is accelerating its activities in research and development. Within the scope of the BEST strategic program, technologies important for the successful development of the company will increasingly be explored. Research and development activities to broaden expertise, develop products and further develop existing solutions are being promoted. With this step, we are expanding our technological competences in order to achieve greater value added and, also in the future, to be able to offer our clients innovative services in all business segments.

Regenerative energy production

Rising demand for sustainable solutions in the energy and process industries, such as those based on the use of biomass for energy or the use of the material itself, offer significant economic potential. Bilfinger, together with partners, is developing an innovative technology of thermochemical gasification. The unique selling proposition of this technology lies in the specialized control of the gasification process. The result is a high-quality synthetic gas – a gas mix of hydrogen, carbon dioxide, carbon monoxide and methane – that is ideally suited for further use in the process industry or for conversion into electricity. A pilot plant that we built and put into operation serves as proof of the technical and economic utility of the process. The pilot plant is allowing us to collect valuable experience and parameters for the construction of larger plants. The area of application for the technology, for example, could be extensively tested. The results achieved show that it is possible to utilize a broad mix of input materials, including various biomasses and waste. This opens up a broad spectrum of potential applications. The objective is to further develop this technology until it is ready for major plants.

Conserving resources with efficient energy generation

Compared to the traditional generation of electricity in large-scale power stations, the decentralized generation of electricity with small plants is increasingly gaining importance. Such power plants are dimensioned in a needs-oriented manner and can be used flexibly; they save the expense of long power-supply lines and avoid the energy losses associated with long-distance transmission. In the future, power will therefore be generated with an efficient combination of large-scale plants and smaller decentralized plants primarily using regenerative energy sources.

Cogeneration plants simultaneously generate electricity and heat for heating buildings or as process heat for production purposes. With this technology, high rates of primary-energy efficiency can be achieved wherever local users are available for the heat produced. Together with the Department for Combustion and Airplane Engines of Brandenburg Technical University in Cottbus, Bilfinger is developing a mobile micro-gas turbine unit with an output of 100 kWel and 200 kWth for the supply of electricity and heating for commercial properties, shopping centers, hotels, conference centers, residential areas and industrial companies. This project is supported by the Federal State of Brandenburg and aims to increase plant efficiency while reducing operating costs. The turbine is designed to run not only on natural gas or diesel. Gases with low calorific values such as fermentation gas and other forms of biogas can also be used. By using these renewable energy sources, the new micro-gas turbines are also making a contribution towards climate protection and the conservation of resources.

The decision of Germany's Federal Parliament to cover a majority of the country's energy needs with renewable energy in the future requires tremendous efforts in the areas of storage technology and network stability due to the increasingly volatile energy flows. For the short-term storage of electricity, the familiar flywheel technology is of great interest. In the future, flywheels could also play an important role in the area of smart grids and the uninterrupted supply of power. The significant friction loss in the ball-bearing joints of the wheels, however, remains problematic. Bilfinger is applying its competences and experience in the field of super-conducting magnet technology to reduce this loss and thus to improve efficiency levels. The goal is to achieve nearly friction-free ball-bearing joints using super-conducting technology.

Pollutant reduction

Other research projects in the field of power plant technology aim to achieve higher efficiency in the use of primary energy, to save fuel and to reduce exhaust emissions. We are involved, for example, in various joint research projects on high temperature steam generation. The higher the temperatures and pressures in steam power plants, the higher the efficiency levels that can be achieved. While modern power plants currently reach steam temperatures of 600 degrees Celsius, new material concepts for temperatures of 700 degrees Celsius are being tested as part of the research projects, for example at Mannheim power station.

Bilfinger is working on a process that will be redeveloped for the removal of climate-relevant carbon dioxide from flue gas in combustion processes. The traditional method of coal firing is carried out with the use of air. In the end, this means that the resulting CO_2 must be laboriously separated from the flue gas, which consists of 4/5 nitrogen, so that it can be utilized or stored. An alternative possibility is the oxyfuel process which calls for the burning of pure oxygen. This process produces CO_2 in its purest form as flue gas, thus avoiding the complex separation process. The special requirements of this process, however, require new kinds of burners. Bilfinger is developing oxyfuel burners – coal burners which make this kind of combustion with pure oxygen possible. The goal of this development is to adapt the materials, as well as flow and temperature conditions, to the new combustion conditions.

Bilfinger supplied the flue-gas desulfurization equipment for the pilot plant using the oxyfuel method at the Schwarze Pumpe site in Saxony. In order to obtain CO_2 that is as pure as possible, this equipment filters the sulfur dioxide created in combustion almost completely out of the flue gases. The pure CO_2 created in the oxy fuel process is compressed and liquefied. If the research engineers succeed in answering the open questions with regard to storing this liquid CO_2 in old natural-gas deposits or salt mines, the technology will become a key instrument for climate protection. Bilfinger is supporting the test operation of the pilot plant, which will deliver the required results and findings for the construction of a bigger power plant to develop the final oxyfuel technology suitable for large-scale application.

Sustainable buildings

A building can only be optimized if all costs incurred over its entire lifetime are taken into consideration in the planning phase. In addition to future operating costs, this includes the construction processes and their energy consumption as well as the materials used and their primary energy needs and potential for recycling. The question of the long-term use of the building, i.e. a potential conversion or subsequent demolition must also be considered. Making use of the knowledge and experience we have gained in the design, construction, maintenance and operation of buildings, this holistic approach has become standard practice at Bilfinger. We continuously expand this specialized expertise with the results of our research and development work.

According to recent studies, buildings in industrialized countries cause 40 percent of all CO_2 emissions, a large part in the operating phase. But from both ecological and economic points of view, the operation of buildings must be planned as efficiently as possible and CO_2 emissions must be reduced. To this end, we are continuously developing solutions together with our clients. The focus is on topics such as smart metering and smart grids. Smart metering refers to automatic real-time technologies for the recording of building data, such as energy consumption and consumer behavior.

Smart grids refer to the intelligent management of energy networks in buildings, residential areas or regions in order to ensure the balance between decentralized energy production, consumption and storage.

We are developing solutions and services for both areas in cooperation with partners from industrial and scientific organizations. In buildings, for example, we are today capable of carrying out comprehensive, real-time facilities monitoring of the technical building equipment using mobile metering equipment. We can then use the determined "pulse" of the building to optimize the controlling equipment and can usually achieve significant improvements in building efficiency without cost-intensive investments.

In projects such as Smarter Buildings together with IBM, as well as other research projects, we are consistently expanding our expertise in intelligent control for the optimization of building performance.

Increasing consideration of the principles of sustainability in the design of new buildings is reflected in the rising number of certified properties. The idea of sustainability in building operations, on the other hand, is relatively weak. It is for the most part unclear how building operations can be systematically and sustainably designed, how the various facility management measures can be dovetailed and how these can be evaluated in terms of building sustainability. Bilfinger is taking on a pioneering role in this regard and, together with the Technical University of Darmstadt, is looking into ways to improve the sustainability of buildings in the operating phase.

Procurement

Further optimization of purchasing processes

Greater networking in the purchasing organization

On the basis of the ongoing expansion of our purchasing network, we were able to achieve considerable purchasing potential in the reporting year.

Through intensive communication and trainings, uniform guidelines and clearly defined processes have been further implemented throughout the Group. This makes it possible for us to select the best suppliers, subcontractors and service providers. In addition to monetary aspects, criteria such as quality, adherence to schedules, risk/security, experience and compliance questions are also taken into account.

Improvement of the purchasing processes is supported by the continuous expansion of IT infrastructure. The awarding of services begins with the registration of our suppliers, subcontractors and service providers on a Group-wide basis. All business partners are reviewed and classified in accordance with defined criteria. We thus ensure that in the future, we have a strong-performing supplier portfolio available.

A strong purchasing organization requires a high degree of availability and strong networking among all buyers in the Group. We have therefore further improved the communication in the procurement network and reach nearly all locations in a timely manner. With newsletters, podcasts on topics of interest and regionally organized future conferences, all buyers are kept up to date and put in a position from which they can apply the guidelines, processes and tools in their current form.

In addition, the following significant achievements were made in purchasing in the reporting year:

Product group management

The consistently implemented product group management was expanded through the definition of further product groups and internationalized through the inclusion of international operating companies. By bundling the respective purchasing volumes and through the harmonization of the purchasing processes, the procurement conditions could once again be improved.

Increased competence of buyers

The personal qualification of all buyers was advanced through the further development of a 'Procurement Academy'. In addition to basic courses for all buyers, there is now a possibility to participate in customized programs with special modules for personal, professional, method and social competence. It is of particular importance to us to continue supporting young buyers through our Junior Buyer Program.

Market information

With the introduction of a structured survey of comprehensive market information, we enable all buyers to make their purchasing decisions on a qualified basis and to take advantage of our purchasing potential.

	2012	2011
Purchasing volume absolute (€ million)	3,978	4,043
Purchasing volume as a percent of output volume (%)	46	48
thereof subcontractor services (%)	63	62
thereof materials purchased (%)	37	38

For the purchase of subcontractor services, materials and services, we have available a broad basis of internal and external suppliers as well as a number of procurement markets. There is no general dependence on individual business partners.

Communication and marketing

New, memorable brand presence reflects the repositioning of the Group

New brand architecture increases public awareness

A total of €18.0 million (2011: €10.0 million) was invested in comprehensive communications measures in the reporting year. Of that total, €2.6 million went to publications (2011: €2.5 million), €4.0 million to fairs and exhibitions (2011: €3.3 million), €1.0 million to new media (2011: €1.4 million) and €3.4 million to other activities (2011: €2.8 million). In addition, a total of €7.0 million was invested as a one-time marketing expense for the development of the new Group brand, the implementation of the new corporate design, global registration of the logo as well as the new image campaign.

Corporate identity / corporate branding

The repositioning of the Bilfinger Group and the corresponding strengthening of our company brand were the dominant topics of 2012 in the area of communication and marketing. In the future, we will present ourselves as an internationally leading engineering and services group with a new logo and new corporate design. The message we want to convey is that Bilfinger combines the competence and skills of an engineer with the customer orientation and service mentality of a service provider.

The new company name Bilfinger is shorter and more memorable and thus much better suited as a trademark for our worldwide market presence. We have also developed a new logo that clearly underscores our new positioning. The logo, an interlaced infinite loop, symbolizes our engineering expertise and the competence we possess in solving complex tasks. The blue stands for continuity and ensures recognition, the fresh yellow-green gives our presence a greater degree of modernity, dynamic and independence. With the new logo we are also expressing our service approach as a long-term partner to our customers – a partner that manages facilities, power plants or building structures over their entire life cycle.

New brand strategy

The significantly closer connection of our operational companies to the Group brand Bilfinger is also new. In the future, all Group companies will appear under the Bilfinger brand umbrella and with only a few exceptions, 'Bilfinger' will be a part of the name of all companies. The new brand architecture makes Bilfinger's service range more transparent and allows for a clear association of each company with the Group. That means that the Group and operating companies boost each others' market presence. In the future, Bilfinger will present itself everywhere that Bilfinger is active: on buildings, the vehicle fleet, on signs and machines and even on the protective clothing of our employees.

Corporate campaign

The rebranding is being accompanied by an advertising campaign targeted toward decision makers and opinion leaders in business, politics and society. Under the claim 'We make it work', advertisements demonstrate how Bilfinger makes a decisive contribution to helping customers focus on their core business: the themes cover Bilfinger's range of services from the maintenance of entire refineries, the construction of transportation infrastructure and power plant service through to comprehensive facility management. The campaign will be continued in 2013.

Internet

In the course of the introduction of Bilfinger's new brand appearance, the corporate website was also given an extensive relaunch. The website conveys the new strategic positioning and focuses on the company's engineering and service capabilities. Visitors will find links to our Subgroups on the homepage so that they can get information on the entire range of services. They will also find all relevant information available about the Group as well as our intensified activities in the area of employment and sustainability.

As a result of its responsive design the website automatically adapts to the device that is being used to view it – smartphone, tablet, desktop – thus guaranteeing the optimal presentation of layout and content.

Bilfinger Magazine

The client magazine for our group of companies is a key component of stakeholder communication. Bilfinger Magazine makes an important contribution to maintaining dialog with customers, business partners and decision makers from the world of politics and business and allows them to keep up to date with the development of our company. The print edition with a circulation of about 25,000 copies appears twice annually and is supplemented by an online edition. Bilfinger Magazine, which has received a number of awards in recent years, combines current issues and trends of social interest with the diverse services offered by our Group.

Sustainability report

We developed a number of new communications instruments in the reporting year. Particularly noteworthy is the company's first sustainability report. It is available exclusively online and will be updated on a yearly basis in the future. (For information on the importance of sustainability for Bilfinger, see pages 82f.)

Press

The focus of our public relations work in the past year was also on communicating the repositioning of Bilfinger. In addition, we inform the media on a regular basis about the economic situation of the company. Our quarterly and annual reports, press releases, telephone and press conferences and personal contacts are directed at the business editors of news agencies, daily and weekly newspapers, magazines and electronic media. We thus ensure that relevant information about Bilfinger reaches the public in a timely manner.

Information for employees

In the course of the company's rebranding, employees were involved in a variety of ways including through workshops, interviews and an online survey in the intranet. Employees are also kept up to date on what is happening in the Group on a daily basis via the intranet. Thousands of employees make use of this vast resource each day. Within the scope of the repositioning of the company, a new intranet portal was introduced which, in future, will network and merge the internal online platforms of the various Group units to a greater extent. Communication and the exchange of information in the Group will be further intensified as a result. The dialog with employees was also advanced through the expansion of the integrated feedback mechanisms. The Group's management is also directly informed via a newsletter on important Group news.

Direct dialog with clients

Beyond the intensive dialog we maintain with clients within the scope of regular business activities, participation in trade fairs and exhibitions is an important element of our marketing and sales activities. Our operating units participated in numerous national and international trade fairs, congresses and conferences and presented their services.

Human resources

Focus on occupational safety and equal opportunity

Bilfinger Academy for training and personal development

Jobs for individual life situations

Principles of our human resources work

Our company's success is our employees' success. We develop their skills, motivate them and feel bound by the principles of respect, fairness and loyalty in the way we treat each other.

Bilfinger is an attractive employer. Surveys and rankings attest to the above-average image ratings we enjoy among students and employees. We want to improve even further in order to ensure we are successful in the competition for the best talent that has arisen as a result of demographic developments.

Employee share program

In September 2012, we established a program for the participation of staff in the equity of Bilfinger SE. This program has been well-received by employees. About 13 percent of the nearly 23,000 eligible employees acquired Bilfinger shares as part of the initiative. Employees acquired more than 17,000 packages with five shares each for a total of about 85,000 shares. The price per share was €75.13. For the first five packages per employee, one share was free. In addition, employees will receive one free bonus share for each package they hold after two, four and six years.

A proposal was submitted to the participants whereby the exercising of their voting rights be transferred to an association which would represent its members at the Annual General Meeting. About 80 percent of the participants took advantage of this offer.

Bonus payment for employees

Once again, 17,000 employees in Germany received a bonus payment (€340 gross) in June 2012 as thanks for their efforts and commitment.

Codetermination

Our corporate culture includes respecting the rights of employee representatives and giving staff the opportunity to have a say. As a signatory to the UN Global Compact, the Group has undertaken to ensure employee freedom of association and fair treatment of its employees throughout its global operations. We are meeting these obligations.

Health promotion

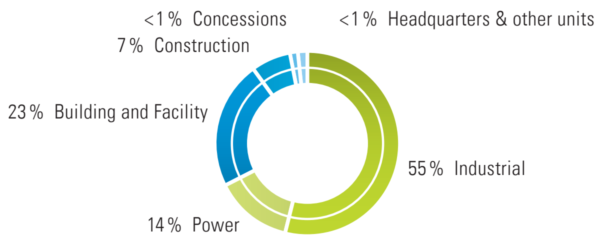
In the year under review, we approved a concept to foster the health and performance of employees. The areas of activity include sport and recreation, physical and mental health as well as workplace conditions. Through a framework agreement with a national fitness provider, our employees have the opportunity to visit fitness studios throughout Germany at reasonable conditions. We promote the sporting activities of our workforce in a number of disciplines. These include running, football, basketball, cycling, skiing, squash and inline skating. We send large teams to corporate running events held at the Hockenheimring, in Frankfurt and in Munich as well as to bike races in Frankfurt and Münster. 34 teams from many countries took part in the Bilfinger Football Cup, the largest internal Group sporting event.

We offer special seminars for dealing with stress and for sustainably maintaining performance.

We look closely at whether our workplaces are a burden on the health of employees or whether they may even endanger their health. If necessary, technical or organizational measures are taken to deal with such risks.

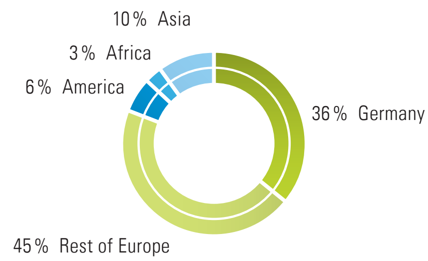
NUMBER OF EMPLOYEES BY BUSINESS SEGMENT

	2012	2011	Δ in %
Industrial	37,056	29,427	+26
Power	9,278	7,588	+22
Building and Facility	15,292	15,711	-3
Construction	4,490	5,849	-23
Concessions	143	141	+1
Headquarters & other units	567	494	+15
	66,826	59,210	+13



NUMBER OF EMPLOYEES BY REGION

	2012	2011	Δ in %
Germany	24,085	23,324	+3
Rest of Europe	30,377	28,123	+8
America	3,733	3,079	+21
Africa	2,086	2,055	+2
Asia	6,507	2,592	+151
Australia	38	37	+3
	66,826	59,210	+13



NUMBER OF EMPLOYEES BY GENDER

	total	male	female	total	male	female
			2012			2011
Industrial	37,056	33,708	3,348	29,427	27,310	2,117
Power	9,278	8,398	880	7,588	6,877	711
Building and Facility	15,292	9,593	5,699	15,711	10,165	5,546
Construction	4,490	3,839	651	5,849	5,130	719
Concessions	143	87	56	141	80	61
Headquarters & other units	567	352	215	494	312	182
	66,826	55,977	10,849	59,210	49,874	9,336

Equal opportunity

At Bilfinger, employees around the world are offered equal opportunities. There can be no discrimination based on ethnicity, gender, sexual orientation, religion, ideology, disability or age.

Increasing the share of women in our workforce which, at the end of the reporting year was at 16 percent, is one of our most important objectives. The measures we apply to promote female employees include specific training opportunities and mentoring programs. In order to increase the share of female employees, particularly in management positions, we have been executing our own program since 2011. Of the university graduates newly hired in Germany with economics or engineering degrees, 46 and 28 percent, respectively, were female. This roughly corresponds to the overall share of graduates in these areas.

Work-family balance

It is our goal to adapt the workplace to the individual situation of the employee. This is often possible with part-time contracts, the details of which are worked out individually between the employee and his or her supervisor. Together with the Subgroups, headquarters develops models for flexible working hours and home-office arrangements that are implemented in the individual companies in line with both local and individual situations.

The offers that allow for greater compatibility of career and private life and a corresponding improvement of work-life balance include childcare options and care for family members with special needs. A model for such measures was tested in Mannheim and expanded to all locations in Germany in the reporting year. Employees can contact a family service agency. Bilfinger covers the costs of the consulting and agency services as well as certain care-related costs.

Recruiting

The objective of our intensive university marketing program is to identify highly-qualified graduates and arouse their interest in working for Bilfinger. Within the scope of the 'Deutschlandstipendium' scholarship program, we currently support 86 scholarship recipients at 19 universities. We award the 'Bilfinger Prize' at five universities. The contacts gained within the scope of this program often lead to internships and academic papers that are accompanied by our employees.

We will further intensify and internationalize our diverse activities at selected universities in order to meet the future need for highly-qualified specialists around the world.

As part of our new brand presence, all Group units present themselves in the jobs market under a single, strong employer brand. The graphic concept for this presence has also been adapted with the repositioning of the Group. The main contact points are the career pages on our website which also have a very clearly-arranged jobs pool. In the reporting year, these pages were ranked third in the 'Best career website' category by the trendence Institute's Graduate Barometer and was thus the best-ranked portal of all MDAX companies.

E-RECRUITING (GERMAN-SPEAKING COUNTRIES)

	2012	2011	Δ in %
Industrial	174	165	+5
Power	73	83	-12
Building and Facility	949	900	+5
Construction	73	91	-20
Concessions	1	6	-83
Headquarters & other units	89	80	+11
	1,359	1,325	+3

Training

In financial year 2012, approximately 1,561 apprentices were employed in the Group (2011: 1,551). The most popular apprenticeships were systems technician, industrial clerk and technical draftsman.

GROUP APPRENTICES BY BUSINESS SEGMENT

	2012	2011	Δ in %
Industrial	778	773	+1
Power	318	351	-9
Building and Facility	400	361	+11
Construction	57	63	-10
Concessions	0	0	0
Headquarters & other units	8	3	+167
	1,561	1,551	+1

TOP TEN SKILLED OCCUPATIONS AND DUAL STUDY PROGRAMS IN GERMANY (APPRENTICESHIPS / NUMBER OF APPRENTICES)

Plant mechanic	185
Industrial clerk	87
Technical draftsman/woman	66
Industrial insulator	57
Construction mechanic	50
Industrial mechanic	49
Technical BA degree	43
Commercial BA degree	36
Scaffolder	36
Mechatronic technician	35

ACQUISITIONS: NUMBER OF EMPLOYEES

	2012
Tebodin B.V.	3,764
Neo Structo Construction Private Limited	1,637
Westcon Inc.	739
ProfiMiet GmbH	249
Rollright Facilities Ltd.	227
Envi Con & Plant Engineering GmbH	219
Are Oy*	209
Bilfinger Sielv Facility Management Srl	193
EMV-Gruppe	152
Spectech Plant Equipments Private Limited	67
KAB Takuma**	60
Argoneo Real Estate GmbH	51
PKA Planungsgesellschaft Karnasch GmbH	17
	7,584

* Merged with BIS PP Oy
** Merged with MCE Berlin

Training and personal development

For Bilfinger, professional training is an investment in the future of each individual employee and the entire Group. The Bilfinger Academy was founded in 2012 to ensure the greatest possible level of support to employees. Headquarters and the Subgroups bring together seminars, e-learnings and development offers under a joint virtual umbrella. The Bilfinger Academy was developed as part of the BEST strategic program. It makes all training measures accessible for employees and managers.

Occupational safety

The safety of employees is the top priority at Bilfinger. The objective of our measures initiated to improve occupational safety can be easily summed up: zero accidents.

Our HSEQ corporate department is responsible for health, safety, environment and quality. It develops HSEQ principles, monitors their compliance within the Group, implements and monitors the effectiveness of the HSEQ systems in the Subgroups, and conducts a range of training courses. The department defines the HSEQ reporting system and summarizes reports from the Subgroups in quarterly reports to the Executive Board. The Executive Board is immediately informed of any serious accidents at work.

Responsibility for compliance with our occupational safety standards lies with the operating units which take into account the working conditions that are specific to their respective businesses. A Group occupational safety officer and a network of occupational safety officers in the Subgroups support the operating units in complying with and fine-tuning the rules.

Accidents can only be avoided when employees are constantly made aware of the importance of occupational safety. Our Subgroups therefore regularly conduct information campaigns, training measures and emergency trainings.

The effectiveness of our systems for occupational safety in the operating units is verified by certifications in accordance with the standards OHSAS 18001 and SCC which cover 60 percent of all the Group's workplaces. We conduct audits on all levels through internal and external agencies in order to continually analyze and improve our occupational safety measures.

Risk and opportunity report

Through the management of risks and opportunities, we protect and expand our potential

The Group's collective risk management function is exercised by the Executive Board and headquarters and monitored by the Supervisory Board

Within the scope of the Group-wide risk management system, the Subgroups and subsidiaries make use of instruments that are aligned with their operating business

Group Project Controlling accompanies large volume orders or orders with particular risks from the bid phase through to completion

The internal control and risk management system as relates to the accounting process ensures that the business situation is properly reflected in the financial statements

Risks and opportunities

In the course of its business activities, Bilfinger creates opportunities and takes risks; both must be thoroughly weighed and considered. Business success depends on the principle that the risks taken are managed and that they are outweighed by the opportunities.

The task of the risk management system is to ensure that risks are controlled. For the timely identification, evaluation and responsible handling of risks, effective management, recording, control and audit systems are in place which together form Bilfinger's risk management system. The elements of our risk management system are strategic business planning combined with a detailed and up-to-date reporting system that serves as an internal early-warning and monitoring system. Our risk management system has been designed with the strong international focus of Bilfinger's business activities and the special features of the individual project business in mind.

Our corporate strategy focuses on identifying the opportunities that present themselves at an early stage, evaluating them by applying our risk management system and taking advantage of them through suitable measures for the continued successful development of Bilfinger. As part of the strategic corporate planning resolved by the Executive Board for a period of five years, the Subgroups regularly submit a detailed 3-year plan. The resulting cumulative overview for the Group is dealt with on an ongoing basis by the Executive Board. To achieve a greater level of detail, the Executive Board conducts full-day workshops with the executive management of the Subgroups at which the analyses and planning of the Subgroups are discussed, also with a view to their classification in the Group planning. This treatment takes all factors that are relevant for the Group's opportunity management into consideration, including markets, competitive situation, strategic positioning, analysis of strengths and weaknesses, own organization, investments, human resources as well as volume and earnings development. It serves as a basis for strategic decisions intended to take advantage of the Group's opportunity potential.

Risk-management system

The risk-management function comprises the following components in particular:

- General principles of risk awareness and fostering individual risk-conscious behavior
- Specification and control of key performance indicators (EBITA, return on capital employed, liquidity, etc.)
- Collective controlling by corporate departments (Group Controlling, Procurement, Treasury, Project Controlling, Internal Auditing, Legal, Compliance, HSEQ)
- Particular risk review and monitoring for major projects
- Internal control and risk management system as relates to the accounting process

Risk management at Bilfinger is a continuous and decentralized process, which is monitored and controlled from headquarters. Accordingly, the Subgroups and subsidiaries, within the scope of the overall system, use instruments of risk management that are customized to their respective business segments. The Group's collective risk management function is exercised by the Executive Board and headquarters and monitored by the Supervisory Board. Effectively avoiding risks requires more than just good instruments and procedures. A highly-developed risk awareness among decision makers is also indispensable. The training program we introduced in 2009 for all operative management levels to further increase risk awareness was continued in the reporting year. Group-wide, general principles of risk awareness apply to management and staff at all levels. On this basis our Subgroups developed concrete guidelines for dealing with the risks inherent in their particular business.

Each year, the Group sets new targets for all of its subsidiaries in terms of the key performance indicators EBITA and return on capital employed, as well as liquidity targets and limits. These and other key figures are monitored with the use of monthly reporting. The actual situation and the targets set are analyzed at all levels. With the use of marginal values and deviation parameters, relevant risks are identified and monitored, and their effects are limited by taking suitable measures. This provides the Executive Board and other members of the management team with detailed information on the current financial situation. In consultation with the Executive Board, the corporate functions perform a specialist monitoring function throughout the Group. They have wide-ranging obligations to request and receive information, to issue individually defined guidelines, and to be actively involved with their specialist colleagues at the subsidiaries.

Headquarters are also responsible for controlling tasks of overriding importance. The corporate departments of Group Controlling, Procurement, Group Treasury, Project Controlling, Internal Auditing, Legal, Compliance and HSEQ (Health, Safety, Environment and Quality) report regularly and comprehensively to the Executive Board on possible risks from their respective specialist perspectives. In addition, the Executive Board submits a quarterly risk report to the Audit Committee and the plenum of the Supervisory Board. The Committee is informed on a semi-annual basis by the heads of Project Controlling and Internal Audit on the results of the reviews carried out by their corporate departments.

Orders with large volumes or special risks can only be accepted if they are expressly approved by the Executive Board. Above a specified volume, approval of the Supervisory Board is also required. Projects with greater risks are reviewed more intensively by the Executive Board prior to a bid being submitted and continue to be closely monitored when an order has been received. Risks, particularly those related to major projects, are counteracted by clearly structuring the distribution of tasks within the corporate departments:

- Group Project Controlling supports these projects from the bidding phase until completion. The technical, financial and timeline-related development of each project – irrespective of the responsible operating unit – is analyzed continually and critically.
- Decisions on financing, internal credit lines and guaranties are made at headquarters by the Executive Board with significant support from Group Treasury.
- Internal Auditing reviews the effectiveness of working routines and processes. It also carries out audits at the level of the operating units.
- Group Controlling is responsible for the monthly recording of all performance measures as well as for the active controlling of the subsidiaries.
- With its supplier management system, Group Procurement supports the evaluation and selection of subcontractors, materials suppliers and external service providers.
- The Legal department reviews contractual risks and takes the lead with any legal disputes.
- The HSEQ department carries out audits in order to analyze risks in connection with health, safety, environment and quality and to review the methods used to control them.

The Corporate Organization department provides uniform Group-wide standards for the elements of company controlling and continuously develops the Bilfinger governance system. All of the processes and approval procedures that are stipulated by law, the Executive Board or the corporate functions are documented in manuals and working instructions. Via the intranet, employees throughout the Group have quick access to the content of the risk management system. Our controlling and monitoring instruments are combined into a comprehensive risk management system that is subject to continuous development. The functionality and effectiveness of key elements of this system, including the operational, non-accounting related internal controlling system and the internal risk systems are reviewed by the Audit Committee of the Supervisory Board and the external auditors. Any recommendations on the optimization of the risk management system resulting from these reviews are implemented immediately.

Internal control and risk management system as relates to the accounting process

The internal control system as relates to the accounting process consists of principles, procedures and measures to secure the effectiveness, efficiency and accuracy of the Company's accounting as well as the observance of applicable legal requirements. This also includes the internal auditing system insofar as it relates to accounting.

Under consideration of standards that are usual for the industry as well as applicable legal requirements, Bilfinger has established an internal control and risk management system for Group accounting processes in order to recognize potential risks and minimize them. This system is being continuously developed.

This internal control and risk management system ensures that entrepreneurial substance is accurately recorded, processed and recognized in the balance sheet and implemented in the accounting system. Appropriate staffing and equipment, the use of adequate software as well as clear legal and internal company requirements form the basis of an orderly, standardized and consistent accounting process. The clear division of areas of responsibility as well as various control and monitoring mechanisms (especially plausibility controls, the dual control principle and audit treatments from Internal Auditing), ensure proper accounting. In this way, it is ensured that the accounting process is carried out uniformly and in line with legal requirements, the principles of proper book-keeping, international financial reporting standards and internal Group guidelines. Furthermore, it is ensured that business transactions throughout the Group are recorded and evaluated uniformly and within the scope of accounting publications and that, as a result, accurate and reliable information is made available.

The internal control and risk management system established at Bilfinger with regard to the Group accounting process consists of the following significant features:

- The IT systems used in the accounting areas are protected from unauthorized access through appropriate security measures.
- Standardized accounting is guaranteed through Group-wide guidelines.
- Accounting data is randomly reviewed on a regular basis for completeness and accuracy. Programmed plausibility audits are carried out by software that is designed for that purpose.
- Appropriate controls have been implemented for all accounting-relevant processes (including the dual control principle and analytical audits). They are also reviewed regularly by Internal Auditing.
- On the basis of the reports received from the external auditors and from Internal Auditing, the Supervisory Board, through its Audit Committee, reviews the functionality of the internal control and risk management system as relates to the accounting process.

Opportunities for Bilfinger

Group We want to secure the economic success of our company by growing in defined industries through acquisitions. To do this, we will, on the one hand, take advantage of the opportunities that arise as a result of the continued expansion of our market presence in selected regions and, on the other hand, make targeted additions to our range of services. One focus is the strengthening of our engineering competence and the resulting increase in vertical integration.

We have also made it our goal to accelerate the organic growth of our units. Increased cooperation among our Group units is particularly promising in this regard. As part of our strategic program, we have created a series of instruments which will help our units put together comprehensive service packages and offer them to the market.

There are differing specific framework conditions present in our business segments that enable us to take advantage of organic and acquisitional growth.

Industrial In the Industrial business segment, the focus of our activities related to the execution of inspections for major production facilities have to date been in Central and Northern Europe. We see interesting potential to expand this business in other European countries, in the Middle East or in Asia. This also applies to the expansion of activities related to repair and maintenance work for offshore oil and gas platforms.

There are opportunities for acquisitional growth from portfolio expansion in existing markets and from opening up growing international markets. To this end, market potential is regularly evaluated and consistently integrated into the growth strategy. One example is the United States where the share of national gas production from the mining of shale gas reserves is expected to increase from the current 23 percent to about 50 percent of total consumption in the year 2035. This requires a significant expansion of the pipeline network. It is also expected that the chemical industry will increase its capacities as a result of decreasing oil and gas prices. This development offers promising development opportunities in the Industrial business segment.

Power In the Power business segment, we have a sound technological foundation for taking advantage of future opportunities. Our strengths include a significant vertical integration in energy technology, our position as market leader in high-pressure piping systems, a unique range of competences in nuclear and environmental technology as well as comprehensive expertise and our own manufacturing capacities in heavy steel construction. Strong market penetration in Europe – especially in DACH and Eastern European countries – and a longstanding presence in South Africa and the Middle East form a solid foundation for the further development of our business in power plant service.

We see promising opportunities in our international markets. There is substantial demand in many countries for the modernization of aged facilities, especially for coal-fired power plants. For gas-fired power plants, opportunities are presented in the conversion of open cycle power plants (OCPP) to combined cycle power plants (CCPP). For regions such as the Middle East, the modernization and expansion of thermal seawater desalination plants are of fundamental importance.

On this basis, we seek to develop new growth opportunities in selected markets such as India, countries in the Middle East, in South-East Asia or Russia.

Facility In the Facility business segment, we have a leading market position in Germany and offer our clients a complete range of real-estate related services.

At Facility Services, there are opportunities on the German market from the expansion of business activities with key accounts, greater use of our comprehensive competences in the field of consulting and from an expansion of our activities in energy management for buildings. In asset and property management, an expansion of the service portfolio to high-margin broker services can generate impetus for growth.

In building construction, there is growing demand for specialized construction-related services.

We intend to use our strong position in Germany to take advantage of additional opportunities in selected European countries. We seek organic growth and are planning further acquisitions.

Construction In the Construction business segment there are opportunities in the restructuring of our civil engineering units into specialists for intelligent construction services in mobility and energy. We see further potential in the Scandinavian countries which continue to invest heavily in the expansion of their transportation infrastructure. We are market and technology leader in the construction of foundations for offshore wind turbines in the North Sea and Baltic Sea. This position provides us with the opportunity to expand our construction activities in connection with the use of regenerative energies. To this end, we will apply our strong competence in the offshore field as well as in tunnel construction and foundation engineering. Other areas of activity can include cable laying and execution of construction-related services.

Concessions In the Concessions business segment we focus our business operations in countries where public private partnerships are seen as an opportunity to improve infrastructure despite tight budgets. Such countries include Australia, the United States, Canada, the United Kingdom as well as selected countries in continental Europe.

In Canada and the United States, a number of promising transport and state health care projects are currently on the market. Demand is robust in the United Kingdom, and Bilfinger is confident that it will be able to benefit from these opportunities as a longstanding and experienced partner to the public sector.

Risk and opportunity management in the processing of bids

The recognition and realization of opportunities is an integral part of the process management system at our operational units. We define opportunities as favorable deviations from the planned framework conditions. Their opposite, negative deviations from planned framework conditions, constitutes risk. Opportunities and risks are therefore treated in the same step of the process. It is only following the analysis of a deviation from normal conditions that a classification as opportunity or risk can be undertaken.

Accordingly, an opportunity/risk index is prepared in the bid phase of a project in which positive or negative deviations from the normal, generally expected conditions are listed. In the determination of costs, the calculation initially assumes planned conditions. Only subsequently are the positive or negative particularities that are listed in the risk and opportunity index analyzed, evaluated and decisively taken into account in the final decision on the bid and its formulation.

Following the placing of the order, the project management responsible for the execution of the project uses the risk and opportunity index as an important information and control instrument. The index is updated and re-evaluated on an ongoing basis and serves as a key component of project meetings.

Market and company-specific risks

The Bilfinger Group depends on the general economic situation and the development of those markets in which the company is active. Due to the international nature of our business activities, we are also exposed to political and other risks. There is a tremendous amount of competition in our markets, changes in legal requirements, in terms of tax laws for example, could burden our earnings. To manage these risks, we regularly analyze how countries' economies are developing and whether our business segments are competitive. We are actively involved in advisory committees and panels to ensure that the economic effects of new legislation, ordinances and regulations are avoided in good time.

Our business model and our corporate strategy include specific risks which we manage through our risk management system and for which we take certain precautions.

Country risks

Country risks include uncertainties arising from political developments in our markets. In order to minimize such risks, we operate only in certain specified markets. We see no country risks that are relevant to the Group's earnings.

Acquisition risks

We counteract risks relating to acquisitions with the following concept: We generally acquire either a controlling interest or 100 percent ownership of suitable companies. Companies that we regard as candidates for acquisition are valued by our experts with the help of comprehensive due diligence audits. The key criteria for this assessment are strategic relevance, profitability, management quality and future prospects. We only acquire companies that are active and successful in the market and which can make positive contributions to the Group's earnings from the start. Our latest acquisitions have also fulfilled our high expectations in terms of return on capital and profits. New companies are integrated into the Group and its risk management system according to clear plans and instructions. Decisions on the acquisitions to be made by the Group are taken in the Executive Board. Approval of the Supervisory Board is also required for larger company acquisitions.

Subsidiaries' risks

All the companies of the Group are subject to the regular financial controlling of subsidiaries and associated companies. This controlling function is carried out from headquarters as directed by the Executive Board and is outside the reporting hierarchy. By permanently monitoring business developments, especially by means of local reviews, it creates a complete picture and an independent opinion of the companies' financial situations.

The subsidiary controllers report to the Executive Board once a month and inform it of any unusual developments without delay. In addition, there is a financial controlling department in each Subgroup that reports to the respective management and is subject to the functional supervision of subsidiary controlling at headquarters. The Supervisory Board ensures that it is informed in detail on the development of newly acquired Group companies.

Partner risks

For the execution of our business activities we maintain diverse contractual relationships with a large number of partners. For the most part, these are clients, partners in jointly-owned companies, consortiums and joint ventures, subcontractors, suppliers, financial institutions as well as service providers. If these contract partners are not able to meet their performance and/or payment obligations, if they perform poorly, behind schedule or not at all, it can lead to difficulties for our own performance and to financial losses.

We counter this risk by carefully selecting our partners in terms of reliability and performance and – when necessary – a collateralization of their contractual obligations. In the execution of projects with consortial and joint venture partners and in the assignment of important subcontractors, all potential breakdowns on the partner side are routinely included in the bid considerations. This approach has proven to be effective in the global economic and financial crisis: Virtually no partner risks have arisen.

A particular problem is presented by advance performance obligations, especially in the construction business. Inherent to these obligations is the risk that payments from the client are not made on time or that additional work must be carried out that has not been secured with a price agreement. We systematically monitor the business conduct and financial situation of our clients.

Project risks

We face calculation and execution risks in relation to the planning and implementation of complex major projects in particular. Losses in major projects can lead to a substantial burden on earnings.

The management of these risks is one of the main tasks of the units responsible for the individual project and is supported by the central project controlling. This includes the selection of projects and the subsequent bid preparation, project execution and processing of any guarantee claims. In the selection of projects and the processing of bids, in addition to the actual task of the project, the client's person, conditions in the region the project is to be carried out, the competence and capacity of the Group unit that will potentially do the work, execution risks, the draft contract as well as the payment plan and payment security are all analyzed, critically evaluated and divided into risk classes. Selection of the projects that are to be pursued is made on the basis of these risk classes.

Within the context of this project controlling, principal contracts are subjected to a thorough commercial and legal examination, with technical aspects analyzed separately by experts in that field. Projects above a certain volume or with a high degree of complexity are carefully monitored by a central unit with defined regulations in each phase of the business so that any corrective measures can be taken in good time. 55 major projects were under special observation in the year 2012. With complex projects in the concessions business, we make use of the expertise available throughout the Group to assess costs and risks reliably.

Risks in the services business

As is the case in the project business, calculation and execution risks also exist in the services business. In general, however, these are limited due to the lesser degree of complexity and the lower volumes of the services to be provided.

The basis for the management of these risks by our services units is a profound understanding of the services being provided and of the contract conditions that have been agreed. For the execution of the work they have their own competent and reliable staff in sufficient numbers. Due to the high degree of involvement in the business processes of the client, particular attention is paid to the appropriate qualifications of the persons assigned. For international activities, knowledge of the local conditions and the reliability of local employees is of particular importance.

In the services business, too, orders from a certain volume upward are monitored by a centralized unit so that corrective measures can be implemented in a timely manner when necessary.

Quality assurance

Our operational units remain primarily responsible for the quality of their products as well as the relevant safety and monitoring measures. These decentralized systems are supported by the headquarters. A corporate officer for quality assurance gathers relevant data and information from all Subgroups, determines the status of 'best practice' and distributes his findings to all Group units. The condensed knowledge on optimized quality management is routed to the ongoing work of the quality assurance managers in our operating units as well as to training and education measures.

The proven audits and certifications of processes and units with our partners, the German Quality Association, the European Organisation for Quality and the Technical Review Association are continued. With the further development of our quality management, we have taken all the steps necessary to provide our clients with a quality level of the highest standard.

Compliance risks

Compliance cases can have a variety of consequences for the company and its employees. These range from damage to the company's competitiveness, loss of assets and third-party damage claims to sanctions from the state. The clarification alone of suspicious cases often causes substantial costs through the involvement of internal and external measures. With our compliance system, which is constantly being developed, we are making targeted efforts to avoid these risks. Suspicious events are actively confronted and investigated. In case of an investigation, we cooperate with the responsible authorities.

Reputation risks

Accidents at our project sites, environmental damage, actual or alleged deficits and errors in our performance as well as compliance violations can all damage our reputation and impact our financial situation. We counteract damage to our reputation through open communication and cooperation with clients and government authorities.

Procurement risks

We intensively monitor our global procurement markets. The Group-wide monitoring of world market prices of, for example, steel, oil and services facilitates the flexible procurement of materials and subcontractor services for our projects at optimal conditions. We counteract regional procurement risks by cooperating with competitive suppliers and subcontractors. We secure quantities, qualities and prices by means of letters of intent and preliminary agreements. We also protect ourselves against inflation in our bids by means of sliding price clauses.

Human-resources risks

We carefully counteract the human-resources risks that might arise due to a shortage of junior managers, high staff turnover, lack of qualifications, low motivation or an excessively old work force. In this way, we ensure that highly qualified employees are recruited and retained by the Group over the long term. We therefore maintain close contacts with selected universities, arrange internships for students and graduates, and organize specially designed familiarization programs at the beginning of new graduates' careers at Bilfinger. An extensive range of courses and further training is available to our workforce. Career prospects are discussed regularly and individually with our employees. Management positions are mainly filled from within the workforce. By means of our human resources controlling, we analyze structural changes within the workforce and can thus counteract any negative developments at an early stage. As a result of our farsighted human resources development, no specific risks are recognizable in the personnel sector.

IT risks

In order to prevent unauthorized access and data loss and to guarantee the permanent availability of our systems, we protect our information technology with numerous technical installations. Our IT structures are largely standardized. We use software products from leading producers such as SAP, Oracle and Microsoft. Applicable security guidelines are regularly adapted to the latest technical developments. The IT security is regularly audited in a standardized process by internal and external auditors.

Environmental risks

Through our production processes at production facilities and at construction sites as well as in transport, contamination of air and water is possible. We counter such risks through preventative measures in the selection of materials and products, the course of the processes and work instructions as well as through relevant controls. We are insured against any environmental damage that may occur despite these precautions.

Financial risks

We monitor financial risks with proven control mechanisms that allow for timely and transparent reporting. The Group's reporting system guarantees the regular identification, analysis, assessment and management of financial risks by Group Treasury. All relevant equity interests and joint ventures are included in this monitoring.

On the basis of a rolling 12-month cash-flow planning, liquidity risks in the Group are monitored and controlled centrally. Within the context of central financing, Bilfinger SE is available to its subsidiaries as a lender of last resort. Notwithstanding economically less relevant regions, the Group's internal equalization of liquidity in Europe is supported by cross-border cash pooling.

Investment financing is carried out with consideration of matching maturities. From the €250 million promissory note loan placed for this purpose in 2008, there is a maturity in 2013. An initial tranche of €84 million was repaid on time in 2011. In 2012, a €500 million bond with maturity in 2019 was issued. To finance working capital, we have a €500 million pre-approved credit line at attractive conditions that is in place until 2016.

The credit facilities available for the execution of our project and services business continue to be appropriate to support our future corporate growth. To this end, long-term bilateral credit lines in the amount of €1.8 billion with a term until 2014 are available. In addition, we also have short-term bilateral credit lines. All credit commitments can be called due prematurely in the case of a change of control. The long-term credit agreements include a financial covenant in the form of a limitation of the dynamic gearing ratio. Any breach can lead directly or, through cross-default clauses, indirectly to the repayment call of all financing on a recourse basis. At no time did such a threat exist.

The long-term debt in place in our concessions business is solely on a non-recourse basis, so lenders have no access to Bilfinger's assets or cash flows beyond the respective project companies.

Market-price risks in the finance sector primarily involve exchange rates, interest rates, raw-material prices and the market values of financial investments. Our central risk management allows us to net out cash flows and financial positions to a large extent. We make use of derivative financial instruments to minimize residual risks and the resulting fluctuations in earnings, valuations and cash flows. We do not undertake any financial transactions beyond the underlying business risk. Hedging is carried out primarily through micro-hedges. Fundamental questions of risk management such as defining or reviewing methods, limits or risk strategies are dealt with by a steering committee with the direct involvement of the Executive Board.

We use currency futures or currency options to hedge risks relating to foreign-currency cash flows (not translation risks) and balance sheet items denominated in foreign currencies. We generally hedge against transaction risks in the project business for the entire project period immediately after a contract is received. In some cases this is already done during the bidding phase. Risk management takes place with the use of specified risk limits for outstanding foreign exchange items, their value at risk and marked-to-market results.

Whenever possible, hedging against price fluctuations of raw materials is undertaken on the basis of fixed-price agreements for deliveries or sliding-price clauses for consumption at a physical level. If this is not possible, hedging is carried out with the use of commodity swaps, for diesel fuel or bitumen, for example.

We counteract the risks of interest rate changes by continually reviewing and, when required, adjusting the composition of recourse liabilities subject to fixed and variable interest rates. We assess risks with consideration of future needs for new financing or refinancing on the basis of a cash-flow-at-risk model. The borrowing costs budgeted within the scope of the cost-of-capital model serve as a point of reference. To manage this, we generally apply derivative financial instruments such as interest-rate swaps and swaptions.

In the area of non-recourse project financing, however, liabilities are hedged with full maturity matching with the use of interest rate swaps. Changes in market value occurring in this context must be reflected in the balance sheet, but they have no impact on the success of the relevant project or on the Group's cash flows.

Substantial counterparty risks can arise in connection with the investment of liquid funds and the application of derivative financial instruments. To limit such risks, we enter into financial transactions exclusively with such banks that have a rating of at least A-. In addition, on the basis of an internal limit system, a diversification of volumes and maturities takes place. Our risk consideration also includes the loss of pre-approved but not yet utilized financing in the project business.

Due to this consistent application of the financing policy, there were no negative effects on the Group's financial position or earnings also in 2012.

Note 31 (see page 174ff) of the notes to the consolidated financial statements provides quantitative information on the risks from financial instruments and hedging transactions. Further information on financial instruments can also be found in Note 30 of the notes to the consolidated financial statements (see page 172ff).

Litigation risks

We strive to avoid legal disputes wherever possible. This goal cannot always be achieved, however, with the result that German and international companies are sometimes involved in litigation or arbitration. It is naturally impossible to predict the outcome of such cases with certainty. Nonetheless, following careful examinations, we can assume that sufficient provisions have been recognized in the balance sheet for all such disputes.

General assessment of the risk situation

The evaluation of the overall risk situation is the result of a consolidated consideration of all significant individual risks. The overall risk situation of the Bilfinger Group has not changed as compared with the prior year.

Additional disclosures pursuant to Section 289 Subsection 4 and Section 315 Subsection 4 of the German Commercial Code (HGB)

Structure of subscribed capital

The subscribed capital of (unchanged) €138,072,381 is divided into 46,024,127 bearer shares with an arithmetical value of €3.00 per share. Each share grants entitlement to one vote in the Annual General Meeting.

Limitations relating to voting rights or the transfer of shares

We are not aware of any limitations to voting rights beyond the statutory limitations, such as pursuant to Sections 136 and 71 b of the German Stock Corporation Act (AktG). As part of a long-term incentive plan, former members of the Executive Board hold a total of 2,489 shares which are subject to a lockup period until June 1, 2013.

Shareholdings in Bilfinger exceeding 10 percent of the voting rights

Investment company Cevian Capital II GP Limited, St. Helier, Jersey, Channel Islands, notified us on March 14, 2012 with reference to Section 21 Subsection 1 of the German Securities Trading Act (WpHG) that its shareholding in Bilfinger had exceeded the threshold of 15 percent of the voting right and amounts to 15.01 percent. In accordance with Section 22 Subsection (Satz1 Nr. 1) Sentence 1, Number 1 of the German Securities Trading Act (WpHG), these voting rights were assigned to Cevian Capital II GP Limited through Cevian Capital II Master Fund LP, Cevian Capital Partners Limited and Cevian Capital II Co-Investment Fund LP.

In January 2013, Cevian Capital II GP Limited, St. Helier, Jersey, Channel Islands notified us that the voting rights of Cevian Capital II Master Fund LP, Grand Cayman, Cayman Islands exceeded the threshold of 15 percent of the voting rights on January 14, 2013 and amounts to 15.07 percent. Thereof, voting rights of 14.0 percent have been assigned pursuant to Section 22 Subsection 1 Sentence 1 of the German Securities Trading Act (WpHG). Cevian Capital Partners Limited, Floriana, Malta gave notification that on January 15, 2013 its voting rights exceeded the threshold of 15 percent and amounts to 15.19 percent.

Shares with special rights

There are no Bilfinger shares with special rights conferring powers of control.

Control of voting rights of employee shares with indirect exercise of controlling rights

Within the scope of the employee share program, there are employee shareholdings in Bilfinger that do not exercise their control rights directly, but have transferred these to a shareholder association that represents their interests. The proxies can be revoked at any time. On the balance sheet date, 2,287 employees had transferred a total of 66,540 voting rights to the association.

Statutory requirements and provisions of the Articles of Incorporation on the appointment and dismissal of members of the Executive Board and changes to the Articles of Incorporation

The appointment and dismissal of members of the Executive Board are subject to the statutory provisions of Section 39 of the SE Regulations, Section 16 of the SE Implementation Act and Sections 84 and 85 of the German Stock Corporation Act (AktG), as well as the provisions of Article 8 of the Bilfinger SE Articles of Incorporation. Accordingly, members of the Executive Board are appointed by the Supervisory Board for a maximum period of five years. Re-appointments are permitted. The Supervisory Board can dismiss a member of the Executive Board when there is good cause for the dismissal. The Supervisory Board decides on the appointment or dismissal of a member of the Executive Board by simple majority. In the event of a tied vote, the Chairman of the Supervisory Board has a casting vote; if the Chairman does not participate, the Deputy Chairman has a casting vote provided he is a representative of the shareholders.

Any amendments to the Articles of Incorporation of Bilfinger SE are subject to the statutory provisions of Section 59 Subsection 1 of the SE Regulations and Sections 133 and 179 of the AktG, as well as the provisions of Article 21 Section 2 of the Articles of Incorporation of Bilfinger SE. Accordingly, a majority of two thirds of the valid votes cast or, provided that at least half of the share capital is represented, a simple majority of the valid votes cast is sufficient to amend the Articles of Incorporation. This does not apply to a change of the object of the company, for a resolution in accordance with Section 8 Subsection 6 of European Council (EC) Regulation No. 2157/2001 of October 8, 2001, or for cases for which a greater voting or capital majority is stipulated by law. Pursuant to Article 25 of the Articles of Incorporation, the Supervisory Board is authorized to make resolutions concerning amendments and supplements that affect only the wording of the Articles of Incorporation.

Authorization of the Executive Board with regard to the buy-back and issue of shares

Treasury shares In February 2008, the Executive Board, with the consent of the Supervisory Board and on the basis of the authorization granted by the Annual General Meeting of May 23, 2007, bought back 1,884,000 shares through the stock exchange at an average price of €53.07 per share. This represents 4.094 percent of the current voting rights. In accordance with the resolution of May 23, 2007, the Executive Board can sell these shares through the stock exchange, offer them for sale to shareholders under consideration of the principle of equal treatment, use them within the scope of corporate mergers or acquisitions or for the fulfilment of conversion and option rights or recall them without any further resolution by an Annual General Meeting. Since acquisition, the shares have been held by the company as treasury shares. The company has no rights from these shares (Section 71 b of the AktG).

The Annual General Meeting held on April 15, 2010 authorized the Executive Board, with the consent of the Supervisory Board, to acquire the company's own shares until April 14, 2015 in an amount of €13,807,238 of the current share capital under the condition that the shares to be acquired on the basis of this authorization, together with other shares held by the company which the company has already acquired and which are still in its possession or attributable to the company in accordance with Sections 71d and 71e of the AktG, at no time exceed 10 percent of the share capital. Furthermore, the requirements of Section 71 Subsection 2 Sentences 2 and 3 of the AktG are also to be observed. The acquisition may not be used for the purpose of trading in treasury shares.

Acquisition is to take place in accordance with the principle of equal treatment (Section 53 a of the AktG) through the stock exchange or by means of a public offer to buy addressed to all shareholders. In the case of acquisition through the stock exchange, the price paid (excluding incidental costs) may not be more than ten percent higher or ten percent lower than the stock-exchange price of Bilfinger shares resulting from the opening auction in Xetra trading of Deutsche Börse AG (or a comparable successor system). With a public offer to buy, the price offered (excluding incidental costs) may not be more than ten percent higher or ten percent lower than the average stock-exchange price of Bilfinger shares on the last three days of stock-exchange trading before the day the offer is made public, calculated on the basis of the arithmetical average of the price of Bilfinger shares in the closing auction of Xetra trading of Deutsche Börse AG (or a comparable successor system).

Shares acquired on the basis of this authorization may be offered to all shareholders with consideration of the principle of equal treatment or sold through the stock exchange. With the approval of the Supervisory Board, they may also be disposed of by sale or otherwise if the shares are sold in exchange for cash at a price not substantially below their average stock market price on the last three trading days before determination of the final selling price by the Executive Board. This authorization is limited to a total of ten percent of the share capital of the company at the time of the resolution of the Annual General Meeting on April 15, 2010 or – if lower – ten percent of the company's share capital at the time of disposal of the shares. The authorized volume is reduced by the proportionate part of the share capital which is attributable to shares or to which conversion and / or option rights or obligations under bonds which were issued or sold, subject to an exclusion of subscription rights, on or after April 15, 2010 pursuant to Section 186 Subsection 3 Sentence 4 of the AktG either directly, analogously or mutatis mutandis. In addition, the shares may be used within the scope of corporate mergers or acquisitions, recalled without any further resolution by the Annual General Meeting, or used for the fulfillment of conversion and/ or option rights or obligations under bonds.

Approved capital By resolution of the Annual General Meeting of April 15, 2010, with the consent of the Supervisory Board, the Executive Board was authorized until April 14, 2015 to increase the company's share capital by up to €69,000,000 by the single or multiple issue of new no-par value bearer shares (Approved Capital 2010). Such issue of new shares may be effected against cash or non-cash contributions. The new shares are to be offered to the shareholders for subscription. An indirect subscription right within the meaning of Section 186 Subsection 5 of the AktG shall suffice in this context. Limited to new shares representing a total proportionate amount of the share capital of up to €27,600,000 and subject to the consent of the Supervisory Board, the Executive Board is authorized to exclude the shareholders' statutory subscription rights under the conditions specified in the authorization resolution with the issue of new shares in cases of fractional amounts, to grant subscription rights to holders of conversion or option rights issued by the company or by a company of the Group, or to carry out capital increases against cash and / or non-cash contributions.

Conditional capital By resolution of the Annual General Meeting of April 15, 2010, the share capital was conditionally increased by up to €13,807,236 through the issue of up to 4,602,412 new bearer shares representing a proportionate amount of the share capital of €3.00 per share (Conditional Capital 2010). The conditional capital increase serves to grant shares to holders of conversion and / or option rights upon the execution of such rights, or to fulfill conversion and / or option obligations under convertible bonds or bonds with warrants which, in accordance with the authorization granted by the Annual General Meeting on April 15, 2010, are issued and / or guaranteed by the company or by a company of the Group until April 14, 2015.

The conditional capital increase will only be carried out to the extent that holders of bonds make use of their conversion and / or option rights or fulfill their obligations to exercise conversions / options, and the conditional capital is required for this purpose. The new shares participate in profits from the beginning of the financial year in which they are issued as a result of the exercise of conversion or option rights or the fulfillment of conversion or option obligations.

Agreements related to a change of control

In the case of a change of control resulting from an offer to take over Bilfinger SE, as is common business practice, termination possibilities exist for the providers of credit and guaranties for our syndicated cash credit lines of €500 million, our corporate bond of €500 million, our promissory note loan of €166 million, and various bilateral credit facilities totaling over €1,820 million. For the credit facilities, there is also an immediate prohibition of any further utilization in the case of such a change of control.

Compensation agreements in the case of an offer to take over the company

In the case of a change of control and if certain other conditions are fulfilled, the members of the Executive Board have the right to terminate their contracts of service. This regulation would give the members of the Executive Board the required independence in the case of a takeover bid so that they could direct their actions solely to the benefit of the company and its shareholders. Further details can be found in the remuneration report (see pages 114ff.).

Executive Board remuneration

The remuneration of the members of the Executive Board is comprised of a fixed salary, bonuses including a special incentive as well as fringe benefits and retirement benefits. Further information including individualized details of payments can be found in the remuneration report (see pages 114ff.). The remuneration report is part of the combined management report.

Events after the balance sheet date

Our business has developed according to plan in the current financial year. No events have occurred that are of particular significance for the Group's profitability, cash flows or financial position; our business and economic environment has not changed significantly. In our next interim report, which we will publish on May 14, 2013, we will provide a detailed overview of the first quarter of the year.

Outlook

Economic developments

Following slower rates of growth in 2012, the opportunity exists that the global economy in 2013 could expand more quickly. Further developments are subject to risks, however. In Europe, the commitment by the European Central Bank to buy government bonds of crisis countries in unlimited volumes if necessary has calmed the situation for the time being. Nonetheless, the situation in the euro zone remains fragile. The required consolidation measures and ongoing consumer and investor uncertainty are preventing a quick and thorough recovery. The problem of Greece's excessive debt is still unresolved. Another factor is that a country as important as France is giving cause for concern with its dwindling competitiveness. It is worrying that the second-largest economy in the euro zone currently seems to lack a promising strategy. But also in the United States, there are only prospects of accelerated growth if the political parties can reach basic consensus on the country's way out of its dangerous government deficit. Assuming that these risks do not worsen, international organizations for the global economy forecast growth of 3.3 percent for 2013 (after 3.1 percent in 2012), and significant acceleration to 3.9 percent is only expected for 2014 (COM 2012). This scenario is based on the assumption that the Chinese economy achieves a 'soft landing' and that the overall rate of growth of the BRIC countries does not fall any further or actually increases again. This assumption is not unrealistic in view of those economies' growth potential and measures taken for stabilization. For example, the International Monetary Fund forecasts an acceleration of growth in India to 6.0 percent again in 2013, compared with 4.9 in 2012.

The European Commission anticipates economic stagnation for the euro zone in 2013 (growth of just +0.1 percent). Countries such as Greece, Spain, Portugal and Italy will not be able to emerge from recession, while France can anticipate stagnation at best. Outside the euro zone, the United Kingdom should be able to leave its recession behind with moderate growth of 0.9 percent. The strongest growth rates in the EU are expected to be in the Baltic countries with rates of around 3 percent. Poland also has good prospects of a satisfactory rate of expansion of approximately 1.8 percent.

In Germany, a robust domestic economy will once again compensate for the sluggish development of exports, so growth of 0.8 percent seems realistic. Investment in plant and construction will recover in both the private and the public sector. German real-estate prices will continue to climb at a steady rate, providing a favourable influence for property-related services. With world trade recovering again somewhat, the traditional export industries of chemicals, automobiles, electrical engineering and mechanical engineering will be able to increase their capacity utilization again. Due to the robust domestic economy, the less export-dependent services sectors will follow a path of stable development. For the development of the energy sector, the long-term need for investment necessary for the energy changeover are important for the economy also in the short term, so ongoing investment stimulus is to be expected in this sector.

In the United States, the incipient budget consolidation will dampen the economic recovery. The steadily improving labor market and the recovery of the real-estate market will have a stabilizing effect. Further slight acceleration of GDP growth to 2.3 percent is therefore possible in 2013, from which Canada will also benefit.

Over the next two years, the global market for industrial services will likely be shaped by the differing speed of economic recovery. While the investment economy in North America and Northern Europe will likely see a revival in 2013, the recovery of investments in plant and equipment in Southern Europe will take more time.

Although the global economic outlook is less than euphoric, widespread falls in raw-material prices are not to be expected in view of generally stable growth of the world economy. Countries exporting raw materials should therefore have stable revenues, so the Gulf states for example will be able to continue their massive infrastructure investment.

Global demand for fossil fuels will continue to grow, whereby this growth is largely attributable to significantly increasing consumption in emerging and developing markets. The global oil and gas market is facing a transformation as a result of considerable production growth in the USA. While the USA could develop into a net oil exporter by the year 2030, emerging markets will take up the OPEC exports to a greater extent.

The transformation of the energy system requires comprehensive investment and will lead to a growing global market for power plant services in the years to come.

The major central banks – the US Fed, the ECB and the Bank of Japan – will continue with their policies of extremely cheap money and generous supply of liquidity. In the long run, however, this is connected with a growing risk for price stability in the respective currency areas. This would apply even more if the European Central Bank actually bought government bonds on a larger scale. But the lack of economic dynamism and the related limited pressure on prices and wages will not allow any significant increase in the rate of inflation in the year 2013.

Development of the Group

Following the successful transformation from a construction company to an engineering and services group, Bilfinger is using its diverse potential for the next phase in its development. Under the strategic program BEST (Bilfinger Escalates Strength) output volume will increase to €11-12 billion by 2016 and net profit will grow to about €400 million (see pages 44f.).

Even though there are initial indications of recovery in the global economy, our market environment remains demanding against the backdrop of the risk factors mentioned. With our robust business model, we nonetheless believe we are well-equipped to reach our goals.

Assuming that the high levels of national debt in Europe and the United States as well as the resulting measures do not lead to a significant recession, the developments expected by Bilfinger for the years 2013 and 2014, not including future acquisitions, are described below.

Business segments

Industrial For 2013, we anticipate another increase in output volume and – despite a difficult economic environment – a further improvement in the EBITA margin. However, output volume – without taking future acquisitions into account – will not grow quite as fast as in 2012. The positive development is based on the regional expansion of business activities, the ongoing optimization of our structures and processes, and the increased networking of our services. Growth should continue in financial year 2014.

Power Buoyed by good international demand, we expect a further increase in output volume in 2013. With that, we expect an EBITA margin slightly above the previous year level. Output volume and earnings will again increase in 2014.

Building and Facility Output volume and earnings in the business segment will be influenced by the deconsolidation of the engineering and services activities of Bilfinger Berger Nigeria GmbH from the middle of 2012. Nonetheless, output volume will at least remain stable in 2013 due to the acquisitions that have already been made. It is also necessary to consider that, from financial year 2013, the at-equity method earnings of Julius Berger Nigeria Plc are no longer presented in this business segment, but under *Consolidation, other.* Overall, we plan an EBITA margin for 2013 at the prior-year level. In financial year 2014, output volume and earnings should be higher than in the prior year.

Construction Following the planned reduction in output volume in the reporting year, this figure will decrease again, though only slightly, in 2013. For 2014, we anticipate a stabilization at the level of 2013. The improved risk structure and the increasing focus on higher margin activities will allow for an increase in the EBITA margin in 2013 and 2014.

Concessions Following the sale of 18 mature projects to a fund in the reporting year which led to a capital gain of €52 million, we also plan to sell projects in 2013 – though on a considerably more limited scale. EBITA will therefore be approximately half of the level achieved in 2012. In future as well, Concessions intends to sell mature projects as part of the business model. This will have a considerable influence on earnings.

Group

Output volume Despite the deconsolidation effect in the Building and Facility business segment and the ongoing volume reduction in the Construction business segment, the Group's output volume will increase again in 2013. This will be based on the planned organic growth in the other segments and the acquisitions made so far. At December 31, 2012, order backlog was €7.4 billion. Of that total, we expect that €5.3 billion will translate into output volume in 2013 and a further €1.3 billion in 2014.

EBITA / net profit Earnings in 2012 included the capital gain of €45 million before taxes from the reduction of our investments in the Nigerian business. Adjusted for this effect, EBITA and net profit will again increase with higher margins in 2013 (2012: adjusted EBITA of €421 million and adjusted net profit of €238 million). In a market environment that remains characterized by price pressure, especially in the Industrial as well as the Building and Facility business segments, we want to achieve this increase in earnings via the planned increase in output volume as well as through continuous cost optimization measures.

2014 For financial year 2014, we anticipate further growth in both output volume and earnings.

Return on capital employed We intend to create substantial value added in each segment, with a return on capital employed (ROCE) above our weighted average cost of capital. In the coming years, we anticipate a return on capital employed for the Group of between 15 and 20 percent.

Dividend policy Our sustainable dividend policy calls for a payout ratio of approximately 50 percent of net profit, adjusted for special items if necessary.

Cash flow from operating activities In 2013 and 2014, we plan an increase in cash flow from operating activities which, in the reporting year, was characterized by a structural increase in working capital. We will retain our focus on working capital management – in addition to the increase in earnings.

GENERAL STATEMENT ON THE EXPECTED DEVELOPMENT OF THE GROUP
€ million

	Output volume			EBITA		
	2012	Expected 2013	Expected 2014	2012	Expected 2013	Expected 2014
Industrial	3,705	increase	further increase	206	disproportionate increase	further increase
Power	1,319	increase	further increase	123	disproportionate increase	further increase
Building and Facility	2,249	at least stable	further increase	106	unchanged level	increase
Construction	1,404	slight decrease	unchanged level	25	increase	increase
Concessions	–	–	–	41	reduction by half	depending on the sale of projects
Other	-42	–	–	-80*	–	–
Group	8,635	increase	further increase	421*	increase	further increase

* not including capital gains from Nigeria in the amount of € 45 million

Capital expenditure on P, P & E: Planned expenditures on property, plant and equipment which, for 2013 will be at a magnitude of approximately €200 million, is above the relatively low figure in the reporting year in the amount of €143 million and thus reaches a good 2 percent of our output volume.

Planning is significantly higher than investment volumes from 2012, particularly in the Construction business segment. This is due to a total of €25 million from a joint venture with a Polish partner for the production of steel foundations for offshore wind turbines. Because we hold the majority of 62.5 percent of shares in the joint venture, these investments (primarily real estate) will be fully disclosed in our consolidated financial statements 2013.

We also plan investments for the expansion of various production facilities in other areas. For this reason, real-estate investments of a good €40 million will be well above the figure for the reporting year in the amount of €13 million.

About half of the other investments relate to operating equipment and machinery as well as technical systems. They will be spread across a total of about 3,000 projects with only a very small number of larger individual investments such as, for example, floating equipment for the construction of offshore wind turbines.

For the year 2014, we plan an investment volume for property, plant and equipment at the level of 2013.

Investments in financial assets At the end of 2012, we had financial scope of up to €1 billion for acquisitions planned within the context of our corporate strategy. We intend to invest a considerable portion of this total in financial years 2013 and 2014.

Financing structure Cash and cash equivalents amounted to €1,087 million at the end of 2012.

In accordance with our planning, investments in property, plant and equipment as well as dividend payments in the years 2013 and 2014 will be financed from operating cash flow.

For the ongoing implementation of our growth strategy and to refinance a promissory-note loan of €166 million falling due in mid-2013, we successfully placed a corporate bond of €500 million in December 2012 maturing in 2019. We expect that we will be able to finance acquisitions planned for 2013 and 2014 largely through the use of available liquidity. Insofar as it is necessary, borrowed capital will be used in addition.

For the financing of intra-year changes in working capital, we have a syndicated cash credit line of €500 million available which is due in 2016.

Capital structure With regard to capital structure, we strive for relations in the relevant key figures that are sufficient for our solid investment-grade rating (BBB+) (see page 45 for details).

Research and development Our expenditures for research and development will increase in the coming years. The focus of activities will be on the optimization of energy generation in power plants and the reduction of energy requirements over the lifecycle of buildings.

General statement from the Executive Board of Bilfinger SE on the anticipated development of the Group
Overall, the Executive Board of Bilfinger SE views the situation of the company as positive. On the basis of our strengths as an engineering and services company, we intend to grow organically at an average annual rate of 3 to 5 percent. The larger portion of the increase in volume planned until 2016 will come from acquisitions. We will increase earnings at a disproportionately high rate through acquisitions in high-margin areas and through the further measures laid out in our strategy program, BEST.

Disclaimer

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 those statements also depend on factors beyond our control, actual developments may differ from our forecasts.

02 Corporate governance report

Remuneration report

Corporate governance report

Bilfinger attaches great importance to good corporate governance. The principles of good and responsible corporate governance guide the actions of the management and control functions of Bilfinger SE. The term 'corporate governance' refers to the entire management and control system of a company, including its organization, its socio-political principles and guidelines as well as the internal and external monitoring and control mechanisms. Good and transparent corporate governance ensures the responsible, value-oriented management and control of the company.

Structure of corporate governance

Bilfinger SE is a European stock company located in Germany and is subject to European SE regulations, the German SE Implementation Act and the German Stock Corporation Act. The company has a dual management and monitoring structure consisting of the Executive Board and the Supervisory Board. The third body of the company is the Annual General Meeting. At present, no use is made of the possibility of forming an advisory board, as allowed by Article 17 of our Articles of Incorporation.

Executive Board The members of the Executive Board are appointed by the Supervisory Board, it currently consists of five members (see page 193). The Executive Board manages the company in its own responsibility; its tasks include setting the company's corporate goals and strategic focus, managing and monitoring the operating units, as well as implementing and monitoring an efficient risk management system.

Details of the remuneration of the Executive Board members can be found in the remuneration report, which is a part of the management report (see pages 114ff.).

Supervisory Board In accordance with Article 11 of the Articles of Incorporation, the Supervisory Board of Bilfinger SE consists of twelve members, six of whom are representatives of the shareholders and six of whom are employee representatives. The shareholder representatives are elected by the Annual General Meeting, and it is thereby incumbent on the Supervisory Board, in accordance with Section 124 Subsection 3 Sentence 1 of the AktG, to propose candidates to the Annual General Meeting. The appointment of the employee representatives is carried out by the SE Works Council in accordance with the agreement on employee participation reached between company management and the European employee representatives on July 15, 2010. With regard to the appointment of those members to be appointed by the SE Works Council, the Supervisory Board has no right to make proposals; it is not involved in the selection procedure for the employee representatives in the Supervisory Board.

The Supervisory Board advises and monitors the management of the company by the Executive Board. Decisions of fundamental importance for the company require the approval of the Supervisory Board. Within the context of its report, the Supervisory Board informs the shareholders about its activities (see pages 8ff.).

The current composition of the Supervisory Board and the committees formed for more efficient execution of its activities can be seen in the section of the Annual Report entitled 'Boards of the company' (see pages 193ff.). There, the positions held by members of the Supervisory Board on monitoring boards of other companies are also listed.

The remuneration of the members of the Supervisory Board is presented in the remuneration report as part of the management report (see pages 114ff.).

Annual General Meeting The Annual General Meeting is to be convened at least once each year. The Executive Board presents to the Annual General Meeting certain documents, including the company and consolidated financial statements as well as the combined management report for Bilfinger SE and the Bilfinger Group. The Meeting decides on the appropriation of profits and on ratifying the actions of the Executive Board and the Supervisory Board, elects the members of the Supervisory Board representing the shareholders, and the external auditors. In addition, it makes decisions on amendments to the Articles of Incorporation and in certain other cases as specified by applicable law or the Articles of Incorporation. Each share grants entitlement to one vote in the Annual General Meeting.

German Corporate Governance Code

The German Corporate Governance Code contains recommendations and suggestions for good corporate governance and control. It was developed by the responsible government commission based upon statutory provisions as well as nationally and internationally recognized standards of corporate governance. The Code is updated and elaborated on by the commission on a continual basis. Bilfinger supports the goals set out by the Code of enhancing the transparency and comprehensibility of the corporate governance system and fostering trust among national and international investors, customers, employees and the public in the management and supervision of German listed companies.

Objectives for the composition of the Supervisory Board In accordance with Number 5.4.1 Section 2 Sentence 1 of the German Corporate Governance Code, the Supervisory Board shall state concrete objectives regarding its composition which, while considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members as defined by Number 5.4.2 of the German Corporate Governance Code, an age limit to be specified for the members of the Supervisory Board and diversity. In accordance with Number 5.4.1 Section 2 Sentence 2 of the German Corporate Governance Code, these objectives should also include appropriate consideration for the participation of women. Proposals from the Supervisory Board to the responsible election committees shall, in accordance with Number 5.4.1 Section 3 Sentence 1 of the German Corporate Governance Code, give ample consideration to these objectives. The objectives and the status of their implementation shall, in accordance with Number 5.4.1 Section 3 Sentence 2 of the German Corporate Governance Code, be published in the corporate governance report.

As previously outlined, the Supervisory Board is responsible for making proposals for the election of the shareholder representatives to the Supervisory Board to the Annual General Meeting, but it is not involved in the selection procedure for the employee representatives in the Supervisory Board. Against this backdrop, the Supervisory Board announces, in accordance with Number 5.4.1 Section 2 of the German Corporate Governance Code and considering the specific situation of the company, the following objectives for its composition. It intends to consider the resolutions it proposes to the Annual General Meeting for the appointment of Supervisory Board members on the provision that those persons whose personal and professional qualifications make them the best suited for the position be proposed:

- At least two members should, as a result of their international experience, embody to a significant extent the criteria of internationality.
- At least two members should possess particular knowledge and experience in business administration and finance.
- At least two members should possess particular experience from leading positions in industrial or services companies.
- At least three members should be independent in accordance with the requirements of Number 5.4.2 Sentence 2 of the German Corporate Governance Code, meaning in particular that they have no personal or business relationship with the company, its bodies, a controlling shareholder or anyone associated with affiliated companies that could result in a significant and not merely temporary conflict of interest. In addition, they should have no consulting or management function for clients, suppliers, creditors or other business partners, nor should they hold any position which could lead to a conflict of interest.
- A maximum of two members are to be former members of the Executive Board.
- No member should exercise a management or consulting function for a significant competitor of the company.
- At least one member should meet the requirements of Section 100 Subsection 5 AktG (so-called 'financial expert').
- At least one woman should be a member of the Supervisory Board.
- As a rule, no member should be over 70 years of age at the time of the Annual General Meeting which is to decide on his or her appointment as member of the Supervisory Board; exceptions are to be justified.

The composition of the current Supervisory Board complies with the objectives stated above.

Declaration of compliance On October 23, 2012, in accordance with Section 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board issued the following annual Declaration of Compliance as required:

"Bilfinger SE complies with all of the recommendations of the German Corporate Governance Code as amended on May 15, 2012 with the following exceptions:

- The Supervisory Board does not comply with the recommendation in Number 5.1.2 Section 1 Sentence 2 second Clause (seeking an appropriate consideration of women) insofar as it is guided solely by the qualification of those persons available when filling Executive Board positions. However, the Supervisory Board will consider filling a vacant position in the Executive Board with a woman provided that in the specific case an appropriate candidate is available.
- The recommendation in Number 5.4.3 Sentence 3 (announcement to shareholders of proposed candidates for the Chair of the Supervisory Board) is not followed because this recommendation does not conform with the distribution of competences as set out in the German Stock Corporation Act (AktG), which states that the election of the Supervisory Board Chairman is the responsibility of the Supervisory Board alone.

Since issuing the declaration of compliance of December 5, 2011, the company has complied with all recommendations of the German Corporate Governance Code as amended on May 26, 2010 with the exception of the recommendations in Number 5.1.2 Section 1 Sentence 2 second Clause, 5.4.3 Sentence 3 and 5.4.6 Section 2 Sentence 1."

The Declaration of Compliance is published on the company's website and is updated when changes occur.

Bilfinger also fulfills nearly all non-binding suggestions of the German Corporate Governance Code. Exceptions are the accessibility of the proxy representative of the shareholders also during the Annual General Meeting (Number 2.3.3 Sentence 3 second Clause). The suggestion that shareholders should be given access to the Annual General Meeting through modern communication technology such as the Internet (Number 2.3.4) is followed insofar as the speech of the Chairman of the Executive Board is broadcast on the Internet.

Directors' dealings

Pursuant to Section 15 a of the German Securities Trading Act (WpHG), the members of the Supervisory Board and the Executive Board, other persons with management duties who regularly have access to insider information on the company and who are authorized to make significant business decisions, and certain persons who are in a close relationship with those persons are legally obliged to disclose to Bilfinger SE any acquisitions and disposals of Bilfinger shares and related financial instruments, particularly derivatives, in an amount of more than €5,000 in any calendar year. We publish details of such transactions on our website at www.bilfinger.com, among other places, without delay.

The members of the Executive Board and the Supervisory Board do not own any shares in the company or any related financial instruments that together, either directly or indirectly, constitute more than one percent of the shares issued by the company.

Compliance system

For Bilfinger, compliance represents an essential element of successful management and good corporate governance. With this in mind, we have revised our compliance system. It now meets the increased global requirements and international standards.

New compliance regulations have been in effect throughout the Group since November 1, 2012. A Code of Conduct outlines the general principles of our activities. The corresponding Group Guidelines include concrete instructions on the central issues of integrity, competition and dealing with business partners.

The Audit Committee of the Supervisory Board deals with compliance at regular intervals and reports on this to the plenary meetings of the Supervisory Board. Between the plenary meetings, the Chairman of the Supervisory Board advises the Executive Board on compliance-related issues.

Important business partners are subjected to a newly developed IT-supported integrity audit. All employees throughout the world can ask questions in their native language via the new communication platform Bilfinger Compliance Communications and these questions are answered by the compliance team. The system is also used to send reports (anonymously if desired). Internal whistleblowers are protected against any reprisals; the voluntary disclosure of one's own misconduct is to the advantage of the employee concerned.

Persons outside of the company such as clients, suppliers, subcontractors or service providers can also report misconduct via Bilfinger Compliance Communications. These reports remain anonymous if so desired.

The new compliance regulations were distributed to all employees in a total of 22 languages. Their introduction is accompanied by a communication campaign and supported by classroom training and a newly developed e-learning program.

Additional personnel have been recruited to our compliance organization. The Group's Chief Compliance Officer, the Compliance Officers in the operating companies that report to him and the central and local Compliance Managers deal with all compliance-relevant processes. The Compliance Team works closely with the Group's Executive Board, the management of our affiliates and with executives; it reviews cases in which compliance is doubtful and assists employees in adhering to internal requirements.

The control systems we have implemented to ensure adherence to the compliance requirements include routine and special audits by Internal Auditing. In the context of monitoring our business relationships, we review the use of third parties in connection with order acquisition.

Thanks to the immediate reporting of serious cases and the Chief Compliance Officer's quarterly reports, the Executive Board, the Audit Committee of the Supervisory Board and the plenum of the Supervisory Board are comprehensively informed about all important developments in the area of compliance.

The Chief Compliance Officer is supported in the design and further development of the compliance system by a Compliance Committee, which convenes regularly and is composed of the heads of the corporate functions of Legal, Internal Auditing and Human Resources.

We actively pursue information on compliance violations through our own investigations, by notifying the relevant authorities and cooperating with them to achieve a full resolution. Any misconduct leads to consequences for those involved and preventative organizational measures. The insights gained from reporting, the comparison with other systems and the evaluations from external specialists all lead to the ongoing development and improvement of our compliance system.

Financial loss liability insurance

The company has taken out financial loss liability insurance which covers the activities of the members of the Executive Board and Supervisory Board (D&O insurance). This insurance includes the deductible for the Executive Board legally required by Section 93 Subsection 2 Sentence 3 of the German Stock Corporation Act and the deductible for the Supervisory Board recommended in Number 3.8 Section 3 of the German Corporate Governance Code.

Corporate governance statement

The Executive Board issued a corporate governance statement pursuant to section 289 a of the German Commercial Code (HGB) that has been made available to the general public on the company's website (www.bilfinger.com) under *Responsibility / Corporate Governance.*

Mannheim, March 6, 2013

Bilfinger SE
The Executive Board   The Supervisory Board

Remuneration report

This remuneration report explains the remuneration system that has been in force for the Executive Board since January 1, 2011 and approved by the Annual General Meeting on May 31, 2011 as well as the amendments to the system which took effect on January 1, 2013. The report also presents remuneration granted to individual members of the Executive Board for financial year 2012. The remuneration report also provides details of the remuneration of the Supervisory Board in the year 2012. The remuneration report is part of the Group management report.

Executive Board remuneration

The remuneration system, which is valid for all members of the Executive Board includes an annual fixed salary and variable renumeration according to a profit-sharing model related to the average of the earnings before taxes (EBT) achieved in the past three financial years. From financial year 2013, the system will also include a further variable remuneration component in the form of a special incentive (see page 115).

Financial year 2012 The following remuneration system was valid for all members of the Executive Board in the financial year just ended:

Annual fixed salary In the financial year just ended, the annual fixed salary was €449 thousand for full members of the Executive Board and €768 thousand for the Chairman of the Executive Board. As newly appointed Executive Board members, the remuneration received by Mr. Enenkel (until April 7, 2012) and Dr. Keysberg (until April 30, 2014) was reduced by 20 percent. In addition to the fixed salary, the members of the Executive Board also receive fringe benefits (benefits in kind) for the most part in the form of insurance cover and the use of company cars, the value of which is accounted for in accordance with applicable tax law.

Variable remuneration Pursuant to Germany's Appropriateness of Management Board Remuneration Act of August 2009, the remuneration structure at listed companies is to be oriented towards sustainable corporate development; variable remuneration is to be paid on a multi-year assessment basis. The members of the Executive Board therefore receive variable remuneration according to a profit-sharing model related to the average of the earnings before taxes (EBT) achieved in the past three financial years. Of the amount of variable remuneration calculated in this way, 65 percent is paid out immediately. The other 35 percent is paid out only after a waiting period of two years and depending on the relative development of Bilfinger's share price (in terms of total shareholder return) compared with the MDAX.

The details are as follows: As the starting amount of variable remuneration, each full member of the Executive Board receives €3,800 (€3,040 for as long as the annual fixed salary is reduced by 20 percent) and the Chairman of the Executive Board receives €6,600 per €1 million of the average EBT achieved by the Group in the past three years. This starting amount is limited to a cap of €1,300 thousand for full members of the Executive Board (€1,040 thousand for as long as the annual fixed salary is reduced by 20 percent) and €2,200 thousand for the Executive Board Chairman. 65 percent of the starting amount is paid out immediately. The remaining 35 percent (deferral) is paid only out after a waiting period of 2 years depending on the development of Bilfinger's share price (in terms of total shareholder return) compared with the MDAX. If the relative development of the share price is more than 60 percent worse than the MDAX, the deferral is not paid out. The deferral is limited by a cap to 150 percent of its starting value (equal to 35 percent of the starting amount of the variable remuneration).

The Supervisory Board can reduce the EBT of one or more financial years that is used to calculate the average EBT by up to 20 percent if the EBT is significantly increased by non-recurring components of earnings. Furthermore, the Supervisory Board can increase or reduce the starting amount of profit sharing in its own discretion by up to 10 percent based on the evaluation of the individual performance of each member of the Executive Board.

Total remuneration granted for the financial year The total remuneration of the members of the Executive Board for the year under review and the prior year are shown in the table below. The above-mentioned cap was applied in the determination of variable remuneration for financial year 2012, leading to a substantial reduction in the amount of these remuneration components as compared to the unlimited initial amount.

Mr. Raps left the Executive Board as of December 31, 2012. Within the scope of the termination of his contractual relationship, Mr. Raps received a payment in the amount of €4.215 million. This amount does not exceed the contractually determined severance cap which is in line with the German Corporate Governance Code, according to which severance payments including fringe benefits should not exceed the value of two years' annual remuneration.

No loans or advances were made to the members of the Executive Board in 2012. No remuneration was paid for positions held on supervisory boards or comparable boards of companies of the Group in 2012.

€ thousand	Non-cash benefits		Annual fixed salary		Variable remuneration thereof 65 % immediately		Variable remuneration thereof 35 % deferred (share based*)		Total cash remuneration Non-cash benefits + annual fixed salary + immediate payment	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Roland Koch (Chairman)	106	86	768	534	1,430	997	751	537	2,304	1,617
Joachim Enenkel	56	56	425	360	800	676	420	364	1,281	1,092
Dr. Jochen Keysberg (from November 1, 2012)	16	–	60	–	113	–	60	–	189	–
Joachim Müller	44	43	449	449	845	845	444	455	1,338	1,337
Klaus Raps (until December 31, 2012)	82	105	449	449	845	845	444	455	1,376	1,399
Thomas Töpfer	22	22	449	427	845	803	444	432	1,316	1,252
	326	312	2,600	2,219	4,878	4,166	2,563	2,243	7,804	6,697

* Fair value at granting date

Changes to the remuneration system from financial year 2013

Increase in annual fixed salary The annual fixed salary shall amount to €499 thousand for full members of the Executive Board and €818 thousand for the Chairman of the Executive Board from January 1, 2013.

Introduction of a special incentive In order to incentivize significantly higher growth targets approved in 2011 as part of the strategic planning until 2016, a goal bonus system has been introduced as a supplement to the existing variable remuneration for members of the Executive Board from January 1, 2013. This supplement has a term of four years and is oriented toward annual earnings and liquidity targets. Depending on the fulfillment of the EBT target as set for the relevant financial year, members of the Executive Board receive a bonus which, for 100 percent target achievement amounts to €150 thousand for full members of the Executive Board and €225 thousand for the Chairman of the Executive Board. If 100 percent of the annual target for free cash flow is achieved, full members of the Executive Board receive €50 thousand and the Chairman of the Executive Board receives €75 thousand.

The annual EBT target values are based on the strategic planning as approved by the Executive Board and the Supervisory Board in October 2011. If the actual figures are more than 5 percent below target, this portion of the special incentives will not be granted for the relevant financial year; if the figures exceed the target by more than 30 percent, a cap in the amount of €300 thousand for full members of the Executive Board and €450 thousand for the Chairman of the Executive Board shall be applied. Within this span, a linear interpolation will be used to determine the amount of the bonus.

The liquidity targets shall be set by the Supervisory Board at the beginning of the year on the basis of a proposal from the Presiding Committee. If the liquidity target for the relevant financial year is missed by more than 15 percent, that portion of the bonus shall not be granted; if the target is exceeded by more than 30 percent, a cap shall be applied. This cap is set at €100 thousand for full members of the Executive Board and €150 thousand for the Chairman of the Executive Board. A linear interpolation will also be used here to determine the bonus within the span as described.

Initially, only 65 percent of the bonus for the years 2013 to 2015 as calculated using this approach will be paid out immediately – as is the case with the existing variable remuneration. Payment of this immediate amount will be made on the day following the Annual General Meeting at which the financial statements for the relevant year are presented. Payment of the remaining 35 percent (deferral) will be made on the day following the Annual General Meeting 2017 and will be based on the extent to which the overall EBT targets on average for the years 2013 to 2016 have been achieved. If the target is missed by no more than 5 percent, a corresponding reduction of the deferral by means of linear interpolation will be taken, if this value is missed, no payment will be made. The Supervisory Board may, insofar as a complete non-payment of the deferral special incentive would be unreasonable due to unforeseen special developments, decide otherwise. If payment of the deferral for the years 2013 to 2015 is made, the members of the Executive Board are obligated to invest the entire net payment amount in Bilfinger shares for which a holding period of two years shall apply. Depending on the achievement of the relevant targets (EBT and free cash flow), the bonus for the year 2016 will be paid out without limitations as an immediate payment on the day after the Annual General Meeting 2017.

PSUs GRANTED UNDER THE LONG-TERM INCENTIVE PLAN Number of PSUs	2008 tranche	2009 tranche	2010 tranche	Total
Joachim Enenkel	0	0	1,868	1,868
Joachim Müller	837	1,850	10,023	12,710
Klaus Raps	0	0	0	0
Thomas Töpfer	0	1,189	8,019	9,208
	837	**3,039**	**19,910**	**23,786**
Theoretical amount to be paid out based on a share price of €73.00 (in € thousand)	49	222	730	1,001
Year of payment	2013	2014	2015	

Additional disclosures

Long-term incentive plan The remuneration system for the Executive Board that was in effect until the end of 2010 also included a variable component linked to the company's long-term performance and share price (long-term incentive plan). Under this arrangement, the members of the Executive Board were granted phantom shares in the form of so-called performance share units (PSUs). On the balance sheet date, Messrs. Enenkel, Müller and Töpfer have a total of 23,786 PSUs from the years 2008 to 2010. Cash payment (taxable) of the value of these PSUs takes place in each case after a four-year lockup period in the years 2013 through 2015 in line with the development of Bilfinger's share price compared with the MDAX. The amounts to be paid out are limited by caps. On the basis of the Bilfinger share price of €73.00 at the end of 2012 and taking the caps into consideration, from today's perspective, payments totaling €1,001 thousand will be made in the years 2013 through 2015.

Following the Annual General Meeting on May 10, 2012, Mr. Raps received payment for 1,656 PSUs for the year 2007 with a value of €70 thousand (taxable). Following his departure from the Executive Board, Mr. Raps will receive no further payments from the long-term incentive plan in the future.

Retirement benefits Members of the Executive Board receive pension payments from a retirement age of 62. In case of the death of a member of the Executive Board, survivors are entitled to pension benefits in the form of widow and orphan pensions. These entitlements have been transferred to an external institution in the form of a reinsured relief fund and are based on contributions made by the company to the relief fund and contractually agreed with the member of the Executive Board. All future pension entitlements are fully funded so that there is no financial burden on the company in the event of a claim. The benefits of the external institution also cover the risk of occupational disability for Messrs. Enenkel, Dr. Keysberg, Müller and Töpfer. Mr. Koch, however, would receive a monthly pension of currently €6,774 directly from Bilfinger until the age of 62 in the case of occupational disability (increased by €175 for each year of service); his annual contributions to the relief fund would continue to be paid in the amount of 55 percent of his last annual fixed salary.

For Messrs. Enenkel, Dr. Keysberg and Töpfer, retirement pension commitments exist that were granted before they were appointed to the Executive Board. The relevant values amount to €200 thousand for Mr. Enenkel (2011: €198 thousand) and €190 thousand for Dr. Keysberg. Mr. Töpfer has a pension commitment from Bilfinger Industrial Services GmbH representing an obligation of €707 thousand (2011: €484 thousand).

The table shows contributions to the relief fund for the year 2012 and pension entitlement already achieved by members of the Executive Board.

€ thousand	Probable annual pension entitlement upon retirement	Payments to relief fund	
		2012	2011
Roland Koch (Chairman)	178	422	364
Joachim Enenkel	113	202	162
Dr. Jochen Keysberg	95	162	0
Joachim Müller	107	202	202
Klaus Raps	114	202	202
Thomas Töpfer	101	180	180
	708	**1,370**	**1,110**

Other arrangements for the members of the Executive Board Messrs. Müller and Töpfer receive a transitional payment from the company if their Executive Board membership ends due to revocation or non-extension of their Executive Board appointment by the company or due to termination of their contracts of service for an important reason to be justified by the company. However, this arrangement only applies if the event causing termination occurs after a period of office of a full eight years and after the member concerned has reached the age of 54.

In the case of a change of control, i.e., if a shareholder in the company reaches or exceeds a shareholding of 30 percent of the company's voting rights and in addition due to an allocation of responsibilities decided upon by the Supervisory Board a significant change occurs in the Executive Board members' responsibilities, or if the company enters into a control agreement as the controlled company, the members of the Executive Board have a special right of termination for their contracts of service. A special regulation applies to the Chairman of the Executive Board due to his function; he is entitled to terminate his contract of service if the acquiring entity takes measures that effectively and materially restrict his abilities to exert control or his independence as the Chairman of the Executive Board. In the case of termination of a contract of service due to a change of control, the members of the Executive Board receive severance compensation for the remaining periods of their contracts of service subject to a maximum of three years. The severance compensation comprises the annual fixed salary and profit sharing; the latter is calculated as the average of the variable remuneration paid in the past five full financial years to the respective member of the Executive Board (bonuses, PSUs, immediate payments and deferrals). Furthermore, following the remaining periods of their contracts of service covered by severance compensation, the Executive Board members are entitled to a transitional payment if the individual conditions for such payment are fulfilled. Pursuant to the previous remuneration system, PSUs already granted are not compensated for the time after leaving the Executive Board. In accordance with the recommendation in Number 4.2.3 Section 5 of the German Corporate Governance Code, severance compensation in the case of a change of control is limited to 150 percent of the general severance cap of two years' remuneration in accordance with Number 4.2.3 Section 4 of the German Corporate Governance Code.

Total remuneration of former members of the Executive Board and pensions The amounts paid to former members of the Executive Board or their surviving dependents totaled €2,238 thousand (2011: €2,378 thousand). The present value of future pension obligations for those persons calculated according to IAS 19 amounts to €27,524 thousand (2011: €27,405 thousand).

Supervisory Board remuneration

The members of the Supervisory Board receive, as specified by Article 16 of the Articles of Incorporation of Bilfinger SE, in addition to the reimbursement of their expenses, annual fixed remuneration of €70 thousand. The Chairman of the Supervisory Board receives two and a half times that amount; the Deputy Chairman of the Supervisory Board and the Chairmen of the Committees with the exception of the Nomination Committee receive double that amount. The members of the committees with the exception of the Nomination Committee receive one and a half times that amount. If a member of the Supervisory Board exercises several of the aforementioned functions, he or she is only entitled to the highest of the respective amounts. Members of the Supervisory Board receive a meeting fee of €500 for each meeting of the Supervisory Board and its committees that they attend. Members who reside in Germany are also reimbursed for any value added tax applicable to their remuneration.

The remuneration of the members of the Supervisory Board of Bilfinger SE in 2012 amounted to €1,306 thousand (2011: €1,226 thousand). In financial year 2012, members of the Supervisory Board of Bilfinger SE were also compensated for expenses in the total amount of €21 thousand. No additional remuneration was paid or benefits granted for personal services rendered such as consulting or agency services.

REMUNERATION OF THE SUPERVISORY BOARD OF BILFINGER SE

€ thousand

	2012	2011
Dr. h. c. Bernhard Walter (Chairman, Chairman of the Presiding Committee)	179	180
Stephan Brückner (Deputy Chairman, member of the Presiding Committee)	144	145
Volker Böhme (member of the Audit Committee)	110	111
Dr. John Feldmann (member of the Presiding Committee)	109	110
Lone Fønss Schrøder (from May 31, 2011)	73	43
Thomas Kern (member of the Audit Committee)	109	110
Rainer Knerler (member of the Presiding Committee)	109	111
Thomas Pleines	72	73
Udo Stark (Chairman of the Audit Committee)	145	146
Holger Timmer (from May 31, 2011)	73	43
Prof. Dr. Klaus Trützschler (member of the Audit Committee)	109	111
Marek Wróbel (from May 31, 2011)	74	43
	1,306	1,226

03 Consolidated financial statements

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group management report, which has been combined with the management report of Bilfinger SE, includes a fair review of the development and performance of the business and position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Mannheim, February 26, 2013

The Executive Board

Roland Koch

Joachim Enenkel

Dr. Jochen Keysberg

Joachim Müller

Thomas Töpfer

Auditor's report

We have audited the consolidated financial statements prepared by the Bilfinger SE (formerly Bilfinger Berger SE), Mannheim, comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report, that was combined with the company's management report, for the fiscal year from 1 January to 31 December 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ['Handelsgesetzbuch': 'German Commercial Code'] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Mannheim, 6 March 2013

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Peter Wollmert
Wirtschaftsprüfer
[German Public Auditor]

Karen Somes
Wirtschaftsprüferin
[German Public Auditor]

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

€ million

	Notes	2012	2011
Revenue	(7)	**8,508.8**	**8,208.5**
Cost of sales		-7,374.3	-7,141.9
Gross profit		**1,134.5**	**1,066.6**
Selling and administrative expenses		-851.8	-771.3
Other operating income	(8)	173.8	118.3
Other operating expense	(9)	-66.9	-81.0
Income from investments accounted for using the equity method	(10)	25.3	28.7
Earnings before interest and taxes (EBIT)	(11)	**414.9**	**361.3**
Interest income	(12)	13.9	19.4
Interest expense	(12)	-40.5	-40.5
Other financial expense	(12)	-7.4	-9.6
Earnings before taxes		**380.9**	**330.6**
Income tax expense	(13)	-103.5	-108.7
Earnings after taxes from continuing operations		**277.4**	**221.9**
Earnings after taxes from discontinued operations	(3)	**0.0**	**174.0**
Earnings after taxes		277.4	395.9
thereof minority interest		2.5	1.8
Net profit		**274.9**	**394.1**
Average number of shares (in thousands)	(14)	44,140	44,140
Earnings per share [1] (in €)	(14)	6.23	8.93
thereof from continuing operations		6.23	4.99
thereof from discontinued operations		0.00	3.94

[1] Basic earnings per share are equal to diluted earnings per share.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million

	2012	2011
Earnings after taxes	**277.4**	395.9
Gains / losses on fair-value measurement of securities		
Unrealized gains / losses	2.8	2.3
Income taxes on unrealized gains / losses	0.0	0.0
	2.8	2.3
Gains / losses on hedging instruments		
Unrealized gains / losses	-4.4	-235.5
Reclassifications to the income statement	338.9	26.0
Income taxes on unrealized gains / losses	-86.3	53.7
	248.2	-155.8
Currency translation differences		
Unrealized gains / losses	6.0	-23.9
Reclassifications to the income statement	-17.1	-58.6
	-11.1	-82.5
Actuarial gains / losses from pension plans		
Unrealized gains / losses	-61.7	-3.7
Income taxes on unrealized gains / losses	16.3	-0.4
	-45.4	-4.1
Gains / losses on investments accounted for using the equity method		
Unrealized gains / losses	-97.5	-55.1
Reclassifications to the income statement	22.3	0.0
	-75.2	-55.1
Other comprehensive income after taxes	**119.3**	-295.2
Total comprehensive income after taxes	**396.7**	100.7
attributable to shareholders of Bilfinger SE	393.2	99.8
attributable to minority interest	3.5	0.9

CONSOLIDATED BALANCE SHEET

€ million

		Notes	31.12.12	31.12.11
Assets	Non-current assets			
	Intangible assets	(15)	1,890.1	1,561.0
	Property, plant and equipment	(16)	689.9	647.0
	Investments accounted for using the equity method	(17)	96.2	68.5
	Receivables from concession projects	(18)	508.3	377.0
	Other financial assets	(19)	158.0	272.6
	Deferred tax assets	(13)	176.9	164.2
			3,519.4	**3,090.3**
	Current assets			
	Inventories	(20)	171.6	199.0
	Receivables and other financial assets	(21)	1,953.5	1,742.0
	Current tax assets		31.7	30.8
	Other assets	(22)	86.5	49.6
	Cash and cash equivalents	(23)	1,087.2	846.6
	Assets classified as held for sale	(2)	0.0	1,761.3
			3,330.5	**4,629.3**
			6,849.9	**7,719.6**
Equity and Liabilities	Equity	(24)		
	Share capital		138.1	138.1
	Capital reserve		759.3	759.3
	Retained and distributable earnings		1,414.4	1,337.5
	Other reserves		-183.1	-346.9
	Treasury shares		-100.0	-100.0
	Equity attributable to shareholders of Bilfinger SE		2,028.7	1,788.0
	Minority interest		8.0	4.9
			2,036.7	**1,792.9**
	Non-current liabilities			
	Retirement benefit obligation	(25)	394.2	324.5
	Provisions	(26)	56.6	60.0
	Financial debt, recourse	(27)	519.3	181.4
	Financial debt, non-recourse	(27)	460.5	338.7
	Other liabilities	(28)	168.6	128.0
	Deferred tax liabilities	(13)	149.1	126.1
			1,748.3	**1,158.7**
	Current liabilities			
	Current tax liabilities	(26)	101.6	88.5
	Provisions	(26)	556.6	755.5
	Financial debt, recourse	(27)	191.6	4.5
	Financial debt, non-recourse	(27)	9.5	8.7
	Trade and other payables	(28)	1,836.4	1,829.3
	Other liabilities	(29)	369.2	286.9
	Liabilities classified as held for sale	(2)	0.0	1,794.6
			3,064.9	**4,768.0**
			6,849.9	**7,719.6**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ million

	Equity attributable to the shareholders of Bilfinger SE								Minority interest	Equity
				Other reserves						
	Share Capital	Capital reserve	Retained and distributable earnings	Fair value measurement of securities reserve	Hedging instruments reserve	Currency translation reserve	Treasury shares	Total		
Balance at January 1, 2011	**138.1**	**759.3**	**1,061.3**	**0.0**	**-172.1**	**116.2**	**-100.0**	**1,802.8**	**9.4**	**1,812.2**
Earnings after taxes	0.0	0.0	394.1	0.0	0.0	0.0	0.0	394.1	1.8	395.9
Other comprehensive income after taxes	0.0	0.0	-4.1	2.3	-210.2	-82.3	0.0	-294.3	-0.9	-295.2
Total comprehensive income after taxes	**0.0**	**0.0**	**390.0**	**2.3**	**-210.2**	**-82.3**	**0.0**	**99.8**	**0.9**	100.7
Dividends paid out	0.0	0.0	-110.4	0.0	0.0	0.0	0.0	-110.4	-3.5	-113.9
Changes in ownership interest without change in control	0.0	0.0	-2.5	0.0	-1.1	0.3	0.0	-3.3	-2.3	-5.6
Other changes	0.0	0.0	-0.9	0.0	0.0	0.0	0.0	-0.9	0.4	-0.5
Balance at December 31, 2011	**138.1**	**759.3**	**1,337.5**	**2.3**	**-383.4**	**34.2**	**-100.0**	**1,788.0**	**4.9**	**1,792.9**
Balance at January 1, 2012	**138.1**	**759.3**	**1,337.5**	**2.3**	**-383.4**	**34.2**	**-100.0**	**1,788.0**	**4.9**	**1,792.9**
Earnings after taxes	0.0	0.0	274.9	0.0	0.0	0.0	0.0	274.9	2.5	277.4
Other comprehensive income after taxes	0.0	0.0	-45.3	2.8	171.9	-11.1	0.0	118.3	1.0	119.3
Total comprehensive income after taxes	**0.0**	**0.0**	**229.6**	**2.8**	**171.9**	**-11.1**	**0.0**	**393.2**	**3.5**	396.7
Dividends paid out	0.0	0.0	-150.1	0.0	0.0	0.0	0.0	-150.1	-1.7	-151.8
Employee share program	0.0	0.0	-0.6	0.0	0.0	0.0	0.0	-0.6	0.0	-0.6
Changes in ownership interest without change in control	0.0	0.0	-1.7	0.0	0.0	0.2	0.0	-1.5	-0.4	-1.9
Other changes	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	-0.3	1.7	1.4
Balance at December 31, 2012	**138.1**	**759.3**	**1,414.4**	**5.1**	**-211.5**	**23.3**	**-100.0**	**2,028.7**	**8.0**	**2,036.7**

See also further explanations on equity in section 24 of the Notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

€ million

	Notes	2012	2011
Earnings after taxes from continuing operations		277.4	221.9
Depreciation, amortization and impairments		187.9	159.6
Decrease in non-current provisions		-5.3	-0.3
Deferred tax expense / benefit		19.4	22.7
Adjustment for non-cash income from at equity investments		-6.9	-17.8
Cash earnings from continuing operations		**472.5**	**386.1**
Decrease in inventories		29.0	10.3
Increase in receivables		-109.8	-160.9
Decrease in current provisions		-70.5	-44.8
Increase in liabilities		6.7	104.7
Change in working capital		**-144.6**	**-90.7**
Gains on the disposal of non-current assets		-104.2	-14.1
Cash flow from operating activities of continuing operations	(34)	**223.7**	**281.3**
Proceeds from the disposal of intangible assets		0.0	0.8
Proceeds from the disposal of property, plant and equipment		17.3	11.9
Proceeds from the disposal of subsidiaries net of cash and cash equivalents disposed of		37.0	578.5
Proceeds from the disposal of concession projects		270.3	19.8
Disposal of cash and cash equivalents classified as assets held for sale (previous year: from discontinued operations)		-77.7	-202.3
Proceeds from the disposal of other financial assets		25.3	8.9
Investments in intangible assets		-12.2	-8.6
Investments in property, plant and equipment		-130.5	-118.4
Acquisition of subsidiaries net of cash and cash equivalents acquired		-377.7	-127.3
Investments in concessions projects		-23.4	-85.3
Investments in other financial assets		-0.5	-4.9
Cash flow from investing activities of continuing operations	(34)	**-272.1**	**73.1**
Dividend paid to the shareholders of Bilfinger SE		-150.1	-110.4
Dividend paid to minority interest		-1.7	-3.5
Borrowing		524.6	1.7
Repayment of financial debt		-37.8	-94.2
Cash flow from financing activities of continuing operations		**335.0**	**-206.4**
Change in cash and cash equivalents from continuing operations		**286.6**	**148.0**
Cash flow from operating activities of discontinued operations	(34)	-118.8	-60.7
Cash flow from investing activities of discontinued operations	(34)	-0.1	-2.6
Cash flow from financing activities of discontinued operations		0.0	-5.0
Change in cash and cash equivalents from discontinued operations		**-118.9**	**-68.3**
Change in value of cash and cash equivalents due to changes in foreign exchange rates		5.2	-8.7
Cash and cash equivalents of continuing operations at January 1.		846.6	537.5
Cash and cash equivalents of discontinued operations at January 1, 2011 (+)		-	305.8
Cash and cash equivalents classified as assets held for sale (Concessions) at January 1, 2012 (+) / at December 31, 2011 (-)		67.7	67.7
Cash and cash equivalents at December 31		**1,087.2**	**846.6**

Notes to the consolidated financial statements 2012

Segment reporting

As in the previous year, segment reporting has been prepared in accordance with IFRS 8. The reportable segments of the Bilfinger Group reflect the internal reporting structure. Segment reporting depicts the Group's continuing operations. The definition of the segments is based on products and services.

Description of reportable segments:

Industrial The segment Industrial comprises services for the construction, maintenance and modernization of plants, primarily for industrial sectors including oil and gas, refineries and petrochemicals, chemicals and agrochemicals, pharmaceuticals, food and beverages, power generation, and steel and aluminum. The range of services covers consulting, engineering, project management, piping and component engineering, plant assembly, mechanical engineering, electrical, instrumentation and control technology, process engineering, insulation, scaffolding and corrosion protection. Important regions include Europe, USA and Asia.

Power The segment Power comprises maintenance, repair, efficiency enhancements and lifetime extensions at existing plants, comprehensive power plant design as well as the manufacture and assembly of components for power plant construction with a focus on boilers and high-pressure piping systems. Services include engineering, delivery, assembly and maintenance of power plants throughout their entire life cycles (construction, operation, demolition). Important regions include Europe, South Africa and the Middle East.

Building and Facility The Building and Facility business segment includes technical, commercial and infrastructural real estate services in Europe, the USA and MENA countries, worldwide services in water and wastewater technology as well as building construction in Germany. Design, construction, maintenance and operation of buildings are carried out in accordance with the life cycle approach. Through close cooperation and exchange of knowledge and experience among designers, builders and facility managers, Bilfinger can make sustainable, energy saving and value optimized buildings a reality for its clients.

Construction The Construction segment is comprised of the Group's civil-engineering activities. A high degree of technical expertise and decades of experience enable Bilfinger to design and execute demanding civil engineering projects in the fields of mobility and energy. Key areas include tunneling, road construction (including bridge construction), hydraulic engineering, prestressing technology, steel construction and foundation engineering. Civil engineering activities are focused on Germany and other European countries. Outside of Europe we act only as technology partner for local companies.

Concessions Bilfinger reports on its privately financed concession projects in the Concessions business segment.
On the basis of long-term concession contracts, Bilfinger delivers and operates transport and social infrastructure projects as a private partner to the public sector. Important markets include Australia, North America and Europe.

At the beginning of the financial year, the key performance indicator for the operating profit of the business units and of the Group – and thus the metric for earnings in our segment reporting – was changed from 'earnings before interest and taxes' (EBIT) to 'earnings before interest, taxes and amortization of intangible assets from acquisitions' (EBITA). This allows better comparability of the results of existing business operations and new acquisitions. The prior-year figures have been adjusted to the new reporting format. EBIT will continue to be reported. The reconciliation of EBIT to earnings before taxes from continuing operations is derived from the consolidated income statement. Internal revenue reflects the supply of goods and services between the segments. These are invoiced at the usual market prices. In the reconciliation to the consolidated financial statements, the Group's internal expenses and income as well as intra-Group profits are eliminated. The reconciliation also includes income and expenses from the headquarters as well as other items that cannot be allocated to the individual segments according to our accounting policies. The allocation of external revenue to the regions is carried out according to the location of the service provision.

The reconciliation of segment assets also includes cash and cash equivalents as well as the non-current and current assets that are not allocated to the business segments. The segment liabilities shown in the reconciliation include the liabilities of the Group's headquarters and interest-bearing liabilities such as debt and retirement benefit obligation. Accordingly, the corresponding expense and income items are not recorded in segment earnings (EBITA). Investments in property, plant and equipment also include investments in intangible assets such as licenses or software of €12.2 million (2011: €8.6 million).

SEGMENT REPORTING BY BUSINESS SEGMENT

€ million

	Industrial		Power		Building and Facility	
	2012	2011	**2012**	2011	**2012**	2011
Output volume	**3,705.1**	3,294.3	**1,319.5**	1,156.9	**2,248.5**	2,256.4
External revenues	3,654.8	3,266.8	1,312.4	1,152.2	2,151.3	2,189.8
Internal revenues	55.7	34.2	3.1	0.8	32.8	22.0
Total revenue	**3,710.5**	3,301.0	**1,315.5**	1,153.0	**2,184.1**	2,211.8
EBITA (segment earnings)	**205.7**	168.7	**122.7**	96.1	**106.3**	94.2
Amortization of intangible assets from acquisitions	-32.8	-18.5	-5.8	-3.8	-12.1	-10.8
EBIT (segment earnings)	**172.9**	150.2	**116.9**	92.3	**94.2**	83.4
thereof depreciation of property, plant and equipment and amortization of other intangible assets	60.7	56.1	21.9	18.7	14.4	14.1
thereof income from investments accounted for using the equity method	5.9	1.4	4.6	3.1	14.1	7.9
Segment assets at December 31	**2,252.1**	1,847.1	**876.3**	758.0	**1,171.7**	1,074.8
thereof investments in associates and joint ventures accounted for using the equity method	**13.3**	6.2	**8.1**	6.0	**28.6**	24.6
Segment liabilities at December 31	**822.9**	764.2	**486.2**	483.3	**672.8**	744.4
Capital expenditure on property, plant and equipment	**77**	69	**20**	14	**14**	16
Number of employees at December 31	**37,056**	29,427	**9,278**	7,588	**15,292**	15,711

SEGMENT REPORTING BY REGION

€ million

	Germany		Europe excluding Germany	
	2012	2011	**2012**	2011
Output volume	3,331.1	3,359.8	3,747.3	3,520.0
External revenues	3,199.0	3,264.3	3,691.7	3,358.5
Non-current assets at December 31	1,421.8	1,217.5	878.3	815.5

Construction		Concessions		Total of segments		Consolidation, other		Total continuing operations	
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
1,404.1	1,750.9	**49.0**	78.8	**8,726.2**	8,537.3	**-91.1**	-61.4	**8,635.1**	8,475.9
1,170.4	1,387.5	165.3	165.4	8,454.2	8,161.7	54.6	46.8	8,508.8	8,208.5
11.4	14.6	0.0	0.0	103.0	71.6	-103.0	-71.6	0.0	0.0
1,181.8	1,402.1	**165.3**	165.4	**8,557.2**	8,233.3	**-48.4**	-24.8	**8,508.8**	8,208.5
24.8	37.2	**41.4**	22.5	**500.9**	418.7	**-34.7**	-21.9	**466.2**	396.8
-0.6	-2.4	0.0	0.0	-51.3	-35.5	0.0	0.0	-51.3	-35.5
24.2	34.8	**41.4**	22.5	**449.6**	383.2	**-34.7**	-21.9	**414.9**	361.3
24.8	33.2	0.3	0.4	122.1	122.5	3.6	2.9	125.7	125.4
1.6	1.8	-0.9	14.6	25.3	28.8	0.0	0.0	25.3	28.8
448.3	495.9	**631.7**	2,142.7	**5,380.1**	6,318.5	**1,469.8**	1,401.1	**6,849.9**	7,719.6
15.6	14.9	**14.1**	16.8	**79.7**	68.5	**0.0**	0.0	**79.7**	68.5
575.1	617.7	**518.6**	1,841.2	**3,075.6**	4,450.8	**1,737.6**	1,475.9	**4,813.2**	5,926.7
29	26	**0**	0	**140**	125	**3**	2	**143**	127
4,490	5,849	**143**	141	**66,259**	58,716	**567**	494	**66,826**	59,210

America		Africa		Asia			Total continuing operations	
2012	2011	2012	2011	2012	2011		2012	2011
709.1	624.1	468.0	564.5	379.6	407.5		8,635.1	8,475.9
762.4	648.3	475.8	537.1	379.9	400.3		8,508.8	8,208.5
215.3	133.0	28.6	33.2	36.0	8.8		2,580.0	2,208.0

General notes

General information

Bilfinger SE (formerly Bilfinger Berger SE) is a listed stock corporation with its registered office and headquarters at Carl-Reiss-Platz 1-5, 68165 Mannheim, Germany.

Bilfinger SE is an engineering and services group and delivers solutions for industrial facilities, power plants, real estate and infrastructure.

The consolidated financial statements of Bilfinger SE for financial year 2012 were released for publication by the Executive Board on February 26, 2013.

The consolidated financial statements of Bilfinger SE have been prepared in accordance with International Financial Reporting Standards (IFRSs), as they are to be applied in the European Union, and the complementary guidelines that are applicable pursuant to Section 315a Subsection 1 of the German Commercial Code (HGB), and are published in the electronic version of the German Federal Gazette ('Bundesanzeiger').

The consolidated financial statements have been prepared in accordance with the principles of historical cost of acquisition and production, with the exception of individual items such as available-for-sale financial assets and derivative financial instruments, which are shown at fair value. The consolidated financial statements have been prepared in euros. All amounts are shown in millions of euros (€ million), unless otherwise stated.

To improve the clarity of presentation, we have combined several individual items of the balance sheet and of the income statement under single headings; they are shown separately and explained in these notes to the consolidated financial statements.

The income statement is presented according to the cost-of-sales method.

Profit contributions from operating investments are generally entered under other operating income or other operating expense, whereby amounts of income and expense that relate to investments accounted for using the equity method are shown as separate items in the consolidated income statement.

On January 26, 2010, the Executive Board of Bilfinger SE decided to initiate the sale of Valemus Australia Pty. Limited, Sydney, Australia. The sale of that subsidiary was completed on March 10, 2011. In accordance with the provisions of IFRS 5, the business activities of Valemus Australia have therefore been presented as discontinued operations since the first quarter of 2010.

In the context of concentrating its construction activities, Bilfinger has abandoned its construction business in North America. In accordance with the provisions of IFRS 5, as of the year 2011, those activities have also been presented in the consolidated income statement and in the consolidated statement of cash flows as discontinued operations.

The assets and liabilities of the discontinued operations classified as held for sale were presented separately within the consolidated balance sheet. In the consolidated income statement, the income and expenses of discontinued operations are presented separately from the income and expenses of continuing operations, and are summarized separately in one item as earnings after taxes from discontinued operations. Non-current assets classified as held for sale were no longer subject to systematic depreciation or amortization as of the date of reclassification.

On September 19, 2011, Bilfinger resolved to introduce a publicly listed fund into which it would place 18 public-private partnership projects from its Concessions business segment. With the expiry of the subscription period on December 13, 2011, all of the shares in the Bilfinger Berger Global Infrastructure Fund had been placed. The initial listing of the fund followed on December 21, 2011 in the premium segment of the London Stock Exchange. The sale of the projects to the fund was carried out over the course of the financial year. The assets and liabilities of the project companies were classified as held for sale and presented separately in the balance sheet of December 31, 2011.

Accounting policies

The significant accounting policies applied generally correspond with those applied in the prior year, with the following exceptions:

The amended IFRSs relevant to Bilfinger and applied as of January 1, 2012 are:

- IFRS 7 *Financial Instruments: Disclosures*
- IAS 12 *Income Taxes*

The effects of these changes are as follows:

IFRS 7 *Financial Instruments: Disclosures*
The amendments to IFRS 7 on the *transfer of financial assets* require additional disclosures intended to allow for better assessment of risks associated with the transfer of financial assets (for example securitizations or debt factoring) and their effects on net assets, financial position and results of operations, as well as additional disclosures, if an unusually high volume of transfers took place at the end of a financial year. The application of these changes has not led to any material effects.

IAS 12 *Income Taxes*
The amendment to IAS 12 relating to *Deferred Taxes – Recovery of Underlying Assets* introduces an exception whereby investment properties carried at fair value can be exempt from the general principle that deferred taxes are to be measured depending on the tax consequences of the expected use. The deferred taxes are then measured on the assumption of sale rather than continued use. This amendment is particularly relevant for countries where the use and disposal of assets are subject to different rates of taxation. The application of this change has not led to any effects.

IFRSs already published but not yet applied:

IFRS 7 *Financial Instruments: Disclosures*
Within the scope of the amendment to IAS 32 regarding offsetting financial assets and financial liabilities, amendments to IFRS 7 were published which lead to an expansion of disclosures for the presentation of netting agreements (first application for annual periods beginning on or after January 1, 2013).

In addition, amendments to IFRS 7 were published regarding disclosures in the notes to the consolidated financial statements on the transition to IFRS 9 (first application for annual periods beginning on or after January 1, 2015).

IFRS 9 *Financial Instruments*
The new standard will replace IAS 39 *Financial Instruments: Recognition and Measurement.* The objective of IFRS 9 is to simplify the classification and measurement requirements for financial instruments. So far, regulations on the classification and measurement of financial assets and liabilities have been published. Regulations on hedge accounting and a further draft standard on impairment will probably be published in 2013 (first application for annual periods beginning on or after January 1, 2015).

IFRS 10 *Consolidated Financial Statements*
IFRS 10 simplifies the currently valid consolidation principles of IAS 27 and SIC-12. The uniform consolidation model includes all entities that are controlled by the parent by means of voting rights or other contractual arrangements (first application for annual periods beginning on or after January 1, 2014).

IFRS 11 *Joint Arrangements*
IFRS 11 replaces the currently valid principles on accounting for jointly controlled entities, jointly controlled assets and operations of IAS 31. The focus of IFRS 11 is no longer on the legal form of the joint arrangement, but on the way in which rights and obligations are shared among the parties to the arrangement on the basis of contracts, articles of incorporation and other agreements (first application for annual periods beginning on or after January 1, 2014).

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 brings the disclosure requirements concerning all interests in subsidiaries, joint arrangements and associates as well as unconsolidated structured entities into one standard, and extends the disclosures required in the notes to the consolidated financial statements (first application for annual periods beginning on or after January 1, 2014).

IFRS 13 *Fair Value Measurement*

IFRS 13 for the first time sets out a uniform framework for *measuring fair value,* which is referred to in various IFRSs (financial instruments, business combinations, disposal groups, changes in ownership interests with a change of status, investment property), and extends the disclosures required in the notes to the consolidated financial statements (first application for annual periods beginning on or after January 1, 2013).

IAS 1 *Presentation of Financial Statements*

The amendment to IAS 1 *Presentation of items of other comprehensive income* revises the presentation of other comprehensive income (OCI) of the period in the statement of comprehensive income. OCI is to be separated into those elements which may be reclassified to profit or loss (actuarial gains and losses) (first application for annual periods beginning on or after July 1, 2012).

IAS 19 *Employee Benefits*

The amendment to IAS 19 introduces new rules on accounting for the cost of defined benefit plans and for termination benefits. This means that actuarial gains and losses will be recognized directly in other comprehensive income in the future. In addition, income due to the expected return on plan assets may only be recognized in the amount of the discount rate used for determining the defined benefit obligation. In addition, disclosures in the notes to the consolidated financial statements are extended (first application for annual periods beginning on or after January 1, 2013).

IAS 28 *Investments in Associates and Joint Ventures*

The amendment to IAS 28 extends the scope of the currently valid IAS 28 *Investments in Associates* with the addition of accounting for joint arrangements using the equity method. The standard has been renamed accordingly as *Investments in Associates and Joint Arrangements* (first application for annual periods beginning on or after January 1, 2014).

IAS 32 *Financial Instruments: Presentation*

The amendment to IAS 32 explains the conditions for offsetting financial instruments. The rules clarify the importance of the current legal right to offset and the conditions under which systems with gross offsetting can be regarded as net offsetting (first application for annual periods beginning on or after January 1, 2014).

Improvements to IFRSs 2009 -2011

Improvements to the collected standards published in the context of the annual update includes improvements to five standards, mainly to remove inconsistencies and to clarify wording (first application for annual periods beginning on or after January 1, 2013).

At the balance sheet date, IFRS 9 with the corresponding amendments to IFRS 7 as well as improvements to IFRS 2009-2011 had not yet been endorsed by the EU Commission. The future application of the standards is unlikely to have any material effect on the financial position, cash flows or profitability of the Bilfinger Group. Bilfinger intends to apply those IFRSs as of the mandatory date of application insofar as they have been endorsed.

1. Consolidated Group

In addition to Bilfinger SE, 4 subgroups and 51 companies in Germany along with 2 subgroups and 58 companies based outside Germany have been included in the consolidated financial statements. Of these, 9 companies in Germany and 23 companies based outside Germany have been consolidated for the first time in the year under review. A further 19 companies have been accounted for using the equity method.

In general, all subsidiaries are fully consolidated with the exeption of, in particular, inactive companies such as shelf companies and companies in liquidation. Information disclosed pursuant to Section 313 Subsection 2 of the German Commercial Code (HGB) is summarized in a separate list of equity interests. That list also includes a definitive list of all subsidiaries that make use of the disclosure exemption pursuant to Section 264 Subsection 3 of the HGB.

In financial year 2012, payments of €363 million were made for the acquisitions of fully consolidated companies – after offsetting €31 million in acquired cash and cash equivalents. The purchase price for these companies amounts to €458 million. Of that total, €64 million has been recognized on the bases of current earnings planning for earn-out liabilities.

In addition, payments of €11 million were made for the acquisition of minority interests, which had been recognized as liabilities in accordance with IAS 32. Payments in the amount of €2 million for successive acquisitions and €1 million for earn-out liabilities recognized in the prior year were also made.

Overall, this led to an outflow of cash and cash equivalents in the amount of €378 million.

In the Industrial business segment at the beginning of the year, we acquired 98 percent of shares in Neo Structo Construction Private Ltd., located in Surat, India, for a purchase price of €47 million. The company has 1,600 employees and annual output volume of €60 million. Effective April 1, 2012, we acquired the Dutch company Tebodin B.V., The Hague, for a price of €146 million. The consulting and engineering company has 3,200 employees and output volume of €225 million. With effect from the end of July, 2012, we acquired American assembly and service specialists Westcon, Inc., North Dakota, which generates an output volume of over €150 million with 1,000 employees for a purchase price of €103 million. Several smaller companies were also acquired for a total purchase price of €23 million.

In the Power business segment, we acquired all of the shares of engineering company Envi Con & Plant Engineering GmbH, Nuremberg, Germany, effective August 1, 2012 for a price of €77 million. The company, which specializes in the design of coal and gas-fired power plants generates an output volume of €35 million with 230 employees.

We made a number of smaller acquisitions in the Building and Facility business segment with a total purchase price of €62 million.

In financial year 2011, payments of €101 million were made for the acquisitions of fully consolidated companies – after offsetting €19 million in acquired cash and cash equivalents. The prices paid for these companies totaled €152 million, of which €32 million was accounted for as a purchase-price liability. €7 million was applied for the acquisition of minority interests.

A further €50 million was applied for the acquisition of 19.9 percent of the shares of the listed fund initiated by Bilfinger, the Bilfinger Berger Global Infrastructure SICAV S.A., Luxembourg.

In addition, payments of €21 million were made for the acquisition of minority interests, which had been recognized as liabilities in accordance with IAS 32, and for earn-out payments.

Overall, this led to an outflow of cash and cash equivalents in the amount of €179 million.

In the Industrial Services business segment, we acquired all of the shares of Alpha Meß-Steuer-Regeltechnik GmbH, Neustadt an der Weinstraße, Germany, effective November 10, 2011, and the Finnish company Are Oy Industrial Services by way of an asset deal effective December 1, 2011, as well as several smaller companies, for a total price of €27 million.

In the Power Services business segment, we acquired all of the shares of Rosink Apparate- and Anlagenbau GmbH, Nordhorn, Germany, effective October 28, 2011 for a price of €38 million. In addition, by way of an asset deal, we acquired an entity of AE&E, Brno, Czech Republic. The prices paid for acquisitions in this business segment totaled €40 million.

In the Building and Facility Services business segment, we acquired 80 percent of the shares of Diemme Filtration srl, Lugo, Italy, effective October 4, 2011; we have an option for the acquisition of the remaining 20 percent. The price amounted to a total of €65 million, of which €25 million has been recognized as a purchase-price liability in accordance with IAS 32. In addition, we acquired 75 percent of the shares of Actys Holding B.V., Utrecht, Netherlands, effective December 2, 2011; we have an option for the acquisition of the remaining 25 percent. The price amounted to a total of €15 million, of which €4 million has been recognized as a purchase-price liability. Furthermore, we acquired 100 percent of the shares of HSG Zander Ireland Facility Services Ltd., Dublin, Ireland. The prices paid for acquisitions in this business segment totaled €85 million.

The newly acquired companies affected the Group's assets and liabilities at the time of acquisition as follows:

EFFECTS AT THE TIME OF ACQUISITION
€ million

	2012	2011
Goodwill	306.9	113.5
Intangible assets from acquisitions	66.3	20.9
Property, plant and equipment and other intangible assets	38.8	10.0
Other non-current assets	10.3	5.0
Receivables	195.3	25.7
Other current assets	27.2	15.3
Cash and cash equivalents	31.3	18.8
Assets	**676.1**	**209.2**
Retirement benefit obligation	8.7	2.6
Provisions	14.3	3.1
Financial debt	51.7	0.4
Other liabilities	143.7	51.0
Total liabilities	**218.4**	**57.1**
Purchase price	**457.7**	**152.1**

With the exception of capitalized intangible assets from acquisitions, the capitalized fair values shown primarily reflect the carrying values in the balance sheets of the acquired companies. Goodwill in the amount of €306.9 million includes inseparable intangible assets such as the expert knowledge of the employees as well as anticipated synergy effects and market opportunities. The acquired goodwill is not deductible for tax purposes.

Since the respective dates of first-time consolidation, the companies acquired and consolidated for the first time in the reporting period generated sales revenues of € 347.0 million (2011: €63 million) and EBITA of € 38.1 million (2011: €5.9 million).

In full-year 2012, the companies acquired during that year generated total revenue in the amount of €594.1 million (2011: €164.4 million) and EBITA in the amount of €58.8 million (2011: €15.9 million).

Sale of companies In the reporting year, 18 concession projects were sold to Bilfinger Berger Global Infrastructure Fund, a listed company. The projects sold comprise availability-based road projects and social infrastructure projects in continental Europe, the United Kingdom, Canada and Australia. Of these, 10 companies have been fully consolidated and 8 have been accounted for using the equity method. In the case of one fully-consolidated project, only 50 percent of the shares were sold. The remaining equity interest is accounted for using the equity method, with initial measurement at fair value.

The overall effects of the sale were as follows:

EFFECTS AT THE TIME OF SALE
€ million

		2012
Receivables from concession projects	-1,495.0	
Other non-current assets	-170.2	
Current assets	-20.1	
Cash and cash equivalents	-77.7	
Assets		-1,763.0
Financial debt, non-recourse	-1,402.3	
Other liabilities	-382.1	
Total liabilities		-1,784.4
Disposal of net assets		**21.4**
Derecognition of minority interest	-0.9	
Reclassification of other comprehensive income into the income statement	-237.7	
Recognition of remaining equity interest at fair value	19.2	
Recognition of loans to companies accounted for using the equity method	14.1	
Other changes		**-205.3**
Sale price		**241.5**
Gain on the remeasurement of remaining equity interest		**5.0**
Capital gain		**52.6**

In connection with the reduction of investments in the Nigerian business, 90 percent of the shares in Julius Berger International GmbH (JBI), Wiesbaden, were sold to Julius Berger Nigeria PLC (JBN), Abuja, Nigeria, in financial year 2012. The remaining 10 percent will be shown under the non-current ‘other financial assets’. This resulted in a capital gain of €24.6 million. In addition, a gain of €2.6 million was realized on the measurement of the remaining shares at fair value which is reported under other operating income. The sale had no material effects on the Group’s assets and liabilities. In addition, the investment in JBN was reduced by ten percentage points to 39.9 percent in February 2012. This resulted in a capital gain of €18.3 million.

On March 10, 2011, we sold all of the shares of Valemus Australia Pty. Limited, Sydney, Australia, to Lend Lease, an Australian construction and real-estate group, resulting in net sale proceeds of €571.1 million.

The overall effects of the sale were as follows:

EFFECTS AT THE TIME OF SALE
€ million

	2011
Goodwill	149.3
Non-current assets	258.9
Current assets	569.7
Cash and cash equivalents	202.3
Assets	1,180.2
Financial debt	72.1
Other liabilities	641.7
Total liabilities	713.8
Disposal of net assets	**-466.4**
Reclassification of other comprehensive income into the income statement	**58.6**
Net disposal proceeds	**571.1**
Income tax expense	**-2.6**
Gain on the sale of Valemus Australia	**160.7**

Net disposal proceeds took into account a risk provision for contractual guarantees provided as well as for warranty obligations and litigation risks accepted in connection with the sale of Valemus Australia.

In the context of abandoning the construction activities in North America, the sale was concluded of a unit of our subsidiary Fru-Con that is specialized in the construction of sewage treatment plants. The net proceeds of that sale amounted to €15 million; no significant gain was realized on the sale.

Changes in ownership interest without change in control

Due to changes in equity interests in consolidated subsidiaries that did not lead to the gain or loss of control, retained earnings decreased by €1.7 million (2011: €2.5 million), other reserves increased by €0.2 million (2011: €0.8 million) and minority interest fell by €0.4 million (2011: €2.3 million).

2. Assets and liabilities classified as held for sale (Concessions)

On December 31, 2011, 18 projects in the Concessions business segment were reported as a disposal group and which, by December 31, 2012 had been fully sold to the Bilfinger Berger Global Infrastructure Fund.

The assets and liabilities of the disposal group classified as held for sale as of December 31, 2011 was comprised as follows:

€ million	31.12.2011
Receivables from concession projects	1,504.9
Other non-current assets	176.0
Current assets	12.7
Cash and cash equivalents	67.7
Assets classified as held for sale	**1,761.3**
Financial debt, non-recourse	1,415.0
Other liabilities	379.6
Liabilities classified as held for sale	**1,794.6**

The accumulated other comprehensive income after taxes of the disposal group amounted to €-241.2 million, of which €-1.1 million was attributable to minority interest.

3. Discontinued operations

Discontinued operations comprised Valemus Australia, which was sold on March 10, 2011, and the abandoned construction activities in the North American market.

Earnings from discontinued operations in 2011 was comprised as follows:

€ million	2011
Output volume (for information purposes)	517.8
Revenue	425.0
Expenses / income	-407.8
EBIT	**17.2**
Interest income	2.4
Earnings before taxes	**19.6**
Income tax expense	-6.3
Earnings after taxes	**13.3**
Gain on the sale of Valemus Australia	**160.7**
Earnings after taxes from discontinued operations	**174.0**

Earnings after taxes from discontinued operations were fully attributable to the shareholders of Bilfinger SE.

In the reporting year, an ongoing legal dispute in Australia was concluded after a settlement was reached. In another longstanding legal dispute in the United States, we lost the case after an appeal. The corresponding payment is disclosed in the cash flow statement under cash flow from operating activities of discontinued operations. There was no effect on earnings because a relevant risk provision was in place.

4. Principles of consolidation

Capital consolidation takes place by offsetting the price of acquisition against the Group's interest in the newly valued equity of the consolidated subsidiaries at the date of acquisition or first-time consolidation. The assets, liabilities and contingent liabilities of the subsidiaries are entered at their full current fair values irrespective of the size of the minority interest. With each acquisition, there is a special option of electing to recognize minority interest at fair value or at the relevant proportion of net assets. Acquisition-related costs are expensed. In the case of an acquisition achieved in stages (step acquisition), equity interests previously held are remeasured through profit and loss. Contingent consideration is recognized at the time of acquisition at fair value and in following periods is measured at fair value through profit and loss. Any goodwill ensuing from first-time consolidation is capitalized and subjected to an annual impairment test in accordance with IFRS 3/IAS 36. Any negative goodwill is recognized as income immediately after acquisition. At deconsolidation, the residual book values of goodwill are taken into consideration in the calculation of the gain or loss on disposal.

Changes in an equity interest that do not lead to a loss of control are treated as transactions between equity holders and reported within equity. Such transactions lead to the recognition neither of goodwill nor of any disposal gains. In the case of a sale of equity interest that leads to a loss of control, the remaining equity interest is remeasured at fair value through profit and loss and the accumulated other comprehensive income previously recognized in connection with the investment is reclassified to profit and loss or, if it is an actuarial gain or loss, to retained earnings.

Losses attributable to the non-controlling interest are fully attributed to the non-controlling interest, even if this results in a negative carrying value.

Investments accounted for using the equity method are measured at cost of acquisition plus the prorated change in net assets, whereby any goodwill is included in the carrying value of the investment. Upon losing a significant influence or losing joint control, the remaining equity interest is remeasured at fair value through profit and loss.

Receivables, liabilities, income and expenses between consolidated companies have been offset. Non-current assets and inventories resulting from Group output volume have been adjusted to exclude any inter-company profits. Deferred taxes from consolidation processes affecting profit have been accrued / deferred.

5. Currency translation

In the consolidated financial statements, the assets and liabilities of the accounts prepared in foreign currencies are translated using the average exchange rate on the balance sheet date; expenses and income are translated using the average exchange rate for the year. The aggregate differences compared with translation on the balance sheet date are entered separately under other comprehensive income.

Currency translation took place using the following significant exchange rates:

1 € =		Annual average		At December 31	
		2012	2011	2012	2011
Australia	AUD	1.2413	1.3488	1.2712	1.2723
United Kingdom	GBP	0.8111	0.8696	0.8161	0.8353
Canada	CAD	1.2848	1.3800	1.3137	1.3215
Qatar	QAR	4.6804	5.0823	4.8040	4.7170
Croatia	HRK	7.5213	7.4418	7.5575	7.5370
Nigeria	NGN	203.8330	218.1297	206.1139	206.3461
Norway	NOK	7.4755	7.7909	7.3483	7.7540
Poland	PLN	4.1843	4.1395	4.0740	4.4580
Romania	RON	4.4560	4.2357	4.4287	4.3197
Sweden	SEK	8.7067	9.0381	8.5820	8.9120
Switzerland	CHF	1.2053	1.2300	1.2072	1.2156
South Africa	ZAR	10.5546	10.1683	11.1727	10.4830
Czech Republic	CZK	25.1429	24.6013	25.1400	25.8000
Hungary	HUF	289.2858	279.6273	291.2900	311.1300
United Arab Emirates	AED	4.7249	5.1266	4.8452	4.7578
United States	USD	1.2856	1.3968	1.3194	1.2939

6. Accounting policies

Intangible assets with a finite life are capitalized at cost of acquisition and amortized over their expected useful lives on a straight-line basis. The expected useful life is generally regarded as being between 3 and 8 years. This also includes intangible assets from service concession agreements. These are public-private partnership (PPP) projects, for which the right to charge or receive a use-related fee has been agreed. They are measured at the fair value of the construction volumes delivered plus the borrowing costs allocable to the construction phase and less systematic depreciation during the operating phase. In accordance with IFRS 3/IAS 36, goodwill and other intangible assets with an indefinite or unlimited useful life are no longer amortized. Instead, these items are subjected to regular annual impairment tests, which are also carried out during the year if there are indications of a lasting reduction in value.

Property, plant and equipment are valued at the cost of acquisition or production. Their loss in value is accounted for by systematic, straight-line depreciation, except in some exceptional cases where a different method of depreciation reflects the use of the asset more adequately. Production costs include all costs that are directly or indirectly attributable to the production process. Repair costs are always expensed as incurred.

Buildings are depreciated over a useful life of 20 to 50 years using the straight-line method. The useful life of technical equipment and machinery is generally between 3 and 10 years; other equipment including office and factory equipment is usually depreciated over 3 to 12 years.

For intangible assets and property, plant and equipment, an impairment charge is recognized wherever the recoverable amount of an asset has fallen below its carrying value. The recoverable amount represents the higher of the net selling price and the present value of estimated future cash flows. If the reason for an impairment loss recognized in prior years no longer applies, the carrying value is increased again accordingly, at the most up to the amount of the amortized cost of acquisition. Impairment tests are carried out at the level of the smallest cash-generating unit.

With lease agreements where the risks and rewards of ownership of the leased asset are allocated to a company of the Bilfinger Group (finance leases), the item is capitalized at the lower of its fair value or the present value of the lease payments. Systematic depreciation takes place over the useful lifetime. The payment obligations resulting from future lease payments are recognized under financial liabilities.

The classification of agreements as lease agreements takes place on the basis of the substance of the transaction. That is, a test is carried out as to whether the fulfillment of the agreement depends on the use of specific assets and whether the agreement confers the right of use of those assets.

Investments accounted for using the equity method – associates and jointly controlled entities – are valued with consideration of the prorated net asset change of the company as well as any impairments which may have been recognized.

Joint ventures are contractual agreements in which two or more parties carry out a business activity under joint control. This also includes jointly controlled operations and especially construction consortiums, which, in accordance with IAS 31, are accounted for as follows. Bilfinger as a partner in a joint venture or consortium recognizes in its financial statements the assets it controls and the liabilities and expenses it incurs, and its share of income from the sale of goods and services. Assets and liabilities remaining with the jointly controlled operations or consortiums lead to proportionate shares of earnings, which are accounted for using the equity method and recognized under receivables or payables due to joint ventures.

Deferred taxes are recognized for any deviations between the valuation of assets and liabilities according to IFRS and the tax valuation in the amount of the expected future tax charge or relief. In addition, deferred tax assets are recognized for the carryforwards of unused tax losses if their future realization is probable. Deferred tax assets and liabilities from temporary differences are offset provided that offsetting is legally possible.

Inventories of merchandise and real estate held for sale, finished and unfinished goods, raw materials and supplies are measured at cost of purchase or production or at net realizable value on the balance sheet date if this is lower. If the net realizable value of inventories that were written down in the past has risen again, their carrying values are increased accordingly. Production costs include all costs that are directly or indirectly attributable to the production process. Overheads are calculated on the basis of normal employment. Financing costs are not taken into consideration.

Other assets comprise non-financial assets that are not allocated to any other balance sheet item. They are measured at the lower of cost of acquisition or fair value.

The purchase, sale or withdrawal of treasury shares is recognized directly in equity. At the time of acquisition, treasury shares entered in equity in the amount of the acquisition costs.

Retirement benefit obligations are calculated for defined benefit pension plans using the projected unit credit method, with consideration of future salary and pension increases. As in the previous year, the option has been utilized of accounting for actuarial gains and losses according to the third option provided by IAS 19.93A as part of the retirement benefit obligation or of the plan assets and recognizing them in other comprehensive income. For the future, this is the only permissible method. As far as possible, pension plan assets are set off. The interest component contained in the pension expense is recognized as an interest expense under financial income.

Provisions are recognized if there is a present obligation resulting from a past event, its occurrence is more likely than not, and the amount of the obligation can be reliably estimated. Provisions are only recognized for legal or constructive obligations towards third parties. Provisions are measured at their settlement amounts, i.e. with due consideration of any price and/or cost increases, and are not set off against profit contributions. In the case of a single obligation, the amount of the most likely outcome is recognized as a liability. If the effect of the time value of money is material, the provision is discounted by the market interest rate.

The amounts of provisions are estimated with consideration of experiences with similar situations in the past and of all knowledge of events up to the preparation of the consolidated financial statements. The general conditions can be very complex, in particular with provisions for risks relating to contracts, warranties and litigation. For this reason, uncertainty exists with regard to the timing and exact amounts of obligations.

Other liabilities comprise non-financial liabilities that are not allocated to any other balance sheet item. They are measured at cost of acquisition or settlement value.

Financial instruments are contracts that simultaneously give rise to a financial asset of one entity and an equity instrument or financial liability of another entity. A financial instrument is to be recognized in the balance sheet as soon as a company becomes a party to the contractual provisions of the instrument. Initial measurement is at fair value including transaction costs. Subsequent measurement of financial instruments is either at amortized cost or fair value, depending on the allocation of the instrument to the categories stipulated in IAS 39 (Financial Instruments). No use has been made of the option to designate financial instruments upon initial recognition to be measured at fair value through profit and loss.

IAS 39 divides financial assets into four categories:

Financial Assets Held for Trading (FAHfT) (Financial Assets at Fair Value through Profit or Loss)	Financial assets held for trading
Held-to-Maturity Investments (HtM)	Held-to-maturity financial investments
Loans and Receivables (LaR)	Loans and receivables
Available-for-Sale Financial Assets (AfS)	Available-for-sale financial assets

Available-for-sale financial assets are any non-derivative financial assets designated as available for sale, and those that are not classified to any of the other three categories of financial assets listed above.

Financial liabilities are divided into the following categories:

Financial Liabilities Held for Trading (FLHfT) (Financial Liabilities at Fair Value through Profit or Loss)	Financial liabilities held-for-trading
Financial Liabilities at Amortised Cost (FLAC)	Financial liabilities at amortized cost

The amortized cost of a financial asset or financial liability is calculated using the effective interest method from the historical cost of acquisition minus capital repaid plus or minus the accumulated amortization of any difference between the original amount and the amount repayable at maturity and minus any depreciation and impairments or plus reversals.

With current receivables and liabilities, amortized cost is equal to the nominal value or the redemption amount.

Fair value is generally equal to the market or stock-exchange value. If no active market exists, as far as possible fair value is calculated using recognized financial-mathematical methods (discounted cash flow method and option pricing model).

Receivables from concession projects are measured at amortized cost. Receivables due from concession projects relate to all services provided in connection with the performance of public-privatepartnership (PPP) projects for which a fixed payment was agreed irrespective of the extent of use.

Equity interests in non-listed companies shown under other non-current financial assets are classified as available-for-sale financial assets. They are measured at fair value if that value can be reasonably estimated; otherwise they are measured at amortized cost. Initial measurement is at the settlement date. Unrealized gains and losses from changes in fair value are recognized in equity with no impact on profit and loss, with due consideration of deferred taxes.

Receivables and other financial assets are measured at amortized cost, with the exception of derivative financial instruments. Possible default risks are reflected by allowances for bad debts in separate accounts. Individual impairments are recognized if there is an indication of a loss in value such as delayed payment or if there is information on the contracting party's significant financial difficulties and the present value of the expected future payments plus any payments from the disposal of sureties or other risk-reducing agreements is lower than the carrying value. Irrecoverable receivables are written off.

Receivables from construction contracts are accounted for in accordance with IAS 11 using the percentage-of-completion (PoC) method. Revenue is recognized in relation to the percentage of completion of each contract.

The percentage of completion is generally determined on the basis of the output that has been produced at the balance sheet date. If, for construction contracts, output has been produced which exceeds the amount of advances received, this excess is shown under trade receivables. If the amount of advances received from invoices is higher than the output produced, this excess is shown under advances received from construction contracts. Receivables from percentage of completion correspond with the balance of progress payments invoiced less progress payments received; they are shown together with trade receivables. Anticipated contract losses are accounted for in full from the time that they become known.

Receivables from the provision of services are accounted for in accordance with IAS 18 also using the percentage of completion method – provided that the conditions for application are fulfilled – and are presented analogously to receivables from construction contracts.

Construction contracts processed in consortiums are measured according to the percentage-ofcompletion method. Receivables from and payables to consortiums take account not only of payments received and made, but also of internal cost allocations and prorated profits on orders.

Securities are measured at fair value. Changes in the market prices of securities held for trading are recognized in profit and loss. Changes in the market prices of other securities measured at fair value are recognized in retained earnings (fair valuation of securities reserve) with no effect on profit and loss, with due consideration of deferred taxes. With these securities, impairment losses are recognized if there is any indication of a lasting reduction in value.

Cash and cash equivalents, primarily comprising cash at banks and cash in hand, are measured at amortized cost.

Financial liabilities primarily comprise financial debt as well as trade and other payables. With the exception of derivative financial instruments, they are measured at amortized cost.

Derivative financial instruments are used solely to hedge against interest-rate and currency exchange-rate risks. Purely speculative transactions without any underlying basic transaction are not undertaken. The most important derivative financial instruments are currency futures, currency options and interest-rate and inflation swaps.

In accordance with IAS 39, derivative financial instruments are recognized at their fair values as assets (positive fair value) or liabilities (negative fair value). Initial recognition is on the trading day.

The fair values of the currency and interest derivatives used are calculated on the basis of recognized financial-mathematical methods (discounted-cash flow method and option pricing model).

With derivative financial instruments related to hedging instruments, measurement depends on changes in fair value due to the type of hedging instrument.

The goal of hedging with the use of a fair-value hedge is to offset changes in the fair values of balance-sheet assets and liabilities, or of off-balance fixed obligations, through opposing changes in the market value of the hedging transaction. The carrying value of the hedged underlying transaction is adjusted to changes in market values if these changes result from the hedged risk factors. The changes in market values of the hedging transactions and the adjustments of carrying values of the hedged underlying transactions are recognized through profit or loss.

Cash-flow hedges are used to safeguard future cash flows from assets or liabilities recognized in the balance sheet or from transactions that are planned with a high degree of certainty. Changes in the effective part of the fair value of a derivative are at first recognized under equity with no effect on profit and loss, with due consideration of deferred taxes (hedging transactions reserve), and are only recognized through profit and loss when the hedged underlying transaction is realized. The ineffective part of the hedging instrument is recognized immediately through profit and loss.

Derivative financial instruments that are not related to a hedging instrument as defined by IAS 39 are deemed to be financial assets or financial liabilities held for trading. For these financial instruments, changes in fair value are immediately recognized through profit or loss.

Share-based payments as defined by IFRS 2 are measured on the basis of the share price with consideration of a discount due to the lack of dividend entitlement at fair value on the balance sheet date. Here, the Monte Carlo Simulation method is also used.

Expenses from share-based payments are recognized on a pro rata basis in the relevant vesting period. In the case of cash-settled share-based payment transactions, the expense is shown by recognizing a provision; in the case of equity-settled share-based payment transactions, the expense is entered directly in equity.

Non-current assets held for sale and disposal groups as well as related liabilities are classified as such and presented separately in the balance sheet. Assets are classified as held for sale if the carrying amounts are primarily to be realized through a sale transaction rather than through continuing use. The sale must be highly probable and the assets or disposal groups must be immediately saleable in their present condition. These assets and disposal groups are measured at the lower of carrying value or fair value less costs to sell, and are no longer systematically depreciated or amortized. Impairment losses are recognized if the fair value less cost to sell is lower than the carrying value. Any write-ups due to an increase in fair value less costs to sell are limited to the impairments of the assets previously recognized.

Assets and liabilities of discontinued operations are treated as disposal groups. A discontinued operation is a separate major line of business or geographical area of operations which is held for sale. In addition, earnings after taxes from discontinued operations are presented separately in the income statement.

Revenue from construction contracts is recognized in accordance with IAS 11 Construction Contracts with the use of the percentage-of-completion method – provided that the conditions for application are fulfilled. The percentage of completion is mainly calculated on the basis of the ratio on the balance sheet date of the output volume already delivered to the total output volume to be delivered. The percentage of completion is also calculated from the ratio of the actual costs already incurred on the balance sheet date to the planned total costs (cost-to-cost method). If the results of construction contracts cannot be reliably estimated, revenue is calculated using the zero profit method in the amount of the costs incurred and probably recoverable.

Revenue from the provision of services is recognized in accordance with IAS 18.20 with the use of the percentage of completion method – provided that the conditions for application are fulfilled. In the area of services, percentage of completion is mainly calculated using the cost-to-cost method.

Revenue from the sale of goods is recognized according to the criteria of IAS 18.14 (revenue recognition on the transfer of significant risks and rewards of ownership).

In the context of concession projects, construction services provided are recognized as revenue in accordance with IAS 11 using the percentage of completion method.

In the operating phase of concession projects, the recognition of revenue from operating services depends upon whether a financial or an intangible asset is to be received as consideration for the construction services provided.

If a financial asset is to be recognized, i.e. the operator receives a fixed payment from the grantor irrespective of the extent of use, revenue from the provision of operating services is recognized according to IAS 18 using the percentage of completion method. The percentage of completion is calculated using the cost-to-cost method.

If an intangible asset is to be received, i.e. the operator receives payments from the users or from the client depending on use, the payments for use are recognized as revenue according to IAS 18 generally in line with the extent of use of the infrastructure by the users.

If the operator receives both use-dependent and use-independent payments, revenue recognition is split in accordance with the ratio of the two types of payment.

Expenditures for research and development such as for the further development of processes and special innovative technical proposals for individual projects are generally recognized in the income statement on a project-related basis.

Borrowing costs that can be directly allocated to the acquisition, construction or production of an asset which requires a considerable period of time to be put into its intended condition for use or for sale are capitalized as part of that asset's cost of acquisition or production. All other borrowing costs are expensed in the period in which they are incurred. In the year under review, no borrowing costs were capitalized, as in the prior year.

Assessments and estimates

With the preparation of the consolidated financial statements, to a certain extent it is necessary to make assumptions and estimates that have an effect on the amounts and valuations shown in the Group's balance sheet and income statement as well as on the contingent liabilities for the reporting period.

The assumptions and estimates are the result of premises that are based on currently available knowledge. If future developments differ from these assumptions, the actual amounts may differ from the originally anticipated estimates.

The assumptions and estimates primarily relate to evaluations of the following items:

- Revenue by the percentage-of-completion method: With the use of the percentage-of-completion-method, estimates have to be made with regard to the percentage of completion, the contract costs to complete the contract and the total contract revenue. Changes in those estimates can lead to an increase or decrease in revenue for the period. In 2012, revenue of €6,710.9 million was realized by the percentage-of-completion method (2011: €6,362.2 million). Disclosures on the sensitivities of the extent of possible effects of changes in estimates cannot reasonably be made due to the large number of individual projects and influencing factors.
- Allowances for bad debts: Allowances for bad debts include to a great extent estimates and assessments of individual receivables that are based on the creditworthiness of the respective client, current economic developments and collaterals received. The carrying amount of receivables at December 31, 2012 was €1,866.7 million (2011: €1,633.1 million), whereby allowances for default risks for trade receivables amounted to €32.1 million (2011: €27.6 million). Disclosures on the sensitivities of the extent of possible effects of changes in estimates cannot reasonably be made due to the large number of counterparties and relevant factors.
- Retirement benefit obligations: Retirement benefit obligations are measured actuarially with consideration of future developments. These measurements are primarily based on assumptions regarding discount rates, expected income from plan assets, salary trends, pension trends and life expectations. Due to the fluctuating market and economic situation, the premises used can deviate from the actual development. That can have a material impact on the retirement benefit obligation and other post-employment benefits. The resulting differences are not recognized through profit and loss in the period that they arise, but are entered directly in equity. The carrying amount of the retirement benefit obligation at December 31, 2012 was €394.2 million (2011: €324.5 million). An increase or decrease in the discount rate of 0.5 percentage points would reduce or increase the defined benefit obligation (DBO) by about €32 million or about 5 percent.
- Provisions: The recognition of provisions for risks relating to contracts, warranties and litigation, personnel-related obligations and other uncertain liabilities to a great extent involves estimates by Bilfinger. These estimates can change as a result of new information, for example with ongoing project progress or with the status of proceedings. The actual cash outflows or expenses can deviate from the original and updated estimates and can affect profit or loss accordingly. The carrying amount of provisions at December 31, 2012 was €613.2 million (2011: €815.5 million). Disclosures on the sensitivities of the extent of possible effects of changes in estimates cannot reasonably be made due to the large number of facts and relevant factors.
- Income taxes: Bilfinger is active in numerous tax jurisdictions. The tax items presented in the consolidated financial statements are calculated with consideration of the respective tax laws and of the relevant administrative judgments, and, due to their complexity, may be subject to deviating interpretations by taxable entities on the one hand and by local fiscal authorities on the other. Deferred tax assets are recognized if sufficient taxable income is available in the future. Among other things, the factors considered include the planned earnings from operating activities, the impact on earnings of the reversal of taxable temporary differences, and possible tax strategies. On the basis of the planned future taxable income, Bilfinger's management assesses the measurement of deferred tax assets at each balance sheet date. As future business developments are uncertain, assumptions are required on estimates of future taxable income and on the time when deferred tax assets can be utilized. Estimated amounts are adjusted during the period if there are sufficient indications that an adjustment is necessary. If the management assumes that deferred tax assets cannot be realized, either partially or in full, they are impaired by the appropriate amount. The carrying amount of deferred tax assets at December 31, 2012 was €176.9 million (2011: €164.2 million).
- Impairment of goodwill: Bilfinger tests goodwill for impairment at least annually. Determining the recoverable amount of a cash-generating unit to which goodwill is allocated involves estimates by the management. It is equivalent to the value in use resulting from the discounted cash flows calculated on the basis of financial planning approved by the management. See Section 15 of the notes to the consolidated financial statements for further details.

Summary of selected measurement methods:

Balance sheet item	Measurement method
Goodwill and intangible assets with an indefinite or unlimited useful life	Cost of acquisition (no amortisation, regular and indication-induced impairment tests)
Intangible assets with a finite useful life	Amortized cost (straight-line amortization, indication-induced impairment tests)
Property, plant and equipment	Depreciated cost of acquisition or production (systematic depreciation, normally straight-line, indication-induced impairment tests)
Assets capitalized in the context of finance leasing	Fair value upon capitalization or present value of minimum leasing payments less systematic depreciation (indication-induced impairment tests)
Investments accounted for using the equity method	Cost of acquisition increased and reduced by the proportionale of change in net assets (indication-induced impairment tests)
Equity interests	Cost of acquisition (indication-induced impairment tests)
Receivables from concession projects	Amortized cost (effective interest method, indication-induced impairment tests)
Securities (AfS)	Fair value
Securities (HtM)	Amortized cost (effective interest method, indication-induced impairment tests)
Inventories	Lower of cost of acquisition or production or net realizable value
Receivables from construction and services contracts	Percentage-of-completion method, amortized cost
Loans granted and receivables	Amortized cost (effective interest method, indication-induced impairment tests)
Other assets	Lower of cost or fair value
Treasury shares	Cost of acquisition
Retirement benefit obligation	Projected-unit-credit method less plan assets
Provisions	Settlement amount
Financial debt and other financial liabilities	Amortized cost (effective interest method)
Other liabilities	Cost or settlement amount
Derivative financial instruments	Fair value
Deferred taxes	Taxable temporary differences
Assets held for sale / liabilities in disposal groups	Lower of carrying amount upon classification or fair value less costs to sell (no systematic amortization/depreciation, indication-induced impairment tests)

Notes to the income statement*

7. Revenue

Revenue of €6,710.9 million (2011: €6,362.2 million) includes revenue resulting from the application of the percentage-of-completion method. It also includes goods and services supplied to joint ventures and consortiums as well as shares in the results of such joint ventures and consortiums.

The main joint ventures and consortiums are related to the following infrastructure projects:

	Bilfinger's share	Share of order value	Share of output volume in 2012
Transco, Sedrun, Switzerland	28%	326	22
A1 Hamburg – Bremen, Germany	65%	278	58
London Array, United Kingdom	50%	233	69
Gdansk Southern Ring Road, Poland	75%	198	60
ABJV DanTysk, Germany	50%	127	41

The breakdown of revenue by business segment and by region is shown under segment reporting.

8. Other operating income

	2012	2011
Income from operating investments	102.0	14.9
Gains on the disposal of property, plant and equipment	8.5	4.0
Inicome from the reversal of provisions	6.5	6.8
Income from the reversal of impairments on trade receivables	4.1	6.5
Gains on currency translation	2.8	11.7
Other income	49.9	74.4
Total	**173.8**	**118.3**

The figure for income from operating investments includes a gain of €52.6 million from the sale of shares in 18 concession projects and a gain of €45.5 million from the reduction of our investment in the Nigeria business.

* Figures in € million, unless otherwise stated.

Other income relates to write-ups of other assets, the remeasurement of a contingent consideration for the acquisation of subsidiary of €3.8 million, and numerous other items of minor individual importance. It also includes interest income from concession projects, which breaks down as follows.

	2012	2011
Interest income on receivables from concession projects	41.9	114.3
Less balance of interest expense (non-recourse financing) and interest from the investment of non-utilized-project-financing funds	-38.6	-101.4
Total	3.3	12.9

The decrease in interest income from concession projects is a result of the sale of 10 fully consolidated concession projects during 2012.

9. Other operating expense

	2012	2011
Expenses from operating investments	14.0	1.8
Expenses from increases in provisions	11.9	14.2
Impairment of trade receivables	7.9	8.3
Losses on currency translation	4.4	14.9
Losses on the disposal of property, plant and equipment	2.1	1.9
Other expenses	26.6	39.9
Total	66.9	81.0

Expenses from operating investments include an expense from the impairment of an Australian concession project of €12.9 million.

Other expenses relate to impairments of other assets, acquisition related-costs and numerous other items of minor individual importance.

10. Income from investments accounted for using the equity method

Income from investments accounted for using the equity method is comprised as follows:

	2012	2011
Income from investments accounted for using the equity method	37.6	28.8
Expenses from investments accounted for using the equity method	-12.3	-0.1
Total	25.3	28.7

11. Other information on EBIT

	Cost of sales		Administrative and selling expenses		Total	
Type of expense	2012	2011	2012	2011	2012	2011
Material						
Cost of raw materials, supplies and purchased goods	1,416.3	1,483.2	0.0	0.0	1,416.3	1,483.2
Cost of purchased services	2,513.5	2,559.3	0.0	0.0	2,513.5	2,559.3
Total	3,929.8	4,042.5	0.0	0.0	3,929.8	4,042.5
Personnel						
Wages and salaries	2,221.7	1,944.6	449.8	421.0	2,671.5	2,365.6
Social-security levies and pension contributions	438.6	401.0	82.1	75.6	520.7	476.6
Total	2,660.3	2,345.6	531.9	496.6	3,192.2	2,842.2
Depreciation and amortization						
Intangible assets from aquisitions	51.3	35.6	0.0	0.0	51.3	35.6
Other intangible assets and property, plant and equipment	98.1	96.6	27.6	28.7	125.7	125.3
Total	149.4	132.2	27.6	28.7	177.0	160.9
Other	634.8	621.6	292.3	246.0	927.1	867.6
Total	7,374.3	7,141.9	851.8	771.3	8,226.1	7,913.2

Amortization of intangible assets from acquisitions relates to customer relations capitalized in accordance with IFRS 3/IAS 38 such as order backlogs, framework agreements and customer bases.

EBIT also includes research and development expenses of €13.4 million (2011: €9.9 million).

12. Interest and other financial income/expense

Interest and other financial income/expense comprise the following items of the income statement:

	2012		2011	
Interest income		**13.9**		**19.4**
Current interest expense		-25.8		-25.0
Interest expense from additions to retirement benefit obligation	-23.9		-24.1	
Interest income from pension plan assets	9.2	-14.7	8.6	-15.5
Interest expense		**-40.5**		**-40.5**
Income / expense on securities		0.5		-0.1
Interest expense for minority interest		-7.9		-9.5
Other financial expense		**-7.4**		**-9.6**
Total		**-34.0**		**-30.7**

The interest and other financial expense decreased to minus €34.0 million (2011: minus €30.7 million). Due to lower average liquidity and lower levels of interest rates, interest income fell to €13.9 million (2011: €19.4 million).

Interest income is primarily earned on deposits of cash and cash equivalents with variable interest rates. Current interest expense is mainly incurred on financial debt excluding non-recourse debt with fixed interest rates.

With an unchanged investment policy, an increase in interest rates would lead to higher interest income.

The interest expense for minority interest of €6.3 million (2011: €8.9 million) reflects the share in profits of the minority interest which is classified as borrowing due to contractual regulations, in particular preemption rights pursuant to IAS 32. €1.6 million of the interest expense for minority interest (2011: €0.6 million) constitutes the interest compounded on purchase-price liabilities from the acquisition of equity interests.

13. Income tax expense

Income taxes are the taxes on income and earnings paid, owed or deferred in the various countries. The calculations are based on the expected tax rates in those countries at the time of realization. Those expected tax rates are derived from the statutory regulations that are in force or enacted on the balance sheet date.

	2012	2011
Actual taxes	84.1	86.0
Deferred taxes	19.4	22.7
Total	**103.5**	108.7

The tax expense calculated with the tax rate of Bilfinger SE can be reconciled with the actual tax expense as follows:

	2012	2011
Earnings before taxes	380.9	330.6
Theoretical tax expense at 30.95%	117.9	102.3
Tax-rate differences	-9.4	-6.5
Tax-rate effects of non-deductible expenses and tax-free income	-8.1	10.7
Losses for which no deferred tax assets are capitalized and changes in value adjustments	0.1	-2.3
Taxes from other accounting periods	3.0	4.5
Income tax expense	**103.5**	**108.7**

The combined income tax rate for Bilfinger SE was 30.95 percent, as in the prior year, consisting of corporate income tax at a rate of 15 percent and the solidarity surcharge, which is levied at a rate of 5.5 percent of the applicable corporate income tax, as well as trade tax at an average municipal multiplier of 432 percent.

Deferred tax assets and deferred tax liabilities are distributed among the items of the balance sheet as follows:

	Deferred tax assets		Deferred tax liabilities	
	31.12.12	31.12.11	31.12.12	31.12.11
Non-current assets	17.0	16.7	52.3	53.3
Current assets	13.7	12.9	102.6	98.3
Provisions	87.4	89.8	4.5	3.6
Liabilities	17.7	19.5	1.7	1.8
Tax loss carryforwards			0.0	0.0
Corporate income tax (or comparable taxes outside Germany)	41.7	40.5	–	–
Trade taxes	11.4	15.7	–	–
Offsetting	-12.0	-30.9	-12.0	-30.9
Carried in the balance sheet	**176.9**	**164.2**	**149.1**	**126.1**

On the balance sheet date, deferred taxes in the amount of €34.8 million (2011: €105.0 million) from the measurement of retirement benefit obligations according to IAS 19 as well as from the measurement of financial instruments according to IAS 39 were offset against equity.

The total amount of deferred tax assets of €176.9 million (2011: €164.2 million) includes future reductions in tax payments in an amount of €53.1 million (2011: €56.2 million) that arise from the expected utilization in future years of existing tax-loss carryforwards. The realization of the tax-loss carryforwards is reasonably certain. Non-capitalized tax-loss carryforwards for corporate income tax (or comparable taxes outside Germany) amount to €145.1 million (2011: €97.6 million) and for trade tax to €47.4 million (2011: €63.8 million). Of the tax loss carryforwards not recognized as deferred tax assets, €8.3 million (2011: €7.4 million) will expire within the next 15 years and €22.1 million (2011: €0.0 million) within the next 20 years.

Deferred tax liabilities for tax payments on possible future dividend payments out of subsidiaries' retained earnings have not been recognized if these earnings are required for the long-term financing of the respective subsidiaries.

14. Earnings per share

Earnings per share are calculated by dividing the Group's net profit by the weighted average number of shares outstanding.

	2012	2011
Net profit	274.9	394.1
Weighted average number of shares issued	44,140,127	44,140,127
Earnings per share, basic / diluted (in €)	**6.23**	**8.93**
thereof from continuing operations	6.23	4.99
thereof from discontinued operations	0.00	3.94

Notes to the balance sheet*

15. Intangible assets

COST OF ACQUISITION OR PRODUCTION	Licenses software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
January 1, 2012	**80.2**	**1,434.2**	**242.6**	**0.9**	**1,757.9**
Additions to the consolidated Group	6.5	307.1	66.3	0.1	380.0
Disposals in the consolidated Group	0.8	0.1	0.0	0.0	0.9
Additions	9.9	1.8	0.5	1.5	13.7
Disposals	9.8	0.4	0.3	0.0	10.5
Reclassifications	1.2	0.0	0.0	-1.1	0.1
Currency adjustments	0.4	1.9	0.4	0.0	2.7
December 31, 2012	**87.6**	**1,744.5**	**309.5**	**1.4**	**2,143.0**

ACCUMULATED AMORTIZATION AND IMPAIRMENT	Licenses software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
January 1, 2012	**59.6**	**0.2**	**137.1**	**0.0**	**196.9**
Additions to the consolidated Group	5.3	0.2	0.0	0.0	5.5
Disposals in the consolidated Group	0.0	0.0	0.0	0.0	0.0
Additions	8.3	0.0	51.3	0.0	59.6
Disposals	9.9	0.0	0.3	0.0	10.2
Reclassifications	0.0	0.0	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.5	0.0	0.6	0.0	1.1
December 31, 2012	**63.8**	**0.4**	**188.7**	**0.0**	**252.9**
Carrying value December 31, 2012	**23.8**	**1,744.1**	**120.8**	**1.4**	**1,890.1**

* Figures in € million, unless otherwise stated.

COST OF ACQUISITION OR PRODUCTION	Licenses software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
January 1, 2011	72.3	1,318.4	226.4	0.8	1,617.9
Additions to the consolidated Group	3.3	118.8	21.0	0.0	143.1
Disposals in the consolidated Group	0.1	5.3	0.0	0.0	5.4
Additions	7.5	3.4	0.0	1.1	12.0
Disposals	2.6	1.1	6.4	0.5	10.6
Reclassifications	0.4	-0.6	0.0	-0.5	-0.7
Currency adjustments	-0.6	0.6	1.6	0.0	1.6
December 31, 2011	80.2	1,434.2	242.6	0.9	1,757.9

ACCUMULATED AMORTIZATION AND IMPAIRMENT	Licenses software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
January 1, 2011	53.6	0.0	107.0	0.0	160.6
Additions to the consolidated Group	1.6	0.0	0.0	0.0	1.6
Disposals in the consolidated Group	0.0	0.0	0.0	0.0	0.0
Additions	7.4	0.2	35.6	0.0	43.2
Disposals	2.5	0.0	6.5	0.0	9.0
Reclassifications	0.0	0.0	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	-0.5	0.0	1.0	0.0	0.5
December 31, 2011	59.6	0.2	137.1	0.0	196.9
Carrying value December 31, 2011	20.6	1,434.0	105.5	0.9	1,561.0

Within the context of carrying out annual impairment tests in accordance with IFRS 3/IAS 36, goodwill was allocated to the relevant cash-generating units. The distribution of goodwill among the business segments is as follows:

		2012		2011
Industrial		839		624
thereof Bilfinger Industrial Services	739		624	
thereof Bilfinger Industrial Technologies	100		0	
Power		349		304
Building and Facility		524		474
thereof Bilfinger Facility Services	485		434	
thereof Bilfinger Government Services	39		40	
Construction		32		32
thereof Bilfinger Construction	28		28	
thereof Bilfinger Infrastructure	4		4	
Total		**1,744**		1,434

The recoverable amounts of these units at the balance sheet date correspond with their values in use, which are derived from their discounted future cash flows. The calculation is based on the planning figures over a three-year period, as approved by the Group's management. The planning is based on past experience, current operating results and the best possible assessment by the Group's management of the future development. Market assumptions are taken into consideration with the use of external macroeconomic and industry-specific sources. For the period thereafter, for the sake of a cautious valuation, constant cash flows have been assumed, whereby future growth opportunities have not been taken into consideration. The discount rates before taxes for the cash generating units in the Industrial, Power and Building and Facility business segments, calculated using the capital asset pricing model, are between 9.4 and 9.6 percent (2011: 9.5 percent) and, for the Construction business segment, between 11.0 and 11.2 percent (2011: 11.5 percent).

A comparison of the recoverable amounts of the units with their carrying values including goodwill did not result in any need for impairments. Nor would a significant increase in the discount rate or significant negative deviations from the planning premises result in any need to impair goodwill.

Intangible assets from acquisitions reflect the portions of purchase prices attributed to acquired customer relations (e.g. order backlogs, framework agreements and client bases) and are amortized over their useful lives using the straight-line method.

16. Property, plant and equipment

COST OF ACQUISITION OR PRODUCTION	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
January 1, 2012	**410.6**	**669.4**	**566.6**	**7.5**	**1,654.1**
Additions to the consolidated Group	6.2	17.2	43.8	0.0	67.2
Disposals in the consolidated Group	0.0	0.0	0.7	0.0	0.7
Additions	9.8	41.6	65.7	13.5	130.6
Disposals	10.9	55.5	39.6	1.1	107.1
Reclassifications	0.9	3.0	2.7	-6.6	-0.1
Currency adjustments	0.9	1.4	4.6	0.1	7.0
December 31, 2012	**417.5**	**677.1**	**643.0**	**13.4**	**1,751.0**

ACCUMULATED DEPRECIATION AND IMPAIRMENT	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
January 1, 2012	**167.0**	**479.7**	**360.4**	**0.0**	**1,007.1**
Additions to the consolidated Group	0.5	3.6	25.6	0.0	29.7
Disposals in the consolidated Group	0.0	0.0	0.1	0.0	0.1
Additions	11.8	50.8	54.8	0.0	117.4
Disposals	7.1	51.8	37.3	0.0	96.2
Write-ups	0.4	0.0	0.0	0.0	0.4
Reclassifications	-0.1	-2.2	2.3	0.0	0.0
Currency adjustments	0.3	1.1	2.2	0.0	3.6
December 31, 2012	**172.0**	**481.2**	**407.9**	**0.0**	**1,061.1**
Carrying value December 31, 2012	**245.5**	**195.9**	**235.1**	**13.4**	**689.9**
thereof finance leases **Carrying value December 31, 2012**	**20.9**	**0.3**	**5.7**	**0.0**	**26.9**

COST OF ACQUISITION OR PRODUCTION	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
January 1, 2011	**415.6**	**638.0**	**532.1**	**16.4**	**1,602.1**
Additions to the consolidated Group	7.4	14.1	6.1	0.6	28.2
Disposals in the consolidated Group	5.2	5.3	6.8	0.0	17.3
Additions	4.6	42.3	65.4	6.0	118.3
Disposals	6.0	29.3	25.0	0.0	60.3
Reclassifications	-0.7	18.6	-2.6	-15.3	0.0
Currency adjustments	-5.1	-8.9	-2.6	-0.2	-16.8
Reclassification of disposal group (Concessions)	0.0	-0.1	0.0	0.0	-0.1
December 31, 2011	**410.6**	**669.4**	**566.6**	**7.5**	**1,654.1**

ACCUMULATED DEPRECIATION AND IMPAIRMENT	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
January 1, 2011	**157.0**	**444.1**	**338.5**	**0.0**	**939.6**
Additions to the consolidated Group	3.6	10.3	4.2	0.0	18.1
Disposals in the consolidated Group	0.5	5.3	5.2	0.0	11.0
Additions	10.3	55.4	52.0	0.0	117.7
Disposals	2.9	24.9	22.7	0.0	50.5
Write-ups	0.0	0.0	0.0	0.0	0.0
Reclassifications	0.4	4.0	-4.4	0.0	0.0
Currency adjustments	-0.9	-3.8	-2.0	0.0	-6.7
Reclassification of disposal group (Concessions)	0.0	-0.1	0.0	0.0	-0.1
December 31, 2011	**167.0**	**479.7**	**360.4**	**0.0**	**1,007.1**
Carrying value December 31, 2012	**243.6**	**189.7**	**206.2**	**7.5**	**647.0**
thereof finance leases **Carrying value December 31, 2012**	**22.1**	**0.7**	**3.9**	**0.0**	**26.7**

Finance-lease transactions in the reporting period mainly involve buildings with contract periods of up to 30 years.

The payment obligation resulting from finance leases is recognized in the amount of the present value of future lease payments due. The minimum lease payments, consisting of present value and interest portion, are shown in the following table:

	< 1 year	1-5 years	> 5 years	Total
2012				
Lease payments	4.2	7.8	15.0	27.0
Interest portion	0.3	1.3	7.3	8.9
Carrying amount / present value	**3.9**	**6.5**	**7.7**	**18.1**
2011				
Lease payments	3.6	8.5	16.4	28.5
Interest portion	0.3	1.4	8.4	10.1
Carrying amount / present value	**3.3**	**7.1**	**8.0**	**18.4**

17. Investments accounted for using the equity method

Investments accounted for using the equity method comprise associates and joint ventures.

In line with the proportionate equity interests held in associates, the following amounts are to be attributed to the Group:

ASSOCIATES

	2012	2011
Non-current assets	1,011.4	972.3
Current assets	390.6	373.3
Non-current liabilities	955.8	880.1
Current liabilities	428.0	477.7
Revenue	641.9	676.8
Profit for the year	20.3	21.3
Guarantees from Bilfinger	6.1	10.4

The most important associates in the reporting period are the construction company Julius Berger Nigeria PLC., Abuja, Nigeria and the concessions companies M6 Tolna Autópálya Koncessziós Zrt, Budapest, Hungary; M6 Duna Autópálya Koncessziós Rt., Budapest, Hungary; A1 Mobil GmbH & Co. KG, Sittensen, Germany; and Southern Way Asset Management Nominees Pty Ltd., North Sydney, Australia.

The fair value (stock-exchange price) of the shares in Julius Berger Nigeria held by Bilfinger at December 31, 2012 amounts to €80.4 million (2011: €91.6 million).

If the proportionate losses – including results directly recognized in other comprehensive income – exceed the value of the subsidiary, neither losses nor gains are recognized. The cumulative amount of unrecognized losses from associates at December 31, 2012 is €49.4 million (2011: €85.8 million). Unrecognized losses decreased by €36.4 million in the financial year (2011: increase of €50.3 million). These amounts result from unrealized losses in other comprehensive income from hedging instruments for concession projects.

In line with the proportionate equity interests held in joint ventures, the following amounts are to be attributed to the Group:

JOINT VENTURES	2012	2011
Non-current assets	980.6	366.7
Current assets	63.2	23.6
Non-current liabilities	1,011.0	378.4
Current liabilities	144.9	38.4
Revenue	146.0	72.0
Expenses	134.7	69.3
Guarantees from Bilfinger	1.3	2.0

Important joint ventures in the reporting year include the concession companies Golden Crossing Holdings Inc., Vancouver / Canada, Agder OPS Vegselskap AS, Lillesand / Norway and Sentinel Partnership Pty Ltd., North Sydney / Australia.

Outstanding equity commitments to concession projects accounted for as joint ventures amount to €29.6 million (2011: €38.8 million).

18. Receivables from concession projects

Receivables due from concession projects represent all services provided in connection with the production of public-private-partnership (PPP) projects for which fixed payments have been agreed irrespective of the extent of use. Due to the length of the payment plans, receivables are measured at the present value of amortized cost. The annual accumulation of interest on these discounted amounts is presented as interest income under other operating income. Grantors' payments are divided into a portion to be deducted from the receivables and a portion for the regular concession services.

Funds received in the context of loan financing but not yet applied are also presented.

The capitalized amounts from concession projects have corresponding items in non-recourse liabilities. These amounts are presented under financial debt, thereof €444.2 million as non-current (2011: €338.7 million) and €9.5 million as current (2011: €8.7 million).

Receivables from concession projects are comprised as follows:

	2012	2011
Receivables from concession projects	497.8	372.4
Receivables from project-financing funds not yet applied	10.5	4.6
	508.3	**377.0**
Non-recourse financial liabilities	**453.7**	**347.4**

The fully consolidated concession projects presented under receivables from concession projects are:

	Investment volume	Bilfinger share	Project status	Concession period
	€ million	in %		
Transport infrastructure				
M1 Westlink, Northern Ireland	230	75	In operation	2009-2036
Northeast Stoney Trail, Canada	293	100	In operation	2009-2039
Building				
Avon & Somerset Police HQ, UK	82	70	Under construction	2014-2039
Lagan College & Tor Bank School, United Kingdom	50	70	Under construction	2012-2038
Women's College Hospital, Canada	350	100	Under construction	2015-2045

Concession fees are dependent on the availability of the transport infrastructure or building, are paid by the grantor and are inflation indexed. The concession agreements are design-build-finance-operate contracts and also include the obligation to perform maintenance and major repairs. At the end of the concession period, the transport infrastructures and buildings are transferred to the grantor. There are generally no extension or termination options.

19. Other financial assets

	2012	2011
Loans	33.9	105.3
Equity interests (available for sale, at cost)	11.2	6.7
Derivative financial instruments in hedging relationships	0.9	9.0
Derivative financial instruments not in hedging relationships	0.1	0.0
Securities (available for sale)	53.7	56.2
Securities (Held-to-maturity)	0.1	2.6
Other financial assets	58.1	92.8
Total	**158.0**	**272.6**

Loans are primarily subordinated loans to concession companies.

Equity interests (available for sale, at cost) include shares in non-listed companies, which are measured at cost of acquisition.

The securities (available-for-sale) relate primarily to a share in the amount of 17.54 percent (2011: 19.9 percent) in the publicly listed Bilfinger Berger Global Infrastructure Fund SICAV S.A. The decrease is the result of the transfer of shares as plan assets to a Contractual Trust Arrangement (CTA).

Derivative financial instruments include primarily positive market values of currency hedges relating to projects.

Other financial assets comprise among other things amounts that serve to fulfill pension obligations, as well as monies deposited for the fulfillment of obligations to make capital contributions in the Concessions business segment.

The carrying values of the loans and deposited monies for concessions projects were reduced by a total of €36.8 million through netting with negative market values from hedging instruments recognized directly in equity.

20. Inventories

Inventories are comprised as follows:

	2012	2011
Real-estate properties held for sale	38.4	20.0
Finished goods and work in progress	10.1	11.0
Raw materials and supplies	94.2	99.2
Advance payments made	28.9	68.8
Total	171.6	199.0

21. Receivables and other financial assets

	2012	2011
Receivables		
Trade receivables (including receivables from percentage-of-completion)	1,794.4	1,552.2
from consortiums and joint ventures	43.7	55.4
from companies in which equity is held	28.6	25.5
	1,866.7	1,633.1
Derivatives		
in hedging relationships	2.2	3.0
not in hedging relationships	2.5	7.2
	4.7	10.2
Securities (available for sale)	1.0	0.6
Other financial, non-derivative assets	81.1	98.1
Total	1,953.5	1,742.0

Construction contracts measured according to the percentage of completion but not yet finally invoiced are recognized as follows:

	2012	2011
Costs incurred plus recognized profits	6,076.7	4,957.5
Less advance billings	5,874.6	4,905.0
Total	**202.1**	**52.5**
thereof future receivables from construction contracts	517.4	368.0
thereof advance payments received from construction contracts	315.3	315.5

The amount of future receivables from construction contracts is included under trade receivables.

Advance payments received totaled € 5,580.9 million (2011: € 4,683.3 million). The receivables include collateral in the amount of €15.0 million (2011: €11.3 million).

Details of days overdue and impairments of trade receivables are as follows:

	2012	2011
Receivables neither overdue nor impaired	1,341.7	1,267.7
Receivables overdue but not impaired		
less than 30 days	258.4	154.6
30 to 90 days	73.3	42.4
91 to 180 days	32.7	35.6
more than 180 days	82.3	47.6
	446.7	**280.2**
Residual value of impaired receivables	6.0	4.3
Total	**1,794.4**	**1,552.2**

Impairments of trade receivables for default risks developed as follows:

	2012	2011
Opening balance	27.6	33.8
Changes in the consolidated Group, currency differences	5.8	-3.3
Allocations (impairment losses)	7.9	8.3
Utilization	5.1	4.7
Withdrawals (gains on impairment reversals)	4.1	6.5
Closing balance	32.1	27.6

All losses and gains from the impairment of trade receivables are recognized under other operating income and other operating expense.

No default risk is recognizable for the receivables that are not impaired.

Other financial non-derivative assets comprise receivables and assets outside the field of supplying goods and services.

22. Other assets

Other assets include value-added tax claims of €59.9 million (2011: €27.0 million) and prepaid expenses of €26.6 million (2011: €22.6 million).

23. Cash and cash equivalents

Cash and cash equivalents include bank deposits of concession companies of €21.1 million (2011: €24.0 million), to be applied in accordance with project-specific financing agreements.

24. Equity

The classification of equity and changes in equity are presented in the consolidated statement of changes in equity.

Share capital amounts to €138.1 million, unchanged from the end of 2011. It is divided into 46,024,127 bearer shares with an arithmetical value of €3.00 per share.

By resolution of the Annual General Meeting of April 15, 2010, the Executive Board is authorized with the consent of the Supervisory Board until April 14, 2015 to increase the share capital of the company by up to €69.0 million (Approved Capital 2010). The capital increase serves to issue new shares against cash and / or non-cash contributions.

Also by resolution of the Annual General Meeting of April 15, 2010, the share capital was increased by up to €13.8 million by the issue of up to 4,602,412 new bearer shares with a proportionate amount of the share capital of €3.00 per share (Contingent Capital 2010). It serves to grant shares upon the exercise of conversion rights or option rights or upon the fulfillment of conversion obligations or option obligations in connection with bonds.

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 SE, bought back 1,884,000 shares through the stock exchange at an average price of €53.07 per share in February 2008. This represents 4.094 percent of the current voting rights. The shares are held as treasury shares and there is currently no intention to cancel them.

We refer to the explanation given in the management report pursuant to Section 289 Subsection 4 and Section 315 Subsection 4 of the German Commercial Code (HGB) with regard to the authorization for the Executive Board to issue shares out of approved capital and out of contingent capital as well as the possibilities to buy back and use the Company's own shares.

Retained and distributable earnings

	2012	2011
Retained and distributable earnings	195.7	247.0
Actuarial gains / losses	-50.8	-5.5
Employee share program	-0.6	0.0
Other retained earnings	1,270.1	1,096.0
Total	**1,414.4**	1,337.5

Distributable earnings and proposal on the appropriation of earnings

It is proposed that the reported distributable earnings of Bilfinger SE of the 2012 financial year of €195.7 million be appropriated as follows:

Distribution of a dividend €3,00 per dividend-entitled share	132.4
Carried forward to new account	63.3
Retained and distributable earnings	195.7

This proposal on the appropriation of earnings is based on the dividend-entitled share capital at February 26, 2013 of €132.4 million (divided into 44,140,127 ordinary shares). Due to a change in the number of treasury shares, the number of dividend entitled shares may change by the time of the resolution on the appropriation of distributable earnings by the Annual General Meeting. In that case, the Executive Board and the Supervisory Board will make a correspondingly adjusted proposal to the Annual General Meeting on the appropriation of distributable earnings with an unchanged dividend of €3.00 per share. In the prior year, the dividend amounted to €2.50 plus a bonus of €0.90 for a total of €3.40 for each dividend-entitled share. Total dividend distribution was €150.1 million.

Actuarial gains and losses include the deviations between the retirement benefit obligation anticipated at the beginning of the year and the actual obligation at the end of the year, which are fully included in the retirement benefit obligation, as well as the difference between the income on plan assets anticipated at the beginning of the year and the actual income during the year.

The accumulated actuarial losses recognized in equity and attributable to the shareholders of Bilfinger SE amount to €67.9 million before deferred taxes (2011: €6.3 million) and €50.8 million after consideration of deferred taxes (2011: €5.5 million).

As part of an employee share program, employees of Group companies in Germany, once the relevant plan conditions were met, were granted the right to free bonus shares. A buyback of shares via the stock exchange to be given free of charge to employees in financial year 2012 led to a reduction of retained earnings.

Other retained earnings principally comprise amounts established from earnings in the period under review or in previous financial years.

Other reserves

The fair-valuation measurement of securities reserve includes the unrealized gains and losses on financial assets classified as available for sale and primarily relates to shares in listed investment funds.

The hedging instruments reserve includes the unrealized gains and losses from hedging highly probable future cash flows, taking into consideration any deferred tax effects, and primarily applies to interest-rate derivatives for concession projects.

The currency translation reserve reflects all currency differences arising from the translation of financial statements of foreign subsidiaries.

25. Retirement benefit obligation

For the employees of Bilfinger SE and of some German subsidiaries, defined-contribution pension commitments exist with a guaranteed minimum interest rate on contributions paid into a contractual trust arrangement (CTA). These are accounted for as defined-benefit plans in accordance with the provisions of IAS 19. There are also defined-contribution pension commitments at other companies of the Group in Germany.

Pension plans at foreign companies of the Group are accounted for in accordance with the provisions of IAS 19 either as defined-benefit plans or as defined-contribution plans. If the obligation is solely to make the contributions, there is no need to recognize a pension obligation in the balance sheet. In those cases in which the conditions set by IAS 19 are not fulfilled, the pension plans are accounted for as defined-benefit plans.

Pension provisions are valued on the balance sheet date using actuarial techniques according to the projected-unit-credit method, taking future developments into consideration. The calculations are subject to biometric accounting principles – in Germany the Guideline Table 2005 G by Klaus Heubeck – and are primarily based on the following assumptions:

	2012	2011
Applicable interest rates (euro countries)	3.50 %	5.00 %
Applicable interest rates (non-euro countries, weighted)	2.40 %	2.70 %
Expected annual increase in incomes	2.75 %	2.75 %
Expected annual increase in pensions	1.50 %	1.50 %

We utilize the option of accounting for actuarial gains and losses in line with the ‘third option’ offered by IAS 19.93A as part of the retirement benefit obligation recognized in other comprehensive income. This means that the retirement benefit obligation is shown in the amount of the present value of the actual obligation (defined benefit obligation). The full recognition of actuarial gains and losses in the balance sheet means that the financial position is reflected more accurately in the balance sheet because hidden reserves or obligations are now revealed. In the reporting year, actuarial losses of €61.7 million were recognized in other comprehensive income (2011: losses of €3.6 million). The reason for this was primarily the significant decrease in the applicable interest rate in euro countries from 5.0 percent in the prior year to 3.5 percent. Accumulated over time, the net actuarial losses recognized in other comprehensive income amount to €68.0 million (2011: losses of €6.3 million).

A further decrease or an increase in the applicable interest rate of 0.5 percentage points would increase or decrease the defined benefit obligation (DBO) by about €32 million or about 5 percent.

To the extent that claims to pension benefits are covered by plan assets, the value of the plan assets is deducted from the obligation to obtain the balance sheet amount. The market value of the plan assets amounted to €259.2 million at the balance sheet date (2011: €252.5 million). It comprises cash and cash equivalents (€11.9 million), bonds (€167.6 million), shares (€31.5 million), real estate (€17.5 million) and other assets (€30.7 million).

PENSION PLANS	Funded by plan assets	Unfunded	Funded by plan assets	Unfunded
		2012		2011
Provisions on January 1 (before deduction of plan assets)				
Defined benefit obligations on January 1	**254.1**	**300.0**	**248.5**	**291.0**
Service costs	5.3	5.6	4.4	5.9
Interest expense	9.8	14.1	10.3	13.9
Employee contributions	4.1	0.0	4.0	0.0
Pension payments	-11.3	-15.4	-11.3	-15.3
Settlements	-0.4	0.0	-1.8	-0.8
Currency adjustments	1.7	1.3	2.0	0.0
Additions to the consolidated Group	8.2	6.5	6.5	2.0
Disposals from the consolidated Group	-5.6	-0.9	-0.2	-1.3
Other	-5.8	1.4	-5.6	1.3
Actuarial gains (-) / losses (+)	18.9	49.6	-2.7	3.3
Defined benefit obligations on December 31	**279.0**	**362.2**	**254.1**	**300.0**
Fair value of plan assets on January 1	**252.5**		**244.5**	
Expected income from plan assets	9.2		8.6	
Pension payments	-11.3		-11.3	
Allocated to fund (employee contributions)	4.1		4.0	
Allocated to / removed from fund (company contributions)	-1.8		11.0	
Settlements	0.0		-1.5	
Currency adjustments	1.5		1.6	
Additions to the consolidated Group	5.6		4.6	
Disposals in the consolidated Group	-3.1		-0.1	
Other	-4.3		-5.9	
Actuarial gains (-) / losses (+)	6.8		-3.0	
Fair value of plan assets on December 31	**259.2**		**252.5**	

PENSION PLANS	Funded by plan assets	Unfunded	Funded by plan assets	Unfunded	Funded by plan assets	Unfunded	Funded by plan assets	Unfunded	Funded by plan assets	Unfunded
		2012		2011		2010		2009		2008
Defined benefit obligations on December 31	279.0	362.2	254.1	300.0	248.5	291.0	224.0	270.2	145.2	217.7
Plan assets on December 31	259.2		252.5		244.5		223.5		167.0	
Funded status on December 31	**-19.8**	**-362.2**	**-1.6**	**-300.0**	**-4.0**	**-291.0**	**-0.5**	**-270.2**	**21.8**	**-217.7**
Amount capitalized on December 31	**12.2**		**22.9**		**17.6**		**16.0**		**23.0**	
Provision recognized on December 31	**32.0**	**362.2**	**24.5**	**300.0**	**21.7**	**291.0**	**16.5**	**270.2**	**1.1**	**217.7**
Past service cost	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.0**

EXPERIENCE-BASED ADJUSTMENTS

	2012	2011	2010	2009	2008
Defined benefit obligations	-1.2	0.0	1.4	-3.4	-3.5
Fair value of plan assets	6.8	-3.0	-0.6	-5.5	-5.4

The net pension benefit expense for funded and unfunded pension plans is comprised as follows:

	2012	2011
Current service cost	10.9	10.3
Interest expense	23.9	24.2
Expected income from plan assets	-9.2	-8.6
Net pension benefit expenses	**25.6**	**25.9**

The defined contribution pension expense amounted to €22.2 million (2011: €10.3 million).

In the income statement, service costs are entered under EBIT and the interest expense from the addition to the retirement benefit obligation is entered under net interest result. Expected income from plan assets of €9.2 million (2011: €8.6 million) was posted under the net interest result. Based on a long-term investment strategy, this represents a return on plan assets of 3.6 percent (2011: 3.5 percent). The income actually achieved from plan assets in the reporting year amounted to €16.0 million (2011: €5.6 million).

The pension payments expected in subsequent years are as follows:

EXPECTED PENSION PAYMENTS

	2013	2014	2015	2016	2017	2018-22
	31	31	31	33	35	197

Plan assets of approximately €259 million are available for future payments out of funded pension plans (2011: €253 million).

Contributions of €107 million were paid to state pension insurance institutions (2011: €112 million).

26. Current tax liabilities and provisions

	Current tax liabilities	Other provisions	Total
As of January 1, 2012	**88.5**	**815.5**	**904.0**
Utilization	31.0	375.3	406.3
Release	4.2	53.9	58.1
Additions	44.7	224.4	269.1
Currency adjustments	0.2	3.3	3.5
Changes in the consolidated Group	3.4	-0.8	2.6
As of December 31, 2012	**101.6**	**613.2**	**714.8**

Maturities of current tax liabilities and provisions

	Non-current		Current		Total	
	2012	2011	**2012**	2011	**2012**	2011
Current tax liabilities	**0.0**	0.0	**101.6**	88.5	**101.6**	88.5
Other provisions	**56.6**	60.0	**556.6**	755.5	**613.2**	815.5
Risks relating to contracts, warranties and litigation	20.8	20.5	342.3	388.6	363.1	409.1
Personnel-related obligations	30.2	30.6	55.3	91.0	85.5	121.6
Other uncertain liabilities	5.6	8.9	159.0	275.9	164.6	284.8
Total	**56.6**	60.0	**658.2**	844.0	**714.8**	904.0

Risks relating to contracts, warranties and litigation primarily comprise provisions for risks from current projects, provisions for reworking, provisions for warranty claims and provisions for litigation risks.

Personnel-related obligations mainly consist of provisions for employee jubilees and pre-retirement part-time employment as well as provisions for personnel severance compensation. The amount of employee jubilees and pre-retirement part-time employment is calculated annually by external experts.

Other contingent liabilities include a provision for risks in connection with discontinued operations, provisions for contingent losses, provisions for restructuring, costs of annual financial statements, compensation for damages and consultant costs, and other miscellaneous provisions.

92.5 percent of the total cash flow for current tax liabilities and provisions is expected to be in the following year (2011: 93.4 percent), 4.3 percent in the years 2014 through 2017 (2011: 3.8 percent) and 3.2 percent thereafter (2011: 2.9 percent).

27. Financial debt

	Non-current		Current		Total	
	2012	2011	**2012**	2011	**2012**	2011
Project-financing debt (non-recourse)	172.8	171.0	7.1	7.1	179.9	178.1
Bank debt (non-recourse)	287.7	167.7	2.4	1.6	290.1	169.3
Financial debt, non-recourse	**460.5**	**338.7**	**9.5**	**8.7**	**470.0**	**347.4**
Bond and promissory-note loan	500.0	166.0	166.0	0.0	666.0	166.0
Bank debt (recourse)	5.1	0.3	21.7	1.2	26.8	1.5
Finance leases	14.2	15.1	3.9	3.3	18.1	18.4
Financial debt, recourse	**519.3**	**181.4**	**191.6**	**4.5**	**710.9**	**185.9**

Project-related non-recourse financing is taken out solely on the respective financed project, without any recourse to Bilfinger. Of the total, the Concessions business segment accounted for €453.7 million.

Liabilities from bonds and promissory note loans relate to the tranches of a promissory note loan placed in 2008 and due on July 1, 2013 as well as an unsubordinated unsecured bond placed in December 2012 in the amount of €500 million for which repayment is due in December 2019.

Classified according to its fixed-interest terms, financial debt is comprised as follows:

	variable Interest		Fixed interest rate						Total	
			< 1 year		1-5 years		> 5 years			
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Non-recourse financing	**0.0**	**8.7**	**0.0**	**0.0**	**0.0**	**0.0**	**470.0**	**338.7**	**470.0**	**347.4**
Bond and promissory-note loan	0.0	0.0	166.0	0.0	0.0	166.0	500.0	0.0	666.0	166.0
Bank debt (recourse)	26.8	1.5	0.0	0.0	0.0	0.0	0.0	0.0	26.8	1.5
Finance leases	0.0	0.0	3.9	3.3	6.7	7.1	7.5	8.0	18.1	18.4
Recourse financing	**26.8**	**1.5**	**169.9**	**3.3**	**6.7**	**173.1**	**507.5**	**8.0**	**710.9**	**185.9**

Financing with variable interest rates is shown as fixed-interest financial debt to the extent that interest-rate swaps have been concluded.

28. Trade and other payables

	2012	2011
Liabilities from derivatives, non-current		
in hedging relationships	72.4	76.9
not in hedging relationships	0.7	1.6
	73.1	78.5
Other non-current financial, non-derivative liabilities	95.5	49.5
Other non-current liabilities	**168.6**	128.0
Trade payables	1,023.3	963.3
advance payments received from construction contracts	315.3	315.5
liabilities to joint ventures and consortiums	163.1	188.2
liabilities to companies in which equity is held	18.0	49.8
	1,519.7	1,516.8
Liabilities from derivatives, current		
in hedging relationships	0.1	2.9
not in hedging relationships	5.3	6.6
	5.4	9.5
Other current financial, non-derivative liabilities	311.3	303.0
Trade and other current payables	**1,836.4**	1,829.3

29. Other liabilities

	2012	2011
Value-added tax	166.6	136.4
Personnel obligations	136.6	97.4
Social-security levies	40.0	36.4
Deferred income and / or accrued expenses	26.0	16.7
Total	**369.2**	286.9

30. Additional information on financial instruments

The carrying values and fair values of financial assets and financial liabilities, classified according to the categories of IAS 39, are as follows:

	IAS 39 category	Carrying value	Fair value	Carrying value	Fair value
			2012		2011
Assets					
Receivables from concession projects	LaR	508.3	664.3	377.0	525.9
Equity interests (available for sale, at cost)	AfS-aC	11.2	-	6.7	-
Receivables	LaR	1,866.7	1,866.7	1,633.1	1,633.1
Other financial, non-derivative assets	LaR	173.1	173.6	296.2	296.3
Securities	AfS	54.7	54.7	56.8	56.8
Securities	HtM	0.1	0.1	2.6	2.6
Cash and cash equivalents	LaR	1,087.2	1,087.2	846.6	846.6
Derivative financial instruments					
in hedging relationships	(Hedge)	3.1	3.1	12.0	12.0
not in hedging relationships	FAHfT	2.6	2.6	7.2	7.2
Liabilities					
Financial debt, non-recourse	FLAC	470.0	493.1	347.4	353.0
Financial debt, recourse, excluding finance leases	FLAC	692.8	711.3	167.5	167.5
Finance leases, recourse	(IAS 17)	18.1	25.8	18.4	25.6
Liabilities	FLAC	1,519.7	1,519.7	1,516.8	1,516.8
Other non-derivative liabilities	FLAC	406.8	413.6	352.5	357.1
Derivative financial instruments					
in hedging relationships	(Hedge)	72.5	72.5	79.8	79.8
not in hedging relationships	FLHfT	6.0	6.0	8.2	8.2
Aggregated according to valuation categories					
Loans and receivables	LaR	3,635.3	3,791.8	3,152.9	3,302.0
Available-for-sale financial assets	AfS	54.7	54.7	56.8	56.8
Available-for-sale financial assets at cost	AfS-aC	11.2	-	6.7	-
Held-to-maturity financial investments	HtM	0.1	0.1	2.6	2.6
Financial assets held for trading	FAHfT	2.6	2.6	7.2	7.2
Financial liabilities held-for-trading	FLHfT	6.0	6.0	8.2	8.2
Financial liabilities at amortized cost	FLAC	3,089.3	3,137.7	2,384.2	2,394.4

For cash and cash equivalents, current receivables and liabilities and current other financial non-derivative assets and other non-derivative liabilities, carrying values are approximately equal to fair values due to the short residual terms.

The fair values of non-current financial assets and financial liabilities, which include the measurement categories *loans and receivables, held-to-maturity financial investments and financial liabilities at amortized cost,* correspond with the present values calculated using current market-based interest-rate parameters.

Equity interests are measured at cost of acquisition, as fair values cannot be reliably determined.

Hierarchy of fair values by measurement method:
The fair values of financial instruments are measured with the use of one of the three methods described in the following three levels, whereby Level 3 is not currently relevant for Bilfinger:

Level 1: quoted prices in active markets for identical assets or liabilities
Level 2: other methods by which all inputs that have a material influence on the determined fair value are based on direct or indirect market data
Level 3: methods that use inputs with a material influence on the determined fair value that are not based on observable market data

The financial instruments measured at fair value are allocated to the following levels at December 31, 2012 and 2011:

	IAS 39 category	Total	Level 1	Level 2	Total	Level 1	Level 2
				2012			2011
Assets							
Securities	AfS	**54.7**	54.7	0.0	56.8	56.8	0.0
Derivatives in hedging relationships	(Hedge)	**3.1**	0.0	3.1	12.0	0.0	12.0
Derivatives in non-hedging relationships	FAHfT	**2.6**	0.0	2.6	7.2	0.0	7.2
		60.4	**54.7**	**5.7**	**76.0**	**56.8**	**19.2**
Liabilities							
Derivatives in hedging relationships	(Hedge)	**72.5**	0.0	72.5	79.8	0.0	79.8
Derivatives in non-hedging relationships	FLHfT	**6.0**	0.0	6.0	8.2	0.0	8.2
		78.5	**0.0**	**78.5**	**88.0**	**0.0**	**88.0**

Net earnings from financial instruments classified according to IAS 39 measurement categories are as follows:

	IAS 39 category	2012	2011
Valuation category			
Loans and receivables	LaR	-7.7	0.1
Available-for-sale financial assets	AfS	2.2	1.3
Financial instruments held for trading	FAHfT & FLHfT	-11.7	-5.6
Financial liabilities at amortized cost	FLAC	9.7	4.0

Interest and dividends are not components of the net earnings shown.

The net earnings of the measurement category *loans and receivables* include impairments, reversals and income / expense from currency translation.

The net earnings of the measurement category *available-for-sale financial assets* include gains and / losses realized on disposals and impairments.

The net earnings of the measurement category *financial instruments held for trading* include gains / losses on measurement at fair value as well as gains / losses realized on disposals.

The net earnings of the measurement category *financial liabilities at amortized cost* primarily comprise gains / losses realized on currency translation.

With regard to impairment losses, see also the development of the account for allowances for non-collection of trade receivables.

31. Risks related to financial instruments, financial risk management and hedging relationships

We monitor financial risks (default risks, liquidity risks and market-price risks) with proven control mechanisms that allow for timely and transparent reporting. The Group's reporting system guarantees the regular identification, analysis, assessment and management of financial risks by Group Treasury. All relevant equity interests and joint ventures are included in this monitoring. There is no extraordinary concentration of risk.

Default risk is the risk that a contracting party of a financial instrument does not fulfill his payment obligations. Substantial counterparty risks can arise in connection with the investment of liquid funds and the application of derivative financial instruments. To limit such risks, we enter into financial transactions exclusively with banks that have a rating of at least A-. In addition, on the basis of an internal limit system, a diversification of volumes and maturities takes place.

Our risk consideration also includes the loss of pre-approved but not yet utilized financing in the project business.

The risk of default on receivables in our business operations is regularly monitored and controlled by the companies of the Group. In this context, use is made for example of guarantees and sureties.

In connection with receivables and other financial non-derivative assets, possible default risks are reflected by impairments.

The maximum default risk connected with financial assets (e.g. cash and cash equivalents, securities, loans, receivables, derivative financial instruments) is equal to their carrying amounts in the balance sheet.

Liquidity risk is the risk that a company will have difficulties fulfilling the payment obligations arising from its financial liabilities.

Liquidity risks are monitored and managed centrally at the Group on the basis of rolling 12-month cash-flow planning.

Within the context of central financing, Bilfinger SE is available to its subsidiaries as a lender of last resort. Notwithstanding economically less relevant regions, the Group's internal equalization of liquidity in Europe is supported by cross-border cash pooling.

Investment financing is carried out with consideration of matching maturities. From the €250 million promissory note loan placed for this purpose in 2008, there is a maturity in 2013. An initial tranche of €84 million was repaid on time in 2011. In 2012, a €500 million bond with maturity in 2019 was issued. To finance working capital, we have a €500 million pre-approved credit line at attractive conditions that is in place until 2016.

The credit lines available for the execution of our project and services business continue to be appropriate to support our future corporate growth. To this end, long-term bilateral credit lines in the amount of €1.8 billion with a term until 2014 are available. In addition, we also have short-term bilateral credit lines. All credit commitments can be called due prematurely in the case of a change of control. The long-term credit agreements include a financial covenant in the form of a limitation of the dynamic gearing ratio. Any breach can lead directly or, through cross-default clauses, indirectly to the repayment call of all financing on a recourse basis. At no time did such a threat exist. The long-term debt in our concessions business is solely on a nonrecourse basis, so lenders have no access to Bilfinger's assets or cash flows beyond the respective project companies.

The following chart shows the future contractual undiscounted payments on financial liabilities as of December 31, 2012 and December 31, 2011 (repayments, capital repayments, interest and derivatives with negative fair values). With derivative financial liabilities to be fulfilled on a gross basis (currency derivatives), payments received and payments made are shown; with derivative financial liabilities to be fulfilled on a net basis (interest-rate and commodity derivatives), net payments are shown, whereby the cash flows on the variable side are calculated via the respective forward interest rates.

	Book value	Total	2013	2014	2015	2016-19	> 2019
2012							
Financial debt, non-recourse	470.0	820.8	38.8	81.5	29.2	120.8	550.5
Financial debt, recourse, excluding finance leases	692.8	776.5	201.5	14.3	13.1	547.6	0.0
Finance leases, recourse	18.1	28.3	5.0	2.6	1.7	4.5	14.5
Liabilities	1,519.7	1,519.7	1,498.7	14.7	1.3	5.0	0.0
Other financial, non-derivative liabilities	406.8	418.8	322.9	41.8	16.7	13.7	23.7
Derivative financial liabilities to be fulfilled on a net basis	70.0	86.8	12.7	8.3	7.5	19.8	38.5
Derivative financial liabilities to be fulfilled on a gross basis	8.5						
Payments received		348.2	332.8	12.0	0.5	2.9	0.0
Payments made		350.8	333.7	13.1	0.6	3.4	0.0
		2.6	0.9	1.1	0.1	0.5	0.0

	Book value	Total	2012	2013	2014	2015-18	> 2018
2011							
Financial debt, non-recourse	347.4	705.6	42.9	21.7	34.2	85.8	521.0
Financial debt, recourse, excluding finance leases	167.5	176.5	6.4	170.0	0.1	0.0	0.0
Finance leases, recourse	18.4	29.0	5.4	2.4	1.4	4.3	15.5
Liabilities	1,516.8	1,516.8	1,507.8	1.0	6.3	1.6	0.1
Other financial, non-derivative liabilities	352.5	363.7	312.0	5.2	28.8	6.6	11.1
Derivative financial liabilities to be fulfilled on a net basis	74.5	92.1	10.9	13.1	8.3	21.0	38.8
Derivative financial liabilities to be fulfilled on a gross basis	13.5						
Payments received		620.2	607.3	4.6	4.8	3.5	0.0
Payments made		623.8	608.7	5.4	5.7	4.0	0.0
		3.6	1.4	0.8	0.9	0.5	0.0

With its international operations, the Bilfinger Group is subject to various market-price risks, relating in particular to currency exchange rates, interest rates, raw-materials prices and the market values of financial investments. Our central risk management allows us to net out cash flows and financial positions to a large extent. We make use of derivative financial instruments to minimize residual risks and the resulting fluctuations in earnings, valuations and cash flows. We do not undertake any financial transactions beyond the underlying business risk. Hedging is primarily carried out via micro-hedges. Fundamental questions of risk management such as defining or reviewing methods, limits or risk strategies are dealt with by a steering committee with the direct involvement of the Executive Board.

Currency risk is the risk that the fair values or future payments of financial instruments might change due to exchange-rate movements. We use currency futures or currency options to hedge risks relating to foreign-currency cash flows (not translation risks) and balance sheet items denominated in foreign currencies. We generally hedge against transaction risks in the project business for the entire project period immediately after a contract is received. In some cases this is already done during the bidding phase. Risk management takes place with the use of specified risk limits for outstanding foreign-exchange items, their value at risk and marked-to-market results. All future cash flows that are not denominated in the functional currency of the respective company of the Group are subject to currency risk.

Interest-rate risk is the risk that the fair values or future payments of financial instruments might change due to movements in market interest rates. We counteract the risks of interest-rate changes by continually reviewing and, when required, adjusting the composition of recourse liabilities subject to fixed and variable interest rates. We assess risks with consideration of future needs for new financing or refinancing on the basis of a cash-flow-at-risk model. The borrowing costs budgeted within the scope of the cost-of-capital model serve as a point of reference. To manage this, we generally apply derivative financial instruments such as interest-rate swaps and swaptions.

In the area of non-recourse project financing, however, liabilities are hedged with full maturity matching with the use of interest-rate swaps. Changes in market value occurring in this context must be reflected in the balance sheet, but they have no impact on the success of the relevant project or on the Group's cash flows. Inflation risks are subsumed under interest-rate risk. Inflation risk is the risk that the fair values or future payments of financial instruments might change due to movements in inflation rates or price indices.

Raw-material price risk is the risk of changes in the market prices of those raw materials that the Group purchases. Whenever possible, hedging against price fluctuations of raw materials is undertaken on the basis of fixed-price agreements for deliveries or sliding-price clauses for consumption at a physical level. If this is not possible, hedging is carried out with the use of commodity swaps, for diesel fuel or bitumen, for example.

Bilfinger uses the value-at-risk method to quantify market-price risks. The value at risk is the potential loss of a particular risk position that with a probability of 95 percent will not be exceeded during the next five days. The calculation takes place on the basis of the variance-covariance approach. The value at risk is the maximum possible loss on the basis of the specified parameters, but does not make a statement on the distribution of loss or expected extent of loss if it is actually exceeded.

When calculating the value at risk for currency risks, potential changes in the valuation of the monetary financial instruments (cash and cash equivalents, receivables, interest-bearing debt, liabilities) that are not denominated in the functional currency and currency derivatives are taken into consideration.

The value at risk for the risk of changes in interest rates takes into consideration potential changes in the valuation of financial instruments that are measured at fair value. As this mainly involves interest-rate swaps designated as hedging instruments in the context of cash-flow hedges, the risk of a change in interest rates mainly relates to income and expense recognized directly in equity (unrealized gains/losses on hedging instruments) and not to profit and loss.

The periodic effects are determined by relating the hypothetical changes in the risk variables to the volume of financial instruments held on the balance sheet date. It is assumed that the volume at the balance sheet date is representative for the whole year.

VALUE-AT-RISK

	2012	2011
Currency risk	8.1	3.8
Interest-rate risk	3.4	22.6

Due to the consistent application of the financing policy, there were again no negative effects on the Group's financial position or earnings in the reporting year.

Hedging instruments

IAS 39 includes special accounting regulations that are intended to avoid a presentation of hedging relationships that does not properly reflect the financial situation by synchronizing or compensating for changes in the values of the underlying hedged items and hedging instruments (hedge accounting). Hedge accounting is applied if there are permissible hedged items and hedging instruments and a permissible hedging relationship, documentation of the hedging relationship, and evidence of an effective hedging context. An effective hedging relationship exists if changes in the value of the hedged item are largely compensated for by changes in the value of the hedging instrument.

Cash-flow hedges serve to hedge future cash flows against exposure to changes in currency exchange rates and interest rates.

Bilfinger uses cash-flow hedges to hedge exposure to interest-rate risks and inflation risks primarily in connection with the financing of private-sector concession projects. Variable-interest payments are transformed into fixed-interest payments with the use of interest swaps and variable inflation-indexed payments are transformed into payments with fixed price increases with the use of inflation swaps. In addition, cash-flows hedges are used to hedge against currency risks for fixed obligations not affecting the balance sheet.

During the year 2012, unrealized losses on the valuation of derivative financial instruments of €4.4 million were recognized in other comprehensive income (2011: losses of €235.5 million). In this period, losses of €338.9 million were reclassified particularly into other operating income connection with the sale of concession projects and into interest result on concession projects (2011: losses of €26.0 million). In addition, net profit for the year 2012 includes a loss of €0.2 million from the measurement of derivative financial instruments that were hedge ineffective pursuant to IAS 39 (2011: losses of €0.7 million).

The following overviews show when the hedged interest payments to be made (variable interest-bearing non-recourse financial debt from concession projects and variable interest-bearing components of the recourse promissory-note loan) and when the payments hedged against currency risks actually flow and are recognized in profit and loss:

EXPECTED INTEREST PAYMENTS TO BE MADE

	2013	2014	2015	2016 - 17	> 2019
2012	4.1	3.2	3.9	19.4	80.5
	2012	2013	2014	2015 - 18	> 2018
2011	5.5	3.5	3.0	18.8	85.7

EXPECTED FOREIGN CURRENCY PAYMENTS

	2013	2014	2015	2016 - 17	> 2019
2012	74.3	36.8	0.7	3.4	0.0
	2012	2013	2014	2015 - 18	> 2018
2011	282.7	44.9	28.1	4.0	0.0

The following table shows the fair values of the various types of derivative financial instruments that Bilfinger uses to hedge market-price risks. A difference is made depending on whether they are hedge-effective or hedge-ineffective pursuant to IAS 39.

	2012	2011
Derivatives with positive fair values		
in hedging relationships		
Currency derivatives	3.1	12.0
	3.1	12.0
not in hedging relationships		
Currency derivatives	2.6	7.1
Commodity derivatives	0.0	0.1
	2.6	7.2
Total derivatives with positive fair values	**5.7**	19.2
Derivatives with negative fair values		
in hedging relationships		
Interest-rate swaps	70.0	74.4
Currency derivatives	2.5	5.4
	72.5	79.8
not in hedging relationships		
Currency derivatives	6.0	8.1
Commodity derivatives	0.0	0.1
	6.0	8.2
Total derivatives with negative fair values	**78.5**	88.0

32. Additional information on capital management

The goal of capital management at Bilfinger is to maintain a strong financial profile. In addition to securing liquidity and limiting financial risks, the focus is on maintaining sufficient financial flexibility as a precondition for the continuous further development of our business portfolio. We aim to optimize the total cost of capital on the basis of an adequate capital structure. In 2012, for the first time, the credit quality of Bilfinger was evaluated by rating agency Standard & Poor's. The rating as at December 31, 2012 is BBB+ / stable outlook (investment grade).

On the basis of mid-term corporate planning and with a view to various acquisition and development scenarios, the financial scope for action is regularly analyzed in terms of any action that might need to be taken.

The key metrics used are as follows:

Key figure	target value
Dynamic debt-equity ratio (net debt / EBITDA)	< 2.5
Gearing (total debt / total capital)	< 40%
Cashflow protection (funds from operations / net debt)	> 40%

Non-recourse financial debt is not taken into consideration for the calculation of these metrics. On the balance sheet date the metrics were generally well within the target values.

There are no external minimum capital requirements.

33. Contingent liabilities and other financial obligations

	2012	2011
Liabilities from guarantees	35.2	150.0

Contingent liabilities relate to guarantees, primarily provided for subsidiaries that have meanwhile been sold. Bilfinger is indemnified by the respective purchasers against any risks arising from those guarantees. In addition, we are jointly and severally liable as partners in companies constituted under the German Civil Code and in connection with consortiums and joint ventures.

Other financial obligations relate to operating leases and long-term rental agreements.

	Minimum lease payments on operating leases		Long-term rental agreements	
	2012	2011	2012	2011
< 1 year	41.2	36.7	104.1	85.1
1-5 years	50.1	45.1	151.6	139.5
> 5 years	9.5	6.0	58.8	31.0

Future rental and lease obligations predominately relate to real estate, items of operating and office equipment as well as vehicles.

The expenses recognized in profit and loss of operating leases and long-term rental agreements shown above as well as of short-term rentals amounted to €200.4 million in 2012 (2011: €186.6 million)

34. Notes to the statement of cash flows

The cash flow from operating activities of continuing and discontinued operations includes the following items in the reporting year:

	2012	2011
Interest payments	22.6	21.7
Interest received	12.7	19.0
Dividends received	18.4	11.0
Income tax payments	60.6	62.9
Tax refunds	1.4	2.1

Proceeds from the disposal of concession projects in the amount of €270.3 million relate to subsidiaries (2011: €19.8 million).

Of the investments in concessions projects in the amount of € 23.4 million (2011: €85.3 million), €5.8 million (2011: €5.4 million) was for subsidiaries and €17.6 million (2011: €79.9 million) was for other shares.

35. Events after the balance sheet date

There have been no significant events since the balance sheet date.

Other disclosures

36. Executive Board and Supervisory Board

The compensation for the members of the Executive Board comprises several components:

- Annual base salaries of €2,600 thousand (2011: €2,603 thousand)
- Variable remuneration (immediately in cash) with a long-term incentive effect in the form of a profit-sharing model of €4,878 thousand (2011: €4,881 thousand)
- Variable remuneration (deferral, share-based) with a long-term incentive effect in the form of a profit-sharing model of €2,563 thousand (2011: €2,628 thousand)
- Severance pay and compensation of €4,215 thousand (2011: €0 thousand)
- Non-cash benefits of €326 thousand (2011: €340 thousand)
- Pension commitments: payments of €1,370 thousand were made to external pension institutions for 2012 (2011: €1,110 thousand).

Of share-based payments to the members of the Executive Board in 2012, the following amounts have been recognized as expenses:

€ thousand	2012	2011
Roland Koch (Chairman)	718	537
Joachim Enenkel	412	378
Dr. Jochen Keysberg (from November 1, 2012)	60	0
Joachim Müller	535	565
Klaus Raps (until December 31, 2012)	-29	628
Thomas Töpfer	499	508
Total	2,195	2,616

The total remuneration of the members of the Supervisory Board amounts to €1,327 thousand (2011: €1,350 thousand), including reimbursement of expenses of €21 thousand (2011: €19 thousand).

Additional details including individualized remuneration are provided in the remuneration report, which is a part of the management report.

The total remuneration paid to former members of the Executive Board or their surviving dependents amounted to €2,238 thousand (2011: €2,378 thousand). The present value of future pension obligations for those persons calculated according to IAS 19 amounts to €27,524 thousand (2011: €27,405 thousand).

37. Share-based payment

Cash-settled share-based payments exist in the context of the remuneration of Executive Board members and involve a long-term incentive plan (LTI) that runs until 2015, as well as variable cash remuneration depending on the relative performance of the Bilfinger share price (deferral). Details of these payments are provided in the remuneration report, which is a part of the management report.

Equity-settled share-based payments exist in the context of an employee share program. Under this program, employees of German Group companies were able to acquire Bilfinger shares for up to 10 percent of their annual gross salary for an average price of €75.13 from September 26 until October 26, 2012 (own investment).

For a maximum of five share packages each of five shares, the plan participants received one bonus share per package in the year under review, totaling 12,250 shares. In addition, for each share package, participants were granted the right to one Bilfinger share free of charge (matching share) after two, four and six years (vesting periods).

A precondition for the granting of bonus and matching shares is that the plan participants do not dispose of their own investment until the end of the respective vesting period and continue to be employed at the Bilfinger Group.

In total, 16,954 share packages with entitlement to matching shares were acquired by plan participants. At the balance sheet date, the number had decreased slightly to 16,950 share packages which – provided that the plan conditions are fulfilled – entitle the participants to obtain 50,850 matching shares in the years 2014, 2016 and 2018.

The shares to be issued from the program free of charge were measured at their fair value at the time when granted. That fair value for future matching shares is the result of the stock-market price of Bilfinger shares less the present value of the dividends expected during the vesting period. The average fair value of the future matching shares was €65.11 when granted.

The costs resulting for Bilfinger from the employee share program are deferred pro rata temporis over the vesting period. In 2012, €0.3 million was recognized as a personnel expense. Retained earnings decreased by €0.6 million due to the employee share program.

The total expense recognized through profit and loss of cash-settled and equity-settled share-based payments was €2.6 million in 2012 (2011: €3.4 million).

38. Related-party disclosures

Related parties as defined by IAS 24 are persons or entities that can be significantly influenced by the reporting company or that can exert a significant influence on the reporting company.

The significant transactions between fully consolidated companies of the Group and related parties mainly involved associates, joint ventures and non-consolidated subsidiaries. They are shown in the table below.

€ million	Associates		Joint Ventures		Non-consolidated subsidiaries	
	2012	2011	2012	2011	2012	2011
Revenue	219.7	300.2	0.0	0.0	6.4	9.3
Services received	48.5	48.0	0.0	2.5	3.0	4.0
Receivables	18.0	80.8	19.9	23.4	17.6	17.6
Liabilities	8.3	40.4	4.1	4.0	5.6	5.4
Guarantees granted	6.1	10.4	1.3	2.0	13.5	10.2

In the reporting year, no payments were made to the pension support fund, Unterstützungskasse der Bilfinger SE e. V., which is a related party pursuant to IAS 24 (2011: €0.6 million).

No transactions with the Executive Board, the Supervisory Board and their close relatives took place in the reporting year that are subject to disclosure. The remuneration of the Executive Board and the Supervisory Board is explained in the previous note and in the remuneration report.

39. Auditors' fees

The amounts listed below cover all of the services provided to the companies of the Bilfinger Group by our external auditors, Ernst & Young, in the 2012 financial year. The amounts of these services provided by Ernst & Young GmbH Wirtschaftsprüfunsgesellschaft are shown as 'thereof' in the following table.

€ million	2012	2011
Audit fees	5.9	5.5
thereof in Germany	2.8	2.8
Other assurance fees	2.0	3.1
thereof in Germany	1.4	2.2
Tax-consulting services	0.5	0.5
thereof in Germany	0.1	0.2
Other services	0.8	0.1
thereof in Germany	0.7	0.0
Total	9.2	9.2

40. Average number of employees

	2012	2011
Office staff		
Germany	11,681	11,435
International	14,800	11,284
Manual workers		
Germany	10,983	10,837
International	26,326	23,966
Total workforce	**63,790**	**57,522**

The total number of employees relates to the continuing operations.

41. Declaration of compliance

Bilfinger SE is included in the consolidated financial statements as a listed company.

As prescribed by Section 161 of the German Stock Corporation Act, an annual declaration of compliance was issued by the Executive Board and the Supervisory Board on October 23, 2012, and on that date was made permanently available to the shareholders on Bilfinger's website.

42. List of subsidiaries and equity interests of Bilfinger SE

The list of subsidiaries and equity interests of Bilfinger SE pursuant to Section 313 Subsection 2 of the German Commercial Code (HGB) is an integral part of the audited consolidated financial statements, which have been submitted for publication in the online version of the German Federal Gazette (Bundesanzeiger). It is also published on the Internet site of Bilfinger at: http://www.bilfinger.com/en/Investor-Relations/Reports/2011.

04 Additional information

Return-on-capital-employed controlling

€ million	Industrial		Power		Building and Facility	
	2012	2011	2012	2011	2012	2011
Goodwill	819.5	677.1	331.2	293.4	514.3	441.8
Property, plant and equipment	338.7	308.2	130.5	131.5	51.6	48.4
Other non-current assets	28.9	18.0	8.0	7.2	52.6	42.2
Current assets	956.1	834.5	335.1	263.6	482.6	426.3
Segment assets	**2,143.2**	**1,837.8**	**804.8**	**695.7**	**1,101.1**	**958.7**
Segment liabilities	791.9	743.7	465.6	440.4	602.2	666.7
Interest-bearing liabilities	0.0	0.0	0.0	0.0	6.8	23.9
Non-interest-bearing liabilities	**791.9**	**743.7**	**465.6**	**440.4**	**609.0**	**690.6**
Balance	**1,351.3**	**1,094.1**	**339.2**	**255.4**	**492.1**	**268.1**
Financial assets, project-related	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets, division-related	0.0	0.0	44.7	62.2	33.1	169.6
Operating financial assets	**0.0**	**0.0**	**44.7**	**62.2**	**33.1**	**169.6**
Capital employed	**1,351.3**	**1,094.1**	**383.9**	**317.6**	**525.2**	**437.7**
EBITA	**205.7**	**168.7**	**122.7**	**96.1**	**106.3**	**94.2**
Interest income	0.0	0.0	0.0	0.0	0.0	0.0
Increase in value of concessions portfolio	0.0	0.0	0.0	0.0	0.0	0.0
Sale of concessions portfolio	0.0	0.0	0.0	0.0	0.0	0.0
Interest income, project-specific (4.5% p.a.)	0.0	0.0	0.0	0.0	0.0	0.0
Interest income, division-specific (4.5% p.a.)	0.0	0.0	2.0	2.8	1.5	7.6
Return	**205.7**	**168.7**	**124.7**	**98.9**	**107.8**	**101.8**
ROCE (return on capital employed)	**15.2%**	**15.4%**	**32.5%**	**31.2%**	**20.5%**	**23.3%**
WACC (weighted average cost of capital)	**9.25%**	**9.5%**	**9.25%**	**9.5%**	**9.25%**	**9.5%**
Value added, relative	**6.0%**	**5.9%**	**23.2%**	**21.7%**	**11.3%**	**13.8%**
Value added, absolute	**80.7**	**64.7**	**89.2**	**68.8**	**59.2**	**60.2**

Explanation of return-on-capital-employed controlling

Our return-on-capital-employed controlling is based on the segment reporting, which takes place in accordance with the organizational structure of our business segments.

The segment assets of the business segments include goodwill and intangible assets from acquisitions; property, plant and equipment; other non-current assets (with the exception of deferred tax assets); and current assets. The segment assets shown under consolidation/other include cash and cash equivalents, as well as non-current and current assets not allocated to the business segments.

The segment liabilities are deducted from the segment assets. They include liabilities (with the exception of deferred tax liabilities) and provisions that are available to the company free of interest. Financial liabilities and retirement benefit obligations are not included.

So-called non-recourse project financing is also deducted, although it is interest-bearing. This consists of credit granted to project companies in the Concessions business segment – solely on the basis of a project's cash flow and not on the basis of the Group's creditworthiness. The deduction of this item from the interest-bearing segment assets is taken into account by entering appropriate interest expenses against the business segment's return.

Segment liabilities and so-called non-recourse project financing are termed non-interest-bearing liabilities. The balance of segment assets and non-interest-bearing liabilities represents the capital directly employed in the business segments.

Project-related and business-unit-related financial assets are allocated to the business segments in the context of return-on-capital controlling so that adequate capital resources are taken into consideration. As so-called operating financial assets, they adjust the balance,

Construction		Concessions		Total of segments		Consolidation, other		Total continuing operations		Discontinued operations		Group	
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
32.8	30.6	0.2	0.2	1,698.0	1,443.1	0.0	-9.6	1,698.0	1,433.5	0.0	29.2	1,698.0	1,462.7
100.6	102.7	1.0	1.2	622.4	592.0	64.9	54.5	687.3	646.5	0.0	39.9	687.3	686.4
15.8	17.6	820.4	1,925.1	925.7	2,010.1	47.9	94.4	973.6	2,104.5	0.0	0.7	973.6	2,105.2
359.2	421.5	17.2	33.0	2,150.2	1,978.9	710.4	835.5	2,860.6	2,814.4	0.0	124.5	2,860.6	2,938.9
508.4	572.4	**838.8**	1,959.5	**5,396.3**	6,024.1	**823.2**	974.8	**6,219.5**	6,998.9	**0.0**	194.3	**6,219.5**	7,193.2
581.9	589.3	71.8	99.9	2,513.4	2,540.0	1,645.2	2,569.7	4,158.6	5,109.7	0.0	115.9	4,158.6	5,225.6
0.0	0.0	581.0	1,630.0	587.8	1,653.9	-1,210.8	-2,214.9	-623.0	-561.0	0.0	0.0	-623.0	-561.0
581.9	589.3	**652.8**	1,729.9	**3,101.2**	4,193.9	**434.4**	354.8	**3,535.6**	4,548.7	**0.0**	115.9	**3,535.6**	4,664.6
-73.5	-16.9	**186.0**	229.6	**2,295.1**	1,830.2	**388.8**	620.0	**2,683.9**	2,450.2	**0.0**	78.4	**2,683.9**	2,528.6
73.5	16.9	0.0	0.0	73.5	16.9	-73.5	-16.9	0.0	0.0	0.0	0.0	0.0	0.0
242.5	261.3	0.0	0.0	320.3	493.1	-320.3	-493.1	0.0	0.0	0.0	0.0	0.0	0.0
316.0	278.2	**0.0**	0.0	**393.8**	510.0	**-393.8**	-510.0	**0.0**	0.0	**0.0**	0.0	**0.0**	0.0
242.5	261.3	**186.0**	229.6	**2,688.9**	2,340.2	**-5.0**	110.0	**2,683.9**	2,450.2	**0.0**	78.4	**2,683.9**	2,528.6
24.8	37.2	**41.4**	22.5	**500.9**	418.7	**-34.7**	-21.9	**466.2**	396.8	**0.0**	175.4	**466.2**	572.2
0.0	0.0	0.0	0.0	0.0	0.0	14.5	19.3	14.5	19.3	0.0	2.2	14.5	21.5
0.0	0.0	18.9	26.5	18.9	26.5	0.0	0.0	18.9	26.5	0.0	0.0	18.9	26.5
0.0	0.0	-40.8	0.0	-40.8	0.0	0.0	0.0	-40.8	0.0	0.0	0.0	-40.8	0.0
3.3	0.8	0.0	0.0	3.3	0.8	-3.3	-0.8	0.0	0.0	0.0	0.0	0.0	0.0
10.9	11.9	0.0	0.0	14.4	22.3	-14.4	-22.3	0.0	0.0	0.0	0.0	0.0	0.0
39.0	49.8	**19.5**	49.0	**496.7**	468.2	**-37.9**	-25.6	**458.8**	442.6	**0.0**	177.6	**458.8**	620.2
16.1%	19.1%	**10.5%**	21.3%	**18.5%**	20.0%	**–**	–	**17.1%**	18.1%	**–**	226.4%	**17.1%**	24.5%
11.25%	11.5%	**8.5%**	8.5%	**9.25%**	9.75%	**–**	–	**9.25%**	9.75%	**–**	9.75%	**9.25%**	9.75%
4.8%	7.6%	**2.0%**	12.8%	**9.2%**	10.3%	**–**	–	**7.8%**	8.3%	**–**	216.7%	**7.8%**	14.8%
11.7	19.7	**3.7**	29.5	**244.5**	242.9	**-34.0**	-39.2	**210.5**	203.7	**0.0**	170.0	**210.5**	373.7

which results in the average tied-up interest-bearing net assets. This item is termed capital employed.

The definition of return as used in the return-on-capital-employed concept is derived from earnings before interest, taxes and amortization (EBITA) as shown in the income statement.

Interest income is earned primarily from the investment of cash and cash equivalents listed under 'consolidation/other'.

In order to determine a measure of earnings not affected by the form of financing, interest expenses are fundamentally not taken into consideration in the context of return-on-capital-employed controlling. On the other hand, in the Concessions business segment, the interest expense of non-recourse financing and the interest income from receivables from concession projects are included in EBITA.

In addition to regular earnings, the calculation of return for the Concessions business segment also takes into account the increase in value of the concessions portfolios. In the case of disposals of projects, value increased achieved in prior years are corrected. Project-related and business-unit-related interest income relates to credit entries on operating financial assets made by headquarters to the benefit of the business segments.

Return as defined by our return-on-capital-employed controlling is the sum of EBITA and the described additional financial components.

ROCE stands for return on capital employed, expressed as a percentage. It is compared with the weighted average cost of capital (WACC) for the business segments and for the entire Group.

The difference between ROCE and WACC is the relative value added. The absolute value added is the difference between return and the cost of capital employed, and is equal to the amount of capital employed multiplied by the relative economic value added.

Valuation of the project portfolio in the Concessions business segment

To measure the economic success of our portfolio, we consider not only the operating profit of the project companies, but also the annual change in the net present value of all future payments from the projects held at year-end to be made to us as equity investor. Those free cash flows are calculated following the deduction of interest and principal payments due after taxes at the project level, minus future equity contributions.

In 2012, we succeeded as planned in selling 18 projects to an infrastructure fund. Through this transaction, we were already able to realize the existing value in this part of the portfolio in early project phases.

As in the previous year, net present value is calculated using the discounted cash flow (DCF) method. The net present value is the total of future cash flows between the project company and the investor on the balance sheet date. To ensure that the valuation adequately reflects the risks involved, we apply discount rates that reflect individual project characteristics.

The following valuation principles have been applied, unchanged from recent years:

- Only projects that have reached financial close are taken into account.
- Cash flows accruing from the projects are calculated on the basis of financial models that have been approved by the external lenders.
- Future potential refinancing gains are not taken into account in the valuation.
- All future cash flows are translated into euros.

The value of a concession project changes in the course of its lifecycle. The initial realization phase holds the greatest potential for value creation because the project is approaching the maturity phase and future cash flows therefore become more secure from year to year. At the same time, risks from realization decline.

DISCOUNT RATES

in %

Weighted risk-free basic interest rate	6
Supplement for type of project	2-3
Supplement for construction phase	3
Supplement for going into operation	2
Supplement for full operation	0

PROJECT PORTFOLIO

€ million

	Contractually committed equity		Paid-in equity		Future cash flows		Present value of future cash flows	
	Dec 31, 12	Dec 31, 11	Dec 31, 12	Dec 31, 11	Dec 31, 12	Dec 31, 11	Dec 31, 12	Dec 31, 11
Transport infrastructure	153	214	153	148	719	1,030	213	215
Building construction	79	169	10	77	276	657	28	153
Total	232	383	163	225	995	1,687	241	368

We take account of the risk profile, which changes over the project's duration, by discounting the future cash flows so that the basic discount rate (6 percent) is supplemented with risk premiums in line with the respective lifecycle phase and the type of risk of the project.

The supplement for the type of risk differentiates between:

- projects whose revenue depends exclusively on the degree of contractually agreed availability (2 percent), and
- projects whose revenues contain certain demand risks (3 percent).

The supplement for the project phase differentiates between:

- projects in the construction phase (3 percent), which still have a relatively high realization risk, and
- projects in the ramp-up phase (2 percent), in which the risk has already proven to be significantly lower.

The risk premium for the project phase ceases to apply as soon as the revenue and operating situation is stable. Projects generally enter this phase after one or two years of operation.

The discount rates we use thus range from 12 percent (construction phase with demand risks) to 8 percent (operating phase with pure availability). The weighted discount rate in 2012 for the portfolio held at December 31, 2012 was 9.5 percent (2011: 9.7 percent). The decrease of 0.2 percent in the average discount rate compared with the previous year is the result of various factors. The main reason for the decrease is the transfer of four projects into the next lifecycle phase. This phase change reduces the average discount rate. Another factor contributing to the reduction in the average discount rate was the elimination of a project in the construction phase in Australia due to impairment. There were opposing effects from the sale of projects that were in the revenue-generating phase and were thus subject to a lower discount rate than the rest of the portfolio, as well as from two projects with financial close in 2012, which are currently in the construction phase. The net impact of the effects from the regular cash-flow updates of the existing project portfolio is neutral. The expected cash flows from the existing portfolio until the year 2044 total €995 million.

The net present value of the portfolio on the balance sheet date under application of the project-specific discount rates was €241 million (2011: €368 million). This figure is substantially higher than the paid-in equity up to that point of €163 million (2011: €225 million).

The following factors contributed to the significant change in value of minus €127 million:

- Scheduled capital contributions of €96 million
- Impairment of a written-off project of €21 million
- Reduction in the net present value of €223 million due to the sale of shares in 18 projects
- Exchange-rate effects of plus €2 million. As our portfolio is denominated in euros, exchange-rate movements affect the total of discounted cash flows. Those exchange-rate fluctuations are eliminated in the calculation of the intrinsic value growth of the portfolio.
- Intrinsic value growth of the portfolio of €19 million, almost solely from existing projects

The maturing process of the individual project from financial close through the construction, ramp-up and operating phases through to the end of the contract period constitutes the intrinsic value added of our Concessions business segment. To determine the return on capital employed (ROCE) and thereby the level of financial success, we consider the intrinsic growth in value of the portfolio during the relevant period in addition to EBITA.

Valuation of the project portfolio in the Concessions business segment

CASH FLOWS FOR BILFINGER (AFTER TAXES)

€ million

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Transport infrastructure	14	16	19	18	20	16	19	19	18
Building construction	-15	-21	-18	15	10	10	10	11	11
Total	**-1**	**-5**	**1**	**33**	**30**	**26**	**29**	**30**	**29**

	2022	2023	2024	2025	2026	2027	2028	2029	2030
Transport infrastructure	16	15	31	32	36	21	16	17	17
Building construction	10	10	10	10	10	11	11	10	10
Total	**26**	**25**	**41**	**42**	**46**	**32**	**27**	**27**	**27**

	2031	2032	2033	2034	2035	2036	2037	2038	2039
Transport infrastructure	15	13	29	45	39	59	43	36	19
Building construction	10	10	10	10	9	10	10	13	13
Total	**25**	**23**	**39**	**55**	**48**	**69**	**53**	**49**	**32**

	2040	2041	2042	2043	2044				Total
Transport infrastructure	40	21	0	0	0				719
Building construction	7	19	20	18	12				276
Total	**47**	**40**	**20**	**18**	**12**				**995**

CHANGES IN NET PRESENT VALUE DEC. 2011 – DEC. 2012

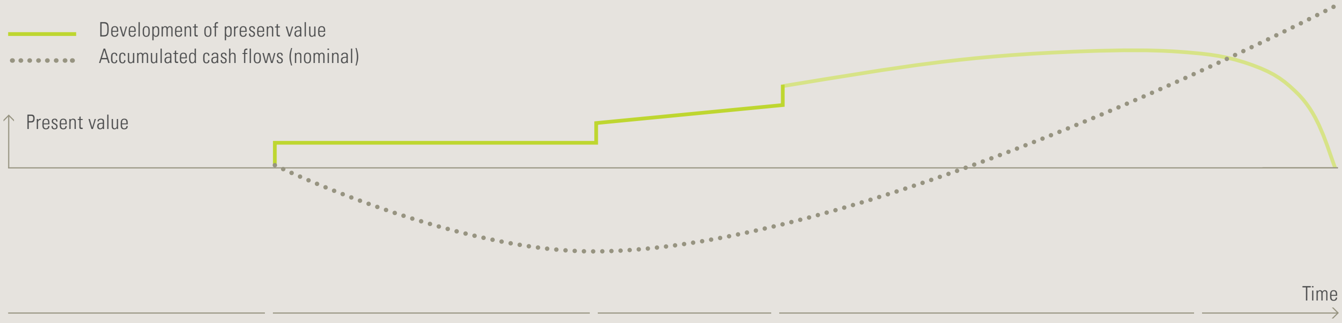
€ million

	Transport infra-structure	Building construc-tion	Total
Present value Dec. 2011	**215**	**153**	**368**
Capital contributions	71	25	96
Depreciated project	0	-21	-21
Sale of shares	-88	-135	-223
Exchange rate changes	2	0	2
Present value Dec. 2011 updated to Dec. 2012	**200**	**22**	**222**
Increase in value	13	6	19
Present value Dec. 2012	**213**	**28**	**241**

OVERVIEW OF CONCESSION PROJECTS

	Investment volume	Bilfinger's share of project	Bilfinger's share of equity	Method of consolidation	Project status	Period of concession
	€ million	in %	€ million			
Transport infrastructure						
M6 Highway, Phase I, Hungary	482	40	19	Equity method	In Operation	2006 – 2026
M1 Westlink, Northern Ireland	230	75	9	Fully consolidated	In Operation	2009 – 2036
Golden Ears Bridge, Canada	800	50	17	Equity method	In Operation	2009 – 2041
E18 Highway, Norway	453	50	8	Equity method	In Operation	2009 – 2034
Northeast Stoney Trail, Canada	293	100	9	Fully consolidated	In Operation	2009 – 2039
M6 Highway, Phase III, Hungary	520	45	22	Equity method	In Operation	2010 – 2038
Autobahn A1, Germany	650	43	43	Equity method	In Operation	2012 – 2038
Peninsula Link, Australien	561	33	26	Equity method	Under construction	2013 – 2038
Building construction						
Kelowna & Vernon Hospitals, Canada	260	50	8	Equity method	In Operation	2012 – 2042
Women's College Hospital, Canada	350	100	27	Fully consolidated	Under construction	2015 – 2045
Lagan College & Tor Bank School, United Kingdom	50	70	4	Fully consolidated	Under construction	2012 – 2038
Northern Territory Secure Facilities, Australia	468	50	30	Equity method	Under construction	2014 – 2044
Avon & Somerset Police HQ, United Kingdom	82	70	6	Fully consolidated	Under construction	2014 – 2039
Menteroda Biomethane, Germany	16	100	4	Fully consolidated	Under construction	2014 – 2034

DEVELOPMENT OF PRESENT VALUE AND ACCUMULATED CASH FLOWS (DEC. 2012)



Preferred bidder (1)	Construction (6)	Ramp-up(1)	Yield (7)	Maturity (0)
East End Crossing, USA	Menteroda Biomethane, Germany	Autobahn A1, Germany	M 1 Westlink, Northern Ireland	
	Avon & Somerset Police HQ, United Kingdom		E18 Highway, Norway	
	Lagan College & Tor Bank School, United Kingdom		M6 Highway, Phase I, Hungary	
	Women`s College Hospital, Canada		M6 Highway, Phase III, Hungary	
	Northern Territory Secure Facilities, Australia		Golden Ears Bridge, Canada	
	Peninsula Link, Australien		Kelowna & Vernon Hospitals, Canada	
			Northeast Stoney Trail, Canada	

Boards of the Company
Executive Board

Roland Koch, Chairman

Strategic issues, Human Resources (Labor Director), Legal, Compliance, Project Controlling, Communications, Group Organization, Sustainability Projects

Memberships in statutory supervisory boards of other German companies:
UBS Deutschland AG, Frankfurt am Main (Chairman)

Memberships in comparable monitoring boards of other German and foreign companies:
Hessische Staatsweingüter GmbH Kloster Eberbach, Eltville (Chairman)

Joachim Enenkel

Construction, Power Systems, Technology

Memberships in comparable monitoring boards of other German and foreign companies:
Bilfinger Infrastructure S.A. (until January 31, 2013: Bilfinger Berger Budownictwo S.A.), Warsaw/Poland* (Deputy Chairman)
Hydrobudowa-6 S.A., Warsaw/Poland* (Deputy Chairman)

Dr. Jochen Keysberg (from November 1, 2012)

Building, Facility Services, Government Services, Data Protection, Corporate Real Estate

Joachim Müller

Accounting, Finance, Controlling, Corporate Projects, Internal Audit, Taxes, Investor Relations, Purchasing, IT

Memberships in comparable monitoring boards of other German and foreign companies:
Bilfinger Infrastructure S.A. (until January 31, 2013: Bilfinger Berger Budownictwo S.A.), Warsaw/Poland*
FCHC Corporation, Reston,Virginia/USA* (Deputy Chairman)
Hydrobudowa-6 S.A., Warsaw*

Klaus Raps (until December 31, 2012)

Memberships in comparable monitoring boards of other German and foreign companies:
FCHC Corporation, Reston,Virginia/USA* (Chairman)

Thomas Töpfer

Industrial Services, Concessions, Safety, Health, Environment, Quality

Memberships in comparable monitoring boards of other German and foreign companies:
Bilfinger Berger Global Infrastructure SICAV S.A., Luxembourg

Unless otherwise indicated, all details correct at December 31, 2012.

* Group mandate

Boards of the Company
Supervisory Board

Honorary Chairman:

Gert Becker

Dr. h.c. Bernhard Walter, Vorsitzender

Former Speaker of the Executive Board of Dresdner Bank AG

Memberships in statutory supervisory boards of other German companies:

Daimler AG, Stuttgart
Deutsche Telekom AG, Bonn

Stephan Brückner, Deputy Chairman

Employee of BIS Maintenance Südwest GmbH

Volker Böhme

Employee at BIS Isoliertechnik Nord GmbH

Dr. John Feldmann

Former Member of the Executive Board of BASF SE

Memberships in statutory supervisory boards of other German companies:

KION Holding 1 GmbH, Wiesbaden (Chairman)
KION Group GmbH, Wiesbaden (Chairman)

Memberships in comparable monitoring boards of other German and foreign companies:

Coface Deutschland, Subsidiary of Coface S.A., Mainz

Lone Fønss Schrøder

Non-executive member in administrative bodies at German and non-German companies

Memberships in statutory supervisory boards of other German companies:

Heidelberger Druckmaschinen AG, Heidelberg

Memberships in comparable monitoring boards of other German and foreign companies:

AKER Solutions ASA, Lysaker/Norway
Kvaerner ASA, Fornebu/Norway
NKT Holding AS, Brøndby/Denmark
Svenska Handelsbanken AB, Stockholm/Sweden
Volvo Personvagnar AB, Gothenburg/Sweden

Thomas Kern

Employee of HSG Zander Rhein-Main GmbH

Rainer Knerler

Chief Executive of the Berlin branch of Industriegewerkschaft Bauen-Agrar-Umwelt (Construction, Agriculture and Environment Trade Union)

Thomas Pleines

Former Member of the Executive Board of Allianz Deutschland AG, former Chairman of the Executive Board of Allianz Versicherungs AG

Memberships in statutory supervisory boards of other German companies:

DEKRA SE, Stuttgart (Chairman)

Memberships in comparable monitoring boards of other German and foreign companies:

Baloise Holding AG, Basel/Switzerland
Kaba AG, Rümlang/Switzerland
Südvers Holding GmbH & Co. KG, Freiburg (Chairman)

Udo Stark

Former Chairman of the Executive Board of MTU Aero Engines Holding AG

Memberships in statutory supervisory boards of other German companies:

MTU Aero Engines Holding AG, Munich
MTU Aero Engines GmbH, Munich

Holger Timmer

Employee on the Executive Board of IG Metall

Prof. Dr. Klaus Trützschler

Former Member of the Executive Board of Franz Haniel & Cie. GmbH

Memberships in statutory supervisory boards of other German companies:

Deutsche Bank AG, Frankfurt am Main
Sartorius AG, Göttingen
TAKKT AG, Stuttgart (Chairman)
Zwiesel Kristallglas AG, Zwiesel (Chairman)
Wuppermann AG, Leverkusen (Chairman)

Memberships in comparable monitoring boards of other German and foreign companies:

Wilh. Wehrhahn KG, Neuss

Marek Wróbel

Employee of Multiserwis Sp.z.o.o., Poland

Presiding Committee:

Dr. h.c. Bernhard Walter
Stephan Brückner
Dr. John Feldmann
Rainer Knerler

Audit Committee:

Udo Stark
Volker Böhme
Thomas Kern
Prof. Dr. Klaus Trützschler

Nomination Committee:

Dr. h.c. Bernhard Walter
Dr. John Feldmann
Udo Stark

Unless otherwise indicated, all details correct at December 31, 2012.

* Group mandate

Associates 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 percent and 50 percent.

Business-unit-related financial assets / interest income Accounting category in Bilfinger'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 A metric for the assessment of a company's financial strength and profitability in terms of its flows of cash. The statement of cash flows presents the changes in levels of cash and cash equivalents over the year, showing the cash inflows and outflows for 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. 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.

EBITA Abbreviation for 'earnings before interest, taxes and amortization on intangible assets from aquisitors'. In Bilfinger's accounting, EBITA is used as a performance measure for the profits from operating activities.

Equity consolidation A method of including minority interests in associates and joint ventures in the consolidated financial statements. The investment is initially recognized at cost and adjusted thereafter for the investor's share of changes in the investee's equity. These changes are generally shown in the Group's income statement.

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 Acronym of International Accounting Standards Board. This institution was established in London in 1973 with the task of creating the International Financial Reporting Standards (IFRS).

IFRIC Acronym of the International Financial Reporting Interpretations Committee. IFRIC is based in London and is responsible for specifying the details of how IFRSs should be interpreted.

IFRS Acronym of the International Financial Reporting Standards, which were created to facilitate the international comparison of companies' accounts and financial reporting. Since 2005, pursuant to the European Union's so-called IAS Directive, application of the IFRS is mandatory for the consolidated financial statements of listed companies domiciled in the European Union. The IFRS also include those standards of the International Accounting Standards (IAS) which have not yet been superseded.

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.

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

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.

Plan assets Assets that serve to cover pension obligations and fulfill the conditions of IAS 19. 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's return-on-capital-employed controlling for the assessment of appropriate capital resources of the respective units of the Group.

Public-private partnership (PPP) 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.

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

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 EBIT 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. 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.

GROUP

€ million

	2003	2004	2005	2006	2007	2008	2009	Pro forma 2009[1]	2010	2011	2012
Assets											
Non-current assets	1,117.4	1,364.8	1,951.9	2,451.2	3,139.0	3,964.3	4,914.4	4,621.7	4,459.9	3,090.3	3,519.4
Intangible assets	299.9	349.3	592.4	738.4	786.9	1,235.3	1,538.5	1,405.9	1,457.3	1,561.0	1,890.1
Property, plant and equipment	539.7	475.3	512.0	607.3	581.2	599.3	795.9	650.4	662.5	647.0	689.9
Receivables from concession projects	0.0	139.1	525.3	893.2	1,499.5	1,641.8	2,134.2	2,134.2	1,788.5	377.0	508.3
Other non-current assets	172.7	288.7	187.0	84.2	167.3	299.5	215.9	213.6	358.6	341.1	254.2
Deferred tax assets	105.1	112.4	135.2	128.1	104.1	188.4	229.9	217.6	193.0	164.2	176.9
Current assets	2,365.9	2,355.6	2,404.7	2,678.2	2,988.8	2,808.7	3,026.2	3,318.9	3,477.2	4,629.3	3,330.5
Inventories, receivables, other	1,465.4	1,441.9	1,572.8	1,895.5	2,192.8	2,088.5	2,227.8	1,923.3	1,889.9	2,021.4	2,243.3
Cash and cash equivalents	900.5	913.7	831.9	782.7	796.0	720.2	798.4	634.7	537.5	846.6	1,087.2
Assets held for sale	–	–	–	–	–	–	–	760.9	1,049.8	1,761.3	–
Equity and liabilities											
Shareholders' equity	1,136.1	1,130.5	1,188.8	1,206.2	1,331.9	1,141.0	1,561.4	1,561.4	1,812.2	1,792.9	2,036.7
Share capital	110.2	110.2	111.6	111.6	111.6	111.6	138.1	138.1	138.1	138.1	138.1
Reserves	953.3	963.1	1,012.3	1,031.3	1,132.0	1,034.0	1,408.2	1,408.2	1,649.6	1,502.9	1,794.9
Treasury shares	–	–	–	–	–	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0
Retained and distributable earnings	47.7	36.7	37.2	46.5	67.0	74.4	92.1	92.1	115.1	247.0	195.7
Minority interest	24.9	20.5	27.7	16.8	21.3	21.0	23.0	23.0	9.4	4.9	8.0
Non-current liabilities	436.2	471.1	898.8	1,319.7	1,817.1	2,602.0	2,873.4	2,822.8	2,510.7	1,158.7	1,748.3
Pension provisions	90.5	97.2	130.2	159.7	135.4	218.8	286.7	286.7	312.7	324.5	394.2
Other provisions	106.1	107.7	105.3	99.5	89.0	68.6	84.3	84.3	71.5	60.0	56.6
Financial debt, recourse	68.3	85.5	86.6	90.9	70.0	306.1	319.6	269.0	183.5	181.4	519.3
Financial debt, non-recourse	110.3	114.2	485.1	808.3	1,313.9	1,488.5	1,880.3	1,880.3	1,624.1	338.7	460.5
Other liabilities	4.6	13.9	17.2	67.3	79.0	392.7	186.5	186.5	212.0	128.0	168.6
Deferred tax liabilities	56.4	52.6	74.4	94.0	129.8	127.3	116.0	116.0	106.9	126.1	149.1
Current liabilities	1,911.0	2,118.8	2,269.0	2,603.5	2,978.8	3,030.0	3,505.8	3,556.4	3,614.2	4,768.0	3,064.9
Tax provisions	44.8	55.4	50.2	71.5	80.7	120.3	132.7	91.7	118.1	88.5	101.6
Other provisions	302.7	343.3	419.9	424.5	434.8	447.7	612.8	589.7	633.4	755.5	556.6
Financial debt, recourse	113.6	48.7	40.9	47.8	40.6	21.7	34.0	18.2	88.9	4.5	191.6
Financial debt, non-recourse	51.3	90.7	10.1	18.9	48.0	29.6	21.9	21.9	19.3	8.7	9.5
Other liabilities	1,398.6	1,580.7	1,747.9	2,040.8	2,374.7	2,410.7	2,704.4	2,280.8	2,051.6	2,116.2	2,205.6
Liabilities held for sale	–	–	–	–	–	–	–	554.1	702.9	1,794.6	–
Balance-sheet total	3,483.3	3,720.4	4,356.6	5,129.4	6,127.8	6,773.0	7,940.6	7,940.6	7,937.1	7,719.6	6,849.9
Proportion of balance-sheet total											
Non-current assets	32 %	37 %	45 %	48 %	51 %	59%	62%	58%	56%	40%	51%
Current assets	68 %	63 %	55 %	52 %	49 %	41%	38%	42%	44%	60%	49%
Shareholders' equity	33 %	30 %	27 %	24 %	22 %	17%	20%	20%	23%	23%	30%
Non-current liabilities	12 %	13 %	21 %	26 %	30 %	38%	36%	35%	32%	15%	25%
Current liabilities	55 %	57 %	52 %	50 %	48 %	45%	44%	45%	45%	62%	45%

[1] For better comparability, assets held for sale and liabilities held for sale are reported separately

BUSINESS DEVELOPMENTS

€ million

	2003	2004	2005	2006	2007	2008	2009	2009[4]	2010[4]	2011	2012
Output volume	**5,586**	**6,111**	**7,061**	**7,936**	**9,222**	**10,742**	**10,403**	**7,620**	**8,059**	**8,476**	**8,635**
Orders received	**5,605**	**6,139**	**7,545**	**10,000**	**11,275**	**10,314**	**11,129**	**7,668**	**7,954**	**7,776**	**8,348**
Order backlog	**6,277**	**6,339**	**7,001**	**8,747**	**10,759**	**10,649**	**11,704**	**8,308**	**8,497**	**7,833**	**7,422**
Capital expenditure	**271**	**165**	**330**	**370**	**268**	**697**	**530**	**496**	**343**	**345**	**545**
Property, plant and equipment	88	70	102	136	204	237	162	135	141	127	143
Financial assets	183	95	228	234	64	460	368	361	202	218	402
Employees (at year-end)	**50,460**	**49,852**	**55,346**	**49,141**	**52,723**	**60,923**	**67,199**	**60,838**	**58,182**	**59,210**	**66,826**
Group earnings											
Gross profit	n.a.	n.a.	n.a.	859	1,011	1,073	1,072	848	1,030	1,067	1,135
EBITA	101[1]	81	115	180	242	277[1]	275	203	382	397	466
EBIT	89[2]	81	110	170	229	253[2]	250	180	341	361	415
Net profit	126[3]	51	66	92	134	200[3]	140	140	284	394	275
thereof from continuing operations							80	80	206	220	275
Cash flow from operating activities	30	198	188	207	325	357	368	386	244	281	224
Cash flow per share in €	0.76	4.98	4.7	5.14	8.07	9.22	9.94	10.43	5.52	6.37	5.07
Earnings per share in €	1.26	1.28	1.66	2.29	3.32	5.18	3.79	3.79	6.43	8.93	6.23
thereof from continuing operations							2.17	2.17	4.66	4.99	6.23
Profitability ratios											
Gross profit as a percentage of output volume	n.a.	n.a.	n.a.	10.8	11.0	10.0	10.3	11.0	12.8	12.6	13.1
Return on output (EBITA) in %	1.8	1.3	1.6	2.3	2.6	2.6	2.6	2.7	4.7	4.7	5.4
Return on equity (ROE) in %	4.7	4.6	5.9	8.1	10.7	16.6	11.3	11.3	17.6	21.5	13.7
Return on Capital Employed (ROCE) in %	9.4	8.8	10.9	16.3	18.7	23.2	15.6	15.6	22.1	24.5	17.1
Value added	-24	-30	-2	80	126	202	98	98	292	374	211
SE											
Dividend distribution	47.7	36.7	37.2	46.5	63.6	70.6	88.3	88.3	110.4	150.1	132.4
Dividend per share (€)	0.60	0.92	0.92	1.15	1.66	1.85	2.00	2.00	2.50	2.50	3.00
Dividend bonus (€)	0.65	–	–	–	–	–	–	–	–	0.90	–
Share price at year-end (€)	27.00	30.25	40.30	55.52	52.78	37.32	53.92	53.92	63.20	65.88	73.00

[1] Adjusted for exceptional items totaling € 45 million in 2008 and € 78 million in 2003
[2] Adjusted for exceptional items totaling € 45 million in 2008 and € 48 million in 2003
[3] Includes positive exceptional items totaling € 60 million in 2008 and € 76 million in 2003
[4] Figures adjusted for discontinued operations, where relevant.

Financial calender

April 18, 2013
Annual General Meeting
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May 14, 2013
Interim Report Q1

August 12, 2013
Interim Report Q2

November 12, 2013
Interim Report Q3

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