Interim Report Q2 2007

The Multi Service Group.

BILFINGER BERGER

Group management report

- **Half-year earnings doubled**
- **Lively demand in all markets**
- **Order backlog over €10 billion for the first time**

Bilfinger Berger grew strongly once again in the first half of 2007. Demand was lively in all of the Group's markets, leading to a high volume of orders received. At June 30, 2007, the total order backlog surpassed €10 billion for the first time in Bilfinger Berger's history. EBITA and net profit increased at a higher rate than output volume, and doubled compared with the prior-year period.

We have expanded our product portfolio in major international markets by making acquisitions in the services business: With the takeover of O'Hare Engineering we have further developed our industrial services in the United Kingdom. And Bilfinger Berger is now one of the leading property-management companies in Switzerland as a result of another acquisition in that market.

Strong growth in output volume, orders received and order backlog

In the first six months of this year, output volume increased by 20% to €4,367 million. The volume of orders received was 24% higher than in the prior-year period at €5,811 million, thanks to major projects in the construction business and the strong growth of our services activities. The order backlog increased by 25% to €10,141 million.

Doubled half-year earnings

EBITA for the first half of 2007 doubled to €78 million (H1 2006: €38 million). The net interest result was minus €1 million (H1 2006: income of €3 million). Earnings before taxes increased to €71 million (H1 2006: €39 million). Net profit amounted to €41 million (H1 2006: €21 million).

Significant increase in earnings planned for full year

In financial year 2007, we anticipate an increase in output volume to €8.9 billion. According to our planning, EBITA will grow faster than output volume, while net profit will significantly surpass the previously targeted €100 million. Return on capital employed will exceed the cost of capital of 10.5%, as in 2006.

Key figures for the Group

€ million	H1 2007	H1 2006 before exceptional items	Δ in %	H1 2006 after exceptional items	FY 2006
Output volume	4,367	3,636	+20		7,936
Orders received	5,811	4,675	+24		10,000
Order backlog	10,141	8,109	+25		8,747
EBITA	+78	+38	+105	–15	+180
Earnings before taxes	+71	+39	+82	–14	+173
Net profit	+41	+21	+95	–36	+92
Earnings per share (in €)	+1.10	+0.56	+96	–0.97	+2.48
Investments	106	116	–9		370
thereof in property, plant and equipment	75	52	+44		136
thereof in financial assets	31	64	–52		234
Employees	50,370	43,719	+15		49,141

In the year 2006, the adjustment of the concessions portfolio led to an exceptional charge on earnings of €53 million before taxes. All prior-year comparisons relate to earnings before exceptional items.

Financial situation and capital structure

Cash and cash equivalents of €603 million were lower than at the end of 2006 (€783 million). This was the result of the requirement for working capital during the year that is typical in our business, the dividend distribution for the year 2006 and cash outflows for investments. Liquidity at June 30, 2007 was boosted by an advance payment of €180 million for our major order to construct Barwa City, a new residential district of Doha, Qatar. Liabilities to banks, excluding project financing on a non-recourse basis, amounted to €146 million. The equity ratio at the end of the period was 22%; adjusted for non-recourse debt it was 28%.

Investments in property, plant and equipment increased due to the higher volume of business to €75 million. Investments in financial assets of €31 million were for acquisitions in the services business and capital contributions into concession projects.

Opportunities and risks

No significant changes occurred with regard to opportunities and risks during the reporting period compared with the situation as described in Annual Report 2006. There are no risks that would jeopardize the continuing existence of Bilfinger Berger.

Workforce

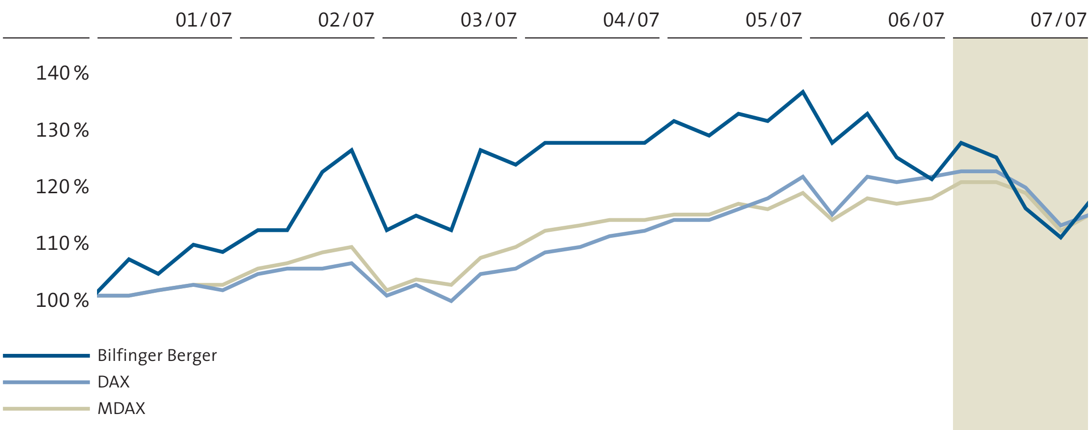
At the end of the second quarter, the Bilfinger Berger Group employed a total workforce of 50,370 people (June 30, 2006: 43,719). 19,823 people were employed in Germany (June 30, 2006: 18,526). The increase outside Germany to 30,547 (June 30, 2006: 25,193) was primarily due to the expansion of the services business.

Share price development

In the first half of 2007, the German equity market was increasingly volatile but generally developed positively. On July 13, the DAX index reached an all-time high of 8,152, but fell to 7,400 by the end of July.

The positive development of Bilfinger Berger's share price also continued, reaching a new peak of €74.73 at the beginning of June. In the following phase of consolidation, however, its performance fell back to the market level. Between the beginning of January and the end of July, the value of our stock increased by 16%. The DAX climbed by 15% during the same period, and the MDAX by 14%.

Relative performance of our shares



Developments in our business segments

Overview of output volume and order situation	Output volume		Orders received		Order backlog		Output volume
€ million	**H1 2007**	**Δ in %**	**H1 2007**	**Δ in %**	**H1 2007**	**Δ in %**	**FY 2006**
Civil	1,738	+37	2,429	+6	5,318	+27	2,973
Building and Industrial	920	−18	1,221	+30	2,055	+3	2,069
Services	1,709	+38	2,156	+49	2,761	+44	2,881
Consolidation, other	0		5		7		13
	4,367	**+20**	**5,811**	**+24**	**10,141**	**+25**	**7,936**

EBITA by business segment		before exceptional items		after exceptional items	
€ million	**H1 2007**	**H1 2006**	**Δ in %**	**H1 2006**	**FY 2006**
Civil	+11	+4	+175		+43
Building and Industrial	+6	+5	+20		+22
Services	+71	+42	+69		+123
Concessions	−2	−5		−58	−4
Consolidation, other	−8	−8			−4
	+78	**+38**	**+105**	**−15**	**+180**

Civil

- **Growth in output volume and earnings**
- **Lively demand in our international markets**

The increase in output volume is due to the positive development of our international markets. In May, we received an order to construct Barwa City, a new residential district of Doha, Qatar, to be jointly executed by our Civil and Building and Industrial business segments. Bilfinger Berger Civil accounts for 60% of the total project volume of €1 billion. This resulted in another increase in orders received compared with the high volume in the prior-year period, so that the order backlog reached a new peak of €5.3 billion. The segment's EBITA improved to €11 million (H1 2006: €4 million).

In Australia, we continue to profit from the need to develop the country's infrastructure. In North America, our future civil engineering activities will focus on the Canadian market. The focus of our activities in the United States will be on the successful development of our existing services business. The remaining volume of US projects in the Civil segment amounts to €80 million.

In the Scandinavian market, we recently received an order to install the foundations of the world's biggest offshore wind farm off the western coast of Denmark. In France, we increased our output volume and orders received in the first six months of 2007. In the German market, the level of prices improved somewhat as a result of rising demand, but is still unsatisfactory.

For full-year 2007, we plan for the Civil business segment to increase its output volume to €3.6 billion with earnings increasing by a higher rate.

Key figures for Civil

€ million	H1 2007	H1 2006	Δ in %	FY 2006
Output volume	1,738	1,270	+37	2,973
Orders received	2,429	2,287	+6	4,580
Order backlog	5,318	4,200	+27	4,706
Capital expenditure on P, P & E	38	34	+12	73
EBITA	+11	+4	+175	+43

Building and Industrial

- **Lively demand in Germany and Australia**
- **Continuation of selective bidding activities**

As planned, the output volume of the Building and Industrial business segment decreased as a result of our selective approach in the Australian building market. The increase in the volume of orders received was due to the acquisition of the major project Barwa City, Qatar, in which our Building and Industrial segment has a 40% share. EBITA of €6 million was similar to the prior-year level (H1 2006: €5 million).

In view of rising costs for materials and subcontractor services, we also continue to select our projects in the German building market very carefully. Our current major projects include shopping centers in inner cities of Essen, Duisburg and Passau. With all projects, we have the advantage of comprehensive expertise in the fields of consulting, construction and services. This is an excellent basis for long-term customer relations, which have a positive impact on the quality of our order backlog.

We also place great priority on the quality of earnings when taking on new projects in Australia. After recently completing the first building phase of the Prince Charles Hospital in Brisbane, we were subsequently awarded the second phase of this challenging reconstruction and modernization project. In Sydney, we received an order to construct a parking garage at the airport with eight parking decks and space for 3,000 cars. This will double the number of parking spaces at Kingsford Smith Airport.

We expect the Building and Industrial business segment to generate output volume of €2.0 billion in full-year 2007 – similar to the prior-year level – in combination with rising EBITA.

Key figures for Building and Industrial

€ million	H1 2007	H1 2006	Δ in %	FY 2006
Output volume	920	1,124	–18	2,069
Orders received	1,221	936	+30	2,053
Order backlog	2,055	1,992	+3	1,754
Capital expenditure on P, P & E	4	3	+33	4
EBITA	+6	+5	+20	+22

Services

- **Strong demand in all divisions**
- **Earnings growth exceeds expectations**

The good development of the services business continued in the first six months of 2007. Half of the increase in output volume was the result of acquisitions in the previous year and the other half was due to organic growth. EBITA increased to €71 million (H1 2006: €42 million). Two thirds of the increase resulted from organic growth and one third from acquisitions. As the segment already profited substantially from the economic upswing in the second half of 2006, organic growth will slow down during the rest of this year.

Bilfinger Berger Industrial Services is faced with lively demand for services in the European processing industry. In the first half of the year, numerous framework agreements were concluded, including one with ExxonMobil Germany. Our good business in Eastern Europe continued. And in the United Kingdom, we have expanded our activities through the acquisition of O'Hare Engineering and now have an excellent position in the British market for industrial services.

For Bilfinger Berger Power Services, we anticipate rising output volume in the coming years due to its high levels of orders received. The company is involved in promising negotiations for additional major orders in connection with power-plant projects in Germany and abroad.

Bilfinger Berger Facility Services is also faced with rising demand. We have further strengthened our business in Switzerland with the acquisition of the property management services of PSP, which provides services for portfolios of Swiss institutional investors such as the Zürich Group. With the development of a strong market position in Switzerland, we are pursuing our strategy of spreading our facility services activities from Germany to other attractive European markets.

For full-year 2007, we plan for the Services business segment to increase its output volume to €3.3 billion and to achieve a further increase in its operating margin.

Key figures for Services

€ million	H1 2007	H1 2006	Δ in %	FY 2006
Output volume	1,709	1,242	+38	2,881
Orders received	2,156	1,446	+49	3,345
Order backlog	2,761	1,918	+44	2,285
Capital expenditure on P, P & E	31	13	+138	52
EBITA	+71	+42	+69	+123

Concessions

- **High level of bidding activities in all markets**
- **Further growth in net present value of portfolio**

At June 30, 2007, our concessions portfolio comprised 18 projects with total committed equity of €161 million. The volume of equity already paid into project companies amounted to €68 million. The segment's first-half result was EBITA of minus €2 million (H1 2006: minus €5 million); the net present value of our portfolio increased to €110 million at the end of the second quarter (end of 2006: €91 million).

In Canada, we have quickly attained a leading market position for privately financed transport-infrastructure projects. We are currently realizing three major projects, of which the Kicking Horse Pass highway will go into operation at the end of this year. The Canadian market offers good opportunities not only in the transport infrastructure, but also in public-sector building construction.

The United Kingdom is our most important market for education facilities. We have recently delivered four new secondary schools into successful operation in the County of Kent. Another two schools will follow later this year. These complement existing school operations being undertaken in Bedford, Coventry, Clackmannanshire and Scottish Borders region.

In Germany, work started in April on the construction of the Burg Prison in the State of Saxony-Anhalt. This is the first correctional institution in Germany for which all non-sovereign services are delivered by the private sector in a PPP model.

We are currently involved in the development of new public-private-partnership projects in each of our target markets.

For the full year, we expect EBITA to be slightly lower than in 2006 due to the early stage of maturity of our projects and increased bidding costs. But the present value of our growing portfolio, which is the real measure of the segment's success, will increase once again.

Key figures for Concessions

Number / € million	H1 2007	H1 2006	FY 2006
Projects in portfolio	18	17	15
thereof, under construction	10	8	8
Committed equity	161	142	137
thereof, paid in	68	52	56
EBITA before exceptional items	– 2	– 5	– 4
EBITA after exceptional items		– 58	

Interim financial statements

The interim consolidated financial statements as of June 30, 2007 have been prepared in accordance with the guidelines of the International Accounting Standards Board (IASB), London, as were the consolidated financial statements for the year 2006, and comply with the requirements of IAS 34. The interim consolidated financial statements are neither audited nor reviewed by the external auditors. The accounting and valuation methods explained in the notes to the consolidated financial statements for 2006 have been applied unchanged. Starting this year, the income statement is presented for the first time according to the cost-of-sales method, in line with international practice. The prior-year figures have been adjusted for comparability. There were no material changes to the consolidated group in the first half of 2007.

Consolidated income statement	H1		Q2	
€ million	**2007**	**2006**	**2007**	**2006**
Revenue	3,861	3,465	2,064	1,939
Cost of sales	– 3,392	– 3,078	– 1,797	– 1,711
Gross profit	**469**	**387**	**267**	**228**
Selling and administrative expenses	– 404	– 368	– 211	– 197
Other operating income and expenses	13	– 34	6	– 43
EBITA	**78**	**– 15**	**62**	**– 12**
Amortization of intangible assets from acquisitions	– 6	– 4	– 3	– 2
EBIT	**72**	**– 19**	**59**	**– 14**
Net interest result	– 1	3	– 1	0
Earnings before taxes	**71**	**– 16**	**58**	**– 14**
Income taxes	– 28	– 18	– 23	– 19
Earnings after taxes	43	– 34	35	– 33
Minority interest	2	2	1	1
Net profit	**41**	**– 36**	**34**	**– 34**
Average number of shares, basic/diluted (in thousands)	37,196	37,196	37,196	37,196
Earnings per share, basic/diluted (in €)	1.10	– 0.97	0.90	– 0.90

While output volume increased by 20% to €4,367 million, revenue grew at a lower rate of 11% to €3,861 million. This was due to differences between the measurement of output volume and of revenue for joint ventures and concession projects.

Gross profit increased to €469 million (H1 2006: €387 million), while the gross margin improved to 12.1% (H1 2006: 11.1%). Selling and administrative expenses increased as a result of the growth in output volume to €404 million (H1 2006: €368 million), equivalent to 10.5% of revenue (H1 2006: 10.6%). EBITA amounted to plus €78 million (H1 2006: EBITA minus €15 million). It is necessary to consider the fact that earnings in the first half of 2006 were impacted by a charge of €53 million related to the adjustment of our concessions portfolio. Adjusted for this exceptional item, EBITA in the first half of 2006 was €38 million, so on a comparable basis, EBITA increased by €40 million. Depreciation of property, plant and equipment increased to €52 million (H1 2006: €46 million).

Scheduled amortization of €6 million was carried out on intangible assets from acquisitions (H1 2006: €4 million).

Another fact to be taken into consideration is that the method of calculating the net interest result was changed at the end of 2006. Since then, the interest expense for minority interests, which in accordance with IAS 32 are presented in the balance sheet as liabilities, is no longer presented under minority interests but under net interest result. We have adjusted the figures for the first half of 2006 for comparability. The net interest result decreased to minus €1 million (H1 2006: plus €3 million); the interest expense for minority interests included in that result increased to €4 million (H1 2006: expense of €2 million).

After deducting income taxes and the share of profit attributable to minority equity interests, net profit amounted to €41 million (H1 2006: net loss of €36 million / net profit of €21 million before exceptional items).

Consolidated balance sheet

	€ million	June 30, 2007	Dec. 31, 2006
Assets	**Non-current assets**		
	Intangible assets	744	739
	Property, plant and equipment	636	607
	Financial assets	1,406	977
	thereof, receivables from concession projects	(1,302)	(893)
	thereof, shares in associated companies	(47)	(46)
	Fixed assets	2,786	2,323
	Deferred tax assets	106	128
		2,892	**2,451**
	Current assets		
	Inventories	519	393
	Receivables and other assets	1,680	1,502
	Cash and marketable securities	603	783
		2,802	**2,678**
	Total	**5,694**	**5,129**
Equity and liabilities	**Equity**		
	Equity attributable to shareholders of the parent	1,232	1,189
	Minority interest	22	17
		1,254	**1,206**
	Non-current liabilities		
	Pension provisions	161	160
	Other provisions	84	100
	Financial liabilities, recourse	98	91
	Financial liabilities, non recourse	1,164	808
	Other liabilities	27	67
	Deferred tax liabilities	103	94
		1,637	**1,320**
	Current liabilities		
	Accruals	476	495
	Financial liabilities, recourse	48	48
	Financial liabilities, non recourse	17	19
	Other liabilities	2,262	2,041
		2,803	**2,603**
	Total	**5,694**	**5,129**

The increase of €565 million in the balance-sheet total is primarily due to the expansion of our concessions business. This led to an increase of €409 million in receivables from concession projects and a corresponding rise in non-recourse debt on the liabilities side. Furthermore, the larger volume of business caused growth in inventories and receivables as well as in current liabilities.

Consolidated cash flow statement

€ million	H1 2007	H1 2006
Cash earnings	98	78
Change in working capital	–156	–218
Cash flow from operating activities	**–58**	**–140**
Cash flow from investing activities	**–95**	**–92**
thereof, property, plant and equipment	–67	–45
thereof, financial assets	–28	–47
Cash flow from financing activities	**–41**	**–37**
Change in cash and marketable securities	–194	–269
Other adjustments to cash and marketable securities	14	–8
Cash and marketable securities at January 1	783	832
Cash and marketable securities at June 30	**603**	**555**

The cash flow from operating activities is generally negative in the first half of the year due to the seasonal increase in working capital. Compared with the first half of last year, however, it improved to an outflow of €58 million (H1 2006: outflow of €140 million) as a result of a lower increase in working capital. There was a positive effect from an advance payment of €180 million for the major project, Barwa City.

The cash outflow for investing activities, net of proceeds from disposals of €11 million (H1 2006: €24 million), amounted to €95 million (H1 2006: €92 million). With property, plant and equipment, capital expenditures of €75 million were partially offset by proceeds from disposals of €8 million. With financial assets, €20 million was applied for acquisitions in the field of services and €11 million for capital contributions to concession companies. Proceeds of €3 million were realized from disposals.

The cash outflow for financing activities of €41 million (H1 2006: €37 million) reflects the distribution of the dividend of €46 million for the year 2006. Net borrowing led to a cash inflow of €5 million.

Changes in currency exchange rates led to an increase of €14 million in cash and marketable securities.

Statement of changes in shareholders's equity

€ million	Subscribed capital	Additional paid-in capital	Retained earnings	Other compre-hensive income[1]	Distri-butable earnings	Minority interest	**Total equity**
Balance at January 1, 2006	**112**	**523**	**492**	**– 2**	**37**	**27**	**1,189**
Capital contributions	0	0	0	0	0	0	0
Dividend distributions	0	0	0	0	– 37	0	– 37
Earnings after taxes	0	0	0	0	– 36	4	– 32
Transfer to retained earnings	0	0	0	0	0	0	0
Currency adjustments	0	0	0	– 14	0	0	– 14
Other changes	0	0	0	– 2	0	– 2	– 4
Balance at June 30, 2006	**112**	**523**	**492**	**– 18**	**– 36**	**29**	**1,102**
Balance at January 1, 2007	**112**	**523**	**538**	**– 30**	**46**	**17**	**1,206**
Capital contributions	0	0	0	0	0	0	0
Dividend distributions	0	0	0	0	– 46	0	– 46
Earnings after taxes	0	0	0	0	41	2	43
Transfer to retained earnings	0	0	0	0	0	0	0
Currency adjustments	0	0	0	3	0	0	3
Other changes	0	0	4	41	0	3	48
Balance at June 30, 2007	**112**	**523**	**542**	**14**	**41**	**22**	**1,254**

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

Total equity increased by €48 million during the first half of 2007. The distribution of the dividend of €46 million was almost offset by after-tax earnings of €43 million. The main reason for the increase in total equity was the positive change in the market value of interest-rate swaps in our concessions business by an amount of €44 million.

Related-party transactions

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

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Mannheim, August 8, 2007

Bilfinger Berger AG
The Executive Board

All of the statements in this report that relate to the future have been made in good faith and based on the best knowledge available. However, as these statements also depend on factors beyond our control, actual developments may differ from our forecasts.

Financial calendar

	2007
November 13	Interim Report Q3 2007
	2008
February 12	Preliminary figures for the year 2007
March 17	Press Conference on financial statements, Investors' and analysts' conference call
May 21	Annual General Meeting*

*Congress Centrum Rosengarten
Mannheim, 10 a.m.



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