Interim Report Q3 2007



The Multi Service Group. BILFINGER BERGER

Group management report

- **Bilfinger Berger continues its successful development**
- **Earnings significantly increased**
- **Earnings guidance affirmed**

Bilfinger Berger continues its successful growth course. Output volume, orders received and order backlog all increased once more in the first nine months of 2007. EBITA and net profit increased significantly as compared to the same period in the prior year. Positive developments in the global economy are reflected by lively demand in all of our markets.

Further growth in output volume, orders received and order backlog

The Group's output volume in the first nine months of the year grew by 21% to €6,815 million. Orders received amounted to €8,633 million, an increase of 17% compared with the prior-year period, while the order backlog expanded by 23% to €10,514 million.

Significant increase in earnings

EBITA rose by 42% to €148 million (9M 2006: €104 million). Earnings before taxes increased to €137 million (9M 2006: €99 million); after the deduction of taxes and minority interest, net profit amounted to €80 million (9M 2006: €61 million).

Earnings guidance affirmed

We anticipate an increase in output volume to more than €9 billion for financial year 2007. The positive earnings trend in the first nine months of 2007 supports our guidance for the full year: EBITA will grow faster than output volume. Net profit will be well above the previously stated goal of €100 million. The Services business segment will once again exceed our expectations. Despite unforeseeable cost developments in Germany, earnings in the Building and Industrial business segment will be in a range comparable to the prior year. Return on capital employed (ROCE) will significantly exceed the cost of capital of 10.5% and will reach the good level of the prior year.

Financial situation and capital structure

The increasing requirement for working capital during the year that is otherwise typical for our business was less pronounced than usual in the

Key figures for the Group

€ million	9M 2007	9M 2006 (before exceptional items)	Δ in %	9M 2006 (after exceptional items)	FY 2006
Output volume	6,815	5,647	+21		7,936
Orders received	8,633	7,393	+17		10,000
Order backlog	10,514	8,553	+23		8,747
EBITA	+148	+104	+42	+51	+180
Earnings before taxes	+137	+99	+38	+46	+173
Net profit	+80	+61	+31	+4	+92
Earnings per share (in €)	+2.15	+1.64	+31		+2.48
Investments	166	273	−39		370
thereof in property, plant and equipment	121	90	+34		136
thereof in financial assets	45	183	−75		234
Employees	52,165	48,675	+7		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.

first nine months of this year. This was primarily due to unusually high advance payments from major projects. Cash and marketable securities reached €737 million (end of 2006: €783 million). Excluding project financing on a non-recourse basis, liabilities to banks amounted to €157 million. The equity ratio at the end of the period was 21%; adjusted for non-recourse debt it was 27%.

Investments in property, plant and equipment increased due to the higher volume of business to €121 million. Investments in financial assets represent acquisitions in the services business and capital contributions into concession projects, and totaled €45 million.

Opportunities and risks

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

Workforce

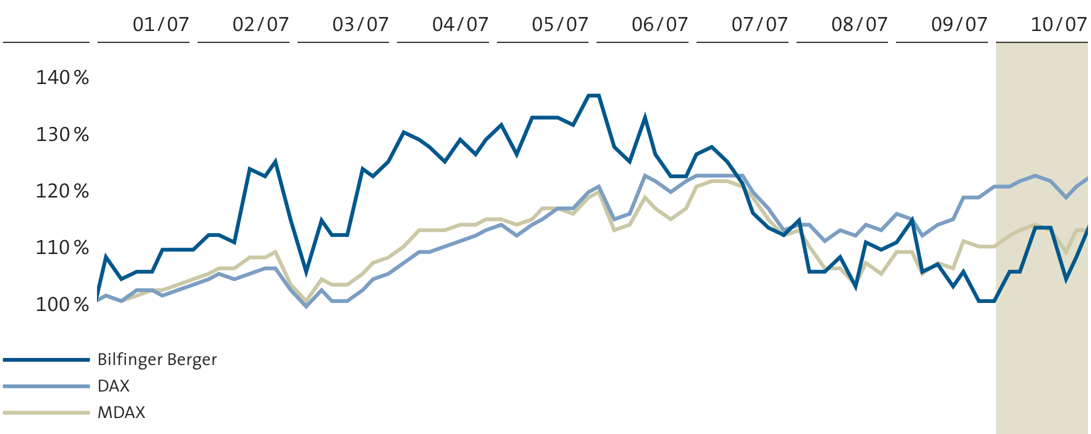
At the end of September 2007, the Bilfinger Berger Group employed a total workforce of 52,165 people (September 30, 2006: 48,675). The number of persons employed in Germany increased to 20,487 (September 30, 2006: 19,571). The number of Supervisory Board members will therefore increase from 16 to 20 with the next Annual General Meeting, in accordance with legal requirements. Outside Germany, 31,678 people were employed (September 30, 2006: 29,104). The workforce growth was primarily related to acquisitions in the services business and to an increased requirement for personnel on civil-engineering projects outside Germany.

Share price development

The long-term upward trend of the German stock market continued at the beginning of the third quarter. At the end of July a phase of consolidation started. Sharp price falls occurred due to the sub-prime crisis on the US market and the concern about negative effects on the world economy. As a result, share-price volatility became even more pronounced. In the middle of August, Germany's DAX index began to stabilize once again.

Despite Bilfinger Berger's positive business development, the share price was unable to avoid this negative trend and the high level of market volatility. The share price developed in step with the index for major European construction stocks (DJ STOXX Construction & Materials), although Bilfinger Berger now generates the majority of its earnings outside the construction sector. At the end of October, our stock was listed 13% higher than at the beginning of 2007.

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	**9M 2007**	**Δ in %**	**9M 2007**	**Δ in %**	**9M 2007**	**Δ in %**	**FY 2006**
Civil	2,725	+36	3,414	–2	5,316	+18	2,973
Building and Industrial	1,448	–7	1,943	+33	2,249	+27	2,069
Services	2,643	+28	3,264	+33	2,936	+28	2,881
Consolidation, other	–1		12		13		13
	6,815	**+21**	**8,633**	**+17**	**10,514**	**+23**	**7,936**

EBITA by business segment		before exceptional items		after exceptional items	
€ million	**9M 2007**	**9M 2006**	**Δ in %**	**9M 2006**	**FY 2006**
Civil	+31	+21	+48		+43
Building and Industrial	+9	+10	–10		+22
Services	+124	+84	+48		+123
Concessions	–3	+1		–52	–4
Consolidation, other	–13	–12			–4
	+148	**+104**	**+42**	**+51**	**+180**

Civil

- **Strong demand in all markets**
- **Growth in output volume and earnings**

We are operating at full capacity in the Civil business segment. Output volume increased significantly due to the high level of orders received in the prior year. Demand is still strong in our target markets. In the first nine months of 2007, orders received exceeded output volume by a substantial margin. EBITA increased to €31 million (9M 2006: €21 million).

We continue to focus our civil-engineering business on demanding infrastructure projects in selected regions. Australia remains our biggest civil engineering market. In the reporting period we received orders there including the expansion of the Hume Highway, which connects Sydney and Melbourne. This project has a volume of €210 million.

In Scandinavia we have received an order for tunneling work for the northern section of the Stockholm ring-road. Our comprehensive expertise in civil engineering and foundation engineering played a decisive role in the award of this €100 million project. In Austria, an important milestone was achieved in the construction of the Wienerwald Tunnel with the holing-through of both tunnel tubes. The 13-kilometer long structure is part of the new high-speed rail line between Vienna and Salzburg.

In Germany, we completed the tunneling work for the north-south subway line in Cologne in October. At the Dresden Airport, the new 3,000-meter long runway, large parts of which were built during regular airline service, went into operation.

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

Key figures for Civil

€ million	9M 2007	9M 2006	Δ in %	FY 2006
Output volume	2,725	2,011	+36	2,973
Orders received	3,414	3,467	–2	4,580
Order backlog	5,316	4,496	+18	4,706
Capital expenditure on P, P & E	67	54	+24	73
EBITA	+31	+21	+48	+43

Building and Industrial

- **Strong cost increases in the German market**
- **Segment earnings in a range comparable to prior year**

Although demand is growing in our Building and Industrial markets, we continue to adopt a selective approach. Output volume in the first nine months of 2007 therefore decreased, in line with our planning. The increase in orders received is the result of the building construction share of work in the Barwa City project. EBITA of €9 million was slightly lower than in the prior-year period (9M 2006: €10 million).

In Germany, stronger demand increasingly led to bottlenecks with subcontractor services and to unforeseeable cost increases, despite existing agreements. The German Building division will nevertheless break even in 2007. We have adjusted to this situation and anticipate a return to a positive earnings contribution from the German building construction business in the near future.

In August, we started construction work for the new justice centers in Chemnitz and Wiesbaden, which we are delivering on the basis of public-private partnerships. In the Australian market, our building-construction business is once again developing successfully. We were once more able to gain a number of orders for the construction of demanding commercial real estate projects.

We expect the Building and Industrial business segment to maintain its level of output volume at €2.0 billion in full-year 2007. Earnings will be in a range comparable to the prior year.

Key figures for Building and Industrial

€ million	9M 2007	9M 2006	Δ in %	FY 2006
Output volume	1,448	1,563	−7	2,069
Orders received	1,943	1,459	+33	2,053
Order backlog	2,249	1,765	+27	1,754
Capital expenditure on P, P & E	5	3	+67	4
EBITA	+9	+10	−10	+22

Services

- **Dynamic development**
- **Higher than expected earnings**

Our Services business segment continues to develop very well. Total output volume in the three divisions Industrial Services, Power Services and Facility Services increased by a total of 28%, while after just 9 months EBITA of €124 million was already higher than in full-year 2006 (9M 2006: €84 million). These results once again surpassed our expectations. Organic growth in output volume was 16%, organic earnings growth amounted to 33%.

Bilfinger Berger Industrial Services is in an excellent position to meet growing demand for complex repair and maintenance work on production plants in the process industry. With the acquisition of Peters Engineering we have further strengthened our engineering expertise in the division. This company is specialized in planning services for the maintenance, expansion and construction of plants in the chemical, petrochemical and pharmaceutical industries.

Bilfinger Berger Power Services also recorded a high level of orders received. This subsidiary operates internationally and profits from the growing worldwide demand for energy. In Germany, the company is active as a service provider for all the major utilities. For example, Bilfinger Berger Power Services has been responsible for regular repair and maintenance work at the RWE coal-fired power station in Hamm-Uentrop for several years. We have recently been contracted to carry out the turnaround of the main boiler that is planned for next year.

Bilfinger Berger Facility Services has received a number of orders in the German healthcare sector this year, with a focus on hospital ward services. The range of services offered reduces the workload of nursing staff, who can then concentrate more on the medical needs of patients. In the United States, Centennial has extended numerous framework agreements or entered into new ones with public-sector clients covering building maintenance and rehabilitation. The company operates very successfully in this specialized market segment.

For full-year 2007, we now plan for the Services business segment to increase its output volume to more than €3.4 billion. The operating margin will be increased further and will be well-above 4.5% at the end of the year.

Key figures for Services

€ million	9M 2007	9M 2006	Δ in %	FY 2006
Output volume	2,643	2,065	+28	2,881
Orders received	3,264	2,447	+33	3,345
Order backlog	2,936	2,287	+28	2,285
Capital expenditure on P, P & E	46	29	+59	52
EBITA	+124	+84	+48	+123

Concessions

- **Highway in Canada delivered into operation ahead of schedule**
- **Continuation of portfolio expansion**

Our privately financed concessions portfolio comprised 18 projects at the end of September 2007. Total committed equity was €161 million, €70 million of which had already been paid into project companies at the interim balance-sheet date. EBITA amounted to minus €3 million as a result of our intensive bidding activities (9M 2006: plus €1 million).

We continue to pursue our long-term strategy of expanding the project portfolio in the sectors of public-sector building construction and transport infrastructure as well as target markets with stable political and economic conditions in Europe, Australia and North America. In Canada, the new highway through the Kicking Horse Pass was opened to traffic at the end of August – two months ahead of the originally planned date. The 26-kilometer section of the Trans Canada Highway in the Rocky Mountains connects the provinces of British Columbia and Alberta. The project is based on an availability model. In return for a contractually fixed fee from the Provincial Government, our concession company ensures that the highway is available for use over the 23-year operating concession.

Due to the early stage of maturity of the projects and high bidding costs, we expect EBITA in full-year 2007 to be slightly lower than in 2006. But the present value of our portfolio, which is the true measure of the segment's success, will increase further.

Key figures for Concessions

Number / € million	9M 2007	9M 2006	FY 2006
Projects in portfolio	18	17	15
thereof, under construction	9	7	8
Committed equity	161	142	137
thereof, paid in	70	54	56
EBITA before exceptional items	– 3	+ 1	– 4
EBITA after exceptional items		– 52	

Interim financial statements

The interim consolidated financial statements as of September 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 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 nine months of 2007.

Consolidated income statement	Jan.-Sept.		July-Sept.	
€ million	**2007**	**2006**	**2007**	**2006**
Revenue	6,205	5,456	2,344	1,991
Cost of sales	–5,474	–4,836	–2,082	–1,758
Gross profit	**731**	**620**	**262**	**233**
Selling and administrative expenses	–605	–545	–201	–177
Other operating income and expenses	22	–24	9	10
EBITA	**148**	**51**	**70**	**66**
Amortization of intangible assets from acquisitions	–9	–7	–3	–3
EBIT	**139**	**44**	**67**	**63**
Net interest result	–2	2	–1	–1
Earnings before taxes	**137**	**46**	**66**	**62**
Income taxes	–53	–39	–25	–21
Earnings after taxes	84	7	41	41
thereof, minority interest	4	3	2	1
Net profit	**80**	**4**	**39**	**40**
Average number of shares, basic/diluted (in thousands)	37,196	37,196	37,196	37,196
Earnings per share, basic/diluted (in €)	2.15	0.11	1.05	1.08

While output volume increased by 21% to €6,815 million, revenue grew at a lower rate of 14% to €6,205 million. This is due to differences between the measurement of output volume and revenue for joint ventures and concession projects.

Gross profit increased to €731 million (9M 2006: €620 million), while the gross margin improved to 11.8% (9M 2006: 11.4%). Selling and administrative expenses increased as a result of the growth in output volume to €605 million (9M 2006: €545 million), equivalent to 9.8% of revenue (9M 2006: 10.0%). EBITA amounted to €148 million (9M 2006: €51 million). It is necessary to consider the fact that earnings in the first nine months 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 nine months of 2006 was €104 million, so on a comparable basis, EBITA increased by €44 million. Depreciation of property, plant and equipment increased to €80 million (9M 2006: €71 million).

Scheduled amortization of €9 million was carried out on intangible assets from acquisitions (9M 2006: €7 million).

It is necessary to take into consideration that the method of calculating the net interest result was changed at the end of 2006. Since then, the interest expense for minority interest, which in accordance with IAS 32 is presented in the balance sheet as liabilities, is no longer presented under minority interest but under net interest result. We have adjusted the figures for the first nine months of 2006 for comparability. The net interest result decreased to minus €2 million (9M 2006: plus €2 million); the interest expense for minority interest included in that result increased to €8 million (9M 2006: expense of €5 million).

On the basis of a corporate tax reform which takes effect in Germany on January 1, 2008, a revaluation of deferred tax assets and liabilities had to be undertaken in the third quarter of 2007. The effects on income taxes were not significant.

After deducting income taxes and the share of profit attributable to minority interest, net profit amounted to €80 million (9M 2006: €4 million / €61 million before exceptional items).

Consolidated balance sheet

	€ million	Sept. 30 2007	Dec. 31 2006
Assets	**Non-current assets**		
	Intangible assets	776	739
	Property, plant and equipment	639	607
	Financial assets	1,539	977
	thereof, receivables from concession projects	(1,454)	(893)
	thereof, shares in associated companies	(49)	(46)
	Fixed assets	2,954	2,323
	Deferred tax assets	103	128
		3,057	**2,451**
	Current assets		
	Inventories	529	393
	Receivables and other assets	1,714	1,502
	Cash and marketable securities	737	783
		2,980	**2,678**
	Total	**6,037**	**5,129**
Equity and liabilities	**Equity**		
	Equity attributable to shareholders of the parent	1,256	1,189
	Minority interest	21	17
		1,277	**1,206**
	Non-current liabilities		
	Pension provisions	146	160
	Other provisions	84	100
	Financial liabilities, recourse	101	91
	Financial liabilities, non recourse	1,270	808
	Other liabilities	29	67
	Deferred tax liabilities	119	94
		1,749	**1,320**
	Current liabilities		
	Accruals	507	495
	Financial liabilities, recourse	56	48
	Financial liabilities, non recourse	29	19
	Other liabilities	2,419	2,041
		3,011	**2,603**
	Total	**6,037**	**5,129**

The increase of €908 million in the balance-sheet total resulted primarily from the expansion of our concessions business. This led to an increase of €561 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	9M 2007	9M 2006
Cash earnings	176	168
Change in working capital	– 49	– 248
Cash flow from operating activities	**127**	**– 80**
Cash flow from investing activities	**– 153**	**– 194**
thereof, property, plant and equipment	– 108	– 71
thereof, financial assets	– 45	– 123
Cash flow from financing activities	**– 28**	**– 29**
Change in cash and marketable securities	– 54	– 303
Other adjustments to cash and marketable securities	8	– 8
Cash and marketable securities at January 1	783	832
Cash and marketable securities at September 30	**737**	**521**

The cash flow from operating activities increased significantly compared with the first nine months of 2006 to an inflow of €127 million (9M 2006: outflow of €80 million). The typical increase in working capital during the financial year was lower than in the prior-year period at €49 million (9M 2006: €248 million). This was primarily due to unusually high levels of advance payments from major projects.

The cash outflow for investing activities, net of proceeds from disposals of €13 million (9M 2006: €79 million), amounted to €153 million (9M 2006: €194 million). With property, plant and equipment, capital expenditures of €121 million were partially offset by proceeds from disposals of €13 million. With financial assets, €31 million was applied for acquisitions in the field of services and €14 million for capital contributions into concession companies.

The cash outflow for financing activities of €28 million (9M 2006: €29 million) includes the distribution of the dividend of €46 million for the year 2006. Net borrowing led to a cash inflow of €18 million.

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

Statement of changes in shareholders' equity

€ million	Subscribed capital	Additional paid-in capital	Retained earnings	Other comprehensive income[1]	Distributable 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	4	3	7
Transfer to retained earnings	0	0	0	0	0	0	0
Currency adjustments	0	0	0	– 15	0	0	– 15
Other changes	0	0	1	– 26	0	0	– 25
Balance at September 30, 2006	**112**	**523**	**493**	**– 43**	**4**	**30**	**1,119**
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	80	4	84
Transfer to retained earnings	0	0	0	0	0	0	0
Currency adjustments	0	0	0	– 2	0	0	– 2
Other changes	0	0	4	31	0	0	35
Balance at September 30, 2007	**112**	**523**	**542**	**– 1**	**80**	**21**	**1,277**

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

Total equity increased by €71 million during the first nine months of 2007. Earnings for the period contributed €84 million. In addition, the positive change in the market value of interest-rate swaps in our concessions business led to an increase in equity of €31 million. The payment of the dividend for 2006 required €46 million. At the interim balance-sheet date of September 30, 2006, total equity amounted to €1,277 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.

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

Financial calendar

	2008
February 12	Preliminary figures for the year 2007
March 17	Press Conference on financial statements, Investors' and analysts' conference call
May 14	Interim Report Q1 2008
May 21	Annual General Meeting*
August 12	Interim Report Q2 2008
November 11	Interim Report Q3 2008

*Congress Centrum Rosengarten
Mannheim, 10 a.m.



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