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Bilfinger Berger: preliminary report on the 2005 financial year

- **Substantial increases in output volume and orders received**
- **Net profit up 30% on prior year**
- **Year-end cash flow higher than expected**

Overall, 2005 was a successful year for Bilfinger Berger. Output volume and orders received reached new record levels. Operating profit (EBITA) and net profit increased substantially compared with the prior year despite unexpected charges from the Australian building-construction business. Liquidity at the end of the year developed better than expected. We successfully continued our development into a Multi Service Group with further significant steps.

Growth in output volume, orders received and order backlog

The Group's output volume increased in the past financial year by 16% to €7,061 million. This was due not only to organic growth, but also to acquisitions in our Services business segment. The proportion of output volume generated in international markets increased to 66% (2004: 65%).

Orders received rose substantially to €7,545 million or, at 23%, substantially higher than the prior-year figure. The order backlog at the end of the year amounted to €7,001 million, an increase of 10%.

Key figures for the Group

number / € million	2005	2004	Δ in %
Output volume	7,061	6,111	+16
Orders received	7,545	6,139	+23
Order backlog	7,001	6,339	+10
Capital expenditure	330	165	+100
thereof, property, plant and equipment	100	70	+43
thereof, financial assets	230	95	+142
Net profit	66	51	+30
Employees	55,346	49,852	+11

Net profit 30% above prior-year result

The Group's profitability improved once again in 2005, primarily due to above-average increases in earnings by the Civil and Services business segments. As we have previously reported, these increases were countered by charges from the Australian building-construction business.

According to preliminary figures, Bilfinger Berger increased its EBITA substantially to €115 million (2004: €81 million). This figure is arrived at using a new method for reporting the EBITA of concession projects. If the previous method had been used, EBITA would have amounted to €126 million. With the new accounting method, all interest income and interest expenses that apply to the concession business are entered in the business segment's EBITA. On balance, this leads to a reduction in EBITA of €11 million and an improvement in net interest income by the same amount. The change has no impact on earnings before taxes or net profit.

Net profit for the year rose to €66 million (2004: €51 million).

Sound financial situation and solid capital structure

A sound financial situation and a solid capital structure continue to form the basis for the Group's successful further development. At the end of 2005, cash and marketable securities amounted to €832 million (2004: €914 million) despite substantial capital expenditure. Liabilities to banks - excluding project financing on a non-recourse basis - amounted to €127 million. As we previously reported, cash-flow developments during the year were impacted by a significant increase in required working capital. At the end of the fourth quarter of 2005, however, there was a large cash inflow from operating activities. This was partly due to payments received for work done on major projects, which, contrary to our planning, were received before the end of the year. Another factor was that advance payments again reached a high level - as they did at the end of 2004. As a result, according to preliminary figures, the net cash inflow from operating activities amounted to about €190 million.

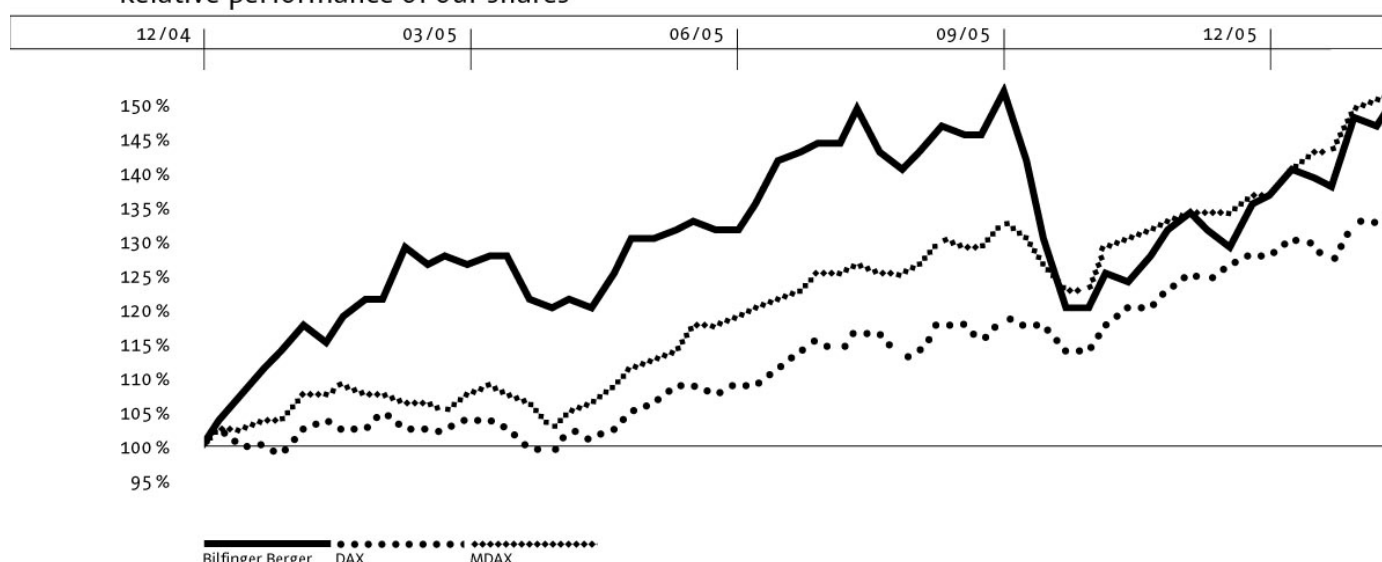
Capital expenditure on property, plant and equipment increased to €100 million (2004: €70 million). Investment in financial assets increased to €230 million, primarily due to the acquisition of Babcock Borsig Service and EPM Assetis and equity injections into concession projects (2004: €95 million).

Workforce expansion due to acquisitions

As of December 31, 2005, the total number of people employed by the Group was 55,346 (Dec. 31, 2004: 49,852) an increase of 11% compared with the prior year. The first-time consolidation of the newly acquired companies led to an increase in the number of employees in the Services business segment to 21,709 (2004: 17,125). The number of persons employed in the construction business increased to 33,109 (2004: 32,062) as a result of projects outside Germany. At the same time, the number of persons employed in construction in Germany decreased to 5,522 (2004: 5,954). A total of 15,005 (2004: 13,291) persons were employed in Germany and 40,341 (2004: 36,561) in the Group's other markets.

Good performance by Bilfinger Berger shares

Relative performance of our shares



The price of the Bilfinger Berger share, which is listed on the MDAX, developed well in the year 2005. Its steady rise was accelerated at the beginning of June by Dresdner Bank's major placement of the shares it had previously held. The share price then came under pressure following the adjustment of our earnings guidance in connection with charges from the Australian building-construction business, but subsequently stabilized at a somewhat lower level. Profit-taking in the market then ensued, particularly with shares in small and medium-sized companies. This trend also affected Bilfinger Berger stock. In November, the share price therefore fell temporarily below €36, but returned to levels above €40 at the end of the year. The closing price at the end of 2005 was 37% higher than a year earlier. In comparison, the DAX rose by 27% during the same period and the MDAX climbed by 36%. In the first few weeks of 2006, Bilfinger Berger's share price continued rising. In the middle of February it had reached over €44, equivalent to a gain of about 10% since the beginning of the year.

Developments in our business segments

Overview of output volume and order situation

€ million	Output volume		Orders received		Order backlog	
	in 2005	Δ in %	in 2005	Δ in %	in 2005	Δ in %
Civil	2,747	+12	2,984	+22	3,344	+7
Building and Industrial	2,081	+5	2,122	+3	2,095	+2
Services	2,250	+41	2,441	+54	1,568	+44
Concessions	14	+32	16	+226	8	+28
Consolidation / Other	- 31		- 18		- 14	
	7,061	+16	7,545	+23	7,001	+10

¹ As of the year 2005, the Concessions business segment only includes the output volume of fully consolidated projects that is generated by concession activities. The construction output volume connected with concession projects that is generated within the Group is entered in the Civil and Building and Industrial business segments. The line item "Consolidation" has been reduced accordingly. The prior-year figures have been adjusted for comparability.

Civil

- **Increased output volume and orders received**
- **New major projects in Australia and Scandinavia**

Key figures for Civil

number / € million	2005	2004	Δ in %
Output volume	2,747	2,447	+12
Orders received	2,984	2,447	+22
Order backlog	3,344	3,127	+7
Capital expenditure on P, P and E	65	40	+63
EBITA	50	22	+127
Employees	23,480	22,090	+6

The Civil business segment increased its business volume in 2005. Output volume grew by 12% to €2,747 million, primarily due to major infrastructure projects in Europe outside Germany and in Australia. The 22% growth in orders received to €2,984 million was partly a result of transport-infrastructure projects in Australia and Scandinavia. The year-end order backlog of €3,344 million was 7% above the prior-year level. According to preliminary figures, EBITA amounted to €50 million; the prior-year result (€22 million) had been reduced by a one-time effect.

Building and Industrial

- **Market success through i.volution**
- **EBITA burdened by Australian building-construction business**

Key figures for Building and Industrial

number / € million	2005	2004	Δ in %
Output volume	2,081	1,989	+5
Orders received	2,122	2,061	+3
Order backlog	2,095	2,055	+2
Capital expenditure on P, P and E	8	5	+60
EBITA	-14	9	
Employees	9,629	9,972	-3

The output volume generated by the Building and Industrial business segment increased in 2005 by 5% to €2,081 million. In Nigeria, business with private-sector clients expanded, particularly in the oil and gas industry. Orders received remained stable at €2,122 million. In Germany, our consulting and services packages introduced in 2005 under the name “i.volution” met with an excellent response from our real-estate clients. The business segment’s year-end order backlog of €2,095 million was 2% higher than the prior-year figure. Losses in Australia had a negative effect on EBITA, which was, at €14 million (2004: plus €9 million), substantially lower than our initial forecasts. With a focus on attractive market segments and strengthened management, the conditions for sustained financial success in Australia are in place, also in the field of building construction.

Services

- **High growth rates**
- **Renewed increase in EBITA**

Key figures for Services

number / in € million	2005	2004	Δ in %
Output volume	2,250	1,600	+ 41
Orders received	2,441	1,588	+ 54
Order backlog	1,568	1,088	+ 44
Capital expenditure on P, P and E	27	22	+ 23
EBITA	90	62	+ 45
Employees	21,709	17,125	+ 27

The Services business segment’s output volume increased by 41% to €2,250 million. This was due to organic growth of 5% and, primarily, to the first-time consolidation of the Australian company, Simon Engineering, in March 2005 and Babcock Borsig Service in April 2005. Orders received of €2,441 million were 54% higher than in 2004. The order backlog at the end of 2005 amounted to €1,568 million, representing a rise of 44%. EBITA increased once again to €90 million (2004: €62 million). With its stable high margins, the segment makes a significant contribution to the Group’s net income.

Concessions

- **New projects in Canada, Australia and England**
- **Further growth in present value of future cash flows**

Key figures for Concessions

number / € million	2005	2004	Δ in %
Projects in portfolio	17	16	+6
thereof, under construction	8	11	-27
Committed equity	177	171	+9
thereof, paid in	130	112	+16
Employees	80	64	+25

Our privately financed concession portfolio comprised seventeen projects at the end of the year. Committed equity at year-end totaled €177 million, of which €130 million was paid into project companies (2004: €112 million).

We added three new projects to our concessions business in 2005: in Canada, Australia and England. For two other projects we were named preferred bidder. We optimized the composition of our portfolio by selling two older projects that no longer fit with the strategic focus of the business segment. This gave rise to a book gain of €8 million. EBITA for the year amounted to €4 million. Without the aforementioned change in accounting methods, EBITA would have reached €15 million (2004: €3 million), despite high advance expenses for new projects.

For the assessment of our business success in the concessions business, we consider not only current operating profit, but also the annual change in the present value of future cash flows. The value of our portfolio at the end of the year increased to more than €180 million (2004: €153 million), despite reductions of €30 million due to the sale of two projects. The portfolio's value is thus significantly higher than the book value of the paid-in equity. The increasing maturity of our portfolio has led to value growth of approximately €10 million; the further increase resulted from equity injections.

Outlook 2006

The further development of our Multi Service Group will focus on expanding our services and concessions business. We intend to achieve further organic growth, but are also targeting additional acquisitions. For this purpose, we have substantial financial scope from both own resources and gearing potential.

Another increase in output volume is to be expected in the year 2006. We also plan to increase our EBITA and net profit once again.

The final figures on the past financial year and the annual financial statements will be published in our Annual Report 2005 on March 22, 2006. The Annual General Meeting of Bilfinger Berger AG will be held in Mannheim on May 18, 2006.