



Interim Report Q3 2004

Business review

- **Significant increase in output volume**
- **Order backlog reaches new record level**
- **Net profit in full-year 2004 at prior-year level despite substantial risk provisions**

In the first nine months of 2004, Bilfinger Berger's output volume increased by 11% from the same period a year earlier to €4,516 million, while orders received of €4,613 million exceeded the prior-year level by 5%. The order backlog rose by 16% to €6,409 million – a new record in the company's history.

Earnings

The Group's general earnings remained positive. However, as has been reported, on October 23, 2004 another technical defect occurred at the site of the Maumee River Crossing, a new bridge being constructed in the American state of Ohio. There were no injuries or major material damage on this occasion, but in view of the serious accident in February 2004 that led to an interruption of construction

work, further delays and additional costs are to be expected. To cover these risks, we have increased the provisions for this project in the interim financial statements from €20 million to €50 million.

Despite this charge, we achieved on the reporting date an EBITA (operating profit) of €25 million (Jan.-Sept. 2003: €41 million) thanks to good profit contributions from other projects and a significant rise in profit in the services business. Goodwill was no longer amortized (Jan.-Sept. 2003: €9 million) due to the new regulations of the International Accounting Standards Board (IASB). Interest income improved as a result of higher net cash to €2 million (Jan.-Sept. 2003: interest expense of €8 million); earnings before taxes amounted to €27 million (Jan.-Sept. 2003: €37 million). After taxes and minority interests, net profit for the first nine months of 2004 amounted to €14 million (Jan.-Sept. 2003: €23 million).

Financial situation and capital structure

Bilfinger Berger's financial situation and capital structure continue to provide an unchanged, sound basis for future corporate development. The Group's equity ratio at the end of September was 30%, while cash and marketable securities amounted to €794 million. When project financing on a non-recourse basis is excluded, we reduced liabilities to banks to €142 million. We will use our financial leeway to make further strategic acquisitions and investments in new BOT projects.

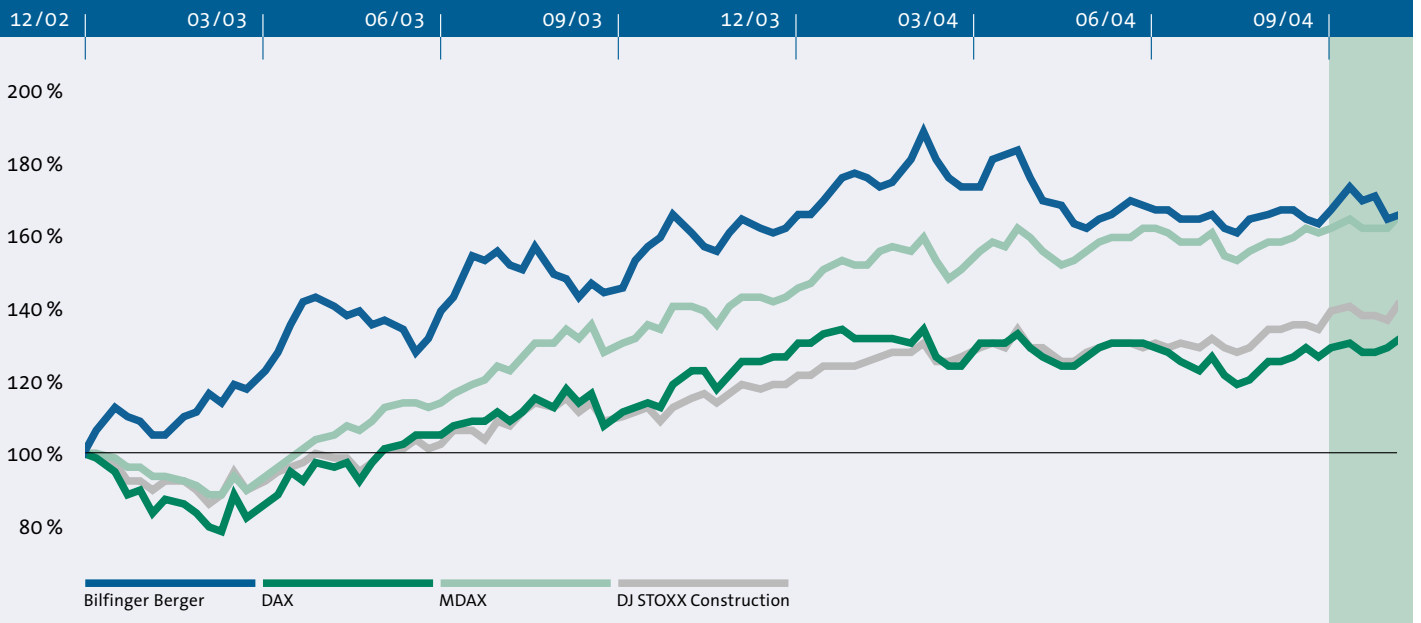
Capital expenditure on property, plant and equipment decreased to €45 million (Jan.-Sept. 2003: €55 million), primarily due to less need for investment in the Civil business segment. Investments in financial assets increased to €65 million (Jan.-Sept. 2003: €10 million) as a result of acquiring the remaining shares in Abigroup of Australia, the takeover of our new Polish subsidiary WPRD, and the equity capital injection into the Australian concessions company Victoria Corrections.

Key figures for the Group

€ million	1-9 / 2004	1-9 / 2003	Δ in %	12 / 2003
Output volume	4,516	4,052	+11	5,586
Orders received	4,613	4,409	+5	5,605
Order backlog	6,409	5,547	+16	6,277
EBITA	+25	+41	-39	+101
EBT	+27	+37 ¹	-27	+86 ¹
Net profit	+14	+23 ¹	-39	+50 ¹
Earnings per share (in €)	0.38	0.62 ¹	-39	1.37 ¹
Cash earnings according to DVFA/SG	47	100	-53	152
Capital expenditure	110	65	+69	271
thereof, property, plant, equipment	45	55	-18	88
thereof, financial assets	65	10	+550	183
Employees	48,898	49,656	-2	50,460

¹ Adjusted for exceptional effects from the sale of our Buderus shares totaling +€48 million before taxes and +€76 million after taxes.

Relative performance of our shares



Workforce

On September 30, 2004, the Bilfinger Berger Group employed 48,898 people (Sept. 30, 2003: 49,656). The number of employees in the Services business segment increased again compared with the prior-year period, while personnel requirements decreased in the construction business.

Forecast

For full-year 2004, we anticipate a significant increase in output volume to more than €6 billion. The previously planned increase in EBITA is no longer achievable as a result of the higher provisions for the Maumee River Crossing project. Despite the provisions formed totaling €50 million, EBITA will exceed €80 million. Net profit will still be in a range of previous year's result excluding exceptional items, i. e. €50 million.

Our shares

Bilfinger Berger's share-price developed positively in the third quarter of 2004, reaching €28. The increased risk provisions led to temporary price falls at the end of October, but after a few days the share price had recovered. As before, our sound capital structure and financial situation, the consistent implementation of our corporate strategy, good earnings prospects, and not least an attractive dividend yield provide further potential for our shares to appreciate. Our ongoing dynamic corporate development will continue to generate positive impetus in the future. The capital market's revaluation of our shares, initiated last year in connection with our transformation into a Multi Service Group, has not yet been completed.

Developments by business segment

Overview of output volume and order situation ¹

€ million	1-9/2004	Δ in %	1-9/2004	Δ in %	1-9/2004	Δ in %	2003
	Output volume		Orders received		Order backlog		Output volume
Civil	1,787	+13	1,895	+16	3,234	+21	2,189
Building and Industrial	1,478	+4	1,441	-6	1,946	+10	1,920
Services	1,189	+23	1,241	0	1,151	+14	1,363
Concessions	114	+50	227	+1,521	390	+212	107
Consolidation, other	-52		-191		-312		7
	4,516	+11	4,613	+5	6,409	+16	5,586

¹ Due to the modification of the reporting structure as of January 1, 2004, the prior-year figures have been adjusted accordingly for better comparability.

EBITA by business segment

€ million	1-9/2004	1-9/2003	Δ in %	12/2003
Civil	-4	+20		+45
Building and Industrial	+3	+2	+50	+6
Services	+36	+26	+38	+47
Concessions	0	+2		+3
Consolidation, other	-10	-9		0
	+25	+41	-39	+101

are partially due to the consolidation of Australia's Abigroup, which we acquired at the end of 2003. EBITA in the first nine months of the year dropped to -€4 million (Jan.-Sept. 2003: profit of €20 million) because of the €50 million in risk provisions for the Maumee River Crossing project.

All of our other major civil engineering projects are proceeding successfully, and this business is gaining additional benefit from our private sector concessions activities. In Hungary, for example, Bilfinger Berger is in charge of realizing the 58-kilometer M6 toll expressway between Budapest and Dunaujvaros. Out of this project comes construction work worth €135 million.

Cooperation within the Group is also becoming more important in the Americas. After the balance-sheet date, our subsidiary Fru-Con and Bilfinger Berger's Civil business segment received a €70 million order from the city of Vancouver, Canada to construct a nine-kilometer connecting tunnel to improve the supply of drinking water. In Panama in August, high-ranking politicians and leading representatives of the business community gathered to celebrate the completion of the second bridge over the Panama Canal: Bilfinger Berger, working with Australian subsidiary Baulderstone

Civil

- **Substantial growth in output volume, orders received and order backlog**
- **Successful cooperation with other business segments**
- **Earnings reduced by risk provision for Maumee River Crossing**

In the Civil business segment, output volume, orders received and order backlog all increased substantially. The higher output volume figures

Hornibrook, built the 1,050-meter long Puente Centenario, the longest cable-stayed bridge in Latin America, in just 27 months. The contract was awarded by the Republic of Panama and was worth €110 million.

In November, a consortium under our leadership received a contract to construct a five-kilometer railway tunnel in Malmo, Sweden. This tunnel will improve the city's link to the long-distance rail route over the Oresund Strait between Sweden and Denmark. The project has a total volume of €260 million, with Bilfinger Berger having a 50% share.

While we see opportunities and further development potential in our foreign markets, in Germany we expect market conditions to remain difficult due to tight public sector budgets. We have adjusted to this situation and will continue to

flexibly adapt our capacities to actual demand. New stimulus can only be expected if there is a breakthrough with public-private partnerships.

According to our planning, the total output volume of the Civil business segment will increase in full-year 2004 to more than €2,400 million. Due to the risk provisions for the Maumee River Crossing, EBITA will be around half of the prior-year level.

Building and Industrial

- **Output volume and order backlog above prior-year levels**
- **Significant synergies between the business segments**
- **Improved earnings for the full year**

Key figures for Civil

€ million	1-9/2004	1-9/2003	Δ in %	12/2003
Output volume	1,787	1,576	+13	2,189
Orders received	1,895	1,630	+16	2,169
Order backlog	3,234	2,675	+21	3,102
Capital expenditure on P, P & E	27	40	-33	51
EBITA	-4	+20		+45
Employees	22,570	24,881	-9	25,541

Key figures for Building and Industrial

€ million	1-9/2004	1-9/2003	Δ in %	12/2003
Output volume	1,478	1,419	+4	1,920
Orders received	1,441	1,538	-6	1,899
Order backlog	1,946	1,774	+10	1,917
Capital expenditure on P, P & E	4	2	+100	5
EBITA	+3	+2	+50	+6
Employees	8,805	8,001	+10	8,615

Both the output volume and the order backlog of the Building and Industrial business segment increased during the period under review. Orders received were of a similar magnitude to output volume. EBITA improved to €3 million (Jan.-Sept. 2003: €2 million).

Building construction also profited from synergies between the business segments. The private-sector realization of a project to modernize public buildings housing the district administration of Unna, Germany is a good example of this. Our Building division is responsible for the modernization and expansion of three administrative buildings, while the technical management of these buildings is in the hands of our specialist service provider. Projects of this kind demonstrate the growing significance of complete solutions. Close cooperation between units of the Group from the business segments of Building and Industrial, Services and Concessions facilitates the utilization of cross-selling potential along the entire value chain of design, financing, development, construction, maintenance and operation.

At the start of October, we handed over to the DaimlerChrysler Group its new Global Training Center in Stuttgart. We were responsible for its

design and turnkey construction, including the building's sophisticated technical and control equipment. From this center, sales and service personnel from around the world, aided by the latest communication technology, will be familiarized with new vehicle models.

In Nigeria, our Julius Berger subsidiary is expanding the building complex of the National Assembly in Abuja, the country's capital city. This project, with a volume of €140 million, includes the turnkey construction of two five-story office centers for senators and members of the House of Representatives. The client for this contract is the development authority of the capital city.

For full-year 2004, we plan to increase the output volume of the Building and Industrial business segment to €2,050 million, and EBITA is expected to improve compared with the prior year.

Services

- **Distinct increase in output volume and order backlog**
- **Renewed significant rise in earnings**
- **Targeted expansion of services business**

Output volume and order backlog in the Services business segment, which comprises our facility management and industrial services activities, rose considerably in the first nine months of this year. Orders received equaled the level of the prior-year period. With an increase to €36 million (Jan.-Sept. 2003: €26 million), EBITA once again showed a substantial growth.

In the business of facility management, we expect to achieve an output volume of more than €500 million for the full year. Within a very short time, Bilfinger Berger has progressed to become one of Germany's market leaders in this sector. Meanwhile, we have bundled all of these activities in the HSG Group, which concentrates on the challenging field of technical and commercial facility management. To supplement this business, in October 2004 we acquired DiPro Professional Property Services, a company specializing in commercial facility management for entire real estate portfolios. The importance of the U.S. market has grown considerably this year. Centennial, a company we acquired at the end of 2003, is a leading provider of maintenance and extension work for buildings, carried out on the basis of long-term framework agreements.

In industrial services we have an even more international reach. Output volume in this division will exceed €1 billion in the 2004 financial year. Rheinhold & Mahla has further strengthened its

Key figures for Services

€ million	1-9/2004	1-9/2003	Δ in %	12/2003
Output volume	1,189	967	+23	1,363
Orders received	1,241	1,236	0	1,464
Order backlog	1,151	1,014	+14	1,121
Capital expenditure on P, P & E	13	11	+18	31
EBITA	+36	+26	+38	+47
Employees	16,855	15,095	+12	15,612

Key figures for Concessions

number / € million	1-9/2004	1-9/2003	Δ in %	12/2003
Projects in portfolio	15	8	+88	11
thereof, in construction	10	3	+233	6
Committed equity	171	100	+71	148
thereof, paid-in	108	90	+20	90
EBITA	0	+2		+3
Employees	61	50	+22	50

leading position as a services provider for processing industries in many European countries, and in this connection has received new maintenance contracts for gas desiccating plants in Germany and Romania. In the United States, Fru-Con is successful as a service partner for renowned industrial clients, while in the Australian market Abigroup has expanded its activities to the maintenance of power-supply networks with the recent takeover of Skilled Power Services. This acquisition opens up considerable synergy potential with the existing services business in the field of gas and water supply.

In full-year 2004, we expect the Services business segment to increase its output volume to around €1,550 million. The already strong EBITA of the prior year will be exceeded significantly.

Concessions

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- **Dynamic development of investment portfolio**
 - **First major project in Hungary**
 - **First PPP project in building construction in Germany**
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Our investment portfolio in the public-private-partnership (PPP) business is developing dynamically, with the number of projects nearly doubling compared with the prior-year period. Due to several major projects, committed equity increased to €171 million at the end of the third quarter: of this sum, €108 million was paid into project companies. The business segment's EBITA was at breakeven.

In Hungary, together with Austrian partners we are realizing the M6 expressway south of Budapest. Our consortium will design, finance and build the 58-kilometer toll road, and then operate it for a period of 22 years, for which we will receive a

fixed monthly fee from the Hungarian government throughout the operating phase. The volume of this project amounts to €470 million, and Bilfinger Berger has a 40% stake in the concession company.

In Germany, together with the District of Unna, Bilfinger Berger is realizing the country's first fully integrated PPP project involving an administration building. The offices of the district administration will be modernized, expanded and then operated over a period of 25 years by Bilfinger Berger. The demand for PPP solutions for public buildings is growing, and the first investments have already been made, thereby boosting the chances that a market with large investment volumes will develop in Germany in the coming years.

Despite continuing substantial start-up costs for the development of new projects, we expect this business segment to break even in terms of EBITA once again in full-year 2004. It must be taken into consideration that most of our projects are under construction or still at an early phase of operation. EBITA is therefore currently unsuitable as a measure of the success of this business. Our projects generate a return on equity over their concession periods of between 12% and 17%; their future free cash flows already add up to more than €800 million. We will continue to extend our portfolio with selected new projects that fulfill our strict profitability criteria.

Interim financial statements

The interim financial statements for the period of January 1 to September 30, 2004 have been prepared according to the principles of the International Accounting Standards Board (IASB), London, as were the year-end financial statements for 2003. The accounting and valuation methods explained in the notes to the 2003 consolidated financial statements were again applied with just one exception: we have already adopted the new

regulations on business combinations (IFRS 3) with effect from January 1, 2004, and for this reason we no longer amortize goodwill. Instead, the carrying values of goodwill are subjected to impairment tests at least once a year. When allocating the purchase price for newly acquired companies to the assets acquired, intangible assets are also to be capitalized, which could lead to write-downs in the following years.

Consolidated income statement

€ million	January 1-September 30		July 1-September 30	
	2004	2003	2004	2003
Sales revenues / changes in inventories	4,109	3,418	1,441	1,262
Other operating income	81	69	27	33
Cost of materials	-2,609	-2,077	-912	-764
Personnel expenses	-1,138	-962	-387	-330
Depreciation	-62	-59	-21	-20
Other operating expenses	-356	-348	-140	-150
EBITA (earnings before interest, taxes and goodwill amortization)	25	41	8	31
Income from exceptional items	0	238	0	238
Expenses from exceptional items	0	-160	0	-160
EBITA after exceptional items	25	119	8	109
Goodwill amortization (thereof, from exceptional items: 0, prior year: 30)	0	-39	0	-33
EBIT (earnings before interest and taxes)	25	80	8	76
Income from investments	0	13	0	2
Net interest result	2	-8	2	-2
EBT (earnings before taxes)	27	85	10	76
Taxes on income and earnings	-10	16	-4	17
Minority interests	-3	-3	-2	-3
Net profit/loss	14	98	4	90
Average number of shares in thousands	36,733	36,444	36,743	36,554
Earnings per share, basic (€)	0.38	2.70	0.11	2.46
Earnings per share, diluted (€)	0.38	2.69	0.11	2.45
Earnings adjusted for exceptional items				
EBIT	25	32	8	28
EBT	27	37	10	28
Net profit	14	23	4	15
Earnings per share, basic (€)	0.38	0.62	0.11	0.41
Earnings per share, diluted (€)	0.38	0.62	0.11	0.41

The increase in income and expense items is a result of the initial consolidation of the companies acquired at the end of 2003, particularly Abigroup and Centennial.

The EBITA figure includes a risk provision of €50 million for the Maumee River Crossing project. However, due to good profit contributions from other projects and a significantly higher profit in

the services business, EBITA decreased by only €16 million to €25 million (Jan.-Sep. 2003: €41 million).

The application of IFRS 3 means that goodwill is no longer amortized this year. Following the sale of our Buderus shares in mid-2003, there is no longer any income from investments; in the first nine months of last year this item had made a substantial contribution to net profit of €13 million.

Due to the increased net cash and the resulting optimization of financial debt, interest income was positive at €2 million, compared with an interest expense of €8 million in the prior-year period.

EBT therefore amounts to €27 million. The prior-

year result of €85 million includes exceptional items in an amount of €48 million from the sale of our Buderus shares. Adjusted for these exceptional effects, the decrease in EBT amounts to €10 million.

Income taxes reduce net profit by €10 million, whereas in the prior year, a positive tax effect of €16 million was reported as a result of exceptional items; without these exceptional items there would have been a tax expense of €12 million in the prior year.

Net profit of €14 million is €9 million below the figure for the prior-year period after adjusting for exceptional effects (€23 million).

Consolidated balance sheet

€ million	Sept. 30, 2004	Dec. 31, 2003
Assets		
Fixed assets		
Intangible assets	331	300
Property, plant and equipment	536	540
Financial assets	164	172
	1,031	1,012
Current assets		
Inventories	448	371
Receivables and other assets	1,209	1,095
Cash and marketable securities	794	900
	2,451	2,366
Deferred tax assets	124	105
	3,606	3,483
Liabilities and shareholders' equity		
Shareholders' equity	1,081	1,111
Minority interests	18	25
Provisions		
Provisions for pensions	93	90
Other provisions	462	454
	555	544
Liabilities		
Liabilities to banks ¹	320	343
Other liabilities	1,571	1,404
	1,891	1,747
Deferred tax liabilities	61	56
	3,606	3,483

¹ Thereof, non-recourse debt of €178 million (December 31, 2003: €162 million).

Consolidated statement of cash flows

€ million	1-9 / 2004	1-9 / 2003
Cash earnings according to DVFA/SG	47	100
Change in working capital	-31	-208
Cash flow from operating activities	16	-108
Cash flow from investing activities	-34	504
Cash flow from financing activities	-91	-115
Change in cash and marketable securities	-109	281
Other adjustments to cash and marketable securities	3	4
Cash and marketable securities at January 1	900	772
Cash and marketable securities at September 30	794	1,057

The cash inflow from operating activities amounts to €16 million (Jan.-Sep. 2003: cash outflow of €108 million). The significant improvement compared with the prior-year period is due to a much smaller increase in working capital.

Of the cash outflow for investing activities, €28 million was net capital expenditure on property, plant and equipment, and the remaining €6 million was for financial assets. The total amount invested in financial assets was €65 million. This was for the purchase of the remaining shares in

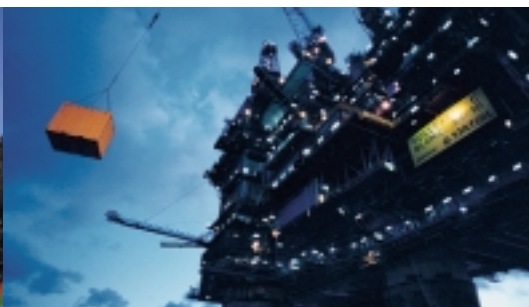
Abigroup, the acquisition of the Polish company WPRD and of various companies in the Services segment, and the equity paid into Victoria Corrections, the concession company in Australia. The sale of our 8.1% equity interest in the listed highway operator Hills Motorway resulted in a cash inflow of €58 million.

The €91 million cash outflow for financing activities is the sum of €43 million for loan repayments and €48 million for the dividend distribution for the year 2003.

Statement of changes in shareholders' equity

€ million	Subscribed capital	Additional paid-in capital	Retained earnings	Other comprehensive income ¹	Unappropriated-retained earnings	Total
Balance at January 1, 2003	109	522	355	-11	36	1,011
Contributions to capital	1	0	0	0	0	1
Dividend distributions	0	0	0	0	-36	-36
Net profit	0	0	0	0	98	98
Other changes	0	0	0	-3	0	-3
Balance at September 30, 2003	110	522	355	-14	98	1,071
Balance at January 1, 2004	110	522	445	-14	48	1,111
Contributions to capital	0	0	0	0	0	0
Dividend distributions	0	0	0	0	-48	-48
Net profit	0	0	0	0	14	14
Other changes	0	0	0	4	0	4
Balance at September 30, 2004	110	522	445	-10	14	1,081

¹ Currency translation and reserves from the fair valuation of securities and hedging transactions



Financial calendar

2005

February 17	Preliminary figures for the year 2004
March 31	Press conference on financial statements
March 31	Analysts' conference
May 12	Interim Report Q1 2005
May 19	Annual General Meeting*
August 11	Interim Report Q2 2005
November 14	Interim Report Q3 2005

* Congress Centrum Rosengarten,
Mannheim, 10 a.m.

The members of the Supervisory and Executive Boards are listed in the Boards of the Company section of our Annual Report and our Internet site, www.bilfingerberger.com

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