# Annual Press Conference of Bilfinger Berger AG in Mannheim on Monday, March 17, 2008, at 11:00 a.m.

**Speech by Herbert Bodner,**
**Chairman of the Executive Board**

--------------------------------------------------------------------------------

*Check against delivery.*

Good morning Ladies and Gentlemen,

I would like to welcome you to our annual press conference.

Bilfinger Berger improved its performance and achieved record results once again in the year 2007. Particularly positive: our earnings again increased at a higher rate than our output volume – for the third time in succession.

Let me first tell you about the most important developments in our business segments.

***(Chart: Civil: Strong demand in all markets)***

In the **Civil** business segment, in view of the high level of demand worldwide, we focus on regions where we have a strong market position.

In Australia, the Group's biggest construction market, we received a number of new major orders. Brisbane is currently the most important regional focus of our civil-engineering activities. There we are involved in two major projects with a total volume of more than 2 billion euros.

Demand has improved in the German market. An interesting new project here is a subway line in Düsseldorf with an order volume of 300 million euros.

In our European markets outside Germany, substantial investments continue to be made in the expansion of transport infrastructure. In Sweden for example, we received an order for tunnel construction work for the northern part of the ring road around Stockholm. In France, we are carrying out extensive excavation and civil engineering work for the extension of the TGV high-speed train network.

In Doha in the Arabian Gulf, we have started a major project for the construction of Barwa City. We will build a new suburb for 20,000 people with a project volume of 1 billion euros.

***(Chart: Key figures for Civil 2006-2007)***

The output volume of the Civil business segment grew significantly last year by 23 percent to 3.6 billion euros. The high level of orders received will ensure good capacity utilization also this year. EBITA increased by 35 percent to 58 million euros.

We anticipate an ongoing good demand situation in all of our civil engineering markets. Our strong order backlog allows us to carefully select clients, projects and partners. Due to the close cooperation between our units across national borders, we can flexibly deploy technology, personnel and equipment.

We therefore expect the positive trend to continue in our main international markets. For Germany, we are also optimistic, although the cost situation is difficult and the quality of the orders, due to the wrong set of priorities often applied at the contract award, has not yet reached the levels of comparable international markets.

Against this background, we plan for the Civil business segment to achieve an increase in both output volume and earnings in 2008.

***(Chart: Building and Industrial: Selective approach with growing demand)***

Our **Building and Industrial** business developed positively in Australia last year. Strong demand allows the targeted selection of new projects with due consideration of profitability and risk factors.

Since last year, our German Building division has been experiencing a turnaround in commercial and public sector construction. For example, we are building justice centers in Wiesbaden and Chemnitz, a new penitentiary in Burg near Magdeburg and eight schools in Halle an der Saale, all as public private partnership models. For Lufthansa we are building a new training center near Frankfurt, for ECE shopping centers in Essen and Passau.

Strong growth in demand for construction in Germany led to bottlenecks in subcontractor services in 2007, and also to cost increases that could not have been foreseen in this extreme form. Nevertheless, our German Building division performed relatively well and was able to reach breakeven in terms of operating earnings.

***(Chart: Key figures for Building and Industrial 2006-2007)***

Due to very selective order acquisition, output volume in the Building and Industrial segment of nearly 2 billion euros was, as expected, slightly below the level of the prior year. The missing contribution margin from Germany was offset by our activities in Australia. With 24 million euros, an EBITA above the level of 2006 was achieved.

In view of the good economic conditions, we anticipate positive development in the Building and Industrial business segment. In Germany, we have adjusted to the difficult market on the cost side and expect our building construction unit to once again generate positive earnings. Our building construction business in Australia has a high quality order backlog and will continue to achieve positive results in the future.

In the year 2008, we plan for our Building and Industrial business segment to achieve an output volume at the level of the prior year and an increase in EBITA.

In order to establish a more uniform Group structure, we intend to spin off the Building and Civil divisions from Bilfinger Berger AG and to operate them as legally independent companies. A final decision on this measure will be made at the coming Annual General Meeting. The purely structural move will have no effect on the Executive Board's proximity to operational business.

***(Chart: Services: Very successful year in all three divisions)***

As a result of the continued expansion of the services business, we have further reduced our dependence on economic cycles. The three divisions – Industrial Services, Power Services and Facility Services – continued their successful development in 2007. The business segment surpassed expectations once again.

Bilfinger Berger Industrial Services is well positioned to meet demand from the processing industry for external services. For the company, 2007 was again an impressive year of growth – both organic and through acquisitions. In Germany, we further strengthened the division's specialist know-how with the acquisition of Peters Engineering. Activities in the United Kingdom were expanded with the takeover of O'Hare Engineering. And with the acquisition of Norsk Hydro at the beginning of 2008, we have managed to assume a leading position in the Scandinavian market. In addition, we recently extended our product offering in the Australian services business with the acquisition of iPower Solutions.

Bilfinger Berger Power Services also grew once again and recorded high levels of orders received. In its most important markets – Germany, Europe, the Arabian Gulf region and South Africa – the company profits from the generally growing need for energy. Our clients invest in both the rehabilitation of existing power plants as well as in the construction of new ones. Furthermore, increasingly strict environmental regulations are forcing energy companies to fit their power plants with the most modern technology available.

Bilfinger Berger Facility Services further increased its output volume in the past year and solidified its strong position on the German market. Here we are a leading provider of premium real-estate services – from technical services to property and asset management of entire real-estate portfolios. In addition to our established clientele from the services sector, we are increasingly administering office and production buildings for industrial clients, for example BMW in Leipzig or ZF in Saarbrücken. In asset and property management, opportunities for growth are arising from the increased involvement of international real-estate funds in Germany. In the health-care sector, too, we expect growing demand as a result of the pressure to reduce costs.

***(Chart: Key figures for Services 2006-2007)***

The Services business segment's output volume climbed by a total of 25 percent to 3.6 billion euros, while EBITA increased by the even higher rate of 46 percent to 180 million euros. The organic growth of output volume was 17 (of 25) percent, while the organic increase in earnings amounted to 33 (of 46) percent.

Ladies and gentlemen,

The development of our company in the services business is by no means exhausted. Bilfinger Berger will further expand in this business while utilizing opportunities for acquisitions as it has in the past.

For the year 2008, we are again expecting growth in output volume and an increased EBITA in the Services business segment.

***(Chart: Concessions: Continued expansion of portfolio)***

In the Concessions business segment, we further expanded our portfolio. As always, the focus of these activities is on markets with stable political and economic conditions and in the sectors of public-sector construction and transport infrastructure.

During the year 2007, we reached financial close on three new projects into which we will contribute equity of 24 million euros. In Canada, we assumed responsibility for the design, financing, construction and operation of a section of the Calgary ring road. In Scotland, we are realizing two projects in the field of education: six new schools are being built in the Scottish Borders region and in the county of Clackmannanshire.

***(Chart: Key figures for Concessions 2006-2007)***

At the end of the year, our concessions portfolio comprised 18 projects, while our equity commitment amounted to 161 million euros. Of that total, 71 million euros had been paid into project companies. Due to the projects' early stage of maturity and high bidding costs, EBITA was slightly negative at minus 2 million euros. The present value of the portfolio, the real measure of success in this business, continued growing to 119 million euros at the end of the year. Due to the conservative valuation of the portfolio, currently based on the mathematical approach of an average discount interest rate of 10.1 percent, there is a significant valuation reserve. The application of a lower discount interest rate would lead to significantly higher cash values.

Our bidding activities will, also in the future, be focused on defined sectors and regions. The current project portfolio has very good profitability prospects. Due to stable cash flows and attractive returns on equity, the portfolio's advancing maturity means that another increase in its market value can be expected in 2008. This development will continue in the years to come. The comprehensive know-how of our Multi Service Group is required in the expansion of the concessions business. The intermeshing of development, construction and operator competencies gives us competitive advantages that we intend to translate into further growth of the portfolio.

Ladies and Gentlemen,

The positive development of our business segments is reflected by the key figures for the Group.

***(Chart: Output volume, orders received and order backlog 2006-2007)***

Total output volume increased by 16 percent to 9.2 billion euros. The share of output volume generated in international markets was 67 percent; the domestic construction business contributed 16 percent to the total; while the share accounted for by the services business in Germany was 17 percent.

Primarily due to strong growth in services and new major construction projects, orders received increased by 13 percent to 11.3 billion euros.

Order backlog grew by 23 percent to 10.8 billion euros. The three key performance measures thus reached new record levels.

***(Chart: Net profit 2006-2007)***

As mentioned at the outset, earnings grew at a rate greater than output volume. EBITA increased by 34 percent to 242 million euros.

Scheduled amortization of intangible assets from acquisitions amounted to 13 million euros. There is no doubt about the value of goodwill and we are far away from the necessity of impairments.

Earnings before taxes increased 32 percent to 228 million euros. The income tax expense increased at a lower rate than earnings, because the Group’s effective tax rate in the prior year was affected by special items. The effective tax rate in 2007 was again at 37 percent and thus equal to the prior year level after adjustments for special items.

After deducting the minority interest, net profit amounted to 134 million euros. This represents an increase of 46 percent. Earnings per share rose to 3 euros and 60 cents.

***(Chart: Dividend per share and dividend payout 2006 - 2007)***

We want our shareholders to participate commensurately in the Group's growing success in the form of an attractive dividend. On May 21, it will therefore be recommended to the Annual General Meeting that a dividend increase of 55 cents to 1 euro 80 cents per share be distributed to the shareholders. The dividend paid out will thus increase to 67 million euros. As in the prior year, this represents a payout ratio of 50 percent.

***(Chart: Group value added 2006-2007)***

An important financial-controlling system at Bilfinger Berger is return-on-capital-employed controlling. With this system, we measure the value added by our business segments and by the Group as a whole. Return on capital employed for the Group increased from 16.3 percent to 18.7 percent in 2007 again well above the cost of capital of 10.5 percent before taxes. Value added increased to 126 million euros, from 80 million euros in 2006.

***(Chart: Consolidated balance sheet 2006-2007)***

Ladies and Gentlemen,

Our consolidated balance sheet documents the unchanged sound financial position and capital structure of the Group. The balance sheet total increased from the prior-year level by nearly 1 billion euros to 6.1 billion euros. Apart from our organic growth, this was primarily due to the expansion of the concessions business.

On the assets side, this is reflected above all by non-current assets. This segment’s receivables from concession projects and other non-current assets increased by approximately 600 million euros.

The larger volume of business and the reclassification of office buildings with a book value of 96 million euros increased current assets by a good 300 million euros.

Cash and cash equivalents of nearly 800 million euros were at an unchanged high level at the end of the year.

On the liabilities side, there was an increase in non-recourse debt, which does not involve any liability for the Group, by a good 500 million euros to nearly 1.4 billion euros. This corresponds with the growth of receivables from concession projects. Financial debt – excluding projects on a non-recourse basis – was reduced to 111 million euros.

The equity ratio was 21 percent at the end of the year. Excluding non-recourse debt, which is not taken into consideration when assessing creditworthiness, the equity ratio was 28 percent, the same as a year earlier.

***(Chart: Statement of cash flows 2006-2007)***

Strong earnings and an exceptional level of advance payments received led to an unusual increase in the net cash inflow from operating activities to 325 million euros.

Investments in property, plant and equipment and intangible assets increased to 204 million euros as a result of the larger volume of business. The free cash flow normalized compared with the prior year, which was impacted by high cash inflows from disposals of financial assets, and amounted to 152 million euros.

***(Chart: Relative share-price development)***

Despite the Group’s strong performance, our share price was unable to avoid the equity-market turbulence of 2007. The stocks of the entire European construction industry lost value since mid 2007.

In February 2008, we utilized the low level of equity prices to start a program to buy back our own shares in a volume of up to 100 million euros.

In order to maintain the company’s financial flexibility, we do not initially intend to cancel the shares. So far, we have bought back around 700,000 shares in an amount of more than 35 million euros.

Ladies and Gentlemen,

New opportunities are being opened up in all of our markets – opportunities that excite our employees and motivate them to ever greater levels of performance. I would like to demonstrate this to you with a few examples from the areas of growing demand for energy and climate protection. At the same time, I want to make clear how we are developing resource-conserving and environmentally friendly solutions with our lifecycle approach in all business segments.

Examples:

***(Photo: Lufthansa training center in Seeheim-Jugenheim)***

- More than one third of all $CO_2$ emissions in Germany are caused by the use of buildings – far more than by road traffic with about 20 percent. Our Building construction units increasingly discuss the holistic view of a building with their clients. The focus, in addition to reasonable investments, is on long-term operating costs – and especially energy consumption – because that has a decisive impact on the profitability of a property. Thanks to our comprehensive expertise on the technical and operating aspects of buildings, we are in a position to precisely analyze the interaction between design, construction and operation, and to fully make full use of the potential for optimization. At the same time, core aspects of sustainable construction are coming to the fore.

***(Photo: Bilfinger Berger Industrial Services, industrial insulation)***

- About 20 percent of $CO_2$ emissions in Germany are caused by industrial production. Bilfinger Berger Industrial Services is Europe's leading supplier of heat and cold insulation for production plants. With our comprehensive technical expertise, we help to reduce energy losses and emissions in the production process, not only for new, but above all for existing plants.

***(Photo: Bilfinger Berger Power Services,***
***CO2-free / low-CO2 power plants)***

- Bilfinger Berger Power Services is actively involved in improving the efficiency of both new power plants and those in need of modernization. We also support power companies with the fulfillment of increasingly strict environmental regulations. With a number of research projects, we are pursuing the goal of reducing the $CO_2$ emissions of power plants. This includes techniques for the processing of new materials for higher combustion temperatures and the development of innovative equipment for flue gas desulfurization. Other research projects aim to improve the combustion process in coal-fired power plants. We have registered patents for the components used in this equipment. With a low- $NO_X$ gas burner we have developed, for example, existing plants can meet strictest emission limits for nitrogen oxides without having to undergo expensive boiler changes.

***(Photo: Kicking Horse Pass, Canada)***

- Comprehensive approaches lead to more sustainable results. That applies not only to real estate but also to roads. Privately financed projects are planned and executed faster than with conventional methods. In addition, with public-private partnerships, the focus of considerations is on permanent availability. Traffic disruptions from repair and maintenance work which result in pollution from traffic jams are therefore reduced to a minimum and many environmentally damaging traffic jams can be avoided. All the projects in our concessions portfolio with a total volume of more than 3.2 billion euros have been optimized in terms of sustainability aspects.

***(Photo: Horns Rev offshore windpark, Denmark)***

- Our Civil business segment is one of the world's leading experts for the foundations of offshore windparks. At present, we are laying the foundations for the world's biggest windpark of this kind off the west coast of Denmark. The foundations for 91 wind turbines are being constructed in the open sea approximately 30 kilometers from land. Steel pipes – 40 meters long, nearly four meters in diameter and weighing 200 tons – are rammed 20 meters into the seabed with the utmost precision. Upon completion, the windpark will cover the energy requirements of 200,000 households.

Ladies and Gentlemen,

As you can see, also in connection with climate protection and energy saving, our expertise is needed in many areas. Bilfinger Berger therefore sees sustainability not primarily as an obligation, but as a development opportunity that must be grasped.

Let me briefly summarize. We continue to anticipate generally good economic conditions in the markets relevant for the Group. In Germany, demand for construction will grow in 2008, though presumably not at the rate we saw 2007. Public private partnerships offer future opportunities on our home market. The Federal Finance Minister has demanded that 15 percent of public-sector investment should be privately financed. Even though we are still far from this target, at least in the field of building construction there is a growing number of projects that are being implemented by public-sector clients with great success together with their private partners according to this model.

An unchanged robust construction market is to be expected in most neighboring European countries. In Australia, there is an ongoing strong demand for civil-engineering services; in the field of building construction, commercial building will continue its growth. Canada will continue to invest in the expansion of its road network. The same applies to the oil-exporting countries, which will invest substantial funds in the improvement of their infrastructures.

In the services business, too, we are profiting from increasing investment. The sectors important to us – the chemical, petrochemical and energy industries – are among those with the strongest growth. The increasing activities of international investors in the German real-estate market promotes the outsourcing of facility-management services to qualified external partners.

***(Chart: Outlook)***

Ladies and Gentlemen,

We are well prepared for the tasks that lie ahead of us, both in terms of personnel and finances. We have the necessary financial resources for future acquisitions. There are enough funds available to continue to invest in concession projects. Strong demand in the construction business allows for consistent order selection and advances the planned increase in profitability.

Ladies and Gentlemen,

We are confident that we will be able to continue our successful development and improve our performance. Also this year, we therefore plan growth in output volume and an increase in EBITA and net profit.

Thank you for your attention.