

Services

- **Dynamic development in all three divisions**
- **Higher than expected earnings**
- **Further increases in output volume and earnings planned**

In 2007, our services business developed very well once again. The positive economic situation in many regions of the world led to lively demand in our markets. The segment recorded dynamic growth in all three divisions – Industrial Services, Power Services und Facility Services – and was able to increase earnings at a disproportionately high rate.

Output volume climbed by 25 % to €3,606 million. At €4,125 million, orders received were 23% higher than in the prior year. At the end of the year, order backlog exceeded the prior year figure by 24% and amounted to €2,844 million. EBITA exceeded our expectations with an increase of 46% to €180 million (2006: €123 million).

Organic growth in output volume amounted to 17%, and organic growth in earnings was at 33% .

The higher volume of business was linked to both an advance in capital expenditure on property, plant and equipment to €82 million (2006: €52 million) and an increase in the number of employees to 32,196.

Boom in demand at Industrial Services

Output volume in the Industrial Services division in 2007 rose to €2,192 (2006: €1,753 million).

Bilfinger Berger Industrial Services offers its clients in the processing industry comprehensive services for the repair, maintenance and modernization of production facilities. The economic upswing in Germany and the rest of Europe leads to lively demand and rising margins. The energy

and chemical industries are among those driving growth across Europe. Norway and the United Kingdom are especially noteworthy among those Western European countries in which the offshore sector is expanding strongly due to the worldwide energy boom. In Eastern Europe a significant amount of investment is flowing into the expansion and renewal of industrial plants and into repair and maintenance services. At some individual industrial locations the outsourcing of complete service units is taking place. The capacities of the entire industrial services business in Europe are currently running at or near full capacity.

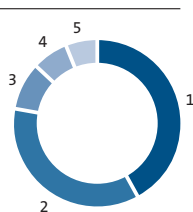
Bilfinger Berger Industrial Services is not only growing faster than the overall market, its success can also be seen in the disproportionately high rate of increase in profitability. Our wide range of services offers us the possibility to bring together various trades such as pipe construction, machine technology, electrical engineering, instrumentation and control engineering, insulation, scaffolding and corrosion protection and to create customized solutions for our clients. Full-service packages extend all the way to complete maintenance management for entire industrial parks. This means that we are well-positioned to benefit from the general trend toward complete service packages from a single source. In the year under review we rounded out our range of products through targeted acquisitions. Among these was the takeover of Peters Engineering, a German company that is specialized in design services for the maintenance, expansion and construction of plants in the chemical, petrochemical and pharmaceutical industry. We expanded our market position in the United Kingdom with the acquisition of O'Hare Engineering. The company offers repair and maintenance services for production facilities and the focus of their activities is in machine technology, electrical engineering as well as instrumentation and control engineering.

Key figures for Services

€ million	2007	2006	Δ in %
Output volume	3,606	2,881	+25
Orders received	4,125	3,345	+23
Order backlog	2,844	2,285	+24
Capital expenditure	82	52	+48
Depreciation	41	35	+17
EBITA	+180	+123	+46
Employees (number at December 31)	32,196	30,218	+7

Services: Output volume by region

€ million	2007	2006	%
1 Germany	1,503	1,284	42
2 Rest of Europe	1,301	856	36
3 America	345	334	9
4 Australia	251	238	7
5 Other regions	206	169	6
	3,606	2,881	100



In financial year 2007, the company was able to gain or extend numerous long-term framework agreements. For ExxonMobil Germany we took over responsibility for maintenance activities for natural gas pipelines with a total length of 3,200 kilometers. That in addition to seven compression stations and four repositories for the temporary storage of natural gas. Our services include mechanics, electrical engineering, instrumentation and control engineering, insulation and scaffolding as well as other special tasks. We completed a comprehensive service contract with Lanxess for dosage machines in the beverage industry. Bilfinger Berger assumes responsibility for the manufacturing, further development and maintenance of the machines. The operation of a 24-hour service hotline for users of the machines is also part of the agreement. With RAG and Evonik we completed several framework agreements for the installation of industrial scaffolding. The scaffolding will ensure access to technical plants so that repair and rehabilitation works can be carried out. Because the work must be carried out while the plant is in operation, the assembly of the scaffolding has to be closely coordinated with the operational processes. Sophisticated logistics give the scaffolding builders a high degree of flexibility and short reaction times.

On the Australian market we concern ourselves primarily with services for industrial plants as well as with electrical, gas and water networks. In 2007 we extended a framework agreement with Powercor, the largest energy provider in the state of Victoria, by an additional five years. Near the city of Wagga Wagga, our services and construction units are involved in the design and construction of a 600 MW natural gas power plant. There, the energy group Newgen Power is building the most modern power

plant in the state of New South Wales with especially low levels of pollutants. Bilfinger Berger is also involved in the design, delivery and assembly of plant parts for the expansion of the sugar factory from Sugar Australia in Yarraville. In Queensland, a 5,000 ton tank facility for liquid ammonium is being built under contract from the Dyno Nobel chemical group. Through the 2006 acquisition of Techscape in Auckland, Bilfinger Berger has risen to market leader in the maintenance of water distribution networks in New Zealand. There we have completed a new framework agreement with the North Shore City Council. It includes repair and maintenance of the entire infrastructure of water supply and sewage in the region.

In the United States we intend to further expand our industrial services business which has been operating successfully there for years. With the help of our comprehensive engineering competence, we provide our regular customers from the process, food and pulp & paper industries with customized service packages, from design, personnel training and commissioning through to operational management. The industrial services business which had previously belonged to Fru-Con, our American subsidiary, was taken over at the beginning of 2008 by Bilfinger Berger Industrial Services.

Successful year for Power Services

Bilfinger Berger Power Services combines our services activities in the power plant sector. Output volume in the division in 2007 rose to €694 (2006: €520 million). The service range is tailored to the special requirements of energy companies. In addition to ongoing maintenance, here we offer lifetime extensions, efficiency enhancements and rehabilitation of power plants. The delivery of components for plant construction rounds out our range. Services activities are focused primarily on steam generation, high-pressure piping systems and flue-gas desulphurization.

The division's most important markets are Germany and the rest of Europe, the Arabian Gulf region and South Africa. Throughout these regions, in view of growing demand for energy, increased investments are being made in the rehabilitation and new construction of additional power plant capacity. Environmental protection requirements that are becoming ever stricter – the reduction of NO_x und CO₂ emissions and an effective flue gas desulphurization – also contribute to the higher demand for power plant services.

2007 was a very successful year for our power services business. The high level of orders received gives us a solid basis for strong organic growth in the years to come. There is a great deal of dynamic primarily in the delivery of plant components as well as in the modernization, conversion and construction of power plants. In the construction of high-pressure piping we occupy a leading position in terms of technology. We have expanded this competitive advantage in the year under review through investments in special machines and the merger of individual company units.

In Germany, Bilfinger Berger Power Services works as a service provider for all major energy suppliers. In the previous year we received an order to outfit the Voerde power plant, operated jointly by RWE and Evonik, with two ultra-modern anthracite mills and eight new coal dust sifters for pulverized coal firing. The mills, which guarantee the optimal grinding of differing qualities of coal, were developed by the company itself. The order also includes the assembly of 2,500 meters of coal dust pipes. For Bilfinger Berger Power Services, it was an important competitive advantage to be able to provide all of these services from a single source. At the lignite-based power plant in Neurath where, under contract from RWE, we completed the turnaround of the high-pressure piping system of a power plant block and in the spring of 2008 will begin work on a second block, we will also carry out the turnarounds for three additional power plant blocks planned for 2008 and 2009. At RWE's coal-burning power plant Hamm-Uentrop, our Power Services units have been responsible for ongoing repair and maintenance works for years. We have now been given the job of executing the upcoming turnaround for the main boiler.

At the Boxberg and Moorburg power plants, both of which are operated by Vattenfall, we are designing and installing flue-gas desulphurization units. At the Schwarze Pumpe location, a

pilot project for a CO₂-free coal-burning power plant is currently being built. Bilfinger Berger Power Services will deliver the flue-gas cleaning system for the project. The burning of the coal is done through the oxy-fuel procedure which requires pure oxygen. The CO₂ which is separated with the help of the flue gas cleaning unit can be placed in storage.

In Europe outside of Germany, markets in the newer EU member states are showing particularly dynamic growth. Bilfinger Berger Power Services can make a significant contribution to upgrading old plants so that they comply with the required EU norms. In Poland, we are involved in the modernization of the lignite-based power plant Belchatow. With the rehabilitation of firing, pressure components and mills, we increase the degree of efficiency, extend the useful lifetime and reduce emissions.

In the Arabian Gulf region our power plant service has been working successfully for decades, for example on long-term framework agreements for the maintenance of the Al Taweelah power plant in Abu Dhabi. In view of increasing demand, we anticipate growth in output volume in the Middle East in the future. In South Africa, too, demand for energy is rising due to the positive development of the economy. Our regional subsidiary there occupies a leading position in the market. It has built large parts of the country's power plant capacity and, in the course of a 'return to service' program, was involved in the rehabilitation of numerous older power plants.

Facility Services with strong market position in Germany

The Facility Services division, the third pillar in our Services business segment, increased its output volume in the year under review to €720 million (2006: €658 million). Demanding technical real-estate services as well as property and asset management for entire real-estate portfolios are at the center of our product range. Germany is the most important market, one in which we hold a strong position based on our expertise and our comprehensive consulting competence. In the United States, in the special market segment of job-order contracting, we provide services such as the repair, maintenance, conversion and expansion of buildings.

In Germany, Bilfinger Berger is a leading full-service provider of integrated facility services. Our services and building units together offer a comprehensive range including consulting, design, financing, construction, maintenance and operation. We focus our facility services in Germany on demanding technical and commercial activities – infrastructure services such as cleaning, security or catering are, for the most part, transferred to subcontractors. Apart from the traditional circle of clients from the service sector, we are also increasingly involved in the administration of office and production buildings for industrial clients such as BMW in Leipzig or for ZF in Saarbrücken.

In the year under review, Bilfinger Berger Facility Services has received a number of orders from the German health-care sector. These are predominantly in the assumption of tasks in

ward service for hospitals. The service package offered provides relief for nursing personnel in the hospitals so that they can concentrate more on the medical needs of the patients. Our real-estate service units receive additional impetus through public private partnership projects and, in this connection, a series of contracts with terms of between 20 and 30 years were completed in 2007. We also received new orders in the management of sport and event/entertainment centers. In addition to the Commerzbank Arena in Frankfurt, which is already managed by Bilfinger Berger, we are now also responsible for technical and infrastructural operations at the recently opened Brita Arena in Wiesbaden.

In commercial facility services we concentrate on property management – the administration and rental of commercial real estate – and on asset management – the management of the real-estate portfolios of our clients. In the year under review we took over the management of additional properties from Vivico Real Estate. We now administer this client's entire portfolio of about 900 rental contracts and 180 objects. Vivico is a real-estate company with a portfolio of about 8.3 million square meters of rental space that includes, among other things, the historical Römischer Hof in Berlin or the RheinTriadem in Cologne. We were also successful in the tender process of DEGI Deutsche Gesellschaft für Immobilienfonds: together with a partner we are now responsible for the administration of properties in the German federal states of North-Rhine Westfalia, Baden-Württemberg and Bavaria. Since January 2002 our facility services units have been in charge of the center and facility management of the Sevens shopping center in Düsseldorf's renowned Königsallee shopping district. On the basis of this successful cooperation, the contract with the Commerz-Grundbesitz Spezialfondsgesellschaft was extended by an

additional six years. With the acquisition of the real-estate services of PSP, we further strengthened our commercial facility services in Switzerland last year. The acquired unit manages portfolios for institutional investors such as the Zürich insurance group. With the establishment of a good market position in Switzerland we are pursuing our strategy of expanding our real-estate services activities into interesting European markets.

In the United States, our American subsidiary, Centennial, extended or completed numerous framework agreements with public-sector clients for the repair, maintenance, conversion and expansion of buildings. Our activities in the special market segment of job-order contracting are developing very positively. We are active at many locations for the American Armed Forces, important clients also include schools, universities or international institutions such as the World Bank.

Outlook

Our successful services business will, in its Industrial Services, Power Services and Facility Services divisions, show further targeted growth, also through acquisitions. The rate of return generated by our units remains an area to which we pay particular attention.

Lively demand is also expected in the coming years in our markets for industrial services. In view of the high rate of growth in 2007 and the good utilization of current capacities, organic growth will be somewhat flatter. Our strategy in this business has proven itself and we will continue to pursue it strenuously. Because our regular customers are increasingly awarding global contracts for the repair and maintenance of their plants, we intend to further expand our activities around the world.

Growing worldwide demand for energy and the resulting necessity of the modernization and new construction of power plants opens up positive future perspectives for our Power Services division. Here we expect further organic growth in the coming years.

In what remains a hard-fought German market for facility services, the consolidation process among providers will continue unrelentlessly. The market volume for demanding real-estate services will continue to rise. We anticipate a stable business development in technical building management. In asset and property management, opportunities for growth are arising from the increased presence of international real-estate funds in Germany. In the health-care sector, too, we expect rising demand for our services as a result of cost reduction pressures.

For the year 2008, we expect another increase in output volume and EBITA in the Services business segment.