

Development of the business segments

Civil

- **Strong demand in all markets**
- **Higher output volume and earnings**
- **Sustained positive development anticipated**

The focus of our civil engineering business is on complex infrastructure projects in selected regions. In view of strong global demand and limited personnel resources, the careful selection of our target markets is essential. We prioritize regions with stable demand for construction in order to achieve our target margins. In addition to a number of European countries such as France and Poland, this includes Australia and the Gulf region. In North America, the focus of our civil engineering activities has shifted to Canada. In Germany, we are mainly involved in major projects in selected business centers and metropolitan areas.

The strong competitive position of our Civil business segment is primarily based on our advanced technical expertise. We are leaders in our core technologies of tunneling, bridge building, road construction, special foundations, waterways and environmental technology. An efficient organization and the qualification, motivation and mobility of our employees are the basis for the successful acquisition and execution of major infrastructure projects.

Capacity utilization in our Civil business segment was very high in 2007. Output volume increased by 23% to €3,647 million, while business outside Germany once again accounted for a high proportion of the total at 80%. Orders received of €4,528 million were substantially higher than output volume. The order backlog of €5,507 million at the end of 2007 was 17% higher than a year earlier. In line with our planning, EBITA increased to €58 million (2006: €43 million).

As a result of the growth in output volume and the procurement of equipment for new major projects, capital expenditure on property, plant and equipment increased to €112 million (2006: €73 million). The number of persons employed by the Civil segment rose by 12% to 16,440 at the end of the year.

Ongoing strong demand in Australia

Australia remains our largest civil engineering market. Civil's output volume there continued growing in 2007; there is an ongoing high level of demand due to high public-sector investment in the expansion of the transport infrastructure.

We took on several major infrastructure projects in 2007, one of them being to expand part of the Hume Highway, which connects the cities of Sydney and Melbourne. The project has a volume of €210 million and includes the widening of a 22-kilometer section of the highway as well as the construction of an eight-kilometer new section and of nine bridges. In March 2007, four months earlier than originally planned, we already completed the Albury-Wodonga freeway, a more than 17-kilometer section of the Hume Highway. As part of the expansion to four lanes, 31 bridges and several kilometers of noise-protection wall were built. The Group is also responsible for the long-term maintenance of several sections of the Hume Highway, which is to be completed by 2012. In Queensland, we continued work on a 100-kilometer pipeline and the related pump stations for the region's water supply. This order has a volume of €180 million.

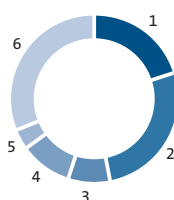
In Australia, major projects are often awarded as alliance contracts – in particular when the output volume has not been specified but will be defined during the course of the project by the client and the contractor. This contract model features a balanced distribution of risks; committees comprising members from both sides ensure that decisions are made quickly in the construc-

Key figures for Civil

€ million	2007	2006	Δ in %
Output volume	3,647	2,973	+23
Orders received	4,528	4,580	-1
Order backlog	5,507	4,706	+17
Capital expenditure	112	73	+53
Depreciation	58	52	+12
EBITA	+58	+43	+35
Employees (number at December 31)	16,440	14,628	+12

Civil: Output volume by region

€ million	2007	2006	%
1 Germany	720	602	20
2 Rest of Europe	982	942	27
3 America	292	211	8
4 Africa	381	255	10
5 Asia	148	112	4
6 Australia	1,124	851	31
	3,647	2,973	100



tion phase, preventing conflicts later. At the end of the year 2007, Bilfinger Berger had contracts in a total volume of €700 million on the basis of this pioneering model.

The regional focus of our civil engineering activities in Australia is currently in Brisbane, where we are involved in two major projects with a €1 billion share of the total contract volume. The more than five kilometers long North South Bypass links the suburbs in the north and the south of the city. The core element of this project is a double tunnel being built in close cooperation between Bilfinger Berger Tunnel Construction and Australian units. The expansion of the Brisbane Gateway Motorway features the construction of a complex bridge, the rehabilitation of an existing bridge, and the expansion of a 20-kilometer highway section. With this project, we also bear responsibility for design and subsequent maintenance.

Bilfinger Berger continues to see good prospects in the Australian civil engineering business. As demand is higher than suppliers' capacities, we are able to select new civil engineering projects according to risk and return criteria.

Good economic conditions in Europe outside Germany

Good economic conditions are also prevalent in our European target markets.

France

In France, our activities are focused on major projects in the fields of excavation, road building, tunneling and special foundations. The strong demand is driven by the expansion of the TGV high-speed train network, the need to replace existing infrastructure, and the expansion of the canal network. We have been involved in the expansion of the TGV network for a long time, including the route between Paris and Strasbourg, which was inaugurated in March 2007. Subsequently, we received a contract with a volume of €100 million for extensive excavation and civil engineering work for the Rhine-Rhone route. Our tunneling experts are carrying out a pioneering project in the Alps: the French and Italian governments plan to build a new fast railway line between Lyon and Turin. Starting in the year 2010, this entails the construction of a 53-kilometer tunnel. Work is now proceeding on preliminary shafts, which will at first deliver information on the area's geology. Later on, sections of the base tunnel will be bored from the bottom of the shafts.

In the French overseas department of La Réunion, we completed the excavations for a 14-kilometer section of the Route des Tamarins highway. Completion of the two major viaducts, Trois-Bassins and Saint-Paul, is scheduled for 2008 and 2009. The business segment's international business coordinated from France is concentrated on projects in francophone Africa. In Algeria, we are constructing the Koudiat Acerdoune Dam, whose

contract volume has meanwhile been increased to €150 million. In Mauretania, we started excavation work in June 2007 for a new drinking water system for Nouakchott, the capital city. Pipelines with a total length of 400 kilometers are to be used to supply the inhabitants of Nouakchott with water from the Senegal River. This is one of the country's biggest infrastructure projects to date.

Scandinavia

In the Scandinavian countries, large sums are being invested in the expansion of the transport infrastructure. We are well established in these markets due to our all-round technical expertise. Sweden in particular has prioritized the expansion of its road and railway networks. In 2007, for example, we received an order to carry out challenging tunneling work for the northern bypass road around Stockholm with a volume of €100 million; we are already responsible for the design and construction of an adjoining section with a volume of €80 million. And with the work on the City Tunnel in Malmö, after advancing for 2.7 kilometers, the two tunnel-boring machines reached the rock cavern of the future Triangeln railway station. From there, twin two-kilometer tunnels are being bored to the Malmö Central main station. The actual tunneling work for this €260 million project is planned to be completed in summer 2009 and the tunnel is to go into operation in 2011.

Off the west coast of Denmark, together with a Danish partner we are constructing the foundations of the world's biggest offshore windpark, Horns Rev 2. The windpark is to cover the energy needs of 200,000 households. The foundations for 91 wind power turbines will be laid in the open North Sea, around 30 kilometers from Esbjerg, between March and September 2008. Scandinavia will continue to offer very good prospects for Bilfinger Berger's civil engineering business.

Poland

The flow of funds from the European Union is supporting the economic upswing in Poland. There is lively competition for the infrastructure projects financed with grants from the EU. We have pooled the organization of our units operating in Poland in order to jointly promote Bilfinger Berger's advanced expertise in civil engineering, road building, bridge construction and special foundations. Our most important projects currently include the upgrade of a 17-kilometer section of the S8 highway near Warsaw, which is to be completed by 2009. At the end of 2007, we completed an elevated section of the N25 over the River Warthe near Konin.

Austria and Switzerland

In Austria and Switzerland, our activities are focused on major tunnel projects. In October 2007, we completed the basic tunnel boring for the 13-kilometer Wienerwald Tunnel, which is part of the high-speed railway line between Vienna and Salzburg. The tunnel lining, emergency exits and interconnections between the twin tunnels will be completed by the middle of 2009. In Switzerland, tunnel-boring work is progressing according to plan on the 57-kilometer Gotthard Base Tunnel; Bilfinger Berger has a key involvement in the core element of this project. And last year, the Swiss Federal Railway Company commissioned us to construct the new Weinberg Tunnel in Zürich together with partner companies.

United Kingdom

The United Kingdom is an attractive market for technically challenging civil engineering work. At present, we are realizing the Westlink M1 urban highway in Belfast on the basis of a public private partnership, with completion due in 2009. Against the backdrop of more major projects in the pipeline, prospects are good for Bilfinger Berger in the UK.

Price level in Germany still unsatisfactory

In Germany, although demand for public-sector construction has revived, the price level is still unsatisfactory. Public-sector clients still place their contracts solely on the basis of the cheapest offer and quality is not rewarded appropriately. Bilfinger Berger maintains its policy of careful project selection and pays particular attention to the criteria of return on investment and risk structure.

At the end of 2007, we received an order to construct major sections of a new urban railway line in Düsseldorf. The new 3.4-kilometer underground Wehrhahn Line will replace several surface tram lines and will significantly reduce the burden on traffic in the inner city when it goes into service in 2015. The order has a volume of €300 million. The North-South urban railway in Cologne, which we have been working on since 2004, is another technically demanding project in a confined inner-city situation. Tunneling was completed in 2007 and the underground stations are now under construction.

At Dresden Airport, we laid the new nearly 3,000-meter runway during regular airport operations – with the exception of four weekends when the airport was closed. As planned, the new runway went into operation at the end of August 2007.

The economic upswing in Germany led to an improved revenue situation for the public sector; as a result, there are indications of a trend to reduce the investment backlog in the transport infrastructure. In some cities, decisions will soon be made on the realization of major projects that have been postponed for a long time. It is essential for Germany to make progress with public-private partnership projects in the transport infrastructure. Meanwhile, after several years of preparation, contracts for two sections of highway have been awarded, but the announced second batch of transport projects is still in the pipeline.

Boom in Arabian Gulf states

The states in the Arabian Gulf are profiting substantially from the rising global demand for energy. The high oil price is leading to sustained strong growth, which is also reflected in the booming construction industry.

Last year, in this region Bilfinger Berger was awarded one of the biggest contracts in the Group's history. In Doha, Qatar, we are constructing a new suburb for more than 20,000 inhabitants. The project is worth approximately €1 billion and comprises the entire infrastructure and turnkey construction of nearly 6,000 homes. After just 36 months, the new district of Barwa City is to be handed over to Barwa Real Estate. The biggest challenges will be in the field of logistics: up to 4,500 employees will be working on a construction site spread over 2.7 million square meters.

Other major projects in the Gulf region include the expansion of a ten-kilometer stretch of the Doha urban highway and the construction of a sewerage treatment plant for 80,000 people including the required 185-kilometer sewer network in the Emirate of Fujairah.

We assume that the strong demand will continue in the Gulf and we regard the region as an attractive market for our Civil business segment.

Selected infrastructure projects in Nigeria

In Nigeria, demand from public and private-sector clients has also been boosted by the high oil price. Our subsidiary Julius Berger Nigeria works on selected infrastructure projects, especially in Abuja, the capital city, and in the Niger delta. In Abuja, the company is currently working on the ongoing expansion of the urban highway. Existing sections are being widened and supplemented by new sections. In the Niger Delta, fuel supplies to the population are being improved:

To this end, fuel tanks on floating concrete hulls were developed, built and anchored at various locations in the river delta. There inhabitants can fuel their boats and cover their daily fuel needs. Bilfinger Berger Nigeria provides Julius Berger Nigeria with design services, specialist personnel, equipment and materials.

High levels of infrastructure investment in Canada

In North America, our civil engineering activities are focused on the attractive Canadian market. The country's stable economy allows it to undertake infrastructure investment at a sustained high level. Clients are open-minded with regard to international suppliers, and Bilfinger Berger is a technical leader also in the competitive situation of the Canadian market.

With the construction of the Golden Ears Bridge, a 1,000-meter structure over the Fraser River in Vancouver, our civil engineering and special foundations units completed the foundation work for the abutments in 2007. For this purpose, more than 160 large piles were driven, 620,000 cubic meters of earth were moved, and 25,000 tons of reinforcing steel and 72,000 cubic meters of concrete were installed. At present, pillars are being set into the riverbed upon which the superstructure will be built. The completion of the bridge and the related nearly 13-kilometer road network is planned for 2009. Golden Ears Crossing is one of the biggest public-private partnership projects in Canada; the project company is fully owned by Bilfinger Berger.

We intend to continue expanding our civil engineering business in Canada. In doing so, we will focus on the development of demand in the country's growth regions.

Environmental Technology:**good economic conditions outside Germany**

The business operations of Bilfinger Berger Environmental Technology are focused on the areas of water and sewerage technology, site remediation, waste disposal and vacuum technology. The unit is faced with good economic conditions, especially in its international markets.

In the area of water and sewerage technology, our activities focus on the construction and fitting out of sewerage plants. With such projects, the importance of turnkey delivery is increasing all over the world. Another aspect that more and more customers appreciate, especially in international markets, is the capability to operate sewerage plants after completion. For example, our Environmental Technology subsidiary will take over the operation of a sewage treatment plant in the Emirate of Fujairah for the next 15 years. During that time, the company will be responsible for the repair and maintenance of machines and pipelines, and will thus secure the required water quality. Environmental Technology was already responsible for the design of the plant and for the mechanical and electrical equipment, and carried out the new construction together with the Civil business segment. The Gulf region continues to offer good order opportunities for complete solutions encompassing construction, the supply of equipment, and the operation of sewerage plants.

In the field of site remediation, for example, we operate groundwater cleaning plants as part of a major ecological project in Bitterfeld/Wolfen, Germany. 200 cubic meters of highly contaminated water per hour is treated so that it can then be discharged into the sewerage plant. This is a very demanding technical process due to the large number of organic pollutants and various other constituents such as heavy metals, humic substances, sulfur and phosphor compounds. In the field of reclaiming contaminated soil, we deploy our stationary and mobile cleaning

plants. We have a leading position in the thermal treatment of contaminated soil. With the use of this process, for example, a complete island is being decontaminated off the coast of southern Italy near the town of Manfredonia.

We have demonstrated our strong position in the field of vacuum technology particularly in the Gulf region. Due to the high level of groundwater there, the vacuum drainage of buildings is a common technical alternative.

Outlook

The demand situation is positive throughout our target markets for civil engineering work. In view of our high utilization of capacity, we are able to select markets, clients, projects and partners with particular care. Our extremely high technical expertise and the ability to assume responsibility for large infrastructure projects create the right conditions for the segment's sustained positive development.

In Australia, we anticipate a continuation of good economic conditions in the coming years. We also see good prospects in our main European markets outside Germany: Scandinavia, France and Poland. The close cross-border cooperation between our units makes us highly flexible in terms of personnel and equipment deployment. In Germany, we are moderately optimistic. Due to the intensely competitive situation and contract-award rules, construction prices have still not caught up with those of comparable foreign markets, and the number of public-private partnership projects is still low. We regard the Gulf region and Canada as attractive markets of the future.

In total, we plan for the Civil business segment to achieve further growth in output volume and earnings in 2008.