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Bilfinger Berger: preliminary figures for the 2003 financial year

- **Output volume and order backlog at record levels**
- **Renewed significant increases in net profit and operating profit**
- **Dividend bonus announced**

Bilfinger Berger delivered a strong performance in the 2003 financial year, meeting all its targets. It further expanded its services business and strengthened its presence in important international markets.

Output volume and order backlog at record levels

Output volume increased by 14% to €5,586 million last year, while the order backlog rose by 21% to €6,277 million. Both of these were new record levels, despite statistical reductions due to the strength of the euro. €870 million of the order backlog is accounted for by Abigroup, which was consolidated for the first time at the end of the year. The share of output volume generated in the international business amounted to 56%, while the domestic construction business took a share of 27%.

Key figures for the Group			
	2003 € million	2002 € million	Change %
Output volume	5,586	4,912	+14
Orders received	5,605	5,216	+7
Order backlog	6,277	5,168	+21
Capital expenditure	271	324	-16
thereof, property, plant and equipment	88	71	+24
Workforce (at December 31)	50,460	50,277	0

Renewed significant increase in net profit and operating profit

According to the preliminary figures, Bilfinger Berger increased its net profit once again to €125 million (2002: €115 million). This amount is to be used to strengthen the Company's net equity and for the proposed distribution of a dividend and dividend bonus.

Operating profit (EBITA) increased again significantly last year, and reached the planned level of €100 million (2002: €74 million). The services business, which was consolidated for a full year for the first time, accounted for more than 40% of this amount.

From the sale of its shares in Buderus AG in 2003, Bilfinger Berger received an amount of €551 million, which is used to make acquisitions for the Group's further strategic development. The tax-free capital gain amounts to €238 million. As a result of this sale, ordinary income from investments halved compared with 2002.

With the utilization of the capital gain, Bilfinger Berger places priority on strengthening its balance sheet by forming additional provisions, as already explained in detail in our interim report on the first nine months of 2003. After accounting for the additional provisions and related deferred taxes, the capital gain yields a net contribution of €75 million to net profit.

In addition to the exceptional income, Bilfinger Berger achieved a net profit of €50 million (2002: €60 million) from its ongoing business. The decrease – despite the increase in operating profit – is primarily due to the reduced income from investments after the sale of the Buderus shares. Within the context of planned corporate developments, increasing operating profits will more than offset this loss of investment income.

Stronger financial situation and capital structure Contractual trust arrangement for pension obligations

Cash and marketable securities rose to €900 million at the end of the year (2002: €772 million). Liabilities to banks – excluding non-recourse financing – were reduced significantly to around €185 million (2002: €313 million).

At the end of 2003, Bilfinger Berger extracted from the balance sheet pension obligations of €100 million applicable to the Company, which are 55% of the Group's total pension obligations, by means of a contractual trust arrangement. Assets in the form of office buildings and marketable securities were transferred to the trust to provide full cover for these obligations.

This separation has no effects on the 2003 net profit. The one-time increase in EBITA from the transfer gain of €10 million is offset by an equal additional expense in net interest income.

The direct allocation of assets to pension obligations will further improve the balance-sheet structure, the equity ratio and the return on capital employed, resulting in an improved credit rating for Bilfinger Berger by the capital markets.

Further investment in development into a multi-service group

Capital expenditure on property, plant and equipment rose to €88 million (2002: €71 million) as a result of an increase in the Services business segment. Investments in financial assets amounted to €183 million (2002: €253 million).

In Australia, Bilfinger Berger acquired the stock-exchange listed Abigroup at the end of the year. Our shareholding now amounts to 97%; 100% will be reached by the end of the month. Primarily active in the field of civil engineering and road construction, Abigroup is an ideal supplement to Bilfinger Berger's existing Australian subsidiary, Boulderstone Hornibrook, which has been part of the Group since 1993. In addition to construction activities, Abigroup carries out repair and maintenance work on gas and water distribution networks and toll roads. It is also involved in successful private-sector concession projects. In the United States, Bilfinger Berger expanded its involvement in the high-margin services business. Centennial Contractors Enterprises, which was acquired in the fall of 2003, is one of the leading providers of repair, maintenance and construction services on buildings, carried out on the basis of long-term framework agreements. The company holds a 15% of its market segment and is active all over the United States. Furthermore, our activities in the field of industrial services were expanded by the takeover of a scaffolding provider and a firm specializing in maintenance for the natural gas and petrochemical industry. From the start, all of the companies acquired will make a positive contribution to Bilfinger Berger's net income, also after goodwill amortization and financing costs.

Further growth in the current financial year

In the 2004 financial year, output volume will grow to more than €6 billion. Bilfinger Berger also plans to achieve a renewed significant increase in operating profit.

Developing potential of Bilfinger Berger shares

The Bilfinger Berger share price has developed positively, with a very good performance in 2003. And the Company's stock has continued to climb in the current year, a clear sign of Bilfinger Berger's attractiveness for investors in Germany and abroad. The continuous implementation of our corporate strategy and further increases in earnings give the share price additional potential.

Structure of business segments

At the beginning of the year 2004, Bilfinger Berger modified its business-segment structure. After discontinuing real-estate project development, the Concessions business segment now consists solely of Bilfinger Berger BOT GmbH. The Environmental reporting segment has been abandoned due to its low output volume. The companies previously located in this segment have been reallocated to the Civil business segment.

Business segments as of January 1, 2004							
Civil	Building and Industrial	Services	Concessions				
Bilfinger Berger Civil Razel Hydrobudowa Passavant-Roediger Bilfinger Berger Umwelt	Bilfinger Berger Building Bilfinger Berger UK	Rheinhold & Mahla HSG Wolfferts bebit GBV	Bilfinger Berger BOT				
Allocation by share of output volume:							
<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; background-color: #e0e0e0;">Bilfinger Berger Nigeria Boulderstone Hornibrook</td> <td style="width: 50%;"></td> </tr> <tr> <td style="background-color: #e0e0e0;">Fru-Con (including Centennial) Abigroup</td> <td></td> </tr> </table>				Bilfinger Berger Nigeria Boulderstone Hornibrook		Fru-Con (including Centennial) Abigroup	
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Planned output volume in 2004: €6,100 million *							
€2,400 million	€2,100 million	€1,600 million	€120 million				
Output volume in 2003: €5,586 million *							
€2,189 million	€1,920 million	€1,363 million	€107 million				

* after consolidation

Developments in the business segments

Reporting on 2003 takes place according to the structure valid until December 31, 2003.

Output volume by business segment			
	2003 € million	2002 € million	Change %
Civil	2,036	1,991	+2
Building and Industrial	1,920	1,957	-2
Project Development and Concessions	231	247	-6
Services	1,363	697	+96
Environmental	181	187	-3
Consolidation, other	-145	-167	
	5,586	4,912	+14

Civil

Key figures for Civil			
	2003 € million	2002 € million	Change %
Output volume	2,036	1,991	+2
Orders received	2,007	2,237	-10
Order backlog	2,923	2,471	+18
Capital expenditure	49	47	+4
Workforce (at December 31)	24,854	25,959	-4

Output volume in the Civil business segment increased by 2% to €2,036 million. The order backlog is equivalent to a year's output volume. At €2,007 million, it was 10% below the prior year's figure, due to the business cycles of major projects. The order backlog including Abigroup was €2,923 million, 18% higher than at the end of 2002. On the basis of preliminary figures, Bilfinger Berger once again achieved a good result in this business segment with an operating profit of close to €40 million (2002: €43 million).

Building and Industrial

Key figures for Building and Industrial			
	2003 € million	2002 € million	Change %
Output volume	1,920	1,957	-2
Orders received	1,899	1,934	-2
Order backlog	1,917	1,649	+16
Capital expenditure	5	4	+25
Workforce (at December 31)	8,615	7,706	+12

The Building and Industrial business segment generated an output volume of €1,920 million, and its order backlog at the end of the year amounted to €1,899 million. Both of these figures are similar to the prior year's levels. The order backlog rose by 16% to €1,917 million. The segment once again achieved an operating profit; preliminary figures indicate that it will be in the region of the prior year's €8 million.

Project Development and Concessions

Key figures for Project Development and Concessions			
	2003 € million	2002 € million	Change %
Output volume	231	247	-6
Orders received	375	316	+19
Order backlog	370	226	+64
Capital expenditure	0	0	0
Workforce (at December 31)	92	99	-7

The total output volume of the Project Development and Concessions business segment decreased by 6% to €231 million. Growth in the concessions business did not offset a decline in project-development activities. The successful expansion of the private-sector concession business led to significant growth rates for orders received and order backlog.

In 2003, the build-operate-transfer (BOT) business once again delivered a positive profit contribution. Real-estate project development, which was discontinued at the end of the year, will for the last time have a negative impact on earnings. As in 2002, the business segment is expected to report a small operating loss. Now that project development has been discontinued, since the beginning of 2004, the segment consists solely of the private-sector concessions activities.

Services

Key figures for Services			
	2003 € million	2002 € million	Change %
Output volume	1,363	697	+96
Orders received	1,464	679	+116
Order backlog	1,121	745	+50
Capital expenditure	31	13	+138
Workforce (at December 31)	15,612	14,771	+6

The first consolidation of Rheinhold & Mahla and HSG for a full financial year resulted in a significant increase in the Services segment's key figures. Output volume increased by 96% to €1,363 million, and orders received rose by 116% to €1,464 million. The order backlog grew organically and through the inclusion of the companies acquired in 2003 by 50% to €1,121 million. The business segment's operating profit increased to more than €40 million (2002: €26 million).

Environmental

Key figures for Environmental			
	2003 € million	2002 € million	Change %
Output volume	181	187	-3
Orders received	193	229	-16
Order backlog	217	161	+35
Capital expenditure	2	2	0
Workforce (at December 31)	969	1,068	-9

The Environmental business segment's output volume of €181 million was 3% below the prior-year figure, while orders received were down 16% to €193 million, but were still higher than the year's output. The order backlog rose by 35% to €217 million. The segment achieved an operating profit of €6 million, which was double the figure for 2002.

Due to the low volumes, these activities will no longer be reported in a separate segment. The subsidiaries specializing in the construction and operation of water-purification and sewage plants and in the decontamination of soil have been allocated to the Civil business segment since the beginning of 2004.