



Interim Report Q2 2003

Overview of corporate developments

Bilfinger Berger continued to push ahead with its successful strategy in the first six months of 2003. The Group's key operative figures for the period are significantly better than for the first half of last year. Output volume rose by 20% to € 2,542 million; new orders were received in an amount of € 2,921 million, which was 7% higher than in the first half of 2002; and the order backlog increased by 13% over the level of a year earlier to € 5,547 million, a new record. Operating profit (EBITA) doubled to € 10 million.

These growth rates are a result of the Company's strategic refocus. Although we are operating with caution in the construction business against the backdrop of a sustained decline in demand in Germany and stagnating international markets, the services activities that we expanded last year are steadily gaining importance. This year they will contribute about a quarter of the Group's total output volume and about half of our operating profit.

In the first half of 2003, the Group's net profit amounted to € 8 million (1st half 2002: € 13 million). Whereas operating profit increased significantly, lower liquidity and falling interest rates

Key figures for the Group

	Q2 2003 € million	Q2 2002 € million	Change %	Year 2002 € million
Output volume	2,542	2,114	+20	4,912
Orders received	2,921	2,731	+7	5,216
Order backlog	5,547	4,891	+13	5,168
EBITA	+10	+5	+100	+74
Net profit before exceptional items	+8	+13	-38	+60
Exceptional items	0 ¹	+161 ²		+55
Net profit after exceptional items	+8 ¹	+174 ²		+115
Earnings per share before exceptional items (€)	+0.22	+0.36	-39	+1.66
Earnings per share after exceptional items (€)	+0.22 ¹	+4.79 ²		+3.16
Cash earnings according to DVFA/SG	+51	+58	-12	131
Capital expenditure	42	63	-33	324
thereof, property, plant and equipment	38	36	+6	71
Workforce	49,572	43,466	+14	50,277

¹ The tax-free capital gain on the sale of our Buderus shares will be reflected for the first time in the figures for the third quarter of 2003

² Capital gain of € 161 million from the sale of Dresdner Bank shares during the first quarter of 2002

led to lower net interest income. Goodwill amortization rose as a result of the acquisitions in the field of services.

For the full year, we anticipate an expansion of output volume to € 5.4 billion (full-year 2002: € 4.9 billion). We also expect a renewed substantial increase in operating profit. The sale of our stake in Buderus in July 2003 gave rise to a tax-free capital gain of around € 235 million, so that our net profit will again significantly exceed the unusually high level of the prior year.

The capital structure and financial situation of Bilfinger Berger are as sound as ever. The Group's equity to total assets ratio is 29%. At the end of June 2003, cash and cash equivalents amounted to € 533 million, while liabilities to banks – excluding non-recourse financing – amounted to € 285 million. In July 2003 there was an additional cash inflow of € 551 million from the sale of the Buderus shares.

Capital expenditure in property, plant and equipment of € 38 million was at the same level as in the first half of 2002. Financial investment was lower than in the prior-year period, in which Wolfferts was acquired. As a result of the planned expansion of our Services business segment and of our international activities, financial investment will increase considerably in the future.

The workforce at the end of June 2003 was significantly larger than a year earlier, due to the consolidation of Rheinhold & Mahla and HSG since September 2002. However, the number of employees in the Civil business segment and in the Building and Industrial business segment decreased.

Bilfinger Berger's share price was over € 25 in the middle of August, and market capitalization amounted to more than € 900 million. Our shareholders thus achieved a substantial gain in value since the beginning of the year. But rising profits and the consistent implementation of our strategy mean that our share price still has further potential.

Output volume by business segments

	Q2 2003 € million	Q2 2002 € million	Change %	Year 2002 € million
Civil	896	922	-3	1,991
Building and Industrial	911	963	-5	1,957
Project Development and Concessions	101	65	+55	247
Services	607	128	+374	697
Environmental	72	82	-12	187
Consolidation, other	-45	-46		-167
	2,542	2,114	+20	4,912

EBITA by business segments

	Q2 2003 € million	Q2 2002 € million	Change %	Year 2002 € million
Civil	+7	+12	-42	+43
Building and Industrial	+1	0		+8
Project Development and Concessions	-1	0		-2
Services	+10	+2	+400	+26
Environmental	-3	-3	0	+3
Consolidation, other	-4	-6		-4
	+10	+5	+100	+74

Developments in our business segments

As a result of the Group's strategic refocus, as of the beginning of 2003 we are reporting on a new business-segment structure. Figures for the prior year have been adjusted for comparative purposes.

Demand for new construction in the domestic market is still at an extremely low level, even lower than a year ago. The impact of this development on our construction business segments is limited due to the high share of output volume generated in international markets. In total, the share of the Group's total output accounted for by the German construction business will fall to about 25% this year. Economic conditions in our international markets are also becoming increasingly difficult. But with our broad geographic diversification we have succeeded in compensating for fluctuations in individual regions. Our Project Development and Concessions business segment concentrates on private-sector concession activities in markets such as the United

Kingdom and Australia where public-private partnerships (PPP) are well established, enabling an efficient realization of build-operate-transfer (BOT) models. In Germany, BOT projects are still making only slow progress, the first invitations to tender for the private-sector widening of motorway sections with particularly heavy traffic have been postponed until next year. In the Services business segment, outsourcing offers are attracting increasing interest in view of tougher competition in many sectors.

Civil

In order to bundle our competencies and strengthen our position in the competition for major projects, in the first half of 2003 we merged our domestic civil-engineering business with our direct business done outside Germany. As one of the leading suppliers for demanding tunnel projects, we were recently awarded a contract to build a 1.2-kilometer-long tunnel in Dortmund which will relieve the district of Berghofen of transit traffic. And in Hamburg we have been involved since June 2003 in the construction of an urban-railway tunnel which will create a better connection between the airport and the public-transport system.

Our foreign subsidiaries active in the field of civil engineering in Australia, the United States, Nigeria, France, Poland and Austria also have strong competitive positions in their markets and are working on many important projects.

For the full year, we expect the Civil business segment to generate a stable output volume of € 2.0 billion, with a share of 80% of this business done in international markets. We also anticipate a good level of earnings, slightly lower than in the prior year, however, due to the slow pace of economic developments worldwide.

Key figures for Civil

	Q2 2003 € million	Q2 2002 € million	Change %	Year 2002 € million
Output volume	896	922	-3	1,991
Orders received	1,113	1,423	-22	2,237
Order backlog	2,688	2,717	-1	2,471
Capital expenditure	27	33	-18	52
EBITA	+7	+12	-42	+43
Workforce	25,166	28,518	-12	25,959

Building and Industrial

Our Building and Industrial business segment generates about 50% of its output volume outside Germany. Our tailored solutions, including services upstream and downstream of the actual construction, fulfil the expectations of demanding customers in Germany and abroad. A good example is a new order received by our Australian subsidiary, Baulderstone Hornibrook, for the expansion of a shopping center in Sydney. Due to its magnitude, this project necessitates a fundamental rerouting of traffic flows. In addition to the construction work, Baulderstone Hornibrook has been awarded the contract for the entire design of the project, including responsibility for obtaining the required planning permissions.

In the domestic market we have reacted appropriately to declining demand by quickly adapting our organization. We limit our activities to regions in which it is still possible to operate profitably and select our orders according to unchanged strict criteria. Despite the difficult economic situation, our building construction units in Germany are operating successfully and will increase their earnings.

For the current year, we expect an output volume of € 1.9 billion and an improvement on positive earnings for the Building and Industrial business segment.

Project Development and Concessions

While our project development activities have been adjusted to the decreasing demand in the domestic real-estate market, we are pushing ahead with our private-sector concession activities.

For example, Bilfinger Berger has been named preferred bidder for the private-sector realization of two prisons in the Australian state of Victoria. We will finance, design and construct the buildings, and then operate them for a period of 25 years. The project is worth a total of € 100 million. The concession will be awarded by the state government of Victoria, and the design, construction and operation will be carried out by Baulderstone Hornibrook, Bilfinger Berger's

Key figures for Building and Industrial

	Q2 2003 € million	Q2 2002 € million	Change %	Year 2002 € million
Output volume	911	963	-5	1.957
Orders received	893	1.017	-12	1.934
Order backlog	1.632	1.738	-6	1.649
Capital expenditure	1	4	-75	4
EBITA	+1	0		+8
Workforce	8.038	8.086	-1	7.706

Key figures for Project Development and Concessions

	Q2 2003 € million	Q2 2002 € million	Change %	Year 2002 € million
Output volume	101	65	+55	247
Orders received	142	95	+49	316
Order backlog	267	186	+44	226
Capital expenditure	0	0	0	48
EBITA	-1	0		-2
Workforce	77	112	-31	99

Australian subsidiary. This means that Bilfinger Berger is about to extend its private-sector operator activities to public-sector buildings in Australia. So far, the focus of its build-operate-transfer activities was on transport infrastructure. The increased output volume in this business segment is due not least to the work on a two-kilometer-long toll tunnel beneath the center of Sydney that was started at the beginning of 2003 and has a project volume of € 520 million.

For the full year, we expect the Project Development and Concessions business segment to achieve an output volume of around € 0.2 billion. The concession business will make a positive contribution to earnings. At the same time, we anticipate a decreasing output volume for real-estate project development and negative earnings. For the business segment as a whole, earnings should be at the same level as last year.

Services

The significant growth rates achieved by the Services business segment are a reflection of the fact that the companies we acquired in the third quarter of 2002, Rheinhold & Mahla and HSG, are both now consolidated for the whole of this year.

In the field of industrial services we are active with our subsidiaries, Rheinhold & Mahla in Europe, and Fru-Con in the United States. Within the context of outsourcing projects, Rheinhold & Mahla increasingly assumes complete maintenance management for the plants of renowned manufacturing companies. Fru-Con recently extended a framework agreement with Procter & Gamble, a consumer-goods manufacturer, by another € 60 million.

In the field of real-estate services, HSG develops tailored solutions for its customers covering buildings' entire lifecycles. Recently the company

signed a contract with the American armed forces in Germany for the maintenance of the General Hospital in Landstuhl. This service includes the complete technical facility management and also extends to associated clinics at eight other locations.

The consolidation of Rheinhold & Mahla and HSG for a full financial year will lead to the Services business segment's output volume increasing to more than € 1.2 billion with a significant increase in earnings.

Environmental

The activities of the Environmental business segment have been focused more on international markets, with the share of its business done outside Germany now at around 50%. The fall in orders received is explained by the high figure for the first half of 2002, which was primarily boosted by the large orders received by Bilfinger Berger Umwelt GmbH.

Our subsidiaries that are active in the environmental business cooperate increasingly with other companies of the Group, for example, on constructing and equipping sewage plants, or on reclaiming contaminated ground.

For the full year 2003, we expect the Environmental business segment to achieve a constant output volume of € 0.2 billion, as well as positive earnings once again.

Key figures for Services

	Q2 2003 € million	Q2 2002 € million	Change %	Year 2002 € million
Output volume	607	128	+374	697
Orders received	833	179	+365	679
Order backlog	971	216	+350	745
Capital expenditure	10	21	-52	208
EBITA	+10	+2	+400	+26
Workforce	14,695	1,811	+711	14,771

Key figures for Environmental

	Q2 2003 € million	Q2 2002 € million	Change %	Year 2002 € million
Output volume	72	82	-12	187
Orders received	86	115	-25	229
Order backlog	175	152	+15	161
Capital expenditure	1	1	0	2
EBITA	-3	-3	0	+3
Workforce	899	1,051	-15	1,068

Interim financial statements

Consolidated income statement

€ million	Jan. 1 - June 30, 2003	Jan. 1 - June 30, 2002
Sales revenues / Changes in inventories	2,156	1,630
Other operating income	36	19
Cost of materials	-1,313	-1,033
Personnel expenses	-632	-441
Depreciation	-39	-33
Other operating expenses	-198	-137
EBITA (Earnings before interest, taxes and goodwill amortization)	10	5
Exceptional capital gain on sale of Dresdner Bank shares	0	161
Goodwill amortization	-6	-1
EBIT (Earnings before interest and taxes)	4	165
Income from investments	11	8
Net interest income	-6	3
EBT (Earnings before taxes)	9	176
Taxes on income and earnings	-1	-2
Minority interests	0	0
Net profit	8	174
Average number of shares in thousands	36,519	36,306
Earnings per share (€)	0.22	4.79
Earnings adjusted to exclude exceptional items		
EBIT	4	4
EBT	9	15
Net profit	8	13
Earnings per share (€)	0.22	0.36

The increase in the income and expense items was a result of consolidating the service companies, Rheinhold & Mahla and HSG, which were acquired in August 2002. Income from investments consists of the earnings from the at-equity consolidation of our shareholding in Buderus.

Consolidated statement of cash flows

€ million	Jan. 1 - June 30, 2003	Jan. 1 - June 30, 2002
Cash earnings according to DVFA/SG	51	58
Change in working capital	-202	-251
Cash flow from operating activities	-151	-193
Cash flow from investing activities	-30	212
Cash flow from financing activities	-63	-128
Change in cash and securities	-244	-109
Other adjustments to cash and marketable securities	5	-7
Cash and marketable securities at January 1	772	802
Cash and marketable securities at June 30	533	686

With positive cash earnings of € 51 million, the cash flow from operating activities improved significantly over the prior year, but is still negative at -€ 151 million (1st half 2002: -€ 193 million) due to the typical seasonal increase in net current assets. The main reasons for this are the reduction in liabilities and the increases in inventories and receivables. The cash flow from investing activities of -€ 30 million

(1st half 2002: +€212 million) is primarily a reflection of additions to property, plant and equipment. The prior year's figure was affected by the inflow of funds in an amount of € 262 million from the sale of our Dresdner Bank shares. The cash outflow from financing activities was a result of capital repayments on loans and dividend distributions.

Consolidated balance sheet

€ million	June 30, 2003	Dec. 31, 2002
Assets		
Fixed assets		
Intangible assets	208	212
Property, plant and equipment	534	554
Financial assets	421	420
	1,163	1,186
Current assets		
Inventories	432	412
Receivables and other assets	1,224	1,191
Cash and marketable securities	533	772
	2,189	2,375
Deferred tax assets	79	72
	3,431	3,633
Liabilities and shareholders' equity		
Shareholders' equity	981	1,012
Minority interests	17	21
Provisions		
Provisions for pensions and similar obligations	190	188
Other provisions	443	456
	633	644
Liabilities		
Liabilities to banks ¹	425	456
Other liabilities	1,332	1,459
	1,757	1,915
Deferred tax liabilities	43	41
	3,431	3,633

¹ Thereof non-recourse financing € 140 million (Dec. 31, 2002: € 144 million)



Financial calendar

2003

November 20 Interim Report Q3 2003

2004

February 19 Preliminary Figures for the year 2003
April 19 Financial statements press conference
April 19 Analyst conference
May 26 Annual General Meeting*

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

Investor Relations

Andreas Müller
Phone +49-621-4 59-23 12
Fax +49-621-4 59-27 61
e-mail: skle@bilfinger.de

Corporate Communications

Michael Weber
Phone +49-621-4 59-24 64
Fax +49-621-4 59-25 00
e-mail: mweb@bilfinger.de