



Interim Report Q1 2003

Overview of corporate developments

Bilfinger Berger made a successful start to the year 2003. First-quarter output volume increased by 21% compared with last year, to € 1,151 million; new orders were received in an amount of € 1,498 million, which was 2% higher than in Q1 2002; and the order backlog rose by 15% to a new record in the history of our company of € 5,513 million, despite the negative effect of exchange-rate movements.

There was a net loss for the period of € 5 million, similar to the result for Q1 2002. Due to industry-specific factors and seasonal effects, the result for the first three months of the year is always well below the level of the following quarters and is therefore no indication of the earnings trend for the entire year. For full-year 2003, we still plan to increase our operating profit again compared with last year. Net income will again exceed the unusually high level of the prior year due to the exceptional income from the sale of our stake in Buderus. Our output volume will also grow, reaching € 5.2 billion for the full year.

Our capital structure and financial situation are as sound as ever. Cash and cash equivalents amounted to € 593 million at the end of the first

Key figures for the Group

	Q1 2003 € million	Q1 2002 € million	Change %	12/2002 € million
Output volume	1,151	951	+21	4,912
Orders received	1,498	1,469	+2	5,216
Order backlog	5,513	4,790	+15	5,168
EBITA	-9	-7	-29	+74
Net profit before exceptional items	-5	-4	-25	+60
Exceptional items	0	+161 ¹		+55
Net profit after exceptional items	-5	+157 ¹		+115
Earnings per share before exceptional items (€)	-0.14	-0.11	-27	+1.66
Earnings per share after exceptional items (€)	-0.14	+4.32 ¹		+3.16
Cash earnings according to DVFA/SG	6	9	-33	131
Capital expenditure	18	34	-47	324
thereof, property, plant and equipment	18	8	+125	71
Workforce	49,817	45,015	+11	50,277

¹ Capital gain of € 161 million from the sale of Dresdner Bank shares in the first quarter of 2002

quarter, in line with expected developments. The Group's workforce grew significantly due to the acquisition last September of the services companies, Rheinhold & Mahla and HSG.

At the beginning of April 2003, we signed an agreement with Robert Bosch GmbH on the sale of our shareholding in Buderus AG for a price of € 29.15 per share. We will receive € 551 million for our stake of 30.02% of the capital stock of Buderus. These funds will be used to continue the steady expansion of our Services business segment and of our international activities. The difference between the book value and the sale price of the Buderus shares gives rise to a tax-free capital gain of some € 230 million. A decision on the appropriation of this gain will be taken in due course, at the latest when the financial statements on the year 2003 are drawn up.

Our share price developed positively during the first several months of this year, reaching € 23 in the middle of May, equivalent to 60% growth in value over the price at the end of 2002. Nevertheless, our market capitalization is still lower than the book value of our net assets. Against a background of continuously rising profits, a healthy capital structure, a sound financial situation and the consistent implementation of our corporate strategy, the price of our shares still has considerable potential. At the beginning of 2003, the institutional investors, Fidelity and Cominvest, informed us that they each hold just over 5% of our total equity. Allianz AG is still our biggest single shareholder; through Dresdner Bank it holds a stake of just over 25%.

Output volume by business segments

	Q1 2003 € million	Q1 2002 € million	Change %	12/2002 € million
Civil	413	438	-6	1,991
Building and Industrial	421	407	+3	1,957
Project Development and Concessions	39	27	+44	247
Services	270	58	+366	697
Environmental	32	35	-9	187
Consolidation, other	-24	-14		-167
	1,151	951	+21	4,912

EBITA by business segments

	Q1 2003 € million	Q1 2002 € million	Change %	12/2002 € million
Civil	-2	+3		+43
Building and Industrial	-4	-2	-100	+8
Project Development and Concessions	-2	-2	0	-2
Services	+4	0		+26
Environmental	-3	-3	0	+3
Consolidation, other	-2	-3		-4
	-9	-7	-29	+74

Developments in our business segments

As of the year 2003, we will report separately for the five business divisions of Civil, Building and Industrial, Project Development and Concessions, Services, and Environmental. Figures for the prior year have been adjusted to the new structure for comparative purposes.

In the business segments of Civil and Building and Industrial we anticipate rather difficult conditions in our international markets. The continuing fall in orders received by the German construction industry means that there is no basis for a stabilization of the industry's revenues. However, we have adapted to the ongoing decline. The private-sector BOT business carried out by our Project Development and Concessions business segment has been gaining momentum from our activities abroad. In Germany there is growing interest in private-sector solutions for both public-sector building construction as well as infrastructure. We intend to utilize our experience in Germany and abroad to profit from this development. The growing trend to outsourcing will benefit our Services segment. Manufacturing companies are increasingly taking advantage of transferring the maintenance of their production facilities to specialists. And in the field of real-estate services, demand for integrated facility management is rising steadily.

Key figures for Civil

	Q1 2003 € million	Q1 2002 € million	Change %	12/2002 € million
Output volume	413	438	-6	1,991
Orders received	622	846	-26	2,237
Order backlog	2,677	2,678	0	2,471
Capital expenditure	13	11	+18	62
EBITA	-2	+3		+43
Workforce	26,095	32,768	-20	25,959

Civil

The key figures of our Civil business segment, which will generate about 80% of its output volume outside Germany this year, have been diminished by the strength of the euro. After eliminating currency effects, there is a 2% increase in output to € 446 million, an 11% decrease in orders received to € 754 million, and a rise in the order backlog of 7% to € 2,869 million.

The core of this business segment is the newly structured Bilfinger Berger Civil division, which includes the domestic civil-engineering business and the direct business done outside Germany. With this integration we have combined our competencies and strengthened our position with respect to large projects. Our foreign subsidiaries and associated companies active in the field of civil engineering make an important contribution to the success of the business segment, particularly our units in Australia, the United States, Nigeria, France, Poland and Austria.

All of our major projects are running successfully, including our 80-kilometer section of the Taiwan High Speed Railway, which has a total volume of € 1.3 billion and is thus the biggest single order in the history of our company. Work began on the Cross City Tunnel in Sydney at the beginning of the year; this is being realized in the private sector with a project volume of € 520 million. After the end of the quarter, our French subsidiary, Razel, received an order to build a waste disposal plant near Paris with a total value of € 210 million.

For the full year we expect an output volume of € 2.0 billion for the Civil business segment, unchanged over 2002. We also anticipate a good level of earnings, slightly lower than in the prior year, however, due to the slow pace of economic developments, also outside Germany.

Building and Industrial

Within the Building and Industrial business segment, our units in Australia, the United States, Nigeria and the United Kingdom will be responsible for just over 50% of the output volume this year. A notable example is our Australian subsidiary, Baulderstone Hornibrook, which has gained a number of significant new projects, further reinforcing its strong market position.

The market for complex building-construction projects in Germany has changed fundamentally. Not only has demand been falling for several years, but there is an increasing tendency towards stronger regional centers of gravity. We have once again tightened up the organization of our building-construction units in Germany in order to adapt to these realities at an early stage. With this reorganization the division is more focused on assuming complete project responsibility and on long-term cooperation with demanding customers.

For the current year we anticipate a decreasing output volume of € 1.8 billion for the Building and Industrial business segment, but also an improvement in its positive earnings.

Project Development and Concessions

The main factors behind the positive development of the orders situation in the Project Development and Concessions business segment are our private-sector BOT activities, particularly in Australia and the United Kingdom, and our real-estate development activities, which we carry out only in Germany.

The high order backlog compared with a year earlier is mainly due to the Cross City Tunnel project, now being realized in Sydney as a public-private partnership by a consortium which Bilfinger Berger initiated. In Germany, we are still waiting for the first invitations to tender for the private-sector widening of autobahn sections with particularly heavy traffic.

Our modified project-development business model increasingly focuses on service packages tailored to individual customers' needs without

Key figures for Building and Industrial

	Q1 2003 € million	Q1 2002 € million	Change %	12/2002 € million
Output volume	421	407	+3	1,957
Orders received	424	403	+5	1,934
Order backlog	1,652	1,619	+2	1,649
Capital expenditure	0	1	-100	4
EBITA	-4	-2	-100	+8
Workforce	7,481	8,784	-15	7,706

Key figures for Project Development and Concessions

	Q1 2003 € million	Q1 2002 € million	Change %	12/2002 € million
Output volume	39	27	+44	247
Orders received	129	42	+207	316
Order backlog	316	172	+84	226
Capital expenditure	0	0	0	48
EBITA	-2	-2	0	-2
Workforce	84	112	-25	99

taking any conventional project risks through equity investment of our own. In March 2003, we received an order from Metro AG in Düsseldorf to erect another office building according to this concept with a project volume of € 70 million.

For the full year, we expect the Project Development and Concessions business segment to increase its output volume to € 260 million. With a repeated positive contribution to earnings from our BOT business and a diminishing charge resulting from real-estate development, we foresee a breakeven for the segment as a whole.

Services

Rheinhold & Mahla and HSG, the subsidiaries we acquired during the third quarter of 2002, are consolidated for the whole year only from the beginning of 2003. This is the reason for the significant growth rates in the Services business segment. The share of services business done abroad will remain at 40% this year.

Rheinhold & Mahla is a leading service provider for industrial customers in Europe. Its Technical Services division assumes complete maintenance management for manufacturing companies within the context of outsourcing projects. Long-term framework agreements are also gaining importance in the field of industrial insulation and related services. Rheinhold & Mahla recently signed a service contract with the Norwegian oil company, Statoil, for the repair and maintenance of twelve North Sea oil rigs with a volume of € 80 million. The contract runs for a period of five years and includes an option to extend until the year 2014, which would increase the total volume to € 170 million. With such contracts Bilfinger Berger is systematically reducing its dependence on the cyclical construction business and is improving the Group's earnings structure with attractive and stable margins.

HSG is one of the strong real-estate service providers in Germany. It offers its customers a broad spectrum of integrated facility management covering commercial, technical and infrastructure needs. At the beginning of the year 2003, HSG received an order for technical and infrastructure facility management for more than 90 properties of MEAG, a real-estate-management company jointly owned by the insurance groups, Munich Re and ERGO. In addition, HSG has received an order for the facility management of seventeen shopping centers belonging to Metro AG. The company will continue to strengthen its position by means of organic growth, targeted acquisitions and strategic alliances.

Wolfferts is involved in supplying, operating and maintaining equipment for buildings. Within the framework of long-term agreements, the company guarantees to reduce costs by saving energy.

A far-reaching integration project being undertaken by the services companies is systematically utilizing their existing synergy potential. The focus is on the consistent exploitation of cross-selling opportunities within the business segment and the entire Group.

As a result of the full-year consolidation of Rheinhold & Mahla and HSG, the business segment's output volume for the full year will increase to € 1.2 billion, and earnings will also rise significantly.

Key figures for Services

	Q1 2003 € million	Q1 2002 € million	Change %	12/2002 € million
Output volume	270	58	+366	697
Orders received	448	116	+286	679
Order backlog	923	223	+314	745
Capital expenditure	4	20	-80	208
EBITA	+4	0		+26
Workforce	14,515	1,638	+786	14,771

Key figures for Environmental

	Q1 2003 € million	Q1 2002 € million	Change %	12/2002 € million
Output volume	32	35	-9	187
Orders received	47	63	-25	229
Order backlog	176	148	+19	161
Capital expenditure	0	0	0	2
EBITA	-3	-3	0	+3
Workforce	959	1,008	-5	1,068

Environmental

The share of business done abroad by the Environmental business segment will reach 50% this year due to its consistent strategy of internationalization. For example, Passavant-Roediger is working successfully with Group companies abroad such as Razel in France, with which it has been cooperating on the construction of turnkey sewage-treatment plants.

For full-year 2003, we expect the Environmental business segment to achieve a constant output volume of some € 190 million, as well as positive earnings once again.

Interim financial statements

Consolidated income statement

€ million	1. 1. - 31. 3. 2003	1. 1. - 31. 3. 2002
Sales revenues / Changes in inventories	985	775
Other operating income	17	10
Cost of materials	-581	-478
Personnel expenses	-300	-220
Depreciation	-19	-16
Other operating expenses	-111	-78
EBITA (Earnings before interest, taxes and goodwill amortization)	-9	-7
Exceptional capital gain on sale of Dresdner Bank shares	0	161
Goodwill amortization	-3	0
EBIT (Earnings before interest and taxes)	-12	154
Income from investments	6	0
Net interest income	-3	2
EBT (Earnings before taxes)	-9	156
Taxes on income and earnings	4	1
Minority interests	0	0
Net profit	-5	157
Average number of shares in thousands	36,362	36,306
Earnings per share (€)	-0.14	4.32
Earnings adjusted to excludes exceptional items		
EBIT	-12	-7
EBT	-9	-5
Net profit	-5	-4
Earnings per share (€)	-0.14	-0.11

The increase in the income and expense items in the EBITA of the first quarter of 2003 was a result of consolidating the services 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. Net interest income decreased due to the aforementioned expansion of the consolidated group and the lower average liquidity.

Consolidated statement of cash flows

€ million	1. 1. - 31. 3. 2003	1. 1. - 31. 3. 2002
Cash earnings according to DVFA/SG	6	9
Change in working capital	-161	-230
Cash flow from operating activities	-155	-221
Cash flow from investing activities	-20	232
Cash flow from financing activities	0	5
Change in cash and securities	-175	16
Other adjustments to cash and marketable securities	-4	0
Cash and marketable securities at January 1	772	802
Cash and marketable securities at March 31	593	818

The cash flow from operating activities improved significantly over Q1 2002, but is still negative at -€ 155 million (Q1 2002: -€ 221 million) due to an increase in net current assets, which is typical for the first quarter.

This year's cash flow from investing activities of -€ 20 million (Q1 2002: +€ 232 million) reflects additions to property, plant and equipment. The figure for Q1 2002 was affected by the inflow of funds from the sale of our Dresdner Bank shares, which yielded € 262 million.

Consolidated balance sheet

€ million	Mar. 31, 2003	Dec. 31, 2002
Assets		
Fixed assets		
Intangible assets	208	212
Property, plant and equipment	544	554
Financial assets	428	420
	1,180	1,186
Current assets		
Inventories	452	412
Receivables and other assets	1,166	1,191
Cash and marketable securities	593	772
	2,211	2,375
Deferred tax assets	80	72
	3,471	3,633
Liabilities and shareholders' equity		
Shareholders' equity	1,000	1,012
Minority interests	19	21
Provisions		
Provisions for pensions and similar obligations	189	188
Other provisions	456	456
	645	644
Liabilities		
Liabilities to banks	458	456
Other liabilities	1,305	1,459
	1,763	1,915
Deferred tax liabilities	44	41
	3,471	3,633



Financial calendar

2003

August 21 Interim Report Q2 2003
November 20 Interim Report Q3 2003

2004

May 26 Annual General Meeting*

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