

Capital Markets Day “Concessions”

22 November 2006



Financials and Valuation

Gerhard Becher, Chairman of the Executive Management
Dirk Söhngen, Head of Finance and Investments

How to measure success? BOT financials require more than one perspective

- Net present value calculation (Directors' valuation)
 - Measuring change of portfolio value
- Operational earnings (Profit and Loss Account)
 - Measuring profit contribution
- Return on Capital Employed – Benchmark: WACC
 - Measuring value added to the Bilfinger Berger Group
- Selling price (Secondary Market)
 - The final “mark to market”

AGENDA: Financials and Valuation

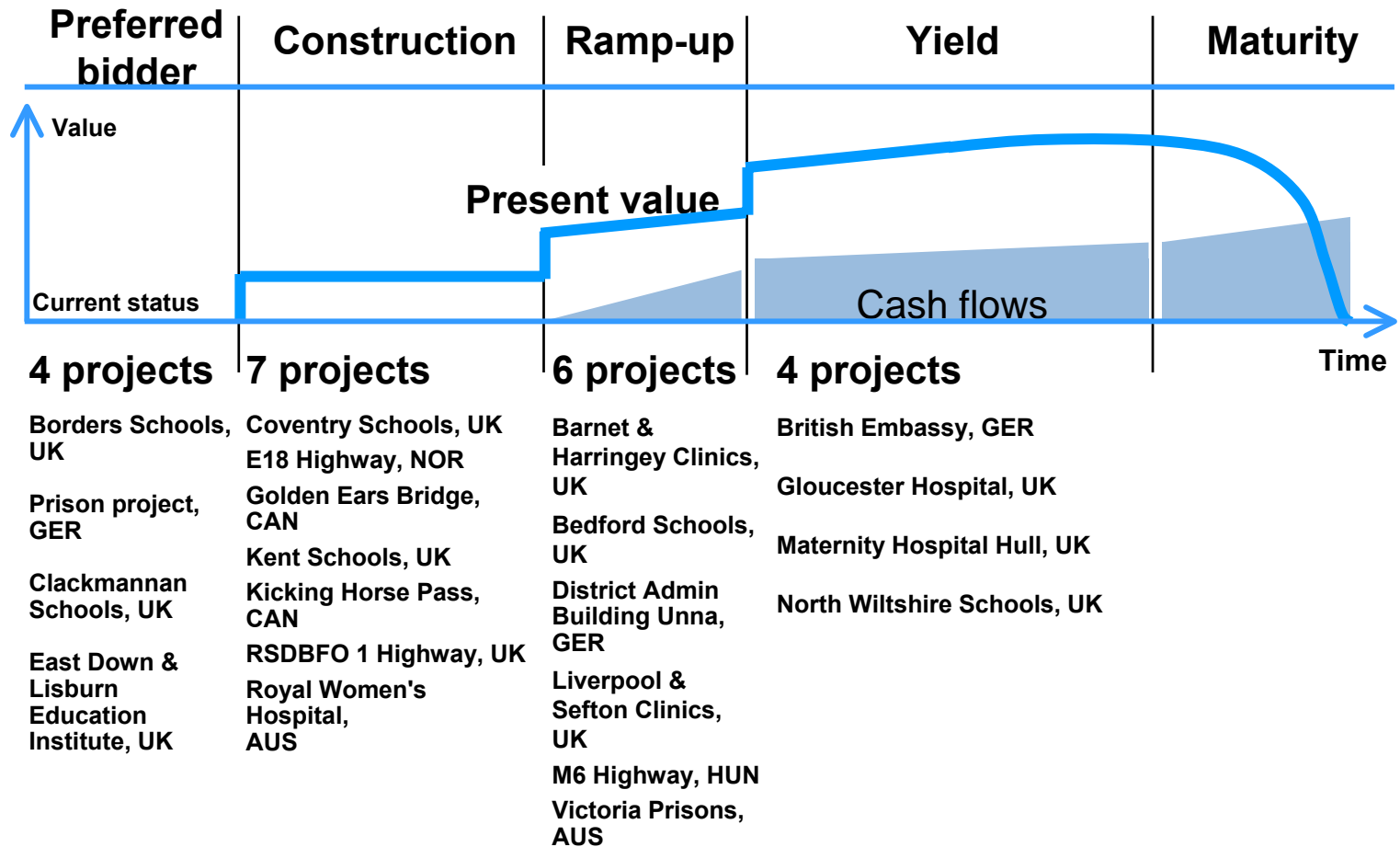
- 1 **The portfolio as of 09/2006**
- 2 Directors' valuation
- 3 Accounting (EBITA & ROCE)
- 4 Secondary Market
- 5 Outlook

24 projects with €275 million
committed equity have already been developed

Projects as of 09/2006	Investment Volume (in € million)	Equity committed (in € million)
Transport: 5	1,870	85.3
Buildings: 12	845	56.6
Impaired: 2	696	63.7
Pre-sold: 1	1,732	45.0
Preferred bidder: 4	400	25.0
<u>TOTAL: 24</u>	<u>5,543</u>	<u>275.6</u>

However,
with only four mature projects still a young portfolio

Maturity of project portfolio as of Sept. 30



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Directors' Valuation: all future cash flows are taken into account

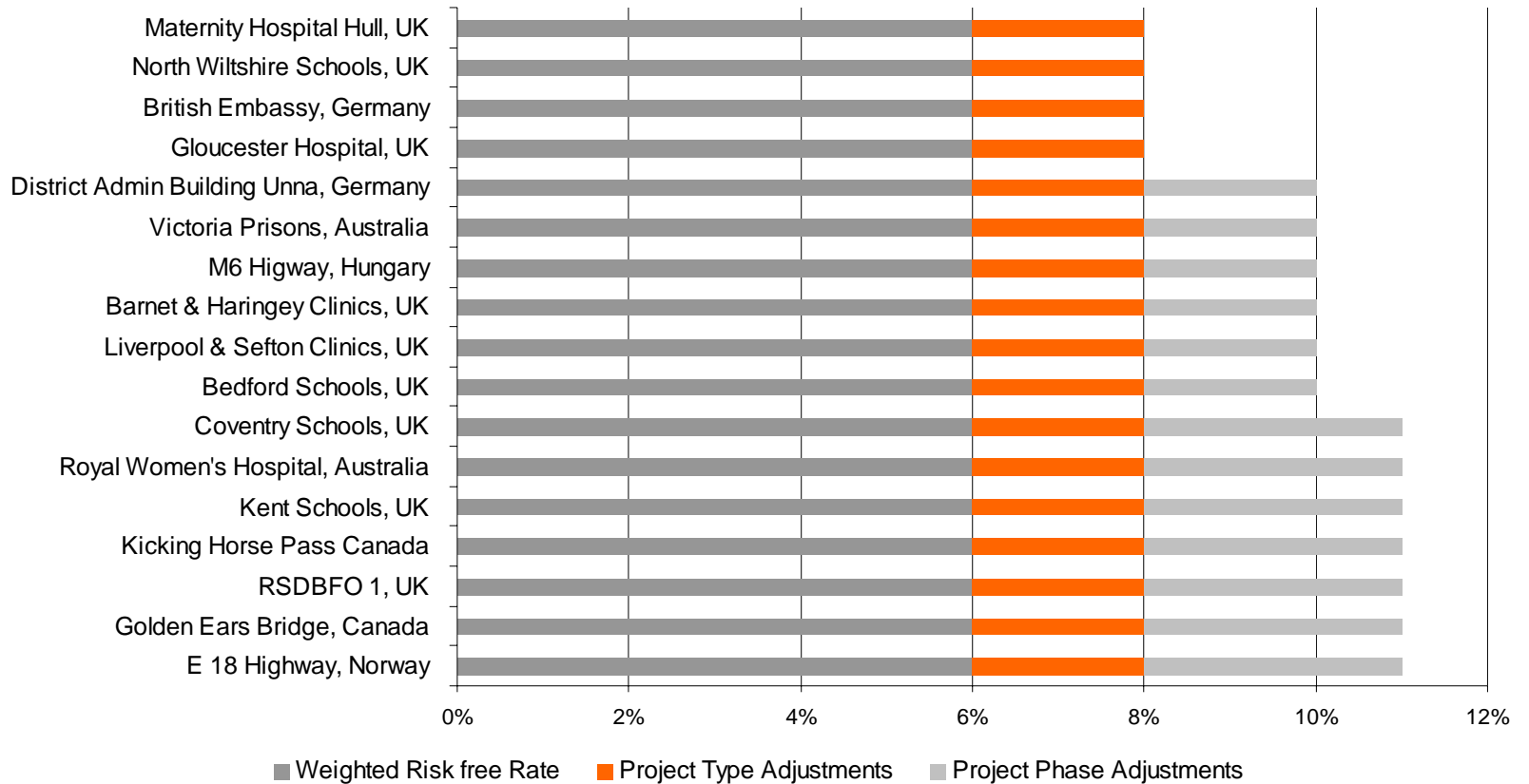
- The DCF method of valuation is generally used.
 - Only projects where "financial close" has occurred are included.
 - Cash flows are derived from financial models approved by external lenders.
 - Future potential refinancing gains or gains from sales are not taken into account in the valuation.
 - No value is taken from currency fluctuations.
- Providing a transparent and conservative approach for valuing the portfolio while leaving room for your own assumptions

Specific discount rates reflect different risk profiles of each venture

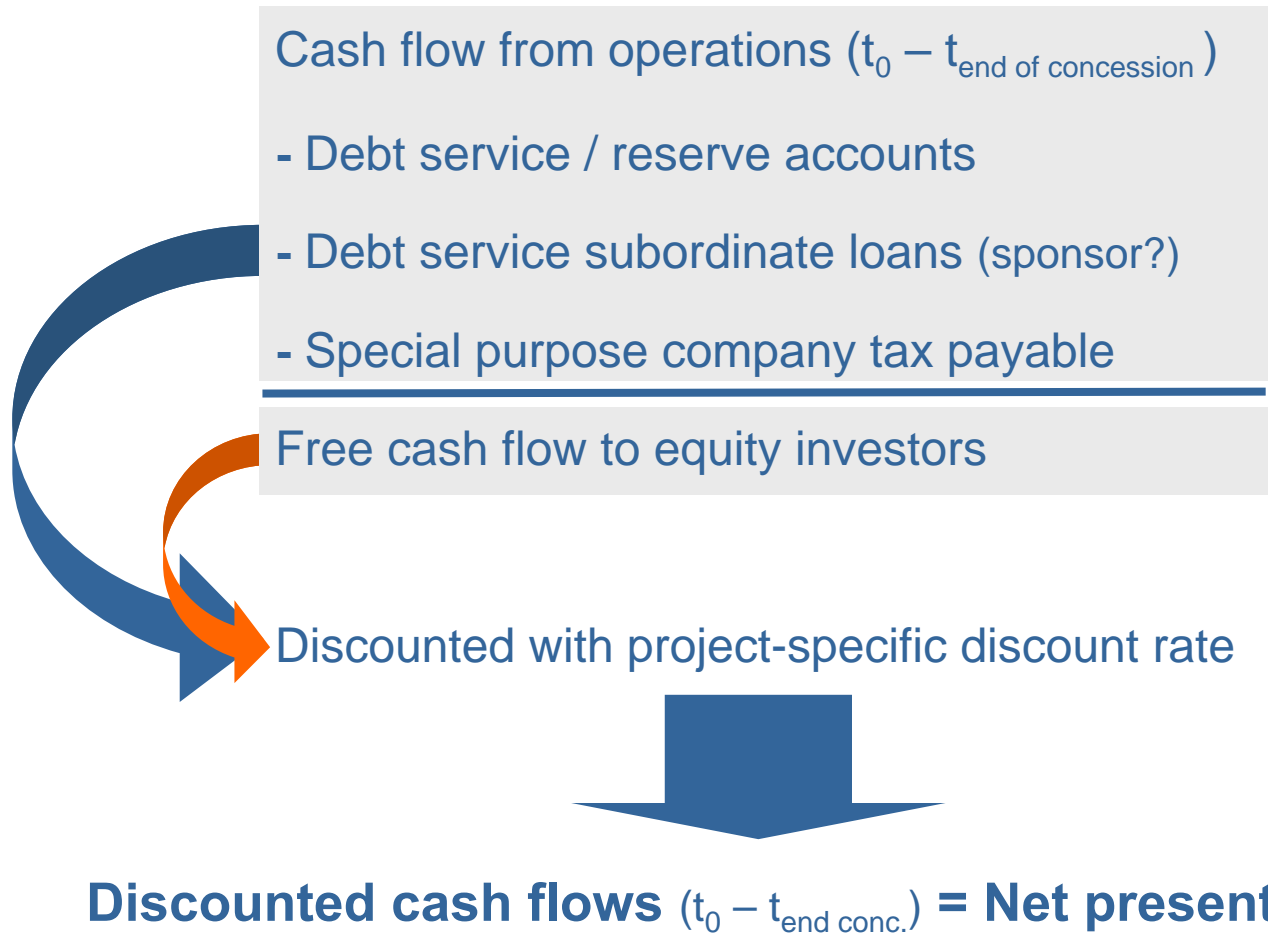
- Weighted risk-free basic interest rate is derived from country-specific long-term treasury bonds (currently set at 6%)
 - Premium on basic interest rate for project type adjustments
 - 2% for availability projects (e.g. schools)
 - 3% for projects that entail limited volume risks
 - Further premium on basic interest rate for project phase adjustments
 - 3% in the construction phase
 - 2% in the ramp-up phase
 - 0 % in the operation phase, when revenues and costs are certain
- Weighted average discount rate as of December 2005 was at 11.4%.

Currently only projects which are structured as availability schemes

Project-specific Discount Rates as of 09/2006



The considered cash flows
are net of tax payments and debt service



Looking at a sample project:
 Ramp-up of project means ramp-up of cash flows

Standard „free“ project cash flows:

Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
-10.00	0.00	2.00	6.00	6.00	6.00

Financial Close

Construction

Ramp up

Operation

Net Present Value increases with higher maturity

For valuation at Yr 0 the following CFs are recognized:

Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
-10.00 €	0.00 €	2.00 €	6.00 €	6.00 €	6.00 €

→ PV @ 10% = 14.0

For valuation at Yr 1 the following CFs are recognized:

Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
-10.00 €	0.00 €	2.00 €	6.00 €	6.00 €	6.00 €

→ PV @ 10% = 15.4

- The closer the higher cash flows, the higher the Net Present Value
- Example: Value increase of € 1.4 million from year 1 to year 2

Drivers for increase in Net Present Value are...

- Time effect
- Reduction of risk premium in discount rate over time
- Refinancing
- New projects (if IRR is higher than the project specific discount rate used in the Directors' Valuation)

Not recognized as value creation is...

- Injection of equity
- Value increase due to change in FX-rates

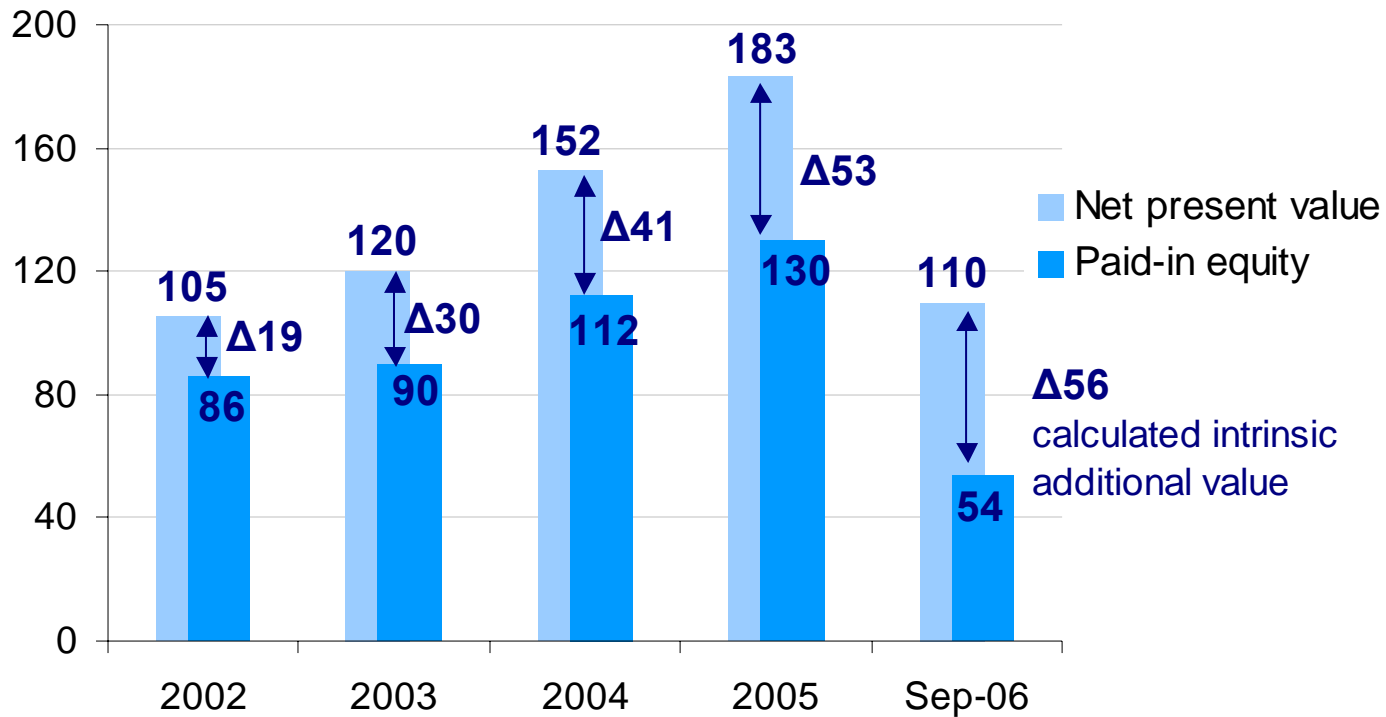
→ Value creation from disposals only shown in EBITA

The calculated value increase in our portfolio in 2005 was...

in € million	Present value Dec. 2004	Project divestments	Equity and loan investments	Exchange-rate changes	Pres. value Dec. 2004 rebased Dec. 2005	Value created	Present value Dec. 2005
Transport infrastructure	92.5	-16.8	40.3	6.9	122.9	2.6	125.5
Building	60.0	-14.9	2.7	1.8	49.6	7.8	57.4
Total	152.5	-31.7	43.0	8.7	172.5	10.4	182.9
Paid-in equity	112.4						129.9
Calculated intrinsic additional value	40.1						53.0

The calculated intrinsic additional value is constantly growing

In € million



→ The intrinsic additional value is not reflected in book value

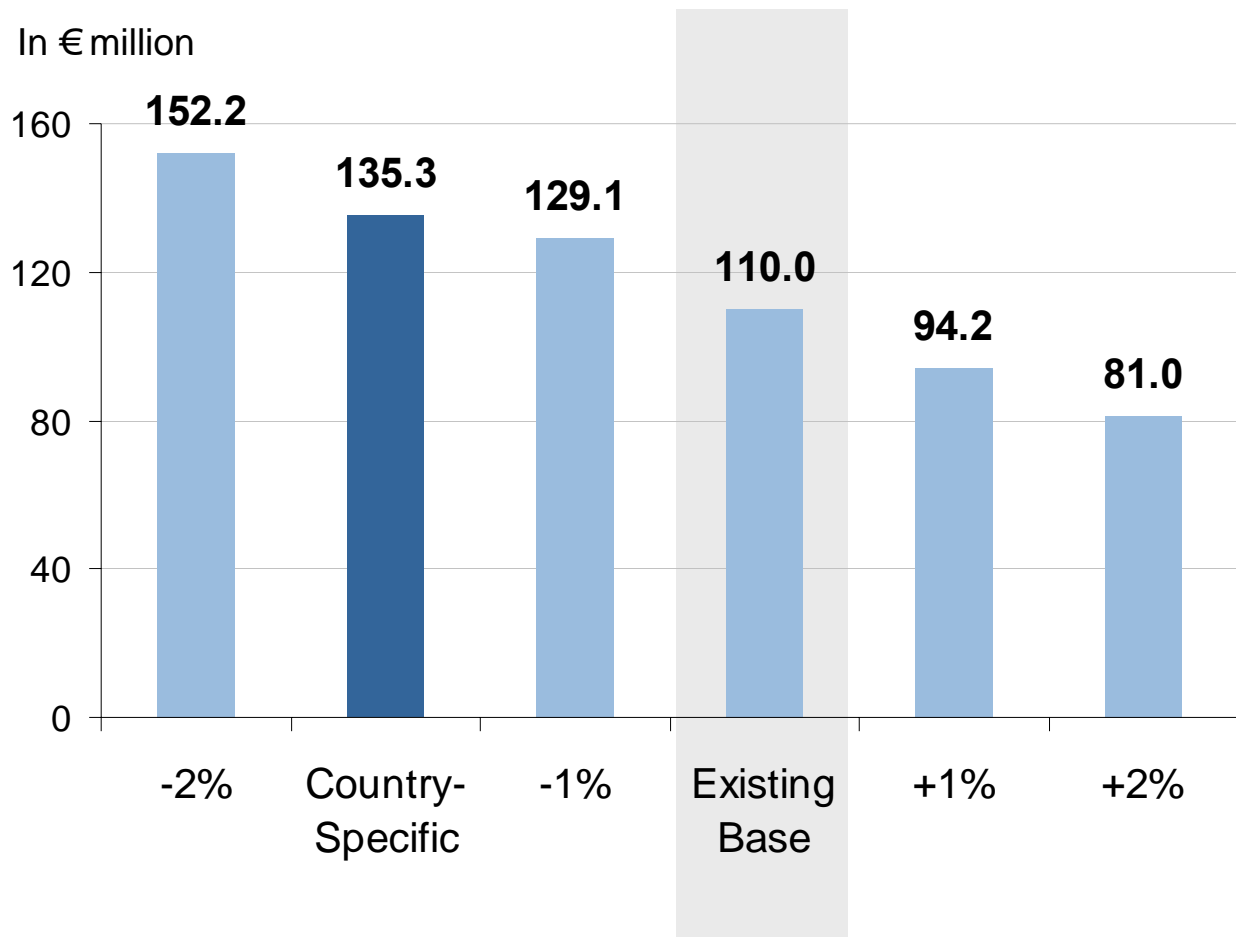
What happened between 12/2005 and 09/2006?

- Two impairments and sale of Westlink M7
 - Reduction in paid-in equity (book value)
 - Respective reduction in net present values
 - Profit and losses shown in P&L per 30 June 2006
- Equity injections (e.g. E18, Norway)

IMPORTANT:

- Present value of each project is higher than paid-in equity
- Difference is increasing, showing that value is created

Strong upside potential of portfolio value if lower discount rates are applied



Sensitivity of Net Present Value to different base rates

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Consolidation method
depends on ownership structure

Fully consolidated project companies (Equity share >50%):

Group EBITA includes project income and expenses allocated to

- Operating revenue using a constant margin on service costs
- Interest income on receivables from concession projects
- Interest expense on non-recourse financing

At Equity consolidated project companies (Equity share >=20%):

Share of net profit or loss included in Group EBITA

→ Currently 11 out of 17 projects are fully consolidated

Bid costs are critical for Concessions EBITA

2005	In € million
Operating Project Results	5.7
Bid Costs vs. Recovered Bid Costs*	-8.4
Net Asset Management	-3.4
Others including disposal profits	9.6
TOTAL EBITA	3.5

→ Bid costs in 2005 were at €16 million

ROCE of the last three years has beaten our WACC

Year	Annual EBITA (in € million)	Annual Value Creation (in € million)	Total Annual Return (in € million)	Annual ROCE in %
2003	-0.4	8.8	+8.4	+11.2
2004	2.0	10.5	+12.5	+13.9
2005	3.5	10.4	+13.9	+11.3

Balance sheet of BOT Group reflects financing structure of our concessions activities

in € million	Dec. 2004	Dec. 2005	Sep. 2006	Sep. 2006	Dec. 2005	Dec. 2004	Liabilities
Assets							
Financial Assets	236	645	936	104	176	115	Funding through BB AG
- Shares in associated companies	73	83	34				
- Participations	24	37	1				
- Receivables from concession projects	139	525	901	847	495	114	Non-recourse debt
Other assets including cash	14	57	97	82	31	21	Other liabilities
Total	250	702	1,033	1,033	702	250	Total

→ All Concessions projects are financed with non-recourse debt

Strong effects on Group balance sheet through consolidation of project companies

Fully consolidated project companies:

Concession contracts are accounted for as financial assets (Receivables from concession projects)

- Construction phase:
Amount comprises all costs to complete the infrastructure; when completed amount is equivalent to discounted payments from concessionaire
- Operating phase:
Amount initially recognized plus cumulative interest minus repayment

At Equity consolidated project companies:

Investments are accounted for at cost plus share of net profit/loss, minus impairment

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Secondary Market: The final „mark to market“

- We are currently witnessing strong growth in the secondary market for concession assets
 - increasing number of transactions performed
 - increasing number of funds seeking to buy
 - increasing total volume of funds seeking investment
- Interested buyers are:
 - infrastructure funds established by banks
 - infrastructure funds established by investors / sponsors
 - insurance companies

The secondary market shows pleasing development

- Investors are seeing attractions in long term lower risk income flows, with better yields than long term bonds (and to some extent inflation-linked).
- Concession projects (particularly availability schemes) have better return / risk ratios than traditional private equity.
- As the number of transactions performed increases, confidence increases in the liquidity of the secondary market (i.e. confidence that a profitable future exit would be possible).
- A lot of funds are chasing projects which have reached the yield phase.
- Investors are seeking to build up portfolio for risk diversification.

What discount rates do buyers apply?

Considerations are:

- What does the long-term bond yield curve look like?
- To what extent are earnings inflation-hedged?
- Is the construction discount really necessary (with most or all construction risks attached to the contractor)?
- What is tax treatment at funds / investors level?
- How does the “portfolio effect” influence the discount rate?
- When cash flow streams are deemed certain, the applied discount rate is the decisive factor for pricing

What does that mean for Bilfinger Berger?

- Currently large volumes of funds are chasing a still limited number of projects
- Bilfinger Berger's portfolio does include mature, attractive projects
- Announced sale of three mature projects proves to be successful
- Released funds provide the possibility to invest in new projects
 - new value will be created
 - new cross selling opportunities for the Multi Service Group

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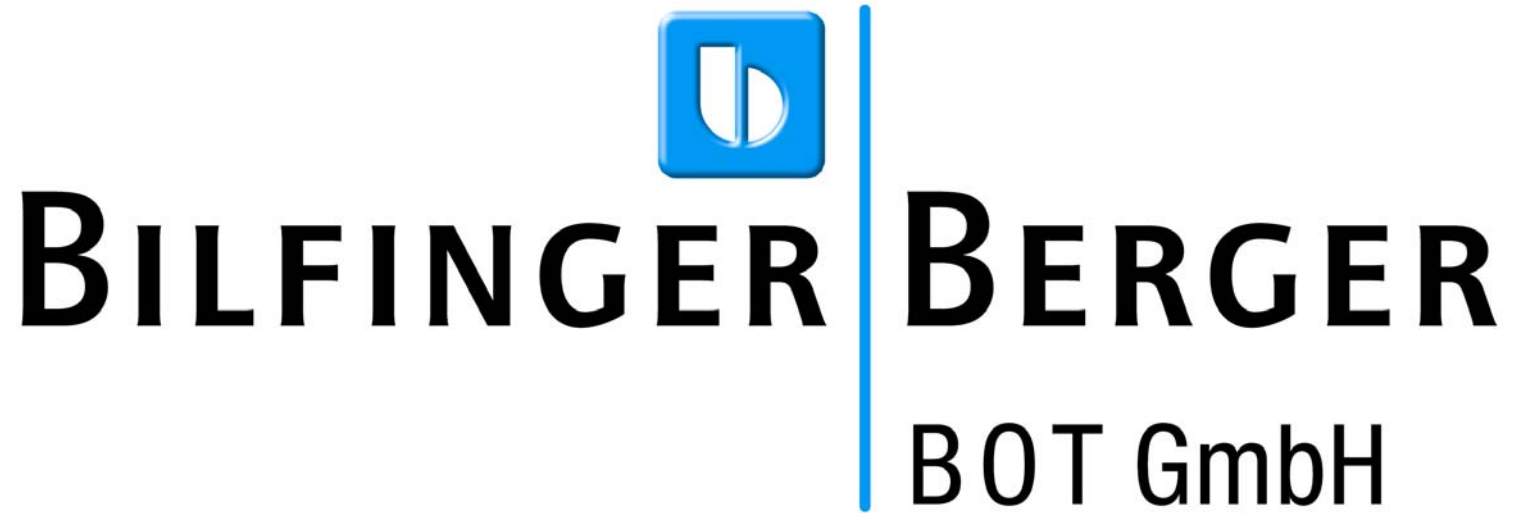
Strong project pipeline secures further growth of portfolio

Country/Region	Sector	Bid Phase		Early Phase
		No. of Projects	Estimated Investment Volume (in € million)	No. of Projects
Germany	Transport	3	750	3
	Buildings	5	645	4
Continental Europe (excl. Germany)	Transport	3	2,200	4
	Buildings	-	-	-
United Kingdom / Ireland	Transport	1	220	3
	Buildings	8	570	2
North America	Transport	2	600	2
	Buildings	-	-	4
Australia	Transport	-	-	2
	Buildings	1	500	5
TOTAL		23	5,485	27

Projects being tracked (as of 10/2006)

Future challenges for BOT are...

- Winning new projects each year in the target markets
- Focus increasingly towards management of existing projects
- Employing and retaining high calibre staff in competitive markets
- Managing constant change processes in a rapidly expanding business
- Long term funding strategy and optimised structuring of the business to attract external investors



Thank you very much for your attention!

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Herbert Bodner, CEO

Outlook

- We continue to grow our concessions portfolio with a mid-term target of € 400 million committed equity
- We continue to focus on our target sectors and regions
- We continue to create cross-selling opportunities in order to maximize the value contribution to the Bilfinger Berger Group as a whole
- We continue to provide Capital Markets with the information needed to assess the value of the concessions portfolio
- **We continue to create value!**

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