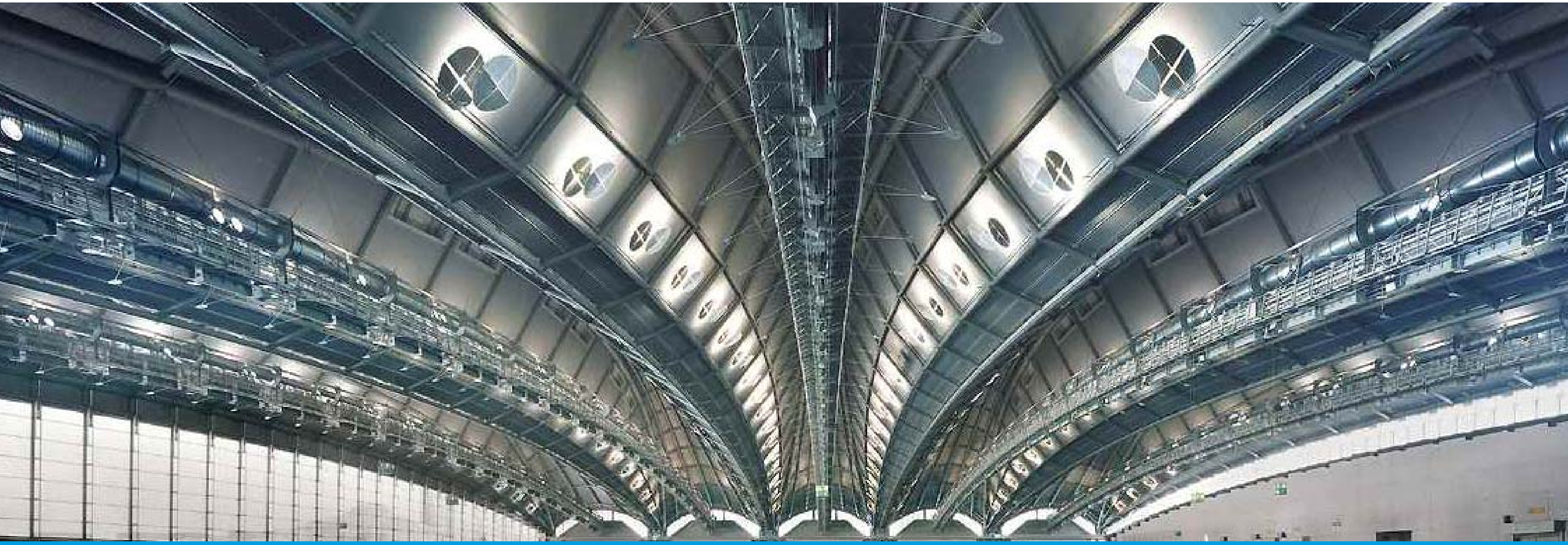
Bilfinger Berger Capital Markets Day

Building construction and Facility Services in Germany: Two strong players and a joint market presence

Bilfinger Berger Building

Dr. Matthias Jacob / Jörg Niescher, Bilfinger Berger Hochbau

November 22, 2007



Current market situation

- Stronger demand in Germany increasingly led to bottlenecks with subcontractor services
- Unforeseeable cost increases, despite existing agreements
- Shortage of material
- Affected projects relate to incoming orders 2006
- The German Building division will nevertheless break even in 2007
- Back on track in 2008

Agenda

- Market structure
- Bilfinger Berger Building
- Overview i.volution
- Project management
- Strategy
- Conclusion
- Reference project

Growing construction market in Germany

Construction market booming

Construction business announces turnaround

Building industry confirms market outlook

Building industry is alive and well!

Construction industry expects rapid growth for 2007

Construction trade group reports 14.7% increase in orders

Construction Group Bilfinger Berger announces record earnings

Building industry is hiring once again

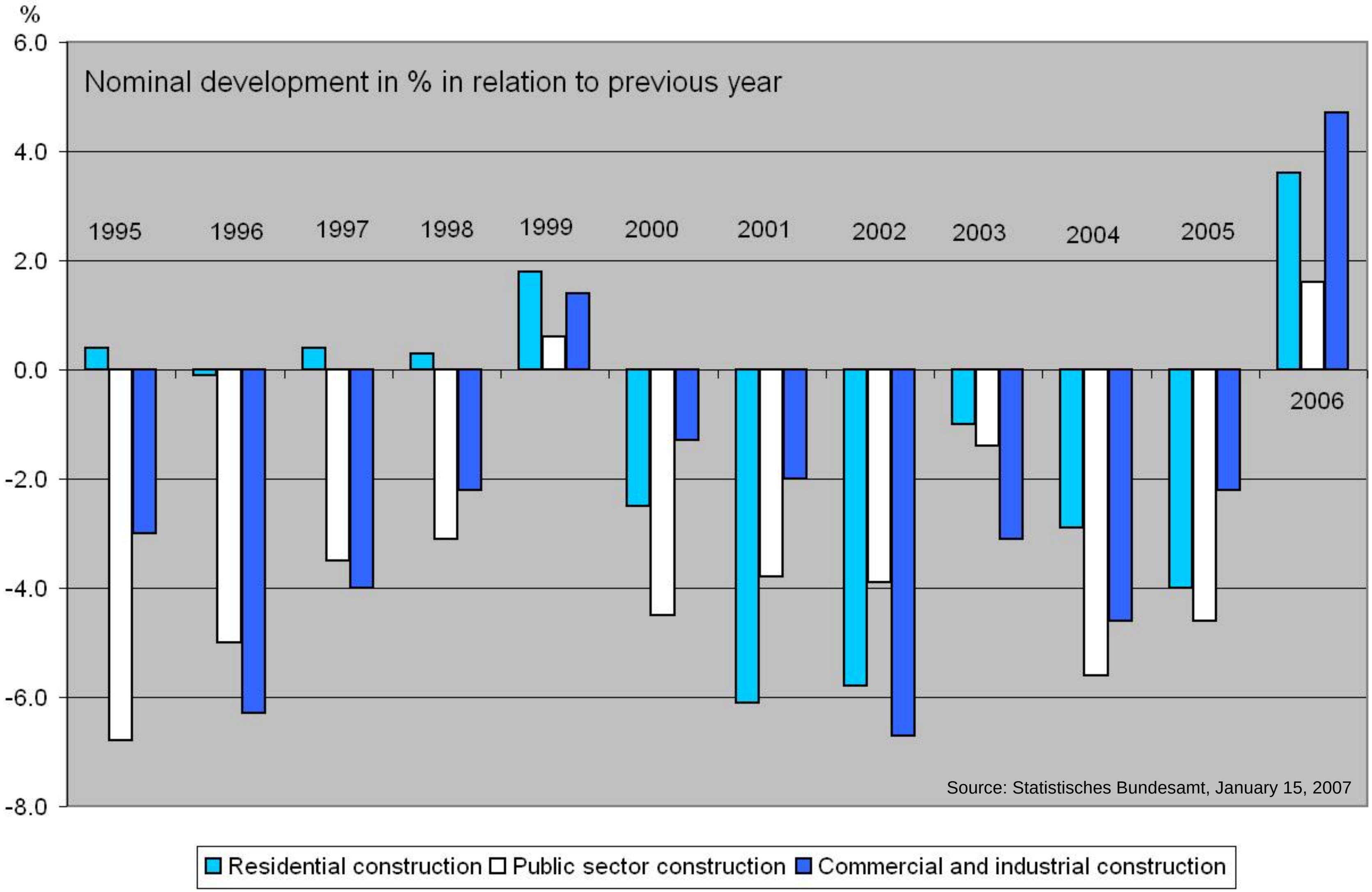
Construction investments in 2006 show clear growth again

Construction industry:
Jump in turnover again in 2007

Construction industry doubles prognosis

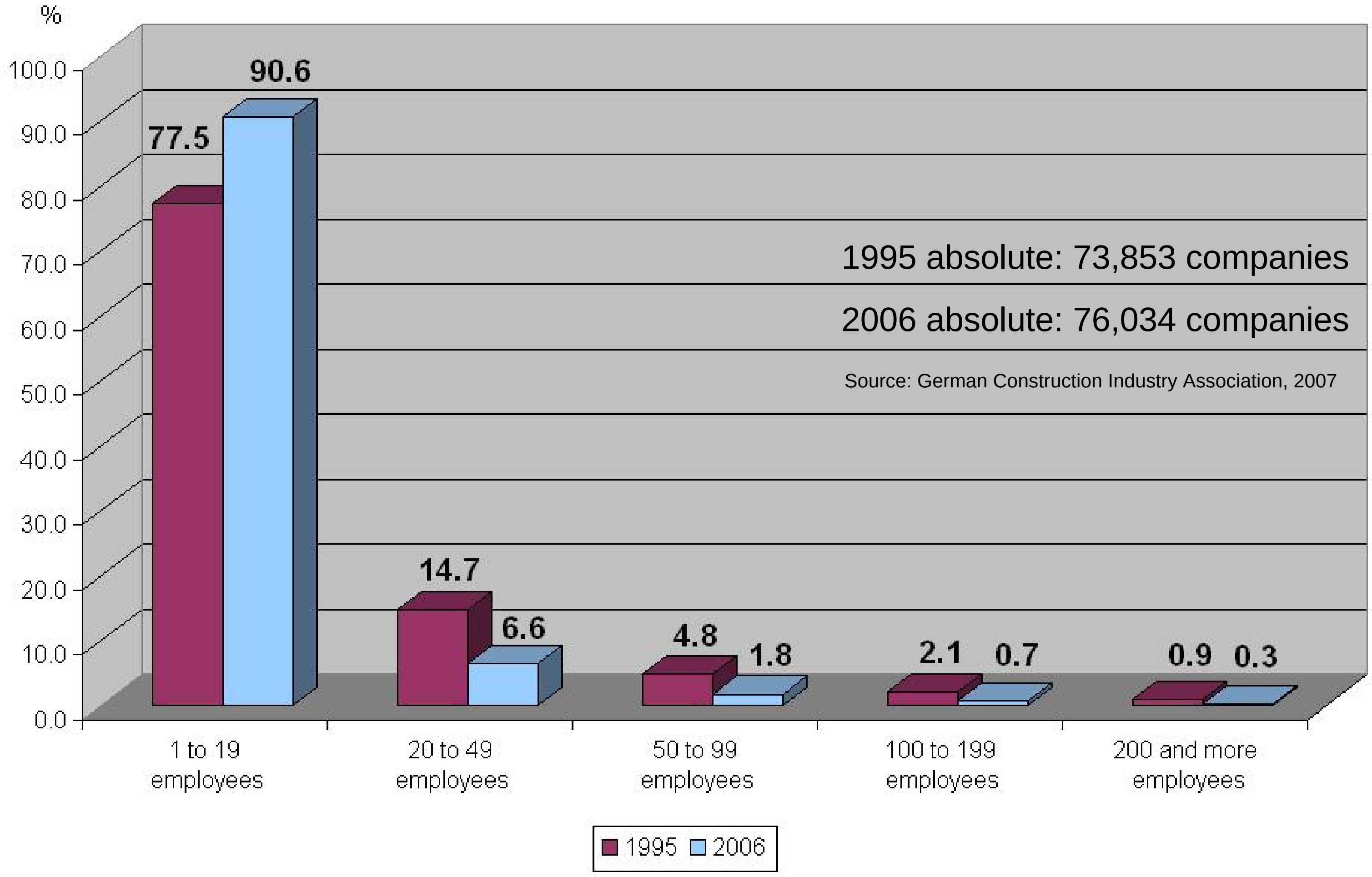
Construction business finds way out of crisis

Construction investment in Germany 1995-2006



Number of construction companies in Germany by size (in %)

BILFINGER BERGER
Hochbau



Biggest building construction companies in Germany
Reduction in number of competitors

1975	1990	2006	(Group output volume)
• Hochtief AG	• Hochtief AG	• Hochtief AG	(16.7bn €)
• Bilfinger + Berger Bau AG	• Bilfinger + Berger Bau AG	• Bilfinger Berger AG	(7.9bn €)
• Ed. Züblin AG	• Ed. Züblin AG	• Strabag AG / Ed. Züblin AG	(7.1bn €)
• Strabag Bau-AG	• Strabag Bau-AG	• Royal BAM Group*	(8.6bn €)
• Wayss & Freytag AG	• Wayss & Freytag AG	• Max Bögl Bauserv. GmbH&Co.KG	(1.0bn €)
• Philipp Holzmann AG	• Philipp Holzmann AG	• Köster-Gruppe**	(0.6bn €)
• Dyckerhoff & Widmann AG	• Dyckerhoff & Widmann AG		
• Boswau & Knauer AG	• Walter Thosti Boswau AG		
• Thosti Bau-AG	• E. Heitkamp GmbH		
• E. Heitkamp GmbH	• Heilit + Woerner Bau AG		
• Heilmann & Littmann Bau-AG	• Wiemer & Trachte AG		
• Sager & Woerner KG	• C. Baresel AG		
• Wiemer & Trachte AG	• Huta-Hergerfeld-AG		
• C. Baresel AG			
• Huta-Hergerfeld-AG			
• Polensky & Zöllner AG			
• Beton- und Monierbau AG			
• Held & Francke Bau-AG			

* incl. Wayss & Freytag AG / Müller-Altvatter GmbH & Co. KG
** incl. Wiemer & Trachte AG / Baresel AG / Köster AG

Source: Stiftung Bauwesen, March 9, 2007

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Bilfinger Berger Building (Germany and Rest of Europe)
Key figures 2004 - 2007

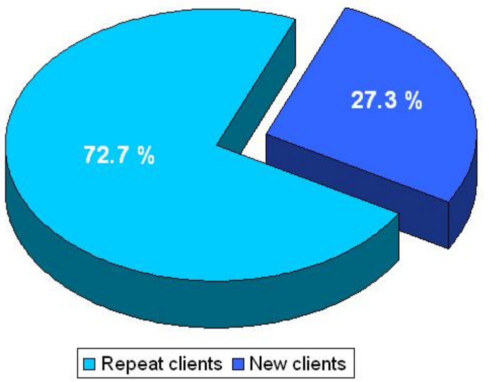
	2004	2005	2006	2007 Plan
Output volume*	845	855	854	900
Orders received*	914	817	1,155	
Order backlog*	603	565	866	
Employees	2,200	2,100	2,000	2,000

* in million €

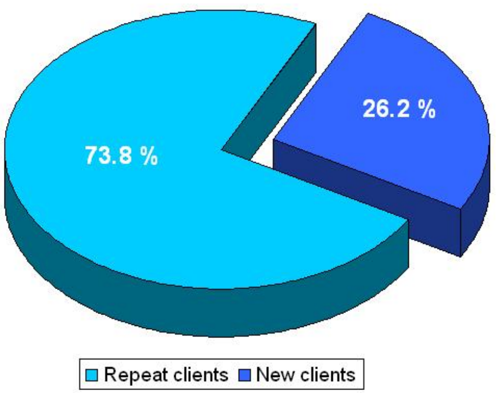
Client structure

Bilfinger Berger Building Germany

Orders received 2006



Orders received Jan-Oct 2007



- Our repeat clients trust our reliability and quality
- We can count on fair business conduct and reliable payment morale of our repeat clients
- We want to convince our new clients by providing outstanding services
- We demand adequate payment for our services
- We prefer quality competition over competition based only on price

Market drivers
Office buildings

Lufthansa Headquarters, Cologne
Completion: May 2007

- Increasing demand of modern offices
- Relocation of company headquarters due to centralization
- 30 % more lettings in the big five cities (Frankfurt, Munich, Hamburg, Düsseldorf, Berlin) compared to previous year
- Big companies prefer new buildings to get optimized ground plans and furnishings

Market drivers
Industrial buildings

MAN truck assembly plant Niepolomice, Poland (2007)
Completion: August 2007

- Improving economy in Germany
- Upward trend of industrial production volume
- Increasing investments in production equipment and optimized buildings
- Producers need a reliable partner to ensure construction costs, completion date and quality

Market drivers
Retail buildings


Shopping Centre Limbecker Platz, Essen
Completion: October 2009

- Revitalization and new construction boom of inner-city shopping centers
- Publicly sponsored revaluation of inner-city areas for higher quality and attractiveness (Business improvement districts)
- Execution of construction works during day-to-day retail business frequently required

Market drivers
Residential buildings / energetic revitalization

Revitalization Reilshof Quarter, Halle
Completion: May 2008

- Revitalization boom of residential buildings
- Increasing requirements of building quality regarding energy efficiency
- German action plan “Energy Efficiency” in accordance to the EU directive
- Public promotion programs (e.g. CO^2 building revitalization program)

Market drivers
Healthcare buildings

Deaconry Hospital, Mannheim
Completion: December 2007

- Investment requirements in the health care sector of in total 30–40 billion Euro
- Increasing competition between hospitals leads to targeted investments in new buildings and technical equipment
- Outsourcing or privatization of services
- Legal facilitation for PPP-models
- Cooperation with Bilfinger Berger Facility Services

Market drivers
University / school buildings

University of Applied Sciences, Gummersbach
Completion: September 2007

- Investment requirements of in total approx. 10 billion Euro in university buildings
- Half of 40,000 schools and 50,000 kindergartens in Germany in need of revitalization (double-digit billion Euro figure)

Market drivers
Hotel buildings

Lufthansa Training & Conference Centre, Seeheim
Completion: December 2009

- Boom of 4- and 5-star-hotels in Germany (plus 7.5 % of existing hotels by 2013)
- 180 four-star-hotels (27,700 rooms)
- 50 five-star-hotels (9,300 rooms)
- Especially attractive markets in Berlin (49 hotels), Hamburg (14), Frankfurt (12), Munich (9), Cologne (6), Stuttgart (5)

Market drivers
US Armed Forces projects

Enhanced Health Service Center Vicenca, Italy
Completion: 2010

- Annual contracts for maintenance and repair
- Projected buildings in Germany, Italy and Eastern Europe

Market drivers
PPP projects (Public Private Partnership)

Justice Centre, Chemnitz
Completion: December 2008
Operation over 20 years, without equity commitment

- Increasing number of PPP projects in Germany
- Eleven selected acquisition projects 2008 with a total construction volume of approx. 470 Mio. Euro
- Target 2008: Acquisition of PPP projects with a total construction volume of 200 Mio. Euro

Market outlook summary

▪ Office buildings	increasing market
▪ Industrial buildings	increasing market
▪ Retail buildings	increasing market
▪ Residential buildings / energetic revitalization	increasing market
▪ Healthcare buildings	increasing market
▪ University and school buildings	increasing market
▪ Hotel buildings	increasing market
▪ US Armed Forces projects	increasing market
▪ PPP projects	increasing market
▪ General contractor business	selective process
▪ Other building revitalization	selective process

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- **Overview i.volution**
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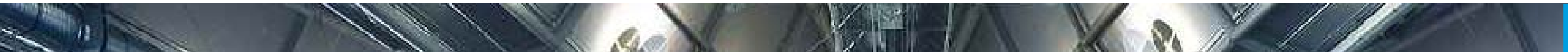


The i.volution brand

Immobilie
(Real estate)

+

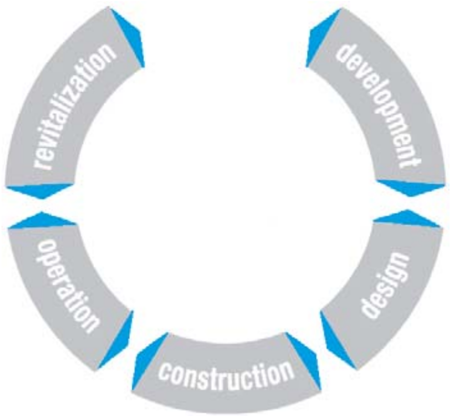
Evolution

=

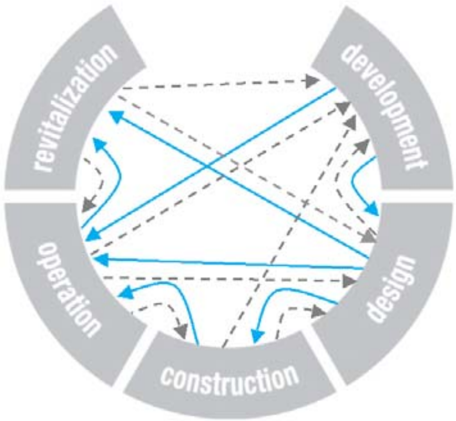
- Comprehensive range of consulting, construction and service offerings for every phase in the real estate lifecycle
- Patented trademark since 2005
- www.i.volution.bilfingerberger.de

Experience

Single view

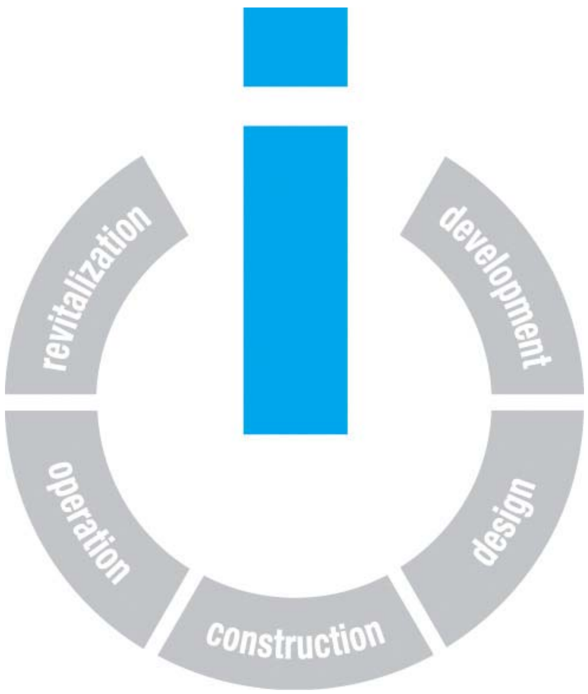


Comprehensive view



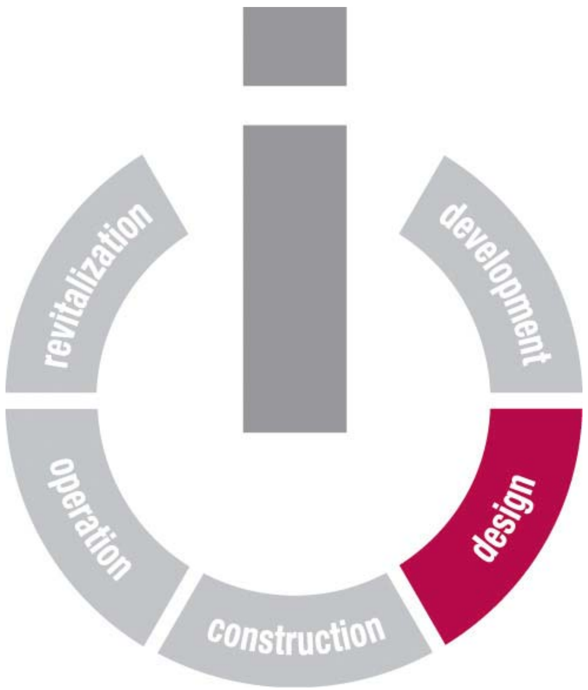
- There is optimization potential in nearly all plans for building execution and building operation
- The focus on construction costs often distracts attention from the resulting operating costs
- The effects of the later operating costs are not sufficiently analyzed through the application of design variations
- The important design phase is generally not given enough consideration

Lifecycle view



- Longstanding experience in all five lifecycle phases
- Comprehensive services offering from a professional single-source partner
- Increasing of building quality
- Real estate questions? – Ask Bilfinger Berger!

Comprehensive consulting services
Target 1



- Early design optimization
- Early construction cost reliability
- Early operation cost reliability

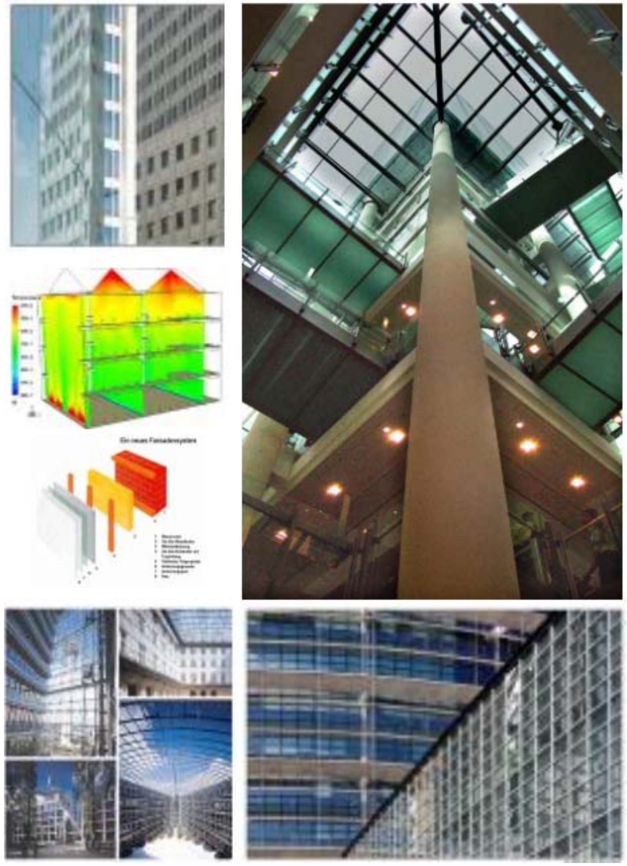
Target 1: Joint optimization of design

Framework construction / structural analysis / logistics

- Foundation methods
- Structural concepts
- Interfaces between framework construction and technical building equipment
- Construction logistics
- Plausibility testing of scheduling

Target 1: Joint optimization of design

Facade



- Optimum economic interaction between architecture, facade technology, structural analysis, building physics and technical building equipment
- Low operating costs (e.g. cleaning, servicing, heating and air conditioning supply)
- Longevity of materials

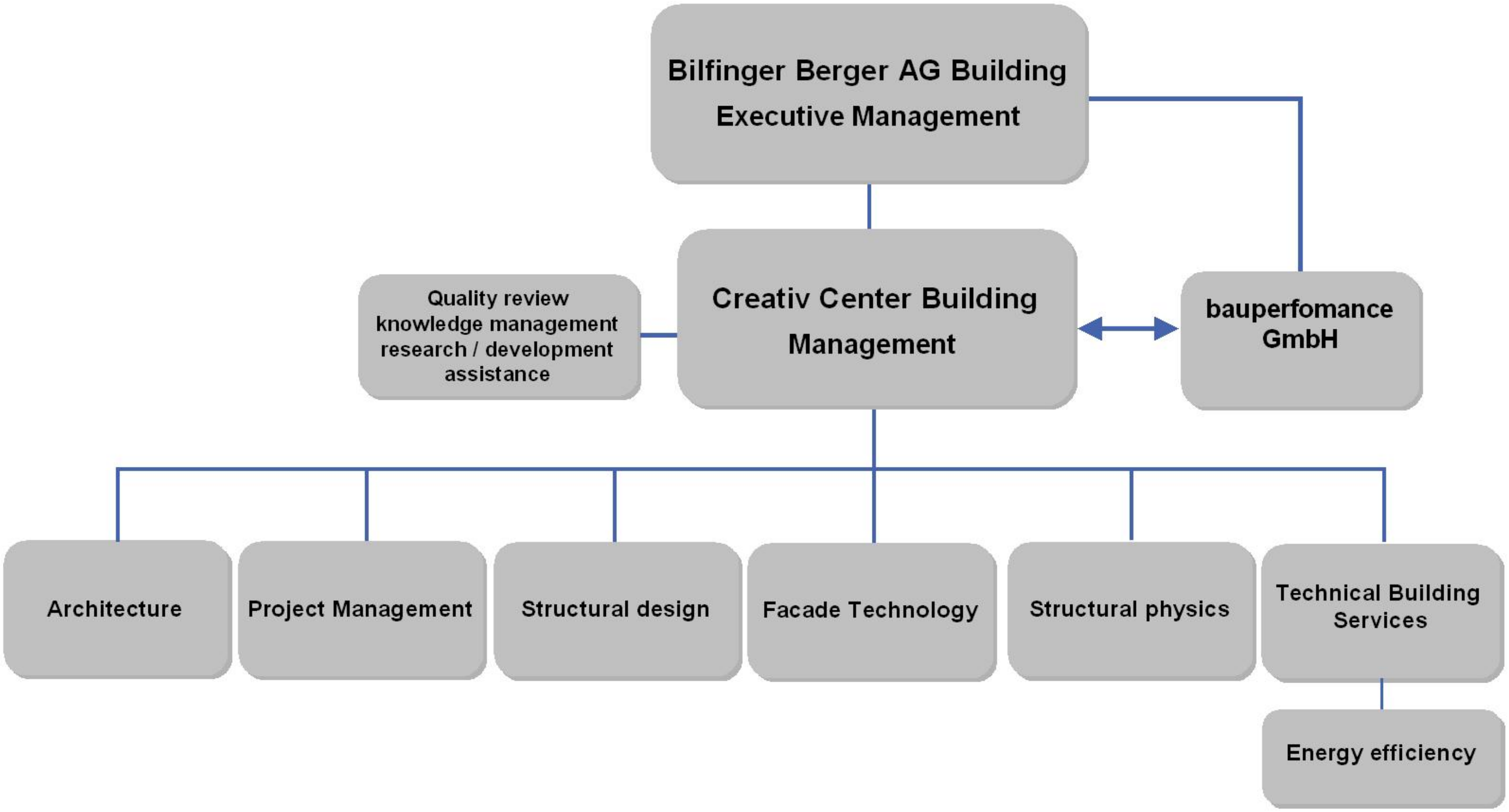
Target 1: Joint optimization of design

Technical building equipment

- Low operating costs / optimized investment costs
- Dimensioning and adjustment of technical components
- Use of innovative and proven room systems
- Use of renewable energies

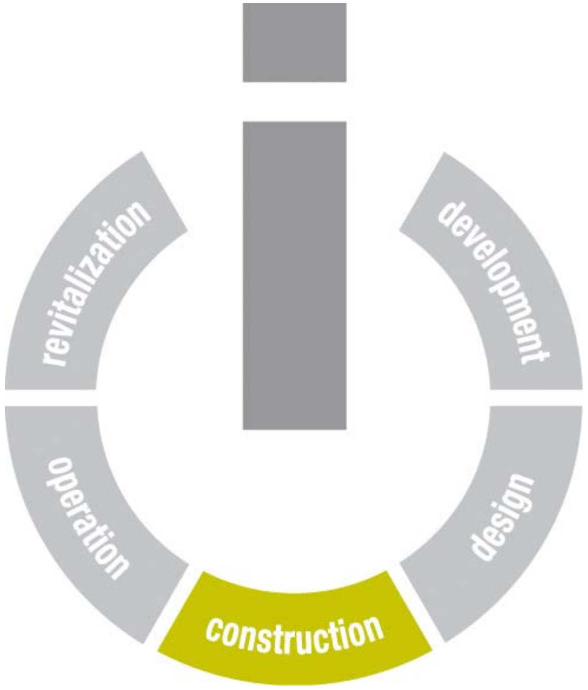
Target 1: Joint optimization of design

Bundling of technical knowledge



Comprehensive consulting services

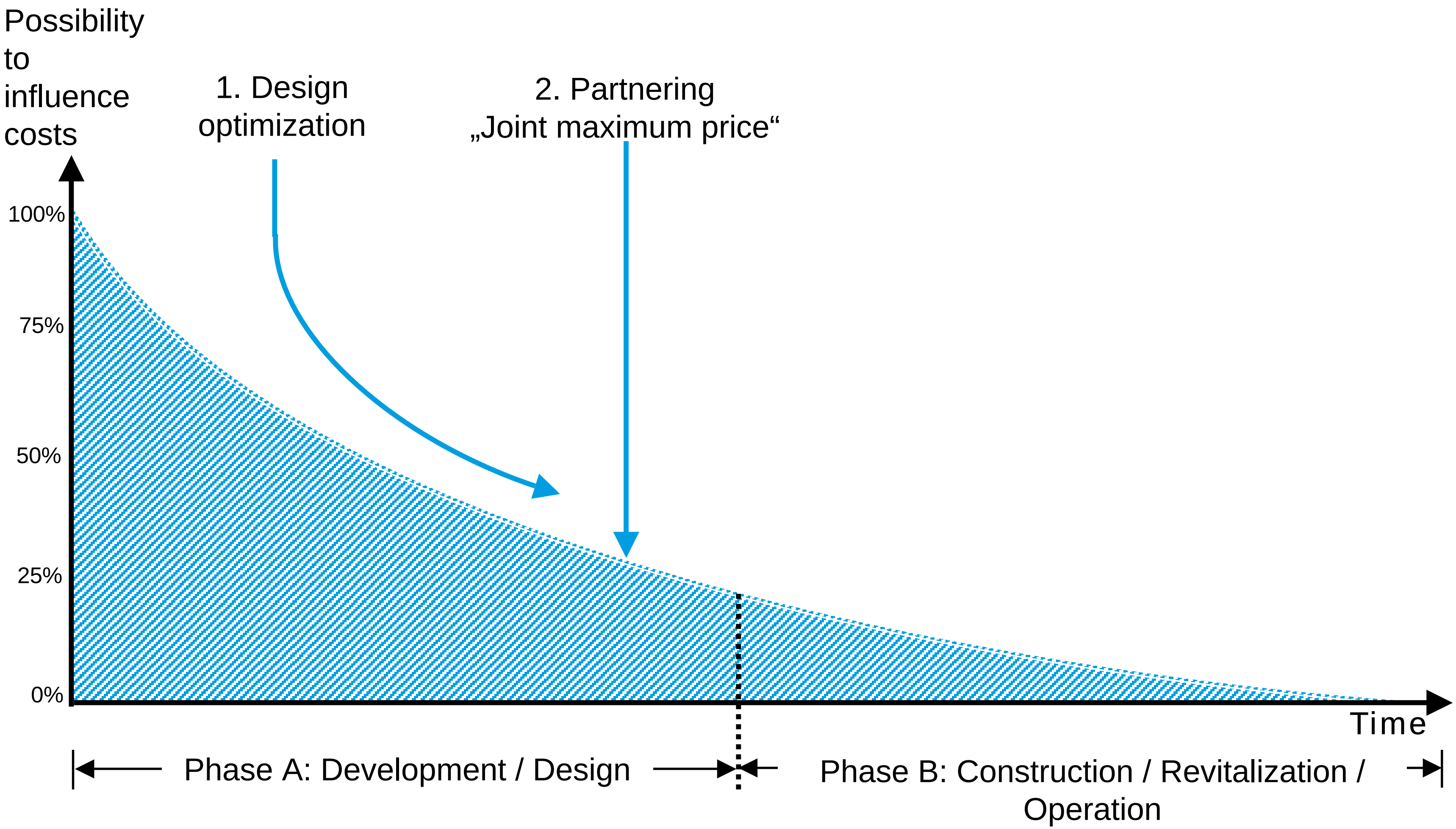
Target 2



- Early design optimization
- Early construction cost reliability
- Early operation cost reliability

Target 2: Early construction cost reliability

Ideal development of a partnership model

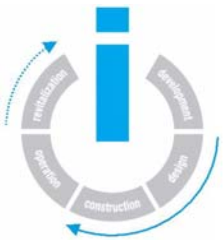


Bilfinger Berger´s project partnership model

Partnering

- **Minimum Package**

  Design (Consulting & Design) and Construction / Revitalization



- **Combination I**

  Design (Overall Design) and Construction / Revitalization

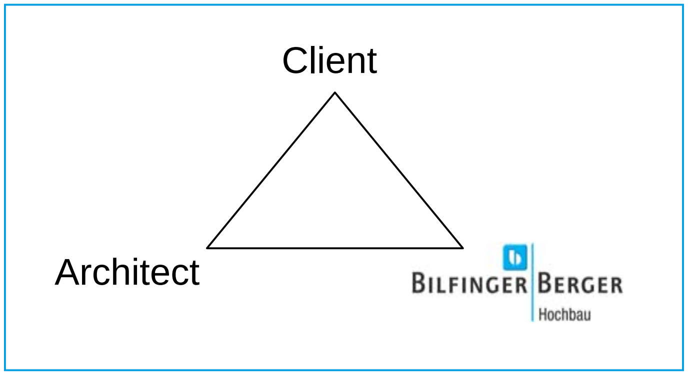
- **Combination II**

  Design (Overall Design) and Construction / Revitalization and Operation

- **Combination III**

  Development, Design (Overall Design) and Construction / Revitalization and Operation

Advantages of project partnership models for the client



- Maximum cost and deadline reliability due to comprehensive consulting as well as transparent presentation of consequences from execution alternatives for costs and deadlines
- Clear reduction of design and construction phase
- Creation of a property which is optimized in terms of construction and operating costs
- Awarding of optimum prices due to competition over all trades as well as joint selection of subcontractors
- Compliance with projected budget

Advantages of project partnership models for Bilfinger Berger

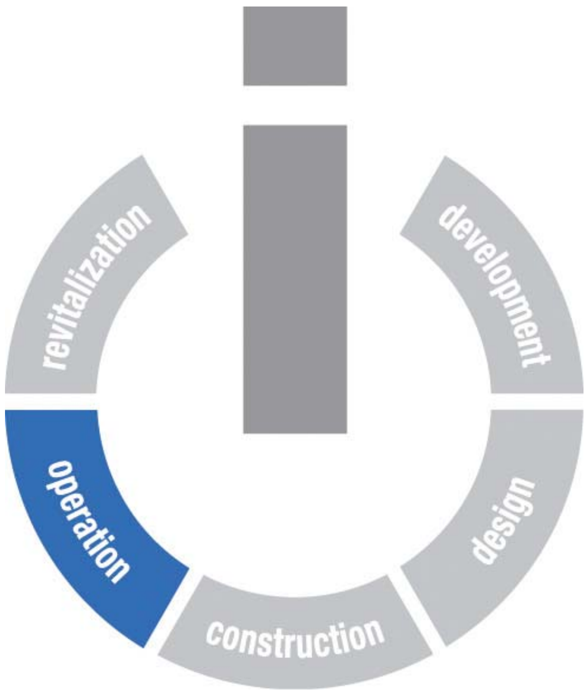
Statement BILFINGER BERGER :

"By providing outstanding services, we aim to become our clients' preferred partner."

- Calculation reliability stemming from early involvement in design phase
- More intensive project design in the beginning guarantees smooth implementation
- Resource planning can be optimized
- Decreasing risks through early involvement
- Share in potential cost savings
- Satisfied client due to customized concept, high execution quality and completion within budget

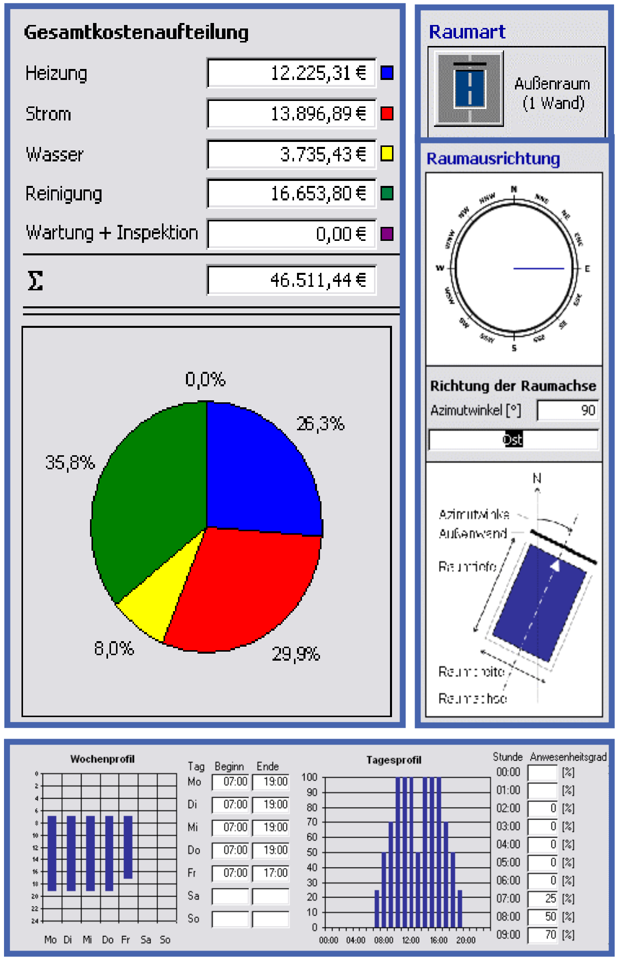
Comprehensive consulting services

Target 3



- Early design optimization
- Early construction cost reliability
- Early operation cost reliability

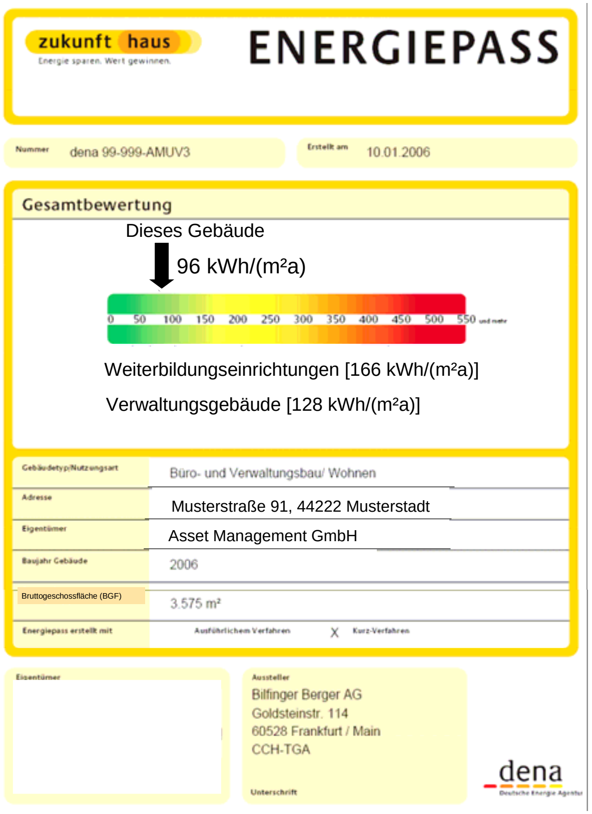
Target 3: Early operation cost reliability
Simulation-Tool



- Calculation of volumes used and costs for heating, air conditioning, electricity and water, based on a precise hourly method
- Assessment for variants of different structural and technical systems
- Confirmation of energy volumes at takeover of building operation

Target 3: Early operation cost reliability

Energy certificate



zukunft haus
Energie sparen. Wert gewinnen.

ENERGIEPASS

Nummer dena 99-999-AMUV3
Erstellt am 10.01.2006

Gesamtbewertung

Dieses Gebäude
96 kWh/(m²a)

0 50 100 150 200 250 300 350 400 450 500 550 und mehr

Weiterbildungseinrichtungen [166 kWh/(m²a)]
Verwaltungsgebäude [128 kWh/(m²a)]

Gebäudetyp/Nutzungsart	Büro- und Verwaltungsbau/ Wohnen
Adresse	Musterstraße 91, 44222 Musterstadt
Eigentümer	Asset Management GmbH
Baujahr Gebäude	2006
Bruttogeschossfläche (BGF)	3.575 m²
Energiepass erstellt mit	Ausführlichem Verfahren X Kurz-Verfahren

Eigentümer

Aussteller
Bilfinger Berger AG
Goldsteinstr. 114
60528 Frankfurt / Main
CCH-TGA
Unterschrift

dena

- Economical general systems (e.g. large share of nascent cooling, calorific value technology, circulation systems with variable volume via measurement of air quality)
- Modern control technology
- Calculation of energy requirements
- Issuing the energy certificate

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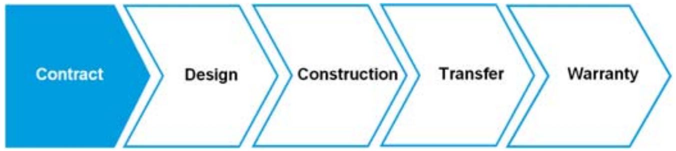
Typical project process

Risk management and quality control in five important areas ...

Contract → Design → Construction → Transfer → Warranty

Contract Management



- Best knowledge and action in accordance with the contract
- Cardinal error list
- Calculate or eliminate risks, otherwise exit
- Target: Balanced and fair contracts

Contract is essential part of risk management

Supplier Management

- Early selection of competent subcontractors and exclusive commitment from subcontractors prior to contract close
- Premium partnership with carefully selected suppliers
- Target: Early securing of resources for the execution of the project

Higher reliability of calculation, design and execution

Design Management

- Implementation of optimized and structured design processes
- Design handbook / Design error checklist
- Ongoing training for technical employees
- Target: Securing a thorough and coordinated design

No bad surprises!

Construction Management

- Quality offensive b.best (mandatory staff training)
- Regular internal control meetings (technical and commercial sales force)
- Project review through quality audit
- Target: High level of construction quality

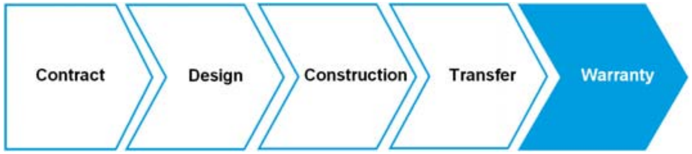
Minimization of remedy deficiencies costs

Transfer management

- Systematic finishing with enough time for transfer and start of operation
- Finishing guidelines / Transfer handbook
- Target: Defect-free transfer for the start of operations of a building

Efficient time management leads to early completion and final account

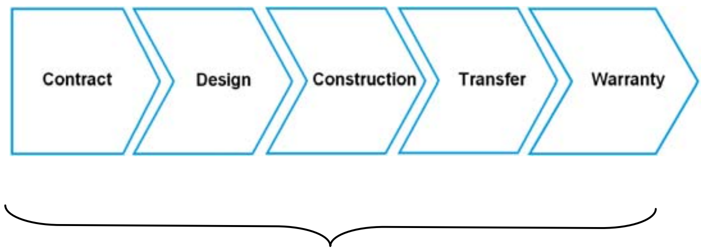
Warranty Management



- Structured and focused customer service
- Rapid correction of appearing defects
- Target: High degree of customer satisfaction

High probability of follow-up contracts

Quality Management



- Training of nearly 700 employees
- Knowledge-bundling by Creativ Center Building
- Brand / certificate of quality

A consistent quality management leads to better predictability and therefore to lower costs

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Bottlenecks in the procurement market

- Rise in procurement prices due to increased demand for material
- Constant reduction in production capacity in the last 10 years
  - Insulation
  - Steel
  - Glass
  - Copper etc.
- Shortage of capacity from subcontractors
  - Subcontractors looking for other markets in Europe
  - e.g. UK, Norway, Ireland etc.
- Increase in subcontractor insolvency risk
  - Breaking contract conditions
  - Lack of capital cover
  - Depletion caused by 10 year recession

Bottlenecks in terms of personnel

- Lack of qualified managers
- Number of engineering graduates has been falling for years
- Lack of skilled labor
- Growing risk of losing managers to competitors

Strategy of Building (1)

- Clients
  - Strict selection of clients and contractor projects
  - Key customer care – also in economic boom periods
  - Quality competition instead of price-only competition
  - Increasing amount of PPP projects

- Real estate lifecycle view
  - Consistent further development of i.volution
  - Development of holistic project management and design management
  - Consistent involvement of Creativ Center Building

- Personnel
  - Targeted management development and promotion of high potentials
  - Expansion of programs to retain managers

Strategy of Building (2)

- Procurement market
  - Early relationship to suppliers and subcontractors
  - Early commitments with suppliers
  - Premium partnerships
  - Negative product list
- Construction market
  - Opening up selected markets
  - Follow your friends to Europe

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Conclusion

Bilfinger Berger Building ...

- has developed against the negative industry trend
- will be back to growing margins in the upcoming year
- has a strong market position

- is well-positioned

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Lufthansa Conference and Training Centre, Seeheim-Jugenheim

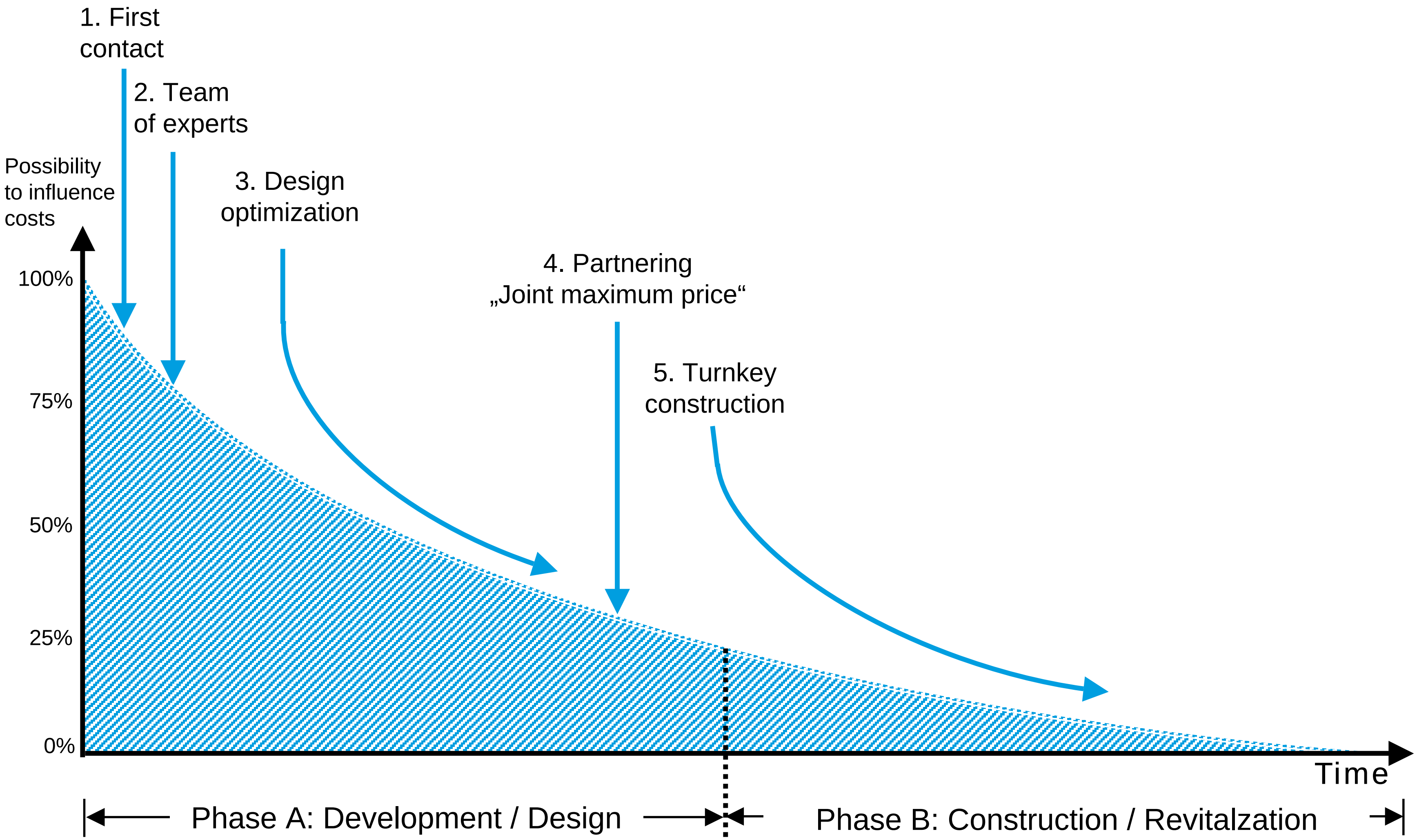
Key figures

- Client: Lufthansa AG
- Construction volume: €86 million
- Construction period: 11/2006 – 12/2008

Detailed information

- Project partnership contract
- Total demolition and new construction of a modern conference and training centre (583 rooms)
- Construction and operation cost optimized building

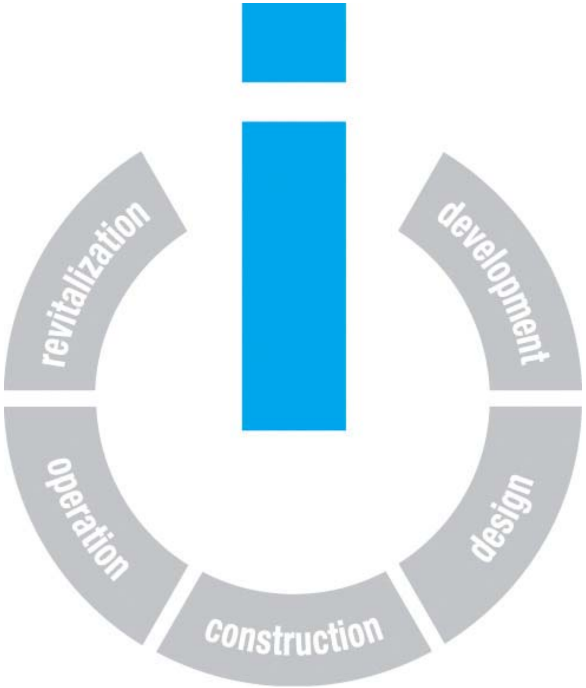
Timeline


1. First
contact
2. Team
of experts
3. Design
optimization
4. Partnering
„Joint maximum price“
5. Turnkey
construction
Possibility
to influence
costs
100%
75%
50%
25%
0%
Time
Phase A: Development / Design
Phase B: Construction / Revitalzation

1. First Contact

- Acquisition campaign i.volution
- Direct contact to clients at the highest management level in May 2005
- First information about planned project

2. Team of experts



- Building, Creativ Center Building, Facility Services
- Presentation of Bilfinger Berger´s comprehensive service offer in July 2005
- Sound and informed response to the client´s questions (competition prices, exit strategy, cost controlling, workflow processes etc.)

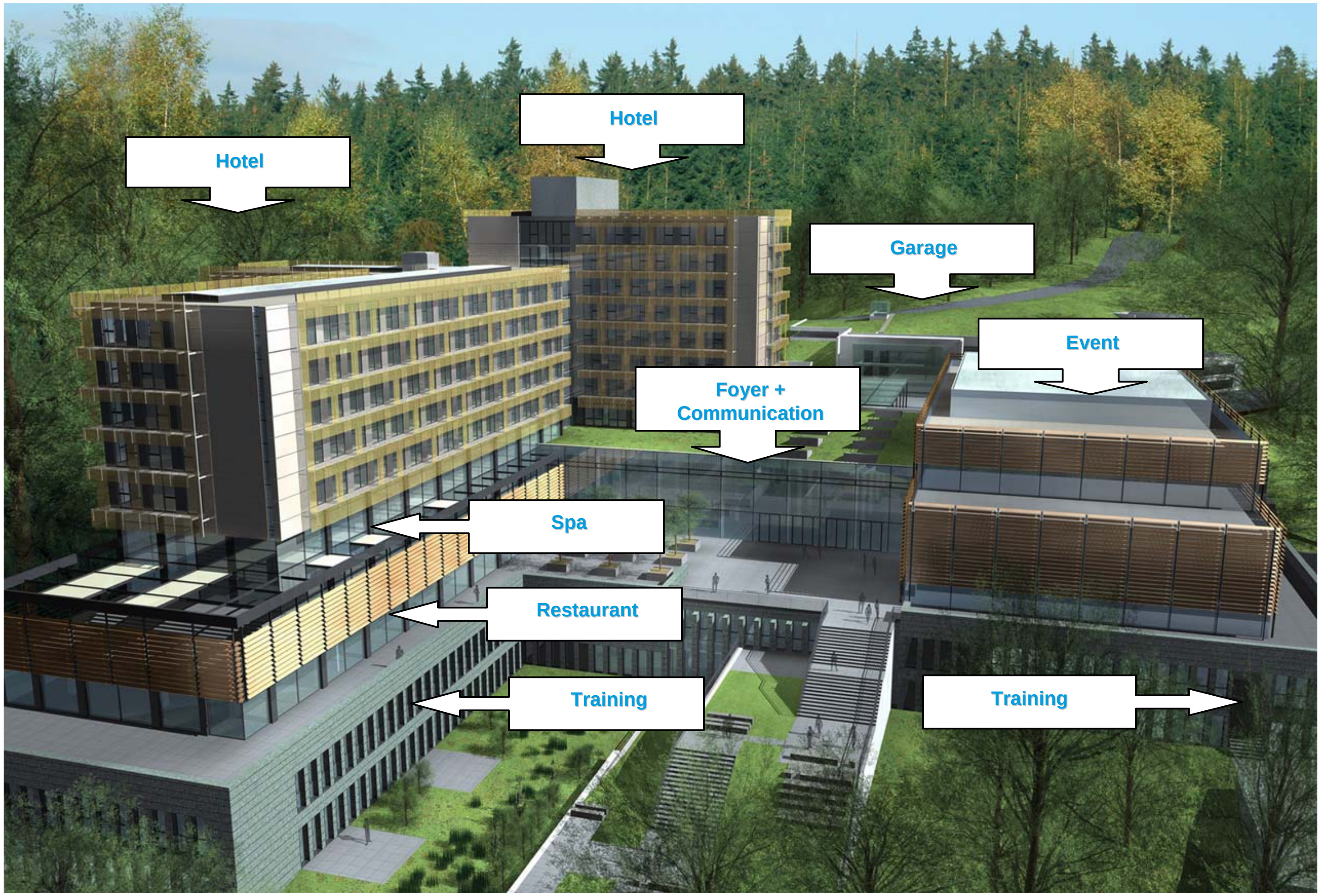
3. Design optimization

- Feasibility study of revitalization concept
- Design optimization from January 2006 until November 2006
- Pre-contracting payment for comprehensive consulting services

3. Design optimization (examples)

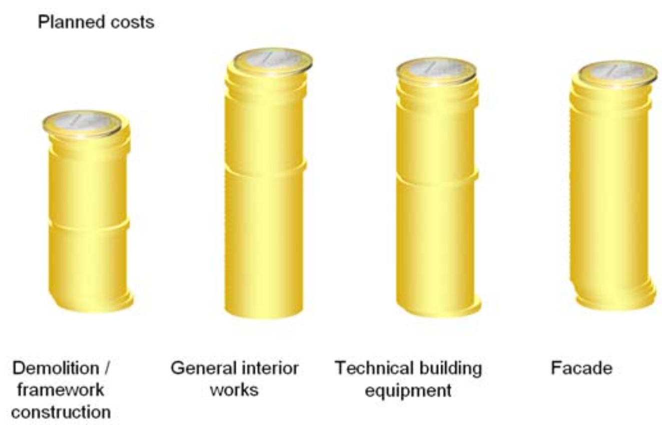
- Framework construction
- Facade technology
- Technical building equipment

Building Structure



4. Partnering

Joint Maximum Price



- Calculation of costs und risks
- Joint maximum price in November 2006
- Open book
- Kick-off meeting

Completion date: 12/2008

5. Turnkey construction

- Demolition works from December 2006 until April 2007
- Working out the detail planning
- Framework construction until April 2007
- Topping-out ceremony in June 2008
- Completion in December 2008

5. Turnkey construction
Old building

5. Turnkey construction

Demolition

5. Turnkey construction

Earthworks

5. Turkey construction

Sheeting

5. Turnkey construction
Structural work

5. Turnkey construction

View of a single room 2008

Success factors for Bilfinger Berger

- Direct contact to clients at the highest management level
- Early knowledge of the client´s project plans
- Presentation of tried-and-tested instruments of cooperation, design optimization and cost reliability
- Permanent client orientation
- Transparent presentation of our interests
- Share in potential cost savings

Advantages for the client

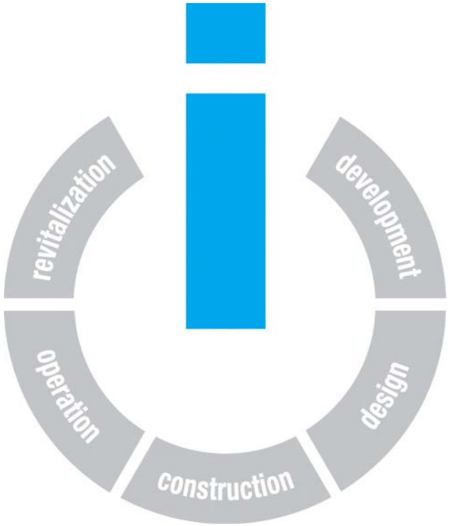
- Assessment of the planning with regard to the complex combination of architecture, structure, facade design, technical building equipment, structural physics, interior works and operation of the building
- Evaluation of planning variants regarding deadlines as well as investment and operating costs
- Exit option after finishing the design phase
- High degree of detailed expertise before the start of construction reduces the danger of cost-causing changes (early problem solution)
- Transparent presentation of Bilfinger Berger´s indirect costs as well as overheads before entering into the contract
- Share in potential cost savings

Advantages for Bilfinger Berger

- High probability to acquire the contract
- Wide influence to optimize the construction processes
- Reduced risks during the whole project process in comparison to conventional contracts
- Higher overall returns

➡ **Optimized risk-and-reward profile**

Thank you for your attention!



Are there any questions?