

**Bilfinger SE**

- Leading in Industrial Services -

# KEPLER CHEUVREUX GERMAN CORPORATE CONFERENCE 2024

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January 15, 2024

Dr. Thomas Schulz, Group CEO

Bettina Schneider, Senior Vice President Group Treasury & Investor Relations



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# Virtual Year-End Lunch Meeting 2023

# Regions: Market dynamics show some variances

## Selected statements

### United Kingdom



- Offshore industrial action now settled with stable outlook going forward
- Initiatives to become independent from Russian energy is driving expansion and new project work in Energy & Utilities sector, including green and nuclear energy
- Lack of qualified manpower on site is limiting factor for growth

### Germany



- Utilization of chemical industry in Germany declined to 77% according to VDI (average is 85%)
- Increasing interest for outsourcing and maintenance efficiency from clients in chemical industry
- With gas storages filled up and new LNG terminals available to handle imports, the risk of gas rationing has subsided

### North America



- US Federal Energy Regulatory Commission continued funding for expansion of LNG Export capacity
- US Companies are increasingly investing in sustainable Chemical and Petrochemical products
- Signed into law, the U.S. CHIPS and Science Act provided about \$280 bn

### Nordics



- Global oil & gas demand continues to be on high level
- Stable Norwegian gas supply remains key to Europe
- Growth in green energy investments
- Maintenance need arising within new plants supporting energy transition

### Belgium / Netherlands



- Major capex projects are planned the coming years, including green energy
- Carbon pricing is expanding globally, with the EU at the forefront
- Lack of qualified manpower on site is limiting factor for growth

### Middle East



- OPEC+ agrees to continue production cuts until end-24 with according impact on oil prices; oil and gas remains pillar of region
- Major new Capex/Opex projects in our target markets, including green and nuclear energy

## Energy | ~20%



- Energy transition: new technology and improvement in energy efficiency
- Increasing investments in green energy, decision-making process has partly slowed down
- Nuclear power revival
- Extension of the lifetime of conventional power plants

## Chemicals & Petrochem | ~30%



- Maintenance activities remain at good level, with regional differences
- Increased necessity for efficiency improvement in the production process
- Ongoing investment projects continue to progress, decision-making process has partly slowed down
- Resource transition and energy transition
- Market skeptical about German economy



- Continued high demand in the healthcare sector
- Localization of supply chains
- Speed of investment increase normalizes
- Unchanged good demand for maintenance and service

## Pharma & Biopharma | ~10%



- Global oil and gas demand remains at a high level, therefore investment and maintenance in existing infrastructure
- New investment including LNG plants, hydrogen transport, carbon capture infrastructure, decision-making process has partly slowed down

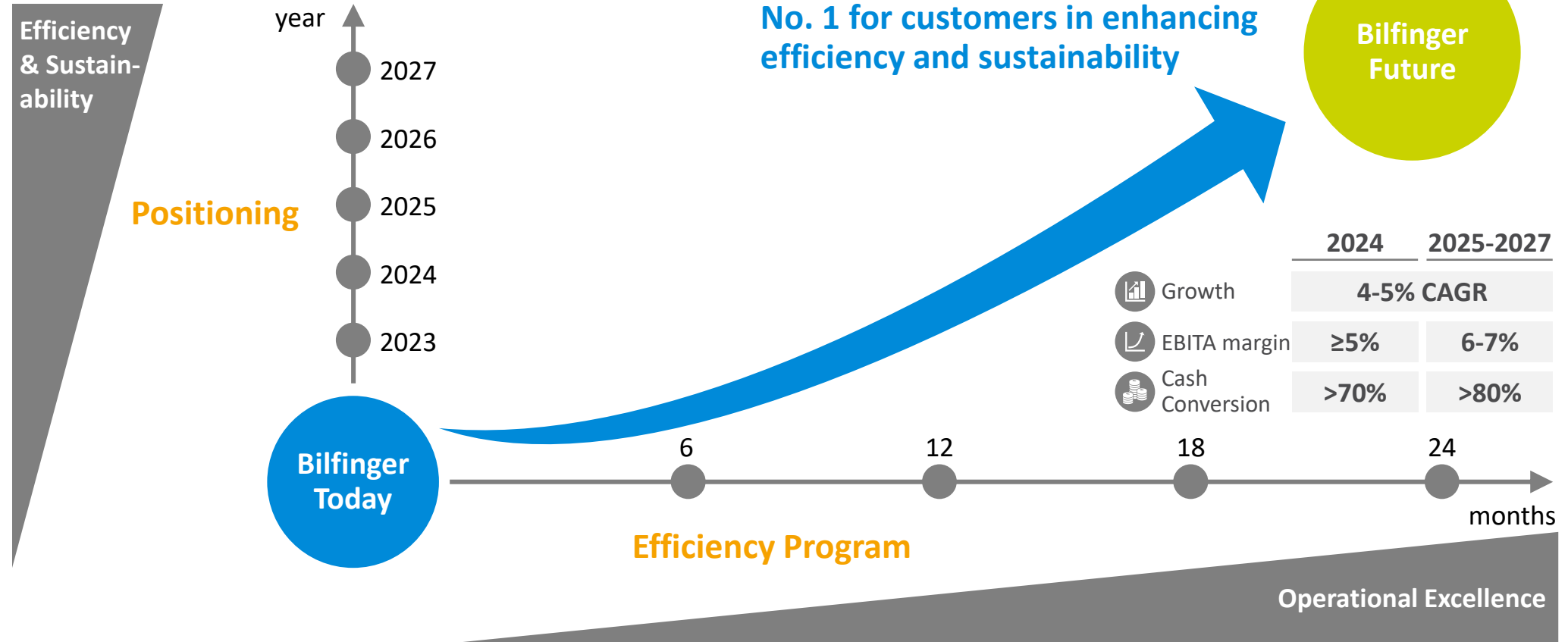
## Oil & Gas | ~15%



% of Group revenues YTD 2023, remaining ~25% in other adjacent industries

# Strategy

Sustainable, profitable growth through Re-Positioning and driving Operational Excellence



# 1. Strategic lever

## Efficiency Program



### Status Efficiency Program

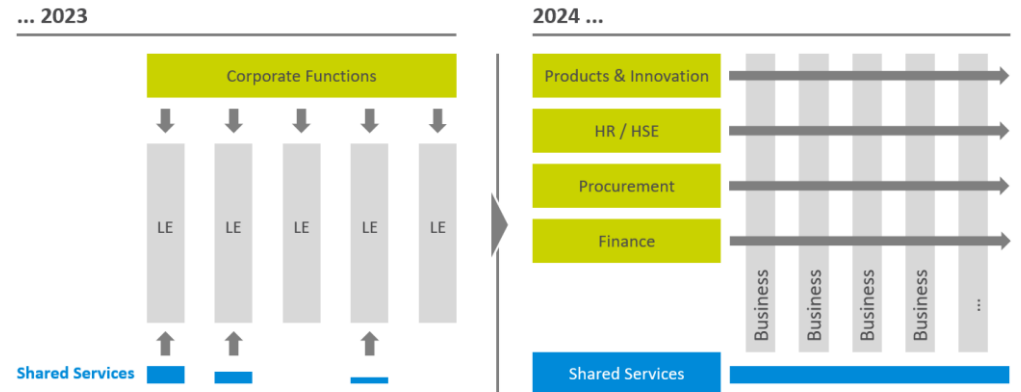
- On track and fully effective as of January 2024

	Target as of January 1, 2024	Thereof achieved by September 30, 2023
Capacity reductions	- 750 FTEs	- 452 FTEs
One-time costs	- €62 million	- €6.4 million
EBITA improvement gross p.a. (from January 1, 2024 – Run-rate)	+ €55 million	+ €34.7 million
Re-invest in Education & Training	- €13 million	€0 million

- Ongoing (non-provisionable) costs for the realization of the program: Jan-Sep 2023 €3.6 million
- Baseline as of January 1, 2022

### Functional Organization

- On track and fully effective as of January 2024
- Built for organizational efficiency
- Lean management and administrative structures
- Transactional tasks in bundled shared services
- Built on existing way of working: 60 to 70% of activities had been organized already in this way beforehand

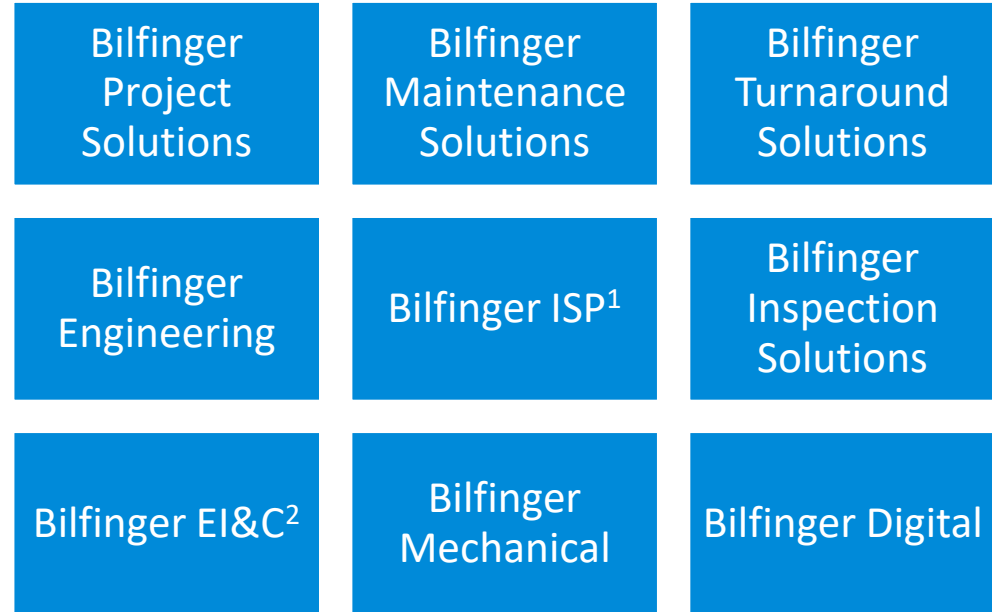


## 2. Strategic lever Operational Excellence



### Standardization & Bundling: Global Product Center

- **Structure defined by end of 2023, roll-out completed by end of 2024**
- Standardized execution and bundled services
- Based on existing offering, but more consistent in the go-to market
- Value proposition focused on Efficiency and Sustainability
- Supports development to solution partner
- Digitalization and Innovation with a cross-cutting role



1) Insulation, Scaffolding and Corrosion Protection

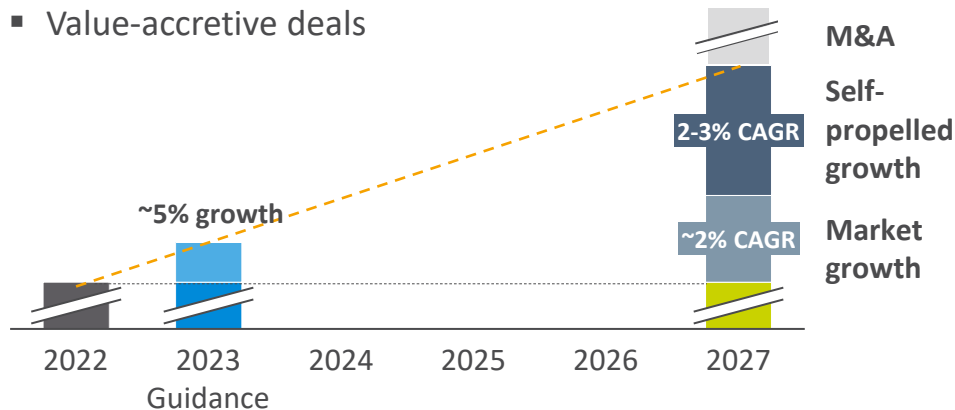
2) Electrical, Instrumentation and Control

# 3. Strategic lever Positioning



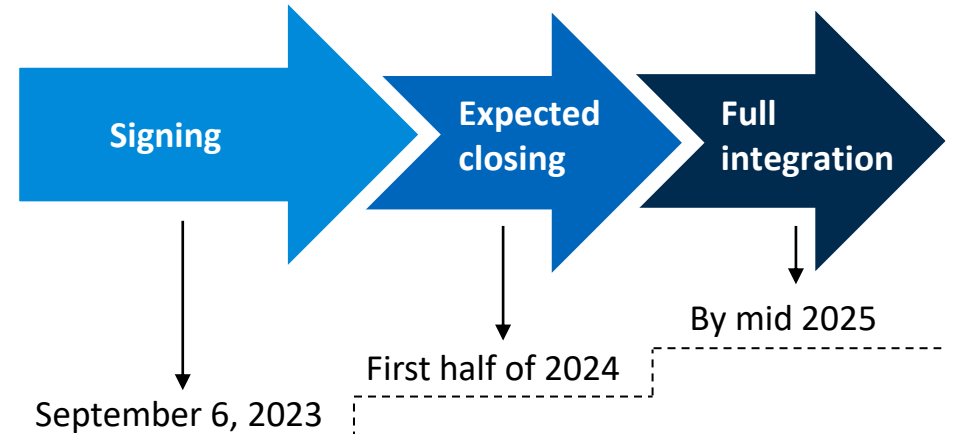
## Market Expansion

- **Timeline: fully effective by 2025 to 2027**
- Full line offering in all existing geographies – core expansion
- Expanding into other geographies – adjacent expansion
- **M&A** as an alternative to organic growth
  - Business activity, which we know well
  - Regions within our targeted area
  - Value-accretive deals



## Acquisition of Fluor’s Stork industrial services business in the Netherlands and Belgium

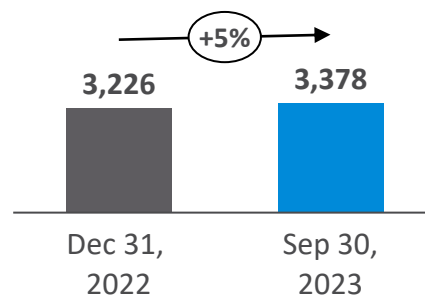
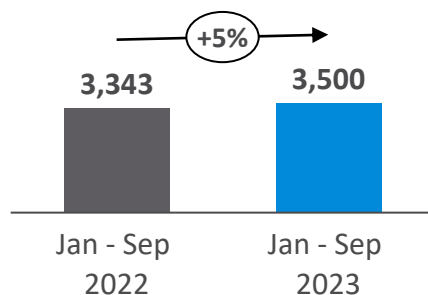
- Revenue 2022: € 528 million
- Equity value / Purchase price: € 26 million
- Enterprise value: € 76 million
- **Earnings per share accretive from closing on**
- **Supports Bilfinger’s mid-term targets**



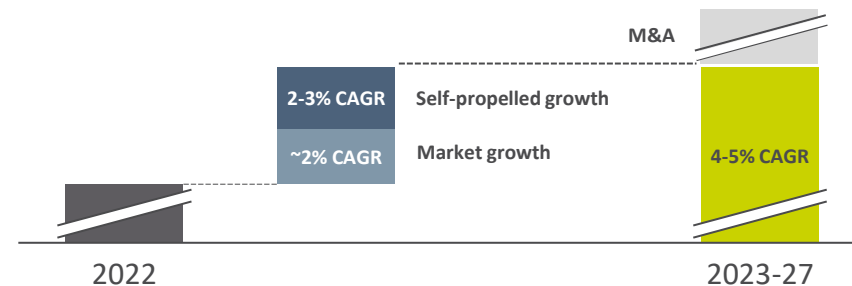
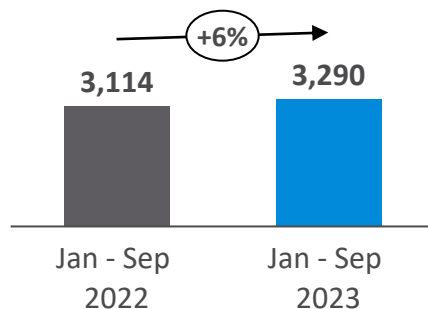


# Financials January to September 2023 support achievement of guidance and mid-term targets

**Order Received**  
[€ million]

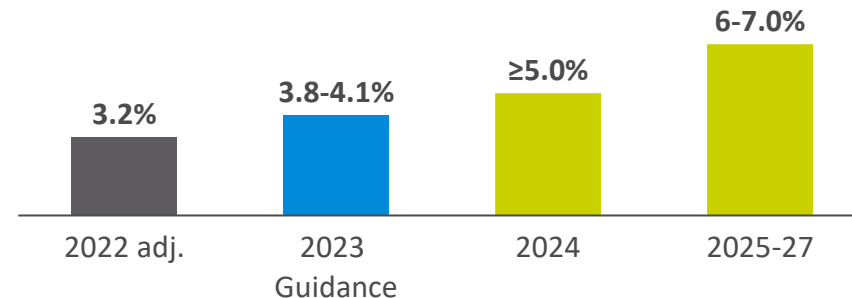
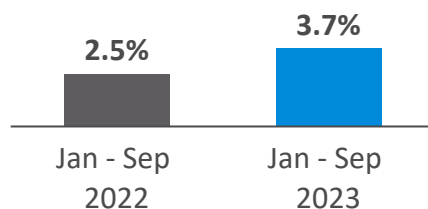


**Order Backlog**  
[€ million]



**Revenue growth**  
[€ million]

**EBITA margin**  
[€ million]



# Group outlook FY 2023 confirmed

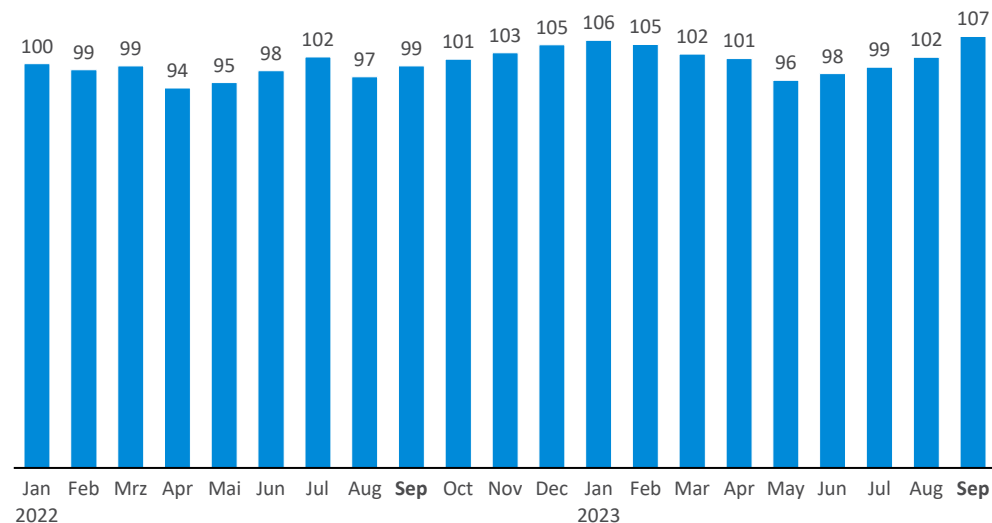
	<u>Actual FY 2022</u>	<u>Outlook FY 2023</u>	<u>Jan-Sep 2023</u>
<u>Revenue</u>	€4,312 million	€4,300 to €4,600 million	€3,290 million
<u>EBITA margin</u>	1.8% (3.2% <sup>1)</sup> )	3.8 to 4.1%	3.7%
<u>Free cash flow</u>	€136 million	€50 to €80 million <sup>2)</sup>	-€12 million

1) adjusted by special items

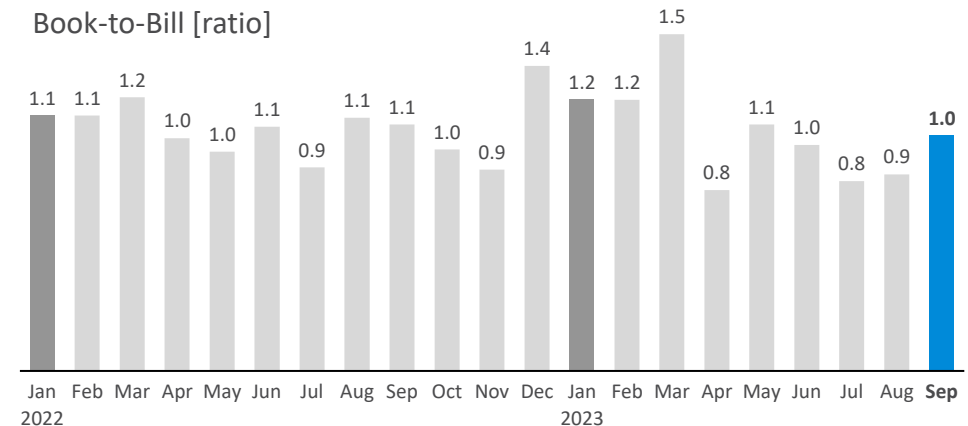
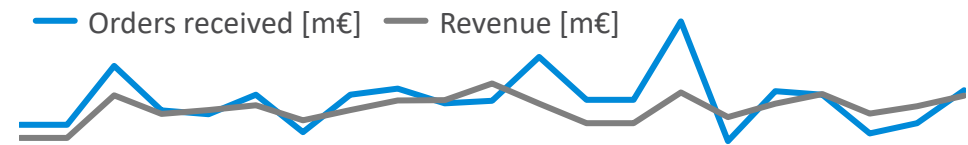
2) incl. ~€60m cash-out for Efficiency Program



## Opportunity pipeline per month [indexed on Jan 2022]



## Orders received and revenue [m€], Book-to-Bill [ratio]





**Efficiency program**  
fully effective by  
**January 1, 2024**



**Functional organization**  
established by  
**end of 2023**



**Global Product Center**  
defined by  
**end of 2023**



**M&A: Stork**  
closed by  
**mid-2024**



**Group outlook 2023**  
confirmed



Overall  
**stable**  
**Market situation**



Next  
**Capital Markets Day**  
in the course of the  
**year 2024**



**Merry Christmas**  
and a  
**Happy New Year**



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# Quarterly Statement

## Q3 2023



**Orders received**  
**org. -5%**  
decrease due to  
repositioning USA



**Revenue**  
**org. +7%**  
despite decrease  
in USA as planned



**EBITA margin**  
**5.1%**  
significantly above prior year



**Free cash flow**  
**€61 million**  
in line with expectations



Overall  
**stable**  
**Market situation**



**M&A: Signing Stork**  
Another step in  
implementing the  
**Strategy**



**Efficiency program**  
close to completion



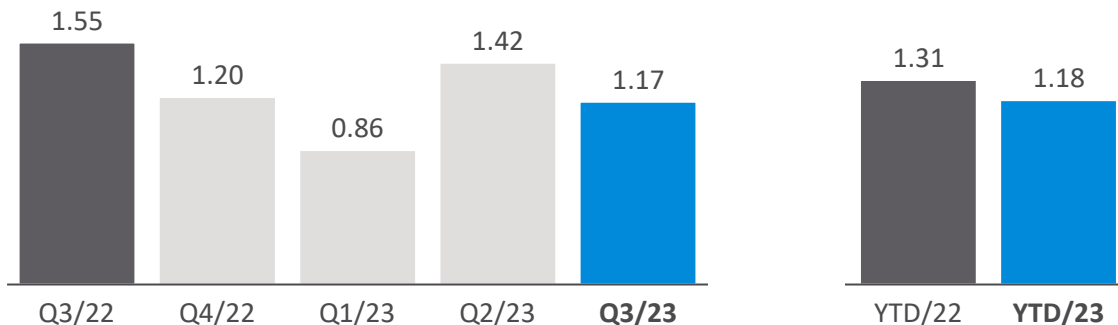
**Group outlook 2023**  
confirmed

# ESG key figures Q3 2023

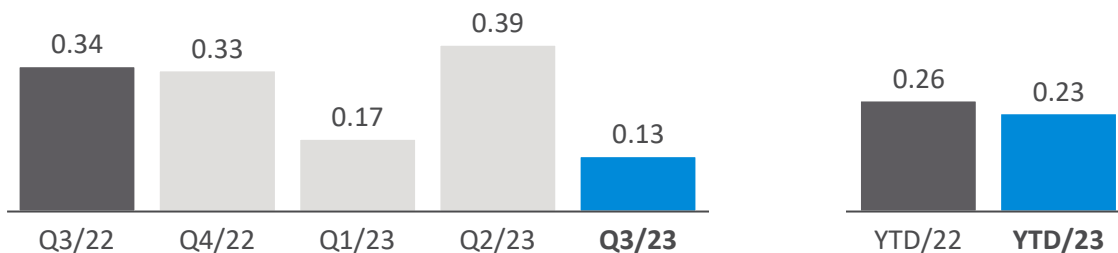
## Occupational safety has high priority



**TRIF: Total Recordable Incident Frequency** [based on 1 million working hours]



**LTIF: Lost Time Injury Frequency** [based on 1 million working hours]

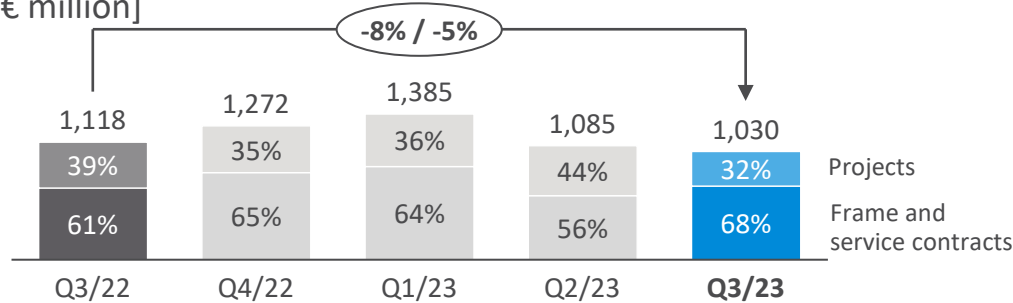


„Zero“  
is possible



# Stable orders received at E&M Europe and Technologies, in total decrease due to repositioning in USA

## Orders received [€ million]



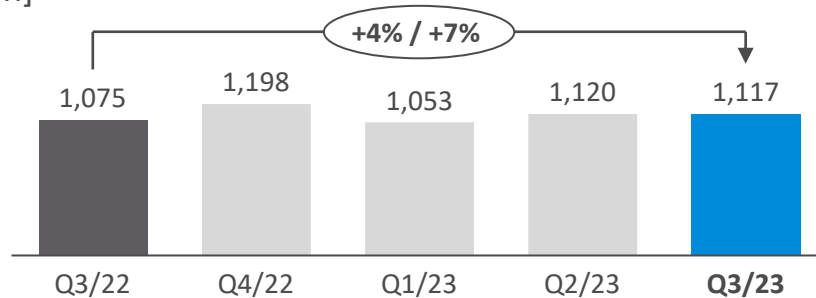
## Order backlog [€ million]

Q3/22	3,211	3,226	3,491	3,475	3,378
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## Book-to-Bill [ratio]

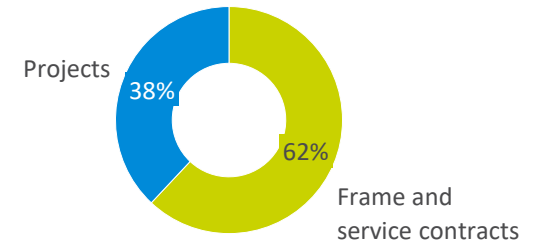
Q3/22	1.04	1.06	1.31	0.97	0.92
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## Revenue [€ million]



- **Orders received** mixed: stable at E&M Europe (+2 org.) and Technologies (-1% org.), lower level at E&M International (-42% org. / -€96 million) due to repositioning in USA
- **Book-to-bill** of 0.92 in Q3 / 1.06 in the first nine months
- **Increase** in revenue with double-digit growth at E&M Europe and Technologies, lower at E&M International, as planned

## Revenue split [YTD, %]



Δ abs. / org.



## Oil & Gas

CNR International  
North Sea, UK  
E&M Europe



© CNRI

Major MMO services framework agreement for 3 offshore platforms under the joint venture Torus BGP

## Hydropower

Ignitis Gamyba  
Kruonis, Lithuania  
E&M Europe

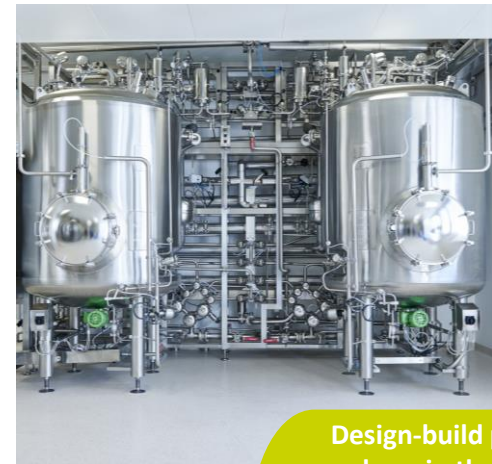


© Ignitis Gamyba

Market expansion: First hydropower order in the Baltic States thanks to Europe-wide unique full-service offer

## Biopharma

Northern Europe  
Technologies



Design-build piping package in the multi-million € range as part of extensive project portfolio for global pharma group

# Innovation: Energy efficiency calculations with Rotalysis

Cost-effective and easy-to-use digital solution for optimizing pump operations

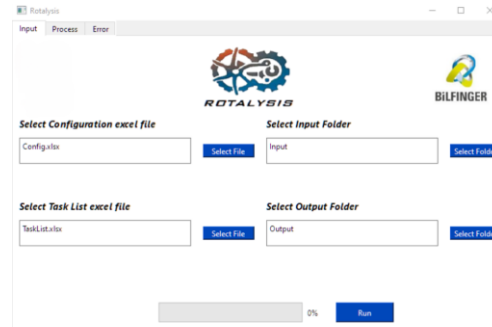
## Customer Order

- Digital solution to support optimal speed of pumps for maximum efficiency and performance
- Reduce costs and CO2 emissions

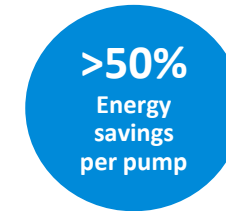
## Bilfinger Solution

- Tailored recommendations for each asset
- Optimizing pump speed or mechanical adjustment of impeller diameter
- Easy implementation and fast amortization

## Already in use at the customer



## Bilfinger contribution











## Sustainability effects

Energy consumption and therefore CO<sub>2</sub> footprint can be reduced for 80 % of the pumps installed in industry

# Efficiency program

On track and fully effective as of January 2024

	Target as of January 1, 2024		Thereof achieved by September 30, 2023	Thereof achieved in Q3 2023	
	Capacity reductions	- 750 FTEs		- 452 FTEs	- 201 FTEs
	One-time costs	- €62 million		- €6.4 million	- €3.1 million
	EBITA improvement gross p.a. (from January 1, 2024 – Run-rate)	+ €55 million		+ €34.7 million	+ €15.4 million
	Re-invest in Education & Training	- €13 million		€0 million	€0 million

- Ongoing (non-provisionable) costs for the realization of the program: YTD 2023 €3.6 million, in Q3 2023 €0.2 million
- Baseline as of January 1, 2022



**Orders received**  
**org. -5%**  
decrease due to  
repositioning USA



**Revenue**  
**org. +7%**  
despite decrease  
in USA as planned



**Gross margin**  
improved to  
**11.0%**



**SG&A ratio**  
improved to  
**6.3%**



**EBITA margin**  
**5.1%**  
significantly above prior year



**Net profit**  
**€37 million**  
significantly above prior year



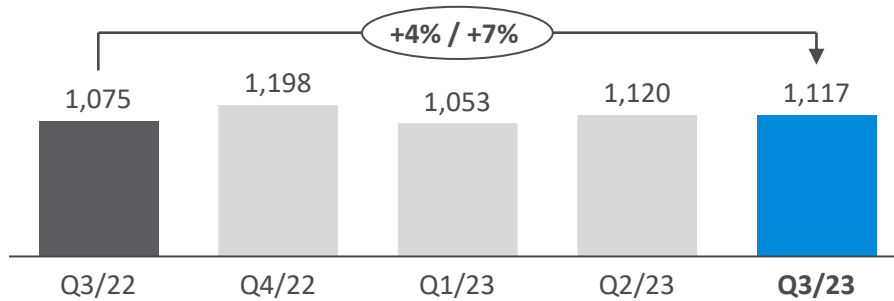
**Earnings per share**  
**€0.98**  
significantly above prior year



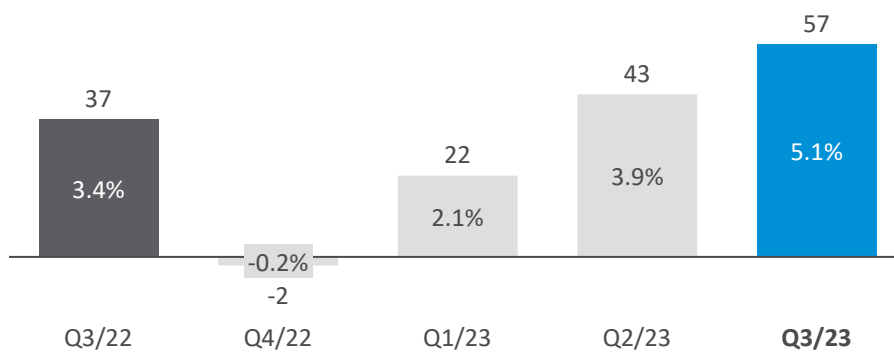
**Free cash flow**  
**€61 million**  
in line with expectations

# Significant jump in EBITA margin to more than 5% Increase in all three segments

Revenue [€ million]



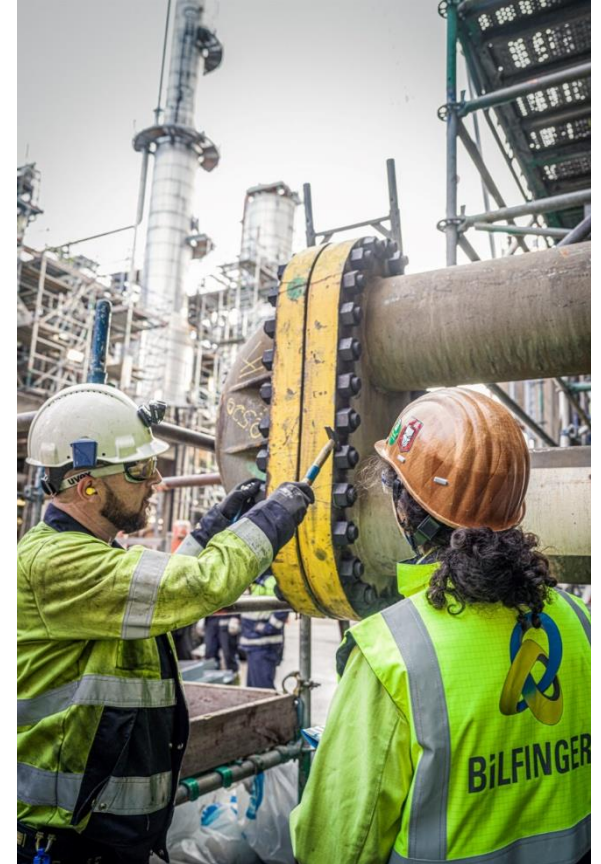
EBITA [€ million, %]



thereof special items [€ million]

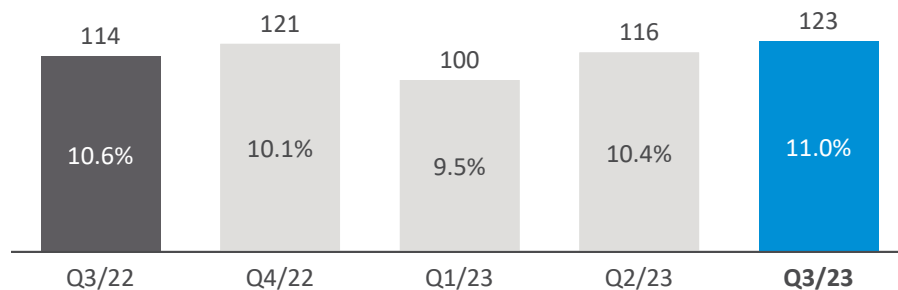
Q3/22	0	Q4/22	-54	Q1/23	0	Q2/23	0	Q3/23	0
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Δ abs. / org.

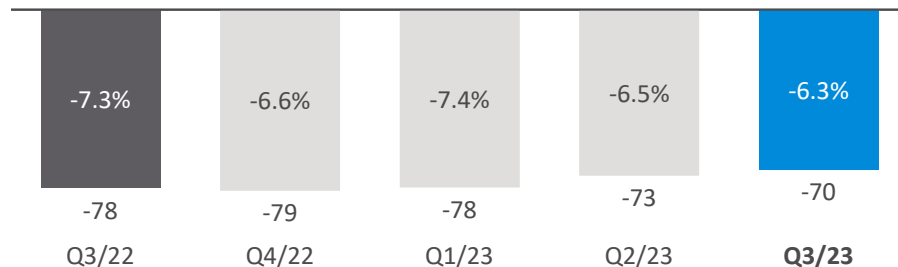


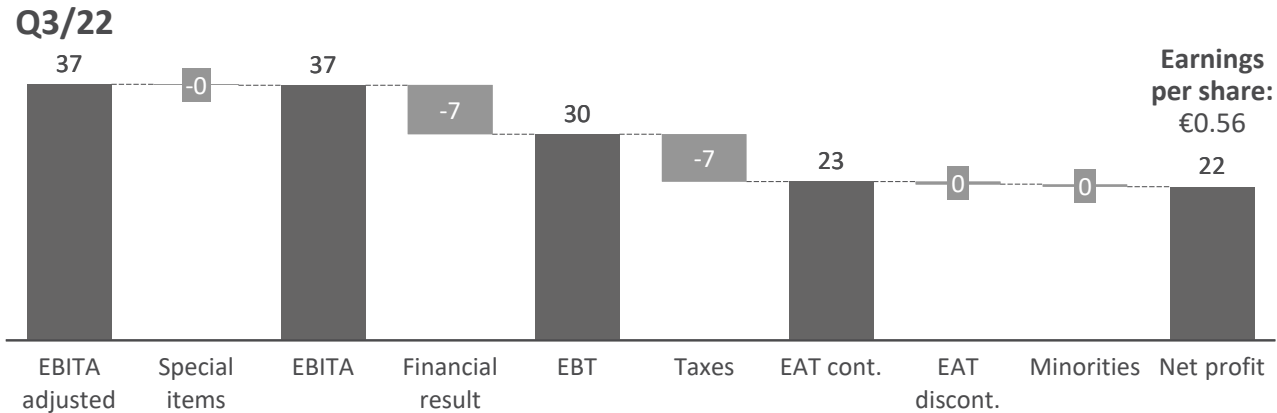
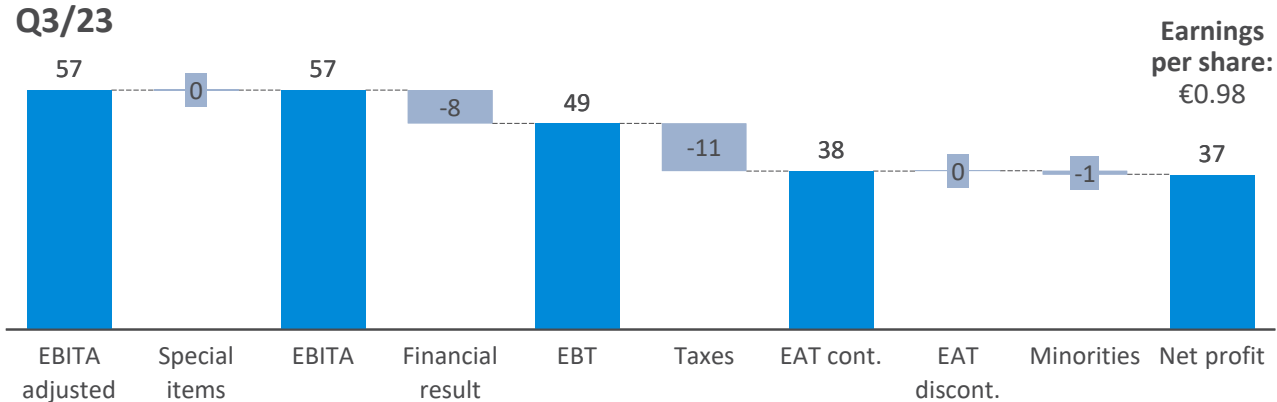
# Gross profit and margin improved compared to prior year SG&A costs with first effects from efficiency program, good cost discipline offsets inflation effects

Gross profit [€ million, %]



SG&A expenses [€ million, %]

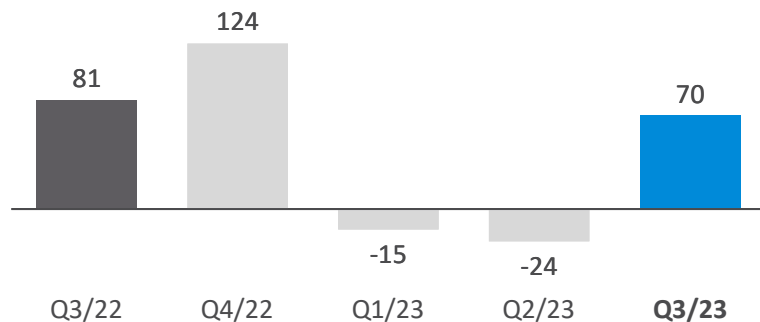




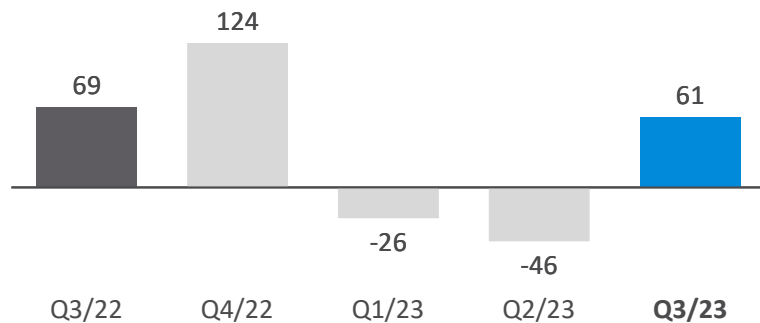
- **EBITA** significantly increased
- No **special items** in the current quarter
- **Net profit** thus significantly higher than prior year
- **Earnings per share** with lower average number of shares (37.5 million, prior year: 39.3 million), share buyback in prior year

# Free cash flow close to prior-year level

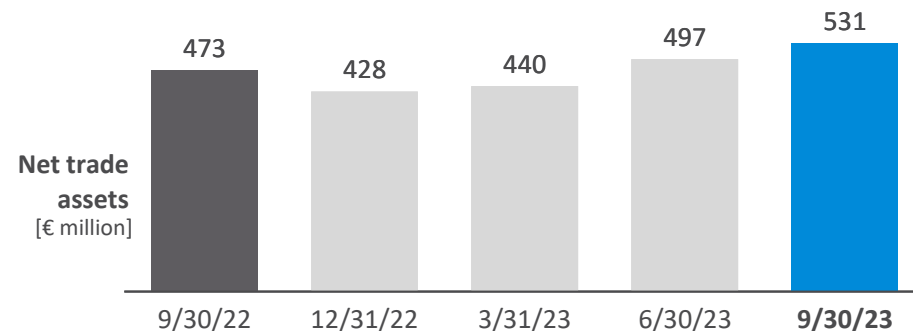
## Operating cash flow [€ million]



## Free cash flow [€ million]



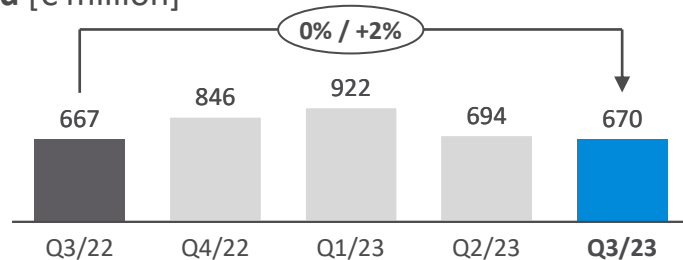
## Net Trade Assets / DSO / DPO



DSO [days]	74	62	72	74	77
DPO [days]	74	61	69	69	68



## Orders received [€ million]



### Order backlog

[€ million]

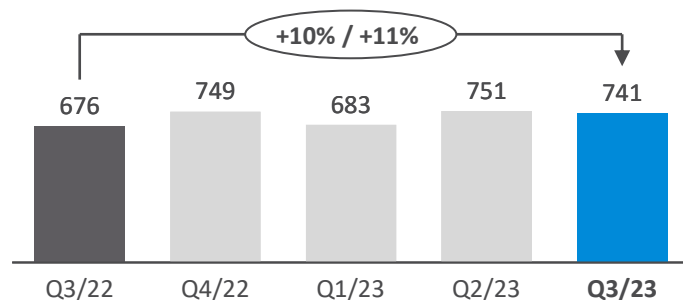
1,772	1,876	2,098	2,064	1,989
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### Book-to-Bill

[ratio]

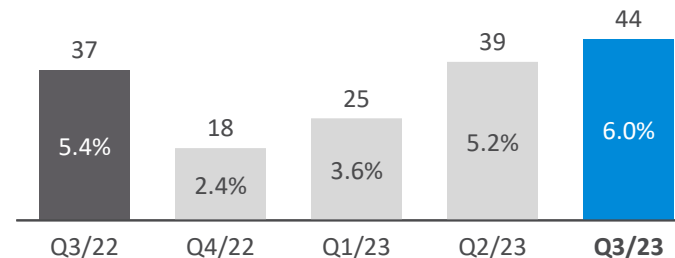
0.99	1.13	1.35	0.92	0.90
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## Revenue [€ million]



Δ abs. / org.

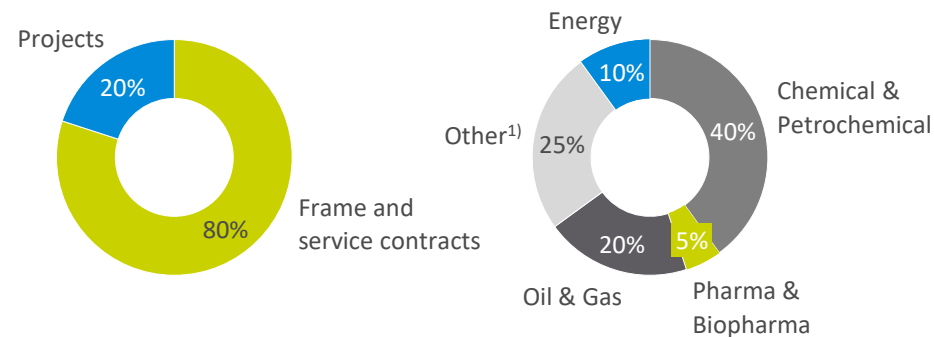
## EBITA [€ million, %]



thereof special items [€ million]

0	-26	0	0	0
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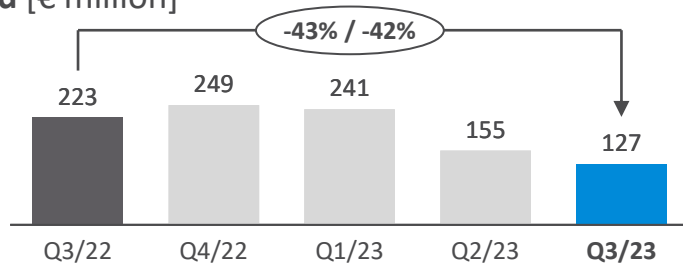
## Revenue split [YTD, %]



<sup>1)</sup> Includes different industries outside the defined core industries.

# E&M International: Middle East with positive development, restructuring in USA impacts performance, EBITA >0

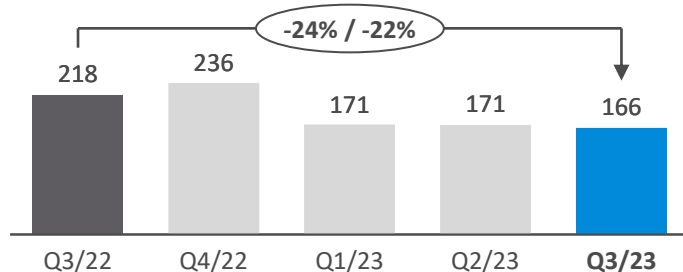
## Orders received [€ million]



### Order backlog

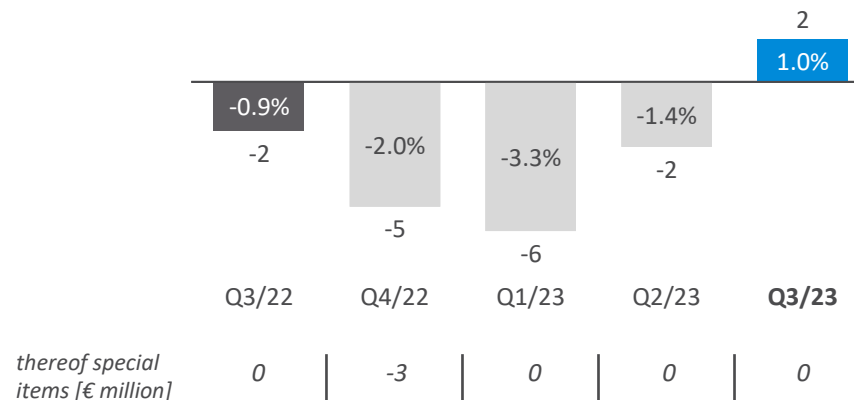
	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23
Order backlog [€ million]	591	550	607	591	550
Book-to-Bill [ratio]	1.03	1.06	1.41	0.91	0.76

## Revenue [€ million]

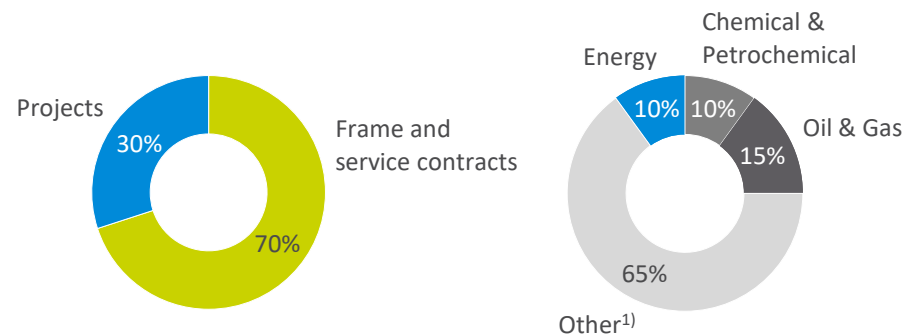


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## EBITA [€ million, %]



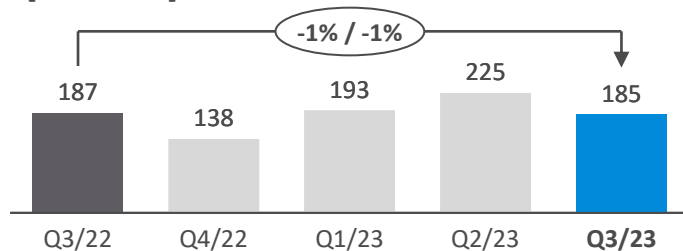
## Revenue split [YTD, %]



<sup>1)</sup> Includes different industries outside the defined core industries, here especially consumer goods and public clients

# Technologies: Stable orders received; revenue with significant increase, EBITA margin also significantly improved

## Orders received [€ million]



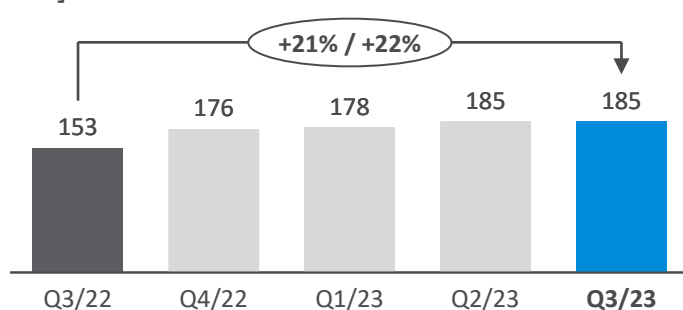
### Order backlog

Order backlog [€ million]	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23
Order backlog [€ million]	726	688	705	748	746

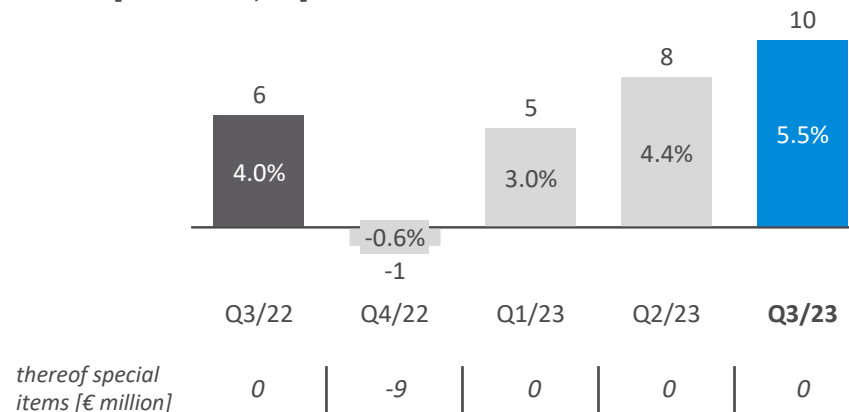
### Book-to-Bill [ratio]

Book-to-Bill [ratio]	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23
Book-to-Bill [ratio]	1.23	0.79	1.08	1.22	1.00

## Revenue [€ million]



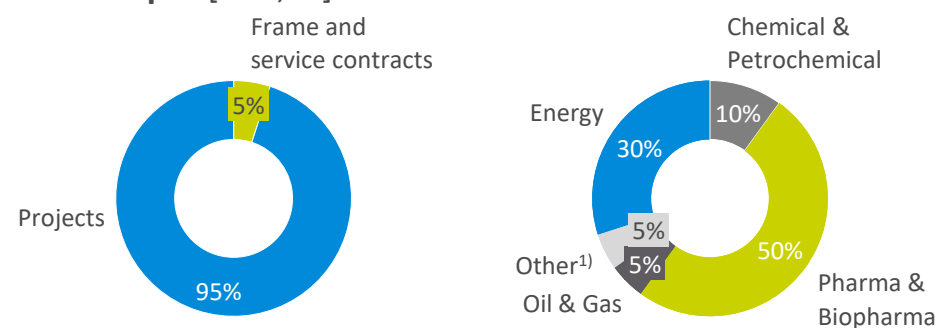
## EBITA [€ million, %]



### thereof special items [€ million]

thereof special items [€ million]	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23
thereof special items [€ million]	0	-9	0	0	0

## Revenue split [YTD, %]



Δ abs. / org.

<sup>1)</sup> Includes different industries outside the defined core industries.



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Acquisition of Fluor's  
Stork industrial services  
business in the  
Netherlands & Belgium

## Acquisition of Fluor's Stork industrial services business

- Signing of agreement to acquire Fluor's Stork industrial services business mainly in the Netherlands and Belgium as well as a few entities in Germany and one in the US
- Expected closing: First half of 2024
- Revenue 2022: € 528 million
- Headcount: 2,720
- Equity value / Purchase price: € 26 million
- Enterprise value: € 76 million
- **Earnings per share accretive from closing on**
- **Supports Bilfinger's mid-term targets**

# Transaction highlights

Value-enhancing for all stakeholder groups



Perfect  
**strategic fit**



2,720 additional  
**skilled employees**



**EPS accretive**  
from  
**closing on**



Creates  
**strong value for our**  
**customers**



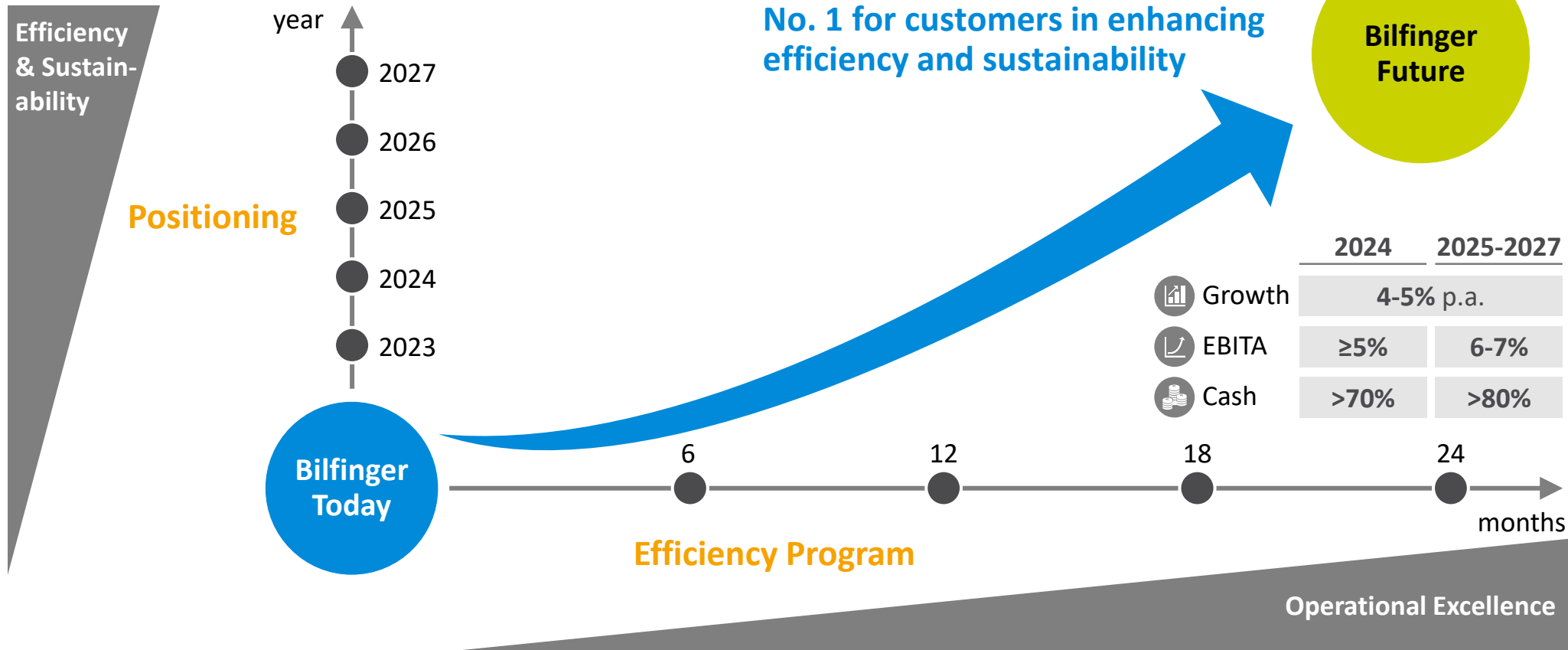
**Strengthens**  
the Group's  
**profitable growth**



**Supports**  
our  
**mid-term targets**

# Acquisition of Fluor's Stork industrial services business in the Netherlands and Belgium

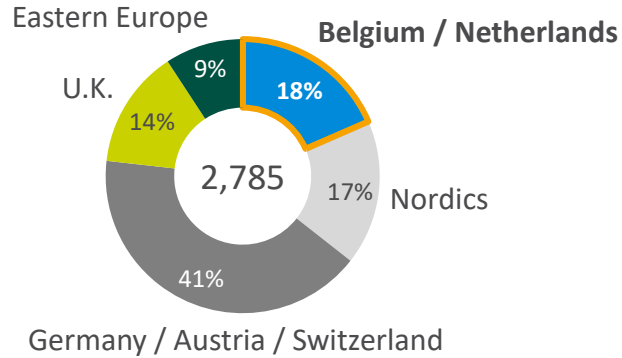
Progressing the implementation of our strategy to become No. 1 in efficiency and sustainability



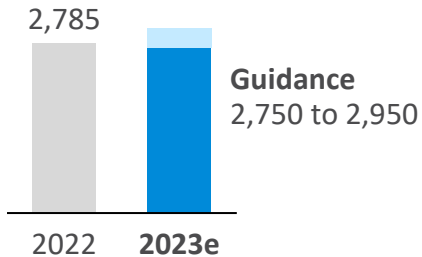
Belgium / Netherlands is an important and high-performing region



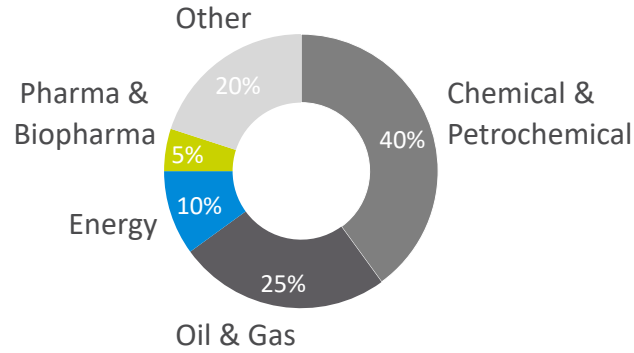
## Revenue 2022



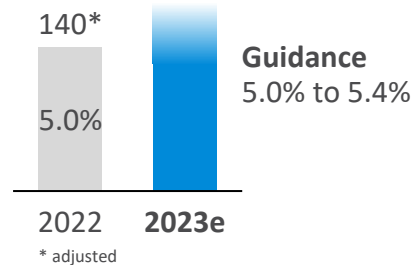
## Revenue [€ m]



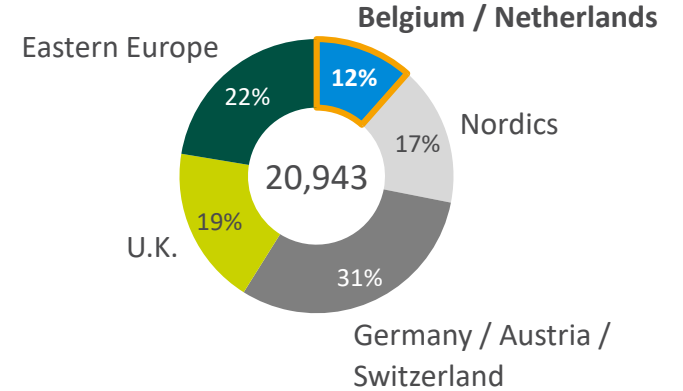
## Verticals 2022



## EBITA [€ m, %]



## Headcount 2022





# Profile of transaction scope

Perfect fit in terms of service portfolio, geography and verticals

## Digitalization

Consultancy



Engineering



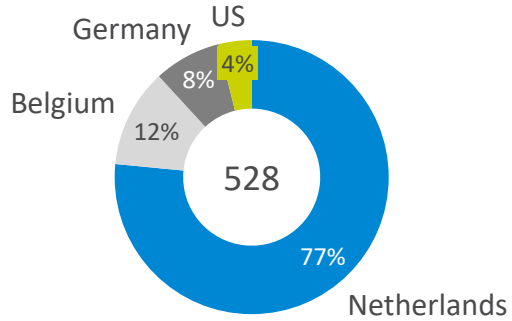
New builds & Modifications



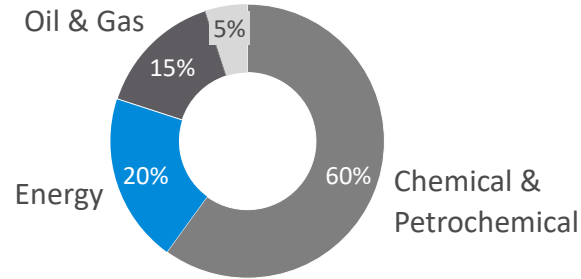
Maintenance & Turnarounds



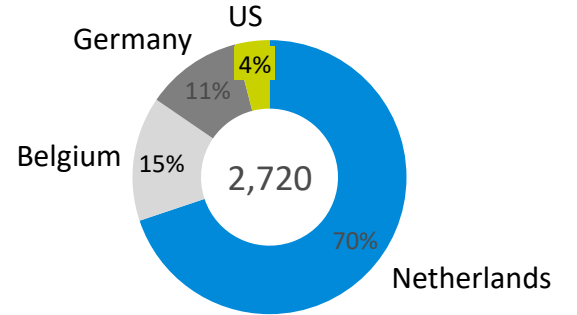
### Revenue 2022



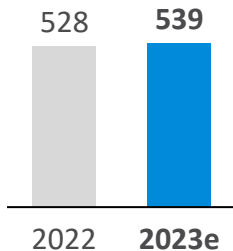
### Verticals 2022



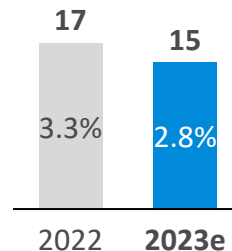
### Headcount 2022



### Revenue [€ m]



### Normalized EBITA [€ m, %]



# E&M Europe combined businesses

## Positions Bilfinger as solution partner in Belgium and Netherlands

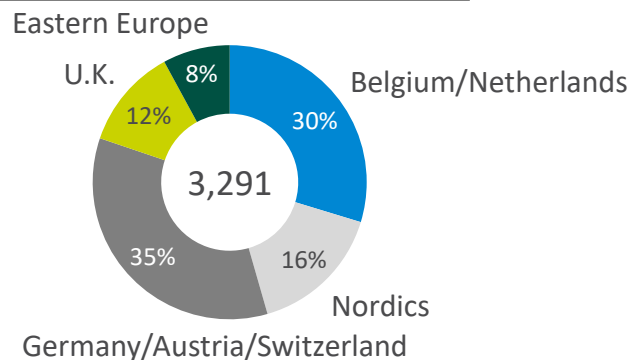
### Belgium/Netherlands Products offered:

	Acquired business	Bilfinger
Engineering	(✓)	✓
Maintenance – Mechanical	✓	(✓)
Maintenance – E I & C	✓	-
ISP	-	✓

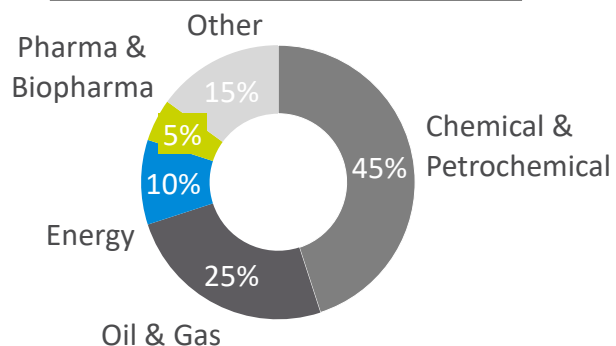
### Belgium/Netherlands Verticals covered:

	Acquired business	Bilfinger
Energy	✓	✓
Chemical & Petrochemical	✓	✓
Pharma & Biopharma	-	✓
Oil & Gas	✓	✓
Other	✓	-

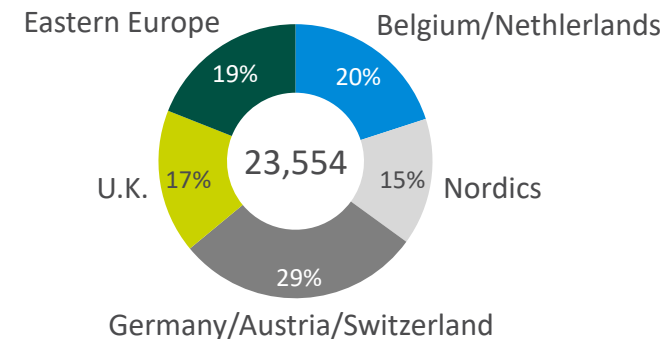
### E&M Europe combined Revenue 2022 [€ m]



### E&M Europe combined Verticals 2022



### E&M Europe combined Headcount 2022



# In line with Bilfinger strategy

Our strategic levers enable us to integrate the business and to achieve our mid-term targets

## Functional Organization



- Integration into Bilfinger functional organization, increasing efficiency and realizing cost synergies in overhead

Profitability

## Competence Development



- Doubling the skilled workforce:  
Adding ~2,300 people in Belgium and Netherlands
- Strengthening the combined workforce by investing in training and education

Growth  
Profitability

## Standardization & Bundling



- Integration of activities into standardized Bilfinger execution and bundled services
- Roll-out of Lean management

Profitability

## Market Expansion



- Strengthening market presence, gaining broader customer access
- Complementary strong technical capabilities and geographical coverage
- Cover full value chain in Belgium and Netherlands

Growth  
Profitability

1. Efficiency Program



2. Operational Excellence



3. Positioning



## Financial deal rationale

Attractive valuation, purchase price fully financed with existing cash  
EPS accretive from closing on

**Equity value / Purchase price**

**€ 26 million**

**Net debt and debt-like items**

**€ 50 million**

**Enterprise value**

**€ 76 million**

**Enterprise value** excl. IFRS 16 operating  
lease liabilities

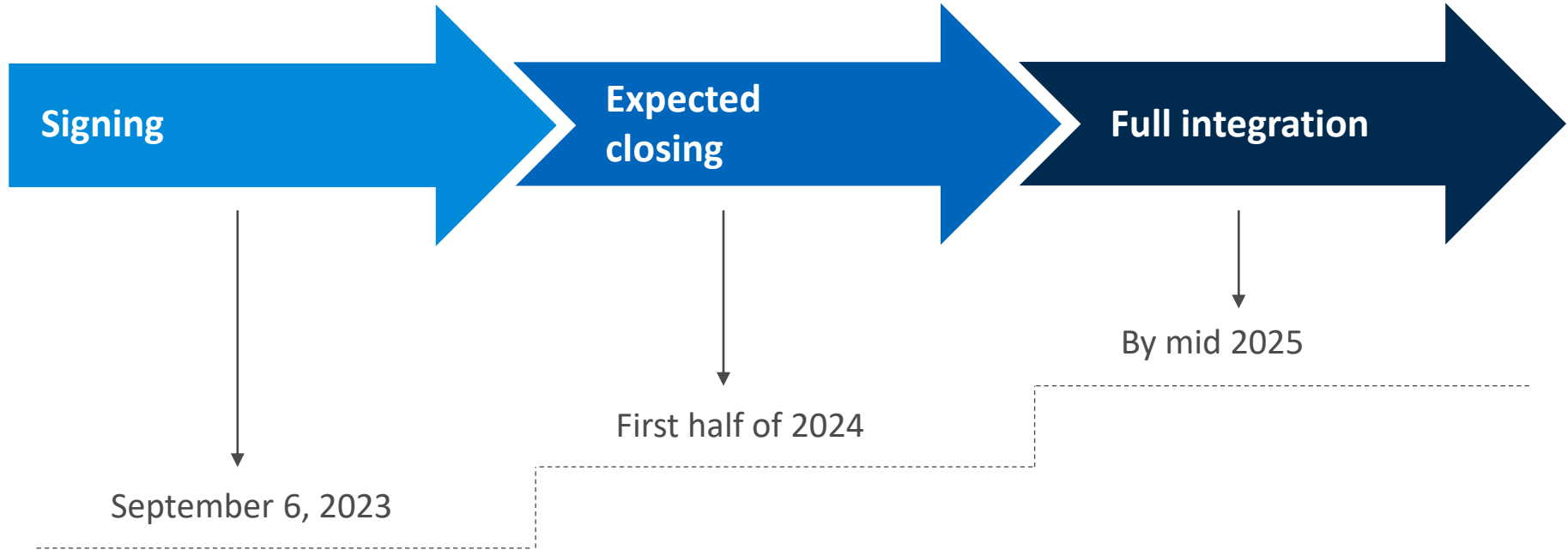
**€ 39 million**

Restructuring and integration costs estimated at € 18 million






# Timeline

Transaction scope will be fully integrated by mid 2025



# Financial targets

Transaction supports achievement of mid-term targets  
Outlook 2023 confirmed

		2024	2025-2027
Organic Growth		4-5% CAGR	
Increasing EBITA margin		≥5%	6-7%
Improving Cash Conversion <sup>1</sup>		>70%	>80%

<sup>1</sup> Cash Conversion: FCF / EBITA

# Capital Allocation to drive Total Shareholder Return

Value-accretive acquisitions being an important tool to drive Total Shareholder Return

Revenue Growth



EBITA Improvements



Cash Conversion



Dividend: 40-60% of adjusted net profit and continuous growth

Organic growth

M&A

Share buyback

Adhere to financial policy and achieve investment grade rating



# Transaction highlights

Value-enhancing for all stakeholder groups



Perfect  
**strategic fit**



2,720 additional  
**skilled employees**



**EPS accretive**  
from  
**closing on**



Creates  
**strong value for our**  
**customers**



**Strengthens**  
the Group's  
**profitable growth**



**Supports**  
our  
**mid-term targets**



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