



BILFINGER



Bilfinger SE

1st Quarter 2020 Results

May 14, 2020

Q1 2020 sees good order development, but March impact from COVID-19 and oil price effect on sales and earnings

Markets

- Disruptions and uncertainty associated with COVID-19 pandemic and economic impact
- Simultaneously substantial reduction in oil price

Orders received

- 9% year-on-year increase due to key major projects

Revenue

- 7% organic below prior year with weak March especially in North Sea Offshore business and ramp-down in North America due to projects approaching completion

EBITA

- EBITA adjusted with -€11m reflects revenue drop and underutilization in March

Liquidity













- Free Cash flow reported slightly improved, sound cash position
- Proposed dividend reduction to statutory minimum to safeguard liquidity going forward

Current Outlook 2020

- Revenue decrease of ~20%
- Adjusted EBITA still positive















Markets: E&M Europe

	Industries	%*		Oil price impact	COVID-19 impact	Overall trend
	Oil & Gas	30%	<ul style="list-style-type: none"> • Immediate decline of upstream market (e.g. UK and Norway offshore) • Majority of projects and turnarounds postponed • Midstream (e.g. pipelines, storage, transportation) less impacted 			
	Chemicals & Petrochem	40%	<ul style="list-style-type: none"> • Reduced production levels, but maintenance still needed • German market keeping up comparably well • Majority of turnarounds postponed to 2021 			
	Energy & Utilities	10%	<ul style="list-style-type: none"> • ESG climate change drivers still hold, e.g. CO₂ limits, emissions, decentralized power generation • Growth in infrastructure investments expected to pick up (e.g. water, industrial IoT) • Nuclear remains in focus in France, UK, and Finland 			

*% of segment revenues FY 2019

 strongly affected  slightly affected  not affected

Markets: E&M International

	Industries	%*		Oil price impact	COVID-19 impact	Overall trend
	Oil & Gas	45%	<ul style="list-style-type: none"> Large oil & gas and LNG investment plans in several ME countries (e.g. UAE, Qatar, Kuwait) for the upcoming years, but current freeze of new E&M contracts Announced CAPEX and OPEX investments in NA have been reduced 			
	Chemicals & Petrochem	30%	<ul style="list-style-type: none"> Expansion programs and need for modernization projects in ME Projects suspended or delayed until 2021 in NA 			
	Energy & Utilities	5%	<ul style="list-style-type: none"> Continued increase in ME power demand drives further development of alternative and nuclear energy concepts In NA, energy investment trends focused on energy storage, wind, solar and CO₂ reduction. Continued but delayed growth US government plans large investments in infrastructure to boost economy 			

*% of segment revenues FY 2019



strongly affected



slightly affected



not affected

Markets: Technologies

	Industries	%*		Oil price impact	COVID-19 impact	Overall trend
	Energy & Utilities	45%	<ul style="list-style-type: none"> • Energy transition focus in all our regions, esp. Europe and USA • Nuclear demand for new builds and maintenance increasing, esp. in France, UK and ME • Decommissioning capability (Waste treatment, Services) offers opportunities in Germany and France • Maritime Business heavily impacted 			
	Pharma & Biopharma	35%	<ul style="list-style-type: none"> • Postponed negotiations but strong mid- to long-term trends • Clients start reviewing their global supply chain routes which will add opportunities in Europe 			

*% of segment revenues FY 2019



strongly affected



slightly affected

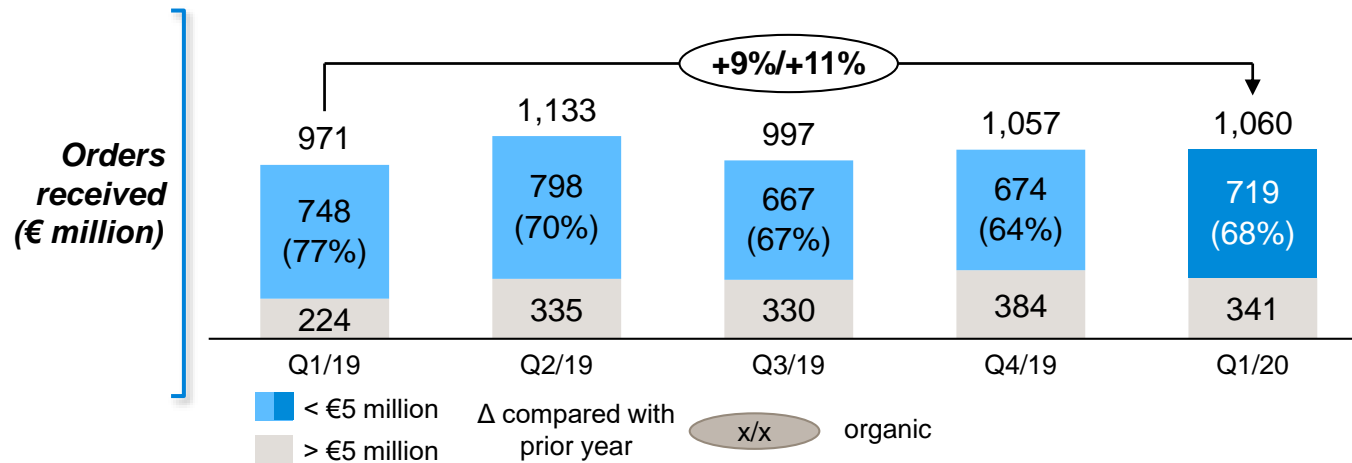


not affected

Quarterly Statement Q1 2020

Increase in orders received due to key major project awards, especially in Technologies

Development of orders received



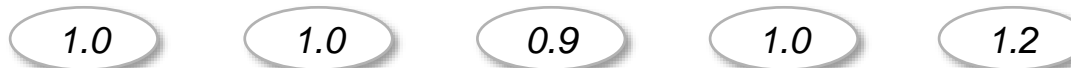
- Orders received**

Increase by 9% (org.: 11%) due to major projects (Hinkley Point BoP, BP pipe rack), despite first downward revision of expectations in oil-related frame contracts

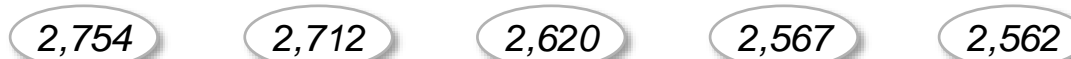
- Order backlog**

-7% below prior-year level (org.: -4%)

Book-to-bill ratio



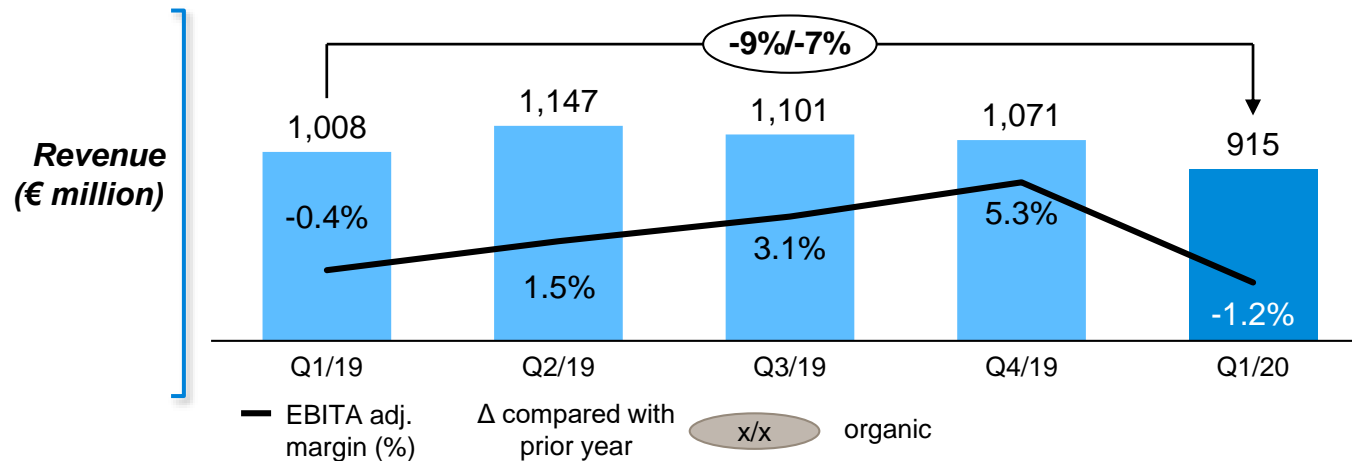
Order backlog (€ million)



Revenue and EBITA adjusted negatively affected by Corona pandemic and oil price decline as well as expected ramp-down in North America

Sales and earnings trough expected in Q2

Development of revenue and profitability



EBITA adj.
(€ million)



EBITA
(€ million)



- Revenue**

-9% (org.: -7%) below prior-year quarter after weak March in several entities, especially in North Sea offshore activities

- EBITA adjusted**

Decrease to -€11 million (prior year: -€4 million) caused by underutilization especially in March

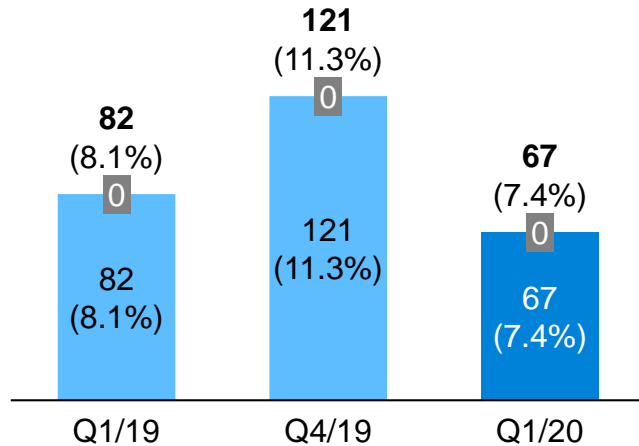
- Special items**

-€9 million (thereof -€6 million restructuring and -€3 million IT investment)

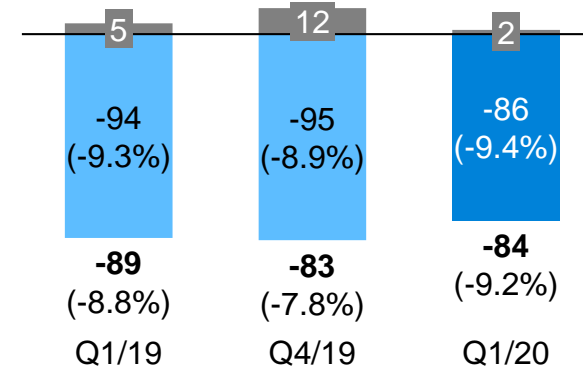
For the time being, we expect ~€50 million for the full year 2020

Gross margin below prior year as a consequence from underutilization SG&A expenses further reduced, but higher ratio due to revenue decline

Adjusted gross profit (€ million)



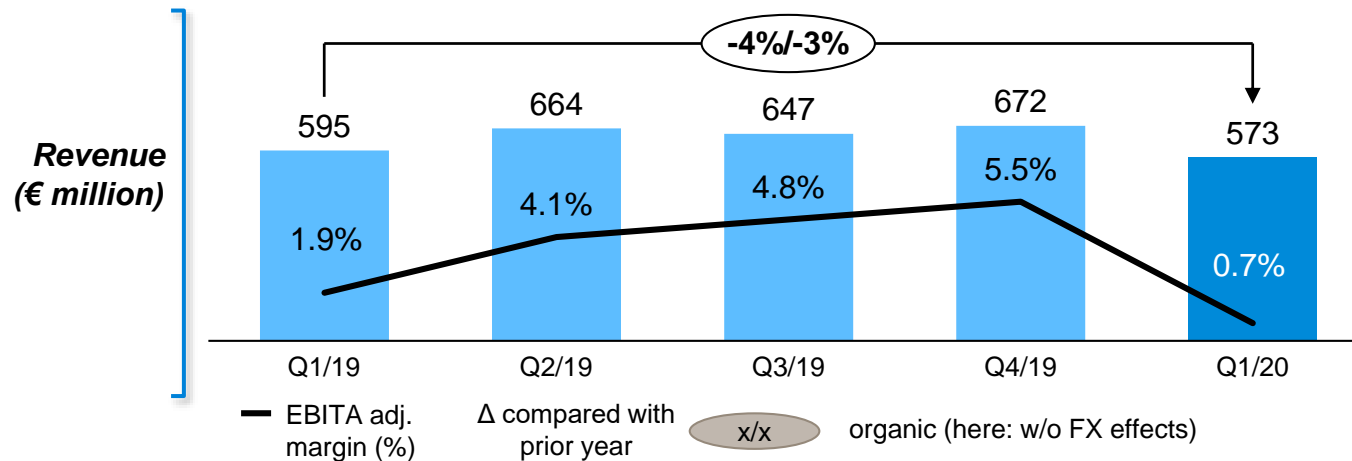
Adjusted selling and administrative expenses (€ million)



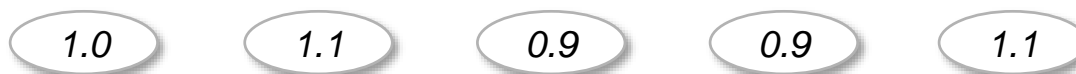
■ Adjustments ■ Reported

Segment E&M Europe: decrease in revenue, first implications of Corona and oil price reduction become visible

Development of revenue and profitability



Book-to-bill ratio



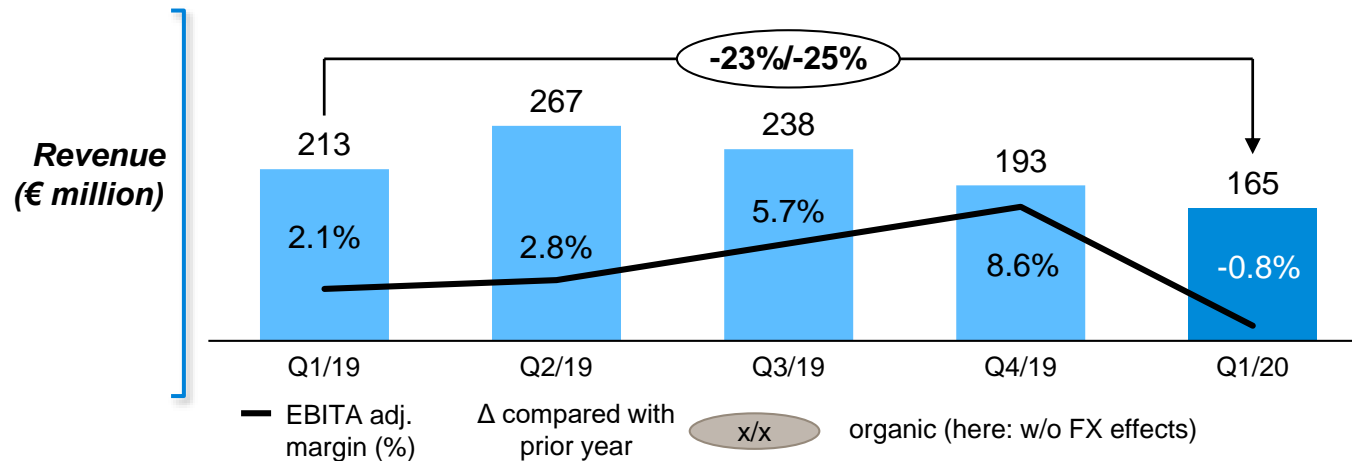
EBITA adj. (€ million)



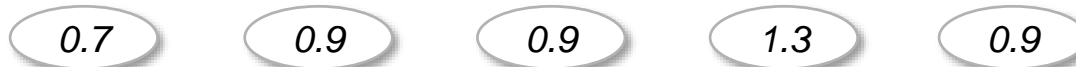
- Orders received**
 5% (org.: 5%) above prior-year quarter on the back of the segment's share in BP pipe rack and Hinkley Point BoP contract, despite reduction of expectations in frame contracts
- Revenue**
 Decrease (-4% / org.: -3%), weak March especially in Austria, Norway, U.K. and Poland
- EBITA adjusted**
 Negative impact from March underutilization
- Current outlook 2020**
 Revenue: significant decrease
 EBITA adjusted: still positive

Segment E&M International: anticipated revenue drop as major projects in North America approaching completion

Development of revenue and profitability



Book-to-bill ratio



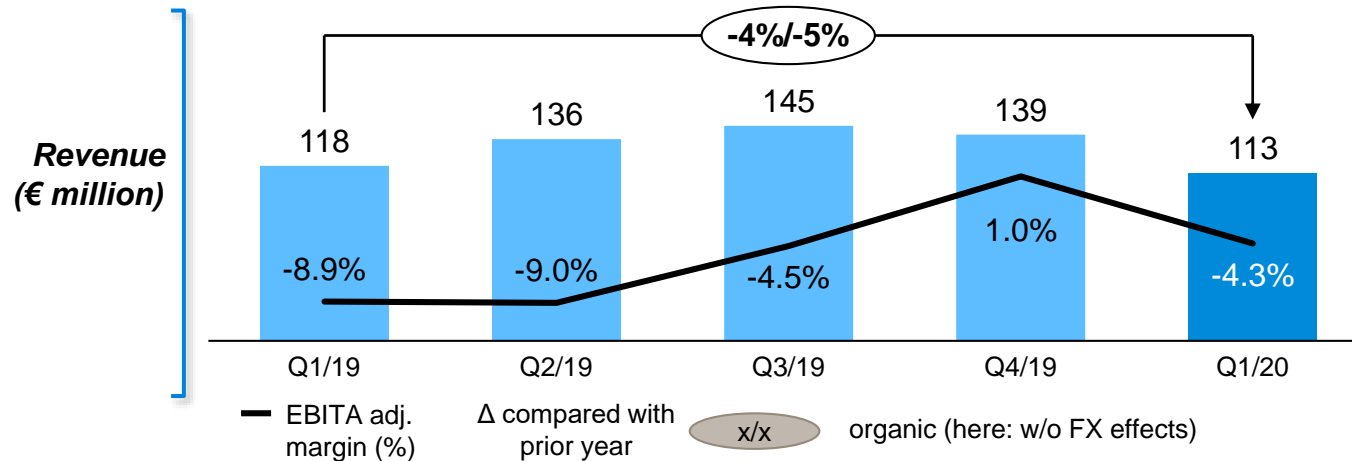
EBITA adj. (€ million)



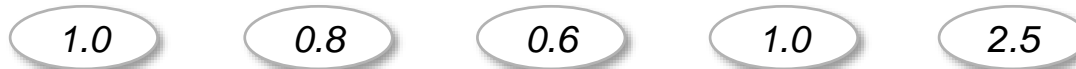
- Orders received**
 -1% (org.: -4%), increase in NA, ME regressing after strong Q4 2019, overall stable development
- Revenue**
 Decrease of -23% (org.: -25%), mainly in North America as indicated
- EBITA adjusted**
 Negative, affected by temporary underutilization in North America
- Current outlook 2020**
 Revenue: significant decrease
 EBITA adjusted: still positive

Segment Technologies: major projects boost orders received, EBITA adjusted still negative but improved against prior year

Development of revenue and profitability



Book-to-bill ratio



EBITA adj. (€ million)

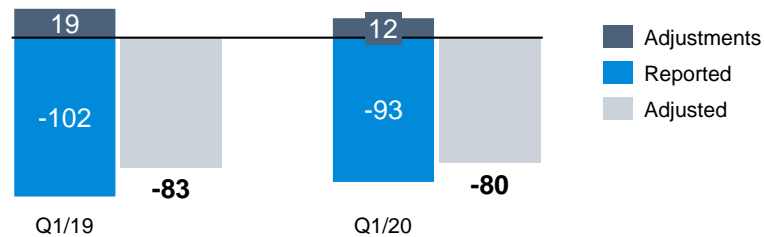


- Orders received**
 Increase by 155% (org.: 154%), exceptionally strong Q1 due to large project awards (Hinkley Point BoP, BP pipe rack)
- Revenue**
 -4% (org.: -5%) below prior-year quarter
- EBITA adjusted**
 Negative, but improved. Corona-impact in Austria and France, no expected demand for scrubbers
- Current outlook 2020**
 Revenue: slight decrease
 EBITA adjusted: significant improvement

Free cash flow and net trade assets on prior-year level

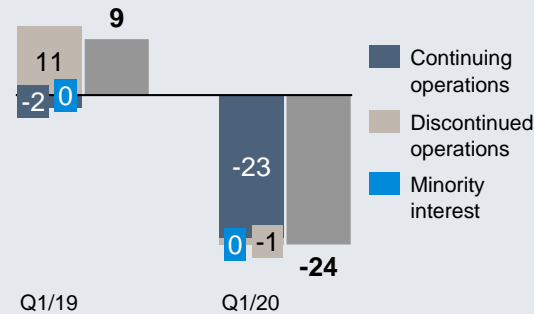
Current liquidity development better than expected despite negative environment

Free cash flow ¹⁾ (€ million)

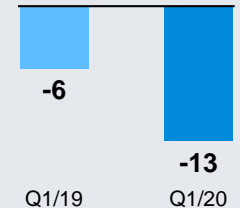


¹⁾ Adjustments correspond to EBITA adjustments, Q1/20 includes €14m from IFRS 16 (Q1/19: €11m)

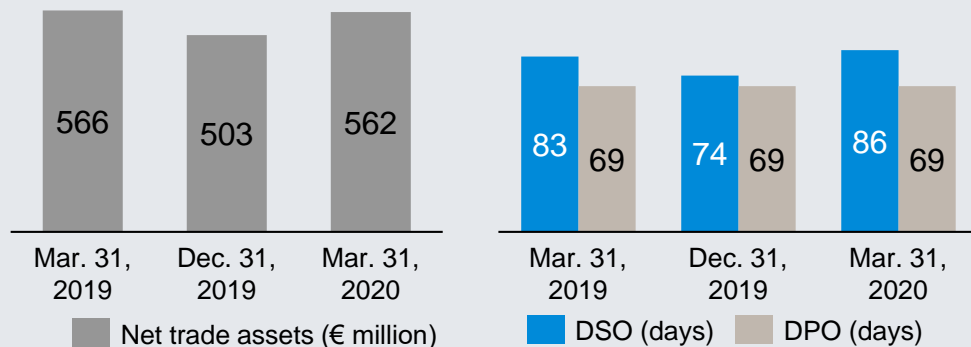
Net profit (€ million)



Adjusted net profit (€ million)

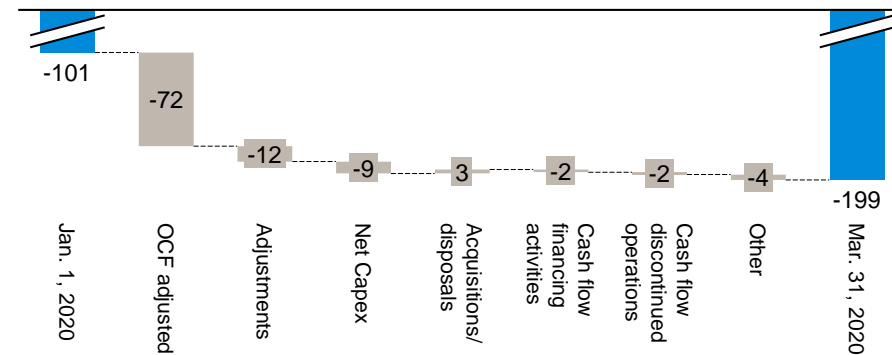


Net trade assets



DSO: Trade receivables + WIP – advance payments received, DPO: Trade payables

Net liquidity ²⁾ (€ million)



²⁾ Including IFRS 16 leases

Current Outlook 2020

Positive earnings and free cash flow

	Actual FY 2019	Current Outlook FY 2020
Revenue	€4,327 million	Decrease of ~20%
EBITA adjusted	€104 million	Positive
Free cash flow reported	€57 million	Positive

Underlying assumptions:

- Greatest negative impact of the crisis in the second quarter, followed by a gradual recovery in the second half of the year
- Revenue development: no additional projects and turnarounds being postponed to 2021
- Positive EBITA adjusted: governmental wage support continues while the COVID-19 restrictions affect the business in our key European markets
- No significant recovery in the oil price anticipated

Quarterly Statement Q1 2020
Financial backup

Segment development Q1 2020

	E&M Europe			E&M International			Technologies			Reconciliation Group						Group		
	HQ / Consolidation / Other			OOP														
<i>in € million</i>	Q1 2020	Q1 2019	Δ in %	Q1 2020	Q1 2019	Δ in %	Q1 2020	Q1 2019	Δ in %	Q1 2020	Q1 2019	Δ in %	Q1 2020	Q1 2019	Δ in %	Q1 2020	Q1 2019	Δ in %
Orders received	631	602	5%	154	157	-1%	287	113	155%	-78	-14	-455%	65	114	-43%	1,060	971	9%
Order backlog	1,516	1,656	-8%	456	459	-1%	542	493	10%	-82	-31	-164%	130	177	-27%	2,562	2,754	-7%
Revenue	573	595	-4%	165	213	-23%	113	118	-4%	-2	-8	73%	67	90	-25%	915	1,008	-9%
Investments in P,P&E	6	10	-38%	1	2	-31%	1	1	-27%	1	1	-5%	1	2	-61%	9	15	-38%
Increase in right-of-use assets	7	2	277%	1	0	1985%	1	1	-21%	0	1	-76%	0	0	24%	10	4	126%
Depreciation	-16	-15	-5%	-3	-3	-13%	-2	-2	3%	-4	-3	-12%	-2	-2	2%	-27	-25	-6%
Amortization	0	0	32%	-1	-1	-3%	0	0	42%	0	0	-	0	0	-	-1	-1	9%
EBITDA adjusted	20	27	-26%	2	7	-77%	-3	-9	65%	-4	-6	39%	1	2	-24%	16	21	-24%
EBITA	1	11	-95%	-4	4	-	-5	-10	51%	-10	-7	-50%	-1	0	-73%	-20	-3	-647%
EBITA adjusted	4	11	-67%	-1	5	-	-5	-10	53%	-7	-9	20%	-1	0	-73%	-11	-4	-150%
EBITA adjusted margin	0.7%	1.9%		-0.8%	2.1%		-4.3%	-8.9%		331.6%	110.7%		-1.3%	-0.6%		-1.2%	-0.4%	

P&L (1/2)

<i>in € million</i>	Q1 2020	Q1 2019	Δ in %
Revenue	915	1,008	-9%
Gross profit	67	82	-17%
Selling and administrative expense	-86	-94	8%
Impairment losses and reversal of impairment losses according to IFRS 9	-1	-1	42%
Other operating income and expense	-7	6	-
Income from investments accounted for using the equity method	6	3	87%
EBIT	-21	-4	-472%
<i>Amortization (IFRS 3)</i>	1	1	-9%
EBITA (for information only)	-20	-3	-647%
<i>Special items in EBITA</i>	9	-2	-
EBITA adjusted (for information only)	-11	-4	-150%

-9%, organically -7%

Depreciation of property, plant and equipment and amortization of intangible assets of -13 (prior year: -13), amortization on right-of-use assets (IFRS 16) of -13 (prior year: -12)

Currency effects negligible

P&L (2/2)

<i>in € million</i>	Q1 2020	Q1 2019	Δ in %
EBIT	-21	-4	-472%
Interest result	-7	5	-
EBT	-27	1	-
Income taxes	4	-3	-
Earnings after taxes from continuing operations	-23	-2	-
Earnings after taxes from discontinued operations	-1	11	-
Minority interest	0	0	-50%
Net profit	-24	9	-
Adjusted net profit¹⁾	-13	-6	-117%
Average number of shares (in thousands)	40,291	40,271	
Earnings per share (in €)	-0.60	0.22	
thereof from continuing operations	-0.58	-0.06	
thereof from discontinued operations	-0.02	0.28	

Interest result in prior year positively impacted by Vendor Claim Note Apleona: interest and appreciation

No capitalization of losses in German tax group of the SE

In addition to the special items in EBITA, the financial result and taxes are also adjusted

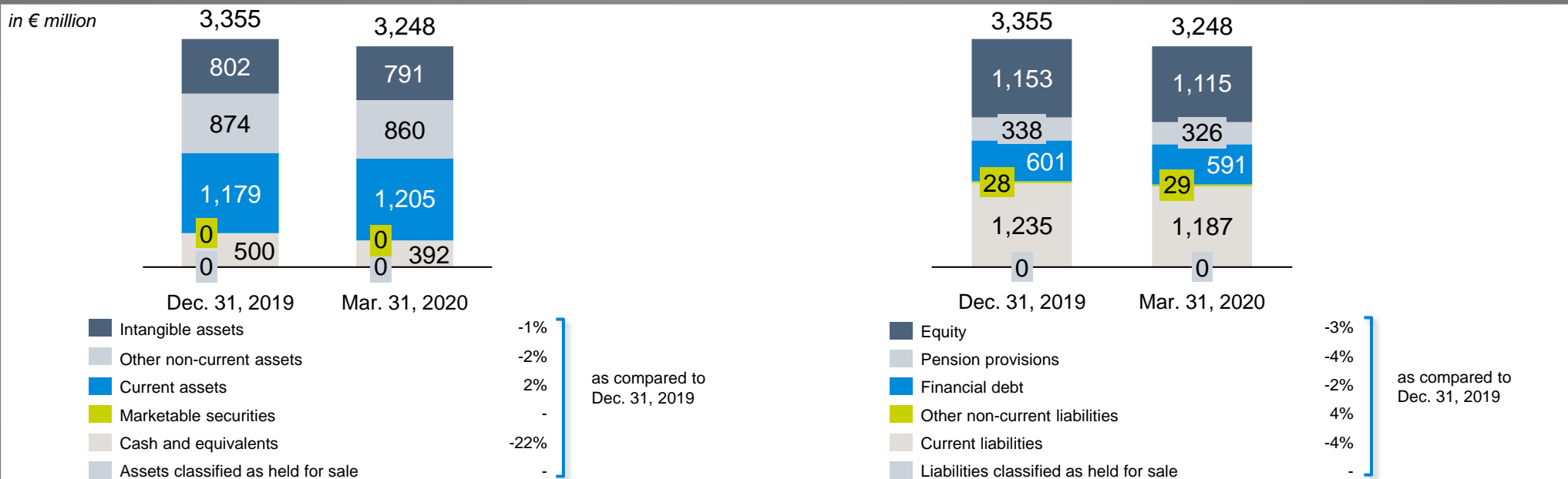
¹⁾ from continuing operations

Special items

Expectations for FY 2020: ~ €50 million for the time being

<i>in € million</i>	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020
EBITA	-3	3	25	7	32	-20
Disposal losses/gains, write-downs, selling-related expenses	-7	1	1	3	-3	0
Compliance	0	0	-1	0	-1	0
Restructuring, extraordinary depreciations	0	2	1	35	40	6
IT investments	6	11	8	11	36	3
Total adjustments	-2	15	9	49	72	9
<i>EBITA adjusted</i>	-4	17	34	57	104	-11

Balance Sheet – Overview of Assets and Liabilities



Goodwill decreases slightly to 786 (12/19: 796).

Non-current assets include PPN Apleona 240, property, plant and equipment 303, according to IFRS 16 right-of-use assets from leases 216, deferred tax assets 64, thereof from tax-losses carried forward 43.

Current assets: intra-year increase

In Q1, slight decrease in **equity** due to negative earnings after taxes.

Pension provisions: decrease due to increasing euro interest rate (from 0.9% to 1.2%)

Financial debt relates to bond 06/2024 with 250, SSD with 123 and leases with 215.

Current liabilities relate for the most part to payables of 871 (12/19: 908), thereof trade payables 325 and payments received 158.

Consolidated Balance Sheet: Assets

<i>in € million</i>	Mar. 31, 2020	Dec. 31, 2019
Non-current assets		
Intangible assets	791.0	802.5
Property, plant and equipment	302.9	311.9
Right-of-use assets from leases	216.3	227.4
Investments accounted for using the equity method	22.1	18.5
Other financial assets	255.0	255.5
Deferred taxes	63.9	60.6
	1,651.2	1,676.4
Current assets		
Inventories	61.2	57.1
Receivables and other financial assets	1,069.4	1,057.3
Current tax assets	15.6	20.4
Other assets	58.4	43.8
Marketable securities	0.0	0.0
Cash and cash equivalents	391.8	499.8
Assets classified as held for sale	0.0	0.0
	1,596.4	1,678.4
Total	3,247.6	3,354.8

Consolidated Balance Sheet: Equity & liabilities

<i>in € million</i>	Mar. 31, 2020	Dec. 31, 2019
Equity		
Equity attributable to shareholders of Bilfinger SE	1,124.5	1,165.3
Attributable to minority interest	-9.4	-12.4
	1,115.1	1,152.9
Non-current liabilities		
Provisions for pensions and similar obligations	325.9	338.0
Other provisions	23.4	23.6
Financial debt	541.5	551.3
Other liabilities	0.0	0.0
Deferred taxes	5.3	4.3
	896.1	917.2
Current liabilities		
Current tax liabilities	24.5	25.4
Other provisions	291.9	301.9
Financial debt	49.2	49.7
Trade and other payables	661.3	679.7
Other liabilities	209.5	228.0
Liabilities classified as held for sale	0.0	0.0
	1,236.4	1,284.7
Total	3,247.6	3,354.8

Consolidated Statement of Cash Flows

in € million	Q1	
	2020	2019
Cash flow from operating activities of continuing operations	-84.0	-89.1
- Thereof special items	-12.4	-18.5
- Adjusted cash flow from operating activities of continuing operations	-71.6	-70.6
Net cash outflow for P,P&E and intangible assets	-8.6	-12.8
Free cash flow from continuing operations	-92.6	-101.9
- Thereof special items	-12.4	-18.5
- Adjusted free cash flow from continuing operations	-80.2	-83.4
Payments made / proceeds from the disposal of financial assets	2.8	34.5
Investments in financial assets	0.0	0.0
Changes in marketable securities	0.0	0.0
Cash flow from financing activities of continuing operations	-15.1	-13.2
- Share buyback	0.0	0.0
- Dividends	0.0	0.0
- Repayment of financial debt / borrowing	-13.4	-11.3
- Interest paid	-1.7	-1.9
Change in cash and cash equivalents of continuing operations	-104.9	-80.6
Change in cash and cash equivalents of discontinued operations	-2.1	-11.8
Change in value of cash and cash equivalents due to changes in foreign exchange rates	-1.0	0.5
Change in cash and cash equivalents	-108.0	-91.9
Cash and cash equivalents at January 1	499.8	453.8
Change in cash and cash equivalents of assets classified as held for sale	0.0	3.3
Cash and cash equivalents at March 31	391.8	365.2

Valuation net cash / net debt

<i>in € million</i>	Dec. 31, 2019	Mar. 31, 2020
Cash, cash equivalents and marketable securities	500	392
Financial debt	-375	-376 ¹⁾
Net cash (+) / net debt (-)	125	16¹⁾
Pension provisions	-338	-326
Financial assets (Apleona PPN)	240	240
Future cash-out special items	-60	-70
Further intra-year working capital swing	-100	-
Valuation net cash (+) / net debt (-)	-100 to -150	-100 to -150

¹⁾ Without leasing liabilities (IFRS 16) of -215

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