



BILFINGER



Bilfinger SE

3rd Quarter 2020 Results

November 12, 2020

Q3 2020

Recovery gains pace: strong EBITA and cash flow development

Full-year guidance affirmed

Markets

- Recovering in second half of 2020 as expected

-26% org.
Orders received

- Orders received at lower level due to fewer projects and mark to market in oil and gas, but order backlog solid; positive expectations for Q4

-18% org.
Revenue

- Most European entities with sequentially increasing revenues
- Oil- and gas-related regions UK and Nordics with approx. -30% year-on-year

€23 million
EBITA adjusted

- Positive contributions from all European regions including Technologies
- E&M International still under pressure in difficult environment

€43 million
Free cash flow reported







- Continuing robust cash flow thanks to active working capital management
- Sound financial position, no additional financing expectations

Outlook affirmed

- Year-on-year revenue decrease of ~20%
- EBITA adjusted and free cash flow reported positive









Markets: E&M Europe

	Industries	%*		Overall trend
	Chemicals & Petrochem	40%	<ul style="list-style-type: none"> • Market starts to recover; some clients have announced large investments going forward • German market keeping up comparably well • Major chemical companies reported 3Q 2020 results slightly ahead of expectations 	
	Energy & Utilities	10%	<ul style="list-style-type: none"> • ESG climate change drivers still hold, e.g. CO₂ limits, emissions, decentralized power generation • Green energy investments expected to pick up (e.g. renewables, hydrogen) • Nuclear remains in focus in France, UK, and Finland 	
	Oil & Gas	30%	<ul style="list-style-type: none"> • After recent deep decline expecting gradual recovery short and midterm • Majority of projects and turnarounds postponed • Midstream (e.g. pipelines, storage, transportation) less impacted 	

* % of segment revenues FY 2019

Markets: E&M International

	Industries	%*		Overall trend
	Chemicals & Petrochem	30%	<ul style="list-style-type: none"> Expansion programs and need for modernization projects in Middle East (ME) Projects delayed but attractive project pipeline in North America (NA) 	
	Energy & Utilities	5%	<ul style="list-style-type: none"> In NA, energy investment trends focused on energy storage, wind, solar and CO₂ reduction. Continued but delayed growth Continued growth in ME population and industry drives further development of alternative and nuclear energy concepts as well as water solutions 	
	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 CAPEX and OPEX spend expected to increase from 2021 onwards in NA 	

* % of segment revenues FY 2019

Markets: Technologies

	Industries	%*		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 • Nuclear decommissioning capability (waste treatment, services) offers opportunities in Germany and France 	
	Pharma & Biopharma	35%	<ul style="list-style-type: none"> • Mega trends remain unchanged despite Covid-19 • Clients start reviewing their global supply chain routes which will add opportunities in Europe 	

* % of segment revenues FY 2019

European business has shown high resilience and will emerge even stronger from this crisis

In Numbers

- **Reduction of ~4,000 employees** year-to-date, majority in North America, Northern Europe, and the U.K.
- Currently **~650 employees are still in furlough** schemes (in U.K., Nordics, Germany, Austria), down from **almost 3,000 at the peak**
- „Investment“ of **~70m EUR restructuring** expenses, **full payback within ~2 years**
- Strict cost management involving both temporary and sustainable measures reduced the **SG&A expenses well below budget**, full-year expectation **~€310m, target 2021: <€300m**

Improved cost agility: the positive outcome from a difficult year

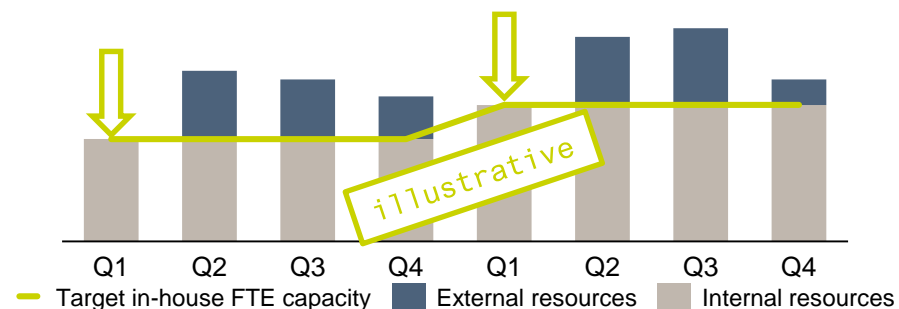
Levers

Balanced workforce utilization planning

- Adjusting in-house capacities to **Q1/low point** in quarterly intra-year revenues
- **Switch** from internal to external resources, also using agility of flexible resources from Poland (Bilfinger entity with skilled labor lease, working in various European countries)

➤ Reduce seasonal underutilization to drive gross margin

Split between own resources and external sourcing



Fast alignment with mid-term market outlook

- **Sustainable reduction of personnel** in areas with longer-term subdued outlooks, e.g. oil and gas U.K., North America, targeting operations and SG&A
- Consequent **wind-down unprofitable** business and/or pursuing strategic alternatives, e.g. loss-making areas in Technologies

➤ Starting FY 2021 with a clean cost base

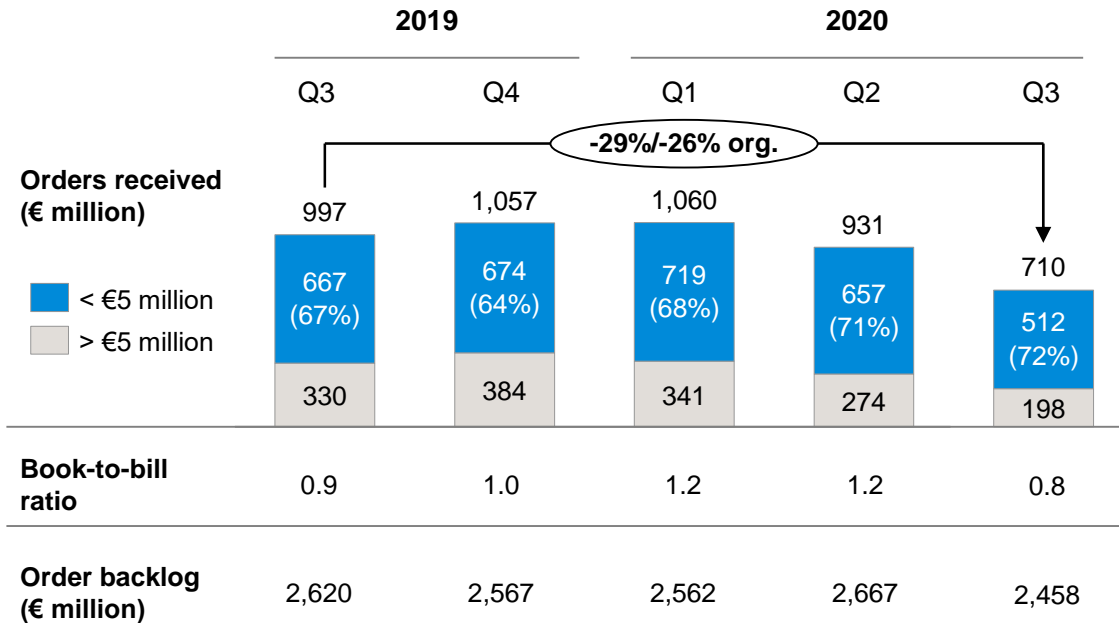
Regions with major headcount reductions

Region / Division	Headcount Dec. 31, 2019	Headcount Sept. 30, 2020	Change
UK	3,737	3,058	-679
Nordics	3,979	3,449	-530
North America	3,123	1,986	-1,137
Technologies	2,415	2,352	-63
Group ¹⁾	33,327	29,375	-3,952

Quarterly Statement Q3 2020

Orders received on lower level due to limited number of projects and lowered expectations in oil and gas, but solid order backlog; positive expectations for Q4

Development of orders received



Orders received

- Decrease by -29% (org.: -26%)
- Lack of project orders especially in E&M International / North America
- Backlog reduction in upstream oil and gas business
- Larger parts of Hinkley Point expected to be mainly booked in Q4 and 2021

Order backlog

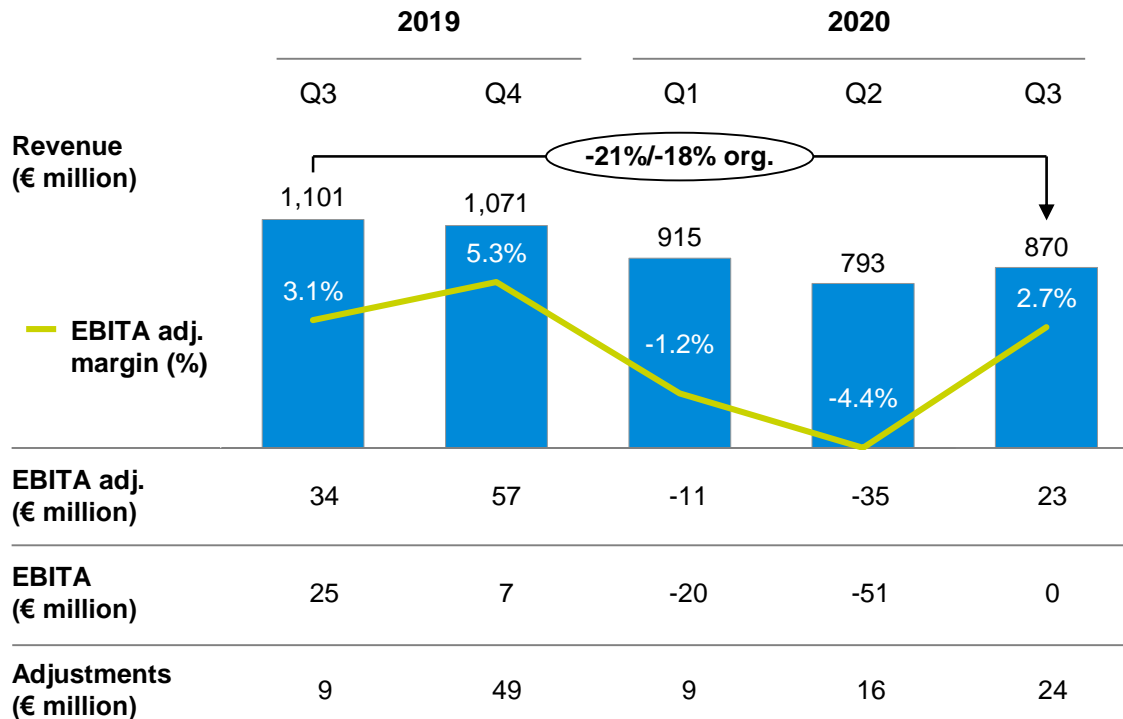
- -6% below prior-year level (org.: -3%)

Book-to-bill

- Mirrors low orders received in Q3, but year-to-date at 1.05

Sequential recovery against Q2, solid EBITA adjusted

Development of revenue and profitability



Revenue

- -21% (org.: -18%) below prior-year quarter, recovery after difficult Q2

EBITA adjusted

- Positive at €23 million, rebound due to recovery in European markets
- Technology with positive contribution

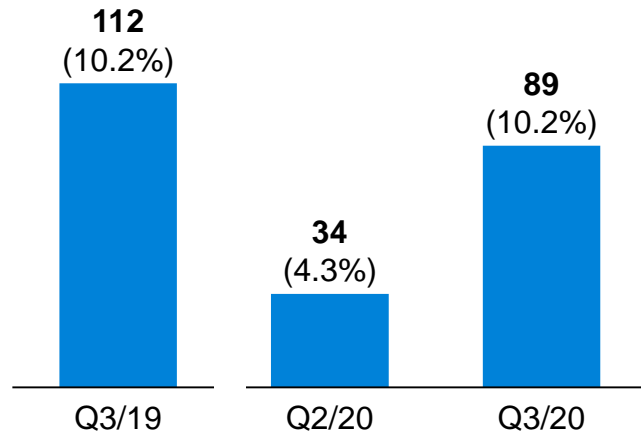
Special items

- -€24 million (thereof -€18 million restructuring costs, -€3 million IT investments and -€3 million loss on OOP divestment)
- In Total ~€70 million expected in FY 2020

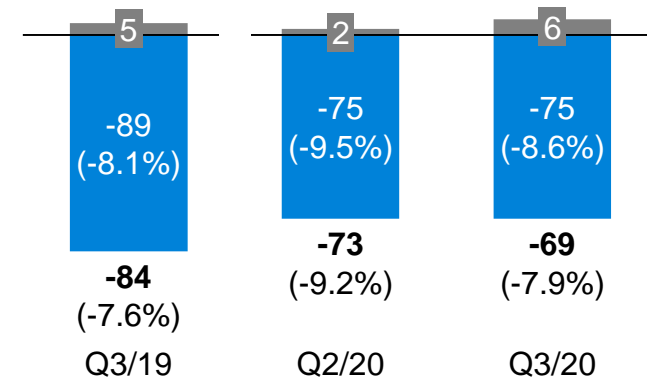
Gross margin at prior year level despite significantly lower revenues

SG&A expenses further reduced with partially sustainable improvements

Gross profit (€ million)



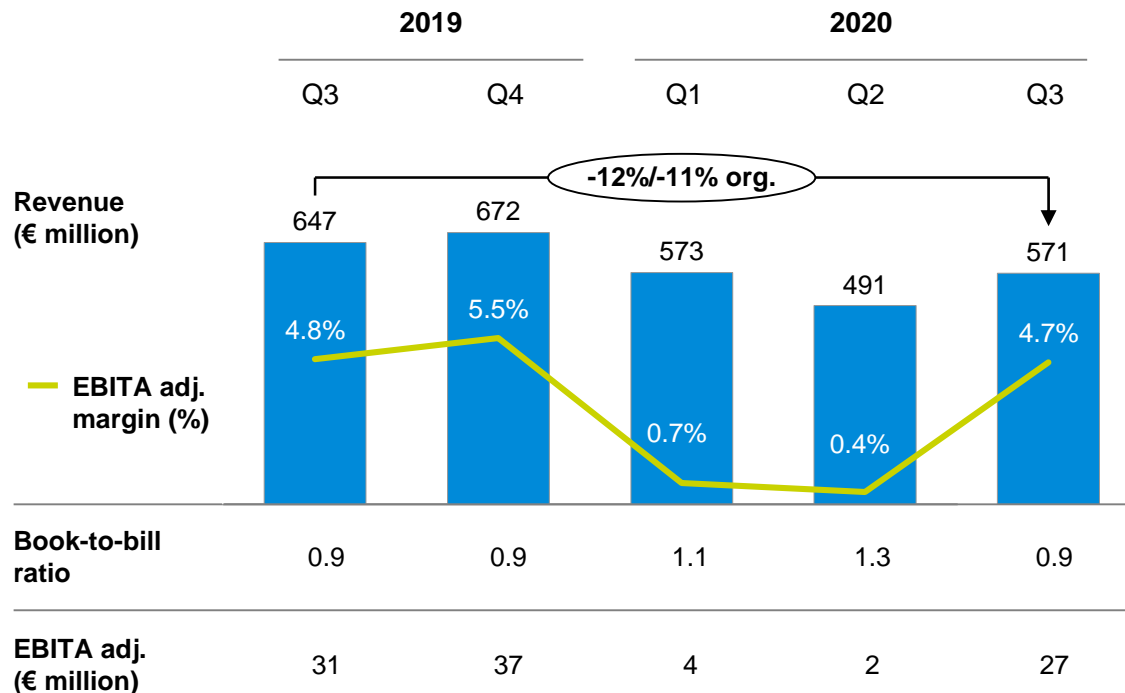
Adjusted selling and administrative expenses (€ million)



Adjustments Reported

Segment E&M Europe: strong recovery in both revenue and adjusted EBITA, highly resilient and agile maintenance business

Development of revenue and profitability



Orders received

- -14% (org.: -13%) mainly due to backlog reduction in upstream oil and gas business
- Book-to-bill YTD at 1.07

Revenue

- Decrease by -12% (org.: -11%), with -30% North Sea upstream business

EBITA adjusted

- Clearly positive, benefitting from agile cost management, leading to strong margin improvement up to prior-year level despite lower revenue

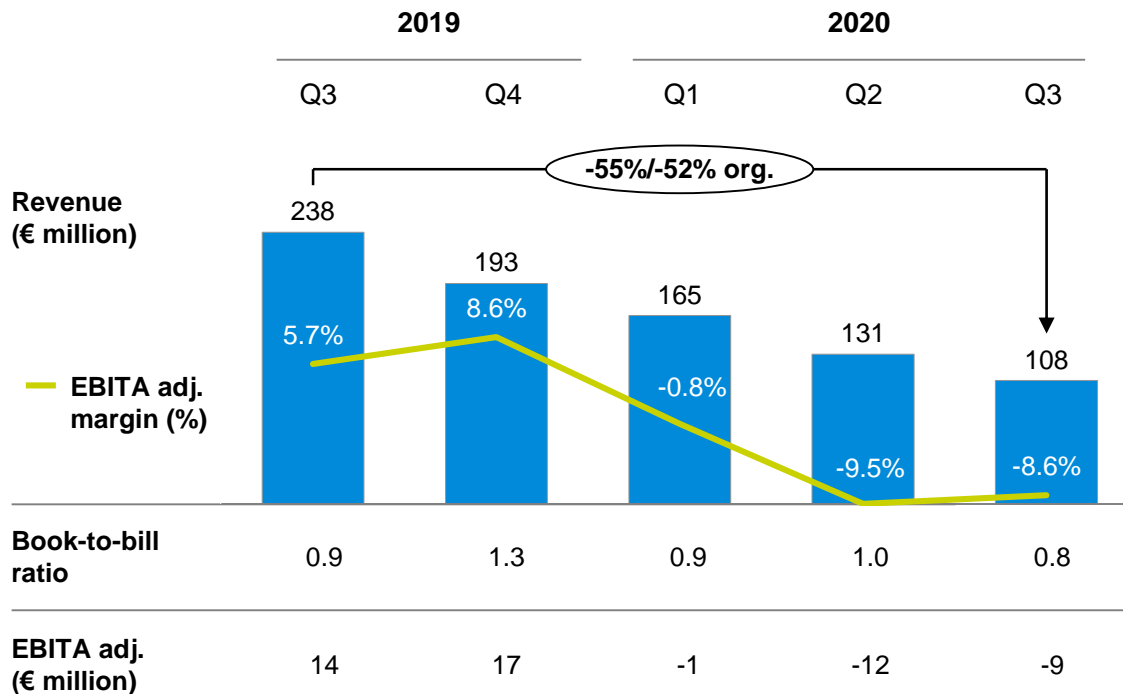
Outlook 2020



Revenue: significant decrease
EBITA adjusted: positive

Segment E&M International: top-line and earnings still under pressure in challenging environment, leading to negative results also in full-year

Development of revenue and profitability



Orders received

- 60% (org.: -57%), in North America lack of contract awards due to challenging environment (COVID-19 and elections)

Revenue

- Decrease of -55% (org.: -52%), partly expected, but amplified by difficult environment

EBITA adjusted

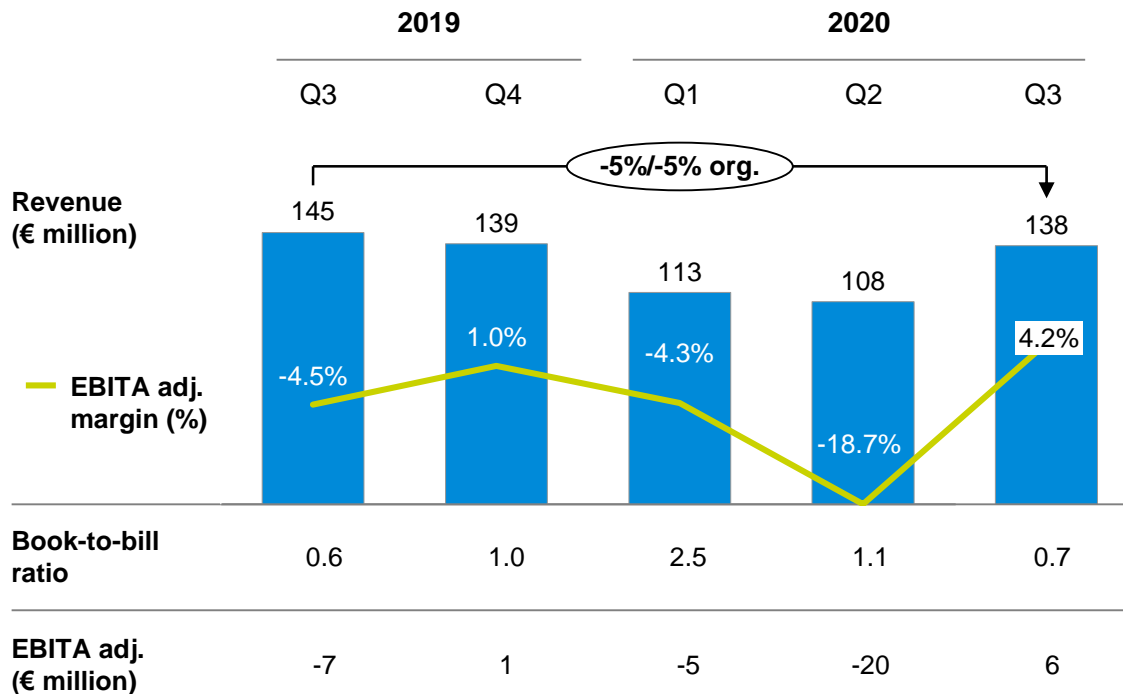
- Clearly negative, primarily affected by underutilization in North America, capacity adjustments ongoing

Outlook 2020

- Revenue: significant decrease
- EBITA adjusted: negative

Segment Technologies: Sound quarter with positive EBITA adjusted

Development of revenue and profitability



Orders received

- Slight increase by 2% (org.: 2%)
- Hinkley Point orders to be called off in Q4 and 2021

Revenue

- -5% (org.: -5%) below prior-year, also due to wind-down of loss-making activities, but sequential recovery visible in growth areas

EBITA adjusted

- Good margin development, strategic measures for underperforming entities well under way

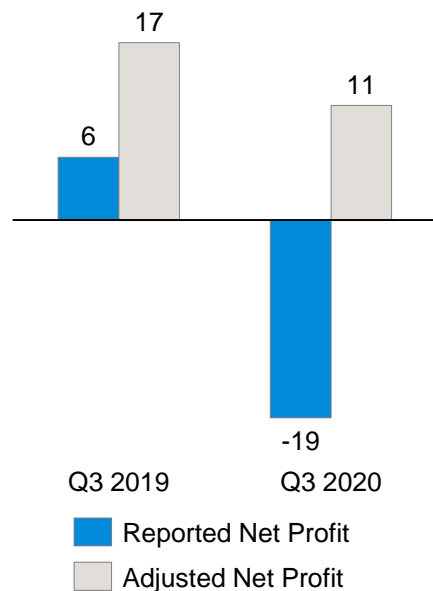
Outlook 2020

- Revenue: slight decrease
- EBITA adjusted: significant improvement, but still negative

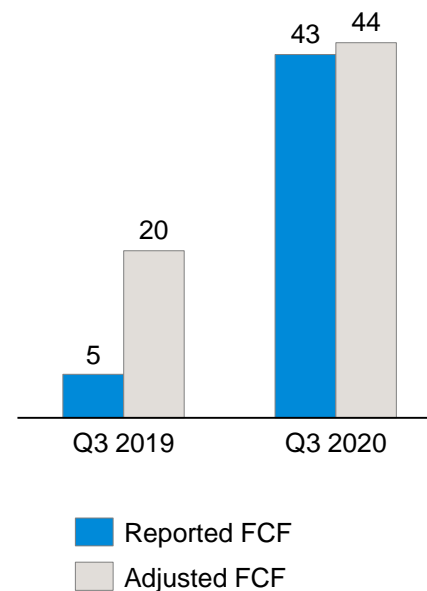
Net profit burdened by significant amount of restructuring costs, on adjusted base positive

Free cash flow improved significantly against prior year

Net profit ¹⁾ (€ million)



Free cash flow ¹⁾ (€ million)

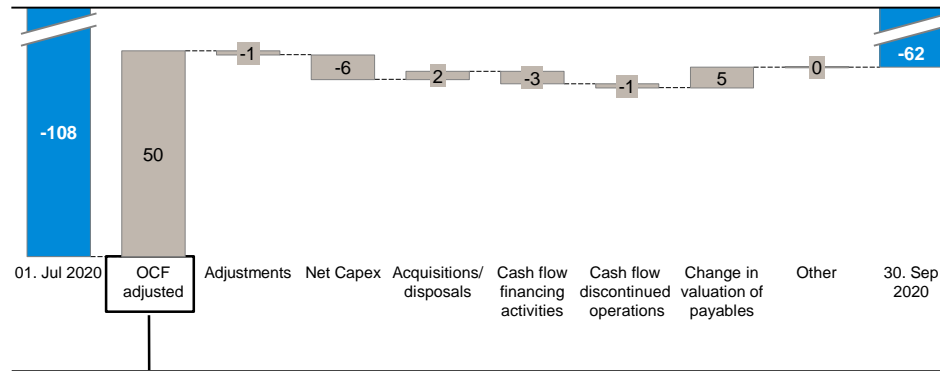


¹⁾ Adjustments correspond to EBITA adjustments, Net Profit: in addition special items in financial result and in taxes

Sound financial position; further increase in liquidity due to active working capital management, despite start of payments of tax and social security deferrals

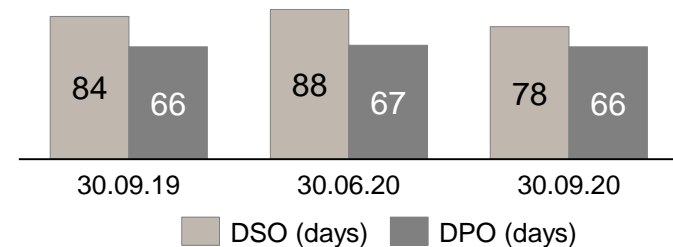
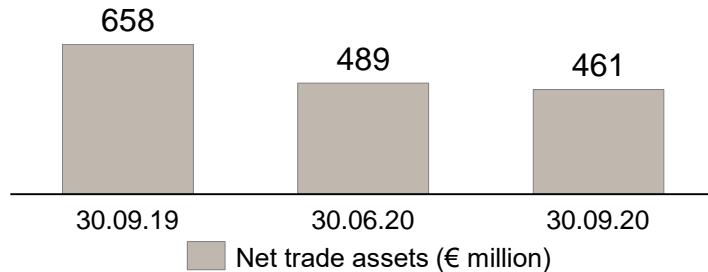
Development of net liquidity

Net liquidity ¹⁾ (€ million)



Cash flow development year-to-date (€ million) excl. IFRS 16

	9m 2020 excl. IFRS 16	IFRS 16 impacts	9m 2020 incl. IFRS 16	9m 2019 excl. IFRS 16
EBITA adj.	-22		-22	46
Depreciation	42	43	85	41
Change in NWC (Reported)	80		80	-194
Others	-22		-22	23
Adjustments	-24		-24	-50
Operating CF Reported	54		97	-134
Net CAPEX	-19		-19	-37
Free CF Reported	35		78	-171
Proceeds/Investments financial assets	5		5	143
Changes in marketable securities	0		0	-210
Dividends	-7		-7	-43
Change in financial debt	0	-40	-40	373
Interest paid	-15	-3	-18	-6
FX / other / disco	-8		-8	-45
Change in Cash	10		10	41



¹⁾ Including IFRS 16 leases

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

Outlook 2020

Positive earnings and free cash flow

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

Assumption: the current lockdown measures will not have a material negative influence on business development.

Quarterly Statement Q3 2020
Financial backup

Segment development Q3 2020

	E&M Europe			E&M International			Technologies			Reconciliation Group						Group		
	Q3 2020	Q3 2019	Δ in %	Q3 2020	Q3 2019	Δ in %	Q3 2020	Q3 2019	Δ in %	HQ / Consolidation / Other			OOP					
€ million	Q3 2020	Q3 2019	Δ in %	Q3 2020	Q3 2019	Δ in %	Q3 2020	Q3 2019	Δ in %	Q3 2020	Q3 2019	Δ in %	Q3 2020	Q3 2019	Δ in %	Q3 2020	Q3 2019	Δ in %
Orders received	501	580	-14%	82	207	-60%	90	88	+2%	-9	-5	-79%	45	128	-65%	710	997	-29%
Order backlog	1,577	1,623	-3%	387	412	-6%	493	408	+21%	-79	-23	-246%	81	199	-60%	2,458	2,620	-6%
Revenue	571	647	-12%	108	238	-55%	138	145	-5%	-16	-11	-53%	69	81	-14%	870	1,101	-21%
Investments in P,P&E	3	11	-74%	0	2	-82%	1	1	-8%	0	0	n/a	2	0	n/a	6	15	-57%
Increase in right-of-use assets	4	5	-5%	0	2	-97%	0	1	-92%	1	1	+15%	0	0	n/a	6	9	-34%
Depreciation w/o special items	-15	-16	+7%	-2	-3	+20%	-2	-2	-2%	-5	-5	-20%	-1	-2	+41%	-26	-28	+6%
Amortization	0	0	n/a	0	-1	+104%	0	0	n/a	0	0	n/a	0	0	n/a	0	-1	+98%
EBITDA adjusted	43	47	-9%	-7	17	-	8	-5	-	0	-1	+100%	5	4	+33%	49	62	-20%
EBITA	22	28	-21%	-11	14	-	-6	-7	+20%	-7	-11	+33%	2	2	-9%	0	25	-101%
EBITA adjusted	27	31	-12%	-9	14	-	6	-7	-	-4	-6	+36%	3	2	+78%	23	34	-32%
EBITA-margin adjusted	4.7%	4.8%		-8.6%	5.7%		4.2%	-4.5%		22.5%	54.1%		4.7%	2.3%		2.7%	3.1%	

Segment development YTD 2020

€ million	E&M Europe			E&M International			Technologies			Reconciliation Group						Group		
	YTD 9/2020	YTD 9/2019	Δ in %	YTD 9/2020	YTD 9/2019	Δ in %	YTD 9/2020	YTD 9/2019	Δ in %	HQ / Consolidation / Other			OOP			YTD 9/2020	YTD 9/2019	Δ in %
Orders received	1,751	1,897	-8%	371	609	-39%	491	313	+57%	-98	-25	-288%	185	307	-40%	2,700	3,101	-13%
Order backlog	1,577	1,623	-3%	387	412	-6%	493	408	+21%	-79	-23	-246%	81	199	-60%	2,458	2,620	-6%
Revenue	1,635	1,907	-14%	403	718	-44%	358	400	-10%	-27	-28	+2%	209	260	-19%	2,579	3,256	-21%
Investments in P,P&E	14	31	-56%	2	6	-59%	1	2	-27%	1	2	-28%	3	3	+0%	22	43	-50%
Increase in right-of-use assets	20	15	+37%	4	3	+28%	1	2	-43%	3	7	-56%	0	1	-16%	29	27	+7%
Depreciation w/o special items	-48	-47	-1%	-9	-9	-4%	-6	-6	-2%	-11	-12	+3%	-6	-6	+6%	-80	-79	0%
Amortization	0	0	n/a	-1	-2	+33%	0	0	n/a	0	0	n/a	-7	0	n/a	-8	-3	-189%
EBITDA adjusted	80	116	-31%	-14	34	-	-13	-24	+43%	-5	-10	+47%	10	10	+3%	57	127	-55%
EBITA	1	64	-98%	-29	24	-	-32	-30	-6%	-13	-36	+63%	3	3	-25%	-71	25	-
EBITA adjusted	33	69	-53%	-23	26	-	-19	-29	+34%	-17	-22	+24%	4	3	+21%	-22	47	-
EBITA-margin adjusted	2.0%	3.6%		-5.7%	3.6%		-5.4%	-7.3%		62.3%	79,8%		2.0%	1.3%		-0.9%	1.5%	

P&L (1/2)

in € million	YTD			Q3		
	2020	2019	Δ in %	2020	2019	Δ in %
Revenue	2,579	3,256	-21%	870	1,101	-21%
Gross profit	191	291	-34%	89	112	-21%
Selling and administrative expense	-237	-284	16%	-75	-89	15%
Impairment losses and reversal of impairment losses according to IFRS 9	-2	-3	-	0	-3	-
Other operating income and expense	-41	7	-	-16	-1	-
Income from investments accounted for using the equity method	9	10	-12%	2	4	-56%
EBIT	-80	22	-	0	24	-
<i>Amortization of intangible assets from acquisitions and impairment of goodwill</i>	8	3	335%	0	1	-
EBITA (for information only)	-71	25	-	0	25	-
<i>Special items in EBITA</i>	49	22	96%	24	10	146%
EBITA adjusted (for information only)	-22	47	-	23	34	-32%

Decrease by -21%, organically -18%

Significant effects: Portfolio adjustments -3 (prior year -1), restructuring expenses -14 (prior year: -3)

Depreciation of property, plant and equipment and amortization of intangible assets of -13 (prior year: -15), amortization on right-of-use assets (IFRS 16) of -13 (prior year: -13)

Currency effects: 1

P&L (2/2)

in € million	YTD			Q3		
	2020	2019	Δ in %	2020	2019	Δ in %
EBIT	-80	22	-	0	24	-
Financial result	-21	-11	-	-8	-10	-
EBT	-101	11	-	-8	14	-
Income taxes	0	-16	-	-9	-7	-
Earnings after taxes from continuing operations	-101	-5	-	-17	6	-
Earnings after taxes from discontinued operations	-2	15	-	-2	1	-
Minority interest	1	1	-	0	1	-
Net profit	-103	9	-	-19	6	-
Adjusted net profit¹⁾	-32	17	-	11	17	-36%
Average number of shares (in thousands)	40,295	40,282		40,301	40,291	
Earnings per share (in €)	-2.56	0.23		-0.47	0.16	
thereof from continuing operations	-2.52	-0.13		-0.43	0.15	
thereof from discontinued operations	-0.04	0.36		-0.04	0.01	

Financial result above prior year, in 2019 burdened by negative carry regarding refinancing of Bond 12/2019

No capitalization of losses in German tax group of the SE

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

¹⁾ from continuing operations

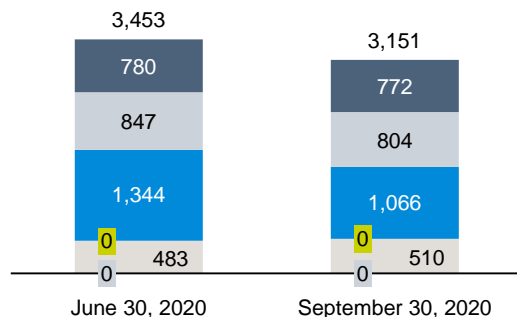
Special items

Expectations for FY 2020: on prior-year level, also due to significant restructuring in Technologies

<i>in € million</i>	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020
EBITA	25	7	32	-20	-51	0
Disposal losses/gains, write-downs, selling-related expenses	1	3	-3	0	2	3
Compliance	-1	0	-1	0	-17	0
Restructuring, extraordinary depreciations	1	35	40	6	28	18
IT investments	8	11	36	3	3	3
Total adjustments	9	49	72	9	16	24
<i>EBITA adjusted</i>	34	57	104	-11	-35	23

Balance Sheet – Overview of Assets and Liabilities

in € million

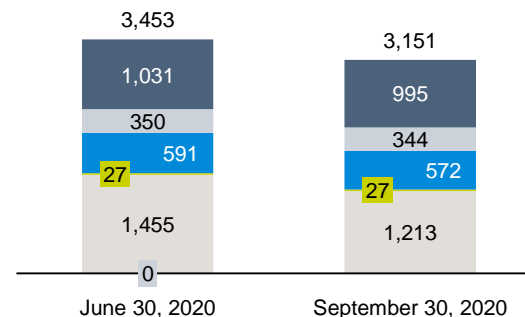


Intangible assets	-1%	} As compared to June 30, 2020
Non-current assets	-5%	
Current assets	-21%	
Marketable assets	n/a	
Cash and cash equivalents	6%	
Assets classified as held for sale	n/a	

Goodwill decreases to 768 (06/20: 777).

Non-current assets include PPN Apleona 240, property, plant and equipment 277, according to IFRS 16 right-of-use assets from leases 194, deferred tax assets 61, thereof from tax-losses carried forward 37.

Current assets: decrease mainly due to reduction of receivables and other financial assets to 942 (06/20: 1,057), significant decrease in other current financial assets (current) to 53 (6/20: 257, including 200 for Stadtarchiv Köln)



Equity	-3%	} As compared to June 30, 2020
Pension provisions	-2%	
Financial debt	-3%	
Other non-current liabilities	1%	
Current liabilities	-17%	
Liabilities classified as held for sale	n/a	

In Q3 2020, decrease in **equity** due to negative earnings after taxes -38.

Pension provisions: Negligible decrease with stable Euro interest rate of 0.8%

Financial debt relates to Bond 06/2024 with 250, SSD with 123 and leases with 197.

Current liabilities relate for the most part to payables of 888 (06/20: 1,127), thereof trade payables 312 and payments received 129.

Consolidated Balance Sheet: Assets

€ million	September 30, 2020	December 31, 2019	September 30, 2019
Non-current assets			
Intangible assets	771.8	802.5	808.7
Property, plant and equipment	277.0	311.9	307.3
Right-of-use assets from leases	193.5	227.4	229.5
Investments accounted for using the equity method	17.6	18.5	19.7
Other financial assets	254.7	255.5	257.5
Deferred taxes	60.7	60.6	81.2
	1,575.3	1,676.4	1,703.9
Current assets			
Inventories	61.9	57.1	57.3
Receivables and other financial assets	941.5	1,057.3	1,242.2
Current tax assets	19.0	20.4	29.8
Other assets	43.7	43.8	60.6
Marketable securities	0.0	0.0	330.1
Cash and cash equivalents	509.8	499.8	495.7
Assets classified as held for sale	0.0	0.0	0.0
	1,575.9	1,678.4	2,215.7
Total	3,151.2	3,354.8	3,919.6

Consolidated Balance Sheet: Equity & liabilities

<i>in € million</i>	September 30, 2020	December 31, 2019	September 30, 2019
Equity			
Equity attributable to shareholders of Bilfinger SE	1,005.1	1,165.3	1,146.5
Attributable to minority interest	-10.0	-12.4	-12.5
	995.1	1,152.9	1,134.0
Non-current liabilities			
Provisions for pensions and similar obligations	344.2	338.0	341.0
Other provisions	23.0	23.6	24.2
Financial debt	525.6	551.3	551.7
Other liabilities	0.1	0.0	0.2
Deferred taxes	4.2	4.3	40.7
	897.1	917.2	957.8
Current liabilities			
Current tax liabilities	21.8	25.4	45.6
Other provisions	303.1	301.9	298.1
Financial debt	46.2	49.7	548.8
Trade and other payables	605.2	679.7	722.0
Other liabilities	282.7	228.0	213.3
Liabilities classified as held for sale	0.0	0.0	0.0
	1,259.0	1,284.7	1,827.8
Total	3,151.2	3,354.8	3,919.6

Consolidated Statement of Cash Flows

in € million	YTD		Q3	
	2020	2019	2020	2019
Cash flow from operating activities of continuing operations	97.2	-95.8	48.6	18.2
- Thereof special items	-23.9	-49.7	-1.4	-14.5
- Adjusted cash flow from operating activities of continuing operations	121.1	-46.1	50.0	32.7
Net cash outflow for P,P&E and intangible assets	-18.7	-36.9	-6.0	-13.1
Free cash flow from continuing operations	78.5	-132.7	42.6	5.1
- Thereof special items	-23.9	-49.7	-1.4	-14.5
- Adjusted free cash flow from continuing operations	102.4	-83.0	44.0	19.6
Payments made / proceeds from the disposal of financial assets	5.2	143.2	1.8	-0.1
Investments in financial assets	0.0	0.0	0.0	0.0
Changes in marketable securities	0.0	-209.7	0.0	0.0
Cash flow from financing activities of continuing operations	-65.2	285.8	-15.7	-15.1
- Share buyback	0.0	0.0	0.0	0.0
- Dividends	-7.3	-42.9	-0.8	-0.7
- Repayment of financial debt / borrowing	-39.7	339.0	-12.8	-11.3
- Interest paid	-18.2	-10.3	-2.1	-3.1
Change in cash and cash equivalents of continuing operations	18.5	86.6	28.7	-10.1
Change in cash and cash equivalents of discontinued operations	-5.8	-48.5	-0.7	-1.2
Change in value of cash and cash equivalents due to changes in foreign exchange rates	-2.7	0.5	-0.9	0.1
Change in cash and cash equivalents	10.0	38.6	27.1	-11.2
Cash and cash equivalents at January 1 / July 1	499.8	453.8	482.7	506.9
Change in cash and cash equivalents of assets classified as held for sale	0.0	3.3	0.0	0.0
Cash and cash equivalents at September 30	509.8	495.7	509.8	495.7

Balance Sheet items relevant for valuation

<i>in € million</i>	Jun. 30, 2020	Sep. 30, 2020
Cash, cash equivalents and marketable securities	483	510
Financial debt	-373	-373
Net cash (+) / net debt (-) ¹⁾	110	137
Pension provisions	-350	-344
Financial assets (Apleona PPN / book value)	240	240
Future cash-out special items	approx. -80	approx. -80

¹⁾ Without leasing liabilities of -199 (Sep. 30), -218 (Jun. 30)

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