Investor Relations News

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Q1 FY 2022 financial results

Bilfinger's good start to the year underpins positive full-year expectations: orders significantly increased, and gross margin continues to improve

- **Market:** Customer demand driven by higher energy prices and change in energy mix
- **Orders received €1,117 m/+10% org.:** Highest single quarter since Q2 2019
- **Revenue €961 m/+14% org.:** Engineering and Maintenance activities report growth in all regions
- **EBITA €9 m/0.9% margin:** Gross margin continues to improve, stable EBITA despite provisions for Russian phase-out
- **Free cash flow -€76 m:** Growing business and seasonality leads to higher working capital requirements
- **S&P rating:** Upgrade to BB+/stable outlook
- **Outlook for 2022:** confirmed
- **Annual General Meeting:** Dividend proposal of €1.00 plus special dividend of €3.75 per share

Industrial services provider Bilfinger got off to a good start in 2022 with significant growth in orders received as well as in revenues, accompanied by a further improvement in the gross margin. The positive momentum in the first months of the year was mainly driven by the Engineering and Maintenance business, with good demand for services from our framework contracts in nearly all of our regions. Although the first quarter is typically the lowest of the year, Bilfinger's improved agility led to a stable year-on-year EBITA development despite provisions of approximately €10 million for the phase-out of the Russian business. After the high cash conversion rate seen at the end of 2021, however, volume growth led to an increase in working capital in the months from January to March – a trend that is expected to improve as the year progresses. In Q1, this resulted in a lower free cash flow versus the prior year, which had been much lighter in revenues.

“This year will again be marked by many challenges for all of us, both in business and in society,” commented CEO Thomas Schulz. “However, we consider ourselves well positioned to support our customers in operating their assets more efficiently and sustainably, especially in light of the need to adapt to a changing energy mix and to reduce energy consumption overall. This will lead to continued, profitable growth for our Group.”

In view of the war in Ukraine, Bilfinger decided early not to accept any new orders from Russia. Existing contracts will be phased out. Applicable sanctions against Russia are strictly followed and continuously monitored. Given the low volumes in Russia, with local sales totaling around €10 million in 2021, this will not materially impact the Group’s revenue outlook for 2022 or beyond.

The Annual General Meeting is taking place today in Mannheim. Shareholders have been invited to participate virtually. The Executive Board and the Supervisory Board have proposed to the Annual General Meeting a regular dividend of €1.00 per share in addition to a special dividend of €3.75 per share. This will be part of the total €250 million planned distribution to shareholders, which includes up to €100 million dedicated to a share buyback after the AGM approves the corresponding proposal.

Rating agency S&P just recently reflected the positive business development of Bilfinger in the last year and the improvement in the credit risk profile with an upgrade by one notch to BB+/stable outlook. This decision was based on Bilfinger’s improved business and financial flexibility.

Group performance in Q1 2022

Orders received grew by 10 percent organically to reach €1,117 million in the first quarter (prior year: €1,001 million). This marked the highest single quarter since the second quarter of 2019 and was driven by a significant rise in orders from the company’s European markets. The order backlog saw organic growth of 11 percent to €3,130 million (prior year: €2,796 million), while the book-to-bill ratio of 1.16 again underpins Bilfinger’s growth ambitions going forward.

Group revenue grew by a strong 14 percent organically compared with the prior-year quarter to €961 million (prior year: €833 million). At 9.9 percent (prior year: 9.4 percent), the gross margin improved, as did gross profit, which rose significantly to €95 million from a low level (prior year: €79 million). The high level of sick leave associated with Covid-19 was well managed. Despite the top-line growth, SG&A expenses of €74 million (prior year: €70 million) remained at the current quarterly run rate. The SG&A ratio measured against revenue was 7.7 percent (prior year: 8.4 percent).

Bilfinger generated stable EBITA of €9 million, which corresponds to an EBITA margin of 0.9 percent (prior year: 1.1 percent), despite approximately €10 million in restructuring costs for the phase-out of the Russian business.

Engineering & Maintenance Europe segment
At E&M Europe, orders received increased by 8 percent organically to €736 million (prior year: €675 million). The segment delivered significant growth at a good margin level in a generally positive market environment. Revenue went up by 12 percent organically to €635 million (prior year: €561 million) and the book-to-bill ratio was at 1.16. Segment EBITA decreased to €13 million (prior year: €16 million) due to approximately €10 million in restructuring costs for the phase-out of the Russian business. The corresponding EBITA margin was 2.0 percent (prior year: 2.8 percent). Underlying profitability improved in line with expectations.

Engineering & Maintenance International segment
Orders received at E&M International were stable at €163 million (prior year: €161 million). Revenue grew by a strong 35 percent organically to €159 million coming from a low prior-year quarter of €110 million. Consequently, EBITA improved significantly to -€1 million (prior year: -€7 million). Here, better capacity utilization and the strategic realignment undertaken in 2021 starting to show their effects. The EBITA margin came to -0.5 percent (prior year: -6.0 percent).

Technologies segment
Orders received at Technologies increased by a substantial 50 percent organically to €173 million (prior year: €115 million), leading to a book-to-bill ratio of 1.40. The increase was supported by major contracts in the Life Science and Nuclear business. Revenue decreased by 5 percent organically to €124 million (prior year: €130 million), reflecting the more volatile project business that dominates this segment. EBITA was accordingly low at break-even (prior year: €4 million). The EBITA margin was also low at 0.1% (prior year: 2.9 percent).

Net profit and free cash flow
Net profit decreased to -€6 million (prior year: €10 million), partly driven by a normalized financial result of -€7 million after €2 million in the prior year, which had included €10 million in positive special items from the sale of Apleona as well as interest on tax refunds. In addition, tax charges increased from €0 million to -€7 million in the absence of €4 million positive impact from tax refunds in Q1 2021.

Free cash flow decreased to -€76 million (prior year: -€28 million) as the significant growth in revenues and the seasonality led in the first step to an increased working capital requirement – a trend that is expected to improve as the year progresses. Net capital expenditures raised to -€9 million after -€5 million in the prior year.

Outlook for 2022 confirmed
For the Group, Bilfinger anticipates significant revenue growth (2021: €3,737 million) and a significant increase in EBITA (2021: €121 million). Improved operating earnings in 2022 will compensate for the absence of real estate and property disposal gains in 2021. Lower special items charges will also contribute to a higher EBITA margin in 2022 (2021: 3.2%).

Despite the improved EBITA, net profit is expected to be significantly lower than in the prior year (2021: €130 million) due to a financial result with no positive special items and a normalized tax rate.

Bilfinger anticipates free cash flow for 2022 to be at the good level seen in 2021 (€ 115 million) which benefited from cash inflows from real estate disposals and tax refunds. This will be compensated by increased operating cash flows in 2022.

Key figures for the Group

in € million	Q1			FY 2021
	2022	2021	∆ in %	**2021**
Orders received	1,117	1,001	12 (org: 10)	**4,008**
Order backlog	3,130	2,796	12 (org: 11)	**2,946**
Revenue	961	833	15 (org: 14)	**3,737**
Gross margin (in %)	9.9	9.4		**10.4**
EBITDA	32	33	0	**220**
EBITA	9	9	0	**121**
EBITA margin (in %)	0.9	1.1		**3.2**
Thereof special items	-10	-2		**-16**
Net profit	-6	10		**130**
Earnings per share (in €)	-0.16	0.26		**3.19**
Operating cash flow	-67	-23		**113**
Free cash flow	-76	-28		**115**
Thereof special items	-6	-23		**-52**
Net CAPEX	-9	-5		**2**
Employees (number at reporting date)	**30,349**	28,775		**29,756**

Bilfinger is an international industrial services provider. The Group aims to enhance the efficiency of assets, ensure a high level of availability, reduce emissions and lower maintenance costs. Creating sustainable production processes for customers is becoming increasingly important. Bilfinger's portfolio covers the entire value chain from consulting, engineering, manufacturing, assembly, maintenance and plant expansion to turnarounds and also includes environmental technologies and digital applications.

The company delivers its services in two service lines: Engineering & Maintenance and Technologies. Bilfinger is primarily active in Europe, North America and the Middle East. Process industry customers come from sectors that include chemicals & petrochemicals, energy & utilities, oil & gas as well as pharma & biopharma. With its ~ 30,000 employees, Bilfinger upholds the highest standards of safety and quality and generated revenue of €3.7 billion in financial year 2021.

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