Press Release

February 14, 2024

Preliminary figures for FY 2023

Bilfinger exceeds annual targets for 2023 – company remains on course for sustained profitable growth in a positive market environment – dividend increases

- **Market situation:** positive demand for efficiency and sustainability across all regions and industries
- **Orders received €4,735 million:** +5% organic growth (prior year: €4,615 million) despite decrease in USA as planned; book-to-bill ratio of 1.06
- **Revenue €4,486 million:** +7% organic growth despite decrease in USA as planned (prior year: €4,312 million); outlook fulfilled
- **EBITA margin 4.3%:** all segments contribute to improvement, outlook exceeded
- **Free cash flow €122 million:** in line with expectations (prior year: €136 million)
- **Net profit €181 million / earnings per share €4.84:** significantly above expectations (prior year: €28 million), adjusted net profit €117 million
- **Dividend proposal of €1.80:** increase of +38%
- **CO_2 emissions 45 ktCO_2:** 9% reduction in Scope 1 and 2
- **Strategy:** implementation on track to achieve mid-term targets, including completion of efficiency program and establishment of Functional Organization
- **M&A:** Stork acquisition expected to be closed in first half of 2024
- **Group outlook for 2024:** revenue €4.5 billion to €4.8 billion, EBITA margin 4.9% to 5.2%, free cash flow €100 million to €140 million
- **Capital Markets Day:** planned for June 12, 2024, in Frankfurt

Industrial services provider Bilfinger significantly increased orders received, revenue and EBITA in FY 2023 and thus remains on course to achieve sustained profitable growth. As a result of implementing the further developed strategy, all targets were met or exceeded: the EBITA margin stood at 4.3% (outlook: 3.8% to 4.1%) and revenue was €4,486 million (outlook: €4,300 million to €4,600 million). Free cash flow amounted to €122 million (outlook: €50 million to €80 million). Alongside the company's good performance, the completion of the efficiency program, the establishment of the Functional Organization and de-risking in the project business had a positive

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impact on both the EBITA margin and free cash flow. Divestments of real estate additionally contributed to the favorable development in earnings. As announced at the Capital Markets Day 2023, the higher adjusted net profit will permit a further increase in the dividend. Accordingly, a dividend of € 1.80 per share will be proposed to the Annual General Meeting in May.

The successful implementation of the strategy will facilitate a positive development also in 2024. For the current financial year, Bilfinger expects revenue of €4.5 billion to €4.8 billion, an EBITA margin of 4.9% to 5.2% and free cash flow of €100 million to €140 million. The outlook does not include the acquisition of Stork, which is expected in the first half of the year. Bilfinger is confirming its mid-term targets for 2025 to 2027, which include an EBITA margin of 6% to 7%, a cash conversion of at least 80% and average annual revenue growth of 4% to 5%.

Market development, customer orders and strategy highlights

Bilfinger experienced good market development across all regions and industries in 2023. The need to improve the efficiency and sustainability of industrial plants continues to grow. Ever greater complexity in production combined with a rise in bureaucracy, digitalization and the lack of skilled personnel are increasingly prompting companies to outsource the planning, construction and maintenance of their plants to industrial services providers. It is precisely this growing demand that Bilfinger is addressing with its business model.

“Thanks to the successful implementation of our strategy of improving our customers’ efficiency and sustainability as well as our activities to enhance our own operational excellence, we were able to increase orders received, revenue and earnings in 2023. I would like to expressly thank all our employees for their outstanding performance in the past year,” says Group CEO Thomas Schulz.

In the fourth quarter of 2023, the company won again trend-setting orders to enhance efficiency and sustainability:

- In the Netherlands, Bilfinger was awarded a comprehensive contract including engineering, insulation, scaffolding and corrosion protection (ISP) by crop nutrition company Yara as part of a pioneering carbon capture and storage project. This comprises the construction of transport lines to load liquefied carbon dioxide emissions from Yara’s plant in Sluiskil onto ships. The liquefied CO_2 will then be transported to Norway and stored permanently under the seabed.

- In the USA, Bilfinger received an order from Shell for the mechanical maintenance of offshore platforms along the Louisiana Gulf Coast, strengthening its offshore maintenance presence in the Gulf of Mexico under an existing framework agreement.
- In Munich, Germany, Proxima Fusion commissioned Bilfinger with designing and constructing a demonstration coil, needed for magnetic field confinement in fusion power plants. The spin-off of the Max Planck Institute for Plasma Physics aims to realize its first fusion power plant in the 2030s and has signed a Memorandum of Understanding with Bilfinger for further support.

Bilfinger expects to close the acquisition of Dutch industrial services business Stork from the Fluor Group in the first half of 2024. The planned integration of Stork will strengthen Bilfinger's presence notably in the Netherlands and Belgium. The newly defined Global Product Centers position Bilfinger as a solution provider helping customers achieve a broad increase in efficiency and sustainability. A standardized range of services ensures a uniform level of quality across the Group. At the same time, Bilfinger continues its transformation from project business to product business and thereby accelerating its de-risking process consistently, as announced at the Capital Markets Day.

Sustainability at Bilfinger: continuous progress

In the 2024 financial year, Bilfinger will be expanding its sustainability reporting to fulfill its own claim to efficiency and sustainability even better. Despite revenue growth, Scope 1 and 2 (market-based) carbon emissions in accordance with the GHG Protocol were reduced by a significant 9%, from 49 $ktCO_2$ to 45 $ktCO_2$. Upstream Scope 3 emissions were recorded for the first time for the 2023 financial year, while downstream Scope 3 emissions will be recorded from 2024. This provides greater transparency for customers, investors and the public. Bilfinger's commitment is also confirmed by the most recent rating from EcoVadis. The world's largest provider of sustainability ratings for companies has again honored Bilfinger with a Gold Award for its sustainable, ethical and responsible practices. This puts Bilfinger in the top five percent of all companies assessed.

At its Capital Markets Day in Frankfurt am Main on June 12, 2024, Bilfinger will provide further insights into its business development and strategy implementation.

Group development in FY 2023

Orders received by the Bilfinger Group in 2023 increased by 3% (organically 5%) to €4,735 million (prior year: €4,615 million). The Engineering & Maintenance Europe and Technologies segments posted increases, whereas orders received by Engineering & Maintenance International were below the prior-year level due to the repositioning of a business area in the USA. The order backlog grew by 5% (organically 5%) to €3,385 million (prior year: €3,226 million). The book-to-bill ratio stood at 1.06.

Revenue rose by 4% (organically 7%) to €4,486 million (prior year: €4,312 million), despite the decrease in the USA as planned. Gross profit went up by 6% to €463 million (prior year: €437 million), with contributions from all segments. In the case of E&M Europe and Technologies, this was mainly due to the growth in revenue, E&M International, however, saw an improvement in the gross margin. The gross margin for the Group amounted to 10.3% (prior year: 10.1%) as a percentage of revenue. Despite inflation, SG&A expenses declined by 3% to €298 million (prior year: €307 million), due to a high cost discipline. SG&A expenses as a percentage of revenue decreased to 6.6% (prior year: 7.1%), also due to the growth in revenue.

In 2023, Bilfinger generated EBITA of €191 million (prior year: €75 million), corresponding to an EBITA margin of 4.3% (prior year: 1.8%). It should be noted that the prior-year figure was influenced by €62 million in provisions for the efficiency program. Overall, special items within EBITA declined to -€1 million (prior year: -€65 million). Moreover, EBITA in the reporting year includes gains of €13 million (prior year: €10 million) from real estate divestments. The EBITA margin without one-time effects and special items amounted to 4.0% (prior year: 3.0%).

Net profit rose significantly to €181 million (prior year: €28 million), as did earnings per share, which increased from €0.71 to €4.84. The return on capital employed (ROCE) after taxes rose to 12.1% (prior year: 3.2%). In addition to the improved operating performance, the capitalization of deferred taxes in the amount of €61 million contributed to the increase in net profit. Free cash flow came to €122 million (prior year: €136 million). It should be noted that special items of -€27 million were recognized in the reporting year, especially cash outflows for the efficiency program, and were offset by cash inflows of €26 million from real estate divestments. Capital expenditures on property, plant and equipment amounted to €59 million (prior year: €52 million). A total of €51 million (prior year: €196 million) was used for dividends. Net liquidity including lease liabilities decreased to €120 million (prior year: €145 million).

Adjusted for special items and calculated using a normalized tax rate, net profit increased to €117 million (prior year: €82 million). Adjusted earnings per share amounted to €3.12 (prior year: €2.06). The Executive Board and Supervisory Board will propose to the Annual General Meeting on May 15, 2024 an increased dividend of €1.80 (prior year: €1.30) per share. This is intended to allow shareholders to participate appropriately in Bilfinger's positive operating performance in the past financial year. The payout ratio equates to approximately 58% (prior year: 59%) of adjusted net profit, which is in the upper range of the company's dividend policy. This targets payouts of between 40% and 60% of adjusted net profit, depending on the company's foreseeable mid-term development.

Engineering & Maintenance Europe segment

Orders received in the Engineering & Maintenance (E&M) Europe segment increased by 6% (organically 8%) to €3,094 million (prior year: €2,918 million) with demand remaining strong for offerings to improve customers' efficiency and sustainability. On this basis, revenue grew by 7% (organically 9%) to €2,979 million (prior year: €2,785 million). The book-to-bill ratio came to 1.04. EBITA rose to €161 million (prior year: €105 million) in the reporting year as a result of the higher revenue and good operating performance. In the prior year, this segment reported special items, mainly due to provisions of -€36 million for the efficiency program. The EBITA margin increased to 5.4% (prior year: 3.8%).

Engineering & Maintenance International segment

Orders received in the E&M International segment declined due to the repositioning in the US business area, decreasing by -12% (organically -10%) to €733 million (prior year: €833 million). Revenue fell by -15% (organically -12%) to €682 million (prior year: €798 million) due to the completion of assembly projects in the USA during the reporting year. By contrast, revenue in the Middle East continued to grow. The segment's book-to-bill ratio stood at 1.08. EBITA was slightly positive at €3 million (prior year: -€8 million), corresponding to an EBITA margin of 0.4% (prior year: -1.0%). This segment's EBITA in the prior year included special items due to provisions of -€3 million for the efficiency program.

Technologies segment

Orders received in the Technologies segment increased by 16% (organically 16%) to €777 million (prior year: €672 million). This segment is benefiting from strong demand in its Pharma and Biopharma and Nuclear business lines. Revenue rose accordingly by 24% (organically 25%) to €737 million (prior year: €592 million). The book-to-bill ratio was 1.05. Segment EBITA increased to €33 million (prior year: €8 million); the EBITA margin improved to 4.5% (prior year: 1.4%). In the prior year, this segment recognized special items due to provisions of -€9 million for the efficiency program.

Outlook for 2024

For 2024, Bilfinger expects revenue of between €4,500 million and €4,800 million (2023: €4,486 million). The Group's profitability will continue to rise, with an EBITA margin of 4.9% to 5.2% (2023: 4.3%). This increase is the result of the positive effects of the efficiency program, growth and consistent de-risking.

Following significant growth in 2023, revenue in the Engineering & Maintenance Europe segment will be between €2,900 million and €3,200 million (2023: €2,979 million) on the basis of the good order backlog. Bilfinger anticipates an EBITA margin in this segment of 5.9% to 6.2% (2023: 5.4%).

Revenue in the Engineering & Maintenance International segment is expected to total between €650 million and €750 million (2023: €682 million). The figure for 2023 still included revenue from the completion of legacy projects in the US. Bilfinger is continuing to strengthen the focus of its US business on long-term maintenance contracts. Here, the EBITA margin will be between 2.5% and 4.0% (2023: 0.4%).

Following a considerable increase in 2023, the expectation in the Technologies segment is for revenue to continue growing to between €750 million and €850 million (2023: €737 million) on the basis of the good order backlog. Moreover, a further improvement in the EBITA margin to between 5.0% and 5.5% (2022: 4.5%) is anticipated.

For the items summarized under Reconciliation Group / other, which also includes the activities reported under Other Operations, revenue is likely to be between €50 million and €75 million (2023: €88 million), while Bilfinger expects EBITA of between -€15 million and -€25 million in 2024 (2023: -€6 million).

Free cash flow is anticipated to total between €100 million and €140 million (2023: €122 million). This figure includes special items of around -€40 million, in particular for the efficiency program, which were not yet paid out in 2023. The adjusted cash conversion rate will be around 70% (2023: 78%).

The Stork activities are not included in the current outlook for 2024. After the completion of the transaction (closing), expected in the first half of 2024, this will be updated accordingly. In Other Operations, the sale of the activities in South Africa continues to be pursued intensively. A successful transaction will significantly reduce the share of sales outside the core business.

Key figures for the Group

in € million

	Q4			FY 2023		
	2023	2022	∆ in %	**2023**	2022	∆ in %
Orders received	**1,236**	1,272	-3 (org. 0)	**4,735**	4,615	+3 (org. +5)
Order backlog	**3,385**	3,226	5 (org. +5)	**3,385**	3,226	5 (org. +5)
Revenue	**1,195**	1,198	0 (org. +2)	**4,486**	4,312	+4 (org. +7)
Gross margin (in %)	**10.3**	10.1		**10.3**	10.1	
EBITDA	**99**	23	320	**289**	174	66
EBITA	**69**	-2	–	**191**	75	152
thereof special items	**0**	-54	–	**-1**	-65	–
EBITA margin (in %)	**5.8**	-0.2		**4.3**	1.8	
Net profit	**108**	-6	–	**181**	28	544
Earnings per share (in €)	**2.89**	-0.17		**4.84**	0.71	
Operating cash flow	**121**	124	-2	**151**	166	-9
Free cash flow	**134**	124	8	**122**	136	-10
thereof special items	**16**	5	214	**27**	20	32
Gross capital expenditure on PP&E	**-14**	-15	–	**-59**	-52	–
Employees (number at reporting date)	**28,650**	30,309	-5	**28,650**	30,309	-5

Bilfinger is an international industrial services provider. The aim of the Group's activities is to increase the efficiency and sustainability of customers in the process industry and to establish itself as the number one partner in the market for this purpose. Bilfinger’s comprehensive portfolio covers the entire value chain from consulting, engineering, manufacturing, assembly, maintenance and plant expansion to turnarounds 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 energy, chemicals & petrochemicals, pharma & biopharma and oil & gas. With its ~30,000 employees, Bilfinger upholds the highest standards of safety and quality and generated revenue of €4.5 billion in financial year 2023. To achieve its goals, Bilfinger has identified two strategic thrusts: repositioning itself as a leader in increasing efficiency and sustainability, and driving operational excellence to improve the organizational performance.

You can find additional information, photographs and videos at BILFINGER