



Bilfinger SE | Investors' and Analysts' Conference Call

Bilfinger – The Pure Play Industrial Services

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June 2, 2016

Agenda

- 1. Decision to sell Building and Facility**
2. Update on Power
3. Bilfinger - The Pure Play Industrial Services
4. Outlook



Decision to sell Building and Facility: Strategic focus on industrial sector

- Bids for Building and Facility carefully reviewed
- Strong interest and attractive offers



Sale of Building and Facility

- Creates **maximum value** for Bilfinger
- Offers **new strategic perspectives** by focusing the company's business on the industrial sector



Best option for all stakeholders



Attractive pricing with potential further upside

Sale of Building and Facility to EQT was signed on June 02, 2016

Enterprise value:	€1.4 billion
EV/EBITA multiple:	11 times FY 2016e
Purchase price/Equity value:	€1.2 billion
- Thereof vendor claim agreement:	€100 million (until exit of EQT)
- Thereof earn-out-component:	€200 million (until exit of EQT)
Capital gain*:	~ €500 million
Output volume 2015:	~ €2.5 billion
EBITA margin:	4.8%
Employees:	~22,000

*after risk provisioning



Sale of Building and Facility provides Bilfinger with significant amount of funds

- **Considerations regarding allocation of funds**
 - Strategic investments and acquisitions in Industrial business
 - Further strengthen the company's capital structure
- **Final decisions on fund allocation will be made together with new CEO Tom Blades**



Pure play Industrial opens attractive strategic opportunities

Growth

- Additional resources to actively participate in ongoing market consolidation and to invest in growth areas

Markets

- Distinct customer base with stronger management focus
- No restraints from ‘the other business’

Perception

- Clear identity and focused market approach strengthen Bilfinger brand

Management

- Far-reaching harmonization of internal structures, e.g. IT
- Faster decision making processes

Capital markets

- Reduced complexity and increased comparability for investors concentrating on specific businesses/market cycles



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Update on Power: Process is now geared towards sale of single units

- Result of the selling process to date:
 - None of the bids for the entire business reflect the true value
 - A number of attractive indicative bids for single units have been received even without targeted marketing approach
- “Sell as a whole” not ruled out, but process is now switched towards the active marketing of single units
- Sale of single units allows for a more targeted approach, potential buyers vary from business to business
Own restructuring and repositioning as alternative way to increase value

➤ **Driving value-enhancing development, including sale of single units**

Update on Power: Implications for balance sheet and financials



With change in selling process Power has to be re-allocated to continuing operations (according to IFRS)

- This change in reporting leads to non-cash asset **impairment in the mid-double-digit million Euro range** in Q2 2016

At the same time: ongoing restructuring of underperforming units

- Target: Disposal
- Alternative: Further downsizing and restructuring of single entities
- **Additional one-time expenses in the mid-double-digit million Euro range, to be cash-out in 2016 to 2018**

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Industrial at a glance



- 2015: Output volume of € 3.65 billion, adjusted EBITA of € 128 million
- Approx. 30,000 employees
- Customer focus: Process Industry
i.e. chemicals, pharma, oil and gas, energy
- Approx. 70% recurring business
- Four divisions:
 - Industrial Maintenance
 - Engineering Solutions
 - Insulation, Scaffolding and Painting
 - Oil and Gas

€ 3.65bn output volume

thereof ~70%
recurring business

€128m EBITA adjusted

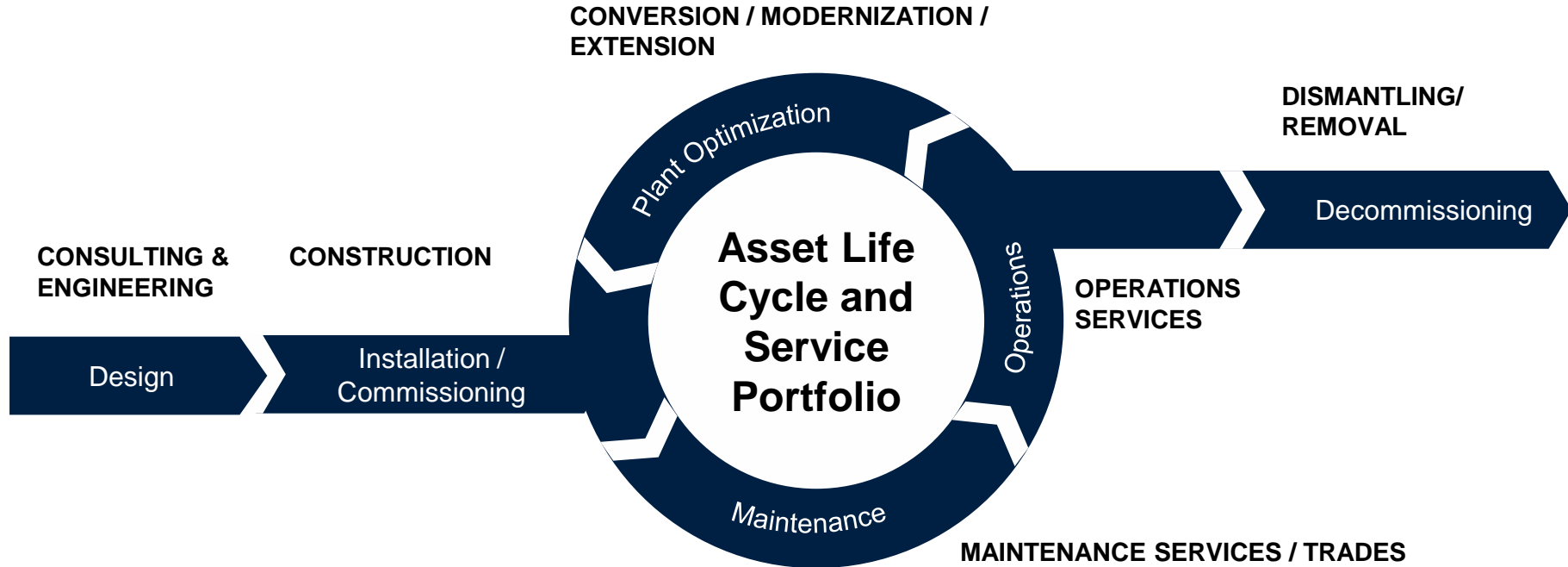
Approx. 30,000 employees

Strong market position in Europe and strong potential to expand in faster growing regions outside Europe



- **Number 1 industrial services provider** in various markets in **Europe** (German-speaking countries, Nordics, UK, Offshore North-Sea, BeNe, Central-Eastern Europe)
- **Combination of engineering, construction and asset performance management** (comprises services striving to increase plant availability, extension of plant life time, reducing maintenance costs) realized as **project and recurring business**
- **Robust business model proven by comparably stable margins** in sometimes tough environment (e.g. turmoil in oil markets)
- **Well-established broad customer base** covering the entire **process industry** including oil and gas, chemical, petrochemical, agrochemical, gas processing, pharmaceutical, food processing, pulp and paper, steel and aluminum production
- **Highly recognized safety and quality** performance

Bilfinger helps its customers to optimize their asset performance















INVEST PHASE
Engineering and Construction Services for new assets

OPERATING PHASE
Industrial Services for existing assets

DIVESTMENT PHASE

Good long-term perspectives in our markets

Customers	Medium term	Long term
Oil and Gas 	 <ul style="list-style-type: none"> ▪ Imbalance between supply and demand on the raw materials markets ▪ Over-capacity among our customers 	 <ul style="list-style-type: none"> ▪ Regulation of the supply and demand situation ▪ Reduction of over-capacities ▪ Increasing demand with limited supply (+ high break-even costs)
Energy 	 <ul style="list-style-type: none"> ▪ Industrial countries: slump in demand ▪ Developing countries: growth in demand ▪ Germany: continued uncertainty due to transformation of the energy market 	 <ul style="list-style-type: none"> ▪ Developing countries: continued high demand ▪ Germany and industrial countries: market opportunities in renewable energies
Chemicals 	 <ul style="list-style-type: none"> ▪ Concentration/specialization through mergers and subsequent separation ▪ Basis chemicals stable, specialty chemicals growing 	 <ul style="list-style-type: none"> ▪ Middle East, USA: basis and specialty chemicals growing ▪ Europe: basis chemicals declining
Pharma 	 <ul style="list-style-type: none"> ▪ Industrial countries: growth through demographic development among other things ▪ Developing countries: growth through population increases and expanding wealth 	 <ul style="list-style-type: none"> ▪ Industrial and developing countries: growth trends continue

Sources: OECD; ExxonMobil; EvaluatePharma; Roland Berger; Lünendonk

Four strategic goals will solidify and enhance Bilfinger's market position

Markets

Where do we participate in growth markets?

Enhance strong market position / market leadership in Europe

Establish local presence in selected international growth markets

Services / Innovation

How do we differentiate from competitors?

Strengthen service portfolio in engineering and advanced asset performance management

Increase digitization-based services offering

Digitization / Industry 4.0

Bilfinger with a good starting position

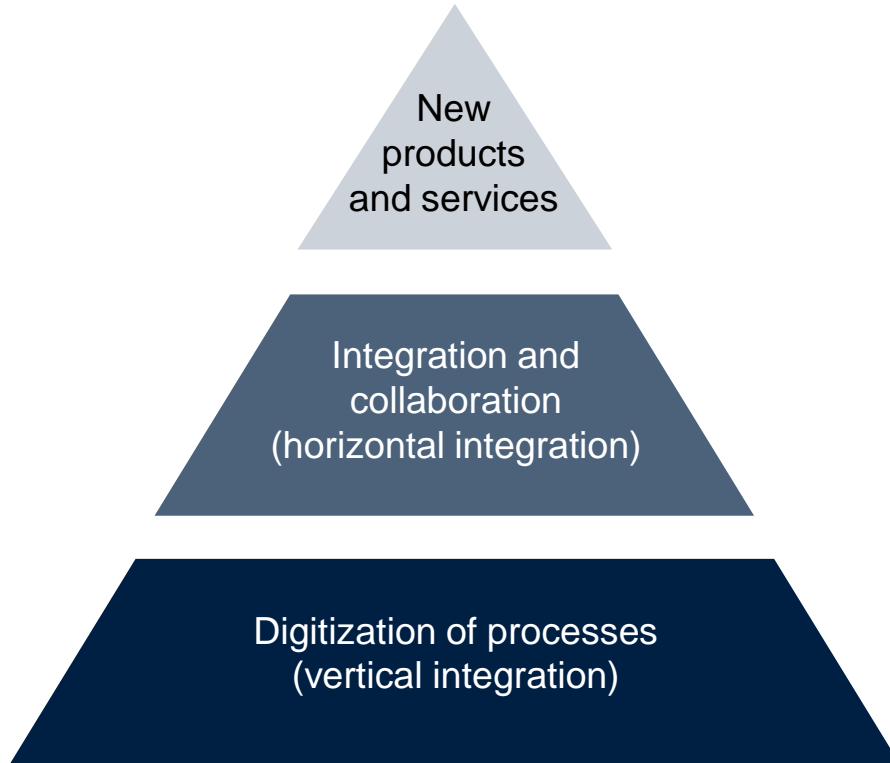


- Digitization trend will sustainably **change the processes and assets of our customers**
- Market expects **significant efficiency increase in the process industry** through Industry 4.0
- **Maintenance processes** considered to have one of the **biggest optimization potentials**
- Competitive landscape will change, **new business models** will be developed
- Being market leader and provider of services along the entire value chain of assets provides **many starting points for the creation of digital innovation**

> Digitization is both, challenge and opportunity for Bilfinger

Digitization / Industry 4.0

From internal process optimization to the development of new products and services



Examples:

- Remote monitoring
- Smart metering
- Remote Maintenance
- Predictive Maintenance

- Client service portals
- Supplier portals
- Integrated work order management

- Mobile Maintenance
- Digital documentation of maintenance work
- Augmented Reality
- Time recording via fingerprint

Digitization / Industry 4.0

Various digital products and services already in use

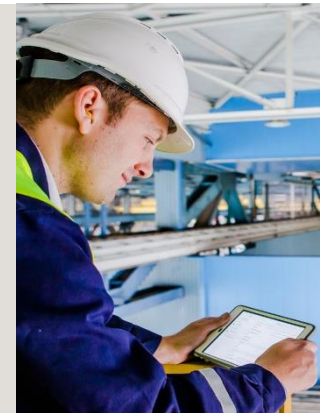
Condition Monitoring: VibraCheck

- Autonomous condition monitoring system for vibration measurement
- Features (selection): mobile signal transmission, remote control, automatic alerts, data evaluation (e.g. of the amplitude spectrum)



iMaintenance: intelligent maintenance

- Mobile application for optimization of inspection and maintenance intervals
- Features (selection): collection and evaluation of process- and experience-based data about inspection and maintenance, deduction of recommended optimization measures regarding inspection and maintenance intervals



Mobile Maintenance

- Optimized Work-Order-Management System sends orders directly to the respective employee
- Features (selection): time recording, material consumption, barcode-identification, documentation including pictures (as basis for quick service acceptance and settlement)

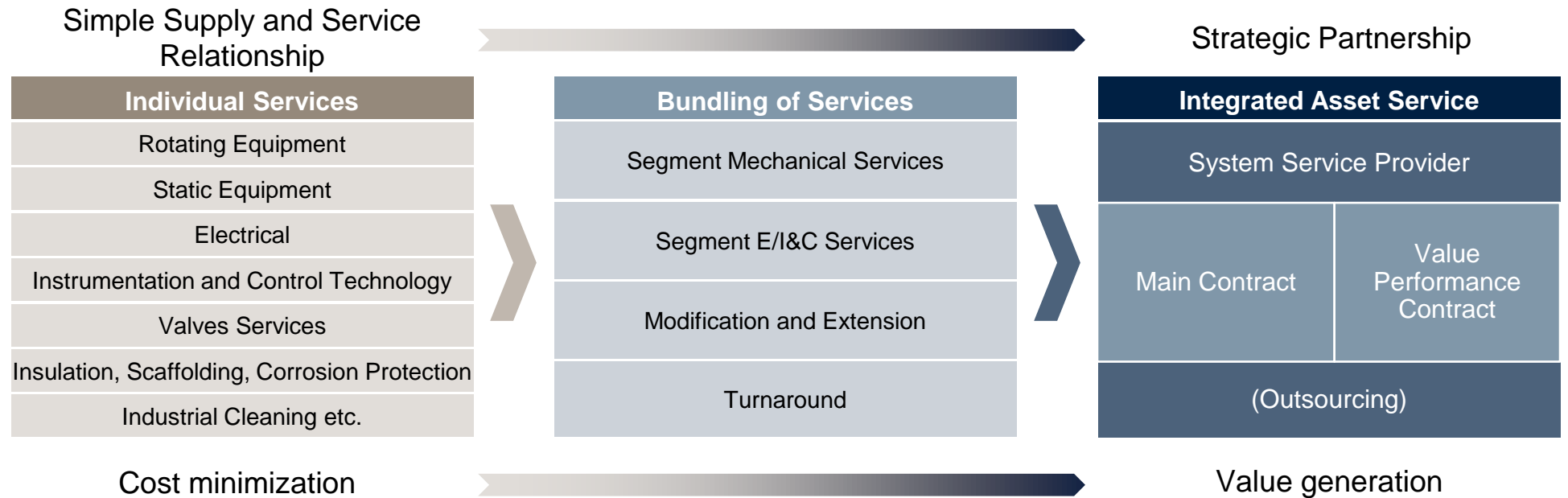


Time recording using fingerprint scan

- Fingerprint scan to document start and end of presence at construction site
- Features (selection): work time documentation, validity checks, transmission to ERP-system



Further change from “provider of single services relationship” to a “knowledge-based partnership”



➤ Optimized maintenance cycles, win-win for service provider and customer

- Strong position as market leader in Europe
- Faster growing markets outside Europe
- Increasing demand for advanced asset performance services
- **Significant resources available to exploit growth potentials**

➤ **Divestment of Building and Facility supports the funding**

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Outlook FY 2016 adapted to new structure

Continuing Operations: Industrial and Power

€ million	Output volume		Adjusted EBITA	
	2015*	expected 2016	2015*	expected 2016
Industrial	3,650	significant decrease	128	at prior-year level
Power	1,284	significant decrease	-70	significant improvement, but still negative
HQ/Others*	74	-	-83	-
Group	5,008	significant decrease	-25	significant improvement

* Including Government Services

Definition for the qualified comparative forecast:

at prior-year level: + / -0% slight: 1-5% significant: > 5%

Assumptions: Willingness to invest on the part of our customers in the oil and gas sector does not decline further.
Exchange rates against the US dollar, British pound and Norwegian krone remain stable. No economic collapses in our markets.

In 2016, from today's perspective, we expect the following **special items**:

- **Capital gain** from the sale of the divisions Building, Facility Services and Real Estate of ~ **€ 500 million**
- **Restructuring expenses** in the **high double-digit-million Euro range** for the program to reduce administrative expenses, including substantial investments in IT systems for the standardization of the system landscape.
- **Power**: Additional **restructuring expenses in the mid-double-digit million Euro range** as well as **impairment** in the **mid-double-digit million Euro range**
- There also will be expenses in connection with the **further development of our compliance system** and the conclusion of older cases in the amount of approximately **€50 million**.
- Reported net profit will likely be burdened by the **non-capitalization of deferred tax assets** on the negative result of the holding.

Outlook January to June 2016 adapted to new structure

Continuing Operations: Industrial and Power

€ million	Output volume		Adjusted EBITA	
	Jan-Jun 2015*	expected Jan-Jun 2016	Jan-Jun 2015*	expected Jan-Jun 2016
Industrial	1,781	significant decrease	49	at prior-year level
Power	607	significant decrease	-75	significant improvement, but still negative
HQ/Others*	29	-	-37	-
Group	2,417	significant decrease	-63	significant improvement

* Including Government Services

Definition for the qualified comparative forecast:

at prior-year level: + / -0% slight: 1-5% significant: > 5%



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