BILFINGER
ENGINEERING AND SERVICES

# Interim Report January to June 2016

**Conference Call Press on August 10, 2016**

Tom Blades, CEO
Axel Salzmann, CFO

# January to June 2016: Business Highlights

## Business development in line with expectations

- Adjusted EBITA: substantial improvement compared to weak prior year
- Industrial: book to bill at 1, earnings at prior-year level, efficiency measures taking effect
- Power: orders received and output volume decline further; earnings still negative but improved
- Cash flow from operating activities below prior year
- Outlook for 2016 confirmed and specified

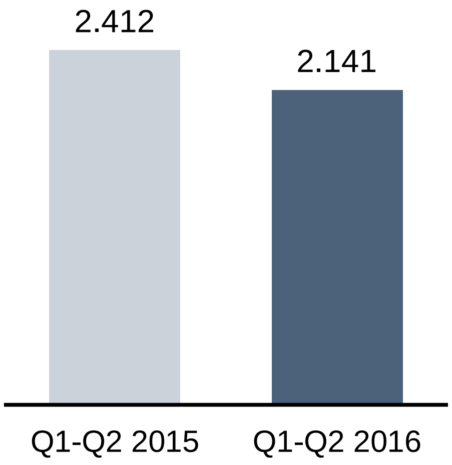
# January to June 2016: Strategic Highlights

## Sale of Building and Facility to EQT for EV of € 1.4 bn

- Pure play Industrial opens new perspectives
- Cash inflow allows for strategic investments in growth fields
- Power business will be further developed to optimize value
- Realignment of administration will reduce costs, simplify structures and increase performance
- Investment program established for Group-wide harmonization of IT infrastructure

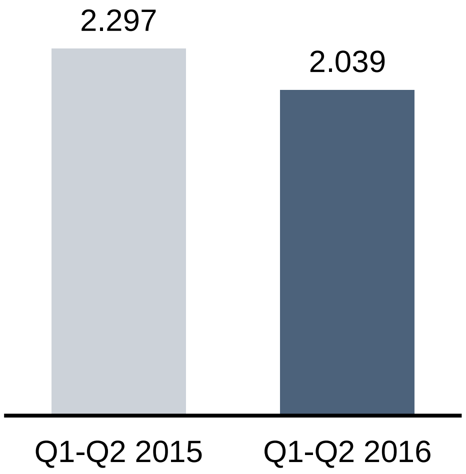
# January to June 2016:
## Decrease in output volume and orders received as expected

### Output volume
**-11%**
***organic -8%***



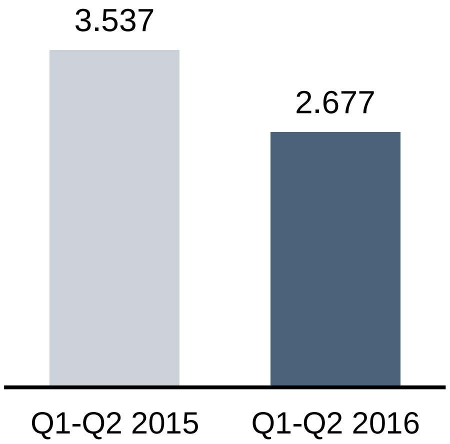

in € million

### Orders received
**-11%**
***organic -8%***




in € million

### Order backlog
**-24%**
***organic -20%***

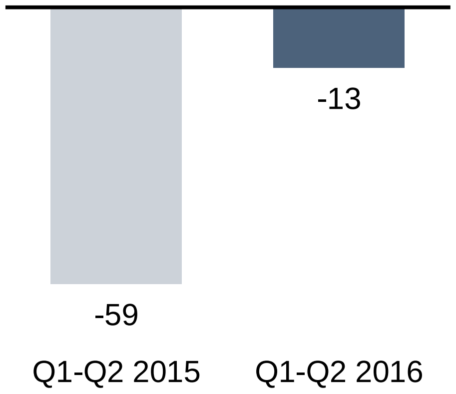



in € million

*All figures refer to continuing operations unless stated otherwise*

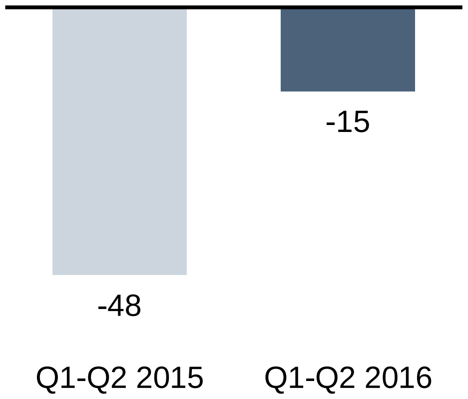
# January to June 2016:
## Substantial improvement in earnings compared to weak prior year

### Adjusted EBITA



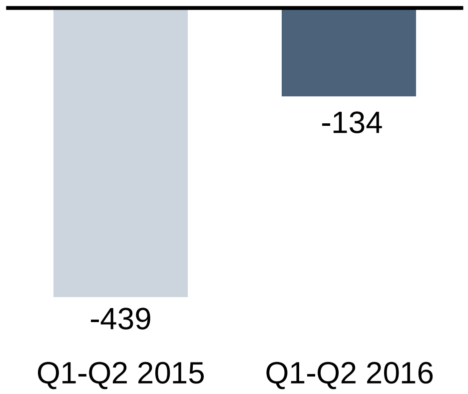

in € million

### Adjusted net profit




in € million

### Net profit*

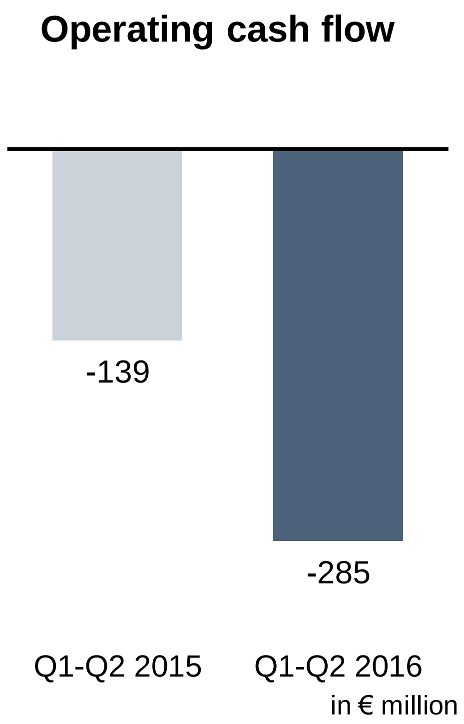


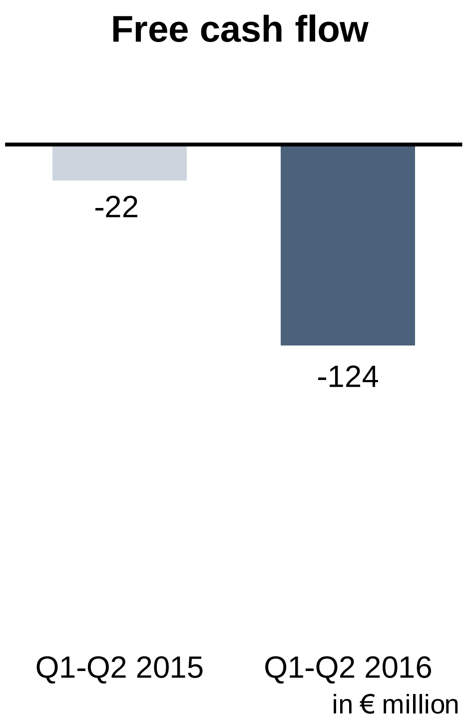

in € million

*All figures refer to continuing operations unless stated otherwise*

** includes continuing and discontinued operations*

# January to June 2016:
## Operating cash flow below prior-year level due to restructuring payments as well as increase in working capital

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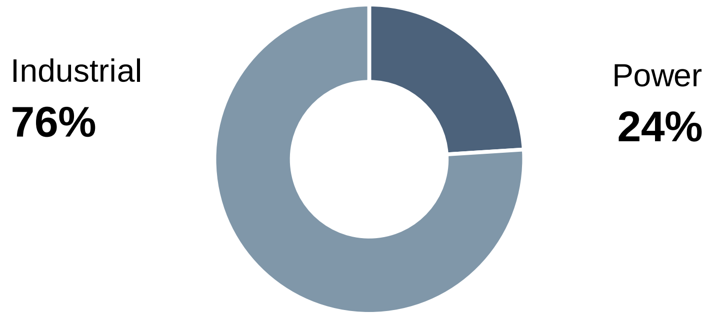
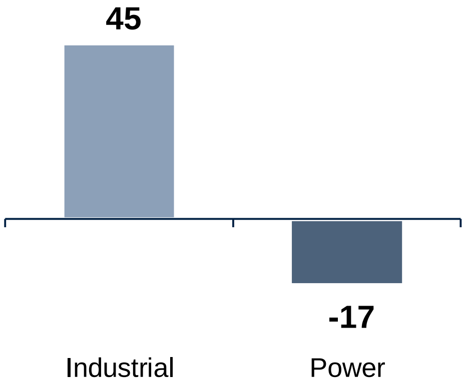
# January to June 2016:
Business development in both segments as expected

## Output volume*




| in € million | Q1-Q2 2016 | Q1-Q2 2015 | *Year-on-year* |
|---|---|---|---|
| Industrial | 1,622 | 1,781 | *-9%* |
| Power | 505 | 607 | *-17%* |
| Consolidation/other | 14 | 24 | |
| **Group** | **2,141** | **2,412** | *-11%* |

## EBITA adjusted




| in € million | Q1-Q2 2016 | Q1-Q2 2015 | *Year-on-year* |
|---|---|---|---|
| Industrial | 45 | 48 | *-6%* |
| Power | -17 | -71 | *+76%* |
| Consolidation/other | -41 | -36 | |
| **Group** | **-13** | **-59** | *+78%* |

** Before consolidation/others*

# Industrial:
Stable demand for maintenance services in chemical and pharmaceutical industries

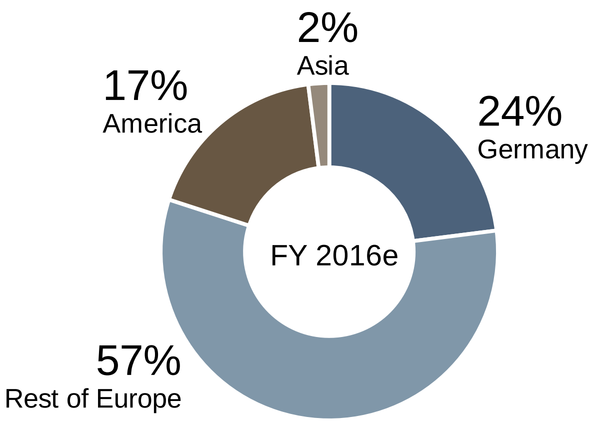
## Market situation

- **Europe:**
  Good demand for turnarounds
  Industrial scaffolding solid; highly-competitive environment for plant insulation in GER
  Business development in British and Scandinavian oil and gas sector remains restrained
  Generally limited willingness to invest in projects except for biotech pharma industry
- **United States:**
  Project business negatively impacted after the end of the shale gas boom
  Demand for maintenance in process industry more stable

| in € million | Q2 2016 | Q2 2015 | *Change* | FY 2015 |
|---|---|---|---|---|
| Output volume | **834** | 946 | *-12%* | 3,650 |
| Orders received | **825** | 876 | *-6%* | 3,302 |
| Order backlog | **2,001** | 2,416 | *-17%* | 2,101 |
| Capital expenditure | **14** | 10 | *40%* | 47 |
| Depreciation of P, P & E * | **15** | 24 | *-38%* | 70 |
| EBITA adjusted | **31** | 39 | *-21%* | 128 |
| EBITA margin adjusted | **3.7%** | 4.1% | | **3.5%** |

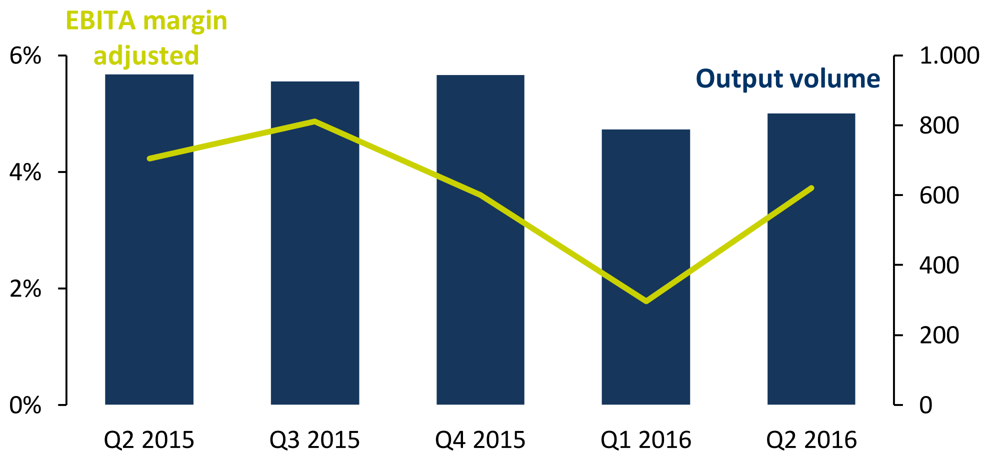
**In Q2 2015: thereof €7m exceptional depreciation (restructuring Industrial)*

## Output volume by region



# Industrial:
# Book-to-bill at 1

| in € million | Q2 2016 reported | *Year-on-year* | *Organic* |
|---|---|---|---|
| **Output volume** | **834** | *-12%* | *-8%* |
| **Orders received** | **825** | *-6%* | *-2%* |
| **EBITA adjusted** | **31** | *-21%* | *-17%* |




## Quarterly development

- Organic development in orders received almost stable
- Lower EBITA due to lower output volume, mainly in European oil and gas sector, as well as weak environment for US project business
- Efficiency enhancement measures start to take effect – will show even higher impact in second half

# Power:
Demand in project business remains low

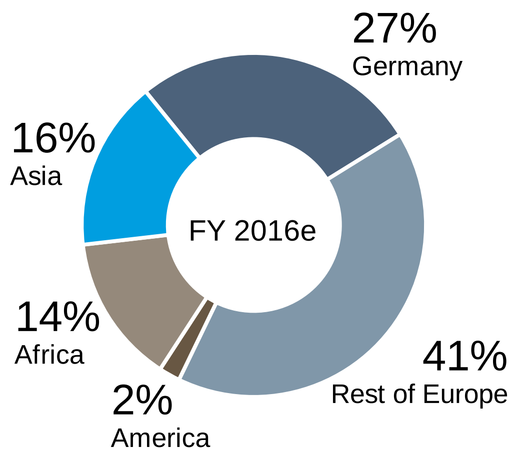
## Market situation

- **Fossil fuel power plants:**
  Germany and other European countries: Substantial price pressure due to market over-capacities, demand for services declining as a result of insufficient capacity utilization and profitability of the power plants
  South Africa and Middle East: Stable demand in services business
- **Nuclear Power:**
  Individual projects in Germany and abroad offer medium term prospects

| in € million | Q2 2016 | Q2 2015 | *Change* | FY 2015 |
|---|---|---|---|---|
| Output volume | **258** | 320 | *-19%* | 1,284 |
| Orders received | **189** | 262 | *-28%* | 986 |
| Order backlog | **650** | 1,050 | *-38%* | 762 |
| Capital expenditure | **2** | 2 | *0%* | 9 |
| Depreciation of P, P & E * | **18** | 6 | *200%* | 37 |
| EBITA adjusted | **-11** | -53 | *79%* | -69 |
| EBITA margin adjusted | **-4.3%** | -16.6% | | **-5.4%** |

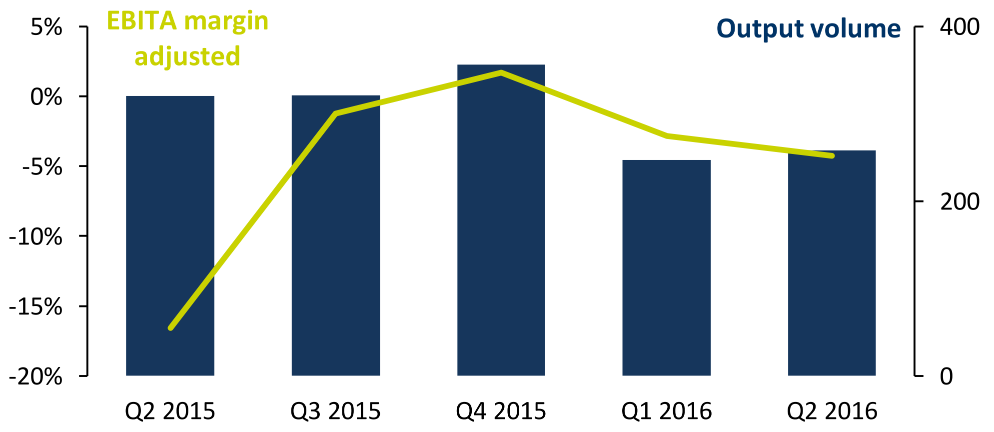
**In Q2 2016: thereof €14m (in FY 2015: thereof €14m) exceptional depreciation (restructuring Power)*

## Output volume by region



# Power:
## Reduction in output volume due to sustained market weakness

| in € million | Q2 2016 reported | *Year-on-year* | *Organic* |
|---|---|---|---|
| **Output volume** | **258** | *-19%* | *-13%* |
| **Orders received** | **189** | *-28%* | *-20%* |
| **EBITA adjusted** | **-11** | *+79%* | *+77%* |




## Quarterly development

- Orders received on low level due to substantially fewer projects in the market for fossil fuel power plants
- Still negative, but significantly improved EBITA adjusted through positive effects from capacity adjustments and reduced project losses based on better risk management

# Outlook FY 2016

## Outlook confirmed despite weak environment for US project business
## Efficiency enhancement measures with higher impact in second half

| | Output volume | | Adjusted EBITA | |
|---|---|---|---|---|
| *in € million* | **2015** | **expected 2016** | **2015** | **expected 2016** |
| **Industrial** | 3,650 | significant decrease to about €3.1 billion | 128 | at prior-year level |
| **Power** | 1,284 | significant decrease to about €1.0 billion | -69 | significant improvement, but still negative |
| **HQ/Others*** | 68 | - | -82 | - |
| **Group** | **5,002** | significant decrease to about €4.1 billion | **-23** | 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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