Press Release

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Bilfinger SE: Sound performance in challenging environment

- **Adjusted EBITA: Improves to €21 million despite significant decline in volume**
- **Net profit: Sale of real estate services leads to substantial increase to €457 million**
- **Cash flow from operating activities above prior year, net liquidity rises significantly due to proceeds from the sale**
- **Stronger balance sheet with significantly higher equity ratio**
- **Outlook 2016 confirmed**
- **Capital Markets Day on February 14, 2017: Presentation of strategy and implementation plan**

Bilfinger had a sound performance in the third quarter of 2016 in a challenging environment. **Adjusted EBITA** and **adjusted net profit from continuing operations improved.** In the Industrial segment, the efficiency measures initiated have taken hold, the margin was increased slightly despite significantly lower volume. The Power segment also improved further, a development that is attributable to positive effects from capacity adjustments and lower project losses. Falling orders received will, however, lead to decreasing utilization in several business units.

Net profit significantly improved as compared to the prior-year figure. This is due to a capital gain of €539 million from the sale of the Building, Facility Services and Real Estate divisions. This was countered by burdens primarily from restructuring expenses and losses incurred in the course of streamlining the portfolio.

At Group level, **orders received** were 5 percent below the prior-year figure in total (organically 0 percent). At Industrial, orders received increased by 3 percent in what remains a demanding market environment. Here, client confidence could be strengthened through improved customer orientation and market-oriented service offerings. Orders received at Power, on the other hand, declined significantly as a result of continued low demand in home markets.

Order backlog declined by 19 percent in total (organically -15 percent).

Output volume decreased by 20 percent (organically -16 percent). Output volume in both segments declined as expected. In Industrial, this is due to lower project volumes as well as a generally tense market situation in the oil and gas sector. In Power, it was mainly business in Europe that declined, especially for fossil fuel burning power plants.

Adjusted cash flow from operating activities: Despite lower funds released in working capital, cash flow was above the comparable figure due to higher adjusted EBITA.

Key figures for the Group* € million	Q3			Q1-Q3		
	2016	2015	∆ in %	2016	2015	∆ in %
Orders received	947	993	-5	2,987	3,290	-9
Order backlog	2,603	3,199	-19	2,603	3,199	-19
Output volume	1,020	1,277	-20	3,161	3,689	-14
EBITA adjusted	21	15	40	8	-45	
EBITA margin adjusted (in %)	2.1	1.1		0.3	-1.2	
Adjusted net profit from continuing operations	11	7	57	-4	-41	
Adjusted earnings per share from continuing operations (in €)	0.25	0.15	67	-0.09	-0.94	
Net profit [1]	457	-76		324	-515	
Cash flow from operating activities	39	29	34	-246	-110	
Adjusted cash flow from operating activities	70	59	19	-125	-15	
Investments	16	16	0	47	50	-6
thereof in property, plant and equipment	16	14	14	45	47	-4
thereof in financial assets	0	2		2	3	-33
Employees (number at reporting date)	38,434	44,483	-14	38,434	44,483	-14

** All of the figures presented in this report relate, unless otherwise stated, to the Group's continuing operations; the figures for the prior-year period have been adjusted accordingly. The sold units Building, Facility Services, Real Estate, Water Technologies, Offshore Systems, Concessions, the former construction activities as well as marine construction are all presented under 'discontinued operations'.*

1) Includes continuing and discontinued operations.

Industrial Orders received increased by 3 percent (organically 8 percent) in what remains a demanding market environment. **Order backlog** was 9 percent below the prior year figure (organically -4 percent). The EBITA margin reached 5.1 percent (previous year: 4.9 percent) despite significantly lower volume, the measures that have been initiated to enhance efficiency are beginning to take hold. **Output volume** with a decrease of 18 percent (organically -14 percent) was well below the figure from the previous year, as expected.

Power: Orders received were 30 percent (organically -24 percent) lower than in the prior-year period. This is mainly attributable to weakness in the home markets. In view of the competitive and price pressures, Bilfinger maintains a highly-selective approach in the German and international project business. The **order backlog** decreased by 40 percent (organically -37 percent). **Output volume** dropped by 24 percent (organically -20 percent) against the backdrop of sustained weakness in orders received. **Adjusted EBITA** improved as a result of positive effects from capacity adjustments and lower project losses. Falling orders received will, however, lead to decreasing utilization in several units.

Outlook

Industrial: Despite the challenging environment in the North American project business, Bilfinger confirms the outlook for financial year. Due to the weakness in demand in the oil and gas sector as well as expiring projects, the company anticipates a significant decrease in output volume to about €3.1 billion (previous year: €3.650 billion). With regard to adjusted EBITA, Bilfinger expects a higher margin and a figure at the level of the previous year due to positive effects from current programs for efficiency enhancement and process optimization (previous year: €128 million).

Power: As a result of the restrained orders received, Bilfinger again anticipates a significant decrease in output volume to about €1.0 billion (previous year: €1.284 billion). Adjusted EBITA will improve significantly as a result of effects from capacity adjustments and reduced project losses with optimized risk management (previous year: -€69 million), but will remain negative.

Group: At Group level, Bilfinger anticipates a significant decrease in output volume to about €4.1 billion (previous year: €5.002 billion). In terms of adjusted EBITA, a significant improvement as compared to the previous year (-€23 million) is expected.

From today's perspective the following significant special items are expected for full year 2016.

- a capital gain from the sale of the Building and Facility segment of €534 million.
- a smaller portion of the expenses for the program to reduce administrative expenses. In total, the company expects an amount in the high double digit million range in the coming years. This includes investments for the harmonization of our IT systems in the amount of over €50 million.
- restructuring expenses in the Power business segment in the mid double-digit million euro range as well as non-cash impairments on property, plant and equipment in the lower double-digit million euro range
- non-cash burdens from the streamlining of the portfolio in the mid to high double digit million euro range
- a portion of the one-time expenses in connection with the further development of the compliance system and the conclusion of older cases in the total amount of approximately €50 million
- a burden on reported net profit due to the non-capitalization of deferred tax assets on the negative result of the holding

Strategy and implementation plan

Bilfinger is establishing the conditions for sustainable success as a leading industrial services provider. To this end, the Executive Board is developing a strategy and implementation plan. Customer needs are at the forefront of the repositioning: They expect engineering expertise and local implementation from a single source.

The company is already strongly positioned in Europe and will further expand its organization there. Bilfinger will also focus its attention on the international markets North America and Middle East. Organic growth and selective acquisitions are only planned for the core regions.

The new strategy and implementation plan will be presented on February 14, 2017 at a Capital Markets Day. With a clear market-oriented approach (portfolio, industries, customers, regions), clear reporting and management structures and clear quantifications (costs, medium-term goals, milestones).