Press Release

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Bilfinger focusing on industrial services:
Building and Facility segment goes to EQT –
Enterprise value €1.4 billion, purchase price €1.2 billion

- Industrial: growth through acquisitions and investments for the future, expand position as market leader
- Value-optimizing further development of Power business, focus selling process on sale of individual units

The Executive Board of Bilfinger SE has decided to sell the Building and Facility business segment to EQT. The relevant purchase agreement for Building and Facility was signed today. The purchase price amounts to approximately €1.2 billion, which corresponds to an enterprise value of around €1.4 billion. The decision is the result of an intensive review of several purchase bids for the segment. The Supervisory Board of Bilfinger SE approved the sale today. The transaction remains subject to approval from the responsible authorities.

The agreement comprises two purchase price components that are payable when EQT re-sells the company. On the one hand, Bilfinger and the acquiring company have agreed on a vendor claim agreement for a portion of the purchase price in the amount of €100 million with annual interest of 10 percent upon maturity. On the other hand, a further portion of the purchase price in the amount of approximately €200 million will be transformed into an instrument similar to an earn-out. This entitles Bilfinger to 49 percent of the resale proceeds from EQT. Bilfinger thus continues to participate in a proportionate amount in the development of the sold divisions. For Bilfinger, an expected capital gain at Group level of approximately €500 million remains.

“The sale of the segment generates the greatest value for Bilfinger and opens up new perspectives. With additional liquidity, we will expand our position as market leader for industrial services in the process industry through targeted acquisitions and investments in the future. In this regard, we are focusing on our technology and service competences, which are greatly appreciated by our customers", says Chief Financial Officer Axel Salzmann. "At the same time, Building and Facility gets a growth-oriented investor with proven expertise in the services sector."

With ISS, for example, EQT grew the company into one of the world's largest facility managers within a period of ten years and successfully went public in 2014. In addition, EQT has extensive experience with acquisitions and the successful further development of subsidiaries of DAX companies such as Daimler, Siemens and E.ON. This strategic and financial competence will help the Building and Facility divisions to continue their growth path. Among other things, the European platform will be expanded and positions in areas such as digitalization and energy efficiency will be strengthened.

Industrial: targeted acquisitions and investments in the future

Bilfinger will invest a substantial share of the proceeds from the sale in the expansion of the area of industrial services through targeted acquisitions. The Group will take an active role in the ongoing market consolidation. The company is particularly planning investments in future-oriented fields – in Industry 4.0 for example. The core business will be developed in a targeted manner – particularly in the growth markets pharmaceuticals, chemicals and in the food sector. In addition, the proceeds will enhance the financial strength of the Group. Together with the future CEO Tom Blades, who will take office in the third quarter at the latest, the Executive Board will determine exactly how the funds will be used.

Expand position as market leader for industrial services

Bilfinger today is already the leading provider of services for the process industry in Europe. The focus is on sectors including pharmaceuticals, chemicals and energy as well as oil and gas. Here, Bilfinger is one of just a few providers on the market that can offer its customers services covering the entire lifecycle of their plants. The expertise ranges from consulting, engineering, manufacturing, assembly as well as comprehensive maintenance concepts and their implementation.

Bilfinger's core business is industrial services – and Bilfinger will fully focus on this area in the future. The Group will thus become more transparent and much less complex, with shorter decision-making paths and greater efficiency. In the Industrial business segment, we generate an output volume of approximately €3.65 billion with 31,000 employees around the world in the four divisions Industrial Maintenance; Insulation, Scaffolding and Painting; Oil and Gas as well as Engineering Solutions. Over the course of many years, the EBITA margin at Industrial was at least 5 percent, though earnings were lower in the past financial year.

Value-optimizing further development of Power business

With regard to the selling process for Power, which was initiated in mid-2015, the Executive Board also decided to pursue the sale of individual parts of the business instead of focusing on the sale of the business as a whole. At the same time, individual areas will be further restructured and repositioned. As a result of this decision, the conditions for the presentation of the Power business segment as discontinued operations are no longer met. In accordance with the International Financial Reporting Standards (IFRS), Power will therefore once again be presented as continuing operations from the financial statements as of June 30, 2016.

“With the sale of individual units and restructuring, we will further develop the Power business. This approach allows us to react more flexibly and create more value added for Bilfinger”, says Chief Financial Officer Axel Salzmann.

The change in the accounting presentation leads to further non-cash impairments in the mid double-digit million euro range which will be carried out in the interim financial statements for the period ending June 30, 2016. Additional expenses for restructuring measures in the mid double-digit million euro range are also expected which will be cash-out in the years 2016 to 2018.

Outlook financial year 2016

As a result of the purchase agreement, the Building and Facility business segment will be presented as discontinued operations in the financial statements for the period ending June 30, 2016. For this reason and in the course of the re-allocation of Power, the previous year's figures will be adjusted accordingly.

In the Industrial business segment, due to weakness in demand in the oil and gas market and expiring projects, Bilfinger expects a significant decrease in output volume in 2016 (previous year: €3,650 million). With regard to adjusted EBITA, the company expects a higher margin and a figure at the level of the previous year (€128 million) due to positive effects from programs for efficiency enhancement and process optimization.

In the Power business segment, Bilfinger again expects a significant decrease in output volume in 2016 as a result of restrained orders received (previous year: €1,284 million). Adjusted EBITA will improve significantly as a result of effects from capacity adjustments, improved project risk management as well as reduced project losses (previous year: -€70 million) – but will nevertheless remain negative.

In financial year 2016, Bilfinger anticipates a significant decrease in output volume at Group level (comparable basis 2015: €5,008 million) and, as a result of the re-allocation, a significant improvement in adjusted EBITA as compared to the previous year (comparable basis 2015: -€25 million).

For the first half-year 2016, Bilfinger expects an output volume well below the previous year (6M 2016: €2,417 million) and an adjusted EBITA well above the previous year (6M 2015: -€63 million). In Industrial, Bilfinger anticipates a significantly decreasing output volume (6M 2015: €1,781 million) with a stable adjusted EBITA (6M 2015: €49 million). At Power, the

Executive Board expects an output volume significantly below the previous year (6M 2015: €607 million). As a result of the capacity adjustments, the adjusted EBITA will be well above the previous year (6M 2015: -€75 million), but will nevertheless remain negative.