BILFINGER

Press Release

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Third quarter 2017: Stabilization moving forward

- **Orders received: Organic increase, book-to-bill >1**
- **Output volume: Organic growth after 13 quarters of decline**
- **Adjusted EBITA: At prior-year level, E&T improved**
- **Liquidity: ~€60 million from Doha obtained after the reporting date**
- **Outlook 2017: Earnings confirmed, output volume better than expected**

Industrial services provider Bilfinger is making good progress in the implementation of its new strategic positioning and with the stabilization of its businesses. In the third quarter 2017, orders received improved significantly while output volume grew organically after a long period of decline. Adjusted EBITA and adjusted EBITA margin were at the level of the previous year. Adjusted EBITA increased significantly in the Engineering & Technologies segment. Adjusted net profit was above the figure for the prior year.

Goal: Return to sustainable growth

“We are on the right track with the stabilization of the company. Despite what remains a challenging and highly competitive environment we were able to solidify our market position in the past quarter and even expand it in important growth areas. To ensure that we return to sustainable earnings growth, we will continue to focus on eliminating complexities, optimizing our operating procedures and reducing costs within the framework of our strategy 2020. At the same time, as part of our new strategic positioning, we are entering new markets that are attractive and in which we can fully unfold our engineering and maintenance competences”, says Tom Blades, CEO at Bilfinger.

Rapid implementation of strategy 2020

Since the spring of 2017, Bilfinger has been focusing on two segments, four core regions and six focus industries. Of the 13 loss-making companies held for sale that no longer fit in with this strategic positioning, eight have been sold to date.

To return to profitable growth, the Group has developed a program of measures until 2020 divided into the stabilization, build up and build out phases. Most of the objectives of the stabilization phase have now been achieved.

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In the future build out phase, Bilfinger will work further on strengthening its dynamic. Bolt-on acquisitions are also conceivable in this regard. In addition to strategic fit, profitability and ease of integration are also criteria for a potential takeover target.

Business development in the third quarter 2017
Abetted by major orders and catch-up effects in framework agreements, orders received rose to €1,054 million in the third quarter (previous year: €947 million), corresponding to an increase of 11 percent over the prior-year quarter. The organic increase – not including company acquisitions and currency effects – amounted to 16 percent.

Orders received in the Engineering & Technologies segment declined further, as expected. This is due to a continued selective approach in the project business in a partially demanding market environment. A slight upswing in demand in the services business contributed to an increase in orders received in the Maintenance, Modifications & Operations segment.

Order backlog amounted to €2,535 million on the balance sheet date (previous year: €2,603 million).

Output volume of €998 million (previous year: €1,020 million) decreased by 2 percent, but grew organically once again after 13 quarters of decline. (+3%)

At €21 million, adjusted EBITA was at the level of the prior year, which also applies to the adjusted EBITA margin of 2.1 percent. In the Engineering & Technologies segment, adjusted EBITA increased significantly to €9 million (previous year: €3 million), in the Maintenance, Modifications & Operations segment it was slightly below the high prior-year figure at €28 million (previous year: €30 million).

Net profit for the third quarter of 2017 was -€21 million. This figure was impacted by expenses for restructuring measures, among other things. The high prior-year figure of €457 million was influenced by the capital gain of €539 million from the sale of Apleona. Adjusted net profit improved in the third quarter 2017 to €13 million (previous year: €11 million).

Adjusted operating cash flow of €15 million in the third quarter was below the comparatively high prior-year figure of €71 million. In the first nine months of 2017 it improved as compared to the previous year. Net liquidity as of the end of the third quarter 2017 was €215 million (end of

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the second quarter 2017: €262 million). The cash inflow announced in August in the amount of about €60 million from a legal dispute in Qatar was obtained by the Group in October 2017.

Outlook 2017

In financial year 2017, Bilfinger continues to anticipate organic growth in orders received. Development of output volume is better than expected: Bilfinger now expects an organic decrease of less than 5 percent (financial year 2016: €4.219 billion). At the end of the year, the Group anticipates even development in adjusted EBITA (financial year 2016: €15 million).

Share buyback

At the beginning of September, Bilfinger initiated the buyback of the company's own shares as announced in February 2017. The program will be completed between September 2018 at the earliest and December 2018 at the latest. During this time, Bilfinger will buy back a maximum of 10 percent of the share capital at a purchase price of up to €150 million. By mid-November, about 16 percent of the buyback volume was acquired at an average price of €34.57. The company reports regularly on the progress of the share buyback program on its website at www.bilfinger.com.

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Key figures for the Group — **Q3**

in € million

	2017	2016	∆ in %
Orders received	1,054	947	11
Order backlog	2,535	2,603	-3
Output volume	998	1,020	-2
EBITA adjusted	21	21	
EBITA margin adjusted (in %)	2.1	2.1	
EBITA	-6	-53	
Adjusted net profit	13	11	18
Adjusted earnings per share (in €)	0.30	0.25	20
Net profit	-21	457*	
Operating cash flow	-11	39	
Adjusted operating cash flow	15	71	-79
Free cash flow	-20	31	
Adjusted free cash flow	8	63	-87
Capital expenditure on P, P & E	12	16	-25
Employees (number at September 30)	36,506	38,434	-5

** includes a capital gain in the amount of €539 million*

Bilfinger is a leading international industrial services provider. The Group enhances the efficiency of assets, ensures a high level of availability and reduces maintenance costs. The portfolio covers the entire value chain from consulting, engineering, manufacturing, assembly, maintenance, plant expansion as well as turnarounds and also includes environmental technologies and digital applications.

The company delivers its services in two business segments: Engineering and Technologies and Maintenance, Modifications & Operations. Bilfinger is primarily active in the regions Continental Europe, Northwest Europe, North America and the Middle East. Process industry customers come from sectors that include chemicals & petrochem, energy & utilities, oil & gas, pharma & biopharma, metallurgy and cement. With its 37,000 employees, Bilfinger upholds the highest standards of safety and quality and generated an output volume of about €4.2 billion in financial year 2016.

More information, photos and videos can be found at

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