Investor Relations News

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Preliminary report on the year 2012

Bilfinger SE

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- **Record operating profit**
- **Attractive dividend once again**
- **Positive outlook for 2013**

Bilfinger achieved the goals it set itself in the year 2012. Output volume and earnings increased once again, despite divestments and the planned volume reduction in the Construction business segment. The EBITA margin increased – driven also by capital gains – to 5.4 percent (2011: 4.7 percent). Earnings were thus at the upper end of the forecast. Shareholders will participate in the successful development of business with an attractive dividend of €3.00 per share (2011: €2.50 plus €0.90 bonus).

With the course that was set in the year 2012, Bilfinger is well on its way to achieving its medium-term financial targets:

- With a series of targeted acquisitions, Bilfinger further strengthened its range of services and its regional presence in the past year and at the beginning of 2013. The most important acquisitions include the companies Neo Structo (India), Tebodin (the Netherlands) and Westcon (USA) in the Industrial business segment, the companies Envi Con and Mauell (both Germany) in the Power business segment, and the companies S.I.E.L.V. (Italy) and Johnson Screens (USA) in Facility.

- The Nigeria business was reduced as planned. In February 2012, ten percent of the shares of Julius Berger Nigeria (domiciled in Abuja) were sold to a Nigerian investor. The remaining equity interest of 39.9 percent will gradually be further reduced. In addition, Bilfinger sold 90 percent of its interest in Wiesbaden-based Julius Berger International to Julius Berger Nigeria.

- Bilfinger sold its shares in 18 public-private-partnership (PPP) projects from the concessions portfolio to the Bilfinger Berger Global Infrastructure Fund.

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Key figures for the Group

€ million	2012	2011	Δ in %	Q4 2012	Q4 2011	Δ in %
Output volume	8,635	8,476	+ 2	2,304	2,225	+ 4
Orders received	8,348	7,776	+ 7	2,276	2,189	+ 4
Order backlog	7,422	7,833	- 5	7,422	7,833	- 5
EBITA	466	397	+ 17	116	122	- 5
EBITA margin (in %)	*5.4*	*4.7*		*5.0*	*5.5*	
Earnings after taxes from continuing operations	277	222	+ 25	60	70	- 14
Earnings after taxes from discontinued operations	0	174	- 100	0	0	0
Net profit*	275	394	- 30	57	70	- 19
Earnings per share (in €)*	6.23	8.93	- 30	1.30	1.59	- 19
thereof from continuing operations	6.23	4.99	+ 25	1.30	1.59	- 19
thereof from discontinued operations	0.00	3.94		0.00	0.00	
Investments	545	345	+ 58	87	229	- 62
thereof in P, P & E	143	127	+ 13	55	49	+ 12
thereof in financial assets	402	218	+ 84	32	180	- 82
Number of employees	66,826	59,210	+ 13	66,826	59,210	+ 13

** includes continuing and discontinued operations*

- As part of the Group's further strategic development, Bilfinger was repositioned in 2012 as a leading international engineering and services group. The key components of the rebranding were the new company name Bilfinger as well as the newly developed logo and a uniform visual appearance. The name Bilfinger is the first element of the names of all our operating entities, thus significantly enhancing the public perception of our group of companies.

- With the BEST (Bilfinger Escalates Strength) strategic program, collaboration within the Group will be placed on a new basis. The instruments for a shared approach to clients by all Subgroups will be available by 2013. The cultural change required for this networking has been initiated.

- The repositioning is also reflected by a changed classification on the stock exchange. On the Deutsche Börse and with Standard & Poor's (GICS), Bilfinger was allocated to the Services sector in mid-2012. In September 2012, the classification of our shares in the Dow Jones STOXX Index (ICB) was also changed.

- In December 2012, Bilfinger issued a corporate bond in a volume of €500 million, in particular to finance further acquisitions in the context of implementing the Group’s strategy. This followed a first-time credit rating by Standard & Poor’s in October 2012. The rating agency affirmed Bilfinger’s good creditworthiness and expects its successful development to continue. The Group was given a solid investment-grade rating of BBB+ with a stable outlook, also in consideration of further acquisitions to come.

Growth in output volume

Bilfinger developed well last year in an economically difficult environment. Output volume increased by 2 percent, also due to acquisitions, to €8,635 million, despite the deconsolidation of the Nigerian business as of June 30, 2012 and the reduced business volume in the Construction business segment. As a result, the order backlog decreased by 5 percent to €7,422 million. The volume of orders received by the Group of €8,348 million was 7 percent higher than the prior-year figure.

Significant increase in earnings

EBITA increased significantly to €466 million (2011: €397 million). It includes contributions to earnings of €45 million from the reduction in our interest in the Nigerian business and of €52 million from the sale of 18 concession projects in the Concessions business segment. There were opposing effects of minus €48 million due to the reduction in operating profit from the operation of the sold concession projects, the impairment of a concession project in Australia and expenses for the BEST strategic program.

After considering amortization of intangible assets from acquisitions of €51 million (2011: €36 million), an EBIT of €415 million remains (2011: €361 million).

The net interest result decreased to minus €34 million primarily due to lower interest income (2011: net interest result of minus €30 million). Earnings after taxes from continuing operations increased to €277 million (2011: €222 million). Adjusted for tax-free capital gains and the impairment of an investment with no effect on taxes, the underlying tax rate was 32 percent (2011: 33 percent).

Net profit amounts to €275 million. Net profit in 2011 of €394 million also included earnings from discontinued operations of €174 million, primarily from the sale of Valemus Australia. Earnings per share amount to €6.23 (2011: €8.93), of which €6.23 is from continuing operations (2011: €4.99).

Attractive dividend yield

The Executive Board will propose to the Annual General Meeting – subject to a corresponding resolution by the Supervisory Board – that a dividend of €3.00 per share be paid out for the year 2012. In relation to the share price at the end of 2012, this represents a dividend yield of 4.1 percent. Last year, in addition to the basic dividend of €2.50 per share, a bonus of €0.90 was also paid out due to the capital gain on the sale of Valemus in Australia.

Sound capital structure continues to offer substantial scope for investment

The net cash inflow from operating activities amounts to €224 million (2011: net cash inflow of €281 million). Working capital continued to be significantly negative and decreased by €145 million (2011: €91 million). This was mainly due to structural changes, in particular the sale of the Nigeria activities and less favorable terms of payment as well as the reduction of the construction business.

Net investment in property, plant and equipment of €126 million was once again at a comparatively low level (2011: €114 million). Disposals of financial assets, mainly relating to Nigeria and the concessions business, resulted in proceeds of €333 million. This led to free cash flow of €431 million (2011: €774 million) which is once again well above average. The unusually high prior-year figure was affected by cash inflow from the sale of Valemus Australia.

Investments in financial assets increased to €402 million (2011: €218 million). Of that total, €378 million was accounted for by acquisitions of companies (2011: €133 million) and €24 million by the Concessions business segment (2011: €85 million).

The payment of the dividend for the shareholders of Bilfinger SE amounted to €150 million (2011: €110 million).

The issue of a bond resulted in proceeds of €500 million in December 2012.

The net cash outflow from discontinued operations of €119 million in 2012 (2011: net cash outflow of €68 million) primarily reflects payments made following the conclusion of two longstanding legal disputes.

Cash and cash equivalents increased to €1,087 at the end of 2012 (end of 2011: €847 million).

Financial debt – excluding project loans on a non-recourse basis, for which Bilfinger is not liable – increased to €711 million (2011: €186 million). This includes the bond issued in December 2012 of €500 million and a promissory-note loan maturing in mid-2013 of €166 million. Net liquidity amounts to €376 million as of the balance sheet date (2011: €661 million).

Total assets decreased due to the sale of concession projects to €6,850 million (2011: €7,720 million). The increase in intangible assets to €1,890 million (2011: €1,561 million) reflects the increase in goodwill following the acquisitions in 2012.

Equity increased significantly to €2,037 million (2011: €1,793 million). The equity ratio rose to 30 percent at the balance sheet date (2011: 23 percent).

The good capital structure continues to offer considerable investment scope for the Group's ongoing strategic development.

Developments in the divisions

Overview of output volume and order situation in 2012

€ million	2012 Output volume	Δ in %	2012 Orders received	Δ in %	2012 Order backlog	Δ in %	2011 Output volume
Industrial	3,705	+ 12	3,737	+ 16	2,733	+ 10	3,294
Power	1,319	+ 14	1,178	- 4	1,311	- 9	1,157
Building and Facility	2,249	0	2,373	0	2,147	- 9	2,256
Construction	1,404	- 20	1,099	+ 13	1,224	- 19	1,751
Consolidation, other	- 42		- 39		7		18
Continuing operations	**8,635**	**+ 2**	**8,348**	**+ 7**	**7,422**	**- 5**	**8,476**

Overview of output volume and order situation in Q4 2012

€ million	Q4 2012 Output volume	Δ in %	Q4 2012 Orders received	Δ in %
Industrial	987	+ 12	916	+ 11
Power	382	+ 21	350	- 28
Building and Facility	598	+ 1	716	+ 1
Construction	361	- 17	311	+ 63
Consolidation, other	- 24		- 18	
Continuing operations	**2,304**	**+ 4**	**2,276**	**+ 4**

EBITA by division*

€ million	2012	2011	Δ in %	Q4 2012	Q4 2011	Δ in %
Industrial	206	169	+ 22	58	45	+ 29
Power	123	96	+ 28	38	27	+ 41
Building and Facility	106	94	+ 13	37	33	+ 12
Construction	25	37	- 32	7	15	- 53
Concessions	41	23	+ 78	1	8	- 88
Consolidation, other	- 35	- 22	- 59	- 25	- 6	- 317
Continuing operations	**466**	**397**	**+ 17**	**116**	**122**	**- 5**

** A change in the allocation of headquarters expenses at the beginning of the year 2012 led to an increase in the business segments' EBITA margins of 0.3 percentage points and to a corresponding charge on headquarters. This change has no impact on the Group's EBITA.*

In the Industrial business segment, output volume, orders received and order backlog increased significantly – primarily due to acquisitions. EBITA also rose sharply and amounted to €206 million (2011: €169 million), representing an EBITA margin of 5.6 percent (2011: 5.1 percent).

In the Power business segment, output volume also increased on the basis of the good development of the international business. Orders received and order backlog were influenced by the volatility that is typical of this business. The prospects for ongoing developments continue to be good. EBITA increased at a higher rate than output volume to €123 million (2011: €96 million). With an increase in the EBITA margin to 9.3 percent (2011: 8.3 percent), Power is once again the segment of the Bilfinger Group with the highest profit margin.

In the Building and Facility business segment, output volume and orders received were stable, although there was no longer a contribution from the Nigeria business in the second half of the year. The order backlog decreased as a result of the deconsolidation. EBITA developed positively and increased to €106 million (2011: €94 million), equivalent to an EBITA margin of 4.7 percent (2011: 4.2 percent).

In the Construction business segment, output volume and order backlog were reduced as planned. Orders received increased due to the inclusion of long-term projects. EBITA amounted to €25 million (2011: €37 million). Earnings in the area of infrastructure lagged behind expectations, while margin improvements were achieved in other areas. Overall, the EBITA margin decreased to 1.8 percent (2011: 2.1 percent).

The Concessions business segment had a portfolio of 14 concession projects at the end of 2012. Committed equity amounted to €232 million and €163 million had already been paid in to project companies. Due to the capital gain of €52 million from the sale of shares in 18 projects, EBITA increased to €41 million (2011: €23 million). This also includes an impairment of €13 million recognized on a project in Australia. The net present value of the portfolio amounted to €241 million on the balance sheet date.

EBITA not allocated to the business segments in 2012 amounted to minus €35 million (2011: minus €22 million). It includes the capital gain in the Nigeria business of €45 million. The main opposing effects were from the changed allocation of headquarters costs of €25 million and one-time expenses for our BEST strategy program of €17 million.

Outlook for 2013

Bilfinger anticipates positive developments in all business segments in the year 2013. Possible new acquisitions are not included in the following forecasts.

- Industrial:
  A further increase in output volume and, despite the continuation of a difficult economic environment, a further improvement in the EBITA margin are expected in 2013. However, output volume will not grow quite as fast as in 2012. The positive development is based on the regional expansion of business activities, the ongoing optimization of structures and processes, and the increased networking of services.

- Power:
  As a result of good international demand, further growth in output volume and an EBITA margin slightly higher than in the prior year are anticipated for 2013.

- Building and Facility:
  This business segment's output volume and earnings will be impacted by the deconsolidation of the Nigeria business. Nonetheless, output volume will at least remain stable in 2013 due to the acquisitions that have already been made. It is also necessary to consider that the equity-method earnings of Julius Berger Nigeria Plc are no longer presented in this business segment, but under *Consolidation, other*. In total, an EBITA margin at the level of the prior year is planned.

- Construction:
  After the planned reduction in 2012, output volume should decrease once again slightly in 2013. The improved risk structure and the increasing focus on high-margin areas will allow for an increase in the EBITA margin.

- Concessions:
  After the divestment of shares in 18 privately financed projects, the sale of additional projects is planned for 2013, but in a lower volume. EBITA will therefore be approximately half of the level achieved in 2012.

Despite the deconsolidation effect in the Building and Facility business segment and the ongoing volume reduction in the Construction business segment, the Group’s output volume will increase again in 2013. This will be based on the planned organic growth in the other segments and the acquisitions made so far. Earnings in 2012 included the capital gain of €45 million before taxes from the reduction of our investments in the Nigerian business. Adjusted for this effect, EBITA and net profit will continue to increase with higher margins (2012: adjusted EBITA of €421 million and adjusted net profit of €238 million).

All of the figures stated for the year 2012 are preliminary. The final figures for the past financial year and the consolidated financial statements will be included in the Annual Report 2012, which will be available as of the annual press conference on March 13, 2013. The Annual General Meeting of Bilfinger SE will be held in Mannheim on April 18, 2013.

Disclaimer

All statements made in this report that relate to the future have been made in good faith and based on the best knowledge available. However, as those statements also depend on factors beyond our control, actual developments may differ from our forecasts.

Preliminary consolidated financial statements 2012 (excerpts)

Consolidated income statement (abridged version)

€ million	Jan 1-Dec. 31, 2012	Jan 1-Dec. 31, 2011
Output volume from continuing operations (for information only)	8,635	8,476
Revenue	**8,509**	**8,209**
Cost of sales	-7,374	-7,142
Gross profit	**1,135**	**1,067**
Selling and administrative expenses	-852	-771
Other operating income and expense	107	37
Income from investments accounted for using the equity method	25	28
Earnings before interest and taxes (EBIT)	**415**	**361**
Net interest result	-34	-30
Earnings before taxes	**381**	**331**
Income tax expense	-104	-109
Earnings after taxes from continuing operations	**277**	**222**
Earnings after taxes from discontinued operations	**0**	**174**
Earnings after taxes	277	396
thereof minority interest	2	2
Net profit	**275**	**394**
Average number of shares (in thousands)	44,140	44,140
Earnings per share (in €)	6.23	8.93
thereof from continuing operations	6.23	4.99
thereof from discontinued operations	0.00	3.94

Consolidated statement of cash flows (abridged version)

€ million	Jan 1-Dec. 31, 2012	Jan 1-Dec. 31, 2011
Cash earnings from continuing operations	**473**	**386**
Change in working capital	-145	-91
Gains on disposals of non-current assets	-104	-14
Cash flow from operating activities of continuing operations	**224**	**281**
Investments in property, plant and equipment / intangible assets	-143	-127
Proceeds from the disposal of property, plant and equipment	17	13
Net cash outflow for property, plant and equipment / intangible assets	**-126**	**-114**
Proceeds from the disposal of financial assets	**333**	**607**
Free cash flow from continuing operations	**431**	**774**
Investments in financial assets	**-402**	**-218**
Cash inflow/outflow from financing activities of continuing operations	**335**	**-206**
Dividends	-152	-114
Borrowing / repayment of financial debt	487	-92
Change in cash and cash equivalents from continuing operations	**364**	**350**
Change in cash and cash equivalents from discontinued operations	**-119**	**-68**
Change in value of cash and cash equivalents due to changes in foreign exchange rates	**5**	**-8**
Change in cash and cash equivalents	**250**	**274**
Cash and cash equivalents at January 1	847	537
Cash and cash equivalents of discontinued operations at January 1, 2011 (+)	-	306
Cash and cash equivalents classified as assets held for sale (Concessions) at January 1, 2012 (+) / at December 31, 2011 (-)	68	68
Disposal of cash and cash equivalents Concessions / Valemus	-78	-202
Cash and cash equivalents at December 31	**1,087**	**847**

Consolidated balance sheet (abridged version)

€ million		Dec. 31, 2012	Dec. 31, 2011
Assets	**Non-current assets**		
	Intangible assets	1,890	1,561
	Property, plant and equipment	690	647
	Investments accounted for using the equity method	96	68
	Receivables from concession projects	508	377
	Other financial assets	158	273
	Deferred tax assets	177	164
		3,519	**3,090**
	Current assets		
	Inventories	172	199
	Receivables and other financial assets	1,953	1,742
	Current tax assets	32	31
	Other assets	87	50
	Cash and cash equivalents	1,087	847
	Assets classified as held for sale	0	1,761
		3,331	**4,630**
	Total	**6,850**	**7,720**
Equity and liabilities	**Equity**		
	Equity attributable to shareholders of Bilfinger SE	2,029	1,788
	Minority interest	8	5
		2,037	**1,793**
	Non-current liabilities		
	Retirement benefit obligation	394	325
	Provisions	56	60
	Financial debt, recourse	519	181
	Financial debt, non-recourse	461	339
	Other liabilities	169	128
	Deferred tax liabilities	149	126
		1,748	**1,159**
	Current liabilities		
	Current tax liabilities	102	88
	Provisions	557	755
	Financial debt, recourse	192	5
	Financial debt, non-recourse	9	9
	Trade and other payables	1,836	1,829
	Other liabilities	369	287
	Liabilities classified as held for sale	0	1,795
		3,065	**4,768**
	Total	**6,850**	**7,720**