BILFINGER

ENGINEERING AND SERVICES

August 11, 2014

Interim Report 6m 2014

Investors‘ and Analysts‘ Conference Call on August 11, 2014

Joachim Müller, CFO

Latest ad-hoc release (August 4, 2014)

- Reduction of forecast, primarily due to a further reduction of earnings expectations in Power
- Weaker result in the Power Systems division:
  - Executive President of this division underestimated negative influence on his business of the difficult situation in the energy market and also was overly optimistic regarding the assessment of individual project results
  - One large loss making project in South Africa (Medupi/Kusile) has further deteriorated instead of delivering the expected improvement
  - Lower capacity utilization of assembly facilities in South Africa and Europe also contribute to underperformance
- All foreseeable deteriorations of project margins have been reflected in the Q2 results, but remaining year will also be burdened
- Additional negative effects from minor reduction of expected output volume in Industrial and Power and slightly lower margin expectation in Industrial, still at a good 6% EBITA
- Change in CEO: former CEO Herbert Bodner will replace Roland Koch and will act as interim CEO

Current market developments
Further cost reductions and faster implementation of Bilfinger Excellence

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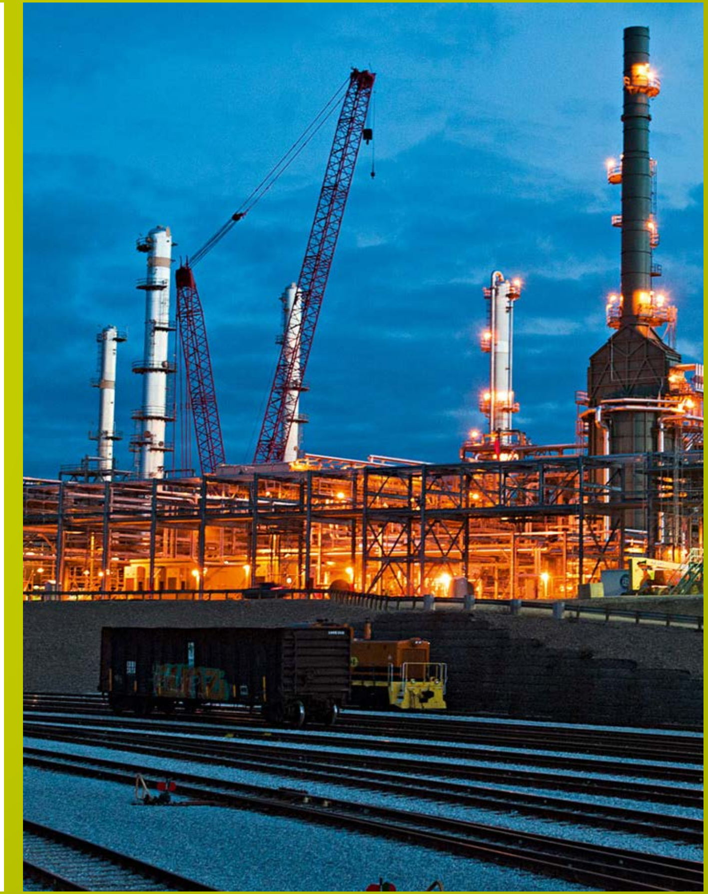
- Difficult conditions in the European energy market and a rather worsening environment in the European oil and gas sector
- Planned adjustment of capacities in Power, especially in the Piping Systems division – eliminating up to 300 jobs in this area – and also in some areas of Industrial
  Additional restructuring expense in a probable magnitude of €30 million in second half of the year
- Additional short-term cost-reduction programs were also initiated immediately and measures were introduced to sustainably improve the profitability of the operating units
- Acceleration of Excellence implementation
  The savings effects will reach a magnitude of €50 million already in this year and will contribute pro-rata to increased earnings in the second half of the year

Outlook for FY 2014

- For 2014, Bilfinger now anticipates an increase in **output volume** to approx. €7.8 billion (FY 2013 comparable, excluding discontinued operations: €7.7 billion) but a decrease in earnings
- An **adjusted EBITA** of between €340 million and €360 million is anticipated (FY 2013 comparable: €419 million)
- **Adjusted net profit** is anticipated to be between €205 million and €220 million (FY 2013 comparable: €255 million)

6m 2014: Highlights
First half of 2014 did not meet expectations

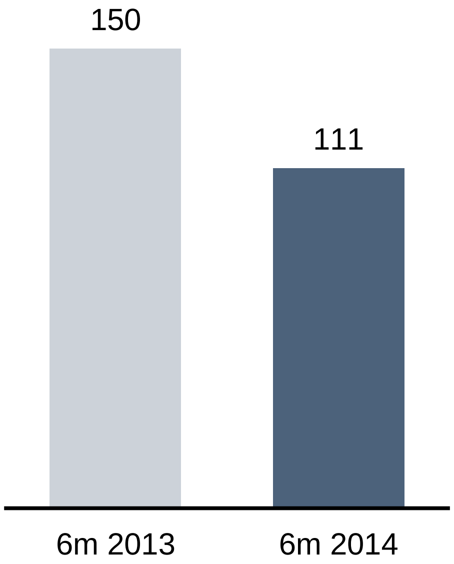
- Stable output volume
- Orders received decreased due to development in Industrial
- Earnings significantly below prior-year period
- Positive development anticipated for second half of the year
- Acquisition of GVA closed in July
- Four concession projects transferred to buyers
- Sale process of major portions of civil-engineering business progressing as planned



Stable output volume
Orders received decreased due to development in Industrial

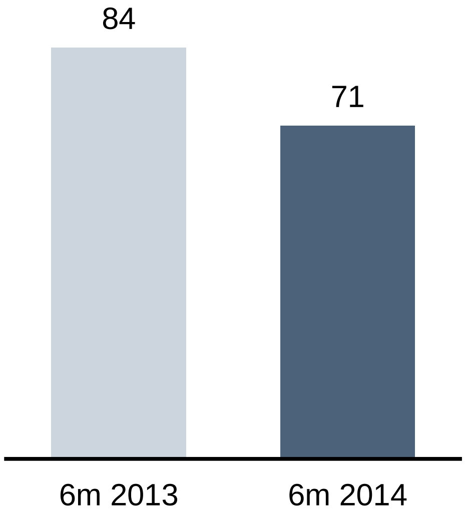
Earnings significantly below prior-year period
Operating cash flow affected by typical intra-year increase in working capital

Adjusted EBITA
-26%



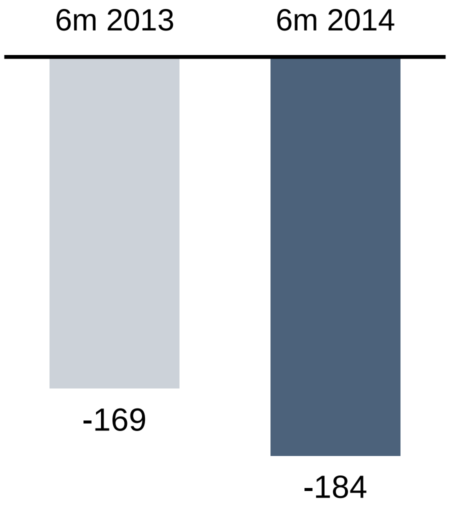
in € million

Adjusted net profit
-15%



in € million

Operating cash flow
-9%



in € million

EBITA: adjusted for capital gains/losses as well as for one-time restructuring expenses
Adjusted net profit: also adjusted for amortization on intangibles from acquisitions, after minorities

Industrial
EBITA margin to improve as a result of efficiency enhancements

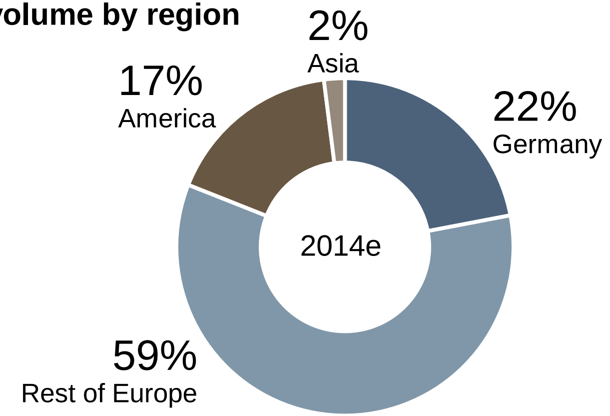
Markets and highlights

- Output volume slightly below prior-year level
- EBITA margin decreased to 4.3% (6m 2013: 4.8%)
- Organic development 6m 2014:
  -1% in output volume, -12% in EBITA
- Oil and gas companies reduce investment and maintenance budgets in Europe
- Lack of follow-up orders in German power-plant business
- Unchanged strong demand in the US oil and gas sector
- Orders received decreased significantly from comparably high level due to market environment as well as due to typical volatility in project business and in closing of long-term framework agreements
  Full-year unlikely to reach very high level of previous year

Outlook 2014

- Output volume of approximately €3.7 billion
  (2013 comparable: €3.7 billion)
- Increase in EBITA margin to a good 6 percent
  (FY 2013 comparable: 5.7 percent)

Output volume by region



in € million	6m 2013	6m 2014	*Change*	2013
Output volume	**1,806**	**1,764**	*-2%*	**3,721**
Orders received	1,942	**1,631**	*-16%*	**3,986**
Order backlog	2,709	**2,693**	*-1%*	**2,791**
Capital expenditure	34	**33**	*-3%*	**74**
Depreciation of P, P & E	31	**32**	*3%*	**78**
EBITA / EBITA adjusted	87	**76**	*-13%*	**214**
EBITA margin	4.8%	**4.3%**		***5.8%***

Power
Forecast reduced, weak demand requires capacity adjustments

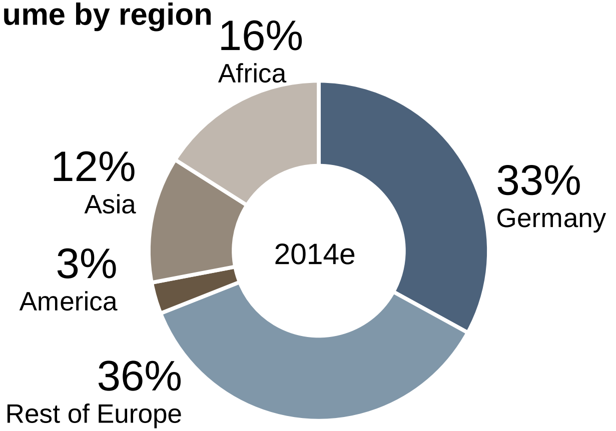
Markets and highlights

- Output volume declined significantly
- Orders received rose due to development in offshore business
- EBITA margin decreased to 3.5% (6m 2013: 7.4%) due to currently lower utilization of capacities as well as burdens from projects, especially from major project in South Africa
- Organic development 6m 2014:
  -13% in output volume, -58% in EBITA
- Power is especially suffering from consequences of the energy transformation in Germany and from negative impact arising from investment behavior in other Central European countries.
- Restructuring measures initiated
- Good prospects in individual foreign markets

Outlook 2014

- Output volume of approximately €1.5 billion
  (2013 comparable: €1.7 billion)
- Significant decline of EBITA margin to a magnitude of 4 to 5 percent (2013 comparable: 8.9 percent)

Output volume by region



in € million	6m 2013	6m 2014	*Change*	2013
Output volume	815	**695**	*-15%*	**1,709**
Orders received	703	**806**	*15%*	**1,461**
Order backlog	1,560	**1,547**	*-1%*	**1,435**
Capital expenditure	22	**22**	*0%*	**43**
Depreciation of P, P & E	13	**14**	*8%*	**49**
EBITA / EBITA adjusted	60	**24**	*-60%*	**152**
EBITA margin	7.4%	**3.5%**		***8.9%***

Building and Facility
Continuing successful development expected

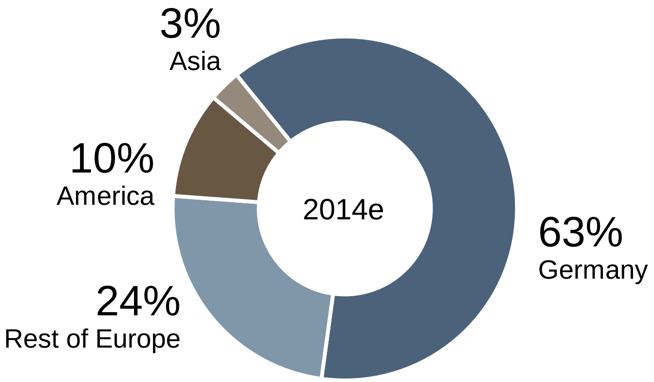
Markets and highlights

- Output volume and EBITA increased significantly
- Although development in Facility Services was positive, orders received nonetheless declined slightly due to Building and the volatility typical in this business
- EBITA margin increased to 3.4% (6m 2013: 3.0%)
- Organic development 6m 2014:
  +5% in output volume, +16% in EBITA
- Stable situation on our markets in Building and Facility
- Acquisition of GVA closed beginning of July

Outlook 2014

- Output volume will grow significantly, organically and particularly as a result of acquisitions to approximately €2.7 billion (FY 2013: €2.3 billion)
- EBITA margin of approximately 5 percent (FY 2013: 4.9 percent)

Output volume by region



in € million	6m 2013	6m 2014	*Change*	2013
Output volume	1,057	**1,220**	*15%*	**2,346**
Orders received	1,126	**1,104**	*-2%*	**2,181**
Order backlog	2,297	**2,166**	*-6%*	**2,304**
Capital expenditure	8	**12**	*50%*	**21**
Depreciation of P, P & E	9	**9**	*0%*	**35**
EBITA / EBITA adjusted	32	**41**	*28%*	**116**
EBITA margin	3.0%	**3.4%**		***4.9%***

Discontinued operations
Construction

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Markets and highlights

- Output volume decreased due to sharp decline in orders received in previous year
- Orders received increased significantly as result of major order for the Eiganes Tunnel, Norway
- EBITA also improved considerably

Outlook 2014

- Output volume with similar volume as prior-year (2013 comparable: €826 million)
- EBITA (2013 comparable: -€10 million) will improve substantially due to sale in 2013 of loss-making road-construction activities in Germany and turnaround in Poland

in € million	6m 2013	6m 2014	Change	2013
Output volume	392	**342**	*-13%*	**826**
Orders received	295	**418**	*42%*	**753**
Order backlog	890	**982**	*10%*	**905**
Capital expenditure	11	**7**	*-36%*	**20**
EBITA / EBITA adjusted	-4	**12**		**-10**
EBITA margin	-1.0%	**3.5%**		***-1.2%***

Discontinued operations
Concessions

Of five projects to be transferred in 2014, four were transferred in 6m 2014:

- Proceeds of €92 million
- Capital gain of €14 million

Remaining project is expected to follow in second half of FY 2014:

- Proceeds of approx. €10 million
- Capital gain of approx. €2 million

August 11, 2014

Financials

Investors' and Analysts' Conference Call on August 11, 2014

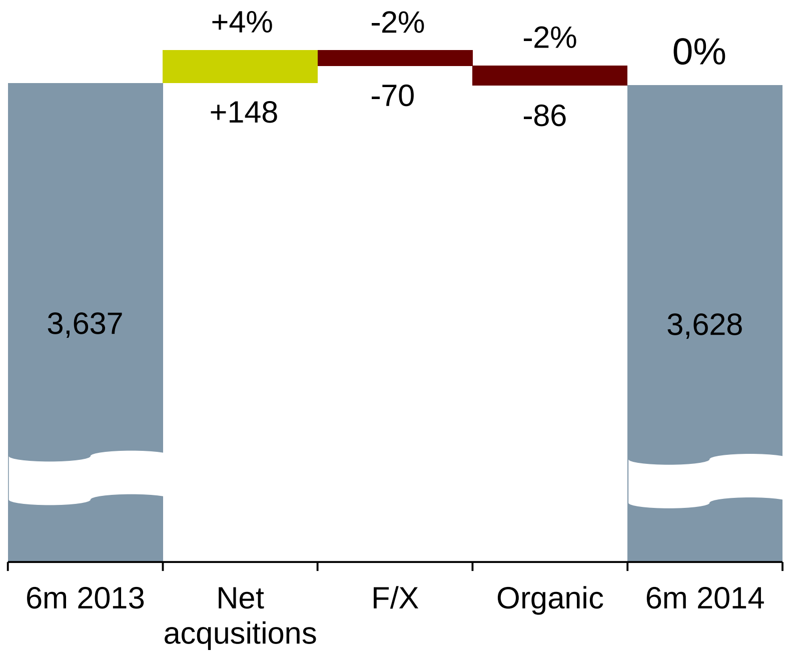
Joachim Müller, CFO

Earnings significantly below prior-year period

in € million	6m 2013	6m 2014	2013	*Comments 6m 2014*
Output volume	**3,637**	**3,628**	**7,684**	
EBITA	150	80	353	
EBITA adjusted	150	111	**419**	
EBITA margin adjusted	*4.1%*	*3.1%*	*5.5%*	
Amortization	-25	-21	-51	
EBIT	125	59	302	• *Depreciation of €57m*
Net interest result	-24	-14	-45	• *Lower interest expenses (effect of €5m) due to redemption of promissory note loan (July 2013)* • *€6m capital gain from sale of shares in BBGI (April 2014)*
EBT	101	45	257	
Income taxes	-31	-12	-74	• *Underlying tax rate at 31%*
Earnings after taxes from continuing operations	70	33	183	
Earnings after taxes from discontinued operations	1	20	-7	• *Concessions €12m (6m2013: €4m)* • *Construction €8m (6m2013: €-3m)*
Minority interest	-3	2	-3	
Net profit	68	**55**	173	
Net profit adjusted (continuing operations)	**84**	**71**	**255**	

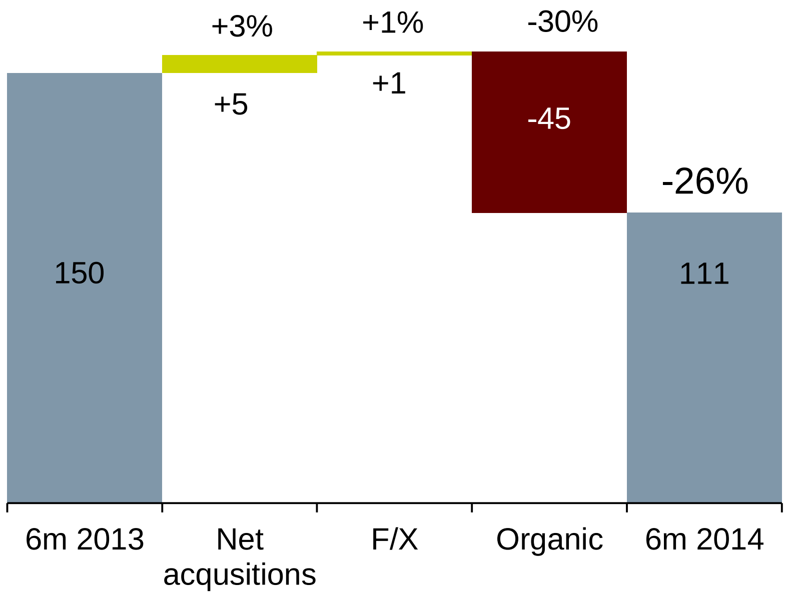
Organic development Group

Organic development of output volume



in € million

Organic development of adjusted EBITA



in € million

Overview of earnings adjustments

in € million	6m 2013	6m 2014	2013	Comments 6m 2014
EBITA	150	80	353	
Adjustments special items (pre-tax)	0	31	66	• *Excellence: -€31m* • *FY 2013: -€85m Excellence, €19m capital gain Nigeria*
EBITA adjusted	**150**	**111**	**419**	
Earnings after taxes from continuing operations	**70**	**33**	**183**	
Minority interest	-3	2	-3	
Adjustments special items (post-tax)	0	21	40	• *Excellence -€21m* • *FY 2013: -€59m Excellence, €19m capital gain Nigeria*
Amortization (post-tax)	17	15	35	
Net Profit adjusted continuing operations	**84**	**71**	**255**	
EPS adjusted continuing operations	**1.90**	**1.61**	**5.78**	

Higher equity ratio also due to deconsolidation of Concessions projects

in € million	Dec. 31, 2013*	Jun. 30, 2014	*Comments June 30, 2014*
Balance sheet total	6,532	6,011	▪ *Decrease mainly due to deconsolidation of sold Concessions projects*
Goodwill including intangibles from acquisitions	1,986	1,967	▪ *Decrease due to scheduled amortization* ▪ *No impairment risk*
Net equity	2,165	2,077	▪ *Positive effects from net profit is more than offset by dividend payment*
Equity ratio	33%	35%	
Net working capital	-285	5	▪ *Increase in working capital of €252 million as reflected in cash flow statement mainly due to typical intra-year swing*
Thereof prepayments received	*-310*	*-278*	
NWC in % of output volume	-3.7%	0.1%	

**pro forma*

Valuation net debt

in € million	Dec. 31, 2013*	Jun. 30, 2014	*Comments June 30, 2014*
Cash and cash equivalents	657	299	▪ *See cash flow statement for details of change*
Financial debt (excluding non-recourse)	-545	-540	▪ *Including €500 million corporate bond (due Dec. 2019)*
Net cash/ net debt	**112**	**-241**	
Pension provisions	-417	-455	▪ *Increase due to lower discount rate (from 3.5 to 3.0%)*
Expected cash-in sale of concessions projects in 2014	100	~10	
Marketable securities (non-current)	53	1	▪ *Financial investment in BBGI fund sold in April*
Intra-year working capital need (seasonal shift)	-250 to -300	-	
Valuation net debt	**Approx. -450**	**Approx. -700**	

**pro forma*

Intra-year working capital swing slightly improved

in € million	6m 2013	6m 2014	2013	Comments 6m 2014
Cash earnings from continuing operations	**118**	**75**	**280**	•*Decrease due to lower net profit from continuing operations*
Change in working capital	-285	-252	-62	•*Typical intra-year working capital swing*
Gains on disposals of non-current assets	-2	-7	-33	•*Thereof € 6m from sale of shares in BBGI fund*
Cash flow from operating activities of continuing operations	**-169**	**-184**	**185**	
Net capital expenditure on property, plant and equipment / intangibles	-60	-69	-134	•*Gross CAPEX FY2014e: approx. €180m*
Proceeds from the disposal of financial assets	1	142	208	•*Cash inflows from sale of Concessions projects (€92 m) and BBGI-shares (€50m)*
Free cash flow (continuing operations)	**-228**	**-111**	**259**	
Investments in financial assets of continuing operations	-103	**-8**	-251	
Cash flow from financing activities of continuing operations	**-141**	**-135**	**-296**	•*Dividend payment Bilfinger SE €132m*
Change in cash and cash equivalents of continuing operations	-472	**-277**	-289	
Change in cash and cash equivalents of discontinued operations	**-92**	**-102**	**-88**	• *Construction:-€111m and Concessions €9m*
F/X effects	-2	3	-13	
Cash and cash equivalents at Jan. 1	1,087	669	1,087	
Change in cash and cash equivalents classified as assets held for sale (Concessions and Construction)	-28	6	-29	
Cash and cash equivalents at Jun. 30/ Dec. 31	**493**	**299**	**669**	

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ENGINEERING AND SERVICES

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FY 2013
Volume and contract overview

Backup

ENGINEERING AND SERVICES

	Output volume	Orders received	Order backlog
in € million	2013	2013	2013
Industrial	3,721	3,986	2,791
Power	1,709	1,461	1,435
Building and Facility	2,346	2,181	2,304
Consolidation / Other	-92	-85	-24
Continuing Operations	**7,684**	**7,543**	**6,506**

6m 2014
Volume and contract overview

Backup

in € million	Output volume 6m 2013	Output volume 6m 2014	Output volume *Change*	Orders received 6m 2013	Orders received 6m 2014	Orders received *Change*	Order backlog 6m 2013	Order backlog 6m 2014	Order backlog *Change*
Industrial	1,806	1,764	*-2%*	1,942	1,631	*-16%*	2,709	2,693	*-1%*
Power	815	695	*-15%*	703	806	*15%*	1,560	1,547	*-1%*
Building and Facility	1,057	1,220	*15%*	1,126	1,104	*-2%*	2,297	2,166	*-6%*
Consolidation / Other	-41	-51		-43	-25		-27	-14	
Continuing Operations	**3,637**	**3,628**	***0%***	**3,728**	**3,516**	***-6%***	**6,539**	**6,392**	***-2%***

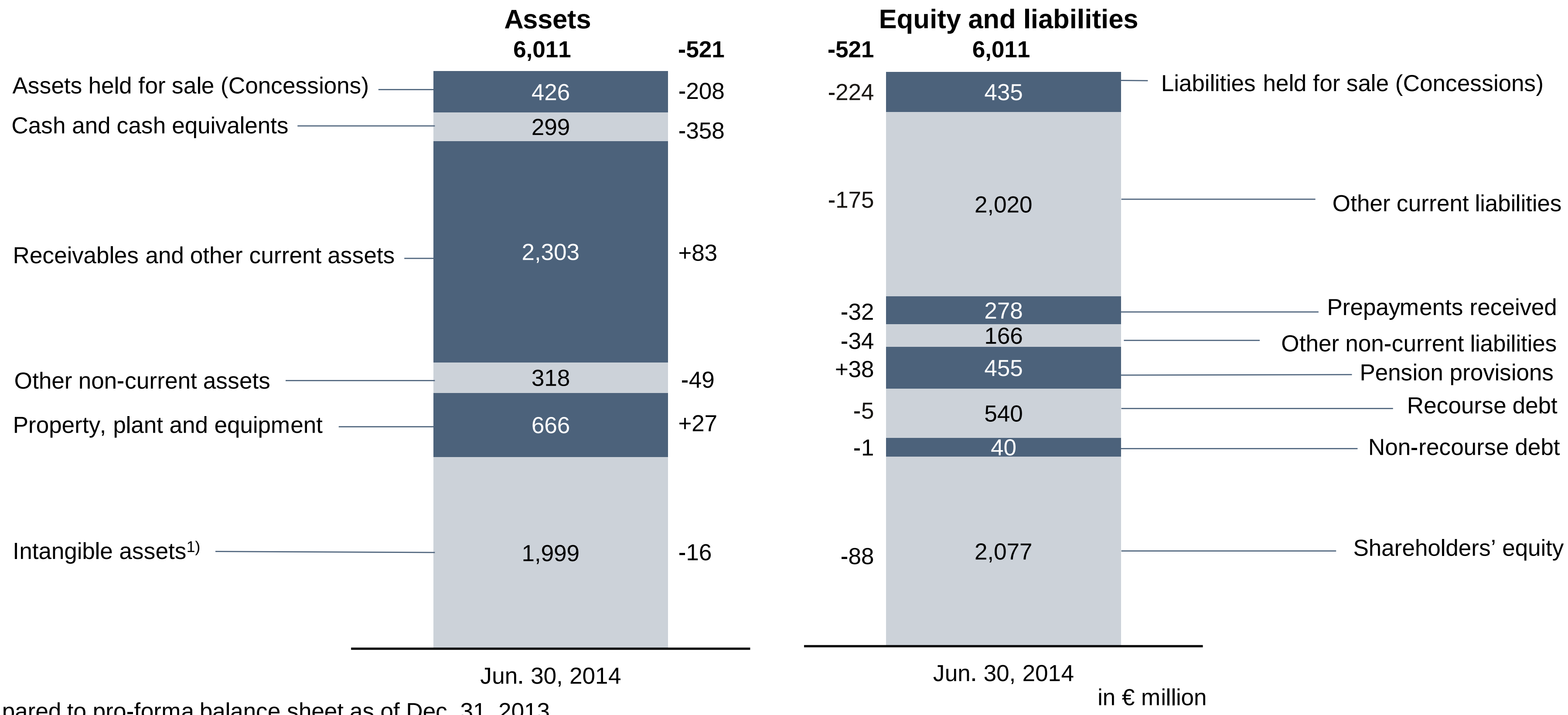
Q2 2014
Volume and contract overview

Backup

	Output volume			Orders received			Order backlog		
in € million	Q2/2013	Q2/2014	*Change*	Q2/2013	Q2/2014	*Change*	Q2/2013	Q2/2014	*Change*
Industrial	978	931	*-5%*	1,004	797	*-21%*	2,709	2,693	*-1%*
Power	429	369	*-14%*	336	377	*12%*	1,560	1,547	*-1%*
Building and Facility	574	636	*11%*	606	468	*-23%*	2,297	2,166	*-6%*
Consolidation / Other	-20	-29		-17	-3		-27	-14	
Continuing Operations	**1,961**	**1,907**	***-3%***	**1,929**	**1,639**	***-15%***	**6,539**	**6,392**	***-2%***

Balance sheet

Backup



Compared to pro-forma balance sheet as of Dec. 31, 2013

1) Thereof goodwill €1,967 million (including intangibles from acquisitions)

6m 2014: Organic development Industrial

Backup

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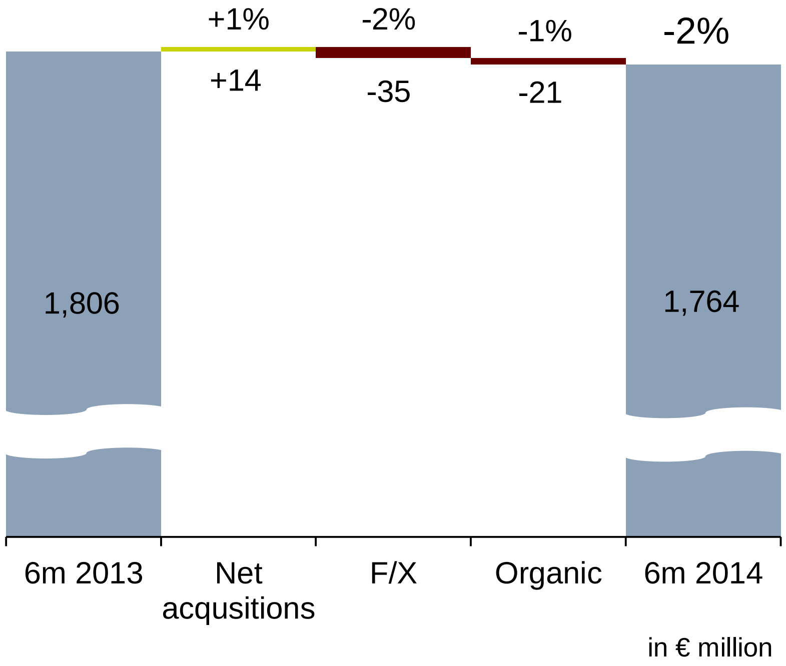
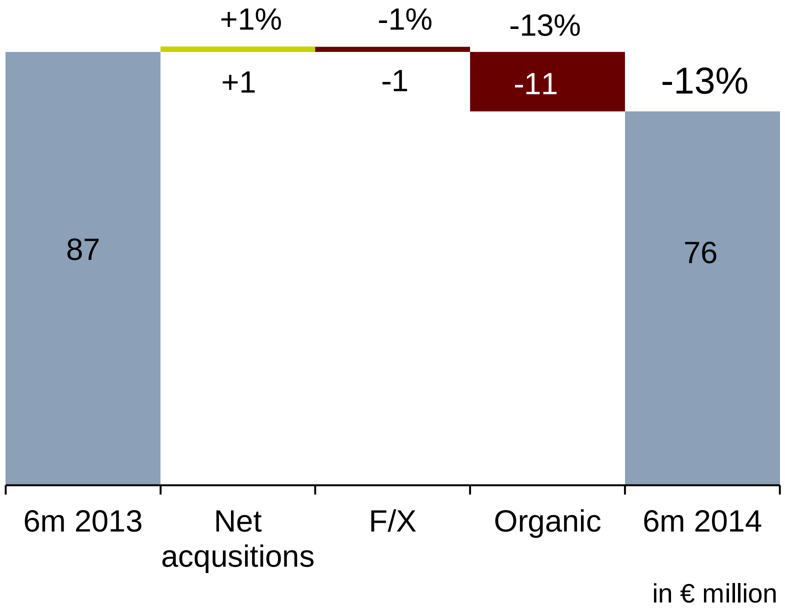
Organic development of Output Volume



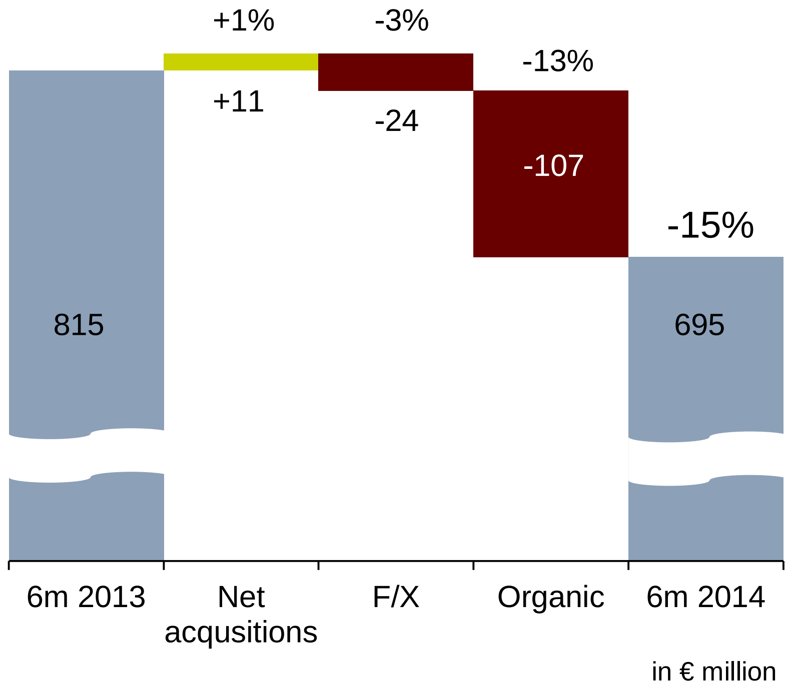
Organic development of adjusted EBITA



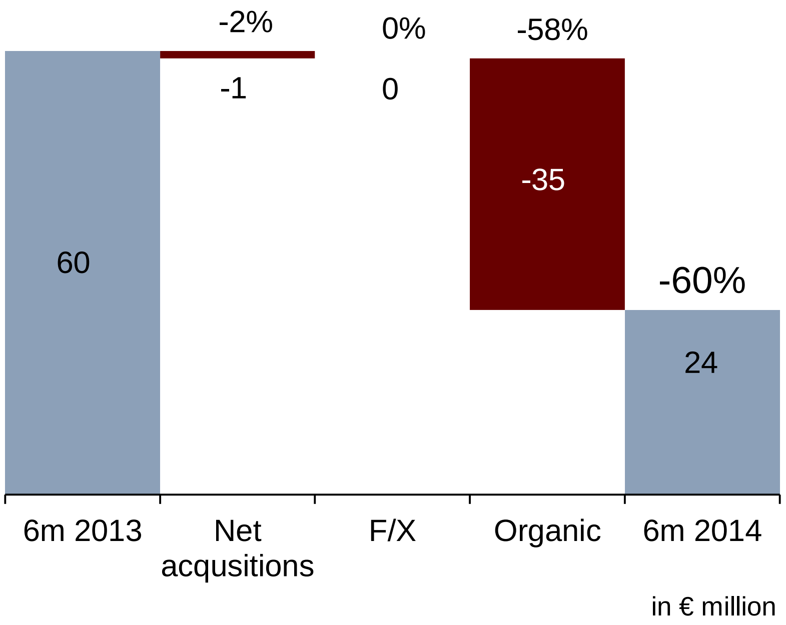
6m 2014: Organic development Power

Backup

Organic development of Output Volume



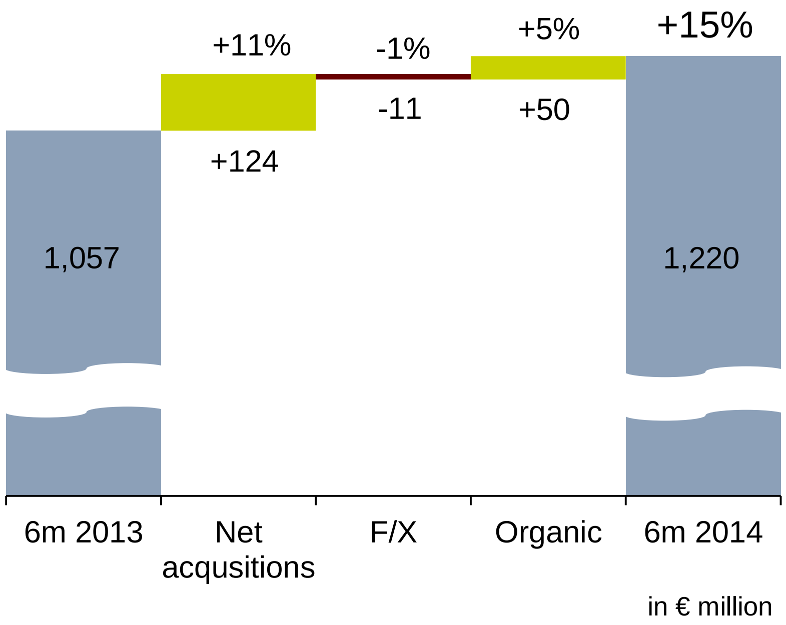
Organic development of adjusted EBITA



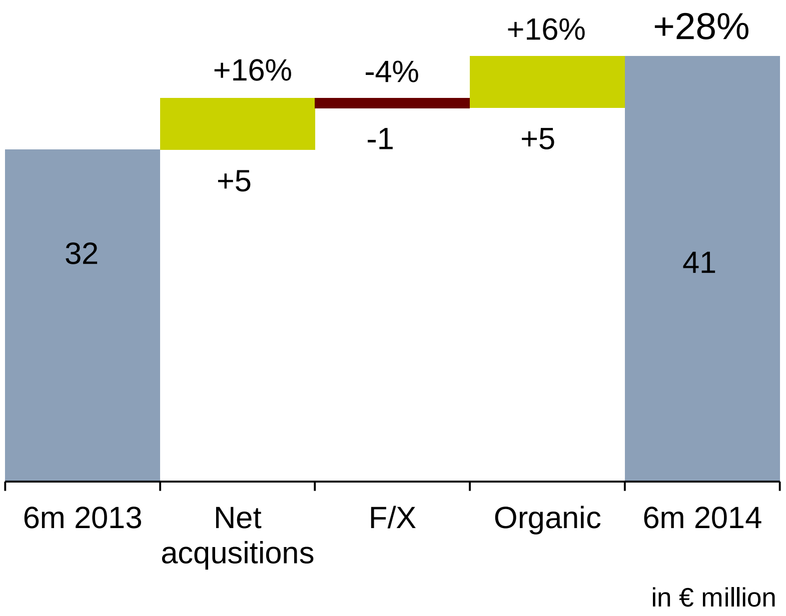
6m 2014: Organic development Building and Facility

Backup

Organic development of Output Volume



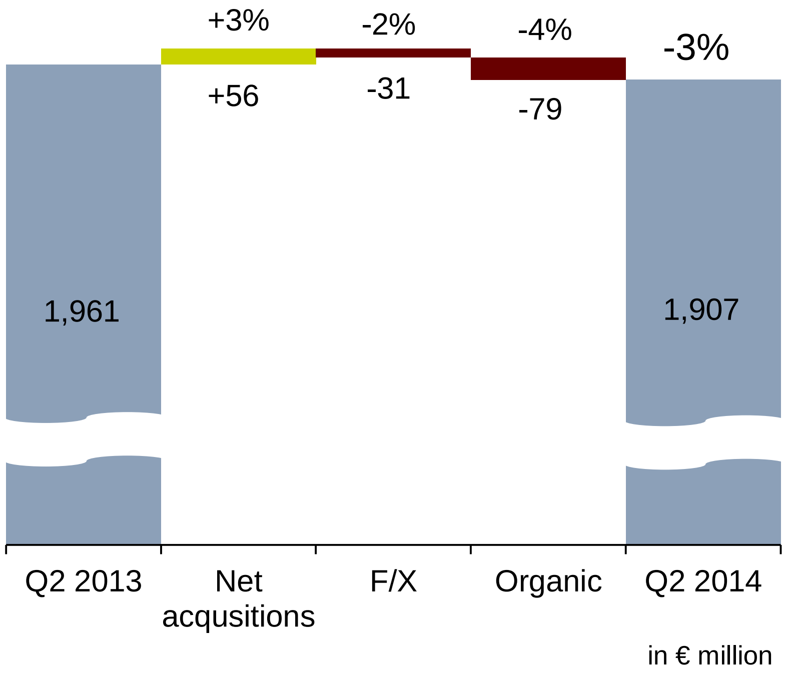
Organic development of adjusted EBITA



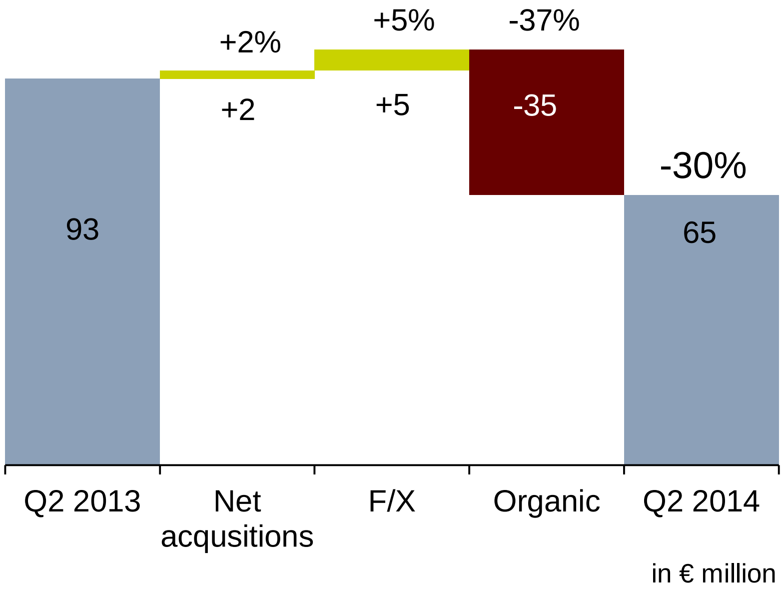
Q2 2014: Organic development Group

Backup

Organic development of Output Volume

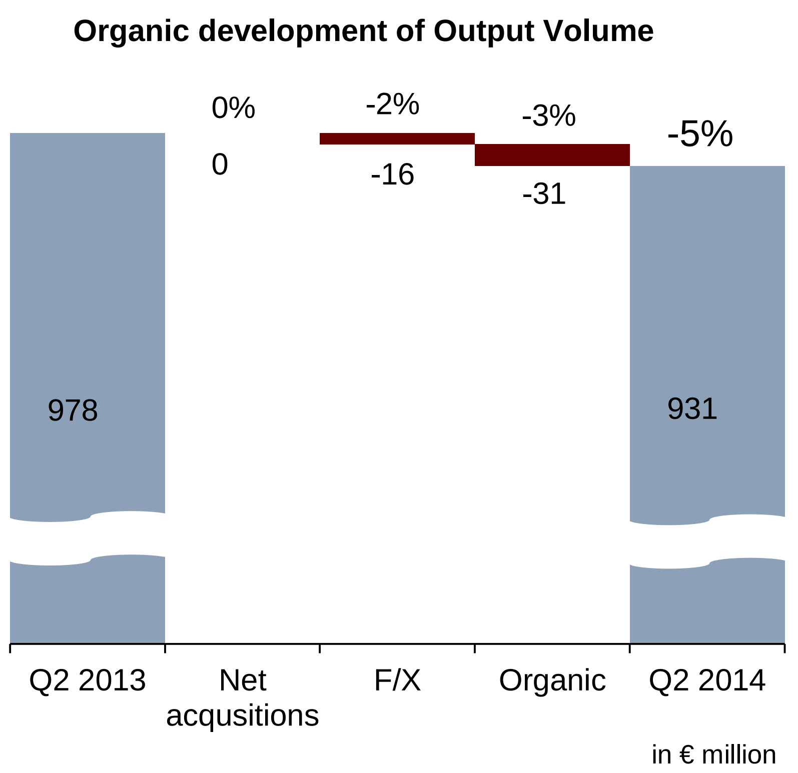


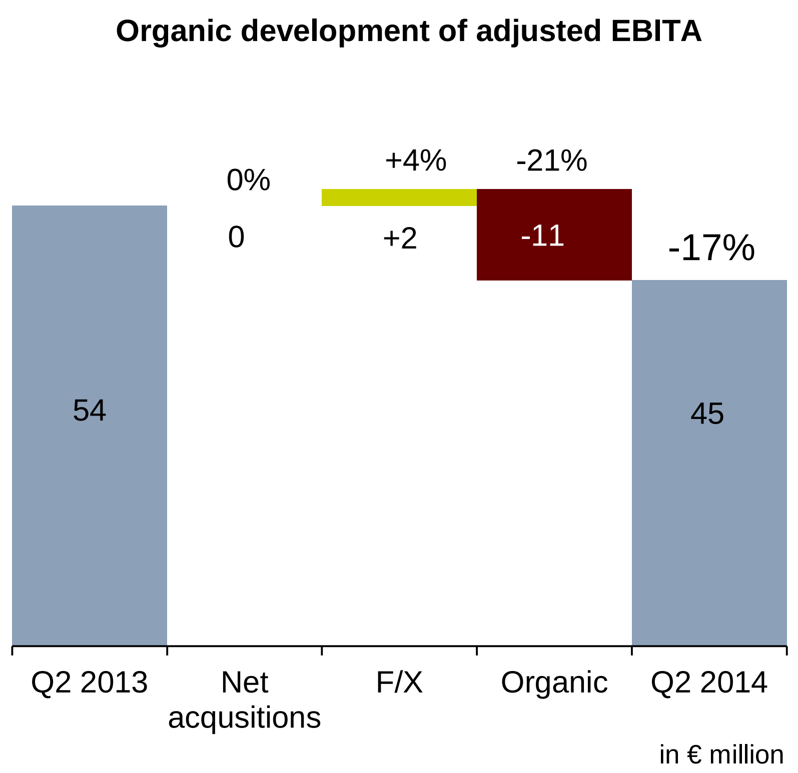
Organic development of adjusted EBITA



Q2 2014: Organic development Industrial

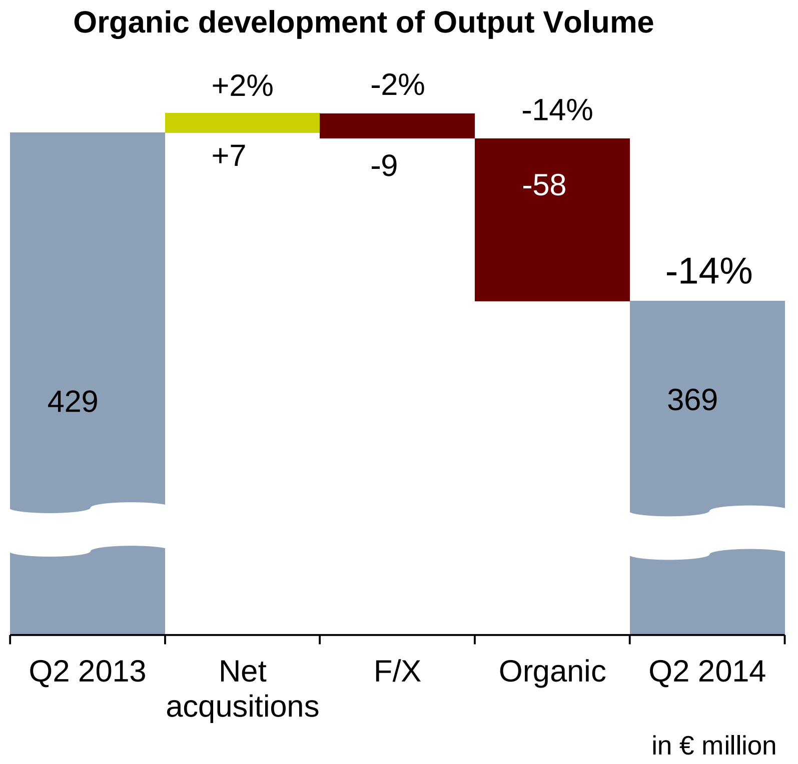
Backup

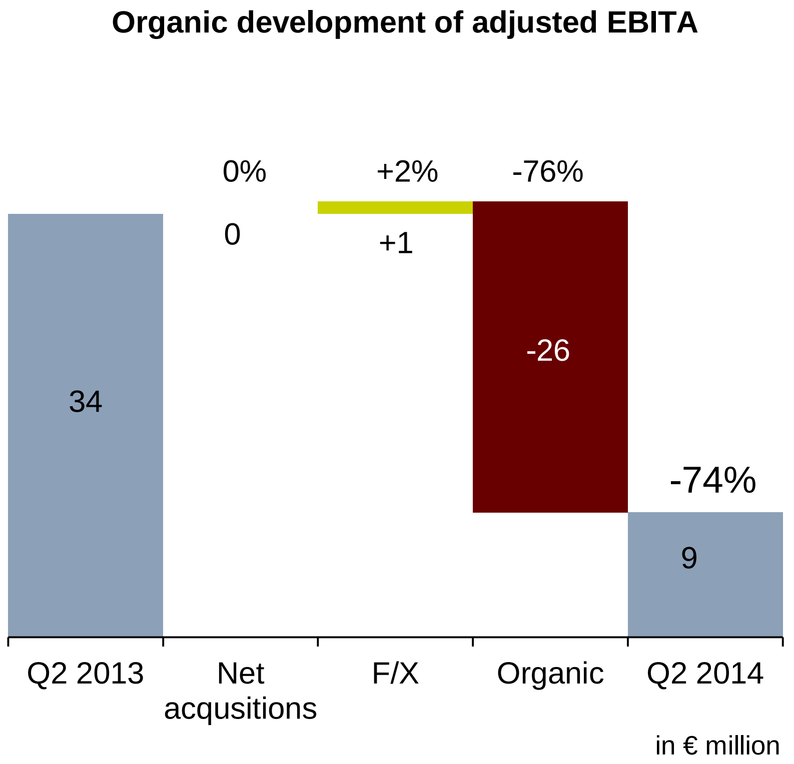




Q2 2014: Organic development Power

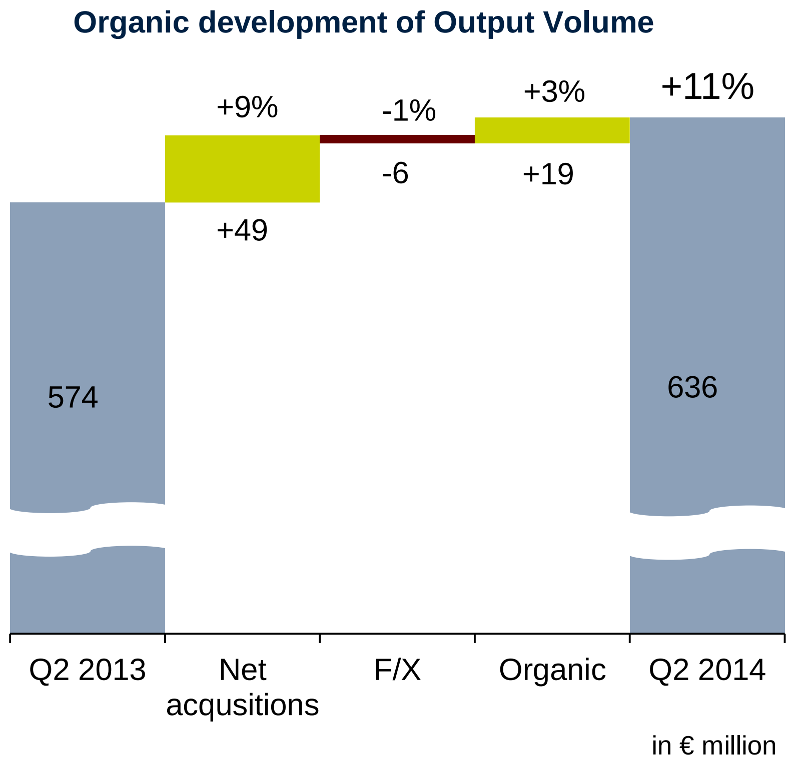
Backup

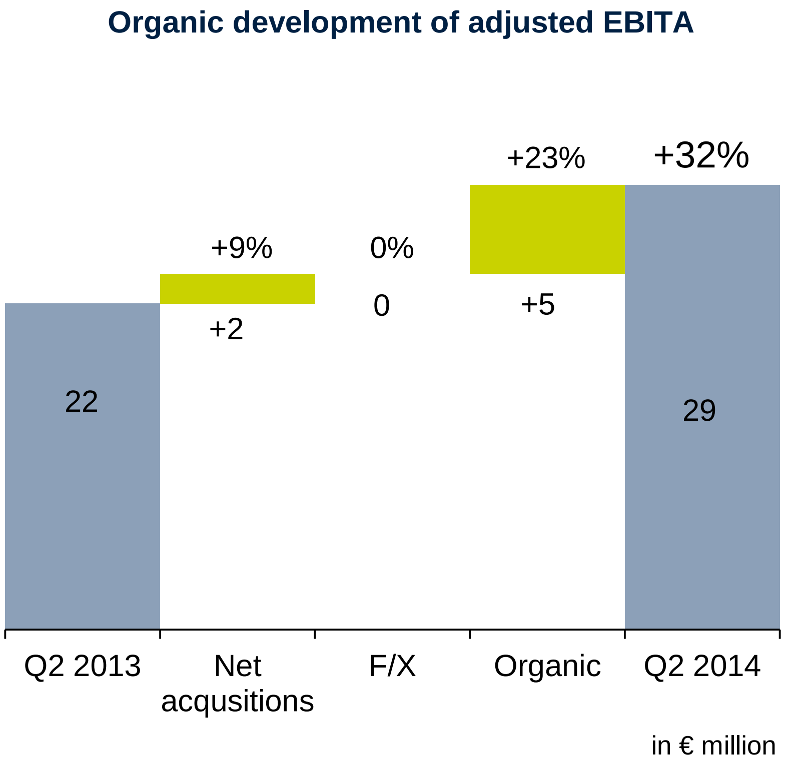




Q2 2014: Organic development Building and Facility

Backup





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