BILFINGER

Press Release

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Bilfinger SE: Interim Report Q2 2015

Output volume and orders received in first half of 2015 above prior year

- **Continuing operations:**
  - **Output volume plus 6 percent, orders received plus 32 percent**
  - **Adjusted EBITA of €63 million in line with communicated expectations**
  - **Outlook 2015: Output volume at prior-year level, adjusted EBITA between €150 and €170 million**

- **Power business segment put up for sale: net loss of €439 million with one-time burden from non-cash goodwill impairment in the amount of €330 million as well as operating losses and restructuring expenses of €100 million**

In the first half of 2015, Bilfinger SE increased its output volume from continuing operations by 6 percent as compared to the prior-year period to €3,117 million. Adjusted EBITA of €63 million was in line with the communicated expectations but 28 percent below the prior-year figure.

Net profit amounted to minus €439 million. This is primarily attributable to a non-cash goodwill impairment in the amount of €330 million as well as operating losses and restructuring expenses of €100 million in the Power business segment.

.../2

"In the first half of the year, we did not fulfill our potential, as expected. My most important objective is, therefore, to put Bilfinger back on the path to success as a leading international engineering and services group", says Per H. Utnegaard, Chairman of the Executive Board at Bilfinger. "We will resolutely face the changes that are necessary: we will increase our profitability, reduce complexity in the Group, simplify processes and decrease costs in all areas."

In the first half of 2015, Bilfinger managed to increase orders received from continuing operations by 32 percent to €3,586 million and to extend important service agreements with longstanding clients. The order backlog rose by 3 percent to €5,005 million.

Primarily the Building and Facility business segment developed positively in the first six months and was able to increase output volume as compared to the prior-year period by 12 percent to €1,372 million. EBITA for the business segment increased by 27 percent to €52 million. For the full year, Bilfinger expects a significant increase in output volume in Building and Facility and an EBITA margin at the level of the previous year.

In the Industrial business segment, output volume was stable in the first half of 2015 at €1,781. EBITA declined by 36 percent to €49 million. This is mainly attributable to the fraught situation in the European and American oil and gas sector as well as in the power plant sector. For financial year 2015, Bilfinger anticipates a significant decrease in output volume in this business segment to a good €3.4 billion and an EBITA margin significantly below the prior-year figure.

A structured selling process was initiated in June 2015 for the Power business segment, which means that this business segment is now included in discontinued operations. The selling process should be completed by the middle of the coming year.

Outlook 2015:
Output volume at prior-year level, decrease in adjusted EBITA

For full-year 2015, Bilfinger anticipates an output volume at the magnitude of the previous year (2014: €6,246 billion) with an adjusted EBITA between €150 and €170 million (previous year: €262 million). The main reason for the decline is the weak development of the oil and gas business in the Industrial segment. The Building and Facility business segment will continue to develop positively.

Operating losses from discontinued operations in the Power business will have a significant impact on net profit, as will the following special items:

<u>Special effects from continuing operations:</u>

- One-time expenses in connection with Excellence, Bilfinger's efficiency-enhancing program, as well as restructuring expenses primarily in the Industrial business segment in the amount of at least €70 million (first half of 2015: €30 million)

- Expectation of significant one-time expenses in connection with an adjustment of our administrative expenses to the new corporate structure

- A capital gain from the sale and revaluation of Bilfinger's investment in the Nigerian business in the amount of €58 million (first half of 2015: €58 million)

- A write-off of previously deferred tax assets on the tax-loss carryforwards of Bilfinger SE, i.e. the German tax group, in the amount of €46 million (first half of 2015: €46 million)

.../4

Special effects from discontinued operations:

- A capital gain from the sale of the Construction division; after consideration of a risk provision, a positive earnings effect of €12 million remains (first half of 2015: €12 million)
- Restructuring expenses in the Power business in the amount of approximately €60 million (first half of 2015: €13 million)
- Goodwill impairment in the Power business segment in the amount of €330 million (first half of 2015: €330 million)

These effects will lead to a clearly negative net profit but are, for the most part, non-cash.

Key figures for the Group*

€ million

	H1			Q2			
	2015	**2014**	**∆ in %**	**2015**	**2014**	**∆ in %**	**1-12/2014**
Output volume	3,117	2,933	6	1,641	1,538	7	6,246
Orders received	3,586	2,710	32	1,865	1,262	48	5,510
Order backlog	5,005	4,845	3	5,005	4,845	3	4,401
EBITA adjusted [1, 2]	63	87	-28	53	56	-5	262
EBITA	91	56	63	82	53	55	207
Adjusted net profit from continuing operations [3]	33	54	-39	31	40	-23	160
Adjusted earnings per share from continuing operations [3] (in €)	0.75	1.23	-39	0.71	0.90	-21	3.62
Net profit [4]	-439	55		-423	47		-71
Cash flow from operating activities	-139	-168		-13	-3		34
Investments	43	67	-36	16	35	-54	258
thereof in P, P & E	41	60	-32	15	31	-52	117
thereof in financial assets	2	7	-71	1	4	-75	141
Number of employees	57,250	57,344	0	57,250	57,344	0	57,571

* *The key figures for the Power business segment and Offshore Systems, which have been put up for sale, for the sold divisions Construction and Infrastructure as well as the sold activities of the former Concessions business segment are no longer presented in the business segments, but under 'Discontinued operations'. All of the figures presented in this interim group management report relate, unless otherwise stated, to the Group's continuing operations; the figures for the prior-year period have been adjusted accordingly.*

[1)] *Adjusted in the first half of 2015 for one-time expenses in connection with the Bilfinger Excellence efficiency-enhancing program, restructuring expenses and for the capital gain on the sale and revaluation of the investment in the Nigerian business totaling €28 million before taxes (previous year: minus €31 million) and €36 million after taxes (previous year: minus €22 million).*

[2)] *Adjusted in full-year 2014 for one-time expenses in connection with the Bilfinger Excellence efficiency-enhancing program, restructuring expenses and for the capital gain on the reduction of the investment in Julius Berger Nigeria totaling minus €55 million before taxes and minus €35 million after taxes.*

[3)] *Adjusted for the special effects on EBITA referred to under 1) and 2) and for the amortization of intangible assets from acquisitions (H1 2015: minus €11 million after taxes (previous year: minus €12 million after taxes); FY 2014: minus €25 million after taxes). In addition, with regard to income taxes in the first half of 2015, the effect from the write-off of previously deferred tax assets on the tax loss carryforwards of Bilfinger SE (minus €46 million) was adjusted and the effective tax rate was normalized to 31 percent (minus €23 million). In full-year 2014, the reduction of deferred tax assets on tax-loss carryforwards was adjusted (minus €12 million) as a result of Section 8c of the German Corporate Income Tax Act (KStG).*

[4)] *Includes continuing and discontinued operations.*