



BILFINGER

Bilfinger SE

Quarterly Statement Q1 2017

May 15, 2017

Elements of stabilization phase

Establish 2-4-6 structure

- Setup of regional organizations
- Creation of new customer-oriented structures

Connect the dots

- Development of value propositions
- Identifying blank spots in our product portfolio

Mitigate risks

- LoA process defined and implementation started
- Selective approach toward high-risk projects

Consolidate best practices within Bilfinger

- Setup of international E&T organization
- Further rollout of the Bilfinger Maintenance Concept

Reduce SG&A

- Performance program BTOP
- Harmonization of HR systems initiated



Market environment remains challenging

Oil & Gas in North America recovering

Especially in shale gas, but also in downstream

Oil & Gas in Northwest-Europe stable on a low level

Oil and gas suppliers with significant earnings improvement

Chemicals mixed

Development in Europe mixed and market highly competitive, stronger in North America

Conventional energy remains weak

Biopharma with dynamic growth



Q1 2017 characterized by strategic repositioning

Development as planned in a continued challenging environment

- Orders received still restrained
- Reduction in output volume as expected
- Adjusted EBITA at prior-year level
- Net profit still negative but improved
- Operating cash flow improved
- Outlook for 2017 confirmed



Strong customer focus

Contract successes in both segments

E&T



March 2017: Petroleum Development Oman (PDO)

- Bilfinger Joint Venture achieves an early extension of a framework agreement for engineering and maintenance services
- Term: until 2021
- Volume: approx. €200 million revenues in the Joint Venture during the remaining term

April 2017: Electricité de France (EDF)

- Framework contract to modernize 58 French nuclear reactor blocks
- Services: Engineering and construction services. Combined strengths of three Bilfinger units.
- Term: five years, volume: up to €40 million

MMO



January 2017: Fortum

- Extension and expansion of a maintenance contract for Swedish hydroelectric power plants
- Additional services in operations, among other areas, such as local control of individual power plants
- Term: until end of 2018

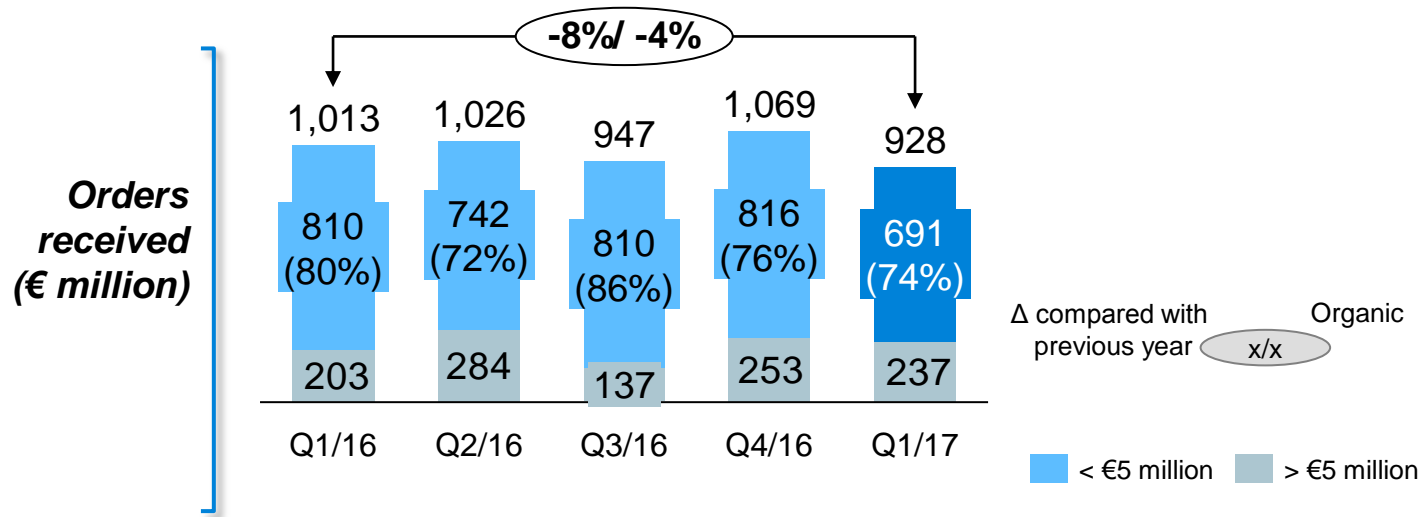
April 2017: BP

- Early extension of a service contract for two oil & gas terminals in Scotland
- Services: including insulation, corrosion protection, industrial scaffolding, fire protection management
- Term: five years

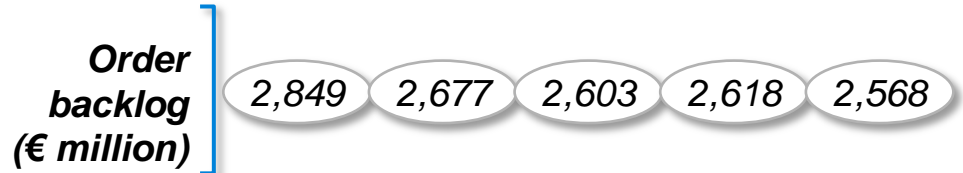
**Quarterly Statement Q1 2017:
Business development**

Orders received restrained, book-to-bill still <1

Development of orders received



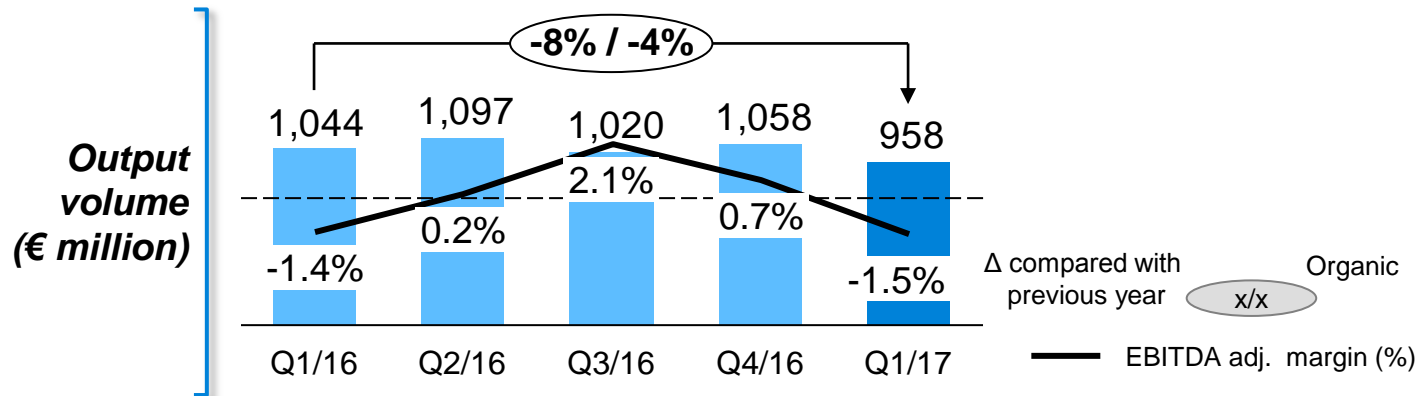
- **Orders received:**
8% below prior-year (org.: -4%)
Organic increase expected for full year
- **Order backlog:**
10% below prior-year (org.: -5%)
Roughly 80% of planned output volume for 2017 already in order backlog



Output volume declines as expected

Adjusted EBITA at prior-year level

Development of output volume and profitability



- **Output volume:**
-8% (org.: -4 %), as expected
- **EBITA adjusted:**
Typically weak start to the year
- **Special items:**
€36 million, particularly restructuring costs as well as losses from portfolio adjustments

EBITA adj.
(€ million)



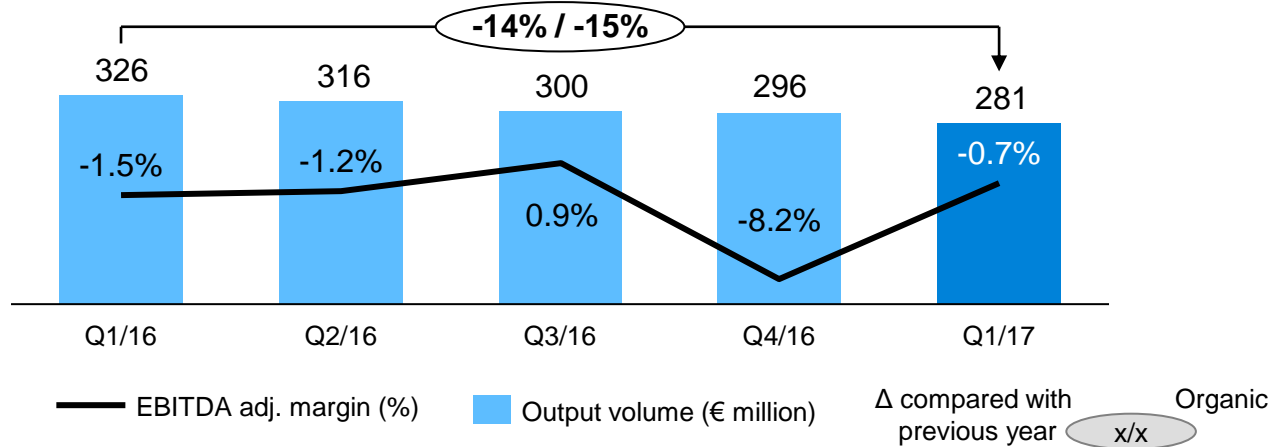
EBITA
(€ million)



E&T: Decrease in output volume as planned

Burden from older projects lower than in previous year

Development of output volume and profitability



- **Book-to-bill still <1:**
Continued selective approach in the project business and demanding market environment
- **Output volume:**
-14% (org.: -15 %)
Consequence of decline in orders received in 2016
- **EBITA adjusted:**
Slight improvement despite significant decrease in output volume and burdens from older projects

Book-to-bill ratio

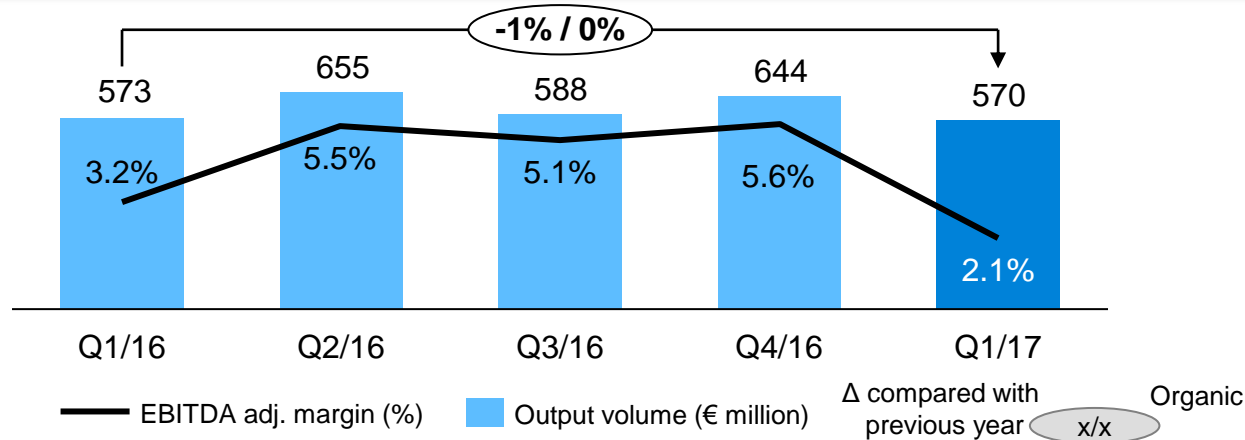
0.8 1.1 1.0 1.1 0.9

EBITA adj.

-5 -3 2 -24 -2

MMO: Stable development of output volume, but EBITA below comparably high prior-year as planned

Development of output volume and profitability



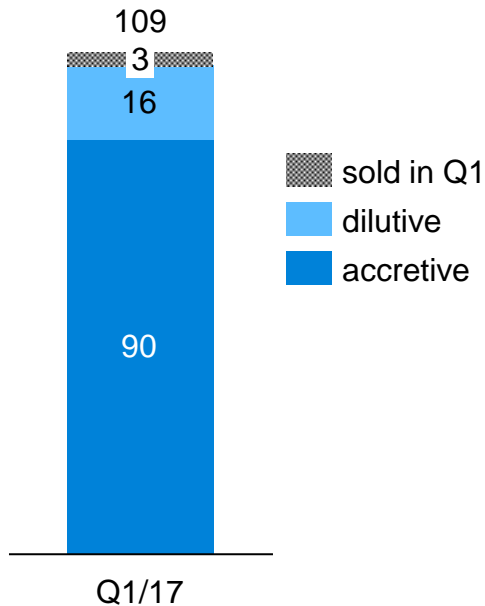
- **Orders received:**
Book-to-bill > 1

Positive development in Continental Europe
- **Output volume:**
-1% (org.: 0%)
- **EBITA adjusted:**
As expected below high prior-year level; burdened by framework contracts with new customers in the initial stages

Book-to-bill ratio	1.1	0.9	1.0	1.0	1.1
EBITA adj.	18	37	29	36	12

OOP: Four units already sold, further units in advanced sales negotiations

OOP Output Volume (€ million)



Progress M&A track dilutive:

- 13 units as of December 31, 2016
- Four have already been sold
Book loss of €14 million, cash-out of €1 million
- Some are currently in advanced sales negotiations

Accretive:

- Five units “managed for value”
- Fundamentally positive development

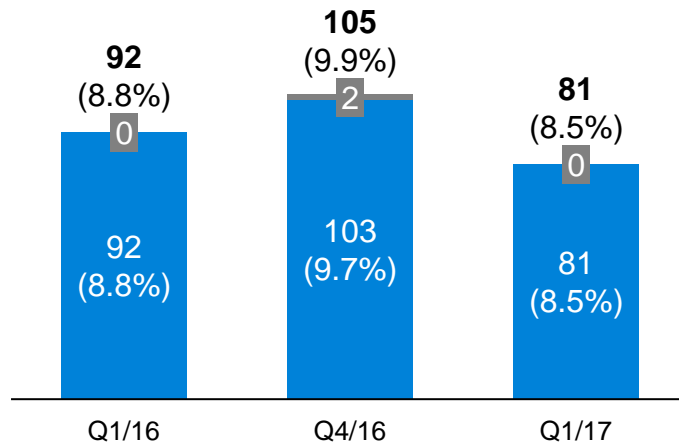
➤ Q1/2017: Output volume €109m (Q1/2016: €172m), EBITA adj. -€4m (Q1/2016: -€5m)
Decrease in volume primarily due to disposals, ‘accretive’ units with stable development

➤ Sale of ‘dilutive’ units: effect of ~€30m expected in total (incl. Q1/2017) on cash and on profit and loss respectively

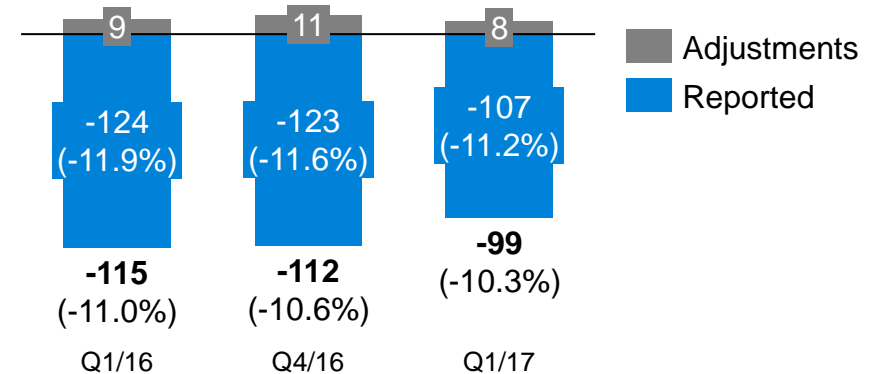
Gross margin slightly below prior-year

Improvement in selling and administrative expenses

Adjusted gross profit (€ million)

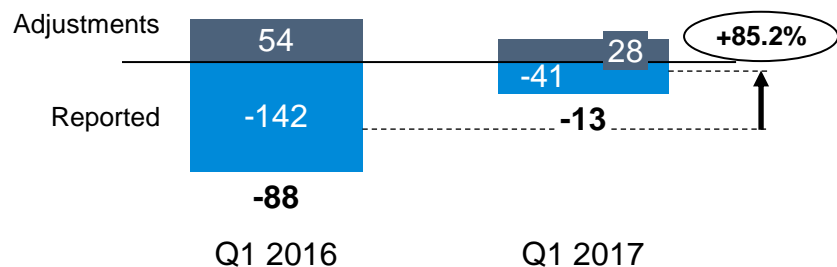


Adjusted selling and administrative expenses (€ million)



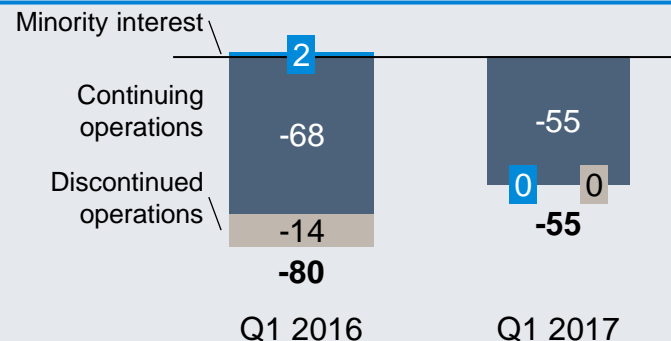
Operating cash flow improved, net cash at €446 million

Operating cash flow adjusted¹ (€ million)

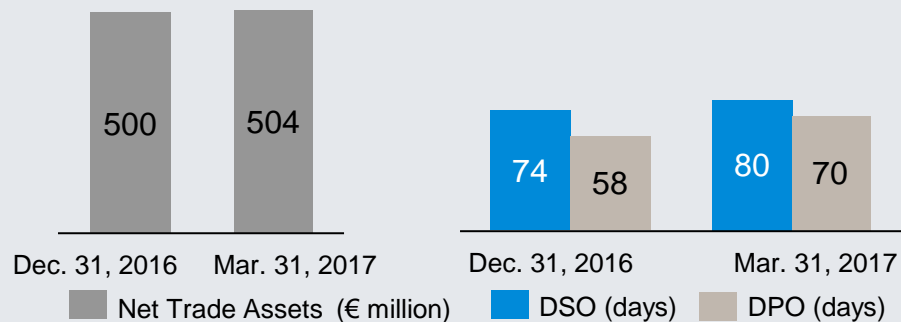


¹ Adjustments relate to EBITA adjustments

Net profit (€ million)

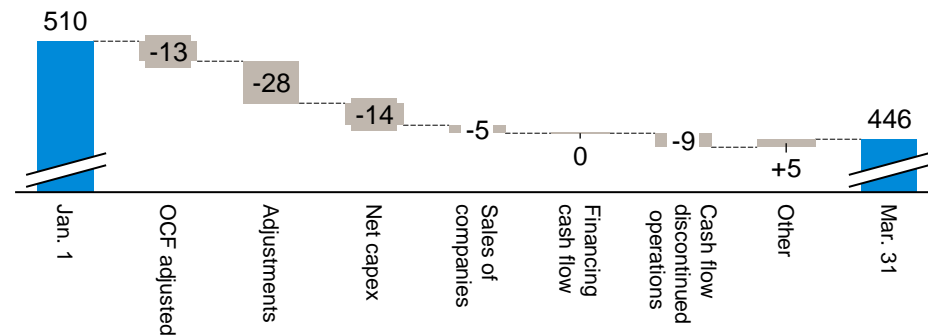


Net trade assets (€ million)



Definition DSO: Trade receivables and WIP, DPO: Trade payables and advance payments received

Net cash (€ million)



Outlook for FY 2017 confirmed

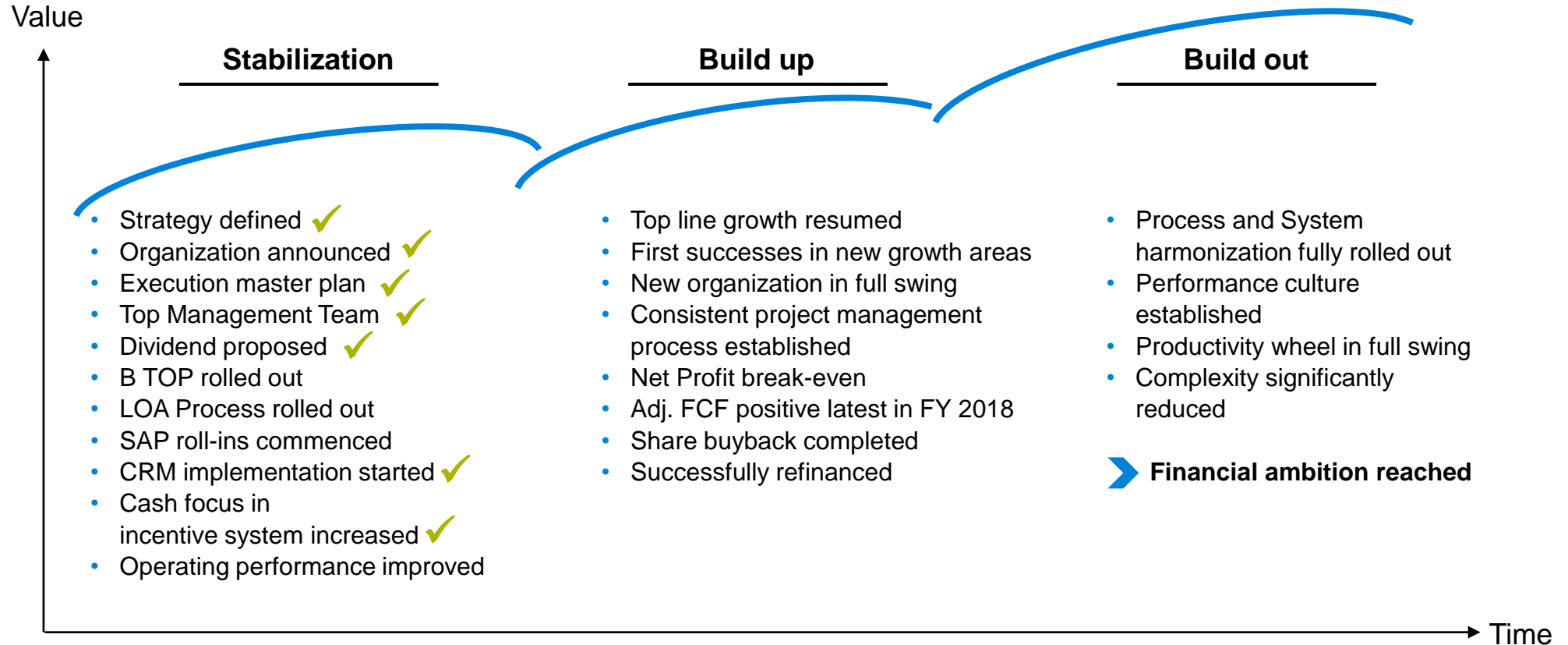
	Starting Point	Outlook
<i>in € million</i>	FY 2016	expected FY 2017
Orders received	4,056	Organic increase
Output volume	4,219	Mid-to-high single-digit organic decline
Adjusted EBITA / EBITA margin*	15 / 0.4%	Continued improvement Margin increase ~100bps

* Assumption: on a comparable F/X basis

For further outlook information see: Bilfinger Annual Report 2016, Outlook 2017

Targets 2020 – Milestones

Ambition 2020 will be reached in three phases with clear milestones



**Quarterly Statement Q1 2017:
Interim financial statement and financial backup**

Segment overview Q1

€ million	E&T			MMO			OOP			Consolidation/ other			Group		
	Q1 2017	Q1 2016	Δ in %	Q1 2017	Q1 2016	Δ in %	Q1 2017	Q1 2016	Δ in %	Q1 2017	Q1 2016	Δ in %	Q1 2017	Q1 2016	Δ in %
Orders received	242	272	-11%	603	611	-1%	88	146	-40%	-5	-16	67%	928	1.013	-8%
Order backlog	739	793	-7%	1,637	1.683	-3%	219	411	-47%	-27	-38	29%	2,568	2,849	-10%
Output volume	281	326	-14%	570	573	-1%	109	172	-37%	-2	-27	93%	958	1.044	-8%
Investments in P,P&E	2	2	0%	9	6	50%	2	2	0%	2	2	0%	15	12	25%
Depreciation P,P&E	3	3	0%	10	10	0%	4	6	-33%	1	2	-50%	18	21	-14%
Amortization	-2	-2	0%	-1	0	n/a	0	0	0%	0	0	0%	-3	-2	-50%
EBITA	-9	-5	-80%	12	16	-25%	-5	-9	44%	-48	-56	14%	-50	-54	7%
EBITA adjusted	-2	-5	60%	12	18	-33%	-4	-5	20%	-20	-23	13%	-14	-15	7%
EBITA-margin adjusted	-0.7%	-1.5%		2.1%	3.2%		-3.7%	-2.9%					-1.5%	-1.4%	

P&L (1/2)

€ million	Q1 2017	Q1 2016	Δ in %
<i>Output volume</i>	958	1,044	-8%
Sales revenue	961	1,047	-8%
Gross profit	81	92	-12%
Selling and administrative expense	-107	-124	14%
Other operating income and expense	-29	-25	-16%
Income from investments accounted for using the equity method	2	1	100%
EBIT	-53	-56	5%
<i>Amortization (IFRS3)</i>	3	2	50%
EBITA (for information only)	-50	-54	7%
<i>Special items in EBITA</i>	36	39	-8%
EBITA adjusted (for information only)	-14	-15	7%

-8%, organic -4%

Significant effects in Q1/2017: Expenses from portfolio adjustments (-€14 million / previous year €-22 million)
Restructuring/severance payments (-€11 million / previous year -€8 million)

Following depreciation of property, plant and equipment and amortization of intangible assets of €18 million (previous year €21 million)

P&L (2/2)

€ million	Q1 2017	Q1 2016	Δ in %
EBIT	-53	-56	5%
Interest result	-2	-6	67%
EBT	-55	-62	11%
Income taxes	0	-6	100%
Earnings after taxes from continuing operations	-55	-68	19%
Earnings after taxes from discontinued operations	0	-14	100%
Earnings after taxes	-55	-82	33%
Minority interest	0	2	-100%
Net profit	-55	-80	31%
Adjusted net profit	-12	-13	8%
Average number of shares (in thousands)	44,209	44,200	
Earnings per share (in €) ¹	-1.24	-1.81	
thereof from continuing operations	-1.24	-1.49	
thereof from discontinued operations	0.00	-0.32	

Improvement primarily due to interest income
Vendor Claim Apleona

¹ Basic earnings per share are equal to diluted earnings per share.

Special items in EBITA

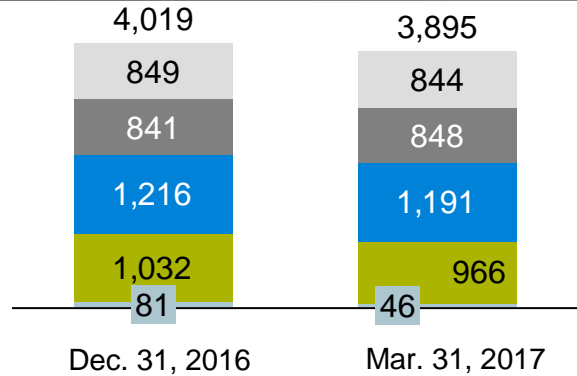
€ million	FY 15	Q1/16	Q2/16	Q3/16	Q4/16	FY 16	Q1/17
EBITA	-157	-54	-64	-53	-49	-221	-50
Disposal losses, write-downs, selling-related expenses	-48	24	4	35	31	93	13
Compliance	27	2	6	11	4	23	4
Restructuring and SG&A Efficiency	155	13	55	27	22	117	17
IT investments	0	0	1	2	0	3	2
Total Adjustments	134	39	66	75	56	236	36
EBITA adjusted	-23	-15	2	21	7	15	-14

In total €~30 million P&L-effect from portfolio adjustments (essentially OOP)
This has been already flagged in the valuation net cash as "expected cash-out disposals" in the amount of €30 million at the CMD (Feb. 14)

FY 2017e: €~90 million

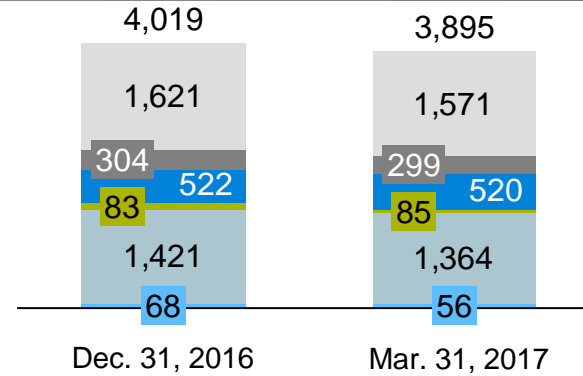
Total Adjustments 2017e: €~120 million

Balance Sheet - Overview



Category	Change (%)
Intangible assets	-1%
Non-current assets	+1%
Current assets	-2%
Cash and cash equivalents	-6%
Assets classified as held for sale	-43%

Compared to Dec. 31, 2016



Category	Change (%)
Equity	-3%
Pension provisions	-2%
Financial debt	0%
Other non-current liabilities	+2%
Current liabilities	-4%
Liabilities classified as held for sale	-18%

Compared to Dec. 31, 2016

Non-current assets include non-cash purchase price components Triangle (Vendor Claim €106 million, Preferred Participation Note €195 million)

Decrease in **assets classified as held for sale** due to deconsolidation OOP

Decrease in **equity** due to earnings after taxes, Equity Ratio unchanged at 40%

Pension provisions: decrease due to increase interest rate eurozone 1.6 to 1.7%

Financial debt relates to bond of €500 million

Current liabilities contains among others prepayments €100 million (Dec. 31, 2016: €123million)

Decrease in **liabilities classified as held for sale** due to deconsolidation OOP

Consolidated Balance Sheet: Assets

€ million	Mar. 31, 2017	Dec. 31, 2016
Non-current assets		
Intangible assets	844	849
Property, plant and equipment	380	383
Investments accounted for using the equity method	14	10
Other financial assets	332	327
Deferred taxes	122	121
	1,692	1,690
Current assets		
Inventories	64	57
Receivables and other financial assets	1,023	1,062
Current tax assets	33	27
Other assets	71	70
Cash and cash equivalents	966	1,032
Assets classified as held for sale	46	81
	2,203	2,329
Total	3,895	4,019

Consolidated Balance Sheet: Equity & liabilities

€ million	Mar. 31, 2017	Dec. 31, 2016
Equity		
Equity attributable to shareholders of Bilfinger SE	1,600	1,649
attributable to minority interest	-29	-28
	1,571	1,621
Non-current liabilities		
Provisions for pensions and similar obligations	299	304
Other provisions	29	28
Financial debt, recourse	510	510
Financial debt, non-recourse	0	0
Other liabilities	0	0
Deferred taxes	56	55
	894	897
Current liabilities		
Current tax liabilities	38	39
Other provisions	470	490
Financial debt, recourse	10	12
Financial debt, non-recourse	0	0
Trade and other payables	646	681
Other liabilities	210	211
Liabilities classified as held for sale	56	68
	1,430	1,501
Total	3,895	4,019

Consolidated Statement of Cash Flows

€ million	Q1	
	2017	2016
Cash earnings from continuing operations	-37	-32
Change in working capital	-18	-110
Gains / losses on disposals of non-current assets	14	0
Cash flow from operating activities of continuing operations	-41	-142
- <i>Thereof special items</i>	-28	-54
- <i>Adjusted Cash flow from operating activities of continuing operations</i>	-13	-88
Net cash outflow for P, P & E and intangible assets	-14	-7
Free cash flow from continuing operations	-55	-149
- <i>Thereof special items</i>	-28	-54
- <i>Adjusted Free Cash flow from operating activities of continuing operations</i>	-27	-95
Proceeds from the disposal of financial assets	-5	190
Investments in financial assets	0	-1
Cash flow from financing activities of continuing operations	0	-3
- Dividends	0	0
- Repayment of debt	0	-3
Change in cash and cash equivalents of continuing operations	-60	37
Change in cash and cash equivalents of discontinued operations	-9	-77
Change in value of cash and cash equivalents due to changes in foreign exchange rates	0	-1
Change in cash and cash equivalents	-69	-41
Cash and cash equivalents at January 1	1,032	475
Change in cash and cash equivalents of assets classified as held for sale	3	-1
Cash and cash equivalents at March 31	966	433

Valuation Net Cash

€ million	Mar. 31, 2017	Dec. 31, 2016
Cash and cash equivalents	966	1,032
Financial debt	-520	-522
Net cash	446	510
Pension provisions	-299	-304
Expected cash-out disposals	Approx. -30	Approx. -30
Financial assets (Apleona, JBN)	320	320
Future cash-out special items	Approx. -260	Approx. -285
Intra-year working capital swing	-50 to -100	Approx. -100
Valuation net cash	Approx. 100	Approx. 100