

HALF-YEAR
FINANCIAL REPORT
BILFINGER SE

2017



BILFINGER

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A Interim group management report

A.1 Business development

KEY FIGURES FOR THE GROUP

in € million

H1

| | 2017 | 2016 | Δ in % |
|--|--------|--------|--------|
| Orders received | 1,916 | 2,039 | -6 |
| Order backlog | 2,502 | 2,677 | -7 |
| Output volume | 1,949 | 2,141 | -9 |
| EBITA adjusted | -57 | -13 | |
| EBITA margin adjusted (in %) | -2.9 | -0.6 | |
| EBITA | -114 | -118 | |
| Adjusted net profit | -44 | -15 | |
| Adjusted earnings per share (in €) | -1.01 | -0.34 | |
| Net profit | -62 | -134 | |
| Cash flow from operating activities | -161 | -285 | |
| Adjusted operating cash flow | -105 | -196 | |
| Free cash flow | -198 | -302 | |
| Adjusted free cash flow | -142 | -213 | |
| Investments in property, plant and equipment | 40 | 29 | 38 |
| Employees (number at June 30) | 36,556 | 38,997 | -6 |

Due to the rounding of figures, it is possible that individual figures in the interim group management report and in the interim consolidated financial statements do not precisely add up to the totals provided and that percentage figures provided do not precisely reflect the absolute values that they relate to.

- **Orders received:** 6 percent below the prior-year figure (organically -2 percent). At Engineering & Technologies decrease of 11 percent (organically -11 percent) as a result of a continued cautious approach to accepting orders in the project business as well as a somewhat challenging market environment. Maintenance, Modifications & Operations 3 percent below prior-year figure (organically -2 percent) but above prior year in Northwest Europe and Continental Europe.
- **Order backlog:** Decrease of 7 percent (organically -3 percent).
- **Output volume:** At 9 percent (organically -5 percent) declining as expected. This includes a revenue reversal in the amount of approximately 1.5 percentage points due to the booking of risk provisions for a small number of legacy projects in the USA. As a result of lower orders received in 2016, Engineering & Technologies 16 percent (organically -17 percent) below prior-year figure. Maintenance, Modifications & Operations with a slight decrease of 2 percent (organically -1 percent) arising from the volatility of the turnaround business.
- **Adjusted EBITA / adjusted net profit from continuing operations:** Well below prior year. This is attributable to burdens from risk provisions made in the second quarter for a small number of legacy projects in the USA in the amount of -€53 million before taxes.
- **EBITA:** At prior-year level.
- **Net profit:** Despite significantly negative adjusted EBITA, considerable improvement to -€62 million (previous year: -€134 million) primarily as a result of fewer special items as well as a significant increase in earnings after taxes from discontinued operations of €50 million. This relates to a payment received for a previously not capitalized receivable on a joint venture account in connection with a long-standing legal dispute in Qatar. This had a positive impact of €60 million on earnings from discontinued operations.
- **Adjusted operating cash flow:** Significantly improved due to a lower intra-year increase in working capital.
- **Investments:** Planned increase, also for full year.
- **Employees:** In Germany a decrease in the number of employees by 11 percent to 8,228 (previous year: 9,239), outside Germany by 5 percent to 28,328 (previous year: 29,758).

| CONSOLIDATED INCOME STATEMENT | | H1 |
|---|--------------|--------|
| in € million | | |
| | 2017 | 2016 |
| Output volume (for information only) | 1,949 | 2,141 |
| Sales revenue | 1,961 | 2,149 |
| Cost of sales | -1,838 | -1,971 |
| Gross profit | 123 | 178 |
| Selling and administrative expense | -213 | -251 |
| Other operating income and expense | -35 | -55 |
| Income from investments accounted for using the equity method | 7 | 4 |
| Earnings before interest and taxes (EBIT) | -118 | -124 |
| Interest result | -7 | -11 |
| Earnings before taxes | -125 | -135 |
| Income taxes | 13 | -11 |
| Earnings after taxes from continuing operations | -112 | -146 |
| Earnings after taxes from discontinued operations | 50 | 10 |
| Earnings after taxes | -62 | -136 |
| thereof minority interest | 0 | -2 |
| Net profit | -62 | -134 |
| Average number of shares (in thousand) | 44,209 | 44,200 |
| Earnings per share (in €) * | -1.40 | -3.03 |
| thereof from continuing operations | -2.53 | -3.26 |
| thereof from discontinued operations | 1.13 | 0.23 |

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

| RECONCILIATION ADJUSTED EARNINGS | | H1 |
|--|--------------|-------|
| in € million | | |
| | 2017 | 2016 |
| EBITA | -114 | -118 |
| Special items in EBITA | 57 | 105 |
| EBITA adjusted | -57 | -13 |
| Interest result | -7 | -11 |
| Adjusted income tax income / expense | 20 | 7 |
| Minority interest | 0 | 2 |
| Adjusted net profit | -44 | -15 |
| Adjusted earnings per share from continuing operations (in €) | -1.01 | -0.34 |

Consolidated income statement

- **Output volume:** Decrease of 9 percent (organically -5 percent).
- **Gross margin:** Decrease to 6.3 percent (previous year: 8.3 percent) due to burdens from risk provisions made in the second quarter for a small number of legacy projects in the USA.
- **Selling and administrative expenses:** Well below prior year as a result of tighter cost controls and the initial impact of structural efficiency enhancement measures. Share of output volume 10.9 percent (previous year: 11.7 percent), adjusted for one-time expenses 10.1 percent (previous year: 10.4 percent).
- **Depreciation of property, plant and equipment and intangible assets:** Decrease to €37 million (previous year: €55 million).
- **Amortization of intangible assets from acquisitions (IFRS 3):** Decline to €4 million (previous year: €5 million).
- **Interest result:** Improved due to higher interest income, primarily from the deferred purchase price for the Building, Facility Services and Real Estate divisions which were sold in 2016.
- **Income taxes:** Tax income as a result of deferred taxes for losses in the USA.
- **Earnings after taxes from discontinued operations:** Significant increase. Consists for the most part of
 - A positive effect from the legal dispute in Qatar amounting to about €60 million. This was triggered by payment received for a previously not capitalized receivable on a joint venture account which had an impact on earnings from discontinued operations.
 - The effect was countered by disposal losses, write-downs and selling-related expenses in the course of the ongoing portfolio adjustments in the amount of €9 million.
- **Net profit:** Despite significantly negative adjusted EBITA, considerable improvement primarily as a result of fewer special items as well as strong earnings after taxes from discontinued operations.

Reconciliation adjusted earnings

- **EBITA adjusted:** Well below prior year due to risk provisions made in the second quarter for a small number of legacy projects in the USA in the amount of -€53 million. Without this burden the second quarter would have closed with a positive result.
- **Special items in EBITA:**
 - Disposal losses, write-downs and selling-related expenses related to portfolio adjustments in Other Operations segment (€17 million).
 - Expenses for further development of the compliance system (€5 million).
 - Expenses for restructuring and efficiency enhancement measures in administration (€28 million).
 - Expenses for investments in process and IT harmonization (€6 million).
- **Adjusted income tax income / expense:** Adjusted for effects from the partial non-capitalization of deferred tax assets on losses in the reporting period and for special items. Adjusted effective tax rate of 31 percent.

| CONSOLIDATED BALANCE SHEET (ABRIDGED VERSION) | June 30, 2017 | Dec. 31, 2016 | June 30, 2016 |
|--|---------------|---------------|---------------|
| in € million | | | |
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | 820 | 849 | 855 |
| Property, plant and equipment | 379 | 383 | 421 |
| Other non-current assets | 499 | 458 | 162 |
| | 1,698 | 1,690 | 1,438 |
| Current assets | | | |
| Receivables and other current assets | 1,337 | 1,216 | 1,378 |
| Cash and cash equivalents | 774 | 1,032 | 196 |
| Assets classified as held for sale | 28 | 81 | 1,584 |
| | 2,139 | 2,329 | 3,158 |
| | 3,837 | 4,019 | 4,596 |
| Equity and liabilities | | | |
| Shareholders' equity | 1,506 | 1,621 | 1,167 |
| Non-current liabilities | | | |
| Provisions for pensions and similar obligations | 293 | 304 | 296 |
| Non-current financial debt | 509 | 510 | 510 |
| Other non-current liabilities | 59 | 83 | 96 |
| | 861 | 897 | 902 |
| Current liabilities | | | |
| Current financial debt | 3 | 12 | 13 |
| Other current liabilities | 1,394 | 1,421 | 1,466 |
| Liabilities classified as held for sale | 73 | 68 | 1,048 |
| | 1,470 | 1,501 | 2,527 |
| | 3,837 | 4,019 | 4,596 |

Consolidated balance sheet (abridged version)

Assets

- **Non-current assets:** Include non-cash purchase price components from the sale of the Building, Facility Services and Real Estate divisions: Vendor note including accumulated interest €108 million, preferred participation note €209 million. The latter experienced a gain from fair value measurement of €14 million resulting primarily from updated planning figures. Also included are property, plant and equipment (€379 million) and deferred tax assets (€108 million).
- **Current assets:** Decrease as a result of lower cash and cash equivalents, countered by a seasonal increase in receivables and other financial assets.
- **Assets classified as held for sale:** Disposals and reclassifications lead to overall decrease.

Equity and liabilities

- **Equity:** Decrease due primarily to negative earnings after income taxes (-€62 million) and dividend payment (-€44 million). The equity ratio fell slightly to 39 percent (December 2016: 40 percent).
- **Provisions for pensions and similar obligations:** Decline due to slight increase in discount rates, in the euro zone from 1.6 percent to 1.8 percent.
- **Financial debt:** Relates primarily to a bond in the amount of €500 million maturing in December 2019.
- **Current liabilities:** Includes liabilities totaling €888 million, thereof €379 million from trade payables and €120 million from payments received. There was also a further €472 million in other provisions.
- **Liabilities classified as held for sale:** Increase as a result of new classifications as held for sale.

| CONSOLIDATED STATEMENT OF CASH FLOWS (ABRIDGED VERSION) | | H1 |
|--|-------------|-------------|
| in € million | | |
| | 2017 | 2016 |
| Cash earnings from continuing operations | -93 | -81 |
| Changes in working capital | -80 | -218 |
| Gains / losses on disposals of non-current assets | 12 | 14 |
| Cash flow from operating activities of continuing operations | -161 | -285 |
| <i>thereof special items</i> | <i>-56</i> | <i>-89</i> |
| <i>Adjusted cash flow from operating activities of continuing operations</i> | <i>-105</i> | <i>-196</i> |
| Net cash outflow for property, plant and equipment / intangible assets | -37 | -17 |
| Free cash flow from continuing operations | -198 | -302 |
| <i>thereof special items</i> | <i>-56</i> | <i>-89</i> |
| <i>Adjusted free cash flow from continuing operations</i> | <i>-142</i> | <i>-213</i> |
| Proceeds from the disposal of financial assets | -3 | 178 |
| Investments in financial assets | -5 | -2 |
| Cash flow from financing activities of continuing operations | -47 | -4 |
| Dividends | -46 | -2 |
| Repayment of debt / borrowing | -1 | -2 |
| Change in cash and cash equivalents of continuing operations | -253 | -130 |
| Change in cash and cash equivalents of discontinued operations | -8 | -110 |
| Change in value of cash and cash equivalents due to changes in foreign exchange rates | 0 | -1 |
| Change in cash and cash equivalents | -261 | -241 |
| Cash and cash equivalents at January 1 | 1,032 | 475 |
| Change in cash and cash equivalents of assets classified as held for sale | 3 | -38 |
| Cash and cash equivalents at June 30 | 774 | 196 |

Consolidated statement of cash flows (abridged version)

- **Change in working capital:** Decrease due to significantly lower reduction in payables, reduced use of provisions with simultaneous lower increase in receivables.
- **Cash flow from operating activities of continuing operations:** Significantly improved due to lower intra-year working capital need.
- **Net cash outflow for investments in property, plant and equipment / intangible assets:** Increased as planned. Includes investments of €40 million (previous year: €29 million). This was countered by proceeds from disposals of €3 million (previous year: €12 million).
- **Proceeds from the disposal of financial assets:** Slightly negative (-€3 million) following high inflow in the previous year.
- **Change in cash and cash equivalents of discontinued operations:** Significantly reduced, relates primarily to payments in connection with selling expenses for the Building, Facility Services and Real Estate divisions; in prior year for the most part negative cash flow from operating activities of this unit as well as sold construction activities.

A.2 Outlook 2017

| | Starting point financial year 2016 | Outlook financial year 2017 |
|----------------|---------------------------------------|---|
| Output volume | €4,219 million | Organic decrease in the mid to high single digit percentage range |
| Adjusted EBITA | €15 million | Break-even |

- **Output volume:** Output volume for the Group (previous year: €4,219 million) will decline again in 2017 with the organic decrease expected to be in the mid to high single-digit percentage range.

We anticipate a more significant reduction in output volume in the Engineering & Technologies segment due to the continued selective acceptance of orders in the project business (previous year: €1,246 million). In the Maintenance, Modifications & Operations segment, on the other hand, we only expect a slight decrease (previous year: €2,461 million). For Other Operations – considering the potential sale of companies – a stable organic development is anticipated (previous year: €615 million).

Assuming an upturn in demand in the second half of the year, orders received for the Group will grow organically as compared to the prior year.

- **Adjusted EBITA / adjusted EBITA return:** In terms of adjusted EBITA (previous year: €15 million), rather than the previously forecast margin increase of about 100 basis points, Bilfinger now expects to break even. This is a result of the risk provisions made in the second quarter of 2017 for a small number of legacy projects in the USA in the amount of -€53 million.

In the Engineering & Technologies segment, adjusted EBITA will be at about the level of the previous year (previous year: -€30 million). In the Maintenance, Modifications & Operations segment, we expect a slight decrease in the adjusted EBITA margin (previous year: 4.9 percent). In Other Operations, adjusted EBITA is expected to improve (previous year: 0.8 percent).

- **Adjusted net profit:** We anticipate that adjusted net profit (previous year: -€8 million) will be below the figure from the prior year. This figure relates to continuing operations, which means that the positive earnings effect from the legal dispute in Qatar is not reflected here.
- **Significant special items in 2017:** From today's perspective, we expect special items on EBITA from expenses for restructuring and efficiency enhancements in administration, investments in IT systems for the standardization of the system landscape and expenses in connection with the further development of our compliance system totaling about €90 million. On top of this, there is a significant portion of the losses totaling €30 million from portfolio adjustments in the Other Operations segment. Further, the reported net profit will likely be burdened by the non-capitalization of deferred tax assets on the negative result of the holding. Net profit will decline significantly as compared to the disposal-related high figure from the previous year and will be negative in financial year 2017.
- **Adjusted free cash flow:** Adjusted free cash flow in 2017 will be below the figure from the previous year (-€111 million) as a result of project burdens in the E&T segment. This figure relates to continuing operations, which means the expected payment from the legal dispute in Qatar is not reflected here.

- **Capital expenditure on property, plant and equipment:** We expect capital expenditure on property, plant and equipment in 2017 to rise as compared to the prior year due to backlog effects. At a share of a good 2 percent of our output volume, this is at the upper end of the sustainable level of between 1.5 and 2 percent.
- **Financing:** We have available a syndicated cash credit line in the amount of €300 million with maturity in 2022. We expect that the limit defined in the loan agreement for the covenant (dynamic gearing ratio = adjusted net debt / adjusted EBITDA) will be maintained.
- **Dividend policy:** We pursue a sustainable dividend policy with the objective of allowing our shareholders to participate appropriately in the Group's success. For financial year 2016, we distributed a dividend of €1.00 per share. Provided that the development of the company is in line with planning, the Executive Board and the Supervisory Board will seek to maintain the amount of the dividend until the general dividend distribution policy takes hold. This targets a pay-out to shareholders of between 40 and 60 percent of adjusted net profit, depending on foreseeable mid-term development of the company.
- **Share buyback:** We cancelled our treasury shares in the amount of about 4 percent with effect from March 9, 2017. The Annual General Meeting on May 24, 2017 approved the proposal of the Executive Board and the Supervisory Board for a new authorization to buy back own shares in the maximum amount of 10 percent. On the basis of the anticipated business development, a share buyback program will be carried out with a volume of up to €150 million which should begin in the autumn of financial year 2017.

Opportunities and risks

- No significant changes occurred with regard to opportunities and risks during the reporting period compared with the situation as described in the Annual Report 2016. In our assessment, no risks exist that would jeopardize the continued existence of the Group. Overall, our economic environment has not changed significantly.

Events after the balance-sheet date

- Our company continues to develop according to plan after the balance-sheet date. No events have occurred that are of particular significance for the Group's profitability, cash flows or financial position.

A.3 Development of the business segments

OVERVIEW OF OUTPUT VOLUME AND ORDER SITUATION

in € million

H1

| | Orders received | | Order backlog | | Output volume | |
|---|-----------------|-----------|---------------|-----------|---------------|------------|
| | 2017 | Δ in % | June 30, 2017 | Δ in % | 2017 | Δ in % |
| Engineering & Technologies (E&T) | 547 | -11 | 757 | -6 | 539 | -16 |
| Maintenance, Modifications & Operations (MMO) | 1,171 | -3 | 1,536 | -5 | 1,207 | -2 |
| Other Operations (OOP) | 203 | -24 | 232 | -26 | 209 | -36 |
| Consolidation / other | -5 | | -23 | | -6 | |
| | 1,916 | -6 | 2,502 | -7 | 1,949 | -10 |

ADJUSTED EBITA BY BUSINESS SEGMENT

in € million

H1

| | 2017 | 2016 | Δ in % |
|---|------------|------------|--------|
| Engineering & Technologies (E&T) | -50 | -9 | |
| Maintenance, Modifications & Operations (MMO) | 35 | 55 | -36 |
| Other Operations (OOP) | -4 | -16 | |
| Consolidation / other | -38 | -43 | |
| | -57 | -13 | |

A.3.1 Engineering & Technologies (E&T)

| KEY FIGURES | | | | H1 |
|--|------|------|--------|----|
| in € million | | | | |
| | 2017 | 2016 | Δ in % | |
| Orders received | 547 | 612 | -11 | |
| Order backlog | 757 | 807 | -6 | |
| Output volume | 539 | 642 | -16 | |
| Capital expenditure on property, plant and equipment | 4 | 4 | 0 | |
| EBITA / EBITA adjusted | -50 | -9 | | |
| EBITA margin adjusted (in %) | -9.3 | -1.4 | | |

Market situation

- **Oil and gas:** Continued cautious propensity to invest in the project business, positive dynamic in selected areas such as gas supply and gas pipelines in Europe.
- **Chemicals and petrochemicals:** Market growth in North America continues. Overall growing trend toward digitalization with the goal of optimizing production processes; efficiency enhancements a focus in Europe.
- **Energy and utilities:** Market for fossil fuel power plants remains difficult. In Europe, growth perspectives from emissions control, modernization and efficiency enhancements at existing plants as well as in nuclear power (United Kingdom, France, Scandinavia), in the Middle East through conversion and retrofitting of old power plants.
- **Pharma and biopharma:** Good development of demand, including new labs. Investments increasingly being made in emerging markets.

Business development

- **Orders received:** Decrease of 11 percent (organically -11 percent) attributable to the partially challenging market environment as well as continued selective tendering activity in the project business until optimized project management processes at all levels of the Group are firmly established.
- **Order backlog:** 6 percent below comparable figure (organically -4 percent).
- **Output volume:** As expected, significantly below prior-year figure with decrease of 16 percent (organically -17 percent), a consequence of declining orders received in 2016. In addition, this includes a revenue reversal in the amount of nearly 5 percentage points due to the booking of risk provisions for a small number of legacy projects in the USA.
- **EBITA / EBITA adjusted:** Well below prior year due to project provisions made in the second quarter for a small number of legacy projects in the USA in the amount of -€53 million before taxes. Without this burden the first six months of 2017 would have closed with a positive result.
- **Outlook:** The forecast for the E&T segment is described in Outlook 2017 on page 12.

A.3.2 Maintenance, Modifications & Operations (MMO)

| KEY FIGURES | | H1 | | |
|--|--|-------|-------|--------|
| in € million | | | | |
| | | 2017 | 2016 | Δ in % |
| Orders received | | 1,171 | 1,203 | -3 |
| Order backlog | | 1,536 | 1,616 | -5 |
| Output volume | | 1,207 | 1,228 | -2 |
| Capital expenditure on property, plant and equipment | | 29 | 15 | 93 |
| EBITA / EBITA adjusted | | 35 | 55 | -36 |
| EBITA margin adjusted (in %) | | 2.9 | 4.5 | |

Market situation

- **Oil and gas:** Low point in austerity cycle in Northwest Europe has been reached, though still no upturn in continuing intensely competitive environment. Efficiency enhancements remain a focus.
- **Chemicals and petrochemicals:** Stable demand in Europe in the maintenance business; in the Middle East impetus from politically desired expansion of vertical integration and therefore import of required expertise.
- **Energy and utilities:** Increasing demand in the Middle East, for water treatment among other things. In Europe ongoing limited demand for traditional power plant services, instead more partnership models, digitalization as trend, focus on renewables.
- **Metallurgy:** Positive outlook in Europe, weaker for Middle East.

Business development

- **Orders received:** 3 percent below the prior-year figure (organically -2 percent). Stable demand overall, higher orders received in prior year in turnaround business.
- **Order backlog:** Decrease of 5 percent (organically -4 percent).
- **Output volume:** With a decline of 2 percent (organically -1 percent) slightly below the prior-year figure, as expected.
- **EBITA / EBITA adjusted:** Below high prior-year figure as expected. Decrease attributable to weaker turnaround business, burdens due to framework agreements with new customers in the ramp-up phase as well as lower output volume.
- **Outlook:** The forecast for the MMO segment is described in Outlook 2017 on page 12.

A.3.3 Other Operations (OOP)

| KEY FIGURES | H1 | | |
|--|------|------|--------|
| in € million | | | |
| | 2017 | 2016 | Δ in % |
| Orders received | 203 | 267 | -24 |
| Order backlog | 232 | 313 | -26 |
| Output volume | 209 | 326 | -36 |
| Capital expenditure on property, plant and equipment | 4 | 7 | -43 |
| EBITA / EBITA adjusted | -4 | -16 | |
| EBITA margin adjusted (in %) | -1.9 | -4.9 | |

- **Output volume:** Decrease of 36 percent (organically -9 percent), primarily as a result of the sale of companies.
- **EBITA / EBITA adjusted:** Improvement in the wake of the sale of loss-making units.

Accretive units

- Five companies with positive earnings contributions that are no longer part of the core business will be developed for value.
- No selling activities at this time, but sale planned in the medium term.

Dilutive units

- By the end of the first half of 2017, five of the 13 loss-making companies that were no longer part of the core business had been sold.
- Total book loss of €18 million, liquidity outflow of €2 million.
- Contracts to sell a further unit signed after the balance sheet date, selling process for several of the remaining companies already at an advanced stage of negotiation.
- Negative liquidity and earnings effects each totaling approximately €30 million expected from the planned sale of dilutive units, a significant portion in financial year 2017.

B Interim consolidated financial statements

| B.1.1 CONSOLIDATED INCOME STATEMENT in € million | January 1 - June 30 | |
|---|---------------------|--------------|
| | 2017 | 2016 |
| Output volume (for information only) | 1,949 | 2,141 |
| Revenue | 1,961 | 2,149 |
| Cost of sales | -1,838 | -1,971 |
| Gross profit | 123 | 178 |
| Selling and administrative expense | -213 | -251 |
| Other operating income and expense | -35 | -55 |
| Income from investments accounted for using the equity method | 7 | 4 |
| Earnings before interest and taxes (EBIT) | -118 | -124 |
| Net interest result | -7 | -11 |
| Earnings before taxes | -125 | -135 |
| Income taxes | 13 | -11 |
| Earnings after taxes from continuing operations | -112 | -146 |
| Earnings after taxes from discontinued operations | 50 | 10 |
| Earnings after taxes | -62 | -136 |
| thereof minority interest | 0 | -2 |
| Net profit | -62 | -134 |
| Average number of shares (in thousands) | 44,209 | 44,200 |
| Earnings per share (in €) * | -1.40 | -3.03 |
| thereof from continuing operations | -2.53 | -3.26 |
| thereof from discontinued operations | 1.13 | 0.23 |

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

B.1.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 - June 30

in € million

| | 2017 | 2016 |
|--|------------|-------------|
| Earnings after taxes | -62 | -136 |
| Items that will not be reclassified to the income statement | | |
| Gains / losses from remeasurement of net defined benefit liability (asset) | | |
| Unrealized gains / losses | 13 | -84 |
| Income taxes on unrealized gains / losses | -3 | 26 |
| | 10 | -58 |
| Items that may subsequently be reclassified to the income statement | | |
| Gains / losses on fair-value measurement of securities | | |
| Unrealized gains / losses | 11 | -3 |
| Reclassifications to the income statement | 1 | 0 |
| Income taxes on unrealized gains / losses | 0 | 0 |
| | 12 | -3 |
| Gains / losses on hedging instruments | | |
| Unrealized gains / losses | 0 | 0 |
| Reclassifications to the income statement | 0 | 0 |
| Income taxes on unrealized gains / losses | 0 | 0 |
| | 0 | 0 |
| Currency translation differences | | |
| Unrealized gains / losses | -33 | -44 |
| Reclassifications to the income statement | 1 | -3 |
| | -32 | -47 |
| | -20 | -50 |
| Other comprehensive income after taxes | -10 | -108 |
| Total comprehensive income after taxes | -72 | -244 |
| attributable to shareholders of Bilfinger SE | -73 | -242 |
| attributable to minority interest | 1 | -2 |

B.1.3 CONSOLIDATED BALANCE SHEET

in € million

| | June 30, 2017 | Dec. 31, 2016 |
|---|---------------|---------------|
| Assets | | |
| Non-current assets | | |
| Intangible assets | 820 | 849 |
| Property, plant and equipment | 379 | 383 |
| Investments accounted for using the equity method | 18 | 10 |
| Other financial assets | 373 | 327 |
| Deferred taxes | 108 | 121 |
| | 1,698 | 1,690 |
| Current assets | | |
| Inventories | 62 | 57 |
| Receivables and other financial assets | 1,169 | 1,062 |
| Current tax assets | 33 | 27 |
| Other assets | 73 | 70 |
| Cash and cash equivalents | 774 | 1,032 |
| Assets classified as held for sale | 28 | 81 |
| | 2,139 | 2,329 |
| | 3,837 | 4,019 |
| Equity and Liabilities | | |
| Equity | | |
| Equity attributable to shareholders of Bilfinger SE | 1,533 | 1,649 |
| Minority interest | -27 | -28 |
| | 1,506 | 1,621 |
| Non-current liabilities | | |
| Provisions for pensions and similar obligations | 293 | 304 |
| Other provisions | 29 | 28 |
| Financial debt | 509 | 510 |
| Other liabilities | 0 | 0 |
| Deferred taxes | 30 | 55 |
| | 861 | 897 |
| Current liabilities | | |
| Current tax liabilities | 34 | 39 |
| Other provisions | 472 | 490 |
| Financial debt | 3 | 12 |
| Trade and other payables | 673 | 681 |
| Other liabilities | 215 | 211 |
| Liabilities classified as held for sale | 73 | 68 |
| | 1,470 | 1,501 |
| | 3,837 | 4,019 |

B.1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in € million

| | Equity attributable to the shareholders of Bilfinger SE | | | | | | | Total | Minority interest | Equity |
|---|---|-----------------|-------------------------------------|--|-----------------------------|------------------------------|-----------------|--------------|-------------------|--------------|
| | Subscribed capital | Capital reserve | Retained and distributable earnings | Fair-value measurement of securities reserve | Other reserves | | Treasury shares | | | |
| | | | | | Hedging instruments reserve | Currency translation reserve | | | | |
| Balance at January 1, 2016 | 138 | 760 | 579 | 0 | -2 | 79 | -97 | 1,457 | -39 | 1,418 |
| Earnings after taxes | 0 | 0 | -134 | 0 | 0 | 0 | 0 | -134 | -2 | -136 |
| Other comprehensive income after taxes | 0 | 0 | -58 | -3 | 0 | -47 | 0 | -108 | 0 | -108 |
| Total comprehensive income after taxes | 0 | 0 | -192 | -3 | 0 | -47 | 0 | -242 | -2 | -244 |
| Dividends paid out | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -3 | -3 |
| Employee share program | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Long-term incentive plan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in ownership interest without change in control | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other changes | 0 | 0 | -4 | 0 | 0 | 0 | 0 | -4 | 0 | -4 |
| Balance at June 30, 2016 | 138 | 760 | 383 | -3 | -2 | 32 | -97 | 1,211 | -44 | 1,167 |
| Balance at January 1, 2017 | 138 | 762 | 781 | 1 | 0 | 63 | -96 | 1,649 | -28 | 1,621 |
| Earnings after taxes | 0 | 0 | -62 | 0 | 0 | 0 | 0 | -62 | 0 | -62 |
| Other comprehensive income after taxes | 0 | 0 | 10 | 12 | 0 | -33 | 0 | -11 | 1 | -10 |
| Total comprehensive income after taxes | 0 | 0 | -52 | 12 | 0 | -33 | 0 | -73 | 1 | -72 |
| Dividends paid out | 0 | 0 | -44 | 0 | 0 | 0 | 0 | -44 | 0 | -44 |
| Employee share program | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Long-term incentive plan | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Changes in ownership interest without change in control | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cancellation of treasury shares | -5 | 0 | -91 | 0 | 0 | 0 | 96 | 0 | 0 | 0 |
| Other changes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance at June 30, 2017 | 133 | 763 | 594 | 13 | 0 | 30 | 0 | 1,533 | -27 | 1,506 |

B.1.5 CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 - June 30

in € million

| | 2017 | 2016 |
|---|-------------|-------------|
| Earnings after taxes from continuing operations | -112 | -145 |
| Depreciation, amortization and impairments | 41 | 60 |
| Increase / decrease in non-current assets and liabilities | -7 | -2 |
| Deferred tax expense / benefit | -17 | -3 |
| Adjustment for non-cash income from equity-method investments | -3 | 2 |
| Other impairments | 5 | 7 |
| Cash earnings from continuing operations | -93 | -81 |
| Decrease in inventories | 4 | 0 |
| Increase in receivables | -50 | -75 |
| Increase / decrease in current provisions | -18 | -47 |
| Increase / decrease in liabilities | -16 | -96 |
| Change in working capital | -80 | -218 |
| Gains / losses on disposals of non-current assets | 12 | 14 |
| Cash flow from operating activities of continuing operations | -161 | -285 |
| Proceeds from the disposal of property, plant and equipment | 3 | 12 |
| Proceeds from the disposal of subsidiaries net of cash and cash equivalents disposed of | -3 | 178 |
| Proceeds from the disposal of other financial assets | 0 | 0 |
| Investments in property, plant and equipment and intangible assets | -40 | -29 |
| Acquisition of subsidiaries net of cash and cash equivalents acquired | -5 | -1 |
| Investments in other financial assets | 0 | -1 |
| Cash flow from investing activities of continuing operations | -45 | 159 |
| Dividends paid to the shareholders of Bilfinger SE | -44 | 0 |
| Dividends paid to minority interest | -2 | -2 |
| Borrowing | 1 | 1 |
| Repayment of financial debt | -2 | -3 |
| Cash flow from financing activities of continuing operations | -47 | -4 |
| Change in cash and cash equivalents of continuing operations | -253 | -130 |
| Cash flow from operating activities of discontinued operations | -8 | -100 |
| Cash flow from investing activities of discontinued operations | 0 | -8 |
| Cash flow from financing activities of discontinued operations | 0 | -2 |
| Change in cash and cash equivalents of discontinued operations | -8 | -110 |
| Change in value of cash and cash equivalents due to changes in foreign exchange rates | 0 | -1 |
| Cash and cash equivalents at January 1 | 1,032 | 475 |
| Cash and cash equivalents classified as assets held for sale at January 1 (+) | 7 | 5 |
| Cash and cash equivalents classified as assets held for sale at June 30 (-) | 4 | 43 |
| Cash and cash equivalents at June 30 | 774 | 196 |

B.2 Notes to the interim consolidated financial statements

1. Segment reporting

Segment reporting is prepared in accordance with IFRS 8. The reportable segments of the Bilfinger Group reflect the internal reporting structure. The definition of the segments is based on products and services.

At the beginning of financial year 2017, the Bilfinger Group was restructured and now consists of the following three business segments: *Engineering & Technologies*, *Maintenance, Modifications & Operations* and *Other Operations*. Segment reporting, including prior-year figures, has been adjusted accordingly. The *Maintenance, Modifications & Operations* business segment includes the divisions *Continental Europe*, *Northwest Europe*, *North America* and *Middle East*. The other two business segments are also divisions. The *Engineering & Technologies* segment bundles activities based on engineering services and technical solutions. The project business is predominant; important drivers are capital expenditures on the part of our customers (CAPEX). We meet the requirements of our customers by means of a centrally controlled project management system in an internationally-active division focused on defined industries and engineering disciplines. The *Maintenance, Modifications & Operations* segment includes activities in ongoing maintenance services, modifications and operational management of industrial plants. The predominant factor here is the share of the services business based on long-term framework agreements. The main drivers of the business are, in many cases, the budgets of our customers for the ongoing operation of their plants (operational expenditure - OPEX). Because these relate primarily to activities with specific local demand structures, we have organized this business in regions. The *Other Operations* business segment includes operating units that are active outside of the business segments, regions or customer groups defined above. These units are not a focus of the new strategic positioning of the Group, but rather are up for sale in the short term or independently managed for value with the goal of a later sale.

Earnings before interest, taxes and amortization of intangible assets from acquisitions (EBITA) is the key performance indicator for the business units and the Group, and thus the metric for earnings in our segment reporting. EBIT is also reported. The reconciliation of EBIT to earnings before taxes from continuing operations is derived from the consolidated income statement.

| SEGMENT REPORTING JANUARY 1 TO JUNE 30 in € million | Output volume | | External revenue | | Internal revenue | | EBITA | | Amortization of intangible assets from acquisitions | | EBIT | |
|---|---------------|-------|------------------|-------|------------------|------|-------|------|---|------|------|------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Engineering & Technologies | 539 | 642 | 541 | 642 | 6 | 2 | -50 | -9 | -3 | -4 | -53 | -13 |
| Maintenance, Modifications & Operations | 1,207 | 1,228 | 1,198 | 1,200 | 13 | 28 | 35 | 55 | -1 | -1 | 34 | 54 |
| Other Operations | 209 | 326 | 202 | 304 | 13 | 24 | -4 | -16 | 0 | -1 | -4 | -17 |
| Headquarters / consolidation / other | -6 | -55 | 20 | 3 | -32 | -54 | -95 | -148 | 0 | 0 | -95 | -148 |
| Continuing operations | 1,949 | 2,141 | 1,961 | 2,149 | 0 | 0 | -114 | -118 | -4 | -6 | -118 | -124 |

2. General information, accounting and valuation methods

Bilfinger SE is a listed stock corporation in accordance with the law of the Federal Republic of Germany. The company is registered with the Commercial Register of the Mannheim District Court under HRB 710296 and has its headquarters at Carl-Reiß-Platz 1-5, 68165 Mannheim, Germany. Bilfinger is an internationally-oriented industrial services company, which offers engineering and other industrial services to customers in the process industry.

The interim consolidated financial statements as of June 30, 2017 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as they are to be applied in the EU, as were the consolidated financial statements for the year 2016, and comply with the requirements of IAS 34. They do not provide all of the information and disclosures included in complete consolidated financial statements and are therefore to be read in conjunction with the consolidated financial statements as of December 31, 2016. The accounting policies explained in the notes to the consolidated financial statements for 2016 have been applied unchanged.

These interim consolidated financial statements of Bilfinger SE were approved for publication by the Executive Board on August 3, 2017.

Bilfinger is currently reviewing the effect of the application of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from contracts with customers* (first application for both in annual periods beginning on or after January 1, 2018).

As of June 30, 2017, Bilfinger holds financial assets that constitute equity instruments of other companies and which, in accordance with IFRS 9, can be measured at fair value either through profit or loss or directly in equity, in the amount of €233 million. With regard to the accounting policy selection to be made for each instrument, Bilfinger has not yet reached a decision. The effects of the new regulation on the measurement of impairment losses (expected credit losses instead of incurred losses in accordance with IAS 39) are still currently under review; in the future, impairment losses will, however, have to be recognized earlier than in accordance with IAS 39. There are also additional disclosures in accordance with IFRS 7 with the application of IFRS 9.

Changes to the total amount and the timing of revenues recognized from contracts with customers in accordance with IFRS 15 are currently only expected to a very limited extent. On the basis of analyses carried out, it is expected that the majority of construction contracts, which are currently accounted for in accordance with the percentage of completion method, fulfill the prerequisites for a recognition of revenues over time. In addition, Bilfinger expects changes to the balance sheet and further quantitative and qualitative disclosures. The Group-wide analysis of the impact on the consolidated financial statements has not yet been completed. Bilfinger does not, however, expect any significant impact on the consolidated financial statements.

3. Acquisitions, disposals, discontinued operations

3.1 Acquisitions

As was the case in the prior-year period, no acquisitions were made during the interim reporting period.

3.2 Disposals

In the reporting period, Group companies up for sale Bilfinger MCE Aschersleben GmbH, Bilfinger Babcock Hungary Kft., Bilfinger IT Hungary Kft., Bilfinger Scheven GmbH and Kin Sun Construction & Engineering (Macau) Ltd. were sold.

In the prior-year period, the former Water Technologies division, the steel and mechanical engineering activities and portions of the Asia-Pacific activities from the Engineering Solutions division were sold and the acquisition of the Mauell Group was reversed.

The overall effects of the sales were as follows:

| EFFECTS AT THE TIME OF SALE | | |
|--|----------------------|---------------|
| in € million | June 30, 2017 | June 30, 2016 |
| Disposal of goodwill | | -108 |
| Disposal of other non-current assets | | -46 |
| Disposal of current assets | | -115 |
| Disposal of cash and cash equivalents | | -28 |
| Disposal of assets classified as held for sale | -36 | -160 |
| Disposal of assets | -36 | -457 |
| Disposal of non-current liabilities | | 13 |
| Disposal of current liabilities | | 66 |
| Disposal of liabilities classified as held for sale | 24 | 102 |
| Disposal of liabilities | 24 | 181 |
| Disposal of net assets | -12 | -276 |
| Disposal of intercompany receivables | -10 | -6 |
| Reclassification of other comprehensive income to the income statement | -1 | 3 |
| Other changes | -11 | -3 |
| Sale price less selling transaction expenses | 7 | 260 |
| Capital gain / loss after selling transaction expenses | -16 | -19 |
| Impairment of assets | | -13 |
| Capital gain / loss including impairment | -16 | -32 |

The disposal result in the amount of -€1 million (previous year: -€16 million, including impairment loss) is reported in earnings from discontinued operations and in the amount of -€15 million (previous year: -€16 million) in other operating expense.

3.3 Discontinued operations

Discontinued operations comprise:

- the disposed divisions Building, Facility Services and Real Estate from the former Building and Facility Services business segment,
- the disposed former Water Technologies division,
- the significant portions of the former Offshore Systems and Grids division sold or still up for sale,
- the sold and abandoned construction activities.

In accordance with the provisions of IFRS 5, the investments put up for sale have been recognized as discontinued operations as of the time of reclassification:

- In the consolidated balance sheet, the affected assets and liabilities (disposal group) are presented separately under *Assets classified as held for sale* and *Liabilities classified as held for sale*.
- In the consolidated income statement, the income and expenses of discontinued operations are presented separately from the income and expenses of continuing operations, and are summarized separately in one item as *Earnings after taxes from discontinued operations*.
- In the consolidated statement of cash flows, cash flows from discontinued operations are also presented separately from the cash flows from continuing operations.

Since the dates of their reclassification, non-current assets classified as held for sale have no longer been subject to depreciation or amortization and subsequent measurement according to the equity method was ceased for the investments accounted for using the equity method.

The amounts in the consolidated income statement and the consolidated statement of cash flows for the prior-year period have been adjusted accordingly.

All discontinued operations with the exception of *Building, Facility Services, Real Estate* and *Water Technologies* are reported together under *Construction activities*.

Earnings from discontinued operations are allocated to *Construction activities, Building, Facility Services, Real Estate* and *Water Technologies* as follows:

| in € million | January 1 - June 30 | |
|--|---------------------|-----------|
| | 2017 | 2016 |
| Construction activities | 50 | 2 |
| Building, Facility Services, Real Estate | – | 26 |
| Water Technologies | – | -18 |
| Earnings after taxes from discontinued operations | 50 | 10 |

Earnings after taxes from discontinued operations were fully attributable (previous year: nearly fully attributable) to the shareholders of Bilfinger SE.

3.3.1 Construction activities

| in € million | January 1 - June 30 | |
|--------------------------------------|---------------------|----------|
| | 2017 | 2016 |
| Output volume (for information only) | 20 | 92 |
| Revenue | 16 | 100 |
| Expenses / income | 43 | -107 |
| Impairments / reversals | -8 | 10 |
| Capital loss on disposal | -1 | 0 |
| EBIT | 50 | 3 |
| Net interest result | 0 | 0 |
| Earnings before taxes | 50 | 3 |
| Income taxes | 0 | -1 |
| Earnings after taxes | 50 | 2 |

Income and expenses include a positive effect from a long-standing legal dispute in Qatar. The reason for this is a payment received for a previously not capitalized receivable on a joint-venture account that had a positive impact of €60 million on earnings from discontinued operations.

3.3.2 Building, Facility Services, Real Estate

| in € million | January 1 - June 30 | |
|--------------------------------------|---------------------|-----------|
| | 2017 | 2016 |
| Output volume (for information only) | – | 1,165 |
| Revenue | – | 1,162 |
| Expenses / income | – | -1,127 |
| EBIT | – | 35 |
| Net interest result | – | -4 |
| Earnings before taxes | – | 31 |
| Income taxes | – | -5 |
| Earnings after taxes | – | 26 |

3.3.3 Water Technologies

| in € million | January 1 - June 30 | |
|--|---------------------|------------|
| | 2017 | 2016 |
| Output volume (for information only) | – | 53 |
| Revenue | – | 54 |
| Expenses / income | – | -55 |
| Capital gain / loss including impairment | – | -16 |
| EBIT | – | -17 |
| Net interest result | – | -1 |
| Earnings before taxes | – | -18 |
| Income taxes | – | 0 |
| Earnings after taxes | – | -18 |

4. Output volume

In order to present the Group's entire output volume in the interest of more complete information, we disclose our output volume in the consolidated income statement. In addition to revenue, it includes the proportion of output volume generated by consortiums and amounts to €1,949 million (previous year: €2,141 million).

5. Depreciation, amortization and impairments

Amortization of €4 million was carried out on intangible assets from acquisitions (previous year: €5 million). These are reported in *Cost of sales*. Depreciation of property, plant and equipment and the amortization of other intangible assets amount to €37 million (previous year: €54 million). This includes impairment losses of €2 million (previous year: €14 million). In addition, impairment losses on financial assets in the amount of €1 million (previous year: €1 million) were recognized.

The measurement of the disposal groups resulted in a total impairment loss in the amount of €4 million (previous year: €6 million) (see Note 10). This is recognized in *Other operating income and expense*.

6. Net interest result

| in € million | January 1 - June 30 | |
|--|---------------------|------------|
| | 2017 | 2016 |
| Interest income | 7 | 3 |
| Current interest expense | -10 | -10 |
| Net interest expense from retirement benefit liability | -3 | -3 |
| Interest expense | -13 | -13 |
| Interest expense for minority interest | -1 | -1 |
| Other financial result | -1 | -1 |
| Total | -7 | -11 |

7. Income taxes

Deferred tax assets on loss carryforwards are only recognized insofar as their realization is reasonably certain. Based on current assessments, this is not the case in particular for losses incurred at Bilfinger SE and its tax group companies, so that no deferred tax assets on tax-loss carryforwards were recognized as of June 30, 2017.

8. Intangible assets

| in € million | June 30, 2017 | Dec. 31, 2016 |
|-------------------------------------|---------------|---------------|
| | Goodwill | 800 |
| Intangible assets from acquisitions | 14 | 19 |
| Other intangible assets | 6 | 8 |
| Total | 820 | 849 |

In the Engineering & Technologies division, in the second quarter of 2017 in the USA there were burdens on earnings from risk provisions for a small number of legacy projects in the total amount of -€53 million. Mid-term targets, however, remain unchanged. The annual review of goodwill allocated to this division as of December 31, 2016 showed that the value in use of the division was well above its carrying amount. Even a significant increase in the discount rate (by more than 2 percentage points) with a simultaneous significantly negative deviation from the cash flows assumed in the planning figures (by more than 40 percent) would not have resulted in a need to impair goodwill. The burdens on earnings from the small number of legacy projects have a considerably more limited effect on the carrying amount and the value in use, so that also as of June 30, 2017, there is no write-down necessary.

9. Net liquidity

| in € million | | |
|------------------------------|---------------|---------------|
| | June 30, 2017 | Dec. 31, 2016 |
| Cash and cash equivalents | 774 | 1.032 |
| Financial debt – non-current | 509 | 510 |
| Financial debt – current | 3 | 12 |
| Financial debt | 512 | 522 |
| Net liquidity | 262 | 510 |

10. Assets classified as held for sale, liabilities classified as held for sale

As of the balance-sheet date, *Assets classified as held for sale* and *Liabilities classified as held for sale* comprise the following disposal groups:

- the discontinued marine construction activities of the former Offshore Systems and Grids division not yet sold, as well as
- the Group companies Envi Con & Plant Engineering GmbH, Bilfinger Babcock CZ s.r.o., STS Steinmüller Siemens GmbH, Bilfinger ELWO S.A. and Bilfinger Neo Structo Private Limited that have been put up for sale from the Other Operations business segment.

In the second quarter of 2017, STS Steinmüller Siemens GmbH, Bilfinger ELWO S.A. and Bilfinger Neo Structo Private Limited from the Other Operations business segment were put up for sale. Accordingly, the Group companies were thus classified as disposal groups and were measured at fair value less cost to sell. Fair value was measured on the basis of the expected selling prices. This resulted in an impairment loss of €5 million (see Note 5).

Furthermore, the remeasurement as of the balance sheet date on the basis of updated expected selling prices for Envi Con & Plant Engineering GmbH and Bilfinger Babcock CZ s.r.o. in the Other Operations business segment resulted in a gain from the reversal of previously recognized impairment losses in the amount of €1 million (see Note 5) and an impairment loss for the discontinued marine construction activities of €8 million (see Note 3.3.1).

The shares in Julius Berger Nigeria plc (16.5 percent) previously classified as assets held for sale, were reclassified in the second quarter of 2017 as not held for sale because a sale is no longer considered highly probable. The reclassified shares are now again presented under *Non-current other financial assets*.

The *Assets classified as held for sale* and *Liabilities classified as held for sale* are comprised as follows:

| in € million | June 30, 2017 | Dec. 31, 2016 |
|--|---------------|---------------|
| Goodwill | 2 | 4 |
| Other non-current assets | 7 | 43 |
| Current assets | 15 | 27 |
| Cash and cash equivalents | 4 | 7 |
| Assets classified as held for sale | 28 | 81 |
| Non-current liabilities | 1 | 2 |
| Current liabilities | 72 | 66 |
| Liabilities classified as held for sale | 73 | 68 |

Accumulated other comprehensive income after taxes of the disposal groups as of the balance-sheet date amounts to -€4 million (December 31, 2016: -€1 million), of which €0 million (December 31, 2016: €0 million) is attributable to minority interest.

11. Equity

The classification of equity and changes in equity are presented in the interim consolidated financial statements in the consolidated statement of changes in equity.

Earnings after taxes (-€62 million) and transactions recognized directly in equity (-€53 million) led to a net decrease in equity of €115 million.

In addition to the payment of the dividend for financial year 2016 in the amount of €44 million, transactions recognized directly in equity primarily comprise negative effects from currency translation in the amount of €32 million, gains from the remeasurement of defined benefit pension plans in the amount of €10 million that result from the adjustments to the discount rate as well as gains from the fair-value measurement of securities in the amount of €12 million.

12. Provisions for pensions and similar obligations

The decrease in *Provisions for pensions and similar obligations* of €11 million to €293 million primarily reflects the adjustment of the discount rate from 1.6 percent to 1.8 percent in the euro zone due to increased interest rates as of June 30, 2017. The remeasurement gains resulting from the adjustments to the discount rate are recognized in equity.

13. Additional information on financial instruments

The methods for the measurement of fair value remain fundamentally unchanged from December 31, 2016. Further explanations on the measurement methods can be found in the Annual Report 2016.

The fair values of financial assets and financial liabilities reflect for the most part the carrying amounts as of the balance sheet date. The fair value of the issued bond amounts to €520 million with a carrying amount of €500 million as of the reporting date (reported under non-current financial debt).

The fair value of the non-listed, equity-like participation rights in Triangle Holding II S.A. (AfS securities) is measured using a combined discounted-cash-flow and multiplier method on the basis of financial planning (unobservable input) and discount rates calculated using the capital asset pricing model or multipliers (observable input). Any changes to the planned results or cash flows have a direct impact on the fair value. The change to fair value in the amount of €14 million was presented in the fair-value measurement of securities reserve. This resulted primarily from updated planning figures.

14. Related-party disclosures

Most of the transactions between fully consolidated companies of the Group and related companies or persons involve associated companies and joint ventures.

15. Contingent liabilities

Contingent liabilities of €149 million (December 31, 2016: €341 million) generally relate to guarantees provided for former Group companies that were sold and companies in which Bilfinger holds a minority interest. There are collaterals of buyers of the former Group companies in the amount of €93 million. In addition, we are jointly and severally liable as partners in companies constituted under the German Civil Code and in connection with consortiums and joint ventures.

Other contingent liabilities comprise in particular potential litigation charges. These include judicial, arbitral, and out-of-court proceedings involving customers and subcontractors that file claims or may in future file claims under various contracts, for example under contracts for maintenance and servicing as well as other supply and service relationships. At this time, however, Bilfinger does not expect that these legal disputes will result in any significant negative effects on its net assets and financial position.

16. Events after the balance sheet date

There have been no significant events since the balance sheet date.

B.3 Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net assets and financial position of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining months of the financial year.

Mannheim, August 3, 2017

Bilfinger SE
The Executive Board



Thomas Blades



Dr. Klaus Patzak



Michael Bernhardt

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.

B.4 Review Report

To Bilfinger SE, Mannheim

We have reviewed the interim condensed consolidated financial statements, comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes, and the interim group management report of Bilfinger SE, Mannheim, for the period from 1 January to 30 June 2017, which are part of the six-monthly financial report pursuant to Sec. 37w WpHG [“Wertpapierhandelsgesetz”: German Securities Trading Act]. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs [International Financial Reporting Standards] on interim financial reporting as adopted by the EU and of the group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company’s management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Mannheim, August 3, 2017

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft



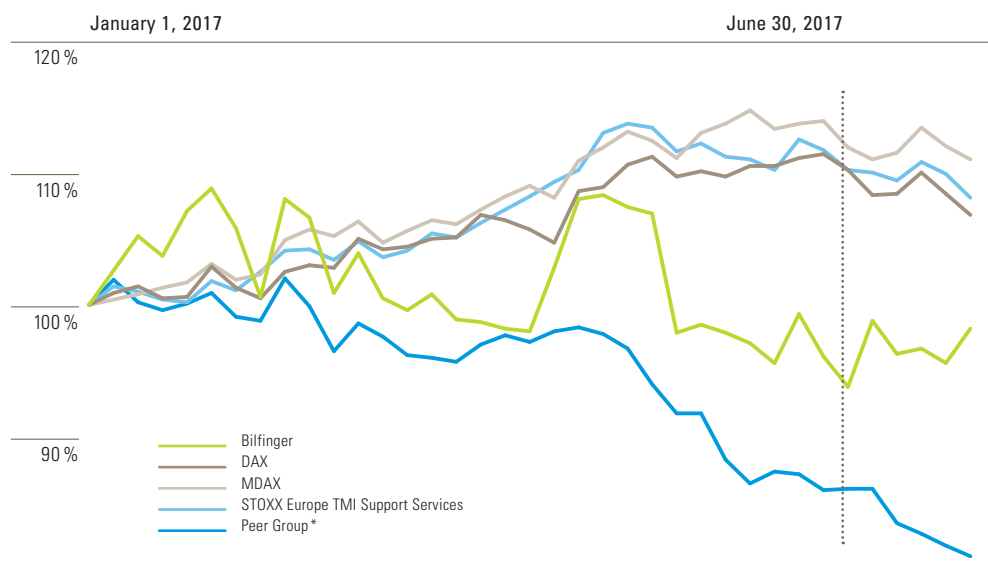
Mathieu Meyer
Wirtschaftsprüfer
[German Public Auditor]



Karen Somes
Wirtschaftsprüferin
[German Public Auditor]

Bilfinger shares

RELATIVE PERFORMANCE OF OUR SHARES H1 2017



* Weighted index of peer group companies by market capitalization as of December 31, 2016 (Amec Foster Wheeler, Babcock International, Cape, Carillion, EMCOR Group, Fluor, Interserve, ISS, Jacobs Engineering, Mitie Group, Petrofac, Serco Group, Wood Group)

KEY FIGURES ON OUR SHARES

| € per share | H1 2017 |
|--|------------|
| Highest price | 40.72 |
| Lowest price | 32.89 |
| Closing price ¹ | 34.30 |
| Dividend return in % ^{1,3} | 2.9% |
| Book value ² | 34.69 |
| Market value / book value ^{1,2} | 1.0 |
| Market capitalization in € million ¹ | 1,516 |
| MDAX weighting ¹ | 0.55% |
| Number of shares ¹ | 44,209,042 |
| Average daily trading volume in number of shares (XETRA) | 215.985 |

All price details refer to XETRA trading

¹ Based on June 30, 2017

² Balance sheet shareholder's equity excluding minority interest

³ Based on the dividend for financial year 2016 of €1.00

BILFINGER SHARE

| | |
|------------------------------|--|
| ISIN / stock exchange symbol | DE0005909006 / GBF |
| WKN | 590 900 |
| Main listing | XETRA / Frankfurt |
| Deutsche Börse segment | Prime Standard |
| Share indices | MDAX, DAXsubsector Industrial Products & Services Idx., STOXX Europe 600, Euro STOXX, Euro STOXX Low Carbon, STOXX EUROPE TMI Support Services |

Financial calendar

November 14, 2017

Quarterly statement Q3 2017

February 14, 2018

Preliminary report on the 2017 financial year

March 13, 2018

Publication of Annual Report 2017

May 15, 2018

Annual General Meeting

Quarterly statement Q1 2018

August 14, 2018

Half-year financial report 2018

November 13, 2018

Quarterly statement Q3 2018

Imprint

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Bilfinger SE

Date of publication

August 14, 2017