Bilfinger SE

Quarterly Statement Q2 2018

August 14, 2018

Q2 2018
Stabilization phase completed, market environment support growth path

- Continued double-digit growth in orders received
- Revenue increased significantly
- EBITA adj. above substantially burdened prior-year figure
- Net profit positive due to write-up of PPN Apleona
- Operating cash flow above prior-year quarter and HY1
- Outlook 2018 confirmed

Current market situation and trends E&T

Oil & Gas
- Continuing brownfield investments in Europe
- Increasing upstream activities in US Shale and Middle East

Chemicals & Petrochem
- Ongoing active brownfield investments
- Key opportunities in US Gulf Coast
- Demand for services in early project phase in Middle East

Energy & Utilities
- Growth perspective especially in European nuclear
- Growing demand on regulatory emissions reduction

Pharma and Biopharma
- Ongoing strong demand in Europe
- Increasing interest from Emerging Markets

Current market situation and trends MMO

Oil & Gas

- Demand for maintenance services improving, but competition remains strong

Chemicals & Petrochem

- Stable demand in Europe and Middle East for maintenance and modifications
- Large Turnarounds being scheduled

Energy & Utilities

- Ongoing low demand in Europe
- Shift from conventional to alternative energy in Middle East

Metallurgy

- Ongoing strong demand in Aluminum
- Signs of recovery in steel

Growth Potentials I: Digitalisation

Bilfinger is building digital bridges.

- Consulting
- Networking
- Visualization and analysis
- Optimization

A case in point:
Rollout of BCAP at Fortum:
Digital networking of 123 hydroelectric power plants.

Growth Potentials II: Environmental Technology

Maritime flue-gas desulphurisation (Scrubber)

- Policymakers are tightening environmental requirements
- Thousands of vessels worldwide are affected
- Bilfinger has comprehensive technological competence

A case in point:
Orders from Greek maritime shipping companies (retrofitting of at least 42 vessels)

Growth Potentials III: Major Projects

Overhauled risk management

- Project steering
- Project risk management
- Stage-Gate process
- Project manager platform
- Contract management

A case in point:
Major contract awarded by Linde AG (construction of a polypropylene plant in the USA)

Growth potentials IV: Opportunities in the Middle East

Undeveloped potential markets

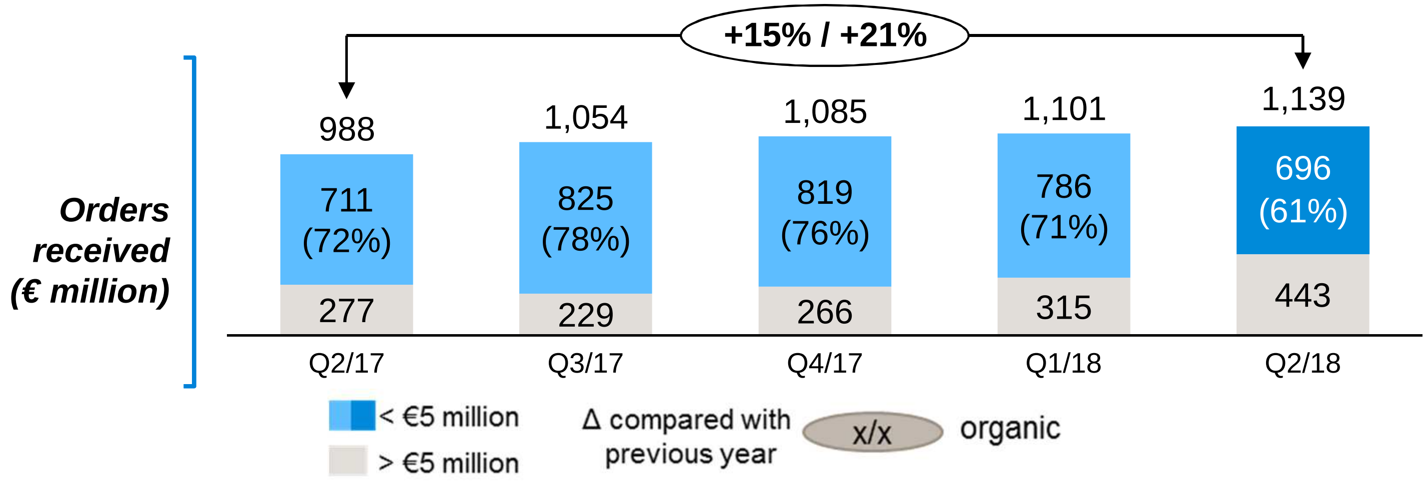
- Rising investment levels
- Industrial diversification
- Increasing demand for energy
- Aging plant & equipment

A case in point:
Contract awarded by Saudi Aramco (modernization the air-pressure system of the Berri Gas Plant (BGP))

Quarterly Statement Q2 2018

Positive momentum in orders received continues: Growth against prior year as well as sequentially

Development of orders received

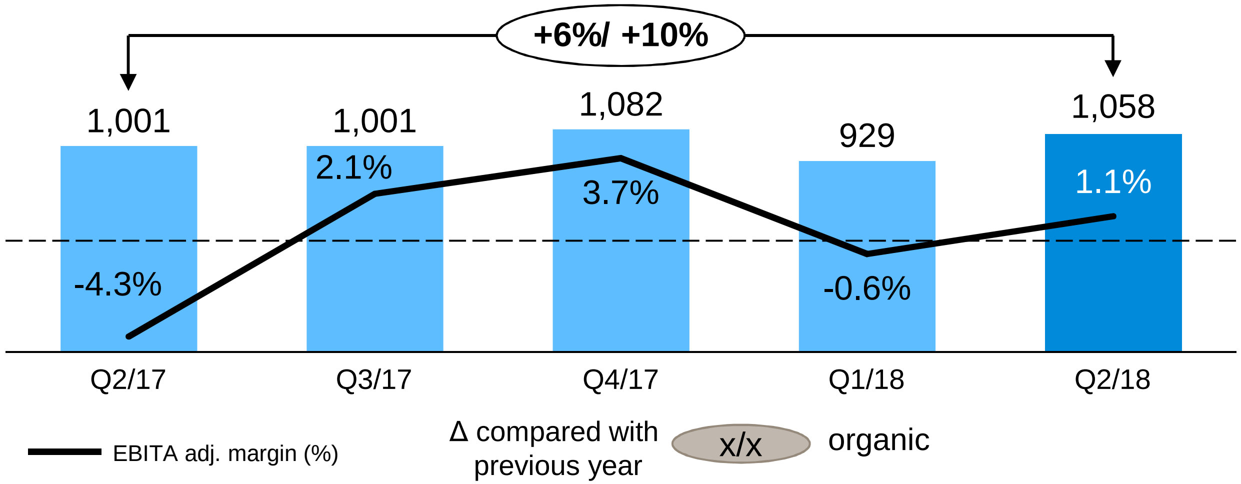


	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18
Book-to-bill ratio	1.0	1.1	1.0	1.2	1,1
Order backlog (€ million)	2,502	2,536	2,531	2,689	2,767

- **Orders received:**
  15% above prior year
  (org.: +21%),
  Double-digit increase in both segments
  Share of orders >€5 million increased significantly
- **Book-to-bill:** 1.1
- **Order backlog:**
  +11% above prior year
  (org.: +13%)

Again growth in revenue, EBITA adjusted above substantially burdened prior-year figure

Development of revenue and profitability



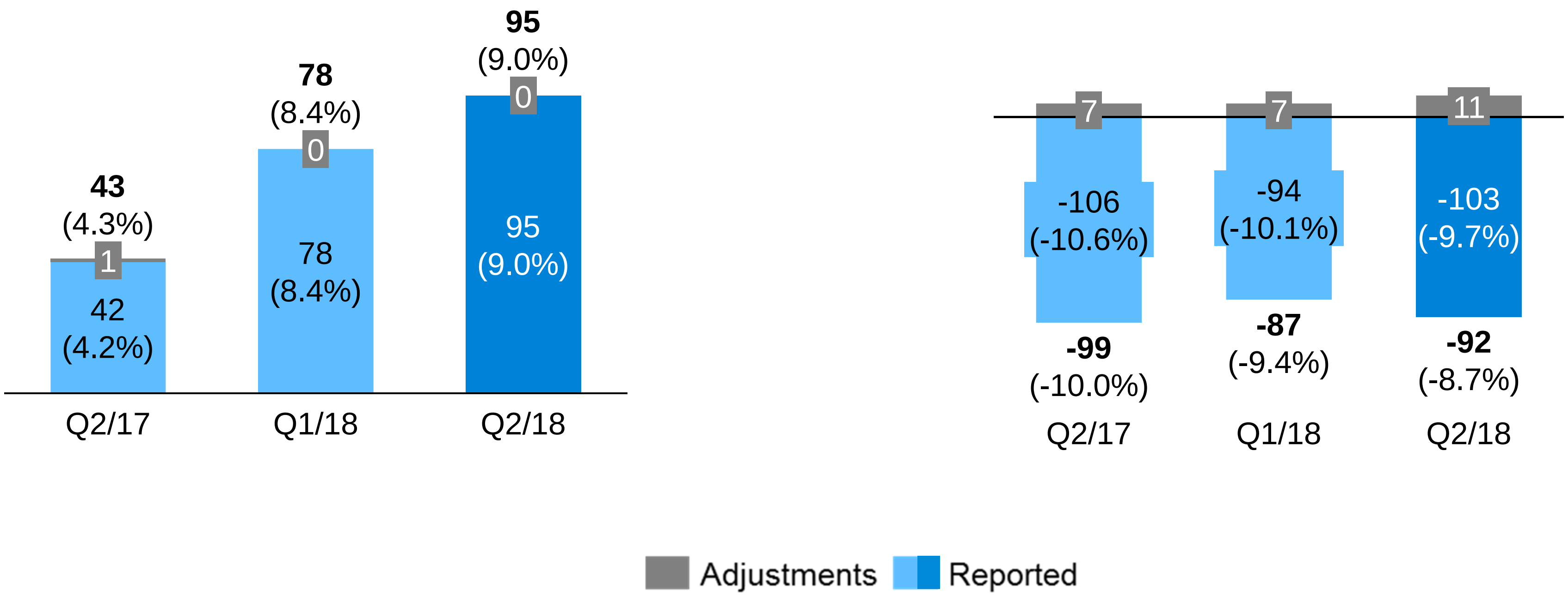
	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18
EBITA adj. (€ million)	-43	21	40	-6	12
EBITA (€ million)	-64	-6	2	-11	-1

- **Revenue**:
  Increase of 6% (org.: +10%) esp. in European MMO business
- **EBITA adjusted**:
  Improved against prior-year quarter, which was burdened by project provisions of -€53 million
- **Special items:**
  Burdens from special items decreasing: €13 million vs. €21 million in the prior-year quarter, partly offset by positive effects form gains on disposals

Positive trends in gross margin and SG&A ratio

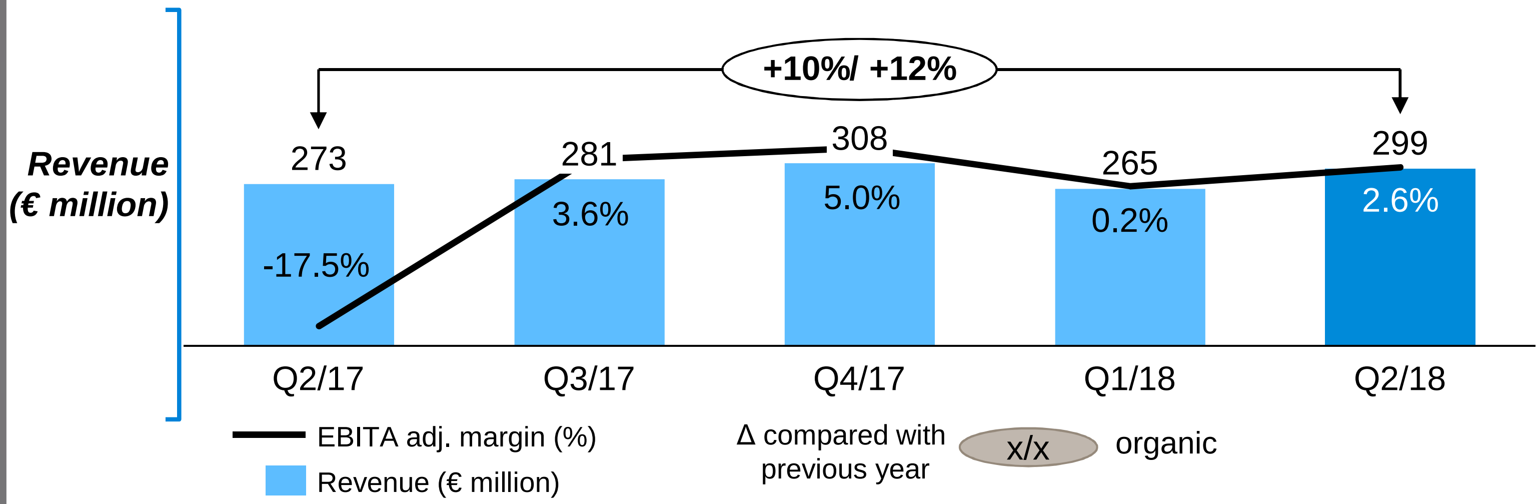
Adjusted gross profit (€ million)

Adjusted selling and administrative expenses (€ million)



E&T: Fourth consecutive quarter with positive EBITA adjusted

Development of revenue and profitability

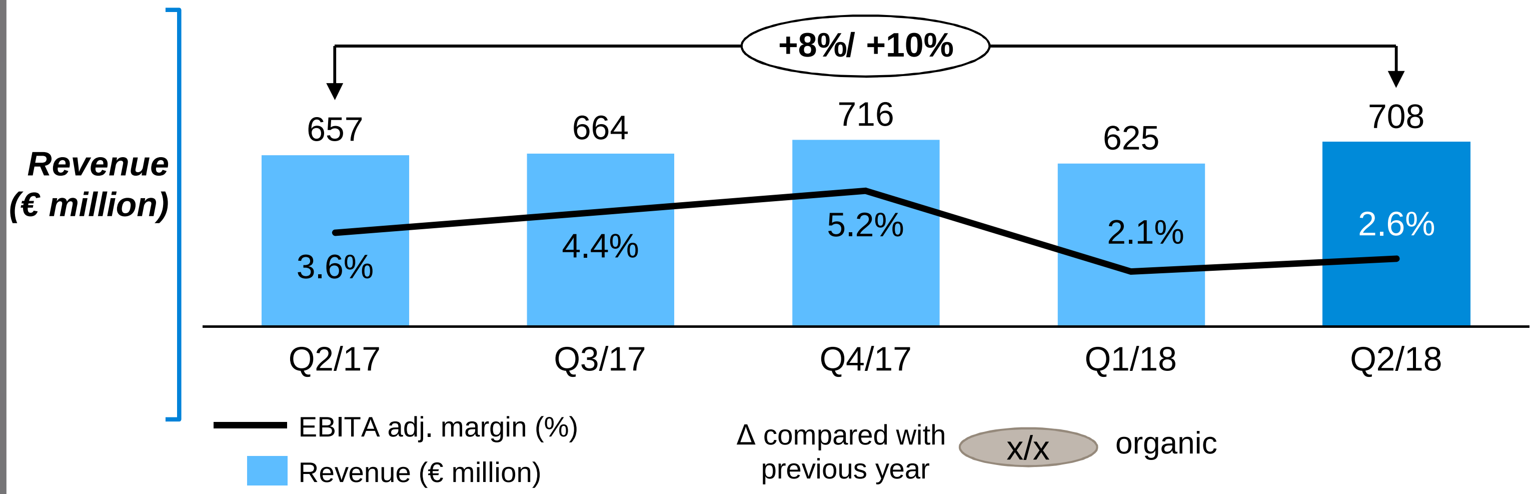


	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18
Book-to-bill ratio	*1.2*	*1.0*	*0.9*	*1.1*	*1.3*
EBITA adj. (€ million)	*-47*	*9*	*15*	*1*	*7*

- **Orders received:**
  Strong quarter with +21% (org.: +28%) against low comparable,
  book-to-bill at 1.3 also due to major contract Linde Braskem
- **Revenue:**
  Increase of 10% (org. +12%) on the basis of growing orders received. Increasing capacity utilization expected over the course of the year
- **EBITA adjusted**:
  Partly still poor capacity utilization (Ex-Power, North America), compensated by positive effects from project close-outs

MMO: Continued significant organic growth in orders received and revenue

Development of revenue and profitability

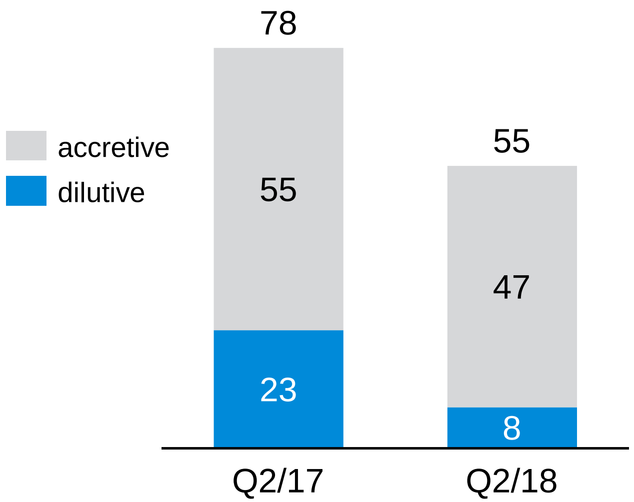


	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18
Book-to-bill ratio	*0.9*	*1.1*	*1.0*	*1.2*	*1.0*
EBITA adj. (€ million)	*24*	*28*	*35*	*13*	*19*

- **Orders received:**
  Strong development with +22% (org. +25%), book-to-bill at 1.0. Esp. positive development in Europe supported by new framework contracts and higher volume expectations on existing ones
- **Revenue:**
  Likewise positive with +8% (org. +10%)
- **EBITA adjusted margin**:
  in Q2 below prior year due to disputed claims against an important customer, however, with 2.6% above prior quarter

OOP[1]: Focus on “accretive units”

Revenue OOP (€ million)



	Q2/17	Q2/18
Orders Received (€ million)	*74*	*34*
EBITA adj. (€ million)	*-1*	*-2*

- **Progress M&A track:**

  Dilutive: 13 units as of December 31, 2016

  As of June 30, 2018 all have been sold or terminated

  Accretive: four units, sales process kicked off for two units

  › **Q2 2018: positive effect on earnings of €2 million and cash-out of €4 million**

- **Business development:**

  After strong Q1, **orders received** in Q2 significantly below prior-year (-54% / org. -33%) due to typical volatility of project business

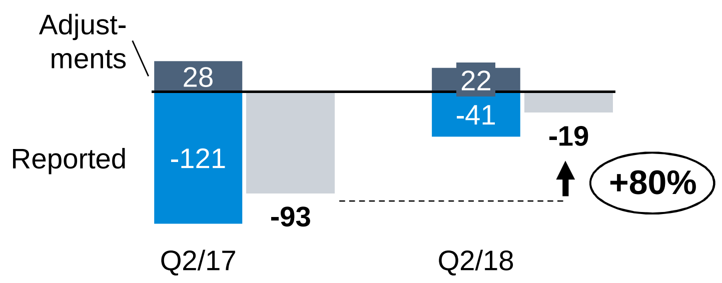
  Revenue still declining (-30% / org. -7%), in South Africa delay in contract awards

  Slight decrease of **EBITA adjusted** from -€1 million to -€2 million also due to low capacity utilization

1) Part of Reconcilliation Group

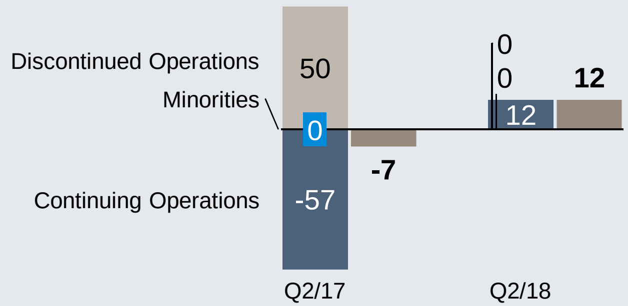
Operating cash flow significantly above prior-year
Net profit positive due to write-up of PPN Apleona by €22 million

Adjusted operating cash flow[1] (€ million)

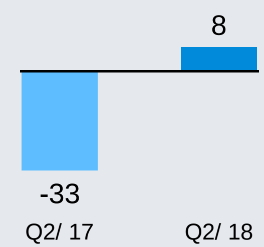


[1] *Adjustments correspond to EBITA adjustments*

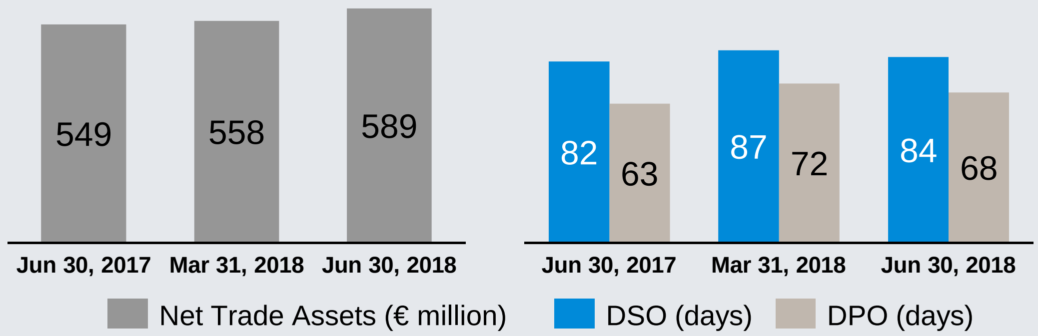
Net profit (€ million)



Adjusted net profit (€ million)

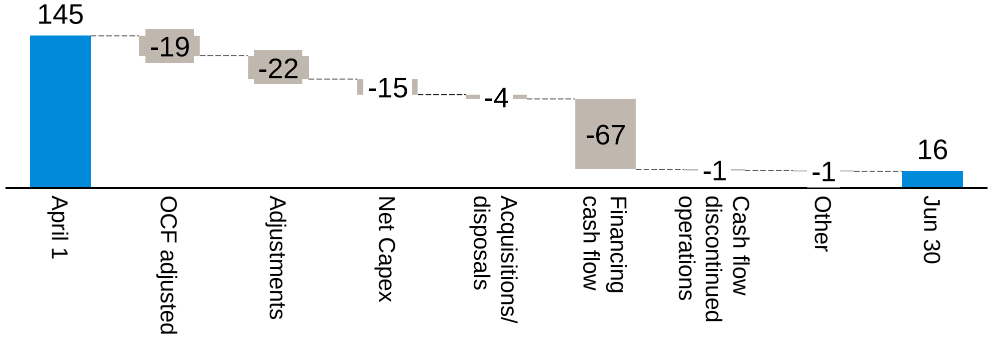


Net Trade Assets (€ million)



DSO: Trade receivables + WIP - advance payments received, DPO: Trade payables

Net cash (€ million)



Outlook 2018 confirmed:
Significant improvement of adjusted EBITA expected

in € million	FY 2017	expected FY 2018
Orders received	4,055 [1)]	Organic growth in the mid single-digit percentage range
Revenue	4,044	Organically stable to slightly growing
Adjusted EBITA	3	Significant increase to mid-to-higher double-digit-million € amount [2)]

1) As reported, based on output volume/ comparable based on revenue: €4,079m
2) Despite significant increase in upfront costs for business development and digitalization of € ~20 million, under the assumption of comparable F/X basis

Bilfinger 2020 – Company passes three phases

Stabilization phase completed

Value

Stabilization ✓

- Strategy defined ✓
- Organization announced ✓
- Execution master plan ✓
- Top Management Team ✓
- Dividend proposed ✓
- B TOP rolled out ✓
- LOA Process rolled out ✓
- SAP roll-ins commenced ✓
- CRM implementation started ✓
- Cash focus in incentive system increased ✓
- Operating performance improved ✓

Build up

- Top line growth resumed ✓
- First successes in new growth areas
- New organization in full swing ✓
- Consistent project management process established ✓
- Net Profit break-even
- Adj. FCF positive latest in FY 2018
- Share buyback completed
- Successfully refinanced

Build out

- Process and System harmonization fully rolled out
- Performance culture established
- Productivity wheel in full swing
- Complexity significantly reduced

Financial ambition reached

Time

Quarterly Statement Q2 2018
Financial backup

Share buyback program advances as planned

Framework:

- Start: September 6, 2017
- Completion: at the earliest September 1, 2018; latest December 21, 2018
- Volume of up to €150m or 10% of shares

Current status:

- Number of shares bought back: 2,866,417
- Current average number of shares: ~ 12,570/day
- Average price: €37.90
- Total volume: ~ €109m
- In % of total equity: ~ 6.5%

→ Current degree of program completion: approx. 72%

You can find the current status of the program on our homepage:

http://www.bilfinger.com/en/investor-relations/shares/share-buyback-2017/

Status: August 8, 2018

Segment overview Q2 2018

	E&T			MMO			Reconcilliation Group						Group		
							HQ / Consolidation / other			OOP					
€ million	Q2 2018	Q2 2017	Δ in %	Q2 2018	Q2 2017	Δ in %	Q2 2018	Q2 2017	Δ in %	Q2 2018	Q2 2017	Δ in %	Q2 2018	Q2 2017	Δ in %
Orders recieved	381	315	21%	730	598	22%	-6	0		34	74	-54%	1,139	988	15%
Order backlog	870	793	10%	1,778	1,593	12%	-15	-25	38%	135	141	-5%	2,767	2,502	11%
Revenue	299	272	10%	708	657	8%	-4	-7	43%	55	78	-30%	1,058	1,001	6%
Investments in P,P&E	3	2	50%	12	20	-40%	0	1		3	2	50%	18	25	-28%
Depreciation P,P&E	-2	-3	33%	-10	-11	9%	-1	-2	50%	-3	-4	25%	-16	-19	16%
Amortization	-1	-2	50%	0	0	n/a	0	0	n/a	0	0	n/a	-1	-2	50%
EBITA	4	-53		19	21	-10%	-23	-31	26%	-2	-1	-100%	-1	-64	97%
EBITA adjusted	7	-47		19	24	-21%	-12	-19	37%	-2	-1	-100%	12	-43	
EBITA-margin adjusted	2.6%	-17.5%		2.6%	3.6%					-2.9%	-1.2%		1.1%	-4.3%	

P&L (1/2)

in € million	Q2 2018	Q2 2017	Δ in %
Revenue	1,058	1,001	6%
Gross profit	95	42	126%
Selling and administrative expense	-103	-106	3%
Impairment losses and reversal of impairment losses according to IFRS 9	-3	n/a	n/a
Other operating income and expense	6	-6	n/a
Income from investments accounted for using the equity method	3	5	-40%
EBIT	**-2**	**-65**	**97%**
Amortization (IFRS 3)	*1*	*1*	0%
EBITA (nachrichtlich)	***-1***	***-64***	**98%**
Special items in EBITA	*13*	*21*	-38%
EBITA adjusted (for information only)	***12***	***-43***	***128%***

+6%, organically +10%

Not applied retrospectively

Significant effects: Gains from portfolio adjustments (2 / prior year expense -4); restructuring (-4 / prior year -7)

Following depreciation of property, plant and equipment and amortization of intangible assets of -16 (prior year -19)

Currency effects of -1

P&L (2/2)

in € million	Q2 2018	Q2 2017	Δ in %
EBIT	**-2**	**-65**	**97%**
Financial result	20	-5	n/a
EBT	**18**	**-70**	**126%**
Income taxes	-6	13	n/a
Earnings after taxes from continuing operations	**12**	**-57**	**121%**
Earnings after taxes from discontinued operations	**0**	**50**	**-100%**
Minority interest	0	0	n/a
Net profit	**12**	**-7**	**271%**
Adjusted net profit[1]	**8**	**-33**	**124%**
Average number of shares (in thousands)	41,821	44,209	
Earnings per share (in €)	0.29	-0.16	
thereof from continuing operations	0.29	-1.29	
thereof from discontinued operations	0.00	1.13	

For the first time, includes mark to market valuation of PPN Apleona (+22)

Actually higher tax rate, as no capitalization of losses in the domestic SE group, in contrast quasi tax-free revaluation and disposal gains

In prior year gain from legal dispute in Qatar (60)

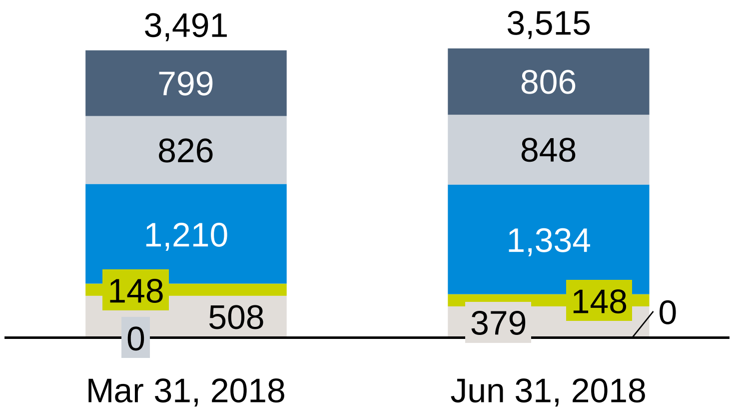
In addition to the special items in EBITA write-up PPN Apleona is also adjusted. Normalized tax rate of currently 31%

[1] *from continuing operations*

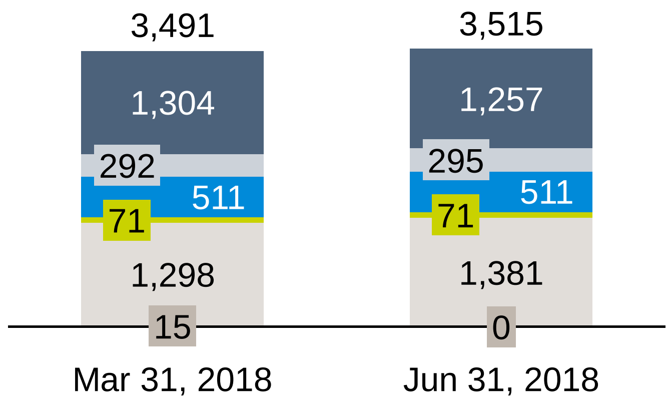
Special items of ~€50 million in FY 2018 expected

€ million	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018	Q2 2018
EBITA	**-64**	**-6**	**2**	**-118**	**-11**	**-1**
Disposal gains/ losses, write-downs, selling-related expenses	5	7	15	**40**	**-2**	**-2**
Compliance	1	5	2	**12**	**3**	**5**
Restructuring, Extraordinary depreciations	10	8	15	**50**	**0**	**4**
IT investments	5	6	6	**19**	**4**	**6**
Total Adjustments	**21**	**26**	**38**	**121**	**5**	**13**
EBITA adjusted	**-43**	**20**	**40**	**3**	**-6**	**12**

Balance Sheet – Overview Assets and Liabilities



Intangible assets	1%	compared to Mar 31, 2018
Other non-current assets	3%	
Current assets	10%	
Marketable Securities	-0%	
Cash and equivalents	-25%	
Assets classified as held for sale	n/a	



Equity	-4%	compared to Mar 31, 2018
Pension provisions	1%	
Financial debt	0%	
Other non-current liabilities	0%	
Current liabilities	6%	
Liabilites classified as held for sale	-100%	

Non-current assets include non-cash purchase price components Apleona (Vendor Claim €111 million, Preferred Participation Note €233 million)

Marketable securities: investment in liquid and low-risk public funds, esp. to avoid negative interest (strategic base liquidity)

Decrease in **equity** with positive overall result after taxes (€18 million) due to dividend pay-out (-€42 million) and share buy-back (-€25 million).

Pension provisions almost stable due to relatively unchanged interest rate of 1.6%

Financial debt relates to bond of €500m

Consolidated Balance Sheet: Assets

€ million	June 30, 2018	March 31, 2018	Dec. 31, 2017
Non-current assets			
Intangible assets	805	799	804
Property, plant and equipment	362	361	367
Investments accounted for using the equity method	29	26	22
Other financial assets	373	357	364
Deferred taxes	85	82	86
	1,654	**1,625**	**1,643**
Current assets			
Inventories	78	77	82
Receivables and other financial assets	1,175	1,053	1,031
Current tax assets	13	16	30
Other assets	68	64	55
Marketable securities	148	148	150
Cash and cash equivalents	379	508	617
Assets classified as held for sale	0	0	12
	1,861	**1,866**	**1,977**
Total	**3,515**	**3,491**	**3,620**

Consolidated Balance Sheet: Equity & liabilities

€ million	June 30, 2018	March 31, 2018	Dec. 31, 2017
Equity			
Equity attributable to shareholders of Bilfinger SE	1,273	1,321	1,408
Attributable to minority interest	-16	-17	-25
	1,257	**1,304**	**1,383**
Non-current liabilities			
Provisions for pensions and similar obligations	295	292	293
Other provisions	26	26	27
Financial debt	509	509	509
Other liabilities	0	0	0
Deferred taxes	45	44	45
	875	**871**	**874**
Current liabilities			
Current tax liabilities	34	34	34
Other provisions	411	425	442
Financial debt	2	2	2
Trade and other payables	707	619	640
Other liabilities	229	221	219
Liabilities classified as held for sale	0	15	26
	1,383	**1,316**	**1,363**
Total	**3,515**	**3,491**	**3,620**

Cash Flow Statement

	H1		Q2	
€ million	2018	2017	2018	2017
Cash flow from operating activities of continuing operations	**-101**	**-158**	**-41**	**-121**
- Thereof special items	-37	-56	-22	-28
- Adjusted cash flow from operating activities of continuing operations	-64	-102	-19	-93
Net cash outflow for P, P & E and intangible assets	**-25**	**-37**	**-15**	**-23**
Free cash flow from continuing operations	**-126**	**-195**	**-56**	**-144**
- Thereof special items	-37	-56	-22	-28
- Adjusted free cash flow from operating activities of continuing operations	-89	-139	-34	-116
Payments made / proceeds from the disposal of financial assets	**-1**	**-3**	**-3**	**2**
Investments in financial assets	**-1**	**-5**	**-1**	**-5**
Changes in marketable securities	**0**	**0**	**0**	**0**
Cash flow from financing activities of continuing operations	**-102**	**-50**	**-67**	**-46**
- Share buyback	-57	0	-25	0
- Dividends	-44	-46	-44	-46
- Repayment of financial debt / borrowing	1	-1	0	-1
- Interest paid	-2	-3	2	1
Change in cash and cash equivalents of continuing operations	**-230**	**-253**	**-127**	**-193**
Change in cash and cash equivalents of discontinued operations	**-7**	**-8**	**-1**	**1**
Change in value of cash and cash equivalents due to changes in foreign exchange rates	**-1**	**0**	**-1**	**0**
Change in cash and cash equivalents	**-238**	**-261**	**-129**	**-192**
Cash and cash equivalents at January 1 / April 1	617	1,032	508	966
Change in cash and cash equivalents of assets classified as held for sale	0	3	0	0
Cash and cash equivalents at June 30	**379**	**774**	**379**	**774**

Valuation net cash / net debt:
Decrease largely due to dividend payment and ongoing share buyback

€ million	Jun. 30, 2018	Mar. 31, 2018
Cash and cash equivalents	379	508
Marketable securities	148	148
Financial debt	-511	-511
Net cash	**16**	**145**
Pension provisions	-295	-292
Expected cash-out disposals	0	~ -5
Financial assets (Apleona, JBN)	366	340
Future cash-out special items	~ -135	~ -155
Intra-year working capital swing	0	0
Valuation net cash (+) / net debt (-)	**~ - 50**	**~25 to 50**

Apleona Vendor Claim 119 (before value adjustment IFRS 9), PPN 233, shares JBN 14

Disclaimer

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