



Bilfinger SE | Capital Markets Day 2015 – Analysts' and Investors' Conference

STRATEGY FOCUS FOCUS FOCUS

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October 15, 2015

Agenda

- | | |
|---|---------------------|
| I. Bilfinger Group | Per H. Utnegaard |
| II. Segment Industrial | Per H. Utnegaard |
| III. Segment Building and Facility | Dr. Jochen Keysberg |
| IV. Summary | Per H. Utnegaard |





I. Bilfinger Group | Per H. Utnegaard

CEO Assessment

We can build on our strengths



- High-quality services provider and partner to our customers
- High brand recognition
- Strong customer base with long-term relationships
- Skilled and experienced staff, impressive engineering expertise
- Comprehensive services offering
- Market leadership in important European markets



CEO Assessment

Numerous challenges

- High complexity
- Low profitability
- Low cash conversion
- No synergies
- Loss of trust



Stabilize the business by...

- ... defining and focusing on core business
- ... building on strong market position and strengthening sales culture
- ... aiming for cost leadership, finalize restructuring
- ... improving cash conversion
- ... **delivering what we promise**

Current status

Two different businesses at two different stages



BILFINGER SE

INDUSTRIAL

- Market leader in Europe
- Fragmented international activities
- Low level of integration within segment

➤ **Good basis, but need for restructuring**

BUILDING AND FACILITY

- Facility Services: No. 1 in DACH
- Robust business model
- Steady financial performance over last years

➤ **Expansion of strong market position as expert for integrated real estate services**

GUIDANCE 2015
Continuing operations



Output volume: at prior-year level of €6.25bn
adj. EBITA: €150m to 170m

It's all about FOCUS and CORE!

The five cornerstones in our strategy

**Two independent pillars:
Industrial and Building and Facility**

**CORE business:
services, markets, customers and geographies**

Cost leadership

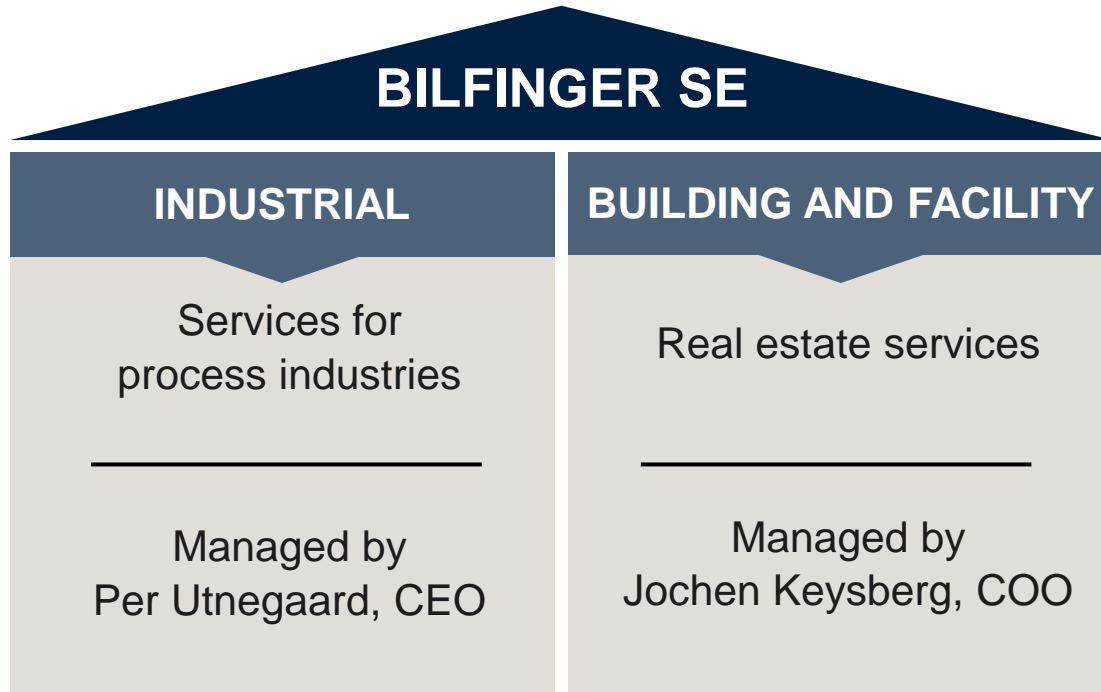
Cash conversion

**Leadership and skills:
Our people make it work!**



Improve profitability, increase cash conversion, reduce complexity

Two independent pillars drive and unlock any hidden potential



Benefits of independence

- Increased **visibility**
- Drive **decentralization**
- Stimulation of **entrepreneurial spirit**
- **Clear accountability and responsibility**
- Greater strategic **flexibility**
- Faster development and **growth**
- Full **transparency of value**

➤ **Unlock any hidden potential**

Focus on CORE services

Do more of less!



INDUSTRIAL

- Maintenance and Turnarounds
- Insulation, Scaffolding and Painting
- Engineering
- Automation
- Fabrication and Installation

BUILDING AND FACILITY

- Facility Management
- Real Estate Consulting
- Real Estate Management
- Building Projects

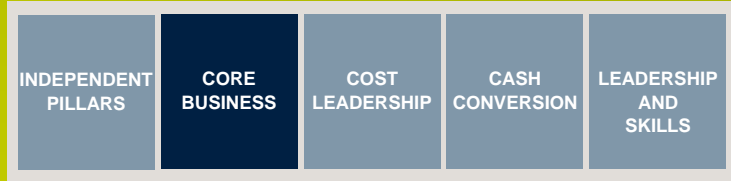


We will strengthen our strengths



Focus on CORE customers

Accelerate development of key account management and leverage our high-profile customer base



High-profile customer base

- Several blue-chip customers (BASF, BP, Deutsche Bank, Siemens)
- 80% of output volume generated our top 100 customers



Accelerate Key Account Management

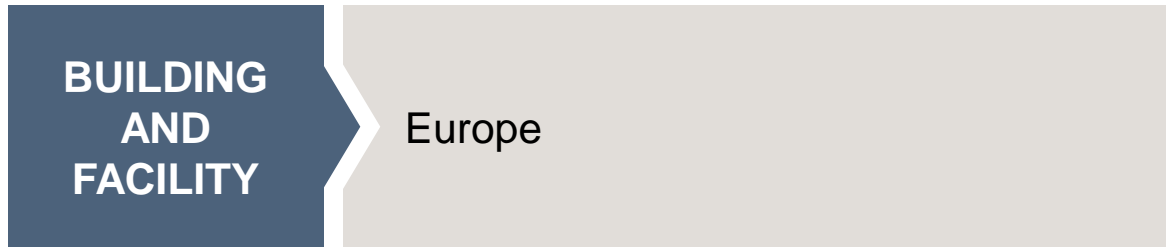
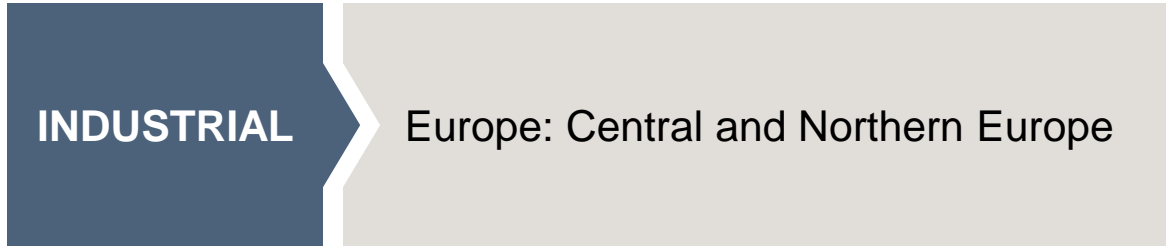
- Increase current market penetration
- Strengthen our Key Account Management capabilities
- Further extend our long-term partnerships with our strategic customers



Long-term customer relationships set base for stable and profitable business

Focus on CORE geographies

From fragmented international footprint to European focus



Strengthen our position in our home markets



Focus on CORE markets

INDEPENDENT
PILLARS

CORE
BUSINESS

COST
LEADERSHIP

CASH
CONVERSION

LEADERSHIP
AND
SKILLS



INDUSTRIAL

Process industries

- Chemicals
- Energy
- Oil&Gas / Refineries
- Pharma

BUILDING AND FACILITY

Real estate services
for customers in **various** sectors



Expansion of market shares

Non-core businesses identified



NON-CORE BUSINESSES		
Lack of strategic fit with CORE	Risk reduction	Subcritical in size or geographies
<p>Industrial: e.g.</p> <ul style="list-style-type: none"> ▪ Steel Construction ▪ US Industrial Construction (Oil and Gas Industry) <p>Building and Facility:</p> <ul style="list-style-type: none"> ▪ Water Technologies ▪ Government Services 	<ul style="list-style-type: none"> ▪ Power* ▪ Offshore Systems* <p style="text-align: right;">*Disc. Operations</p>	<p>Industrial: e.g.</p> <ul style="list-style-type: none"> ▪ Engineering Services in Asia-Pacific ▪ Insulation, Scaffolding and Painting in Spain and Portugal

Non-core businesses identified – all strategic options open

Clear distinction between CORE and Non-core businesses

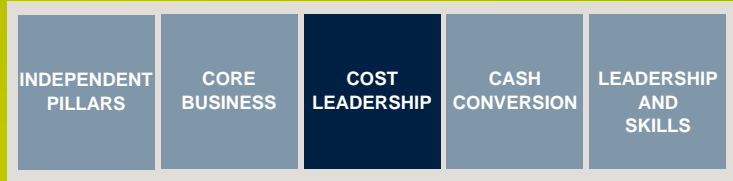


Output volume (2015e)

	CORE business	Non-core business
	<ul style="list-style-type: none">Management's strategic focusIncrease investment activitiesPotential acquisitions	<ul style="list-style-type: none">No strategic focusLimited investment activitiesExamine all strategic options
Industrial	~€2.7 bn	~€0.7 bn
Building and Facility	~€2.4 bn	~€0.4 bn
Power*		~€1.2 bn

* Discontinued Operations

Focus on cost leadership

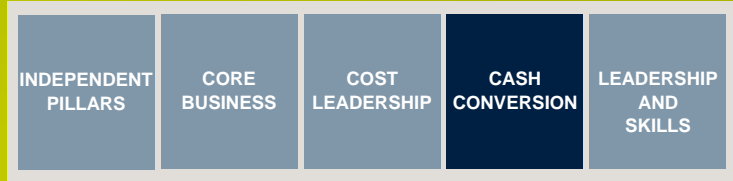


- Continue successful **restructuring, already launched measures on schedule**
- **Operational excellence:**
 - process optimization
 - standardization
 - drive economy of scale and unit cost reduction
 - digitization
- **SG&A efficiency:** adjust SG&A cost to industry benchmark (concept development in progress)



Improve competitiveness to create shareholder value

Focus on cash conversion



- Improve time to billing
- Optimize billing process
- Improve overdues
- Inject full working capital awareness



Free up cash to create shareholder value

Leadership and skills

Our people make it work!



Bilfinger Academy | Figures 2015e

> 50.000 e-learnings/41 countries

> 3.000 corporate training days

Intense technical and safety training

> 400 participants in global leadership development



LEARNING CAMPUS
COMPREHENSIVE CORPORATE AND LOCAL QUALIFICATION

CORE TOPICS
NETWORKING AND QUALIFICATION IN AREAS CRITICAL TO SUCCESS

LEADERSHIP FORUM
CUSTOMIZED SEMINARS AND DEVELOPMENT PROGRAMS FOR MANAGERS

- Onboarding: foster joined values, install worldwide standards
- Technical trainings: excellence in high quality services
- Sales Performance Initiatives: Boost commercial and technical skills
- Focus on Leadership: drive entrepreneurship and cost-leadership



Tailor-made training program and all incentive plans are aligned to ensure successful execution

Wrap up

Key strategic initiatives will deliver on our objectives



II. Segment Industrial | Per H. Utnegaard

Industrial

Good basis, but need for restructuring



BILFINGER SE

INDUSTRIAL

Output volume 2015e:
a good €3.4bn

Adjusted EBITA margin 2015e:
3% plus

STRENGTHS:

- **Leading supplier** for Industrial services and solutions for process industries in Europe
- **Comprehensive** service offering
- **Well positioned** to benefit from **industry trends**
- **High reputation** of service quality, engineers and highly qualified staff

OPPORTUNITIES:

- Optimize **operational** processes and streamline **organizational** setup
- **Leverage high profile customer base**

MARKET	FOCUS	KEY INITIATIVES
<ul style="list-style-type: none">▪ Market environment▪ Industry trends▪ Peer group	<ul style="list-style-type: none">▪ CORE geographies▪ CORE services▪ CORE customers	<ul style="list-style-type: none">▪ Restructuring▪ Operational Excellence▪ Commercial Excellence

➤ Higher Profitability, improved Cash conversion, reduced Complexity

We see opportunities in a challenging market environment

MARKET

FOCUS

KEY
INITIATIVES

MARKET CHARACTERISTICS

- **Stable, low-risk** countries
- **Slow growth** environment
- Ongoing **outsourcing** trend
- Highly **fragmented** and **competitive** market
- Requires **local** presence
- **Oil price** development **sensitive** for some customers' business
- Recently trend to **tenders across production sites**



OUR OPPORTUNITIES

- **Excellent** market **position**
- Winning **outsourcing** projects pushes profitable growth
- Well-positioned as market leader for further market **consolidation**
- Drive optimal go-to-market model: “local champion concept” – **strong local presence** in important industry centers
- Advanced **key account management** for high-profile customer base

We are well positioned to leverage industry trends

MARKET

FOCUS

KEY
INITIATIVES

MARKET DYNAMICS AND KEY TRENDS

Digitization of industry

Industry 4.0



Outsourcing

Ongoing trend for outsourcing industrial maintenance



Fragmented competitive landscape in core market

Consolidation process ongoing



WE ARE WELL POSITIONED

- **Mobile devices** in maintenance already in use
- **Several digital services** in development
- Highly sophisticated **tailor-made** solutions
- **Best-in-class** know-how
- References as competitive advantages
- **Leading market position** in fragmented market
- **Increase our market shares** through organic and external growth (M&A)

Industry trend

Industry 4.0 will impact our maintenance and service offerings in the future

MARKET

FOCUS

KEY INITIATIVES

Remote data analysis

Real-time analysis of critical data points from customer's process and manufacturing databases



Remote support and maintenance

Predictive maintenance

Analysis of historical and actual equipment data



Execution of proactive measures before problems occur

Intelligent spare part management

Analysis of historical demand and equipment data



Proactive provision of spare parts or intelligent lists for customer ordering

Augmented reality

Complete sharing of the working environment with remote service team



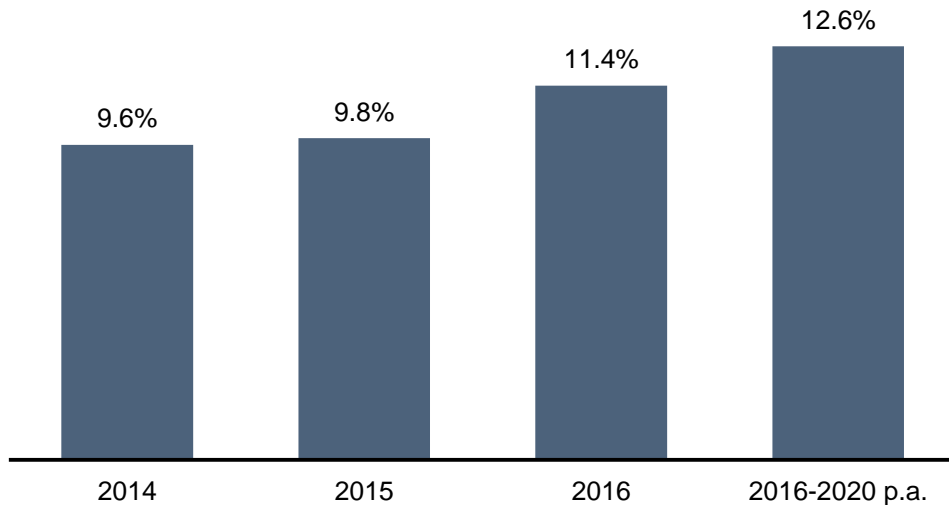
Visor enabled step-by-step instructions for maintenance and set-up of equipment

Industry trend

Ongoing outsourcing offers growth opportunities



Top 15 companies Industrial Services providers in Germany



➤ **Increasing trend towards higher revenue share from outsourcing projects**

Source: Lünendonk-Studie 2015 "Industrial Services in Germany"

- Customers in process industries are continuously reducing their fixed cost base: ongoing trend to **outsourcing**
- Due to high quality services and experience we are **solution provider** of choice

➤ Focus on **existing customers** with further outsourcing potential as well as on **newly identified opportunities**

➤ Well-positioned product for outsourcing of small- and medium-sized customers (BMC)

➤ Use it as **selling point**: our process efficiency is **also process efficiency for the customer**

Bilfinger with most comprehensive service portfolio within peer group










































MARKET

FOCUS

KEY INITIATIVES

CAPEX Services

OPEX Services

Engineering	Automation	Fabrication and Installation	Maintenance and Turnarounds	ISP onshore	ISP offshore
					
			 	 	 
					
					
					
					
					
					
					
					

Comprehensive offering both in CAPEX and OPEX services

Some large competitors but overall highly fragmented market: **Bilfinger** market leader with only market share <5%

Competitive landscape expected to further consolidate

Step 1: increase market share organically

Step 2: become **active consolidator**

Source: CapitalIQ; industry experts; Bilfinger analysis



➤ Higher Profitability, improved Cash conversion, reduced Complexity

Focus on CORE geographies

Leading position in Europe



DACH **market leadership** in industrial maintenance services

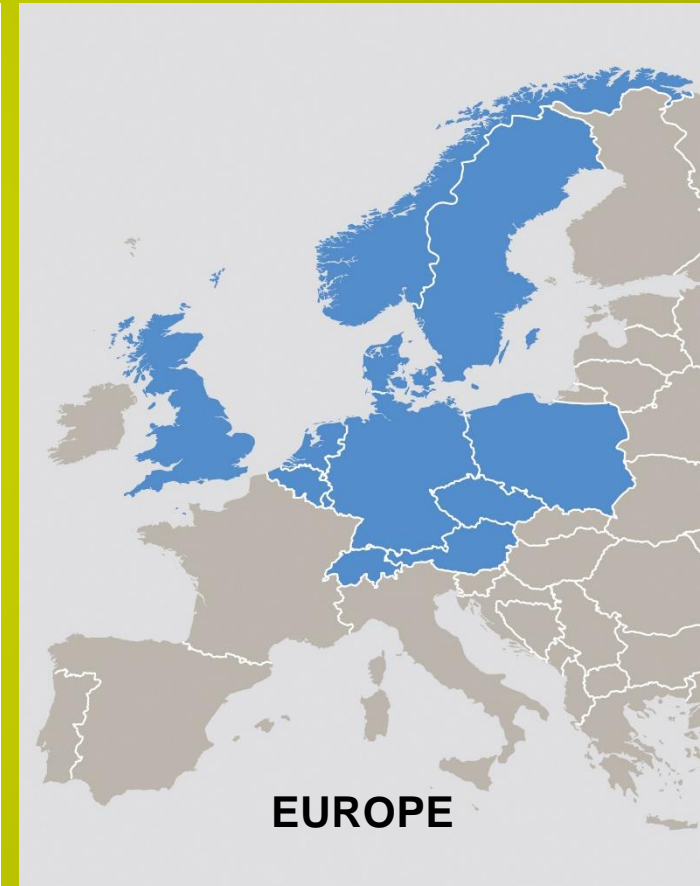
Nordics **market leadership** in industrial maintenance and strong market position in on- and offshore oil and gas services

UK **market leadership** in maintenance and modifications

BeNe **market leadership** in industrial insulation, scaffolding and painting

Eastern Europe **strong position** in industrial maintenance services and flexible body leasing resources for employment throughout our CORE geographies

With our leading positions in fragmented markets we will increase our market share



Europe

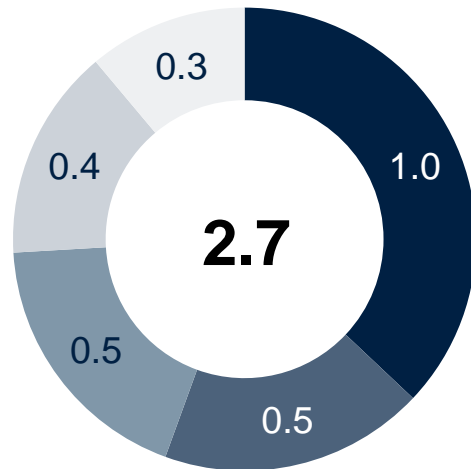
A stable, low-risk market environment

MARKET

FOCUS

KEY
INITIATIVES

Europe: CORE ~80%

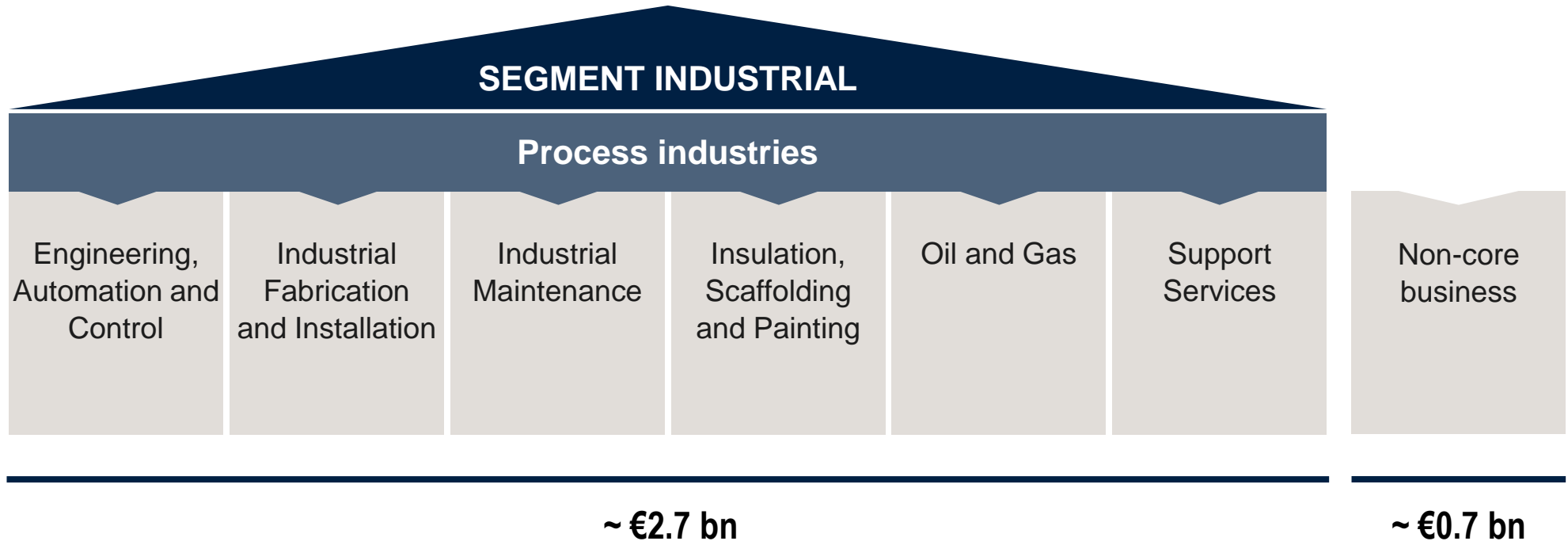


■ DACH ■ Northern Europe ■ UK ■ BeNe ■ Eastern Europe



Focus on CORE services

Tailor-made services for process industries

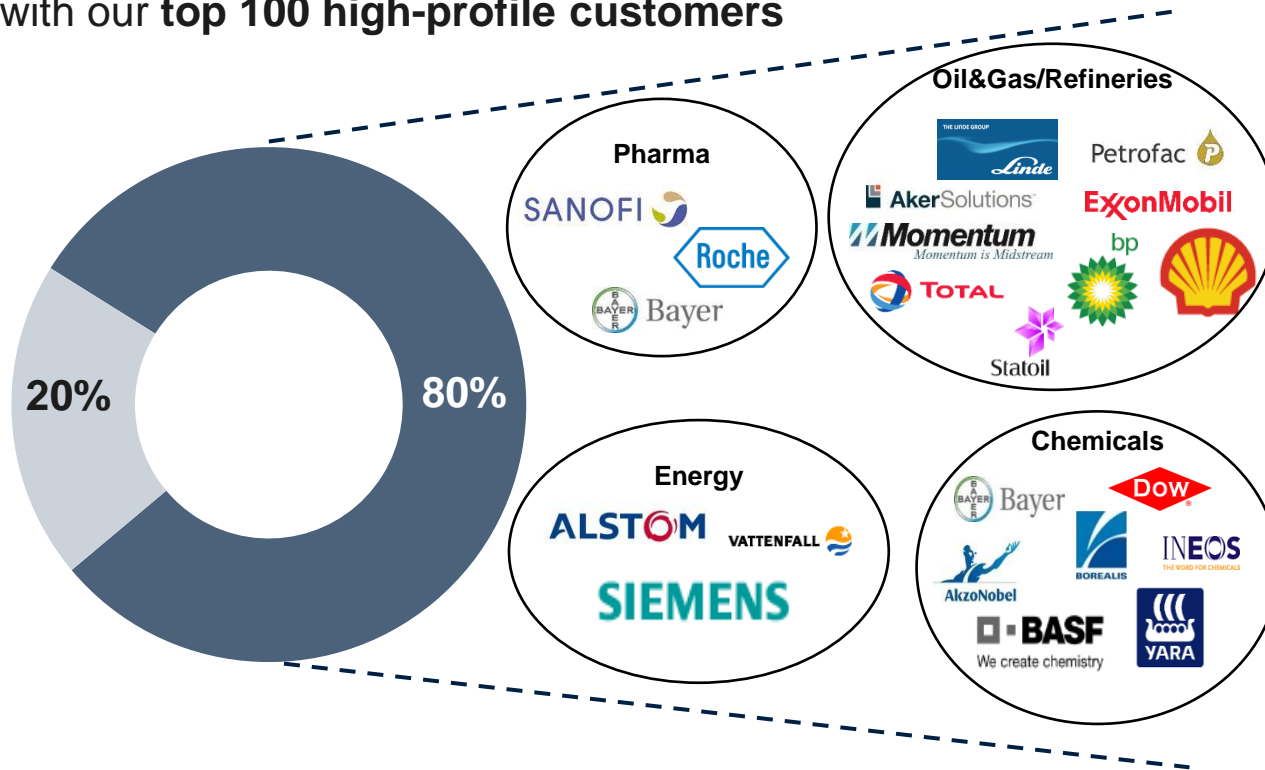


Focus on core customers

Leverage our high-profile customer base



Ca. 80% of output volume generated with our top 100 high-profile customers



- **Trend to**
 - supplier consolidation
 - awarding of service contracts across different sites
- **Bilfinger well positioned to benefit from these trends**
 - offering of bundled service
 - ability to serve European blue chip customers
 - strong key account management

Case Study Borealis

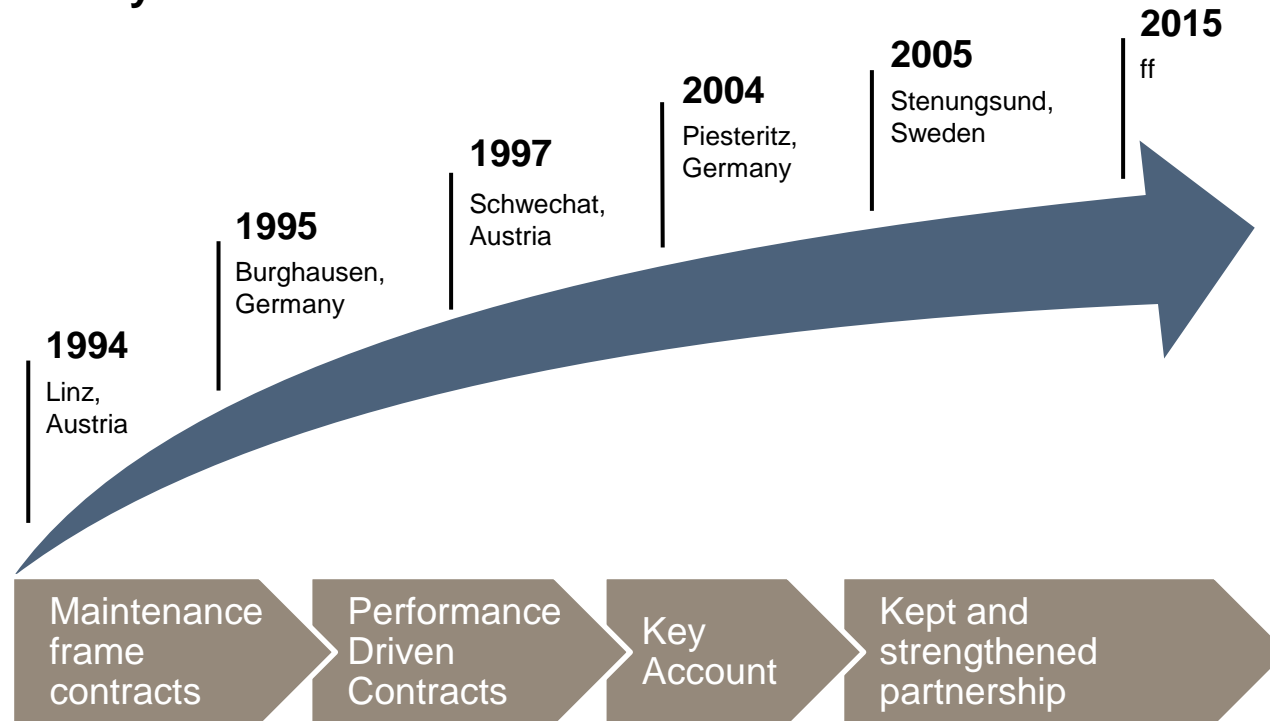
Excellence in engineering and maintenance expertise

MARKET

FOCUS

KEY
INITIATIVES

Establishing of relation to key account Borealis



➤ **Bilfinger strategy is to follow Borealis growth strategy within their**

Core business areas:

- Polyolefins
- Base Chemicals
- Fertilizer

Countries:

- Netherlands
- Belgium
- France
- Finland
- Middle East

Case Study Borealis

Win-win partnership with sustainable benefits



Advantages Borealis – Performance-oriented partnership with high focus on:

- Efficient maintenance and turnaround execution incl. safety performance
- Committed efficiency gains and performance KPIs
- Continuous improvements, innovations, implementation of best practices

➤ **The result is: Increase of plant availability and cost optimization**

Advantages Bilfinger – Satisfied Customer

- Prolongation and development of existing contracts with increased number of services
- Chance to enter into new contracts at other Borealis sites and local growth outside of these sites

➤ **The result is: Increase in revenues from yearly around 20 to more than 70 million Euro and potential for further growth at a high level**

Case Study Borealis

Our services towards Borealis

MARKET

FOCUS

KEY
INITIATIVES



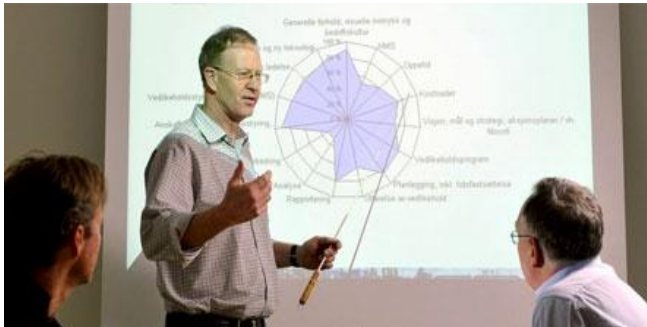
MAINTENANCE SERVICES (BMC)



TURNAROUNDS



**MECHANICAL
(STATIC, ROTATING)**



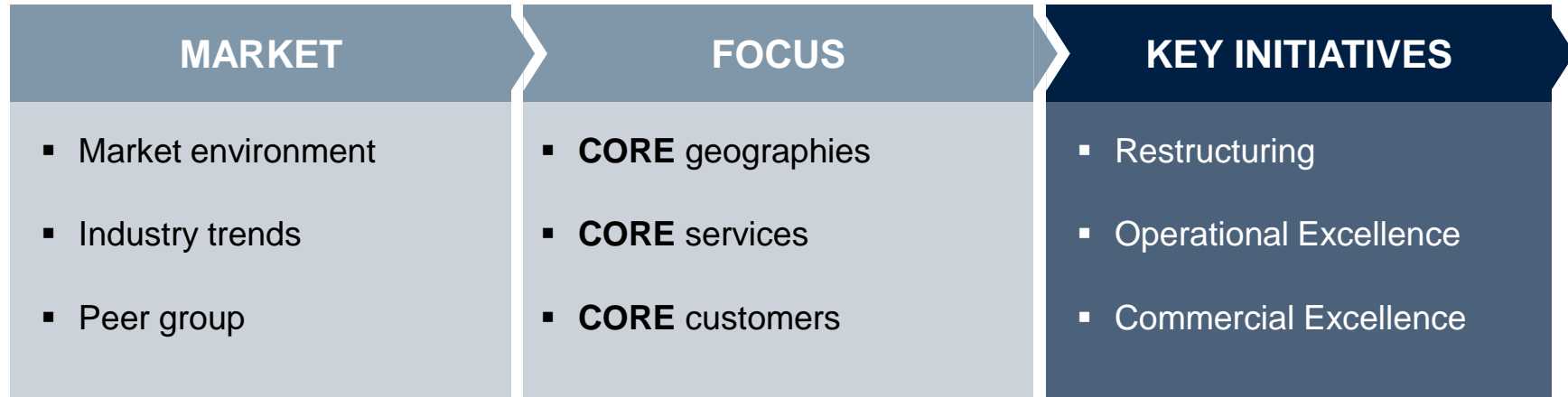
MAINTENANCE CONSULTANCY




**MODIFICATIONS
AND EXTENSIONS**



WORKSHOP SERVICES



 **Higher Profitability, improved Cash conversion, reduced Complexity**

Restructuring measures already launched are on track

MARKET

FOCUS

KEY
INITIATIVES

Restructuring / disposal of units which are loss-making or subcritical in size or geographies

2015

2016

2017 ff

~€70m restructuring expenses

Cash-out in 2015 and 2016

~€40m EBITA p.a. savings

Headcount reduction (~1400 employees) in all divisions, esp. Asia/Pacific, Norway (Oil and Gas), NL and Germany (Engineering, Insulation)

> Closely monitored and fully committed

Operational Excellence will improve our competitiveness and profitability

MARKET

FOCUS

KEY
INITIATIVES

Improve process efficiency

- **Roll-out** successfully piloted **lean-program** in division Industrial Maintenance
- **Enhance standardization** and **digitization** of processes, e.g.
 - optimized work order management based on mobile devices
 - digital time recording
 - digital approval processes
- Identify **best practices** / define concept / roll out
- Implement culture of **continuous improvement**

Increase cost flexibility

- Define and implement a roadmap to increase cost flexibility (**converting fix to variable costs**)

Improve competitiveness and profitability

Operational Excellence – Example

Lean processes and culture of continuous improvement

Project PEPP

MARKET

FOCUS

KEY
INITIATIVES

Objectives of Project PEPP

“Process Excellence through Powerful People”

- Develop **lean processes** incl. **standardized KPIs** and monitoring routines
- Driven and developed from within Bilfinger – **high involvement of employees**
- Establish **culture of continuous improvement**

Results and Roll-out potential

- **Clear profitability improvement potential** proven in **pilot projects**
- **Currently roll-out** in further workshops/locations within **Industrial**

More than 50 improvement levers identified –
Examples:

Introduction of uniform layout of project documentation

Reduced time requirements



Electronic planning tools and digital time recording

Improved efficiency and deployment of employees



Commercial Excellence

We will increase sales and performance culture

MARKET

FOCUS

KEY
INITIATIVES

FUTURE SALES STRATEGY

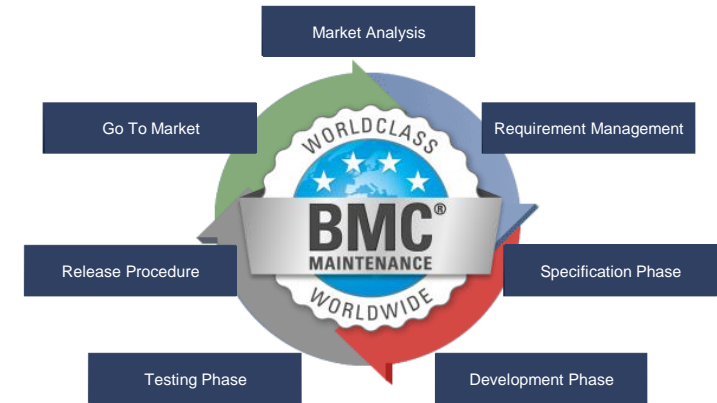
- Focus on **key accounts with clear responsibilities**
- **Advanced commercial initiatives** with strategic customers
- Initiate **incentives program**
- Establish **cross-regional** and **cross-divisional tender management**
- Increase **regional penetration**
- Proactively identify and offer **outsourcing capabilities to customers**
- **Push** Bilfinger Maintenance Concept – **BMC®**: our best practice product suite for industrial maintenance

Commercial Excellence – Example

BMC® is a best practice product suite for maintenance services



- Manufacturer of **water valves** with production in Germany
- Customer with increasing need for **efficiency and operational improvements**
- With **Bilfinger Maintenance Concept BMC®**, Bilfinger applied most modern methods and tools for **upfront analysis**
- **Significant improvement potential** discovered
- **BMC® differentiated Bilfinger** as best-in-class service provider able to **unlock improvement potential**
- Customer signed multi-year **value performance contract** – benefitting from **fixed prices** and **savings >10%**



Successful value creation for customer by BMC® leads to attractive and stable business for us

Focus to create basis for future growth

2015 – strategy launch

- Continue **restructuring**
- Focus on **operational excellence**
- Strengthen **commercial excellence**

2016 – transition year

In addition:

- **Standardize processes** in CORE business
- Develop customer focused **operating model**
- Drive **growth** through defined initiatives

Grow business

Mid/long-term perspective

- **Expand geography** in our core business
- Drive industry **consolidation**



III. Segment Building and Facility | Dr. Jochen Keysberg

BILFINGER SE

REAL ESTATE SERVICES

- 21,500 highly skilled employees in Europe
- High degree of **technical and commercial competence**
- High degree of **self-delivery and extensive value added**
- Excellent **customer relationships**
- Proven ability to **integrate acquisitions**

WATER TECHNOLOGIES AND GOVERNMENT SERVICES

- 1,800 highly skilled employees
- **Successful business** in robust niche markets predominately outside Europe

BUILDING AND FACILITY

Output volume 2015e:
a good €2.8 bn

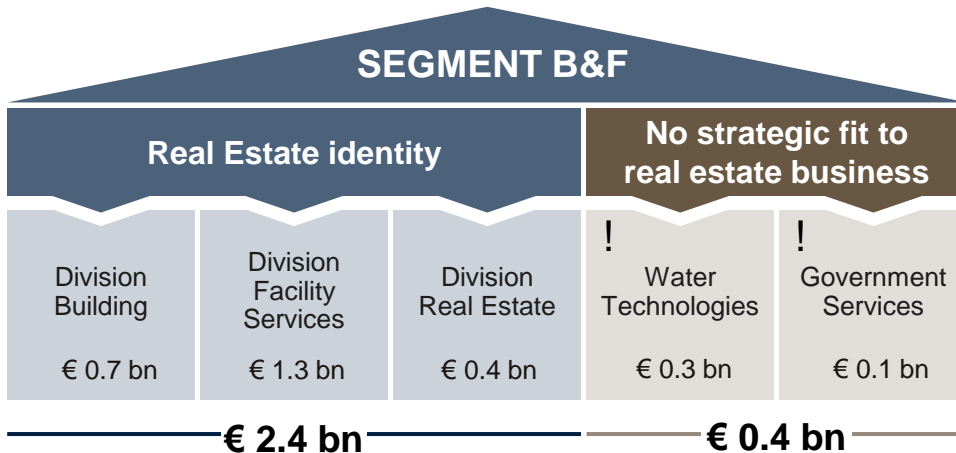
Adjusted EBITA margin 2015e:
at prior-year level
(2014: 5.1%)

Focus on real estate services as core



WHERE WE COME FROM ...

- **No clear logic** of segment configuration and lack of focus on full real estate value chain
- **Lack of focus** leading to **limited visibility** in customers' and capital markets' eyes



WHERE WE WANT TO GO...

- Position the Segment B&F as a leading **European real estate services provider**
- Focus on **higher visibility** as real estate expert
- Focus future measures on the **needs of real estate business**
- **Further integration** of real estate services

! Review within Building and Facility Segment
Output volume, 2015e

Focus on real estate services

Covering the entire real estate value chain



Value chain



Integrated Real Estate Services / Lifecycle consulting / Lifecycle projects

Bilfinger offering



- Advisory and Consulting
- Design
- Construction
- Trades

- Integrated facility management
- Technical due diligence
- Energy management & contracting
- Workplace and project management

- Integrated real estate management
- Center management
- Valuation
- Transactions & Capital markets



High service quality through high degree of vertical integration

Focus on real estate services

Robust business model

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MARKET

GROWTH
INITIATIVES

- No high dependency on a single customer
- Varied and independent market drivers
 - Market consolidation
 - Outsourcing
 - Sustainability
 - Multi-national customers
 - Interest rates
- Customers from different sectors with different economic cycles
- Deliver broad range of services along the entire real estate lifecycle
- High degree of stable service and advising contracts



Market

Robust growth of relevant markets

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MARKET

GROWTH
INITIATIVES

Markets

Growth until 2018

Transaction market Europe <i>Transaction volume</i>	 Significant growth
Facility management market Europe <i>Output volume</i>	 Robust growth
Construction market Germany <i>Output volume</i>	 Slight growth



CAGR 2015 – 2018

Output
Core

Robust growth



Definition for the qualitative comparative growth:

Significant: > 5 %

Robust: > 3 - 5 %

Slight: 1 - 3 %

Source: Cushman & Wakefield 2015, Lünendonk 2015, Euroconstruct 2014, Own estimations

Robust growth with increasing demand for integrated and multi-national services

Market

Trend toward integrated real estate services

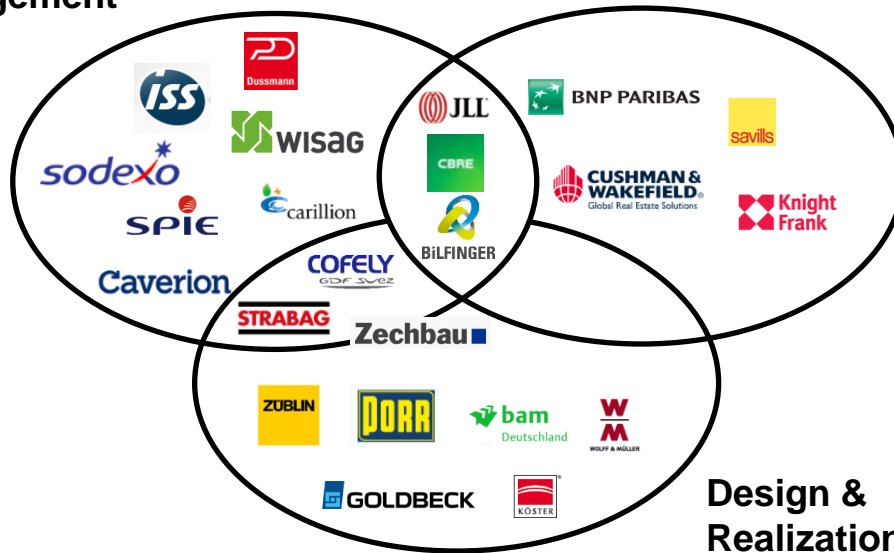
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MARKET

GROWTH
INITIATIVES

Facility Management

Real Estate Consulting



Market trends

- Expansion of real estate value chain through acquisitions
 - Example CBRE: Norland, Johnson Controls
 - Example Bilfinger: GVA
- Increasing demand for integrated real estate services from a single source

➤ **Bilfinger well-positioned for further growth**

Market

Trend for multi-national real estate services

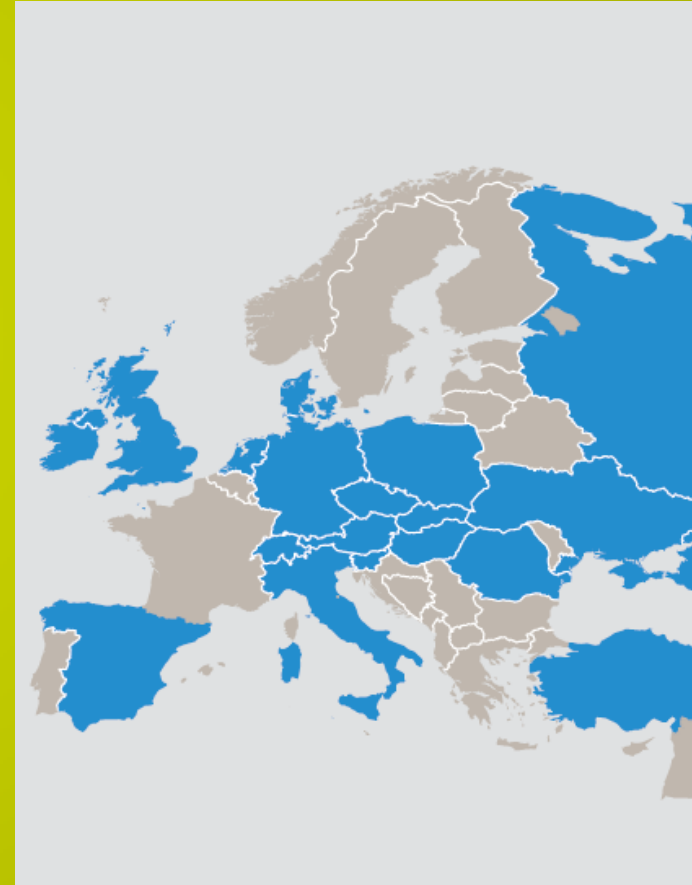
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MARKET

GROWTH
INITIATIVES

- Strong focus on Europe
- Strong market position in the two largest European markets Germany and UK
- Overall present in 20 countries
- Customers require local presence and knowledge combined with multi-national management capabilities
- Tender for real estate management services for real estate portfolios increasingly have a multi-national reach

➤ **Further enlargement of the European platform via “follow your customers” and bolt-on acquisitions**



MARKET DYNAMICS AND KEY INITIATIVES



CORPORATE CLIENTS



DIGITIZATION



ENERGY EFFICIENCY



Growth initiative: Corporate clients

Increasing demand for integrated real estate services

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MARKET

GROWTH INITIATIVES

Starting position



Customer needs

- Cost cutting
- Outsourcing
- Single sourcing
- Shareholder value
- Transparency
- Uniform international standards

Initiatives

- Intensify key account approach
 - Developing and offering new customer-oriented services
 - Sales campaign
 - Strengthen profile and visibility in the market
- Strategic partnerships with customer's CREM departments

➤ Increase business with existing and new corporate clients

Growth initiative: Digitization

Service providers are driving digitization

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MARKET

GROWTH
INITIATIVES

Starting position

- Digitization of buildings (BIM)
- Own R&D for digital solutions (e.g. mobile devices for inventory taking)
- Energy monitoring
- Commercial client systems
- Bilfinger is front-runner



Customer needs

- Cost transparency
- Quality control
- Real-time data
- Just-in-time documentation
- Standardized reporting
- Digital real estate data for further data processing
- Visualization of projects

Initiatives

- Better linkage between existing IT-Tools
- Structured collection and analysis of real estate data
- Development and offering new business models and services
- Professional and cost-effective use of first-hand real estate data



High growth potential due to first-hand access to real estate data

Growth initiative: Energy efficiency

Still high saving potential

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MARKET

GROWTH
INITIATIVES

Starting position

- Extensive own experience
- Close proximity to building technology and direct access to consumption data
- Own energy monitoring systems (real-time data)



Customer needs

- Cost transparency and reduction
- Mandatory energy audits (EU Energy Efficiency Directive)
- Easy overview dashboards about energy consumption
- Digital real-time data for further data processing

Initiatives

- Further development of own energy monitoring system
 - Employee training with regard to technology and sales
 - Consulting and sales initiative
- Strengthen visibility as partner for energy efficiency



Further growth through monitoring system with lower up-front costs

Growth initiative: Energy efficiency

Example smartB

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MARKET

GROWTH
INITIATIVES



- Pilot project in Berlin
- Office building
- Approx. 17,000 m²



- Innovative smart meter
- Cloud-platform
- Real-time data analyses

“We’ve taken a big step toward gaining a transparent view of our power consumption. Now the next step is to take advantage of the savings potential we’ve uncovered and lower our energy costs for the long term.”

Theo Mittag, BASF SE

CONTINUE PROFITABLE GROWTH

2015

- Continuous operational excellence
- At minimum, growth in line with market
- Define and launch additional growth initiatives

2016

Start with bolt-on acquisitions

➤ Medium-term, grow the business to > € 3bn through organic growth of 4-5% p.a. and bolt-on acquisitions

IV. Summary | Per H. Utnegaard

It's all about focus!

Focus, clean up and set basis for future growth

2015

- **Industrial:** Continue restructuring, focus on operational efficiencies and commercial excellence
- **Building and Facility:** Continue profitable growth
- Define and launch **additional growth initiatives** in both segments

Transition year

2016

- **SG&A** efficiency program
- Strive for **cost leadership**
- **Industrial:** Develop customer focused **operating model**
- **Building and Facility:** Selected bolt-on acquisitions
- Strategy update in **Spring**

Continue growth and expand business

Medium- to long-term

- **Geographic expansion** in our defined core markets
- Drive industry **consolidation**



- **Continuous operational improvement and profitable growth**
- **Unlock any hidden potential**