



BILFINGER

Bilfinger SE | Capital Markets Day 2018

Bilfinger 2020 – Back to Profitable Growth

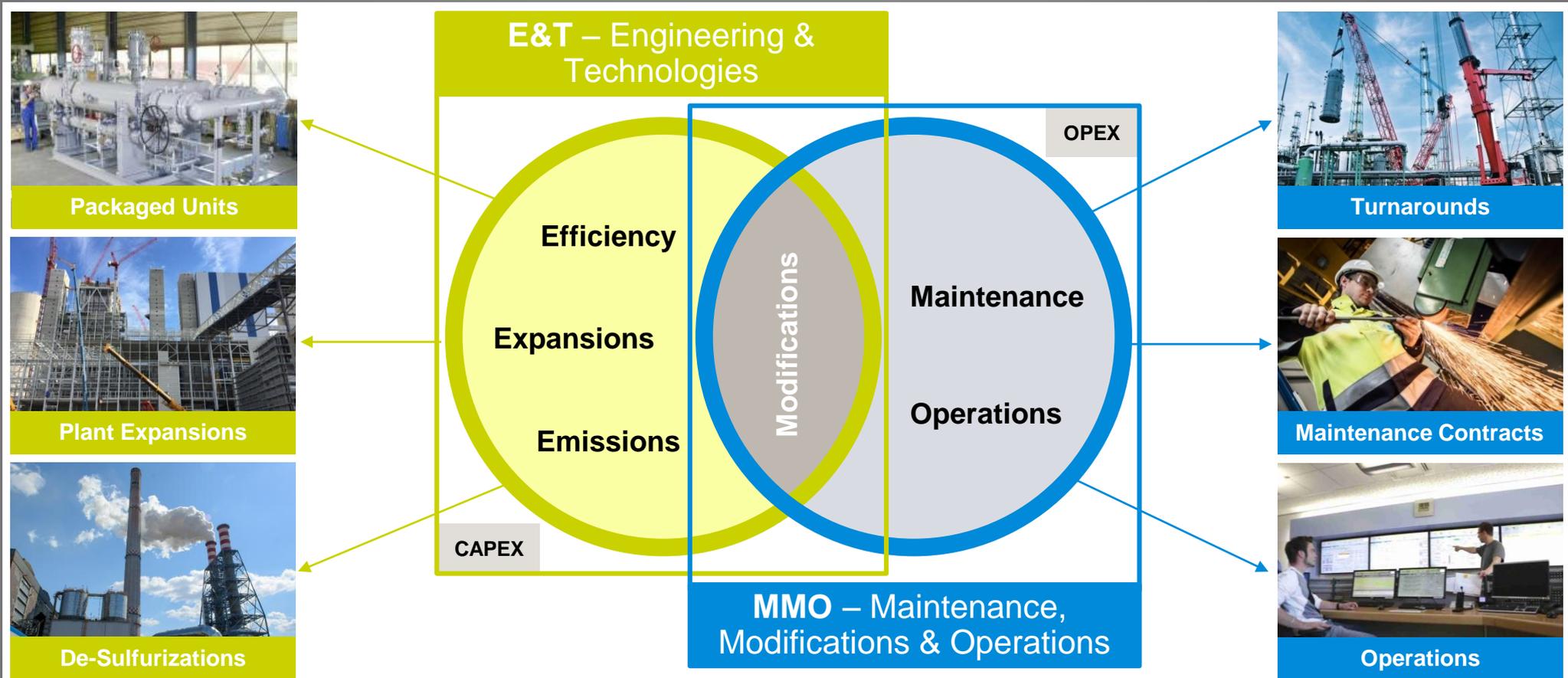
Tom Blades, CEO

Frankfurt | June 13, 2018

CMD 2017

Service Portfolio

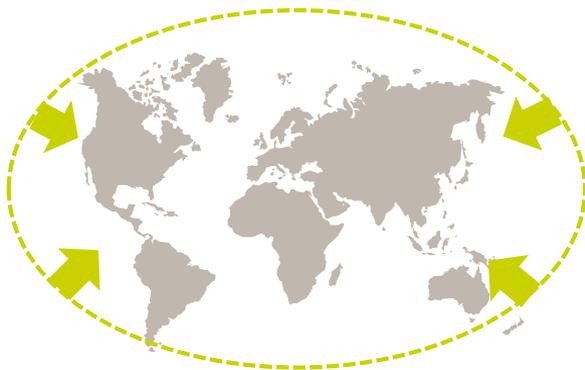
Strong offering for capex and opex driven services



Organization

New setup supports strategy implementation and 2020 ambition

E&T



- Concentrated know-how
- Centralized project governance
- Leverage high-value resources
- Enables fast roll-out of innovations

➤ Use International Scale

MMO



In every region:

- Customer proximity
- Management of capacity utilization
- More collaboration and cross selling
- Higher SG&A efficiency

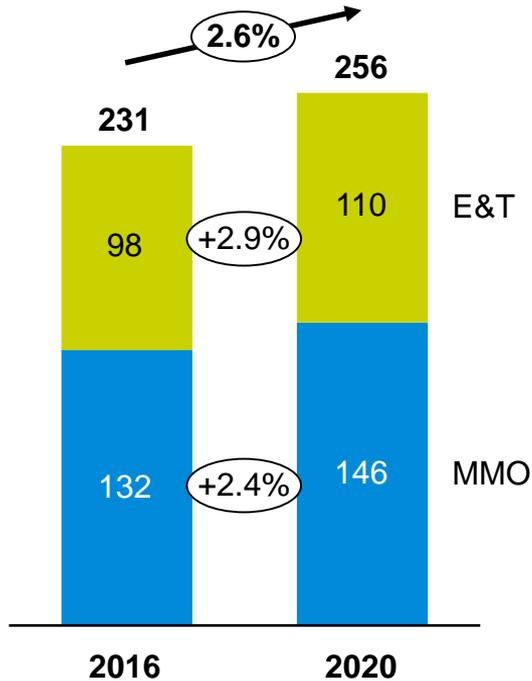
➤ Use Regional Scale

CMD 2017

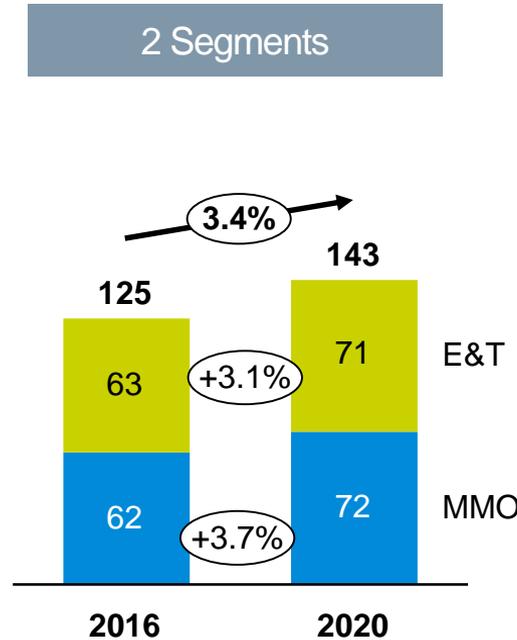
Bilfinger Market Model

Contracted out market is USD 125 bn and rising

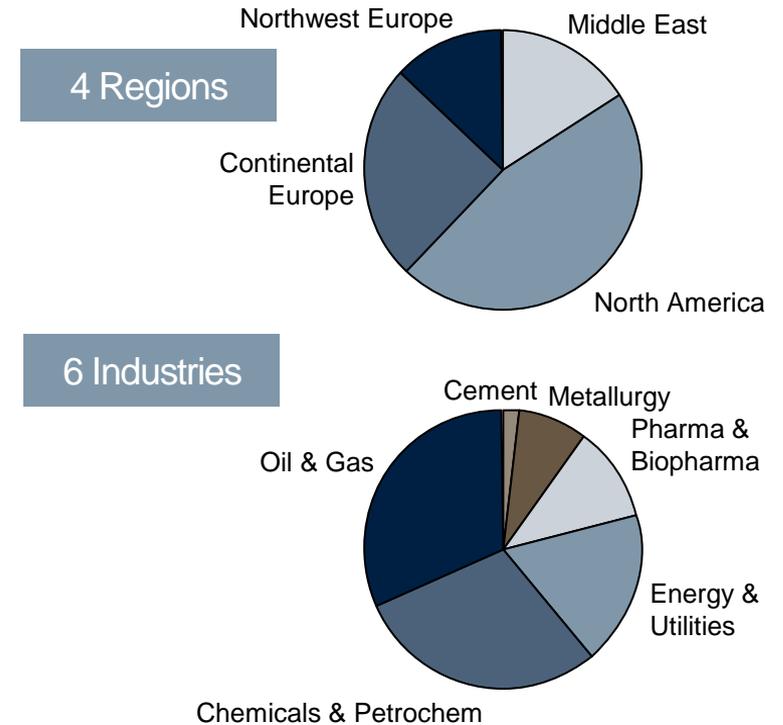
Total service market (2-4-6)
[USD bn]



Contracted out market (2-4-6)
[USD bn]



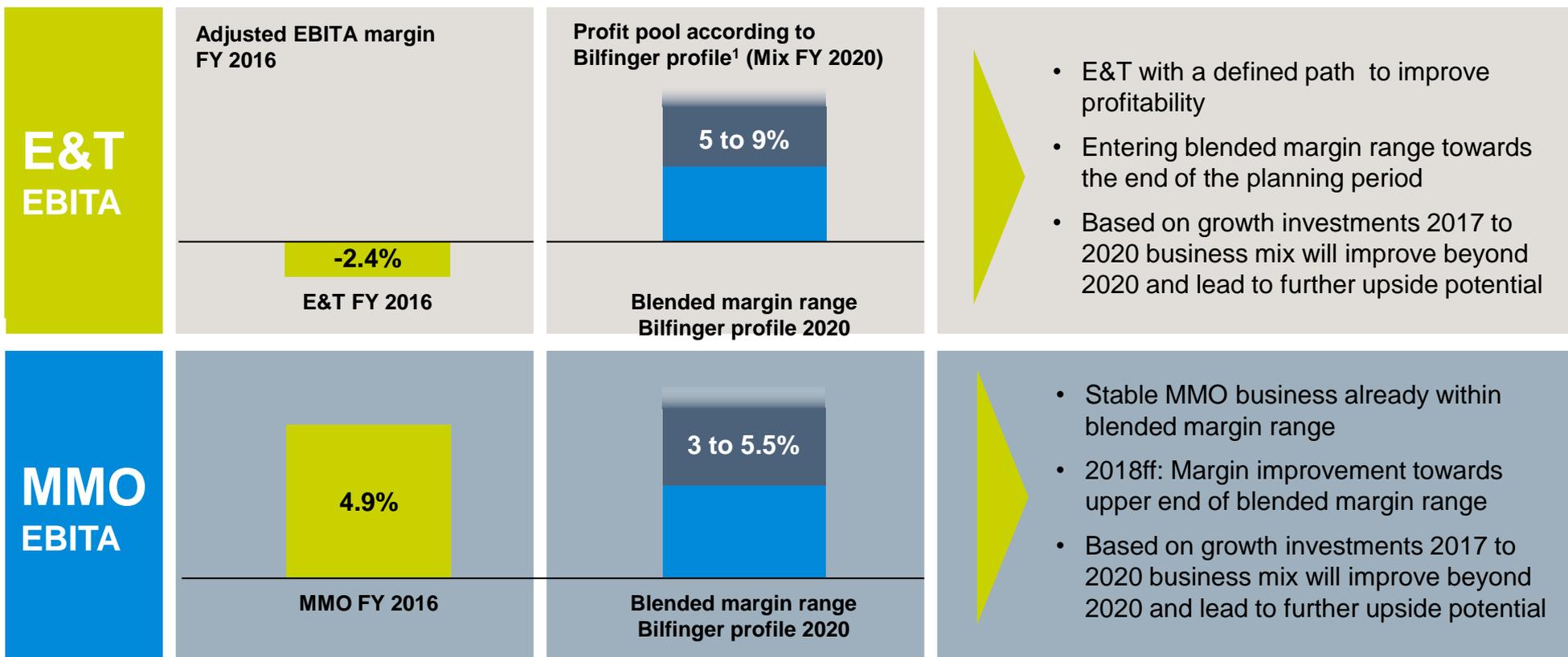
Contracted out market by regions and industries (2016)



Note: E&T market volume comprises projects up to USD Mio 100

Profitability

Margin ambition is supported by an extensive profit-pool analysis



1) Estimate based on expected Bilfinger revenues and typical profitability in relevant segments ("Homunculus"), mid-cycle i.e. stable economic environment

Profitability

We will address all P&L line-items

GROSS MARGIN

- LOA¹ process
- Project management

ADDRESSING BOTH LINE ITEMS

- Process and IT harmonization
- Procurement

SG&A RATIO

- Lean headquarters
- Lean structures in the field

Impact on
gross margin:
~200bps

Impact on
SG&A ratio
~300bps

AMBITION²
EBITA margin
increase of
~500bps
by 2020

1) Limits of authority 2) Mid-cycle targets

Bilfinger 2020

Financial ambition

CMD 2017

Organic Growth	Profit	Cash	Return
<p>>5% CAGR based on FY 2017</p>	<ul style="list-style-type: none"> • EBITA adjusted ~5% • Gross margin improvement by ~200bps • SG&A ratio reduction by ~300bps 	<ul style="list-style-type: none"> • Positive adj. FCF at the latest from 2018 onwards • Over the cycle, from 2018 onwards: Cash Conversion Rate ~ 1 (minus growth adjustment)¹ 	<p>Post-tax ROCE² reported: 8 to 10%</p>

Capital Structure

Investment Grade (mid-term perspective)

Dividend Policy

Sustainable dividend stream going forward
Policy: 40 to 60% of adjusted net profit

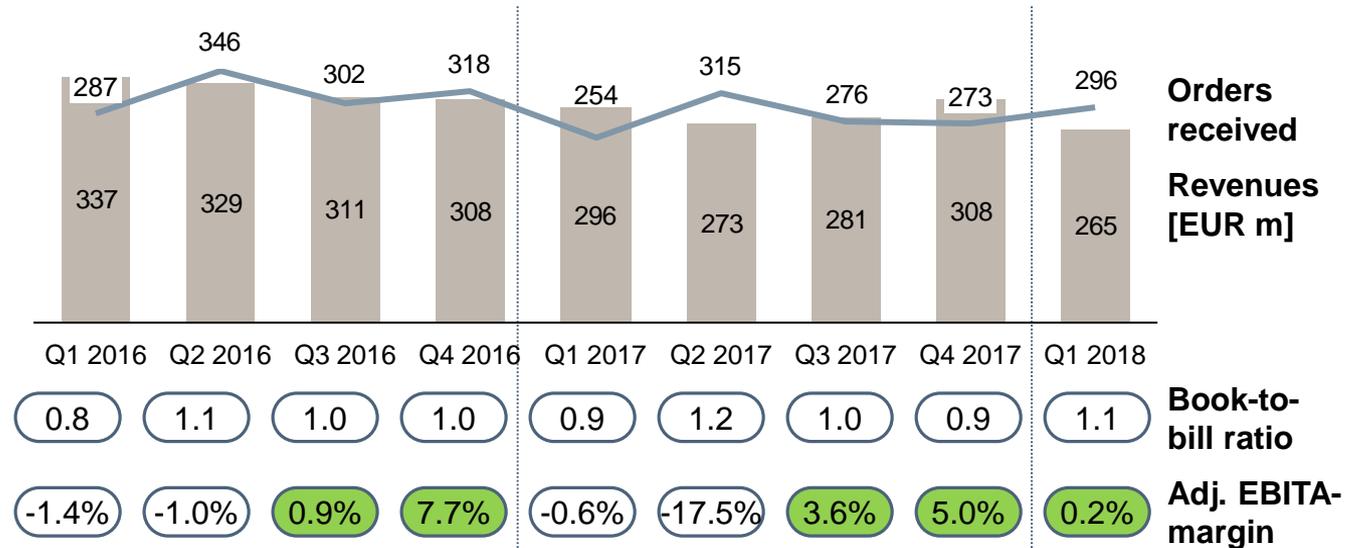
¹ Cash Conversion Definition: (Adj. EBITA + Depreciation – Change NWC - Net CAPEX) / Adj. EBITA

² Capital Employed w/o PPN

Segment E&T Performance

Nearing stability and improving performance

Financial performance Segment E&T



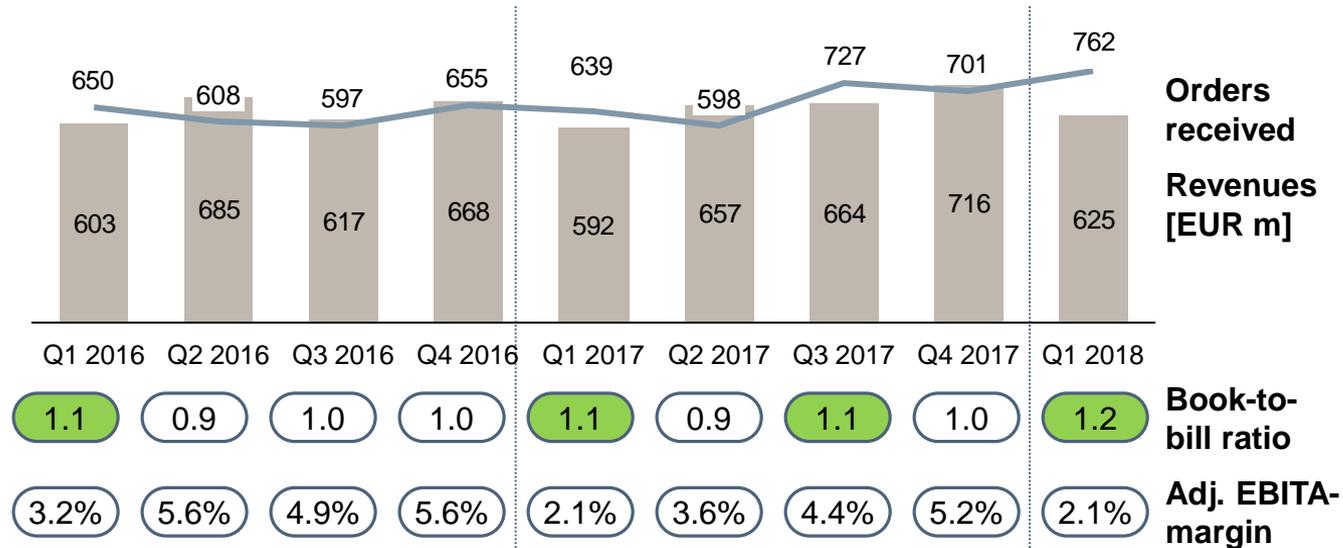
Highlights

- E&T business nearing stability
- Last three quarters with positive EBITA
- Approaching lower end of target margin bandwidth
- Turnaround in orders with double-digit y-o-y growth in Q1
- Quarterly y-o-y revenue decrease slowed pointing to positive momentum
- Book to bill trending upwards

Segment MMO Performance

Stable and progressing towards upper end of target margin bandwidth

Financial performance Segment MMO



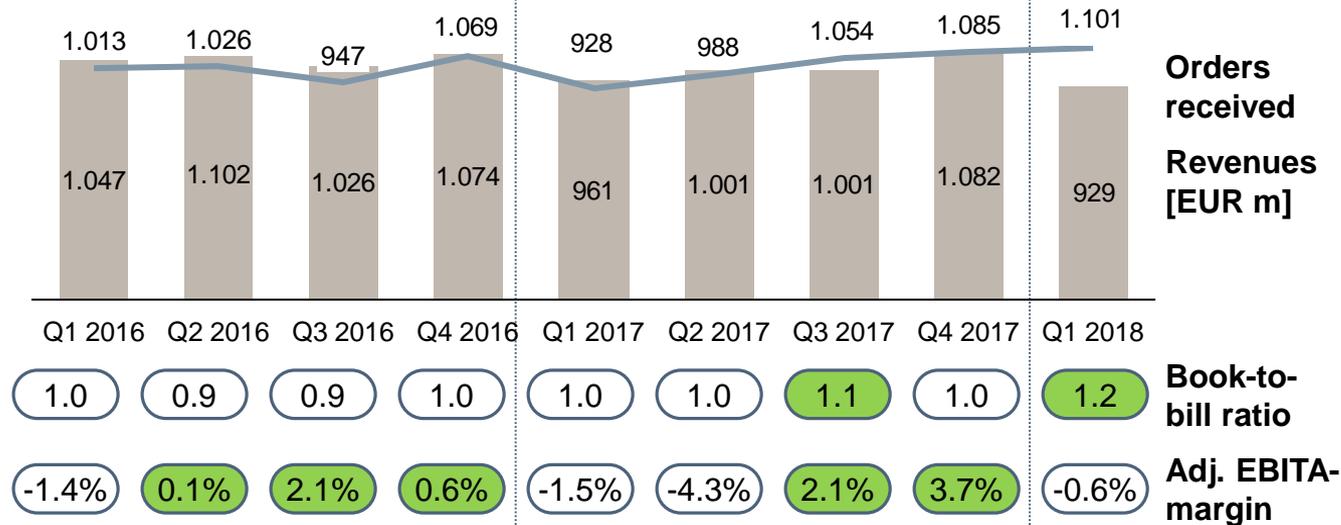
Highlights

- MMO business in stable phase
- Profitability progressing towards upper end of target margin bandwidth
- Q1 with double-digit y-o-y increase in orders received
- Consecutive quarters with year on year revenue growth

Bilfinger Group Performance

From Stabilization to Build Up

Financial performance Bilfinger Group



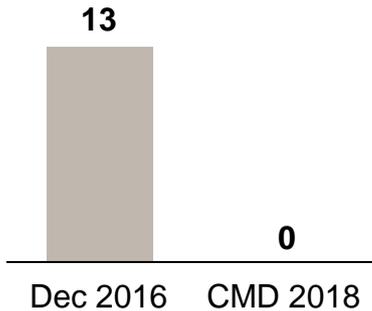
Highlights

- Divestments of non core loss making entities progressing
- Positive trend on SG&A
- Tremendous progress on compliance and integrity
- Transformation projects continue to drive overall gross margin development
- Project risk/execution management under control
- Productivity targets set and rolled out via B-TOP
- Positive market dynamics support growth ambition
- Innovation/digitalization to add on profitable growth

Non-core business

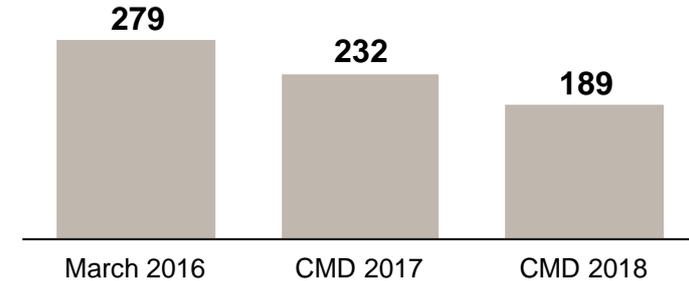
Divestment of non-core dilutive units plus reduction of complexity

Status divestments OOP – dilutive units

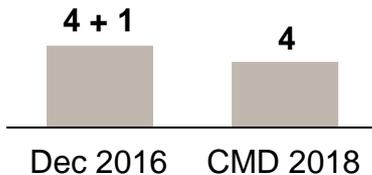


- Target achieved to sell or close all dilutive units by mid-2018

Number of legal entities within Group



Status divestments OOP – accretive units



- 1 accretive unit reintegrated
- 2 accretive units in sales process

- Reduce complexity and administrative burden
- Reduce compliance risk

- Mergers of operating entities
- Reduction of non-operating entities

Compliance and integrity

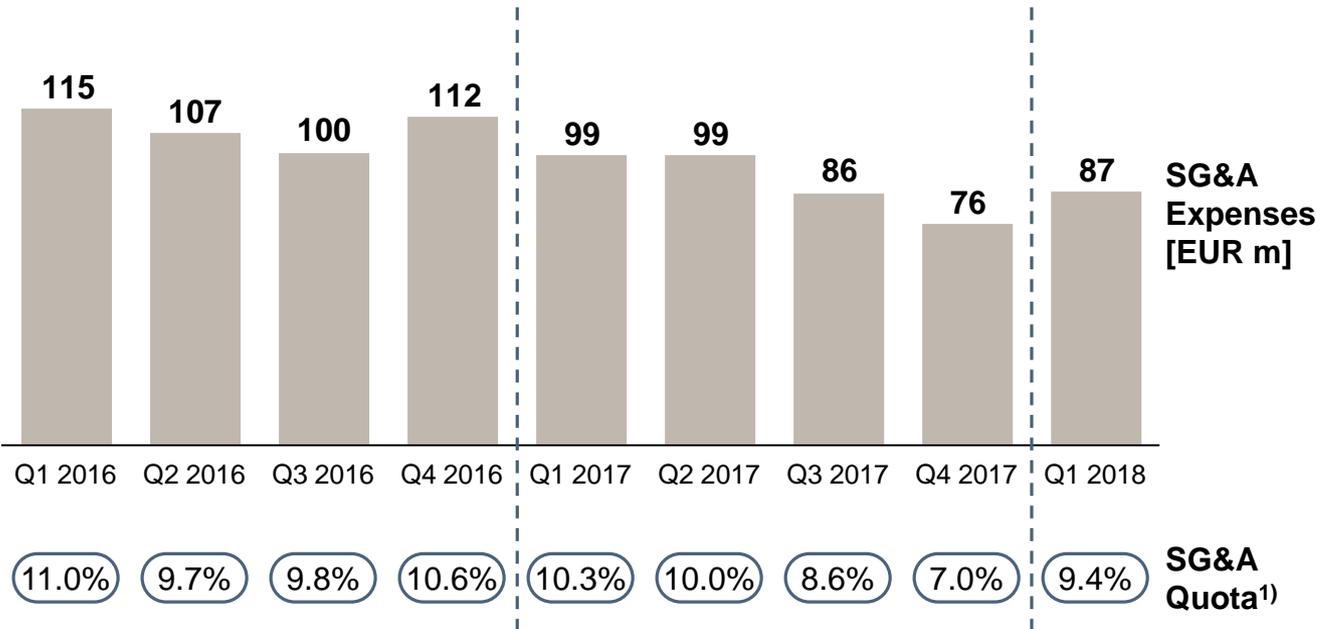
Tremendous progress achieved in the last 18 months

Starting Point	First Steps	Effective compliance system	World Class Compliance System
2003 – 2005	2013 – 2015	2016 – 2018	2019 onwards
<ul style="list-style-type: none"> Nigeria corruption case 	<ul style="list-style-type: none"> DPA Start of monitorship Exchange of leadership BCRP start 	<ul style="list-style-type: none"> Extended DPA Strong tone from the top Accelerated BCRP roll-out Build up of compliance organisation Reduction of complexity Change of Culture Program Target: End of DPA 	<ul style="list-style-type: none"> Continuous improvement Value based compliance system Sustainable development Compliance as competitive advantage

SG&A expenses

SG&A expenses show positive trend

Adjusted SG&A expenses [EUR m]



Highlights

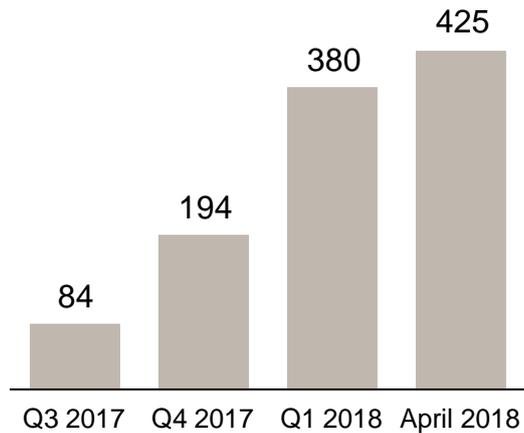
- SG&A expenses continuously reduced through 2017
- 3 consecutive quarters with lower SG&A expense quota compared to previous year
- Streamlining of processes
- Reduction of complexity in structures, organization and governance
- Adjustment of admin headcount

1) As percentage of revenue

B-TOP

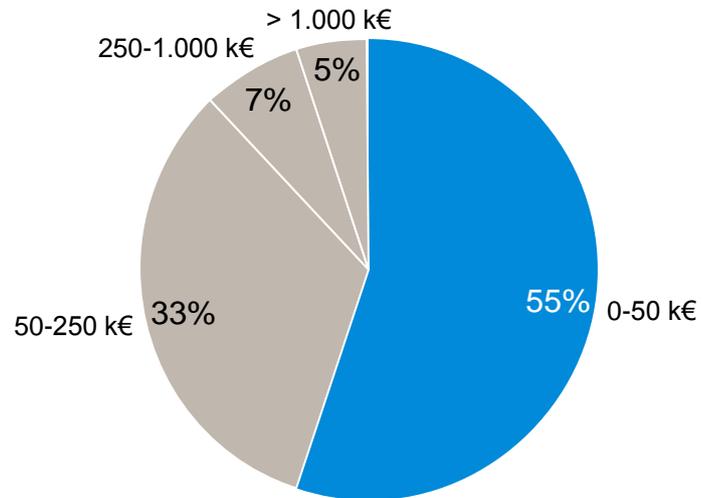
B-TOP has been rolled out and ensures productivity targets

Ramp up of measures [#]



Ramp up of targets and effects

EBITA-effect per measure



Bottom up / continuous improvement approach

Highlights

- Tool and structure rolled out
- Local B-TOP professionals installed and networks set up
- Efficiency targets agreed and included in top management incentivitation
- Sustainable bottom up approach with most of the ideas coming from the business
- Ramp up of initiatives in full swing

People

Driving Performance Culture

Mission Statement

WE MAKE IT WORK

OUR PASSION

We engineer and deliver process plant performance.

OUR VALUES

WE CREATE.

We solve multifaceted and challenging tasks through first class engineering know how.

WE CARE.

We are committed to our clients' needs, to the well-being of our people and to our environment.

WE CAN.

We deliver tailor made solutions with the capability and experience of our highly motivated colleagues.

OUR COMPETENCIES

WE DRIVE INNOVATION.

WE COLLABORATE FOR SOLUTIONS.

WE IMPROVE CONTINUOUSLY.

WE ENSURE RELIABILITY.

WE COMMIT TO EFFICIENCY.

WE DELIVER RESULTS.

WE NEVER COMPROMISE ON INTEGRITY AND SAFETY.

Performance Culture

- **Established** Top Management Team
- Vertical integration (e.g. value propositions) is leading to an **increasing level of collaboration**
- Increasing focus on **cash** through **cascaded incentive scheme**
- Switch from 'adjusted' to '**reported**' **cash KPI**
- Alignment across Bilfinger through introduction of **long-term equity-based bonus** linked to **Group targets 2020**
- **BTOP** as part of **individual targets** on first two Management levels

Market dynamics

Positive market dynamics support our growth ambitions

E&T Markets

Oil & Gas

- Continuous 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
- Developments in Middle East



Energy & Utilities

- Growth perspective in European nuclear
- Growing demand on regulatory emissions reduction



Pharma and Biopharma

- Ongoing strong demand in Europe
- Increasing interest from Emerging Markets



MMO Markets

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 Aluminium
- Signs of recovery in steel



From stabilization to build up

Bilfinger demonstrates combined capabilities...

Recent successes in E&T



Linde

- New polypropylene production plant for Braskem
- Installation of piping and structures
- Order value >100 m EUR



Electricité de France

- 5 year framework agreement to modernize 58 nuclear reactor blocks
- Bundled competence of three Bilfinger entities
- Order value >40 m EUR



Scrubber

- Innovative adaptation of proven FGD converted into maritime application
- First units sold and sales pipeline growing



Recent successes in MMO



Siegfried

- Regional extension of frame contracts and increasing focus on digitalization
- Bilfinger established as service partner No. 1
- Order volume of >100 m EUR



Equinor (formerly Statoil)

- Long-term extensive cooperation on fabric maintenance agreed until 2031
- Order volume of > 400 m EUR



Kuwait Ministry of Electricity and Water

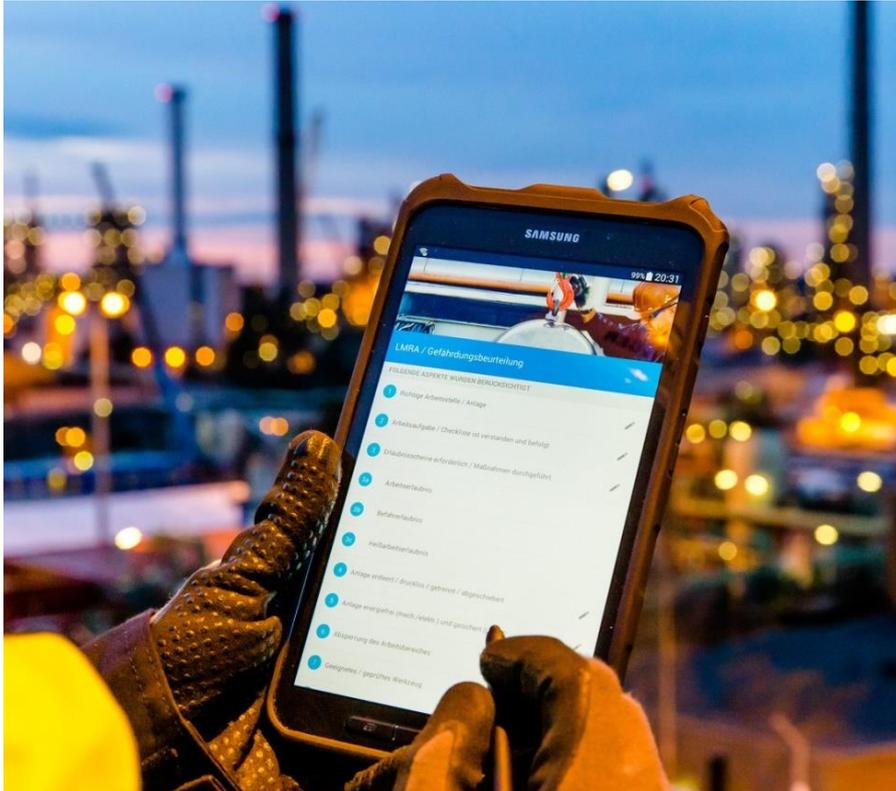
- Multi-year service and maintenance contracts for Sabiya power plant
- Order volume of EUR 55 m



Digitalization

Smart App, SPA Platform Integration and Planning Efficiency

CMD 2017



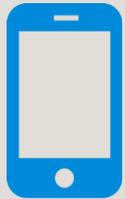
From PRO-ACTIVE to PREDICTIVE

- Digitalization integral to MMO strategy
- Execution efficiency
- Planning efficiency
- Supporting asset integrity
- Seamless interface to customers
- HSE assurance

Industrial Tube®

Our Knowledge Platform for the digital process industry

Video creation

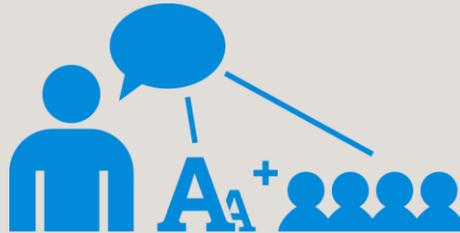


Recording App for
Smartphone
& Hololens

**Video templates to
ensure high quality
recordings on every device**

Video /
Meta
data

Video rendering



**Automatically extract
insights from videos**

- Voice-to-text
- Keywords
- OCR within a video

Rendered
video
(API-
share)

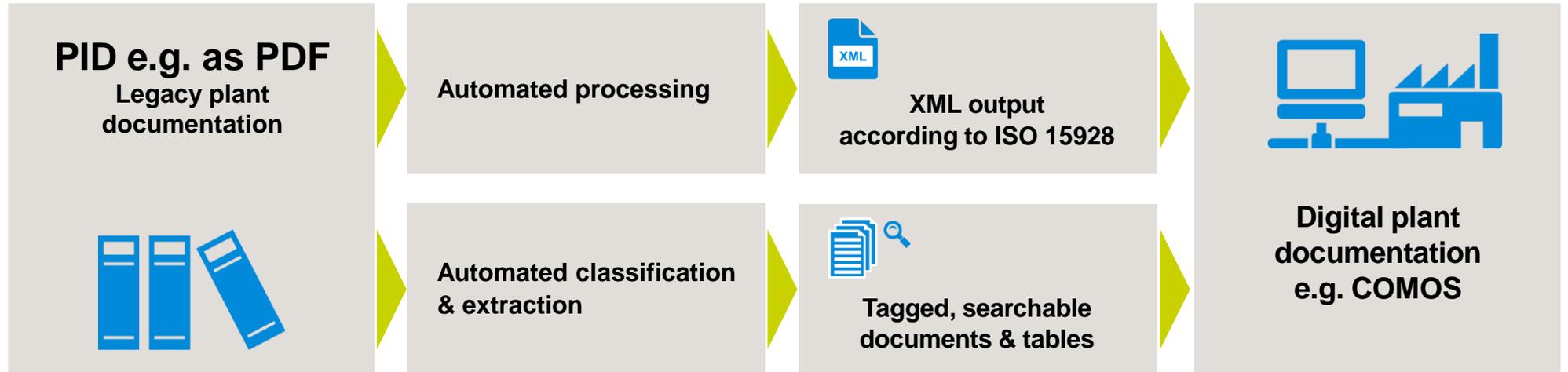
Video distribution



**Access to video library with
AI search functions for video
content and automatic
translation**

PIDGRAPH

Next Generation of documentation management



Manual steps i.e. PID drawing are replaced by artificial intelligence



**50% cheaper than
current solutions**



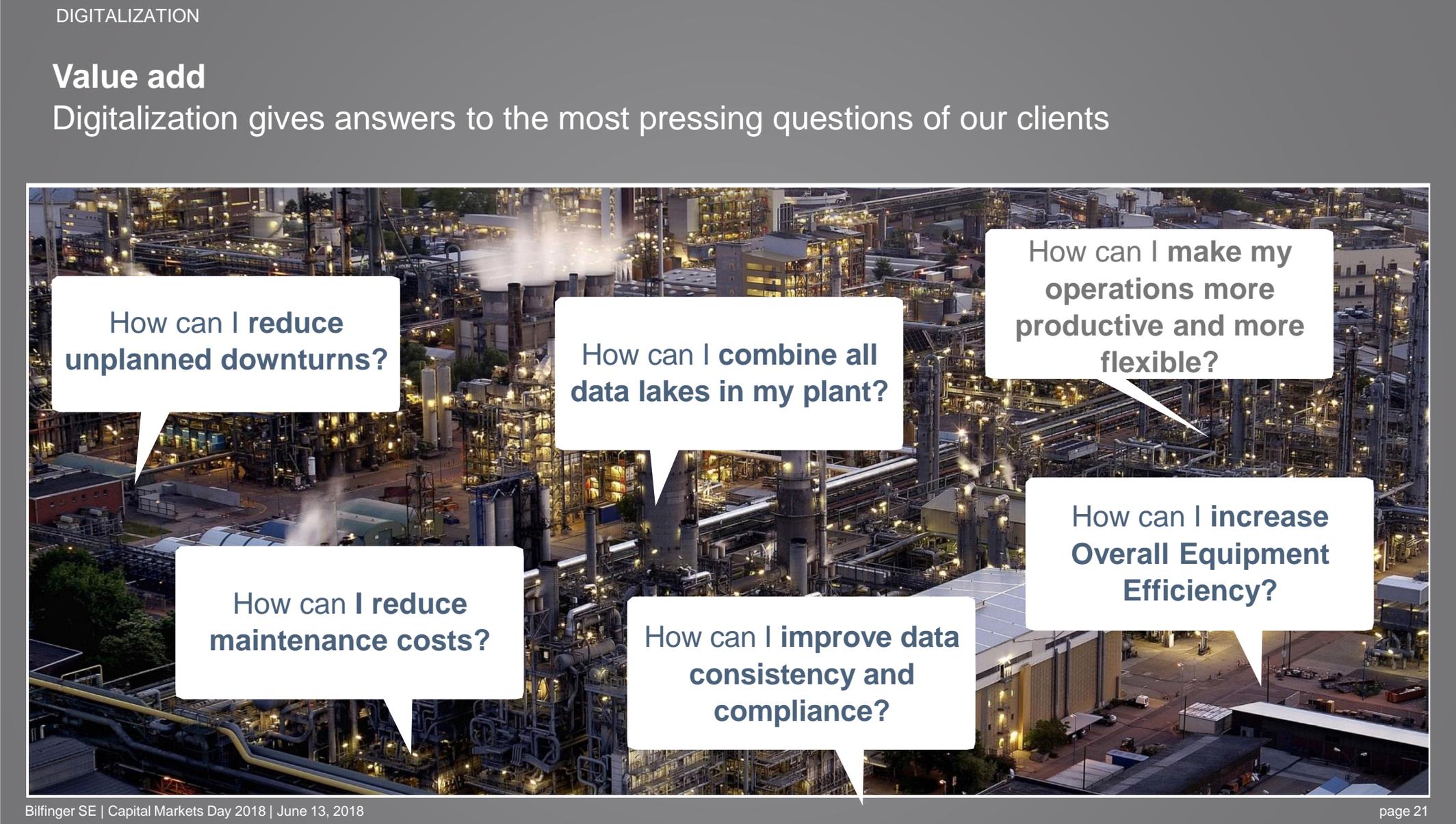
Highly scalable



**As a service
or as a project**

Value add

Digitalization gives answers to the most pressing questions of our clients



How can I **reduce unplanned downturns?**

How can I **combine all data lakes in my plant?**

How can I make my operations more productive and more flexible?

How can I **reduce maintenance costs?**

How can I **improve data consistency and compliance?**

How can I **increase Overall Equipment Efficiency?**

Value add

Bilfinger has demonstrated the power of digitalization in first use cases

Pilot Use Case Münzing Chemie



Exemplary BCAP[®] dashboard installed by Bilfinger at Münzing Chemie

Value add (in year 1)

10%
OEE improvement potential
discovered

10%
Reduced routine walks

5%
Less unplanned downtime

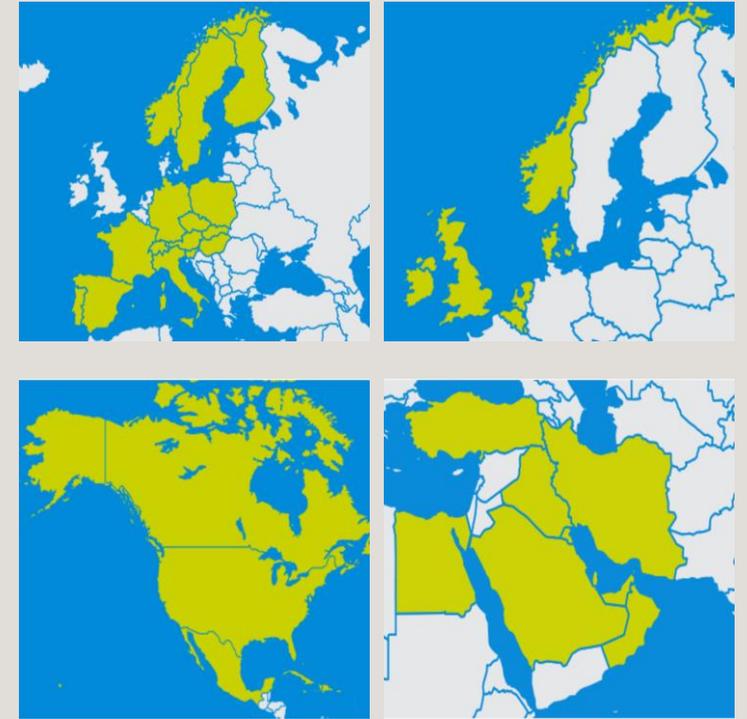
30%
Improved data quality

Market potential

We see significant market potential in digitalizing the process industry

Estimated market potential

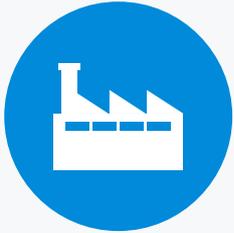
- More than 16,000 plants within 2-4-6 in Continental and Northwest Europe
 - ~4,000 of these plants are mid-sized type with strong appetite for digitalization
- Varying acceptance rate per industry – highest acceptance expected in Chemicals & Petrochem, Energy and Oil & Gas
 - Yearly volume per actual client expected around 1-2 m EUR
- Total market potential in Europe calculated around 7 bn EUR
 - Market penetration mainly driven by availability of brainpower
 - Additional market potential in Middle East and North America



Strategic position

Bilfinger is well positioned to be the frontrunner in the IoT of process industries

Process Industry



Digitalization hurdles

- Requirement to improve performance
- Lack of digitalization knowledge

Bilfinger



Building digital bridges

- Deep knowledge of customer needs and processes
- Comprehensive digitalization know-how
- Independent service provider
- Nr. 1 in conventional services in Europe

IT Industry



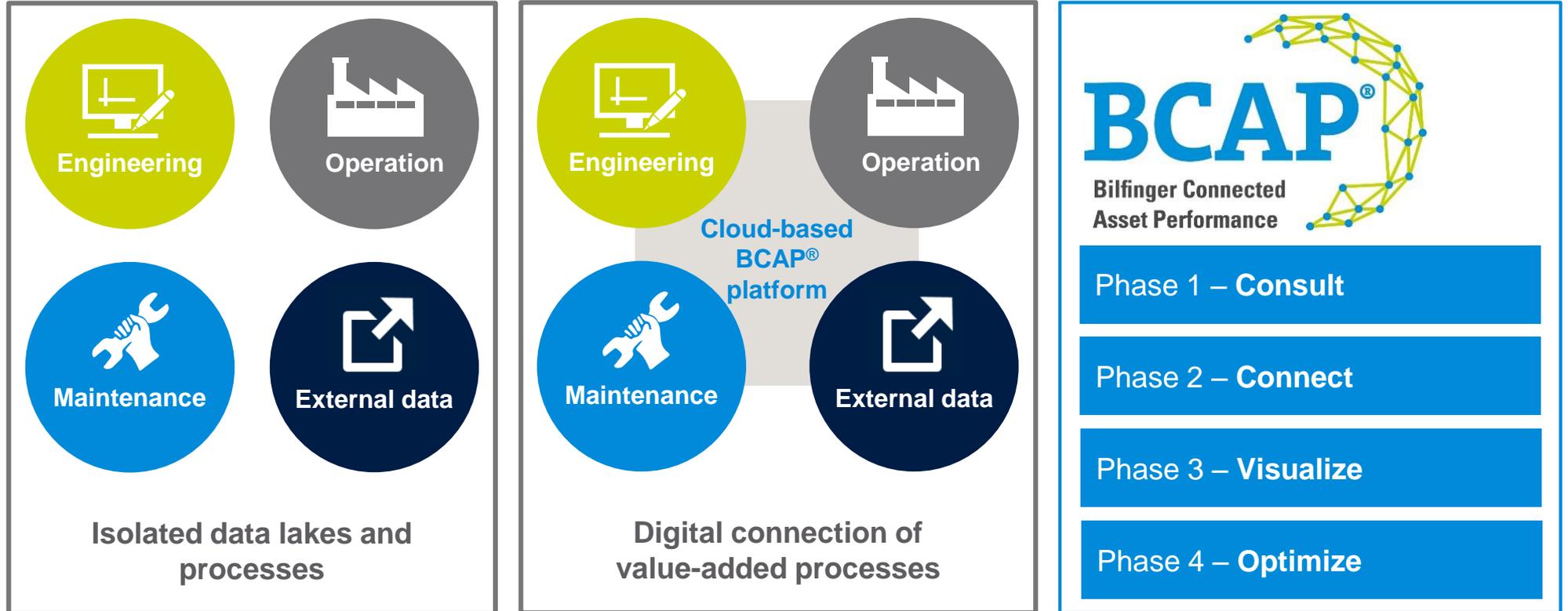
Applicability deficits

- No access to plant operators
- Challenge to apply IoT knowledge to process industries

WE MAKE DIGITALIZATION WORK!

BCAP[®]

Connecting data lakes and unlocking the potential of digitalization



Bilfinger Digital Next

Strategic Partnerships and technical cooperation to unlock full potential



- Proven experience in optimizing process industry performance
- Proven execution capability in OT
- Reference cases in digitalizing chemical and process plants



- 40+ years proven experience in mission critical enterprise Software
- Leader in industrial IOT
- Proven Cumulocity platform



Unlock the potential of digitalization in the process industry

- Strategic partnership to digitalize the process industry
- Frontrunner in prescriptive analytics
- Technical integration of Cumulocity into BCAP
- Joint marketing approach and business model development
- Bilfinger to hold contract relationship with clients

Technical cooperations

SIEMENS

- Standardized Life Cycle Database
- Higher Effectiveness in Modifications

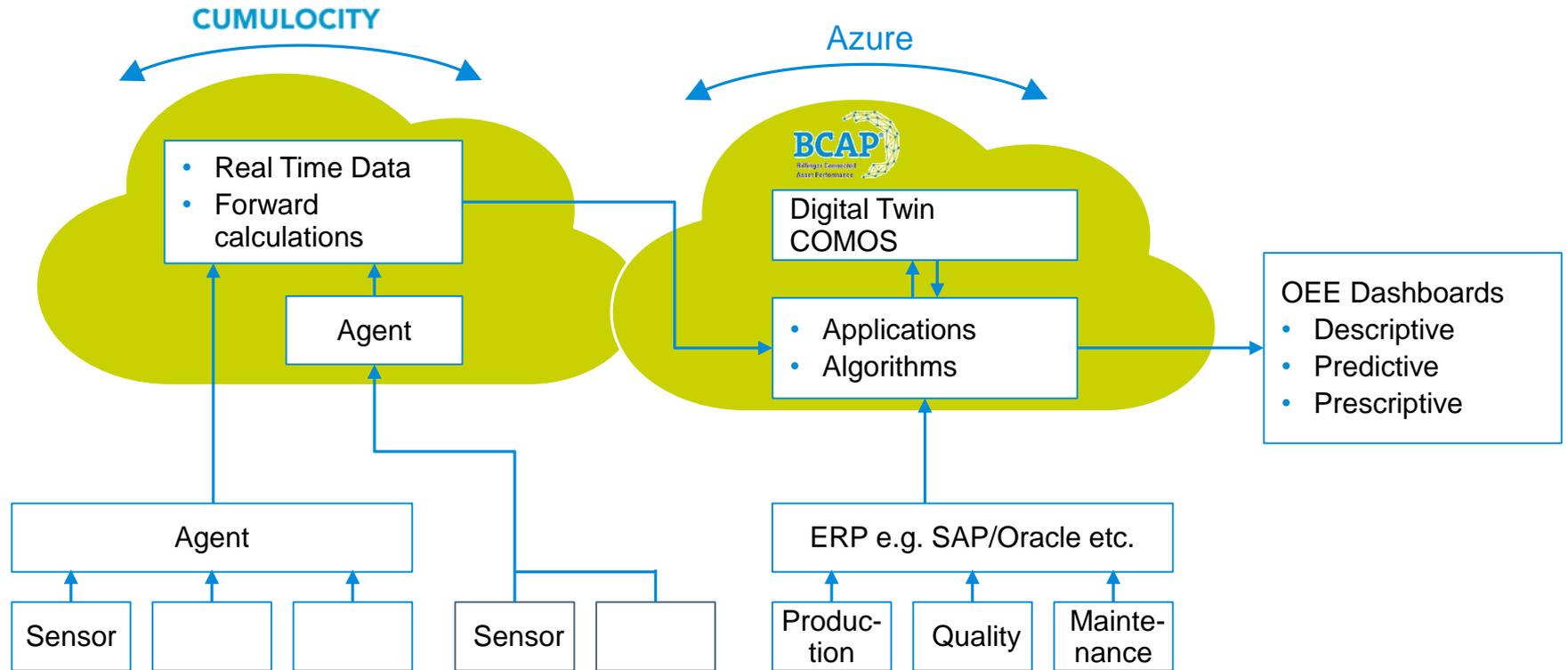


Microsoft

- Smart Digital AI-Solutions for the process industry
- Highest IT-Security-Standards

Bilfinger Digital Next

Cumulocity and BCAP provide prescriptive analytics



Benefit from 49% of the value creation at Apleona

Vendor's Note: €100m, 10% compound interest p.a. upon maturity

Preferred participation note (PPN):

- No management involvement
- Certain information rights, some further rights
- Investment: €195m
- Book value 03/2018: €210m
- Measured at Fair Value through Profit & Loss

➤ Will receive 49% of sales proceeds (after repayment of debt) at exit

➤ Typical money multiple of owner EQT would lead to a significant value upside

CMD 2017

Mid-term targets

Ambition 2020 will be reached in three phases with clear milestones

