



**BILFINGER**

**Bilfinger SE**

# **Bilfinger SE Company Presentation**

August, 2021

# Overview and strategic outline

# Bilfinger at a glance

- **Leading international industrial services provider**
- **Efficiency enhancement of assets**, ensuring a **high level of availability** and reducing **maintenance costs**
- **Clear 2-4-6 strategy** with **two** service lines, **four** business units and **six** focus industries
- Combination of excellence in services **covering the lifecycle of industrial plants** (E&M) and **innovative solutions** (T)
- Large share of business with long-term **frame contracts** and **high retention rates**
- **Well-established customer base** with focus on process industries
- **Highly recognized safety and quality** performance
- **Digital pioneer** for the process industry

€3.46bn revenue

thereof >60%  
recurring business

€93m Free cash flow

€20m EBITA adjusted

Approx. 30,000 employees

*based on FY 2020*

## 2-4-6 still holds

2 Service Lines, 4 Business Units, 6 Focus Industries

**Our  
ambition**

**We engineer and deliver  
process plant performance**

**Where  
to play**

### 2 Service Lines

- E&M – Engineering & Maintenance
- T – Technologies

### 4 Business Units

- E&M Europe
- E&M North America
- E&M Middle East
- Technologies

### 6 Focus Industries

- Chemicals & Petrochem
- Energy & Utilities
- Oil & Gas
- Pharma & Biopharma
- Metallurgy
- Cement

**Success  
factors**



#### People

Our people, their performance, skills and dedication to reach our goals is our most valuable asset



#### Assets

We strive to support our customers in delivering superior performance from their assets



#### Data

We measure performance by numbers, data and facts

# Global trends

## Aging Assets & Asset Integrity



### Europe & US: Aging assets

- Increasing maintenance costs
- Asset life time extensions
- Efficiency & Emissions

### Middle East: Maturing assets

- World class CAPEX
- Sub benchmark performance

## ESG / Climate Change



- CO<sub>2</sub> limits
- Emissions & Air pollution
- Clean energy
- Distributed power generation
- Power to liquids
- Circular Economy
- Sustainable finance

### EU: Green Deal

## Skilled Labor Shortage



### Europe

- Demographics
- Vacant apprenticeships

### US

- Shrinking unemployment
- Craft labor shortage

### Middle East

- Quality not quantity

## Data & Artificial Intelligence



- Machine learning
- Predictive / prescriptive maintenance
- Virtual reality & Augmented reality
- OEE (overall equipment efficiency)
- Risk reduction
- New business models

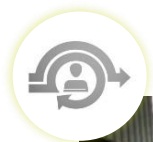
# Bilfinger core capabilities



## Skilled labor



- Europe's #1 Maintenance Services Company
- Leading Employer Branding
- Bilfinger Academy
- Trade craft accreditation
- ~30,000 headcount
- Thousands of temporary employees



## Domain Expertise



- Engineering / Process knowledge
- Focus on key industries
- Customer intimacy / collaboration
- Long term contracts
- High customer stick rates (>90%)
- Cross-border unified operating models



## Digitalization



- Bilfinger Digital Next
- Convergence of BMC & BCAP to digital BMC
- Electronic Workflow to drive internal productivity
- A.I. (PIDGraph, algorithm training ....)
- Partnership models

# Our capabilities addressing global trends

## Global Trends affecting our business

### Bilfinger capabilities

#### Aging Assets & Asset Integrity

#### ESG / Climate Change

#### Skilled Labor Shortage

#### Data & Artificial Intelligence

#### Skilled labor

Fabric maintenance



Circular economy



Employer of choice

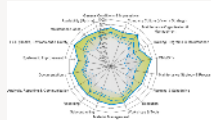


Cloud analytics



#### Domain Expertise

Maintenance analytics



Energy Efficiency



BMC



PIDGraph-AI



#### Digitalization

Digital twins



Water



Augmented Reality



BCAP



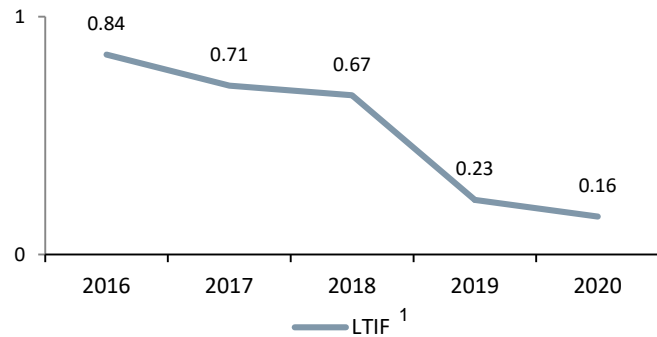
# We never compromise on integrity and safety

## Number and severity of incidence continues to fall



### Safety is good business

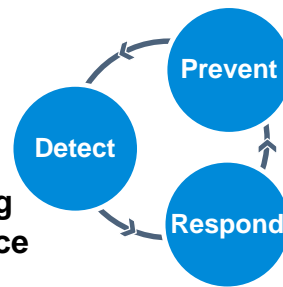
Safety KPIs (based on 1m man hours)



### Integrity is non-negotiable



Self-optimizing compliance cycle



- ✓ Fully integrated
- ✓ Established compliance culture
- ✓ Sustainable focus
- ✓ Continuous learning
- ✓ Part of our DNA



Governance



Operational focus



Leadership

1) LTIF: Lost Time Injury Frequency



## 2 Service Lines

### Engineering & Maintenance

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FY 2020: E&M Europe: Revenues €2,221m, EBITA adj. €69m  
E&M International: Revenues €521m, EBITA adj. -€21m

E&M covers the entire lifecycle of an industrial plant:

- Engineering services and commissioning
- Maintenance and efficiency enhancement
- Expansions, conversions and shutdowns

#### Characteristics

- Higher added value to maintenance business, potential for cost savings in SG&A
- Superior customer perception, market leader in key European markets
- Regional focus: Europe, North America, Middle East

▶ Combination of E and M leverages our business to higher-end services and higher margins

### Technologies

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FY 2020: Revenues €498m, EBITA adj. -€10m

T provides solutions for the process industry:

- Technological and digital innovations
- Service, construction and digital networking of components and systems
- Focus on economic, emission-friendly operation of energy and industrial plants

#### Characteristics

- Proven technological competence
- Product and manufacturing excellence
- Centralized capacities, serving the global market

▶ Focusing on Technologies drives stronger growth and higher margins

## 2 Service Lines

Engineering & Maintenance: Excellence in services covering the lifecycle of industrial plants

### Engineering



#### AVR

The Netherlands, Duiven

- Conceptual engineering and construction management
- First industrial scale CO<sub>2</sub> capture installation
- Captures 60,000 tons of CO<sub>2</sub> per annum from waste-to-energy generation

### Maintenance



#### Chevron

USA, Offshore, Gulf of Mexico

- Industrial and inspection services
- Services to 4 Deepwater platforms
- Contract expanded from corrosion protection to full service

### Turnarounds



#### Neste refinery

Finland, Porvoo

- Turnaround services and projects. Engineer, scope, schedule and execution.
- Local team supported by group expertise, Mobilization of 300+ personnel to Finland
- Bilfinger Turnaround Concept (BTC) in action

▶ No. 1 services provider for the process industry

## 2 Service Lines

Technologies: Excellence in products, manufacturing and innovative solutions

### Nuclear services



**EDF Hinkley Point**  
United Kingdom

- New Build & Waste Management of a nuclear plant
- Specialist engineering, fabrication and installation
- CO<sub>2</sub> reduction by using nuclear power

### New energy



**Cryostar LNG stations**  
Germany, Poland, France, BeNe

- Turnkey service, safe and reliable
- 50+ Shell LNG stations across Europe powering freight fleets
- Unrivalled European coverage to drive efficiency

### Fabrication & Installation



**BP Deutschland (Ruhr Oel GmbH)**  
Germany, Gelsenkirchen-Scholven

- Turnkey Project: Concept, engineering design, modular fabrication, installation
- 180 interconnecting piperacks with 320 valves, 25 km piping and 260 tie-ins into process units
- Integrated tender by entities in Technology and E&M Europe

▶ No. 1 services provider for the process industry

**Mid-term targets**

# How we will drive growth going forward



## Growth areas

1

Integrate product & services portfolio

- Roll out **service products** (BMC,BTC,BCAP etc.)
- Focus on **growth by business line** and “white spots”

2

‘Big-ticket’ multinational opportunities

- **Integrated project organization** to combine group scale & capabilities
- Increase **integrated** services and Key Account Management

3

Growth markets focus

- Global Development to lead **cross business** planning and delivery
- **Align business offering** to deliver value (e.g. Life Science, Energy transition etc.)

4

High efficiency / innovation driven by digital services

- **Industrialize digital** forward thinking
- **Integrate** data- and software-based business models into core offering

## Ambition – Top line

Facilitate growth

Bundle capabilities

Key market approach

Capitalize on innovation & digitalization

# Key levers for GROSS MARGIN growth

## Target of 12% confirmed



### Operational levers

- Lean organization and culture**
  - Operational excellence programs in full swing
  - Launch of further **Lean programs** following successful pilot
- KPI-driven performance**
  - Standardize KPIs** to monitor utilization, capacity planning, productivity etc.
  - Benchmark** across group and **identify levers** for margin improvement
- Company transitions**
  - Loss making businesses have **returned to at least break-even**
  - Transition delivered through specific **transformation programs**
- Blue collar development**
  - Resource planning further invented to **maximize utilization and supply mix**
  - Additional **lower cost recruitment** and internal sub-contracting
- Procurement synergies**
  - Strategic procurement** for business line and regional economies of scale
  - E-procurement** to further improve efficiency and pricing
- Improved project execution**
  - Dedicated team** for larger integrated projects
  - Following structured **risk management** procedures

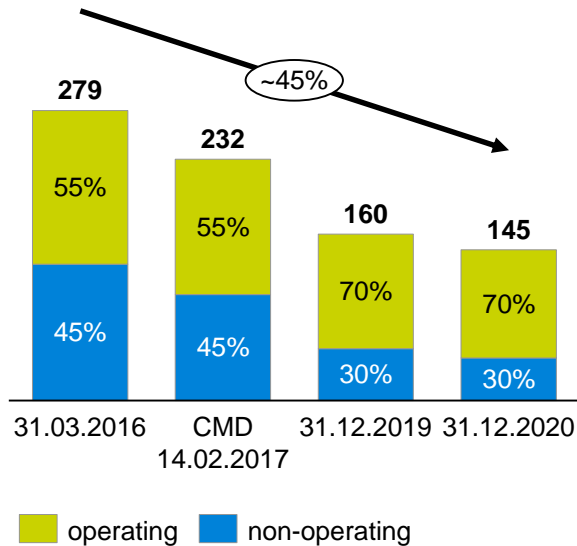
### Ambition – Bottom line

- Performance culture
- Core operational KPIs
- No loss-making businesses
- Optimize cost base
- Efficient procurement cycle
- Margin enhancement through projects

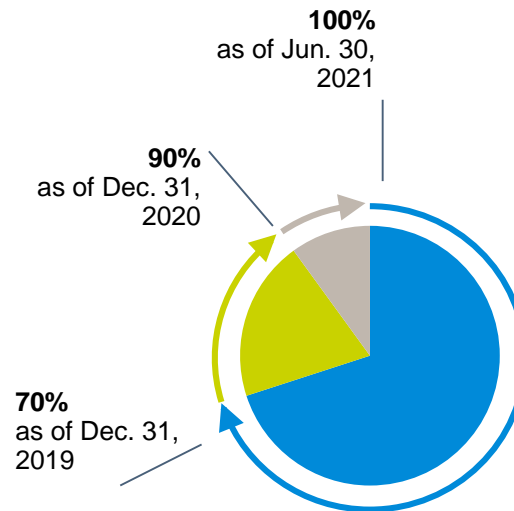
# Over the last 5 years, SG&A has been reduced by over €100 million

## Target of 7% confirmed from 2022

### Reduction of #legal entities

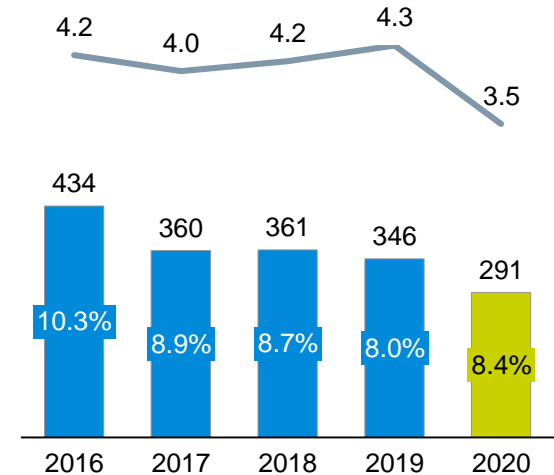


### Degree of target achievement ERP/SAP in terms of revenue



### Adjusted SG&A [€ million, %]

#### Revenues, € billion



➔ Target achieved: <150 by 12/2020 ✓

➔ Target set: 100% by mid-2021

Target scope: 95% of Group revenues

➔ Target set: 7% by 2022

# Financial targets 2024

**Revenues**

**>5**

€ billion

**EBITA**  
margin reported  
sustainably min.

**5**

%

**ROCE**

**8-10**

%

**Free Cash  
Flow**  
reported

**>200**

€ million



**Investment Grade (mid-term perspective)**

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



# Financials Q2 2021

# Q2 2021

## Continued positive momentum in volumes and earnings

<b>Markets</b>	<ul style="list-style-type: none"><li>• Supportive dynamics in most regions</li></ul>
<b>+16% org. Orders received</b>	<ul style="list-style-type: none"><li>• Strongest quarter in more than a year</li><li>• With &gt;€1 billion again on very good level</li><li>• Significant contract wins in Technologies and E&amp;M International</li></ul>
<b>+29% org. Revenue</b>	<ul style="list-style-type: none"><li>• Strong increase against low prior-year level</li><li>• Significant growth in E&amp;M Europe and Technologies</li></ul>
<b>€26 million EBITA adjusted</b>	<ul style="list-style-type: none"><li>• Encouraging development leads to slight increase in full-year expectations</li><li>• Significant reduction in special items</li></ul>
<b>-€43 million Free cash flow reported</b>	<ul style="list-style-type: none"><li>• Below prior-year after strong first quarter due to growth-related working capital consumption</li><li>• Year-to-date on prior-year level when correcting for last year's tax deferrals</li></ul>
<b>Outlook 2021 slightly raised</b>	<ul style="list-style-type: none"><li>• Revenue: Significant growth</li><li>• EBITA margin to exceed 2019 pre-crisis level and reach ~3 percent</li></ul>



# Capital allocation

Balanced and shareholder-friendly approach in line with financial policy

Early debt redemption	Distribution to Shareholders	M&A and organic growth investments
€108.5 million	€250 million	Several hundred million Euros
<ul style="list-style-type: none"><li>✓ Early redemption of promissory note loan (SSD) (variable tranches, due April 2022, positive effect on interest: ~€3m p.a.)</li></ul>	<ul style="list-style-type: none"><li>✓ Proposal to AGM 2022: Extra dividend of €150m (€ 3.75 per share) on top of floor dividend</li><li>✓ Share Buyback after AGM 2022: ~€100m (max. 10% of shares)</li></ul>	<ul style="list-style-type: none"><li>✓ Within the next two to three years</li><li>✓ Final scope depending on organic progress, M&amp;A valuation multiple and quality of targets</li></ul>

Cash-in of €458m in Apleona proceeds allows for early debt redemption, distribution to shareholders as well as investments in organic and external growth still **confirming investment grade target**

# Capital allocation priorities



## Financial policy

- Actual rating S&P: **BB/outlook stable**
- Policy to maintain conservative level of key financial metrics in the range of an **intermediate financial risk profile according to S&P**:
  - Adjusted net debt / adjusted EBITDA:  $2.0x < \text{target} < 2.5x$
  - Adjusted FFO / adjusted net debt:  $30\% < \text{target} < 45\%$



## Intended Dividend Policy

- Floor of €1.00 is confirmed
- **Sustainable dividend stream going forward: 40 to 60% of adjusted net profit**






## M&A Criteria

- **EBITA accretive one year after integration**
- **ROCE exceeds WACC two years after integration**
- Asset light with focus on ROCE
- Immediate start of integration









**Mid-term ambition: Investment Grade**

# Markets: E&M Europe

	Industries	%*		Overall trend
	<b>Chemicals &amp; Petrochem</b>	40%	<ul style="list-style-type: none"> <li>• Market starts to recover and gains momentum</li> <li>• Majority of large investments going forward not impacted by the COVID-19 pandemic</li> <li>• Deferred work/shutdowns expected to raise activity levels in 2021/22</li> </ul>	
	<b>Energy &amp; Utilities</b>	10%	<ul style="list-style-type: none"> <li>• ESG climate change drivers still hold, e.g. CO<sub>2</sub> limits, emissions, decentralized power generation</li> <li>• Green energy investment projects emerging as anticipated (e.g. renewables, hydrogen, carbon capture etc.)</li> </ul>	
	<b>Oil &amp; Gas</b>	20%	<ul style="list-style-type: none"> <li>• OpEx stabilized and gradual recovery foreseen from a low base</li> <li>• Recovery supported by asset integrity/shutdowns related backlog plus older asset life extensions</li> </ul>	





\*% of segment revenues FY 2020

# Markets: E&M International

	Industries	%*		Overall trend
	<b>Chemicals &amp; Petrochem</b>	20%	<ul style="list-style-type: none"> <li>• Trend for expansion and modernization projects in Middle East (ME) intact</li> <li>• Attractive project pipeline in NA (e.g. petrochemical companies and refineries put larger emphasis on maintenance projects)</li> </ul>	
	<b>Energy &amp; Utilities</b>	10%	<ul style="list-style-type: none"> <li>• Continued growth in ME population and industry drives further development of alternative and nuclear energy concepts as well as water solutions</li> <li>• In NA, more positive outlook for energy investment focused on energy storage, wind, solar and CO<sub>2</sub> reduction</li> </ul>	
	<b>Oil &amp; Gas</b>	25%	<ul style="list-style-type: none"> <li>• Large oil &amp; gas and LNG investment plans in several ME countries (e.g. UAE, Qatar, Kuwait) for the upcoming years</li> <li>• Consumption expected to top production capacity over coming years</li> </ul>	

\*% of segment revenues FY 2020

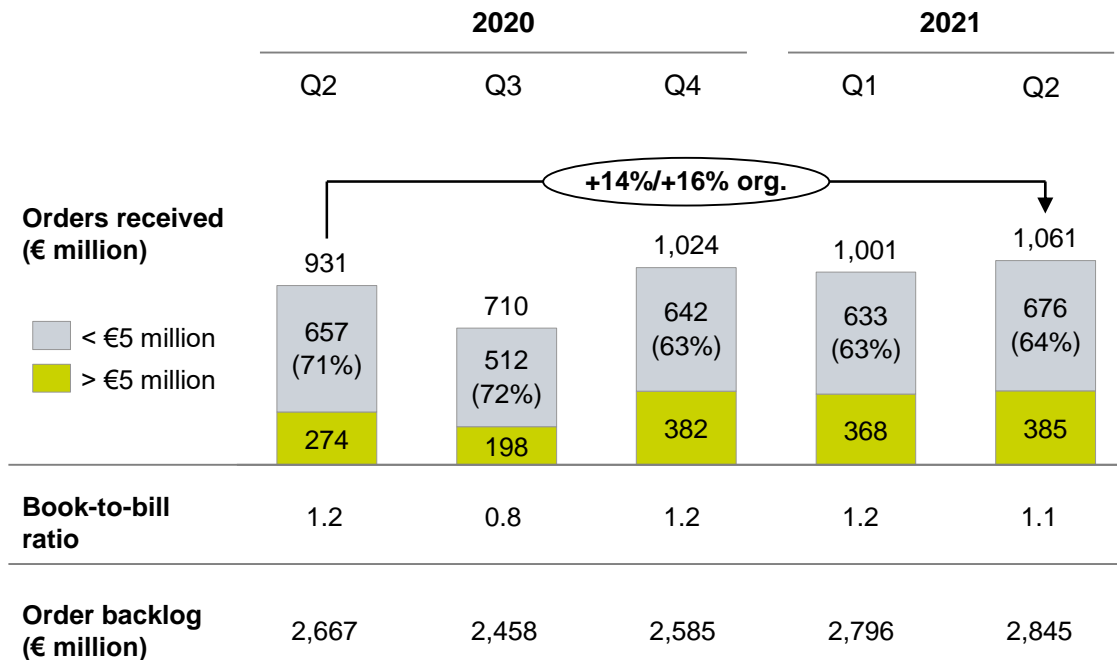
# Markets: Technologies

	Industries	%*		Overall trend
	<b>Energy &amp; Utilities</b>	40%	<ul style="list-style-type: none"> <li>• Energy transition focus in all our regions, esp. Europe and NA</li> <li>• Nuclear demand for new builds and maintenance increasing, esp. in France, UK, Finland and demand increasing for decommissioning in Germany</li> </ul>	
	<b>Pharma &amp; Biopharma</b>	35%	<ul style="list-style-type: none"> <li>• Mega trends remain unchanged, increased vaccine type CapEx projects due to COVID-19</li> <li>• Positive outlook on Pharma OpEx; Trend to outsource services and production is increasing</li> </ul>	

\*% of segment revenues FY 2020

# Orders received again above €1 billion due to contract awards in North America and Technologies, solid development in Europe

## Development of orders received



### Orders received

- Increase by 14% (org.: +16%), strongest quarter in more than a year
- Good development based on project wins as well as maintenance business

### Order backlog

- 7% above prior-year level (org.: +9%) despite growth in revenue

### Book-to-bill

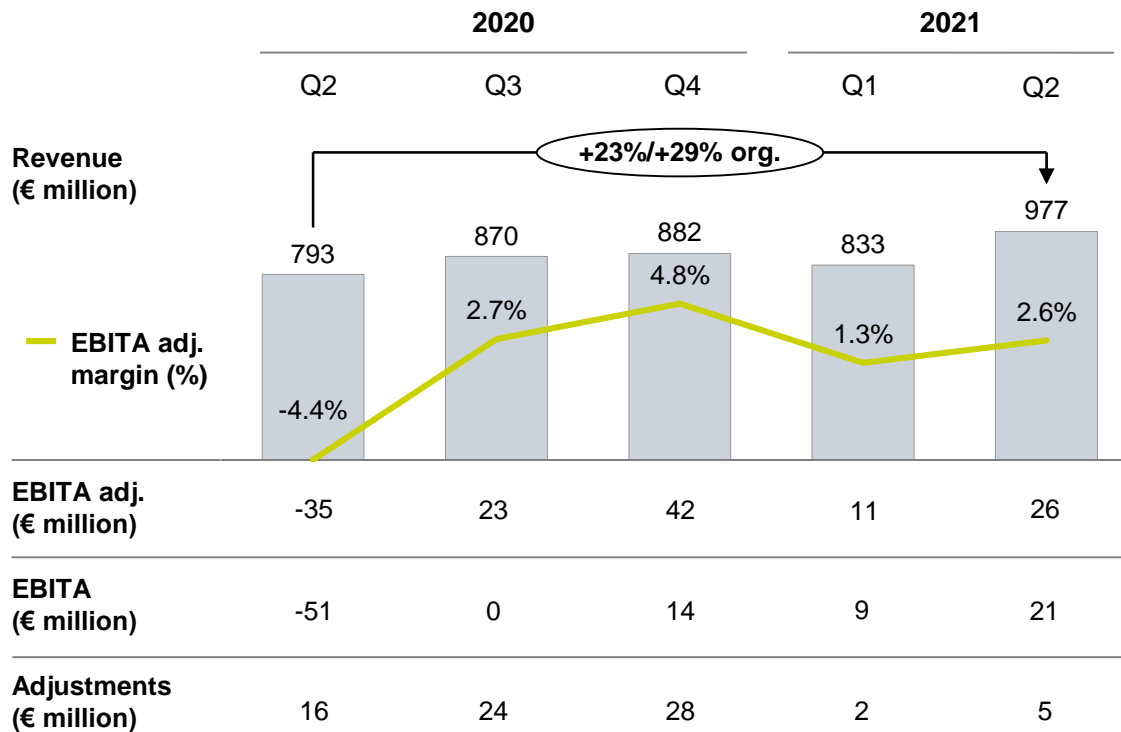
- Third consecutive quarter >1 provides the basis for next year's growth ambition



# Revenue increase of close to 30% org. against COVID-19 impacted prior-year quarter

## Strong EBITA with adjustments meanwhile on a low level

### Development of revenue and profitability



### Revenue

- 23% (org.: +29%) above prior-year quarter which was heavily impacted by COVID-19

### EBITA

- Strong overall development, E&M International not yet fully recovered
- Adjusted EBITA clearly positive at €26 million, adjusted EBITA margin of encouraging 2.6% (prior year: -4.4%)
- Reported EBITA strong at €21 million (prior year: -€51 million)

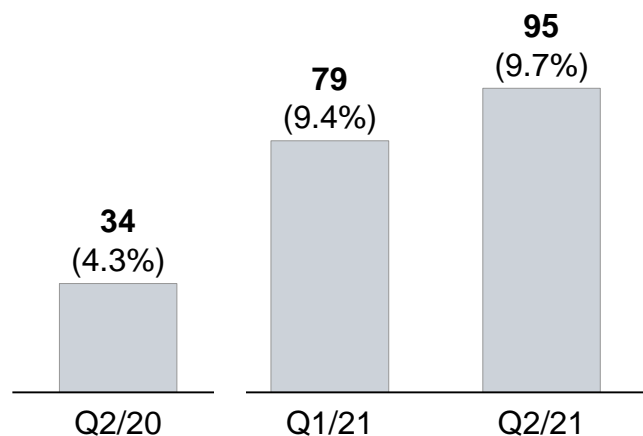
### Special items

- -€5 million, on significantly lower level than prior-year quarter (-€16 million), full-year expectation of max. -€20 million confirmed

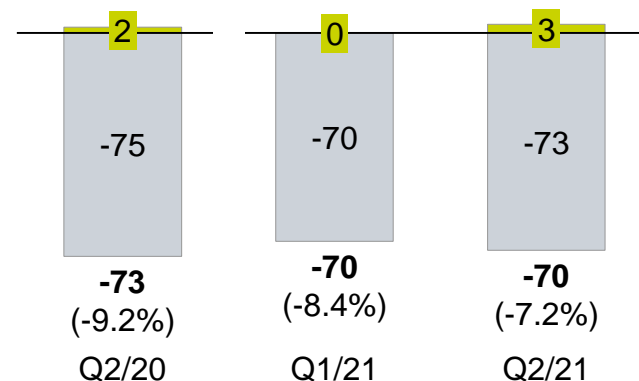
# Gross margin further improved to 9.7%

## Adjusted SG&A ratio at a very good 7.2%, still benefiting from COVID-19 related lower expense level

### Gross profit (€ million)



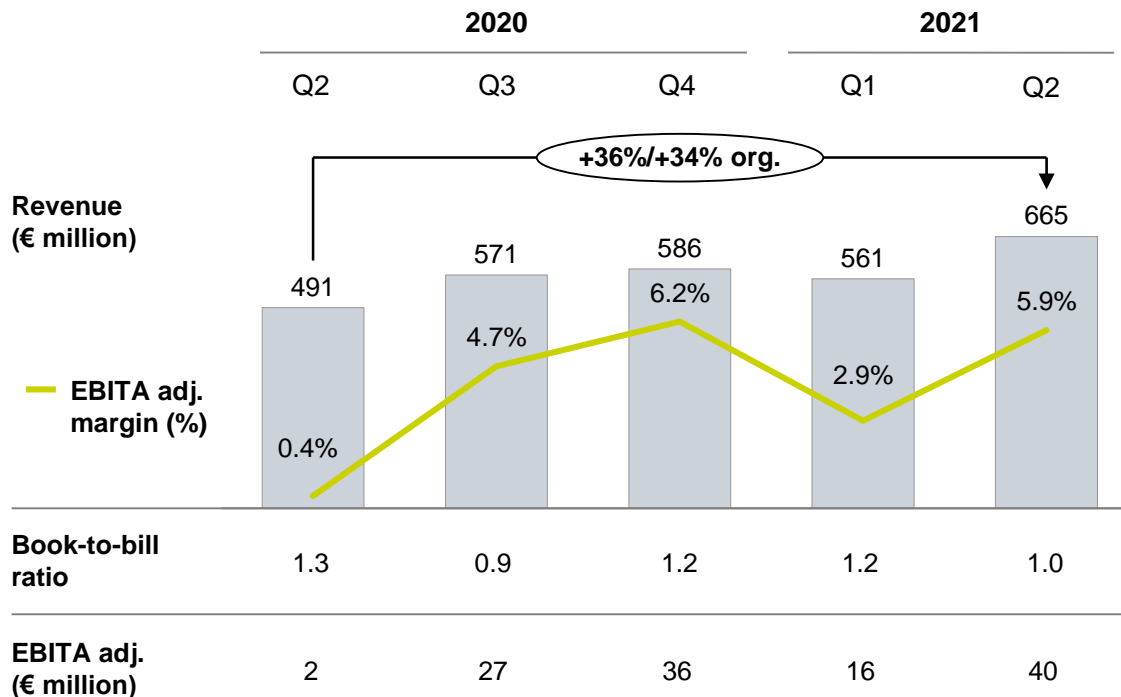
### Adjusted selling and administrative expenses (€ million)



Adjustments Reported

# Segment E&M Europe: Substantial revenue growth at a very good margin level

## Development of revenue and profitability



### Orders received

- +5% (org.: +3%) against prior-year quarter

### Revenue

- Substantial increase of 36% (org.: +34%)
- High growth rates in all regions, but still some COVID-19 related restrictions, especially regarding North Sea offshore business

### EBITA adjusted

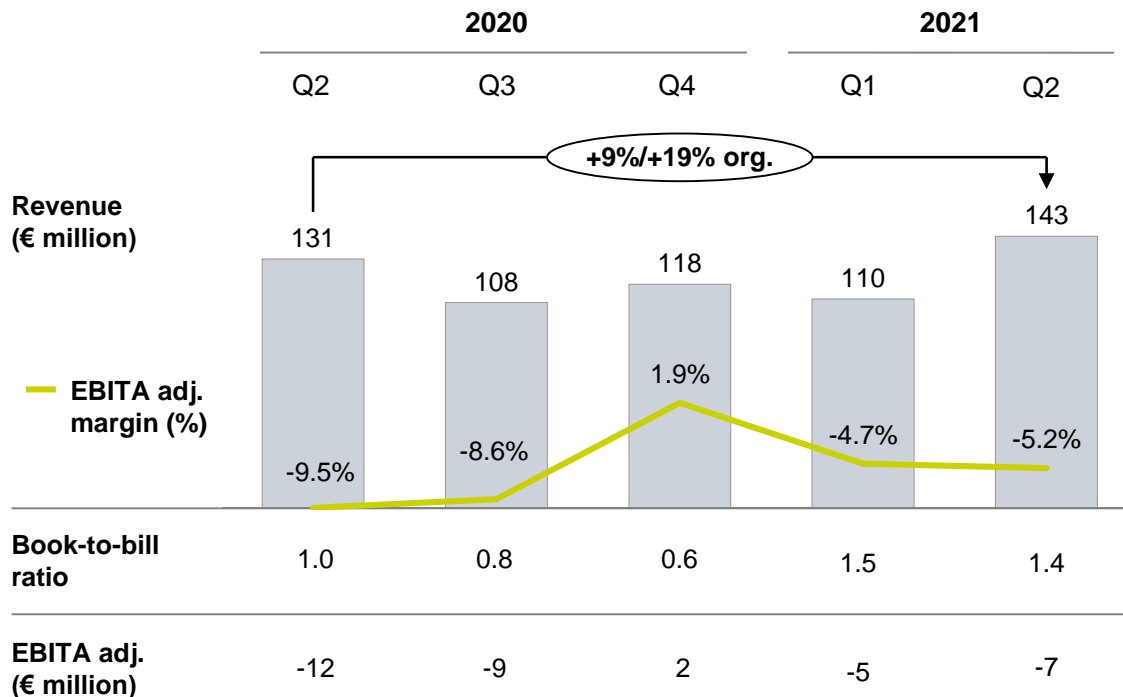
- Significant improvement to €40m (prior year: €2m), buoyed by increased share of turnaround business
- Very good margin of 5.9%

### Outlook 2021

- Revenue: significant growth
- EBITA adjusted: significant improvement

# Segment E&M International: Encouraging order pipeline and intake, continued focus on EBITA improvement with higher capacity utilization

## Development of revenue and profitability



### Orders received

- +48% (org.: +60%), supported by major maintenance contract extension in North America, Middle East at prior-year level

### Revenue

- Increase of 9% (org.: +19%), strongly affected by negative FX effects

### EBITA adjusted

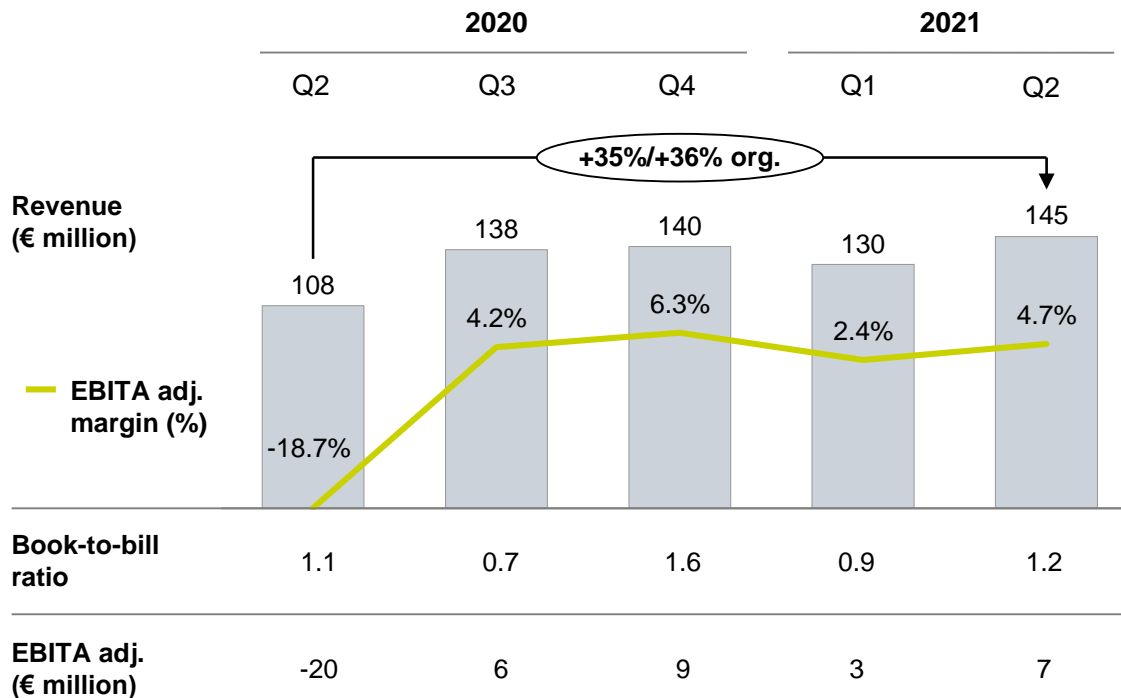
- Still negative at -€7m (prior year: -€12m)
- Disposal of stake in Oman JV with sales proceeds of €10m (cash-in June), closing and profit consideration of €9m expected for Q3

### Outlook 2021

- Revenue: significant growth
- EBITA adjusted: significant improvement to a positive result

# Segment Technologies: Strong increase in orders received, solid revenue development and pleasing EBITA margin

## Development of revenue and profitability



### Orders received

- +48% (org.: +51%), strong increase compared to prior-year quarter especially due to project win in Biopharma market

### Revenue

- Significant growth of 35% (org.: +36%)

### EBITA adjusted

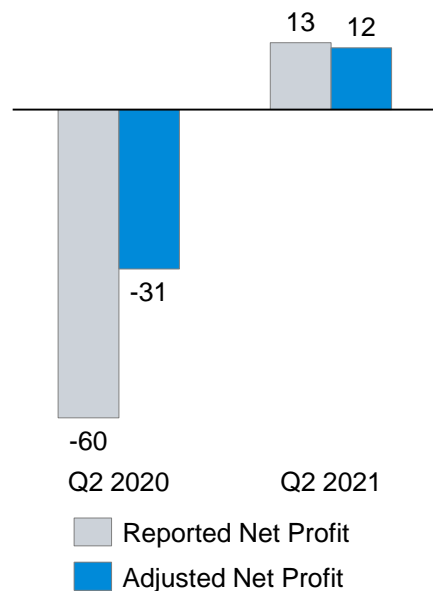
- €7m (prior year: -€20m), solid development
- Margin improved to 4.7%

### Outlook 2021

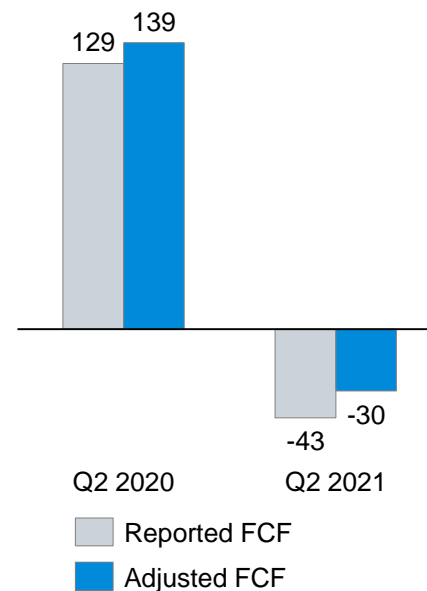
- Revenue: significant growth
- EBITA adjusted: significant improvement to a clearly positive result

# Free cash flow substantially below prior year due to growth-related working capital consumption, year-to-date development on prior-year level when correcting for last year's tax deferrals

## Net profit <sup>1)</sup> (€ million)



## Free cash flow <sup>1)</sup> (€ million)



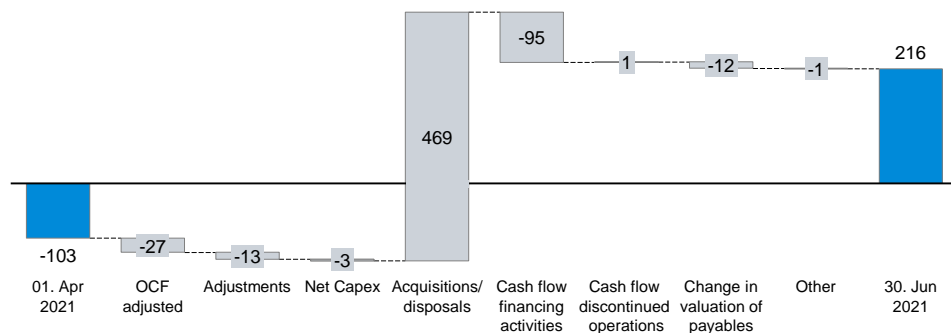
<sup>1)</sup> Adjustments correspond to EBITA adjustments, Net Profit: in addition elimination of special items in financial result and in taxes

# Significant year-on-year DSO improvement, but growth-related increase in net trade assets

## Cash-in of €458 million in Apleona proceeds on May 10

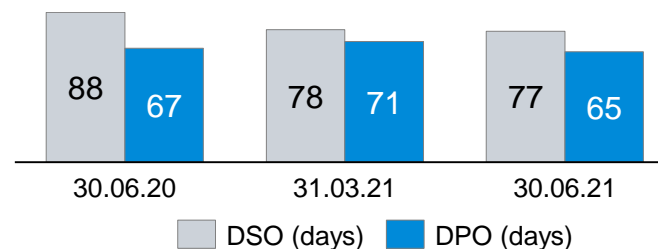
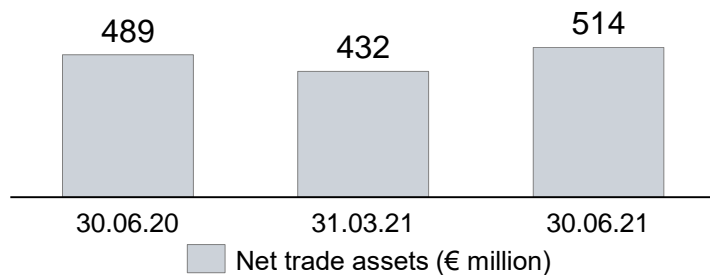
### Development of net liquidity

Net liquidity <sup>1)</sup> (€ million)



Cash flow development year-to-date (€ million) excl. IFRS 16

	6m 2021 excl. IFRS 16	IFRS 16 impacts	6m 2021 incl. IFRS 16	6m 2020 excl. IFRS 16
EBITA adj.	36		36	-45
Depreciation	24	27	51	29
Change in NWC (Reported)	-143		-143	53
Others	-42		-42	-39
Adjustments	35		35	22
<b>Operating CF Reported</b>	<b>-90</b>		<b>-63</b>	<b>20</b>
Net CAPEX	-8		-8	-13
<b>Free CF Reported</b>	<b>-98</b>		<b>-71</b>	<b>7</b>
Proceeds/Investments financial assets	8		8	3
Proceeds/Investments marketable securities	408		408	0
Dividends	-78		-78	-7
Change in financial debt	0	-25	-25	0
Interest paid	-18	-2	-20	-14
FX / other / DiscOp	-1		-1	-6
<b>Change in Cash</b>	<b>221</b>		<b>221</b>	<b>-17</b>



<sup>1)</sup> Including IFRS 16 leases

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

# Outlook 2021

	Actual FY 2020	Outlook FY 2021
<b>Revenue</b>	€3,461 million	Significant growth
<b>EBITA adjusted / margin</b>	€20 million / 0.6%	EBITA adjusted margin to exceed 2019 pre-crisis level and reach ~3 percent
<b>Free cash flow reported</b>	€93 million	Positive, but below prior year

## Underlying assumptions:

- COVID-19 pandemic to have no significant impact on our business activities in 2021
- Oil price range between 60 and 80 US \$ / barrel



# Disclaimer

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