BILFINGER SE

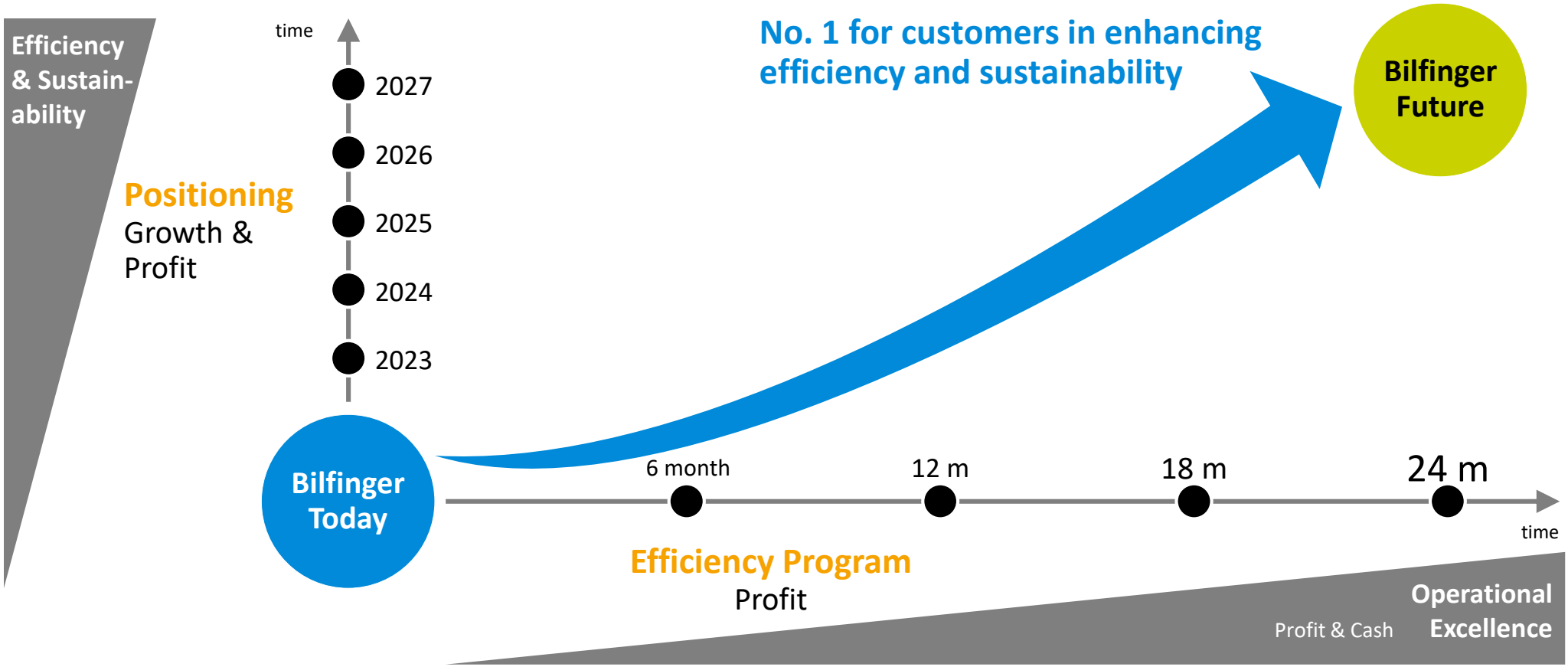
Bilfinger SE
Roadshow Presentation

May, 2023

Overview and strategic outline

Strategy

Sustainable, profitable growth through Re-Positioning and driving Operational Excellence



Our market: Addressable market in Europe, Middle East, North America

Industry trends of efficiency and sustainability ensure continued positive demand in all markets

	Energy	Chemicals & Petrochemicals	Pharma & Biopharma	Oil & Gas
Addressable market	61 bn	34 bn	20 bn	22 bn
Bilfinger[1]	20%	30%	10%	20%
CAGR 2023-2025/27	~2.3%	~2.0%	~2.7%	~2.0%

Other adjacent industries	20%	1-2%
CAGR in addressable market		**~2%**

1 Bilfinger revenue excluding OOP, in EUR

Green Technology

We are a driving force in the industry's transformation to greater efficiency and sustainability in existing plants and new technologies

Growth niches	Market	Bilfinger examples
Hydrogen	**5x increase** in announced clean hydrogen production capacity for 2030 since 2019 **Double digit** share of clean hydrogen sales	Bilfinger supports Gasunie in the planning of the **HyStock-project** – an **underground hydrogen storage facility** in NL
Battery plants	**34% p.a.** expected growth in announced battery cell production capacity in Europe	Bilfinger provides EPCM services for REEtec's **new rare earths** production plant
Carbon capture	**23% p.a.** expected growth in carbon capture capacity (2021-2030)	Bilfinger delivers the plant design, supply and installation for Lapwing Estate's **innovative "reverse coal"** project
Bio fuels	**16% p.a.** needed growth by 2030 in Net Zero scenario BP expects to **invest in 5 major biofuels projects** – these include the **conversion of 1 or 2 oil refineries**	Bilfinger supports Metsä Fibre in **plant construction for sustainable bioproducts** and **green energy supply**

Source: IEA, McKinsey

Our market: Horizontal

With the extension of the our value chain towards a solution partner, we utilize our core competences over all process industries equally

Digitalization

Consultancy	Engineering	New builds & Modifications	Maintenance & Turnarounds

	Growth
Frame & Service Contracts	3-4%
Projects	~1%
Bilfinger Growth	**4-5%**

80% of Bilfinger's business **is similar** across all industries

20% of business with **domain knowledge**

Projects as entry point and complementary product

Frame & Service Contracts as recurring business

Business opportunities in growing and declining markets

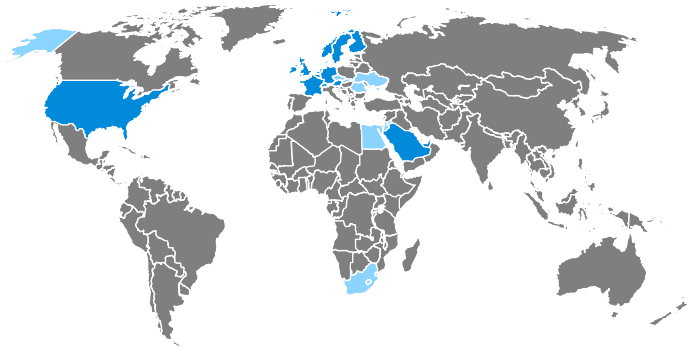
Bilfinger offering

We are excellently positioned to establish ourselves as the No. 1 in our target markets

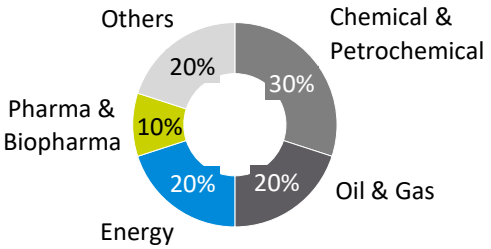
Digitalization

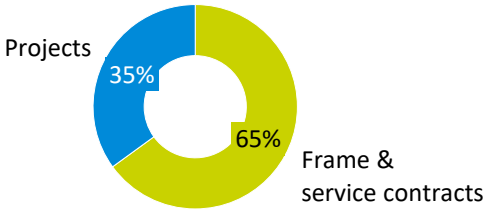
Consultancy | **Engineering** | **New builds & Modifications** | **Maintenance & Turnarounds**

Regional footprint



Market / contract split





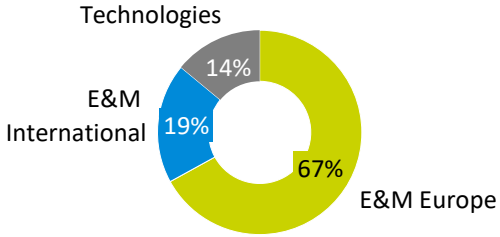
Key characteristics

- About **30,000** employees
- in **27 countries**
- **>90% of our customers** purchase our services more than once
- **>140 years** of engineering expertise
- **Headquarter** in Mannheim and **listed** in Germany

3 Segments

Our business is organized through

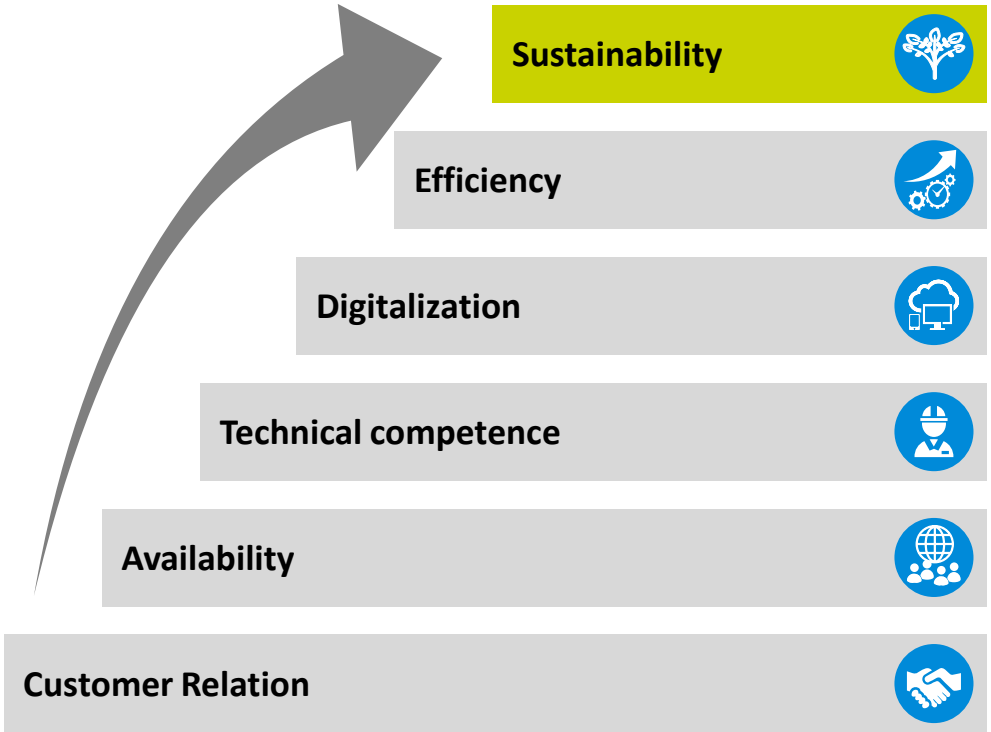
- Engineering & Maintenance Europe
- Engineering & Maintenance International
- Technologies



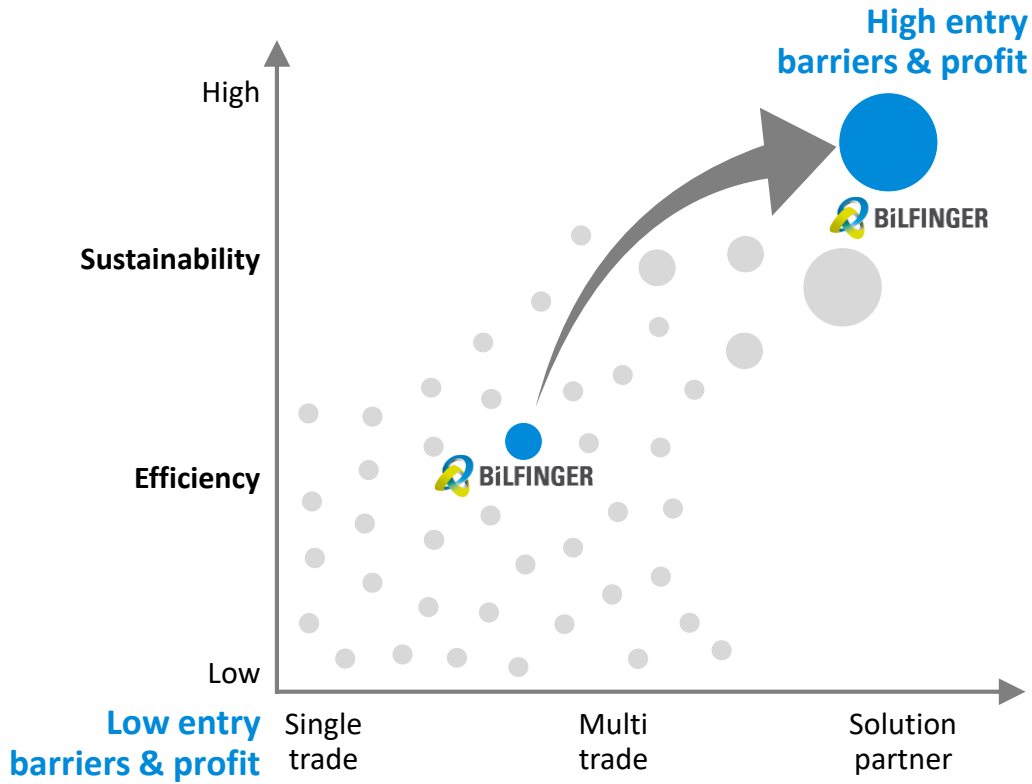
Market conditions

Customers increasingly require sustainability solutions from their solution partner – this new positioning in the market will raise the entry barriers for the competition and increase our profitability

Development of customer requirements



Market segmentation



Business model

The business model is based on improving efficiency and sustainability both for customers and for ourselves, generating added value

Business model

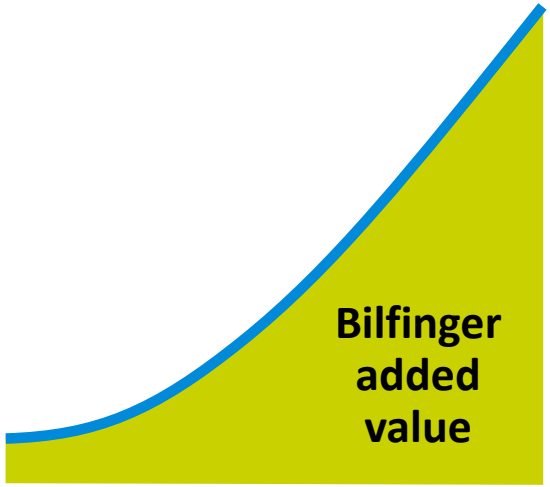
Our business model

is based on **enhancing our customer's profitability by improving efficiency and sustainability**

Our earnings potential

Vision

No. 1 for customers in enhancing efficiency and sustainability

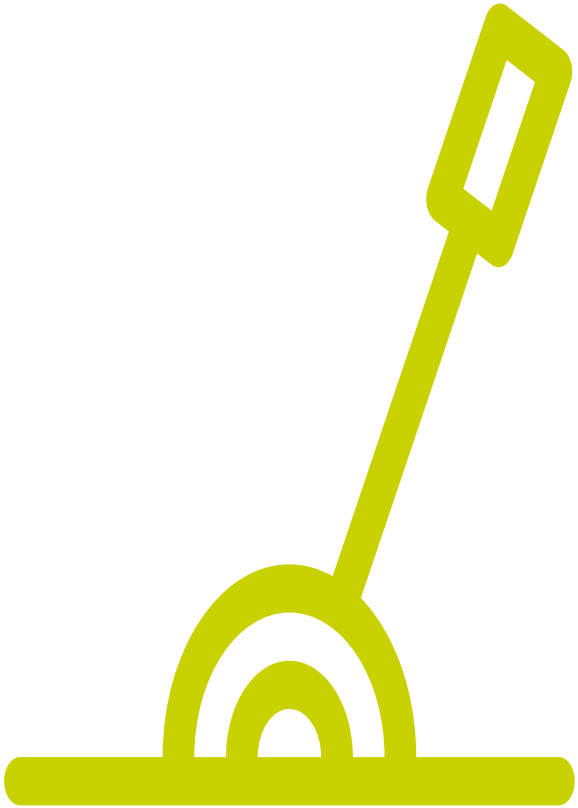


Parameters to drive business model

- **Addressable market**
- **Competence**
- **Offering**
- **Organization**
- **Digitalization**
- **Innovation**
- **Execution**

Strategic levers

Three strong levers to achieve our goals



1. Efficiency Program

- Functional Organization
- Competence Development
- Procurement

2. Operational Excellence

- Standardization & Bundling
- De-Risking
- Digitalization & Innovation

3. Positioning

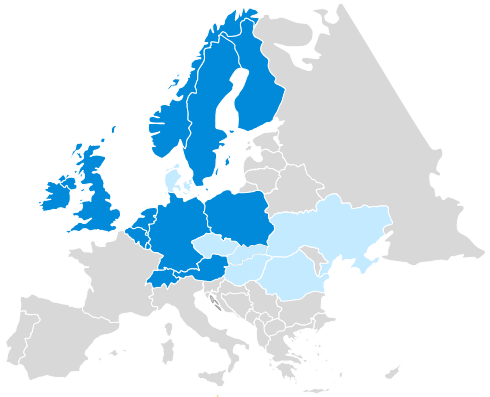
- Market Expansion
- Sustainability Partner
- Sustainable Bilfinger

Segments

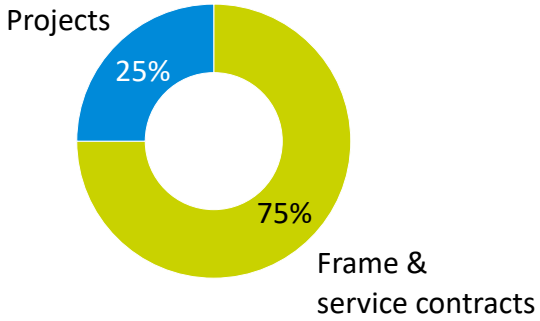
E&M Europe today

Digitalization

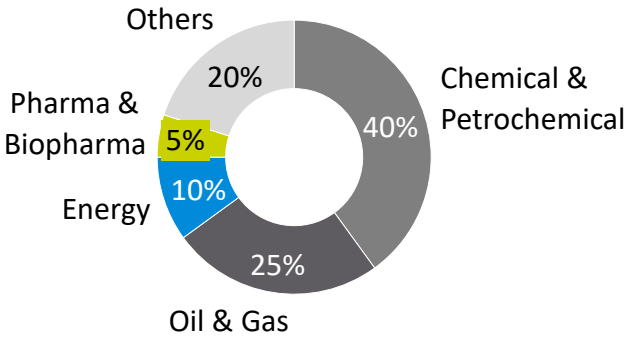
Consultancy | **Engineering** | **New builds & Modifications** | **Maintenance & Turnarounds**



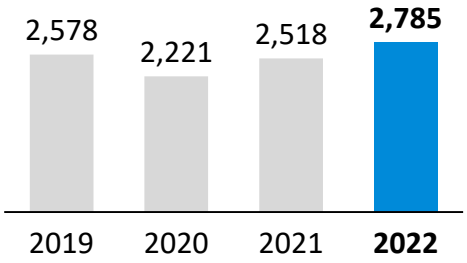
Horizontals



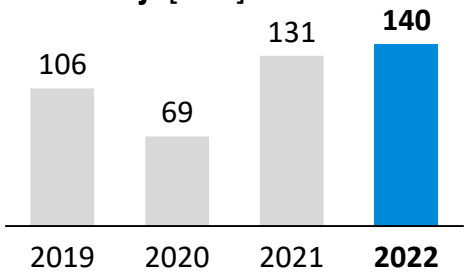
Verticals



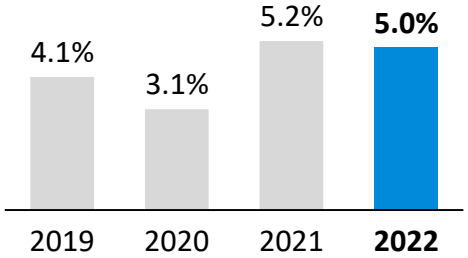
Revenue [€ m]



EBITA adj. [€ m]



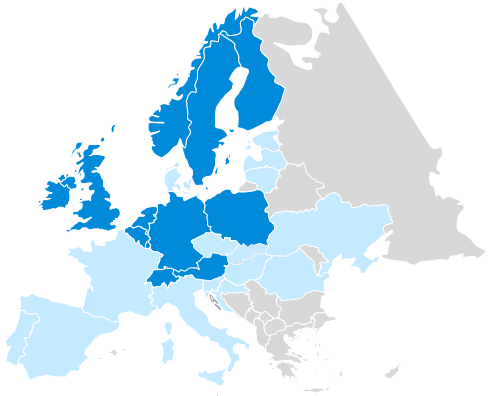
EBITA adj. margin [%]



E&M Europe in the future

Digitalization

Consultancy | **Engineering** | **New builds & Modifications** | **Maintenance & Turnarounds**



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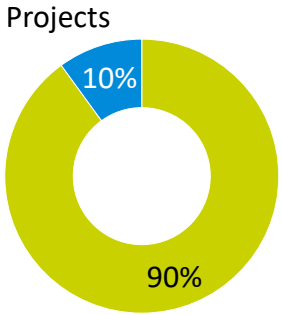

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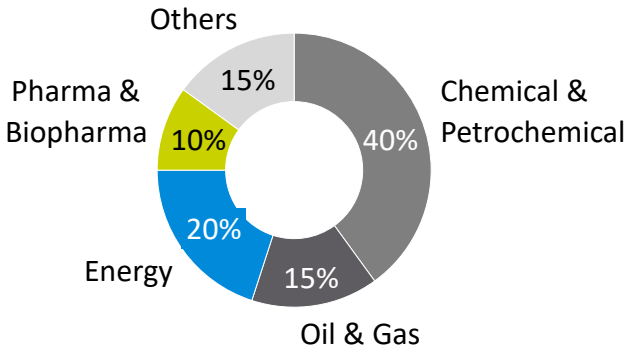
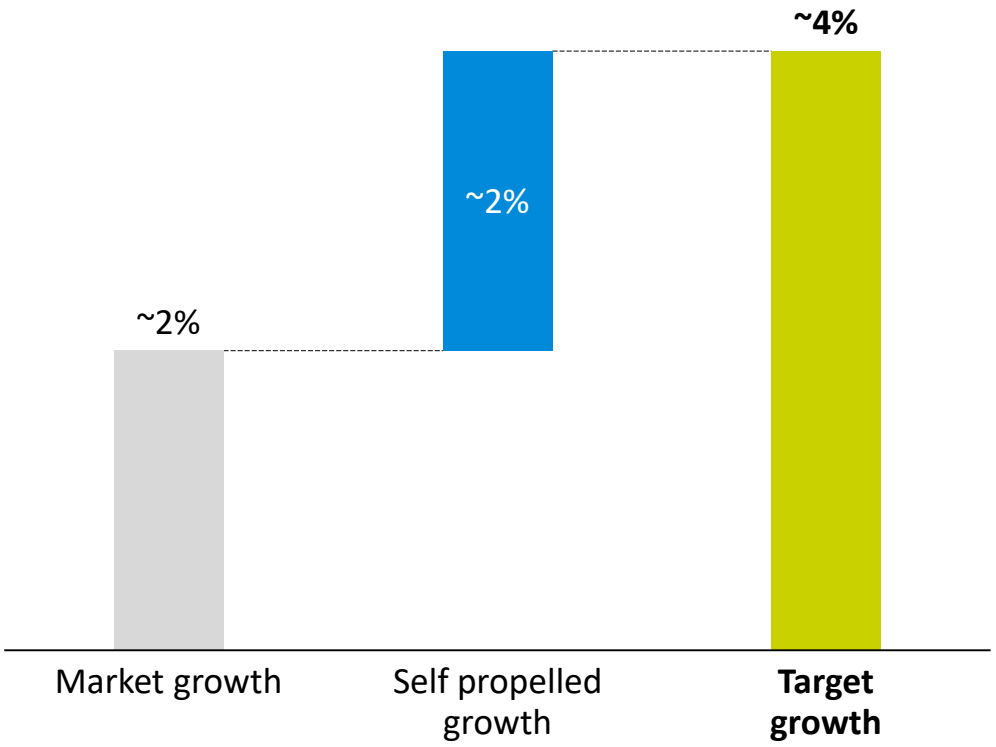


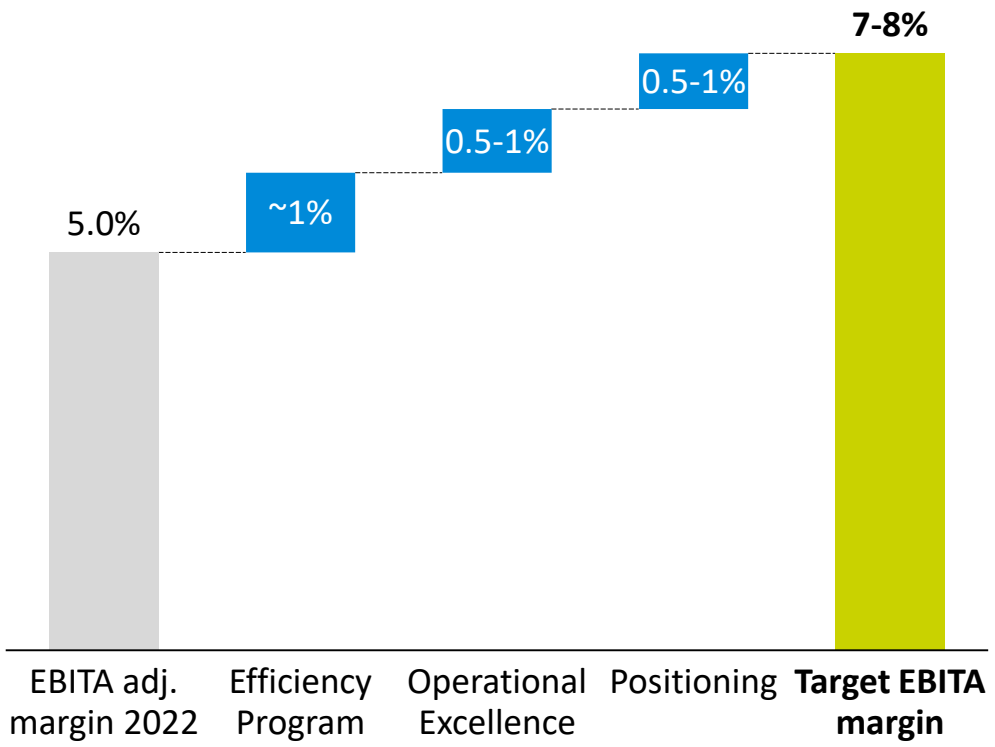
Bundle services to solutions and expand existing know how into new countries

E&M Europe: Financial targets

Mid-term CAGR



Mid-term profitability target

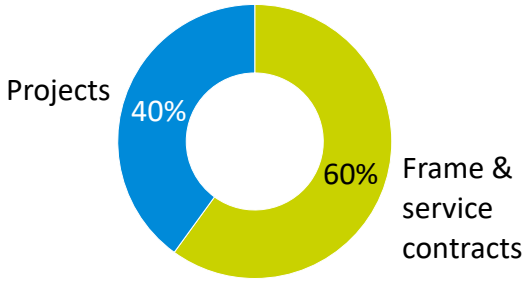


E&M International today

Digitalization

Consultancy | **Engineering** | **New builds & Modifications** | **Maintenance & Turnarounds**

Horizontals



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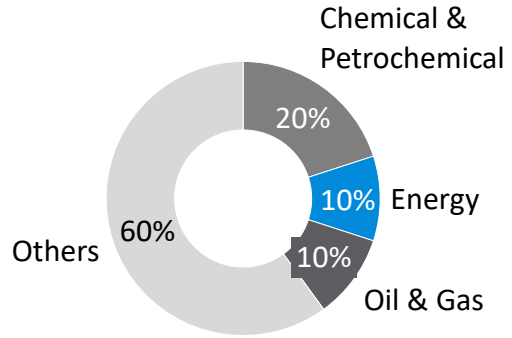
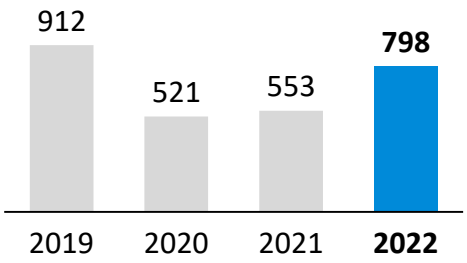
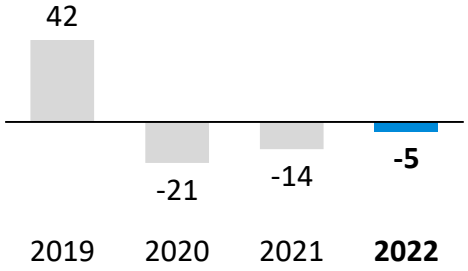


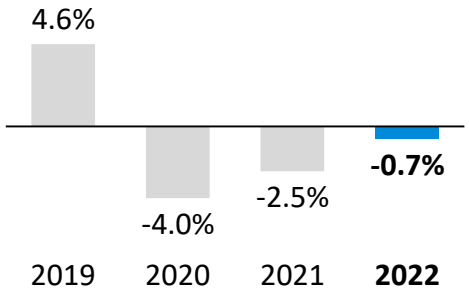
Revenue [€ m]



EBITA adj. [€ m]



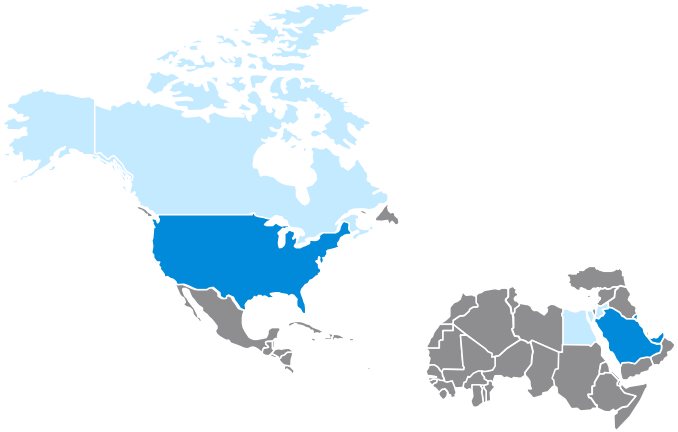
EBITA adj. margin [%]



E&M International in the future

Digitalization

Consultancy	Engineering	New builds & Modifications	Maintenance & Turnarounds



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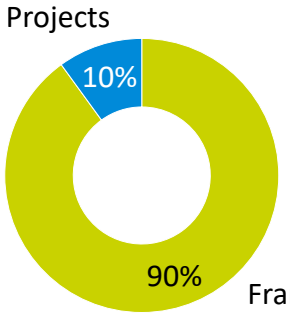

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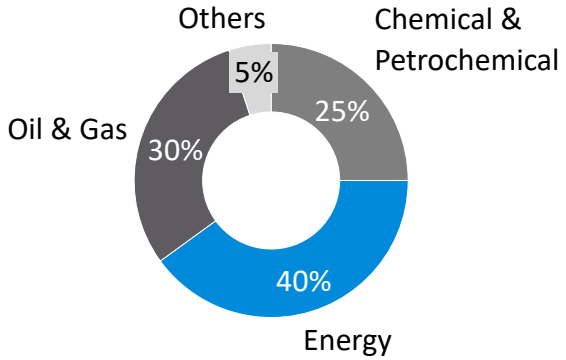
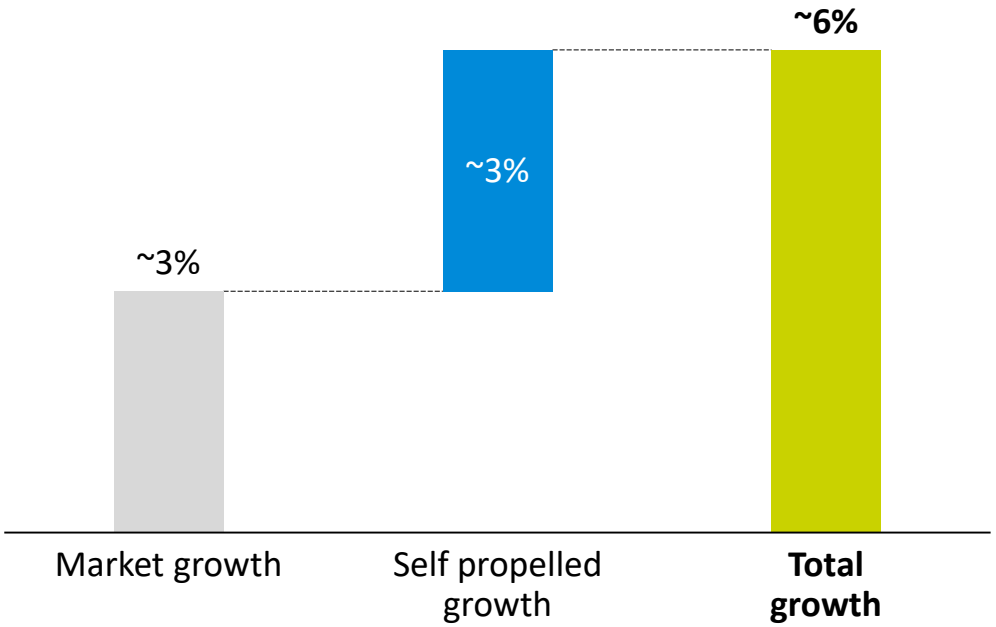


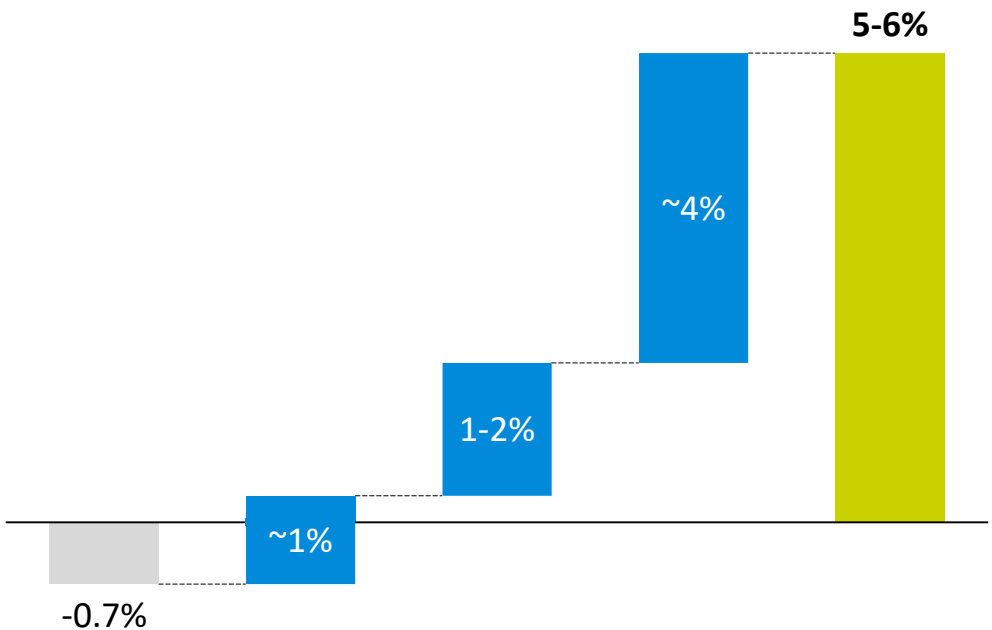
Business transformation into frame & service contracts by utilizing Bilfinger's competence and good market development

E&M International: Financial targets

Mid-term CAGR



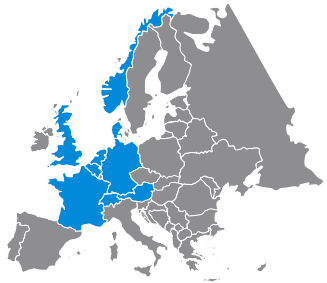
Mid-term profitability target



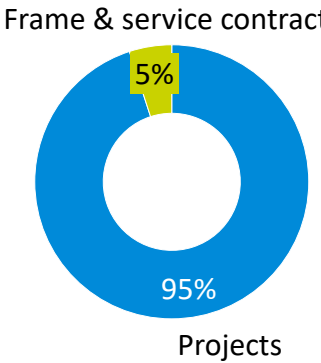
Technologies today

Digitalization

Consultancy | **Engineering** | **New builds & Modifications** | **Maintenance & Turnarounds**



Horizontals



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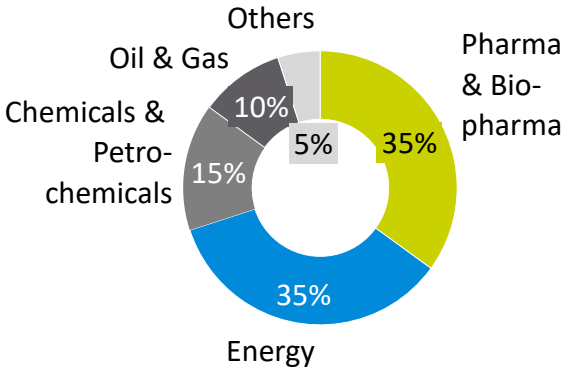
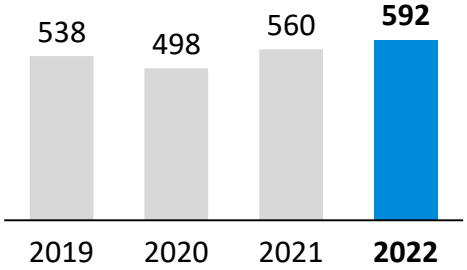
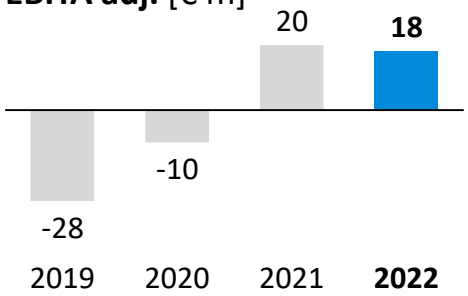


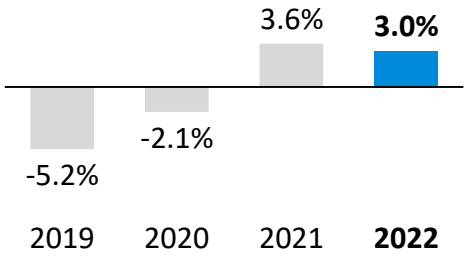
Revenue [€ m]



EBITA adj. [€ m]



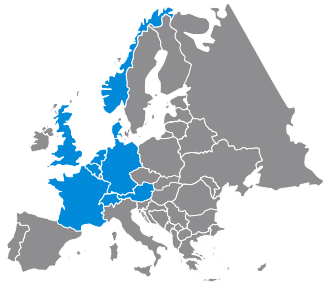
EBITA adj. margin [%]



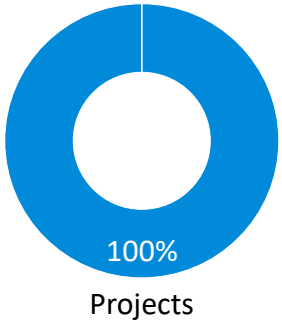
Technologies in the future

Digitalization

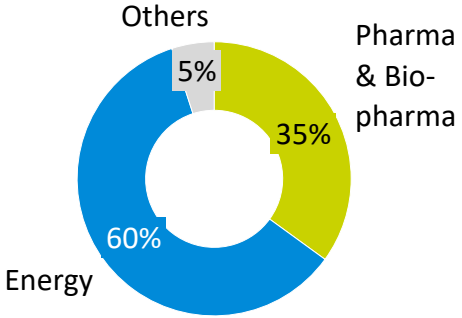
Consultancy | **Engineering** | **New builds & Modifications** | **Maintenance & Turnarounds**



Horizontals



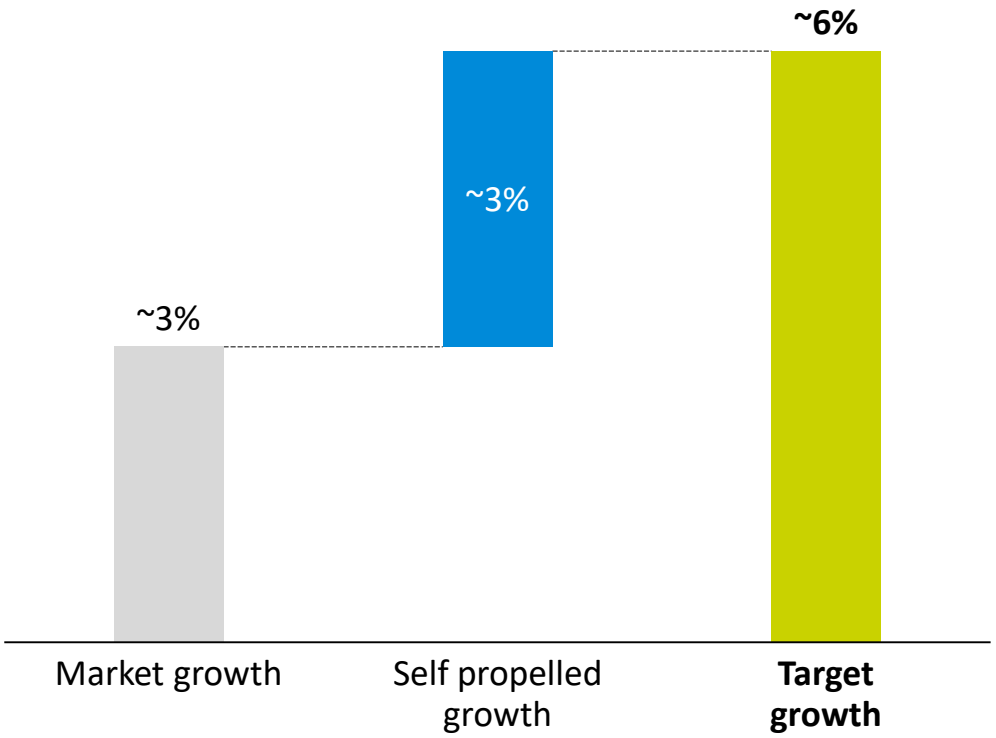
Verticals



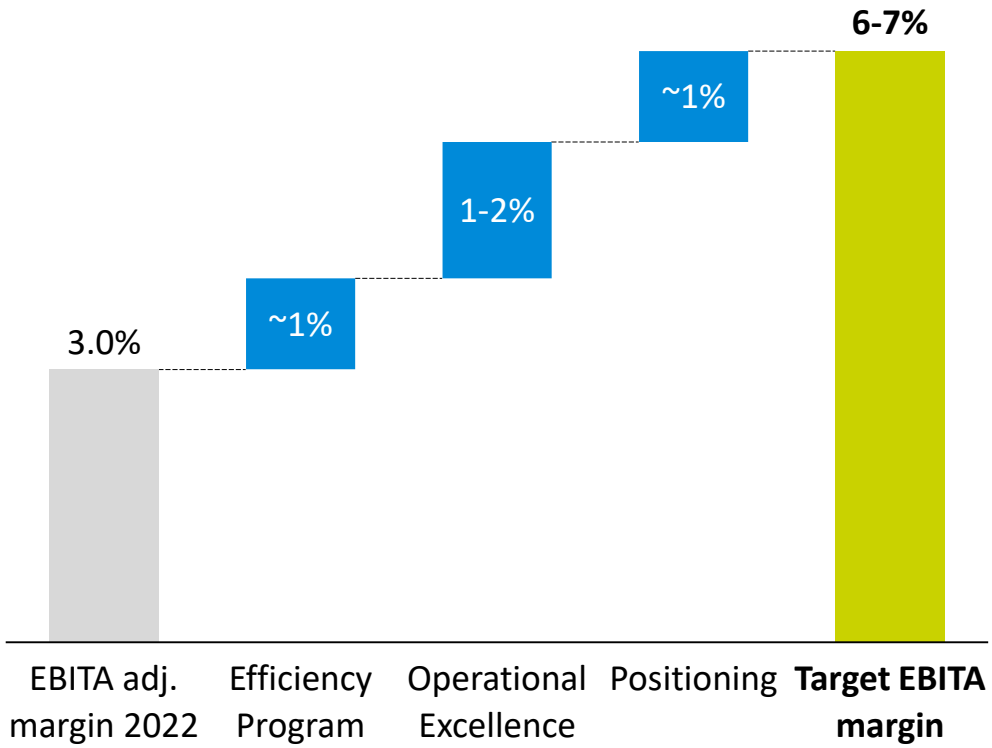
Focus on green Energy, Pharma & Biopharma as well as supporting long-term clients with their investments

Technologies: Financial targets

Mid-term growth per year



Mid-term profitability target



Mid-term targets

Financial targets

Execution of this strategy allows us to set new mid-term targets

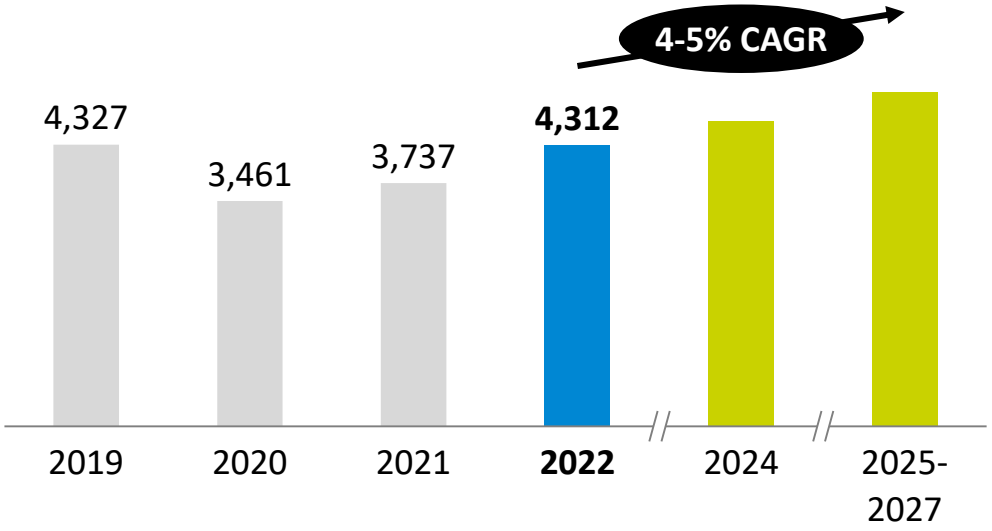
	2024	2025-2027
Organic **Growth**	4-5% CAGR	
Increasing **EBITA margin**	≥5%	6-7%
Improving **Cash Conversion**[1]	>70%	>80%

1. Cash Conversion: FCF / EBITA

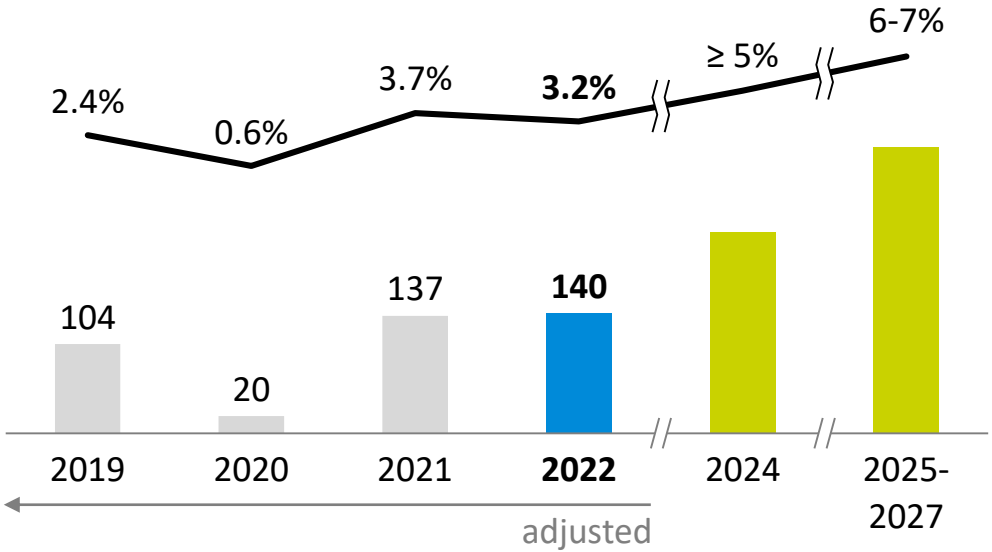
Sustainable profitable organic growth

Key Performance Indicators to measure our success

Revenue [€ m]



EBITA [€ m] | Margin [%]



Organic growth

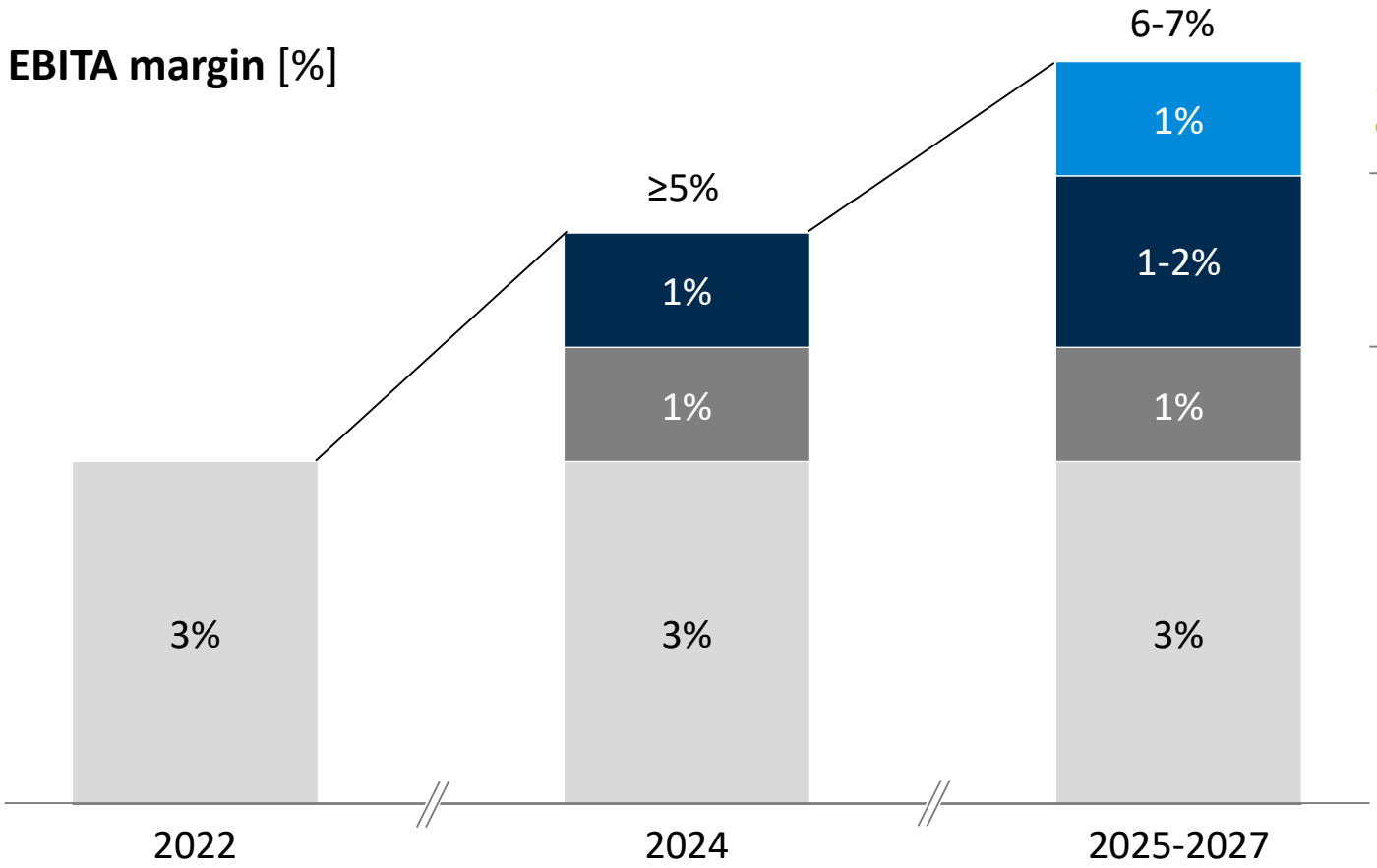
- Market growth ~2%
- Self-propelled growth ~ 2-3%

Significant profitability potential

- Efficiency Program
- Operational Excellence
- Positioning

Strategic levers for sustainable profitable organic growth

These three levers will deliver up to 4%points EBITA margin improvement in the next years



3. Positioning

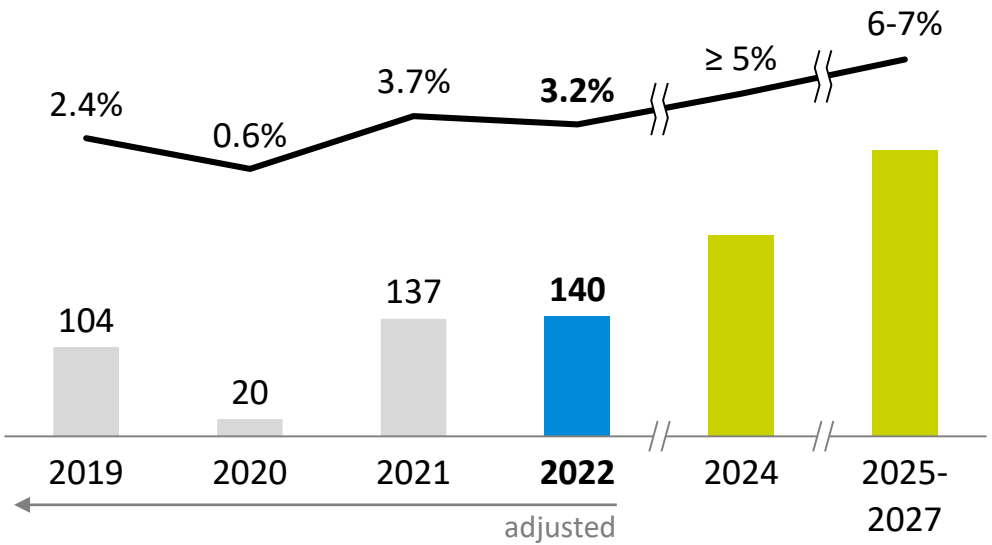
2. Operational Excellence

1. Efficiency Program

Profitability to drive cash generation

Increasing cash conversion to consistently more than 80%

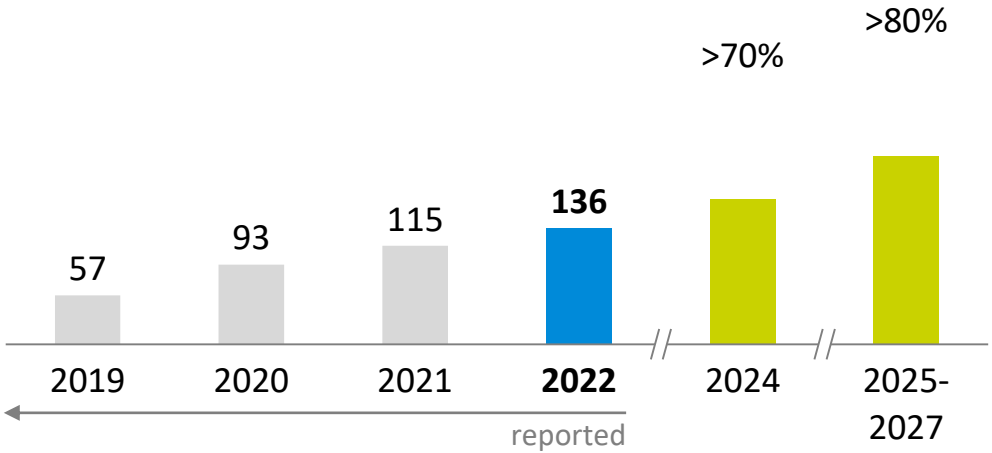
EBITA [€ m] | Margin [%]



Significant profitability potential

- Efficiency Program
- Operational Excellence
- Positioning

Free Cash Flow [€ m] | Cash Conversion [%]



Consistent Cash Conversion

- Working Capital Improvement

Working Capital improvements

A strong cash focus throughout the organization

De-risking contract portfolio

- Enforces faster cash generation

Standardization of offering & Bundling of services

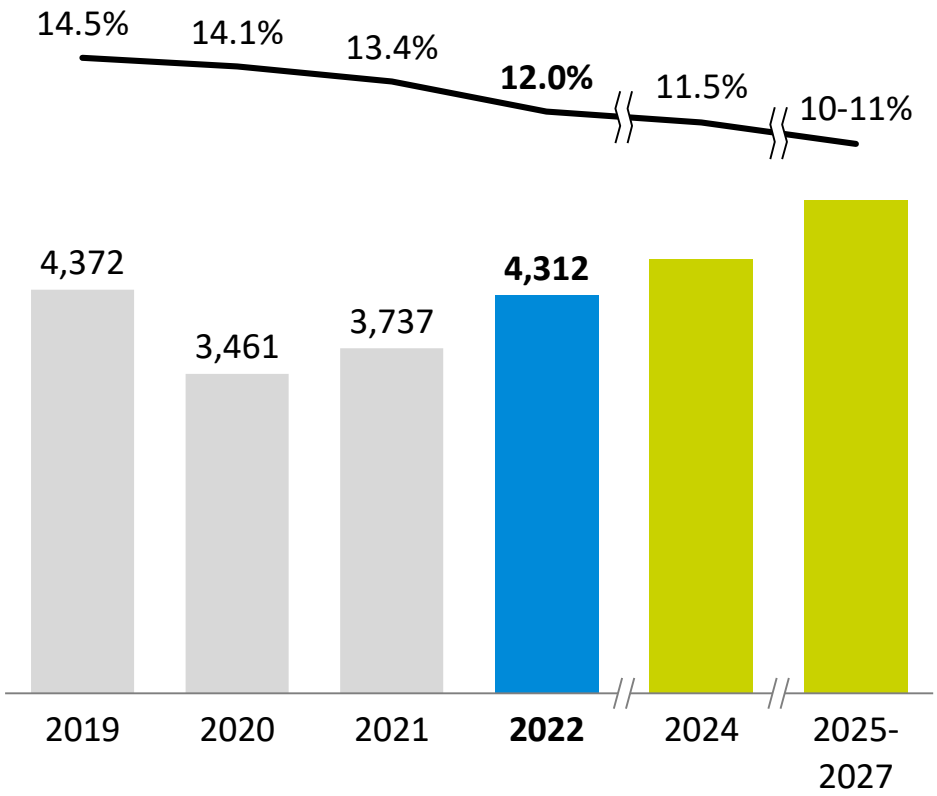
- Optimization of billing processes

Positioning

Digitalization & Innovation

- Increases collaboration and efficiency

Revenue [€ m] **| Average NTA/Revenue** [%]



Capital Allocation to drive Total Shareholder Return

A dividend of € 1.30 will be proposed to next Annual General Meeting

Revenue Growth

EBITA Improvements

Cash Conversion

Dividend: 40-60% of adjusted net profit and continuous growth

Organic growth

M&A

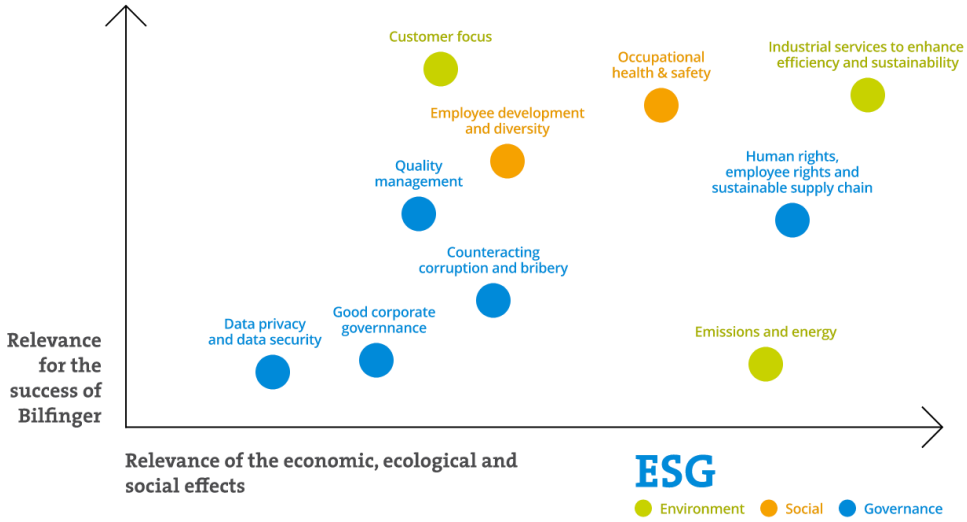
Share buyback

Adhere to financial policy and achieve investment grade rating

Sustainability reporting

Sustainability is a key component of our corporate strategy

Determination of materiality



Our Sustainability targets

E
Environment

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Leading partner to enhance efficiency and sustainability of customers
- Climate neutrality of GHG emissions Scope 1 and 2 by 2030 at the latest
- Collect GHG emissions Scope 3 and support Science-based Targets Initiative

S
Social

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

- Occupational accidents: Zero is possible
- Investment of at least 0.5 percent of the Group's revenue annually in the training and further education of employees

G
Governance

8 DECENT WORK AND ECONOMIC GROWTH

- Conduct at least 600 internal supplier audits annually

Bilfinger commits to SBTi

We target for carbon neutrality by 2030 and Net Zero by 2050

Our business with direct and indirect environmental impact has grown by 50% year-on-year

Key milestones of the road to net zero aligned with the Science Based Targets initiative

2023

Commitment to **Science Based Targets initiative** aligned with a 1.5°C pathway

2025

Full reporting of GHG scope 1 to 3:

- Upstream categories starting in FY 2023
- Downstream categories starting in FY 2024

2030

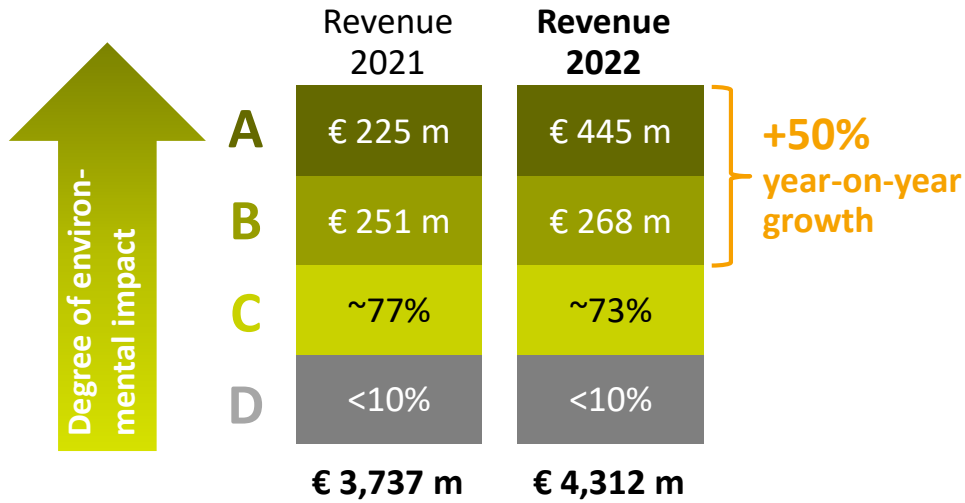
Carbon neutral

50% reduction of GHG scope 1 and 2 compared to 2021

2050

Net Zero across the whole value chain (scope 1, 2 and 3)

Bilfinger business classified on environmental impact



A
- Hydro Power
- Battery Plants
- Recycling & Recovery
- Nuclear
- Commercial Heat
- Hydrogen

B
- Energy Efficiency incl. Insulation
- Etc.

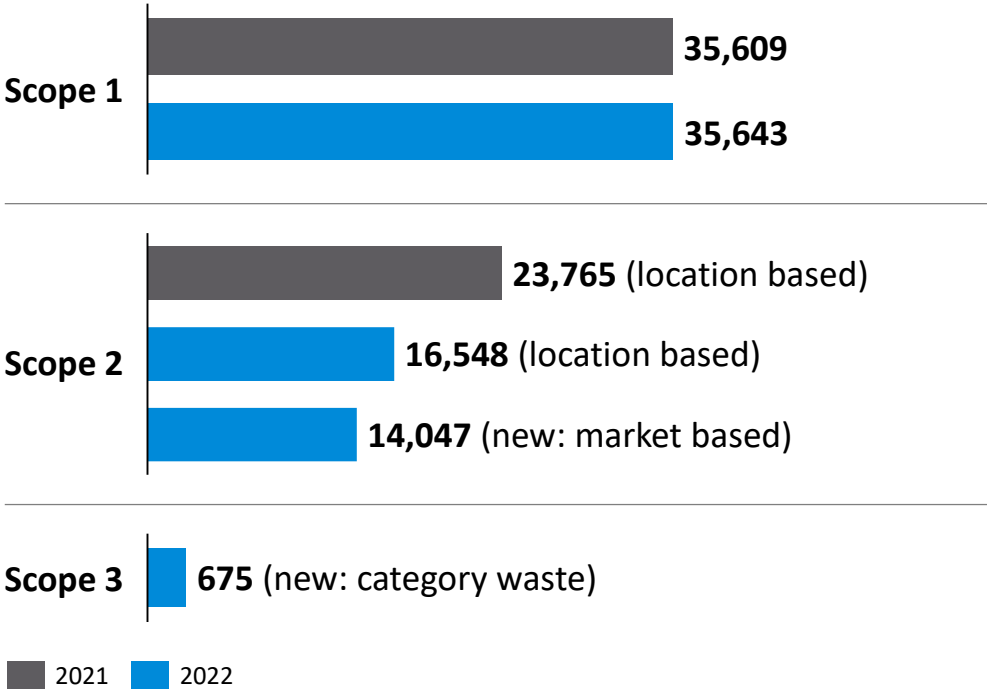
C
- Scaffolding
- Etc.

ESG key figures

CO_2 footprint reduced, occupational safety has high priority

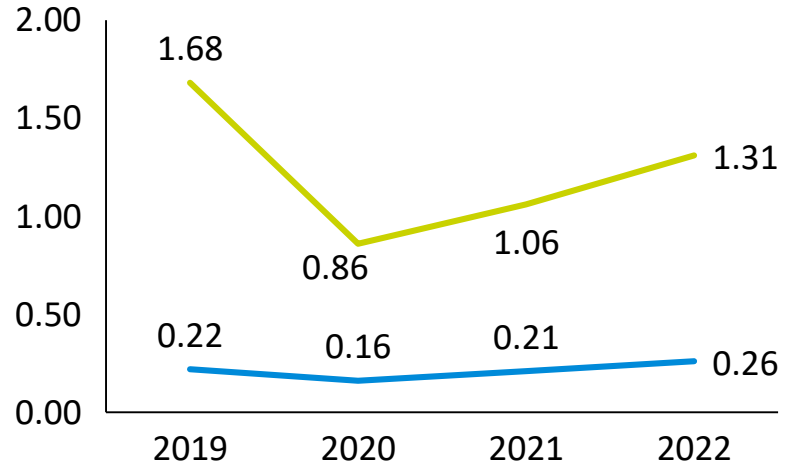
Environment

GHG Footprint Scope 1, 2 and 3 emissions [tCO_2e]



Social

Occupational safety



TRIF: Total Recordable Injury Rate

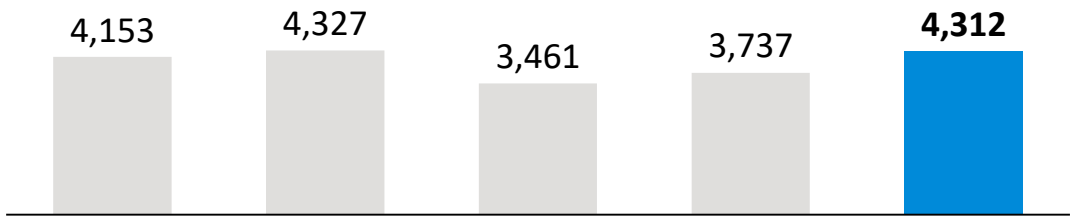
LTIF: Lost Time Injury Frequency

„Zero“ is possible

Financial year 2022

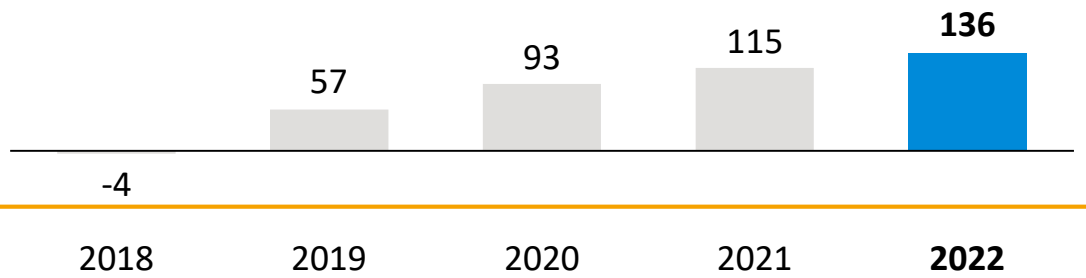
FY 2022: Revenue back to pre-crisis level of 2019, but with significantly improved profitability

Revenue
[€ million]



EBITA adjusted
[€ million, %]

Free cash flow
[€ million]



Delivered on outlook 2022

	Actual FY 2021	Outlook FY 2022	Actual FY 2022	
Revenue	€3,737 million	Significant increase	€4,312 million	✓✓✓
EBITA	€121 million	Significant operating increase, but impacted by special items[1]	€75 million	✓
Free cash flow	€115 million	At prior-year level	€136 million	✓✓

1. Special items in the amount of € 65 million

Financials Q1 2023

Key highlights Q1 2023

Significant increase in
Orders received
org. +26%

Significant increase in
Revenue
org. +12%

Stable
EBITA margin
2.1%

Continued
positive market development

Free cash flow
above prior year
- €26 million

CMD 2023
Strategy and goals
presented

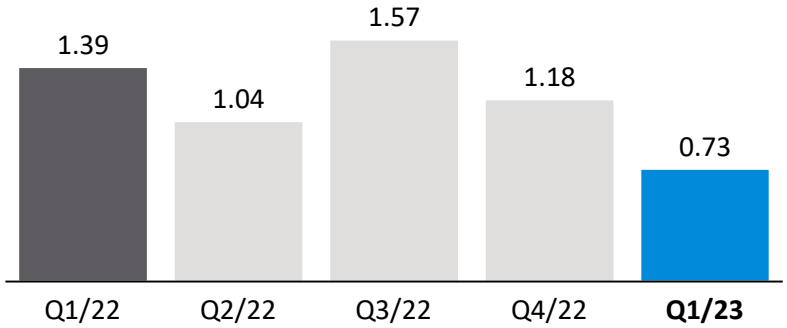
Efficiency program
on track

Outlook 2023
confirmed

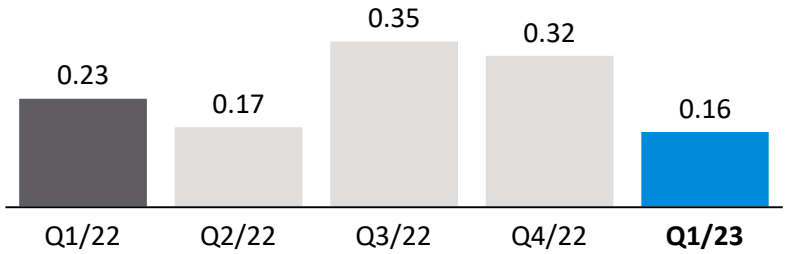
ESG key figures Q1 2023

Occupational safety has high priority

TRIF: Total Recordable Incident Frequency [based on 1 million working hours]



LTIF: Lost Time Injury Frequency [based on 1 million working hours]



„Zero“

is possible

Efficiency program

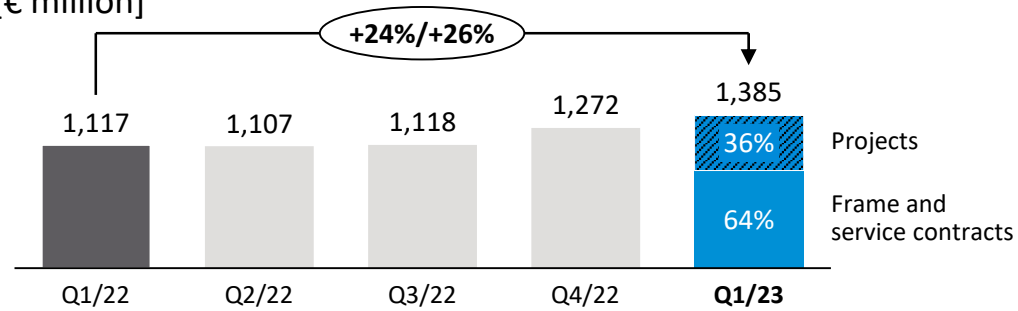
Fully effective as of January 2024

	Targeted [full-year] effect		Reported effect Year-to-date 2023	Reported effect in Q1 2023
Headcount reductions	- 750 FTEs		- 26 FTEs	- 26 FTEs
One-time costs	- € 62 million		- € 0.4 million	- € 0.4 million
EBITA improvement gross p.a.	+ € 55 million	Run-rate	+ € 2.4 million	+ € 2.4 million
Re-invest in Education & Training	- € 13 million		- € 0 million	- € 0 million

- Ongoing (non-provisionable) costs for the realisation of the program: Q1 2023 € 1.9 million

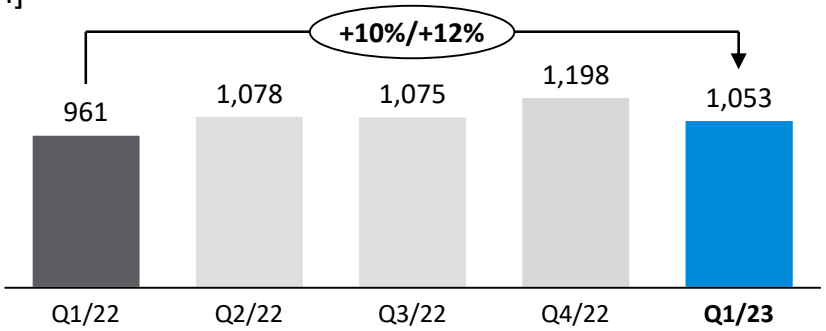
Orders received and revenue significantly above prior year

Orders received [€ million]



	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23
Order backlog [€ million]	3,130	3,158	3,211	3,226	3,491
Book-to-bill [ratio]	1.16	1.03	1.04	1.06	1.31

Revenue [€ million]



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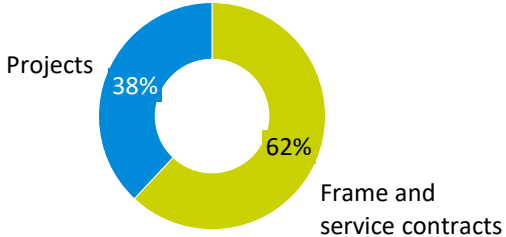
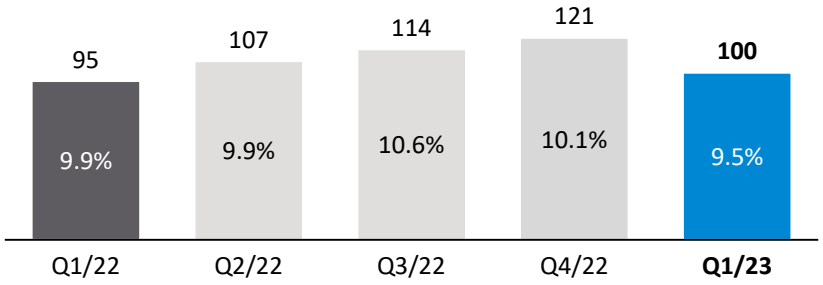
- Significantly double-digit increase in **orders received**, includes among others positive effects from new major orders, inflation-related price adjustments and higher sales expectations for framework agreements
- **Increase in revenue** in all segments, partly benefiting from a mild winter

Revenue split [YTD, %]

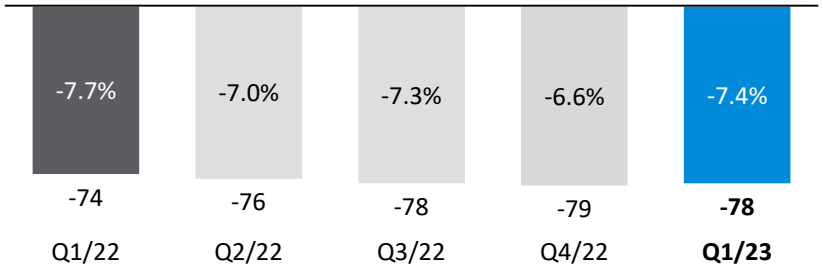


Gross profit slightly increased
Lower SG&A ratio due to increase in revenue

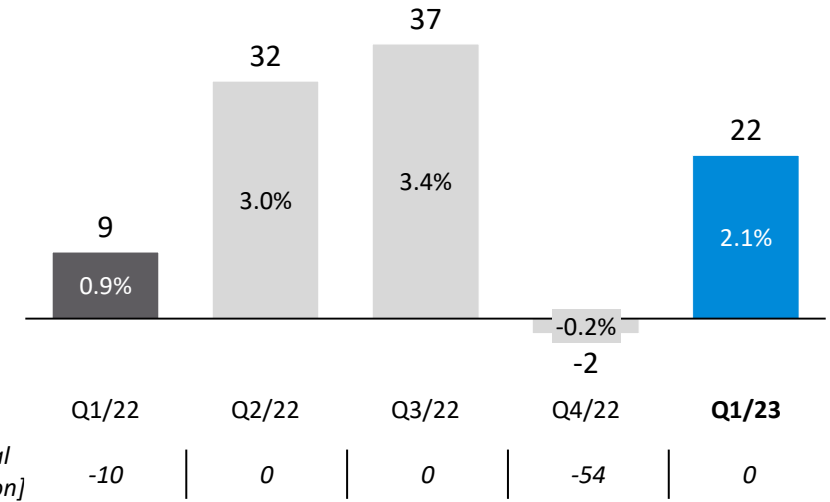
Gross profit [€ million, %]



SG&A expenses [€ million, %]



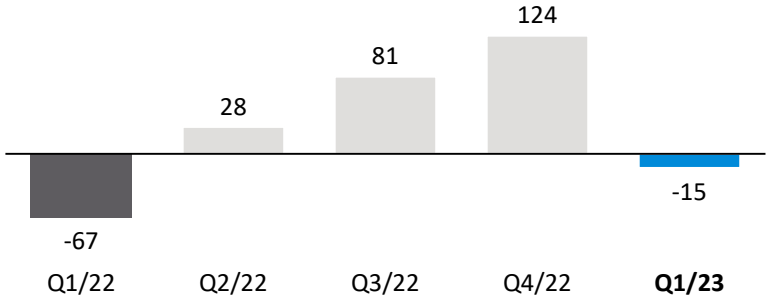
EBITA [€ million, %]



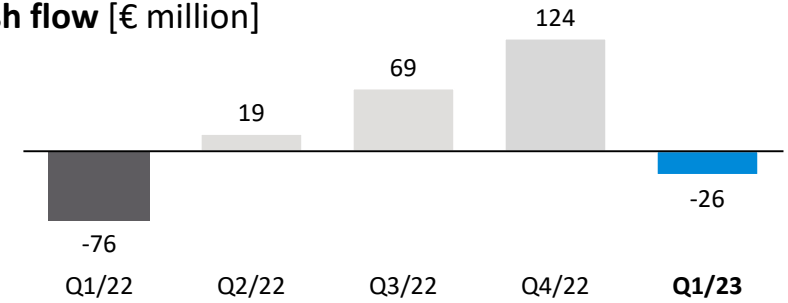
thereof special items [€ million]	*-10*	*0*	*0*	*-54*	*0*

Cash flow improved year-on-year, but seasonally negative
Only small increase in net trade assets since the beginning of the year

Operating cash flow [€ million]

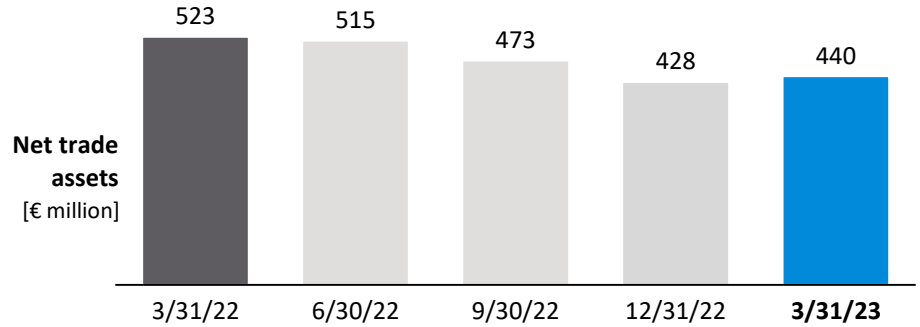


Free cash flow [€ million]



	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23
Cash Conversion [FCF/EBITA]	-870%	60%	188%	-5,384%	-122%

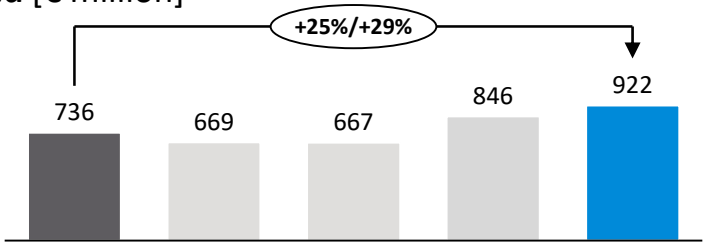
Net Trade Assets / DSO/DPO



	3/31/22	6/30/22	9/30/22	12/31/22	3/31/23
DSO [days]	80	76	74	62	72
DPO [days]	67	69	74	61	69

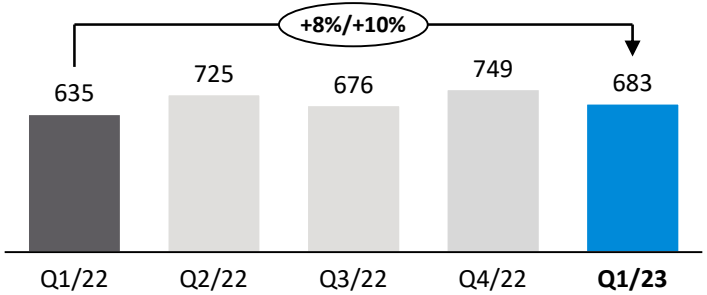
E&M Europe: Positive effect on orders received among others from inflation-related price increases and higher sales expectations for framework agreements

Orders received [€ million]



	Q1/22	Q2/22	Q3/22	Q4/22	**Q1/23**
Order backlog [€ million]	1,874	1,796	1,772	1,876	2,098
Book-to-bill [ratio]	1.16	0.92	0.99	1.13	1.35

Revenue [€ million]



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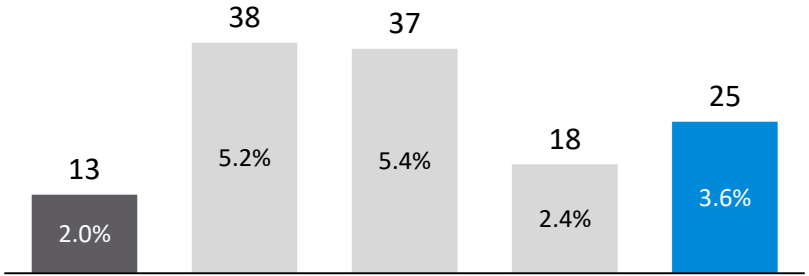
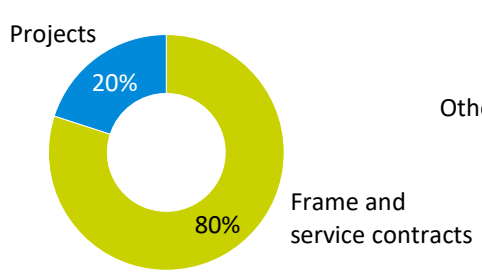
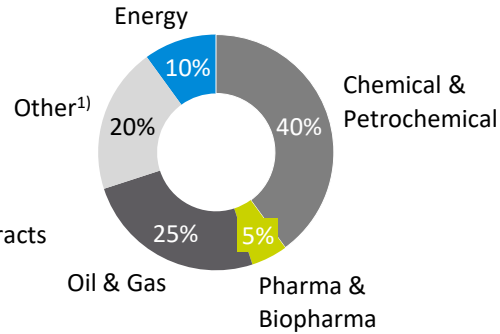
EBITA [€ million, %]



	Q1/22	Q2/22	Q3/22	Q4/22	**Q1/23**
thereof special items [€ million]	*-10*	*0*	*0*	*-26*	*0*

Revenue split [YTD, %]

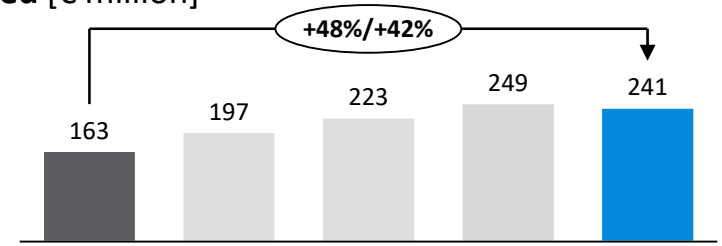




1) Includes different industries outside the defined core industries.

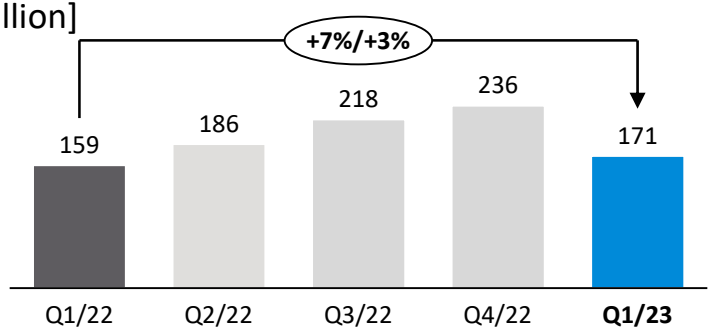
E&M International: Orders received remains on a high level, EBITA still negative due to legacy contracts and lower utilization in the loss-making part of the US business

Orders received [€ million]



	Q1/22	Q2/22	Q3/22	Q4/22	**Q1/23**
Order backlog [€ million]	503	550	591	550	607
Book-to-bill [ratio]	1.03	1.06	1.03	1.06	1.41

Revenue [€ million]



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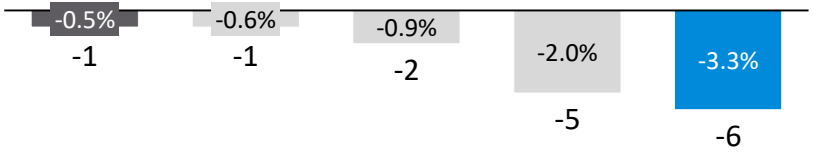
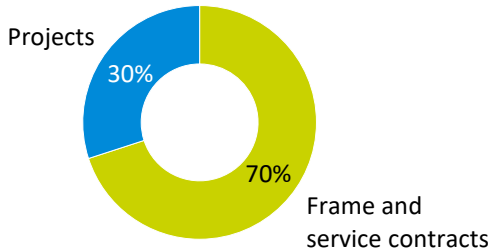
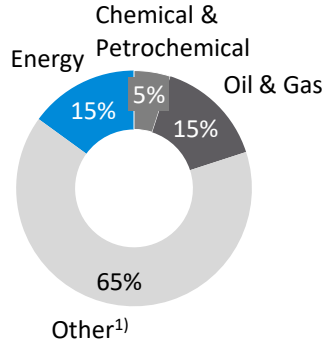
EBITA [€ million, %]



	Q1/22	Q2/22	Q3/22	Q4/22	**Q1/23**
thereof special items [€ million]	*0*	*0*	*0*	*-3*	*0*

Revenue split [YTD, %]

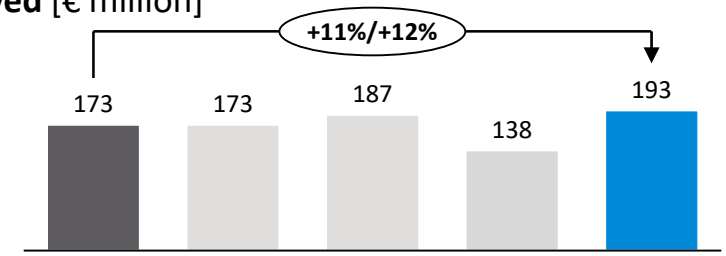




1) Includes different industries outside the defined core industries, here especially consumer goods and public clients

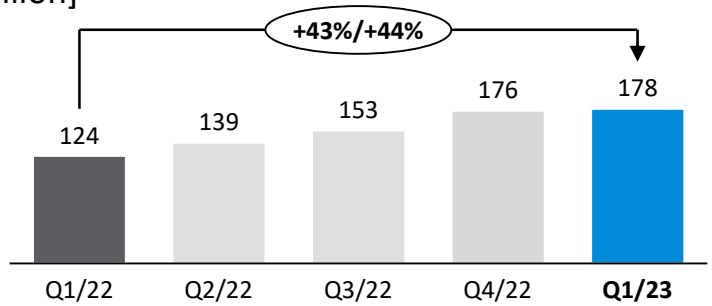
Technologies: High increase in revenue mainly due to biopharma projects, EBITA margin also significantly improved

Orders received [€ million]



	Q1/22	Q2/22	Q3/22	Q4/22	**Q1/23**
Order backlog [€ million]	665	697	726	688	705
Book-to-bill [ratio]	1.39	1.24	1.23	0.79	1.08

Revenue [€ million]



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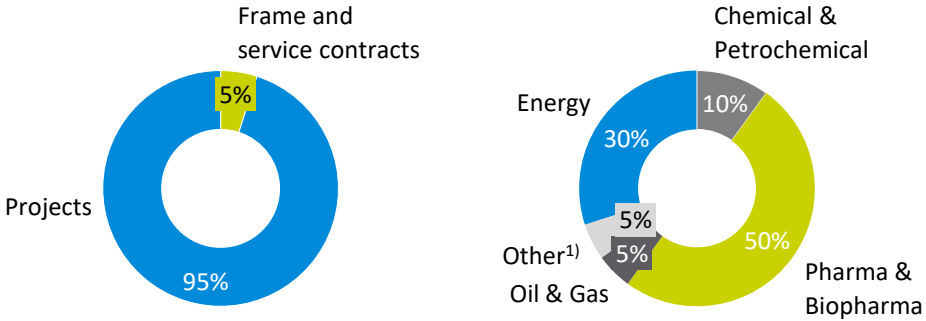
EBITA [€ million, %]

	Q1/22	Q2/22	Q3/22	Q4/22	**Q1/23**
thereof special items [€ million]	*0*	*0*	*0*	*-9*	*0*

Revenue split [YTD, %]



1) Includes different industries outside the defined core industries.

Market development unchanged

Continued positive demand despite challenges for the industry

Energy

- Energy transition: new technology and improvement in energy efficiency
- Nuclear power revival

Chemicals & Petrochem

- Resource transition
- Energy transition
- Increased necessity for efficiency improvement in the production process

Pharma & Biopharma

- Increasing health care demand
- Localization of supply chains

Oil & Gas

- Investment in brown field infrastructure
- New investment e.g. LNG, hydrogen, carbon capture

Outlook FY 2023 confirmed

	Actual FY 2022	Outlook FY 2023	YTD 2023
Revenue	€4,312 million	€4,300 to €4,600 million	€1,053 million
EBITA margin	1.8% (3.2%[1)])	3.8 to 4.1%	2.1 %
Free cash flow	€136 million	€50 to €80 million[2]	- €26 million

1) adjusted by special items
2) incl. ~€60m cash-out for Efficiency Program

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