

**Bilfinger SE**

- Leading in Industrial Services -

# BILFINGER SE ROADSHOW PRESENTATION

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November 2023



**BILFINGER**





**BILFINGER**

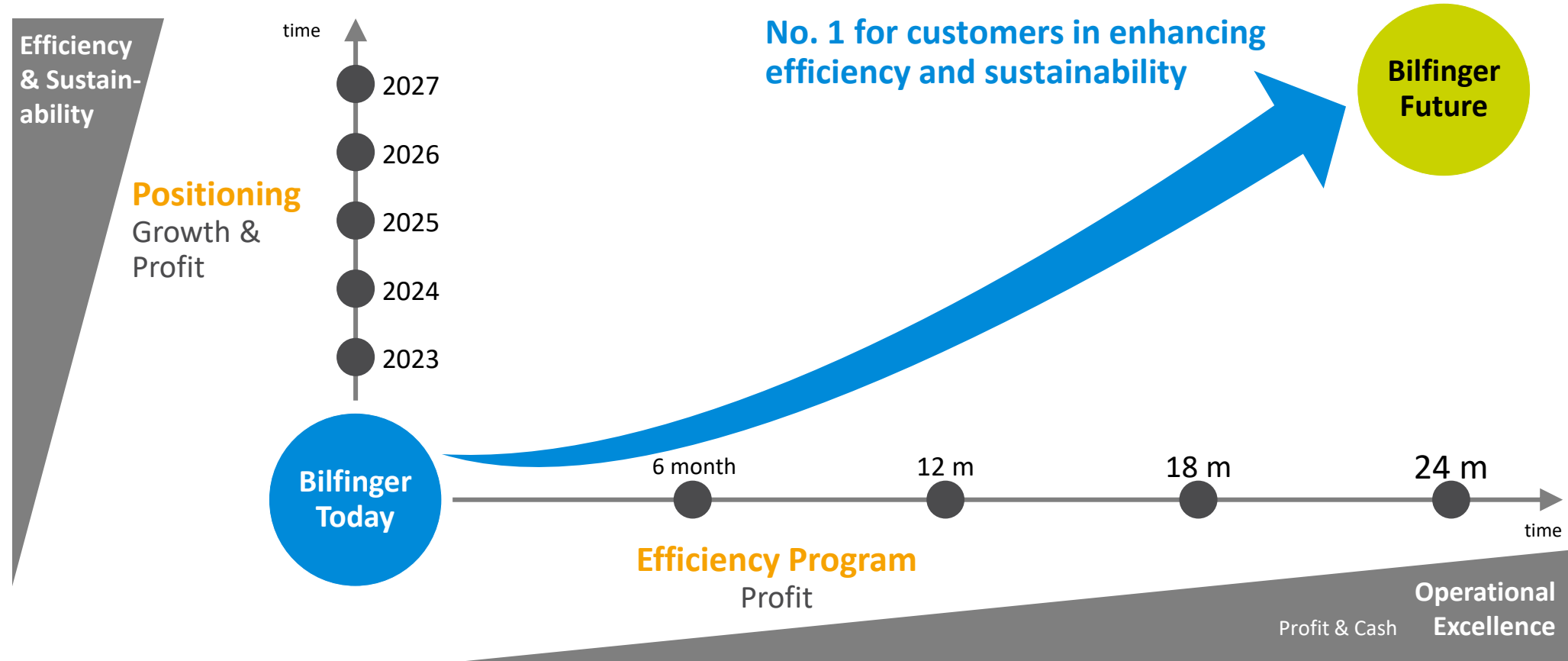
# OVERVIEW AND STRATEGIC OUTLINE

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# Strategy

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



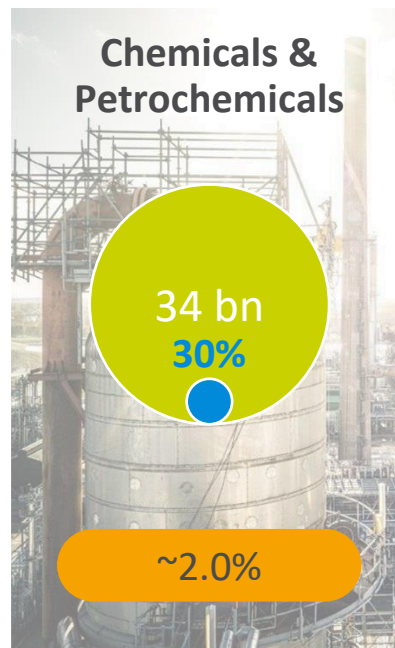
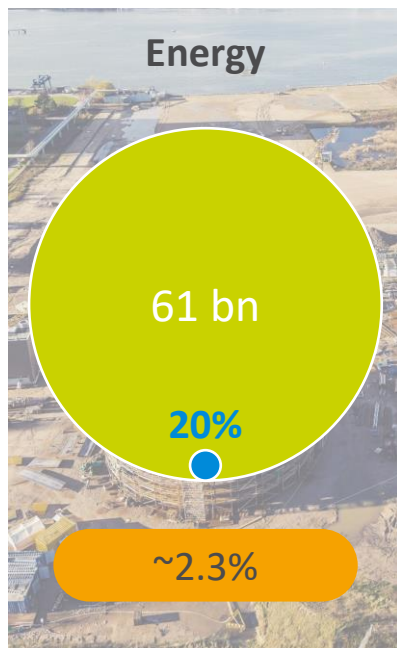
# Our market: Addressable market in Europe, Middle East, North America

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

Addressable  
market

Bilfinger<sup>1</sup>

CAGR  
2023-2025/27



<sup>1</sup> Bilfinger revenue excluding OOP, in EUR

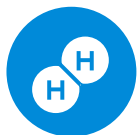


# Green Technology

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

## Growth niches

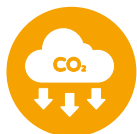
### Hydrogen



### Battery plants



### Carbon capture



### Bio fuels



## Market

**5x increase** in announced clean hydrogen production capacity for 2030 since 2019



**Double digit** share of clean hydrogen sales

**34% p.a.** expected growth in announced battery cell production capacity in Europe

**23% p.a.** expected growth in carbon capture capacity (2021-2030)

**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 examples



Bilfinger supports Gasunie in the planning of the **HyStock-project** – an **underground hydrogen storage facility** in NL



Bilfinger provides EPCM services for REEtec's production plant



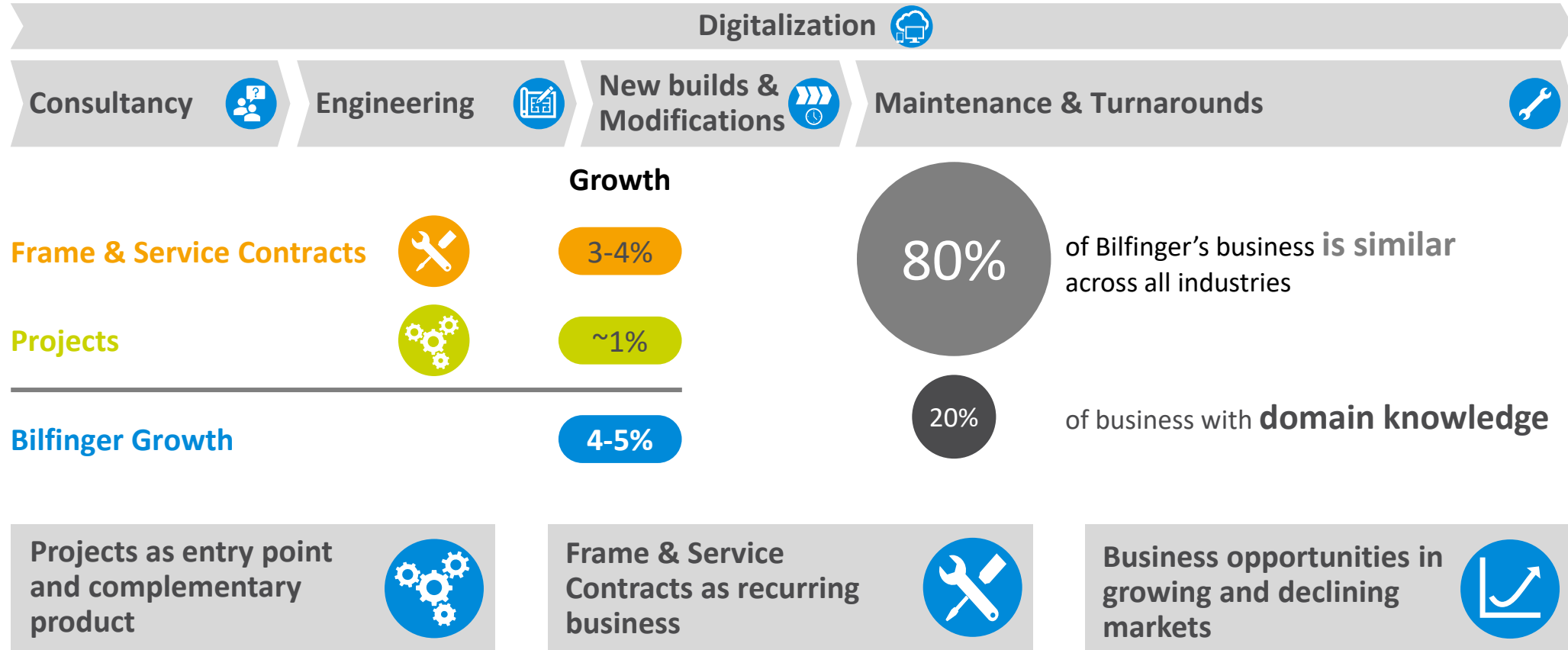
Bilfinger delivers the plant design, supply and installation for Lapwing Estate's **innovative "reverse coal"** project



Bilfinger supports Metsä Fibre in **plant construction for sustainable bioproducts and green energy supply**

## 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



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

## Digitalization

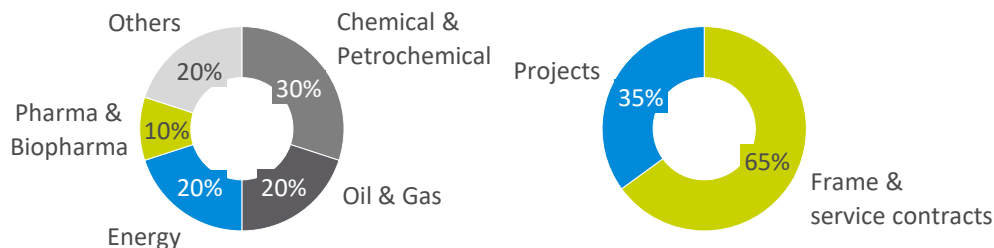
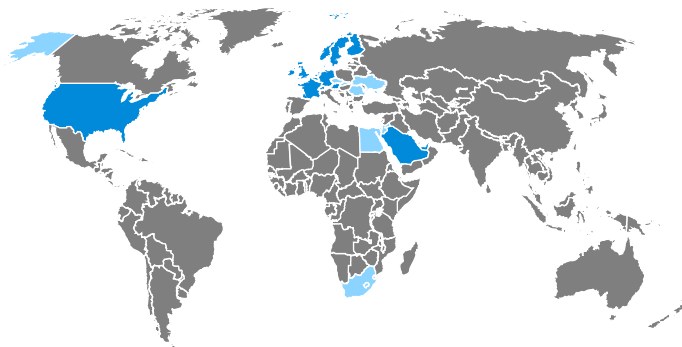
Consultancy 

Engineering 

New builds & Modifications 

Maintenance & Turnarounds 

## Regional footprint



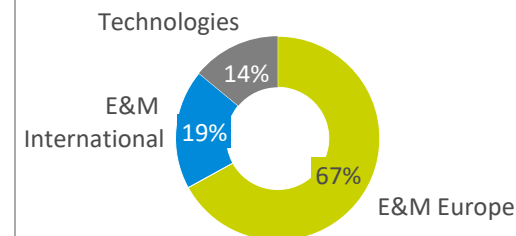
## Key characteristics

- 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

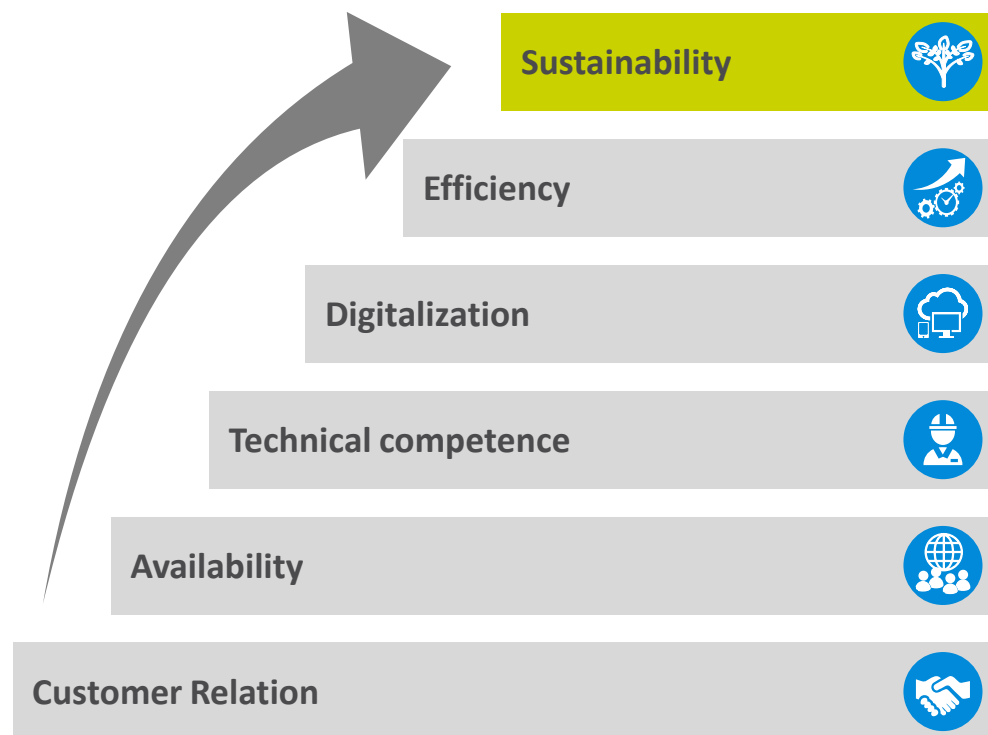
- Engineering & Maintenance Europe
- Engineering & Maintenance International
- Technologies



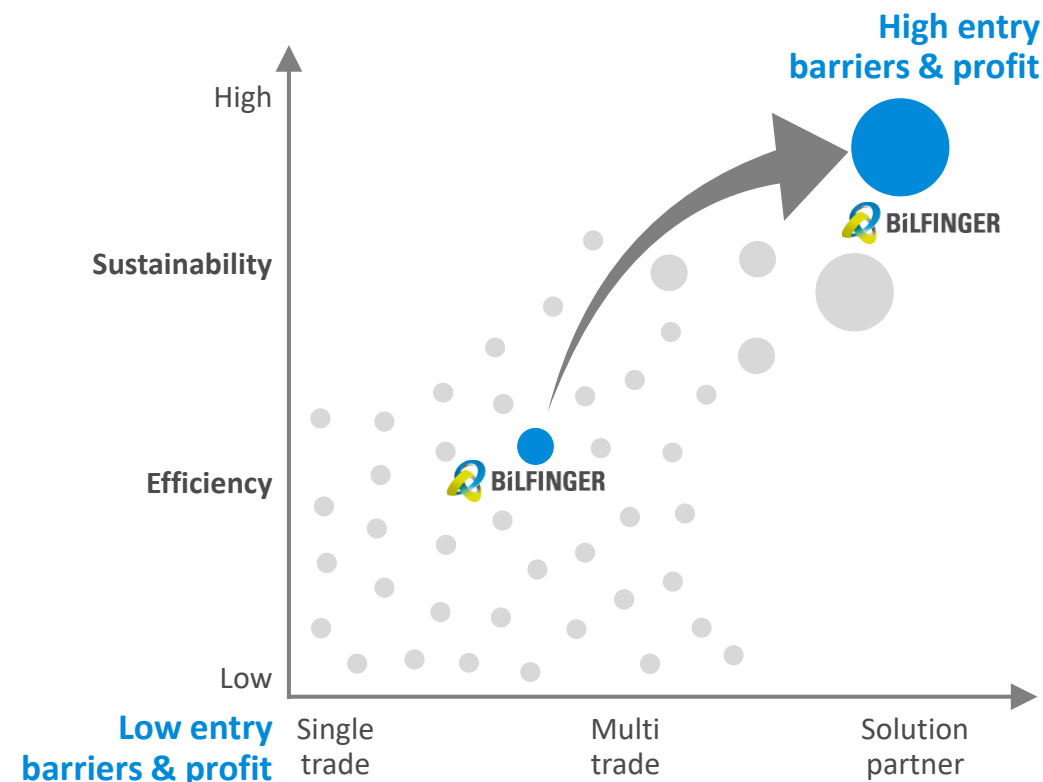
## Market conditions

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

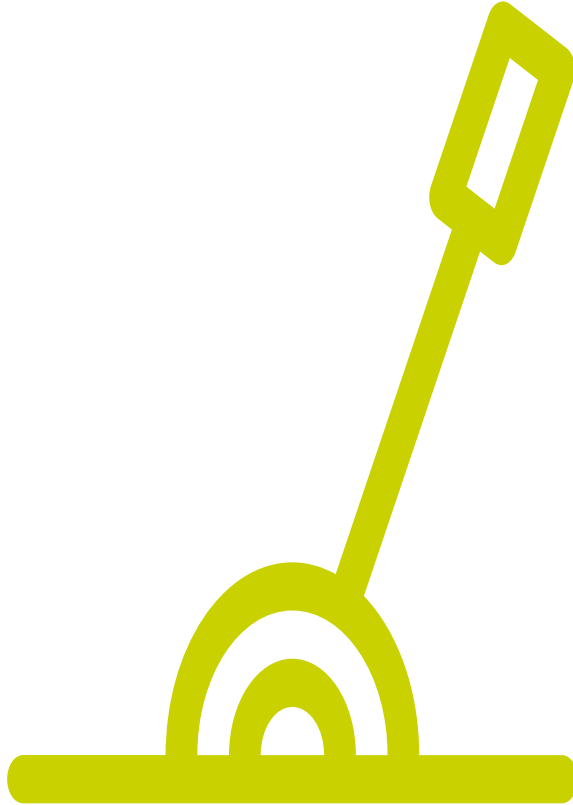
Digitalization

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

# SEGMENTS

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## Digitalization

Consultancy



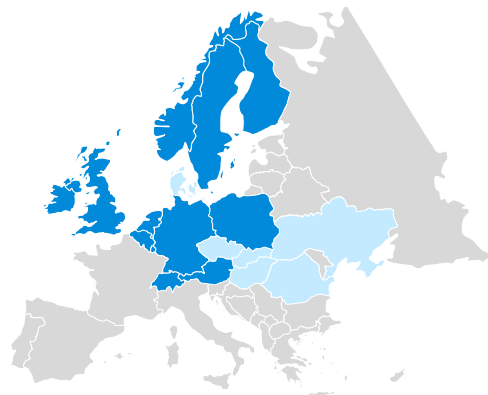
Engineering



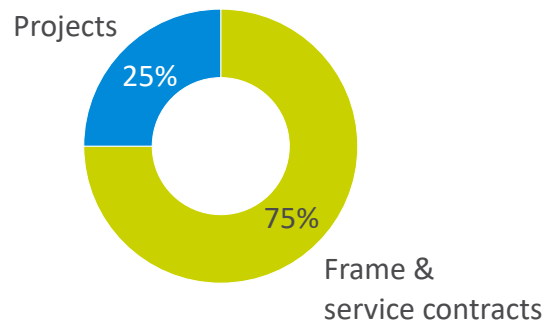
New builds & Modifications



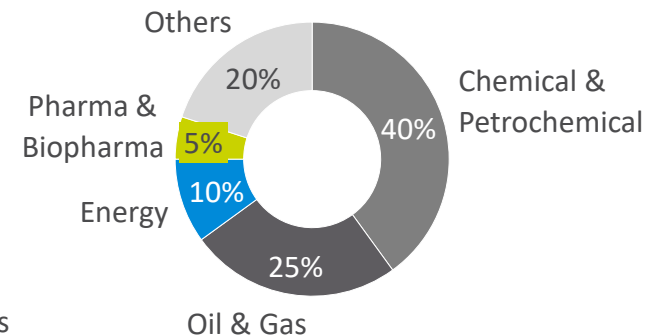
Maintenance & Turnarounds



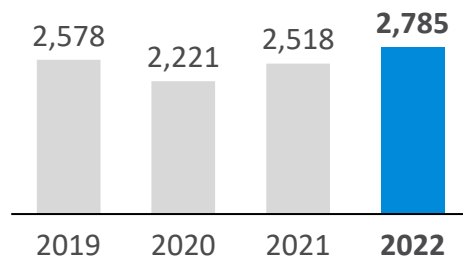
### Horizontals



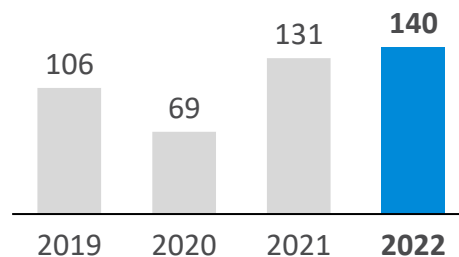
### Verticals



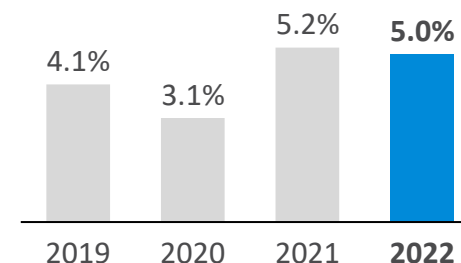
### Revenue [€ m]

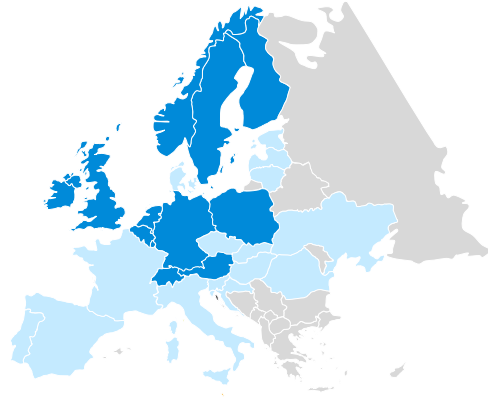


### EBITA adj. [€ m]



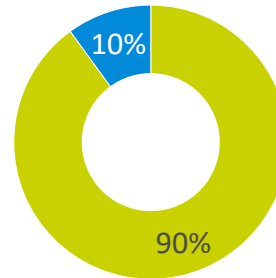
### EBITA adj. margin [%]





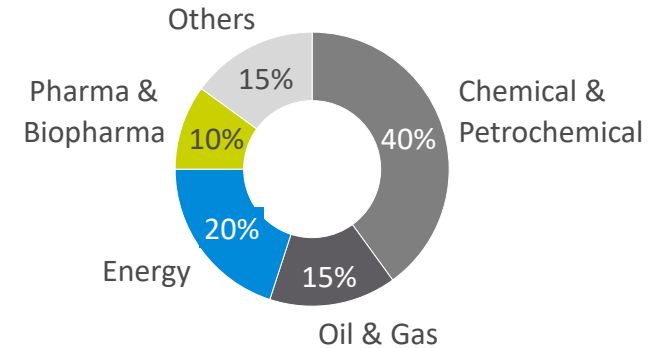
## Horizontals

Projects



Frame & service contracts

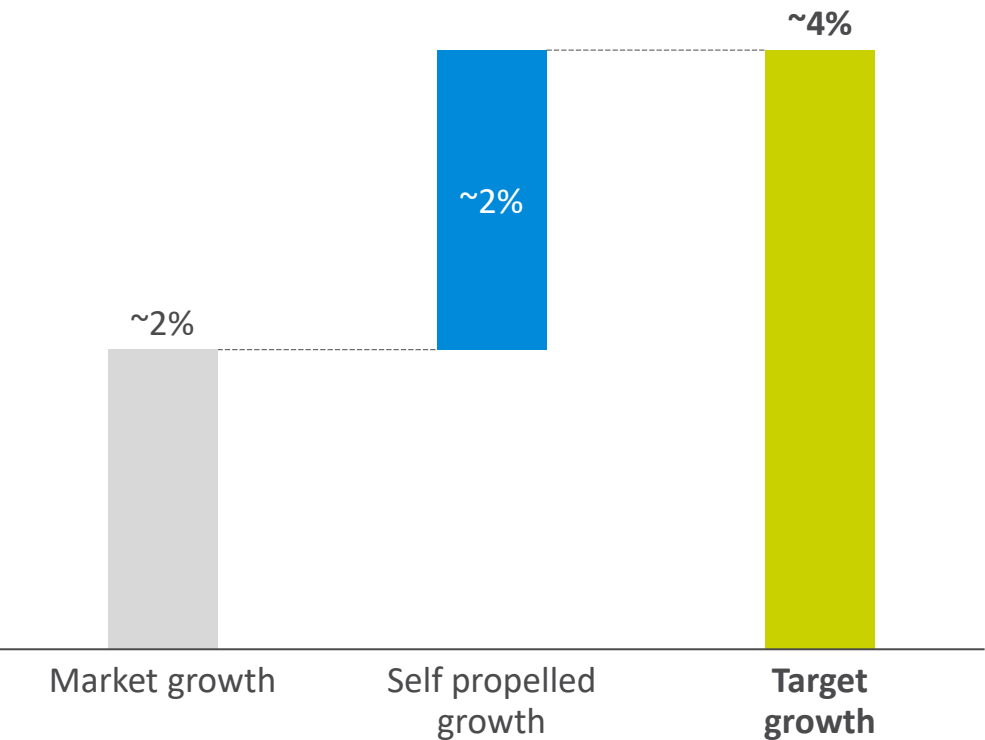
## Verticals



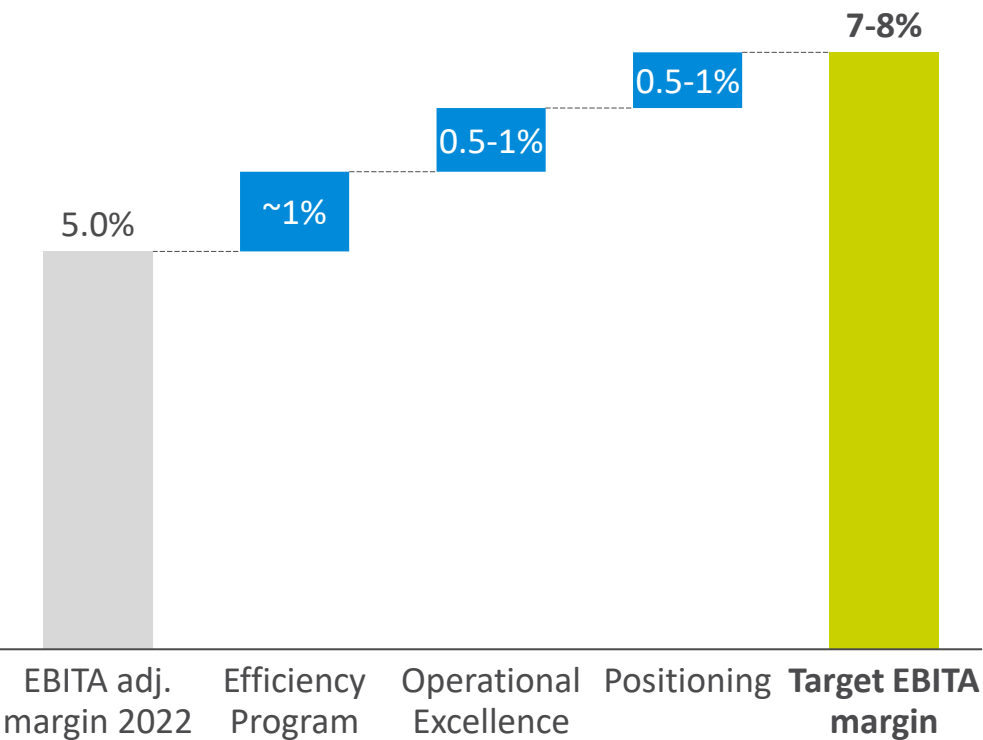
**Bundle services to solutions and expand existing know how into new countries**



Mid-term CAGR



Mid-term profitability target



## Digitalization

Consultancy



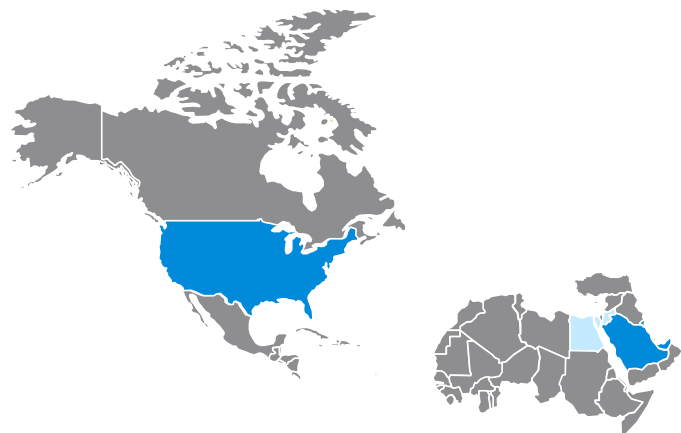
Engineering



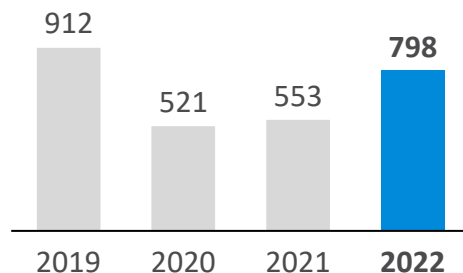
New builds & Modifications



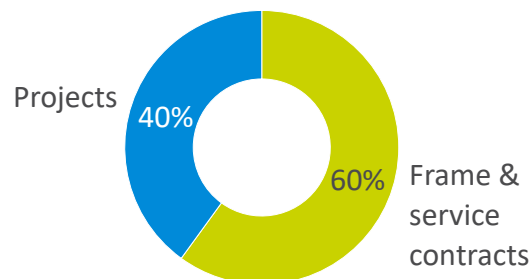
Maintenance & Turnarounds



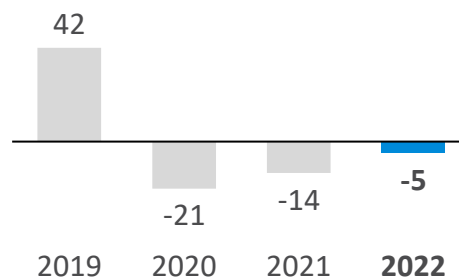
Revenue [€ m]



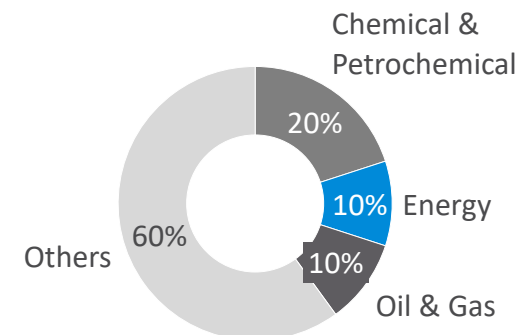
## Horizontals



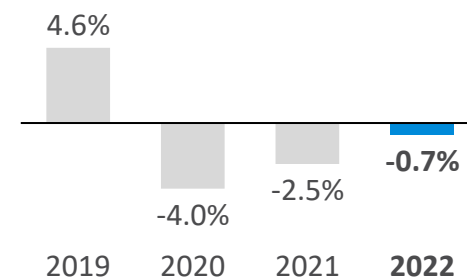
EBITA adj. [€ m]



## Verticals

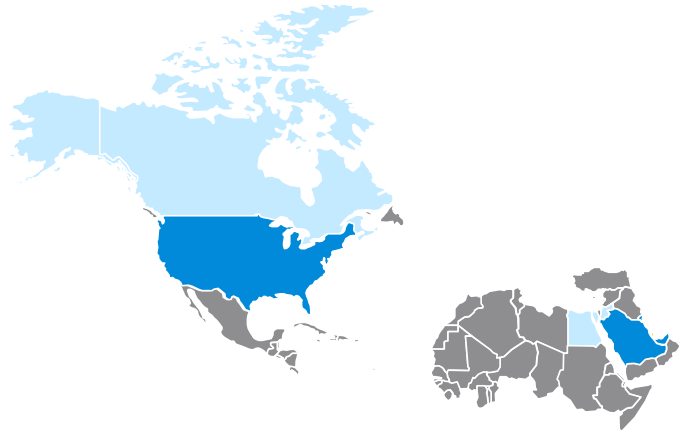


EBITA adj. margin [%]

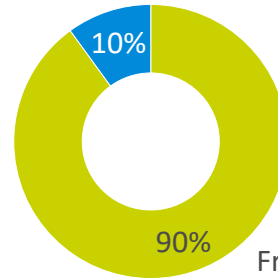




## Horizontals

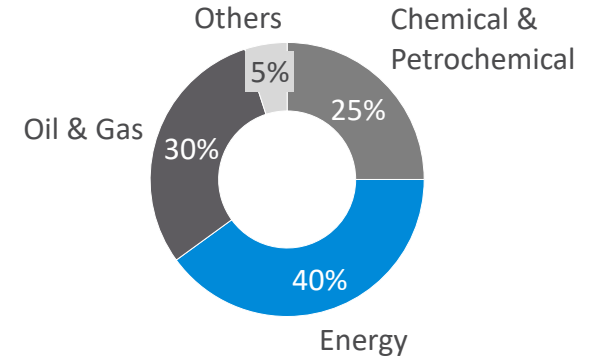


### Projects



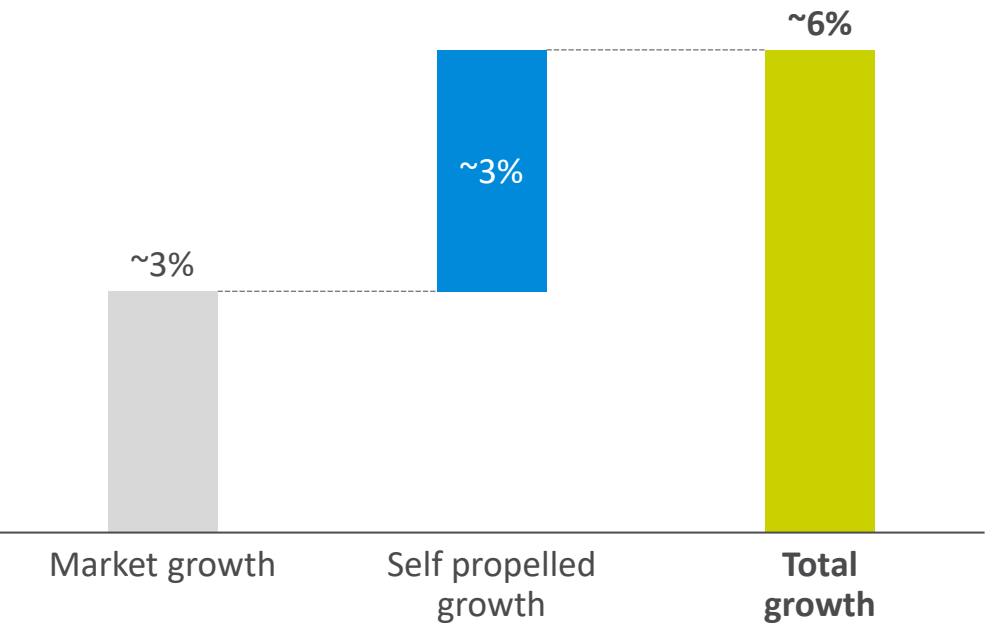
Frame & service contracts

## Verticals

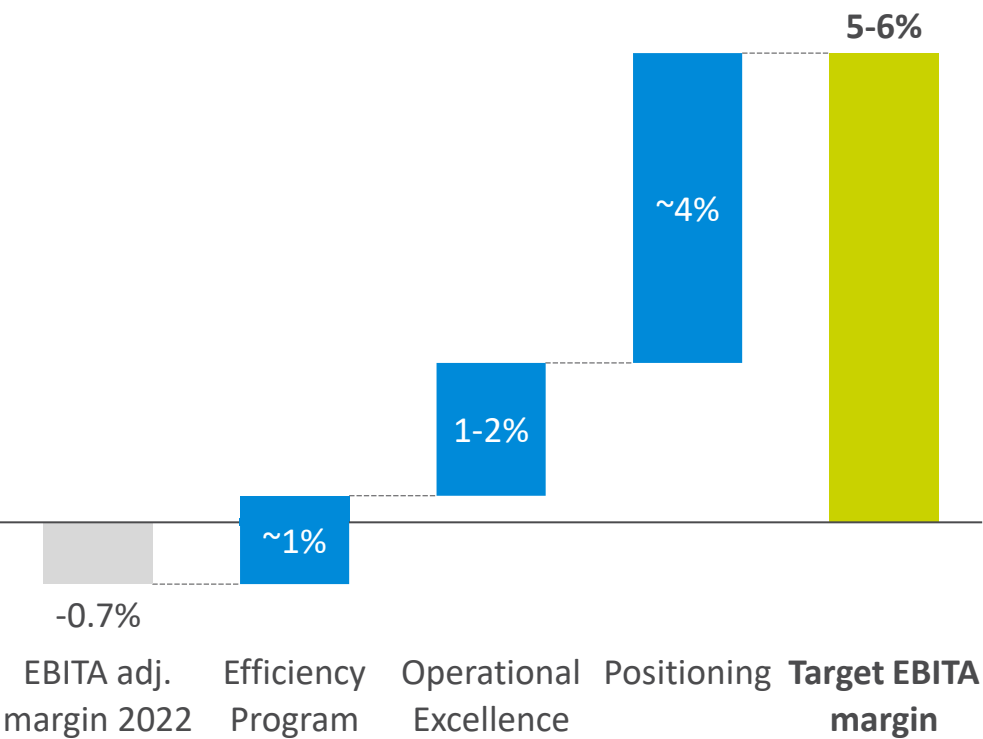


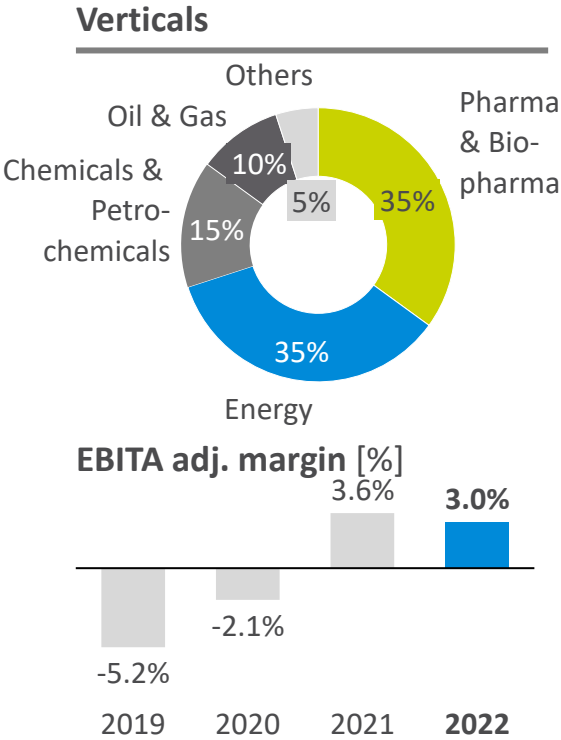
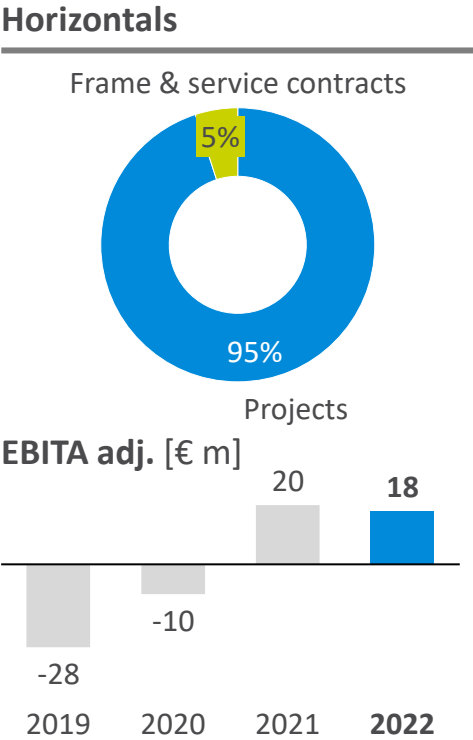
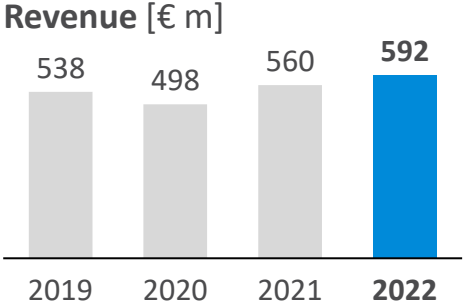
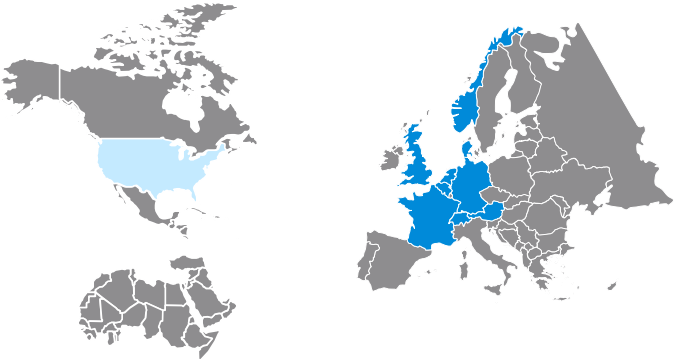
► **Business transformation into frame & service contracts by utilizing Bilfinger's competence and good market development**

Mid-term CAGR



Mid-term profitability target







## Digitalization

Consultancy



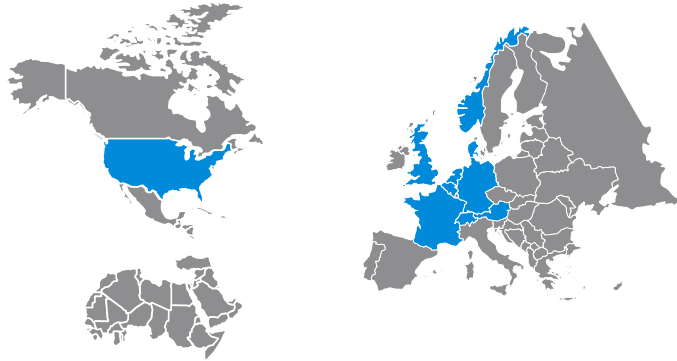
Engineering



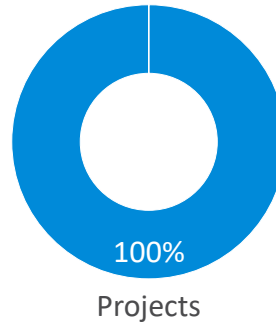
New builds & Modifications



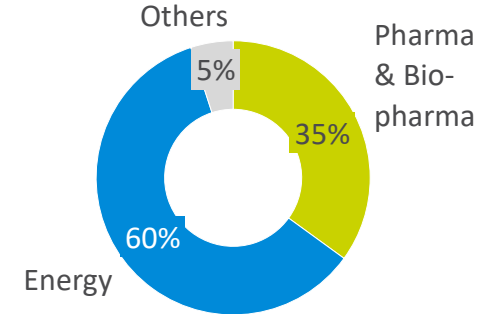
Maintenance & Turnarounds



### Horizontals

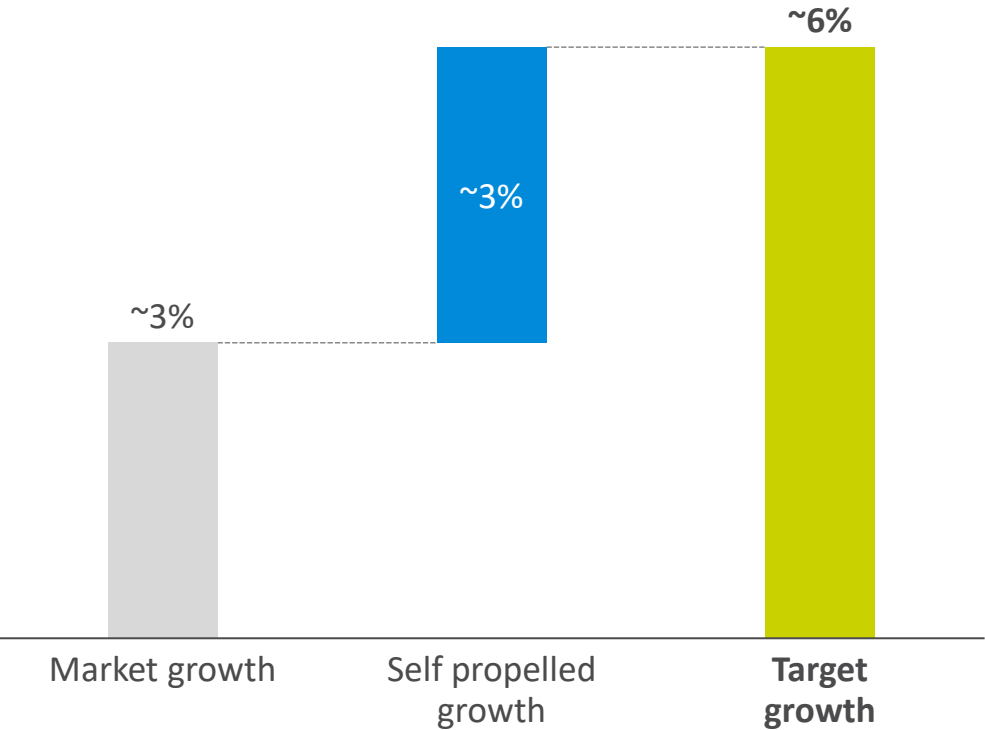


### Verticals

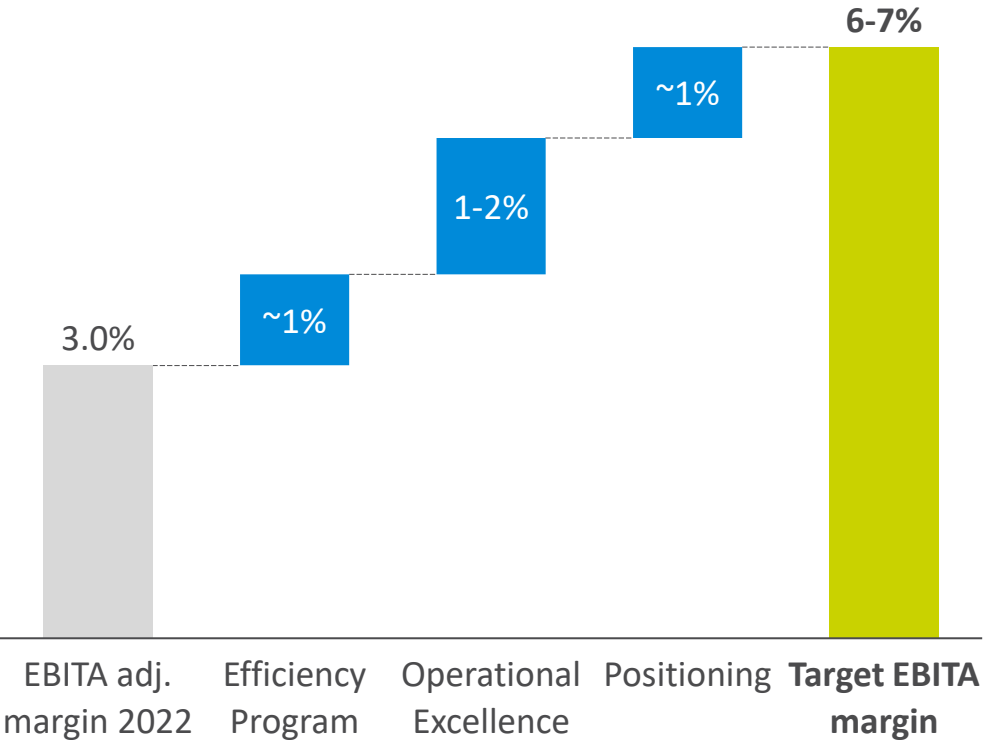


► Focus on green Energy, Pharma & Biopharma as well as supporting long-term clients with their investments

Mid-term growth per year



Mid-term profitability target



# MID-TERM TARGETS

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# 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 <sup>1</sup>		>70%	>80%

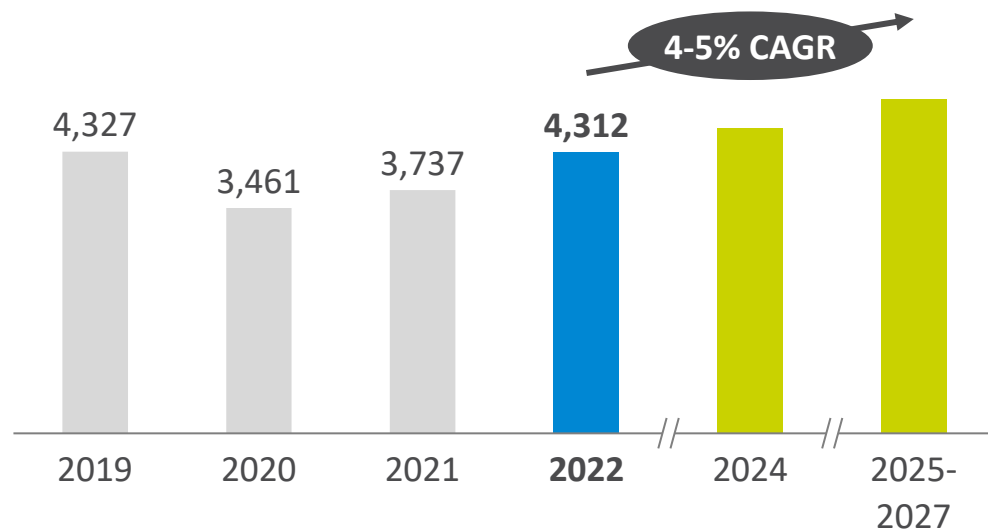
1. Cash Conversion: FCF / EBITA

# Sustainable profitable organic growth

## Key Performance Indicators to measure our success



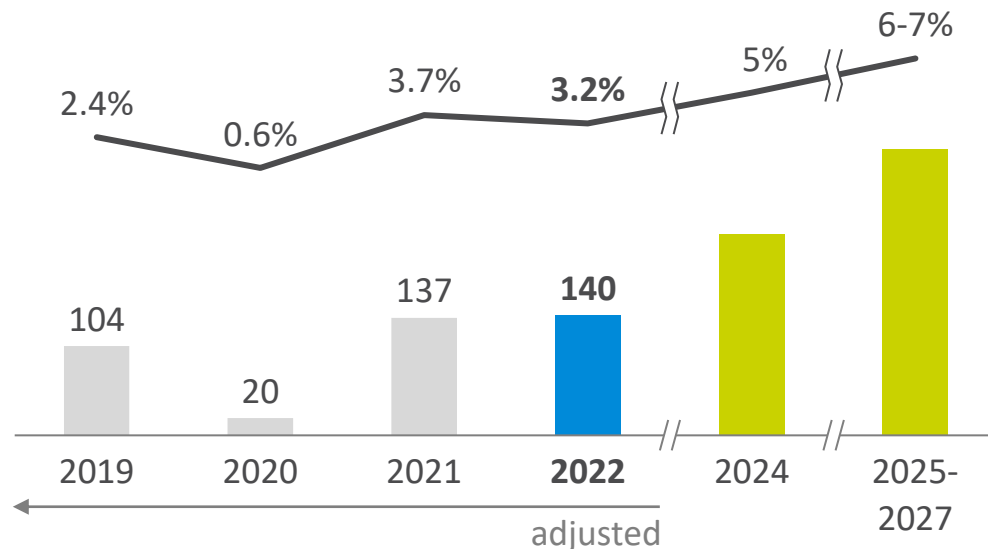
### Revenue [€ m]



### Organic growth

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

### EBITA [€ m] | Margin [%]



### Significant profitability potential

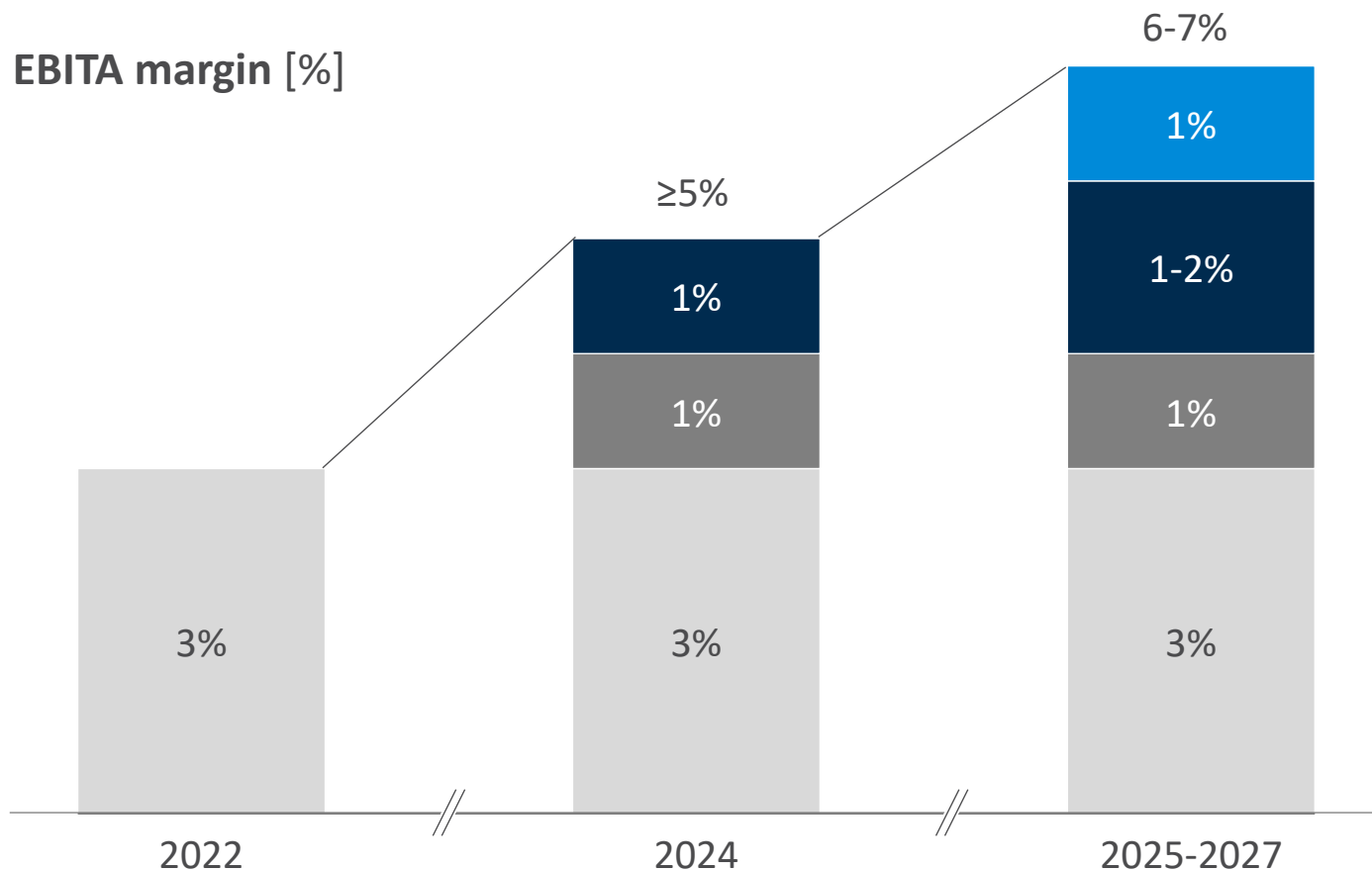
- Efficiency Program
- Operational Excellence
- Positioning



# Strategic levers for sustainable profitable organic growth

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

EBITA margin [%]



3. Positioning



2. Operational Excellence



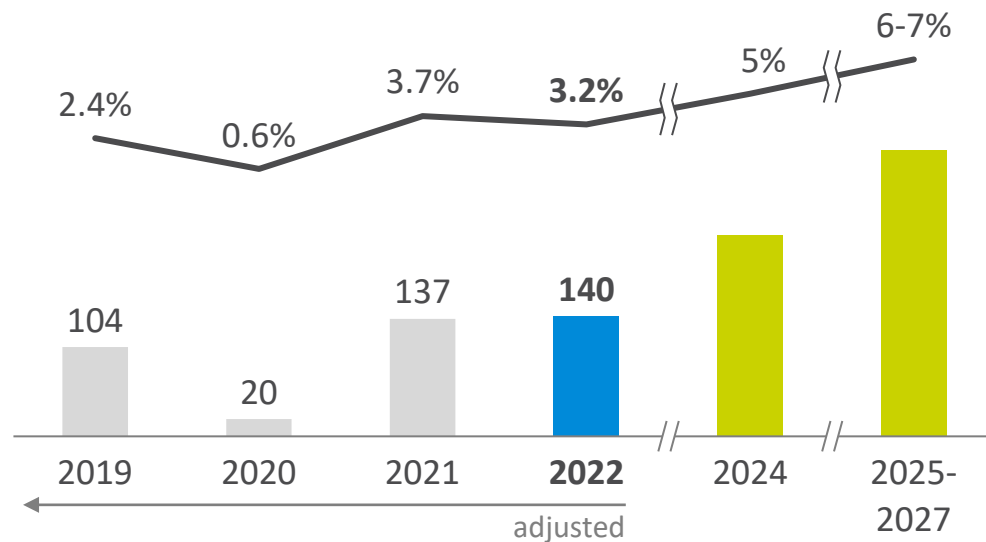
1. Efficiency Program



# Profitability to drive cash generation

Increasing cash conversion to consistently more than 80%

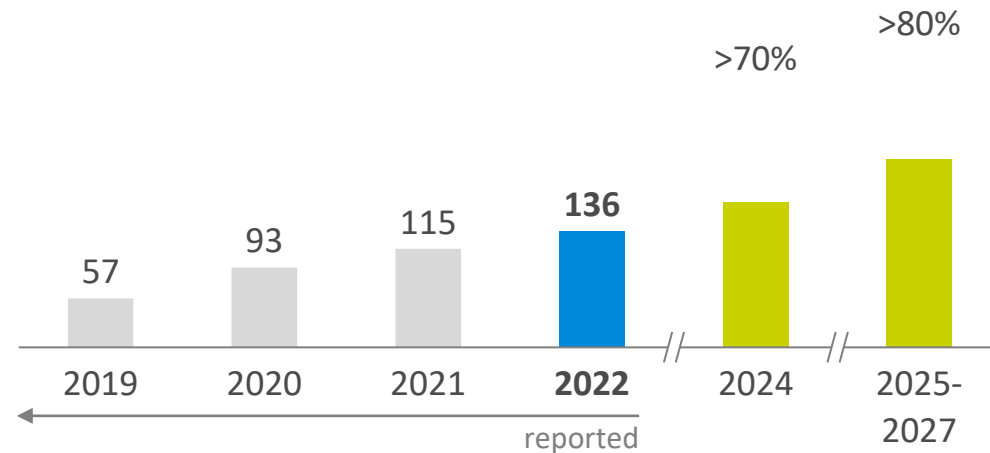
## EBITA [€ m] | Margin [%]



### 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

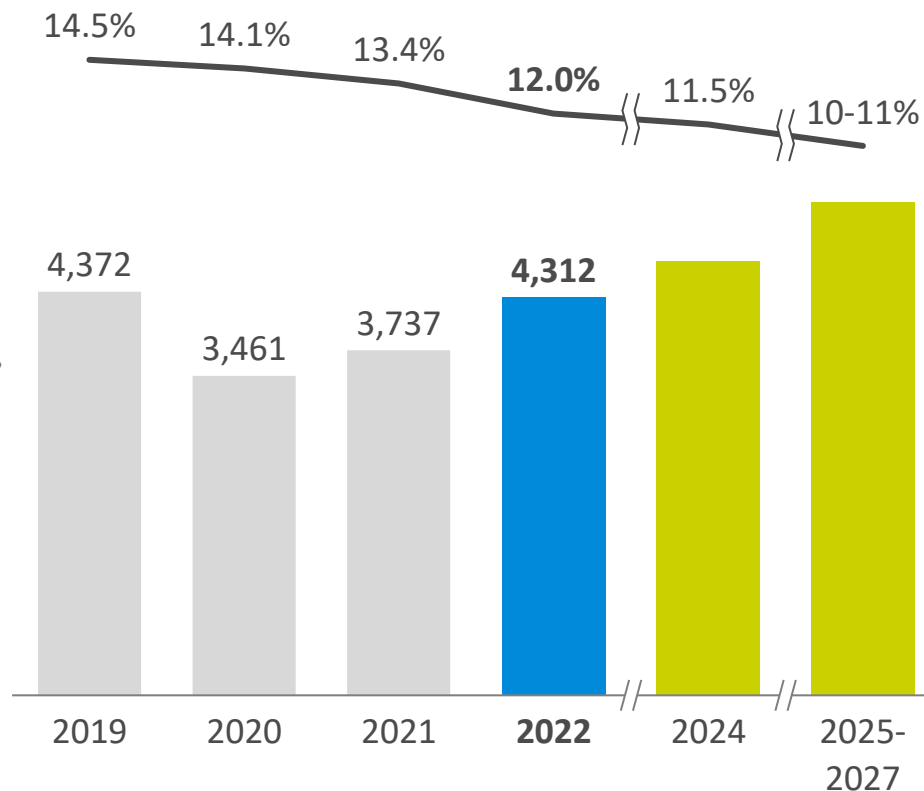


## Digitalization & Innovation



- 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

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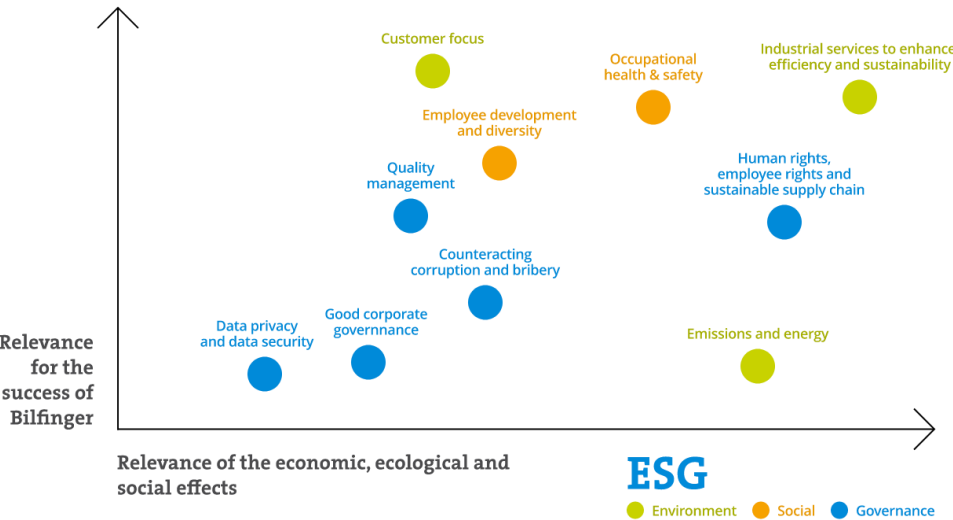


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Determination of materiality



Our Sustainability targets

<h3>E</h3> <h4>Environment</h4> <div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div>	<h3>S</h3> <h4>Social</h4> <div><div>4 QUALITY EDUCATION</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div></div>	<h3>G</h3> <h4>Governance</h4> <div><div>8 DECENT WORK AND ECONOMIC GROWTH</div></div>
<ul style="list-style-type: none"><li>• Leading partner to enhance efficiency and sustainability of customers</li><li>• Climate neutrality of GHG emissions Scope 1 and 2 by 2030 at the latest</li><li>• Collect GHG emissions Scope 3 and support Science-based Targets Initiative</li></ul>	<ul style="list-style-type: none"><li>• Occupational accidents: Zero is possible</li><li>• Investment of at least 0.5 percent of the Group's revenue annually in the training and further education of employees</li></ul>	<ul style="list-style-type: none"><li>• Conduct at least 600 internal supplier audits annually</li></ul>

# 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

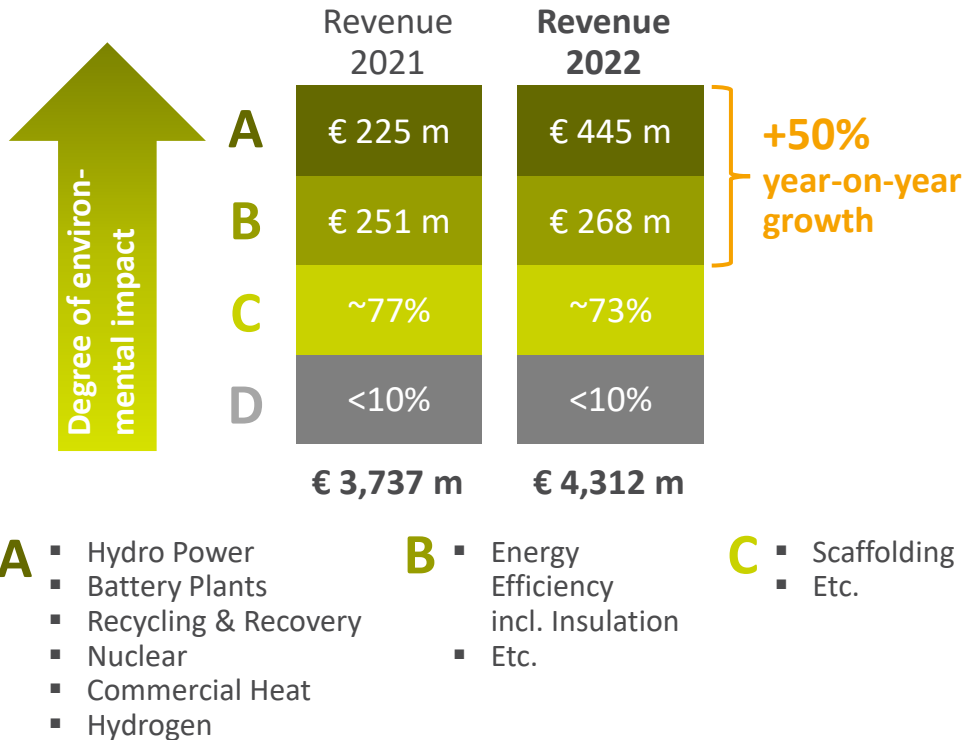
2030

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



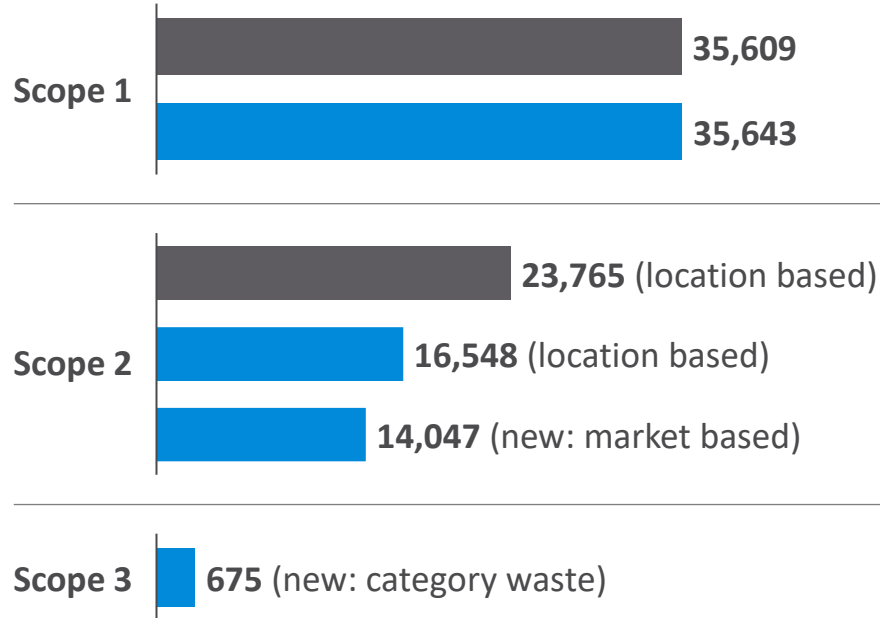
# ESG key figures

CO<sub>2</sub> footprint reduced, occupational safety has high priority

## Environment

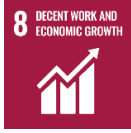


### GHG Footprint Scope 1, 2 and 3 emissions [tCO<sub>2</sub>e]

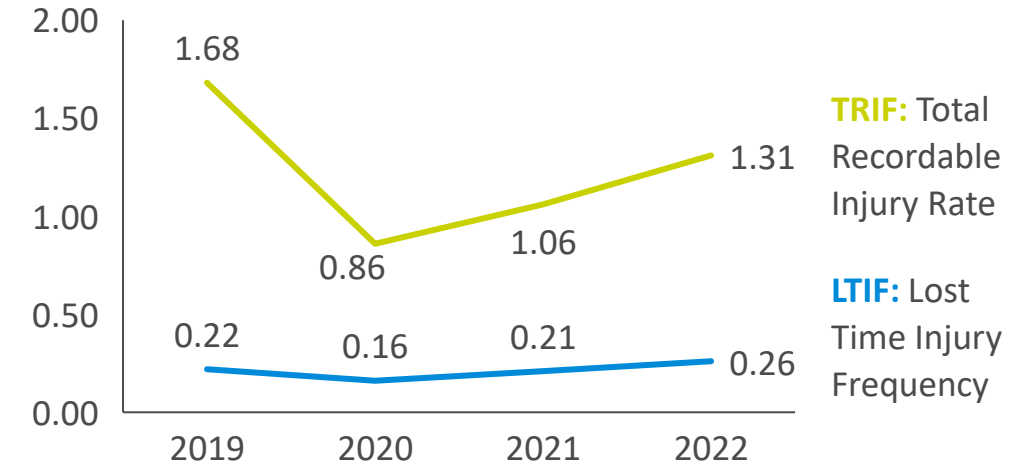


2021 2022

## Social



### Occupational safety



„Zero“ is possible

# FINANCIAL YEAR 2022

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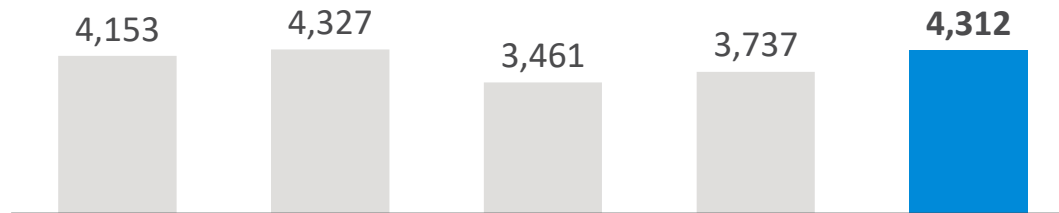
**BILFINGER**



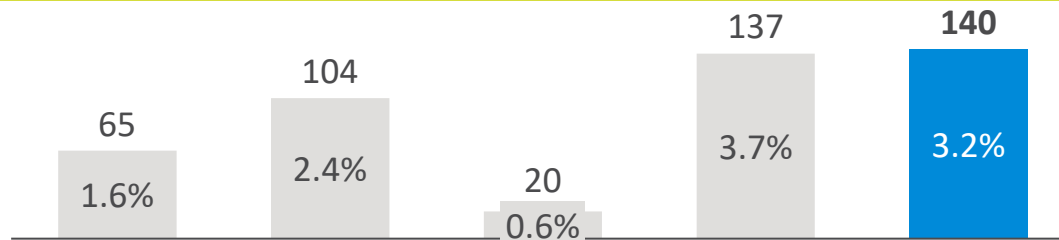
# FY 2022: Revenue back to pre-crisis level of 2019, but with significantly improved profitability



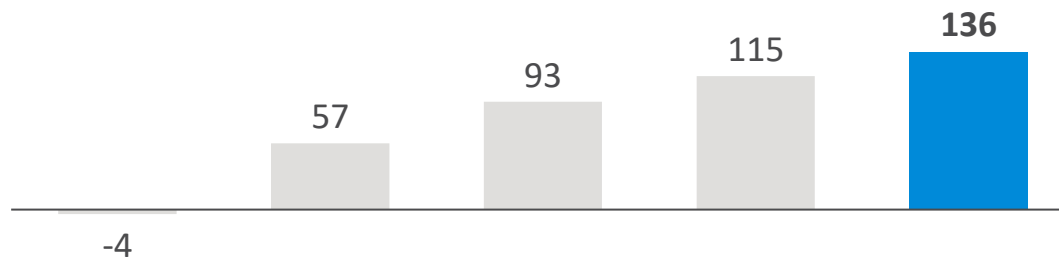
**Revenue**  
[€ million]



**EBITA adjusted**  
[€ million, %]



**Free cash flow**  
[€ million]



2018

2019

2020

2021

2022

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

1. Special items in the amount of € 65 million

# FINANCIALS Q3 2023

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**Orders received**  
**org. -5%**  
decrease due to  
repositioning USA



**Revenue**  
**org. +7%**  
despite decrease  
in USA as planned



**EBITA margin**  
**5.1%**  
significantly above prior year



**Free cash flow**  
**€61 million**  
in line with expectations



Overall  
**stable**  
**Market situation**



**M&A: Signing Stork**  
Another step in  
implementing the  
**Strategy**



**Efficiency program**  
close to completion



**Group outlook 2023**  
confirmed

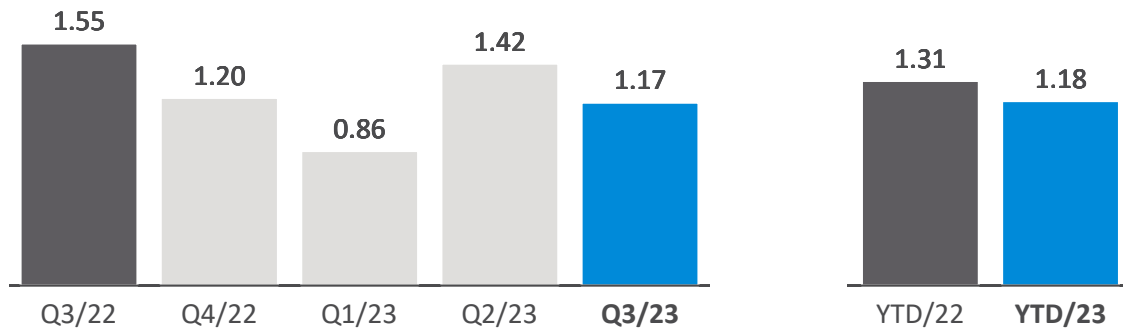


# ESG key figures Q3 2023

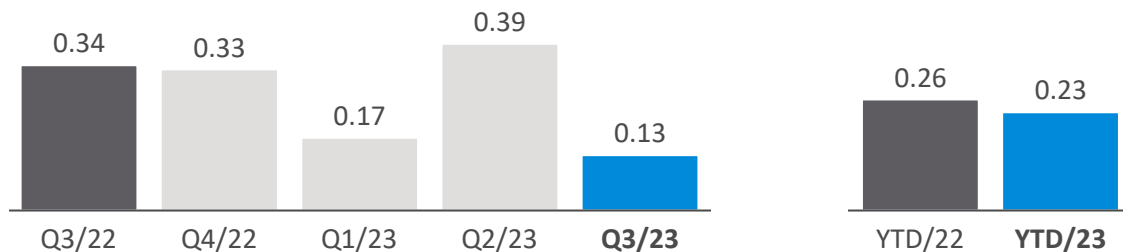
Occupational safety has high priority



**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

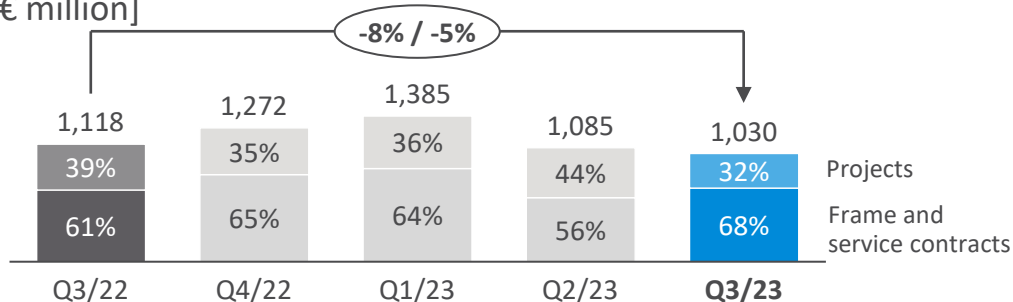
On track and fully effective as of January 2024

		Target as of January 1, 2024		Thereof achieved by September 30, 2023	Thereof achieved in Q3 2023
	Capacity reductions	- 750 FTEs		- 452 FTEs	- 201 FTEs
	One-time costs	- €62 million		- €6.4 million	- €3.1 million
	EBITA improvement gross p.a. (from January 1, 2024 – Run-rate)	+ €55 million		+ €34.7 million	+ €15.4 million
	Re-invest in Education & Training	- €13 million		€0 million	€0 million

- Ongoing (non-provisionable) costs for the realization of the program: YTD 2023 €3.6 million, in Q3 2023 €0.2 million
- Baseline as of January 1, 2022

# Stable orders received at E&M Europe and Technologies, in total decrease due to repositioning in USA

## Orders received [€ million]



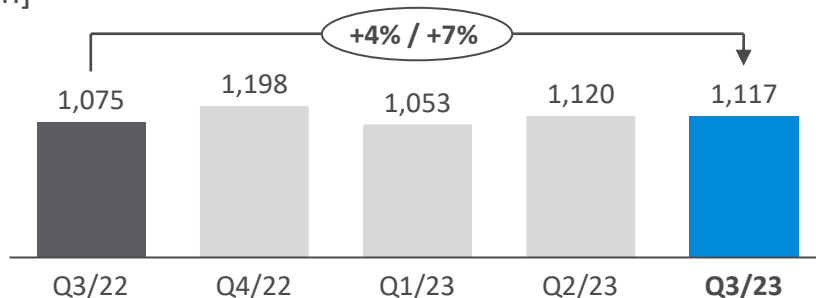
## Order backlog [€ million]

Q3/22	3,211	Q4/22	3,226	Q1/23	3,491	Q2/23	3,475	Q3/23	3,378
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## Book-to-Bill [ratio]

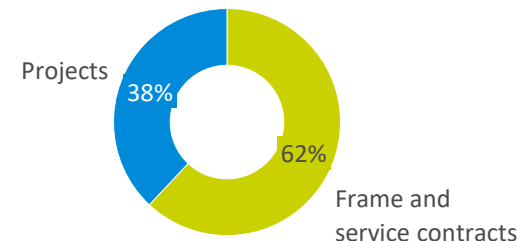
Q3/22	1.04	Q4/22	1.06	Q1/23	1.31	Q2/23	0.97	Q3/23	0.92
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## Revenue [€ million]



- **Orders received** mixed: stable at E&M Europe (+2 org.) and Technologies (-1% org.), lower level at E&M International (-42% org. / -€96 million) due to repositioning in USA
- **Book-to-bill** of 0.92 in Q3 / 1.06 in the first nine months
- **Increase** in revenue with double-digit growth at E&M Europe and Technologies, lower at E&M International, as planned

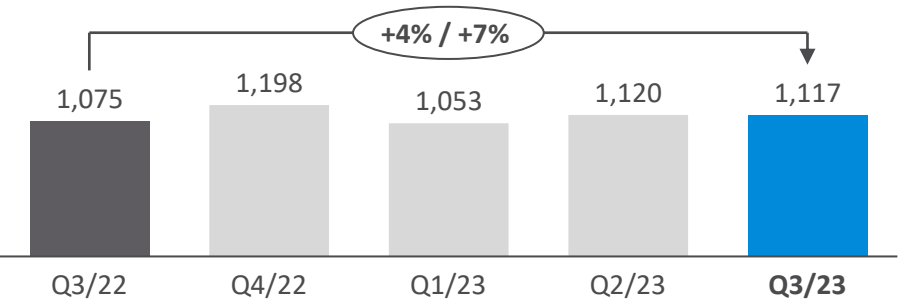
## Revenue split [YTD, %]



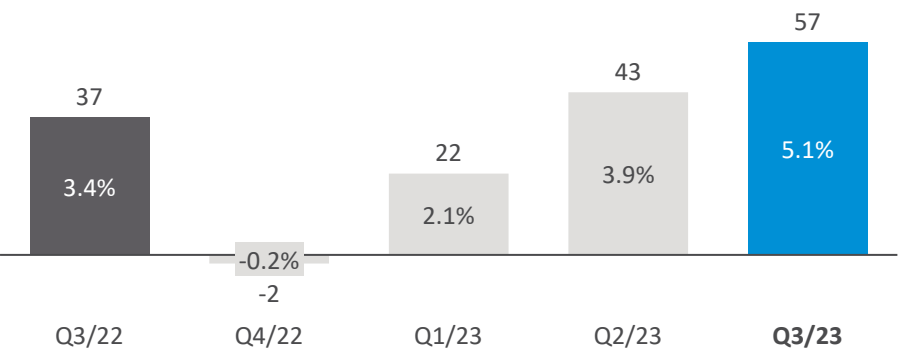
Δ abs. / org.

# Significant jump in EBITA margin to more than 5% Increase in all three segments

Revenue [€ million]



EBITA [€ million, %]



thereof special items [€ million]

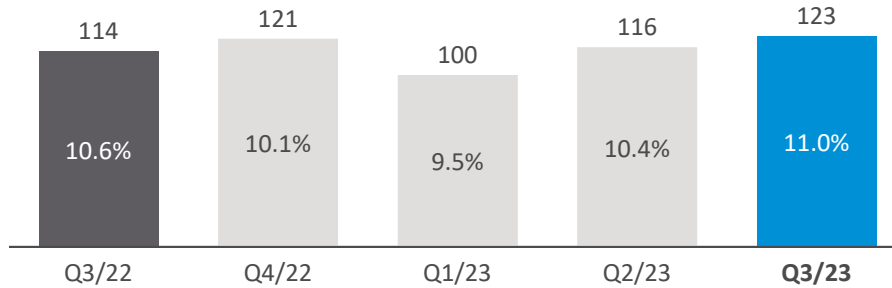
Q3/22	Q4/22	Q1/23	Q2/23	Q3/23
0	-54	0	0	0



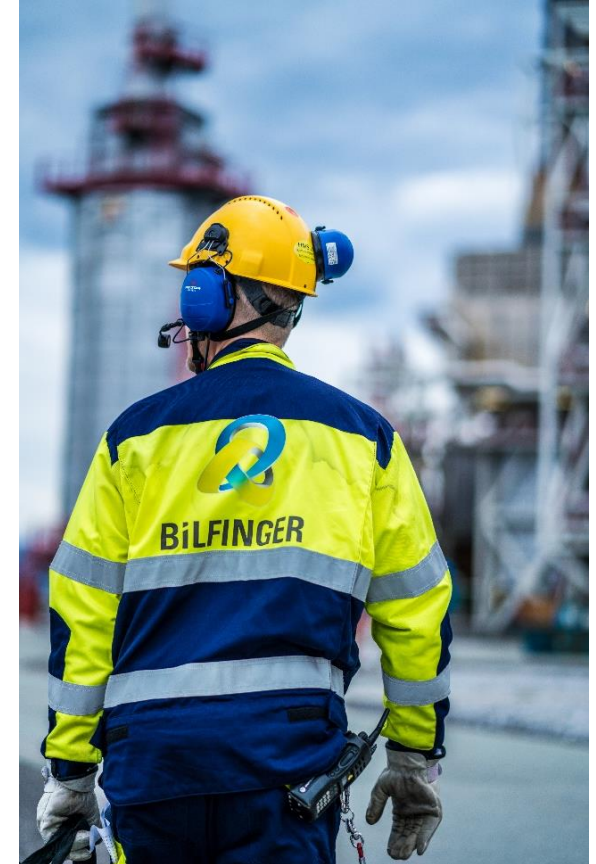
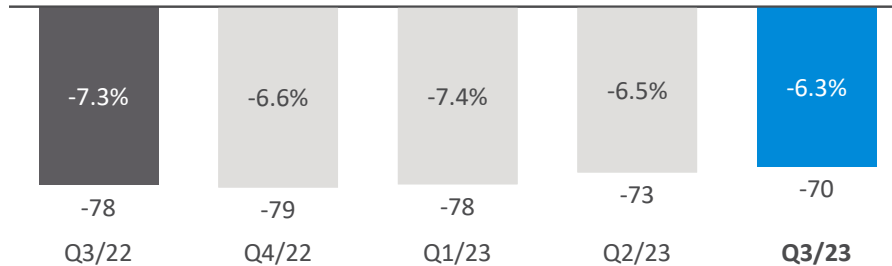
Δ abs. / org.

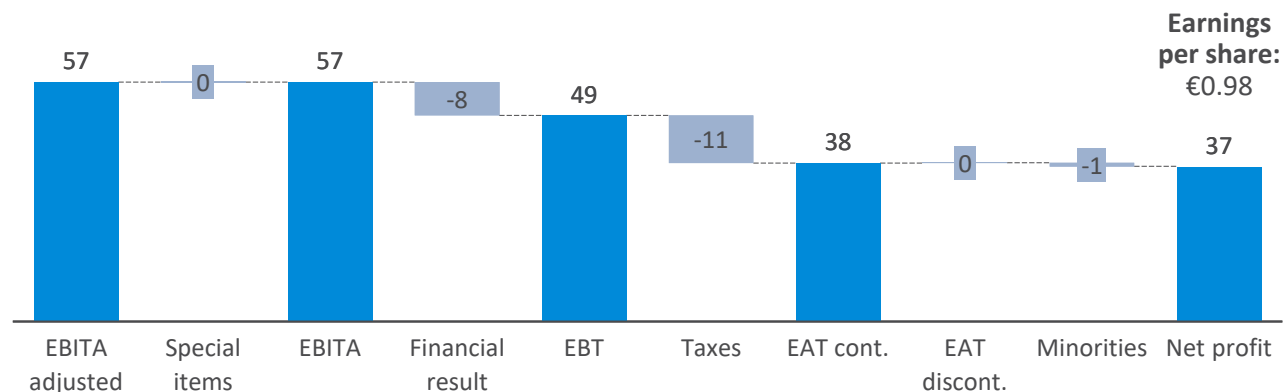
# Gross profit and margin improved compared to prior year SG&A costs with first effects from efficiency program, good cost discipline offsets inflation effects

Gross profit [€ million, %]



SG&A expenses [€ million, %]

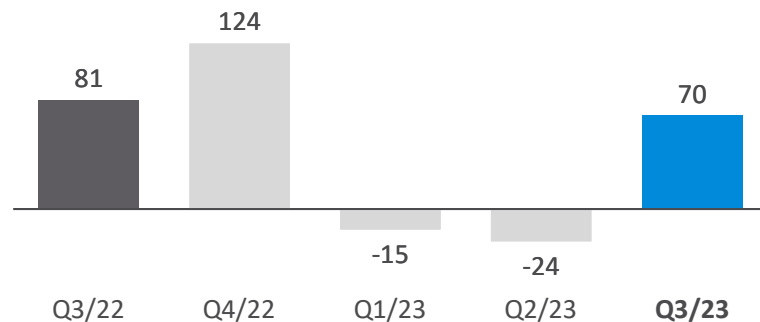




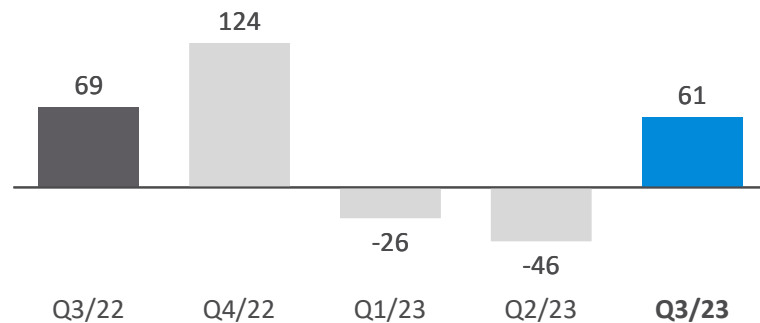
- **EBITA** significantly increased
- No **special items** in the current quarter
- **Net profit** thus significantly higher than prior year
- **Earnings per share** with lower average number of shares (37.5 million, prior year: 39.3 million), share buyback in prior year

# Free cash flow close to prior-year level

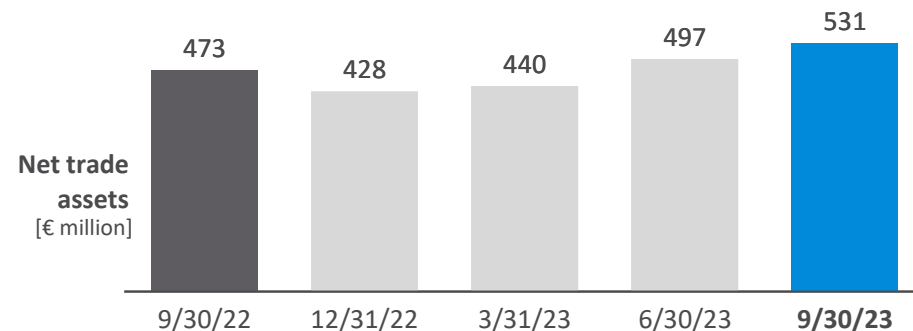
## Operating cash flow [€ million]



## Free cash flow [€ million]

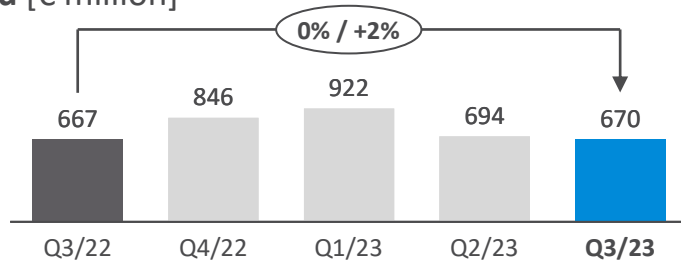


## Net Trade Assets / DSO / DPO



DSO [days]	74	62	72	74	77
DPO [days]	74	61	69	69	68

## Orders received [€ million]



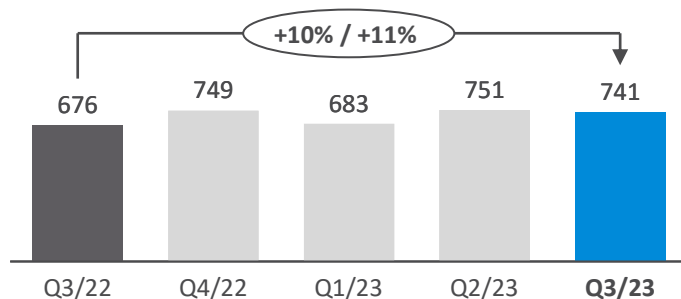
### Order backlog [€ million]

Quarter	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23
Order backlog [€ million]	1,772	1,876	2,098	2,064	1,989

### Book-to-Bill [ratio]

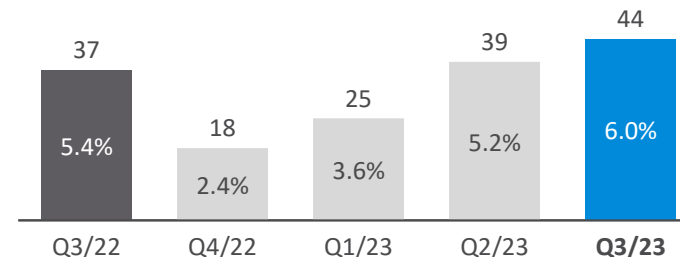
Quarter	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23
Book-to-Bill [ratio]	0.99	1.13	1.35	0.92	0.90

## Revenue [€ million]



Δ abs. / org.

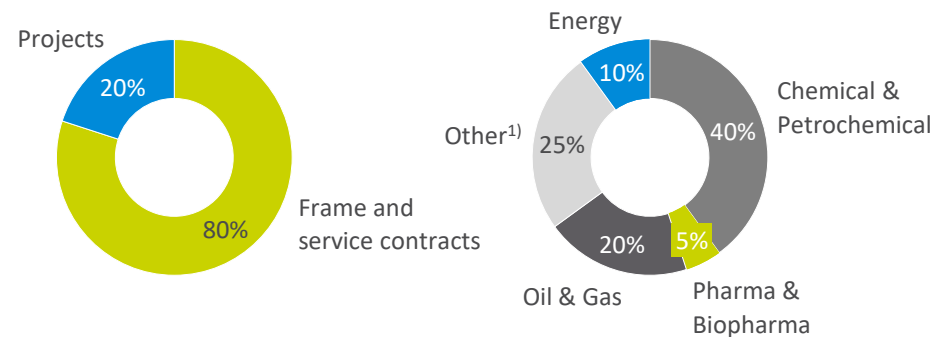
## EBITA [€ million, %]



### thereof special items [€ million]

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

## Revenue split [YTD, %]

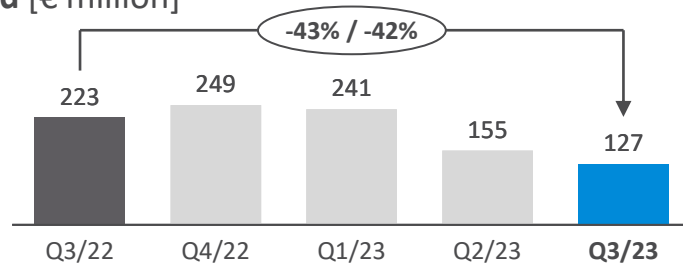


<sup>1)</sup> Includes different industries outside the defined core industries.



# E&M International: Middle East with positive development, restructuring in USA impacts performance, EBITA >0

## Orders received [€ million]



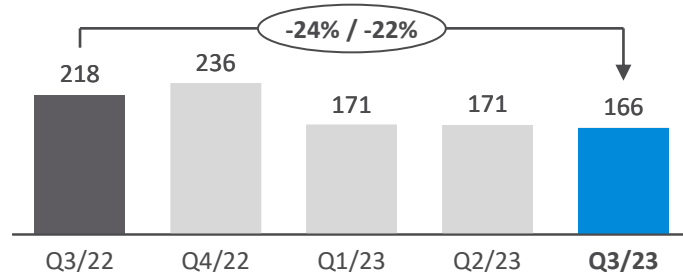
Order backlog  
[€ million]

591	550	607	591	550
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Book-to-Bill  
[ratio]

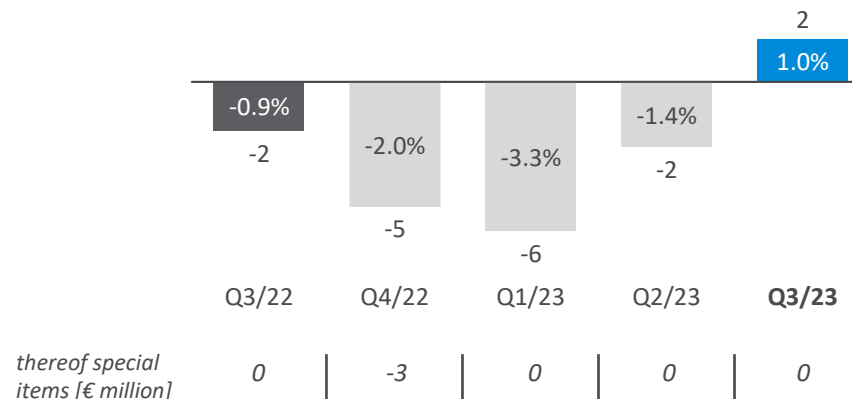
1.03	1.06	1.41	0.91	0.76
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## Revenue [€ million]



Δ abs. / org.

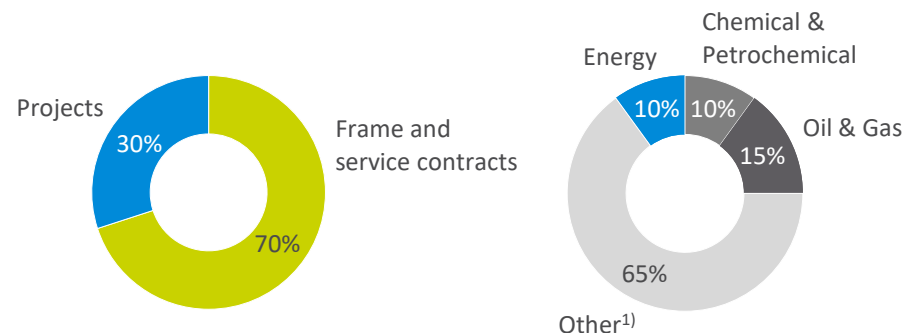
## EBITA [€ million, %]



thereof special  
items [€ million]

0	-3	0	0	0
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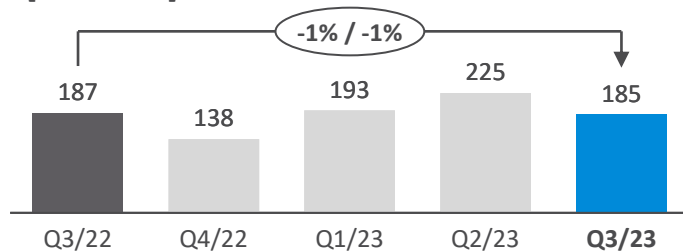
## Revenue split [YTD, %]



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

**Technologies:** Stable orders received; revenue with significant increase, EBITA margin also significantly improved

## Orders received [€ million]



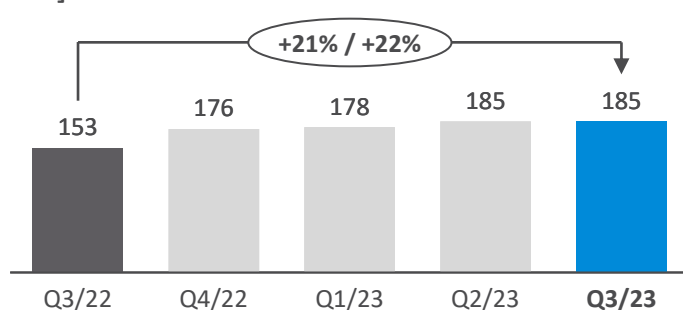
Order backlog  
[€ million]

Quarter	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23
Order backlog [€ million]	726	688	705	748	746

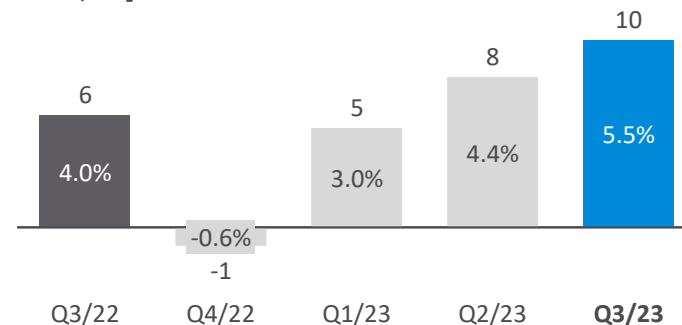
Book-to-Bill  
[ratio]

Quarter	Q3/22	Q4/22	Q1/23	Q2/23	Q3/23
Book-to-Bill [ratio]	1.23	0.79	1.08	1.22	1.00

## Revenue [€ million]



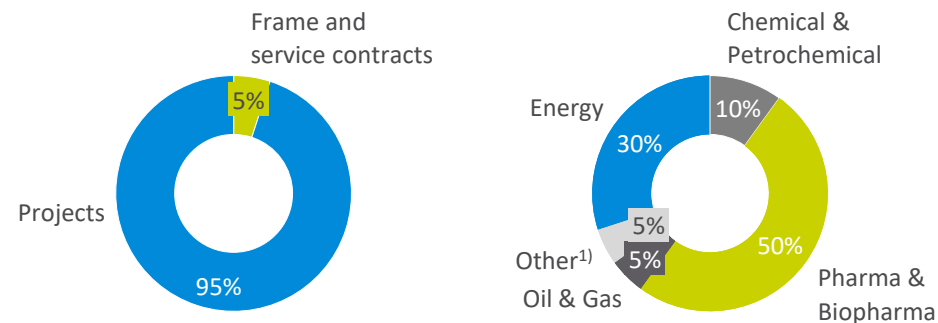
## EBITA [€ million, %]



thereof special  
items [€ million]

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

## Revenue split [YTD, %]



Δ abs. / org.

## Energy | ~20%

- Energy transition: new technology and improvement in energy efficiency
- Increasing investments in green energy, decision-making process has partly slowed down
- Nuclear power revival
- Extension of the lifetime of conventional power plants



## Chemicals & Petrochem | 30%

- Maintenance activities remain at good level, with regional differences
- Increased necessity for efficiency improvement in the production process
- Ongoing investment projects continue to progress, decision-making process has partly slowed down
- Resource transition and energy transition
- Market skeptical about German economy



- Continued high demand in the healthcare sector
- Localization of supply chains
- Speed of investment increase normalizes
- Unchanged good demand for maintenance and service

## Pharma & Biopharma | 10%



- Global oil and gas demand remains at a high level, therefore investment and maintenance in existing infrastructure
- New investment including LNG plants, hydrogen transport, carbon capture infrastructure, decision-making process has partly slowed down

## Oil & Gas | 15%



% of Group revenues YTD 2023, remaining 25% in other adjacent industries

# Group outlook FY 2023 confirmed

	<u>Actual FY 2022</u>	<u>Outlook FY 2023</u>	<u>YTD 2023</u>
<u>Revenue</u>	€4,312 million	€4,300 to €4,600 million	€3,290 million
<u>EBITA margin</u>	1.8% (3.2% <sup>1)</sup> )	3.8 to 4.1%	3.7%
<u>Free cash flow</u>	€136 million	€50 to €80 million <sup>2)</sup>	-€12 million

1) adjusted by special items

2) incl. ~€60m cash-out for Efficiency Program



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