Press Release
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Second quarter 2017: Bilfinger continues step-by-step implementation of its strategic repositioning – environment remains challenging

- **Orders received organically stable**
- **Decline in output volume in line with expectations**
- **Risk provision for legacy projects in USA leads to negative adjusted EBITA**
- **Positive effect on earnings from discontinued operations from legal dispute in Qatar**
- **Significant improvement in net profit, positive overall impact from legacy projects**
- **Operating cash flow improved**
- **Outlook 2017: Orders received and output volume confirmed, adjusted EBITA expected to break even**

Step-by-step, industrial services provider Bilfinger is continuing its strategic repositioning that began in the spring of 2017. In the just closed second quarter, orders received were at the level of the previous year organically while output volume declined as expected. Both positive and negative effects had an impact on net profit. Positive development of cash flow continued.

CEO Tom Blades: “With the 2-4-6 concept, we have staked out a clear market position and initiated a consistent strategic orientation that bundles our strengths. We are making good progress with the implementation of the strategy while the streamlining of the portfolio is proceeding according to plan. We have used the past few months to lay the groundwork for the successful future of our Group.”

Rapid implementation of strategy 2020
Bilfinger reached key milestones in the implementation of strategy 2020 with its stabilization, build up and build out phases. The approval processes for projects, one of the focuses in the current stabilization phase, have now been optimized. This optimization includes a binding risk classification, risk-based approval levels and regular project reviews at Executive Board level.

Furthermore, in the second quarter, the Group’s new organizational structure was also fully-implemented in the operational units. The new structure also includes the establishment of a new digitalization and innovation unit in the Engineering & Technologies business segment. Also in this segment, three subsidiaries previously focused on the energy sector were merged into a new unit, Bilfinger Engineering & Technologies GmbH. The new company will in future also appeal to customer groups outside the energy sector and, at the same time, expand its focus on customers in North America and the Middle East.

Good progress was also made in the streamlining of the portfolio in recent months. Of the 13 companies up for sale that are no longer part of the core business, five of them had been sold by the end of the second quarter 2017. Another company was sold after the end of the quarter.

Expansion of the digitalization portfolio
Bilfinger further expanded its digitalization solutions in the past quarter. One example is the pilot project with a medium-sized chemicals company where, with the help of a new digital platform from Bilfinger, maintenance and production data is pooled and comprehensively evaluated. New potentials for the enhancement of plant efficiency and availability are derived from the extensive data sets that are gathered as a result. At the end of June, a joint venture was also founded to foster development of ubix, an Internet-of-Things and automation platform developed by Bilfinger, into a leading IoT portal.

Business development in the second quarter 2017
Orders received in the second quarter 2017 of €988 million (previous year: €1,026 million) were 4 percent below the figure of the prior-year quarter. Organic development – not including company disposals and currency effects – was stable.

There was, as expected, a significant decrease in the Engineering & Technologies business segment. The reasons, on the one hand, relate to the partially challenging market environment. Bilfinger was, on the other hand, also very selective in its tendering activity in the project business because project management processes will first be optimized and firmly established at all levels of the Group. In the Maintenance, Modifications & Operations business segment demand was generally stable; the slight drop in orders received is attributable, among other things, to a relatively high level of turnaround orders in the prior year.

Order backlog on the balance sheet date was €2,502 million (previous year: €2,677 million).

Output volume generated in the second quarter was, as expected, below the prior-year figure at €991 million (previous year: €1,097 million). The decrease of 10 percent (organically -6 percent) includes a revenue reversal in the amount of about 3 percentage points related to the booking of risk provisions for a small number of legacy projects in the USA.

Peter Stopfer · Telefon +49 621 459 - 2892 · peter.stopfer@bilfinger.com

Adjusted EBITA fell significantly to -€43 million (previous year: €2 million). This is attributable to burdens from risk provisions for a small number of legacy projects in the USA in the amount of -€53 million. As a result of the burdens incurred in the Engineering & Technologies business segment, adjusted EBITA in the segment decreased to -€48 million (previous year: -€4 million). In the Maintenance, Modifications & Operations business segment, adjusted EBITA of €23 million (previous year: €37 million) was below the comparable figure from the prior year as expected.

Despite negative adjusted EBITA, net profit improved substantially to -€7 million (previous year: -€54 million). This is primarily a consequence of fewer special items and significantly higher earnings after taxes from discontinued operations. Here, a payment received for a previously not capitalized receivable on a joint venture account in connection with a longstanding legal dispute in Qatar was recognized. As a result, earnings from discontinued operations improved by €60 million.

Adjusted cash flow from operating activities improved to -€92 million (previous year: -€108 million), net liquidity as of the end of the second quarter of 2017 was €262 million (end of the first quarter 2017: €446 million).

Outlook for 2017
In financial year 2017, Bilfinger anticipates organic growth of orders received at Group level with an upswing in demand in the second half of the year, but expects an organic decrease in output volume in the mid to high single digit percentage range. In terms of adjusted EBITA the Group now expects to break even (previous year: €15 million).

On the basis of the anticipated business development, Bilfinger plans to carry out a share buyback program with a volume of up to €150 million which should begin in the autumn of 2017.

Key figures for the Group

in € million

Q2

	2017	2016	Δ in %
Orders received	988	1,026	-4
Order backlog	2,502	2,677	-7
Output volume	991	1,097	-10
EBITA adjusted	-43	2	
EBITA margin adjusted (in %)	-4.3	0.2	
EBITA	-64	-64	
Adjusted net profit	-33	-2	
Adjusted earnings per share (in €)	-0.74	-0.04	
Net profit	-7	-54	
Operating cash flow	-120	-143	
Adjusted operating cash flow	-92	-108	
Free cash flow	-143	-153	
Adjusted free cash flow	-115	-118	
Capital expenditure on P, P & E	25	17	47
Employees (number at June 30)	36,556	38,997	-6

Bilfinger SE · Corporate Communications & Public Affairs
Peter Stopfer · Telefon +49 621 459 - 2892 · peter.stopfer@bilfinger.com