Press Release

February 13, 2020

Preliminary 2019 financial results:

Bilfinger delivered on 2019 targets, now into the build-out phase

- **Market:** underlying markets stable
- **Orders received €4.159 bn/-4% org.:** award of major projects shifted to 2020
- **Revenue €4.327 bn/+6% org.:** strong growth maintained
- **Adjusted EBITA €104 m/2.4% margin:** significant year-on-year improvement
- **Reported net profit €24 m:** clearly positive
- **Reported free cash flow €57 m:** positive and above prior year
- **Dividend:** proposed €1.00 per share
- **Outlook for 2020:** significant EBITA improvement expected on stable revenues
- **Strategy 2020+:** en route to a predictable, reliable, sustainable company

Industrial services provider Bilfinger continues to deliver on its targets. Financial year 2019 concluded with organic revenue growth of 6 percent, adjusted EBITA of €104 million and – for the first time since 2016 – a positive reported net profit of €24 million. The company achieved another important milestone with a reported free cash flow of €57 million, with a strong underlying cash conversion in the fourth quarter. On that basis, the Executive Board and the Supervisory Board will again propose a dividend of €1.00 per share at the Annual General Meeting on April 23. Consequently, Bilfinger has not only delivered on its 2019 financial Group targets, but also completed the build-up phase of its strategy and is now well positioned to drive the build-out phase in the coming years.

CEO Tom Blades: “My colleagues and I are pleased with the progress we have made in 2019 despite the many headwinds, but we are not yet satisfied. Borrowing on the words of a famous, now ex-ECB President, we will do ‘Whatever it takes’ to reach our committed 5 percent EBITA by 2021 and beyond.”

Strategy 2020+
Over the coming years to 2024, Bilfinger's activities will continue to focus on the regions of Europe, North America and the Middle East, where the company will "strengthen its strengths" with Technologies complementing Engineering & Maintenance opportunities. Bilfinger will employ its core capabilities through value-added services targeting mainly the oil & gas chemicals & petrochemicals as well as the energy & utilities industries to address global trends such as aging assets / asset integrity, climate change, skilled labor demand as well as data & artificial intelligence. While maintaining key governance around risk management, the company's now leaner organizational structure empowers local management to take entrepreneurial ownership of the business and drive operational excellence towards yielding Group gross margins in excess of 12 percent. Additional efficiency measures in SG&A including further decomplexing and leveraging IT systems that now are increasingly harmonized will yield an improved ratio of 7.5 percent in 2020 and 7 percent or less moving forward.

The company will build on its current position and target further improvements with a view to achieving an adjusted EBITA margin of 5 percent by 2021 and in years beyond on a reported level. With an organic CAGR of 5 percent in revenues generating additional value, combined with selected bolt-on M&A transactions, Group revenues will grow to more than €5 billion by 2024. One of the company's strategic imperatives is to retain its asset-light business model, while attracting, retaining, and developing the workforce underpinning the company's success. A strong focus on cash conversion will result in a reported free cash flow of more than €200 million by 2024, providing the basis for a sustainable dividend payout of 40 to 60 percent of adjusted net profit, while reasserting the company's commitment to returning to investment grade.

CEO Tom Blades: "We have fine tuned our 2-4-6 approach to the Bilfinger Strategy 2020+ and will employ this to present our stakeholders with a predictable, reliable and sustainable company."

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Group performance in the financial year 2019

In FY 2019, Group revenue grew by 4 percent to €4,327 million (prior year: €4,153 million) based on robust market demand. Organic revenue growth was maintained at a strong 6 percent. The gross margin increased slightly to 9.5 percent (prior year: 9.4 percent) and the adjusted SG&A ratio improved further to 8.0 percent (prior year: 8.7 percent), including positive effects from the new SG&A program that were already felt in the reporting year. As a result, adjusted EBITA improved significantly, reaching €104 million (prior year: €65 million). This corresponds to an adjusted EBITA margin of 2.4 percent compared to 1.6 percent in the prior-year period.

Due to a year-end shift in the award of major European contracts to 2020, orders received fell to €4,159 million, below the prior-year's high level (€4,459 million). The book-to-bill ratio stood at 1.0 in 2019.

Engineering & Maintenance Europe segment

Engineering & Maintenance (E&M) Europe delivered sound revenue and results performance throughout FY 2019. Orders received decreased organically by 5 percent to €2,711 million from a comparatively high prior-year level (€2,890 million), while organic revenue growth was 2 percent – from €2,725 million to €2,749 million. Adjusted EBITA stood at €101 million (prior year: €103 million) with a virtually stable margin of 3.7 percent (prior year: 3.8 percent). Four E&M Europe legal entities, with a total annual volume of approximately €200 million and 2019 adjusted EBITA of -€5 million are now transferred into Other Operations effective January 1, 2020 where their value is optimized while Bilfinger is searching for a better owner'. The 2019 negative EBITA includes legacy risk provisions without which the entities are profitable on an underlying basis.

Engineering & Maintenance International segment

Engineering & Maintenance (E&M) International delivered positive revenue and result performance, especially in the North American market, where it has major projects close to completion. Orders received grew to €857 million (prior year: €784 million) with the first major multi-year maintenance contract in Ruwais, Middle East, with a total volume of €90 million. Project extensions in North America transformed directly into a significant revenue increase from €752 million in the prior year to €912 million. Adjusted EBITA rose considerably to €42 million (prior year: €32 million) with a respectable margin of 4.6 percent (prior year: 4.2 percent).

Technologies segment
Revenue from Technologies increased to €538 million (prior year: €503 million). Orders received decreased to €456 million (prior year: €648 million) due to project timing and the ongoing prioritization of execution over acquisition in underperforming entities. In January 2020, however, a major project valued in the lower three-digit million euro range was signed. This was another successful integrated tender by entities in Technology and E&M Europe: BP subsidiary Ruhr Oel commissioned Bilfinger for the engineering, procurement and installation of pipes and pipe racks at their refinery in Gelsenkirchen.
FY 2019 results for the segment were below expectations with full year adjusted EBITA of -€28 million. Additional measures including further restructuring in loss-making entities, already provided for in 2019, have been identified, are being implemented and have yielded an adjusted EBITA in the fourth quarter slightly above break-even. For FY 2020 the segment is expected to be profitable.

Positive net profit and free cash flow
Net profit increased to €24 million (prior year: -€24 million), despite a lower financial result. Reported free cash flow increased to €57 million (prior year: -€4 million). Due to seasonality and ongoing initiatives related to working capital improvement, there was a significant inflow of cash in the fourth quarter. Without IFRS 16 effects, reported free cash flow totaled €4 million, meeting the break-even guidance.

Outlook for the Group and segments in 2020*
With an increased selectivity on higher-margin orders in 2019 and the shift of major project awards to 2020, Bilfinger expects organic revenue levels to be stable in 2020. Stable revenue development is also expected in the Engineering & Maintenance Europe segment. The company anticipates a significant increase in revenues from the Technologies segment, offset by a slight decrease in the Engineering & Maintenance International segment.

Bilfinger forecasts an increase in adjusted EBITA (2019: €104 million) to a margin of around 4 percent (2019: 2.4 percent). The substantial rise in planned adjusted Group EBITA is attributed to the substantial improvement in Technologies. Following a loss (2019: -€28 million) caused by legacy projects and a company in the turnaround phase, this segment is expected to deliver a positive result in 2020. While a significantly positive development in adjusted EBITA is forecast for Engineering & Maintenance Europe (2019*: €106 million), the adjusted EBITA margin for Engineering & Maintenance International will improve slightly on its relatively high current level (2019: 4.6 percent) in the financial year 2020. With regard to the items summarized in the Reconciliation Group, Bilfinger expects a stable development in adjusted EBITA (2019*: -€16

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million) against the backdrop of significant savings already achieved in selling and administrative expenses at headquarters, including positive one-time effects, with the entities in Other Operations making a positive contribution to earnings.

The company anticipates a further significantly positive development in reported free cash flow (2019: €57 million) in 2020.

**Outlook for 2020 is based on restated 2019 figures in E&M Europe: four legal entities with a total revenue of €194 million and EBITA adjusted of -€5 million have moved to Other Operations on January 1, 2020, which is part of "Reconciliation/Others".*

Key figures for the Group

in € million	Q1–Q4			Q4		
	2019	2018	Δ in %	**2019**	2018	Δ in %
Orders received	**4,159**	4,459	-7 (org: -4)	**1,057**	1,114	-5 (org: -4)
Order backlog	**2,567**	2,818	-9 (org: -7)	**2,567**	2,818	-9 (org: -7)
Revenue	**4,327**	4,153	4 (org: 6)	**1,071**	1,115	-4 (org: -2)
Adjusted EBITDA	**212**	129	64	**85**	52	62
Adjusted EBITA	**104**	65	60 (org: 65)	**57**	37	54 (org: 68)
Adjusted EBITA margin (in %)	**2.4**	1.6		**5.3**	3.3	
EBITA	**32**	-7		**7**	-6	
Adjusted net profit	**49**	36	36	**32**	23	39
Adjusted earnings per share (in €)	**1.23**	0.87		**0.80**	0.58	
Net profit	**24**	-24		**15**	-11	
Operating cash flow	**110**	50	121	**206**	149	38
Adjusted operating cash flow	**181**	110	65	**227**	163	40
Free cash flow	**57**	-4		**190**	138	38
Adjusted free cash flow	**128**	56	127	**211**	152	39
Capital expenditure on P, P & E	**64**	66	-3	**20**	19	8
Employees (number at reporting date)	**34,120**	35,905	-5	**34,120**	35,905	-5

Additional information
The Preliminary Q4 2019 quarterly statement is available at: www.bilfinger.com

Bilfinger is a leading international industrial services provider. The Group enhances the efficiency of assets, ensures a high level of availability and reduces maintenance costs. The portfolio covers the entire value chain from consulting, engineering, manufacturing, assembly, maintenance, plant expansion as well as turnarounds and also includes environmental technologies and digital applications.

The company delivers its services in two service lines: Technologies and Engineering & Maintenance. Bilfinger is primarily active in the regions Continental Europe, Northwest Europe, North America and the Middle East. Process industry customers come from sectors that include chemicals & petrochemicals, energy & utilities, oil & gas, pharma & biopharma, metallurgy and cement. With its 34,000 employees, Bilfinger upholds the highest standards of safety and quality and generated revenue of €4.327 billion in financial year 2019.

You can find additional information, photographs and videos at

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