Press Release

November 11, 2021

Q3 2021 financial results

Bilfinger again delivers good quarterly performance; well on track to reach full-year targets for 2021

- **Market:** Overall positive environment, some headwind due to inflation challenges and supply chain bottlenecks on customer side
- **Orders received €917 m/+31% org.:** Strong increase in all segments compared with weak prior-year quarter
- **Revenue €945 m/+12% org.:** Growth in all segments
- **Adjusted EBITA €51 m/5.4% margin**: Operational EBITA in line with expectations, in addition gains from real estate disposals
- **Reported net profit €41 m:** Significantly above prior year
- **Reported free cash flow €73 m:** Good cash performance based on improved net trade assets against Q2
- **Outlook 2021 slightly raised:** Adjusted EBITA margin to exceed 2019 pre-crisis level and slightly surpass 3 percent
- **New CEO:** Thomas Schulz will take over as Chairman of the Executive Board on March 1, 2022

Bilfinger continued its positive development also in the third quarter of FY 2021. The Group achieved a strong year-on-year increase in orders received and revenues as well as good earnings and cash generation. The segments Engineering & Maintenance (E&M) Europe and Technologies continue to improve and deliver in line with expectations. Progress in E&M International is, however, slower than anticipated. The adjusted EBITA margin is especially strong, based on good operational performance, but also supported by gains from the disposal of non-operational real estate. As a result, the company has slightly raised its outlook for the adjusted EBITA margin, which is expected to exceed the 2019 pre-crisis level and slightly surpass 3 percent in financial year 2021 (before: margin of ~3 percent).

Despite the good overall market demand, some customers are facing increasing challenges in the progress of their projects due to supply chain bottlenecks. In addition, there is concern about inflation.

“The third-quarter result is another step on our path to achieving this year’s and our mid-term targets. Although challenges in the market and in our business remain, we successfully develop our business and find new opportunities which compensate for this,” comments Christina Johansson, interim CEO and CFO. “In particular, the energy transition and the demand for solutions to limit climate change increasingly provide new growth stimulus for companies like ours.”

The Supervisory Board of Bilfinger SE has appointed Thomas Schulz (56) as CEO with effect as of 1 March 2022. Thomas Schulz holds many years of management experience in stock-listed industrial groups and has been Group CEO of FLSmidth since 2013. With its “Mission Zero” strategy, the company offers its energy-intensive customer industries solutions to position themselves sustainably and at the same time with long-term profitable growth. Prior to joining FLSmidth, Thomas Schulz worked for thirteen years at SANDVIK AB, Stockholm, in various international positions and most recently as President SANDVIK Construction and Senior Vice President SANDVIK AB. In particular, Thomas Schulz has successfully developed and implemented strategies for achieving sustainable profitable growth for his companies on several occasions during his career. In doing so, he explicitly focused on employee development and customer focus.

As already announced in August 2021, Bilfinger holds surplus capital from the gain on the sale of its stake in Apleona, the company’s former facility services business. The allocation of the surplus capital includes the repayment of outstanding tranches of promissory note loans in the amount of €109 million already made in October 2021. Furthermore, the Executive Board and the Supervisory Board will propose a special dividend of €3.75 per share to the Annual General Meeting 2022, i.e. a distribution to shareholders of ~€150 million, in addition to the regular dividend for the financial year 2021. Moreover, the Executive Board and Supervisory Board will ask the 2022 Annual General Meeting to authorize to buy back shares up to a maximum volume of 10 percent. With the targeted financial performance, a share buyback program of up to €100 million will then be launched in the summer of 2022. In this context, the Executive Board now decided to cancel treasury shares of 7.2 percent. The cancellation became effective with the approval of the Supervisory Board on November 9, 2021. The total number of outstanding shares of Bilfinger SE now amounts to 41,037,328.

Group performance in Q3 2021
The Group increased orders received in the third quarter of 2021 to €917 million (prior year: €710 million), reflecting very good organic growth of 31 percent. This was based on strong growth in all segments compared with the weak prior-year quarter, which had still been strongly affected by the COVID-19 pandemic. The order backlog grew organically by 14 percent to €2,821 million (prior year: €2,458 million). The book-to-bill ratio in the first nine months of 2021 stood at a good 1.07.

Group revenue grew organically by a solid 12 percent to €945 million compared with a weak prior-year quarter (€870 million). At 11.3 percent (prior year: 10.2 percent), the gross margin improved considerably, as did gross profit, which grew to €106 million (prior year: €89 million). Adjusted SG&A expenses remained in the €70 million range (prior year: €69 million) and were thus below the expected quarterly run rate, due also to one-time effects such as less travel expenses due to COVID-19. The adjusted SG&A ratio measured against revenue was 7.5 percent (prior year: 7.9 percent).

Bilfinger achieved adjusted EBITA of €51 million (prior year: €23 million), which corresponds to an adjusted EBITA margin of 5.4 percent (prior year: 2.7 percent). Here, gains of €18 million from non-operational real estate disposals added to the good operational performance. Reported EBITA was even stronger at €54 million (prior year: €0 million) due to positive adjustments of €3 million (prior year: -€24 million) resulting from a disposal gain of €8 million for a stake in a joint venture in Oman. After the increased expenses for restructuring measures in 2020, only smaller amounts of special items are anticipated for the full year 2021.

Engineering & Maintenance Europe segment
At E&M Europe, orders received increased by 17 percent (organically 15 percent) to €587 million compared with the prior-year quarter (€501 million). The segment delivered significant growth at a good margin level. Revenue went up by 11 percent (organically 10 percent) to €633 million (prior year: €571 million) and the book-to-bill ratio for the year to date was above 1. The segment's adjusted EBITA improved to €35 million (prior year: €27 million), corresponding to an EBITA margin of 5.5 percent (prior year: 4.7 percent). This reflects the success in reducing seasonality in the segment's earnings development and further improvement in the utilization rate.

Engineering & Maintenance International segment
Orders received at E&M International increased substantially by 41 percent (organically 37 percent) to €116 million (prior year: €82 million). Revenue grew by 31 percent (organically 32 percent) to €141 million (prior year: €108 million). Adjusted EBITA remained negative at -€3 million (prior year: -€9 million); the adjusted EBITA margin was -2.4 percent (prior year: -8.6 percent). Improvement in North America is currently slower than anticipated in terms of volume and project execution performance.

Technologies segment
Technologies delivered a substantial increase in orders received of 90 percent (organically 92 percent) to €170 million (prior year: €90 million). This was largely supported by call-off orders for the Hinkley Point C nuclear power plant project in the United Kingdom. Revenue grew by 3 percent (organically 4 percent) to €141 million (prior year: €138 million). The segment's adjusted EBITA was €7 million (prior year: €6 million) and the adjusted EBITA margin improved to 4.7 percent (prior year: 4.2 percent).

Net profit increased; good cash performance also supported by real estate disposals
Net profit rose to €41 million (prior year: -€19 million), driven by the improvement in EBITA and also supported by a low tax rate.

Both operating cash flow (€65 million; prior year: €50 million) and free cash flow (€73 million; prior year: €43 million) have made further progress compared with Q3 2020. Free cash flow was additionally supported by inflows from real estate disposals. Bilfinger has all necessary measures in place to convert a significant proportion of its receivables into cash in the last quarter of the year.

Earnings outlook for 2021 slightly raised
Bilfinger expects unchanged significant revenue growth in financial year 2021 (2020: €3,461 million). Furthermore, the Group anticipates a substantial improvement in adjusted EBITA (2020: €20 million). In light of the additional EBITA contribution from the disposal of non-operational real estate, the adjusted EBITA margin will exceed the pre-crisis level of financial year 2019 (2.4 percent) and slightly surpass 3 percent (before: margin of ~3 percent), although revenue in 2021 is still expected to be significantly below the 2019 figure.

For E&M Europe (2020: €69 million), Bilfinger expects a significant improvement in adjusted EBITA. The same applies to Technologies (2020: -€11 million) with a clearly positive adjusted EBITA anticipated for financial year 2021. Engineering & Maintenance International (2020: -€21 million) is still expected to improve against 2020, but will remain negative (before: positive adjusted EBITA). For the items summarized in the Reconciliation Group (2020: -€18 million), however, Bilfinger expects adjusted EBITA to be clearly above the prior-year level due to the disposal gains from non-operational real estate.

Bilfinger anticipates a substantial improvement in the Group's reported EBITA (2020: -€57 million) due to significantly lower expenses recognized as special items.

The Group expects free cash flow to be positive but below the prior-year level (2020: €93 million), despite a substantial improvement in EBITA. The reasons for this are increased working capital requirements as a result of the planned revenue growth and the cash-out effects for the restructuring measures implemented in 2020.

Key figures for the Group

in € million

	Q3			FY 2020
	2021	2020	∆ in %	**2020**
Orders received	**917**	710	29 (org: 31)	**3,724**
Order backlog	**2,821**	2,458	15 (org: 14)	**2,585**
Revenue	**945**	870	9 (org: 12)	**3,461**
Adjusted EBITDA	**75**	49	-	**125**
Adjusted EBITA	**51**	23	-	**20**
Adjusted EBITA margin (in %)	**5.4**	2.7		**0.6**
EBITA	**54**	0	-	**-57**
Adjusted net profit	**31**	11	-	**-8**
Adjusted earnings per share (in €)	**0.77**	0.27	-	**-0.20**
Net profit	**41**	-19	-	**99**
Operating cash flow	**60**	49	-	**120**
Adjusted operating cash flow	**68**	50	-	**164**
Free cash flow	**73**	43	-	**93**
Adjusted free cash flow	**80**	44	-	**136**
Capital expenditure on P, P & E	**21**	6	-	**37**
Employees (number at reporting date)	**29,916**	29,375	2	**28,893**

Additional information
Bilfinger's Quarterly Statement Q3 2021 is available at: www.bilfinger.com

Telephone conference information in german:

Dialog partners:	*Christina Johansson, Interim CEO and CFO*
	Duncan Hall, COO
Date:	*November 11, 2021*
Time:	*10:00 a.m. CET*
Phone number:	***+49 69 201 744 220***

When prompted, please enter the ***pin code 39677356*** *and press the pound key* ***(#)****.*
You also have the opportunity to follow the presentation online at the following link.
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Bilfinger SE · Corporate Communications & Public Affairs
Esther Döringer · Phone +49 621 459-2640 · esther.doeringer@bilfinger.com