



BILFINGER

Press Release

November 8, 2022

Financial results Q3 2022

Good growth for Bilfinger in the third quarter and outlook for operating business confirmed – program to increase efficiency initiated

- **Market situation:** Continued positive demand in all segments. Energy transition, efficiency and sustainability remain driving factors.
- **Orders received €1,118 million:** +19% organic increase.
- **Revenue €1,075 million:** +11% organic increase.
- **EBITA €37 million / 3.4% margin:** Margin on comparable prior year.
- **Free cash flow €69 million:** Above comparable prior year.
- **Program to increase efficiency:** Standardization of processes, simplification of structures in administration, reduction of cost, investment in education and training. Savings of €55 million p.a., one-time expenses of €60 million.
- **Outlook full-year 2022:** Operating performance unchanged, earnings impacted by provisions for efficiency enhancement program in fourth quarter.
- **Further development of the strategy:** The results will be presented at the Capital Markets Day on February 14, 2023.

As anticipated, industrial services provider Bilfinger saw stable development in the third quarter of 2022. Orders received posted a 19 percent organic increase to €1,118 million, while revenue increased organically by 11 percent to €1,075 million compared with the prior-year quarter. The ratio of orders received to revenue (book-to-bill) was 1.04. The order backlog thus increased further to €3,211 million. The EBITA margin was 3.4 percent. The corresponding prior-year figure included significant gains from real estate disposals; on a comparable basis, the margin was unchanged from the prior year. Free cash flow improved to €69 million (comparable prior-year figure: €41 million).

“Our operating business continues to be driven by positive demand. Increasing the efficiency and sustainability of industrial plants will continue to be the defining tasks of the industry in the future. Our technical expertise as well as our presence in a broad range of industries and regions enabled us to continue our good business development at the anticipated level in the

third quarter”, says Group CEO Thomas Schulz. “Bilfinger is already a much sought-after partner to industry. We continue to pursue our goal of becoming No. 1 in all aspects of efficiency and sustainability for our customers.”

Bilfinger launches an efficiency program. In administration, the Company will standardize work processes, simplify structures and reduce costs. Part of the funds released will be invested in the education and training of employees. "In order to continue to meet all challenges, to offer our customers the best possible service and to position ourselves as an attractive employer, we will be investing more in the further training of our team in the future. This will improve the innovative strength of our company," says Schulz.

The efficiency program supports the goal of achieving a sustainable EBITA margin of at least 5 percent by 2024. The Group will realize savings of around €55 million by the end of 2023. Around a quarter of the savings will be invested in education and training. The implementation of the necessary measures will be closely coordinated with the social partners. Bilfinger expects costs of around €60 million for the efficiency enhancement program, a corresponding provision will be recognized in the fourth quarter of 2022.

The program is closely linked to the further strategy development initiated in the summer of 2022. "Bilfinger will focus exclusively on improving efficiency and sustainability for our customers. Industry segments and regions with profitable growth are at the center of strategy development. We will standardize internal processes. We will establish education and training as the basis of our business model in order to also become No.1 in the area of innovation as an industrial service provider," said Thomas Schulz. Bilfinger will present the results during the Capital Markets Day on February 14, 2023.



Group development in the third quarter 2022

Group orders received in the third quarter were up 19 percent organically to €1,118 million (prior year: €917 million), based on a relatively low prior-year figure. The order backlog also increased significantly, rising 12 percent organically to €3,211 million (prior year: €2,821 million). The book-to-bill ratio was 1.04.

Group revenue increased 11 percent organically compared to the prior-year quarter to €1,075 million (prior year: €945 million), with all segments contributing to the increase. Gross profit increased to €114 million (prior year: €106 million), with the gross margin at 10.6 percent (prior year: 11.3 percent). The SG&A ratio measured against revenue improved to 7.3 percent (prior year: 7.6 percent) as a result of the revenue growth, while SG&A expenses totaled €78 million (prior year: €71 million).

At €37 million, EBITA was below the prior-year figure of €54 million. That figure, however, included positive one-time effects from the disposal of real estate (€19 million) and special items (€3 million). The EBITA margin was 3.4 percent (prior year: 5.7 percent) and was thus on a par with the prior year from an operating perspective. Due to the one-time effects incurred in the prior year, net profit of €22 million was also lower (prior year: €41 million). At €69 million (prior year: €72 million), free cash flow was on a par with the prior-year quarter, which, however, included the cash inflows of €31 million from the aforementioned real estate disposals. These also had an impact on net capital expenditures in the prior year, which thus showed a positive figure of €12 million. In the third quarter of 2022, net capital expenditures returned to a normalized level of -€13 million. €70 million was spent on the current share buyback program in the reporting quarter, and net liquidity including lease liabilities decreased to €65 million in the quarter for this reason (beginning of quarter: €91 million, prior year: €278 million).

Engineering & Maintenance Europe segment

At E&M Europe, orders received rose 13 percent organically to €667 million (prior year: €587 million). The 6 percent organic increase in revenue to €676 million (prior year: €633 million) was mainly driven by the good performance of the oil and gas business in the North Sea region. The book-to-bill ratio was 0.99. The segment's EBITA increased to €37 million (prior year: €33 million). The corresponding EBITA margin was 5.4 percent (prior year: 5.2 percent).

Demand for technical expertise in the alternative energies sector is steadily growing. For examples, Bilfinger is consulting the Czech chemical company Spolchemie on the feasibility and profitability of reusing the by-product hydrogen.

Engineering & Maintenance International segment

Orders received at E&M International were up significantly to €223 million (prior year: €116 million); the strong organic increase of 74 percent resulted largely from maintenance and repair contracts for North American customers. The strategic realignment undertaken in 2021 continues to bear fruit here, with the increased utilization of Bilfinger's maintenance expertise, also in the USA. The book-to-bill ratio in the third quarter was 1.03. Revenue in the segment also showed a significant organic increase of 39 percent to €218 million (prior year: €141 million). EBITA was -€2 million (prior year: -€5 million), while the EBITA margin improved to -0.9 percent (prior year: -3.6 percent).

New orders in the third quarter like the one for energy company Saudi Electricity Company (SEC) highlight Bilfinger's regional presence in the Middle East. The strategically important framework agreement includes maintenance services such as inspection, testing and servicing work at several power plant locations, thereby increasing SEC's plant efficiency.

Technologies segment

Orders received at Technologies increased 10 percent organically to €187 million (prior year: €170 million), resulting in a book-to-bill ratio of 1.23. Demand for projects in the pharmaceutical and biopharma sectors in particular remains very strong, with corresponding orders received doubling in the past 12 months. The segment's revenue increased 8 percent organically to €153 million (prior year: €141 million). EBITA was at the level of the prior-year quarter with €6 million, and the EBITA margin was 4.0 percent (prior year: 4.2 percent).

In this segment, Bilfinger is contributing significantly to overcoming supply bottlenecks in semiconductor production. The Group is one of the few European companies that still has the expertise to design, build and install ultra-pure water plants on a large scale. Drawing on this expertise, Bilfinger is helping a globally active technology group in the automotive sector to expand its production capacities.

Outlook for 2022: Significant increase in revenue and operational EBITA confirmed

Bilfinger continues to anticipate a significant increase in revenue (2021: €3,737 million) and operational contribution to EBITA (2021: €121 million). At the same time, special items have a negative impact on earnings.

Net profit will therefore be significantly lower than in the prior year (2021: €130 million). One-time effects in the financial result and tax refunds also made a positive contribution in 2021.

In terms of free cash flow, Bilfinger continues to expect to be at the level of the prior year (2021: €115 million). The prior-year figure benefited from cash inflows from gains from real estate disposals and tax refunds of €86 million. These one-time effects will be significantly lower in 2022. Operating cash flow will improve substantially. Cash outflows from the efficiency program will be incurred primarily in 2023.



Key figures for the Group

in € million	Q3			FY 2021
	2022	2021	Δ in percent	2021
Orders received	1,118	917	22 (org. 19)	4,008
Order backlog	3,211	2,821	14 (org. 12)	2,946
Revenue	1,075	945	14 (org. 11)	3,737
Gross margin (in percent)	10.6	11.3		10.4
EBITDA	61	78	-21	220
EBITA	37	54	-32	121
EBITA margin (in percent)	3.4	5.7		3.2
<i>thereof special items</i>	0	3		-16
Net profit	22	41	-46	130
Earnings per share (in €)	0.56	1.00	-44	3.19
Operating cash flow	81	60	35	113
Free cash flow	69	72	-5	115
<i>thereof special items</i>	-3	-7	-54	-52
Net CAPEX	-13	12		2
Employees (number at reporting date)	31,279	29,916	5	29,756



BILFINGER

Bilfinger is an international industrial services provider. The Group aims to enhance the efficiency of assets, ensure a high level of availability, reduce emissions and lower maintenance costs. Creating sustainable production processes for customers is becoming increasingly important. Bilfinger's portfolio covers the entire value chain from consulting, engineering, manufacturing, assembly, maintenance and plant expansion to turnarounds and also includes environmental technologies and digital applications.

The company delivers its services in two service lines: Engineering & Maintenance and Technologies. Bilfinger is primarily active in 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 ~ 30,000 employees, Bilfinger upholds the highest standards of safety and quality and generated revenue of €3.7 billion in financial year 2021.

You can find additional information, photographs and videos at  **BILFINGER**   