



BILFINGER

Press release

February 14, 2023

Preliminary figures for FY 2022 and Capital Markets Day

Bilfinger continues on growth course – expectations met for revenue, cash flow and EBITA – positive outlook for 2023 – strategy: new mid-term targets of 6% to 7% EBITA margin and 4% to 5% organic growth p.a.

- **Markets:** industry trends of efficiency and sustainability ensure continued positive demand in all markets
- **Orders received €4,615 m:** +14% organic growth
- **Revenue €4,312 m:** +14% organic growth
- **EBITA adjusted up** from €137 million to **€140 million**
- **Efficiency program expense** of €62 million impacts 2022 earnings
- **EBITA €75 million** compared to €121 million in prior year
- **Free cash flow** up from €115 million to **€136 million**
- **Net profit adjusted €82 million**
- **Dividend proposal €1.30** per share
- **Positive outlook for 2023:** revenue €4.3 billion to €4.6 billion, EBITA margin 3.8% to 4.1%
- **Strategy:** repositioning as No. 1 for efficiency and sustainability, mid-term targets of 6% to 7% EBITA margin and 4% to 5% p.a. growth by 2025/2027

Bilfinger delivered double-digit growth in revenue and orders received in FY 2022 and met its projected targets for the year. The outlook for 2023 is positive in all segments. Orders received rose organically by 14% to €4,615 million, while revenue also increased organically by 14% to €4,312 million. EBITA adjusted for special items – notably the expense for the efficiency program – came to €140 million. Free cash flow improved significantly year on year to €136 million as a result of operational improvements, demonstrating Bilfinger's increased earning power.

EBITA and net profit in 2022 were reduced by €62 million in provisions for the efficiency program. This investment in the future reduced reported EBITA to €75 million. Bilfinger also reports adjusted figures for 2022 in order to establish comparability. In 2021, earnings were also strongly impacted by positive one-time effects from real estate disposals.



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Management will continue to drive the positive performance and growth trajectory with an evolved strategy and a clear business model that enhances customers' efficiency and sustainability. In the mid-term, from 2025 to 2027, the company will increase the EBITA-margin to a level of 6% to 7%. The company unveils its new direction at today's Capital Markets Day.

"Our customers face significant short and long-term pressure in terms of efficiency and sustainability. Inflation, the skills shortage and the need to meet sustainability targets continue to be major challenges for the industry – as well as significant opportunities. Bilfinger is excellently positioned to establish itself as the No. 1 in the market for these efficiency and sustainability improvements. Thanks to implementation of both the efficiency program and our operating performance, Bilfinger is able to create sustainable, profitable growth," says Group CEO Thomas Schulz. "We see ourselves as a driving force in the industry's transformation to greater efficiency and sustainability in existing plants and new technologies. Our highly qualified employees play a crucial role in this, and I would like to take this opportunity to thank them for their dedication and successful work."

Bilfinger has defined two strategic thrusts: repositioning itself as a leader in increasing efficiency and sustainability, and driving operational excellence to improve the organizational performance.

The business model is based on improving efficiency and sustainability both for customers and for Bilfinger itself. This generates added value, paving the way for Bilfinger's corporate development as a leading partner in industrial services. Bilfinger continues to address its target markets of Energy, Chemicals & Petrochemicals, Pharma & Biopharma and Oil & Gas, with efficiency and sustainability being key factors for profitability enhancement in these resource-intensive industries. The growth potential in these target markets, coupled with the extension of the value chain, offers Bilfinger additional opportunities to position itself as a solution partner. The focus here is on promoting the framework contract and service contract business, which in the future will account for 80% of total revenue (2022: 65%).

Bilfinger will achieve its goal of operational excellence through product standardization and bundling as well as increased innovation and digitalization, among other measures. The internal efficiency program, which has been running since November 2022 and provides for annual savings of €55 million, is also contributing to the attainment of Bilfinger's strategic goals. It includes the adoption of a functional organizational structure and leaner administration. Around

25% of the savings will be invested in employee training and development. This enables Bilfinger to reinforce its competitiveness while underscoring its position as an attractive employer. Going forward, Bilfinger will allocate more than 0.5% of revenue to this purpose each year.

The strategy allows Bilfinger to set new mid-term targets. By 2024, the company plans to achieve an EBITA margin of at least 5%. In the mid-term, i.e. in three to four years, the EBITA margin is to increase to a level of 6% to 7%. Revenue growth will exceed market growth in the next few years and be in the average range of 4% to 5% p.a.. On this basis, Bilfinger will continuously increase its net profit while at the same time moving closer to the goal of an investment grade rating.

Group performance in FY 2022

Orders received by the Bilfinger Group in 2022 increased by 15% (organically 14%) to €4,615 million (prior year: €4,008 million). All Group segments recorded a significant increase. The order backlog grew by 9% (organically 10%) to €3,226 million (prior year: €2,946 million). The book-to-bill ratio was 1.07.

Group revenue grew 15% (organically 14%) to €4,312 million (prior year: €3,737 million) and thus regained its 2019, pre-crisis level. Revenue, too, increased in all segments. Gross profit went up by 13% to €437 million (prior year: €387 million). This was mainly due to the growth in revenue. The gross margin as a percentage of revenue amounted to 10.1% (prior year: 10.4%). Additional costs from a small number of now completed orders impacted the otherwise good performance. SG&A expenses rose by 6% to €307 million (prior year: €291 million), while SG&A expenses as a percentage of revenue decreased, due to the revenue increase, to 7.1% (prior year: 7.8%).

Bilfinger generated EBITA of €75 million (prior year: €121 million), corresponding to an EBITA margin of 1.8% (prior year: 3.2%). The significant year-on-year decrease is largely due to the higher special items. They amounted to €65 million (prior year: €16 million). The majority of this (€62 million) consisted of provisions for the efficiency program launched in 2022. Added to this were special items of €6 million relating to the phase-out from the Russia business, offset by a €3 million gain on the sale of the last two remaining *Other Operations* units. Adjusted for these special items, EBITA was €140 million (prior year: €137 million), with a margin of 3.2% (prior



year: 3.7%). When comparing with the prior-year figures, it should be noted that these included €30 million in gains from real estate and property disposals. Such one-time items were significantly smaller in 2022, and were more than offset by higher operating earnings.

Net profit was down to €28 million (prior year: €130 million); adjusted for the special items within EBITA and with a normalized tax rate, net profit came to €82 million (prior year: €89 million). The decrease resulted from lower financial income, which in the prior year included positive time-value-of-money effects from tax refunds. Due to the lower earnings, return on capital employed (ROCE) after taxes came to 3.2% (prior year: 7.4%).

By contrast, free cash flow increased to €136 million (prior year: €115 million) as a result of improvements in working capital. It should be noted that the prior-year figure included a total of €29 million in cash inflows from tax refunds and €57 million from property disposals. Such one-time effects were more than offset in 2022 by significantly higher operating cash flow. In addition, investments in property, plant and equipment remained at a low level in 2022, at €52 million. A total of €196 million was used for dividends and €100 million for the now completed share buyback program. As a result, net liquidity including lease liabilities decreased to €145 million (prior year: €383 million).

The Executive Board and Supervisory Board will propose a dividend of €1.30 per share to the Annual General Meeting on April 20, 2023. This is intended to allow shareholders to participate in Bilfinger's positive operating performance in the past financial year, over and above the minimum dividend of €1.00 per share. The payout ratio equates to approximately 60% of adjusted net profit, which is in the upper range of the company's dividend policy. This targets payouts of between 40% and 60% of adjusted net profit, depending on the company's foreseeable medium-term development.

Engineering & Maintenance Europe segment

Orders received in the Engineering & Maintenance (E&M) Europe segment increased by 14% (organically 14%) to €2,918 million (prior year: €2,552 million). These included a growing number of framework contracts and projects to enhance customers' efficiency and sustainability. Revenue rose by 11% (organically 11%) to €2,785 million (prior year: €2,518 million), supported by strong demand in the North Sea oil and gas sector. The book-to-bill ratio was 1.05. Special items within EBITA totaled -€36 million; alongside -€30 million in provisions

for the efficiency program, the special items included -€6 million in expenses for the phase-out from the Russia business. EBITA was consequently €105 million in the reporting year (prior year: €116 million), corresponding to an EBITA margin of 3.8% (prior year: 4.6%). Adjusted for the special items, the segment's EBITA margin was 5.0% (prior year: 5.2%).

Engineering & Maintenance International segment

In the E&M International segment, orders received went up by 31% (organically 18%) to €833 million (prior year: €634 million). The strong organic growth mainly related to service and maintenance contracts for customers in North America. The strategic realignment in 2021 continues to have an impact here, with Bilfinger's maintenance expertise increasingly being deployed in the USA. Revenue grew by 44% (organically 29%) to €798 million (prior year: €553 million). This was also due to the increase in maintenance contracts in North America. The book-to-bill ratio was thus 1.04. EBITA improved, but remained negative at -€8 million (prior year: -€18 million). Special items within EBITA amounted to -€3 million, with an EBITA margin of -1.0% (prior year: -3.2%). Adjusted for the special items, the segment's operating EBITA margin improved to -0.7% (prior year: -2.5%).

Technologies segment

Orders received in the Technologies segment increased by 13% (organically 13%) to €672 million (prior year: €597 million). Demand for plant components was particularly strong in the pharmaceutical and biopharma sector. Revenue increased on this basis by 6% (organically 6%) to €592 million (prior year: €560 million). The book-to-bill ratio rose to a positive 1.14. Segment EBITA amounted to €8 million (prior year: €19 million). EBITA includes -€9 million in special items. The EBITA margin was 1.4% (prior year: 3.4%). The operating EBITA margin excluding special items was below the prior-year level at 3.0% (prior year: 3.6%).

Outlook for 2023

For 2023, Bilfinger expects revenue of between €4,300 million and €4,600 million (2022: €4,312 million). The Group's profitability will increase, with an EBITA margin of 3.8% to 4.1% (2022: 1.8%; excluding special items: 3.2%). This increase will stem from operational improvements and the initial positive effects of the efficiency program. EBITA is not expected to be impacted by any further special items.

Following strong growth in the reporting year, revenue in the Engineering & Maintenance Europe segment will be between €2,750 and €2,950 million (2022: €2,785 million). Bilfinger anticipates an EBITA margin in this segment of 5.0% to 5.4% (2022: 3.8%; excluding special items: 5.0%).

Likewise following a significant increase in the reporting year, revenue at Engineering & Maintenance International is expected to total €720 million to €820 million (2022: €798 million). The EBITA margin here will be between 1.0% and 3.0% (2022: -1.0%; excluding special items: -0.7%). This segment will thus contribute positively to earnings in 2023.

At Technologies, the expectation is for revenue of €600 million to €700 million (2022: €592 million) as well as an improvement in the EBITA margin to between 4.0% and 5.0% (2022: 1.4%; excluding special items: 3.0%).

Free cash flow is forecast to be between €50 million and €80 million (2022: €136 million), as there will be cash outflows of around €60 million in 2023 to implement the efficiency program and net capital expenditure will return to a normal level.



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Key figures for the Group

in € million	Q4			FY 2022		
	2022	2021	Δ in %	2022	2021	Δ in %
Orders received	1,272	1,028	24 (org: 21)	4,615	4,008	15 (org:14)
Order backlog	3,226	2,946	9 (org: 10)	3,226	2,946	9 (org: 10)
Revenue	1,198	982	22 (org: 20)	4,312	3,737	15 (org: 14)
Gross margin	10.1%	10.9%		10.1%	10.4%	
EBITDA	23	62	-62	174	221	-21
EBITA	-2	37	-	75	121	-38
EBITA margin	-0.2%	3.8%		1.8%	3.2%	
<i>thereof special items</i>	-54	-13	-	-65	-16	-
EBITA adjusted	52	50	5	140	137	2
EBITA margin adjusted	4.3%	5.1%		3.2%	3.7%	
Net profit	-6	66	-	28	130	-78
Earnings per share	-0.17€	1.61€	-	0.71€	3.19€	-78
Net profit adjusted	34	41	-18	82	89	-8
Earnings per share adjusted	0.89€	1.02€	-13	2.06€	2.19€	-6
Operating cash flow	124	115	7	166	113	47
Free cash flow	124	113	10	136	115	18
<i>thereof special items</i>	-5	-9	-	-20	-52	-
Net CAPEX	15	22	-30	52	61	-16
Employees (number at reporting date)	30,309	29,756	2	30,309	29,756	2



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Bilfinger is an international industrial services provider. The aim of the Group's activities is to increase the efficiency and sustainability of customers in the process industry and to establish itself as the number one partner in the market for this purpose. Bilfinger's comprehensive portfolio covers the entire value chain from consulting, engineering, manufacturing, assembly, maintenance and plant expansion to turnarounds 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 energy, chemicals & petrochemicals, pharma & biopharma and oil & gas. With its ~30,000 employees, Bilfinger upholds the highest standards of safety and quality and generated revenue of €4.3 billion in financial year 2022. To achieve its goals, Bilfinger has identified two strategic thrusts: repositioning itself as a leader in increasing efficiency and sustainability, and driving operational excellence to improve the organizational performance.

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