



BILFINGER

Press Release

May 11, 2016

Bilfinger SE: Interim Report Q1 2016 | March 31, 2016

- **Outlook for financial year 2016 confirmed – slight increase in earnings expected**
- **First quarter business development in line with expectations**
- **Efficiency measures taking effect: Adjusted EBITA at prior year level despite lower output volume**
- **Further increase in free cash flow from the sale of Water Technologies**
- **Efficiency program for administration in the Group launched**
- **Thomas Blades appointed new Chairman of the Executive Board**

Outlook for financial year 2016 confirmed – slight increase in earnings expected

Following the conclusion of the first quarter, the Executive Board of Bilfinger SE confirms the forecast issued in the middle of March: For financial year 2016, a significant decrease in output volume is expected at Group level. It is anticipated, however, that adjusted EBITA, with a higher margin, will increase slightly as will adjusted net profit.

In the Industrial business segment, due to the weakness in demand and expiring projects, a significant decrease in output volume is expected as compared to 2015. Because the programs for efficiency enhancement and process optimization are already having positive effects, however, it is to be expected that adjusted EBITA will be at or slightly above the prior-year level.

In the Building and Facility segment, output volume and adjusted EBITA will grow moderately in 2016 due to the good order backlog. In this context, it will be possible to offset margin pressure generated by an intense competitive environment with growth and efficiency enhancements.

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“2016 will be a transition year. Initial positive effects from the efficiency enhancement measures are already having an impact. We therefore confirm our previous outlook for the current financial year and expect a moderate increase in earnings”, says Chief Financial Officer Axel Salzmann.

First quarter business development in line with expectations – adjusted EBITA at prior-year level despite lower output volume

For the Bilfinger Group, the first quarter of 2016 was in line with expectations. Output volume decreased by 5 percent to €1,348 million. Orders received – in the previous year influenced by major service orders in the Building and Facility business segment – declined by 14 percent to €1,404 million while the order backlog increased by 3 percent to €4,741 million. Adjusted EBITA of €7 million was of a broadly similar magnitude to the previous year.

Free cash flow increased due to sale of Water Technologies

Cash flow from operating activities improved despite reduced earnings due to a lower increase in working capital. At the end of the first quarter it was -€118 million and thus increased by €15 million as compared to the previous year. The Group had cash inflows of €190 million from the sale of the Water Technologies division. The free cash flow therefore increased significantly to €61 million.

“We have already made progress with regard to management of working capital. We are systematically moving forward with this approach”, emphasized Chief Financial Officer Axel Salzmann. “Bilfinger has a sound financial foundation. We can manage the upcoming investments on our own steam and have sufficient financial potential to successfully move our operational business forward.”

Industrial segment

In the Industrial segment, the first quarter of 2016 remained affected by a weakness in demand due to the low price of oil. Hesitation to invest is being felt in the oil and gas sector, in particular; in the energy sector, there is a boost from maintenance and modernization measures. In the chemical and pharmaceutical industries, demand for ongoing maintenance of production facilities is stable; in the project business, however, there is only a limited willingness to invest.

Accordingly, output volume compared to the previous year decreased by 6 percent to €788 million, orders received were down 7 percent to €782

million and order backlog by 17 percent to €2,067 million. As a result of the efficiency enhancement measures that have been initiated, however, EBITA increased from €9 million to €14 million.

Building and Facility segment

The market situation in the Building and Facility segment is generally stable. At Facility Services and Real Estate, there is continuing growth in Germany for outsourced real-estate services and particularly internationally-active customers are requesting comprehensive consulting and management services from a single source. The United Kingdom is currently dominated by weaker demand for real-estate services. In building construction, demand is growing especially in residential construction as well as for consulting and construction-related services in the construction and modernization of commercial properties.

Due to a weaker propensity to invest on the markets and the lower number of real-estate transactions that we accompanied as compared to the strong prior-year quarter, output volume in the Building and Facility segment in the first quarter of 2016 decreased by 3 percent to €576 million. Orders received, which typically show a high level of volatility and which were unusually high in the previous year, fell by 26 percent to €635 million. Order backlog, on the other hand, rose by 23 percent to €2,681 million as a result of the signing of important service agreements with multi-year terms in the previous year; these ensure a sound basis for further growth.

Efficiency program for administration in the Group launched – annual savings of €100 million

To further increase the competitiveness of the Group, the Executive Board has decided to restructure the company's administration. Measures include a streamlining of Group headquarters, a reduction in the number of divisions and companies in the Industrial segment, standardization of corporate processes and harmonization of IT systems. With this program, annual savings of about €100 million will be achieved. Initial savings will be achieved in 2017, with the majority taking effect from 2018. To this end, one-time expenses in the high double-digit million euro range will be incurred, including multi-million euro investments in the future for standardized and more powerful IT systems. These investments are subject to approval from the Supervisory Board.

“The package of measures is an important component of our new strategy. Through intelligent investments in the future and leaner cost structures, we

enhance the performance of our business model and position Bilfinger more competitively”, says Chief Financial Officer Axel Salzmann.

Thomas Blades appointed new Chairman of the Executive Board

The Supervisory Board of Bilfinger SE appointed Thomas Blades as Chairman of the Executive Board. The exact timing of his taking office is currently being coordinated with all parties. Bilfinger SE expects that he will assume the position of Chairman of the Executive Board in the third quarter of 2016.

Sustainability Report 2015 published

Parallel to the Interim Report, the Bilfinger Sustainability Report 2015 will also be published. In the previous year, Bilfinger, together with customers, employees and representatives of the capital market and other stakeholders, defined the topics in the area of sustainability which, in future, will be pursued more intensively. This has been taken into account in the Sustainability Report. Key focus topics are occupational safety and health, customer satisfaction, quality and compliance. The Sustainability Report follows the GRI G4 reporting standard.

Key figures for the Group*	Q1			Full year
<i>€ million</i>	2016	2015	Δ in %	2015
Output volume	1,348	1,413	-5	6,201
Orders received	1,404	1,632	-14	6,582
Order backlog	4,741	4,622	3	4,727
EBITA adjusted ¹	7	8	-13	165
Adjusted net profit from continuing operations ¹	1	1	0	93
Adjusted earnings per share from continuing operations ¹ (in €)	0.01	0.02	-50	2.10
Net profit ²	-76	-17		-489
Cash flow from operating activities	-118	-133		109
Investments	14	24	-42	72
thereof in property, plant and equipment	13	23	-43	68
thereof in financial assets	1	1	0	4
Employees	53,836	56,235	-4	54,831

* The key figures of the former Power and Concessions business segments, the former construction activities, the sold Water Technologies division as well as Offshore Systems are no longer presented in the business segments, but under 'Discontinued operations'. All of the figures presented in this report relate, unless otherwise stated, to the Group's continuing operations; the figures for the prior-year period have been adjusted accordingly.

¹⁾ Adjustments see chapter "Reconciliation to adjusted earnings"

²⁾ Includes continuing and discontinued operations

Note: Image material (Executive Board of Bilfinger SE, service range of the Group) can be downloaded at the following link:
<http://www.bilfinger.com/presse/pressefotos/>