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## Press Release

August 11, 2022

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### Q2 2022 financial results

#### **Bilfinger with solid performance in second quarter and a confirmed outlook for 2022 – strategy process launched to improve positioning as solution provider for customers' efficiency and sustainability**

- **Market outlook:** Continued positive momentum in all segments
- **Orders received €1,107m:** +4% organic increase
- **Revenue €1,078m:** +9% organic increase
- **EBITA €32m/3.0% margin:** Up +80bps from 2.2% in Q2 2021
- **Free cash flow €19m:** Increase from -€43m in prior-year quarter
- **Share buyback program:** One million shares repurchased since July 1, 2022
- **Outlook for 2022:** Significant increase in revenue and EBITA (unchanged)
- **Further strategy development:** Positioning as the No. 1 in major growth markets
- **Demand driven by energy transition and sustainability:** Multiple lighthouse projects for hydrogen solutions and district heating

Industrial services provider Bilfinger delivered a solid performance across all relevant Group figures in the second quarter of 2022. Orders received reached €1.1 billion for the second quarter in a row and revenues increased organically by 9 percent compared with the prior-year quarter. With a book-to-bill ratio of 1.03 and the order backlog increased organically by 9 percent to €3,158 million, the Group has a good starting point for the second half of the year. The EBITA margin increased from 2.2 percent to 3.0 percent, and free cash flow amounted to €19 million (prior year: -€43 million).

“Bilfinger’s strength lies in our broad expertise, industry footprint and independence from individual countries. In Q2, we delivered a solid performance thanks to a positive market and the great performance of our people. Still, we are aware that macro uncertainty driven by inflation, the pandemic situation, possible energy shortages and issues in the supply chain has increased,” commented Group-CEO Thomas Schulz. “We deliver our services into growth markets as well as into markets under pressure. Our customers’ demand to operate their assets with higher efficiency and sustainability has significantly grown in all industries and in all

regions. The energy sector, in particular, requires decisions and investments to be made by governments and our customers, including to make energy and gas supply affordable as well as independent of Russia.”

Group-CEO Thomas Schulz added: “We are already well positioned to play an active role in shaping the future of all our industries. To fulfill our ambition to be the No. 1 industrial partner for efficiency and sustainability, we have launched an internal process to further develop our Group strategy.”

The aim is to optimize the Group’s offerings to remain or become the leader in all its relevant markets. An internal Bilfinger team of industrial service experts is conducting the process, reflecting the company’s broad spectrum of regions and skills.

“Our goal is to solidify the business models, identify benchmarks and best practices, drive innovations and optimize the customer approach,” commented Group-CEO Thomas Schulz. “Our ambition is to grow stronger than the market with a significant improvement in our margin, sustainable profitable growth.”

Several project wins for hydrogen solutions, such as, for example, for Gasunie in the Netherlands or together with EWE Gasspeicher in northern Germany, underline Bilfinger’s ambitions to support its customers in becoming more sustainable and reducing their dependency on natural gas.



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### **Financial performance in Q2 2022**

Orders received grew organically by 4 percent to reach €1,107 million in the second quarter (prior year: €1,061 million), with all segments contributing to the solid level. The order backlog saw an organic increase of 9 percent to €3,158 million (prior year: €2,845 million), with a book-to-bill ratio of 1.03.

Group revenue increased organically by 9 percent compared with the prior-year quarter, to €1,078 million (prior year: €977 million). At 9.9 percent (prior year: 9.7 percent), the gross margin increased slightly, and gross profit rose from €95 million to €107 million. Based on the top-line growth, the SG&A ratio measured against revenue improved to 7.0 percent (prior year: 7.5 percent). In absolute terms, SG&A expenses returned to €76 million (prior year: €73 million).

Bilfinger generated EBITA of €32 million, which corresponds to an EBITA margin of 3.0 percent (prior year: 2.2 percent). Net profit increased to €19 million (prior year: €13 million), mainly based on improved EBITA. Free cash flow improved to €19 million (prior year: -€43 million) with a better cash conversion than in the first quarter of the year. Net capital expenditures rose to -€9 million after -€3 million in the prior year. Net liquidity including leasing liabilities decreased from €295 million to €91 million, mainly due to the dividend of €196 million paid out in May.

### **Engineering & Maintenance Europe segment**

At E&M Europe, orders received increased organically by 3 percent to €669 million (prior year: €649 million). The segment delivered a significant volume increase, especially in the Nordics, based on a strong turnaround season. Revenue therefore rose organically by 9 percent to €725 million (prior year: €665 million). The book-to-bill ratio was 0.92. Segment EBITA was stable at €38 million, compared with a strong Q2 2021. The corresponding EBITA margin was 5.2 percent (prior year: 5.7 percent). Projects such as the climate-friendly district cooling system for the Munich Municipal Utility (Stadtwerke München) is further proof of the potential of Bilfinger's expertise in supporting the European energy transition.



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### **Engineering & Maintenance International segment**

Orders received at E&M International were nominally stable at €197 million (prior year: €199 million), supported by a stronger US dollar. Organically, this marks a decrease of -11 percent compared with a high prior-year level. The book-to-bill ratio stands at 1.06. In this segment, the strategic realignment undertaken in 2021 is continuing to show its effects. Signed contracts include a new framework agreement with Shell in the US, a customer Bilfinger has been serving successfully for many years in Europe. Revenue grew organically by 16 percent to €186 million from €143 million. Both the North America and Middle East regions contributed to this growth. Consequently, EBITA improved significantly to -€1 million (prior year: -€9 million). The EBITA margin came to -0.6 percent (prior year: -6.4 percent).

### **Technologies segment**

Orders received at Technologies increased organically by 3 percent to €173 million (prior year: €169 million), leading to a book-to-bill ratio of 1.24. Demand for projects in the Pharma & Biopharma market has remained strong and led to a number of new contracts in the quarter. Positive momentum persists in the nuclear market, with further progress in U.K. and France. Revenue decreased organically by 5 percent to €139 million (prior year: €145 million), reflecting the seasonal volatility typical for project business. EBITA stood at €3 million, which was accordingly lower than the comparatively good prior-year quarter (€7 million). The EBITA margin was 2.3 percent (prior year: 4.7 percent) and is expected to pick up in the second half of 2022.

### **Significant increase in revenue and EBITA 2022 confirmed**

On the assumption that the macroeconomic conditions do not change significantly, Bilfinger confirms the following outlook:

For the Group, Bilfinger anticipates a significant increase in revenue (2021: €3,737 million) and EBITA (2021: €121 million). Improved operating earnings and lower restructuring charges will more than compensate for the absence of the real estate and property disposal gains realized in 2021.

Despite the improved EBITA, net profit is expected to be significantly lower than in the prior year (2021: €130 million). In 2021, a positive contribution came from special items in the financial result and from tax refunds.

For free cash flow, Bilfinger anticipates a figure at the prior-year level (2021: €115 million), which also benefited from non-operational one-time cash inflows, including real estate disposals and tax refunds totaling €86 million. In 2022, non-operational inflows of this kind are substantially lower. Operating cash flow is set to improve significantly.

In the Engineering & Maintenance Europe segment, revenue (2021: €2,518 million) will again increase significantly following a strong recovery in the prior year, partly as a result of the inflation-related rise in costs which can largely be passed on to customers. Consequently, Bilfinger expects a significant year-on-year increase in EBITA (2021: €116 million). As the restructuring costs caused by the phase-out of the Russian business are incurred by this segment, the EBITA margin will be at the prior-year level.

At Engineering & Maintenance International (2021: €553 million), a significant increase in revenue is also expected, starting from a lower level. EBITA will increase significantly to at least break even due to higher capacity utilization (2021: -€18 million). Key to this development is progress in the strategy to expand the maintenance business as well as the focus on smaller and medium-sized projects.

Technologies, however, is now expected to achieve revenues and EBITA only at the prior-year level (2021: €560 million and €19 million, respectively) due to a selective approach to new orders.



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In Other Operations (2021: €167 million), revenue will be significantly higher than the prior-year level, despite deconsolidation effects, due to the fact that orders received in the first half of the year were better than initially expected. For the items summarized in the Reconciliation Group (2021: €4 million), the company expects EBITA in 2022 to be significantly lower than the figure for 2021, which was impacted by gains of €30 million on real estate disposals. Excluding this effect, a largely stable level is expected.



## Key figures for the Group

in € million	Q2			FY 2021
	2022	2021	Δ in %	2021
Orders received	1,107	1,061	4 (org: 4)	<b>4,008</b>
Order backlog	3,158	2,845	11 (org: 9)	<b>2,946</b>
Revenue	1,078	977	10 (org: 9)	<b>3,737</b>
Gross margin (in %)	9.9	9.7		<b>10.4</b>
EBITDA	57	48	20	<b>220</b>
EBITA	32	21	53	<b>121</b>
EBITA margin (in %)	3.0	2.2		<b>3.2</b>
Thereof special items	0	-5		<b>-16</b>
Net profit	19	13	46	<b>130</b>
Earnings per share (in €)	0.46	0.31	53	<b>3.19</b>
Operating cash flow	28	-40		<b>113</b>
Free cash flow	19	-43		<b>115</b>
Thereof special items	-6	-13		<b>-52</b>
Net CAPEX	-9	-3		<b>2</b>
Employees (number at reporting date)	30,566	29,692	3	<b>29,756</b>



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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 as well as pharma & biopharma. 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



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