



# Interim Report January to March 2016

May 11, 2016

# January to March 2016

## Highlights

- **First quarter 2016:** Business development in line with expectations
- **Efficiency measures taking effect:** Adjusted EBITA at prior-year level despite lower output volume
- **Orders received below level of prior year, as expected:** Typical volatility due to major service orders at Building and Facility
- **Sound financial situation:** Increased free cash flow from sale of Water Technologies
- **Outlook 2016 confirmed**
- **Restructuring of administration:** Annual savings of approx. €100 million



# Program to enhance efficiency in administration

Optimize administrative processes, reduce costs



- Industrial
  - Reduction in the number of divisions from six to four
  - Bundling of administrative tasks
  - Reduction in the number of legal entities – establishment of lead companies in selected countries
  - Europe-wide expansion of the shared service center concept already established in Germany
  - Standardization of processes and harmonization of IT systems
- Headquarters
  - Restructured, lean Group headquarters at the Mannheim location
- One-time expenses in high double digit million euro range, including multi-million euro investments in the future for IT infrastructure



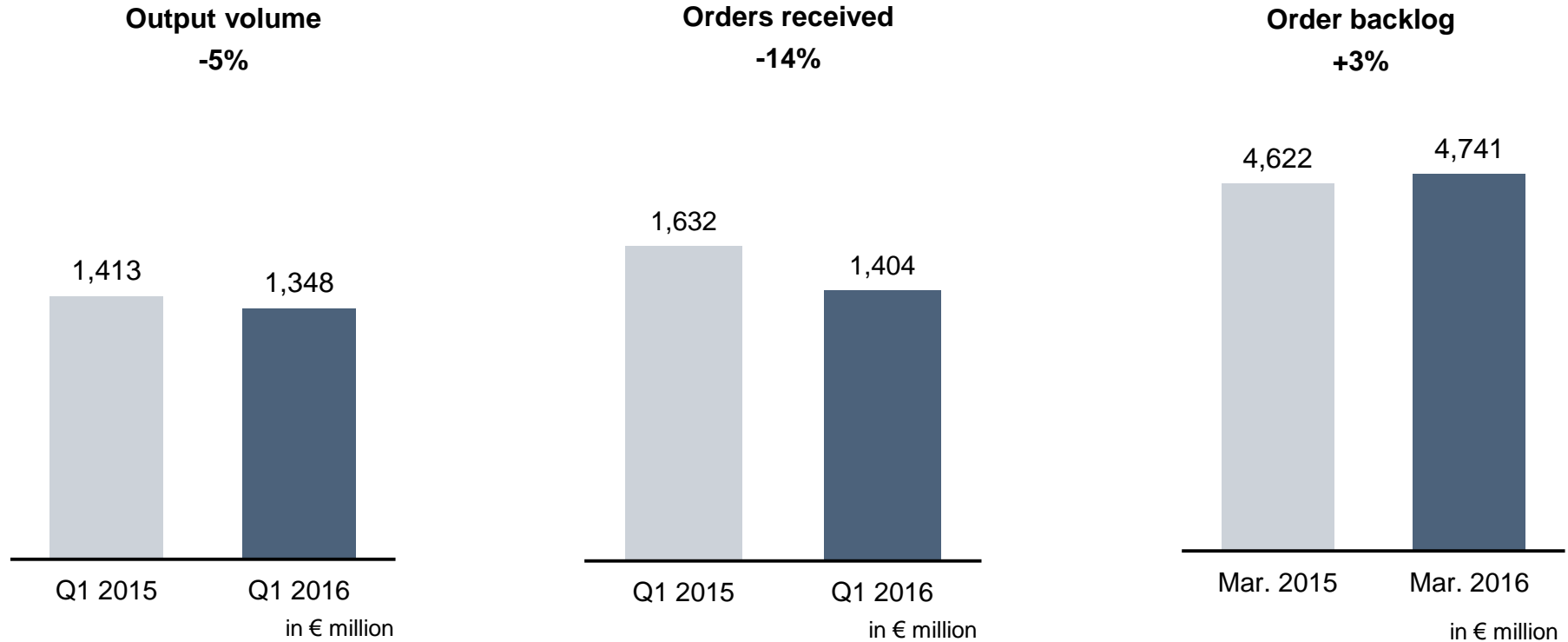
Annual savings of roughly €100 million

For the most part from 2018, initial effects from 2017

# January to March 2016:

Decrease in output volume and orders received, but book-to-bill >1

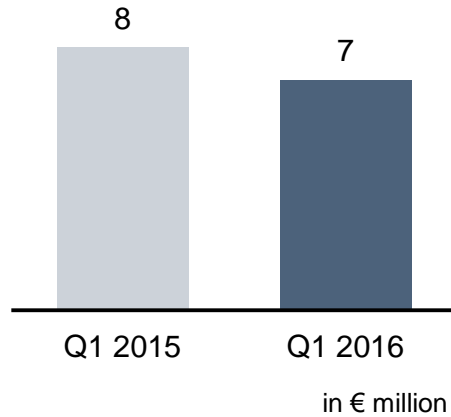
Increase in order backlog



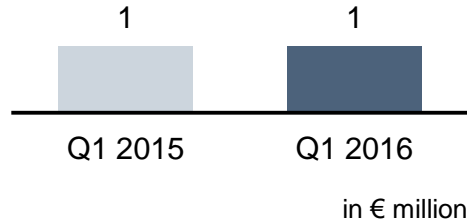
*All figures refer to continuing operations unless otherwise stated*

# January to March 2016: Adjusted EBITA at prior-year level as expected

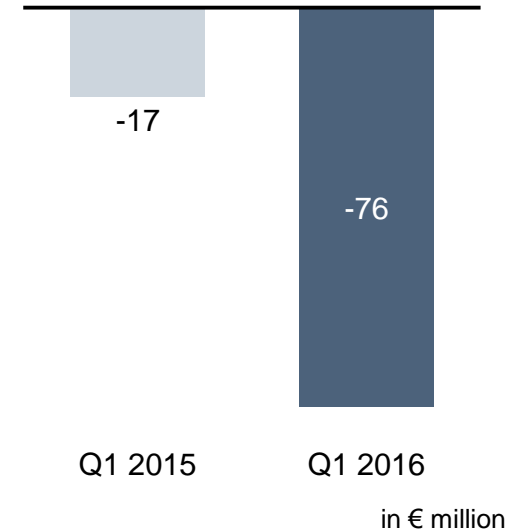
### Adjusted EBITA -13%



### Adjusted net profit 0%



### Net profit\*



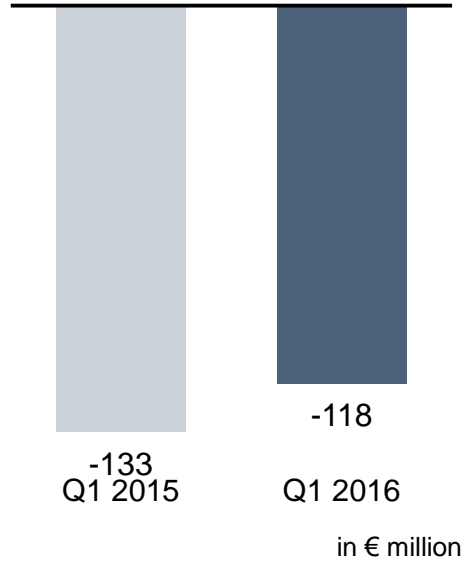
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*\* includes continuing and discontinued operations*

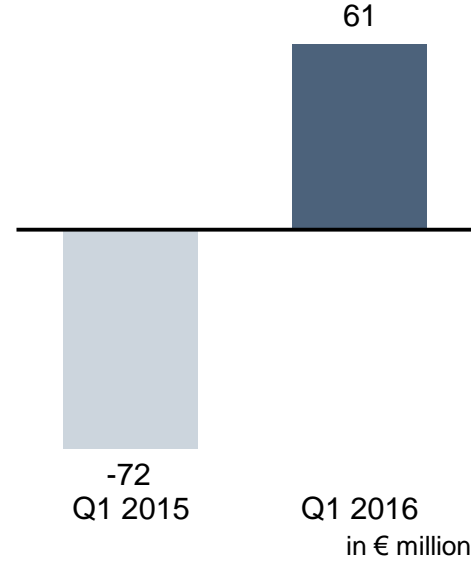
# January to March 2016:

Improvement in operating cash flow despite lower earnings  
Increased free cash flow from sale of Water Technologies

### Operating cash flow



### Free Cash Flow

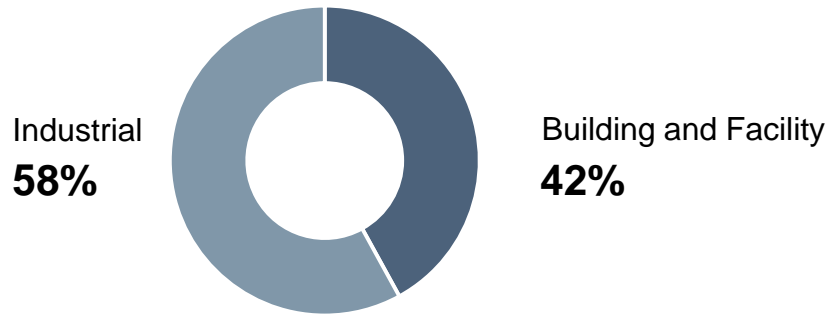


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# January to March 2016:

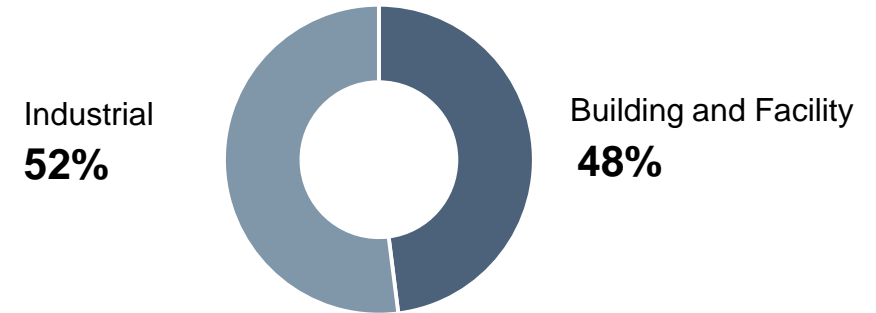
## Overview - Two segments with almost equal contributions

### Output volume\*



in € million	Q1 2016	Q1 2015	Year-on-year
Industrial	788	835	-6%
Building and Facility	576	595	-3%
Consolidation/Others	-16	-17	
<b>Group</b>	<b>1,348</b>	<b>1,413</b>	<b>-5%</b>

### EBITA adjusted\*



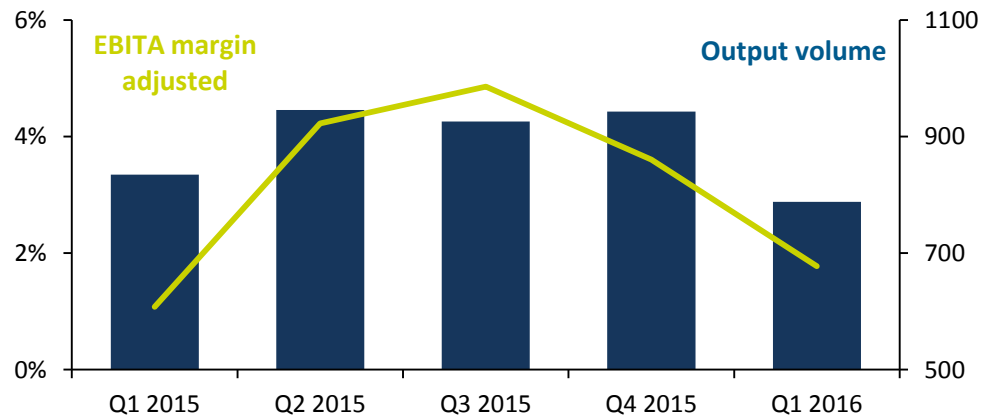
in € million	Q1 2016	Q1 2015	Year-on-year
Industrial	14	9	56%
Building and Facility	13	16	-19%
Consolidation/Others	-20	-17	
<b>Group</b>	<b>7</b>	<b>8</b>	<b>-13%</b>

\* Before consolidation/others

# Industrial:

## Decrease in output volume in the wake of low oil price

in € million	Q1 2016 reported	Year-on-year	F/X Net Acquisition
Output volume	788	-6%	-1%
Orders received	782	-7%	-1%
EBITA adjusted	14	+56%	-5%



### Quarterly development

- Year-on-year increase in EBITA adjusted as a result of measures implemented for efficiency enhancement.
- Year-on-year development slightly influenced by F/X effects, esp. USD, NOK and GBP



## Industrial:

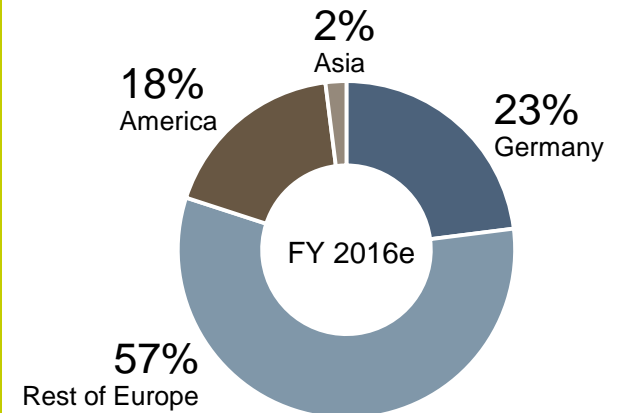
Increase in EBITA adjusted due to implemented restructuring measures

### Highlights Q1 2016

- Stable demand in ongoing maintenance of production facilities
- In contrast continuing limited willingness to invest on the part of our customers in the project business.

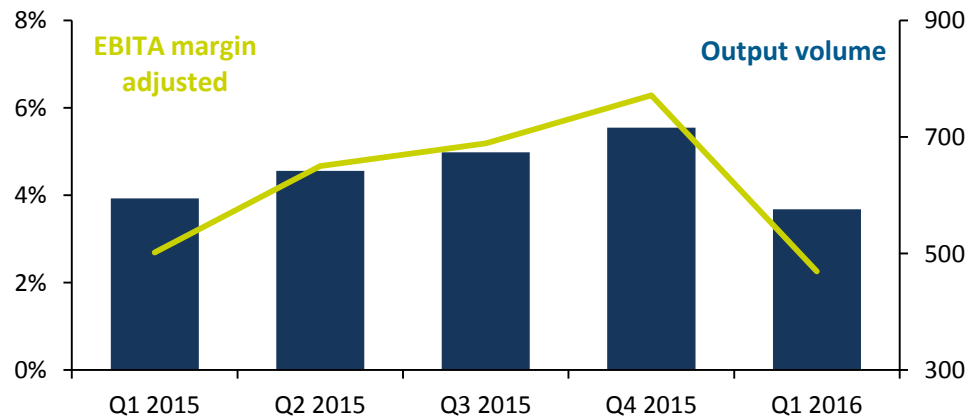
in € million	Q1 2016	Q1 2015	Change	FY 2015
Output volume	788	835	-6%	3,650
Orders received	782	840	-7%	3,302
Order backlog	2,067	2,500	-17%	2,101
Capital expenditure	9	16	-44%	47
Depreciation of P, P & E	14	15	-7%	70
EBITA adjusted	14	9	56%	128
EBITA margin adjusted	1.8%	1.1%		3.5%

### Output volume by region



**Building and Facility:** Decrease in output volume from expected weakening of investment behavior and fewer real-estate transactions as compared to the strong previous year

in € million	Q1 2016 reported	Year-on-year	F/X Net Acquisition
Output volume	576	-3%	-1%
Orders received	635	-26%	-1%
EBITA adjusted	13	-19%	-5%



### Quarterly development

- Decrease in EBITA adjusted due to slightly lower propensity to invest in the real-estate markets and as a result of fewer real-estate transactions.
- Orders received below unusually high prior-year figure, typical volatility in this business segment.
- Year-on-year development influenced by F/X effects, esp. GBP

# Building and Facility:

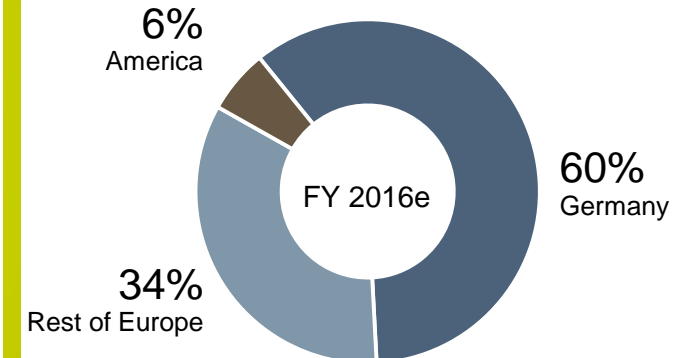
Good prospects in Germany, weaker demand in U.K.

## Highlights Q1 2016

- Continuing growth in market for outsourced real-estate services in Germany
- Good demand from multinational customers for comprehensive consulting and management services from a single source
- Weaker demand for real-estate services in the United Kingdom
- Important multi-year service agreements taken over during 2015 ensure sound order situation for further growth

in € million	Q1 2016	Q1 2015	Change	FY 2015
Output volume	576	595	-3%	2,627
Orders received	635	857	-26%	3,370
Order backlog	2,681	2,182	23%	2,642
Capital expenditure	2	5	-60%	28
Depreciation of P, P & E	4	4	0%	17
EBITA adjusted	13	16	-19%	126
EBITA margin adjusted	2.3%	2.7%		4.8%

## Output volume by region



# Outlook 2016 confirmed

€ million	Output volume		Adjusted EBITA	
	2015*	expected 2016	2015*	expected 2016
<b>Industrial</b>	3,650	significant decrease	128	at prior-year level or slight increase
<b>Building and Facility*</b>	2,627	slight increase	126	slight increase
<b>Others</b>	-76	-	-89	-
<b>Group*</b>	<b>6,201</b>	significant decrease	<b>165</b>	slight increase

\* on a comparative basis, i.e. without Water Technologies  
 Definition for the qualified comparative forecast:  
 at prior-year level: + / -0% slight: 1-5% significant: > 5%

Assumptions: Oil price on the basis of the current level of approximately USD 40/barrel and willingness to invest on the part of our customers in the oil and gas sector does not decline further. Exchange rates against the US dollar, British pound and Norwegian krone remain stable. No economic collapses in our markets.

In 2016, from today's perspective, we expect the following **significant one-time expenses**:

- **Restructuring expenses** in the **high double digit million Euro range**, especially for the program to reduce administrative expenses, including substantial investments in IT systems for the standardization of the system landscape.
- On top of this, there will be expenses in connection with the **further development of our compliance system** and the conclusion of older cases in the amount of approximately **€50 million**.
- Further, the reported net profit will likely be burdened by the **non-capitalization of deferred tax assets** on the negative result of the holding.



# Backup Interim Report January to March 2016

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# Q1 2016

## Volume and contract overview

Backup



in € million	Output volume			Orders received			Order backlog		
	Q1 2016	Q1 2015	Change	Q1 2016	Q1 2015	Change	Q1 2016	Q1 2015	Change
Industrial	788	835	-6%	782	840	-7%	2,067	2,500	-17%
Building and Facility	576	595	-3%	635	857	-26%	2,681	2,182	23%
Consolidation/ Other	-16	-17		-13	-65		-7	-60	
<b>Continuing Operations</b>	<b>1,348</b>	<b>1,413</b>	<b>-5%</b>	<b>1,404</b>	<b>1,632</b>	<b>-14%</b>	<b>4,741</b>	<b>4,622</b>	<b>3%</b>

in € million	Output volume			Orders received			Order backlog		
	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change	FY 2015	FY 2014	Change
Industrial	3,650	3,705	-1%	3,302	3,276	1%	2,101	2,404	-13%
Building and Facility	2,627	2,659	-1%	3,370	2,298	47%	2,642	2,004	32%
Consolidation/ Other	-76	-118		-90	-64		-16	-7	
<b>Continuing Operations</b>	<b>6,201</b>	<b>6,246</b>	<b>-1%</b>	<b>6,582</b>	<b>5,510</b>	<b>19%</b>	<b>4,727</b>	<b>4,401</b>	<b>7%</b>



# Organic development output volume

Backup



ENGINEERING  
AND SERVICES

in € million	Q1 2015	Δ Net acquisitions		Δ F/X		Δ Organic		Q1 2016	
Industrial	835	0	0%	-8	-1%	-39	-5%	788	-6%
Building and Facility	595	1	0%	-6	-1%	-14	-2%	576	-3%
Continuing Operations	1,413	1	0%	-13	-1%	-53	-4%	1,348	-5%

# Organic development orders received

Backup



ENGINEERING  
AND SERVICES

in € million	Q1 2015	Δ Net acquisitions		Δ F/X		Δ Organic		Q1 2016	
Industrial	840	0	0%	-10	-1%	-48	-6%	782	-7%
Building and Facility	857	1	0%	-6	-1%	-217	-25%	635	-26%
Continuing Operations	1,632	1	0%	-16	-1%	-213	-13%	1,404	-14%

# Organic development EBITA adjusted

Backup



ENGINEERING  
AND SERVICES

in € million	Q1 2015	Δ Net acquisitions		Δ F/X		Δ Organic		Q1 2016	
Industrial	9	0	0%	-1	-5%	6	+61%	14	+56%
Building and Facility	16	0	0%	0	-5%	-3	-14%	13	-19%
Continuing Operations	8	0	0%	-1	-12%	0	-1%	7	-13%

# Profit & loss statement

Backup



in € million	Q1 2016	Q1 2015	FY 2015	Comments Q1 2016
<b>Output volume</b>	<b>1,348</b>	<b>1,413</b>	<b>6,201</b>	
EBITA	-21	7	140	
<b>EBITA adjusted</b>	<b>7</b>	<b>8</b>	<b>165</b>	See separate slide „Overview of earnings adjustments“
<i>EBITA margin adjusted</i>	<i>0.5%</i>	<i>0.6%</i>	<i>2.7%</i>	
Amortization	-5	-8	-27	FY 2016e: ~€20m
EBIT	-26	-1	113	Depreciation of P, P& E: €20m
Net interest result	-6	-6	-26	
EBT	-32	-7	87	
Income taxes	-5	3	-91	Nearly no deferred taxes were capitalized for tax losses in the first quarter
Earnings after taxes from continuing operations	-37	-4	-4	
Earnings after taxes from discontinued operations	-41	-13	-500	Operating result Power -€14m, impairment loss in connection with the reversal of the acquisition of Mauell -€7m, result from the sale of Water division -€16m, operating result Water division -€3m, operating result Offshore and the former Construction activities -€1m
Minority interest	2	0	15	
Net profit	-76	-17	-489	
<b>Net profit adjusted (continuing operations)</b>	<b>1</b>	<b>1</b>	<b>93</b>	

# Overview of earnings adjustments

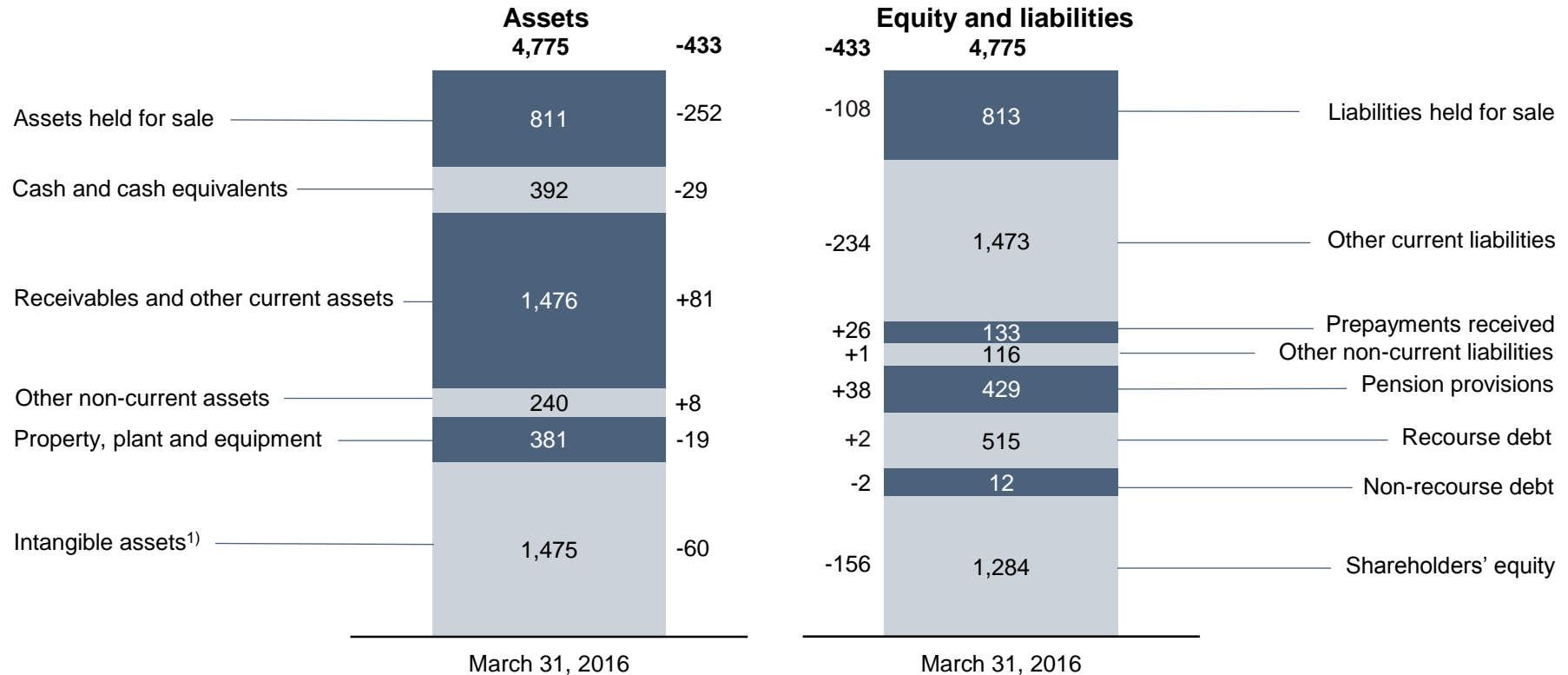
Backup



in € million	Q1 2016	Q1 2015	FY 2015	Comments Q1 2016
EBITA	-21	7	140	
Adjustments special items (pre-tax)	28	1	25	<p><i>Impairment loss from Engineering Services Asia Pacific and MCE Stahlbau as a result of the reclassification to the disposal group as well as selling expenses -€16m</i></p> <p><i>Restructuring (particularly HQ) -€10m (FY 2015: -€69m)</i></p> <p><i>Further development compliance system: -€2m (FY 2015: -€10m)</i></p> <p><i>In FY 2015: Capital gain from the sale and re-evaluation of Nigerian activities and sale of remaining concessions activities €54m</i></p>
<b>EBITA adjusted</b>	<b>7</b>	<b>8</b>	<b>165</b>	
Net interest	-6	-6	-26	
Normalized/ Underlying tax rate	0	-1	-43	<i>Normalized tax rate of 31%</i>
Minorities	0	0	-3	
<b>Net Profit adjusted continuing operations</b>	<b>1</b>	<b>1</b>	<b>93</b>	
<b>EPS adjusted continuing operations</b>	<b>0.01</b>	<b>0.02</b>	<b>2.10</b>	

# Balance sheet

Backup



Compared to pro-forma balance sheet as of Dec. 31, 2015

1) Thereof goodwill €1,460 million (including intangibles from acquisitions)

in € million

# ROCE per Segment (Building and Facility including division Water Technologies) Backup



	Capital employed in € million		Return in € million		ROCE in %		WACC in %		Value added in € million	
	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014
Industrial	1,298	1,295	128	189	9.8	14.7	10.50	10.50	-9	54
Building and Facility	866	767	147	140	17.0	18.2	8.50	9.25	74	68
Consolidation / Other	151	231	-81	-57	-	-	-	-	-97	-79
<b>Continuing Operations</b>	<b>2,315</b>	<b>2,293</b>	<b>194</b>	<b>272</b>	<b>8.4</b>	<b>11.9</b>	<b>9.75</b>	<b>10.00</b>	<b>-32</b>	<b>43</b>

in € million	Mar. 31, 2016	Dec. 31, 2015*	Comments Mar. 31, 2016
Cash and cash equivalents	392	421	See cash flow statement for details of change
Financial debt (excluding non-recourse)	-515	-513	Including €500 million corporate bond (due Dec. 2019)
<b>Net cash/ net debt</b>	<b>-123</b>	<b>-92</b>	
Pension provisions	-429	-391	Excluding pension provisions Power (€123m incl. Mauell €36m), Change in discount rate (from 2.25% to 1.75% in Euro-Zone, from 0.9% to 0.4% in Switzerland)
Expected cash-in disposals	Approx. 40	Approx. 240	Expected sale Nigerian activities
Future cash-out restructuring and risk provisions	Approx. -150	Approx. -95	Including cash-out restructuring Industrial, SG&A efficiency program and legacies
Future cash-out Compliance	-50	-50	
Further intra-year working capital need (seasonal shift)	-100	-200 to -250	
<b>Valuation net debt</b>	<b>Approx. -800</b>	<b>Approx. -600</b>	

\* Pro-forma balance sheet as of Dec. 31, 2015



# Cashflow statement

Backup



in € million	Q1 2016	Q1 2015	FY 2015	Comments Q1 2016
<b>Cash earnings from continuing operations</b>	2	8	166	
Change in working capital	-119	-138	-14	<i>Typical intra-year increase in working capital, though not as pronounced as in previous year.</i>
Gains on disposals of non-current assets	-1	-3	-43	
<b>Cash flow from operating activities of continuing operations</b>	<b>-118</b>	<b>-133</b>	<b>109</b>	
Net capital expenditure on property, plant and equipment / intangibles	-11	-15	-43	<i>Gross Capex FY 2016e: close to 2% of output volume</i>
Proceeds from the disposal of financial assets	190	76	212	<i>Cash inflow from sale of Water division</i>
<b>Free cash flow (continuing operations)</b>	<b>61</b>	<b>-72</b>	<b>278</b>	
Investments in financial assets of continuing operations	-1	-1	-4	
<b>Cash flow from financing activities of continuing operations</b>	<b>1</b>	<b>-2</b>	<b>-96</b>	
<b>Change in cash and cash equivalents of continuing operations</b>	<b>61</b>	<b>-75</b>	<b>178</b>	
<b>Change in cash and cash equivalents of discontinued operations</b>	<b>-101</b>	<b>-25</b>	<b>-115</b>	<i>Thereof Power: -75, Construction incl. Offshore: -33</i>
F/X effects	-1	8	2	
Cash and cash equivalents at Jan. 1	429	403	403	
Change in cash and cash equivalents classified as assets held for sale (Concessions/ Construction/ Power)	4	-3	-39	
<b>Cash and cash equivalents at Mar. 31/ Dec 31</b>	<b>392</b>	<b>308</b>	<b>429</b>	

# Discontinued operations: Power

Backup



- Selling process initiated in 2015 moving forward as planned
- Improvement in EBITA adjusted due to implemented restructuring and capacity adjustments
- Reversal of the acquisition of Mauell due to compliance-relevant accusations against Mauell in Brazil
- Bilfinger receives a compensation payment and €36m pension provisions have been assumed by the new owner

in € million	Q1 2016	Q1 2015	Change	FY 2015
Output volume	247	287	-14%	1,284
Orders received	230	327	-30%	986
Order backlog	742	1,116	-34%	762
Capital expenditure	1	2	-50%	9
EBITA adjusted	-3	-18		-59
EBITA margin adjusted	-1.2%	-6.3%		-4.6%

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