BILFINGER ENGINEERING AND SERVICES

Interim Report January to June 2016

Investors‘ and Analysts‘ Conference Call on August 10, 2016

Tom Blades, CEO
Axel Salzmann, CFO

January to June 2016: Business Highlights
Business development in line with expectations

- Adjusted EBITA: substantial improvement compared to weak prior year
- Industrial: book to bill at 1, earnings at prior-year level, efficiency measures taking effect
- Power: orders received and output volume decline further; earnings still negative but improved
- Cash flow from operating activities below prior year
- Outlook for 2016 confirmed and specified

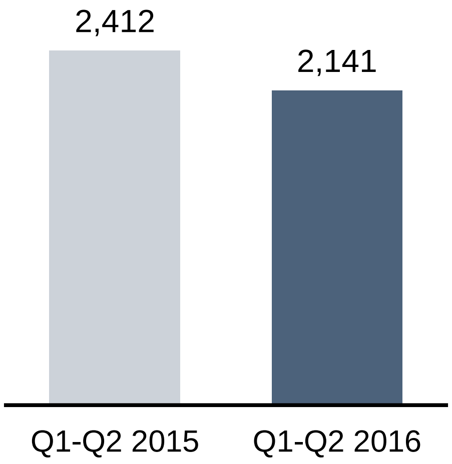
January to June 2016: Strategic Highlights

Sale of Building and Facility to EQT for EV of € 1.4 bn

- Pure play Industrial opens new perspectives
- Cash inflow allows for strategic investments in growth fields
- Power business will be further developed to optimize value
- Realignment of administration will reduce costs, simplify structures and increase performance
- Investment program established for Group-wide harmonization of IT infrastructure

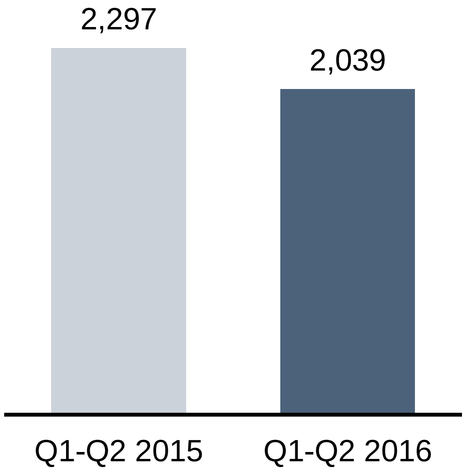
January to June 2016:
Decrease in output volume and orders received as expected

Output volume
-11%
organic -8%



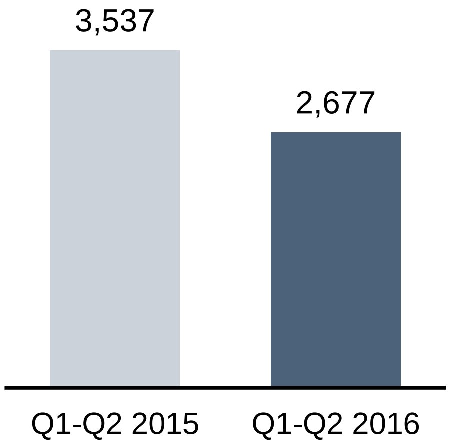
in € million

Orders received
-11%
organic -8%



in € million

Order backlog
-24%
organic -20%

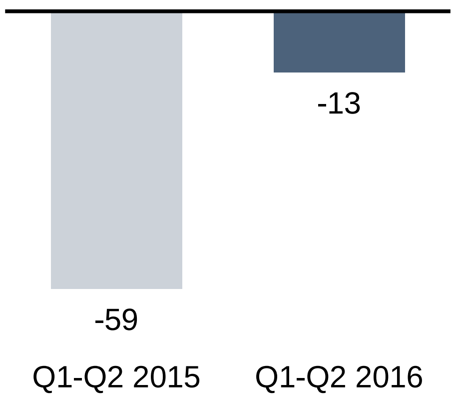


in € million

All figures refer to continuing operations unless stated otherwise

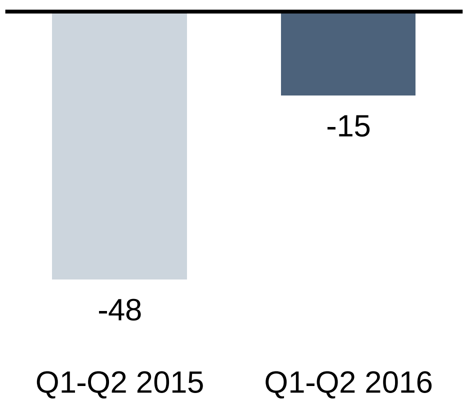
January to June 2016:
Substantial improvement in earnings compared to weak prior year

Adjusted EBITA



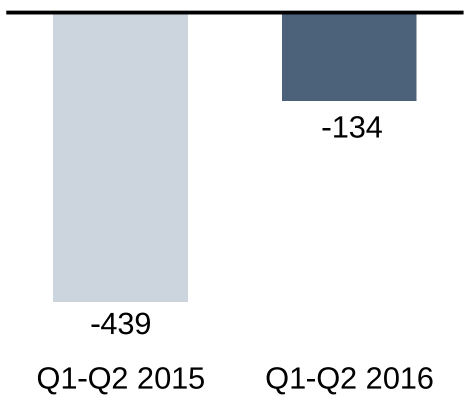
in € million

Adjusted net profit



in € million

Net profit*

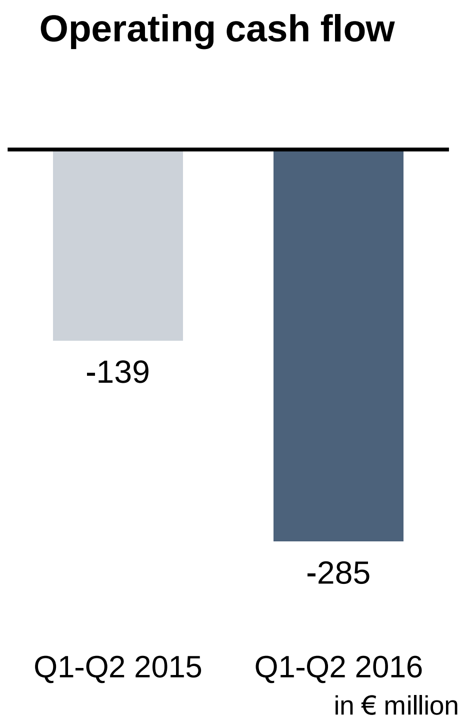


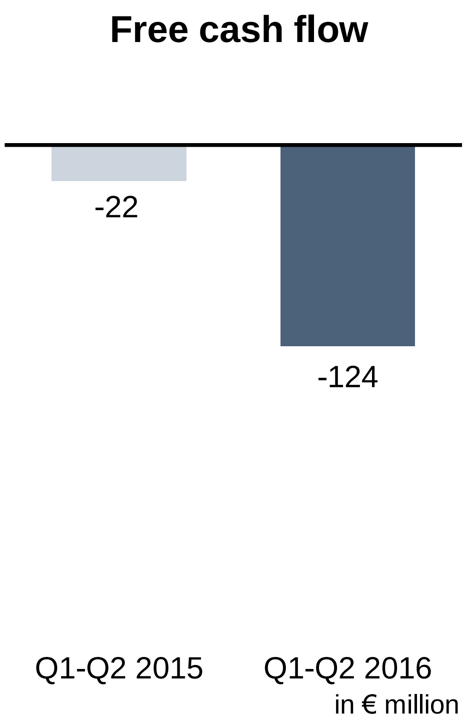
in € million

All figures refer to continuing operations unless stated otherwise

** includes continuing and discontinued operations*

January to June 2016:
Operating cash flow below prior-year level due to restructuring payments as well as increase in working capital





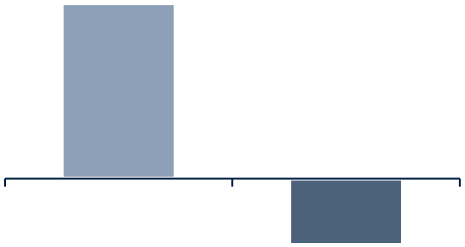
All figures refer to continuing operations unless stated otherwise

January to June 2016:
Business development in both segments as expected

Output volume*

in € million	Q1-Q2 2016	Q1-Q2 2015	*Year-on-year*
Industrial	1,622	1,781	*-9%*
Power	505	607	*-17%*
Consolidation/other	14	24	
Group	**2,141**	**2,412**	*-11%*

EBITA adjusted



in € million	Q1-Q2 2016	Q1-Q2 2015	*Year-on-year*
Industrial	45	48	*-6%*
Power	-17	-71	*+76%*
Consolidation/other	-41	-36	
Group	**-13**	**-59**	*+78%*

** Before consolidation/others*

Industrial:
Stable demand for maintenance services in chemical and pharmaceutical industries

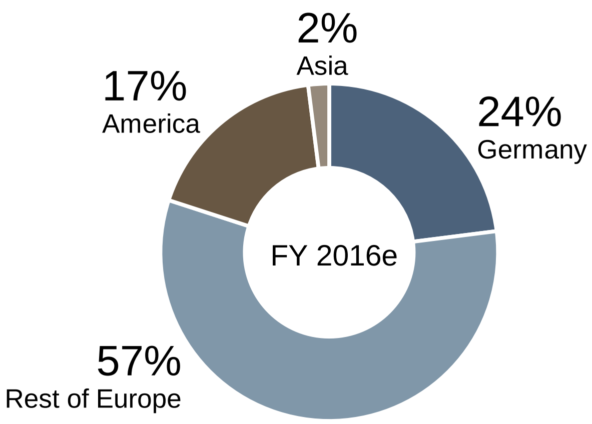
Market situation

- **Europe:**
  Good demand for turnarounds
  Industrial scaffolding solid; highly-competitive environment for plant insulation in GER
  Business development in British and Scandinavian oil and gas sector remains restrained
  Generally limited willingness to invest in projects except for biotech pharma industry
- **United States:**
  Project business negatively impacted after the end of the shale gas boom
  Demand for maintenance in process industry more stable

in € million	Q2 2016	Q2 2015	*Change*	FY 2015
Output volume	**834**	946	*-12%*	3,650
Orders received	**825**	876	*-6%*	3,302
Order backlog	**2,001**	2,416	*-17%*	2,101
Capital expenditure	**14**	10	*40%*	47
Depreciation of P, P & E *	**15**	24	*-38%*	70
EBITA adjusted	**31**	39	*-21%*	128
EBITA margin adjusted	**3.7%**	4.1%		**3.5%**

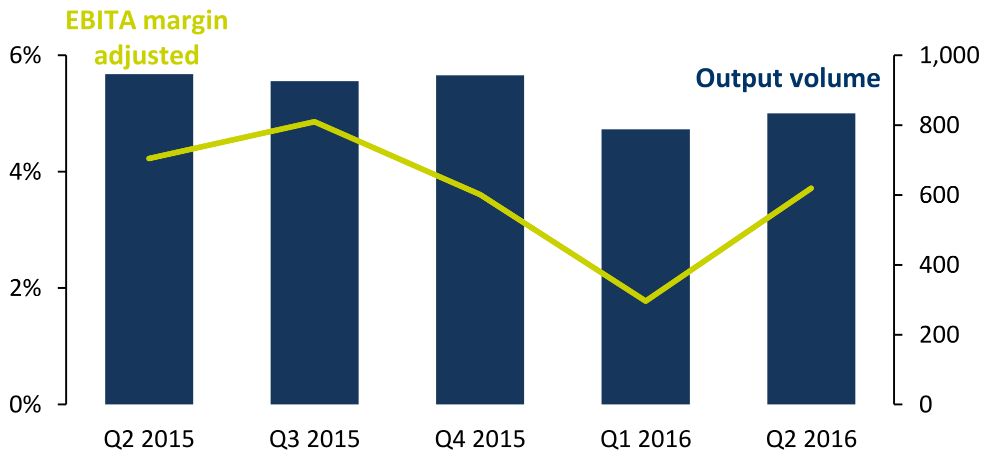
**In Q2 2015: thereof €7m exceptional depreciation (restructuring Industrial)*

Output volume by region



Industrial:
Book-to-bill at 1

in € million	Q2 2016 reported	*Year-on-year*	*Organic*
Output volume	**834**	*-12%*	*-8%*
Orders received	**825**	*-6%*	*-2%*
EBITA adjusted	**31**	*-21%*	*-17%*



Quarterly development

- Organic development in orders received almost stable
- Lower EBITA due to lower output volume, mainly in European oil and gas sector, as well as weak environment for US project business
- Efficiency enhancement measures start to take effect – will show even higher impact in second half

Power:
Demand in project business remains low

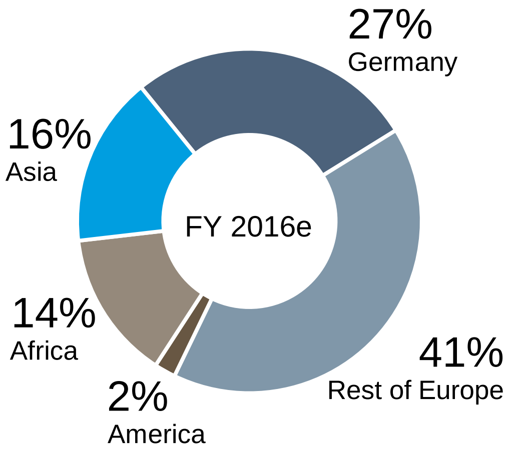
Market situation

- **Fossil fuel power plants:**
  Germany and other European countries: Substantial price pressure due to market over-capacities, demand for services declining as a result of insufficient capacity utilization and profitability of the power plants
  South Africa and Middle East: Stable demand in services business
- **Nuclear Power:**
  Individual projects in Germany and abroad offer medium term prospects

in € million	Q2 2016	Q2 2015	*Change*	FY 2015
Output volume	**258**	320	*-19%*	1,284
Orders received	**189**	262	*-28%*	986
Order backlog	**650**	1,050	*-38%*	762
Capital expenditure	**2**	2	*0%*	9
Depreciation of P, P & E *	**18**	6	*200%*	37
EBITA adjusted	**-11**	-53	*79%*	-69
EBITA margin adjusted	**-4.3%**	-16.6%		**-5.4%**

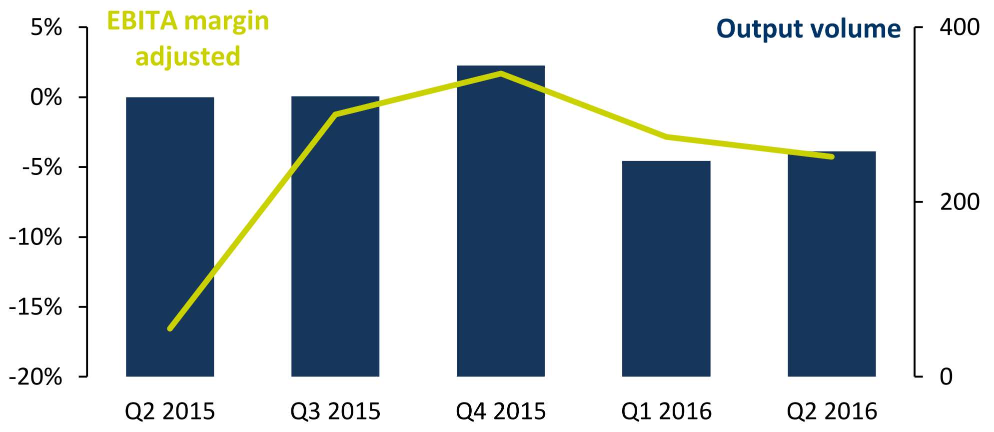
**Output volume by region*In Q2 2016: thereof €14m (in FY 2015: thereof €14m) exceptional depreciation (restructuring Power)*

Output volume by region



Power:
Reduction in output volume due to sustained market weakness

in € million	Q2 2016 reported	*Year-on-year*	*Organic*
Output volume	**258**	*-19%*	*-13%*
Orders received	**189**	*-28%*	*-20%*
EBITA adjusted	**-11**	*+79%*	*+77%*



Quarterly development

- Orders received on low level due to substantially fewer projects in the market for fossil fuel power plants
- Still negative, but significantly improved EBITA adjusted through positive effects from capacity adjustments and reduced project losses based on better risk management

Outlook FY 2016

Outlook confirmed despite weak environment for US project business
Efficiency enhancement measures with higher impact in second half

	Output volume		Adjusted EBITA	
in € million	**2015**	**expected 2016**	**2015**	**expected 2016**
Industrial	3,650	significant decrease to about €3.1 billion	128	at prior-year level
Power	1,284	significant decrease to about €1.0 billion	-69	significant improvement, but still negative
HQ/Others*	68	-	-82	-
Group	**5,002**	significant decrease to about €4.1 billion	**-23**	significant improvement

** Including Government Services*
Definition for the qualified comparative forecast:
at prior-year level: + / -0%; slight: 1-5%; significant: > 5%

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August 10, 2016

Outlook FY 2016
Special items

Backup

In 2016, from today's perspective, we expect the following **significant special items**:

- **Capital gain** from the sale of the Building and Facility segment of **~ €500 million**
- One-time expenses for the program to reduce administrative expenses in the high double-digit million euro range. This includes investments of over €50 million for the harmonization of our IT systems, of which a small portion will be incurred in 2016. Restructuring costs are also included, of which the majority will be recognized in profit or loss in the current year.
- In the **Power** business segment, additional **restructuring expenses** in the mid double-digit million euro range as well as extraordinary **non-cash impairments on tangible assets** in the amount of **€14 million**.
- A substantial portion of the one-time expenses in connection with the **further development of our compliance** system and the conclusion of older cases in the total amount of approximately **€50 million.**
- Reported net profit will also be burdened by the **non-capitalization of deferred tax assets** on the negative result of the holding.

Q2 2016
Volume and contract overview

Backup

in € million	Output volume Q2 2016	Output volume Q2 2015	Output volume *Change*	Orders received Q2 2016	Orders received Q2 2015	Orders received *Change*	Order backlog Q2 2016	Order backlog Q2 2015	Order backlog *Change*
Industrial	**834**	946	*-12%*	**825**	876	*-6%*	**2,001**	2,416	*-17%*
Power	**258**	320	*-19%*	**189**	262	*-28%*	**650**	1,050	*-38%*
Consolidation/ Other	**5**	15		**12**	46		**26**	71	
Continuing Operations	**1,097**	**1,281**	***-14%***	**1,026**	**1,184**	***-13%***	**2,677**	**3,537**	***-24%***

Q1-Q2 2016
Volume and contract overview

Backup

BILFINGER ENGINEERING AND SERVICES

in € million	Output volume H1 2016	Output volume H1 2015	Output volume Change	Orders received H1 2016	Orders received H1 2015	Orders received Change	Order backlog H1 2016	Order backlog H1 2015	Order backlog Change
Industrial	1,622	1,781	*-9%*	1,607	1,716	*-6%*	2,001	2,416	*-17%*
Power	505	607	*-17%*	419	586	*-28%*	650	1,050	*-38%*
Consolidation/ Other	14	24		13	-5		26	71	
Continuing Operations	**2,141**	**2,412**	***-11%***	**2,039**	**2,297**	***-11%***	**2,677**	**3,537**	***-24%***

FY 2015
Volume and contract overview (new structure)

	Output Volume	Orders received	Order backlog
in € million	**FY 2015**	**FY 2015**	**FY 2015**
Industrial	**3,650**	**3,302**	2,101
Power	**1,284**	**986**	762
Consolidation/ Other	**68**	**13**	39
Continuing Operations	**5,002**	**4,301**	**2,902**

Organic development output volume

Backup

in € million	Q2 2015	Δ Net acquisitions		Δ F/X		Δ Organic		Q2 2016	
Industrial	946	-12	*-1%*	-21	*-3%*	-79	*-8%*	834	*-12%*
Power	320	-12	*-3%*	-9	*-3%*	-41	*-13%*	258	*-19%*
Continuing Operations	1,281	-25	*-2%*	-30	*-2%*	-129	*-10%*	1,097	*-14%*

in € million	H1 2015	Δ Net acquisitions		Δ F/X		Δ Organic		H1 2016	
Industrial	1,781	-12	*-1%*	-29	*-1%*	-118	*-7%*	1,622	*-9%*
Power	607	-12	*-2%*	-20	*-4%*	-70	*-11%*	505	*-17%*
Continuing Operations	2,412	-25	*-1%*	-49	*-2%*	-197	*-8%*	2,141	*-11%*

Organic development orders received

Backup

in € million	Q2 2015	Δ Net acquisitions		Δ F/X		Δ Organic		Q2 2016	
Industrial	876	-14	*-2%*	-17	*-2%*	-20	*-2%*	825	*-6%*
Power	262	-12	*-5%*	-8	*-3%*	-53	*-20%*	189	*-28%*
Continuing Operations	1,184	-26	*-2%*	-25	*-2%*	-107	*-9%*	1,026	*-13%*

in € million	H1 2015	Δ Net acquisitions		Δ F/X		Δ Organic		H1 2016	
Industrial	1,716	-14	*-1%*	-28	*-1%*	-67	*-4%*	1,607	*-6%*
Power	586	-12	*-2%*	-15	*-2%*	-140	*-24%*	419	*-28%*
Continuing Operations	2,297	-26	*-1%*	-43	*-2%*	-189	*-8%*	2,039	*-11%*

Organic development EBITA adjusted

Backup

in € million	Q2 2015	Δ Net acquisitions		Δ F/X		Δ Organic		Q2 2016	
Industrial	39	-1	*-2%*	-1	*-2%*	-6	*-17%*	31	*-21%*
Power	-53	0	*-1%*	2	*+3%*	40	*+77%*	-11	*+79%*
Continuing Operations	-34	-1	*-2%*	1	*+3%*	36	*+105%*	2	*+106%*

in € million	H1 2015	Δ Net acquisitions		Δ F/X		Δ Organic		H1 2016	
Industrial	48	-1	*-2%*	-1	*-2%*	-1	*-2%*	45	*-6%*
Power	-71	0	*0%*	1	*2%*	53	*+74%*	-17	*+76%*
Continuing Operations	-59	-1	*-1%*	-1	*-1%*	48	*+80%*	-13	*+78%*

Income statement

Backup

ENGINEERING AND SERVICES
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in € million	Q1-Q2 2016	Q1-Q2 2015	FY 2015	*Comments Q1-Q2 2016*
Output volume	**2,141**	**2,412**	**5,002**	
EBITA	-118	-44	-157	
EBITA adjusted	**-13**	**-59**	**-23**	*See separate slide „Overview of earnings adjustments“*
EBITA margin adjusted	*-0.6%*	*-2.4%*	*-0.5%*	
Amortization	6	338	344	*FY 2016e: ~€10m*
EBIT	-124	-382	-501	*Depreciation of P, P&E: €54m*
Net interest result	-11	-17	-30	*In Q1-Q2 2015 higher interest expenses due to a project financing in Power*
EBT	-135	-399	-531	
Income taxes	-11	-68	-60	*Nearly no deferred taxes were capitalized for tax losses*
Earnings after taxes from continuing operations	-146	-467	-591	
Earnings after taxes from discontinued operations	10	23	64	*Operating result of divisions sold to EQT €26m, Concessions €0m, result from the sale of Water division -€16m, operating result Water division -€3m, operating result Offshore and the former Construction activities €2m*
Minority interest	2	5	17	
Net profit	**-134**	-439	-510	
Net profit adjusted (continuing operations)	-15	**-48**	**-30**	

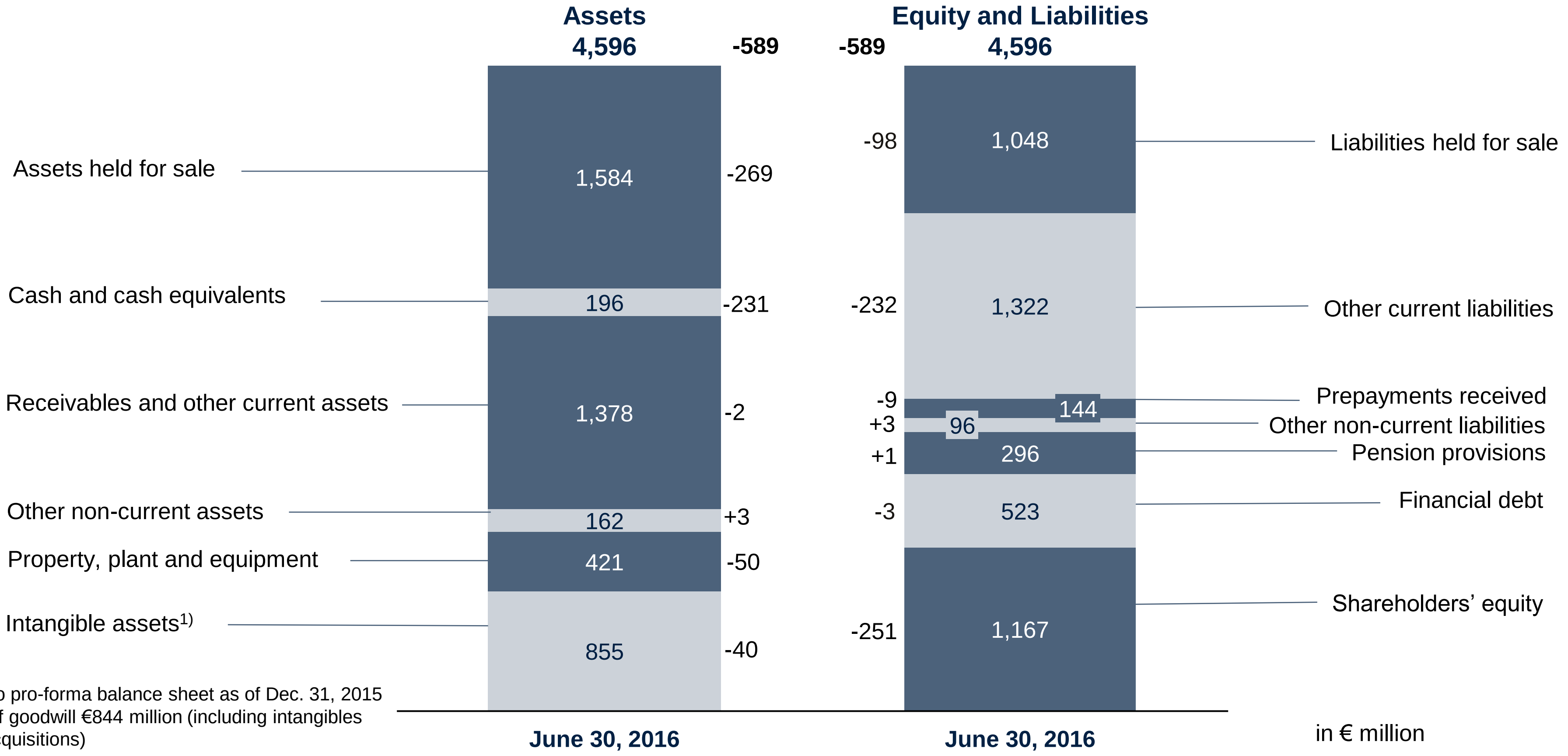
Overview of earnings adjustments

Backup

in € million	Q1-Q2 2016	Q1-Q2 2015	FY 2015	Comments Q1-Q2 2016
EBITA	**-118**	-44	**-157**	
Adjustments special items (pre-tax)	105	-15	134	***In Q1-Q2 2016:*** *restructuring (particularly Power) €43m* *Sale of Engineering Services Asian Pacific and MCE Stahlbau, reversal of the acquisition of Mauell as well as sales related expenses €28m* *Impairments on tangible assets Power €14m* *Efficiency enhancements headquarters €12m* *Further development compliance system €8m* ***In Q1-Q2 2015:*** *capital gain from the sale and re-evaluation of Nigerian activities and sale of remaining concessions activities -€58m* *Restructuring (particularly Industrial) €24m* *Impairments on tangible assets Industrial €7m* *Sales related expenses €4m* *Efficiency enhancements headquarters €4m* *Further development compliance system €4m*
EBITA adjusted	**-13**	**-59**	**-23**	
Net interest	-11	-17	-30	
Normalized/ Underlying tax rate	7	24	16	*Normalized tax rate of 31%*
Minorities	2	4	7	
Net Profit adjusted continuing operations	-15	**-48**	**-30**	
EPS adjusted continuing operations	**-0.34**	**-1.09**	**-0.68**	

Balance sheet

Backup



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

1) Thereof goodwill €844 million (including intangibles from acquisitions)

Valuation net debt

Backup

in € million	Jun. 30, 2016	Dec. 31, 2015*	*Comments Jun. 30, 2016*
Cash and cash equivalents	196	427	*See cash flow statement for details of change*
Financial debt	-523	-526	*Including €500 million corporate bond (due Dec. 2019)*
Net cash (+) / net debt (-)	**-327**	**-99**	
Pension provisions	-296	-295	*Increase due to lower discount rate (from 2.25% to 1.30% in Euro-Zone), offset by deconsolidation of Mauell (€36m)*
Expected cash-in disposals	Approx. 935	Approx. 1,125	*Expected sale of Building and Facility divisions €900 million* *Expected sale Nigerian activities €35m*
Inter-company loan Building and Facility divisions sold to EQT	-77	-180	
Financial assets (disposal Building and Facility divisions)	300	300	*Approx. €200 million earn-out agreement and approx. €100 million vendor's claim*
Future cash-out restructuring and risk provisions	Approx. -180	Approx. -223	*Including future cash-out restructuring Industrial and Power, SG&A efficiency program (approx. €160m)* *and legacy (Tubin, approx. €20m)*
Future cash-out Compliance	-40	-50	
Further intra-year working capital need (seasonal shift)	-	-150 to -200	
Valuation cash (+) / net debt (-)	**Approx. 300**	**Approx. 400**	

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

Cashflow statement

Backup

in € million	Q1-Q2 2016	Q1-Q2 2015	FY 2015	*Comments Q1-Q2 2016*
Cash earnings from continuing operations	**-81**	**-49**	**-122**	
Change in working capital	-218	-51	203	*Typical intra-year increase in working capital, though more pronounced as in previous year. Power in previous year with extraordinary lower working capital.*
Gains on disposals of non-current assets	14	-39	-42	*Contains expenses from disposals*
Cash flow from operating activities of continuing operations	**-285**	**-139**	**39**	
Net capital expenditure on property, plant and equipment / intangibles	-17	-19	-36	*Gross Capex FY 2016e: up to 100m EUR*
Proceeds from the disposal of financial assets	178	136	214	*Esp. cash inflow from the sale of Water division*
Free cash flow (continuing operations)	**-124**	**-22**	**217**	
Investments in financial assets of continuing operations	**-2**	-1	-4	
Cash flow from financing activities of continuing operations	**-4**	**-3**	**-105**	
Change in cash and cash equivalents of continuing operations	**-130**	-26	108	
Change in cash and cash equivalents of discontinued operations	**-110**	-93	-45	*Thereof divisions sold to EQT: -€61m, Construction: -€27m, Offshore: -€30m*
F/X effects	-1	4	2	
Cash and cash equivalents at Jan. 1	475	403	403	
Change in cash and cash equivalents classified as assets held for sale	-38	-51	7	
Cash and cash equivalents at Jun. 30	**196**	**237**	**475**	

Discontinued operations: Building and Facility

Backup

- The Building, Facility Services and Real Estate divisions were sold in June 2016 to financial investor EQT, the transaction is expected to be completed in the third quarter of 2016.
- Output volume: In the magnitude of the prior year.
- Orders received: Below unusually high prior-year figure, typical volatility in this business.
- Adjusted EBITA: At prior-year level.

in € million	**H1 2016**	**H1 2015**	*Change*	**FY 2015**
Output volume	**1,165**	1,183	*-2%*	2,501
Orders received	**1,207**	1,774	*-32%*	3,286
Order backlog	**2,625**	2,410	*9%*	2,581
Capital expenditure	**6**	10	*-40%*	16
Depreciation of P, P & E	**4**	4	*0%*	17
EBITA adjusted	**45**	47	*-4%*	126
EBITA margin adjusted	**3.9%**	4.0%		**5.0%**

Disclaimer

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