Press Release

February 14, 2018

Bilfinger 2017: Stable foundation laid for the future

- **Organic growth in orders received after three years of decline**
- **Trend reversal: Output volume better than expected**
- **Growth driver digitalization: Investments of €20 million in business development**
- **Intended dividend payout for financial year 2017: €1.00**
- **Outlook: Significant improvement in earnings**

In financial year 2017, industrial services provider Bilfinger laid the foundation for sustainable future growth. In what remains a difficult market environment orders received increased organically after three years of decline. A reversal of the previous trend is also apparent in output volume: The Group returned to organic growth in the third and fourth quarters. Output volume for the full-year thus exceeded expectations. In orders received we grew organically once again and, despite burdens from US legacy projects, we were able to achieve a break-even result in adjusted EBITA.

CEO Tom Blades: “We have structured, stabilized and put Bilfinger on a sounder footing. Our strategy 2020 is taking hold. Progress is noticeable and we are taking bigger operational steps forward.”

Growth driver digitalization – investments in business development

Bilfinger views digitalization of the process industry as one of the Group’s key growth opportunities in the years to come. There is substantial pent-up demand at mid-sized companies in the sector. With its technologies, Bilfinger is in a position to significantly increase the effectiveness of a plant, to decrease maintenance costs and to reduce unplanned downtimes. The underlying concept for the digitalization of the process industry is called “BCAP” (Bilfinger Connected Asset Performance).

“For small and medium-sized companies, there is nothing comparable currently on offer. With BCAP, we are closing a gap in the market. We offer consulting, digital networking, data collection and analysis as well as forward-looking maintenance all from a single source. My expectation is that this will give us a significant growth spurt, because we are already there where digitalization is needed”, says Blades.

Peter Stopfer • Phone +49 621 459 - 2892 • peter.stopfer@bilfinger.com

To further support growth opportunities, the Group is investing an additional roughly €20 million in financial year 2018. These investments will be made in the expansion of the service range especially in the field of digitalization as well as in strategic business development.

Rapid implementation of strategy 2020 – streamlining of portfolio well advanced
In the implementation of strategy 2020, Bilfinger is undergoing three phases; stabilization, build-up and build-out. Key milestones have been achieved and the company is now transitioning from the stabilization to the build-up phase.

Further progress was also made in the streamlining of the portfolio in recent months. Of the 13 loss-making companies up for sale that are no longer part of the core business, ten of them have been sold to date. The process is expected to be concluded as planned for all 13 units by mid 2018.

Internal fitness program – compliance, IT systems, BTOP
To ensure that Group structures and processes are fit for the future, Bilfinger has initiated Group-wide programs, one of which is "BTOP". The objective of BTOP is to take greater advantage of the strengths inherent in the Group. B stands for Bilfinger and TOP for the initiatives that serve to drive improvement processes throughout the Group.

At the same time, substantial investments are being made in the harmonization and enhancement of the IT and process landscape in order to increase the effectiveness and flexibility of these systems. These investments will amount to more than €50 million over a period of three years.

A positive impact will also be provided through the reduction in the number of legal entities which, at the end of the year, dropped below the interim target of 200 to stand at 196. The focus is especially on merging operating units, leading not only to a reduction in sales and administrative expenses, but also allowing for a more aggressively pursuit of a uniform market appearance. Much was achieved in the area of compliance in financial year 2017. The company is well on its way to putting a first-class compliance system in place. This includes, among other things, Group-wide uniform processes and systems, regular training for all affected employees as well as the consistent pursuit of both internal and external allegations. Our objective is clearly laid-out in the Group Mission Statement: We never compromise on safety and integrity.

Peter Stopfer • Phone +49 621 459 - 2892 • peter.stopfer@bilfinger.com

Key figures for the Bilfinger Group

in € million

	Q1- Q4			Q4		
	2017	2016	Δ in %	**2017**	2016	**Δ in %**
Orders received	**4,055**	4,056	0 (org. 4)	**1,085**	1,069	1 (org. 6)
Order backlog	**2,530**	2,618	-3 (org. 2)	2,530	2,618	-3 (org. 2)
Output volume	**4,024**	4,219	-5 (org. 0)	**1,077**	1,058	2 (org. 8)
EBITA adjusted	**3**	15	-80	**40**	7	471
EBITA margin adjusted (in %)	**0.1**	0.4		**3.7**	0.7	
EBITA	**-118**	-221	47	**2**	-49	104
Adjusted net profit	**-9**	-8	-13	**23**	-4	675
Adjusted earnings per share (in €)	**-0.19**	-0.17	-12	**0.52**	-0.08	750
Net profit	**-89**	271*	-129	**-6**	-53	89
Operating cash flow	**-119**	-204	42	**48**	36	33
Adjusted operating cash flow	**-7**	-51	86	**78**	68	15
Free cash flow	**-181**	-244	26	**32**	21	52
Adjusted free cash flow	**-69**	-91	24	**62**	53	17
Capital expenditure on P, P & E	**71**	70	1	**19**	25	-24
Employees (number at December 31)	**35,644**	36,946	-4	35,644	36,946	-4

** includes a capital gain in the amount of €539 million*

Business development in 2017
In financial year 2017, orders received for the Bilfinger Group of €4,055 million reached the level of the prior year, organically the figure rose by 4 percent. At the end of the year, order backlog amounted to €2,530 million, and was thus 3 percent below the figure for the prior year (organically: +2 percent). Output volume was down 5 percent at €4,024 million, the decrease was thus lower than expected. Organically, output volume was stable as compared the prior year.

In the Engineering & Technologies segment, orders received of €1,074 million declined as anticipated and output volume decreased to €1,106 million, also in line with expectations. In the Maintenance, Modifications & Operations segment, on the other hand, orders received grew to €2,535 million, output volume increased slightly to €2,515 million.

Adjusted EBITA at year-end was €3 million. This reflected the risk provisions for legacy projects in the USA of about €50 million. In the Engineering & Technologies segment, adjusted EBITA improved slightly, despite the losses from the legacy projects, to -€26 million. In the Maintenance, Modifications & Operations segment, adjusted EBITA dropped to €98 million. This was caused by a weaker turnaround business and burdens from framework agreements with new customers in the ramp-up phase.

Net profit was -€89 million. Here it is important to keep in mind that the prior year figure of €271 million included a capital gain of €539 million from the sale of the divisions Building, Facility Services and Real Estate. Net profit adjusted for amortization of intangible assets from acquisitions and goodwill impairment as well as special items remained nearly unchanged at -€9 million.

Return on capital employed (ROCE) improved on a comparative basis but remained negative at -5.5 percent. Free cash flow (-€181 million) and adjusted free cash flow (-€69 million) were both negative, though each showed improvement as compared with the prior year.

Intended dividend payout for financial year 2017: €1.00
Considering the sound balance sheet and planned positive business development, the Executive Board – subject to a corresponding resolution from the Supervisory Board – will propose to the Annual General Meeting a dividend payout of €1.00 per share for financial year

Peter Stopfer • Phone +49 621 459 - 2892 • peter.stopfer@bilfinger.com

2017, despite the negative adjusted net profit. In relation to the share price at the end of 2017, this represents a dividend yield of 2.5 percent.

Outlook

In financial year 2018, Bilfinger anticipates organic growth in orders received in the mid single-digit percentage range. From the beginning of the financial year, the company no longer reports according to output volume, but according to revenue. After Group revenue in the reporting year of €4,044 million developed better than expected, for 2018 Bilfinger anticipates organically stable to slightly growing revenue as a result of the now higher base level.

For adjusted EBITA (reporting year: €3 million), the Group expects a significant increase to a figure in the mid to higher double-digit million Euro range. Included in this figure is an increase in expenses by about €20 million for intensified activities in business development, particularly for the further development and market launch of the digitalization offerings. These activities will also contribute to an acceleration of growth in the coming years.

Return on capital employed and free cash flow will also improve significantly, though in 2018 both figures will again be negative due to special items.

Additional information

You can find the presentation of the preliminary figures 2017 on the Bilfinger website at www.bilfinger.com

Media conference (German, English translation):

Wednesday, 11:00 am CET

Stream

Bilfinger is a leading international industrial services provider. The Group enhances the efficiency of assets, ensures a high level of availability and reduces maintenance costs. The portfolio covers the entire value chain from consulting, engineering, manufacturing, construction, maintenance, plant expansion as well as turnarounds and also includes environmental technologies and digital applications.

The company delivers its services in two business segments: Engineering and Technologies and Maintenance, Modifications & Operations. Bilfinger is primarily active in the regions Continental Europe, Northwest Europe, North America and the Middle East. Process industry customers come from sectors that include chemicals & petrochem, energy & utilities, oil & gas, pharma & biopharma, metallurgy and cement. With its 36,000 employees, Bilfinger upholds the highest standards of safety and quality and generated revenue of €4.044 billion in financial year 2017.

More information, photos and videos can be found at

Peter Stopfer • Phone +49 621 459 - 2892 • peter.stopfer@bilfinger.com