Investor Relations News

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Bilfinger Q1 2021 financial results

Encouraging performance: positive EBITA and improved free cash flow

- **Market:** Increase in activity level
- **Orders received €1.001 bn/-1% org.:** E&M Europe robust, sizeable project in North America won
- **Revenue €833 m/-5% org.:** E&M Europe and Technologies on solid level; prior-year quarter had still been largely unaffected by Covid-19 and oil price
- **Adjusted EBITA €11 m/1.3% margin:** Structural improvements and reduced cost base show effect
- **Reported net profit €10 m:** Positive, also due to additional capital gain from PPN Apleona
- **Reported free cash flow -€28 m:** Significant improvement against prior-year quarter
- **Net liquidity:** Cash-in of €458 m in Apleona proceeds on May 10
- **Outlook 2021 confirmed:** Significant revenue growth and substantial EBITA improvement

Bilfinger today reports a positive start to the year. The industrial services provider has shown solid results in the first quarter of 2021, reporting a clearly positive EBITA and improved year-on-year cash flow development. The company is experiencing a rise in activity level in most of its markets. Orders received again reached the €1 billion level, with a robust European E&M business as well as a sizeable project in North America. Revenues were down against the prior-year level when sales had not yet been materially affected by the COVID-19 pandemic nor by the substantial oil price reduction in March 2020. Nevertheless, with positive EBITA reported and net profit, the company is demonstrating the increased cost agility it has built up during the past year.

“This encouraging first quarter shows that we are benefiting from the structural improvements and reduced cost base we introduced in recent years, especially in 2020. One of our goals is a less seasonal earnings profile, which our operations achieve thanks to more agile capacity management – especially in the first months of the year, when revenues are typically lowest,” commented interim CEO and CFO Christina Johansson. “On that basis, we are happy to confirm our 2021 outlook today and expect further progress during the year.”

Bilfinger continues to proceed with its strategic development. In April, the company signed an agreement to divest another non-core entity. Closing is expected to take place in the second quarter of 2021. In its push for growth, Bilfinger is increasingly focusing on a number of sales initiatives in 2021, addressing dynamic sectors such as energy efficiency, life science as well as in the North American maintenance market.

Additionally, the proceeds from the preferred participation note for Apleona in the amount of €458 million were transferred to Bilfinger on May 10, 2021. This increases the company's ability to pursue growth opportunities both organically and through M&A activities.

Group performance in Q1 2021

Orders received by the Group in the first three months of 2021 amounted to €1,001 million (prior year: €1,060 million). With an organic decrease of -1 percent, the figure remained at a good level. This was due in particular to robust development in European markets as well as to a major project award in North America. Organically, the order backlog grew by 11 percent to €2,796 million and exceeded both the figure for the prior-year quarter (€2,562 million) and the figure at the end of 2020 (€2,585 million). The book-to-bill ratio stood at a good 1.2.

Group revenue decreased organically by 5 percent to €833 million compared with the prior-year quarter (€915 million), which had still been largely unaffected by the COVID-19 pandemic that was just emerging at the time. At 9.4 percent (prior year: 7.4 percent), the gross margin improved considerably, as did gross profit, which grew to €79 million (prior year: €67 million). Adjusted SG&A expenses further decreased to €70 million (prior year: €84 million) and were thus below the sustainable target level of €75 million per quarter due to continuing low travel expenses and other COVID-19 related effects. The adjusted SG&A ratio measured against revenue was 8.4 percent (prior year: 9.2 percent).

Bilfinger achieved positive adjusted EBITA of €11 million in the first quarter of 2021 (prior year: -€11 million), which corresponds to an adjusted EBITA margin of 1.3 percent (prior year: -1.2 percent). This was due to favorable effects from efficiency enhancement programs as well as from improved capacity management. Reported EBITA was also positive at €9 million (prior year: -€20 million), reflecting the significant reduction in special items to -€2 million (prior year: -€9 million), which in the first quarter of 2021 related in particular to the harmonization of the IT landscape. Following the increased expenses for restructuring measures in 2020, only smaller amounts are anticipated for this in 2021.

Engineering & Maintenance Europe segment
In E&M Europe, orders received exceeded the prior-year figure as the result of 8 percent organic growth and reached €675 million (prior year: €631 million). Significant growth rates were recorded, particularly in Northern Europe and the United Kingdom. Revenue was almost stable, in organic terms it decreased by 2 percent to €561 million (prior year: €573 million). Bilfinger's European maintenance business remained robust, although there was a decrease in revenues as a result of COVID-19-related logistical restrictions in upstream oil and gas activities in the North Sea. The book-to-bill ratio in the first quarter was 1.2. The segment's adjusted EBITA increased significantly to €16 million (prior year: €4 million), corresponding to a margin of 2.9 percent (prior year: 0.7 percent).

Engineering & Maintenance International segment
Orders received at E&M International increased organically by 13 percent to €161 million (prior year: €154 million). Development in North America was supported by a major project order concerning the construction of a polymer facility for INEOS Styrolution in Texas. In the Middle East, orders received were in the same range as in the prior year. Revenue decreased organically by 28 percent to €110 million (prior year: €165 million). Adjusted EBITA was again negative at -€5 million (prior year: -€1 million); the adjusted EBITA margin was -4.7 percent (prior year: -0.8 percent). The strategic measures introduced coupled with a number of sales initiatives are paving the way to a return to positive development in the E&M International segment.

Technologies segment
At Technologies, orders received decreased organically by 59 percent to €115 million (prior year: €287 million). The prior-year quarter showed an exceptionally high order intake due to major contracts, including for the Hinkley Point C nuclear power plant in the United Kingdom. Revenue grew organically by 18 percent, reaching €130 million (prior year: €113 million) in the first quarter of 2021. The segment's adjusted EBITA was positive at €3 million (prior year: -€5 million), continuing the encouraging trend seen in the second half of 2020. Accordingly, the adjusted EBITA margin improved to 2.4 percent (prior year: -4.3 percent).

Positive net profit and improved free cash flow
Net profit in the first quarter of 2021 reached a positive figure of €10 million (prior year: -€24 million). This was also due to the improvement in EBITA. In addition, the now final assessment of the value of the preferred participation note for Apleona led to a further write-up of €7 million, which was recognized in the financial result.

The adjusted operating cash flow was balanced at €0 million (prior year: -72 million). Reported free cash flow also improved significantly to -€28 million (prior year: -€93 million) due to working capital management measures.

Outlook 2021 confirmed

Bilfinger confirms its outlook for the financial year 2021. The Group expects significant revenue growth (2020: €3,461 million). In E&M Europe, revenues (2020: €2,221 million) will grow significantly against the backdrop of the normalization of our business environment and associated catch-up effects. Despite an increasing recovery, however, revenues in the upstream North Sea oil and gas business will not reach 2019 levels. Significant growth is also expected at E&M International (2020: €521 million). In North America in particular, we are assuming an increasing number of projects that will again lead to growing revenues in the second half of the year. In Technologies, Bilfinger anticipates significant year-on-year growth (2020: €498 million) due to the high order backlog and strong development of the nuclear power and biopharma markets. In Other Operations (2020: €263 million), revenues are anticipated to be significantly below the prior-year level due to deconsolidation effects.

Bilfinger expects a substantial improvement in adjusted EBITA (2020: €20 million). The adjusted EBITA margin will return to the pre-crisis level of financial year 2019 (2.4 percent), although revenue in 2021 is expected to be significantly below 2019. The structural cost-cutting measures that were implemented with great agility in the second half of 2020 have been showing increasingly positive effects in recent months. For E&M Europe (2020: €69 million), Bilfinger therefore expects a significant improvement in adjusted EBITA. The same applies to E&M International (2020: -€21 million) with an anticipated positive result and to Technologies (2020: -€11 million) with a clearly positive adjusted EBITA expected in financial year 2021. For the items summarized in the Reconciliation Group (2020: -€18 million), Bilfinger expects adjusted EBITA to be below the prior-year level due to deconsolidation effects in Other Operations.

The company anticipates a substantial improvement in the Group's reported EBITA (2020: -€57 million) due to significantly lower expenses recognized as special items. The expenses for the restructuring measures implemented as a consequence of the COVID-19 pandemic and the volatile oil price development primarily impacted financial year 2020.

Bilfinger expects free cash flow to be positive but below the prior-year level (2020: €93 million), despite a substantial improvement in EBITA. The reasons for this are increased working capital requirements as a result of the planned revenue growth, the cash-out effects for the restructuring measures implemented in 2020 and a normalized level of capital expenditure.

Key figures for the Group

in € million	Q1			FY 2020
	2021	2020	Δ in %	**2020**
Orders received	**1,001**	1,060	-5 (org: -1)	**3,724**
Order backlog	**2,796**	2,562	9 (org: 11)	**2,585**
Revenue	**833**	915	-9 (org: -5)	**3,461**
Adjusted EBITDA	**35**	16	117	**125**
Adjusted EBITA	**11**	-11	-	**20**
Adjusted EBITA margin (in %)	**1.3**	-1.2	-	**0.6**
EBITA	**9**	-20	-	**-57**
Adjusted net profit	**4**	-13	-	**-8**
Adjusted earnings per share (in €)	**0.10**	-0.31	-	**-0.20**
Net profit	**10**	-24	-	**99**
Operating cash flow	**-23**	-84	-	**120**
Adjusted operating cash flow	**0**	-72	-	**164**
Free cash flow	**-28**	-93	-	**93**
Adjusted free cash flow	**-6**	-80	-	**136**
Capital expenditure on P, P & E	**8**	9	-9	**37**
Employees (number at reporting date)	**28,775**	33,091	-13	**28,893**

Additional information

Bilfinger's Quarterly Statement Q1 2021 is available at: www.bilfinger.com

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, assembly, maintenance and plant expansion to turnarounds and also includes environmental technologies and digital applications.

The company delivers its services in two service lines: Technologies and Engineering & Maintenance. 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 & petrochemicals, energy & utilities, oil & gas, pharma & biopharma, metallurgy and cement. With its ~ 30,000 employees, Bilfinger upholds the highest standards of safety and quality and generated revenue of €3.5 billion in financial year 2020.

You can find additional information, photographs and videos at