Deutsche Bank
dbAccess Berlin Conference

Tom Blades (CEO), Dr. Klaus Patzak (CFO)
June 21 – 22, 2017, Hilton Hotel Berlin
Overview
Tom Blades, CEO
Bilfinger at a glance

- Leading international industrial services provider
- Efficiency enhancement of assets, ensuring a high level of availability and reducing maintenance costs
- Clear 2-4-6 strategy with two divisions, four regions and six industries
- Combination of CAPEX-driven (E&T) and OPEX-driven business (MMO)
- Large share of business with frame contracts and high retention rates
- Well-established customer base with focus on process industry
- Highly recognized safety and quality performance

- € 4.2bn output volume
- thereof >60%
- €15m EBITA adjusted
- Approx. 37,000 employees

based on FY 2016
Back to Profitable Growth
2 Service Lines, 4 Regions, 6 Industries

Our ambition

We engineer and deliver process plant performance

2 Service Lines
- E&T – Engineering & Technologies
- MMO – Maintenance, Modifications & Operations

4 Regions
- Continental Europe
- Northwest Europe
- North America
- Middle East

6 Industries
- Chemicals & Petrochem
- Energy & Utilities
- Oil & Gas
- Pharma & Biopharma
- Metallurgy
- Cement

Where to play

How to win

People & Culture

Customer & Innovation

Organization & Structures

Financials
Service Portfolio
Strong offering for capex and opex driven services
Go-To-Market organization
Market focus, customer centric

E&T – Engineering & Technologies
- Planning
- Execution
- Technologies
- Construction

MMO – Maintenance, Modifications & Operations
- Continental Europe
- Northwest Europe
- Middle East
- North America

6 industries
- Oil & Gas
- Chemicals & Petrochem
- Energy & Utilities
- Pharma & Biopharma
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- Cement

22 plant types
New organizational setup supports strategy implementation and 2020 ambition

- Concentrated know-how
- Centralized project governance
- Leverage high-value resources
- Enables fast roll-out of innovations

In every region:
- Customer proximity
- Management of capacity utilization
- More collaboration and cross selling
- Higher SG&A efficiency
Raising the growth potential
Tom Blades, CEO
Industrial service market
Continuous growth of operating plants

- Number of plants in our defined markets growing constantly

- More than 75% of plants are over 10 years old and number of ageing plants increasing

- Complexity of plants is increasing with positive effect on service requirements

- Ageing plants require higher level of maintenance and modernization

- Customers demand greater efficiency

- Authorities impose stricter environmental standards on plant operators (reduced emissions)

Structural demand for industrial services

Number of plants in our markets

<table>
<thead>
<tr>
<th>Year</th>
<th>1970</th>
<th>1990</th>
<th>2010</th>
<th>2020</th>
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</thead>
<tbody>
<tr>
<td>Active plants under 10 years old</td>
<td>8k</td>
<td>16k</td>
<td>25k</td>
<td>33k</td>
</tr>
<tr>
<td>Active plants over 10 years old</td>
<td>4k</td>
<td>4k</td>
<td>7k</td>
<td>12k</td>
</tr>
</tbody>
</table>

Source: Industrial Info Research
Bilfinger Market Model
Contracted out market is USD 125 bn and rising

### Total service market (2-4-6) [USD bn]

- **2016**
  - MMO: 132
  - E&T: 98
- **2020**
  - MMO: 146
  - E&T: 110

**2020** compared to **2016**
- MMO: +2.4%
- E&T: +2.9%

### Contracted out market (2-4-6) [USD bn]

- **2016**
  - MMO: 125
  - E&T: 62
- **2020**
  - MMO: 71
  - E&T: 72

**2020** compared to **2016**
- MMO: +3.1%
- E&T: +3.7%

### Contracted out market by regions and industries (2016)

- **Regions**
  - Northwest Europe
  - Continental Europe
  - North America
  - Middle East

- **Industries**
  - Chemicals & Petrochem
  - Energy & Utilities
  - Pharma & Biopharma
  - Oil & Gas
  - Metallurgy
  - Cement

Note: E&T market volume comprises projects up to USD Mio 100
Driving profitable growth
Three major growth levers for above market profitable growth

Comparison of growth rates
[CAGR 2016-2020 in %]

<table>
<thead>
<tr>
<th>Total market</th>
<th>Contracted out market</th>
<th>Bilfinger organic growth(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td></td>
<td></td>
<td>[28x399] &gt;5%</td>
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<tr>
<td>[28x376] 2.6%</td>
<td>[28x315] 3.4%</td>
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More than 20 growth initiatives detailed, including:

- References
- Rationale and tactics
- Pre-requisites and mitigation
- Financial effects
- Responsibilities and milestones

Growth levers and growth impact

- MMO: Expand share of wallet in home market, develop growth regions
- E&T: Go-to-Market push in growth regions
- All: Expand Bilfinger value chains into hitherto underserved industry segments

Tracking will be included in group wide tracking tool B TOP

\(^1\) CAGR 2017-2020 in %
Our analysis for sustainable and profitable growth

Our market

<table>
<thead>
<tr>
<th>Total service market (2-4-6) [USD bn]</th>
<th>Contracted out market (2-4-6) [USD bn]</th>
</tr>
</thead>
<tbody>
<tr>
<td>231</td>
<td>256</td>
</tr>
<tr>
<td>96</td>
<td>110</td>
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<tr>
<td>132</td>
<td>146</td>
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<tr>
<td>63</td>
<td>71</td>
</tr>
<tr>
<td>72</td>
<td>72</td>
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$125 bn CAGR ~3.4 %

2-4-6 Market Focus & Customer Centric

What we are

How to win

People, engineering, credentials, customer proximity, innovation

>5 % top line
CAGR 1

1 CAGR 2017-2020 in %
Improving our financial performance
Dr. Klaus Patzak, CFO
Ambitions will be achieved in three stages

- Stabilization
- Build up
- Build out

What does it mean in numbers?
How will we execute?
How will we measure and report progress?
Margin ambition is supported by an extensive profit-pool analysis

- E&T with a defined path to improve profitability
- Entering blended margin range towards the end of the planning period
- Based on growth investments 2017 to 2020 business mix will improve beyond 2020 and lead to further upside potential

1) Estimate based on expected Bilfinger revenues and typical profitability in relevant segments ("Homunculus"), mid-cycle i.e. stable economic environment
We will address all P&L line-items

GROSS MARGIN

- LOA¹ process
- Project management

Addressing both line items

ADDRESSING BOTH LINE ITEMS

- Process and IT harmonization
- Procurement

Impact on gross margin: ~200bps

Impact on SG&A ratio: ~300bps

SG&A RATIO

- Lean headquarters
- Lean structures in the field

AMBITION²

EBITA margin increase of ~500bps by 2020

1) Limits of authority  2) Mid-cycle targets
Verticalized organization in E&T supports centralized project governance approach

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
</tr>
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<tbody>
<tr>
<td>12</td>
<td>1</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
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</tbody>
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- Implementation of stage gate process in ex-Power units
- Quarterly project reviews
- Introduction of mandatory risk categories (projects)
- Introduction of mandatory risk categories (frame contracts)
- Start of risk-sensitive approval process up to Board level
- Special focus on USA and other non-Power units in E&T (skill set, stage gate process)
- Implementation of quantitative risk analysis
- Introduction of Project Manager Database

2017 - “transitional” year

2018 – “clean”

- Stage gate process fully rolled out
- Project governance approach established
Dr. Klaus Patzak, CFO
Market environment remains challenging

<table>
<thead>
<tr>
<th>Oil &amp; Gas in North America recovering</th>
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<tbody>
<tr>
<td>Especially in shale gas, but also in downstream</td>
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<table>
<thead>
<tr>
<th>Oil &amp; Gas in Northwest-Europe stable on a low level</th>
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<tbody>
<tr>
<td>Oil and gas suppliers with significant earnings improvement</td>
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<table>
<thead>
<tr>
<th>Chemicals mixed</th>
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</thead>
<tbody>
<tr>
<td>Development in Europe mixed and market highly competitive, stronger in North America</td>
</tr>
</tbody>
</table>

| Conventional energy remains weak |

| Biopharma with dynamic growth |
Q1 2017 characterized by strategic repositioning
Development as planned in a continued challenging environment

- Orders received still restrained
- Reduction in output volume as expected
- Adjusted EBITA at prior-year level
- Net profit still negative but improved
- Operating cash flow improved
- Outlook for 2017 confirmed
## How this translates into E&T segment performance

<table>
<thead>
<tr>
<th></th>
<th>FY 2016</th>
<th>Going forward</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Orders received</strong></td>
<td>1,219</td>
<td>2017: Stabilization of orders</td>
</tr>
<tr>
<td><strong>Output volume</strong></td>
<td>1,246</td>
<td>2017: Output volume decrease expected</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CAGR 2018-2020 above Group average</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Important growth areas: North America</td>
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<td></td>
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<tr>
<td></td>
<td></td>
<td>France, U.K. (Nuclear)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>New customers in Pharma &amp; Bio-Pharma</td>
</tr>
<tr>
<td><strong>Adj. EBITA-margin</strong></td>
<td>-2.4%</td>
<td>2017: positive EBITA adjusted</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Entering blended margin range towards the end of the planning period</td>
</tr>
<tr>
<td><strong>Organization</strong></td>
<td></td>
<td>Focus on implementation of new organization and on improvement in project management</td>
</tr>
</tbody>
</table>
How this translates into MMO segment performance

<table>
<thead>
<tr>
<th>in € million</th>
<th>FY 2016</th>
<th>Going forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders received</td>
<td>2,422</td>
<td>2017: Positive trend in orders</td>
</tr>
<tr>
<td>Output volume</td>
<td>2,461</td>
<td>2017: Slight output volume decrease CAGR 2018-2020 below Group average Important growth areas: North America (Chemicals &amp; Petrochem.) Middle East</td>
</tr>
<tr>
<td>Adj. EBITA-margin</td>
<td>4.9%</td>
<td>2017: Decline in EBITA-margin 2018ff: Margin improvement towards upper end of blended margin range</td>
</tr>
<tr>
<td>Organization</td>
<td></td>
<td>Impact of new organization also a cost benefit</td>
</tr>
</tbody>
</table>
Other Operations includes accretive businesses with significant value
Aiming for disposal in the longer run

Progress M&A track dilutive:
• 13 units as of December 31, 2016
• Four have already been sold in Q1: book loss of €14 million, cash-out of €1 million
  So far one has been signed in Q2
• Some are currently in advanced sales negotiations

Accretive:
• Five units “managed for value”
• Fundamentally positive development

Q1/2017: Output volume €109m (Q1/2016: €172m), EBITA adj. -€4m (Q1/2016: -€5m)
Decrease in volume primarily due to disposals, ‘accretive’ units with stable development

Sale of ‘dilutive’ units: effect of approx. minus €30m expected in total (incl. Q1/2017) on cash and on profit and loss respectively
Benefit from 49% of the value creation at Apleona

Vendor's Note: €100m, 10% interest p.a. upon maturity

Preferred participation note (PPN):

- No management involvement
- Certain information rights, some further rights
- Investment: €195m
- If value develops positively, P&L neutral appreciation

Will receive 49% of sales proceeds (after repayment of debt) at exit

Typical money multiple of owner would lead to a significant value upside
## Outlook for FY 2017 confirmed

<table>
<thead>
<tr>
<th>in € million</th>
<th>Starting Point</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Orders received</strong></td>
<td>FY 2016</td>
<td>expected FY 2017</td>
</tr>
<tr>
<td></td>
<td>4,056</td>
<td>Organic increase</td>
</tr>
<tr>
<td><strong>Output volume</strong></td>
<td>4,219</td>
<td>Mid-to-high single-digit organic decline</td>
</tr>
<tr>
<td><strong>Adjusted EBITA / EBITA margin</strong></td>
<td>15 / 0.4%</td>
<td>Continued improvement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Margin increase ~100bps</td>
</tr>
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* Assumption: on a comparable F/X basis

For further outlook information see: Bilfinger Annual Report 2016, Outlook 2017
Intention to resume dividend payment and execute Share Buyback program while targeting investment grade mid- to long-term

| Intended Dividend Policy* | • In 2017 for FY 2016: €1.00 paid-out  
  • Forward floor of €1.00  
  • Sustainable dividend stream going forward: 40 to 60% of adjusted net profit |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Intended Share Buyback Program* | • Shareholders have approved new 10% share buyback authorization in May 2017  
  • Executive Board intends to propose to the Supervisory Board a share buyback program of up to €150m to be executed in FY 2017 and 2018 |
| M&A Criteria | • Consideration of synergetic M&A begins with the initiation of phase II of the strategy  
  • EBITA accretive one year after integration, ROCE beats WACC two years after integration  
  • Immediate start of comprehensive integration |
| Financial Policy | • Ambition: (mid-term perspective) Investment Grade |

* Based on current expectations and execution of presented strategy as well as on economic outlook at the time. Subject to necessary approvals by supervisory Board.
Ambition 2020 will be reached in three phases with clear milestones

- **Stabilization**
  - Strategy defined
  - Organization announced
  - Execution master plan
  - Top Management Team
  - Dividend proposed
  - B TOP rolled out
  - LOA Process rolled out
  - SAP roll-ins commenced
  - CRM implementation started
  - Cash focus in incentive system increased
  - Operating performance improved

- **Build up**
  - Top line growth resumed
  - First successes in new growth areas
  - New organization in full swing
  - Consistent project management process established
  - Net Profit break-even
  - Adj. FCF positive latest in FY 2018
  - Share buyback completed
  - Successfully refinanced

- **Build out**
  - Process and System harmonization fully rolled out
  - Performance culture established
  - Productivity wheel in full swing
  - Complexity significantly reduced

Financial ambition reached
Wrap-up
Tom Blades, CEO
Financial ambition

**Organic Growth**
- >5% CAGR based on FY 2017

**Profit**
- EBITA adjusted ~5%
- Gross margin improvement by ~200bps
- SG&A ratio reduction by ~300bps

**Cash**
- Positive adj. FCF at the latest from 2018 onwards
- Over the cycle, from 2018 onwards: Cash Conversion Rate ~ 1 (minus growth adjustment)¹

**Return**
- Post-tax ROCE² reported: 8 to 10%

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¹ Cash Conversion Definition: (Adj. EBITA + Depreciation – Change NWC - Net CAPEX) / Adj. EBITA
² Capital Employed w/o PPN

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**Capital Structure**
- Investment Grade (mid-term perspective)

**Dividend Policy**
- Sustainable dividend stream going forward
  - Policy: 40 to 60% of adjusted net profit
The Bilfinger Investment Case: Turnaround case based on favorable business model

Structural demand for industrial services
- Increasing # of Industrial plants
- Increasing total service market and contracted out market
- Rising age and complexity
- Customers demand for greater efficiency
- Service bundling
- Stricter environmental standards

Favorable business characteristics
- >60% of output in recurring business
- No material dependency from single clients or regions
- Growing regional diversification

Financial soundness
- BB+ / stable outlook
- 40% equity ratio
- Strong net cash position
- Financial participation in Apleona with significant upside potential

Good starting position:
- Consistently No. 1 supplier of industrial services for the process industry in Europe
- Clearly defined strategy
- Organization derived from strategy
- Detailed implementation plan
- Growth and profitability targets

Asset light business
- Capex: 1.5 – 2.0% of output volume
- Balanced net working capital profile

Shareholder-friendly distribution
- From FY 2016 onwards: 1.00€ dividend floor
- Sustainable dividend stream going forward: 40 to 60% of adjusted net profit
- Share buyback program of up to €150m to be executed in FY 2017 and 2018*

* Based on current expectations and execution of presented strategy as well as on economic outlook at the time.
WE CREATE. WE CARE. WE CAN.

WE MAKE IT WORK.