Bilfinger SE Company Presentation

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UniCredit Kepler Cheuvreux GCC, Frankfurt
January 22, 2019
Overview
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 service lines, four regions and six focus industries
- Combination of CAPEX-driven (E&T) and OPEX-driven business (MMO)
- Large share of business with long-term frame contracts and high retention rates
- Well-established customer base with focus on process industries
- Highly recognized safety and quality performance
- Digital pioneer for the process industry

€4bn revenue
thereof >60% recurring business
Orders Received* +13%
€3.0m EBITA adjusted
Approx. 36,000 employees

* based on FY 2017 and *9m 2018
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

Where to play

How to win

People & Culture

Customer & Innovation

Organization & Structures

Financials

CMD 2017
Service Portfolio
Strong offering for capex and opex driven services
## Compliance and integrity
Deferred Prosecution Agreement concluded

### Starting Point

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<thead>
<tr>
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<tbody>
<tr>
<td>Nigeria corruption case</td>
<td>DPA</td>
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<td></td>
<td>Start of monitorship</td>
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<td></td>
<td>Exchange of leadership</td>
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<tr>
<td></td>
<td>BCRP start</td>
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</tbody>
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### First Steps

<table>
<thead>
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<th>2013 – 2015</th>
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<tbody>
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<td>DPA</td>
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<td>Start of monitorship</td>
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<td>Exchange of leadership</td>
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<td>BCRP start</td>
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### Effective compliance system

<table>
<thead>
<tr>
<th>2016 – 2018</th>
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<tbody>
<tr>
<td>Extended DPA</td>
</tr>
<tr>
<td>Strong tone from the top</td>
</tr>
<tr>
<td>Accelerated BCRP roll-out</td>
</tr>
<tr>
<td>Build up of compliance organisation</td>
</tr>
<tr>
<td>Reduction of complexity</td>
</tr>
<tr>
<td>Change of Culture Program</td>
</tr>
<tr>
<td>12/2018: Compliance program certified by monitor</td>
</tr>
<tr>
<td>End of DPA</td>
</tr>
</tbody>
</table>

### World Class Compliance System

<table>
<thead>
<tr>
<th>2019 onwards</th>
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<tbody>
<tr>
<td>Continuous improvement</td>
</tr>
<tr>
<td>Value based compliance system</td>
</tr>
<tr>
<td>Sustainable development</td>
</tr>
<tr>
<td>Compliance as competitive advantage</td>
</tr>
</tbody>
</table>
Growth potential through digitalization
Market potential
We see significant market potential in digitalizing the process industry

Estimated market potential

- More than 16,000 plants within 2-4-6 in Continental and Northwest Europe
  - ~4,000 of these plants are mid-sized type with strong appetite for digitalization

- Varying acceptance rate per industry – highest acceptance expected in Chemicals & Petrochem, Energy and Oil & Gas
  - Yearly volume per actual client expected around 1-2 m EUR

- Total market potential in Europe calculated around 7 bn EUR
  - Market penetration mainly driven by availability of brainpower
  - Additional market potential in Middle East and North America
Strategic position
Bilfinger is well positioned to be the frontrunner in the IoT of process industries

Digitalization hurdles
- Requirement to improve performance
- Lack of digitalization knowledge

Building digital bridges
- Deep knowledge of customer needs and processes
- Comprehensive digitalization know-how
- Independent service provider
- Nr.1 in conventional services in Europe

Applicability deficits
- No access to plant operators
- Challenge to apply IoT knowledge to process industries

WE MAKE DIGITALIZATION WORK!
New analysis options
BCAP® provides a better decision-making basis

What has happened?
Descriptive Analytics
Dashboards, reports

What could happen?
Predictive Analytics
Predictive maintenance

What should we do?
Prescriptive Analytics
Dynamic operation support
Improving our financial performance
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?
We will address all P&L line-items

**GROSS MARGIN**
- LOA¹ process
- Project management

**ADDRESSING BOTH LINE ITEMS**
- Process and IT harmonization
- Procurement

**SG&A RATIO**
- Lean headquarters
- Lean structures in the field

Impact on gross margin: improvement of ~200bps

Impact on SG&A ratio: Improvement of ~300bps

**AMBITION²**
EBITA margin increase of ~500bps by 2020

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1) Limits of authority  
2) Mid-cycle targets
Portfolio rotation 2019 and 2020
Further margin enhancement while keeping a sound balance sheet

Funding sources:

1. Disposal Other Operations (OOP)
   - 4 "accretive“ legal entities to be sold

2. Potential disposal of selected margin-dilutive units

3. Apleona
   - Vendor's Note
     - €100m, 10% compound interest p.a.
     - Accrued value 09/2018: €122m
   - Preferred Participation Note
     - Book value 09/2018: €233m
     - Typical money multiple of owner EQT would lead to a significant value upside
     - Will receive 49% of sales proceeds (after repayment of debt) at exit

Re-Investment:

- Strengthening growth regions
- Strengthening growth industries
- M&A criteria:
  - EBITA accretive one year after integration, ROCE beats WACC two years after integration
  - Immediate start of comprehensive integration
Targets 2020 and Wrap-up
Bilfinger 2020 – Company passes three phases
Stabilization phase completed

- 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 ✓

- 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 ✓

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

- Financial ambition reached ✓

value

Time

Bilfinger SE | Company Presentation | January 2019
Benefit from 49% of the value creation at Apleona

**Vendor’s Note:** €100m, 10% compound interest p.a. upon maturity (book value 09/2018: €114m)

**Preferred participation note (PPN):**

- No management involvement
- Certain information rights, some further rights
- Investment: €195m
- Book value 09/2018: €233m
- Measured at Fair Value through Profit & Loss

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

➤ Typical money multiple of owner EQT would lead to a significant value upside
### Organic Growth
- >5% CAGR based on revenue FY 2017

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

### Cash
- Positive adj. FCF from 2018 onwards
- Over the cycle, from 2018 onwards: Cash Conversion Rate ~ 1 (minus growth adjustment)<sup>1</sup>

### Return
- Post-tax ROCE reported: 8 to 10%

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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

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<sup>1</sup> Cash Conversion Definition: (Adj. EBITA + Depreciation – Change NWC - Net CAPEX) / Adj. EBITA
BACKUP
Quarterly Statement Q3 and Guidance FY 2018
Q3 2018
Stable Quarter, favorable business environment

- Growth in orders received against strong prior year
  Book-to-bill >1

- Revenue growth on track

- EBITA adjusted slightly higher, margin on prior-year level

- Net profit improved

- Free and operating cash flow above prior year

- Outlook 2018 confirmed
Current market situation and trends E&T

Oil & Gas
- Continuing brownfield investments in Europe, greenfield investments developing in gas
- Increasing up- and mid-stream activities in US Shale, in particular for cryo-driven gas strippers

Chemicals & Petrochem
- Brownfield investments in Europe
- Growth in US chemical industry
- Middle East with continued focus on plants to maintain downstream value-add within the region

Energy & Utilities
- Growth perspective especially in European nuclear
- Growing demand on regulatory emissions reduction (in particular IMO)

Pharma and Biopharma
- Ongoing strong demand in Europe
- Increasing interest from Emerging Markets
Current market situation and trends MMO

Oil & Gas
- Steady demand for maintenance services, but competition remains strong
- In the North Sea, early signs for reinvestments in exploration

Chemicals & Petrochem
- Stable demand in Europe and Middle East for maintenance and modifications, evaluation of contracting-out opportunities
- Turnarounds scheduled for 2019 and already 2020

Energy & Utilities
- First steps towards contracting-out of maintenance and operations in Europe
- Shift from conventional to alternative energy in Middle East

Metallurgy
- Ongoing strong demand in Aluminum
- Signs of recovery in steel industry
Continued positive momentum in orders received
Book-to-bill >1

Development of orders received

<table>
<thead>
<tr>
<th>Orders received (€ million)</th>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3/17</td>
<td>1,054</td>
<td>1,085</td>
<td>1,101</td>
<td>1,139</td>
<td>1,105</td>
</tr>
<tr>
<td>&lt; €5 million</td>
<td>825</td>
<td>819</td>
<td>786</td>
<td>696</td>
<td>670</td>
</tr>
<tr>
<td>(78%)</td>
<td>(75%)</td>
<td>(76%)</td>
<td>(61%)</td>
<td>(61%)</td>
<td></td>
</tr>
<tr>
<td>Δ compared with previous year</td>
<td>229</td>
<td>266</td>
<td>315</td>
<td>443</td>
<td>435</td>
</tr>
<tr>
<td>organic</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

- **Orders received:**
  5% above strong prior year (org.: +6%), especially positive in E&T
- Share of orders > €5 million once again on high level
- **Book-to-bill:** 1.1
- **Order backlog:**
  +12% above prior year (org.: +13%)
Again organic growth in revenue, EBITA margin adj. on prior-year level

**Development of revenue and profitability**

- **Revenue (€ million)**
  - Q3/17: 1,001, 2.1%
  - Q4/17: 1,082, 3.7%
  - Q1/18: 929, -0.6%
  - Q2/18: 1,058, 1.1%
  - Q3/18: 1,052, 2.1%

- **EBITA adj. margin (%)**
  - Q3/17: 21
  - Q4/17: 40
  - Q1/18: -6
  - Q2/18: 12
  - Q3/18: 22

- **EBITA (€ million)**
  - Q3/17: -6
  - Q4/17: 2
  - Q1/18: -11
  - Q2/18: -1
  - Q3/18: 11

- **Revenue**: Increase of +5% (org. +8%) as a result of increased orders received
- **EBITA adj.**: Slight increase against prior year (which was marked by positive one-off effect in E&T), margin on prior-year level
- **Special items**: Decrease in burdens from special items: €11 million compared to €26 million in prior year
SG&A ratio continues to move towards target level of 7.5%
Expenses unchanged at ~€90m despite start-up costs for Digitalization and Business Development

Adjusted gross profit (€ million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Adjusted Gross Profit (€ million)</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3/17</td>
<td>101</td>
<td>10.1</td>
</tr>
<tr>
<td>Q2/18</td>
<td>95</td>
<td>9.0</td>
</tr>
<tr>
<td>Q3/18</td>
<td>100</td>
<td>9.5</td>
</tr>
</tbody>
</table>

Adjusted selling and administrative expenses (€ million)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Adjusted Selling and Administrative Expenses (€ million)</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3/17</td>
<td>-96</td>
<td>-9.6</td>
</tr>
<tr>
<td>Q2/18</td>
<td>-103</td>
<td>-9.7</td>
</tr>
<tr>
<td>Q3/18</td>
<td>-96</td>
<td>-9.0</td>
</tr>
</tbody>
</table>

Adjustments Reported
E&T: strong orders received as basis for further growth

Development of revenue and profitability

- **Orders received:**
  - Strong quarter: +64% (org. +63%) compared to low prior-year figure, book-to-bill 1.5 a.o. due to various contract awards for ship scrubbers

- **Order backlog:**
  - €1,013 million, i.e. increase of +29%

- **Revenue:**
  - Increased by +10% (org. +10%) on the basis of higher orders received

- **EBITA adjusted:**
  - Normalization at still low level, prior-year figure positively impacted by approved claims
**Development of revenue and profitability**

- **Orders received:**
  - Decrease as expected
  - -16% (org. -15%) compared to prior-year figure, which was impacted by catch-up effects and entry of new framework contracts

- **Order backlog:**
  - €1,691 million, i.e. increase of +3%

- **Revenue:**
  - Growth by +7% (org. +8%)

- **EBITA margin adjusted:**
  - Significant increase

**Book-to-bill ratio**

- Q3/17: 1.1
- Q4/17: 1.0
- Q1/18: 1.2
- Q2/18: 1.0
- Q3/18: 0.9

**EBITA adj. (€ million)**

- Q3/17: 29
- Q4/17: 35
- Q1/18: 13
- Q2/18: 19
- Q3/18: 37

**EBITA adj. margin (%):**

- Q3/17: 4.4%
- Q4/17: 5.2%
- Q1/18: 2.1%
- Q2/18: 2.6%
- Q3/18: 5.2%

**Revenue (€ million):**

- Q3/17: 664
- Q4/17: 716
- Q1/18: 625
- Q2/18: 708
- Q3/18: 712

**Δ compared with previous year**

- +7% / +8%

Bilfinger SE | Company Presentation | January 2019
OOP¹): Focus on disposal of "Accretive" entities

- **Progress M&A track:**
  - **Dilutive:** originally 13 units, meanwhile all have been sold or terminated
  - **Accretive:** four entities, thereof two in sales processes

- **Business development:**
  - **Orders received** with positive development (+6%, org. +29%)
  - **Revenue** declining by -37% mainly due to sale of “dilutive” entities (org. -2%)
  - **EBITA adj.** slightly improved from -€2 to break-even

¹) Part of Reconciliation Group

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### Revenue OOP (€ million)

<table>
<thead>
<tr>
<th></th>
<th>Q3/17</th>
<th>Q3/18</th>
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</thead>
<tbody>
<tr>
<td>accretive</td>
<td>24</td>
<td>1</td>
</tr>
<tr>
<td>dilutive</td>
<td>47</td>
<td>45</td>
</tr>
</tbody>
</table>

### Orders received (€ million)

<table>
<thead>
<tr>
<th></th>
<th>Q3/17</th>
<th>Q3/18</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>55</td>
<td>58</td>
</tr>
</tbody>
</table>

### EBITA adj. (€ million)

<table>
<thead>
<tr>
<th></th>
<th>Q3/17</th>
<th>Q3/18</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>-2</td>
<td>0</td>
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</table>
Operating cash flow positive, net profit improved

**Adjusted operating cash flow** (€ million)

<table>
<thead>
<tr>
<th></th>
<th>Q3/17</th>
<th>Q3/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjustments</strong></td>
<td>26</td>
<td>17</td>
</tr>
<tr>
<td><strong>Reported</strong></td>
<td>-9</td>
<td>2</td>
</tr>
</tbody>
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**Net Trade Assets (€ million)**

<table>
<thead>
<tr>
<th></th>
<th>Sep 30, 2017</th>
<th>Jun 30, 2018</th>
<th>Sep 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Trade Assets</strong></td>
<td>542</td>
<td>589</td>
<td>619</td>
</tr>
<tr>
<td><strong>DSO (days)</strong></td>
<td>82</td>
<td>68</td>
<td>84</td>
</tr>
<tr>
<td><strong>DPO (days)</strong></td>
<td>68</td>
<td>68</td>
<td>67</td>
</tr>
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**Net profit (€ million)**

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<th>Q3/17</th>
<th>Q3/18</th>
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</thead>
<tbody>
<tr>
<td><strong>Reported</strong></td>
<td>-21</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Adjusted</strong></td>
<td>13</td>
<td>13</td>
</tr>
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**Net cash (€ million)**

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<thead>
<tr>
<th></th>
<th>Jul 1</th>
<th>OCF adjusted</th>
<th>Adjustments</th>
<th>Net Capex/ acquisitions disposals</th>
<th>Financing cash flow</th>
<th>Cash flow discontinued operations</th>
<th>Other</th>
<th>Sep 30</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjustments</strong></td>
<td>16</td>
<td>11</td>
<td>-9</td>
<td>-17</td>
<td>-29</td>
<td>-9</td>
<td>0</td>
<td>-37</td>
</tr>
</tbody>
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1 Adjustments correspond to EBITA adjustments, partial time offset in cash flow
## Outlook 2018 confirmed

<table>
<thead>
<tr>
<th>in € million</th>
<th>FY 2017</th>
<th>Expected FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders Received</td>
<td>4,055(^1)</td>
<td>Organic growth in the mid single-digit percentage range</td>
</tr>
<tr>
<td>Revenue</td>
<td>4,044</td>
<td>Organically stable to slightly growing</td>
</tr>
<tr>
<td>EBITA adjusted</td>
<td>3</td>
<td>Significant increase to mid-to-higher double-digit-million € amount, i.e. range of €50 to €75 million</td>
</tr>
</tbody>
</table>

\(^1\) As reported, based on output volume/ comparable based on revenue: €4,079 million
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
• 35% equity ratio (as of Sep 30, 2018)
• Financial participation in Apleona with significant upside potential
• Financial policy: Ambition (mid-term perspective) Investment Grade

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
• Growth will be supported by additional business development and digitalization activities

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 started in Sep 2017 and completed in Oct 2018

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