



Virtual Annual General Meeting, April 15, 2021
Christina Johansson, Interim CEO and CFO
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**Annual General Meeting of Bilfinger SE
on Thursday, April 15, 2021, 10:00 am
Video and audio transmission from the Congress Center Rosengarten,
Mannheim**

**Remarks from Christina Johansson,
Interim CEO and CFO**

Please check against delivery.

Dear Shareholders,
Ladies and Gentlemen,

On behalf of the Executive Board, I would like to welcome you to this year's Annual General Meeting.

Again this year, it is not yet possible to hold an Annual General Meeting with the presence of shareholders in person due to the COVID 19 pandemic. That is unfortunate. We are all hopeful, however, that we will soon be able to put the pandemic behind us. At Bilfinger, we have taken all appropriate measures to contain it and to protect everyone's health.

We have therefore opted for a virtual Annual General Meeting again this year. And for that I would also ask for your understanding on behalf of the Executive Board.

We are well aware that this will involve certain restrictions for you, dear shareholders and hope that the conditions in the coming year will allow us to hold an Annual General Meeting at which we can once again come together in person.



Ladies and Gentlemen,

Let me begin by reporting on Bilfinger's development in financial year 2020.

I would like to describe to you how the COVID 19 pandemic and the temporary collapse of the oil price impacted our company and how Bilfinger managed to largely overcome the crisis successfully.

Lastly, I will take a look at

- the targets we have set for the current financial year,
- how we intend to successfully develop our company, also with a view to the coming years,
- and the goals we are pursuing in the medium term.

The year behind us was a special one in many respects. We started 2020 full of optimism on the basis of the positive business development we experienced in the previous year. But the outbreak of the pandemic and the complications it brought about have abruptly presented us with a special set of challenges. The top priority was to protect the health of our employees, their families and our business partners.

The measures required to contain the pandemic had had a substantial impact on business conditions from March 2020. The situation was compounded by a temporary sharp drop in oil prices.

Bilfinger's business in the past year was significantly impacted by these circumstances. On the positive side, however, we can report that our company is now able to adapt quickly to changing conditions thanks to a high degree of agility and flexibility.

The difficult economic environment led to partially significant declines in revenue.

Our maintenance business for offshore oil and gas facilities in the North Sea and activities in European countries with pandemic-related lockdown measures were particularly impacted. There were also substantial declines in our project business in North America.

Once the crisis took hold, we immediately took appropriate measures to adjust our cost base and liquidity position to the lower revenue. The European business in particular demonstrated a high degree of resilience and cost flexibility.

- Capacities were reduced where the longer-term outlook is subdued, including in the oil and gas business in the United Kingdom.
- It was necessary to reduce the number of employees in the Group by more than 4,000 in the course of the year. This corresponds to a decrease of roughly 13 percent. The majority was attributable to North America, Northern Europe and the United Kingdom.
- At peak times in the second quarter of 2020, almost 3,000 of the Group's European employees were on short-time work programs. This corresponded to about 10 percent of the total workforce. At the end of the year, the number of European employees on short-time work programs was still just under 500 – a share of less than 2 percent.
- Loss-making activities were closed down. At the same time we pursued growth strategies that included increasing the Technologies segment's focus on the nuclear power sector.
- In a number of European countries, we also took advantage of the option to defer taxes and social security contributions in order to secure our liquidity.

In view of the far-reaching changes, Bilfinger was one of the first companies to publish an adjusted forecast for the 2020 financial year in May. This outlook was confirmed throughout the year and ultimately also met.

Following a thorough analysis of the new situation, we had to assume that our revenue would decline by about 20 percent. This decline notwithstanding, our planning called for positive adjusted EBITA and free cash flow.

Share price development in our sector reflects the initial uncertainty of the capital markets. In the first months of 2020, the stock market value of internationally active industrial services providers was severely impacted by the pandemic and the resulting collapse in the price of oil.

The Bilfinger share, which had started the new year with a 2019 closing price of over €34, was also unable to escape the trend, falling sharply in March.

Our forecast for financial year 2020, which was adjusted in May and subsequently regularly confirmed, signaled relative stability. Meanwhile, there was a recovery in the price of oil in the second half of the year.

Bilfinger's share price rebounded significantly in the fourth quarter in particular. At the end of the year, it had nearly doubled to just under €26 compared with the low at the beginning of April 2020. In the first three months of 2021, the value recovery continued with prices of over €30 per share.

Ladies and Gentlemen,

Allow me now to explain in detail Bilfinger's economic development in 2020.

Generally speaking, it is clear that large parts of our business were recovering as expected after bottoming out in April and May.

The pandemic and oil price fluctuations impacted Bilfinger's orders received in 2020, leading to an organic decrease of 7 percent to €3.7 billion. The decline in the number of orders was particularly acute in the oil and gas business. Project business in the USA was also sluggish.

In the fourth quarter, however, there was already a return to organic growth of 3 percent in the Group. The main reason for this was strong demand in our European markets.

Growth was driven in particular by an increasing volume of call-offs under our contracts for the construction of the new Hinkley Point C nuclear power plant in the United Kingdom.

- In the first half of 2020 we concluded three major framework agreements for this project with a total value of more than €500 million. Our contracts provide for work into 2025. To date, services worth around €200 million have been called off and booked in orders received, with €110 million of that amount coming in the fourth quarter of 2020 alone.

These orders will now be implemented in cross-border cooperation among various Bilfinger units and will contribute to revenue growth in the coming years.

- Nuclear power plays an important role in the UK's energy policy. In addition to the new construction of Hinkley Point C, the country is also pressing ahead with research into innovative smaller and medium-sized reactor types.

Planning is progressing, for example, for the construction of the new Sizewell C power plant, which, from a technical point of view is largely based on Hinkley Point C and is also to be built by our client EDF.

At the end of the year, Bilfinger had a sound order backlog of around €2.6 billion. In organic terms, this was 5 percent higher than a year earlier.

Group revenue decreased by 20 percent to just under €3.5 billion, with an organic decline of 17 percent. The impact of the crisis of 2020 was also apparent here. After bottoming out in the second quarter, the expected recovery occurred in the second half of the year.

Ladies and Gentlemen,

Despite the significant decline in revenue, we succeeded in generating positive adjusted EBITA in the past financial year.

‘Adjusted’ means operating profit that is corrected for special items. Special items include

- proceeds from disposals
- expenses for restructuring measures
- and expenses for the further development of our IT landscape and our compliance system.

This approach allows us to make the operational performance more transparent and comparable over the course of individual financial years.

Thanks to consistent crisis management initiated at the start of the pandemic and a high degree of cost agility, we achieved positive adjusted EBITA of €20 million in a difficult 2020.

This corresponds to an adjusted EBITA margin of 0.6 percent compared to 2.4 percent in the previous year. The fourth quarter showed that we managed to master the crisis well. Here, the adjusted EBITA margin of 4.8 percent was only slightly below the level of the prior-year period of 5.3 percent.

We had to counter the impact of the pandemic and fluctuations in the price of oil by applying targeted restructuring measures. This led to an increase in the special items just explained to €77 million.

The fact that we achieved a positive result last year despite the sharp decline in revenue is due not least to the further reduction in adjusted selling and administrative expenses. These decreased significantly to €291 million.

The adjusted ratio measured in terms of revenue was 8.4 percent. Here, sustainably positive effects from the programs implemented to enhance efficiency and from agile cost management are having an impact.

Overall, the annual selling and administrative expenses at Bilfinger have been reduced by more than €100 million in the past five years. The sustainable level of our selling and administrative costs is currently around €75 million per quarter. This is in line with our target range.

The gross margin of 8.6 percent achieved in financial year 2020 reflects low utilization as a result of the difficult framework conditions in the second quarter. However, this was partially made up for in the fourth quarter with a pleasing gross margin of 11.9 percent. Gross profit decreased to €296 million.

Our net income increased significantly to €99 million despite lower adjusted EBITA. Here we benefit from an agreement from the sale of our former Building and Facility Services business - now Apleona. This was sold to the financial investor EQT in September 2016.

The agreement at that time provided that Bilfinger would participate in the proceeds from the sale of Apleona with a share of around 49 percent. The sale agreement signed by EQT in December 2020 resulted in an appreciation of the investment of €210 million in our books.

We expect the cash inflow of around €450 million following completion of the transaction in the first half of 2021.

Net profit adjusted for special items decreased to minus €8 million in financial year 2020.

Bilfinger's liquidity proved to be pleasingly robust in crisis year 2020. Free cash flow increased to a strong €93 million.

In the wake of successful measures to improve working capital and careful management of investments, there was a significant inflow of funds in the fourth quarter. This also offset the payment of almost all tax and social security deferrals from which we had benefited in the second quarter of the year.

Dear Shareholders,

Let us take another quick look at developments in our three reporting segments.

The E&M Europe segment showed tremendous stability and agility with its maintenance business. Revenue in the upstream oil and gas business in the North Sea declined significantly due to pandemic-related restrictions.

Overall, orders received remained stable, while revenue fell organically by 13 percent. But the segment still showed a relatively good margin of 3.1 percent.

In the E&M International segment, we report on our business in North America and the Middle East. Here we were more severely impacted by the crisis of 2020.

After a very good previous year, project awards became a rarity in 2020, particularly in North America. A decline in sales had been partly expected, but was exacerbated by the challenging environment. Orders received were also down. Adjusted EBITA was clearly negative and strongly impacted by underutilization in North America. But with a positive result in the fourth quarter, the capacity adjustments made showed their initial effects.

At the same time, we are working to utilize our capacities and to grow again. In North America in particular, we are currently seeing an increasing number of projects on the market. We are intensifying our sales activities here in response.

By contrast, the Technologies segment showed positive development. One reason for the significant growth in orders received was the previously mentioned call-offs at Hinkley Point C and other projects such as the BP pipe bridge in Germany. The termination of loss-making activities led to a decline in revenue. Adjusted EBITA was still negative, but the strategic measures had the desired effect - Technologies was back to positive earnings in the second half.

Ladies and Gentlemen,

The pandemic and fluctuations in the price of oil have presented us with major challenges at Bilfinger. And by that, I mean not only the Executive Board and management, but all 30,000 of the Group's employees. The crisis has taken a toll on all of us.

By meeting the forecast for 2020, which was adjusted in May, Bilfinger demonstrated the stability of its business model and its high degree of cost agility. That is something we can be proud of.

On the basis of the successfully managed crisis year 2020 and the good liquidity, we are proposing to you today under item 2 of the agenda to distribute a dividend of €1.88 per share for the 2020 financial year.

Dear shareholders, last year you approved a lower dividend of €0.12 per share as a precautionary measure in an uncertain environment. With today's dividend proposal we would like to increase the previous year's dividend retroactively to the level of the minimum dividend of €1.00 per share.

Ladies and Gentlemen,

For Bilfinger, 2020 was definitely not just about coping with the consequences of the COVID 19 pandemic and volatile development in the price of oil. We were also able to eliminate significant legacy issues.

At the Annual General Meeting in June 2020, you, our shareholders, approved an out-of-court settlement in the dispute with former members of the Executive Board.

Another out-of-court settlement was reached in 2020 in connection with the collapse of the Cologne Municipal Archives in 2009. As a result of this agreement, the accident ultimately had no negative impact on the economic situation of our company.

In the past year, we also further optimized structures and processes in our company. Processes were established in health and occupational safety that enabled us to continue our work despite strict COVID-19 containment requirements.

Our Group's LTIF, which was already at a very good level, improved further from 0.23 to 0.16 in 2020. This performance indicator measures the number of days lost due to work-related accidents in relation to one million hours worked.

With our efforts to maintain strict occupational safety standards, we not only protect the health of our employees, but also meet the stringent requirements of our customers in this area and can count ourselves among the absolute best in class.

The introduction of standardized Group IT systems to manage our business processes has now been largely completed, and the last scheduled companies will be integrated by mid-2021. We will then have harmonized systems for more than 95 percent of our revenue.

We also further reduced the number of business units as planned. At the end of 2020, there were 145 companies in the Group. We thus achieved the target we set of reaching fewer than 150 units. In the process, three additional units from Other Operations that were not part of the core business were also sold.

At the same time, we have created a leaner and more decentralized regional structure and established Global Excellence across the board. This will strengthen our operational efficiency and our sales approach.

Order successes achieved in 2020 in the nuclear energy and biopharma sectors should also be viewed in this context.



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Ladies and Gentlemen,

I would now like to turn to our outlook for financial year 2021.

Bilfinger has already undertaken considerable efforts in recent years to make the organization both more efficient and agile. As a result, our company is now much better-positioned to master the challenges ahead than it used to be.

Following the decline in revenue and earnings in what was a difficult 2020, we expect a significant recovery in 2021. This development will be buoyed by growth in all three segments. Intensifying our sales activities will also help.

We anticipate significant growth in Group revenue and a substantial improvement in adjusted EBITA. The adjusted EBITA margin will return to the pre-crisis level of 2.4 percent that was achieved in financial year 2019 - despite a significantly lower revenue in 2021 compared to 2019.

Following the increase in restructuring expenses during the pandemic year 2020, we expect a significant decline in special items that weigh on earnings in 2021. This will also substantially improve reported Group EBITA.

We expect free cash flow to be positive again. This figure will, however, be below the very good level of 2020. The reasons for this development are increased working capital requirements as a result of the planned revenue growth, certain cash-out effects from the restructuring measures implemented in 2020, and a normalized level of capital expenditure.

Let us now take a look beyond the current financial year. Ladies and gentlemen, I would like to give you a brief overview of the paths we intend to follow in order to generate future growth.



Bilfinger has a range of service and product offerings tailored to the requirements of our customers. These packages are established with many of our customers. But they also represent important competitive advantages. As a result, we see additional growth potential with existing and new customers.

One of these offers is the Bilfinger Turnaround Concept. We use the term turnarounds to describe the overhaul of production facilities, which are usually shut down completely for this purpose. Keeping costly downtime to a minimum requires meticulous planning and the deployment of what is usually several hundred employees to a site at short notice.

During a major general overhaul at the Neste refinery in Porvoo, Finland, for example, we brought together some 500 specialized workers from all over Europe.

We already have a significant number of turnarounds in our order books for 2021 and 2022, after some had been postponed under the impact of the pandemic.

In projects such as these, we offer our customers highly qualified service without the need for each regional unit to develop the appropriate solutions over and over again. That might sound pretty obvious. But in our industrial services business, it is more of a unique selling point.

We also want to make even better use of opportunities that arise from our strengths as a Group. We are, for example, constantly seeing opportunities to provide certain services offered regionally in other markets.

Our integrated project organization helps package the capabilities available in the Group and transfer them to new regions. The focus is on bundling capabilities. This makes it possible for us to handle larger contracts and projects and leverage economies of scale.

We have, for example, a Europe-wide network for the maintenance and repair of pumps, turbines or compressors in our customers' plants. In the competence centers of our national companies, highly specialized engineers and technicians work together closely on an ongoing basis.

With Bilfinger, our customers – in this case Yara in Porsgrunn, Norway – have a service provider that can offer all services from a single source, regardless of country borders and machine type. We intend to transfer this model to other service areas of our Group in the future.

We are clearly focused on defined growth markets. Here, too, our global organization helps us with major projects. Hinkley Point C again serves as a very good example here.

But comprehensive competence and internal cooperation are not the only important factors. Speed and flexibility are also decisive when it comes to tapping the potential of our growth markets.

The biopharma sector is a particularly impressive example. In recent months, we have helped a well-known customer from the pharmaceutical industry to convert an existing plant for the industrial production of a Corona virus vaccine.

As a long-standing partner to the pharmaceutical industry, we have an experienced team and a strong network of suppliers. It was thus possible for us to provide and install the required components, fittings and piping at very short notice.

Which brings me to the two key trends that will boost our business in the future: Sustainability and digitalization.

With our sustainable industrial services, we help our customers deal with the conflicting demands of high energy requirements and the urgent need to reduce greenhouse gases - mainly CO₂.

Bilfinger's portfolio of services can make important contributions in many areas to sustainably reducing the energy consumption and emissions from our customers' plants. We are experiencing increasing demand here:

Making industrial facilities more energy efficient is often the easiest and least expensive way to reduce a facility's energy needs. The experience we have gained from hundreds of projects clearly shows the considerable potential for savings at almost every industrial plant.

The most important measures include improved thermal insulation and reuse of waste heat.

Our core competence as a leading industrial insulator opens up many opportunities to meet the ever-growing demands of our customers in this area.

A further area is a growing demand in the future for services to increase the use of 'green hydrogen' as a source of energy generated with renewables. Bilfinger is in a position to support plant operators, energy suppliers and users of hydrogen from the very first step: From feasibility studies through engineering and plant construction along with maintenance and operation.

Finally, for decades we have been offering our customers comprehensive services for the treatment of emissions the generation of which is unavoidable. The current focus is on processes for the capture, processing and storage of CO₂ emissions.

In our Global Development Team, established in 2020, we have qualified specialists for sustainable industrial services. They develop market-oriented packages and coordinate their implementation with the respective regional units. We intend to significantly expand our business activities in this area in the years ahead.

The digitalization of industrial production processes has been shaping our work environment for many years. We have been among the digitalization visionaries in industrial services for the process industry from the very beginning.

We are pressing ahead with the integration of data and software-based business models. Together with our customers, we want to establish highly efficient maintenance and servicing processes.

For example, we are currently working with the Swiss biotechnology company to develop a software solution for the digital monitoring and control of pharmaceutical production processes.

The application collects and processes data from bioreactors and analytical instruments in real time. This eliminates the need for time-consuming and error-prone manual collection and processing of this data.

Dear Shareholders,

I hope I have succeeded in showing that Bilfinger is well positioned for the challenges of the coming years. Today, more than ever, we are lean and agile, flexible and innovative.

The measures taken make it possible for us to confirm our medium-term targets formulated in February 2020.

- We will build on our current position and aim to make further improvements with a view to achieving a reported EBITA margin of 5 percent by 2024.
- We aim to retain our asset-light business model and increase Group revenue to more than €5 billion by 2024 through organic growth and selected bolt-on acquisitions.
- We will have a particularly strong focus on cash conversion. Our goal is to achieve a reported free cash flow of more than €200 million by 2024.
- We also confirm our commitment of returning to an investment grade rating in the medium term.

We also remain committed to our dividend policy: We want to pave the way for a sustainable dividend payout of 40 to 60 percent of adjusted net income to you, our shareholders, if the company develops according to plan.

Ladies and Gentlemen,

Bilfinger's robust development in the extremely challenging year 2020 not only demonstrates the resilience of our business model. It also shows the significant progress we have made in recent years toward becoming the lean, agile company we aspire to be.

The success of this business model is clearly based on the commitment, experience and expertise of our employees. They deserve our very deep gratitude and thanks.

Under difficult conditions, they have done an outstanding job for our customers and for our company in the past year. Their commitment and agility are key factors that allow us to look to the future with confidence.



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We still have major challenges ahead of us. My colleague on the Executive Board, Duncan Hall, and I, together with our 30,000 employees, will do everything in our power to ensure the continued successful development of our company.

Dear shareholders, we thank you for the trust you have placed in Bilfinger to date. We look forward to continuing along the path we have taken together with you.

To wrap up my remarks, we would like to show you a short film of our life science business. It will provide you with some insight into our market presence in the fast-growing field of digitalization in the biotech and pharmaceutical industries.

Thank you very much for your attention.