



Virtual Annual General Meeting, May 11, 2022
Dr. Thomas Schulz, CEO
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**Annual General Meeting of Bilfinger SE on Wednesday, May 11, 2022,
10:00 a.m.**

Video and audio broadcast from the Congress Center Rosengarten, Mannheim

Statements by Dr. Thomas Schulz, CEO, and Christina Johansson, CFO

Translation of the manuscript of the speech, which was delivered in German.

Please check against delivery.

Statement by Dr. Thomas Schulz, CEO:

Chart: Annual General Meeting 2022

Dear Shareholders,
Ladies and gentlemen,

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

I am happy to be able to welcome you in my new role as CEO of Bilfinger. I now have the honor of representing the Executive Board at Bilfinger's Annual General Meeting for the first time. So please allow me to quickly introduce myself.

I come from the Saarland area of Germany and studied mining at the University of Aachen. After completing my doctorate, my professional career as an engineer took me to Scandinavia. Over the course of the last two and a half decades, I have worked for various global corporations in that part of the world, the last nine years as



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Group CEO of a large publicly-listed company in Denmark. In this time, I got to know and appreciate the global process industry, and hence Bilfinger's customer industries. In the past few years in particular, my primary focus has been on helping customers become more efficient, more productive and, above all, more sustainable.

There is one thing in particular that I am absolutely convinced of: **Technical competence** is the key to **sustainability**. And **sustainability is not** just a question of political or ethical-moral principles.

I have been acquainted with Bilfinger for decades and have repeatedly come across our company in a number of international markets, where it has a strong reputation as a professional, highly competent and solution-oriented partner for its customers. For these reasons, I am highly motivated to now be part of the Bilfinger team.

The first couple of weeks in the company were dedicated to getting to know the employees, asking a lot of questions and, most importantly, listening carefully to what people were saying. It is clear and without doubt that our employees have excellent know-how and a high level of motivation to provide essential support to our customers on their way to greater efficiency and sustainability. I look forward to my work in a company where people treat each other with sincerity and respect and also consider themselves part of a team.

Let me observe just this: We are optimistic about our future - despite the crises and challenges we are all dealing with today. I will elaborate on this a little later.

First, however, I would like to call on Christina Johansson for the report on financial year 2021. Christina has successfully led Bilfinger through the past year as interim Chief Executive Officer and Chief Financial Officer together with Duncan Hall as Chief Operating Officer. Under the leadership of this duo, Bilfinger's employees have

ensured that Bilfinger 2021 took significant steps forward. Today, Bilfinger is once again stable and successful, something we can all be extremely proud of.

You both deserve a special thank you, Christina and Duncan, and of course all our employees as well.

Now to your report on the past financial year, Christina.

Statement by Christina Johansson, CFO:

Chart: Financial year 2021

Thank you very much, Thomas.

Ladies and Gentlemen, Dear Shareholders,

I am happy to report to you today on the course of a successful financial year for Bilfinger. But allow me to begin by expressing my sincere gratitude for the confidence you have placed in me over the past year in my dual role as interim CEO and CFO.

Bilfinger once again made significant progress in financial year 2021 and confirmed the success of the strategy it is pursuing. The measures already introduced in prior years to reduce costs and increase agility have definitely had an impact. As a result, we achieved higher capacity utilization and, in turn, a significant improvement in our gross margin. On top of that, the implementation of harmonized processes and systems throughout the Group was largely completed.

Chart: Orders received

Generally speaking, our markets remained positive in 2021.

Orders received reached the 4 billion euro mark with a 9 percent organic increase. Order backlog also posted strong organic growth of 12 percent.

The ratio of orders received to revenue, the so-called book-to-bill ratio, was 1.07. This gives us a solid basis for further revenue growth in 2022.

Chart: Revenue and EBITA

Last year, our revenue increased organically by 11 percent to €3.7 billion. This is a reflection of the strong recovery, particularly in European business in the E&M Europe segment and in the Technologies segment. Development in our international business, however, was somewhat slower due, among other things, to the ongoing impact of the pandemic.

With a good EBITA of €121 million and a margin of 3.2 percent, we more than met our original earnings expectations. This was also supported by gains from real estate sales of €30 million.

All four quarters of the 2021 financial year made a positive contribution to EBITA. This is a clear sign that the measures to reduce seasonality in our earnings development have been successful.

Chart: Gross profit

Gross profit of €387 million showed a significant recovery compared to the previous year. The figure for 2020 was severely impacted by the COVID 19 pandemic and volatile oil price developments.

Our gross margin increased to 10.4 percent. This figure is purely operational and does not include any one-time items. Our goal remains to achieve a gross margin of more than 12 percent by 2024. We aim to achieve this improvement through growth in business areas with higher margins and through better contract execution.

Chart: Selling and administrative expenses

At €291 million, selling and administrative expenses were again at a very good level despite the growth in revenue. That put them below the sustainable target of around €300 million per year, partly due to COVID-19-related effects such as the continuing low level of travel expenses.

The ratio of selling and administrative expenses to revenue was 7.8 percent. We continue to target a ratio of less than 7 percent by 2024, because selling and administrative expenses will not increase at the same rate as our revenue.

Let me take another quick look at the development of our three segments.

Chart: Engineering & Maintenance Europe

First Engineering & Maintenance Europe: the segment achieved high growth in a generally positive market environment. Revenue increased organically by 12 percent, and the EBITA margin achieved a very good level of 4.6 percent.

Chart: Engineering & Maintenance International

Engineering & Maintenance International also saw significant organic revenue growth with an increase of 10 percent. This is however from a low level and lower than originally expected. EBITA therefore remained negative at minus €18 million. Higher

capacity utilization will enable us to achieve improvements over the next few years. Strategic progress to increase the share of service contracts and small and medium projects will also have a positive impact.

Chart: Technologies

In the *Technologies* segment, organic revenue increased by a very good 14 percent. EBITA in the segment was €19 million, and the margin improved to a solid 3.4 percent.

Chart: Net profit and Free cash flow

Our net profit rose to €130 million, a development that was based on a significantly higher EBITA. Tax refunds in the amount of €46 million also had a positive effect on earnings.

Free cash flow improved further to €115 million despite higher outflows due to special items. Tax refunds of €29 million also contributed to this figure. There were also inflows of €57 million from the sale of real estate. The very good development of working capital, especially in the final quarter of 2021, also made a significant contribution.

Chart: Bilfinger share price

Ladies and Gentlemen,

Allow me to take a look now at the development of our share price.

Bilfinger's share price was up 23 percent in 2021, outperforming the DAX, MDAX and SDAX. The share price was at a level of around €30 at the end of the year. The

upward trend has persisted in the first months of 2022, with our share currently trading at around €38.

The strategy that is being systematically pursued, the good business development as well as the associated slight increase in the earnings forecast in August 2021 all contributed to the capital market's increased confidence. The plans communicated at that time for the use of the surplus capital available in the 2021 annual financial statements were also positively received by the capital market.

Chart: Apleona

At this point, I would therefore like to take the opportunity to discuss the development of Bilfinger SE's distributable earnings in financial year 2021.

As many of you will no doubt recall, Bilfinger sold what was at the time its Building and Facility Services activities – now Apleona – to financial investor EQT in September 2016. In addition to an immediate purchase price, the agreement at the time stated that in the event of a resale, Bilfinger would receive a share of around 49 percent of the proceeds after deduction of debt.

The resale of Apleona announced in December 2020 had already led to a write-up under IFRS in the 2020 consolidated financial statements. In Bilfinger SE's financial statements under German Commercial Code, the transaction was recognized in profit or loss after realization in financial year 2021. This resulted in a book gain of €263 million.

As a result of the resale of Apleona, we received additional liquidity in the amount of €458 million in May 2021. The Executive Board and Supervisory Board jointly

resolved in August 2021 to use these funds in a balanced, shareholder-friendly manner and in line with our long-term financial policy.

Chart: Dividend

Dear Shareholders,

The successful financial year 2021 and the proceeds from the sale of Apleona led to distributable earnings of €217 million in Bilfinger SE's annual financial statements.

Under agenda item 2, the Executive Board and Supervisory Board propose that a dividend of €4.75 per share be distributed. This amount comprises the regular dividend of €1.00 for financial year 2021 and a special dividend of €3.75 per share from the proceeds of the sale of Apleona. Total dividend distribution amounts to around €194 million. Relative to the year-end share price for 2021, this results in a strong dividend yield of 15.9 percent.

Chart: Share buyback

Furthermore, under items 8 and 9 of the agenda, the Executive Board and Supervisory Board propose granting a new authorization to buy back shares up to a maximum of 10 percent of the capital stock. Details are explained in detail in the convening document. The Executive Board intends, with the approval of the Supervisory Board, to implement a share buyback program with a volume of up to €100 million on this basis shortly following this Annual General Meeting.

In addition, we already used part of the existing gross liquidity to repay debt in October 2021. Tranches of our promissory note loan that were not originally due until April 2022 in the amount of €109 million were repaid early. This saved us interest expense of around €3 million per year.



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Chart: Financial year 2021

Ladies and Gentlemen,

The financial resources we have available also afford us the opportunity to invest in the future development of Bilfinger's business. Thomas Schulz will be explaining this to you in a moment.

2021 now marks the fourth time in a row that we have met our annual targets. We hope that this has enabled us to regain the confidence of the capital market. In addition to the share price, the recent upgrade of our S&P rating to BB plus with stable outlook is also a testament to this development. This is another important step forward towards our medium-term goal of achieving an *investment grade rating*.

Let me conclude my remarks with the following comment: The fact that we can look back on such a successful financial year and look to the future from a position of strength is not something that came about entirely out of the blue. It is in fact the result of a great deal of commitment, innovative ideas and the belief in success on the part of our approximately 30,000 employees. My heartfelt thanks go out to them!

You made it work!

Thank you for your attention.

Statement by Dr. Thomas Schulz, CEO:

Thank you, Christina.

Ladies and Gentlemen,

As just outlined, Bilfinger has a sound financial foundation.

Chart: **Annual General Meeting 2022**

Based on our strong balance sheet and the expected positive development of free cash flow in the years ahead, we intend to invest several hundred million euros in **organic and inorganic growth** in the next two to three years.

There is a clear set of criteria for possible company acquisitions:

- We will strengthen ourselves with high synergy potential in our core industries.
- And we will add suitable competences to our range of offerings.

It goes without saying that we examine potential acquisition targets with the utmost care and take our financial criteria and our financial policy seriously.

Chart: **Capital allocation**

Overall, it should be noted that the Executive Board and Supervisory Board have adopted a balanced approach to the use of the surplus capital available in the 2021 annual financial statements:

- This will lead to a further improvement in our capital efficiency.
- At the same time, it provides an attractive return for you, our shareholders.
- And it also enables us to further develop Bilfinger's business in a forward-looking way, thus creating additional value.

We are pursuing all this in line with our medium-term goal of achieving an investment grade rating once again.

Chart: Annual General Meeting 2022

Ladies and Gentlemen,

Let us now look toward the future. We believe we are well positioned to provide our customers with the help they need to operate their plants more efficiently and more sustainably – especially in light of the increasing importance of switching to new energy sources and reducing energy consumption in general. In this area, Bilfinger has the size, competence and drive to make an essential contribution to this transformation. We see this as our responsibility. And it opens up long-term profitable growth opportunities for us. We are confident, therefore, that the positive development will continue in financial year 2022.

This holds true despite the **political, economic and social challenges** we are all currently facing.

First among these challenges is the ongoing **pandemic**. It continues to have a negative impact on global economic development. From today's perspective, however, we do not expect this to have a significant impact on the success of our business activities in financial year 2022.

It is important to note that the day-to-day professional and private lives of our employees will continue to be significantly impacted by protective measures. The importance of these measures has been proven to us time and time again. Since the beginning of the pandemic, 15 of our colleagues have died from Covid-19. We mourn their deaths and our thoughts are with their families.

Ladies and Gentlemen,

Bilfinger has clearly demonstrated in recent years that our Group is flexible and agile, and can therefore also adapt to short-term developments. In a world marked by rapid change, this is an important basis for sustainable success.

Another challenge is the sharp rise in **inflation**. The rates of increase are particularly severe in some of our markets. This is accompanied by price increases for our business partners. We are consequently faced with the task of passing on the corresponding price increases to our customers.

Our most valuable asset is our employees. That means that in the current situation, wages and salaries are relevant for us. We can pass on such cost increases to a greater extent to our customers. Our service business is based on framework agreements, which generally provide for such cost transfers. But we also have to partially compensate for this through efficiency gains.

The majority of our project business has terms of less than twelve months. The wage costs for this period are therefore generally quite easy to estimate. But special attention is also required here considering the very rapid rise in wages and salaries.

Problems in our own **supply chains** have so far only occurred in isolated cases, and the direct impact is generally manageable. For Bilfinger, here too there are mainly indirect effects if projects are delayed due to difficulties in our customers' supply chains.

Ladies and Gentlemen,

The war in Ukraine must of course also be mentioned among the current challenges.

We at Bilfinger condemn all aggressive actions by the Russian government against Ukraine. This war is a human tragedy that concerns us all and we hope that the armed violence will soon be brought to an end.

Activities in Ukraine and Russia were also of secondary importance for our Group in the past. Local revenue in both countries amounted to around €15 million last year, which corresponds to a share of around 0.4 percent of Group revenue. The direct impact of the conflict on the company's economic situation is therefore only minor.

We immediately took the decision not to accept any more new orders in Russia. We are allowing our existing contracts to expire.

It goes without saying that Bilfinger is complying with all applicable sanctions. Compliance with these sanctions is carefully monitored internally.

It is currently impossible to gauge – not only for us – what the short and medium-term consequences of the war will be, in particular the duration or even further escalations. It is impossible to predict to what extent this war will have an impact on the global economy and thus also on Bilfinger. Crises that are being experienced by our customers, however, often lead to an increased need for competent and motivated industrial service providers.

Chart: Quarter 1

Ladies and Gentlemen,

Bilfinger had a good start to the current financial year 2022 in this environment.

Chart: Orders received and revenue

Orders received grew organically by 10 percent to over €1.1 billion. This made it the best quarter since the second quarter of 2019. There was a significant upturn in our European markets in particular.

Order backlog increased organically by 11 percent to over €3.1 billion.

Group revenue increased organically by 14 percent to €961 million year-on-year. The ratio of orders received to revenue was 1.16. This is a good starting point for our growth ambitions.

Chart: Gross profit and selling and administrative expenses

The gross margin improved further to 9.9 percent, as did gross profit, which climbed from a low level to €95 million.

Despite the growth in revenue, selling and administrative expenses remained at the target level of €75 million per quarter. The ratio as a percentage of revenue was 7.7 percent, which was better than in the previous year.

Chart: EBITA

In the first quarter we achieved a stable EBITA of €9 million - despite the approximately €10 million in restructuring costs that were incurred in Russia.

Let's take another quick look at our three segments:

Chart: Engineering & Maintenance Europe

At **Engineering & Maintenance Europe**, we achieved significant growth in a generally positive market environment. Organically, revenue was up 12 percent to €635 million. The segment incurred restructuring costs of around €10 million for the phasing out of the Russian business. As a result, EBITA decreased by €3 million to €13 million and operating profitability improved.

Chart: Engineering & Maintenance International

At **Engineering & Maintenance International**, revenue grew organically by a strong 35 percent to €159 million after a low prior-year quarter. EBITA also improved as a result. The higher capacity utilization and strategic realignment of the segment are beginning to show results.

Chart: Technologies

Revenue in the **Technologies** segment reflects the more volatile project business that dominates this segment - it was slightly lower than the prior-year quarter. EBITA was at break-even level.

Chart: Net profit and free cash flow

Net profit for the first quarter was -€6 million. The decrease was partly due to a normalized financial result. In the prior year, this included positive special items from the sale of Apleona and interest on tax refunds.

Free cash flow decreased to -€76 million. The significant growth in revenue and seasonality led to increased working capital requirements. This will be transformed into cash flow in the course of the year.

Chart: Outlook 2022

Ladies and Gentlemen,

First quarter results confirm our confidence for 2022. Bilfinger's positive development will continue in the current year:

- We anticipate significant revenue growth and expect to deliver further earnings improvements in all three segments.
- We plan a significant increase in EBITA for 2022.
- We anticipate free cash flow in 2022 to be at the good level of 2021.

Chart: Customers - employees - shareholders

Ladies and Gentlemen,

In its work, Bilfinger's Executive Board carefully considers the perspectives of the company's three most important stakeholders:

- our customers
- our employees
- and you, our shareholders.

Our customers need our support to improve their levels of efficiency and increase their productivity. In the future, these factors will determine the sustainability of companies to an even greater extent. And we are extremely well positioned in this respect. This is particularly evident in times of crisis. We will therefore continue to focus on this business and make targeted investments.

Bilfinger is an international services group and our business is a "people business". What that means is that the motivation, experience and competence of our

employees shape our relationships with our customers. The people who work at Bilfinger are the cornerstone of our success. They deserve our very deep gratitude and thanks. They do outstanding work for our customers, for their colleagues and for our shareholders.

We can only continue to sustainably increase the value of our company for our **shareholders** if we are successful with our customers. Your requirements, ladies and gentlemen, are a driving force behind our business activities. Our capital market orientation serves as an incentive and makes our performance transparent, measurable and comparable. This is essential for the healthy development of a company.

Chart: Annual General Meeting 2022

Ladies and Gentlemen,
Bilfinger delivers an extensive range of services that are in demand with our customers. These services will become even more important in our markets in the future. We will continuously reinvent ourselves, work more sustainably and digitally, thus ensuring that our customers also become more efficient and therefore more sustainable. That is our promise.

We focus on our core industries.

- Chemicals & Petrochemicals,
- Energy & Utilities,
- Oil & Gas
- as well as Pharma & Biopharma.

We see strong growth in these industries in the years ahead.

Demand in the life science business remains strong. Here, Bilfinger has for decades been an experienced technology partner with great expertise in production processes.

Additional attractive perspectives are emerging, however, with a view to the major requirements associated with the energy transition.

Chart: Efficiency and sustainability

As already mentioned: The key to a **sustainable future is technology**. I am convinced that sustainability will be synonymous with efficiency in the future.

Our customers expect us to take responsibility for increasing their efficiency. They expect us to continuously support them throughout the life cycle of their plants to increase their productivity without sacrificing quality. By its very nature, this includes all elements of sustainability. Simply put: Sustainable customers are also economically successful customers.

For us, this creates profitable growth opportunities. Let me give you two examples to illustrate this point:

Chart: Energy efficiency through insulation

The optimal insulation of piping and plant components is one of Bilfinger's core competences. In one of Europe's largest chemical plants in Moerdijk, the Netherlands, for example, we are boosting energy efficiency in our customers' production plants.

The project is scheduled to run for several years and aims to inspect all relevant parts of the plant for corrosion beneath the existing insulation. This is because heat loss not only means unnecessary energy costs, but also higher emissions of pollutants. Where necessary, we replace the insulation to the latest standards. Our integrated inspection concept includes testing procedures, access solutions to plant components, comprehensive corrosion protection and insulation from a single source.

Chart: Expansion of climate-neutral district heating

Another example: We help utilities and municipalities integrate sustainable district heating concepts into their portfolios on an individual basis and in a timely manner. Using electrical and automation technologies, for example, we are helping to make heat from sewage sludge and thermal waste treatment plants more usable for the heating and hot water supply of thousands of households.

One important customer in this regard is Mannheim-based energy group MVV Energie - a company that Bilfinger has been successfully cooperating with for many years on the optimization of its district heating supply. The common goal is to make the district heating supply in the region climate-neutral by 2040 and, subsequently, climate-positive.

We also provide similar services in other European countries, such as France.

Chart: Plant engineering for sustainable bioproducts and energy supply

We are working in Northern Finland for Metsä Fibre, a leading manufacturer of bioproducts, biochemicals and bioenergy. We are currently responsible for the electrical installation work for several areas of the production technology in the

construction of a new plant. The plant is designed for 250 percent electricity self-sufficiency, meaning that no fossil fuels are required in the production of bioproducts such as pulp. Excess bioenergy is fed into the national power grid. The plant will generate 2 terawatt hours of renewable electricity annually. This is equivalent to about 2.5 percent of Finland's total electricity production from renewable sources. This is a further building block in the decarbonization of the process industry in that country. It is here that we as Bilfinger can fully contribute our expertise.

Chart: Sustainable industrial services

Ladies and Gentlemen,

We are already well-positioned in the growth market for sustainable industrial services and will continue to strengthen our foothold. One major growth driver is increasing demand on the customer side, which we are meeting with a broad range of competences.

We have, for example, always supported our customers in the maintenance and modernization of their existing plants. The objective at this point is increasingly to achieve more energy-efficient and lower-emission plant operation with at least the same level of capacity utilization – using new insulation, for example. Roughly €250 million of our revenue was already attributable to this area in 2021.

The technological shift from fossil fuels to lower CO₂ or CO₂-neutral sources of energy offers additional growth opportunities. The largest revenue volumes in this area are currently in the nuclear energy sector with around €100 million in 2021. This is on top of existing activities in connection with battery production and hydropower. Combined, these activities accounted for around €70 million in revenue in the past financial year.

Our total revenue from direct sustainable industrial services amounted to around €500 million in 2021. Our goal is to increase this business to a revenue volume of around €1 billion by 2024.

Chart: Bilfinger Sustainability Commitment

We are not, however, limiting our view to our customers' plants. As an industrial services provider, Bilfinger contributes directly to the development of a sustainable value chain. This is an important component of the overall sustainable footprint of the end product.

Within the framework of our *Bilfinger Sustainability Commitment*, clear targets are defined for the key areas of People, Planet, Customers and Governance. Also for the first time with respect to our own CO₂ emissions: The value measured in 2021 for Scope 1 and Scope 2 according to the *Greenhouse Gas Protocol* was around 60 thousand metric tons of CO₂ equivalents. We will be climate neutral for Scope 1 and 2 by 2030 at the latest.

For Scope 3, we intend to develop an implementation concept before the end of this year. With that as a basis, we also want to work on supporting *Science Based Targets*. This global initiative has set itself the goal of limiting global warming to well below 2 degrees. And we at Bilfinger are ready to contribute to achieving this goal.

We also pay particular attention to a sustainable supply chain and occupational health and safety. In the area of occupational health and safety, we look at the key performance indicator *Lost Time Injury Frequency* (LTIF). At Bilfinger, LTIF increased slightly in the past year, but remained below the industry average.

Unfortunately, there was also one fatal occupational accident in the past year. The tragic accident is further proof that safety in the execution of our daily work is a task that we have to devote ourselves to with the utmost urgency. We are working hard to continuously improve occupational safety at Bilfinger. It is our goal to prevent every occupational accident. Our claim '*Zero is possible*' sets the direction here.

Ladies and Gentlemen,

We are looking to the future with confidence. Bilfinger has highly competent and motivated employees. And as an international Group we have an outstanding range of products and services that is continuously being expanded and developed. This means we have strong answers to our customers' questions about forward-looking solutions.

Chart: Medium-term goals

With this in mind, Bilfinger has set clear medium-term targets:

- From 2024, we aim to achieve a sustainable EBITA margin of at least 5 percent and Group revenue of more than €5 billion. In addition to organic growth, this also includes inorganic growth - which means targeted acquisitions.
- Another medium-term target is a free cash flow of more than €200 million.
- On this basis, we aim to achieve an investment grade rating again while at the same time paving the way for a sustainable shareholder-friendly dividend distribution.

Chart: Annual General Meeting 2022

Ladies and Gentlemen, Dear Shareholders,



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I am about to wrap up the Executive Board's report to our Annual General Meeting. On behalf of Christina Johansson and Duncan Hall, I would like to thank you for your continued confidence and loyalty. We very much look forward to following the path we have chosen together with you.

Thank you very much.