Bilfinger SE

Bilfinger SE Company Presentation

February 2021

Overview and strategic outline

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** business units and **six** focus industries
- Combination of excellence in services **covering the lifecycle of industrial plants** (E&M) and **innovative solutions** (T)
- 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

€3.46bn revenue

thereof >60% recurring business

€93m Free cash flow

€20m EBITA adjusted

Approx. 30,000 employees

based on FY 2020

2-4-6 still holds

2 Service Lines, 4 Business Units, 6 Focus Industries

Our ambition

We engineer and deliver process plant performance

Where to play

2 Service Lines

- **E&M** – Engineering & Maintenance
- **T** – Technologies

4 Business Units

- E&M Europe
- E&M North America
- E&M Middle East
- Technologies

6 Focus Industries

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

Success factors

People

Our people, their performance, skills and dedication to reach our goals is our most valuable asset

Assets

We strive to support our customers in delivering superior performance from their assets

Data

We measure performance by numbers, data and facts

Global trends

Aging Assets & Asset Integrity

Europe & US: Aging assets

- Increasing maintenance costs
- Asset life time extensions
- Efficiency & Emissions

Middle East: Maturing assets

- World class CAPEX
- Sub benchmark performance

ESG / Climate Change

- CO_2 limits
- Emissions & Air pollution
- Clean energy
- Distributed power generation
- Power to liquids
- Circular Economy
- Sustainable finance

EU: Green Deal

Skilled Labor Shortage

Europe

- Demographics
- Vacant apprenticeships

US

- Shrinking unemployment
- Craft labor shortage

Middle East

- Quality not quantity

Data & Artificial Intelligence

- Machine learning
- Predictive / prescriptive maintenance
- Virtual reality & Augmented reality
- OEE (overall equipment efficiency)
- Risk reduction
- New business models

Bilfinger core capabilities

Skilled labor

- Europe’s #1 Maintenance Services Company
- Leading Employer Branding
- Bilfinger Academy
- Trade craft accreditation
- ~30,000 headcount
- Thousands of temporary employees

Domain Expertise

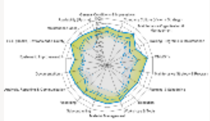
- Engineering / Process knowledge
- Focus on key industries
- Customer intimacy / collaboration
- Long term contracts
- High customer stick rates (>90%)
- Cross-border unified operating models

Digitalization

- Bilfinger Digital Next
- Convergence of BMC & BCAP to digital BMC
- Electronic Workflow to drive internal productivity
- A.I. (PIDGraph, algorithm training ….)
- Partnership models

Our capabilities addressing global trends

Global Trends affecting our business

Bilfinger capabilities	Aging Assets & Asset Integrity	ESG / Climate Change	Skilled Labor Shortage	Data & Artificial Intelligence
Skilled labor	Fabric maintenance 	Circular economy 	Employer of choice 	Cloud analytics 
Domain Expertise	Maintenance analytics 	Pollution 	BMC BMC BILFINGER MAINTENANCE CONCEPT	PIDGraph-AI 
Digitali-zation	Digital twins 	Water 	Augmented Reality 	BCAP 

Strategic Assumptions

Geographic focus

- Europe
- North America
- Middle East

Industry focus

- Chemicals & Petrochemicals
- Energy & Utilities
- Oil & Gas
- Pharma & Biopharma
- Metallurgy
- Cement

Digitalization

- Enabling opportunity
- Driving productivity
- Strategic partnerships

Engineering & Maintenance and Technologies

- Technologies support Engineering & Maintenance opportunities
- Strengthen our strengths

War for talent

- Skilled blue collar is a differentiator in the market
- Craft labor strength and breadth

Strategic Imperatives

Integrity & HSE

- We will not compromise

People

- Attract
- Motivate
- Retain
- Develop

Unique service offering/ Differentiators

- Multi-service provider
- Continue to innovate our service and commercial offering
- Extend portfolio, leverage integrated solutions
- Digitalization

Asset light model

- ROCE focus
- Strict working capital management
- Disciplined M&A criteria

Margin growth

- Project Risk & Execution
- Margin protection
- Pricing
- Portfolio rotation

SG&A Efficiency

- Lean management
- De-complexing (e.g. legal entity reduction)
- Purpose over process
- Leverage harmonized systems

Relevant E&M footprint in North America

- Leveraging existing market & customer access
- Grow organically and optionally non-organically
- Introduce Maintenance concepts

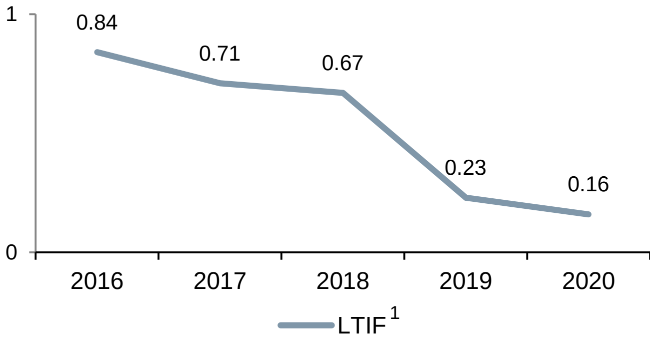
Middle East profitable top line growth

- Increase Oil & Gas activities
- Pro-actively support customers in their outsourcing and maintenance efforts
- Partnering

We never compromise on integrity and safety
Number and severity of incidence continues to fall

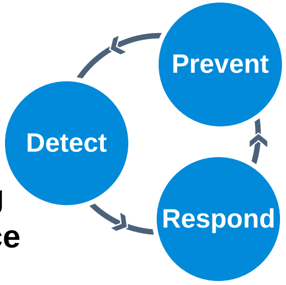
Safety is good business

Safety KPIs (based on 1m man hours)



Integrity is non-negotiable

Self-optimizing compliance cycle



- Fully integrated
- Established compliance culture
- Sustainable focus
- Continuous learning
- Part of our DNA

Governance **Operational focus** **Leadership**

1) LTIF: Lost Time Injury Frequency

2 Service Lines

Engineering & Maintenance

FY 2020: E&M Europe: Revenues €2,221m, EBITA adj. €69m
E&M International: Revenues €521m, EBITA adj. -€21m

E&M covers the entire lifecycle of an industrial plant:

- Engineerung services and commissioning
- Maintenance and efficiency enhancement
- Expansions, conversions and shutdowns

Characteristics

- Higher added value to maintenance business, potential for cost savings in SG&A
- Superior customer perception, market leader in key European markets
- Regional focus: Europe, North America, Middle East

Combination of E and M leverages our business to higher-end services and higher margins

Technologies

FY 2020: Revenues €498m, EBITA adj. €-10m

T provides solutions for the process industry:

- Technological and digital innovations
- Service, construction and digital networking of components and systems
- Focus on economic, emission-friendly operation of energy and industrial plants

Characteristics

- Proven technological competence
- Product and manufacturing excellence
- Centralized capacities, serving the global market

Focusing on Technologies drives stronger growth and higher margins

2 Service Lines

Engineering & Maintenance: Excellence in services covering the lifecycle of industrial plants

Engineering

AVR
The Netherlands, Duiven

- Conceptual engineering and construction management
- First industrial scale CO_2 capture installation
- Captures 60,000 tons of CO_2 per annum from waste-to-energy generation

Maintenance

Chevron
USA, Offshore, Gulf of Mexico

- Industrial and inspection services
- Services to 4 Deepwater platforms
- Contract expanded from corrosion protection to full service

Turnarounds

Neste refinery
Finland, Porvoo

- Turnaround services and projects. Engineer, scope, schedule and execution.
- Local team supported by group expertise, Mobilization of 300+ personnel to Finland
- Bilfinger Turnaround Concept (BTC) in action

No. 1 services provider for the process industry

2 Service Lines
Technologies: Excellence in products, manufacturing and innovative solutions

Nuclear services

EDF Hinkley Point
United Kingdom

- New Build & Waste Management of a nuclear plant
- Specialist engineering, fabrication and installation
- CO_2 reduction by using nuclear power

New energy

Cryostar LNG stations
Germany, Poland, France, BeNe

- Turnkey service, safe and reliable
- 50+ Shell LNG stations across Europe powering freight fleets
- Unrivalled European coverage to drive efficiency

Fabrication & Installation

BP Deutschland (Ruhr Oel GmbH)
Germany, Gelsenkirchen-Scholven

- Turnkey Project: Concept, engineering design, modular fabrication, installation
- 180 interconnecting piperacks with 320 valves, 25 km piping and 260 tie-ins into process units
- Integrated tender by entities in Technology and E&M Europe

No. 1 services provider for the process industry

Mid term targets

How we will drive growth going forward

Growth areas

Ambition – Top line

Growth areas		Ambition – Top line
1 Integrate product & services portfolio	▪ Roll out **service products** (BMC,BTC,BCAP etc.) ▪ Focus on **growth by business line** and “white spots”	Facilitate growth
2 ‘Big-ticket’ multinational opportunities	▪ **Integrated project organization** to combine group scale & capabilities ▪ Increase **integrated** services and Key Account Management	Bundle capabilities
3 Growth markets focus	▪ Global Development to lead **cross business** planning and delivery ▪ **Align business offering** to deliver value (e.g. Life Science, Energy transition etc.)	Key market approach
4 High efficiency / innovation driven by digital services	▪ **Industrialize digital** forward thinking ▪ **Integrate** data- and software-based business models into core offering	Capitalize on innovation & digitalization

Key levers for GROSS MARGIN growth
Target of 12% confirmed

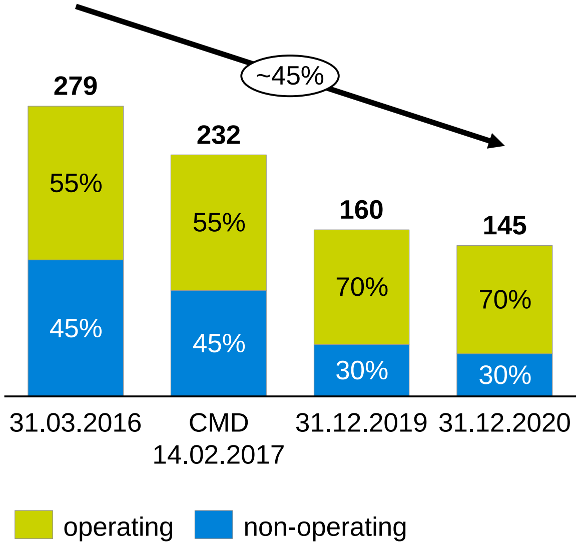
Operational levers

Ambition – Bottom line

Operational levers		Ambition – Bottom line
Lean organization and culture	▪ **Operational excellence programs** in full swing ▪ Launch of further **Lean programs** following successful pilot	**Performance culture**
KPI-driven performance	▪ **Standardize KPIs** to monitor utilization, capacity planning, productivity etc. ▪ **Benchmark** across group and **identify levers** for margin improvement	**Core operational KPIs**
Company transitions	▪ Loss making businesses have **returned to at least break-even** ▪ Transition delivered through specific **transformation programs**	**No loss-making businesses**
Blue collar development	▪ Resource planning further invented to **maximize utilization and supply mix** ▪ Additional **lower cost recruitment** and internal sub-contracting	**Optimize cost base**
Procurement synergies	▪ **Strategic procurement** for business line and regional economies of scale ▪ **E-procurement** to further improve efficiency and pricing	**Efficient procurement cycle**
Improved project execution	• **Dedicated team** for larger integrated projects • Following structured **risk management** procedures	**Margin enhancement through projects**

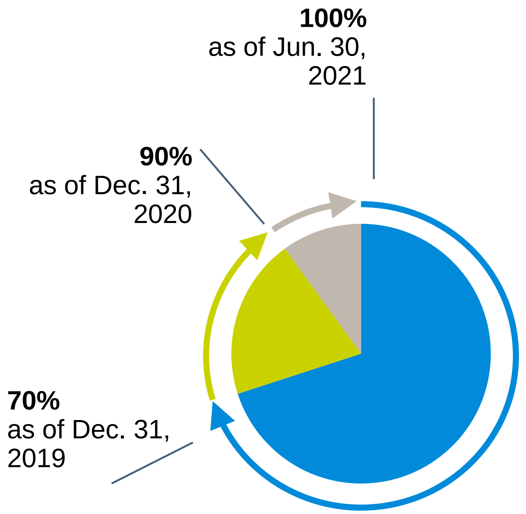
Over the last 5 years, SG&A has been reduced by over € 100 million
Target of 7% confirmed from 2022

Reduction of #legal entities



Target achieved: <150 by 12/2020

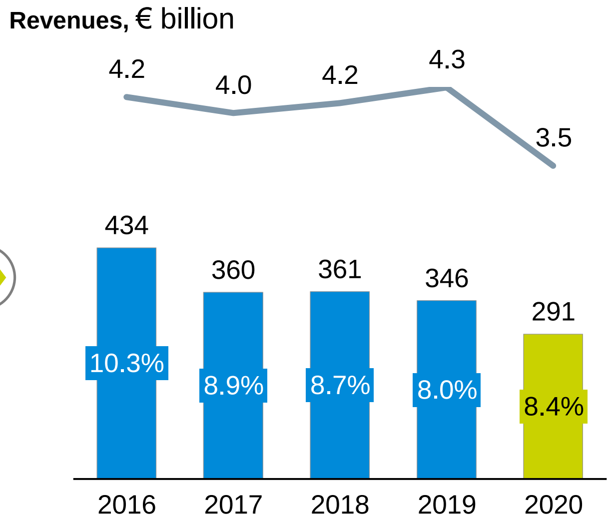
Degree of target achievement ERP/SAP in terms of revenue



Target set: 100% by mid-2021

Target scope: 95% of Group revenues

Adjusted SG&A [mEUR, %]



Target set: 7% by 2022

Financial targets 2024

Revenues	EBITA margin reported sustainably min.	ROCE	Free Cash Flow reported
>5	5	8-10	>200
€bn	%	%	€m

Investment Grade (mid-term perspective)

Sustainable dividend stream going forward
Policy: 40 to 60% of adjusted net profit

Capital allocation priorities

Financial policy

- Actual rating S&P: BB-/outlook stable
- Policy to maintain conservative level of key financial metrics in the range of an intermediate financial risk profile according to S&P:
  - Adjusted net debt / adjusted EBITDA: 2.0x < target < 2.5x
  - Adjusted FFO / adjusted net debt: 30% < target < 45%

Intended Dividend Policy[1]

- Floor of €1.00 is confirmed
- **Sustainable dividend stream going forward: 40 to 60% of adjusted net profit**

M&A Criteria

- **EBITA accretive one year after integration**
- **ROCE exceeds WACC two years after integration**
- Asset light with focus on ROCE
- Immediate start of integration

Mid-term ambition: Investment Grade

1) Provided that earnings and cash flow development is in line with planning

Financials Q4 2020

Q4 2020:
Resilient business model and high cost agility ensured positive results and cash flow despite substantial revenue decrease

Orders received	**FY 2020:** -7% org., lower orders in Oil & Gas, slow US project market **Q4:** +3% org., especially strong in Europe
Revenue	**FY 2020:** -17% org., European business quite resilient despite reduced Oil & Gas volumes **Q4:** -14% org., but slight increase against Q3
EBITA adjusted	**FY 2020:** positive at €20m due to high cost agility and consequent crisis management **Q4:** €42m, positive contribution from all segments
Net profit	**FY 2020:** €99m, includes mark-to-market valuation PPN Apleona (+€210m) **Q4:** €203m, Net Profit adjusted positive at €24m

Q4 2020:
Strong cash generation in Q4 allowed for essentially full repayment of tax and social security deferrals
Dividend proposal recovers last year's dividend reduction

Liquidity

- Reported free cash flow positive at €93m, essentially all deferred taxes and social security contributions repaid
- Continuous working capital management, significant DSO improvement in Q4
- Successful renewal of revolving credit facility of €250m in December

Balance sheet / dividend

- Solid balance sheet
- Dividend proposal of €1.88 per share (includes recovery of last year's € 0.12)

Outlook 2021

- Significant revenue growth
- Substantial improvement in EBITA adjusted
- Substantial improvement in EBITA reported

Markets: E&M Europe

	Industries	%*		Overall trend
	Chemicals & Petrochem	40%	• Market slowly starts to recover with benefit of low feedstock prices • Ongoing project investments still proceeding • Deferred work/shutdowns expected to raise activity levels in 2021/22	→
	Energy & Utilities	10%	• ESG climate change drivers still hold, e.g. CO_2 limits, emissions, decentralized power generation • Green energy investment projects emerging as anticipated (e.g. renewables, hydrogen, carbon capture etc.)	↗
	Oil & Gas	20%	• OpEx stabilized after initial shock and gradual recovery foreseen • Recovery supported by asset integrity/shutdowns related backlog plus older asset life extensions	→

* % of segment revenues FY 2020

Markets: E&M International

	Industries	%*		Overall trend
	Chemicals & Petrochem	20%	• Trend for expansion and modernization projects in ME intact • Projects delayed but attractive project pipeline in NA	→
	Energy & Utilities	10%	• Continued growth in ME population and industry drives further development of alternative and nuclear energy concepts as well as water solutions • In NA, more positive outlook for energy investment focused on energy storage, wind, solar and CO_2 reduction.	↗
	Oil & Gas	25%	• Large oil & gas and LNG investment plans in several ME countries (e.g. UAE, Qatar, Kuwait) for the upcoming years • CAPEX and OPEX spend expected to increase from 2021 onwards in NA	↗

* % of segment revenues FY 2020

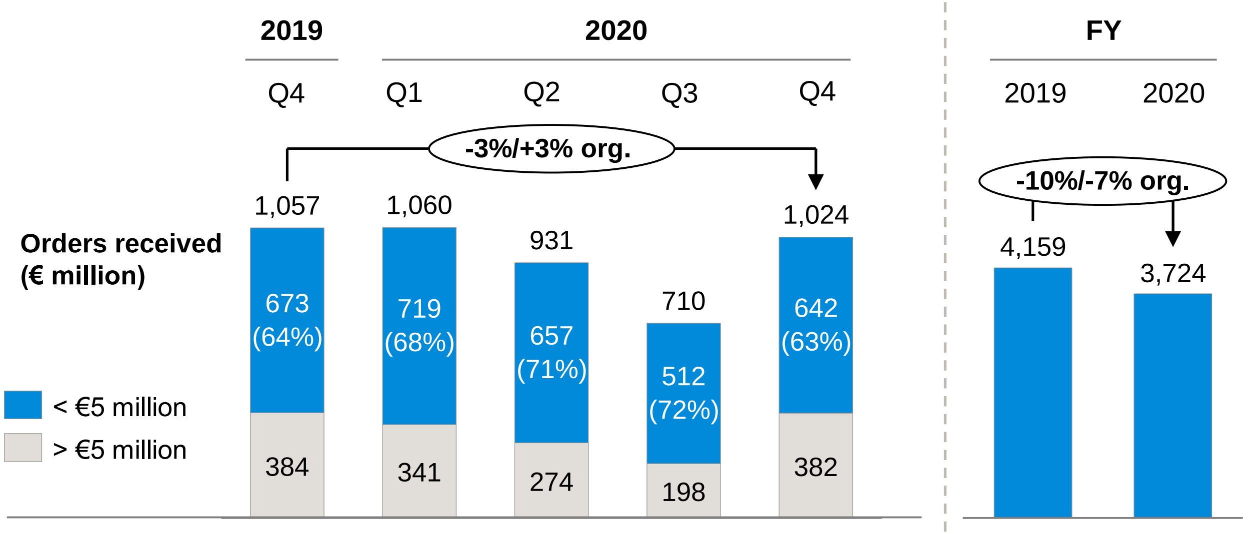
Markets: Technologies

	Industries	%*		Overall trend
	Energy & Utilities	40%	• Energy transition focus in all our regions, esp. Europe and USA • Nuclear demand for new builds and maintenance increasing, esp. in France, UK, Finland and demand increasing for decommissioning in Germany	↗
	Pharma & Biopharma	35%	• Mega trends remain unchanged despite COVID-19 • Positive outlook on Pharma OPEX; Trend to outsource services and production is increasing	↗

* % of segment revenues FY 2020

Orders received especially strong in Europe

Development of orders received



	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	FY 2019	FY 2020
Book-to-Bill ratio	1.0	1.2	1.2	0.8	1.2	1.0	1.1
Order backlog (€ million)	2,567	2,562	2,667	2,458	2,585	2,567	2,585

Orders received

- Q4: -3%; however organically +3%
  €110m of Hinkley Point C orders have been called and booked in the quarter
- Good level in European markets; North America still under pressure on a low level
- FY: Decrease of -10%, org.: -7%, reflects lower activity in Oil & Gas and slow US project market

Order backlog

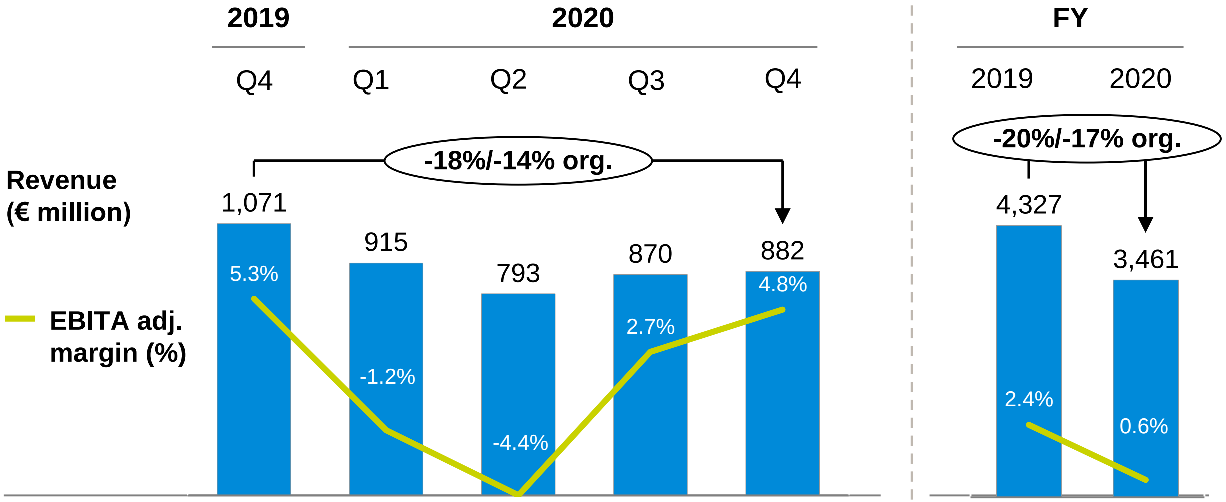
- +1% above prior-year level (org.: +5%)

Book-to-bill

- Q4: 1.2, solid base for revenue growth in 2021

European business very resilient despite lower volumes in Oil & Gas
EBITA adjusted margin close to prior-year level despite significantly lower revenues

Development of revenue and profitability



	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	FY 2019	FY 2020
EBITA adj. (€ million)	57	-11	-35	23	42	104	20
EBITA (€ million)	7	-20	-51	0	14	32	-57
Adjustments (€ million)	49	9	16	24	28	72	77

Revenue

- FY: -20% (org.: -17%) below prior-year due to Covid-19 / oil price impact

EBITA adjusted

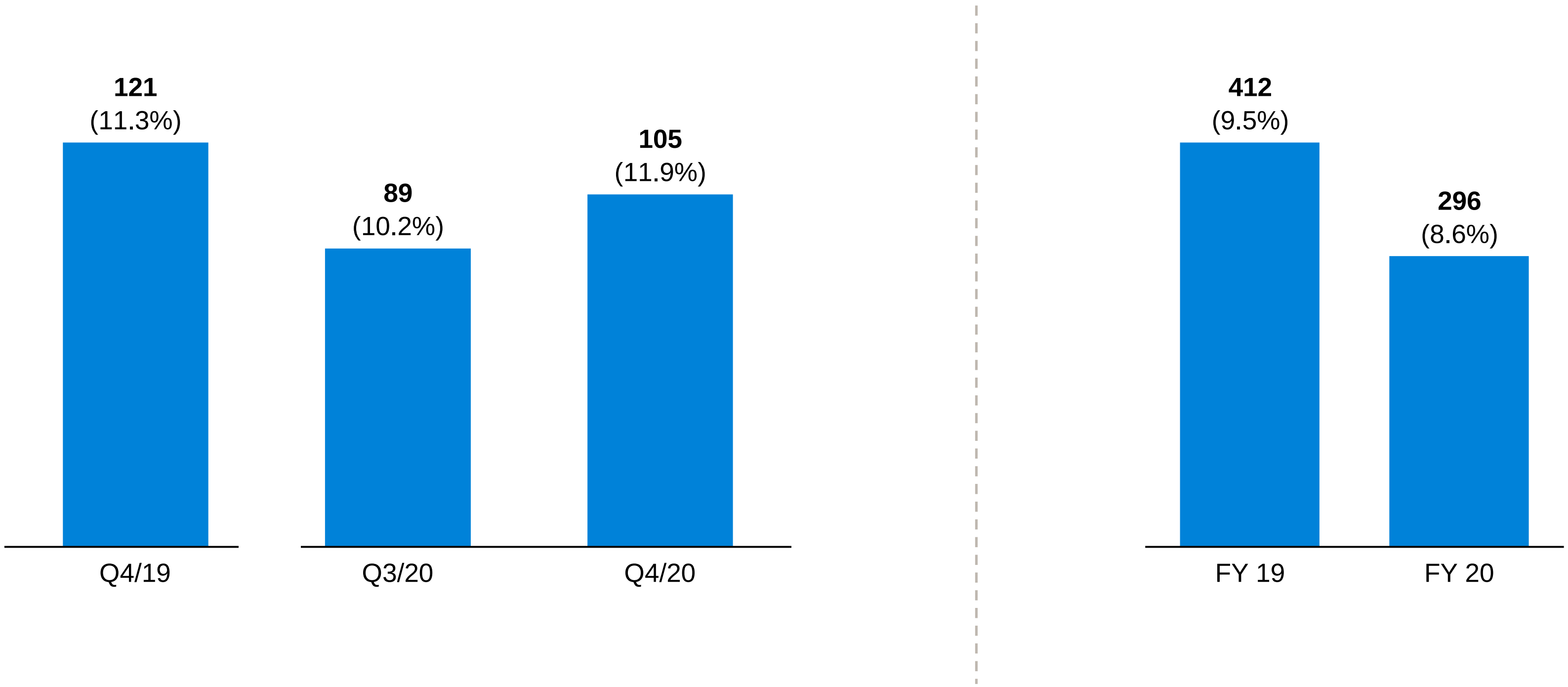
- FY: Positive due to high cost agility and consequent crisis management
- Q4: €42 million with good results in E&M Europe and Technologies; E&M International positive but still under pressure

Special items

- FY: -€77 million (thereof -77 restructuring costs, -13 IT investments and -4 capital losses OOP divestment; +17 from settlement with former EB members)

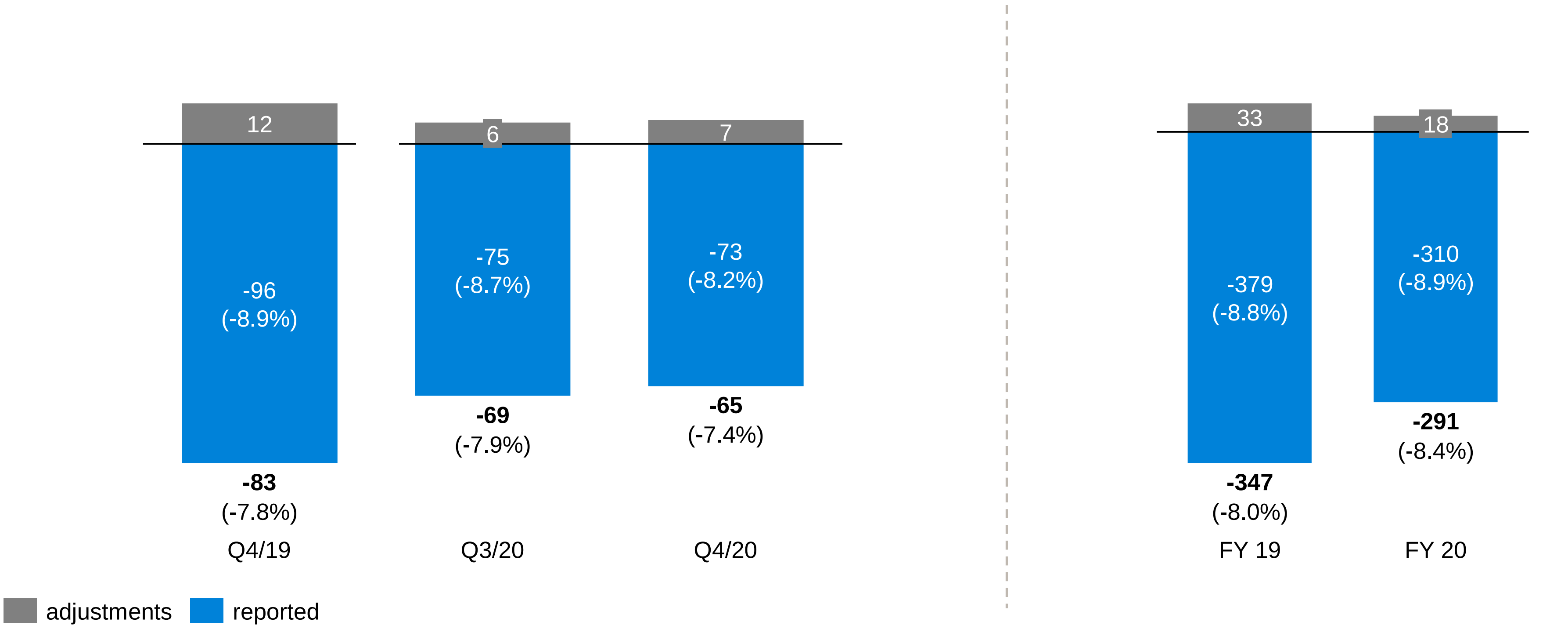
Gross margin in Q4 close to 12%-target and above prior year level

Gross profit (€ million)



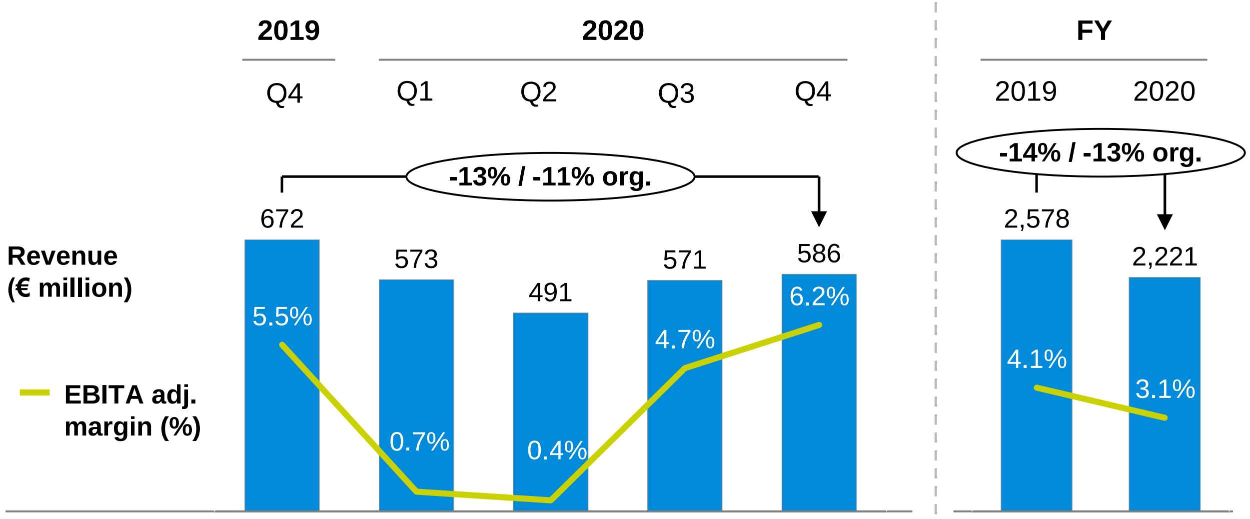
SG&A expenses clearly below € 300 million, also supported by one-time effects
Current quarterly run-rate at €75 million

Adjusted selling and administrative expenses (€ million)



E&M Europe:
Proves high resilience despite lower volumes in oil & gas
Q4 adjusted EBITA on last year's level despite lower revenues

Development of revenue and profitability



	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	FY 2019	FY 2020
Book-to-Bill ratio	0.9	1.1	1.3	0.9	1.2	1.0	1.1
EBITA adj. (€ million)	37	4	2	27	36	106	69

Orders received

- **Q4**: +10% (org.: +12%) based on framework contracts as well as on project orders

Revenue

- **FY:** dominated by Covid-19 / oil price impact
- **Q4:** Decrease by -13% (org.: -11%), with ~1/3 less North Sea upstream Oil & Gas business

EBITA adjusted

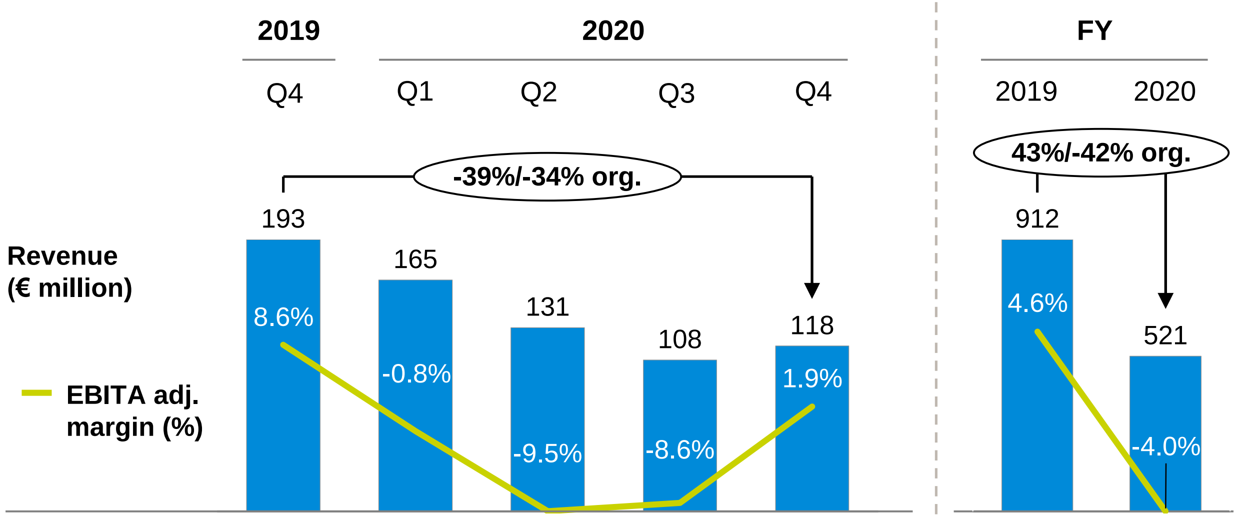
- Margin benefits from agile cost management including government support through furlough schemes

Outlook 2021

Revenue: significant growth
EBITA adjusted: significant improvement

E&M International:
Top-line still under pressure due to slow project pipeline
EBITA adjusted in Q4 positive on low level

Development of revenue and profitability



	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	FY 2019	FY 2020
Book-to-Bill ratio	1.3	0.9	1.0	0.8	0.6	0.9	0.8
EBITA adj. (€ million)	17	-1	-12	-9	2	42	-21

Orders received

- **Q4:** -72% (org.: -69%), in both regions lack of contract awards throughout 2020

Revenue

- **Q4:** Decrease of -39% (org.: -34%) reflects currently low order book

EBITA adjusted

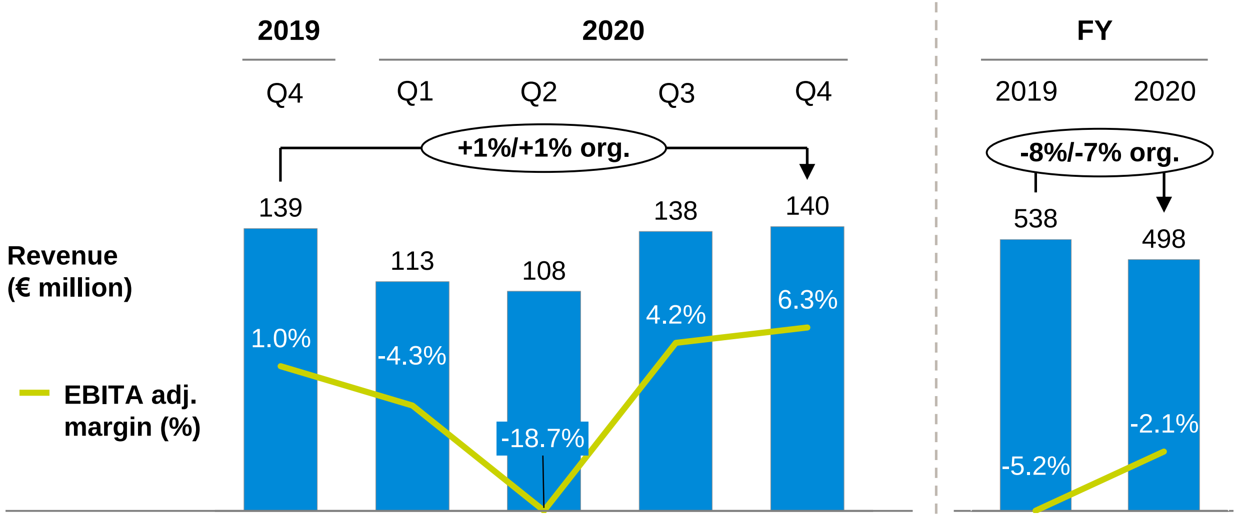
- **Q4:** Slightly positive also due to capacity adjustments, but still needs to be stabilized

Outlook 2021

Revenue: significant growth
EBITA adjusted: significant improvement to a positive result

Technologies: Again, positive contribution
Orders received with significant call-offs from Hinkley Point C, mainly generating revenues from 2021 onwards

Development of revenue and profitability



	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2019	FY 2020
Book-to-Bill ratio	1.0	2.5	1.1	0.7	1.6	0.8	1.4
EBITA adj. (€ million)	1	-5	-20	6	9	-28	-10

Orders received

- **Q4:** +59% (+59% org.), €110 million orders called from Hinkley Point C

Revenue

- **FY:** below prior-year, also due to wind-down of loss-making activities
- **Q4:** On prior-year level (+1%, org.: +1%)

EBITA adjusted

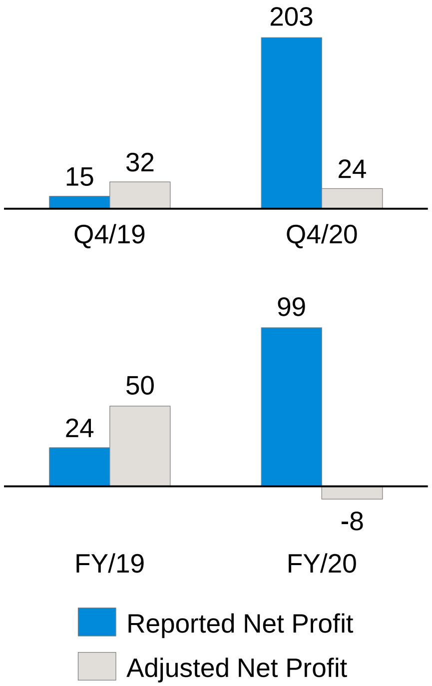
- **Q4:** strong last quarter, only one entity with losses in the last two quarters, strategic measures well under way

Outlook 2021

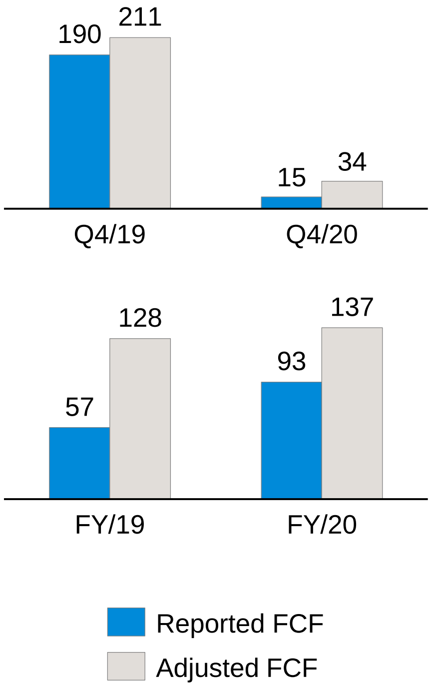
Revenue: significant growth
EBITA adjusted: significant improvement to a clearly positive result

Net profit and ROCE positively impacted by PPN Apleona
Reported free cash flow positive, virtually all deferred taxes and social security contributions paid

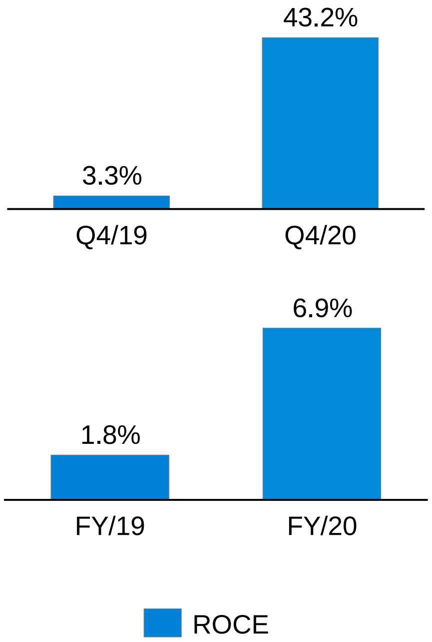
Net profit [1] (€ million)



Free cash flow [1] (€ million)



ROCE (%)

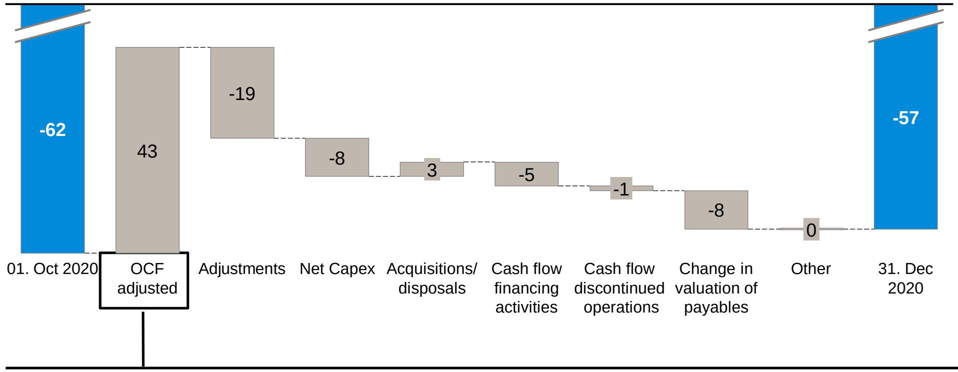


1) *Adjustments correspond to EBITA adjustments, Net Profit: in addition elimination of special items in financial result and in taxes*

DSO clearly below prior-year level, successful Working Capital Management in Q4

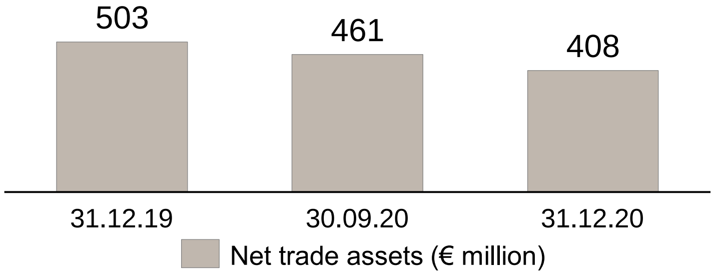
Development of net liquidity

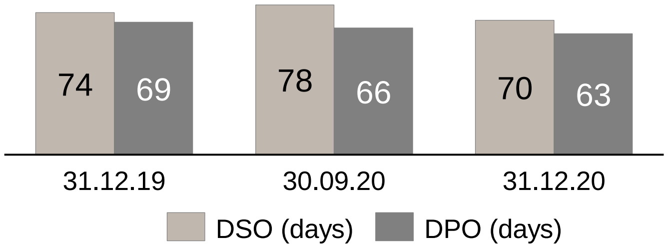
Net liquidity [1)] (€ million)



Cash flow development year-to-date (€ million) excl. IFRS 16

	12m 2020 excl. IFRS 16	IFRS 16 impacts	12m 2020 incl. IFRS 16	12m 2019 excl. IFRS 16
EBITA adj.	20		**20**	**104**
Depreciation	59	56	115	57
Change in NWC (Reported)	59		59	-42
Others	-31		-31	11
Adjustments	-43		-43	-71
Operating CF Reported	**64**		**120**	**59**
Net CAPEX	**-27**		-27	-53
Free CF Reported	**37**		**93**	**6**
Proceeds/Investments financial as	8		8	130
Changes in marketable securities	0		0	119
Dividends	-7		-7	-43
Change in financial debt	0	-52	-52	-124
Interest paid	-19	-4	-23	-22
FX / other / disco	-8		-8	-16
Change in Cash	**11**		**11**	**50**

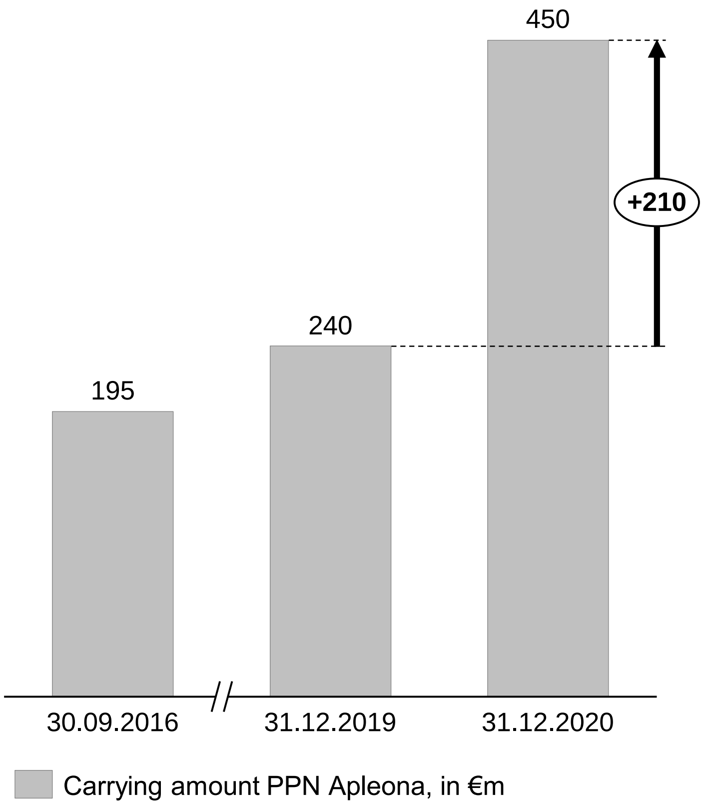




[1)] *Including IFRS 16 leases*

DSO: Trade receivables + WIP – advance payments received, DPO: Trade payables

Mark-to-market of Apleona PPN resulted in a capital gain of €210m booked in financial result



- Bilfinger holds Preferred Participation Notes to Apleona, which will result in a share of approximately 49 percent of the sales proceeds after deduction of debt
- The PPN relates to the sale of Bilfinger's Building and Facility Services business (now: Apleona) to EQT in September 2016
- On December 6, 2020, EQT officially announced by press release the sale of all shares in Apleona Group GmbH to PAI Partners in December 2020

→ Sale proceeds: €450 to 470 million
→ Capital gain: €210 million in financial result

→ Cash inflow: €450 to 470 million after closing of the transaction, which EQT expects to take place in the second quarter of 2021

Outlook 2021

Significant revenue growth and substantial improvement of EBITA adj.

	Actual FY 2020	Outlook FY 2021
Revenue	€3,461 million	Significant growth
EBITA adjusted	€20 million	Substantial improvement
EBITA adjusted margin	0.6%	Level of 2019 (2.4%), despite significantly lower revenue
EBITA reported	- €57 million	Substantial improvement
Free Cash Flow reported	€93 million	Positive, but below prior-year

Underlying assumptions:
- COVID-19 pandemic to have no significant impact on our business activities in 2021
- Oil price range between 45 and 65 US $ / barrel

Disclaimer

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