Investor Relations News

February 10, 2022

FY 2021 preliminary financial results

Bilfinger delivers in 2021; positive outlook for 2022; mid-term growth prospects supported by Sustainable Industrial Services portfolio

- **Market:** Remains generally positive
- **Orders received €4,008 m/+9% org.:** Full-year target achieved; book-to-bill of 1.07
- **Revenue €3,737 m/+11% org.:** Strong recovery, especially in Europe
- **Adjusted EBITA €137 m/3.7% margin:** Margin above 3% in line with expectations enhanced by real estate disposals
- **Reported net profit €130 m**
- **Reported free cash flow €115 m:** As expected, strong cash conversion in Q4; DSO of 67 a new record low; in addition, positive one-time tax effects
- **Dividend:** Proposal of €1.00 plus €3.75 special dividend per share
- **Outlook 2022:** Significant growth in revenue; EBITA margin with further operational improvement
- **CO_2 footprint:** ~60,000 tCO_2e in 2021; target of net zero by 2030 (Scope 1+2)
- **Sustainable Industrial Services portfolio:** Target revenue of €1 bn by 2024

With the figures achieved in 2021, industrial services provider Bilfinger has delivered on its full-year outlook for the fourth time in succession, leaving behind the years of transition and major restructuring. Orders received reached the €4 billion mark, paving the way to another year of significant growth in 2022. Revenues grew organically by 11 percent and adjusted EBITA reached €137 million. However, this figure includes gains from real estate disposals. Underlying operating earnings yielded a margin of approximately 3 percent, which is in line with expectations. The expected strong cash conversion in the fourth quarter coupled with tax refunds resulted in reported free cash flow of €115 million, thus surpassing the already good cash flow of the previous year.

Based on this positive development, the Executive Board and the Supervisory Board will propose a regular dividend of €1.00 per share to the Annual General Meeting on May 11, in addition to the proposal for a special dividend of €3.75 per share that has already been announced. This will be part of the total €250 million planned distribution to shareholders, including up to €100 million dedicated to a share buyback after the AGM approves a corresponding authorization. Maintaining positive free cash flows in the years ahead will also enable Bilfinger to invest several hundred million euros in organic growth and bolt-on acquisitions. The Group will adhere to the M&A criteria communicated and continuously review the effective use of capital, taking into account its cash situation and financial performance. This balanced approach to enhancing Bilfinger's capital efficiency is also reflected by the early repayment in October 2021 of the outstanding tranches of promissory note loans in the amount of €109 million.

“I am very pleased with the progress we made in 2021. In particular, the improvement in the gross margin and the excellent cash conversion in the closing months of the year, leading to a new benchmark for our working capital, proved that hard work pays off,” commented Christina Johansson, interim CEO and CFO. “Although the market is challenging in terms of resource availability, we see further years of growth and improved performance ahead.”

The company will build on its current position and target further improvements with a view to achieving a reported EBITA margin of 5 percent by 2024. By combining organic growth with selected bolt-on M&A transactions, the Group aims to increase its revenues to more than €5 billion by 2024. One of Bilfinger's strategic imperatives is to retain its asset-light business model, while attracting, retaining and developing the workforce that underpins the company's success. A strong focus on cash conversion should result in reported free cash flow of more than €200 million by 2024. This will allow for a sustainable dividend payout of 40 to 60 percent of adjusted net profit while reasserting the company's commitment to regaining its investment-grade rating.

Sustainable Industrial Services portfolio and first-time reporting of CO_2 footprint
Increasing awareness of climate change and the need for accelerated global initiatives are opening up attractive new market opportunities for Bilfinger as a leading industrial services provider. This is all the more true given that most of its customers are active in energy-intensive industries. They face the immediate task of securing their future energy supply and significantly reducing their carbon footprint in the process. As a key component of the company's growth strategy, Bilfinger targets an increase in revenues from energy transition and carbon reduction projects from approximately €500 million in 2021 to around €1 billion by 2024.

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Bilfinger will measure and report this figure yearly as part of its own sustainability commitment to people, the planet, customers and governance. This also includes reporting on and defining targets for occupational safety and sustainable supply chains as well as – for the first time – its carbon footprint in accordance with the GHG protocol. Scope 1 and 2 CO_2 equivalents amounted to 59,373 tons in 2021 compared with 56,136 tons in 2020. In its sustainability strategy, Bilfinger has set itself the target of successively reducing its GHG emissions Scope 1 and 2 and achieving net-zero emissions by the end of 2030 at the latest.

Christina Johansson: "I am very proud that we are today in the position to present not only our own sustainability commitment to drive the most relevant non-financial aspects of our Group, but also our Sustainable Industrial Services portfolio that will help our customers transform into the more sustainable businesses they aspire to be."

Group performance in FY 2021

Orders received in 2021 grew organically by 9 percent to €4,008 million (prior year: €3,724 million), thus exceeding the €4 billion mark. This was mainly due to a good demand level in European markets. The order backlog grew organically by 14 percent to €2,946 million (prior year: €2,585 million), while the book-to-bill ratio of 1.07 underpins Bilfinger's growth ambitions for 2022.

Group revenue grew organically by a good 11 percent to €3,737 million (prior year: €3.461 million). At 10.4 percent (prior year: 8.6 percent), the gross margin improved considerably, as did gross profit, which grew significantly to €387 million from a low level (prior year: €296 million). Despite top-line growth, adjusted SG&A expenses remained in the prior-year range at €286 million (prior year: €291 million). They were thus below the expected run rate of approximately €300 million, due also to one-time effects such as lower travel expenses because of COVID-19. The adjusted SG&A ratio measured against revenue was 7.6 percent (prior year: 8.4 percent).

Bilfinger generated adjusted EBITA of €137 million (prior year: €20 million), which corresponds to an adjusted EBITA margin of 3.7 percent (prior year: 0.6 percent). Here, gains of €30 million from non-operational real estate disposals contributed to the good operational performance. Reported EBITA amounted to €121 million (prior year: -€57 million) after adjustments of -€16 million (prior year: -€77 million).

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Engineering & Maintenance Europe segment
At E&M Europe, orders received increased by 4 percent (organically 3 percent) to €2,552 million compared with the prior year (€2,449 million). The segment delivered significant growth at a good margin level in a generally positive market environment. Revenue went up by 13 percent (organically 12 percent) to €2,518 million (prior year: €2,221 million) and the book-to-bill ratio was above 1. The segment's adjusted EBITA improved to €131 million (prior year: €69 million), corresponding to a very good EBITA margin of 5.2 percent (prior year: 3.1 percent). This reflects the success in improving the sales mix as well as further increasing the utilization rate.

Engineering & Maintenance International segment
Orders received at E&M International increased substantially by 44 percent (organically 48 percent) to €634 million (prior year: €441 million). Revenue grew by 6 percent (organically 10 percent) to €553 million (prior year: €521 million). Adjusted EBITA remained negative at -€14 million (prior year: -€21 million) but with a positive result in the fourth quarter. Here, better capacity utilization and strategic progress toward increasing the share of service contracts as well as small- and mid-sized projects are showing some effects. The adjusted EBITA margin was -2.5 percent (prior year: -4.0 percent).

Technologies segment
Orders received at Technologies decreased by a significant 17 percent (organically -15 percent) to €597 million (prior year: €719 million). The prior-year figure was largely supported by a higher amount in call-off orders for the Hinkley Point C nuclear power plant project in the United Kingdom. A book-to-bill ratio clearly above 1 as well as order backlog growth of 10 percent are evidence of the healthy demand experienced by this segment. Revenue grew by 12 percent (organically 14 percent) to €560 million (prior year: €498 million). The segment's adjusted EBITA was €20 million (prior year: -€10 million) and the adjusted EBITA margin improved to a solid 3.6 percent (prior year: -2.1 percent).

Net profit and free cash flow increased
Net profit rose to €130 million (prior year: €99 million), driven by the improvement in EBITA and also supported by tax refunds of €46 million. Adjusted for special items and with the application of a normalized tax rate, adjusted net profit improved to €89 million (prior year: -€8 million).

Free cash flow (€115 million; prior year: €93 million) made further progress compared with 2020 despite a higher cash-out from special items. Cash inflows from tax refunds, particularly in December, of in total €29 million contributed to this number. Inflows from real estate disposals of €57 million supported additionally. A major impact, however, also came from the strong development of working capital in the last quarter of the year, with 67 days of sales outstanding established as the new benchmark.

Outlook for the Group and segments in 2022

The positive development of revenue and earnings is expected to continue in 2022. It is anticipated that Bilfinger's growth will be accompanied by further earnings improvements in all three segments. The company now measures this on the basis of EBITA and the EBITA margin, and no longer – as in the reporting year – on the basis of adjusted values, which were evidence of the transformation and restructuring phase now completed.

For the Group, Bilfinger anticipates significant revenue growth (2021: €3,737 million). In the Engineering & Maintenance Europe segment, revenue (2021: €2,518 million) will grow slightly after the strong recovery in 2021, with growth potential limited by the current labor resource situation notably in Germany, Belgium, the Netherlands and Poland. By contrast, Engineering & Maintenance International (2021: €553 million) is expected to achieve significant revenue growth starting from a lower level. Key factors here will be the progress in implementing the strategy to expand the service business as well as the continued focus on smaller and medium-size projects. At Technologies, a significant increase in revenue (2021: €560 million) is also anticipated due to the high order backlog coupled with the continued good performance of the nuclear power and biopharma market segments. In Other Operations (2021: €107 million), revenue will be significantly below the prior-year level due to deconsolidation effects.

The special items required in the past for transforming the Group will no longer be incurred in a significant amount from 2022 as these processes were largely completed in 2021. Bilfinger is therefore now focusing on reported EBITA as the key earnings indicator. Here, the Group expects a significant increase (2021: €121 million). The absence of restructuring charges will also significantly increase the EBITA margin. Gains from real estate and property disposals in 2021 will be offset by improved operating earnings in 2022.

For Engineering & Maintenance Europe (2021: €116 million), Bilfinger anticipates a stable operating performance. Overall, the segment's EBITA margin will improve significantly due to the fact that restructuring expenses will no longer be incurred in 2022. At Engineering & Maintenance International (2021: -€18 million), EBITA is anticipated to increase significantly to at least break-even due to higher capacity utilization and substantial growth. A further significant improvement in EBITA is also expected at Technologies (2021: €19 million). For the items summarized in the Reconciliation Group (2021: €4 million), the company expects EBITA in 2022 to be significantly lower than in 2021, when it was strongly impacted by gains on real estate and property disposals. Excluding this effect, EBITA is expected to be generally stable.

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Alongside reported EBITA, the reported figure for net income will be the primary measure from 2022. Despite improved EBITA, net profit is expected to be significantly lower than in the prior year (2021: €130 million) due to a financial result with no positive special items and a normalized tax rate.

Bilfinger anticipates free cash flow in 2022 to be at the good level of the reporting year (2021: € 115 million), which was influenced by positive cash inflows from real estate disposals and tax refunds. This will be offset by increased operating cash flows in 2022.

Key figures for the Group

in € million	Q4			Full year		
	2021	2020	Δ in %	**2021**	2020	Δ in %
Orders received	**1,028**	1,024	0 (org: -1)	**4,008**	3,724	8 (org: 9)
Order backlog	**2,946**	2,585	14 (org: 12)	**2,946**	2,585	14 (org: 12)
Revenue	**982**	882	11 (org: 11)	**3,737**	3,461	8 (org: 11)
Adjusted EBITDA	**75**	68	11	**235**	125	88
Adjusted EBITA	**50**	42	18	**137**	20	592
Adjusted EBITA margin (in %)	**5.1**	4.8	-	**3.7**	0.6	-
EBITA	**37**	14	162	**121**	-57	-
Adjusted net profit	**41**	24	68	**89**	-8	-
Adjusted earnings per share (in €)	**1.01**	0.60	68	**2.19**	0.20	-
Net profit	**66**	203	-68	**130**	99	30
Operating cash flow	**115**	23	397	**113**	120	-7
Adjusted operating cash flow	**125**	43	192	**165**	164	1
Free cash flow	**113**	15	668	**115**	93	23
Adjusted free cash flow	**122**	34	259	**167**	137	22
Capital expenditure on P, P & E	**22**	15	47	**61**	37	68
Employees (number at reporting date)	**29,756**	28,893	3	**29,756**	28,893	3

Additional information
Bilfinger's Quarterly Statement Q4 2021 is available at: www.bilfinger.com

Bilfinger is an international industrial services provider. The Group aims to enhance the efficiency of assets, ensure a high level of availability, reduce emissions and lower maintenance costs. Designing sustainable production processes for customers is becoming increasingly important. Bilfinger's portfolio covers the entire value chain from consulting, engineering, manufacturing, assembly, maintenance and plant expansion to turnarounds and also includes environmental technologies and digital applications.

The company delivers its services in two service lines: Engineering & Maintenance and Technologies. Bilfinger is primarily active in Europe, North America and the Middle East. Process industry customers come from sectors that include chemicals & petrochemicals, energy & utilities, oil & gas, pharma & biopharma, metallurgy and cement. With its ~ 30,000 employees, Bilfinger upholds the highest standards of safety and quality and generated revenues of €3.7 billion in financial year 2021.

You can find additional information, photographs and videos at