



BILFINGER

Bilfinger SE

Quarterly Statement Q2 2019

August 14, 2019

Bilfinger delivers robust Q2 2019

- Continued high demand in our markets
- Orders received on high prior-year level, strong organic revenue growth based on good order backlog
- Improved adjusted EBITA driven by positive margin development of E&M segments, Technologies still in turnaround
- Net profit reported as planned positive year-to-date
- Free cash flow above prior year, significant improvement also expected for second half of 2019
Refinancing of Bond 12/2019 successfully completed
- Outlook 2019 reaffirmed



Europe



Demand in offshore maintenance remains strong



Greenfield Petrochem projects in Antwerp



Polyolefin projects plateauing, fertilizer bottoming out



Upcoming gas infrastructure technology projects (Northstream, Baltic Pipe, German LNG terminal in Brunsbüttel)



Market opening for offshore wind farms' inspection and maintenance



Nuclear: ongoing positive expectations on new builds in UK, modernization in France



New investments in chemical pharma in Europe. Trend of moving production to Asia is slowing down



Biopharma demand for small and medium projects increasing



Demand for environmental solutions increasing: DeNO_x, DeSO_x, CO₂

North America & Middle East



Upstream O&G – Release of Opex funding, e.g. in Permian Basin and Gulf of Mexico remains steady



Midstream stabilizing. Production up despite US rig count down 15% through first half of 2019, e.g. shale gas driving new cracker projects and mid-stream cryo-plants



Continuing refinery expansions



Energy storage market is expected to double



\$80 billion in petrochemical projects in development in the USGC, however with some indication of slowing in response to HD polyethylene futures pricing forecasts.



Continued industrialization of low cost, clean natural gas in power and all modes of transportation.



Oil & Gas upwards trend continues (KSA, UAE and Qatar plan field expansions)



In Country Value (ICV) dominating contractor selection



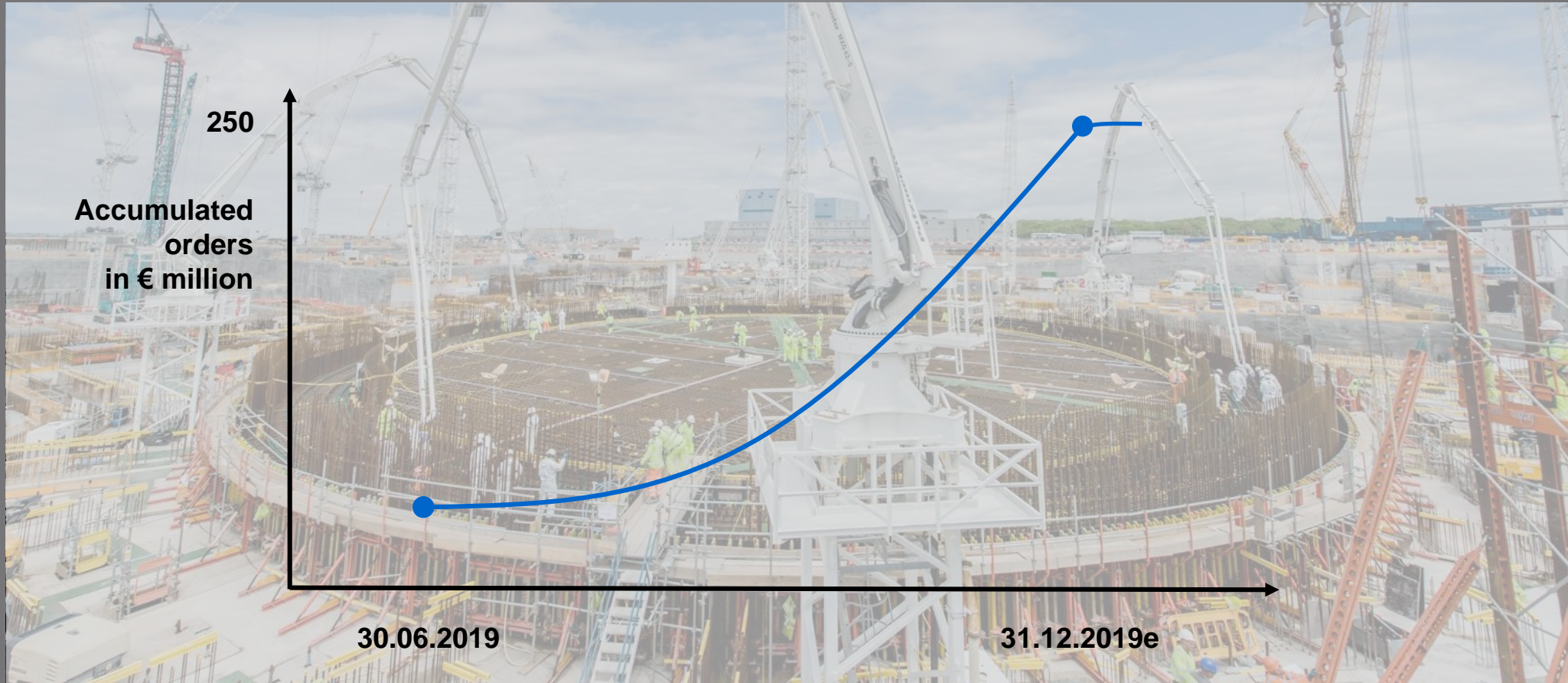
Forward looking energy strategy shift towards gas, energy conservation projects and renewables; especially wind and solar



Overall electricity demand in the Gulf Cooperation Council countries plateauing

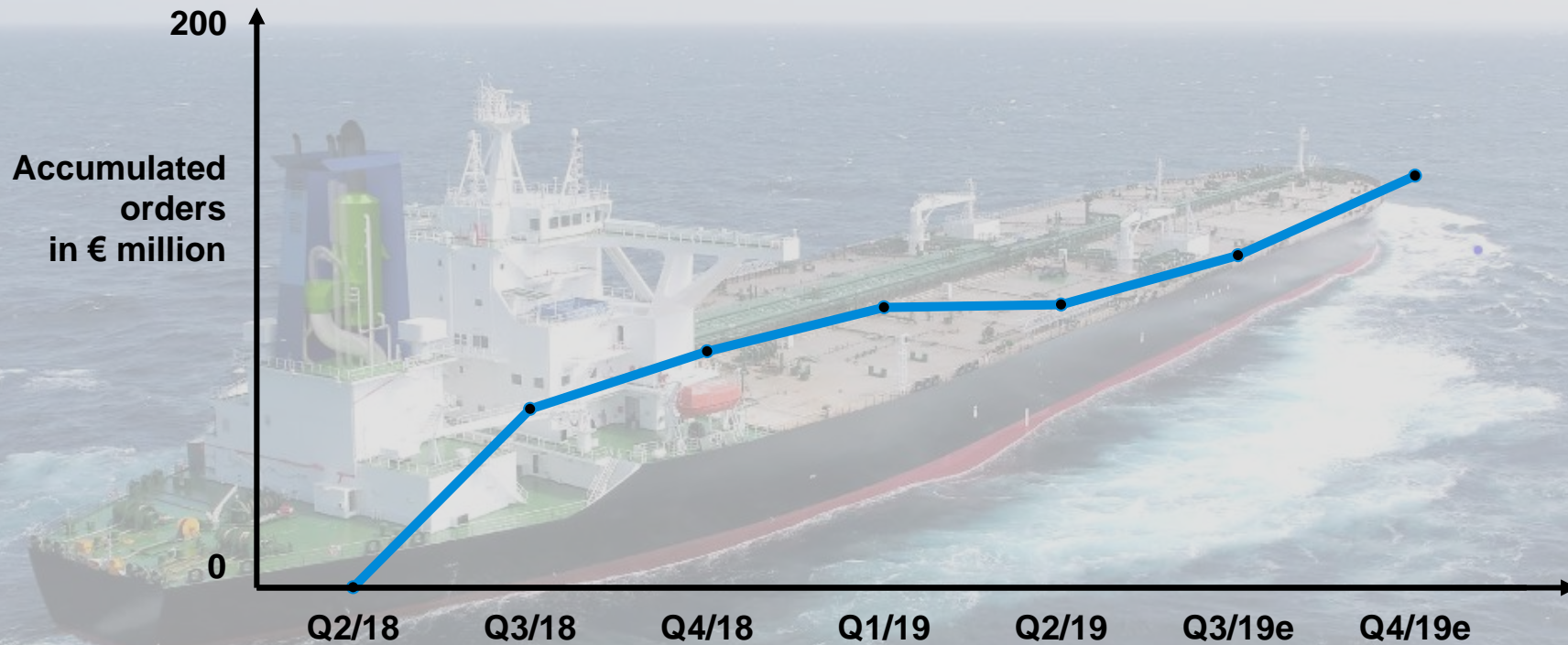
Proven Nuclear Expertise

Hinkley Point C: Positioned as strategic supplier



Marine environmental solutions

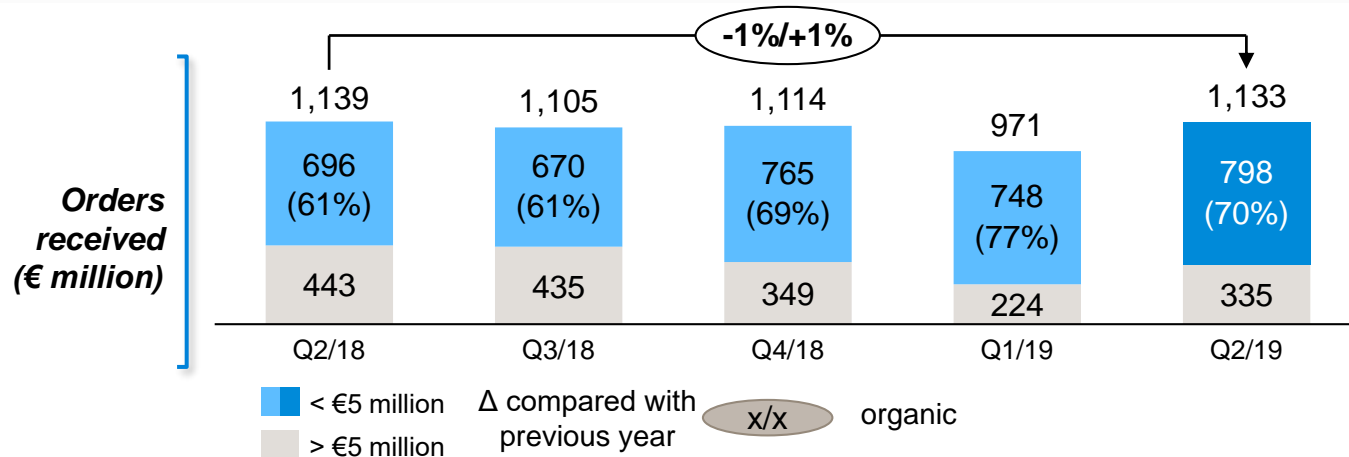
Scrubber: Successful technology transfer



Financials Q2 2019

Orders received on high prior-year level

Development of orders received



- Orders received**
 Stable development (-1% / org.: +1%) driven by the base business with orders <€5m (prior-year quarter was supported by Linde Braskem Project >€100m)
- Book-to-bill** ~ 1
- Order backlog**
 -2% below prior-year quarter (org.: 0%)

Book-to-bill ratio

1.1

1.1

1.0

1.0

1.0

Order backlog (€ million)

2,767

2,828

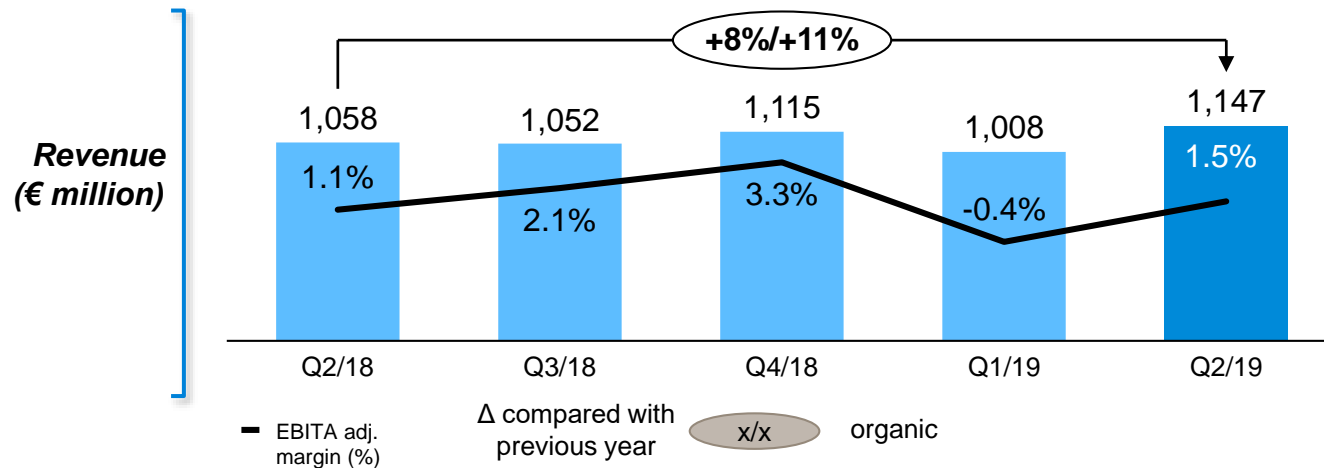
2,818

2,754

2,712

Continued strong revenue growth; EBITA adjusted above prior year

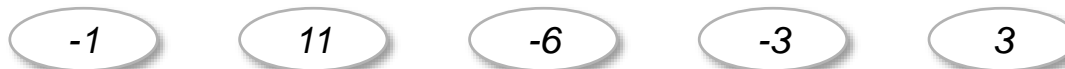
Development of revenue and profitability



EBITA adj.
(€ million)



EBITA
(€ million)

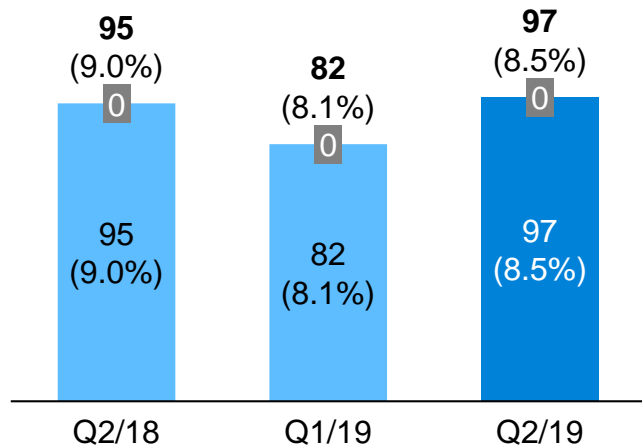


- Revenue**
 +8% increase (org.: +11%) due to strong order backlog and good demand
- Adjusted EBITA**
 Improved to €17 million (prior year: €12 million)
- Special items**
 -€15 million, thereof -€2 million restructuring and -€11 million from IT investments

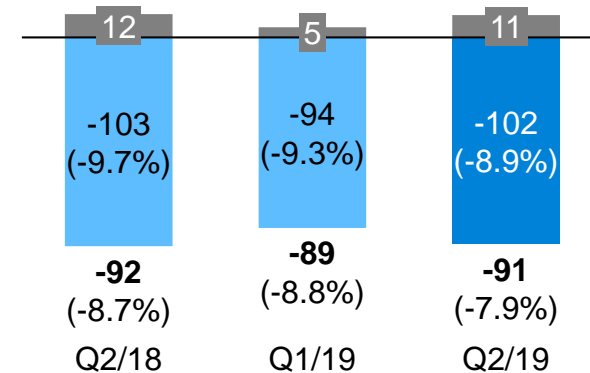
Gross profit impacted by underperformance in Technologies

Adjusted SG&A ratio improved to 7.9%, target of 7.5% for 2020 confirmed

Adjusted gross profit (€ million)



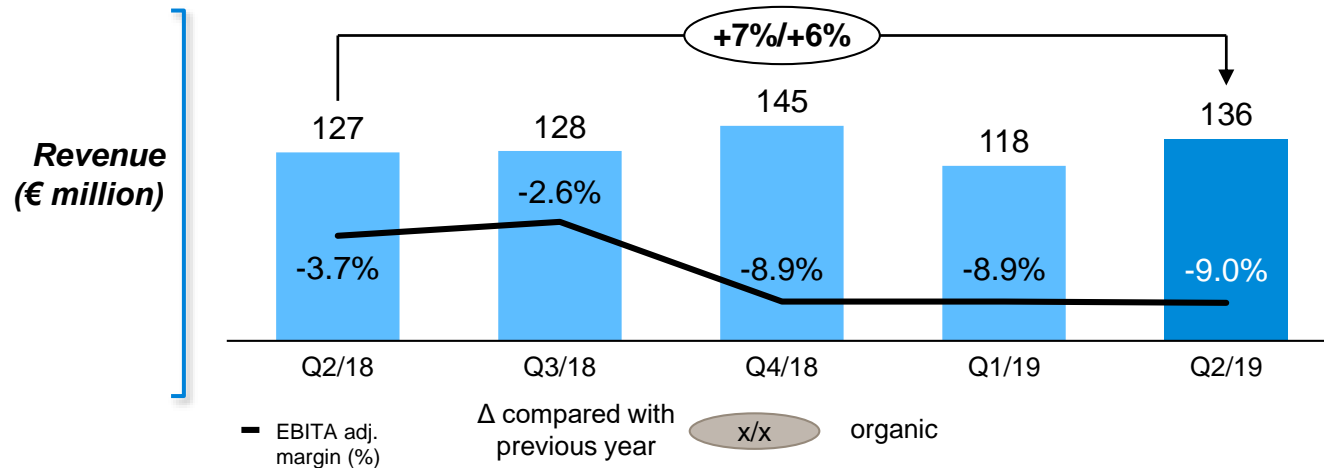
Adjusted selling and administrative expenses (€ million)



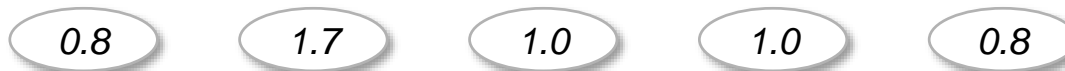
Adjustments Reported

Segment Technologies: underperformance of single entity, action plan in place

Development of revenue and profitability



Book-to-bill ratio



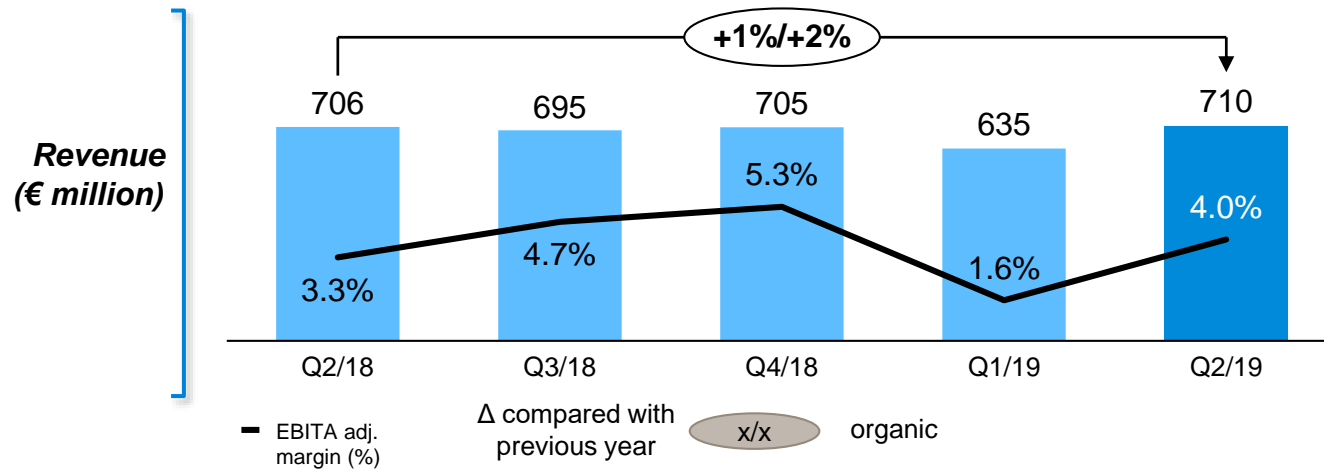
EBITA adj. (€ million)



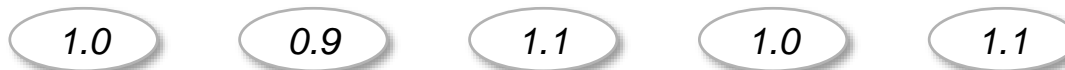
- **Orders received**
+5% (org.: +5%) above prior year quarter
- **Book-to-Bill**
At 0.8, currently focus on profitability improvement and execution
- **Revenue**
+7% (org.: +6%) increase based on good order backlog
- **Adjusted EBITA**
Recovery expected in second half of the year
Q4: loss-making entity break-even, segment with positive result expected
- Strategic actions remain an option within the segment

Segment E&M Europe: margin shows positive trend

Development of revenue and profitability



Book-to-bill ratio



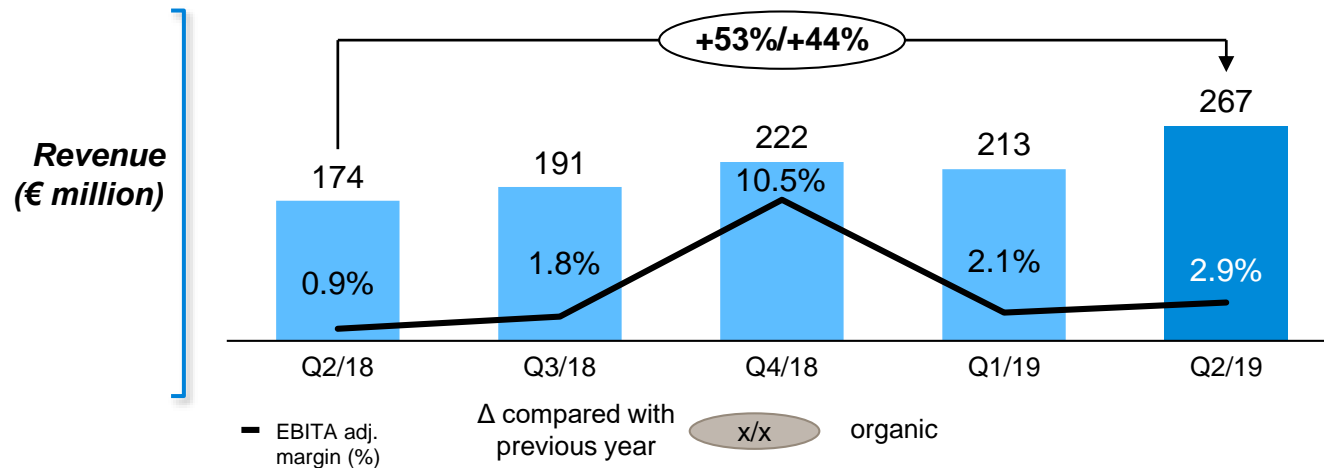
EBITA adj. (€ million)



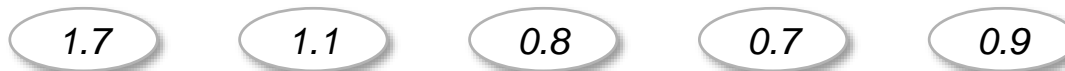
- Orders received**
 +8% above prior year quarter (org.: +8%) based on strong demand in Northwest Europe
- Book-to-Bill**
 1.1 supports continuous growth expectations in core market
- Revenue**
 +1% (org.: +2%), positive development on already good level
- Adjusted EBITA**
 Increase through margin improvement (4.0% against 3.3%)

Segment E&M International: strong revenue growth, good quarter in North America

Development of revenue and profitability



Book-to-bill ratio



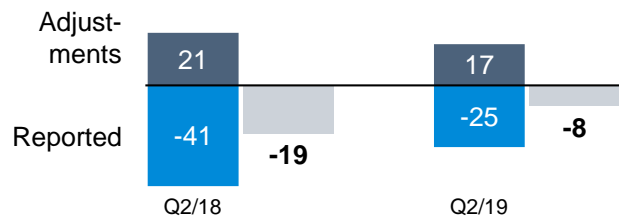
EBITA adj. (€ million)



- Orders received**
 -18% (org.: -23%) below strong prior-year quarter with large project in the US
- Book-to-Bill:** 0.9
- Revenue**
 Strong revenue growth of +53% (org.: +44%) especially due to strong project execution in North America
- Adjusted EBITA**
 Increase through growth and significant margin improvement (2.9% against 0.9%)

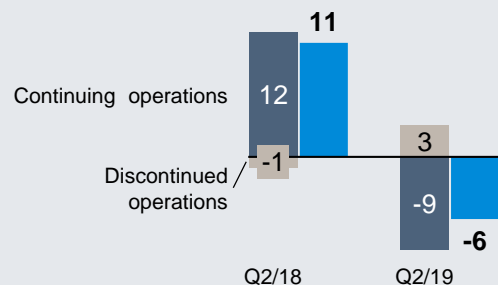
Cash flow and DSO improved against prior year and prior quarter

Adjusted operating cash flow¹⁾ (€ million)

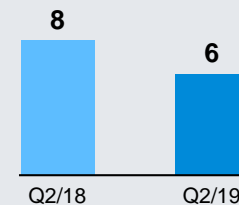


¹⁾ Adjustments correspond to EBITA adjustments, Q2 2019 includes +€14m from IFRS 16

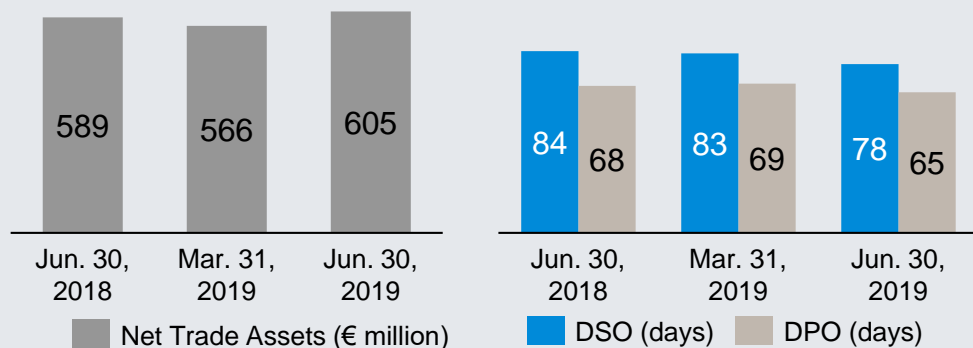
Net profit (€ million)



Adjusted net profit (€ million)

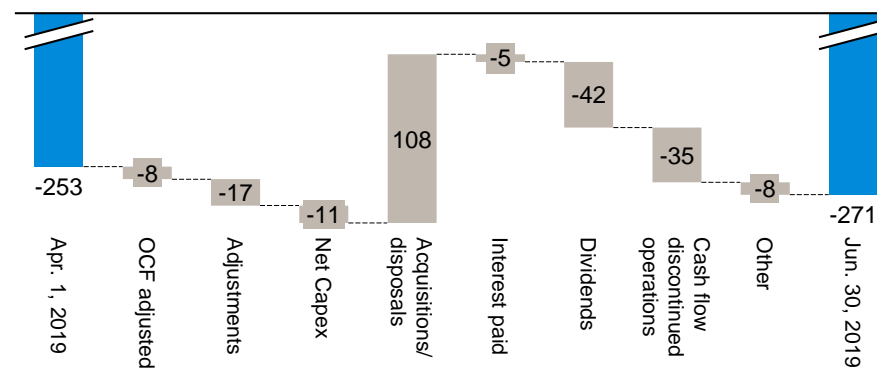


Net Trade Assets



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

Net liquidity (€ million)



Successful refinancing of Bond maturity 12/2019

Increased interest rate, but lower total debt

New financing mix with staggered maturity profile and broader investor base

Financial debt by 12/2018¹⁾: €500m

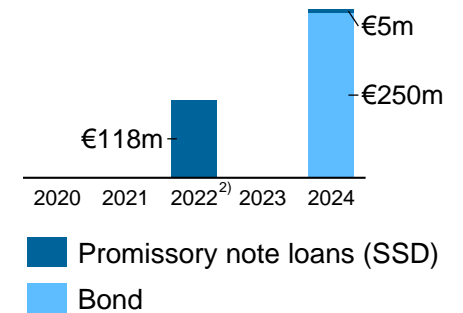
Bond 12/2019 €500m	Maturity: 12/2019 (7 years) IG documentation (no covenants) Interest: Coupon 2.375% p.a. fixed
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Expected financial debt by 12/2019¹⁾: €373m

Bond 06/2024 €250m	Maturity: 06/2024 (5 years) IG documentation (no covenants) Interest: Coupon 4.500% p.a. fixed Yield 4.625% p.a. fixed
SSD €123m	Maturity: Majority in 04/2022 (3 years) IG documentation (no covenants) Interest: Coupon ~2.2%
VCN Apleona €128m	Cash-in 04/2019

Debt Maturity Profile as of June 30, 2019



²⁾ Revolving Credit Facility (€300m, undrawn) also matures in 2022

Weighted interest rate:

~3.8% p.a.
i.e. ~€14m p.a.

Accrued value by 03/2019

(€100m / 10% interest p.a.)
→ No further interest income going forward

¹⁾ w/o leasing liabilities

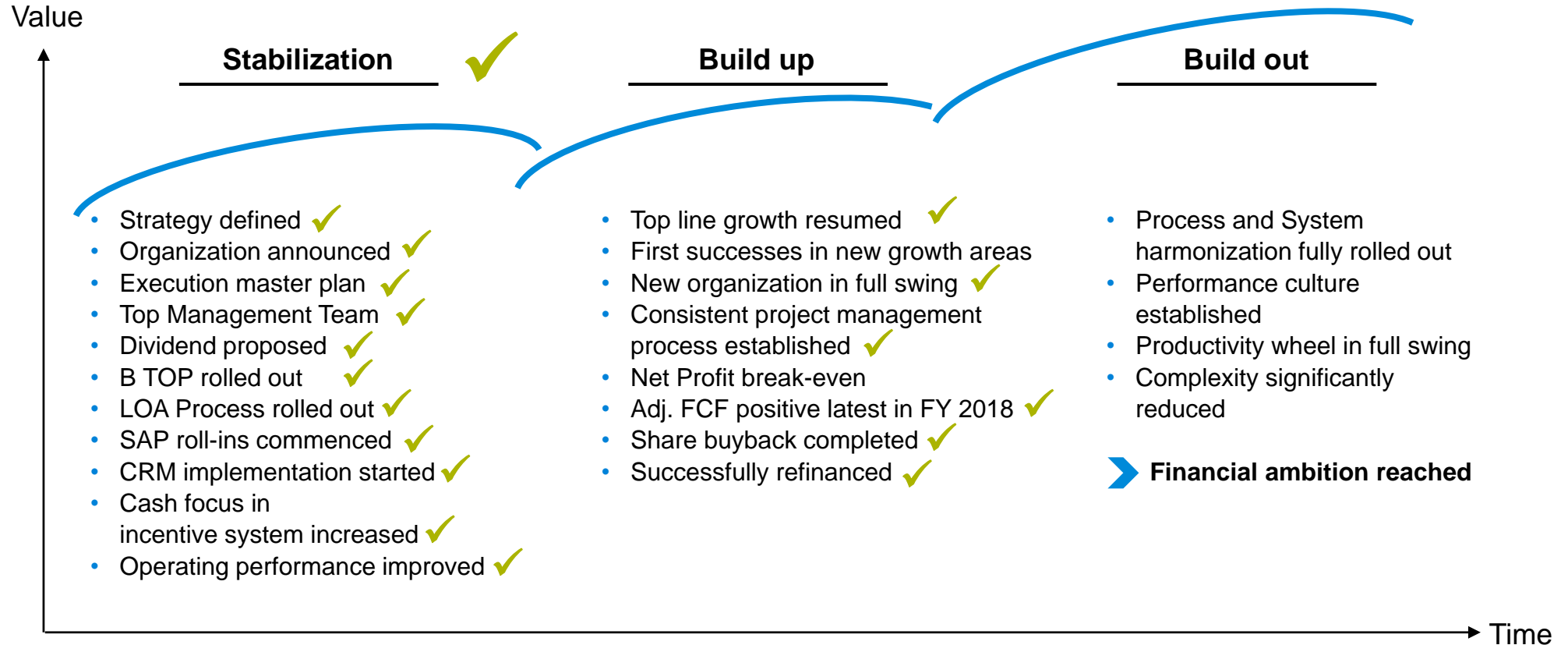
Outlook 2019 reaffirmed

<i>in € million</i>	Actual FY 2018	Expected FY 2019
Revenue	4,153	Mid single-digit organic growth
EBITA adjusted	65	Significant increase to more than €100 million
Free Cash Flow reported	-4	Positive ¹⁾

¹⁾ Notwithstanding IFRS16 effect: break-even

Bilfinger 2020

Build up phase on track



Quarterly Statement Q2 2019
Financial backup

Segment development Q2 2019

	Technologies			E&M Europe			E&M International			Reconciliation Group						Group		
	Q2 2019	Q2 2018	Δ in %	Q2 2019	Q2 2018	Δ in %	Q2 2019	Q2 2018	Δ in %	HQ / Consolidation / Other			OOP			Q2 2019	Q2 2018	Δ in %
<i>in € million</i>	Q2 2019	Q2 2018	Δ in %	Q2 2019	Q2 2018	Δ in %	Q2 2019	Q2 2018	Δ in %	Q2 2019	Q2 2018	Δ in %	Q2 2019	Q2 2018	Δ in %	Q2 2019	Q2 2018	Δ in %
Orders received	113	108	5%	757	704	8%	246	301	-18%	1	-8	-	17	34	-50%	1,133	1,139	-1%
Order backlog	468	405	16%	1,776	1,708	4%	426	536	-21%	-9	-16	45%	50	135	-63%	2,712	2,767	-2%
Revenue	136	127	7%	710	706	1%	267	174	53%	0	-4	93%	35	55	-36%	1,147	1,058	8%
Investments in P,P&E	0	0	-	11	12	-8%	2	2	0%	1	1	0%	0	3	-100%	14	18	-22%
Increase in right-of-use assets	0	-	-	8	-	-	1	-	-	5	-	-	0	-	-	14	-	-
Depreciation	-2	-1	-100%	-17	-10	-70%	-3	-1	-200%	-4	-1	-300%	-1	-3	67%	-27	-16	-69%
Amortization	0	0	-	0	0	-	-1	-1	0%	0	0	-	0	0	-	-1	-1	0%
EBITDA adjusted	-10	-4	-150%	45	34	32%	11	3	267%	-3	-6	50%	2	1	100%	45	28	61%
EBITA	-13	-5	-173%	27	24	12%	7	2	308%	-18	-20	9%	1	-2	-	3	-1	-
EBITA adjusted	-12	-5	-162%	28	24	21%	8	2	366%	-7	-7	-4%	1	-2	-	17	12	47%
EBITA-margin adjusted	-9.0%	-3.7%		4.0%	3.3%		2.9%	0.9%		-	-		1.4%	-3.7%		1.5%	1.1%	

P&L (1/2)

<i>in € million</i>	Q2 2019	Q2 2018	Δ in %	
Revenue	1,147	1,058	8%	+8%, organically +11%
Gross profit	97	95	2%	
Selling and administrative expense	-102	-103	1%	Reported, for details compare p. 10
Impairment losses and reversal of impairment losses according to IFRS 9	1	-3	-	
Other operating income and expense	2	6	-67%	
Income from investments accounted for using the equity method	3	3	0%	
EBIT	2	-2	-	Depreciation of property, plant and equipment and amortization of intangible assets of -14 (prior year -16), amortization on right of use assets (IFRS 16) with -13 (prior year 0), in total -27 (prior year -16)
<i>Amortization (IFRS 3)</i>	<i>1</i>	<i>1</i>	<i>0%</i>	
EBITA (for information only)	3	-1	-	
<i>Special items in EBITA</i>	<i>15</i>	<i>13</i>	<i>15%</i>	
EBITA adjusted (for information only)	17	12	42%	No currency effects

P&L (2/2)

<i>in € million</i>	Q2 2019	Q2 2018	Δ in %
EBIT	2	-2	-
Financial result	-5	20	-
EBT	-3	17	-
Income taxes	-6	-5	-20%
Earnings after taxes from continuing operations	-9	12	-
Earnings after taxes from discontinued operations	3	-1	-
Minority interest	0	0	0%
Net profit	-6	11	-
Adjusted net profit¹⁾	6	8	-25%
Average number of shares (in thousands)	40,284	41,821	
Earnings per share (in €)	-0.16	0.29	
thereof from continuing operations	-0.22	0.29	
thereof from discontinued operations	0.07	0.00	

Mark to market valuation PPN (3.5, prior year 22), interest result below prior year due to absence of interest from VCN Apleona (-3) and negative carry from refinancing (-1), interest on leases IFRS 16 (-1)

No capitalization of losses in German tax group of the SE

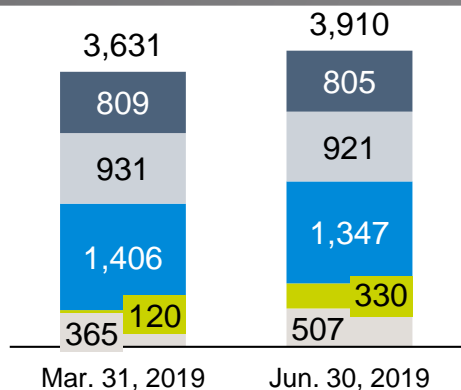
In addition to the special items in EBITA, the financial result and taxes are also adjusted

¹⁾ from continuing operations

Special items

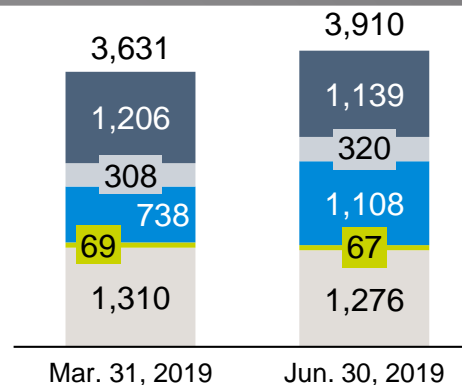
<i>in € million</i>	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2019	Q2 2019
EBITA	-1	11	-6	-7	-3	3
Disposal losses/gains, write-downs, selling-related expenses	-2	0	21	17	-7	1
Compliance	5	-1	2	9	0	0
Restructuring, extraordinary depreciations	4	7	11	22	0	2
IT investments	6	5	9	24	6	11
Total Adjustments	13	11	43	72	-1	15
<i>EBITA adjusted</i>	12	22	37	65	-4	17

Balance Sheet – Overview Assets and Liabilities



Component	% Change
Intangible assets	0%
Other non-current assets	-1%
Current assets	-4%
Marketable Securities	175%
Cash and equivalents	39%

as compared to Mar. 31, 2019



Component	% Change
Equity	-6%
Pension provisions	4%
Financial debt	50%
Other non-current liabilities	-3%
Current liabilities	-3%

as compared to Mar. 31, 2019

Goodwill decreases slightly to 796 (03/19: 799) due to currency effects.

Non-current assets include PPN Apleona 242, property, plant and equipment 307, according to IFRS 16 right-of-use assets from leases 237, deferred tax assets 81.

Marketable securities with 330 in call and time deposits.

Decline in **equity** following dividend payment -42 and negative earnings after tax -25. Further decline in equity ratio due to temporary balance sheet extension after refinancing.

Increase in **pension provisions** because Euro interest rate decreased (1.3% to 1.0%).

Financial debt relates to bond 12/2019 with 500, bond 06/2024 with 250, SSD with 123 and leases with 235.

Other non-current liabilities includes deferred tax assets of 43.

Current liabilities include payables of 925 (03/19: 919), including trade payables of 401 (03/19: 375), and payments received 153.

Consolidated Balance Sheet: Assets

<i>in € million</i>	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018
Non-current assets			
Intangible assets	804.5	808.7	803.9
Property, plant and equipment	307.3	310.4	324.0
Right of use assets from leases	237.0	240.4	0.0
Investments accounted for using the equity method	39.5	38.8	34.9
Other financial assets	256.9	261.3	376.7
Deferred taxes	80.9	80.8	74.9
	1,726.1	1,740.4	1,614.4
Current assets			
Inventories	56.3	62.6	61.7
Receivables and other financial assets	1,196.1	1,255.2	1,102.3
Current tax assets	32.5	24.0	22.8
Other assets	62.4	64.3	50.6
Marketable securities	329.7	120.0	120.0
Cash and cash equivalents	506.9	365.1	453.8
Assets classified as held for sale	0.0	0.0	50.4
	2,183.9	1,891.2	1,861.6
Total	3,910.0	3,631.6	3,476.0

Consolidated Balance Sheet: Equity & liabilities

<i>in € million</i>	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018
Equity			
Equity attributable to shareholders of Bilfinger SE	1,152.3	1,218.7	1,217.6
Attributable to minority interest	-13.3	-12.7	-12.9
	1,139.0	1,206.0	1,204.7
Non-current liabilities			
Provisions for pensions and similar obligations	320.1	308.2	288.2
Other provisions	24.8	24.9	24.6
Financial debt	560.0	190.3	10.8
Other liabilities	0.1	0.0	0.1
Deferred taxes	42.5	43.9	39.4
	947.5	567.3	363.1
Current liabilities			
Current tax liabilities	43.8	35.3	33.8
Other provisions	307.3	357.0	383.6
Financial debt	547.7	547.5	501.6
Trade and other payables	701.1	697.6	750.5
Other liabilities	223.6	220.9	212.7
Liabilities classified as held for sale	0.0	0.0	26.0
	1,823.5	1,858.3	1,908.2
Total	3,910.0	3,631.6	3,476.0

Consolidated Statement of Cash Flows

	H1		Q2	
<i>in € million</i>	2019	2018	2019	2018
Cash flow from operating activities of continuing operations	-114.0	-101.0	-24.9	-40.7
- Thereof special items	-35.2	-36.9	-16.7	-21.3
- Adjusted cash flow from operating activities of continuing operations	-78.8	-64.1	-8.2	-19.4
Net cash outflow for P, P & E and intangible assets	-23.8	-25.4	-11.0	-15.5
Free cash flow from continuing operations	-137.8	-126.4	-35.9	-56.2
- Thereof special items	-35.2	-36.9	-16.7	-21.3
- Adjusted free cash flow from continuing operations	-102.6	-89.5	-19.2	-34.9
Payments made / proceeds from the disposal of financial assets	143.3	-1.6	108.8	-3.7
Investments in financial assets	0.0	-0.3	0.0	-0.3
Changes in marketable securities	-209.7	0.0	-209.7	0.0
Cash flow from financing activities of continuing operations	300.9	-101.6	314.1	-67.1
- Share buyback	0.0	-57.5	0.0	-25.4
- Dividends	-42.2	-43.7	-42.2	-43.7
- Repayment of financial debt / borrowing	350.3	1.1	361.6	-0.2
- Interest paid	-7.2	-1.5	-5.3	2.2
Change in cash and cash equivalents of continuing operations	96.7	-229.9	177.3	-127.3
Change in cash and cash equivalents of discontinued operations	-47.3	-7.5	-35.5	-0.9
Change in value of cash and cash equivalents due to changes in foreign exchange rates	0.4	-1.0	-0.1	-1.2
Change in cash and cash equivalents	49.8	-238.4	141.7	-129.4
Cash and cash equivalents at January 1 / April 1	453.8	617.1	365.2	508.4
Change in cash and cash equivalents of assets classified as held for sale	3.3	0.3	0.0	0.0
Cash and cash equivalents at June 30	506.9	379.0	506.9	379.0

Valuation net cash / net debt

Increase also due to dividend payment

<i>in € million</i>	Jun. 30, 2019	Mar. 31 2019
Cash, cash equivalents and marketable securities	837	485
Financial debt	-873	-513
Leasing liabilities (IFRS 16)	-235	-225
Net cash (+) / net debt (-)	-271	-253
Pension provisions	-320	-308
Financial assets (Apleona PPN) ¹⁾	242	376
Future cash-out special items	~ -20	~ -70
Further intra-year working capital swing	-	-
Valuation net cash (+) / net debt (-)	~ -370	~ -250

New: bond 06/2024 with 250, SSD with 123

Discount rate decreased from 1.3% to 1.0%

Q2: Repayment Apleona VCN and cash-in sale remaining shares in JBN

¹⁾ In previous quarter also including Vendor Claim Note (€128m) and JBN (€11m)

Disclaimer

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