Press Release

August 11, 2021

Q2 2021 financial results

Bilfinger continues growth momentum in volumes and earnings; slightly raised outlook for 2021

- **Market:** Supportive dynamics in most regions
- **Orders received €1.061 bn/+16% org.:** Strongest quarter in more than a year
- **Revenue €977 m/+29% org.:** Substantial increase against low prior-year level
- **Adjusted EBITA €26 m/2.6% margin:** Encouraging development leads to slight increase in full-year expectations
- **Reported net profit €13 m:** Positive based on good operating earnings and small number of special items
- **Reported free cash flow -€43 m:** Below prior year after strong first quarter due to growth-related working capital consumption
- **Capital allocation:** Early debt repayment (€109 m); combination of share buyback and dividend distribution (€250 m); investments in organic growth and acquisitions; investment grade target confirmed
- **Outlook 2021 slightly raised:** Adjusted EBITA margin to exceed 2019 pre-crisis level and reach ~3 percent

The encouraging development of Bilfinger seen in the first months of 2021 has continued in the second quarter with a significant level of orders received as well as a gratifying adjusted EBITA margin of 2.6 percent. Reported net profit of €13 million includes a small number of special items, reflecting largely normalized business environment and a margin improvement. Bilfinger has slightly raised its outlook for adjusted EBITA margin to exceed 2019 pre-crisis level and reach ~3 percent in financial year 2021.

Christina Johansson, interim CEO and CFO, commented: “I am very pleased with the progress we are able to show in the second quarter of 2021. The cost reduction programs implemented in 2020 are paying back. The margin improvement, in particular, is encouraging and we anticipate a continuation of this trend for the full year. In addition, the increased order backlog paves the way for next year’s growth ambitions.”

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Bilfinger’s strong gross liquidity as of June 30 includes the proceeds from the sale of the stake in Apleona, the company’s former facility services business. The available surplus capital is to be allocated as follows: €109 million will be used for the early repayment of the outstanding tranches of promissory note loans in October 2021 instead of April 2022. Furthermore, the Executive Board and the Supervisory Board will propose a special dividend of €3.75 per share to the Annual General Meeting 2022, i.e. a distribution to shareholders of ~€150 million, in addition to the regular dividend for the financial year 2021. Moreover, the Executive Board and Supervisory Board will ask the 2022 Annual General Meeting to authorize to buy back shares up to a maximum volume of 10 percent. With the targeted financial performance a share buyback program of up to €100 million will then be launched in the summer of 2022. The strong balance sheet and the expected positive free cash flows in the coming years will also enable Bilfinger to invest several hundred million euros in organic growth and bolt-on acquisitions. The group will adhere to the communicated M&A criteria and will continuously review the effective use of capital taking into account Bilfinger's cash situation and financial performance.

“We have chosen a balanced approach to enhance our capital efficiency that also provides an attractive return to our shareholders. At the same time, it opens up the possibility to further develop Bilfinger's business in line with future market requirements and hence create additional shareholder value. All this is consistent with our mid-term target to regain an investment grade rating”, Christina Johansson commented.

Group performance in Q2 2021

The Group increased orders received in the second quarter of 2021 to €1,061 million (prior year: €931 million), reflecting very good organic growth of 16 percent. This was based on winning significant contracts in the Technologies and E&M International business segments as well as on a robust development in European markets. The order backlog grew organically by 9 percent to €2,845 million (prior year: € 2,667 million) and the book-to-bill ratio stood at a good 1.1.

Group revenue grew organically by a significant 29 percent to €977 million compared with a weak prior-year quarter (€793 million), which had been heavily affected by the COVID-19 pandemic and marked the low point of the last year. At 9.7 percent (prior year: 4.3 percent), the gross margin improved considerably, as did gross profit, which grew to €95 million (prior year: €34 million). Adjusted SG&A expenses decreased slightly to €70 million (prior year: €73 million) and were thus below the sustainable target level of €75 million per quarter due to COVID-19-related effects such as continuing low travel expenses. The adjusted SG&A ratio measured against revenue was 7.2 percent (prior year: 9.2 percent).

Bilfinger achieved adjusted EBITA of €26 million (prior year: -€35 million), which corresponds to an adjusted EBITA margin of 2.6 percent (prior year: -4.4 percent). This was due to favorable effects from efficiency enhancement programs implemented in 2020 and the resulting improved capacity management. Reported EBITA was also positive at €21 million (prior year: -€51 million), reflecting the significant reduction in special items to -€5 million (prior year: -€16 million), which in 2021 mainly relate to the harmonization of the IT landscape. After the increased expenses for restructuring measures in 2020, only smaller amounts are anticipated in 2021.

Engineering & Maintenance Europe segment
At E&M Europe, orders received increased by 5 percent (organically 3 percent) to €649 million compared with the prior-year quarter (€619 million), which had in relative terms been less impacted by COVID-19 effects. Bilfinger recorded significant growth rates, particularly in Germany, Belgium and the Netherlands as well as in Northern Europe. Revenue increased by a substantial 36 percent (organically 34 percent) to €665 million (prior year: €491 million), buoyed by growth in all European regions. The book-to-bill ratio in the second quarter was 1.0, reflecting the increase in both orders received and revenue. The segment's adjusted EBITA improved significantly to €40 million (prior year: €2 million), corresponding to an excellent margin of 5.9 percent (prior year: 0.4 percent).

Engineering & Maintenance International segment
Orders received at E&M International increased substantially by 48 percent (organically 60 percent) to €199 million (prior year: €135 million). Development in North America was flanked by the extension of a major maintenance contract, whereas the orders received in the Middle East remained at prior-year level. Revenue grew by 9 percent (organically 19 percent) to €143 million (prior year: €131 million). The book-to-bill ratio in the second quarter was 1.4 and thus provides the basis for further growth. Adjusted EBITA remained negative at -€7 million (prior year: -€12 million); the adjusted EBITA margin was -5.2 percent (prior year: -9.5 percent). Strategic measures including the adjustment of capacities are increasingly showing effect.

The company decided to sell the shares in its joint venture in Oman given a change in market conditions and business outlook. The transaction is expected to be completed in the third quarter of 2021; Bilfinger received the purchase price of €10 million already in June 2021.

Technologies segment
Technologies delivered a strong increase in orders received of 48 percent (organically 51 percent) to €169 million (prior year: €114 million). This was largely supported by the award of a major project in the biopharma sector, resulting in a book-to-bill of 1.2. Revenue also grew by a

significant 35 percent (organically 36 percent) to €145 million (prior year: €108 million). The segment's adjusted EBITA was positive for the fourth consecutive quarter, reaching €7 million (prior year: -€20 million). As a result, the adjusted EBITA margin improved to 4.7 percent (prior year: -18.7 percent).

Positive net profit but reduced free cash flow

Following the first quarter, net profit was again positive in the second quarter of 2021. Driven by the improvement in EBITA, net profit rose to €13 million (previous year: -€60 million).

Both adjusted operating cash flow (-€27 million; prior year: 143 million) and reported free cash flow (-€43 million; prior year: €129 million) were substantially below the extraordinarily positive prior-year figures. This was on the one hand due to growth-related increased working capital requirements. On the other hand, the prior year quarter was supported by deferred taxes and social security contributions in the high double-digit-million euro range, that have been paid at year-end.

Earnings outlook 2021 slightly raised

Bilfinger expects unchanged significant revenue growth (2020: €3,461 million) in financial year 2021. The Group anticipates furthermore a substantial improvement in adjusted EBITA (2020: €20 million). In light of the encouraging earnings development in the first six months of 2021, the adjusted EBITA margin will now exceed the pre-crisis level of financial year 2019 (2.4 percent) and will reach approximately 3 percent, although revenue in 2021 is still expected to be significantly below the 2019 figure. The structural cost-cutting measures that were implemented with great agility in the second half of 2020 have been showing increasingly positive effects.

Bilfinger anticipates a substantial improvement in the Group's reported EBITA (2020: -€57 million) due to significantly lower expenses recognized as special items. The expenses for the restructuring measures implemented as a consequence of the COVID-19 pandemic and the volatile oil price development primarily impacted financial year 2020.

The Group expects free cash flow to be positive but below the prior-year level (2020: €93 million), despite a substantial improvement in EBITA. The reasons for this are increased working capital requirements as a result of the planned revenue growth, the cash-out effects for the restructuring measures implemented in 2020 and a normalized level of capital expenditure.

Key figures for the Group

in € million

	Q2			FY 2020
	2021	2020	∆ in %	**2020**
Orders received	**1,061**	931	14 (org: 16)	**3,724**
Order backlog	**2,845**	2,667	7 (org: 9)	**2,585**
Revenue	**977**	793	23 (org: 29)	**3,461**
Adjusted EBITDA	**50**	-8	-	**125**
Adjusted EBITA	**26**	-35	-	**20**
Adjusted EBITA margin (in %)	**2.6**	-4.4		**0.6**
EBITA	**21**	-51	-	**-57**
Adjusted net profit	**12**	-31	-	**-8**
Adjusted earnings per share (in €)	**0.30**	-0.75	-	**-0.20**
Net profit	**13**	-60	-	**99**
Operating cash flow	**-40**	133	-	**120**
Adjusted operating cash flow	**-27**	143	-	**164**
Free cash flow	**-43**	129	-	**93**
Adjusted free cash flow	**-30**	139	-	**136**
Capital expenditure on P, P & E	**10**	6	62	**37**
Employees (number at reporting date)	**29,692**	31,533	-6	**28,893**

Additional information
Bilfinger’s Quarterly Statement Q2 2021 is available at: www.bilfinger.com

Bilfinger is a leading international industrial services provider. The Group enhances the efficiency of assets, ensures a high level of availability and reduces maintenance costs. The 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: Technologies and Engineering & Maintenance. Bilfinger is primarily active in the regions Continental Europe, Northwest 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 revenue of €3.5 billion in financial year 2020.

You can find additional information, photographs and videos at BILFINGER