Annual General Meeting of Bilfinger SE, Thursday, April 20, 2023, 10:00 am
Virtual Annual General Meeting

Statement by Dr. Thomas Schulz, CEO, and Matti Jäkel, CFO

The spoken word applies.

Statement by Dr. Thomas Schulz, CEO:

Dear Shareholders,
Ladies and Gentlemen,

I would like to warmly welcome you, also on behalf of the Executive Board, to this year's Annual General Meeting. **Thank you** for joining us. Our company's business model prioritizes **efficiency** and **sustainability**, which is why we made a **conscious** decision to hold a virtual Annual General Meeting this year. Thanks to the new legal framework, you can exercise your rights **completely as normal** in the virtual meeting format. We will be pleased to see you take full advantage of this.

Ladies and Gentlemen,

Let me begin with a personal look back over the last 13 months. At last year's Annual General Meeting, I had just taken over my new role at Bilfinger. I had the good fortune to meet many of our customers, employees and suppliers as well as engaging with a number of shareholders and members of the media. In doing so, my focus remained on the road ahead. My appointments at numerous Bilfinger locations in Germany and elsewhere – all over Europe, in the Middle East and the USA – reinforced my conviction that Team Bilfinger is **highly qualified** and **motivated**. Our employees have accomplished exceptional results under sometimes challenging circumstances. That is why I would like to say a big thank-you to them right here at the beginning of my address. It is now in **our** hands to generate new opportunities by capitalizing on the major trends in society, politics and industry.

The world around us is still caught up in permanent crisis mode. The COVID crisis may well be over, but social, political and environmental upheavals, including the terrible war in Ukraine, are up-ending the established order. We companies worldwide face massive challenges, too, with ongoing inflation, wildly fluctuating energy and commodity prices, persistent disruptions to supply chains, ever more red tape and regulatory overreach, the skills shortage, not to mention the global impacts of climate change.

In **full awareness** of these social, political and market challenges, we have analyzed them with a view to what **options** they present for us to build into a suitably revised strategy. In mid-2022, by way of a first step in this structured approach, we created an in-house team of experts from all key corporate and operational functions – known as Team 12 – to work intensively on a strategic review. As a second step, in September 2022, we set up a new management structure – called Group Executive Management – comprising the Executive Board, segment heads and corporate functions to work together more efficiently and in greater proximity to the operating business. In November 2022, by way of the third step, we launched our efficiency program. This aims to standardize workflows, streamline administrative structures and reduce costs. The efficiency program is a key pillar of our revised strategy, especially in terms of employee development. Around one fourth of the savings will be invested in employee training and development. This enhances both our competitive edge and our position as an attractive employer. That is why we clearly regard our spending on the efficiency program in the reporting year as an

investment in our future. Our CFO Matti Jäkel will tell you more about that in a moment.

The volatile market trends I have just outlined encourage us to fine-tune our capabilities around efficiency and sustainability for industry. Having aligned our strategy accordingly, we presented the revised version at our Capital Markets Day this February. It garnered positive feedback from investors, analysts and the media.

Communicating our equity story together with action taken, milestones and targets so that people can track how we are implementing our strategy is a key management task and paves the way for positive share price performance.

Ladies and Gentlemen, we have a clear-cut vision: We want to be **No. 1 in efficiency and sustainability** for our customers. To realize that vision, we have identified two strategic thrusts: repositioning Bilfinger as a leader in enhancing efficiency and sustainability, and strengthening our own efficiency to boost the organization’s performance.

Looking ahead, people in industry will equate efficiency with sustainability, and **engineering** will provide mission-critical solutions for a sustainable tomorrow. We at Bilfinger will play our part in this.

The past year demonstrated that Bilfinger has chosen the right path by focusing on enhancing its customers’ efficiency and sustainability. Whether for operating industrial plants more efficiently, ensuring that energy is generated safely and more sustainably or promoting the expansion of renewable energies through high-quality technical solutions – our solutions are in demand across the board. I will go into this in greater detail later on.

Over the past year, we marked important milestones by successfully concluding new contracts and strategic contract extensions with our customers. For instance, Bilfinger secured a multi-million-dollar maintenance order for offshore facilities in the Gulf of Mexico for our long-standing customer, Shell. Covering maintenance services to improve the efficiency of nine offshore oil and gas platforms, it reflects our expanding global relationship with Shell, now also in North America. The USA is a key growth market for Bilfinger. This makes it particularly gratifying that we have not only extended existing but also secured new contracts.

With regard to sustainability, we have succeeded in implementing innovative projects that help the process industry reduce its carbon footprint. In the biopharmaceutical sector, for example, we have designed and built fully automated modular production units for a vegan cheese plant in Austria. Alongside the reduction in carbon emissions through a switch from animal to vegan milk, our standardized units also enabled us to cut engineering time for the customer by 25 percent.

Our commitment to sustainability is further exemplified by our innovative CO_2 Master Planning product. Analyzing our customers' existing industrial sites lets us provide specific proposals for reducing carbon emissions, including detailed return-on-investment calculations. In one case, we converted the energy supply for boilers in one of the Netherlands' largest industrial parks to electricity, resulting in an estimated annual reduction of approximately 30,000 tonnes of CO_2 for our customer.

Bilfinger grew overall in 2022 and, with revenue of €4.3 billion, regained our 2019, pre-crisis level. At the same time, we became more profitable in our operating business and generated more cash.

Ladies and Gentlemen, it gave us great pleasure to welcome Matti Jäkel as our new Chief Finance Officer in July of last year. With his extensive expertise in both engineering and finance, he is a true authority in the field. He has advanced and fine-tuned important finance projects over many years. There are few people who know the business at Bilfinger as well as he does, and I am delighted to have him on our team.

Matti, I will now hand over to you to present the figures for the past financial year.

Statement by Matti Jäkel, CFO

Thank you, Thomas.

Dear Ladies and Gentlemen, dear Shareholders,
Allow me to briefly introduce myself: My name is Matti Jäkel and I have been Chief Finance Officer at Bilfinger since July 1, 2022. Since joining what was then Bilfinger + Berger Bauaktiengesellschaft in November 1989, I have been able to help support and shape the company's development in Germany and abroad. In the fall of 2010, I switched from the construction business to industrial services. As subgroup CFO, I covered around three-fourths of today's portfolio. So I have considerable experience in the service and project business. I am excited to be playing a key role in the next phase of the company's development.

Bilfinger's business model has once again demonstrated its robustness in turbulent times. Ongoing supply chain disruptions, the war in Ukraine and inflation have presented our customers with significant challenges. Our core competency of enhancing efficiency and sustainability for our customers is in demand, particularly in what is a volatile market environment. This is reflected in our financial results.

Orders received

Orders received by the Bilfinger Group in financial year 2022 increased by 15 percent to more than €4.6 billion. All three Group segments showed a positive trend. The order backlog grew by 9 percent to €3.2 billion. The book-to-bill ratio stood at 1.07.

Revenue and gross profit

Group revenue likewise grew 15 percent to €4.3 billion and thus regained its 2019, pre-crisis level. Gross profit went up by 13 percent to €437 million. This was mainly due to the growth in revenue. The gross margin as a percentage of revenue amounted to 10.1 percent. Selling, general and administrative expenses grew to a lesser extent than revenue, increasing 6 percent to €308 million. Due to the revenue growth, SG&A expenses as a percentage of revenue decreased further to 7.1 percent, from 7.8 percent in the prior year.

EBITA

Bilfinger generated EBITA of €75 million in the reporting year. This compares to €121 million in the prior year. The significant decrease is mainly due to higher special items. These came to €65 million. Without them, EBITA would have been €140 million, slightly more than the prior year. The vast majority of the special items comprised €62 million in provisions for the efficiency program launched in November 2022. This will bring us future savings of €55 million a year. Deducting reinvestment in employee training and development, it will improve our EBITA margin by around one percentage point.

The net outcome is an EBITA margin of 1.8 percent for financial year 2022, or an EBITA margin of 3.2 percent adjusted for special items. This is still slightly below the prior-year figures. In the prior year, however, we had the substantial benefit of €30 million in gains from real estate and property disposals. This item was significantly smaller in 2022 at €10 million. The difference was more than offset by the improvement in operating earnings.

Cash flow

Ladies and Gentlemen,

One of the most important performance indicators for a CFO is free cash flow, because this shows how well we are actually generating cash from earnings. We increased this figure to €136 million in the financial year, mainly by improving working capital. Please note that, in the prior year, we had cash inflows of €29 million from tax refunds and €57 million from property disposals. In the reporting year, these one-time items were more than offset by significantly higher operating cash flow. In addition, net capital expenditure came to €30 million in 2022, compared to minus €2 million in the prior year. A total of €196 million was used for dividends and €100 million for the now completed share buyback program. As a result, net cash including lease liabilities decreased to €145 million.

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

E&M Europe segment

Orders received in the Engineering & Maintenance Europe segment increased by 14 percent to €2.9 billion. These included a growing number of framework contracts and projects to enhance customers' efficiency and sustainability. Revenue rose by 11 percent to €2.8 billion, underpinned by a strong season for turnarounds in Scandinavia as well as by increased demand in the North Sea oil and gas sector. The book-to-bill ratio was 1.05. EBITA in this segment includes special items totaling minus €36 million. Alongside a negative €30 million in provisions for the efficiency program, these included a negative €6 million in expenses for exiting the Russia business. EBITA consequently stood at €105 million in the reporting year, corresponding to an EBITA margin of 3.8 percent. Adjusted for special items, EBITA amounted to €140 million and the adjusted EBITA margin to 5.0 percent.

E&M International segment

Orders received in the Engineering & Maintenance International segment increased by 31 percent to €833 million. The strong growth mainly related to repair and maintenance contracts for customers in North America. Our strategic realignment in 2021 continues to have an impact here. This results in our repair and maintenance expertise being increasingly deployed in North America. Revenue grew by 44 percent to €798 million. The book-to-bill ratio was thus 1.04. EBITA improved, but remained negative at minus €8 million. Special items within EBITA amounted to minus €3 million, with an EBITA margin of a negative 1.0 percent. Excluding special items, adjusted EBITA improved to minus €5.3 million and the adjusted EBITA margin to a negative 0.7 percent. The negative earnings figure is mainly due to legacy contracts in one service line of a kind that we will no longer offer in future years. As already explained at the Capital Markets Day, it is an integral part of our strategy to reduce risk in the project business and to reduce the share of projects in total sales from 35 percent to 20 percent. This will mainly be reflected in this segment and will make a significant contribution to improving earnings here.

Technologies segment

Orders received in the Technologies segment increased by 13 percent to €672 million. Demand for our plant component services was particularly strong in the pharmaceutical and biopharma sectors. Revenue increased on this basis by 6 percent to €592 million, with a book-to-bill ratio of 1.14. Segment EBITA came to €8 million, which includes minus €9 million in special items. The EBITA margin was 1.4 percent. EBITA adjusted for special items amounted to €18 million and the adjusted EBITA margin to 3.0 percent.

Net profit

Net profit decreased from €130 million to €28 million. There were several contributive factors here, including the €62 million provision for the efficiency program, the absence of positive interest rate effects from tax refunds in the prior year as well as the absence of the tax refunds themselves. On an adjusted basis, net profit came to €82 million, which is only slightly below the €89 million prior-year figure.

Bilfinger shares

Our shares started the new stock market year with a closing price of €29.90 on December 30, 2021. Proceeds from the sale of Apleona in 2021 enabled us to distribute a special dividend of €3.75 per share in addition to the minimum dividend of €1.00 share following the Annual General Meeting on May 11, 2022. We also carried out a share buyback program based on your authorization granted at last year's Annual General Meeting. Between July and November, we repurchased around 3.5 million Bilfinger shares. This corresponds to 8.55 percent of Bilfinger SE's capital stock. Our expenditure for the shares came to €100 million. Except for a residual holding of 200,000 shares, the repurchased shares were canceled on March 20, 2023.

Over the course of the year, our share price was subject to strong volatility and mostly moved in a range between €26 and €30. We closed the year with our shares at €27.08. This means our total shareholder return – our share price performance plus the dividend – equated to around 7 percent value growth. By comparison, the SDAX, of which our shares are a component, lost 27 percent in the same period.

The Bilfinger share price has risen steadily in the first few months of 2023. We have now reached a level of around €38.

Dividend

Ladies and Gentlemen, as you can see, Bilfinger is making good progress. Through our revised strategy and accompanying efficiency program, we have identified the levers necessary to driving our company toward even greater success in the future. We aim for you to benefit in commensurate measure once again this year from Bilfinger's positive operational development. Accordingly, we are today proposing to you a dividend of €1.30 per share. This represents a 4.8 percent dividend yield on the year-end share price. The payout ratio equates to approximately 60 percent of adjusted net profit. This is in the upper range of our dividend policy, which targets payouts of between 40 percent and 60 percent of adjusted net profit.

New mid-term targets

This February, together with our revised strategy, we also presented new mid-term targets. By 2024, we aim to achieve an EBITA margin of at least 5 percent. In the medium term – in the years 2025 to 2027 – the EBITA margin will increase further to between 6 and 7 percent. Organic revenue growth will exceed market growth and average 4 to 5 percent per annum. On that basis, we will deliver continuous growth in net profit. We have a clear-cut goal of increasing the dividend from year to year in line with this.

At the same time, we keep a watchful eye on maintaining our Group's sound financial position. We continue to aim for an investment grade credit rating in future years.

In December 2022, we newly agreed a syndicated credit line with our core banks, extending our credit line from previously €250 million to €300 million. Availability of the currently undrawn facility is firmly committed until December 2027.

We are asking you, our shareholders, to approve two anticipatory resolutions today for corporate actions. This is so that we have maximum flexibility to respond to future business developments.

In items 8 and 9 of the agenda, the Executive Board and the Supervisory Board put before you a resolution granting new authorization to repurchase shares in the company up to a maximum of 10 percent of the capital stock. The details of this resolution are set out in the meeting invitation.

In item 10 of the agenda, we request your approval to cancel the existing Authorized Capital 2018 and create a new Authorized Capital 2023, with contributions in cash and/or in kind. You will find full details in the invitation to today's Annual General Meeting. This instrument will enable us to quickly and flexibly generate equity financing – subject to approval by the Supervisory Board – when necessary and in the best interests of the company.

Ladies and Gentlemen,

Thank you, that's all from my end. I will now hand you back to Thomas.

Statement by Dr. Thomas Schulz, CEO:

Thank you, Matti.

Ladies and Gentlemen,
As we have just seen, Bilfinger has a sound financial base and clear-cut goals.

Strategy

Why are we so optimistic about the future? Our greatest asset is our highly qualified workforce. Plus, we have long-term customer relationships and are enjoying sustained positive demand in our customer segments and regions. Inflation coupled with growing regulatory overreach, the skills shortage and the need to meet sustainability targets remain major challenges for the industry – as well as offering significant opportunities. Ultimately, the answer to these challenges is engineering and, thanks to our expertise, we are well placed to be part of the solution. We see ourselves as a driving force in the industry's transformation. Our goal is clear: We want to be the No. 1 industrial services provider when it comes to improving our customers' efficiency and sustainability.

The success of our strategy is based on consistent delivery, and that is what we want to be judged by. Overall, we anticipate a sustained positive demand trend with market growth of around two percent per year in our four markets Energy, Chemical & Petrochemical, Pharmaceuticals & Biopharma, and Oil & Gas. It goes without saying that we are not banking on this market growth alone. We will expand our product range at every link in our value chain. That is because around 80 percent of Bilfinger's services are similar or the same across all process industries. In a measured approach, we will start by unlocking the full potential of markets we already serve, where we have earned a good name with the Bilfinger brand.

Next, we will seize opportunities in adjacent markets wherever they present themselves at reasonable economic cost. This is especially the case if we can move together with our existing customers. That will enable us to generate supplementary growth of around two to three percent a year. Here again, we will apply a selective approach.

Additionally, we always have an eye open for potential acquisitions. We will make acquisitions if they are a complementary fit, reinforce our regional presence and, above all, advance our ambition to become the No. 1 in efficiency and sustainability in our markets. At the same time, in the medium term, we will divest activities that do not contribute toward this goal.

Our business model is based on improving efficiency and sustainability, both for customers and for Bilfinger itself. This generates added value, paving the way for Bilfinger's corporate development. The growth potential in our target markets on the one hand coupled with extending the value chain on the other offers additional opportunities for Bilfinger to position itself as an end-to-end solutions partner.

The recent past has shown our business model to be highly crisis-proof. This is because Bilfinger is not only in demand when companies are adding production capacity in a booming market. Existing plants also need constant maintenance and improvement in their day-to-day operation. Faced with rising energy prices and growing political pressure, our customers have to keep on reducing their production costs as well as their carbon emissions. We are the ideal partner here because our engineering expertise allows us, as part of our maintenance services, to proactively suggest improvements with immediate payback for our customers. Plus, our services are sought after when companies scale back or relocate capacity. A complex industrial plant or power station cannot simply be switched on or off at the push of a button. Work of this kind can take several years – as seen with the dismantling of nuclear power plants in Germany, a process we are heavily involved in.

We are optimistic about Bilfinger's opportunities regarding the energy transition. Over many decades, we have accumulated expertise in conventional energy sources that we continue to deploy for our customers and refine on a daily basis. At the same time, we are rapidly growing our portfolio around renewable energy sources. By way of example, we are currently involved in several projects where hydrogen is used as a storage medium for renewable energy. And we continue to be in demand as a partner in nuclear power, including for the construction and operation of nuclear power plants in the UK and France.

On the internal front, we are pursuing the swift, selective implementation of our operational excellence strategy. Product standardization and bundling of products coupled with increased innovation and digitalization efforts are some of the measures helping Bilfinger achieve its goal of enhancing internal efficiency. The focus is likewise on promoting the framework contract and service contract business, which will account for 80 percent of total revenue going forward. Currently, that figure stands at just under two-thirds. By systematically implementing this strategy, we will significantly improve profitability, particularly in the Engineering & Maintenance International segment. Our in-house efficiency program, which has been running since November 2022 and provides for annual savings of €55 million, is similarly helping to attain the Group's strategic goals.

Ladies and Gentlemen,

The key to greater sustainability in industry is engineering. Technical progress alongside our customers' constant efficiency and sustainability improvements additionally place fresh demands on our teams. Consequently, one of the core elements of our efficiency program is to continuously invest in the training and development of our skilled workforce, especially in the industrial sector. This is how we will ensure that everyone has the chance to grow along with the company and reach a whole new level of quality.

Environment, social and governance

Sustainability and efficiency form the core of our corporate strategy. As announced at last year's Annual General Meeting, we have worked intensively in this regard and set ourselves clear targets in the three sustainability categories of environment, social and governance.

In our daily work, we pay close attention to the conservative use of precious resources and address the urgent task of limiting climate change to the greatest extent possible. Our environment target is to be climate-neutral in terms of our own Greenhouse Gas Protocol Scope 1 and 2 emissions by 2030 at the latest. During 2023 and 2024, we will also be phasing in the measurement of our Scope 3 emission data. Based on the comprehensive emissions inventory, we will submit our projected greenhouse gas emission reduction pathway to the Science Based Targets initiative for validation. We announced our commitment to this step just a few days ago. This is how we are doing our part to help limit atmospheric warming to a maximum of 1.5 degrees Celsius.

In the social category, we are vigorously pursuing our objective of preventing each and every occupational accident from happening. Additionally, looking ahead, we aim to selectively invest at least 0.5 percent of Group revenue in training and development for Bilfinger employees each year.

In the area of governance, we took another major step in 2022 with the adoption of our fundamental declaration on observing human rights. To ensure that we also effectively meet our due diligence obligations with regard to the Group's supply chain, we have set the target of conducting at least 600 internal supplier audits each year in accordance with defined standards, starting from financial year 2023.

Ladies and Gentlemen,

As you can see, Bilfinger is well positioned to take advantage of the opportunities available. We will ensure that our fine-tuned strategy reaches all areas of the company in 2023. At the same time, we will fully implement the efficiency program by the end of 2023, meaning that the initial impact will already be reflected in the 2023 annual financial statements. The industry's ongoing challenges when it comes to enhancing efficiency and sustainability will continue to generate profitable growth for Bilfinger in 2023.

So our guidance is positive. For 2023, we anticipate that revenue will reach between €4.3 billion and €4.6 billion. Profitability will rise, with an EBITA margin of 3.8 to 4.1 percent. Free cash flow is forecast to be lower than in 2022, at between €50 million and €80 million, as we will be spending around €60 million on the efficiency program in 2023.

Yet it is also evident that we are not satisfied with our current financial performance. We continue to set our sights on an increase in the EBITA margin to at least 5 percent in 2024. With the measures outlined, we will achieve that target.

Thank you to our employees and shareholders

Our employees' dedication and skills are instrumental to our company's success. Through the service they provide to our customers on a daily basis, they are ambassadors for Bilfinger, for our values and for our expertise. We, the members of the Executive Board, are deeply grateful for this.

On behalf of the Executive Board, I would like to thank you, our shareholders, for your trust and your ongoing constructive support. Together with you, I look forward to establishing Bilfinger as the No. 1 for the efficiency and sustainability of industrial companies.

Video

We would now like to show you a short video that further underscores this goal. After that, I will hand back to our Supervisory Board Chairman, Dr. Cordes.