Press Release

May 14, 2020

Q1 2020 financial results:
Bilfinger sees good order development, but March impact from COVID-19 and oil price effect on sales and earnings

- **Market:** disruption associated with COVID-19, substantial reduction in oil price
- **Health**: strong and early focus on health measures for employees and customers
- **Orders received €1.060 bn/+11% org.:** increase due to larger projects
- **Revenue €915 m/-7% org.:** below prior year with weakness in March
- **Adjusted EBITA -€11m:** caused by decline in revenue and underutilization
- **Reported free cash flow -€93m:** slightly improved against prior year
- **Liquidity:** sound cash position
- **Dividend proposal:** due to environmental uncertainty a reduction to a statutory minimum of €0.12 per share
- **Current outlook for 2020:** revenue decrease of ~20 percent, adjusted EBITA still positive

In the first quarter of 2020, the difficult business environment left its traces on the Bilfinger results. As reported on March 31, 2020, the industrial services provider is facing significant operational disruption and restrictions associated with the COVID-19 pandemic and its impact on the global economy, coupled with the effects of the substantial oil price reduction since March 2020. Against this backdrop, the company had suspended its 2020 guidance provided in February.

After a positive start to the year, some businesses – especially in the area of North Sea offshore oil and gas maintenance as well as in countries with coronavirus-related lockdowns, e.g. Austria, France, Belgium and Poland – faced substantial declines in revenue in March. Bilfinger's current outlook assumes the greatest negative impact in the second quarter, followed by a gradual recovery in the second half of the year. However, revenue levels are expected to be lower than previously anticipated, especially in the company's oil and gas industry activities. Moreover, a significant amount of work, especially turnaround projects, has been postponed until next year, which will pave the way for a substantial return to revenue growth in 2021.

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Thanks to the efforts undertaken by Bilfinger in recent years to make its organization more efficient and agile, the company is now in a far better position to meet the present challenges. Additionally, government subsidies such as wage support in affected business areas are expected to partially compensate for the under-utilization caused by the sharp drop in activity. In addition, Supervisory Board and Executive Board as well as the company's senior executives have decided to temporarily waive a part of their salary. In areas where the outlook is subdued in the longer term, more sustainable cuts to the cost base are being implemented. These will lead to higher one-time expenses, but will also prepare the ground for a new normal going forward.

On that basis, the Executive Board and the Supervisory Board have reviewed the original dividend proposal published in February 2020 and will now propose a dividend of €0.12 per share at the Annual General Meeting on June 24, 2020. This is the minimum dividend as required by law.

Says CEO Tom Blades: "The COVID-19 pandemic is being felt across the entire Bilfinger business additionally the oil price shock across about one third. Our managers have quickly taken the right steps and we are fortunate to have a sound balance sheet to carry us through these highly uncertain times. Our immediate, short and mid-term priorities are respectively to: adapt to COVID-19 health requirements, protect our business yet keep an eye on growth opportunities."

Group performance in the first quarter of 2020

Due to the award of key major projects, orders received increased by 11 percent organically to €1,060 million (prior year: €971 million), although lower expectations in respect of oil-related framework agreements led to a downward revision of order backlog in the affected entities. The book-to-bill ratio was 1.16. Group revenue fell by 7 percent organically to €915 million (prior year: €1,008 million) after a weak March performance in several entities, especially our North Sea offshore activities located in Aberdeen and Stavanger. Consequentially the underutilization pushed down the gross margin to 7.4 percent (prior year: 8.1 percent). With the lower revenue, the adjusted SG&A ratio increased to 9.2 percent (prior year: 8.8 percent). Absolute SG&A expenses, however, decreased further in the reporting quarter, from €89 million to €84 million, driven by positive effects from the ongoing SG&A efficiency program. As cost reductions could not immediately compensate for the decline in gross profit, adjusted EBITA decreased to -€11 million (prior year: -€4 million). This corresponds to an adjusted EBITA margin of -1.2 percent, compared with -0.4 percent in the prior-year period.

Engineering & Maintenance Europe segment
In Engineering & Maintenance (E&M) Europe, orders received increased by 5 percent organically to €631 million (prior year: €602 million) on the back of the segment's share in the BP pipe rack and Hinkley Point C balance of plant projects and despite a simultaneous reduction of expectations in respect of framework agreements in the oil and gas industries. Revenue decreased by 3 percent organically to €573 million (prior year: €595 million), leading to March underutilization in Norway (Stavanger), the United Kingdom (Aberdeen), Belgium and Poland. The book-to-bill ratio was 1.1. Adjusted EBITA amounted to €4 million (prior year: €11 million) with a low margin of 0.7 percent (prior year: 1.9 percent).

Engineering & Maintenance International segment
Orders received in Engineering & Maintenance (E&M) International were stable overall at €154 million (prior year: €157 million). Following a strong prior-year quarter in North America, revenues decreased by 25 percent organically to €165 million (prior year: €213 million), as anticipated, as current projects approach completion, leading to underutilization in the related entity. Despite workforce adaptions, there will be a certain underutilization also for the rest of the year. Adjusted EBITA fell to -€1 million (prior year: €5 million) with a margin of -0.8 percent (prior year: 2.1 percent).

Technologies segment
Orders received in Technologies rose substantially by 154 percent organically to €287 million (prior year: €113 million) due to the large awards in connection with the BP pipe rack and Hinkley Point C balance of plant projects. Both these projects are being executed as internal collaborations led by Technologies and supported by E&M Europe. Revenue in the reporting quarter fell to €113 million (prior year: €118 million) due to COVID-19-related lockdowns in Austria and France. The segment's results remained negative with adjusted EBITA of -€5 million (prior year: -€10 million). However, restructuring in the underperforming entities and better project performance yielded an improvement.

Free cash flow slightly improved
Net profit decreased to -€24 million (prior year: €9 million), based on the negative operating earnings. The prior-year figure was supported by several positive one-time effects. Reported free cash flow improved slightly to -€93 million (prior year: -€102 million). Current cash flow development is bearing up well, despite the negative business environment. Measures are also in place to safeguard liquidity going forward. None of the company's financing instruments has a maturity earlier than 2022.

Current outlook for the Group and segments in 2020
After a diligent review of the present situation, Bilfinger for 2020 now anticipates a revenue decrease of around 20 percent against the prior year (€4.3 billion) and adjusted EBITA substantially below the prior-year level (€104 million), but still positive.

The company expects a significant decrease in revenues and adjusted EBITA in both E&M Europe and E&M International, although these segments are forecast to continue delivering a positive contribution to earnings. The revenue reduction in Technologies is anticipated to be less pronounced and the segment is still expected to improve earnings significantly in 2020, following a loss in 2019 caused by legacy projects and a company in transformation.

Although it now anticipates a negative net profit, the company still expects a positive reported free cash flow in 2020 (2019: €57 million).

Bilfinger's current outlook assumes the greatest negative impact of the crisis in the second quarter, followed by a gradual recovery in the second half of the year. The expected revenue development also anticipates no additional projects and turnarounds being postponed to 2021. The positive EBITA adjusted is based on the assumption that governmental wage support continues while the COVID-19 restrictions affect the business in our key European markets. The current outlook, however, does not assume a significant recovery in the oil price.

Given the global dimension and limited predictability of the COVID-19 crisis, the company will continue to monitor how the situation develops and make every effort to mitigate any further adverse impacts.

Key figures for the Group

in € million	Q1			FY 2019
	2020	2019	∆ in %	**2019**
Orders received	**1,060**	971	9 (org: 11)	**4,159**
Order backlog	**2,562**	2,754	-7 (org: -4)	**2,567**
Revenue	**915**	1,008	-9 (org: -7)	**4,327**
Adjusted EBITDA	**16**	21	-24	**212**
Adjusted EBITA	**-11**	-4	-150 (org: -206)	**104**
Adjusted EBITA margin (in %)	**-1.2**	-0.4		**2.4**
EBITA	**-20**	-3	-647	**32**
Adjusted net profit	**-13**	-6	-117	**49**
Adjusted earnings per share (in €)	**-0.31**	-0.14		**1.23**
Net profit	**-24**	9		**24**
Operating cash flow	**-84**	-89	6	**110**
Adjusted operating cash flow	**-72**	-70	-1	**181**
Free cash flow	**-93**	-102	9	**57**
Adjusted free cash flow	**-80**	-83	4	**128**
Capital expenditure on tangible assets	**9**	15	-38	**64**
Employees (number at reporting date)	**33,864**	35,858	-6	**34,120**

Additional information
The Q1 2020 quarterly statement is available at: www.bilfinger.com

Telephone conference information in German:

Dialog partners:	*Tom Blades, Chief Executive Officer*
	Christina Johansson, Chief Financial Officer
Date:	*May 14, 2020*
Time:	*10:00 AM CEST*
Phone number:	***+49 69 201 744 220***

*When prompted, please enter the **pin code 40977411** and press the pound key **(#)**.*
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