Press Release

February 11, 2021

Preliminary 2020 financial results:

Bilfinger again delivered on targets: resilient business model and high cost agility ensured positive results and cash flow despite substantial revenue decrease

- **Achievements:** major legacy issues resolved, COVID-19 and cost agility well managed, structural improvements driven forward
- **Market:** recovery in Europe, slower in United States
- **Orders received €3.724 bn/-7% org.:** year-on-year decrease, but Q4 with growth of 3% org.
- **Revenue €3.461 bn/-17% org.:** strong impact from COVID-19 and a volatile oil price, with stronger ramp-up in second half
- **Adjusted EBITA €20 m/0.6% margin:** positive due to high cost agility
- **Reported net profit €99 m:** clearly positive including capital gain from PPN Apleona
- **Reported free cash flow €93 m:** strong due to successful year-end working capital measures
- **Dividend:** proposed payout of €1.88 per share also recovers last year's €0.12
- **Outlook for 2021:** significant revenue growth and substantial EBITA improvement
- **Mid-term targets confirmed:** €5 billion revenues, sustainable 5% EBITA margin, free cash flow >€200m

Industrial services provider Bilfinger has continued to deliver on its targets, demonstrating the resilience of its business model and high cost agility over the past financial year. In a very challenging environment, the Group fully achieved the guidance it had already published in May last year.

The financial year 2020 concluded with an organic revenue decrease of 17 percent and adjusted EBITA of €20 million. Reported free cash flow was very strong at €93 million, with good underlying cash conversion in the fourth quarter. This was despite the payment of virtually all tax and social security deferrals the company had benefited from as a precaution during the challenging second quarter. On that basis, the Executive Board and the Supervisory Board will propose a dividend of €1.88 per share to the Annual General Meeting on April 15, recovering last year's €0.12 to the level of the €1.00 floor dividend.

On top of managing the COVID crisis successfully, the company resolved the major legacy issues of the Cologne Municipal Archives and the dispute with former Executive Board members, without any negative impact on the Group's financial performance or position. Furthermore, Bilfinger continued with structural improvements, including the now almost completed ERP rollout, a further reduction in the number of legal entities and the divestment of three entities in the Other Operations segment. At the same time, the company has introduced a leaner and more decentralized regional structure and established a global excellence team to continuously improve operational efficiency and strengthen its go-to-market approach.

"In the light of the extraordinary times, the 2020 results are a great achievement for Bilfinger in many ways. They not only demonstrate the resilience of our business model but also that we have made significant progress toward becoming the lean, agile company we aspire to be. Our skilled and highly committed staff has done a great job under difficult conditions. The actions we have taken allow to reconfirm the mid-term targets we published one year ago and to recover last year's dividend reduction." CFO and interim CEO Christina Johansson commented.

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. With organic growth combined with selected bolt-on M&A transactions, Group revenues will increase 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 will result in a reported free cash flow of more than €200 million by 2024, paving the way for a sustainable dividend payout of 40 to 60 percent of adjusted net profit while reasserting the company's commitment to returning to investment grade.

Group performance in the financial year 2020

Orders received in 2020 decreased organically by 7 percent to €3,724 million (prior year: €4,159 million), but the fourth quarter showed an organic increase of 3 percent. This was mainly due to a good demand level in European markets, including a €110 million call-off on the contracts for the Hinkley Point C nuclear power plant in the UK. In the North American market, the number of projects available is increasing, but at a slow pace. The Group order backlog remained solid at €2,585 million (prior year: €2,567 million), an organic increase of five percent. The book-to-bill ratio of 1.1 underpins Bilfinger's growth ambitions for 2021.

Group revenue decreased organically by 17 percent to €3,461 million (prior year: €4,327 million), as expected. At 8.6 percent, the gross margin mirrors the low utilization due to COVID-19 and the oil price decline in the second quarter, although some of this was recovered in Q4 with a gratifying gross margin of 11.9 percent. Gross profit decreased to €296 million, after €412 million in the prior year. Adjusted SG&A costs continued to improve significantly to €291 million (prior year: €346 million) and the adjusted SG&A ratio was 8.4 percent. This reflects sustainable positive effects from SG&A efficiency programs as well as effects from strict and agile cost management as described above; the quarterly run rate is currently €75 million.

As a result, Bilfinger was able to sustain a positive adjusted EBITA that reached €20 million (prior year: €104 million). This corresponds to an adjusted EBITA margin of 0.6 percent compared to 2.4 percent in the prior-year period. At 4.8 percent, the adjusted EBITA margin in the fourth quarter was just below the prior-year level (5.3 percent). Further restructuring measures resulted in an expected increase in special item adjustments to - €77 million (prior year: - €72 million).

Engineering & Maintenance Europe segment
In E&M Europe, orders received remained virtually stable on an organic basis at €2,449 million (prior year: €2,530 million). Backlog markdowns in the upstream oil and gas business were offset by project orders. As a result, the book-to-bill ratio for the full year was 1.1. The order backlog was €1,707 million, an organic increase of 9 percent from the prior-year level (€1,601 million). Revenue decreased organically by 13 percent to €2,221 million. Bilfinger's European maintenance business proved to be highly resilient and agile. However, revenue in the upstream North Sea oil and gas business was still down by about one third in the fourth quarter due to COVID-19 restrictions. Adjusted EBITA was clearly positive at €69 million (prior year: €106 million) with a reasonable margin of 3.1 percent (prior year: 4.1 percent). Despite lower revenues, fourth-quarter performance was strong at 6.2 percent and above the prior-year level (5.5 percent).

Engineering & Maintenance International segment
Orders received in E&M International declined organically by 48 percent to €441 million (prior year: €857 million). This development reflects the lack of project awards in 2020, especially in North America, after a very strong year in 2019. The order backlog shrank accordingly to €324 million (prior year: €455 million). The organic decrease in revenues by 42 percent to €521 million (prior year: €912 million) was to some extent expected but was amplified by the challenging environment. Adjusted EBITA was negative at -€21 million (prior year: €42 million)

and was impacted by underutilization in North America. With a positive result in the fourth quarter, capacity adjustments are showing some effects. The adjusted EBITA margin was -4.0 percent (prior year: 4.6 percent).

Technologies segment
Orders received in Technologies rose significantly by 58 percent organically to €719 million (prior year: €456 million). The book-to-bill ratio was strong at 1.4 for the full year. An important driver of this positive development were the call-offs of larger parts of the contracts for the Hinkley Point C nuclear power plant in the UK, in total close to €200 million. Contributions also came from other integrated projects such as the BP pipe rack in Germany. The order backlog rose to €560 million (prior year: €374 million). Revenue was down 7 percent organically on the prior year at €498 million (prior year: €538 million), also due to the exit from loss-making activities. However, fourth-quarter revenue increased organically by 1 percent year on year. The segment's adjusted EBITA was again positive in the fourth quarter at €9 million (prior year: €1 million) as a result of the strategic measures put in place for underperforming entities. Adjusted EBITA for the full year was -€10 million (prior year: -€28 million).

Positive net profit and strong free cash flow
Net profit increased to €99 million (prior year: €24 million), despite a lower adjusted EBITA, due to the mark-to-market valuation of the preferred participation note for Apleona following the announcement that EQT had signed a corresponding sales agreement in December. This led to a capital gain of €210 million being recognized in the financial result.

Reported free cash flow increased to a strong €93 million (prior year: €57 million). Due to successful working capital improvement initiatives as well as careful monitoring of capital expenditure, there was a significant inflow of cash in the fourth quarter which offset the payment of virtually all the tax and social security deferrals that Bilfinger was benefitting from during the second quarter of the year.

Outlook for the Group and segments in 2021
For 2021, the Bilfinger Group expects significant revenue growth (2020: €3,461 million).
In E&M Europe, revenues (2020: €2,221 million) will grow significantly against the backdrop of the normalization of our business environment and associated catch-up effects. Despite an increasing recovery, however, revenues in the upstream North Sea oil and gas business will not reach 2019 levels. Significant growth is also expected at E&M International (2020: €521 million). In North America in particular, we are assuming an increasing number of projects that will again lead to growing revenues in the second half of the year. In Technologies, Bilfinger anticipates

significant year-on-year growth (2020: €498 million) due to the high order backlog and strong development of the nuclear power and biopharma markets. In Other Operations (2020: €263 million), revenues are anticipated to be significantly below the prior-year level due to deconsolidation effects.

Bilfinger expects a substantial improvement in adjusted EBITA (2020: €20 million). The adjusted EBITA margin will return to the pre-crisis level of financial year 2019 (2.4 percent), although revenue in 2021 is expected to be significantly below 2019. The structural cost-cutting measures that were implemented with great agility in the second half of 2020 have been showing increasingly positive effects in recent months. For E&M Europe (2020: €69 million), Bilfinger therefore expects a significant improvement in adjusted EBITA. The same applies to E&M International (2020: -€21 million) with an anticipated positive result and to Technologies (2020: -€11 million) with a clearly positive adjusted EBITA expected in financial year 2021.
For the items summarized in the Reconciliation Group (2020: -€18 million), we expect adjusted EBITA to be below the prior-year level due to deconsolidation effects in Other Operations.

The company 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.

Bilfinger 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	Q1–Q4			Q4		
	2020	2019	∆ in %	**2020**	2019	∆ in %
Orders received	**3,724**	4,159	-10 (org: -7)	**1,024**	1,057	-3 (org: 3)
Order backlog	**2,585**	2,567	1 (org: 5)	**2,585**	2,567	1 (org: 5)
Revenue	**3,461**	4,327	-20 (org: -17)	**882**	1,071	-18 (org: -14)
Adjusted EBITDA	**125**	212	-41	**68**	85	-20
Adjusted EBITA	**20**	104	-81 (org: -88)	**42**	57	-26 (org: -36)
Adjusted EBITA margin (in %)	**0.6**	2.4	-	**4.8**	5.3	-
EBITA	**-57**	32	-	**14**	7	100
Adjusted net profit	**-8**	49	-	**24**	32	-25
Adjusted earnings per share (in €)	**-0.20**	1.23	-	**0.60**	0.80	-25
Net profit	**99**	24	313	**203**	15	1,253
Operating cash flow	**120**	110	9	**23**	206	-89
Adjusted operating cash flow	**164**	181	-10	**43**	227	-81
Free cash flow	**93**	57	64	**15**	190	-92
Adjusted free cash flow	**136**	128	7	**34**	211	-84
Capital expenditure on P, P & E	**37**	64	-43	**15**	20	-27
Employees (number at reporting date)	**28,893**	33,327	-13	**28,893**	33,327	-13

Additional information

The 4th quarter results and preliminary figures FY 2020 are available at: www.bilfinger.com

Telephone conference information in German:

Dialog partners:	*Christina Johansson, CFO and Interim-CEO*
	Duncan Hall, COO
Date:	*February 11, 2021*
Time:	*10:00 AM CET*
Phone number:	***+49 69 201 744 220***

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