



BILFINGER

Bilfinger SE

Quarterly Statement Q3 2017

November 14, 2017

Q3 2017: Progress in stabilization



Orders received: organic increase, book-to-bill >1



Output volume: organic growth after 13 quarters of decline



Adjusted EBITA: at prior-year level, improvement in E&T



Liquidity: ~€60 million from Doha obtained after the reporting date



Outlook 2017: Earnings confirmed, output volume better than expected



Market Situation E&T

Oil and gas:

- Continued cautious investment sentiment in the European project business
- Positive dynamic in selected areas such as gas supply and gas pipelines in Europe and Middle East

Chemicals and petrochemicals:

- Market growth in North America with focus on the US Gulf Coast continues, still slow in Middle East
- Increased trend toward digitalization with the goal of optimizing production processes, efficiency enhancements a focus in Europe

Energy and utilities:

- Market for fossil fuel power plants remains difficult
- In Europe, growth perspectives from emissions control, modernization and efficiency enhancements at existing plants as well as in nuclear power, in the Middle East through conversion and retrofitting of old power plants

Pharma and biopharma:

- Good demand development, including new labs
- Investments increasingly being made in emerging markets, first steps in Middle East



Market Situation MMO

Oil and gas:

- Customers keeping OPEX budgets at low level despite a higher oil price, i.e. increase in demand for maintenance not expected before second half of 2018
- Continuing intensely competitive environment

Chemicals and petrochemicals:

- Stable demand in Europe in the maintenance business
- In the Middle East, impetus from expansion of vertical integration driving import of required expertise, asset performance in focus

Energy and utilities:

- Increasing demand in the Middle East, in particular for water treatment
- In Europe ongoing limited demand for traditional power plant services, instead more partnership models, digitalization as trend, focus on renewables

Metallurgy:

- Positive outlook in Europe, weaker for Middle East



Selected orders – MMO segment

Customers rely on proven maintenance competence



Statoil – expansion of our market position

- Customer relationship spanning decades: Contracts extended once again, term until 2031
- Insulation, scaffolding, surface treatment and operational support services for offshore facilities
- Total volume: roughly € 400 million



Borouge – further build up of our business in growth region

- Order for the Borouge joint venture (Abu Dhabi National Oil Company & Borealis)
- Overhaul of cracker burners
- Total volume: roughly € 6.5 million



Siegfried – Bilfinger is service partner no. 1

- International expansion of the cooperation
- Support for internationalization strategy: Bilfinger to manage sites in Germany, France and Switzerland
- Total volume: roughly € 100 million; duration of the contracts: each 5 years

Selected orders – E&T segment

Tailored engineering services for our customers



Nord Stream 2 – Bilfinger is process technology specialist

- Development, delivery and commissioning of the process and safety systems
- Total volume: more than €15 million
- Follow-up order for services

Order from energy provider – efficient demolition solution generates value added

- Use of a special procedure in the demolition of nuclear power plants
- Dismantling of steam generators
- Total volume: single-digit million range

Hinkley Point C – nuclear industry relying on Bilfinger

- Delivery of waste material treatment system
- Reduction in the volume of nuclear waste (mid to low-level radioactivity)
- Total volume: low double-digit million range



Nuclear Industry: Outstanding competences from Bilfinger

Market potentials throughout the entire lifecycle of a plant

Extensive experience in the design, construction, calculation, manufacturing, assembly and commissioning of various large-scale plants, components and treatment systems for nuclear technology in Germany and abroad.

New construction



Reference

Piping systems and measuring leads for Olkiluoto (FIN) nuclear power plant

Modernization



Reference

Modernization of 58 reactor blocks in France

Demolition



Reference

Dismantling of pressure tank in demolition of Obrigheim (D) nuclear power plant

Waste treatment



Reference

Delivery of waste treatment system for Hinkley Point C (GB)

Nuclear fusion



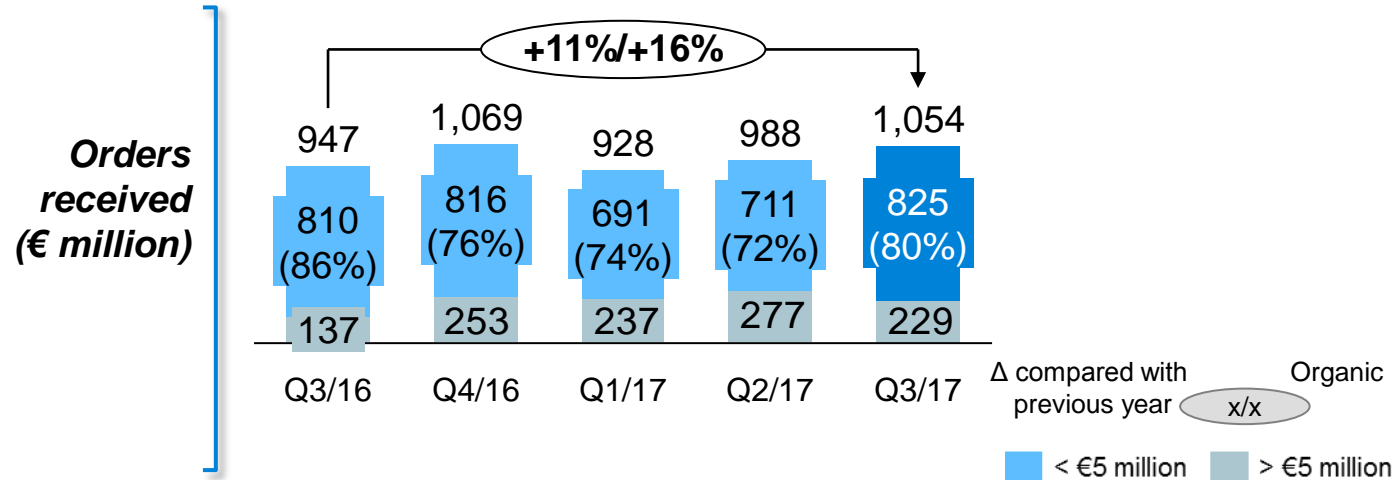
Reference

Manufacturing of 111 supraconducting high-tech magnets for FAIR research project (Darmstadt)

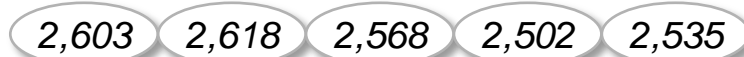
Quarterly Statement Q3 2017: Business development

Progress in orders received, book-to-bill >1

Development of orders received



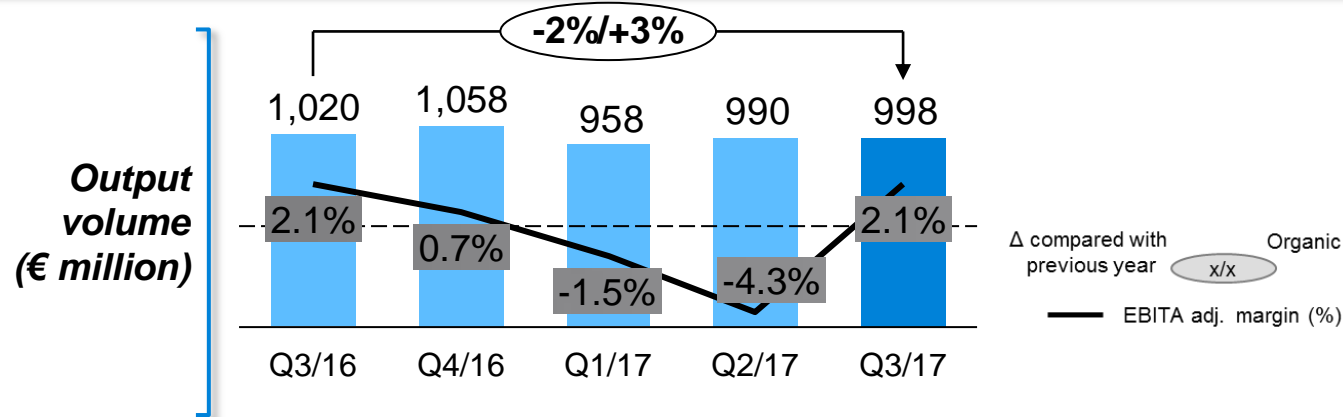
Order backlog (€ million)



- **Orders received:**
11% above prior-year (org.: 16%) supported by larger orders and catch-up effects in framework contracts
- **Book-to-bill 1.1**
Organic increase expected also for the full year
- **Order backlog:**
-3% below prior-year (org.: +2%)
Roughly 98% of planned output volume for 2017 already in order backlog

Organic growth in output volume after 13 quarters of decline EBITA adjusted at prior-year level

Development of output volume and profitability



EBITA adj. (€ million)

21 7 -14 -43 21

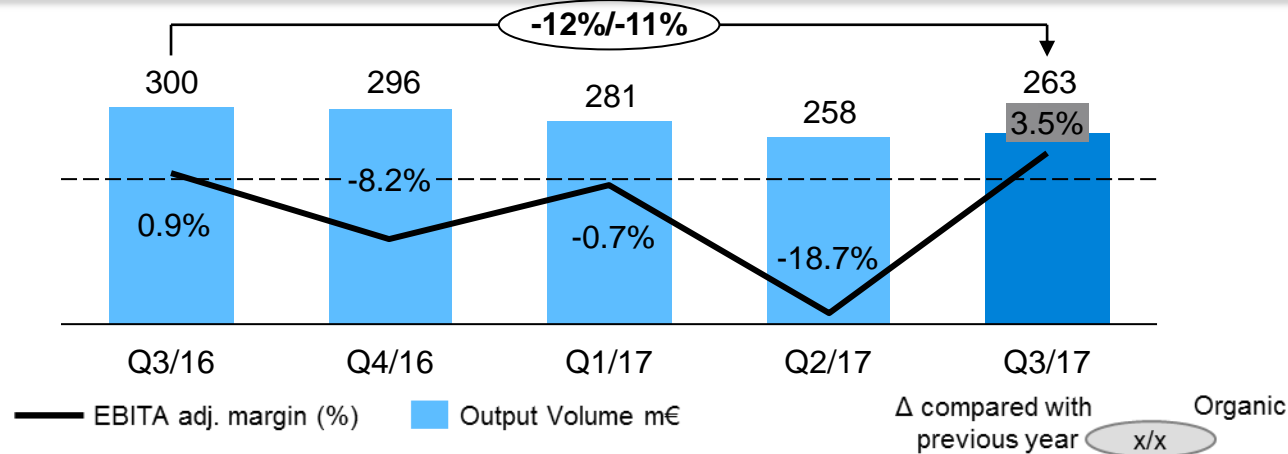
EBITA (€ million)

-53 -49 -50 -64 -6

- **Output volume:**
-2% (org.: +3 %)
- **EBITA adj.**
0% (org.: +1 %)
On prior-year level
- **Special items:**
€27m due to devaluation, restructuring, IT investments and compliance
- **EBITA**
Significantly above prior-year due to a lower amount of special items

E&T: Output volume below prior-year as planned EBITA adjusted improved

Development of output volume and profitability



Book-to-bill Ratio

1.0

1.1

0.9

1.2

1.0

EBITA adj.

2

-24

-2

-48

9

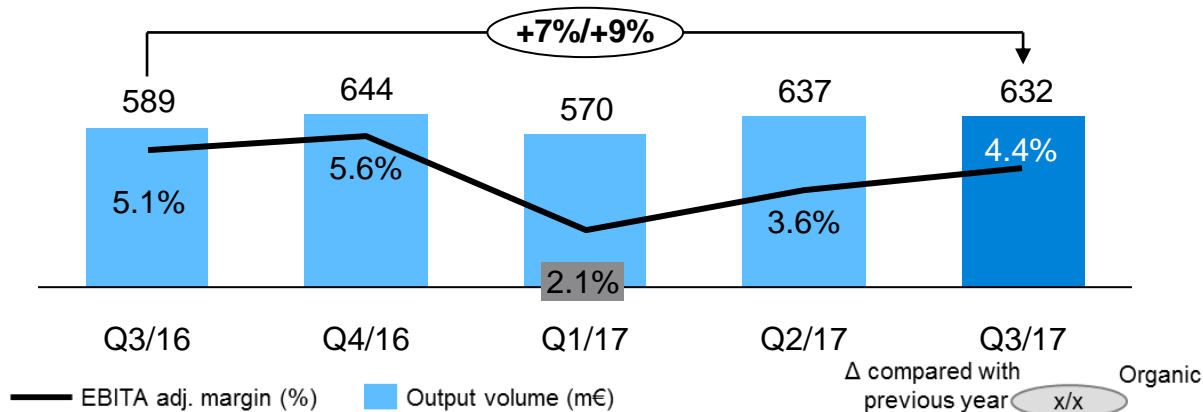
- **Book-to-bill 1.0:**
Orders received supported by approved claims in ongoing projects
Low level of output volume, however, continued selective tendering activity in US project business
- **Output volume: -12% (org.: -11%)**
Consequence of declining orders received in the prior quarters
- **EBITA adjusted:**
Burdens caused by Harvey compensated by the approval of claims

MMO: Significant increase in output volume and orders received

Book-to-bill > 1

EBITA at prior-year level

Development of output volume and profitability



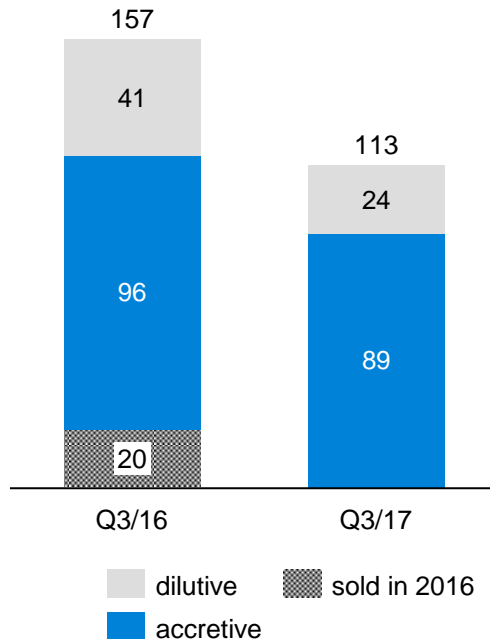
Book-to-bill Ratio	1.0	1.0	1.1	0.9	1.1
EBITA adj.	29	36	12	23	28

- **Orders received:**
+19% (org. +20%)
Book-to-bill 1.1 due to catch-up effects in framework contracts, Segment YTD slightly above 1
- **Output volume:**
Increase against prior-year +7% (org. +9%)
- **EBITA margin adjusted:**
As expected below high prior-year comparable;
weaker turnaround business and burdens due to framework agreements with new customers in the ramp-up phase

OOP: Eight entities already sold since the beginning of the year

One further unit in advanced sales negotiations

OOP output volume (€ million)



Dilutive:

Progress M&A track:

- 13 units as of December 31, 2016
- Eight have already been sold (closed: 6, signed: 2)
Q3: book-loss of €0m, cash-out of €10 million
- One more is currently in advanced sales negotiations

Accretive:

- Additional five units “managed for value”



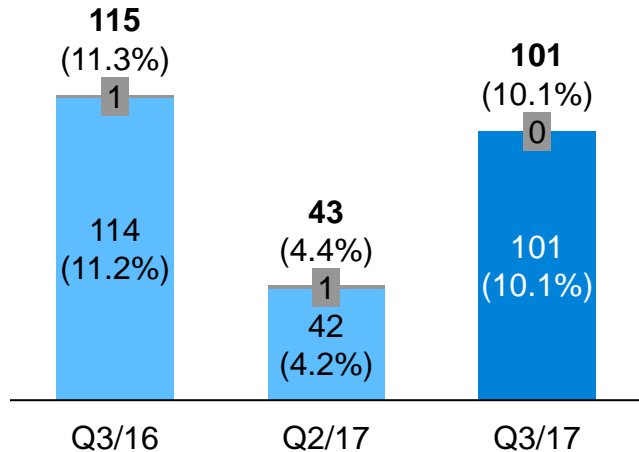
Q3/17: Output volume €113m (Q3/16: €157m), EBITA adjusted €0m (Q3/16: €6m)
Sales-related decrease in volume -28%, organic -2%



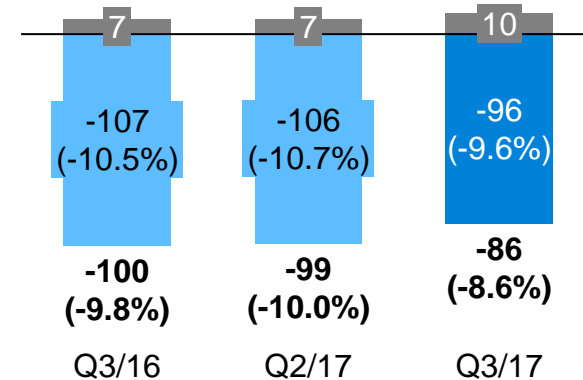
Sale of ‘dilutive’ units: effect of minus ~€30m expected in total on cash and on P&L respectively, thereof €12m cash-out and €18m loss year-to-date

SG&A expenses significantly below prior-year due to sustainable savings and non-recurring effects

Adjusted gross profit (€ million)



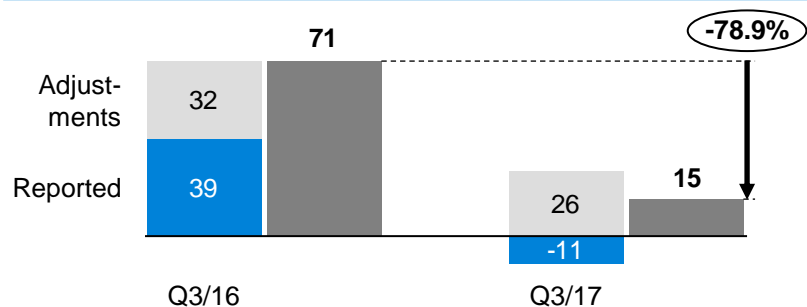
Adjusted selling and administrative expenses (€ million)



■ Adjustments ■ Reported

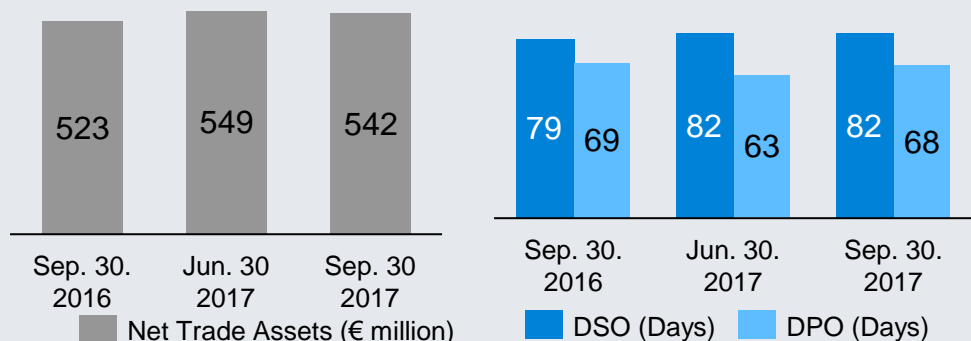
Operating cash flow below comparably high prior-year,
YTD above prior-year
Net profit in prior-year characterized by sale of Apleona
Adjusted net profit above prior-year

Operating cash flow adjusted¹ (€ million)



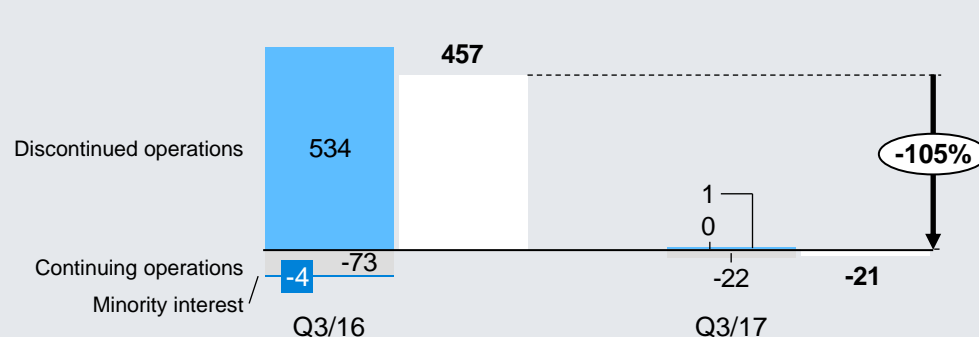
¹ Adjustments correspond to EBITA adjustments

Net trade assets (€ million)

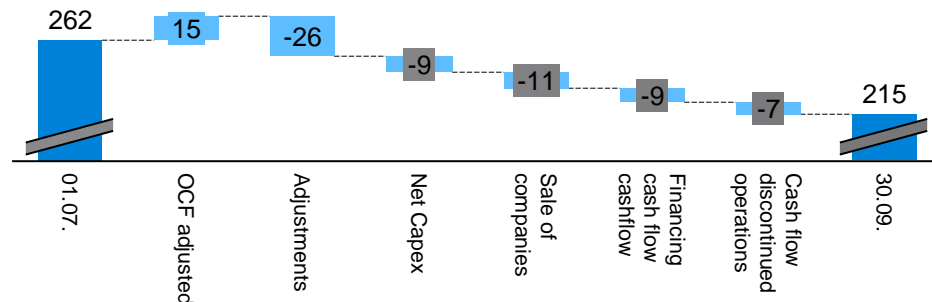


Definition DSO: Trade receivables + WIP - advance payments received, DPO: Trade payables

Net profit (€ million)



Net cash (€ million)



Outlook FY 2017:

Earnings confirmed, output volume better than expected

	Starting Point	Outlook
<i>in € million</i>	FY 2016	expected FY 2017
Orders received	4,056	Organic increase
Output volume	4,219	Organic decrease <5%
Adjusted EBITA	15	Break-even*

*Assumption: on a comparable F/X basis

Start of share buyback in September as planned

Framework:

- Start: September 6, 2017
- Completion: at the earliest September 1, 2018; latest December 21, 2018
- Volume of up to €150m or 10% of shares

Current status:

- Number of shares bought back: ~ 685,000
- Current average number of shares: ~ 15,000/day
- Average price: €34.57
- Total volume: ~ €24m
- In % of total equity: ~ 1.6%

→ **Current degree of program completion: approx. 16%**

You can find the current status of the program on our homepage:

<http://www.bilfinger.com/en/investor-relations/shares/share-buyback-2017/>

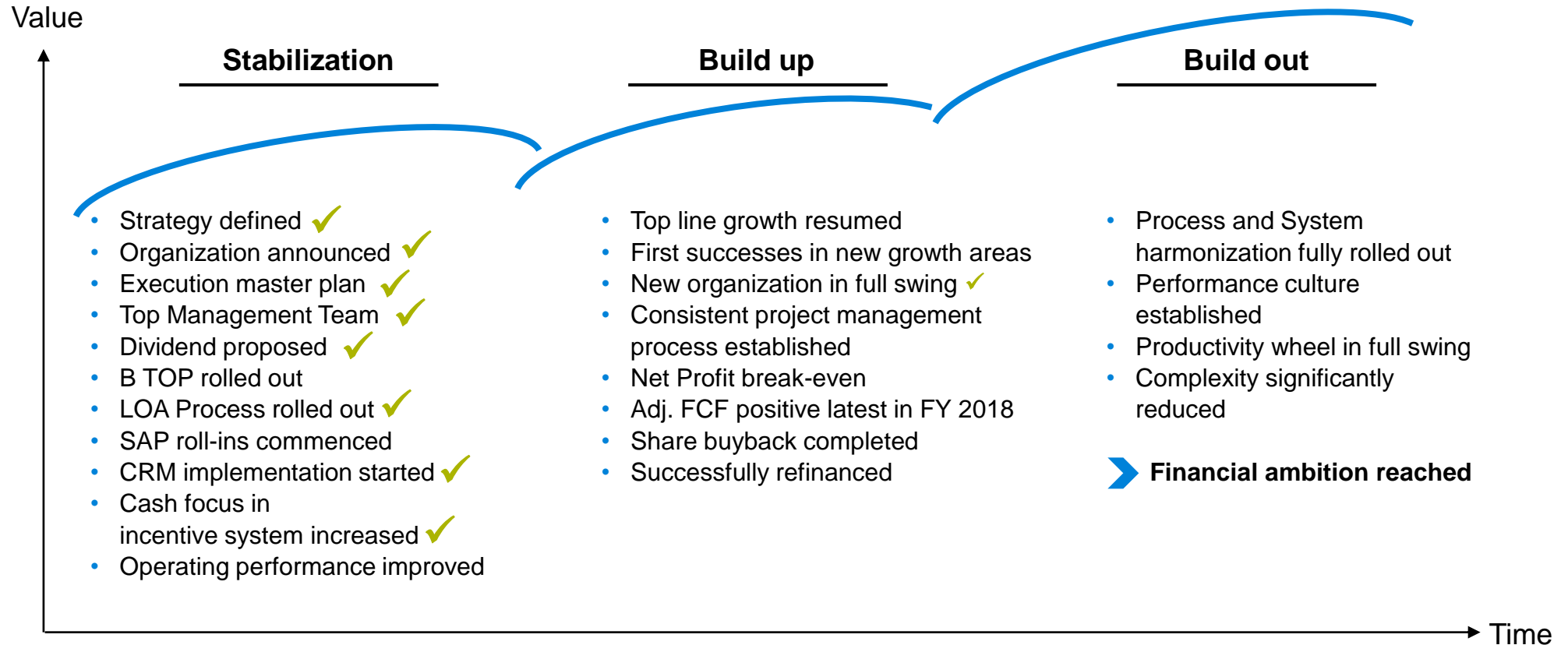
Status: November 10, 2017



Targets 2020: Milestones

Bilfinger 2020

Ambition will be reached in three phases with clear milestones



**Quarterly Statement Q3 2017:
Interim financial statement and financial
backup**

Segment overview Q3

	E&T			MMO			OOP			Consolidation/ other			Group		
€ million	Q3 2017	Q3 2016	Δ in %	Q3 2017	Q3 2016	Δ in %	Q3 2017	Q3 2016	Δ in %	Q3 2017	Q3 2016	Δ in %	Q3 2017	Q3 2016	Δ in %
Orders received	263	296	-11%	690	579	19%	103	93	11%	-2	-21	90%	1,054	947	11%
Order backlog	752	787	-4%	1,581	1,596	-1%	216	267	-19%	-14	-47	70%	2,535	2,603	-3%
Output volume	263	300	-12%	632	589	7%	113	157	-28%	-10	-26	62%	998	1,020	-2%
Investments in P,P&E	2	5	-60%	8	6	33%	2	4	-50%	0	1	-100%	12	16	-25%
Depreciation P,P&E	2	2	0%	9	9	0%	4	5	-20%	2	2	0%	17	18	-6%
Amortization	-2	-1	-100%	0	0	0%	0	-1	n/a	0	0	0%	-2	-2	0%
EBITA adjusted	9	3	200%	28	29	-3%	0	6	-100%	-16	-17	6%	21	21	0%
EBITA-margin adjusted	3.4%	1.0%		4.4%	4.9%		0%	3.8%		n/a	n/a		2.1%	2.1%	

P&L (1/2)

€ million	Q3 2017	Q3 2016	Δ in %	
Output volume	998	1,020	-2%	-2%, organic +3%
Sales revenue	1,001	1,026	-2%	
Gross profit	101	114	-11%	
Selling and administrative expense	-96	-107	10%	
Other operating income and expense	-16	-60	73%	Significant effects in Q3: Expenses from portfolio adjustments (-€7 million/ previous year -€33 million) Restructuring/ severance payments (-€8 million/ previous year -€27 million)
Income from investments accounted for using the equity method	3	-2	250%	
EBIT	-8	-55	85%	
Amortization (IFRS3)	2	2	0%	Following depreciation of property, plant and equipment and amortization of intangible assets of €17 million (previous year €18 million)
EBITA (for information only)	-6	-53	89%	
Special items in EBITA	27	74	-64%	
EBITA adjusted (for information only)	21	21	0%	Currency effects negligible

P&L (2/2)

€ million	Q3 2017	Q3 2016	Δ in %
EBIT	-8	-55	85%
Interest result	-1	-6	83%
EBT	-9	-61	85%
Income taxes	-13	-12	-8%
Earnings after taxes from continuing operations	-22	-73	70%
Earnings after taxes from discontinued operations	1	534	-100%
Earnings after taxes	-21	461	-105%
Minority interest	0	-4	100%
Net profit	-21	457	-105%
Adjusted net profit	13	11	18%
Average number of shares (in thousands)	44.115	44.204	
Earnings per share (in €) ¹	-0.48	10.34	
thereof from continuing operations	-0.50	-1.74	
thereof from discontinued operations	0.02	12.08	

Improvement due to interest income Vendor Claim among others

Positive earnings from Offshore Systems due to tax refund
In prior-year capital gain Apleona (539)

In prior-year: Offshore

¹ Basic earnings per share are equal to diluted earnings per share.

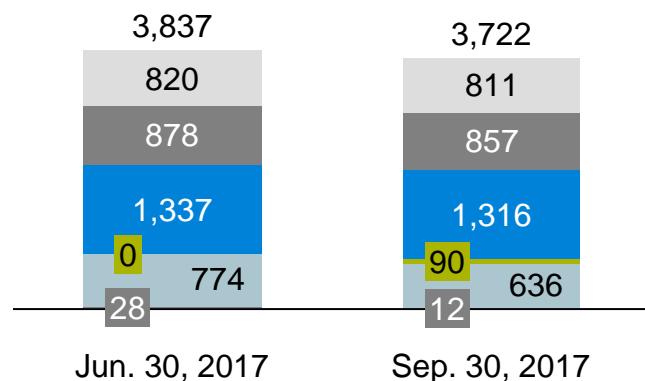
Further increase in special items in fourth quarter expected

€ million	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017
EBITA	-64	-53	-49	-221	-50	-64	-6
Disposal losses, write-downs, selling-related expenses	4	35	30	93	13	5	8
Compliance	6	10	4	23	4	1	5
Restructuring and SG&A Efficiency	55	27	22	117	17	10	8
IT investments	1	2	0	3	2	5	6
Total Adjustments	66	74	56	236	36	21	27
EBITA adjusted	2	21	7	15	-14	-43	21

FY 2017e: significant portion of €30m

FY 2017e: €~90 million

Balance Sheet - Overview

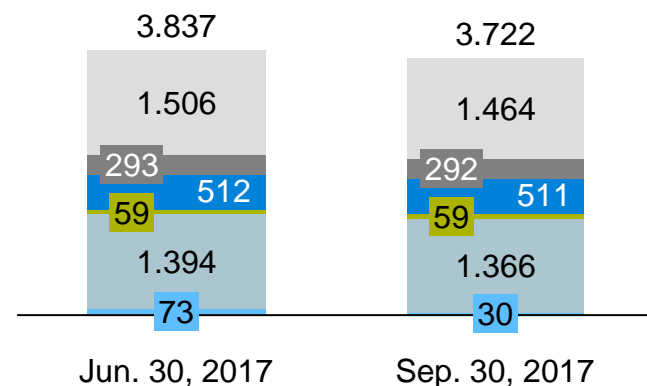


Intangible assets	-1%
Non-current assets	-2%
Current assets	-2%
Marketable Securities	n/a
Cash and equivalents	-18%
Assets classified as held for sale	-57%

compared to Jun. 30, 2017

Non-current assets include non-cash purchase price components Apleona (Vendor Claim €111m, Preferred Participation Note €209m)

Marketable securities: initial investment in liquid and low-risk public funds, esp. to avoid negative interest (strategic base liquidity)



Equity	-3%
Pension provisions	-0%
Financial debt	-0%
Other non-current liabilities	0%
Current liabilities	-2%
Liabilities classified as held for sale	-59%

compared to Jun. 30, 2017

Decrease in **Equity** due to earnings after taxes, F/X effects and share buyback. Equity ratio unchanged at 39%.

Pensions provisions stable due to stable interest rate of 1.8%

Financial debt relates to bond of €500m

Current liabilities contains among others prepayments of €127m (Jun. 30, 2017: €120m)

Consolidated Balance Sheet: Assets

€ million	Sep. 30, 2017	June 30, 2017	March 31, 2017
Non-current assets			
Intangible assets	811	820	844
Property, plant and equipment	371	379	380
Investments accounted for using the equity method	18	18	14
Other financial assets	369	373	332
Deferred taxes	99	108	122
	1,668	1,698	1,692
Current assets			
Inventories	70	62	64
Receivables and other financial assets	1,155	1,169	1,023
Current tax assets	28	33	33
Other assets	63	73	71
Marketable Securities	90	0	0
Cash and cash equivalents	636	774	966
Assets classified as held for sale	12	28	46
	2,054	2,139	2,203
Total	3,722	3,837	3,895

Consolidated Balance Sheet: Equity & liabilities

€ million	Sep. 30, 2017	June 30, 2017	March 31, 2017
Equity			
Equity attributable to shareholders of Bilfinger SE	1,490	1,533	1,600
attributable to minority interest	-26	-27	-29
	1,464	1,506	1,571
Non-current liabilities			
Provisions for pensions and similar obligations	292	293	299
Other provisions	29	29	29
Financial debt	509	509	510
Other liabilities	0	0	0
Deferred taxes	30	30	56
	860	861	894
Current liabilities			
Current tax liabilities	32	34	38
Other provisions	441	472	470
Financial debt	2	3	10
Trade and other payables	688	673	646
Other liabilities	205	215	210
Liabilities classified as held for sale	30	73	56
	1,398	1,470	1,430
Total	3,722	3,837	3,895

Consolidated Statement of Cash Flows

€ million	9m		Q3	
	2017	2016	2017	2016
Cash earnings from continuing operations	-82	-103	11	-22
Change in working capital	-97	-155	-17	63
Losses / gains on disposals of non-current assets	7	12	-5	-2
Cash flow from operating activities of continuing operations	-172	-246	-11	39
- Thereof special items	-82	-121	-26	-32
- Adjusted Cash flow from operating activities of continuing operations	-90	-125	15	71
Net cash outflow for P, P & E and intangible assets	-46	-25	-9	-8
Free cash flow from continuing operations	-218	-271	-20	31
- Thereof special items	-84	-121	-28	-32
- Adjusted Free Cash flow from operating activities of continuing operations	-134	-150	8	63
Proceeds from the disposal of financial assets	-14	983	-11	805
Investments in financial assets	-5	-2	0	0
Changes in marketable securities	-90	0	-90	0
Cash flow from financing activities of continuing operations	-56	-7	-9	-3
- Share buyback	-9	0	-9	0
- Dividends	-46	-3	0	-1
- Repayment of debt	-1	-4	0	-2
Change in cash and cash equivalents of continuing operations	-383	703	-130	833
Change in cash and cash equivalents of discontinued operations	-15	-124	-7	-14
Change in value of cash and cash equivalents due to changes in foreign exchange rates	-2	0	-2	1
Change in cash and cash equivalents	-400	579	-139	820
Cash and cash equivalents at January 1 / July 1	1,032	475	774	196
Change in cash and cash equivalents of assets classified as held for sale	4	-3	1	35
Cash and cash equivalents at September 30	636	1,051	636	1,051

Valuation Net Cash

€ million	Sep. 30, 2017	Jun. 30, 2017
Cash and cash equivalents	636	774
Marketable securities	90	-
Financial debt	-511	-512
Net cash	215	262
Pension provisions	-292	-293
Expected cash-out disposals	~ -20	~ -30
Financial assets (Apleona, JBN)	335	340
Legal dispute Doha/ Qatar ¹⁾	60	60
Future cash-out special items	~ -200	~ -230
Intra-year working capital swing	0	~ -30
Valuation net cash	~ 100	~ 80

1) Amount was obtained by Bilfinger SE in October 2017