



**BILFINGER**

**Bilfinger SE**

# Quarterly Statement Q1 2018

May 15, 2018

# Q1 2018

Development as planned in an increasingly positive environment

- Orders received with growth in the fourth consecutive quarter  
Book-to-bill at 1.2
- Revenue once again with organic increase
- EBITA adjusted above prior-year
- Net profit improved
- Operating cash flow below very good prior-year quarter
- Outlook 2018 confirmed



# Current market situation E&T

## Oil and gas:

- Continued cautious investment sentiment in European project business in Oil, some activities in gas supply and gas pipelines
- Increase in activity in US shale oil and gas (mid-stream) in various fields
- Signs of recovery in Middle East, projects moving from early prospects to approval and RFQs

## Chemicals and petrochemicals:

- In Europe brownfield investments still very active, more greenfield projects expected
- Still many key opportunities in North America with focus on the US Gulf Coast
- The Middle East market remains challenging, increasing demand for owner's engineering services
- Increased trend towards digitalization, especially from small- and mid-caps, with the goal of optimizing production processes and efficiency enhancements

## Energy and utilities:

- In Europe growth perspectives mainly in nuclear, also from emissions control, modernization and efficiency enhancements at existing plants
- Market for fossil fuel power plants remains difficult
- In Middle East shift from conventional to alternative energy, growing interest for emissions control

## Pharma and biopharma:

- Demand in Europe continues to be strong
- Requests also from Emerging Markets





# Current market situation MMO

## Oil and gas:

- Demand for maintenance services starts to improve, (smaller) projects now beginning to advance from idea to approval
- Market remains competitive

## Chemicals and petrochemicals:

- Furthermore stable demand in Europe in maintenance business and growing willingness to invest, increasing number of requests for small MMO-projects (brownfield, e.g. de-bottlenecking)
- Middle East customers stable on OPEX

## Energy and utilities:

- In Middle East shift from conventional to alternative energy
- In Europe ongoing limited demand for traditional power plant services, instead more decentralization and outsourcing, digitalization as trend, focus on renewables, demand for modifications in hydro power stations

## Metallurgy:

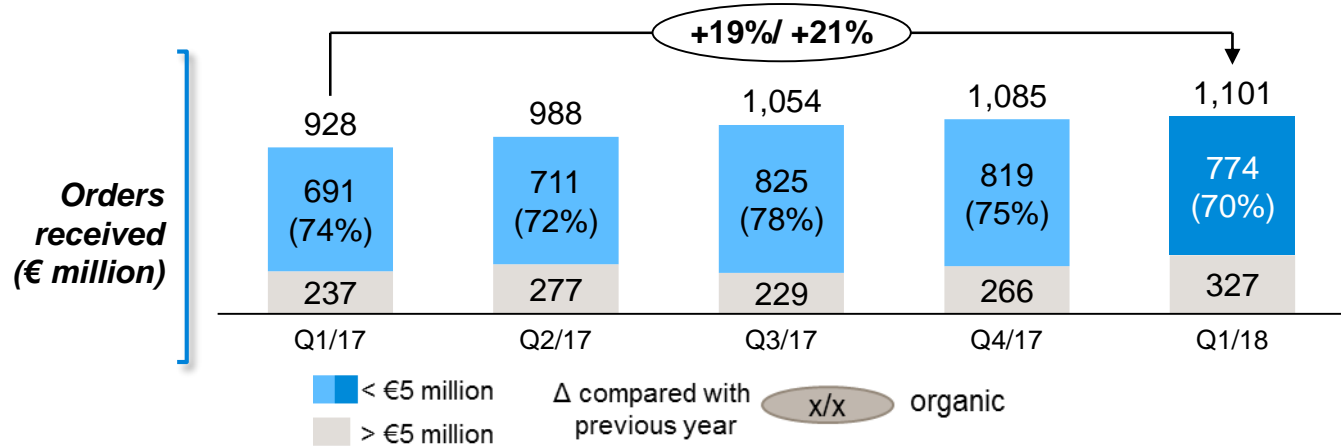
- In Europe Aluminum with stable demand on good level, Steel with signs of improvement, but industry faces structural changes (consolidation, potential US import tariffs)



# Quarterly Statement Q1 2018

# Continuing positive momentum in orders received: fourth consecutive quarter with growth, book-to-bill at 1.2

## Development of orders received

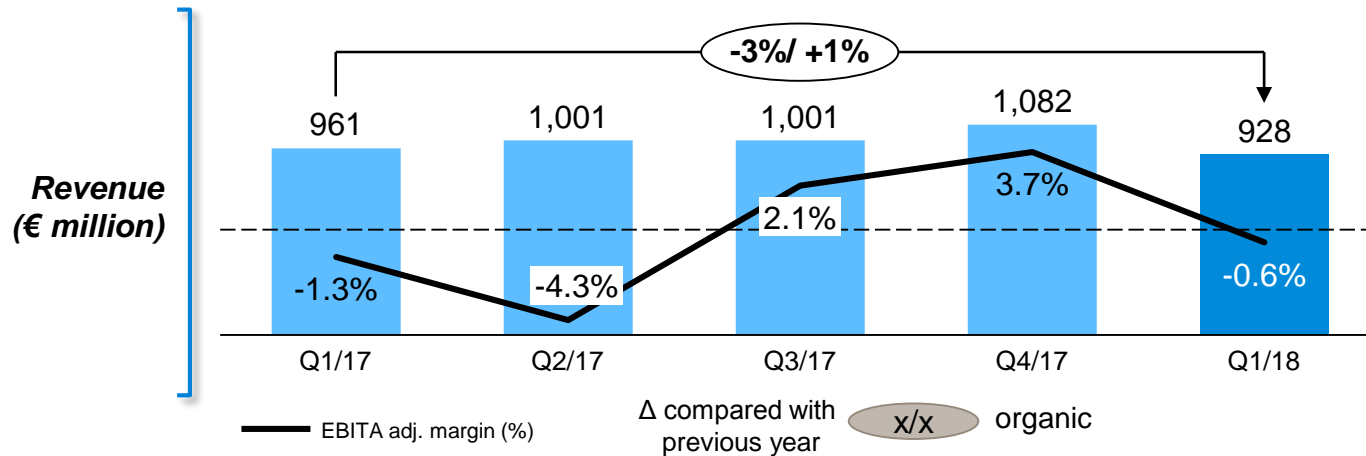


- **Orders received:**  
19% above prior-year (org.: +21%),  
Double-digit increase in both segments  
Share of orders >€5 million increased
- **Book-to-bill:** 1.2
- **Order backlog:**  
+5% above prior-year (org.: +9%)

<b>Book-to-bill ratio</b>	1.0	1.0	1.1	1.0	1.2
<b>Order backlog (€ million)</b>	2,568	2,502	2,536	2,531	2,689

# Revenue with a year-on-year organic increase for the third time in a row, EBITA adj. with significant improvement

## Development of revenue and profitability



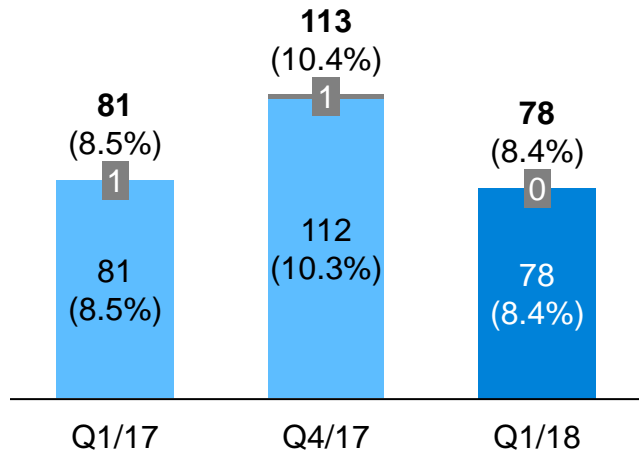
- Revenue:**  
 Q1 typically with lowest revenue in the course of the year  
 In comparison to prior-year: decrease by -3%, but once again organic increase of +1%
- EBITA adjusted :**  
 Negative, but significant improvement against prior-year quarter
- Special items:**  
 Burdens from special items declining: €5 million vs. €36 million in the prior-year quarter

<b>EBITA adj. (€ million)</b>	-14	-43	21	40	-6
<b>EBITA (€ million)</b>	-50	-64	-6	2	-11

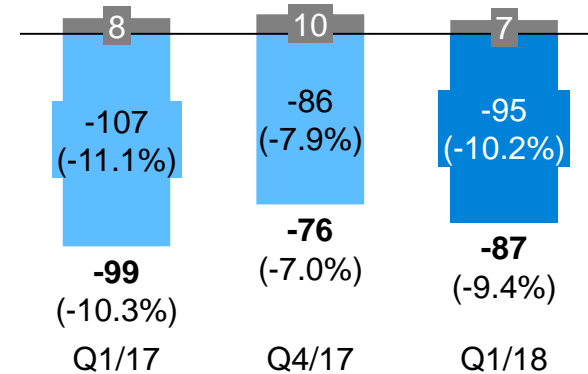
# Gross margin at prior-year level

## SG&A expenses below very good prior quarter, but positive trend visible

Adjusted gross profit (€ million)



Adjusted selling and administrative expenses (€ million)

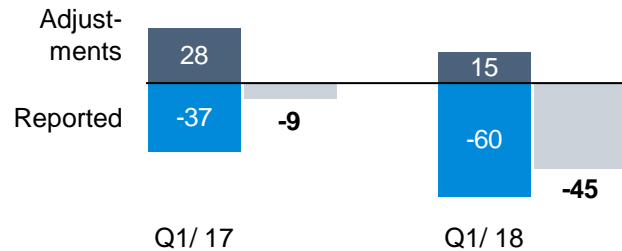


Adjustments Reported



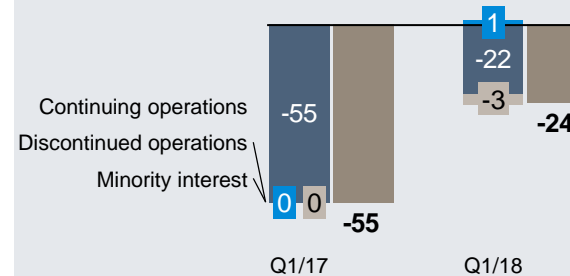
# Operating cash flow negative caused by seasonality and below very good prior-year quarter, net profit significantly improved due to lower burden from special items

## Adjusted operating cash flow<sup>1</sup> (€ million)

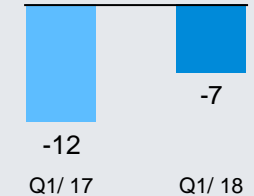


<sup>1</sup> Adjustments correspond to EBITA adjustments

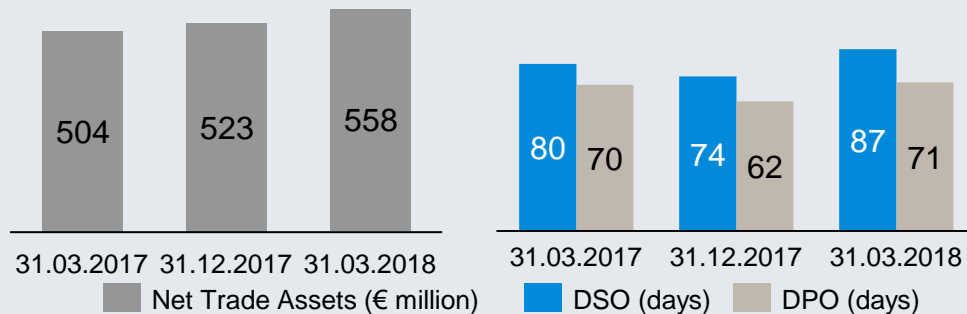
## Net profit (€ million)



## Adjusted net profit (€ million)

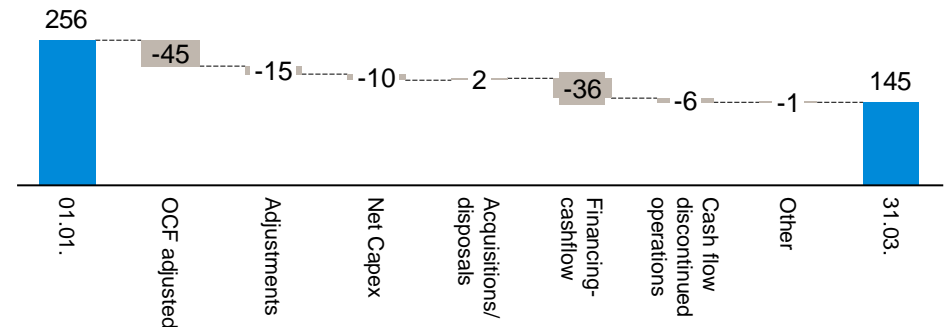


## Net Trade Assets (€ million)



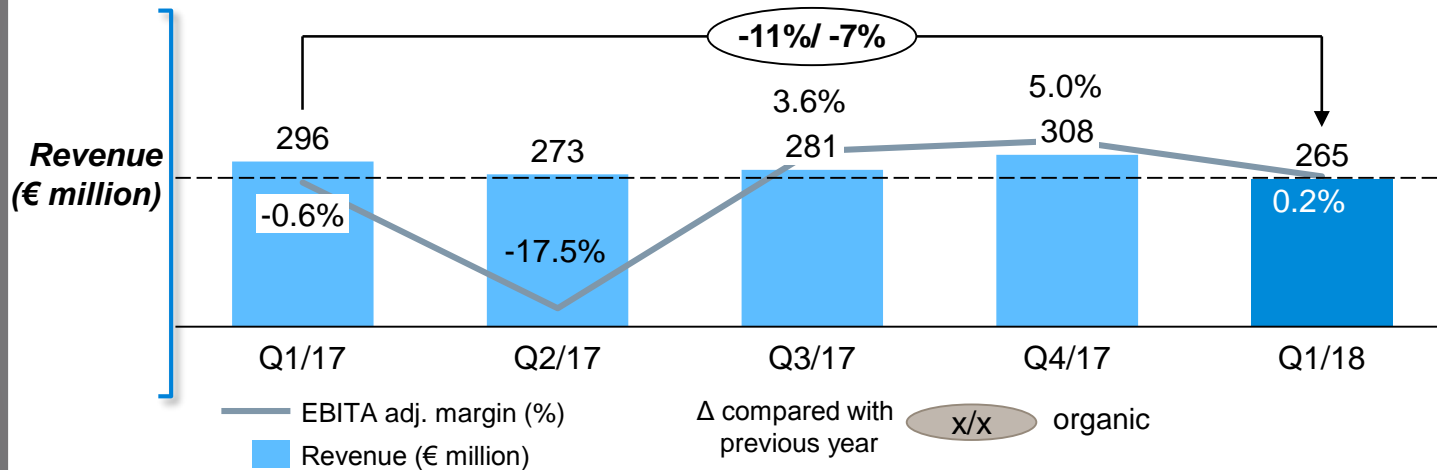
DSO: Trade receivables + WIP - advance payments received, DPO: Trade payables

## Net cash (€ million)



# E&T with positive momentum in orders received

## Development of revenue and profitability

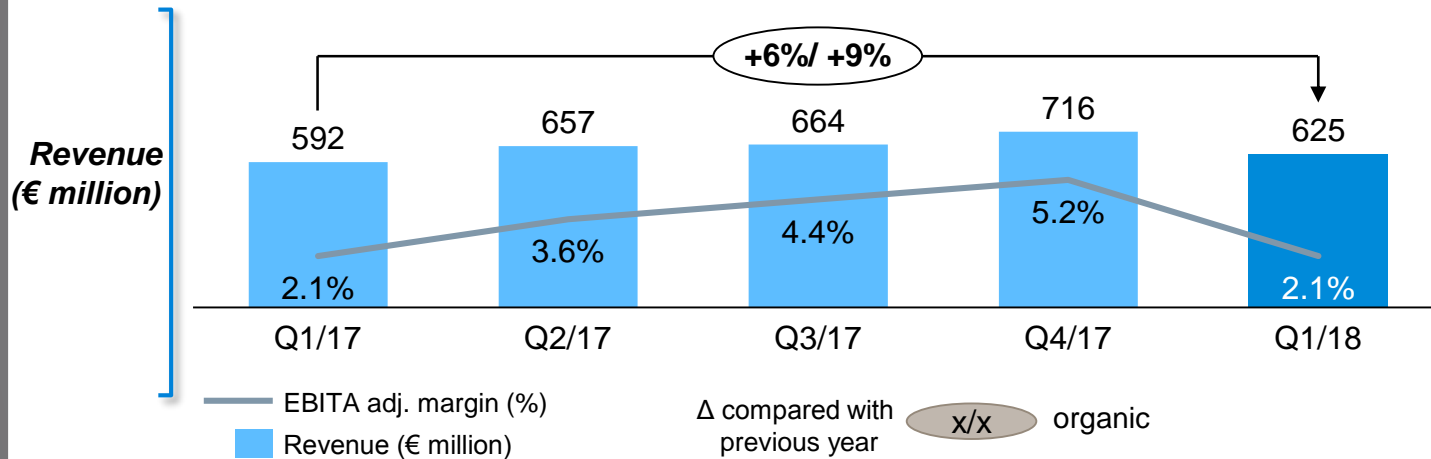


- Orders received:**  
 Strong quarter with +16% (org.: +18%) in comparison to weak prior-year, book-to-bill at 1.1 with significant contracts in all focus industries
- Revenue:**  
 Decrease by -11% (org. -7%) as a consequence out of low order backlog at beginning of the year  
 Increasing capacity utilization expected over the course of the year
- EBITA adjusted:**  
 Partly still poor utilization in Europe (Ex-Power) and still low volume in North America, but y-o-y improvement

	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18
<b>Book-to-bill ratio</b>	0.9	1.2	1.0	0.9	1.1
<b>EBITA adj. (€ million)</b>	-2	-48	9	15	1

# MMO orders received and revenue with significant organic growth

## Development of revenue and profitability



- Orders received:**  
 Strong development with +19% (org. +22%), book-to-bill at 1.2  
 Esp. positive development in Continental Europe supported by catch-up effects in framework contracts
- Revenue:**  
 Likewise positive with +6% (org. +9%)
- EBITA adjusted margin:**  
 In the first quarter typically weaker, however, with 2.1% stable y-o-y

**Book-to-bill ratio**

1.1

0.9

1.1

1.0

1.2

**EBITA adj. (€ million)**

12

23

28

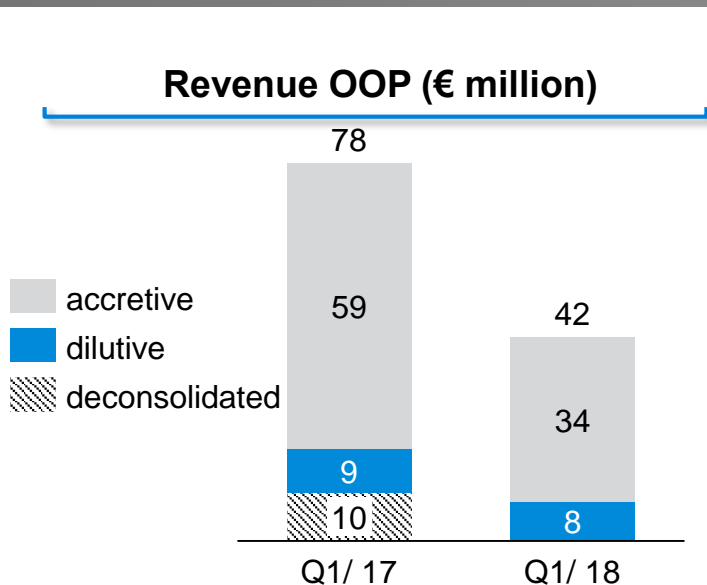
35

13

OOP<sup>1)</sup>:

Dilutive: disposals nearly completed

Accretive: sales process kicked off for two units



<b>Orders Received</b> (€ million)	41	52
<b>EBITA adj.</b> (€ million)	-5	-4

**Progress M&A track / Dilutive:**

- 13 units as of December 31, 2016
- 11 have already been sold; two more with signing respectively termination
- **Q1 2018: €2m positive P&L- as well as cash-effect**
- **Cash-out expected FY 2018: ~€5m, but no further capital losses**

**Accretive:**

- Four units “managed for value” (after re-integration of Bilfinger VAM to core business)
- Sales process kicked off for two units

**Business development:**

- Orders received significantly above weak prior-year comparable (+27%/ org. +35%)
- Strong decrease in revenue by -46% (org. -33%), in South Africa delay in contract awards, projects in transmission line construction do not start before Q2
- Only slight improvement in EBITA adj. from -€5m to -€4m due to temporary lower revenue

1) Part of HQ/ Consolidation/ Other

# Outlook 2018 confirmed:

## Significant improvement of adjusted EBITA expected

<i>in € million</i>	<b>FY 2017</b>	<b>expected FY 2018</b>
<b>Orders received</b>	4.055 <sup>1)</sup>	Organic growth in the mid single-digit percentage range
<b>Revenue</b>	4.044	Organically stable to slightly growing
<b>Adjusted EBITA</b>	3	Significant increase to mid-to-higher double-digit-million € amount <sup>2)</sup>

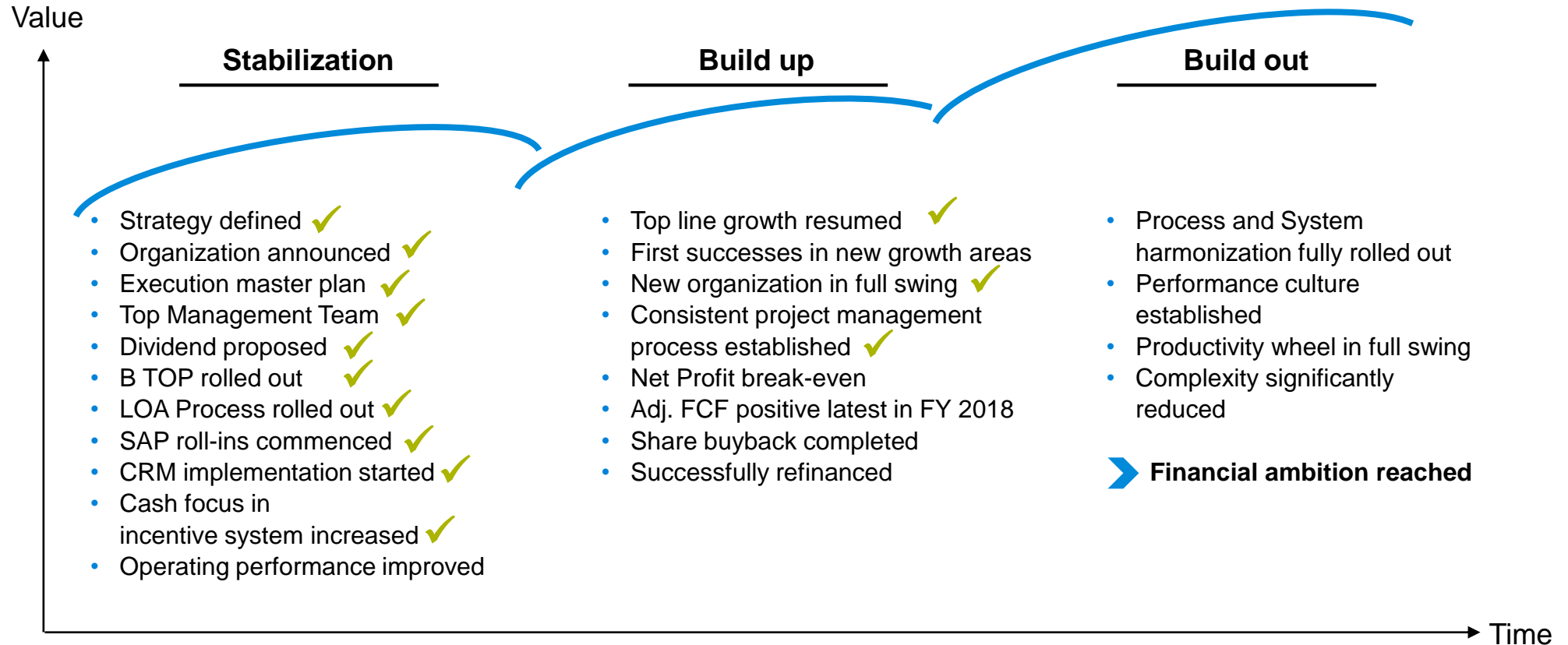
1) As reported, based on output volume/ comparable based on revenue: €4,079m

2) Despite significant increase in upfront costs for business development and digitalisation of € ~20 million, under the assumption of comparable F/X basis



# Bilfinger 2020 – Company passes three phases

Strong progress in stabilization phase



**Quarterly Statement Q1 2018**  
**Financial backup**

# Share buyback program advances 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: 2,257,973
- Current average number of shares: ~ 13,500/day
- Average price: €36.98
- Total volume: ~ €83m
- In % of total equity: ~ 5.1%

→ **Current degree of program completion: approx. 55%**

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

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

*Status: May 09, 2018*



# Segment overview Q1 2018

€ million	E&T			MMO			HQ/ Consolidation/ Other						Group		
	Q1 2018	Q1 2017	Δ in %	Q1 2018	Q1 2017	Δ in %	HQ/ Consolidation			OOP			Q1 2018	Q1 2017	Δ in %
							Q1 2018	Q1 2017	Δ in %	Q1 2018	Q1 2017	Δ in %			
Orders received	296	254	16%	762	639	19%	-9	-7	-29%	52	41	27%	1,101	928	19%
Order backlog	775	774	0%	1,750	1,682	4%	-16	-29	45%	180	141	28%	2,689	2,568	5%
Revenue	265	296	-11%	625	592	6%	-3	-5	40%	42	78	-46%	928	961	-3%
Investments in P,P&E	2	2	0%	7	9	-22%	1	2	-50%	1	2	-50%	11	15	-27%
Depreciation P,P&E	-2	-3	33%	-10	-10	0%	-1	-1	0%	-3	-4	25%	-16	-18	11%
Amortization	-1	-2	50%	-1	-1	0%	0	0	0%	0	0	0%	-2	-3	33%
EBITA	1	-8	113%	13	12	8%	-21	-49	57%	-4	-5	20%	-11	-50	78%
EBITA adjusted	1	-2	150%	13	12	8%	-16	-19	16%	-4	-5	20%	-6	-14	57%
EBITA-margin adjusted	0.2%	-0.6%		2.1%	2.1%					-9.7%	-6.3%		-0.6%	-1.3%	

# P&L (1/2)

€ million	Q1/18	Q1/17	Δ in %
Revenue	928	961	-3%
	78	81	-4%
Gross profit	-94	-107	12%
Selling and administrative expense	0	0	-
Other operating income and expense	1	-29	103%
Income from investments accounted for using the equity method	2	2	0%
<b>EBIT</b>	<b>-13</b>	<b>-53</b>	<b>76%</b>
<i>Amortization (IFRS3)</i>	2	3	-33%
<b>EBITA (for information only)</b>	<b>-11</b>	<b>-50</b>	<b>78%</b>
<i>Special items in EBITA</i>	-5	-36	86%
<b>EBITA adjusted (for information only)</b>	<b>-6</b>	<b>-14</b>	<b>57%</b>

Significant effects in Q1 2018: Earnings from disposals €2 million  
 In Q1 2017:  
 Expenses from portfolio adjustments -€14 million,  
 Restructuring/ severance payments -€11 million,  
 Impairment of receivables -€6 million

Depreciation of property, plant and equipment  
 -€16 million (Q1 2017: -€18 million)

Currency effects €1 million



## P&L (2/2)

€ million	Q1/18	Q1/17	Δ in %
<b>EBIT</b>	<b>-13</b>	<b>-53</b>	<b>76%</b>
Interest result	-4	-2	-100%
<b>EBT</b>	<b>-17</b>	<b>-55</b>	<b>69%</b>
Income taxes	-5	0	-
<b>Earnings after taxes from continuing operations</b>	<b>-22</b>	<b>-55</b>	<b>60%</b>
<b>Earnings after taxes from discontinued operations</b>	<b>-3</b>	<b>0</b>	<b>-</b>
<b>Earnings after taxes</b>	<b>-25</b>	<b>-55</b>	<b>55%</b>
Minority interest	1	0	-
<b>Net profit</b>	<b>-24</b>	<b>-55</b>	<b>56%</b>
<b>Adjusted net profit</b>	<b>-7</b>	<b>-12</b>	<b>42%</b>
Average number of shares (in thousands)	42,559	44,209	
Earnings per share (in €) <sup>1</sup>	-0.57	-1.24	
thereof from continuing operations	-0.50	-1.24	
thereof from discontinued operations	0.07	0.00	

Decrease due to mark to market valuation of marketable securities (strategic base liquidity)  
-€2 million

Thereof write-down of deferred tax assets  
-€2 million

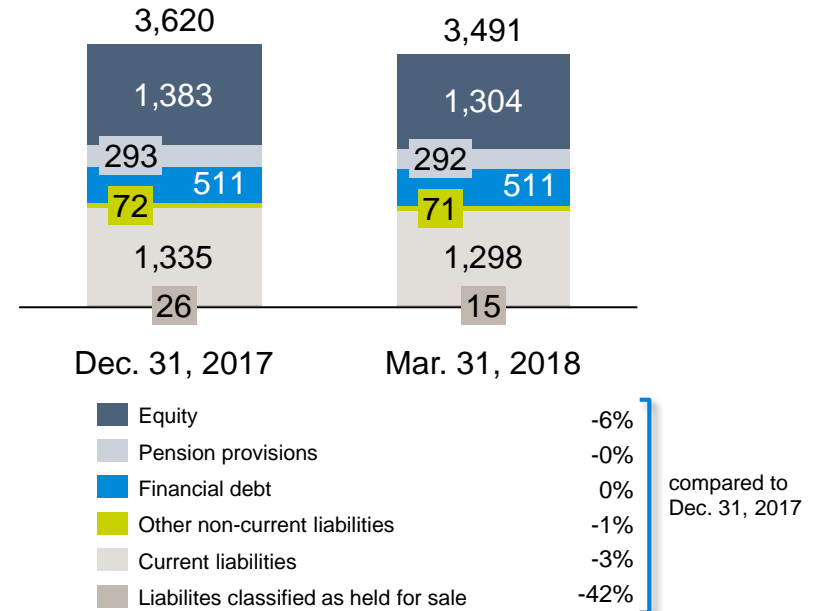
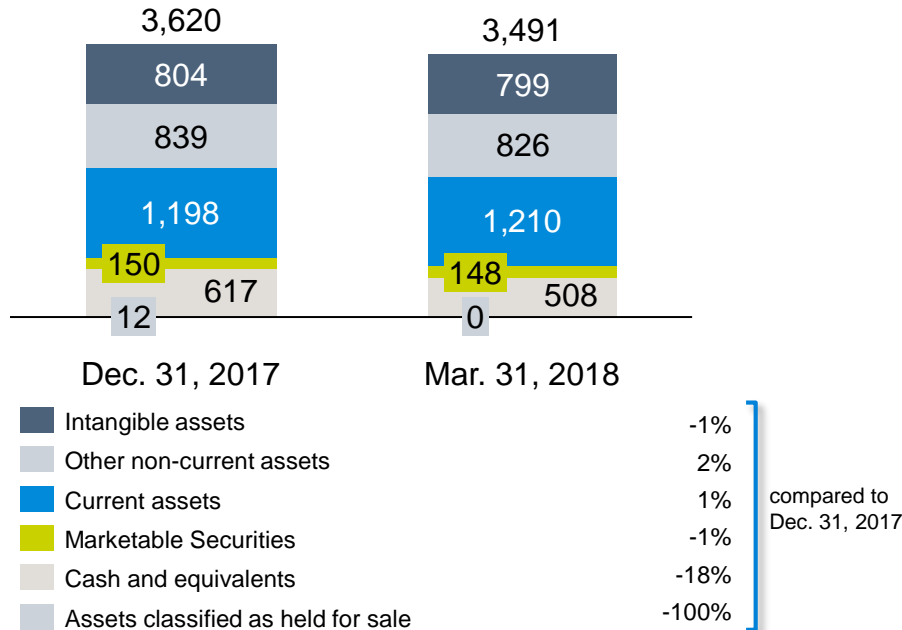
<sup>1</sup> Basic earnings per share are equal to diluted earnings per share.

## Special items of ~€50 million in FY 2018 expected

€ million	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	Q1 2018
<b>EBITA</b>	<b>-50</b>	<b>-64</b>	<b>-6</b>	<b>2</b>	<b>-118</b>	<b>-11</b>
Disposal losses, write-downs, selling-related expenses	13	5	7	15	40	-2
Compliance	4	1	5	2	12	3
Restructuring and SG&A Efficiency	17	10	8	15	50	0
IT investments	2	5	6	6	19	4
<b>Total Adjustments</b>	<b>36</b>	<b>21</b>	<b>26</b>	<b>38</b>	<b>121</b>	<b>5</b>
<b>EBITA adjusted</b>	<b>-14</b>	<b>-43</b>	<b>20</b>	<b>40</b>	<b>3</b>	<b>-6</b>

Gain from disposal of Neo Structo

# Balance Sheet – Overview Assets and Liabilities



**Non-current assets** include non-cash purchase price components Apleona (Vendor Claim €109 million, Preferred Participation Note €210 million)

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

**Assets classified as held for sale:** decrease due to sale of Neo Structo

Decrease in **equity** due to earnings after taxes, share buyback and initial application IFRS 9. The equity ratio amounted to 37%.

**Pension provisions** stable due to relatively unchanged interest rate of 1.6%

**Financial debt** relates to bond of €500m

# Consolidated Balance Sheet: Assets

€ million	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017
<b>Non-current assets</b>			
Intangible assets	799	804	811
Property, plant and equipment	361	367	371
Investments accounted for using the equity method	26	22	18
Other financial assets	357	364	369
Deferred taxes	82	86	99
	<b>1,625</b>	<b>1,643</b>	<b>1,668</b>
<b>Current assets</b>			
Inventories	77	82	70
Receivables and other financial assets	1,053	1,031	1,155
Current tax assets	16	30	28
Other assets	64	55	63
Marketable Securities	148	150	90
Cash and cash equivalents	508	617	636
Assets classified as held for sale	0	12	12
	<b>1,866</b>	<b>1,977</b>	<b>2,054</b>
<b>Total</b>	<b>3,491</b>	<b>3,620</b>	<b>3,722</b>

# Consolidated Balance Sheet: Equity & liabilities

€ million	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017
<b>Equity</b>			
Equity attributable to shareholders of Bilfinger SE	1,321	1,408	1,490
attributable to minority interest	-17	-25	-26
	<b>1,304</b>	<b>1,383</b>	<b>1,464</b>
<b>Non-current liabilities</b>			
Provisions for pensions and similar obligations	292	293	292
Other provisions	26	27	29
Financial debt	509	509	509
Other liabilities	0	0	0
Deferred taxes	44	45	30
	<b>871</b>	<b>874</b>	<b>860</b>
<b>Current liabilities</b>			
Current tax liabilities	34	34	32
Other provisions	425	442	441
Financial debt	2	2	2
Trade and other payables	619	640	688
Other liabilities	221	219	205
Liabilities classified as held for sale	15	26	30
	<b>1,316</b>	<b>1,363</b>	<b>1,398</b>
<b>Total</b>	<b>3,491</b>	<b>3,620</b>	<b>3,722</b>



# Cash Flow Statement

€ million	Q1	
	2018	2017
<b>Cash flow from operating activities of continuing operations</b>	<b>-60</b>	<b>-37</b>
- <i>Thereof special items</i>	-15	-28
- <i>Adjusted Cash flow from operating activities of continuing operations</i>	-45	-9
<b>Net cash outflow for P, P &amp; E and intangible assets</b>	<b>-10</b>	<b>-14</b>
<b>Free cash flow from continuing operations</b>	<b>-70</b>	<b>-51</b>
- <i>Thereof special items</i>	-15	-28
- <i>Adjusted Free Cash flow from operating activities of continuing operations</i>	-55	-23
<b>Proceeds from the disposal of financial assets</b>	<b>2</b>	<b>-5</b>
<b>Investments in financial assets</b>	<b>0</b>	<b>0</b>
<b>Changes in marketable securities</b>	<b>0</b>	<b>0</b>
<b>Cash flow from financing activities of continuing operations</b>	<b>-35</b>	<b>-4</b>
- <i>Share buyback</i>	-32	0
- <i>Dividends</i>	0	0
- <i>Borrowing/ repayment of financial debt</i>	1	0
- <i>Interest paid</i>	-4	-4
<b>Change in cash and cash equivalents of continuing operations</b>	<b>-103</b>	<b>-60</b>
<b>Change in cash and cash equivalents of discontinued operations</b>	<b>-6</b>	<b>-9</b>
<b>Change in value of cash and cash equivalents due to changes in foreign exchange rates</b>	<b>0</b>	<b>0</b>
Change in cash and cash equivalents	<b>-109</b>	<b>-69</b>
Cash and cash equivalents at January 1	617	1,032
Change in cash and cash equivalents of assets classified as held for sale	0	3
<b>Cash and cash equivalents at March 31</b>	<b>508</b>	<b>966</b>

## Valuation net cash: decrease due to ongoing share buyback

€ million	Mar. 31, 2018	Dec. 31, 2017
Cash and cash equivalents	508	617
Marketable securities	148	150
Financial debt	-511	-511
<b>Net cash</b>	<b>145</b>	<b>256</b>
Pension provisions	-292	-293
Expected cash-out disposals	~ -5	~ -5
Financial assets (Apleona, JBN)	340	338
Future cash-out special items	~ -155	~ -170
Intra-year working capital swing	0	~ -50
<b>Valuation net cash</b>	<b>~ 25 to 50</b>	<b>~50 to 100</b>

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