

BILFINGER SE



BILFINGER



Capital Markets Day 2020

Tom Blades | Christina Johansson | Duncan Hall

February 13, 2020

Capital Markets Day 2020



Tom Blades (CEO)

Christina Johansson (CFO)

Duncan Hall (COO)



BILFINGER

1. Introduction



FY 2019: Delivered

| | Outlook FY 2019 | Actual FY 2019 | |
|--------------------------------|--|----------------|---|
| Revenue | Mid single-digit organic growth | +6% | ✓ |
| EBITA adjusted | Significant increase to more than €100 million | €104 million | ✓ |
| Net profit | Significant improvement, at least break-even | €24 million | ✓ |
| Free Cash Flow reported | Positive ¹⁾ | €57 million | ✓ |

¹⁾ Notwithstanding IFRS16 effect: break-even (Actual FY 2019: €4 million)

FY 2019: Revenue, earnings and cash targets met

➤ **Orders received**

FY 2019: underlying markets stable, org. -4% from high 2018-level
Q4: org. -4%, award of major projects shifted to 2020

➤ **Revenue**

FY 2019: strong organic growth of 6%
Q4: slight organic decrease

➤ **EBITA adjusted**

FY 2019: significant increase to €104 million, margin at 2.4%
Q4: once again strongest quarter, but Technologies below expectations

➤ **Net profit**

FY 2019: clearly positive with €24 million
Q4: €15 million with strong year-on-year improvement



FY 2019: Cyclical strong cash development in fourth quarter

Liquidity



Reported free cash flow positive at €57 million
DSO improvement by 10 days in Q4

Balance sheet / dividend



Solid balance sheet
Maintain baseline dividend proposal of €1.00 per share

Outlook 2020



Stable organic revenue development
Further substantial increase in adjusted EBITA margin to ~4%
Significantly positive development in Free Cash Flow reported





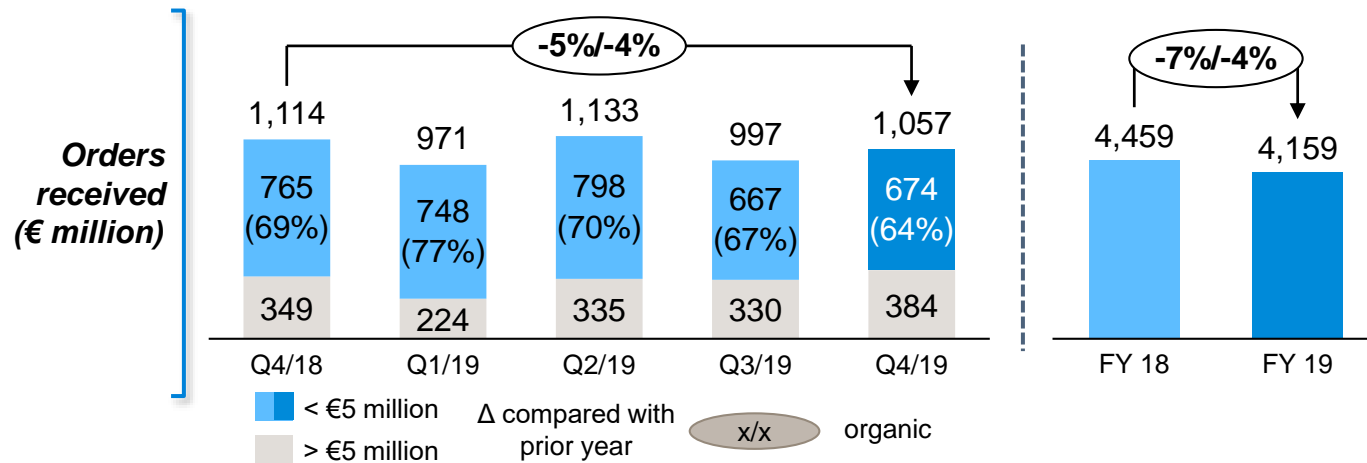
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2. Preliminary results 2019



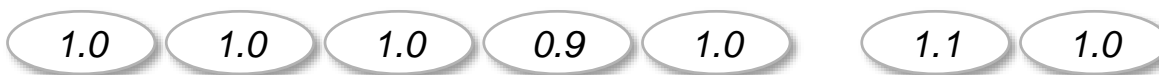
Decrease in orders received due to shift of major project awards to 2020, especially in Technologies

Development of orders received



- Orders received**
 FY: Decrease (-7% / org.: -4%) due to timing of bigger project awards in Europe
 Q4: -5% (org.: -4%) below prior-year quarter
- Book-to-bill:** FY: 1.0
- Order backlog**
 -9% below high prior-year level (org.: -7%)

Book-to-bill ratio

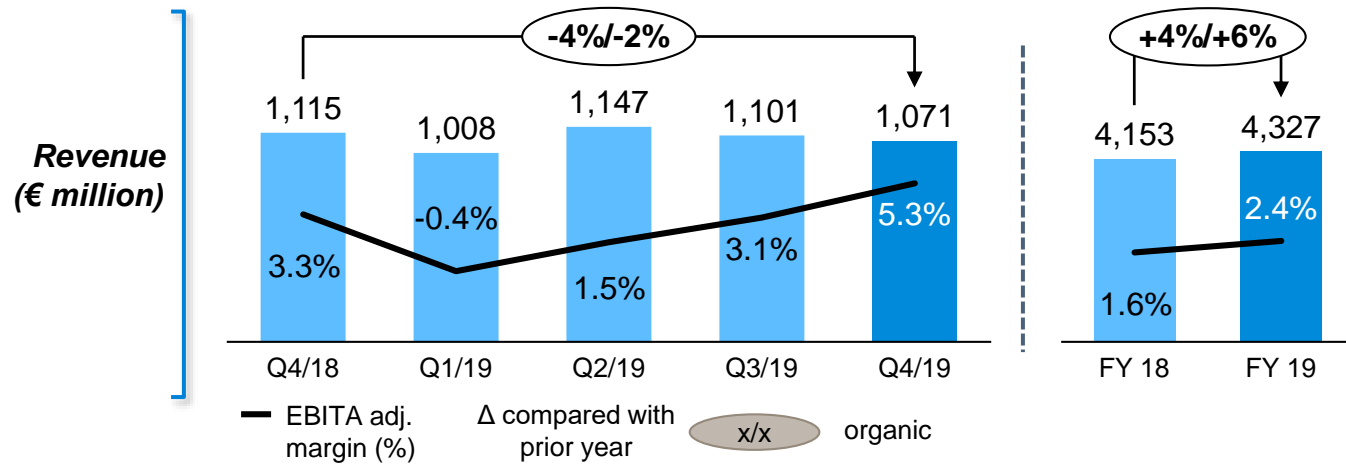


Order backlog (€ million)



Revenue growth and EBITA adjusted meet expectations for FY 2019

Development of revenue and profitability

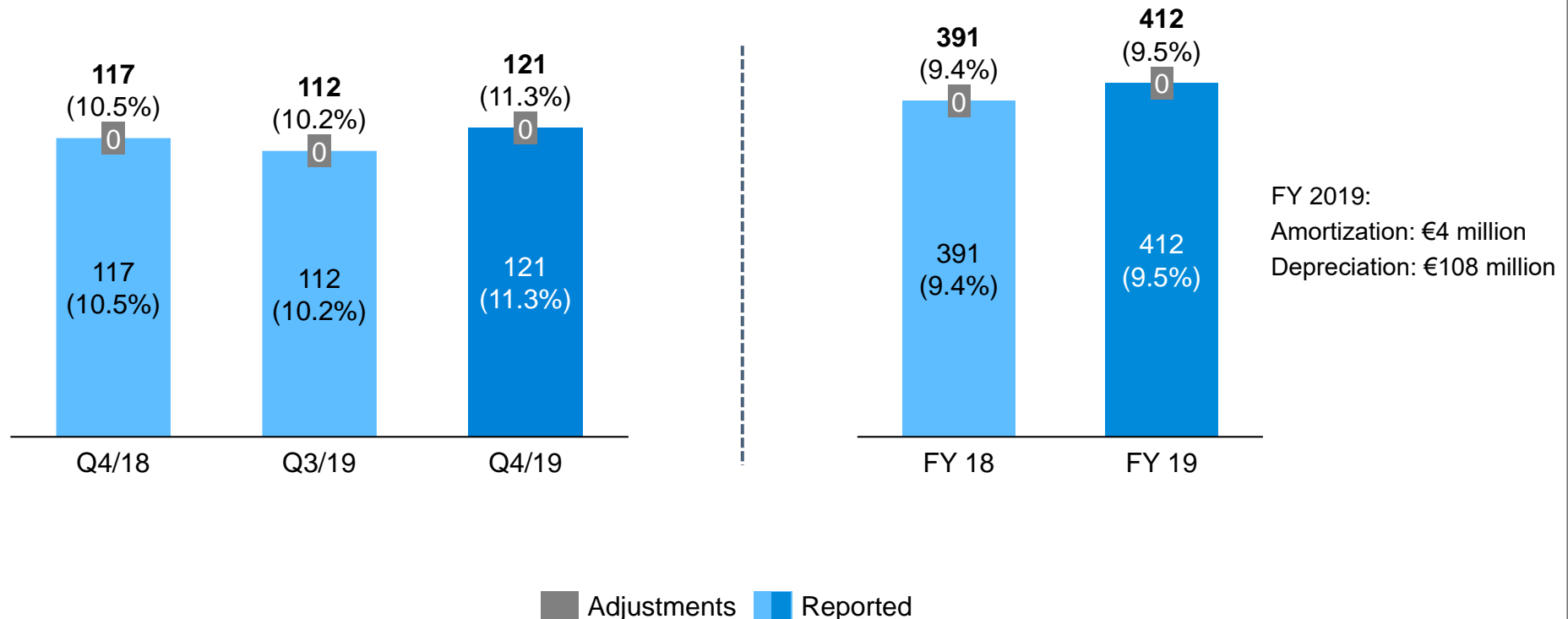


- Revenue**
 FY: 4% increase (org.: 6%) based on good market demand
- EBITA adjusted**
 FY: EBITA adjusted as well as margin significantly improved
 Q4: Increase to €57 million (prior year: €37 million), once again strongest quarter
- Special items**
 FY: -€72 million (thereof -€40 million restructuring, -€36 million IT investments, +€3 million disposals)
 Q4: -€49 million (thereof -€35 million restructuring mainly related to new SG&A program, -€11 million IT investments, -€3 million disposals)

| | | | | | | | |
|-------------------------------|----|----|----|----|----|----|-----|
| EBITA adj. (€ million) | 37 | -4 | 17 | 34 | 57 | 65 | 104 |
| EBITA (€ million) | -6 | -3 | 3 | 25 | 7 | -7 | 32 |

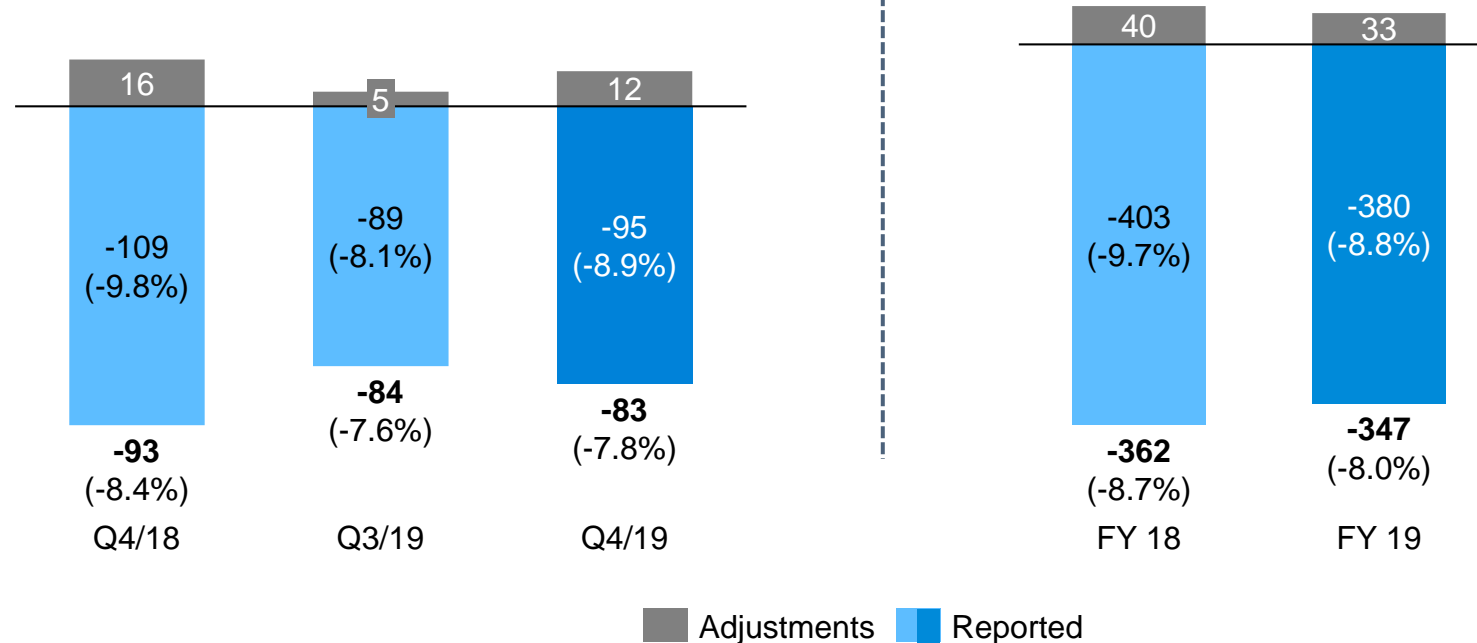
Gross margin increased to 11.3% in Q4, further improvement remains major focus for 2020 and 2021

Adjusted gross profit (€ million)



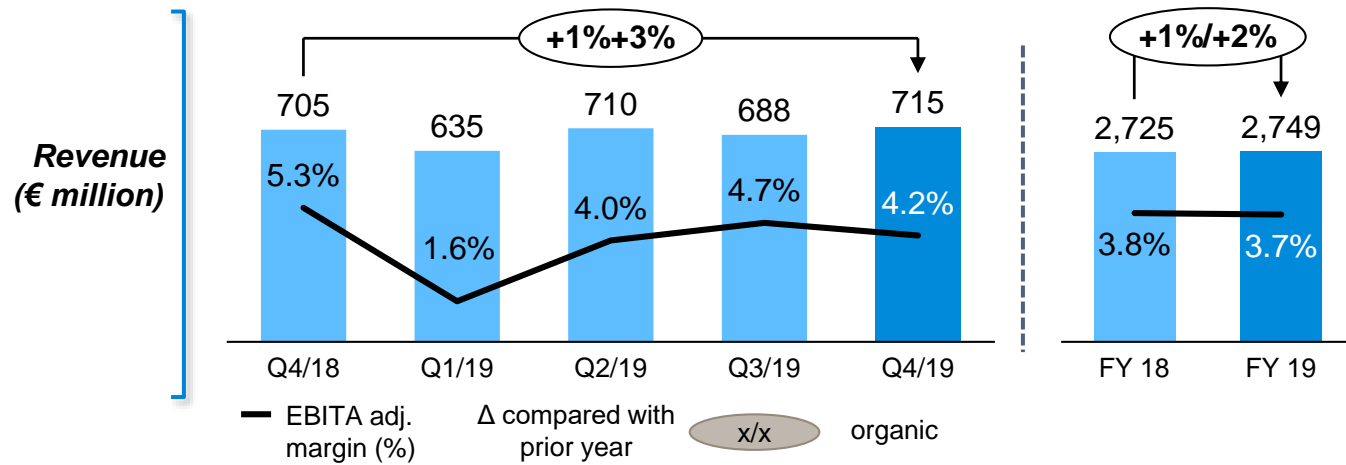
Adjusted SG&A ratio at 8.0% for FY 2019, a further step towards 2020 target of 7.5%

Adjusted selling and administrative expenses (€ million)



Segment E&M Europe: sound performance throughout the year

Development of revenue and profitability



- **Orders received**
FY: -6% (org.: -5%), focus on margin-accretive contracts
Q4: -13% (org.: -12%) below high prior-year level
- **Book-to-bill:** FY: 1.0
- **Revenue**
Slight increase in Q4 (+1% / org.: +3%) and FY 2019 (+1% / org.: +2%)
- **EBITA adjusted**
FY: Adjusted EBITA and margin both on good prior-year level
- **Outlook 2020**
Revenue: stable development
EBITA adjusted: significantly positive development

Book-to-bill ratio

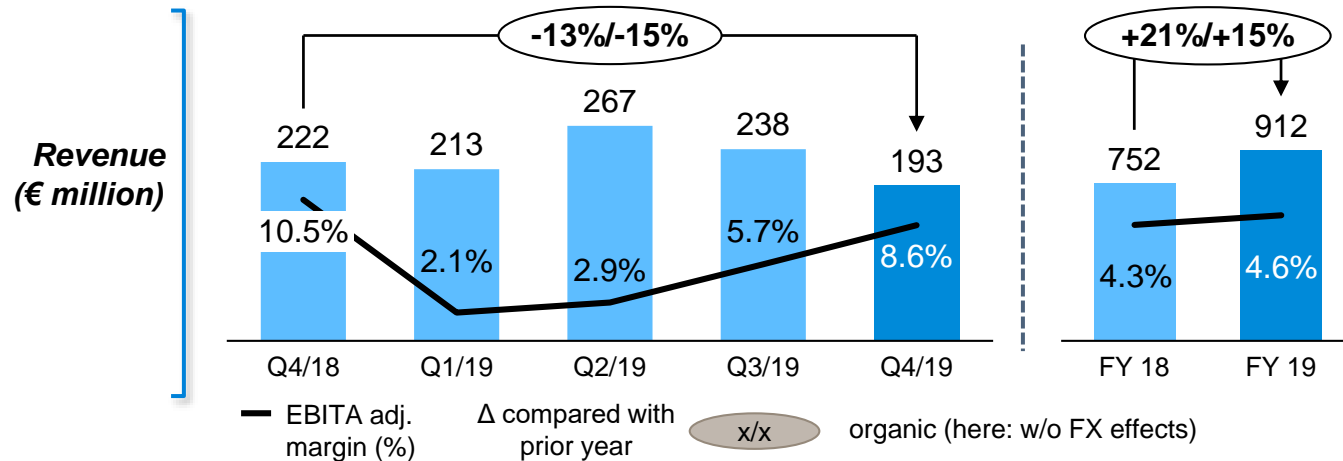


EBITA adj. (€ million)

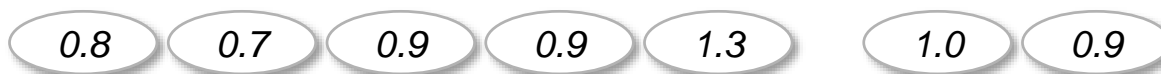


Segment E&M International: strong orders received development in Q4

Development of revenue and profitability



Book-to-bill ratio



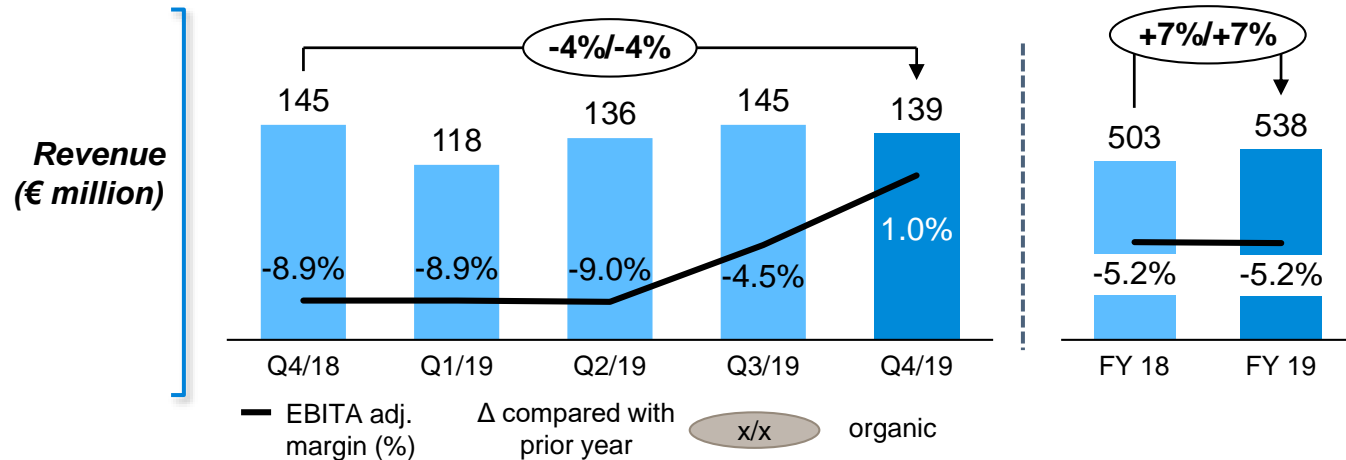
EBITA adj. (€ million)



- Orders received**
 FY: +9% (org.: +4%)
 Q4: Significant increase (+44% / org.: +38%) with major maintenance order in ME
- Revenue**
 Q4: Decrease of -13% (org.: -15%) mainly in NA, major projects in completion phase
- EBITA adjusted**
 Q4: High margin of 8.6% below extraordinarily strong prior-year quarter (10.5%)
- Outlook 2020**
 Revenue: slight decrease
 EBITA adj. margin: slight improvement

Segment Technologies: positive Q4, yet full year EBITA adjusted still negative and below expectations

Development of revenue and profitability



Book-to-bill ratio



EBITA adj. (€ million)

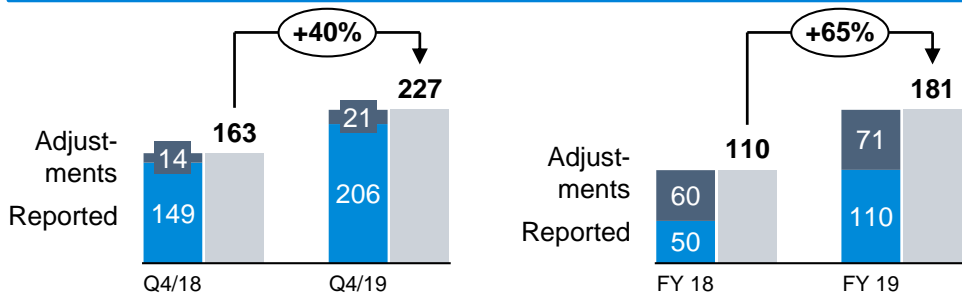


- Orders received**
 FY: -30% (org.: -30%) due to low order level in underperforming entities and shifts of major project awards to 2020
 Q4: stable at -1% (org.: -1%)
- Book-to-bill:** FY: 0.8
 Continued focus on profitability improvement and execution
- Revenue**
 FY: +7% (org.: +7%) based on good order backlog at beginning of the year
- EBITA adjusted**
 Q4: positive, but below expectations, problematic entities not yet fully turned around; FY on weak prior-year level
- Outlook 2020**
 Revenue: significant increase
 EBITA adjusted: positive result

Strong cash generation in Q4 with DSO reduction of 10 days

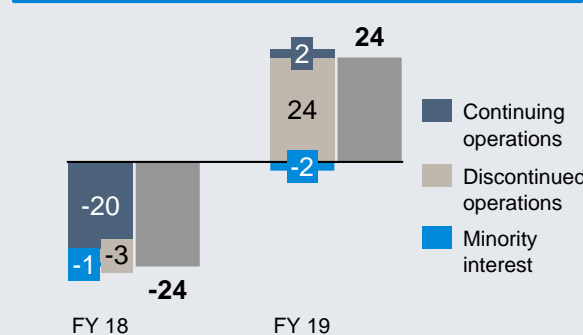
Positive net profit in quarter and full year

Adjusted operating cash flow ¹⁾ (€ million)

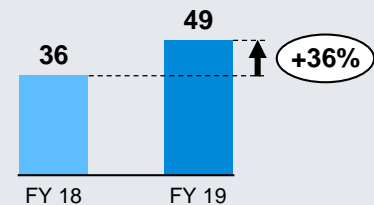


¹⁾ Adjustments correspond to EBITA adjustments, Q4 19 / FY 19 includes +€13m / +€40m from IFRS 16

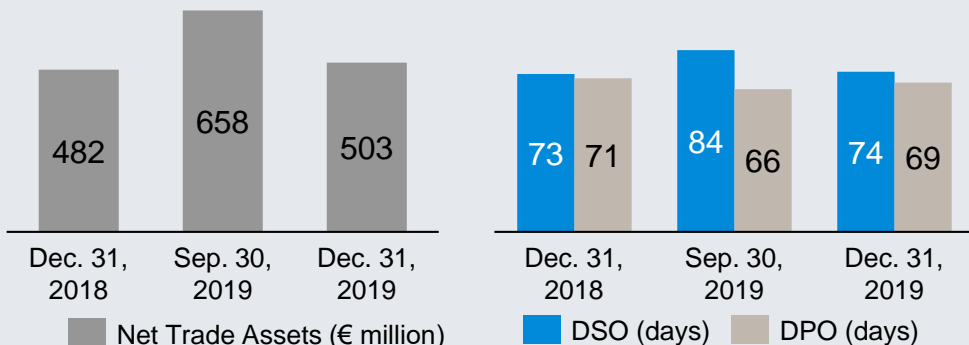
Net profit (€ million)



Adjusted net profit (€ million)

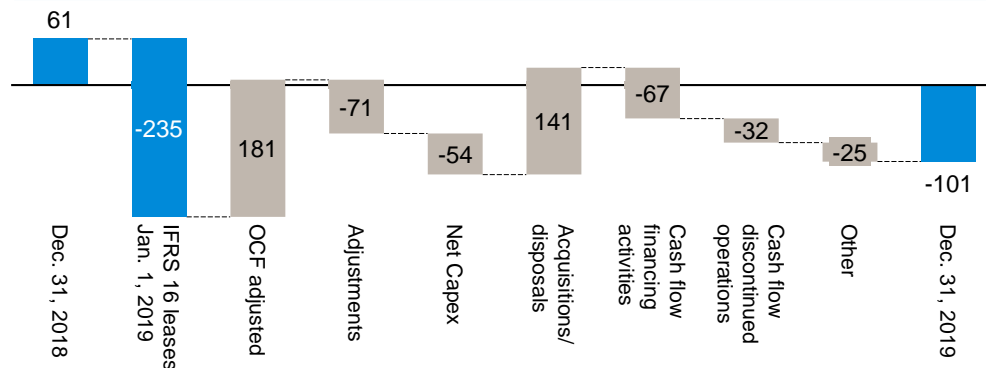


Net Trade Assets



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

Net liquidity ²⁾ (€ million)



²⁾ Including IFRS 16 leases

| | Actual FY 2019 | Outlook FY 2020 |
|--------------------------------|---------------------|---|
| Revenue | €4,327 million | Organically stable |
| EBITA adjusted / margin | €104 million / 2.4% | Substantial increase to a margin of ~4% |
| Free Cash Flow reported | €57 million | Significantly positive development |



BILFINGER

3. Setting the Scene



Our ambition

**We engineer and deliver
process plant performance**

Where to play

2 Service Lines

- Technologies
- Engineering & Maintenance

4 Regions

- Continental Europe
- Northwest Europe
- North America
- Middle East

6 Industries

- Chemicals & Petrochem
- Energy & Utilities
- Oil & Gas
- Pharma & Biopharma
- Metallurgy
- Cement

How to win

People &
Culture



Customer &
Innovation



Organization &
Structures

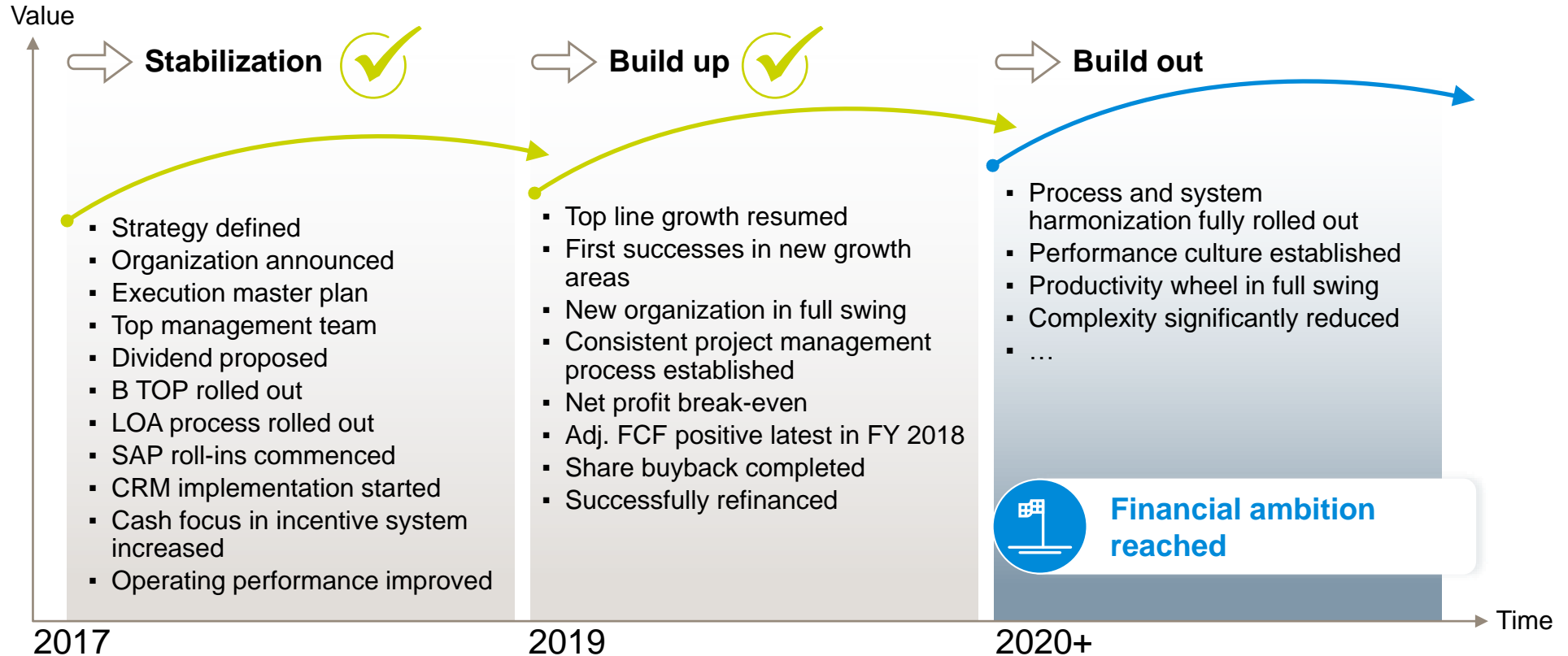


Financials











Bilfinger 2020

Stabilization phase complete, moving on from build-up



Status of targets communicated February 2017 for 2020

| |  Ambition 2020 |  2019 achievement level | |
|---------------------------------|--|---|--|
| Revenue growth | CAGR > 5% based on 2017 | 6% ¹⁾ |  |
| Gross margin improvement | 200bps | ~0bps |  |
| SG&A reduction | 300bps | 2019: 250bps → target 2020: 300bps |  |
| EBITA adjusted margin | Maintenance 3 to 5.5% | E&M: 4% |  |
| | Engineering & Technologies: 5 to 9% | Technologies: negative |  |
| Cash Flow generation | Positive adj. FCF from 2018 onwards | € 128 million adj. FCF, rep. FCF € 57 million |  |

1) Organic / incl. OOP

⇒ **Build out**



- Process and system harmonization fully rolled out
- Performance culture established
- Productivity wheel in full swing
- Complexity significantly reduced
- ...



Financial ambition reached



Aging Assets & Asset Integrity



Europe & US: Aging assets

- Increasing maintenance costs
- Asset life time extensions
- Efficiency & Emissions

Middle East: Maturing assets

- World class CAPEX
- Sub benchmark performance



ESG / Climate Change



- CO₂ limits
- Emissions & Air pollution
- Clean energy
- Distributed power generation
- Power to liquids
- Circular Economy
- Sustainable finance

EU: Green Deal



Skilled Labor Shortage



Europe

- Demographics
- Vacant apprenticeships

US

- Shrinking unemployment
- Craft labor shortage

Middle East

- Quality not quantity



Data & Artificial Intelligence



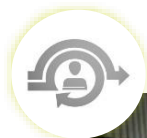
- Machine learning
- Predictive / prescriptive maintenance
- Virtual reality & Augmented reality
- OEE (overall equipment efficiency)
- Risk reduction
- New business models



Skilled labor



- Europe's #1 Maintenance Services Company
- Leading Employer Branding
- Bilfinger Academy
- Trade craft accreditation
- ~34,000 full time equivalents
- Thousands of temporary employees



Domain Expertise



- Engineering / Process knowledge
- Focus on key industries
- Customer intimacy / collaboration
- Long term contracts
- High customer stick rates (>90%)
- Cross-border unified operating models








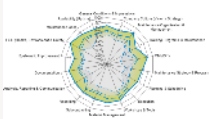







Digitalization



- Bilfinger Digital Next
- Convergence of BMC & BCAP to digital BMC
- Electronic Workflow to drive internal productivity
- A.I. (PIDGraph, algorithm training)
- Partnership models

Our capabilities addressing global trends

Global Trends affecting our business

| Bilfinger capabilities | Aging Assets & Asset Integrity | ESG / Climate Change | Skilled Labor Shortage | Data & Artificial Intelligence |
|---|--|--|---|--|
| <p>Skilled labor</p>  | <p>Fabric maintenance</p>  | <p>Circular economy</p>  | <p>Employer of choice</p>  | <p>Cloud analytics</p>  |
| <p>Domain Expertise</p> | <p>Maintenance analytics</p>  | <p>Pollution</p>  | <p>BMC</p>  | <p>PIDGraph-AI</p>  |
| <p>Digitalization</p> | <p>Digital twins</p>  | <p>Water</p>  | <p>Augmented Reality</p>  | <p>BCAP</p>  |

Strategic Assumptions



Geographic focus

- Europe
- North America
- Middle East



Industry focus

- Oil & Gas
- Chemicals & Petrochemicals
- Energy & Utilities
- Pharma & Biopharma
- Metallurgy
- Cement



Digitalization

- Enabling opportunity
- Driving productivity
- Strategic partnerships



Engineering & Maintenance and Technologies

- Technologies support Engineering & Maintenance opportunities
- Strengthen our strengths



War for talent

- Skilled blue collar is a differentiator in the market
- Craft labor strength and breadth

Strategic Imperatives



Integrity & HSE

- We will not compromise



People

- Attract
- Motivate
- Retain
- Develop



Unique service offering/ Differentiators

- Multi-service provider
- Continue to innovate our service and commercial offering
- Extend portfolio, leverage integrated solutions
- Digitalization



Asset light model

- ROCE focus
- Strict working capital management
- Disciplined M&A criteria



Margin growth

- Project Risk & Execution
- Margin protection
- Pricing
- Portfolio rotation



SG&A Efficiency

- Lean management
- De-complexing (e.g. legal entity reduction)
- Purpose over process
- Leverage harmonized systems



Relevant E&M footprint in North America

- Leveraging existing market & customer access
- Grow organically and optionally non-organically
- Introduce Maintenance concepts









Middle East profitable top line growth

- Increase Oil & Gas activities
- Pro-actively support customers in their outsourcing and maintenance efforts
- Partnering

Structural demand for services intact



















Drivers

| | | | |
|----------------|--|------------------------|---|
| Customers |  | 5.5% | CAGR petrochemical global capacity increase (2020-2024) |
| |  | CAPEX/ OPEX | E&Ps ¹⁾ generating substantially more cash today despite far lower oil prices |
| Asset base |  | > 60 % | of active refineries and petrochemical plants in our focus regions are older than 20 years |
| |  | 45k | Accumulated asset base continues to grow. Plants are driven for cash and efficiency |
| Climate Change |  | 24 % | share of global CEOs who are „extremely concerned“ about climate change and environmental damage |
| |  | 20 Gt | CO ₂ emissions to be decreased by ~ 20 Gt from 2020 by 2040 to achieve the objectives of the Paris Agreement on climate change |

Sources: GlobalData, Deutsche Bank, PWC – 23rd Annual Global CEO Survey, iea, A. T. Kearney / Bilfinger estimate

1) Exploration & Production Companies

Leading position in E&M key European markets

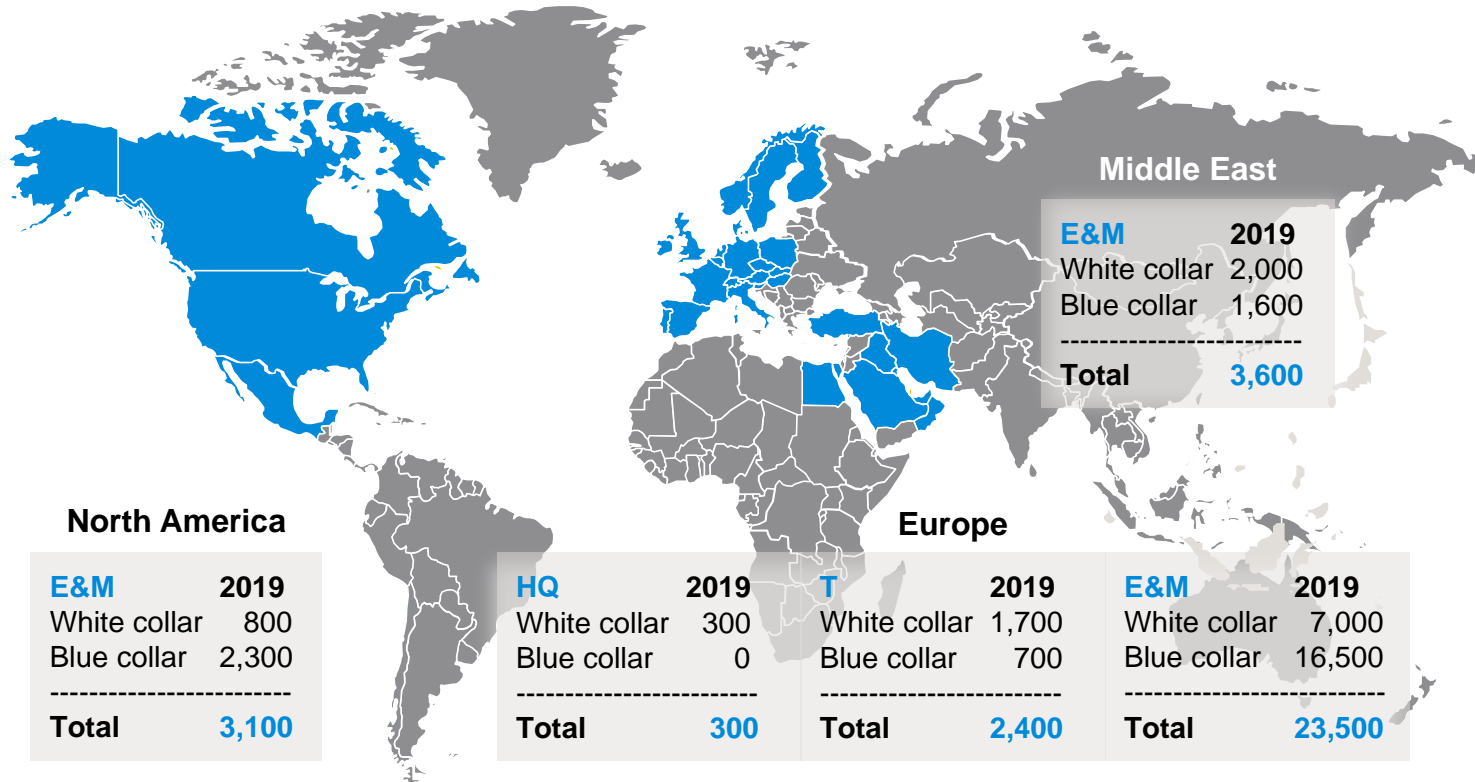
| | United Kingdom | Germany | Belgium/ Netherlands | Nordics | Poland ¹⁾ | Austria/ Switzerland |
|---|---|---|---|---|---|---|
| |  |  |  |  |  |  |
| Market Size²⁾ ~ 25 €bn |  |  |  |  |  |  |
| Expected market development |  |  |  |  |  |  |
| Bilfinger market position | #2 | #1 | #2 | #1 | #1 | #1 |
| # of employees | 3,700 | 5,000 | 2,500 | 4,000 | 4,500 | 1,800 |

Rest of Europe = 2000 FTE

1) Labor hire

2) Source: A.T. Kearney / Bilfinger analysis based on core industries and core activities, contracted-out only

Bilfinger is a People Company



North America

| E&M | 2019 |
|--------------|--------------|
| White collar | 800 |
| Blue collar | 2,300 |
| ----- | |
| Total | 3,100 |

HQ

| 2019 | |
|------------------|--|
| White collar 300 | |
| Blue collar 0 | |
| ----- | |
| Total 300 | |

T

| 2019 | |
|--------------------|--|
| White collar 1,700 | |
| Blue collar 700 | |
| ----- | |
| Total 2,400 | |

E&M

| 2019 | |
|---------------------|--|
| White collar 7,000 | |
| Blue collar 16,500 | |
| ----- | |
| Total 23,500 | |

Middle East

| E&M | 2019 |
|--------------|--------------|
| White collar | 2,000 |
| Blue collar | 1,600 |
| ----- | |
| Total | 3,600 |

Other Operations

| E&M | 2019 |
|--------------|------------|
| White collar | 450 |
| Blue collar | 450 |
| ----- | |
| Total | 900 |



Bilfinger

| | 2018 | 2019 |
|--------------|---------------|----------------------------|
| Revenue | 4.1 €bn | 4.3 €bn |
| ----- | | |
| White collar | 12,600 | 12,600 |
| Blue collar | 23,300 | 21,500 |
| ----- | | |
| Total | 35,900 | 34,100¹⁾ |

1) Including 300 employees from Other Units

HR – Recent initiatives and imperatives



Recent initiatives → Imperatives

Leadership “Change Management”

Critical entities – right sizing

HRcules (SAP / Success Factors)

Bilfinger Academy

LE consolidation

SG&A efficiency

Skilled labor strategy

- Attract
- Motivate
- Retain
- Develop

First level leadership

Critical positions

- Project Manager
- Contract Manager

Cross border opportunities

Entrepreneurial Empowerment

Top level "Pay for Performance"

HR success stories

Employer Branding

Electrical

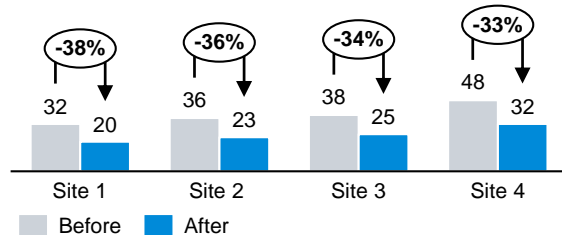
Mechanical

IT & Digital

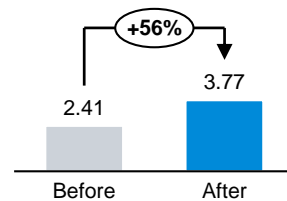


ISP – First Level Leadership

Erection + dismantle costs / ton



Productivity in m³/man hour



War for Talent

| | |
|--------------------------|--------|
| Applicants after Go-Live | 23,500 |
| Offers made | 1,916 |
| Offers accepted (75 %) | 1,437 |
| Candidates in HRcules | 30,400 |

Cross border opportunities

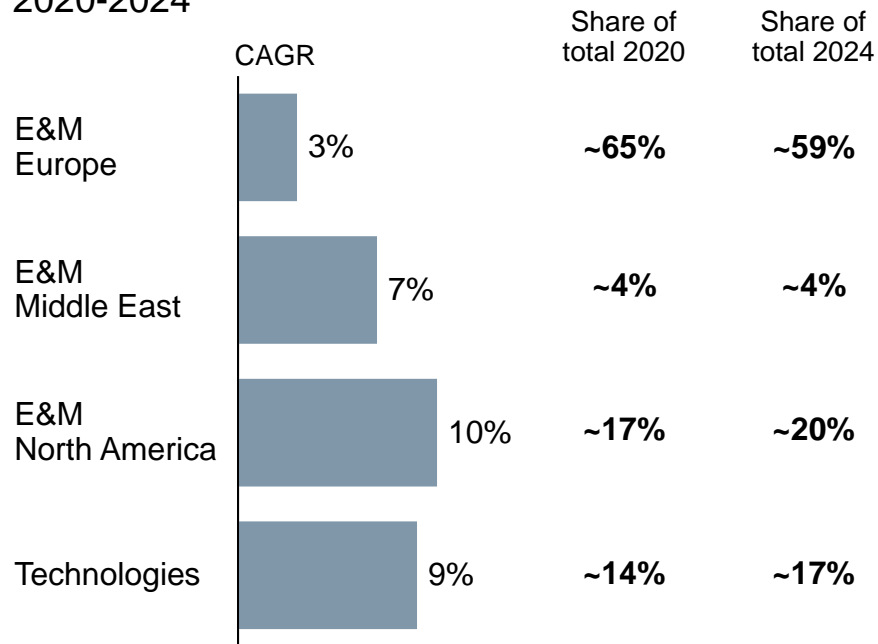
| |
|-------------------|
| Mobile work force |
| Turnarounds |
| Large projects |
| Wage arbitrage |
| Motivation |



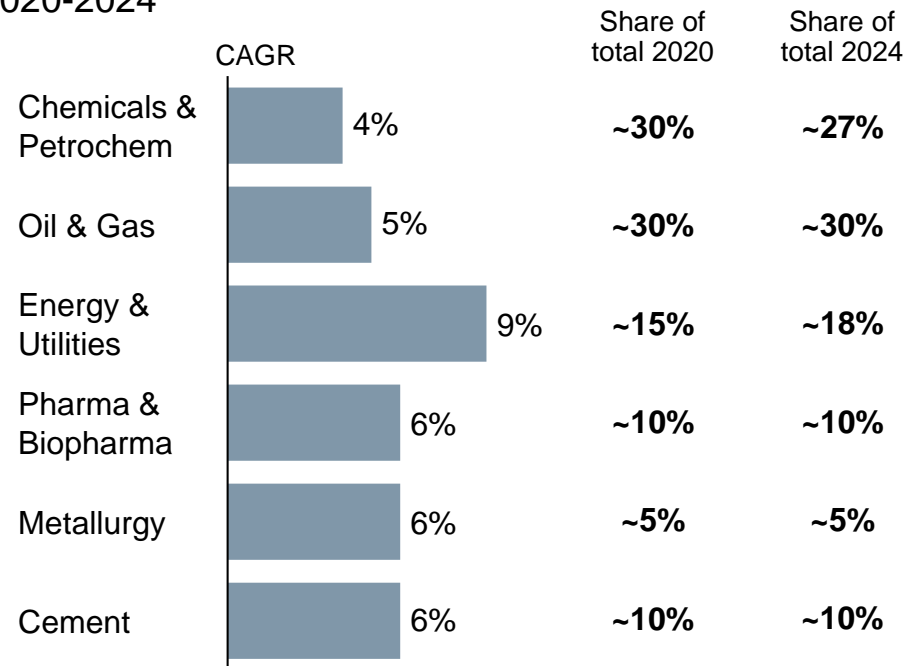
**OUR
PEOPLE
MAKE THE
DIFFERENCE**

Revenue growth in all regions and industries

Split¹⁾ per business unit 2020-2024



Split¹⁾ per industry 2020-2024



Total CAGR >5%

1) Bilfinger revenue split and corresponding growth by business unit and industry



BILFINGER

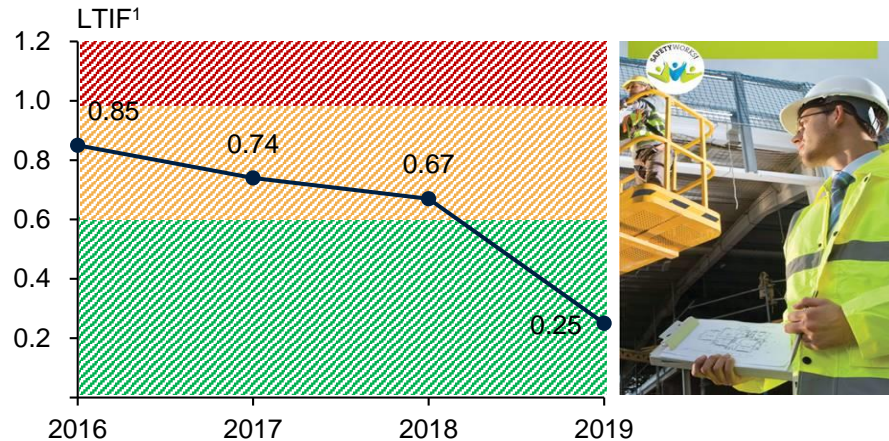
4. Bilfinger Operations



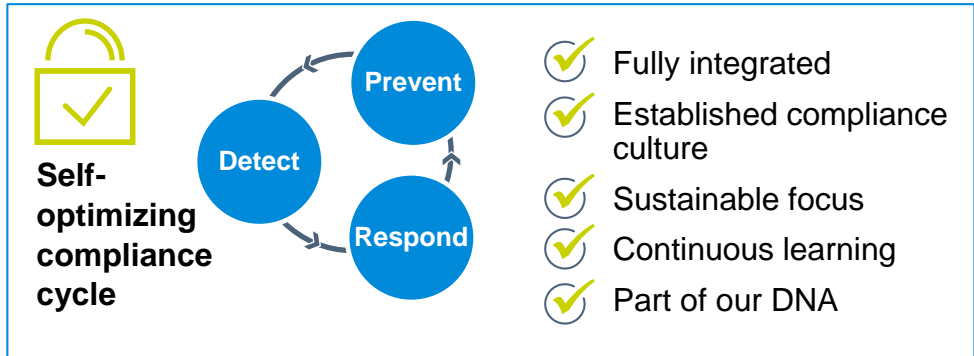
We never compromise on integrity and safety



Safety is good business



Integrity is non-negotiable



Governance



Operational focus



Leadership

1) LTIF: Lost Time Injury Frequency per 1 million man hours

Sustainable value creation

Top Line

+5% revenue CAGR



Bottom Line

>200 bps. gross margin

- 1 Increase integrated services
- 2 Intensify customer collaboration
- 3 Capitalize digitalization & innovation
- 4 Lift value offering to customers

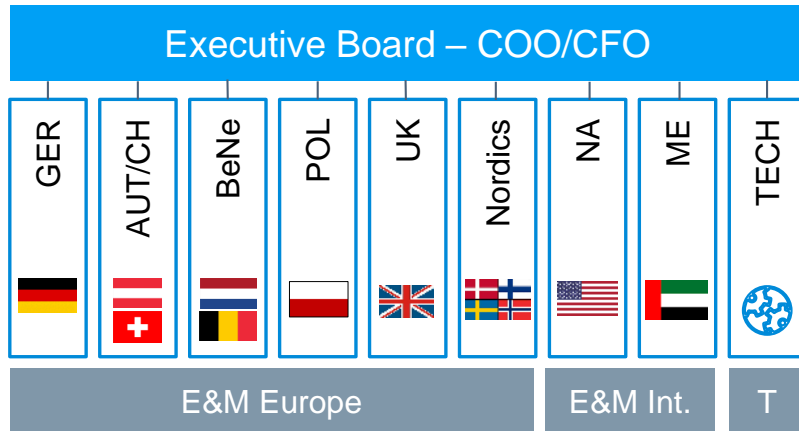
- 5 Boost execution performance
- 6 Decrease operational costs
- 7 Utilization & efficiency increase
- 8 Strengthen performance culture



Solid revenue growth | Significantly improved execution performance | reduced complexity

New organization set up for driving profitable growth

Empowerment | Simplification | Efficiency



- Compact organization, direct reporting to COO/CFO
- Faster decision making, more accountability
- Less internal bureaucracy, more external focus
- Streamlined reporting / approval requirements
- Regions focus on operational performance

 Operating units  Reporting segments



- 1 Facilitate growth and capitalize innovation & digitalization
- 2 Increase efficiency and recovery, reduce costs & improve margins
- 3 Maintain momentum on continuous improvements

Global Development: secure the future

Facilitate top line growth | improve margins | capitalize on innovation & digitalization



Global Development

Ambition

Further leverage Bilfinger capabilities worldwide

Enhance Bilfinger value to customers with combined offerings

Commercialise and accelerate innovations

Aligned digital transformation efforts into core service lines



Facilitate growth

- Roll out service products (BMC,BTC,BCAP etc.) globally
- Increase integrated services and Key Account Management



Improve margins

- Use Bilfinger Digital Next tools & standards internally
- Joint offerings and sharpening of value propositions



Capitalize on innovation

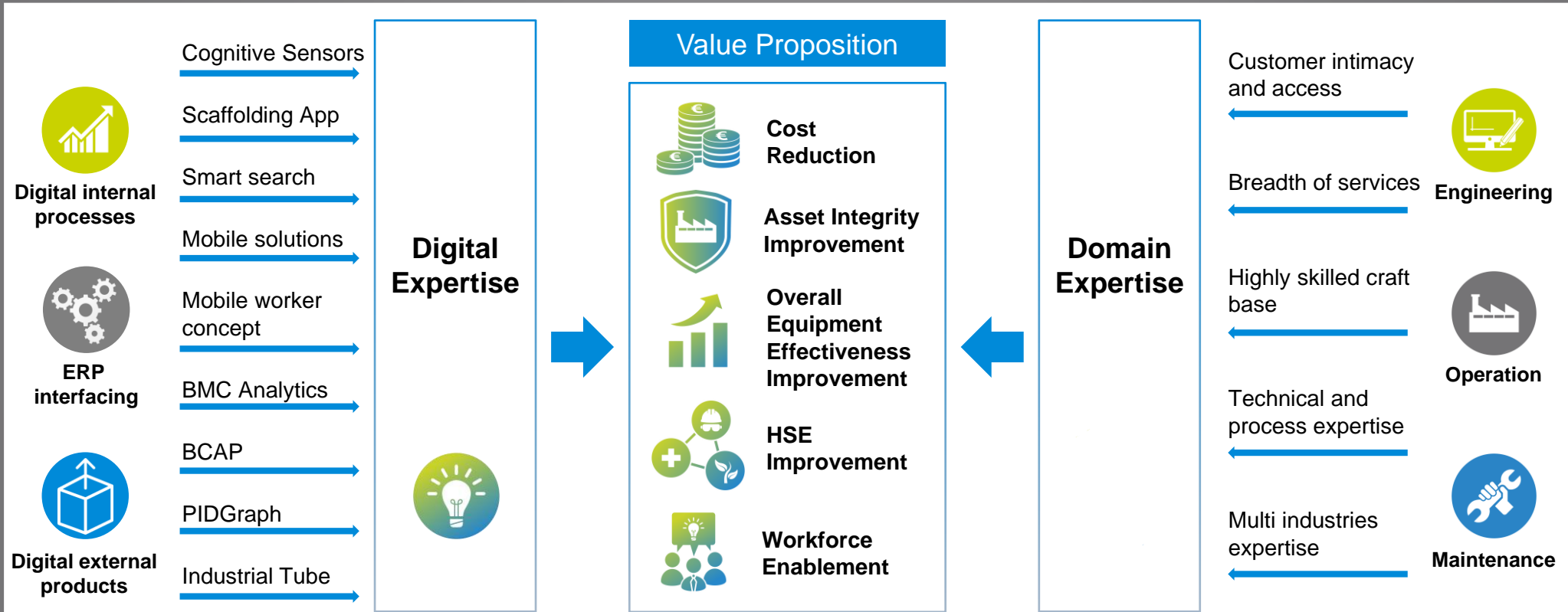
- Deploy Bilfinger innovation roadmap
- Fast track commercialization of ideas



Drive digital transformation

- Industrialize digital forward thinking
- Integrate data- and software-based business models into core offering

Convergence of digital and domain expertise



Global Development: secure the future

Top line growth | Integrated solutions



BP Deutschland (Ruhr Oel GmbH)

Germany, Gelsenkirchen-Scholven

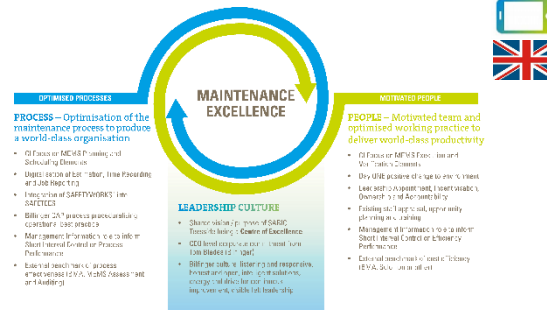


Bilfinger engineer minimum cost solution

- Turnkey Project : Concept, engineering design, modular fabrication, installation
- 180 Interconnecting piperacks with 320 valves, 25 km piping and 260 tie-ins into process units
- Lower 3-digit €m range order value 2020 – 2021
- Modular concept improving safety and efficiency

SABIC

United Kingdom, Teesside



Decisive factor was vision of Bilfinger in the field of digitalization

- Maintenance – mechanical, electrical & instrumentation, scaffolding, insulation & painting
- 2 SABIC operating sites, North Tees and Wilton
- €250m base contract value Q2 2019 to Q2 2023
- Bilfinger UK self deliver all services

Neste refinery

Finland, Porvoo



Mobilization of 300+ personnel to Finland

- Turnaround services and projects. Engineer, scope, schedule and execution.
- € 25-30 million from May-June 2020
- Local team supported by group expertise
- Bilfinger Turnaround Concept (BTC) in action

Global Development: secure the future

Top line growth | Customer coverage



Ruwais United Arab Emirate



Major Maintenance Framework in Middle East

- Technical services contract replacing major manpower supply agreements in UAE
- Bilfinger secure 2 of 4 lots tendered
- €90 million over seven years from Q4 2019
- Base to access large scale investment

CF Fertilizers United Kingdom, Ince / Billingham



Integrated multi-skilled service solution

- Mechanical, scaffolding, insulation and painting maintenance services
- Two sites – one aligned improvement trajectory
- €60 million over 3 years from Q1 2020
- Bilfinger UK self deliver all services

Chevron USA, Offshore, Gulf of Mexico



Contract service expansion

- Industrial and inspection services
- Services to 4 Deepwater platforms
- €35 million over 3 years from Q4 2019
- Contract expanded from corrosion protection to full service

Global Development: secure the future

Top line growth | New energy

EDF Hinkley Point

Technologies, United Kingdom



Technology expertise and local delivery

- New Build & Waste Management of a nuclear plant
- Specialist engineering, fabrication and installation
- Strategic supplier for ~300m (Q3 2018 to 2025)
- CO2 reduction by using nuclear power

AVR, Carbon Capture Utilization

The Netherlands, Duiven



First industrial scale Carbon capture

- FEED-design and the construction management
- Captures 60,000 CO2 per annum from waste-to-energy generation
- €20 million investment, operational Q3 2019
- Bilfinger industrialize technology

Cryostar LNG stations

Germany, Poland, France, BeNe



Repeat projects across multiple countries

- Turnkey service, safe and reliable
- 50+ Shell LNG stations across Europe powering freight fleets
- ~ € 200,000 per station Q3 2019 – Q4 2021
- Unrivalled European coverage to drive efficiency

Operational Excellence: deliver the year (focus 2020)

Improve bottom line margins | increase utilization and efficiency
I boost execution delivery



Operational Excellence

Ambition

Excellence in execution performance

Full leverage of IT investments

Successful turnaround of loss making businesses in 2020

Mind-set of continuous improvement fully-embedded



Boost execution

- Increase recovery and optimize output
- Set-up for success (checklist, dashboards, training)



Increase efficiency

- Leverage internal digital know how (e.g. dashboard)
- Increase procurement efficiency and effectiveness



Operational KPIs

- Use KPIs to monitor utilization, capacity planning, efficiency
- Execute transformation plans (e.g. for Technologies)



Performance culture

- Roll-out lean processes and thinking
- Improve incentive scheme to drive teamwork / co-operation

Operational Excellence: deliver the year

Bottom line efficiency | Examples (1/2)

Boost execution

Linde-Braskem, La Porte



Initial situation

- Largest project undertaken by Bilfinger in North America – critical to build up phase

Approach

- Set up for Success – Earned value focus, 'A' Team players, strong change mgt
- Additional services brought in-house eliminating interfaces and changes

Improvements

Project 98% complete with delivery and efficiency targets met

Increase efficiency

Total refinery, Antwerp



- Performance issues impacted contract profitability and client relationship

- Training of supervisors | team leads on "lean" basics
- Improvement workshops (e.g. waste walks, tools)

Productivity increase by 35 % + better moral

Operational Excellence: deliver the year

Bottom line efficiency | Examples (2/2)

Operational KPIs

RWE, Mühlheim-Kärlich



Initial situation

- Contract for the dismantling of steam generators of Nuclear Power Plant

Approach

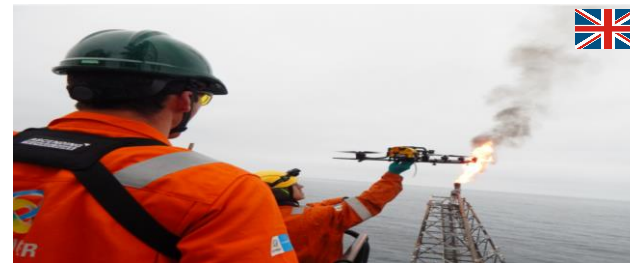
- Two processes have been measured daily with KPIs
- Process mapping and standardized work plans

Improvements

Productivity increase of 30% (w/ time and budget)

Performance culture

Bilfinger UK entity, Aberdeen













- Margin pressure due to market conditions
- BTOP efficiency drive started in 2017

- Training people on lean methods & thinking
- Encourage the business to drive change bottom-up
- Ownership and accountability

Increased operating margin by 1,9 % (190 bps)

Deep Dive Technologies: individual weaknesses with high impact

Dedicated programs identified to secure successful turnarounds

| | | | | | |
|---|---------------------------------------|--|-----------------------|--|---|
| <p>Final exit from conventional power performance projects Focus on Nuclear</p>  | <p>Energy & Utilities 45%</p> |  <p>BILFINGER</p> <p>Technologies FY 2019 Revenues: €538 m EBITA adj.: -€28 m</p> | <p>Legal Entity 1</p> |  | |
|  | <p>Pharma & Biopharma 35%</p> | | <p>Legal Entity 2</p> |  | |
| <p>Exit local p/chemical in loss making entity</p>  | <p>Petro-chemicals 10%</p> | | <p>Legal Entity 3</p> |  | |
|  | <p>Other industries 10%</p> | | <p>Legal Entity 4</p> |  | <p>Ex-Power unit, still in transformation, further restructuring</p> |
| | | | <p>Legal Entity 5</p> |  | <p>Formerly family-owned, changes in leadership, poor execution, process weaknesses</p> |

Deep Dive: Technologies

Intensive care and structured transformation approach for the two struggling LEs



Baseline

Suffering from legacy projects

Operational inefficiencies and costs of poor quality

Significant capability gaps in project delivery

Broad and non-integrated product portfolio

Weak margin contribution and limited competitiveness

Complex business processes and administration



Changes impacting 2020



New projects with solid stage gate approval process and intensified project control mechanisms. Exit projects/sectors



Dedicated initiatives (lean, PMO, procurement, etc.) established



Leadership changed, internal delivery partnerships, PMI qualifications and training



Focus on Pharma, Emissions and Nuclear, exit loss making segments

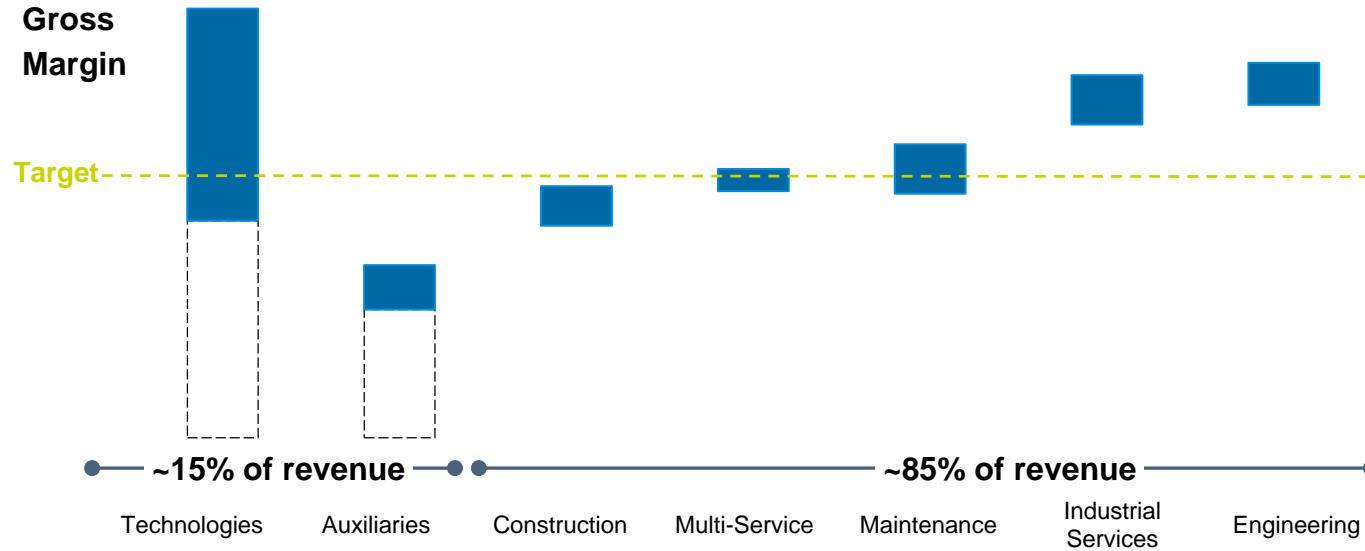


High value markets retained, cost base improved locally and through lower cost outsourcing



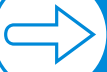
Standardized tools, streamlined organization set-up with impact on SG&A

Gross Margin Band Width by Activity



- Execution capabilities 
- Margin stability 
- Average margin level 



 **Actions to sustainably achieve Gross Margins > 12% in place**



BILFINGER

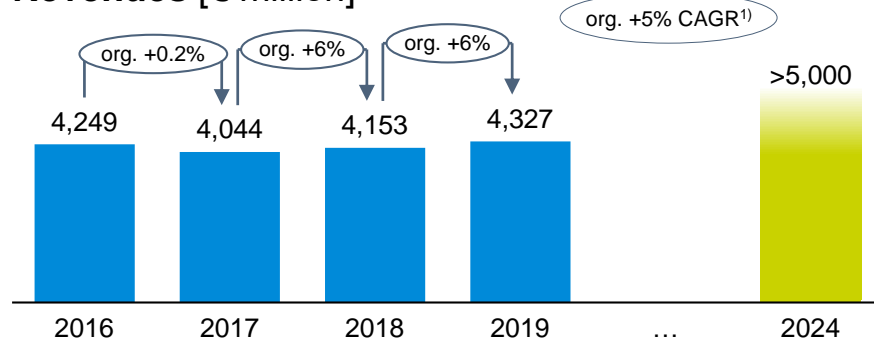
5. Bilfinger Financials



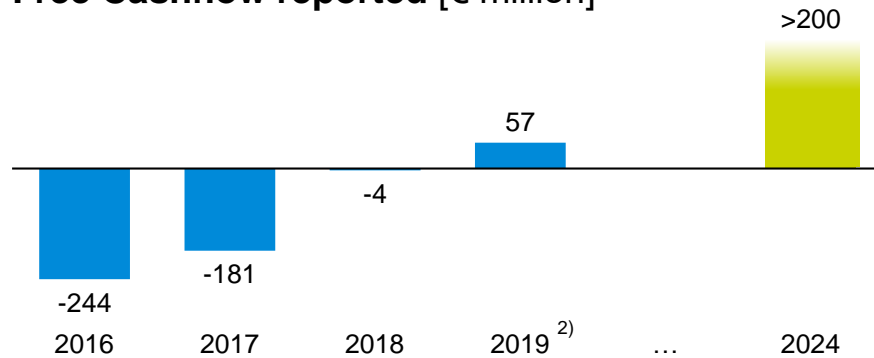
Key Financials – Development since 2016

Progress made, but further improvement required

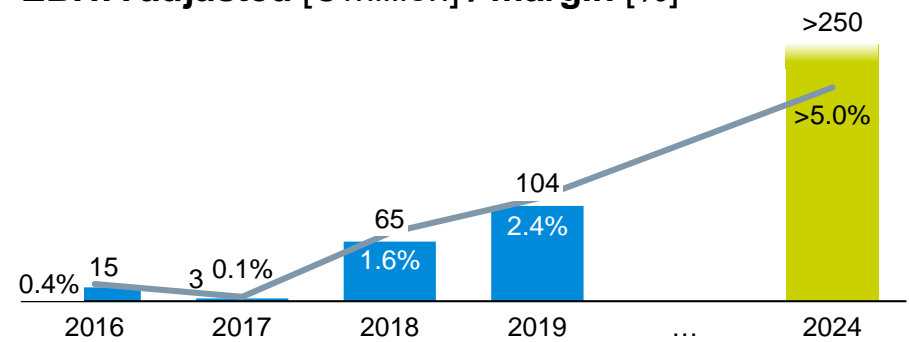
Revenues [€ million]



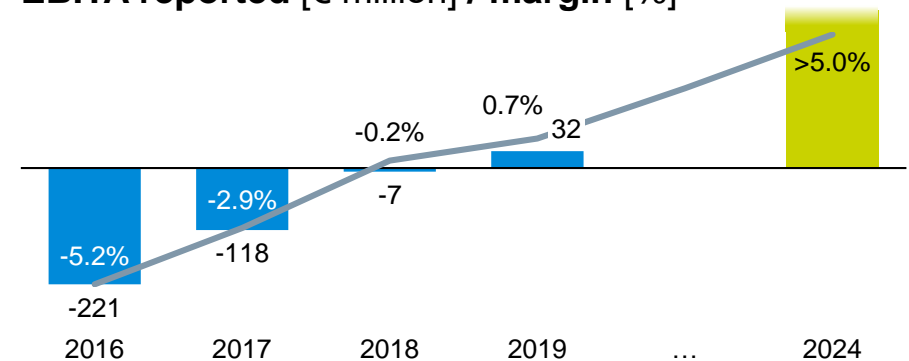
Free Cashflow reported [€ million]



EBITA adjusted [€ million] / margin [%]



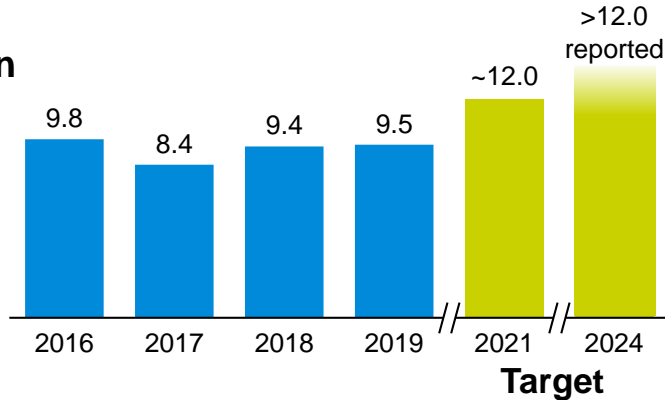
EBITA reported [€ million] / margin [%]



1) CAGR based on 2020 2) From 2019 onwards according to new IFRS 16 standard

Gross margin improvement and SG&A efficiency will lead to 5% adjusted EBITA margin target by 2021 and in years beyond on a reported level

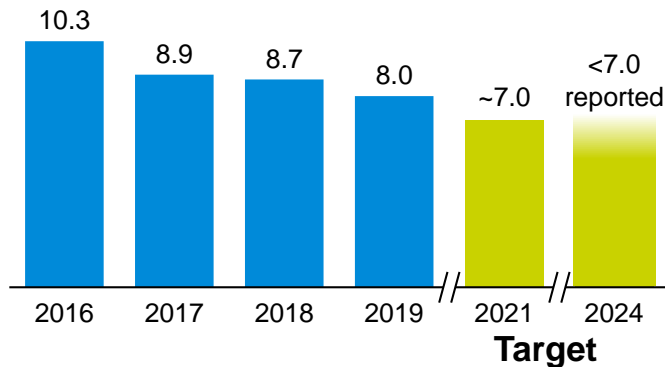
Adjusted gross margin [%]



Gross margin improvement to a margin of ~12% in 2021 and >12% beyond

- Execution improvement
- Disciplined hurdle rates for future contracts
- Improved utilization rates

Adjusted SG&A ratio [%]

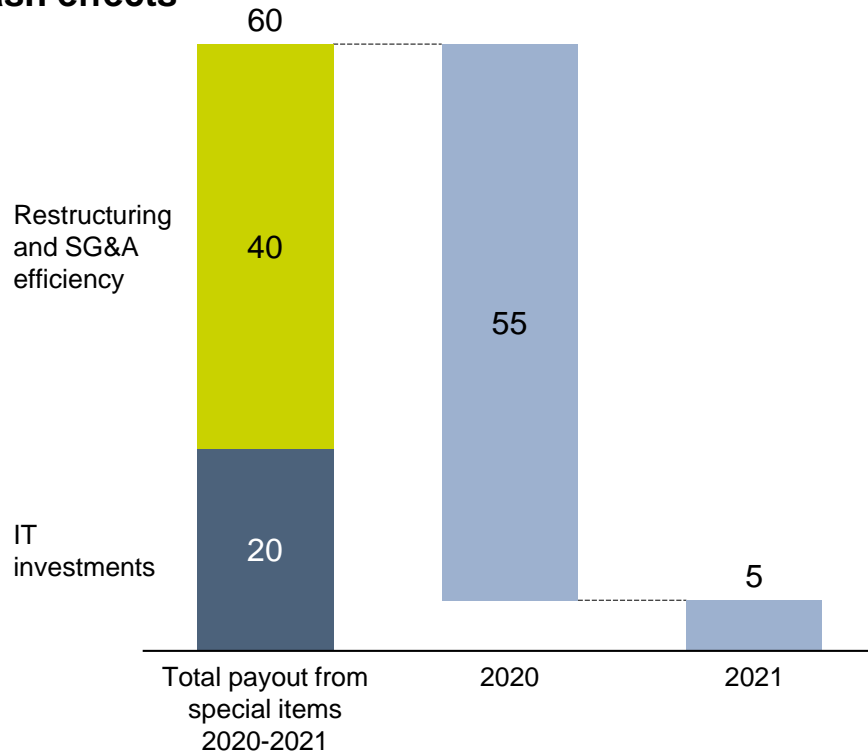


Additional SG&A savings to a ratio of 7.5% in 2020 and to mid-term sustainably of <7.0%

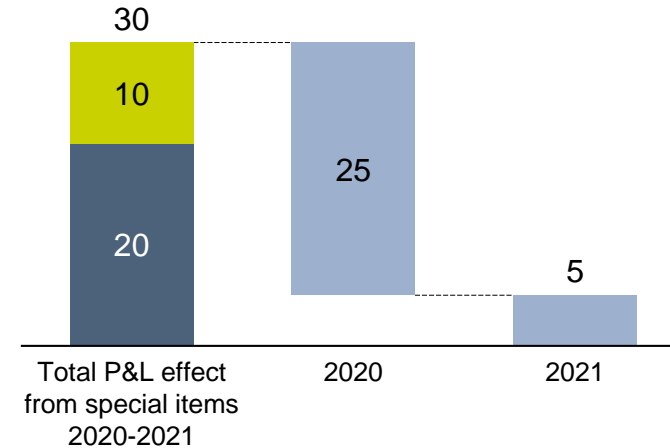
- New organization effective since January 1, 2020
- Negotiations with works council to be completed in Q1 2020
- Full-year savings effective in 2021, significant portion already in 2020
- Continue to reduce legal entities, increase SSC/automation

Special items will phase out in 2021

Cash effects



P&L effects

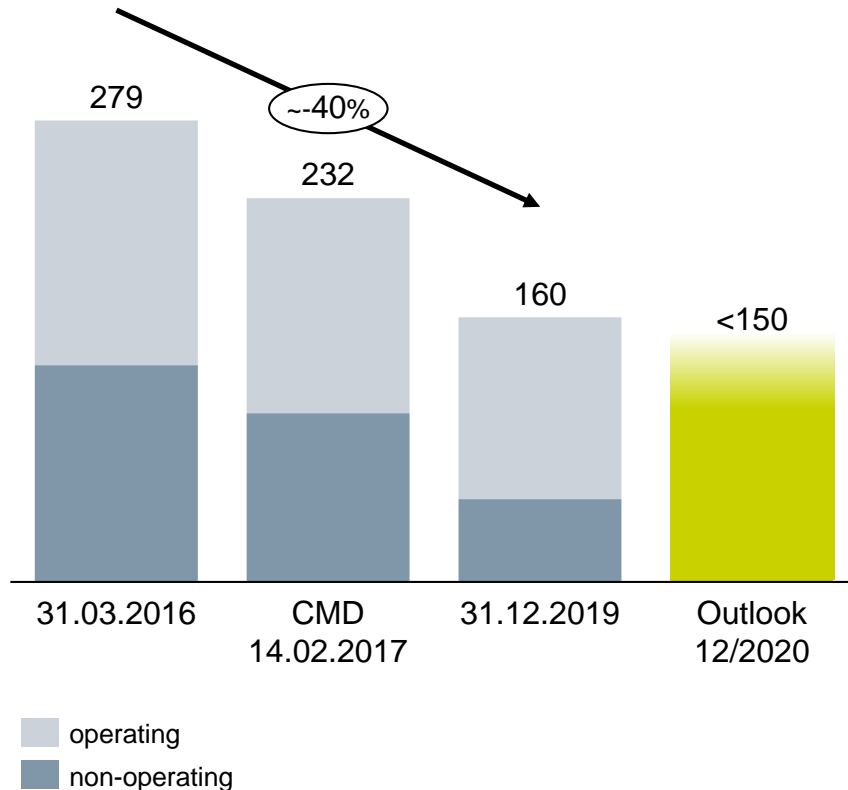


Special items w/o disposal gains/losses

Levers for SG&A efficiency improvement

Target of 160 legal entities achieved one year ahead of schedule

Further reduction of organizational complexity ongoing



Current status of legal entity reduction project

Target of reduction to 160 legal entities reached one year earlier than planned



Going forward

- Consolidation of companies in same markets & regions is ongoing
- In addition, bundling of tasks, e.g. back office activities, in each regional cluster ("lead company concept")
- Implementation of SSC:
 - Germany ✓
 - Austria ✓
 - USA: on the way, to be completed by 2020
 - Netherlands: in preparation, to be completed by 2021



New target set: <150 by 12/2020

Levers for SG&A efficiency improvement

Process and system harmonization with substantial program extensions

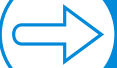
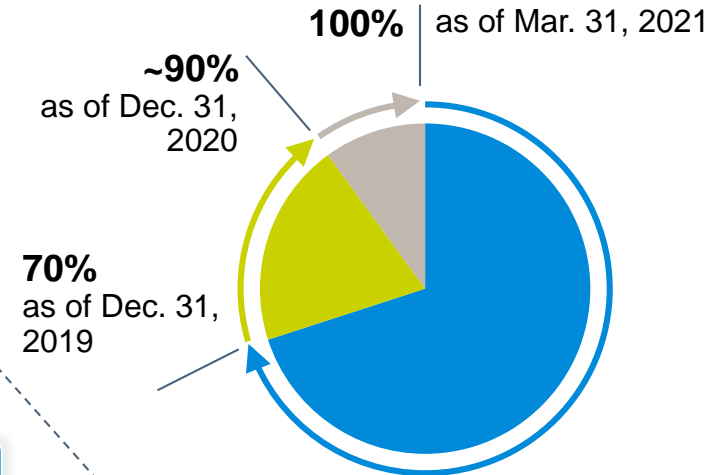
Extended functionality

Additional add-ons for ERP (e.g. Travel and Expenses) **DONE** ✓

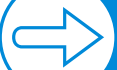
Extended target scope

Revenue (ERP/SAP) 66% +28% **94%**

Degree of target achievement ERP/SAP in terms of revenue



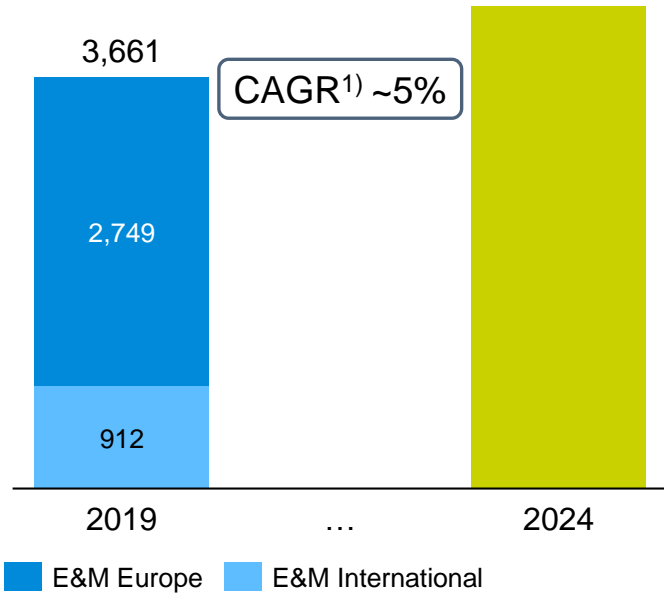
Roll-out of HRcules has been finalized by end-2019



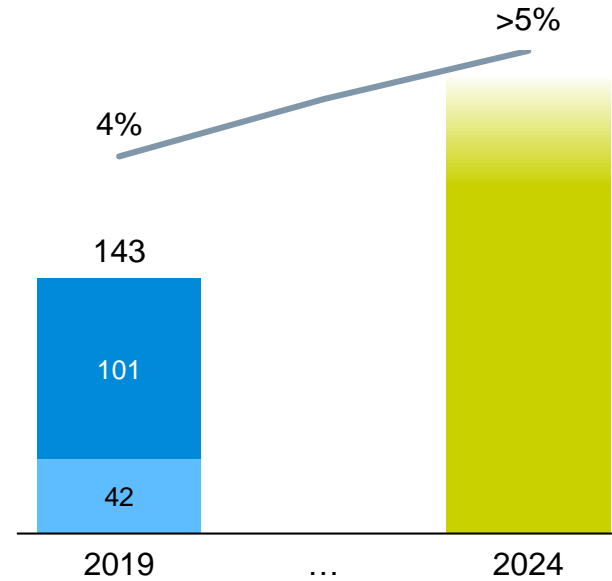
Additional ERP functionalities/scope come with one-time expenses of ~€20 million going forward

Segment E&M almost at target

Segments E&M Revenues [€ million]



Segments E&M EBITA adj. [€m] / margin [%]



1) CAGR based on 2020 sales

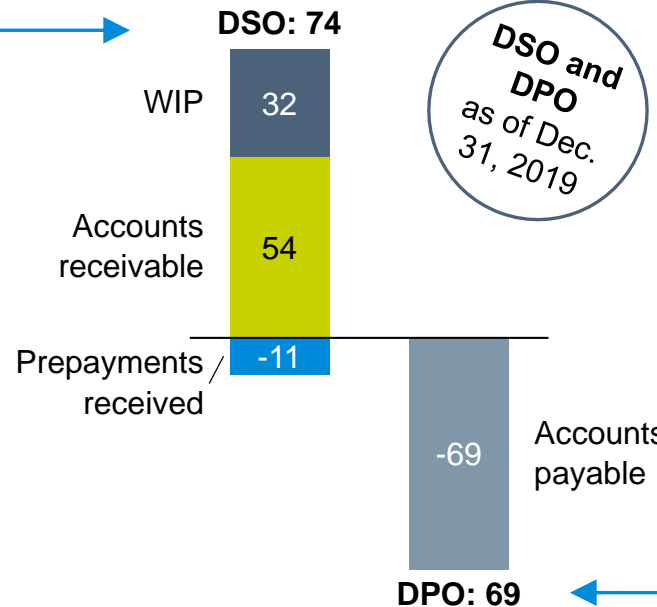
Working capital management

Key to higher cash conversion

DSO measures

Reduction of WIP as main objective

- Project business: improvement of contract and claim management
- Framework and Service contracts: billing conditions / quality, payment terms



- Increased bundling leads to better negotiation position, e.g. payment terms
- Rejection rate / quality in the control of invoices

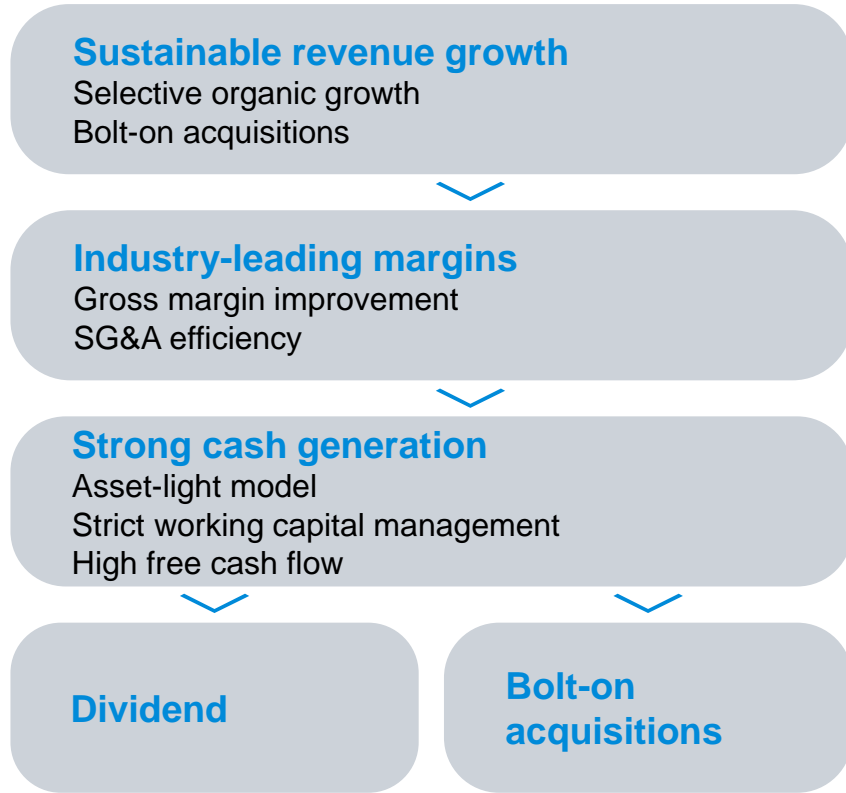
DPO measures



The working capital incentive system will be further developed towards a quarterly average instead of only year-end figures

A robust financial model deliver predictable shareholder returns

Low-risk and recurring business with a strong focus on Europe and a diversified customer base



Capital allocation priorities



Financial policy

- Actual rating S&P: BB/outlook stable
- Policy to maintain conservative level of key financial metrics in the range of an intermediate financial risk profile according to S&P:
 - Adjusted net debt / adjusted EBITDA: $2.0x < \text{target} < 2.5x$
 - Adjusted FFO / adjusted net debt: $30\% < \text{target} < 45\%$



Intended Dividend Policy

- Floor of €1.00 is confirmed
- **Sustainable dividend stream going forward: 40 to 60% of adjusted net profit**



M&A Criteria

- **EBITA accretive one year after integration**
- **ROCE exceeds WACC two years after integration**
- Asset light with focus on ROCE
- Immediate start of integration



Mid-term ambition: Investment Grade

Focused M&A strategy

Targeted bolt-on acquisitions to complete our regional and technical footprint



Bolt-on M&A priorities:

Core Geographies and
Core Industries with high
synergy potential

Sources of funds

Proceeds from 49% Apleona shareholding sale:
≥ €240 million (current book value)

Growing leverage potential given higher cash flows
(intermediate financial risk profile according to S&P)



BILFINGER

6. Summary



2-4-6 still holds

2 Service Lines, 4 Business Units, 6 Focus Industries

**Our
ambition**

**We engineer and deliver
process plant performance**

**Where
to play**

2 Service Lines

- **E&M** – Engineering & Maintenance
- **T** – Technologies

4 Business Units

- E&M Europe
- E&M North America
- E&M Middle East
- Technologies

6 Focus Industries

- Chemicals & Petrochem
- Energy & Utilities
- Oil & Gas
- Pharma & Biopharma
- Metallurgy
- Cement

**Success
factors**



People

Our people, their performance, skills and dedication to reach our goals is our most valuable asset



Assets

We strive to support our customers in delivering superior performance from their assets



Data

We measure performance by numbers, data and facts

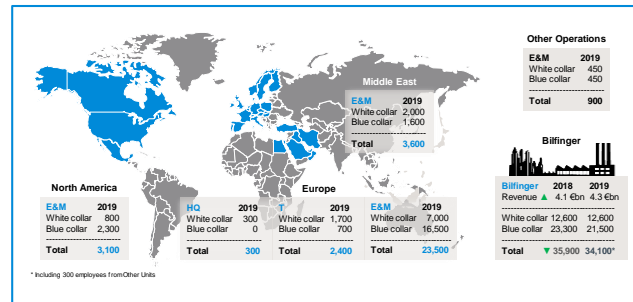
How to win

Global Trends

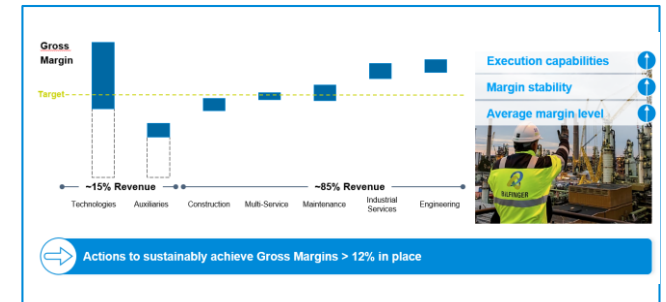
Global Trends affecting our business

| Bilfinger capabilities | Aging Assets & Asset Integrity | Climate Change | Skilled Labour Shortage | Data & Artificial Intelligence |
|------------------------|--------------------------------|------------------|-------------------------|--------------------------------|
| Skilled labor | Fabric maintenance | Circular economy | Employer of choice | Cloud analytics |
| Domain Expertise | Maintenance analytics | Pollution | BMC | PDGraph-AI |
| Digitalization | Digital twins | Water | Augmented Reality | BCAP |

What we are



What we are aiming for



PREDICTABLE

RELIABLE

SUSTAINABLE

Financial targets 2024

Revenues

>5

€bn

EBITA

margin reported
sustainably min.

5

%

ROCE

8-10

%

Free Cash Flow

reported

>200

€m

i.e. organic growth of ~5%
CAGR from 2020 onwards



Investment Grade (mid-term perspective)

Sustainable dividend stream going forward
Policy: 40 to 60% of adjusted net profit

Note: All targets on organic base, ROCE: Capital Employed including Apleona book value

WE CREATE. WE CARE. WE CAN.
WE MAKE IT WORK.