HALF-YEAR FINANCIAL REPORT 2018

BILFINGER SE

A Interim Group management report

A.1 Business development

KEY FIGURES FOR THE GROUP H1

in € million

	2018	2017	Δ in %
Orders received	2,240	1,916	17
Order backlog	2,767	2,502	11
Revenue	1,986	1,961	1
Adjusted EBITA	6	-57	
Adjusted EBITA margin (in %)	0.3	-2.9	
EBITA	-13	-114	89
Adjusted net profit	1	-44	
Adjusted earnings per share (in €)	0.01	-1.01	
Net profit	-12	-62	81
Cash flow from operating activities	-101	-158	36
Adjusted operating cash flow	-64	-102	37
Free cash flow	-126	-195	35
Adjusted free cash flow	-89	-139	36
Investments in property, plant and equipment	29	40	-28
Employees (number as at the reporting date)	35,300	36,556	-3

Due to the rounding of figures, it is possible that individual figures in the interim Group management report and in the interim consolidated financial statements do not precisely add up to the totals provided and that percentage figures provided do not precisely reflect the absolute values that they relate to.

- Orders received: With an increase of 17 percent (organically 21 percent), well above the previous year's figure. Engineering & Technologies up 19 percent (organically 26 percent). Maintenance, Modifications & Operations up 21 percent (organically 23 percent), both compared with weak prior-year periods.
- Order backlog: Increase of 11 percent (organically 13 percent).
- Revenue: Increase of 1 percent (organically 5 percent). Engineering & Technologies declined by 1 percent (organically +2 percent); this figure is only slightly below the prior-year figure; in the second quarter, an increase based on the higher orders received. Maintenance, Modifications & Operations up 7 percent (organically 9 percent) on the comparable figure, with further recovery particularly in European markets.
- Adjusted EBITA / adjusted net profit from continuing operations: Increase in adjusted EBITA to €6 million, above the prior-year figure (-€57 million), which was burdened by risk provisions of -€53 million for legacy projects in the USA. At €1 million, net profit adjusted for special items in EBITA, financial result and taxes was also above the comparable figure (-€44 million).
- EBITA: Significant improvement to -€13 million (previous year: -€114 million), mainly due to the significant increase in gross profit and lower special items.
- Net profit: Improved to -€12 million (previous year: -€62 million) also due to the write-up of the preferred participation note from the sale of Apleona in the amount of €22 million. The prior-year figure included earnings after taxes from discontinued operations of €50 million.
- Adjusted operating cash flow: Still negative due to seasonal factors, but at -€64 million, significantly improved compared with the previous year (-€102 million).
- Investments in property, plant and equipment: Still below previous year; stable figure expected for the year as a whole.
- Employees: The number of employees in Germany fell by 11 percent to 7,342 (previous year: 8,228) and outside Germany by 1 percent to 27,958 (previous year: 28,328).

Changes to the Executive Board

- The Supervisory Board of Bilfinger SE has appointed Christina Johansson (52) as Chief Financial Officer and member of the Executive Board with effect from December 1, 2018. She succeeds Dr. Klaus Patzak (53), whose request for an early termination of his contract as of September 30, 2018 and to step down from his position as CFO and Member of the Executive Board has been accepted by the Supervisory Board of Bilfinger SE. In the months of October and November, CEO Tom Blades will assume additional responsibility for the CFO role.

CONSOLIDATED INCOME STATEMENT

in € million

H1	2018	2017
Revenue	**1,986**	**1,961**
Cost of sales	-1,813	-1,838
Gross profit	**173**	**123**
Selling and administrative expense	-197	-213
Impairment losses and reversals of impairment losses in accordance with IFRS 9	-3	0
Other operating income and expense	7	-35
Income from investments accounted for using the equity method	5	7
Earnings before interest and taxes (EBIT)	**-15**	**-118**
Financial result	16	-7
Earnings before taxes	**1**	**-125**
Income taxes	-11	13
Earnings after taxes from continuing operations	**-10**	**-112**
Earnings after taxes from discontinued operations	**-3**	**50**
Earnings after taxes	-13	-62
thereof non-controlling interests	-1	0
Net profit	**-12**	**-62**
Average number of shares (in thousand)	42,190	44,209
Earnings per share (in €) *	-0.30	-1.40
thereof from continuing operations	-0.23	-2.53
thereof from discontinued operations	-0.08	1.13

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

RECONCILIATION OF ADJUSTED EARNINGS

in € million

H1	2018	2017
EBITA	-13	-114
Special items in EBITA	19	57
Adjusted EBITA	**6**	**-57**
Adjusted financial result	-6	-7
Adjusted income tax income / expense	0	20
Non-controlling interests	1	0
Adjusted net profit	**1**	**-44**
Adjusted earnings per share from continuing operations (in €)	0.01	-1.01

Consolidated income statement

- Revenue: Increase of 1 percent (organically 5 percent).
- Gross margin: Increase to 9.0 percent (previous year: 6.3 percent). Previous year burdened by risk provisions for legacy projects in the USA.
- Selling and administrative expenses: Improvement compared with the previous year as a result of tighter cost controls and the impact of structural efficiency enhancement measures. Share in revenue 9.9 percent (previous year: 10.9 percent), adjusted for one-time expenses 9.0 percent (previous year: 10.1 percent).
- Depreciation of property, plant and equipment and amortization of intangible assets: Decrease to €32 million (previous year: €37 million).
- Amortization of intangible assets from acquisitions (IFRS 3) and goodwill: Decrease to €3 million (previous year: €4 million).
- Other operating income and expenses: Significant swing due to lower special items of -€19 million (previous year: -€57 million).
- Financial result: Increase due to mark-to-market measurement of the preferred participation note from the sale of Apleona in the amount of €22 million recognized in income for the first time.
- Income taxes: Higher tax expense despite quasi tax-free revaluation and disposal gains, as no deferred taxes were capitalized for tax losses in the German fiscal group. Use of tax-loss carryforwards is not guaranteed with sufficient certainty in the relevant period under review.
- Earnings after taxes from discontinued operations: Significant decrease after the pervious year's positive effect of about €60 million from the legal dispute in Qatar.
- Net profit: Significant improvement, also due to the remeasurement of the preferred participation note from the sale of Apleona recognized in income.

Reconciliation of adjusted earnings

- Adjusted EBITA: Increase to €6 million, above the prior-year figure (-€57 million), which was burdened by risk provisions of -€53 million for legacy projects in the USA.
- Special items in EBITA:
  - Disposal losses/gains, write-downs and selling-related expenses related to portfolio adjustments in Other Operations (€3 million, previous year: -€17 million).
  - Expenses for further development of the compliance system (-€8 million, previous year: -€5 million).
  - Expenses for restructuring and efficiency enhancement measures in administration (-€4 million, previous year: -€28 million).
  - Expenses for investments in process and IT harmonization (-€10 million, previous year: -€6 million).
- Adjusted income tax income / expense: Adjusted for effects from the partial non-capitalization of deferred taxes on losses in the reporting period and for special items. Adjusted effective tax rate of 31 percent.

CONSOLIDATED BALANCE SHEET (ABRIDGED VERSION) € per share	June 30, 2018	Dec. 31, 2017	June 30, 2017
Assets			
Non-current assets			
Intangible assets	806	804	820
Property, plant and equipment	362	367	379
Other non-current assets	486	472	499
	1,654	1,643	1,698
Current assets			
Receivables and other current assets	1,334	1,198	1,337
Marketable securities	148	150	0
Cash and cash equivalents	379	617	774
Assets classified as held for sale	0	12	28
	1,861	1,977	2,139
	3,515	3,620	3,837
Equity and liabilities			
Equity	1,257	1,383	1,506
Non-current liabilities			
Provisions for pensions and similar obligations	295	293	293
Non-current financial debt	509	509	509
Other non-current liabilities	71	72	59
	875	874	861
Current liabilities			
Current financial debt	2	2	3
Other current liabilities	1,381	1,335	1,394
Liabilities classified as held for sale	0	26	73
	1,383	1,363	1,470
	3,515	3,620	3,837

Consolidated balance sheet (abridged version)

Assets

- Non-current assets: Include non-cash purchase price components from the sale of Apleona: Purchase price deferral including accrued interest of €111 million (after IFRS 9 remeasurement of €8 million), preferred participation note of €233 million. In the course of the mark-to-market remeasurement, the preferred participation note was written up by €22 million. Also included are property, plant and equipment (€362 million) and deferred tax assets (€85 million, thereof €26 million in loss carryforwards).
- Current assets: Decrease as a result of lower cash and cash equivalents, offset by an increase in receivables and other financial assets. Marketable securities are investments in liquid, low-risk mutual funds.
- Assets classified as held for sale: Decrease due to the disposals in the first half of the year.

Equity and liabilities

- Equity: Decrease due to negative earnings after taxes (-€13 million), dividend payment (-€42 million), share buy-back(-€57 million) and transition effects from the initial application of IFRS 9 (- €17 million). The equity ratio fell slightly to 36 percent (December 2017: 38 percent).
- Provisions for pensions and similar obligations: Almost unchanged as there was no change in the discount rate in the eurozone (1.6 percent).
- Financial debt: Relates primarily to a bond in the amount of €500 million maturing in December 2019.
- Current liabilities: Includes liabilities totaling €935 million, thereof €432 million from trade payables and €137 million from advance payments received. In addition, other provisions amounted to €411 million.
- Liabilities classified as held for sale: Decrease due to the disposals in the first half of the year.

CONSOLIDATED STATEMENT OF CASH FLOWS (ABRIDGED VERSION)

in € million

	H1 2018	H1 2017
Cash flow from operating activities of continuing operations	-101	-158
Thereof special items	-37	-56
Adjusted cash flow from operating activities of continuing operations	-64	-102
Net cash outflow for property, plant and equipment / intangible assets	-25	-37
Free cash flow from continuing operations	-126	-195
Thereof special items	-37	-56
Adjusted free cash flow from continuing operations	-89	-139
Payments in / proceeds from the disposal of financial assets	-1	-3
Investments in financial assets	-1	-5
Changes in marketable securities	0	0
Cash flow from financing activities of continuing operations	-102	-50
Share buyback:	-57	0
Dividends	-44	-46
Repayment of debt / borrowing	1	-1
Interest paid	-2	-3
Change in cash and cash equivalents of continuing operations	-230	-253
Change in cash and cash equivalents of discontinued operations	-7	-8
Change in value of cash and cash equivalents due to changes in foreign exchange rates	-1	0
Change in cash and cash equivalents	-238	-261
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
Cash and cash equivalents at June 30	379	774

Consolidated statement of cash flows (abridged version)

- Cash flow from operating activities of continuing operations: Significant improvement despite higher working capital requirements. Increase in working capital (€130 million, previous year: €63 million) due to seasonal factors, but also influenced by revenue growth in the Maintenance, Modifications & Operations segment.
- Net cash outflow for investments in property, plant and equipment / intangible assets: Temporary decline. Includes investments of €29 million (previous year: €40 million). This was offset by proceeds from disposals of €4 million (previous year: €3 million).
- Payments for the disposal of financial assets: -€1 million after -€3 million in the previous year due to portfolio adjustments in Other Operations.
- Investments in financial assets -€1 million after -€5 million in the previous year.
- Change in cash and cash equivalents of discontinued operations Relates to follow-up costs for activities that were sold or closed down.

A.2 Outlook 2018

	Starting point Financial year 2017	Forecast for financial year 2018
Revenue	€4,044 million	Organically stable to slightly growing
Adjusted EBITA	€3 million	Significant increase to mid to higher double-digit million euro range

- Revenue: After better-than-expected consolidated revenue of €4,044 million was posted in financial year 2017, we now expect organically stable to slightly growing revenue for 2018 due to the higher base level.

  In the Engineering & Technologies segment, we expect revenue to stabilize despite the low order backlog at the start of the year. In the Maintenance, Modifications & Operations business segment, we expect revenue at the level of the previous year or slightly growing.

  From financial year 2018, the Group's orders received will be determined on the basis of revenue (previous year: €4,079 million). Here, we expect an organic increase in the middle single-digit percentage range.

- Adjusted EBITA: For adjusted EBITA (previous year: €3 million), we expect a significant increase to a figure in the mid to higher double-digit million euro range. Included in this figure is an increase in expenses by about €20 million for intensified activities in business development, particularly for the further development and market launch of the digitalization offerings. These activities will also contribute to an acceleration of growth in the coming years.

  The basis for the significantly higher Group EBITA is a substantial improvement in the Engineering & Technologies segment. Following a loss in the previous year due to individual legacy projects, we expect a positive result here. In addition, in the Maintenance, Modifications & Operations segment, we expect a slight improvement in adjusted EBITA.

- Significant special items in 2018: From today's perspective, we expect special items on EBITA from expenses for restructuring and efficiency enhancements in administration, investments in IT systems for the standardization of the system landscape and expenses in connection with the further development of our compliance system totaling about €50 million. Further, the reported net profit will likely be burdened by the non-capitalization of deferred tax assets on the negative result of the holding company

- Adjusted net profit: Net profit will improve significantly compared with the figure from the previous year, but will remain negative as a result of the special items. For adjusted net profit, however, we expect a significant improvement to a positive value (previous year: -€9 million).

- Return on capital employed: In 2018, we expect a significantly improved return on capital employed after taxes – though it will remain negative as a result of special items.

- Dividend policy: We generally pursue a sustainable dividend policy with the objective of allowing our shareholders to participate appropriately in the Group's success. Provided that the development of the company is in line with planning, the Executive Board and the Supervisory Board will seek to maintain the amount of the dividend constant at €1 per share until the general dividend distribution policy takes hold. This targets a pay out to shareholders of between 40 and 60 percent of adjusted net profit, depending on the foreseeable medium-term development of the company.

- Share buyback: On September 6, 2017, we started the buyback of own shares that was announced on February 14, 2017, the program will be concluded in December 2018 at the latest. During this time, Bilfinger will buy back a maximum of 10 percent of the share capital at a purchase price of up to €150 million.

  The share buyback will take place in accordance with the authorization granted by the Annual General Meeting on May 24, 2017, which also specifies the options for the possible use of the shares acquired. The buyback will be carried out through the stock exchange (XETRA) by an independent financial service provider in accordance with applicable EU regulations. We regularly report on the progress of the share buyback program on our website at www.bilfinger.com.

- Free cash flow: In 2018, free cash flow will improve significantly as compared to the previous year (€181 million) but will again be negative. Under the elimination of special items, however, we expect to break-even in adjusted free cash flow (previous year: €69 million).

- Capital expenditure on property, plant and equipment: Due to catch-up effects, we expect capital expenditure on property, plant and equipment in 2018 to again be at the level of the prior year (€71 million). At a share of approximately 2 percent of our revenue, this is at the upper end of the sustainable level of between 1.5 and 2 percent.

- Financing: We have a syndicated cash credit line of €300 million available which is due in 2022. We expect that the limit defined in the loan agreement for the covenant (dynamic gearing ratio = adjusted net debt / adjusted EBITDA) will be maintained.

Opportunities and risks

- No significant changes occurred with regard to the opportunities and risks described in the Annual Report 2017. In our assessment, no risks exist that would jeopardize the continued existence of the Group. Overall, our economic environment has not changed significantly.

  In May 2018, in the course of the independent evidence proceedings with respect to the Cologne city archives collapse claim, the lead expert submitted an interim expert opinion, according to which construction errors of the commissioned consortium are regarded as the sole cause of damage. Thus, a binding determination of the cause of the collapse has not taken place, nor has the amount of damage been determined. Our risk assessment has not changed from the disclosures provided in the 2017 Annual Report. From today's perspective, we continue to assume that in the event of a pro rata claim we will have sufficient insurance cover, if necessary.

Events after the balance sheet date

- Our company continues to develop according to plan after the reporting date. No events have occurred that are of particular significance for the Group’s financial position or financial performance.

A.3 Development of the business segments

OVERVIEW OF REVENUE AND ORDER SITUATION

in € million

H1

	Orders received		Order backlog		Revenue	
	2018	Δ in %	**2018**	Δ in %	**2018**	Δ in %
Engineering & Technologies (E&T)	677	19	870	10	564	-1
Maintenance, Modifications & Operations (MMO)	1,492	21	1,778	12	1,333	7
Reconciliation Group	71	-35	119	3	90	-38
	2,240	**17**	**2,766**	**11**	**1,986**	**1**

ADJUSTED EBITA BY BUSINESS SEGMENT

in € million

H1

	2018	2017	Δ in %
Engineering & Technologies (E&T)	8	-49	
Maintenance, Modifications & Operations (MMO)	32	36	-11
Reconciliation Group	-34	-44	23
	6	**-57**	

A.3.1 Engineering & Technologies (E&T)

KEY FIGURES H1
in € million

	2018	2017	Δ in %
Orders received	677	570	19
Order backlog	870	793	10
Revenue	564	568	-1
Capital expenditure on property, plant and equipment	5	4	25
EBITA	5	-61	
Adjusted EBITA	8	-49	
Adjusted EBITA margin (in %)	1.4	-8.6	

Market situation

- Oil and gas: Continuing brownfield investments in Europe. Increasing upstream activities in US shale and Middle East.
- Chemicals and petrochemicals: Ongoing active brownfield investments. Key opportunities in US Gulf Coast. Demand for services in early project phases in Middle East.
- Energy and utilities: Growth perspective especially in European nuclear. Growing demand on regulatory emissions reduction.
- Pharma and biopharma: Ongoing strong demand in Europe. Increasing interest from emerging markets.

Business development

- Orders received: Increase of 19 percent (organically 26 percent) compared with the weak previous year's figure. Book-to-bill ratio at 1.2, partly due to the resurgence of major orders such as Linde Braskem in the USA.
- Order backlog: 10 percent above comparable figure (organically 12 percent).
- Revenue: With a decline of 1 percent (organically +2 percent) only slightly below the prior-year figure. Higher growth rates in the second quarter due to higher orders received. Increasing utilization of some of the remaining overcapacities in Europe and North America expected during the rest of the year.
- Adjusted EBITA: Increase to €8 million and thus above the prior-year figure, which was burdened by risk provisions of €53 million for individual legacy projects in the USA. Partial underutilization (former Power segment, North America) compensated by positive project completions.
- Outlook: The forecast for the E&T business segment is described in the Outlook 2018 on page 11 et. seq.

A.3.2 Maintenance, Modifications & Operations (MMO)

KEY FIGURES
in € million

H1	2018	2017	Δ in %
Orders received	1,492	1,237	21
Order backlog	1,778	1,593	12
Revenue	1,333	1,249	7
Capital expenditure on property, plant and equipment	19	29	-34
EBITA	32	33	-3
Adjusted EBITA	32	36	-11
Adjusted EBITA margin (in %)	2.4	2.9	

Market situation

- Oil and gas: Demand for maintenance services improving, but competition remains strong.
- Chemicals and petrochemicals: Stable demand in Europe and Middle East for maintenance and modifications. Large turnarounds being scheduled.
- Energy and utilities: Ongoing low demand in Europe. Shift from conventional to alternative energy in Middle East.
- Metallurgy: Ongoing strong demand in aluminium. Signs of recovery in steel.

Business development

- Orders received: With an increase of 21 percent (organically 23 percent), well above the previous year's figure. Positive development, in particular on European markets, due to new framework agreements and expected higher call-offs.
- Order backlog: Increase of 12 percent (organically 13 percent).
- Revenue: Increase of 7 percent (organically 9 percent) compared with the comparable figure.
- Adjusted EBITA: Below the prior-year figure due to disputed claims against an important customer.
- Outlook: The forecast for the MMO business segment is described in the Outlook 2018 on page 11 et. seq.

A.3.3 Reconciliation Group

KEY FIGURES
in € million

H1	2018	2017	Δ in %
Orders received	71	109	-35
Thereof Other Operations (OOP)	86	115	-25
Thereof headquarters / consolidation / other	-15	-6	-150
Revenue	90	144	-38
Thereof Other Operations (OOP)	96	156	-38
Thereof headquarters / consolidation / other	-6	-12	50
Adjusted EBITA	-34	-44	23
Thereof Other Operations (OOP)	-6	-6	0
Thereof headquarters / consolidation / other	-28	-38	26

Other Operations (OOP)

- Selling activities: 13 ‘dilutive’ units completely sold or terminated at the end of the reporting period. Structured sales processes initiated for two out of four ‘accretive’ units.
- Orders received: Decrease of 25 percent (organically -9 percent), primarily as a result of the sale of companies. Organic decrease reflects, inter alia, the volatility of the project business.
- Revenue: Decrease of 38 percent (organically -20 percent), also as a result of the sale of companies. Organic development influenced by delayed contract awards under maintenance agreements in South Africa and by project ramp-up in overhead line construction.
- Adjusted EBITA: At the previous year’s level at -€6 million

Headquarters / consolidation / other

- Adjusted EBITA: Improved to -€28 million (previous year: -€38 million) due to enhanced efficiency in administration.

B Interim consolidated financial statements

B.1 Consolidated income statement

in € million

	January 31 to June 30	
	2018	2017
Revenue	**1,986**	**1,961**
Cost of sales	-1,813	-1,838
Gross profit	**173**	**123**
Selling and administrative expense	-197	-213
Impairment losses and reversals of impairment losses in accordance with IFRS 9	-3	0
Other operating income and expenses	7	-35
Income from investments accounted for using the equity method	5	7
Earnings before interest and taxes (EBIT)	**-15**	**-118**
Financial result	16	-7
Earnings before taxes	**1**	**-125**
Income taxes	-11	13
Earnings after taxes from continuing operations	**-10**	**-112**
Earnings after taxes from discontinued operations	**-3**	**50**
Earnings after taxes	-13	-62
thereof non-controlling interests	-1	0
Net profit	**-12**	**-62**
Average number of shares (in thousands)	42,190	44,209
Earnings per share* (in €)	-0.28	-1.40
thereof from continuing operations	-0.21	-2.53
thereof from discontinued operations	-0.07	1.13

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

B.2 Consolidated statement of comprehensive income

in € million	January 31 to June 30	
	2018	2017
Earnings after taxes	**-13**	**-62**
Items that will not be reclassified to the income statement		
Gains / losses from remeasurement of net defined benefit liability (asset)		
Unrealized gains / losses	-4	13
Income taxes on unrealized gains / losses	-3	-3
	-7	10
Gains / losses from the fair value measurement of equity instruments in accordance with IFRS 9.5.7.5		
Unrealized gains / losses	0	–
Income taxes on unrealized gains / losses	0	–
	0	–
	-7	10
Items that may subsequently be reclassified to the income statement		
Gains / losses from the fair value measurement of securities in accordance with IAS 39		
Unrealized gains / losses	–	11
Reclassifications to the income statement	–	1
Income taxes on unrealized gains / losses	–	0
	–	12
Gains / losses on hedging instruments		
Unrealized gains / losses	–	0
Reclassifications to the income statement	–	0
Income taxes on unrealized gains / losses	–	0
	–	0
Currency translation differences		
Unrealized gains / losses	4	-33
Reclassifications to the income statement	3	1
Income taxes on unrealized gains / losses	1	0
	8	-32
	8	-20
Other comprehensive income after taxes	**1**	**-10**
Total comprehensive income after taxes	**-12**	**-72**
attributable to shareholders of Bilfinger SE	-13	-73
attributable to non-controlling interests	1	1

B.3 Consolidated balance sheet

in € million

		June 30, 2018	Dec. 31, 2017
Assets	**Non-current assets**		
	Intangible assets	806	804
	Property, plant and equipment	362	367
	Investments accounted for using the equity method	28	22
	Other assets	373	364
	Deferred taxes	85	86
		1,654	**1,643**
	Current assets		
	Inventories	78	82
	Receivables and other financial assets	1,175	1,031
	Current tax assets	13	30
	Other assets	68	55
	Marketable securities	148	150
	Cash and cash equivalents	379	617
	Assets classified as held for sale	0	12
		1,861	**1,977**
		3,515	**3,620**
Equity and liabilities	**Equity**		
	Equity attributable to shareholders of Bilfinger SE	1,273	1,408
	Non-controlling interests	-16	-25
		1,257	**1,383**
	Non-current liabilities		
	Provisions for pensions and similar obligations	295	293
	Other provisions	26	27
	Financial debt	509	509
	Other liabilities	0	0
	Deferred taxes	45	45
		875	**874**
	Current liabilities		
	Current tax liabilities	34	34
	Other provisions	411	442
	Financial debt	2	2
	Trade and other payables	707	640
	Other liabilities	229	219
	Liabilities classified as held for sale	0	26
		1,383	**1,363**
		3,515	3,620

B.4 Consolidated statement of changes in equity

in € million

	Equity attributable to shareholders of Bilfinger SE										Non controlling interests	**Equity**
				Other components of equity								
	Share capital	Other reserves	Retained and distributable earnings	Reserve from the fair valuation of securities	Reserve from the fair valuation of debt instruments	Reserve from the fair valuation of equity instruments	Reserve from hedging transactions	Currency translation	Treasury shares	Total		
Balance at January 1, 2017	**138**	**762**	**781**	**1**			**0**	**63**	**-96**	**1,649**	**-28**	**1,621**
Earnings after taxes	0	0	-62	0			0	0	0	-62	0	-62
Other comprehensive income after taxes	0	0	10	12			0	-33	0	-11	1	-10
Total comprehensive income after taxes	**0**	**0**	**-52**	**12**			**0**	**-33**	**0**	**-73**	**1**	**-72**
Dividends paid out	0	0	-44	0			0	0	0	-44	0	-44
Share-based payment	0	1	0	0			0	0	0	1	0	1
Changes in ownership interest without change in control	0	0	0	0			0	0	0	0	0	0
Cancellation of own shares	-5	0	-91	0			0	0	96	0	0	0
Other changes	0	0	0	0			0	0	0	0	0	0
Balance at June 30, 2017	**133**	**763**	**594**	**13**			**0**	**30**	**0**	**1,533**	**-27**	**1,506**
Balance at January 1, 2018	**133**	**765**	**532**	**15**			**0**	**2**	**-39**	**1,408**	**-25**	**1,383**
Adjustments due to the transition effects from the initial application of IFRS 9	0	0	-2	-15			0	0	0	-17	0	-17
Balance at January 1, 2018	**133**	**765**	**530**	**0**	**0**	**0**	**0**	**2**	**-39**	**1,391**	**-25**	**1,366**
Earnings after taxes	0	0	-12		0	0	0	0	0	-12	-1	-13
Other comprehensive income after taxes	0	0	-7		0	0	0	6	0	-1	2	1
Total comprehensive income after taxes	**0**	**0**	**-19**		**0**	**0**	**0**	**6**	**0**	**-13**	**1**	**-12**
Dividends paid out	0	0	-42		0	0	0	0	0	-42	0	-42
Share-based payment	0	1	1		0	0	0	0	0	2	0	2
Changes in ownership interest without change in control	0	0	0		0	0	0	0	0	0	0	0
Purchase of own shares	0	0	0		0	0	0	0	-57	-57	0	-57
Other changes	0	0	-8		0	0	0	0	0	-8	8	0
Balance at June 30, 2018	**133**	**766**	**462**		**0**	**0**	**0**	**8**	**-96**	**1,273**	**-16**	**1,257**

B.5 Consolidated statement of cash flows

in € million	January 1 to June 30	
	2018	2017
Earnings before taxes from continuing operations	1	-125
Interest and other financial result	-16	6
Amortization of intangible assets from acquisitions	3	4
EBITA	**-12**	**-115**
Depreciation of property, plant and equipment and amortization of intangible assets (excluding acquisitions)	32	37
Income from the remeasurement of investments	0	1
Other impairments	0	3
Gains / losses on disposals of non-current assets	-5	14
Income from investments accounted for using the equity method	-5	-6
Dividends received	0	3
Interest received	2	2
Income tax payments	5	-18
Change in advance payments received	30	-3
Change in trade receivables	-137	-33
Change in trade payables and advance payments made	35	-14
Change in net trade assets	**-72**	**-50**
Change in current provisions	-32	-12
Change in other current assets (incl. other inventories) and liabilities	-26	-1
Change in working capital	**-130**	**-63**
Change in non-current assets and liabilities	12	-16
Cash flow from operating activities of continuing operations	**-101**	**-158**
Cash flow from operating activities of discontinued operations	-7	-8
Total cash flow from operating activities	**-108**	**-166**
Investments in property, plant and equipment and intangible assets	-29	-40
Proceeds from the disposal of property, plant and equipment and intangible assets	4	3
Acquisition of subsidiaries net of cash and cash equivalents acquired	-1	-5
Payments for / proceeds from the disposal of subsidiaries net of cash and cash equivalents disposed of	-1	-3
Proceeds from / investments in other financial assets	0	0
Investments in marketable securities	0	0
Cash flow from investing activities of continuing operations	**-27**	**-45**
Cash flow from investing activities of discontinued operations	0	0
Total cash flow from investing activities	**-27**	**-45**
Purchase of own shares	-57	0
Dividends paid to the shareholders of Bilfinger SE	-42	-44
Dividends paid to other shareholders	-2	-2
Borrowing	2	1
Repayment of financial debt	-1	-2
Interest paid	-2	-3
Cash flow from financing activities of continuing operations	**-102**	**-50**
Cash flow from financing activities of discontinued operations	0	0
Total cash flow from financing activities	**-102**	**-50**
Change in value of cash and cash equivalents	**-237**	**-261**
Change in value of cash and cash equivalents due to changes in foreign exchange rates	-1	0
Cash and cash equivalents at January 1	617	1,032
Cash and cash equivalents classified as assets held for sale at January 1 (+)	0	7
Cash and cash equivalents classified as assets held for sale at June 30 (-)	0	4
Cash and cash equivalents at June 30	**379**	**774**

B.6 Notes to the interim consolidated financial statements

1. Segment reporting

Segment reporting is prepared in accordance with IFRS 8. The reportable segments of the Bilfinger Group reflect the internal reporting structure. The definition of the segments is based on products and services.

At the beginning of financial year 2018, the Group company Bilfinger VAM Anlagentechnik GmbH was reallocated from the *Other Operations* division to the *Continental Europe* division of the *Maintenance, Modifications & Operations* business segment (service business) and to the *Engineering & Technologies* division (project business). Due to this reorganization and the disposals already completed, the *Other Operations* division is no longer a reportable segment. The Other Operations division is therefore shown under 'Reconciliation Group' in the segment reporting. Segment reporting now comprises only two business segments and has been adjusted accordingly, including the previous year's figures. The reportable segment *Maintenance, Modifications & Operations* includes the *Continental Europe, Northwest Europe, North America* and *Middle East* divisions, which are operating segments. The *Engineering & Technologies* division is an operating segment. The *Engineering & Technologies* business segment bundles activities based on engineering services and technical solutions. The project business is predominant; important drivers are capital expenditure on the part of our customers (CAPEX). We meet the requirements of our customers by means of a centrally controlled project management system in an internationally active division focused on defined industries and engineering disciplines. The *Maintenance, Modifications & Operations* business segment includes activities in ongoing maintenance services, modifications and the operational management of industrial plants. The predominant factor here is the share of the services business based on long-term framework agreements. The main drivers of these activities are therefore, in many cases, the budgets of our customers for the ongoing operation of their plants (operational expenditure – OPEX). Because these relate primarily to activities with specific local demand structures, we have organized this business in regions.

'Reconciliation Group' includes the *Other Operations* division as well as headquarters, consolidation effects and other items. The *Other Operations* division includes operating units that are active outside of both business segments, regions or customer groups defined above. These units are not a focus of the new strategic positioning of the Group, but rather are up for sale in the short term or independently managed for value with the goal of a later sale.

Earnings before interest, taxes and amortization of intangible assets from acquisitions (EBITA) is the key performance indicator for the business units and the Group, and thus the metric for earnings in our segment reporting. EBIT is also reported. The reconciliation of EBIT to earnings before taxes from continuing operations is derived from the consolidated income statement.

SEGMENT REPORTING JANUARY 1 TO JUNE 30

in € million

	Total revenue		External revenue		Internal revenue		EBITA (adjusted)		Special items		EBITA		Amortization of intangible assets from acquisitions and goodwill		EBIT	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Engineering & Technologies (E&T)	564	568	563	563	1	5	8	-49	-3	-12	5	-61	-2	-3	3	-64
Maintenance, Modifications & Operations (MMO)	1,333	1,249	1,321	1,237	12	12	32	36	0	-3	32	33	0	-1	32	32
Reconciliation Group	89	144	102	161	-13	-17	-34	-44	-16	-42	-50	-86	0	0	-50	-86
Continuing operations	1,986	1,961	1,986	1,961	0	0	6	-57	-19	-57	-13	-114	-2	-4	-15	-118

2. General information, accounting and valuation methods

Bilfinger SE is a listed stock corporation in accordance with the law of the Federal Republic of Germany. The Company is registered with the Commercial Register of the Mannheim District Court under HRB 710296 and has its headquarters at Carl-Reiß-Platz 1-5, 68165 Mannheim, Germany. Bilfinger is an internationally-oriented industrial services company, which offers engineering and other services to customers in the process industry.

The interim consolidated financial statements as of June 30, 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as they are to be applied in the EU, as were the consolidated financial statements for the year 2017, and comply with the requirements of IAS 34. They do not provide all of the information and disclosures included in full consolidated financial statements and are therefore to be read in conjunction with the consolidated financial statements as of December 31, 2017. The accounting policies explained in the notes to the 2017 consolidated financial statements were applied unchanged, with the exception of accounting standards IFRS 9 and IFRS 15, which are mandatory as of January 1, 2018.

These interim consolidated financial statements of Bilfinger SE were approved for publication by the Executive Board on August 10, 2018.

IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* must be applied for the first time as of January 1, 2018. Further information on the two IFRSs can be found in the *2017 Annual Report, Chapter C.6 Notes to the Consolidated Financial Statements, Note 3.1*.

Bilfinger is currently in the process of implementing IFRS 16 *Leases* (initial application for reporting years beginning on or after January 1, 2019). In accordance with IFRS 16, a lessee has to recognize a right-of-use asset and a lease liability basically for all leases.

Bilfinger will make use of the recognition exemptions regarding leases for which the underlying asset is of low value and for short-term leases. At Bilfinger, the transition to IFRS 16 will be made using the modified retrospective approach, according to which the comparative figures for the prior-year periods are not restated. Leases that were previously classified as operating leases in accordance with IAS 17 are recognized as liabilities at the present value of the outstanding lease payments. The right-of-use asset is generally recognized at the same amount, so that there will not be any effect on equity at the time of initial application.

The initial application of IFRS 16 will have the following effects on Bilfinger's financial performance and financial position: Fixed assets will increase as a result of the recognition of right-of-use assets. Accordingly, financial debt will increase due to the recognition of lease liabilities. As a result of this balance sheet extension, the equity ratio will decrease. The straight-line expense recognition for operating leases in accordance with IAS 17 will be replaced by the depreciation of right-of-use assets and interest expenses for lease liabilities. This will improve EBIT. This change in expense recognition will lead to improved cash flow from operating activities and a deterioration in cash flow from financing activities. Additional qualitative and quantitative disclosures are also required in the notes. The Group-wide analysis of the impact on the consolidated financial statements has not yet been completed.

2.1 Initial application of IFRS 9 *Financial Instruments*

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard contains amended provisions on the classification and measurement of financial instruments, impairment of financial assets and hedge accounting. Bilfinger has applied IFRS 9 since January 1, 2018. The previous year's figures were not restated, and cumulative transition effects were recognized directly in retained earnings outside of profit or loss. In accordance with IFRS 9, the classification and measurement of financial assets is determined by the business model of the reporting entity and the cash flow characteristics of the respective financial assets. The requirements for the classification and measurement of financial liabilities in accordance with IFRS 9 are largely identical to those in accordance with IAS 39. In accordance with IFRS 9, impairment of financial assets measured at amortized cost or at fair value through other comprehensive income is to be recognized on the basis of expected credit losses; in accordance with IAS 39, it was not recognized only for actual credit losses incurred. Bilfinger has currently not designated any hedging relationships that fall within the scope of the hedge accounting provisions of IAS 39 or IFRS 9.

The following transition effects resulted from initial application:

Classification and measurement

The classification and measurement requirements primarily affected the equity instruments of other entities previously classified as 'available for sale' (AfS) in accordance with IAS 39. These financial assets were measured at fair value through other comprehensive income and the cumulative gains or losses were reclassified to profit or loss at the time of derecognition or in case of impairment. For these financial assets, Bilfinger generally exercised the option in accordance with IFRS 9.4.1.4 at the time of transition to measure them at fair value through other comprehensive income without reclassification to profit or loss. In one material individual case (equity-like participation rights in Triangle Holding II S.A.), the option was not exercised, so that future changes in the fair value of this financial asset are measured through profit or loss. In principle, this option can be irrevocably exercised separately for each individual equity instrument at the time of initial recognition.

The following tables show the classification and measurement categories of financial assets in accordance with IAS 39 and the reconciliation to the new classification and measurement categories in accordance with IFRS 9 as well as the respective carrying amounts as of January 1, 2018.

Balance sheet items	Class in accordance with IFRS 7 or asset	Measurement category in accordance with IAS 39	Carrying amount as of December 31, 2017 in € million	Measurement category in accordance with IFRS 9	Measurement adjustment (expected credit loss)	Carrying amount as of January 1, 2018 in € million
Other assets (non-current)	Securities – equity-like participation rights	Available for sale (AfS)	210.5	At fair value through profit or loss (FVtPL)	–	210.5
	Securities – investment in Julius Berger Nigeria PLC	Available for sale (AfS)	14.1	At fair value through other comprehensive income without reclassification (FVtOCI-EI)	–	14.1
	Equity interests	Available for sale at cost (AfS-aC)	0.4	At fair value through other comprehensive income without reclassification (FVtOCI-EI)	–	0.4
	Loans	Loans and receivables (LaR)	120.2	At amortized cost (AC)	-7.8	112.4
	Securities	Held to maturity (HtM)	0.1	At fair value through other comprehensive income with reclassification (FVtOCI-DI)	–	0.1
	Other financial assets	Loans and receivables (LaR)	7.0	At amortized cost (AC)	0.0	7.0
Receivables and other financial assets	Receivables	Loans and receivables (LaR)	996.0	At amortized cost (AC)	-11.4	984.6
	Derivatives, not in hedging relationships	Financial assets held for trading (FAHfT)	1.0	At fair value through profit or loss (FVtPL)	–	1.0
	Other financial, non-derivative assets	Loans and receivables (LaR)	34.1	At amortized cost (AC)	–	34.1
Marketable securities	Marketable securities	Financial assets held for trading (FAHfT)	149.8	At fair value through profit or loss (FVtPL)	–	149.8
Cash and cash equivalents	Cash and cash equivalents	Loans and receivables (LaR)	617.1	At amortized cost (AC)	–	617.1

The initial application of IFRS 9 had no effect on the classification and measurement of financial liabilities. Liabilities from derivatives (not in hedging relationships) are now allocated to the ‘at fair value through profit or loss’ (FVtPL) measurement category instead of the previous ‘financial liabilities held for trading’ (FLHfT) measurement category.

The initial application of the new impairment model (expected credit loss) had the following effect on the impairments for default risks:

in € million	Loans	Receivables
Closing balance, December 31, 2017	**1.4**	**22.3**
Measurement adjustment outside of profit or loss (expected credit loss)	7.8	11.4
Adjusted opening balance at January 1, 2018	**9.2**	**33.7**

Transition effects recognized outside of profit or loss directly in retained earnings

The measurement adjustments resulting from the initial application of the new impairment model (expected credit loss) in the amount of -€19.2 million before deferred taxes and -€17.2 million after deferred taxes (deferred taxes in the amount of €3 million at Bilfinger SE and its tax group companies were not capitalized due to the loss situation) were recognized directly in equity (*retained earnings*). Of this amount, -€0.2 million was attributable to non-controlling interests. Due to the reclassification of the equity-like participation rights from the previous measurement category 'available for sale' (AfS) to 'at fair value through profit or loss' (FVtPL), the cumulative after-tax gains of €15.0 million were also reclassified from the *reserve from the fair value measurement of securities* to *retained earnings*. See the presentation in the consolidated statement of changes in equity in this regard.

Measurement of impairment losses on financial assets

The estimation of default probabilities as a key input for measuring expected credit losses is based on external, customer-specific ratings. The net amount of impairment losses and reversals of impairment losses recognized in accordance with IFRS 9 as of June 30, 2018 amounted to -€3.4 million. Of this amount, -€0.4 million is presented under financial result. Impairment losses and reversals of impairment losses recognized in the comparable period in accordance with IAS 39 amounted to -€5.2 million, netted. These were reported in the income statement under *other operating income and expenses*.

2.2 Initial application of IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces the previous standards and interpretations on revenue recognition (IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31) and uniformly regulates the recognition, measurement, presentation and disclosures on revenue from contracts with customers using a five-step model. Bilfinger previously recognized revenues according to IAS 11 as well as IAS 18. Bilfinger has applied IFRS 15 since January 1, 2018 accoding to the modified retrospective approach. The amended regulations for determining the amount and timing of revenues had no effect on revenues from contracts with customers that had not yet been completed at the time of transition, which were already recognized in accordance with IAS 11 and IAS 18. Accordingly, there were no transition effects from the initial application which are to be recognized in the opening balance of retained earnings. However, there were balance sheet-extending effects, which affected the following receivables and liabilities:

- Receivables from percentage-of-completion €19.9 million (*receivables and other financial assets*)
- Provisions for onerous contracts €4.1 million (*other provisions*, current)
- Contract liabilities €15.8 million (*trade and other payables*)

These arose from the recognition of

- receivables from advance and partial invoices for which services had not yet been rendered, together with corresponding contract liabilities, and
- provisions for onerous contracts in accordance with IAS 37, which are no longer netted with the amount due from customers as required by IAS 11, and the corresponding presentation of contract assets on a gross basis.

3. Acquisitions, disposals, discontinued operations

3.1 Acquisitions

As was the case in the prior-year period, no acquisitions were made during the reporting period.

3.2 Disposals

The disposal groups Bilfinger Neo Structo Private Limited and power plant services activities from the Other Operations business segment were sold in the reporting period.

In the prior-year reporting period, the Group companies Bilfinger MCE Aschersleben GmbH, Bilfinger Babcock Hungary Kft., Bilfinger IT Hungary Kft., Bilfinger Scheven GmbH and Kin Sun Construction & Engineering (Macau) Ltd., which had been put up for sale, were sold.

The overall effects of the disposals were as follows:

EFFECTS AT THE TIME OF SALE
in € million

	June 30, 2018	June 30, 2017
Disposal of assets classified as held for sale	-15	-36
Disposal of liabilities classified as held for sale	19	24
Disposal of net assets	**4**	**-12**
Disposal of intercompany receivables	-	-10
Reclassification of other comprehensive income to the income statement	-3	-1
Other changes	**-3**	**-11**
Sale price less selling transaction expenses	3	7
Capital gain / loss after selling transaction expenses	**4**	**-16**

The capital gain / loss in the amount of €0 million (previous year: -€1 million) is presented in earnings from discontinued operations, and in the amount of €4 million (previous year: -€15 million) in other operating income and expenses.

3.3. Discontinued operations

Discontinued operations comprise:

- the disposed of Building, Facility Services and Real Estate divisions from the former Building and Facility Services business segment,
- the disposed of major part of the former Offshore Systems and Grids division,
- the disposed of and abandoned construction activities.

In accordance with the provisions of IFRS 5, the investments put up for sale have been recognized as discontinued operations from the time of reclassification:

- In the consolidated balance sheet, the assets and liabilities (disposal group) affected are presented separately under *Assets classified as held for sale* and *Liabilities classified as held for sale*.
- In the consolidated income statement, the income and expenses of discontinued operations are presented separately from the income and expenses of continuing operations, and are recognized separately in one item as *Earnings after taxes from discontinued operations*.
- In the consolidated statement of cash flows, cash flows from discontinued operations are also presented separately from the cash flows from continuing operations.

Since the dates of their reclassification, non-current assets classified as held for sale have no longer been depreciated or amortized and subsequent measurement according to the equity method was ceased for the investments accounted for using the equity method.

The amounts in the consolidated income statement and the consolidated statement of cash flows for the prior-year period have been adjusted accordingly.

All discontinued operations with the exception of *Building, Facility Services, Real Estate* are reported together under *Construction activities*.

Earnings from discontinued operations are allocated to *Construction activities* and *Building, Facility Services, Real Estate* as follows:

in € million	January 1 to June 30	
	2018	2017
Construction activities	-3	50
Building, Facility Services, Real Estate	–	–
Earnings after taxes from discontinued operations	**-3**	**50**

As in the prior-year period, earnings after taxes from discontinued operations are fully attributable to the shareholders of Bilfinger SE.

3.3.1. Construction activities

in € million	January 1 to June 30	
	2018	2017
Revenue	2	16
Expenses / income	-3	43
Impairments / reversals of impairments	–	-8
Capital loss on disposal	–	-1
EBIT	**-1**	**50**
Net interest result	0	0
Earnings before taxes	**-1**	**50**
Income taxes	-2	0
Earnings after taxes	**-3**	**50**

Income and expenses of the previous year include a positive effect from a long-standing legal dispute in Qatar. The reason for this is a payment received for an impaired receivable on a joint-venture account that had a positive impact of €60 million on earnings from discontinued operations.

4. Revenue

The segment report shows a breakdown of revenues by reportable segment. Of the revenue, €30 million was recognized in accordance with IAS 17. Revenue recognized in accordance with IFRS 15 was almost exclusively recognized over time.

5. Depreciation, amortization and impairments

Amortization of €3 million was carried out on intangible assets from acquisitions (previous year: €4 million). These are reported in *Cost of sales*. Depreciation of property, plant and equipment and the amortization of other intangible assets amount to €32 million (previous year: €37 million). This included impairment losses of €2 million in the previous year.

The measurement of the disposal groups resulted in a total impairment loss in the amount of €4 million in the prior-year period. This was recognized in *Other operating income and expenses*.

6. Financial result

in € million	January 1 to June 30	
	2018	2017
Interest income	**7**	**7**
Current interest expense	-8	-10
Net interest expense from defined benefit obligations (DBO)	-2	-3
Interest expense	**-10**	**-13**
Net income from securities	20	0
Interest expense for shares of other shareholders	-1	-1
Other financial result	**19**	**-1**
Total	**16**	**-7**

The net income from securities primarily includes the change in the fair value of the unlisted, equity-like participation rights in Triangle Holding II S.A. (FVtPL securities) in the amount of €22.2 million (see Note 13). Also included is an impairment for expected credit losses in the amount of €0.4 million.

7. Income taxes

Deferred tax assets on loss carryforwards are only recognized insofar as their realization is reasonably certain. Based on current assessments, this is not the case in particular for losses incurred at Bilfinger SE and its tax group companies, so that no deferred tax assets on tax-loss carryforwards were recognized as of June 30, 2018.

8. Intangible assets

in € million	**June 30, 2018**	Dec. 31, 2017
Goodwill	793	789
Intangible assets from acquisitions	8	10
Other intangible assets	5	5
Total	**806**	**804**

9. Net liquidity

in € million

	June 30, 2018	Dec. 31, 2017
Marketable securities	**148**	**150**
Cash and cash equivalents	**379**	**617**
Financial debt – non-current	509	509
Financial debt – current	2	2
Financial debt	**511**	**511**
Net debt or net liquidity	**16**	**256**

10. Assets classified as held for sale, liabilities classified as held for sale

There were no disposal groups as of the balance sheet date.

As of December 31, 2017, *assets held for sale* and *liabilities held for sale* included the disposal groups Bilfinger Neo Structo Private Limited and the power plant services activities of the *Other Operations* division.

The *Assets classified as held for sale* and *Liabilities classified as held for sale* are comprised as follows:

in € million

	June 30, 2018	Dec. 31, 2017
Goodwill	–	1
Other non-current assets	–	3
Current assets	–	8
Cash and cash equivalents	–	0
Assets classified as held for sale	**–**	**12**
Non-current liabilities	–	0
Current liabilities	–	26
Liabilities classified as held for sale	**–**	**26**

Accumulated other comprehensive income after taxes of the disposal groups recognized directly in equity amounted to -€3.3 million as of December 31, 2017, of which -€0.1 million was attributable to non-controlling interests.

11. Equity

The classification of equity and changes in equity are presented in the interim consolidated financial statements in the consolidated statement of changes in equity.

Negative earnings after taxes (€13 million) and transactions with no effect on profit or loss (-€113 million) caused equity to fall by €126 million.

In addition to the payment of the dividend for financial year 2017 in the amount of €42 million, the transactions not affecting profit or loss include the purchase of own shares in the amount of €57 million and transition effects from the initial application of IFRS 9 in the amount of -€17 million that were recognized directly in equity (see Note 2.1).

12. Provisions for pensions and similar obligations

Provisions for pensions and similar obligations increased insignificantly by €2 million to €295 million. The discount rate in the eurozone remained unchanged at 1.6 percent as of June 30, 2018.

13. Additional information on financial instruments

The methods of measurement at fair value are basically unchanged from December 31, 2017. Further information on the measurement methods is provided in the 2017 Annual Report.

The fair values of financial assets and financial liabilities reflect for the most part the carrying amounts as of the balance sheet date. The fair value of the issued bond amounted to €512.4 million with a carrying amount of €500 million as of the balance sheet date (presented under non-current financial debt).

The fair value of the non-listed, equity-like participation rights in Triangle Holding II S.A. (FVtPL securities, presented as non-current assets) is measured using a combined discounted cash flow and multiple method on the basis of financial planning (unobservable input) and discount rates calculated using the capital asset pricing model or multiples (observable input). Any changes to the planned results or cash flows have a direct impact on the fair value. The change in fair value in the amount of €22.2 million was presented in the financial result (net income from securities) (see Note 6). This resulted primarily from the updating of the financial planning and a lower discount factor.

14. Related-party disclosures

Most of the transactions between fully consolidated companies of the Group and related companies or persons involve associates and joint ventures.

15. Contingent liabilities

Contingent liabilities of €37 million (December 31, 2017: €55 million) relate mainly to guarantees provided for former Group companies that were sold and companies in which Bilfinger holds a non-controlling interest. Collaterals of buyers of the former Group companies amounted to €15 million. In addition, we are jointly and severally liable as partners in companies constituted under the German Civil Code and in connection with consortiums and joint ventures.

Other contingent liabilities comprise in particular potential litigation costs. These include judicial, arbitrative, and out-of-court proceedings involving customers and subcontractors that file claims or may in future file claims under various contracts, for example maintenance and service contracts as well as other supply and service relationships. At this time, however, Bilfinger does not expect that these legal disputes will result in any significant negative effects on its financial position and financial performance.

16. Events after the balance sheet date

There have been no significant events since the balance sheet date.

B.7 Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the financial position and financial performance of the Group, and the interim management report of the Group includes a true and fair review of the development and performance of the business and position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining months of the financial year.

Mannheim, August 10, 2018

Bilfinger SE
The Executive Board

Thomas Blades | Dr. Klaus Patzak | Michael Bernhardt

Disclaimer

All the statements made in this report that relate to the future have been made in good faith and based on the best knowledge available. However, as those statements also depend on factors beyond our control, actual developments may differ from our forecasts.

B.8 Review Report

To Bilfinger SE, Mannheim

We have reviewed the interim condensed consolidated financial statements, comprising the income statement, the statement of comprehensive income, statement of financial position, the statement of changes in equity, the statement of cash flows and notes, and the interim Group management report of Bilfinger SE, Mannheim, for the period from 1 January to 30 June 2018, which are part of the six-monthly financial report pursuant to Sec. 115 WpHG "Wertpapierhandelsgesetz": German Securities Trading Act. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs [International Financial Reporting Standards] on interim financial reporting as adopted by the EU and of the Group management report in accordance with the requirements of the WpHG applicable to interim Group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim Group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim Group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim Group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim Group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the interim Group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim Group management reports.

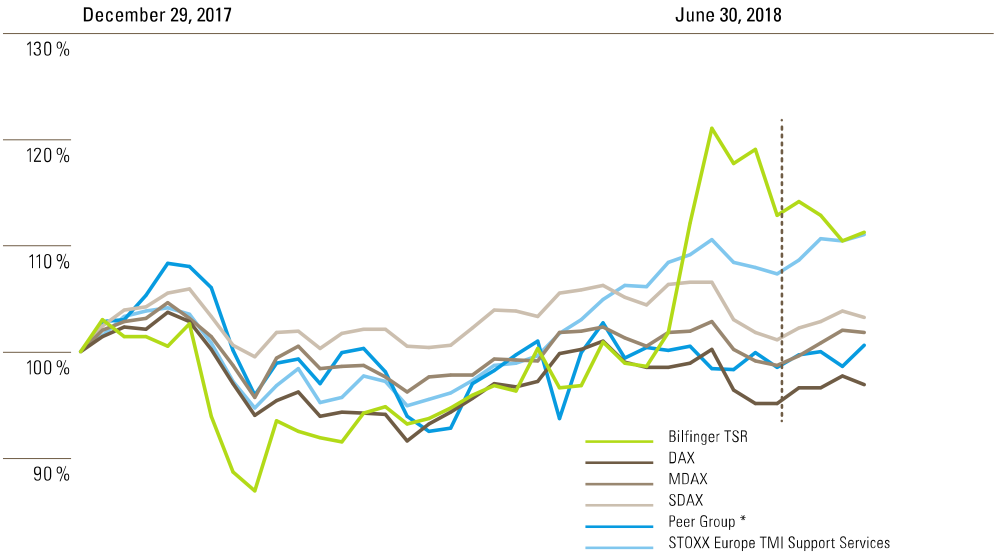
Mannheim, August 10, 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Mathieu Meyer	Karen Somes
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Bilfinger shares

RELATIVE PERFORMANCE OF OUR SHARES



* Weighted index of peer companies operating in the same market environment after market capitalization as at December 31, 2017 (Aegion, Fluor, McDermott, KBR, Mistras, Petrofac, Spie, Team, Wood Group, Worley Parsons)

KEY FIGURES ON OUR SHARES

in € per share

	Jan. 1 to June 30, 2018
Highest price	46.58
Lowest price	33.86
Closing price [1]	43.56
Dividend return [1,3]	2.3%
Book value [2]	28.42
Market value / book value [1,2]	1.53
Market capitalization in € million [1]	1,926
SDAX weighting [1]	3.14%
Number of shares [1]	44,209,042
Average daily trading volume in number of shares (XETRA)	182,336

All price details refer to XETRA trading
1 Based on June 30, 2018
2 Balance sheet shareholder's equity excluding non-controlling interests
3 Based on the dividend for financial year 2017 of €1.00

BILFINGER SHARE

ISIN / stock exchange symbol	DE0005909006 / GBF
WKN	590 900
Main listing	XETRA / Frankfurt
Deutsche Börse segment	Prime Standard
Share indices	SDAX, DAXsubsector Industrial Products & Services Idx., Euro STOXX

Financial calendar

November 13, 2018
Quarterly statement Q3 2018

February 14, 2019
Preliminary report on the 2018 financial year

March 13, 2019
Publication of Annual Report 2018

May 08, 2019
Annual General Meeting
Quarterly statement Q1 2019

August 14, 2019
Half-year financial report 2019

November 13, 2019
Quarterly statement Q3 2019

Imprint

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