HALF-YEAR FINANCIAL REPORT

BILFINGER SE

2019

BILFINGER

A Interim Group management report

A.1 Business development

KEY FIGURES FOR THE GROUP

in € million

H1

	2019	2018	Δ in %
Orders received	2,104.1	2,239.6	-6
Order backlog	2,711.7	2,767.6	-2
Revenue	2,155.5	1,986.4	9
Adjusted EBITDA	64.9	38.2	70
EBITA	0.2	-12.6	
Adjusted EBITA	13.1	6.0	118
Adjusted EBITA margin (in %)	0.6	0.3	
Adjusted net profit	0.3	0.5	-40
Adjusted earnings per share (in €)	0.01	0.01	0
Net profit	2.7	-12.6	
Cash flow from operating activities	-114.0	-101.0	-13
Adjusted operating cash flow	-78.8	-64.1	-23
Free cash flow	-137.8	-126.4	-9
Adjusted free cash flow	-102.6	-89.5	-15
Investments in property, plant and equipment	28.6	29.1	-2
Employees (number at reporting date)	37,469	35,300	6

Due to rounding, 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: In a continued robust market environment, decrease of 6 percent (organically -3 percent) as compared to a strong prior-year period influenced by larger project orders and catch-up effects. In the Technologies segment, decrease of 20 percent (organically -20 percent), at Engineering & Maintenance decrease of 5 percent (organically -3 percent) and at Engineering & Maintenance International decrease of 2 percent (organically -8 percent).
- Order backlog: Decrease of 2 percent (organically 0 percent).
- Revenue: Growth of 9 percent (organically 10 percent) on the basis of the strong order backlog. Technologies with growth of 10 percent (organically 10 percent), Engineering & Maintenance Europe with a slight increase of 1 percent (organically 3 percent), Engineering & Maintenance International with a gain of 41 percent (organically 32 percent) from a low level.
- Adjusted EBITA / adjusted net profit from continuing operations: Increase in adjusted EBITA to €13.1 million (previous year: €6.0 million). Adjusted EBITA margin improved to 0.6 percent (previous year: 0.3 percent). Net profit adjusted for special items in EBITA, financial result and taxes of €0.3 million at the level of the previous year (€0.5 million).
- EBITA: Improvement to €0.2 million (previous year: -€12.6 million), primarily due to efficiency enhancements in sales and administration as well as a further reduction in special items.
- Net profit: At €2.7 million positive and above the prior-year figure (-€12.6 million), mainly as a result of a considerable increase in earnings from discontinued operations.
- Adjusted operating cash flow: Still negative intra-year and, at -€78.8 million, below the prior-year figure (-€64.1 million) due to early customer payments as well as high existing liabilities at the end of 2018.
- Investments in property, plant and equipment: At the level of the prior year, stable or slightly increasing figure expected for full-year.
- Employees: In Germany, a decrease in the number of employees by 4 percent to 7,072 (previous year: 7,342), outside Germany an increase of 9 percent to 30,397 (previous year: 27,958).
- IFRS 16: Initial application of IFRS 16 (accounting of leases) in financial year 2019 has effects on assets and liabilities, EBIT, financial result and cash flow. Application since January 1, 2019 in line with the modified retrospective approach, according to which the comparative figures from prior-year periods are not adjusted. Details are described in the Notes to the consolidated financial statements under Note 2.1.

CONSOLIDATED INCOME STATEMENT

in € million

H1	2019	2018
Revenue	**2,155.5**	**1,986.4**
Cost of sales	-1,976.5	-1,812.9
Gross profit	**179.0**	**173.5**
Selling and administrative expense	-195.1	-197.8
Impairment losses and reversals of impairment losses in accordance with IFRS 9	-0.1	-3.0
Other operating income and expense	8.0	6.9
Income from investments accounted for using the equity method	6.5	5.1
Earnings before interest and taxes (EBIT)	**-1.7**	**-15.3**
Financial result	-0.5	15.9
Earnings before taxes	**-2.2**	**0.6**
Income taxes	-8.8	-10.4
Earnings after taxes from continuing operations	**-11.0**	**-9.8**
Earnings after taxes from discontinued operations	**14.0**	**-3.4**
Earnings after taxes	3.0	-13.2
thereof attributable to minority interest	0.3	-0.6
Net profit	**2.7**	**-12.6**
Average number of shares (in thousand)	40,278	42,190
Earnings per share (in €)*	0.07	-0.28
thereof from continuing operations	-0.28	-0.21
thereof from discontinued operations	0.35	-0.07

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

RECONCILIATION OF ADJUSTED EARNINGS

in € million

H1	2019	2018
EBITA	0.2	-12.6
Special items in EBITA	12.9	18.6
Adjusted EBITA	13.1	6.0
Adjusted financial result	-12.4	-6.2
Adjusted income tax income / expense	-0.2	0.1
Minority interest	-0.3	0.6
Adjusted net profit	0.3	0.5
Adjusted earnings per share from continuing operations (in €)	0.01	0.01

Consolidated income statement

- Revenue: Growth of 9 percent (organically 10 percent).
- Gross margin: Decrease to 8.3 percent (previous year: 8.7 percent) as a result of losses in the Technologies segment.
- Selling and administrative expenses: Improvement as compared to the prior-year figure as a result of cost controls, the effect of structural efficiency enhancement measures and lower special items. Share of revenue 9.1 percent (previous year: 9.9 percent), adjusted 8.3 percent (previous year: 9.0 percent).
- Depreciation of property, plant and equipment and amortization of intangible assets: Depreciation of property, plant and equipment and amortization of intangible assets of €26.6 million (previous year: €32.2 million), depreciation and amortization on rights of use from leases €25.2 million (previous year: €0 million).
- Amortization of intangible assets from acquisitions (IFRS 3) and goodwill: Slight decrease to €1.9 million (previous year: €2.7 million).
- Other operating income and expense: At €8.0 million (previous year: €6.9 million) of a magnitude comparable to the prior year.
- Financial result: Significant decrease as compared with the high prior-year figure which was impacted by the mark-to-market measurement of the preferred participation note from the sale of Apleona, which was recognized in income for the first time (€3.5 million, previous year: €22.2 million). Interest result below prior-year figure due to elimination of interest income from the vendor claim note (€3.0 million, previous year: €5.5 million) following repayment by Apleona in April. In addition, temporary burden from high gross debt prior to repayment of the bond due in December 2019 (interest expense: €7.0 million, previous year: €5.9 million) as well as new consideration of lease interest (€2.5 million, previous year: €0.3 million) in accordance with IFRS 16.
- Income taxes: Again, high tax expense because no deferred taxes were capitalized for tax losses in the German tax 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 increase due to reversal of provisions at discontinued operations following agreement on selling contract guarantee obligations.
- Net profit: Substantial improvement, mainly as a result of higher earnings after taxes from discontinued operations.

Reconciliation of adjusted earnings

- Adjusted EBITA: Increase to €13.1 million (previous year: €6.0 million).
- Special items in EBITA: Decline to €12.9 million (previous year: €18.6 million), thereof
  - Disposal gains / losses, write-downs and selling-related expenses from portfolio adjustments of -€6.7 million (previous year: -€3.1 million).
  - Expenses for further development of the compliance system of €0.1 million (previous year: €7.5 million).
  - Expenses for restructuring and efficiency enhancement measures in administration of €2.6 million (previous year: €4 million).
  - Expenses for investments in process and IT harmonization of €17.0 million (previous year: €10.2 million).
- Adjusted income tax income / expense: Adjusted for effects from the non-capitalization of deferred taxes on losses in the reporting period and for special items. Adjusted effective tax rate of 27 percent.

CONSOLIDATED BALANCE SHEET (ABRIDGED VERSION)

in € million

	June 30, 2019	Dec. 31, 2018	June 30, 2018
Assets			
Non-current assets			
Intangible assets	804.5	803.9	805.4
Property, plant and equipment	307.3	324.0	362.3
Rights of use from leases	237.0	0.0	0.0
Other non-current assets	377.3	486.5	485.9
	1,726.1	**1,614.4**	**1,653.6**
Current assets			
Receivables and other current assets	1,347.3	1,237.4	1,334.5
Marketable securities	329.7	120.0	147.7
Cash and cash equivalents	506.9	453.8	379.0
Assets classified as held for sale	0.0	50.4	0.0
	2,183.9	**1,861.6**	**1,861.2**
	3,910.0	**3,476.0**	**3,514.8**
Equity & liabilities			
Equity	**1,139.0**	**1,204.7**	**1,256.6**
Non-current liabilities			
Provisions for pensions and similar obligations	320.1	288.2	295.2
Non-current financial debt [1]	560.0	10.8	508.6
Other non-current liabilities	67.4	64.1	71.6
	947.5	**363.1**	**875.4**
Current liabilities			
Current financial debt [2]	547.7	501.6	2.2
Other current liabilities	1,275.8	1,380.6	1,380.6
Liabilities classified as held for sale	0.0	26.0	0.0
	1,823.5	**1,908.2**	**1,382.8**
	3,910.0	**3,476.0**	**3,514.8**

1 Thereof lease liabilities: 187.0 (December 31, 2018: 10.8)
2 Thereof lease liabilities: 47.7 (December 31, 2018: 1.6)

Consolidated balance sheet (abridged version)

Assets

- Non-current assets: Includes non-cash purchase price component preferred participation note (€240.3 million) from the sale of Apleona, in the reporting period in the course of the mark-to-market measurement it was written up by €3.5 million. In addition, property plant and equipment (€307.3 million), right of use assets from leases in accordance with IFRS 16 (€237.0 million) and deferred tax assets (€80.9 million, thereof €35.0 million in loss carryforwards).
- Current assets: Increase as a result of the rise in marketable securities following repayment of the vendor claim from the sale of Apleona (€128.0 million) and cash inflow in connection with the refinancing of the bond due in December 2019. Investment of the marketable securities in notice and fixed deposits. In addition, increase in cash and cash equivalents.
- Assets classified as held for sale: Decrease as compared to year-end 2018 as a result of the disposals carried out in the first half of the year.

Equity & liabilities

- Equity: Decline as a result of the dividend payment (-€40.8 million) and negative total comprehensive income, equity ratio down at 29 percent as a result of a temporary increase in the balance sheet total due to refinancing (December 2018: 35 percent).
- Provisions for pensions and similar obligations: Increase as a consequence of the drop in discount rates in the euro zone from 1.7 percent to 1.0 percent.
- Financial debt: Relates to a bond in the amount of €500.0 million maturing in December 2019, a bond in the amount of €250.0 million maturing in June 2024, promissory note loans in the amount of €123.0 million maturing in April 2022 and October 2024 as well as lease liabilities in accordance with IFRS 16 in the amount of €234.7 million.
- Current liabilities: Includes liabilities totaling €924.8 million, thereof €400.7 million from trade payables and €153.1 million from advance payments received. There are also other provisions of €307.3 million.
- Liabilities classified as held for sale: Decrease as compared to year-end 2018 as a result of the disposals carried out in the first half of the year.

CONSOLIDATED STATEMENT OF CASH FLOWS (ABRIDGED VERSION)

in € million

	H1	
	2019	2018
Cash flow from operating activities of continuing operations	**-114.0**	-101.0
thereof special items	-35.2	-36.9
adjusted cash flow from operating activities of continuing operations	-78.8	-64.1
Net cash outflow for property, plant and equipment / intangible assets	**-23.8**	-25.4
Free cash flow from continuing operations	**-137.8**	-126.4
thereof special items	-35.2	-36.9
Adjusted free cash flow of continuing operations	-102.6	-89.5
Payments in / proceeds from the disposal of financial assets	**143.3**	-1.6
Investments in financial assets	**0.0**	-0.3
Changes in marketable securities	**-209.7**	0.0
Cash flow from financing activities of continuing operations	**300.9**	-101.6
Share buyback	0.0	-57.5
Dividends	-42.2	-43.7
Repayment of debt / borrowing	350.3	1.1
Interest paid	-7.2	-1.5
Change in cash and cash equivalents of continuing operations	**96.7**	-229.9
Change in cash and cash equivalents of discontinued operations	**-47.3**	-7.5
Change in value of cash and cash equivalents due to changes in foreign exchange rates	**0.4**	-1.0
Change in cash and cash equivalents	**49.8**	-238.4
Cash and cash equivalents at January 1	453.8	617.1
Change in cash and cash equivalents of assets classified as held for sale	3.3	0.3
Cash and cash equivalents at June 30	**506.9**	379.0

Consolidated statement of cash flows (abridged version)

- Cash flow from operating activities of continuing operations: Below prior-year figure as a result of early customer payments as well as higher existing liabilities at the end of 2018, therefore considerable increase in working capital (€165.8 million, previous year: €130.1 million) in the first half of the year. The initial application of IFRS 16 in a comparison with the prior year led to a positive effect in the amount of €25.7 million and a corresponding negative influence on cash flow from financing activities. Furthermore, inflow from retained interest income of €28.0 million in connection with the repayment of the vendor claim from the sale of Apleona.
- Special items in cash flow from operating activities of continuing operations: Unchanged magnitude of -€35.2 million (previous year: -€36.9 million), thereof
    - Restructuring and efficiency enhancement measures in administration -€17.1 million (previous year: -€15.9 million).
    - Process and IT harmonization -€17.1 million (previous year: -€11.1 million).
    - Further development of compliance system -€1.0 million (previous year: -€9.9 million).
- Net cash outflow for investments in property, plant and equipment / intangible assets: Includes investments of €28.6 million (previous year: €29.1 million). This was countered by proceeds from disposals of €4.8 million (previous year: €3.7 million).
- Payments for the disposal of financial assets: Significant increase to €143.3 million (previous year: -€1.6 million), includes inflows from the sale of companies (€43.3 million) and from the repayment of the vendor claim from the sale of Apleona (€100.0 million).
- Changes in marketable securities: Payouts in the amount of €209.7 million (previous year: €0 million) result from the temporary investment of cash flow from refinancing for repayment of the bond due in December 2019.
- Change in cash and cash equivalents from discontinued operations: Relates to agreement in legacy cases in connection with disposed activities.

A.2 Outlook 2019

	Initial situation Financial year 2018	Outlook financial year 2019
Revenue	€4,153 million	Organic revenue growth in the mid single-digit percentage range
Adjusted EBITA	€65 million	significant increase to over €100 million

- Revenue: After orders received developed well in 2018 with €4,459 million, we expect, on the basis of the current order backlog, organic revenue growth in the mid single-digit percentage range for 2019.

  In the Technologies segment, we expect a significant increase in revenue. We anticipate stable revenue development in the Engineering & Maintenance Europe segment. At Engineering & Maintenance International, we see positive momentum in the markets and therefore expect significant revenue growth.

- Adjusted EBITA: For adjusted EBITA (2018: €65 million), we expect a significant increase to a figure of more than €100 million.

  In the Technologies segment, we again expect a negative adjusted EBITA which, compared with the prior year however, will improve significantly (2018: -€26 million).

  We expect stable development of adjusted EBITA in the Engineering & Maintenance Europe segment (2018: €103 million).

  Adjusted EBITA at Engineering & Maintenance International will again improve slightly in financial year 2019 on the basis of what is already a relatively high level (2018: €32 million).

  A significant improvement in adjusted EBITA is also to be expected from the positions summarized in the reconciliation Group (2018: -€43 million), also as a result of better earnings from companies in Other Operations that are presented here.

- Significant special items in 2019: From today's perspective, we expect special items on EBITA from expenses for restructuring and efficiency enhancements, investments in IT systems for the standardization of the system landscape and final expenses in connection with the further development of our compliance system totaling about €30 million. Not included in this are potential disposal gains and losses from the streamlining of the portfolio. Further, reported net profit will likely be impacted by the non-capitalization of deferred tax assets on the negative result of the holding.

- Adjusted net profit: Net profit will improve significantly as compared to the figure from 2018, reaching at least the break-even level. We also expect a significant improvement in adjusted net profit (2018: €36 million).

- Return on capital employed: In 2019, we expect a slightly improved return on capital employed after taxes (2018: 0.1 percent).

- Free cash flow: In terms of free cash flow, we expect a figure at least at the break-even level in 2019 on a comparable basis (2018: -€4 million). In addition, first-time application of IFRS 16 will have a positive effect.

- Investments in property, plant and equipment: For investments in property, plant and equipment we expect a figure at the sustainable level of 1.5 to 2 percent of revenue in 2019.

Opportunities and risks

- No significant changes occurred with regard to opportunities and risks during the reporting period compared with the situation as described in the Annual Report 2018. In countries of significance in the Middle East, however, we are noticing a pronounced trend toward increasing localization requirements which could potentially have a negative impact on our business activities and that could lead to burdens on business and assets in the region. In our assessment, there are nevertheless no risks that would jeopardize the continued existence of the Group. Beyond this, our economic environment has not changed significantly.

Events after the balance-sheet date

- Our company continues to develop according to plan after the balance-sheet date. No events have occurred that are of particular significance for the Group's profitability, cash flows or financial position.

A.3 Development of the business segments

OVERVIEW OF REVENUE AND ORDER SITUATION

in € million

H1

	Orders received		Order backlog		Revenue	
	2019	Δ in %	**2019**	Δ in %	**2019**	Δ in %
Technologies	225.3	-20	468.3	16	254.2	10
Engineering & Maintenance Europe	1,408.4	-5	1,776.3	4	1,344.7	1
Engineering & Maintenance International	402.7	-2	425.6	-21	479.7	41
Reconciliation Group	67,7	-8	41.5	-65	76.9	-14
	2,104.1	**-6**	**2,711.7**	**-2**	**2,155.5**	**9**

ADJUSTED EBITA BY BUSINESS SEGMENT

in € million

H1

	2019	2018	Δ in %
Technologies	-22.8	-9.9	-130
Engineering & Maintenance Europe	38.8	32.8	18
Engineering & Maintenance International	12.0	4.9	145
Reconciliation Group	-14.9	-21.8	32
Continuing operations	**13.1**	**6.0**	**118**

A.3.1 Technologies

KEY FIGURES
in € million

H1	2019	2018	Δ in %
Orders received	225.3	280.7	-20
Order backlog	468.3	404.6	16
Revenue	254.2	230.5	10
Investments in property, plant and equipment	1.3	0.9	44
Adjusted EBITDA	-19.0	-8.0	-137
EBITA	-23.3	-9.9	-135
Adjusted EBITA	-22.8	-9.9	-130
Adjusted EBITA margin (in %)	-9.0	-4.3	

Market situation

- Nuclear: Ongoing positive expectations for new builds in UK, modernization in France.
- Energy & Utilities, Cement / Emissions: Demand for environmental solutions increasing (DeNOx, DeSOx, CO2).
- Pharmaceuticals & Biopharma: New investments in chemical pharma in Europe, trend of moving production to Asia is slowing, biopharma demand for small and medium projects increasing.

Business development

- Orders received: Decrease of 20 percent (organically -20 percent) as compared to the strong prior-year figure due to major fluctuations in orders received in the project business as well as the current focus on selectivity and execution. Book-to-bill ratio of 0.89 with increasing revenue.
- Order backlog: 16 percent above comparable figure (organically 15 percent).
- Revenue: Growth of 10 percent (organically 10 percent) on the basis of improved order backlog.
- Adjusted EBITA: Decrease to -€22.8 million (previous year: -€9.9 million). Segment remains in the turnaround phase, at one company in particular, action plan has been implemented.
- Outlook: The forecast for the Technologies segment is described in chapter *A.2 Outlook 2019*.

A.3.2 Engineering & Maintenance Europe

KEY FIGURES H1
in € million

	2019	2018	Δ in %
Orders received	1,408.4	1,476.0	-5
Order backlog	1,776.3	1,707.8	4
Revenue	1,344.7	1,324.9	1
Investments in property, plant and equipment	21.6	19,2	13
Adjusted EBITDA	72.5	52.2	39
EBITA	36.5	32.8	11
Adjusted EBITA	38.8	32.8	18
Adjusted EBITA margin (in %)	2.9	2.5	

Market situation

- Oil & Gas: Demand in offshore maintenance remains strong, upcoming gas infrastructure technology projects.
- Chemical & Petrochemical: Greenfield petrochem projects in Antwerp, several refinery and chemical expansion projects across Europe.
- Energy & Utilities: Market opening inspection and maintenance at offshore wind farms.

Business development

- Orders received: Decrease of 5 percent (organically -3 percent) as compared to the strong prior-year period which was shaped by significant catch-up effects from the remeasurement of framework agreements. Book-to-bill ratio of 1.04 supports further growth expectations.
- Order backlog: Growth of 4 percent (organically 5 percent).
- Revenue: Slight increase of 1 percent (organically 3 percent) at a good level.
- Adjusted EBITA: Further improvement, also from efficiency enhancements in sales and administration. Margin increased as compared with prior-year period.
- Outlook: The forecast for the Engineering & Maintenance Europe segment is described in chapter *A.2 Outlook 2019*.

A.3.3 Engineering & Maintenance International

KEY FIGURES
in € million

H1	2019	2018	Δ in %
Orders received	402.7	409.9	-2
Order backlog	425.6	536.0	-21
Revenue	479.7	339.6	41
Investments in property, plant and equipment	3.4	3.4	0
Adjusted EBITDA	17.6	7.4	138
EBITA	10.7	4.9	118
Adjusted EBITA	12.0	4.9	145
Adjusted EBITA margin (in %)	2.5	1.4	

Market situation

- Oil & Gas: In the US release of Opex funding, e.g. in the Gulf of Mexico and the Permian Basin remains steady. In Middle East upward trend continues (KSA, UAE and Qatar plan field expansions) while *In Country Value* dominates contractor selection.
- Chemical & Petrochemical: Midstream stabilizing in the US, production up despite US rig count down 15 percent through first half of 2019, e.g. shale gas driving new cracker projects and midstream cryo-plants. New petrochemical projects in development in the US Gulf coast, however with some indication of slowing. Continuing refinery expansions.
- Energy & Utilities: In the US energy storage market is expected to double, continued industrialization of low cost, clean natural gas in power generation and all modes of transportation. In Middle East forward looking energy strategy shift towards gas, energy conservation projects and renewables, especially wind and solar. Overall electricity demand in the Gulf Cooperation Council countries plateauing.

Business development

- Orders received: At -2 percent (organically -8 percent) slightly lower than in the strong prior-year period which was shaped by a number of larger projects in the USA.
- Order backlog: Decrease of 21 percent (organically 22 percent).
- Revenue: Significant growth of 41 percent (organically 32 percent) mainly as a consequence of the execution of larger projects in the USA.
- Adjusted EBITA: Significant improvement through higher capacity utilization in the USA. Margin improved as compared to the prior-year period.
- Outlook: The forecast for the Engineering & Maintenance International segment is described in chapter *A.2 Outlook 2019*.

A.3.4 Reconciliation Group

KEY FIGURES
in € million

H1

	2019	2018	Δ in %
Orders received	67.7	72.9	-8
thereof Other Operations (OOP)	70.4	86.4	-19
thereof headquarters / consolidation / other	-2.7	-13.5	80
Revenue	76.9	91.5	-15
thereof Other Operations (OOP)	78.7	96.4	-18
thereof headquarters / consolidation / other	-1.7	-4.9	65
Adjusted EBITA	-14.9	-21.8	32
thereof Other Operations (OOP)	0.9	-6.4	
thereof headquarters / consolidation / other	-15.9	-15.4	-3

Other Operations (OOP)

- Selling activities: Two of the four accretive units remaining sold in the reporting period resulting in a cash inflow of about €30 million. Sale or termination of all 13 dilutive units already fully completed in the previous year.
- Orders received: Decrease of 19 percent (organically +54 percent), primarily as a result of the sale of companies.
- Revenue: Decline of 18 percent (organically +24 percent), also as a result of the sale of companies.
- Adjusted EBITA: Improvement to €0.9 million (previous year: -€6.4 million).

Headquarters / consolidation / other

- Adjusted EBITA: Figure of -€15.9 million at the level of the prior-year period (-€15.4 million).

B Condensed interim consolidated financial statements

B.1 Consolidated income statement

in € million	January 1 to June 30	
	2019	**2018**
Revenue	**2,155.5**	**1,986.4**
Cost of sales	-1,976.5	-1,812.9
Gross profit	**179.0**	**173.5**
Selling and administrative expense	-195.1	-197.8
Impairment losses and reversals of impairment losses in accordance with IFRS 9	-0.1	-3.0
Other operating income and expense	8.0	6.9
Income from investments accounted for using the equity method	6.5	5.1
Earnings before interest and taxes (EBIT)	**-1.7**	**-15.3**
Financial result	-0.5	15.9
Earnings before taxes	**-2.2**	**0.6**
Income taxes	-8.8	-10.4
Earnings after taxes from continuing operations	**-11.0**	**-9.8**
Earnings after taxes from discontinued operations	**14.0**	**-3.4**
Earnings after taxes	3.0	-13.2
thereof minority interest	0.3	-0.6
Net profit	**2.7**	**-12.6**
Average number of shares (in thousands)	40,278	42,190
Earnings per share* (in €)	0.07	-0.28
thereof from continuing operations	-0.28	-0.21
thereof from discontinued operations	0.35	-0.07

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

B.2 Consolidated statement of comprehensive income

in € million	January 1 to June 30	
	2019	2018
Earnings after taxes	3.0	-13.2
Items that will not be reclassified to the income statement		
Gains / losses from remeasurement of net defined benefit liability (asset)		
Unrealized gains / losses	-38.8	-3.5
Income taxes on unrealized gains / losses	1.5	-2.9
	-37.3	-6.4
Gains / losses from fair-value measurement of equity instruments in accordance with IFRS 9.5.7.5		
Unrealized gains / losses	3.6	0.1
Income taxes on unrealized gains / losses	-0.1	0.0
	3.5	0.1
	-33.8	-6.3
Items that may subsequently be reclassified to the income statement		
Currency translation differences		
Unrealized gains / losses	5.6	3.9
Reclassifications to the income statement	0.2	3.2
Income taxes on unrealized gains / losses	0.0	0.6
	5.8	7.7
Other comprehensive income after taxes	-28.0	1.4
Total comprehensive income after taxes	-25.0	-11.8
attributable to shareholders of Bilfinger SE	-25.0	-12.6
Minority interest	0.0	0.8

B.3 Consolidated balance sheet

in € million

		June 30, 2019	Dec. 31, 2018
Assets	Non-current assets		
	Intangible assets	804.5	803.9
	Property, plant and equipment	307.3	324.0
	Rights of use from leases	237.0	–
	Investments accounted for using the equity method	39.5	34.9
	Other assets	256.9	376.7
	Deferred taxes	80.9	74.9
		1,726.1	**1,614.4**
	Current assets		
	Inventories	56.3	61.7
	Receivables and other financial assets	1,196.1	1,102.3
	Current tax assets	32.5	22.8
	Other assets	62.4	50.6
	Marketable securities	329.7	120.0
	Cash and cash equivalents	506.9	453.8
	Assets classified as held for sale	0.0	50.4
		2,183.9	**1,861.6**
		3,910.0	**3,476.0**
Equity & liabilities	Equity		
	Equity attributable to shareholders of Bilfinger SE	1,152.3	1,217.6
	Minority interest	-13.3	-12.9
		1,139.0	**1,204.7**
	Non-current liabilities		
	Provisions for pensions and similar obligations	320.1	288.2
	Other provisions	24.8	24.6
	Financial debt [1]	560.0	10.8
	Other liabilities	0.1	0.1
	Deferred taxes	42.5	39.4
		947.5	**363.1**
	Current liabilities		
	Current tax liabilities	43.8	33.8
	Other provisions	307.3	383.6
	Financial debt [2]	547.7	501.6
	Trade and other payables	701.1	750.5
	Other liabilities	223.6	212.7
	Liabilities classified as held for sale	0.0	26.0
		1,823.5	**1,908.2**
		3,910.0	**3,476.0**

1 thereof lease liabilities: 187.0 (December 31, 2018: 10.8)
2 thereof lease liabilities: 47.7 (December 31, 2018: 1.6)

B.4 Consolidated statement of changes in equity

in € million

	Equity attributable to shareholders of Bilfinger SE										Attributable to minority interest	**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, 2018	**132.6**	**764.6**	**532.1**	**15.0**			**0.0**	**2.2**	**-38.7**	**1,407.8**	**-24.7**	**1,383.1**
Adjustments due to transition effects from the initial application of IFRS 9	0.0	0.0	-2.0	-15.0	0.0	0.0	0.0	0.0	0.0	-17.0	-0.2	-17.2
Adjusted opening balance at January 1, 2018	**132.6**	**764.6**	**530.1**	**0.0**	**0.0**	**0.0**	**0.0**	**2.2**	**-38.7**	**1,390.8**	**-24.9**	**1,365.9**
Earnings after taxes	0.0	0.0	-12.6		0.0	0.0	0.0	0.0	0.0	-12.6	-0.6	-13.2
Other comprehensive income after taxes	0.0	0.0	-6.4		0.0	0.1	0.0	6.3	0.0	0.0	1.4	1.4
Total comprehensive income	**0.0**	**0.0**	**-19.0**		**0.0**	**0.1**	**0.0**	**6.3**	**0.0**	**-12.6**	**0.8**	**-11.8**
Dividends paid out	0.0	0.0	-42.0		0.0	0.0	0.0	0.0	0.0	-42.0	-0.3	-42.3
Share-based payment	0.0	1.2	1.0		0.0	0.0	0.0	0.0	0.0	2.2	0.0	2.2
Changes in ownership interest without change in control	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cancellation of own shares	0.0	0.0	0.0		0.0	0.0	0.0	0.0	-57.5	-57.5	0.0	-57.5
Other changes	0.0	0.1	-8.2		0.0	0.0	0.0	0.0	0.0	-8.1	8.1	0.0
Balance at June 30, 2018	**132.6**	**765.9**	**461.9**		**0.0**	**0.1**	**0.0**	**8.5**	**-96.2**	**1,272.8**	**-16.3**	**1,256.5**
Balance at January 1, 2019	**132.6**	**767.0**	**465.3**		**0.0**	**-3.5**	**0.0**	**6.6**	**-150.4**	**1,217.6**	**-12.9**	**1,204.7**
Adjustments due to transition effects from the initial application of IFRS 16	0.0	0.0	0.9		0.0	0.0	0.0	0.0	0.0	0.9	0.0	0.9
Adjusted opening balance at January 1, 2019	**132.6**	**767.0**	**466.2**		**0.0**	**-3.5**	**0.0**	**6.6**	**-150.4**	**1,218.5**	**-12.9**	**1,205.6**
Earnings after taxes	0.0	0.0	2.7		0.0	0.0	0.0	0.0	0.0	2.7	0.3	3.0
Other comprehensive income after taxes	0.0	0.0	-37.3		0.0	3.5	0.0	6.1	0.0	-27.7	-0.3	-28.0
Total comprehensive income	**0.0**	**0.0**	**-34.6**		**0.0**	**3.5**	**0.0**	**6.1**	**0.0**	**-25.0**	**0.0**	**-25.0**
Dividends paid out	0.0	0.0	-40.3		0.0	0.0	0.0	0.0	0.0	-40.3	-0.5	-40.8
Share-based payment	0.0	0.6	1.7		0.0	0.0	0.0	0.0	0.5	2.8	0.0	2.8
Changes in ownership interest without change in control	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other changes	0.0	0.0	-3.7		0.0	0.0	0.0	0.0	0.0	-3.7	0.1	-3.6
Balance at June 30, 2019	**132.6**	**767.6**	**389.3**		**0.0**	**0.0**	**0.0**	**12.7**	**-149.9**	**1,152.3**	**-13.3**	**1,139.0**

B.5 Consolidated statement of cash flows

in € million	January 1 to June 30	
	2019	2018
Earnings before taxes from continuing operations	-2.2	0.6
Interest and other financial result	0.5	-15.9
Amortization of intangible assets from acquisitions	1.9	2.7
EBITA	**0.2**	**-12.6**
Depreciation of property, plant and equipment and amortization of intangible assets (excluding acquisitions) [1]	51.8	32.2
Gains / losses on disposals of non-current assets	-7.7	-4.7
Income from investments accounted for using the equity method	-6.8	-5.1
Dividends received	3.0	0.4
Interest received	28.6	1.8
Income tax payments	-10.3	5.3
Change in advance payments received	5.8	29.4
Change in trade receivables	-93.4	-137.0
Change in trade payables and advance payments made	-34.2	35.2
Change in net trade assets	**-121.8**	**-72.4**
Change in current provisions	-22.1	-32.2
Change in other current assets (including other inventories) and liabilities	-21.9	-25.5
Change in working capital	**-165.8**	**-130.1**
Change in non-current assets and liabilities	-7.0	11.8
Cash flow from operating activities of continuing operations	**-114.0**	**-101.0**
Cash flow from operating activities of discontinued operations	-47.3	-7.5
Total cash flow from operating activities	**-161.3**	**-108.5**
Investments in property, plant and equipment and intangible assets	-28.6	-29.1
Proceeds from the disposal of property, plant and equipment and intangible assets	4.8	3.7
Acquisition of subsidiaries net of cash and cash equivalents acquired	0.0	0.0
Payments for / proceeds from the disposal of subsidiaries net of cash and cash equivalents disposed of [2]	132.6	-1.6
Proceeds from / investments in other financial assets	10.7	-0.3
Investments in marketable securities	-209.7	0.0
Cash flow from investing activities of continuing operations	**-90.2**	**-27.3**
Cash flow from investing activities of discontinued operations	0.0	0.0
Total cash flow from investing activities	**-90.2**	**-27.3**
Purchase of own shares	0.0	-57.5
Dividends paid to the shareholders of Bilfinger SE	-40.3	-41.9
Dividends paid to other shareholders	-1.9	-1.8
Borrowing	373.0	1.6
Repayment of financial debt	-22.7	-0.5
Interest paid	-7.2	-1.5
Cash flow from financing activities of continuing operations	**300.9**	**-101.6**
Cash flow from financing activities of discontinued operations	0.0	0.0
Total cash flow from financing activities	**300.9**	**-101.6**
Change in value of cash and cash equivalents	**49.4**	**-237.4**
Change in value of cash and cash equivalents due to changes in foreign exchange rates	0.4	-1.0
Cash and cash equivalents at January 1	453.8	617.1
Cash and cash equivalents classified as assets held for sale at January 1 (+)	3.3	0.3
Cash and cash equivalents classified as assets held for sale at June 30 (-)	0.0	0.0
Cash and cash equivalents at June 30	**506.9**	**379.0**

1 Thereof depreciation on rights of use from leases 25.3 (2018: depreciation on assets from finance leases 0.3)
2 Proceeds from disposals (see Note 3.2) and repayment of vendor claim (see Note 10; repayment of nominal amount without accrued interest: 100.0).

B.6 Notes to the interim consolidated financial statements

1. Segment reporting

As in the previous year, segment reporting has been prepared in accordance with IFRS 8. The reportable segments of the Bilfinger Group reflect the internal reporting structure. Segment reporting depicts the Group's continuing operations. The definition of the segments is based on products and services.

Business and reporting segments were adjusted at the beginning of financial year 2019. The strategic positioning with a focus on the two service lines *Technologies* and *Engineering & Maintenance* (E&M) has been retained. In this regard, please see the explanations in the Annual Report, p. 163 ff. Segment reporting now consists of three reportable segments:

- *Technologies*
- *Engineering & Maintenance Europe*
- *Engineering & Maintenance International*

The reportable segment *Technologies* is both a division and a business segment. The reportable segment *Engineering & Maintenance Europe* includes the divisions *E&M Continental Europe* and *E&M Northwest Europe,* which constitute business segments. The reportable segment *Engineering & Maintenance International* includes the divisions *E&M North America* and *E&M Middle East,* which constitute business segments.

The segment *Technologies* is positioned globally and focuses on products and technologies that it offers throughout the world. Examples include components for biopharma plants (skids), filter technologies for ships (scrubbers) and components for the nuclear industry. The division concentrates on growth areas in which Bilfinger demonstrates particular technological expertise enabling us to benefit from sustainable global trends. Technologies will coordinate Group-wide market development in these growth areas.

The divisions in the service line *Engineering & Maintenance* are positioned regionally and offer their services for engineering, maintenance, expansion and operation on a local basis. Due to the similarity of the markets, the economic environment as well as the financial parameters – particularly growth expectations and the extent of the margins – we combine the reporting through the regionally positioned divisions *E&M Continental Europe* and *E&M Northwest Europe* in the *Engineering & Maintenance Europe* reportable segment. The activities of the divisions *E&M North America* and *E&M Middle East* in our strategic growth regions outside of Europe make up the reportable segment *Engineering & Maintenance International*. Here, we expect similar growth rates and margins in the planning period.

In addition, from financial year 2019, the services from headquarters will be more consistently allocated to the units that receive them in accordance with the causation principle. This leads to an improvement in the result of the reconciliation Group and, at the same time, to a corresponding burden in the operating business segments.

Segment reporting including prior-year figures – also in terms of the allocation of the services from headquarters – has been adapted accordingly.

The *Other Operations* division as well as headquarters, consolidation effects and other items are presented under *Reconciliation Group*. The *Other Operations* division includes operating units that are active outside of the 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.

Adjusted earnings before interest, taxes and amortization of intangible assets from acquisitions (EBITA adjusted) is the key performance indicator for the business units and the Group, and thus the metric for earnings in our segment reporting. EBITA and EBIT are also presented. The reconciliation of EBIT to earnings before taxes from continuing operations is derived from the consolidated income statement. Internal revenue reflects the supply of goods and services between the segments. These are invoiced at the usual market prices. In the reconciliation to the consolidated financial statements, the Group's internal expenses and income as well as intra-Group profits are eliminated. Consolidation includes the consolidation of business transactions between the business segments. The reconciliation also includes income and expenses from headquarters as well as other items that cannot be allocated to the individual segments according to our internal accounting policies. The allocation of external revenue to the regions is carried out according to the location of the service provision.

SEGMENT REPORTING JANUARY 1 TO JUNE 30
in € million

	External revenue		Internal revenue		Total revenue		EBITA adjusted		Special items		EBITA		Amortization of intangible assets from acquisitions and goodwill		EBIT	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Technologies	254.0	229.0	0.2	1.5	254.2	230.5	-22.8	-9.9	-0.5	–	-23.3	-9.9	-0.3	-0.3	-23.6	-10.2
Engineering & Maintenance Europe	1,332.6	1,312.6	11.7	12.3	1,344.3	1,324.9	38.8	32.8	-2.3	–	36.5	32.8	-0.3	-0.8	36.2	32.0
Engineering & Maintenance International	479.3	339.5	–	0.1	479.3	339.6	12.0	4.9	-1.3	–	10.7	4.9	-1.3	-1.5	9.4	3.4
Reconciliation Group	89.7	105.3	-11.9	-13.9	77.8	91.4	-14.9	-21.8	-8.8	-18.6	-23.7	-40.4	0.0	-0.1	-23.7	-40.5
Continuing operations	2,155.6	1,986.4	–	–	2,155.6	1,986.4	13.1	6.0	-12.9	-18.6	0.2	-12.6	-1.9	-2.7	-1.7	-15.3

2. General information, accounting and valuation methods

Bilfinger SE is a listed stock company in accordance with European law (Societas Europaea – SE) and, in addition to German stock company law, is also subject to specific SE regulations and the German law on implementing a European company as well as the German SE Employee Involvement Act. The company is registered with the Commercial Register of the Mannheim District Court under HRB 710296 and has its headquarters at Oskar-Meixner-Straße 1, 68165 Mannheim, Germany. Bilfinger is an internationally-oriented industrial services company, which offers engineering and other industrial services to customers in the process industry.

The interim consolidated financial statements as of June 30, 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRSs) as they are to be applied in the EU, as were the consolidated financial statements for the year 2018, and comply with the requirements of IAS 34. They do not provide all of the information and disclosures included in complete consolidated financial statements and are therefore to be read in conjunction with the consolidated financial statements as of December 31, 2018. The accounting policies explained in the notes to the 2018 consolidated financial statements were applied unchanged, with the exception of accounting standard IFRS 16, which is mandatory as of January 1, 2019.

These condensed interim consolidated financial statements of Bilfinger SE were approved for publication by the Executive Board on August 9, 2019 and subjected to a review report by the Group auditor in accordance with Section 115 WpHG.

2.1 Initial application of IFRS 16 Leases

IFRS 16 *Leases* replaces the previous standard as well as the associated interpretations for the accounting for leases (IAS 17, IFRIC 4, SIC-15 and SIC-27) and regulates the recognition, the measurement, the presentation and the disclosures in the notes for leases in the financial statements of the lessee and lessor. In accordance with IFRS 16, a lessee generally has to capitalize the right of use as an asset and to recognize a lease payment as a liability.

Bilfinger has applied IFRS 16 since January 1, 2019 in line with the modified retrospective approach, according to which the comparative figures from prior-year periods are not adjusted.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. These include fixed payments, less any lease incentives to be paid by the lessor, variable lease payments that depend on an index, amounts expected to be payable under a residual value guarantee, the exercise price under a purchase option if it is reasonably certain that the option will be exercised and penalties for early termination of a lease if the exercise of the termination option was taken into account in the term of the lease. Discounting is carried out using the incremental borrowing rate. In the subsequent measurement, the carrying amount of the lease liability is increased by the interest expense and reduced by the lease payments made. The right of use is measured at amortized cost at initial recognition. This corresponds to the amount of the lease liability less the lease incentives received from the lessor plus the lease payments to be made on or before the commencement date, the initial direct costs as well as the estimated costs for any restoration obligations. In the subsequent measurement, the right of use is recognized less accumulated depreciation and, if relevant, under consideration of impairment losses. The right of use is generally depreciated using the straight-line method over the term of the lease. If ownership of the underlying asset is transferred to the lessee at the end of the term of the lease or if the amortized cost of the right of use includes payments for a purchase option, the right of use is depreciated over the useful life of the underlying asset.

Bilfinger makes use of the recognition exemption for leasing objects of low value and for short-term leases. Leasing payments from these leases are recognized as an expense using the straight-line method over the term of the lease. In addition, Bilfinger uses the following simplification principles in the initial application: For leases previously classified as operating leases in accordance with IAS 17, the lease liability is recognized in the amount of the present value of the outstanding lease payments, discounted with the incremental borrowing rate as of January 1, 2019. The right of use is generally capitalized with the same amount. Leases with a residual term of a maximum of one year as of January 1, 2019 are accounted for as short-term leases. Initial direct costs are not taken into account at the date of initial application for the right of use. For extension of termination options, the term of the lease is determined retroactively.

First-time application of IFRS 16 led to the following effects on the financial position and financial performance of Bilfinger: Non-current assets increased by €236.4 million as a result of the capitalization of the right of use assets as of January 1, 2019. Financial debt increased by €235.1 million as of January 1, 2019. The rights of use and lease liabilities also include leases that were accounted for as finance leases in accordance with IAS 17 until December 31, 2018. Effects from the shift were taken into consideration directly in retained earnings. As a result of these effects, the equity ratio declined by 2.2 percentage points.

BALANCE SHEET ITEMS in € million	Carrying amount as of Dec. 31, 2018	Adjustments as a result of IFRS 16	Carrying amount as of January 1, 2019
Property, plant and equipment	324.0	-14.8	309.2
Right of use assets from leases	–	251.2	251.2
thereof initial recognition in accordance with IFRS 16		*236.4*	
thereof re-booking from IAS 17 assets		*14.8*	
Other assets	50.6	-1.3	49.3
Equity	1,204.7	0.9	1,205.6
Financial debt – non-current	10.8	189.7	200.5
Financial debt – current	501.6	45.4	547.0
Other liabilities	212.7	-0.9	211.8

The difference between the total of undiscounted minimum lease payments as a result of non-cancellable operating leases presented in accordance with IAS 17 as of December 31, 2018 in the amount of €212.8 million and lease liabilities as a result of the initial application of IFRS 16 in the amount of €235.1 million results mainly from the following effects: The minimum lease payments for operating leases in accordance with IAS 17 relate to non-cancellable contract periods while, in accordance with IFRS 16, lease payments in periods pursuant to options when the relevant conditions are met must be taken into consideration. In addition, previous finance leases in accordance with IAS 17 are included in lease liabilities. Obligations from short-term leases and from leases for which the underlying asset is of low value are included in the minimum lease payments for operating leases in accordance with IAS 17, but, as a result of the recognition exemption, they are not to be taken into consideration in the lease liabilities in accordance with IFRS 16. For the calculation of the lease liability, the lease payments are discounted using the incremental borrowing rate as of January 1, 2019. The weighted average interest rate was 2.0 percent. The discounting effect amounted to €16.0 million.

The straight-line recognition of expense for operating leases in accordance with IAS 17 was replaced by amortization of the right-of-use assets and interest expense on the lease liabilities. As a result, EBIT in the first half of 2019 improved by €0.6 million. In the financial result, an additional interest expense from lease liabilities in the amount of €2.2 million was recognized. In the statement of cash flows, the payments were recognized in cash flow from financing activities. This led to an improved cash flow from operating activities in the amount of €25.7 million and to a corresponding decrease in cash flow from financing activities.

3. Acquisitions, disposals, discontinued operations

3.1 Acquisitions

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

3.2 Disposals

In the reporting period, the disposal groups Bilfinger Industrial Services Spain S.A. from the division *E&M Continental Europe* in the business segment *Engineering & Maintenance Europe* as well as the device technology and overhead power line activities from the division *Other Operations* were sold. Furthermore, the subsidiary Bilfinger Babcock (Thailand) Co. Ltd. from the division *Technologies* was sold.

In the prior-year period, the disposal groups Bilfinger Neo Structo Private Limited and power plant service activities from the division *Other Operations* were sold.

The overall effects of the sales were as follows:

EFFECTS AT THE TIME OF SALE
in € million

	June 30, 2019	June 30, 2018
Disposal of assets classified as held for sale	-79.8	-15.2
Disposal of other assets	-2.0	–
Disposal of cash and cash equivalents	-0.4	–
Disposal of liabilities classified as held for sale	55.9	19.5
Disposal of other liabilities	0.7	–
Disposal of net assets	**-25.6**	**4.3**
Derecognition of minority interest	0.0	-0.1
Disposal of intercompany receivables	-0.2	–
Reclassification of other comprehensive income to the income statement	0.2	0.0
Other changes	**0.0**	**-3.3**
Selling price less selling transaction expenses	32.4	2.6
Capital gain / loss after selling transaction expenses	**6.9**	**3.6**

The capital gain / loss is presented in other operating income and expense.

3.3 Discontinued operations

Discontinued operations relate to:

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

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 affected assets and liabilities (disposal group) 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 summarized 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 subject to depreciation or amortization 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.

Earnings from discontinued operations were fully attributable, as was the case in the prior-year period, to the shareholders of Bilfinger SE and are comprised as follows:

in € million	January 1 to June 30	
	2019	2018
Revenue	1.3	1.8
Expenses / income	12.1	-3.1
EBIT	**13.4**	**-1.3**
Net interest result	0.2	-0.1
Earnings before taxes	**13.6**	**-1.4**
Income taxes	0.4	-2.0
Earnings after taxes	**14.0**	**-3.4**

Earnings from discontinued operations are determined primarily through the agreement with the buyer of the divisions *Building, Facility Services and Real Estate* as relates to post-completion obligations from the purchase agreement. As a result of this agreement, there was a revaluation of the risk provision which led to the reversal of provisions in the amount of €12.1 million.

4. Revenue

The segment report shows a breakdown of revenues by reportable segment. Of the revenue, €26.2 million was realized in accordance with IAS 16 (previous year: €30.1 million in accordance with IAS 17). The revenue realized in accordance with IFRS 15 was almost exclusively realized over a specific time period.

5. Depreciation, amortization and impairments

Amortization of €1.9 million was carried out on intangible assets from acquisitions (previous year: €2.7 million). This is reported in *Cost of sales*. Depreciation of property, plant and equipment and the amortization of other intangible assets amount to €26.6 million (previous year: €32.2 million). Depreciation on rights of use from leases was €25.2 million (previous year: not applicable).

6. Impairments and reversals in accordance with IFRS 9

The impairments and reversals shown represent the expected credit losses in accordance with IFRS 9 and relate primarily to trade receivables (including receivables from partial payment invoices and work in progress).

Furthermore, a reversal of previously recognized expected credit losses from the interest-bearing vendor claim in the amount of €8.0 million is shown in the financial result (see note 7).

7. Financial result

in € million	January 1 to June 30	
	2019	2018
Interest income	**3.6**	**6.5**
Current interest expense	-10.1	-7.3
Interest expense from lease liabilities	-2.5	-0.3
Net interest expense from defined benefit obligations (DBO)	-2.5	-2.2
Interest expense	**-15.1**	**-9.8**
Income from securities	11.9	20.3
Interest expense for shares of other shareholders	-0.9	-1.1
Other financial result	**11.0**	**19.2**
Total	**-0.5**	**15.9**

Interest income is primarily earned on accrued interest from the interest-bearing vendor claim from the sale of the former Building, Facility Services and Real Estate divisions (see Note 18), as well as from deposits of cash and cash equivalents with variable interest rates (FA-AC). Current interest expense is mainly incurred on financial debt with fixed interest rates.

Income from securities consists primarily of the reversal of previously recognized impairments for expected credit losses from the interest-bearing vendor claim in the amount of €8.0 million because an early repayment of the vendor claim including accrued interest in the amount of €128.0 million was carried out in April 2019, as well as changes to the fair value of the non-listed, equity-like participation rights in Triangle Holding II S.A. (FA-FVtPL) in the amount of €3.5 million (previous year €22.2 million) (see Note 14).

8. 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 in Germany as of June 30, 2019.

9. Intangible assets

in € million

	June 30, 2019	Dec. 31, 2018
Goodwill	796.1	793.2
Intangible assets from acquisitions	3.6	5.5
Other intangible assets	4.8	5.2
Total	**804.5**	**803.9**

10. Net liquidity

in € million

	June 30, 2019	Dec. 31, 2018
Marketable securities	**329.7**	**120.0**
Cash and cash equivalents	**506.9**	**453.8**
Financial debt – non-current	560.0	10.8
thereof lease liabilities	187.0	10.8
Financial debt – current	547.7	501.6
thereof lease liabilities	47.7	1.6
Financial debt	**1,107.7**	**512.4**
Net debt or net liquidity	**-271.1**	**61.4**

The development of net debt in comparison with December 31, 2018 is primarily impacted by:

- rise in lease liabilities by €222.3 million as a result of the initial application of IFRS 16.
- increase in non-current financial debt in the course of the refinancing of the corporate bond due in December 2019 and presented under current financial debt with a nominal value of €500.0 million through the issue of a bond in the amount of €250.0 million (5-year term 4.5% coupon) as well as the issue of promissory note loans in the amount of €123.0 million (several tranches with terms between 3 and 5.5 years as well as fixed and variable interest rates).
- increase in marketable securities (fixed-term deposits and deposits at notice with terms until the end of 2019) and cash and cash equivalents due to the inflow of liquidity from the above-mentioned refinancing as well as the early repayment of the vendor claim including accrued interest in the amount of €128,0 million (see Note 7, presented as of December 31, 2018 under non-current other assets).

11. 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, 2018, *Assets classified as held for sale* and *Liabilities classified as held for sale* comprise Bilfinger Industrial Services Spain S.A. from the division *E&M Continental Europe* in the business segment *Engineering & Maintenance Europe* as well as the device technology and overhead power lines activities from the division *Other Operations*.

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

in € million

	June 30, 2019	Dec. 31, 2018
Goodwill	–	0.0
Other non-current assets	–	27.6
Current assets	–	19.4
Cash and cash equivalents	–	3.4
Assets classified as held for sale	**–**	**50.4**
Non-current liabilities	–	2.8
Current liabilities	–	23.2
Liabilities classified as held for sale	**–**	**26.0**

The accumulated other comprehensive income after taxes of the disposal group as of December 31, 2018 amounted to €-0.6 million, of which €-0.0 million was attributable to minority interest.

12. 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.

Earnings after taxes (€3.0 million) and transactions recognized directly in equity (€-68.7 million) led to a net decrease in equity of €65.7 million.

In addition to the payment of the dividend for financial year 2018 in the amount of €40.3 million, the transactions not affecting profit or loss include in particular losses from the remeasurement of defined benefit pension plans and gains from currency translation as well as positive transition effects from the initial application of IFRS 16 recognized directly in equity in the amount of €0.9 million (see Note 2.1).

Out of the reserve from the market valuation of securities, a loss in the amount of €3.5 million was transferred to retained earnings as a result of the sale of the remaining shares in Julius Berger Nigeria PLC.

13. Provisions for pensions and similar obligations

Provisions for pensions and similar obligations increased by €31.9 million to €320.1 million. The discount rate in the euro zone fell from 1.7 percent as of December 31, 2018 to 1.0 percent as of June 30, 2019.

14. Additional information on financial instruments

The methods for the measurement of fair value remain fundamentally unchanged from December 31, 2018. Further explanations on the measurement methods can be found in the Annual Report 2018.

The fair values of financial assets and financial liabilities reflect for the most part the carrying amounts as of the balance-sheet date. As of the balance-sheet date on June 30, 2019, the fair value of the bonds issued amounts to €504.1 million (December 31, 2018: €506.3 million) and €262.3 million respectively with carrying amounts of €500.0 million and €250.0 million respectively (presented as current and non-current financial debt, respectively).

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 €3.5 million was presented in the financial result (net income from securities) (see Note 6). This resulted primarily from the updating of the financial planning, a lower discount factor and consideration of the reduced interest rate in the measurement of pension obligations as a part of net debt.

15. Related-party disclosures

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

16. Contingent liabilities

	June 30, 2019	Dec. 31, 2018
Liabilities from guarantees	24.2	24.2

Contingent liabilities of €24.2 million (December 31, 2018: €24.2 million) generally relate to guarantees provided for former Group companies that were sold and companies in which Bilfinger holds a minority interest. Collaterals of buyers of the former Group companies amounted to €10.5 million. In addition, we are jointly and severally liable as partners in companies constituted under the German Civil Code and in connection with consortiums.

Other contingent liabilities comprise in particular potential litigation charges. 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 under contracts for maintenance and servicing 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.

17. 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 assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a 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 9, 2019

Bilfinger SE
The Executive Board

Tom Blades

Michael Bernhardt

Christina Johansson

Duncan Hall

Disclaimer
All statements made in this report that relate to the future have been made in good faith and based on the best knowledge currently 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, the balance sheet, 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 2019, 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 9, 2019

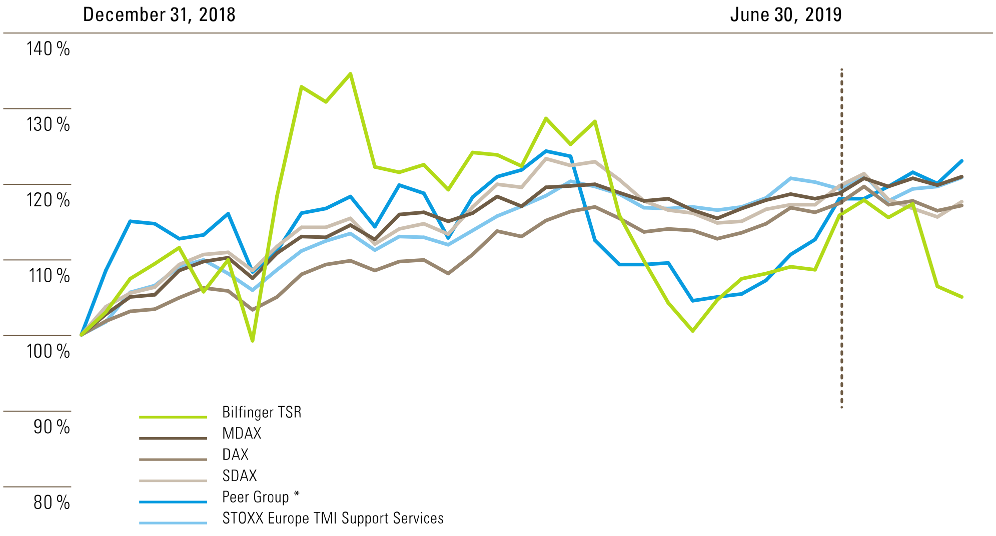
Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Sven Hayn
Wirtschaftsprüfer
[German Public Auditor]

Heiko Hellmich
Wirtschaftsprüfer
[German Public Auditor]

Bilfinger shares

RELATIVE PERFORMANCE OF OUR SHARES



* Weighted index of peer group companies by market capitalization as of December 31, 2018 (Aegion, Fluor, KBR, Matrix Services, McDermott, Mistras, Petrofac, Spie, Team, Wood Group, Worley Parsons)

KEY FIGURES ON OUR SHARES

in € per share

	Jan. 1 to June 30, 2019
Highest price	34.30
Lowest price	24.70
Closing price [1]	28.46
Dividend return [1, 3]	3.5%
Book value [2]	25.76
Market value / book value [1, 2]	1.10
Market capitalization in € million [1]	1,258
SDAX weighting [1]	1.40%
Number of shares [1]	44,209,042
Average daily trading volume in number of shares (XETRA)	162,348

All price details refer to XETRA trading
1 Based on June 30, 2019
2 Balance sheet shareholder's equity excluding non-controlling interests
3 Based on the dividend for financial year 2018 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, 2019
Quarterly statement Q3 2019

February 13, 2020
Quarterly statement Q4 2019 and
Preliminary report on the 2019 financial year

March 12, 2020
Publication of Annual Report 2019

April 23, 2020
Annual General Meeting

May 14, 2020
Quarterly statement Q1 2020

August 13, 2020
Quarterly statement Q2 2020 and
Half-year financial report 2020

November 12, 2020
Quarterly statement Q3 2020

Imprint

Investor Relations
Bettina Schneider
Phone + 49 621 459-2377
Fax + 49 621 459-2761
Email: bettina.schneider@bilfinger.com

Corporate Communications
Dr. Sebastian Rudolph
Phone + 49 621 459-2475
Fax + 49 621 459-2500
Email: sebastian.rudolph@bilfinger.com

Headquarters
Oskar-Meixner-Straße 1
68163 Mannheim, Germany
Phone + 49 621 459-0
Fax + 49 621 459-2366

You will find the addresses
of our branches and
affiliates in Germany
and abroad on the Internet at
www.bilfinger.com

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