WE MAKE IT WORK

Bilfinger SE
Annual Report 2015

BILFINGER
ENGINEERING AND SERVICES

Business segments

Bilfinger SE is a leading engineering and services group. With the technological expertise and experience of its nearly 60,000 employees, the company offers customized services for industrial facilities and real estate. A comprehensive range of services allows the company's customers to focus on their respective core business activities.

Industrial

Bilfinger is the largest German provider of maintenance services for industrial facilities. Compared to other domestic competitors, the company has by far the largest share of international business in this sector. The core market for our business is Europe.

Our services include design, construction, maintenance and modernization of plants in the process industry. We focus our activities on the chemical industry, the pharmaceutical industry, the oil and gas industry as well as the energy sector.

More than 30,000 qualified employees offer our customers a broad spectrum of services: consulting, engineering and project management, maintenance of machine technology, electrical instrumentation and control technology as well as piping and component engineering, plant assembly and maintenance, insulation, industrial scaffolding and corrosion protection. page 50

€ million	2015	2014	Δ in %
Output volume	3,650	3,705	-1
Orders received	3,302	3,276	1
Order backlog	2,101	2,404	-13
Capital expenditure on P, P & E	47	67	-30
Depreciation	70	64	9
EBITA / EBITA adjusted	128	190	-33
EBITA margin adjusted (in %)	3,5	5,1	
Employees (at December 31)	31,510	33,016	-5

Building and Facility

Bilfinger is Germany's largest real-estate services provider and, in the United Kingdom, the most important real-estate market in Europe, is among the leading providers in this sector.

We are able to deliver individual, combined or complete integrated services for our clients across the entire value chain of real-estate properties.

More than 20,000 competent employees provide specialized services that are required in the various lifecycle phases of a property – from acquisition and sales consulting, development and planning through to construction and operation and also including management, consultancy and marketing. Worldwide services in the water and wastewater technology sector are part of the business segment's portfolio. page 56

€ million	2015	2014	Δ in %
Output volume	2,909	2,659	9
Orders received	3,619	2,298	57
Order backlog	2,744	2,004	37
Capital expenditure on P, P & E	28	32	-13
Depreciation	23	20	15
EBITA / EBITA adjusted	148	136	9
EBITA margin adjusted (in %)	5,1	5,1	
Employees (at December 31)	23,886	23,712	1

Key figures

KEY FIGURES
€ million

	2014[1]	2015
Output volume	**6,246**	**6,482**
Orders received	**5,510**	**6,825**
Order backlog	**4,401**	**4,824**
Capital expenditure	**258**	**85**
Property, plant and equipment	117	81
Financial assets	141	4
Employees (at year-end)	**57,571**	**56,367**
Balance sheet		
Balance-sheet total	6,005	5,208
Equity	1,917	1,440
Equity ratio	32%	28%
Working capital	-175	-193
Cash and cash equivalents	359	429
Financial debt, recourse	521	520
Financial debt, non-recourse	40	14
Capital employed	2,293	2,315
Earnings		
EBITA adjusted[2]	262	186
EBITA	207	161
EBIT	170	134
Adjusted net profit from continuing operations[3]	160	106
Net profit	-71	-489
Cash flow from operating activities	34	124
Cash flow per share (in €)	0.77	2.81
Earnings per share (in €)	-1.62	-11.06
Adjusted earnings per share from continuing operations (in €)	3.62	2.41
Dividend per share (in €)	2.00	0.00
Profitability		
Return on output (EBITA adjusted) (in %)	4.2	2.9
Return on equity (adjusted net profit) (in %)	7.8	6.5
Return on capital employed (ROCE) (in %)	11.9	8.4
Value added from continuing operations	43	-32

1 The figures have, insofar as it is relevant, been adjusted for the discontinued activities of the former Power business segment.
2 Adjusted for one-time expenses in connection with the processing of past compliance cases, the efficiency enhancement program Bilfinger Excellence, restructuring expenses, gains from the sale and revaluation of the Nigeria business, as well as from the sale of the remaining concession projects.
3 Adjusted for exceptional items in EBITA, Also adjusted for amortization of intangible assets from acquisitions and goodwill impairment. In addition, the tax rate was normalized to 31%.

WE
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Bilfinger SE
Annual Report 2015

To our shareholders

Letter from the Chairman of the Executive Board

Per H. Utnegaard
Chairman of the Executive Board

Dear Shareholders,
Ladies and Gentlemen,

In the middle of last year I assumed the position of Chairman of the Executive Board at Bilfinger – in turbulent times for a company with a long tradition. One of the first things that we on the Executive Board did was to initiate a strategic review of all business segments. In the course of this review, it was quickly determined that as an engineering and services group, Bilfinger has an excellent position in many areas: our customers appreciate the high quality of our services. The Bilfinger brand enjoys a strong reputation on the market, the Group has a broad customer base and has very experienced and qualified employees. And on top of this, we have a leading position in important European markets.

The analysis also showed, however, that there are a lot of things we have to do better: our organization is too complex and does not operate profitably enough. We lack a cash-oriented culture and our internal processes are too slow. After many negative headlines in recent years, confidence in our company has suffered.

In order to put Bilfinger back on a track to success, we have developed a new Group strategy. My Executive Board colleagues and I presented the basic elements to the capital market and general public in the fall of 2015. The name says it all: 'Focus, Focus, Focus'. In the course of the repositioning, the Bilfinger Group will consistently focus on its strengths:

- Focus on two strong and independent segments: The Industrial and the Building and Facility business segments will be positioned in a way that will allow them to operate with greater independence.
- Focus on Europe: We will rely on our home markets in Europe.
- Focus on the customer: We will rely on strategic customers with whom we intend to gradually expand our cooperation.
- Focus on services: We will rely on services that are customized to the needs of our customers.

In a second step to follow in May 2016, we will present further details on the implementation of our new Group strategy and announce our medium-term goals. We want to make Bilfinger fit for the future; that is a goal we are all working toward together. And despite all of the challenges, thanks to our highly committed employees, we experience the kind of outstanding competences the Group has every day.

Let us take a look at the most important key figures from the previous financial year: output volume saw a slight increase, orders received improved significantly. Although adjusted EBITA was, as expected, significantly below the prior-year figure, it nonetheless exceeded the level that was forecast in August 2015.

As a result of a goodwill impairment in the amount of €330 million and operating losses in the Power segment as well as due to one-time expenses for restructuring and compliance, we had to report a net loss of nearly €500 million.

There is no doubt that Bilfinger, seen from an economic perspective, has twelve difficult months behind it – a period that has not been satisfying for any of us. Because of the energy transformation in Germany and the discussions about the future of coal-fired power plants, business development in Power's home market collapsed. This historic upheaval on the German energy market has had a massive impact on the entire industry. In order to secure the future feasibility of the business segment, further internationalization and, along with it, a further expansion of the project business outside Germany is necessary. This, however, is no longer in line with the strategy and risk profile of Bilfinger as an engineering and services group. We therefore decided in summer to initiate a structured process for the sale of the Power business segment.

Business development in the two business segments Industrial and Building and Facility is to be viewed differently. In Industrial, we were able to maintain our leading position as a service provider for the process industry in Europe, even though a number of factors generally strained development of the segment: positive signals from the economic environment were absent, with the low price of oil in particular presenting us with major challenges: important market segments such as the chemical and petrochemical industries curbed their investments which meant that our capacities in a number of areas were not fully utilized. We took counter-measures in the affected areas and, at the same time, implemented the process optimization program that had been introduced successfully in the Industrial Maintenance division throughout the segment.

Development in the Building and Facility segment has been outstanding. Here we have been able to secure important contracts from key clients and further expand the business. In January 2016, we announced that Bilfinger had received offers from a number of interested parties for a possible acquisition of the Building and Facility business segment. We are reviewing these offers carefully and without bias as to the outcome.

One thing is clear: 2016 will be a transition year. We are at the beginning of a major change process which will keep us busy for some time. My colleagues on the Executive Board and I are aware that a transformation of this nature leads to uncertainties for the workforce. I would therefore like to thank our employees on behalf of the entire Executive Board for their tremendous commitment. You have faced many challenges this year. Every day, your hard work is helping us to regain lost confidence in our company.

Other important elements in the implementation of the new strategy include compliance and occupational safety. In the area of compliance, which is focused primarily on anti-corruption, we have undertaken a comprehensive program for the development of our Group-wide compliance program with the objective of meeting a strict set of demands in this area as well. In order to impart the necessary professional qualifications, we are investing heavily in the training and further education of our employees.

Last year, in addition to necessary adjustment measures, we also introduced a broad range of initiatives for future growth. One example: data is the raw material of the future. Together with our customers, we collect a broad range of information in their plants and properties. Together, we want to develop solutions to make better use of the continuing digitalization in industry and the real-estate sector for our customers.

Dear shareholders, in these challenging times, I would like to express my thanks to you on behalf of the Executive Board for your confidence and your support. We will continue to rely on your commitment in our efforts to put Bilfinger back on a path of sustainable growth. Together, we want to make Bilfinger a strong and successful company once again.

Sincerely,

Per H. Utnegaard
Chairman of the Executive Board at Bilfinger SE

Executive Board of Bilfinger SE

Per H. Utnegaard, Chairman

1959	Born in Oslo, Norway
1978 – 1982	Degree in Business Administration and Marketing, Northern Michigan University, USA
1983 – 1988	Consultant at AT Kearney in Stockholm, Sweden
1988 – 1998	Various management functions with TNT Group: Vice President for Southern Europe, Paris, France Vice President Integration Worldwide
1998 – 2000	Senior Vice President Corporate Business Development at Danzas Holding Ltd. (Deutsche Post AG), Basel, Switzerland
2000 – 2001	General Director and Member of the Executive Board at Switzerland's national rail company SBB Cargo AG, Bern, Switzerland
2002 – 2005	Group Wholesale Director and Member of the Board of Directors at Alliance Boots Plc, Weybridge, United Kingdom
2006	Partner Per Utnegaard & Partners GmbH, Zug, Switzerland
2007 – 2015	President & CEO at Swissport International Ltd., Glattbrugg, Switzerland
2015	Chairman of the Executive Board at Bilfinger SE, Mannheim

Responsibilities:

Divisions: Engineering, Automation and Control | Industrial Fabrication and Installation | Industrial Maintenance | Insulation, Scaffolding and Painting | Oil and Gas | Support Services | Power

Compliance | Communications | Corporate Office | Legal & Insurance | Strategy

Axel Salzmann

1958	Born in Oldenburg / Holstein, Germany
1981 – 1987	Degree in Engineering and Economics, University of Hamburg
1987 – 2001	Various management positions with the Philips Group: Chief Financial Officer and Head of Human Resources at Philips Elektro Hausgeräte; Vice President, Chief Financial Officer and Head of IT at Philips Medical Systems Germany and Eastern Europe
2002 – 2007	Chief Financial Officer and Deputy Chief Executive Officer at O2 Germany GmbH, Munich
2008 – 2015	Chief Financial Officer at ProSiebenSat.1 Media AG, Munich
2015	Member of the Executive Board / Chief Financial Officer at Bilfinger SE, Mannheim

Responsibilities:

Accounting & Tax | Controlling | Internal Audit | Investments | Investor Relations | IT | Mergers & Acquisitions | Procurement | Project Controlling | Shared Services | Treasury

Michael Bernhardt

1967	Born in Lank-Latum, Germany
1987 – 1996	Degree in Law at Albert-Ludwigs University, Freiburg and McGeorge School of Law, University of the Pacific, USA
1996 – 2004	Hydro Aluminium Deutschland GmbH, Cologne and Oslo (until 2002: VAW Aluminium AG, Bonn)
	1996 – 1997 Trainee in human resources
	1997 – 2000 Personnel policy consultant
	2000 – 2001 Head of Personnel Policy
	2002 – 2004 Head of Human Resources Germany
2004 – 2015	Bayer Material Science AG, Leverkusen
	2004 – 2011 Head of Global Human Resources
	2011 – 2015 Member of the Executive Board and Labor Director
2015	Member of the Executive Board and Labor Director at Bilfinger SE, Mannheim

Responsibilities:

Human Resources (Labor Director)

Dr. Jochen Keysberg

1966	Born in Dortmund, Germany
1986 – 1992	Degree in Civil Engineering from the Rheinisch-Westfälische Technische Hochschule Aachen
1992 – 1997	Doctorate. Research assistant in the Institute of Concrete Structures at the Hamburg University of Technology
1997	Joins the Bilfinger Group
1997 – 2006	Leading management positions in subsidiaries and major international projects of the Bilfinger Group
2007	Member of Executive Management at Bilfinger Construction
2010	Head of Executive Management at Bilfinger Construction
2012	Member of the Executive Board of Bilfinger SE, Mannheim

Responsibilities:

Divisions: Building | Facility Services | Real Estate | Water Technologies | Offshore Systems

Bilfinger Government Services | Bilfinger Infrastructure Mannheim | Business Development & Key Account Management | Health, Safety, Environment & Quality (HSEQ) | Technology & Development

Dr. Eckhard Cordes
Chairman of the Supervisory Board

Dear Shareholders,

2015 was another difficult year for Bilfinger in economic terms. One-time burdens from goodwill impairments, operating losses in the Power segment and restructuring expenses resulted in a net loss. At the same time, in financial year 2015 the foundations were laid for positive development of the company in the coming years. With the reorganization of the Executive Board and the appointment of three new Executive Board members, the Supervisory Board established the conditions for the future strategic positioning of the Group. The sale of the Power business segment has been initiated and Bilfinger will now focus its business more strongly on the independent Industrial segment as well as Building and Facility. In addition, Group activities will concentrate on the home market of Europe. We are convinced that this is the right strategy in the interest of the company and to ensure a sustainable increase in enterprise value. The implementation of the new strategy will be the focus of the current financial year 2016.

Alongside the strategic repositioning, the subject of compliance was of great importance to Bilfinger in the reporting year. The Supervisory Board worked intensively with the subjects and risks in this area and identified a need for improvement regarding the Company's internal risk management system and control system including compliance. The Supervisory Board will therefore continue to pay close attention to these subject areas in the future and will, among other things, accompany and monitor the further development of the compliance area with the support of the internationally renowned expert Louis Freeh.

Cooperation between the Supervisory Board and the Executive Board

During the year under review, the Supervisory Board performed the duties incumbent upon it in accordance with the law and the Articles of Incorporation. The Executive Board informed the Supervisory Board regularly in both written and verbal form, on all relevant aspects of the company's development. The cooperation with the previous and the new Executive Board was characterized by an intensive dialog.

The Supervisory Board reviewed, discussed in detail and critically evaluated the reports from the Executive Board. It continuously monitored the work of the Executive Board, also on the basis of this reporting, and provided advice regarding the management and strategic development of the company. The Supervisory Board was always involved, especially for decisions of substantial importance. The primary benchmarks for the supervision of the Executive Board by the Supervisory Board were the legality, correctness, suitability and profitability of the Group-wide management of the business by the Executive Board. The content and scope of reporting from the Executive Board fulfilled the requirements placed on it by the law. As well as the reports prepared by the Executive Board, the Supervisory Board received additional information from the Executive Board. Between the scheduled meetings, the Chairman of the Supervisory Board regularly exchanged ideas and information, in particular with the Chairman of the Executive Board with regard to fundamental topics, the progress of business and significant events.

Article 15 Subsection 1 of the Articles of Incorporation of Bilfinger SE and a catalog prepared by the Supervisory Board, embedded in the Executive Board rules of procedure and regularly reviewed for any necessary adjustments, lists the transactions and measures of fundamental importance which require the approval of the Supervisory Board. The Supervisory Board decided on transactions and measures submitted to it in the reporting year and requiring its approval after reviewing them and discussing them with the Executive Board.

Further focuses of the consultations in the Presiding Committee included the corporate planning, development of earnings in the individual business segments as well as the financial position of the Group. In the reporting year, the Supervisory Board also dealt intensively with the topic of compliance. Together with its Audit Committee, the Supervisory Board accompanies and monitors the framework, development and application and preventive measures taken by the company against the violation of laws and regulations. Pursuant to an agreement with the U.S. Department of Justice from 2013, the Bilfinger Compliance System has been undergoing a review by the independent compliance expert (Monitor) Dr. Mark Livschitz since August 2014. The Monitor informed the Audit Committee of the Supervisory Board twice in the reporting year about the findings of his activities.

The Supervisory Board has not received reports of or is otherwise aware of any conflicts of interest to be disclosed by members of the Executive or Supervisory Boards.

Supervisory Board meetings

In financial year 2015, the Supervisory Board convened for nine meetings; they took place on February 10, March 12, April 23, May 6, June 17, July 21, September 22, October 22 and on December 16. All members of the Supervisory Board attended more than half of the meetings; the average attendance rate was 95.4 percent. Only Ms. Lone Fønss Schrøder was unable to participate in four meetings, Mr. Wolfgang Faden could not attend on one occasion.

Topics in the plenary meetings

Current business development was dealt with in all meetings of the Supervisory Board. The Chairmen of the committees each informed the plenum about the activities of the bodies they lead. The meetings of the Supervisory Board also dealt with the following topics:

On February 10, 2015, the Supervisory Board dealt with corporate planning for the years 2015 to 2017 and the preliminary report on financial year 2014. In addition, it covered the revised version of the Executive Board remuneration system and personnel issues in the Executive Board. At this meeting the Supervisory Board also issued an updated Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG).

In the meeting on March 12, 2015, the Supervisory Board focused primarily on the annual financial statements for 2014 and approved the proposed resolutions to the Annual General Meeting.

On April 23, 2015, Executive Board personnel issues were once again on the agenda of the Supervisory Board meeting. Furthermore, in April 2015 the Supervisory Board gave written approval for the sale of all remaining shares held by the company in Julius Berger Nigeria plc, Abuja, and Julius Berger International GmbH, Wiesbaden.

The meeting held on May 6, 2015 served mainly as preparation for the Annual General Meeting on the following day. The management of selected divisions also presented their business segments.

On June 17, 2015, the financing of the Bilfinger Group and strategic considerations regarding the Power business segment were dealt with in the Supervisory Board.

At the meeting on July 21, 2015, the Supervisory Board dealt with the issue of compliance in detail. It also covered the financial position of the Group and Executive Board personnel issues.

On September 22, 2015, the future strategic positioning of the Group, the issue of compliance and financing as well as personnel issues in the Executive Board were on the agenda of the Supervisory Board. At this meeting, the Supervisory Board also set a target figure for the share of women in the Executive Board in accordance with the law passed in Germany on the full and equal participation of men and women in management positions in the private and public sectors.

At the meeting on October 22, 2015, the Supervisory Board again focused on Group strategy and compliance issues. In addition, the development of the subsidiaries acquired in 2013 as well as Executive Board personnel issues were discussed.

On December 16, 2015, compliance and financing were again on the agenda as well as corporate planning for the years 2016 to 2018. At this meeting, the Supervisory Board also made a resolution on the regular declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) and an adjustment to the goals of its composition in accordance with Section 5.4.1 Subsection 2 Sentence 1 of the German Corporate Governance Code (GCGC). With regard to the fixed gender quota of 30 percent that is to be met for new appointments to the Supervisory Board as of January 1, 2016 in accordance with the law passed in Germany on the full and equal participation of men and women in management positions in the private and public sectors, the Supervisory Board determined the goal of filling the quota equally.

In accordance with the recommendation of the Audit Committee, the Supervisory Board proposed to the Annual General Meeting that the accounting firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Mannheim, be elected to conduct the external audit of the annual and consolidated financial statements for 2015. The Annual General Meeting approved this proposal on May 7, 2015. Ms. Karen Somes is the responsible auditor for Bilfinger at Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, a role she has carried out in four annual audits to date.

Work of the committees

In order to ensure the efficiency of its activities, the Supervisory Board has formed a Presiding Committee, an Audit Committee and a Nomination Committee.

Presiding Committee of the Supervisory Board

The Presiding Committee of the Supervisory Board consists of four members (see page 183). It also prepares the plenary meetings and makes recommendations on important resolutions. The main tasks of the Presiding Committee also include regulating the personnel issues of the Executive Board, unless the provisions of the German Stock Corporation Act and the German Corporate Governance Code stipulate that they are to be regulated by the Plenum of the Supervisory Board, and taking decisions on legal transactions subject to approval and other transactions.

In financial year 2015, there were four meetings of the Presiding Committee of the Supervisory Board as well as a joint meeting of the Presiding Committee and the Audit Committee. The Presiding Committee approved two framework agreements for services in the industrial services and facility management sectors. Some of the resolutions of the Presiding Committee of the Supervisory Board were made in written form.

Audit Committee

The Audit Committee also consists of four members (see page 183). It monitors the accounting as well as the functionality and effectiveness of the risk management system, the internal auditing system and the internal control system. It also deals with questions relating to auditing and compliance. The Chairman of the Audit Committee – until September 30, 2015 Mr. Udo Stark and since October 1, 2015 Mr. Hans Peter Ring – has particular knowledge and experience in the application of accounting principles and internal control procedures.

In the past financial year, the Audit Committee convened for seven meetings in addition to the above-mentioned joint meeting with the Presiding Committee of the Supervisory Board. The Audit Committee primarily dealt with the annual financial statements for 2014 and the quarterly reports for 2015, including the corresponding interim financial statements as of March 31, June 30 and September 30, which it reviewed in detail. The auditor participated in five meetings of the Audit Committee and reported in detail on the results of the audit of the individual and consolidated financial statements 2014, the auditor's review of the interim financial statements as of March 31, June 30 and September 30, 2015 and on the significant findings for the work of the Audit Committee. The Chairman of the Audit Committee also met individually with the Chief Financial Officer outside the committee meetings to discuss, among other things, the annual financial statements, the interim financial reports, as well as systems and processes regarding their improvement.

The Audit Committee reviewed the independence of the external auditors and recommended that the Supervisory Board propose its election by the Annual General Meeting in 2015. The Audit Committee is not aware of any reasons to doubt the external auditor's impartiality. The Committee awarded the contracts for the audit of the annual and consolidated financial statements as well as for the auditors' review of the six-month financial report as of June 30, 2015 and the interim financial reports as of March 31, 2015 and September 30, 2015 to the auditors, negotiated the audit fee with them and determined the focus of the audit. It also dealt with the non-audit services provided by the external auditors and reviewed compliance with the relevant limits for such services.

The Audit Committee received information on the development of the risk situation from the quarterly reports of the Executive Board, which were also submitted to the plenum of the Supervisory Board. Furthermore, the Audit Committee dealt in detail with the activities of internal auditing and project controlling. In order to allow the Audit Committee to evaluate the risk management, the two Corporate Departments Internal Audit and Project Controlling provided the Committee with quarterly and annual reports, respectively. The Chairman of the Audit Committee also discussed the work results of Corporate Internal Audit and the development of the risk management system in an individual meeting with the head of the Corporate Department. The Audit Committee reviewed the functionality of the internal control system and the risk management system in relation to the accounting process. It is of the opinion that the internal control system, the internal auditing system and the risk management system generally meet the demands that are made of them, but must be continually improved. Corresponding measures have already been introduced and more are to follow. The Audit Committee will monitor their implementation closely and ensure that the continued development of these systems remains a priority in the future.

The Audit Committee also dealt with questions of compliance in detail and on a regular basis. The independent compliance expert (Monitor), appointed in accordance with the agreement with the U.S. Department of Justice, took part in three meetings and reported to the Committee on his findings twice. The Chief Compliance Officer reported on his activities to the Committee once a quarter (see page 100 f.) and was in personal contact with the Chairman of the Audit Committee.

Nomination Committee

The Supervisory Board has formed a Nomination Committee in accordance with the recommendation in Section 5.3.3 of the German Corporate Governance Code. This Committee consists of three members representing the shareholders (see page 183) and suggests suitable candidates to the Supervisory Board for its recommendations for the election of Supervisory Board members to be made to the Annual General Meeting. In financial year 2015, the Nomination Committee convened for one meeting, consulted with regard to the new and re-appointment of two members of the Supervisory Board and issued a relevant recommendation to the Supervisory Board.

Corporate governance and declaration of compliance

In financial year 2015, the Supervisory Board also took a detailed look at questions of corporate governance and the German Corporate Governance Code and, in this regard, took into consideration the amendments to the GCGC in May 2015 which took effect on June 12, 2015 with publication in the official section of the German Federal Gazette ("Bundesanzeiger"). On February 10 and December 16, 2015, the Executive Board and the Supervisory Board each issued a declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG), whereby the latter is also a component of the corporate governance report (see page 99 f.) and is permanently available on the company's website, as are the previous declarations.

Examination of efficiency

The Supervisory Board and Audit Committee had to date examined the efficiency of their activities annually. In the reporting year, on the basis of previous experience and relevant discussions, they determined that an annual examination, considering the expenditure, did not provide significant value added and resolved, effective immediately, to undertake a regular efficiency review every two years.

Audit of the annual and consolidated financial statements

Accounting firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Mannheim, as appointed auditors, has audited the annual financial statements and the combined management report of Bilfinger SE and the Group prepared by the Executive Board in accordance with the German Commercial Code (HGB) for 2015 and has issued them with an unqualified audit opinion. The consolidated financial statements of Bilfinger SE for the year 2015 were prepared on the basis of the International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with Section 315a of the German Commercial Code (HGB). The consolidated financial statements were also issued with an unqualified audit opinion by the auditors. The audit assignment had been issued by the Audit Committee of the Supervisory Board in accordance with the resolution of the Annual General Meeting of May 7, 2015. The aforementioned financial statements, the audit reports of the external auditors and the proposal of the Executive Board on the appropriation of profits were provided to all members of the Supervisory Board in an orderly manner and in good time. The Audit Committee of the

Supervisory Board, in preparation for the review and discussion of these documents by the plenary session of the Supervisory Board, discussed the financial statements and the audit reports as well as the proposal on the appropriation of distributable earnings in the presence of the external auditors. In addition, the Audit Committee had the auditor report on the collaboration with Corporate Internal Audit, Corporate Accounting and others in positions relating to risk management and on the effectiveness of the internal control and risk management system, in particular with regard to accounting whereby the auditor stated that no significant weaknesses were found.

The Supervisory Board undertook a detailed review of the annual financial statements, the consolidated financial statements and the combined management report of Bilfinger SE and the Group for the year 2015, as well as the proposal of the Executive Board on the appropriation of distributable earnings – following an explanation of these documents by the Executive Board – and dealt with these matters in its meeting on March 10, 2016. The external auditors, represented by the two auditors who signed the audit opinion, also participated in this meeting. They explained the audit and responded to questions from the Supervisory Board on the results of the audit as well as its form and scope. They also discussed in detail with the Supervisory Board the internal control and risk management system, in particular as it relates to the accounting process. The Supervisory Board shares the opinion of the Audit Committee on the effectiveness of these systems and has identified need for improvement. The Supervisory Board was convinced that the audit by the external auditors was conducted in a proper manner. In concurrence with the recommendation of the Audit Committee, the Supervisory Board took note of and approved the results of the audit conducted by the external auditors. Following the final results of the Supervisory Board's own review carried out on this basis, there were no objections to be made; this applied, in particular, to the corporate governance statement, namely to the extent that its components are to be analyzed by the Supervisory Board alone. At its meeting held on March 10, 2016, the Supervisory Board approved the annual and consolidated financial statements and the combined management report for the 2015 financial year as submitted by the Executive Board. The company's financial statements for financial year 2015 have thus been adopted.

The Supervisory Board, in its assessment of the situation of the company and the Group, is in agreement with the assessment made by the Executive Board in its combined management report. The Supervisory Board consents to the proposal of the Executive Board on the appropriation of distributable earnings, particularly with regard to the stringency of accounting and dividend distribution policy, the effects on liquidity, creditworthiness and future financing needs, as well as with consideration of shareholders' interests. In accordance with the recommendation of the Audit Committee, it consents to the Executive Board's proposal for the appropriation of distributable earnings.

Executive Board personnel matters

On February 10, 2015, the Supervisory Board appointed Mr. Axel Salzmann as Chief Financial Officer for the period from April 1, 2015 until March 31, 2020. Furthermore, at this meeting, Dr. Jochen Keysberg was reappointed to the Executive Board with effect from November 1, 2015 for a period of office of five years.

On April 23, 2015, the Supervisory Board appointed Per H. Utnegaard as Member of the Executive Board and named him Chairman of the Executive Board for the period from June 1, 2015 until May 31, 2020. The interim appointment of Herbert Bodner as Chairman of the Executive Board ended on May 31, 2015.

Mr. Pieter Koolen stepped down from his position as Member of the Executive Board with effect from August 24, 2015. By virtue of a resolution from the Supervisory Board on September 22, 2015, Mr. Joachim Enenkel left the Executive Board with effect from October 2, 2015.

On September 22, 2015, the Supervisory Board appointed Mr. Michael Bernhardt with effect from January 1, 2016 for a period of five years to the Executive Board and as Labor Director responsible for the area of Human Resources. In the meeting of October 22, 2015, the appointment of Mr. Bernhardt was moved forward to November 1, 2015.

Supervisory Board personnel matters

On May 7, 2015, the Annual General Meeting elected Dr. Eckhard Cordes and Mr. Hans Peter Ring to the Supervisory Board. Mr. Wolfgang Faden left the Committee with effect from the end of the Annual General Meeting. The Supervisory Board thanks Mr. Faden for his commitment in the interests of the company. At its meeting on May 6, 2015, the Supervisory Board elected Dr. Cordes Chairman of the Supervisory Board in the case of his successful election by the Annual General Meeting.

With effect from September 30, 2015, Mr. Udo Stark stepped down as member of the Supervisory Board and as Chairman of the Audit Committee. On September 22, 2015, the Supervisory Board elected Mr. Hans Peter Ring as his successor in both functions from October 1, 2015. The Supervisory Board would like to thank Mr. Stark for his many years of dedicated service as Chairman of the Audit Committee.

Thanks to the Executive Board and the employees

The Supervisory Board thanks the members of the Executive Board for the trusting and constructive cooperation and expresses its thanks and appreciation to all the employees for their good work for Bilfinger in the past financial year.

Adoption of this report

The Supervisory Board adopted this report in its meeting on March 10, 2016 in accordance with Section 171 Subsection 2 of the German Stock Corporation Act (AktG).

For the Supervisory Board

Dr. Eckhard Cordes
Chairman of the Supervisory Board
Mannheim, March 10, 2016

Bilfinger in the capital market

- Challenging year for the Bilfinger share
- Dividend proposal: no distribution for 2015

Volatile year on the stock markets

A succession of major market-relevant events had the market participants on the edge of their seats over the course of the previous year, resulting in substantial price fluctuations. In this turbulent year, the following events dominated the stock markets: Greece's impending exit from the Eurozone, the low oil price, speculation regarding interest rate hikes, smoldering conflicts in the Middle East, the refugee crisis as well as fears of a recession in a number of emerging markets. The reference indices that are relevant for Bilfinger were nevertheless up at the end of the year – the DAX increased by 10 percent, the MDAX by 23 percent and the STOXX Europe TMI Support Services recorded a 14 percent increase.

Although the Bilfinger share performed in step with the DAX and MDAX in the first few months, the price fell once again following the reduction of the earnings expectations and the decision to sell the Power business segment, bottoming out in the summer. There was a high degree of volatility throughout the stock exchange year, also caused by a substantial share of short selling. From October, especially following the Capital Markets Day for the introduction of the strategy, the Bilfinger share was able to once again gain ground on the benchmark indices. The share of short sellers also decreased significantly – although it remained at a high level. The Bilfinger share closed out 2015 at a price of €43.47, which represents a decline of 2 percent over the course of the year. Market capitalization thus totaled €2.0 billion.

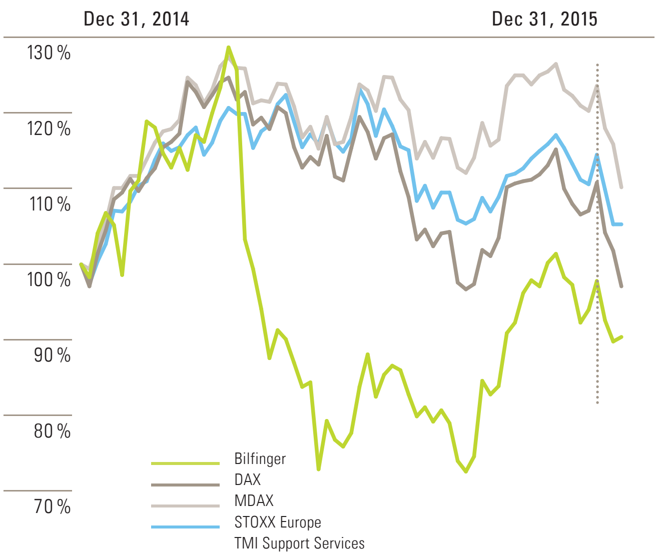
Shareholders who invested in Bilfinger shares 10 years ago have seen an increase in the value of their investment of 56 percent by the end of 2015. In the same period, the DAX increased by 99 percent and the MDAX climbed 184 percent.

During the first weeks of the stock exchange year 2016, the capital markets showed mainly negative development. The Bilfinger share performed in line with the DAX and MDAX.

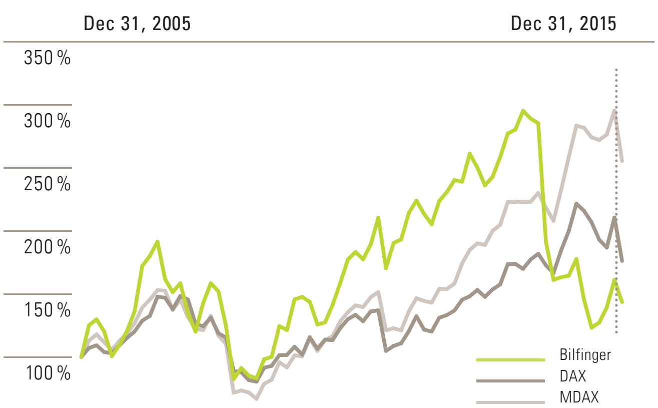
Further focusing of the core business

The profile of Bilfinger as an engineering and services group was further sharpened in the past year. Not only was the sale of significant portions of the civil engineering business and the disposal of major concession projects completed, the Power business segment was also put up for sale in order to further reduce the share of the volatile project business in the Group. The strategic program 'Focus, Focus, Focus' presented in Mannheim in October at the Capital Markets Day will move the development of the Group forward: the company is following a two-pillar strategy, will concentrate widely-spread international activities on the home market of Europe and is replacing a complex structure with a transparent and fast organization.

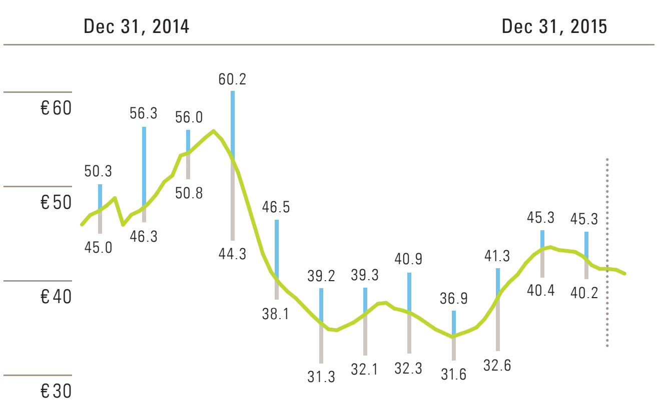
RELATIVE PERFORMANCE OF OUR SHARES
1 YEAR



RELATIVE PERFORMANCE OF OUR SHARES
10 YEARS



MOVING 30-DAY AVERAGE
in combination with monthly highest and lowest prices



BILFINGER SHARE

ISIN / Stock exchange abbreviation	DE0005909006 / GBF
WKN	590 900
Main stock market	XETRA / Frankfurt
Deutsche Börse segment	Prime Standard
Component of	MDAX, DAXsubsector Industrial Products & Services Idx., DivMSDAX, STOXX Europe 600, Euro STOXX, STOXX EUROPE TMI Support Services

BILFINGER BOND

ISIN / Stock exchange abbreviation	DE000A1R0TU2
WKN	A1R0TU
Listing	Luxembourg (official trading)
Issue volume	€500 million
Interest coupon	2.375 %
Maturity	December 7, 2019
Year-end closing price (Stuttgart)	100.25

Downgrade in S&P credit rating, corporate bond closes out year at issue value

The difficult financial year 2015 also had an impact on the credit rating; Standard & Poor's downgraded Bilfinger to BB+ with a negative outlook (December 2014: BBB, negative outlook).

The corporate bond issued in December 2012 with a volume of €500 million has an interest coupon of 2.375 percent. Following an intermediate low of 94.05 percent, the bond recovered and closed out the year at 100.25 percent, nearly the issue value (Stuttgart stock exchange).

Broad international shareholder structure

As in previous years, two shareholder surveys were carried out in 2015. Institutional investors continue to dominate our shareholder structure. Around 4 percent of our shares are held as treasury stock and 66 percent are in the hands of institutional investors. A further 30 percent of the shares could not be identified; a portion of these are held by private investors.

Cevian Capital was our largest shareholder on December 31, 2015 with 26 percent of the shares. The analysis shows that shareholders in Germany, the United Kingdom, Switzerland and the USA continue to be the most prominent. Identified shares held by institutional investors (not including Cevian) fell significantly in Germany to 9 percent. On the

KEY FIGURES ON OUR SHARES

€ per share

	2011	2012	2013	2014	2015
Earnings [1]	8.93	6.26	3.91	-1.62	-11.06
Adjusted earnings [2]	5.32	5.46	5.69	3.62	2.41
Cash flow per share	6.37	5.26	4.76	0.77	2.81
Dividend	3.40 [3]	3.00	3.00	2.00	0.00
Dividend yield [4]	5.2%	4.1%	3.7%	4.3%	–
Payout ratio [5]	64%	55%	53%	50%	–
Highest price	70.35	77.90	84.35	93.05	59.67
Lowest price	50.47	58.82	68.67	41.54	32.63
Year-end price	65.88	73.00	81.53	46.35	43.47
Book value [6]	40.51	45.96	48.67	43.85	33.39
Market value / book value [4, 6]	1.6	1.6	1.7	1.1	1.3
Market capitalization in € million [4, 8]	3,032	3,360	3,752	2,133	2,001
MDAX weighting [7]	3.7%	3.2%	2.4%	1.1%	0.9%
Price-to-earnings ratio [4, 5]	12.38	13.37	14.33	12.80	18.04
Number of shares (in thousands) [7, 8]	46,024	46,024	46,024	46,024	46,024
Average XETRA daily volume (no. of shares)	253,322	156,993	125,429	283,673	363,671

Unless stated otherwise, all information relates to continuing operations.
All price details refer to XETRA trading.
1 Includes continuing and discontinued operations
2 Adjusted for one-time expenses in connection with the processing of past compliance cases, the efficiency-enhancing program Bilfinger Excellence, restructuring expenses, for gains from the sale and revaluation of the Nigerian business as well as the sale of the remaining concessions projects. Also adjusted for amortization of intangible assets from acquisitions and goodwill impairments. In addition, the tax rate was normalized to 31 percent.
3 Including bonus in the amount of €0.90
4 Based on the year-end closing price
5 Based on adjusted earnings per share
6 Balance sheet shareholder's equity excluding minority interest
7 Based on year-end
8 Including treasury shares

INSTITUTIONAL INVESTORS BY REGION

as of December 31
in %

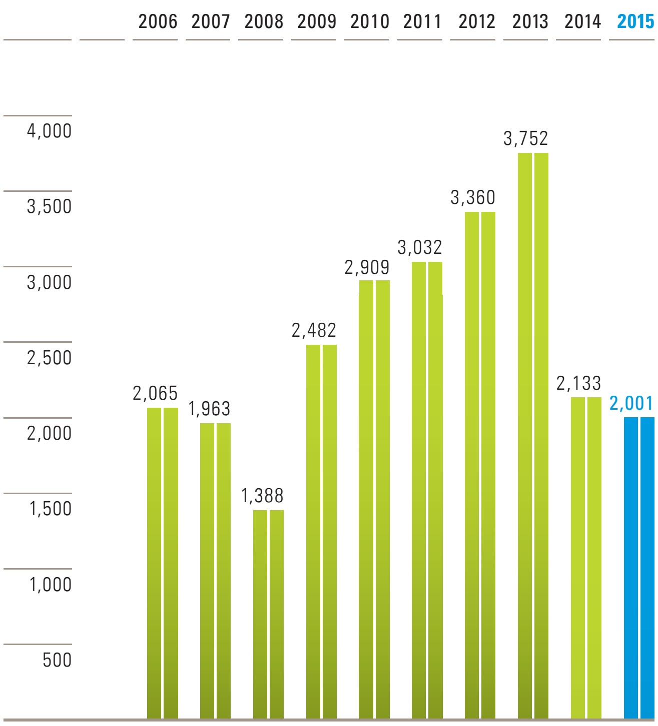
	2015
Bilfinger treasury shares	4
Not identified / private shareholders	30
Institutional investors	66
Cevian Capital	26
Germany	9
USA	9
United Kingdom	9
Switzerland	7
Scandinavia	3
Benelux	1
France	1
Other	1

other hand, the proportion in the United Kingdom increased to 9 percent, in Switzerland to 9 percent, and in the USA to 7 percent. Scandinavia with 3 percent, France with 1 percent and the Benelux countries with 1 percent remained stable. The free float in accordance with the definition of Deutsche Börse was nearly unchanged at 70 percent at the end of the year.

Bilfinger again one of the more liquid stocks in the MDAX

As a result of the high newsflow, the trading volumes were once again above the already high level of the prior year. As in the past, about two-thirds of trading was processed through XETRA in this stock exchange year, one-third was handled by multilateral trading systems. Within the MDAX, Bilfinger shares remained among the most liquid stocks, ranking 12th by trading volume in December 2015 (December 2014: 3rd). The weaker development of the share in comparison to the MDAX had an impact on both the ranking of market capitalization and the weighting in the MDAX. At the end of the year, Bilfinger was ranked 39th in terms of market capitalization by free float (December 2014: 28th) and the MDAX weighting declined to 0.9 percent (December 2014: 1.1 percent).

MARKET CAPITALIZATION OF BILFINGER SE AT YEAR-END
€ million



Dividend proposal

In view of the unusually strong net loss as well as the cash outflow for current and upcoming restructuring measures, the Executive Board and the Supervisory Board will propose to the Annual General Meeting that no dividend be distributed for financial year 2015.

Continued broad coverage of Bilfinger's stock

The broad coverage of Bilfinger's stock remained unchanged in 2015. The Investor Relations team is in regular contact with a total of 15 financial analysts, three of whom currently recommend our shares as buy and eight as hold. Four analysts published a sell recommendation for Bilfinger in their studies.

We provided information to institutional investors in more than 200 meetings, in particular in seven roadshows in Germany and abroad, as well as by participating in national and international investor conferences.

This year's Capital Markets Day was held in Mannheim and on the agenda was the new corporate strategy titled 'Focus, Focus, Focus'. The high number of participants is evidence of the ongoing great interest in this event.

Further milestones achieved in sustainability reporting

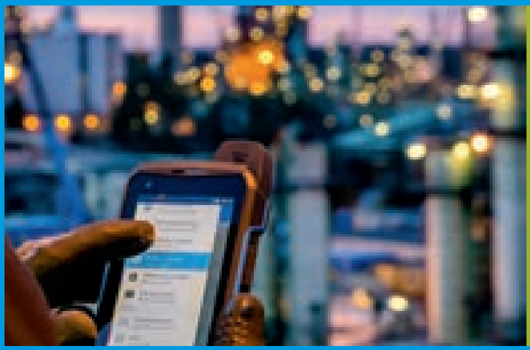
This past year for the first time, Bilfinger prepared a materiality matrix that includes those economic, environmental and social issues that are material for Bilfinger. A survey of various stakeholder groups, including capital market participants, served as the basis. The materiality matrix will be published with the Sustainability Report 2015.

Annual General Meeting 2015 with lower capital presence

Attendance at the 2015 Annual General Meeting decreased to 56 percent of the share capital (previous year: 63 percent). A total of 1,173 participants attended the event (previous year: 903). We will continue to encourage our shareholders to exercise their voting rights – either in person or through a proxy – also in the new financial year. All the resolutions of last year's Annual General Meeting were passed as recommended by the management with large majorities.

WE MAKE IT WORK

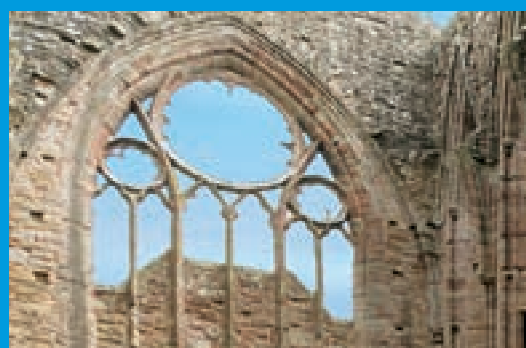
With the expertise and experience of its nearly 60,000 employees, Bilfinger offers customized services for industrial facilities and real estate. Our services enable our customers to focus their daily activities on the core of their business operations.



WE MAKE TURNAROUNDS WORK

WE MAKE SAFETY WORK

WE MAKE PRODUCTION WORK



WE
MAKE
HERITAGE
WORK

WE
MAKE
REFURBISHMENT
WORK

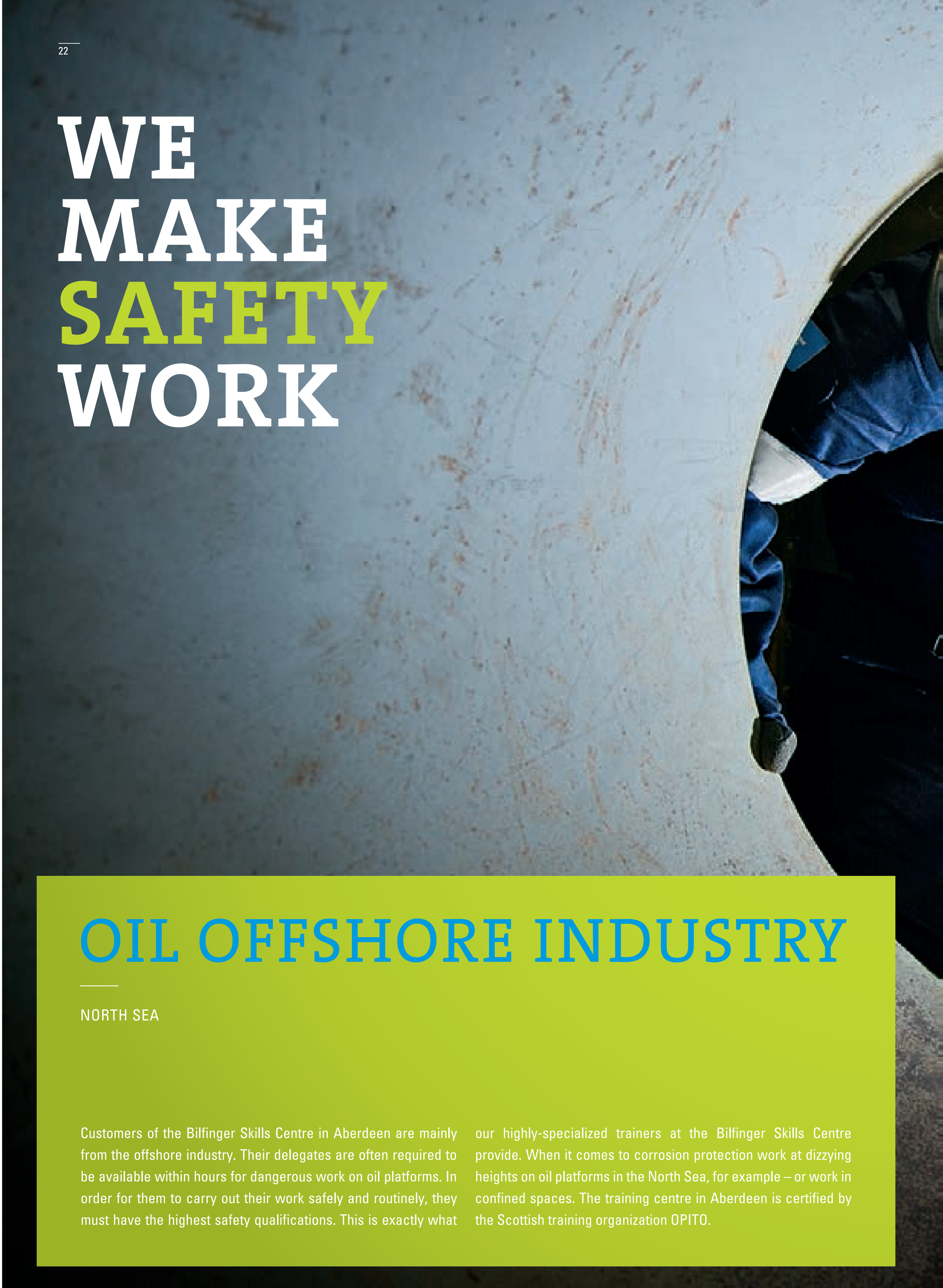
WE
MAKE
REAL ESTATE
WORK

NESTE REFINERY PORVOO

FINLAND

Bilfinger's services for the scheduled turnaround at the Finnish refinery in Porvoo were both diverse and efficient. Around 500 specialists from all over Europe conducted extensive welding, insulation and assembly works during the turnaround. Every step was carefully planned in advance in order to ensure that the facility's downtime was kept to a minimum. One outstanding achievement was the replacement of the top-part of a crude oil distillation tower with a weight of 100 tons and a diameter of 7.5 meters at a height of 45 meters. The customer also had strict requirements in place in terms of occupational safety. Bilfinger was the first service provider to be presented by Neste Oil with the newly-created Safety Award for outstanding Health, Safety, Environment and Quality (HSEQ) performance.

WE MAKE TURNAROUNDS WORK



WE MAKE SAFETY WORK

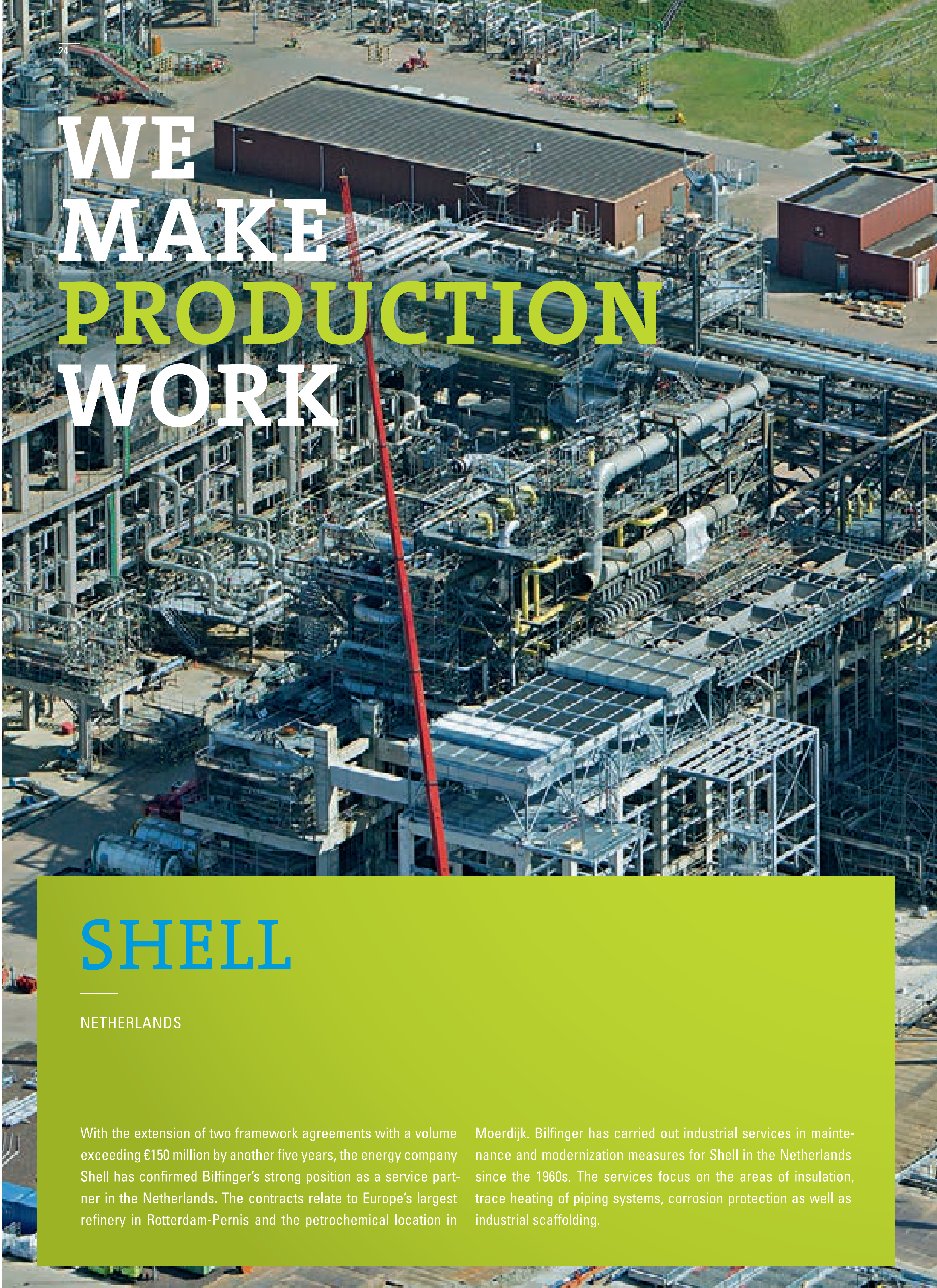
OIL OFFSHORE INDUSTRY

NORTH SEA

Customers of the Bilfinger Skills Centre in Aberdeen are mainly from the offshore industry. Their delegates are often required to be available within hours for dangerous work on oil platforms. In order for them to carry out their work safely and routinely, they must have the highest safety qualifications. This is exactly what our highly-specialized trainers at the Bilfinger Skills Centre provide. When it comes to corrosion protection work at dizzying heights on oil platforms in the North Sea, for example – or work in confined spaces. The training centre in Aberdeen is certified by the Scottish training organization OPITO.


uvex

WE MAKE PRODUCTION WORK

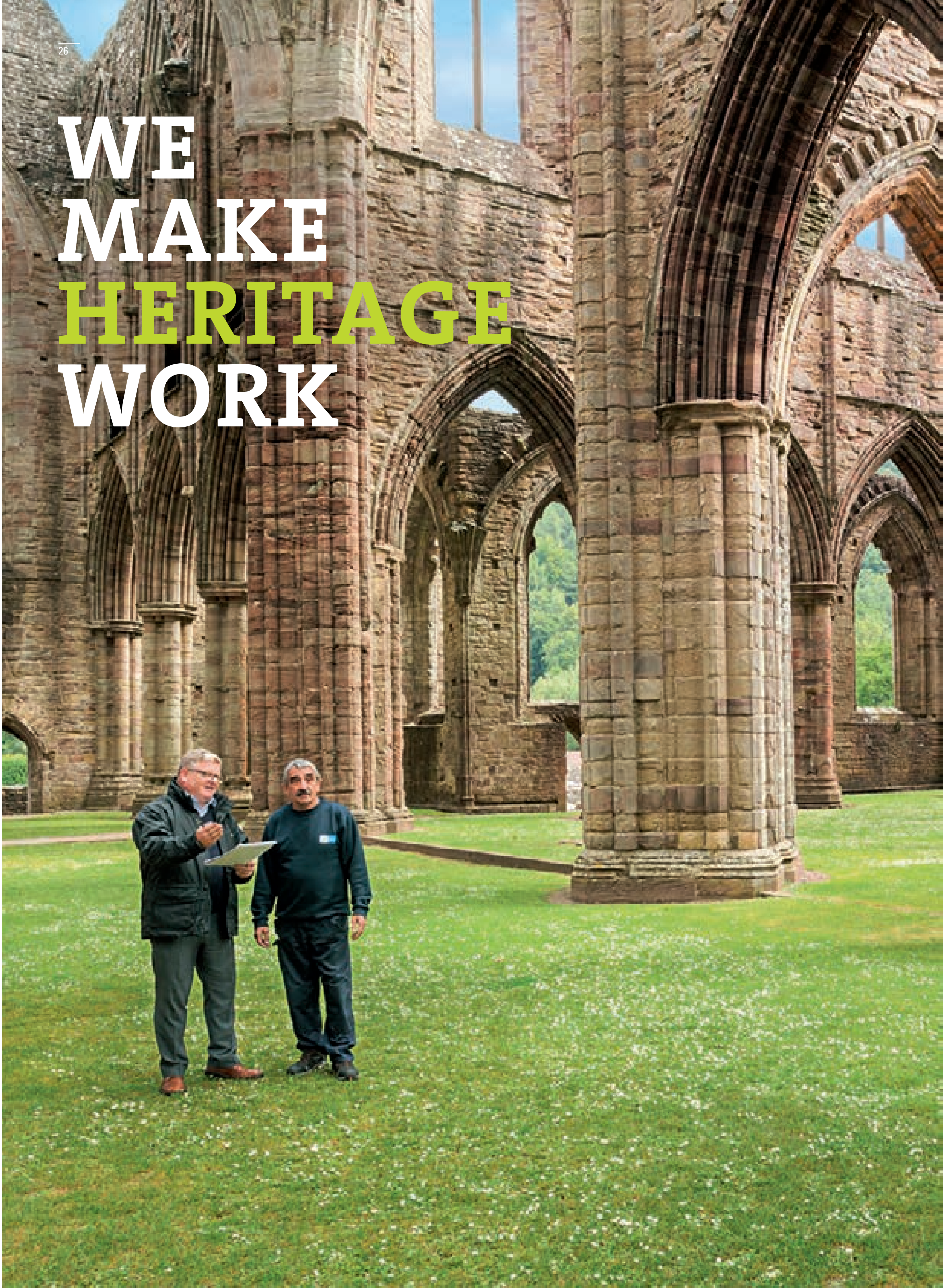


SHELL

NETHERLANDS

With the extension of two framework agreements with a volume exceeding €150 million by another five years, the energy company Shell has confirmed Bilfinger's strong position as a service partner in the Netherlands. The contracts relate to Europe's largest refinery in Rotterdam-Pernis and the petrochemical location in Moerdijk. Bilfinger has carried out industrial services in maintenance and modernization measures for Shell in the Netherlands since the 1960s. The services focus on the areas of insulation, trace heating of piping systems, corrosion protection as well as industrial scaffolding.

WE MAKE HERITAGE WORK



TINTERN ABBEY

WALES

Bilfinger has been responsible for facility management at a total of 122 tourist attractions in Wales since the beginning of 2015. One part of the portfolio is the more than 880-year old Cistercian monastery of Tintern Abbey. Here Bilfinger checks the electrical facilities in the visitor centre, maintains systems and ensures that everything is clean and secure. In addition, Bilfinger manages facilities including the historical buildings and visitor centres at Caerphilly Castle and Monmouth Castle on behalf of Cadw, the Welsh government's historic environment service. The Welsh word Cadw means retain and protect. The authority is responsible for the care of archaeologically and historically important sites in Wales and manages a number of UNESCO World Heritage sites.

WE MAKE REFURBISHMENT WORK

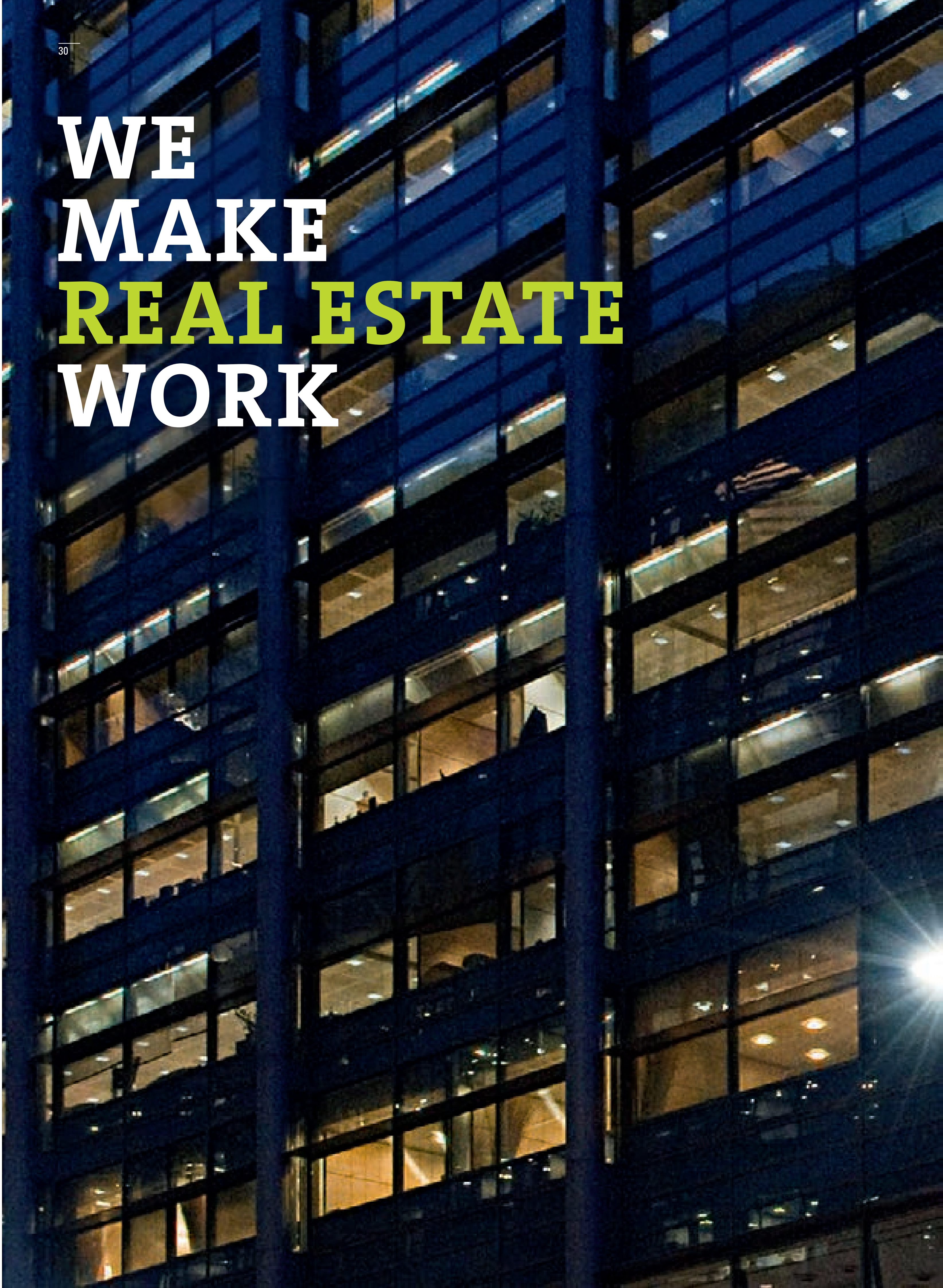
EUROTOWER

GERMANY

The 148-meter high office tower in Frankfurt provides 60,000 square meters of office space. In order to fully renovate the building for a new tenant, Bilfinger brought the conference technology, data centers and air-circulation systems up to date. Three combined heat and power units were installed to supply the building with energy. In addition, more than 70,000 square meters of ceilings, walls and floor coverings as well as nearly 2,000 doors were installed. The project reflects Bilfinger's strength: the close networking of the entire service portfolio in the real estate area. All details are implemented with a focus on the whole picture, all services are offered from a single source. The revitalization of the Eurotower was completed within just six months.


W

WE MAKE REAL ESTATE WORK



ROYAL BANK OF SCOTLAND

UNITED KINGDOM

In May 2015, the Royal Bank of Scotland (RBS) selected Bilfinger to be their sole real-estate partner for all locations in the United Kingdom and Ireland. Bilfinger was awarded the contract in a competitive tender process, thus securing one of the largest corporate real-estate mandates ever tendered in the United Kingdom. The five-year contract builds on an existing relationship and covers estates management, lease consultancy, valuation and management of construction measures as well as all transaction services. The RBS headquarters in Edinburgh, Scotland, and in the Bishopsgate district of London are also managed by Bilfinger.

Combined management report

Overview of financial year 2015 and outlook 2016

- Output volume increased, orders received well above prior year
- Adjusted EBITA lower, as expected
- Cash flow from operating activities improved
- Net profit burdened by one-time effects
- Cautious expectations for 2016

Results of operations

- Output volume with currency and acquisition-related increase to €6,482 million
- Figures for orders received of €6,825 million and order backlog of €4,824 million were well above the prior year due to positive development in the Building and Facility business segment
- Adjusted EBITA* decreased significantly as expected to €186 million because of weaker development in individual areas of the Industrial segment
- Adjusted EBITA margin was 2.9 percent
- Adjusted net profit from continuing operations amounted to €106 million
- Net profit was burdened by goodwill impairments and operating losses in the Power segment, by restructuring expenses as well as by one-time expenses for the processing of past compliance cases
- Dividend proposal: no distribution for 2015

Financial situation

- Cash flow from operating activities at €124 million despite lower earnings
- In the course of our restrictive expenditure policy, investments in property, plant and equipment reduced to €81 million
- Disposals of financial assets resulted in cash inflows of €212 million, mainly from the sale of the Construction and Infrastructure divisions as well as from the sale of investments in the Nigerian business and concession projects
- Free cash flow increased significantly to €282 million
- Cash and cash equivalents at the end of the year were €429 million, financial debt nearly unchanged at €520 million

Outlook 2016

- Generally cautious development in 2016; the geopolitical environment remains complex and our markets demanding
- Significant sales with customers in the currently difficult energy as well as oil and gas sectors
- Output volume for the Group will decrease substantially despite slight growth in the Building and Facility business segment
- Adjusted EBITA will increase slightly with a higher margin
- Net profit will be burdened by significant one-time expenses

* In 'EBITA adjusted', for better comparability of operating performance over time, special effects with a one-time, temporary character are eliminated. These include, for example, capital gains, restructuring measures as well as one-time expenses in connection with the further development of our compliance system and the conclusion of old cases.

The Bilfinger Group

Legal form and management

Bilfinger is a 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 management bodies of the company are the Executive Board, the Supervisory Board and the Annual General Meeting.

The Executive Board manages the company in its own responsibility. The Supervisory Board appoints, supervises and advises the Executive Board and is directly involved in key decisions affecting the company. These bodies work in close cooperation for the benefit of Bilfinger. Details are described in the Declaration of Corporate Governance on the company's website at www.bilfinger.com under 'Responsibility/ Corporate Governance'.

Organization

Bilfinger SE is a holding without its own business activities. The operating activities are organized decentrally and are carried out through subsidiaries which act on the market as independent profit centers. The operating companies are divided into divisions which in turn are each a part of one of the business segments – Industrial as well as Building and Facility.

To manage the divisions in the Industrial business segment, Management Boards were set up in 2015, which include the respective divisional managers along with the Chairman of the Executive Board and the Chief Financial Officer of Bilfinger SE. The Management Boards generally meet every two weeks. This has helped to improve decision-making channels and has brought the Executive Board closer to the operating business. Responsibility for the operational activities nonetheless remains with the management of the divisions.

The existing divisional structure remains unchanged in the Building and Facility segment. Management of the business segment is carried out by the responsible member of the Executive Board. The operating business is organized in a decentralized manner and has been set up to ensure a high level of independence. In 2015, we transferred several administrative units such as IT and accounting to the segment and thus moved forward with the process of making it more self-contained. In addition, we further strengthened the conditions for cooperation among the units within the segment by moving the administrative units of the divisions together in a single location.

In June 2015, Bilfinger decided to put the activities of the Power business segment up for sale and to initiate a structured selling process. For this reason, the relevant key figures in these annual financial statements are presented as discontinued operations of the Group.

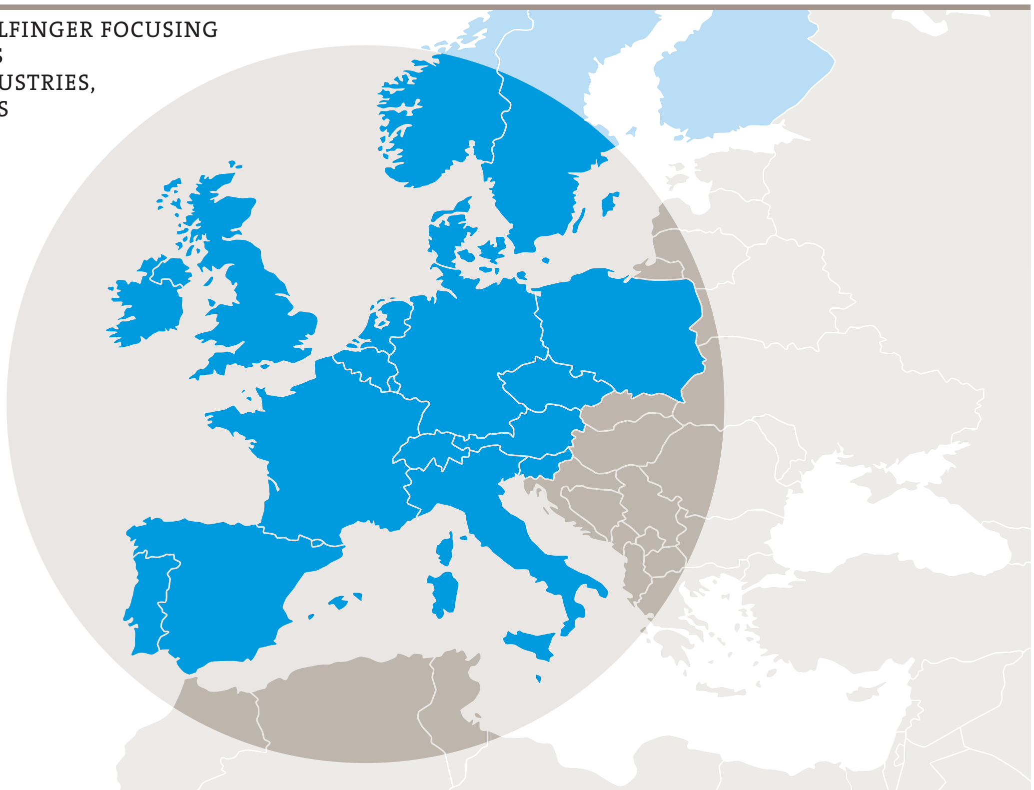
Business model

Bilfinger SE is a leading engineering and services group. With the technological expertise and experience of its nearly 60,000 employees, the company offers customized services for industrial facilities and real estate. A comprehensive range of services allows the company's customers to focus on their respective core business activities.

STRUCTURE OF THE BUSINESS SEGMENTS

Industrial	Building and Facility
Divisions:	Divisions:
Industrial Maintenance	Building
Insulation, Scaffolding and Painting	Facility Services
Oil and Gas	Real Estate
Industrial Fabrication and Installation	Water Technologies
Engineering, Automation and Control	
Support Services	
see page 50	see page 56

CORE MARKET EUROPE: BILFINGER FOCUSING ITS BUSINESS OPERATIONS ON CLEARLY DEFINED INDUSTRIES, CUSTOMERS AND SERVICES



Objectives and strategy

- Return to profitable growth
- Focus on core regions, industries, customers and services
- Industrial and Building and Facility will operate as independent segments
- Program to significantly reduce administrative expenses launched

Following a disappointing financial year in 2015, Bilfinger is undergoing extensive changes. The company is narrowing the focus of its business from three to two segments, concentrating activities that are currently spread around the globe on the home market of Europe and replacing its complex structure with a transparent and fast-moving organization. As a result, Bilfinger's profitability will increase sustainably.

Clear focusing of the business

The two business segments Industrial and Building and Facility will operate independently within Bilfinger and will be given greater entrepreneurial freedom. With this independence, each segment will be able to develop its strengths in a more targeted manner together with a higher quality standard.

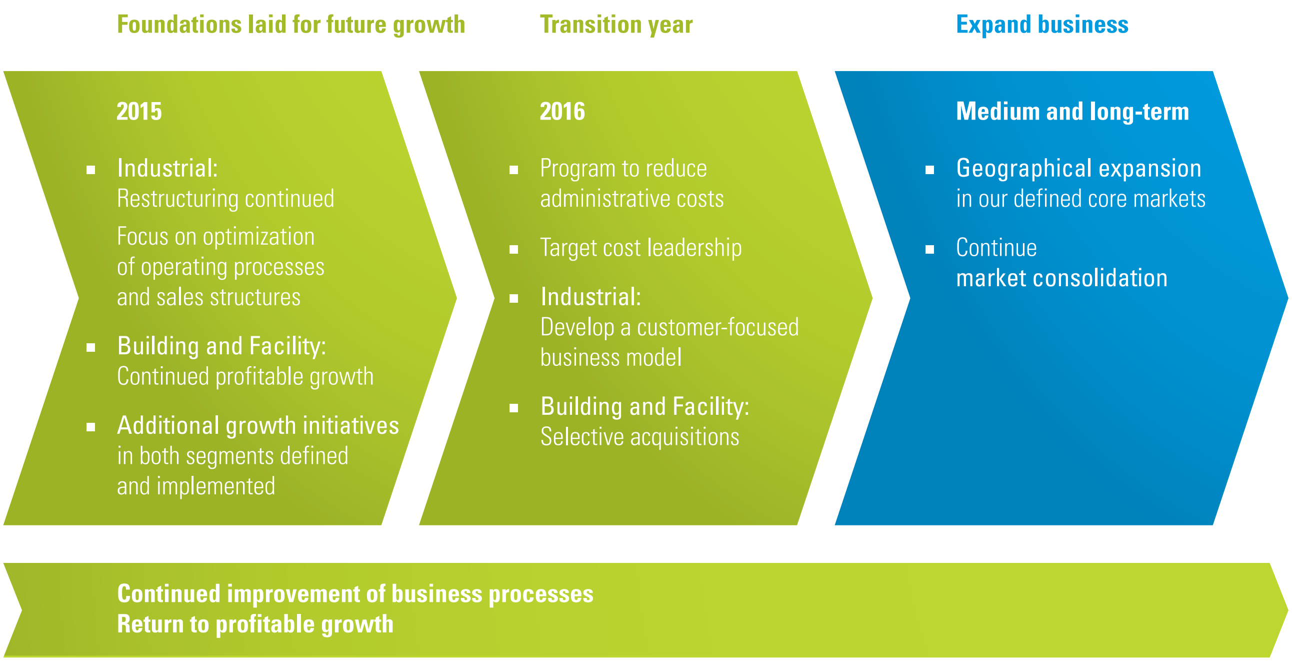
In the Industrial segment, Bilfinger is concentrating on markets in Central and Northern Europe. An improved sales strategy will help to further intensify cooperation with strategically important customers and to further expand the market position in this core region. Bilfinger will restructure Industrial's low-margin operations. The segment will thus get back on a path to success and, in the medium term, once again be able to increase volume and earnings.

In the Building and Facility segment, Bilfinger will focus more strictly on real-estate services and consistently move forward with its successful growth path. The Group will expand its position as a strong real-estate services provider on the European market. Through organic growth and selective acquisitions, Bilfinger seeks to increase output volume with a continued good earnings margin in the Building and Facility segment.

In addition, areas with an output volume of approximately €1 billion have been identified which in the future will no longer be part of the core business. For these activities, all strategic options will be reviewed without bias.

In the context of focusing on engineering and services, we sold our civil engineering business in 2015. At the beginning of the year, the

KEY POINTS OF MID-TERM CORPORATE DEVELOPMENT



Construction division was sold to Swiss construction services company Implenia; in mid-2015 we sold the Infrastructure division to Austrian construction company Porr.

Basis for future profitable growth

As a result of the decision to put the former Power business segment up for sale, Bilfinger will substantially reduce its business risks. The stronger positioning of power plant activities in the international major projects business, which is necessary due to the difficult situation on the German market, is not in line with the strategy and risk profile of Bilfinger as an engineering and services group.

In order to improve the operational performance in industrial services, we have launched a comprehensive program for the optimization of processes for service orders. Primary objectives include the standardization and efficiency enhancement of procedures in workshops and logistics chains as well as in information technology and resource planning. Through a stronger key account management focused on the respective business activities, we intend to increase our sales with strategically important customers and thus promote profitable growth. In addition, initiatives are currently being defined in order to take advantage of market trends that have been recognized and to tap into future profitable growth.

The optimization of administration within the Group is of particular importance. The administrative structure will be adjusted to the business activities that are being focused on. The goal is to make the entire organization more efficient and to significantly reduce administrative expenses. We will therefore undertake significant investments in the standardization of the IT landscape and further expand the shared service activities as well as the shared use of administrative functions.

Extensive measures were also undertaken to improve cash conversion at Bilfinger. These include the use of a task force, the Group-wide introduction of best practice processes, intensive training programs and monthly monitoring. The objective is to accelerate internal billing processes and to optimize receivables management.

Key points of mid-term corporate development

In 2015, Bilfinger laid the groundwork for future growth. In the next 12 months, we will implement the program that has been initiated to reduce administrative expenses and thus to significantly increase our competitiveness. The goal is to achieve cost leadership in all areas. We will position the Industrial business segment to make it more customer-focused and we will keep Building and Facility on a growth path, including through selected acquisitions.

Overall, we intend to expand our business once again in the medium to long term. Following the repositioning of the Industrial business segment, we will actively participate in the consolidation of the market. Furthermore, we will drive growth in our defined core markets. Our goal is to continually improve our business processes in order to generate long-term profitable growth.

The status of the implementation of our strategic goals is shown in the graphic 'Key points of mid-term corporate development'.

Financial management system

Our key financial management metrics include figures for growth, profitability, capital efficiency as well as our capital structure. The most important of these are output volume, EBITA adjusted, free cash flow from operating activities and return on capital employed.

Growth and volume In addition to the Group's revenue, the figure for output volume also includes our proportion of the goods and services supplied by joint ventures and consortiums. Their planning is conducted on the basis of orders received and order backlog. Profitable organic growth in output volume forms a cornerstone of our strategy for increasing Bilfinger's enterprise value. In addition, targeted acquisitions will contribute to the growth in output volume.

Profitability

EBITA / EBITA adjusted and return on EBITA The indicator of operating profit of the corporate units and of the Group, and thus the measure of earnings for segment reporting, is earnings before interest, taxes and amortization of intangible assets from acquisitions (EBITA). When performing such an analysis, the focus is on the profit margin – calculated as operating profit as a percentage of output volume.

We are focusing here on 'adjusted EBITA' with adjustments made for special items. For better comparability of operating performance over time, special effects with a one-time, temporary character are eliminated. These include, for example, gains on disposals, restructuring measures as well as one-time expenses in connection with the further development of our compliance system and the conclusion of old cases.

Net profit / dividend policy Net profit consists of operating profit plus / minus amortization of intangible assets, financial income and expense and taxes. Also with regard to net profit we make reference to an 'adjusted net profit' with adjustments made for the above-mentioned special items as well as for amortization of intangible assets.

We generally pursue a sustainable dividend policy with the objective of allowing our shareholders to participate appropriately in the Group's success. With regard to the dividend, we generally intend to pay out to shareholders approximately 50 percent of net profit, depending on the development of earnings and liquidity.

Capital efficiency

Value added and ROCE A further management system in the Bilfinger Group is the so-called value and cash-oriented management. With it, it is possible to measure the value added by our business segments and by the Group as a whole. We employ our capital in a targeted manner in order to achieve high value added. The main idea behind this concept is that positive value added can only be achieved for the Group if the return on the average capital employed is higher than the weighted average cost of capital (WACC).

The parameters upon which this calculation is based are determined as long-term average values, are regularly reviewed, and are adjusted for any relevant changes in the market environment. The calculation of the value added achieved by the business segments and by the Group is presented in the chapter on value-oriented management with appropriate explanations.

Free cash flow from operating activities / cash conversion / net working capital For the operationalization of value-oriented management, we also orient ourselves toward the so-called free cash flow from operating activities and the cash conversion for each business segment. A major factor to be considered in this regard is the change in net working capital. Net working capital is calculated as the difference between current assets excluding cash and cash equivalents and current liabilities excluding financial debt. A reduction in net working capital leads to lower capital employed and thus also contributes to an increase in the return on capital employed (ROCE) and in the value added by the business segment concerned.

Free cash flow from operating activities is calculated from the cash flow from operating activities minus net investment in property, plant and equipment. We calculate cash conversion as a quotient from the net of EBITA plus depreciation minus net investments in property, plant and equipment as well as the change in net working capital and EBITA.

Investments Although compared with some industries our business is not very capital intensive, planned additions to property, plant and equipment are subject to intensive investment controlling. The planned investment ratio in relation to output volume is approximately 1.5 to 2 percent.

Capital structure and liquidity

Net debt and dynamic debt-equity ratio To manage liquidity, we focus on two important key figures: net debt and the dynamic debt ratio, which also includes net debt as relates to EBITDA. In both cases, we also consider – as in the framework of operating profit measurement – an adjusted dynamic debt-equity ratio for which we eliminate special and one-time effects.

Further key figures On the basis of our strategic corporate planning, we regularly review the effects on our financial risk profile of various scenarios for the business and financial development of the Group. In addition to those mentioned above, key figures include so-called gearing as well as cash-flow protection.

Economic report

Business developments 2015

OUTPUT VOLUME, ORDERS RECEIVED, ORDER BACKLOG / ADJUSTED EARNINGS*
€ million

	2015	2014	Δ in %
Output volume	6,482	6,246	4
Orders received	6,825	5,510	24
Order backlog	4,824	4,401	10
EBITA adjusted[1]	186	262	-29
EBITA margin adjusted (in percent)[1]	2.9	4.2	
Adjusted net profit from continuing operations[1]	106	160	-34
Adjusted earnings per share from continuing operations (in €)[1]	2.41	3.62	-33

* The key figures for the Power business segment and Offshore Systems, which have been put up for sale, for the sold divisions Construction and Infrastructure as well as the sold activities of the former Concessions business segment are no longer presented in the business segments, but under 'Discontinued operations'. All of the figures presented in this report relate, unless otherwise stated, to the Group's continuing operations; the figures for the prior-year period have been adjusted accordingly.

1 Adjustments see chapter 'Reconciliation to adjusted earnings'.

2015 was an uneven year for Bilfinger: while parts of the Industrial business segment suffered under the continuing restraint of customers in the oil and gas sector, the Building and Facility business segment was able to extend important service agreements and gain new customers.

The key figures for the Power business segment and Offshore Systems, which have been put up for sale, for the sold divisions Construction and Infrastructure as well as the sold activities of the former Concessions business segment are no longer presented in the business segments, but under 'Discontinued operations'. All of the figures presented in this report relate, unless otherwise stated, to the Group's continuing operations; the figures for the prior-year period have been adjusted accordingly.

The output volume generated by the Bilfinger Group in financial year 2015 increased by 4 percent to €6,482 million and was thus above the most recently issued forecast. Orders received amounted to €6,825 million, which corresponds to an increase of 24 percent as compared to the prior-year figure. Order backlog as of the end of the year was up 10 percent to €4,824 million.

Although adjusted EBITA of €186 million was, as expected, significantly below the prior-year figure, it nonetheless also exceeded the level of €150 to €170 million that was forecast in August 2015. The adjusted EBITA margin for the Group reached 2.9 percent. As a consequence of goodwill impairment in the amount of €330 million as well as operating losses in the Power business and due to one-time expenses for restructuring programs as well as the further development of the compliance system, net profit in 2015 amounted to minus €489 million.

The outlook presented in the 2014 Annual Report was adjusted downward in April 2015 due to the declining development in the oil and gas business as well as ongoing weak demand on the energy market. In addition, the statements made in the 2014 Annual Report are, in terms of their structure, no longer comparable with the consolidated financial statements presented here because the former Power business segment has since then been put up for sale and is now presented as discontinued operations.

In view of the unusually strong net loss as well as the cash outflow for current and upcoming restructuring measures, the Executive Board and the Supervisory Board will propose to the Annual General Meeting to suspend dividend payments for financial year 2015.

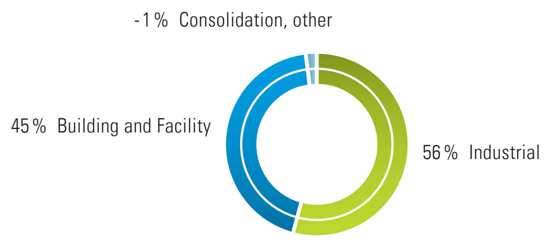
PLAN / ACTUAL COMPARISON	Actual 2015	Outlook Interim report Q3 2015	Outlook Interim report H1 2015	Outlook Interim report Q1 2015 [1]	Outlook Annual report Year-end 2014 [1]	Actual 2014 [2]
Output volume						
Group	€6,482 million	at prior-year level of €6.25 billion	at prior-year level of €6.25 billion	lower output volume	magnitude of €7.5 billion	€7,690 million
Industrial	€3,650 million	good €3.4 billion	good €3.4 billion	significant decrease	significant decrease	€3,705 million
Building and Facility	€2,909 million	good €2.8 billion	good €2.8 billion	significant growth	significant increase	€2,659 million
EBITA / EBITA margin						
Industrial	3.5 %	EBITA margin of more than 3%	EBITA margin significantly below prior-year		significant decrease in EBITA	190 / 5.1%
Building and Facility	5.1 %	EBITA margin at prior-year level	EBITA margin at prior-year level		significant increase in EBITA	136 / 5.1%
EBITA adjusted	€186 million	between €150 and €170 million	between €150 and €170 million	significant decrease in EBITA	slight increase with higher margin	€270 million
Adjusted net profit from continuing operations	€106 million				slightly below prior-year	€175 million
Free cash flow from operating activities	€229 million				significant increase	€187 million
Return on capital employed (ROCE)	8.4 %				slightly below cost of capital of 10.75%	9.5%

[1] The outlook in the Annual Report 2014 and as of the first quarter included the Power business segment.
[2] The actual figures 2014 for the Group relate to the figures published in the Annual Report 2014.

OUTPUT VOLUME BY BUSINESS SEGMENT

€ million

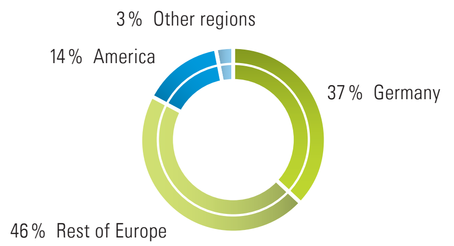
	2015	2014	Δ in %
Industrial	3,650	3,705	-1
Building and Facility	2,909	2,659	9
Consolidation, other	-77	-118	
	6,482	6,246	4



OUTPUT VOLUME BY REGION

€ million

	2015	2014	Δ in %
Germany	2,386	2,334	2%
Rest of Europe	2,995	2,801	7%
America	921	938	-2%
Africa	12	17	-29%
Asia	149	142	5%
Australia	19	14	36%
	6,482	6,246	4%



CONSOLIDATED INCOME STATEMENT (ABRIDGED)
€ million

	2015	2014
Output volume (for information only)	6,482	6,246
Revenue	**6,481**	**6,245**
Cost of sales	-5,704	-5,451
Gross profit	**777**	**794**
Selling and administrative expense	-666	-663
Other operating income and expense	4	0
Income from investments accounted for using the equity method	19	39
Earnings before interest and taxes (EBIT)	**134**	**170**
Net interest result	-28	-28
Earnings before taxes	**106**	**142**
Income tax expense	-101	-51
Earnings after taxes from continuing operations	**5**	**91**
Earnings after taxes from discontinued operations	**-508**	**-193**
Earnings after taxes	-503	-102
thereof minority interest	-14	-31
Net profit	**-489**	**-71**
Average number of shares (in thousands)	44,194	44,168
Earnings per share (in €)*	-11.06	-1.62
thereof from continuing operations	0.44	2.74
thereof from discontinued operations	-11.50	-4.36

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

CALCULATION OF ADJUSTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS
€ million

	2015	2014
Earnings before taxes	106	142
Special items in EBITA	25	55
Amortization of intangible assets from acquisitions and goodwill impairment	27	37
Adjusted earnings before taxes	**158**	**234**
Adjusted income tax expense	-49	-71
Adjusted earnings after income taxes from continuing operations	**109**	**163**
thereof minority interest	3	3
Adjusted net profit from continuing operations	**106**	**160**
Average number of shares (in thousands)	44,194	44,168
Adjusted earnings per share from continuing operations (in €)	**2.41**	**3.62**

Results of operations

Adjusted earnings per share

The calculation of earnings per share in accordance with IFRSs is presented in the income statement. Earnings per share after adjusting for special items and the amortization and impairment of intangible assets is a metric that is suited to enabling comparability over time and forecasting future profitability.

The special items in EBITA of €66 million (previous year: €20 million) are the result of restructuring costs, in particular for the Industrial business segment. Also included are one-time expenses in connection with our efficiency enhancement program Bilfinger Excellence in the amount of €3 million (previous year: €44 million). Costs of €10 million were incurred in connection with the legal processing of past compliance cases. This is offset by a gain in the total amount of €54 million (previous year: €9 million), which mainly resulted from the sale of 13.8 percent of the shares in Julius Berger Nigeria plc, from the revaluation of the remaining 16.5 percent of the shares as well as from the sale of shares in the privately financed motorway projects M6 Duna and M6 Tolna in Hungary.

Amortization of intangible assets from acquisitions and goodwill impairment totaling €27 million (previous year: €37 million) relates to the amortization of intangible assets resulting from purchase-price allocation following acquisitions and is therefore of a temporary nature.

The adjustments to income tax expense take into account the tax effects of the special items in EBITA and the amortization on intangible assets from acquisitions, the non-capitalization of deferred tax assets on losses in the reporting year as well as the write-down of previously recognized deferred tax assets on tax-loss carryforwards. The adjusted effective tax rate was 31 percent. In the previous year, due to the increase in Cevian Capital's stake to over 25 percent, there was a reduction of recognized tax-loss carryforwards pursuant to Section 8c of the German Corporate Income Tax Act (KStG) in the amount of €13 million, which was also adjusted. Adjusted earnings figures are metrics that are not defined under IFRSs. Their disclosure is to be regarded as supplementary information.

Revenue / output volume

Revenue increased by 4 percent to €6,481 million (previous year: €6,245 million) as did output volume to €6,482 million (previous year: €6,246 million). Revenue primarily comprises revenue from the rendering of services and construction contracts, but also from goods and services supplied to joint ventures. Revenue does not include our share of the output volume generated by joint ventures. For the presentation of output volume generated by the Group, we report on output volume rather than revenue in the management report. For the reconciliation of revenue to output volume, goods and services supplied to joint ventures have to be deducted and our proportionate share of the revenue generated by joint ventures has to be added.

Cost of sales

The main components of cost of sales are material expenses and personnel expenses. Other components of cost of sales are depreciation of property, plant and equipment, amortization of intangible assets from acquisitions, and other costs directly allocable to the sale process. The level of these costs in relation to sales revenue differs from period to period and fluctuates from order to order, mainly depending on the extent that subcontractors are used. Whereas order processing in the Group's own output volume is reflected in both material expenses and personnel expenses, all costs for the use of subcontractors are allocated to material expenses.

In absolute terms, cost of sales increased by 5 percent to €5,704 million (previous year: €5,451 million), and in relation to revenue increased to 88.0 percent (previous year: 87.3 percent). Of that total, material and personnel expenses accounted for 77.2 percentage points (previous year: 77.4 percentage points).

Cost of sales also includes amortization of intangible assets from acquisitions of €27 million (previous year: €37 million). This relates to scheduled amortization on capitalized items from acquired order backlogs and long-term customer relations from acquisitions. Depreciation of property, plant and equipment increased to €105 million (previous year: €90 million), of which €87 million was allocated to cost of sales (previous year: €70 million). Of that total, €7 million was unscheduled. The remaining depreciation of property, plant and equipment is allocated to selling and administrative expenses.

Gross profit

Gross profit decreased to €777 million (previous year: €794 million) and the gross margin fell to 12.0 percent (previous year: 12.7 percent).

Selling and administrative expense

Selling and administrative expense increased slightly to €666 million (previous year: €663 million) as a result of first-time consolidations and exchange rates, amounting to 10.3 percent (previous year: 10.6 percent).

ADJUSTED EBITA BY BUSINESS SEGMENT

€ million

	2015	2014
Industrial	128	190
Building and Facility	148	136
Consolidation, other	-90	-64
Continuing operations	186	262

Other operating income and expense

The balance of other operating income and expenses was positive at €4 million (previous year: €0 million). Included in this figure are restructuring expenses especially in the Industrial business segment in the amount of €39 million (previous year including Bilfinger Excellence: €46 million). A gain in the total amount of €54 million was achieved from the sale of 13.8 percent of the shares in Julius Berger Nigeria plc and from the revaluation of the remaining 16.5 percent of the shares as well as from the sale of shares in the privately-financed motorway projects M6 Duna and M6 Tolna in Hungary, after a gain of €9 million in the previous year.

Income from investments accounted for using the equity method

Income from investments accounted for using the equity method is composed of the income and expenses from associates and joint ventures and amounts to €19 million (previous year: €39 million).

EBITA / EBITA adjusted / EBIT

Adjusted EBITA of €186 million was significantly lower than the figure of €262 million achieved in the prior-year period. In relation to output volume, the adjusted EBITA margin was 2.9 percent (previous year: 4.2 percent). In the Industrial business segment, EBITA declined to €128 million (previous year: €190 million) due especially to the difficult situation in the oil and gas sector. The EBITA margin decreased to 3.5 percent (previous year: 5.1 percent). In the Building and Facility business segment, EBITA, due to acquisitions and exchange rates, increased to €148 million (previous year: €136 million). The EBITA margin remained at the good prior-year level of 5.1 percent (previous year: 5.1 percent). Adjusted negative EBITA not allocated to the business segments increased significantly to minus €90 million (previous year: minus €64 million). It includes, in addition to headquarters costs, in 2015 only pro rata at-equity earnings of the investment in Julius Berger Nigeria as well as the earnings contributions from two concession projects. Furthermore, the increase in this position is attributable to the increased centralization of the administrative functions within the scope of Excellence as well as the increased consulting costs in connection with strategic projects. Including the special items described under ‘Adjusted earnings per share’ on page 41, EBITA totaled €161 million (previous year: €207 million). This figure includes a positive exchange rate effect in the amount of €13 million. After deducting scheduled amortization of intangible assets from acquisitions of €27 million (previous year: €37 million), an EBIT of €134 million remains (previous year: €170 million).

Interest result

The net interest expense amounted to minus €28 million, as in the previous year. Interest income increased to €8 million (previous year: €4 million). The current interest expense increased particularly as a result of increased costs for the syndicated credit agreement to €26 million (previous year: €22 million). The interest expense from the increase in the retirement benefit obligation – netted with the income from plan assets – decreased due to the lower interest rates to €8 million (previous year: €10 million). Income from securities in the previous year was €6 million from the sale of shares in the BBGI investment fund. The interest expense for minority interest decreased to €2 million (previous year: €6 million).

Earnings before and after taxes

Earnings before taxes of continuing operations amounted to €106 million (previous year: €142 million) and earnings after taxes amount to €5 million (previous year: €91 million). The effective tax rate increased significantly because nearly no deferred taxes were capitalized for tax losses in the current year. In addition, previously capitalized deferred tax assets on tax-loss carryforwards in the amount of €51 million were fully written off because a realization in the relevant period is no longer reasonably certain. The basic claim in domestic tax-loss carryforwards remains unaffected. The effective tax rate, adjusted for these effects and for tax-free capital gains, was 31 percent – as in the prior year. Earnings after taxes from discontinued operations relate to the former Power, Construction and Concessions business segments as well as Offshore Systems. The significantly negative result in the amount of minus €508 million (previous year: minus €193 million) stems primarily from the former Power business segment: in the course of the reclassification of the former business segment as discontinued operations, the disposal group was measured at fair value less costs to sell, which led to an impairment loss in the amount of €330 million. This is in addition to further burdens totaling €164 million from regular earnings as well as from one-time expenses, in particular for restructuring. Offshore Systems had a negative impact of minus €17 million, also as a result of a further write-down of investments in the production site. A capital gain from the sale of the Construction and Infrastructure divisions is also included which, after consideration of a risk provision, led to a positive earnings effect of €9 million.

Minority interest

Profit attributable to minority interest amounted to minus €14 million in the reporting period (previous year: minus €31 million). This particularly includes, as in the prior year, the proportionate share of the write-down of investments in the production site in Poland and of South African companies in the former Power business segment.

Net profit / earnings per share

The net loss amounts to €489 million (previous year: €71 million), earnings per share were minus €11.06 (previous year: minus €1.62). Net profit from continuing operations adjusted for amortization of intangible assets from acquisitions and goodwill impairments and for the special items described above declined to €106 million (previous year: €160 million); adjusted earnings per share from continuing operations amount to €2.41 (previous year: €3.62).

Suspension of dividend payment

The Executive Board and the Supervisory Board will propose to the Annual General Meeting to suspend the dividend payment for financial year 2015 (previous year: €2.00). The reasons for this step are the unusually high net loss as well as the substantial cash outflows for ongoing and upcoming restructuring and compliance measures.

Value added

Value added – the difference between return on capital employed (ROCE) and the cost of capital – is an important key figure for measuring profitability of capital employed and for the efficient controlling of capital employed. We focus on continuing operations in order to provide better comparability over time in the consideration of return on capital employed. Adjusted EBITA serves as a basis for the calculation of the return. The weighted average cost of capital (WACC) for the Group amounts to 9.75 percent before taxes (previous year 10.0 percent). ROCE of the business segments is compared with segment-specific cost-of-capital rates. For the Industrial business segment, these were unchanged at 10.5 percent, the lower interest rates were compensated here in particular by an increase in the beta factor and the tax rate. In the Building and Facility business segment, this figure decreased to 8.5 percent (previous year: 9.25 percent) due to the lower interest rates. Further details can be found in the chapter “Return-on-capital-employed controlling” (see pages 178 f.). The average capital employed of continuing operations increased slightly to €2,315 million in the reporting year (previous year: €2,293 million). ROCE from continuing operations fell to 8.4 percent due to the significantly lower return (previous year: 11.9 percent). Absolute value added, impacted by the slight decrease in cost of capital, was minus €32 million (previous year: €43 million). This is attributable primarily to development in the Industrial business segment. In the Industrial business segment, with a lower EBITA, ROCE decreased

VALUE ADDED IN THE BUSINESS SEGMENTS	Capital employed € million		Return € million		ROCE %		Cost of capital %		Value added € million	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Industrial	1,298	1,295	128	189	9,80	14,70	10,50	10,50	-9	54
Building and Facility	866	767	147	140	17,00	18,20	8,50	9,25	74	68
Consolidation, other	151	231	-81	-57					-97	-79
Continuing operations	2,315	2,293	194	272	8,40	11,90	9,75	10,00	-32	43

to 9.8 percent (previous year: 14.7 percent). Value added fell to minus €9 million (previous year: €54 million). In the Building and Facility business segment, despite an acquisition-related increase in capital employed due to the higher return, ROCE was 17 percent and thus at the level of the previous year (18.2 percent); the same applies to value added of €74 million (previous year: €68 million). The value added by headquarters and consolidation was negative at minus €97 million (previous year: minus €79 million).

Net assets

For the analysis of net assets, in order to gain better comparability with the figures as of December 31, 2015, the assets and liabilities of discontinued operations of the former business segments Power, Construction and Concessions as well as Offshore Systems are shown separately in an item on the assets side and an item on the liabilities side of the pro-forma balance sheet as of December 2014.

Total assets decreased due to the sale of Construction to €5.2 billion (previous year: €6.0 billion). This is evident from the decrease of assets and liabilities classified as held for sale. On the assets side, non-current assets decreased to €2,340 million (previous year: €2,491 million). Intangible assets were nearly unchanged as compared to the prior year at €1,650 million. Goodwill of €1,547 million (previous year: €1,509 million) and intangible assets from acquisitions of €80 million (previous year: €103 million) were countered by amortization of €27 million and positive currency effects. Property, plant and equipment decreased to €447 million (previous year: €477 million).

Other non-current assets of €243 million (previous year: €375 million) declined significantly. This decrease was due to the write-down of recognized deferred tax assets on tax-loss carryforwards, sale and/or reclassification of the Nigerian companies as well as two motorway concession projects.

Receivables and other current assets of €1,689 million (previous year: €1,753 million) also declined. Cash and cash equivalents at the end of the year increased to €429 million (previous year: €359 million). Current and non-current financial liabilities – excluding project debt on a non-recourse basis – were nearly unchanged at €520 million (previous year: €521 million). Net debt amounts to €91 million as of the balance sheet date (previous year: €162 million).

Non-recourse debt in the amount of €14 million (previous year: €40 million) reflects project financing, which was granted without any liability for the Group. Provisions for pensions and similar obligations decreased only slightly to €396 million (previous year: €400 million) due to a moderate change in the relevant discount rate – in the Eurozone from 2.0 percent to 2.25 percent. Other non-current liabilities decreased as a result of lower deferred taxes to €122 million (previous year: €134 million).

Other current liabilities decreased to €1,881 million (previous year: €1,928 million), and advance payments received included here fell to €117 million (previous year: €137 million). Negative working capital improved slightly to minus €193 million (previous year: minus €175 million). Equity decreased to €1,440 million (previous year: €1,917 million). The negative earnings after taxes of €503 million and dividend payments of €92 million contributed to the decline. Transactions recognized directly in equity of €118 million had an opposing effect. These relate primarily to effects from hedging transactions and positive exchange rate effects. The equity ratio on the balance sheet date was 28 percent, well below the prior-year figure of 32 percent.

CONSOLIDATED BALANCE SHEET (ABRIDGED)
€ million

	Dec. 31, 2015	Dec. 31, 2014 pro forma
Assets		
Non-current assets		
Intangible assets	1,650	1,639
Property, plant and equipment	447	477
Other non-current assets	243	375
	2,340	2,491
Current assets		
Receivables and other current assets	1,689	1,753
Cash and cash equivalents	429	359
Assets classified as held for sale	750	1,402
	2,868	3,514
	5,208	6,005
Equity and liabilities		
Equity	**1,440**	1,917
Financial debt, non-recourse	**14**	40
Non-current liabilities		
Provisions for pensions and similar obligations	396	400
Non-current financial debt, recourse	513	514
Other non-current liabilities	122	134
	1,031	1,048
Current liabilities		
Current financial debt, recourse	7	7
Other current liabilities	1,881	1,928
Liabilities classified as held for sale	835	1,065
	2,723	3,000
	5,208	6,005

GROUP FINANCIAL STATUS, RECOURSE LIABILITIES
€ million

	Available credit	Amount utilized	Available credit	Amount utilized
		2015		2014
Bank guarantees	**2,245**	**1,408**	2,522	1,781
thereof with residual term < 1 year	2,245	1,408	2,522	1,781
Syndicated credit facilities	**661**	**6**	689	6
thereof with residual term < 1 year	161	5	189	4
Corporate bond	**500**	**500**	500	500
thereof with residual term < 1 year	–	–	–	–
Finance leases	**13**	**13**	14	14
thereof with residual term < 1 year	5	5	5	5

Financial position

Principles and objectives of financial management

The main aspects of the Group's financial policy are determined by the Executive Board of Bilfinger SE. The prime objective of financial management is to maintain liquidity and limit financial risk. In addition, we regard financial flexibility as an important precondition for our further corporate development. Within the context of centralized Group financing, the application of available surplus liquidity as well as the provision and utilization of financing instruments on a recourse basis for the entire Bilfinger Group are managed and executed by Corporate Treasury.

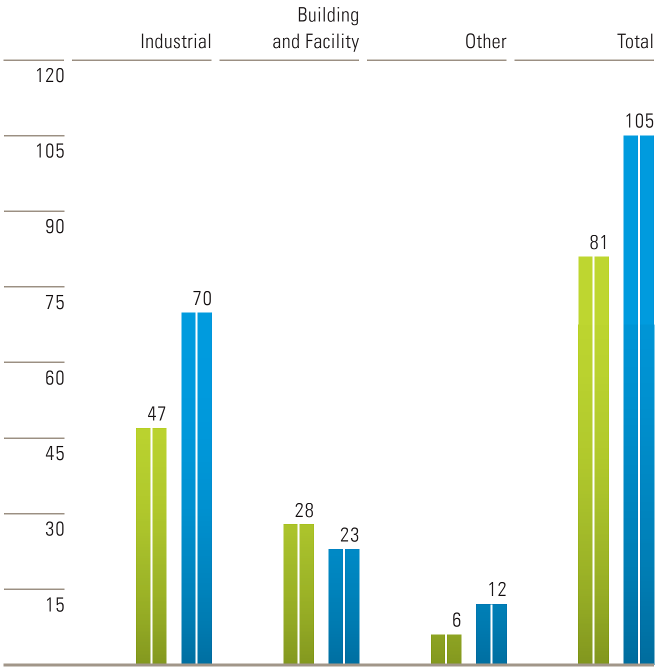
Controlling of market price change risks as well as creditworthiness risks of financial counterparties is also carried out by means of a Group-wide limit and control system. To this end, financial derivatives are also used to a limited extent. We report in detail on our management of financial risk in the risk and opportunities report on pages 83 f. and in the notes to the consolidated financial statements under note 28 (see pages 166 ff.) 'Risks related to financial instruments, financial risk management and hedging transactions'.

Financing

The main source of funds for corporate financing is our business operations and the cash they generate. This is based not only on operating profits, but also on the stringent management of working capital.

CAPITAL EXPENDITURE / DEPRECIATION BY BUSINESS SEGMENT

€ million

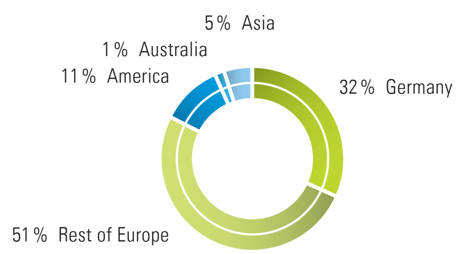


Capital expenditure on property, plant and equipment
Depreciation of property, plant and equipment

CAPITAL EXPENDITURE ON PROPERTY, PLANT AND EQUIPMENT BY REGION

€ million

	2015	2014
Germany	26	48
Rest of Europe	41	59
America	9	7
Africa	0	0
Asia	4	2
Australia	1	1
	81	117



For the purpose of general corporate financing, which is carried out under consideration of matching maturities, our main banks have provided a firmly committed, syndicated credit facility of €500 million, available until 2018, which had not been utilized at the balance sheet date. The respective interest rate for drawings depends on the interest rate period selected; the credit margin is oriented toward a rating grid. The syndicated cash line includes a financial covenant in the form of a limitation of the dynamic gearing ratio (adjusted net debt / adjusted EBITDA). Within the scope of the refinancing of this line in 2015, it was possible to increase the flexibility under the covenant as compared to the old agreement. We also have additional short-term bilateral credit commitments of approximately €150 million. In 2012, a €500 million bond with maturity in 2019 and a fixed interest rate over the entire term was issued. We have credit by way of bank guarantees of over €2.3 billion from various banks and bonding insurers available to meet the needs of the project business, which is not fully utilized. Detailed information on existing financial debt is provided in the notes to the consolidated financial statements under note 24 Financial debt (see pages 162 f.).

Financial debt – excluding non-recourse debt – totaled €520 million on the balance sheet date (previous year: €521 million). Of that total, €513 million is non-current (previous year: €514 million) and €7 million is current (previous year: €7 million). It includes finance leases of €13 million (previous year: €14 million). We do not utilize off balance sheet financing instruments. Bank deposits in the amount of €7 million have been pledged.

Approved capital of €69 million is available for future capital increases. Bilfinger also has conditional capital of €14 million to be used to grant conversion and/or warrant rights in the case of convertible bonds being issued. We report in detail on the existing authorizations of the Executive Board to raise capital in the management report on pages 93 ff., as part of the disclosures pursuant to Section 289 Subsection 4 and Section 315 Subsection 4 of the German Commercial Code (HGB).

Investments

Capital expenditure on property, plant and equipment and intangible assets – excluding intangible assets from acquisitions in accordance with IFRS 3 – amounted to €81 million (previous year: €117 million). €40 million of the total was invested in operating equipment and office equipment, €25 million in technical equipment and machinery, €9 million in land and buildings and €7 million in intangible assets. Depreciation and amortization amounted to €105 million (previous year: €90 million).

Investments accounted for by the Industrial business segment were €47 million (previous year: €67 million) or 58 percent. €21 million was invested in operating equipment and office equipment, of which scaffolding accounted for €7 million. A further €18 million was invested in technical equipment and machinery, €5 million in land and buildings and €3 million in intangible assets.

The Building and Facility business segment invested a total of €28 million (previous year: €32 million), with €16 million invested in operating equipment and office equipment, €7 million in technical equipment and machinery, €2 million in land and buildings and €3 million in intangible assets.

The regional focus of investment was again on Europe, which accounted for 83 percent of the total (previous year: 89 percent). Germany accounted for 32 percent of total investment (previous year: 41 percent).

Payments totaling €4 million (previous year: €141 million) were made for investments in financial assets – corporate acquisitions and increases in equity interests. Further information on corporate acquisitions can be found in the notes to the consolidated financial statements on pages 132 ff. under 'Consolidated Group'.

Cash flow statement

Cash earnings rose to €184 million (previous year: €144 million) because lower earnings after taxes were shaped mainly by the non-cash, high deferred tax expense. The reduction in negative working capital had an effect here of minus €16 million (previous year: minus €90 million). The gains on disposals of non-current assets, which are to be deducted from operating cash flow, increased to €44 million (previous year: €20 million). They relate primarily to gains from the sale of shares in Julius Berger Nigeria and the office property of Power in Oberhausen. The cash flow from operating activities of continuing operations increased significantly to €124 million (previous year: €34 million).

Capital expenditure on property, plant and equipment and intangible assets of €81 million (previous year: €117 million) was once again at a comparatively low level. These cash outflows were reduced by a cash inflow of €27 million (previous year: €16 million). There was a total cash inflow of €212 million (previous year: €172 million) from the disposal of financial assets; of that total, €94 million was accounted for by the sale of the Construction and Infrastructure divisions, €49 million (previous year: €13 million) by the reduction of the investment in the Nigerian business, €53 million (previous year: €103 million) by the sale of concession projects and €13 million by the sale of the office property of Power in Oberhausen. This led to a free cash flow of €282 million (previous year: €105 million). €4 million (previous year: €141 million) was applied to investments in financial assets. For the prior year, this primarily reflects the acquisition of GVA, a company specialized in real-estate consulting services in the United Kingdom. Of the net cash outflow from financing activities of €95 million (previous year: €167 million), €88 million represents the dividend payment to shareholders of

CONSOLIDATED STATEMENT OF CASH FLOWS (ABRIDGED)

€ million

	2015	2014
Cash earnings from continuing operations	**184**	144
Change in working capital	-16	-90
Gains on disposals of non-current assets	-44	-20
Cash flow from operating activities of continuing operations	**124**	34
Capital expenditure on P, P & E and intangible assets	-81	-117
Proceeds from the disposal of property, plant and equipment	27	16
Net cash outflow for P, P & E and intangible assets	**-54**	-101
Proceeds from the disposal of financial assets	**212**	172
Free cash flow from continuing operations	**282**	105
Investments in financial assets	**-4**	-141
Cash flow from financing activities of continuing operations	**-95**	-167
Issue of treasury shares as part of the employee share program	0	1
Dividends	-93	-137
Repayment of financial debt	-2	-31
Change in cash and cash equivalents of continuing operations	**183**	-203
Change in cash and cash equivalents of discontinued operations	**-119**	-48
Change in value of cash and cash equivalents due to changes in foreign exchange rates	**2**	8
Change in cash and cash equivalents	**66**	-243
Cash and cash equivalents at January 1	403	669
Changes in cash and cash equivalents of assets classified as held for sale (Concessions / Construction / Power)	-40	-23
Cash and cash equivalents at December 31	**429**	403

Bilfinger SE for the past financial year. Cash inflows from continuing operations totaled €183 million after an outflow in the previous year of €203 million. The cash outflow from discontinued operations amounts to €119 million (previous year: €48 million).

Changes in exchange rates led to an arithmetical increase in cash and cash equivalents of €2 million (previous year: €8 million). Cash and cash equivalents of activities classified as held for sale amount to €51 million on the balance sheet date. In total, cash and cash equivalents at the end of the year increased to €429 million (previous year: €403 million).

Information on the results of operations, net assets and financial position of Bilfinger SE (company financial statements in accordance with the German Commercial Code)

Results of operations

The income statement of the company financial statements of Bilfinger SE is characterized by its holding function. Revenue amounted to €121 million (previous year: €127 million) and resulted almost solely from output volume charged to companies of the Group.

In connection with an internal reorganization of the affiliate structure, there was income from valuation adjustments in the amount of €744 million. Of that total, €688 million arose directly at Bilfinger SE and was reported under other operating income. A further share in the amount of €56 million was accounted for by a subsidiary and increased earnings from profit-and-loss-transfer agreements in the scope of financial income.

In addition to the income described in the sections above, other operating income in the amount of €927 million (previous year: €52 million) also includes the gain from the sale of the Construction business segment in the amount of €192 million (before risk provision). Other income stems primarily from currency translation and hedging.

The decrease in personnel expenses resulted from the drop in the number of employees from an average of 615 in 2014 to 477 in 2015.

Other operating expense in the amount of €426 million (previous year: €263 million) relates primarily to non-personnel administrative expenses, rents and leases, insurance premiums, write-downs on receivables from subsidiaries including other provisions for subsidiaries, losses from the disposal of subsidiaries, compliance and legal consulting costs, expenses from currency translation and hedging, other service and personnel expenses as well as additions to provisions. The increase compared to the previous year results particularly from the increased write-downs on receivables from subsidiaries and other provisions for subsidiaries as well as higher costs for expenses for compliance, legal and consulting advice.

Financial income of €78 million (previous year: €121 million) mainly comprises income from profit-and-loss-transfer agreements as well as other investment income from companies of the Group. The decrease is mainly the result of lower income from profit-and-loss-transfer agreements which included a substantial amount in the previous year from Bilfinger Construction GmbH which was sold at the beginning of 2015. In the financial year there were once again write-downs on individual financial investments and loans to subsidiaries due to reduced earnings expectations, but to a much smaller extent than was the case in the previous year.

The net interest result decreased due to the lower net of interest expense for pension provisions and income from plan assets.

Earnings from ordinary activities increased significantly to €605 million (previous year: minus €80 million) which is primarily attributable to the increase in other operating income.

In the year under review there was tax income from reimbursements received from advance tax payments from the year 2012. In terms of the income tax expense, it should generally be kept in mind that income and expense in the investment area are mainly tax-neutral.

Net profit after taxes amounts to €617 million (previous year: net loss after taxes of €274 million). The net profit after taxes in the amount of €308 million (50 percent of net profit after taxes as a maximum amount in accordance with Section 58 AktG) was transferred to retained earnings.

Net assets and financial position

The net assets and financial position of Bilfinger SE is governed by its function as a holding company.

Total assets of €3,940 million (previous year: €3,423 million) primarily comprise financial assets of €2,762 million (previous year: €2,227 million), receivables of €788 million (previous year: €913 million), and cash, cash equivalents and securities of €360 million (previous year: €251 million).

Financial assets increased by €535 million to €2,762 million. This increase is attributable to the reorganization of the affiliate structure previously described within the scope of the financial position. There was an opposing effect from write-downs on financial assets of €77 million.

Receivables and other assets of €750 million (previous year: €852 million) mainly comprise receivables from subsidiaries in connection with the Group's centralized corporate financing. The decrease resulted for the most part from write-downs on receivables from Group companies in the amount of €60 million.

The excess of plan assets over pension liabilities results from the existing surplus cover of pension provisions with plan assets.

The other side of the balance sheet includes equity of €1,625 million (previous year: €1,096 million), provisions of €243 million (previous year: €214 million) and liabilities of €2,072 million (previous year: €2,113 million).

INCOME STATEMENT OF BILFINGER SE (HGB)

€ million

	2015	2014
Revenue	121	127
Other operating income	927	52
Personnel expenses	-78	-107
Amortization of intangible assets / depreciation of P, P & E	-1	-2
Other operating expense	-426	-263
Earnings from financial assets	78	121
Net interest result	-16	-8
Earnings from ordinary business activities	**605**	**-80**
Extraordinary income	0	-194
Income tax expense	12	0
Net profit	**617**	**-274**
Profit carryforward	4	6
Allocation / release to other retained earnings	-308	360
Unappropriated retained earnings	**313**	**92**

BALANCE SHEET OF BILFINGER SE (HGB, ABRIDGED)

€ million

	Dec.31, 2015	Dec.31, 2014
Assets		
Non-current assets		
Intangible assets and P, P & E	6	8
Financial assets	2,762	2,227
	2,768	**2,235**
Current assets		
Receivables and other assets	788	913
Cash and cash equivalents	360	251
	1,148	**1,164**
Excess of plan assets over pension liabilities	24	24
Assets	3,940	3,423
Equity and liabilities		
Equity	1,625	1,096
Provisions	243	214
Liabilities	2,072	2,113
Equity and liabilities	3,940	3,423

Provisions include defined benefit obligations in the amount of €23 million (previous year: €21 million), tax provisions of €26 million (previous year: €33 million) and other provisions of €194 million (previous year: €161 million). The increase in other provisions results in particular from provisions for subsidiaries as well as litigation and compliance risks. The pension provisions relate to obligations not covered by plan assets which stem from former subgroup holdings that were merged into Bilfinger SE in 2014.

Liabilities in the amount of €1,493 million (previous year: €1,505 million) include liabilities to associates from deposits in connection with centralized cash pooling. They also include financial debt in the amount of €500 million (previous year: €500 million) for a primary unsecured bond issued in December 2012 with a term until December 2019.

The equity ratio was 41 percent at the balance sheet date (previous year: 32 percent). The increase resulted mainly from the significantly increased equity due to the net profit after taxes.

Opportunities and risks

The business development of Bilfinger SE is generally subject to the same risks and opportunities as the Bilfinger Group.

As the parent company of the Bilfinger Group, Bilfinger SE is included in the Group-wide internal control and risk-management system.

Outlook

As the parent company of the Group without any business operations of its own, Bilfinger SE receives revenue primarily from its subsidiaries. Expectations with regard to the Group's business development will generally affect the earnings of Bilfinger SE. Because financial year 2015 was shaped by high one-time income from valuation adjustments in connection with an internal reorganization of the affiliate structure, we anticipate lower earnings for financial year 2016.

Declaration of corporate governance in accordance with Section 289a of the German Commercial Code (HGB)

The declaration of corporate governance pursuant to Section 289 a of the German Commercial Code (HGB) has been made available on the company's website (www.bilfinger.com) under the heading 'Corporate Governance.'

INDUSTRIAL

Bilfinger is the largest German provider of maintenance services for industrial facilities. Compared to other domestic competitors, the company has by far the largest share of international business in this sector. The core market for our business is Europe.

Our services include design, construction, maintenance and modernization of plants in the process industry. We focus our activities on the chemical industry, the pharmaceutical industry, the oil and gas industry as well as the energy sector.

More than 30,000 qualified employees offer our customers a broad spectrum of services: consulting, engineering and project management, maintenance of machine technology, electrical instrumentation and control technology as well as piping and component engineering, plant assembly and maintenance, insulation, industrial scaffolding and corrosion protection.

Economic environment

In 2015, investments in the industry developed hesitantly. In the first half of 2015, geopolitical uncertainties such as the conflict between Russia and Ukraine or the continuing war in Syria led to the reluctance to invest despite the zero-interest policy of the European Central Bank. The renewed crisis in Greece also contributed to the uncertainty. This impacted the exporting industrial sectors in particular. Development was varied in Western and Northern Europe. In the Scandinavian countries, companies' investments in equipment were largely stagnant. There was a significantly stronger dynamic in the Netherlands, on the other hand, which recorded growth rates of nearly 8 percent.

In Germany, too, adverse global economic factors over the course of the year led to a weaker production and investment dynamic following a strong start.

In Europe, the overall economic situation impacted those client sectors that are important for industrial services in different ways. The chemical sector weakened from the middle of the year. In a year-on-year comparison, pharmaceutical production, with a strong plus of nearly 6 percent, asserted itself well against chemical production, which fell by a good 1 percent.

The oil and gas sector in the European oil-producing countries and the USA has been severely impacted by the collapse in oil prices which began in the middle of 2014. Since this price drop is attributable to a structural surplus of supply and because in the industry it is widely viewed as long-term, the negative effects have become more pronounced recently. Worldwide, oil and gas producers have drastically reduced their investment budgets. In key oil-producing countries such as Norway, the decline in investments in the oil and gas industry amounts to more than 10 percent.

Further negative factors have also arisen on the market for industrial services as a result of the energy transformation in Germany. The energy sector in major regions in Europe is suffering from ongoing uncertainties with regard to the volume and price perspectives of conventional power plants. These difficulties, together with a dramatic decrease in profitability, led the traditional market leaders in energy supply to make massive cutbacks in their investing activities. In addition, the energy transformation in Germany has had a negative impact on energy-intensive industries. In these sectors, discussions about the possible relocation of production facilities to regions with lower energy prices are already leading to a reluctance to invest. An indirect burdening factor has also arisen because traditional service providers from the ailing power plant business are taking their free capacities and pushing into the market for industrial services, thus raising competitive pressures.

In this difficult environment, the European market for industrial services weakened in the reporting year as compared to 2014. Growth outside Germany in 2015 of nearly 3 percent remained below domestic growth of just under 4 percent. The most important markets for German providers continue to be the Benelux countries, Austria, Switzerland, the United Kingdom, Scandinavia and Eastern Europe while activities in Southern Europe declined as a result of the crises. From a sector perspective, nearly two thirds of the market is accounted for by sales with customers in the process industry with a further increasing share for the chemical and pharmaceutical industries.

Sources

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Lünendonk Study 2015, Industrial service companies for Germany 2014, an analysis of the industrial service market for the process and manufacturing industries in Germany, Mindelheim.

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German Chemical Industry Association e.V., Press information, October 5, 2015, USA now most important export market for chemicals, Frankfurt.

German Chemical Industry Association e.V., Quarterly report, Report on the economic situation of the chemicals industry in the 2nd quarter 2015, September 9, 2015, Frankfurt.

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Markets and trends

In the Industrial business segment, our operating companies are encountering an uneven demand situation.

- Chemical and pharmaceutical industries: For our customers in these industries, demand in the ongoing maintenance of production facilities is stable. The chemical industry in Europe, however, is subject to growing competitive pressure. This also affects the demands placed on suppliers and service providers to make a value contribution through cost reductions. Growth opportunities in the coming years exist primarily in the areas of biopharma and biotechnology. As a result of the expansion of production facilities and increasing investments in process equipment in Europe and China, we anticipate significant growth in these sectors.

  In the project business, our customers' willingness to invest remains limited.

  Overall, internationally-active companies are increasingly looking for service partners that can offer and implement maintenance services and concepts in numerous countries. Progressive digitalization increases the efficiency of production processes and is defining maintenance strategies in the process industry to an ever-greater degree. Bilfinger is in an excellent position to meet both requirements.

- Energy: In the energy sector, uncertainty with regard to the economic feasibility of future investments prevails due to political decisions. This leads to caution when it comes to maintenance and modernization measures. An exception to this development is the Polish market, which is characterized by ongoing strong investment activity. Growth opportunities exist in France where, in the coming years, substantial investments in energy generation systems are expected.

- Oil and gas: In the oil and gas sector, a reluctance to invest among our clients continues to prevail due to the low oil price. In the United States, the special economic upturn that resulted from the shale gas boom has waned, demand from our customers declined significantly in the past year. In Norway, too, investment budgets for the maintenance of production and processing facilities were reduced.

  Business development in the United Kingdom, on the other hand, was stable. Here, Bilfinger has a sound market position due to its comprehensive service offering and a service quality that is greatly appreciated by its customers.

  Maintenance business in the mid and downstream area of the oil and gas business in the European market is generally less volatile than in the upstream area.

Performance

In the Industrial business segment, output volume was stable in 2015 at €3,650 million. Orders received of €3,302 million were at the level of the previous year. Exchange rate developments also had a positive impact on both key figures. The reluctance to invest on the part of the European process industry, reduced maintenance budgets especially from oil and gas customers as well as increasing competitive pressure as a result of the situation in the energy sector continue to negatively impact new business. As a result of these developments, order backlog declined to €2,101 million.

Our divisions that are active in the oil and gas business were not able to meet the original earnings expectations in financial year 2015. EBITA generated in the Industrial business segment fell significantly to €128 million and the EBITA margin decreased to 3.5 percent.

Against the backdrop of the restructuring measures already initiated, the number of persons employed was down at 31,510.

KEY FIGURES INDUSTRIAL

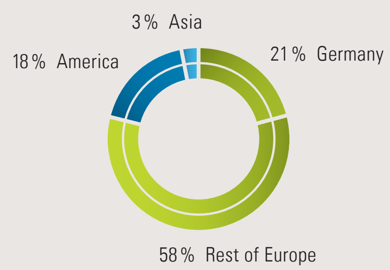
€ million

	2015	2014	Δ in %
Output volume	3,650	3,705	-1
Orders received	3,302	3,276	1
Order backlog	2,101	2,404	-13
Capital expenditure on P, P & E	47	67	-30
Depreciation	70	64	9
EBITA / EBITA adjusted	128	190	-33
EBITA margin (in %)	3.5	5.1	
Employees (at December 31)	31,510	33,016	-5

INDUSTRIAL: OUTPUT VOLUME BY REGION

€ million

	2015	2014	Δ in %
Germany	785	815	-4
Rest of Europe	2,099	2,088	1
America	663	701	-5
Africa	5	10	-50
Asia	98	91	8
	3,650	3,705	-1



In 2015, about 80 percent of our output volume generated in the Industrial business segment came from our core market of Europe. Of that total, 21 percentage points were accounted for by Germany. A share of about 58 percent was achieved in other European countries, especially Scandinavia, the United Kingdom, the Benelux countries, Eastern Europe and Austria. 18 percent of the segment volume was generated by the American market while Asia contributed 3 percent.

Important events

Strategic course: In light of the developments described here, we initiated a range of strategic measures in 2015 with the aim of concentrating our business on profitable core areas and thus creating the foundation for future profitable growth in the Industrial business segment:

- Low-margin areas from Industrial will be repositioned. The focus in this regard is on the optimization of organizational and cost structures. Capacity adjustments in individual operational areas are inevitable.
- The administrative structure within the segment will be adjusted to the business activities that are being focused on. This will result in a more efficient organization and, in addition, administrative expenses will be significantly reduced. The measures that have been initiated include streamlining the divisional structure and moving the administrative units of the divisions together in a single location.
- In order to improve operational performance, a comprehensive program for the optimization of processes for service orders was launched. The focus here is primarily on standardization and efficiency enhancement of procedures in workshops and logistics chains. Procedures such as information processing and resource planning are also being fundamentally optimized.
- In the operating business, a sales campaign will help to further improve cooperation with strategically important customers and to further expand the market position in the core regions of Central and Northern Europe.
- Bilfinger is in an especially strong position to benefit from demand for outsourcing solutions and from the digitalization of industrial production processes. In order to take advantage of this competitive position to a greater extent in the future, we are, among other things, systematically developing modules of the Bilfinger Maintenance Concept, which was successfully launched on the market in 2014 (see the *Research and development* chapter on page 64ff.).

Competitive successes: Our divisions won a number of important orders over the course of the reporting year. The prolongation of comprehensive framework agreements with longstanding clients and the trust in our company gained with new customers serve as an impressive demonstration of Bilfinger's performance and its competitiveness in the demanding market for industrial services.

- Germany: Bilfinger will continue to have responsibility over the course of the next six years for maintaining major sections of the TOTAL Raffinerie Mitteldeutschland in Leuna. Total volume of the extended framework agreement including budgeted turnaround and project services amounts to more than €100 million. Bilfinger Maintenance has been responsible for maintenance of the refinery complex since it went into operation in 1997. There, we are responsible for the trouble-free operation of one of Europe's most modern refineries. Our package of services includes the maintenance of piping systems, machine and electrical technology, analysis and automation technology as well as further plant components.
- Germany: With Bayer CropScience, a longstanding client, we extended the maintenance contract for industrial facilities at the Frankfurt location. The two companies are thus continuing the cooperation that has been in place since 2009 for the next three years. Total order volume amounts to over €40 million. Bayer CropScience is a world leader in the production of seeds as well as crop protection and pest control products. Bilfinger is responsible for ongoing maintenance of the facilities. This also includes building modifications, manufacturing and assembly of components as well as regular inspections of the production facilities.
- United Kingdom: Two clients in the oil and gas sector are continuing their cooperation with Bilfinger for the maintenance of offshore facilities in the British North Sea. The contract periods for the extended framework agreements each run for a period of five years and have a total volume of €140 million. The agreements include the industrial scaffolding, insulation, fire and corrosion protection works that are necessary for maintenance. They also cover special services for the cleaning and demolition of the facilities.

- United Kingdom: We extended a framework agreement with a longstanding client covering maintenance services at two of Scotland's largest oil and gas terminals. There, a significant portion of offshore production in the North Sea is brought together, stored, transported to other locations or processed. The three-year agreement covers scaffolding, insulation, corrosion protection and fire proofing; the total volume amounts to €150 million. This order success allows us to solidify our position as a leading service provider in the oil and gas sector. As a strategic partner we provide the client with services in the United Kingdom, Norway, Belgium, the Netherlands and Germany.

- Netherlands: At Europe's largest refinery in Rotterdam-Pernis and at the Moerdijk petrochemical location, our major client Shell continues to rely on a cooperation with Bilfinger. The two framework agreements, both of which were extended by five years, have a total volume of over €150 million. They cover services for maintenance such as insulation, corrosion protection and industrial scaffolding. The cooperation with Shell dates back to the 1960's.

- Netherlands: We signed a new agreement covering the replacement and maintenance of control systems for 50 gas turbines with the Dutch utility company Gasunie. The volume is in excess of €20 million. Bilfinger will develop a new, standardized control system that can be used for gas turbine compressor units from all manufacturers in Gasunie's Dutch transmission network. Replacement of the systems will be carried out gradually in the course of the next few years and there will also be a long-term contract for maintenance and repair.

- USA: In the American industrial services business, we won two important orders with a total volume of €600 million. A framework agreement with a longstanding major client in the consumer goods industry was extended by an additional four years. In future, Bilfinger therefore retains responsibility for the maintenance and modernization of production facilities at more than a dozen of the client's locations in the United States. Our scope of activities ranges from maintenance and repairs through to major inspections as well as the design, construction and commissioning of new facilities. We were commissioned with the expansion of the production capacities for liquid gas at locations in three American states by another client who is a major player in the midstream oil and gas industry.

Outlook

We have summarized details of the expected development of the Industrial business segment in our Outlook from page 90.

The opportunities and risks associated with the segment are part of the risk and opportunity report from page 74.

INDUSTRIAL

Divisions	Areas of activity	Key clients	Competitors
Industrial Maintenance	▪ Maintenance and repair services for industrial plants ▪ Conversion, expansion and modernization of plants	▪ P&G ▪ YARA ▪ Borealis ▪ AKZO Nobel ▪ Total	▪ Maintpartner ▪ Wood Group ▪ Xervon
Insulation, Scaffolding and Painting	▪ Insulation solutions (thermal, cold, soundproofing, fire protection) ▪ Scaffolding (industrial and specialist solutions) ▪ Painting and coating (surface protection)	▪ Shell ▪ BP ▪ BASF ▪ DOW ▪ Tata	▪ Käfer ▪ Xervon ▪ G&H ▪ Altrad ▪ Brand
Oil and Gas	▪ (Offshore) maintenance and repair services ▪ Specialist services: insulation, scaffolding and corrosion protection ▪ Training services (e.g., rope access work)	▪ BP ▪ TAQA ▪ Statoil ▪ Shell ▪ Essar ▪ ConocoPhillips ▪ EDF	▪ CAPE ▪ Hertel ▪ Wood Group ▪ Stork
Industrial Fabrication	▪ Assembly & installation of plant components (e.g., apparatus) ▪ Construction of industrial plants ▪ Manufacturing and installation of piping systems and components	▪ Enterprise Products Partners ▪ Kinder Morgan Williams ▪ Linde ▪ Exxon ▪ Airbus	▪ Matrix ▪ Lexington ▪ Saulsbury ▪ Fabricom ▪ Boccard
Engineering, Automation and Control	▪ Design and engineering of industrial plants ▪ Project management and construction management ▪ Design, manufacture & installation of industrial automation systems (electrical instrumentation and control technology)	▪ Internationally-active companies in the chemical industry	▪ Amec Foster Wheeler ▪ Technip ▪ Jacobs ▪ Mott Mc Donald ▪ Actemium
Support Services	▪ Placement of in-house personnel ▪ Provision, repair and logistics for machines and equipment	▪ MOL Group ▪ MAN Ferrostaal ▪ OT Industries ▪ Implenia	▪ Käfer ▪ Ramirent ▪ Unimontex ▪ Boels

BUILDING AND FACILITY

Bilfinger is Germany's largest real-estate services provider and, in the United Kingdom, the most important real-estate market in Europe, among the leading providers in this sector.

We are able to deliver individual, combined or complete integrated services for our clients across the entire value chain of real-estate properties.

More than 20,000 competent employees provide specialized services that are required in the various lifecycle phases of a property – from acquisition and sales consulting, development and planning through to construction and operation and to management, consultancy and marketing. Worldwide services in the water and wastewater technology sector are part of the business segment's portfolio.

Economic environment

Facility Services

In the reporting year, growth on the German market for outsourced real-estate services accelerated noticeably. Growth rates increased from 1.9 percent in 2014 to 4 percent according to the figures currently available. The business climate was positive: in industry surveys, more than 90 percent of market participants viewed the situation of the industry as good. The provider structure remains well-divided with the 25 largest providers covering just slightly more than 20 percent of the market. The trend that shows the industry's larger providers growing faster than the smaller companies is continuing. According to the figures currently only available for 2014, the 25 leading companies in the industry added an average of 4.4 percent in domestic sales and the top 10 grew by 6.2 percent.

Market leaders benefit from their professional and regional service depth with regard to two stable trends: firstly, demand for service providers that offer comprehensive management services for real-estate properties from a single source is growing. Secondly, globally active industrial companies are increasingly awarding their service orders across national borders.

Among the customer segments, industry remains a leader with a further expanding market share that is now at 26 percent. Industrial customers in particular rely strongly on the market leaders among the service companies because only the larger providers are in a position to offer services throughout all locations. In 2015, the importance of the health care sector increased significantly and it is now ranked third among the most important customer sectors directly following the real-estate sector. The public sector is ranked fourth.

On the provider side, the market consolidation through acquisitions and above-average growth rates among the large companies continues. The need for comprehensive consulting services is becoming greater as early as the construction phase so that the cost of the property can be reduced over the entire lifecycle. In addition, energy management services are also seeing stronger demand.

In the European markets outside Germany, the pace of growth is at about 5 percent. The international activities of German providers are increasing at an even greater rate, with growth rates for the industry's top 10 recently hitting 23 percent. Preferred international markets currently include Poland, Czech Republic, Austria and Switzerland.

Property and asset management

Development is supported by the very positive overall environment for investments in the German and British real-estate markets. In light of historically low yields for secure capital investments, residential and commercial real estate remains an attractive alternative. High transaction volumes for commercial real estate stimulate demand for premium real-estate services such as consulting for the management of entire real-estate portfolios. In Germany, real-estate investments in 2015 increased by about 40 percent to more than €55 billion as compared with the prior year.

Building

The German building construction market saw slightly positive development in the reporting year. Companies in the German construction business with 20 employees or more were able to increase their output volume in building construction by a total of 1.7 percent.

While output volume for public-sector building construction decreased slightly by 0.3 percent and by 1.9 percent in commercial building construction, strong sales growth of 7.1 percent was achieved in residential construction.

The slight decrease in sales in public-sector building construction is attributable to declining real construction investment. The usual delays in the planning and implementation phase prevented the federal government's new investment package for financially weak municipalities and for nationwide infrastructure from having a stronger impact already in this year. For 2016, on the other hand, the institutes are anticipating a strong expansion of public-sector construction investment of 4.9 percent. The construction industry association therefore expects sales growth in 2016 of 4.0 percent in the entire area of public-sector construction.

The decline in commercial building construction was caused by the hesitation to invest on the part of exporting industrial companies. Construction volume in consumer-related areas developed better; in retail and storage real estate in 2016, for example, the institutes expect an increase in commercial construction investment of 0.9 percent as compared to 2015. In 2016, due to the limited rate of investment, the construction industry association expects sales in the entire area of commercial construction only at the level of the previous year.

The strong sales increase in residential construction is a consequence of the generally more favorable framework conditions. The low interest rates, continued demand for higher quality living space as a result of increases in employment and income as well as the need for lower-cost living space as a result of immigration have all boosted demand. In 2016, the institutes expect a further increase in investments for residential construction of 2.2 percent as compared to 2015. The construction industry association therefore expects sales growth in 2016 of 5.0 percent in residential construction.

Sources:

European Commission, Directorate-General for Economic and Financial Affairs, European Economic Forecast, Autumn 2015, Luxembourg: Publications Office of the European Union.

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German Construction Industry Association, German Construction Industry, January 13, 2016

German Construction Industry Association, Current Figures as of February 25, 2016

Markets and trends

Bilfinger has a strong market position in Germany and in the United Kingdom, the two most important real-estate markets in Europe.

- In the United Kingdom, we significantly expanded our position in the reporting year. Following the integration of Europa Support Services, a leading provider of integrated facility management services, and of GVA, a renowned specialist for demanding real-estate consulting services, we are now in a position to offer not only facility management services, but also premium real-estate services such as analyses, evaluations, repositioning and restructuring of entire portfolios through to the execution of the respective transactions.
- In Germany, we have been operating successfully for many years with our exceptionally broad service spectrum. Depending on the requirements, we deliver individual services or put them together in a customized package. Through the strengthening of the capital markets and transactions areas, we support owners and investors in purchase and selling processes and benefit from increasing transaction volumes in the real-estate sector.

There are a large number of trends in real estate that will shape demand for real-estate services in the years to come:

- Cost efficiency: Real-estate properties are increasingly being seen as a cost factor that needs to be optimized. In addition to technical aspects, organizational, planning, legal and commercial aspects also have a role to play here, ideally with everything leading to a uniform real-estate strategy. For the development of a coherent strategy, current and reliable data is needed which, especially for multinational customers, follows a uniform standard. Bilfinger is already today delivering this kind of consulting and management services and is well-positioned to benefit from this trend to a greater extent.
- Digitalization: The digitalization of real-estate related secondary processes allows the customer to access real-time data and thus to conduct targeted control and management of processes. Digital data can also be documented, distributed and processed more quickly. Visualizations in the form of clearly-arranged dashboards or simulations of design variations with the resulting cost impact can significantly accelerate conventional work flows. Bilfinger is currently using a range of digital solutions and has set for itself the goal of continuing to be actively involved in the shaping of future development in this field (see chapter on *Research and development*, page 64 ff.).

KEY FIGURES BUILDING AND FACILITY

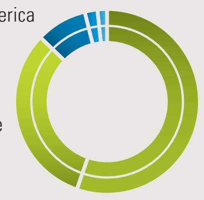
€ million

	2015	2014	Δ in %
Output volume	2,909	2,659	9
Orders received	3,619	2,298	57
Order backlog	2,744	2,004	37
Capital expenditure on P, P & E	28	32	-13
Depreciation	23	20	15
EBITA / EBITA adjusted	148	136	9
EBITA margin (in %)	5.1	5.1	
Employees (at December 31)	23,886	23,712	1

BUILDING AND FACILITY: OUTPUT VOLUME BY REGION

€ million

	2015	2014	Δ in %
Germany	1,641	1,586	3
Rest of Europe	931	764	22
America	258	237	9
Africa	7	7	0
Asia	52	51	2
Australia	20	14	43
	2,909	2,659	9



- Energy efficiency: Improving the energy efficiency of real estate is influenced to a great extent by statutory requirements. In its Energy Efficiency directive, the EU calls for energy audits of the entire real-estate portfolios of large European companies in order to identify savings potential and to initiate resource-saving measures. As experts for the complex interaction between framework construction, technical building equipment, facade and building operations, Bilfinger is a primary address for the enhancement of energy efficiency in buildings of all kinds.
- Internationalization: For multinational customers, demand for integrated services from a real-estate services provider with a comprehensive range of services is growing. More and more internationally active companies are outsourcing their corporate real-estate management to external specialists. We assume that the trend toward a professionalization of real-estate management and toward the outsourcing of real-estate management services will continue. With locations in 20 European countries, Bilfinger is able to demonstrate the local presence and expertise that customers want.

Bilfinger Water Technologies is a leading global specialist supplier of facilities, components and services in the area of water and wastewater technology. Key competences include water and waste treatment, the separation of solids from liquids and gases as well as vacuum technology, which we combine into complete solutions for municipal and industrial clients.

Performance

The positive development of the Building and Facility business segment continued in 2015. Output volume rose to €2,909 million as a result of acquisitions while orders received increased substantially to €3,619 million. The main reasons for this were the extension of important contracts and the gaining of new customers in facility management. This is in addition to order successes in the German building construction business. Order backlog at the end of the year amounted to €2,744 million.

56 percent of output volume was generated in Germany. Key international markets were in Europe with a share of 32 percent and with a focus on the United Kingdom. The share of the North American business amounted to 9 percent.

EBITA increased to €148 million; the EBITA margin of 5.1 percent was on a par with the previous year.

The number of employees was nearly unchanged at 23,886.

Important events

Strategic course: In the Building and Facility segment, we will continue our profitable growth path and expand our strong position in Europe by means of a customer-oriented range of integrated real-estate services. We want to use additional growth impulses in areas including industrial customers, digitalization and energy efficiency.

- Central administrative units such as IT and accounting were transferred to the segment in order to move forward with the process of making it more self-contained. In addition, we further strengthened the conditions for cooperation among the units within the segment by moving the administrative units of the divisions together in a single location.

Competitive successes: Over the course of the reporting year, we extended a number of important framework agreements with longstanding major clients in the facility services business and also won new clients in this field. In property and asset management as well as in the German building construction business, many customers have placed their confidence in the competences and experience of our employees. This gives us a solid foundation for further profitable growth.

- Europe-wide: Bilfinger will be managing properties of an American pharmaceutical company in several European countries in the future. The recently signed service agreement calls for us to deliver comprehensive facility management services at more than a dozen locations. With the outsourcing, the customer is pursuing the goal of simplifying processes and making them more efficient. The total volume of the agreement, which will run for an initial five years, is more than €150 million.
- Europe-wide: In the facility services business, we were able to achieve the early extension of a cooperation with a major client that has been in place since the mid-1990s by a further five years. We will thus also in the future be responsible for all facility management services at more than 175 properties in many European countries. The order has a volume of €200 million.
- Germany: We signed new contracts with BMW and Zeiss for technical facility management at German production locations. At the BMW plants in Berlin, Eisenach and Leipzig, we are responsible for maintenance of the automated manufacturing technology and for supplying production with electricity, compressed air, heat and water. At Zeiss headquarters in Oberkochen, we are responsible for, among other things, facility management of clean rooms in pro-

duction and research as well as for laser gas systems. The scope of services also covers provision of cooling and process water and operation of the entire building technology. Total volume for the two agreements amounts to over €50 million.

- Germany / United Kingdom: Important service agreements were signed with two major European banks for the management of their real-estate portfolios. The two agreements have a total volume of about €600 million. We provide exclusive advisory services to an internationally-active bank for all questions related to the entire real-estate portfolios in the United Kingdom. In addition, we reached agreement with one of our largest existing clients on the early extension of a cooperation that has been in place for more than 10 years. Bilfinger thus retains responsibility for the technical, commercial and infrastructural facility management for the bank's more than 1,000 properties. The contracts have a term of five years.
- Building construction Germany: In the German building construction business, we won a number of important contracts. Those worth pointing out include new energy-efficient office and commercial real estate in Munich, Cologne and Hamburg as well as the order for redevelopment of the exhibition grounds in Essen. In the Sachsenhausen section of Frankfurt, Bilfinger is transforming an eleven-story office property into modern residential space, in Regensburg we are involved in the conversion of a former army barracks into an intake center for refugees. On the Baltic Sea island of Rügen, we were commissioned with the rehabilitation of a section of the Prora architectural monument and its transformation into premium holiday apartments. The total volume of these projects is more than €300 million.

Outlook

We have summarized details of the expected development of the Building and Facility business segment in our Outlook from page 90.

The opportunities and risks associated with the segment are part of the risk and opportunity report from page 74.

BUILDING AND FACILITY

Divisions	Areas of Activity	Key clients	Competitors
Building	▪ Development, design, consulting and management of construction services ▪ Turnkey construction, rehabilitation, portfolio optimization, expansion, facade engineering, cold storage construction ▪ Design, installation and maintenance of building technology ▪ Construction-related services (construction site logistics, disposal)	▪ BASF ▪ ThyssenKrupp ▪ OVG Real Estate ▪ KUKA	▪ Hochtief ▪ Strabag / Züblin ▪ BAM Deutschland ▪ Porr
Facility Services	▪ Commercial, technical and infrastructural facility management ▪ Energy management, energy efficiency and contracting ▪ Healthcare services ▪ Events and catering	▪ Deutsche Bank ▪ IBM ▪ Deutsche Post ▪ Telefonica	▪ Strabag ▪ Wisag ▪ ISS ▪ Dussmann
Real Estate	▪ Real-estate consulting services ▪ Investment / transaction consulting (purchase, rental and sale of real-estate properties) ▪ Real-estate management (fund, asset and property management) ▪ Center management	▪ DZ Bank ▪ IVG Immobilien ▪ AXA Group ▪ Union Investment ▪ Royal Bank of Scotland ▪ Generali	▪ CBRE ▪ Jones Lang Lasalle ▪ Savills ▪ Cushman & Wakefield ▪ ECE
Water Technologies	▪ Industrial / municipal water treatment systems ▪ Components for water treatment systems (e.g., filters) ▪ Vacuum sewer and sanitation systems	▪ JSC Chukotka Mining and Geological ▪ Alcoa World Alumina Australia ▪ Dow Chemical Company ▪ OJSC Sibur Holding	▪ Andritz ▪ FLSmidth ▪ Metso Corp. ▪ Ovivo Water Ltd.

Discontinued operations

The discontinued operations include the former Power business segment, which has been put up for sale, Offshore Systems and the sold divisions Construction, Infrastructure and the former Concessions business segment.

Overall, earnings after taxes were significantly negative in these discontinued areas in financial year 2015. This stems primarily from the former Power business segment: in the course of the reclassification of the former business segment as discontinued operations, the disposal group was measured at fair value less costs to sell, which led to an impairment loss in the amount of €330 million. This is in addition to further burdens totaling €164 million from regular earnings as well as from one-time expenses, in particular for restructuring. Offshore Systems had a negative impact of minus €17 million, also as a result of a further write-down of investments in the Polish production site. A capital gain from the sale of the Construction and Infrastructure divisions is also included, which, after consideration of a risk provision, led to a positive earnings effect of €9 million.

KEY FIGURES CONSTRUCTION ACTIVITIES AND CONCESSIONS
€ million

	2015	2014	Δ in %
Output volume	291	824	-65
Capital expenditure on P, P & E	61	61	0
EBITA	-18	-25	

Power

In its former Power business segment, Bilfinger offers a broad spectrum of services throughout the entire lifecycle of fossil fuel and nuclear powered power plants – from new construction, efficiency enhancements and service-life extensions through to maintenance, repair and demolition. This also includes denitrification, desulfurization and dust removal systems, the manufacture and assembly of components, especially boilers and piping systems as well as the construction of overhead power lines for the expansion of electricity grids. Customers include utility companies, industrial companies, plant manufacturers and research institutes. Key markets include Europe, South Africa and the Middle East.

Economic environment

The market for services in the field of power plants and energy in Germany continues to be plagued by the uncertainties associated with the energy transformation. Due to the lack of prospects for profitable operation, German utility companies planned the decommissioning of nearly 60 conventional power plants in 2015. These plans led to a capping of investments in maintenance and modernization.

Policy makers are making only slow progress with regard to the necessary expansion of network infrastructure and the guarantee of predictable framework conditions. The governing parties were able to agree on the construction of the required north-south lines. The resolution to put most of the new lines underground, however, will lead to further delays in the completion. The decision of the governing coalition made in summer to transfer a substantial portion of the lignite-fired power plants to a capacity reserve for four years before they are shut down for good, and to compensate the operators for this period, brought at least a temporary improvement to the calculability for this power plant segment.

In Southern and Eastern Europe, upheaval in electrical production is taking an entirely different direction. Poland, for example, is undergoing a shift in electricity supply from lignite to hard coal. In Southern Europe, the economic crisis has led to more limited subsidies for regenerative energies; their share in overall production nonetheless continues to increase, in particular that of solar energy due to the natural advantages of the location.

While energy consumption in many EU states is either stagnant or declining, Turkey is one of the world's fastest-growing energy markets with an annual increase of a good 5 percent. In order to secure the energy supply, it is estimated that an investment volume of between €110 and €120 billion is needed by the year 2023. In this regard, the country is following a diversified investment strategy with new capacities in conventional power plants, investments in nuclear power and in regenerative areas. Hydroelectric power will have a major role to play here.

The Arabian Gulf States are moving forward with their ambitious plans for diversification and expansion of their energy supply. The magnitude of these plans is, however, currently being corrected downward as a result of the fall in the price of oil and the associated loss of income. Saudi Arabia is planning the construction of up to 16 nuclear reactors over the course of the next two decades, but initial decisions on their locations have been delayed. A large financial cushion continues to allow most Gulf states to undertake major infrastructure investments. Kuwait, for example, intends to nearly double its electrical power production capacities by the year 2023 and the pace of the contract awards for investment projects in the current five-year plan has been significantly increased. In the United Arab Emirates, investments in the expansion of the energy supply also remain high.

In South Africa, the ongoing electrical power crisis leads to the cutting of power on a near daily basis. This situation makes substantial investments in the modernization and capacity expansion of the fully outdated power plant park unavoidable. But the weak economic situation, financing bottlenecks of the utility companies and political uncertainties are burdening the investment climate.

Sources:

BDEW German Association of Energy and Water Industries, BDEW Power Plant List 2015 published April 13, 2015, https://www.bdew.de/internet.nsf/id/bdew-kraftwerksliste-2015-veroeffentlicht-de

Trade & Invest, Saudi Arabia's solar program lacks tailwind, August 3, 2015

Trade & Invest, Saudi Arabia, UAE and Qatar in Focus 2015

Trade & Invest, Turkey in Focus 2015

Trade & Invest, Economic Trends at Mid-Year 2015 - South Africa

Performance

In the former Power business segment, which has been put up for sale, the German energy transformation and its negative effects on the investment behavior in other Central European countries continue to have a major impact. Output volume decreased to €1,284 million in 2015. Orders received of €986 million were also below the prior-year figure, as was the order backlog of €762 million on the balance sheet date.

EBITA amounted to minus €59 million and the EBITA margin was minus 4.6 percent.

Germany accounted for about 29 percent of output volume. 44 percent of volume was generated in European countries outside Germany with a focus on Eastern Europe and Poland in particular, Austria and Finland. South Africa as well as the Middle East are also important international markets.

At the end of the year, a total of 10,186 people were employed in the Power segment.

KEY FIGURES POWER

€ million

	2015	2014	Δ in %
Output volume	1,284	1,445	-11
Orders received	986	1,090	-10
Order backlog	762	1,060	-28
Capital expenditure on P, P & E	9	22	-59
EBITA / EBITA adjusted	-59	8	
EBITA margin (%)	-4.6	0.6	
Employees (at December 31)	10,186	11,561	-12

Important events

Strategic course: The Executive Board of Bilfinger SE decided to put the Power business segment up for sale in June 2015. The structured selling process that was initiated at that time is progressing as planned. In order to ensure the sustainability of the business segment in the face of a dramatic weakness in demand, it was necessary to cut 750 jobs in the power plant business.

Competitive successes: In financial year 2015, the Power business segment achieved order successes in various market segments. Noteworthy among these are:

- Modernization: In Eastern Europe, there continues to be a need for the modernization of conventional power plants. In connection with a project to enhance the efficiency level and sustainability of a Polish power plant, Bilfinger won an order in the first quarter of 2015 for the design, manufacture, delivery and installation of plant components with a value of just under €70 million.
- Piping systems: We signed an agreement with Areva for the continuation of the work that began in 2009 on the Finnish nuclear power plant Olkiluoto 3. The order for the completion of the piping systems was expanded with an order for the manufacture and installation of an electrical measurement system.
- Nuclear technology: We received an order from American company Holtec International for the manufacture of key components for a plant that processes fuel rods at the decommissioned power plant complex in Chernobyl, Ukraine. With the specialized machines fuel rods are dried and conditioned to the extent that they can be securely dry-stored for long periods in special containers from Holtec.

- Component design and delivery: In Dubai, United Arab Emirates, Bilfinger is involved in the expansion of the largest energy-producing and seawater desalination plant in the country. On behalf of Siemens, we have assumed responsibility for planning of the gas supply for two new turbo groups. In addition, the associated conditioning and analysis systems will be designed, manufactured and delivered installation-ready.
- Maintenance: Bilfinger extended a framework agreement with the Saudi Electricity Company covering maintenance of the boiler and auxiliary components at the Ghazlan power plant complex near Dammam. The company will conduct the inspection works necessary for operation and will exchange individual components when needed. The term of the contract with the country's largest energy producer is five years.
- Plant technology: Mainova AG, one of Germany's largest regional utilities, is expanding the thermal power plant West in Frankfurt am Main and has entrusted Bilfinger with engineering, manufacturing, delivery and commissioning of systems technology. In addition to the complete piping systems for the various steam, condensed and cooling water systems as well as district heating water, we are also installing heat condensers, heat exchangers, pumps and insulation.

Outlook

We have summarized details of the expected development of the former Power business segment in our Outlook from page 90 ff.

The opportunities and risks associated with the segment are part of the risk and opportunity report from page 74.

Research and development

Research and development activities make a key contribution to the competitiveness of the Bilfinger Group. The focus is the development of our engineering and services offers in line with market requirements. The operating units are responsible for the development work. They are familiar with the needs of their customers and can ensure targeted development of innovations. As a result, we develop high-quality technical and economically feasible solutions with a direct focus on the customer's needs. For this purpose, we also cooperate with leading universities and research institutes.

In the reporting year, Bilfinger pursued more than 100 research and development projects with a total expense of €6.6 million from continuing operations of the Group. The activities focused on innovative products and services for the areas of energy, industry, real estate and environment. Our research and development work is primarily focused on optimizing internal value chains. This is the main economic benefit of these activities for our company.

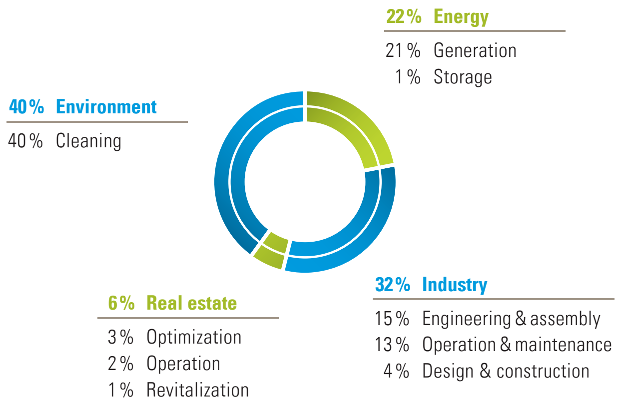
Energy

The energy transformation in Germany is changing not only the framework conditions for power generation, but also the requirements of the necessary networks. The expansion of renewable energy has resulted in a large number of decentralized generation systems, which must be coordinated by network operators for stable operation of the electricity grids.

To this end, Bilfinger has developed the modular web application *Ubix*. The information and control system supports operational management and monitoring of combined heat and power plants or wind energy systems and, at the same time, allows central business logic for control of the existing systems. This is based on the recording of process data such as meter readings or measurement values of the system and the possibility of central control. At the same time, the user is offered a modern web portal in order to map procedures and implement new processes, for example control of balancing energy marketing. The portal has been designed as an *Internet of Things* (IoT) application for the demands of multiple industries. With Ubix, Bilfinger has targeted users from the areas of energy production, municipal utilities, energy trading and operators of industrial plants.

In order to optimize the energy consumption of real-estate properties, Bilfinger has been developing solutions for smart metering with its customers for many years. This involves the automated recording of building data such as energy use and consumer behavior in real-time. Building on this knowledge, the company is offering the Smart B software solution for the energy management of real-estate properties.

RESEARCH AND DEVELOPMENT EXPENSES 2015
BY INNOVATION AREA



Beyond the mere measurement of consumption figures, the data is directly evaluated with the help of intelligent algorithms. The monitoring system works with a specially developed meter with a sampling rate of 4 kHz. This produces a particularly large amount of consumption data which can be displayed, evaluated and interpreted using a cloud platform. The intelligent algorithms identify individual devices and can thereby generate a transparent image of energy consumption down to device level. The Smart B software solution is used by operators of industrial and commercial real estate as an intelligent energy management tool. Ideally, a single meter can record the energy data of an entire building. Potential malfunctions, optimization and savings potentials and achieved energy savings thereby become visible in real-time.

Industry

Bilfinger develops digital solutions for industry 4.0 applications and thereby contributes to the development of the market.

The Bilfinger Maintenance Concept (BMC), introduced last year, is thus being systematically further developed. The focus is on the structural development and implementation of the 16 BMC modules for the process industry with existing and new contracts. An example of this is the continued development of the 'iMaintenance®' module. The optimization and dynamization of the maintenance and inspection intervals allow more cost-effective maintenance and greater system availability. In order to predict interruptions to operation as reliably as possible and to improve planning of maintenance work, the development of predictive maintenance solutions is continuing on the basis of highly complex data analyses.

In addition, digital solutions are being developed that make job planning and order execution in industrial services more efficient, safer and more environmentally friendly. A *scaffolding app* is in use in industrial scaffolding that allows for order processing, from commissioning on the part of the customer, job planning, photo documentation, recognition of service and payment to be organized with mobile devices. The solution offers the customer rapid execution of the commissioned services and continually gives information about the current status of the services provided.

Real estate

Bilfinger has been providing integrated services for many years in all lifecycle stages of real estate to improve the economic efficiency and sustainability of properties. Deep technical knowledge in the diverse specialist disciplines as well as practical experience in building operations are basic requirements for the planning of sustainable real estate. Bilfinger relies on digitalization for the handling, control, communication and documentation of the complex processes in the design, construction and operation stages.

The company is increasingly using an integrated digital data model for its design and construction processes. In addition to the building dimensions and technical specifications of the components, costs, deadlines and aspects of the contract management are available within the *Building Information Model*. This allows a digital visualization of the property even before it is built and management of all design and building processes based on current data including the later handover of the complete digital file for building operation or the sale of the property.

In 2015 the building model was expanded with an interface for structural documentation. Verification of energy consumption and the resource efficiency of a property is generally repeated in the later design stages as a result of increasing information. Bilfinger accelerates these processes by adding the aspect of structural calculations to the Building Information Model and can identify necessary changes in the early design stages.

Bilfinger also relies on digital tools when taking a technical inventory of properties. In addition to the continued processing of data from 3D scans, apps that enable quick recording of the individual structural conditions of properties including their technical facilities were also programmed. The data obtained is available to those involved in the project directly after recording via a cloud-based system for further processing, control and management. Bilfinger makes use of such apps during inventory and building inspections as well as for the documentation and invoicing of services for efficiency and quality improvements.

Environment

Rapidly growing large cities in particular are faced with the challenge of sustainable, resource-efficient handling of drinking water. In recent years, Bilfinger has developed new solutions in vacuum sanitation technology, in the areas of waste separation and energy generation, as well as in water treatment.

In a project supported by the German Federal Ministry of Education and Research, a district of the Chinese city Qingdao was equipped with these technologies and their use was tested with scientific support from the Technical University in Darmstadt. Here wastewater is separated into gray and black water and directed into a recycling center together with organic waste. These materials are used to generate industrial water, electricity, heat and organic sludge. In this case, the size of the recycling center sets itself apart significantly from the individual building units; it is, however, significantly smaller than conventional central supply and disposal facilities for large cities.

The water technology specialists in the Bilfinger Group have developed so-called slotted screens, whose individual rods are flowed through vertically and allow a significantly higher flow in comparison with perforated screens. As a result of the components used, they also have a high resistance with low maintenance and repair costs. The screens are used in a wide range of areas – from well construction across the entire process industry up to water treatment. With a newly developed manufacturing and testing procedure, these screens can be produced with particularly small openings, in order to retain even the smallest particles.

Sustainability

We are convinced that long-term business success can only be achieved when economic changes are in line with social and ecological aspects. Bilfinger's understanding of sustainability is therefore integrated into its Vision Statement and the Code of Conduct. We are a member of the UN Global Compact and follow the rules of the German Corporate Governance Code and the German Sustainability Code.

Sustainability reporting

As for Bilfinger itself, sustainability is also a key part of the corporate strategy of many of our customers and strategic partners. They examine data and facts on the sustainability of their suppliers and provide us with comprehensive catalogs of questions. With the audit of their supply chain they meet the requirements, among others, of rating agencies and sustainability indices such as GRI, CDP, Vigeo EIRIS, Sustainalytics and RobecoSAM, which also provide orientation for our activities. In order to meet the requirements of our customers and optimally position ourselves as a service provider, we continually develop our reporting. This includes the expansion of management systems and the systematic inclusion of relevant key figures in the reporting.

In 2015, Bilfinger also participated for the second time in CDP (formerly *Carbon Disclosure Project*), the most important benchmark for climate protection and sustainable business operations. The investor initiative evaluates companies and organizations in terms of transparency of emission data, climate strategies and the responsible handling of environmental risks. Our ranking has improved in comparison with the previous year.

The Bilfinger Sustainability Report is published once a year. Its content and structure are oriented toward the international Global Reporting Initiative (GRI G3). For the report on financial year 2015, the Sustainability Report is transferred to the new standard GRI G4.

Sustainability strategy

As part of the sustainability strategy, Bilfinger focuses on issues which provide useful stimulus for the success of our company and, equally, for the positive development of society as a whole.

In order to identify such aspects, we carried out a survey of customers, the capital market, employees and other key stakeholders in accordance with the requirements of GRI G4 in 2015. Around a dozen economic, social and ecological topics were classified as relevant, which Bilfinger discusses in the sustainability report. On the basis of these results Bilfinger has defined four focus topics for sustainability reporting: occupational health and safety, customer satisfaction and quality, economic success and compliance.

We will pay particular attention to these topics in future, measure their progress and publish the results in the sustainability report.

Economy

Our customers' concerns are at the heart of our business activities. We support them on topics of innovation and, together with them, develop solutions to meet their specific needs. We ensure the quality of our own services with management systems, many of which are certified in accordance with the relevant standards. Our processes and units are regularly audited and certified by external institutions. We place high importance on our procurement processes and the assurance of our suppliers' integrity.

Research and development activities make a key contribution to the competitiveness of the Bilfinger Group. The focus is the development of our engineering and services offers in line with market requirements. The result is technically sophisticated and economically feasible solutions, which aim to directly benefit operations.

Bilfinger has a wide range of sustainability services, which target climate protection and resource conservation. We focus particularly on the areas of energy and process efficiency. We thus achieve not only substantial cost savings for our customers, but also help them to achieve their own sustainability objectives. We make such services increasingly measurable and provide the associated key figures.

Social

We develop our employees' skills and promote their willingness to perform. We support them with varied training offers and measures to improve the compatibility of career and family. Bilfinger is making a targeted effort to open specialist and management positions in the company to women and to make these positions more attractive. The number of female employees in management positions (management levels 1-3) in 2015 was at 10 percent and is planned to increase to 15 percent by 2020.

For occupational safety, we rely on our behavior-oriented safety program *SafetyWorks!* which was introduced throughout the Group and which contributes to a continuous improvement in the culture of occupational safety. The Group also recognizes outstanding performance in occupational safety on an annual basis. Both initiatives increase the awareness of occupational safety among managers and employees.

In our markets, we promote and support charitable projects and initiatives that correspond to our sustainability requirements. In Germany, we are especially involved in supporting higher education. These efforts include scholarships for students as well as the financing of professorships.

Environment

We want to reduce the negative environmental impact of our business activities and expand our sustainability requirements along the value chain. Areas of action particularly include the reduction of CO_2 emissions as well as waste and resource management. We calculate CO_2 emissions on the basis of the Greenhouse Gas Protocol. In order to reduce CO_2 emissions, we encourage the use of low-emission vehicles and recommend using the train for business trips. When purchasing materials we pay attention to health aspects, local availability, serviceability, durability and recyclability.

To measure and reduce the impact of our activities on the environment, the business units have management systems. Many Bilfinger units are certified in accordance with the environmental management standard DIN EN ISO 14001 or the energy management standard DIN EN ISO 50001. We have started to gradually introduce a Group-wide system for recording environmental key figures and expand the reporting on CO_2 emissions.

Detailed information on sustainability at Bilfinger is available at www.sustainability.bilfinger.com.

Procurement

The purchasing project *Bilfinger Procurement Initiative 2015* was started in the reporting year. The aim was to generate significant value added to secure earnings. Over 100 buyers with nearly 650 measures contributed to the successful implementation of the project. The approach was based on the consistent reduction and streamlining of the supplier portfolio as well as the use and establishment of new procurement methods such as clean sheets or low cost country sourcing.

Furthermore, through closer cooperation between the divisions and the associated greater bundling of procurement activities, further international framework contracts could be concluded, additional economy of scale effects achieved and sustainable value added generated.

The continued training and development of the procurement staff is a central component of the Bilfinger procurement strategy. As part of the *Procurement Academy*, which was carried out for the third time, over 300 buyers were trained in the financial year. Alongside classic training offers such as negotiation training, in 2015 the focus was on the topics of compliance and risk minimization in procurement. The training offer was complemented by an international e-learning offer and compliance web conferences to actively integrate the employees involved in the process.

In future, procurement and services will be issued electronically by a more advanced Group-wide e-auction platform. The new methodology promotes transparency in award decisions and allows improved award results, because the pricing of all competitors is visible in real-time.

The Group Guideline on Procurement forms the basis of all procurement activities at Bilfinger. The defined uniform purchasing processes lay the foundation for the selection of the best suppliers, subcontractors and service providers. In addition to financial aspects, criteria for selection include quality, adherence to schedules, risk/safety, experience, environmental aspects and compliance issues. Through a uniform supplier management system and the regular measurement of performance at our business partners, we identify the strength of our suppliers, subcontractors and service providers. In general, we seek to concentrate our procurement volume on key strategic suppliers.

The optimization of payment conditions was at the focus of purchasing activities in the reporting year. The top 200 suppliers, service providers and subcontractors of the divisions were analyzed and concrete measures were introduced to improve payment conditions.

	2015	2014
Purchasing volume absolute (€ million)	2,467	2,485
Purchasing volume as a percentage of output volume (in %)	38	40
thereof subcontractor services (in %)	61	60
thereof materials purchased (in %)	39	40

In the reporting year we optimized purchasing through the following additional measures:

- Forms system: The entire forms system for purchasing was subject to a review. All relevant documents were checked for currentness and content and updated where necessary. This forms the working foundation for the purchasing network and ensures that the defined purchasing processes are adhered to.
- Counter-purchases: Sales activities with our top suppliers were actively supported through the introduction of counter-purchasing clauses.
- Purchasing network: The targeted distribution of information in the internal purchasing network is ensured through the implementation of a uniform communication strategy. Furthermore, the second Global Procurement Conference took place in the reporting year. Around 200 buyers from international units used the opportunity for a comprehensive knowledge exchange and personal networking.

For the purchase of subcontractor services, materials and services, we have available a broad basis of internal and external suppliers as well as a number of procurement markets. There is no general dependence on individual business partners.

Communication and marketing

In the reporting year, a total of € 8.5 million was invested in corporate communication (previous year: € 9.1 million). We spent € 1.8 million on publications (previous year: € 1.8 million), € 2.2 million on trade fairs and exhibitions (previous year: € 2.3 million), € 1.3 million on new media (previous year: € 1.0 million) and € 3.2 million on other activities (previous year: € 4.0 million).

Corporate identity / corporate branding One of our core communication goals is the strengthening of the Bilfinger brand. The uniform market appearance with a corporate design that is valid throughout the world establishes a close link between the subsidiaries and the Group brand. Apart from a few strategic exceptions, all the operating companies have 'Bilfinger' as an element of their company's name. Our companies also use advertisements, brochures and flyers with the recognizable Bilfinger look. Our internal and external online presence has, for the most part, also been converted to the Bilfinger format.

A new corporate design manual for trade fairs and exhibitions was developed in order to ensure the implementation of the new corporate design at trade fairs. The modular 3D concept can be adapted flexibly to fit various stand sizes. It allows for uniform, economical and sustainable trade fair appearances. We avoid the use of paper at such fairs: a majority of all information material, presentations and meeting protocols is accessible via an interactive communication platform at the trade fair terminals.

Fairs and exhibitions In 2015, we used international trade fairs as well as regional events in order to present our Group in a way that is in line with the needs of our target group. The focus is on relationship management with existing customers as well as contact to new customers. The most important trade fair for Industrial was the ACHEMA in Frankfurt. For Building and Facility, the focus was on appearances at the FM trade fair in Frankfurt, the ExpoReal in Munich and the MIPIM in Cannes.

Internet Bilfinger is represented online by numerous company websites and in the social web. With a broad reach, distribution and speed, Bilfinger online media supports the positioning and increases awareness of the Group and brand. The corporate website www.bilfinger.com is visited by an average of 54,000 people each month.

The Group's own web environment, which ensures a uniform appearance of Bilfinger online, currently includes more than 90 websites. Bilfinger is present on diverse networks and platforms in the social web. The number of followers on professional network LinkedIn (www.linkedin.com/company/bilfinger), which is one of the most important platforms for the company, more than doubled. Over 22,000 users follow the Group profile.

Press In order to provide the public with information about Bilfinger in a timely manner, we maintain close contacts with the business editors of news agencies, daily and weekly newspapers, magazines and online publications. In our quarterly and annual reports, press releases, conference calls and press conferences, we provide regular and comprehensive information on the Bilfinger Group's business situation.

Information for employees The employee magazine Bilfinger World is published twice a year in the languages German and English with a circulation of 60,000 copies, and is distributed to the employees of all entities of the Group worldwide. With the magazine, the Group is pursuing its goal of supporting networking, identification with the Group and of giving employees an overview of strategic goals as well as the broad range of services offered by their company.

Employees are kept up to date on what's happening in the Group on a daily basis via the intranet. Thousands of employees make use of this vast resource each day. The intranet offers information and news from the entire Group. Content from the divisions is also presented in a networked environment. The dialog with the workforce is also promoted with online transmissions, so-called live streams, in which employees can directly submit questions to the Executive Board. The Group's senior executives are informed about important new developments with a newsletter and in live phone and online conferences.

Human resources

Principles of our human resources work Our company's success is our employees' success. We develop their skills, motivate them and feel bound by the principles of respect, fairness and loyalty in the way we treat each other. In order to achieve this, human resources work follows globally uniform standards and is closely interlinked in all Group areas. In 2015, far-reaching measures were particularly implemented in the areas of compliance and occupational safety.

Decrease in number of employees At the end of 2015, 56,367 people were employed by the Bilfinger Group (previous year: 57,571). The Bilfinger Group employed 19,894 people in Germany (previous year: 20,461 people) and 36,473 outside Germany (previous year: 37,110 people). 7,115 people were employed by Bilfinger in countries outside Europe (previous year: 6,947 people).

Occupational safety The health of our employees is the number one priority for Bilfinger. 'Zero harm' is the objective of our measures initiated to increase occupational safety.

The area responsible for occupational health, safety, environment and quality, Corporate HSEQ, develops the HSEQ management system, monitors its compliance within the Group, implements and monitors the HSEQ systems in the operating units and conducts a range of training courses. In reporting, reports from the Group units are summarized in quarterly reports for the Executive Board. The Executive Board is immediately informed of any serious accidents at work.

Responsibility for compliance with our occupational safety standards lies with the divisions and operating units and the employees entrusted with this function there report to Corporate HSEQ. In the implementation of Group standards at the operating level, the specific working conditions are taken into consideration. A Group occupational safety officer and a network of occupational safety officers in the operating units support the operating units in complying with the rules.

Accidents can only be prevented if employees are repeatedly made aware of the importance of occupational safety. In order to further strengthen the safety culture at Bilfinger, we have successfully established the *SafetyWorks!* program in all divisions. The program lays out a methodical approach for continuous optimization for the individual units in our decentralized Group. On the basis of a self-evaluation, objectives are defined and measures implemented, the success of which is, in turn, evaluated. A comparison of the Group units results in best-practice examples and corresponding control possibilities. Plans for improvement are in place for all operating units and adapted to their specific situation.

The effectiveness of our systems for occupational safety in the operating units is verified by certifications in accordance with the standards OHSAS 18001 and SCC which cover around 60 percent of all the Group's workplaces. We conduct audits on all levels through internal and external agencies in order to analyze and improve our occupational safety measures.

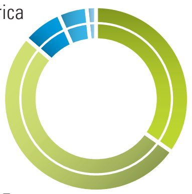
Health promotion Our concept for the promotion of health and performance among our employees comprises various areas of action. These include sports and exercise, physical and psychological health as well as the optimization of workplace conditions. Through a framework agreement with a national fitness provider, our employees have

NUMBER OF EMPLOYEES BY BUSINESS SEGMENT

	2015	2014	Δ in %
Industrial	31,510	33,016	-5
Building and Facility	23,886	23,712	1
Headquarters & other units	971	843	15
	56,367	57,571	-2

NUMBER OF EMPLOYEES BY REGION

	2015	2014	Δ in %
Germany	19,894	20,461	-3
Rest of Europe	29,358	30,163	-3
North America	3,928	3,914	0
South America	89	107	-17
Africa	330	0	
Asia	2,611	2,761	-5
Australia	157	165	-5
	56,367	57,571	-2



NUMBER OF EMPLOYEES BY GENDER	Total	Male	Female	Total	Male	Female
			2015			2014
Industrial	31,510	28,495	3,015	33,016	29,941	3,075
Building and Facility	23,886	14,682	9,204	23,712	14,219	9,493
Headquarters & other units	971	548	423	843	451	392
	56,367	**43,725**	**12,642**	**57,571**	**44,611**	**12,960**

the opportunity to visit fitness studios throughout Germany and Austria at reasonable conditions – an offering that is used extensively.

We promote the sporting activities of our workforce in a number of disciplines. These include running, football, basketball, cycling, skiing, squash, inline skating and yoga. We sent large teams to the corporate cup at the Hockenheimring and the dragon boat race in Frankfurt once again. 36 teams took part in the Bilfinger Building Football Cup, the Group's largest internal sporting event which was held for the first time in the impressive atmosphere of Frankfurt's Commerzbank Arena.

We offer special seminars for dealing with stress and for sustainably maintaining performance. We look closely at how we can optimize workplaces in administrative and industrial areas in terms of the health of our employees. If necessary, technical or organizational measures are taken.

Health Days in various units offered employees the opportunity to find out about healthy lifestyles. These events take place on a regular basis in order to promote health awareness.

Equal opportunity At Bilfinger, employees around the world are offered equal opportunities. There can be no discrimination based on ethnicity, gender, sexual orientation, religion, ideology, disability or age.

At the end of the reporting year, the share of women in the workforce was 22.4 percent worldwide (previous year: 20.3 percent). Increasing the share of women in management positions (management levels 1-3) is an important issue for us; in 2015 it increased to 10.0 percent worldwide (previous year: 8.6 percent).

Based on the legislation for the equal participation of men and women in management positions in the private sector and in the civil service, which came into effect in 2015, we have set the following targets for Bilfinger SE to be achieved by June 30, 2017:

Supervisory Board
For new appointments to the Supervisory Board, with regard to the fixed gender quota of 30 percent that is to be met, the Supervisory Board is following the goal of filling the quota equally. In the reference period since the legislation came into effect, the share of women in the Supervisory Board remained unchanged at 8 percent. A new appointment is planned within the framework of the Annual General Meeting 2016.

Executive Board
As a target for the share of women in the Executive Board, the Supervisory Board has agreed that there will continue to be no female members. If a vacancy should become available, the Supervisory Board will, however, attempt to find an appropriately qualified woman who would be suitable for joining the Executive Board. In the reference period since the legislation came into effect, there were no female members of the Executive Board.

Management level 1
Management level 1 includes employees who belong to management levels 1 and 1a in accordance with the internal company definition. The Executive Board has decided to reach a target of an 8 percent share of women in management level 1. On June 30, 2015, the decisive date for the definition of the target, this share was 4 percent.

Management level 2
Management level 2 includes employees who belong to management level 2, in accordance with the internal company definition. The Executive Board has decided to reach a target of a 10 percent share of women in management level 2 below the Executive Board. On June 30, 2015, the decisive date for the definition of the target, this share was 6 percent.

The differentiation of the management levels is undertaken on the basis of sales responsibility and the importance of the area of responsibility that is managed.

In order to increase the share of women in management positions, we have been executing a specific support program since 2011. Our objective is to fill at least 15 percent of management positions at Bilfinger with women by 2020 (management levels 1-3).

The measures we apply to promote female employees include training opportunities and cross-mentoring programs. The objective of the X-Company mentoring program is to support women in their desired career paths as managers. Managers from participating companies take on the role of mentors and pass on their knowledge and experience to talented female employees from other companies. The mentors and mentees thus have the opportunity to get to know other corporate cultures. In the X mentoring program in Rhine-Neckar, which started in 2012, Bilfinger works with Heidelberger Druck, KPMG, SAP, MVV Energie and TE Connectivity. Following the successful start in Mannheim, Bilfinger has also been working on promoting female managers with three companies in the Rhine-Main area. Cooperation partners here are KPMG, EVO and TE Connectivity. Through an in-house women's network that was founded in 2012, female employees can stay abreast of career topics and exchange experiences with other participants.

We also provide targeted support to female management talent: we are active as an exhibitor at special career fairs, in the context of which especially women with professional experience can establish contact with potential employers. Many Bilfinger companies also participate in the nationwide *Girls' Day* event where female pupils are invited into companies in order to encourage their interest in technical careers.

Professional and private life Our goal, within the scope of our possibilities, is to adapt the workplace to the individual situation of the employee. This is often possible with part-time contracts, the details of which are worked out individually between the employee and his or her supervisor. Models for flexible working hours and home-office arrangements are implemented in the individual companies in line with both local operational and individual situations.

Options available to facilitate the work-life balance also include childcare options or care for relatives with special needs. If needed, employees in Germany, Austria and Switzerland can get in touch with a family service; Bilfinger assumes the cost of the consulting and agency services as well as certain care-related costs. In individual cases, life coaching is also provided.

Recruiting Bilfinger is an attractive employer. Surveys and rankings attest to the above-average image ratings we enjoy among students and employees. We want to improve even further in order to ensure we are successful in the competition for the best talent.

The objective of our intensive university marketing program in Germany is to identify highly qualified graduates and arouse their interest in working for Bilfinger. Central and local activities are closely linked and are targeted to selected universities. The contacts gained often lead to internships and academic papers. In addition, the dual study program is an important part of the academic promotion of young employees for Bilfinger.

The recruitment of industrial staff and skilled workers has become increasingly important. Regional campaigns were conducted on a more intensive basis.

E-RECRUITING (GERMAN-SPEAKING COUNTRIES)

	2015	2014	Δ in %
Industrial	290	229	27
Building and Facility	1,022	1,107	-8
Headquarters & other units	92	105	-12
	1,404	1,441	-3

GROUP APPRENTICES BY BUSINESS SEGMENT

	2015	2014	Δ in %
Industrial [1]	615	689	-11
Building and Facility [1]	462	438	5
Headquarters & other units	11	20	-45
	1,088	1,147	-5

[1] including external apprentices

TOP 10 SKILLED OCCUPATIONS AND DUAL STUDY PROGRAMS IN GERMANY (APPRENTICESHIPS / NUMBER OF APPRENTICES)

Electrician	127
Plant mechanic	118
Mechatronic technician	75
Industrial mechanic	53
Other industrial qualification	51
Industrial clerk	43
Industrial insulator	36
Commercial BA degree	33
Office administrator	29
Technical BA degree	20
	585

Bilfinger Academy – training and personnel development For Bilfinger, professional training and targeted development of employees and managers are an investment in the future of both individuals and the entire Group. In 2015 the extensive range of offerings from the Bilfinger Academy was continued and adapted to current needs. All business areas bring together their seminars, e-learnings and development offers under a joint virtual umbrella. This gives employees and managers a complete overview of all training events.

Annual staff appraisals ensure that management and staff select the right measures from the broad range of offerings from the Bilfinger Academy in dialog with one another and on the basis of need. In 2015, an international standard was introduced for staff appraisals along with measures to improve the feedback culture.

In the reporting period, we carried out a comprehensive qualification program in order to clarify the Group-wide standards for compliance and to promote the awareness of the observance of clear rules among all employees of the Group. Furthermore, strategically relevant topics, particularly sales performance and project management, could also be positioned.

The development of managers continues to be of great importance. Specific development programs are implemented at all management levels. They make an important contribution to strengthening the performance and leadership competence of selected managers and to increasing their loyalty to the company.

Bonus payment for employees Employees in Germany received a bonus payment (€200 gross) in July 2015 as thanks for their efforts and commitment. A bonus payment was also granted to employees in European countries outside Germany; they received €120 gross or the equivalent in their local currency.

Employee share program The employee share program, which was started in 2012, was continued in the reporting year. Employees in Germany who qualified could apply their bonus in the amount of €200 toward the purchase of a share package with five shares in Bilfinger SE. The price of the share package was €170.35. The remaining difference from the bonus was paid out. All other employees in Germany who qualified could purchase a share package with five shares at the price of €173.20. As part of the 2015 employee share program, a total of 10,935 shares of Bilfinger SE were purchased by employees.

After the employee share programs from 2012 to 2015, 18 percent of the around 23,700 employees in Germany who are eligible to participate hold employee shares. About 84 percent of the participants had their voting rights transferred to the association of employee shareholders. The association represents the combined votes of its members at the company's Annual General Meeting.

For each share package of five shares purchased in 2012, participants receive one free bonus share after two, four and six years. The condition for this is that on the relevant effective date, the share packages purchased in 2012 are held in the depot. The next allocation of bonus shares will take place in the fourth quarter of 2016.

Events after the balance-sheet date

Our business has developed according to plan in the current financial year. No events have occurred that are of particular significance for the Group's results of operations, net assets and financial position; our business and economic environment has not changed significantly. On May 11, 2016, we will provide a detailed overview of developments in the first quarter of 2016.

In February 2016, we sold the Water Technologies division to Chinese company Chengdu Techcent Environment Group. Net proceeds from the sale for Bilfinger will amount to approximately €200 million after deducting transaction-related expenses. Subject to the necessary approval from the responsible anti-trust authorities, the transaction should be concluded in the first quarter of 2016 and the net proceeds from the sale will flow to Bilfinger as additional liquidity.

Furthermore, we have received offers for a possible acquisition of the Building, Facility Services and Real Estate divisions in the Building and Facility business segment from various interested parties. The Executive Board is subjecting these to a detailed review in the best interest of the company. This review is being conducted without prejudice as to the outcome.

Risk and opportunity report

Risks and opportunities

The recognition of risks and opportunities is an integral part of the process management system at our operational units. We define opportunities as favorable deviations and risks as negative deviations from planned framework conditions. Opportunities and risks are therefore treated in the same step of the process.

Against a backdrop of strategic corporate planning approved by the Executive Board, detailed three-year planning is being developed. In order to regularly check the achievement of targets, identify trends and subsequently identify possible deviations, the Executive Board regularly conducts business reviews together with the divisional management in which business development is discussed as are short and medium-term earnings expectations of the divisions and measures to prevent risks and take advantage of opportunities. This treatment takes key factors that are relevant for the Group's opportunity management into consideration, including markets, competitive situation, strategic positioning as well as volume and earnings development. The result is the basis for decisions relating to the exploitation of opportunity potential and for the reduction of risks in the Group.

The requirements of our customers will change fundamentally within the next few years as a result of the rapid digitalization of industrial production processes and real-estate processes. We are thus now faced with the task of using Bilfinger's good starting position in this area and making the Group competitive for the future. This requires an effective system that can realistically analyze future market developments and allow for quick decisions as to how available opportunities can best be used and how possible risks can be countered. This is something we are working hard to achieve. Creative thinking is just as important as the comprehensive willingness in the company to undergo fundamental change.

I. Risk-management system

The Bilfinger risk-management system focuses on identifying the risks that present themselves at an early stage, evaluating them and ensuring the continued successful development of Bilfinger through suitable measures. We continuously revise and improve the system. The strategy followed is therefore to apply suitable measures to reduce the risks to an acceptable level. The risk tolerance that arises is therefore proportional to the earnings opportunities that are identified. In accordance with the Group Principles on risk awareness, Bilfinger only assumes manageable risks.

In order to further develop the risk-management system, the Executive Board initiated a program for the re-design of the existing risk management system elements in 2015. In the first stage, a financial risk assessment was carried out for the period Q3/2015 to Q1/2016 with the aim of identifying and evaluating financial risks. The risk assessment and evaluation was carried out through a top-down assessment with the members of the Executive Board, heads of financial corporate departments as well as divisional management and a bottom-up assessment in a representative selection of companies for the Group and its divisional structure. A validation of these results will be carried out by the end of Q1/2016.

As part of this program, an updated risk guideline will be created for the Bilfinger risk-management system. This particularly includes the definition of roles and responsibilities (Risk Owner, Risk Manager) and sets out the process steps for the design of a risk-management control cycle. These include:

- Identification and evaluation of risks at the level of the company by the defined Risk Owner, monitored by the Risk Manager. The evaluation of the risks is carried out using the likelihood and impact parameters.
- Definition, introduction and allocation of measures to reduce or transfer financial impact (mitigation measures).
- Aggregation of the individual risks using a Monte Carlo Simulation approach.
- Risk reporting – both ad hoc and at predetermined reporting periods (at least quarterly).
- Monitoring of the identified risks and implementation of the mitigation measures.

In accordance with integrated corporate governance, the guidelines and the financial risk assessment approach take into consideration the connection between the risk-management system, internal control system and auditing system.

The program is based on a comprehensive risk map using all process steps, so that the developed approach can be extended to all risk categories on the basis of the financial risk assessment.

For the timely identification, evaluation and responsible handling of risks, diverse management, recording, control and transfer systems are in place which are connected with the auditing system and which are being further expanded and improved. Together this forms Bilfinger's risk-management system which is currently being re-designed. The elements of our risk-management system are currently and will in future be the strategic and operative business planning combined with a comprehensive reporting system and extended by a monthly forecast process which together serve as the early-warning and monitoring system. Our risk management is based on the general inclusion of the consolidated group and takes into consideration the special features of the project and service business as well as the international positioning of our activities.

Already today, the risk-management function comprises the following components which will be further enhanced by the current re-design:

- General principles of risk awareness and fostering individual risk-conscious behavior
- Detailed specification and control of key performance indicators
- Monthly evaluation of the key financial risks from a qualitative and quantitative perspective for each individual risk on the basis of expert assessment as well as the implementation of measures for risk management
- Collective controlling by corporate departments (Corporate Controlling, Corporate Procurement, Corporate Treasury, Corporate Project Controlling, Corporate Internal Audit, Corporate Legal & Insurance, Corporate Compliance and Corporate HSEQ).
- Particular risk review and monitoring for major projects and large service contracts (Corporate Project Controlling, Corporate Internal Audit)
- Internal control and risk-management system as relates to the accounting process (Corporate Internal Audit)
- Transfer of insurable and insurance-worthy risks to external insurance companies (Corporate Legal & Insurance) – this applies in particular to risks with a generally low likelihood and high potential for damage, whose risk transfer is organized centrally

Risk management at Bilfinger is a continuous and decentralized operative process, which is monitored and controlled from headquarters. Accordingly, the divisions and subsidiaries, within the scope of the overall system, use instruments of risk management that are customized to their respective businesses and their key risks. The Group's collective risk-management function is exercised by the Executive Board and Group headquarters and monitored by the Supervisory Board. Effectively avoiding risks requires more than just good instruments and procedures. Risk awareness among employees is also a factor that we promote through training sessions and other measures. Group-wide, general principles of risk awareness apply to management and staff. Here, too, we are working on further improvements as part of the re-design.

Each year, the Group defines new targets for all of its subsidiaries at a divisional level for the key performance indicators. These and other key figures are monitored with the use of monthly reporting. An analysis of the current situation, comparison with planning and derivation of measures is carried out at all operative levels.

In consultation with the Executive Board, the corporate departments perform a specialist monitoring function throughout the Group. They have wide-ranging obligations to request and receive information, to intervene in some cases and to issue individually defined guidelines, and be progressively actively involved with their specialist colleagues at the divisions and subsidiaries.

Group headquarters is also responsible for monitoring tasks of overriding importance. The areas of Corporate Accounting, Corporate Controlling, Corporate Procurement, Corporate Treasury, Corporate Project Controlling, Corporate Internal Audit, Corporate Legal & Insurance, Corporate Compliance and Corporate HSEQ report regularly to the Executive Board on the risk situation from their respective specialist perspectives, based on which the Audit Committee and the plenum of the Supervisory Board produce a risk report every quarter, which includes all key risks. Within the framework of the initiated re-design of the risk-management system, this element is also subject to a methodological and content review. The Audit Committee is therefore informed of the results of the review and monitoring activities by the heads of Corporate Project Controlling, Corporate Internal Audit and Corporate Compliance.

Orders with large volumes or special risks are only accepted if they are expressly approved by the Executive Board. Above a specified volume, approval of the Supervisory Board is also required. Orders with greater risks are analyzed more intensively by the Executive Board prior to a bid being submitted and continue to be monitored when an order has been received:

- Corporate Project Controlling supports these projects above certain thresholds from the bidding phase until completion. The technical, financial and time line-related development of each project – irrespective of the responsible operating unit – is analyzed continually and critically.
- Decisions on financing, internal credit lines and guarantees are made by the Executive Board with significant support from Corporate Treasury as well as Corporate Legal & Insurance.
- Corporate Internal Audit, both on a scheduled basis as well as ad hoc and incident-related, examines the design and effectiveness of work procedures and processes and internal controls at the levels of the corporate departments and operating units.

- In addition to monthly collection and processing of central performance measures and other information relevant for decisions, Corporate Controlling is also responsible for active controlling of subsidiaries. By permanently monitoring business developments, Corporate Controlling thereby develops a complete picture of the financial situation of the companies and analyzes opportunities and risks. Furthermore, it is responsible for the content and further development of the key figure system as well as related instruments including the maintenance and adjustment of the supporting reporting and information systems.
- With its supplier management system, Corporate Procurement supports the evaluation and selection of subcontractors, materials suppliers and external service providers.
- Corporate Legal & Insurance reviews and evaluates legal risks, particularly before bid submissions, above certain threshold values and in certain risk categories, takes the lead in protecting our legal interests as well as in legal disputes in connection with contract fulfillment and ensures appropriate insurance coverage in the key, insurable risk areas.
- Corporate HSEQ has developed a Group-wide HSEQ management system, which displays the processes and objectives. This includes, among others, the implementation of audits in order to analyze existing risks in connection with health, safety, environment and quality and to review the methods used to control them. Results are analyzed and measures for continued improvement are introduced.
- Corporate Compliance defines the priorities and measures in connection with the Bilfinger anti-corruption program and supports its worldwide implementation. As part of the company-wide risk analysis, Bilfinger companies and units are classified according to their risk of corruption. The decisive factors here are the business activities as well as the country-specific evaluation of the Corruption Perception Index produced by anti-corruption organization Transparency International. Following this prioritization, we implement the necessary measures for corruption prevention on the basis of risk evaluation in the companies and units.

  The globally appointed Compliance Officers are particularly important as direct contact partners for the business units and as an interface to the Corporate Compliance Organization. The compliance experts provide comprehensive support on the subject of compliance for the companies and business segments. They support the management in upholding anti-corruption regulations in accordance with the Bilfinger Compliance Program. The Compliance Officers report regularly both within the business unit and to Group headquarters. In order to further minimize corruption risks, the existing standard process for the review of business with public authorities and government-related customers in countries with an increased risk of corruption is being further developed and improved.

  In order to minimize corruption risks, we carry out a risk-based integrity review of business partners and make contractual agreements with these partners which outline our expectations as regards lawful conduct. This is also being further developed as part of the re-design.

  Managers have a special degree of responsibility as role models and important contact partners for employees. The fundamental importance of compliance is thereby firmly integrated into the qualification program for managers and junior managers as well as in talent promotion. Concrete compliance objectives are also set for managers. In future, we will link variable management remuneration even more closely with compliance behavior.

  Our whistleblower system is the central point of contact for global reception, documentation and processing of suspected misconduct. Here suspected cases can be confidentially reported, anonymously if desired, via diverse contact routes. Employees are requested to report concrete suspicions of breaches of criminal law or of our principles of conduct. The protection of whistleblowers is binding. The processing of the received information regarding suspected misconduct is investigated independently and led by Corporate Internal Audit. In order to increase transparency, we regularly inform managers of all significant reported information on suspected misconduct in an anonymized form. If required, processes can be changed or optimized using the case analysis in order to prevent damage in future.

  All new employees must complete web-based training on the Bilfinger principles of conduct. We also offer comprehensive training on corruption prevention worldwide. Furthermore, the top managers of the company take part in targeted anti-corruption workshops. These trainings undergo continuous development.

The corporate departments develop uniform standards for the elements of company controlling, with the support of the Group Governance functional area.

Our management, controlling and risk transfer tools form the Group's comprehensive risk-management system which is further developed on an ongoing basis.

Processes and approval procedures are documented in guidelines, work procedures, manuals and instructions. Via the intranet, employees throughout the Group have access to the content of the risk-management system. The risk-management handbook is also currently being reviewed as part of the re-design project for the risk management-system. The functionality and effectiveness of central elements of this system, including the operative, non-accounting-related internal control system, are reviewed by Corporate Internal Audit. In addition, the Audit Committee of the Supervisory Board and the auditor also have general review and monitoring functions. Recommendations for the optimization of the risk-management system resulting from the review are currently being implemented as part of the initiated re-design project of risk management, among others.

Internal control and risk-management system as relates to the accounting process

The primary objective of our internal control and risk-management system as relates to the accounting and consolidation process is to ensure orderly financial reporting in terms of conformity of the consolidated financial statements and the combined management report of the Bilfinger Group as well as the consolidated financial statements of Bilfinger SE as a parent company with all relevant regulations.

The internal control system (ICS) consists of principles, procedures and measures to secure the effectiveness, efficiency and accuracy of the company's accounting as well as the observance of applicable legal requirements. This also includes the internal auditing system insofar as it relates to accounting. On this basis, the observance of fundamental controlling principles such as separation of functions, four-eyes principle or lawful access regulations in the IT systems is ensured for the accounting and consolidation process.

Under consideration of legal requirements and standards that are usual for the industry, Bilfinger has established a Group-wide internal control and risk-management system in order to recognize potential risks and minimize them. This system is being systematically developed based on the determined need for improvement. This process is currently being carried out more intensively as part of the re-design project.

The basic structure of the internal control system includes the five core business processes Purchase to Pay, Order to Cash, Hire to Retire, Investment to Disposal and Financial Reporting. The key risks have been identified for these business processes and necessary correlating controls have been defined within the framework of a risk control matrix. This structure represents the Group-wide binding ICS standard.

The methodical support of the ICS is organized in accordance with the structure of the Group. Responsible persons for ICS are determined at a Group, division and company level. Their tasks include reporting on the status of ICS to management, who have overall responsibility for the ICS, and supporting the implementation of further development of the system.

The effectiveness of the internal control system is ensured through annual effectiveness checks (tests). The tests are carried out by external auditors, Corporate Internal Audit and by the units themselves (control self-assessments). This forms the basis for the evaluation of the appropriateness and effectiveness of the Group-wide control system by the Executive Board at the end of the financial year. Recommendations for improvement become part of the ongoing development of the internal control system.

Our consolidated financial statements are produced based on a centrally predetermined conceptual framework. This primarily comprises uniform requirements in the form of accounting guidelines and an account framework. Continual analysis is carried out to determine whether adaptation of the conceptual framework is necessary as a result of changes in the regulatory environment. The departments involved in accounting are informed of current topics and deadlines to be met which affect accounting and the preparation of financial statements.

The financial statements provided by Bilfinger SE and its subsidiaries form the data basis for the preparation of our consolidated financial statements. Accounting at the Bilfinger Group is generally organized in a decentralized manner. Accounting tasks are mainly undertaken by the consolidated companies on their own responsibility, or are transferred to one of the Group's shared service centers. In some cases, such as the evaluation of pension obligations, we call upon support from external qualified service providers. The consolidated financial statements are prepared in the consolidation system on the basis of the reported financial statements.

The accuracy of the accounting process is supported by appropriate staffing and material equipment, the use of adequate software as well as a clear definition of areas of responsibility. The accounting process is also supported by quality assurance control and monitoring mechanisms (especially plausibility controls, the dual control principle, audit treatments from Corporate Internal Audit), which aim to expose and prevent risks and errors.

The internal control and risk-management system established at Bilfinger with regard to the Group accounting process consists of the following significant features:

- The IT systems used in accounting are protected from unauthorized access through appropriate security measures.
- Uniform accounting is defined in Group-wide guidelines, which are regularly updated.
- Accounting data is randomly reviewed on a regular basis for completeness and accuracy. Programmed plausibility audits are carried out by software that is designed for that purpose.
- Appropriate controls have been implemented for all accounting relevant processes (including the dual control principle, functional separation and analytical audits). They are also reviewed regularly by Corporate Internal Audit.
- On the basis of the reports received from the external auditors and from Corporate Internal Audit, the Supervisory Board, through its Audit Committee, reviews the functionality of the internal control and risk-management system as relates to the accounting process.

II. Risks

Significant risks

The following risks could lead to significant negative impacts on our net assets and financial position as well as on our reputation. Unless otherwise stated, the risks presented in this chapter affect the Group or all of our business segments. The risks are presented on a gross basis before risk limitation measures.

In our risk categories 'Risks related to our business environment', 'Risks related to service provision', 'Financial risks' and 'Other risks', we have identified the following risks as the greatest challenges for Bilfinger:

- Risks related to our business environment – market risks The development of the crude oil price in particular could severely impact the business in the Industrial business segment. Furthermore, the negative development of the energy markets in Europe could negatively affect the business of individual areas of our company. Both factors could lead to our customers reducing their investment and maintenance budgets. In addition, competition could continue to increase. This could result in risks for the net assets and financial position of our Group.
- Other risks – compliance risks In connection with the Deferred Prosecution Agreement to prevent legal proceedings against Bilfinger, which was concluded with the United States, there is a danger that the suspended legal proceedings against Bilfinger reach the point of prosecution or the duration of observation by the Compliance Monitor is extended. The resulting costs could have a significant impact on the financial position of Bilfinger. In addition, there are also reputation risks which, if they were to materialize, would noticeably affect our competitive position.
- Risks related to service provision – HSEQ risks Events which result in personal, environmental or property damage or quality defects may lead not only to liability claims and damage to the company's reputation, but may also have a significant impact on our customer relationships. The consequences could range as far as the loss of existing or future contracts.

The order of the risks presented within the individual risk categories reflects the importance for Bilfinger. This also applies to the business segment-specific risks, which are presented separately within each category.

a. Risks related to our business environment

Bilfinger depends on the general economic situation and the development of its markets. We are also exposed to political and macroeconomic risks. There is a tremendous amount of competition in our markets. Changes in legal requirements could also burden our earnings. To manage these risks, we regularly analyze how countries' economies and legal framework conditions are developing and continually evaluate our competitiveness in our markets.

Significant market risks in the Industrial business segment

- Oil price development The strong decline in the price of oil is a risk factor for our activities in the Industrial segment. Parts of our business are highly dependent on the development of global fossil fuel prices. The development of the oil price makes cost-intensive fracking technologies in the extraction of oil and gas as well as deep-sea extraction unprofitable.

  This particularly affects the Oil and Gas division, which is represented in the Norwegian and British offshore business. As a result of the low oil price, our customers in the Norwegian and British oil and gas sector have significantly reduced current maintenance and investment budgets for insulation and corrosion protection work. In the US shale gas sector, where our Industrial Fabrication and Installation division is active, the boom which continued until 2014 has noticeably declined and, as a result, demand for our services decreased significantly in the last year.

  Overall, a long-term stagnation of the oil price at its current low level or even a further decline could have a noticeable impact on the net assets and financial position of the Industrial business segment.
- Prospects for our customer industries The industry sectors in which we are active with our industrial services business will see moderate growth in the coming years.

  For the companies in the oil and gas sector and refinery business, a slight decline in the annual gross value added is expected until 2020. Stagnation at the current extremely low level is expected in the energy industry.

  In view of the focus of our business in these sectors, risks for our business development and the reaching of future growth targets in the Industrial segment could result from the overall restrained growth trend.

We will counteract risks from the development of the oil price and growth prospects for our customer industries by adapting our capacities in the affected areas. Furthermore, these framework conditions form the basis of the restructuring and strategic repositioning of the Industrial business segment. The focusing of the activities on defined core regions, industries, customers and services is discussed in the chapter about the Industrial segment from page 50.

Significant market risks in the Building and Facility business segment

- **Reliance on major customers** In the Facility Services division, a significant part of the business is dependent on service contracts with high order volumes and terms of several years. In an intensively competitive market, there is the risk that important contracts are terminated, not extended or are lost to the competition. The construction industry is also traditionally dependent on individual customers' willingness to invest. If the construction sector in Germany declines, this could lead to a decrease in demand for the services of our Building division. Reliance on individual major customers could therefore have a negative impact on the net assets and financial position of the Building and Facility business segment.

  Our divisions that are focused on real-estate services have expanded their customer base across a large number of different sectors. The range of services was also expanded in order to reduce vulnerability from weak demand in individual sectors or reliance on major customers. The wide range of individual, combined and integrated services also allows for a flexible service offer across the entire lifecycle of a property, which is individually developed in close cooperation with customers.
- **Reliance on the economic environment in our core markets** A general economic downturn in the real-estate sector in Germany and the United Kingdom could have noticeably negative consequences for the net assets and financial position in our Building and Facility business segment.
- **Interest rate development** Interest rates are an important parameter in the real-estate sector, influencing investors' willingness to invest and thereby the demand for construction and real-estate services. An increase in currently low interest rates would have an impact – although manageable – on demand in our Building and Facility business segment.

  Our Real Estate division in particular benefits from the dynamic development of transaction volumes in the real-estate sector resulting from the low interest rate environment. Increasing interest rates and thereby internationally decreased transactions could affect the business development of this division. However, only a small part of the annual sales are generated through transactions.

Significant market risks in the former Power business segment, which has been put up for sale (discontinued operations)

- **Energy policy** With the fundamental changes to German energy policy, a major market risk has arisen in recent years in the Power business segment. Against this backdrop, however, it has not been possible to generate more planning security for power plant operators. The investment backlog that began with the energy transformation has continued. This is on top of increasing savings in the maintenance budgets.

  In other European countries, too, the energy transformation is having a negative effect on investment behavior. The resulting decline in orders received could have a negative impact on the net assets and financial position of the Power business. Impacts on the attainable conditions for the planned sale cannot be ruled out.

  These market risks necessitate the expansion of the business into other service areas and regions.

Countries

Country risks include uncertainties arising from political developments in our markets. In order to minimize such risks, we operate only in certain specified markets. As part of the strategic repositioning of the company, we are focusing our business on the European core market. Country risks which could have a negative impact on earnings have decreased significantly.

Climate change and environment

Risks related to climate change and regulatory countermeasures affect Bilfinger primarily as a consequence of regulations and standards for product and process efficiency. New or changed environmental legislation and regulations could lead to significant cost increases, particularly for our European customers in the energy-intensive process industry. This could result in our customers making savings, thereby decreased demand for our products and services and thus an impact on our results of operations, net assets and financial position.

The direct consequences of climate change such as extremely strong rainfall or the lack of precipitation, above-average high or low temperatures could have a negative impact on our production activities, because services are primarily conducted outdoors.

Through our production processes at production facilities and at construction sites as well as in transport, contamination of air and water is possible. We counter such risks through preventative measures in the selection of materials and products, in the course of the processes and work instructions as well as through relevant controls. We are insured against any environmental damage that may occur despite these precautions. In spite of this, an impact on our reputation is possible.

b. Risks related to service provision

Occupational health, safety and quality

Quality-related problems in the execution of our services could have a negative impact on the business success of our operating units and thereby negatively affect the financial position of the Group. Industrial customers in particular have high requirements not only for health, safety and environment but also for the quality of the services provided. Failure in these areas could lead to adverse effects on our customer relationships through to loss of orders as well as contractual penalties and damage claims.

We counteract risks from quality defects by using comprehensive quality and process management. It starts with the operating units, which are responsible for the process as well as the quality of their services. Quality management in the operating units is embedded in the quality management of the superordinate divisions and in Corporate HSEQ. Through system requirements and targets and internal audits, they both work toward the continued development of quality standards. Our processes and units are audited and certified by external companies, for example in accordance with DIN EN ISO 9001. We work closely with the German Society for Quality, the European Organization for Quality and with technical inspection associations.

Project business

When planning and executing projects, significant calculation and execution risks exist which are often larger than in the service business due to the project volumes and higher degree of technical complexity. In the Industrial business segment, project orders involve, for example, major inspections or new construction of industrial production plants; in the Building and Facility segment they primarily include the construction business of the Building division.

Project requirements, which have not been fully anticipated, and resulting project modifications, delays, financial difficulties of our customers or suppliers, lack of skilled personnel, technical difficulties, cost overruns, construction site conditions or changes to the project sites, weather influences or natural catastrophes, changes to the legal or political environment or logistical difficulties can have a significant negative impact on the results of operations, net assets and financial position of Bilfinger.

The limitation of risks is a key task of the unit responsible for the individual project at Bilfinger. There are thus minimum requirements which a project must fulfill in order to be accepted by the responsible unit. Depending on the bid volume and risk categories, the independent Project Controlling and Legal & Insurance departments must be involved as an additional supervisory authority. The joint risk management begins with the targeted selection of the projects. In addition to the actual task of the project, the client's person, conditions in the region in which the project is to be carried out, the competence and capacity of the Group unit that will potentially do the work, execution risks, the draft contract as well as the payment plan and payment security are analyzed. In the following bid phase, positive or negative deviations from the generally expected conditions are systematically listed. In the determination of costs, the calculation initially assumes planned conditions. Subsequently, the positive or negative particularities are analyzed, evaluated and decisively taken into account in the final decision on the bid and its formulation. Projects above a certain volume or with a high degree of complexity are consistently monitored by a central unit in accordance with defined regulations from the bid phase through to implementation, completion and processing of any warranty claims.

Specific project risks in EPC / turnkeyfixed-price contracts are discussed under the risks related to service provision in the Industrial business segment (see page 82) and in the former Power business segment, which has been put up for sale (see page 83).

Service business

In the service business, we generally conclude contracts over a longer term, which are primarily awarded in a highly competitive environment. The earnings margins attainable in long-term contracts could deviate from the initial calculations as a result of changes from diverse influences. In maintaining industrial plants and buildings, there is the risk that material and personnel costs or legal requirements are not fully covered by the contractual revenue and thus have an impact on the financial position.

Overall, the calculation and execution risks in the service business are however lower than in the project business due to the lesser degree of complexity and lower order volumes. In terms of the risk profile of Bilfinger, we therefore focus our activities on the service business.

The basis for the management of risks in the service sector is a profound understanding of the customer, the services being provided and of the contract conditions that have been agreed. For the execution of the work, our operative companies have competent, reliable and experienced staff. In view of the high degree of involvement in the business processes of our customers, we pay particular attention to the appropriate level of qualification of the persons assigned. Precise knowledge of the specific conditions in the plants we manage is a decisive factor for our business success. Service contracts above a certain volume must be subject to a regular review by Corporate Project Controlling over the contract period.

In order to reduce the risks from our operative activities, in 2015 we launched a program for far-reaching optimization of the processes in service orders in the Industrial business segment. The main focus is on the standardization and efficiency enhancement of procedures in workshops and logistics chains as well as processes in information technology and resource planning.

In order to avoid miscalculations, offers are compared with practical benchmarks. For complex offers which require a high level of specialist knowledge, an internal competence center is involved in the offer process in the Facility Services division. This is the case, for example, for offers in the areas of data centers or energy efficiency of life-cycle projects. Offers for consulting and management services are generally only processed by the Real Estate division once the scope of the order has been clearly defined and the necessary technical expertise and personnel capacities are available for processing.

Human recources

Bilfinger is currently in a far-reaching transformation process. The strategic repositioning of the company and the necessary optimization of the organizational structures are of course associated with uncertainty for employees. There is therefore currently an increased risk that qualified staff will leave the company and potential new employees will be reluctant to move to Bilfinger. Because the company is reliant on technically qualified and motivated employees in many areas in order to be able to meet the requirements of its customers, this could have a negative impact on customer satisfaction. If this affects the regular business and order acquisition, negative effects on the net assets and financial position are possible.

We carefully counteract the human-resources risks that might arise due to a shortage of junior managers, staff turnover, lack of qualifications, low motivation or an excessively old work force with a range of personnel development measures. We therefore attach great important to the training and development of qualified skilled workers. In order to retain future managers in the company, we maintain close contacts with selected universities, organize internships for students and graduates, and organize specially designed familiarization programs at the beginning of new graduates' careers at Bilfinger. We counteract headhunting attempts by competitors with attractive wage and salary structures, an interesting working environment and defined possibilities for individual development. An extensive range of courses and further training is available to our workforce as part of the Bilfinger Academy. Career prospects are discussed regularly and individually with our employees. In addition to the discussed direct measures, within the scope of our human resources controlling we closely analyze structural changes within our workforce and can thus counteract any negative developments at an early stage.

Business partners

For the execution of our business activities we maintain diverse contractual relationships with a large number of partners. For the most part, these are clients, partners in jointly-owned companies, consortiums and joint ventures, subcontractors, suppliers, financial institutions, insurers as well as service providers. If these contract partners are not able to meet their performance and / or payment obligations, if they perform poorly, behind schedule or not at all, this can impact our liquidity and financial situation.

We counter these risks by carefully selecting our partners in terms of reliability and performance, a consistent dunning system and – when necessary – a collateralization of their contractual obligations. In the execution of projects with consortial and joint venture partners and in the assignment of important subcontractors, all potential breakdowns on the partner side are routinely included in the bid considerations. Where possible, we pursue a 'multi-sourcing' strategy in order to be able to draw on alternatives quickly in the case of a loss of a partner, particularly suppliers, and thereby avoid a potential performance failure. Within the scope of the monthly debtor reporting, receivables with our customers are brought together and evaluated in terms of the respective probability of default based on the external rating. In order to avoid cluster risks, volume-graded limits are defined at Group level in relation to the external customer rating.

We subject important suppliers, service providers, subcontractors, working groups, consortia and joint ventures as well as all distribution agents to an integrity review before contract signing.

A particular problem is presented by advance performance obligations, which affect some areas of our business. Inherent to these obligations is the risk that payments from the client are not made on time or that additional work must be carried out that has not been secured with a price agreement. This could result in risks for the calculated earnings of an order. In order to avoid such risks, we follow the systematic payment behavior, business conduct and the financial situation of the customer and try, particularly within the project area, to meet security requirements.

Procurement

With a volume of more than €2.5 billion, purchasing is a decisive factor in our success. If the size and structure of the company were to change, there is the risk of significant price increases as a result of reduced demand. Preliminary work from our suppliers, subcontractors or service providers that is lacking, too expensive or inadequate in terms of quality could have significant negative impacts on our financial position. Unexpected price increases in components, energy and raw materials could also be a burdening factor. Procurement risks exist mainly in the Industrial business segment.

Energy prices are an increasingly important central cost factor for our customers. Within the scope of our business, we guarantee them partially significant energy savings through optimized operation of plant and building technology. We reduce the particular resulting procurement risks for energy through our operating units making use of the Group-internal Procurement Network in order to achieve lower prices through the bundling of purchasing volumes for electricity, gas and heating fuel for multiple objects.

We intensively monitor our global procurement markets. The Group-wide monitoring of world market prices of, for example, steel, oil and services facilitates the flexible procurement of materials and subcontractor services for our projects at optimal conditions. We counteract regional procurement risks by cooperating with competitive suppliers and subcontractors. We secure quantities, qualities and prices by means of letters of intent and preliminary agreements. We also safeguard ourselves against inflation by means of sliding-price clauses in our offers as far as this is permitted and the competitive position allows this.

Significant risks related to service provision in the Industrial business segment

- **Overcapacities** Against the backdrop of demand development in sub-markets of our industrial service business, we are faced with risks resulting from overcapacities and reduced cost flexibility. Fluctuations in demand could continue to have a noticeable impact on the financial position in the Industrial business segment.

  We are therefore developing measures to adapt administrative capacities and reduce over-capacity. We consistently adapt these structures to the requirements of the restructured operating business.

  We also continuously work on gaining a greater degree of flexibility in our operating costs. In addition to measures for greater flexibility in the availability of our own staff, we also constantly examine the vertical integration within the scope of structured 'make or buy' decisions as regards the appointment of our own employees or the use of subcontractors.
- **EPC/ turnkey fixed price contracts** Bilfinger takes responsibility for the engineering, procurement and construction (EPC) in project orders. These plant construction projects are complex and require a large purchasing volume and qualified project management. Project contracts are typically concluded as EPC/turnkey fixed-price contracts with the obligation to provide turnkey construction of the plant or plant components. A key risk lies in the fact that the calculated prices are inadequate for the contractual performance for diverse reasons (e.g. construction site conditions, delays due to weather conditions, mistakes by subcontractors) and that further claims cannot be obtained from the customer. This results in a decreased profit margin and in some cases can lead to significant losses from the contract.
- **Technical characteristics** In the Industrial segment, contracts generally assure technical parameters and availability of the plants and guarantee this through technical penalties. If the technical values or availability are not achieved, there is the risk of significant costs of rectification, the payment of technical penalties or withdrawal of the customer in the case of obligation for payment of damages.
- **Sales structures** In the Industrial business segment, we see a further need for improvement in our sales structures. These should be more closely oriented toward the market. If the corresponding measures are not implemented in good time or are insufficient, then this is expected to have a negative impact on the further business development of the segment.

  We therefore launched a program to optimize our commercial excellence in 2015. Among other things, it includes the implementation of improved key account management, the creation of account plans and the active identification of outsourcing opportunities.

Significant risks related to service provision in the Building and Facility business segment

- **Projects** In our real-estate business, project risks particularly exist in the Building division. Errors in bid processing as well as shortcomings in planning and execution could significantly impact the economic success of the construction projects and thereby the financial position in the construction business.

  The Building division counteracts project risks through standardized technical feasibility audits in bid processing, a compulsory review of the contents of the contract by Corporate Legal & Insurance or an independent audit by Corporate Project Controlling above a defined project size or risk category.

  The management of project risks is also discussed in detail in the corresponding chapter of this risk report on page 80.
- **Consulting, management and operation** In the Facility Services and Real Estate divisions there are risks resulting from the consulting, management and operation of properties of our customers. The unforeseeable change to economic conditions could, for example, lead to the content of provided consulting services proving insufficient or incorrect. In the bid processing for service contracts, which often run for many years, incorrect assessments of future developments and errors in the calculation could impact the business success of the affected divisions. This also applies to faults in the execution of real-estate services.

  The occurrence of risks from consulting, management and operation of real estate could have a negative impact not only on the net assets and financial position of Bilfinger, but also damage the reputation of the company as one of the leading real-estate service providers in Europe.

  The Facility Service and Real Estate divisions have diverse instruments for the risk management of orders in the service business. In order to achieve a high level of cost security, an intensive survey of the object to be managed as well as systematic feasibility audits are fixed components of the bid processing. Specially trained start-up teams are appointed when building operation begins, who have far-reaching experience in the implementation of organization, technical, commercial and infrastructural processes. In order to ensure quality of service in ongoing operations, we utilize our own, qualified staff. The planned economic development of the individual orders is monitored using regular object reports.

  The risk management of service contracts is also discussed in the corresponding chapter of this risk report on page 80 f.

Significant risks related to service provision in the former Power business segment, which has been put up for sale (discontinued operations)

- EPC/turnkey fixed-price contracts and technical conditions In the Power segment, over half of orders were processed in the project business. Power thereby takes responsibility for engineering, procurement and construction (EPC). In addition, technical parameters and availability of the plants are generally assured and guaranteed through penalties. The significant risks correspond to the risks described for the Industrial segment resulting from fixed-price contracts (see page 82).
- Service range With activities in the Power area we are faced with the risk that existing competences and offered services no longer quantitatively and to some extent qualitatively meet the requirements of the German market. It is possible that there is a risk to the ongoing selling process.

  Against the backdrop of the development of demand, we have therefore begun an extensive restructuring of the Power division and created the conditions to pursue a fundamental repositioning. Not only the service offer is considered; the measures introduced also aim to achieve additional savings, reduce overcapacity and achieve a greater level of cost flexibility.

  With a view to the initiated selling process, a group of experts is optimizing the operating business processes. They analyze current and completed projects of all sizes over the entire value chain so that, based on this analysis, appropriate instruments for the improvement of project management and project execution can be identified and implemented.

c. Financial risks

We are also subject to financial risks in the form of liquidity and financing risks, market price risks from the fluctuation in currency and commodity prices and change in interest rates as well as credit risks of our banking partners. We monitor these financial risks with proven control mechanisms that allow for timely and transparent reporting. The Group's reporting system guarantees regular identification, analysis, assessment and management of financial risks by Corporate Treasury. All relevant equity interests and joint ventures are included in this monitoring.

Fundamental questions of risk management such as defining or reviewing methods, limits or risk strategies are dealt with by a steering committee with the direct involvement of the Executive Board.

As a result of an unexpected negative business development, increased financing needs can occur in the operating units. At the same time, a negative business development can lead to changes in Bilfinger's credit rating, particularly through rating agencies and banks, which could lead to more difficult and more expensive financing, or make securing bonds and guarantees more difficult and expensive. External financing can also result in a worsening of the dynamic gearing ratio. Within the scope of the agreed financial covenant, it is ensured that this gearing ratio is met. Any breach of the financial covenant can lead directly or, through cross-default clauses, indirectly to the repayment call of all financing on a recourse basis and can thereby also lead to an unplanned loss of liquidity.

We counteract this risk by centrally monitoring liquidity development and risks in the Group using a rolling cash flow planning and introducing countermeasures at an early stage. Within the context of central financing, Bilfinger SE makes necessary liquidity available to its subsidiaries. Notwithstanding economically less relevant regions, the Group's internal equalization of liquidity in Europe and in the USA is supported by cross-border cash pooling.

Investment financing is carried out with consideration of matching maturities. In 2012, a €500 million bond with maturity in 2019 was issued with a fixed interest rate over the entire period. To finance working capital, we have a €500 million pre-approved credit line at attractive conditions that is in place until June 2018. This includes a standard market financial covenant in the form of a limitation of the dynamic gearing ratio net debt / EBITDA. As of December 31, 2015, the value is significantly below the contractually agreed upper limit. If adjustment does not take place in agreement with the lender, any breach of the financial covenant can lead directly or, through cross-default clauses, indirectly to the repayment call of all financing on a recourse basis.

The sureties available for the execution of our project and services business with a volume of more than €2,000 million are sufficiently dimensioned to accompany the further development of the company. In addition, we have a US surety program in the amount of USD 700 million for the execution of our business in North America. All credit commitments can be called due prematurely in the case of a change of control.

Market-price risks in the finance sector primarily involve exchange rates, interest rates, raw-material prices and the market values of financial investments. As a globally active company, we are subject to exchange rate fluctuations, for example between the euro and the US dollar, because part of our volume of business is generated in the USA. A rise of the euro against the US dollar in particular could therefore have a negative effect on our financial position. Furthermore, we are also faced with interest rate fluctuations. Negative developments in the financial markets and changes to the policies of central banks could have a negative impact on our earnings. Fluctuations in commodity prices can also have a negative impact on the financial position.

We counteract market price risks by protecting against currency, interest rate and commodity risks through derivative financial instruments. This allows our centralized control of market-price risks to net out cash flows and financial positions to a large extent. We make use of derivative financial instruments in order to minimize residual risks and fluctuations in earnings, valuations and cash flows.

Depending on the development of exchange rates and interest rates, hedging transactions could affect our net assets and financial position. We therefore do not undertake any financial transactions beyond the underlying business risk. Hedging is primarily carried out via micro-hedges.

We use currency futures or currency options to hedge risks relating to foreign-currency cash flows and balance sheet items denominated in foreign currencies (not translation risks). We generally hedge against transaction risks in the project business for the entire project period immediately after a contract is received. In some cases this is already done during the bidding phase. Risk management takes place with the use of specified risk limits for outstanding foreign exchange items, their value at risk and marked-to-market results.

Whenever possible, hedging against price fluctuations of raw materials is undertaken on the basis of fixed-price agreements for materials purchased or sliding-price clauses for our affected services. If this is not possible, hedging is carried out with the use of commodity swaps, for diesel fuel, for example.

We counteract the risks of interest-rate changes by continually reviewing and, when required, adjusting the composition of recourse liabilities subject to fixed and variable interest rates. We assess risks in consideration of future needs for new financing or refinancing on the basis of a cash-flow-at-risk model. The borrowing costs budgeted within the scope of the cost-of-capital model serve as a point of reference. To manage this, we generally apply derivative financial instruments such as interest-rate swaps and swaptions.

Positive market values and the investment of liquid funds in banks result in credit risks from banks. In the case of a collapse of the bank, there is the risk of a loss, which can have a negative impact on our net assets and financial position. We counteract these risks by entering into relevant financial transactions exclusively with banks that are classified as system-relevant by the Financial Stability Board or that have a public rating of at least A. In addition, on the basis of an internal limit system, a diversification of volumes and maturities takes place.

Note 28 (see pages 166 ff.) of the Notes to the Consolidated Financial Statements provides quantitative information on the risks from financial instruments and hedging transactions. Further information on financial instruments can also be found in Note 27 of the Notes to the Consolidated Financial Statements (see pages 164 ff).

d. Other risks

Compliance

At the end of the proceedings against Bilfinger in the USA as a result of violations of the US Foreign Corrupt Practices Act (FCPA), a Compliance Monitor was appointed as part of the agreement with the authorities (Deferred Prosecution Agreement, DPA), who will regularly report on the effectiveness of the Bilfinger compliance program to the US authorities in the coming years. There is a danger, especially if as yet unknown or repeated misconduct is identified in connection with the FCPA or the compliance program does not meet with requirements, that the suspended legal proceedings against Bilfinger may reach the point of prosecution or the duration of observance by the Compliance Monitor may be extended. In addition to the risk that resulting costs and other consequences could have a significant impact on the financial position, there is also a significant reputation risk for Bilfinger in the market.

Overall, the significance of compliance risks for Bilfinger has increased. Changes to the regulatory environment in markets where we do business could affect our business globally and impact our business situation, net assets and financial position. Bilfinger could also face fines, sanctions and damage to its reputation. Furthermore, uncertainty in the legal environment could mean that we are subject to increasing costs for adequate compliance programs. In 2016 we expect one-time expenses in the amount of approximately €50 million in connection with the further development and re-design of our compliance program and the conclusion of older cases.

Sanctions such as those imposed by the USA, the European Union (EU) or other countries or organizations can restrict us in our business activities as a globally active company or prevent us from gaining or keeping investors, customers or suppliers.

Corruption, antitrust or similar proceedings against Bilfinger could lead to criminal or civil prosecution as well as fines, sanctions, injunctions, disgorgement of profits, to the exclusion from direct or indirect participation in certain business activities or to other restrictions. Furthermore, cases of corruption could endanger our business with authorities and organizations.

Corruption and antitrust cases or other misconduct could have a detrimental effect on our involvement in business with public-sector customers – up to exclusion from public-sector contracts. Criminal prosecution could also result in the cancellation of some of our existing contracts and third parties, including competitors, could initiate proceedings against us on a large scale.

We are currently investigating suspicious cases in various countries and are cooperating with the authorities. According to current assessments, there is a risk of fines or significant disgorgement of profits in connection with these transactions. Furthermore, restrictions for the affected companies in connection with tenders as well as damage claims of third parties are possible.

Legal disputes; damage cases and liability risks

In addition to the costs and expenses that arise as a result of legal disputes, there is also the risk of financial loss arising from correct, incorrect or lengthy decisions on the part of courts or public authorities.

Legal disputes predominantly arise from our provision of services, especially in the project business. Controversies with customers mainly relate to claimed defects in our services, delays to completion or to the scope of services provided. In such cases there is often also a similar dispute with the subcontractors that were used. We strive to avoid legal disputes wherever possible. This goal cannot always be achieved, however, with the result that German and international companies are sometimes involved in litigation or arbitration. It is naturally impossible to predict the outcome of such cases with certainty. We therefore cannot exclude the possibility that the outcomes of litigation and proceedings may deviate from our assessments and forecasts and that damages may occur to our net assets and financial position.

For individual projects in Germany and the USA in which we were involved in joint ventures with an additional partner or subcontractor, customers have made legal claims for diverse reasons in the low double-digit million range. According to current assessments, we do not expect the claims to be upheld – at least not in the asserted amount.

In the Power segment, we are currently affected by arbitration proceedings with a subcontractor in relation to a plant construction project. The subcontractor has asserted a claim in the high double-digit million range, whereby we have made a counterclaim for a small amount. According to current assessments, we do not expect any relevant negative impact on the financial position of Bilfinger as a result of the proceedings.

In 2015 we were able to end a lengthy dispute through a settlement with a subcontractor with whom we worked in 2009 on construction of a freeway in Doha, Qatar. The out-of-court settlement came within a framework that was acceptable for both sides and Bilfinger had a sufficient balance sheet provision.

Overall, following careful examinations, we can assume that sufficient provisions have been recognized in the balance sheet for all ongoing disputes. However, it is still possible that the available provisions are insufficient as a result of the difficulty in making projections.

Damage cases in connection with the business activities of the Bilfinger Group, including those outside of legal disputes, can have significant negative financial impacts for the affected Group company and for the Group. We generally transfer such risks to financially sound, international insurance companies as part of insurance contracts. The key insurance contracts of the Group include diverse liability insurances to protect against claims from third parties, technical insurances and property and transport insurances.

The major ongoing damage cases include the proceedings in connection with the collapse of the Cologne Municipal Archives in 2009. Bilfinger has a one-third involvement in working group, which was commissioned to construct an underground line below the then location of the municipal archives. Gathering of evidence in these proceedings has still not been completed. As previously, we do not expect this damage case to have any major negative impacts on the net assets and financial position of Bilfinger.

Furthermore, the seller of an entity we acquired has asserted claims to further compensation in the low double-digit million range. Only diverse legal claims to the right to information have been asserted so far. According to our current assessment, the further compensation claims are unfounded.

Disposals

Disposal plans generally carry the risk that certain business activities cannot be sold as planned. In addition, completed disposals could result in negative impacts on our results of operations, net assets and financial position and damage our reputation.

The key disposal plan as of the balance sheet date is the structured selling process for the former Power business segment, which began in June 2015 and is continuing as planned. Alongside the general risks described above, if we are unable to sell the Power business as planned, or can only sell part of it, the risk profile aimed for by Bilfinger in view of the high share of project orders in the Power portfolio would not be achieved.

In general, clearly predetermined processes and criteria are observed with disposals: In the first stage a review is carried out to determine whether the disposal of a business unit is consistent with the Group strategy or whether there are other considerations in favor of selling and what the framework conditions for the sale of a business unit are.

Particular consideration is given to whether there could be a promising group of buyers and whether there are initially identifiable risks for the Group. Furthermore, alternatives such as restructuring or closure, for example, are taken into account and examined.

The disposal process is generally supported by external experts, in order to enable structured targeting of a wide group of bidder companies in the selling process. The implementation of disposals in the Group follows a strict internal approval process, in which all key decisions are made by the Executive Board. Approval of the Supervisory Board is also required for larger disposals.

Acquisitions

Company acquisitions can, as a result of the absence of expected economic success, lead to substantial burdens for the Group including potential goodwill impairment. The causes for this could, for example, be related to unexpected business or market developments, the appearance of unforeseen financial obligations, inadequate integration or increased personnel fluctuation. Because we have not made any large acquisitions in the reporting year and are not presently planning any, risks from acquisitions for Bilfinger are currently low. It is however still possible that risks from earlier acquisitions occur, particularly as concerns possible impairments to goodwill (see note 14 of the notes to the consolidated financial statements for the impairment tests of goodwill).

A seller of an entity we acquired has asserted a claim out of court for additional compensation in the low double-digit million range, however has only claimed for the right to information so far. According to our current assessment, these further compensation claims are unfounded.

The following criteria are of particular importance for acquisitions: We generally acquire either a controlling interest or 100 percent ownership of suitable companies. Companies that we regard as candidates for acquisition are valued by our experts with the help of comprehensive due diligence audits. The key criteria for this assessment are strategic relevance, sustainable profitability, management quality, market prospects and compliance aspects. New companies are integrated in accordance with a detailed, centrally defined and monitored process in the Group and its risk-management system. Decisions on the acquisitions to be made by the Group are taken by the Executive Board. Approval of the Supervisory Board is also required for larger company acquisitions. The Supervisory Board ensures that it is also informed regularly and in detail about the development of newly acquired Group companies.

Strategic repositioning and cost reduction

In the course of the strategic repositioning of Bilfinger, we are also working closely on initiatives for cost reduction. This concerns both structural optimization of our organization as well as the adjustment of capacities. If the necessary merging of units and the focusing of our service range cannot be implemented as planned, their benefits are less than originally estimated, they take effect later than expected or do not have any effect or the necessary one-time expenses and investments are higher than currently foreseeable, this would result in a negative deviation from our planning. We continually control and monitor the processes of the strategic repositioning of Bilfinger and implement appropriate concepts for the management and controlling.

Subsidiaries

The subsidiaries are responsible for the operating business of the Bilfinger Group. This carries the risk that misconduct occurring here is not promptly identified at the Group headquarters and countermeasures against impending negative effects on our results of operations, net assets and financial position are implemented too late.

All the companies of the Group are therefore subject to the regular financial controlling of subsidiaries and associated companies. Corporate Controlling reports to the Executive Board once a month and informs it of any unusual developments without delay. Outside of the reporting hierarchy, Corporate Controlling develops a complete picture and an independent opinion on the financial situation of the companies. The following instruments and analyses are particularly used:

- Monthly results forecasts for the year end with a focus at a division level including documentation of opportunities and risks
- Analysis of the loss-making units and cash-negative units
- Working capital analysis and documentation of changes to net working capital
- Analysis of the statement of cash flows with a focus at division level

In addition, there is a decentralized financial controlling department in each division that reports to the respective divisional management and is subject to the functional supervision of Corporate Controlling.

IT

Threats to information security could result in risks to the security of our services, systems and networks. The confidentiality, availability and reliability of data could also be endangered through unauthorized access to our information technology. Furthermore, negative effects on our reputation, competitiveness and business could occur.

In order to prevent unauthorized access and data loss and to guarantee the permanent availability of our systems, we protect our information technology with numerous technical installations. Our IT structures are highly standardized. We use software products from leading producers such as SAP, Oracle and Microsoft. Applicable security guidelines are regularly adapted to the latest technical developments. The IT security is regularly audited in a standardized process by internal and external auditors.

In order to more effectively shape our organization and increase our competitiveness, key investments in the standardization of the IT landscape of the Group will be necessary. If these measures cannot be implemented as planned, their benefits are less than originally estimated, they take effect later than expected or the necessary investments are higher than currently foreseeable, this would lead to a negative deviation from our planning.

III. General assessment of the risk situation

The evaluation of the overall risk is the result of a consolidated consideration of all significant individual risks. The most significant risks have been discussed for the Group, the Industrial and Building and Facility business segments as well as Power, which has been put up for sale (discontinued operations). The most important risks are discussed on pages 78 ff.

As regards the overall risk situation of the Bilfinger Group, the following image emerges: While the market risks remain high as a result of the possible negative consequences of a continued low oil price, our project risks should be reduced with the planned sale of the former Power business segment. The focusing of our business on the defined core regions, industries, customers and services reduces the risks related to service provision. Furthermore, we have introduced additional measures, in order to particularly counteract the identified compliance risks. We are convinced that the risks associated with our business activities are sustainable for the Group as a result of the instruments that have been put in place to manage these risks.

In the past financial year, we did not identify any individual risks whose occurrence, either alone or in combination, would have jeopardized the continuing existence of the Group or one of its significant Group companies. If unpredictable, exceptional risks should arise, the possibility that they would have an impact on our output volume or earnings cannot be excluded. From today's perspective, however, no risks can be identified that could threaten the existence of the Group or one of its significant Group companies.

IV. Opportunities

a. Group

Bilfinger SE is a holding without its own business activities. The operating business is organized in a decentralized manner and is operated by the subsidiaries in the two business segments Industrial and Building and Facility. This is in addition to discontinued operations, which primarily include the former Power business segment.

We have initiated a fundamental restructuring of the administrative functions which will be implemented in 2016 and 2017. With a streamlined and efficient organization, we will increase Bilfinger's entrepreneurial flexibility. Through the associated significant reduction in administrative costs, we intend to dramatically increase the competitiveness and thereby the market opportunities of our operating units.

There are only limited operating synergies between the Industrial segment, the Building and Facility segment and the Power segment, which has been put up for sale (discontinued operations). We therefore consider our market opportunities separately for each segment.

The order of the presented business segment-specific opportunities reflects the current assessment of their importance for Bilfinger.

b. Opportunities related to our business environment

Industrial

- Customer base Bilfinger has an unusually strong customer base in industrial services. We generate a significant part of our segment volume with strategically important top customers, including numerous internationally active companies, without being dependent on individual customers. In order to make use of the associated opportunities, we are currently working on a program to strengthen our commercial excellence. We intend to grow profitably through intensified key account management at segment level with defined, strategically important industrial customers.
- Outsourcing The demand for outsourcing solutions for industrial maintenance is stable. Our successfully implemented Bilfinger Maintenance Concept (BMC) offers us the opportunity for above-average growth in this market. BMC has a modular design and can be individually adapted to specific customer requirements. On this basis, we would like to increasingly expand our customer base from larger industrial locations to medium-sized companies. The regional expansion of the offer to customers in the United Kingdom as well as in Northern Europe also offers market opportunities.
- Digitalization The process industry is currently implementing extensive changes toward the digital management of its production processes. Bilfinger is already using numerous mobile applications for the maintenance of industrial plants and further digital services are in development. Existing process and engineering know-how gives us an important head start in the shaping of the transformation process and the resulting future opportunities.
- Consolidation process The market for industrial maintenance services is characterized by a large number of providers. In this fragmented competitive landscape, a progressive consolidation process is underway. In view of our size and leading market position, we have good opportunities to further expand our market share in many areas. In the medium-term, we intend to be actively involved in shaping market consolidation, which also includes the possibility of geographical expansion.

Building and Facility

- Integrated real-estate services Bilfinger offers its customers integrated services across the entire life cycle of real estate. This offering is particularly advantageous in customer relationships with large companies that operate international real-estate portfolios. The introduced bundling of our competences for the requirements of our customers in the production industry offers opportunities. In addition, we will expand rental management services that have so far been primarily offered in the United Kingdom to the German market.
- Energy efficiency Energy efficiency of buildings has become extremely important for our customers. Bilfinger can offer innovative solutions in consulting, implementation, contracting and auditing with digital solutions in particular. Energy monitoring systems based on real-time data offer the opportunity to develop new business models. In addition, we will develop capacities for consulting services and continue to raise our profile as an expert for energy efficiency in the real-estate sector.
- Digitalization The digitalization of the real-estate sector offers our customers significant optimization potential. This applies to all processes, from consulting to design and construction through to

operation and marketing. For example, we develop cost-efficient solutions for the recording of our customers' real-estate data; mobile devices to carry out technical due diligence are already in use and are being further developed. Furthermore, our unique access to real-estate data allows the development of new business models.

- Diversification of influences Business in the Building and Facility segment is subject to very different economic influences. These include, among others,
  - continuing consolidation of the competitive environment
  - continuing trend toward the outsourcing of services
  - increasing sustainability requirements for buildings
  - continuing globalization of markets
  - different economic cycles of diverse industries
  - the development of interest rates with their effects on investment behavior in the real-estate sector

  This diversification of influences makes business more independent from changes to individual factors. It also offers the possibility of profitable growth through strategic initiatives in selected areas. Bilfinger continually analyzes the economic environment in the markets of the Building and Facility segment. On this basis, we develop business models in order to specifically identify opportunities.

c. Opportunities related to service provision

Industrial

- Operational performance In order to provide our services more efficiently, we have implemented a program for the optimization of our processes with service orders, which will come into effect in key units in 2016. The standardization and efficiency enhancement of work orders in plants, processes in workshops and logistics chains as well as in information processing and resource planning gives us the opportunity to further increase profitability in industrial services.
- Employees In industrial services, Bilfinger employs specialists with above-average qualifications who can meet the strict requirements of their customers. The comprehensive technical and plant know-how, particularly of processes in the process industry, is an advantage which significantly increases our chances of success in competition with other providers. For this reason, vocational training, professional training and targeted development of specialists and management staff are a key part of our strategy.
- Restructuring In view of significantly reduced investment and maintenance budgets, the reduction of unused capacities in the industrial services business is essential. Furthermore, we will adapt personnel and administrative costs to the restructured operating business. We intend to achieve cost leadership in our sector with low fixed costs. High competitiveness increases the opportunity for our operating companies to expand their leading positions in a market characterized by constant cost pressure.

Building and Facility

- Independent organization The transfer of the divisions in the Building and Facility segment that are focused on real-estate services to an independent organization allows even better utilization of synergy potentials within the segment. In this way, we can continue to optimize and integrate our service range. With a clear organizational structure and short decision-making processes, we are establishing the conditions to further improve market opportunities and increase margins.

d. Power (discontinued operations)

The Power business segment, which has been put up for sale, offers a wide range of services over the entire lifecycle of power plants – from new construction, efficiency enhancements, and service-life extensions to repair and maintenance as well as decommissioning. This applies to all fuels such as gas, coal, lignite, nuclear plants and even hydroelectric power.

The following areas offer significant market opportunities:

- Expansion of the service offer for coal-fired power plants in new markets. In Poland, Russia, Turkey and some Asian countries such as India and China, the modernization of existing plants in particular and the adaptation to modern environmental standards offers potential.
- Extension of the existing business units in the oil and gas business in Europe, South Africa, Turkey and the Middle East and expansion into new markets such as Iran and Egypt.
- Application of comprehensive competence in denitrification, desulphurization and dust removal technology in areas with combustion-intensive processes. This includes the cement industry, the petrochemical industry and thermal waste disposal. As a result of new legal requirements, significant environmental regulations will have to be observed in the operation of large marine diesel engines in the near future. Bilfinger offers the corresponding technology for this.
- Using its own patents and excellent market access, Bilfinger has good opportunities to expand its market share in the area of efficiency enhancements and service-life extensions of salt-water desalination plants, particularly in the Middle East.
- In recent years, Bilfinger has received excellent references for special deliveries and services in the construction and assembly of nuclear power plants. This presents new opportunities in the modernization of the French nuclear power plants as well as in the new construction of nuclear power plants in the United Kingdom and Scandinavia. Furthermore, specialist units have leading know-how, which is required for the safe handling and storage of fuel elements. This competence can be applied to the expansion of activities in countries where nuclear power continues to play a large part in energy supply.

- Expansion of the service offer for hydroelectric power plants in Central and Northern Europe and expansion of a leading market position as a supplier for pressure piping systems in selected countries of Latin America.

The opening of new markets and further internationalization of activities requires expansion of the major project business, which currently already represents over half of the output in this area. The former Power business segment is thus no longer in line with the strategy and risk profile of Bilfinger as an engineering and services group.

V. General assessment of the opportunities situation

By focusing on future-oriented services in combination with the professional competence of our employees and the further implementation of the restructuring of the Group, there are significant opportunities for a successful development of Bilfinger's market position.

Outlook

For the year 2016, we anticipate a generally cautious development of economic conditions in those markets that are relevant for Bilfinger.

Overall economic development

The outlook for the economy and the willingness to invest on the part of companies worsened toward the end of 2015. Unfavorable economic data in a number of emerging markets and uncertainties with regard to how lasting the upswing in the United States might be led to a reduction of global growth forecasts.

Monetary and fiscal policies should, however, secure growth in Europe. From today's perspective, the opportunities and risks for the economy even themselves out. Against this backdrop, the European Commission believes that the Eurozone grew by a good 1.8 percent in 2015 and that company investments increased by nearly 5 percent.

The geopolitical environment, however, remains complex and our markets continue to be challenging. We generate a considerable share of sales in difficult industries such as energy as well as oil and gas, and we therefore generally anticipate declining volumes in our business. Assuming that the economy does not fall below current expectations, we anticipate the following development in the year 2016.

Assumptions

The outlook relates – unless stated otherwise – to adjusted figures, which means that special items, in particular one-time burdens from efficiency enhancement programs, primarily for the reduction of administrative expenses, or any positive effects from the sale of parts of the company are excluded.

We are also subject to currency translation effects, primarily with regard to the US dollar, British pound and Norwegian krone. In our planning we have anticipated a stabilization at the level of the second half of 2015.

Our forecast takes into account the expected hesitation among our clients in the oil and gas business both in terms of investments and in the maintenance budgets due to the uncertain medium-term outlook for the price of oil. We also assume that there will be more aggressive competitive behavior as a result of the tight market and limited demand. This applies to all areas of the market within the production chain, even at a local level we see few differences. As far as the price of oil is concerned, we are planning for a continuing low level in the coming year, whereby we expect a slight improvement to approximately USD40 per barrel in the second half of the year.

Industrial

Measured in terms of the overall assessments of the economic situation, we are more reserved about the perspectives for our key industries in the Industrial business segment.

The investment dynamic in chemicals and pharmaceuticals will continue to be held back by unfavorable growth forecasts for a number of emerging markets. Growth impetus for these industries is most likely to come from the US business, particularly since stronger growth in the US market has led to it becoming the most important export market for the German chemicals industry.

A sweeping and rapid recovery in the price of oil and gas is not expected in light of excess supply throughout the world and the continued weak economy in emerging countries. The oil and gas industry, in the USA in particular, will, from today's perspective, further reduce its investment and maintenance budgets in 2016.

The energy sector's willingness to invest remains limited in light of policy-related uncertainties surrounding the energy transformation. The lack of a prospect of profitability even for modern conventional power plants has crippled the willingness to invest in modernization or replacement in this area.

In the Industrial business segment, due to the weakness in demand and expiring projects, Bilfinger currently expects a significant decrease in output volume in 2016 as compared to 2015 (€3,650 million). The maintenance business for process industry plants, on the other hand, continues to see stable development. With regard to adjusted EBITA, despite the significantly lower output volume, we expect a figure at the level of the reporting year (€128 million, or slightly above it) due to positive effects from programs for efficiency enhancement and process optimization. Specific uncertainties surround the oil price level and the consequences for the oil and gas business.

Building and Facility

The environment for the real-estate sector in Germany and Europe will remain favorable in 2016. The European Central Bank has not, up to this point, given any indication that it intends to change its zero interest rate policy. The expectations of all experts are that this will continue to stimulate the willingness to invest in residential and commercial real estate. This benefits transaction volumes in important markets such as Germany or the United Kingdom and will continue to foster demand for premium real-estate services.

Against this backdrop and the ongoing outsourcing trend, the market for facility management will continue to grow moderately. Outside Germany, especially in Central and Eastern Europe, above-average growth potential is expected as a result of the existing backlog in the awarding of facility services. Growth in Germany is boosted in particular by the increased need for bundled services and cross-national manage-

GENERAL STATEMENT OF THE EXECUTIVE BOARD ON THE EXPECTED DEVELOPMENT OF THE GROUP

€ million

	Output volume		EBITA adjusted	
	2015 *	expected 2016	2015 *	expected 2016
Industrial	3,650	significant decrease	128	at prior-year level or slight increase
Building and Facility *	2,627	slight increase	126	slight increase
Other	-77	–	-90	–
Group *	6,200	significant decrease	164	slight increase

* on a comparable basis, i.e. without Water Technologies   Definition for the qualified comparative forecast: at prior-year level: +/- 0 %   slight: 1-5 %   significant : > 5 %

ment from a single source, while saturation tendencies are appearing in the market growth for simple infrastructural services.

For residential construction in Germany, the increase in construction permits, which became apparent already in 2015, points to a significant expansion for the coming year. The new federal investment programs established at the beginning of 2015 will be reflected in a rise in construction activity at all levels of government in the coming year, leading to a rise in public-sector construction. From today's perspective, the recovery in commercial construction will be more reserved. Weakness in the industrial economy which manifested itself clearly at the end of 2015 will dampen the willingness to invest in industrial construction. Only when the concerns regarding the status of the global economy fade can significant increases in commercial construction be expected.

Output volume in the Building and Facility business segment, on the basis of good order backlog, will grow slightly in 2016 (comparable basis 2015: €2,627 million). Adjusted EBITA 2016 will also increase slightly (comparable basis 2015: €126 million). In this context, it will be possible to offset margin pressure in an intense competitive environment with growth and efficiency enhancements.

Group

Output volume Output volume for the Group will decrease significantly in 2016 (comparable basis 2015: €6,200 million). At December 31, 2015, order backlog was €4,727 million. We expect that €3,152 million of that total will translate into output volume in 2016.

Adjusted EBITA / adjusted net profit from continuing operations For adjusted EBITA, we expect a slight increase as compared with the reporting year with a higher margin (comparable basis 2015: €164 million). Adjusted net profit will also increase slightly (comparable basis 2015: €93 million).

In 2016 we expect, from today's perspective, the following significant one-time expenses: restructuring expenses in the high double-digit million range, in particular for the program to reduce administrative expenses, including substantial investments in IT systems for the standardization of the system landscape. On top of this, there will be expenses in connection with the further development of our compliance system and the conclusion of older cases in the amount of approximately €50 million. Further, reported net profit will likely be burdened by the non-capitalization of deferred taxes on the negative result of the holding.

Return on capital employed We intend to create substantial value added in each segment with a return on capital employed (ROCE) above our weighted average cost of capital. In 2016, however, we again expect a return on capital employed for continuing operations slightly below the cost of capital of 9.75 percent. The reason for this is earnings in the Industrial business segment which in 2016 will remain below a sustainable level, whereas the Building and Facility business segment will achieve a return on capital employed that is significantly above its cost of capital.

Dividend policy The Executive Board and the Supervisory Board will propose to the Annual General Meeting to suspend the dividend payment for financial year 2015. The reasons for this step are the unusually high net loss as well as the substantial cash outflows for ongoing and upcoming restructuring measures.

In general, depending on the earnings and liquidity development, our dividend policy calls for a distribution ratio of approximately 50 percent of adjusted net profit.

Free cash flow from operating activities Free cash flow from operating activities in 2016 will be significantly below the reporting year (comparable basis: €216 million). In addition to operational influences, payments for restructuring and compliance measures will also have an impact.

Capital expenditure on property, plant and equipment Due to backlog effects, planned investments in property, plant and equipment for 2016 of nearly 2 percent will be at the upper end of the sustainable level of 1.5 to 2 percent following reduced volumes in the years 2014 and 2015.

Financing structure Cash and cash equivalents amounted to €429 million at the end of 2015. For the financing of intra-year need for working capital, we have a syndicated cash credit line of €500 million available which is due in 2018.

We expect that the limit defined in the loan agreement for the covenant – dynamic debt-equity ratio = adjusted net debt / adjusted EBITDA – can be maintained.

Discontinued operations: Power

A break in the growing investment backlog in the German power plant market is also not expected for the coming year. The increasingly tense financial situation of the traditional utility companies is also preventing a recovery in investments for modernization as well as maintenance and repair.

The global market for power plant services will continue to be supported by the high investment need in emerging markets. We currently see opportunities in particular in the Middle East and in Turkey. Accelerated growth in the market can only be expected, however, when the economic situation in the emerging markets begins to improve again. For oil-producing countries, a continuation of the very low price of oil would increasingly cast a shadow on the ability to finance ambitious long-term investment projects.

In the Power business segment, Bilfinger again expects a significant decrease in output volume in 2016 as a result of restrained orders received (reporting year: €1,284 million). Adjusted EBITA will improve significantly as a result of effects from capacity adjustments, improved project risk management as well as the elimination of one-time burdens (reporting year: minus €59 million).

General statement from the Executive Board of Bilfinger SE on the anticipated development of the Group

Following a sometimes difficult financial year in 2015, we are concentrating on an improvement in operating performance and on the implementation of the strategy for focusing our business that was announced in October 2015. On the basis of our strengths as an engineering and services group, we intend in the medium term create a foundation for organic and external growth again.

Effects from our efficiency enhancement programs and from capacity adjustment measures will also contribute to improved margins despite the fact that markets will remain challenging. Concentration on our core business will, in the medium term, lead to leaner processes and thus to a higher degree of efficiency and greater visibility.

Additional disclosures pursuant to Section 289 Subsection 4 and Section 315 Subsection 4 of the German Commercial Code (HGB)

Structure of subscribed capital

The subscribed capital of (unchanged) €138,072,381 is divided into 46,024,127 bearer shares with an arithmetical value of €3.00 per share. Each share entitles its holder to one vote at the Annual General Meeting.

Limitations relating to voting rights or the transfer of shares

We are not aware of any limitations to voting rights beyond the legal limitations – such as in accordance with Sections 136 and 71 b of the German Stock Corporation Act (AktG).

Shareholdings in Bilfinger exceeding 10 percent of the voting rights

Investment company Cevian Capital II GP Limited, St. Helier, Jersey, Channel Islands, notified us on September 29, 2014 with reference to Section 21 Subsection 1 of the German Securities Trading Act (WpHG) that its shareholding in Bilfinger had exceeded the threshold of 25 percent of the voting rights and amounted to 25.62 percent. In accordance with Section 22 Subsection 1 Sentence 1 Number 1 of the German Securities Trading Act (WpHG), these voting rights were assigned to Cevian Capital II GP Limited through Cevian Capital II Master Fund LP, Camana Bay, Cayman Islands, Cevian Capital Partners Limited, Floriana, Malta, and Cevian Capital II Co-Investment Fund LP, Camana Bay, Cayman Islands.

Investment company Cevian Capital II Master Fund LP, Camana Bay, Cayman Islands, notified us on September 2, 2014 with reference to Section 21 Subsection 1 of the German Securities Trading Act (WpHG) that its shareholding in Bilfinger had exceeded the threshold of 20 percent of the voting rights and amounted to 20.02 percent. In accordance with Section 22 Subsection 1 Sentence 1 Number 1 of the German Securities Trading Act (WpHG), these voting rights were assigned to Cevian Capital II Master Fund through Cevian Capital Partners Limited.

Investment company Cevian Capital Partners Limited, Floriana, Malta, notified us on September 2, 2014 with reference to Section 21 Subsection 1 of the German Securities Trading Act (WpHG) that its shareholding in Bilfinger had exceeded the threshold of 20 percent of the voting rights and amounted to 20.02 percent.

Shares with special rights

There are no Bilfinger shares with special rights conferring powers of control.

Control of voting rights of employee shares with indirect exercise of controlling rights

Within the scope of the employee share program, there are employee shareholdings in Bilfinger that do not exercise their control rights directly, but have transferred these to a shareholder association that represents their interests. The proxies can be revoked at any time. On the balance sheet date, a total of 90,988 voting rights had been transferred to the association.

Statutory requirements and provisions of the Articles of Incorporation on the appointment and dismissal of members of the Executive Board and changes to the Articles of Incorporation

The appointment and dismissal of members of the Executive Board are subject to the statutory provisions of Section 39 of the SE Regulation, Section 16 of the SE Implementation Act and Sections 84 and 85 of the German Stock Corporation Act (AktG), as well as the provisions of Article 8 of the Bilfinger SE Articles of Incorporation. Accordingly, members of the Executive Board are appointed by the Supervisory Board for a maximum period of five years. Re-appointments are permitted. The Supervisory Board can dismiss a member of the Executive Board when there is good cause for the dismissal. The Supervisory Board decides on the appointment or dismissal of a member of the Executive Board by simple majority. In the event of a tied vote, the Chairman of the Supervisory Board has a casting vote; if the Chairman does not participate, the Deputy Chairman has a casting vote provided he is a representative of the shareholders.

Any amendments to the Articles of Incorporation of Bilfinger SE are subject to the statutory provisions of Section 59 Subsection 1 of the SE Regulation and Sections 133 and 179 of the AktG, as well as the provisions of Article 21 Section 2 of the Articles of Incorporation of Bilfinger SE. Accordingly, a majority of two-thirds of the valid votes cast or, provided that at least half of the share capital is represented, a simple majority of the valid votes cast is sufficient to amend the Articles of Incorporation. This does not apply to a change in the object of the company, for which a resolution in accordance with Section 8 Subsection 6 of the SE Regulation is required as well as for cases in which a greater voting or capital majority is stipulated by law. Pursuant to Article 25 of the Articles of Incorporation, the Supervisory Board is authorized to make resolutions concerning amendments and supplements that affect only the wording of the Articles of Incorporation.

Authorization of the Executive Board with regard to the buy-back and issue of shares

In February 2008, the Executive Board, with the consent of the Supervisory Board and on the basis of the authorization granted by the Annual General Meeting of May 23, 2007, bought back 1,884,000 shares through the stock exchange at an average price of €53.07 per share. Of this amount, a total of 48,682 shares were issued in financial years 2013 and 2014 and a further 10,935 in the reporting year as part of employee share programs. Afterwards, the company holds 1,824,383 treasury shares; this corresponds to 3.96 percent of the current voting rights.

The company has no rights from these treasury shares (Section 71 b AktG). In accordance with the resolution of May 23, 2007, the Executive Board can sell these shares through the stock exchange, offer them for sale to shareholders under consideration of the principle of equal treatment, use them within the scope of corporate mergers or acquisitions or for the fulfillment of conversion and option rights or recall them without any further resolution by an Annual General Meeting. The Annual General Meeting held on April 18, 2013 authorized the Executive Board, among other things, to offer these treasury shares for sale or to pledge / transfer them, with the approval of the Supervisory Board, to employees of Bilfinger SE and subordinated subsidiary companies as well as to the management of subordinated subsidiary companies; this also includes authorization to offer the shares for sale under other special conditions or to pledge / transfer them at no cost. The Annual General Meeting of May 7, 2015 also authorized the Supervisory Board to use the shares to meet the rights of members of the Executive Board to the granting of shares of Bilfinger SE which the Supervisory Board had granted as part of Executive Board remuneration.

The Annual General Meeting of May 7, 2015 canceled the authorization from the Annual General Meeting of April 18, 2013 to acquire the company's own shares; the authorizations in the resolution of the Annual General Meeting of April 18, 2013 on the use of the company's own shares are not affected. It authorized the Executive Board, with the consent of the Supervisory Board, to acquire the company's own shares until May 6, 2020 in an amount of €13,807,238 of the current share capital under the condition that the shares to be acquired on the basis of this authorization, together with other shares held by the company which the company has already acquired and which are still in its possession or attributable to the company in accordance with Sections 71d and 71e of the AktG, at no time exceed 10 percent of the share capital. Furthermore, the requirements of Section 71 Subsection 2 Sentences 2 and 3 AktG are also to be observed. The acquisition may not be used for the purpose of trading in treasury shares.

Acquisition is to take place in accordance with the principle of equal treatment (Section 53 a AktG) through the stock exchange or by means of a public offer to buy addressed to all shareholders. In the case of acquisition through the stock exchange, the price paid (excluding incidental costs) may not be more than 10 percent higher or 10 percent lower than the stock-exchange price of the company's shares resulting from the opening auction in XETRA trading of Deutsche Börse AG (or a comparable successor system). With a public offer to buy, the price offered (excluding incidental costs) may not be more than 10 percent higher or 10 percent lower than the average stock-exchange price of Bilfinger shares on the last three days of stock-exchange trading before the day the offer is made public, calculated on the basis of the arithmetical average of the price of Bilfinger shares in the closing auction of XETRA trading of Deutsche Börse AG (or a comparable successor system).

Shares acquired on the basis of this authorization may be offered to all shareholders with consideration of the principle of equal treatment or sold through the stock exchange. With the approval of the Supervisory Board, they may also be disposed of by sale or otherwise if the shares are sold in exchange for cash at a price not substantially below their average stock market price on the last three trading days before determination of the final selling price by the Executive Board. This authorization is limited to a total of 10 percent of the share capital of the company at the time of the resolution of the Annual General Meeting on May 7, 2015 or – if lower – 10 percent of the company's share capital at the time of disposal of the shares. The authorized volume is reduced by the proportionate part of the share capital which is attributable to the shares or to which conversion and / or option rights or obligations in connection with bonds relate which were issued or sold, subject to an exclusion of subscription rights, on or after May 7, 2015 pursuant to Section 186 Subsection 3 Sentence 4 AktG either directly, analogously or mutatis mutandis. The shares may also be used within the scope of corporate mergers or acquisitions or the purchase of assets associated with such mergers or acquisitions, recalled without any further resolution by the Annual General Meeting, or used for the fulfillment of conversion and / or option rights or obligations under bonds. These treasury shares may also be offered for sale or to pledge / transfer them, with the approval of the Supervisory Board, to employees of Bilfinger SE and subordinated subsidiary companies as well as to the management of subordinated subsidiary companies; this also includes authorization to offer the shares for sale under other special conditions or to pledge / transfer them at no cost.

The Annual General Meeting of May 7, 2015 also authorized the Supervisory Board to use treasury shares that are acquired as a result of this authorization or which were acquired as a result of a previous authorization to meet the rights of members of the Executive Board to the granting of shares of Bilfinger SE which the Supervisory Board had granted as part of Executive Board remuneration.

Approved capital

By resolution of the Annual General Meeting of May 8, 2014, with the consent of the Supervisory Board, the Executive Board was authorized until May 7, 2019 to increase the company's share capital by up to €69,000,000 by the single or multiple issue of new no-par value bearer shares (Approved Capital 2014). Such issue of new shares may be effected against cash or non-cash contributions. The new shares are to be offered to the shareholders for subscription. An indirect subscription right within the meaning of Section 186 Subsection 5 of the AktG shall suffice in this context. Limited to new shares representing a total proportionate amount of the share capital of up to €27,600,000 and subject to the consent of the Supervisory Board, the Executive Board is authorized to exclude shareholders' statutory subscription rights under the conditions specified in the authorization resolution with the issue of new shares in cases of fractional amounts, to grant subscription rights to holders of conversion and / or option rights issued by the company or by a company of the Group, or to carry out capital increases against cash and / or non-cash contributions.

Conditional capital

By resolution of the Annual General Meeting of April 18, 2013, the share capital was conditionally increased by up to €13,807,236 through the issue of up to 4,602,412 new bearer shares representing a proportionate amount of the share capital of €3.00 per share (Conditional Capital 2013). The conditional capital increase serves to grant shares to holders of conversion or option rights upon the execution of such rights, or to fulfill conversion or option obligations under convertible bonds or bonds with warrants which, in accordance with the authorization granted by the Annual General Meeting on April 18, 2013, are issued and / or guaranteed by the company or by a company of the Group until April 17, 2018.

The conditional capital increase will only be carried out to the extent that holders of bonds make use of their conversion and / or option rights or fulfill their obligations to exercise conversions / options, and the conditional capital is required for this purpose. The new shares participate in profits from the beginning of the financial year in which they are issued as a result of the exercise of conversion or option rights or the fulfillment of conversion or option obligations.

Agreements related to a change of control

In the case of a change of control resulting from an offer to take over Bilfinger SE, as is common business practice, termination possibilities exist for the providers of credit for our syndicated cash credit lines of €500 million, for the bilateral credit lines of €1,700 million, and for the investors in our corporate bond of €500 million.

Compensation agreements in the case of an offer to take over the company

In the case of a change of control and if certain other conditions are fulfilled, the members of the Executive Board have the right to terminate their contracts of service. This regulation would give the members of the Executive Board the required independence in the case of a takeover bid so that they could direct their actions solely to the benefit of the company and its shareholders. Further details can be found in the remuneration report (see page 105).

Executive Board remuneration

The remuneration of the members of the Executive Board is generally comprised of a fixed annual salary, variable remuneration as well as fringe benefits and retirement benefits. A new remuneration system was introduced from financial year 2015 for new and re-appointed members of the Executive Board. Further information including individualized details of payments can be found in the remuneration report (see pages 101 ff.). The remuneration report is part of the combined management report.

Corporate governance

Corporate governance report

Bilfinger attaches great importance to good corporate governance. The principles of good and responsible corporate governance guide the actions of the management and supervisory bodies of Bilfinger SE. The term 'corporate governance' is generally understood to refer to the entire management and control system of a company, including its organization, its business management principles and guidelines as well as the internal and external monitoring and control mechanisms. Good and transparent corporate governance ensures the responsible, value-oriented and sustainable management and control of the company.

Structure of corporate governance

Bilfinger SE is a European stock company located in Germany and is subject to European SE regulations, the German SE Implementation Act and the German Stock Corporation Act. The company has a dual management and monitoring structure consisting of the Executive Board and the Supervisory Board. The third body of the company is the Annual General Meeting. At present, no use is made of the possibility of forming an advisory board, as allowed by Article 17 of our Articles of Incorporation.

Executive Board The members of the Executive Board are appointed by the Supervisory Board; it currently consists of four members (see page 181). The Executive Board manages the company in its own responsibility; its tasks include setting the company's corporate goals and strategic focus, managing and monitoring the operating units and business of Bilfinger SE and the Group as well as implementing and monitoring an efficient risk management system. It represents the company to third parties. Its actions are guided by the interests of the company, i.e. the interests of employees, shareholders and the public, with the aim of a sustainable increase of enterprise value. The members of the Executive Board base their actions on the legal requirements, the Articles of Incorporation, the Rules of Procedure and the Schedule of Responsibilities as well as on the other relevant regulations. In accordance with the Schedule of Responsibilities approved by the Supervisory Board, the Executive Board members are each allocated responsibility for the management of certain areas. They take joint responsibility for corporate governance, however. In addition, the Chairman of the Executive Board coordinates the work of Executive Board members. The resolutions of the Executive Board are made primarily in the regular Executive Board meetings, but may also be made in written procedures or through other methods of communication. The Rules of Procedure require a resolution by the entire Executive Board for certain transactions and actions; approval from the Supervisory Board is required for particularly significant actions and transactions in accordance with the Articles of Incorporation and Rules of Procedure. This includes, among other things, the addition of new business segments or the discontinuation of existing business segments, the purchase and sale of investments above a certain volume as well as entering into long-term financial commitments.

Details of the remuneration of the Executive Board members can be found in the remuneration report, which is included as a section of the Group management report (see page 101 ff.).

Supervisory Board In accordance with Article 11 of the Articles of Incorporation, the Supervisory Board of Bilfinger SE consists of 12 members, six of whom are representatives of the shareholders and six of whom are employee representatives. The shareholder representatives are elected by the Annual General Meeting, and it is thereby incumbent on the Supervisory Board, in accordance with Section 124 Subsection 3 Sentence 1 AktG, to propose candidates to the Annual General Meeting. The appointment of the employee representatives is carried out by the SE Works Council in accordance with the agreement on employee participation reached between company management and the European employee representatives on July 15, 2010. With regard to the appointment of those members to be appointed by the SE Works Council, the Supervisory Board has no right to make proposals; it is not involved in the selection procedure for the employee representatives in the Supervisory Board.

The Supervisory Board advises and monitors the management of the company by the Executive Board. Decisions of fundamental importance for the company require the approval of the Supervisory Board. Within the context of its report, the Supervisory Board informs the shareholders about its activities (see page 10 f.).

The current composition of the Supervisory Board and the committees formed for more efficient execution of its activities can be seen in the section of the Annual Report entitled 'Boards of the company' (see page 182 f.). The positions held by members of the Supervisory Board on monitoring boards of other companies are also listed here.

The remuneration of the members of the Supervisory Board is presented in the remuneration report as part of the management report (see pages 101 ff.).

Annual General Meeting The Annual General Meeting is to be convened at least once each year. The Executive Board presents to the Annual General Meeting certain documents, including the annual and consolidated financial statements as well as the combined management report for Bilfinger SE and the Bilfinger Group. The Meeting decides on the appropriation of profits and on ratifying the actions of the members of the Executive Board and the Supervisory Board, elects the members of the Supervisory Board representing the shareholders, and the external auditors. In addition, it makes decisions on amendments to the Articles of Incorporation and in certain other cases as specified by applicable law or the Articles of Incorporation. Each share entitles its holder to one vote at the Annual General Meeting.

German Corporate Governance Code

The German Corporate Governance Code contains recommendations and suggestions for good corporate governance and control. It was developed by the responsible government commission based upon statutory provisions as well as nationally and internationally recognized standards of corporate governance. The Code is updated and elaborated on by the commission on a continual basis. Bilfinger supports the goal set out by the Code of enhancing the transparency and comprehensibility of the corporate governance system and fostering trust among national and international investors, customers, employees as well as the public and other stakeholders in the management and supervision of German listed and capital market oriented companies.

Objectives for the composition of the Supervisory Board In accordance with Section 5.4.1 Subsection 2 Sentence 1 of the German Corporate Governance Code, the Supervisory Board shall state concrete objectives regarding its composition which, while considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, the number of independent Supervisory Board members as defined by Section 5.4.2 of the German Corporate Governance Code, an age limit to be specified for the members of the Supervisory Board and a standard time limit for membership on the Supervisory Board as well as diversity. Proposals from the Supervisory Board to the responsible election committees shall, in accordance with Section 5.4.1 Subsection 3 Sentence 1 of the German Corporate Governance Code, give ample consideration to these objectives. The objectives and the status of their implementation shall, in accordance with Section 5.4.1 Subsection 3 Sentence 2 of the German Corporate Governance Code, be published in the corporate governance report.

As previously outlined, the Supervisory Board is responsible for making proposals for the election of the shareholder representatives to the Supervisory Board to the Annual General Meeting, but it is not involved in the selection procedure for the employee representatives in the Supervisory Board. Against this backdrop, the Supervisory Board announces, in accordance with Section 5.4.1 Subsection 2 of the German Corporate Governance Code and considering the specific situation of the company, the following objectives for its composition:

- At least two members should, as a result of their international experience, embody to a significant extent the criteria of internationality.
- At least two members should possess particular knowledge and experience in business administration and finance.
- At least two members should possess particular experience from leading positions in industrial or services companies.
- At least three members should be independent in accordance with the requirements of Section 5.4.2 Sentence 2 of the German Corporate Governance Code, therefore in particular have no personal or business relationship with the company, its bodies, a controlling shareholder or one associated with affiliated companies that could result in a significant and not merely temporary conflict of interest. In addition, they should have no consulting or management function for clients, suppliers, creditors or other business partners, nor should they hold any position which could lead to a conflict of interest.
- A maximum of two members are to be former members of the Executive Board.
- No member should exercise a management or consulting function for a significant competitor of the company.
- At least one member should meet the requirements of Section 100 Subsection 5 AktG (so-called ‘financial expert’).
- As a rule, no member should be over 70 years of age at the time of the Annual General Meeting which is to decide on his or her appointment as member of the Supervisory Board; exceptions are to be justified.
- As a rule, no member of the Supervisory Board should remain a member for longer than three standard terms, as per the term of office specified in the Articles of Incorporation; exceptions are to be justified.
- In accordance with the law on the equal participation of men and women in management positions in the private sector and in the civil service, a fixed gender quota of 30 percent is to be observed with the reappointment of the Supervisory Board from January 1, 2016. This means that in future at least four women must be members of the Supervisory Board. The Supervisory Board aims to fulfill the quota with equal representation.

The composition of the current Supervisory Board complies with the objectives stated above with the following exceptions: There is currently only one woman on the Supervisory Board and Mr. Rainer Knerler has been a member of the Supervisory Board since 1996. As a result of his long-standing experience, Mr. Knerler was once more appointed to the Supervisory Board as an employee representative by the SE Works Council on February 10, 2016.

The Supervisory Board intends to consider the above objectives in the resolutions it proposes to the Annual General Meeting for the appointment of Supervisory Board members on the provision that those persons whose personal and professional qualifications make them the best suited for the position be proposed. The implementation of the legally prescribed gender quota for the Supervisory Board remains unaffected.

Declaration of compliance On December 16, 2015, in accordance with Section 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board issued the following annual Declaration of Compliance:

“Bilfinger SE complies with all recommendations of the German Corporate Governance Code as amended on May 5, 2015 with the following exception:

- The recommendation in Section 4.2.3 Section 2 Subsection 5 (limitations on the maximum amount of Executive Board remuneration in general and the variable components of that remuneration) is not followed. As part of the long-term incentive (LTI), the variable remuneration component for members of the Executive Board of the company which is valid from this year, virtual shares in the company, so-called performance share units (PSU), are allocated each year, the number of which is subject to adjustment during a three-year performance period depending on the achievement of the average ROCE target value as determined by the Supervisory Board as well as the development of the total shareholder return value (TSR value) of the company's share in relation to the TSR value of the shares of the remaining MDAX listed companies. The final number of units is subject to a cap which limits the final number to 150% of the original number of units. The share price of the company that is relevant for the value of the PSU at the conclusion of the three-year performance period is not subject to any limitation because an upper limit in this respect contradicts the basic principle of a share-based remuneration. The Supervisory Board is authorized, however, in the case of extraordinary events or developments, especially in the case of extreme increases in the share price, to appropriately reduce the mathematical final number of PSUs.

Since issuing the declaration of compliance of February 11, 2015, the Company has complied with all recommendations of the GCGC as amended on June 24, 2014 until the current date, with the exception of the recommendations in Sections 5.1.2 Subsection 1 Sentence 2 Clause 2, 4.2.3 Subsection 2 Sentences 2, 4, 7 and 8 and 4.2.3 Subsection 2 Sentence 6."

The declaration of compliance is published on the company's website and is updated when changes occur. This and previous versions are available for at least five years in accordance with Section 3.10 of the German Corporate Governance Code.

Bilfinger also fulfills nearly all non-binding suggestions of the German Corporate Governance Code. Exceptions are the accessibility of the proxy representative of the shareholders also during the Annual General Meeting (Section 2.3.3 Subsection 2 Sentence 2 of the German Corporate Governance Code). The suggestion that shareholders should be given access to the Annual General Meeting through modern communication technology such as the Internet (Section 2.3.4 of the German Corporate Governance Code) is followed insofar as the speech of the Chairman of the Executive Board is broadcast on the Internet. An exception was made in the reporting year as a result of the unusual situation of the company in the suggestion that the maximum possible appointment period of five years for the first-time appointment of members of the Executive Board should not be the rule (Section 5.1.2 Subsection 2 Sentence 1 of the German Corporate Governance Code).

Directors' dealings

Pursuant to Section 15 a of the German Securities Trading Act (WpHG), the members of the Supervisory Board and the Executive Board, other persons with management duties who regularly have access to insider information on the company and who are authorized to make significant business decisions, and certain persons who are in a close relationship with those persons are legally obliged to disclose to Bilfinger SE any acquisitions and disposals of Bilfinger shares and related financial instruments, particularly derivatives, in an amount of more than €5,000 in any calendar year. We publish details of such transactions on our website at www.bilfinger.com, among other places, without delay.

The members of the Executive Board and the Supervisory Board do not own any shares in the company or any related financial instruments that together, either directly or indirectly, constitute more than 1 percent of the shares issued by the company.

Compliance system

Compliance with legal and internal regulations is the basis of successful business activity and part of good corporate governance. The company has undertaken substantial efforts to ensure compliance with laws and internal regulations and will continue to do so. Our prevention-oriented compliance system is based on a Code of Conduct which outlines the topic-based general principles of our actions. The individual subject areas are formulated in specific terms with related guidelines and instructions and provide the basis for ethical business conduct within our activities. These subjects are regularly taught worldwide through on-site training, e-learning and webinars; the rules and regulations are available to our employees in over 20 languages. The compliance system will be reviewed and improved on an ongoing basis.

From third parties with whom we cooperate within the scope of our business activities, we expect the same attitude toward integrity as we do from our employees. To minimize risks, third parties are subjected to an integrity audit prior to the signing of a contract. This integrity audit is a key element of our compliance system; the standards and methods that serve as its basis are developed on an ongoing basis.

The Group's Chief Compliance Officer reports directly to the Chairman of the Executive Board and regularly informs the Chairman of the Audit Committee of the Supervisory Board. A Compliance Officer assigned to each division reports directly to the Chief Compliance Officer and supports the business units in all compliance-related queries with their directly subordinate compliance managers.

Close cooperation with the Executive Board, divisional management and other managers and close consultation with the departments Corporate Legal and Insurance and Corporate Internal Auditing form the basis for the effective implementation of compliance regulations.

In order to identify possible misconduct at an early stage and to allow our employees to report violations of the rules, we operate a whistleblower system. Whistleblowers – who may be anonymous – can report misconduct by telephone, Internet or e-mail if they would prefer not to use the normal reporting line to their supervisor or other representative. Such information is investigated by an independent authority in order to punish possible misconduct and continually improve the compliance program or the effectiveness of controls. Whistleblowers are protected against any reprisal; the whistleblower system can also be used by third parties (suppliers, subcontractors, business partners or other service providers) via our homepage. Confirmed misconduct leads to consequences for those involved up to termination or criminal complaints with authorities.

Our Corporate Department Internal Audit performs risk-based checks of adherence to compliance regulations, controls and guidelines as part of the regular audits of the business units. Suspicious cases or special business transactions are reviewed for compliance with special audits by Corporate Internal Audit. In this context, too, we are working on an ongoing improvement in the compliance system.

The Supervisory Board, Audit Committee and Executive Board are regularly informed about important developments within compliance. In addition, a Compliance Committee made up of the members of the Executive Board, the Chief Compliance Officer, the Head of Corporate Legal and the Head of Corporate Internal Audit, deals with all relevant issues on a monthly basis.

The entire Bilfinger Compliance System is continually reviewed and developed by us so that regulatory requirements, market changes and the requirements of our customers are taken into consideration. In particular, the recommendations of the independent Compliance Monitor, Dr. Mark Livschitz, are included. The Monitor regularly reviews our compliance system in accordance with a 2013 agreement with the U.S. Department of Justice. In addition, we take into consideration the comments of the internationally renowned expert Louis Freeh, who advises the Supervisory Board on the topic of compliance.

Financial loss liability insurance

The company has taken out financial loss liability insurance which covers the activities of the members of the Executive Board and Supervisory Board (D&O insurance). This insurance includes the deductible for the Executive Board legally required by Section 93 Subsection 2 Sentence 3 of the German Stock Corporation Act and the deductible for the Supervisory Board recommended in Section 3.8 Subsection 3 of the German Corporate Governance Code.

Declaration of corporate governance

The Executive Board issued a declaration of corporate governance pursuant to Section 289 a of the German Commercial Code (HGB) that has been made available to the general public on the company's website (www.bilfinger.com) under 'Investor Relations / Corporate Governance.'

Mannheim, March 10, 2016

Bilfinger SE
The Executive Board   The Supervisory Board

Remuneration report

This remuneration report describes the current remuneration system for the Executive Board which is valid for new and re-appointed members of the Executive Board from financial year 2015 and was approved by the Annual General Meeting on May 7, 2015. The previous remuneration system, which remains applicable for three members of the Executive Board who left the company in financial year 2015 is presented. The report also presents actual remuneration granted and paid to individual members of the Executive Board for financial year 2015. The remuneration report also provides details of the remuneration of the Supervisory Board in 2015. The remuneration report is part of the Group management report.

Executive Board remuneration

Remuneration system valid from financial year 2015

From financial year 2015, a new remuneration system shall apply for new and re-appointed members of the Executive Board and, with regard to Dr. Keysberg, shall take effect from January 1, 2015 and, with regard to Mr. Utnegaard, Mr. Salzmann and Mr. Bernhardt, took effect from the time of their appointment to the Executive Board.

In accordance with the new remuneration system, Executive Board remuneration consists of an annual fixed salary and a variable remuneration with two components. Further components of the remuneration system, described below in two separate sections, include non-cash benefits and retirement benefits.

Annual fixed salary The annual fixed salary amounts to €600 thousand for full members of the Executive Board and €1,200 thousand for the Chairman of the Executive Board.

Variable remuneration The variable remuneration shall consist of two components, a variable remuneration with a one-year assessment basis, the short-term incentive (STI), and a variable remuneration with a multi-year assessment basis, the long-term incentive (LTI).

The STI is based on achievement of economic success targets defined by the Supervisory Board. With an individual performance factor (IPF), the Supervisory Board can also take account of the individual performance of each member of the Executive Board as well as unforeseen events that have a material impact on the activities of the members of the Executive Board.

The annual initial value of the STI, corresponding to a 100 percent target achievement, amounts to €500 thousand for full members of the Executive Board and €1,000 thousand for the Chairman of the Executive Board. This figure changes depending on the achievement of targets defined each year by the Supervisory Board for the development of EBITA and free cash flow from operating activities of the Bilfinger Group. The achievement of these equally-weighted targets counts only within a corridor of 80 to 135 percent of the targets. Below the minimal value, the degree of target achievement is zero. If 80 percent of the goal is achieved, the degree of target achievement is 50 percent. It then rises on a linear basis up to a maximum target value of 135 percent to a maximum value of 200 percent of the STI value ('cap').

Disbursement of the STI is made following the conclusion of the relevant financial year and is calculated by multiplying the initial value with the arithmetic mean of the achievement of the two economic success targets within the corridor and the IPF defined for each member of the Executive Board under consideration of his individual performance in the financial year (factor 0.8 to 1.2).

The LTI comprises the annual issue of virtual shares of Bilfinger SE, so-called performance share units (PSU). Their number is subject to adjustment during a three-year performance period depending on the achievement of the average ROCE target value as determined by the Supervisory Board as well as the development of the total shareholder return value (TSR value) of the company's share in relation to the TSR value of the shares of the remaining MDAX listed companies. The resulting number of PSUs corresponds to the number of real shares of Bilfinger SE which the relevant Executive Board member will receive at the conclusion of the performance period.

At the beginning of each financial year, full Executive Board members receive PSUs with a current market value of €630 thousand and the Chairman of the Executive Board receives PSUs with a current market value of €1,400 thousand. Over the course of the three-year performance period, the number of these PSUs changes depending on the achievement of the average ROCE target value as determined by the Supervisory Board as well as the development of the total shareholder return value (TSR value) of the company's share in relation to the TSR value of the shares of the remaining MDAX listed companies. The achievement of these equally-weighted targets counts only within a relevant corridor. For ROCE, it ranges from 80 to 135 percent of the target. The degree of target achievement is zero below the minimum value. If 80 percent of the goal is achieved, the degree of target achievement is 50 percent. It then rises on a linear basis up to a maximum target value of 135 percent to a maximum value of 150 percent of the ROCE target ('cap'). For the TSR value, only a positioning of Bilfinger in comparison to the other MDAX companies of between the 50th and the 75th percentile shall count. For the TSR value as well, a target achievement below the minimum value is zero and above the maximum value is 150 percent ('cap').

The final number of PSUs is calculated by multiplying the arithmetical average of the degree of target achievement with the initial number of PSUs. The final number is subject to a cap of maximum 150 percent of the initial number of PSUs ('cap'). In addition, the Supervisory Board is authorized, in the case of extraordinary events or developments, especially in the case of extreme increases in the share price, to appropriately reduce the mathematical final number of PSUs. At the end of the performance period, members of the Executive Board receive a number of real Bilfinger shares corresponding to the final number of PSUs. The company is authorized, however, to make a full or partial cash payment in place of the delivery of Bilfinger shares, the amount of which is measured based on the current market price.

Own investment in Bilfinger shares Members of the Executive Board are obliged to purchase Bilfinger shares, the purchase price for which equals one year's gross annual fixed salary and to hold them for the period of their appointment to the Executive Board. The purchase is to be made within a time period of five years, whereby shares with a value of at least one-fifth of the total amount to be applied must be purchased in each financial year. Shares that are granted to a member of the Executive Board within the scope of the LTI are counted against this purchase obligation.

Previous remuneration system for members of the Executive Board

The previously valid remuneration system for members of the Executive Board was applicable in financial year 2015 to the remuneration of Messrs. Enenkel, Koolen and Müller until their departures. A special regulation applied for Mr. Bodner, who was appointed as Chairman of the Executive Board on an interim basis from August 9, 2014 to May 31, 2015 (see page 104). The previous remuneration system included variable remuneration according to a profit-sharing model related to the average of the earnings before taxes (EBT) achieved in the past three financial years, as well as an additional variable component in the form of a special incentive. Non-cash benefits and retirement benefits were provided and are presented separately.

Annual fixed salary The annual fixed salary amounted to €499 thousand for full members of the Executive Board in accordance with the previous remuneration system. As a newly appointed member of the Executive Board in 2013, the remuneration received by Mr. Koolen was reduced by 20 percent until March 18, 2015.

Variable remuneration In the previous remuneration system, members of the Executive Board received variable remuneration according to a profit-sharing model related to the average of earnings before taxes (EBT) achieved in the past three financial years. Of the amount of variable remuneration calculated in this way, only 65 percent was paid out immediately. The other 35 percent is paid out only after a waiting period of two years and depending on the relative development of Bilfinger's share price (in terms of total shareholder return) compared with the MDAX.

The details were as follows: as the starting amount of variable remuneration, each full member of the Executive Board received €3,800 (€3,040 for as long as the annual fixed salary was reduced by 20 percent) per €1 million of the average EBT achieved by the Group in the past three years. This starting amount was limited by a cap of €1,300 thousand (€1,040 thousand for as long as the annual fixed salary was reduced by 20 percent). Only 65 percent of the starting amount was paid out immediately. The remaining 35 percent (deferral) was or will be paid out after a waiting period of two years depending on the development of Bilfinger's share price (in terms of total shareholder return) compared with the MDAX. If the share underperforms the MDAX by more than 60 percent, the deferral is not paid out. The deferral is limited by a cap to 150 percent of its starting value (equal to 35 percent of the starting amount of the variable remuneration).

The Supervisory Board can or could reduce the EBT of one or more financial years that is used to calculate the average EBT by up to 20 percent if the EBT is significantly increased by non-recurring components of earnings. Furthermore, the Supervisory Board can or could increase or reduce the starting amount of profit sharing at its own discretion by up to 10 percent based on the evaluation of the individual performance of each member of the Executive Board.

Special incentive In order to incentivize significantly higher growth targets approved in 2011 as part of strategic planning until 2016, a goal bonus system was introduced as a supplement to the existing variable remuneration for members of the Executive Board from January 1, 2013. This supplement had a term of four years and was oriented toward annual earnings and liquidity targets. Depending on the fulfillment of the EBT target as set for the relevant financial year, members of the Executive Board could receive a bonus which for 100 percent target achievement amounted to €150 thousand for full members of the Executive Board and €225 thousand for the Chairman of the Executive Board. If 100 percent of the annual target for free cash flow was achieved, full members of the Executive Board could receive €50 thousand and the Chairman of the Executive Board received €75 thousand.

The annual EBT target values were based on strategic planning as approved by the Executive Board and the Supervisory Board in October 2011. If the actual figures were more than 5 percent below target, this portion of the special incentives was not granted for the relevant financial year; if the figures exceeded the target by more than 30 percent, a cap in the amount of €300 thousand for full members of the Executive Board and €450 thousand for the Chairman of the Executive Board was applied. Within this span, a linear interpolation was used to determine the amount of the bonus.

The liquidity targets were set by the Supervisory Board at the beginning of the year on the basis of a proposal from the Presiding Committee. If the liquidity target for the relevant financial year was missed by more than 15 percent, that portion of the bonus was not granted; if the target was exceeded by more than 30 percent, a cap was applied. This cap was set at €100 thousand for full members of the Executive Board and €150 thousand for the Chairman of the Executive Board. A linear interpolation was also used here to determine the bonus within the span as described. Because the fixed threshold values for the earnings and liquidity targets were not met, a special incentive did not apply in financial years 2013-2015; additional regulations for such a payment were also not applicable.

Non-cash benefits Both the remuneration system valid from financial year 2015 and the previous system of Executive Board remuneration call for fringe benefits primarily in the form of insurance cover and the use of company cars including driver, the value of which is accounted for in accordance with applicable tax law.

Retirement benefits With the exception of Mr. Koolen, Executive Board members receive pension payments from a retirement age of 62. In case of the death of one of these members of the Executive Board, dependants are entitled to pension benefits in the form of widow and orphan pensions. These entitlements have been transferred to an external institution in the form of a reinsured relief fund and are based on contributions made by the company to the relief fund and contractually agreed with the member of the Executive Board. All future pension entitlements are fully funded so that there is no financial burden on the company in the event of a claim. The benefits of the external institutions also cover the risk of occupational disability.

For Mr. Utnegaard, in addition to the annual contributions to the relief fund in the amount of 45 percent of the fixed salary, pension capital of €1,800 thousand in the form of a re-insured direct commitment was also granted in financial year 2015 in order to offset financial disadvantages arising as a result of his move to Bilfinger. Payment of the pension capital will be made in financial year 2016.

The inclusion of Mr. Koolen in the retirement benefit system for members of the Executive Board was not sensible because, due to his age at entry, inclusion in the relief fund would have resulted in a relatively low pension amount. He therefore received the funds intended for his pension plan including the provisions for the risk of occupational disability in the gross amount of €225 thousand p.a. (previous year: €180 thousand) under consideration of tax regulations as a payment which he can apply to his own pension plan.

For Mr. Enenkel and Dr. Keysberg, additional retirement pension commitments exist that were granted before they were appointed to the Executive Board. The relevant values amount to €190 thousand for Mr. Enenkel (previous year: €185 thousand) and €209 thousand for Dr. Keysberg (previous year: €205 thousand).

The following table shows the company's contributions to the relief fund for the year 2015 and the annual pension entitlements already achieved by members of the Executive Board.

RETIREMENT BENEFITS € thousand	Probable annual pension entitlement upon retirement	Payments to relief fund	
		2015	2014
Per H. Utnegaard (from June 1, 2015, Chairman)	117	315	–
Michael Bernhardt (from November 1, 2015)	112	45	–
Joachim Enenkel (until October 2, 2015)	43	–	225
Dr. Jochen Keysberg	149	270	225
Joachim Müller (until March 31, 2015)	72	–	225
Axel Salzmann (from April 1, 2015)	48	203	–
	541	833	675

Remuneration arrangement for Mr. Bodner The interim appointment of Herbert Bodner as Chairman of the Executive Board until May 31, 2015 made a remuneration arrangement that is geared toward long-term business success appear inexpedient. Mr. Bodner instead received a fixed monthly payment of €225 thousand which was oriented toward the remuneration for the Chairman of the Executive Board for the year 2013. There was no variable remuneration. The Supervisory Board did not make use of its discretionary power to grant Mr. Bodner at the end of his Executive Board mandate a recognition bonus oriented toward the success of his work, which was not to exceed 20 percent of the fixed remuneration paid. Mr. Bodner received the benefits mentioned above; payments for pension plans were not made.

Total remuneration granted for the financial year Total remuneration granted for 2015, comprised of annual fixed salary, variable remuneration including share-based remuneration, non-cash benefits and payments to the relief fund for the pension plan, can be found in the charts on page 106 f.

Section 4.2.3 Subsection 2 Sentence 6 of the German Corporate Governance Code recommends that the maximum amount of Executive Board remuneration and the variable components of that remuneration be defined. The company deviates from this recommendation as relates to the remuneration system that is valid from financial year 2015; this was disclosed most recently in its declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG) dated December 16, 2015. As already described, in accordance with the remuneration system in place from financial year 2015, members of the Executive Board receive a certain number of PSUs as part of the LTI. While the final number of PSUs is limited, the share price of the company that is relevant for the value of the PSU at the conclusion of the three-year performance period is not subject to any limitation because an upper limit in this respect contradicts the basic principle of share-based remuneration. The table thus contains no maximum amounts. With regard to the remuneration system that was previously valid, the maximum remuneration that would result from the best-possible achievement of targets as reported in accordance with Section 4.2.5 Subsection 3 of the German Corporate Governance Code is given, although in a realistic assessment it would not actually be achieved. No payment was made in accordance with the special incentive since the thresholds were not reached.

The members of the Executive Board who joined the company in 2015 as externals have assumed great responsibility for Bilfinger. As a result of this special situation, the Supervisory Board has reached supplementary agreements with them:

For 2015, Mr. Utnegaard will receive a fixed amount from the STI of about €1,167 thousand; this corresponds to – on a pro rata temporis basis – the amount that would result from maximum target achievement. For 2016, he will receive from the STI at least the amount that would have resulted from a 100 percent target achievement. This arrangement takes into consideration that Mr. Utnegaard was not involved in the determination of corporate planning which is the basis of the target values for the short-term success. In addition, this also offsets financial disadvantages which he had as a result of his move to Bilfinger.

Because Mr. Salzmann was also not involved in the corporate planning for 2015 he will receive an amount from the STI equal to at least – pro rata temporis – a 100 percent goal achievement; this payment amounts to €375 thousand, allowing for an IPF of 1.0.

The financial disadvantages that arose for Mr. Bernhardt as a result of his move to Bilfinger earlier than his original appointment were compensated for with a one-time payment of €200 thousand. For 2016, he will receive from the STI at least the amount that would have resulted from a 100 percent target achievement because he was not involved in the corporate planning for this financial year.

Mr. Müller stepped down from the Executive Board prematurely on March 31, 2015. Within the scope of the termination of his contract, he received as severance compensation his basic salary, variable remuneration (not including special incentive) and fringe benefits to which he is entitled in the amount of €1,840 thousand. Further, contributions to retirement benefits in the amount of €225 thousand were made for him until the regular end of his contract on October 31, 2016. The severance cap as defined in the German Corporate Governance Code was not exceeded. Mr. Müller retains his contractual entitlement to transitional payment from November 1, 2016 until he reaches the retirement age of 62. These payments have, however, been proportionately reduced to €216 thousand p.a. In accordance with the contractual arrangements, Mr. Müller receives annual compensation in the amount of his last basic salary for the subsequent two-year non-competition clause. An amount of €376 thousand applies to the reporting year.

Mr. Koolen stepped down from the Executive Board prematurely on August 24, 2015. Within the scope of the termination of his contract, he received as severance compensation his basic salary and fringe benefits until the end of his contract on September 18, 2016 to which he is entitled in the amount of €551 thousand. In addition, for the period from his departure until the regular end of his contract, he receives variable remuneration (not including special incentive) for each of the financial years 2015 and 2016 insofar as the conditions have been met. There was no variable remuneration for financial year 2016. He also received a final payment for retirement benefits for the period from September 2015 to September 2016 in the amount of €225 thousand. The severance cap as defined in the German Corporate Governance Code is also not exceeded in this case. Mr. Koolen did not receive payment for non-competition.

Mr. Enenkel stepped down from the Executive Board prematurely on October 2, 2015. No agreement could be reached in the reporting year as regards possible claims to remuneration settlement. A severance payment was therefore not awarded in the reporting year.

No loans or advances were made to the members of the Executive Board in 2015. No remuneration was paid for positions held on supervisory boards or comparable boards of companies of the Group in 2015.

Additional disclosures

Other arrangements for the members of the Executive Board In the case of a change of control, i.e., if a shareholder in the company reaches or exceeds a shareholding of 30 percent of the company's voting rights and in addition, due to an allocation of responsibilities decided upon by the Supervisory Board, a significant change occurs in the Executive Board members' responsibilities, or if the company enters into a control agreement as the controlled company, the members of the Executive Board have a special right of termination for their contracts of service. In the case of termination of a contract of service due to a change of control, the members of the Executive Board receive severance compensation for the remaining periods of their contracts of service subject to a maximum of three years. Severance compensation comprises the annual fixed salary as well as the variable remuneration, i.e. STI and LTI. The amount accounted for by STI is calculated based on the average variable remuneration from the last five full financial years, the amount accounted for by the LTI on the annual allotment value of the PSU. In accordance with the recommendation in Section 4.2.3 Subsection 5 of the German Corporate Governance Code, severance compensation in the case of a change of control is limited to 150 percent of the general severance cap of two years' remuneration in accordance with Section 4.2.3 Subsection 4 of the German Corporate Governance Code.

In the case of the termination of the executive board employment contract (with the exception of termination in the case of a change of control), the member of the Executive Board is subject to a 24-month – under pain of a contractual penalty – post-contractual prohibition of competition for which the company shall pay compensation for each month of the prohibition in the amount of one-twelfth of 50 percent of the annual remuneration of the member of the Executive Board (annual fixed salary and variable remuneration). Other remuneration or a pension of the member of the Executive Board during this period is charged at 50 percent against the respective monthly compensation. The company can waive the post-contractual prohibition of competition at any time with a 6-month period of notice for the continued payment of the compensation (except in the case of a valid extraordinary termination by the company).

Pensions of former members of the Executive Board The pension payments to former members of the Executive Board who left the company prior to the reporting year or their surviving dependants totaled €2,239 thousand (previous year: €2,225 thousand). The present value of future pension obligations for those persons calculated according to IAS 19 amounts to €28,137 thousand (previous year: €31,470 thousand).

Supervisory Board remuneration

The members of the Supervisory Board receive, as specified by Article 16 of the Articles of Incorporation of Bilfinger SE, in addition to the reimbursement of their expenses, annual fixed remuneration of €70 thousand. The Chairman of the Supervisory Board receives two and a half times that amount; the Deputy Chairman of the Supervisory Board and the Chairmen of the committees with the exception of the Nomination Committee receive double that amount. The members of the committees with the exception of the Nomination Committee receive one and a half times that amount. If a member of the Supervisory Board exercises several of the aforementioned functions, he or she is only entitled to the highest of the respective amounts. Members of the Supervisory Board receive a meeting fee of €500 for each meeting of the Supervisory Board and its committees that they attend. Members who reside in Germany are also reimbursed for any value added tax applicable to their remuneration.

The remuneration of the members of the Supervisory Board of Bilfinger SE in 2015 amounted to €1,300 thousand (previous year: €1,301 thousand). In financial year 2015, members of the Supervisory Board were also compensated for expenses in the total amount of €92 thousand. No additional remuneration was paid or benefits granted for personal services rendered such as consulting or agency services.

REMUNERATION OF THE SUPERVISORY BOARD OF BILFINGER SE

€ thousand

	2015	2014
Dr. Eckhard Cordes (from November 5, 2014; Chairman from November 11, 2014, Chairman of the Presiding Committee)	182	27
Dr. h. c. Bernhard Walter (Chairman until November 4, 2014, Chairman of the Presiding Committee)	–	153
Stephan Brückner (Deputy Chairman, member of the Presiding Committee)	147	147
Herbert Bodner (until August 8, 2014, member of the Audit Committee; August 9, 2014 to November 13, 2014 inactive mandate)	–	67
Volker Böhme (until December 31, 2014, member of the Audit Committee)	–	112
Wolfgang Bunge (from January 1, 2015, from January 26, 2015 member of the Audit Committee)	111	–
Wolfgang Faden (from November 14, 2015 until May 7, 2015)	26	10
Dr. John Feldmann (member of the Presiding Committee, member of the Audit Committee)	115	112
Lone Fønss Schrøder	73	74
Thomas Kern (member of the Audit Committee)	113	112
Ingo Klötzer (from May 8, 2014)	75	50
Rainer Knerler (member of the Presiding Committee)	112	112
Hans Peter Ring (from May 7, 2015, from October 1, 2015 Chairman of the Audit Committee)	66	–
Udo Stark (until September 30, 2015 Chairman of the Audit Committee)	130	146
Holger Timmer (until May 8, 2014)	–	27
Jens Tischendorf	75	76
Marek Wróbel	75	76
	1,300	**1,301**

VALUE OF BENEFITS GRANTED FOR THE REPORTING YEAR

€ thousand

	Per H. Utnegaard[1] (from June 1, 2015, Chairman)				Axel Salzmann[1] (from April 1, 2015, Chief Financial Officer)				Michael Bernhardt[1] (from November 1, 2015, Member of the Executive Board)			
	2014	2015	2015 min	2015 max	2014	2015	2015 min	2015 max	2014	2015	2015 min	2015 max
Fixed remuneration	–	700	700	700	–	450	450	450	–	100	100	100
Fringe benefits	–	6	6	6	–	18	18	18	–	5	5	5
One-time payment	–	–	–	–	–	–	–	–	–	200	200	200
Total	–	**706**	**706**	**706**	–	**468**	**468**	**468**	–	**305**	**305**	**305**
One-year variable remuneration[2]		1,167	1,167	1,167	–	375	375	750	–	83	0	166
Multi-year variable remuneration												
LTI (share-based)	–	339[3]	0	n/a[7]	–	426[3]	0	n/a[7]	–	44[3]	0	n/a[7]
Variable remuneration immediate payment	–	–	–	–	–	–	–	–	–	–	–	–
Variable remuneration deferral (2014-2016) (share-based)[3]	–	–	–	–	–	–	–	–	–	–	–	–
Variable remuneration deferral (2015-2017) (share-based)[3]	–	–	–	–	–	–	–	–	–	–	–	–
Special incentive deferral (2013-2016)	–	–	–	–	–	–	–	–	–	–	–	–
Total	–	**2,212**	**1,873**	**n/a[7]**	–	**1,269**	**843**	**n/a[7]**	–	**432**	**305**	**n/a[7]**
Benefit expense	–	2,115	2,115	2,115	–	203	203	203	–	45	45	45
Total remuneration	–	**4,327**	**3,988**	**n/a[7]**	–	**1,472**	**1,046**	**n/a[7]**	–	**477**	**350**	**n/a[7]**

ALLOCATION FOR THE REPORTING YEAR

€ thousand

	Per H. Utnegaard[1] (from June 1, 2015, Chairman)		Axel Salzmann[1] (from April 1, 2015, Chief Financial Officer)		Michael Bernhardt[1] (from November 1, 2015, Member of the Executive Board)	
	2014	2015	2014	2015	2014	2015
Fixed remuneration	–	700	–	450	–	100
Fringe benefits	–	6	–	18	–	5
One-time payment	–	–	–	–	–	200
Total	–	**706**	–	**468**	–	**305**
One-year variable remuneration[2]	–	1,167	–	375	–	36
Multi-year variable remuneration	–		–		–	
LTI (share-based)	–	–	–	–	–	–
Variable remuneration immediate payment	–	–	–	–	–	–
Variable remuneration deferral (2012-2014) (share-based)[8]	–	–	–	–	–	–
Variable remuneration deferral (2013-2015) (share-based)[9]	–	–	–	–	–	–
Special incentive deferral (2013-2016)	–	–	–	–	–	–
LTI 2010-2014[10]	–	–	–	–	–	–
Total	–	**1,873**	–	**843**	–	**341**
Benefit expense	–	2,115	–	203	–	45
Total remuneration	–	**3,988**	–	**1,046**	–	**386**

1 Taking into account the proportionate mandate
2 According to the previous remuneration system: special incentive immediate payment; according to the current remuneration system: STI
3 Fair value at granting
4 Remuneration reduced by 20 percent until April 30, 2014
5 Remuneration reduced by 20 percent until March 18, 2015
6 Taking into account possibilities for increase due to personal performance
7 Not applicable since the LTI is not limited due to the payment in real shares
8 Time of the allocation pursuant to German tax law: after the Annual General Meeting 2015
9 Time of the allocation pursuant to German tax law: after the Annual General Meeting 2016
10 Components of the remuneration system valid until the end of 2010

	Dr. Jochen Keysberg[4] (Member of the Executive Board)				Herbert Bodner[1] (Aug. 9, 2015 to May 31, 2015, interim Chairman)				Joachim Müller[1] (until March 31, 2015, Chief Financial Officer)				Joachim Enenkel[1] (until October 2, 2015, Member of the Executive Board)				Pieter Koolen[1,5] (until August 24, 2015, Member of the Executive Board)			
	2014	**2015**	**2015** min	**2015** max	2014	**2015**	**2015** min	**2015** max	2014	**2015**	**2015** min	**2015** max	2014	**2015**	**2015** min	**2015** max	2014	**2015**	**2015** min	**2015** max
	466	600	600	600	1,125	1,125	1,125	1,125	499	125	125	125	499	375	375	375	400	268	268	268
	88	94	94	94	46	46	46	46	45	12	12	12	52	30	30	30	50	30	30	30
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	554	**694**	**694**	**694**	1,171	**1,171**	**1,711**	**1,171**	544	**137**	**137**	**137**	551	**405**	**405**	**405**	450	**298**	**298**	**298**
	122	500	0	1,000	–	–	–	–	–	–	–	–	130	98	0	196	104	–	–	–
	–	480[3]	0	n/a[7]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	771	–	–	–	–	–	–	–	825	–	–	–	825	261	0	287[6]	660	209	0	230[6]
	413	–	–	–	–	–	–	–	442	–	–	–	442	–	–	–	354	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	–	–	140	0	154[6]	–	113	0	124[6]
	65	–	–	–	–	–	–	–	–	–	–	–	70	53	0	105	56	–	–	–
	1,925	**1,674**	**694**	**n/a[7]**	1,171	**1,171**	**1,171**	**1,171**	1,811	**137**	**137**	**137**	2,018	**957**	**405**	**1,147**	1,624	**620**	**298**	**652**
	225	270	270	270	–	–	–	–	225	–	–	–	225	–	–	–	180	225	225	225
	2,150	**1,944**	**964**	**n/a[7]**	1,171	**1,171**	**1,171**	**1,171**	2,036	**137**	**137**	**137**	2,243	**957**	**405**	**1,147**	1,804	**845**	**523**	**877**

	Dr. Jochen Keysberg[4] (Member of the Executive Board)		Herbert Bodner[1] (Aug. 9, 2015 to May 31, 2015, interim Chairman)		Joachim Müller[1] (until March 31, 2015, Chief Financial Officer)		Joachim Enenkel[1] (until October 2, 2015, Member of the Executive Board)		Pieter Koolen[1,5] (until August 24, 2015, Member of the Executive Board)	
	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**
	466	600	1,125	1,125	499	125	499	375	400	268
	88	94	46	46	45	12	52	30	50	30
	–	–	–	–	–	–	–	–	–	–
	554	**694**	1,171	**1,171**	544	**137**	551	**405**	450	**298**
	0	219	–	–	–	–	0	0	0	–
	–	–	–	–	–	–	–	–	–	–
	455	–	–	–	438	–	438	0	350	0
	33	–	–	–	251	–	237	–	–	–
	–	195	–	–	–	244	–	–	–	56
	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	368	–	65	–	–	–
	1,042	**1,108**	1,171	**1,171**	1,601	**381**	1,291	**405**	800	**354**
	225	270	–	–	225	–	225	–	180	225
	1,267	**1,378**	1,171	**1,171**	1,826	**381**	1,516	**405**	980	**579**

Consolidated financial statements

Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report, which has been combined with the management report of Bilfinger SE, 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.

Mannheim, March 10, 2016

The Executive Board

Per H. Utnegaard   Michael Bernhardt   Dr. Jochen Keysberg   Axel Salzmann

Auditor's report

We have audited the consolidated financial statements prepared by Bilfinger SE, Mannheim, comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report, that was combined with the company's management report, for the fiscal year from 1 January to 31 December 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [„Handelsgesetzbuch": „German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit 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 audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Mannheim, 10 March 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Peter Wollmert Wirtschaftsprüfer [German Public Auditor]	Karen Somes Wirtschaftsprüferin [German Public Auditor]

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

€ million

	Notes	2015	2014
Revenue	(6)	**6,481.3**	**6,245.3**
Cost of sales		-5,704.5	-5,451.2
Gross profit		**776.8**	**794.1**
Selling and administrative expense		-666.2	-662.8
Other operating income	(7)	116.2	72.2
Other operating expense	(8)	-112.0	-72.7
Income from investments accounted for using the equity method		18.9	39.4
Earnings before interest and taxes (EBIT)		**133.7**	**170.2**
Interest income	(11)	7.6	3.5
Interest expense	(11)	-33.7	-32.1
Other financial result	(11)	-2.2	0.5
Earnings before taxes		**105.4**	**142.1**
Income tax expense	(12)	-100.5	-51.5
Earnings after taxes from continuing operations		**4.9**	**90.6**
Earnings after taxes from discontinued operations	(5.1)	**-508.1**	**-192.7**
Earnings after taxes		-503.2	-102.1
thereof minority interest		-14.5	-30.7
Net profit		**-488.7**	**-71.4**
Average number of shares (in thousands)	(13)	44,194	44,168
Earnings per share* (in €)	(13)	-11.06	-1.62
thereof from continuing operations		0.44	2.74
thereof from discontinued operations		-11.50	-4.36

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million

	2015	2014
Earnings after taxes	**-503.2**	**-102.1**
Items that will not be reclassified to the income statement		
Gains / losses from remeasurement of net defined benefit liability (asset)		
Unrealized gains / losses	9.0	-112.3
Income taxes on unrealized gains / losses	-2.7	32.9
	6.3	**-79.4**
Items that may subsequently be reclassified to the income statement		
Gains / losses on fair-value measurement of securities		
Unrealized gains / losses	0.0	-2.4
Reclassifications to the income statement	0.0	-6.0
Income taxes on unrealized gains / losses	0.0	0.1
	0.0	-8.3
Gains / losses on hedging instruments		
Unrealized gains / losses	-4.8	-1.5
Reclassifications to the income statement	2.4	-1.3
Income taxes on unrealized gains / losses	0.5	0.9
	-1.9	-1.9
Currency translation differences		
Unrealized gains / losses	68.1	56.7
Reclassifications to the income statement	1.8	3.5
	69.9	60.2
Gains / losses on investments accounted for using the equity method		
Gains / losses on hedging instruments		
Unrealized gains / losses	0.9	-3.9
Reclassifications to the income statement	42.2	23.5
	43.1	19.6
Currency translation differences		
Unrealized gains / losses	0.7	1.0
Reclassifications to the income statement	-0.7	0.0
	0.0	1.0
	43.1	20.6
	111.1	**70.6**
Other comprehensive income after taxes	**117.4**	**-8.8**
Total comprehensive income after taxes	**-385.8**	**-110.9**
attributable to shareholders of Bilfinger SE	-373.2	-79.8
attributable to minority interest	-12.6	-31.1

See also further explanations on the components of other comprehensive income in section 21 of the notes to the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

€ million

		Notes	Dec.31, 2015	Dec.31, 2014
Assets	Non-current assets			
	Intangible assets	(14)	1,650.0	2,015.4
	Property, plant and equipment	(15)	446.6	650.2
	Investments accounted for using the equity method	(16)	18.4	70.5
	Other financial assets	(17)	62.2	68.2
	Deferred tax assets	(12)	162.7	222.4
			2,339.9	3,026.7
	Current assets			
	Inventories	(18)	94.9	181.5
	Receivables and other financial assets	(19)	1,487.6	1,876.0
	Current tax assets		36.8	60.0
	Other assets	(20)	69.3	98.1
	Cash and cash equivalents		429.3	403.1
	Assets classified as held for sale	(5.2)	749.8	316.2
			2,867.7	2,934.9
			5,207.6	5,961.6
Equity and liabilities	Equity	(21)		
	Share capital		138.1	138.1
	Capital reserve		759.8	759.8
	Retained and distributable earnings		599.7	1.170.8
	Other reserves		75.5	-33.6
	Treasury shares		-96.8	-97.4
	Equity attributable to shareholders of Bilfinger SE		1.476.3	1.937.7
	Minority interest		-36.8	-20.6
			1,439.5	1,917.1
	Non-current liabilities			
	Provisions for pensions and similar obligations	(22)	396.6	523.7
	Other provisions	(23)	49.7	55.0
	Financial debt, recourse	(24)	512.7	515.8
	Financial debt, non-recourse	(24)	12.5	12.6
	Other liabilities	(25)	17.4	21.9
	Deferred tax liabilities	(12)	54.9	91.3
			1,043.8	1,220.3
	Current liabilities			
	Current tax liabilities	(23)	51.5	89.1
	Other provisions	(23)	399.8	461.3
	Financial debt, recourse	(24)	6.7	27.9
	Financial debt, non-recourse	(24)	0.7	26.9
	Trade and other payables	(25)	1,086.7	1,477.1
	Other liabilities	(26)	343.9	369.9
	Liabilities classified as held for sale	(5.2)	835.0	372.0
			2,724.3	2,824.2
			5,207.6	5,961.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ million

	Equity attributable to the shareholders of Bilfinger SE								Minority interest	Equity
				Other reserves						
	Share capital	Capital reserve	Retained and distributable earnings	Fair value measurement of securities reserve	Hedging instruments reserve	Currency translation reserve	Treasury shares	Total		
Balance at January 1, 2014	**138.1**	**759.6**	**1,455.1**	**8.3**	**-61.2**	**-51.7**	**-99.0**	**2,149.2**	**15.5**	**2,164.7**
Earnings after taxes	0.0	0.0	-71.4	0.0	0.0	0.0	0.0	-71.4	-30.7	-102.1
Other comprehensive income after taxes	0.0	0.0	-79.4	-8.3	17.7	61.6	0.0	-8.4	-0.4	-8.8
Total comprehensive income after taxes	**0.0**	**0.0**	**-150.8**	**-8.3**	**17.7**	**61.6**	**0.0**	**-79.8**	**-31.1**	**-110.9**
Dividends paid out	0.0	0.0	-132.5	0.0	0.0	0.0	0.0	-132.5	-4.6	-137.1
Employee share program	0.0	0.2	-0.1	0.0	0.0	0.0	1.6	1.7	0.0	1.7
Changes in ownership interest without change in control	0.0	0.0	-0.6	0.0	0.0	0.0	0.0	-0.6	0.0	-0.6
Other changes	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	-0.3	-0.4	-0.7
Balance at December 31, 2014	**138.1**	**759.8**	**1,170.8**	**0.0**	**-43.5**	**9.9**	**-97.4**	**1,937.7**	**-20.6**	**1,917.1**
Balance at January 1, 2015	**138.1**	**759.8**	**1,170.8**	**0.0**	**-43.5**	**9.9**	**-97.4**	**1,937.7**	**-20.6**	**1,917.1**
Earnings after taxes	0.0	0.0	-488.6	0.0	0.0	0.0	0.0	-488.6	-14.6	-503.2
Other comprehensive income after taxes	0.0	0.0	6.3	0.0	41.2	67.9	0.0	115.4	2.0	117.4
Total comprehensive income after taxes	**0.0**	**0.0**	**-482.3**	**0.0**	**41.2**	**67.9**	**0.0**	**-373.2**	**-12.6**	**-385.8**
Dividends paid out	0.0	0.0	-88.4	0.0	0.0	0.0	0.0	-88.4	-3.5	-91.9
Employee share program	0.0	-0.2	0.0	0.0	0.0	0.0	0.6	0.4	0.0	0.4
Changes in ownership interest without change in control	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	-0.1	-0.2	-0.3
Other changes	0.0	0.2	-0.3	0.0	0.0	0.0	0.0	-0.1	0.1	0.0
Balance at December 31, 2015	**138.1**	**759.8**	**599.7**	**0.0**	**-2.3**	**77.8**	**-96.8**	**1,476.3**	**-36.8**	**1,439.5**

See also further explanations on equity in section 21 of the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

€ million

		Jan.1 - Dec. 31		Oct. 1 - Dec. 31	
	Notes	**2015**	2014	**2015**	2014
Earnings after taxes from continuing operations		4.9	90.6	19.2	36.9
Depreciation, amortization and impairments		141.5	126.1	32.5	32.4
Income from revaluation of equity investments		-23.7	0.0	-3.1	0.0
Decrease in non-current provisions and liabilities		-14.8	-46.7	-5.4	-38.3
Deferred tax expense / benefit		67.8	-8.0	20.7	2.5
Adjustment for non-cash income from equity-method investments		7.9	-17.8	6.2	-6.1
Cash earnings from continuing operations		**183.6**	**144.2**	**70.1**	**27.4**
Decrease in inventories		7.2	12.2	10.0	9.2
Decrease / increase in receivables		34.1	-19.9	68.9	120.4
Decrease in current provisions		-36.7	-56.3	-7.3	-41.4
Decrease / increase in liabilities		-21.1	-25.6	87.4	25.4
Change in working capital		**-16.5**	**-89.6**	**159.0**	**113.6**
Gains on disposals of non-current assets		-43.5	-20.4	-3.6	-0.8
Cash flow from operating activities of continuing operations	(31)	**123.6**	**34.2**	**225.5**	**140.2**
Proceeds from the disposal of intangible assets		0.8	0.1	0.6	0.0
Proceeds from the disposal of property, plant and equipment		25.7	15.5	4.2	3.3
Proceeds from the disposal of subsidiaries net of cash and cash equivalents disposed of		105.2	6.3	3.3	4.2
Proceeds from the disposal of concession projects		52.5	103.2	52.5	10.8
Disposal of cash and cash equivalents classified as assets held for sale		-1.9	-32.4	-1.9	-8.7
Proceeds from the disposal of other financial assets		53.9	12.9	4.0	0.0
Investments in intangible assets		-7.2	-12.3	-1.2	-4.2
Investments in property, plant and equipment		-73.6	-104.8	-19.9	-28.1
Acquisition of subsidiaries net of cash and cash equivalents acquired		-0.5	-136.0	0.0	-11.0
Investments in other financial assets		-3.2	-4.5	-0.6	-0.1
Changes in marketable securities		0.0	50.2	0.0	0.0
Cash flow from investing activities of continuing operations	(31)	**151.7**	**-101.8**	**41.0**	**-33.8**
Issue of treasury shares as part of the employee share program		0.4	1.1	0.0	0.1
Dividend paid to the shareholders of Bilfinger SE		-88.4	-132.4	0.0	0.0
Dividend paid to minority interest		-4.9	-4.6	-0.3	0.1
Proceeds from changes in ownership interest without change in control		0.0	0.1	0.0	0.0
Investments resulting in changes in ownership interest without change in control		-0.3	-0.4	-0.3	0.0
Borrowing		91.4	2.1	0.3	-0.3
Repayment of financial debt		-93.3	-32.8	-28.5	-1.8
Cash flow from financing activities of continuing operations		**-95.1**	**-166.9**	**-28.8**	**-1.9**
Change in cash and cash equivalents of continuing operations		**180.2**	**-234.5**	**237.7**	**104.5**
Cash flow from operating activities of discontinued operations	(31)	-61.0	13.8	7.8	65.5
Cash flow from investing activities of discontinued operations	(31)	-67.1	-74.3	-33.0	-29.9
Cash flow from financing activities of discontinued operations	(31)	9.3	12.8	0.3	2.3
Change in cash and cash equivalents of discontinued operations		**-118.8**	**-47.7**	**-24.9**	**37.9**
Change in value of cash and cash equivalents due to changes in foreign exchange rates		2.1	7.6	-0.3	-0.3
Cash and cash equivalents at January 1 / October 1		403.1	668.6	214.4	258.4
Cash and cash equivalents classified as assets held for sale (Concessions / Construction) at January 1 / October 1 (+)		13.3	22.4	53.0	15.9
Cash and cash equivalents classified as assets held for sale (Concessions / Construction / Power) at December 31 (-)		50.6	13.3	50.6	13.3
Cash and cash equivalents at December 31		**429.3**	**403.1**	**429.3**	**403.1**

Notes to the consolidated financial statements

Notes to the 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.

The existing 10 divisions are allocated to two business segments. Compared to December 31, 2014, the number of business segments and divisions declined as a result of the classification of the former Power business segment with its two divisions as discontinued operations.

The prior-year figures have been adjusted accordingly.

Description of reportable segments:

Industrial The Industrial segment provides services for the design, construction, maintenance and modernization of plants in the process industry, in particular for the chemical industry, the pharmaceutical industry, the oil and gas industry as well as the energy sector. The spectrum of services includes consulting, engineering and project management, maintenance of machine technology, electrical instrumentation and control technology as well as piping and component engineering, plant assembly and maintenance, insulation, industrial scaffolding and corrosion protection. The core market for the business is Europe.

Building and Facility The Building and Facility segment offers individual, combined and fully integrated services across the entire value chain of real-estate properties. The services that are required in the various lifecycle phases of a property range from acquisition and selling consulting, development and planning through to construction and operation, management, consultancy and marketing. Worldwide services in the water and wastewater technology sector are also part of the business segment's portfolio. Its core markets are Germany and the United Kingdom.

'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. 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.

The reconciliation of segment assets in particular includes cash and cash equivalents as well as the non-current and current assets that are not allocated to the business segments. The segment liabilities shown in the reconciliation include the liabilities of Group headquarters and interest-bearing liabilities such as debt and provisions for pensions and similar obligations. Accordingly, the corresponding expense and income items are not recorded in segment earnings (EBITA). Investments in property, plant and equipment also include investments in intangible assets such as licenses or software of €7.2 million (previous year: €12.3 million).

* Figures in € million, unless stated otherwise.

SEGMENT REPORTING BY BUSINESS SEGMENT

€ million

Output volume	
External revenue	
Internal revenue	
Total revenue	
EBITA (segment earnings)	
Amortization of intangible assets from acquisitions and impairment of goodwill	
EBIT (segment earnings)	
thereof depreciation of property, plant and equipment and amortization of other intangible assets	
thereof income from investments accounted for using the equity method	
Segment assets at December 31	
thereof investments in associates and joint ventures accounted for using the equity method	
Segment liabilities at December 31	
Capital expenditure on property, plant and equipment	
Number of employees at December 31	

SEGMENT REPORTING BY REGION

€ million

Output volume	
External revenues	
Non-current assets at December 31	

Industrial		Building and Facility		Total of segments		Consolidation / other		Total continuing operations	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
3,649.6	3,705.0	2,908.6	2,658.9	6,558.2	6,363.9	-76.3	-118.2	6,481.9	6,245.7
3,596.3	3,644.1	2,855.4	2,603.3	6,451.7	6,247.4	29.6	-2.1	6,481.3	6,245.3
69.4	87.3	28.5	28.5	97.9	115.8	-97.9	-115.8	0.0	0.0
3,665.7	3,731.4	2,883.9	2,631.8	6,549.6	6,363.2	-68.3	-117.9	6,481.3	6,245.3
127.7	189.7	147.5	136.6	275.2	326.3	-113.8	-119.5	161.4	206.8
-11.7	-18.4	-16.0	-18.2	-27.7	-36.6	0.0	0.0	-27.7	-36.6
116.0	171.3	131.5	118.4	247.5	289.7	-113.8	-119.5	133.7	170.2
69.5	64.4	23.2	19.9	92.7	84.3	12.2	5.2	104.9	89.5
5.7	10.7	8.8	8.5	14.5	19.2	4.4	20.2	18.9	39.4
1,956.1	2,014.6	1,634.0	1,620.9	3,590.1	3,635.5	933.2	1,022.4	4,523.3	4,657.9
12.2	18.4	6.2	6.8	18.4	25.2	0.0	43.3	18.4	68.5
740.6	770.4	824.6	854.4	1,565.2	1,624.8	1,520.1	1,582.8	3,085.3	3,207.6
46.9	66.5	28.0	32.3	74.9	98.8	5.9	18.2	80.8	117.0
31,510	33,016	23,886	23,712	55,396	56,728	971	843	56,367	57,571

Germany		Rest of Europe		America		Africa		Asia		Australia		Total continuing operations	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
2,385.0	2,334.5	2,995.2	2,800.7	921.2	938.0	12.2	17.1	148.8	141.5	19.5	13.9	6,481.9	6,245.7
2,405.2	2,339.3	3,005.3	2,809.3	890.6	924.2	12.2	17.0	149.3	141.6	18.7	13.9	6,481.3	6,245.3
935.6	952.9	837.7	866.4	305.8	281.0	0.1	0.1	15.2	13.4	2.2	1.9	2,096.6	2,115.7

2. General information

Bilfinger SE is a listed stock corporation with its registered office and headquarters at Carl-Reiss-Platz 1-5, 68165 Mannheim, Germany.

As an engineering and services group, Bilfinger develops, constructs, maintains and operates industrial plants and real-estate properties.

The consolidated financial statements of Bilfinger SE for financial year 2015 were released for publication by the Executive Board on March 10, 2016.

The consolidated financial statements of Bilfinger SE have been prepared in accordance with International Financial Reporting Standards (IFRSs), as they are to be applied in the European Union, and the complementary guidelines that are applicable pursuant to Section 315a Subsection 1 of the German Commercial Code (HGB), and are published in the electronic version of the German Federal Gazette ('Bundesanzeiger').

The consolidated financial statements have been prepared in accordance with the principles of historical cost of acquisition and production, with the exception of individual items such as available-for-sale financial assets and derivative financial instruments, which are shown at fair value. The consolidated financial statements have been prepared in euros. All amounts are shown in millions of euros (€ million), unless otherwise stated.

To improve the clarity of presentation, we have combined several individual items of the balance sheet and of the income statement under single headings; they are shown separately and explained in these notes to the consolidated financial statements.

The income statement is presented according to the cost-of-sales method.

Profit contributions from operating investments are generally entered under other operating income or other operating expense, whereby amounts of income and expense that relate to investments accounted for using the equity method are shown as separate items in the consolidated income statement.

3. Accounting policies

3.1 New and amended IFRSs

The significant accounting policies applied generally correspond with those applied in the prior year, with the following exceptions:

The new and amended IFRSs relevant to Bilfinger and applied as of January 1, 2015 are:

- IFRIC 21 *Levies*
- *Improvements to IFRSs* 2011-2013 cycle

The effects of these changes are as follows:

IFRIC 21 *Levies*

IFRIC 21 regulates the accounting of all levies that are not within the scope of IAS 12 *Income Taxes*. IFRIC 21 stipulates that a debt is to be recognized as a liability at the point in time at which the obligation to pay the levy arises pursuant to the statutory requirements. The changes have not led to any effects on the consolidated financial statements.

Improvements to IFRSs 2011-2013 cycle

The improvements in the collective standards regarding amendments to IFRS standards published in the context of the Annual Improvements Process include improvements to several IFRSs, mainly to remove inconsistencies and to clarify wording. The changes have not led to any effects on the consolidated financial statements.

IFRSs already published but not yet applied:

IFRS 9 *Financial Instruments*
The new standard will replace IAS 39 *Financial Instruments: Recognition and Measurement*. The objective of IFRS 9 is to simplify the classification and measurement requirements for financial instruments. The standard also includes new guidance regarding hedge accounting and the impairment of financial assets. The effect of the application of IFRS 9 is currently being reviewed (first application for annual periods beginning on or after January 1, 2018).

IFRS 10 *Consolidated Financial Statements* and
IAS 28 *Investments in Associates and Joint Ventures*
The amendments to IFRS 10 and IAS 28 eliminate an inconsistency between the two standards with regard to accounting for the sale of assets to an associate or a joint venture or, respectively, the contribution of assets to an associate or joint venture (first application for annual periods beginning on or after January 1, 2016).

IFRS 10 *Consolidated Financial Statements,*
IFRS 12 *Disclosure of Interests in Other Entities* and
IAS 28 *Investments in Associates and Joint Ventures*
The amendments to IFRS 10, IFRS 12 and IAS 28 address issues relating to the application of the consolidation exception for investment entities (first application for annual periods beginning on or after January 1, 2016). The amendments have no impact on Bilfinger.

IFRS 11 *Joint Arrangements*
The amendment to IFRS 11 provides clarification that the principles for the recognition of business combinations as set out in IFRS 3 and other applicable IFRS standards should apply to first-time purchases and additional acquisitions of interests in joint operations that constitute a business as defined in IFRS 3 *Business Combinations*, provided they do not conflict with the guidance in IFRS 11 (first application for annual periods beginning on or after January 1, 2016). At Bilfinger, this guidance will only need to be applied in special cases.

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 provides uniform guidance on the recognition, measurement, presentation and disclosures required in the notes to the consolidated financial statements concerning revenue from contracts with customers on the basis of a five-step model. Bilfinger recognizes revenue according to IAS 11 as well as to IAS 18. We are currently assessing in particular the impact of the new regulations contained in IFRS 15 with regard to transfer of control at a point in time or over time on the recognition of revenue and profit. It is anticipated that the scope of the disclosures required in the notes to the consolidated financial statements will increase considerably (first application for annual periods beginning on or after January 1, 2018).

IFRS 16 *Leases*
IFRS 16 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 right of use and to recognize a lease payment as a liability. The effect of the application of IFRS 16 on Bilfinger is currently being reviewed (first application for annual periods beginning on or after January 1, 2019).

IAS 1 *Presentation of Financial Statements*
The amendments to IAS 1 clarify that disclosures in the notes to the consolidated financial statements are only to be made where their presentation is not immaterial. The amendments also explain the aggregation of line items on the balance sheet and the statement of comprehensive income, clarify how shares of the other comprehensive income of associates and joint ventures accounted for using the equity method are to be presented, and discard the template for the order of the notes to the consolidated financial statements in favor of relevance to a company-specific presentation (first application for annual periods beginning on or after January 1, 2016).

IAS 7 *Statement of Cash Flows*

The amendments to IAS 7 are part of the disclosure initiative of the IASB and concern the extension of the disclosures required in the notes to the consolidated financial statements on changes to financial liabilities included in cash flow from financing activities. The application of the amended standard will presumably lead to an extension of the disclosures required in the notes to the consolidated financial statements (first application for annual periods beginning on or after January 1, 2017).

IAS 12 *Income Taxes*

The amendments to IAS 12 clarify that write-downs of debt instruments measured at fair value which are the result of changes in the market interest rates and lead to a lower market value give rise to deductible temporary differences. Furthermore, the IASB clarifies that the entirety of deductible temporary differences must principally be assessed in order to determine whether sufficient future taxable profit will be generated to utilize against the temporary differences, and gives details on the determination of future taxable income. The effects on Bilfinger are currently being reviewed (first application for annual periods beginning on or after January 1, 2017).

IAS 16 *Property, Plant and Equipment* and
IAS 38 *Intangible Assets*

The amendments to IAS 16 and IAS 38 provide clarification as to which methods of depreciation of property, plant and equipment and amortization of intangible assets are appropriate (first application for annual periods beginning on or after January 1, 2016). The amendments have no impact on Bilfinger.

IAS 16 *Property, Plant and Equipment* and
IAS 41 *Agriculture*

The amendments to IAS 16 and IAS 41 provide clarification that so-called bearer plants, which serve to produce agricultural goods, are within the scope of IAS 16 and are therefore to be accounted for analogous to property, plant and equipment (first application for annual periods beginning on or after January 1, 2016). The amendments have no impact on Bilfinger.

IAS 19 *Employee Benefits*

The amendment to IAS 19 introduces a simplification rule regarding the consideration of employee contributions in connection with defined benefit pension obligations which are made irrespective of the period of service (first application for annual periods beginning on or after February 1, 2015). The amendment has no impact on Bilfinger.

IAS 27 *Separate Financial Statements*

The amendments to IAS 27 allow the reporting company to include interests in subsidiaries, joint ventures and associates in the IFRS separate financial statements using the equity method (first application for annual periods beginning on or after January 1, 2016). The amendments have no impact on Bilfinger's consolidated financial statements.

Improvements to IFRSs 2010-2012 / 2012-2014 cycles

The improvements in the two collective standards regarding amendments to IFRS standards published in the context of the Annual Improvements Process include improvements to several IFRSs, mainly to remove inconsistencies and to clarify wording (first application for 2010-2012 on February 1, 2015 and for 2012-2014 on January 1, 2016).

At the balance-sheet date, IFRS 9, IFRS 15, IFRS 16, the amendments to IFRS 10, IFRS 12 and IAS 28, to IAS 12 as well as IAS 7 had not yet been endorsed by the EU Commission. Unless otherwise stated, the future application of the standards is unlikely to have any material effect on the financial position, cash flows or profitability of the Bilfinger Group. Bilfinger intends to apply those IFRSs as of the mandatory date of application insofar as they have been endorsed.

3.2 Significant accounting policies

Intangible assets with a finite life are capitalized at cost of acquisition and amortized over their expected useful lives on a straight-line basis. The expected useful life is generally regarded as being between 3 and 8 years. In accordance with IFRS 3/IAS 36, goodwill and other intangible assets with an indefinite or unlimited useful life are no longer amortized. Instead, these items are subjected to regular annual impairment tests, which are also carried out during the year if there are indications of a lasting reduction in value.

Property, plant and equipment are valued at the cost of acquisition or production. Their loss in value is accounted for by straight-line depreciation, except in some exceptional cases where a different method of depreciation reflects the use of the asset more adequately. Production costs include all costs that are directly or indirectly attributable to the production process. Repair costs are always expensed as incurred.

Buildings are depreciated over a useful life of 20 to 50 years using the straight-line method. The useful life of technical equipment and machinery is generally between 3 and 20 years; other equipment including office and factory equipment is usually depreciated over 3 to 12 years.

For intangible assets and property, plant and equipment, an impairment charge is recognized wherever the recoverable amount of an asset has fallen below its carrying amount. The recoverable amount is the higher of an asset's net selling price and the present value of estimated future cash flows (value in use). If the reason for an impairment loss recognized in prior years no longer applies, the carrying amount is increased again accordingly, at the most up to the amount of the amortized cost of acquisition. Impairment tests are carried out at the level of the smallest cash-generating unit.

With lease agreements where the risks and rewards of ownership of the leased asset are allocated to a company of the Bilfinger Group (finance leases), the item is capitalized at the lower of its fair value or the present value of the lease payments. Depreciation takes place over the useful life. Payment obligations resulting from future lease payments are recognized under financial liabilities.

The classification of agreements as lease agreements takes place on the basis of the substance of the transaction. That is, a test is carried out as to whether the fulfillment of the agreement depends on the use of specific assets and whether the agreement confers the right of use of those assets.

Investments accounted for using the equity method – associates and jointly controlled entities – are valued with consideration of the prorated net asset change of the company as well as any impairments which may have been recognized.

Joint arrangements are contractual agreements in which two or more parties carry out a business activity under joint control. These include not only joint ventures, which also comprise construction consortiums, but also joint operations. The share of assets, liabilities, income and expenses of joint operations allocable to Bilfinger under the arrangement are recognized in the consolidated financial statements.

Deferred taxes are recognized for any deviations between the valuation of assets and liabilities according to IFRS and the tax valuation in the amount of the expected future tax charge or relief. In addition, deferred tax assets are recognized for the carryforwards of unused tax losses if their future realization is probable. Deferred tax assets and liabilities from temporary differences are offset provided that offsetting is legally possible.

Inventories of merchandise and real estate held for sale, finished and unfinished goods, raw materials and supplies are measured at cost of purchase or production or at net realizable value at the end of the reporting period if this is lower. If the net realizable value of inventories that were written down in the past has risen again, their carrying amounts are increased accordingly. Production costs include all costs that are directly or indirectly attributable to the production process. Overheads are calculated on the basis of normal employment. Financing costs are not taken into consideration.

Other assets comprise non-financial assets that are not allocated to any other balance-sheet item. They are measured at the lower of cost of acquisition or fair value.

The purchase, sale or withdrawal of treasury shares is recognized directly in equity. At the time of acquisition, treasury shares are entered in equity in the amount of the acquisition costs.

Provisions for pensions and similar obligations are measured for defined benefit pension plans using the projected-unit-credit method, with consideration of future salary and pension increases. As far as possible, pension plan assets are set off. Net interest expense or income resulting from the net pension obligations is presented within financial income / expense. Actuarial gains or losses from pension obligations and gains or losses on the remeasurement of plan assets are recognized in other comprehensive income.

Other provisions are recognized if there is a present obligation resulting from a past event, its occurrence is more likely than not, and the amount of the obligation can be reliably estimated. Provisions are only recognized for legal or constructive obligations toward third parties. Provisions are measured at their settlement amounts, i.e., with due consideration of any price and / or cost increases, and are not set off against profit contributions. In the case of a single obligation, the amount of the most likely outcome is recognized as a liability. If the effect of the time value of money is material, provisions are discounted using the market interest rate for risk-free investments.

The amounts of provisions are estimated with consideration of experiences with similar situations in the past and of all knowledge of events up to the preparation of the consolidated financial statements. The general conditions can be very complex, in particular with provisions for risks relating to contracts and litigation as well as warranty risks. For this reason, uncertainty exists with regard to the timing and exact amounts of obligations.

Other liabilities comprise non-financial liabilities that are not allocated to any other balance-sheet item. They are measured at cost of acquisition or settlement value.

Financial instruments are contracts that simultaneously give rise to a financial asset of one entity and an equity instrument or financial liability of another entity. A financial instrument is to be recognized in the balance sheet as soon as a company becomes a party to the contractual provisions of the instrument. Initial measurement is at fair value including transaction costs. Subsequent measurement of financial instruments is either at amortized cost or fair value, depending on the allocation of the instrument to the categories stipulated in IAS 39. No use has been made of the option to designate financial instruments upon initial recognition to be measured at fair value through profit or loss (fair value option).

IAS 39 divides financial assets into four categories:

Financial Assets Held for Trading (FAHfT) (Financial Assets at Fair Value through Profit or Loss)	Financial assets held for trading (financial assets at fair value through profit or loss)
Held-to-Maturity Investments (HtM)	Held-to-maturity financial investments
Loans and Receivables (LaR)	Loans and receivables
Available-for-Sale Financial Assets (AfS)	Available-for-sale financial assets

Available-for-sale financial assets are any non-derivative financial assets designated as available for sale, and those that are not classified to any of the other three categories of financial assets listed above.

Financial liabilities are divided into the following categories:

Financial Liabilities Held for Trading (FLHfT) (Financial Liabilities at Fair Value through Profit or Loss)	Financial liabilities held for trading (financial liabilities at fair value through profit or loss)
Financial Liabilities at Amortized Cost (FLAC)	Financial liabilities at amortized cost

The amortized cost of a financial asset or financial liability is calculated using the effective interest method from the historical cost of acquisition minus capital repaid plus or minus the accumulated amortization of any difference between the original amount and the amount repayable at maturity and minus any depreciation and impairments or plus reversals.

With current receivables and liabilities, amortized cost is equal to the nominal value or the redemption amount.

Fair value is the (market) price that could be obtained on the hypothetical transfer of a certain asset or a certain liability in an orderly (market) transaction in the respective accessible primary market or in the most advantageous market between market participants at the measurement date. For the measurement of fair value, the valuation technique is to be applied which is the most appropriate to the given circumstances and which makes use of as much objective and/or observable information as possible. Depending on the type of asset or liability to be measured, this is the market-price method (e.g., with traded financial instruments), the replacement method (e.g., with property, plant and equipment) or the discounted-cash-flow method (e.g. OTC derivatives).

Equity interests in non-listed companies shown under other non-current financial assets are classified as available-for-sale financial assets. They are measured at fair value if that value can be reasonably estimated; otherwise they are measured at amortized cost (AfS-AC). Initial measurement is at the settlement date. Unrealized gains and losses from changes in fair value are recognized in equity with no impact on profit or loss, with due consideration of deferred taxes.

Receivables and other financial assets are measured at amortized cost, with the exception of derivative financial instruments. Possible default risks are reflected by allowances for impairments in separate impairment accounts. Individual impairments are recognized if there is an indication of a loss in value such as delayed payment or if there is information on the contracting party's significant financial difficulties and the present value of the expected future payments plus any payments from the disposal of sureties or other risk-reducing agreements is lower than the carrying amount. Irrecoverable receivables are written off.

Receivables from construction contracts are accounted for in accordance with IAS 11 using the percentage-of-completion (PoC) method. Revenue is recognized in relation to the percentage of completion of each contract.

If, for construction contracts, output has been produced which exceeds the amount of advances received, this excess is shown under trade receivables. If the amount of advances received from invoices is higher than the output produced, this excess is shown under advances received from construction contracts. Receivables from percentage of completion correspond to the balance of progress payments invoiced less progress payments received; they are shown together with trade receivables. Anticipated contract losses are accounted for in full from the time that they become known.

Receivables from the provision of services are accounted for in accordance with IAS 18 also using the percentage-of-completion method – provided that the conditions for application are fulfilled – and are presented analogously to receivables from construction contracts.

Construction contracts processed in consortiums are measured according to the percentage-of-completion method. Receivables from and payables to consortiums take account not only of payments received and made, but also of internal cost allocations and prorated profits on orders.

Securities are measured at fair value. Changes in the market prices of securities held for trading are recognized in profit or loss. Changes in the market prices of other securities measured at fair value are recognized in retained earnings (fair value measurement of securities reserve) with no effect on profit or loss, with due consideration of deferred taxes. With these securities, impairment losses are recognized if there is any indication of a significant or lasting reduction in value.

Cash and cash equivalents, primarily comprising cash at banks and cash in hand, are measured at amortized cost.

Financial liabilities primarily comprise financial debt as well as trade and other payables. With the exception of derivative financial instruments, they are measured at amortized cost.

Derivative financial instruments are used solely to hedge against interest-rate and currency exchange-rate risks and, if necessary, commodity price risks. Purely speculative transactions without any underlying basic transaction are not undertaken. The most important derivative financial instruments are currency futures, currency options and interest-rate and commodity swaps.

In accordance with IAS 39, derivative financial instruments are recognized at their fair values as assets (positive fair value) or liabilities (negative fair value). Initial recognition is on the trading day.

The fair values of the derivatives used are calculated on the basis of recognized financial-mathematical methods (discounted-cash-flow method and option-pricing model).

With derivative financial instruments related to hedging instruments, measurement depends on changes in fair value due to the type of hedging instrument.

The goal of hedging with the use of a fair-value hedge is to offset changes in the fair values of balance-sheet assets and liabilities, or of off-balance fixed obligations, through opposing changes in the market value of the hedging transaction. The carrying amount of the hedged underlying transaction is adjusted to changes in market values if these changes result from the hedged risk factors. The changes in market values of the hedging transactions and the adjustments of the carrying amounts of the hedged underlying transactions are recognized through profit or loss.

Cash-flow hedges are used to safeguard future cash flows from recognized assets or liabilities or from unrecognized firm commitments and from highly probable forecast transactions. Changes in the effective part of the fair value of a derivative are at first recognized under equity with no effect on profit or loss, with due consideration of deferred taxes (hedging transactions reserve), and are only recognized through profit or loss when the hedged underlying transaction is realized. The ineffective part of the hedging instrument is recognized immediately through profit or loss.

Derivative financial instruments that are not related to a hedging instrument as defined by IAS 39 are deemed to be financial assets or financial liabilities held for trading. For these financial instruments, changes in fair value are immediately recognized through profit or loss.

Share-based payments as defined by IFRS 2 are measured on the basis of the share price with consideration of a discount due to the lack of dividend entitlement at fair value at the end of the reporting period. Here, the Monte Carlo Simulation method is also used. Expenses from share-based payments are recognized on a pro-rata basis in the relevant vesting period. In the case of cash-settled share-based payment transactions, the expense is shown by recognizing a provision; in the case of equity-settled share-based payment transactions, the expense is entered directly in equity.

Non-current assets held for sale and disposal groups as well as related liabilities are classified as such and presented separately in the balance sheet. Assets are classified as held for sale if the carrying amounts are primarily to be realized through a sale transaction rather than through continuing use. The sale must be highly probable and the assets or disposal groups must be immediately saleable in their present condition. These assets and disposal groups are measured at the lower of carrying amount or fair value less cost to sell, and are no longer systematically depreciated or amortized. Impairment losses are recognized if the fair value less cost to sell is lower than the carrying amount. Any reversals of impariment losses due to an increase in fair value less cost to sell are limited to the previously recognized impairment losses. Impairment charges to goodwill are not reversed.

Assets and liabilities of discontinued operations are treated as disposal groups. A discontinued operation is a separate major line of business or geographical area of operations which is held for sale. In addition, earnings after taxes from discontinued operations are presented separately in the income statement.

Revenue from construction contracts is recognized in accordance with IAS 11 Construction Contracts with the use of the percentage-of-completion method – provided that the conditions for application are fulfilled. Depending on reliability, the stage of completion is determined on the basis of the ratio of the output volume already delivered at the end of the reporting period to the total output volume to be delivered or on the basis of the ratio of costs already incurred to the estimated total contract costs. If the results of construction contracts cannot be reliably estimated, revenue is calculated using the zero-profit method in the amount of the costs incurred and probably recoverable.

Revenue from the provision of services is recognized in accordance with IAS 18.20 with the use of the percentage-of-completion method – provided that the conditions for application are fulfilled. In the area of services, percentage of completion is mainly calculated using the cost-to-cost method.

Revenue from the sale of goods is recognized according to the criteria of IAS 18.14 (revenue recognition on the transfer of significant risks and rewards of ownership).

Expenditures for research and development such as for the further development of processes and special innovative technical proposals for individual projects are generally recognized in the income statement on a project-related basis. In the reporting period, research and development expenses of €6.6 million (previous year: €6.5 million) were recognized.

Borrowing costs that can be directly allocated to the acquisition, construction or production of an asset which requires a considerable period of time to be put into its intended condition for use or for sale are capitalized as part of that asset's cost of acquisition or production. All other borrowing costs are expensed in the period in which they are incurred. In the year under review, no borrowing costs were capitalized, as in the prior year.

Summary of selected measurement methods:

Balance-sheet item	Measurement method
Goodwill and intangible assets with an indefinite or unlimited useful life	Cost of acquisition (no amortization, regular and indication-induced impairment tests)
Intangible assets with a finite useful life	Amortized cost (straight-line amortization, indication-induced impairment tests)
Property, plant and equipment	Depreciated cost of acquisition or production (systematic depreciation, normally straight-line, indication-induced impairment tests)
Assets capitalized in the context of finance leasing	Fair value upon capitalization or present value of minimum leasing payments less systematic depreciation (indication-induced impairment tests)
Investments accounted for using the equity method	Cost of acquisition increased and reduced by the proportionate change in net assets (indication-induced impairment tests)
Equity interests	Cost of acquisition (indication-induced impairment tests)
Securities (AfS)	Fair value
Securities (HtM)	Amortized cost (effective-interest method, indication-induced impairment tests)
Inventories	Lower of cost of acquisition or production or net realizable value
Receivables from construction and services contracts	Percentage-of-completion method, amortized cost
Loans granted and receivables	Amortized cost (effective-interest method, indication-induced impairment tests)
Other assets	Lower of cost or fair value
Treasury shares	Cost of acquisition
Provisions for pensions and similar obligations	Projected-unit-credit method less plan assets
Other provisions	Settlement amount
Financial debt and other financial liabilities	Amortized cost (effective-interest method)
Other liabilities	Cost or settlement amount
Derivative financial instruments	Fair value
Deferred taxes	Undiscounted assessment on the basis of the tax rates expected to be applicable for the period in which an asset is realized or a liability is settled
Assets held for sale / liabilities in disposal groups	Lower of carrying amount upon classification or fair value less cost to sell (no systematic amortization / depreciation, indication-induced impairment tests)

3.3 Assessments and estimates

With the preparation of the consolidated financial statements, to a certain extent it is necessary to make assumptions and estimates that have an effect on the amounts and valuations shown in the Group's balance sheet and income statement as well as on the contingent liabilities for the reporting period.

The assumptions and estimates are the result of premises that are based on currently available knowledge. If future developments differ from these assumptions, the actual amounts may differ from the originally anticipated estimates.

The assumptions and estimates primarily relate to evaluations of the following items:

- Revenue by the percentage-of-completion method: With the use of the percentage-of-completion-method, estimates have to be made with regard to the percentage of completion, the contract costs to complete the contract and the total contract revenue. Changes in those estimates can lead to an increase or decrease in revenue for the period. In financial year 2015, revenue of €3,579.4 million was realized by the percentage-of-completion method (previous year: €3,612.7 million). Disclosures on the sensitivities of the extent of possible effects of changes in estimates cannot reasonably be made due to the large number of individual projects and influencing factors.

- Allowances for bad debts: Allowances for bad debts include to a great extent estimates and assessments of individual receivables that are based on the creditworthiness of the respective client, current economic developments and collaterals received. The carrying amount of receivables at December 31, 2015 was €1,416.4 million (previous year: €1,805.0 million), whereby allowances for default risks for trade receivables amounted to €19.9 million (previous year: €24.8 million). Disclosures on the sensitivities of the extent of possible effects of changes in estimates cannot reasonably be made due to the large number of counterparties and relevant factors.
- Provisions for pensions and similar obligations: Provisions for pensions and similar obligations are measured actuarially with consideration of future developments. These measurements are primarily based on assumptions regarding discount rates, expected salary trends, pension trends and life expectancies. See Note 22 for details of the assumptions made and possible risks.
- Other provisions: The recognition of provisions for risks relating to contracts and litigation as well as warranty risks, personnel-related obligations, restructuring measures and other uncertain liabilities to a great extent involves estimates by Bilfinger. These estimates can change as a result of new information, for example with ongoing project progress or with the status of proceedings. The actual cash outflows or expenses can deviate from the original and updated estimates and can affect profit or loss accordingly. The carrying amount of other provisions at December 31, 2015 was €449.5 million (previous year: €516.3 million). Disclosures on the sensitivities of the extent of possible effects of changes in estimates cannot reasonably be made due to the large number of facts and relevant factors.
- Income taxes: Bilfinger is active in numerous tax jurisdictions. The tax items presented in the consolidated financial statements are calculated with consideration of the respective tax laws and of the relevant administrative judgments, and, due to their complexity, may be subject to deviating interpretations by taxable entities on the one hand and by local fiscal authorities on the other hand. Deferred tax assets are recognized if sufficient taxable income is available in the future. Among other things, the factors considered include the planned earnings from operating activities, the impact on earnings of the reversal of taxable temporary differences, and possible tax strategies. On the basis of the planned future taxable income, Bilfinger's management assesses the measurement of deferred tax assets at the end of each reporting period. As future business developments are uncertain, assumptions are required on estimates of future taxable income and on the time when deferred tax assets can be utilized. Estimated amounts are adjusted during the period if there are sufficient indications that an adjustment is necessary. If the management assumes that deferred tax assets cannot be realized, either partially or in full, they are impaired by the appropriate amount. The carrying amount of deferred tax assets at December 31, 2015 was €162.7 million (previous year: €222.4 million).
- Impairment of goodwill: Bilfinger tests goodwill for impairment at least annually. Determining the recoverable amount of a cash-generating unit to which goodwill is allocated involves estimates by the management. It is equivalent to the value in use resulting from the discounted cash flows calculated on the basis of financial planning approved by the management. See Note 14 of the notes to the consolidated financial statements for further details.
- Disposal groups: Non-current assets held for sale and disposal groups as well as related liabilities are measured at the lower of carrying amount or fair value less cost to sell. The measurement of fair value involves estimates by the management.

3.4 Principles of consolidation

Capital consolidation takes place by offsetting the price of acquisition against the Group's interest in the newly valued equity of the consolidated subsidiaries at the date of acquisition or first-time consolidation. The assets, liabilities and contingent liabilities of the subsidiaries are entered at their full current fair values irrespective of the size of the minority interest. With each acquisition, there is a special option of electing to recognize minority interest at fair value or at the relevant proportion of net assets. Acquisition-related costs are expensed. In the case of an acquisition achieved in stages (step acquisition), equity interests previously held are remeasured through profit or loss. Contingent consideration is recognized at the time of acquisition at fair value and in following periods is measured at fair value through profit or loss.

Any goodwill ensuing from first-time consolidation is capitalized and subjected to an annual impairment test in accordance with IFRS 3 / IAS 36. Any negative goodwill is recognized in profit or loss immediately after acquisition. At deconsolidation, the residual carrying amounts of goodwill are taken into consideration in the calculation of the gain or loss on disposal.

Changes in an equity interest that do not lead to a loss of control are treated as transactions between equity holders and reported within equity. Such transactions lead to the recognition neither of goodwill nor of any disposal gains. In the case of a sale of equity interest that leads to a loss of control, the remaining equity interest is remeasured at fair value through profit or loss and the accumulated other comprehensive income previously recognized in connection with the investment is reclassified to profit or loss or, if it is an actuarial gain or loss, to retained earnings.

Losses attributable to the non-controlling interest are fully attributed to the non-controlling interest, even if this results in a negative carrying amount.

Investments accounted for using the equity method are measured at cost of acquisition plus the prorated change in net assets, whereby any goodwill is included in the carrying amount of the investment. Upon losing a significant influence or losing joint control, the remaining equity interest is remeasured at fair value through profit or loss.

Receivables, liabilities, income and expenses between consolidated companies have been offset. Non-current assets and inventories resulting from Group output volume have been adjusted to exclude any inter-company profits. Deferred taxes from consolidation processes affecting profit have been accrued / deferred.

3.5 Currency translation

In the consolidated financial statements, the assets and liabilities of the accounts prepared in foreign currencies are translated using the average exchange rate at the end of the reporting period; expenses and income are translated using the average exchange rate for the year. The aggregate differences compared with translation at the end of the reporting period are entered separately under other comprehensive income.

Currency translation took place using the following significant exchange rates:

€ 1 =		Annual average		At December 31	
		2015	2014	**2015**	2014
Australia	AUD	1.4776	1.4724	1.4990	1.4829
China	CNY	6.9732	8.1883	7.0910	7.5358
United Kingdom	GBP	0.7258	0.8064	0.7380	0.7789
India	INR	71.1954	81.0689	72.5350	76.7190
Canada	CAD	1.4184	1.4669	1.5171	1.4063
Qatar	QAR	4.0419	4.8381	3.9670	4.4200
Croatia	HRK	7.6138	7.6346	7.6370	7.6580
Nigeria	NGN	219.3594	219.2327	216.8513	225.0440
Norway	NOK	8.9488	8.3551	9.6160	9.0420
Poland	PLN	4.1849	4.1846	4.2615	4.2623
Sweden	SEK	9.3537	9.0969	9.1878	9.3930
Switzerland	CHF	1.0678	1.2146	1.0814	1.2024
South Africa	ZAR	14.1699	14.4065	16.8847	14.0353
Czech Republic	CZK	27.2788	27.5344	27.0250	27.7250
Hungary	HUF	310.0759	308.6608	313.1200	314.8900
United Arab Emirates	AED	4.0769	4.8802	4.0014	4.4574
United States	USD	1.1095	1.3288	1.0926	1.2141

4. Consolidated group

4.1 Changes in the consolidated group and inclusion

140 (previous year: 162) companies in Germany and 186 (previous year: 201) companies based outside of Germany have been included in the consolidated financial statements. Of these, 1 (previous year: 1) company in Germany and 3 (previous year: 14) companies based outside of Germany have been consolidated for the first time in the reporting period. In addition, 23 (previous year: 13) companies in Germany and 18 (previous year: 12) companies based outside of Germany were no longer included in the consolidated group due to sale or merger. A further 33 (previous year: 42) companies have been accounted for using the equity method.

In general, all subsidiaries are fully consolidated with the exception of, in particular, inactive companies such as shelf companies and companies in liquidation. Subsidiaries are all entities that are controlled directly or indirectly by Bilfinger SE. Bilfinger controls an investee where Bilfinger has power over the investee, is exposed to or has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. This is generally the case where Bilfinger has more than half of the voting rights of a company or where, as an exception, Bilfinger is able in another way to exercise power over an investee on the basis of contractual arrangements or the like for purposes of influencing the returns to which Bilfinger is entitled.

Associates are accounted for using the equity method. An associate is an entity over which the Group has significant influence by participating in its financial and business policy but which is not controlled by the Group. Significant influence is generally presumed when Bilfinger has voting rights of 20 percent or more.

Joint ventures are also accounted for using the equity method. A joint venture exists where the owners contractually agree to control the arrangement jointly and the shareholders have rights to the arrangement's net assets.

Information disclosed pursuant to Section 313 Subsection 2 of the German Commercial Code (HGB) is summarized in the list of subsidiaries and equity interests. That list also includes a definitive list of all subsidiaries that make use of the disclosure exemption pursuant to Section 264 Subsection 3 HGB.

As of the balance-sheet date, there were no significant minority interests in the Group with respect to its equity. The list of subsidiaries and equity interests shows the subsidiaries in which minority interests were held.

Furthermore, the Group was not subject to any significant restrictions regarding access to or the use of subsidiaries' assets.

4.2 Acquisitions

No acquisitions were made in financial year 2015.

In financial year 2014, payments of €129 million were made for the acquisition of fully consolidated companies – after offsetting €4 million in acquired cash and cash equivalents. The purchase price for these companies amounted to €133 million.

In addition, payments of €5 million were made for the acquisition of minority interests, which had been recognized as liabilities in accordance with IAS 32. Payments in the amount of €2 million for earn-out liabilities recognized in the prior year were also made. Overall, this led to an outflow of cash and cash equivalents in the amount of €136 million.

Effective July 1, 2014, we acquired the British company GVA Grimley Holdings Limited, Birmingham. This group of companies is market leader for real-estate consulting services in the United Kingdom, has 1,500 employees and generated an output volume of approximately €220 million in financial year 2014.

The newly acquired companies affected the Group's assets and liabilities at the time of acquisition as follows:

EFFECTS AT THE TIME OF ACQUISITION

	2014
Goodwill	121.2
Intangible assets from acquisitions	42.3
Property, plant and equipment and other intangible assets	7.1
Other non-current assets	5.5
Receivables	42.5
Other current assets	12.5
Cash and cash equivalents	3.5
Total assets	**234.6**
Pension provisions	14.0
Other provisions	12.6
Financial debt	19.7
Other liabilities	55.4
Total liabilities	**101.7**
Total purchase price	**132.9**

With the exception of capitalized intangible assets from acquisitions, the capitalized fair values shown primarily reflected the carrying amounts in the balance sheets of the acquired companies. Goodwill in the amount of €121.2 million included inseparable intangible assets such as the expert knowledge of the employees as well as anticipated synergy effects and market opportunities. The acquired goodwill is not deductible for tax purposes.

From the time of initial consolidation, the companies which were acquired and consolidated for the first time in the prior year generated total revenue of €112.8 million and EBITA of €8.3 million.

In full-year 2014, the companies acquired during that year generated total revenue of €220.6 million and EBITA of €14.4 million.

4.3 Disposals

The former Construction division was sold to the Swiss construction and construction services company Implenia on March 2, 2015.

On August 14, 2015, the former Infrastructure division was sold to the Austrian construction company Porr. In connection with the signing of the contract for the sale of the former Infrastructure division, the fair value less costs to sell of the disposal group was remeasured on the basis of the contractually determined selling price. This resulted in an impairment loss of €3 million in the second quarter of 2015.

On December 22, 2015, the shares in two Hungarian motorway concession projects, accounted for using the equity method, were sold to a consortium consisting of Aberdeen Asset Management, Intertoll and the European Bank for Reconstruction and Development.

In connection with discontinuing the Concessions business segment, five concession projects were sold to the listed company Bilfinger Berger Global Infrastructure Fund in the previous year (see Note 5 for further information). Of these, three were fully consolidated and two were accounted for using the equity method.

The overall effects of the sales were as follows:

EFFECTS AT THE TIME OF SALE

	2015	2014
Disposal of assets classified as held for sale	-354.5	-405.3
Disposal of liabilities classified as held for sale	308.5	353.0
Disposal of net assets	**-46.0**	**-52.3**
Disposal of intercompany receivables	-88.2	
Derecognition of minority interest	0.1	1.9
Disposal of loans	-22.7	
Reclassification of other comprehensive income into the income statement	-48.5	-26.5
Other changes	**-159.3**	**-24.6**
Sale price less selling transaction expenses	286.6	94.6
Capital gain after selling transaction expenses	**81.3**	**17.7**

A risk provision in the amount of €67 million (after taxes) was made in the first quarter of 2015 for contractual guarantees and warranty obligations as well as follow-up costs and process risks from concluded projects retained in the context of selling the Construction activities.

Furthermore, 13.8 percent of the shares of the remaining investment of 30.3 percent in the publicly listed Julius Berger Nigeria plc, Abuja, as well as all remaining shares (10 percent) in that company's subsidiary Julius Berger International GmbH, Wiesbaden, were sold as of June 30, 2015. A disposal gain of €27.8 million was realized. A change of status occurred regarding the remaining shares in Julius Berger Nigeria plc (16.5 percent), which were previously accounted for using the equity method, because a significant influence no longer exists. The remaining shares were classified as available for sale and were remeasured at fair value less costs to sell. This resulted in a gain of €30.4 million. The remaining shares were measured as of the balance-sheet date based on the stock exchange price. This resulted in an impairment of €6.7 million.

4.4 Changes in ownership interest without change in control

Due to changes in equity interests in consolidated subsidiaries that did not lead to the gain or loss of control, retained earnings decreased by €0.1 million (previous year: €0.6 million). Minority interest decreased by €0.2 million (previous year: €0 million).

5. Discontinued operations

Discontinued operations comprise:

- the disposed equity interests of the former Concessions business segment,
- the disposed activities of the former Construction division,
- the disposed former Infrastructure division,
- a significant portion of the former Offshore Systems and Grids division, put up for sale on December 16, 2014,
- the former Power business segment, put up for sale on June 17, 2015, as well as
- abandoned construction activities.

All discontinued operations with the exception of the former Power business segment are reported together under 'Construction activities and Concessions'.

The former Construction division put up for sale was sold to the Swiss construction and construction services company Implenia on March 2, 2015.

The former Infrastructure division put up for sale was sold to the Austrian construction company Porr on August 14, 2015.

On June 17, 2015, the Executive Board of Bilfinger SE decided to sell the former Power business segment.

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

5.1 Earnings from discontinued operations

Earnings from discontinued operations are allocated to 'Construction activities and Concessions' and 'Power' as follows:

	2015	2014
Construction activities and Concessions	-13.6	-27.2
Power	-494.5	-165.5
Earnings after taxes from discontinued operations	**-508.1**	**-192.7**

A loss after taxes from discontinued operations of €491.0 million is attributable to the shareholders of Bilfinger SE (previous year: €158.7 million).

Construction activities and Concessions

	2015	2014
Output volume (for information only)	290.8	824.1
Revenue	277.7	803.4
Expenses / income	-352.3	-798.3
Impairment loss	-23.9	-48.0
Gain on sale	80.4	17.7
EBIT	**-18.1**	**-25.2**
Net interest result	0.1	0.1
Earnings before taxes	**-18.0**	**-25.1**
Income tax expenses	4.4	-2.1
Earnings after taxes	**-13.6**	**-27.2**

In the fourth quarter of financial year 2015, an impairment loss of €20.8 million was recognized for the carrying amounts of investments in a production site in Poland for steel foundations for offshore wind turbines due to measurement at fair value less cost to sell. Of that amount, €7.8 million was attributable to minority interest. An impairment loss on these investments of €48.0 million was already charged in the previous year; of that amount, €17.9 million was allocable to minority interest.

Power

	2015	2014
Output volume (for information only)	1,283.7	1,444.5
Revenue	1,289.5	1,452.0
Expenses / income	-1,456.5	-1,467.4
Impairment loss	-330.0	-148.0
EBIT	**-497.0**	**-163.4**
Net interest result	-12.3	-8.1
Earnings before taxes	**-509.3**	**-171.5**
Income tax expenses	14.8	6.0
Earnings after taxes	**-494.5**	**-165.5**

In the course of the reclassification of the former Power business segment as discontinued operations, the disposal group was measured at fair value less costs to sell, which led to an impairment loss in the amount of €330 million. Using a two-stage process, the fair value was calculated as equity value. The equity value is the result of enterprise value plus net liquidity minus pension obligations as well as further purchase price relevant deductible items. The enterprise value corresponds to the discounted future cash flow calculated using a discount rate determined in accordance with the capital asset pricing model. The calculation of cash flows is based on the planning figures for a four-year period. Planning is based on past experience, current operating results, planned restructuring measures and the best possible assessment by the Group's management of future developments. Market assumptions are taken into consideration with the use of external macroeconomic and industry-specific sources. The enterprise value was also checked for plausibility by means of a measurement using market-based earnings multipliers. The measurement remains valid as of the balance-sheet date.

Already in the third quarter of the previous year, non-scheduled impairment tests of goodwill in the 'Power' business segment had to be carried out due to the considerably worsened market situation in Germany and other European countries. The impairment test led to goodwill impairment of €148.0 million.

5.2 Assets classified as held for sale and liabilities classified as held for sale

As of the balance-sheet date, assets classified as held for sale and liabilities classified as held for sale comprise the following disposal groups:

- the significant portion of the former Offshore Systems and Grids division that has been put up for sale,
- the former Power business segment that has been put up for sale, and
- the shares of Julius Berger Nigeria plc that have been put up for sale (16.5 percent).

As of December 31, 2014, in addition to the disposal group Offshore Systems, the disposal groups Construction and Infrastructure, which had been sold as of the balance-sheet date, were also included.

Assets classified as held for sale and liabilities classified as held for sale are allocated as follows to the disposal groups 'Construction activities and Concessions' and 'Power':

	Dec. 31, 2015	Dec. 31, 2014
Construction activities and Concessions	126.0	316.2
Power	623.8	0.0
Assets classified as held for sale	**749.8**	**316.2**
Construction activities and Concessions	114.0	372.0
Power	721.0	0.0
Liabilities classified as held for sale	**835.0**	**372.0**

All disposal groups with the exception of the former Power business segment are reported together under ‘Construction activities and Concessions’.

Accumulated other comprehensive income after taxes of the disposal groups as of the balance-sheet date amounts to minus €41.1 million (previous year: minus €6.2 million), of which €1.1 million (December 31, 2014: €0.0 million) is attributable to minority interest.

Construction activities and Concessions

The assets and liabilities classified as held for sale of the disposal groups reported together under ‘Construction activities and Concessions’ are comprised as follows:

	Dec. 31, 2015	Dec. 31, 2014
Goodwill	0.0	4.4
Other non-current assets	97.7	133.5
Current assets	23.6	165.0
Cash and cash equivalents	4.7	13.3
Assets classified as held for sale	**126.0**	**316.2**
Non-current liabilities	6.9	47.7
Current liabilities	107.1	324.3
Liabilities classified as held for sale	**114.0**	**372.0**

Power

The assets and liabilities classified as held for sale of the ‘Power’ disposal group are comprised as follows:

	Dec. 31, 2015	Dec. 31, 2014
Goodwill	31.3	0.0
Other non-current assets	187.1	0.0
Current assets	359.6	0.0
Cash and cash equivalents	45.8	0.0
Assets classified as held for sale	**623.8**	**0.0**
Non-current liabilities	157.7	0.0
Current liabilities	563.3	0.0
Liabilities classified as held for sale	**721.0**	**0.0**

Notes to the income statement*

Income and expenses of the former 'Power' business segment, which has been put up for sale, are shown separately in one item as 'Earnings after taxes from discontinued operations' and no longer in the individual items under continuing operations in accordance with IFRS 5. The prior-year figures have been adjusted accordingly.

6. Revenue

Revenue of €3,579.4 million (previous year: €3,612.7 million) includes revenue resulting from the application of the percentage-of-completion method.

7. Other operating income

	2015	2014
Income from operating investments	42.4	14.3
Gains on currency translation	19.7	9.5
Income from the reversal of other provisions	5.2	6.2
Gains on the disposal of property, plant and equipment	6.9	3.0
Income from the reversal of impairments on trade receivables	2.4	1.8
Other income	39.6	37.4
Total	**116.2**	72.2

The amount for income from operating investments includes a gain of €27.8 million (previous year: €9.3 million) from the reduction of our investment in Julius Berger Nigeria plc and Julius Berger International GmbH as well as gains from the sale of the project company Power Office in the amount of €9.7 million.

Other income relates to the remeasurement of contingent consideration for the acquisition of subsidiaries of €5.9 million (previous year: €27.2 million), gains from the remeasurement of the remaining shares in Julius Berger Nigeria plc in the amount of €23.7 million, and numerous other items of minor individual importance.

* Figures in € million, unless stated otherwise.

8. Other operating expenses

	2015	2014
Restructuring expenses (Excellence and other)	39.4	46.2
Losses on currency translation	13.9	6.5
Expenses from additions to other provisions	11.7	8.5
Compliance expenses	10.4	0.0
Expenses from operating investments	7.9	0.1
Impairment of trade receivables	5.5	2.6
Impairment losses on other financial assets	3.2	0.1
Losses on the disposal of property, plant and equipment	1.6	1.2
Impairments of other receivables (excluding trade receivables) and other financial assets	1.5	0.9
Other expenses	16.9	6.6
Total	112.0	72.7

Restructuring expenses (Excellence and others) particularly relate to the Industrial business segment and primarily include expenses for workforce reductions.

Compliance expenses relate to expenses in connection with the requirements for the further development of the compliance system and the conclusion of old cases.

Expenses from operating investments relate to impairments of investments in the amount of €6.0 million (previous year: €0.1 million).

Other expenses include expenses in connection with the audit of the internal control system in the amount of €7.1 million. In addition to impairments of other assets, numerous other items of minor individual importance are included.

9. Personnel expenses and average number of employees

The following table shows personnel expenses as well as the average number of employees.

	2015	2014
Personnel expenses (€ million)	2,993.8	2,857.3
Average number of employees		
Office staff		
Germany	9,574	9,702
International	14,624	14,098
Manual workers		
Germany	9,937	10,284
International	22,133	22,684
Total workforce	56,268	56,768

The total number of employees relates to continuing operations.

10. Depreciation and amortization

Amortization of €27.7 million was carried out on intangible assets from acquisitions (previous year: €36.6 million) and is included in cost of sales. Depreciation of property, plant and equipment and the amortization of other intangible assets amount to €104.6 million (previous year: €89.1 million). In the reporting period, this includes impairment charges in the amount of €6.5 million. In addition, impairment losses on financial assets in the amount of €9.2 million (previous year: €0 million) were recognized.

11. Interest and other financial income / expense

Interest and other financial income / expense comprise the following items of the income statement:

		2015		2014
Interest income		**7.6**		**3.5**
Current interest expense		-26.0		-22.2
Interest expense from defined benefit obligation (DBO)	-13.4		-18.3	
Interest income on plan assets	5.7	-7.7	8.4	-9.9
Interest expense		**-33.7**		**-32.1**
Income on securities		0.0		6.1
Interest expense for minority interest		-2.2		-5.6
Other financial expense		**-2.2**		**0.5**
Total		-28.3		-28.1

Interest income is primarily earned on deposits of cash and cash equivalents with variable interest rates. Current interest expense is mainly incurred on financial debt excluding non-recourse debt with fixed interest rates.

With an unchanged investment policy, an increase in interest rates would lead to higher interest income.

The interest expense for minority interest of €2.1 million (previous year: €4.8 million) reflects the share in profits of the minority interest which is classified as borrowing due to contractual regulations, in particular preemption rights pursuant to IAS 32. €0.1 million of the interest expense for minority interest (previous year: €0.8 million) constitutes the interest compounded on purchase-price liabilities from the acquisition of equity interests.

12. Income tax expense

Income taxes are the taxes on income and earnings paid, owed or deferred in the various countries. The calculations are based on the expected tax rates in those countries at the time of realization. Those expected tax rates are derived from the statutory regulations that are in force or enacted at the end of the reporting period.

	2015	2014
Actual taxes	32.7	59.5
Deferred taxes	67.8	-8.0
Total	100.5	51.5

The tax expense calculated with the tax rate of Bilfinger SE can be reconciled with the reported tax expense as follows:

	2015	2014
Earnings before taxes	105.4	142.1
Theoretical tax expense at 30.95%	32.6	44.0
Tax-rate differences	-5.3	-4.5
Tax-rate effects of non-deductible expenses and tax-free income	-5.3	-1.5
Losses for which no deferred tax assets are capitalized and changes in value adjustments	86.1	1.7
Taxes from other accounting periods	-7.6	-1.6
Tax on forfeiture of loss carryforwards pursuant to Sec. 8c of the German Corporate Income Tax Act (KStG)	0.0	13.4
Income tax expense	**100.5**	**51.5**

The combined income tax rate for Bilfinger SE was 30.95 percent, as in the prior year, consisting of corporate income tax at a rate of 15 percent and the solidarity surcharge, which is levied at a rate of 5.5 percent of the applicable corporate income tax, as well as trade tax at an average municipal multiplier of 432 percent.

Deferred tax assets on tax-loss carryforwards are only recognized insofar as their realization is reasonably certain. Based on current assessments, this is not the case in particular for the losses incurred in the current financial year at Bilfinger SE and its tax-group companies, so that no deferred tax assets on tax-loss carryforwards were recognized regarding these losses as of December 31, 2015. In addition, recognized deferred tax assets on tax-loss carryforwards in the amount of €51.3 million were written off. This relates predominantly to Bilfinger SE.

Deferred tax assets and deferred tax liabilities are distributed among the items of the balance sheet as follows:

	Deferred tax assets		Deferred tax liabilities	
	Dec.31,2015	Dec.31,2014	Dec.31,2015	Dec.31,2014
Non-current assets	12.4	23.3	64.6	64.6
Current assets	74.5	79.1	77.7	146.1
Provisions	133.7	183.3	13.4	27.0
Liabilities	56.7	54.3	39.7	54.9
Tax-loss carryforwards				
Corporate income tax (or comparable taxes outside Germany)	24.5	57.0	–	–
Trade taxes	1.4	26.7	–	–
Offsetting	-140.5	-201.3	-140.5	-201.3
Carried in the balance sheet	**162.7**	**222.4**	**54.9**	**91.3**

At the end of the reporting period, deferred taxes in the amount of €51.7 million (previous year: €53.9 million) mainly from the measurement of retirement benefit obligations pursuant to IAS 19 as well as from the measurement of financial instruments pursuant to IAS 39 were offset against equity.

The total amount of deferred tax assets of €162.7 million (previous year: €222.4 million) includes future reductions in tax payments of €25.9 million (previous year: €83.7 million) that arise from the expected utilization in future years of existing tax-loss carryforwards. The realization of the tax-loss carryforwards is reasonably certain. Non-capitalized tax-loss carryforwards for corporate income tax (or comparable taxes outside Germany) amount to €414.2 million (previous year: €137.0 million) and for trade tax to €343.3 million (previous year:

€38.2 million). Of the tax-loss carryforwards not recognized as deferred tax assets, €1.5 million (previous year: €3.6 million) will expire within the next 5 years, €5.5 million (previous year: €14.2 million) within the next 10 years, €14.3 million (previous year: €14.6 million) within the next 15 years and €14.6 million (previous year: €20.7 million) within the next 20 years.

Deferred tax liabilities for tax payments on possible future dividend payments out of subsidiaries' retained earnings have not been recognized if these earnings are required for the long-term financing of the respective subsidiaries.

Sufficient provisions have been set aside for risks resulting from tax items not yet assessed as of the date of the calculation of tax assets and tax liabilities. The tax items are determined based on the most likely interpretation of tax code provisions.

13. Earnings per share

Earnings per share are calculated by dividing the Group's net profit by the weighted average number of shares issued.

	2015	2014
Net profit	-488.7	-71.4
Weighted average number of shares issued	44,194,276	44,168,430
Earnings per share, basic / diluted (in €)	**-11.06**	**-1.62**
thereof from continuing operations	0.44	2.74
thereof from discontinued operations	-11.50	-4.36

Notes to the balance sheet*

Because the former 'Power' business segment, which has been put up for sale, has been classified as discontinued operations, the assets and liabilities of the fully consolidated companies or, respectively, the carrying amounts of the investments accounted for using the equity method are presented under the separate items 'Assets held for sale' or 'Liabilities held for sale' as of December 31, 2015 in accordance with IFRS 5. This is reflected by changes to numerous items of the consolidated balance sheet compared with December 31, 2014, since, in line with IFRS 5, the prior-year figures have not been adjusted.

14. Intangible assets

COST OF ACQUISITION OR PRODUCTION	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
January 1, 2015	**101.0**	**2,018.5**	**259.8**	**1.9**	**2,381.2**
Additions to the consolidated group	0.0	0.0	0.0	0.0	0.0
Disposals in the consolidated group	0.6	0.3	0.0	0.0	0.9
Additions	6.0	0.2	0.0	1.0	7.2
Disposals	1.8	0.0	94.7	0.0	96.5
Reclassifications	2.5	0.0	-0.4	-2.1	0.0
Currency adjustments	1.0	37.8	11.0	0.0	49.8
Reclassification of Power	-31.4	-509.3	-18.0	-0.3	-559.0
December 31, 2015	**76.7**	**1,546.9**	**157.7**	**0.5**	**1,781.8**

ACCUMULATED AMORTIZATION AND IMPAIRMENT	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
January 1, 2015	**66.5**	**148.0**	**151.3**	**0.0**	**365.8**
Additions to the consolidated group	0.0	0.0	0.0	0.0	0.0
Disposals in the consolidated group	0.3	-0.1	0.0	0.0	0.2
Additions	10.0	0.0	27.7	0.0	37.7
Disposals	0.7	0.0	94.7	0.0	95.4
Reclassifications	0.0	0.0	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.8	0.0	5.9	0.0	6.7
Reclassification of Power	-22.8	-148.0	-12.0	0.0	-182.8
December 31, 2015	**53.5**	**0.1**	**78.2**	**0.0**	**131.8**
Carrying amount December 31, 2015	**23.2**	**1,546.8**	**79.5**	**0.5**	**1,650.0**

* Figures in € million, unless stated otherwise.

COST OF ACQUISITION OR PRODUCTION	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
January 1, 2014	**100.5**	**1,885.7**	**340.8**	**1.9**	**2,328.9**
Additions to the consolidated group	5.3	115.9	42.3	0.0	163.5
Disposals in the consolidated group	0.4	0.2	0.0	0.0	0.6
Additions	13.8	0.0	0.0	1.5	15.3
Disposals	15.5	0.0	131.8	0.0	147.3
Reclassifications	0.9	0.0	0.0	-1.5	-0.6
Currency adjustments	0.3	22.8	8.5	0.0	31.6
Reclassification of construction activities	-3.9	-5.7	0.0	0.0	-9.6
December 31, 2014	**101.0**	**2,018.5**	**259.8**	**1.9**	**2,381.2**

ACCUMULATED AMORTIZATION AND IMPAIRMENT	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
January 1, 2014	**70.3**	**0.2**	**235.1**	**0.0**	**305.6**
Additions to the consolidated group	3.3	0.0	0.0	0.0	3.3
Disposals in the consolidated group	0.4	0.1	0.0	0.0	0.5
Additions	11.8	148.0	42.9	0.0	202.7
Disposals	16.4	0.0	131.8	0.0	148.2
Reclassifications	-0.5	0.0	0.0	0.0	-0.5
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.1	-0.1	5.1	0.0	5.1
Reclassification of construction activities	-1.7	0.0	0.0	0.0	-1.7
December 31, 2014	**66.5**	**148.0**	**151.3**	**0.0**	**365.8**
Carrying amount December 31, 2014	**34.5**	**1,870.5**	**108.5**	**1.9**	**2,015.4**

Goodwill

Within the context of carrying out annual impairment tests in accordance with IFRS 3 / IAS 36, goodwill was allocated to the relevant divisions as cash-generating units. Goodwill is distributed among the divisions as shown in the following table:

	Dec. 31, 2015	Dec. 31, 2014
Division / business segment		
Industrial Maintenance	181.3	182.5
Insulation, Scaffolding and Painting	54.8	54.8
Oil and Gas	64.5	62.5
Industrial Fabrication and Installation	249.9	232.9
Engineering, Automation and Control	148.4	147.6
Support Services	70.3	70.1
Industrial	**769.2**	**750.4**
Building	18.6	18.6
Facility Services	407.8	400.9
Real Estate	196.6	189.7
Water Technologies	107.2	106.9
Government Services	47.4	42.7
Building and Facility	**777.6**	**758.8**
Continuing operations	**1,546.8**	**1,509.2**
Power Systems	–	244.9
Piping Systems	–	116.4
Power *	**–**	**361.3**
Total	**1,546.8**	**1,870.5**

* presented separately as of December 31, 2015 as part of the Power disposal group.

The annual impairment test pursuant to IAS 36 takes place at the divisional level. In addition to the annual impairment test, an impairment test is also to be carried out when there are indications for the impairment of a cash-generating unit.

The recoverable amounts of the cash-generating units at the balance-sheet date correspond to their values in use, which are derived from their discounted future cash flows. The calculation is based on the most recent planning figures over a three-year period, as approved by the Group's management. The detailed planning phase was supplemented with a two-year convergence phase, in order to converge the cash flows to the *steady state* for the subsequent years. In the *steady state*, cash flows are assumed for which future growth only in the form of expected inflation-related price increases is considered and organic growth is not taken into account. The long-term growth rates for the key cash-generating units were 0.97 percent for *Industrial Maintenance*, 1.02 percent for *Industrial Fabrication and Installation*, 1.26 percent for *Engineering, Automation and Control*, 0.94 percent for *Facility Services* and 0.98 percent for *Real Estate*.

The planning is based on existing contracts and external benchmarks, past experience and best possible assessment by the Group's management of future economic developments. Market assumptions, for example development of interest rates, exchange rates and raw-material prices, are taken into consideration with the use of external macroeconomic and industry-specific sources in the relevant markets.

In the Industrial business segment, earnings development is influenced by the oil price development and resulting investment behavior in the oil and gas industry. In the medium term, we anticipate an increase in the price of oil to a level below the long-term average. Growth of the Building and Facility business segment is influenced by the trend toward outsourcing real-estate services. Furthermore, measures introduced to increase efficiency and to adjust operating capacity as well as expected salary increases in the personnel-intensive service business also impact earnings development. As a consequence, we anticipate an improved margin in the short and medium term due, in particular, to restructuring measures that have already been implemented.

The discount rates before taxes for the cash-generating units calculated using the capital asset pricing model are shown in the table below:

CASH-GENERATING UNIT in %	**Dec. 31, 2015**	Dec. 31, 2014
Industrial Maintenance	10.1	9.4
Insulation, Scaffolding and Painting	10.2	9.8
Oil and Gas	10.1	10.1
Industrial Fabrication and Installation	11.0	11.5
Engineering, Automation and Control	10.0	10.8
Support Services	10.5	10.0
Building	7.1	10.0
Facility Services	7.3	8.1
Real Estate	8.7	10.4
Water Technologies	9.0	9.4
Government Services	6.2	8.9

A comparison of the recoverable amounts of the units with their carrying amounts including goodwill did not result in any need for impairments as of December 31, 2015.

For the vast majority of cash-generating units, even a significant increase in the discount rate or a significantly negative deviation from the cash flows assumed in the planning figures would not have resulted in a need to impair goodwill.

The *Engineering, Automation and Control* division of the Industrial business segment was the exception to this, where an increase in the discount rate by approximately 0.4 percentage points or a decline in planned EBITA in the steady state by approximately 6.9 percent would result in impairments.

Intangible assets from acquisitions

Intangible assets from acquisitions reflect the portions of purchase prices attributed to acquired customer relations (e.g. order backlogs, framework agreements and client bases) and are amortized over their useful lives using the straight-line method.

15. Property, plant and equipment

COST OF ACQUISITION OR PRODUCTION	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
January 1, 2015	**462.5**	**503.3**	**674.4**	**10.4**	**1,650.6**
Additions to the consolidated Group	0.0	0.0	0.1	0.0	0.1
Disposals in the consolidated Group	0.0	0.0	1.2	0.0	1.2
Additions	7.2	24.9	35.5	6.0	73.6
Disposals	18.6	14.0	47.7	0.2	80.5
Reclassifications	3.2	7.0	-5.7	-4.6	-0.1
Currency adjustments	3.6	3.7	2.4	0.0	9.7
Reclassification of Power	-139.5	-179.1	-83.1	-5.7	-407.4
December 31, 2015	**318.4**	**345.8**	**574.7**	**5.9**	**1,244.8**

ACCUMULATED DEPRECIATION AND IMPAIRMENT	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
January 1, 2015	**197.2**	**351.5**	**451.7**	**0.0**	**1,000.4**
Additions to the consolidated Group	0.0	0.0	0.0	0.0	0.0
Disposals in the consolidated Group	0.0	0.0	0.9	0.0	0.9
Additions	12.8	25.3	56.9	0.0	95.0
Disposals	12.2	11.9	36.1	0.0	60.2
Write-ups	0.0	0.0	0.0	0.0	0.0
Reclassifications	0.3	3.5	-3.9	0.0	-0.1
Currency adjustments	1.2	2.6	0.7	0.0	4.5
Reclassification of Power	-59.7	-120.1	-60.7	0.0	-240.5
December 31, 2015	**139.6**	**250.9**	**407.7**	**0.0**	**798.2**
Carrying amount December 31, 2015	**178.8**	**94.9**	**167.0**	**5.9**	**446.6**
thereof finance leases **Carrying amount December 31, 2015**	**14.4**	**0.0**	**2.3**	**0.0**	**16.7**

COST OF ACQUISITION OR PRODUCTION	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
January 1, 2014	**447.0**	**693.4**	**702.7**	**22.9**	**1,866.0**
Additions to the consolidated Group	0.0	0.3	14.5	0.0	14.8
Disposals in the consolidated Group	0.1	0.6	0.2	0.0	0.9
Additions	23.4	36.2	54.4	9.2	123.2
Disposals	3.5	17.1	44.1	1.8	66.5
Reclassifications	9.5	-4.2	5.2	-10.0	0.5
Currency adjustments	1.6	13.0	0.2	0.1	14.9
Reclassification of construction activities	-15.4	-217.7	-58.3	-10.0	-301.4
December 31, 2014	**462.5**	**503.3**	**674.4**	**10.4**	**1,650.6**

ACCUMULATED DEPRECIATION AND IMPAIRMENT	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
January 1, 2014	**193.2**	**500.4**	**460.1**	**0.0**	**1,153.7**
Additions to the consolidated Group	0.0	0.0	9.8	0.0	9.8
Disposals in the consolidated Group	0.1	0.6	-0.1	0.0	0.6
Additions	11.6	34.6	58.3	0.0	104.5
Disposals	3.0	14.4	41.7	0.0	59.1
Write-ups	0.2	0.0	0.0	0.0	0.2
Reclassifications	0.0	-3.2	3.7	0.0	0.5
Currency adjustments	0.1	4.2	0.4	0.0	4.7
Reclassification of construction activities	-4.4	-169.5	-39.0	0.0	-212.9
December 31, 2014	**197.2**	**351.5**	**451.7**	**0.0**	**1,000.4**
Carrying amount December 31, 2014	**265.3**	**151.8**	**222.7**	**10.4**	**650.2**
thereof finance leases **Carrying amount December 31, 2014**	**14.9**	**0.0**	**2.3**	**0.0**	**17.2**

Finance-lease transactions in the reporting period mainly involve buildings with contract periods of up to 30 years.

The payment obligation resulting from finance leases is recognized in the amount of the present value of future lease payments due. The minimum lease payments, consisting of present value and an interest portion, are shown in the following table:

	< 1 year	1-5 years	> 5 years	Total
2015				
Lease payments	1.8	8.1	7.2	17.1
Interest portion	0.1	0.5	3.6	4.2
Carrying amount / present value	**1.7**	**7.6**	**3.6**	**12.9**
2014				
Lease payments	2.3	8.2	8.2	18.7
Interest portion	0.1	0.5	4.1	4.7
Carrying amount / present value	**2.2**	**7.7**	**4.1**	**14.0**

16. Investments accounted for using the equity method

For an overview of the investments accounted for using the equity method, please see the list of subsidiaries and equity interests (see Note 38).

The carrying amounts of or, respectively, income from investments accounted for using the equity method are distributed to associates and joint ventures as follows:

	Associates	Joint ventures	Total
December 31, 2015			
Carrying amount of investments accounted for using the equity method	9.8	8.6	**18.4**
Income from investments accounted for using the equity method	6.4	12.5	**18.9**
December 31, 2014			
Carrying amount of investments accounted for using the equity method	56.2	14.3	**70.5**
Income from investments accounted for using the equity method	23.1	16.3	**39.4**

16.1 Associates

Significant associates:

Name	Julius Berger Nigeria plc	M6 Tolna Autópálya Koncessziós Zrt.	M6 Duna Autópálya Koncessziós Zrt.
Principal place of business	Abuja, Nigeria	Budapest, Hungary	Budapest, Hungary
Activity	Construction	Concession project	Concession project
Bilfinger's share	30.31 %	45.00 %	40.00 %
	Dec. 31, 2014	**Dec. 31, 2014**	**Dec. 31, 2014**
Dividends received from the investee	**4.5**	**0.5**	**3.2**
Non-current assets	512.0	509.2	326.2
Current assets	499.1	26.9	53.2
Non-current liabilities	464.8	619.4	341.4
Current liabilities	429.8	14.3	16.3
Net assets/equity	**116.5**	**-97.6**	**21.7**
Group's share of net assets	35.3	-43.9	8.7
Unabsorbed losses from reserves for hedging instruments		43.9	
Correction for minority interests / miscellaneous	-0.7		
Carrying amount of the investee using the equity method	**34.6**	**0.0**	**8.7**
Revenue	945.2	5.7	11.8
Profit from continuing operations	39.0	3.4	8.3
Other comprehensive income for the period	0.5	-58.6	-7.4
Total comprehensive income for the period	**39.5**	**-55.2**	**0.9**

The investments in Julius Berger Nigeria plc, M6 Tolna and M6 Duna were classified as 'held for sale' in the reporting year. The investments in M6 Duna and M6 Tolna were fully sold; the investment in Julius Berger Nigeria plc was partly sold (see Note 4.3).

Aggregated disclosure concerning insignificant associates:

	Dec. 31, 2015	Dec. 31, 2014
Carrying amount of the investee accounted for using the equity method	**9.8**	**12.9**
Group's share of profit / loss from continuing operations	6.4	2.9
Group's share of other comprehensive income for the period	45.0	0.0
Group's share of total comprehensive income for the period	**51.4**	**2.9**

If the proportionate losses – including other comprehensive income – exceed the carrying amount of the investment, neither losses nor gains are recognized. The cumulative amount of unrecognized losses from associates at December 31, 2014 was €36.2 million. Losses of €7.7 million exceeding the carrying amount of the investment were offset against loans granted to investees accounted for using the equity method. Unrecognized losses increased by €25.3 million in the previous year. These amounts resulted from unrealized losses recognized in other comprehensive income from hedging transactions for concession projects.

16.2 Joint ventures

Significant joint ventures:

Name		Tebodin & Partner LLC
Principal place of business		Muscat, Oman
Activity		Engineering
Bilfinger's share	50.0 %	50.0 %
	Dec. 31, 2015	Dec. 31, 2014
Dividends received from the investee	**9.6**	**5.0**
Non-current assets	2.9	3.5
Current assets not including cash and cash equivalents	19.6	29.4
Cash and cash equivalents	4.6	4.2
Non-current liabilities not including financial debt	3.7	2.8
Non-current financial debt	0.7	–
Current liabilities not including financial debt	9.3	10.5
Net assets / equity	**13.4**	**23.8**
Group's share of net assets	6.7	11.9
Carrying amount of the investee using the equity method	**6.7**	**11.9**
Revenue	76.1	73.2
Depreciation and amortization (property, plant and equipment and intangible assets)	-1.1	-0.9
Interest expense	-0.1	–
Income tax expense	-1.4	-1.8
Remaining income (loss) from continuing operations	11.6	16.6
Profit from continuing operations	9.0	13.9
Total comprehensive income for the period	**9.0**	**13.9**

Aggregated disclosure concerning insignificant joint ventures:

	Dec. 31, 2015	Dec. 31, 2014
Carrying amount of the investee accounted for using the equity method	**1.9**	**2.4**
Group's share of profit / loss from continuing operations	8.0	9.4
Group's share of other comprehensive income for the period	-1.9	0.0
Group's share of total comprehensive income for the period	**6.1**	**9.4**

As of the balance-sheet date, there were no obligations to contribute capital or resources to joint ventures or obligations to purchase ownership interests in joint ventures from another party in the event certain future conditions are met.

17. Other financial assets

	2015	2014
Loans	8.2	18.6
Equity interests (available for sale, at cost)	1.5	14.2
Derivative financial instruments in hedging relationships	0.0	1.3
Derivative financial instruments not in hedging relationships	0.2	0.0
Securities (available for sale)	0.2	0.6
Securities (held to maturity)	0.0	0.1
Other financial assets	52.1	33.4
Total	62.2	68.2

Equity interests (available for sale at cost) include shares in non-listed companies, which are measured at cost of acquisition.

Other financial assets primarily comprise amounts that serve to fulfill pension obligations.

18. Inventories

Inventories are comprised as follows:

	2015	2014
Real-estate properties held for sale	10.2	37.6
Finished goods and work in progress	14.0	20.2
Raw materials and supplies	64.9	87.2
Advance payments made	5.8	36.5
Total	94.9	181.5

Cost of sales includes cost of inventories, recognized in expenses, in the amount of €2,467.3 million (previous year: €2,484.7 million).

19. Receivables and other financial assets

	2015	2014
Receivables		
trade receivables (including receivables from percentage of completion)	1,380.3	1,755.2
from consortiums and joint ventures	15.0	23.8
from companies in which equity is held	21.1	26.0
	1,416.4	**1,805.0**
Derivatives		
in hedging relationships	2.7	3.6
not in hedging relationships	2.9	7.2
	5.6	**10.8**
Other financial, non-derivative assets	65.6	60.2
Total	**1,487.6**	**1,876.0**

Construction contracts measured according to the percentage-of-completion method but not yet finally invoiced are recognized as follows:

	2015	2014
Costs incurred plus recognized profits	2,845.1	5,293.9
Less advance billings	2,686.1	5,105.9
Balance	**159.0**	**188.0**
thereof future receivables from construction contracts	275.7	427.6
thereof advance payments received from construction contracts	116.7	239.6

The amount of future receivables from construction contracts is included under trade receivables. Advance payments received totaled €2,531.3 million (previous year: €4,917.3 million). Receivables include security deposits in the amount of €9.6 million (previous year: €13.5 million).

Details of days overdue and impairments of trade receivables are as follows:

	2015	2014
Receivables neither overdue nor impaired	1,075.3	1,361.8
Receivables overdue but not impaired		
less than 30 days	182.7	253.1
30 to 90 days	54.6	68.7
91 to 180 days	17.3	24.4
more than 180 days	47.0	43.3
	301.6	**389.5**
Residual value of impaired receivables	3.4	3.9
Total	**1,380.3**	**1,755.2**

Impairments of trade receivables for default risks developed as follows:

	2015	2014
Opening balance	**24.8**	**27.1**
Changes in the consolidated group, currency differences	-1.4	-2.3
Allocations (impairment losses)	5.4	4.5
Utilization	6.5	1.8
Withdrawals (gains on impairment reversals)	2.4	2.7
Closing balance	**19.9**	**24.8**

All losses and gains from the impairment of trade receivables are recognized under other operating income and other operating expenses.

No default risk is recognizable for the receivables that are not impaired.

Other financial non-derivative assets comprise receivables and assets outside the field of supplying goods and services.

20. Other assets

Other assets primarily include value-added tax claims of €33.8 million (previous year: €55.2 million) and prepaid expenses of €21.9 million (previous year: €30.1 million).

21. Equity

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

Share capital remains unchanged at €138.1 million. It is divided into 46,024,127 bearer shares with an arithmetical value of €3.00 per share.

By resolution of the Annual General Meeting of May 8, 2014, the Executive Board is authorized with the consent of the Supervisory Board until May 7, 2019 to increase the share capital of the company by up to €69.0 million (Approved Capital 2014). The capital increase serves to issue new shares against cash and / or non-cash contributions.

By resolution of the Annual General Meeting of April 18, 2013, the share capital was increased by up to €13.8 million by the issue of up to 4,602,412 new bearer shares with a proportionate amount of the share capital of €3.00 per share (Contingent Capital 2013). It serves to grant shares upon the exercise of conversion rights or option rights or upon the fulfillment of conversion obligations or option obligations in connection with bonds until April 17, 2018.

With the approval of the Supervisory Board and on the basis of the authorization granted by the Annual General Meeting of May 23, 2007, the Executive Board of Bilfinger SE bought back 1,884,000 shares through the stock exchange at an average price of €53.07 per share in February 2008. Of these, a total of 48,682 shares was issued during financial years 2013 and 2014 as part of employee stock ownership plans and another 10,935 were issued for the same purpose during the reporting period. Since then, the company has held 1,824,383 treasury shares, equivalent to 3.96 percent of current voting rights. The company has no rights from these shares (Section 71 b AktG). No cancellation of the treasury shares is currently planned.

We refer to the explanation given in the management report pursuant to Section 289 Subsection 4 and Section 315 Subsection 4 of the German Commercial Code (HGB) with regard to the authorization for the Executive Board to issue shares out of approved capital and out of contingent capital as well as the possibilities to buy back and use the company's own shares.

Retained and distributable earnings

	2015	2014
Retained and distributable earnings	312.5	92.0
Remeasurement of net defined pension plans	-134.2	-140.5
Employee share program	0.8	0.8
Other retained earnings	420.6	1.218.5
Total	**599.7**	**1.170.8**

Distributable earnings and proposal on the appropriation of earnings

It is proposed that the reported distributable earnings of Bilfinger SE for the 2015 financial year of €313 million be carried forward to new account and that no dividend be paid out. In the prior year, the dividend amounted to €2.00 per share entitled to a dividend. The total dividend distribution was €88.4 million.

Remeasurements include the deviations fully included in the retirement benefit obligation (actuarial gains and losses) between the amount of the retirement benefit obligation expected at the beginning of the year and the actual amount of the retirement benefit obligation at the end of the year, as well as the difference between the income recognized from plan assets based on the amount of the discount rate for the retirement benefit obligation and the income actually achieved from the plan assets.

The accumulated losses from remeasurement recognized in other comprehensive income and attributable to the shareholders of Bilfinger SE amount to €186.0 million before deferred taxes (previous year: €195.1 million) and €134.2 million after consideration of deferred taxes (previous year: €140.5 million).

As part of an employee share program 2012, employees of Group companies in Germany, once the relevant plan conditions were met, were granted the right to free bonus shares. The share buyback carried out through the stock exchange in 2012 for the issue of free shares to the employees, the periodic recognition of expenses from the program in financial years 2012 to 2014 as well as the first-time granting of these bonus shares in the reporting period led to changes in retained earnings.

Other retained earnings principally comprise amounts established from earnings in the reporting period or in previous financial years.

Other reserves

The fair-value measurement of securities reserve includes unrealized gains and losses on financial assets classified as 'available for sale' and primarily related to shares in listed investment funds in the previous year.

The reserve from hedging transactions contains unrealized profits and losses from hedging highly probable future payments, taking into consideration any deferred-tax effects.

The currency translation reserve reflects all currency differences arising from the translation of financial statements of foreign subsidiaries.

22. Provisions for pensions and similar obligations

Various retirement benefit obligations exist at the Bilfinger Group, the heterogenic nature of which is historically based in the development of the Group with numerous corporate acquisitions. They comprise both defined contribution pension plans and defined benefit pension plans.

With defined contribution pension plans, the company makes fixed contributions on a contractual or voluntary basis to an external pension fund. Beyond those contributions, the company has no legal or constructive payment obligations in the case that the pension fund should not be sufficient to provide the retirement benefit in full. The contributions are recognized as an expense for pension provision when they fall due.

Pension plans that do not meet the definition of defined contribution pension plans are deemed to be defined benefit plans and are recognized at the balance-sheet date at the present value of the defined benefit obligation (DBO). If assets are set aside solely to pay or fund these obligations, those assets are defined as plan assets and are deducted at their fair value and the net amount is presented in the balance sheet. Any amount in excess of the obligation is presented as other financial assets – with due consideration of any asset ceilings.

Obligations from pension commitments are calculated separately for each plan by estimating the amounts of future pension entitlements, which are discounted to their present values at the end of the reporting period. A discount rate is used equivalent to the rate of return on high-grade corporate bonds with an AA rating denominated in the same currency as the pension obligations and with similar maturities. At the end of the reporting period, the amount of the pension obligations is actuarially calculated with consideration of assumptions on future developments and with application of the so-called projected-unit-credit method. The assumptions underlying the calculations are based on published country-specific statistics and on experience. In addition to estimates of future income and pension developments, they also include biometric assumptions. The latter are based on locally recognized mortality tables; these are the 2005 G Guideline Tables by Klaus Heubeck in Germany and the BVG 2010 Generation Tables in Switzerland.

ACTUARIAL ASSUMPTIONS	Eurozone	Switzerland	Other countries (weighted)	Eurozone	Switzerland	Other countries (weighted)
			2015			2014
Discount rate	2.25%	0.90%	2.35%	2.00%	1.40%	2.80%
Projected increase in wages and salaries	2.75%	0.60%	2.55%	2.75%	0.60%	2.70%
Projected pension increase	1.50%	0.00%	0.75%	1.50%	0.00%	1.20%

Gains and losses from changes in actuarial assumptions and from experience adjustments are recognized in other comprehensive income in the period in which they occur. Past service cost due to the curtailment, introduction or amendment of plans is recognized in profit or loss as incurred. The same applies to gains or losses from the settlement of plans.

COMPOSITION BY REGION	Eurozone	Switzer-land	Other countries	Total	Eurozone	Switzer-land	Other countries	Total
				2015				2014
Defined benefit obligation of funded pension plans	167.2	117.9	31.3	316.4	181.9	113.0	33.0	327.9
Defined benefit obligation of non-funded pension plans	300.4	–	48.4	348.8	430.5	–	49.0	479.5
Defined benefit obligation of all pension plans	**467.6**	**117.9**	**79.7**	**665.2**	**612.4**	**113.0**	**82.0**	**807.4**
in percent	70%	18%	12%	100%	76%	14%	10%	100%
Defined benefit obligation of funded pension plans	167.2	117.9	31.3	316.4	181.9	113.0	33.0	327.9
Fair value of plan assets	167.7	84.7	28.3	280.7	169.0	88.3	31.6	288.9
Funded status	**-0.5**	**33.2**	**3.0**	**35.7**	**12.9**	**24.7**	**1.4**	**39.0**
thereof provisions for pensions	11.6	33.2	3.0	47.8	18.1	24.7	1.4	44.2
thereof net assets	12.1			12.1	5.2			5.2
Provision for funded pension plans	11.6	33.2	3.0	47.8	18.1	24.7	1.4	44.2
Provision for non-funded pension plans	300.4	–	48.4	348.8	430.5	–	49.0	479.5
Provisions for pensions and similar obligations, total	**312.0**	**33.2**	**51.4**	**396.6**	**448.6**	**24.7**	**50.4**	**523.7**

Of gross defined benefit obligations of €665.2 million (previous year: €807.4 million), 70 percent (previous year: 76 percent) relates to the countries of the Eurozone. A further 18 percent (previous year: 14 percent) relates to Switzerland and 12 percent (previous year: 10 percent) relates to other non-Eurozone countries, especially Scandinavian countries and the United Kingdom. In the Eurozone, the majority of the pension plans in the amount of €419.5 million relates to Germany (previous year: €527.1 million) and €30.4 million relates to obligations in Austria (previous year: €66.0 million).

The pension plans of Group companies in Germany are generally structured so that employees receive commitments to retirement, invalidity and dependants pensions in the form of lifetime annuities whose amount depends on the length of time worked at the Group and partially also on an employee's level of wage or salary. In addition to direct pension commitments, generally to managerial staff, commitments exist at the Bilfinger Group in the context of company agreements often reached indirectly through relief and pension funds or in the form of direct insurance. The adjustment of pensions to price developments takes place in line with the provisions of applicable law at the latest after three years.

For the employees of Bilfinger SE and some domestic subsidiaries, plans exist for occupational retirement, invalidity and dependants pensions granting the employees entitlement to annual contribution credits to an individual retirement benefit account. The amount of the contribution credits is staggered by contribution group or for managerial staff is contractually agreed. Furthermore, employees have the possibility to make additional contributions out of their wages or salaries in order to improve their company pensions. The interest paid on the respective retirement benefit account balances is based on the returns achieved on the related plan assets, whereby a minimum return of 2 percent per annum is guaranteed by the company. Pension payments can, if applicable and desired by the employee, be made in a lump sum, in installments or in the form of an annuity after the employee has left the company, but at the earliest at the age of 60. The direct benefit obligation (DBO) at the end of the reporting period amounts to €107.7 million. Due to the fact that payments are made on a defined contribution basis, risks from deviations of the actual developments from biometric assumptions are largely excluded.

In order to protect employees' rights from these pension commitments, assets in a total amount of €118.6 million have been placed in a contractual trust arrangement (CTA), based on the model of a two-way trust and protected against insolvency. In this context, Bilfinger SE had previously transferred assets to the administration of an independent trustee. With regard to investment policy, the trustee is bound by the decisions of an investment committee commissioned by the trustor. The investment strategy follows a total return approach with strict risk limitation. No obligations exist to make further payments into the plan assets.

In Switzerland, company pensions are subject to the Federal Act on Company Retirement, Dependants and Invalid Provision (BVG), whereby such plans are to be administered by legally independent funds. These funds are managed by a board of directors comprising equal numbers of representatives of the employees and of the employers, and are subject to state supervision. The plan benefits include retirement pension, invalidity pension and dependants pension. The BVG sets certain minimum thresholds in this respect and obliges employers and employees to pay appropriate wage-related contributions into a fund. Employees' pension rights exist solely in relation to the fund; there is no liability on the part of the employer. In the case of the fund having insufficient cover, however, suitable remediation measures are to be taken in order to eliminate the deficit within an appropriate time. Within the context of these measures, additional contributions may have to be paid by employees and employer. Retirement benefits are defined by the contribution primacy, risk benefits are defined by the benefit primacy. The plan assets are invested together with the assets of other pension plans. For each employee, an individual retirement benefit account exists, to which the annual contributions are credited and accrue interest. As of the balance-sheet date, obligations of €117.9 million are recognized (previous year: €113.0 million) while plan assets are measured at €84.7 million (previous year: €88.3 million). There is thus a cover shortfall of €33.2 million (previous year: €24.7 million), primarily due to the lower level of interest rates and increased life expectancy following the introduction of the generation-specific BVG 2010 mortality table in 2011. The cover shortfall is to be eliminated in the medium term by taking suitable measures, in particular by reducing the interest credits on pension accounts. The employer contributions to the Swiss pension plans anticipated in 2016 amount to €5.6 million (previous year: €4.2 million).

Pension obligations in Austria are claims to severance payments in accordance with national regulations which arose before 2003 and are to be paid as lump sums following termination of employment by the employer or upon retirement. Since 2003, employers have had to pay wage-related contributions to an employee benefit fund in order to finance those claims. These plans qualify as defined contribution plans and the related expenses are therefore recognized as soon as a payment obligation arises.

PENSION PLANS	Funded	Non-funded	Total	Funded	Non-funded	Total
			2015			2014
Defined benefit obligation at January 1	**327.9**	**479.5**	**807.4**	**285.2**	**393.8**	**679.0**
Reclassification to liabilities classified as held for sale	-2.9	-122.6	-125.5	-18.4	-4.1	-22.5
Interest cost on DBO	6.2	7.2	13.4	8.4	13.5	21.9
Service cost	4.0	5.0	9.0	5.0	7.5	12.5
current service cost	7.3	6.0	13.3	6.0	7.2	13.2
past service cost	1.7	-0.9	0.8	-1.1	0.3	-0.8
gains / losses on settlements	-5.0	-0.1	-5.1	0.1	0.0	0.1
Settlement payments	-24.7	-1.3	-26.0	-0.1	0.0	-0.1
Pension payments	-14.8	-12.6	-27.4	-12.0	-19.3	-31.3
Employee contributions	6.8	0.2	7.0	4.1	0.0	4.1
Currency adjustments	12.5	1.5	14.0	1.1	-1.1	0.0
Additions to the consolidated group	0.0	0.0	0.0	0.0	14.0	14.0
Disposals from the consolidated group	0.0	-1.6	-1.6	-0.9	0.0	-0.9
Transfers to / from other companies	0.1	0.0	0.1	12.7	0.0	12.7
Actuarial gains (-) / losses (+)	1.3	-6.5	-5.2	42.8	75.2	118.0
from changes in demographic assumptions	0.0	-0.1	-0.1	1.1	3.4	4.5
from changes in financial assumptions	2.4	-11.1	-8.7	42.5	71.5	114.0
from experience adjustments	-1.1	4.7	3.6	-0.8	0.3	-0.5
Defined benefit obligation at December 31	**316.4**	**348.8**	**665.2**	**327.9**	**479.5**	**807.4**
Fair value of plan assets at January 1	**288.9**		**288.9**	**274.3**		**274.3**
Reclassification to assets classified as held for sale	-1.6		-1.6	-16.6		-16.6
Interest income on plan assets	5.7		5.7	8.4		8.4
Settlement payments	-22.5		-22.5	-0.1		-0.1
Pension payments	-14.8		-14.8	-12.0		-12.0
Allocations to fund (company contributions)	12.2		12.2	12.6		12.6
Allocations to fund (employee contributions)	6.8		6.8	4.2		4.2
Currency adjustments	9.5		9.5	0.5		0.5
Additions to the consolidated group	0.0		0.0	0.0		0.0
Disposals from the consolidated group	0.0		0.0	-0.9		-0.9
Transfers to / from other companies	0.2		0.2	12.8		12.8
Remeasurements	-3.7		-3.7	5.7		5.7
Changes from asset ceiling	0.0		0.0	0.0		0.0
Fair value of plan assets at December 31	**280.7**		**280.7**	**288.9**		**288.9**
Defined benefit obligation at December 31	**316.4**	**348.8**	**665.2**	**327.9**	**479.5**	**807.4**
Fair value of plan assets at December 31	**280.7**		**280.7**	**288.9**		**288.9**
Funded status at December 31	-35.7	-348.8	-384.5	-39.0	-479.5	-518.5
Net pension provisions at December 31	**47.8**	**348.8**	**396.6**	**44.2**	**479.5**	**523.7**
Net plan assets at December 31	**12.1**		**12.1**	**5.2**		**5.2**
Gains / losses recognized in profit or loss						
Current service cost	-7.3	-6.0	-13.3	-6.0	-7.2	-13.2
Past service cost	-1.7	0.9	-0.8	1.1	-0.3	0.8
Gains / losses from plan settlements	5.0	0.1	5.1	-0.1	0.0	-0.1
Net interest cost (-) / income (+)	-0.5	-7.2	-7.7	0.0	-13.5	-13.5
Net pension cost	**-4.5**	**-12.2**	**-16.7**	**-5.0**	**-21.0**	**-26.0**

In the income statement, service costs and any gains or losses from settlements are allocated to the respective functional areas and are thus included in EBIT. The net interest cost from the interest accrued on the net pension obligation is presented under interest expense.

The defined contribution pension expense amounted to €41.4 million (previous year: €33.4 million).

The weighted average duration of the pension obligations is 14.4 years.

COMPOSITION OF PLAN ASSETS

	Dec.31, 2015	Dec.31, 2014
Total assets	**280.7**	**288.9**
Assets with a quoted market price	**231.6**	**239.7**
Cash and cash equivalents	3.9	6.6
Equity instruments	22.4	21.7
thereof shares Europe, North America and Australia	22.3	21.6
thereof shares emerging markets	0.1	0.1
Debt instruments	88.0	87.8
thereof government bonds	36.1	28.8
thereof corporate bonds investment grade	38.6	44.2
thereof corporate bonds non-investment grade	0.7	0.8
thereof covered bonds	12.6	14.0
Investment funds	116.7	123.1
thereof equity funds	15.4	13.9
thereof bond funds	30.0	47.7
thereof money-market funds	5.4	5.9
thereof real-estate funds	0.0	2.7
thereof other funds	65.9	52.9
Other assets	0.6	0.5
Assets without a quoted market price	**49.1**	**49.2**
Equity instruments	3.6	4.1
thereof shares	3.4	3.9
thereof other equity instruments	0.2	0.2
Debt instruments	1.0	1.0
thereof bonds	0.0	0.0
thereof other debt instruments	1.0	1.0
Real-estate properties	17.8	15.0
thereof used by the Group	0.0	0.0
Qualifying insurance policies	23.5	26.3
Other assets	3.2	2.8

For 2016, contribution payments to pension plans in the amount of €16 million are planned.

The pension obligations, which exist as of the balance-sheet date, are expected to result in the following – undiscounted – cash outflows in the next 10 financial years:

EXPECTED PENSION PAYMENTS

	2016	2017	2018	2019	2020	2021-25
	30	29	29	31	32	171

Contributions of €113.8 million were paid to state pension insurance institutions (previous year: €98.4 million).

Due to the pension plans, the Group is exposed to various risks. A reduction in the interest rate used to discount the provisions for pensions (interest rate for high-grade corporate bonds) would cause the pension obligations to increase. There would be corresponding effects from higher-than-expected income and pension increases. Higher life expectancies than assumed would also lead to an increase in pension obligations, especially when fixed benefits are paid which are independent of the contributions paid in the past. If plan assets exist to cover the pension obligations, it is assumed that they accrue interest at the rate of interest used to discount defined benefit obligations. If the actual interest rate is lower, this leads to an increase in the net pension obligations. For pension plans denominated in foreign currencies, exchange-rate risks also exist.

The following sensitivity analysis shows the change in the pension obligations (DBO) in millions of euros caused by a change in one of the assumptions upon which the calculation is based when all the other assumptions remain unchanged. The calculation methods are otherwise unchanged.

SENSITIVITY ANALYSIS ON ACTUARIAL ASSUMPTIONS

	Defined benefit obligation Dec. 31, 2015	
	0.5 percentage point increase	0.5 percentage point decrease
Discount rate	-40.2	45.5
Projected wages and salaries	13.8	-12.8
Projected pension increase	24.4	-22.3
	1 year increase	1 year decrease
Life expectancy	27.0	-26.8

23. Current tax liabilities and other provisions

	Current tax liabilities	Risks relating to contracts and litigation	Warranty risks	Personnel-related obligations	Restructuring measures	Other uncertain liabilities	Other provisions	Total
As of January 1, 2015	**89.1**	**127.1**	**79.8**	**75.0**	**82.6**	**151.8**	**516.3**	**605.4**
Utilization	57.8	41.7	8.4	14.5	45.3	76.2	186.1	243.9
Release	7.7	11.5	15.2	4.1	5.8	10.9	47.5	55.2
Additions	32.3	60.8	24.9	28.2	38.2	133.8	285.9	318.2
Currency adjustments	1.3	0.0	0.4	0.8	-0.3	0.2	1.1	2.4
Changes in the consolidated group	-0.4	-2.2	-0.7	-2.2	-1.2	-2.6	-8.9	-9.3
Reclassification of Power activities	-5.3	-30.6	-20.2	-21.3	-17.1	-22.1	-111.3	-116.6
As of December 31, 2015	**51.5**	**101.9**	**60.6**	**61.9**	**51.1**	**174.0**	**449.5**	**501.0**

Maturities of current tax liabilities and other provisions

	Non-current		Current		Total	
	2015	2014	2015	2014	2015	2014
Current tax liabilities	0.0	0.0	51.5	89.1	51.5	89.1
Other provisions	49.7	55.0	399.8	461.3	449.5	516.3
Risks relating to contracts and litigation	9.0	7.9	92.9	119.2	101.9	127.1
Warranty risks	12.6	12.8	48.0	67.0	60.6	79.8
Personnel-related obligations	24.1	29.3	37.8	45.7	61.9	75.0
Restructuring measures	0.0	0.0	51.1	82.6	51.1	82.6
Other uncertain liabilities	4.0	5.0	170.0	146.8	174.0	151.8
Total	49.7	55.0	451.3	550.4	501.0	605.4

Risks relating to contracts and litigation primarily comprise provisions for risks from current projects, provisions for reworking and provisions for litigation risks.

Court proceedings in Vancouver, Canada, related to extensive claims regarding the construction of two tunnels for drinking water treatment were concluded through a settlement out of court. Bilfinger had sufficient balance-sheet provisions in place.

Warranty risks primarily comprise provisions for warranties related to individual cases from the valuation of projects.

Personnel-related obligations mainly consist of provisions for employee anniversaries and pre-retirement part-time employment as well as provisions for personnel severance compensation that do not relate to restructuring measures. The amount of employee anniversaries and pre-retirement part-time employment is calculated annually by external experts.

The provisions for restructuring measures relate to commitments associated with the efficiency-enhancement program Bilfinger Excellence in the amount of €12.7 million (previous year: €52.0 million) and other restructuring measures in the amount of €38.4 million (previous year: €30.6 million). In addition to costs for site closures, the provisions primarily relate to severance payments for departing employees.

Other contingent liabilities include a provision for risks in connection with discontinued operations, provisions for contingent losses, costs of annual financial statements, compensation for damages and consultant costs, and other miscellaneous provisions.

24. Financial debt

	Non-current		Current		Total	
	2015	2014	2015	2014	2015	2014
Bank debt (non-recourse)	12.5	12.6	0.7	26.9	13.2	39.5
Financial debt, non-recourse	12.5	12.6	0.7	26.9	13.2	39.5
Bonds (recourse)	500.0	500.0	0.0	0.0	500.0	500.0
Bank debt (recourse)	1.5	3.9	5.0	25.8	6.5	29.7
Finance leases	11.2	11.9	1.7	2.1	12.9	14.0
Financial debt, recourse	512.7	515.8	6.7	27.9	519.4	543.7

Project-related non-recourse financing is taken out solely on the respective financed project, without any recourse to Bilfinger.

The decrease in non-current financial debt non-recourse is a result of the sale of the project company Power Office in the reporting year.

Liabilities from bonds relate to an unsubordinated, unsecured bond placed in December 2012 in the amount of €500 million, for which repayment is due in December 2019.

25. Trade and other payables

	2015	2014
Liabilities from derivatives, non-current		
in hedging relationships	0.0	0.8
not in hedging relationships	0.3	1.8
	0.3	**2.6**
Other non-current financial, non-derivative liabilities	17.1	19.3
Other non-current liabilities	**17.4**	**21.9**
Trade payables	668.8	858.0
advance payments received from construction contracts	116.7	239.6
liabilities to joint ventures and consortiums	52.9	69.3
liabilities to companies in which equity is held	4.6	20.8
	843.0	**1,187.7**
Liabilities from derivatives, current		
in hedging relationships	1.7	2.0
not in hedging relationships	6.9	13.2
	8.6	**15.2**
Other current financial, non-derivative liabilities	235.1	274.2
Trade and other current payables	**1,086.7**	**1,477.1**

26. Other liabilities

	2015	2014
Liabilities for sales tax and other taxes	166.8	176.0
Personnel obligations	99.1	121.4
Social-security levies	46.0	40.8
Deferred income and / or accrued expenses	32.0	31.7
Total	**343.9**	**369.9**

27. Additional information on financial instruments

The carrying amounts and fair values of financial assets and financial liabilities, classified according to the categories of IAS 39 and indicating the fair value hierarchy according to IFRS 13, are as follows:

	Level according to IFRS 13 hierarchy	IAS 39 category	Carrying amount	Fair value	Carrying amount	Fair value
				2015		2014
Assets						
Equity interests (available for sale, at cost)	–	AfS-aC	1.5	–	14.2	–
Receivables	2	LaR	1,416.4	1,416.4	1,805.0	1,805.0
Other financial, non-derivative assets	2	LaR	73.9	73.9	112.2	112.2
Securities	1	AfS	0.2	0.2	0.6	0.6
Securities	2	HtM	0.0	0.0	0.1	0.1
Cash and cash equivalents	1	LaR	429.3	429.3	403.1	403.1
Derivatives						
in hedging relationships	2	(Hedge)	2.7	2.7	4.9	4.9
not in hedging relationships	2	FAHfT	3.1	3.1	7.2	7.2
Liabilities						
Financial debt, non-recourse	2	FLAC	13.2	15.7	39.5	41.0
Financial debt recourse, bonds	1	FLAC	500.0	499.1	500.0	532.5
Financial debt recourse, without bonds and finance leases	2	FLAC	6.5	6.5	29.7	29.7
Finance leases, recourse	2	(IAS 17)	12.9	18.2	14.0	20.3
Liabilities	2	FLAC	843.0	843.0	1,187.7	1,187.7
Other non-derivative liabilities	2	FLAC	252.2	252.2	293.5	293.5
Derivatives						
in hedging relationships	2	(Hedge)	1.7	1.7	2.8	2.8
not in hedging relationships	2	FLHfT	7.2	7.2	15.0	15.0
Valuation category						
Loans and receivables		LaR	1,919.6	1,919.6	2,320.3	2,320.3
Available-for-sale financial assets		AfS	0.2	0.2	0.6	0.6
Available-for-sale financial assets at cost		AfS-aC	1.5	–	14.2	–
Held-to-maturity financial investments		HtM	0.0	0.0	0.1	0.1
Financial assets held for trading		FAHfT	3.1	3.1	7.2	7.2
Financial liabilities held for trading		FLHfT	7.2	7.2	15.0	15.0
Financial liabilities at amortized cost		FLAC	1,614.9	1,616.5	2,050.4	2,084.4

AGGREGATED PRESENTATION ACCORDING TO IFRS 13 HIERARCHY LEVELS	Level	Recognized at fair value	Fair value for information only in the Notes	Recognized at fair value	Fair value for information only in the Notes
			2015		2014
Assets	1	0.2	429.3	0.6	403.1
	2	5.8	1,490.3	12.1	1,917.3
	3	0.0	0.0	0.0	0.0
Liabilities	1	0.0	499.1	0.0	532.5
	2	8.9	1,135.6	17.8	1,572.2
	3	0.0	0.0	0.0	0.0

For cash and cash equivalents, current receivables and liabilities and current other financial non-derivative assets and other non-derivative liabilities, the carrying amounts are approximately equal to the fair values due to the short residual terms.

The fair values of non-current financial assets and financial liabilities, which include the measurement categories *loans and receivables, held-to-maturity financial investments* and *financial liabilities at amortized cost*, correspond to the present values calculated using current market-based interest-rate parameters.

For derivatives, the fair values are determined with the use of recognized financial-mathematical methods on the basis of observable market data such as exchange rates, interest rates and commodity prices (forwards and swaps: present-value method; options: option-pricing models).

The fair values of the available-for-sale securities and of the recourse financial debt from the bonds issues in financial year 2012 are derived from the respective stock-exchange prices.

Equity interests are measured at cost of acquisition as fair values cannot be reliably determined.

Hierarchy of fair values by valuation inputs:
All assets and liabilities either measured at fair value or for which fair-value disclosures are required are categorized within a level of the following IFRS 13 measurement hierarchy based on the quality and objectiveness of the inputs used in valuation:

Level 1: Current (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Market data other than the inputs in Level 1 such as prices in active markets for similar assets or liabilities, prices for identical assets or liabilities in markets that are not active, market-corroborated inputs (interest rates, implied volatilities, credit spreads) and derived prices or valuation inputs. Level 2 inputs may have to be adjusted to reflect the features of the asset or liability being measured (condition, location, market activity, etc.).

Level 3: Unobservable inputs, i.e., not market data but estimates and the Group's own information. This data is to be adjusted so that it reflects the assumptions of the (fictive) market participants.

The assessment as to whether financial assets and liabilities are to be reclassified between the different levels of the IFRS 13 hierarchy levels is made at the end of the reporting period. No reclassifications between the IFRS 13 measurement hierarchy levels took place in the reporting year.

Net earnings from financial instruments classified according to IAS 39 measurement categories are as follows:

	IAS 39 category	2015	2014
Valuation category			
Loans and receivables	LaR	-20.0	-5.9
Available-for-sale financial assets	AfS	-12.0	7.1
Financial instruments held for trading	FAHfT & FLHfT	16.3	0.9
Financial liabilities at amortized cost	FLAC	-1.6	-0.7

Interest and dividends are not components of net earnings shown.

The net earnings of the measurement category *loans and receivables* include impairments (reporting year: €10.2 million, previous year: €5.7 million) reversals and income / expenses from currency translation.

The net earnings of the measurement category *available-for-sale financial assets* include gains / losses realized on disposals and impairments (reporting year €12.7 million, previous year: €0.1 million).

The net earnings of the measurement category *financial instruments held for trading* include gains / losses on measurement at fair value as well as gains / losses realized on disposals.

The net earnings of the measurement category *financial liabilities at amortized cost* primarily comprise gains / losses realized on currency translation.

With regard to impairment losses, see also the development of the account for allowances for non-collection of trade receivables (see Note 19).

The derivatives contracted by Bilfinger are partially subject to legally enforceable netting arrangements (ISDA agreement, German framework contract for currency futures), which, however, do not allow any offsetting of receivables and payables in the balance sheet under IAS 32.42, i.e., there is no current legally enforceable right to offsetting with the simultaneous intention to settle on a net basis, but the right to offset in the case of delayed payment or insolvency on the part of a contracted party. These items are therefore presented in the balance sheet on a gross basis. The carrying amount of the derivatives that were subject to offsetting agreements with positive fair values is €4.5 million (previous year: €4.5 million); the carrying amount of the corresponding derivatives with negative fair values is €7.2 million (previous year: 3.2 million). The offsettable amount is €3.1 million (previous year: €3.2 million). This results in arithmetical net assets of €1.4 million (previous year: €1.3 million) and net liabilities of €4.1 million (previous year: €0.0 million). No contractual arrangements exist with regard to offsetting other financial assets and liabilities.

28. Risks related to financial instruments, financial risk management and hedging relationships

We monitor financial risks (default risks, liquidity risks and market-price risks) with proven control mechanisms that allow for timely and transparent reporting. The Group's reporting system guarantees the regular identification, analysis, assessment and management of financial risks by Corporate Treasury. All relevant equity interests and joint ventures are included in this monitoring. There is no extraordinary concentration of risk.

Fundamental questions of risk management such as defining or reviewing methods, limits or risk strategies are dealt with by a steering committee with the direct involvement of the Executive Board.

Default risk is the risk that a contracting party of a financial instrument does not fulfill its payment obligations. Positive market values and the investment of liquid funds in banks result in credit risks from these banks. In the case of a default of the bank, there is the risk of a loss, which can have a negative impact on our results of operations, net assets and financial position. We counter such risks by entering into relevant financial transactions, as a rule, with banks that are classified by the Financial Stability Board as system relevant or that have a public rating of at least A. In addition, on the basis of an internal limit system, a diversification of volumes and maturities takes place.

The risk of default on receivables in our business operations is regularly monitored and controlled by the companies of the Group. In this context, use is made, for example, of guarantees and sureties.

In connection with receivables and other financial non-derivative assets, possible default risks are reflected by impairments.

The maximum default risk connected with financial assets (e.g., cash and cash equivalents, securities, loans, receivables, derivative financial instruments) is equal to their carrying amounts in the balance sheet.

Liquidity risk is the risk that a company will have difficulties fulfilling the payment obligations arising from its financial liabilities. As a result of an unexpected negative business development, increased financing needs can occur in the operating units. At the same time, a negative business development can also lead to a changed creditworthiness assessment of Bilfinger, particularly by rating agencies and banks, which can lead to more difficult and more expensive financing or more difficult and more expensive provision of securities and guarantees. In addition, external financing can result in a worsened dynamic gearing ratio. This metric is limited by the financial covenant. Any breach of the financial covenant can lead directly or, through cross-default clauses, indirectly to the repayment call of all financing on a recourse basis and can thereby also lead to an unplanned loss of liquidity.

We counter this risk by centrally monitoring liquidity development and risks in the Group using a rolling cash flow planning and introducing countermeasures at an early stage. Within the context of central financing, Bilfinger SE provides its subsidiaries with the required liquidity. With the exception of economically less relevant regions, the Group's internal equalization of liquidity in Europe and the USA is supported by cross-border cash pooling.

Investment financing is carried out with consideration of matching maturities. In financial year 2012, a €500 million bond with maturity in 2019 and a fixed interest rate throughout the entire term was issued. To finance working capital, we have a €500 million pre-approved credit line at attractive conditions that is in place until June 2018. It includes a financial covenant in the form of a limitation of the dynamic gearing ratio net debt/EBITDA. The value as of December 31, 2015 is substantially below the contractually agreed cap. Any breach of the financial covenant, if there is no adjustment agreed with the lenders, can lead directly or, through cross-default clauses, indirectly to the repayment call of all financing on a recourse basis.

The credit facilities of more than €2,000 million available for the execution of our project and services business are of sufficient size to provide support for continued corporate development. In addition, we have a US surety program in the amount of USD 700 million for the execution of our business in North America. All credit commitments can be called due prematurely in the case of a change of control.

The following chart shows the future contractual undiscounted payments on financial liabilities as of December 31, 2015 and December 31, 2014 (repayments, capital repayments, interest and derivatives with negative fair values). For derivative financial liabilities to be fulfilled on a gross basis (currency derivatives), payments received and payments made are shown; for derivative financial liabilities to be fulfilled on a net basis (interest-rate derivatives and commodity derivatives), net payments are shown.

	Carrying amount	Total	2016	2017	2018	2019-22	> 2022
2015							
Financial debt, non-recourse	13.2	**18.1**	2.0	1.4	1.4	3.1	10.2
Financial debt, recourse, excluding finance leases	506.5	**554.1**	17.1	12.4	12.2	512.4	–
Finance leases, recourse	12.9	**18.8**	2.0	1.5	1.1	6.2	8.0
Liabilities	843.0	**843.0**	836.9	1.4	1.3	3.3	0.1
Other financial, non-derivative liabilities	252.2	**253.1**	237.2	3.1	6.1	3.5	3.2
Derivative financial liabilities to be fulfilled on a net basis	1.7	**1.7**	1.7	–	–	–	–
Derivative financial liabilities to be fulfilled on a gross basis	7.2						
Payments received		**301.3**	293.8	6.9	0.3	0.3	–
Payments made		**307.3**	299.3	7.3	0.3	0.4	–
		6.0	5.5	0.4	0.0	0.1	–

	Carrying amount	Total	2015	2016	2017	2018-21	> 2021
2014							
Financial debt, non-recourse	39.5	**42.6**	27.3	1.1	1.4	5.4	7.4
Financial debt, recourse, excluding finance leases	529.7	**589.1**	38.0	12.6	12.2	526.3	0.0
Finance leases, recourse	14.0	**20.5**	2.3	1.5	1.2	6.4	9.1
Liabilities	1,187.7	**1,187.7**	1,181.7	1.1	1.5	1.9	1.5
Other financial, non-derivative liabilities	293.5	**293.6**	274.3	6.5	0.1	9.1	3.6
Derivative financial liabilities to be fulfilled on a net basis	3.9	**3.9**	3.1	0.8	0.0	0.0	0.0
Derivative financial liabilities to be fulfilled on a gross basis	13.9						
Payments received		**382.1**	305.1	71.5	5.5	0.0	0.0
Payments made		**393.8**	314.2	73.7	5.9	0.0	0.0
		11.7	9.1	2.2	0.4	0.0	0.0

With its international operations, the Bilfinger Group is subject to various market-price risks, relating in particular to currency exchange rates, interest rates, raw-material prices and the market values of financial investments. We counteract market price risks by protecting against certain currency, interest rate and commodity risks through derivative financial instruments. Our centralized controlling of market price risks allows us to net out cash flows and financial positions to a large extent. We make use of derivative financial instruments to minimize residual risks and the resulting fluctuations in earnings, valuations and cash flows. Depending on the development of exchange rates and interest rates, hedging transactions could affect our results of operations, net assets and financial position. We therefore do not undertake any financial transactions beyond the underlying business risk. Hedging is primarily carried out via micro-hedges.

Currency risk is the risk that the fair values or future payments of financial instruments might change due to exchange-rate movements. As a globally active company, we are subject to exchange rate fluctuations, e.g. between the euro and the US dollar, since a portion of our volume of business is generated in the USA. An appreciation of the euro, in particular against the US dollar, could thus have a negative impact on our earnings situation. We use currency futures or currency options to hedge risks relating to foreign-currency cash flows (not translation risks) and balance-sheet items denominated in foreign currencies. We generally hedge against transaction risks in the project business for the entire project period immediately after a contract is received. In some cases this is already done during the bidding phase. Risk management takes place with the use of specified risk limits for outstanding foreign-exchange items, their value at risk and marked-to-market results. All future cash flows that are not denominated in the functional currency of the respective company of the Group are subject to currency risk.

Interest-rate risk is the risk that the fair values or future payments of financial instruments might change due to movements in market interest rates. We counteract the risks of interest-rate changes by continually reviewing and, when required, adjusting the composition of recourse liabilities subject to fixed and variable interest rates. We assess risks in consideration of future needs for new financing or refinancing on the basis of a cash-flow-at-risk model. The borrowing costs budgeted within the scope of the cost-of-capital model serve as a point of reference. To manage this, we generally apply derivative financial instruments such as interest-rate swaps and swaptions.

Raw-material price risk is the risk of changes in the market prices of those raw materials that the Group purchases. Whenever possible, we hedge against the risk of price fluctuations of raw materials by using fixed-price agreements for materials purchases, or by stipulating clauses that allow for price adjustments when we invoice for the relevant services. If this is not possible, hedging is carried out with the use of commodity swaps, for diesel fuel or bitumen, for example.

Bilfinger uses the value-at-risk method to quantify market-price risks. The value at risk is the potential loss of a particular risk position that with a probability of 95 percent will not be exceeded during the next five days. The calculation takes place on the basis of the variance-covariance approach. The value at risk is the maximum possible loss on the basis of the specified parameters, but does not make a statement on the distribution of loss or expected extent of loss if it is actually exceeded.

When calculating the value at risk for currency risks, potential changes in the valuation of the monetary financial instruments (cash and cash equivalents, receivables, interest-bearing debt, liabilities) that are not denominated in the functional currency and currency derivatives are taken into consideration.

The value at risk for the risk of changes in interest rates takes into consideration potential changes in the valuation of financial instruments that are measured at fair value. In the reporting period, this involves interest-rate swaps designated as hedging instruments in the context of cash-flow hedges, so that the risk of a change in interest rates relates to other comprehensive income (unrealized gains / losses on hedging instruments) and not profit or loss.

The periodic effects are determined by relating the hypothetical changes in the risk variables to the volume of financial instruments held at the end of the reporting period. It is assumed that the volume at the balance-sheet date is representative of the whole year.

VALUE AT RISK

	2015	2014
Currency risk	0.9	3.8
Interest-rate risk	0.0	0.0

Due to this consistent application of the financing policy, there were no negative effects on the Group’s financial position or earnings in the past financial year.

Hedging instruments

IAS 39 includes special accounting regulations that are intended to avoid a presentation of hedging relationships that does not properly reflect the financial situation by synchronizing or compensating for changes in the values of the underlying hedged items and hedging instruments (hedge accounting). Hedge accounting is applied if there are permissible hedged items and hedging instruments and a permissible hedging relationship, documentation of the hedging relationship, and evidence of an effective hedging context. An effective hedging relationship exists if changes in the value of the hedged item are largely compensated for by changes in the value of the hedging instrument.

Cash-flow hedges serve to hedge future cash flows against exposure to changes in currency exchange rates and interest rates.

The cash-flow hedges as of the balance-sheet date are applied to hedge exposure to changes of interest rates and currency risks in connection with firm commitments.

During 2015, unrealized losses on the measurement of derivative financial instruments of €4.8 million were recognized in equity outside of profit or loss (previous year: losses of €1.5 million). In this period, gains of €2.4 million (previous year: losses of €1.3 million) were reclassified from equity to gross profit and to earnings after taxes from discontinued operations in connection with disposals.

The following overviews show when the cash flows hedged against currency risks occur and are recognized in profit or loss:

EXPECTED FOREIGN CURRENCY PAYMENTS

	2016	2017	2018	2019-22	> 2022
2015	66.6	-0.8	–	–	–
	2015	2016	2017	2018-21	> 2021
2014	170.3	52.3	1.5	1.5	0.0

EXPECTED INTEREST PAYMENTS

	2016	2017	2018	2019-22	> 2022
2015	–	0.1	0.1	0.9	2.1
	2015	2016	2017	2018-21	> 2021
2014	–	–	–	–	–

The following table shows the fair values of the various types of derivative financial instruments that Bilfinger uses to hedge market-price risks. A difference is made depending on whether they are hedge-effective or hedge-ineffective pursuant to IAS 39.

	2015	2014
Derivatives with positive fair values		
in hedging relationships		
Currency derivatives	1.6	4.9
Interest-rate swaps	1.1	–
	2.7	**4.9**
not in hedging relationships		
Currency derivatives	3.1	7.2
	3.1	**7.2**
Total derivatives with positive fair values	**5.8**	**12.1**
Derivatives with negative fair values		
in hedging relationships		
Currency derivatives	1.7	2.8
	1.7	**2.8**
not in hedging relationships		
Currency derivatives	5.5	11.1
Commodity derivatives	1.7	3.9
	7.2	**15.0**
Total derivatives with negative fair values	**8.9**	**17.8**

Other disclosures*

29. Additional information on capital management

The goal of capital management at Bilfinger is to maintain a strong financial profile including adherence to the financial covenant. In addition to securing liquidity and limiting financial risks, the focus is on maintaining sufficient financial flexibility as a precondition for the continuous further development of our business portfolio. We aim to optimize the total cost of capital on the basis of an adequate capital structure. Since 2012, the credit quality of Bilfinger has been evaluated by rating agency Standard & Poor's. On July 17, 2015, the rating was adjusted to BB+ / negative outlook (December 31, 2014: BBB+ / stable outlook).

On the basis of mid-term corporate planning and with a view to various acquisition and development scenarios, the financial scope for action is regularly analyzed in terms of any action that might need to be taken.

30. Contingent liabilities and other financial obligations

	2015	2014
Liabilities from guarantees	47.3	25.4

Liabilities from guarantees generally relate to guarantees provided for former Group companies that were sold and companies in which Bilfinger holds a minority interest. In addition, we are jointly and severally liable as partners in companies constituted under the German Civil Code and in connection with consortia and joint ventures.

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 real-estate services, maintenance, servicing, and construction projects, or claims arising out of 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, cash flows or profitability.

The other financial obligations from operating leases also include, in line with IAS 17, other forms of arrangements for the use of assets, in particular rental agreements.

	Minimum lease payments on operating leases	
	2015	2014
< 1 year	117.3	126.1
1-5 years	203.3	194.1
> 5 years	69.6	59.8

* Figures in € million, unless stated otherwise.

The future payments from non-terminable operating leases primarily relate to real estate, scaffolding, items of equipment and furnishings, and vehicles. Some of the contracts include extension options and price adjustments clauses.

The expenses recognized in profit or loss of operating leases amounted to €224.6 million in 2015 (previous year: €210.5 million).

31. Notes to the statement of cash flows

The cash flow from operating activities of continuing and discontinued operations includes the following items in the reporting year:

	2015	2014
Interest payments	25.6	26.5
Interest received	7.1	4.0
Dividends received	19.0	14.3
Income tax payments	86.8	99.9
Tax refunds	40.1	9.9

Of the proceeds from the disposal of concession projects, €96.1 million was generated through the sale of subsidiaries in the previous year.

32. Events after the balance-sheet date

In February 2016, we sold our *Water Technologies* division to the Chinese company Chengdu Techcent Environment Group. Net proceeds from the sale for Bilfinger will amount to approximately €200 million after deducting transaction-related expenses. Subject to the necessary approval from the responsible antitrust authorities, the transaction should be concluded in the first quarter of 2016 and the net proceeds from the sale will flow to Bilfinger as additional liquidity.

In addition, we have received offers for a possible acquisition of the *Building, Facility Services* and *Real Estate* divisions in the Building and Facility business segment from various interested parties. The Executive Board has decided to subject the offers to a careful review in the best interest of the Company. The review will be conducted without any fixed expectations regarding the results.

33. Executive and Supervisory Board

More details on the remuneration of members of the Executive Board and the Supervisory Board is included in the remuneration report which is a component of the combined management report.

Compensation for the members of the Executive Board is comprised of several components which are presented in the table below (remuneration pursuant to German accounting standard GAS 17).

€ thousand	Non-performance-related remuneration				Performance-related remuneration								Total remuneration		Expense recognized from share-based remuneration	
	Fixed remuneration		Fringe benefits		Short-term incentive 2015		Long-term incentive 2015 (share-based)		Profit-sharing 65% immediately		Profit-sharing 35% (share-based)					
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Per H. Utnegaard (from June 1, 2015, Chairman)	700	–	6	–	1,167	–	339	–	–	–	–	–	2,212	–	68	–
Axel Salzmann (from April 1, 2015, Chief Financial Officer)	450	–	18	–	375	–	426	–	–	–	–	–	1,269	–	104	–
Michael Bernhardt (from November 1, 2015, Member of the Executive Board)	300[1]	–	5	–	36	–	44	–	–	–	–	–	385	–	3	–
Dr. Jochen Keysberg (Member of the Executive Board)	600	466	94	88	219	–	480	–	–	455	–	244	1,393	1,253	14	130
Herbert Bodner (August 9, 2014 to May 31, 2015, interim Chairman)	1,125	1,125	46	46	–	–	–	–	–	–	–	–	1,171	1,171	–	–
Roland Koch (until August 8, 2014, Chairman)	–	497	–	67	–	–	–	–	–	761	–	408	–	1,733	–	-24
Joachim Müller (until March 31, 2015, Chief Financial Officer)	125	499	12	45	–	–	–	–	–	438	–	235	137	1,217	-147	57
Joachim Enenkel (until October 2, 2015, Member of the Executive Board)	375	499	30	52	–	–	–	–	0	438	140	235	545	1,224	-147	1
Pieter Koolen (until August 24, 2015, Member of the Executive Board)	268	400	30	50	–	–	–	–	0	350	113	188	411	988	-68	161
Executive Board total	3,943	3,486	241	348	1,797	–	1,289	–	0	2,442	253	1,310	7,523	7,586	-173	325

[1] Including one-time payment of €200 thousand

Total remuneration as defined by IAS 24 was €12,006 thousand (previous year: €13,635 thousand). Of that amount, €5,981 thousand was accounted for by short-term employee benefits (previous year: €6,456 thousand), €2,632 thousand by post-employment benefits (previous year: €1,125 thousand), €3,566 thousand by termination benefits (previous year: €5,729 thousand) and minus €173 thousand by long-term share-based remuneration (previous year: €325 thousand). Termination benefits relate to Joachim Enenkel, Pieter Koolen and Joachim Müller.

The total remuneration paid to former members of the Executive Board or their surviving dependants amounted to €9,976 thousand (previous year: €6,639 thousand). This figure includes, among other things, severance payments and compensation for non-competition. The present value of future pension obligations for those persons calculated according to IAS 19 amounts to €28,138 thousand (previous year: €31,470 thousand).

The total remuneration of the members of the Supervisory Board amounts to €1,392 thousand (previous year: €1,338 thousand), including reimbursement of expenses of €92 thousand (previous year: €37 thousand).

34. Share-based payment

Members of the Executive Board receive variable remuneration according to a profit-sharing model. The members of the Executive Board therefore receive remuneration related to the average of the earnings before taxes (EBT) generated in the past three financial years, of which only 65 percent is paid out immediately. The remaining 35 percent (deferral) is paid out only after a waiting period of two years and depending on the relative development of Bilfinger's share price (in terms of total shareholder return) compared with the MDAX. The assessment of the deferral is made in accordance with the requirements of IFRS 2 for cash-settled share-based payments at the balance-sheet date; the fair value as of December 31, 2015 was €2,455 thousand (previous year: €4,712 thousand).

For members of the Executive Board appointed from financial year 2015, a long-term incentive plan (LTI) exists, which includes the annual issue of virtual shares of Bilfinger SE, so-called performance share units (PSU). The number of the PSUs is subject to adjustment during a three-year performance period depending on the achievement of the average ROCE target value as well as the development of the total shareholder return value (TSR value) of the Bilfinger share in relation to the TSR value of the shares of the remaining MDAX-listed companies. At the end of the performance period, members of the Executive Board receive a number of real shares corresponding to the final number of PSUs.

The determination of the fair value of a PSU is based on the requirements of IFRS 2 for equity-settled share-based payments at the time of granting. The measurement is conducted on the basis of a recognized method from financial mathematics. In the Monte Carlo simulation used for this purpose, a large number of possible development paths of the Bilfinger share are simulated, in addition to comparative values from the MDAX. The parameters underlying the measurement are derived in a systematic process. Annualized volatility and correlations are determined on the basis of historical daily returns. The risk-free interest rate was determined on the basis of the level of return of German government bonds with matching maturities. The following parameter values were taken into consideration when assessing the LTI:

Annualized volatility of the Bilfinger share	29.3 %
Average annualized volatility of remaining MDAX companies	25.4 %
Average correlation of the Bilfinger share to remaining MDAX values	53.8 %
Risk-free interest rate	0.1 %

The weighted average fair value of a PSU at granting was €33.24. Quantity changes as a result of non-market based conditions are considered on the balance-sheet date. On December 31, 2015, the following PSU-volumes were expected for the end of the performance period:

Per H. Utnegaard (from June 1, 2015, Chairman)	14,180
Axel Salzmann (from April 1, 2015, Chief Financial Officer)	8,204
Michael Bernhardt (from November 1, 2015, Member of the Executive Board)	1,823
Dr. Jochen Keysberg (Member of the Executive Board)	10,939
Total	**35,146**

More details on the above-mentioned components of remuneration for members of the Executive Board are included in the remuneration report, which is a component of the combined management report.

Equity-settled share-based payments also exist in the context of an employee share program 2012. Under this program, employees of German Group companies were able to acquire Bilfinger shares for up to 10 percent of their annual gross salary for an average price of €75.13 (own investment). For a maximum of five share packages each of five shares, the plan participants received one bonus share per package, totaling 12,250 shares. In addition, for each share package, participants were granted the right to one Bilfinger share free of charge (matching share) after two, four and six years (vesting periods). A precondition for the granting of matching shares is that the plan participants do not dispose of their own investment until the end of the respective vesting period and continue to be employed at the Bilfinger Group. The shares to be issued free of charge from the program have been measured at their fair value at the time of issue. That fair value for future matching shares is the result of the stock-market price of Bilfinger shares less the present value of the dividends expected during the vesting period. The average fair value of the future matching shares was €65.11 when granted. At the end of 2015, 11,285 share packages each of five shares were owned by employees, which allow them to receive the corresponding number of Bilfinger shares in 2016 and 2018 at no cost, provided the vesting conditions are met.

Within the framework of an additional employee share program in the reporting period, 2,187 employees were issued with a total of 10,935 of the company's treasury shares with certain tax advantages. Of that total, 1,980 employees acquired the shares by offsetting their price against an upcoming bonus payment. Executives were able to acquire the shares at the current stock-exchange price.

The costs resulting for Bilfinger from the share programs are deferred pro rata over the vesting period. The income recognized through profit or loss of cash-settled and equity-settled share-based payments was €0.9 million in the reporting year (previous year expense: €1.7 million).

35. Related-party disclosures

Related parties as defined by IAS 24 are persons or entities that can be influenced by the reporting company or that can exert a significant influence on the reporting company.

The significant transactions between fully consolidated companies of the Group and related parties mainly involved associates, joint ventures and non-consolidated subsidiaries. They are shown in the table below.

	Associates		Joint ventures		Non-consolidated subsidiaries	
	2015	2014	2015	2014	2015	2014
Revenue	43.0	37.7	31.1	19.8	5.9	5.6
Services received	2.1	2.1	0.0	0.0	3.3	3.5
Receivables	6.3	20.3	5.5	3.1	10.7	14.1
Liabilities	1.1	16.9	0.4	0.6	2.9	3.3
Guarantees granted	0.9	5.6	1.3	1.3	7.8	10.1

Remuneration of the Executive Board and the Supervisory Board is explained in the previous note and in the remuneration report. No further transactions with the Executive Board, the Supervisory Board and their close relations who are subject to disclosure took place in the reporting year.

Pursuant to the notification in accordance with Section 21 Subsection 1 of the German Securities Trading Act (WpHG) dated September 29, 2014, the investment company Cevian Capital II GP Limited, St. Helier, Jersey, Channel Islands, holds 25.62 percent of voting rights with respect to Bilfinger SE capital. Over the past financial year, no business was conducted between Bilfinger SE or, respectively, its Group companies and Cevian Capital.

36. Auditors' fees

The amounts listed below cover all of the services provided to the companies of the Bilfinger Group by our external auditors, Ernst & Young, in the 2015 financial year. The amounts of these services provided by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft are shown as 'thereof' in the following table.

	2015	2014
Audit fees	5.6	6.4
thereof in Germany	2.4	3.1
Other assurance fees	3.8	2.4
thereof in Germany	3.3	1.5
Tax-consulting services	0.8	0.7
thereof in Germany	0.4	0.3
Other services	0.3	0.4
thereof in Germany	0.1	0.3
Total	10.5	9.9

37. Declaration of compliance

Bilfinger SE is included in the consolidated financial statements as a listed company.

On December 16, 2015, the Executive Board and the Supervisory Board issued the annual declaration of compliance required pursuant to Section 161 of the German Stock Corporation Act (AktG) and made this permanently available to shareholders on our website as of that date.

38. List of subsidiaries and equity interests of Bilfinger SE

The list of subsidiaries and equity interests of Bilfinger SE pursuant to Section 313 Subsection 2 of the German Commercial Code (HGB) is an integral part of the audited consolidated financial statements, which have been submitted for publication in the online version of the German Federal Gazette (Bundesanzeiger). It is also published on the Internet site of Bilfinger at: http://www.bilfinger.com/en/investor-relations/reporting.

Additional information

Return-on-capital-employed controlling

€ million	
Goodwill	
Property, plant and equipment	
Other non-current assets	
Current assets	
Segment assets	
Segment liabilities	
Interest-bearing liabilities	
Non-interest-bearing liabilities	
Balance	
Financial assets, project-related	
Financial assets, division-related	
Operating financial assets	
Capital employed	
EBITA adjusted	
Interest income	
Interest income, project-related (3.0% 2015 p.a., 4.5% 2014 p.a.)	
Interest income, division-related (3.0% 2015 p.a., 4.5% 2014 p.a.)	
Return	
ROCE (return on capital employed)	
WACC (weighted average cost of capital)	
Value added, relative	
Value added, absolute	

Explanation of return-on-capital-employed controlling

Our return-on-capital-employed controlling is based on segment reporting, which is conducted in accordance with the organizational structure of our business segments. We focus only on continuing operations in order to provide better comparability over time in the consideration of return on capital employed.

Segment assets of the business segments include goodwill and intangible assets from acquisitions; property, plant and equipment; other non-current assets (with the exception of deferred tax assets), and current assets. Segment assets shown under 'Consolidation / other' include cash and cash equivalents, as well as non-current and current assets not allocated to the business segments.

Segment liabilities are deducted from segment assets. They include liabilities (with the exception of deferred tax liabilities) and provisions that are available to the company free of interest. Financial liabilities and retirement benefit obligations are not included.

We refer to segment liabilities as non-interest-bearing liabilities. The balance of segment assets and non-interest-bearing liabilities represents the capital directly employed in the business segments.

Project-related and division-related financial assets are allocated to the business segments in the context of return-on-capital controlling so that adequate capital resources are taken into consideration. As so-called operating financial assets, they adjust the balance, which results in the average tied-up interest-bearing assets. This item is termed capital employed.

Industrial		Building and Facility		Total of segments		Consolidation / other		Total continuing operations	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
800.4	785.3	840.7	729.5	1,641.1	1,514.8	0.0	0.0	1,641.1	1,514.8
270.3	288.3	95.7	81.3	366.0	369.6	127.9	119.6	493.9	489.2
18.4	26.2	15.9	15.2	34.3	41.4	34.5	89.5	68.8	130.9
936.4	928.6	705.1	661.0	1,641.5	1,589.6	1,007.4	949.1	2,648.9	2,538.7
2,025.5	2,028.4	**1,657.4**	1,487.0	**3,682.9**	3,515.4	**1,169.8**	1,158.2	**4,852.7**	4,673.6
727.3	733.7	791.8	814.2	1,519.1	1,547.9	2,059.3	1,846.4	3,578.4	3,394.3
0.0	0.0	0.0	0.0	0.0	0.0	-1,040.6	-1,013.5	-1,040.6	-1,013.5
727.3	733.7	**791.8**	814.2	**1,519.1**	1,547.9	**1,018.8**	832.9	**2,537.8**	2,380.8
1,298.2	1,294.7	**865.6**	672.8	**2,163.8**	1,967.5	**151.0**	325.3	**2,314.9**	2,292.8
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	93.9	0.0	93.9	0.0	-93.9	0.0	0.0
0.0	0.0	**0.0**	93.9	**0.0**	93.9	**0.0**	-93.9	**0.0**	0.0
1,298.2	1,294.7	**865.6**	766.7	**2,163.8**	2,061.4	**151.0**	231.4	**2,314.9**	2,292.8
127.7	189.7	**147.5**	136.7	**275.2**	326.4	**-88.9**	-64.0	**186.3**	262.4
0.0	0.0	0.0	0.0	0.0	0.0	7.6	10.1	7.6	10.1
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	2.8	0.0	2.8	0.0	-2.8	0.0	0.0
127.7	189.7	**147.5**	139.5	**275.2**	329.2	**-81.3**	-56.7	**193.9**	272.5
9.8%	14.7%	**17.0%**	18.2%	**12.7%**	16.0%	**–**	–	**8.4%**	11.9%
10.50%	10.50%	**8.50%**	9.25%	**9.75%**	10.00%	**–**	–	**9.75%**	10.00%
-0.7%	4.2%	**8.5%**	8.9%	**3.0%**	6.0%	**–**	–	**-1.4%**	1.9%
-8.6	53.7	**73.9**	68.6	**65.4**	122.2	**-97.1**	-79.0	**-31.7**	43.2

The definition of return as used in the return-on-capital-employed concept is derived from adjusted EBITA.

Interest income is earned primarily from the investment of cash deposits listed under 'Consolidation / other'.

In order to determine a measure of earnings not affected by the form of financing, interest expenses are fundamentally not taken into consideration in the context of return-on-capital-employed controlling.

Project-related and division-related interest income relates to credit entries on operating financial assets made by headquarters to the benefit of the business segments.

Return as defined by our return-on-capital-employed controlling is the sum of adjusted EBITA and the described additional financial components.

ROCE stands for return on capital employed, expressed as a percentage. It is compared with the weighted average cost of capital (WACC) for the business segments and for the entire Group.

The difference between ROCE and WACC is relative value added. Absolute value added is the difference between return and the cost of capital employed, and is equal to the amount of capital employed multiplied by relative economic value added.

Boards of the Company
Executive Board

Per H. Utnegaard, Chairman (from June 1, 2015)

Divisions:
Engineering, Automation and Control | Industrial Fabrication and Installation | Industrial Maintenance | Insulation, Scaffolding and Painting | Oil and Gas | Support Services | Power

Compliance | Communications | Corporate Office | Legal & Insurance | Strategy

Memberships in comparable monitoring boards of other German and foreign companies:
Envirotainer International AB, Upplands Vasby / Sweden (until January 31, 2016)
Palletways Europe GmbH, Baar / Switzerland (Chairman)
SSP Group plc, London / UK
Swissport International AG, Zurich / Switzerland (Deputy Chairman)

Michael Bernhardt (from November 1, 2015)

Human Resources (Labor Director)

Dr. Jochen Keysberg

Divisions:
Building | Facility Services | Real Estate | Water Technologies | Offshore Systems

Bilfinger Government Services | Bilfinger Infrastructure Mannheim | Business Development & Key Account Management | Health, Safety, Environment & Quality (HSEQ) | Technology & Development

Memberships in comparable monitoring boards of other German and foreign companies:
FCHC Corporation, Reston / USA * (Deputy Chairman)

Axel Salzmann (from April 1, 2015)

Accounting & Tax | Controlling | Internal Audit | Investments | Investor Relations | IT | Mergers & Acquisitions | Procurement | Project Controlling | Shared Services | Treasury

Memberships in statutory supervisory boards of other German companies:
Hugo Boss AG, Metzingen

Herbert Bodner, Chairman (until May 31, 2015)

Joachim Enenkel (until October 2, 2015)

Pieter Koolen (until August 24, 2015)

Joachim Müller (until March 31, 2015)

Memberships in comparable monitoring boards of other German and foreign companies:
Bilfinger Infrastructure S.A., Warsaw / Poland *
FCHC Corporation, Reston / USA * (Deputy Chairman)
Hydrobudowa-6 S.A., Warsaw / Poland *

Unless otherwise indicated, all details correct at December 31, 2015.

* Group mandate

Boards of the Company
Supervisory Board

Honorary Chairman:

Gert Becker

Dr. Eckhard Cordes, Chairman

Partner with Cevian Capital AG,
Partner and Managing Director at EMERAM Capital Partners GmbH

Memberships in statutory supervisory boards of other German companies:

WMP Eurocom AG, Berlin

Memberships in comparable monitoring boards of other German and foreign companies:

AB Volvo (publ), Gothenburg / Sweden

Stephan Brückner

Employee at Bilfinger Maintenance GmbH

Wolfgang Bunge

Employee at Bilfinger Marine & Offshore Systems GmbH

Wolfgang Faden (until May 7, 2015)

Former Chairman of the Executive Management for Germany and Central Europe at Allianz Global Corporate & Specialty AG

Memberships in comparable monitoring boards of other German and foreign companies:

Albatros Versicherungsdienste GmbH, Cologne

Dr. John Feldmann

Former member of the Executive Board of BASF SE
Membership in supervisory boards of various companies

Memberships in statutory supervisory boards of other German companies:

KION Group AG, Wiesbaden (Chairman)
HORNBACH Holding AG & Co. KGaA, Neustadt an der Weinstraße (Group mandate Hornbach)
HORNBACH Baumarkt AG, Bornheim (Group mandate Hornbach)
HORNBACH Management AG, Annweiler am Trifels

Lone Fønss Schrøder

Non-executive member in various administrative bodies at German and non-German companies

Memberships in comparable monitoring boards of other German and foreign companies:

AKASTOR ASA, Lysaker / Norway (Deputy Chairman)
Ingka Holding B.V., Leiden / Netherlands
Saxo Bank A/S, Copenhagen / Denmark (Chairman)
Valmet Corporation, Espoo / Finland
Volvo Personvagnar AB, Gothenburg / Sweden

Thomas Kern

Employee at Bilfinger HSG FM Rhein Main GmbH

Ingo Klötzer

Employee at the Executive Board of IG Metall

Rainer Knerler

Chief Executive of the Berlin branch of Industriegewerkschaft Bauen-Agrar-Umwelt
(Construction, Agriculture and Environment Trade Union)

Hans-Peter Ring

Former Member of the Executive Board of EADS N.V.
Independent consultant
Non-executive member of various monitoring boards of other German and foreign companies

Memberships in statutory supervisory boards of other German companies:
Airbus Defence and Space GmbH, Ottobrunn (Group mandate Airbus Group)
Elbe Flugzeugwerke GmbH, Dresden (Group mandate Airbus Group)
KION Group AG, Wiesbaden

Memberships in comparable monitoring boards of other German and foreign companies:
Fokker Technologies Group BV, Papendrecht / Netherlands

Udo Stark

Former Chairman of the Executive Board of MTU Aero Engines AG
Non-executive member of various monitoring boards of other German and foreign companies

Memberships in comparable monitoring boards of other German and foreign companies:
Arvos Group, Heidelberg (Chairman)
Austria Pet Food GmbH, Eisenstadt / Austria
Stabilus S.A., Luxembourg (Chairman)

Jens Tischendorf

Managing Director of Cevian Capital AG

Memberships in statutory supervisory boards of other German companies:
ThyssenKrupp AG, Essen

Marek Wróbel

Employee at Multiserwis Sp.z.o.o.

Presiding Committee:

Dr. Eckhard Cordes
Stephan Brückner
Dr. John Feldmann
Rainer Knerler

Audit Committee:

Udo Stark
(until September 30, 2015)
Hans-Peter Ring
(from October 1, 2015)
Wolfgang Bunge
(from January 26, 2015)
Dr. John Feldmann
Thomas Kern

Nomination Committee:

Dr. Eckhard Cordes
Dr. John Feldmann
Udo Stark

Unless otherwise indicated, all details correct at December 31, 2015.

* Group mandate

Adjusted earnings per share Adjusted net profit from continuing operations divided by the average number of shares outstanding.

Adjusted EBITA and adjusted net profit from continuing operations Metrics for enabling comparability over time and forecasting future profitability. EBITA or net profit from continuing operations are presented adjusted for exceptional items or amortization of intangible assets from acquisitions and goodwill impairment. In this context, exceptional items include profits or losses from the sale of investments as well as one-time restructuring expenses.

Adjusted net profit See EBITA adjusted.

Associates Companies upon which a significant influence, but no control, can be exercised. The holding is usually between 20 percent and 50 percent.

Business-unit-related financial assets / interest income Accounting category in Bilfinger's return-on-capital-employed controlling for the assessment of appropriate capital resources of the respective unit of the Group.

Capital employed The average capital tied up in operative assets on the basis of which the return on capital employed (ROCE) is calculated.

Cash conversion We calculate cash conversion as a ratio of the net of EBITA plus depreciation minus net investments in property, plant and equipment as well as the change in net working capital and EBITA.

Cash earnings Financial performance measure for the ability of a company to provide its own funds. Measures the financial surplus earned in a certain period from current, profit-relevant activities, but without taking into consideration the change in working capital.

Cash flow A metric for the assessment of a company's financial strength and profitability in terms of its flows of cash. The statement of cash flows presents the changes in levels of cash and cash equivalents over the year, showing the cash inflows and outflows for operating, investing and financing activities.

Corporate governance The internationally common term for a responsible system of corporate management and monitoring with a focus on long-term value creation.

CTA Abbreviation for 'contractual trust arrangement', a form of financing pension obligations whereby pension plan assets covering the company's pension obligations are transferred to a trust fund. This has the effect of reducing the balance-sheet total, as the plan assets are netted against the corresponding pension provisions.

Deferred taxes Asset or liability items that compensate for different accounting periods compared with earnings according to the tax financial statements. Deferred tax expenses / income are corrections to the actual tax expense derived from the tax financial statements for the period. The primary aim is to show an income-tax expense in a proper relation to reported earnings before taxes.

Discounted cash-flow method Valuation model for projects and ventures. All future free cash flows are discounted to their present values and added up. Key factors are the cost of capital (discount), future free cash flows and the period of time involved.

EBITA Abbreviation for 'earnings before interest, taxes and amortization on intangible assets from acquisitions'. In Bilfinger's accounting, EBITA is used as a performance measure for the profits from operating activities.

EBITA margin and adjusted EBITA margin Measure which shows the relationship of EBITA or adjusted EBITA to output volume as a percentage.

Equity consolidation A method of including associates and joint ventures in the consolidated financial statements. The investment is initially recognized at cost and adjusted thereafter for the investor's share of changes in the investee's equity. These changes are generally shown in the Group's income statement and the statement of comprehensive income.

Equity ratio Key figure for the company's financing structure. It states the ratio between equity and total assets.

Fair value Fair value is the (market) price that could be obtained on the hypothetical transfer of a certain asset or a certain liability in an orderly (market) transaction in the respective accessible primary market or in the most advantageous market between market participants at the measurement date.

Goodwill It arises as a result of taking into consideration a company's expected future earnings when deciding on a suitable price for it. Goodwill is capitalized under intangible fixed assets and subjected to annual impairment tests in accordance with IFRS 3 / IAS 36.

IASB Acronym of International Accounting Standards Board, London. This institution was established in London in 1973 with the task of creating the International Financial Reporting Standards (IFRS).

IFRIC Term for the mandatory interpretations to the IFRS published by the IFRS Committee, London.

IFRS Acronym of International Financial Reporting Standards. They were created to facilitate the international comparison of companies' accounts and financial reporting. Since 2005, pursuant to the European Union's so-called IAS Directive, application of the IFRS is mandatory for the consolidated financial statements of listed companies domiciled in the European Union. The IFRS also include those standards of the International Accounting Standards (IAS) which have not yet been superseded.

ISIN code Acronym of International Securities Identification Number. Internationally valid identification number for securities. Uniform system for the simplification of cross-border transactions.

Joint venture A company, keeping its own accounts, that is established by two or more construction companies for the time frame until a construction contract is completed. At Bilfinger, joint ventures are accounted for using the equity method.

Non-recourse financing Debt which is secured solely against the financed project, without the possibility of any recourse liability for Bilfinger.

Output volume This comprises the supply of goods and services by the Group and the pro-rated supply of goods and services by joint ventures in which the Group participates.

Percentage-of-completion method (PoC) Accounting method according to IAS 11 for long-term construction contracts. Contract costs and revenues are accounted for in accordance with the percentage of completion of the contract so that the realization of profits is shown in the income statement in line with the progress made by the project.

Plan assets Assets that serve to cover pension obligations and fulfill the conditions of IAS 19. Plan assets are netted against pension provisions, which reduces the balance-sheet total. See CTA.

Project-related financial assets / project-related interest income Accounting category in Bilfinger's return-on-capital-employed controlling for the assessment of appropriate capital resources of the respective units of the Group.

Return The measure of earnings in return-on-capital-employed controlling at Bilfinger, derived from adjusted EBITA.

Return on equity Measure of earnings which states the ratio between net profit and shareholders' equity.

ROCE Abbreviation for 'return on capital employed.' Ratio between the earnings of a reporting period (return) and the average operative assets (capital employed).

Syndicated credit lines Credit lines that are agreed upon with a group of banks (syndicate) under uniform conditions.

Statement of cash flows Presentation of liquidity developments / flows of funds taking into consideration the sources and applications of funds within a certain period. The statement of cash flows shows the separate cash flows from, or into, operating, investing and financing activities.

Value added Difference between ROCE and the weighted average cost of capital multiplied by capital employed. If value added is positive, this means that the return on capital employed is higher than the weighted average cost of capital.

WACC Abbreviation for 'weighted average cost of capital.' Serves as a measurement of the financing of the operative assets in return-on-capital-employed controlling at Bilfinger. It reflects the minimum required rate of return of shareholders and creditors.

Working capital Factor for observing changes in liquidity. It shows the difference between current assets, without cash and marketable securities, and current liabilities, without liabilities to banks.

GROUP € million					pro forma				pro forma		pro forma		pro forma	
	2006	2007	2008	2009	2009[1]	2010	2011	2012	2012[1]	2013	2013[1]	2014	2014[1]	**2015**
Assets														
Non-current assets	2,451.2	3,139.0	3,964.3	4,914.4	4,621.7	4,459.9	3,090.3	3,519.4	2,930.8	3,134.0	3,011.5	3,026.7	2,491.2	**2,339.9**
Intangible assets	738.4	786.9	1,235.3	1,538.5	1,405.9	1,457.3	1,561.0	1,890.1	1,889.9	2,023.3	2,015.4	,.015.4	1,639.2	1,650.0
Property, plant and equipment	607.3	581.2	599.3	795.9	650.4	662.5	647.0	689.9	689.0	712.3	628.9	650.2	476.5	446.6
Receivables from concession projects	893.2	1,499.5	1,641.8	2,134.2	2,134.2	1,788.5	377.0	508.3	–	–	–	-	-	-
Other non-current assets	84.2	167.3	299.5	215.9	213.6	358.6	341.1	254.2	194.6	211.7	195.6	138.6	136.1	80.6
Deferred tax assets	128.1	104.1	188.4	229.9	217.6	193.0	164.2	176.9	157.3	186.7	171.6	222.5	239.4	162.7
Current assets	2,678.2	2,988.8	2,808.7	3,026.2	3,318.9	3,477.2	4,629.3	3,330.5	3,919.1	3,397.5	3,520.0	2,934.9	3,513.5	**2,867.7**
Inventories, receivables, other	1,895.5	2,192.8	2,088.5	2,227.8	1,923.3	1,889.9	2,021.4	2,243.3	2,225.9	2,373.0	2,212.7	2,215.6	1,753.1	1,688.6
Cash and cash equivalents	782.7	796.0	720.2	798.4	634.7	537.5	846.6	1.087.2	1.061.5	668.7	647.3	403.1	358.5	429.3
Assets classified as held for sale	–	–	–	–	760.9	1.049.8	1.761.3	–	631.7	355.8	660.0	316.2	1.401.9	749.8
Equity and liabilities														
Equity	1,206.2	1,331.9	1,141.0	1,561.4	1,561.4	1,812.2	1,792.9	2,036.7	2,036.7	2,164.7	2,164.7	1,917.1	1,917.1	**1,439.5**
Share capital	111.6	111.6	111.6	138.1	138.1	138.1	138.1	138.1	138.1	138.1	138.1	138.1	138.1	138.1
Reserves	1,031.3	1,132.0	1,034.0	1,408.2	1,408.2	1,649.6	1,502.9	1,794.9	1,794.9	1,972.0	1,972.0	1,805.0	1,805.0	1,122.5
Treasury shares	–	–	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0	-99.0	-99.0	-97.4	-97.4	-96.8
Retained and distributable earnings	46.5	67.0	74.4	92.1	92.1	115.1	247.0	195.7	195.7	138.1	138.1	92.0	92.0	312.5
Minority interest	16.8	21.3	21.0	23.0	23.0	9.4	4.9	8.0	8.0	15.5	15.5	-20.6	-20.6	-36.8
Non-current liabilities	1,319.7	1,817.1	2,602.0	2,873.4	2,822.8	2,510.7	1,158.7	1,748.3	1,230.1	1,212.8	1,146.3	1,220.2	1,060.6	**1,043.8**
Provisions for pensions and similar obligations	159.7	135.4	218.8	286.7	286.7	312.7	324.5	394.2	393.7	423.1	416.8	523.7	399.9	396.6
Other provisions	99.5	89.0	68.6	84.3	84.3	71.5	60.0	56.6	56.4	60.7	55.0	55.0	44.7	49.7
Financial debt, recourse	90.9	70.0	306.1	319.6	269.0	183.5	181.4	519.3	519.3	517.3	517.2	515.8	513.8	512.7
Financial debt, non-recourse	808.3	1,313.9	1,488.5	1,880.3	1,880.3	1,624.1	338.7	460.5	16.3	12.6	12.6	12.5	12.5	12.5
Other liabilities	67.3	79.0	392.7	186.5	186.5	212.0	128.0	168.6	95.7	49.1	49.1	21.9	21.7	17.4
Deferred tax liabilities	94.0	129.8	127.3	116.0	116.0	106.9	126.1	149.1	148.7	150.0	95.6	91.3	68.0	54.9
Current liabilities	2,603.5	2,978.8	3,030.0	3,505.8	3,556.4	3,614.2	4,768.0	3,064.9	3,583.1	3,154.0	3,220.5	2,824.3	3,026.9	**2,724.3**
Current tax liabilities	71.5	80.7	120.3	132.7	91.7	118.1	88.5	101.6	101.9	116.5	115.1	89.1	83.8	51.5
Provisions	424.5	434.8	447.7	612.8	589.7	633.4	755.5	556.6	550.6	552.4	481.7	461.3	360.4	399.8
Financial debt, recourse	47.8	40.6	21.7	34.0	18.2	88.9	4.5	191.6	191.6	28.1	28.1	27.9	6.6	6.7
Financial debt, non-recourse	18.9	48.0	29.6	21.9	21.9	19.3	8.7	9.5	–	28.2	28.2	26.9	26.9	0.7
Other liabilities	2,040.8	2,374.7	2,410.7	2,704.4	2,280.8	2,051.6	2,116.2	2,205.6	2,160.9	2,113.8	1,906.8	1,847.1	1,484.2	1,086.7
Assets classified as held for sale	–	–	–	–	554.1	702.9	1,794.6	–	578.1	315.0	660.6	372.0	1,065.0	1,178.9
Balance-sheet total	5,129.4	6,127.8	6,773.0	7,940.6	7,940.6	7,937.1	7,719.6	6,849.9	6,849.9	6,531.5	6,531.5	5,961.6	6,004.6	**5,207.6**
Proportion of balance-sheet total														
Non-current assets	48%	51%	59%	62%	58%	56%	40%	51%	43%	48%	46%	51%	41%	45%
Current assets	52%	49%	41%	38%	42%	44%	60%	49%	57%	52%	54%	49%	59%	55%
Shareholders' equity	24%	22%	17%	20%	20%	23%	23%	30%	30%	33%	33%	32%	32%	28%
Non-current liabilities	26%	30%	38%	36%	35%	32%	15%	25%	18%	19%	18%	20%	18%	20%
Current liabilities	50%	48%	45%	44%	45%	45%	62%	45%	52%	48%	49%	47%	50%	52%

[1] For better comparability, assets held for sale and liabilities held for sale are reported separately.

BUSINESS DEVELOPMENTS

€ million

	2006	2007	2008	2009	2010[3,4]	2011[3,4]	2012[3,4]	2013[3,5]	2014[3,5]	2014[3,6]	2015[3]
Output volume	**7,936**	**9,222**	**10,742**	**10,403**	**7,983**	**8,397**	**8,586**	**7,552**	**7,690**	**6,246**	**6,482**
Orders received	**10,000**	**11,275**	**10,314**	**11,129**	**7,854**	**7,690**	**8,304**	**7,513**	**6,600**	**5,510**	**6,825**
Order backlog	**8,747**	**10,759**	**10,649**	**11,704**	**8,429**	**7,557**	**7,388**	**6,476**	**5,461**	**4,401**	**4,824**
Capital expenditure	**370**	**268**	**697**	**530**	**273**	**310**	**521**	**391**	**279**	**258**	**85**
Property, plant and equipment	136	204	237	162	141	127	143	140	139	117	81
Financial assets	234	64	460	368	132	183	378	251	140	141	4
Employees (at year-end)	**49,141**	**52,723**	**60,923**	**67,199**	**58,047**	**59,069**	**66,683**	**71,127**	**69,132**	**57,571**	**56,367**
Group earnings											
Gross profit	859	1,011	1,073	1,072	1,015	1,051	1,121	1,052	923	794	777
EBITA adjusted[1]	180	242	277	275	346	379	387	415	270	262	186
EBITA	180	242	322	275	346	379	432	349	198	207	161
EBIT	170	229	298	250	305	344	381	298	7	170	134
Adjusted net profit from continuing operations[2]					205	235	241	251	175	160	106
Net profit	92	134	200	140	284	394	276	173	-71	-71	-489
Cash flow from operating activities	207	325	357	368	244	281	232	210	65	34	124
Cash flow per share (in €)	5.14	8.07	9.22	9.94	5.53	6.37	5.26	4.76	1.47	0.77	2.81
Earnings per share (in €)	2.29	3.32	5.18	3.79	6.43	8.93	6.26	3.91	-1.62	-1.62	-11.06
Adjusted earnings per share from continuing operations (in €)[2]					4.64	5.32	5.46	5.69	3.96	3.62	2.41
Profitability ratios											
Gross profit as a percentage of output volume	10.8	11.0	10.0	10.3	12.7	12.5	13.1	13.9	12.0	12.7	12.0
Return on output (EBITA adjusted) in %	2.3	2.6	2.6	2.6	4.3	4.5	4.5	5.5	3.5	4.2	2.9
Return on equity (adjusted net profit) in %	8.1	10.7	16.6	11.3	12.7	12.8	12.0	12.3	8.6	7.8	6.5
Return on capital employed (ROCE) in %[3]	16.3	18.7	20.4	15.6	18.4	17.3	15.7	13.9	9.5	11.9	8.4
Value added	80	126	157	98	175	186	165	157	-36	43	-32
SE											
Dividend distribution	46.5	63.6	70.6	88.3	110.4	150.1	132.4	132.5	88.4	88.4	0.00
Dividend per share (in €)	1.15	1.66	1.85	2.00	2.50	2.50	3.00	3.00	2.00	2.00	0.00
Dividend bonus (in €)	–	–	–	–	–	0.90	–	–	–	–	–
Share price at year-end (in €)	51.25	48.72	34.45	53.92	63.20	65.88	73.00	81.53	46.35	46.35	43.47

[1] Adjusted for one-time expenses in connection with the processing of past compliance cases, the efficiency-enhancing program Bilfinger Excellence, restructuring expenses, gains from the sale and revaluation of the Nigerian business as well as the sale of the remaining concessions projects
[2] Adjusted for exceptional items in EBITA and amortization of intangible assets from acquisitions and goodwill impairment; the tax rate was also normalized to 31%
[3] From 2010, all figures relate to continuing operations
[4] Continuing operations (not including Concessions)
[5] Continuing operations (not including Concessions, Construction and Offshore Systems)
[6] Continuing operations (not including Concessions, Construction, Offshore Systems and Power)

Financial calendar

May 11, 2016
Annual General Meeting
(Congress Centrum Rosengarten, Mannheim, 10 a.m.)

Interim Report Q1

August 10, 2016
Interim Report Q2

November 10, 2016
Interim Report Q3

Notices and disclaimer

This Annual Report contains, in particular in the Outlook (see pages 90 ff.) forward-looking statements which reflect the assessment of the Executive Board at this point in time with regard to future events and developments on the basis of current information, planning, assumptions and expectations. These statements are marked by formulations such as 'expect', 'want', 'seek', 'intend', 'plan', 'believe', 'evaluate', 'assume', 'in future', 'intention' or similar terms.

All forward-looking statements contained in this Annual Report are inherently subject to uncertainties and risks, in particular because they depend on factors beyond our control. Such risks are described in the opportunities and risk report (see pages 74 ff.) and elsewhere, but are not limited solely to these. The actual developments in the future may deviate substantially from the forecasts and forward-looking statements made here. Bilfinger cannot provide any guarantee that the expectations and goals implicitly or explicitly expressed in the forward-looking statements will be achieved.

We also do not assume any obligation to update any of the forward-looking statements or, in the case of deviations in the actual future developments, to correct them.

In addition to the key figures prepared in accordance with IFRS, Bilfinger also presents pro-forma key figures (for example adjusted earnings per share, adjusted net profit, EBITA, EBITA adjusted, EBITA margin, EBITA margin adjusted, return) which are neither part of the financial accounting regulations nor subject to them. These pro-forma key figures are to be seen as a supplement, but not as a substitute for the disclosures required by IFRS. The pro forma key figures are based on the definitions provided in this Annual Report. Other companies may calculate these key figures differently.

Due to the rounding of the disclosed figures, it is possible that individual figures 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.

This Annual Report is also available in English. In case of any deviations from the German version, the German version of the Annual Report shall prevail.

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