

# BFLBY Earnings Call Transcript

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**Quarter: 3**

Operator: So ladies and gentlemen, a very warm welcome to Bilfinger's Third Quarter 2025 Results Conference Call. My name is Jasmin Dentz, and I'm joined today by Thomas Schulz, our Group CEO, and Matti Jakel, our Group CFO. As always, all documents related to our Q3 reporting have been made available on our website. As usual, we will start our webcast with a presentation of the quarterly highlights, the current market environment and our financials and then open the webcast for your questions. [Operator Instructions] The webcast will be recorded. And I will now hand over to our CEO. Thomas, please, the floor is yours.

Thomas Schulz: Thank you. Hello, everybody. As always, we start with our highlights for the -- this time, the quarter 3 2025. We had quite a good stable development in a very volatile market. Our orders received increased by 1%, at least by 1% absolute and our revenue by 8%. Our EBITA margin is on 5.8%, and our earnings per share moved slightly up to EUR 1.47. Significant improvement close to 30%, we had in the free cash flow, which went from EUR 55 million to EUR 71 million. We updated our outlook and gave a new revenue outlook of EUR 5.3 billion to EUR 5.5 billion for the year and 5.4% to 5.6% EBITA margin. I would like to repeat what we said in the last few calls, we always hit the midpoint of the guidance, what we give. That's what we are after. And very important, and you are all invited, and we hope that you all participate, we will give new midterm targets on the upcoming Capital Markets Day in the area of Frankfurt on December 2 this year. Before we go more into market data and so on, as always, our ESG topics, and it is with a strong focus on safety. When you look here into that slide, on the left side, we have the total recordable incident frequency. It's based on 1 million working hours, and you see that we moved quarter-on-quarter from 0.88 to 1.01, which is a slight, yes, creating of a disadvantage. We work on to have 0 as a figure there. We put a lot of effort, time, actually emotions and money into it. With our current result and what we proved in the last few years, we are actually playing in the top league, not only in the industrial services segment. The other figure what we report on, which is quite important, too, is the lost time injury frequency on 1 million hours, too. And there, we have an improvement from 0.29 to 0.17, and there, we are, let's say, closer to the 0 and 0 means we have no accidents in whatever we do. And that in a company with more than 30,000 people is definitely an achievement if we come there. Out of that, we look into the market. And for us, we have one indicator what we show since several quarters, it's the production index. It's based on 2019, and it is for Europe, Middle East and North America. And we show our 4 biggest industries where we operate in, which means where we have more than 10% of our revenue line for a longer period of time. And when you see, it's the typical gap, the green line, which represents pharma, biopharma is still on a growth, which means this industry develops quite well. Whereas the other 3 like energy, oil and gas versus 2019 is slightly up in the production index and chemicals and petrochem is actually below 2019. When we then look into the specific industries, I just said that chemicals and petrochem is below 2019 in these areas for the base of -- for the production index, it's predominantly Germany, which lowers here the figures. When we look into the demand is on the side movement. Again, it's Germany, which has a negative impact here. It makes 23% of our revenue share, but the outsourcing potential, the potential where we can as Bilfinger can go to our clients to offer them to take over all the maintenance and for us to in-source, for them to outsource, to have a stronger efficiency gain if professionals like us, like Bilfinger is doing it is quite a good market, predominantly based on the pressure what our clients see in

the global market for chemical and petrochem products. The second industry is energy, 23% of the revenue share. The demand is good, and the outsourcing potential is good. What we see especially and that for a longer period of time is the increasing demand for storage and transmission. The third one is oil and gas. There, we have a strong LNG demand, and we have lower refinery demand. It means 20% of our revenue share is in that part. Demand is good overall, and outsourcing potential is good. About pharma, I already said, where it comes from that they are on that good growth path for quite a while now, the demand is good and the outsourcing potential is good, and it makes -- made in that quarter 13% of our revenue line. Out of that, some selected orders to see what we really do on the client side, let us start with Germany in adjacent industries. Adjacent industries are all the industries we work in, which are not belonging to the 4 big ones, what I showed before. And here, it's about a semiconductor manufacturer in Germany where we got the order for prefabrication and installation of the wastewater treatment system, for, of course, efficient resource, efficient chip production. The second one is out of the area of energy in Sweden from the German client, E.ON. It's the prefabrication and assembly of heat accumulator to increase reliability and sustainability in district heating supply. I hope you remember that we, as Bilfinger, are a leading company in district heating solutions. It's all about liquids and gases, and there we are really great. Then the last one is oil and gas out of Kuwait. It's with our well-known KNPC client, and it's for the North Oil Pier. It is about a front-end engineering design service. And of course, the background is enhancing operational efficiency, which is the core of our offering. When we talk about core of our offering, we are on innovation. This time, we introduce to you the so-called DRIS 2.0. It is a system to inspect insulation during routine operations to describe where the challenge comes from. If you are in an area with low temperatures, northern part of Europe, for example, and you open the insulation on a pipe with a higher temperature, you always create moisture in between the insulation and the pipe. If you then close the insulation, you actually create a situation where rust and other damages can happen. That's the reason that in general, this kind of investigations and opening of insulation on these type of pipes are only happening during a so-called turnaround schedule. And the turnaround schedule means shutdown of that part of a plant or the whole plant. When you do that, shutdown of a whole plant or a part of a whole plant, then you can imagine it costs the customer a lot of money. So we worked on how to reduce the turnaround schedule. One part is that we can inspect and repair and work on the insulation in these weather conditions without harming the system, and we came up with a portable solution to do that. This kind of solution actually gives us a possibility to shorten the turnaround, the shutdown of the complete plant time by more than 10%. We see always more than 5% cost savings, and it helps the clients to do what we call case-based execution. It's another word for if they believe or if we see there could be a damage and we don't need to shut down the whole plant, we can do then the repair and everything during regular operation. This is a big advantage in a more efficient world. Out of that, I would like to look into the Bilfinger demand. You know our opportunity pipeline. The opportunity pipeline is that what we, as a Bilfinger Group, quote and work with inquiries and possible upcoming business in the market judged by, if it really will happen and how likely it is that we have a share as Bilfinger in that. And we go 2 years back, that means July 2023 is the 100. And when you look into, we actually have from last year, third quarter 2024 to this year's third quarter 2025, quite an increase of 15% of the opportunities. When we look more into detail into that, it is clearly that the demand for enhancing efficiency on customer side, no matter which industry is increasing, and it's a proof of that, what we said before, Bilfinger will perform if the market goes up or if the market goes down, and we have that mixed picture in the world between the center of Europe and, for example, the Middle East and North America and the growth part on the other side. Orders received is 1% up to EUR 1.36 billion coming from EUR 1.344 billion. For us, important in that is, of course, the development, as we always say, of the order backlog, that's 7% up. If we look year-to-date, we actually have a book-to-bill year-to-date of 1.1 which is good. We are in the order intake as revenue year-to-date because we are already in the mid of November, quite a growth as we predicted as midterm targets. Out of that, I would like to give to Matti, our Group CFO.

Matti Jakel: Thank you, Thomas. Good afternoon, ladies and gentlemen. I guess, by now, you will have studied the material that we published earlier today or in the early hours of the morning. Let me add some comments to our financial performance for the third quarter 2025, which was the CEO said a good quarter, the CFO says it was a solid quarter.

Thomas Schulz: Thank you.

Matti Jakel: Important, if you look at year-to-date performance, it does demonstrate the progress that Bilfinger is making. Into the numbers, revenue up by 8%, 7% organically to almost EUR 1.4 billion for the third quarter 2025. You see the changes there. Contributors were all segments. Europe at plus 5%; E&M; International at plus 8%. Organically, even 14% in International. However, you all know how weak the dollar has developed over the last few months, and hence, we have a foreign exchange effect here. Technologies up almost a quarter, 24% or 25%. And I'll come to the segments in a moment. Thomas talked about the movement and changes in our core industry. They are reflected in the 2 pie charts here. The share in chemicals and petrochemicals went down by 2 percentage points, 25% to 23%. Conversely, oil and gas went up from 17% to 20%. So we see a bit of a revival here in oil and gas is well known. However, it also demonstrates our strong position in oil and gas offshore in the North Sea on the Norwegian side as well as the British side but also increased activities in facilities for the production of hydrogen. Looking into profitability. The third quarter 2024 was very strong in terms of gross profit at 12.3%. This quarter, in absolute numbers, we are on the same level as last year, 11.3%. An interesting feature this year is that all 3 quarters now were above 11.0%, which means we have also, like you've seen in cash flow, leveled out the profit generation throughout the year. On the SG&A;, we made some progress. The ratio went from 6.1% down to 5.8%. In absolute numbers, we went from EUR 78 million to EUR 80 million. That's due to the acquisitions that we communicated early on, the Rodoverken in Sweden and the nZero in the U.K. On the EBITA margin, also slightly down from 6.0% to 5.8%, in absolute terms, an increase of EUR 5 million, everything as we had expected and communicated earlier. A little bit on to the segments. If we look into E&M; Europe, which is our largest segment, so what you see on the group number is also reflected here. Revenue grew by 4%, overall flat. And if you look at it organically, again, the 2 acquisitions added to the overall growth. Sorry, that was on the orders received. On the revenue, it's up 5%, 2% here, you can see the additions of the 2 acquisitions as well. So where do we see growth, in energy and oil and gas industries and chemicals, as we all know, petrochemicals remain challenging there. Profitability, slightly down by 0.2%, but absolute an increase of plus 2%. On International, quite some progress. Orders received up at 17% organically and 10% due to the U.S. dollar weakness, 10%, up to almost EUR 200 million for the quarter 2025. Interesting in the U.S. is that the business in the industry or for the industry, is very active, while the business that we have for the U.S. government and governmental entities has slowed down quite a bit due to DOGE activity of Mr. Musk earlier this year, but also due to the shutdown, which luckily for, I guess, a lot of people was finished or completed last night. So it will not release everything that was not done in the last few quarters immediately, but we will see some better numbers there in the future quarters. Revenue growth predominantly in the Middle East, but also in our maintenance business in the United States, again, here, plus 14% organically, including foreign exchange adjustments plus 8% to EUR 182 million and a book-to-bill of 1.05, indicating further growth. On the profit side, you may remember that we had an impact last year in the third quarter from an arbitration case, which was then offset at group level. But here for the segment, we've done quite well to 4% for the quarter, proving that especially the transition and transformation in the U.S. is taking good shape. In Technologies, order intake is flat, about EUR 270 million, plus 1% organically, that's the business where we see more of the larger projects. And we do see some volatility in the order intake, as you can see from the graph, but EUR 270 million is a strong quarter as was the quarter 3 in 2024 as well. Revenue up 24%, 25% to EUR 239 million. Very strong business in life science and nuclear, where we had received a good order intake in the last few quarters, now sort of in execution. On the profit side, plus 42%. So a good increase, not only in absolute terms, but also 90 basis points from 6.9% in to 7.8%. And again, operational excellence, derisking efficiency improvements, all of this is at work in the segment Technologies. Net profit for the quarter remained at EUR 55 million last year and this year. You can see that the tax rate increased from 21% to 25%. That's the impact of a change in law in Germany, where the corporate tax rate will be reduced by 1 percentage point per year until 2028 and thus lowering the value of our deferred tax assets. So that's a onetime effect in this quarter. The earnings per share is EUR 1.47 this time versus EUR 1.45. Why the difference? We have a smaller number of shares as we are progressing with our share buyback program. The number of shares is

reduced. Cash flow. Free cash flow, operating cash flow, both benefiting from what you see on the right-hand side. The net trade assets or trade working capital over revenue as a percentage came down to 8%, which is the target that we have given ourselves, thus improving the free cash flow over and above what we generate in profitability. Positive contributions from all segments, and I think I now stop counting because it's the ninth consecutive quarter of positive cash flow. Maybe in -- or the fourth quarter 2025, we counted 10 and then we stop this.

Thomas Schulz: Solid performance.

Matti Jakel: Yes. Group net liquidity and leverage, nothing much to report here. Liquidity follows the free cash flow. Leverage at about 0.4, way below the threshold of 2, which then brings me to our outlook. Let's look at the segments first. This is based on the current performance or the year-to-date performance 2025, where we narrowed the bandwidth for E&M; Europe on the revenue side from EUR 3.5 billion to EUR 4 billion, now to EUR 3.6 billion to EUR 3.9 billion. On the margin, 5.8% to 6.2% now. E&M; International is unchanged, performing there as we planned. And with some of the uncertainty in the U.S., we've felt more comfortable to leave it as is. Technologies, as you saw, the very good performance. We increased revenue update or outlook from -- to EUR 800 million and EUR 850 million and profitability quite an increase to 6.8% to 7.2%. And then on the Reconciliation Group, some minor adjustments. Group totals. On the revenue side, EUR 5.3 billion to EUR 5.5 billion for the full year, targeting the midpoint. EBITA margin, 5.4% to 5.6%, targeting the midpoint. And free cash flow based on the good performance so far, quite an increase to EUR 300 million to EUR 360 million for the free cash flow, again, targeting the midpoint. So much from my side, and I turn it back to Thomas for the wrap-up.

Thomas Schulz: The -- as you saw with that what we announced, we are always referring, of course, to the midterm targets, what we set ourselves at the beginning of '23, where we clearly see that we are on a good level to achieve that what we promised. And it's, of course, quite nice to see that we -- with the NTA, net trade assets, are already on 8% down, which is quite good. So to summarize that, let's say, solid performance with orders received fairly flat, revenue 8% up, EBITA margin 5.8% versus actually, the third quarter last year was the highest operating real EBITA for more than 15 years and longer, we couldn't look back. Earnings per share up to EUR 1.47. Cash flow close to 30% up in the quarter. We narrowed the guidance. And as we communicated quite often, we actually always hit and have in mind the midpoint of guidance range and there we are on a good way. And very important new midterm targets will -- which we then will talk a lot about for the coming 5 years on the Capital Market Day on December 2. And with that, Jasmin?

Operator: Thank you, Thomas. Thank you, Matti. [Operator Instructions] So the first one comes from Michael Kuhn from Deutsche Bank.

Michael Kuhn: I'll start with the opportunity pipeline. I think that number looked particularly strong compared with what we had over recent quarters. So interested in the underlying drivers and let's see where you see the most pronounced pockets of strength.

Thomas Schulz: Yes. That's true. It is. And -- the -- of course, our acquisitions, what we did in the last few years. This year, it will be 3 acquisitions, for example, they are enablers and kind of unlocking more potential with the existing business, what we have to make it in more crisp wording, if we bid on a service contract and we got here and there some more additional competence, we actually can enlarge that what we bid towards the client with the whole base of the Bilfinger offering. This is part of our M&A; strategy, and that works out. That's one part of the stronger opportunity pipeline. And the second one is, and we will talk more about when we come to the Capital Markets Day, we know what we have to, how to say, put on the next development step within the company to achieve more leverage in the different markets because we see quite a lot of growth in our existing markets, but we have to get more aggressive in sales.

Michael Kuhn: Understood. Then one on E&M; Europe, and I know it's a bit nitty-gritty because the margin was just down 20 bps, still we got so used to margin increases. Was there anything particular you would like to find out? Or is it just a normal fluctuation?

Matti Jakel: Michael, this is Matti. I would say it's a fairly normal blip, which we see from quarter-to-quarter, 0.2 percentage point is not disconcerting at all. Sometimes the contract mix or product mix offers a different composition of margin generation. What we do see, although is we don't

see sort of a harmonized picture. We see variances from quarter-to-quarter between the regions. So sometimes the German-speaking region is up, and United Kingdom is down, and the next quarter, it's different. I think it's also fair to say, Michael, that Technologies is operating in Europe exclusively. So if we combine or look together at the performance of the E&M; Europe segment plus Technologies, which is the total of our European business, I think we're quite well underway.

Michael Kuhn: That's for sure. And then I also wanted to actually ask about Technologies. Obviously, very strong year-to-date development also order-wise and that more and more translating into profitability. You pointed out some pockets of strength here, nuclear, life science. Could you give us an idea, let's say, in terms of percentage contribution of those particular growth drivers and let's say, what margin differentials you see within Technologies, so bandwidth in terms of what's the lowest margins you generate there and the highest and how the mix is evolving?

Thomas Schulz: Yes. The -- we are generally not going too much into details within the segment. But actually, the thing is that we see regarding Technology that especially in the pharma, biopharma area was quite a lot of revenue growth in it. And oil and gas, some, energy keeps roughly the same level. It is fair to say that all the improvements, what we did in the last few years on the Technology segment worked out quite well. It's fair to say that our people there are doing a great job. But as Matti rightly said, it is actually part of Europe. And we are very much combined with that what we do in the E&M; Europe segment, too. So both together is maybe a better view than to separate them.

Operator: So the next question comes from Olivier Calvet from UBS.

Olivier Calvet: First one, maybe on order wins. You showed an increase in opportunities, but orders received are flat organically. Can you comment on your order win rate perhaps? This is the first one.

Thomas Schulz: Yes, I can comment that we will not give more further comments on that. But the thing is orders, what we see in the opportunity versus that what we already have then in the order intake. There is, of course, always a time delay in it, too. And the time delay is related with that what the clients are doing, permitting the whole thing what you have, number one. Number two, we always have this with the order intake and the opportunity pipeline. Last quarter, we had a very strong order intake growth. And we had to explain why it was strong. Now we explained why it was only, which is still a very good level, flat order intake. We have these movements in between the quarters. For us, more important in the order intake is actually the year-to-date order intake movement, the order backlog, and that's then in relation with the opportunity pipeline and then, of course, the hidden win rate and so on. And we see here in the year-to-date order intake was roughly 5%, is going exactly in the direction as we actually promised at the beginning of '23, where we -- what we said before, already could recognize that at the beginning of '23, our 2% industry growth, what we believed year-on-year for the next 5 years, was too high. We see actually in hindsight that the industry growth, which was realized in the areas where we are in '23 and '24 was not hitting the 0.4%. Despite that, we are in our 4% to 5% growth area, which shows that our self-propelled growth actually worked quite well.

Olivier Calvet: Yes. That makes sense. Second one is on staff. I see employee numbers up 1% year-on-year. Just wondering if you're facing any issues in hiring and if that's a limiting factor for your growth going forward?

Thomas Schulz: We are not seeing any real issues in that. You always have issues if you are in remote areas. I think that's obvious. If you are in an area with a lot of people living, it's easier to recruit. If you are more on the country side with low people living per square kilometer, it's, of course, tougher. But in general, we don't see that. We are, as Bilfinger, especially in the blue color range, very attractive. We have a good learning and development program. We can bring regular educated people up to engineering level and so on. So with that, we don't see that discussion what we always have in the newspaper that there's a shortage of staff. We don't have that in that way.

Olivier Calvet: And then just on the U.S. shutdown and sort of government-related demand. Could you quantify the share of your revenues within E&M; International that is directly impacted by the shutdown or by sort of government demand generally? And do you see any upside to your E&M; International sales now that the shutdown is over?

Matti Jakel: The share of revenue in International is about 20% to 25%, that we do for government entities across all levels within the United States, be it federal, state and sometimes municipal. Things that linger for months and months, even if a compromise has been found, will take a few more months

until the administration goes back into normal working mode. So we're not expecting anything to change quickly. The U.S. is having Thanksgiving later this month, and then Christmas is around the corner. So I would think we see improvements starting in the second quarter of 2026 because that will take some time to get going again and then issue contracts and then we can get started on the work there. So more during the Q2, Q3 2026.

Operator: So now that we've talked about the opportunity pipeline already twice. I also received a question on this behalf via the chat function. It comes from Nikolas Demeter from Bankhaus Metzler. And he says, looking at the opportunity pipeline, we see growth of around 15% compared to last year. While the order backlog shows organic growth of 7%. I have 2 questions on this. I recall you once mentioned that the current reported order backlog essentially reflects only the orders to be executed over the 12 months. With that in mind, has the total multiyear order backlog beyond this 1-year horizon increased more strongly than the 7%, which will support revenue growth in 2027? I think he means '26 and the years after. And second, what should we expect for Q4 in terms of order intake? Can we expect a solid level of new orders, given that the opportunity pipeline appears to be quite strong?

Thomas Schulz: Yes. The order backlog -- at first, thank you for your question. I look, of course, to my solid CFO, the -- any comment on the order backlog development? Are we going that much in detail?

Matti Jäkel: Well, let's make sure that we all understand how we report contracts. On multiyear contracts, we only show the next 12 months as order backlog. On project contracts, which have a fixed duration, be it 6 months, 12 months or be it 24 or 36 months or any time, we show the full contract value. So only on framework contracts where the drawdowns, the call-offs are uncertain, we show the expectation for the next 12 months. Comparing the order pipeline and the backlog development is something that we do all the time. But it's not easy to find a correlation. The order pipeline includes anything from what we have heard is going to come, anything that is in assessment, anything that -- where there is a tender out there or anything that we're negotiating even without a tender with our clients. All of this goes into the pipeline. So there's a lot of judgment in the order pipeline. Internally, we certainly have rules, how to judge what's in the pipeline. And hence, that determines the development. So I think it would be wrong to assume that the development of the order pipeline is exactly then to be seen in the order backlog. Many things happen between an opportunity in the pipeline and then the contract award. So I would think that the relation of a 15% increase in the pipeline that converts into 7% order backlog growth is a very good conversion.

Thomas Schulz: Yes. And to look -- when you look several quarters back where we showed a percent you see that actually very often our order intake development is on a higher percentage than the pipeline development. Just to say that we eat market share out of that is too simple. We have a lot of variables, as we call it, in the opportunity pipeline, but you have to have that because you forecast is actually that work happening, what means that the customer makes an order out of it. And second, is it -- which part is coming to Bilfinger and not only into the peer group. And third, the timing element. And you can imagine that a direct correlation is tricky, but it gives us the opportunity pipeline, a good view in the detail how to reestablish our resources for the future to be early enough aware of where we go up, where we go down and so on. And of course, it helps very much in the discussion with the single customers how the actually workload out of the industry -- in the whole serving industry is, which makes it easier for the clients to manage their timing too. We hope that was not too theoretical. I actually can talk for hours about it, but the -- it is a good indicator how we see opportunities for Bilfinger developing. But it's not a direct correlation to the order backlog development.

Operator: Okay. Our next question comes from Craig Abbott from Kepler Cheuvreux.

Craig Abbott: Yes, I'm trying to just understand a little bit more on the accounting impact on these acquisitions. I think you've done 3 to date. If we could maybe just like have a combined -- some combined figures here for sales and EBITA that have been realized so far and what do you expect them to contribute on a full year basis? Rough figures are fine, of course. And then also how much you paid for these? And if you could also point us to the line item in the cash flow because maybe it's just been folded up in a general line item. I didn't see it, but how much you've been paid -- you paid for these acquisitions? That would be my first question, please.

Matti Jäkel: Yes, Craig. Accounting impact of the acquisitions. We have made 2 acquisitions that are included in the year-to-date numbers of -- for the group. The third acquisition just closed on October 1.

So nothing included in until the end of September. The top line figures are the contribution to order intake is about EUR 35 million to EUR 40 million. The revenue is about the same number. So compared to the group, it doesn't change or it doesn't move the needle much in terms of numbers, but it puts us into a much better position. Profitability wise, they do deliver what we said when we talk about M&A.; it needs to be accretive, and they have added above-average EBITA margin year-to-date. And we expect this to continue throughout the fourth quarter. The third acquisition, Nordic Mechanical Solutions, which we did or closed on the 1st of October, will add a small portion again, but not move the needle much in terms of revenues and profits. In terms of purchase prices, we don't disclose those. And if you didn't find them in our publication, then that's not a surprise. The free cash flow is not impacted by our M&A.;

Craig Abbott: No, I know. But I was looking at the statement of cash flow in the Slide 27 and 28 of your quarterly statement. But anyways, we can follow up afterwards...

Matti Jakel: Yes. please.

Craig Abbott: Okay. Now the second question is just on the cash flow in general, obviously, we saw a very good trend in the first 9 months, and you obviously raised your guidance there on your target. So congratulations there. That's all obviously in the right direction. But I'm just trying to get a feel for how sustainable this is. I know there was a big swing in the trade payables and advanced payments there, about EUR 90 million was a big factor. Not to get like too nitty-gritty, it is just to get a feel for -- do you see this development as like being sustainable? Or were there may be some special factors there you'd like us to be aware of so that we don't like extrapolate this kind of development going forward?

Matti Jakel: But as I said before, it's 9 quarters in a row that we are positive in cash flow. So I guess you can call that sustainable. So going forward, that should be the measure for us. This year is stronger than what we had expected, but it also includes, as we communicated earlier this year, a onetime payment from the arbitration settlement last year, which was a mid-double-digit number. That's not recurring next year to say that. With -- if you look at the midpoints and everything, then our cash conversion rate for this year will probably come out somewhere between 100% and 110%, which is higher than the above 80% that we're targeting. So in the long run, the plus 80% that we have set as midterm targets is what you should be expecting from us.

Operator: So Nikolas from Metzler has another question regarding the E&M; International segment. He says you mentioned that a larger M&A; transaction in North America or the Middle East could be on the agenda if valuations were appropriate. That makes sense to me as these markets appear to offer strong growth and potential and improving profitability. I would, however, ask you to remind us why a large acquisition is considered necessary. Looking at the numbers, with order intake up 15% organically and organic revenue growth of 14%, the segment already appears to be performing very well, especially in the Middle East region and the 9-month figures also reflect solid momentum. It would be great if you could elaborate on this again.

Thomas Schulz: Yes. Very good question. At first, thank you for the appraisal what we get here. But I make it like this 14%, 15% of very little is still very little. And our issue in North America and, to a large extent, in the Middle East, is that we are just subscale. Size matters in our business. If you have hundreds of people on a location or only 50 people on a location, if you are bigger, you are the one in the top position to get the big, quite profitable long-term agreements. If you are the small one, you are more like fast in, fast out supplier, which is not that stable and creates actually more internal work, more admin work. So out of that, we have to get bigger. We have 2 opportunities to get larger scale as we have it in our positioning, strategic lever. We do an organic run. That is what you see in the figures. But to have based on the timing with that good growth environment in North America as well as in the Middle East, we already said last year, it is necessary to look more into M&A.; into unorganic growth, and that is what we will refer to on the Capital Markets Day more in detail, but it is necessary to do larger steps in that. Last thing what I have is when -- there is no definition on larger M&A.; Our definition on larger M&A; is we are conservative people, Matti and myself, and we are actually very proud of it. And we will not do anything which would put the company in any kind of risk. On the other side, an acquisition of a EUR 50 million revenue is not seen as a larger M&A.; It's as a bolt-on M&A.; So when you then look to the cash flow, our conservative positive approach in how we manage the company, I think it's clear that large for us is maybe not as big as for our bigger corporates.

Operator: There's another question in the chat from Chaima Ferrandon from ODDO BHF, and it reads, regarding Germany, could you please give us a sense of the performance you have seen in Q3? And what to expect for the end of the year? Can you give us an update regarding the infrastructure, defense plan in Germany? Have you seen any signs of first orders towards your clients?

Thomas Schulz: Yes. Let me start with the second one, infrastructure, defense. In defense, money is spent. Quite a lot goes into Ukraine, as you know. Some is going into infrastructure. Germany will be a kind of a logistic hub in a situation of self-defense to follow our German government wording. And as you know, compulsory service voluntarily and then a little bit with, let's say, additional motivation will come on the way. So there, money will be spent. Infrastructure just takes longer to get money into investment because we are blessed with not only Brussels regulation, we are blessed with Berlin regulation. And that makes investments into infrastructure quite a long-term item. So out of that, we don't see yet on our customers that they had additional top line through these -- through the infrastructure package. In defense, we are actually more or less not in. So out of that, as we said before, we don't believe that we would see something coming towards us from our clients who then got something before the end of '26. When we look in general into Germany, you saw most likely the announcement of the chemical industry in Germany. They are fairly under pressure. Utilization is low. Production is low. Costs are high. When you hear that, then you can get quite negative. We out of Bilfinger, for us, it's a call to support our clients more with enhancing the efficiency on the assets, what they have to get them best performing under the current situation. And in that respect, we think that, a, our strategy to be the one who delivers efficiency improvement to our clients is quite a good one. It pays off quite good. And last thing, what I have is, and that is what I learned on my own side out of by far more cyclical industries, if companies go through a tough recession, as some of our customers in Germany do and they survive with all the necessary activities, they are actually very competitive when that is over. So we are for the mid- to long term, not too negative.

Operator: [Operator Instructions] And there is another in the chat. It comes from Metzler from Gerard O'Doherty, could I ask for 2 points of clarification, please. In the pipeline, you mentioned opportunities in the chemical sector. I assume this is outside Germany. In your comments at divisional level, you mentioned the jump in profits and Technologies was part due to derisking projects. Could you expand on this, please?

Thomas Schulz: Yes. At first, with the pipeline, yes, we have quite a lot of chemical customers or customers out of the chemical industry outside Germany, too. And in some parts, there is actually the business going quite well. So Germany is in the chemical industry, actually very much the very far low end in the development.

Matti Jakel: Yes, Gerard. On derisking, it's not about derisking projects. It's derisking sort of the contract profile that we have in not only Technologies, but also in the other 2 segments, Europe and International. What we have started 2.5 years ago with setting the updated strategy is looking at the entire contract portfolio and look at where we had larger and smaller risks or more significant risks in the past. We tried to stay away from lump sum turnkey projects, which was a part where Technologies had suffered quite a bit. We don't do those. We don't do those anymore, full stop. We talk to our clients. We ask them to award large projects in phases, an engineering phase or a design phase and engineering phase and then a construction phase so that everything is quite clear when things have to happen. We looked at long-term contracts, framework contracts, where we didn't make the margins that we think we should be making, and we renegotiated rates. Sometimes we walked away when the client wasn't willing to come to the table. So in that sense, we increased the level of profitability slowly piece by piece by piece. And you can see that in the margin -- gross margin development, but also profit margin development over the last 2.5 years. So it's not something that we did just in quarter 3 and not just in Technologies, but for the last 10 quarters across the entire group.

Operator: So thank you very much, Thomas and Matti. There are no further questions at the moment. So thank you all very much for your active participation in today's call. And as mentioned twice already, but also from my end, our next event will be our Capital Markets Day on 2nd of December. And I'm really hoping to welcome as many of you in person there as possible. So please make sure to find your way to our Capital Markets Day. It will be worth it. And if there are any remaining questions, of course,

as always, please reach out to me or the Investor Relations team. So thank you very much, and  
goodbye.