TEAMS WORK.

Semi-annual Report 2014
29 August 2014

STRABAG
SOCIETAS EUROPAEA

CONTENT

KEY FIGURES

KEY FINANCIAL FIGURES

€ mln.	Q2/2014	Q2/2013	Δ %	6M/2014	6M/2013	Δ %	2013
Output volume	3,435.81	3,507.88	-2	5,779.55	5,643.00	2	13,573.07
Revenue	3,189.98	3,147.47	1	5,353.94	5,110.04	5	12,475.65
Order backlog				15,468.48	14,046.50	10	13,469.68
Employees				71,215	71,931	-1	73,100

KEY EARNINGS FIGURES

€ mln.	Q2/2014	Q2/2013	Δ %	6M/2014	6M/2013	Δ %	2013
EBITDA	150.34	146.26	3	80.43	68.47	17	694.91
EBITDA margin (% of revenue)	4.7	4.6		1.5	1.3		5.6
EBIT	55.75	49.49	13	-107.98	-122.81	12	261.58
EBIT margin (% of revenue)	1.7	1.6		-2.0	-2.4		2.1
EBT	46.79	41.17	14	-120.98	-131.70	8	230.04
Net income	41.41	35.76	16	-98.89	-105.48	6	156.26
Net income after minorities	38.89	38.47	1	-93.12	-101.82	9	113.56
Net income after minorities margin (% of revenue)	1.2	1.2		-1.7	-2.0		0.9
Earnings per share (€)	0.38	0.37	3	-0.91	-0.99	8	1.11
Cash-flow from operating activities	-63.82	-5.68	-1,023	-181.18	-221.15	18	693.70
ROCE (%)	1.1	1.0		-1.1	-1.2		4.6
Investments in fixed assets	105.44	103.15	2	166.04	172.49	-4	387.36

KEY BALANCE SHEET FIGURES

€ mln.	30.6.2014	31.12.2013	Δ %
Equity	3,111.60	3,238.77	-4
Equity ratio (%)	30.2	30.7	
Net debt	281.73	-73.73	n.m.
Gearing ratio (%)	9.1	-2.3	
Capital employed	5,273.38	5,462.11	-3
Balance sheet total	10,304.52	10,560.79	-2

EBITDA = earnings before interest, taxes, depreciation and amortisation
EBIT = earnings before interest and taxes
EBT = earnings before taxes
ROCE = (net income + interest on debt – interest tax shield (25 %)) / (average group equity + interest-bearing debt)
Net debt = financial liabilities less non-recourse debt + provisions for severance and pension obligations – cash and cash equivalents
Gearing ratio = net debt / group equity
Capital employed = group equity + interest-bearing debt

CEO'S REVIEW

Dear shareholders, associates and friends of STRABAG SE,

As expected, the favourable weather conditions at the beginning of the year resulted in several orders being moved up into the first quarter. These would otherwise have been carried out over the course of the year. In our home market of Germany, we still have a 10 % plus in output volume after the first six months. At the same time, however, several markets fell back slightly, leaving growth of just 2 % for the group as a whole. For the full year, my management board colleagues and I had predicted an output volume of € 13.6 billion – unchanged versus 2013. We feel that the development to date confirms this prognosis.

With regard to the earnings before interest and taxes (EBIT), we also continue to expect a figure of at least € 260 million and so a similar result as in the previous year. The first half of the year does show an improvement by 12 %, but I want to mention last year's extraordinarily good fourth quarter which we do not expect to repeat this year.

Overall, the business in 2014 should develop stable as predicted. At the same time, we are setting the course for increasing our profitability in the medium term.
Yours,

Thomas Birtel

Thomas Birtel
CEO of STRABAG SE

- Output volume of € 5.8 billion (+2 %) – Particularly strong growth in Germany
- Order backlog up 10 % to € 15.5 billion thanks to acquisitions in e.g. Germany, Denmark and Austria
- EBITDA improvement by 17 %, EBIT by 12 %; EBIT seasonally still negative as usual
- 2014 outlook confirmed: Output volume of € 13.6 billion, EBIT of at least € 260 million expected

IMPORTANT EVENTS

MAY

STRABAG investing in N17/N18 section of the Irish motorway network

As part of the DirectRoute consortium, STRABAG will finance, plan, build and operate the 57 km long section of the Irish N17/N18 motorway between Gort and Tuam near Galway. The public-private partnership project has a total private sector investment value of about € 330 million. Equity funding represents 12 % of the overall funding for the project, with STRABAG's share as investor amounting to 10 % of this equity. The motorway is to be opened to traffic in November 2017.

Züblin A/S awarded large building construction contract in Denmark

Züblin A/S, a Danish subsidiary of the STRABAG Group, was awarded the contract to build the "Axeltorv, AT2" project, a fourteen-storey multi-use building in the centre of Copenhagen. The contract value of the turnkey building is about € 103 million. The handover of the project to the client is expected by the end of 2016.

STRABAG consortium building Ulriken railway tunnel in Norway for more than € 150 million

STRABAG, as part of a consortium, has been awarded the contract to build Section UUT21 of the Ulriken Tunnel. The contract value of the 7.8 km long tunnel, which will connect the Bergen and Arna stations, is about € 156 million. STRABAG holds 50 % of the construction consortium. The construction works started in June 2014 and will last for about seven years. A special feature of the project is the use of the largest tunnel boring machine in Norway to date.

Investment grade rating BBB- unchanged according to Standard & Poor's

In its Summary Analysis in May 2014, the international rating agency Standard & Poor's has left unchanged the investment grade rating of BBB- for STRABAG SE. The outlook remains "stable".

Ed. Züblin AG building section of A 100 motorway in Berlin for € 73 million

The STRABAG subsidiary Ed. Züblin AG has been awarded the contract to build the urban motorway A 100 in Berlin. The contract value of the construction of the new 700 m section including several bridges is about € 73 million. Construction has already begun and is expected to last until August 2017.

JUNE

STRABAG parts with its flue gas treatment business

STRABAG withdrew from its flue gas treatment business. The assets in its subsidiary STRABAG Energy Technologies GmbH, Vienna, are to be sold to international industrial group Yara International ASA, Oslo. STRABAG's flue gas treatment business, with some 70 employees, generated an annual output volume of about € 25 million, primarily in Germany, the Czech Republic, Poland, the Middle East and Taiwan. The parties to the transaction have agreed not to disclose details of the purchase price.

Brenner Base Tunnel: STRABAG consortium awarded contract for main section Tulfes–Pfons

The bidding consortium consisting of STRABAG and Salini Impregilo has been awarded the largest contract section to date for the Brenner Base Tunnel. For a contract value of about € 380 million (STRABAG's share amounts to 51 %), the consortium will build the twin-tube rail tunnel between Tulfes and Pfons as well as a section of the exploratory tunnel, the new rescue tunnel running parallel to the Innsbruck bypass, and two connecting side tunnels. The construction time for the approximately 38 tunnel kilometres is planned from the second half of 2014 to probably 2019.

Züblin Scandinavia AB awarded a contract for Marieholmstunnel in Gothenburg

Züblin Scandinavia AB, a Swedish subsidiary of STRABAG SE, as leader and main shareholder of a joint venture, has been awarded the contract to build the Marieholmstunnel project, an immersed tunnel passing under the river Göta älv in Gothenburg. The design & build agreement, which also comprises the mechanical and electrical works, has a total contract value of about € 170 million. Completion of the tunnel is expected for 2020.

Züblin A/S is awarded the contract for Copenhagen metro line

Züblin A/S is leading a joint venture for Copenhagen's new metro line between Østersøgade and the Nordhavn metro station. The contract includes about two kilometres of metro line connecting the ongoing Cityringen circle line project with the new North Harbour development area in the city of Copenhagen. The order has a total value of € 150 million, with Züblin's share amounting to about € 90 million. The construction work is planned to last until 2019.

Renewal of € 2 billion syndicated surety loan

STRABAG SE has concluded the renewal of a syndicated surety loan (SynLoan) with a consortium of 14 international banks. The volume of the surety loan amounts to € 2.0 billion. The line of credit will be available to all STRABAG subsidiaries for sureties (bank guarantees) within the scope of exercising the general business activity. The new term is for 5 years with two extension options of one year each.

STRABAG SE prematurely extends € 400 million syndicated cash credit

In view of a favourable financing environment, STRABAG SE has prematurely extended its revolving syndicated cash credit line in the amount of € 400 million. The group had initially arranged the cash credit line in 2012 with an original maturity in 2017. With the new term of five years, including two options to extend by one year each, STRABAG SE remains capable of securing its comfortable liquidity position for the long term.

STRABAG constructs steel plant in Russia for € 300 million

STRABAG has been contracted by Russia's Tula-Steel Company to build a steel production and rolling mill in Tula, some 200 km south of Moscow. The contract value is € 300 million. The construction of the project will begin in autumn 2014 and is expected to be completed within 36 months.

STRABAG solidifies presence in Canada with winning bid to build outfall tunnel

STRABAG has secured the contract in Canada to build the Mid-Halton Outfall Tunnel for CAD 79 million (approx. € 54 million). The project centres on the excavation of two 60 m deep shafts and a 6.3 km rock-bored tunnel. A tunnel boring machine with an excavation diameter of 3.6 m will mainly drill through layers of shale and limestone. Construction began in mid-July 2014 and is expected to be completed within 39 months. STRABAG has been offering civil and ground engineering as well as tunnelling in Canada since 2005.

JULY

All management board mandates extended until end of 2018

The supervisory board of STRABAG SE, acting on the recommendation of the presidential and nomination committee, has reappointed all current members of the STRABAG SE management board for a new term lasting from 1 January 2015 to 31 December 2018. Dr. Thomas Birtel has been confirmed as CEO.

Core shareholder Rasperia raises stake in STRABAG SE to 25 percent + 1 share

Rasperia Trading Ltd., a subsidiary of industrial conglomerate Basic Element, has exercised a call option to purchase shares and has thus increased its holding in STRABAG SE from 19.4 % to 25 % + 1 share, a stake it had already held previously. Rasperia acquired 6,377,144 shares for € 19.25 a piece and for a total investment of around € 123 million from the company's other core shareholders – the Haselsteiner Family, Raiffeisen and UNIQA.

€ 130 million deal to construct S7 section "Trasa Nowohucka" in Cracow

A consortium comprising STRABAG Sp. z o.o. and Heilit+Woerner Sp. z o.o., two subsidiaries of the STRABAG group, has signed a contract for the construction of a 18.6 km long stretch of the planned S7 expressway in the east of Cracow, called "Trasa Nowohucka", which will run between Rybitwy and Igołomska. The contract is worth PLN 529 million (around € 130 million). The construction is expected to be completed within 36 months.

STRABAG Real Estate sells large-scale project Upper West in Berlin

STRABAG Real Estate GmbH (SRE) has sold its UPPER WEST property development located at Berlin's Kurfürstendamm, with a project volume of € 250 million, to RFR Holding GmbH. The complex, consisting of a 118 m high-rise tower and a lower block-shaped building, comprises about 53,000 m² of total tenant. SRE acquired the approx. 3,400 m² property in September 2011. The construction works, being carried out by Ed. Züblin AG, began in November 2012. The project is scheduled for completion in early 2017.

STRABAG wins in consortium contract for toll collection system in Belgium

Satellic NV, a project company established by T-Systems (76 %) and STRABAG (24 %), has been awarded the contract for the implementation of a satellite-based toll collection system for trucks weighing more than 3.5 tonnes. The contract has a term of 12 years and envisages that Satellic will establish toll collection system in the next 18 months. STRABAG's subsidiary EFKON AG will deliver the entire system technology – the so-called enforcement technology.

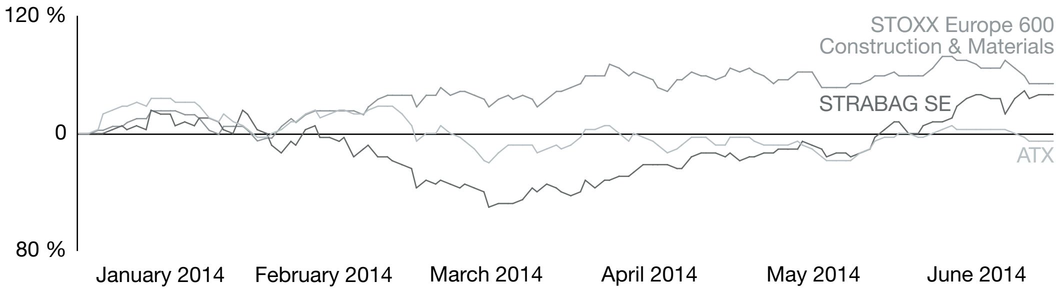
AUGUST

Consortium including Polish STRABAG subsidiary building section of S5 expressway in Poland

A consortium consisting of Heilit+Woerner Sp. z o.o., a subsidiary of STRABAG SE, and Budimex S.A. was awarded the contract to build a 15 km long section of the S5 expressway between Poznań and Wrocław with a value of about € 138 million. Heilit+Woerner holds 50 % in the consortium. Completion and commissioning of the new section are scheduled for 2017.

SHARE

DEVELOPMENT OF THE STRABAG SE SHARE PRICE AND OF THE BENCHMARK INDEXES



As in the first quarter of 2014, the political tensions between Russia and Ukraine continued to define the economic developments in Europe in the second quarter of the year. Strong negative consequences on the European stock markets have failed to materialise, however. The Austrian benchmark index ATX registered a minus of 2 % over the first six months, while the industry index STOXX Europe 600 Construction & Materials grew by 10 %.

In general, the international stock exchanges exhibited varying development: New York's Dow Jones Industrial (+2 %) and Europe's Euro Stoxx 50 (+4 %) posted gains, while the Japanese benchmark index Nikkei ended the first half of 2014 down 7 %.

Following a mixed first quarter, which saw the year-to-date low of € 18.07 reached on 14 March 2014, the STRABAG SE share registered an upswing in the second quarter.

On the reporting date of 30 June 2014, shares closed at € 22.98 – just below their year-to-date high of € 23.13 on 24 June 2014. This corresponds to a plus of 8 % since the beginning of the year.

The cumulative trade volume of the STRABAG SE share on the Vienna Stock Exchange amounted to € 119 million[1] in the first six months, with an average trade volume per day of 48,774 shares[1]. Due to the low trade volume, STRABAG SE lost its place in the ATX towards the end of March 2014.

STRABAG's shares are currently under observation by ten international banks. The analysts calculated an average share price target of € 21.60. Detailed analyses and recommendations are available on the STRABAG SE website: www.strabag.com > Investor Relations > Share > Equity Research.

STRABAG SE SHARE

	6M/2014
Market capitalisation on 30 June 2014 (€ million)	2,358
Closing price on 30 June 2014 (€)	22.98
Year's maximum on 24 June 2014 (€)	23.13
Year's minimum on 14 March 2014 (€)	18.07
Performance six months 2014 (%)	8
Outstanding bearer shares on 30 June 2014 (absolute) (shares)	102,599,997
Outstanding bearer shares six months 2014 (weighted) (shares)	102,599,997
Weight in ATX on 30 June 2014 (%)	n.a.
Volume traded six months 2014 (€ million)[1]	119
Average trade volume per day (shares)[1]	48,774
% of total volume traded on Vienna Stock Exchange	0.48

1) double count

MANAGEMENT REPORT JANUARY–JUNE 2014

Output volume and revenue

The STRABAG SE Group registered an output volume of € 5,779.55 million in the first half of 2014. This corresponds to an increase by 2 % versus the same period of the previous year. Thanks to the friendly weather at the beginning of the year, the home market of Germany still registered a plus of 10 % after six months. At the same time, however, the output volume was down in several other markets.

The consolidated group revenue, like the output volume, also grew upward with a plus of 5 %. The ratio of revenue to output amounted to 93 %, compared to 91 % in the first half of the year before. The second quarter revenue remained more or less stable with +1 %.

Order backlog

The order backlog grew by 10 % from € 14,046.50 million at the end of June 2013 to € 15,468.48 million on 30 June 2014. This development was driven particularly by the large projects that had been acquired last year in Germany, Chile, Slovakia and Hungary, on the one hand, as well as by new contracts acquired in Denmark and Austria during the ongoing business year.

Financial performance

The limited capacity for construction in winter results in significant seasonal effects on the development of earnings and other financial figures of STRABAG SE. The first two quarters of the year typically have a negative effect on results, which is then overcompensated by results in the second half of the year. As a result of the seasonal effects, a quarterly comparison makes little sense.

The earnings before interest, taxes, depreciation and amortisation (EBITDA) in the first half of 2014 improved by 17 % to € 80.43 million. The depreciation and amortisation was at about last year's level. The earnings before interest and taxes (EBIT), at € -107.98 million, were 12 % less deeply in negative terrain.

The net interest income fell slightly, reaching € -13.00 million after € -8.88 million in the first half of the previous year. This figure had included positive currency exchange rate differences in the amount of € 7.98 million in the comparison period, versus € 4.55 million this year. Below the line, this resulted in an 8 % improvement of the earnings before tax (EBT) in the amount of € -120.98 million. Accordingly, the income tax was again in positive territory with € 22.09 million and thus provided some relief despite being 16 % lower on the year. The remaining net income was up 6 %. The third-party shareholders helped bear a loss of € 5.77 million for a net income after minorities of € -93.12 million (+9 %). The earnings per share reached € -0.91 after € -0.99 in the first half of the year before.

STRABAG SE generated an EBITDA of € 150.34 million in the second quarter, a plus of 3 %. The EBIT grew by 13 % to € 55.75 million.

Financial position and cash-flows

The balance sheet total, at € 10,304.52 million, changed little versus 31 December 2013. Seasonal factors resulted in an increase of the trade receivables to the detriment of cash and cash equivalents. The equity ratio, with 30.2 % after 30.7 % at the end of 2013, remained at the usual high level. The net cash position, as is typical for the season, turned from net cash in the amount of € 73.73 million at year's end into net debt of € 281.73 million. A comparison with the net debt at the end of June 2013 shows a decrease by 54 %.

The cash flow from earnings more than doubled over the comparison period to € 46.81 million. The cash flow from operating activities and the cash flow from investing activities, at € -181.18 million and € -137.18 million, were 18 % and 11 % less negative, respectively. The cash flow from financing activities, meanwhile, moved from positive into negative terrain due to a € 125 million bond emission last year, something which STRABAG opted against this year.

Capital expenditures

In addition to the necessary maintenance expenditures – for the most part in Germany – STRABAG invested especially in project-specific equipment needed for its international business as well as equipment for specialty businesses such as pipe jacking in the first six months of 2014. More such investments are planned for the coming months of the current financial year.

The expenditures included € 166.04 million for the purchase of property, plant and equipment and intangible assets, € 4.21 million for the purchase of financial assets and € 3.33 million for cash outflows from changes to the scope of consolidation.

Employees

The number of employees fell by just 1 % to 71,215 in comparison to the same period of the previous year. Large changes in several entities nearly balanced each other out: The workforce was scaled back for market reasons in Poland and for project-related reasons in Russia and Romania, while new large projects in Germany, in Denmark and in Hungary led to increases in staff levels.

Major transactions and risks

During the first six months of the financial year, there were no transactions with related parties which significantly influenced the financial situation or the business result nor were there any changes to transactions with related parties which were presented in the annual financial statements and which significantly influenced the financial situation or business result of the first six months of the current financial year.

In the course of its entrepreneurial activities, the STRABAG Group is exposed to a number of risks, which can be identified and assessed using an active risk management system and dealt with by applying an appropriate risk policy. Among the most important risks are external risks such as cyclical fluctuations in the construction industry, operating risks in the selection and execution of projects, as well as financial, organisational, personnel, and investment risks.

The risks are explained in more detail in the 2013 management report. A review of the current risk situation revealed that in the reporting period there existed no risks which threatened the existence of the company and that for the future no risks are recognisable which constitute a threat to its continued existence.

Outlook

The management board of STRABAG SE continues to expect the output volume for the 2014 financial year to remain more or less unchanged versus 2013 at € 13.6 billion. This will likely be composed of € 6.0 billion from the segment North + West, € 4.7 billion from the segment South + East and € 2.8 billion from the segment International + Special Divisions. The rest can be allotted to Other. The segment composition should thus remain largely unchanged in comparison to 2013.

Due to the necessary purchase of project-related specialty equipment, the net investments (cash flow from investing activities) are expected to rise from € 332.38 million in 2013 to around € 350 million in 2014.

The management board forecasts an EBIT of at least € 260 million for the current financial year, which more or less corresponds to the value of 2013. Although the realisation of the measures proposed by the internal STRABAG 2013ff task force is beginning to show first successes, STRABAG faces a challenging environment in 2014 with high price pressure in the European infrastructure construction sector. On the other hand, the company is registering continued solid conditions in building construction for the private sector, especially in Germany.

SEGMENT REPORT

Segment North + West

€ mln.	Q2/2014	Q2/2013	Δ %	Δ absolute	6M/2014	6M/2013	Δ %	Δ absolute
Output volume	1,550.90	1,567.18	-1	-16.28	2,649.39	2,519.50	5	129.89
Revenue	1,472.82	1,420.20	4	52.62	2,520.54	2,322.23	9	198.31
Order backlog					6,027.09	6,006.15	0	20.94
EBIT	-22.27	0.13	n.m.	-22.40	-94.62	-76.12	-24	-18.50
EBIT margin (% of revenue)	-1.5	0.0			-3.8	-3.3		
Employees					22,237	24,628	-10	-2,391

The **output volume** of the segment North + West underwent a positive development thanks to the mild winter, growing by 5 % over the first half of the previous year to € 2,649.39 million. The largest contribution to this increase came from the building construction and civil engineering business in Germany. But the German transportation infrastructures business, which benefited from the mild winter, also contributed substantially.

The **revenue** increased by 9 % in the first six months of the year. The **earnings before interest and taxes** (EBIT), however, stood at € -94.62 million and so about one quarter more deeply in negative territory. Besides the continuing competitive pressure in the German transportation infrastructures business, the results continued to be burdened by individual building construction projects, e.g. in Germany and in Sweden. The revenue grew by 4 % in the second quarter, while the EBIT – unlike last year – remained negative.

The **order backlog** stood at € 6,027.09 million, essentially unchanged versus the end of the first half of 2013. The German building construction and civil engineering business, as well as acquisitions made in Denmark, compensated for declines in other markets in this segment – e.g. in Poland, although some significant orders were again registered here in the third quarter of the ongoing financial year. This is especially positive as it coincides with the completion and handover of several large projects, such as the headquarters of Thales Germany or the Think K district in Stuttgart. The most important projects acquired during the first half of 2014 include the renovation works for the hospital bed tower and the construction of a new surgery and intensive care building for Charité Berlin, Germany, as well as the construction of a section of the A 100 motorway in Germany for about € 73 million. In Denmark, the group was awarded the contract to build the Axeltorv project, a fourteen-storey multi-use building in the centre of Copenhagen with a contract value of more than € 100 million, as well as the tunnelling contract including station and ramp for the Copenhagen Metro, with about € 90 million of the contract value corresponding to the Züblin A/S subsidiary. In Sweden, the group can report of the upcoming construction of the Marieholmstunnel with a total contract value of more than € 170 million for Züblin Scandinavia AB.

The declining market situation in Poland in the past year and the previous year's organisational shifting of more than 2,000 employees in Chile from the segment North + West to the segment International + Special Divisions were reflected in the number of **employees** for the first half of 2014: Despite a significant increase in Germany, the total number of employees in the segment fell by 10 % to 22,237.

A word on the segment **outlook**: An output volume of € 6.0 billion is expected in the 2014 financial year in the segment North + West – an assumption that to a large degree is already covered by existing contracts. The **German building construction and civil engineering** business should continue to contribute quite positively to both output volume and earnings, although rising subcontractor prices must be expected. The availability of subcontractor services will also be restricted by the good capacity utilisation. Countering the price pressure is the fact that subcontractors from the rest of Europe are expanding their markets to include Germany. In **transportation infrastructures** in this market, the mild weather resulted in a large portion of the work that would usually have been begun in the second quarter being moved up into the first quarter. Overall, the tendering and competition situation is largely at the previous year's levels. The first impacts from the additional infrastructure investments announced by the

German government are not expected until next year. An excellent use of capacities is expected in the German **waterway construction** business, despite the current situation of relatively high price pressure. However, STRABAG is registering globally higher demand for its large equipment in this business field, so that charter business can be used to compensate gaps in the order backlog.

After the shrinking of the market last year, the **Polish construction sector** should recover significantly in the years 2014–2020. The optimistic expectations have been confirmed over the course of the ongoing financial year due to the passing of a large number of road construction projects in the country and the fact that several more are currently in the pipeline. Because of the high level of competition, however, price increases in transportation infrastructures are not to be expected. In the building construction and civil engineering business, meanwhile, STRABAG sees opportunities particularly in the energy sector.

In **Scandinavia**, the countries of Sweden and Denmark are making the most significant contributions to the output volume. Here both the overall economic environment and the market for tunnel and infrastructure projects continue to be stable. The framework for the building construction business in Sweden and Denmark is attractive and offers growth potential. But even in Scandinavia the competition for potential subcontractors and suppliers as well as for qualified personnel is very high, which is why STRABAG is working on its organisational and cost structure.

Segment South + East

€ mln.	Q2/2014	Q2/2013	Δ %	Δ absolute	6M/2014	6M/2013	Δ %	Δ absolute
Output volume	1,174.20	1,225.82	-4	-51.62	1,798.94	1,826.07	-1	-27.13
Revenue	1,123.53	1,143.23	-2	-19.70	1,694.28	1,689.30	0	4.98
Order backlog					5,004.21	4,281.47	17	722.74
EBIT	57.68	23.73	143	33.95	-17.22	-61.78	72	44.56
EBIT margin (% of revenue)	5.1	2.1			-1.0	-3.7		
Employees					19,585	20,454	-4	-869

The segment South + East generated an **output volume** of € 1,798.94 million in the first half of 2014, approximately as much (-1 %) as in the same period of the preceding year. The weather encouraged the construction activity in the home market of Austria, while both Slovakia and Hungary registered the first positive effects from the large transportation infrastructure contracts that had been acquired in the past year. Yet while last year's high output volume had been driven by large projects in Russia and Romania, there was no equivalent in the first six months of the ongoing financial year.

The **revenue** of this segment did not change substantially either. The **earnings before interest and taxes** (EBIT) was negative – a usual situation in the first half of the year – but could be contained by 72 % to € -17.22 million. This development can be explained, among others, by further earnings improvements in the environmental technology business. In the railway construction business and in South-East Europe, however, there is no relaxation of the competitive situation in sight. The revenue decreased by 2 % in the second quarter, while the EBIT more than doubled to € 57.68 million.

The **order backlog** for the segment registered significant growth to € 5,004.21 million, a plus of 17 % versus the end of the first six months of 2013. This can largely be explained by the aforementioned transportation infrastructure projects in Slovakia and Hungary, although the order backlog also increased in Russia thanks to an approximately € 300 million contract to build a steel plant and rolling mill.

Given the ongoing implementation of measures to raise efficiency, the **number of employees** dropped by 4 % to 19,585. With the exception of Hungary, white-collar staff was reduced in nearly all markets.

A word on the segment **outlook**: As was announced, the segment South + East is expected to reach an output volume of € 4.7 billion in the 2014 financial year. This is expected to be driven by smaller projects, as the low number of large projects tendered at this time puts the focus on the mass market. The business environment and the price situation in the **Central and Eastern European construction sector** remain challenging. Especially in Romania and in the Adriatic region, the difficult financing situation is creating strong competition for few contracts with a resulting pressure on the margins.

The situation in the **Austrian transportation infrastructures and civil engineering** business also did not relax; in fact, the competitive pressure is even on the rise due to excess capacities. The **building construction** business in the greater area of Vienna, by comparison, remains positive.

In the past few months, STRABAG has concluded and handed over a number of large projects in **Russia**, such as the construction of the Olympic Village in Sochi. As follow-up projects, the acquisition of an output volume of several hundred million euros in heavy industrial construction, to be worked off over the coming years, has been achieved in the first half of the year.

The political developments in Ukraine since February 2014 are having no significant influence on the situation of the STRABAG Group from today's perspective, and the sanctions have also not impacted the business thus far. The company generates less than 1 % of its annual output volume in Ukraine. In Russia, the group expects to generate less than 3 % of its output volume in 2014. As construction is an export non-intensive industry in which most of the services are provided locally, and the STRABAG Group provides its services almost exclusively for private clients, the company does not expect the political developments to have any immediate impact on its business in Russia.

The **railway construction** business remains burdened by a distorted competitive landscape in Germany. In Eastern Europe several expected large projects could lead to a normalisation of the prices in the mid-term.

Although the earnings improvement measures in the **environmental technology** business have gradually been taking hold, STRABAG is making strategic changes by withdrawing from its flue gas treatment business through the sale of assets. The business had generated an annual output volume of about € 25 million.

Segment International + Special Divisions

€ mln.	Q2/2014	Q2/2013	Δ %	Δ absolute	6M/2014	6M/2013	Δ %	Δ absolute
Output volume	680.96	687.13	-1	-6.17	1,275.96	1,232.84	3	43.12
Revenue	586.73	576.99	2	9.74	1,127.69	1,084.85	4	42.84
Order backlog					4,427.43	3,749.94	18	677.49
EBIT	20.44	28.50	-28	-8.06	-0.84	1.65	n.m.	-2.49
EBIT margin (% of revenue)	3.5	4.9			-0.1	0.2		
Employees					23,648	21,109	12	2,539

Thanks to growth in the home market of Germany, the **output volume** in the segment International + Special Divisions increased by 3 % in the first half of 2014. The highly contrasting upward and downward movements in the other countries more or less balanced each other out.

The **revenue** of this segment also grew over the first half of the year, namely by 4 %. No significant changes were observed in the **earnings before interest and taxes** (EBIT), which reached € -0.84 million this year after € 1.65 million in the comparison period of the previous year. The revenue increased by 2 % in the second quarter, while the EBIT fell from € 28.50 million to € 20.44 million.

The **order backlog** increased strongly compared to 30 June 2013, growing by 18 % to € 4,427.43 million. Responsible for this development were, among other things, the award for an approximately € 370 million project in Chile in the fourth quarter of 2013 and the contract to build a McArthurGlen Designer Outlet Centre near Vancouver International Airport in Canada for the equivalent of about € 70 million. In the second quarter of 2014, the order backlog received an additional boost from the contract awards for the Ulriken rail tunnel in Norway for about € 75 million; the Tulfes–Pfons section of the Brenner Base Tunnel in Austria, the largest section to date, with a value of more than € 190 million for STRABAG; and the Mid-Halton Outfall Tunnel in Canada with a contract value equivalent to just over € 50 million.

The plus of 12 % in the number of **employees** was influenced by the transfer of more than 2,000 employees from the segment North + West in Chile.

A word on the segment **outlook**: The output volume should settle at € 2.8 billion – unchanged versus the previous year. Earnings are also expected to remain satisfactory, even if the price level is ruinously low in some areas, e.g. in **tunnelling**. The economic situation continues to be difficult especially in the company's traditional markets of Austria and Germany. It is therefore to be expected that STRABAG will increasingly offer its technological know-how outside of Europe. Currently being pursued in this regard are selected projects in places such as Canada and the Arab world, among others.

Internationally the company is successfully active in specialty businesses such as the tunnelling technique of pipe jacking, in test track construction, and in the field of liquefied natural gas (LNG). In its traditional non-European markets such as East Africa, Oman or the United Arab Emirates, the company remains engaged with the same level of commitment, so that the orders situation can be assessed as satisfactory despite the great competition that projects are subject to here as well. Given the weak project pipeline, the market for **concession projects** in transportation infrastructures in Western Europe also remains challenging. For this reason, international markets like Peru, Chile and Africa are being actively observed.

In comparison, the group again expects a solid earnings contribution from the following two business fields: In **property & facility services**, increased productivity should make it possible to partially compensate for the higher personnel costs from the newly concluded collective agreement for 2014. The **real estate development** business, meanwhile, is profiting from higher rents in the German real estate centres. Moreover, in view of the continuously low interest rates, German and Austrian real estate should remain a much sought-after investment alternative.

The **construction materials** business could be bolstered by an incipient stabilisation of the economic situation of the construction industry in several markets – e.g. Hungary and Slovakia. Prices for concrete have reached a historic low in countries such as the Czech Republic, however, and increased demand from infrastructure projects currently in the pipeline in Central and Eastern Europe is not expected until the second half of 2014 at the earliest. For the ongoing financial year, therefore, the margins are unlikely to receive support from the construction materials business.

Consolidated Semi-annual Financial Statements STRABAG SE, Villach, as at 30 June 2014

STRABAG
SOCIETAS EUROPAEA

Consolidated income statement for 1.1.–30.6.2014

T€	1.4.–30.6.2014	1.4.–30.6.2013	1.1.–30.6.2014	1.1.–30.6.2013
Revenue	3,189,984	3,147,465	5,353,944	5,110,043
Changes in inventories	20,862	22,473	29,231	51,957
Own work capitalised	1,949	772	5,600	1,657
Other operating income	56,404	53,021	98,770	104,160
Construction materials, consumables and services used	-2,161,447	-2,066,078	-3,630,310	-3,403,303
Employee benefits expenses	-772,775	-791,085	-1,455,804	-1,452,794
Other operating expenses	-214,785	-233,593	-344,497	-365,150
Share of profit or loss of associates	21,558	3,669	14,391	8,738
Net income from investments	8,585	9,615	9,101	13,165
EBITDA	**150,335**	**146,259**	**80,426**	**68,473**
Depreciation and amortisation expense	-94,585	-96,770	-188,411	-191,284
EBIT	**55,750**	**49,489**	**-107,985**	**-122,811**
Interest and similar income	12,824	12,547	32,665	34,688
Interest expense and similar charges	-21,785	-20,868	-45,665	-43,572
Net interest income	**-8,961**	**-8,321**	**-13,000**	**-8,884**
EBT	**46,789**	**41,168**	**-120,985**	**-131,695**
Income tax expense	-5,382	-5,408	22,091	26,218
Net income	**41,407**	**35,760**	**-98,894**	**-105,477**
Attributable to: non-controlling interests	2,519	-2,712	-5,769	-3,659
Attributable to: equity holders of the parent company	38,888	38,472	-93,125	-101,818
Earnings per share (€)	**0.38**	**0.37**	**-0.91**	**-0.99**

Statement of comprehensive income for 1.1.–30.6.2014

T€	1.4.–30.6.2014	1.4.–30.6.2013	1.1.–30.6.2014	1.1.–30.6.2013
Net income	**41,407**	**35,760**	**-98,894**	**-105,477**
Differences arising from currency translation	6,656	-20,709	-3,217	-36,449
Recycling of differences arising from currency translation	-4	0	-2,434	0
Change in forward exchange transactions and interest rate swaps	-10,795	13,054	-27,191	12,614
Recycling of forward exchange transactions and interest rate swaps	5,802	5,707	11,304	11,449
Deferred taxes on neutral change in equity	983	-3,538	3,219	-4,599
Other income from associates	-273	1,658	-3,146	-1,958
Total of items which are later recognised ("recycled") in the income statement	**2,369**	**-3,828**	**-21,465**	**-18,943**
Other income from associates	-18	20	-35	40
Total of items which are not later recognised ("recycled") in the income statement	**-18**	**20**	**-35**	**40**
Other income	**2,351**	**-3,808**	**-21,500**	**-18,903**
Total comprehensive income	**43,758**	**31,952**	**-120,394**	**-124,380**
Attributable to: non-controlling interests	1,974	-3,326	-7,790	-4,790
Attributable to: equity holders of the parent company	41,784	35,278	-112,604	-119,590

Consolidated balance sheet as at 30 June 2014

T€	30.6.2014	31.12.2013
Intangible assets	499,104	501,788
Property, plant and equipment	2,091,755	2,145,517
Investment property	34,536	36,894
Investments in associates	357,917	371,596
Other financial assets	253,787	253,376
Receivables from concession arrangements	749,272	780,628
Trade receivables	74,021	72,576
Income tax receivables	6,433	7,978
Other financial assets	35,124	28,649
Deferred taxes	259,304	217,288
Non-current assets	**4,361,253**	**4,416,290**
Inventories	1,116,258	1,104,978
Receivables from concession arrangements	25,629	24,643
Trade receivables	2,897,488	2,697,645
Non-financial assets	61,945	56,020
Income tax receivables	34,351	35,066
Other financial assets	489,011	514,180
Cash and cash equivalents	1,318,585	1,711,968
Current assets	**5,943,267**	**6,144,500**
Assets	**10,304,520**	**10,560,790**
Share capital	114,000	114,000
Capital reserves	2,311,384	2,311,384
Retained earnings and other reserves	379,005	491,604
Non-controlling interests	307,215	321,781
Group equity	**3,111,604**	**3,238,769**
Provisions	996,790	994,744
Financial liabilities[1)]	1,224,618	1,353,870
Trade payables	50,520	48,534
Non-financial liabilities	1,517	1,397
Other financial liabilities	25,759	27,866
Deferred taxes	38,165	39,377
Non-current liabilities	**2,337,369**	**2,465,788**
Provisions	685,190	695,824
Financial liabilities[2)]	441,206	368,830
Trade payables	2,987,765	2,936,051
Non-financial liabilities	319,228	391,600
Income tax liabilities	71,943	97,281
Other financial liabilities	350,215	366,647
Current liabilities	**4,855,547**	**4,856,233**
Equity and Liabilities	**10,304,520**	**10,560,790**

1) Thereof T€ 513,620 concerning non-recourse liabilities from concession arrangements (31 December 2013: T€ 538,608)
2) Thereof T€ 47,842 concerning non-recourse liabilities from concession arrangements (31 December 2013: T€ 46,497)

Consolidated cash flow statement for 1.1.–30.6.2014

T€	1.1.–30.6.2014	1.1.–30.6.2013
Net income	-98,894	-105,477
Deferred taxes	-39,294	-39,794
Non-cash effective results from consolidation	-3,136	0
Non-cash effective results from associates	10,498	8,660
Depreciations/write ups	189,756	191,516
Change in long-term provisions	3,251	-12,663
Gains/losses on disposal of non-current assets	-15,369	-22,058
Cash flow from earnings	**46,812**	**20,184**
Change in inventories	-13,040	-67,036
Change in trade receivables, construction contracts and consortia	-209,789	-211,258
Change in receivables from subsidiaries and receivables from participation companies	33,629	35,558
Change in other assets	-22,093	-8,822
Change in trade payables, construction contracts and consortia	72,426	72,078
Change in liabilities from subsidiaries and liabilities from participation companies	4,388	10,371
Change in other liabilities	-85,911	-77,373
Change in current provisions	-7,603	5,150
Cash flow from operating activities	**-181,181**	**-221,148**
Purchase of financial assets	-4,210	-4,082
Purchase of property, plant, equipment and intangible assets	-166,038	-172,490
Gains/losses on disposal of non-current assets	15,369	22,058
Disposals of non-current assets (carrying value)	17,879	16,347
Change in other cash clearing receivables	3,143	-9,392
Change in scope of consolidation	-3,326	-6,459
Cash flow from investing activities	**-137,183**	**-154,018**
Change in bank borrowings	-47,022	16,348
Change in bonded loan	-7,500	125,000
Change in liabilities from finance leases	-1,320	-4,695
Change in other cash clearing liabilities	-7,574	-3,097
Change in non-controlling interests due to acquisition	-5	-78
Acquisition of own shares	0	-8,863
Distribution and withdrawals from partnerships	-4,397	-32,819
Cash flow from financing activities	**-67,818**	**91,796**
Net change in cash and cash equivalents	**-386,182**	**-283,370**
Cash and cash equivalents at the beginning of the period	1,684,700	1,350,669
Change in cash and cash equivalents due to currency translation	-7,201	-13,117
Change in restricted cash and cash equivalents	5,990	-618
Cash and cash equivalents at the end of the period	**1,297,307**	**1,053,564**

Statement of changes in equity for 1.1.–30.6.2014

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2014	**114,000**	**2,311,384**	**641,977**	**-96,686**	**-53,687**	**2,916,988**	**321,781**	**3,238,769**
Net income	0	0	-93,125	0	0	-93,125	-5,769	-98,894
Differences arising from currency translation	0	0	0	0	-3,972	-3,972	-1,679	-5,651
Changes in forward exchange transactions	0	0	0	-244	0	-244	-7	-251
Changes in investments in associates	0	0	-34	-465	-2,610	-3,109	-72	-3,181
Changes of interest rate swaps	0	0	0	-15,306	0	-15,306	-330	-15,636
Deferred taxes on neutral change in equity	0	0	0	3,152	0	3,152	67	3,219
Total comprehensive income	**0**	**0**	**-93,159**	**-12,863**	**-6,582**	**-112,604**	**-7,790**	**-120,394**
Transactions concerning non-controlling interests	0	0	5	0	0	5	-2,379	-2,374
Distribution of dividends	0	0	0	0	0	0	-4,397	-4,397
Balance as at 30.6.2014	**114,000**	**2,311,384**	**548,823**	**-109,549**	**-60,269**	**2,804,389**	**307,215**	**3,111,604**

Statement of changes in equity for 1.1.–30.6.2013

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2013	**114,000**	**2,311,384**	**554,709**	**-121,825**	**3,246**	**2,861,514**	**301,028**	**3,162,542**
Net income	0	0	-101,818	0	0	-101,818	-3,659	-105,477
Differences arising from currency translation	0	0	0	0	-34,958	-34,958	-1,491	-36,449
Changes in forward exchange transactions	0	0	0	-1,777	0	-1,777	-42	-1,819
Changes in investments in associates	0	0	39	-475	-1,438	-1,874	-44	-1,918
Changes of interest rate swaps	0	0	0	25,344	0	25,344	538	25,882
Deferred taxes on neutral change in equity	0	0	0	-4,507	0	-4,507	-92	-4,599
Total comprehensive income	**0**	**0**	**-101,779**	**18,585**	**-36,396**	**-119,590**	**-4,790**	**-124,380**
Transactions concerning non-controlling interests	0	0	428	0	0	428	-506	-78
Acquisition of own shares	0	0	-8,863	0	0	-8,863	0	-8,863
Distribution of dividends[1]	0	0	-20,520	0	0	-20,520	-12,299	-32,819
Balance as at 31.3.2013	**114,000**	**2,311,384**	**423,975**	**-103,240**	**-33,150**	**2,712,969**	**283,433**	**2,996,402**

1) The total dividend payment of T€ 20,520 corresponds per share of T€ 0.20 based on 102,600,000 shares

NOTES TO THE CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS STRABAG SE, VILLACH, AS AT 30 JUNE 2014

Basic principles

The consolidated semi-annual financial statements of STRABAG SE, based in Villach, Austria, with reporting date 30 June 2014, were drawn up under application of IAS 34 in accordance with the International Financial Reporting Standards (IFRS) – issued by the International Accounting Standards Board (IASB) in London and recognised by the European Union – including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) valid on the reporting date. Applied were exclusively those IASB standards and interpretations adopted by the European Commission before the reporting deadline and published in the Official Journal of the European Union.

In accordance with IAS 34, the consolidated semi-annual financial statements do not contain all the information and details required of annual financial statements. The semi-annual statements should therefore be read in conjunction with the annual financial statements of STRABAG SE, Villach, with reporting date 31 December 2013.

The consolidated financial statements of the Group as at and for the year ended 31 December 2013 are available at www.strabag.com.

Changes in accounting policies

The following amended or new accounting standards are effective for annual periods beginning on or after 1 January 2014.

	Application for financial years which begin on or after (according to IASB)	**Application for financial years which begin on or after (according to EU endorsement)**
IFRS 10 Consolidated Financial Statements	1.1.2013	1.1.2014
IFRS 11 Joint Arrangements	1.1.2013	1.1.2014
IFRS 12 Disclosure of Interests in Other Entities	1.1.2013	1.1.2014
Amendments to IAS 27 Separate Financial Statements	1.1.2013	1.1.2014
Amendments to IAS 28 Investment in Associates and Joint Ventures	1.1.2013	1.1.2014
Amendments to IAS 32 Financial Instruments Presentation – Offsetting Rules	1.1.2014	1.1.2014
Transition guidance – Amendments to IFRS 10, IFRS 11 and IFRS 12	1.1.2013	1.1.2014
Investment entities – Amendments to IFRS 10, IFRS 12 and IAS 27	1.1.2014	1.1.2014
Amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures	1.1.2014	1.1.2014
Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Over-the-Counter Derivatives and Continuation of Existing Hedging Relationships	1.1.2014	1.1.2014

IFRS 10 defines the principle of control and establishes control as the sole basis for determining the scope of consolidation. IFRS 10 supersedes the corresponding standards in IAS 27 and SIC-12.

IFRS 11 and IAS 28 regulate the accounting of arrangements in which an entity exercises joint control over a joint venture or a joint operation. It supersedes the previous rules under IAS 31 and SIC-13. The new standard does away with the option of proportionate consolidation for jointly controlled entities.

According to a statement by the Institute of Public Auditors in Germany (IDW), the typical German construction consortium meets the requirements to be classified as a joint venture. Based on the current status of our analysis this also applies to Austrian construction consortia. The impact on the consolidated financial statements is limited to changes in the presentation in the income statement. Starting with the 2014 financial year, the share of profit or loss will no longer be recognised as revenue (other operating expense) but instead as income from associates. For better comparability, the previous year figures are presented in the changed form.

IFRS 12: This new standard encompasses all disclosure requirements for subsidiaries, associates and joint arrangements as well as for unconsolidated structured entities. It replaces the relevant requirements in IAS 27, IAS 28 and IAS 31.

IAS 32 contains changes to clarify under which requirements a netting of financial instruments is permitted on the balance sheet.

IAS 36, consequential to the issue of IFRS 13, was modified to require disclosure of the recoverable amount of each cash-generating unit (or group of units) for which material goodwill or material intangible assets with indefinite useful lives are allocated. IAS 36 also introduces new disclosure requirements for cases of impairment loss (reversal) of assets or cash-generating units.

IAS 39, in its amended version, provides relief for novation of over-the-counter derivatives by allowing hedge accounting to continue in a situation where novation of a hedging instrument to a central counterparty meets certain criteria.

The first-time adoption of the aforementioned IFRS and IAS standards, with the exception of the presentation of joint ventures, had only minor impact on the semi-annual consolidated financial statements as at 30 June 2014.

Accounting and valuation methods

With exception of the above mentioned changes in the accounting and valuation methods the accounting and valuation are fundamentally based on the same accounting principles and valuation methods underlying the consolidated annual financial statements with reporting date 31 December 2013.

Information regarding the accounting and valuation methods can be found in the annual financial statements with reporting date 31 December 2013.

Estimates

Estimates and assumptions which refer to the amount and recognition of the assets and liabilities accounted, the income and expenditure as well as the statement of contingent liabilities are necessary for the preparation of the consolidated financial statement according to IFRS. The actual results could deviate from these estimates.

Scope of consolidation

The consolidated semi-annual financial statements as at 30 June 2014 include STRABAG SE as well as all major domestic and foreign subsidiaries where STRABAG SE either directly or indirectly holds a majority of the voting rights. Major associated companies are reported in the balance sheet using the equity method.

The number of consolidated companies changed in the first six months of 2014 as follows:

	Consolidation	**Equity method**
Situation as at 31.12.2013	**298**	**21**
First-time inclusions in year under report	0	1
Exclusions in year under report	-3	0
Situation as at 30.6.2014	**295**	**22**

ADDITION TO SCOPE OF CONSOLIDATION

Following a share transfer agreement effective 1 January 2014, the company Strabag Qatar W.L.L., Qatar, was deconsolidated and is now accounted for using the equity method.

DISPOSALS FROM THE SCOPE OF CONSOLIDATION

As at 30 June 2014, the following companies were no longer included in the scope of consolidation:

Companies	
Przedsiebiorstwo Budownictwa Ogólnego i Uslug Technicznych Slask Sp. z o.o., Katowice	sale
Strabag Qatar W.L.L., Qatar	at-equity
"Wohngarten Sensengasse" Bauträger GmbH, Vienna	sale

Deconsolidation led to an insignificant disposal of assets and liabilities.

Methods of consolidation and currency translation

The same methods of consolidation and principles of currency translation were applied in drawing up the consolidated semi-annual financial statements with reporting date 30 June 2014 as were used for the consolidated annual financial statements with reporting date 31 December 2013. Details regarding the methods of consolidation and principles of currency translation are available in the 2013 annual report.

NOTES ON THE ITEMS OF THE CONSOLIDATED INCOME STATEMENT

Seasonality

Due to snow, ice and other adverse weather conditions, revenue is usually lower in the winter months than in the summer. As the largest part of the costs involves fixed costs, noteworthy losses are posted in the first quarter every year. Starting with the second quarter, these losses are compensated for by rising contribution margins. The break-even point is usually not yet reached before the end of the second quarter. The largest portion of the earnings is expected in the third and fourth quarters. Seasonal fluctuations in the transportation infrastructures business are greater than they are in building construction & civil engineering.

The above-described, annually repeating business trend allows a year-on-year comparison of output volume, revenue and results of the respective quarters.

Other operating income

Interest income from concession contracts which is included in other operating income is represented as follows (also see notes on receivables from concession arrangements):

T€	1.1.–30.6.2014	1.1.–30.6.2013
Interest income	33,420	34,590
Interest expense	-15,842	-17,271
Net interest income	**17,578**	**17,319**

NOTES ON THE ITEMS IN THE CONSOLIDATED BALANCE SHEET

Goodwill

Goodwill assets are subjected to an annual impairment test in accordance with IAS 36. The impairment test is carried out in the last two months of the financial year.

In 1-6/2014, no goodwill from capital consolidation was capitalised and no impairments were made.

Property, plant and equipment and intangible assets

In 1-6/2014, tangible and intangible assets in the amount of T€ 166,038 (1-6/2013: T€ 172,490) were acquired.

In the same period, tangible and intangible assets with a book value of T€ 10,180 (1-6/2013: T€ 7,924) were sold.

Purchase obligations

On the reporting date, there were T€ 85,033 (30 June 2013: T€ 62,541) in contractual commitments for the acquisition of property, plant and equipment which were not considered in the financial statement.

Receivables from concession arrangements

STRABAG has a 100 % interest in the Hungarian M5 Motorway Concession Company, AKA Alföld Koncesszios Autopalya Zrt., Budapest (AKA).

In the concession agreement with the Hungarian state, AKA committed to develop, plan, finance and to build and operate the M5 motorway. The motorway itself is the property of the state; all vehicles and equipment necessary for motorway operation are to be transferred to the state free of charge following the end of the concession period.

In exchange, AKA will regularly receive an availability fee, independent of transit volume, from the Hungarian state for making the motorway available to the public. AKA bears the operator's risk of motorway closure and non-compliance of contractually agreed roadway criteria.

The route totals 156.5 km and was built in three phases. The concession period runs until 2031. A one-time extension for up to 17.5 years is possible.

All services provided under this concession arrangement are accounted for under the separate balance sheet item receivables from concession arrangements. The receivables are carried at the present value of the payment to be made by the state. The annual accumulation amount is recognised in other operating income.

A part of the availability fee consists of interest adjustment payments of the Hungarian state. As a result, the state bears the interest risk from the financing of AKA. These interest adjustment payments represent an embedded hedging transaction which is measured separately in accordance with IAS 39.11. Presentation is made as a cash flow hedge; as a result, changes in the fair value of the interest rate swap are recognised directly in equity.

The market value of the interest rate swap in the amount of T€ -56,784 (31 December 2013: T€ -38,493) is also recognised as long-term receivables from concession arrangements.

Recognisable receivables from concession arrangements are offset by non-recourse financing in the amount of T€ 561,462 (31 December 2013: T€ 585,105), classified either as a current or non-current liability depending on the term. The resulting interest expense is recognised in “Other operating income”.

Equity

The fully paid in share capital amounts to € 114,000,000 and is divided into 113,999,997 no-par bearer shares and three registered shares.

The changes in equity are shown in the statement of changes in equity.

Contingent liabilities

The company has accepted the following guarantees:

T€	30.6.2014	31.12.2013
Guarantees without financial guarantees	0	903

Furthermore, there is a derived credit risk arising from the financial guarantee contracts (guarantees issued) of T€ 54,934 (31 December 2013: T€ 59,199).

Notes to the consolidated cash flow statement

The representation of the cash flow statement was made according to the indirect method and separated into the cash flows classified by operating, investing and financing activities. The cash and cash equivalents include exclusively cash on hand, bank deposits and short-term securities. Any effects of changes in consolidation were eliminated and represented in the cash flow from investing activities.

The **cash and cash equivalents** are composed as follows:

T€	1.1.–30.6.2014	1.1.–30.6.2013
Securities	3,085	10,323
Cash on hand	4,176	5,241
Bank deposits	1,311,324	1,062,904
Restricted cash abroad	-10,686	-9,427
Pledge of cash and cash equivalents	-10,592	-15,477
Cash and cash equivalents	**1,297,307**	**1,053,564**

The cash flow from operating activities in the reporting year contains the following items:

T€	1.1.–30.6.2014	1.1.–30.6.2013
Interest paid	40,864	41,530
Interest received	20,449	19,092
Taxes paid	39,749	26,417

Segment reporting

The rules of IFRS 8 Operating Segments apply to the segment reporting. IFRS 8 prescribes defining the segments and reporting the earnings on the basis of the internal reporting (Management Approach).

Internal reporting is based on the dedicated management board functions North + West, South + East and International + Special Divisions, which represent also the segments. In addition, there are the central business units and central staff units, which handle services in the areas of accounting, group financing, technical development, machine management, quality management, logistics, legal affairs, contract management etc. These services are included in the segment Other.

The settlement between the single segments is made at arm's-length prices.

SEGMENT REPORTING FOR 1.4.–30.6.2014

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS Financial Statements	Group
Output Volume	**1,550,896**	**1,174,198**	**680,959**	**29,755**		**3,435,808**
Revenue	**1,472,817**	**1,123,525**	**586,726**	**6,916**	**0**	**3,189,984**
Inter-segment revenue	21,513	4,514	75,606	225,622		
EBIT	**-22,276**	**57,680**	**20,449**	**698**	**-801**	**55,750**
Interest and similar income	0	0	0	12,824	0	12,824
Interest expense and similar charges	0	0	0	-21,785	0	-21,785
EBT	**-22,276**	**57,680**	**20,449**	**-8,263**	**-801**	**46,789**

SEGMENT REPORTING FOR 1.4.–30.6.2013

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS Financial Statements	Group
Output Volume	**1,567,184**	**1,225,821**	**687,130**	**27,748**		**3,507,883**
Revenue	**1,402,825**	**1,130,565**	**574,218**	**7,034**	**0**	**3,114,642**
Inter-segment revenue	37,120	4,086	92,271	236,164		
EBIT	**137**	**23,725**	**28,501**	**-582**	**-2,292**	**49,489**
Interest and similar income	0	0	0	12,547	0	12,547
Interest expense and similar charges	0	0	0	-20,868	0	-20,868
EBT	**137**	**23,725**	**28,501**	**-8,903**	**-2,292**	**41,168**

SEGMENT REPORTING FOR 1.1.–30.6.2014

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS Financial Statements	Group
Output Volume	**2,649,386**	**1,798,938**	**1,275,961**	**55,267**		**5,779,552**
Revenue	**2,520,538**	**1,694,278**	**1,127,689**	**11,439**	**0**	**5,353,944**
Inter-segment revenue	45,427	6,785	98,994	375,819		
EBIT	**-94,624**	**-17,219**	**-836**	**762**	**3,932**	**-107,985**
Interest and similar income	0	0	0	32,665	0	32,665
Interest expense and similar charges	0	0	0	-45,665	0	-45,665
EBT	**-94,624**	**-17,219**	**-836**	**-12,238**	**3,932**	**-120,985**

SEGMENT REPORTING FOR 1.1.–30.6.2013

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS Financial Statements	Group
Output Volume	**2,519,500**	**1,826,070**	**1,232,841**	**64,588**		**5,642,999**
Revenue	**2,322,230**	**1,689,296**	**1,084,854**	**13,663**	**0**	**5,110,043**
Inter-segment revenue	67,568	5,334	111,227	369,015		
EBIT	**-76,118**	**-61,785**	**1,647**	**-545**	**13,990**	**-122,811**
Interest and similar income	0	0	0	34,688	0	34,688
Interest expense and similar charges	0	0	0	-43,572	0	-43,572
EBT	**-76,118**	**-61,785**	**1,647**	**-9,429**	**13,990**	**-131,695**

RECONCILIATION OF THE SUM OF THE SEGMENT EARNINGS TO EBT ACCORDING TO IFRS FINANCIAL STATEMENTS

Income and expense in the internal reporting are shown essentially in accordance with IFRS. An exception is income taxes, including those applicable to deferred tax, which are not considered in the internal reporting.

The basis for the internal reporting is formed by all subsidiaries. In the IFRS financial statements, earnings from companies which were not fully consolidated respectively reported using the equity method are recognised in conformity with dividends, transfer of earnings and/or depreciation and amortisation. For this reason, the internal reporting does not conform 100 % with EBIT respectively EBT in the consolidated financial statements in terms of the investment result.

Other minor differences result from the other consolidation entries.

Reconciliation of the internal reporting to IFRS Financial Statements is allocated as follows:

T€	1.1.–30.6.2014	1.1.–30.6.2013
Net income from investments	4,335	18,765
Other consolidations	-403	-4,775
Total	**3,932**	**13,990**

Notes on financial instruments

With exception of the financial liabilities the book value of the financial instruments corresponds to the fair value. The fair value of the financial liabilities amounts to T€ -1,716,405 on 30 June 2014 (31 December 2013: T€ -1,756,085) compared to the recognised book value of T€ -1,665,824 (31 December 2013: T€ -1,722,700).

The **fair values as at 30 June 2014** for financial instruments were measured as follows:

T€	Level 1	Level 2	Total
Assets			
Securities	34,986	0	34,986
Cash and cash equivalents	3,085	0	3,085
Derivatives held for hedging purposes	0	-55,013	-55,013
Total	**38,071**	**-55,013**	**-16,942**
Liabilities			
Derivatives held for hedging purposes	0	-9,180	-9,180
Total	**0**	**-9,180**	**-9,180**

The **fair values as at 31 December 2013** for financial instruments were measured as follows:

T€	Level 1	Level 2	Total
Assets			
Securities	35,339	0	35,339
Cash and cash equivalents	7,820	0	7,820
Derivatives held for hedging purposes	0	-36,628	-36,628
Total	**43,159**	**-36,628**	**6,531**
Liabilities			
Derivatives held for hedging purposes	0	-5,464	-5,464
Total	**0**	**-5,464**	**-5,464**

Notes on related parties

Notes on related parties may be found in the 2013 consolidated financial statements. Since 31 December 2013, there have been no significant changes in this area. Arm's-length business relations exist in transactions with related parties.

Events after the balance sheet date

No material events occurred after the reporting for this semi-annual financial statements.

Audit waiver

The present semi-annual financial statements for STRABAG SE were neither audited nor subjected to an audit review.

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the condensed semi-annual financial statements as of 30 June 2014 give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the of important events that have occurred during the first six months of the financial year and their impact on the condensed semi-annual financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Villach, 29 August 2014

Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Divisions and
Central Staff Divisions (except BRVZ)
as well as Division 3L RANC[1)]

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

Dipl.-Ing. Dr. Peter Krammer
Responsibility Segment North + West

Mag. Hannes Truntschnig
Responsibility
Segment International + Special Divisions

Dipl.-Ing. Siegfried Wanker
Responsibility Segment South + East
(except Division 3L RANC)

1) RANC = Russia and neighbouring countries

FINANCIAL CALENDAR

Interim Report January–September 2014	**28 November 2014**
Disclosure	7:30 a.m.
Investor and analyst conference call	2:00 p.m.
Annual Report 2014	**29 April 2015**
Disclosure	7:30 a.m.
Press conference	10:00 a.m.
Investor and analyst conference call	2:00 p.m.
Interim Report January–March 2015	**29 May 2015**
Disclosure	7:30 a.m.
Investor and analyst conference call	2:00 p.m.
Notice of Annual General Meeting	15 May 2015
Shareholding confirmation record date	2 June 2015
Annual General Meeting 2015	**12 June 2015**
Start	10:00 a.m.
Location – to be announced	
Ex-dividend date	19 June 2015
Payment date for dividend	22 June 2015
Semi-annual Report 2015	**31 August 2015**
Disclosure	7:30 a.m.
Investor and analyst conference call	2:00 p.m.
Interim Report January–September 2015	**30 November 2015**
Disclosure	7:30 a.m.
Investor and analyst conference call	2:00 p.m.

All times are CET/CEST. Please find the current road show schedule on the website www.strabag.com > Investor Relations > Company Calendar.

CORPORATE BONDS

Maturity	Coupon %	Volume € mln.	ISIN	Stock Exchange
2010–2015	4.25	100	AT0000A0DRJ9	Vienna
2011–2018	4.75	175	AT0000A0PHV9	Vienna
2012–2019	4.25	100	AT0000A0V7D8	Vienna
2013–2020	3.00	200	AT0000A109Z8	Vienna

CORPORATE CREDIT RATING

Standard & Poor's	BBB-	Outlook stable

CODES

Bloomberg:	**STR AV**
Reuters:	**STR.VI**
Vienna Stock Exchange:	**STR**
ISIN:	**AT000000STR1**

For further questions, please contact our Investor Relations Department:

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This Semi-annual Report is also available in German. In case of discrepancy the German version prevails.