STRABAG
SOCIETAS EUROPAEA

Yearly Financial Report 2018

CONTENT

Consolidated Financial
Statements 2018

STRABAG
SOCIETAS EUROPAEA

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

Consolidated income statement

T€	Notes	2018	2017
Revenue	(1)	15,221,832	13,508,725
Changes in inventories		-66,328	-61,656
Own work capitalised		33,268	13,570
Other operating income	(2)	222,977	282,992
Construction materials, consumables and services used	(3)	-10,125,771	-8,839,874
Employee benefits expenses	(4)	-3,618,941	-3,367,173
Other operating expenses	(5)	-854,892	-842,790
Share of profit or loss of equity-accounted investments	(6)	83,176	123,985
Net income from investments	(7)	57,282	16,800
EBITDA		**952,603**	**834,579**
Depreciation and amortisation expense	(8)	-394,388	-386,222
EBIT		**558,215**	**448,357**
Interest and similar income		38,617	46,900
Interest expense and similar charges		-66,049	-74,048
Net interest income	**(9)**	**-27,432**	**-27,148**
EBT		**530,783**	**421,209**
Income tax expense	(10)	-167,999	-128,845
Net income		**362,784**	**292,364**
attributable to: non-controlling interests		9,249	13,451
attributable to: equity holders of the parent company		353,535	278,913
Earnings per share (€)	**(11)**	**3.45**	**2.72**

Statement of total comprehensive income

T€	Notes	2018	2017
Net income		**362,784**	**292,364**
Differences arising from currency translation		-2,205	12,275
Recycling of differences arising from currency translation		779	78
Change of interest rate swaps		-3,902	-476
Recycling of interest rate swaps		12,896	22,849
Change in cost-of-hedging reserves		72	0
Change in fair value of currency hedging instruments		-10,600	0
Change in fair value of financial instruments under IAS 39		0	238
Deferred taxes on neutral change in equity	(10)	3,349	-2,632
Other income from equity-accounted investments		-3,174	1,048
Total of items which are later recognised (“recycled”) in the income statement		*-2,785*	*33,380*
Change in actuarial gains or losses		1,478	493
Deferred taxes on neutral change in equity	(10)	1,285	252
Other income from equity-accounted investments		78	-25
Total of items which are not later recognised (“recycled”) in the income statement		*2,841*	*720*
Other income		**56**	**34,100**
Total comprehensive income		**362,840**	**326,464**
attributable to: non-controlling interests		9,389	14,137
attributable to: equity holders of the parent company		353,451	312,327

Consolidated balance sheet

T€	Notes	31.12.2018	31.12.2017
Intangible assets	(12)	493,407	498,827
Rights from concession arrangements	(13)	601,080	0
Property, plant and equipment	(14)	2,144,015	1,942,276
Equity-accounted investments	(15)	378,617	350,013
Other investments	(16)	185,297	182,698
Receivables from concession arrangements	(19)	630,262	662,311
Other financial assets	(22)	250,137	270,648
Deferred taxes	(17)	146,940	188,968
Non-current assets		**4,829,755**	**4,095,741**
Inventories	(18)	890,157	1,137,805
Receivables from concession arrangements	(19)	36,268	33,724
Contract assets	(20)	1,282,907	0
Trade receivables	(21)	1,735,944	2,532,919
Non-financial assets		127,008	122,948
Income tax receivables		40,200	63,879
Other financial assets	(22)	293,381	276,660
Cash and cash equivalents	(23)	2,385,828	2,790,447
Current assets		**6,791,693**	**6,958,382**
Assets		**11,621,448**	**11,054,123**
Share capital		110,000	110,000
Capital reserves		2,315,384	2,315,384
Retained earnings and other reserves		1,195,301	945,089
Non-controlling interests		33,088	27,246
Total equity	**(24)**	**3,653,773**	**3,397,719**
Provisions	(25)	1,116,592	1,160,536
Financial liabilities[1]	(26)	1,087,621	882,879
Other financial liabilities	(28)	78,755	77,716
Deferred taxes	(17)	97,059	24,230
Non-current liabilities		**2,380,027**	**2,145,361**
Provisions	(25)	734,481	747,318
Financial liabilities[2]	(26)	275,709	411,098
Contract liabilities	(20)	974,566	0
Trade payables	(27)	2,615,255	3,402,367
Non-financial liabilities		520,227	476,593
Income tax liabilities		74,609	78,424
Other financial liabilities	(28)	392,801	395,243
Current liabilities		**5,587,648**	**5,511,043**
Equity and liabilities		**11,621,448**	**11,054,123**

1 Thereof T€ 665,861 concerning non-recourse liabilities from concession arrangements (2017: T€ 338,728)
2 Thereof T€ 64,912 concerning non-recourse liabilities from concession arrangements (2017: T€ 51,053)

Consolidated cash flow statement

T€	Notes	2018	2017
Net income		362,784	292,364
Deferred taxes		52,348	58,759
Non-cash effective results from consolidation		-1,191	3,718
Non-cash effective results from equity-accounted investments		-58,826	1,394
Other non-cash effective results		-12,196	-52,900
Depreciations/write-ups		406,350	390,954
Change in non-current provisions		-34,122	-25,216
Gains/losses on disposal of non-current assets		-60,764	-35,260
Cash flow from earnings		**654,383**	**633,813**
Change in inventories		-103,422	47,752
Change in receivables from concession arrangements, trade receivables, contract assets and consortia		-57,726	-48,723
Change in receivables from subsidiaries and receivables from participation companies		10,353	24,702
Change in other assets		-47,822	94,468
Change in trade payables, contract liabilities and consortia		194,965	572,165
Change in liabilities from subsidiaries and liabilities from participation companies		3,595	-4,548
Change in other liabilities		106,344	22,716
Change in current provisions		-24,494	2,842
Cash flow from operating activities		**736,176**	**1,345,187**
Purchase of financial assets		-27,552	-48,374
Purchase of property, plant, equipment and intangible assets		-644,988	-457,616
Inflows from asset disposals		116,053	120,745
Change in other financing receivables		38,822	47,508
Change in scope of consolidation		-70,263	4,435
Cash flow from investing activities		**-587,928**	**-333,302**
Issue of bank borrowings		33,465	78,254
Repayment of bank borrowings		-184,589	-83,313
Repayment of bonded loans		0	-121,500
Repayment of bonds		-175,000	0
Repayment of payables relating to finance leases		0	-5,304
Change in other financing liabilities		-20,068	739
Change in non-controlling interests due to acquisition		-78,027	-2,694
Distribution of dividends		-109,953	-100,702
Cash flow from financing activities		**-534,172**	**-234,520**
Net change in cash and cash equivalents		**-385,924**	**777,365**
Cash and cash equivalents at the beginning of the period		2,789,687	1,997,574
Change in cash and cash equivalents due to currency translation		-18,695	9,822
Change in restricted cash and cash equivalents		-725	4,926
Cash and cash equivalents at the end of the period	**(31)**	**2,384,343**	**2,789,687**

Statement of changes in equity

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2017	**110,000**	**2,315,384**	**920,899**	**-97,737**	**-62,508**	**3,186,038**	**78,551**	**3,264,589**
Net income	0	0	278,913	0	0	278,913	13,451	292,364
Differences arising from currency translation	0	0	715	0	11,203	11,918	435	12,353
Change in financial instruments IAS 39	0	0	255	0	0	255	-17	238
Change in equity-accounted investments	0	0	-26	-467	1,487	994	29	1,023
Change of actuarial gains and losses	0	0	700	0	0	700	-207	493
Neutral change of interest rate swaps	0	0	0	21,948	0	21,948	425	22,373
Deferred taxes on neutral change in equity	0	0	140	-2,541	0	-2,401	21	-2,380
Total comprehensive income	**0**	**0**	**280,697**	**18,940**	**12,690**	**312,327**	**14,137**	**326,464**
Transactions concerning non-controlling interests due to acquisition[1]	0	0	-30,219	0	-203	-30,422	-62,210	-92,632
Distribution of dividends[2]	0	0	-97,470	0	0	-97,470	-3,232	-100,702
Balance as at 31.12.2017	**110,000**	**2,315,384**	**1,073,907**	**-78,797**	**-50,021**	**3,370,473**	**27,246**	**3,397,719**

	Share capital	Capital reserves	Retained earnings	Hedging reserves[3]	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 31.12.2017	**110,000**	**2,315,384**	**1,073,907**	**-78,797**	**-50,021**	**3,370,473**	**27,246**	**3,397,719**
Initial application of IFRS 9	0	0	2,742	0	0	2,742	-180	2,562
Initial application of IFRS 15	0	0	27,502	0	0	27,502	1,528	29,030
Balance as at 1.1.2018	**110,000**	**2,315,384**	**1,104,151**	**-78,797**	**-50,021**	**3,400,717**	**28,594**	**3,429,311**
Net income	0	0	353,535	0	0	353,535	9,249	362,784
Differences arising from currency translation	0	0	-65	0	-1,504	-1,569	143	-1,426
Change in hedging reserves	0	0	0	-10,528	0	-10,528	0	-10,528
Change in equity-accounted investments	0	0	-106	906	-3,896	-3,096	0	-3,096
Change of actuarial gains and losses	0	0	1,483	0	0	1,483	-5	1,478
Neutral change of interest rate swaps	0	0	0	8,994	0	8,994	0	8,994
Deferred taxes on neutral change in equity	0	0	1,283	3,349	0	4,632	2	4,634
Total comprehensive income	**0**	**0**	**356,130**	**2,721**	**-5,400**	**353,451**	**9,389**	**362,840**
Transactions concerning non-controlling interests due to acquisition	0	0	-106	0	3	-103	-836	-939
Transactions due to changes in scope of consolidation	0	0	0	0	0	0	104	104
Distribution of dividends[4]	0	0	-133,380	0	0	-133,380	-4,163	-137,543
Balance as at 31.12.2018	**110,000**	**2,315,384**	**1,326,795**	**-76,076**	**-55,418**	**3,620,685**	**33,088**	**3,653,773**

1 The transactions largely concerned the acquisition of shares of STRABAG AG, Cologne.
2 The total dividend payment of T€ 97,470 corresponds to a dividend per share of € 0.95 based on 102,600,000 shares.
3 The hedging reserve includes also the cost of hedging, see page 70.
4 The total dividend payment of T€ 133,380 corresponds to a dividend per share of € 1.30 based on 102,600,000 shares.

Consolidated statement of fixed assets as at 31 December 2018

T€	Balance as at 31.12.2017	Additions in scope of consolidation	Disposals in scope of consolidation	Acquisition and production costs Currency translation	Additions	Transfers
I. Intangible assets						
1. Concessions, software, licences, rights	132,408	3,175	9	-553	4,519	307
2. Goodwill	685,427	1,398	0	-644	0	0
3. Advances paid	447	0	0	0	72	-249
Total	**818,282**	**4,573**	**9**	**-1,197**	**4,591**	**58**
II. Rights from concession arrangements	**0**	**605,636**	**0**	**0**	**0**	**0**
III. Tangible assets						
1. Properties and buildings	1,498,108	4,835	5,109	-3,652	62,503	27,247
2. Technical equipment and machinery	2,759,145	4,033	30	-17,765	268,638	20,376
3. Other facilities, furniture and fixtures and office equipment	1,104,408	1,062	351	-2,116	214,074	778
4. Advances paid and facilities under construction	73,377	25	0	-994	94,741	-48,459
5. Investment property	155,203	0	0	-11	441	0
Total	**5,590,241**	**9,955**	**5,490**	**-24,538**	**640,397**	**-58**

Consolidated statement of fixed assets as at 31 December 2017

T€	Balance as at 31.12.2016	Additions in scope of consolidation	Disposals in scope of consolidation	Acquisition and production costs Currency translation	Additions	Transfers
I. Intangible assets						
1. Concessions, software, licences, rights	133,503	323	0	358	3,808	318
2. Goodwill	685,185	0	0	242	0	0
3. Advances paid	390	0	0	0	375	-318
Total	**819,078**	**323**	**0**	**600**	**4,183**	**0**
II. Tangible assets						
1. Properties and buildings	1,494,617	5,063	1	2,648	25,126	18,357
2. Technical equipment and machinery	2,682,580	4,315	1	-9,185	203,924	6,042
3. Other facilities, furniture and fixtures and office equipment	1,063,735	251	0	-531	175,890	6,102
4. Advances paid and facilities under construction	58,151	7	0	-565	48,001	-30,501
5. Investment property	157,444	0	0	81	492	0
Total	**5,456,527**	**9,636**	**2**	**-7,552**	**453,433**	**0**

1 Of this amount, impairments of T€ 5,665, reversal of depreciation T€ 120
2 Of this amount, impairments of T€ 12,489, reversal of depreciation T€ 0

		Accumulated depreciation									
Disposals	Balance as at 31.12.2018	Balance as at 31.12.2017	Additions in scope of consoli-dation	Disposals in scope of consoli-dation	Currency translation	Additions[1]	Transfers	Disposals	Balance as at 31.12.2018	Values as at 31.12.2018	Values as at 31.12.2017
2,918	136,929	89,340	1,201	9	-380	8,011	0	1,847	96,316	40,613	43,068
0	686,181	230,115	0	0	1,808	1,734	0	0	233,657	452,524	455,312
0	270	0	0	0	0	0	0	0	0	270	447
2,918	**823,380**	**319,455**	**1,201**	**9**	**1,428**	**9,745**	**0**	**1,847**	**329,973**	**493,407**	**498,827**
0	**605,636**	**0**	**0**	**0**	**0**	**4,556**	**0**	**0**	**4,556**	**601,080**	**0**
30,606	1,553,326	658,391	96	1,490	-1,396	37,233	140	14,180	678,794	874,532	839,717
236,986	2,797,411	2,112,529	1,374	30	-12,394	206,260	-37	213,559	2,094,143	703,268	646,616
123,871	1,193,984	728,086	233	267	-884	136,300	-103	112,287	751,078	442,906	376,322
821	117,869	0	0	0	0	0	0	0	0	117,869	73,377
8,759	146,874	148,959	0	0	0	294	0	7,819	141,434	5,440	6,244
401,043	**5,809,464**	**3,647,965**	**1,703**	**1,787**	**-14,674**	**380,087**	**0**	**347,845**	**3,665,449**	**2,144,015**	**1,942,276**

		Accumulated depreciation									
Disposals	Balance as at 31.12.2017	Balance as at 31.12.2016	Additions in scope of consoli-dation	Disposals in scope of consoli-dation	Currency translation	Additions[2]	Transfers	Disposals	Balance as at 31.12.2017	Values as at 31.12.2017	Values as at 31.12.2016
5,902	132,408	86,775	39	0	104	8,126	0	5,704	89,340	43,068	46,728
0	685,427	235,901	0	0	-7,404	1,618	0	0	230,115	455,312	449,284
0	447	0	0	0	0	0	0	0	0	447	390
5,902	**818,282**	**322,676**	**39**	**0**	**-7,300**	**9,744**	**0**	**5,704**	**319,455**	**498,827**	**496,402**
47,702	1,498,108	629,950	3,214	1	448	37,971	1	13,192	658,391	839,717	864,667
128,530	2,759,145	2,018,559	3,809	0	-4,373	216,253	-18	121,701	2,112,529	646,616	664,021
141,039	1,104,408	722,835	163	0	-1,201	120,639	17	114,367	728,086	376,322	340,900
1,716	73,377	0	0	0	0	0	0	0	0	73,377	58,151
2,814	155,203	149,528	0	0	0	1,615	0	2,184	148,959	6,244	7,916
321,801	**5,590,241**	**3,520,872**	**7,186**	**1**	**-5,126**	**376,478**	**0**	**251,444**	**3,647,965**	**1,942,276**	**1,935,655**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basic principles

The STRABAG Group is a leading European technology group for construction services. The company has its headquarters in Triglavstraße 9, 9500 Villach, Austria. From its core markets of Austria and Germany, STRABAG is present via its numerous subsidiaries in all countries of Eastern and South-East Europe including Russia, in selected markets in North and Western Europe and the Arabian Peninsula, as well as in the project business in Africa, Asia and the Americas. STRABAG's activities span the entire construction industry (Building Construction & Civil Engineering, Transportation Infrastructures, Tunnelling, construction-related services) and cover the entire value-added chain in the field of construction.

The consolidated financial statements of STRABAG SE, at the reporting date 31 December 2018, were drawn up under application of Section 245a Paragraph 2 of the Austrian Commercial Code (UGB) in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

Applied were exclusively those standards and interpretations adopted by the European Commission before the reporting deadline and published in the Official Journal of the European Union. Further reporting requirements of Section 245a Paragraph 1 of the Austrian Commercial Code (UGB) were fulfilled as well.

In addition to a statement of total comprehensive income and the balance sheet, the financial statements include a cash flow statement in accordance with IAS 7, and a statement of changes in equity (IAS 1). The disclosures in the Notes also contain a segment reporting section in accordance with IFRS 8.

In order to improve the clarity of the representation, various items in the balance sheet and the income statement have been combined. These items have been shown separately and are explained in the Notes. The income statement has been drawn up in accordance with the nature of expense method.

The consolidated financial statements were drawn up in T€. The presentation in T€ may result in rounding differences.

Changes in accounting policies

NEW AND REVISED STANDARDS AND INTERPRETATIONS THAT ARE EFFECTIVE FOR THE 2018 FINANCIAL YEAR

The IASB has made the following amendments to the existing IFRS and passed several new IFRS and IFRIC, which have also been adopted by the European Commission. Application thus became mandatory on 1 January 2018.

	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 15 Revenue from Contracts with Customers (incl. clarification)	1.1.2018	1.1.2018
IFRS 9 (2009, 2010, 2013) Financial Instruments	1.1.2018	1.1.2018
Amendments to IFRS 2 Share-based Payment Transactions	1.1.2018	1.1.2018
Amendments to IFRS 4 Insurance Contracts	1.1.2018	1.1.2018
Annual Improvements to IFRS 2014–2016	1.1.2018	1.1.2018
Amendments to IAS 40 Transfers of Investment Property	1.1.2018	1.1.2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1.1.2018	1.1.2018

FIRST-TIME ADOPTION OF IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

STRABAG SE adopted IFRS 15 Revenue from Contracts with Customers on 1 January 2018. The modified retrospective method was chosen for adoption, in which the cumulative effect of applying IFRS 15 for the first time was recognised in the retained earnings. The 2017 comparison period, in accordance with IFRS 15, was not adjusted. Additional practical expedients were not elected.

With regard to **revenues from construction contracts with customers**, which regularly account for more than 80 % of the total revenue, revenue recognition continues to be made over time, as the construction projects are built on the customers' properties and the customers thus always control the assets that are created or enhanced.

In this regard, we refer to our remarks on contract assets in the section "Accounting policies" on page 37.

Contract assets and contract liabilities must be presented as a separate item in the balance sheet. Previously, receivables and payables from construction contracts were presented under trade receivables and payables.

There were no systematic changes to the previous presentation from the first-time adoption of IFRS 15 with regard to the determination of impending losses and the claims approach. An individual analysis is continued.

The first-time adoption of IFRS 15 led to reclassifications of inventories that have not yet been used in the construction process but are already present on the construction sites. These inventories, in the amount of € 120.1 million, are no longer accounted for as separate assets but are instead assigned to the respective contract and presented as contract assets.

In the **project development** business, the first-time adoption of IFRS 15 results in changes to the point in time when revenue is recognised. IFRS 15.35c requires revenue to be recognised over time if a contractual agreement excludes the possibility of any alternative use and there exists a right to payment including profit margin on the work performed. These conditions are always met if real estate projects are sold already prior to their completion.

In these cases, the revenue is recognised pro rata based on the degree of completion. If the real estate projects are only partially sold, for example in the case of owner-occupied flats, the revenue is recognised pro rata only for those parts already sold. The project is then presented only pro rata under contract assets.

The Notes on contract assets set out in the chapter Accounting policies on page 37 apply by analogy.

For equity-accounted investments with project developments, the pro rata revenue recognition is presented in the income from equity-accounted investments if there is an investor.

The recognition of revenue from **property and facility management services, construction material sales and other services** remains largely unaffected by the first-time adoption of IFRS 15.

The table below presents the impact of first-time adoption of IFRS 15 on the opening balance sheet as at 1 January 2018:

T€	31.12.2017	Reclassification under IFRS 15	Remeasurement under IFRS 15	1.1.2018
Assets				
Equity-accounted investments	350,013	0	3,399	353,412
Inventories	1,137,805	-365,327[1]	0	772,478
Contract assets	0	1,282,272	32,247	1,314,519
Trade receivables	2,532,919	-916,945	0	1,615,974
Equity and liabilities				
Contract liabilities	0	1,111,470	0	1,111,470
Trade payables	3,402,367	-1,111,470	0	2,290,897
Retained earnings	945,090	0	29,030	974,120
Deferred taxes	24,230	0	6,616	30,846

1 Thereof material inventories on construction sites in the amount of T€ 120,101 and proprietary projects with investors in the amount of T€ 245,226

IMPACT OF IFRS 15

The table below presents the changes to the balance sheet and the income statement as a result of the adoption of IFRS 15 in comparison to the previously applicable standards IAS 11 and IAS 18:

T€	Consolidated financial statements 31.12.2018	Transfer under IFRS 15	Change under IFRS 15	Consolidated financial statements 31.12.2018 without IFRS 15 adoption
Revenue	15,221,832	-58,142	-101,867	15,061,823
Changes in inventories	-66,328	1,117	0	-65,211
Other operating income	222,977	51,093	0	274,070
Construction materials, consumables and services used	-10,125,771	0	85,768	-10,040,003
Share of profit or loss of equity-accounted investments	83,176	0	-8,534	74,642
EBIT	**558,215**	**-5,932**	**-24,633**	**527,650**
Net interest income	-27,432	5,932	0	-21,500
EBT	**530,783**	**0**	**-24,633**	**506,150**
Income tax expense	-167,999	0	4,556	-163,443
Net income	**362,784**	**0**	**-20,077**	**342,707**

T€	Consolidated financial statements 31.12.2018	Transfer under IFRS 15	Change under IFRS 15	Consolidated financial statements 31.12.2018 without IFRS 15 adoption
Assets				
Equity-accounted investments	378,617	0	-8,534	370,083
Inventories	890,157	373,346	-2,178	1,261,325
Contract assets	1,282,907	-1,268,986	-13,921	0
Trade receivables	1,735,944	872,883	0	2,608,827
Equity and liabilities				
Total equity	3,653,773	0	-42,834	3,610,939
Contract liabilities	974,566	-974,566	0	0
Trade payables	2,615,255	974,566	0	3,589,821
Deferred taxes	2,380,027	0	-4,556	2,375,471

There is no impact on the cash flow; there are merely shifts within the positions of the cash flow from operating activities.

FIRST-TIME ADOPTION OF IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 was also adopted on 1 January 2018 using the modified retrospective method, in which the cumulative effect of first-time adoption was recognised in the retained earnings. The 2017 comparison period, in accordance with IFRS 9, was not adjusted.

IFRS 9 changes the classification and subsequent measurement of financial assets. Depending on the business model, a distinction is made between measurement at amortised cost and measurement at fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVPL). Financial instruments for which there exists an intention to hold to maturity and whose contractual cash flows are solely payments of principal and interest (SPPI criterion) are measured at amortised cost. Within the STRABAG SE Group, this essentially applies to the entire receivables and payables segment.

IFRS 9 introduces impairment requirements based on an expected credit loss (ECL) model.

Financial assets were recognised in accordance with the country risk and the creditworthiness of the respective debtor less the expected credit loss.

For trade receivables, the expected credit loss (ECL) was determined on a collective basis. It should be noted that a large amount is attributed to ongoing construction projects and is not yet due. Because of the broad diversification, the constant advances for construction projects and the public sector as an important customer, the general credit risk can be classified as low. For private customers, a higher credit risk was recognised than for customers from the public sector.

IFRS 9 requires investments below 20 % to be measured at FVPL. For materiality reasons, investments in subsidiaries, joint ventures or associated companies that are not included in the consolidated financial statements and which do not fall under the scope of IFRS 9 will continue to be measured at amortised cost.

The IFRS 9 hedging requirements were adopted for the first time as of 1 January 2018. This had no material impact on the consolidated financial statements.

The table below presents the impact of first-time adoption of IFRS 9 on the opening balance sheet as at 1 January 2018:

T€	31.12.2017	Adjustments under IFRS 9	1.1.2018
Assets			
Investments below 20 %	31,906	5,299	37,205
Receivables from concession arrangements	732,459	-4,175	728,284
Trade receivables	2,532,919	4,315	2,537,234
Other financial assets	587,417	-2,330	585,087
Equity and liabilities			
Retained earnings	945,090	2,562	947,652
Deferred taxes	24,230	547	24,777

The table below presents the reconciliation of the measurement categories under IFRS 9 and IAS 39 with the respective carrying values as at 1 January 2018 or as at 31 December 2017:

T€	Measurement category according to IFRS 9	Carrying value as at 1.1.2018	Measurement category according to IAS 39	Carrying value as at 31.12.2017
Assets				
Investments below 20 %	FVPL	37,205	AfS	31,906
Trade receivables	AC	1,537,461	L&R	1,533,146
Net receivables from construction contracts	n. a.	0	L&R	916,945
Receivables from concession arrangements	AC	728,284	L&R	732,459
Other financial assets	AC	516,748	L&R	519,078
Cash and cash equivalents	AC	2,787,367	L&R	2,787,367
Securities	FVPL	26,888	AfS	26,888
Cash and cash equivalents (securities)	FVPL	3,080	AfS	3,080
Derivatives held for hedging purposes (receivables from concession arrangements)	Derivatives	-36,424	Derivatives	-36,424
Derivatives held for hedging purposes (other financial assets)	Derivatives	1,342	Derivatives	1,342
Equity and liabilities				
Financial liabilities	FLaC	-1,293,977	FLaC	-1,293,977
Trade payables	FLaC	-2,290,897	FLaC	-2,290,897
Other financial liabilities	FLaC	-472,210	FLaC	-472,210
Derivatives held for hedging purposes (other financial liabilities)	Derivatives	-748	Derivatives	-748
	By measurement category (IFRS 9)		**By measurement category (IAS 39)**	
	AC	5,569,860	L&R	6,488,995
	FVPL	67,173	AFS	61,874
	FLaC	-4,057,084	FLaC	-4,057,084
	Derivatives	-35,830	Derivatives	-35,830
	Total	**1,544,119**	**Total**	**2,457,955**

The reconciliation of the measurement categories and impairments is as follows:

T€				Derivatives held for hedging purposes		
Category according to IAS 39	**L&R**		**AfS**		**FLaC**	**Total**
Category according to IFRS 9	**AC**	**FVPL**	**FVOCI**			
Carrying value as at 31.12.2017	**6,488,995**	**0**	**61,874**	**-35,830**	**-4,057,084**	**2,457,955**
Requalification construction contracts (IFRS 15)[1]	-916,945					-916,945
Reclassification						
Investments		31,906	-31,906			0
Securities		29,968	-29,968			0
Remeasurement						
Expected loss	-2,190					-2,190
Fair value measurement investments		5,299				5,299
Carrying value as at 1.1.2018	**5,569,860**	**67,173**	**0**	**-35,830**	**-4,057,084**	**1,544,119**

The reclassification among the investments affects those investments below 20 % which, under IFRS 9, must be measured at fair value. The option to measure these investments at FVOCI is not exercised.

The securities in question are debt instruments whose cash flows are not solely payments of principal and interest, which is why measurement at FVPL becomes necessary.

T€	Impairment	
Category according to IAS 39	**L&R**	**AfS**
Category according to IFRS 9	**AC**	**FVPL**
As at 31.12.2017	**136,804**	**7,788**
ECL on trade receivables and contract assets	8,449	
ECL on other financial assets	6,505	
Reversal of lump sum impairment	-12,764	
Reclassification	-36,664	
Reversal due to reclassification	0	-7,788
As at 1.1.2018	**102,330**	**0**

First-time adoption of IFRIC 22

Due to the decentralised structure of the group, characterised by local companies in the respective countries, the projects are predominantly priced in the respective functional currency. Payments of advance consideration in a currency other than the functional currency are made only as rare exceptions. In these cases, the non-monetary liability is recognised with the exchange rate valid on the date of the transaction. Adoption of IFRIC 22 has an immaterial impact on the consolidated financial statements.

The first-time adoption of the other above-stated IFRS standards and IFRIC interpretations had only an immaterial impact on the consolidated financial statements as at 31 December 2018, as the changes were only applicable in individual cases.

FUTURE CHANGES OF FINANCIAL REPORTING STANDARDS

The IASB and the IFRIC approved further standards and interpretations. However, these were neither required to be applied in the 2018 financial year nor adopted by the European Commission. The amendments affect the following standards and interpretations:

1 In accordance with IFRS 9 not classified as financial instruments

	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)	Impact on the consolidated financial statements
IFRS 16 Leases	1.1.2019	1.1.2019	see below
Amendments to IFRS 9 Financial Instruments	1.1.2019	1.1.2019	minor
IFRS 17 Insurance Contracts	1.1.2021	n. a.[1]	no
IFRIC 23 Uncertainty over Income Tax Treatments	1.1.2019	1.1.2019	minor
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	1.1.2019	1.1.2019	minor
Annual Improvements to IFRS 2015-2017	1.1.2019	1.1.2019	minor
Amendments to IAS 19 Plan Amendment, Curtailment or Settlement	1.1.2019	1.1.2019	minor
Amendments to IFRS framework	1.1.2020	n. a.	is being analysed
Amendments to IFRS 3 Business Combinations	1.1.2020	n. a.	is being analysed
Amendments to IAS 1 and IAS 8	1.1.2020	n. a.	is being analysed

Impacts on the consolidated financial statements are expected especially from the adoption of **IFRS 16 Leases:**

IFRS 16 supersedes the current standard and related interpretations on lease accounting (IAS 17, IFRIC 4, SIC 15 and SIC 27). It specifies how lessees and lessors will recognise, measure, present and disclose leases. IFRS 16 requires a lessee to recognise a right-of-use asset and a lease liability for all leases.

STRABAG SE will adopt IFRS 16 on 1 January 2019 using the modified retrospective method. The 2018 comparison period will not be adjusted.

The practical expedients for short-term leases with a term of twelve months or less and leases where the underlying assets have a low value will be elected.

The option not to consider the initial costs of leases existing on 1 January 2019 is exercised. Leases expiring by 31 December 2019 are no longer considered.

Impacts on the consolidated financial statements result mainly from real estate leases (offices, storage areas, etc.). These leases involve a large number of stand-alone contracts with comparatively low annual rental expense, concluded as fixed-term as well as indefinite leases with rights to terminate for convenience. The lease term is determined by estimating the most likely term in consideration of extension and termination options.

Equipment leasing from site offices, which is common practice in the construction business, is to be classified as short-term, which results in no changes to the consolidated financial statements.

Vehicles and IT hardware are generally purchased within the group and are therefore not affected either.

By accounting for right-of-use assets and lease liabilities, a change in the balance sheet total in the amount of € 327.7 million is to be expected. This is based on annual lease payments of € 57.7 million, which were previously recorded in EBITDA.

Leases will be recognised in profit or loss as depreciation and interest expense. For 2019, depreciation will amount to € 55.0 million and interest expense to € 5.3 million.

The operating lease obligations (see page 51) contain expenses for low value leases in the amount of € 6.3 million and for short-term leases in the amount of € 7.8 million.

The option was exercised to recognise all leases with an effective date of 1 January 2019 with the present value of the remaining lease payments. This will lead to a tendency of higher interest payments in the near future than towards the end. This will have an impact of around € -2.6 million in 2019.

First-time adoption has no impact on equity, as the simplified retrospective approach was elected, in which the right-of-use assets are measured at the same amount of the lease liabilities.

1 n. a. – endorsement process is still in progress

As the ongoing lease payments are assigned to the cash flow from financing activities, this results in a shift of the lease payments from the cash flow from operating activities to the cash flow from financing activities in the amount of about € 57.7 million.

Early application of the new standards and interpretations is not planned.

Consolidation

The financial statements of the domestic and foreign companies included in the scope of consolidation are drawn up in accordance with uniform methods of accounting and valuation. The annual financial statements of the domestic and foreign group companies are adapted accordingly.

SUBSIDIARIES

Entities whose financial and operating policies are controlled by the group constitute subsidiaries.

The consolidated financial statements include the financial statements of the parent company and entities (including structured entities) over which the group has control. An entity is considered to be under control if the following criteria are met:

- The parent company has power over the investee.
- The parent company is exposed to variable returns on the investment.
- The parent company has the ability to affect the returns from the investment through its power over the investee.
- Control over an entity is reassessed if facts and circumstances indicate that there are changes to one or more of the three elements of control discussed above.
- Owning a majority of the voting rights is not always necessary to have power and control over an investee, but can be achieved through other rights or contractual agreements which give the parent company the possibility to affect the returns of the investee.

A subsidiary is included in the consolidated financial statements from the date on which the parent company acquired control. Conversely, the entity is deconsolidated when control ends.

Capital consolidation is performed in accordance with IFRS 3 using the acquisition method. The cost of acquisition of the subsidiary is measured as the sum of the fair values of assets given, equity instruments issued and liabilities assumed. Contingent considerations are also measured at their fair value from the date of the business combination. Later deviations from this value are recognised in profit or loss. Transaction costs are also recognised immediately in profit or loss.

Non-controlling interests are recognised based on their proportional interest in the net assets of the acquired entity (partial goodwill method). The option of recognising non-controlling interests at fair value is not used.

In business combinations achieved in stages (step acquisitions), the existing equity interest of the entity is remeasured at fair value from the date of acquisition. The resulting profit or loss is recognised in the income statement.

The acquisition costs, contingent considerations, existing equity interests and non-controlling interests are to be compared with all identifiable assets and liabilities of the subsidiary, measured at fair value. Any remaining difference on the assets side is classified as goodwill. Differences arising from the capital consolidation on the liabilities side are recognised immediately in profit and loss following another review. Goodwill is subjected to an impairment test in accordance with IAS 36 at least once a year.

In the 2018 financial year, T€ 1,399 (2017: T€ 0) in goodwill arising from capital consolidation were recognised as assets. Impairments in the amount of T€ 1,734 (2017: T€ 1,618) were made.

Immaterial subsidiaries are not consolidated; these are reported at amortised cost and recognised in the item other investments.

TRANSACTIONS WITH NON-CONTROLLING INTERESTS THAT DO NOT RESULT IN LOSS OF CONTROL

Differences arising from the acquisition or disposal of investments in affiliated entities without acquisition or loss of control are recognised in full in equity outside profit or loss.

DISPOSAL OF SUBSIDIARIES

When control over a subsidiary is lost, any remaining investment is remeasured at fair value. The difference to the existing carrying amounts is recognised in profit or loss. Associates, joint arrangements or financial assets are initially recognised at this fair value. All previous amounts recognised to date in other income are accounted for as if the assets and liabilities of the affected entities had been sold directly.

STRUCTURED ENTITIES

Structured entities are entities that are not controlled by voting rights, but mainly through contractual arrangements for a specific business purpose. The business purpose is usually restricted to a narrow field of activity. Structured entities typically have little equity capital and rely on owner financing.

ASSOCIATES

Entities in which the group exercises significant influence constitute associates. This is generally the case with a holding of between 20 % and 50 % of the voting rights. Investments in associates are accounted for using the equity method and recognised in the item equity-accounted investments: the acquired investment is initially measured at cost. Any differences that arise are treated according to the principles of consolidation. In subsequent years, the carrying amount of the investment increases or decreases in proportion to the share of profit or loss and/or the investee's other income. Distributions reduce the carrying amount of the investment. As soon as the group's share of losses equals or exceeds the interest in the associate, no further losses are recognised unless the group is liable for the associate's losses.

At the end of every accounting period, the group determines whether there are any indications for an impairment of the investment in the associate. If there are, then the difference between the carrying amount and the recoverable amount is recognised as an impairment expense in the income statement.

In the year under review, the initial equity measurement of newly acquired entities resulted in net goodwill in the amount of T€ 0 (2017: T€ 0), which is recognised as a component of equity-accounted investments.

Associates which are immaterial and therefore not recognised using the equity method, are recognised at amortised cost and accounted for in the item other investments.

JOINT ARRANGEMENTS

Joint ventures are entities over which the group exercises joint control together with a third entity. Joint control exists when the determination of the financial and operating policies requires the unanimous consent of all parties to the joint control. STRABAG accounts for joint ventures using the equity method and these are recognised in the item equity-accounted investments.

Joint ventures which are immaterial and therefore not recognised using the equity method, are recognised at amortised cost and accounted for in the item other investments.

Consortia are quite common in the construction industry in Austria and Germany. According to the Institute of Public Auditors in Germany (IDW) and a statement by the Austrian Financial Reporting and Auditing Committee (AFRAC), the typical German and Austrian construction consortium meets the requirements to be classified as a joint venture. Earnings from construction consortia are presented proportionately under share of profit or loss of equity-accounted investments. The receivables from and payables to construction consortia include mainly in- and outflows of cash, charges resulting from services as well as proportional contract results and are recorded under trade receivables and trade payables.

Joint arrangements for the execution of construction work in the remaining countries are accounted for either as joint ventures or as joint operations depending on the substance of the arrangement.

INVESTMENTS

Investments which do not constitute subsidiaries, joint ventures or associates are recognised in profit or loss at fair value in accordance with IFRS 9.

CONSOLIDATION PROCEDURES

As part of the consolidation of intercompany balances, any trade receivables, loans and other receivables existing within the group are set off against the corresponding liabilities and provisions of the subsidiaries included in the consolidated financial statements.

Expenses and revenues from intra-group transactions are eliminated. Results incurred from intra-group transactions that are recognised in the non-current and current assets are eliminated if they are material. Non-controlling interests are taken into consideration during the elimination of intra-group profits or losses.

Unrealised profits from transactions between group entities and associates are eliminated in proportion to the group's share in the associate.

Non-controlling interests in equity and profits of companies controlled by the parent company are shown separately in the consolidated financial statements.

The necessary tax deferrals are made for consolidation procedures.

Scope of consolidation

The consolidated financial statements as at 31 December 2018 include STRABAG SE as well as all major domestic and foreign subsidiaries over which STRABAG SE either directly or indirectly has control. Associates and joint ventures are reported in the balance sheet using the equity method (equity-accounted investments).

Group companies which are of minor importance for the purpose of giving a true and fair view of the financial position, financial performance and cash flows of the group are not consolidated. The decision to include an entity in the scope of consolidation is based on quantitative and qualitative considerations.

Subsidiaries and equity-accounted investments included in the 2018 consolidated financial statements are given in the list of investments.

The financial year for all consolidated and associated companies, with the exception of the following companies that are included in the scope of consolidation on the basis of an interim report effective 31 December 2018, is identical with the calendar year.

Companies	Reporting date	Method of inclusion
EFKON INDIA Pvt. Ltd., Mumbai	31.3.	consolidation
Thüringer Straßenwartungs- und Instandhaltungsgesellschaft mbH & Co. KG, Apfelstädt	30.9.	equity-accounted investments

The number of consolidated companies changed in the 2017 and 2018 financial years as follows:

	Consolidation	Equity method
Situation as at 31.12.2016	**297**	**25**
First-time inclusions in year under report	9	0
First-time inclusions in year under report due to merger/accretion	2	0
Merger/accretion in year under report	-7	0
Exclusions in year under report	-6	-3
Situation as at 31.12.2017	**295**	**22**
First-time inclusions in year under report	12	3
First-time inclusions in year under report due to merger/accretion	6	0
Merger/accretion in year under report	-11	0
Exclusions in year under report	-12	-1
Situation as at 31.12.2018	**290**	**24**

ADDITIONS TO SCOPE OF CONSOLIDATION

The following companies formed part of the scope of consolidation for the first time on the reporting date:

Consolidation	Direct stake %	Date of acquisition or foundation
BEWO - Projekt Q4a Reininghausstraße GmbH & Co KG, Graz	60.00	9.5.2018
Krems Sunside Living Projektentwicklung GmbH, Vienna	100.00	16.7.2018
Kuhwald 55 Projekt GmbH & Co. KG, Cologne	100.00	1.1.2018[1]
PANSUEVIA GmbH & Co. KG, Jettingen-Scheppach	100.00	28.9.2018
Preduzece za puteve BEOGRAD doo Beograd, Beograd	100.00	1.1.2018[1]
Q4a Immobilien GmbH, Graz	60.00	9.5.2018
SILO DREI Beteiligungsverwaltungs GmbH & Co KG, Vienna	100.00	19.5.2018
SILO DREI next LBG 57 Liegenschaftsverwertung GmbH & Co KG, Vienna	51.00	27.6.2018
SILO II LBG 57 - 59 Liegenschaftsverwertung GmbH & Co KG, Vienna	51.00	25.4.2018
SILO ZWEI Beteiligungsverwaltungs GmbH & Co KG, Vienna	100.00	19.5.2018
SRE Lux Projekt SQM 27E, Belvaux	100.00	1.1.2018[1]
Wohnquartier Reininghausstraße GmbH, Graz	60.00	9.5.2018
Merger/Accretion		
Büro Campus Deutz Torhaus GmbH, Cologne	100.00	1.8.2018[2]
Industrielles Bauen Betreuungsgesellschaft mbH, Stuttgart	100.00	2.10.2018[2]
KIAG AG, Kreuzlingen	100.00	2.10.2018[2]
Mineral Kop doo Beograd, Beograd	100.00	31.12.2018[2]
Projektgesellschaft Willinkspark GmbH, Cologne	100.00	10.9.2018[2]
ZDE Projekt Oberaltenallee GmbH, Cologne	100.00	15.8.2018[2]
at-equity		
A2 ROUTE SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA, Pruszkow	50.00	1.1.2018
DESARROLLO VIAL AL MAR S.A.S., Medellin	37.50	1.1.2018
FLARE Living GmbH & Co. KG , Cologne	50.00	1.1.2018

ACQUISITIONS

STRABAG acquired the 50 % interest in PANSUEVIA GmbH & Co. KG, Jettingen-Scheppach (PANSUEVIA), from HOCHTIEF, becoming the 100 % owner of the concession company operating the Ulm–Augsburg section of the A8 motorway in Germany. The closing of the transaction took place on 28 September 2018.

1 Due to their increased business volumes, the companies were included in the scope of consolidation of the group for the first time effective 1 January 2018. The foundation/acquisition of the companies occurred before 1 January 2018.
2 The companies listed under Merger/Accretion were merged with/accrued on already consolidated companies and as such are at once represented as additions to and removals from the scope of consolidation.

The following table presents a preliminary allocation of the purchase price into the assets and liabilities acquired:

T€	**Acquisition PANSUEVIA**
Acquired assets and liabilities	
Right from concession arrangement	605,636
Other non-current assets	38,644
Current assets	39,222
Non-current liabilities	494,919
Current liabilities	77,955
Non-operating step-up profit	55,314
Consideration (purchase price)	**55,314**
Acquired liabilities	36,151
Acquired cash and cash equivalents	-20,425
Net cash outflow from acquisition	**71,040**

STRABAG's previous 50 % interest, which had been accounted for at equity in the consolidated financial statements, was revalued through profit or loss in the amount of T€ 55,314. The non-operating step-up profit is presented in the share of profit or loss of equity-accounted investments.

Companies included for the first time were consolidated at the date of acquisition or a near reporting date, provided this had no significant difference to an inclusion at the date of acquisition.

From the first-time consolidation of the other companies in the 2018 financial year, negative goodwill in the amount of T€ 428 (2017: T€ 1,036) occurred. This amount is reported under other operating income.

Assuming a fictitious first-time consolidation on 1 January 2018 for all new acquisitions, consolidated revenue would amount to T€ 15,246,033 and consolidated net income would change by T€ -14,433.

All companies which were consolidated for the first time in 2018 contributed T€ 38,007 to revenue (2017: T€ 87,822) and T€ -3,397 (2017: T€ 12,140) to net income after minorities.

ACQUISITIONS AFTER THE REPORTING PERIOD

On 18 December 2018, STRABAG signed the agreement for the acquisition of 100 % of the shares of **Caverion Polska Sp. z o.o.** of Warsaw, a Polish specialist in the field of technical facility management. Caverion Polska has about 170 employees and in 2017 generated an output volume of around PLN 50 million. The acquisition broadens the service portfolio with additional technical competences in Poland. The transaction is subject to the cartel approval.

STRABAG and JOHANN BUNTE Bauunternehmung GmbH & Co. KG are combining their forces in northwestern Germany in the production and sale of asphalt mixtures. With an effective date of 1 January 2019, the two companies founded a joint venture with headquarters in Ahlhorn. Both partners intend to transfer workers and machinery from a total of 13 asphalt mixing plants in Lower Saxony, Hamburg and Schleswig-Holstein to **Nordwestdeutsche Mischwerke (NWM) GmbH & Co. KG**. STRABAG, through its 100 % subsidiary Deutsche Asphalt GmbH, and BUNTE will each hold 50 % of the shares in the new company. The European Commission has already approved the project under competition law.

DISPOSALS FROM THE SCOPE OF CONSOLIDATION

As at 31 December 2018, the following companies were no longer included in the scope of consolidation:

Disposals from scope of consolidation	
"DOMIZIL" Bauträger GmbH, Vienna	Fell below significant level
Artholdgasse Errichtungs GmbH, Vienna	Sale
Gudrunstraße Errichtungs GmbH, Vienna	Sale
Hotel AVION Management s.r.o., Bratislava	Fell below significant level
Hotel AVION s.r.o., Bratislava	Fell below significant level
IVERUS ENTERPRISES LTD, Limassol	Fell below significant level
KFX Holding Kft., Budapest	Fell below significant level
LaVie Projektgesellschaft mbH & Co. KG, Dusseldorf	Sale
LW 280 Bauträger GmbH, Vienna	Sale
STRABAG ABU DHABI LLC, Abu Dhabi	Fell below significant level
STRABAG Anlagentechnik GmbH, Thalgau	Fell below significant level
Züblin Gebäudetechnik GmbH, Erlangen	Sale
Merger/Accretion[1]	
Büro Campus Deutz Torhaus GmbH, Cologne	Merger
CESTAR d.o.o., Gornja Vrba	Merger
Expert Kerepesi Kft., Budapest	Merger
Industrielles Bauen Betreuungsgesellschaft mbH, Stuttgart	Merger
KAFEX Kft., Budapest	Merger
KIAG AG, Kreuzlingen	Merger
Mineral Kop doo Beograd, Beograd	Merger
ÓBUDA-APARTMAN Kft., Budapest	Merger
Projektgesellschaft Willinkspark GmbH, Cologne	Merger
ZDE Projekt Oberaltenallee GmbH, Cologne	Merger
Züblin Wasserbau GmbH, Berlin	Merger
at-equity	
PANSUEVIA GmbH & Co. KG, Jettingen-Scheppach	Transition consolidation

The disposals of assets and debt resulting from deconsolidation are comprised as follows:

T€	**Disposals from scope of consolidation**
Assets and liabilities	
Non-current assets	3,766
Current assets	26,164
Non-current liabilities	2,545
Current liabilities	16,748

Resulting profit in the amount of T€ 2,629 (2017: T€ 2,709) and losses in the amount of T€ 3,675 (2017: T€ 78) are recognised in profit or loss.

There were no significant restrictions on the use of assets or risks related to structured entities at the end of the reporting period.

NON-CONTROLLING INTERESTS

As of 31 December 2018, the amount of the non-controlling interests stood at T€ 33,088 (2017: T€ 27,246) in the STRABAG SE Group and is thus immaterial. The non-controlling interests comprise numerous subsidiaries and concern mainly the 5.1 % share in Strabag Real Estate GmbH, Cologne, and its subsidiaries.

Besides the above-mentioned investments, the ownership interests in other subsidiaries in the financial year changed only insignificantly or had insignificant impact. The changes are represented in the list of investments.

1 The companies listed under Merger/Accretion were merged with already consolidated companies or, as a result of accretion, formed part of consolidated companies.

Currency translation

The items contained in the financial statements of each group entity are measured on the basis of the currency corresponding to the currency of the primary economic environment in which the entity operates (functional currency).

The functional currency of STRABAG's subsidiaries is the respective local currency, with the exception of the following companies, whose functional currency is the euro:

- AKA Alföld Koncesszios Autopalya Zrt., Budapest
- AMFI HOLDING Kft., Budapest
- BHK KRAKÓW JOINT VENTURE Sp. z o.o., Warsaw
- BONDENO INVESTMENTS LTD, Limassol
- EVOLUTION TWO Sp. z o.o., Warsaw
- EXP HOLDING Kft., Budapest
- OOO "RANITA", Moscow

The consolidated financial statements are prepared in euro, STRABAG's reporting currency.

Foreign currency transactions are translated into the functional currency at the foreign exchange rate on the day of the transaction. On the reporting date, monetary items are translated at the closing rate, while non-monetary items are translated at the rate on the day of the transaction. Exchange differences are recognised in profit or loss.

Assets and liabilities of group entities whose functional currency is not the euro are translated from the respective local currency into euro at the average exchange rate on the reporting date. As well as the corresponding profit for the period, the income statements of foreign group entities whose functional currency is not the euro are translated at the average exchange rate for the reporting period. The differences resulting from the use of both rates are reported outside profit or loss.

Monetary items in form of receivables or payables which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, a part of an entity´s net investment in a foreign operation. Currency translation differences arising on such monetary items are initially recognised in other comprehensive income and reclassified from equity to profit and loss on disposal of the net investment.

The most important currencies, including their average exchange rates, are listed under item 32. Currency translation differences of T€ -1,426 (2017: T€ 12,353) were recognised directly in equity in the financial year. Forward exchange operations (hedging), excluding deferred taxes, in the amount of T€ -10,528 (2017: T€ 0) were recognised directly in equity.

Restatements in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies) were not necessary.

Consolidated companies and equity-accounted investments

The following list shows the consolidated companies included in the consolidated financial statements:

Austria		Nominal capital T€/TATS	Direct stake %
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH", Spittal an der Drau		35	100.00
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau		35	100.00
"Wiener Heim" Wohnbaugesellschaft m.b.H., Vienna		741	100.00
ABR Abfall Behandlung und Recycling GmbH, Schwadorf		37	100.00
Asphalt & Beton GmbH, Spittal an der Drau		36	100.00
AUSTRIA ASPHALT GmbH & Co OG, Spittal an der Drau	TATS	500	100.00
Bau Holding Beteiligungs GmbH, Spittal an der Drau		48,000	100.00
BEWO - Projekt Q4a Reininghausstraße GmbH & Co KG, Graz		0	60.00
Bitumen Handelsgesellschaft m.b.H. & Co KG, Loosdorf	TATS	3,000	100.00
BITUNOVA Baustofftechnik Gesellschaft m.b.H., Spittal an der Drau	TATS	2,000	100.00
BLUMENFELD Liegenschaftsverwaltungs GmbH, Vienna	TATS	1,000	100.00
Böhm Stadtbaumeister & Gebäudetechnik GmbH, Vienna		36	100.00
BrennerRast GmbH, Vienna		35	100.00
Bug-AluTechnic GmbH, Vienna		5,000	100.00
Campus Eggenberg Immobilienprojekt GmbH, Graz		36	60.00
DC1 Immo GmbH, Vienna		35	100.00
Diabaswerk Saalfelden Gesellschaft m.b.H., Saalfelden		363	100.00
Eckstein Holding GmbH, Spittal an der Drau		73	100.00
EFKON GmbH, Raaba		28,350	100.00
Erdberger Mais GmbH & Co KG, Vienna		1	100.00
F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG, Wiener Neustadt		1,192	100.00
Goldeck Bergbahnen GmbH, Spittal an der Drau		363	100.00
Ilbau Liegenschaftsverwaltung GmbH, Spittal an der Drau		4,500	100.00
InfoSys Informationssysteme GmbH, Spittal an der Drau		363	94.90
Innsbrucker Nordkettenbahnen Betriebs GmbH, Innsbruck		35	51.00
KAB Straßensanierung GmbH & Co KG, Spittal an der Drau		133	50.60
Kanzel Steinbruch Dennig Gesellschaft mit beschränkter Haftung, Gratkorn	TATS	500	75.00
Krems Sunside Living Projektentwicklung GmbH, Vienna		35	100.00
Leopold Ungar Platz 3 GmbH, Vienna		35	100.00
M5 Beteiligungs GmbH, Vienna		70	100.00
M5 Holding GmbH, Vienna		35	100.00
Mineral Abbau GmbH, Spittal an der Drau		36	100.00
Mischek Bauträger Service GmbH, Vienna		36	100.00
Mischek Systembau GmbH, Vienna		1,000	100.00
Mobil Baustoffe GmbH, Spittal an der Drau		50	100.00
Nottendorfer Gasse 13 Kom GmbH, Vienna		35	100.00
OAT - Bohr- und Fugentechnik Gesellschaft m.b.H., Spittal an der Drau	TATS	1,000	51.00
Osttiroler Asphalt Hoch- und Tiefbauunternehmung GmbH, Lavant i. Osttirol		36	80.00
Q4a Immobilien GmbH, Graz		35	60.00
Raststation A 3 GmbH, Vienna		35	100.00
RBS Rohrbau-Schweißtechnik Gesellschaft m.b.H., Linz		291	100.00
RE Beteiligungsholding GmbH, Vienna		35	100.00
RE Klitschgasse Errichtungs GmbH, Vienna		35	67.00
RE Projekt Errichtungs GmbH, Vienna		35	100.00
RE Wohnraum GmbH, Vienna		35	100.00
RE Wohnungseigentumserrichtungs GmbH, Vienna		35	100.00
Sakela Beteiligungsverwaltungs GmbH, Vienna		35	100.00
SF Bau vier GmbH, Vienna		35	100.00
SILO DREI Beteiligungsverwaltungs GmbH & Co KG, Vienna		50	100.00
SILO DREI next LBG 57 Liegenschaftsverwertung GmbH & Co KG, Vienna		200	51.00
SILO II LBG 57 - 59 Liegenschaftsverwertung GmbH & Co KG, Vienna		200	51.00
SILO ZWEI Beteiligungsverwaltungs GmbH & Co KG, Vienna		50	100.00
SQUARE One GmbH & Co KG, Vienna		1	100.00
SQUARE Two GmbH & Co KG, Vienna		10	100.00

STRABAG AG, Spittal an der Drau		12,000	100.00
STRABAG Bau GmbH, Vienna		1,800	100.00
STRABAG BMTI GmbH, Vienna		1,454	100.00
STRABAG BRVZ GmbH, Spittal an der Drau		37	100.00
STRABAG Holding GmbH, Vienna		35	100.00
STRABAG Infrastructure & Safety Solutions GmbH, Vienna		727	100.00
Strabag Liegenschaftsverwaltung GmbH, Linz		4,500	100.00
STRABAG Property and Facility Services GmbH, Vienna		1,500	100.00
STRABAG Real Estate GmbH, Vienna		44	100.00
STRABAG SE, Villach		110,000	100.00
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna		440	100.00
TPA Gesellschaft für Qualitätssicherung und Innovation GmbH, Vienna		37	100.00
VIOLA PARK Immobilienprojekt GmbH, Vienna		45	75.00
Wohnquartier Reininghausstraße GmbH, Graz		35	60.00
Züblin Holding GesmbH, Vienna		55	100.00
Züblin Spezialtiefbau Ges.m.b.H., Vienna		1,500	100.00

Germany		**Nominal capital T€/TDEM**	**Direct stake %**
Alpines Hartschotterwerk GmbH, Leinfelden-Echterdingen		25	100.00[1]
ARGE STRABAG, Cologne			100.00
Baumann & Burmeister GmbH, Halle/Saale		51	100.00[1]
BBS Baustoffbetriebe Sachsen GmbH, Hartmannsdorf	TDEM	30,000	100.00[1]
BHG Bitumenhandelsgesellschaft mbH, Hamburg		26	100.00[1]
BITUNOVA GmbH, Dusseldorf		256	100.00[1]
Blees-Kölling-Bau GmbH, Cologne	TDEM	2,500	100.00[1]
Blutenburg Projekt GmbH, Cologne		25	100.00
CML Construction Services GmbH, Cologne		25	100.00
Deutsche Asphalt GmbH, Cologne		28	100.00[1]
DIW Aircraft Services GmbH, Stuttgart		25	100.00[1]
DIW Instandhaltung GmbH, Stuttgart		25	100.00[1]
DIW Mechanical Engineering GmbH, Stuttgart		25	100.00[1]
DIW System Dienstleistungen GmbH, Fürstenfeldbruck		25	100.00[1]
DYWIDAG International GmbH, Munich		5,000	100.00[1]
DYWIDAG-Holding GmbH, Cologne		600	100.00[1]
E S B Kirchhoff GmbH, Leinfelden-Echterdingen		1,500	100.00[1]
Ed. Züblin AG, Stuttgart		20,452	100.00[1]
F 101 Projekt GmbH & Co. KG, Cologne		10	100.00
F. Kirchhoff GmbH, Leinfelden-Echterdingen		23,319	100.00[1]
F.K. SYSTEMBAU GmbH, Münsingen		2,000	100.00[1]
Fahrleitungsbau GmbH, Essen		1,550	100.00[1]
Gaul GmbH, Sprendlingen		25	100.00
GBS Gesellschaft für Bau und Sanierung mbH, Leuna		513	100.00
Griproad Spezialbeläge und Baugesellschaft mbH, Cologne	TDEM	400	100.00[1]
Hexagon Projekt GmbH & Co. KG, Cologne		10	100.00[1]
Ilbau GmbH Deutschland, Berlin		4,700	100.00
IQ Generalübernehmer GmbH & Co. KG, Oststeinbek		25	75.00
Kuhwald 55 Projekt GmbH & Co. KG, Cologne		10	100.00
Lift-Off GmbH & Co. KG, Cologne		10	100.00[1]
LIMET Beteiligungs GmbH & Co. Objekt Köln KG, Cologne		10	94.00[1]
LIMET Beteiligungs GmbH, Cologne	TDEM	50	100.00[1]
MAV Kelheim GmbH, Kelheim		25	100.00
MAV Mineralstoff - Aufbereitung und - Verwertung GmbH, Krefeld		600	50.00[2]
MAV Mineralstoff - Aufbereitung und Verwertung Lünen GmbH, Lünen		250	100.00
Mineral Baustoff GmbH, Cologne		25	100.00[1]
Mitterhofer Projekt GmbH & Co. KG, Cologne		10	100.00[1]
MOBIL Baustoffe GmbH, Munich		100	100.00[1]
NE Sander Immobilien GmbH, Sande		155	100.00[1]
PANSUEVIA GmbH & Co. KG, Jettingen-Scheppach		1,000	100.00[1]
Pyhrn Concession Holding GmbH, Cologne		38	100.00[1]

1 For these companies, the option allowed by Sec 264 Para 3 or by Sec 264b of the German Commercial Code (HGB) was exercised.
2 Direct stake amounted to 95.96 % as at 31.12.2017

REPASS-SANIERUNGSTECHNIK GMBH Korrosionsschutz und Betoninstandsetzung, Munderkingen	TDEM	51	100.00[1]
ROBA Transportbeton GmbH, Berlin		520	100.00[1]
SAT Straßensanierung GmbH, Cologne		30	100.00[1]
SF-Ausbau GmbH, Freiberg		600	100.00[1]
SRE Erste Vermögensverwaltung GmbH, Cologne		25	100.00
SRE Projekt 1 GmbH & Co. KG, Cologne		10	100.00
STRABAG AG, Cologne		7,670	100.00[1]
STRABAG BMTI GmbH & Co. KG, Cologne		307	100.00[1]
STRABAG BRVZ GmbH & Co. KG, Cologne		30	100.00[1]
STRABAG Facility Management GmbH, Berlin		30	100.00[1]
STRABAG Facility Services GmbH, Nürnberg		53	100.00[1]
STRABAG GmbH, Bad Hersfeld		15,000	100.00[1]
STRABAG Großprojekte GmbH, Munich		18,100	100.00[1]
STRABAG Infrastructure & Safety Solutions GmbH, Cologne		9,220	100.00[1]
STRABAG Infrastrukturprojekt GmbH, Bad Hersfeld		1,280	100.00[1]
STRABAG International GmbH, Cologne		2,557	100.00[1]
STRABAG Kieserling Flooring Systems GmbH, Hamburg		1,050	100.00[1]
STRABAG Projektentwicklung GmbH, Cologne	TDEM	20,000	100.00[1]
STRABAG Property and Facility Services GmbH, Münster		5,000	100.00[1]
STRABAG Rail Fahrleitungen GmbH, Berlin		600	100.00[1]
STRABAG Rail GmbH, Lauda-Königshofen		25	100.00[1]
STRABAG Real Estate GmbH, Cologne		30,000	94.90
STRABAG Real Estate Invest GmbH (formerly: JUKA Justizzentrum Kurfürstenanlage GmbH), Cologne		26	100.00[1]
STRABAG Sportstättenbau GmbH, Dortmund	TDEM	200	100.00[1]
STRABAG Umwelttechnik GmbH, Dusseldorf		2,000	100.00[1]
STRABAG Wasserbau GmbH, Hamburg		6,833	100.00[1]
Torkret GmbH, Stuttgart		1,023	100.00[1]
TPA GmbH, Cologne		511	100.00
Turm am Mailänder Platz GmbH & Co. KG, Stuttgart		10	100.00[1]
Wolfer & Goebel Bau GmbH, Stuttgart		25	100.00[1]
Z. Brückenbau Immobiliengesellschaft mbH & Co. KG, Cologne		10	94.90[1]
Z. Holzbau Immobiliengesellschaft mbH & Co. KG, Cologne		10	94.90[1]
Z. Immobiliengesellschaft mbH & Co. KG, Cologne		10	94.90[1]
Z. Sander Immobiliengesellschaft mbH & Co. KG, Cologne		10	94.90[1]
Z. Stahlbau Immobiliengesellschaft mbH & Co. KG, Cologne		10	94.90[1]
Z-Bau GmbH, Magdeburg		100	100.00[1]
ZDE Sechste Vermögensverwaltung GmbH, Cologne		25	100.00
ZÜBLIN Bau GmbH, Munich		32	100.00[1]
Züblin Chimney and Refractory GmbH, Cologne		511	100.00[1]
Züblin Hoch- und Brückenbau GmbH, Bad Hersfeld		2,500	100.00[1]
Züblin International GmbH, Stuttgart		2,500	100.00[1]
Züblin Projektentwicklung GmbH, Stuttgart		2,557	94.88[1]
Züblin Spezialtiefbau GmbH, Stuttgart	TDEM	6,000	100.00[1]
Züblin Stahlbau GmbH, Hosena		1,534	100.00[1]
ZÜBLIN Timber Gaildorf GmbH, Gaildorf		25	100.00[1]
ZÜBLIN Timber GmbH, Aichach		1,534	100.00[1]
Züblin Umwelttechnik GmbH, Stuttgart		2,000	100.00[1]

Egypt	**Nominal capital TEGP**	**Direct stake %**
Züblin Egypt LLC, Cairo	20,000	100.00

Albania	**Nominal capital TALL**	**Direct stake %**
Trema Engineering 2 sh p.k., Tirana	545,568	51.00

Belgium	**Nominal capital T€**	**Direct stake %**
N.V. STRABAG Benelux S.A., Antwerp	6,863	100.00
N.V. STRABAG Belgium S.A., Antwerp	18,059	100.00

1 For these companies, the option allowed by Sec 264 Para 3 or by Sec 264b of the German Commercial Code (HGB) was exercised.

Bosnia und Herzegovina	**Nominal capital TBAM**	**Direct stake %**
STRABAG d.o.o. Sarajevo, Sarajevo	10	100.00

Bulgaria	**Nominal capital TBGN**	**Direct stake %**
"BOYANA VIEW" EOOD, Sofia	4,635	100.00
"VITOSHA VIEW" EOOD, Sofia	2,071	100.00
STRABAG EAD, Sofia	13,313	100.00

Chile	**Nominal capital TCLP**	**Direct stake %**
Strabag SpA, Santiago de Chile	500,000	100.00
Züblin Chuquicamata SpA, Santiago de Chile	945,862	100.00
Züblin International GmbH Chile SpA, Santiago de Chile	7,909,484	100.00

China	**Nominal capital TCNY**	**Direct stake %**
Shanghai Changjiang-Züblin Construction&Engineering Co.Ltd., Shanghai	29,312	75.00

Denmark	**Nominal capital TDKK**	**Direct stake %**
KMG - KLIPLEV MOTORWAY GROUP A/S, Copenhagen	500	100.00
Züblin A/S, Trige	1,000	100.00

India	**Nominal capital TINR**	**Direct stake %**
EFKON INDIA Pvt. Ltd., Mumbai	50,000	100.00

Italy	**Nominal capital T€**	**Direct stake %**
STRABAG S.p.A., Bologna	10,000	100.00

Canada	**Nominal capital TCAD**	**Direct stake %**
Strabag Inc., Toronto	11,700	100.00
Züblin Inc., Saint John/New Brunswick	100	100.00

Colombia	**Nominal capital TCOP**	**Direct stake %**
STRABAG S.A.S., Bogotá, D.C.	4,829,402	100.00

Croatia	**Nominal capital THRK**	**Direct stake %**
MINERAL IGM d.o.o., Zapuzane	10,701	100.00
POMGRAD INZENJERING d.o.o., Split	25,534	100.00
PZC SPLIT d.d., Split	18,810	100.00[1]
STRABAG BRVZ d.o.o., Zagreb	20	100.00
STRABAG d.o.o., Zagreb	48,230	100.00
TPA odrzavanje kvaliteta i inovacija d.o.o., Zagreb	20	100.00

Latvia	**Nominal capital T€**	**Direct stake %**
STRABAG SIA, Milzkalne	1,423	100.00

Luxembourg	**Nominal capital T€**	**Direct stake %**
SRE Lux Projekt SQM 27E, Belvaux	13	100.00

Malaysia	**Nominal capital TMYR**	**Direct stake %**
ZUBLIN PRECAST INDUSTRIES SDN. BHD., Johor	500	100.00

Moldavia	**Nominal capital TMDL**	**Direct stake %**
I.C.S. "STRABAG" S.R.L., Chisinau	279,630	100.00

Montenegro	**Nominal capital T€**	**Direct stake %**
"Crnagoraput" AD, Podgorica, Podgorica	9,779	95.32
"Strabag" d.o.o. Podgorica, Podgorica	50	100.00

The Netherlands	**Nominal capital T€**	**Direct stake %**
STRABAG B.V., Vlaardingen	450	100.00
Züblin Nederland B.V., Vlaardingen	500	100.00

1 Direct stake amounted to 97.40 % as at 31.12.2017

Oman	Nominal capital TOMR	Direct stake %
STRABAG OMAN L.L.C., Muscat	1,000	100.00

Poland	Nominal capital TPLN	Direct stake %
BHG Sp. z o.o., Pruszkow	500	100.00
BHK KRAKÓW JOINT VENTURE Sp. z o.o., Warsaw	58	100.00
BITUNOVA Sp. z o.o., Warsaw	2,700	100.00
EVOLUTION GAMMA Sp. z o.o., Warsaw	50	100.00
EVOLUTION ONE Sp. z o.o., Warsaw	50	100.00
EVOLUTION THREE Sp. z o.o., Warsaw	50	100.00
EVOLUTION TWO Sp. z o.o., Warsaw	50	100.00
Mineral Polska Sp. z o.o., Czarny Bor	19,056	100.00
POLSKI ASFALT Sp. z o.o., Kracow	1,000	100.00
SAT Sp. z o.o., Olawa	4,171	100.00
STRABAG BMTI Sp. z o.o., Pruszkow	2,000	100.00
STRABAG BRVZ Sp. z o.o., Pruszkow	500	100.00
STRABAG INFRASTRUKTURA POLUDNIE Sp. z o.o., Wroclaw	16,140	100.00
STRABAG Sp. z o.o., Pruszkow	73,328	100.00
TPA Sp. z o.o., Pruszkow	600	100.00
Züblin Sp. z o.o., Pruszkow	7,765	100.00

Romania	Nominal capital TRON	Direct stake %
ANTREPRIZA DE REPARATII SI LUCRARI A R L CLUJ SA, Cluj-Napoca	64,974	98.59
BITUNOVA Romania SRL, Bucharest	16	100.00
MINERAL ROM SRL, Brasov	10,845	100.00
STRABAG BRVZ S.R.L., Bucharest	278	100.00
STRABAG SRL, Bucharest	43,519	100.00
TPA SOCIETATE PENTRU ASIGURAREA CALITATII SI INOVATII SRL, Bucharest	0	100.00
ZUBLIN ROMANIA SRL, Bucharest	4,580	100.00

Russia	Nominal capital TRUB	Direct stake %
AO "Strabag", Moscow	14,926	100.00
OOO "RANITA", Moscow	10	100.00
OOO "STRABAG BRVZ", Moscow	313	100.00

Saudi Arabia	Nominal capital TSAR	Direct stake %
Dywidag Saudi Arabia Co. Ltd., Jubail	10,000	100.00

Sweden	Nominal capital TSEK	Direct stake %
Nimab Entreprenad AB, Sjöbo	501	100.00
STRABAG AB, Stockholm	50	100.00
STRABAG BRVZ AB, Kumla	100	100.00
STRABAG Projektutveckling AB, Stockholm	1,000	100.00
STRABAG Rail AB, Kumla	500	100.00
STRABAG Sverige AB, Stockholm	15,975	100.00
Züblin Scandinavia AB, Stockholm	100	100.00

Switzerland	Nominal capital TCHF	Direct stake %
STRABAG AG, Schlieren	8,000	100.00
STRABAG BMTI GmbH, Erstfeld	20	100.00
STRABAG BRVZ AG, Erstfeld	100	100.00

Serbia	Nominal capital TRSD	Direct stake %
PUTEVI CACAK DOO, Cacak	122,638	100.00
PZP BEOGRAD doo, Beograd	520,000	100.00
STRABAG d.o.o., Novi Beograd	1,306,748	100.00
TPA za obezbedenje kvaliteta i inovacije d.o.o. Beograd, Novi Beograd	32,550	100.00
VOJVODINAPUT-PANCEVO DOO, Pancevo	108,011	100.00

Slovakia	**Nominal capital T€**	**Direct stake %**
BITUNOVA spol. s r.o., Zvolen	1,195	100.00
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o., Bratislava-Ruzinov	7	100.00
KSR - Kamenolomy SR, s.r.o., Zvolen	25	100.00
STRABAG BRVZ s.r.o., Bratislava	33	100.00
STRABAG Pozemne a inzinierske stavitel'stvo s. r. o., Bratislava	133	100.00
STRABAG s.r.o., Bratislava	66	100.00
TPA Spolocnost pre zabezpecenie kvality a inovacie s.r.o., Bratislava	7	100.00
Viedenska brana s.r.o., Bratislava	25	100.00

Slovenia	**Nominal capital T€**	**Direct stake %**
DRP, d.o.o., Ljubljana	9	100.00
STRABAG BRVZ d.o.o., Ljubljana	9	100.00
STRABAG gradbene storitve d.o.o., Ljubljana	500	100.00

South Africa	**Nominal capital T€**	**Direct stake %**
EFKON SOUTH AFRICA (PTY) LTD, Pretoria	166	100.00

Thailand	**Nominal capital TTHB**	**Direct stake %**
STRABAG Industries (Thailand) Co.,Ltd., Bangkok	180,000	100.00

Czech Republic	**Nominal capital TCZK**	**Direct stake %**
BHG CZ s.r.o., Ceske Budejovice	200	100.00
BITUNOVA spol. s r.o., Jihlava	2,000	100.00
FRISCHBETON s.r.o., Prague	20,600	100.00
KAMENOLOMY CR s.r.o., Ostrava	106,200	100.00
Na Belidle s.r.o., Prague	100	100.00
SAT s.r.o., Prague	1,000	100.00
STRABAG a.s., Prague	1,119,600	100.00
STRABAG Asfalt s.r.o., Sobeslav	10,000	100.00
STRABAG BMTI s.r.o., Brno	100	100.00
STRABAG BRVZ s.r.o., Prague	1,000	100.00
STRABAG Property and Facility Services a.s., Prague	46,800	100.00
STRABAG Rail a.s., Usti nad Labem	180,000	100.00
TPA CR, s.r.o., Ceske Budejovice	1,000	100.00
ZÜBLIN stavebni spol. s r.o., Prague	100,000	100.00

Ukraine	**Nominal capital TUAH**	**Direct stake %**
Chustskij Karier, Zakarpatska	3,279	100.00[1]
Zezelivskij karier TOW, Zezelev	13,130	100.00[2]

Hungary		**Nominal capital THUF/T€**	**Direct stake %**
AKA Zrt., Budapest	TEUR	96,000	100.00
AMFI HOLDING Kft., Budapest	TEUR	10	100.00
ASIA Center Kft., Budapest		1,830,080	100.00
Bitunova Kft., Budapest		50,000	100.00
EXP HOLDING Kft., Budapest	TEUR	10	100.00[3]
First-Immo Hungary Kft., Budapest		100,000	100.00
Frissbeton Kft., Budapest		100,000	100.00
Generál Mély- és Magasépitö Zrt., Budapest		1,000,000	100.00
KÖKA Kft., Budapest		761,680	100.00
OAT Kft., Budapest		25,000	100.00
STRABAG Általános Építö Kft., Budapest		1,000,000	100.00
STRABAG BMTI Kft., Budapest		2,000,000	100.00
STRABAG BRVZ Kft., Budapest		1,545,000	100.00
STRABAG Építö Kft., Budapest		352,000	100.00
STRABAG Építöipari Zrt., Budapest		20,000	100.00
STRABAG Generálépitö Kft., Budapest		3,000	100.00
STRABAG Property and Facility Services Zrt., Budapest		20,000	51.00
STRABAG Rail Kft., Budapest		189,120	100.00

1 Direct stake amounted to 95.96 % as at 31.12.2017
2 Direct stake amounted to 99.36 % as at 31.12.2017
3 The presentation of interest is done using the economic approach, the interest as defined by civil law may deviate from this presentation.

STRABAG Real Estate Kft., Budapest	3,000	100.00
STRABAG Vasútépítö Kft., Budapest	3,000	100.00
STRABAG-MML Kft., Budapest	510,000	100.00
TPA HU Kft., Budapest	113,000	100.00
Treuhandbeteiligung H	10,000	100.00[1]
Züblin Kft., Budapest	3,000	100.00

United Arab Emirates	**Nominal capital TAED**	**Direct stake %**
Züblin Construction L.L.C., Abu Dhabi	150	100.00
Züblin Ground and Civil Engineering LLC, Dubai	1,000	100.00

Cyprus	**Nominal capital T€**	**Direct stake %**
BONDENO INVESTMENTS LTD, Limassol	55	100.00

The following list shows the equity-accounted investments included in the consolidated financial statements:

Austria	**Nominal capital T€**	**Direct stake %**
Lafarge Cement CE Holding GmbH, Vienna	50	30.00

Germany	**Nominal capital T€/TDEM**	**Direct stake %**
AMB Asphaltmischwerke Bodensee GmbH & Co KG, Singen (Hohentwiel)	767	50.00
AMH Asphaltmischwerk Hauneck GmbH & Co. KG, Hauneck	500	50.00
Bayerische Asphaltmischwerke GmbH & Co.KG für Straßenbaustoffe, Hofolding	12,300	48.33
Bodensee - Moränekies Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft Tettnang, Tettnang	TDEM 300	33.33
FLARE Living GmbH & Co. KG, Cologne	1	50.00
Kieswerk Rheinbach GmbH & Co. KG, Rheinbach	256	50.00
Kieswerke Schray GmbH & Co. KG, Steißlingen	2,045	50.00
Messe City Köln GmbH & Co. KG, Hamburg	100	50.00
MesseCity Köln Generalübernehmer GmbH & Co. KG, Oststeinbek	25	50.00
Natursteinwerke im Nordschwarzwald NSN GmbH & Co. KG, Mühlacker	3,100	25.00
PANSUEVIA Service GmbH & Co. KG, Jettingen-Scheppach	50	50.00
SeniVita Social Estate AG, Bayreuth	10,000	46.00
Steinbruch Spittergrund GmbH, Erfurt	80	50.00
Thüringer Straßenwartungs- und Instandhaltungsgesellschaft mbH & Co. KG, Apfelstädt	2,582	50.00

Ireland	**Nominal capital T€**	**Direct stake %**
DIRECTROUTE (LIMERICK) HOLDINGS LIMITED, Fermoy	50	20.00

Colombia	**Nominal capital TCOP**	**Direct stake %**
DESARROLLO VIAL AL MAR S.A.S., Medellín	12,637,280	37.50

Croatia	**Nominal capital THRK**	**Direct stake %**
Autocesta Zagreb-Macelj d.o.o., Zagreb	88,440	51.00[2]

The Netherlands	**Nominal capital T€**	**Direct stake %**
A-Lanes A15 Holding B.V., Nieuwegein	18	24.00

Poland	**Nominal capital TPLN**	**Direct stake %**
A2 ROUTE Sp. z o.o., Pruszkow	5	50.00

Qatar	**Nominal capital TQAR**	**Direct stake %**
Strabag Qatar W.L.L., Doha	200	49.00
Züblin International Qatar LLC, Doha	200	49.00

Romania	**Nominal capital TRON**	**Direct stake %**
SOCIETATEA COMPANIILOR HOTELIERE GRAND SRL, Bucharest	41,779	35.32

Hungary	**Nominal capital T€**	**Direct stake %**
MAK Mecsek Autopalya Koncesszios Zrt., Budapest	64,200	50.00

1 The presentation of interest is done using the economic approach, the interest as defined by civil law may deviate from this presentation.
2 There are deviating contractual provisions concerning this joint venture.

Accounting policies

INTANGIBLE ASSETS

Acquired intangible assets are recognised at their initial costs less depreciation and impairment if applicable.

Development costs for an internally generated intangible asset are capitalised if the group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for internal use or sale and if it can demonstrate the intent to complete the intangible asset and use or sell it. The group must also demonstrate that the intangible asset will generate probable future economic benefits, that it has adequate resources to complete the asset and that it is able to reliably measure the expenditure attributable to the asset during its development. The construction costs for these assets comprise all construction costs directly attributable to the construction process as well as production-related overheads. Borrowing costs are capitalised for qualified assets. Research costs which do not fulfil these criteria are recognised as an expense in the period in which they are incurred. Costs that have already been recognised as an expense are not capitalised in a subsequent period.

The subsequent measurement of intangible assets with definite useful lives is performed at cost less accumulated depreciation and impairment losses. Within the group, there are no intangible assets with indefinite useful lives.

The following useful lives were assumed for intangible assets using the straight-line method:

Intangible assets	**Useful life in years**
Property rights/utilisation rights/other rights	3–50
Software	2–5
Patents, licences	3–10

GOODWILL

Goodwill from a business combination is initially measured at cost. This is calculated as the excess of the consideration transferred over the identifiable assets acquired and liabilities assumed. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, rather, it is subjected to an annual impairment test in accordance with IAS 36. The group conducts its annual test for goodwill impairment at year’s end. Testing is also performed if events or circumstances indicate that the figure could be impaired. For the purpose of the impairment test, goodwill is assigned to one or more of the group’s cash-generating units that should benefit from the synergy effects of the combination. The recoverability of goodwill is determined by comparing the carrying amount of the respective cash-generating unit (CGU) or units with the recoverable amount. If the goodwill is impaired, an impairment loss is recognised. The possibility of a write-back once the reasons for the impairment no longer apply is not foreseen for goodwill.

RIGHTS FROM CONCESSION ARRANGEMENTS

Service concession arrangements between the STRABAG Group and the public sector to build, operate, maintain and finance infrastructure facilities are treated in accordance with the requirements of IFRIC 12.

A right from a concession arrangement is recognised if the consideration does not represent an enforceable right to payment, but instead a right to charge a usage fee is granted.

The right from the concession arrangement is accounted for at the fair value of the consideration and subsequently recognised less depreciation over the period of the concession and impairment losses. If the reasons for the previously recognised impairment no longer apply, these assets are written back through profit or loss. The amount may not exceed the carrying amount that would have resulted if no impairment loss had been recognised in previous periods.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially recognised at cost. STRABAG performs subsequent measurements using the cost model – cost less accumulated depreciation and impairment losses. If the reasons for a previously recognised impairment loss no longer apply, these assets are written back through profit or loss. The amount may not exceed the carrying amount that would have resulted if no impairment loss had been recognised in the previous periods.

Subsequent acquisition costs are capitalised if it is probable that future economic benefits will flow to the group and if the costs can be reliably determined. Repair and maintenance costs which do not constitute significant maintenance expenditures are recognised as expenses in the period in which they are incurred.

Property, plant and equipment is depreciated using the straight-line method over the expected useful life. If there is an indication that an asset may be impaired and if the present values of the future cash inflow surpluses are below the carrying amounts, the amount is revalued to the lower recoverable amount in accordance with IAS 36.

The following useful lives were assumed for property, plant and equipment:

Property, plant and equipment	**Useful life in years**
Buildings	10–50
Investments in third-party buildings	5–40
Machinery	3–15
Office equipment/furniture and fixtures	3–10
Vehicles	4–8

INVESTMENT PROPERTY

Investment property is property held to earn rentals or for the purpose of capital gains. Investment property is initially measured at cost. STRABAG uses the cost model for subsequent measurements, i.e. the measurement is performed at cost less accumulated depreciation and impairment losses. If the present values of the future cash inflow surpluses are below the carrying amounts, the amount is revalued to the lower recoverable amount in accordance with IAS 36. The recoverable amount of this investment property is disclosed separately. The fair value is determined using recognised methods such as derivation from the current market price of comparable properties or the discounted cash flow method.

The useful life of investment property varies between ten and 35 years. Investment property is depreciated using the straight-line method.

This is presented in the balance sheet under property, plant and equipment.

LEASES

Finance leases

Leased assets are capitalised where STRABAG is the lessee and bears all the substantial risks and rewards associated with the asset in accordance with the criteria of IAS 17. The lease is capitalised at the lower of the fair value of the asset and the present value of the minimum lease payments. The asset is depreciated over the shorter of the lease term or the economic life of the asset. The depreciation method used is the same as for comparable acquired or internally generated assets.

Payment obligations resulting from future lease payments are recognised as a liability. In this case, the present value of the minimum lease payment is to be used. In subsequent years, lease payments are apportioned between an interest component and a repayment component so that the lease liability has a constant rate of return. The interest component is recognised in profit or loss.

Operating leases

Both expenses as well as income from operating leases are recognised in the income statement using the straight-line method over the term of the respective lease.

GOVERNMENT GRANTS

Government subsidies and investment grants are offset against the cost of the assets and amortised in proportion to their useful lives. A government grant is recognised when there is reasonable assurance that the grant will be received and the group complies with the necessary conditions for receiving the grant.

BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are recognised as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to depreciation or amortisation, as well as associates, are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may no longer be recoverable. Assets that have an indefinite useful life, such as goodwill or intangible assets not yet available for use, are tested for impairment annually as such assets are not subject to depreciation or amortisation.

To identify the need for impairment, the recoverable amount is determined. The recoverable amount is the higher of fair value of the asset less costs to sell and value in use. If it is not possible to determine the recoverable amount for an individual asset, then the recoverable amount is determined for the smallest identifiable group of assets (cash-generating unit) to which the asset in question can be assigned.

Considering that, as a rule, market prices are not available for individual units, the present value of net cash inflows is used to determine the fair value less costs to sell. The forecast of the cash flows is based on STRABAG's latest planning, with a planning horizon of at least four years. The last detailed planning year forms the basis for calculating the perpetuity if applicable legislation and legal requirements do not limit the usability of the cash-generating unit to a shorter period of time.

For the purpose of determining the fair value less costs to sell, the cash-generating unit is measured from the viewpoint of an independent market participant. In calculating the value in use of an asset, on the other hand, the cash flows are considered on the basis of the previous use. For the net cash inflows beyond the detailed planning period, individual growth rates derived from market information are determined on the basis of long-term business expectations in both methods of calculation.

Net cash inflows are discounted at the cost of capital, which is calculated as the weighted average cost of equity and debt. Consideration is given to the different yield and risk profiles of STRABAG's various areas of expertise by determining the individual costs of capital using comparison companies. The cost of equity corresponds to the required rate of return for investors, while the cost of debt is based on the long-term financing conditions available to comparison companies. Both components are derived from capital market information.

The following table shows the parameters growth rate and cost of capital for the impairment tests:

%	2018	2017
Growth rate	0.0–0.5	0.0–0.5
Cost of capital (after taxes)	5.9–7.4	5.5–7.2
Cost of capital (before taxes)	6.6–9.3	7.8–8.9

The Management Board has calculated the budgeted gross margin based on past developments and on expectations for future market development.

If the recoverable amount of an asset is lower than the carrying amount, the impairment is recognised immediately in profit or loss. In the case of impairment losses related to cash-generating units which contain goodwill, existing goodwill is initially reduced. If the impairment exceeds the carrying amount of the goodwill, the difference is generally apportioned proportionally over the remaining non-current assets of the cash-generating unit.

With the exception of goodwill, non-financial assets for which an impairment loss was charged in the past are reviewed at every balance sheet date to determine whether the impairment loss should be reversed.

FINANCIAL ASSETS

Financial assets are recognised in the consolidated balance sheet if STRABAG has a contractual right to receive cash or other financial assets from another party. Regular way purchases and sales of financial assets are recognised using settlement date accounting.

Financial assets that are not measured at fair value through profit or loss are initially recognised at fair value plus transaction costs which are directly attributable to the acquisition.

Transaction costs which arise upon the acquisition of financial assets measured at fair value through profit or loss are immediately recognised as an expense.

Receivables bearing no interest or interest below the market rate are initially recognised at the present value of the expected future cash flows.

For purposes of subsequent measurement, financial assets are classified in one of the following categories in accordance with IFRS 9, with each category having its own measurement requirements. The classification is determined at initial recognition.

For measurement and accounting purposes, financial assets are to be assigned to one of the following categories:

- Financial assets measured at amortised cost (AC)
- Financial assets measured at fair value through profit or loss
- Financial assets, classified as debt instruments under IAS 32, measured at fair value through other comprehensive income (FVOCI-debt)
- Financial assets, classified as equity instruments under IAS 32, measured at fair value through other comprehensive income (FVOCI-equity)

Financial assets measured at amortised cost

Financial assets in this category are measured at amortised cost if the objective of the business model is to hold the financial asset to collect the contractual cash flows and the contractual terms of the instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. These are classified as current financial assets if they mature within twelve months after the reporting date or within the usual business cycle. Otherwise they are classified as non-current financial assets. As part of the subsequent measurement, financial assets measured at amortised cost are valued using the effective interest method. When applying the effective interest method, all directly attributable fees, fees paid or received, transaction costs and other premiums or discounts included in the calculation of the effective interest rate are amortised over the expected life of the financial instrument. Interest income from the application of the effective interest method is recognised through profit or loss under interest income from financial instruments.

Service concession arrangements which provide an absolute contractual right to receive payment are shown separately. All receivables from concession arrangements are accounted for under the special balance sheet item receivables from concession arrangements. The receivables are carried at the present value of the payments to be made. The accumulation amount calculated annually using the effective interest method is recognised in revenue, where it is balanced with the interest expense from related non-recourse financing. Impairment allowances are made for expected credit losses.

Trade receivables, receivables from consortia, receivables from subsidiaries and receivables from participation companies, as well as other receivables, are measured at cost less impairment allowances for expected credit losses.

Financial assets measured at fair value through profit or loss

A financial asset that is to be classified as a debt instrument under IAS 32 is measured at fair value through profit or loss if it is held for trading purposes, the cash flow criteria are not met, or it is designated as at FVPL at initial recognition. A financial asset at STRABAG is assigned to this category if it was principally acquired with an intention to sell in the short term. Derivatives also belong to this category if they are not qualified as hedging instruments. Assets in this category are recognised as current assets if the asset is expected to be realised within twelve months. All other assets are classified as non-current. Value changes of financial assets measured at fair value through profit or loss are recognised through profit or loss.

This category contains mainly securities presented under non-current financial assets.

The fair value option may be elected for financial assets which, on the basis of the underlying business model and the contractual cash flows, are classified as measured at amortised cost if doing so eliminates or significantly reduces a measurement or recognition inconsistency. The fair value option is not elected at STRABAG.

Financial assets which represent equity instruments under IAS 32 are measured at fair value through profit or loss. Value changes are recognised through profit or loss in the income statement.

This category contains mainly investments below 20 % that are held under other investments.

Without exception, equity instruments are measured at fair value. If an equity instrument is not held for trading purposes, there exists an irrevocable option at initial recognition to measure value changes not in the income statement but in the other comprehensive income. Equity investments recognised in the other comprehensive income may not be later reclassified to the income statement. The option is not exercised at STRABAG.

IMPAIRMENT OF FINANCIAL ASSETS AND CONTRACT ASSETS

For the recognition of impairments, STRABAG allows for expected credit losses under IFRS 9. The expected loss impairment model is used for debt instruments for which subsequent measurement is made at amortised cost. The impairment requirements under IFRS 9 are also applied to non-financial contract assets.

Equity instruments measured at fair value through profit or loss or through other comprehensive income are not within the scope of the IFRS 9 impairment requirements.

IFRS 9 outlines a three-stage model to determine the scope of the risk provision, requiring expected credit losses to be measured from initial recognition at an amount equal to the twelve-month expected credit losses or, if the credit risk has worsened significantly, the full expected credit losses over the remaining life of the financial instrument. The general impairment model (general approach) is used for receivables from concession arrangements and for current and non-current other financial assets in the group. Besides the general impairment model, the simplified impairment model (simplified approach) is used for trade receivables and for contract assets under IFRS 15. The simplified impairment model requires a risk provision equal to the expected losses over the full remaining life of the financial instrument to be recognised for trade receivables or contract assets regardless of the respective credit quality.

To determine the expected credit losses, trade receivables and contract assets are grouped into different portfolios with similar risk characteristics. In establishing the portfolios, STRABAG also considers the underlying country risk and the creditworthiness.

During the initial recognition of financial assets, STRABAG takes into consideration the probability of defaults and continually monitors the development of the credit risk in each reporting period, taking into account all reasonable and supportable information and forecasts. This includes especially the following indicators:

- internal estimate of creditworthiness by the client
- external information on creditworthiness based on the corresponding country risk

Macroeconomic information (such as market interest rates) and other forecasts are included in the assessment of the credit risk.

Besides the application of the general and the simplified impairment approach, financial assets are impaired if there is objective evidence of credit default indicators. STRABAG makes such impairments if the debtor has significant financial difficulty; if there is a high probability that insolvency proceedings will be commenced against the debtor; if a breach of contract and payment default has occurred; or if the issuer's technological, economic, legal and market environment changes substantially.

Application of the 30-days-past-due criterion is not useful in the construction sector, on the one hand because of incomplete performance recognition, on the other hand because contracts are often fulfilled for public-sector clients, whose internal processes to release payment may be lengthy but usually result in full and complete payment.

Impairments lower the carrying value of the financial assets. The impairment loss or gain resulting from the application of the impairment requirements is recognised through profit or loss in the other operating expense or income.

A financial asset defaults if bankruptcy proceedings have been started or it is highly probable that there is no reasonable expectation for repayment. These financial assets are then derecognised. When derecognising financial assets, STRABAG continues to undertake enforcement measures to attempt to recover the receivables that are due.

During the year under report, there were no material changes with regard to the impairment approaches and criteria that were applied.

DERECOGNITION OF A FINANCIAL ASSET

Financial assets are derecognised when the contractual rights to receive payment from the financial assets no longer exist or if the financial assets are transferred along with all substantial risks and rewards. An asset is also derecognised if the substantial risks and rewards of ownership of the asset are neither transferred nor retained and control is relinquished. If control is retained, such transferred financial assets are recognised to the extent of the continuing involvement.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Derivative financial instruments are employed exclusively to mitigate risks arising from movements in currency exchange rates and interest rates. The utilisation of financial derivatives is subject to internal guidelines and controls.

Derivative financial instruments are classified as financial assets measured at fair value through profit and loss at the date of contract conclusion. Derivative financial instruments are initially recognised at cost and measured at fair value in subsequent periods. Unrealised gains or losses on the measurement are recognised in the income statement if the conditions for hedge accounting under IFRS 9 are not met. Derivative financial instruments are stated under other financial assets or other financial liabilities.

Derivative financial instruments are measured on the basis of observable market data (interest and exchange rates) and non-observable market data (the competition's credit rating). The fair value is determined using generally accepted methods of mathematical finance.

On application of the hedge accounting requirements, the group designates derivative financial instruments as hedging instruments to either:

- hedge the exposure to changes in the fair value of a recognised asset or liability (fair value hedge), or to
- hedge the exposure to variability in cash flows (cash flow hedge).

In the case of fair value hedge accounting, the change in the fair value of the hedged item that is attributable to the hedged risk and the change in the fair value of the hedging derivative are recognised in the income statement. Fair value hedging is not used in the STRABAG Group.

If, however, a derivative financial instrument is used as a hedging instrument in a cash flow hedge, the unrealised gains or losses from the hedging instrument are initially accounted for under other income. They are reclassified to profit or loss when the hedged item affects profit or loss. Any changes resulting from the ineffectiveness of these financial instruments are recognised immediately in profit or loss in the income statement.

When concluding a hedging transaction, STRABAG documents the clear hedging relationship between the hedging instrument and the hedged item, the objective of its risk management, and the underlying strategy. It is also established that there exists an economic relationship between the hedged item and the hedging instrument and that credit risk does not dominate the resulting value changes. The hedging relationship's hedging ratio reflects the ratio between the designated nominal amount of the hedged item actually used by STRABAG and the designated nominal amount actually designated by STRABAG to hedge the nominal amount of the hedged item. An assessment is made at the beginning of the hedging relationship, with documentation provided continually thereafter, of whether the derivatives used in the hedge are effective or not in offsetting the changes in fair value or cash flow of the hedged item. Hedging relationships are renewed when there are changes in the hedged item.

The critical term match method is used to determine the prospective hedge effectiveness, provided that the conditions for use are met. The retrospective determination of hedge ineffectiveness is made on the basis of the dollar offset method.

CURRENT AND DEFERRED INCOME TAXES

The income tax payables and receivables contain mainly rights and obligations with regard to domestic and foreign income taxes. These comprise the current year as well as possible rights and obligations from previous years. The receivables/payables are calculated on the basis of the tax regulations in the respective countries.

Deferred taxes are measured using the balance sheet liability method for all temporary differences between the valuation of the balance sheet items in the IFRS financial statements and the existing tax value at the individual companies. Furthermore, any realisable tax advantage from existing losses carried forward will be included in the calculation. Exceptions to this comprehensive tax deferral are balances from non-tax-deductible goodwill.

Deferred tax assets may only be recognised if the associated tax advantage is likely to be realisable. The calculation of the tax deferral is based on the usual income tax rate in the respective country at the point of the predicted reversal.

Recognition is made of deferred tax liabilities arising from temporary differences in relation to investments in subsidiaries and associates unless the timing of the reversal of the temporary differences in the group can be determined and the temporary differences are unlikely to reverse in response to this influence in the foreseeable future.

INVENTORIES

Inventory costs include cost of purchase and production and are required to be stated at the lower of cost and net realisable value.

Production costs include all direct costs as well as appropriate parts of overhead arising in the production. Distribution costs, as well as costs for general administration, are not included in the production costs. Borrowing costs related to production are recognised for inventories which are to be classified as qualifying assets.

CONTRACT ASSETS AND CONTRACT LIABILITIES

With regard to **construction contracts with customers**, revenue is recognised over time as required by IFRS 15, as the construction projects are built on the customers' properties and the customers thus always control the assets that are created or enhanced.

Construction is performed on the basis of stand-alone contracts. Transaction prices for construction contracts in the STRABAG SE Group are determined on the basis of the contract value agreed with the customer. If significant integration services are provided, a separate performance obligation is assumed. The allocation of the transaction price to each performance obligation from construction contracts with customers is made on the basis of the work estimate for the respective stand-alone item. Contractual penalties or bonus payments during the construction period may lead to amendments of the transaction price. These are carried with the most probable value by reason and amount on the basis of the project controlling.

Revenue recognition over time is made using the output-oriented method on the basis of the work performed. The actual work performed and the corresponding revenue are determined at the level of the stand-alone item according to the work estimate. Because of unforeseen deviations in the budgeted costs, the best indicator here is the percentage of completion as derived directly from the actual work performed. The performance completed to date, one of the key controlling figures, must be directly determined by the construction site team on a monthly basis.

The contract asset represents the group's right to consideration from construction contracts with customers. If the value of a contract asset of a construction contract exceeds the payments received for it, then this is shown on the assets side under contract assets. In the opposite case, the figure is reported on the equity and liabilities side under contract liabilities.

Payments for construction contracts are usually made parallel to the performance on the basis of regular invoicing. Payments of advance consideration before the actual performance are common practice, especially in building construction. Agreements covering extended terms of payment or staggered invoicing of performance completed are made only on a case-by-case basis with special approval by the Management Board of STRABAG SE.

If it is probable that the production costs exceed the recoverable proceeds, an onerous contract provision is recognised in accordance with IAS 37. The onerous contract provision, considered individually, is recognised at the amount that is required for the completion of the obligation from the construction contract. Up to the value of the contract asset, an impairment is recognised. If the value of the respective contract asset is exceeded, an onerous contract provision is recognised on the equity and liabilities side under the current provisions.

With regard to impairment, see the section "Impairment of financial assets and contract assets".

Inventories that have not yet been used in the construction process but are already present on the construction sites are no longer accounted for as a separate asset but are instead assigned to the respective contract and recognised as a contract asset.

Claims in relation with construction contracts involve services which, based on the existing contractual agreements, cannot be invoiced until their invoicing potential or recognition is agreed with the client. While the costs are recognised through profit or loss immediately when they arise, revenue from claims is recognised generally only after receipt of written acceptance by the client or, in the event that payment is received before the written recognition, with the payment itself.

The considerations for revenue from project developments which, on the basis of the work performed by the reporting date are realised over time, are recorded under contract assets. The contract asset represents the group's right to considerations from project developments.

Revenue is recognised over time if a contractual agreement excludes the possibility of any alternative use and there exists a right to payment including profit margin on the work performed. These conditions are always met if real estate projects are sold already prior to their completion.

In these cases, the revenue is recognised pro rata based on the degree of completion of the work. If the real estate projects are only partially sold, for example in the case of owner-occupied flats, the revenue is recognised pro rata only for those parts already sold. The project is then presented pro rata under contract assets.

The Notes on construction contracts with customers apply by analogy.

The advances received are offset against the cost of the contract asset. If the advances received exceed the value of the contract asset, presentation is made on the equity and liabilities side under contract liabilities.

CASH AND CASH EQUIVALENTS

The cash and cash equivalents include all liquid financial assets which at the date of acquisition or investment have a remaining term of less than three months. This comprises bank deposits, time deposits and cash on hand. Cash and cash equivalents are measured at amortised cost.

PROVISIONS

The following defined benefit plans for which provisions must be recognised exist within the group.

The company's obligation relating to defined benefit plans consists in fulfilling the promised benefits to current and former employees.

Defined contribution plans in the form of financing through third-party support funds exist for employees of Austrian subsidiaries whose employment began after 1 January 2003. The defined benefit obligations are funded by the regular payment of contributions into the employee provident fund.

PROVISIONS FOR SEVERANCE PAYMENTS

The group is legally required to provide a one-off severance payment to employees of Austrian subsidiaries in the case of termination or at the date of retirement if their employment began before 1 January 2003. The level of this payment depends on the number of years at the company and amount due at the date of severance and comes to between two and twelve monthly salaries. A provision is made for this obligation.

Additionally, the severance payment rights in other countries in the case of termination or retirement amount from one to three monthly salaries. Due to the relatively insignificant amounts involved, provisions for severance payments arising from these obligations are determined using financial mathematical methods.

PENSION PROVISIONS

The provisions for pensions are formed for obligations from the right to future pension payments and current payments to present and past employees and their dependents. The group's pension promises in **Germany and Austria** exist on the basis of individual contracts or internal labour-management agreements. The obligations are based on a number of different pension arrangements. The number of different employee benefit plans is the result of the group's enterprise acquisitions in Germany. New agreements are not concluded within the group.

As a rule, the pension promises foresee the granting of monthly old age, invalidity and survivors' benefits. With some promises, the pension arrangement foresees benefits to be paid in the form of a capital payment.

The benefit plans exist in various designs. The range of plan structures includes specified benefit systems (e.g. specified amount per year of employment), dynamic systems (e.g. % per year of employment) and benefit promises (e.g. specified promise). Plans also exist with or without survivors' benefits.

In **Switzerland**, the legal regulations governing pension plans require payments to be made into pension foundations. One half of the contributions are made by the employer, the other half by the employee. The employee contributions depend on the years of service and are treated as reduction of the service cost. At retirement, the employees can choose to receive either a one-off severance payment or regular monthly pension payments.

As restructuring contributions are required if the pension foundation has insufficient funds for coverage, the promises are categorised as defined benefit plan in accordance with IAS 19.

Within the STRABAG Group, the obligations of the pension funds are reinsured.

MEASUREMENT OF SEVERANCE AND PENSION PROVISIONS

The group's obligations relating to defined benefit plans are determined separately for each plan using actuarial principles in accordance with the projected unit credit method. The projected unit credit method is used to determine the discounted pension entitlements acquired up to the end of the accounting period. The existing plan assets at their fair value are subtracted from the defined benefit obligations. This yields the defined benefit liability (asset) to be recognised.

Determination of the net defined benefit liability at the end of the reporting year is based on an actuarial report from a certified actuarial analyst.

The rate used to discount severance and pension provisions is determined on the basis of market yields at the end of the respective reporting period on high-quality fixed-interest industrial bonds with a comparable term.

The assumptions relating to discounting, pay rises and fluctuation that are used to calculate the severance and pension provisions vary in proportion to the economic situation of each specific country. Life expectancy is calculated according to the respective country's mortality tables.

Actuarial gains and losses are recognised in equity outside profit or loss. The service cost is stated in employee benefits expense, while the interest component of the allocation to the provision is reported in the net interest income.

If the present value of a defined benefit obligation changes in response to plan amendments, the resulting effects are recognised in profit or loss as past service cost in the year of the amendment. Any income resulting from a settlement is also recognised directly in the income statement.

The company is exposed to various risks in relation to the defined contribution severance and pension plans. Besides the general actuarial risks such as the longevity risk and the interest rate risk, the group is also exposed to currency risk as well as to capital market risk or investment risk.

More information concerning the risks is available in the sensitivity analysis under item 25.

OTHER PROVISIONS

The other provisions take into consideration all realisable risks and uncertain obligations. They are recognised at the respective amount which, according to commercial judgement, is necessary at the balance sheet date to cover future payment obligations of the group. Hereby the respective amount which arises as the most probable on careful examination of the facts is recognised.

Long-term provisions are, as far as they are not immaterial, entered into the accounts at their discounted discharge amount as at the balance sheet date. The discharge amount also includes the cost increases to be considered on the reporting date. Provisions which arise from the obligation to recultivate gravel sites are allocated according to the rate of utilisation.

NON-FINANCIAL LIABILITIES

Non-financial liabilities are carried at the repayment amount. Contract liabilities under IFRS 15 are qualified as non-financial liabilities.

FINANCIAL LIABILITIES

The financial liabilities at STRABAG comprise non-derivative liabilities and derivatives with a negative fair value on the reporting date.

Non-derivative financial liabilities are recognised in the consolidated balance sheet if STRABAG has a contractual obligation to transfer cash or other financial assets to another party. Initial recognition of non-derivative financial liabilities is made at fair value. As part of the subsequent measurement of non-derivative financial liabilities at amortised cost, any premiums, discounts or other differences between the cash inflow and the repayment amount are distributed over the financing term using the effective interest method and stated on an accruals basis in interest expense.

Financial liabilities that are not measured at fair value through profit or loss are initially recognised at fair value plus transaction costs, which are directly attributable to the acquisition.

Differing thereof transaction costs which arise upon the acquisition of financial liabilities measured at fair value through profit or loss are immediately recognised as an expense.

Financial liabilities are derecognised if the contractual obligations are discharged, cancelled or have expired. Costs related to the issue of corporate bonds are offset over the term using the effective interest method.

CONTINGENT LIABILITIES

Contingent liabilities are present or possible future obligations for which an outflow of resources is not probable. They are – as long as IFRS 3 does not require recognition on acquisition – not reflected in the balance sheet.

REVENUE RECOGNITION

The revenue within the STRABAG SE Group comprises revenue from construction contracts with customers, which regularly account for more than 80 % of the total revenue, revenue from project developments, revenue from construction materials, revenue from facility management, and other revenue.

The **revenue from construction contracts with customers** is recognised over time as required by IFRS 15. Revenue recognition over time is made using the output-oriented method on the basis of the work performed at the reporting date.

For further information, please see the notes on contract assets.

The recognition of revenue from construction contracts performed in consortia is made over time corresponding to the actual work performed by the reporting date. Impending losses arising from further construction work are accounted for by means of appropriate depreciation.

The **revenue from project developments** is recognised at a point in time after the performance obligation is satisfied by the STRABAG SE Group and after the customer assumes control and has the opportunity to derive benefit from the project.

Alternatively, the revenue is recognised over time on the basis of the work performed by the reporting date if a contractual agreement for the STRABAG SE Group excludes the possibility of any alternative use and the contractual agreement foresees a right to payment including a share of the profit on the work performed.

For real estate projects that are sold already prior to their completion, the revenue is therefore recognised pro rata and the right to payment including the share of the profit is presented under the contract assets.

For further information, please see the Notes on contract assets.

The **revenue from construction materials, from the facility management, and the other revenue** is recognised with satisfaction of the performance obligation upon obtainment of control by the customer.

Interest income is recognised as it accrues using the effective interest method. Interest related to concession models and default interest are part of the transaction price of contracts with customers and are therefore recognised under revenue.

Revenue that is to be seen as purely transitory due to consortial structures, as well as its corresponding expense, is not recognised.

Other income, such as rental income or expenses passed through, is stated on the basis of the amount accrued in accordance with the respective agreements.

The revenue from dividends and the share of profits from investments are recognised if a legal right to payment exists.

NET INTEREST INCOME

The net interest income includes interest income and interest expenses as well as foreign exchange gains and losses on financing, as these are not part of the operating business. Changes in value as well as gains and losses on disposals of securities are also included in net interest income.

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 statements according to IFRS.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Recoverability of goodwill

The group conducts an annual test to determine whether its goodwill is impaired in accordance with the accounting policies described in the section “Impairment of non-financial assets”. The recoverable amount of the CGUs was determined using fair value less costs of disposal. These calculations are based on assumptions about the expected business development and the recoverable margin. Estimates about the expected business development are based on the facts and circumstances prevailing at the time of preparation of the consolidated financial statements as well as on realistic assumptions about the future development of the global and industry-specific environment. In response to changes in these underlying conditions which deviate from the assumptions and are beyond the Management Board’s control, actual values may deviate from the estimated values.

All other things remaining equal, an annual 5 % decrease of the free cash flow used to calculate the recoverable amount would result in an impairment loss of T€ 44 (2017: T€ 1,607) while an isolated increase of the cost of capital by one percentage point would lead to an impairment of T€ 222 (2017: 4,588). These two effects together would trigger an impairment loss of T€ 1,303 (2017: T€ 7,367).

(b) Recognition of revenue from construction contracts with customers and project developments

The revenue from construction contracts with customers is recognised over time. The group estimates the work performed by the reporting date as a percentage of the total volume of the order backlog as well as the remaining contract cost to be incurred. If it is probable that the production costs will exceed the recoverable proceeds, an impairment is recognised up to the value of the contract asset; if the value of the respective contract asset is exceeded, an onerous contract provision is recognised. Technically complex and demanding projects, in particular, involve the risk that the estimate of the total cost deviates considerably from the actual cost incurred.

The above also applies to over-time recognition of revenue from project developments.

(c) Equity-accounted investments

The group holds a 30 % investment in **Lafarge Cement CE Holding GmbH**. Lafarge operates cement works in Austria, Hungary, the Czech Republic and Slovenia. The carrying amount of the investment amounted to T€ 230,996 on 31 December 2018 (2017: T€ 237,395). The investment was tested for impairment by means of an impairment test.

All other things remaining equal, an annual 5 % decrease of the free cash flow used to calculate the recoverable amount would result in an impairment loss of T€ 0 (2017: T€ 0), while an isolated increase of the cost of capital by one percentage point would lead to an impairment of T€ 0 (2017: T€ 0). These two effects together would trigger an impairment loss of T€ 0 (2017: T€ 0).

Ed. Züblin AG, a subsidiary of the STRABAG Group, is a 33.33 % **consortium member for the construction of the North-South urban metro line in Cologne**. In March 2009, an accident resulted in the collapse of the Historical Archive of the City of Cologne and significant portions of two neighbouring buildings. Two people were trapped under the rubble, and rescuers were only able to recover their bodies.

Two independent civil proceedings are currently being conducted at the District Court in Cologne: one to collect evidence as to the cause of the accident and another to establish the damage to the buildings and archives.

In the criminal proceedings concluded in 2018 in the first instance, both the expert for the public prosecutor and the expert in the civil evidentiary proceedings into the cause of the damage, who testified as a witness, identified a defect in the diaphragm wall as the cause of the damage. The consortium therefore faces the possibility of recourse. The amount of the recognised provision depends substantially on the estimation of the damage amount to the archival contents and on the degree of fault of the consortium, so that the actual value of recourse may deviate from the amount recognised as a provision.

(d) Income taxes

STRABAG has to calculate the actual income tax expected for each taxable entity and must assess the temporary differences arising from the different treatment of certain balance sheet items in the IFRS consolidated financial statements and the statutory financial statements required for tax purposes. The existence of temporary differences usually results in the recognition of deferred tax assets and liabilities in the consolidated financial statements.

The management must make assessments in the calculation of current and deferred taxes. Deferred tax assets are recognised to the extent that their use is probable. The use of deferred tax assets depends on the possibility of realising sufficient taxable income under the respective tax type and jurisdiction under consideration of any possible legal restrictions regarding the maximum loss carryforward period. A number of different factors is used to assess the probability of the future usability of deferred tax assets, such as the past financial performance, operational planning, loss carryforward periods and tax planning strategies. If the actual results deviate from these estimates, or if these estimates must be adjusted in future periods, this could have a negative impact on the financial position, financial performance and cash flows. In the event of a changed assessment of the recoverability of deferred tax assets, the deferred tax assets which have been recognised are written down in profit or loss or, depending on their original formation, outside profit or loss; impaired deferred tax assets are similarly recognised either in profit or loss or outside profit or loss.

(e) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using suitable valuation techniques selected from among a number of different methods. The assumptions used are mainly based on market conditions existing at the balance sheet date. The group uses present value techniques to determine the fair value of a number of available-for-sale financial assets that are not traded in an active market.

(f) Severance and pension provisions

The present value of the pension obligations depends on a number of different factors based on actuarial assumptions. One of the assumptions used to determine the net expenses or income for pensions is the discount rate. Any change to these assumptions will influence the carrying amount of the pension obligation.

The group determines the appropriate discount rate at the end of every year. The discount rate is the interest rate used to determine the present value of future cash flows required to settle the obligation. For the purpose of determining the discount rate, the group employs the interest rate of highest-grade industrial bonds in the same currency in which the benefits are paid and which have terms to maturity equivalent to those of the pension obligations.

Additional substantial assumptions relating to pension obligations are based in part on market conditions. Further information and sensitivity analyses can be found in item 25.

(g) Other provisions

Other construction-related provisions, in particular, involve the risk that in individual cases the actual costs for warranty obligations or remaining performance obligations will turn out higher than expected. The balance sheet item other construction-related provisions is composed of several individual projects together, however, as a result of which the risk is reduced to the individual consideration of the projects. The same applies to provisions in connection with litigations.

Provisions have been set up in response to the investigation by the Public Prosecutor’s Office for Combating Economic Crimes and Corruption into suspicions of illegal price fixing that has been ongoing for the past two-plus years. The focus is on projects from the years 2006 to 2015 in multiple regions of Austria, mostly in the field of transportation infrastructures. Due to the long period covered and because of the large number of construction projects involved, of which only some were executed by STRABAG, the facts of the case are extremely complex. The full investigation is therefore expected to take several more years to complete. If and to what extent STRABAG will be affected negatively cannot be definitively determined until after the conclusion of the investigation. The exact financial impact may therefore differ from the estimated amount.

Notes on the items of the consolidated income statement

(1) REVENUE

Revenue is represented as follows:

Revenue 2018

T€	North + West	South + East	International + Special Divisions	Other	Group
Business					
Construction	**6,987,730**	**4,328,391**	**1,370,388**		**12,686,509**
Germany	5,620,290	121,095	203,100		5,944,485
Austria	21,065	1,760,722	128,380		1,910,167
Poland	764,061	115	8,570		772,746
Chile	0	0	586,389		586,389
Other countries below € 500 million	582,314	2,446,459	443,949		3,472,722
Construction materials	**149,679**	**100,858**	**379,615**		**630,152**
Facility management	**0**	**0**	**1,064,707**		**1,064,707**
Project development	**0**	**0**	**534,047**		**534,047**
Other	**105,007**	**92,564**	**89,063**	**19,783**	**306,417**
Total	**7,242,416**	**4,521,813**	**3,437,820**	**19,783**	**15,221,832**

Revenue 2017

T€	North + West	South + East	International + Special Divisions	Other	Group
Business					
Construction	**6,156,332**	**3,884,249**	**1,032,276**		**11,072,857**
Germany	4,895,667	87,181	263,020		5,245,868
Austria	22,398	1,649,750	234,541		1,906,689
Poland	708,854	6	4,104		712,964
Other countries below € 500 million	529,413	2,147,312	530,611		3,207,336
Construction materials	**136,753**	**101,406**	**309,252**		**547,411**
Facility management	**0**	**0**	**1,051,039**		**1,051,039**
Project development	**0**	**0**	**561,004**		**561,004**
Other	**84,824**	**87,653**	**75,770**	**28,167**	**276,414**
Total	**6,377,909**	**4,073,308**	**3,029,341**	**28,167**	**13,508,725**

Service concession arrangements to develop, design, build and finance infrastructure facilities are part of the operating business of STRABAG SE. Net interest income from these concession arrangements are therefore recognised in revenue (see also the Notes on receivables from concession arrangements) and is as follows:

T€	2018	2017[1]
Interest income	73,188	0
Interest expense	-22,095	0
Net interest income	**51,093**	**0**

1 In 2017 recognised under other operating income

The interest income is calculated using the effective interest method.

All other values presented under revenue involve revenue from contracts with customers.

In the 2018 financial year, revenue from approved claims in the amount of T € 103,651 was recognised. This involves a large number of individual projects. The costs arising from claims are recognised immediately in profit or loss as they occur, whereas realisation takes place only following acknowledgement from the client.

Due to the complexity of construction projects, there can be numerous claims, some of which are approved during the construction process while others are negotiated only after project completion. During the execution of a construction project, therefore, new claims may arise on an ongoing basis while existing claims from previous periods may be approved. Up to 100 individual claims are quite common in a medium-sized construction project. It is therefore not possible to clearly allocate the expenses to the approved claims, so that assumptions must be made when determining the value.

Revenue provides only an incomplete picture of the output volume achieved in the financial year. Output volume is a usual concept in the construction industry and at the STRABAG Group comprises the value of the produced goods and services. The total output volume of the group is therefore represented in addition to the revenue to also include the proportional output of consortia and associates:

T€	2018	2017
Germany	7,876,652	6,959,630
Austria	2,541,497	2,333,322
Poland	975,346	848,259
Hungary	713,889	551,086
Czech Republic	706,445	628,751
Americas	667,015	385,456
Slovakia	514,490	527,854
Benelux	350,762	294,483
Rest of Europe	275,234	277,148
Switzerland	273,208	320,320
Middle East	205,677	302,626
Romania	197,366	182,814
Sweden	178,343	161,966
Croatia	162,811	120,043
Asia	162,128	99,249
Serbia	111,034	112,847
Denmark	91,710	159,450
Russia	77,459	143,109
Italy	74,241	66,562
Slovenia	68,338	53,100
Africa	57,133	47,641
Bulgaria	42,098	45,169
Total output volume	**16,322,876**	**14,620,885**

(2) OTHER OPERATING INCOME

Interest income from concession arrangements which is included in other operating income is represented as follows (see also item 19):

T€	2018[1]	2017
Interest income	0	60,932
Interest expense	0	-24,602
Net interest income	**0**	**36,330**

In the 2017 financial year other operating income includes the write-back on a receivable in connection with a concession project in Poland in the amount of T€ 52,900.

1 In 2018 recognised under revenue

In addition, other operating income includes insurance compensation and indemnification in the amount of T€ 47,067 (2017: T€ 37,223), exchange rate gains from currency fluctuations in the amount of T€ 8,684 (2017: T€ 6,312) as well as gains from the disposal of fixed assets without financial assets in the amount of T€ 73,438 (2017: T€ 50,943).

(3) CONSTRUCTION MATERIALS, CONSUMABLES AND SERVICES USED

T€	2018	2017
Construction materials, consumables	2,994,170	2,699,326
Services used	7,131,601	6,140,548
Construction materials, consumables and services used	**10,125,771**	**8,839,874**

Services used are mainly attributed to services of subcontractors and professional craftsmen as well as planning services, machine rentals and third-party repairs. The allocation to provisions for the fulfilment of obligations arising from construction contracts is included in this item.

(4) EMPLOYEE BENEFITS EXPENSES

T€	2018	2017
Wages	1,252,942	1,134,781
Salaries	1,730,834	1,625,662
Social security and related costs	581,625	550,693
Expenses for severance payments and contributions to employee provident fund	14,431	20,226
Expenses for pensions and similar obligations	9,556	8,960
Other social expenditure	29,553	26,851
Employee benefits expenses	**3,618,941**	**3,367,173**

The expenses for severance payments and contributions to the employee provident fund and expenses for pensions and similar obligations include the expenses for service costs and indemnity claims resulting from old age part-time claims in the business year. The proportion of interest included in the expenses for severance payments as well as for pensions and similar obligations are recognised in the item net interest income.

Expenses from defined contribution plans amounted to T€ 11,539 (2017: T€ 10,053).

The **average number of employees** with the proportional inclusion of all participation companies is as follows:

Average number of employees (FTE)	2018	2017
White-collar workers	31,662	30,564
Blue-collar workers	43,798	42,340
Total	**75,460**	**72,904**

(5) OTHER OPERATING EXPENSES

Other operating expenses of T€ 854,892 (2017: T€ 842,790) mainly include general administrative costs, travel and advertising costs, insurance premiums, impairment of receivables, the balance of allocations to and utilisation of provisions, legal and advisory costs, rental and lease costs and losses on the disposal of assets (excluding financial assets). Other taxes amounting to T€ 59,535 (2017: T€ 45,924) are included.

Other operating expenses include losses from exchange rate differences from currency fluctuations in the amount of T€ 4,671 (2017: T€ 30,392).

Other operating expenses include impairments for expected credit losses under IFRS 9 in the amount of T€ 3,183 (2017: T€ 0).

Spending on research and development arose in various special technical proposals, in connection with concrete competitive projects and in the introduction of building processes and products into the market, and was therefore recognised in full in the income statement.

(6) SHARE OF PROFIT OR LOSS OF EQUITY-ACCOUNTED INVESTMENTS

T€	2018	2017
Income from equity-accounted investments	87,622	23,532
Expenses arising from equity-accounted investments	-3,663	-2,987
Profit from construction consortia	166,519	152,560
Losses from construction consortia	-167,302	-49,120
Share of profit or loss of equity-accounted investments	**83,176**	**123,985**

The income from equity-accounted investments includes the non-cash remeasurement amount for the remaining 50 % interest of PANSUEVIA due to the full acquisition of the company in the amount of T€ 55,314.

The increase in losses from construction consortia is mainly attributable to provisions for individual large-scale projects.

(7) NET INCOME FROM INVESTMENTS

T€	2018	2017
Investment income	67,058	55,337
Expenses arising from investments	-9,234	-35,020
Gains on the disposal of investments	11,425	1,380
Impairment and write-up of investments	-11,962	-4,732
Losses on the disposal of investments	-5	-165
Net income from investments	**57,282**	**16,800**

In the financial year 2017 the expenses arising from investments included a provision in the amount of T€ 20,700 for a Dutch subsidiary that is in charge of the maintenance for a motorway project.

(8) DEPRECIATION AND AMORTISATION EXPENSE

Depreciations and impairments are represented in the consolidated statement of fixed assets. In the year under report impairments on intangible assets and on property, plant and equipment to the amount of T€ 3,930 (2017: T€ 10,871) and reversals of depreciation in the amount of T€ 120 (2017: T€ 0) were made. Impairment on goodwill amounts to T€ 1,734 (2017: T€ 1,618). For goodwill impairments we refer to the details under item 12.

(9) NET INTEREST INCOME

T€	2018	2017
Interests and similar income	38,617	46,900
Interests and similar charges	-66,049	-74,048
Net interest income	**-27,432**	**-27,148**

Included in interests and similar charges are interest components from the allocation of severance payment and pension provisions amounting to T€ 8,825 (2017: T€ 9,427) as well as currency losses of T€ 13,352 (2017: T€ 18,114).

Included in interests and similar income are gains from exchange rates amounting to T€ 18,000 (2017: T€ 8,712) and interest components from the plan assets for pension provisions in the amount of T€ 1,449 (2017: T€ 1,032).

(10) INCOME TAX EXPENSE

Income tax includes taxes paid in the individual companies or owed on income, as well as deferred taxes and the payments of additional tax payments resulting from tax audits:

T€	2018	2017
Current taxes	115,651	70,086
Deferred taxes	52,348	58,759
Income tax expense	**167,999**	**128,845**

The following tax components are recognised directly in equity in the statement of comprehensive income:

T€	2018	2017
Change in hedging reserves	3,349	-2,541
Actuarial gains/losses	1,285	252
Fair value of financial instruments under IAS 39	0	-91
Total	**4,634**	**-2,380**

The reasons for the difference between the Austrian corporate income tax rate of 25 % valid in 2018 and the actual consolidated tax rate are as follows:

T€	2018	2017
EBT	**530,783**	**421,209**
Theoretical tax expenditure 25 %	132,696	105,302
Differences to foreign tax rates	2,502	-5,726
Change in tax rates	2,977	0
Non-tax deductible expenses	6,896	10,897
Tax-free earnings	-25,574	-15,168
Additional tax payments/tax refund	9,029	-17,072
Change of valuation adjustment on deferred tax assets	38,668	53,325
Others	805	-2,713
Recognised income tax	**167,999**	**128,845**

(11) EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the consolidated profit or loss by the weighted average number of ordinary shares.

As there are no stock options at the STRABAG Group, the diluted earnings per share equal the basic earnings per share.

	2018	2017
Number of ordinary shares	110,000,000	110,000,000
Number of shares bought back	-7,400,000	-7,400,000
Number of shares outstanding as at 31.12.	102,600,000	102,600,000
Profit or loss attributable to equity holders of the parent company (consolidated profit/loss) T€	353,535	278,913
Weighted number of shares outstanding during the year	102,600,000	102,600,000
Earnings per share €	**3.45**	**2.72**

Notes on the items in the consolidated balance sheet

(12) INTANGIBLE ASSETS

The composition of and changes in intangible assets and goodwill is shown in the consolidated statement of fixed assets.

No borrowing costs were capitalised for intangible assets in the year under report.

Notes to goodwill

The goodwill at the balance sheet date is composed as follows:

T€	31.12.2018	31.12.2017
STRABAG COLOGNE (N+W)	128,838	128,838
STRABAG COLOGNE (S+E)	61,105	61,105
Czech Republic (S+E)	70,720	71,243
STRABAG POLAND (N+W)	61,096	62,916
DIW Group (incl. SPFS Austria, SPFS Czech Republic; I+S)	50,931	50,938
Ed. Züblin AG (N+W)	17,057	17,057
Germany N+W (various CGUs)	42,262	42,598
Construction materials (various CGUs; I+S)	10,953	11,005
Other	9,562	9,612
Total goodwill	**452,524**	**455,312**

The comparison of the carrying amounts with the recoverable amounts of the cash-generating units determined by the annual impairment test showed a need for goodwill impairment of T€ 1,734 (2017: T€ 1,618). This figure is shown under depreciation and amortisation. The recoverable amount of the impaired cash-generating unit amounts to T€ 629 (2017: T€ 3,711).

The impairments in the financial year concern mainly asphalt mixing plants assigned to the segment North + West. The impairment became necessary due to a reduction in the output and earnings estimate for the future. The recoverable amount of this cash-generating unit (CGU) corresponds to its fair value less costs to sell. The necessary impairment of the CGU exclusively affected the goodwill; impairment was not necessary for other assets of the unit.

The methods of measurement are explained in the section "Accounting policies" (Impairment of non-financial assets). The method applied here is a Level 3 measurement.

Regarding the sensitivity analysis of goodwill, we refer to our Notes under "Estimates (a) Recoverability of goodwill" on page 41.

The following table presents the **key assumptions** used in calculating the recoverable amount for **significant goodwill**.

There were no intangible assets with indefinite useful lives allocated to the CGUs listed below.

T€	Carrying amount 31.12.2018	Methodology 31.12.2018	Detailed planning period 31.12.2018	Growth rate 31.12.2018	Discount rate after tax 31.12.2018
STRABAG COLOGNE (N+W)	128,838	FV less Cost of Disposal (Level 3) [2017: FV less Cost of Disposal (Level 3)]	4 (2017: 4)	0 (2017: 0)	6.59 (2017: 6.22)
STRABAG COLOGNE (S+E)	61,105	FV less Cost of Disposal (Level 3) [2017: FV less Cost of Disposal (Level 3)]	4 (2017: 4)	0 (2017: 0)	6.99 (2017: 6.68)
Czech Republic (S+E)	70,720	FV less Cost of Disposal (Level 3) [2017: FV less Cost of Disposal (Level 3)]	4 (2017: 4)	0 (2017: 0)	7.30 (2017: 7.04)
STRABAG POLAND (N+W)	61,096	FV less Cost of Disposal (Level 3) [2017: FV less Cost of Disposal (Level 3)]	4 (2017: 4)	0 (2017: 0)	7.43 (2017: 7.20)
DIW Group (incl. SPFS Czech Republic, Austria; I+S)	50,931	FV less Cost of Disposal (Level 3) [2017: FV less Cost of Disposal (Level 3)]	4 (2017: 4)	0 (2017: 0)	6.59 (2017: 6.22)

The method used is a discounted cash flow model based on recognised valuation techniques, with the forecast of the cash flows calculated by the management on the basis of experience. An annual 5 % decrease of the cash flow and a simultaneous increase of the interest rate by one percentage point would not result in any impairment loss of the goodwill mentioned above.

Capitalised development costs

At the balance sheet date, development costs in the amount of T€ 0 (2017: T€ 0) were capitalised as intangible assets. In the 2018 financial year, development costs in the amount of T€ 8,707 (2017: T€ 8,220) were incurred, which were included in the expenses.

(13) RIGHTS FROM CONCESSION ARRANGEMENTS

STRABAG has held 100 % of PANSUEVIA GmbH & Co. KG of Jettingen-Scheppach since 28 September 2018. (See also the Notes under “Changes to the scope of consolidation”)

The company concluded a concession arrangement with the Federal Republic of Germany to design, build and finance a section of the A8 motorway and to maintain and operate a section of the A8 motorway between Ulm and Augsburg.

In exchange, PANSUEVIA receives the right to charge trucks a uniform toll rate per kilometre on an approx. 57 km long concession section. The toll may be adapted annually. The term of the concession arrangement is set at 30 years and ends on 30 June 2041.

The cost for the concession right in the amount of T€ 605,636 is amortised over the term of 30 years on the basis of the use of the concession section. The annual income from the toll collections is recognised as revenue.

The right from the concession arrangement is offset by variable and fixed interest rate non-recourse financing in the amount of T€ 392,046 that is recognised either as a current or non-current liability depending on the term to maturity. The interest risk was hedged through the conclusion of interest rate swap agreements that satisfy the requirements for presentation as a cash flow hedge. The changes in the value of the interest rate swap are therefore recognised in the other comprehensive income.

(14) PROPERTY, PLANT AND EQUIPMENT

The composition of and changes in property, plant and equipment is shown in the consolidated statement of fixed assets.

Borrowing costs in the amount of T€ 1,612 were capitalised for property, plant and equipment in the year under report.

Leasing

Finance leases

In 2018 and 2017 no finance leases existed.

Operating leases

There are operating leases for the utilisation of property, technical equipment and machinery. The expenses from these contracts are recognised in the income statement. The payments made for the financial year 2018 amount to T€ 78,740 (2017: T€ 94,495).

Payment obligations arising from operating lease agreements in subsequent business years are represented as follows:

T€	31.12.2018	31.12.2017
Term up to one year	57,662	69,905
Term between one and five years	110,221	111,367
Term over five years	68,838	26,163
Total	**236,721**	**207,435**

Restrictions on property, plant and equipment/purchase obligations

As at the balance sheet date there were T€ 80,189 (2017: T€ 133,192) in contractual commitments for acquisition of property, plant and equipment which were not considered in the financial statements.

Restrictions exist for non-current assets in the amount of T€ 326 (2017: T€ 1,554).

Investment property

The development of investment property is shown separately in the consolidated statement of fixed assets. The fair value of investment property amounts to T€ 5,834 as at 31 December 2018 (2017: T€ 6,565). The fair value was determined using internal valuation reports or by employing the fair value of development land at market prices.

The rental income from investment property in the 2018 financial year amounted to T€ 8,359 (2017: T€ 6,920) and direct operating expenses totalled T€ 6,108 (2017: T€ 6,186). In the financial year, as in the year before, no direct expenses were incurred from unlet investment property. Additionally, gains from asset disposals in the amount of T€ 356 (2017: T€ 2,822) and losses from asset disposals in the amount of T€ 0 (2017: T€ 0) were achieved. A write-back in the amount of T€ 0 was made in the financial year 2018 (2017: T€ 0).

The internal valuation reports are to be classified as Level 3 methods of measurements and build on data that are also based on values that cannot be observed in the market.

(15) EQUITY-ACCOUNTED INVESTMENTS

T€	2018	2017
Carrying amount as at 1.1.	**350,013**	**347,605**
Additions in scope of consolidation	14,311	0
Disposals in scope of consolidation	-55,314	-8,570
Acquisitions/contributions	10,433	24,665
Proportional annual results	83,960	20,545
Received distributions	-22,911	-34,741
Disposals of carrying values	0	0
Proportional other income	-3,096	1,023
Other	1,221	-514
Carrying amount as at 31.12.	**378,617**	**350,013**

Notes on associates

Lafarge Cement CE Holding GmbH, Vienna, is a significant associate. The group's share of the capital and voting rights amounts to 30 %. The company is accounted for using the equity method. We also refer to item 34 (Notes on related parties).

The following financial information concerns the consolidated financial statements prepared in accordance with IFRS.

T€	2018	2017
Revenue	222,666	202,785
Income from continuing operations	13,916	9,051
Other income	-5,156	6,016
Total comprehensive income	**8,760**	**15,067**
attributable to: non-controlling interests	91	-38
attributable to: equity holders of the parent company	8,669	15,105
	31.12.2018	**31.12.2017**
Non-current assets	577,348	591,135
Current assets	152,887	143,973
Non-current liabilities	-171,712	-155,706
Current liabilities	-74,696	-74,336
Net assets	**483,827**	**505,066**
attributable to: non-controlling interests	4,120	4,027
attributable to: equity holders of the parent company	479,707	501,039

The financial information presented here can be transferred to the equity carrying amount of the Lafarge Cement CE Holding GmbH in the consolidated financial statements as follows:

T€	2018	2017
Group's share in net assets as at 1.1.	**150,311**	**154,780**
Group's share of net income from continuing operations	4,101	2,657
Group's share of other income	-1,500	1,874
Group's share of total comprehensive income	2,601	4,531
Dividends received	-9,000	-9,000
Group's share in net assets as at 31.12.	**143,912**	**150,311**
Fair value adjustment	87,084	87,084
Equity-carrying value as at 31.12.	**230,996**	**237,395**

The following table arranges in aggregate form the carrying amount and the group's share of the profit and other income from associates that would be insignificant by themselves:

T€	2018	2017
Total of equity-carrying values as at 31.12.	100,849	86,233
Group's share of net income from continuing operations	8,949	14,262
Group's share of other income	-1,574	-851
Group's share of total comprehensive income	7,375	13,411

Notes on joint ventures

The following table arranges in aggregate form the carrying amount and the group's share of the profit and other income from joint ventures that would be insignificant by themselves:

T€	2018	2017
Total of equity-carrying values as at 31.12.	46,772	26,385
Group's share of net income from continuing operations	70,910	3,626
Group's share of other income	-22	0
Group's share of total comprehensive income	70,888	3,626

Notes on accumulated losses from equity-accounted investments

Proportionate losses from equity-accounted investments in the amount of T€ 19,843 (2017: T€ 30,949) were not recognised in profit or loss, as the carrying amounts of these investments already are T€ 0.

Notes on consortia

The group classifies construction consortia as joint ventures and records their earnings under share of profit or loss of equity-accounted investments. The following table shows the group's ten most important consortia with regard to the output volume in the 2018 financial year.

Construction consortia	Stake in %
A-LANES A15 CIVIL V.O.F., the Netherlands (A15)	45.00
ARGE B29 OU MÖGGLI.BA2+3, Germany (B29)	50.00
ARGE DAIMLER BAU 2 SIFI, Germany (DAIS)	47.50
ARGE KORALMTUNNEL KAT 2, Austria (KAT)	85.00
ARGE NEUBAU DAIMLER HALLE 80 BREMEN, Germany (DAIB)	45.00
ARGE ROHTANG PASS HIGHWAY TUNNEL LOT 1, India (ROHT)	60.00
ARGE TULFES PFONS, Austria (TULF)	51.00
ARGE TUNNEL ALBABSTIEG; ULM,PA 2.4 VE 240, Germany (ALB)	60.00
ARGE TUNNEL KRIEGSSTRASSE KARLSRUHE, Germany (KRST)	84.00
STRABAG A.S. SDR.LAKOVNA ML.BOLESLAV, Czech Republic (LAK)	55.00

The financial information in the 2018 financial year on these consortia is presented 100 % before consolidation.

T€	Revenue	Non-current assets	Current assets	thereof cash and cash equivalents	Non-current liabilities	Current liabilities
KAT	96,392	7,156	51,187	1,437	0	58,343
TULF	133,961	13,643	65,544	65,544	0	79,187
DAIB	90,124	2	51,277	40,226	0	51,279
ALB	51,109	258	16,297	9,283	0	16,555
ROHT	44,732	9,430	28,398	7,032	0	37,828
DAIS	57,772	49	17,795	10,281	0	17,844
A15	19,319	0	12,084	3,606	0	12,084
B29	42,602	2	9,354	9,067	0	9,356
LAK	49,422	0	15,161	2,809	0	15,161
KRST	27,072	700	8,805	2,195	0	9,505

In the 2018 financial year, the share of profit or loss of equity-accounted investments recorded for the above-mentioned consortia included T€ 70,825 in profits from consortia and T€ 2,213 in losses from consortia including impending losses.

The financial information in the 2017 financial year on these consortia is presented 100 % before consolidation.

T€	Revenue	Non-current assets	Current assets	thereof cash and cash equivalents	Non-current liabilities	Current liabilities
KAT	109,014	11,716	53,700	2,550	0	65,416
TULF	134,269	20,173	34,699	28,312	0	54,872
DAIB	0	0	0	0	0	0
ALB	46,852	2,052	7,234	105	0	9,286
ROHT	34,824	11,282	14,529	3,883	0	25,811
DAIS	52,239	73	15,766	2,746	0	15,839
A15	15,937	0	14,479	6,082	0	14,479
B29	1,404	0	18	18	0	18
LAK	5,889	0	6,158	55	0	6,158
KRST	10,236	72	6,246	6,180	0	6,318

In the 2017 financial year, the share of profit or loss of equity-accounted investments recorded for the above-mentioned consortia included T€ 13,180 in profits from consortia and T€ 14,286 in losses from consortia including impending losses.

The business transactions with the consortia in the financial year can be presented as follows:

T€	2018	2017
Work and services performed	897,169	746,172
Work and services received	14,197	61,938
Receivables as at 31.12.	481,711	471,414
Liabilities as at 31.12.	322,432	234,694

(16) OTHER INVESTMENTS

The other investments in companies include investments in subsidiaries, associated companies, joint ventures and other investments which, being immaterial, are reported as not consolidated and are not included at equity in the consolidated financial statements. Detailed information on the group's investments (shares of more than 20 %) can be found in the list of subsidiaries, equity-accounted investments and investee companies (see page 80).

The development of the other investments in the financial year was as follows:

T€	Balance as at 1.1.2018	IFRS 9 Change	Currency translation	Changes in scope of consolidation	Additions	Transfers	Disposal	Impairment/ Write-up	Balance as at 31.12.2018
Investments in subsidiaries	82,711	0	0	1,107	12,948	284	-702	-10,277	86,071
Investee companies	99,987	5,299	690	-14,351	9,907	-284	-337	-1,685	99,226
Other investments	**182,698**	**5,299**	**690**	**-13,244**	**22,855**	**0**	**-1,039**	**-11,962**	**185,297**

The development of the other investments in the previous financial year was as follows:

T€	Balance as at 1.1.2017	Currency translation	Changes in scope of consolidation	Additions	Transfers	Disposal	Impairment/ Write-up	Balance as at 31.12.2017
Investments in subsidiaries	77,382	238	-13	10,569	0	-3,135	-2,330	82,711
Investee companies	89,349	-1,521	166	15,993	0	-1,598	-2,402	99,987
Other investments	**166,731**	**-1,283**	**153**	**26,562**	**0**	**-4,733**	**-4,732**	**182,698**

(17) DEFERRED TAXES

Tax accruals and deferrals recognised in the balance sheet on temporary differences between the amounts stated in the IFRS financial statements and the respective tax amounts as well as on losses carried forward developed as follows:

T€	Balance as at 1.1.2018	Currency translation	Changes in scope of consolidation	Other changes	Balance as at 31.12.2018
Intangible assets and property, plant and equipment	39,255	-338	0	-4,369	34,548
Financial assets	4,372	-1	0	-3,758	613
Inventories	3,134	-10	0	11,434	14,558
Trade and other receivables	72,195	89	26,977	4,001	103,262
Provisions	213,481	-1,344	0	-18,449	193,688
Liabilities	40,198	-432	0	-2,631	37,135
Tax loss carryforwards	87,036	-267	0	-28,621	58,148
Deferred tax assets	**459,671**	**-2,303**	**26,977**	**-42,393**	**441,952**
Netting out of deferred tax assets and liabilities of the same tax authorities	-270,703	0	0	-24,309	-295,012
Deferred tax assets netted out	**188,968**	**-2,303**	**26,977**	**-66,702**	**146,940**
Intangible assets and property, plant and equipment	-49,816	646	-82,523	-3,660	-135,353
Financial assets	0	0	0	-12,851	-12,851
Inventories	-15,348	288	-304	6,536	-8,828
Trade and other receivables	-206,560	-15	-2,630	853	-208,352
Provisions	-6,932	34	0	-4,429	-11,327
Liabilities	-16,277	12	0	905	-15,360
Deferred tax liabilities	**-294,933**	**965**	**-85,457**	**-12,646**	**-392,071**
Netting out of deferred tax assets and liabilities of the same tax authorities	270,703	0	0	24,309	295,012
Deferred tax liabilities netted out	**-24,230**	**965**	**-85,457**	**11,663**	**-97,059**

Deferred taxes on losses carried forward were capitalised as these can probably be offset with future taxable profits. The planning period is limited to five years.

No deferred tax assets were made for tax losses carried forward on the corporate income tax and on the German trade tax (Gewerbesteuer) totalling T€ 1,447,104 (2017: T€ 1,334,952), as their effectiveness as final tax relief is not sufficiently assured.

Of the non-capitalised losses carried forward T€ 1,274,665 (2017: T€ 1,211,987) have unrestricted use.

For the STRABAG SE tax group, Austria, deferred taxes were capitalised despite tax losses in the previous years as well as in the year under report. The deemed cost of losses carried forward in excess of the earnings arising from the reversal of existing taxable temporary differences amounts to T€ 42,589 (2017: T€ 53,097) for the STRABAG SE tax group. This contains deferred tax assets on open one-seventh impairments in the amount of T€ 37,741 (2017: T€ 50,327). The Austrian Corporate Income Tax Act (Körperschaftsteuergesetz) requires a tax-effective impairment of investments to be claimed over a period of seven years.

The losses of the ongoing year and of the past were strongly influenced by negative special items. To avoid such negative projects, the group has continuously expanded and improved its opportunity and risk management and implemented organisational and strategic improvements. The tax planning for the STRABAG SE tax group for the next five years documents the usability of the tax loss carryforwards.

(18) INVENTORIES

T€	31.12.2018	31.12.2017
Construction materials, auxiliary supplies and fuel	234,456	309,376
Finished buildings	146,795	241,128
Unfinished buildings	145,361	347,992
Development land	284,653	183,428
Finished and unfinished goods	29,415	25,550
Payments made	49,477	30,331
Inventories	**890,157**	**1,137,805**

In the financial year, impairment (2017: appreciation) in the amount of T€ 2,862 (2017: T€ 173) was recognised on inventories excluding construction materials, auxiliary supplies and fuel. T€ 27,836 (2017: T€ 56,560) of the inventories excluding construction materials, auxiliary supplies and fuel were reported with the net realisable value.

For qualifying assets, interest on borrowings was recognised in the amount of T€ 1,796 (2017: T€ 2,798).

(19) 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 arrangement 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 revenue.

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 a hedging transaction which is measured separately. Presentation is made as a cash flow hedge; as a result, changes in the fair value of the interest rate swap are recognised in other comprehensive income.

The market value of the interest rate swap in the amount of T€ -28,222 (2017: T€ -36,424) 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€ 338,728 (2017: T€ 389,781), classified either as a current or non-current liability depending on the term to maturity. The resulting interest expense is recognised in revenue.

(20) CONTRACT ASSETS AND CONTRACT LIABILITIES

The contract assets comprise the right to payment from construction contracts with customers as well as from project developments for the work performed by the reporting date. If the advances received exceed the payment rights, presentation is made under contract liabilities.

The **contractual balances** are comprised as follows:

T€	31.12.2018	1.1.2018
Contract assets (gross)	5,919,311	5,242,313
Advances received	-4,636,404	-3,927,794
Contract assets	**1,282,907**	**1,314,519**
Contract liabilities (gross)	-5,914,866	-4,263,443
Advances received	6,889,432	5,374,913
Contract liabilities	**974,566**	**1,111,470**

In the 2018 financial year, revenue was recognised in the amount of T€ 1,021,253 that had been contained under contract liabilities at the beginning of the financial year.

As of 31 December 2018, there are unsatisfied performance obligations from construction contracts with customers and project developments (order backlog) in the amount of T€ 14,228,066. The recognition of revenue from these performance obligations is expected with T€ 8,658,789 in the following financial year and with T€ 5,569,277 in the next four financial years.

In the year under report, no costs of contract initiation or contract satisfaction were capitalised as separate assets.

As is customary in the industry, the customer has the contractual right to retain part of the total amount of the invoice. As a rule, however, these retentions are redeemed by collateral (bank or group guarantees).

With regard to the contract assets and liabilities, we refer to our Notes in the section "Estimates - (b) Recognition of revenue from construction contracts with customers and project developments".

(21) TRADE RECEIVABLES

Trade receivables are comprised as follows:

	31.12.2018			31.12.2017		
T€	Total	thereof current	thereof non-current	Total	thereof current	thereof non-current
Net receivables from construction contracts	0	0	0	916,945	916,945	0
Trade receivables and receivables from consortia	1,645,596	1,645,596	0	1,533,146	1,533,146	0
Advances paid to subcontractors	90,348	90,348	0	82,828	82,828	0
Trade receivables	**1,735,944**	**1,735,944**	**0**	**2,532,919**	**2,532,919**	**0**

(22) OTHER FINANCIAL ASSETS

Other financial assets are comprised as follows:

	31.12.2018			31.12.2017		
T€	Total	thereof current	thereof non-current	Total	thereof current	thereof non-current
Securities	25,324	0	25,324	26,888	0	26,888
Receivables from subsidiaries	97,329	96,302	1,027	116,405	109,175	7,230
Receivables from participation companies	210,746	115,744	95,002	256,716	110,222	146,494
Other financial assets	210,119	81,335	128,784	147,299	57,263	90,036
Other financial assets total	**543,518**	**293,381**	**250,137**	**547,308**	**276,660**	**270,648**

(23) CASH AND CASH EQUIVALENTS

T€	31.12.2018	31.12.2017
Securities	3,080	3,080
Cash on hand	1,291	1,242
Bank deposits	2,381,457	2,786,125
Cash and cash equivalents	**2,385,828**	**2,790,447**

(24) EQUITY

The fully paid in share capital amounts to € 110,000,000.00 and is divided into 109,999,997 no-par bearer shares and three registered shares.

As at 31 December 2018, STRABAG SE had acquired 7,400,000 no-par bearer shares equalling 6.7 % of the share capital. The corresponding value of the share capital amounts to € 7,400,000.00. The acquisition extended between the period July 2011 and May 2013. The average purchase price per share was € 20.79.

Details as to the development of the equity of STRABAG SE are represented in the statement of changes in equity.

Long-term economic success, within the context of responsibility to our shareholders, customers, employees, suppliers, subcontractors and the company itself, is the primary entrepreneurial objective of the STRABAG Group. Working to pursue these goals, recognising opportunities and risks before and as they arise, and responsibly taking these into consideration safeguards the continuity of the group and protects the interests of the shareholders.

To guarantee the continuity of the company, the management and responsible employees assure that there is a balanced relationship between opportunities and risks during the selection of projects and assess the individual risks against the background of the overall company risk.

The group equity ratio target was defined at between 20 % and 25 % during the IPO of STRABAG SE in October 2007. The equity capital ratio is calculated from the carrying amount of the equity as at 31 December divided by the balance sheet total as at 31 December. The equity contains all parts of the equity according to the balance sheet: share capital, capital reserves, retained earnings and non-controlling interests.

The group equity ratio as at 31 December 2018 amounted to 31.4 % (2017: 30.7 %). With this equity base, the STRABAG Group will be able to participate increasingly in tenders for Public-Private Partnership (PPP) projects. This means that the necessary funds for a participation in equity capital are available and that the related change in the balance sheet total will be manageable.

If the group is awarded the tender for large-scale projects, or if a strategically suitable acquisition is made, the equity ratio could briefly fall below the set minimum. In this case, the company reserves the right to adjust the dividend payments to the shareholders or to issue new shares.

(25) PROVISIONS

T€	Balance as at 1.1.2018	Currency translation	Changes in scope of consolidation	Additions	Utilisation	Balance as at 31.12.2018
Provisions for severance payments	111,100	-577	14	4,139	0	114,676
Provisions for pensions	440,107	217	135	0	20,148	420,311
Construction-related provisions	437,538	-4,764	-1,125	5,517	35,359	401,807
Personnel-related provisions	68,635	0	-17	13,064	61,965	19,717
Other provisions	103,156	-1,747	15,467	61,239	18,034	160,081
Non-current provisions	**1,160,536**	**-6,871**	**14,474**	**83,959**	**135,506**	**1,116,592**
Construction-related provisions	368,228	-2,518	81	316,598	327,391	354,998
Personnel-related provisions[1]	163,734	-1,008	-129	178,905	161,078	180,424
Other provisions	215,356	-313	-548	348,506	363,942	199,059
Current provisions	**747,318**	**-3,839**	**-596**	**844,009**	**852,411**	**734,481**
Total	**1,907,854**	**-10,710**	**13,878**	**927,968**	**987,917**	**1,851,073**

The **actuarial assumptions as at 31 December 2018** (in brackets as at 31 December 2017) used to calculate provisions for severance payments and pensions are represented as follows:

	Severance payments	Pension obligation Austria	Pension obligation Germany	Pension obligation Switzerland
Biometric tables	AVÖ 2018-P	AVÖ 2018-P	Dr. Klaus Heubeck	BVG 2015G
Discounting rate (%)	1.65	1.65	1.65	0.70
	(2017: 1.50)	(2017: 1.50)	(2017: 1.50)	(2017: 0.55)
Salary increase (%)	2.00	0.00	dependent on contractual	2.00
	(2017: 2.00)	(2017: 0.00)	adaption	(2017: 2.00)
Future pension increase (%)	dependent on contractual	dependent on contractual	1.50	0.25
	adaption	adaption	(2017: 1.50)	(2017: 0.25)
Retirement age for men	62	65	63–67	65
	(2017: 62)	(2017: 65)	(2017: 63–67)	(2017: 65)
Retirement age for women	62	60	63–67	64
	(2017: 62)	(2017: 60)	(2017: 63–67)	(2017: 64)

Sensitivity analysis

All other parameters remaining equal, a change in the discount rate by +/- 0.5 percentage points, a change in the salary increase by +/- 0.25 percentage points as well as a change in the pension increase by +/- 0.25 percentage points would have the following impact on the amount of the provisions for severance payments and pension obligations as at 31 December 2018:

T€	Change in discounting rate		Change in salary increase		Change in future pension increase	
Change[2]	-0.5 %-points	+0.5 %-points	-0.25 %-points	+0.25 %-points	-0.25 %-points	+0.25 %-points
Severance payments	-4,273	3,981	2,022	-2,086	n. a.	n. a.
Pension obligations	-39,103	35,342	506	-468	11,667	-11,828

1 In the other personnel-related provisions plan assets in the amount of T€ 2,487 (2017: T€ 1,035) are deducted.
2 Sign: - increase of obligation, + decrease of obligation

Provisions for severance payments show the following development:

T€	2018	2017
Present value of the defined benefit obligation as at 1.1.	**111,100**	**110,017**
Changes in scope of consolidation/currency translation	-563	46
Current service costs	7,226	4,576
Interest costs	1,311	1,429
Severance payments	-4,633	-3,123
Actuarial gains/losses arising from experience adjustments	871	-2,641
Actuarial gains/losses arising from changes in the discount rate	-1,251	796
Actuarial gains/losses arising from demographic changes	615	0
Present value of the defined benefit obligation as at 31.12.	**114,676**	**111,100**

The **development of the provisions for pensions** is shown below:

T€	2018	2017
Present value of the defined benefit obligation as at 1.1.	**624,457**	**663,208**
Changes in scope of consolidation/currency translation	6,845	-16,952
Current services costs	8,887	10,604
Interest costs	7,514	7,998
Pension payments	-43,385	-47,002
Actuarial gains/losses arising from experience adjustments	1,176	-1,543
Actuarial gains/losses arising from changes in the discount rate	-10,863	7,496
Actuarial gains/losses arising from demographic adjustments	7,724	648
Present value of the defined benefit obligation as at 31.12.	**602,355**	**624,457**

The **plan assets for pension provisions** developed as follows in the year under report:

T€	2018	2017
Fair value of the plan assets as at 1.1.	**184,350**	**205,726**
Changes to the scope of consolidation/currency translation	6,493	-15,636
Income from plan assets	1,449	1,032
Contributions	8,432	8,907
Pension payments	-18,430	-20,928
Actuarial gains/losses	-250	5,249
Fair value of the plan assets as at 31.12.	**182,044**	**184,350**

The **plan assets** consist of the following risk groups:

T€	31.12.2018	31.12.2017
Shares[1]	20,882	19,293
Bonds[1]	60,977	72,614
Cash	21,968	18,049
Investment funds	5,061	5,084
Real estate	9,772	9,316
Liability insurance	58,341	53,284
Other assets	5,043	6,710
Total	**182,044**	**184,350**

1 All shares and bonds are traded in an active market.

The plan assets involve almost exclusively the assets of the pension foundation of STRABAG AG, Switzerland. Any investments in this regard are subject to the applicable laws and regulations governing the supervision of foundations. Capital investments are to be chosen by trained experts in such a way as to guarantee the investment goal of revenue-generating and risk-minimising asset management while taking into consideration security, risk distribution, returns and the liquidity to fulfil the pension purposes. The assets are to be invested to 80 % in nominal investments such as cash and receivables in a fixed monetary amount and to 20 % in real investments such as shares and real estate.

The expected contributions to pension foundations in the following year will amount to T€ 3,998 (2017: T€ 4,185).

Asset-liability matching strategy

Pension payments in Switzerland are provided by pension foundations with funds dedicated to this purpose, while payments in Austria and in Germany are covered by readily available cash and cash equivalents as well as securities.

The actual return on plan assets amounted to T€ 690 (2017: T€ 6,155) in the financial year.

The following amounts for pension and severance provisions were recognised in the **income statement**:

T€	2018	2017
Current service cost	16,113	15,180
Interest cost	8,825	9,427
Return on plan assets	1,449	1,032

The **development of the net defined benefit obligation** for pension and severance provisions was as follows:

T€	31.12.2018	31.12.2017
Severance provisions obligation	114,676	111,100
Present value of the defined benefit obligation (pension provision)	602,355	624,457
Fair value of plan assets (pension provision)	-182,044	-184,350
Pension provision obligation	420,311	440,107
Obligation total	**534,987**	**551,207**

The **actuarial adjustments** to pension and severance provisions are represented as follows:

T€	31.12.2018	31.12.2017
Adjustments of severance provisions	235	-1,845
Adjustments of pension provisions	-1,713	1,352
Adjustments	**-1,478**	**-493**

The **maturity profile** of the benefit payments from the net defined benefit liability as at 31 December 2018 was as follows:

T€	< 1 year	1–5 years	6–10 years	11–20 years	> 20 years
Provisions for severance payments	7,737	24,812	30,227	37,388	6,556
Provisions for pensions	40,174	149,622	151,575	210,244	182,667

The **maturity profile** of the benefit payments from the net defined benefit liability as at 31 December 2017 was as follows:

T€	< 1 year	1–5 years	6–10 years	11–20 years	> 20 years
Provisions for severance payments	9,088	26,281	29,500	34,478	6,711
Provisions for pensions	36,411	152,111	144,128	208,882	189,817

The **durations** (weighted average term) are shown in the following table:

Years	31.12.2018	31.12.2017
Severance payments Austria	9.29	8.84
Pension obligations Austria	8.36	8.67
Pension obligations Germany	11.17	11.70
Pension obligations Switzerland	15.20	13.20

Other provisions

The construction-related provisions include warranty obligations, costs of the contract execution and subsequent costs of invoiced contracts, as well as impending losses from projects pending which are not accounted for elsewhere. The personnel-related provisions essentially include bonus obligations and premiums, service anniversary bonuses, contributions to occupational funds as well as costs of the old age part-time scheme and expenses for personnel downsizing measures. Other provisions especially include provisions for damages and litigations.

(26) FINANCIAL LIABILITIES

T€	31.12.2018 Total	thereof current	thereof non-current	31.12.2017 Total	thereof current	thereof non-current
Bonds	500,000	100,000	400,000	675,000	175,000	500,000
Bank borrowings	863,330	175,709	687,621	618,977	236,098	382,879
Financial liabilities	**1,363,330**	**275,709**	**1,087,621**	**1,293,977**	**411,098**	**882,879**

Physical securities were established to cover liabilities to banks in the amount of T€ 54,882 (2017: T€ 103,923).

The bank borrowings involve non-recourse liabilities from concession arrangements in the amount of T€ 730,773 (thereof non-current: T€ 665,861). This value amounted to T€ 389,781 (thereof non-current: T€ 338,728) in the previous year.

(27) TRADE PAYABLES

T€	31.12.2018 Total	thereof current	thereof non-current	31.12.2017 Total	thereof current	thereof non-current
Net liabilities from construction contracts	0	0	0	1,111,470	1,111,470	0
Other trade payables and payables to consortia	2,615,255	2,615,255	0	2,290,897	2,290,897	0
Trade payables	**2,615,255**	**2,615,255**	**0**	**3,402,367**	**3,402,367**	**0**

(28) OTHER FINANCIAL LIABILITIES

T€	31.12.2018 Total	thereof current	thereof non-current	31.12.2017 Total	thereof current	thereof non-current
Payables to subsidiaries	107,641	107,641	0	102,137	102,137	0
Payables to participation companies	11,858	11,858	0	35,931	35,931	0
Other financial liabilities	352,057	273,302	78,755	334,891	257,175	77,716
Other financial liabilities total	**471,556**	**392,801**	**78,755**	**472,959**	**395,243**	**77,716**

(29) CONTINGENT LIABILITIES

Guarantees

The company has issued the following guarantees:

T€	31.12.2018	31.12.2017
Guarantees without financial guarantees	182	174

(30) OFF-BALANCE SHEET TRANSACTIONS

In the construction industry, it is customary and necessary to provide various types of guarantees to secure the contractual obligations. These guarantees are usually issued by banks or credit insurers and most commonly comprise bid, contract performance, prepayment and warranty guarantees. In the event these guarantees are called upon, the relevant banks have a contractual right of recourse against the group. The risk that such guarantees are utilised and that a right of recourse arises materialises only if the primary contractual obligations are not properly performed.

Obligations and possible risks from such guarantees are recognised in the balance sheet as provisions or liabilities.

Not included in the balance sheet or the contingent liabilities as at 31 December 2018 are performance bonds in the amount of € 2.6 billion (2017: € 2.5 billion) of which an outflow of resources is unlikely.

As is customary in the industry, STRABAG SE shares liability with the other partners of consortia in which companies of the STRABAG Group hold a share interest.

(31) 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 from changes in the scope of consolidation were eliminated and represented in the cash flow from investing activities.

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

T€	31.12.2018	31.12.2017
Securities	3,080	3,080
Cash on hand	1,291	1,242
Bank deposits	2,381,457	2,786,125
Restricted cash abroad	0	-105
Pledge of cash and cash equivalents	-1,485	-655
Cash and cash equivalents	**2,384,343**	**2,789,687**

Moreover, in construction projects executed through consortia there are cash and cash equivalents whose use can only be determined jointly with other partner companies.

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

T€	2018	2017
Interest paid	45,587	45,247
Interest received	25,164	37,812
Taxes paid	90,357	24,500
Dividends received	70,522	97,579

In the 2017 financial year, taxes paid had included high refunds of tax prepayments, in particular from Ed. Züblin AG due to the company's inclusion in the tax grouping of STRABAG AG, Cologne.

The **cash flow from financing activities** for the financial year 2018 can be derived from the balance sheet items as follows:

T€	Bonds	Bank borrowings	Other financial liabilities[1]	Total
Balance as at 1.1.2018	**675,000**	**618,977**	**98,889**	**1,392,866**
Issue	0	33,465	0	33,465
Repayment	-175,000	-184,589	0	-359,589
Increase (+) / decrease (-) of financing	0	0	-20,068	-20,068
Total cash flow from financing activities	**-175,000**	**-151,124**	**-20,068**	**-346,192**
Currency translation	0	-368	-122	-490
Changes in scope of consolidation	0	395,845	0	395,845
Other changes	0	0	-15,991	-15,991
Total of non cash-effective changes	**0**	**395,477**	**-16,113**	**379,364**
Balance as at 31.12.2018	**500,000**	**863,330**	**62,708**	**1,426,038**

The cash flow from financing activities can be derived as follows:

T€	Inflow (+) Outflow (-)
Total cash flows from financing activities	-346,192
Change in non-controlling interests due to acquisition	-78,027
Distribution of dividends	-109,953
Cash flow from financing activities	**-534,172**

The **cash flow from financing activities** for the financial year 2017 can be derived from the balance sheet items as follows:

T€	Bonds	Bonded loans	Bank borrowings	Other financial liabilities[1]	Finance lease liabilities	Total
Balance as at 1.1.2017	**675,000**	**121,500**	**624,273**	**85,347**	**5,304**	**1,511,424**
Issue	0	0	78,254	0	0	78,254
Repayment	0	-121,500	-83,313	0	-5,304	-210,117
Increase (+) / decrease (-) of financing	0	0	0	739	0	739
Total cash flow from financing activities	**0**	**-121,500**	**-5,059**	**739**	**-5,304**	**-131,124**
Currency translation	0	0	-237	-35	0	-272
Changes in scope of consolidation	0	0	0	0	0	0
Other changes	0	0	0	12,838	0	12,838
Total of non cash-effective changes	**0**	**0**	**-237**	**12,803**	**0**	**12,566**
Balance as at 31.12.2017	**675,000**	**0**	**618,977**	**98,889**	**0**	**1,392,866**

1 The recognition in the balance sheet was made under current and non-current other financial liabilities.

The cash flow from financing activities can be derived as follows:

T€	Inflow (+) Outflow (-)
Total cash flows from financing activities	-131,124
Change in non-controlling interests due to acquisition	-2,694
Distribution of dividends	-100,702
Cash flow from financing activities	**-234,520**

Notes on financial instruments

(32) FINANCIAL INSTRUMENTS

A financial instrument is a contract that results in a financial asset at one enterprise and a financial liability or equity instrument at another. Financial assets include especially cash and cash equivalents, trade receivables and other receivables and derivatives. Financial liabilities are obligations to pay cash or other financial assets on a regular basis. These include especially financial liabilities such as bank borrowings, bonds, liabilities arising from financial leases and trade payables.

The **financial instruments** as at the balance sheet date were as follows:

		31.12.2018			31.12.2017	
T€	Measurement category according to IFRS 9	Carrying value	Fair value	Measurement category according to IAS 39	Carrying value	Fair value
Assets						
Investments below 20 %	FVPL	40,660	40,660	AfS	31,906	
Trade receivables	AC	1,645,596		L&R	2,450,091	
Receivables from concession arrangements	AC	694,752		L&R	732,459	
Other non-current financial assets	AC	221,594		L&R	243,760	
Other current financial assets	AC	291,537		L&R	275,318	
Cash and cash equivalents	AC	2,382,749		L&R	2,787,367	
Securities	FVPL	25,324	25,324	AfS	26,888	26,888
Cash and cash equivalents (securities)	FVPL	3,080	3,080	AfS	3,080	3,080
Derivatives held for hedging purposes (receivables from concession arrangements)	Derivatives	-28,222	-28,222	Derivatives	-36,424	-36,424
Derivatives held for hedging purposes (other financial assets)	Derivatives	5,062	5,062	Derivatives	1,342	1,342
Liabilities						
Financial liabilities	FLaC	-1,363,330	-1,367,175	FLaC	-1,293,977	-1,326,157
Trade payables	FLaC	-2,615,255		FLaC	-2,290,897	
Other non-current financial liabilities	FLaC	-78,755		FLaC	-77,715	
Other current financial liabilities	FLaC	-381,808		FLaC	-394,495	
Derivatives held for hedging purposes (other financial liabilities)	Derivatives	-10,993	-10,993	Derivatives	-748	-748
	Measurement categories according to IFRS 9			**Measurement category according to IAS 39**		
	AC	5,236,228		L&R	6,488,995	
	FVPL	69,064	69,064	AFS	61,874	29,968
	FLaC	-4,439,148	-1,367,175	FLaC	-4,057,084	-1,326,157
	Derivatives	-34,153	-34,153	Derivatives	-35,830	-35,830
	Total	**831,991**	**-1,332,264**	**Total**	**2,457,955**	**-1,332,019**

No special disclosure of the fair value of financial instruments is represented if the carrying amount is a reasonable approximation of fair value.

Cash and cash equivalents, trade receivables and other receivables have for the most part short remaining terms. Accordingly, their carrying values on the balance sheet date approximate their fair value. The fair value of non-current financial assets corresponds to the present value of the related payments under consideration of the prevailing market parameters as far as market values were not available.

Trade payables and other financial liabilities typically have short terms; their carrying amounts approximate the fair value. The fair value of bonds, bank borrowing and liabilities arising from financial leases are measured at the present value of the payments associated with them and under consideration of the relevant applicable market parameters as far as market values were not available. The fair value of the financial liabilities would qualify as a Level 1 measurement at T€ 515,295 (2017: T€ 705,878) and as a Level 2 measurement at T€ 851,880 (2017: T€ 620,279).

T€ 1,485 (2017: T€ 655) of cash and cash equivalents, T€ 2,672 (2017: T€ 2,672) of securities and T€ 1,758 (2017: T€ 1,698) of other financial instruments were pledged as collateral for liabilities.

The non-recourse liabilities related to receivables from concession arrangements are hedged using the income from receivables from concession arrangements.

The financial instruments recognised at fair value, classified by method of measurement (Level 1 to Level 3), are as follows.

Level 1: In measurement at market prices, the assets and liabilities are measured at the quoted prices in an active market for identical assets and liabilities.

Level 2: The measurement based on observable market input takes into account not only market prices but also directly or indirectly observable data.

Level 3: Other methods of measurement also consider data that are not observable on the markets.

The **fair values as at 31 December 2018** for financial instruments measured at fair value in the balance sheet were determined as follows:

T€	Level 1	Level 2	Level 3	Total
Assets				
Investments below 20 %			40,660	40,660
Securities	25,324			25,324
Cash and cash equivalents (securities)	3,080			3,080
Derivatives held for hedging purposes		-23,160		-23,160
Total	**28,404**	**-23,160**	**40,660**	**45,904**
Liabilities				
Derivatives held for hedging purposes		-10,993		-10,993
Total		**-10,993**		**-10,993**

The **fair values as at 31 December 2017** for financial instruments measured at fair value in the balance sheet were determined as follows:

T€	Level 1	Level 2	Total
Assets			
Securities	26,888		26,888
Cash and cash equivalents (securities)	3,080		3,080
Derivatives held for hedging purposes		-35,082	-35,082
Total	**29,968**	**-35,082**	**-5,114**
Liabilities			
Derivatives held for hedging purposes		-748	-748
Total		**-748**	**-748**

During the financial years 2018 and 2017, there were no transfers between the levels.

Financial instruments in Level 1

The fair value is determined on the basis of quoted prices in an active market. An active market exists if the prices are regularly established and readily available to the market participant. The quoted market price for the financial instruments presented in Level 1 corresponds to the bid price on 31 December 2018.

Financial instruments in Level 2

These financial instruments are not traded in an active market. They involve exclusively derivatives concluded for hedging purposes in the group. The fair value is determined using methods of measurement on the basis of observable market data. Specifically, measurement is made using interest yield and currency curves in proportion to the term of the derivative.

Financial instruments in Level 3

These financial instruments involve exclusively a large number of smaller investments below 20 % that are not traded on an active market. The fair value is determined on the basis of simplified company valuations.

The following **derivatives** existed which are not offsettable but which can be set off in case of insolvency:

T€		31.12.2018			31.12.2017	
Bank	**Assets**	**Liabilities**	**Total**	**Assets**	**Liabilities**	**Total**
Deutsche Bank AG	0	-7,894	**-7,894**	0	0	**0**
KfW IPEX-Bank	582	0	**582**	0	0	**0**
Norddeutsche Landesbank	914	0	**914**	0	0	**0**
Republic of Hungary	-28,222	0	**-28,222**	-36,424	0	**-36,424**
SEB AG	979	-2,887	**-1,908**	0	-517	**-517**
Societe Generale	743	0	**743**	0	0	**0**
Total cash flow hedge	**-25,004**	**-10,781**	**-35,785**	**-36,424**	**-517**	**-36,941**
Bayerische Landesbank	195	-38	**157**	45	-119	**-74**
Commerzbank AG	0	-26	**-26**	0	0	**0**
Crédit Agricole Corp. & Investment	206	-31	**175**	604	0	**604**
Deutsche Bank AG	0	0	**0**	233	0	**233**
Erste Group Bank AG	42	-17	**25**	0	-112	**-112**
ING Bank N.V.	30	-30	**0**	219	0	**219**
Landesbank Baden-Württemberg	835	-68	**767**	241	0	**241**
Raiffeisenbank International AG	116	0	**116**	0	0	**0**
SEB AG	135	0	**135**	0	0	**0**
UniCredit Bank Austria AG	284	-1	**283**	0	0	**0**
Total other derivatives	**1,843**	**-211**	**1,632**	**1,342**	**-231**	**1,111**
Total	**-23,161**	**-10,992**	**-34,153**	**-35,082**	**-748**	**-35,830**

No hedge accounting is used for other derivatives.

The **net income effects of the financial instruments** according to valuation categories are as follows:

	2018				2017			
T€	AC	FVPL	FLaC	Derivates	L&R	AfS	FLaC	Derivatives
Interest	18,141	0	-40,707	0	36,013	0	-46,192	0
Interest from receivables from concession arrangements	73,188	0	-15,964	-6,131	60,932	0	-18,074	-6,528
Result from securities	0	-474	0	0	0	783	0	0
Impairment losses and reversal of impairment losses	-23,425	-754	0	-10,504	-28,141	-128	0	-321
Disposal losses/profits	0	11	0	0	0	3	0	0
Gains from derecognition of liabilities and payments of written-off receivables	47	0	9,484	0	5	0	9,093	0
Net income recognised in profit or loss	**67,951**	**-1,217**	**-47,187**	**-16,635**	**68,809**	**658**	**-55,173**	**-6,849**
Value changes recognised directly in equity	0	0	0	8,994	0	238	0	22,373
Net income	**67,951**	**-1,217**	**-47,187**	**-7,641**	**68,809**	**896**	**-55,173**	**15,524**

Dividends and income from investments shown in net income from investments are part of operating income and therefore not part of net income of financial instruments.

Impairment losses, reversal of impairment losses, disposal profits and disposal losses of loans & receivables (L&R) and of financial liabilities measured at amortised cost (FLaC) are carried in other income or other expenses.

Impairment losses, reversal of impairment losses, disposal profits and disposal losses of the financial instruments are carried in net income from investments if they are investments in subsidiaries or participation companies, otherwise in net interest income.

Principles of risk management

The STRABAG Group is subject to credit, market and liquidity risks related to its assets, liabilities and planned transactions. The goal of financial risk management is to minimise these risks through ongoing financially oriented activities.

The basics of the financial policy are set by the Management Board and monitored by the Supervisory Board. The implementation of the financial policy and responsibility for the risk management are the domain of the group treasury. Certain transactions require prior approval by the Management Board, which is regularly informed as to the scope and amount of the current risk exposure.

Interest rate risk

The financial instruments bear variable interest rates on the assets side, on the liabilities side there are both variable and fixed interest obligations. The risk of financial instruments bearing variable interest rates consists of increasing interest charges and sinking interest revenue resulting from an unfavourable change in market interest rates. Fixed interest obligations mainly result from the bonds issued by STRABAG SE amounting to a total of T€ 500,000.

The amount of bank deposits and bank borrowings according to currency – giving the average interest rate at balance sheet date – is represented as follows:

Bank deposits

Currency	Carrying value 31.12.2018 T€	Weighted average interest rate 2018 %
EUR	1,730,357	0.03
PLN	142,250	1.20
HUF	44,756	0.00
CZK	179,446	0.39
Others	284,648	0.50
Total	**2,381,457**	**0.18**

Bank borrowings

Currency	Carrying value 31.12.2018 T€	Weighted average interest rate 2018 %
EUR	860,513	1.26
Others	2,817	9.80
Total	**863,330**	**1.29**

Had the interest rate level at 31 December 2018 been higher by 100 basispoints, then the EBT would have been higher by T€ 19,425 (2017: T€ 24,649) and the equity at 31 December 2018 would have been higher by T€ 61,022 (2017: T€ 39,950). Had the interest rate level been lower by 100 basispoints, this would have meant a correspondingly lower equity and EBT. The calculation is made based on the level of interest-bearing financial assets and liabilities as at 31 December. Tax effects from interest rate changes were not considered.

Currency risk

Due to the decentralised structure of the group, characterised by local companies in the respective countries, mainly closed currency positions appear in the balance sheet. Loan financing and investments were predominantly made by the group companies in the respective country's local currency. Receivables and liabilities from business activities mainly offset each other in the same currency.

The internal financing of companies within the group using different functional currencies resulted in an earnings-relevant currency risk. To limit this risk derivative financial instruments are transacted. The market value in the amount of T€ 1,138 (2017: T€ 1,111) are recognised in profit or loss in the income statement. The hedging transactions are reported under other financial assets or other financial liabilities.

Development of the important **currencies in the group**:

Currency	Exchange rate 31.12.2018: 1 € =	Average rate 2018: 1 € =	Exchange rate 31.12.2017: 1 € =	Average rate 2017: 1 € =
HUF	320.9800	319.9725	310.3300	309.3165
CZK	25.7240	25.6784	25.5350	26.2893
PLN	4.3014	4.2684	4.1770	4.2429
CHF	1.1269	1.1516	1.1702	1.1162

Essentially, the Polish zloty, the Czech crown, the Hungarian forint and the Swiss franc are affected by revaluation (devaluation). The following table shows the hypothetical changes in EBT and equity if the euro in the year **2018** had been revalued or devalued by 10 % in relation to another currency:

T€	Revaluation euro of 10 %		Devaluation euro of 10 %	
Currency	change in EBT	change in equity	change in EBT	change in equity
PLN	-10,917	-3,418	10,917	3,418
HUF	-8,520	10,173	8,520	-10,173
CHF	-2,006	-7,330	2,006	7,330
CZK	8,100	17,600	-8,100	-17,600
Others	-9,415	-9,418	9,415	9,418

The following table shows the hypothetical changes in EBT and equity if the euro in the year **2017** had been revalued or devalued by 10 % in relation to another currency:

T€	Revaluation euro of 10 %		Devaluation euro of 10 %	
Currency	**change in EBT**	**change in equity**	**change in EBT**	**change in equity**
PLN	-4,155	3,345	4,155	-3,345
HUF	-12,347	6,987	12,347	-6,987
CHF	-585	-5,712	585	5,712
CZK	679	10,179	-679	-10,179
Others	3,426	3,426	-3,426	-3,426

The calculation is based on original and derivative foreign currency holdings in non-functional currency as at 31 December as well as underlying transactions for the next twelve months. The effect on tax resulting from changes in currency exchanges rates was not taken into consideration.

Cash flow hedges

Currency risks in the group result when the currency of the order differs from the functional currency of the company. The planned proceeds are received in the currency of the order (for example, euro or US dollar), while a substantial part of the associated costs is made in the local currency.

The group uses foreign exchange forwards to hedge against this risk. These contracts are classified as hedges against future payments and are presented as cash flow hedges.

The group determines the spot element of foreign exchange forwards to hedge against its currency risks using a hedging relationship of 1:1. The forward elements are excluded from designation as hedging instruments and are presented as cost of hedging. The critical conditions of the foreign exchange forward correspond to the hedged item.

To hedge against variable interest rate obligations, interest rate swaps with fixed interest rates are used especially with financing obligations from concession arrangements. This serves to hedge the variability of future cash flows from variable interest rate payments. Presentation of interest rate swaps is made as cash flow hedges.

The group determines the existence of an economic relationship between the hedging instrument and the hedged item based on the reference interest rates, terms, repricing dates and maturities of the nominal amounts.

The amounts of the hedged items as at 31 December 2018 are as follows:

T€ **Hedged item**	**Value changes in the basis for effectiveness measurement**	**Hedging reserves**	**Cost-of-hedging reserves**
Exchange risk			
USD sale	10,600	-10,600	72
Interest rate risk			
Interest AKA	-2,608	-45,395	0
Interest PANSUEVIA	6,416	-5,602	0
Interest A-WAY	**94**	**-253**	**0**
Total	**14,502**	**-61,850**	**72**

The amounts of the hedged items as at 31 December 2017 are as follows:

T€ **Hedged item**	**Value changes in the basis for effectiveness measurement**	**Hedging reserves**	**Cost-of-hedging reserves**
Interest rate risk			
Interest AKA	626	-61.310	0
Interest A-WAY	-150	-517	0
Total	**476**	**-61.827**	**0**

The hedging instruments as at 31 December 2018 were comprised as follows:

T€ Hedge	Nominal value	Carrying amount	Balance sheet item where the hedge is presented	OCI change in value of the hedge	Costs of-hedging recognised in OCI	Recycling amount from hedging reserves	Recycling amount from cost-of-hedging reserves	P&L item where the recycling value is recognised
Exchange risk								
USD sale	170,306	-10,528	other financial liabilities	-10,600	72	0	0	n. a.
Interest rate risk								
Interest rate swap AKA	338,728	-28,222	receivables from concession arrangements	2,608	0	11,725	0	interest expense
Interest rate swaps PANSUEVIA	262,999	3,218	other financial assets	-6,416	0	814	0	interest expense
Interest rate swap A-WAY	8,833	-253	other financial liabilities	-94	0	357	0	interest expense
Total	**780,866**	**-35,785**		**-14,502**	**72**	**12,896**	**0**	

In the 2018 financial year, no amounts from value changes resulting from ineffectiveness were recognised in the income statement.

The hedging instruments as at 31 December 2017 were comprised as follows:

T€ Hedge	Nominal value	Carrying amount	Balance sheet item where the hedge is presented	OCI change in value of the hedge	Costs of-hedging recognised in OCI	Recycling amount from hedging reserves	Recycling amount from cost-of-hedging reserves	P&L item where the recycling value is recognised
Interest rate risk								
Interest rate swap AKA	389,781	-36,424	receivables from concession arrangements	-626	0	19,704	0	interest expense
Interest rate swap A-WAY	9,483	-517	other financial liabilities	150	0	413	0	interest expense
Interest rate swap bonded loan	0	0	other financial liabilities	0	0	2,732	0	interest expense
Total	**399,264**	**-36,941**		**-476**	**0**	**22,849**	**0**	

In the 2017 financial year, no amounts from value changes resulting from ineffectiveness were recognised in the income statement.

On 31 December 2018, the group held the following instruments for the purpose of hedging exchange rate and interest rate fluctuation:

		Maturity	
T€	**1–6 months**	**6–12 months**	**>1 year**
Foreign exchange forward			
Nominal amount in TUSD	90,000	90,000	15,000
Average USD-CLP forward rate	651.22	649.59	652.63
Interest rate swap			
Nominal amount in TEUR	40,699	30,867	538,994
Average fixed interest rate (%)	2.83	2.63	1.89

On 31 December 2017, the group held the following instruments for the purpose of hedging interest rate fluctuation:

		Maturity	
T€	**1–6 months**	**6–12 months**	**>1 year**
Interest rate swap			
Nominal amount in TEUR	26,300	25,402	347,562
Average fixed interest rate (%)	2.81	2.81	2.82

The reconciliation of the equity components as at 31 December 2018 is as follows:

T€	Hedging reserves	Cost-of-hedging reserves
As at 1.1.	**-78,797**	**0**
Fair value changes		
Currency risk	-10,600	72
Interest rate risk	-3,902	0
Recycling		
Currency risk	0	0
Interest rate risk	12,896	0
Deferred taxes		
Currency risk	2,978	0
Interest rate risk	371	0
Change in hedging reserves from equity-accounted investments	906	0
As at 31.12.	**-76,148**	**72**

The reconciliation of the equity components as at 31 December 2017 is as follows:

T€	Hedging reserves	Cost-of-hedging reserves
As at 1.1.	**-97,737**	**0**
Fair value changes		
Currency risk	0	0
Interest rate risk	-476	0
Non-controlling interests	144	0
Recycling		
Currency risk	0	0
Interest rate risk	22,849	0
Non-controlling interests	-569	0
Deferred taxes		
Currency risk	0	0
Interest rate risk	-2,541	0
Change in hedging reserves from equity-accounted investments	-467	0
As at 31.12.	**-78,797**	**0**

Credit risk

Credit risks arise when contractual parties do not meet their payment obligations by the date of settlement. Such risks exist with regard to payments of receivables from the operating business as well as the contractual cash flows from debt instruments in the category of measured at amortised cost (AC). To manage the credit risk from the operating business, STRABAG established a credit risk management system in line with the market rates and customers.

The maximum credit risk of the financial assets corresponds to the carrying amounts presented in the balance sheet.

The risk for receivables from clients can be rated as low due to the wide dispersion, a constant creditworthiness check and the presence of the public sector as an important client.

The risk of default for other financial instruments shown on the assets side can also be regarded as low, as the contract partners are mainly financial institutions with the highest level of creditworthiness and/or the risk of default has been significantly reduced as a result of assumed liabilities of third parties.

STRABAG SE holds no non-financial assets as security collateral. Financial collateral is only of minor importance, as the large number of public-sector customers presents hardly any payment risk. The performance of work for private customers is largely secured by payments of advance consideration.

Impairments on trade receivables and on contract assets are determined using the simplified approach. The impairments are determined taking into consideration the country-specific risks and the creditworthiness of the customers.

Impairments, considered individually, are also made of financial assets if the carrying amount of the financial asset is higher than the present value of the future cash flows. This can be triggered by financial difficulties, insolvency of the client, breach of contract or significant default of payment. These impairments are composed of many individual items of which none, seen alone, is significant.

During the period under report, there were no material changes with regard to the determination methods and criteria that were applied.

The risk provision as at 31 December 2018 for trade receivables and for contract assets developed as follows during the financial year:

T€	Trade receivables	Contract assets
Gross carrying amount as at 31.12.2018	**1,759,412**	**1,288,175**
Lifetime ECL as at 1.1.	**4,809**	**3,640**
Exchange differences/change in scope of consolidation	-35	-20
Addition ECL proprietary projects	0	1,483
Change due to volume change	1,884	15
Change due to rating change	239	150
Lifetime ECL as at 31.12.	**6,897**	**5,268**
Impairment as at 1.1.	**100,140**	**0**
Exchange differences/change in scope of consolidation	-927	0
Transfer/use	7,706	0
Impairment as at 31.12.	**106,919**	**0**
Net carrying amount as at 31.12.2018	**1,645,596**	**1,282,907**

In addition, impairment losses on other financial assets amounting to T€ 5,330 exist as at 31 December 2018.

T€	2017
Other trade receivables before impairment as at 31.12.	**1,669,950**
Impairment as at 1.1.	**151,379**
Currency translation	1,559
Changes in scope of consolidation	132
Allocation/utilisation	-16,266
Impairment as at 31.12.	**136,804**
Carrying amount of other trade receivables as at 31.12.	**1,533,146**

The following overview summarises by risk class the gross carrying amounts of the financial assets for which the expected losses were recognised over the entire remaining life:

T€	Trade receivables	Contract assets
Low risk	1,488,557	1,161,103
Medium risk	192,631	78,866
High risk	78,224	48,206
Gross carrying amount as at 31.12.2018	**1,759,412**	**1,288,175**

The risk classes were determined according to the probabilities of default depending on country risk and creditworthiness of the debtors. Below 0.55 % is assumed to be low, between 0.55 % and 1 % medium, and above 1 % high risk.

Financial guarantees in the amount of T€ 62,145 (2017: T€ 44,746) are issued.

Liquidity risk

Liquidity for the STRABAG SE Group means not only solvency in the strict sense but also the availability of the necessary financial margin for mainstay business through sufficient aval lines.

To guarantee financial flexibility, liquidity reserves are kept in the form of cash and credit lines for cash and aval loans. The STRABAG SE Group keeps bilateral credit lines with banks and syndicated cash and aval credit lines in the amount of € 0.4 billion (2017: € 0.4 billion) respectively € 2.0 billion (2017: € 2.0 billion). The overall line for cash and aval loan amounts to € 7.8 billion (2017: € 7.7 billion). The syndicated surety credit line contains covenants which were fulfilled at the balance sheet date.

The medium- and long-term liquidity needs have so far also been covered by the issue of corporate bonds. In the years 2012 and 2013, STRABAG issued bonds of € 100 million and € 200 million, respectively, with a term to maturity of seven years each. The most recent was a € 200 million seven-year bond floated in 2015. As per 31 December 2018, STRABAG SE had three bonds with a total volume of € 500 million on the market.

The following **payment obligations** arise from the financial liabilities (interest payments based on interest rate as at 31 December and redemption) for the subsequent years:

Payment obligations as at 31 December 2018

T€	Carrying value 31.12.2018	Cash flows 2019	Cash flows 2020–2023	Cash flows after 2023
Bonds	500,000	113,500	419,000	0
Bank borrowings	863,330	192,919	340,836	422,898
Financial liabilities	**1,363,330**	**306,419**	**759,836**	**422,898**

Payment obligations as at 31 December 2017

T€	Carrying value 31.12.2017	Cash flows 2018	Cash flows 2019–2022	Cash flows after 2022
Bonds	675,000	196,813	529,241	0
Bank borrowings	618,977	250,170	271,597	117,116
Financial liabilities	**1,293,977**	**446,983**	**800,838**	**117,116**

The trade payables and the other liabilities essentially lead to cash outflows in line with the maturity at the amount of the carrying values.

Segment report

(33) 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). Segment assets are not disclosed as these do not form part of the regular internal reporting.

The internal reporting in the STRABAG Group is based on Management Board areas, which also represent the segments. The settlement between the single segments is made at arm's length prices.

The segment North + West bundles the construction activities in Germany, Poland, Benelux and Scandinavia as well the ground engineering activities.

The segment South + East comprises the construction activities in Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe and Russia and the environmental engineering business.

The segment International + Special Divisions includes the international construction activities, tunnelling, services, real estate development and infrastructure development as well as the construction materials business.

In addition, there are the Central Divisions and Central Staff Divisions, 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.

Segment reporting for the financial year 2018

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output volume	**7,827,484**	**4,639,263**	**3,740,298**	**115,831**		**16,322,876**
Revenue	**7,242,416**	**4,521,813**	**3,437,820**	**19,783**	**0**	**15,221,832**
Inter-segment revenue	116,114	130,304	315,535	855,708		
EBIT	**161,398**	**142,027**	**198,691**	**859**	**55,240**	**558,215**
thereof share of profit or loss of equity-accounted investments	-28,693	18,893	37,110	552	55,314	83,176
Interest and similar income	0	0	0	38,617	0	38,617
Interest expense and similar charges	0	0	0	-66,049	0	-66,049
EBT	**161,398**	**142,027**	**198,691**	**-26,573**	**55,240**	**530,783**
Investments in property, plant and equipment, and in intangible assets	0	0	0	644,988	0	644,988
Write-ups, depreciation and amortisation	1,734	0	0	392,654	0	394,388
thereof extraordinary write-ups, depreciation and amortisation	1,734	0	0	3,811	0	5,545

Segment reporting for the financial year 2017

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output volume	**6,843,355**	**4,241,594**	**3,403,534**	**132,402**		**14,620,885**
Revenue	**6,377,909**	**4,073,308**	**3,029,341**	**28,167**	**0**	**13,508,725**
Inter-segment revenue	73,228	146,159	275,179	800,547		
EBIT	**199,252**	**204,613**	**62,396**	**674**	**-18,578**	**448,357**
thereof share of profit or loss of equity-accounted investments	70,762	26,664	25,905	654	0	123,985
Interest and similar income	0	0	0	46,900	0	46,900
Interest expense and similar charges	0	0	0	-74,048	0	-74,048
EBT	**199,252**	**204,613**	**62,396**	**-26,474**	**-18,578**	**421,209**
Investments in property, plant and equipment, and in intangible assets	0	0	0	457,616	0	457,616
Write-ups, depreciation and amortisation	9,618	0	0	376,604	0	386,222
thereof extraordinary depreciation and amortisation	9,618	0	0	2,871	0	12,489

Reconciliation of the sum of the segment earnings to EBT according to IFRS financial statements

Income and expense in the internal reporting are essentially shown 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 or 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 with EBIT in regards to EBT in the consolidated financial statements in terms of the investment result.

Other minor differences result from entries in other consolidations.

Reconciliation of the internal reporting to IFRS financial statements is allocated as follows:

T€	2018	2017
Net income from investments	2,463	-14,320
Non-operating step-up profit	55,314	0
Other consolidations	-2,537	-4,258
Total	**55,240**	**-18,578**

Breakdown of revenue by geographic region

T€	2018	2017
Germany	7,606,231	6,857,876
Austria	2,427,847	2,206,188
Rest of Europe	4,350,411	3,998,696
Rest of world	837,343	445,965
Revenue	**15,221,832**	**13,508,725**

Presentation of revenue by region is done according to the company's registered place of business.

Other Notes

(34) NOTES ON RELATED PARTIES

The core shareholders of STRABAG SE are the Haselsteiner Group, as well as the Raiffeisen-Holding NÖ-Wien Group, the UNIQA Group and Rasperia Trading Limited, owned by Russian businessman Oleg Deripaska. A syndicate agreement remains in effect between the core shareholders.

Arm's-length finance and insurance transactions exist with the Raiffeisen Holding NÖ-Wien Group and the UNIQA Group. The payables on 31 December 2018 to Raiffeisen Group relating to financing and current accounts amounted to T€ 37,817 (2017: T€ 68,396). The interest expense in the 2018 financial year amounted to T€ 2,936 (2017: T€ 3,452).

Premiums for insurance contracts with the UNIQA Group were recognised as an expense in the amount of T€ 763 (2017: T€ 1,090).

Haselsteiner Group

The Haselsteiner Group holds 5.1 % of Strabag Real Estate GmbH, Cologne, a 5.1 % share in five real estate companies of the Züblin subgroup and 5.1 % of Züblin Projektentwicklung GmbH. The income from real estate companies attributable to the Haselsteiner Group is included in net interest income at T€ 100. For the remaining companies, the amount recognised in income attributable to non-controlling interests in 2018 amounts to T€ 932. In the 2018 financial year, the dividends from the abovementioned companies amounted to T€ 127 (2017: T€ 57).

The business relations between STRABAG SE and the companies of the Haselsteiner Group during the financial year are presented below.

T€	2018	2017
Work and services performed	19,328	23,639
Work and services received	5,307	11,185
Receivables as at 31.12.	9,647	11,196
Liabilities as at 31.12.	37	673

Basic Element

The Basic Element Group, a group with numerous industrial holdings, among other things in the area of construction, construction materials and infrastructure, is owned by Russian businessman Oleg Deripaska.

In the 2018 financial year, there were no business relations with the companies of the Basic Element Group.

The US Department of the Treasury's Office of Foreign Assets Control (OFAC) on 6 April 2018 designated various persons, including Oleg Deripaska, as so-called Specially Designated Nationals (SDN) and imposed economic sanctions on them. This also applies to companies that are more than 50 % owned by these persons, meaning that Rasperia Trading Limited (Rasperia), a direct shareholder of Strabag SE, must also be designated as a SDN. The payment of dividends to Rasperia would therefore subject STRABAG SE to the risk of having secondary sanctions imposed on it.

To avoid these serious consequences, Rasperia was not paid the dividend for the 2018 financial year. The dividend payable to Rasperia, less capital gains tax in the amount of T€ 26,861, is recognised under other financial liabilities.

In 2017, construction receivables from the Basic Element Group in the amount of T€ 11,032 were paid before their due date. Interest income from these receivables in the amount of T€ 124 were recognised in the previous year in the income statement.

IDAG

IDAG Immobilienbeteiligung u. -Development GmbH is entirely held by private foundations whose beneficiaries are the Haselsteiner Group and the Raiffeisen-Holding NÖ-Wien Group. It is the business purpose of IDAG Immobilienbeteiligung u. -Development GmbH to develop property and to participate in property projects.

STRABAG's headquarters in Vienna and office buildings in Graz are held in the real estate portfolio of subsidiaries of IDAG Immobilienbeteiligung u. -Development GmbH. The buildings are let to and in part sublet by STRABAG Group at the usual market conditions. Rental costs arising from both buildings in the 2018 financial year amounted to T€ 8,340 (2017: T€ 8,156). Other services in the amount of T€ 312 (2017: T€ 352) were obtained from the IDAG Group.

Furthermore, revenues of T€ 1,014 (2017: T€ 754) were made with IDAG Immobilienbeteiligung u. -Development GmbH in the 2018 financial year. At the balance sheet date of 31 December 2018, the STRABAG Group had receivables from rental deposits amounting to T€ 28,209 (2017: T€ 27,039) from IDAG Immobilienbeteiligung u. -Development GmbH.

Investments in equity-accounted investments

Lafarge Cement CE Holding GmbH bundles the cement activities of Lafarge, a market leader in construction materials manufacturing, and STRABAG in the countries of Central Europe. The joint activities aim at maintaining a commensurate cement supply in the group's core countries. In 2018, STRABAG procured cement services worth T€ 27,388 (2017: T€ 22,268) from Lafarge. At the balance sheet date, there were liabilities to Lafarge Cement CE Holding GmbH Group in the amount of T€ 1,003 (2017: T€ 15).

The **business transactions with the other equity-accounted investments** can be presented as follows:

T€	2018	2017
Work and services performed	113,803	61,977
Work and services received	46,216	45,313
Receivables as at 31.12.	14,764	13,973
Liabilities as at 31.12.	16,661	15,516
Financing receivables as at 31.12.	92,067	126,878

For information about consortia we refer to item 15 (Notes on construction consortia).

Concerning business transactions with the Management Board members and employees of the first management level (management in key positions) and with their family members and companies which are controlled by the management in key positions or decisively influenced by them in the year under report, services worth T€ 299 (2017: T€ 1,034) were provided and services worth T€ 176 (2017: T€ 137) were procured. At the balance sheet dates, there were receivables in the amount of T€ 73 (2017: T€ 85) and liabilities in the amount of T€ 17 (2017: T€ 13) out of these business relations.

The total remuneration including any severance and pension payments, as well as other long-term payments for employees of the first management level amounted to T€ 19,573 (2017: T€ 18,163) in the year under report. Of this amount, T€ 19,398 (2017: T€ 17,936) is attributable to the current remuneration and T€ 175 (2017: T€ 227) to severance and pension payments.

(35) NOTES ON THE MANAGEMENT AND SUPERVISORY BOARDS

Management Board

Dr. Thomas Birtel (CEO)
Mag. Christian Harder
Dipl.-Ing. Dr. Peter Krammer
Dipl.-Ing. Siegfried Wanker
Dipl.-Ing. (FH) Alfred Watzl (since 1 January 2019)
Mag. Hannes Truntschnig (until 31 December 2018)

Supervisory Board

Dr. Alfred Gusenbauer (Chairman)
Mag. Erwin Hameseder (Vice Chairman)
Dr. Andreas Brandstetter (since 15 June 2018)
Thomas Bull
Mag. Kerstin Gelbmann
Dr. Oleg G. Kotkov (since 15 June 2018)
Mag. Hannes Bogner (until 15 June 2018)
William R. Spiegelberger (until 15 June 2018)

Dipl.-Ing. Andreas Batke (works council)
Miroslav Cerveny (works council)
Magdolna P. Gyulainé (works council)
Georg Hinterschuster (works council)
Wolfgang Kreis (works council)

The total salaries of the Management Board members in the financial year amount to T€ 7,163 (2017: T€ 6,773). The severance payments for Management Board members amount to T€ 149 (2017: T€ 80).

The remunerations for the Supervisory Board members amounted to T€ 162 (2017: T€ 162). Neither the Management Board members nor the Supervisory Board members of STRABAG SE received advances or loans.

(36) EXPENSES FOR THE AUDITOR

The expenses for the auditor, KPMG Austria GmbH, incurred in the financial year amount to T€ 1,279 (2017: T€ 1,282) of which T€ 1,250 (2017: T€ 1,185) were for the audit of the consolidated financial statements (including the audit of separate financial statements of group companies) and T€ 29 (2017: T€ 97) for other services.

(37) EVENTS AFTER THE BALANCE SHEET DATE

No relevant material event occurred after the reporting date for these annual consolidated financial statements.

(38) DATE OF AUTHORISATION FOR ISSUE

In Austrian companies organised as corporations limited by shares, the consolidated financial statements prepared by the Management Board are approved by the Supervisory Board. The STRABAG SE Supervisory Board meeting for the approval of the consolidated financial statements for the year ended 31 December 2018 will take place on 26 April 2019.

Villach, 5 April 2019

The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Divisions and Central Staff Divisions (except BRVZ)
as well as Division 3L Russia

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

Dipl.-Ing. Dr. Peter Krammer
Responsibility Segment South + East
(except Division 3L Russia)

Dipl.-Ing. Siegfried Wanker
Responsibility Segment
International + Special Divisions

Dipl.-Ing. (FH) Alfred Watzl
Responsibility Segment North + West

List of subsidiaries, equity-accounted investments and investee companies as at 31.12.2018

Company	Residence	Direct stake %
Consolidated companies		
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH"	Spittal an der Drau	100.00
"Crnagoraput" AD, Podgorica	Podgorica	95.32
"SBS Strabag Bau Holding Service GmbH"	Spittal an der Drau	100.00
"STRABAG REAL ESTATE" EOOD	Sofia	100.00
"Strabag" d.o.o. Podgorica	Podgorica	100.00
"VITOSHA VIEW" EOOD	Sofia	100.00
"Wiener Heim" Wohnbaugesellschaft m.b.H.	Vienna	100.00
ABR Abfall Behandlung und Recycling GmbH	Schwadorf	100.00
AKA Zrt.	Budapest	100.00
Alpines Hartschotterwerk GmbH	Leinfelden-Echterdingen	100.00[1]
AMFI HOLDING Kft.	Budapest	100.00
ANTREPRIZA DE REPARATII SI LUCRARI A R L CLUJ SA	Cluj-Napoca	98.59
AO "Strabag"	Moscow	100.00
ARGE STRABAG	Cologne	100.00
ASIA Center Kft.	Budapest	100.00
Asphalt & Beton GmbH	Spittal an der Drau	100.00
AUSTRIA ASPHALT GmbH & Co OG	Spittal an der Drau	100.00
Bau Holding Beteiligungs GmbH	Spittal an der Drau	100.00
Baumann & Burmeister GmbH	Halle/Saale	100.00[1]
BBS Baustoffbetriebe Sachsen GmbH	Hartmannsdorf	100.00[1]
BEWO - Projekt Q4a Reininghausstraße GmbH & Co KG	Graz	60.00
BHG Bitumenhandelsgesellschaft mbH	Hamburg	100.00[1]
BHG CZ s.r.o.	Ceske Budejovice	100.00
BHG Sp. z o.o.	Pruszkow	100.00
BHK KRAKÓW JOINT VENTURE Sp. z o.o.	Warsaw	100.00
Bitumen Handelsgesellschaft m.b.H. & Co KG	Loosdorf	100.00
BITUNOVA Baustofftechnik Gesellschaft m.b.H.	Spittal an der Drau	100.00
BITUNOVA GmbH	Dusseldorf	100.00[1]
Bitunova Kft.	Budapest	100.00
BITUNOVA Romania SRL	Bucharest	100.00
BITUNOVA Sp. z o.o.	Warsaw	100.00
BITUNOVA spol. s r.o.	Jihlava	100.00
BITUNOVA spol. s r.o.	Zvolen	100.00
Blees-Kölling-Bau GmbH	Cologne	100.00[1]
BLUMENFELD Liegenschaftsverwaltungs GmbH	Vienna	100.00
Blutenburg Projekt GmbH	Cologne	100.00
Böhm Stadtbaumeister & Gebäudetechnik GmbH	Vienna	100.00
BONDENO INVESTMENTS LTD	Limassol	100.00
BrennerRast GmbH	Vienna	100.00
Bug-AluTechnic GmbH	Vienna	100.00
Campus Eggenberg Immobilienprojekt GmbH	Graz	60.00
Chustskij Karier	Zakarpatska	100.00[2]
CML Construction Services GmbH	Cologne	100.00
DC1 Immo GmbH	Vienna	100.00
Deutsche Asphalt GmbH	Cologne	100.00[1]
Diabaswerk Saalfelden Gesellschaft m.b.H.	Saalfelden	100.00
DIW Aircraft Services GmbH	Stuttgart	100.00[1]
DIW Instandhaltung GmbH	Stuttgart	100.00[1]
DIW Mechanical Engineering GmbH	Stuttgart	100.00[1]
DIW System Dienstleistungen GmbH	Fürstenfeldbruck	100.00[1]

1 For these companies, the option allowed by Sec 264 Para 3 or by Sec 264b of the German Commercial Code (HGB) was exercised.
2 Direct stake amounted to 95,96 % as at 31.12.2017.

Company	Residence	Direct stake %
DRP, d.o.o.	Ljubljana	100.00
DYWIDAG International GmbH	Munich	100.00[1]
Dywidag Saudi Arabia Co. Ltd.	Jubail	100.00
DYWIDAG-Holding GmbH	Cologne	100.00[1]
E S B Kirchhoff GmbH	Leinfelden-Echterdingen	100.00[1]
Eckstein Holding GmbH	Spittal an der Drau	100.00
Ed. Züblin AG	Stuttgart	100.00[1]
EFKON GmbH	Raaba	100.00
EFKON INDIA Pvt. Ltd.	Mumbai	100.00
EFKON SOUTH AFRICA (PTY) LTD	Pretoria	100.00
Erdberger Mais GmbH & Co KG	Vienna	100.00
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o.	Bratislava-Ruzinov	100.00
EVOLUTION GAMMA Sp. z o.o.	Warsaw	100.00
EVOLUTION ONE Sp. z o.o.	Warsaw	100.00
EVOLUTION THREE Sp. z o.o.	Warsaw	100.00
EVOLUTION TWO Sp. z o.o.	Warsaw	100.00
EXP HOLDING Kft.	Budapest	100.00[2]
F 101 Projekt GmbH & Co. KG	Cologne	100.00
F. Kirchhoff GmbH	Leinfelden-Echterdingen	100.00[1]
F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG	Wiener Neustadt	100.00
F.K. SYSTEMBAU GmbH	Münsingen	100.00[1]
Fahrleitungsbau GmbH	Essen	100.00[1]
First-Immo Hungary Kft.	Budapest	100.00
FRISCHBETON s.r.o.	Prague	100.00
Frissbeton Kft.	Budapest	100.00
Gaul GmbH	Sprendlingen	100.00
GBS Gesellschaft für Bau und Sanierung mbH	Leuna	100.00
Generál Mély- és Magasépitö Zrt.	Budapest	100.00
Goldeck Bergbahnen GmbH	Spittal an der Drau	100.00
Griproad Spezialbeläge und Baugesellschaft mbH	Cologne	100.00[1]
Hexagon Projekt GmbH & Co. KG	Cologne	100.00[1]
I.C.S. "STRABAG" S.R.L.	Chisinau	100.00
Ilbau GmbH Deutschland	Berlin	100.00
Ilbau Liegenschaftsverwaltung GmbH	Spittal an der Drau	100.00
InfoSys Informationssysteme GmbH	Spittal an der Drau	94.90
Innsbrucker Nordkettenbahnen Betriebs GmbH	Innsbruck	51.00
IQ Generalübernehmer GmbH & Co. KG	Oststeinbek	75.00
KAB Straßensanierung GmbH & Co KG	Spittal an der Drau	50.60
KAMENOLOMY CR s.r.o.	Ostrava	100.00
Kanzel Steinbruch Dennig Gesellschaft mit beschränkter Haftung	Gratkorn	75.00
KMG - KLIPLEV MOTORWAY GROUP A/S	Kopenhagen	100.00
KÖKA Kft.	Budapest	100.00
Krems Sunside Living Projektentwicklung GmbH	Vienna	100.00
KSR - Kamenolomy SR, s.r.o.	Zvolen	100.00
Kuhwald 55 Projekt GmbH & Co. KG	Cologne	100.00
Leopold Ungar Platz 3 GmbH	Vienna	100.00
Lift-Off GmbH & Co. KG	Cologne	100.00[1]
LIMET Beteiligungs GmbH	Cologne	100.00[1]
LIMET Beteiligungs GmbH & Co. Objekt Köln KG	Cologne	94.00[1]
M5 Beteiligungs GmbH	Vienna	100.00
M5 Holding GmbH	Vienna	100.00
MAV Kelheim GmbH	Kelheim	100.00
MAV Mineralstoff - Aufbereitung und - Verwertung GmbH	Krefeld	50.00[3]
MAV Mineralstoff - Aufbereitung und Verwertung Lünen GmbH	Lünen	100.00
Mineral Abbau GmbH	Spittal an der Drau	100.00
Mineral Baustoff GmbH	Cologne	100.00[1]
MINERAL IGM d.o.o.	Zapuzane	100.00
Mineral Polska Sp. z o.o.	Czarny Bor	100.00

1 For these companies, the option allowed by Sec 264 Para 3 or by Sec 264b of the German Commercial Code (HGB) was exercised.
2 The presentation of interest is done using the economic approach, the interest as defined by civil law may deviate from this presentation.
3 The voting rights according to the contract of association amount to 50% plus one vote.

Company	Residence	Direct stake %
MINERAL ROM SRL	Brasov	100.00
Mischek Bauträger Service GmbH	Vienna	100.00
Mischek Systembau GmbH	Vienna	100.00
Mitterhofer Projekt GmbH & Co. KG	Cologne	100.00[1]
MOBIL Baustoffe GmbH	Munich	100.00[1]
MOBIL Baustoffe GmbH	Spittal an der Drau	100.00
N.V. STRABAG Belgium S.A.	Antwerpen	100.00
N.V. STRABAG Benelux S.A.	Antwerpen	100.00
Na Belidle s.r.o.	Prague	100.00
NE Sander Immobilien GmbH	Sande	100.00[1]
Nimab Entreprenad AB	Sjöbo	100.00
Nottendorfer Gasse 13 Kom GmbH	Vienna	100.00
OAT - Bohr- und Fugentechnik Gesellschaft m.b.H.	Spittal an der Drau	51.00
OAT Kft.	Budapest	100.00
OOO "RANITA"	Moscow	100.00
OOO "STRABAG BRVZ"	Moscow	100.00
Osttiroler Asphalt Hoch- und Tiefbauunternehmung GmbH	Lavant i. Osttirol	80.00
PANSUEVIA GmbH & Co. KG	Jettingen-Scheppach	100.00[1]
POLSKI ASFALT Sp. z o.o.	Krakow	100.00
POMGRAD INZENJERING d.o.o.	Split	100.00
PUTEVI CACAK DOO	Cacak	100.00
Pyhrn Concession Holding GmbH	Cologne	100.00[1]
PZC SPLIT d.d.	Split	100.00[5]
PZP BEOGRAD doo	Beograd	100.00
Q4a Immobilien GmbH	Graz	60.00
Raststation A 3 GmbH	Vienna	100.00
RBS Rohrbau-Schweißtechnik Gesellschaft m.b.H.	Linz	100.00
RE Beteiligungsholding GmbH	Vienna	100.00
RE Klitschgasse Errichtungs GmbH	Vienna	67.00
RE Projekt Errichtungs GmbH	Vienna	100.00
RE Wohnraum GmbH	Vienna	100.00
RE Wohnungseigentumserrichtungs GmbH	Vienna	100.00
REPASS-SANIERUNGSTECHNIK GMBH Korrosionsschutz und Betoninstandsetzung	Munderkingen	100.00[1]
ROBA Transportbeton GmbH	Berlin	100.00[1]
Sakela Beteiligungsverwaltungs GmbH	Vienna	100.00
SAT s.r.o.	Prague	100.00
SAT Sp. z o.o.	Olawa	100.00
SAT Straßensanierung GmbH	Cologne	100.00[1]
SF Bau vier GmbH	Vienna	100.00
SF-Ausbau GmbH	Freiberg	100.00[1]
Shanghai Changjiang-Züblin Construction&Engineering Co.Ltd.	Shanghai	75.00
SILO DREI Beteiligungsverwaltungs GmbH & Co KG	Vienna	100.00
SILO DREI next LBG 57 Liegenschaftsverwertung GmbH & Co KG	Vienna	51.00
SILO II LBG 57 - 59 Liegenschaftsverwertung GmbH & Co KG	Vienna	51.00
SILO ZWEI Beteiligungsverwaltungs GmbH & Co KG	Vienna	100.00
SQUARE One GmbH & Co KG	Vienna	100.00
SQUARE Two GmbH & Co KG	Vienna	100.00
SRE Erste Vermögensverwaltung GmbH	Cologne	100.00
SRE Lux Projekt SQM 27E	Belvaux	100.00
SRE Projekt 1 GmbH & Co. KG	Cologne	100.00
STRABAG a.s.	Prague	100.00
STRABAG AB	Stockholm	100.00
STRABAG AG	Cologne	100.00[1]
STRABAG AG	Spittal an der Drau	100.00
STRABAG AG	Schlieren	100.00
STRABAG Általános Építö Kft.	Budapest	100.00
STRABAG Asfalt s.r.o.	Sobeslav	100.00
STRABAG B.V.	Vlaardingen	100.00

1 For these companies, the option allowed by Sec 264 Para 3 or by Sec 264b of the German Commercial Code (HGB) was exercised.
2 Direct stake amounted to 97,40 % as at 31.12.2017.

Company	Residence	Direct stake %
STRABAG Bau GmbH	Vienna	100.00
STRABAG BMTI GmbH	Erstfeld	100.00
STRABAG BMTI GmbH	Vienna	100.00
STRABAG BMTI GmbH & Co. KG	Cologne	100.00[1]
STRABAG BMTI Kft.	Budapest	100.00
STRABAG BMTI s.r.o.	Brno	100.00
STRABAG BMTI Sp. z o.o.	Pruszkow	100.00
STRABAG BRVZ AB	Kumla	100.00
STRABAG BRVZ AG	Erstfeld	100.00
STRABAG BRVZ d.o.o.	Ljubljana	100.00
STRABAG BRVZ d.o.o.	Zagreb	100.00
STRABAG BRVZ GmbH	Spittal an der Drau	100.00
STRABAG BRVZ GmbH & Co. KG	Cologne	100.00[1]
STRABAG BRVZ Kft.	Budapest	100.00
STRABAG BRVZ S.R.L.	Bucharest	100.00
STRABAG BRVZ s.r.o.	Bratislava	100.00
STRABAG BRVZ s.r.o.	Prague	100.00
STRABAG BRVZ Sp. z o.o.	Pruszkow	100.00
STRABAG d.o.o.	Novi Beograd	100.00
STRABAG d.o.o.	Zagreb	100.00
STRABAG d.o.o. Sarajevo	Sarajevo	100.00
STRABAG EAD	Sofia	100.00
STRABAG Építö Kft.	Budapest	100.00
STRABAG Építöipari Zrt.	Budapest	100.00
STRABAG Facility Management GmbH	Berlin	100.00[1]
STRABAG Facility Services GmbH	Nuremberg	100.00[1]
STRABAG Generálépitö Kft.	Budapest	100.00
STRABAG GmbH	Bad Hersfeld	100.00[1]
STRABAG gradbene storitve d.o.o.	Ljubljana	100.00
STRABAG Großprojekte GmbH	Munich	100.00[1]
STRABAG Holding GmbH	Vienna	100.00
Strabag Inc.	Toronto	100.00
STRABAG Industries (Thailand) Co.,Ltd.	Bangkok	100.00
STRABAG Infrastructure & Safety Solutions GmbH	Cologne	100.00[1]
STRABAG Infrastructure & Safety Solutions GmbH	Vienna	100.00
STRABAG INFRASTRUKTURA POLUDNIE Sp. z o.o.	Wroclaw	100.00
STRABAG Infrastrukturprojekt GmbH	Bad Hersfeld	100.00[1]
STRABAG International GmbH	Cologne	100.00[1]
STRABAG Kieserling Flooring Systems GmbH	Hamburg	100.00[1]
Strabag Liegenschaftsverwaltung GmbH	Linz	100.00
STRABAG OMAN L.L.C.	Muscat	100.00
STRABAG Pozemne a inzinierske stavitel'stvo s. r. o.	Bratislava	100.00
STRABAG Projektentwicklung GmbH	Cologne	100.00[1]
STRABAG Projektutveckling AB	Stockholm	100.00
STRABAG Property and Facility Services a.s.	Prague	100.00
STRABAG Property and Facility Services GmbH	Münster	100.00[1]
STRABAG Property and Facility Services GmbH	Vienna	100.00
STRABAG Property and Facility Services Zrt.	Budapest	51.00
STRABAG Rail a.s.	Usti nad Labem	100.00
STRABAG Rail AB	Kumla	100.00
STRABAG Rail Fahrleitungen GmbH	Berlin	100.00[1]
STRABAG Rail GmbH	Lauda-Königshofen	100.00[1]
STRABAG Rail Kft.	Budapest	100.00
STRABAG Real Estate GmbH	Cologne	94.90
STRABAG Real Estate GmbH	Vienna	100.00
STRABAG Real Estate Invest GmbH (vormals: JUKA Justizzentrum Kurfürstenanlage GmbH)	Cologne	100.00[1]
STRABAG Real Estate Kft.	Budapest	100.00
STRABAG S.A.S.	Bogotá, D.C.	100.00

1 For these companies, the option allowed by Sec 264 Para 3 or by Sec 264b of the German Commercial Code (HGB) was exercised.

Company	**Residence**	**Direct stake %**
STRABAG S.p.A.	Bologna	100.00
STRABAG s.r.o.	Bratislava	100.00
STRABAG SIA	Milzkalne	100.00
STRABAG Sp. z o.o.	Pruszkow	100.00
Strabag SpA	Santiago de Chile	100.00
STRABAG Sportstättenbau GmbH	Dortmund	100.00[1]
STRABAG SRL	Bucharest	100.00
STRABAG Sverige AB	Stockholm	100.00
STRABAG Umwelttechnik GmbH	Dusseldorf	100.00[1]
STRABAG Vasútépítö Kft.	Budapest	100.00
STRABAG Wasserbau GmbH	Hamburg	100.00[1]
STRABAG-MML Kft.	Budapest	100.00
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH	Vienna	100.00
Torkret GmbH	Stuttgart	100.00[1]
TPA CR, s.r.o.	Ceske Budejovice	100.00
TPA Gesellschaft für Qualitätssicherung und Innovation GmbH	Vienna	100.00
TPA GmbH	Cologne	100.00
TPA HU Kft.	Budapest	100.00
TPA odrzavanje kvaliteta i inovacija d.o.o.	Zagreb	100.00
TPA SOCIETATE PENTRU ASIGURAREA CALITATII SI INOVATII SRL	Bucharest	100.00
TPA Sp. z o.o.	Pruszkow	100.00
TPA Spolocnost pre zabezpecenie kvality a inovacie s.r.o.	Bratislava	100.00
TPA za obezbedenje kvaliteta i inovacije d.o.o. Beograd	Novi Beograd	100.00
Trema Engineering 2 sh p.k.	Tirana	51.00
Treuhandbeteiligung H		100.00[2]
Turm am Mailänder Platz GmbH & Co. KG	Stuttgart	100.00[1]
Viedenska brana s.r.o.	Bratislava	100.00
VIOLA PARK Immobilienprojekt GmbH	Vienna	75.00
VOJVODINAPUT-PANCEVO DOO	Pancevo	100.00
Wohnquartier Reininghausstraße GmbH	Graz	60.00
Wolfer & Goebel Bau GmbH	Stuttgart	100.00[1]
Z. Brückenbau Immobiliengesellschaft mbH & Co. KG	Cologne	94.90[1]
Z. Holzbau Immobiliengesellschaft mbH & Co. KG	Cologne	94.90[1]
Z. Immobiliengesellschaft mbH & Co. KG	Cologne	94.90[1]
Z. Sander Immobiliengesellschaft mbH & Co. KG	Cologne	94.90[1]
Z. Stahlbau Immobiliengesellschaft mbH & Co. KG	Cologne	94.90[1]
Z-Bau GmbH	Magdeburg	100.00[1]
ZDE Sechste Vermögensverwaltung GmbH	Cologne	100.00
Zezelivskij karier TOW	Zezelev	100.00[3]
Züblin A/S	Trige	100.00
ZÜBLIN Bau GmbH	Munich	100.00[1]
Züblin Chimney and Refractory GmbH	Cologne	100.00[1]
Züblin Chuquicamata SpA	Santiago de Chile	100.00
Züblin Construction L.L.C.	Abu Dhabi	100.00
Züblin Egypt LLC	Cairo	100.00
Züblin Ground and Civil Engineering LLC	Dubai	100.00
Züblin Hoch- und Brückenbau GmbH	Bad Hersfeld	100.00[1]
Züblin Holding GesmbH	Vienna	100.00
Züblin Inc.	Saint John/NewBrunswick	100.00
Züblin International GmbH	Stuttgart	100.00[1]
Züblin International GmbH Chile SpA	Santiago de Chile	100.00
Züblin Kft.	Budapest	100.00
Züblin Nederland B.V.	Breda	100.00
ZUBLIN PRECAST INDUSTRIES SDN. BHD.	Johor	100.00
Züblin Projektentwicklung GmbH	Stuttgart	94.88[1]
ZUBLIN ROMANIA SRL	Bucharest	100.00
Züblin Scandinavia AB	Stockholm	100.00
Züblin Sp. z o.o.	Pruszków	100.00

1 For these companies, the option allowed by Sec 264 Para 3 or by Sec 264b of the German Commercial Code (HGB) was exercised.
2 The presentation of interest is done using the economic approach, the interest as defined by civil law may deviate from this presentation.
3 Direct stake amounted to 99,36 % as at 31.12.2017.

Company	Residence	Direct stake %
Züblin Spezialtiefbau Ges.m.b.H.	Vienna	100.00
Züblin Spezialtiefbau GmbH	Stuttgart	100.00[1]
Züblin Stahlbau GmbH	Hosena	100.00[1]
ZÜBLIN stavebni spol. s r.o.	Prague	100.00
ZÜBLIN Timber Gaildorf GmbH	Gaildorf	100.00[1]
ZÜBLIN Timber GmbH	Aichach	100.00[1]
Züblin Umwelttechnik GmbH	Stuttgart	100.00[1]

Equity accounted associate

A-Lanes A15 Holding B.V.	Nieuwegein	24.00
Bayerische Asphaltmischwerke GmbH & Co.KG für Straßenbaustoffe	Hofolding	48.33
Bodensee - Moränekies Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft Tettnang	Tettnang	33.33
DESARROLLO VIAL AL MAR S.A.S.	Medellin	37.50
DIRECTROUTE (LIMERICK) HOLDINGS LIMITED	Fermoy	20.00
Lafarge Cement CE Holding GmbH	Vienna	30.00
MAK Mecsek Autopalya Koncesszios Zrt.	Budapest	50.00
Natursteinwerke im Nordschwarzwald NSN GmbH & Co. KG	Mühlacker	25.00
SeniVita Social Estate AG	Bayreuth	46.00
SOCIETATEA COMPANIILOR HOTELIERE GRAND SRL	Bucharest	35.32
Strabag Qatar W.L.L.	Doha	49.00
Züblin International Qatar LLC	Doha	49.00

Equity accounted joint venture

A2 ROUTE Sp. z o.o.	Pruszkow	50.00
AMB Asphaltmischwerke Bodensee GmbH & Co KG	Singen (Hohentwiel)	50.00
AMH Asphaltmischwerk Hauneck GmbH & Co. KG	Hauneck	50.00
Autocesta Zagreb-Macelj d.o.o.	Zagreb	51.00[2]
FLARE Living GmbH & Co. KG	Cologne	50.00
Kieswerk Rheinbach GmbH & Co. KG	Rheinbach	50.00
Kieswerke Schray GmbH & Co. KG	Steißlingen	50.00
Messe City Köln GmbH & Co. KG	Hamburg	50.00
MesseCity Köln Generalübernehmer GmbH & Co. KG	Oststeinbek	50.00
PANSUEVIA Service GmbH & Co. KG	Jettingen-Scheppach	50.00
Steinbruch Spittergrund GmbH	Erfurt	50.00
Thüringer Straßenwartungs- und Instandhaltungsgesellschaft mbH & Co. KG	Apfelstädt	50.00

Subsidiaries not consolidated

"BITUNOVA" S.R.L.	Chisinau	100.00
"DOMIZIL" Bauträger GmbH	Vienna	100.00
"Granite Mining Industries" Sp. z o.o.	Braslau	100.00
"IWL Pernik" EOOD	Pernik	100.00
"Mineral 2000" EOOD	Sofia	100.00
"RE PROJECT DEVELOPMENT" Sp. z o.o.	Warsaw	100.00
"Strabag Azerbaijan" L.L.C.	Baku	100.00
A 94 Autobahn Verwaltungs GmbH	Cologne	100.00
A.S.T. Bauschuttverwertung GmbH	Klagenfurt	66.67
A.S.T. Bauschuttverwertung GmbH & Co KG	Klagenfurt	66.67
AB Frischbeton Gesellschaft m.b.H.	Vienna	100.00
Al-Hani General Construction Inc.	Tripolis	60.00
AMH Asphaltmischwerk Hellweg GmbH i.L.	Erwitte	50.50
A-Modell Ulm-Augsburg Verwaltungsgesellschaft mbH	Jettingen-Scheppach	100.00

1 For these companies, the option allowed by Sec 264 Para 3 or by Sec 264b of the German Commercial Code (HGB) was exercised.
2 There ar deviating contractual provisions about this joint venture.

Company	Residence	Direct stake %
Arriba GmbH	Stuttgart	100.00
Asesorías de Ingenería y Construcciones Ltda.	Santiago	100.00
Asfalt Slaski Wprinz Sp.z o.o.	Warsaw	100.00
Asphaltmischwerk Rieder Vomperbach GmbH	Innsbruck	60.00
Asphaltmischwerk Rieder Vomperbach GmbH & Co KG	Innsbruck	60.00
Asphaltmischwerk Roppen GmbH	Roppen	70.00
Asphaltmischwerk Roppen GmbH & Co KG	Roppen	70.00
Asphaltmischwerk Zeltweg Gesellschaft m.b.H.	Steyr	100.00
AUSTRIA ASPHALT GmbH	Spittal an der Drau	100.00
A-WAY Zrt.	Újhartyán	100.00
AWB Asphaltmischwerk Büttelborn GmbH & Co. KG	Büttelborn	100.00
AWB Asphaltmischwerk Büttelborn Verwaltungs-GmbH	Büttelborn	100.00
B + R Baustoff-Handel und -Recycling Köln GmbH	Cologne	100.00
Baugesellschaft "Negrelli" Ges.m.b.H.	Vienna	100.00
Bauträgergesellschaft Olande mbH	Hamburg	51.00
BAYSTAG GmbH	Wildpoldsried	100.00
Beijing Züblin Equipment Production Co., Ltd.	Beijing	100.00
Betobeja Empreendimentos Imobiliarios, Lda	Beja	100.00
Beton AG Bürglen	Bürglen TG	65.60
BHG Bitumen Adria d.o.o.	Zagreb	100.00
BHG Bitumen d.o.o. Beograd	Belgrad	100.00
BHG Bitumen Kft.	Budapest	100.00
BHG COMERCIALIZARE BITUM SRL	Bucharest	100.00
BHG SK s.r.o.	Bratislava	100.00
BHV GmbH Brennstoffe - Handel - Veredelung	Lünen	100.00
Bitumen Handelsgesellschaft m.b.H.	Vienna	100.00
BITUNOVA UKRAINA TOW	Brovary	60.00
BPM Bau Prozess Management GmbH	Vienna	100.00
BrennerWasser GmbH	Vienna	100.00
BRVZ-Contabilidade, Organizacao,Representacao e Administracao de Empresas,S.U.,Lda	Lissabon	100.00
BSB Betonexpress Verwaltungsges.mbH	Berlin	100.00
BSS Tunnel- & Montanbau GmbH i.L.	Bern	100.00
BVHS Betrieb und Verwaltung von Hotel- und Sportanlagen GmbH	Berlin	100.00
Center Systems Deutschland GmbH	Berlin	100.00
CENTRUM BUCHAREST DEVELOPMENT SRL	Bucharest	100.00
CML Construction Services AB	Stockholm	100.00
CML CONSTRUCTION SERVICES d.o.o.	Zagreb	100.00
CML Construction Services d.o.o. Beograd	Belgrad	100.00
CML Construction Services GmbH	Vienna	100.00
CML Construction Services GmbH	Schlieren	100.00
CML CONSTRUCTION SERVICES s. r. o.	Bratislava	100.00
CML CONSTRUCTION SERVICES s.r.o.	Prague	100.00
CML CONSTRUCTION SERVICES Sp. z o.o.	Pruszkow	100.00
CML CONSTRUCTION SERVICES SRL	Bucharest	100.00
CML Construction Services Zrt.	Budapest	100.00
Coldmix B.V.	Roermond	100.00
CONFINARIO LTD	Limassol	100.00
Constrovia Construcao Civil e Obras Publicas Lda.	Lissabon	95.00
Cottbuser Frischbeton GmbH	Cottbus	100.00
Demirtürk Uluslararasi Insaat, Ithalat, Ihracat ve Ticaret Sirketi	Istanbul	100.00
DISTRICT DEVELOPMENT SRL	Bucharest	100.00
DRUMCO SA	Timisoara	70.00
DYWIDAG ROMANIA SRL	Bucharest	100.00
DYWIDAG Schlüsselfertig und Ingenieurbau GmbH	Munich	100.00
DYWIDAG-Service-GmbH Gebäude- und Anlagenmanagement	Bad Hersfeld	100.00
E.S.T.M. KFT	Budapest	100.00
EBERHARDT Baugesellschaft mbH Deutschland	Berlin	100.00

Company	**Residence**	**Direct stake %**
ECS European Construction Services GmbH i.L.	Mörfelden-Walldorf	100.00
EDEN Jizni roh s.r.o.	Prague	100.00
Edificio Bauvorbereitungs- und Bauträgergesellschaft mb.H.	Vienna	100.00
EFKON ASIA SDN. BHD.	Kuala Lumpur	100.00
EFKON Belgium BVBA	Antwerpen	100.00
EFKON COLOMBIA LTDA	Bogota	100.00
EFKON IRELAND LIMITED	Dublin	100.00
EFKON USA, INC.	Dallas	100.00
Egger PowAir Cleaning GmbH	Eugendorf	75.00
Eichholz Eivel GmbH	Berlin	100.00
Eraproject Immobilien-, Projektentwicklung und Beteiligungsverwaltung GmbH	Berlin	100.00
Erlaaer Straße Liegenschaftsverwertungs-GmbH	Vienna	100.00
ERMATEC Maschinen Technische Anlagen Gesellschaft m.b.H.	Vienna	100.00
Erste Nordsee-Offshore-Holding GmbH	Vienna	51.00
Eslarngasse 16 GmbH	Vienna	100.00
EURO SERVICES Catering & Cleaning GmbH	Mörfelden-Walldorf	100.00
EUROTEC ANGOLA, LDA	Luanda	100.00
F 101 Verwaltungs GmbH	Cologne	100.00
Fachmarktzentrum Kielce Projekt GmbH	Berlin	100.00
Facility Management Holding RF GmbH	Vienna	100.00
FLOGOPIT d.o.o. Beograd	Novi Beograd	100.00
FLOWER CITY SRL	Bucharest	100.00
Forum Mittelrhein Beteiligungsgesellschaft mbH	Hamburg	51.00
Forum Mittelrhein Koblenz Generalübernehmergesellschaft mbH & Co.KG	Oststeinbek	51.00
Forum Mittelrhein Koblenz Kultur GmbH & Co. KG	Hamburg	51.00
Freo Projektentwicklung Berlin GmbH	Berlin	50.10
Frisspumpa Kft.	Budapest	100.00
Fürstenallee 21 GmbH	Vienna	100.00
FUSSENEGGER Hochbau und Holzindustrie GmbH	Dornbirn	100.00
Gartensiedlung Lackenjöchel Liegenschaftsverwertungs GmbH	Vienna	100.00
GIBAG - Glasfaserinfrastrukturentwicklungs- und Bauges.m.b.H.	Vienna	100.00
GTE-Gebäude-Technik-Energie-Betriebs- und Verwaltungsgesellschaft m.b.H.	Vienna	61.00
GTE-Gebäude-Technik-Energie-Betriebs- und Verwaltungsgesellschaft m.b.H. & Co. KG	Vienna	62.00
Heimfeld Terrassen GmbH	Cologne	100.00
Hillerstraße - Jungstraße GmbH	Vienna	100.00
HMC Autópálya Kft.	Budapest	100.00
Hotel AVION Management s.r.o.	Bratislava	100.00
Hotel AVION s.r.o.	Bratislava	100.00
HPGG Beteiligungs GmbH	Spittal an der Drau	100.00
Hrusecka obalovna, s.r.o.	Hrusky	80.00
IBV - Immobilien Besitz- und Verwaltungsgesellschaft mbH Werder i. L.	Cologne	99.00
INDUSTRIJA GRADEVNOG MATERIJALA OSTRA d.o.o.	Zagreb	100.00
Intolligent Toll Road Management Pvt. Ltd.	Mumbai	100.00
I-PAY CLEARING SERVICES Pvt. Ltd.	Mumbai	100.00
IQ Plan Beteiligung GmbH	Oststeinbek	75.00
IQ Plan GmbH & Co. KG	Hamburg	75.00
ITC Engineering GmbH & Co. KG	Stuttgart	100.00
ITC Engineering Verwaltungs GmbH	Stuttgart	100.00
IVERUS ENTERPRISES LTD	Limassol	100.00
JBA GmbH	Cologne	50.10
JV HEILIT Umwelttechnik-BioPlanta S.R.L.	Orhei	100.00
KAB Straßensanierung GmbH	Spittal an der Drau	50.60
Karlovarske silnice, a.s.	Ceske Budejovice	100.00
KFX Holding Kft.	Budapest	100.00
Kieswerk Diersheim GmbH	Rheinau/Baden	60.00
Kieswerk Ohr GmbH	Cologne	100.00
Kirchner Baugesellschaft m.b.H.	Spittal an der Drau	100.00
Kirchner PPP Service GmbH	Bad Hersfeld	100.00

Company	Residence	Direct stake %
KIRCHNER ROMANIA SRL	Bucharest	100.00
KRAMARE s.r.o. v likvidacii	Bratislava	100.00
Latasfalts SIA	Milzkalne	100.00
Leonhard Moll Tiefbau GmbH	Munich	100.00
Lieferasphalt Gesellschaft m.b.H. & Co OG, Viecht	Viecht	66.50
Lieferasphalt Gesellschaft m.b.H. & Co. OG	Maria Gail	60.00
Ludwig Voss GmbH	Cuxhaven	100.00
MANIERITA LTD	Limassol	100.00
MAYREN ENTERPRISES LTD	Limassol	100.00
MAYVILLE INVESTMENTS Sp. z o.o. "W LIKWIDACJI"	Warsaw	100.00
Mazowieckie Asfalty Sp.z o.o.	Pruszkow	100.00
MBO UK d.o.o.	Ljubljana	100.00
MHA Projekt GmbH	Vienna	100.00
Mikrobiologische Abfallbehandlungs GmbH	Schwadorf	51.00
Mischek Leasing eins Gesellschaft m.b.H.	Vienna	100.00
Mister Recrutamento Lda.	Lissabon	100.00
Mobil Baustoffe AG	Erstfeld	100.00
Möbius Wasserbau GmbH	Hamburg	100.00
MSO Mischanlagen GmbH Ilz & Co KG	Ilz	52.81
MSO Mischanlagen GmbH Pinkafeld & Co KG	Pinkafeld	52.67
MUST Razvoj projekata d.o.o. u likvidaciji	Zagreb	100.00
NEUE REFORMBAU Gesellschaft m.b.H.	Vienna	100.00
Nimab Anläggning AB	Sjöbo	100.00
Nimab Support AB	Sjöbo	100.00
Northern Energy GAIA I. GmbH	Aurich	100.00
Northern Energy GAIA II. GmbH	Aurich	100.00
Northern Energy GAIA III. GmbH	Aurich	100.00
Northern Energy GAIA IV. GmbH	Aurich	100.00
Northern Energy GAIA V. GmbH	Aurich	100.00
Northern Energy SeaStorm I. GmbH	Aurich	100.00
Northern Energy SeaStorm II. GmbH	Aurich	100.00
Northern Energy SeaWind I. GmbH	Aurich	100.00
Northern Energy SeaWind II. GmbH	Aurich	100.00
Northern Energy SeaWind III GmbH	Aurich	100.00
Northern Energy SeaWind IV. GmbH	Aurich	100.00
Nottendorfer Gasse 13 GmbH	Vienna	100.00
NR Bau- u. Immobilienverwertung GmbH	Berlin	100.00
OAT spol. s r.o.	Bratislava	100.00
OAT,s.r.o.	Prague	100.00
OBIT GmbH	Berlin	100.00
OBZ Oberkärntner Baurestmassenzentrum GmbH	Spittal an der Drau	100.00
ODEN Anläggning Fastighets AB	Stockholm	100.00
ODEN Entreprenad Fastighets AB	Stockholm	100.00
Offshore Services Cuxhaven GmbH	Cologne	100.00
Offshore Wind Logistik GmbH	Stuttgart	100.00
OOO "CML"	Moscow	100.00
OOO "Dywidag International"	Moscow	100.00
OOO "RE"	Moscow	100.00
OOO "STROJMONTAZHGRUPP"	Moscow	100.00
OOO "TPA"	Moscow	100.00
Passivhaus Kammelweg Bauträger GmbH	Vienna	100.00
PGA Projekt GmbH	Cologne	100.00
PH Bau Erfurt GmbH	Erfurt	100.00
Poltec Sp. z o.o. i.L.	Wroclaw	100.00
PPP Conrad-von-Ense-Schule GmbH	Bad Hersfeld	100.00
PPP Management GmbH	Cologne	100.00
PPP Schulen Kreis Düren GmbH	Bad Hersfeld	100.00
PPP Schulen Monheim am Rhein GmbH	Bad Hersfeld	100.00

Company	Residence	Direct stake %
PPP SchulManagement Witten GmbH & Co. KG	Cologne	100.00
PPP SeeCampus Niederlausitz GmbH	Bad Hersfeld	100.00
PRID-CIECHANOW Sp.z o.o.	Ciechanow	100.00
PRO Liegenschaftsverwaltungs- und Verwertungsgesellschaft m.b.H.	Vienna	100.00
Prottelith Produktionsgesellschaft mbH	Liebenfels	52.00
PRZEDSIEBIORSTWO ROBOT DROGOWYCH Sp.z o.o. W LIKWIDACJI	Choszczno	100.00
RBZ Holding Kft.	Budapest	100.00
RE PROJECT DEVELOPMENT SRL	Bucharest	100.00
Reutlinger Asphaltmischwerk Verwaltungs GmbH	Reutlingen	100.00
Rezidencie Machnac, s.r.o.	Bratislava	100.00
RGL Rekultivierungsgesellschaft Langentrog mbH	Langenargen	80.00
Rhein-Regio Neuenburg Projektentwicklung GmbH	Neuenburg am Rhein	90.00
ROBA Kieswerk Merseburg GmbH i.L.	Merseburg	100.00
Rößlergasse Bauteil Sechs GmbH	Vienna	100.00
RST Rail Systems and Technologies GmbH	Barleben	82.00
S.U.S. Abflussdienst Gesellschaft m.b.H.	Vienna	100.00
SAN GALLY HOME LTD	Limassol	100.00
SAT REABILITARE RECICLARE SRL	Cluj-Napoca	100.00
SAT SANIRANJE cesta d.o.o.	Zagreb	100.00
SAT SLOVENSKO s.r.o.	Bratislava	100.00
SAT Ukraine	Brovary	100.00
SAT Útjavító Kft.	Budapest	100.00
Schiffmühlenstraße 120 GmbH	Vienna	100.00
Schotter- und Kies-Union GmbH & Co. KG	Leipzig	57.90
Schotter- und Kies-Union Verwaltungsgesellschaft mbH	Leipzig	100.00
SCHOTTERWERK EDLING GESELLSCHAFT M.B.H.	Spittal an der Drau	74.00
SEF Netz-Service GmbH	Munich	100.00
SENSOR Dichtungs-Kontroll-Systeme GmbH	Neustadt in Holstein	100.00
SF-BAU-Grundstücksgesellschaft "ABC-Bogen" mbH	Cologne	100.00
SILO DREI Komplementärgesellschaft m.b.H.	Vienna	51.00
SILO II Komplementärgesellschaft m.b.H.	Vienna	51.00
SPK - Errichtungs- und Betriebsges.m.b.H.	Spittal an der Drau	100.00
SRE Lux Projekt BN 20	Belvaux	100.00
SRE Zweite Vermögensverwaltung GmbH	Cologne	100.00
Steffes-Mies GmbH	Sprendlingen	100.00
STHOI Co., Ltd.	Bangkok	100.00
STR Mély- és Magasépítö Kft	Budapest	100.00
STRABAG (B) Sdn Bhd	Bandar Seri Begawan	100.00
STRABAG A/S	Trige	100.00
STRABAG ABU DHABI LLC	Abu Dhabi	100.00
STRABAG Algerie EURL	Algier	100.00
STRABAG Anlagentechnik GmbH	Thalgau	100.00
STRABAG Aszfalt Kft.	Budapest	100.00
STRABAG AUSTRALIA PTY LTD	Brisbane	100.00
STRABAG BahnLogistik GmbH	Gerasdorf bei Wien	100.00
STRABAG Baustoffaufbereitung und Recycling GmbH	Dusseldorf	51.00
STRABAG Beton GmbH & Co. KG	Berlin	100.00
STRABAG BMTI BVBA	Antwerpen	100.00
STRABAG BMTI d.o.o.	Zagreb	100.00
STRABAG BMTI D.O.O. BEOGRAD	Novi Beograd	100.00
STRABAG BMTI Rail Service GmbH	Berlin	100.00
STRABAG BMTI S.R.L.	Bucharest	100.00
STRABAG BMTI s.r.o.	Bratislava	100.00
STRABAG BMTI Verwaltung GmbH	Cologne	100.00
STRABAG BRVZ A/S	Trige	100.00
STRABAG BRVZ BVBA	Antwerpen	100.00
STRABAG BRVZ d.o.o. BEOGRAD	Novi Beograd	100.00
STRABAG BRVZ EOOD	Sofia	100.00

Company	Residence	Direct stake %
STRABAG BRVZ SRL	Bologna	100.00
STRABAG BRVZ Verwaltung GmbH	Cologne	100.00
STRABAG Construction Co., Ltd.	Bangkok	100.00
STRABAG Corp.	Delaware	100.00
STRABAG Dredging GmbH	Hamburg	100.00
STRABAG DROGI WOJEWODZKIE Sp. z o.o.	Pruszków	100.00
STRABAG Dubai LLC	Dubai	100.00
STRABAG Energy Technologies GmbH	Vienna	100.00
STRABAG FACILITY MANAGEMENT SRL	Bucharest	100.00
STRABAG HYDROTECH Sp. z o.o.	Pruzkow	100.00
STRABAG India Private Limited	Mumbai	100.00
STRABAG Infrastructure & Safety Solutions GmbH	Erstfeld	100.00
STRABAG Infrastruktur Development	Moscow	100.00
STRABAG Krankenhaus Errichtungs- und BetriebsgmbH	Vienna	99.00
STRABAG Logisztika Kft.	Budapest	100.00
STRABAG Motorway GmbH	Spittal an der Drau	100.00
STRABAG Offshore Wind GmbH	Stuttgart	100.00
STRABAG OW EVS GmbH i. L.	Hamburg	51.00
STRABAG Oy	Helsinki	100.00
STRABAG Property and Facility Services d.o.o.	Zagreb	100.00
STRABAG Property and Facility Services s.r.o.	Bratislava	55.00
Strabag Property and Facility Services Sp.z.o.o.	Pruszkow	100.00
STRABAG Ray Ltd. Sti.	Ankara	100.00
STRABAG Residential Property Services GmbH	Berlin	99.51
Strabag RS d.o.o.	Banja Luka	100.00
STRABAG Szolnoki Aszfalt Kft.	Budapest	100.00
STRABAG Unterstützungskasse GmbH i.L.	Cologne	100.00
STRABAG Versicherungsvermittlung GmbH	Cologne	100.00
STRABAG Vorrat Drei GmbH	Vienna	100.00
STRABAG Vorrat Eins GmbH	Vienna	100.00
STRABAG Vorrat Zwei GmbH	Vienna	100.00
STRABAG-PROJEKT 2 Sp.z o.o.	Pruszkow	100.00
STRABAG-PROJEKT Sp.z o.o.	Pruszkow	100.00
STRABIL STRABAG Bildung im Lauenburgischen GmbH	Cologne	100.00
Südprojekt A-Modell GmbH & Co. KG	Bad Hersfeld	100.00
Südprojekt A-Modell Verwaltung GmbH	Bad Hersfeld	100.00
SWO (SOLID WASTE OPERATION) PRAHOVA S.R.L.	Bucharest	100.00
SZYBKI TRAMWAY Sp. z o.o.	Pruszkow	100.00
TETI TRAFFIC	Centurion	54.00
TolLink Pakistan (Private) Limited	Islamabad	60.00
TOO STRABAG Kasachstan	Astana	100.00
TPA EOOD	Sofia	100.00
TPA Gesellschaft für Qualitätssicherung und Innovation GmbH	Erstfeld	100.00
Trema Engineering 2 Sh.p.k.	Pristina	100.00
Treuhandbeteiligung B		100.00
Treuhandbeteiligung Q		100.00
UND-FRISCHBETON s.r.o.	Kosice	75.00
Universitätszentrum Althanstraße Erweiterungsgesellschaft m.b.H.	Vienna	100.00
VAM-Valentiner Asphaltmischwerk Gesellschaft m.b.H.	Linz	75.00
VAM-Valentiner Asphaltmischwerk Gesellschaft m.b.H. & Co.KG	Linz	75.00
Vasagatan Op6 Holding AB	Solna	100.00
Verwaltung Forum Mittelrhein Koblenz Generalübernehmergesellschaft mbH	Oststeinbek	51.00
WMB Drogbud Sp.z o.o.	Lubojenka	51.00
Wohnbauträgergesellschaft Objekt "Freising - Westlich der Jagdstraße" mbH	Cologne	100.00
Wohnen am Krautgarten Bauträger GmbH	Vienna	100.00
Wollhaus HN GmbH & Co. KG	Cologne	100.00
WSK PULS GmbH	Erfurt	100.00
Z.P.C. Deutschland GmbH	Stuttgart	100.00

Company	**Residence**	**Direct stake %**
Z.P.C. Lda	Amadora	100.00
Z-Bau Immobilien Verwaltungs GmbH	Cologne	100.00
ZDE Siebte Vermögensverwaltung GmbH	Cologne	100.00
Z-Design EOOD	Sofia	100.00
ZS Real Estate AG in Liquidation	Opfikon	100.00
Züblin (Thailand) Co. Ltd.	Bangkok	100.00
Züblin AS	Oslo	100.00
Züblin Australia Pty Ltd	Perth	100.00
Züblin Bulgaria EOOD	Sofia	100.00
Zublin Corporation	Wilmington	100.00
Züblin Engineering Consulting (Shanghai) Co., Ltd.	Shanghai	100.00
ZÜBLIN Haustechnik Mainz GmbH	Mainz	100.00
Züblin Holding (Thailand) Co. Ltd.	Bangkok	79.35
Züblin Hrvatska d.o.o.	Zagreb	100.00
Züblin International Malaysia Sdn. Bhd.	Kuala Lumpur	100.00
Züblin Ireland Limited	Dublin	100.00
Zublin Saudi Arabia LLC	Riyadh	100.00
Züblin Services GmbH	Stuttgart	100.00
Zucotec - Sociedade de Construções, Unip., Lda.	Amadora	100.00
Zweite Nordsee-Offshore-Holding GmbH	Vienna	51.00

Investee companies not consolidated

"kabelwerk" bauträger gmbh	Vienna	25.00
"Zentrum Puntigam" Errichtungs- und Betriebsgesellschaft m.b .H. in Liqu.	Vienna	50.00
ABO Asphalt-Bau Oeynhausen GmbH.	Oeynhausen	22.50
AGS Asphaltgesellschaft Stuttgart GmbH & Co.Kommanditgesellschaft	Stuttgart	40.00
AGS Asphaltgesellschaft Stuttgart Verwaltungs-GmbH	Stuttgart	40.00
AL SRAIYA - STRABAG Road & Infrastructure WLL	Doha	49.00
A-Lanes Management Services B.V.	Utrecht	25.00
AMB Asphalt-Mischanlagen Betriebsgesellschaft m.b.H.	Zistersdorf	40.00
AMB Asphalt-Mischanlagen Betriebsgesellschaft m.b.H.& Co.KG	Zistersdorf	40.00
AMG - Asphaltmischwerk Gunskirchen Gesellschaft m.b.H.	Linz	33.33
AMG-Asphaltmischwerk Gunskirchen Gesellschaft m.b.H. & Co.KG	Linz	33.33
AMH Asphaltmischwerk Hauneck Verwaltungs GmbH	Hauneck	50.00
AML - Asphaltmischwerk Limberg Gesellschaft m.b.H.	Limberg	50.00
AMS-Asphaltmischwerk Süd Gesellschaft m.b.H.	Linz	35.00
AMSS Asphaltmischwerke Sächsische Schweiz GmbH & Co. KG	Dresden	24.00
AMSS Asphaltmischwerke Sächsische Schweiz Verwaltungs GmbH	Dresden	24.00
AMWE-Asphaltmischwerke GmbH i.L.	Consrade	49.00
Anton Beirer Hartsteinwerke GmbH & Co KG	Pinswang	50.00
Arena Development	Hasselt	50.00
ASAMER Baustoff Holding Wien GmbH	Vienna	30.93
ASAMER Baustoff Holding Wien GmbH & Co.KG	Vienna	30.93
ASB Bau GmbH & Co. KG	Inzigkofen	50.00
ASB Transportbeton GmbH & CO.KG	Osterweddingen	50.00
ASF Frästechnik GmbH	Kematen	40.00
ASF Frästechnik GmbH & Co KG	Kematen	40.00
ASG INVEST N.V.	Genk	25.00
Asphalt Straßenbau Verwaltungs-GmbH	Inzigkofen	50.00
Asphaltmischwerk Betriebsgesellschaft m.b.H.	Rauchenwarth	20.00
Asphaltmischwerk Betriebsgesellschaft m.b.H. & Co KG	Rauchenwarth	20.00
Asphaltmischwerk Bodensee Verwaltungs GmbH	Singen (Hohentwiel)	50.00
Asphaltmischwerk Greinsfurth GmbH	Amstetten	33.33
Asphaltmischwerk Greinsfurth GmbH & Co OG	Amstetten	33.33
Asphaltmischwerk Kundl GmbH	Kundl	50.00
Asphaltmischwerk Kundl GmbH & Co KG	Kundl	50.00

Company	Residence	Direct stake %
ASTRA - BAU Gesellschaft m.b.H. Nfg. OG	Bergheim	50.00
AUT Grundstücksverwaltungsgesellschaft mbH	Stuttgart	40.00
A-WAY LAGAN INFRASTRUCTURE SERVICES LIMITED	Ballyoran, Castlelyons, Co. Cork	50.00
AWM Asphaltwerk Mötschendorf Gesellschaft m.b.H.	Graz	50.00
AWM Asphaltwerk Mötschendorf GmbH & Co.KG	Graz	50.00
BASALT-KÖZÉPKÖ Köbányák Kft	Uzsa	25.14
Bayerische Asphaltmischwerke Gesellschaft mit beschränkter Haftung	Hofolding	48.29
BBO Bauschuttaufbereitung Verwaltungsgesellschaft mbH	Steißlingen	33.33
BBO Bodensee/Hegau Bauschuttaufbereitung GmbH & Co. KG	Steißlingen	22.22
BBO Bodenseekreis Bauschuttaufbereitung GmbH & Co. KG	Steißlingen	25.00
Beton Pisek spol. s.r.o.	Pisek	50.00
Betun Cadi SA	Trun	35.00
Brnenska obalovna, s.r.o.	Brno	50.00
BRW Baustoff-Recycling GmbH & Co KG	Wesseling	25.00
BS-Baugeräte-Service GmbH & Co. KG i.L.	Augsburg	25.00
BS-Baugeräte-Service-Verwaltungsgesellschaft mbH i.L.	Augsburg	25.00
C.S.K.K. 2009. Kft.	Budapest	30.00
Continental Apartements Stockholm Holding AB	Stockholm	50.00
Continental Apartments View AB	Stockholm	50.00
Continental Living Stockholm AB	Stockholm	50.00
CSE Centrum-Stadtentwicklung GmbH i.L.	Cologne	50.00
DAM Deutzer Asphaltmischwerke GmbH & Co. KG	Cologne	40.44
DAM Deutzer Asphaltmischwerke Verwaltungs-GmbH	Cologne	40.44
DC Waterline GmbH	Vienna	50.00
Diabaswerk Nesselgrund GmbH & Co KG	Floh-Seligenthal	20.00
Diabaswerk Nesselgrund Verwaltungs-GmbH	Floh-Seligenthal	20.00
Diófa Apartments Kft.	Budapest	50.00
DIRECTROUTE (FERMOY) CONSTRUCTION LIMITED	Dublin	25.00
DIRECTROUTE (LIMERICK) CONSTRUCTION LIMITED	Fermoy	40.00
DIRECTROUTE (TUAM) CONSTRUCTION LIMITED	Dublin	25.00
Donau City Residential GmbH	Vienna	50.00
DYWIDAG Verwaltungsgesellschaft mbH	Munich	50.00
Eisen Blasy Reutte GmbH	Pflach	50.00
Entwicklung Quartier am Mailänder Platz Beteiligungsgesellschaft mbH	Hamburg	50.00
Entwicklung Quartier am Mailänder Platz Management GmbH	Hamburg	50.00
Entwicklung Quartier am Mailänder Platz Nr. 1 GmbH & Co. KG	Hamburg	48.08
Entwicklung Quartier am Mailänder Platz Nr. 2 GmbH & Co. KG	Hamburg	48.08
Entwicklung Quartier am Mailänder Platz Nr. 3 GmbH & Co. KG	Hamburg	48.08
Exploitatie Maatschappij A-Lanes A15 B.V.	Nieuwegein	33.33
FLARE Grundstück Verwaltungs GmbH	Berlin	50.00
GFR remex Baustoffaufbereitung GmbH & Co. KG, Krefeld	Krefeld	50.00
GFR remex Baustoffaufbereitung Verwaltungs-GmbH Krefeld	Krefeld	50.00
Grandemar SA	Cluj-Napoca	41.27
GUS Gußasphaltwerk GmbH & Co KG	Stuttgart	50.00
GUS Gußasphaltwerk Verwaltungs GmbH	Stuttgart	50.00
H S Hartsteinwerke GmbH	Pinswang	50.00
Heptan Grundstücksverwaltungsgesellschaft mbH & Co Vermietungs-KG	Mainz	24.00
HK-Rohstoff & Umwelttechnik GmbH & Co. KG	Hildesheim	50.00
HOTEL SCHLOSS SEEFELS BESITZ- UND MANAGEMENT GMBH	Techelsberg am Wörthersee	30.00
Immorent Oktatási Kft.	Budapest	20.00
Industrial Engineering and Contracting Co. S.A.R.L. (INDECO) i.L.	Beirut	50.00
IQ Office Beteiligungsgesellschaft mbH	Hamburg	49.00
IQ Office GmbH & Co. KG	Hamburg	49.00
IQ Residential Beteiligungsgesellschaft mbH	Hamburg	49.00
IQ Residential GmbH & Co. KG	Hamburg	49.00
IQ Tower Beteiligungsgesellschaft mbH	Hamburg	49.00
IQ Tower GmbH & Co. KG	Hamburg	49.00
JCO s.r.o.	Plana	50.00

Company	Residence	Direct stake %
Jumbo Betonpumpen Service GmbH & Co.KG	Limbach-Oberfrohna	50.00
Jumbo Betonpumpen Verwaltungs GmbH	Limbach-Oberfrohna	50.00
KAB Kärntner Abfallbewirtschaftung GmbH	Klagenfurt	36.25
KASERNEN Projektentwicklungs- und Beteiligungs GmbH	Vienna	24.90
Kies- und Betonwerk AG Sedrun	Sedrun	35.00
Kiesabbau Gämmerler-Hütwohl GmbH & Co. Aug Kommanditgesellschaft	Königsdorf	50.00
Kiesabbau Gämmerler-Hütwohl GmbH & Co. Grube Grafing KG	Königsdorf	50.00
Kiesabbau Gämmerler-Hütwohl GmbH&Co. Grube Leitzinger Au KG	Königsdorf	50.00
Kiesabbau Gämmerler-Hütwohl Verwaltungs- GmbH	Königsdorf	50.00
Kiesgesellschaft Karsee Beteiligungs-GmbH	Immenstaad am Bodensee	50.00
Kiesgesellschaft Karsee GmbH & Co. KG	Immenstaad am Bodensee	50.00
Kieswerk Rheinbach Gesellschaft mit beschränkter Haftung	Cologne	50.00
Kieswerke Schray Verwaltungs GmbH	Steißlingen	50.00
Kirchhoff + Schleith Beteiligungs-GmbH	Steißlingen	50.00
Kirchhoff + Schleith Straßenbau GmbH & Co. KG	Steißlingen	50.00
Klinik für Psychosomatik und psychiatrische Rehabilitation GmbH	Spittal an der Drau	30.00
KSH Kalkstein Heiterwang GmbH	Pinswang	30.00
KSH Kalkstein Heiterwang GmbH & Co KG	Pinswang	30.00
Liberecka Obalovna s.r.o.	Liberec	50.00
Lieferasphalt Gesellschaft m.b.H.	Vienna	50.00
Lieferasphalt Gesellschaft m.b.H.& Co.OG, Zirl	Vienna	50.00
Lieferbeton Simmern GmbH & Co. KG i. L.	Simmern/Hunsrück	50.00
Lieferbeton Simmern Verwaltungs-GmbH i.L.	Simmern/Hunsrück	50.00
Linzer Schlackenaufbereitungs- und vertriebsgesellschaft m.b.H.	Linz	33.33
LISAG Linzer Splitt- und Asphaltwerk GmbH.	Linz	50.00
LISAG Linzer Splitt- und Asphaltwerk GmbH. & CO KG	Linz	50.00
Main-Aurach-Autobahngesellschaft mbH & Co. KG	Berlin	50.00
Mecsek Autopalya-üzemeltetö Zrt.	Budapest	25.00
Messe City Köln Beteiligungsgesellschaft mbH	Hamburg	50.00
MIGU-Asphalt-Baugesellschaft m.b.H.	Lustenau	50.00
Milet Ditzingen Beteiligungsgesellschaft mbH	Heidelberg	49.00
MLT Maschinen Logistik Technik GmbH & Co. KG	Nesse-Apfelstädt	50.00
MLT Verwaltungs GmbH	Nesse-Apfelstädt	50.00
MOSER & CO. S.R.L.	Brunico	50.00
MSO Mischanlagen GmbH	Ilz	33.33
Natursteinwerke im Nordschwarzwald NSN Verwaltungsgesellschaft mit beschränkter Haftung	Mühlacker	25.00
NIOG Verwaltung GmbH i.L.	Hamburg	50.00
NUOVO MERCATO GIANICOLENSE SRL	Bologna	40.00
Oder Havel Mischwerke GmbH & Co. KG i.L.	Berlin	33.33
ODRA-ASFALT Sp. z o.o.	Szeczecin	33.33
Ontwikkelingscombinatie Maasmechelen N.V.	Antwerpen	50.00
PAM Pongauer Asphaltmischanlagen GmbH	St. Johann im Pongau	50.00
PAM Pongauer Asphaltmischanlagen GmbH & Co KG	St. Johann im Pongau	50.00
Philman Holdings Co.	Philippinen	20.00
QMP Generalübernehmer GmbH & Co. KG	Oststeinbek	50.00
REMEX Coesfeld Gesellschaft für Baustoffaufbereitung mbH	Dülmen-Buldern	50.00
RFM Asphaltmischwerk GmbH & Co KG	Traiskirchen	46.00
RFM Asphaltmischwerk GmbH.	Traiskirchen	46.00
Rieder Asphaltgesellschaft m.b.H.	Ried im Zillertal	50.00
Rieder Asphaltgesellschaft m.b.H. & Co. KG.	Ried im Zillertal	50.00
ROBA-Neuland Beton GmbH & Co. KG	Hamburg	50.00
Rohstoff & Umwelttechnik Verwaltungs GmbH	Hildesheim	50.00
RSV Rheinische Schlacke Verwertungs GmbH	Leverkusen	50.00
Salzburger Lieferasphalt GmbH & Co OG	Sulzau	20.00
SAM Sindelfinger Asphalt-Mischwerke GmbH & Co KG i.L.	Sindelfingen	22.22
SAT SPEZIALBAU GMBH	Cologne	50.00
Satellic NV	Groot-Bijgaarden	24.00
SAV Südniedersächsische Aufbereitung und Verwertung Verwaltungs GmbH	Hildesheim	50.00

Company	Residence	Direct stake %
Schlackenkontor Bremen GmbH	Bremen	25.00
SHKK-Rehabilitations GmbH	Vienna	50.00
SHUSHICA HYDROPOWER sh p.k.	Tirana	33.00
SIFEE TERRA HEAT SRL	Selimbar	25.00
Silenos Energy Geothermie Garching a.d. Alz GmbH & Co. KG	Augsburg	50.00
Sindelfinger Asphalt-Mischwerke GmbH i.L.	Sindelfingen	22.22
SIRIUS Beteiligungsgesellschaft m.b.H. in Liquidation	Vienna	42.50
SMB Construction International GmbH	Sengenthal	50.00
Spolecne obalovny, s r.o.	Prague	50.00
SRK Kliniken Beteiligungs GmbH	Vienna	25.00
STA Asphaltmischwerk Strahlungen GmbH	Strahlungen	24.90
stahl + verbundbau gesellschaft für industrielles bauen m.b.H.	Dreieich	30.00
Steinbruch Mauterndorf Gesellschaft m.b.H.	St. Michael/Lungau	50.00
Stephan Beratungs-GmbH	Linz am Rhein	30.00
STRABAG ARCHIRODON LTD.	Port Louis	50.00
STRABAG Gorzów Wielkopolski Sp. z o.o.	Gorzów Wielkopolski	49.00
Strabag Oktatási PPP Kft.	Budapest	30.00
Strabag Saudi Arabia	Dhahran	50.00
Straktor Bau Aktien Gesellschaft	Kifisia	50.00
STRAVIA Kft.	Budapest	25.00
Syrena Immobilien Holding Aktiengesellschaft	Spittal an der Drau	50.00
TBG Ceske Budejovice spol. s.r.o.	Budweis	50.00
TBG-STRABAG d.o.o.	Zagreb	50.00
TDE Mitteldeutsche Bergbau Service GmbH	Espenhain	35.00
Tierra Chuquicamata SpA	Santiago	50.00
Tollink Royal JV	Peshawar	50.00
TORONTO TUNNEL PARTNERS 401 RER INC.	London Ontario	50.00
Triplus Beton GmbH	Zell am See	50.00
Triplus Beton GmbH & Co KG	Zell am See	50.00
TSI VERWALTUNGS GMBH	Apfelstädt	50.00
Unterstützungseinrichtung für die Angestellten der ehemaligen Bau-Aktiengesellschaft "Negrelli" Gesellschaft m.b.H.	Vienna	50.00
VCO - Vychodoceska obalovna, s r.o	Hradec Kralove	33.33
Vereinigte Asphaltmischwerke Gesellschaft m.b.H.	Spittal an der Drau	50.00
Vereinigte Asphaltmischwerke Gesellschaft m.b.H. & Co KG	Spittal an der Drau	50.00
Verwaltung Grundstücksgesellschaft Kaiserplatz Aachen Adalbertstraße GmbH i.L.	Hamburg	50.00
Verwaltung MesseCity Köln Generalübernehmer GmbH	Oststeinbek	50.00
Verwaltung QMP Generalübernehmer GmbH	Oststeinbek	50.00
Verwaltungsgesellschaft ROBA-Neuland Beton m.b.H.	Hamburg	50.00
VIANOVA - Bitumenemulsionen GmbH	Fürnitz	24.90
VIANOVA SLOVENIJA d.o.o.	Logatec	50.00
VKG-Valentiner Kieswerk Gesellschaft m.b.H.	Linz	50.00
Walter Group International Philippines, Inc.	Philippinen	26.00
WIBAU Holding GmbH	Linz	21.78
WMW Weinviertler Mischwerk Gesellschaft m.b.H.	Zistersdorf	33.33
WMW Weinviertler Mischwerk Gesellschaft m.b.H. & Co KG	Zistersdorf	33.33
Wohnbau Tafelgelände Beteiligungs-GmbH	Munich	25.00
Wohnbau Tafelgelände GmbH & Co. KG	Munich	25.00
Z.I.P.O.S. d.o.o.	Antunovac	50.00

GROUP MANAGEMENT REPORT

Important events

JANUARY

STRABAG subsidiary ZÜBLIN starts construction on Germany's first timber high-rise

Stadtsiedlung Heilbronn GmbH and STRABAG subsidiary Ed. Züblin AG are building the ten-storey SKAIO high-rise in Heilbronn based on a design by Berlin-based architectural firm Kaden+Lager. The 34 m building, being erected as part of the city exhibition for the BUGA 2019 horticulture show in Heilbronn, will be Germany's first timber high-rise. With an aboveground gross floor area of 5,685 m², it will offer space for 60 rental units with a total of 3,300 m² of living space.

Two additional sections of S7 in Poland for € 200 million

Two subsidiaries of STRABAG have been awarded the contract in Poland to design and build two sections of the S7 expressway north of Warsaw. The two orders have a total value of PLN 828 million, which is equivalent to approx. € 198 million. The project is scheduled for completion after a construction time of 34 months. One section leads from Strzegowo to Pieńki and is 22 km long, the second section has a length of 14 km and leads from Pieńki on to Płońsk. The S7 is being built as a four-lane facility. The contract also includes the construction of several junctions and rest areas as well as the illumination and drainage systems.

ZÜBLIN awarded € 85 million contract for "Sonnenhöfe im Sternenviertel"

Sonnenhöfe GmbH & Co. KG, a joint venture of EYEMAXX and DIE Deutsche Immobilien Entwicklungs AG, has hired ZÜBLIN as general contractor for the turnkey construction of 18 four- to five-storey buildings in Berlin Neu-Schönefeld, Germany. The € 85 million contract also includes the construction of two underground car parks. The plot to be built upon covers approx. 51,100 m² in the centre of Neu-Schönefeld north of the future Berlin Brandenburg Airport. Overall completion is scheduled for August 2021.

© Sonnenhöfe GmbH & Co. KG

Buildings forming part of the project "Sonnenhöfe im Sternenviertel"

MARCH

ZÜBLIN conducts research with moss to ‘swallow up’ particulate matter

Modular wall systems to bind particulate matter and for noise abatement

European cities regularly exceed the established limits for fine particulate matter (PM). Congestion charges, speed limits or bans on diesel vehicles are often imposed to remedy the situation. ZÜBLIN is currently researching an alternative solution: moss-covered walls to “swallow up” particle pollution. Mosses have a large leaf surface to bind and degrade fine particulate matter, and they are very resistant. To best exploit the potential of moss walls, Ed. Züblin AG, Helix Pflanzen GmbH and DITF-German Institutes of Textile and Fiber Research Denkendorf have joined forces in the MoosTex research project.

STRABAG to build LEED-certified office tower in central Bucharest

STRABAG, through its Romanian subsidiary, has been awarded the contract to build a 110 m tall office tower in central Bucharest. The contract has a value of about € 39 million. Completion is scheduled for October 2019. Thanks to the use of innovative construction materials, the office building should receive the highest level of LEED certification, LEED Platinum, when it is completed.

Visualisation Ana Tower in central Bucharest

Tunnelling contract for North Yorkshire Polyhalite Project of Sirius Minerals

Sirius Minerals Plc. has hired STRABAG to build an approx. 13 km tunnel section for the underground transport system of the Woodsmith Mine near Whitby, England. The design-and-build contract was signed on 28 March 2018. The Woodsmith Mine will begin extraction of the world’s largest deposit of polyhalite, a mineral used in the production of fertilizer, in 2021. The section to be built by STRABAG is part of a 37 km tunnel with a diameter of 4.7 m for an environmentally friendly conveyor system to transport the mined polyhalite to Wilton for processing.

APRIL

Successful contract conclusion between STRABAG and ISS

Effective 1 July 2019, the facility management services for Deutsche Telekom AG and its subsidiaries in Germany will no longer be provided by the companies of the STRABAG Group but by ISS. Since the end of last year, STRABAG and ISS had negotiated on ways to continue to employ the more than 3,000 employees of STRABAG Property and Facility Services GmbH (STRABAG PFS) and STRABAG Facility Services GmbH (STRABAG FS) who are currently working on the Deutsche Telekom account. An agreement was concluded on 10 April 2018 covering the transfer of the employees affected by the change as of 1 July 2019.

STRABAG SE: Management Board appointed for the period 2019 to 2022

The Supervisory Board of STRABAG SE passed the resolutions regarding the appointment of the Management Board for the period from 2019 to 2022. The focus was on continuity: Dr. Thomas Birtel, a member of the Management Board since January 2006 and CEO since June 2013, was confirmed in his office. Also re-appointed were his colleagues, CFO Mag. Christian Harder as well as Dr. Peter Krammer and Dipl.-Ing. Siegfried Wanker. A new appointment resulted from the request of Mag. Hannes Truntschnig to retire after 23 years on the Management Board of STRABAG SE and its predecessor companies. Dipl.-Ing. (FH) Alfred Watzl was appointed as his successor to complete the five-member board effective 1 January 2019.

MAY

STRABAG takes on another section of Alto Maipo hydropower project in Chile – order plus of € 800 million

After the refinancing that was successfully concluded on 8 May 2018, STRABAG has taken on another construction section for the Alto Maipo hydropower complex in Chile. The new addition to the order books resulted in a plus of about € 800 million for STRABAG for a total contract value of approx. € 1.5 billion. In November 2012, STRABAG announced it had been awarded the contract to build a part of the Alto Maipo hydropower complex 50 km southeast of Santiago de Chile. Difficult technical conditions and the withdrawal of a contractor led the client, AES Gener, to conclude a new construction agreement with STRABAG S.p.A. of Chile on 19 February 2018. The agreement had been pending the bank financing and therefore became effective on 8 May 2018. With this construction contract, STRABAG S.p.A. is taking on another construction section, the Yeso/Volcán System, that had previously been the responsibility of the client or of third parties. The new total contract price is a lump sum that covers both the work that has already been rendered as well as all future work to be provided by STRABAG S.p.A. on the basis of the construction agreement.

ZÜBLIN to erect building complex in Copenhagen's Carlsberg quarter

Carlsberg Byen P/S has commissioned ZÜBLIN with the construction of two new buildings in Copenhagen's Carlsberg quarter. ZÜBLIN A/S will complete an 80 m high-rise as well as an adjoining building with five aboveground floors in the Danish capital by the year 2021. The project foresees the creation of apartments, offices, shops, cafés, restaurants and an underground car park for 200 cars and 1,000 bicycles on a total space of about 40,000 m².

JUNE

STRABAG reports new searches of its offices

Searches were conducted in June at five Austrian offices of STRABAG. The searches were in connection with those that had been conducted at several Austrian construction companies in May 2017. According to the public prosecutor's office, the investigation centres on the suspicion of illegal price fixing. The focus is on projects from the years 2006 to 2015 in multiple regions of Austria, mostly in the field of transportation infrastructures, involving several Austrian construction companies. STRABAG is committed to completely clearing up the allegations made by the authorities. The company will, of course, continue to cooperate fully with the authorities in the investigation, and appropriate consequences will be taken in the event that fault is proven. The STRABAG Group has a comprehensive business compliance system in place that applies to its employees at all group companies. Its Code of Conduct commits all employees to correct and compliant conduct above and beyond the legal requirements. Price fixing is expressly prohibited.

Züblin Scandinavia AB to build FSE309 Lovö Interchange near Stockholm

Rendering of Lovö Interchange, Stockholm Bypass

Züblin Scandinavia AB has been awarded the contract by the Swedish Transport Administration (Trafikverket) to build FSE309 Lovö Interchange, a part of the Stockholm Bypass road project. The interchange is situated in a nature reserve with a sensitive historico-cultural background. The project, which has a contract value of SEK 505 million (approx. EUR 49 million), comprises, among other things, the construction of a new four-lane road with interchanges, pedestrian and cycle paths, rock tunnels, a service tunnel and concrete troughs.

ZÜBLIN to build “Project House for Future Technologies for Autonomous Driving”

IN-Campus GmbH, a joint venture of the city of Ingolstadt and AUDI AG, has hired Ed. Züblin AG to build the turnkey “Project House for Future Technologies for Autonomous Driving”. The project is part of the new “IN-Campus” being developed on the former site of the Bayernoil refinery, an area in the east of Ingolstadt measuring about 100 soccer fields. ZÜBLIN as general contractor will be building four symmetrically arranged building modules in a U shape on the site. The design calls for approx. 47,300 m² to be developed as a hybrid building with office and workshop space including a conference area and bistro/restaurant spaces. The new structures will have up to seven storeys and provide space for teams of AUDI employees and other companies to develop new technologies. The contract value is in the double-digit million-euro range.

BPD Europe awards large project in Amsterdam to ZÜBLIN

ZÜBLIN is building a new commercial and residential building in the heart of Amsterdam with eleven aboveground floors and two underground levels. The project, called ODE, is named after the Oosterdokseiland neighbourhood of Amsterdam where it is being built. ZÜBLIN Nederland B.V. is realising ODE as main contractor on behalf of the Dutch project company OOA C.V., a subsidiary of BPD Europe. The tenant, Booking.com B.V., will open its new European headquarters at ODE and will occupy all of the office space. When it is completed in March 2021, ODE will have about 102,000 m² of space, including the Booking.com offices (approx. 65,000 m²) as well as 42 exclusive owner-occupied apartments (total of about 7,000 m²), 30,000 m² of parking on two underground levels, a café, a restaurant and 1,500 m² of retail space.

ZÜBLIN awarded contract for A44 motorway section at Boyneburg tunnel

DEGES (Deutsche Einheit Fernstraßenplanungs- und -bau GmbH) has awarded ZÜBLIN the contract for the approximately 6 km long third section of the A44 motorway between Kassel and Herleshausen. The A44 motorway is part of the German Unity Transport Project No. 15 and is intended to close the gap in the federal motorway network between the A7 at Kassel and the A4 at Wommen. The contract value for this section amounts to approx. € 183 million. The section starts east of the town of Wehretal-Oetmannshausen and extends southwards to the Sontra-West interchange. The project’s centrepiece is the 1.7 km long Boyneburg tunnel which consists of two two-lane tunnel tubes.

JULY

STRABAG to realise “Triiple” building construction project in Vienna: three 100 m residential towers

STRABAG was hired by SORAVIA and ARE DEVELOPMENT to build three residential towers in Vienna as part of the Triiple building construction project for a contract value of € 110 million. The three 100 m towers near the city centre will house 480 owner-occupied flats in Towers 1 and 2 as well as 670 micro-apartments in Tower 3. Construction works are scheduled to be completed by summer 2021.

Three residential towers near the Vienna city centre

EFKON enters Norwegian toll collection market

EFKON, the STRABAG subsidiary specialising in toll collection systems, will provide Norway’s two largest cities, Oslo and Bergen, with new toll collection solutions. EFKON has already implemented projects in Austria, Belgium, Germany and Ireland and is also active outside Europe in Malaysia, South Africa and India. These two projects have now paved the way for EFKON to enter the Norwegian market. A total of 100 toll collection stations will be constructed for the Norwegian Public Roads Administration (NPRA). The contract value amounts to approx. € 11 million (about NOK 100 million) and includes maintenance services for a period of eight years, which may be extended to a maximum of 17 years.

AUGUST

Contract for section of A1 in Poland

The Polish subsidiary of STRABAG will be part of a syndicate to build a 16 km section of the A1 motorway between Tuszyn and Bełchatów. The Polish General Directorate for National Roads and Motoways (GDDKiA) has awarded a design-and-build contract to the syndicate, which means that the construction companies will be responsible for both the planning and the subsequent execution of the plans. The contract value amounts to approx. € 111 million, STRABAG’s share accounting for 50 % thereof. The entire section will be constructed using concrete with two lanes going in each direction. The contract also covers two interchanges, 17 bridges, several intersections and access roads, noise barriers and wildlife crossings.

Large contract for the Oldenburg–Wilhelmshaven rail upgrade line

An internal consortium consisting of STRABAG AG, Ed. Züblin AG and STRABAG Rail GmbH has been hired by Deutsche Bahn AG to upgrade a 5.7 km railway line within the municipal limits of Sande, Lower Saxony. The contract is part of the Oldenburg–Wilhelmshaven rail upgrade line. The new track section will bypass Sande to the east of the municipality and comprises a 4 km long double-track new line as well as the addition of a second track to an existing 1.7 km section. The tracks within the municipality itself will be dismantled. The contract has a value of about € 115 million. The construction works are scheduled to last 3.5 years.

SEPTEMBER

€ 133 million contract for further section of A1 in Poland

Through its Polish subsidiary, STRABAG was awarded another contract for a section of the A1 motorway. STRABAG is leading a consortium (92 %) with Poland’s Budimex SA. The 17 km long Section C begins at the Kamieńsk interchange and ends at Radomsko, where a motorway interchange is also being built. The total value of the design-and-build contract amounts to € 133 million. Project handover scheduled after 32 months. The contract includes the construction of a motorway section with three lanes in each direction as well as 16 bridge objects and three rest areas.

STRABAG to build new REHAU production facility in Hungary for € 50 million

STRABAG-MML Kft., the Hungarian subsidiary of STRABAG Group, has been picked to build a new production facility for Swiss automotive supplier REHAU in Újhartyán. Work on the 63,000 m² facility started in September 2018 and is expected to be completed after 15 months of construction. The contract value amounts to € 50 million.

Increased stake in A8 motorway operator PANSUEVIA from 50 % to 100 %

STRABAG has acquired the 50 % stake in PANSUEVIA that had been held by HOCHTIEF, making it the 100 % owner of the concession company operating the Ulm–Augsburg section of the A8 motorway in Germany. The closing of the transaction took place 28 September 2019. The approximately 58 km long, partially widered, section of the A8 between Ulm and Augsburg was opened to traffic on schedule in September 2015 after slightly more than four years of construction. PANSUEVIA designed, financed and carried out the widening of the section to six lanes and took over the maintenance and operation of the section for a period of 30 years. Construction was carried out by a joint venture consisting of STRABAG Großprojekte GmbH, HOCHTIEF Infrastruktur GmbH and Ed. Züblin AG.

View of the A8 motorway

OCTOBER

ZÜBLIN awarded another large contract in Copenhagen

STRABAG, through its Danish subsidiary ZÜBLIN A/S, has signed another turnkey contract for the construction of a building ensemble in the Carlsberg quarter of Copenhagen. After the contract for the Dahlerup Tower that was awarded earlier this year, this is the second major contract that ZÜBLIN is building on behalf of Carlsberg Byen on the former brewery site in Copenhagen's Valby district. The new project, with a floor area of 49,000 m², is expected to be completed in 2021. The total value of the two contracts is more than DKK 1.2 billion (€ 161 million). The newly signed contract covers the construction of another tower block also with a height of 80 metres including two adjoining buildings.

NOVEMBER

Contract to build school centre in Nuremberg

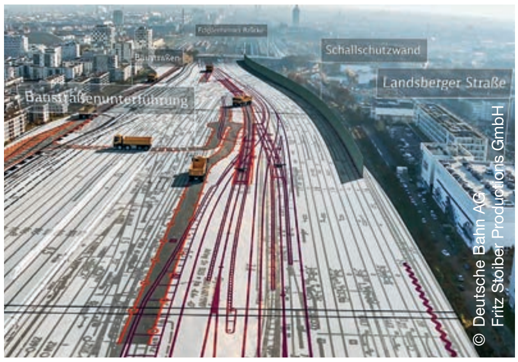
Rendering of the Bertolt Brecht School educational centre in Nuremberg

ZÜBLIN was awarded the contract to design and build the Bertolt Brecht School in Nuremberg, Germany, after a one-year tender procedure. The preliminary contract value amounts to € 108 million, with a project schedule from November 2018 to November 2021. The cooperative school centre consists of a Gymnasium, a Realschule and a Mittelschule. The school building was designed as a low-energy building with a very high coverage of its own needs through renewable energies.

DECEMBER

Deutsche Bahn awards first contracts for main construction works on Munich's second rapid transit core route

Deutsche Bahn has awarded the first two contracts for the main construction works on Munich's second core rapid transit route. The companies Wayss & Freytag Ingenieurbau AG, Ed. Züblin AG, Max Bögl Stiftung & Co. KG and Bauer Spezialtiefbau GmbH, in a joint bidding consortium, were awarded the contracts for the main construction works covering the above-ground area from the Munich-Laim station to Donnersberger Brücke as well as the area around the main station including the tunnel from Donnersberger Brücke to Marienhof. Both contracts together have a value of approximately € 865 million.



Rendering of the site preparation at section "Oberirdisch West"

Milan court denies injunction request by STRABAG consortium for "Pedemontana" project in Italy in the first instance

The legal dispute involving a consortium led by Austria's STRABAG AG in connection with the Pedemontana motorway project in northern Italy led the client on 2 March 2018 to invoke a guarantee. The consortium saw this invocation as unjustified and on 15 March 2018 filed a request with the competent court in Milan to issue an injunction against this recourse. The request was denied in a written decision served on 6 December 2018. The consortium lodged an appeal against the decision. Negotiations are continuing with the client side. The bank guarantee has not been paid out to date. In the event that the guarantee amount of up to about € 260 million has to be paid out provisionally, the consortium believes that a claim for restitution exists that is to be capitalised in full. This claim is (also) to be asserted in the pending legal disputes related to the construction delays and the accompanying considerable cost overruns. The possible payout of the guarantee will not influence the legal position of the consortium in these pending court proceedings.

Residential construction contract worth about € 80 million for ZÜBLIN in Berlin

Rendering of the residential complex "Stadtquartier Südkreuz" in Berlin-Schöneberg, Germany

ZÜBLIN has received the turnkey construction contract for a residential complex in Berlin-Schöneberg, Germany. The client of the Stadtquartier Südkreuz project at Tempelhofer Weg is Rondus Erste Immobilienbesitz GmbH & Co. KG, represented by Hines Immobilien GmbH. For a contract value of about € 80 million, ZÜBLIN will build eleven turnkey residential buildings with a total of 665 apartment units, an underground car park and approximately 14,600 m² of outdoor facilities. The building construction works are scheduled to start in late January 2019 with the handover of the building excavation and will last approximately 21 months.

Expansion of services in digital surveying

The STRABAG Group is concentrating its expanded range of services in digital surveying at its new, highly modern office facilities in Regensburg, Germany. Besides the core business of efficient drone surveying for all important areas of application, the service repertoire now also includes mobile mapping with two high-performance scanners for detailed corridor surveying even at high speeds. The offerings in both business fields are complemented by extensive 3D data processing services for every purpose, from point cloud classification to digital terrain modelling (DTM) and the vectorisation of 3D data.

Digital surveying with drones

STRABAG PFS acquires FM service provider Caverion Polska

STRABAG PFS Austria GmbH on 18 December 2018 signed the agreement for the acquisition of 100 % of the shares of Caverion Polska Sp. z o.o. of Warsaw, a Polish specialist in the field of technical facility management (TFM). The previous owner, Finland's Caverion Oyj, has chosen to withdraw from this market. Caverion Polska, founded in 1993, has about 170 employees and in 2017 generated an output volume of around PLN 50 million (approx. € 12 million). Of this amount, approximately 70 % are accounted for by TFM and 30 % by plant engineering.

Contract for modernisation of D1 motorway in the Czech Republic

A consortium including STRABAG's Czech subsidiary STRABAG a.s. has been awarded the contract for the modernisation of the D1 motorway in the Czech Republic. The contract, which has a total value of CZK 1.88 billion (approx. € 72.7 million), comprises the complete renewal of the cement concrete surface of the D1 motorway between Velký Beranov and Měřín. The total section to be modernised measures 14.8 km in length. The project is scheduled to be completed within three years.

Country report

DIVERSIFYING THE COUNTRY RISK

Despite its strong presence in the home markets of Austria and Germany, STRABAG sees itself as a European company. The group has been active in Central and Eastern Europe for decades. On the one hand, it is a tradition for the company to follow its clients into new markets; on the other hand, the existing country network with local management and established organisational structures makes it easier to export and to use the technology and the equipment in new regions. To diversify the country risk even further, and to profit from the market opportunities in other parts of the world, STRABAG is also active internationally, i.e. in countries outside of Europe.

The STRABAG SE Group generated another record output volume of € 16.3 billion in the 2018 financial year, which was even higher than expected due to weather conditions. This represents an increase of 12 % over the previous year. Increases in all major markets of the group contributed to this growth. In the Americas region, the output volume also rose due to an order extension for a major project in Chile – the group's largest project. Only in smaller markets, such as Switzerland, Denmark and Russia, did the output volume decline.

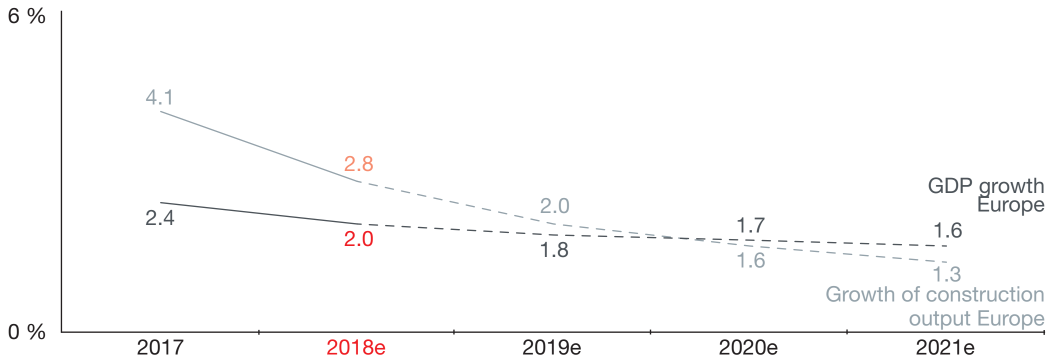
OUTPUT VOLUME BY COUNTRY

€ mln.	2018	% of total output volume 2018	2017	% of total output volume 2017	Δ %	Δ absolute
Germany	7,877	48	6,960	48	13	917
Austria	2,542	16	2,333	16	9	209
Poland	975	6	848	6	15	127
Hungary	714	4	551	4	30	163
Czech Republic	706	4	629	4	12	77
Americas	667	4	385	3	73	282
Slovakia	515	3	528	4	-2	-13
Benelux	351	2	295	2	19	56
Rest of Europe	275	2	277	2	-1	-2
Switzerland	273	2	320	2	-15	-47
Middle East	206	1	303	2	-32	-97
Romania	197	1	183	1	8	14
Sweden	178	1	162	1	10	16
Croatia	163	1	120	1	36	43
Asia	162	1	99	1	64	63
Serbia	111	1	113	1	-2	-2
Denmark	92	1	159	1	-42	-67
Russia	78	1	143	1	-45	-65
Italy	74	1	67	0	10	7
Slovenia	68	0	53	0	28	15
Africa	57	0	48	0	19	9
Bulgaria	42	0	45	0	-7	-3
Total	**16,323**	**100[1]**	**14,621**	**100[1]**	**12**	**1,702**

1 Rounding differences are possible.

ECONOMIC GROWTH LOSES MOMENTUM[1]

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE



After a promising start, the **economic momentum slowed** gradually in 2018. Political issues, in particular, put a lasting strain on the mood of companies and private households, causing a moderation in investment growth, exports and private consumption. As a result, the forecasts for the coming years are also subject to much higher uncertainties.

The International Monetary Fund still reports growth of 3.7 % for the global economy in 2018, but forecasts for the coming years have been revised downwards due to increasing risks. Growth in the Chinese economy has already slowed significantly in 2018, driven mainly by trade sanctions and the devaluation of the renminbi. Thanks to massive fiscal measures such as tax relief and deregulation in the reporting period, the US economy still grew at the similarly high rate as in the previous year. Euroconstruct, however, expects the positive impact of these measures to diminish over the coming years and that a more restrictive US Federal Reserve monetary policy will further dampen the upward trend.

In the 19 Euroconstruct countries, economic growth slowed significantly in 2018, but according to current estimates, economic growth is still expected to have reached a total of 2.0 %. The economy in Ireland and in the countries of Central and Eastern Europe developed significantly above the European average, while Germany was in the European midfield. The economic development in the EU countries is currently mainly driven by domestic consumption, while exports, which are very important for the eurozone, are already losing momentum. At the same time, purchasing power declined, as higher oil prices drove inflation higher. Geopolitical risks, increasing protectionism and a shortage of the production factors capital and labour also set growth limits. Euroconstruct therefore forecasts a growth rate of 1.8 % for the eurozone in 2019 and a slight slowdown to +1.7 % in 2020. The political uncertainty surrounding Brexit is causing many companies to postpone investment decisions into the future. The unemployment rate is likely to continue its general downward trend, at the same time that it is becoming more difficult for companies across Europe to find suitable professionals.

CONSTRUCTION SECTOR AGAIN BETTER THAN OVERALL ECONOMY

With solid growth of 2.8 %, the **construction industry** in the 19 Euroconstruct countries **grew for the fifth consecutive year** in 2018, thus growing faster than the economy as a whole. With the exception of the United Kingdom, all member states recorded positive rates of increase. The growth of the construction sector – in a consolidated view – should continue to develop in parallel with the general economy in the coming years. The current Euroconstruct forecasts for the period 2019–2021 range between +2.0 % and +1.3 %.

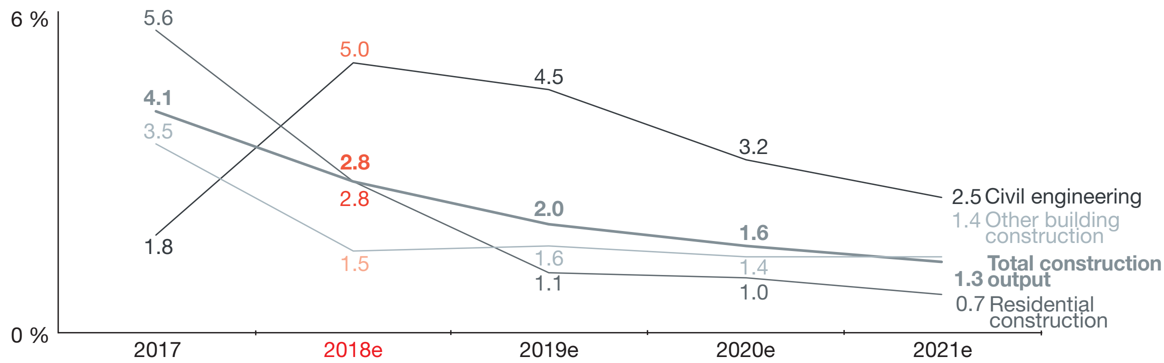
In a country-by-country comparison, the development continued to be heterogeneous. With double-digit growth rates, Hungary, Poland and the Czech Republic posted stronger-than-average growth. Likewise, construction output in Portugal, the Netherlands, Ireland and Spain grew at a strong rate of between 7.6 % and 5.7 %. Germany and France in turn – together accounting for about one third of total European construction output – were in the lower midfield with growth rates of 1.3 % and 3.2 %, respectively. While Euroconstruct predicts a gradual slowdown

1 All growth forecasts as well as the particular national construction volumes are taken from the Euroconstruct and EECFA (Eastern European Construction Forecasting Association) winter 2018 reports. The indicated market share data are based on the data from the year 2017.

in construction growth to 1.0 % for Western European countries by 2021, Eastern European countries are forecast to grow significantly by an average 9.1 % in 2019 as well. In 2020, the plus is expected to stabilise at a still strong 3.9 %, before rising again to 6.0 % in 2021.

CIVIL ENGINEERING OUTPERFORMS RESIDENTIAL CONSTRUCTION AND OTHER BUILDING CONSTRUCTION

DEVELOPMENT OF CONSTRUCTION SECTOR EUROPE



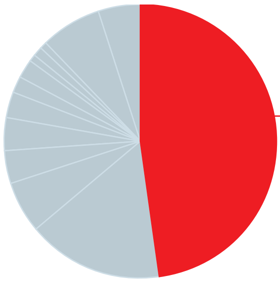
In a sector-by-sector comparison, European civil engineering recorded the strongest upward trend with a plus of 5.0 % in the past year, followed by residential construction with +2.8 %. Other building construction contributed below-average growth of 1.5 %.

Residential construction, which accounts for almost half of total European construction output, grew by 2.8 % in 2018. In absolute terms, France and Germany were again at the top, followed by the United Kingdom and Italy. The largest growth rates were recorded in Hungary, Ireland, Slovakia, Portugal, the Czech Republic, Poland and Spain. In 2019, however, the growth of the sector will likely continue to weaken to a total of 1.1 %. Above-average growth rates are predicted for Ireland, which has ranked among the leaders for years, and above all for Portugal, Hungary, the Czech Republic and Poland. In Germany, the development is likely to stagnate.

The forecasts for **other building construction** – in 2018, almost one third of the European construction volume was attributable to it – had to be revised downwards several times in the course of the year, in contrast to the previous year. Ultimately, it increased by only 1.5 % in the 19 Euroconstruct countries. By country, Hungary, the Czech Republic, Poland, the Netherlands and Portugal recorded the highest growth. Ireland declined the most, albeit after peaking in previous years, followed by Slovakia and the United Kingdom. While Euroconstruct is forecasting moderate declines in this sector for Germany over the coming years, the United Kingdom is expected to achieve growth of 0.4 % and 1.6 % in 2020 and 2021, respectively, after a slight decline of 2.1 % in the Brexit year.

Civil engineering, which accounts for around 20 % of European construction volume, showed a highly mixed picture in 2018 but, with a plus of 5.0 %, was well above forecasts overall. The strongest growth was recorded in Hungary, Poland, Slovakia and Norway, while Germany, with a plus of 0.7 %, was just barely developing positively. For the future, Euroconstruct sees a more consistent picture and expects solid growth of 4.5 % in 2019. This development is to be supported above all by the high level of dynamism in the Eastern European countries and in Norway. For Germany, the largest market by volume, Euroconstruct forecasts a slight decline from 2019 to 2021.

GERMANY



Overall construction volume:	€ 332.0 billion
GDP growth:	2018e: 1.6 % / 2019e: 1.7 %
Construction growth:	2018e: 1.3 % / 2019e: 0.1 %

The German economy was in its fifth year of economic upswing in 2018. The projected 1.6 % GDP growth resulted primarily from the further increase in private consumption, though it has lost some of its momentum in the meantime. German consumption was boosted by secure jobs and low savings interest rates. At the same time, the economic situation is characterised by optimal capacity utilisation and the interplay of three key factors: high employment, a surplus in the household budget and the greater investment propensity of businesses. In the medium term, the robust global economy and the high German export ratio continue to provide good conditions for stable growth.

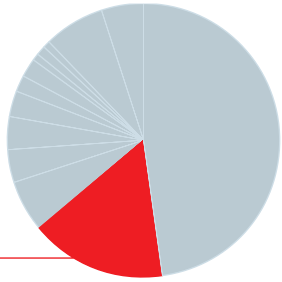
The German construction industry potentially reached a provisional high in 2018 with further growth of 1.3 %. The residential construction is being stimulated by low lending rates and rising real wages. In the next few years, this sector, which still represents more than half of the total German construction volume, will likely be characterised by a slight downward trend. For the entire construction sector, Euroconstruct expects stagnation (+0.1%) for 2019 and a slight decline of -0.6 % and -0.9 % for 2020 and 2021, respectively.

Other building construction remained high with a plus of 0.9 % in 2018 due to the generally strong economic development. In the medium term, however, rising energy prices, the growing importance of foreign manufacturing, the trend towards a service economy, and the triumphal march of online commerce, which is dampening demand for new business premises, are expected to result in a slight decline in this sector.

Civil engineering was revitalised primarily by federal and state measures, notably investment programmes for rail and road infrastructure as well as the expansion of broadband network coverage by the telecommunications industry. While the sector still achieved an increase of 1.4 % in 2018, it also faces a modest correction phase in the coming years, despite increased public-sector investment in road infrastructure.

With a market share of 2.1 %, the STRABAG Group is the market leader in Germany. At 16.4 %, the share of the German road construction sector is significantly higher than that of the market as a whole. With € 7,876.65 million, around 48 % of STRABAG's total group output volume was generated in Germany in 2018, as in the previous year. Most of the output is allocated to the North + West segment, while the property and facility services provided in Germany are allocated to International + Special Divisions.

AUSTRIA



Overall construction volume:	€ 41.0 billion
GDP growth:	2018e: 3.0 % / 2019e: 2.0 %
Construction growth:	2018e: 2.3 % / 2019e: 1.5 %

With expected GDP growth of 3.0 % in 2018, Austria was again significantly above the EU average and the average development of its neighbouring countries. In addition to a rise in private consumption and a favourable labour market situation, industrial production also rose sharply, while the inflation rate remained relatively stable at 2.1 %. In addition, the positive trade balance had a favourable effect in Austria's comparatively small and open economy.

Euroconstruct also attests significant growth rates to the Austrian construction industry in 2018. The revival of the economy – primarily driven by the construction of new office and commercial buildings in the greater Vienna area – especially boosted the field of building construction, while at the same time providing financial scope for investments in infrastructure. In total, the Austrian construction output grew by 2.3 % in 2018. The upward curve is expected to flatten somewhat in the coming two years, however, before it consolidates in 2021 with growth of 1.1 %.

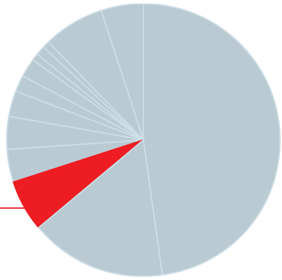
According to estimates by Euroconstruct, Austrian residential construction recorded considerable growth of 2.5 % in 2018. As for the construction industry as a whole, however, a slight slowdown in growth is expected over the next few years until the plus settles at 0.6 % in 2021.

The other building construction sector was also able to benefit from the positive economic development with growth of 2.2 %. The construction of office real estate was particularly strong at + 3.3 %. The outlook for other building construction remains positive until 2021, but growth rates are likely to decline to 1.2 % over the coming years.

Even civil engineering increased by 2.0 % in 2018, primarily due to investments – in the form of public-sector subsidies – in transportation infrastructures. The further expansion of the road and in particular of the rail network will continue to occupy a fixed place in the Austrian budget in the coming years. In this sector, the growth rate should therefore remain at an average value of 1.9 % over the next three years.

The STRABAG Group once again generated a total of 16 % of the total group output volume in its home market of Austria in 2018. Austria thus continues to be one of its top three markets along with Germany and Poland. The output reached a volume of € 2,541.50 million in 2018. With a share of 5.8 %, STRABAG defended its position as market leader in the country. In road construction, the market share stands at 36.3 %.

POLAND



Overall construction volume: € 55.5 billion
GDP growth: 2018e: 4.6 % / 2019e: 4.2 %
Construction growth: 2018e: 12.9 % / 2019e: 10.1 %

Building on the positive development of recent years, the Polish economy was again able to record a stable increase of 4.6 % in 2018, and similarly high growth is forecast for the coming years. Rising consumption, which in turn is boosted by the good situation on the job market, should also shape the next few years, especially since households will have more money available thanks to the increased child allowance. But massive public-sector investment in key infrastructure projects co-financed by EU funding programmes is also contributing to the positive development.

Following strong fluctuations in recent years, the Polish construction industry recorded a record year with growth of 12.9 % in 2018. Euroconstruct is forecasting an increase of 10.1 % for 2019, before growth is expected to stabilise at a solid 4.7 % in 2020. The lack of domestic labour, on the other hand, is proving to be a bottleneck.

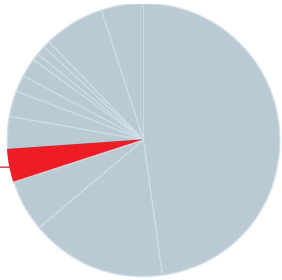
The boom in residential construction, which had already delivered a sizeable plus of 9.2 % to this sector in the previous year, reached its expected peak in 2018 – supported by low lending and mortgage rates – with growth of 10.2 %. The rising demand for residential property can be attributed, among other factors, to the positive development of private income in relation to real estate prices. For the year 2018, Euroconstruct still forecasts that the sector will experience above-average growth of 6.8 %, though it is likely to stabilise at 4.5 % by 2020.

A peak of +10.5 % was also achieved in other building construction in 2018. In addition to massive orders from the public sector, investments by foreign companies in new production facilities provided a high level of dynamism. As part of the modernisation of the rail network, the renovation of 200 railway stations is also planned in the next few years. Euroconstruct therefore forecasts the sector to grow by 7.4 % in 2019, before the plus falls slightly to 3.7 % and 4.2 % in 2020 and 2021, respectively.

By far the strongest growth in Poland in 2018 was recorded in civil engineering with a plus of 18.8 %. In addition to the good development of the economy as a whole, this is mainly due to the EU funding programmes. Under the EU's 2014–2020 Infrastructure and Environment Programme, for example, thousands of co-financing agreements were signed for investment projects by 2018 alone, more than half of them funded with EU money. The largest increases were recorded in rail construction, followed by harbour installations and waterways, leisure facilities and roads. Against this background, Euroconstruct predicts a further strong increase of 16.5 % in Polish civil engineering in 2019; growth should again consolidate at 6.0 % and 7.0 % in 2020 and 2021, respectively.

As the number three in the construction sector in Poland, STRABAG realised a construction volume of € 975.35 million here in 2018, representing 6 % of the group's total output volume (2017: 6 %). Poland thus represents the third-largest market of the STRABAG Group. Its market share in the entire Polish construction market was 1.7 % and its share of road construction was 9.2 %.

HUNGARY



Overall construction volume:	€ 13.5 billion
GDP growth:	2018e: 4.4 % / 2019e: 3.5 %
Construction growth:	2018e: 24.7 % / 2019e: 10.3 %

The Hungarian economy picked up significantly in 2018, posting a very solid performance of 4.4 %. Rising household incomes and higher mandatory wages with a simultaneously decreasing unemployment rate greatly boosted domestic consumption. The main driver of the high economic growth, however, was the increase in EU funding for the period 2014–2020 and the resulting public procurement, especially in the construction sector. At the same time, rising foreign demand and the export strength of the Hungarian economy resulted in a high trade surplus in 2018. Against this backdrop, Euroconstruct forecasts further strong GDP growth of 3.5 % in 2019.

The Hungarian construction industry once again registered a massive upturn of 24.7 % in 2018. The positive development was largely driven by above-average momentum in the residential construction and civil engineering segments. For 2019, Euroconstruct forecasts a further 10.3 % increase in the sector, before growth will slow to 1.7 % in 2020 with the expiry of the current EU financial framework and will consolidate back to 5.6 % in 2021.

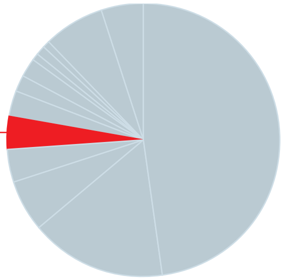
As the most successful segment, residential construction posted an outstanding result of +42.1 % in 2018. Thanks to persistently low interest rates and a generous fiscal policy, which seeks to increase the living standards of young families in particular with subsidies and special loans, the market for new buildings boomed here. At the same time, the revival of the tourism industry triggered a massive renovation and modernisation boom in the hotel sector. For 2019, Euroconstruct forecasts an increase of 9.3 %, though the beginning of a correction phase with declines of -9.7 % and -2.1 % is expected for 2020 and 2021, respectively.

Stimulated by massive public investment and the availability of new EU funds, other building construction also achieved a remarkable increase of 13.6 % in the reporting period. On the one hand, investments by small and medium-sized enterprises increased significantly thanks to EU subsidies. On the other hand, foreign investors invested heavily in new industrial facilities. Hungary already has 193 industrial parks with a total of more than 3,400 companies; 18 science and technology parks cooperate with universities and private enterprises. From 2018 to 2020, between 200,000 and 250,000 m² of new office space is to be created annually in large cities alone. At the same time, the government is investing in urban and village renewal programmes and the renovation of historic buildings in the cultural sector. For the period 2019 to 2021, Euroconstruct therefore continues to forecast average growth of 7.4 % a year in other building construction.

Civil engineering also recorded a big plus of 24.3 % in 2018. One of the primary objectives of the Hungarian catching-up process is the creation of modern infrastructure for the exchange of goods and services as well as for passenger transport and telecommunications. In the reporting year, sufficient EU funds were also available for major projects in road and rail construction. Euroconstruct therefore expects that the growth trend in civil engineering should – albeit at a slightly weaker rate – continue until 2021.

The STRABAG Group generated € 713.89 million, and thus 4 % of its output, in Hungary in 2018 (2017: 4 %). This puts STRABAG in first place in the Hungarian construction market. Its share of the total market reached 5.1 %, that in road construction 19.9 %.

CZECH REPUBLIC



Overall construction volume: € 19.5 billion
GDP growth: 2018e: 3.2 % / 2019e: 3.1 %
Construction growth: 2018e: 10.0 % / 2019e: 6.9 %

After a very good year in 2017, with GDP growth of 4.3 %, the Czech economy consolidated to a stable plus of 3.2 % in the period under review. The sustained positive development is supported by temporarily effective factors such as EU subsidies and a very positive employment situation. In 2017, the unemployment rate had already reached its lowest level since 1993 at 2.9 % and is expected to have declined even further to 2.2 % in 2018. As positive changes are also expected in the coming years, above all with rising industrial production and an increase in private consumption and public investment, Euroconstruct continues to expect moderate growth rates of around 3.0 % p. a.

After several years of volatile development, the Czech construction sector recorded strong growth of 10.0 % in 2018, with all three subsegments posting sensational results. For 2019 and 2020, Euroconstruct predicts solid growth rates of 6.9 % and 4.3 %, respectively, for the Czech construction industry as a whole. As funds from the new EU financial framework 2021–2027 will begin to flow in 2021, the experts predict that the country will have a construction boom in this year with a growth rate of 10.0 %.

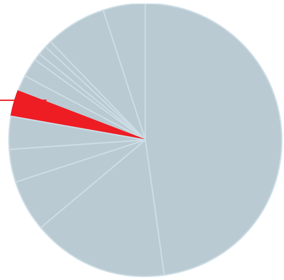
Residential construction was buoyed by the high demand for new apartments and single-family homes, boosted by the low mortgage rates, with growth of 11.6 % in 2018. After real estate developers had already reached their limits in recent years in finding suitable building sites and obtaining building permits for them, two amendments to Czech construction law helped to considerably ease tensions in 2018. The number of building permits issued in residential construction increased by 31.5 % in 2018 and increases of 44.6 % and 45.1 % are expected by for 2020 and 2021, respectively. Against this backdrop, Euroconstruct continues to forecast considerable growth of 9.1 % for residential construction in 2019. In the following year, the value is expected to drop to a still solid 6.9 % before returning to 11.6 % in 2021.

Other building construction also recorded strong growth of 11.1 % in 2018 after the sector had already recovered from a multi-year recession the year before. Investments in industrial and logistics centres as well as the construction of shopping centres and large office buildings are expected to add 6.9 % to this sector in 2019 and, after muted growth of 2.7 % in 2020, to return it to a solid +8.3 % in 2021.

With a plus of 6.3 %, Czech civil engineering also recovered significantly in 2018. Similar to other building construction, growth rates of 4.8 % are also forecast here for the next two years. In addition to investments already initiated in sewage systems, sewage treatment plants and flood protection structures, overdue rail and road construction projects as well as the expansion of two airports are also planned for the coming years. With the start of funding under the new EU financial framework 2021–2027, Euroconstruct is forecasting a new civil engineering boom in 2021 with a plus of 11.6 %.

STRABAG is the number two on the market in the Czech Republic. With an output volume of € 706.44 million in 2018, around 4 % of the group's total output (2017: 4 %) was generated in the country. The market share in the entire construction market is 3.6 % and in road construction even amounts to 21.2 %.

SLOVAKIA



Overall construction volume: € 5.2 billion
GDP growth: 2018e: 4.1 % / 2019e: 4.5 %
Construction growth: 2018e: 5.9 % / 2019e: 3.7 %

The upturn in the Slovak economy continued in 2018, with GDP growth of 4.1 % thanks to net exports and high levels of consumer spending by private households. Despite an expected decline in public investment, Euroconstruct also forecasts significant growth of between 4.5 % and 3.3 % for the Slovak economy over the next three years. Among other factors, this forecast is based on the good order situation of the car manufacturers Jaguar Land Rover and Volkswagen, which have operations here.

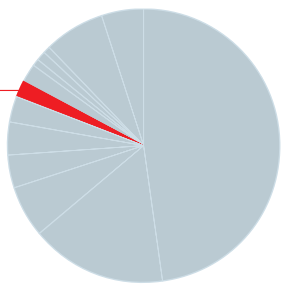
The Slovak construction industry, following strong fluctuations in the years before, recorded solid growth of 5.9 % in 2018. According to Euroconstruct, however, this value is likely to weaken significantly in the coming years and will return to a minus of 0.7 % in 2021. Residential construction, which grew by 12.5 % in 2018, again benefited from the low lending rates. This effect should only be regarded as temporary, however, and Euroconstruct predicts a decline in the growth momentum to below the zero line for the next few years.

Despite the positive general economic data, other building construction in Slovakia contracted by 4.3 % in 2018, even though large-scale investments by the automotive industry in the expansion of their production capacity still had a positive effect on the sector and retailers also demanded modern logistics centres and warehouses. The construction of several large shopping centres and the construction of a new national football stadium should provide somewhat better capacity utilisation in 2019 (+1.2 %) and 2020 (+1.0 %), according to Euroconstruct, before the curve flattens down again to +0.2 % in 2021.

Civil engineering, which experienced an extreme fluctuation range between +53.4 % and -25.1 % in 2015 and 2016, achieved a solid plus of 14.0 % in 2018. Contributing to this upward trend has been public investment in transport infrastructures co-financed by EU funds. In the next two years, according to estimates by Euroconstruct, such projects should still lead to positive growth rates of 5.5 % and 1.3 %, respectively, before the sector eases slightly again at -0.5 % in 2021.

With a market share of 10.7 % and an output volume of € 514.49 million in 2018, STRABAG continues to lead the market in Slovakia. In road construction, STRABAG's share is 17.1 %. In 2018, Slovakia contributed 3 % to the group's total output volume (2017: 4 %).

BENELUX (BELGIUM AND NETHERLANDS)



BELGIUM
Overall construction volume: € 45.7 billion
GDP growth: 2018e: 1.5 % / 2019e: 1.5 %
Construction growth: 2018e: 2.3 % / 2019e: 1.8 %

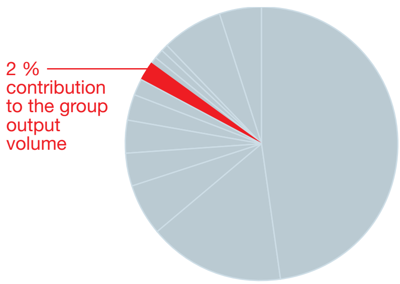
NETHERLANDS
Overall construction volume: € 79.9 billion
GDP growth: 2018e: 2.8 % / 2019e: 2.6 %
Construction growth: 2018e: 6.3 % / 2019e: 4.6 %

The economy in the Benelux countries developed moderately dynamic, albeit at different levels, in 2018. The low yet stable GDP growth of 1.5 % in Belgium and somewhat higher growth of 2.8 % in the Netherlands are due to slightly higher household incomes, a somewhat lower unemployment and rising corporate investments. The **Belgian construction industry** achieved a plus of 2.3 % in the reporting period, with civil engineering in particular posting a disproportionate increase of 10.4 %. Large infrastructure projects and the expansion of the regional rapid transit network contributed to this positive development. For 2019, Euroconstruct predicts a moderate increase of 2.8 % for this sector and another peak of +9.8 % in 2020. In 2021, however, growth should slow back down to 1.6 %. Although the other building construction, which had been flagging in recent years, slid into negative growth with -2.6 %, Euroconstruct expects growth rates of between 1.4 % and 4.5 % over the next three years, thanks to various measures taken by the public sector. Residential construction, which had benefited in recent years above all from temporary tax concessions and a significant expansion of building permits, grew at a moderate rate of 3.3 % in 2018. Due to upcoming energy efficiency promotion programmes, however, Euroconstruct is forecasting growth of between 1.7 % and 2.8 % for the next three years.

The **construction industry in the Netherlands** was much stronger in 2018, surpassing the very positive result of the previous year (+4.2 %) with a plus of 6.3 %. The main pillar of this development continues to be residential construction with a growth of 6.0 % – once again it is the new buildings that gained significantly with +9.0 %. Thanks to the combination of historically low lending rates and tax incentives for housing renovation, Euroconstruct is forecasting solid growth of between 2.9 % and 3.6 % for the coming years. In other building construction, a significant expansion of building permits in 2018 led to an increase of 6.4 %. The focus was on industrial buildings, warehouses and buildings for the educational sector. In 2019, new retail and healthcare buildings and new office space should contribute to further strong growth of 4.1 %; for 2020 and 2021, Euroconstruct also predicts growth of 4.5 % and 3.3 %, respectively. In civil engineering, which grew by a respectable 6.8 % in 2018, substantial public investment in ports, roads, rail and climate protection is expected to keep growth more or less stable at 6.7 % in 2019 after years of austerity, before slipping to 3.0 % in 2020 and stagnating with a value of 0.0 % in 2021.

STRABAG achieved an output volume of € 350.76 million in the Benelux countries in 2018. This corresponds to a 2 % share of the group output volume (2017: 2 %).

SWITZERLAND



Overall construction volume:	€ 63.9 billion
GDP growth:	2018e: 2.9 % / 2019e: 1.7 %
Construction growth:	2018e: 2.5 % / 2019e: 1.0 %

Stimulated by the general economic upswing of its trading partners, the Swiss economy returned to solid growth in 2018 for the first time since the so-called "Swiss franc shock" with an expected GDP plus of 2.9 %. By normalising its fiscal policy, Euroconstruct is forecasting a positive development for Switzerland over the period 2019–2021, with an annual average increase of 1.9 %.

The Swiss construction industry grew by 2.5 % in 2018. While residential construction had been the main engine of growth in recent years, momentum is now more likely to come from civil engineering. For 2019, Euroconstruct forecasts an overall increase of 1.0 % for the Swiss construction industry due to extensive infrastructure projects, before growth is again expected to slow down slightly to 0.5 % and 0.7 % in 2020 and 2021, respectively.

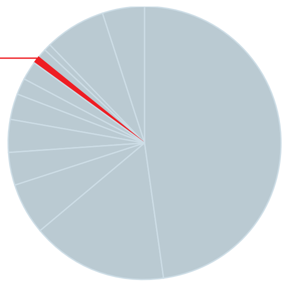
Swiss residential construction proved to be the weakest segment of the industry in 2018, with an increase of only 0.3 %. Strong market saturation combined with rising real estate prices and high vacancy rates prompt Euroconstruct to forecast that the sector will decline for the next few years (2019: -2.7 %, 2020: -2.4 %).

Thanks to the good state of the economy, on the other hand, Swiss companies have more flexibility for investing in corporate real estate. The moderate growth of 2.2 % in other building construction was due primarily to large construction projects by biotechnology and pharmaceutical companies. Not least due to planned investments in the health and education sectors, Euroconstruct predicts growth rates of around 3.0 % in this sector for the next two years.

While residential construction performed weakly last year, civil engineering, with a plus of 8.1 %, was, as already mentioned, the growth engine and is expected to continue to grow significantly in 2019 and 2020 with expected increases of 6.0 % and 3.0 %, respectively. This development is supported, for example, by a nationwide railway infrastructure programme. Likewise, the National Road and Agglomeration Transport Fund foresees annual investments of CHF 4.3 billion.

In 2018, Switzerland contributed € 273.21 million or 2 % (2017: 2 %) to the total output volume of the STRABAG Group.

ROMANIA



Overall construction volume:	€ 17.5 billion
GDP growth:	2018e: 3.6 % / 2019e: 3.8 %
Construction growth:	2018e: 5.9 % / 2019e: 5.7 %

The Romanian economy showed a solid upward movement in 2018 with a plus of 3.6 %, although the GDP growth originally projected by EECFA at 4.5 % had to be revised downwards slightly. Primarily, the growth dynamic resulted from the further increase in private consumption despite it having lost some of its momentum. Positive influences also came from the growth in industrial production and retail sales. The cumulative effect of these factors should continue over the next two years, leading to growth rates of 3.8 % and 3.6 %, respectively, in 2019 and 2020.

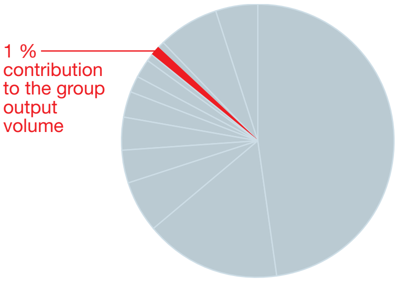
The Romanian construction industry posted positive growth of 5.9 % in 2018 and is expected to increase by 5.7 % in 2019, before the curve flattens slightly to +3.1 % in 2021. Buoyed by rising wages and low lending rates, residential construction once again posted strong growth of 9.8 % in 2018, mainly driven by new buildings. Rising real estate prices and lending rates – in some places coupled with an oversupply – dampen expectations of growth to just 3.7 % for the sector in 2019 before nearly stagnating at +0.9 % in 2020.

Other building construction also recorded a strong increase of 8.3 % in 2018, supported in particular by investments by international real estate developers in new office buildings. But investments in industry and trade also contributed to the positive performance. Foreign corporations took advantage of the comparatively lower wage and, at the same time, high qualification level of Romanian labour. Against this backdrop, EECFA also forecasts strong growth of 7.2 % and 6.4 %, respectively, for the next two years.

Civil engineering developed negatively in the year under review, with a slight decline of 0.8% in the third year. A key factor in this development was the low call for funds from the new EU funding programmes, in particular for infrastructure investments in the road sector. Due to new EU funding, however, EECFA is forecasting a new upswing in the sector with +6.8 % in 2019; in 2020, the growth should remain at a solid 2.9 %.

With an output volume of € 197.37 million in 2018 and a market share of 1.1 % (2017: 1.4 %), the STRABAG Group will continue to occupy the position of market leader in the Romanian construction market. In Romanian road construction, the share of the market stands at 5.1 % (2017: 2.9 %).

SWEDEN



Overall construction volume: € 44.4 billion
GDP growth: 2018e: 2.4 % / 2019e: 1.9 %
Construction growth: 2018e: 2.0 % / 2019e: -3.8 %

The Swedish economy grew by 2.4 % in 2018. In addition to an expansionary fiscal policy and private investments, this growth was supported not least by falling unemployment and rising real wages and the resulting higher domestic consumption. Euroconstruct's medium-term forecast, however, remains unchanged: High private household debt and the expected decline in public investments are expected to lead to a slight reduction in GDP growth to 1.9 % per annum over the next three years.

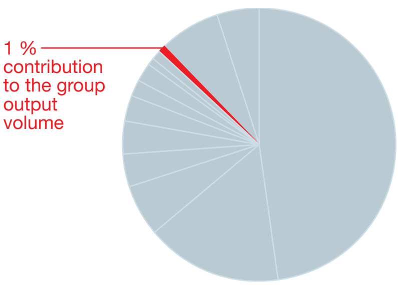
The upswing in the Swedish construction industry, which had been very dynamic in previous years, slowed significantly in 2018 with growth of only 2.0 %. Euroconstruct even expects construction output to decline by 3.8 % in 2019 and foresees drops of -0.7 % and -2.4 % in 2020 and 2021, respectively. In residential construction, the previous construction boom had already come to a standstill in autumn 2017 as a result of the entry into force of new financial regulations for private households. After a slight increase of 2.0 % in 2018, this sector is predicted to see a massive decline of -12.3 % in 2019, which should continue in the following two years with negative growth of -3.5 % and -6.1 %, respectively.

After several years of dynamic growth, other building construction also entered a period of consolidation in 2018 with a minus of 1.4 %. The main reason for this is the weak Swedish currency, as a result of which the role of growth engine passed from the Swedish construction sector to the country's export industry. The forecasts are not overly optimistic either: According to Euroconstruct, the momentum in other building construction should continue to cool slightly to -0.3 % and -0.5 % in 2019 and 2020, respectively, before declining significantly in 2021 with -4.7 %.

By contrast, Swedish civil engineering grew at an above-average rate of 6.2 % in 2018. Public-sector investments in rail infrastructure and public transport, as well as the implementation of several major projects in Stockholm and Gothenburg, provided significant impetus here, some of which goes beyond the year under review. Euroconstruct is therefore expecting solid growth rates in civil engineering for the coming years (2019: +7.0 %, 2020: +3.2 % and 2021: +5.0 %).

The output volume of the STRABAG Group in Sweden amounted to € 178.34 million in 2018.

CROATIA



Overall construction volume: € 3.5 billion
GDP growth: 2018e: 2.8 % / 2019e: 2.8 %
Construction growth: 2018e: 4.9 % / 2019e: 2.8 %

The Croatian economy has overcome the crisis of previous years and, with a plus of 2.8 %, was well above the EU average in 2018. This development was supported not only by private consumption but also by strong investment momentum and flourishing tourism. Another reason for the positive development is the better use of EU funding for infrastructure and utilities projects. For example, EU funding totalling € 10.8 billion is available to the country during the 2014–2020 funding period. EECFA therefore expects largely stable GDP growth rates for the coming years as well.

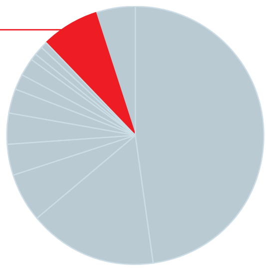
An increase of 4.9 % in 2018 once again confirmed the upward trend in the Croatian construction sector. The strongest and most welcome growth at 15.2 % was in residential construction. However, this trend will weaken significantly in the next few years due to rising construction costs and the massive emigration of well-trained young workers to other European countries. EECFA estimates that growth will stagnate at +0.2 % and -0.2 % in 2019 and 2020, respectively.

The other building construction also showed solid growth with a plus of 3.1 % in the year under review. Output in warehousing and industrial construction grew as strongly as in health and education buildings, while the mixed picture in the office sector reflected the more cautious attitude in real estate development. Hotel construction also fell slightly short of expectations. Overall, EECFA predicts increases in other building construction in the coming years of 3.1 % (2019) and 2.3 % (2020).

Croatian civil engineering declined again in 2018 with a minus of 3.9 %. For 2019, however, EECFA is forecasting a strong plus of 5.7 % for the sector and a further 4.5 % for 2020. In addition to the optimised use of EU subsidies, the main driving forces are large-scale infrastructure projects for rail and shipping traffic as well as water collection and treatment plants.

The STRABAG Group generated € 162.81 million in the Croatian market in 2018. It is the country's largest market participant.

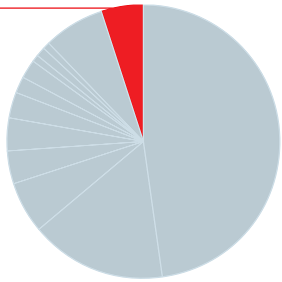
AMERICAS, MIDDLE EAST, ASIA, AFRICA



In order to be as independent as possible from the economic development of individual countries, STRABAG spreads its country risk by also operating outside its main European markets. As a rule, the company acts as a main contractor in direct export. In this sense, the group has been present in Africa and Asia, Canada, Chile and the Middle East for many years – often even decades. STRABAG focuses on areas in which high technological expertise is required: civil engineering, industrial and infrastructure projects as well as tunnelling. The 2018 milestones included the contract extension for the "Alto Maipo" hydropower project in Chile, which made this project the largest in the group.

In 2018, the STRABAG Group generated a total of € 1,091.96 million, or 7 % of its total output outside Europe (2017: 6 %). The activities in non-European countries are – with a few exceptions – assigned to the International + Special Divisions segment.

SERBIA, DENMARK, RUSSIA, ITALY, SLOVENIA, BULGARIA AND REST OF EUROPE



RUSSIA

Overall construction volume:	€ 134.3 billion
GDP growth:	2018e: 1.8 % / 2019e: 1.3 %
Construction growth:	2018e: 0.5 % / 2019e: -0.8 %

ITALY

Overall construction volume:	€ 168.4 billion
GDP growth:	2018e: 1.2 % / 2019e: 1.0 %
Construction growth:	2018e: 1.7 % / 2019e: 2.1 %

SERBIA

Overall construction volume:	€ 2.7 billion
GDP growth:	2018e: 4.3 % / 2019e: 3.9 %
Construction growth:	2018e: 12.7 % / 2019e: 8.0 %

SLOVENIA

Overall construction volume:	€ 2.8 billion
GDP growth:	2018e: 4.4 % / 2019e: 3.7 %
Construction growth:	2018e: 10.8 % / 2019e: 7.0 %

DENMARK

Overall construction volume:	€ 32.0 billion
GDP growth:	2018e: 1.6 % / 2019e: 1.6 %
Construction growth:	2018e: 2.7 % / 2019e: 2.6 %

BULGARIA

Overall construction volume:	€ 6.2 billion
GDP growth:	2018e: 3.5 % / 2019e: 3.7 %
Construction growth:	2018e: 7.4 % / 2019e: 7.0 %

Serbia

With GDP growth of 4.3 %, the Serbian economy continued its upswing in 2018. The construction industry also made significant contributions following the approval of several projects across all sectors. In addition to higher employment figures and rising wages, investments by industry and commerce also boosted the economy. GDP forecasts of +3.9 % (2019) and +4.5 % (2020) therefore seem quite realistic.

Serbia's construction industry grew by a healthy 12.7 % in 2018 and all signs continue to point to growth. Residential construction again exceeded all expectations in the period under review, with an increase of 12.0 % following a very strong prior-year figure (+25.4 %). The reform of the procedure for building permits in other building construction also had a positive effect (+10.4 %). In particular, shopping centres, hotel buildings and industrial buildings contributed to the construction boom, while the business with office space was only slowly catching up. Civil engineering (+14.1 %), which also accounts for the largest share of the Serbian construction volume, developed most strongly in 2018. For the coming years, EECFA forecasts increases in the total Serbian construction industry of 8.0 % (2019) and 4.9 % (2020).

The STRABAG Group generated an output volume on the Serbian market of € 111.03 million in 2018.

Denmark

With fundamentally good health, the Danish economy posted GDP growth of 1.6 % over the period under review. This development was supported by private consumption, new residential construction and the positive trade balance. The considerable wealth of the private sector and the Maastricht-compliant public debt give reason to expect modest but steady growth over the next few years.

The Danish construction sector even outperformed the economy as a whole with a plus of 2.7 % in 2018, and Euroconstruct predicts similarly high growth rates for the next few years (2019: +2.6 %, 2020: +2.2 %). Residential construction grew most strongly, up 3.3 % in the period under review, a trend that is expected to continue over the next few years (2019: +3.5 %, 2020: +2.9 %). For other building construction, which increased by 2.9 % in 2018, new impulses can be expected from a comprehensive programme for hospital buildings over the next five to ten years. Here, Euroconstruct expects growth of 2.3 % for 2019 and 2.0 % for 2020. The civil engineering sector recorded the lowest growth, with 1.1 % in 2018. In the run-up to the parliamentary elections of 2019, political priorities regarding major infrastructure investments are shifting, and several major projects have been completed. In view of the uncertainties involved, Euroconstruct is only venturing a cautious growth forecast of 1.0 % for this sector in each of the years 2019 and 2020.

The output volume of the STRABAG Group in Denmark amounted to € 91.71 million in 2018.

Russia

After the turnaround in the previous year, the Russian economy confirmed its tentative upward trend at +1.8 % in the reporting period. The continuing sanctions of the West, however, as well as the low rouble exchange rate, continued to dampen the development noticeably. Another negative factor was a significant decline in the agricultural sector, a low propensity for investments and stagnating domestic demand. For 2019, therefore, EECFA is again forecasting a slightly weaker growth rate of 1.3 %. By 2020, however, momentum should pick up again at +2.0 %.

The construction industry, as always, is reacting to the general economic development with a time lag and differently depending on the sector. Overall, however, the Russian construction industry also turned positive with a plus of 0.5 % after three years of recession. Although EECFA is forecasting another decline of -0.8 % for 2019, the sector is likely to pick up slightly again at +1.1 % in 2020.

The decline of -2.5 % recorded in residential construction in 2018 is mainly due to the low purchasing power of private households. This sector is likely to still end negative (-1.0 %) in 2019 before state housing programmes take hold in 2020 (+2.4 %). Other building construction also suffered a minus of 0.1 % in the year under review and can only expect tentative growth rates of 0.1 % and 0.8 % for the next two years, not least thanks to austerity measures by the public sector. Stimulated by extensive gas pipeline projects and massive investments in the road network, Russian civil engineering, on the other hand, posted strong growth of 3.8 %. For 2019 and 2020, however, EECFA is also forecasting a decline of -0.8 % and -0.1 % in this sector.

The STRABAG Group generated an output volume of € 77.46 million in Russia in 2018. In the region, STRABAG is active almost exclusively in building and industrial construction.

Italy

With an increase of 1.2 % in 2018, the Italian economy reflects the uncertainty of the markets in response to the government's lack of budgetary discipline. Despite a higher employment rate, domestic consumption remained well below expectations due to a lack of confidence in a recovery.

The Italian construction industry performed slightly above the moderate overall economic growth in 2018. The 1.7 % gain confirms the tentative upturn that had begun in 2016 after nearly a decade of negative momentum. Residential construction was stable at 1.3 % in 2018, albeit at a low level. By contrast, other building construction and civil engineering, with growth rates of 2.3 % and 2.0 %, showed slightly more dynamic growth which is likely to continue at a similarly high level over the next three years. For the entire construction sector, Euroconstruct forecasts stable annual growth rates of 2.0 % for the next two years.

The output volume of the STRABAG Group amounted to € 74.24 million in Italy in 2018. STRABAG is mainly active in tunnelling and road construction in the north of the country and the output volume is therefore assigned largely to the segment International + Special Divisions.

Slovenia

The Slovenian economy again grew significantly above the EU average in 2018, with GDP growth of 4.4 %. A new Investment Promotion Act, which equates domestic and foreign investment, is stimulating both the production and the services sector. Together with a very good employment situation, rising real wages and a positive development of exports, EECFA estimates that this will give the country solid GDP growth of 3.7 % and 3.4 % over the next two years.

The good economic situation was also reflected in the Slovenian construction industry, which posted a pleasingly positive result in 2018 with a plus of 10.8 %. This trend is likely to continue in the next two years with significant increases of 7.0 % and 4.6 %. Residential construction grew at a much higher rate of 5.1 % in the reporting period than in the previous year, driven mainly by the construction of new single-family homes. Other building construction developed even more dynamically with an increase of 10.1 %. It was buoyed by the establishment of new shopping and business centres in the capital but also by the good development in tourism. Due to the generally favourable economic conditions, EECFA predicts a high growth rate for the sector (+8.7 %) for 2019 before the curve flattens again slightly in 2020 (+2.6 %). Civil engineering saw the strongest growth of 16.5 % in 2018. Thanks to new public-sector infrastructure projects, growth rates of 5.8 % and 4.8 % should also be possible here in 2019 and 2020, resprectively.

The STRABAG Group achieved an output volume of € 68.34 million in Slovenia in 2018.

Bulgaria

The Bulgarian economy once again proved to be very robust in 2018 with a plus of 3.5 %. The growth was driven by a good employment situation with rising real wages and the resulting higher private consumption. Stable fiscal conditions and the favourable development of the state budget allow EECFA to predict GDP growth of 3.7 % and 3.6 %, respectively, for the next two years.

Following the dramatic slump in 2016 (-40.2 %), the Bulgarian construction industry continued its upswing for the second year in a row with a plus of 7.4 % in 2018. The development was mainly supported by residential construction (+14.9 %), which benefited primarily from favourable mortgage rates and rising real wages. In view of government programmes to improve energy efficiency, EECFA also predicts high growth rates of 14.1 % and 9.0 % in this sector for 2019 and 2020, respectively. Other building construction, whose development has been very volatile for years, recorded solid growth of 7.3 % in 2018. Especially in the capital of Sofia, investments by foreign companies in 2018 pushed the demand for modern office space noticeably higher. Civil engineering (+3.9 %) benefited from numerous large projects in rail and road construction and the expansion of gas grid connections to neighbouring states. These developments also suggest growth rates of 5.3 % and 6.8 % for the next two years.

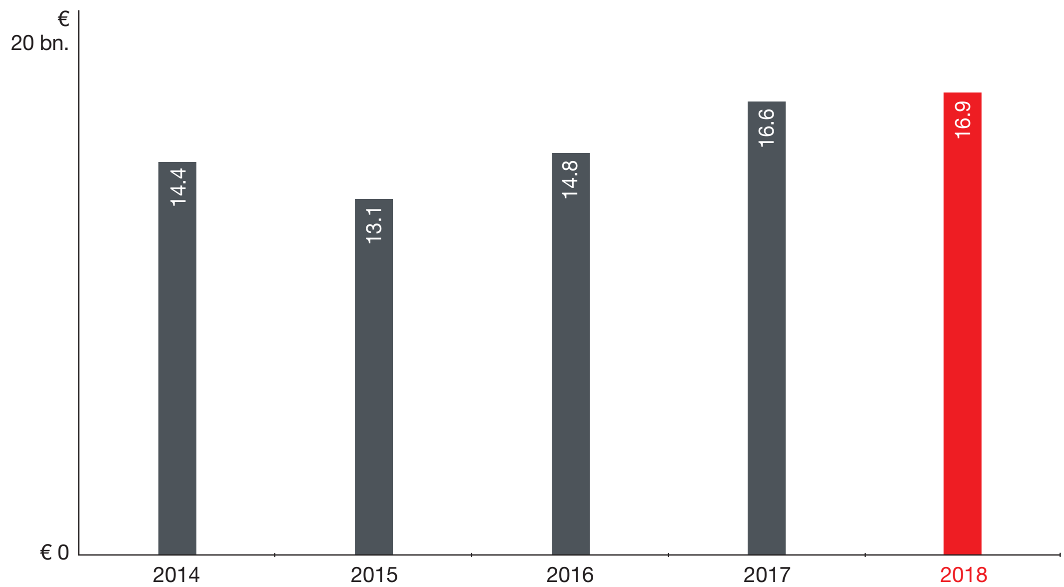
The STRABAG Group generated € 42.10 million on the Bulgarian market in 2018.

Order backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2018

€ mln.	Total 2018	North + West	South + East	International + Special Divisions	Other	Total 2017	Δ total %	Δ total absolute
Germany	7,178	6,010	135	1,032	1	6,929	4	249
Austria	2,056	20	1,637	399	0	1,986	4	70
Poland	1,632	1,615	0	17	0	1,416	15	216
Americas	1,134	14	1	1,119	0	786	44	348
Hungary	967	0	932	35	0	1,225	-21	-258
Benelux	567	557	5	5	0	573	-1	-6
Czech Republic	454	0	437	16	1	376	21	78
Rest of Europe	431	30	107	294	0	218	98	213
Asia	398	0	15	383	0	513	-22	-115
Sweden	390	335	0	55	0	383	2	7
Slovakia	262	0	249	13	0	476	-45	-214
Denmark	211	208	0	3	0	63	235	148
Romania	187	4	179	4	0	138	36	49
Switzerland	181	9	171	1	0	197	-8	-16
Middle East	173	1	0	172	0	327	-47	-154
Africa	125	1	0	124	0	148	-16	-23
Italy	115	0	9	106	0	273	-58	-158
Serbia	108	0	108	0	0	74	46	34
Bulgaria	105	0	105	0	0	95	11	10
Croatia	92	0	87	5	0	153	-40	-61
Russia	84	0	84	0	0	187	-55	-103
Slovenia	50	0	50	0	0	56	-11	-6
Total	**16,900**	**8,804**	**4,311**	**3,783**	**2**	**16,592**	**2**	**308**

DEVELOPMENT OF ORDER BACKLOG



Numerous orders in the group's largest markets, above all in Germany, Austria and Poland, again raised the order backlog to a record level at the end of the year. The aforementioned contract extension for the "Alto Maipo" tunnelling project in Chile with a value in the triple-digit million euro range was also characteristic. With the working-off of large projects, the order backlog declined, for example in Hungary, Slovakia and Russia, coming to rest at € 16.9 billion, just 2 % above the record level of the previous year.

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2018

Category	Number of construction sites	Number of construction sites as % of total	Order backlog € mln.[1]	Order backlog as % of total
Small orders (€ 0–1 mln.)	9,423	81	1,576	9
Medium-sized orders (€ 1–15 mln.)	1,864	16	3,559	21
Large orders (€ 15–50 mln.)	292	2	3,978	24
Very large orders (>€ 50 mln.)	128	1	7,788	46
Total	**11,707**	**100**	**16,900**	**100**

Part of the risk management

The total order backlog is comprised of 11,707 individual projects. More than 9,400 of these, or 81 %, involve small orders with a volume of up to € 1 million each; the much smaller remaining proportion of 19 % covers medium-sized to very large orders with contract volumes of € 1 million and up. A total of merely 128 projects have a volume above € 50 million. The high number of individual contracts guarantees that the risk involved with one project does not, as far as possible, threaten the group success as a whole. The ten largest projects in the order backlog as at 31 December 2018 added up to 14 % of the order backlog, the same as at the end of 2017.

THE TEN LARGEST PROJECTS IN THE ORDER BACKLOG AS AT 31 DECEMBER 2018

Country	Project	Order backlog € mln.	as % of total order backlog
Chile	Alto Maipo power plant	680	4.0
Singapore	Deep Tunnel Sewerage System	279	1.7
United Kingdom	North Yorkshire Polyhalite Project – Drive 1	250	1.5
Germany	Stuttgart 21, underground railway station	237	1.4
Germany	Second core rapid transit route Munich	203	1.2
Germany	A44 Tunnel Boyneburg	171	1.0
Chile	Candelaria Norte	163	1.0
Germany	Messe-City 1–4, Cologne	163	1.0
Germany	New Office Düsseldorf	143	0.8
Sweden	Expansion of Södertälje Canal	132	0.8
Total		**2,420**	**14.3**

Financial performance

The consolidated **group revenue** for the 2018 financial year amounted to € 15,221.83 million. This corresponds to a plus of 13 % – similar to the output volume. The ratio of revenue to output increased slightly to 93 % after spending several years at 92 %. The operating segments North + West contributed 48 %, South + East 30 % and International + Special Divisions 22 % to the revenue.

The **changes in inventories** involve mainly the real estate project development business; under the new provisions of IFRS 15, this now only applies to projects without an external investor. Although the business remained as active as before, new developments were overcompensated by project sales. The **own work capitalised** increased from a low level due to the construction of new corporate locations. The total of **expenses for construction materials, consumables and services used** and the **employee benefits expense**, expressed in relation to the revenue, remained unchanged at 90 % – the same as in previous years.

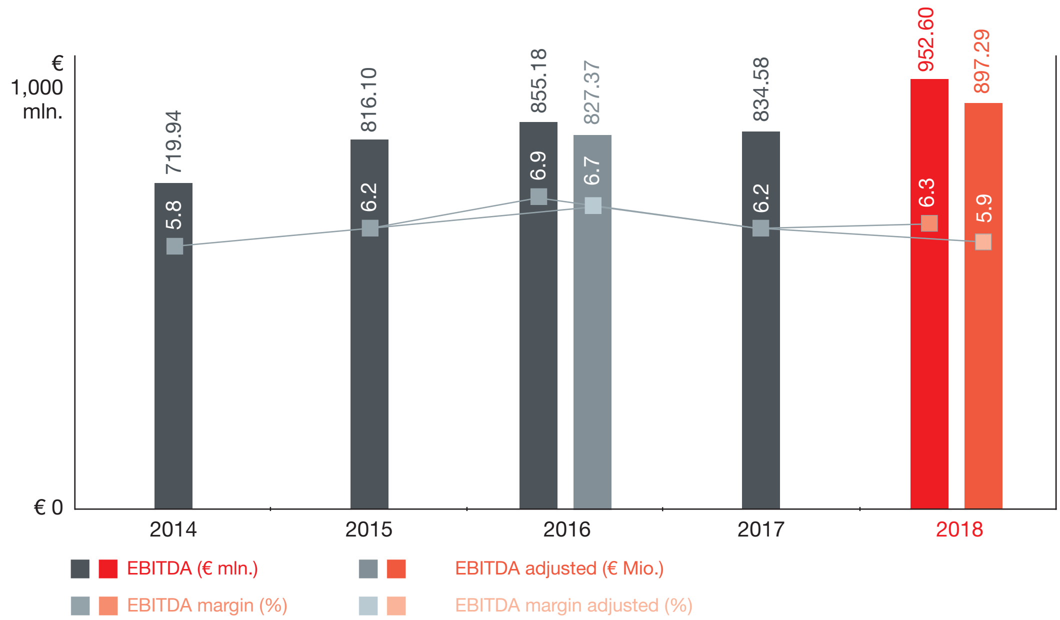
1 Rounding differences

EXPENSES

€ mln.	2018	2017	Δ %
Construction materials, consumables and services used	10,125.77	8,839.87	15
Employee benefits expense	3,618.94	3,367.17	7
Other operating expenses	854.89	842.79	1
Depreciation and amortisation	394.39	386.22	2

Lower earnings from joint ventures led to a reduction by around one third of the **share of profit or loss of equity-accounted investments**. This item also includes a non-recurring, non-operating step-up profit in the amount of € 55.31 million resulting from the full consolidation of the concession company PANSUEVIA that operates the A8 motorway in Germany. The **net income from investments** is composed of the dividends and expenses of many smaller companies or financial investments; however, the increase is primarily due to the negative earnings development in a single project during the previous year.

DEVELOPMENT OF EBITDA AND EBITDA MARGIN[1]



In total, the **earnings before interest, taxes, depreciation and amortisation** (EBITDA) increased by 14 % to € 952.60 million with slight growth of the EBITDA margin from 6.2 % to 6.3 %. Adjusting the EBITDA for the aforementioned non-operating step-up profit results in an EBITDA margin of 5.9 % and EBITDA growth of 8 %. The **depreciation and amortisation** increased by 2 %.

The **earnings before interest and taxes** (EBIT) increased by 25 % to € 558.21 million, which corresponds to an EBIT margin of 3.7 % after 3.3 % in 2017. Even when adjusted for the non-operating step-up profit, the EBIT grew by 12 % with an EBIT margin of 3.3 %. The earnings improvement is attributable to the International + Special Divisions segment. The property and facility services and real estate development businesses continued to make very positive contributions to the earnings, while burdens from large, loss-making projects in the international area were absent.

The **net interest income** was comparable to that of the previous year. Although a positive exchange rate result of € 4.65 million was achieved with regard to exchange rate differences, an exchange rate loss of € -9.40 million had still been reported in the previous year. This was, however, cancelled out by a lower income from interest, resulting, among other things, from the first-time consolidation of the aforementioned German concession project.

Effective tax rate: 31.7 %

In the end, the **earnings before taxes** grew by 26 %. The income tax rate stood at 31.7 %, slightly higher than in the previous year (2017: 30.6 %). The **net income** amounted to € 362.78 million, an increase of 24 % compared to 2017.

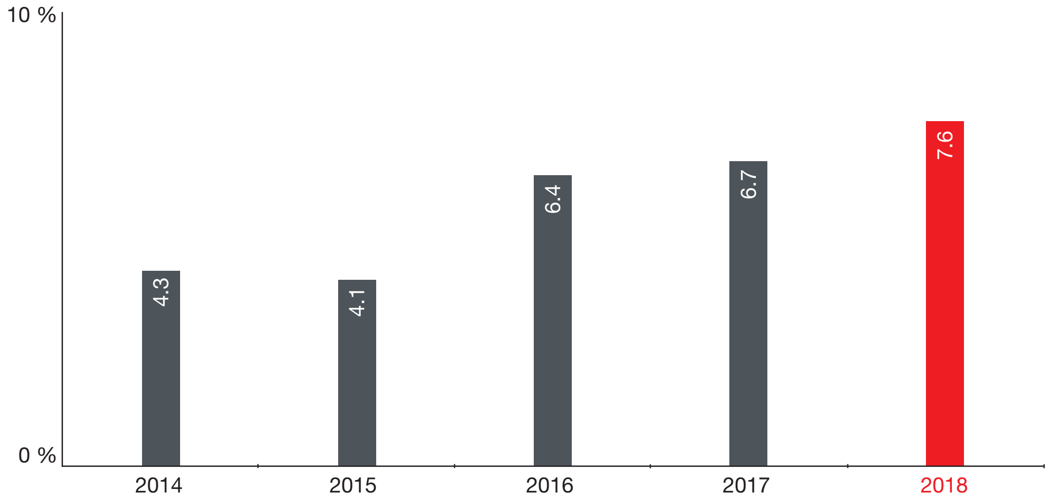
1 2016 adjusted for non-operating income in the amount of € 27.81 million
2018 adjusted for a non-operating step-up profit in the amount of € 55.31 million

Earnings per share:
€ 3.45

The earnings owed to minority shareholders amounted to € 9.25 million. On the one hand, 2018 was the first year in which no minority shareholders had to be considered at STRABAG AG, Germany. On the other hand, projects in the successful real estate development business are at times performed with partner companies. The **net income after minorities** for 2018 stood at € 353.53 million – an increase of 27 %. The **earnings per share** amounted to € 3.45 (2017: € 2.72).

The **return on capital employed** (ROCE)[1] increased from 6.7 % to 7.6 %. It reached a high again.

DEVELOPMENT OF ROCE



Financial position and cash flows

BALANCE SHEET

€ mln	31.12.2018	% of balance sheet total[2]	31.12.2017	% of balance sheet total
Non-current assets	4,829.76	42	4,095.74	37
Current assets	6,791.69	58	6,958.38	63
Equity	3,653.77	31	3,397.72	31
Non-current liabilities	2,380.03	20	2,145.36	19
Current liabilities	5,587.65	48	5,511.04	50
Total	**11,621.45**	**100**	**11,054.12**	**100**

The balance sheet, due to the increased shareholding in PANSUEVIA from 50 % to 100 % and the subsequent full consolidation, grew from € 11.1 billion on 31 December 2017 to € 11.6 billion. This also explains the growth of the non-current financial liabilities. For the first time, the balance sheet includes the items “Contract assets” and “Contract liabilities”, which, in accordance with IFRS 15, report receivables and payables from construction contracts. Despite the balance sheet growth, the **equity ratio** increased from 30.7 % to 31.4 %.

1 ROCE = (net income + interest on debt – interest tax shield (25 %))/(average group equity + interest-bearing debt)
2 Rounding differences

KEY BALANCE SHEET FIGURES

	31.12.2014	31.12.2015	31.12.2016	31.12.2017	31.12.2018
Equity ratio (%)	30.6	31.0	31.5	30.7	31.4
Net debt (€ mln.)	-249.11	-1,094.48	-449.06	-1,335.04	-1,218.28
Gearing ratio (%)	-7.9	-33.0	-13.8	-39.3	-33.3
Capital employed (€ mln.)	5,357.82	5,448.01	5,258.17	5,242.91	5,552.09

Net cash position of more than € 1.2 billion

As usual, a **net cash position** was reported on 31 December 2018. This figure fell in the face of higher investments and the repayment of bank borrowings from € 1.3 billion to € 1.2 billion.

CALCULATION OF NET DEBT[1]

€ mln.	31.12.2014	31.12.2015	31.12.2016	31.12.2017	31.12.2018
Financial liabilities	1,609.92	1,579.75	1,426.08	1,293.98	1,363.33
Severance provisions	97.66	96.13	110.02	111.10	114.68
Pension provisions	505.94	451.50	457.48	440.11	420.31
Non-recourse debt	-538.61	-489.53	-439.38	-389.78	-730.77
Cash and cash equivalents	-1,924.02	-2,732.33	-2,003.26	-2,790.45	-2,385.83
Total	**-249.11**	**-1,094.48**	**-449.06**	**-1,335.04**	**-1,218.28**

The **cash flow from operating activities** fell despite the higher cash flow from earnings from € 1,345.19 million to € 736.18 million due to the weaker working capital decrease as compared to the previous year. The expectation of a significant reduction in advance payments in 2018 and a concomitant increase in working capital to familiar levels thus did not materialise. The **cash flow from investing activities**, at € -587.93 million, was 76 % more negative, due in part to the higher investments in property, plant and equipment and because of the PANSUEVIA transaction. The repayment of a bond and the cash outflow related to the acquisition of the minority shares of the now delisted German subsidiary STRABAG AG influenced the **cash flow from financing activities**, which reached a value of € -534.17 million after € -234.52 million in the previous year.

REPORT ON OWN SHARES

On 31 December 2018, STRABAG SE held 7,400,000 bearer shares equalling 6.7 % of the share capital. The corresponding value of the share capital amounts to € 7,400,000.00. The acquisition took place over a period from July 2011 to May 2013 to any purpose allowed by Sec 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG), especially for the purpose of using own shares as acquisition currency. The average purchase price per share was € 20.79.

1 The non-recourse liabilities that were considered are related to two PPP projects. Non-recourse liabilities from other PPP projects had, based on their amount, only an immaterial impact and are therefore not subtracted in the calculation of net debt.

Capital expenditures

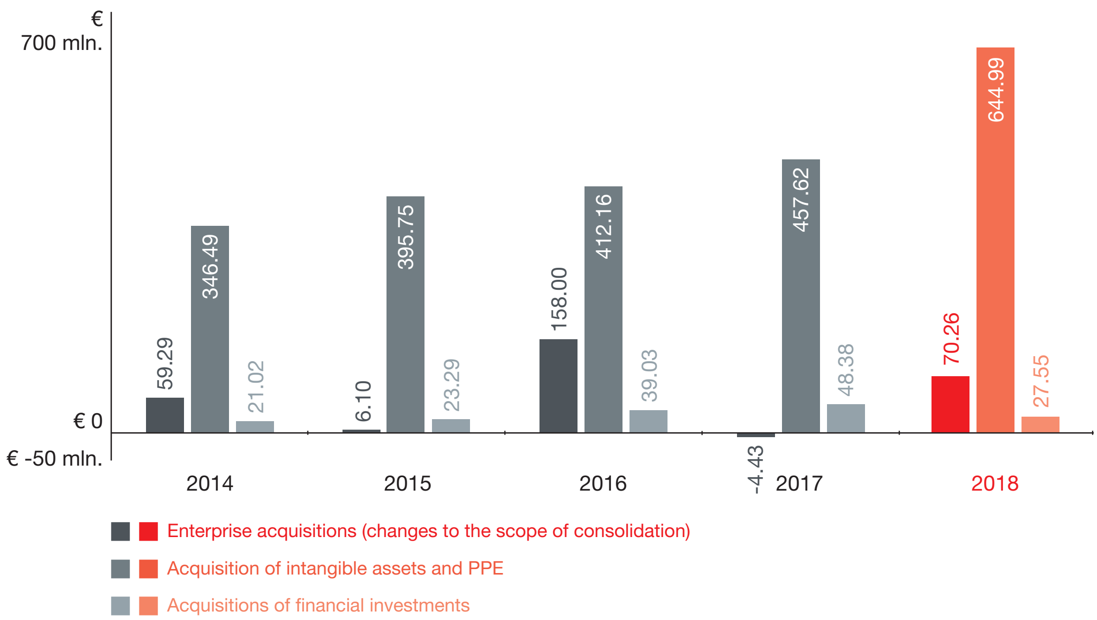
STRABAG had forecast net capital expenditures (cash flow from investing activities) in the amount of approximately € 550 million for the 2018 financial year. In the end, they totalled € 587.93 million.

The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 742.80 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** of € 644.99 million, the **purchase of financial assets** in the amount of € 27.55 million and € 70.26 million from **changes to the scope of consolidation**. Maintenance expenditures in 2018 were made primarily in Germany, Austria, Poland and the Czech Republic.

Noteworthy was the high percentage of capital investments, which at times greatly exceeded the maintenance expenditures in markets like Austria, Croatia and Hungary. This can be explained by the general expansion of the permanent business and of the raw materials network.

Expenditures on intangible assets and on property, plant and equipment during the year under report must be seen against depreciation and amortisation in the amount of € 394.39 million. The goodwill impairment of € 1.73 million is almost unchanged from the previous year.

COMPOSITION OF CAPEX



Financing/Treasury

KEY FIGURES TREASURY

	2014	2015	2016	2017	2018
Interest and other income (€ mln.)	82.17	82.07	73.90	46.90	38.62
Interest and other expense (€ mln.)	-108.37	-106.49	-77.68	-74.05	-66.05
EBIT/net interest income (x)	-10.8	-14.0	-112.4	-16.5	-20.4
Net debt/EBITDA (x)	-0.3	-1.3	-0.5	-1.6	-1.3

The number one objective for the treasury management of STRABAG SE is assuring the continued existence of the company through the maintenance of constant solvency. This objective is to be reached through the provision of sufficient short-term, medium-term and long-term liquidity. Liquidity for STRABAG SE means not only solvency in the strict sense but also the availability of guarantees. The activity of building requires the constant availability of bid, contract fulfilment, pre-payment and warranty guarantees and/or sureties. The financial scope of action is thus defined on the one hand by sufficient cash and cash credit lines, on the other hand by sufficient surety credit lines.

The management of **liquidity risks** has become a central element of the corporate management at STRABAG. In practice, liquidity risks come in various forms:

- In the short term, all daily payment obligations must be covered in time and/or in their entirety.
- In the medium term, liquidity levels must be sufficient so that no transactions or projects become impossible due to a lack of sufficient financial means or guarantees or that they cannot be executed at the desired pace.
- In the long term, there should be sufficient financial means available to be able to pursue the strategic development targets.

In the past, STRABAG has always oriented its financing decisions according to the risk aspects outlined above and has organised the maturity structure of the financial liabilities in such a way as to avoid a refinancing risk. In this way, the company has been able to maintain a great scope for action, which is of particular importance in a difficult market environment. The respective liquidity needed is determined by targeted liquidity planning. Based on this, liquidity assurance measures are made and a liquidity reserve is defined for the entire group.

The medium- and long-term liquidity needs have so far also been covered by the **issue of corporate bonds**. STRABAG SE (and its predecessor FIMAG) has regularly issued bonds on the Austrian capital market since 2002. In the 2015 financial year, the company successfully placed a € 200 million tranche with a coupon of 1.625 % and a term to maturity of seven years. With the proceeds from the issue, which were used for general business purposes such as refinancing the € 100 million bond issued in 2010 or making investments in property, plant and equipment, STRABAG SE preserved its optimal financing structure. As per 31 December 2018, STRABAG SE had three bonds with a total volume of € 500 million on the market. One bond with a volume of € 100 million is scheduled to mature in 2019.

In order to diversify the financing structure, STRABAG SE had placed its first **bonded loan** in the amount of € 140.00 million in the 2012 financial year. The variable interest portion of the bonded loan, in the amount of € 108.50 million, was refinanced at better conditions in 2015. This long-term debt financing instrument is in many ways similar to a bond, with an important difference being that bonded loans are issued directly to institutional investors without using an organised capital market, i.e. an exchange. In 2017, € 13.00 million of the fixed interest portion were paid off on schedule; the variable interest portion was paid off in full ahead of time, leaving an outstanding volume of € 18.50 million as at 31 December 2018.

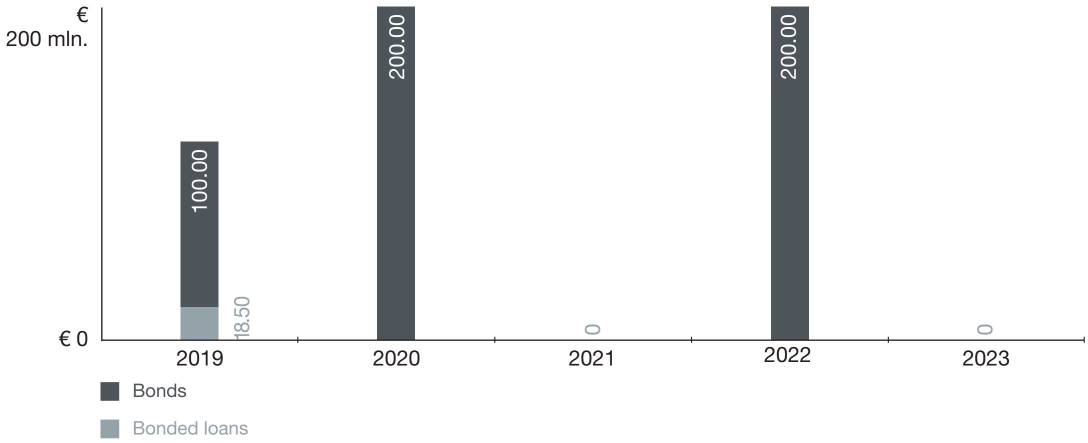
The existing liquidity of € 2.4 billion assures the coverage of the group's liquidity needs. STRABAG SE has a total credit line for cash and surety loans in the amount of € 7.8 billion. The credit lines include a **syndicated surety credit line** in the amount of € 2.0 billion and a revolving **syndicated cash credit line** of € 0.4 billion, each with a term to maturity until 2024. These two credit lines were refinanced ahead of maturity in March 2019, with terms and maturities redefined. The group also has bilateral credit lines with banks. With a high degree of diversification regarding its surety and cash credit, STRABAG creates an adequate risk spread in the provision of the credit lines and secures its comfortable liquidity position.

In June 2015, Standard & Poor's (S&P) raised STRABAG SE's investment grade rating by one level from BBB-, outlook stable, to BBB, outlook stable. This rating was again confirmed in July 2018. S&P sees STRABAG SE's strengths above all in the stable margins in an otherwise quite cyclical market environment, in the effective risk management, in the strategic access to construction materials and in the strong market positions.

PAYMENT OBLIGATIONS

€ mln.	Book value 31.12.2018
Bonds	500.00
Bank borrowings	863.33
Total	**1,363.33**

PAYMENT PROFILE OF BONDS AND BONDED LOANS



Segment report

OVERVIEW OF THE FOUR SEGMENTS WITHIN THE GROUP

The business of STRABAG SE is divided into four segments, of which there are three operating segments North + West, South + East and International + Special Divisions, and the segment Other, which encompasses the group's central divisions and central staff divisions.

The segments are comprised as follows[1]:

NORTH + WEST
Management Board responsibility[2]: Peter Krammer
Germany, Poland, Benelux, Scandinavia, Ground Engineering

SOUTH + EAST
M. B. responsibility[2]: Siegfried Wanker
Austria, Czech Republic, Slovakia, Hungary, South-East Europe, Switzerland, Environmental Engineering
M. B. responsibility: Thomas Birtel
Russia

INTERNATIONAL + SPECIAL DIVISIONS
M. B. responsibility[2]: Hannes Truntschnig
International, Tunnelling, Services, Real Estate Development, Infrastructure Development, Construction Materials

OTHER
M. B. responsibility: Thomas Birtel and Christian Harder
Central Divisions, Central Staff Divisions

Construction projects are assigned to one of the segments (see chart below). Of course, projects may also be assigned to more than one segment. This is the case, for example, with PPP projects in which the construction part is assigned to its respective geographic segment, but the concession part is assigned to the concessions unit of International + Special Divisions. In projects which span more than one segment, the commercial and technical responsibility is generally assigned to that segment which has the higher share of the overall project value.

Geographic segments may be desirable, but they are not always possible. Particularly the specialty fields – e.g. tunnelling – are in demand all around the world. As it is therefore not possible to assign these to a certain country, such business fields are listed under the segment International + Special Divisions. At the same time, the two segments North + West and South + East may contain international business fields such as sports facilities. These are usually organised from a country assigned to one of the respective geographic segments.

With only a few exceptions, STRABAG offers its services in all areas of the construction industry in the individual European markets in which it operates and covers the entire construction value chain. These services include:

	North + West	South + East	International + Special Divisions
Residential Construction	✓	✓	✓
Commercial and Industrial Facilities	✓	✓	✓
Public Buildings	✓	✓	✓
Production of Prefabricated Elements		✓	
Engineering Ground Works	✓	✓	✓
Bridge Construction	✓	✓	✓
Power Plants	✓	✓	✓
Environmental Engineering		✓	
Railway Construction	✓	✓	
Roads, Earthworks	✓	✓	✓
Waterway Construction, Embankments	✓	✓	
Landscape Architecture and Development, Paving, Large-Area Works	✓	✓	
Sports and Recreation Facilities	✓	✓	
Protective Structures	✓	✓	✓
Sewerage Systems	✓	✓	✓
Production of Construction Materials	✓	✓	✓
Ground Engineering	✓		
Tunnelling			✓
Real Estate Development			✓
Infrastructure Development			✓
Operation/Maintenance/Marketing of PPP Projects			✓
Property and Facility Services			✓

1 Services may be performed in more than one segment. The activities and countries below have been assigned to those segments in which the most significant portion of the services was provided. Details are available in the table.
2 Until 31 December 2018

NORTH + WEST PROFITS FROM GERMANY

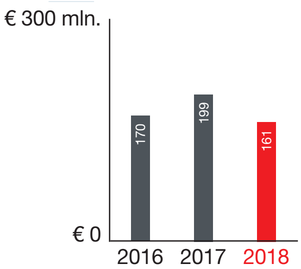
The North + West segment executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and Scandinavia. Ground engineering can also be found in this segment.

€ mln.	2018	2017	Δ 2017–2018 %	Δ 2017–2018 absolute
Output volume	7,827.48	6,843.36	14	984.12
Revenue	7,242.42	6,377.91	14	864.51
Order backlog	8,804.15	8,138.06	8	666.09
EBIT	161.40	199.25	-19	-37.85
EBIT margin (% of revenue)	2.2	3.1		
Employees (FTE)	24,222	23,366	4	856

OUTPUT VOLUME NORTH + WEST

€ Mio.	2018	2017	Δ 2017–2018 %	Δ 2017–2018 absolute
Germany	6,221	5,315	17	906
Poland	895	787	14	108
Benelux	305	273	12	32
Sweden	169	156	8	13
Denmark	87	152	-43	-65
Rest of Europe	59	67	-12	-8
Switzerland	28	32	-13	-4
Austria	25	20	25	5
Romania	13	9	44	4
Americas	9	8	13	1
Middle East	7	11	-36	-4
Africa	7	3	133	4
Czech Republic	1	0	n. a.	1
Hungary	1	10	-90	-9
Total	**7,827**	**6,843**	**14**	**984**

EBIT

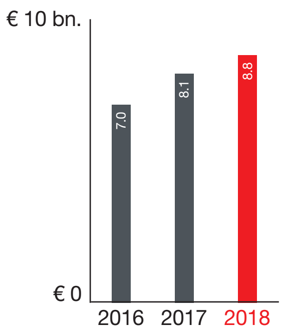


Excellent weather conditions in Germany

The output volume in the North + West segment was up by 14 % in 2018 compared to the previous year. This is attributable to the high order backlog in Germany and Poland and the excellent weather conditions. Especially in Germany, hardly any restrictions were noticed during the winter months. In Denmark, the output declined as new large-scale projects did not immediately follow up on the working-off of the current order backlog.

The revenue increased, like the output, by 14%, while the EBIT declined by 19 % to € 161.40 million. This is due to provisions for individual large-scale projects in several countries in the segment.

ORDER BACKLOG



Order backlog driven by Germany, Poland and Denmark

The order backlog climbed up by 8 %. This growth was primarily driven by increases in Germany, Poland and Denmark. New orders acquired in Germany in 2018 included the projects "Sonnenhöfe im Sternenviertel" near the new Berlin Brandenburg Airport; "Stadtquartier Südkreuz" in Berlin; the INC "Project House for Autonomous Driving" in Ingolstadt; SKAIO, the first timber high-rise in the country; the Oldenburg–Wilhelmshaven rail upgrade line; and the contracts for main construction works on Munich's second rapid transit core route from Deutsche Bahn AG. In Poland, STRABAG was commissioned with two additional sections of the S7 motorway north of Warsaw and with several sections of the A1 motorway. Order successes were also recorded in the northern European countries and Scandinavia, for example with regard to several buildings in the Copenhagen Carlsberg quarter, Denmark, the FSE309 interchange Lovö in Stockholm, Sweden, and the business and residential building ODE in Amsterdam, the Netherlands, which Booking.com B.V. will use, among others.

Employee numbers grow with output

The number of employees increased by 4 %, growing less strongly than the output in part because, for capacity reasons, work was awarded to subcontractors to a greater extent than previously. Here, too, Germany and Poland posted growth, while the number of employees in the other markets fell.

Outlook: Equally stable at a high level

For the 2019 financial year, the North + West segment is expected to generate a somewhat lower output volume than in the previous year, with business stabilising at a high level. The **German building construction and civil engineering business** should continue to make a positive contribution to both output volume and earnings. The situation in the subcontractor and supplier markets, which remains very tense in the light of the construction boom, will be counteracted by binding these partners with the client side prior to concluding the contract or by calculating corresponding risk premiums for expected price increases during project execution.

The **transportation infrastructures business in Germany** posted an excellent year in 2018. The situation was defined by a lasting low interest rate, unusually mild weather, high tax revenues and the long-standing investment backlog in public infrastructure. A limiting factor for further expansion of the business, however, remains staff and limited capacities among subcontractors.

The general environment in **Poland** remained bleak. There is a shortage of skilled workers, construction materials and capacities in general to meet the enormous demand in the industry. In the past two years, this had led to double-digit increases in the cost of labour, construction materials and subcontractor prices. At the same time, in view of budget overruns, tenders are being cancelled more frequently even before they are awarded. However, the very high order backlog allows for a greater selection of projects for which tenders are placed. A still satisfactory result should therefore be achieved nonetheless.

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog in € mln.	as % of total group order backlog
Netherlands	Oosterdokseiland Amsterdam	108	0.6
Germany	Berthold Brecht School, Nuremberg	107	0.6
Germany	Sande rail upgrade line	107	0.6
Germany	New Axel Springer building, Berlin	106	0.6
Poland	A1 Kamieńsk–Radomsko	105	0.6

SOUTH + EAST: STRONG AT A HIGH LEVEL

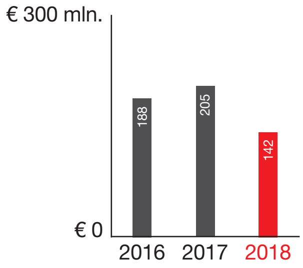
The geographic focus of the South + East segment is on Austria, the Czech Republic, Slovakia, Hungary, South-East Europe, Russia and Switzerland. The environmental engineering activities are also handled within this segment.

€ mln.	2018	2017	Δ 2017–2018 %	Δ 2017–2018 absolute
Output volume	4,639.26	4,241.60	9	397.66
Revenue	4,521.81	4,073.31	11	448.50
Order backlog	4,311.00	4,504.75	-4	-193.75
EBIT	142.03	204.61	-31	-62.58
EBIT margin (% of revenue)	3.1	5.0		
Employees (FTE)	18,729	17,916	5	813

OUTPUT VOLUME SOUTH + EAST

€ mln.	2018	2017	Δ 2017–2018 %	Δ 2017–2018 absolute
Austria	1,979	1,775	11	204
Czech Republic	557	506	10	51
Hungary	545	404	35	141
Slovakia	460	467	-2	-7
Switzerland	235	266	-12	-31
Romania	156	148	5	8
Croatia	148	107	38	41
Germany	145	122	19	23
Serbia	109	111	-2	-2
Rest of Europe	99	145	-32	-46
Russia	70	80	-13	-10
Slovenia	61	45	36	16
Bulgaria	37	41	-10	-4
Asia	15	7	114	8
Italy	11	9	22	2
Benelux	8	6	33	2
Americas	4	0	n. a.	4
Middle East	0	1	-100	-1
Africa	0	2	-100	-2
Total	**4,639**	**4,242**	**9**	**397**

EBIT

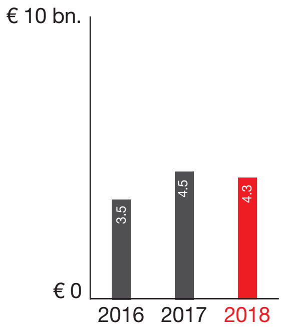


EBIT margin lower than usual

The output volume in the South + East segment was up 9 % year-on-year in 2018 at € 4,639.26 million. Increases were recorded mainly in the home market of Austria as well as in Hungary and the Czech Republic, while the output declined in Switzerland.

The revenue increased by 11 %. The competition – above all for personnel and subcontractor services – also intensified in the Central and Eastern European markets, which pushed margins from an exceptionally high level to a lower level. With an EBIT of € 142.03 million, an EBIT margin of only 3.1 % was achieved.

ORDER BACKLOG



Order backlog: Declines in Hungary and Slovakia outstrip growth in Austria

The order backlog fell by 4 %. In Hungary and Slovakia, this figure dropped down from an exceptionally high level at the beginning of 2018, while in Austria, the order backlog continued to increase. Newly acquired projects include a production facility in Hungary for the Swiss automotive supplier REHAU, the “Triiiple” residential construction project in Vienna, Austria, and the modernisation of the D1 motorway in the Czech Republic.

Order-related increases in the number of employees

The number of employees grew in line with the output volume, gaining 5 % to 18,729. Particularly noteworthy are the increases in Austria, Hungary, Serbia and Croatia.

Outlook: Output growth and attractive margins expected

The output volume in the 2019 financial year should increase slightly, with margins expected to remain at an attractive level. The general situation in the majority of the markets is defined by a strong inflation of costs due to high demand coupled with a shortage of skilled labour.

The situation in the home market of **Austria** remains positive. New large-scale building construction projects in the cities are continually restocking the order backlog as similar projects reach completion.

In the **Czech Republic** and **Slovakia**, the margins have been falling for several years. The climate in the construction industry is getting tenser, as has been expected. In Slovakia, tenders are mostly for transportation projects with EU financing, including several railway projects, though the situation here is characterised by fierce competition, a labour shortage and volatile prices for construction materials. In the Czech Republic, the focus previously had been on building construction for the automobile industry as well as commercial centres and office buildings for industrial clients. Now STRABAG has bid for several infrastructure projects that have also come up for tender.

In **Hungary**, the challenge in the coming months and years will be to work off the high order backlog. The company is therefore being selective with regard to the acquisition of new contracts. The entire Hungarian construction industry is currently in an unusually active phase.

The markets of **South-East Europe** are developing quite differently. On the one hand, an increasing number of large projects are coming up for tender. At the same time, however, competition and political risks are again on the rise in individual countries of the region.

The **environmental engineering** business is developing very positively.

The business in **Switzerland** is going as expected. Demand is stagnating at a high level, yet the competition among the market participants is usually carried out over the price. STRABAG will therefore focus on infrastructure projects here in the future.

In **Russia**, the state budget situation is easing in response to the increased price of oil. The policy focus is on reducing the negative impact from the sanctions. The construction industry has probably passed through the lowest point. Given the fact that the market volume remains high, STRABAG continues to bid mainly for large residential projects in Moscow and increasingly also in St. Petersburg. Financing problems have had a dampening effect on project realisation, however.

SELECTED PROJECTS SOUTH + EAST

Country	Project	Order backlog in € mln.	as % of total group order backlog
Hungary	JV M30 motorway Miskolc–Tornyosnémeti	121	0.7
Austria	Triiiple, Vienna	86	0.5
Hungary	Modernisation of M0 motorway	71	0.4
Hungary	JV M2 motorway Budapest–Vác	58	0.3
Slovakia	JV D3 motorway Čadca–Svrčinovec	53	0.3

INTERNATIONAL + SPECIAL DIVISIONS: EARNINGS GROWTH AFTER A NUMBER OF DIFFERENT EFFECTS

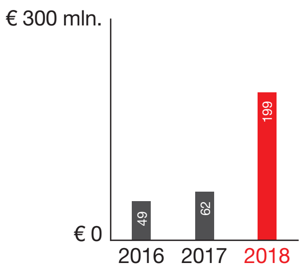
The International + Special Divisions segment includes, on the one hand, the field of tunnelling. The concessions business, on the other hand, represents a further important area of business, with global project development activities in transportation infrastructures in particular. Regardless of where the services are rendered, the construction materials business, including the company's dense network of production plants but with the exception of asphalt, also belongs to this segment. The real estate business, which stretches from project development and planning to construction and operation and also includes the property and facility services business, completes the wide range of services in this segment. Additionally, most of the services in non-European markets are also bundled in International + Special Divisions.

€ mln.	2018	2017	Δ 2017–2018 %	Δ 2017–2018 absolute
Output volume	3,740.30	3,403.53	10	336.77
Revenue	3,437.82	3,029.34	13	408.48
Order backlog	3,782.41	3,943.73	-4	-161.32
EBIT	198.69	62.40	218	136.29
EBIT margin (% of revenue)	5.8	2.1		
Employees (FTE)	26,279	25,618	3	661

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	**2018**	**2017**	**Δ 2017–2018 %**	**Δ 2017–2018 absolute**
Germany	1,464	1,459	0	5
Americas	652	377	73	275
Austria	506	502	1	4
Middle East	198	291	-32	-93
Hungary	163	135	21	28
Asia	147	92	60	55
Czech Republic	144	117	23	27
Rest of Europe	117	65	80	52
Poland	74	57	30	17
Italy	63	58	9	5
Slovakia	52	60	-13	-8
Africa	50	43	16	7
Benelux	36	15	140	21
Romania	27	24	13	3
Croatia	14	12	17	2
Sweden	8	4	100	4
Slovenia	7	8	-13	-1
Russia	6	60	-90	-54
Bulgaria	4	3	33	1
Denmark	4	7	-43	-3
Switzerland	3	14	-79	-11
Serbia	1	1	0	0
Total	**3,740**	**3,404**	**10**	**336**

EBIT

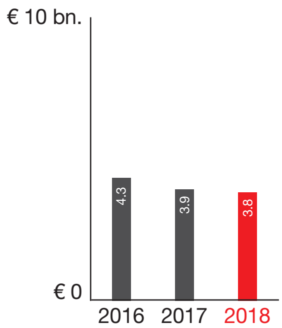


Absence of prior-year earnings burdens

The International + Special Divisions segment closed 2018 with a plus of 10 % in output volume, attributable especially to the completion of a large project in the Americas. The other markets were mixed.

With a plus of 13 %, the revenue grew slightly more strongly than the output volume. This development is attributable to the sales of real estate project developments and to the changed presentation of such projects under IFRS 15 applicable as of this year. The EBIT more than tripled from € 62.40 million in the year 2017 to € 198.69 million. The absence of prior-year earnings burdens from international construction contracts and the continued strong contributions to earnings from the property & facility services and real estate project development businesses had a particularly strong positive impact.

ORDER BACKLOG



Order backlog lower despite new projects in the UK and expansion in Chile

The order backlog was down by 4 %. Difficult technical conditions at the “Alto Maipo” hydropower project in Chile and the withdrawal of a contractor led the client to conclude a new construction agreement with STRABAG S.p.A. of Chile on 19 February 2018. The agreement had been pending the bank financing and became effective on 8 May 2018. With the contract, STRABAG took on another construction section of this large project, adding approximately € 800 million to the order volume for a total contract value of about € 1.5 billion. This contract extension and an increase in the United Kingdom stand in contrast to a reduction in Austria, Italy and Asia, among other places. New large-scale contracts this year involve the construction of an approximately 13 km tunnel section for the underground conveyor system at the Woodsmith Mine in the United Kingdom and the 1.7 km Boyneburg tunnel, consisting of two tunnel tubes, in Germany.

Staff increased for Alto Maipo project in Chile

The number of employees was 3 % higher. The increase in the Americas region due to the contract extension for the Alto Maipo project in Chile exceeded the decrease in Germany.

Outlook: Slightly lower output volume and earnings at about 2018 levels expected

In the 2019 financial year the International + Special Divisions segment is expected to generate a slightly lower output volume and the earnings are expected to remain on the same level as the previous year. The **real estate development** business should continue to make very positive earnings contributions, as the ongoing low interest rates and the continuously high demand for commercial and residential real estate are responsible for a generally good framework for this business field. Against the backdrop of rising property prices and, above all, significantly higher construction costs, it is becoming increasingly more difficult to initiate new project developments with a sustainable profit given the circumstance that real estate prices currently remain largely stable and are growing – if at all – only slightly and in specific sectors. STRABAG's acquisition focus in Germany is therefore also on locations outside of the major cities and on the recently established field of development services, where project developments are performed other than for own account, as well as on geographic markets such as Romania, Poland, Hungary, the Czech Republic, Slovakia and Slovenia. The countries of Central and Eastern Europe offer above-average growth rates and an increasing level of prosperity – but also an increasing lack of skilled labour with a corresponding rise in wage costs. The already available property reserves, however, form the foundation for new project developments. In Austria, the group continues to offer the entire range of residential construction from subsidised to affordable to privately financed housing as well as related uses – such as student housing – and commercial project developments.

Although the market for concession projects remains a difficult one, the income from existing public-private partnerships (PPP) should also help the **infrastructure development** business to another significant earnings contribution. In the third quarter of 2018, STRABAG increased its previous stake of 50 % in PANSUEVIA, the operator of the German A8 motorway, to 100 %. With the exception of a few lighthouse projects in Germany, Poland and the Czech Republic, however, no new PPP tenders are expected in the field of road construction in the group's core countries at this time. For this reason, the company is also focusing on selected markets in Latin America and Southeast Africa.

The **international business** – i.e. the business that STRABAG conducts in countries outside of Europe – has for several years been focused on this part of Africa, where larger investments in the fields of infrastructure, energy and water are expected. In the Middle East, traditionally an important market for the group, the relatively low price of oil had brought the construction markets to a standstill. Although the forecasts predict another recovery of the oil price and tender activity is up again for projects in the infrastructure and tourism fields, the general environment is unlikely to improve in the short term. Because the competition in the aforementioned regions remains intense, the group is only pursuing projects here in which it can contribute its know-how and its technical expertise in a way to generate value. This includes specialities such as test track construction. The focus in new markets is on projects in the infrastructure sector that are financed by international organisations and have a clear contract structure.

In **tunnelling**, on the other hand, new markets are not a focus at this time. Besides its core European markets, the group is also especially active in tunnelling in Canada, Chile, the United Kingdom and Singapore at technically very challenging projects. While the harsh competition on the home markets is unlikely to improve even in the medium term, opportunities are expected especially in the United Kingdom, in Canada, and in the mining sector in Chile.

In the field of **electrotechnical tunnel equipment**, intense competition can be observed in Austria. Potential contracts are to be found among expected tenders in Germany and large-scale projects in northern Europe. In the market for **tolling systems**, group subsidiary EFKON has expanded its radius to Norway with the contract to deliver a tolling solution for the cities of Oslo and Bergen.

In the field of **property & facility services**, the signing of a contract with the service provider ISS eliminated a factor that had been the cause of some uncertainty. As reported, effective 1 July 2019, the facility management services for Deutsche Telekom AG and its subsidiaries in Germany will no longer be provided by the companies of the STRABAG Group but by ISS. Since the end of last year, STRABAG and ISS had negotiated on ways to continue to employ the more than 3,000 employees of STRABAG Property and Facility Services GmbH (STRABAG PFS) and STRABAG Facility Services GmbH (STRABAG FS) who are currently working on the Deutsche Telekom account. On 10 April 2018, an asset purchase agreement was concluded which foresees the transfer of the affected employees as at 1 July 2019. In light of the continued stable order situation at Deutsche Telekom and the volume of new orders, the earnings development in property and facility services is expected to remain at an attractive level. STRABAG PFS further diversified its client portfolio in 2018 and more than doubled the volume of new orders year on year. The new acquisitions include companies like Airbus, Deutsche Bahn, Esprit, Hahn Gruppe, HypoVereinsbank, Immofinanz, Nordex and Orsay. In addition, STRABAG PFS is expanding its geographical radius. On 18 December 2018, STRABAG PFS Austria GmbH signed an agreement to acquire 100 % of the shares of Caverion Polska Sp. z o.o. of Warsaw, a Polish specialist in the field of technical facility management (TFM). The company, with around 170 employees, in 2017 generated an output volume of around PLN 50 million (approx. € 12 million).

Overall, the **construction materials business** is again showing a very positive trend. The market positions can be maintained especially in the core markets of Austria, Germany, Hungary, the Czech Republic and Poland. Only in Romania, due to the fiercely competitive market and the very low price level, the business development is below expectations and is putting pressure on margins. The dense network of construction material operations, however, including construction material-based services, remains an important basis for self-supply within the group and thus a foundation for greater competitiveness.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

Country	**Project**	**Order backlog in € mln.**	**as % of total group order backlog**
Chile	Chuquicamata, underground mine	131	0.8
Austria	JV Koralm Tunnel 2	108	0.6
Israel	JV 5th Line Water Supply Jerusalem	104	0.6
Colombia	JV Autopista al Mar 1	100	0.6
Germany	A44 Tunnel Boyneburg	97	0.6

OTHER (SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

This segment encompasses the group's internal central divisions and central staff divisions.

€ mln.	**2018**	**2017**	**Δ 2017–2018 %**	**Δ 2017–2018 absolute**
Output volume	115.84	132.40	-13	-16.56
Revenue	19.78	28.16	-30	-8.38
Order backlog	2.15	5.33	-60	-3.18
EBIT	0.86	0.67	28	0.19
EBIT margin (% of revenue)	4.3	2.4		
Employees (FTE)	6,230	6,004	4	226

Risk management

The STRABAG Group is subject to a number of risks in the course of its business activities. These risks are systematically identified and assessed using an active risk management system and dealt with using an appropriate risk management policy. This risk management policy is an integral part of the management system. It describes a set of fixed principles and responsibilities for risk management and how to deal with the material risk categories.

RISK MANAGEMENT AS A CORE TASK OF MANAGEMENT

Risk management is a core task of the management. The identification and assessment of risks is the responsibility of the respective management level. The risk controlling process includes the integrated quality management system with internal group guidelines and complementary business, process and technical instructions for the workflow in the operating units, supportive central divisions and central staff divisions with technical, legal and administrative service and consulting activities, and Internal Audit as a neutral and independent auditing entity.

Responsibility for the implementation of the project-related risk management systems in the divisions was transferred to the commercial division management. The central division Project-Related Risk Management System/Organisational Development/International BRVZ Coordination handles the continuous improvement and development of the risk management system for the procurement and execution of construction projects.

All STRABAG management employees, within the scope of their duties and responsibilities, and according to the Rules of Procedure and relevant company regulations, are obliged to

- work with the employees to set risk identification measures,
- monitor the risks,
- introduce countermeasures, and
- pass on relevant information about risks to other units or levels within the company. This requirement especially applies to all employees of the STRABAG Group.

The STRABAG SE Management Board prohibits engaging in business transactions whose realisation could endanger the company's existence.

RISK MANAGEMENT USING DEFINED RISK GROUPS

The group's internal risk report defines the following central risk groups:

- External risk
- Operating and technical risks
- Financial risks
- Ethical risks
- Human resource risks
- IT risks
- Investment risks
- Legal risks
- Political risks

Additional risks exist with regard to work safety, environmental protection, quality, business continuity and supply chain. These are described in separate policies within the management system. The rules for proper business behaviour are conveyed by the ethics and business compliance system.

Following ISO 31000 and the Committee of Sponsoring Organisations of the Treadway Commission (COSO), our risk management system forms part of our integrated management system. We deal with the risks identified by us as follows:

EXTERNAL RISKS COUNTERED THROUGH DIVERSIFICATION

The entire construction industry is subject to **cyclical fluctuations** and reacts to varying degrees depending on region and sector. Overall economic growth, development of the construction markets, the competitive situation, the conditions on the capital markets and technological changes in construction can all result in risks. These risks are continually observed and monitored by the central departments and operating units. Changes in external risks lead to adjustments in STRABAG's organisation, market presence and range of services as well as the adaptation of strategic and operating planning. STRABAG further responds to market risk with geographic and product-related **diversification** in order to keep the influence on the company's success exerted by an individual market or by the demand for certain services as low as possible. To avoid bearing the risk of rising prices, STRABAG makes efforts at signing **cost escalation clauses** and **cost-plus-fee contracts** in which the client pays a previously agreed margin on the costs of the project.

REDUCE OPERATING AND TECHNICAL RISKS WITH BINDING MINIMUM STANDARDS

These risks primarily include the complex risks regarding project selection and execution along with the technical risks that need to be assessed for each project, e.g. site, geology, construction method, technology, materials, equipment, design, work planning, etc. An integral part of the project-related risk management system are minimum standards with group-wide validity for the procurement and execution of construction projects (common project standards). These comprise clearly defined criteria for the evaluation of new projects, a standardised process for preparing and making bids, as well as integrated internal control systems serving as filters to avoid loss-making projects. Business transactions requiring consent are reviewed and approved by business unit and subdivision managers or by division managers according to internal rules of procedure.

Principally, bids must be analysed by **internal commissions** and reviewed for their technical and economic feasibility. The construction and project teams can contact the experts at the central divisions BMTI, TPA and Zentrale Technik for assistance in assessing the technical risks and working out innovative solutions for technical problems. Project execution is managed by the construction or project team on-site using documented procedures and controlled by **monthly target/performance comparisons**. At the same time, our central controlling provides constant commercial office support for these projects, ensuring that risks of individual projects do not endanger the continuity of the company.

FINANCIAL RISKS: ACTIVE LIQUIDITY AND RECEIVABLES MANAGEMENT

Under financial risks, STRABAG understands risks in financial matters and in accounting, including instances of manipulation. Special attention is paid to the **liquidity and receivables management**, which is secured through continuous financial planning and daily status reports. Compliance with internal commercial guidelines is guaranteed by the central accounting and controlling departments, which are also responsible for internal reporting and the periodic planning process. Risks from possible instances of manipulation (acceptance of advantages, fraud, deception or other infringements of the law) are monitored by all business areas in general and by the **internal audit** department in particular.

STRABAG is subject to interest, currency, credit and liquidity risks related to its assets, liabilities and planned transactions. The goal of financial risk management is to minimise these risks through ongoing financial activities. The basics of the financial policy are set by the Management Board and monitored by the Supervisory Board. The implementation of the financial policy and responsibility for the risk management are the domain of the group treasury. Detailed information can be found in the Notes under item 32 Financial Instruments.

Business Compliance

COUNTERING ETHICAL RISKS WITH ETHICS AND BUSINESS COMPLIANCE SYSTEM

As corruption is a risk in the construction industry, STRABAG has in place a number of proven instruments to fight corruption within the company. The rules for proper business behaviour are conveyed by the ethics and business compliance system. These have group-wide validity. The STRABAG business compliance model is based on the Code of Conduct, the Business Compliance Guidelines, the Business Compliance Guidelines for Business Partners, and the personnel structure of the STRABAG business compliance model, consisting of the group business compliance coordinator, the regional business compliance representatives, the internal ombudspersons and the external ombudsperson. Details on the ethical risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a of the Austrian Commercial Code (UGB).

People & Workplace

HUMAN RESOURCE RISKS: COUNTERMEASURES WITH CENTRAL HUMAN RESOURCE MANAGEMENT AND NEEDS-ORIENTED HUMAN RESOURCE DEVELOPMENT

Material human resource risks, such as recruiting bottlenecks, skilled labour shortages, fluctuation and labour law risks, are countered with a **central human resource administration** and **long-term, needs-oriented human resource development**. Human resource risks are to be reduced as far as possible through the targeted recruiting of qualified skilled workers and managers, extensive training activities, performance-based pay based on binding compliance with labour law provisions, as well as early succession planning. Additionally, systematic potential management is in place to ensure the development and career planning of company employees. Complementary initiatives to promote employee health, improve employment conditions and raise employee satisfaction further contribute to the company's attractiveness and prestige. Details on the human resource risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

IT RISKS: IT USAGE GUIDELINES AND CONTINUOUS REVIEW OF SECURITY CONCEPTS TO COUNTER CYBERCRIME

With the increasing threat of IT risks, different measures are being implemented in the form of multistep security and anti-virus concepts, user access rights, password-controlled access, appropriate backups and independent power supply. The company is also working together with professional **specialty service providers** to ensure an efficient defence against cybercrime and is constantly reviewing its security concepts. By issuing IT usage guidelines and repeatedly informing on the necessity of risk awareness when working with information and communication technologies, we aim to ensure the security, availability, performance and compliance of the IT systems. Project ideas to improve and develop IT-related processes and control systems are evaluated and prepared by nominated IT committees using a structured business process management (BPM) approach and are approved for implementation by the Steering Committee for Digitalisation (SCD).

INVESTMENT RISKS: SECTOR-TYPICAL MINORITY HOLDINGS OF MIXING PLANTS

The shares in mixing companies typically involve **minority interests**, as is **usual in this sector**. With these companies, economies of scope are at the fore.

AVOIDING LEGAL RISKS THROUGH EXTENSIVE RISK ANALYSIS

The central division CML Construction Services supports the risk management of the operating divisions with regard to construction industry questions or in the analysis of risks in the construction business in all project phases (contract management) and provides, organises and coordinates legal advice (legal services). Its most important tasks include comprehensive reviews and consultation in project acquisition – e.g. analysis and clarification of tender conditions, performance specifications, pre-contract agreements, tender documents, draft contracts and framework conditions – as well as support in project management.

POLITICAL RISK: INTERRUPTIONS AND DISPOSSESSION POSSIBLE

The group also operates in countries which experience political instability. Interruptions of construction activity, restrictions on ownership interests of foreign investors, and even dispossession or expropriations are among the possible consequences of political changes which could have an impact on the group's financial structure. These risks are analysed during the tendering phase and assessed by internal committees.

MANAGEMENT SYSTEM FOR WORK SAFETY AND HEALTH IN PLACE

In order to control the risks related to employee safety and health, STRABAG is implementing a work safety and health management system in accordance with **OHSAS 18001** and/or **SCC**. Moreover, the company works to maintain this system and ensures a suitable emergency organisation. Persons with designated responsibility make sure that the group-wide work safety standards are followed. The aspects of work safety and health also form part of the evaluation of subcontractors and suppliers. Details on the risks related to employee safety and health are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

CERTIFIED ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM DESIRED

STRABAG works at reducing the negative environmental impact from its activities as far as this is technically possible and economically feasible. The company has made it its goal to implement an environmental and energy management system based on **ISO 14001** and/or **ISO 50001**, maintain this system and – wherever possible – minimise the use of natural resources, avoid waste and promote recycling. Details on the environmental risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

QUALITY MANAGEMENT AS COMPONENT OF THE INTEGRATED MANAGEMENT SYSTEM

In concordance with its vision and values, it is the company's aim to realise **construction projects on schedule, of the highest quality** and **at the best price**. This helps to ensure the quality of the company's processes, services and products at any time. In this process, quality management forms a component of an integrated management system. This system is documented in the Management Manual, in group guidelines and in subordinated provisions.

BUSINESS CONTINUITY: RIGOROUS INCLUSION OF GROUP CENTRAL DIVISIONS

The failure of equipment and production facilities, of subcontractors and suppliers, of human resources, of the IT system, of office buildings and accommodation must not be allowed to threaten the company's existence. For this reason, precautions are being made under a business continuity management system to make sure that incidents or **disasters only temporarily interrupt business activity** – if at all. This includes the rigorous inclusion of the group's own specialised central divisions. These are capable of procuring, for example, equipment, accommodation, IT systems or staff on short notice, they build up long-term strategic partnerships with selected subcontractors and suppliers, and they have emergency scenarios audited in the IT division.

EVALUATION OF PARTNER COMPANIES TO REDUCE RISKS IN THE SUPPLY CHAIN

In the interest of quality and profitability, STRABAG not only taps its own skills and resources to work off its orders, but also relies on the support of proven subcontractors and suppliers. The company focuses on long-term partnerships, a clear, transparent and complete description of the services and products to be procured, and an agreement on acceptance criteria for the products and services. STRABAG also systematically **evaluates** subcontractors, service providers and suppliers as part of its **decision-making foundation** for **future orders**.

A review of the current risk situation reveals that there were no risks which jeopardised the company's existence, nor were there any visible future risks.

REPORT ON KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

Introduction

The control structure as defined by COSO (Committee of Sponsoring Organisations of the Treadway Commission) provides the basis for the description of the key features of the internal control and risk management systems in relation to the financial reporting process in the management report. The COSO framework consists of five related components: control environment, risk assessment, control activities, information and communication, and monitoring. On this basis, the STRABAG Group set up a company-wide risk management according to generally accepted principles. The aim of the internal control system is to support management in such a way that it is capable of assuring internal controls in relation to financial reporting which are effective, and which are improved on an ongoing basis. The system is geared to the compliance with rules and regulations and to creating conditions which are conducive to performing specific controls in key accounting processes.

Control environment

Internal audit report in the Consolidated Corporate Governance Report

The corporate culture determines the control environment in which management and employees operate. STRABAG is constantly working to improve its communication and to convey its corporate values as defined in its Code of Conduct and its Business Compliance Guidelines in order to guarantee moral standards, ethics and integrity within the company and in its dealings with others.

The implementation of the internal control system in relation to the financial reporting process is done on the basis of internal rules and guidelines. Responsibilities for internal control were adapted to fit the corporate organisation.

The internal audit department carries out periodic, announced as well as unannounced inspections of all relevant business units as part of its responsibility for monitoring compliance with the law and corporate guidelines in the technical and commercial areas. The internal audit department also monitors the effectiveness of business compliance. During these inspections, the internal audit department analyses the legality and correctness of individual actions. The department also conducts regular, independent reviews of compliance with internal guidelines in the area of accounting. The head of the internal audit department reports directly to the CEO. The effectiveness of the work of the internal audit department is reviewed periodically by the financial auditor. The most recent review was performed in the first quarter of 2015.

Risk assessment

The management identifies and monitors risks relating to the financial reporting process, with a focus on those risks that are typically considered to be material.

The preparation of the financial statements requires regular forecasts, with the inherent risk that the actual future development will deviate from the forecast. This especially affects the following matters/items of the consolidated financial statements: assessment of unfinished construction projects, recognition and measurement of provisions (including social capital), the outcome of legal disputes, the collectability of receivables as well as the recoverability of investments and goodwill. In individual cases, external experts are called in or publicly available sources are considered in order to minimise the risk of a false assessment.

Control activities

All control activities are applied in the current business process to ensure that errors or deviations in financial reporting are prevented or detected and subsequently corrected. The control activities range from a review of the period results to specific monitoring of accounts and cost centres to the analysis of ongoing accounting processes. It is the responsibility of the Management Board to design the levels of hierarchy in such a way that an activity and the control of that activity are not performed by the same person (**four-eyes principle**). This separation of functions encompasses a separation between decision-making, implementation, inspection and reporting. The organisational units of the BRZV central division support the Management Board in this task.

Processes which are relevant to financial reporting are increasingly automated. **IT security** control activities therefore represent a cornerstone of the internal control system. The separation of sensitive activities is supported by a restrictive approach to IT access authorisation. For its accounting and financial reporting, the company mainly uses self-developed software which reflects the unique features of the construction sector. The effectiveness of the financial reporting system is further assured through automated IT controls included in the system.

Information and communication

The management regularly updates the rules and regulations for financial reporting and communicates them to all employees concerned. In addition, regular discussions regarding the financial reporting and the rules and regulations in this context take place in various committees. These **committees** are composed of the corporate management as well as the department head and senior **staff from the accounting department**. The committees' work aims, among other things, at guaranteeing compliance with accounting rules and regulations and at identifying and communicating weak points and potential areas for improvement in the financial reporting process. Accounting employees receive regular **training** regarding new methods of national and international financial reporting in order to identify risks of unintended misreporting at an early stage.

Monitoring

The Management and Supervisory Boards bear responsibility for the ongoing company-wide monitoring. Additionally, the remaining management levels are responsible for the monitoring of their respective areas of responsibility. Controls and plausibility checks are carried out at regular intervals. The internal audit department is also involved in the monitoring process.

The top management receives monthly summarised financial reports on the development of the output volume, the results of the respective segments and countries, and the liquidity. Financial statements to be published are reviewed internally by several instances within management, receiving a final appraisal by the senior accounting staff and the Chief Financial Officer before being passed on to the Supervisory Board's Audit Committee.

Research and development

As a technology group for construction services, the STRABAG Group does business in a rapidly changing environment. It is in this environment that the company applies its assets, comprised not only of its material and financial means but also of its human resources – the knowledge and know-how of its employees –, its structural and organisational capital, and its relational and market capital. The growing crossover between industries – driven by increasing societal demands, by the fast pace of technological progress, particularly in information and communications technology, and by customer demands – confront the company with ever more rapidly shifting challenges.

To take a more active role in shaping this change, and to use it for its own benefit, the STRABAG Group gave itself a more **technological focus**, represented by the organisationally established, **systematic innovation management** that has been in place since 2014. The aim is to support the exchange of experience and information with regard to the development activities between the employees and the decision-makers – after all, the diversity of the STRABAG Group is reflected as much in the number of different competencies as in the different demands placed upon it.

The cooperation among the various divisions facilitates new developments across the individual business units. A special focus in 2018 was on the **digitalisation** of the construction sites in building construction. Countless time-consuming, error-prone surveys on paper forms during construction – in terms of work safety inspections, workstations, concrete deliveries and reinforcement performance levels – are now handled in an app-based manner. The data are now entered on mobile end devices suitable for construction sites: Protocols and target/actual comparisons are generated automatically and made available to the participating construction offices and back office personnel. This significantly reduces the time required for administrative tasks related to the construction.

Cooperation with international universities and research institutions, joint development activities with partner companies around the world, and internal research and development projects have also been a routine part of the group's daily activities for years. In overall charge of the planning and execution of these projects within the STRABAG Group are the two central divisions **Zentrale Technik** (ZT) and **TPA Gesellschaft für Qualitätssicherung und Innovation GmbH** (TPA), both of which report directly to the CEO.

ZT is present **at 21 locations with over 1,000[1] highly qualified employees**. It provides services in the areas of tunnelling, civil and structural engineering, and turnkey construction along the entire construction process. From the early acquisition stage and bid processing to construction design and site management, ZT offers innovative solutions with regard to construction materials technology, construction management, building physics, and software solutions. Central topics for innovation activities are digitalisation, sustainable construction, renewable energy and, as of recent, additive processes (3D printing). Among other things, the employees at ZT develop methods and tools to optimise construction activity from the digital design to the impact on the environment. The specialist Development and Innovation staff department oversees the systematic networking of people and relevant topics, promotes new ideas and helps to drive innovation.

TPA is the group's competence centre for asphalt, concrete, earthworks, geotechnics and environmental engineering, quality management and materials-related research and development with a focus on road construction and transportation infrastructures. Its main tasks include ensuring the quality of the construction materials, structures and services, the safety and improvement of the processes, as well as developing and reviewing standards for the handling and processing of construction materials. The research focus in 2018 included the development of long-lived asphalt layers on the basis of existing and alternative material resources; the quality improvement of asphalt layers by optimising the production and asphalting processes, partially in cooperation with STRABAG BMTI; as well as a series of projects in the field of cement/

1 Head count

concrete with regard to raising process safety and building quality. TPA has about **950[1] employees at 130 locations in 18 countries**, making it one of Europe's largest private laboratory companies.

EFKON GmbH – a subsidiary of STRABAG – is active in the research and development of intelligent traffic telematics systems, especially with regard to electronic toll collection and enforcement – a business field that requires intensive research, development and innovation activities. The focus last year was on increasing the performance of existing control systems. Worthy of mention is a handheld device for entry into the new market of smart tachographs. The EFKON-developed device, which is aimed primarily at the customer base of vehicle repair shops, can read data out of electronic tachographs. In addition, a novel, highly integrated visual recognition system of vehicles was developed for use in current projects in Norway.

The STRABAG Group spent about € 14 million on research, development and innovation activities during the 2018 financial year (2017: about € 11 million).

Much of the **development activity** is triggered **by ongoing construction projects** in all our business areas. Here challenges or specific questions regularly arise that require a technologically new process or an innovative solution on site. In many cases, support is offered by the aforementioned central divisions. Some issues require medium-term research and development projects, often with partner organisations.

Website Corporate Governance Report

The STRABAG SE Consolidated Corporate Governance Report is available online at www.strabag.com > Investor Relations > Corporate Governance > Corporate Governance Report.

Disclosures under Sec 243a Para 1 UGB

One share – one vote

1. The share capital of STRABAG SE amounts to € 110,000,000 and consists of 110,000,000 fully paid-in, no-par value shares with a pro rata value of € 1 per share of the share capital. 109,999,997 shares are bearer shares and are traded in the Prime Market Segment of the Vienna Stock Exchange. Three shares are registered shares. Each bearer share and each registered share accounts for one vote (one share – one vote). The nomination rights associated with registered shares No. 1 and No. 2 are described in more detail under item 4.

2. The Haselsteiner Group (Haselsteiner Familien-Privatstiftung, Dr. Hans Peter Haselsteiner), the Raiffeisen Group (Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H, BLR-Baubeteiligungs GmbH, “GULBIS” Beteiligungs GmbH), the UNIQA Group (UNIQA Insurance Group AG, UNIQA Beteiligungs-Holding GmbH, UNIQA Österreich Versicherungen AG, UNIQA Erwerb von Beteiligungen Gesellschaft m.b.H.) and Rasperia Trading Limited (controlled by Oleg Deripaska), as shareholder groups of STRABAG SE, have signed a syndicate agreement governing (1) nomination rights regarding the Supervisory Board, (2) the coordination of voting during the Annual General Meeting, (3) restriction on the transfer of shares and (4) joint development of the Russian market as a core market. The Haselsteiner Group, the Raiffeisen Group together with the UNIQA Group, and Rasperia Trading Limited each have the right to nominate two members of the Supervisory Board. The syndicate agreement also requires the syndicate partners to exercise their voting rights from syndicated shares unanimously at the Annual General Meeting of STRABAG SE. The syndicate agreement further foresees restrictions on the transfer of shares in the form of mutual pre-emptive rights as well as a minimum shareholding on the part of the syndicate partners. In accordance with Sec 65 Para 5 of the Austrian Stock Corporation Act (AktG), all rights were suspended for 7,400,000 no-par shares (6.7 % of the share capital) effective 31 December 2018 as these shares are held by STRABAG SE as own shares as defined in Sec 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG).

1 Head count

3. To the knowledge of STRABAG SE, the following shareholders held a direct or indirect interest of at least 10.0 % of the share capital of STRABAG SE on 31 December 2018:

   - Haselsteiner Group .... 26.4 %
   - Raiffeisen Group .... 13.2 %
   - UNIQA Group.................................. 14.3 %
   - Rasperia Trading Limited .... 25.9 %

   The company itself held 7,400,000 no-par shares on 31 December 2018, which corresponds to 6.7 % of the share capital. These shares are currently intended, among others, as acquisition currency. The remaining shares of the share capital of STRABAG SE, amounting to about 13.5 % of the share capital, are in free float.

4. Three shares are – as mentioned under item 1 – registered shares entered in the shareholder register. Registered shares No.1 and No. 2 require the consent of the Supervisory Board for their full or partial sale and pledging. Registered shares No. 1 and No. 3 are held by the Haselsteiner Group and registered share No. 2 is held by Rasperia Trading Limited. Registered shares No. 1 and No. 2 allow their bearers to nominate a member each to the Supervisory Board of STRABAG SE.

5. No employee stock option programmes exist.

6. No further regulations exist beyond items 2 and 4 regarding the nomination and recall of members of the Management and Supervisory Boards or regarding changes to the Articles of Association which do not result directly from relevant law and legislation.

7. The Management Board of STRABAG SE, in accordance with Sec 169 of the Austrian Stock Corporation Act (AktG), was authorised by resolution of the 10th Annual General Meeting of 27 June 2014 and with approval by the Supervisory Board to increase the share capital of the company by up to € 57,000,000 by 27 June 2019, in several tranches if necessary, by issuing up to 57,000,000 registered no-par shares for cash or contributions in kind (in this case also to the partial or full exclusion of the shareholders' subscription rights).

8. With the exception of the agreements over a syndicated surety loan and a syndicated cash credit line, there exist no significant agreements to which STRABAG SE is party and which would become effective, change or end due to a change of ownership in STRABAG SE following a takeover offer.

9. No compensation agreements exist between STRABAG SE and its Management and Supervisory Board members or employees in the event of a public takeover offer.

Related parties

Business transactions with related parties are described in item 34 of the Notes.

Outlook

The unusually high output volume in 2018 – in part due to the excellent weather conditions for construction – greatly exceeded the planning and so leaves little room for further growth expectations in 2019. The Management Board of STRABAG SE expects an output volume of about € 16.0 billion (-2 %). Compared with the original planning for 2018, this corresponds to an increase by € 1 billion. The segments North + West and International + Special Divisions are expected to post slight declines, while an increase is expected in South + East.

Although there are certain risks inherent to the construction business, from today's perspective, there is nothing to be said against issuing the target of an operating EBIT margin of at least 3.3 % also for the 2019 financial year. The economic situation in the STRABAG Group's large geographic markets is expected to remain positive. The continued strong demand in the construction sector, however, is resulting in increasing cost pressure on subcontractor services, labour and construction materials. For this reason, the margins can no longer be expected to grow as continuously as they have in the past few years. The earnings forecast is based on the expectation that the Property & Facility Management entities, the Real Estate Development and the Infrastructure Development continue to contribute positively to the earnings and that large risks, for example in tunnelling and civil engineering, do not manifest at the same time.

The net investments (cash flow from investing activities) in 2019 are not expected to exceed the value of € 550 million.

Events after the reporting period

The material events after the reporting period are described in item 37 of the Notes.

Villach, 5 April 2019

The Management Board

Dr. Thomas Birtel

Mag. Christian Harder

Dipl.-Ing. Dr. Peter Krammer

Dipl.-Ing. Siegfried Wanker

Dipl.-Ing. (FH) Alfred Watzl

AUDITOR'S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Audit Opinion

We have audited the consolidated financial statements of

STRABAG SE,
Villach, Austria,

and its subsidiaries (the Group), which comprise the Consolidated Balance Sheet as of 31 December 2018, the Consolidated Income Statement, the Statement of Total Comprehensive Income, the Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2018, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU as well as Austrian Generally Accepted Accounting Principles.

Basis for our Opinion

We conducted our audit in accordance with the EU Regulation 537/2014 "AP Regulation" and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

Measurement of construction contracts and revenue and earnings from construction contracts

Refer to Notes section 15 and 20

Risk for the Financial Statements

Revenue recognised in the consolidated financial statements of STRABAG SE as of 31 December 2018 mainly consists of revenue from construction contracts, which is accounted for by reference to their stage of completion (over time recognition using an output-oriented method on the basis of the work already performed). Furthermore, the item share of profit or loss of equity-accounted investments includes significant amounts of profit or loss from projects managed in cooperation with partners in construction consortia, which are also measured over time based on an output method.

The stage of completion for construction contracts, whether executed alone or in cooperation with partners, is updated on an ongoing basis by means of periodic reporting. Besides the services already performed and the order backlog, in particular taking contract deviations and supplementary claims into account, periodic reporting also includes the costs incurred to date as well as remaining costs to be incurred. The data used in the measurement of construction contracts includes estimates regarding the progress and expected outcome of the projects. Profit or loss is recognized by refer-ence to the stage of completion of a project (over time recognition using an output-oriented method on the basis of the work already performed).

Technically complex and demanding projects, in particular, involve the risk that estimated total cost deviate considerably from actual cost incurred. Additionally, there is also a risk that receivables from construction contracts and construction consortia are not recoverable.

Our response

Our audit procedures included the assessment of controls in connection with the recognition and measurement of construction contracts as well as detailed tests of individual cases for significant large projects and random samples of other projects.

In the course of testing internal controls in respect of the accounting for projects, we critically analyzed the relevant controls and performed an assessment of their operating effectiveness. These controls include, on the one hand, automated IT-supported controls for the purpose of determining the relevant amounts respective in the financial statements as well as system test routines for identifying abnormalities, and on the other hand manual controls in connection with order acceptance, ongoing project management as well as project monitoring and finalization of projects.

The tests of individual cases primarily included the following audit procedures:

- Systematic and detailed inquiries regarding selected significant construction contracts, in order to verify the correct accounting method, particularly in respect of project risks
- Sample-based examination of contracts in respect of their components significant to the assessment
- Discussions with the Management Board and the operating management regarding individually significant projects in order to assess the planning assumptions.
- A critical analysis of the internal project reporting, in order to evaluate whether all known information was taken into account in the preparation of the financial statements
- Sample-based evaluation of the recoverability of accounts receivable from construction contracts (contract assets) and construction consortia
- Retrospective assessment of individually significant projects in connection with estimation uncertainties

Furthermore, we analyzed whether the required disclosures in the notes to the consolidated financial statements include all necessary explanations in regards to revenue recognized from construction contracts and construction consortia and whether they appropriately describe the significant estimation uncertainties.

Recoverability of deferred tax assets

Refer to notes section 17

Risk for the Financial Statements

Deferred tax assets represent a significant asset of STRABAG SE.

Before offsetting, deferred tax assets recognized in the consolidated financial statements of STRABAG SE as of 31 December 2018 amount to EUR 441,952 k (thereof EUR 58,148 k from tax loss carryforwards). Furthermore, deferred tax assets were not recognized for tax loss carryforwards amounting to EUR 1,447,104 k, since utilization of the tax losses is not sufficiently assured. Recognition of deferred tax assets is based mainly on the expected realization of future taxable profits as well as tax planning opportunities available to the entity.

Due to the significance of deferred tax assets recognized and those not recognized as well as existing uncertainties in respect of their recoverability, this represents a key audit matter.

Our response

Our audit procedures included the assessment of controls in connection with the recognition and measurement of deferred tax assets and assumptions made by the Management Board and representatives of the operating divisions in respect of future taxable profit as well as tax planning opportunities.

We compared the estimated future profits used as input data with the planning for the group of which the Supervisory Board has taken notice. Furthermore, we compared the assumed earnings trend of the group with its historic data, specifically taking into account its sensitivity with regard to performance and outcome. Tax planning opportunities were analyzed particularly in regard to their feasibility.

Furthermore, we examined whether the Notes to the consolidated financial statements include all required disclosures in connection with deferred tax assets and whether all significant estimation uncertainties have been described adequately.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU as well as Austrian Generally Accepted Accounting Principles and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.

- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

REPORT ON OTHER LEGAL REQUIREMENTS

Group Management Report

In accordance with the Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report. We expect the annual report to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

Additional Information in accordance with Article 10 AP Regulation

At the Annual General Meeting dated 15 June 2018, we were elected as group auditors. We were appointed by the Supervisory Board on 15 June 2018. We have been the Group's auditors from the year ended 31 March 1999 without interruption.

We declare that our opinion expressed in the *"Report on the Consolidated Financial Statements"* section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Company.

Engagement Partner

The engagement partner is Mr. Dr. Helge Löffler.

Linz, 5 April 2019

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Helge Löffler
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.

The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

Individual Financial
Statements 2018

STRABAG
SOCIETAS EUROPAEA

CONTENT

INDIVIDUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

Balance sheet as at 31 December 2018

Assests	31.12.2018 €	31.12.2017 T€
A. Non-current assets:		
I. Property, plant and equipment:		
Other facilities, furniture and fixtures and office equipment	1,055,293.52	981
II. Financial assets:		
1. Investments in subsidiaries	2,558,859,447.27	2,558,390
2. Loans to subsidiaries	0.00	22,965
3. Investments in participation companies	25,401,039.23	22,012
4. Loans to participation companies	90,476,606.16	89,610
5. Other loans	21,255.09	21
	2,674,758,347.75	**2,692,998**
	2,675,813,641.27	**2,693,978**
B. Current assets:		
I. Accounts receivable and other assets:		
1. Trade receivables	32,882.16	12
2. Receivables from subsidiaries	767,711,422.07	937,127
thereof with a remaining term more than one year	*250,000,000.00*	*250,000*
3. Receivables from participation companies	9,312,724.65	15,978
thereof with a remaining term more than one year	*2,193,570.13*	*4,070*
4. Other receivables and assets	32,657,620.52	29,308
thereof with a remaining term more than one year	*23,956,000.00*	*23,056*
	809,714,649.40	**982,426**
II. Cash assets, including bank accounts	**118,014.79**	**81**
	809,832,664.19	**982,508**
C. Accrual and deferrals	**838,942.00**	**1,433**
D. Deferred tax assets	**5,526,163.00**	**4,909**
Total	**3,492,011,410.46**	**3,682,828**

Equity and liabilities	31.12.2018 €	31.12.2017 T€
A. Equity:		
I. Called up and paid in nominal capital (share capital):		
Subscribed nominal capital (share capital)	110,000,000.00	110,000
less nominal value of own shares	-7,400,000.00	-7,400
	102,600,000.00	**102,600**
II. Capital reserves (committed)	**2,152,047,129.96**	**2,152,047**
III. Retained earnings:		
1. Legally required reserves	72,672.83	73
2. Voluntary reserves	478,249,596.81	500,432
	478,322,269.64	**500,505**
IV. Reserves for own shares	**7,400,000.00**	**7,400**
V. Unappropriated net profit	**143,000,000.00**	**143,000**
thereof profit brought forward	*9,620,000.00*	*7,030*
	2,883,369,399.60	**2,905,552**
B. Provisions:		
1. Provisions for severance payments	0.00	393
2. Provisions for taxes	615,000.00	615
3. Other provisions	28,645,700.00	29,131
	29,260,700.00	**30,139**
C. Accounts payable:		
1. Bonds	500,000,000.00	675,000
thereof with a remaining term up to one year	*100,000,000.00*	*175,000*
thereof with a remaining term more than one year	*400,000,000.00*	*500,000*
2. Bank borrowings	18,500,000.00	18,500
thereof with a remaining term up to one year	*18,500,000.00*	*0*
thereof with a remaining term more than one year	*0.00*	*18,500*
3. Trade payables	1,053,971.60	1,168
thereof with a remaining term up to one year	*1,053,971.60*	*1,168*
4. Payables to subsidiaries	19,917,093.82	35,398
thereof with a remaining term up to one year	*19,917,093.82*	*35,398*
5. Payables to participation companies	27,293,738.34	300
thereof with a remaining term up to one year	*27,293,738.34*	*300*
6. Other payables	12,616,507.10	16,771
thereof taxes	*1,265,602.67*	*1,303*
thereof social security liabilities	*19,703.76*	*19*
thereof with a remaining term up to one year	*12,616,507.10*	*16,771*
	579,381,310.86	**746,837**
thereof with a remaining term up to one year	*179,381,310.86*	*228,637*
thereof with a remaining term more than one year	*400,000,000.00*	*518,500*
Total	**3,492,011,410.46**	**3,682,528**

Income statement for the 2018 financial year

	2018	2017
	€	T€
1. Revenue (Sales)	63,530,379.76	62,741
2. Other operating income	618,682.38	1,127
3. Cost of materials and services:		
a) Materials	-54,580.22	-64
b) Services	-17,065,868.54	-16,365
	-17,120,448.76	**-16,429**
4. Employee benefits expense:		
a) Salaries	-8,581,985.12	-8,118
b) Social expenditure	-717,351.00	-692
thereof severance payments and contributions to employee benefit plans	*-148,821.64*	*-80*
thereof social security contributions, as well as payroll-related and other mandatory contributions	*-375,960.44*	*-360*
thereof other social expenditure	*-192,568.92*	*-252*
	-9,299,336.12	**-8,809**
5. Depreciation	-29,533.65	-18
6. Other operating expenses:		
a) Taxes other than those included in item 15	-113,609.19	-711
b) Miscellaneous	-17,523,524.95	-16,910
	-17,637,134.14	**-17,621**
7. Subtotal of items 1 through 6 **(operating result)**	**20,062,609.47**	**20,991**
8. Income from investments	86,505,943.27	25,192
thereof from subsidiaries	*84,886,727.41*	*22,585*
9. Other interest and similar income	31,662,939.18	36,792
thereof from subsidiaries	*23,872,244.47*	*30,857*
10. Income from disposal and write-up of financial assets and marketable securities	243,353.00	4,163
11. Expenses related to financial assets:		
a) Depreciation from subsidiaries	*-3,542,000.00*	*-39,572*
b) Other depreciation	*-308,434.60*	*-156*
c) Other expenses from subsidiaries	*-10,604.71*	*-3*
d) Other	*-2,250,001.00*	*-1,500*
	-6,111,040.31	**-41,231**
12. Interest and similar expenses	-18,946,549.83	-26,616
thereof from subsidiaries	*0.00*	*4*
13. Subtotal of item 8 through 12 **(financial result)**	**93,354,645.31**	**-1,700**
14. Result before taxes	**113,417,254.78**	**19,291**
15. Taxes on income and gains	-2,219,679.71	-1,461
thereof income tax	*-952,947.12*	*-1,089*
thereof tax allocation	*-1,883,702.59*	*-2,728*
thereof deferred tax income	*616,970.00*	*2,355*
16. Income after taxes = net income for the year	**111,197,575.07**	**17,830**
17. Reversal of retained earnings (voluntary reserves)	22,182,424.93	118,140
18. Profit for the period	**133,380,000.00**	**135,970**
19. Profit brought forward	9,620,000.00	7,030
20. Unappropriated net profit	**143,000,000.00**	**143,000**

NOTES TO THE 2018 FINANCIAL STATEMENTS OF STRABAG SE, VILLACH

I. Application of Austrian Business Enterprise Code

The Management Board of the company prepared these financial statements as of 31 December 2018 in accordance with the Austrian Business Enterprise Code (UGB).

In preparing the present financial statements, the previous method of presentation was maintained.

Where an asset or liability relates to more than one item in the balance sheet, the relationship of such asset or liability to the relevant items is disclosed in the notes.

The income statement was prepared in report form using the nature of expense method.

Additional information was provided in the notes as far as was necessary to ensure a true and fair view of the financial position, financial performance and cash flows.

The company is the topmost parent company of the companies within the scope of consolidation of STRABAG SE, Villach. The consolidated financial statements are deposited with the Landes- als Handelsgericht Klagenfurt (District and Commercial Court Klagenfurt).

The company is a large corporation (Kapitalgesellschaft) as defined by Sec 221 of the Austrian Business Enterprise Code (UGB).

II. Accounting policies

GENERAL PRINCIPLES

The financial statements were prepared in accordance with the “principles of orderly accounting” and following the general norm of presenting a true and fair view of the financial position, financial performance and cash flows.

The financial statements were prepared in conformity with the “principle of completeness”.

The valuation premise adopted is that of a going concern.

Individual assets and liabilities were measured in accordance with the “principle of individual valuation”.

The financial statements were prepared in accordance with the “principle of prudence” by only reporting profit which was realised on the balance sheet date. All recognisable risks and impending losses which occurred in 2018 or an earlier financial year were taken into consideration.

Estimates are based on a conservative assessment. If statistically measurable experiences from similar circumstances are available, these were considered when making the estimates.

The previously applied accounting policies were kept.

NON-CURRENT ASSETS

Property, plant and equipment

Property, plant and equipment are valued at historical cost less accumulated depreciation. In line with the relevant tax legislation, the company takes a full year's depreciation for acquisitions during the first six months of the year and a half year's depreciation for acquisitions during the second six months of the year.

The depreciation is calculated using the straight-line method over the following useful lives:

	Years	
	from	**to**
Other facilities, furniture and fixtures and office equipment	4	15

Low-value assets (individual cost up to € 400.00) are depreciated in full in the year in which they are acquired.

Extraordinary depreciation on a lower fair value measurement at the reporting date is undertaken where the impairment is considered permanent.

Financial assets

Financial assets are valued at cost or a lesser fair value if one is attributable where the impairment is considered permanent.

Loans are measured at historical cost. Lower values are recognised for permanent or significant impairment losses.

Increases in non-current assets

The value of non-current assets is increased where there is no more cause for depreciation. The increase is not higher than the net carrying value calculated under consideration of the regular depreciation that would have been charged in the meantime.

CURRENT ASSETS

Accounts receivable and other assets

Trade and other receivables are reported at nominal value.

The valuation of foreign currency receivables follows the strict "lowest value principle".

Individual value adjustments are made for recognisable risk.

Increases in current assets

Reversals of depreciation for current assets are done where there are no more cause for depreciation.

DEFERRED TAXES

Deferred taxes are recognised in accordance with Sec 198 Para 9 and 10 UGB using the balance sheet concept without discounts using the current corporate income tax rate of 25 %. No deferred tax assets are recognised for tax loss carryforwards.

The deferred tax assets resulting from the transition effective 1 January 2016 are distributed over five years in accordance with Sec 906 Para 34 UGB.

PROVISIONS

All recognisable risks and impending losses were taken into account in the calculation of provisions in accordance with the legal framework.

Provisions for severance payments

Last year the provisions for severance payments were calculated using recognised financial mathematical principles, an interest rate of 1.6 % and a retirement age of 62.

Previous year the actuarial interest on provisions for severance payments has been derived from the 10-year average interest rate as published by Deutsche Bundesbank less a planned salary increase of 2 %.

The interest expense on provisions for severance payments as well as the impact from a changed interest rate were recognised in the employee benefits expense.

Other provisions

Under application of the “principle of prudence”, all recognisable risks at the date of balance sheet creation as well as liabilities of uncertain timing or amount were recognised in the item “Other provisions” at the value required according to reasonable entrepreneurial assessment.

LIABILITIES

Liabilities are valued at their settlement value.

Foreign currency liabilities are measured in accordance with the strict “highest value principle”.

III. Notes to the balance sheet

NON-CURRENT ASSETS

The non-current assets are itemised and their changes in the year under report are recorded in the statement of changes in non-current assets (Appendix 1 to the Notes).

Information on investments can be found in the list of participations (Appendix 2 to the Notes).

Of the loans, an amount of € 4,408,000.00 (previous year: T€ 27,373) is due within the next year.

Long-termed receivables from participation companies were reclassified from current financial assets to non-current financial assets in the business year 2018.

ACCOUNTS RECEIVABLE AND OTHER ASSETS

Receivables from subsidiaries involve cash-clearing, financing, routine clearing, the calculation of intra-group allocations and transfers of profits.

The item “Other receivables and assets” includes income of € 469,392.69 (previous year: T€ 608) which will be cash effective after the balance sheet date.

DEFERRED TAX ASSETS

Deferred tax assets were recognised on the reporting date for temporary differences between the tax base and the carrying amount for the following items:

	31.12.2018	31.12.2017
	€	T€
Property, plant and equipment	3,950.00	-1
Financial assets	1,386,667.00	1,733
Remaining seventh from depreciation of participation	56,117,065.00	79,475
Provisions	18,550,000.00	19,393
Liabilities	664,571.00	963
Total	**76,722,253.00**	**101,563**
Resulting deferred taxes on 31.12. (25%)	**19,180,563.00**	**25,391**

The deferred taxes developed as follows:

	€	T€
Balance on 1.1.	**4,909,193.00**	**2,554**
Distribution according to Sec 906 (34) UGB	6,827,200.00	6,827
Change in profit or loss	-6,610,230.00	-4,472
Balance on 31.12.	**5,526,163.00**	**4,909**

EQUITY

The fully paid in share capital amounts to € 110,000,000.00 and is divided into 109,999,997 no-par bearer shares and three registered shares.

PROVISIONS

Other provisions were made for profit sharing, investment risks and claims.

ACCOUNTS PAYABLE

Payables to subsidiaries involve routine clearing and clearing of tax allocation.

The item “Other payables” includes expenses in the amount of € 10,612,238.78 (previous year: T€ 15,497) which will be cash effective after the balance sheet date.

CONTINGENT LIABILITIES

	31.12.2018	31.12.2017
	€	T€
Sureties	52,775,836.46	36,228
Declarations of patronage	60,062,565.00	28,173
Total	**112,838,401.46**	**64,401**
thereof with subsidiaries	66,840,052.00	32,558

The company has made an unlimited warranty statement for the benefit of STRABAG BRVZ GmbH, Spittal an der Drau, whereby is commited to fulfil the obligations from the financial futures contracts concluded by STRABAG BRVZ GmbH, Spittal an der Drau, if necessary.

Performance bonds in the amount of € 654,091,573.11 (previous year: T€ 494,993) exist for construction projects of subsidiaries.

Due to long-term rentals, letting and leasing, the use of property, plant and equipment not shown in the balance sheet results in an obligation of € 7,281,421.44 (previous year: T€ 7,141) for the 2019 financial year. The sum of all obligations for the next five years is € 36,407,107.20 (previous year: T€ 35,706).

IV. Notes to the income statement

REVENUES (SALES)

	2018	2017
	€	T€
Domestic revenue	32,847,287.26	29,156
Foreign revenue	30,683,092.50	33,585
Total	**63,530,379.76**	**62,741**

The revenue, which mostly involves the clearing of intra-group allocations as well as the pass-through of guarantee fees, insurance and rental costs, is generated domestically and abroad.

EMPLOYEE BENEFITS EXPENSE

The company employed on the average 6 employees during the year (previous year: 6 employees).

100 % of the expenses for severance payments were recognised for Management Board members.

The severance payment expenses include contributions to employee benefit plans in the amount of € 68,444.64 (previous year: T€ 65).

The salaries of the Management Board members in the 2018 financial year amounted to T€ 7,163 (previous year: T€ 6,773).

OTHER OPERATING EXPENSES

Supervisory Board member salaries in the period under review amounted to € 162,000.00 (previous year: T€ 162).[1]

The other operating expenses reported mainly include surety fees, legal and advisory costs, travel and advertising costs, insurance costs and other general administrative expenses.

V. Additional disclosures

EVENTS AFTER THE REPORTING PERIOD

No material events occurred after the balance sheet date.

1) The numbers differ from the data published in the year before because the Annual General Meeting of 15 June 2018 approved an increase of the annual compensation – retroactively for the year 2017.

APPROPRIATION OF NET INCOME

The Management Board proposes to pay out a dividend in the amount of € 1.30 per share for the 2018 financial year.

BOARD AND RELATED PARTY DISCLOSURES

The members of the Management and Supervisory Boards are listed separately (Appendix 3 to the Notes).

An agreement was concluded with STRABAG BRVZ GmbH, Spittal an der Drau, covering financial and management accounting, operating and cost accounting, payroll accounting, cash management, insurance management and facility management.

The company is a group parent under Sec 9 Para 8 of the Austrian Corporate Income Tax Act (KStG) of 1988. Tax adjustments (both positive and negative allocations) between the group parent and the company were arranged in the form of tax allocation agreements.

For the benefit of Mineral Abbau GmbH, Spittal an der Drau, there is a commitment to cover the losses, which may be terminated by giving three months' notice to the end of the calendar year.

For the benefit of STRABAG AG, Cologne, there is a voluntary transfer of losses as outlined in Sec 302 of the German Stock Corporation Act (dAktG) for the 2019 financial year.

The expenses for the auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, for the financial year amount to T€ 691 (previous year: T€ 689), of which T€ 61 (previous year: T€ 60) are for the audit of the financial statements, T€ 618 (previous year: T€ 562) for other audit services and T€ 12 (previous year: T€ 67) for miscellaneous services.
In addition, T€ 17 (previous year: T€ 30) were calculated for miscellaneous services to subsidiaries.

Villach, 5 April 2019

The Management Board

Dr. Thomas Birtel

Mag. Christian Harder

Dipl.-Ing. Dr. Peter Krammer

Dipl.-Ing. Siegfried Wanker

Dipl.-Ing. (FH) Alfred Watzl

Appendix 1 to the Notes: Statement of changes in non-current assets
Appendix 2 to the Notes: List of participations
Appendix 3 to the Notes: Management and Supervisory Board

Statement of changes in non-current assets as of 31 December 2018

€		Acquisition and production costs			
	Balance 1.1.2018	Additions	Transfers[1]	Disposals	Balance 31.12.2018
I. Tangible assets:					
Other facilities, furniture and fixtures and office equipment	1,213,056.14	104,109.40	0.00	391.10	1,316,774.44
	1,213,056.14	**104,109.40**	**0.00**	**391.10**	**1,316,774.44**
II. Financial assets:					
1. Investments in subsidiaries	2,741,109,521.11	4,012,000.00	0.00	125.00	2,745,121,396.11
2. Loans to subsidiaries	22,965,000.00	0.00	0.00	22,965,000.00	0.00
3. Investments in participationcompanies	34,733,758.14	3,697,390.96	0.00	1.00	38,431,148.10
4. Loans to participation companies	89,610,152.59	7,187,486.85	3,756,066.72	10,077,100.00	90,476,606.16
5. Other loans	20,724.77	530.32	0.00	0.00	21,255.09
	2,888,439,156.61	**14,897,408.13**	**3,756,066.72**	**33,042,226.00**	**2,874,050,405.46**
Total	**2,889,652,212.75**	**15,001,517.53**	**3,756,066.72**	**33,042,617.10**	**2,875,367,179.90**

1 Reclassification from current financial assets to non-current financial assets

Accumulated depreciation				Carrying values	
Balance 1.1.2018	**Additions**	**Disposals**	**Balance 31.12.2018**	**Carrying values 31.12.2018**	**Carrying values 31.12.2017**
232,338.37	29,533.65	391.10	261,480.92	1,055,293.52	980,717.77
232,338.37	**29,533.65**	**391.10**	**261,480.92**	**1,055,293.52**	**980,717.77**
182,719,948.84	3,542,000.00	0.00	186,261,948.84	2,558,859,447.27	2,558,389,572.27
0.00	0.00	0.00	0.00	0.00	22,965,000.00
12,721,674.27	308,434.60	0.00	13,030,108.87	25,401,039.23	22,012,083.87
0.00	0.00	0.00	0.00	90,476,606.16	89,610,152.59
0.00	0.00	0.00	0.00	21,255.09	20,724.77
195,441,623.11	**3,850,434.60**	**0.00**	**199,292,057.71**	**2,674,758,347.75**	**2,692,997,533.50**
195,673,961.48	**3,879,968.25**	**391.10**	**199,553,538.63**	**2,675,813,641.27**	**2,693,978,251.27**

List of participations (20.00 % interest minimum)

Name and residence of the company	Interest %	Equity/ negative Equity[1]	Result of the last financial year[2]
T€			
Investments in subsidiaries:			
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH", Spittal an der Drau	100.00	2,891	2,812
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau	100.00	306,592	26,232
"Strabag Azerbaijan" L.L.C., Baku	100.00	-2,865	871
"Strabag" d.o.o. Podgorica, Podgorica	100.00	6,670	1,359
Asphalt & Beton GmbH, Spittal an der Drau	100.00	6,187	645
Bau Holding Beteiligungs GmbH (formerly: Bau Holding Beteiligungs AG), Spittal an der Drau	65.00	1,158,985	109,710
BHG Bitumen d.o.o. Beograd, Belgrade	100.00	0	-4
BHG Sp. z o.o., Pruszkow	100.00	2,777	361
CML Construction Services AB, Stockholm	100.00	4	-1
CML Construction Services d.o.o. Beograd, Belgrade	100.00	15	13
CML CONSTRUCTION SERVICES d.o.o. , Zagreb	100.00	57	34
CML Construction Services GmbH, Cologne	100.00	316	253
CML Construction Services GmbH, Schlieren	100.00	76	14
CML Construction Services GmbH, Vienna	100.00	83	-22
CML CONSTRUCTION SERVICES s. r. o., Pruszkow	100.00	284	47
CML CONSTRUCTION SERVICES s.r.o., Bratislava	100.00	83	25
CML CONSTRUCTION SERVICES Sp. z o.o., Prague	100.00	40	14
CML CONSTRUCTION SERVICES SRL, Bucharest	100.00	33	9
CML Construction Services Zrt., Budapest	100.00	212	27
DC1 Immo GmbH, Vienna	100.00	173	-76
DRP, d.o.o., Ljubljana	100.00	-7,436	-805
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o., Bratislava-Ruzinov	100.00	6,878	331
Erste Nordsee-Offshore-Holding GmbH, Vienna	51.00	10,142	1
Facility Management Holding RF GmbH, Vienna	100.00	6	3
FLOGOPIT d.o.o. BEOGRAD, Novi Beograd	100.00	-245	27
Karlovarske silnice, a.s., Ceske Budejovice	100.00	2,550	6
KMG - KLIPLEV MOTORWAY GROUP A/S, Aarhus	100.00	1,693	269
Mazowieckie Asfalty Sp. z o.o., Pruszkow	100.00	-27[3]	-3[3]
Mikrobiologische Abfallbehandlungs GmbH, Schwadorf	51.00	483[3]	284[3]
Mineral Abbau GmbH, Spittal an der Drau	100.00	5,005	1,779
OOO "CML", Moscow	100.00	341	49
Prottelith Produktionsgesellschaft mbH, Liebenfels	52.00	-890	1,572
PRZEDSIEBIORSTWO ROBOT DROGOWYCH SPOLKA Z OGRANICZONA ODPOWI W LIKWIDACJI, Choszczno	100.00	[4]	[4]
SAT REABILITARE RECICLARE SRL, Cluj-Napoca	100.00	959	-221
SAT SANIRANJE cesta d.o.o., Zagreb	100.00	330	241
SAT SLOVENSKO s.r.o., Bratislava	100.00	2,074	369
SAT Ukraine, Brovary	100.00	3,299[3]	951[3]
SF Bau vier GmbH, Vienna	100.00	-40	-7
STRABAG A/S, Aarhus	100.00	-19	-31
STRABAG AG, Schlieren	100.00	19,767	-5,674
STRABAG AG, Cologne	100.00	1,140,179	47,625
STRABAG Infrastruktur Development, Moscow	100.00	138	60
STRABAG Oy, Helsinki	100.00	167	-209
STRABAG Property and Facility Services a.s., Prague	100.00	3,407	-350
STRABAG Real Estate GmbH, Cologne	28.40	209,652	40,629
Strabag RS d.o.o., Banja Luka	100.00	-568[3]	-74[3]
STRABAG Sh.p.k., Tirana	100.00	[4]	[4]
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna	94.00	3,273	-177
TOO STRABAG Kasachstan, Astana	100.00	-2,873[3]	-341[3]
TPA GmbH, Cologne	100.00	501	-11
Zweite Nordsee-Offshore-Holding GmbH, Vienna	51.00	-8,968	-4

1 according to Para 224 Sec 3 UGB
2 net income/loss of the year
3 Financial statements as of 31.12.2017
4 no statement according to Para 242 Sec 2 UGB

Name and residence of the company T€	Interest %	Equity/ negative Equity[1]	Result of the last financial year[2]
Investment in participation companies:			
A-Lanes A15 Holding B.V., Nieuwegein	24.00	[4]	[4]
ASAMER Baustoff Holding Wien GmbH, Vienna	20.93	[4]	[4]
ASAMER Baustoff Holding Wien GmbH & Co.KG, Vienna	20.93	[4]	[4]
DYWIDAG Verwaltungsgesellschaft mbH, Munich	50.00	[4]	[4]
Klinik für Psychosomatik und psychiatrische Rehabilitation GmbH, Spittal an der Drau	30.00	[4]	[4]
MOSER & CO. S.R.L., Brunico	50.00	[4]	[4]
SHKK-Rehabilitations GmbH, Vienna	50.00	[4]	[4]
SIRIUS Beteiligungsgesellschaft m.b.H. in liquidation, Vienna	42.50	[4]	[4]
SOCIETATEA COMPANIILOR HOTELIERE GRAND SRL, Bucharest	35.31	[4]	[4]
SRK Kliniken Beteiligungs GmbH, Vienna	25.00	[4]	[4]
Straktor Bau Aktien Gesellschaft, Kifisia	50.00	[4]	[4]
Syrena Immobilien Holding Aktiengesellschaft, Spittal an der Drau	50.00	[4]	[4]

1 according to Para 224 Sec 3 UGB
2 net income/loss of the year
3 Financial statements as of 31.12.2017
4 no statement according to Para 242 Sec 2 UGB

Management and Supervisory Board

Management Board:

Dr. Thomas B i r t e l (CEO)
Mag. Christian H a r d e r
Dipl.-Ing. Dr. Peter K r a m m e r
Mag. Hannes T r u n t s c h n i g (until 31.12.2018)
Dipl.-Ing. Siegfried W a n k e r
Dipl.-Ing. (FH) Alfred W a t z l (since 1.1.2019)

Suvervisory Board:

Dr. Alfred G u s e n b a u e r (Chairman)
Mag. Erwin H a m e s e d e r (Vice Chairman)
Mag. Hannes B o g n e r (until 15.6.2018)
Dr. Andreas B r a n d s t e t t e r (since 15.6.2018)
Thomas B u l l
Mag. Kerstin G e l b m a n n
Dr. Oleg G. K o t k o v (since 15.6.2018)
William R. S p i e g e l b e r g e r (until 15.6.2018)

Dipl.-Ing. Andreas B a t k e (works council)
Miroslav C e r v e n y (works council)
Magdolna P. G y u l a i n é (works council)
Georg H i n t e r s c h u s t e r (works council)
Wolfgang K r e i s (works council)

MANAGEMENT REPORT

Important events

JANUARY

STRABAG subsidiary ZÜBLIN starts construction on Germany's first timber high-rise

Stadtsiedlung Heilbronn GmbH and STRABAG subsidiary Ed. Züblin AG are building the ten-storey SKAIO high-rise in Heilbronn based on a design by Berlin-based architectural firm Kaden+Lager. The 34 m building, being erected as part of the city exhibition for the BUGA 2019 horticulture show in Heilbronn, will be Germany's first timber high-rise. With an aboveground gross floor area of 5,685 m², it will offer space for 60 rental units with a total of 3,300 m² of living space.

Two additional sections of S7 in Poland for € 200 million

Two subsidiaries of STRABAG have been awarded the contract in Poland to design and build two sections of the S7 expressway north of Warsaw. The two orders have a total value of PLN 828 million, which is equivalent to approx. € 198 million. The project is scheduled for completion after a construction time of 34 months. One section leads from Strzegowo to Pieńki and is 22 km long, the second section has a length of 14 km and leads from Pieńki on to Płońsk. The S7 is being built as a four-lane facility. The contract also includes the construction of several junctions and rest areas as well as the illumination and drainage systems.

ZÜBLIN awarded € 85 million contract for "Sonnenhöfe im Sternenviertel"

Sonnenhöfe GmbH & Co. KG, a joint venture of EYEMAXX and DIE Deutsche Immobilien Entwicklungs AG, has hired ZÜBLIN as general contractor for the turnkey construction of 18 four- to five-storey buildings in Berlin Neu-Schönefeld, Germany. The € 85 million contract also includes the construction of two underground car parks. The plot to be built upon covers approx. 51,100 m² in the centre of Neu-Schönefeld north of the future Berlin Brandenburg Airport. Overall completion is scheduled for August 2021.

Buildings forming part of the project "Sonnenhöfe im Sternenviertel"

MARCH

ZÜBLIN conducts research with moss to ‘swallow up’ particulate matter

Modular wall systems to bind particulate matter and for noise abatement

European cities regularly exceed the established limits for fine particulate matter (PM). Congestion charges, speed limits or bans on diesel vehicles are often imposed to remedy the situation. ZÜBLIN is currently researching an alternative solution: moss-covered walls to “swallow up” particle pollution. Mosses have a large leaf surface to bind and degrade fine particulate matter, and they are very resistant. To best exploit the potential of moss walls, Ed. Züblin AG, Helix Pflanzen GmbH and DITF-German Institutes of Textile and Fiber Research Denkendorf have joined forces in the MoosTex research project.

STRABAG to build LEED-certified office tower in central Bucharest

STRABAG, through its Romanian subsidiary, has been awarded the contract to build a 110 m tall office tower in central Bucharest. The contract has a value of about € 39 million. Completion is scheduled for October 2019. Thanks to the use of innovative construction materials, the office building should receive the highest level of LEED certification, LEED Platinum, when it is completed.

© Ana Tower Offices SRL

Visualisation Ana Tower in central Bucharest

Tunnelling contract for North Yorkshire Polyhalite Project of Sirius Minerals

Sirius Minerals Plc. has hired STRABAG to build an approx. 13 km tunnel section for the underground transport system of the Woodsmith Mine near Whitby, England. The design-and-build contract was signed on 28 March 2018. The Woodsmith Mine will begin extraction of the world’s largest deposit of polyhalite, a mineral used in the production of fertilizer, in 2021. The section to be built by STRABAG is part of a 37 km tunnel with a diameter of 4.7 m for an environmentally friendly conveyor system to transport the mined polyhalite to Wilton for processing.

APRIL

Successful contract conclusion between STRABAG and ISS

Effective 1 July 2019, the facility management services for Deutsche Telekom AG and its subsidiaries in Germany will no longer be provided by the companies of the STRABAG Group but by ISS. Since the end of last year, STRABAG and ISS had negotiated on ways to continue to employ the more than 3,000 employees of STRABAG Property and Facility Services GmbH (STRABAG PFS) and STRABAG Facility Services GmbH (STRABAG FS) who are currently working on the Deutsche Telekom account. An agreement was concluded on 10 April 2018 covering the transfer of the employees affected by the change as of 1 July 2019.

STRABAG SE: Management Board appointed for the period 2019 to 2022

The Supervisory Board of STRABAG SE passed the resolutions regarding the appointment of the Management Board for the period from 2019 to 2022. The focus was on continuity: Dr. Thomas Birtel, a member of the Management Board since January 2006 and CEO since June 2013, was confirmed in his office. Also re-appointed were his colleagues, CFO Mag. Christian Harder as well as Dr. Peter Krammer and Dipl.-Ing. Siegfried Wanker. A new appointment resulted from the request of Mag. Hannes Truntschnig to retire after 23 years on the Management Board of STRABAG SE and its predecessor companies. Dipl.-Ing. (FH) Alfred Watzl was appointed as his successor to complete the five-member board effective 1 January 2019.

MAY

STRABAG takes on another section of Alto Maipo hydropower project in Chile – order plus of € 800 million

After the refinancing that was successfully concluded on 8 May 2018, STRABAG has taken on another construction section for the Alto Maipo hydropower complex in Chile. The new addition to the order books resulted in a plus of about € 800 million for STRABAG for a total contract value of approx. € 1.5 billion. In November 2012, STRABAG announced it had been awarded the contract to build a part of the Alto Maipo hydropower complex 50 km southeast of Santiago de Chile. Difficult technical conditions and the withdrawal of a contractor led the client, AES Gener, to conclude a new construction agreement with STRABAG S.p.A. of Chile on 19 February 2018. The agreement had been pending the bank financing and therefore became effective on 8 May 2018. With this construction contract, STRABAG S.p.A. is taking on another construction section, the Yeso/Volcán System, that had previously been the responsibility of the client or of third parties. The new total contract price is a lump sum that covers both the work that has already been rendered as well as all future work to be provided by STRABAG S.p.A. on the basis of the construction agreement.

ZÜBLIN to erect building complex in Copenhagen’s Carlsberg quarter

Carlsberg Byen P/S has commissioned ZÜBLIN with the construction of two new buildings in Copenhagen’s Carlsberg quarter. ZÜBLIN A/S will complete an 80 m high-rise as well as an adjoining building with five aboveground floors in the Danish capital by the year 2021. The project foresees the creation of apartments, offices, shops, cafés, restaurants and an underground car park for 200 cars and 1,000 bicycles on a total space of about 40,000 m².

JUNE

STRABAG reports new searches of its offices

Searches were conducted in June at five Austrian offices of STRABAG. The searches were in connection with those that had been conducted at several Austrian construction companies in May 2017. According to the public prosecutor’s office, the investigation centres on the suspicion of illegal price fixing. The focus is on projects from the years 2006 to 2015 in multiple regions of Austria, mostly in the field of transportation infrastructures, involving several Austrian construction companies. STRABAG is committed to completely clearing up the allegations made by the authorities. The company will, of course, continue to cooperate fully with the authorities in the investigation, and appropriate consequences will be taken in the event that fault is proven. The STRABAG Group has a comprehensive business compliance system in place that applies to its employees at all group companies. Its Code of Conduct commits all employees to correct and compliant conduct above and beyond the legal requirements. Price fixing is expressly prohibited.

Züblin Scandinavia AB to build FSE309 Lovö Interchange near Stockholm

Rendering of Lovö Interchange, Stockholm Bypass

Züblin Scandinavia AB has been awarded the contract by the Swedish Transport Administration (Trafikverket) to build FSE309 Lovö Interchange, a part of the Stockholm Bypass road project. The interchange is situated in a nature reserve with a sensitive historico-cultural background. The project, which has a contract value of SEK 505 million (approx. EUR 49 million), comprises, among other things, the construction of a new four-lane road with interchanges, pedestrian and cycle paths, rock tunnels, a service tunnel and concrete troughs.

ZÜBLIN to build "Project House for Future Technologies for Autonomous Driving"

IN-Campus GmbH, a joint venture of the city of Ingolstadt and AUDI AG, has hired Ed. Züblin AG to build the turnkey "Project House for Future Technologies for Autonomous Driving". The project is part of the new "IN-Campus" being developed on the former site of the Bayernoil refinery, an area in the east of Ingolstadt measuring about 100 soccer fields. ZÜBLIN as general contractor will be building four symmetrically arranged building modules in a U shape on the site. The design calls for approx. 47,300 m² to be developed as a hybrid building with office and workshop space including a conference area and bistro/restaurant spaces. The new structures will have up to seven storeys and provide space for teams of AUDI employees and other companies to develop new technologies. The contract value is in the double-digit million-euro range.

BPD Europe awards large project in Amsterdam to ZÜBLIN

ZÜBLIN is building a new commercial and residential building in the heart of Amsterdam with eleven aboveground floors and two underground levels. The project, called ODE, is named after the Oosterdokseiland neighbourhood of Amsterdam where it is being built. ZÜBLIN Nederland B.V. is realising ODE as main contractor on behalf of the Dutch project company OOA C.V., a subsidiary of BPD Europe. The tenant, Booking.com B.V., will open its new European headquarters at ODE and will occupy all of the office space. When it is completed in March 2021, ODE will have about 102,000 m² of space, including the Booking.com offices (approx. 65,000 m²) as well as 42 exclusive owner-occupied apartments (total of about 7,000 m²), 30,000 m² of parking on two underground levels, a café, a restaurant and 1,500 m² of retail space.

ZÜBLIN awarded contract for A44 motorway section at Boyneburg tunnel

DEGES (Deutsche Einheit Fernstraßenplanungs- und -bau GmbH) has awarded ZÜBLIN the contract for the approximately 6 km long third section of the A44 motorway between Kassel and Herleshausen. The A44 motorway is part of the German Unity Transport Project No. 15 and is intended to close the gap in the federal motorway network between the A7 at Kassel and the A4 at Wommen. The contract value for this section amounts to approx. € 183 million. The section starts east of the town of Wehretal-Oetmannshausen and extends southwards to the Sontra-West interchange. The project's centrepiece is the 1.7 km long Boyneburg tunnel which consists of two two-lane tunnel tubes.

JULY

STRABAG to realise "Triiiple" building construction project in Vienna: three 100 m residential towers

STRABAG was hired by SORAVIA and ARE DEVELOPMENT to build three residential towers in Vienna as part of the Triiiple building construction project for a contract value of € 110 million. The three 100 m towers near the city centre will house 480 owner-occupied flats in Towers 1 and 2 as well as 670 micro-apartments in Tower 3. Construction works are scheduled to be completed by summer 2021.

Three residential towers near the Vienna city centre

EFKON enters Norwegian toll collection market

EFKON, the STRABAG subsidiary specialising in toll collection systems, will provide Norway's two largest cities, Oslo and Bergen, with new toll collection solutions. EFKON has already implemented projects in Austria, Belgium, Germany and Ireland and is also active outside Europe in Malaysia, South Africa and India. These two projects have now paved the way for EFKON to enter the Norwegian market. A total of 100 toll collection stations will be constructed for the Norwegian Public Roads Administration (NPRA). The contract value amounts to approx. € 11 million (about NOK 100 million) and includes maintenance services for a period of eight years, which may be extended to a maximum of 17 years.

AUGUST

Contract for section of A1 in Poland

The Polish subsidiary of STRABAG will be part of a syndicate to build a 16 km section of the A1 motorway between Tuszyn and Bełchatów. The Polish General Directorate for National Roads and Motoways (GDDKiA) has awarded a design-and-build contract to the syndicate, which means that the construction companies will be responsible for both the planning and the subsequent execution of the plans. The contract value amounts to approx. € 111 million, STRABAG's share accounting for 50 % thereof. The entire section will be constructed using concrete with two lanes going in each direction. The contract also covers two interchanges, 17 bridges, several intersections and access roads, noise barriers and wildlife crossings.

Large contract for the Oldenburg–Wilhelmshaven rail upgrade line

An internal consortium consisting of STRABAG AG, Ed. Züblin AG and STRABAG Rail GmbH has been hired by Deutsche Bahn AG to upgrade a 5.7 km railway line within the municipal limits of Sande, Lower Saxony. The contract is part of the Oldenburg–Wilhelmshaven rail upgrade line. The new track section will bypass Sande to the east of the municipality and comprises a 4 km long double-track new line as well as the addition of a second track to an existing 1.7 km section. The tracks within the municipality itself will be dismantled. The contract has a value of about € 115 million. The construction works are scheduled to last 3.5 years.

SEPTEMBER

€ 133 million contract for further section of A1 in Poland

Through its Polish subsidiary, STRABAG was awarded another contract for a section of the A1 motorway. STRABAG is leading a consortium (92 %) with Poland's Budimex SA. The 17 km long Section C begins at the Kamieńsk interchange and ends at Radomsko, where a motorway interchange is also being built. The total value of the design-and-build contract amounts to € 133 million. Project handover scheduled after 32 months. The contract includes the construction of a motorway section with three lanes in each direction as well as 16 bridge objects and three rest areas.

STRABAG to build new REHAU production facility in Hungary for € 50 million

STRABAG-MML Kft., the Hungarian subsidiary of STRABAG Group, has been picked to build a new production facility for Swiss automotive supplier REHAU in Újhartyán. Work on the 63,000 m² facility started in September 2018 and is expected to be completed after 15 months of construction. The contract value amounts to € 50 million.

Increased stake in A8 motorway operator PANSUEVIA from 50 % to 100 %

STRABAG has acquired the 50 % stake in PANSUEVIA that had been held by HOCHTIEF, making it the 100 % owner of the concession company operating the Ulm–Augsburg section of the A8 motorway in Germany. The closing of the transaction took place 28 September 2019. The approximately 58 km long, partially widered, section of the A8 between Ulm and Augsburg was opened to traffic on schedule in September 2015 after slightly more than four years of construction. PANSUEVIA designed, financed and carried out the widening of the section to six lanes and took over the maintenance and operation of the section for a period of 30 years. Construction was carried out by a joint venture consisting of STRABAG Großprojekte GmbH, HOCHTIEF Infrastruktur GmbH and Ed. Züblin AG.

View of the A8 motorway

OCTOBER

ZÜBLIN awarded another large contract in Copenhagen

STRABAG, through its Danish subsidiary ZÜBLIN A/S, has signed another turnkey contract for the construction of a building ensemble in the Carlsberg quarter of Copenhagen. After the contract for the Dahlerup Tower that was awarded earlier this year, this is the second major contract that ZÜBLIN is building on behalf of Carlsberg Byen on the former brewery site in Copenhagen's Valby district. The new project, with a floor area of 49,000 m², is expected to be completed in 2021. The total value of the two contracts is more than DKK 1.2 billion (€ 161 million). The newly signed contract covers the construction of another tower block also with a height of 80 metres including two adjoining buildings.

NOVEMBER

Contract to build school centre in Nuremberg

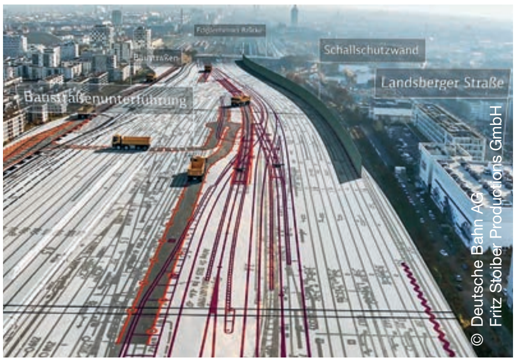

Rendering of the Bertolt Brecht School educational centre in Nuremberg

ZÜBLIN was awarded the contract to design and build the Bertolt Brecht School in Nuremberg, Germany, after a one-year tender procedure. The preliminary contract value amounts to € 108 million, with a project schedule from November 2018 to November 2021. The cooperative school centre consists of a Gymnasium, a Realschule and a Mittelschule. The school building was designed as a low-energy building with a very high coverage of its own needs through renewable energies.

DECEMBER

Deutsche Bahn awards first contracts for main construction works on Munich's second rapid transit core route

Deutsche Bahn has awarded the first two contracts for the main construction works on Munich's second core rapid transit route. The companies Wayss & Freytag Ingenieurbau AG, Ed. Züblin AG, Max Bögl Stiftung & Co. KG and Bauer Spezialtiefbau GmbH, in a joint bidding consortium, were awarded the contracts for the main construction works covering the above-ground area from the Munich-Laim station to Donnersberger Brücke as well as the area around the main station including the tunnel from Donnersberger Brücke to Marienhof. Both contracts together have a value of approximately € 865 million.



Rendering of the site preparation at section "Oberirdisch West"

Milan court denies injunction request by STRABAG consortium for "Pedemontana" project in Italy in the first instance

The legal dispute involving a consortium led by Austria's STRABAG AG in connection with the Pedemontana motorway project in northern Italy led the client on 2 March 2018 to invoke a guarantee. The consortium saw this invocation as unjustified and on 15 March 2018 filed a request with the competent court in Milan to issue an injunction against this recourse. The request was denied in a written decision served on 6 December 2018. The consortium lodged an appeal against the decision. Negotiations are continuing with the client side. The bank guarantee has not been paid out to date. In the event that the guarantee amount of up to about € 260 million has to be paid out provisionally, the consortium believes that a claim for restitution exists that is to be capitalised in full. This claim is (also) to be asserted in the pending legal disputes related to the construction delays and the accompanying considerable cost overruns. The possible payout of the guarantee will not influence the legal position of the consortium in these pending court proceedings.

Residential construction contract worth about € 80 million for ZÜBLIN in Berlin

Rendering of the residential complex "Stadtquartier Südkreuz" in Berlin-Schöneberg, Germany

ZÜBLIN has received the turnkey construction contract for a residential complex in Berlin-Schöneberg, Germany. The client of the Stadtquartier Südkreuz project at Tempelhofer Weg is Rondus Erste Immobilienbesitz GmbH & Co. KG, represented by Hines Immobilien GmbH. For a contract value of about € 80 million, ZÜBLIN will build eleven turnkey residential buildings with a total of 665 apartment units, an underground car park and approximately 14,600 m² of outdoor facilities. The building construction works are scheduled to start in late January 2019 with the handover of the building excavation and will last approximately 21 months.

Expansion of services in digital surveying

The STRABAG Group is concentrating its expanded range of services in digital surveying at its new, highly modern office facilities in Regensburg, Germany. Besides the core business of efficient drone surveying for all important areas of application, the service repertoire now also includes mobile mapping with two high-performance scanners for detailed corridor surveying even at high speeds. The offerings in both business fields are complemented by extensive 3D data processing services for every purpose, from point cloud classification to digital terrain modelling (DTM) and the vectorisation of 3D data.

Digital surveying with drones

STRABAG PFS acquires FM service provider Caverion Polska

STRABAG PFS Austria GmbH on 18 December 2018 signed the agreement for the acquisition of 100 % of the shares of Caverion Polska Sp. z o.o. of Warsaw, a Polish specialist in the field of technical facility management (TFM). The previous owner, Finland's Caverion Oyj, has chosen to withdraw from this market. Caverion Polska, founded in 1993, has about 170 employees and in 2017 generated an output volume of around PLN 50 million (approx. € 12 million). Of this amount, approximately 70 % are accounted for by TFM and 30 % by plant engineering.

Contract for modernisation of D1 motorway in the Czech Republic

A consortium including STRABAG's Czech subsidiary STRABAG a.s. has been awarded the contract for the modernisation of the D1 motorway in the Czech Republic. The contract, which has a total value of CZK 1.88 billion (approx. € 72.7 million), comprises the complete renewal of the cement concrete surface of the D1 motorway between Velký Beranov and Měřín. The total section to be modernised measures 14.8 km in length. The project is scheduled to be completed within three years.

Country report

DIVERSIFYING THE COUNTRY RISK

Despite its strong presence in the home markets of Austria and Germany, STRABAG sees itself as a European company. The group has been active in Central and Eastern Europe for decades. On the one hand, it is a tradition for the company to follow its clients into new markets; on the other hand, the existing country network with local management and established organisational structures makes it easier to export and to use the technology and the equipment in new regions. To diversify the country risk even further, and to profit from the market opportunities in other parts of the world, STRABAG is also active internationally, i.e. in countries outside of Europe.

The STRABAG SE Group generated another record output volume of € 16.3 billion in the 2018 financial year, which was even higher than expected due to weather conditions. This represents an increase of 12 % over the previous year. Increases in all major markets of the group contributed to this growth. In the Americas region, the output volume also rose due to an order extension for a major project in Chile – the group's largest project. Only in smaller markets, such as Switzerland, Denmark and Russia, did the output volume decline.

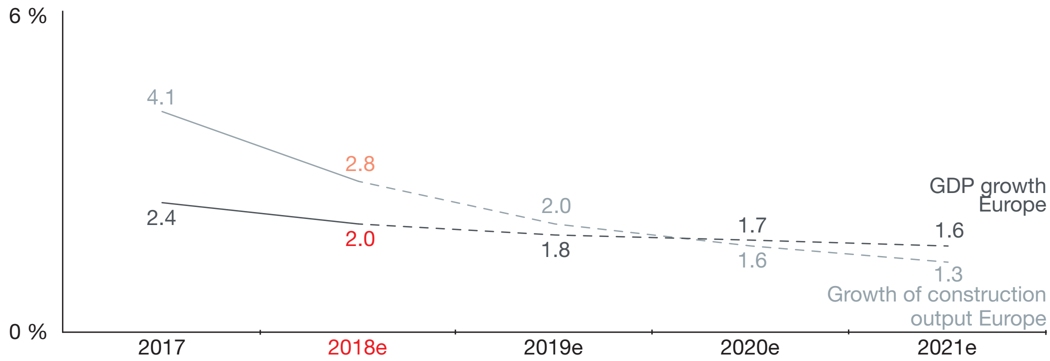
OUTPUT VOLUME BY COUNTRY

€ mln.	2018	% of total output volume 2018	2017	% of total output volume 2017	Δ %	Δ absolute
Germany	7,877	48	6,960	48	13	917
Austria	2,542	16	2,333	16	9	209
Poland	975	6	848	6	15	127
Hungary	714	4	551	4	30	163
Czech Republic	706	4	629	4	12	77
Americas	667	4	385	3	73	282
Slovakia	515	3	528	4	-2	-13
Benelux	351	2	295	2	19	56
Rest of Europe	275	2	277	2	-1	-2
Switzerland	273	2	320	2	-15	-47
Middle East	206	1	303	2	-32	-97
Romania	197	1	183	1	8	14
Sweden	178	1	162	1	10	16
Croatia	163	1	120	1	36	43
Asia	162	1	99	1	64	63
Serbia	111	1	113	1	-2	-2
Denmark	92	1	159	1	-42	-67
Russia	78	1	143	1	-45	-65
Italy	74	1	67	0	10	7
Slovenia	68	0	53	0	28	15
Africa	57	0	48	0	19	9
Bulgaria	42	0	45	0	-7	-3
Total	**16,323**	**100[1]**	**14,621**	**100[1]**	**12**	**1,702**

1 Rounding differences are possible.

ECONOMIC GROWTH LOSES MOMENTUM[1]

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE



After a promising start, the **economic momentum slowed** gradually in 2018. Political issues, in particular, put a lasting strain on the mood of companies and private households, causing a moderation in investment growth, exports and private consumption. As a result, the forecasts for the coming years are also subject to much higher uncertainties.

The International Monetary Fund still reports growth of 3.7 % for the global economy in 2018, but forecasts for the coming years have been revised downwards due to increasing risks. Growth in the Chinese economy has already slowed significantly in 2018, driven mainly by trade sanctions and the devaluation of the renminbi. Thanks to massive fiscal measures such as tax relief and deregulation in the reporting period, the US economy still grew at the similarly high rate as in the previous year. Euroconstruct, however, expects the positive impact of these measures to diminish over the coming years and that a more restrictive US Federal Reserve monetary policy will further dampen the upward trend.

In the 19 Euroconstruct countries, economic growth slowed significantly in 2018, but according to current estimates, economic growth is still expected to have reached a total of 2.0 %. The economy in Ireland and in the countries of Central and Eastern Europe developed significantly above the European average, while Germany was in the European midfield. The economic development in the EU countries is currently mainly driven by domestic consumption, while exports, which are very important for the eurozone, are already losing momentum. At the same time, purchasing power declined, as higher oil prices drove inflation higher. Geopolitical risks, increasing protectionism and a shortage of the production factors capital and labour also set growth limits. Euroconstruct therefore forecasts a growth rate of 1.8 % for the eurozone in 2019 and a slight slowdown to +1.7 % in 2020. The political uncertainty surrounding Brexit is causing many companies to postpone investment decisions into the future. The unemployment rate is likely to continue its general downward trend, at the same time that it is becoming more difficult for companies across Europe to find suitable professionals.

CONSTRUCTION SECTOR AGAIN BETTER THAN OVERALL ECONOMY

With solid growth of 2.8 %, the **construction industry** in the 19 Euroconstruct countries **grew for the fifth consecutive year** in 2018, thus growing faster than the economy as a whole. With the exception of the United Kingdom, all member states recorded positive rates of increase. The growth of the construction sector – in a consolidated view – should continue to develop in parallel with the general economy in the coming years. The current Euroconstruct forecasts for the period 2019–2021 range between +2.0 % and +1.3 %.

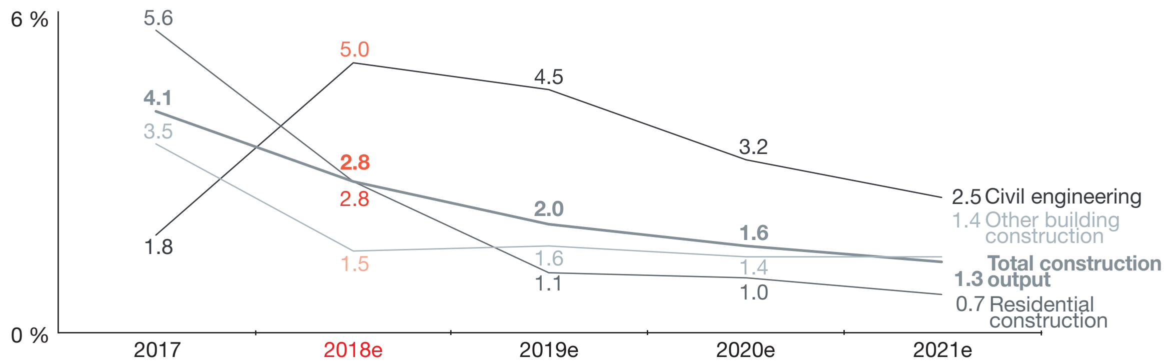
In a country-by-country comparison, the development continued to be heterogeneous. With double-digit growth rates, Hungary, Poland and the Czech Republic posted stronger-than-average growth. Likewise, construction output in Portugal, the Netherlands, Ireland and Spain grew at a strong rate of between 7.6 % and 5.7 %. Germany and France in turn – together accounting for about one third of total European construction output – were in the lower midfield with growth rates of 1.3 % and 3.2 %, respectively. While Euroconstruct predicts a gradual slowdown

1 All growth forecasts as well as the particular national construction volumes are taken from the Euroconstruct and EECFA (Eastern European Construction Forecasting Association) winter 2018 reports. The indicated market share data are based on the data from the year 2017.

in construction growth to 1.0 % for Western European countries by 2021, Eastern European countries are forecast to grow significantly by an average 9.1 % in 2019 as well. In 2020, the plus is expected to stabilise at a still strong 3.9 %, before rising again to 6.0 % in 2021.

CIVIL ENGINEERING OUTPERFORMS RESIDENTIAL CONSTRUCTION AND OTHER BUILDING CONSTRUCTION

DEVELOPMENT OF CONSTRUCTION SECTOR EUROPE



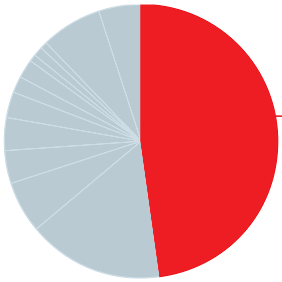
In a sector-by-sector comparison, European civil engineering recorded the strongest upward trend with a plus of 5.0 % in the past year, followed by residential construction with +2.8 %. Other building construction contributed below-average growth of 1.5 %.

Residential construction, which accounts for almost half of total European construction output, grew by 2.8 % in 2018. In absolute terms, France and Germany were again at the top, followed by the United Kingdom and Italy. The largest growth rates were recorded in Hungary, Ireland, Slovakia, Portugal, the Czech Republic, Poland and Spain. In 2019, however, the growth of the sector will likely continue to weaken to a total of 1.1 %. Above-average growth rates are predicted for Ireland, which has ranked among the leaders for years, and above all for Portugal, Hungary, the Czech Republic and Poland. In Germany, the development is likely to stagnate.

The forecasts for **other building construction** – in 2018, almost one third of the European construction volume was attributable to it – had to be revised downwards several times in the course of the year, in contrast to the previous year. Ultimately, it increased by only 1.5 % in the 19 Euroconstruct countries. By country, Hungary, the Czech Republic, Poland, the Netherlands and Portugal recorded the highest growth. Ireland declined the most, albeit after peaking in previous years, followed by Slovakia and the United Kingdom. While Euroconstruct is forecasting moderate declines in this sector for Germany over the coming years, the United Kingdom is expected to achieve growth of 0.4 % and 1.6 % in 2020 and 2021, respectively, after a slight decline of 2.1 % in the Brexit year.

Civil engineering, which accounts for around 20 % of European construction volume, showed a highly mixed picture in 2018 but, with a plus of 5.0 %, was well above forecasts overall. The strongest growth was recorded in Hungary, Poland, Slovakia and Norway, while Germany, with a plus of 0.7 %, was just barely developing positively. For the future, Euroconstruct sees a more consistent picture and expects solid growth of 4.5 % in 2019. This development is to be supported above all by the high level of dynamism in the Eastern European countries and in Norway. For Germany, the largest market by volume, Euroconstruct forecasts a slight decline from 2019 to 2021.

GERMANY



Overall construction volume: € 332.0 billion
GDP growth: 2018e: 1.6 % / 2019e: 1.7 %
Construction growth: 2018e: 1.3 % / 2019e: 0.1 %

The German economy was in its fifth year of economic upswing in 2018. The projected 1.6 % GDP growth resulted primarily from the further increase in private consumption, though it has lost some of its momentum in the meantime. German consumption was boosted by secure jobs and low savings interest rates. At the same time, the economic situation is characterised by optimal capacity utilisation and the interplay of three key factors: high employment, a surplus in the household budget and the greater investment propensity of businesses. In the medium term, the robust global economy and the high German export ratio continue to provide good conditions for stable growth.

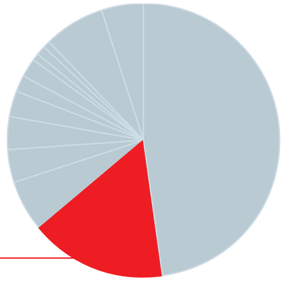
The German construction industry potentially reached a provisional high in 2018 with further growth of 1.3 %. The residential construction is being stimulated by low lending rates and rising real wages. In the next few years, this sector, which still represents more than half of the total German construction volume, will likely be characterised by a slight downward trend. For the entire construction sector, Euroconstruct expects stagnation (+0.1%) for 2019 and a slight decline of -0.6 % and -0.9 % for 2020 and 2021, respectively.

Other building construction remained high with a plus of 0.9 % in 2018 due to the generally strong economic development. In the medium term, however, rising energy prices, the growing importance of foreign manufacturing, the trend towards a service economy, and the triumphal march of online commerce, which is dampening demand for new business premises, are expected to result in a slight decline in this sector.

Civil engineering was revitalised primarily by federal and state measures, notably investment programmes for rail and road infrastructure as well as the expansion of broadband network coverage by the telecommunications industry. While the sector still achieved an increase of 1.4 % in 2018, it also faces a modest correction phase in the coming years, despite increased public-sector investment in road infrastructure.

With a market share of 2.1 %, the STRABAG Group is the market leader in Germany. At 16.4 %, the share of the German road construction sector is significantly higher than that of the market as a whole. With € 7,876.65 million, around 48 % of STRABAG's total group output volume was generated in Germany in 2018, as in the previous year. Most of the output is allocated to the North + West segment, while the property and facility services provided in Germany are allocated to International + Special Divisions.

AUSTRIA



Overall construction volume:	€ 41.0 billion
GDP growth:	2018e: 3.0 % / 2019e: 2.0 %
Construction growth:	2018e: 2.3 % / 2019e: 1.5 %

With expected GDP growth of 3.0 % in 2018, Austria was again significantly above the EU average and the average development of its neighbouring countries. In addition to a rise in private consumption and a favourable labour market situation, industrial production also rose sharply, while the inflation rate remained relatively stable at 2.1 %. In addition, the positive trade balance had a favourable effect in Austria's comparatively small and open economy.

Euroconstruct also attests significant growth rates to the Austrian construction industry in 2018. The revival of the economy – primarily driven by the construction of new office and commercial buildings in the greater Vienna area – especially boosted the field of building construction, while at the same time providing financial scope for investments in infrastructure. In total, the Austrian construction output grew by 2.3 % in 2018. The upward curve is expected to flatten somewhat in the coming two years, however, before it consolidates in 2021 with growth of 1.1 %.

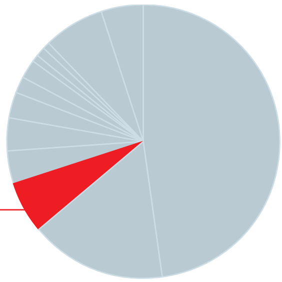
According to estimates by Euroconstruct, Austrian residential construction recorded considerable growth of 2.5 % in 2018. As for the construction industry as a whole, however, a slight slowdown in growth is expected over the next few years until the plus settles at 0.6 % in 2021.

The other building construction sector was also able to benefit from the positive economic development with growth of 2.2 %. The construction of office real estate was particularly strong at + 3.3 %. The outlook for other building construction remains positive until 2021, but growth rates are likely to decline to 1.2 % over the coming years.

Even civil engineering increased by 2.0 % in 2018, primarily due to investments – in the form of public-sector subsidies – in transportation infrastructures. The further expansion of the road and in particular of the rail network will continue to occupy a fixed place in the Austrian budget in the coming years. In this sector, the growth rate should therefore remain at an average value of 1.9 % over the next three years.

The STRABAG Group once again generated a total of 16 % of the total group output volume in its home market of Austria in 2018. Austria thus continues to be one of its top three markets along with Germany and Poland. The output reached a volume of € 2,541.50 million in 2018. With a share of 5.8 %, STRABAG defended its position as market leader in the country. In road construction, the market share stands at 36.3 %.

POLAND



Overall construction volume: € 55.5 billion
GDP growth: 2018e: 4.6 % / 2019e: 4.2 %
Construction growth: 2018e: 12.9 % / 2019e: 10.1 %

Building on the positive development of recent years, the Polish economy was again able to record a stable increase of 4.6 % in 2018, and similarly high growth is forecast for the coming years. Rising consumption, which in turn is boosted by the good situation on the job market, should also shape the next few years, especially since households will have more money available thanks to the increased child allowance. But massive public-sector investment in key infrastructure projects co-financed by EU funding programmes is also contributing to the positive development.

Following strong fluctuations in recent years, the Polish construction industry recorded a record year with growth of 12.9 % in 2018. Euroconstruct is forecasting an increase of 10.1 % for 2019, before growth is expected to stabilise at a solid 4.7 % in 2020. The lack of domestic labour, on the other hand, is proving to be a bottleneck.

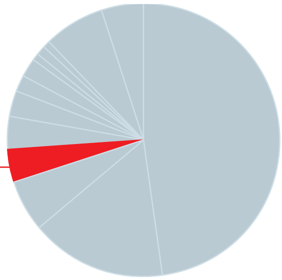
The boom in residential construction, which had already delivered a sizeable plus of 9.2 % to this sector in the previous year, reached its expected peak in 2018 – supported by low lending and mortgage rates – with growth of 10.2 %. The rising demand for residential property can be attributed, among other factors, to the positive development of private income in relation to real estate prices. For the year 2018, Euroconstruct still forecasts that the sector will experience above-average growth of 6.8 %, though it is likely to stabilise at 4.5 % by 2020.

A peak of +10.5 % was also achieved in other building construction in 2018. In addition to massive orders from the public sector, investments by foreign companies in new production facilities provided a high level of dynamism. As part of the modernisation of the rail network, the renovation of 200 railway stations is also planned in the next few years. Euroconstruct therefore forecasts the sector to grow by 7.4 % in 2019, before the plus falls slightly to 3.7 % and 4.2 % in 2020 and 2021, respectively.

By far the strongest growth in Poland in 2018 was recorded in civil engineering with a plus of 18.8 %. In addition to the good development of the economy as a whole, this is mainly due to the EU funding programmes. Under the EU's 2014–2020 Infrastructure and Environment Programme, for example, thousands of co-financing agreements were signed for investment projects by 2018 alone, more than half of them funded with EU money. The largest increases were recorded in rail construction, followed by harbour installations and waterways, leisure facilities and roads. Against this background, Euroconstruct predicts a further strong increase of 16.5 % in Polish civil engineering in 2019; growth should again consolidate at 6.0 % and 7.0 % in 2020 and 2021, respectively.

As the number three in the construction sector in Poland, STRABAG realised a construction volume of € 975.35 million here in 2018, representing 6 % of the group's total output volume (2017: 6 %). Poland thus represents the third-largest market of the STRABAG Group. Its market share in the entire Polish construction market was 1.7 % and its share of road construction was 9.2 %.

HUNGARY



Overall construction volume: € 13.5 billion
GDP growth: 2018e: 4.4 % / 2019e: 3.5 %
Construction growth: 2018e: 24.7 % / 2019e: 10.3 %

The Hungarian economy picked up significantly in 2018, posting a very solid performance of 4.4 %. Rising household incomes and higher mandatory wages with a simultaneously decreasing unemployment rate greatly boosted domestic consumption. The main driver of the high economic growth, however, was the increase in EU funding for the period 2014–2020 and the resulting public procurement, especially in the construction sector. At the same time, rising foreign demand and the export strength of the Hungarian economy resulted in a high trade surplus in 2018. Against this backdrop, Euroconstruct forecasts further strong GDP growth of 3.5 % in 2019.

The Hungarian construction industry once again registered a massive upturn of 24.7 % in 2018. The positive development was largely driven by above-average momentum in the residential construction and civil engineering segments. For 2019, Euroconstruct forecasts a further 10.3 % increase in the sector, before growth will slow to 1.7 % in 2020 with the expiry of the current EU financial framework and will consolidate back to 5.6 % in 2021.

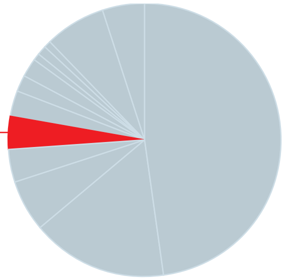
As the most successful segment, residential construction posted an outstanding result of +42.1 % in 2018. Thanks to persistently low interest rates and a generous fiscal policy, which seeks to increase the living standards of young families in particular with subsidies and special loans, the market for new buildings boomed here. At the same time, the revival of the tourism industry triggered a massive renovation and modernisation boom in the hotel sector. For 2019, Euroconstruct forecasts an increase of 9.3 %, though the beginning of a correction phase with declines of -9.7 % and -2.1 % is expected for 2020 and 2021, respectively.

Stimulated by massive public investment and the availability of new EU funds, other building construction also achieved a remarkable increase of 13.6 % in the reporting period. On the one hand, investments by small and medium-sized enterprises increased significantly thanks to EU subsidies. On the other hand, foreign investors invested heavily in new industrial facilities. Hungary already has 193 industrial parks with a total of more than 3,400 companies; 18 science and technology parks cooperate with universities and private enterprises. From 2018 to 2020, between 200,000 and 250,000 m² of new office space is to be created annually in large cities alone. At the same time, the government is investing in urban and village renewal programmes and the renovation of historic buildings in the cultural sector. For the period 2019 to 2021, Euroconstruct therefore continues to forecast average growth of 7.4 % a year in other building construction.

Civil engineering also recorded a big plus of 24.3 % in 2018. One of the primary objectives of the Hungarian catching-up process is the creation of modern infrastructure for the exchange of goods and services as well as for passenger transport and telecommunications. In the reporting year, sufficient EU funds were also available for major projects in road and rail construction. Euroconstruct therefore expects that the growth trend in civil engineering should – albeit at a slightly weaker rate – continue until 2021.

The STRABAG Group generated € 713.89 million, and thus 4 % of its output, in Hungary in 2018 (2017: 4 %). This puts STRABAG in first place in the Hungarian construction market. Its share of the total market reached 5.1 %, that in road construction 19.9 %.

CZECH REPUBLIC



Overall construction volume: € 19.5 billion
GDP growth: 2018e: 3.2 % / 2019e: 3.1 %
Construction growth: 2018e: 10.0 % / 2019e: 6.9 %

After a very good year in 2017, with GDP growth of 4.3 %, the Czech economy consolidated to a stable plus of 3.2 % in the period under review. The sustained positive development is supported by temporarily effective factors such as EU subsidies and a very positive employment situation. In 2017, the unemployment rate had already reached its lowest level since 1993 at 2.9 % and is expected to have declined even further to 2.2 % in 2018. As positive changes are also expected in the coming years, above all with rising industrial production and an increase in private consumption and public investment, Euroconstruct continues to expect moderate growth rates of around 3.0 % p. a.

After several years of volatile development, the Czech construction sector recorded strong growth of 10.0 % in 2018, with all three subsegments posting sensational results. For 2019 and 2020, Euroconstruct predicts solid growth rates of 6.9 % and 4.3 %, respectively, for the Czech construction industry as a whole. As funds from the new EU financial framework 2021–2027 will begin to flow in 2021, the experts predict that the country will have a construction boom in this year with a growth rate of 10.0 %.

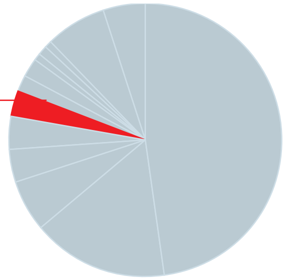
Residential construction was buoyed by the high demand for new apartments and single-family homes, boosted by the low mortgage rates, with growth of 11.6 % in 2018. After real estate developers had already reached their limits in recent years in finding suitable building sites and obtaining building permits for them, two amendments to Czech construction law helped to considerably ease tensions in 2018. The number of building permits issued in residential construction increased by 31.5 % in 2018 and increases of 44.6 % and 45.1 % are expected by for 2020 and 2021, respectively. Against this backdrop, Euroconstruct continues to forecast considerable growth of 9.1 % for residential construction in 2019. In the following year, the value is expected to drop to a still solid 6.9 % before returning to 11.6 % in 2021.

Other building construction also recorded strong growth of 11.1 % in 2018 after the sector had already recovered from a multi-year recession the year before. Investments in industrial and logistics centres as well as the construction of shopping centres and large office buildings are expected to add 6.9 % to this sector in 2019 and, after muted growth of 2.7 % in 2020, to return it to a solid +8.3 % in 2021.

With a plus of 6.3 %, Czech civil engineering also recovered significantly in 2018. Similar to other building construction, growth rates of 4.8 % are also forecast here for the next two years. In addition to investments already initiated in sewage systems, sewage treatment plants and flood protection structures, overdue rail and road construction projects as well as the expansion of two airports are also planned for the coming years. With the start of funding under the new EU financial framework 2021–2027, Euroconstruct is forecasting a new civil engineering boom in 2021 with a plus of 11.6 %.

STRABAG is the number two on the market in the Czech Republic. With an output volume of € 706.44 million in 2018, around 4 % of the group's total output (2017: 4 %) was generated in the country. The market share in the entire construction market is 3.6 % and in road construction even amounts to 21.2 %.

SLOVAKIA



Overall construction volume: € 5.2 billion
GDP growth: 2018e: 4.1 % / 2019e: 4.5 %
Construction growth: 2018e: 5.9 % / 2019e: 3.7 %

The upturn in the Slovak economy continued in 2018, with GDP growth of 4.1 % thanks to net exports and high levels of consumer spending by private households. Despite an expected decline in public investment, Euroconstruct also forecasts significant growth of between 4.5 % and 3.3 % for the Slovak economy over the next three years. Among other factors, this forecast is based on the good order situation of the car manufacturers Jaguar Land Rover and Volkswagen, which have operations here.

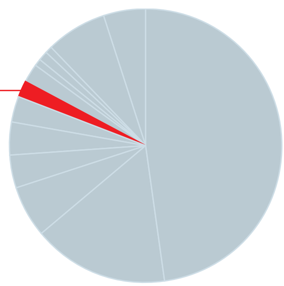
The Slovak construction industry, following strong fluctuations in the years before, recorded solid growth of 5.9 % in 2018. According to Euroconstruct, however, this value is likely to weaken significantly in the coming years and will return to a minus of 0.7 % in 2021. Residential construction, which grew by 12.5 % in 2018, again benefited from the low lending rates. This effect should only be regarded as temporary, however, and Euroconstruct predicts a decline in the growth momentum to below the zero line for the next few years.

Despite the positive general economic data, other building construction in Slovakia contracted by 4.3 % in 2018, even though large-scale investments by the automotive industry in the expansion of their production capacity still had a positive effect on the sector and retailers also demanded modern logistics centres and warehouses. The construction of several large shopping centres and the construction of a new national football stadium should provide somewhat better capacity utilisation in 2019 (+1.2 %) and 2020 (+1.0 %), according to Euroconstruct, before the curve flattens down again to +0.2 % in 2021.

Civil engineering, which experienced an extreme fluctuation range between +53.4 % and -25.1 % in 2015 and 2016, achieved a solid plus of 14.0 % in 2018. Contributing to this upward trend has been public investment in transport infrastructures co-financed by EU funds. In the next two years, according to estimates by Euroconstruct, such projects should still lead to positive growth rates of 5.5 % and 1.3 %, respectively, before the sector eases slightly again at -0.5 % in 2021.

With a market share of 10.7 % and an output volume of € 514.49 million in 2018, STRABAG continues to lead the market in Slovakia. In road construction, STRABAG's share is 17.1 %. In 2018, Slovakia contributed 3 % to the group's total output volume (2017: 4 %).

BENELUX (BELGIUM AND NETHERLANDS)



BELGIUM
Overall construction volume: € 45.7 billion
GDP growth: 2018e: 1.5 % / 2019e: 1.5 %
Construction growth: 2018e: 2.3 % / 2019e: 1.8 %

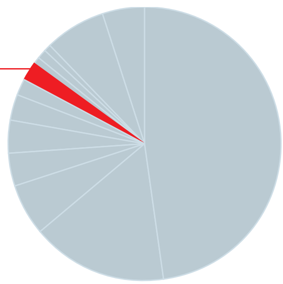
NETHERLANDS
Overall construction volume: € 79.9 billion
GDP growth: 2018e: 2.8 % / 2019e: 2.6 %
Construction growth: 2018e: 6.3 % / 2019e: 4.6 %

The economy in the Benelux countries developed moderately dynamic, albeit at different levels, in 2018. The low yet stable GDP growth of 1.5 % in Belgium and somewhat higher growth of 2.8 % in the Netherlands are due to slightly higher household incomes, a somewhat lower unemployment and rising corporate investments. The **Belgian construction industry** achieved a plus of 2.3 % in the reporting period, with civil engineering in particular posting a disproportionate increase of 10.4 %. Large infrastructure projects and the expansion of the regional rapid transit network contributed to this positive development. For 2019, Euroconstruct predicts a moderate increase of 2.8 % for this sector and another peak of +9.8 % in 2020. In 2021, however, growth should slow back down to 1.6 %. Although the other building construction, which had been flagging in recent years, slid into negative growth with -2.6 %, Euroconstruct expects growth rates of between 1.4 % and 4.5 % over the next three years, thanks to various measures taken by the public sector. Residential construction, which had benefited in recent years above all from temporary tax concessions and a significant expansion of building permits, grew at a moderate rate of 3.3 % in 2018. Due to upcoming energy efficiency promotion programmes, however, Euroconstruct is forecasting growth of between 1.7 % and 2.8 % for the next three years.

The **construction industry in the Netherlands** was much stronger in 2018, surpassing the very positive result of the previous year (+4.2 %) with a plus of 6.3 %. The main pillar of this development continues to be residential construction with a growth of 6.0 % – once again it is the new buildings that gained significantly with +9.0 %. Thanks to the combination of historically low lending rates and tax incentives for housing renovation, Euroconstruct is forecasting solid growth of between 2.9 % and 3.6 % for the coming years. In other building construction, a significant expansion of building permits in 2018 led to an increase of 6.4 %. The focus was on industrial buildings, warehouses and buildings for the educational sector. In 2019, new retail and healthcare buildings and new office space should contribute to further strong growth of 4.1 %; for 2020 and 2021, Euroconstruct also predicts growth of 4.5 % and 3.3 %, respectively. In civil engineering, which grew by a respectable 6.8 % in 2018, substantial public investment in ports, roads, rail and climate protection is expected to keep growth more or less stable at 6.7 % in 2019 after years of austerity, before slipping to 3.0 % in 2020 and stagnating with a value of 0.0 % in 2021.

STRABAG achieved an output volume of € 350.76 million in the Benelux countries in 2018. This corresponds to a 2 % share of the group output volume (2017: 2 %).

SWITZERLAND



Overall construction volume:	€ 63.9 billion
GDP growth:	2018e: 2.9 % / 2019e: 1.7 %
Construction growth:	2018e: 2.5 % / 2019e: 1.0 %

Stimulated by the general economic upswing of its trading partners, the Swiss economy returned to solid growth in 2018 for the first time since the so-called “Swiss franc shock” with an expected GDP plus of 2.9 %. By normalising its fiscal policy, Euroconstruct is forecasting a positive development for Switzerland over the period 2019–2021, with an annual average increase of 1.9 %.

The Swiss construction industry grew by 2.5 % in 2018. While residential construction had been the main engine of growth in recent years, momentum is now more likely to come from civil engineering. For 2019, Euroconstruct forecasts an overall increase of 1.0 % for the Swiss construction industry due to extensive infrastructure projects, before growth is again expected to slow down slightly to 0.5 % and 0.7 % in 2020 and 2021, respectively.

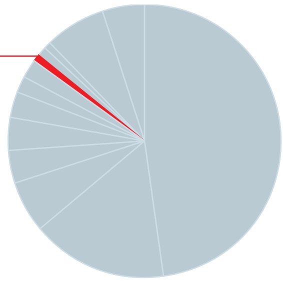
Swiss residential construction proved to be the weakest segment of the industry in 2018, with an increase of only 0.3 %. Strong market saturation combined with rising real estate prices and high vacancy rates prompt Euroconstruct to forecast that the sector will decline for the next few years (2019: -2.7 %, 2020: -2.4 %).

Thanks to the good state of the economy, on the other hand, Swiss companies have more flexibility for investing in corporate real estate. The moderate growth of 2.2 % in other building construction was due primarily to large construction projects by biotechnology and pharmaceutical companies. Not least due to planned investments in the health and education sectors, Euroconstruct predicts growth rates of around 3.0 % in this sector for the next two years.

While residential construction performed weakly last year, civil engineering, with a plus of 8.1 %, was, as already mentioned, the growth engine and is expected to continue to grow significantly in 2019 and 2020 with expected increases of 6.0 % and 3.0 %, respectively. This development is supported, for example, by a nationwide railway infrastructure programme. Likewise, the National Road and Agglomeration Transport Fund foresees annual investments of CHF 4.3 billion.

In 2018, Switzerland contributed € 273.21 million or 2 % (2017: 2 %) to the total output volume of the STRABAG Group.

ROMANIA



Overall construction volume: € 17.5 billion
GDP growth: 2018e: 3.6 % / 2019e: 3.8 %
Construction growth: 2018e: 5.9 % / 2019e: 5.7 %

The Romanian economy showed a solid upward movement in 2018 with a plus of 3.6 %, although the GDP growth originally projected by EECFA at 4.5 % had to be revised downwards slightly. Primarily, the growth dynamic resulted from the further increase in private consumption despite it having lost some of its momentum. Positive influences also came from the growth in industrial production and retail sales. The cumulative effect of these factors should continue over the next two years, leading to growth rates of 3.8 % and 3.6 %, respectively, in 2019 and 2020.

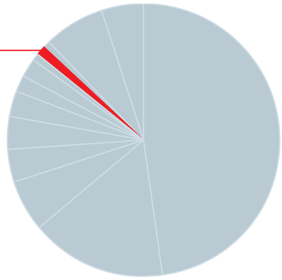
The Romanian construction industry posted positive growth of 5.9 % in 2018 and is expected to increase by 5.7 % in 2019, before the curve flattens slightly to +3.1 % in 2021. Buoyed by rising wages and low lending rates, residential construction once again posted strong growth of 9.8 % in 2018, mainly driven by new buildings. Rising real estate prices and lending rates – in some places coupled with an oversupply – dampen expectations of growth to just 3.7 % for the sector in 2019 before nearly stagnating at +0.9 % in 2020.

Other building construction also recorded a strong increase of 8.3 % in 2018, supported in particular by investments by international real estate developers in new office buildings. But investments in industry and trade also contributed to the positive performance. Foreign corporations took advantage of the comparatively lower wage and, at the same time, high qualification level of Romanian labour. Against this backdrop, EECFA also forecasts strong growth of 7.2 % and 6.4 %, respectively, for the next two years.

Civil engineering developed negatively in the year under review, with a slight decline of 0.8% in the third year. A key factor in this development was the low call for funds from the new EU funding programmes, in particular for infrastructure investments in the road sector. Due to new EU funding, however, EECFA is forecasting a new upswing in the sector with +6.8 % in 2019; in 2020, the growth should remain at a solid 2.9 %.

With an output volume of € 197.37 million in 2018 and a market share of 1.1 % (2017: 1.4 %), the STRABAG Group will continue to occupy the position of market leader in the Romanian construction market. In Romanian road construction, the share of the market stands at 5.1 % (2017: 2.9 %).

SWEDEN



Overall construction volume: € 44.4 billion
GDP growth: 2018e: 2.4 % / 2019e: 1.9 %
Construction growth: 2018e: 2.0 % / 2019e: -3.8 %

The Swedish economy grew by 2.4 % in 2018. In addition to an expansionary fiscal policy and private investments, this growth was supported not least by falling unemployment and rising real wages and the resulting higher domestic consumption. Euroconstruct's medium-term forecast, however, remains unchanged: High private household debt and the expected decline in public investments are expected to lead to a slight reduction in GDP growth to 1.9 % per annum over the next three years.

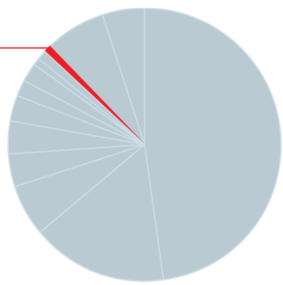
The upswing in the Swedish construction industry, which had been very dynamic in previous years, slowed significantly in 2018 with growth of only 2.0 %. Euroconstruct even expects construction output to decline by 3.8 % in 2019 and foresees drops of -0.7 % and -2.4 % in 2020 and 2021, respectively. In residential construction, the previous construction boom had already come to a standstill in autumn 2017 as a result of the entry into force of new financial regulations for private households. After a slight increase of 2.0 % in 2018, this sector is predicted to see a massive decline of -12.3 % in 2019, which should continue in the following two years with negative growth of -3.5 % and -6.1 %, respectively.

After several years of dynamic growth, other building construction also entered a period of consolidation in 2018 with a minus of 1.4 %. The main reason for this is the weak Swedish currency, as a result of which the role of growth engine passed from the Swedish construction sector to the country's export industry. The forecasts are not overly optimistic either: According to Euroconstruct, the momentum in other building construction should continue to cool slightly to -0.3 % and -0.5 % in 2019 and 2020, respectively, before declining significantly in 2021 with -4.7 %.

By contrast, Swedish civil engineering grew at an above-average rate of 6.2 % in 2018. Public-sector investments in rail infrastructure and public transport, as well as the implementation of several major projects in Stockholm and Gothenburg, provided significant impetus here, some of which goes beyond the year under review. Euroconstruct is therefore expecting solid growth rates in civil engineering for the coming years (2019: +7.0 %, 2020: +3.2 % and 2021: +5.0 %).

The output volume of the STRABAG Group in Sweden amounted to € 178.34 million in 2018.

CROATIA



Overall construction volume: € 3.5 billion
GDP growth: 2018e: 2.8 % / 2019e: 2.8 %
Construction growth: 2018e: 4.9 % / 2019e: 2.8 %

The Croatian economy has overcome the crisis of previous years and, with a plus of 2.8 %, was well above the EU average in 2018. This development was supported not only by private consumption but also by strong investment momentum and flourishing tourism. Another reason for the positive development is the better use of EU funding for infrastructure and utilities projects. For example, EU funding totalling € 10.8 billion is available to the country during the 2014–2020 funding period. EECFA therefore expects largely stable GDP growth rates for the coming years as well.

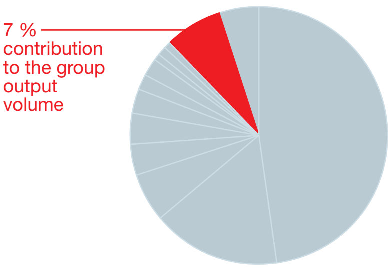
An increase of 4.9 % in 2018 once again confirmed the upward trend in the Croatian construction sector. The strongest and most welcome growth at 15.2 % was in residential construction. However, this trend will weaken significantly in the next few years due to rising construction costs and the massive emigration of well-trained young workers to other European countries. EECFA estimates that growth will stagnate at +0.2 % and -0.2 % in 2019 and 2020, respectively.

The other building construction also showed solid growth with a plus of 3.1 % in the year under review. Output in warehousing and industrial construction grew as strongly as in health and education buildings, while the mixed picture in the office sector reflected the more cautious attitude in real estate development. Hotel construction also fell slightly short of expectations. Overall, EECFA predicts increases in other building construction in the coming years of 3.1 % (2019) and 2.3 % (2020).

Croatian civil engineering declined again in 2018 with a minus of 3.9 %. For 2019, however, EECFA is forecasting a strong plus of 5.7 % for the sector and a further 4.5 % for 2020. In addition to the optimised use of EU subsidies, the main driving forces are large-scale infrastructure projects for rail and shipping traffic as well as water collection and treatment plants.

The STRABAG Group generated € 162.81 million in the Croatian market in 2018. It is the country's largest market participant.

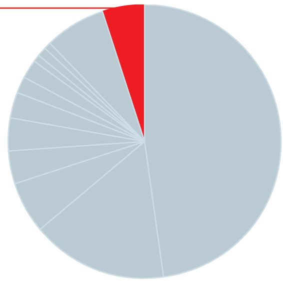
AMERICAS, MIDDLE EAST, ASIA, AFRICA



In order to be as independent as possible from the economic development of individual countries, STRABAG spreads its country risk by also operating outside its main European markets. As a rule, the company acts as a main contractor in direct export. In this sense, the group has been present in Africa and Asia, Canada, Chile and the Middle East for many years – often even decades. STRABAG focuses on areas in which high technological expertise is required: civil engineering, industrial and infrastructure projects as well as tunnelling. The 2018 milestones included the contract extension for the "Alto Maipo" hydropower project in Chile, which made this project the largest in the group.

In 2018, the STRABAG Group generated a total of € 1,091.96 million, or 7 % of its total output outside Europe (2017: 6 %). The activities in non-European countries are – with a few exceptions – assigned to the International + Special Divisions segment.

SERBIA, DENMARK, RUSSIA, ITALY, SLOVENIA, BULGARIA AND REST OF EUROPE



SERBIA
Overall construction volume: € 2.7 billion
GDP growth: 2018e: 4.3 % / 2019e: 3.9 %
Construction growth: 2018e: 12.7 % / 2019e: 8.0 %

DENMARK
Overall construction volume: € 32.0 billion
GDP growth: 2018e: 1.6 % / 2019e: 1.6 %
Construction growth: 2018e: 2.7 % / 2019e: 2.6 %

RUSSIA
Overall construction volume: € 134.3 billion
GDP growth: 2018e: 1.8 % / 2019e: 1.3 %
Construction growth: 2018e: 0.5 % / 2019e: -0.8 %

ITALY
Overall construction volume: € 168.4 billion
GDP growth: 2018e: 1.2 % / 2019e: 1.0 %
Construction growth: 2018e: 1.7 % / 2019e: 2.1 %

SLOVENIA
Overall construction volume: € 2.8 billion
GDP growth: 2018e: 4.4 % / 2019e: 3.7 %
Construction growth: 2018e: 10.8 % / 2019e: 7.0 %

BULGARIA
Overall construction volume: € 6.2 billion
GDP growth: 2018e: 3.5 % / 2019e: 3.7 %
Construction growth: 2018e: 7.4 % / 2019e: 7.0 %

Serbia

With GDP growth of 4.3 %, the Serbian economy continued its upswing in 2018. The construction industry also made significant contributions following the approval of several projects across all sectors. In addition to higher employment figures and rising wages, investments by industry and commerce also boosted the economy. GDP forecasts of +3.9 % (2019) and +4.5 % (2020) therefore seem quite realistic.

Serbia's construction industry grew by a healthy 12.7 % in 2018 and all signs continue to point to growth. Residential construction again exceeded all expectations in the period under review, with an increase of 12.0 % following a very strong prior-year figure (+25.4 %). The reform of the procedure for building permits in other building construction also had a positive effect (+10.4 %). In particular, shopping centres, hotel buildings and industrial buildings contributed to the construction boom, while the business with office space was only slowly catching up. Civil engineering (+14.1 %), which also accounts for the largest share of the Serbian construction volume, developed most strongly in 2018. For the coming years, EECFA forecasts increases in the total Serbian construction industry of 8.0 % (2019) and 4.9 % (2020).

The STRABAG Group generated an output volume on the Serbian market of € 111.03 million in 2018.

Denmark

With fundamentally good health, the Danish economy posted GDP growth of 1.6 % over the period under review. This development was supported by private consumption, new residential construction and the positive trade balance. The considerable wealth of the private sector and the Maastricht-compliant public debt give reason to expect modest but steady growth over the next few years.

The Danish construction sector even outperformed the economy as a whole with a plus of 2.7 % in 2018, and Euroconstruct predicts similarly high growth rates for the next few years (2019: +2.6 %, 2020: +2.2 %). Residential construction grew most strongly, up 3.3 % in the period under review, a trend that is expected to continue over the next few years (2019: +3.5 %, 2020: +2.9 %). For other building construction, which increased by 2.9 % in 2018, new impulses can be expected from a comprehensive programme for hospital buildings over the next five to ten years. Here, Euroconstruct expects growth of 2.3 % for 2019 and 2.0 % for 2020. The civil engineering sector recorded the lowest growth, with 1.1 % in 2018. In the run-up to the parliamentary elections of 2019, political priorities regarding major infrastructure investments are shifting, and several major projects have been completed. In view of the uncertainties involved, Euroconstruct is only venturing a cautious growth forecast of 1.0 % for this sector in each of the years 2019 and 2020.

The output volume of the STRABAG Group in Denmark amounted to € 91.71 million in 2018.

Russia

After the turnaround in the previous year, the Russian economy confirmed its tentative upward trend at +1.8 % in the reporting period. The continuing sanctions of the West, however, as well as the low rouble exchange rate, continued to dampen the development noticeably. Another negative factor was a significant decline in the agricultural sector, a low propensity for investments and stagnating domestic demand. For 2019, therefore, EECFA is again forecasting a slightly weaker growth rate of 1.3 %. By 2020, however, momentum should pick up again at +2.0 %.

The construction industry, as always, is reacting to the general economic development with a time lag and differently depending on the sector. Overall, however, the Russian construction industry also turned positive with a plus of 0.5 % after three years of recession. Although EECFA is forecasting another decline of -0.8 % for 2019, the sector is likely to pick up slightly again at +1.1 % in 2020.

The decline of -2.5 % recorded in residential construction in 2018 is mainly due to the low purchasing power of private households. This sector is likely to still end negative (-1.0 %) in 2019 before state housing programmes take hold in 2020 (+2.4 %). Other building construction also suffered a minus of 0.1 % in the year under review and can only expect tentative growth rates of 0.1 % and 0.8 % for the next two years, not least thanks to austerity measures by the public sector. Stimulated by extensive gas pipeline projects and massive investments in the road network, Russian civil engineering, on the other hand, posted strong growth of 3.8 %. For 2019 and 2020, however, EECFA is also forecasting a decline of -0.8 % and -0.1 % in this sector.

The STRABAG Group generated an output volume of € 77.46 million in Russia in 2018. In the region, STRABAG is active almost exclusively in building and industrial construction.

Italy

With an increase of 1.2 % in 2018, the Italian economy reflects the uncertainty of the markets in response to the government's lack of budgetary discipline. Despite a higher employment rate, domestic consumption remained well below expectations due to a lack of confidence in a recovery.

The Italian construction industry performed slightly above the moderate overall economic growth in 2018. The 1.7 % gain confirms the tentative upturn that had begun in 2016 after nearly a decade of negative momentum. Residential construction was stable at 1.3 % in 2018, albeit at a low level. By contrast, other building construction and civil engineering, with growth rates of 2.3 % and 2.0 %, showed slightly more dynamic growth which is likely to continue at a similarly high level over the next three years. For the entire construction sector, Euroconstruct forecasts stable annual growth rates of 2.0 % for the next two years.

The output volume of the STRABAG Group amounted to € 74.24 million in Italy in 2018. STRABAG is mainly active in tunnelling and road construction in the north of the country and the output volume is therefore assigned largely to the segment International + Special Divisions.

Slovenia

The Slovenian economy again grew significantly above the EU average in 2018, with GDP growth of 4.4 %. A new Investment Promotion Act, which equates domestic and foreign investment, is stimulating both the production and the services sector. Together with a very good employment situation, rising real wages and a positive development of exports, EECFA estimates that this will give the country solid GDP growth of 3.7 % and 3.4 % over the next two years.

The good economic situation was also reflected in the Slovenian construction industry, which posted a pleasingly positive result in 2018 with a plus of 10.8 %. This trend is likely to continue in the next two years with significant increases of 7.0 % and 4.6 %. Residential construction grew at a much higher rate of 5.1 % in the reporting period than in the previous year, driven mainly by the construction of new single-family homes. Other building construction developed even more dynamically with an increase of 10.1 %. It was buoyed by the establishment of new shopping and business centres in the capital but also by the good development in tourism. Due to the generally favourable economic conditions, EECFA predicts a high growth rate for the sector (+8.7 %) for 2019 before the curve flattens again slightly in 2020 (+2.6 %). Civil engineering saw the strongest growth of 16.5 % in 2018. Thanks to new public-sector infrastructure projects, growth rates of 5.8 % and 4.8 % should also be possible here in 2019 and 2020, resprectively.

The STRABAG Group achieved an output volume of € 68.34 million in Slovenia in 2018.

Bulgaria

The Bulgarian economy once again proved to be very robust in 2018 with a plus of 3.5 %. The growth was driven by a good employment situation with rising real wages and the resulting higher private consumption. Stable fiscal conditions and the favourable development of the state budget allow EECFA to predict GDP growth of 3.7 % and 3.6 %, respectively, for the next two years.

Following the dramatic slump in 2016 (-40.2 %), the Bulgarian construction industry continued its upswing for the second year in a row with a plus of 7.4 % in 2018. The development was mainly supported by residential construction (+14.9 %), which benefited primarily from favourable mortgage rates and rising real wages. In view of government programmes to improve energy efficiency, EECFA also predicts high growth rates of 14.1 % and 9.0 % in this sector for 2019 and 2020, respectively. Other building construction, whose development has been very volatile for years, recorded solid growth of 7.3 % in 2018. Especially in the capital of Sofia, investments by foreign companies in 2018 pushed the demand for modern office space noticeably higher. Civil engineering (+3.9 %) benefited from numerous large projects in rail and road construction and the expansion of gas grid connections to neighbouring states. These developments also suggest growth rates of 5.3 % and 6.8 % for the next two years.

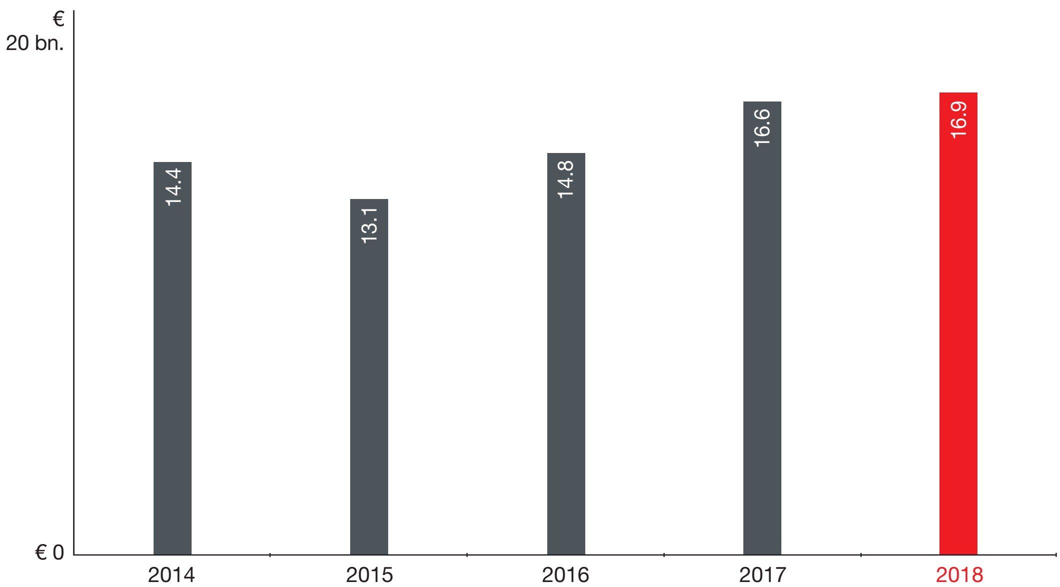
The STRABAG Group generated € 42.10 million on the Bulgarian market in 2018.

Order backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2018

€ mln.	Total 2018	North + West	South + East	International + Special Divisions	Other	Total 2017	Δ total %	Δ total absolute
Germany	7,178	6,010	135	1,032	1	6,929	4	249
Austria	2,056	20	1,637	399	0	1,986	4	70
Poland	1,632	1,615	0	17	0	1,416	15	216
Americas	1,134	14	1	1,119	0	786	44	348
Hungary	967	0	932	35	0	1,225	-21	-258
Benelux	567	557	5	5	0	573	-1	-6
Czech Republic	454	0	437	16	1	376	21	78
Rest of Europe	431	30	107	294	0	218	98	213
Asia	398	0	15	383	0	513	-22	-115
Sweden	390	335	0	55	0	383	2	7
Slovakia	262	0	249	13	0	476	-45	-214
Denmark	211	208	0	3	0	63	235	148
Romania	187	4	179	4	0	138	36	49
Switzerland	181	9	171	1	0	197	-8	-16
Middle East	173	1	0	172	0	327	-47	-154
Africa	125	1	0	124	0	148	-16	-23
Italy	115	0	9	106	0	273	-58	-158
Serbia	108	0	108	0	0	74	46	34
Bulgaria	105	0	105	0	0	95	11	10
Croatia	92	0	87	5	0	153	-40	-61
Russia	84	0	84	0	0	187	-55	-103
Slovenia	50	0	50	0	0	56	-11	-6
Total	**16,900**	**8,804**	**4,311**	**3,783**	**2**	**16,592**	**2**	**308**

DEVELOPMENT OF ORDER BACKLOG



Numerous orders in the group's largest markets, above all in Germany, Austria and Poland, again raised the order backlog to a record level at the end of the year. The aforementioned contract extension for the "Alto Maipo" tunnelling project in Chile with a value in the triple-digit million euro range was also characteristic. With the working-off of large projects, the order backlog declined, for example in Hungary, Slovakia and Russia, coming to rest at € 16.9 billion, just 2 % above the record level of the previous year.

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2018

Category	Number of construction sites	Number of construction sites as % of total	Order backlog € mln.[1]	Order backlog as % of total
Small orders (€ 0–1 mln.)	9,423	81	1,576	9
Medium-sized orders (€ 1–15 mln.)	1,864	16	3,559	21
Large orders (€ 15–50 mln.)	292	2	3,978	24
Very large orders (>€ 50 mln.)	128	1	7,788	46
Total	**11,707**	**100**	**16,900**	**100**

Part of the risk management

The total order backlog is comprised of 11,707 individual projects. More than 9,400 of these, or 81 %, involve small orders with a volume of up to € 1 million each; the much smaller remaining proportion of 19 % covers medium-sized to very large orders with contract volumes of € 1 million and up. A total of merely 128 projects have a volume above € 50 million. The high number of individual contracts guarantees that the risk involved with one project does not, as far as possible, threaten the group success as a whole. The ten largest projects in the order backlog as at 31 December 2018 added up to 14 % of the order backlog, the same as at the end of 2017.

THE TEN LARGEST PROJECTS IN THE ORDER BACKLOG AS AT 31 DECEMBER 2018

Country	Project	Order backlog € mln.	as % of total order backlog
Chile	Alto Maipo power plant	680	4.0
Singapore	Deep Tunnel Sewerage System	279	1.7
United Kingdom	North Yorkshire Polyhalite Project – Drive 1	250	1.5
Germany	Stuttgart 21, underground railway station	237	1.4
Germany	Second core rapid transit route Munich	203	1.2
Germany	A44 Tunnel Boyneburg	171	1.0
Chile	Candelaria Norte	163	1.0
Germany	Messe-City 1–4, Cologne	163	1.0
Germany	New Office Düsseldorf	143	0.8
Sweden	Expansion of Södertälje Canal	132	0.8
Total		**2,420**	**14.3**

Financial performance

The consolidated **group revenue** for the 2018 financial year amounted to € 15,221.83 million. This corresponds to a plus of 13 % – similar to the output volume. The ratio of revenue to output increased slightly to 93 % after spending several years at 92 %. The operating segments North + West contributed 48 %, South + East 30 % and International + Special Divisions 22 % to the revenue.

The **changes in inventories** involve mainly the real estate project development business; under the new provisions of IFRS 15, this now only applies to projects without an external investor. Although the business remained as active as before, new developments were overcompensated by project sales. The **own work capitalised** increased from a low level due to the construction of new corporate locations. The total of **expenses for construction materials, consumables and services used** and the **employee benefits expense**, expressed in relation to the revenue, remained unchanged at 90 % – the same as in previous years.

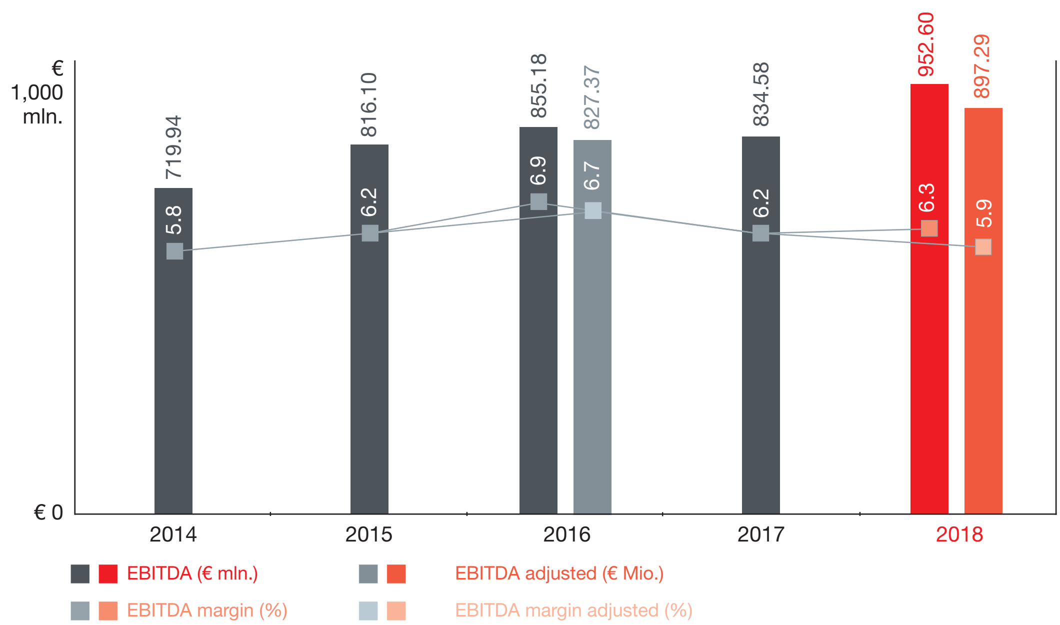
1 Rounding differences

EXPENSES

€ mln.	2018	2017	Δ %
Construction materials, consumables and services used	10,125.77	8,839.87	15
Employee benefits expense	3,618.94	3,367.17	7
Other operating expenses	854.89	842.79	1
Depreciation and amortisation	394.39	386.22	2

Lower earnings from joint ventures led to a reduction by around one third of the **share of profit or loss of equity-accounted investments**. This item also includes a non-recurring, non-operating step-up profit in the amount of € 55.31 million resulting from the full consolidation of the concession company PANSUEVIA that operates the A8 motorway in Germany. The **net income from investments** is composed of the dividends and expenses of many smaller companies or financial investments; however, the increase is primarily due to the negative earnings development in a single project during the previous year.

DEVELOPMENT OF EBITDA AND EBITDA MARGIN[1]



In total, the **earnings before interest, taxes, depreciation and amortisation** (EBITDA) increased by 14 % to € 952.60 million with slight growth of the EBITDA margin from 6.2 % to 6.3 %. Adjusting the EBITDA for the aforementioned non-operating step-up profit results in an EBITDA margin of 5.9 % and EBITDA growth of 8 %. The **depreciation and amortisation** increased by 2 %.

The **earnings before interest and taxes** (EBIT) increased by 25 % to € 558.21 million, which corresponds to an EBIT margin of 3.7 % after 3.3 % in 2017. Even when adjusted for the non-operating step-up profit, the EBIT grew by 12 % with an EBIT margin of 3.3 %. The earnings improvement is attributable to the International + Special Divisions segment. The property and facility services and real estate development businesses continued to make very positive contributions to the earnings, while burdens from large, loss-making projects in the international area were absent.

Effective tax rate: 31.7 %

The **net interest income** was comparable to that of the previous year. Although a positive exchange rate result of € 4.65 million was achieved with regard to exchange rate differences, an exchange rate loss of € -9.40 million had still been reported in the previous year. This was, however, cancelled out by a lower income from interest, resulting, among other things, from the first-time consolidation of the aforementioned German concession project.

In the end, the **earnings before taxes** grew by 26 %. The income tax rate stood at 31.7 %, slightly higher than in the previous year (2017: 30.6 %). The **net income** amounted to € 362.78 million, an increase of 24 % compared to 2017.

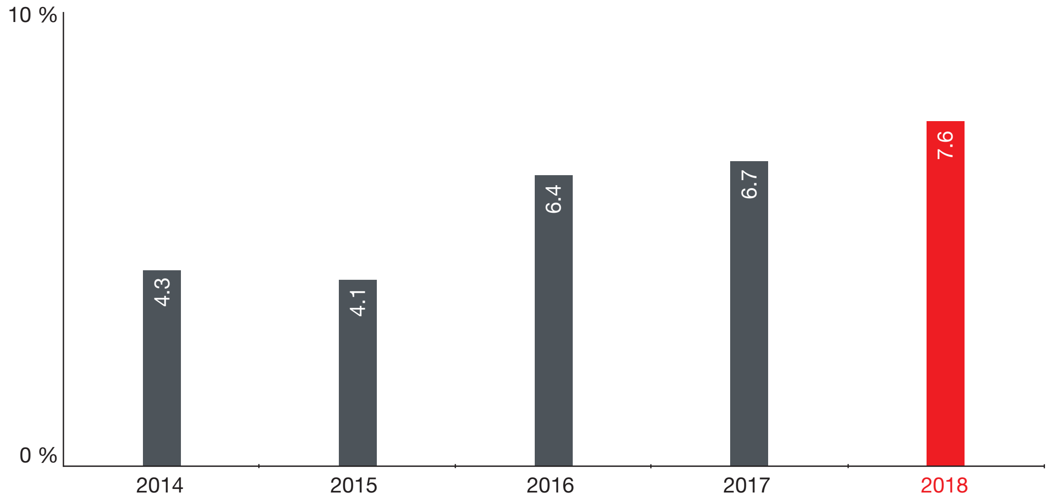
1 2016 adjusted for non-operating income in the amount of € 27.81 million
2018 adjusted for a non-operating step-up profit in the amount of € 55.31 million

Earnings per share: € 3.45

The earnings owed to minority shareholders amounted to € 9.25 million. On the one hand, 2018 was the first year in which no minority shareholders had to be considered at STRABAG AG, Germany. On the other hand, projects in the successful real estate development business are at times performed with partner companies. The **net income after minorities** for 2018 stood at € 353.53 million – an increase of 27 %. The **earnings per share** amounted to € 3.45 (2017: € 2.72).

The **return on capital employed** (ROCE)[1] increased from 6.7 % to 7.6 %. It reached a high again.

DEVELOPMENT OF ROCE



Financial position and cash flows

BALANCE SHEET

€ mln	31.12.2018	% of balance sheet total[2]	31.12.2017	% of balance sheet total
Non-current assets	4,829.76	42	4,095.74	37
Current assets	6,791.69	58	6,958.38	63
Equity	3,653.77	31	3,397.72	31
Non-current liabilities	2,380.03	20	2,145.36	19
Current liabilities	5,587.65	48	5,511.04	50
Total	**11,621.45**	**100**	**11,054.12**	**100**

The balance sheet, due to the increased shareholding in PANSUEVIA from 50 % to 100 % and the subsequent full consolidation, grew from € 11.1 billion on 31 December 2017 to € 11.6 billion. This also explains the growth of the non-current financial liabilities. For the first time, the balance sheet includes the items “Contract assets” and “Contract liabilities”, which, in accordance with IFRS 15, report receivables and payables from construction contracts. Despite the balance sheet growth, the **equity ratio** increased from 30.7 % to 31.4 %.

1 ROCE = (net income + interest on debt – interest tax shield (25 %))/(average group equity + interest-bearing debt)
2 Rounding differences

KEY BALANCE SHEET FIGURES

	31.12.2014	31.12.2015	31.12.2016	31.12.2017	31.12.2018
Equity ratio (%)	30.6	31.0	31.5	30.7	31.4
Net debt (€ mln.)	-249.11	-1,094.48	-449.06	-1,335.04	-1,218.28
Gearing ratio (%)	-7.9	-33.0	-13.8	-39.3	-33.3
Capital employed (€ mln.)	5,357.82	5,448.01	5,258.17	5,242.91	5,552.09

Net cash position of more than € 1.2 billion

As usual, a **net cash position** was reported on 31 December 2018. This figure fell in the face of higher investments and the repayment of bank borrowings from € 1.3 billion to € 1.2 billion.

CALCULATION OF NET DEBT[1]

€ mln.	31.12.2014	31.12.2015	31.12.2016	31.12.2017	31.12.2018
Financial liabilities	1,609.92	1,579.75	1,426.08	1,293.98	1,363.33
Severance provisions	97.66	96.13	110.02	111.10	114.68
Pension provisions	505.94	451.50	457.48	440.11	420.31
Non-recourse debt	-538.61	-489.53	-439.38	-389.78	-730.77
Cash and cash equivalents	-1,924.02	-2,732.33	-2,003.26	-2,790.45	-2,385.83
Total	**-249.11**	**-1,094.48**	**-449.06**	**-1,335.04**	**-1,218.28**

The **cash flow from operating activities** fell despite the higher cash flow from earnings from € 1,345.19 million to € 736.18 million due to the weaker working capital decrease as compared to the previous year. The expectation of a significant reduction in advance payments in 2018 and a concomitant increase in working capital to familiar levels thus did not materialise. The **cash flow from investing activities**, at € -587.93 million, was 76 % more negative, due in part to the higher investments in property, plant and equipment and because of the PANSUEVIA transaction. The repayment of a bond and the cash outflow related to the acquisition of the minority shares of the now delisted German subsidiary STRABAG AG influenced the **cash flow from financing activities**, which reached a value of € -534.17 million after € -234.52 million in the previous year.

REPORT ON OWN SHARES

On 31 December 2018, STRABAG SE held 7,400,000 bearer shares equalling 6.7 % of the share capital. The corresponding value of the share capital amounts to € 7,400,000.00. The acquisition took place over a period from July 2011 to May 2013 to any purpose allowed by Sec 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG), especially for the purpose of using own shares as acquisition currency. The average purchase price per share was € 20.79.

1 The non-recourse liabilities that were considered are related to two PPP projects. Non-recourse liabilities from other PPP projects had, based on their amount, only an immaterial impact and are therefore not subtracted in the calculation of net debt.

Capital expenditures

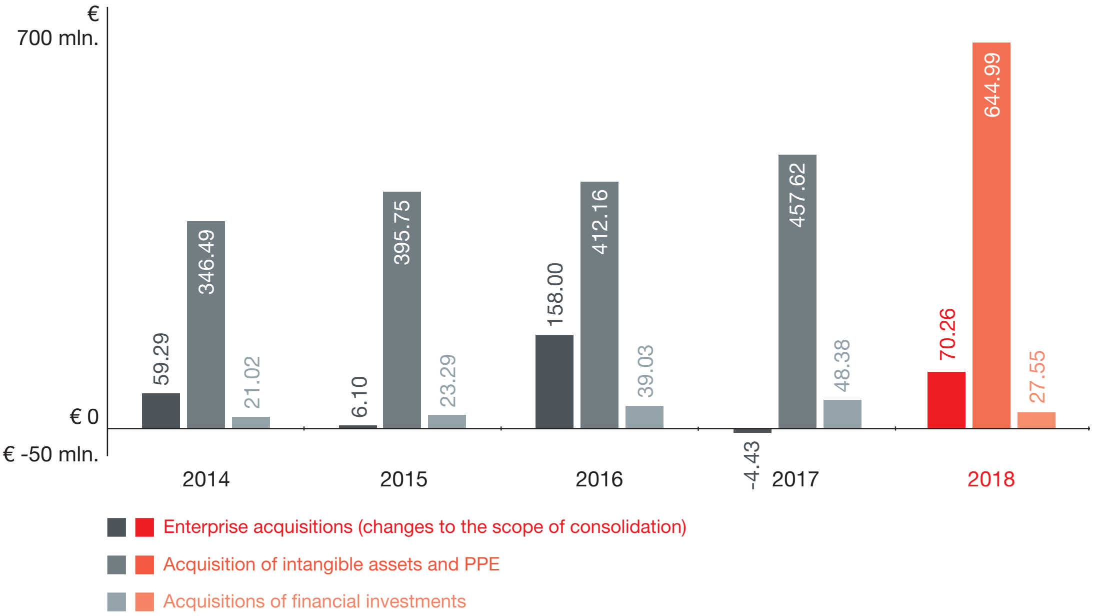
STRABAG had forecast net capital expenditures (cash flow from investing activities) in the amount of approximately € 550 million for the 2018 financial year. In the end, they totalled € 587.93 million.

The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 742.80 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** of € 644.99 million, the **purchase of financial assets** in the amount of € 27.55 million and € 70.26 million from **changes to the scope of consolidation**. Maintenance expenditures in 2018 were made primarily in Germany, Austria, Poland and the Czech Republic.

Noteworthy was the high percentage of capital investments, which at times greatly exceeded the maintenance expenditures in markets like Austria, Croatia and Hungary. This can be explained by the general expansion of the permanent business and of the raw materials network.

Expenditures on intangible assets and on property, plant and equipment during the year under report must be seen against depreciation and amortisation in the amount of € 394.39 million. The goodwill impairment of € 1.73 million is almost unchanged from the previous year.

COMPOSITION OF CAPEX



Financing/Treasury

KEY FIGURES TREASURY

	2014	2015	2016	2017	2018
Interest and other income (€ mln.)	82.17	82.07	73.90	46.90	38.62
Interest and other expense (€ mln.)	-108.37	-106.49	-77.68	-74.05	-66.05
EBIT/net interest income (x)	-10.8	-14.0	-112.4	-16.5	-20.4
Net debt/EBITDA (x)	-0.3	-1.3	-0.5	-1.6	-1.3

The number one objective for the treasury management of STRABAG SE is assuring the continued existence of the company through the maintenance of constant solvency. This objective is to be reached through the provision of sufficient short-term, medium-term and long-term liquidity. Liquidity for STRABAG SE means not only solvency in the strict sense but also the availability of guarantees. The activity of building requires the constant availability of bid, contract fulfilment, pre-payment and warranty guarantees and/or sureties. The financial scope of action is thus defined on the one hand by sufficient cash and cash credit lines, on the other hand by sufficient surety credit lines.

The management of **liquidity risks** has become a central element of the corporate management at STRABAG. In practice, liquidity risks come in various forms:

- In the short term, all daily payment obligations must be covered in time and/or in their entirety.
- In the medium term, liquidity levels must be sufficient so that no transactions or projects become impossible due to a lack of sufficient financial means or guarantees or that they cannot be executed at the desired pace.
- In the long term, there should be sufficient financial means available to be able to pursue the strategic development targets.

In the past, STRABAG has always oriented its financing decisions according to the risk aspects outlined above and has organised the maturity structure of the financial liabilities in such a way as to avoid a refinancing risk. In this way, the company has been able to maintain a great scope for action, which is of particular importance in a difficult market environment. The respective liquidity needed is determined by targeted liquidity planning. Based on this, liquidity assurance measures are made and a liquidity reserve is defined for the entire group.

The medium- and long-term liquidity needs have so far also been covered by the **issue of corporate bonds**. STRABAG SE (and its predecessor FIMAG) has regularly issued bonds on the Austrian capital market since 2002. In the 2015 financial year, the company successfully placed a € 200 million tranche with a coupon of 1.625 % and a term to maturity of seven years. With the proceeds from the issue, which were used for general business purposes such as refinancing the € 100 million bond issued in 2010 or making investments in property, plant and equipment, STRABAG SE preserved its optimal financing structure. As per 31 December 2018, STRABAG SE had three bonds with a total volume of € 500 million on the market. One bond with a volume of € 100 million is scheduled to mature in 2019.

In order to diversify the financing structure, STRABAG SE had placed its first **bonded loan** in the amount of € 140.00 million in the 2012 financial year. The variable interest portion of the bonded loan, in the amount of € 108.50 million, was refinanced at better conditions in 2015. This long-term debt financing instrument is in many ways similar to a bond, with an important difference being that bonded loans are issued directly to institutional investors without using an organised capital market, i.e. an exchange. In 2017, € 13.00 million of the fixed interest portion were paid off on schedule; the variable interest portion was paid off in full ahead of time, leaving an outstanding volume of € 18.50 million as at 31 December 2018.

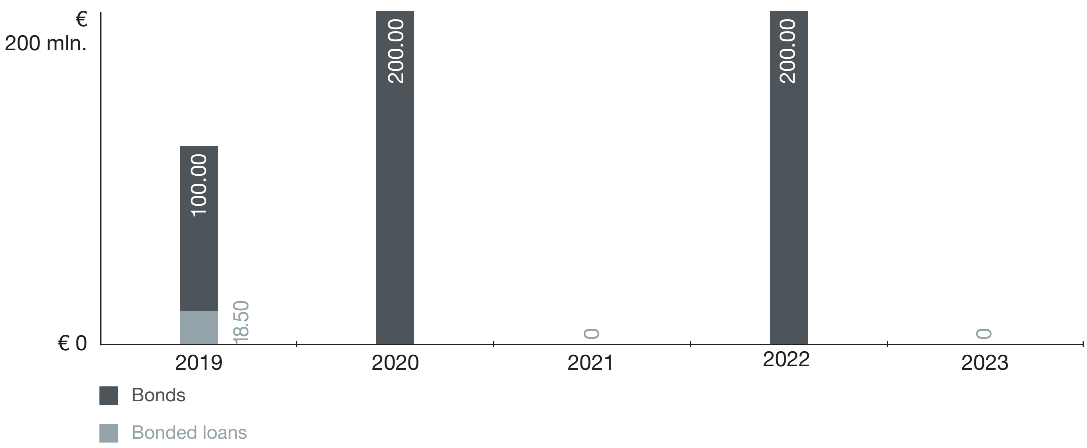
The existing liquidity of € 2.4 billion assures the coverage of the group’s liquidity needs. STRABAG SE has a total credit line for cash and surety loans in the amount of € 7.8 billion. The credit lines include a **syndicated surety credit line** in the amount of € 2.0 billion and a revolving **syndicated cash credit line** of € 0.4 billion, each with a term to maturity until 2024. These two credit lines were refinanced ahead of maturity in March 2019, with terms and maturities redefined. The group also has bilateral credit lines with banks. With a high degree of diversification regarding its surety and cash credit, STRABAG creates an adequate risk spread in the provision of the credit lines and secures its comfortable liquidity position.

In June 2015, Standard & Poor’s (S&P) raised STRABAG SE’s investment grade rating by one level from BBB-, outlook stable, to BBB, outlook stable. This rating was again confirmed in July 2018. S&P sees STRABAG SE’s strengths above all in the stable margins in an otherwise quite cyclical market environment, in the effective risk management, in the strategic access to construction materials and in the strong market positions.

PAYMENT OBLIGATIONS

€ mln.	Book value 31.12.2018
Bonds	500.00
Bank borrowings	863.33
Total	**1,363.33**

PAYMENT PROFILE OF BONDS AND BONDED LOANS



MANAGEMENT REPORT

Report on the financial performance, financial position and cash flows of STRABAG SE (Individual Financial Statement)

FINANCIAL PERFORMANCE

The revenue of the company increased slightly in comparison with the previous year, growing by € 0.79 million from € 62.74 million to € 63.53 million.

	2018	2017
Revenue in T€ (sales)	63,530	62,741
Earnings before interest and taxes in T€ (EBIT)	100,701	9,115
Return on sales in % (ROS)[1]	>100.0	14.5
Return on equity in % (ROE)[2]	3.9	0.7
Return on investment in % (ROI)[3]	2.8	0.2

The earnings before interest and taxes (EBIT) increased considerably versus the previous year, gaining € 91.58 million from € 9.12 million to € 100.70 million. The growth resulted primarily from the improvement in the net income from investments.

The operating earnings for the 2018 financial year amount to € 20.06 million, just € 0.93 million below the previous year's level (€ 20.99 million), as, like in 2017, no extraordinary expenses or income arose during the reporting period.

The considerable increase of the financial earnings by € 95.05 million from € -1.70 million to € 93.35 million was achieved through substantially higher dividends of the subsidiaries. Another positive effect on earnings was the significantly lower expenses for financial assets compared to the previous year. In the previous year, impairment of investments had had a negative impact on earnings.

The interest income reached a positive total of € 12.72 million (2017: € 10.18 million). The figure is based on the interest income for financing provided to subsidiaries and from the external financing costs for the interest-bearing borrowings.

Overall, the company generated a net profit of € 111.20 million for the 2018 financial year (2017: € 17.83 million).

The improvement of the earnings is also reflected positively in the profitability figures.

FINANCIAL POSITION AND CASH FLOWS

The balance sheet total of STRABAG SE decreased to € 3.5 billion in 2018 (2017: € 3.7 billion), with substantial changes among only a few balance sheet items.

The development of financial assets is characterized by the repayment of the loan to STRABAG AG, Cologne. The significant decline in receivables from subsidiaries mainly relates to receivables from cash clearing.

The decline in liabilities results from a bond repayment of € 175 million.

1 ROS = EBIT / revenue
2 ROE = EBT / ø equity
3 ROI = EBIT / ø total capital

	2018	2017
Net debt in T€[1]	115,795	63,627
Working capital in T€[2]	41,675	-6,835
Equity ratio in %	82.6	78.9
Gearing ratio in %[3]	4.0	2.2

The net debt of € 115.80 million as at 31 December 2018 results from the reduction in cash and cash equivalents due to the bond repayment and the dividend payment for the 2017 financial year. The working capital increased in the 2018 financial year by € 48.52 million from € -6.84 million in 2017 to € 41.68 million. The basis for this was the increase in receivables from profit and loss transfers.

The equity ratio of 82.6 % grew from 78.9 % in the previous year as a result of the reduced balance sheet total and remains at a very high level.

T€	2018	2017
Cash flow from operating activities	32,454	105,572
Cash flow from investing activities	20,775	29,390
Cash flow from financing activities	-280,790	-218,970

The cash flow from operating activities of € 32.45 million, based on the cash flow from earnings, is characterized by a strong increase of the working capital, which has a negative impact.

The cash flow from investing activities saw an inflow of cash and cash equivalents totalling € 28.59 million in the year under report, thereof € 22.97 million from the repayment of the loan to STRABAG AG, Cologne, € 5.38 million from the reduction of financial receivables and € 0.24 million from disposals of financial assets. This figure is offset by the application of funds for additions to financial assets in the amount of € 7.81 million. In total, the cash flow from investing activities amounted to € 20.78 million.

The payment of the dividend for the 2017 financial year in the amount of € 105.79 million and the bond repayment in the amount of € 175.00 million led to an outflow of € 280.79 million in the cash flow from financing activities in 2018.

1 Net debt = interest-bearing liabilities + non-current provisions – cash and cash equivalents
2 Working capital = current assets – cash and cash equivalents – current non-interest-bearing liabilities
3 Gearing ratio = net debt / equity

Segment report

OVERVIEW OF THE FOUR SEGMENTS WITHIN THE GROUP

The business of STRABAG SE is divided into four segments, of which there are three operating segments North + West, South + East and International + Special Divisions, and the segment Other, which encompasses the group's central divisions and central staff divisions.

The segments are comprised as follows[1]:

NORTH + WEST
Management Board responsibility[2]: Peter Krammer
Germany, Poland, Benelux, Scandinavia, Ground Engineering

SOUTH + EAST
M. B. responsibility[2]: Siegfried Wanker
Austria, Czech Republic, Slovakia, Hungary, South-East Europe, Switzerland, Environmental Engineering
M. B. responsibility: Thomas Birtel
Russia

INTERNATIONAL + SPECIAL DIVISIONS
M. B. responsibility[2]: Hannes Truntschnig
International, Tunnelling, Services, Real Estate Development, Infrastructure Development, Construction Materials

OTHER
M. B. responsibility: Thomas Birtel and Christian Harder
Central Divisions, Central Staff Divisions

Construction projects are assigned to one of the segments (see chart below). Of course, projects may also be assigned to more than one segment. This is the case, for example, with PPP projects in which the construction part is assigned to its respective geographic segment, but the concession part is assigned to the concessions unit of International + Special Divisions. In projects which span more than one segment, the commercial and technical responsibility is generally assigned to that segment which has the higher share of the overall project value.

Geographic segments may be desirable, but they are not always possible. Particularly the specialty fields – e.g. tunnelling – are in demand all around the world. As it is therefore not possible to assign these to a certain country, such business fields are listed under the segment International + Special Divisions. At the same time, the two segments North + West and South + East may contain international business fields such as sports facilities. These are usually organised from a country assigned to one of the respective geographic segments.

With only a few exceptions, STRABAG offers its services in all areas of the construction industry in the individual European markets in which it operates and covers the entire construction value chain. These services include:

	North + West	South + East	International + Special Divisions
Residential Construction	✓	✓	✓
Commercial and Industrial Facilities	✓	✓	✓
Public Buildings	✓	✓	✓
Production of Prefabricated Elements		✓	
Engineering Ground Works	✓	✓	✓
Bridge Construction	✓	✓	✓
Power Plants	✓	✓	✓
Environmental Engineering		✓	
Railway Construction	✓	✓	
Roads, Earthworks	✓	✓	✓
Waterway Construction, Embankments	✓	✓	
Landscape Architecture and Development, Paving, Large-Area Works	✓	✓	
Sports and Recreation Facilities	✓	✓	
Protective Structures	✓	✓	✓
Sewerage Systems	✓	✓	✓
Production of Construction Materials	✓	✓	✓
Ground Engineering	✓		
Tunnelling			✓
Real Estate Development			✓
Infrastructure Development			✓
Operation/Maintenance/Marketing of PPP Projects			✓
Property and Facility Services			✓

1 Services may be performed in more than one segment. The activities and countries below have been assigned to those segments in which the most significant portion of the services was provided. Details are available in the table.
2 Until 31 December 2018

NORTH + WEST PROFITS FROM GERMANY

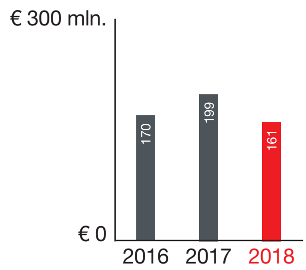
The North + West segment executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and Scandinavia. Ground engineering can also be found in this segment.

€ mln.	2018	2017	Δ 2017–2018 %	Δ 2017–2018 absolute
Output volume	7,827.48	6,843.36	14	984.12
Revenue	7,242.42	6,377.91	14	864.51
Order backlog	8,804.15	8,138.06	8	666.09
EBIT	161.40	199.25	-19	-37.85
EBIT margin (% of revenue)	2.2	3.1		
Employees (FTE)	24,222	23,366	4	856

OUTPUT VOLUME NORTH + WEST

€ Mio.	2018	2017	Δ 2017–2018 %	Δ 2017–2018 absolute
Germany	6,221	5,315	17	906
Poland	895	787	14	108
Benelux	305	273	12	32
Sweden	169	156	8	13
Denmark	87	152	-43	-65
Rest of Europe	59	67	-12	-8
Switzerland	28	32	-13	-4
Austria	25	20	25	5
Romania	13	9	44	4
Americas	9	8	13	1
Middle East	7	11	-36	-4
Africa	7	3	133	4
Czech Republic	1	0	n. a.	1
Hungary	1	10	-90	-9
Total	**7,827**	**6,843**	**14**	**984**

EBIT

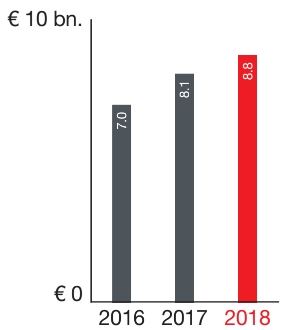


Excellent weather conditions in Germany

The output volume in the North + West segment was up by 14 % in 2018 compared to the previous year. This is attributable to the high order backlog in Germany and Poland and the excellent weather conditions. Especially in Germany, hardly any restrictions were noticed during the winter months. In Denmark, the output declined as new large-scale projects did not immediately follow up on the working-off of the current order backlog.

The revenue increased, like the output, by 14%, while the EBIT declined by 19 % to € 161.40 million. This is due to provisions for individual large-scale projects in several countries in the segment.

ORDER BACKLOG



Order backlog driven by Germany, Poland and Denmark

The order backlog climbed up by 8 %. This growth was primarily driven by increases in Germany, Poland and Denmark. New orders acquired in Germany in 2018 included the projects “Sonnenhöfe im Sternenviertel” near the new Berlin Brandenburg Airport; “Stadtquartier Südkreuz” in Berlin; the INC “Project House for Autonomous Driving” in Ingolstadt; SKAIO, the first timber high-rise in the country; the Oldenburg–Wilhelmshaven rail upgrade line; and the contracts for main construction works on Munich’s second rapid transit core route from Deutsche Bahn AG. In Poland, STRABAG was commissioned with two additional sections of the S7 motorway north of Warsaw and with several sections of the A1 motorway. Order successes were also recorded in the northern European countries and Scandinavia, for example with regard to several buildings in the Copenhagen Carlsberg quarter, Denmark, the FSE309 interchange Lovö in Stockholm, Sweden, and the business and residential building ODE in Amsterdam, the Netherlands, which Booking.com B.V. will use, among others.

Employee numbers grow with output

The number of employees increased by 4 %, growing less strongly than the output in part because, for capacity reasons, work was awarded to subcontractors to a greater extent than previously. Here, too, Germany and Poland posted growth, while the number of employees in the other markets fell.

Outlook: Equally stable at a high level

For the 2019 financial year, the North + West segment is expected to generate a somewhat lower output volume than in the previous year, with business stabilising at a high level. The **German building construction and civil engineering business** should continue to make a positive contribution to both output volume and earnings. The situation in the subcontractor and supplier markets, which remains very tense in the light of the construction boom, will be counteracted by binding these partners with the client side prior to concluding the contract or by calculating corresponding risk premiums for expected price increases during project execution.

The **transportation infrastructures business in Germany** posted an excellent year in 2018. The situation was defined by a lasting low interest rate, unusually mild weather, high tax revenues and the long-standing investment backlog in public infrastructure. A limiting factor for further expansion of the business, however, remains staff and limited capacities among subcontractors.

The general environment in **Poland** remained bleak. There is a shortage of skilled workers, construction materials and capacities in general to meet the enormous demand in the industry. In the past two years, this had led to double-digit increases in the cost of labour, construction materials and subcontractor prices. At the same time, in view of budget overruns, tenders are being cancelled more frequently even before they are awarded. However, the very high order backlog allows for a greater selection of projects for which tenders are placed. A still satisfactory result should therefore be achieved nonetheless.

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog in € mln.	as % of total group order backlog
Netherlands	Oosterdokseiland Amsterdam	108	0.6
Germany	Berthold Brecht School, Nuremberg	107	0.6
Germany	Sande rail upgrade line	107	0.6
Germany	New Axel Springer building, Berlin	106	0.6
Poland	A1 Kamieńsk–Radomsko	105	0.6

SOUTH + EAST: STRONG AT A HIGH LEVEL

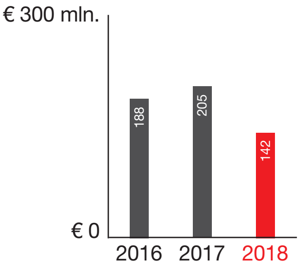
The geographic focus of the South + East segment is on Austria, the Czech Republic, Slovakia, Hungary, South-East Europe, Russia and Switzerland. The environmental engineering activities are also handled within this segment.

€ mln.	2018	2017	Δ 2017–2018 %	Δ 2017–2018 absolute
Output volume	4,639.26	4,241.60	9	397.66
Revenue	4,521.81	4,073.31	11	448.50
Order backlog	4,311.00	4,504.75	-4	-193.75
EBIT	142.03	204.61	-31	-62.58
EBIT margin (% of revenue)	3.1	5.0		
Employees (FTE)	18,729	17,916	5	813

OUTPUT VOLUME SOUTH + EAST

€ mln.	2018	2017	Δ 2017–2018 %	Δ 2017–2018 absolute
Austria	1,979	1,775	11	204
Czech Republic	557	506	10	51
Hungary	545	404	35	141
Slovakia	460	467	-2	-7
Switzerland	235	266	-12	-31
Romania	156	148	5	8
Croatia	148	107	38	41
Germany	145	122	19	23
Serbia	109	111	-2	-2
Rest of Europe	99	145	-32	-46
Russia	70	80	-13	-10
Slovenia	61	45	36	16
Bulgaria	37	41	-10	-4
Asia	15	7	114	8
Italy	11	9	22	2
Benelux	8	6	33	2
Americas	4	0	n. a.	4
Middle East	0	1	-100	-1
Africa	0	2	-100	-2
Total	**4,639**	**4,242**	**9**	**397**

EBIT

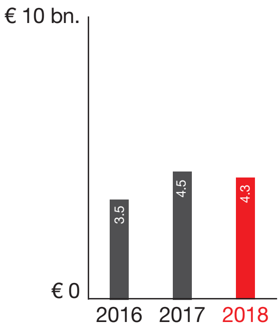


EBIT margin lower than usual

The output volume in the South + East segment was up 9 % year-on-year in 2018 at € 4,639.26 million. Increases were recorded mainly in the home market of Austria as well as in Hungary and the Czech Republic, while the output declined in Switzerland.

The revenue increased by 11 %. The competition – above all for personnel and subcontractor services – also intensified in the Central and Eastern European markets, which pushed margins from an exceptionally high level to a lower level. With an EBIT of € 142.03 million, an EBIT margin of only 3.1 % was achieved.

ORDER BACKLOG



Order backlog: Declines in Hungary and Slovakia outstrip growth in Austria

The order backlog fell by 4 %. In Hungary and Slovakia, this figure dropped down from an exceptionally high level at the beginning of 2018, while in Austria, the order backlog continued to increase. Newly acquired projects include a production facility in Hungary for the Swiss automotive supplier REHAU, the "Triiiple" residential construction project in Vienna, Austria, and the modernisation of the D1 motorway in the Czech Republic.

Order-related increases in the number of employees

The number of employees grew in line with the output volume, gaining 5 % to 18,729. Particularly noteworthy are the increases in Austria, Hungary, Serbia and Croatia.

Outlook: Output growth and attractive margins expected

The output volume in the 2019 financial year should increase slightly, with margins expected to remain at an attractive level. The general situation in the majority of the markets is defined by a strong inflation of costs due to high demand coupled with a shortage of skilled labour.

The situation in the home market of **Austria** remains positive. New large-scale building construction projects in the cities are continually restocking the order backlog as similar projects reach completion.

In the **Czech Republic** and **Slovakia**, the margins have been falling for several years. The climate in the construction industry is getting tenser, as has been expected. In Slovakia, tenders are mostly for transportation projects with EU financing, including several railway projects, though the situation here is characterised by fierce competition, a labour shortage and volatile prices for construction materials. In the Czech Republic, the focus previously had been on building construction for the automobile industry as well as commercial centres and office buildings for industrial clients. Now STRABAG has bid for several infrastructure projects that have also come up for tender.

In **Hungary**, the challenge in the coming months and years will be to work off the high order backlog. The company is therefore being selective with regard to the acquisition of new contracts. The entire Hungarian construction industry is currently in an unusually active phase.

The markets of **South-East Europe** are developing quite differently. On the one hand, an increasing number of large projects are coming up for tender. At the same time, however, competition and political risks are again on the rise in individual countries of the region.

The **environmental engineering** business is developing very positively.

The business in **Switzerland** is going as expected. Demand is stagnating at a high level, yet the competition among the market participants is usually carried out over the price. STRABAG will therefore focus on infrastructure projects here in the future.

In **Russia**, the state budget situation is easing in response to the increased price of oil. The policy focus is on reducing the negative impact from the sanctions. The construction industry has probably passed through the lowest point. Given the fact that the market volume remains high, STRABAG continues to bid mainly for large residential projects in Moscow and increasingly also in St. Petersburg. Financing problems have had a dampening effect on project realisation, however.

SELECTED PROJECTS SOUTH + EAST

Country	Project	Order backlog in € mln.	as % of total group order backlog
Hungary	JV M30 motorway Miskolc–Tornyosnémeti	121	0.7
Austria	Triiiple, Vienna	86	0.5
Hungary	Modernisation of M0 motorway	71	0.4
Hungary	JV M2 motorway Budapest–Vác	58	0.3
Slovakia	JV D3 motorway Čadca–Svrčinovec	53	0.3

INTERNATIONAL + SPECIAL DIVISIONS: EARNINGS GROWTH AFTER A NUMBER OF DIFFERENT EFFECTS

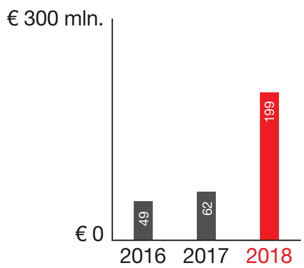
The International + Special Divisions segment includes, on the one hand, the field of tunnelling. The concessions business, on the other hand, represents a further important area of business, with global project development activities in transportation infrastructures in particular. Regardless of where the services are rendered, the construction materials business, including the company's dense network of production plants but with the exception of asphalt, also belongs to this segment. The real estate business, which stretches from project development and planning to construction and operation and also includes the property and facility services business, completes the wide range of services in this segment. Additionally, most of the services in non-European markets are also bundled in International + Special Divisions.

€ mln.	2018	2017	Δ 2017–2018 %	Δ 2017–2018 absolute
Output volume	3,740.30	3,403.53	10	336.77
Revenue	3,437.82	3,029.34	13	408.48
Order backlog	3,782.41	3,943.73	-4	-161.32
EBIT	198.69	62.40	218	136.29
EBIT margin (% of revenue)	5.8	2.1		
Employees (FTE)	26,279	25,618	3	661

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2018	2017	Δ 2017–2018 %	Δ 2017–2018 absolute
Germany	1,464	1,459	0	5
Americas	652	377	73	275
Austria	506	502	1	4
Middle East	198	291	-32	-93
Hungary	163	135	21	28
Asia	147	92	60	55
Czech Republic	144	117	23	27
Rest of Europe	117	65	80	52
Poland	74	57	30	17
Italy	63	58	9	5
Slovakia	52	60	-13	-8
Africa	50	43	16	7
Benelux	36	15	140	21
Romania	27	24	13	3
Croatia	14	12	17	2
Sweden	8	4	100	4
Slovenia	7	8	-13	-1
Russia	6	60	-90	-54
Bulgaria	4	3	33	1
Denmark	4	7	-43	-3
Switzerland	3	14	-79	-11
Serbia	1	1	0	0
Total	**3,740**	**3,404**	**10**	**336**

EBIT

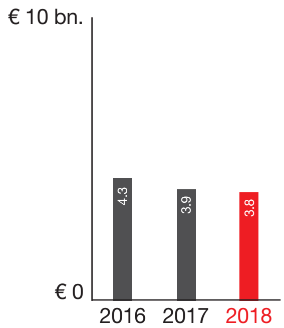


Absence of prior-year earnings burdens

The International + Special Divisions segment closed 2018 with a plus of 10 % in output volume, attributable especially to the completion of a large project in the Americas. The other markets were mixed.

With a plus of 13 %, the revenue grew slightly more strongly than the output volume. This development is attributable to the sales of real estate project developments and to the changed presentation of such projects under IFRS 15 applicable as of this year. The EBIT more than tripled from € 62.40 million in the year 2017 to € 198.69 million. The absence of prior-year earnings burdens from international construction contracts and the continued strong contributions to earnings from the property & facility services and real estate project development businesses had a particularly strong positive impact.

ORDER BACKLOG



Order backlog lower despite new projects in the UK and expansion in Chile

The order backlog was down by 4 %. Difficult technical conditions at the “Alto Maipo” hydropower project in Chile and the withdrawal of a contractor led the client to conclude a new construction agreement with STRABAG S.p.A. of Chile on 19 February 2018. The agreement had been pending the bank financing and became effective on 8 May 2018. With the contract, STRABAG took on another construction section of this large project, adding approximately € 800 million to the order volume for a total contract value of about € 1.5 billion.

This contract extension and an increase in the United Kingdom stand in contrast to a reduction in Austria, Italy and Asia, among other places. New large-scale contracts this year involve the construction of an approximately 13 km tunnel section for the underground conveyor system at the Woodsmith Mine in the United Kingdom and the 1.7 km Boyneburg tunnel, consisting of two tunnel tubes, in Germany.

Staff increased for Alto Maipo project in Chile

The number of employees was 3 % higher. The increase in the Americas region due to the contract extension for the Alto Maipo project in Chile exceeded the decrease in Germany.

Outlook: Slightly lower output volume and earnings at about 2018 levels expected

In the 2019 financial year the International + Special Divisions segment is expected to generate a slightly lower output volume and the earnings are expected to remain on the same level as the previous year. The **real estate development** business should continue to make very positive earnings contributions, as the ongoing low interest rates and the continuously high demand for commercial and residential real estate are responsible for a generally good framework for this business field. Against the backdrop of rising property prices and, above all, significantly higher construction costs, it is becoming increasingly more difficult to initiate new project developments with a sustainable profit given the circumstance that real estate prices currently remain largely stable and are growing – if at all – only slightly and in specific sectors. STRABAG's acquisition focus in Germany is therefore also on locations outside of the major cities and on the recently established field of development services, where project developments are performed other than for own account, as well as on geographic markets such as Romania, Poland, Hungary, the Czech Republic, Slovakia and Slovenia. The countries of Central and Eastern Europe offer above-average growth rates and an increasing level of prosperity – but also an increasing lack of skilled labour with a corresponding rise in wage costs. The already available property reserves, however, form the foundation for new project developments. In Austria, the group continues to offer the entire range of residential construction from subsidised to affordable to privately financed housing as well as related uses – such as student housing – and commercial project developments.

Although the market for concession projects remains a difficult one, the income from existing public-private partnerships (PPP) should also help the **infrastructure development** business to another significant earnings contribution. In the third quarter of 2018, STRABAG increased its previous stake of 50 % in PANSUEVIA, the operator of the German A8 motorway, to 100 %. With the exception of a few lighthouse projects in Germany, Poland and the Czech Republic, however, no new PPP tenders are expected in the field of road construction in the group's core countries at this time. For this reason, the company is also focusing on selected markets in Latin America and Southeast Africa.

The **international business** – i.e. the business that STRABAG conducts in countries outside of Europe – has for several years been focused on this part of Africa, where larger investments in the fields of infrastructure, energy and water are expected. In the Middle East, traditionally an important market for the group, the relatively low price of oil had brought the construction markets to a standstill. Although the forecasts predict another recovery of the oil price and tender activity is up again for projects in the infrastructure and tourism fields, the general environment is unlikely to improve in the short term. Because the competition in the aforementioned regions remains intense, the group is only pursuing projects here in which it can contribute its know-how and its technical expertise in a way to generate value. This includes specialities such as test track construction. The focus in new markets is on projects in the infrastructure sector that are financed by international organisations and have a clear contract structure.

In **tunnelling**, on the other hand, new markets are not a focus at this time. Besides its core European markets, the group is also especially active in tunnelling in Canada, Chile, the United Kingdom and Singapore at technically very challenging projects. While the harsh competition on the home markets is unlikely to improve even in the medium term, opportunities are expected especially in the United Kingdom, in Canada, and in the mining sector in Chile.

In the field of **electrotechnical tunnel equipment**, intense competition can be observed in Austria. Potential contracts are to be found among expected tenders in Germany and large-scale projects in northern Europe. In the market for **tolling systems**, group subsidiary EFKON has expanded its radius to Norway with the contract to deliver a tolling solution for the cities of Oslo and Bergen.

In the field of **property & facility services**, the signing of a contract with the service provider ISS eliminated a factor that had been the cause of some uncertainty. As reported, effective 1 July 2019, the facility management services for Deutsche Telekom AG and its subsidiaries in Germany will no longer be provided by the companies of the STRABAG Group but by ISS. Since the end of last year, STRABAG and ISS had negotiated on ways to continue to employ the more than 3,000 employees of STRABAG Property and Facility Services GmbH (STRABAG PFS) and STRABAG Facility Services GmbH (STRABAG FS) who are currently working on the Deutsche Telekom account. On 10 April 2018, an asset purchase agreement was concluded which foresees the transfer of the affected employees as at 1 July 2019. In light of the continued stable order situation at Deutsche Telekom and the volume of new orders, the earnings development in property and facility services is expected to remain at an attractive level. STRABAG PFS further diversified its client portfolio in 2018 and more than doubled the volume of new orders year on year. The new acquisitions include companies like Airbus, Deutsche Bahn, Esprit, Hahn Gruppe, HypoVereinsbank, Immofinanz, Nordex and Orsay. In addition, STRABAG PFS is expanding its geographical radius. On 18 December 2018, STRABAG PFS Austria GmbH signed an agreement to acquire 100 % of the shares of Caverion Polska Sp. z o.o. of Warsaw, a Polish specialist in the field of technical facility management (TFM). The company, with around 170 employees, in 2017 generated an output volume of around PLN 50 million (approx. € 12 million).

Overall, the **construction materials business** is again showing a very positive trend. The market positions can be maintained especially in the core markets of Austria, Germany, Hungary, the Czech Republic and Poland. Only in Romania, due to the fiercely competitive market and the very low price level, the business development is below expectations and is putting pressure on margins. The dense network of construction material operations, however, including construction material-based services, remains an important basis for self-supply within the group and thus a foundation for greater competitiveness.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

Country	Project	Order backlog in € mln.	as % of total group order backlog
Chile	Chuquicamata, underground mine	131	0.8
Austria	JV Koralm Tunnel 2	108	0.6
Israel	JV 5th Line Water Supply Jerusalem	104	0.6
Colombia	JV Autopista al Mar 1	100	0.6
Germany	A44 Tunnel Boyneburg	97	0.6

OTHER (SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

This segment encompasses the group's internal central divisions and central staff divisions.

€ mln.	2018	2017	Δ 2017–2018 %	Δ 2017–2018 absolute
Output volume	115.84	132.40	-13	-16.56
Revenue	19.78	28.16	-30	-8.38
Order backlog	2.15	5.33	-60	-3.18
EBIT	0.86	0.67	28	0.19
EBIT margin (% of revenue)	4.3	2.4		
Employees (FTE)	6,230	6,004	4	226

Risk management

The STRABAG Group is subject to a number of risks in the course of its business activities. These risks are systematically identified and assessed using an active risk management system and dealt with using an appropriate risk management policy. This risk management policy is an integral part of the management system. It describes a set of fixed principles and responsibilities for risk management and how to deal with the material risk categories.

RISK MANAGEMENT AS A CORE TASK OF MANAGEMENT

Risk management is a core task of the management. The identification and assessment of risks is the responsibility of the respective management level. The risk controlling process includes the integrated quality management system with internal group guidelines and complementary business, process and technical instructions for the workflow in the operating units, supportive central divisions and central staff divisions with technical, legal and administrative service and consulting activities, and Internal Audit as a neutral and independent auditing entity.

Responsibility for the implementation of the project-related risk management systems in the divisions was transferred to the commercial division management. The central division Project-Related Risk Management System/Organisational Development/International BRVZ Coordination handles the continuous improvement and development of the risk management system for the procurement and execution of construction projects.

All STRABAG management employees, within the scope of their duties and responsibilities, and according to the Rules of Procedure and relevant company regulations, are obliged to

- work with the employees to set risk identification measures,
- monitor the risks,
- introduce countermeasures, and
- pass on relevant information about risks to other units or levels within the company. This requirement especially applies to all employees of the STRABAG Group.

The STRABAG SE Management Board prohibits engaging in business transactions whose realisation could endanger the company's existence.

RISK MANAGEMENT USING DEFINED RISK GROUPS

The group's internal risk report defines the following central risk groups:

- External risk
- Operating and technical risks
- Financial risks
- Ethical risks
- Human resource risks
- IT risks
- Investment risks
- Legal risks
- Political risks

Additional risks exist with regard to work safety, environmental protection, quality, business continuity and supply chain. These are described in separate policies within the management system. The rules for proper business behaviour are conveyed by the ethics and business compliance system.

Following ISO 31000 and the Committee of Sponsoring Organisations of the Treadway Commission (COSO), our risk management system forms part of our integrated management system. We deal with the risks identified by us as follows:

EXTERNAL RISKS COUNTERED THROUGH DIVERSIFICATION

The entire construction industry is subject to **cyclical fluctuations** and reacts to varying degrees depending on region and sector. Overall economic growth, development of the construction markets, the competitive situation, the conditions on the capital markets and technological changes in construction can all result in risks. These risks are continually observed and monitored by the central departments and operating units. Changes in external risks lead to adjustments in STRABAG's organisation, market presence and range of services as well as the adaptation of strategic and operating planning. STRABAG further responds to market risk with geographic and product-related **diversification** in order to keep the influence on the company's success exerted by an individual market or by the demand for certain services as low as possible. To avoid bearing the risk of rising prices, STRABAG makes efforts at signing **cost escalation clauses** and **cost-plus-fee contracts** in which the client pays a previously agreed margin on the costs of the project.

REDUCE OPERATING AND TECHNICAL RISKS WITH BINDING MINIMUM STANDARDS

These risks primarily include the complex risks regarding project selection and execution along with the technical risks that need to be assessed for each project, e.g. site, geology, construction method, technology, materials, equipment, design, work planning, etc. An integral part of the project-related risk management system are minimum standards with group-wide validity for the procurement and execution of construction projects (common project standards). These comprise clearly defined criteria for the evaluation of new projects, a standardised process for preparing and making bids, as well as integrated internal control systems serving as filters to avoid loss-making projects. Business transactions requiring consent are reviewed and approved by business unit and subdivision managers or by division managers according to internal rules of procedure.

Principally, bids must be analysed by **internal commissions** and reviewed for their technical and economic feasibility. The construction and project teams can contact the experts at the central divisions BMTI, TPA and Zentrale Technik for assistance in assessing the technical risks and working out innovative solutions for technical problems. Project execution is managed by the construction or project team on-site using documented procedures and controlled by **monthly target/performance comparisons**. At the same time, our central controlling provides constant commercial office support for these projects, ensuring that risks of individual projects do not endanger the continuity of the company.

FINANCIAL RISKS: ACTIVE LIQUIDITY AND RECEIVABLES MANAGEMENT

Under financial risks, STRABAG understands risks in financial matters and in accounting, including instances of manipulation. Special attention is paid to the **liquidity and receivables management**, which is secured through continuous financial planning and daily status reports. Compliance with internal commercial guidelines is guaranteed by the central accounting and controlling departments, which are also responsible for internal reporting and the periodic planning process. Risks from possible instances of manipulation (acceptance of advantages, fraud, deception or other infringements of the law) are monitored by all business areas in general and by the **internal audit** department in particular.

STRABAG is subject to interest, currency, credit and liquidity risks related to its assets, liabilities and planned transactions. The goal of financial risk management is to minimise these risks through ongoing financial activities. The basics of the financial policy are set by the Management Board and monitored by the Supervisory Board. The implementation of the financial policy and responsibility for the risk management are the domain of the group treasury. Detailed information can be found in the Notes under item 32 Financial Instruments.

Business Compliance

COUNTERING ETHICAL RISKS WITH ETHICS AND BUSINESS COMPLIANCE SYSTEM

As corruption is a risk in the construction industry, STRABAG has in place a number of proven instruments to fight corruption within the company. The rules for proper business behaviour are conveyed by the ethics and business compliance system. These have group-wide validity. The STRABAG business compliance model is based on the Code of Conduct, the Business Compliance Guidelines, the Business Compliance Guidelines for Business Partners, and the personnel structure of the STRABAG business compliance model, consisting of the group business compliance coordinator, the regional business compliance representatives, the internal ombudspersons and the external ombudsperson. Details on the ethical risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a of the Austrian Commercial Code (UGB).

People & Workplace

HUMAN RESOURCE RISKS: COUNTERMEASURES WITH CENTRAL HUMAN RESOURCE MANAGEMENT AND NEEDS-ORIENTED HUMAN RESOURCE DEVELOPMENT

Material human resource risks, such as recruiting bottlenecks, skilled labour shortages, fluctuation and labour law risks, are countered with a **central human resource administration** and **long-term, needs-oriented human resource development**. Human resource risks are to be reduced as far as possible through the targeted recruiting of qualified skilled workers and managers, extensive training activities, performance-based pay based on binding compliance with labour law provisions, as well as early succession planning. Additionally, systematic potential management is in place to ensure the development and career planning of company employees. Complementary initiatives to promote employee health, improve employment conditions and raise employee satisfaction further contribute to the company's attractiveness and prestige. Details on the human resource risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

IT RISKS: IT USAGE GUIDELINES AND CONTINUOUS REVIEW OF SECURITY CONCEPTS TO COUNTER CYBERCRIME

With the increasing threat of IT risks, different measures are being implemented in the form of multistep security and anti-virus concepts, user access rights, password-controlled access, appropriate backups and independent power supply. The company is also working together with professional **specialty service providers** to ensure an efficient defence against cybercrime and is constantly reviewing its security concepts. By issuing IT usage guidelines and repeatedly informing on the necessity of risk awareness when working with information and communication technologies, we aim to ensure the security, availability, performance and compliance of the IT systems. Project ideas to improve and develop IT-related processes and control systems are evaluated and prepared by nominated IT committees using a structured business process management (BPM) approach and are approved for implementation by the Steering Committee for Digitalisation (SCD).

INVESTMENT RISKS: SECTOR-TYPICAL MINORITY HOLDINGS OF MIXING PLANTS

The shares in mixing companies typically involve **minority interests**, as is **usual in this sector**. With these companies, economies of scope are at the fore.

AVOIDING LEGAL RISKS THROUGH EXTENSIVE RISK ANALYSIS

The central division CML Construction Services supports the risk management of the operating divisions with regard to construction industry questions or in the analysis of risks in the construction business in all project phases (contract management) and provides, organises and coordinates legal advice (legal services). Its most important tasks include comprehensive reviews and consultation in project acquisition – e.g. analysis and clarification of tender conditions, performance specifications, pre-contract agreements, tender documents, draft contracts and framework conditions – as well as support in project management.

POLITICAL RISK: INTERRUPTIONS AND DISPOSSESSION POSSIBLE

The group also operates in countries which experience political instability. Interruptions of construction activity, restrictions on ownership interests of foreign investors, and even dispossession or expropriations are among the possible consequences of political changes which could have an impact on the group's financial structure. These risks are analysed during the tendering phase and assessed by internal committees.

MANAGEMENT SYSTEM FOR WORK SAFETY AND HEALTH IN PLACE

In order to control the risks related to employee safety and health, STRABAG is implementing a work safety and health management system in accordance with **OHSAS 18001** and/or **SCC**. Moreover, the company works to maintain this system and ensures a suitable emergency organisation. Persons with designated responsibility make sure that the group-wide work safety standards are followed. The aspects of work safety and health also form part of the evaluation of subcontractors and suppliers. Details on the risks related to employee safety and health are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

CERTIFIED ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM DESIRED

STRABAG works at reducing the negative environmental impact from its activities as far as this is technically possible and economically feasible. The company has made it its goal to implement an environmental and energy management system based on **ISO 14001** and/or **ISO 50001**, maintain this system and – wherever possible – minimise the use of natural resources, avoid waste and promote recycling. Details on the environmental risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

QUALITY MANAGEMENT AS COMPONENT OF THE INTEGRATED MANAGEMENT SYSTEM

In concordance with its vision and values, it is the company's aim to realise **construction projects on schedule, of the highest quality** and **at the best price**. This helps to ensure the quality of the company's processes, services and products at any time. In this process, quality management forms a component of an integrated management system. This system is documented in the Management Manual, in group guidelines and in subordinated provisions.

BUSINESS CONTINUITY: RIGOROUS INCLUSION OF GROUP CENTRAL DIVISIONS

The failure of equipment and production facilities, of subcontractors and suppliers, of human resources, of the IT system, of office buildings and accommodation must not be allowed to threaten the company's existence. For this reason, precautions are being made under a business continuity management system to make sure that incidents or **disasters only temporarily interrupt business activity** – if at all. This includes the rigorous inclusion of the group's own specialised central divisions. These are capable of procuring, for example, equipment, accommodation, IT systems or staff on short notice, they build up long-term strategic partnerships with selected subcontractors and suppliers, and they have emergency scenarios audited in the IT division.

EVALUATION OF PARTNER COMPANIES TO REDUCE RISKS IN THE SUPPLY CHAIN

In the interest of quality and profitability, STRABAG not only taps its own skills and resources to work off its orders, but also relies on the support of proven subcontractors and suppliers. The company focuses on long-term partnerships, a clear, transparent and complete description of the services and products to be procured, and an agreement on acceptance criteria for the products and services. STRABAG also systematically **evaluates** subcontractors, service providers and suppliers as part of its **decision-making foundation** for **future orders**.

A review of the current risk situation reveals that there were no risks which jeopardised the company's existence, nor were there any visible future risks.

REPORT ON KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

Introduction

The control structure as defined by COSO (Committee of Sponsoring Organisations of the Treadway Commission) provides the basis for the description of the key features of the internal control and risk management systems in relation to the financial reporting process in the management report. The COSO framework consists of five related components: control environment, risk assessment, control activities, information and communication, and monitoring. On this basis, the STRABAG Group set up a company-wide risk management according to generally accepted principles. The aim of the internal control system is to support management in such a way that it is capable of assuring internal controls in relation to financial reporting which are effective, and which are improved on an ongoing basis. The system is geared to the compliance with rules and regulations and to creating conditions which are conducive to performing specific controls in key accounting processes.

Control environment

The corporate culture determines the control environment in which management and employees operate. STRABAG is constantly working to improve its communication and to convey its corporate values as defined in its Code of Conduct and its Business Compliance Guidelines in order to guarantee moral standards, ethics and integrity within the company and in its dealings with others.

The implementation of the internal control system in relation to the financial reporting process is done on the basis of internal rules and guidelines. Responsibilities for internal control were adapted to fit the corporate organisation.

Internal audit report in the Consolidated Corporate Governance Report

The internal audit department carries out periodic, announced as well as unannounced inspections of all relevant business units as part of its responsibility for monitoring compliance with the law and corporate guidelines in the technical and commercial areas. The internal audit department also monitors the effectiveness of business compliance. During these inspections, the internal audit department analyses the legality and correctness of individual actions. The department also conducts regular, independent reviews of compliance with internal guidelines in the area of accounting. The head of the internal audit department reports directly to the CEO. The effectiveness of the work of the internal audit department is reviewed periodically by the financial auditor. The most recent review was performed in the first quarter of 2015.

Risk assessment

The management identifies and monitors risks relating to the financial reporting process, with a focus on those risks that are typically considered to be material.

The preparation of the financial statements requires regular forecasts, with the inherent risk that the actual future development will deviate from the forecast. This especially affects the following matters/items of the consolidated financial statements: assessment of unfinished construction projects, recognition and measurement of provisions (including social capital), the outcome of legal disputes, the collectability of receivables as well as the recoverability of investments and goodwill. In individual cases, external experts are called in or publicly available sources are considered in order to minimise the risk of a false assessment.

Control activities

All control activities are applied in the current business process to ensure that errors or deviations in financial reporting are prevented or detected and subsequently corrected. The control activities range from a review of the period results to specific monitoring of accounts and cost centres to the analysis of ongoing accounting processes. It is the responsibility of the Management Board to design the levels of hierarchy in such a way that an activity and the control of that activity are not performed by the same person (**four-eyes principle**). This separation of functions encompasses a separation between decision-making, implementation, inspection and reporting. The organisational units of the BRZV central division support the Management Board in this task.

Processes which are relevant to financial reporting are increasingly automated. **IT security** control activities therefore represent a cornerstone of the internal control system. The separation of sensitive activities is supported by a restrictive approach to IT access authorisation. For its accounting and financial reporting, the company mainly uses self-developed software which reflects the unique features of the construction sector. The effectiveness of the financial reporting system is further assured through automated IT controls included in the system.

Information and communication

The management regularly updates the rules and regulations for financial reporting and communicates them to all employees concerned. In addition, regular discussions regarding the financial reporting and the rules and regulations in this context take place in various committees. These **committees** are composed of the corporate management as well as the department head and senior **staff from the accounting department**. The committees' work aims, among other things, at guaranteeing compliance with accounting rules and regulations and at identifying and communicating weak points and potential areas for improvement in the financial reporting process. Accounting employees receive regular **training** regarding new methods of national and international financial reporting in order to identify risks of unintended misreporting at an early stage.

Monitoring

The Management and Supervisory Boards bear responsibility for the ongoing company-wide monitoring. Additionally, the remaining management levels are responsible for the monitoring of their respective areas of responsibility. Controls and plausibility checks are carried out at regular intervals. The internal audit department is also involved in the monitoring process.

The top management receives monthly summarised financial reports on the development of the output volume, the results of the respective segments and countries, and the liquidity. Financial statements to be published are reviewed internally by several instances within management, receiving a final appraisal by the senior accounting staff and the Chief Financial Officer before being passed on to the Supervisory Board's Audit Committee.

Research and development

As a technology group for construction services, the STRABAG Group does business in a rapidly changing environment. It is in this environment that the company applies its assets, comprised not only of its material and financial means but also of its human resources – the knowledge and know-how of its employees –, its structural and organisational capital, and its relational and market capital. The growing crossover between industries – driven by increasing societal demands, by the fast pace of technological progress, particularly in information and communications technology, and by customer demands – confront the company with ever more rapidly shifting challenges.

To take a more active role in shaping this change, and to use it for its own benefit, the STRABAG Group gave itself a more **technological focus**, represented by the organisationally established, **systematic innovation management** that has been in place since 2014. The aim is to support the exchange of experience and information with regard to the development activities between the employees and the decision-makers – after all, the diversity of the STRABAG Group is reflected as much in the number of different competencies as in the different demands placed upon it.

The cooperation among the various divisions facilitates new developments across the individual business units. A special focus in 2018 was on the **digitalisation** of the construction sites in building construction. Countless time-consuming, error-prone surveys on paper forms during construction – in terms of work safety inspections, workstations, concrete deliveries and reinforcement performance levels – are now handled in an app-based manner. The data are now entered on mobile end devices suitable for construction sites: Protocols and target/actual comparisons are generated automatically and made available to the participating construction offices and back office personnel. This significantly reduces the time required for administrative tasks related to the construction.

Cooperation with international universities and research institutions, joint development activities with partner companies around the world, and internal research and development projects have also been a routine part of the group's daily activities for years. In overall charge of the planning and execution of these projects within the STRABAG Group are the two central divisions **Zentrale Technik** (ZT) and **TPA Gesellschaft für Qualitätssicherung und Innovation GmbH** (TPA), both of which report directly to the CEO.

ZT is present **at 21 locations with over 1,000**[1] **highly qualified employees**. It provides services in the areas of tunnelling, civil and structural engineering, and turnkey construction along the entire construction process. From the early acquisition stage and bid processing to construction design and site management, ZT offers innovative solutions with regard to construction materials technology, construction management, building physics, and software solutions. Central topics for innovation activities are digitalisation, sustainable construction, renewable energy and, as of recent, additive processes (3D printing). Among other things, the employees at ZT develop methods and tools to optimise construction activity from the digital design to the impact on the environment. The specialist Development and Innovation staff department oversees the systematic networking of people and relevant topics, promotes new ideas and helps to drive innovation.

TPA is the group's competence centre for asphalt, concrete, earthworks, geotechnics and environmental engineering, quality management and materials-related research and development with a focus on road construction and transportation infrastructures. Its main tasks include ensuring the quality of the construction materials, structures and services, the safety and improvement of the processes, as well as developing and reviewing standards for the handling and processing of construction materials. The research focus in 2018 included the development of long-lived asphalt layers on the basis of existing and alternative material resources; the quality improvement of asphalt layers by optimising the production and asphalting processes, partially in cooperation with STRABAG BMTI; as well as a series of projects in the field of cement/

1 Head count

concrete with regard to raising process safety and building quality. TPA has about **950[1] employees at 130 locations in 18 countries**, making it one of Europe's largest private laboratory companies.

EFKON GmbH – a subsidiary of STRABAG – is active in the research and development of intelligent traffic telematics systems, especially with regard to electronic toll collection and enforcement – a business field that requires intensive research, development and innovation activities. The focus last year was on increasing the performance of existing control systems. Worthy of mention is a handheld device for entry into the new market of smart tachographs. The EFKON-developed device, which is aimed primarily at the customer base of vehicle repair shops, can read data out of electronic tachographs. In addition, a novel, highly integrated visual recognition system of vehicles was developed for use in current projects in Norway.

The STRABAG Group spent about € 14 million on research, development and innovation activities during the 2018 financial year (2017: about € 11 million).

Much of the **development activity** is triggered **by ongoing construction projects** in all our business areas. Here challenges or specific questions regularly arise that require a technologically new process or an innovative solution on site. In many cases, support is offered by the aforementioned central divisions. Some issues require medium-term research and development projects, often with partner organisations.

Website Corporate Governance Report

The STRABAG SE Consolidated Corporate Governance Report is available online at www.strabag.com > Investor Relations > Corporate Governance > Corporate Governance Report.

Disclosures under Sec 243a Para 1 UGB

One share – one vote

1. The share capital of STRABAG SE amounts to € 110,000,000 and consists of 110,000,000 fully paid-in, no-par value shares with a pro rata value of € 1 per share of the share capital. 109,999,997 shares are bearer shares and are traded in the Prime Market Segment of the Vienna Stock Exchange. Three shares are registered shares. Each bearer share and each registered share accounts for one vote (one share – one vote). The nomination rights associated with registered shares No. 1 and No. 2 are described in more detail under item 4.

2. The Haselsteiner Group (Haselsteiner Familien-Privatstiftung, Dr. Hans Peter Haselsteiner), the Raiffeisen Group (Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H, BLR-Baubeteiligungs GmbH, "GULBIS" Beteiligungs GmbH), the UNIQA Group (UNIQA Insurance Group AG, UNIQA Beteiligungs-Holding GmbH, UNIQA Österreich Versicherungen AG, UNIQA Erwerb von Beteiligungen Gesellschaft m.b.H.) and Rasperia Trading Limited (controlled by Oleg Deripaska), as shareholder groups of STRABAG SE, have signed a syndicate agreement governing (1) nomination rights regarding the Supervisory Board, (2) the coordination of voting during the Annual General Meeting, (3) restriction on the transfer of shares and (4) joint development of the Russian market as a core market. The Haselsteiner Group, the Raiffeisen Group together with the UNIQA Group, and Rasperia Trading Limited each have the right to nominate two members of the Supervisory Board. The syndicate agreement also requires the syndicate partners to exercise their voting rights from syndicated shares unanimously at the Annual General Meeting of STRABAG SE. The syndicate agreement further foresees restrictions on the transfer of shares in the form of mutual pre-emptive rights as well as a minimum shareholding on the part of the syndicate partners. In accordance with Sec 65 Para 5 of the Austrian Stock Corporation Act (AktG), all rights were suspended for 7,400,000 no-par shares (6.7 % of the share capital) effective 31 December 2018 as these shares are held by STRABAG SE as own shares as defined in Sec 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG).

1 Head count

3. To the knowledge of STRABAG SE, the following shareholders held a direct or indirect interest of at least 10.0 % of the share capital of STRABAG SE on 31 December 2018:

   - Haselsteiner Group .... 26.4 %
   - Raiffeisen Group .... 13.2 %
   - UNIQA Group.................................. 14.3 %
   - Rasperia Trading Limited .... 25.9 %

   The company itself held 7,400,000 no-par shares on 31 December 2018, which corresponds to 6.7 % of the share capital. These shares are currently intended, among others, as acquisition currency. The remaining shares of the share capital of STRABAG SE, amounting to about 13.5 % of the share capital, are in free float.

4. Three shares are – as mentioned under item 1 – registered shares entered in the shareholder register. Registered shares No.1 and No. 2 require the consent of the Supervisory Board for their full or partial sale and pledging. Registered shares No. 1 and No. 3 are held by the Haselsteiner Group and registered share No. 2 is held by Rasperia Trading Limited. Registered shares No. 1 and No. 2 allow their bearers to nominate a member each to the Supervisory Board of STRABAG SE.

5. No employee stock option programmes exist.

6. No further regulations exist beyond items 2 and 4 regarding the nomination and recall of members of the Management and Supervisory Boards or regarding changes to the Articles of Association which do not result directly from relevant law and legislation.

7. The Management Board of STRABAG SE, in accordance with Sec 169 of the Austrian Stock Corporation Act (AktG), was authorised by resolution of the 10th Annual General Meeting of 27 June 2014 and with approval by the Supervisory Board to increase the share capital of the company by up to € 57,000,000 by 27 June 2019, in several tranches if necessary, by issuing up to 57,000,000 registered no-par shares for cash or contributions in kind (in this case also to the partial or full exclusion of the shareholders' subscription rights).

8. With the exception of the agreements over a syndicated surety loan and a syndicated cash credit line, there exist no significant agreements to which STRABAG SE is party and which would become effective, change or end due to a change of ownership in STRABAG SE following a takeover offer.

9. No compensation agreements exist between STRABAG SE and its Management and Supervisory Board members or employees in the event of a public takeover offer.

Related parties

Business transactions with related parties are described in item 34 of the Notes.

Outlook

The unusually high output volume in 2018 – in part due to the excellent weather conditions for construction – greatly exceeded the planning and so leaves little room for further growth expectations in 2019. The Management Board of STRABAG SE expects an output volume of about € 16.0 billion (-2 %). Compared with the original planning for 2018, this corresponds to an increase by € 1 billion. The segments North + West and International + Special Divisions are expected to post slight declines, while an increase is expected in South + East.

Although there are certain risks inherent to the construction business, from today's perspective, there is nothing to be said against issuing the target of an operating EBIT margin of at least 3.3 % also for the 2019 financial year. The economic situation in the STRABAG Group's large geographic markets is expected to remain positive. The continued strong demand in the construction sector, however, is resulting in increasing cost pressure on subcontractor services, labour and construction materials. For this reason, the margins can no longer be expected to grow as continuously as they have in the past few years. The earnings forecast is based on the expectation that the Property & Facility Management entities, the Real Estate Development and the Infrastructure Development continue to contribute positively to the earnings and that large risks, for example in tunnelling and civil engineering, do not manifest at the same time.

The net investments (cash flow from investing activities) in 2019 are not expected to exceed the value of € 550 million.

Events after the reporting period

The material events after the reporting period are described in the item V. of the Notes.

Villach, 5 April 2019

The Management Board

Dr. Thomas Birtel

Mag. Christian Harder

Dipl.-Ing. Dr. Peter Krammer

Dipl.-Ing. Siegfried Wanker

Dipl.-Ing. (FH) Alfred Watzl

AUDITOR'S REPORT

REPORT ON THE FINANCIAL STATEMENTS

Audit Opinion

We have audited the financial statements of

STRABAG SE,
Villach, Austria,

which comprise the Balance Sheet as of 31 December 2018, the Income Statement for the year then ended, and the Notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2018 and its financial performance for the year then ended, in accordance with Austrian Generally Accepted Accounting Principles.

Basis for our Opinion

We conducted our audit in accordance with Regulation (EU) 537/2014 ("AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the Company, in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, however, we do not provide a separate opinion thereon.

Valuation of investments in affiliated companies and receivables from affiliated companies

Refer to note Annex I/5

Risk for the Financial Statements

Investments in and receivables from affiliated companies represent a major portion of the assets reported in the annual financial statements of STRABAG SE as of 31 December 2018.

Investments in and receivables from affiliated companies are tested for impairment annually and whenever there is an indication that the assets may be impiared. In a first step, the carrying amount of the investments in affiliated companies is compared with the proportionate share in equity at the reporting date. In case the carrying amount exceeds the proportionate share in equity, a valuation of the investment based on discounted cash flows, which significantly depend on future revenue and margin projections, and on discount rates, is performed in a further step. This valuation is subject to significant uncertainty.

Our Response

We reconciled the revenues and margins on which the valuation of shares in and receivables from affiliated companies are based, with the current budgets of the Group, approved by the Supervisory Board. In order to assess the appropriateness of the planning figures, we gained an understanding of the planning process und compared the assumptions with current industry specific market expectations and discussed these with the Management Board and representatives of the respective company divisions. In addition, we evaluated the appropriateness of the discount rates used as well as the underlying calculation and by means of sensitivity analyses, assessed whether the tested book values were still covered by their respective valuation in the event of possible realistic changes in these assumptions. We further assessed the appropriateness and completeness of the Company's disclosures and explanations in the notes regarding investments in and receivables from affiliated companies.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misprepresentations or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.

- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

REPORT ON OTHER LEGAL REQUIREMENTS

Management Report

In accordance with the Austrian company law, the management report is to be audited as to whether it is consistent with the financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the management report in accordance with the Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of management reports as applied in Austria.

Opinion

In our opinion, the management report is consistent with the financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the financial statements and our understanding of the Company and its environment, we did not note any material misstatements in the management report.

Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the financial statements, the management report and the auditor's report. We expect the annual report to be provided to us after the date of the auditor's report.

Our opinion on the financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the financial statements or any apparent material misstatement of fact.

Additional Information in accordance with Article 10 AP Regulation

At the Annual General Meeting dated 15 June 2018, we were elected as auditors. We were appointed by the supervisory board on 15 June 2018. We have been the Company's auditors from the year ended 31 March 1999, without interruption.

We declare that our opinion expressed in the "Report on the Financial Statements" section of our report is consistent with our additional report to the audit committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Company.

Engagement Partner

The engagement partner is Dr. Helge Löffler.

Linz, 5 April 2019

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Helge Löffler
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.
The financial statements, together with our auditor's opinion, may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the consolidated financial statements 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 development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the separate financial statements of the parent company give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Villach, 5 April 2019

The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Staff Divisions and Central Divisions (except BRVZ)
as well as Division 3L Russia

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

Dipl.-Ing. Dr. Peter Krammer
Responsibility Segment South + East
(except Division 3L Russia)

Dipl.-Ing. Siegfried Wanker
Responsibility Segment
International + Special Divisions

Dipl.-Ing. (FH) Alfred Watzl
Responsibility Segment North + West