



STRABAG

**ON THE
SAFE SIDE.**

Semi-Annual Report 2020
31 August 2020

STRABAG
SOCIETAS EUROPAEA

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KEY FIGURES

KEY FINANCIAL FIGURES

	6M/2020	6M/2019	Δ %	2019
Output volume (€ mln.)	6,720.08	7,506.99	-10	16,617.97
Revenue (€ mln.)	6,321.81	6,979.07	-9	15,668.57
Order backlog (€ mln.)	19,440.54	18,325.61	6	17,411.48
Employees (FTE)	74,093	76,638	-3	76,919

KEY EARNINGS FIGURES

	6M/2020	6M/2019	Δ %	2019
EBITDA (€ mln.)	300.11	294.74	2	1,113.30
EBITDA margin (% of revenue)	4.7	4.2		7.1
EBIT (€ mln.)	45.10	61.00	-26	602.58
EBIT margin (% of revenue)	0.7	0.9		3.8
EBT (€ mln.)	31.61	41.50	-24	577.24
Net income (€ mln.)	0.63	13.94	-95	378.56
Net income after minorities (€ mln.)	-0.79	10.66	n.a.	371.70
Net income after minorities margin (% of revenue)	0.0	0.2		2.4
Earnings per share (€)	-0.01	0.10	n.a.	3.62
Cash flow from operating activities (€ mln.)	32.84	-320.66	n.a.	1,075.94
ROCE (%)	0.3	0.7		7.5
Investment in fixed assets incl. non-cash additions to right-of-use assets (€ mln.)	242.19	313.10	-23	689.25

KEY BALANCE SHEET FIGURES

	30.6.2020	31.12.2019	Δ %
Equity (€ mln.)	3,793.95	3,855.90	-2
Equity ratio (%)	31.7	31.5	
Net debt (€ mln.)	-946.47	-1,143.53	-17
Gearing ratio (%)	-24.9	-29.7	
Capital employed (€ mln.)	5,498.26	5,838.71	-6
Balance sheet total (€ mln.)	11,949.63	12,250.81	-2

EBITDA = earnings before net interest income, income tax expense and depreciation and amortisation

EBIT = earnings before net interest income and income tax expense

EBT = earnings before income tax expense

ROCE = (net income + interest on debt - interest tax shield (25 %))/(average group equity + average interest-bearing debt)

Net debt = financial liabilities - non-recourse debt + provisions for severance and pension obligations - cash and cash equivalents

Gearing ratio = net debt/group equity

Capital employed = group equity + interest-bearing debt

CEO'S REVIEW



Dear shareholders, associates
and friends of STRABAG SE,

At first glance, the first half of 2020 was strongly affected by the coronavirus pandemic. For instance, in our home market of Austria, which was particularly hard hit by the accompanying restrictions, construction activity came to a complete standstill for a period of around ten days. Indeed, to a large extent, management resources were tied up putting together packages of measures to minimise risks. And of course, COVID-19 was the main topic in both formal and informal discussions, internally as well as externally. However, this is only partially reflected in the figures. Our output volume, for example, fell by “merely” 10 % – in part due to other, expected factors.

One of the reasons for this is that we generate only about 15 % of our group output volume in Austria. In markets such as Germany or Poland, on the other hand, the restrictions were hardly noticeable. But the crisis has not been overcome yet. Because one thing is clear: this is no short-term situation – and the way back to the way things were before March 2020 won't be an easy task.

The Management Board has therefore taken the coronavirus pandemic – in addition to the establishment of a separate management board position responsible for digitalisation, innovation and business development starting on 1 January 2020 – as an opportunity to subject the company's strategy to an ad-hoc, in-depth review in the middle of the year. This did not result in any significant changes to the group strategy as detailed in the 2019 Annual Report, however. A review of the current risk situation also showed that in the reporting period there existed no risks which threatened the existence of the company and that for the future no risks are recognisable which constitute a threat to its continued existence. Of course, particular attention was given to the risks associated with the COVID-19 pandemic.

In addition to the medium- and long-term direction of our business, we also reviewed our short-term forecast for 2020 as a whole. Here we came to the conclusion that our output guidance of € 14.4 billion, which was updated in April following the start of the pandemic, was probably too conservative. Instead, we now expect an output volume of around € 15.0 billion. At the same time, an EBIT margin of at least 3.5 % should be attainable as previously expected.

We are basing our forecast on the assumption that, unlike in the first half of the year, there will be no full suspension of construction activities, not even temporarily, in any of our core countries in the second half of the year. This does not mean, however, that a “second wave” would hit us unprepared.

Yours,

Thomas Birtel
CEO of STRABAG SE

- Output volume 10 % lower in the first half of 2020
- EBITDA +2 %, EBIT down 26 % to € 45.10 million due to higher depreciation and amortisation
- Order backlog at record high of € 19.4 billion
- Outlook for 2020 upgraded: output volume expected to reach around € 15 billion – previous forecast € 14.4 billion; EBIT margin target remains at \geq 3.5 %

IMPORTANT EVENTS

JANUARY

Metallica Stahl- und Fassadentechnik GmbH independent from 2020

Starting in 2020, the façade construction entity of STRABAG AG, Austria, was strategically realigned as an independent subsidiary based in Vienna under the name Metallica Stahl- und Fassadentechnik GmbH. STRABAG Metallica has been the Austrian market leader in steel,

aluminium and glass façade construction for several years. The entrepreneurial independence is the next step in the further specialisation and internationalisation of the façade construction business.

FEBRUARY

Road upgrade in Uganda for € 54 million

STRABAG International was awarded the contract to upgrade a 66 km road in Uganda. The contract foresees widening and paving the existing gravel road between the towns of Atiak

and Laropi. Construction works will last for 30 months. The value of the contract is approx. € 54 million, with the project being co-financed by the European Development Fund.

STRABAG lands € 72 million infrastructure project in Hungary

The Hungarian subsidiary of STRABAG will build and modernise a 7.5 km bypass road in the city of Veszprém in western Hungary for the equivalent of € 72 million (HUF 25.333 billion). The work will be carried out in two phases: the first phase should be completed in December 2021,

with phase two scheduled for completion in early 2023. In addition to strengthening the load-bearing capacity of the road, the modernisation efforts also aim at a widening to four lanes with a structural separation between the carriageways.

MARCH

Coronavirus pandemic: Austrian construction site activity temporarily suspended, warning system according to § 45a AMFG initiated and short-time working

Following the 98th Directive of the Federal Minister of Social Affairs in accordance with Section 2 of the federal law on provisional measures to prevent the spread of COVID-19 (COVID-19-Maßnahmen-gesetz), STRABAG halted on 18 March 2020 its regular construction operations in Austria. Approximately 1,000 construction sites were affected. As a precautionary measure, STRABAG activated the “early warning system” stipulated by Section 45a AMFG (Austrian Labour Market Promotion Act) for both its blue-collar workers and its white-collar employees in Austria.

Around ten days after STRABAG had announced the temporary halt of work on its construction sites in Austria, construction activity was gradually

resumed. This move has been made possible by a social partner agreement reached on construction-related COVID-19 protective measures. The so-called 8-point plan regulates minimum distances and safety measures in the event that minimum distances cannot be maintained. Other agreements included occupational hygiene and organizational measures such as staggering the work over time.

On 20 March 2020, STRABAG applied for short-time work in its home market for three months, retrospectively on 1 March 2020, as an immediate response to the revision made to the federal short-time work directive (KUA-COVID-19).

APRIL

Contract for the construction of the HS2 high-speed rail line in Britain

HS2, the planned high-speed rail line in Britain, will link London and Birmingham over a length of 225 km. A joint venture consisting of STRABAG with a share of 32%, Skanska and Costain received the green light for Stage 2, the realisation

of the two Southern Lots S1 and S2 with a total length of just under 26 km, from the client High Speed Two (HS2) Ltd. The joint venture will complete design and construction for an estimated amount of approx. € 3.8 billion (GBP 3.3 billion).

STRABAG awarded bridge contract in Romania

STRABAG was commissioned to build a 640 m cable-stayed bridge across the river Someş in the western Romanian city of Satu Mare. The contract, worth approx. € 30 million (RON 142 million), was

signed in early April with representatives of the municipality and of STRABAG in compliance with strict hygiene regulations.

International project financing for Bruck geothermal power plant

Silenos Energy Geothermie Garching a. d. Alz GmbH & Co. KG completed the project financing for the Bruck geothermal power plant. The joint subsidiary of STRABAG and RAG Austria AG won over an international banking consortium as lender for their German geothermal project. Société Générale of Luxembourg and Erste Bank Group of Vienna will finance approximately

80 % of the total investment through a loan with a term of up to 20 years. The shareholders STRABAG and RAG continue to hold 50 % each in the company. The Bruck geothermal project will supply around 14,000 households in the region with renewable energy. The facility is scheduled to be completed and put into operation in the fourth quarter of 2020.

€ 220 million contract for ZÜBLIN and STRABAG in Germany

ZÜBLIN and STRABAG will build the extended shell of the southern section of the FAIR particle accelerator facility. When it is completed, the Facility for Antiproton and Ion Research will be the world's only particle accelerator facility for cutting-edge research into the evolution of the universe and the structure of matter. FAIR will be able to produce matter in the laboratory that otherwise only occurs in the depths of space.

The facility is being built at the GSI Helmholtz Centre for Heavy Ion Research in Darmstadt, Germany. The partners behind the customer FAIR GmbH come from Germany, Finland, France, India, Poland, Romania, Russia, Slovenia and Sweden. The contract for the extended shell of the southern section of the facility has a value of € 220 million for ZÜBLIN and STRABAG. Completion is scheduled for summer 2023.

STRABAG widening Germany's longest motorway viaduct to eight lanes

Cologne-based STRABAG AG was commissioned to widen the Hochstraße Elbmarsch (K20), a section of the A7 motorway, from three to four lanes in each direction. At 3.84 km in

length, the elevated motorway section is the longest road viaduct in Germany. The DEGES contract has a volume of more than € 200 million.

MAY

Focus on core business after sale of railway communications

Funkwerk AG Group took over the activities of the railway communications business of STRABAG Infrastructure & Safety Solutions GmbH (SISS), Vienna. SISS, a 100 % subsidiary of STRABAG AG, Vienna, specialises in technical infrastructure solutions as well as security and communication systems and last generated annual revenues of around € 3 million in railway communication systems. The purchase agreement comprises

the approximately 20 employees working in this business field as well as the total assets assigned to the railway communications business, all products and product rights, and the existing order backlog. The parties to the transaction agreed not to disclose the purchase price. The agreement contains several conditions precedent; the closing is expected to take place in the summer of 2020.

JUNE

Follow-up contract for A3 motorway in Romania

STRABAG has been commissioned to build another section of the A3 motorway in Romania. The order for the 4.5 km motorway section from Ungheni to Târgu Mureş also includes a 4.7 km long, four-lane spur route. Construction works

are scheduled to last for 18 months. The contract worth around € 40 million (RON 192 million) was awarded to STRABAG by CNAIR, the Romanian motorway company.

Out-of-court settlement over North-South Cologne Stadtbahn project

The City of Cologne, Kölner Verkehrs-Betriebe (KVB) and the consortium Nord-Süd-Stadtbahn Köln Los Süd, in which the STRABAG subsidiary Ed. Züblin AG has a one-third stake, have agreed on an out-of-court settlement of the civil lawsuits over the collapse of the Cologne city archives on 3 March 2009. All claims will be settled by payment of a total of € 600 million by the

consortium. Under the settlement agreement, the consortium has also agreed to carry out, at its own expense, the refurbishment and extended completion of the structural shell of the track switching facility as well as the integration of a space for a future memorial. The STRABAG SE Group's proportionate share of the settlement amounted to € 200 million.

STRABAG Rail upgrading rail network in eastern Germany for Deutsche Bahn

STRABAG Rail will be leading a consortium with Hentschke Bau GmbH to upgrade the section between Zeithain and Leckwitz on the Leipzig–Dresden railway line for long-distance train service. The contract has a volume of around € 87 million. The approx. 10 km double-track

section of rail between Zeithain and Leckwitz is being completely renovated and rebuilt as part of the ongoing upgrade of the Leipzig–Dresden railway line to a high-speed link. The project is scheduled for completion in the summer of 2025 after about five years of construction.

JULY

STRABAG consortium building Bulgarian railway line for more than € 200 million

STRABAG has been picked to participate in the largest railway project in Bulgaria in the past 50 years. Together with local consortium partner GP Group AD, the publicly listed Austrian construction group was awarded Lot 3 for the modernisation of the Elin Pelin–Kostenets railway line. The contract value amounts to around € 202 million (BGN 395 million), with STRABAG holding a 51 % share. The project, being

co-financed by the EU, comprises the detailed design of an 11.2 km railway line for passenger and freight traffic with operating speeds of up to 160 km/h. The consortium has also been entrusted with the construction of the line as well as eight tunnels with a total length of 5.5 km, viaducts, eleven bridges and the signalling infrastructure.

Another major contract from Deutsche Bahn

STRABAG Rail, working in a consortium with STRABAG AG, has been commissioned to upgrade the railway line between the Berlin/Brandenburg border and the Berlin outer ring for long-distance trains. The project also includes the connection of the new Berlin Brandenburg

Airport (BER) to the long-distance network of Deutsche Bahn. The contract has a volume of around € 105 million. Construction will begin in August 2020, with completion of the main construction works scheduled for January 2025.

AUGUST

Federal Constitutional Court in Germany confirms parts of the complaint against German Offshore Wind Energy Act

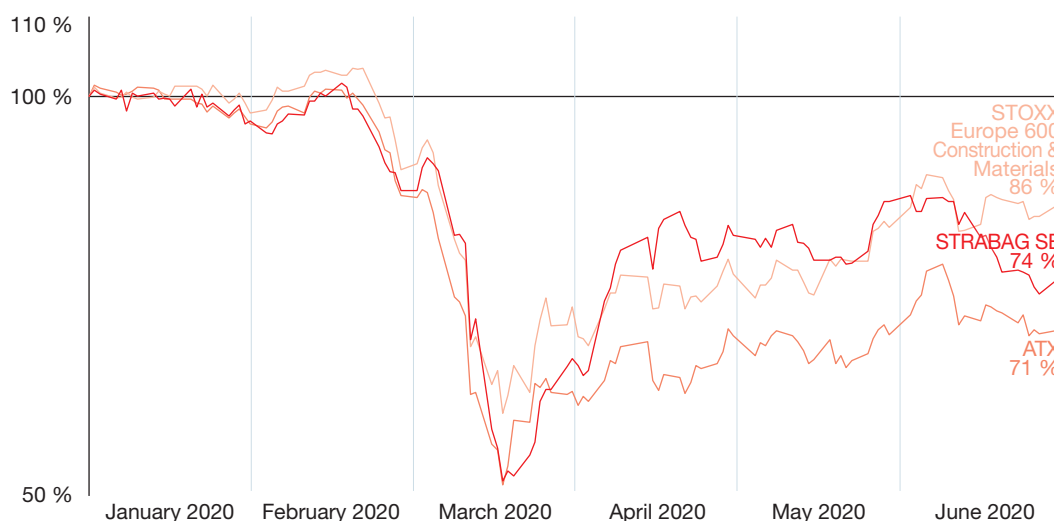
On 20 August 2020, the German Federal Constitutional Court in Karlsruhe published a Senate resolution partially upholding a constitutional complaint against provisions contained in the German Offshore Wind Energy Act. STRABAG, through its respective project companies and together with eight other project sponsors, had submitted the constitutional complaint at the end of July 2017 to force a review of the new legal provisions for offshore wind energy that had come into force at the start of 2017. Specifically, the Offshore Wind Energy

Act had the unconstitutional retroactive effect of devaluing, without compensatory provisions, investments already made by the complainants.

STRABAG will examine the court's decision in detail and wait to see how the German legislature will implement the measures mandated by the Federal Constitutional Court by the deadline set for 30 June 2021. Therefore, the resolution has no immediate influence on the earnings guidance.

SHARE

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



The first half of 2020 was greatly affected by the coronavirus pandemic. Rising infection counts and the fear of a global recession led to sharp price declines on the international capital markets in March. The Austrian benchmark index **ATX** plummeted on a historic scale, losing almost 50 % within a period of just one month. However, expansionary monetary policy measures enabled the banks and governments to halt the downward trend on the international stock markets, bringing back some calm on the investor side again.

At the beginning of the second quarter, prices on the Vienna Stock Exchange began to recover again, partially offsetting the sharp declines. Despite this, the ATX benchmark index remained far below its pre-pandemic level at the end of the first half of the year with a minus of 30 %.

The **STRABAG SE share** price reached its highest value during the first half of the year on 17 February 2020 at € 31.50. The share closed the period on 30 June 2020 at € 22.95, which represents a decline of 26 %. It outperformed the Austrian benchmark index, but not the construction sector index **STOXX Europe 600 Construction & Materials**, which closed the first six months down 14 %.

STRABAG SE's shares are currently under observation by eight international banks. The analysts calculated an average share price target of € 34.60. Detailed analyses and recommendations are available on the STRABAG SE website: www.strabag.com > Investor Relations > Share > Equity Research

STRABAG SE SHARE

	6M/2020
Market capitalisation on 30 June 2020 (€ million)	2,354.67
Closing price on 30 June 2020 (€)	22.95
Six-month high on 17 February 2020	31.50
Six-month low on 18 March 2020	16.02
Performance six month 2020 (%)	-26
Outstanding bearer shares on 30 June 2020 (absolute) (shares)	102,599,997
Outstanding bearer shares six months 2020 (weighted) (shares)	102,599,997
Weight in WBI on 30 June 2020 (%)	3.42
Volume traded six months 2020 (€ million) ¹	127.04
Average trade volume per day (shares) ¹	42,139
Share of total volume traded on Vienna Stock Exchange (%)	0.29

¹ Double count

MANAGEMENT REPORT

JANUARY–JUNE 2020

Output volume and revenue

STRABAG SE generated a 10 % lower output volume of € 6,720.08 million in the first half of 2020. This is largely due to three factors: the loss of a German key account in the property and facility services business resulting from an expired contract in mid-2019, the temporary halt to construction activity due to the coronavirus

crisis in Austria, and the execution and completion of tunnelling projects in Chile.

The consolidated group revenue fell by 9 %. The ratio of revenue to output volume increased slightly from 93 % to 94 %.

Order backlog

The order backlog as at 30 June 2020 reached a new record high of € 19,440.54 million, which corresponds to 6 % growth over the level from 30 June 2019. Work progressed on large orders in the Americas, Hungary and Austria, among other places, resulting in a decline of this figure.

This development was contrasted by new large orders and contract extensions in tunnelling in the United Kingdom and a significant increase in the order backlog in Germany and the Czech Republic.

Financial performance

Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 2 % to € 300.11 million in the first half of 2020. Depreciation and amortisation grew disproportionately as a result of higher investments in the previous year, however, so that earnings before interest and taxes (EBIT) fell by 26 % to € 45.10 million from € 61.00 million in the same period of the previous year. This decline is attributable to the development of the International + Special Divisions segment.

Net interest income stood at € -13.49 million compared to € -19.50 million in the first six months of the previous year. This figure includes higher negative exchange rate differences of € -7.05 million (6M/2019: € -1.24 million), which is more than compensated by lower interest expenses. Earnings before taxes (EBT) came in at

€ 31.61 million compared to € 41.50 million in the first half of 2019. The fact that income taxes reached a similarly high level at the same time is mainly due to project losses in a non-European country that cannot be offset by the possibility of asserting loss carryforwards. This left a net income of € 0.63 million.

The earnings attributable to minority shareholders were barely changed in absolute figures at € 1.42 million. Overall, a net income after minorities of € -0.79 million was achieved. In the same period of the previous year, it had still been in positive territory with € 10.66 million, though the net income after minorities tends to be below zero for the first half of the year. With 102,600,000 outstanding shares, this corresponds to earnings per share of € -0.01 (6M/2019: € 0.10).

Financial position and cash flows

The balance sheet total decreased from € 12.3 billion at the end of 2019 to € 11.9 billion due to seasonally lower cash and cash equivalents, though it exceeded the figure at 30 June 2019. Compared with the first half of the previous year, the equity ratio increased from 29.9 % to 31.7 %; at the end of 2019, it had amounted to 31.5 %. The net cash position decreased, as is usual for the season, from € 1,143.53 million at the end of 2019 to € 946.47 million (30 June 2019: € 240.57 million).

While the cash flow from operating activities had been clearly negative in the same period of the previous year, it now registered in positive territory at € 32.84 million due to a lower working capital increase. As there was significantly less investment in property, plant and equipment than in the previous year, the cash flow from investing activities was about 40 % less strongly in negative territory. The repayment of a bond with a higher volume than the one in the previous year led to a cash flow from financing activities of € -261.03 million, compared to € -183.27 million in the first half of 2019.

Capital expenditures

Besides the necessary maintenance expenditures, additional investments were also made, for example in Austria in connection with the purchase of land for a group training workshop – though not to the same extent as in the same period of the previous year. As a result of individual large projects, additional investments were made in Chile, Uganda, Kenya and Oman, among other places, as well as, due to a comparatively high order backlog, throughout the

Czech Republic and Romania. The capital expenditures consist of € 223.86 million (6M/2019: € 313.10 million) for the purchase of intangible assets and of property, plant and equipment not including the non-cash additions to right-of-use assets, € 14.90 million (6M/2019: € 16.30 million) for the purchase of financial assets, and changes in the scope of consolidation of € 6.35 million (6M/2019: € 9.33 million).

Employees

The reduced output is also reflected in the lower number of employees, which fell by 3 % to 74,093 compared to the first half of 2019. The largest decline was recorded in Germany, which was due to the aforementioned loss of a

long-term key account in property and facility services in the previous year, followed by project-related staff reductions in the Middle East. Developments in the other markets were mixed.

Major transactions, risks and strategy

During the first six months of the financial year, there were no transactions with related parties which significantly influenced the financial situation or the business result nor were there any changes to transactions with related parties which were presented in the annual financial statements of 31 December 2019 and which significantly influenced the financial situation or business result of the first six months of the current financial year.

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

The risks are explained in more detail in the 2019 management report. A review of the current risk situation revealed that in the reporting period there existed no risks which threatened the existence of the company and that for the future no risks are recognisable which constitute a threat to its continued existence. Particular attention was given to the risks associated with the COVID-19 pandemic.

In the first half of 2020, there were no significant changes to the group strategy as detailed in the 2019 Annual Report. This also holds true against the backdrop of the COVID-19 pandemic, which – in addition to the establishment of a separate management board position responsible for digitalisation, innovation and business development starting on 1 January 2020 – was used by the Management Board as an opportunity to subject the strategy to an ad-hoc, in-depth review in the middle of the year.

Outlook

The Management Board updates its outlook for the 2020 financial year as follows: The output volume is now expected to reach around € 15.0 billion after a previous estimate of € 14.4 billion. At the

same time, an EBIT margin of at least 3.5 % should be attainable as previously expected. Net capital expenditures (cash flow from investing activities) are forecast to be below € 450 million.

SEGMENT REPORT

North + West

€ mln.	6M/2020	6M/2019	Δ %	Δ absolute
Output volume	3,530.54	3,551.91	-1	-21.37
Revenue	3,255.54	3,265.28	0	-9.74
Order backlog	9,352.05	9,215.30	1	136.75
EBIT	81.56	-29.04	n. a.	110.60
EBIT margin (% of revenue)	2.5	-0.9		
EBT	81.56	-29.04	n. a.	110.60
Employees (FTE)	25,520	24,824	3	696

The North + West segment posted an almost stable **output volume** of € 3,530.54 million (-1 %) in the first half of 2020. The trends in the largest markets, meanwhile, were mixed. Poland exhibited strong growth, while the output was down slightly in Benelux, Denmark and Sweden. In Germany, the output volume remained unchanged at a high level.

The **revenue** also remained unchanged, while the **EBIT** turned from negative to positive with € 81.56 million after € -29.04 million. Especially in Poland there was a lower negative impact on earnings from large projects. At the same time, earnings improved in the German transportation infrastructures business, for example.

The **order backlog** per 30 June 2020 remained at a very high level with € 9,352.05 million (+1 %). A large number of new orders in Germany – in the first half of 2020 mainly for office buildings in Munich, Stuttgart and Düsseldorf as well as for the extended shell of the southern section of the FAIR particle accelerator facility in Darmstadt and the upgrade of Germany's longest motorway viaduct Hochstraße Elbmarsch (K20) – were partly offset by the execution of large orders in Poland and Northern Europe.

The number of **employees** increased as a result of the continuing high level of construction activity in the two largest markets, Germany and Poland. Overall, the employee numbers in the segment rose by 3 % to 25,520.

Regarding the **outlook** for the segment, the output volume in North + West is expected to be lower in the 2020 financial year than in the previous year. The construction industry in the markets served by the segment has proved to be stable during the COVID-19 crisis so far. In the home market of **Germany**, for example, several factors have helped to minimize the impact of the situation: the order backlog was high at

the beginning of the year, orders received in the first six months of 2020 were at the previous year's level and construction activity remained brisk for the most part.

The prospect of declining demand in **building construction and civil engineering** in the second half of the year is clouding the forecast, however. Tougher price competition is therefore expected in this business field, especially in public-sector construction. This has already led to a downward trend in prices for subcontractor services and building materials – a relief after years of extremely high capacity utilisation on the markets.

While the impact of the COVID-19 crisis also on the execution of projects in the **German transportation infrastructures** business remained minimal in the first half of 2020, a sharp reduction in the number of tenders submitted by municipalities and local authorities as a result of the crisis caused a high level of competitive pressure already in this period, leading to a decline in market and construction material prices. This is true not only for the regional business and large projects in road construction but increasingly also for individual railway construction segments.

In **Benelux** and **Scandinavia**, the construction industry remained relatively unaffected by the ongoing crisis in the first half of 2020. One exception is Belgium, where the majority of construction sites were closed for several weeks.

The construction sector in **Poland** has also been unexpectedly positive this year. Productivity losses – if any – were due only to the high number of rainy days. For the year as a whole, earnings are therefore still expected to be lower as a result of cost inflation, but no additional COVID-19-related burden is anticipated.

South + East

€ mln.	6M/2020	6M/2019	Δ %	Δ absolute
Output volume	1,891.37	2,067.90	-9	-176.53
Revenue	1,833.42	1,956.86	-6	-123.44
Order backlog	4,788.77	4,693.11	2	95.66
EBIT	44.32	-20.87	n. a.	65.19
EBIT margin (% of revenue)	2.4	-1.1		
EBT	44.32	-20.87	n. a.	65.19
Employees (FTE)	19,701	18,940	4	761

The **output volume** in the South + East segment fell by 9 % to € 1,891.37 million in the first half of 2020, primarily as a result of the temporary suspension of construction activities in the home market of Austria due to COVID-19. On the other hand, an increase was registered e.g. in the Czech Republic.

The **revenue** decreased by 6 %. The **EBIT** on the other hand, returned to positive territory with € 44.32 million after € -20.87 million. One of the reasons for this development is the absence of the one-time burdens from the first half of 2019.

The **order backlog** came to € 4,788.77 million, up 2 % compared to 30 June 2019. The figure declined above all in Hungary and Austria, as expected, due to the execution of large orders in those countries. By contrast, significant portions of projects in the Czech Republic and Croatia have yet to be completed. The group was awarded large contracts in several countries in the first half of 2020, including the construction of a bridge in Satu Mare and a section of the A3 motorway in Romania, a bypass for the city of Veszprém in Hungary and a high-rise building for the residential project The Marks in Vienna, Austria. STRABAG was also commissioned to overhaul a railway line in the Czech Republic.

The workforce proved to be dynamic, growing by 4 % to 19,701 persons. The number of **employees** increased primarily in Romania, Serbia, the Czech Republic, Austria and Croatia.

Regarding the **outlook** for the segment, the previous negative trend in the output volume can be expected to soften slightly, resulting in a lower decline in output for the year as a whole than in the first half of 2020.

STRABAG bases its forecast for the home market of **Austria** on the assumption that, in contrast to the first half of the year, there will be no full suspension of construction activities in the country in the second half, not even temporarily. The volume of incoming orders in building construction remains solid and allows the company to have a positive outlook into the year 2021. The

reach of the order pipeline in transportation infrastructures, on the other hand, is considerably shorter; this is why the reduced number of public-sector tenders means that there is a risk of order shortfalls in the autumn of 2020.

In **Hungary**, the substantially lower order backlog resulting from the completion of large public-sector projects acquired in 2018 and 2019, along with the reluctance of the automotive industry to commit to new investments, leads us to expect a further decline in the output volume in that country. The first effects of the COVID-19 pandemic and, as a result, stronger competition are not expected until the end of 2020, however.

The high order backlog in transportation infrastructures in the **Czech Republic** is helping this segment to weather the crisis. At the same time, the government is accelerating and increasing its investment spending. The output volume in the Czech railway construction sector is forecast to be high as well. In building construction, however, several major tenders have been temporarily suspended. As in **Slovakia**, private investments are being delayed in all asset and customer classes, e.g. business centres, residential buildings, car parks, hotels and projects for the automotive industry. The awarding of contracts for public-sector projects in Slovakia had already been postponed repeatedly not least because of the parliamentary elections in February 2020.

Switzerland coped relatively well with the COVID-19 crisis in the first half of the year, with hardly any interruption in construction activity. The number of public tenders – STRABAG performs 80 % of its work here in the public sector – is currently only slightly below that of the previous year. On the other hand, a slight decline in demand is forecast from private clients.

In the markets of **South-East Europe**, aggressive competition from Chinese and Turkish companies is increasing. Many market participants appear to be speculating on falling production costs, which is evident from the high number of underpriced offers. In Bulgaria and

Romania, for example, building construction tenders from both the private and public sectors have come to a complete standstill.

The **environmental technology** business has been gaining in importance since last year due

to the Europe-wide discussion on reducing CO₂ emissions. Although the willingness of the public sector to invest remains high, the COVID-19 pandemic has reduced planning capacities and prompted tenders to be postponed.

International + Special Divisions

€ mln.	6M/2020	6M/2019	Δ %	Δ absolute
Output volume	1,232.58	1,832.29	-33	-599.71
Revenue	1,226.12	1,749.05	-30	-522.93
Order backlog	5,295.22	4,413.20	20	882.02
EBIT	-73.44	123.36	n. a.	-196.80
EBIT margin (% of revenue)	-6.0	7.1		
EBT	-73.44	123.36	n. a.	-196.80
Employees (FTE)	22,221	26,452	-16	-4,231

The International + Special Divisions segment generated a 33 % lower **output volume** of € 1,232.58 million in the first half of 2020. This is mainly due to two factors: the loss of a key account in the property and facility services segment in Germany in the middle of the previous year and, among other things, COVID-19-related restrictions on large tunnelling projects in Chile.

The **revenue** declined by 30 % and the **EBIT** deteriorated significantly from € 123.36 million to € -73.44 million. Following a very favourable environment in real estate development and the gain from the sale of a facility management company in the same period of the previous year, these figures were now burdened, among other things, by the above-mentioned restrictions in connection with the coronavirus pandemic in tunnelling and in the property and facility services business.

The **order backlog** grew by 20 % compared to 30 June 2019 to reach € 5,295.22 million. A notable development is the growth by the equivalent of more than € 1 billion in the United Kingdom, where STRABAG, as part of a consortium, was awarded the contract for the construction of the HS2 high-speed railway line after having already been previously entrusted with the planning for the project. Internationally, a road widening project in Uganda co-financed by the European Development Fund was also acquired in the first half of 2020. The order backlog in the Americas region decreased significantly due to the execution of large projects in Chile.

Given the relative size of the individual projects in the International + Special Divisions segment,

the number of **employees** is subject to considerable fluctuations. In the first half of 2020, the workforce decreased by 16 % to 22,221 employees. The main reasons for this were the transition of the staff assigned to the aforementioned key account in the property and facility services business under a transfer of undertakings in the middle of last year and the project-related departure of more than 1,000 persons in the Middle East.

Regarding the **outlook** for the segment, the output volume is expected to be significantly lower in 2020 than in the previous year.

It is not yet possible to foresee the extent to which the COVID-19 crisis will have a lasting impact on the real estate markets and, consequently, on the **real estate development** business. The residential asset class recovered quickly after a brief lockdown phase. STRABAG performs well in this segment with corresponding offerings, especially in Vienna. The hotel and retail asset classes, on the other hand, have clearly been impacted negatively. The market players are currently adopting a wait-and-see attitude.

A significant decline in rental revenues was recorded in the office segment in the first half of 2020. Vacancy rates and peak rental rates are still proving stable; however, it cannot be ruled out that at least the vacancy rate will increase in the second half of 2020. On the other hand, there is sufficient capital available for investment. STRABAG recently benefited from this through the sale of an office property in Freiburg, Germany, for example. Furthermore, several large projects are scheduled for completion in Germany in 2020, namely New Office in Düsseldorf and MesseCity West in Cologne.

Further projects in Berlin, Freiburg, Frankfurt, Cologne, Luxembourg and Vienna are already under construction, have been successfully rented out or their construction is scheduled for approval in the current year. Land reserves are also available for further development in the core countries of Germany and Austria as well as in the countries of Central and Eastern Europe. The restrictions and uncertainties surrounding the COVID-19 pandemic are delaying approvals and transactions overall, however. Still, delays in construction work have so far been kept within limits.

STRABAG Real Estate has been expanding its acquisition focus in Germany and Poland to include “B cities” as well as the capitals in the countries of Central and Eastern Europe. In Austria, in addition to the commercial asset classes of office and hotel, the group continues to offer the entire spectrum in housing from subsidised to affordable to privately financed residential construction, supplemented by real estate with residential use – e.g. student apartments.

The **property and facility services** business has been seriously affected by the COVID-19 crisis. Further reductions in output volume are expected, particularly in real estate management, in the industrial services business field and, in Austria, in infrastructure facility management. Positive factors are, by contrast, the new orders received in the first half of 2020, including those in Germany for several Berlin ministries, the contract extension with telecommunications provider Vodafone and those for the technical facility management of various office properties as well as the data centre of Raiffeisen-Holding NÖ-Wien in Austria starting on 1 January 2021.

In contrast to the services sector, the COVID-19 crisis has had hardly any impact on existing **concession projects**. This also applies to infrastructure with traffic-dependent revenues and with regard to the financing offer. In April 2020, for example, a subsidiary of STRABAG SE was able to secure an international bank consortium as lender for its German geothermal energy project. In Colombia, however, a project under construction is experiencing restrictions due to the COVID-19 pandemic resulting in a slowdown of construction progress. Nevertheless,

new tenders in this country are being watched with interest, not least because the market for new projects in the core markets of Europe is very challenging.

The **tunnelling** business has also been adversely affected by the COVID-19 pandemic, as several large projects are being executed in the severely affected regions of South America and Singapore. On the other hand, the large contracts acquired in the UK in the first half of 2020 will keep the entity busy for several years.

In the **international business**, i.e. that business which STRABAG conducts in countries outside of Europe, tenders and project orders are being delayed, for example in Oman, Qatar and the United Arab Emirates. The current restraint shown by the automotive industry is also evident in the group specialty field of test track construction. Market opportunities are seen for dam construction in Oman, in selected African countries – where an additional focus is in part on the construction of drinking water treatment plants – and in Australia.

As regards the **infrastructure and safety solutions** segment, it is worth noting the focus on the core business of technical infrastructure solutions and on security and communication systems. In this context, the group sold its railway communications business unit as part of an asset deal in the first half of 2020.

The **construction materials** business continues to show a very satisfactory performance. In the first half of 2020, sales volumes were at about the same level as in 2019, with only Austria falling short of the planned figures due to the COVID-19 crisis. The main markets of Germany, Hungary, the Czech Republic and Poland are very stable. Business in South-East Europe is mixed, in part influenced by a lack of major investments, but there are still prospects for the future. From the current perspective, business should proceed according to plan in the autumn. The dense network of construction materials operations, including material-based services, remains an important basis for the group's self-sufficiency and thus for greater competitiveness.

Others

€ mln.	6M/2020	6M/2019	Δ %	Δ absolute
Output volume	65.59	54.89	19	10.70
Revenue	6.73	7.88	-15	-1.15
Order backlog	4.50	4.00	12	0.50
EBIT	0.12	-0.07	n. a.	0.19
EBIT margin (% of revenue)	1.8	-0.9		
EBT	-13.37	-19.57	32	6.20
Employees (FTE)	6,651	6,422	4	229

Consolidated
semi-annual
financial statements
STRABAG SE,
Villach, as at
30 June 2020

CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS STRABAG SE, VILLACH, AS AT 30 JUNE 2020

Consolidated income statement for 1.1.–30.6.2020

T€	1.1.–30.6.2020	1.1.–30.6.2019
Revenue	6,321,813	6,979,073
Changes in inventories	7,120	-46,908
Own work capitalised	2,483	6,074
Other operating income	95,991	127,510
Construction materials, consumables and services used	-4,078,004	-4,607,460
Employee benefits expenses	-1,749,602	-1,834,421
Other operating expenses	-325,443	-381,505
Share of profit or loss of equity-accounted investments	12,268	29,932
Net income from investments	13,486	22,443
EBITDA	300,112	294,738
Depreciation and amortisation expense	-255,012	-233,738
EBIT	45,100	61,000
Interest and similar income	20,572	15,403
Interest expense and similar charges	-34,058	-34,898
Net interest income	-13,486	-19,495
EBT	31,614	41,505
Income tax expense	-30,984	-27,563
Net income	630	13,942
attributable to: non-controlling interests	1,418	3,276
attributable to: equity holders of the parent company	-788	10,666
Earnings per share (€)	-0.01	0.10

Statement of total comprehensive income for 1.1.–30.6.2020

T€	1.1.–30.6.2020	1.1.–30.6.2019
Net income	630	13,942
Differences arising from currency translation	-41,967	8,587
Recycling of differences arising from currency translation	-50	47
Change of interest rate swaps	-12,454	-26,282
Recycling of interest rate swaps	6,077	9,868
Change in cost-of-hedging reserves	405	19
Recycling in cost-of-hedging	-16	0
Change in fair value of currency hedging instruments	-8,324	2,580
Recycling of fair value of currency hedging instruments	8,152	4,741
Deferred taxes on neutral change in equity	3,263	3,969
Other income from equity-accounted investments	-13,280	-1,362
<i>Total of items which are later recognised ("recycled") in the income statement</i>	<i>-58,194</i>	<i>2,167</i>
Other income	-58,194	2,167
Total comprehensive income	-57,564	16,109
attributable to: non-controlling interests	1,340	3,308
attributable to: equity holders of the parent company	-58,904	12,801

Consolidated balance sheet as at 30 June 2020

T€	30.6.2020	31.12.2019
Intangible assets	489,003	490,852
Rights from concession arrangements	521,123	530,357
Property, plant and equipment	2,554,384	2,632,486
Equity-accounted investments	444,270	454,532
Other investments	172,185	175,062
Receivables from concession arrangements	581,583	599,036
Other financial assets	228,330	229,910
Deferred taxes	157,037	137,617
Non-current assets	5,147,915	5,249,852
Inventories	1,042,926	983,546
Receivables from concession arrangements	40,896	39,323
Contract assets	1,638,614	1,354,897
Trade receivables	1,653,175	1,700,729
Non-financial assets	108,167	128,397
Income tax receivables	58,258	43,715
Other financial assets	240,082	289,538
Cash and cash equivalents	2,019,596	2,460,814
Current assets	6,801,714	7,000,959
Assets	11,949,629	12,250,811
Share capital	110,000	110,000
Capital reserves	2,315,384	2,315,384
Retained earnings and other reserves	1,337,916	1,396,820
Non-controlling interests	30,651	33,695
Total equity	3,793,951	3,855,899
Provisions	1,106,714	1,136,915
Financial liabilities ¹	1,004,711	1,066,698
Other financial liabilities	105,475	92,218
Deferred taxes	82,781	48,696
Non-current liabilities	2,299,681	2,344,527
Provisions	867,447	893,306
Financial liabilities ²	155,965	355,509
Contract liabilities	1,015,462	957,247
Trade payables	2,898,354	2,826,640
Non-financial liabilities	455,297	498,350
Income tax liabilities	79,616	134,971
Other financial liabilities	383,856	384,362
Current liabilities	5,855,997	6,050,385
Equity and liabilities	11,949,629	12,250,811

1 Thereof T€ 565,904 concerning non-recourse liabilities from concession arrangements (31 December 2019: T€ 597,187)

2 Thereof T€ 65,280 concerning non-recourse liabilities from concession arrangements (31 December 2019: T€ 68,339)

Consolidated cash flow statement for 1.1.–30.6.2020

T€	1.1.–30.6.2020	1.1.–30.6.2019
Net income	630	13,942
Deferred taxes	14,478	4,585
Non-cash effective results from consolidation	83	-14,603
Non-cash effective results from equity-accounted investments	5,923	-322
Other non-cash effective results	-257	-8,836
Depreciations/reversal of impairment losses	256,974	238,722
Change in non-current provisions	-16,629	28,595
Gains/losses on disposal of non-current assets	-21,791	-32,802
Cash flow from earnings	239,411	229,281
Change in inventories	-71,684	-41,433
Change in receivables from concession arrangements, contract assets and trade receivables	-249,290	-472,868
Change in non-financial assets ¹	17,929	9,820
Change in income tax receivables ¹	-15,525	-24,891
Change in other financial assets ¹	23,473	14,662
Change in current provisions	-16,219	16,784
Change in contract liabilities and trade payables	185,148	46,350
Change in non-financial liabilities ¹	-38,095	-101,176
Change in income tax liabilities ¹	-53,565	-3,918
Change in other financial liabilities ¹	11,254	6,731
Cash flow from operating activities	32,837	-320,658
Purchase of financial assets	-14,900	-16,300
Purchase of property, plant, equipment and intangible assets	-223,863	-313,104
Inflows from asset disposals	48,843	54,941
Change in other financing receivables	16,112	-14,789
Change in scope of consolidation	-6,350	-9,334
Cash flow from investing activities	-180,158	-298,586
Issue of bank borrowings	8,572	19,209
Repayment of bank borrowings	-36,431	-50,091
Repayment of bonded loan	0	-18,500
Repayment of bonds	-200,000	-100,000
Change in lease liabilities	-28,142	-25,977
Change in other financing liabilities	-637	-2,992
Change in non-controlling interests due to acquisition	0	-3,623
Distribution of dividends	-4,392	-1,298
Cash flow from financing activities	-261,030	-183,272
Net change in cash and cash equivalents	-408,351	-802,516
Cash and cash equivalents at the beginning of the period	2,459,969	2,384,343
Change in cash and cash equivalents due to currency translation	-32,867	6,787
Change in restricted cash and cash equivalents	695	-15
Cash and cash equivalents at the end of the period	2,019,446	1,588,599

1 To clarify the representation the items were adjusted to the balance sheet structure and the comparison period was adjusted.

Statement of changes in equity for 1.1.–30.6.2020

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves ¹	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2020	110,000	2,315,384	1,531,174	-86,849	-47,505	3,822,204	33,695	3,855,899
Net income	0	0	-788	0	0	-788	1,418	630
Differences arising from currency translation	0	0	0	0	-41,939	-41,939	-78	-42,017
Change in foreign exchange forward	0	0	0	217	0	217	0	217
Change in equity-accounted investments	0	0	0	-6,671	-6,609	-13,280	0	-13,280
Change of interest rate swaps	0	0	0	-6,377	0	-6,377	0	-6,377
Deferred taxes on neutral change in equity	0	0	0	3,263	0	3,263	0	3,263
Total comprehensive income	0	0	-788	-9,568	-48,548	-58,904	1,340	-57,564
Distribution of dividends	0	0	0	0	0	0	-4,384	-4,384
Balance as at 30.6.2020	110,000	2,315,384	1,530,386	-96,417	-96,053	3,763,300	30,651	3,793,951

Statement of changes in equity for 1.1.–30.6.2019

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves ¹	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2019	110,000	2,315,384	1,326,795	-76,076	-55,418	3,620,685	33,088	3,653,773
Net income	0	0	10,666	0	0	10,666	3,276	13,942
Differences arising from currency translation	0	0	0	0	8,602	8,602	32	8,634
Change in foreign exchange forward	0	0	0	7,340	0	7,340	0	7,340
Change in equity-accounted investments	0	0	0	-1,019	-343	-1,362	0	-1,362
Change of interest rate swaps	0	0	0	-16,414	0	-16,414	0	-16,414
Deferred taxes on neutral change in equity	0	0	0	3,969	0	3,969	0	3,969
Total comprehensive income	0	0	10,666	-6,124	8,259	12,801	3,308	16,109
Transactions concerning non-controlling interests due to changes in scope of consolidation	0	0	0	0	0	0	-3,060	-3,060
Distribution of dividends ²	0	0	-133,380	0	0	-133,380	-876	-134,256
Balance as at 30.6.2019	110,000	2,315,384	1,204,081	-82,200	-47,159	3,500,106	32,460	3,532,566

¹ The hedging reserve includes also the cost of hedging.

² The total dividend payment of T€ 133,380 corresponds to a dividend per share of € 1.30 based on 102,600,000 shares.

NOTES TO THE CONSOLIDATED SEMI-ANNUAL FINANCIAL STATEMENTS

Basic principles

The consolidated semi-annual financial statements of STRABAG SE, based in Villach, Austria, at the reporting date 30 June 2020, were drawn up under application of IAS 34 in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) in London and recognised by the European Union including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) valid on the reporting date. Applied were exclusively those IASB standards and interpretations adopted by the European Commission before the reporting deadline and published in the Official Journal of the European Union.

In accordance with IAS 34, the consolidated semi-annual financial statements do not contain all the information and details required of annual financial statements. The semi-annual statements should therefore be read in conjunction with the annual financial statements of STRABAG SE, Villach, with reporting date 31 December 2019.

The consolidated financial statements of the Group as at and for the year ended 31 December 2019 are available at www.strabag.com.

Changes in accounting policies

The following amended or new accounting standards are effective for annual periods beginning on or after 1 January 2020.

	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)
Amendments to IFRS framework	1.1.2020	1.1.2020
Amendments to IAS 1 and IAS 8	1.1.2020	1.1.2020
Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform, Phase I	1.1.2020	1.1.2020
Amendments to IFRS 3 Business Combinations	1.1.2020	1.1.2020

The first-time adoption of the aforementioned standards had only minor impact on the semi-annual consolidated financial statements as at 30 June 2020.

Scope of consolidation

The consolidated semi-annual financial statements as at 30 June 2020 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).

The number of consolidated companies changed in the first six months of 2020 as follows:

	Consolidation	Equity method
Situation as at 31.12.2019	285	27
First-time inclusions in year under report	7	0
Exclusions in year under report	-2	0
Situation as at 30.6.2020	290	27

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
9. Züblin Vorrats GmbH, Stuttgart	100.00	1.1.2020 ¹
HUMMEL Systemhaus GmbH & Co. KG, Frickenhausen	100.00	17.3.2020
Metallica Stahl- und Fassadentechnik GmbH, Vienna	100.00	1.1.2020 ¹
STR Mély- és Magasépítő Kft, Budapest	100.00	1.1.2020 ¹
STRABAG Aszfalt Kft., Budapest	100.00	1.1.2020 ¹
STRABAG Dubai LLC, Dubai	100.00	1.1.2020 ¹
ZÜBLIN Haustechnik Mainz GmbH, Mainz	100.00	1.1.2020 ¹

Per purchase agreement dated 30 January 2020, ZÜBLIN Systemhaus GmbH & Co. KG of Stuttgart, founded in 2020, acquired the business operations of HUMMEL Systemhaus GmbH & Co. KG based in Frickenhausen by way of an asset deal.

The seller is a medium-sized company active in the fields of electrical engineering, IT and communications (ITC) and energy systems. Apart from a greater level of independence from subcontractors, the acquisition is also intended to enable the company to enter high-growth future markets.

Approval by the antitrust authorities was granted on 17 March 2020, with T€ 5,750 paid as an interim purchase price. For lack of an outstanding final balance sheet, the difference resulting from the purchase price allocation was preliminarily classified in its entirety as goodwill. Subsequently, ZÜBLIN Systemhaus GmbH & Co. KG was renamed to HUMMEL Systemhaus GmbH & Co. KG, and its registered office relocated to Frickenhausen.

Further asset deals in the North + West segment, resulting in goodwill of T€ 1,808, were made in 1–6/2020.

DISPOSALS FROM THE SCOPE OF CONSOLIDATION

As at 30 June 2020, the following companies were no longer included in the scope of consolidation:

Disposals from scope of consolidation

RE Projekt Errichtungs GmbH, Vienna	Liquidation
TPA SOCIETATE PENTRU ASIGURAREA CALITATII SI INOVATII SRL, Bucharest	Liquidation

The deconsolidation of the liquidated companies resulted in marginal impacts in assets, liabilities and financial performance.

Methods of consolidation and currency translation

The same methods of consolidation and principles of currency translation were applied in drawing up the consolidated semi-annual financial statements with reporting date 30 June 2020 as were used for the consolidated annual financial statements with reporting date 31 December 2019 which is why we refer to the consolidated annual financial statements.

Accounting policies

No new accounting and valuation methods were amended in the reporting period. Therefore, the accounting and valuation are fundamentally based on the same accounting principles and valuation methods underlying the consolidated annual financial statements with reporting date 31 December 2019.

Information regarding the accounting and valuation methods can be found in the annual financial statements with reporting date 31 December 2019.

¹ Due to its increased business volume, the company was included in the scope of consolidation of the group for the first time effective 1 January 2020. The foundation/acquisition of the company occurred before 1 January 2020.

Estimates

Estimates and assumptions which refer to the amount and recognition of the assets and liabilities accounted, the income and expenditure as well as the statement of contingent liabilities are necessary for the preparation of the consolidated financial statement according to IFRS.

The 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.

RECOVERABILITY OF GOODWILL

The directives to prevent and contain the spread of COVID-19 included lockdowns and stay-at-home orders resulting in a restricted movement of goods, services and people between the European countries. The restrictions had a negative impact on the business operations of STRABAG SE. The spread of COVID-19 therefore represents a triggering event. The short-term effects of the crisis should be over. The long-term impact on output and earnings remains unclear, however. An impairment test calculation taking into account the short-term effects and a sustained free cash flow decline of 10 %, as well as an increase in the cost of capital by 1.5 percentage points, did not result in any need to write down goodwill.

OTHER PROVISIONS

Provisions have been set up in response to the investigation by the Public Prosecutor's Office for Combating Economic Crimes and Corruption and the Federal Competition Authority into suspicions of illegal price fixing that has been ongoing since mid-2017. These were adapted in the reporting period. 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. 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

SEASONALITY

Due to snow, ice and other adverse weather conditions, revenue is usually lower in the winter months than in the summer. As the largest part of the costs involves fixed costs, noteworthy losses are posted in the first months every year. These losses are compensated for by rising contribution margins. The break-even point is usually reached around the middle of the year. The largest portion of the earnings is expected in the second half. Seasonal fluctuations in the transportation infrastructures business are greater than they are in building construction & civil engineering.

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

REVENUE

In the item Revenue exclusively revenues from contracts with customers are recognised. These are as follows:

Revenue for 1.1.–30.6.2020

T€	North + West	South + East	International + Special Divisions	Other	Group
Business					
Construction	3,168,434	1,759,780	530,539		5,458,753
Germany	2,457,147	82,029	63,531		2,602,707
Austria	5,096	736,606	52,166		793,868
Poland	451,669	0	1,553		453,222
Other countries, each below € 350 million	254,522	941,145	413,289		1,608,956
Construction materials	54,455	35,552	146,832		236,839
Facility management	0	0	259,485		259,485
Project development	0	0	251,135		251,135
Other	32,654	38,088	38,131	6,728	115,601
Total	3,255,543	1,833,420	1,226,122	6,728	6,321,813

Revenue for 1.1.–30.6.2019

T€	North + West	South + East	International + Special Divisions	Other	Group
Business					
Construction	3,174,695	1,856,847	692,310		5,723,852
Germany	2,483,463	39,359	60,367		2,583,189
Austria	8,611	791,354	74,976		874,941
Poland	388,588	0	3,118		391,706
Other countries, each below € 350 million	294,033	1,026,134	553,849		1,874,016
Construction materials	51,699	47,866	206,938		306,503
Facility management	0	0	530,632		530,632
Project development	0	0	274,316		274,316
Other	38,883	52,152	44,859	7,876	143,770
Total	3,265,277	1,956,865	1,749,055	7,876	6,979,073

Interest income from concession contracts which is included in revenue amounting to T€ 30,754 (1–6/2019: T€ 24,657¹).

SHARE OF PROFIT OR LOSS OF EQUITY-ACCOUNTED INVESTMENTS

T€	1.1.–30.6.2020	1.1.–30.6.2019
Income from equity-accounted investments	8,110	11,677
Expenses arising from equity-accounted investments	-6,732	-4,278
Profit from construction consortia	76,961	59,855
Losses from construction consortia	-66,071	-37,322
Share of profit or loss of equity-accounted investments	12,268	29,932

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. Provisions for damages were recognised in previous years.

In June 2020 the dispute over the collapse of the city archive building was resolved by an out-of-court settlement. The City of Cologne claims are settled by a payment of € 600 million by the consortium. The consortium has also agreed to carry out, at its own expense, the refurbishment and extended completion of the structural shell of the track switching facility as well as the integration of a space for a future memorial.

The cost of the settlement agreement – STRABAG SE Group's proportionate share of the settlement amounts to € 200 million – less insurance coverage and existing risk provisions are recognised in the item **losses from construction consortia**.

1 In 1–6/2019, interest expenses of T€ -10,047 were deducted.

DEPRECIATION AND AMORTISATION EXPENSE

Depreciation on property, plant and equipment and amortisation on intangible assets includes depreciation and amortization from right-of-use assets for leases in the amount of T€ 29,016 (1-6/2019: T€ 27,423).

Notes on the items in the consolidated balance sheet

GOODWILL

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

In 1-6/2020, tangible and intangible assets in the amount of T€ 7,558 (1-6/2019: T€ 2,558) in goodwill arising from capital consolidation were recognised as assets. No depreciation was taken.

INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

In 1-6/2020 tangible and intangible assets not including the non-cash additions to right-of-use assets in the amount of T€ 223,863 (1-6/2019: T€ 313,104) were acquired.

In the same period, tangible and intangible assets not including the non-cash disposals to right-of-use assets with a book value of T€ 20,811 (1-6/2019: T€ 21,734) were sold.

Property, plant and equipment include right-of-use assets for real estate leases in the amount of T€ 292,152 (31 December 2019: T€ 326,347).

PURCHASE OBLIGATIONS

On the reporting date, there were T€ 110,342 (30 June 2019: T€ 162,287) in contractual commitments for the acquisition of property, plant and equipment which were not considered in the semi-annual financial statement.

EQUITY

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

As at 30 June 2020 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.

In the 16th Annual General Meeting on 19.6.2020 approved a dividend of € 0.90 per share under the following conditions:

Entitlement to and payment of the dividend is subject to the condition precedent that the total amount of cash and cash equivalents of the company and of all companies fully consolidated in accordance with the applicable International Accounting Standards (IFRS/IAS), plus any contractually agreed but unused loans, does not fall below € 1 billion as at 31 October 2020 even if the dividend is paid out. In accordance with IFRS/IAS, cash and cash equivalents include securities, cash in hand and bank deposits.

By 25 November 2020, the company will obtain confirmation from KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, of the total amount of cash and cash equivalents plus contractually agreed but unused loans as at 31 October 2020 and will state whether the above condition has been met.

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

CONTINGENT ASSETS

On 29 June 2020, the tribunal in STRABAG SE v Libya (ICSID Case No. ARB (AF)/15/1) issued its award holding Libya in breach of the Agreement between the Republic of Austria and the State of Libya for the Promotion and Protection of Investments. The tribunal consequently awarded STRABAG damages of € 75 million plus interests, and ordered Libya to reimburse STRABAG 75 % of its legal costs and expenses, and to bear 75 % of the costs of the arbitration.

STRABAG's work in Libya, which commenced in 2006, was interrupted by the conflict in Libya that took place in 2011, and STRABAG claimed damages in the arbitration to compensate it for the loss and damage it suffered during that conflict and for works that it had performed on the different construction projects.

It remains uncertain whether Libya is honoring the award. Therefore, STRABAG is currently investigating ways in which it can enforce the amount owed. Because of the existing uncertainties no receivable was recognised.

CONTINGENT LIABILITIES

The company has accepted the **following guarantees**:

T€	30.6.2020	31.12.2019
Guarantees without financial guarantees	174	174

Furthermore, there is a derived credit risk arising from the financial guarantee contracts (guarantees issued) of T€ 12,281 (31 December 2019: T€ 14,481).

Other notes

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

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

T€	30.6.2020	30.6.2019
Securities	3,101	3,098
Cash on hand	1,248	1,479
Bank deposits	2,015,247	1,585,522
Pledge of cash and cash equivalents	-150	-1,500
Cash and cash equivalents	2,019,446	1,588,599

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€	1.1.-30.6.2020	1.1.-30.6.2019
Interest paid	18,375	31,203
Interest received	8,787	10,871
Taxes paid	77,534	52,085

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 as 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, tunneling services, real estate development and infrastructure 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. The units for digitalisation, innovation and business development, starting on 1 January 2020, are also included in the segment Other.

Segment reporting for 1.1.–30.6.2020

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output volume	3,530,537	1,891,373	1,232,575	65,594		6,720,079
Revenue	3,255,543	1,833,420	1,226,122	6,728	0	6,321,813
Inter-segment revenue	106,786	21,803	118,391	458,761		
EBIT	81,561	44,322	-73,435	116	-7,464	45,100
Interest and similar income	0	0	0	20,572	0	20,572
Interest expense and similar charges	0	0	0	-34,058	0	-34,058
EBT	81,561	44,322	-73,435	-13,370	-7,464	31,614

Segment reporting for 1.1.–30.6.2019

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output volume	3,551,905	2,067,899	1,832,293	54,895		7,506,992
Revenue	3,265,277	1,956,865	1,749,055	7,876	0	6,979,073
Inter-segment revenue	65,166	56,243	123,963	446,159		
EBIT	-29,039	-20,867	123,360	-76	-12,378	61,000
Interest and similar income	0	0	0	15,403	0	15,403
Interest expense and similar charges	0	0	0	-34,898	0	-34,898
EBT	-29,039	-20,867	123,360	-19,571	-12,378	41,505

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

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

The basis for the internal reporting is formed by all subsidiaries. In the IFRS financial statements, earnings from companies which were not fully consolidated 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 respectively EBT in the consolidated financial statements in terms of the investment result.

Other minor differences result from entries in other consolidation.

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

T€	1.1.–30.6.2020	1.1.–30.6.2019
Net income from investments	-7,839	-11,480
Other consolidations	375	-898
Total	-7,464	-12,378

FINANCIAL INSTRUMENTS

With exception of the financial liabilities the book value of the financial instruments corresponds to the fair value. The fair value of the financial liabilities amounts to T€ 1,169,833 as at 30 June 2020 (31 December 2019: T€ 1,428,844) compared to the recognised book value of T€ 1,160,676 (31 December 2019: T€ 1,422,207).

The **fair values as at 30 June 2020** 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 % (other investments)			28,416	28,416
Securities	27,260			27,260
Cash and cash equivalents (securities)	3,102			3,102
Derivatives held for hedging purposes		-18,352		-18,352
Derivatives other		74		74
Total	30,362	-18,278	28,416	40,500
Liabilities				
Derivatives held for hedging purposes		-45,237		-45,237
Derivatives other		-2,209		-2,209
Total	0	-47,446	0	-47,446

The **fair values as at 31 December 2019** 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 % (other investments)			32,540	32,540
Securities	27,237			27,237
Cash and cash equivalents (securities)	3,101			3,101
Derivatives held for hedging purposes		-21,747		-21,747
Derivatives other		1,266		1,266
Total	30,338	-20,481	32,540	42,397
Liabilities				
Derivatives held for hedging purposes		-32,920		-32,920
Derivatives other		-1,199		-1,199
Total	0	-34,119	0	-34,119

NOTES ON RELATED PARTIES

Notes on related parties may be found in the 2019 consolidated financial statements. Since 31 December 2019, there have been no significant changes in this area. Arm's-length business relations exist in transactions with related parties.

EVENTS AFTER THE BALANCE SHEET DATE

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

AUDIT WAIVER

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

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the condensed semi-annual financial statements as of 30 June 2020 give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the of important events that have occurred during the first six months of the financial year and their impact on the condensed semi-annual financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Villach, 31 August 2020

The Management Board



Dr. Thomas Birtel
CEO

Responsibility Central Staff Divisions and Central Divisions
BMTI, TPA as well as CML Construction Services



Mag. Christian Harder
CFO

Responsibility Central Division BRVZ



Klemens Haselsteiner

Responsibility Central Divisions Digitalisation,
Innovation and Business Development as well as
Zentrale Technik, Responsibility
Subdivision NN Russia



Dipl.-Ing. Dr. Peter Krammer
Responsibility Segment South + East
(except Subdivision NN Russia)



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



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

FINANCIAL CALENDAR

Trading Statement January–September 2020	12 November 2020
Disclosure	7:30 a.m.
Ex-dividend date	26 November 2020
Record date	27 November 2020
Payment date for dividend ¹	30 November 2020
Annual Report 2020	30 April 2021
Disclosure	7:30 a.m.
Press conference	10:00 a.m.
Investor and analyst conference call	3:00 p.m.
Trading Statement January–March 2021	27 May 2021
Disclosure	7:30 a.m.
Notice of Annual General Meeting	21 May 2021
Shareholding confirmation record date	8 June 2021
Annual General Meeting 2021	18 June 2021
Start	10:00 a.m.
Location: Tech Gate Vienna	
Ex-dividend date	25 June 2021
Record date	28 June 2021
Payment date for dividend	29 June 2021
Semi-Annual Report 2021	31 August 2021
Disclosure	7:30 a.m.
Investor and analyst conference call	10:00 a.m.

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

Corporate bond

Term	Interest %	Volume € mln.	ISIN	Exchange
2015–2022	1.625	200	AT0000A1C741	Vienna

Corporate credit rating

Standard & Poor's	BBB	Outlook stable
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Codes

Bloomberg:	STR:AV
Reuters:	STRV.VI
Vienna stock exchange:	STR
ISIN:	AT000000STR1

¹ Entitlement to and payment of the dividend is subject to the condition precedent that the total amount of cash and cash equivalents of the company and of all companies fully consolidated in accordance with the applicable International Accounting Standards (IFRS/IAS), plus any contractually agreed but unused loans, does not fall below € 1 billion as at 31 October 2020 even if the dividend is paid out.

For further questions, please contact our Investor Relations department:

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