TEAMS WORK.

Interim Report
January–September 2014
28 November 2014

STRABAG
SOCIETAS EUROPAEA

CONTENT

KEY FIGURES

KEY FINANCIAL FIGURES

	Q3/2014	Q3/2013	Δ %	9M/2014	9M/2013	Δ %	2013
Output volume (€ mln.)	3,932.05	3,966.21	-1	9,711.60	9,609.21	1	13,573.07
Revenue (€ mln.)	3,538.35	3,696.43	-4	8,892.29	8,806.47	1	12,475.65
Order backlog (€ mln.)				15,399.91	13,999.05	10	13,469.68
Employees				71,987	72,904	-1	73,100
Cash-flow from operating activities (€ mln.)	72.36	103.83	-30	-108.82	-117.32	7	693.70
Investments in fixed assets (€ mln.)	85.00	119.86	-29	251.04	292.35	-14	387.36

KEY EARNINGS FIGURES

	Q3/2014	Q3/2013	Δ %	9M/2014	9M/2013	Δ %	2013
EBITDA (€ mln.)	269.40	260.38	3	349.82	328.85	6	694.91
EBITDA margin (% of revenue)	7.6	7.0		3.9	3.7		5.6
EBIT (€ mln.)	172.26	162.44	6	64.28	39.63	62	261.58
EBIT margin (% of revenue)	4.9	4.4		0.7	0.4		2.1
EBT (€ mln.)	160.41	152.72	5	39.43	21.02	88	230.04
Net income (€ mln.)	119.17	114.04	4	20.28	8.56	137	156.26
Net income after minorities (€ mln.)	107.52	99.64	8	14.40	-2.18	n.m.	113.56
Net income after minorities margin (% of revenue)	3.0	2.7		0.2	0.0		0.9
Earnings per share (€)	1.05	0.97	8	0.14	-0.02	n.m.	1.11
ROCE (%)	2.6	2.5		1.5	1.3		4.6

KEY BALANCE SHEET FIGURES

	30.9.2014	31.12.2013	Δ %
Equity (€ mln.)	3,168.65	3,238.77	-2
Equity ratio (%)	30.2	30.7	
Net debt (€ mln.)	472.22	-73.73	n.m.
Gearing ratio (%)	14.9	-2.3	
Capital employed (€ mln.)	5,337.75	5,462.11	-2
Balance sheet total (€ mln.)	10,494.47	10,560.79	-1

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 + interest-bearing debt)
Net debt = financial liabilities less non-recourse debt + provisions for severance and pension obligations – cash and cash equivalents
Gearing ratio = net debt / group equity
Capital employed = group equity + interest-bearing debt

CEO'S REVIEW

Dear shareholders, associates and friends of STRABAG SE,

As expected, we are ending the first nine months of the ongoing financial year with an output volume that has stayed stable year on year (+1 %). Our books are well-filled with € 15.4 billion worth of orders and the weather has remained favourable for construction activity through the end of November, making me optimistic that we can reach the forecasted group output volume of nearly € 14 billion for the full year.

And in terms of our earnings before interest and taxes (EBIT), we also continue to expect a similar result – at least € 260 million – as last year. The positive trend of the first six months was extended into the third quarter, allowing us to report an increase in the EBIT after nine months from € 39.63 million to € 64.28 million. We cannot expect the fourth quarter to be equally strong as it had been the year before, however, which is why we believe this figure will show stable development in 2014 versus 2013.

At the same time, we are setting the course for increasing our profitability in the medium term. We hope that these efforts will have a noticeable positive impact on earnings in the 2015 financial year – we will see in February when we give our prognosis.

Yours,

Thomas Birtel

Thomas Birtel
CEO of STRABAG SE

- Output volume stable at € 9.7 billion (+1 %) – particularly strong growth in Germany
- Order backlog up 10 % to € 15.4 billion thanks to new projects in Russia and Denmark
- EBIT increased from € 39.63 million to € 64.28 million
- 2014 outlook confirmed: output volume of € 13.6 billion, EBIT of at least € 260 million

IMPORTANT EVENTS

JULY

All management board mandates extended until end of 2018

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

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

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

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

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

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

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

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

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

STRABAG wins in consortium contract for toll collection system in Belgium

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

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

A consortium consisting of Heilit+Woerner Sp. z o. o., a subsidiary of STRABAG SE, and Budimex S.A. was awarded the contract to build a 15 km long section of the S5 expressway between Poznań and Wrocław with a value of about € 112 million. Heilit+Woerner holds 50 % in the consortium. Completion and commissioning of the new section are scheduled for 2017.

AUGUST

STRABAG extends container port in Mauritius

STRABAG extends and strengthens the container harbour at Port Louis, Mauritius, together with its partner Archirodon Construction (Overseas) Co. SA. The project has a volume of USD 115 million (~ € 90 million), of which STRABAG holds 50 %, and is to be completed in slightly over two years.

SEPTEMBER

Ed. Züblin AG commissioned to build the Cherbourger Straße harbour tunnel in Bremerhaven

As part of a consortium, Ed. Züblin AG (technical leader/JV share 37 %) and Züblin Spezialtiefbau GmbH (JV share 30 %) were awarded the contract to build the Cherbourger Straße harbour tunnel in Bremerhaven. The order volume of around € 122 million includes the construction of the two-lane road tunnel, using an open cut construction method, and shall also include all entrance and exit ramps, two operation buildings and ten escape staircases. The tunnel is scheduled to be completely built by the end of June 2018.

STRABAG building Kościerzyna bypass in Poland for € 40 million

A consortium of STRABAG and its subsidiary Heilit+Woerner has been awarded the design-and-build contract for a 7.6 km bypass around the city of Kościerzyna in northern Poland. The contract has a value of about € 40 million. Approximately 30 months are scheduled for the construction phase.

STRABAG building section of A4 motorway in Poland for € 85 million

A consortium consisting of STRABAG Sp. z o.o. and Budimex S.A. has signed the contract to build a 41 km section of the A4 motorway from Rzeszów to Jarosław in south-eastern Poland. The gross contract has a value of about € 170 million. STRABAG holds a 50 % share in the consortium. The motorway is scheduled for completion and should be opened to traffic in the first half of 2016.

STRABAG acquires industry services provider DIW Group

STRABAG SE has acquired DIW Group (Stuttgart), a 100 % subsidiary of Voith GmbH, for integration into its property and facility services division STRABAG PFS. With the acquisition, STRABAG expands its service portfolio to include industrial cleaning and consolidates its position as the second-largest facility services company in Germany with forecasted revenue of around € 1 billion. DIW's approximately 6,000 employees generate revenue of about € 175 million a year. The purchase price lies in the double-digit million euro range.

OCTOBER

STRABAG Real Estate develops office and commercial building in downtown Warsaw

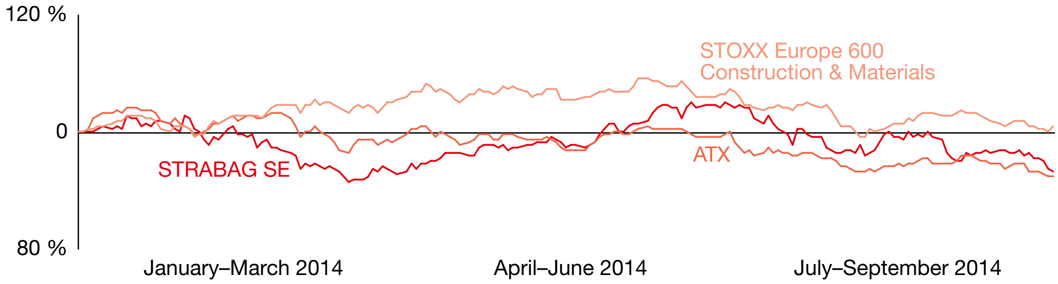
The STRABAG Real Estate GmbH is developing an office and commercial building in Warsaw. “Astoria” with a gross floor area of nearly 28,000 m² will be erected right in the center of the Polish capital, directly between the Old Town and the city’s business district. The contractor STRABAG Sp. z o.o. has started the works in summer. The completion of the € 75 million project is planned for the first half of 2016.

STRABAG consortium building € 300 million Eisack River Undercrossing for Brenner Base Tunnel

The construction group STRABAG, in a consortium with the Italian construction companies Salini Impregilo, Consorzio Cooperative Costruzioni CCC and Collini Lavori, signed the € 300 million contract to build the 4.3 km long Eisack Undercrossing section of the Brenner Base Tunnel. STRABAG holds a 39 % share in the consortium. Work is scheduled to begin this year with a planned construction time of around eight years.

SHARE

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



The STRABAG SE share closed at € 18.66 on 30 September 2014. After an exceedingly positive development in the second quarter, the share price showed a clear drop in the third quarter, resulting in a minus of 12 % over the first nine months of the year. The share price failed to reach the year-to-date high of € 23.13 that had been recorded on 24 June 2014, instead approaching the year-to-date low of € 18.07 from the first quarter.

The international stock markets did not give a strong performance, neither over the nine months of 2014 nor in the third quarter. On 30 September 2014, the Austrian benchmark index ATX and the Japanese Nikkei closed down 13 % and 1 %, respectively. Slight growth was registered solely by the industry index STOXX Europe 600 Construction & Materials (+1 %), New York's Dow Jones Industrial (+3 %) and the European index Euro Stoxx 50, which ended the nine months of 2014 with a plus of 4 %.

The STRABAG SE share lost its place in the ATX in March 2014. During the first nine months of 2014, the cumulative trade volume on the Vienna Stock Exchange nevertheless amounted to about € 161.20 million[1)] with an average trade volume per day of 42,672 shares[1)].

On 15 July 2014, core shareholder Rasperia Trading Ltd., a subsidiary of industrial conglomerate Basic Element, exercised its call option to purchase 6,377,144 shares of STRABAG SE from the other core shareholder groups Haselsteiner Family, Raiffeisen and UNIQA. Rasperia thus increased its share to 25 % + 1 share and thus holds a blocking minority in the company – as it already had after the IPO of STRABAG SE in 2007. The current shareholder structure now is as follows:

- Haselsteiner Family: 25.5 %
- Raiffeisen and UNIQA Group: 26.5 %
- Rasperia Trading: 25.0 % + 1 share
- Free float: 13.0 %
- Own shares: 10.0 %

The STRABAG SE share is currently under observation by ten international banks. The analysts calculated an average share price target of € 21.10. Detailed analyses and recommendations are available on the STRABAG SE website: www.strabag.com > Investor Relations > Share > Equity Research

STRABAG SE SHARE

	9M/2014
Market capitalisation on 30 September 2014 (€ million)	1,914.52
Closing price on 30 September 2014 (€)	18.66
Year's maximum on 24 June 2014 (€)	23.13
Year's minimum on 14 March 2014 (€)	18.07
Performance nine months 2014 (%)	-12
Outstanding bearer shares on 30 September 2014, absolute (shares)	102,599,997
Outstanding bearer shares nine months 2014, weighted (shares)	102,599,997
Weight in ATX on 30 September 2014 (%)	n.a.
Volume traded nine months 2014 (€ million)[1)]	161.20
Average trade volume per day (shares)[1)]	42,672
% of total volume traded on Vienna Stock Exchange	0.45

1) double count

MANAGEMENT REPORT JANUARY–SEPTEMBER 2014

Output volume and revenue

The STRABAG SE Group registered an output volume of € 9,711.60 million in the first nine months of 2014. This translates into stable development of +1 %. While the favourable weather conditions at the beginning of the year had resulted in a clear plus in the home market of Germany, several markets were each down slightly at the same time.

The consolidated group revenue developed in line with the output volume, moving up slightly by 1 % to € 8,892.29 million. The ratio of revenue to output volume amounted to 92 % as it had in the first nine months of the previous year. The third quarter revenue declined by 4 %, mainly due to the development in the countries of the South + East segment.

Order backlog

The order backlog grew by 10 % from € 13,999.05 million at the end of September 2013 to € 15,399.91 million on 30 September 2014. This development was driven particularly by the industrial construction projects acquired in Russia, but also by large projects in Chile, Slovakia, Romania and Denmark.

Financial performance

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

The earnings before interest, taxes, depreciation and amortisation (EBITDA) after nine months of 2014 increased from € 328.85 million to € 349.82 million. The depreciation and amortisation was at about last year's level. The earnings before interest and taxes (EBIT) rose by € 24.65 million to settle at € 64.28 million. This growth was driven by the segments South + East and International + Special Divisions, while the earnings in the North + West segment were deeper in negative territory than they had been the previous year.

As a result of less positive currency exchange rate differences compared to the year before, the net interest income slipped from € -18.61 million to € -24.85 million. This figure had included positive currency exchange rate differences in the amount of € 5.10 million in the first nine months of 2013, versus € 1.65 million this year. Below the line, the result was an 88 % improvement of the earnings before taxes (EBT) in the amount of € 39.43 million. The income tax increased from € -12.46 million to € -19.15 million, and the remaining net income grew by 137 % to € 20.28 million. As a profit of € 5.88 million was attributable to third-party shareholders, the net income after minorities moved from negative into positive territory to reach € 14.40 million. The earnings per share amounted to € 0.14 after € -0.02 in the first nine months of the previous year.

STRABAG SE generated an EBITDA of € 269.40 million in the third quarter, a plus of 3 %. The EBIT grew by 6 % to € 172.26 million.

Financial position and cash-flows

The balance sheet total of € 10,494.47 million on 30 September 2014 changed only little versus the € 10,560.79 million from 31 December 2013. The equity ratio, with 30.2 % after 30.7 % at the end of 2013, remained at the usual high level. Typical for the season, the net cash position in the amount of € 73.73 million at year's end turned into net debt of € 472.22 million. A comparison with the net debt after nine months in 2013 shows a decrease by 22 %.

The cash flow from earnings grew by 4 % over the comparison period of the previous year. The cash flow from operating activities improved by 7 % to € -108.82 million. In contrast, the other cash flows all worsened: The purchase of financial assets and the payment for the acquisition of DIW Group drove the cash flow from investing activities to € -380.62 million. The cash flow from financing activities moved from positive into negative terrain due to a € 200 million bond issue last year, something which STRABAG opted against this year.

Capital expenditures

In addition to the necessary maintenance expenditures – for the most part in Germany – STRABAG in the first nine months of 2014 invested especially in project-specific equipment needed for its international business as well as equipment for specialty businesses such as the tunnelling technique pipe jacking. The capital expenditures included € 251.04 million for the purchase of property, plant and equipment and intangible assets, € 102.45 million for the purchase of financial assets, € 0.91 million for cash outflows from changes to the scope of consolidation and the payment for the acquisition of DIW Group.

Employees

The number of employees fell by just 1 % to 71,987 in comparison to the same period of the previous year. Large changes in several entities nearly balanced each other out: The workforce was scaled back for market reasons in Poland and for project-related reasons in Russia and Romania, while new large projects in Denmark and internationally led to increases in staff levels in other countries.

Major transactions and risks

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

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

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

Outlook

The management board of STRABAG SE continues to expect the output volume for the 2014 financial year to remain more or less unchanged versus 2013 at € 13.6 billion. The reclassification of a part of the railway construction activities from the South + East segment to the North + West segment means that North + West should contribute slightly more to the group output volume than expected.

Due to the necessary purchase of project-related specialty equipment, the purchase of financial assets and the acquisition of DIW Group, the net investments (cash flow from investing activities) are expected to rise from € 332.38 million in 2013 to around € 500 million in 2014.

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

SEGMENT REPORT

Segment North + West

	Q3/2014	Q3/2013	Δ %	Δ absolute	9M/2014	9M/2013	Δ %	Δ absolute
Output volume (€ mln.)	1,937.24	1,753.66	10	183.58	4,586.63	4,273.16	7	313.47
Revenue (€ mln.)	1,713.71	1,623.95	6	89.76	4,234.25	3,946.18	7	288.07
Order backlog (€ mln.)					6,054.15	5,801.44	4	252.71
EBIT (€ mln.)	42.40	55.30	-23	-12.90	-52.22	-20.82	-151	-31.40
EBIT margin (% of revenue)	2.5	3.4			-1.2	-0.5		
Employees					23,145	22,617	2	528

Thanks to the mild winter – and despite the very restrained tender award policy on the part of the public sector in transportation infrastructures in Germany –, the **output volume** of the North + West segment underwent a positive development, growing by 7 % over the first nine months of the previous year to reach € 4,586.63 million. The largest contribution to this increase came from the building construction and civil engineering business in Germany and from the reclassification of a part of the railway construction activities from the South + East segment to North + West. The projects acquired some time ago in Denmark also showed a positive impact.

The **revenue** increased by 7 % in the first nine months of the year. The **earnings before interest and taxes** (EBIT), however, was more than twice as deep in negative territory at € -52.22 million. Several individual projects in transportation infrastructures, building construction and hydraulic engineering put pressure on earnings in Germany, the Netherlands and Sweden. As some of these projects continued to have a negative impact in the third quarter, the EBIT for this period was down by about one quarter even as the revenue increased by 6 %.

The **order backlog** increased by 4 % over the comparison period to € 6,054.15 million. This growth was driven above all by the markets in Denmark, Germany, Sweden and Poland: In Denmark in the first half of the year, the group was awarded the contract to build the Axeltorv project, a fourteen-storey multi-use building in the centre of Copenhagen with a contract value of more than € 100 million, as well as the tunnelling contract including station and ramp for the Copenhagen Metro, with about € 90 million of the contract value corresponding to the Züblin A/S subsidiary. In Sweden, the group reported of the construction of the Marieholmstunnel with a total contract value of more than € 170 million for Züblin Scandinavia AB. In Bremerhaven, Germany, in the third quarter, a consortium including two group companies was awarded the contract to build the Cherbourger Straße harbour tunnel. And in Poland, a whole series of new orders in the past nine months proved that the market may finally be on its way to recovery. Acquired projects include the S5 Poznań–Wrocław, S7 Trasa Nowohucka, the bypass around the city of Kościerzyna and the A4 section Rzeszów–Jarosław.

The number of **employees** in the segment grew by 2 % in the first nine months of 2014 to 23,145. Due to the reclassification of a part of railway construction from the South + East segment to the North + West segment, the company workforce in Germany increased by nearly twice the amount by which it declined in Poland.

A word on the **outlook:** An output volume of € 6.0 billion had previously been expected for the North + West segment in the 2014 financial year – an estimate which, thanks to Germany and the transition of a part of railway construction from the South + East segment, will very likely be surpassed. Two different trends can be observed in this market, which generates nearly three quarters of the segment's output volume: The **German building construction and civil engineering** business should continue to contribute quite positively to both output volume and earnings, while subcontractor prices are no longer expected to rise but could even fall slightly. The prices of reinforcing steel remain at a stable low level. In the German mass market for **transportation infrastructures,** on the other hand, no substantial investment boom is expected next year despite the government's announcement that it would raise investments and the increasing state of disrepair of the transport infrastructure. This basically also applies to large projects. As regards the production of construction materials for the German market, STRABAG expects that the consolidation course of proprietary asphalt mixing plants will continue.

After the shrinking of the market last year, the **Polish construction sector** – with 11 % of the segment output volume the second biggest market in North + West – again recovered significantly. The Polish road construction authority GDDKiA had planned to make investments in the amount of around € 7.5 billion for the two years 2014 and 2015. Additionally, investments of more than € 10 billion are expected in railway construction in Poland between 2015 and 2022. As most construction companies now have extensive order backlogs, rising material, staff and subcontractor prices are to be expected.

In **Scandinavia,** the countries of Sweden and Denmark are making the most significant contributions to the output volume. Here both the overall economic environment and the market for tunnel and infrastructure projects continue to be stable. The economic framework for the building construction business in Sweden and Denmark is attractive and offers growth potential. At the same time, the competition in Scandinavia for potential subcontractors and suppliers is very high, which is why STRABAG is working on its organisational and cost structure. Due to the ongoing restructuring in Sweden, projects must therefore be handled in cooperation with units from Germany in order to assure the successful completion of the construction targets.

Segment South + East

	Q3/2014	Q3/2013	Δ %	Δ absolute	9M/2014	9M/2013	Δ %	Δ absolute
Output volume (€ mln.)	1,167.77	1,400.39	-17	-232.62	2,966.71	3,226.46	-8	-259.75
Revenue (€ mln.)	1,074.04	1,384.62	-22	-310.58	2,768.32	3,073.92	-10	-305.60
Order backlog (€ mln.)					4,798.25	4,352.73	10	445.52
EBIT (€ mln.)	115.85	109.82	5	6.03	98.63	48.04	105	50.59
EBIT margin (% of revenue)	10.8	7.9			3.6	1.6		
Employees					18,672	20,992	-11	-2,320

The South + East segment generated an **output volume** of € 2,966.71 million in the first nine months of 2014, 8 % less than in the same period of the preceding year. This development can be partially explained by the reclassification of a part of railway construction to the North + West segment and by the completion of a large project in Romania at the same time that new orders in this market have not yet found expression in the output volume.

The **revenue** also fell, specifically by 10 %. However, the **earnings before interest and taxes** (EBIT) more than doubled after nine months to € 98.63 million. In the third quarter, the revenue fell by 22 % in response to the end of expired large projects, while the EBIT grew by 5 % to € 115.85 million.

The **order backlog** for the segment registered significant growth versus the end of the third quarter 2013 with a plus of 10 % to € 4,798.25 million. This can largely be explained by transportation infrastructure projects in Slovakia and various medium-sized orders in Romania. The order backlog also climbed significantly upward in Russia thanks to three contract awards in industrial construction.

Given the ongoing implementation of measures to raise efficiency, the number of **employees** was down in nearly all countries within the South + East segment. The figure fell by 11 % to 18,672. However, this includes the reclassification of nearly 900 employees from railway construction to the North + West segment.

A word on the **outlook:** The South + East segment had previously been expected to reach an output volume of € 4.7 billion in the 2014 financial year. This target should be barely met. The segment is characterised by smaller projects and only few large projects are currently being tendered.

The business environment and the price situation in the **Central and Eastern European construction sector** remain challenging. Strong competition can be seen especially in Romania and in the Adriatic region. The general construction environment in the Czech Republic and in Slovakia is acceptable, but pressure from the competition is on the rise here as well. The bidding prices are at times close to the limit of profitability.

The situation in **Austria** also did not relax. In the face of excess capacities, price competition in all construction segments remains intense. The only segment that remains quite positive is the **building construction** business in the greater **Vienna area** – the order books here are well-filled.

The activities in **Russia** have shifted increasingly over the past few months from a focus on residential and commercial construction to heavy industrial construction. The company will be busy working off the newly acquired projects in the years to come. Meanwhile, the political developments in Ukraine since February 2014 are having no significant influence on the situation of the STRABAG Group from today's perspective, and the sanctions have also not impacted the business thus far. The company generates less than 1 % of its annual output volume in Ukraine. In Russia, the group expects to generate less than 3 % of its output volume in 2014. As construction is an export non-intensive industry in which most of the services are provided locally, and the STRABAG Group provides its services almost exclusively for private clients, the company does not expect the political developments to have any immediate impact on its business in Russia – even if the investment climate has cooled significantly.

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

Segment International + Special Divisions

	Q3/2014	Q3/2013	Δ %	Δ absolute	9M/2014	9M/2013	Δ %	Δ absolute
Output volume (€ mln.)	796.43	773.51	3	22.92	2,072.39	2,006.35	3	66.04
Revenue (€ mln.)	744.44	679.43	10	65.01	1,872.13	1,764.28	6	107.85
Order backlog (€ mln.)					4,539.35	3,835.86	18	703.49
EBIT (€ mln.)	32.80	12.48	163	20.32	31.96	14.13	126	17.83
EBIT margin (% of revenue)	4.4	1.8			1.7	0.8		
Employees					24,426	23,556	4	870

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

The **revenue** of this segment also grew, namely by 6 %. The **earnings before interest and taxes** (EBIT) more than doubled to € 31.96 million. The third-quarter revenue gained 10 % while the EBIT grew from € 12.48 million to € 32.80 million.

The **order backlog** increased strongly compared to 30 September 2013, growing by 18 % to € 4,539.35 million. Responsible for this development was, among other things, the award for an approximately € 370 million project in Chile in the fourth quarter of 2013. In 2014, the order backlog received an additional boost from the contract awards for the Ulriken rail tunnel in Norway for about € 75 million and from the Tulfes–Pfons section of the Brenner Base Tunnel in Austria, the largest section to date, with a value of more than € 190 million for STRABAG. In Canada, the group was awarded the contract to build the Mid-Halton Outfall Tunnel with a contract value equivalent to just over € 50 million.

The plus of 4 % in the number of **employees** was influenced by increases in staff in Chile, in the Middle East and in Austria, among other places.

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

Internationally the company is successfully active in specialty businesses such as the tunnelling technique of pipe jacking, in test track construction, and in the field of liquefied natural gas (LNG). In its traditional non-European markets such as the Middle East, the company remains engaged with the same level of commitment, so that the orders situation can be assessed as satisfactory despite the great competition that projects are subject to here as well.

Although existing projects are mostly proceeding satisfactorily, the market for **concession projects** in transportation infrastructures in Europe remains weak in the face of a reduced project pipeline. While STRABAG was able to conclude two contracts as part of a consortium in 2014 – one toll contract in Belgium and a section of the N17/N18 motorway in Ireland –, potential projects above all in Eastern Europe hold significant political and financial challenges. In addition to the Northern European area, therefore, the group is actively yet selectively observing international markets such as Chile, Canada and individual countries in Africa.

In comparison, the group again expects a solid earnings contribution from the following two business fields: In **property & facility services,** increased productivity should make it possible to partially compensate for the higher personnel costs from the newly concluded collective agreement for 2014. Here STRABAG expanded its range of services in the past quarter to include industrial cleaning through the acquisition of DIW Group, Stuttgart. The takeover also served to strengthen the position of STRABAG PFS as second-largest facility services enterprise in Germany. This position was further consolidated with a series of new orders e.g. from companies in the media and retail business.

The **real estate development** business, meanwhile, is profiting from higher rents and lower vacancies in the German real estate centres. Moreover, in view of the continuously low interest rates, German and Austrian real estate should remain a much sought-after investment alternative. STRABAG is therefore very pleased with the busy activity of its subsidiary STRABAG Real Estate GmbH: For two projects, “Upper West” at Berlin’s Kurfürstendamm and the “Dancing Towers” in Hamburg, investors have been found. Meanwhile, properties were acquired for new projects in Frankfurt and in Hamburg, and only recently the company announced the start of the development of the office and retail property “Astoria” in Warsaw.

The **construction materials** business could be bolstered by an incipient stabilisation of the economic situation of the construction industry in several eastern European markets. The currently very affordably bitumen prices are also having a positive impact. For the ongoing financial year, however, the margins are unlikely to already receive support from the construction materials business.

Consolidated Interim Financial Statements STRABAG SE, Villach, as at 30 September 2014

Consolidated income statement for 1.1.–30.9.2014

T€	1.7.–30.9.2014	1.7.–30.9.2013	1.1.–30.9.2014	1.1.–30.9.2013
Revenue	3,538,346	3,696,424	8,892,290	8,806,467
Changes in inventories	-61,181	-3,457	-31,950	48,500
Own work capitalised	953	340	6,553	1,997
Other operating income	53,630	60,423	152,400	164,583
Construction materials, consumables and services used	-2,277,630	-2,511,527	-5,907,940	-5,914,830
Employee benefits expenses	-809,255	-799,674	-2,265,059	-2,252,468
Other operating expenses	-204,645	-212,789	-549,142	-577,939
Share of profit or loss of associates	23,465	23,147	37,856	31,885
Net income from investments	5,713	7,489	14,814	20,654
EBITDA	**269,396**	**260,376**	**349,822**	**328,849**
Depreciation and amortisation expense	-97,132	-97,938	-285,543	-289,222
EBIT	**172,264**	**162,438**	**64,279**	**39,627**
Interest and similar income	11,512	11,162	44,177	45,850
Interest expense and similar charges	-23,366	-20,884	-69,031	-64,456
Net interest income	**-11,854**	**-9,722**	**-24,854**	**-18,606**
EBT	**160,410**	**152,716**	**39,425**	**21,021**
Income tax expense	-41,241	-38,677	-19,150	-12,459
Net income	**119,169**	**114,039**	**20,275**	**8,562**
Attributable to: non-controlling interests	11,645	14,397	5,876	10,738
Attributable to: equity holders of the parent company	107,524	99,642	14,399	-2,176
Earnings per share (€)	**1.05**	**0.97**	**0.14**	**-0.02**

Statement of comprehensive income for 1.1.–30.9.2014

T€	1.7.–30.9.2014	1.7.–30.9.2013	1.1.–30.9.2014	1.1.–30.9.2013
Net income	**119,169**	**114,039**	**20,275**	**8,562**
Differences arising from currency translation	-5,691	5,252	-8,908	-31,197
Recycling of differences arising from currency translation	-34	0	-2,468	0
Change in forward exchange transactions and interest rate swaps	-11,353	8,616	-38,544	21,230
Recycling of forward exchange transactions and interest rate swaps	5,964	-7,236	17,268	4,213
Deferred taxes on neutral change in equity	889	-339	4,108	-4,938
Other income from associates	-721	-876	-3,867	-2,834
Total of items which are later recognised (“recycled”) in the income statement	**-10,946**	**5,417**	**-32,411**	**-13,526**
Other income from associates	-17	19	-52	59
Total of items which are not later recognised (“recycled”) in the income statement	**-17**	**19**	**-52**	**59**
Other income	**-10,963**	**5,436**	**-32,463**	**-13,467**
Total comprehensive income	**108,206**	**119,475**	**-12,188**	**-4,905**
Attributable to: non-controlling interests	12,394	13,775	4,604	8,985
Attributable to: equity holders of the parent company	95,812	105,700	-16,792	-13,890

Consolidated balance sheet as at 30 September 2014

T€	30.9.2014	31.12.2013
Intangible assets	499,819	501,788
Property, plant and equipment	2,063,487	2,145,517
Investment property	35,037	36,894
Investments in associates	364,863	371,596
Other financial assets	349,765	253,376
Receivables from concession arrangements	735,056	780,628
Trade receivables	72,684	72,576
Income tax receivables	6,594	7,978
Other financial assets	34,351	28,649
Deferred taxes	242,402	217,288
Non-current assets	**4,404,058**	**4,416,290**
Inventories	1,022,238	1,104,978
Receivables from concession arrangements	26,136	24,643
Trade receivables	3,253,209	2,697,645
Non-financial assets	64,320	56,020
Income tax receivables	39,387	35,066
Other financial assets	549,712	514,180
Cash and cash equivalents	1,135,414	1,711,968
Current assets	**6,090,416**	**6,144,500**
Assets	**10,494,474**	**10,560,790**
Share capital	114,000	114,000
Capital reserves	2,311,384	2,311,384
Retained earnings and other reserves	428,358	491,604
Non-controlling interests	314,905	321,781
Group equity	**3,168,647**	**3,238,769**
Provisions	989,176	994,744
Financial liabilities[1)]	1,220,194	1,353,870
Trade payables	55,621	48,534
Non-financial liabilities	1,517	1,397
Other financial liabilities	23,877	27,866
Deferred taxes	35,691	39,377
Non-current liabilities	**2,326,076**	**2,465,788**
Provisions	640,071	695,824
Financial liabilities[2)]	454,004	368,830
Trade payables	3,087,501	2,936,051
Non-financial liabilities	391,310	391,600
Income tax liabilities	84,882	97,281
Other financial liabilities	341,983	366,647
Current liabilities	**4,999,751**	**4,856,233**
Equity and Liabilities	**10,494,474**	**10,560,790**

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

Consolidated cash flow statement for 1.1.-30.9.2014

T€	1.1.–30.9.2014	1.1.–30.9.2013
Net income	20,275	8,562
Deferred taxes	-23,885	-16,939
Non-cash effective results from consolidation/deconsolidation	-3,599	0
Non-cash effective results from associates	3,746	6,064
Depreciations/write ups	287,099	292,989
Change in long-term provisions	-4,351	-11,838
Gains/losses on disposal of non-current assets	-21,166	-30,776
Cash flow from earnings	**258,119**	**248,062**
Change in inventories	-10,383	-70,230
Change in trade receivables, construction contracts and consortia	-467,032	-463,422
Change in receivables from subsidiaries and receivables from participation companies	18,661	39,912
Change in other assets	-23,415	-7,383
Change in trade payables, construction contracts and consortia	180,155	189,965
Change in liabilities from subsidiaries and liabilities from participation companies	-15,178	23,741
Change in other liabilities	2,790	-51,490
Change in current provisions	-52,541	-26,473
Cash flow from operating activities	**-108,824**	**-117,318**
Purchase of financial assets	-102,448	-14,112
Purchase of property, plant, equipment and intangible assets	-251,039	-292,352
Gains/losses on disposal of non-current assets	21,166	30,776
Disposals of non-current assets (carrying value)	31,259	35,516
Change in other cash clearing receivables	-78,644	-10,288
Change in scope of consolidation	-911	-6,459
Cash flow from investing activities	**-380,617**	**-256,919**
Change in bank borrowings	-8,937	28,755
Change in bonds	-7,500	105,000
Change in liabilities from finance leases	-1,703	-9,244
Change in other cash clearing liabilities	-6,284	-1,732
Change in non-controlling interests due to acquisition	-387	-89
Acquisition of own shares	0	-8,863
Distribution and withdrawals from partnerships	-55,181	-37,670
Cash flow from financing activities	**-79,992**	**76,157**
Net change in cash and cash equivalents	**-569,433**	**-298,080**
Cash and cash equivalents at the beginning of the period	1,684,700	1,350,669
Change in cash and cash equivalents due to currency translation	-7,121	-12,130
Change in restricted cash and cash equivalents	8,715	5,364
Cash and cash equivalents at the end of the period	**1,116,861**	**1,045,823**

Statement of changes in equity for 1.1.–30.9.2014

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2014	**114,000**	**2,311,384**	**641,977**	**-96,686**	**-53,687**	**2,916,988**	**321,781**	**3,238,769**
Net income	0	0	14,399	0	0	14,399	5,876	20,275
Differences arising from currency translation	0	0	0	0	-10,568	-10,568	-808	-11,376
Changes in forward exchange transactions	0	0	0	-261	0	-261	-6	-267
Changes in investments in associates	0	0	-51	-792	-2,987	-3,830	-89	-3,919
Changes of interest rate swaps	0	0	0	-20,552	0	-20,552	-457	-21,009
Deferred taxes on neutral change in equity	0	0	0	4,020	0	4,020	88	4,108
Total comprehensive income	**0**	**0**	**14,348**	**-17,585**	**-13,555**	**-16,792**	**4,604**	**-12,188**
Transactions concerning non-controlling interests	0	0	-284	0	0	-284	-2,469	-2,753
Distribution of dividends[1]	0	0	-46,170	0	0	-46,170	-9,011	-55,181
Balance as at 30.9.2014	**114,000**	**2,311,384**	**609,871**	**-114,271**	**-67,242**	**2,853,742**	**314,905**	**3,168,647**

Statement of changes in equity for 1.1.–30.9.2013

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2013	**114,000**	**2,311,384**	**554,709**	**-121,825**	**3,246**	**2,861,514**	**301,028**	**3,162,542**
Net income	0	0	-2,176	0	0	-2,176	10,738	8,562
Differences arising from currency translation	0	0	0	0	-29,084	-29,084	-2,113	-31,197
Changes in forward exchange transactions	0	0	0	-788	0	-788	-20	-808
Changes in investments in associates	0	0	58	-919	-1,851	-2,712	-63	-2,775
Changes of interest rate swaps	0	0	0	25,710	0	25,710	541	26,251
Deferred taxes on neutral change in equity	0	0	0	-4,840	0	-4,840	-98	-4,938
Total comprehensive income	**0**	**0**	**-2,118**	**19,163**	**-30,935**	**-13,890**	**8,985**	**-4,905**
Transactions concerning non-controlling interests	0	0	332	0	0	332	-422	-90
Acquisition of own shares	0	0	-8,863	0	0	-8,863	0	-8,863
Distribution of dividends[2]	0	0	-20,520	0	0	-20,520	-17,150	-37,670
Balance as at 30.9.2013	**114,000**	**2,311,384**	**523,540**	**-102,662**	**-27,689**	**2,818,573**	**292,441**	**3,111,014**

1) The total dividend payment of T€ 46,170 corresponds per share of T€ 0.45 based on 102,600,000 shares.
2) The total dividend payment of T€ 20,520 corresponds per share of T€ 0.20 based on 102,600,000 shares.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS STRABAG SE, VILLACH, AS AT 30 SEPTEMBER 2014

Basic principles

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

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

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

Changes in accounting policies

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

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

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

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

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

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

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

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

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

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

Accounting and valuation methods

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

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

Estimates

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

Scope of consolidation

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

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

	Consolidation	Equity method
Situation as at 31.12.2013	**298**	**21**
First-time inclusions in year under report	1	1
Merger in year under report	-6	0
Exclusions in year under report	-4	0
Situation as at 30.9.2014	**289**	**22**

ADDITION TO SCOPE OF CONSOLIDATION

	Direct stake %	Date of acquisition or foundation
Consolidation		
GBS Gesellschaft für Bau und Sanierung mbH, Leuna	100,00	1.1.2014[1)]
at-equity		
Strabag Qatar W.L.L., Qatar	49,00	

DISPOSALS FROM THE SCOPE OF CONSOLIDATION

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

Disposals from the scope of consolidation	
Bostadsrättsföreningen Tyresö View 1, Tyresö	sale
PBOiUT Slask Sp. z o.o., Katowice	sale
Strabag Qatar W.L.L., Qatar	at-equity
"Wohngarten Sensengasse" Bauträger GmbH, Vienna	sale

Merger[2)]
Baugesellschaft Nowotnik GmbH, Nörvenich
becker bau GmbH, Bornhöved
HEILIT Umwelttechnik GmbH, Düsseldorf
Helmus Straßen-Bau GmbH, Vechta
Kirchner & Völker Bauunternehmung GmbH, Erfurt
T S S Technische Sicherheits-Systeme Gesellschaft mit beschränkter Haftung, Cologne

Deconsolidation led to an insignificant disposal of assets and liabilities.

Acquisitions after the reporting date

With effect from 1 October 2014, STRABAG acquired 100 % of the shares in DIW Group (Stuttgart). With this acquisition, STRABAG expands its service portfolio to include industrial cleaning. The acquired entities will be consolidated as of 1 October 2014.

Methods of consolidation and currency translation

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

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 2014. The foundation/acquisition of the company occurred before 1 January 2014.
2) The companies listed under "Merger" were merged with already consolidated companies.

NOTES ON THE ITEMS OF THE CONSOLIDATED INCOME STATEMENT

Seasonality

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

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

Other operating income

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

T€	1.1.–30.9.2014	1.1.–30.9.2013
Interest income	49,617	51,557
Interest expense	-23,622	-25,707
Net interest income	**25,995**	**25,850**

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 1-9/2014, no goodwill from capital consolidation was capitalised and no impairments were made.

Property, plant and equipment and intangible assets

In 1-9/2014, tangible and intangible assets in the amount of T€ 251,039 (1-9/2013: T€ 292,352) were acquired.

In the same period, tangible and intangible assets with a book value of T€ 22,485 (1-9/2013: T€ 26,123) were sold.

Purchase obligations

On the reporting date, there were T€ 57,749 (30 September 2013: T€ 53,030) in contractual commitments for the acquisition of property, plant and equipment which were not considered in the financial statement.

Receivables from concession arrangements

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

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

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

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

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

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

The market value of the interest rate swap in the amount of T€ -64,272 (31 December 2013: T€ -38,493) is also recognised as long-term receivables from concession arrangements.

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

Equity

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

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

Contingent liabilities

The company has accepted the following guarantees:

T€	30.9.2014	31.12.2013
Guarantees without financial guarantees	0	903

Furthermore, there is a derived credit risk arising from the financial guarantee contracts (guarantees issued) of T€ 55,650 (31 December 2013: T€ 59,199).

Notes to the consolidated cash flow statement

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

The cash and cash equivalents are composed as follows:

T€	1.1.–30.9.2014	1.1.–30.9.2013
Securities	3,090	9,417
Cash on hand	4,058	5,104
Bank deposits	1,128,266	1,050,224
Restricted cash abroad	-7,981	-8,582
Pledge of cash and cash equivalents	-10,572	-10,340
Cash and cash equivalents	**1,116,861**	**1,045,823**

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

T€	1.1.–30.9.2014	1.1.–30.9.2013
Interest paid	48,857	52,855
Interest received	29,225	32,834
Taxes paid	60,389	38,209

Segment reporting

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

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

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

SEGMENT REPORTING FOR 1.7.–30.9.2014

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS Financial Statements	Group
Output Volume	**1,937,246**	**1,167,775**	**796,428**	**30,602**		**3,932,051**
Revenue	**1,713,710**	**1,074,041**	**744,446**	**6,149**	**0**	**3,538,346**
Inter-segment revenue	25,291	2,883	98,935	238,291		
EBIT	**42,403**	**115,851**	**32,796**	**-704**	**-18,082**	**172,264**
Interest and similar income	0	0	0	11,512	0	11,512
Interest expense and similar charges	0	0	0	-23,366	0	-23,366
EBT	**42,403**	**115,851**	**32,796**	**-12,558**	**-18,082**	**160,410**

SEGMENT REPORTING FOR 1.7.–30.9.2013

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS Financial Statements	Group
Output Volume	**1,753,665**	**1,400,385**	**773,505**	**38,654**		**3,966,209**
Revenue	**1,623,953**	**1,384,624**	**679,431**	**8,416**	**0**	**3,696,424**
Inter-segment revenue	31,900	4,236	114,348	227,979		
EBIT	**55,295**	**109,829**	**12,483**	**965**	**-16,134**	**162,438**
Interest and similar income	0	0	0	11,162	0	11,162
Interest expense and similar charges	0	0	0	-20,884	0	-20,884
EBT	**55,295**	**109,829**	**12,483**	**-8,757**	**-16,134**	**152,716**

SEGMENT REPORTING FOR 1.1.–30.9.2014

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS Financial Statements	Group
Output Volume	**4,586,632**	**2,966,713**	**2,072,389**	**85,869**		**9,711,603**
Revenue	**4,234,248**	**2,768,319**	**1,872,135**	**17,588**	**0**	**8,892,290**
Inter-segment revenue	70,718	9,668	197,929	614,110		
EBIT	**-52,221**	**98,632**	**31,960**	**58**	**-14,150**	**64,279**
Interest and similar income	0	0	0	44,177	0	44,177
Interest expense and similar charges	0	0	0	-69,031	0	-69,031
EBT	**-52,221**	**98,632**	**31,960**	**-24,796**	**-14,150**	**39,425**

SEGMENT REPORTING FOR 1.1.–30.9.2013

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS Financial Statements	Group
Output Volume	**4,273,165**	**3,226,455**	**2,006,346**	**103,242**		**9,609,208**
Revenue	**3,946,183**	**3,073,920**	**1,764,285**	**22,079**	**0**	**8,806,467**
Inter-segment revenue	99,468	9,570	225,575	596,994		
EBIT	**-20,823**	**48,044**	**14,130**	**420**	**-2,144**	**39,627**
Interest and similar income	0	0	0	45,850	0	45,850
Interest expense and similar charges	0	0	0	-64,456	0	-64,456
EBT	**-20,823**	**48,044**	**14,130**	**-18,186**	**-2,144**	**21,021**

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

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

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

Other minor differences result from the other consolidation entries.

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

T€	1.1.–30.9.2014	1.1.–30.9.2013
Net income from investments	-11,560	3,986
Other consolidations	-2,590	-6,130
Total	**-14,150**	**-2,144**

Notes on financial instruments

With exception of the financial liabilities the book value of the financial instruments corresponds to the fair value. The fair value of the financial liabilities amounts to T€ -1,726,787 on 30 September 2014 (31 December 2013: T€ -1,756,085) compared to the recognised book value of T€ -1,674,198 (31 December 2013: T€ -1,722,700).

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

T€	Level 1	Level 2	Total
Assets			
Securities	34,964	0	34,964
Cash and cash equivalents	3,090	0	3,090
Derivatives held for hedging purposes	0	-62,064	-62,064
Total	**38,054**	**-62,064**	**-24,010**
Liabilities			
Derivatives held for hedging purposes	0	-8,292	-8,292
Total	**0**	**-8,292**	**-8,292**

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

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

Notes on related parties

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

Events after the balance sheet date

No material events occurred after the reporting for this interim financial statements.

Audit waiver

The present interim 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 interim financial statements as of 30 September 2014 give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the of important events that have occurred during the first nine months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining three months of the financial year and of the major related party transactions to be disclosed.

Villach, 28 November 2014

Management Board

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

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

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

Mag. Hannes Truntschnig
Responsibility
Segment International + Special Divisions

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

1) RANC = Russia and Neighbouring Countries

FINANCIAL CALENDAR

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

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

CORPORATE BONDS

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

CORPORATE CREDIT RATING

Standard & Poors	BBB-	Outlook stable

CODES

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

For further questions, please contact our Investor Relations Department:

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This Interim Report is also available in German. In case of discrepancy the German version prevails.