WHAT HAS BEEN.

STRABAG
SOCIETAS EUROPAEA

Annual financial statements 2015

Content

WHAT HAS BEEN.

Consolidated financial statements 2015

STRABAG
SOCIETAS EUROPAEA

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

Consolidated income statement

T€	Notes	2015	2014
Revenue	(1)	13,123,476	12,475,673
Changes in inventories		-26,194	-34,430
Own work capitalised		5,761	8,770
Other operating income	(2)	221,465	225,215
Construction materials, consumables and services used	(3)	-8,619,028	-8,163,254
Employee benefits expenses	(4)	-3,158,252	-3,057,674
Other operating expenses	(5)	-826,900	-791,363
Share of profit or loss of equity-accounted investments	(6)	61,889	40,275
Net income from investments	(7)	33,883	16,731
EBITDA		**816,100**	**719,943**
Depreciation and amortisation expense	(8)	-475,057	-437,984
EBIT		**341,043**	**281,959**
Interest and similar income		82,071	82,169
Interest expense and similar charges		-106,490	-108,366
Net interest income	**(9)**	**-24,419**	**-26,197**
EBT		**316,624**	**255,762**
Income tax expense	(10)	-134,128	-108,259
Net income		**182,496**	**147,503**
attributable to: non-controlling interests		26,210	19,534
attributable to: equity holders of the parent company		156,286	127,969
Earnings per share (€)	**(11)**	**1.52**	**1.25**

Statement of total comprehensive income

T€	Notes	2015	2014
Net income		**182,496**	**147,503**
Differences arising from currency translation		9,390	-29,340
Recycling of differences arising from currency translation		-3,706	-1,879
Change in hedging reserves including interest rate swaps		-3,609	-42,409
Recycling of hedging reserves including interest rate swaps		24,703	23,271
Change in fair value of financial instruments under IAS 39		-193	2,155
Deferred taxes on neutral change in equity	(10)	-4,121	3,336
Other income from equity-accounted investments		698	-4,832
Total of items which are later recognised ("recycled") in the income statement		**23,162**	**-49,698**
Change in actuarial gains or losses		41,547	-106,940
Deferred taxes on neutral change in equity	(10)	-11,357	29,534
Other income from equity-accounted investments		34	-397
Total of items which are not later recognised ("recycled") in the income statement		**30,224**	**-77,803**
Other income		**53,386**	**-127,501**
Total comprehensive income		**235,882**	**20,002**
attributable to: non-controlling interests		30,279	8,863
attributable to: equity holders of the parent company		205,603	11,139

Consolidated balance sheet

T€	Notes	31.12.2015	31.12.2014
Intangible assets	(12)	510,801	535,725
Property, plant and equipment	(12)	1,881,520	2,015,061
Investment property	(13)	13,817	33,773
Equity-accounted investments	(14)	373,419	401,622
Other financial assets	(14)	201,905	232,644
Receivables from concession arrangements	(17)	710,248	728,790
Trade receivables	(17)	75,089	72,509
Income tax receivables	(17)	3,572	2,331
Other financial assets	(17)	221,773	205,883
Deferred taxes	(15)	291,928	278,123
Non-current assets		**4,284,072**	**4,506,461**
Inventories	(16)	801,701	849,400
Receivables from concession arrangements	(17)	28,829	26,654
Trade receivables	(17)	2,317,882	2,473,559
Non-financial assets	(17)	67,579	58,727
Income tax receivables	(17)	52,115	40,004
Other financial assets	(17)	374,360	396,713
Cash and cash equivalents	(18)	2,732,330	1,924,019
Assets held for sale	(19)	70,000	0
Current assets		**6,444,796**	**5,769,076**
Assets		**10,728,868**	**10,275,537**
Share capital		114,000	114,000
Capital reserves		2,311,384	2,311,384
Retained earnings and other reserves		613,647	459,328
Non-controlling interests		281,604	259,588
Group equity	**(20)**	**3,320,635**	**3,144,300**
Provisions	(21)	1,093,379	1,121,609
Financial liabilities[1]	(22)	1,293,753	1,176,724
Trade payables	(22)	78,370	56,815
Non-financial liabilities	(22)	900	1,167
Other financial liabilities	(22)	16,780	13,072
Deferred taxes	(15)	36,064	39,317
Non-current liabilities		**2,519,246**	**2,408,704**
Provisions	(21)	774,051	667,361
Financial liabilities[2]	(22)	285,994	433,198
Trade payables	(22)	2,915,939	2,729,754
Non-financial liabilities	(22)	383,753	422,419
Income tax liabilities	(22)	187,611	104,030
Other financial liabilities	(22)	341,639	365,771
Current liabilities		**4,888,987**	**4,722,533**
Equity and liabilities		**10,728,868**	**10,275,537**

1) Thereof T€ 439,377 concerning non-recourse liabilities from concession arrangements (2014: T€ 489,530)
2) Thereof T€ 50,153 concerning non-recourse liabilities from concession arrangements (2014: T€ 49,078)

Consolidated cash flow statement

T€	Notes	2015	2014
Net income		182,496	147,503
Deferred taxes		-36,834	654
Non-cash effective results from consolidation		-4,947	-2,233
Non-cash effective results from equity-accounted investments		32,507	36,081
Depreciations/write-ups		505,070	451,114
Change in long-term provisions		12,089	19,861
Gains/losses on disposal of non-current assets		-32,406	-32,748
Cash flow from earnings		*657,975*	*620,232*
Change in inventories		9,473	79,627
Change in trade receivables, construction contracts and consortia		192,808	247,817
Change in receivables from subsidiaries and receivables from participation companies		-21,641	56,600
Change in other assets		-14,330	-24,307
Change in trade payables, construction contracts and consortia		206,531	-167,014
Change in liabilities from subsidiaries and liabilities from participation companies		14,931	4,433
Change in other liabilities		95,565	21,402
Change in current provisions		99,039	-33,464
Cash flow from operating activities		**1,240,351**	**805,326**
Purchase of financial assets		-23,286	-21,025
Purchase of property, plant, equipment and intangible assets		-395,751	-346,487
Gains/losses on disposal of non-current assets		32,406	32,748
Disposals of non-current assets (carrying value)		64,982	57,361
Change in other financing receivables		7,539	-98,607
Change in scope of consolidation		-6,097	-59,292
Cash flow from investing activities		**-320,207**	**-435,302**
Change in bank borrowings		-130,017	-92,247
Issue of bonds		200,000	0
Repayment of bonds		-100,000	-7,500
Repayment of payables relating to finance leases		-828	-11,341
Change in other financing liabilities		-29,921	23,584
Change in non-controlling interests due to acquisition		-222	2,709
Distribution of dividends		-56,558	-57,628
Cash flow from financing activities		**-117,546**	**-142,423**
Net change in cash and cash equivalents		**802,598**	**227,601**
Cash and cash equivalents at the beginning of the period		1,906,038	1,684,700
Change in cash and cash equivalents due to currency translation		5,714	-15,550
Change in restricted cash and cash equivalents		12,297	9,287
Cash and cash equivalents at the end of the period	**(25)**	**2,726,647**	**1,906,038**

Statement of changes in equity

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2014	**114,000**	**2,311,384**	**641,977**	**-96,686**	**-53,687**	**2,916,988**	**321,781**	**3,238,769**
Net income	0	0	127,969	0	0	127,969	19,534	147,503
Differences arising from currency translation	0	0	0	0	-29,672	-29,672	-1,547	-31,219
Change in hedging reserves	0	0	0	-642	0	-642	-15	-657
Change in financial instruments IAS 39	0	0	2,089	0	0	2,089	66	2,155
Change in equity-accounted investments	0	0	-388	-503	-4,219	-5,110	-119	-5,229
Change of actuarial gains and losses	0	0	-94,522	0	0	-94,522	-12,418	-106,940
Neutral change of interest rate swaps	0	0	0	-18,081	0	-18,081	-400	-18,481
Deferred taxes on neutral change in equity	0	0	25,455	3,653	0	29,108	3,762	32,870
Total comprehensive income	**0**	**0**	**60,603**	**-15,573**	**-33,891**	**11,139**	**8,863**	**20,002**
Transactions concerning non-controlling interests	0	0	2,755	0	0	2,755	-59,598	-56,843
Distribution of dividends[1]	0	0	-46,170	0	0	-46,170	-11,458	-57,628
Balance as at 31.12.2014 = Balance as at 1.1.2015	**114,000**	**2,311,384**	**659,165**	**-112,259**	**-87,578**	**2,884,712**	**259,588**	**3,144,300**
Net income	0	0	156,286	0	0	156,286	26,210	182,496
Differences arising from currency translation	0	0	0	0	6,290	6,290	-606	5,684
Change in hedging reserves	0	0	0	158	0	158	4	162
Change in financial instruments IAS 39	0	0	-194	0	0	-194	1	-193
Change in equity-accounted investments	0	0	33	-468	1,150	715	17	732
Change of actuarial gains and losses	0	0	35,385	0	0	35,385	6,162	41,547
Neutral change of interest rate swaps	0	0	0	20,529	0	20,529	403	20,932
Deferred taxes on neutral change in equity	0	0	-9,429	-4,137	0	-13,566	-1,912	-15,478
Total comprehensive income	**0**	**0**	**182,081**	**16,082**	**7,440**	**205,603**	**30,279**	**235,882**
Change in representation[2]	0	0	-12,633	-1,288	13,921	0	-2,767	-2,767
Transactions concerning non-controlling interests	0	0	16	0	0	16	-238	-222
Distribution of dividends[3]	0	0	-51,300	0	0	-51,300	-5,258	-56,558
Balance as at 31.12.2015	**114,000**	**2,311,384**	**777,329**	**-97,465**	**-66,217**	**3,039,031**	**281,604**	**3,320,635**

1) The total dividend payment of T€ 46,170 corresponds to a dividend per share of € 0.45 based on 102,600,000 shares.

2) Due to changes in the presentation, non-controlling interests in Kommanditgesellschaften (limited partnership business entities) in the amount of T€ 2,767 were reclassified as other financial receivables or payables and parts of the hedging reserves and foreign currency reserves were reclassified.

3) The total dividend payment of T€ 51,300 corresponds to a dividend per share of € 0.50 based on 102,600,000 shares.

Consolidated statement of fixed assets as at 31 December 2015

T€	Balance as at 31.12.2014	Change in scope of consolidation	Currency translation	Acquisition and production costs Balance as at 1.1.2015	Additions	Transfers
I. Intangible Assets						
1. Concessions, industrial property rights and similiar rights as well as licences derived thereof	135,079	-1,094	36	134,021	3,070	0
2. Goodwill	681,632	1,271	3,771	686,674	0	0
3. Development costs	26,590	-6,142	0	20,448	395	0
4. Advances paid	0	0	0	0	224	0
Total	**843,301**	**-5,965**	**3,807**	**841,143**	**3,689**	**0**
II. Tangible Assets						
1. Properties, land rights equivalent to real property, buildings including buildings on third-party property	1,378,097	9,111	6,716	1,393,924	48,448	8,184
2. Technical equipment and machinery	2,658,844	1,183	21,713	2,681,740	166,276	-159,997
3. Other facilities, furniture and fixtures and office equipment	987,629	-2,801	6,083	990,911	117,444	555
4. Advances paid and facilities under construction	69,994	3,398	-3,871	69,521	59,808	-17,714
Total	**5,094,564**	**10,891**	**30,641**	**5,136,096**	**391,976**	**-168,972**
III. Investment Property	**199,917**	**-35,495**	**36**	**164,458**	**86**	**0**

Consolidated statement of fixed assets as at 31 December 2014

T€	Balance as at 31.12.2013	Change in scope of consolidation	Currency translation	Acquisition and production costs Balance as at 1.1.2014	Additions	Transfers
I. Intangible Assets						
1. Concessions, industrial property rights and similiar rights as well as licences derived thereof	114,769	23,280	445	138,494	6,047	197
2. Goodwill	641,239	43,724	-3,331	681,632	0	0
3. Development costs	27,595	-1,727	0	25,868	722	0
4. Advances paid	139	0	0	139	58	-197
Total	**783,742**	**65,277**	**-2,886**	**846,133**	**6,827**	**0**
II. Tangible Assets						
1. Properties, land rights equivalent to real property, buildings including buildings on third-party property	1,413,980	-26,031	-11,057	1,376,892	29,282	11,414
2. Technical equipment and machinery	2,673,139	5,946	-9,458	2,669,627	164,503	6,350
3. Other facilities, furniture and fixtures and office equipment	975,774	9,377	-6,656	978,495	114,234	1,557
4. Advances paid and facilities under construction	66,698	-5,900	-1,388	59,410	31,355	-19,321
Total	**5,129,591**	**-16,608**	**-28,559**	**5,084,424**	**339,374**	**0**
III. Investment Property	**203,349**	**0**	**-15**	**203,334**	**286**	**0**

1) Of this amount, impairments of T€ 82,162 (2014: T€ 49,967), reversal of depreciation T€ 668 (2014: T€ 5,305)

2) Of this amount, impairments of T€ 49,967 (2013: T€ 28,924), reversal of depreciation T€ 5,305 (2013: T€ 0)

		Accumulated depreciation							Carrying values	
Disposals	Balance as at 31.12.2015	Balance as at 31.12.2014	Change in scope of consolidation	Currency translation	Additions[1]	Transfers	Disposals	Balance as at 31.12.2015	Values 31.12.2015	Values 31.12.2014
5,978	131,113	77,866	-1,186	-174	9,262	0	5,752	80,016	51,097	57,213
0	686,674	209,464	-3,193	8	24,750	0	0	231,029	455,645	472,168
0	20,843	20,246	-6,142	0	2,904	0	0	17,008	3,835	6,344
0	224	0	0	0	0	0	0	0	224	0
5,978	**838,854**	**307,576**	**-10,521**	**-166**	**36,916**	**0**	**5,752**	**328,053**	**510,801**	**535,725**
50,303	1,400,253	523,759	772	1,736	62,512	0	26,848	561,931	838,322	854,338
155,097	2,532,922	1,865,362	-3,850	17,394	262,412	-98,980	143,386	1,898,952	633,970	793,482
92,036	1,016,874	670,554	-3,985	4,726	110,287	28	83,100	698,510	318,364	317,075
20,751	90,864	19,827	0	0	0	-20	19,807	0	90,864	50,167
318,187	**5,040,913**	**3,079,502**	**-7,063**	**23,856**	**435,211**	**-98,972**	**273,141**	**3,159,393**	**1,881,520**	**2,015,062**
194	**164,350**	**166,144**	**-18,497**	**0**	**2,930**	**0**	**44**	**150,533**	**13,817**	**33,773**

		Accumulated depreciation							Carrying values	
Disposals	Balance as at 31.12.2014	Balance as at 31.12.2013	Change in scope of consolidation	Currency translation	Additions[2]	Transfers	Disposals	Balance as at 31.12.2014	Values 31.12.2014	Values 31.12.2013
9,659	135,079	84,112	-4,494	397	7,481	0	9,630	77,866	57,213	30,657
0	681,632	180,649	0	-17	28,832	0	0	209,464	472,168	460,590
0	26,590	17,193	-297	0	3,350	0	0	20,246	6,344	10,402
0	0	0	0	0	0	0	0	0	0	139
9,659	**843,301**	**281,954**	**-4,791**	**380**	**39,663**	**0**	**9,630**	**307,576**	**535,725**	**501,788**
39,491	1,378,097	497,704	-6,781	-2,223	54,235	328	19,504	523,759	854,338	916,276
181,636	2,658,844	1,800,819	2,474	-6,584	237,932	-289	168,990	1,865,362	793,482	872,320
106,657	987,629	659,773	5,941	-3,647	106,431	-39	97,905	670,554	317,075	316,001
1,450	69,994	25,778	-5,805	0	0	0	146	19,827	50,167	40,920
329,234	**5,094,564**	**2,984,074**	**-4,171**	**-12,454**	**398,598**	**0**	**286,545**	**3,079,502**	**2,015,062**	**2,145,517**
3,703	**199,917**	**166,455**	**0**	**0**	**-278**	**0**	**33**	**166,144**	**33,773**	**36,894**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basic principles

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

The consolidated financial statements of STRABAG SE, at the reporting date 31 December 2015, were drawn up under application of Section 245a Paragraph 2 of the Austrian Commercial Code (UGB) in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

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

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

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

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

Changes in accounting policies

NEW AND REVISED STANDARDS AND INTERPRETATIONS THAT ARE EFFECTIVE FOR THE 2015 FINANCIAL YEAR

The IASB has made the following amendments to the existing IFRS and passed several new IFRS and IFRIC, which have also been adopted by the European Commission. Application became mandatory on 1 January 2015 or 17 June 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)**
IFRIC 21 Levies	1.1.2014	17.6.2014
Annual Improvements to IFRS 2011–2013	1.7.2014	1.1.2015

The first-time application of the remaining aforementioned IFRIC interpretations and IFRS standards had only minor impact on the consolidated financial statements as at 31 December 2015, as the changes were applicable only in certain cases. These also did not result in changes to the methods of accounting and valuation.

FUTURE CHANGES OF FINANCIAL REPORTING STANDARDS

The IASB and the IFRIC approved further standards and interpretations. However, these were neither required to be applied in the 2015 financial year nor adopted by the European Commission. The amendments affect the following standards and interpretations:

	Application for financial years which begin on or after (according to IASB)	Application for financial years which begin on or after (according to EU endorsement)	Impact on the consolidated financial statements
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions	1.7.2014	1.2.2015	minor impact
Annual Improvements to IFRS 2010–2012	1.7.2014	1.2.2015	minor impact
Amendments to IFRS 11 Joint Arrangements: Accounting for the acquisition of an interest in a joint operation	1.1.2016	1.1.2016	minor impact
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Acceptable methods of depreciation and amortisation	1.1.2016	1.1.2016	no
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Bearer Plants	1.1.2016	1.1.2016	no
IFRS 9 (2009, 2010, 2013) Financial Instruments	1.1.2018	n. a.[1]	is being analysed
IFRS 14 Regulatory Deferral Accounts	1.1.2016	n. a.	no
IFRS 15 Revenue from Contracts with Customers	1.1.2018	n. a.	is being analysed
IFRS 16 Leasing	1.1.2019	n. a.	is being analysed
Amendments to IAS 27 Separate Financial Statements: Equity method in separate financial statements	1.1.2016	1.1.2016	no
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sales or contributions of assets between an investor and its associate/joint venture	n. a.	n. a.	minor impact
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures: Investment entities: Applying the consolidation exception	1.1.2016	n. a.	minor impact
Amendments to IAS 1 Presentation of Financial Statements	1.1.2016	1.1.2016	minor impact
Improvements project IFRS 2012–2014	1.1.2016	1.1.2016	is being analysed
Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1.1.2017	n. a.	is being analysed
Amendments to IAS 7 Disclosure Initiative	1.1.2017	n. a.	is being analysed

Consequences for the consolidated financial statements are expected especially from the application of the following standards and interpretations:

The **amendments to IAS 12** clarify that unrealised losses on debt instruments (from impairment losses on fair value) give rise to deferred tax assets on temporary differences. The amendments also clarify that, for all deductible temporary differences together, an evaluation must be made as to whether sufficient future taxable profits will be available against which the temporary differences can be utilised. The amendments specify how to determine probable future taxable profits.

The **amendments to IFRS 11** clarify how to account for acquisitions of an interest in a joint operation when the operation constitutes a business.

IFRS 9 follows a new standard for the classification and measurement of financial assets, distinguishing only between two measurement categories (measurement at fair value and measurement at amortised cost) based on the entity's business model or on the characteristics of the contractual cash flows of the financial asset in question. Measurement with regard to impairment is to be performed using a uniform method.

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. IFRS 15 supersedes the corresponding standards in IAS 11, IAS 18 and IFRIC 15.

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

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

The application of the other new standards and interpretations is expected to have only a minor impact in the future on the consolidated financial statements.

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

Consolidation

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

SUBSIDIARIES

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

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

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

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

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

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

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

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

In the 2015 financial year, T€ 4,464 (2014: T€ 43,724) in goodwill arising from capital consolidation were recognised as assets. Impairments in the amount of T€ 24,750 (2014: T€ 28,832) were made.

Immaterial subsidiaries are not consolidated; these are reported at cost or at fair value in accordance with IAS 39 if this value can be reliably determined and recognised in the item other financial assets.

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

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

DISPOSAL OF SUBSIDIARIES

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

STRUCTURED ENTITIES

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

ASSOCIATES

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

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

In the year under review, the initial equity measurement of newly acquired entities resulted in net goodwill in the amount of T€ 0 (2014: T€ 0), which is recognised as a component of equity-accounted investments.

Associates which are not recognised using the equity method are recognised at cost or at fair value in accordance with IAS 39 if this value can be reliably determined and recognised in the item other financial assets.

JOINT ARRANGEMENTS

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

Joint ventures which are not recognised using the equity method are recognised at cost or at fair value in accordance with IAS 39 if this value can be reliably determined and recognised in the item other financial assets.

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

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

INVESTMENTS

Investments which do not constitute subsidiaries, joint ventures or associates are recognised at cost or at fair value in accordance with IAS 39 if this value can be reliably determined and recognised in the item other financial assets.

Consolidation procedures

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

Expenses and revenues from intra-group transactions are eliminated. Results incurred from intra-group transactions that are recognised in the non-current and current assets are eliminated if they are material.

Unrealised profits from transactions between group entities and equity-accounted investments are eliminated in proportion to the group's share in the associate.

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

The necessary tax deferrals are made for consolidation procedures.

Scope of consolidation

The consolidated financial statements as at 31 December 2015 include STRABAG SE as well as all major domestic and foreign subsidiaries over which STRABAG SE either directly or indirectly has control. Associated companies and joint ventures are reported in the balance sheet using the equity method (equity-accounted investments).

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

Subsidiaries and equity-accounted investments included in the 2015 consolidated financial statements are given in the list of subsidiaries, equity-accounted investments and participation companies.

The financial year for all consolidated subsidiaries and equity-accounted investments, with the exception of the following companies that are included in the scope of consolidation on the basis of an interim report effective 31 December 2015, is identical with the calendar year.

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

The number of consolidated companies changed in the 2015 financial year as follows:

	Consolidation	Equity method
Situation as at 31.12.2013	**298**	**21**
First-time inclusions in year under report	15	1
First-time inclusions in year under report due to merger/accretion	6	0
Merger/accretion in year under report	-26	0
Exclusions in year under report	-27	-1
Transition consolidation	-3	3
Situation as at 31.12.2014	**263**	**24**
First-time inclusions in year under report	9	1
First-time inclusions in year under report due to merger/accretion	4	0
Merger/accretion in year under report	-6	0
Exclusions in year under report	-13	-2
Situation as at 31.12.2015	**257**	**23**

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
F 101 Projekt GmbH & Co. KG, Cologne	100.00	9.3.2015
Magyar Bau Holding Zrt., Budapest	100.00	1.1.2015[1)]
STR Epitö Kft., Budapest	100.00	1.1.2015[1)]
STRABAG Facility Services GmbH (formerly Clubdorf Sachrang Betriebs GmbH), Nuremberg	100.00	1.1.2015[1)]
STRABAG Industries (Thailand) Co.,Ltd., Bangkok	100.00	1.1.2015[1)]
STRABAG Rail AB, Kumla	100.00	1.1.2015[1)]
STRABAG SIA, Milzkalne	82.08	1.1.2015[1)]
Züblin Egypt LLC, Cairo	100.00	1.5.2015
ZUBLIN PRECAST INDUSTRIES SDN. BHD., Johor	100.00	1.1.2015[1)]
Merger/Accretion		
FDZ Grundstücksverwaltung GmbH & Co. Objekt Stuttgart-Möhringen KG, Mainz	100.00	1.1.2015[2)]
Harald Zweig Bautenschutz G.m.b.H., Essen	100.00	1.1.2015[2)]
MIEJSKIE PRZEDSIEBIORSTWO ROBOT DROGOWYCH Sp. z o.o., Bialystok	100.00	1.1.2015[2)]
MINERAL ROM SRL, Brasov	100.00	1.1.2015[2)]
at-equity		
SeniVita Social Estate AG, Bayreuth	46.00	1.4.2015

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 2015. The foundation/acquisition of the company occurred before 1 January 2015.

2) The companies listed under Merger/Accretion were merged with/accrued on already consolidated companies and as such are at once represented as additions to and removals from the scope of consolidation.

ACQUISITIONS

In response to the German Federal Cartel Office's inquiry into the market for rolled asphalt initiated in 2010, measures have been taken to break up corporate interlocks among rolled asphalt producers in the sector. In the 2015 financial year, STRABAG acquired four production sites for a total purchase price of € 9.8 million. Moreover the activities of German SME Dietz & Strobel Straßenbau GmbH, based in Bretzfeld near Heilbronn, were acquired as part of an asset deal in March 2015. The purchase price is preliminarily allocated to assets and liabilities as follows:

T€	**Asset deals**
Acquired assets and liabilities	
Goodwill	4,464
Other non-current assets	5,839
Current assets	1,568
Non-current liabilities	0
Current liabilities	775
Purchase price	**11,096**
Acquired cash and cash equivalents	0
Net cash outflow from acquisitions	**11,096**

The consolidation of companies included for the first time took place at the date of acquisition or a near reporting date, provided that this had no significant difference to an inclusion at the date of acquisition.

In the 2015 financial year, negative goodwill in the amount of T€ 3,797 (2014: T€ 1,892) occurred. This amount is reported under other operating income.

All companies which were consolidated for the first time in 2015 contributed T€ 72,261 to revenue and T€ -13,724 to net income.

DISPOSALS FROM THE SCOPE OF CONSOLIDATION

As at 31 December 2015, the following companies were no longer included in the scope of consolidation:

Disposals from scope of consolidation	
"Filmforum am Bahnhof" Errichtungs- und Betriebsgesellschaft m.b.H., Vienna	Sale
Eichholz Eivel GmbH, Berlin	Fell below significant level
Jewel Development Grundstück GmbH & Co. KG, Cologne	Sale
JUKA Justizzentrum Kurfürstenanlage GmbH, Cologne	Fell below significant level
Kurfürstenanlage GmbH & Co. KG, Pullach i. Isartal	Sale
Ludwig Voss GmbH, Cuxhaven	Suspension of activities
MAYVILLE INVESTMENTS Sp. z o.o., Warsaw	Suspension of activities
Möbius Construction Ukraine Ltd, Odessa	Suspension of activities
Offshore Wind Logistik GmbH, Stuttgart	Suspension of activities
Raststation A 6 GmbH, Vienna	Suspension of activities
STRABAG Offshore Wind GmbH, Stuttgart	Suspension of activities
TyresöView1 Holding AB, Stockholm	Fell below significant level
Zucotec - Sociedade de Construcoes, Unip., Lda., Amadora	Loss of control
Merger/Accretion[1]	
FDZ Grundstücksverwaltung GmbH & Co. Objekt Stuttgart-Möhringen KG, Mainz	Accretion
Harald Zweig Bautenschutz G.m.b.H., Essen	Merger
MIEJSKIE PRZEDSIEBIORSTWO ROBOT DROGOWYCH Sp. z o.o., Bialystok	Merger
STRABAG Property and Facility Services GmbH, Vienna	Merger
STRABAG-HIDROINZENJERING d.o.o., Split	Merger
MINERAL ROM SRL, Brasov	Merger
at-equity	
Asphalt-Mischwerke-Hohenzollern GmbH & Co. KG, Inzigkofen	Sale
Oder Havel Mischwerke GmbH & Co. KG i.L., Berlin	Fell below significant level

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

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

T€	Disposals from scope of consolidation
Assets and liabilities	
Non-current assets	-27,543
Current assets	-68,210
Non-current liabilities	2,683
Current liabilities	82,485

Resulting profit in the amount of T€ 8,574 and losses in the amount of T€ -5,192 are recognised in profit or loss.

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

NON-CONTROLLING INTERESTS

A significant portion of the non-controlling interests in the group affects the inclusion of the Ed. Züblin AG subgroup[1]. The table shows the financial information after intercompany eliminations[2].

T€	ZÜBLIN	
	2015	**2014**
Non-controlling interests (%)	42.74	42.74
Registered place of the parent company	Stuttgart	Stuttgart
Headquarters	Germany	Germany
Non-current assets	364,482	345,837
Current assets	1,460,929	1,424,551
Non-current liabilities	-196,076	-227,555
Current liabilities	-1,130,706	-1,081,377
Net assets	**498,629**	**461,456**
Net assets attributable to non-controlling interests	213,731	198,347
Net assets attributable to STRABAG Group	284,898	263,109
Revenue	3,256,613	3,260,968
Net income	33,213	34,942
Other income	8,204	-16,382
Total comprehensive income	**41,417**	**18,560**
Net income attributable to non-controlling interests	14,151	14,396
Net income attributable to STRABAG Group	19,062	20,546
Other income attributable to non-controlling interests	3,551	-6,843
Other income attributable to STRABAG Group	4,653	-9,539
Cash and cash equivalents	801,819	783,888
Cash flow from operating activities	63,580	128,086
Cash flow from investing activities	-79,898	-94,980
Cash flow from financing activities	32,892	56,190
Dividends paid to non-controlling interests	-701	-350
Net increase (net decrease) in cash and cash equivalents	**16,574**	**89,296**
Carrying amount of the non-controlling interests	213,731	198,347

At the same time, the group still holds direct non-controlling interests in the amount of 6.37 % in STRABAG AG, Cologne, as well as indirect non-controlling interests of 2.28 % in Bau Holding Beteiligungs AG, Spittal an der Drau. The carrying amount of these non-controlling interests amounts to T€ 51,024 (2014: T€ 45,842).

1) No special protective regulations exist beyond the regulatory protective rights of non-controlling interests.
2) The subgroup Ed. Züblin AG without intercompany eliminations is online at www.zueblin.de

ACQUISITION OF NON-CONTROLLING INTERESTS

Besides the above-mentioned investments, the ownership interests in subsidiaries in the financial year changed only insignificantly or had insignificant impact. The changes are represented in the list of subsidiaries, equity-accounted investments and participation companies which is included in the annual financial statements. The impact is shown in the statement of changes in equity under transactions concerning non-controlling interests.

Currency translation

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

The functional currency of STRABAG's subsidiaries is the respective local currency, with the exception of AKA Alföld Koncesszios Autopalya Zrt., Budapest, whose functional currency is the euro.

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

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

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

The most important currencies, including their average exchange rates on the reporting date, are listed under item 26. Currency translation differences of T€ 5,684 (2014: T€ -31,219) are recognised directly in equity in the financial year. Forward exchange operations (hedging) excluding deferred taxes in the amount of T€ 162 (2014: T€ -657) were recognised directly in equity.

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

Consolidated companies and equity-accounted investments

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

Austria		**Nominal capital T€/TATS**	**Direct stake %**
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH", Spittal an der Drau		35	100.00
"DOMIZIL" Bauträger GmbH, Vienna		727	100.00
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau		35	100.00
"Viennaer Heim" Wohnbaugesellschaft m.b.H., Vienna		741	100.00
ABR Abfall Behandlung und Recycling GmbH, Schwadorf		37	100.00
Asphalt & Beton GmbH, Spittal an der Drau		36	100.00
AUSTRIA ASPHALT GmbH & Co OG, Spittal an der Drau	TATS	500	100.00
Bau Holding Beteiligungs AG, Spittal an der Drau		48,000	100.00
Bitumen Handelsgesellschaft m.b.H. & Co KG, Loosdorf	TATS	3,000	100.00
BITUNOVA Baustofftechnik Gesellschaft m.b.H., Spittal an der Drau	TATS	2,000	100.00
BLUMENFELD Liegenschaftsverwaltungs GmbH, Vienna	TATS	1,000	100.00
BMTI-Baumaschinentechnik International GmbH, Trumau		1,454	100.00
Böhm Stadtbaumeister & Gebäudetechnik GmbH, Vienna		36	100.00
BrennerRast GmbH, Vienna		35	100.00
BRVZ Bau- Rechen- u. Verwaltungszentrum Gesellschaft m.b.H., Spittal an der Drau		37	100.00
Bug-AluTechnic GmbH, Vienna		5,000	100.00

Austria		Nominal capital T€/TATS	Direct stake %
Campus Eggenberg Immobilienprojekt GmbH, Graz		36	60.00
Center Communication Systems GmbH, Vienna		727	100.00
Diabaswerk Saalfelden Gesellschaft m.b.H., Saalfelden		363	100.00
Eckstein Holding GmbH, Spittal an der Drau		73	100.00
EFKON AG, Raaba		28,350	98.14
F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG, Wiener Neustadt		1,192	100.00
Goldeck Bergbahnen GmbH, Spittal an der Drau		363	100.00
Ilbau Liegenschaftsverwaltung GmbH, Spittal an der Drau		4,500	100.00
InfoSys Informationssysteme GmbH, Spittal an der Drau		363	94.90
Innsbrucker Nordkettenbahnen Betriebs GmbH, Innsbruck		35	51.00
KAB Straßensanierung GmbH & Co KG, Spittal an der Drau		133	50.60
Kanzel Steinbruch Dennig Gesellschaft mit beschränkter Haftung, Gratkorn	TATS	500	75.00
M5 Beteiligungs GmbH, Vienna		70	100.00
M5 Holding GmbH, Vienna		35	100.00
Mineral Abbau GmbH, Spittal an der Drau		36	100.00
Mischek Systembau GmbH, Vienna		1,000	100.00
Mobil Baustoffe GmbH, Reichenfels		50	100.00
OAT - Bohr- und Fugentechnik Gesellschaft m.b.H., Spittal an der Drau	TATS	1,000	51.00
Osttiroler Asphalt Hoch- und Tiefbauunternehmung GmbH, Lavant i. Osttirol		36	80.00
Raststation A 3 GmbH, Vienna		35	100.00
RBS Rohrbau-Schweißtechnik Gesellschaft m.b.H., Linz		291	100.00
SF Bau vier GmbH, Vienna		35	100.00
STRABAG AG, Spittal an der Drau		12,000	100.00
STRABAG Anlagentechnik GmbH, Thalgau		1,000	100.00
STRABAG Bau GmbH, Vienna		1,800	100.00
STRABAG Energy Technologies GmbH, Vienna		50	100.00
STRABAG Holding GmbH, Vienna		35	100.00
Strabag Liegenschaftsverwaltung GmbH, Linz		4,500	100.00
STRABAG Property and Facility Services GmbH, Vienna		1,500	100.00
STRABAG SE, Villach		114,000	100.00
TPA Gesellschaft für Qualitätssicherung und Innovation GmbH, Vienna		37	100.00
VIOLA PARK Immobilienprojekt GmbH, Vienna		45	75.00
Züblin Holding GesmbH, Vienna		55	100.00
Züblin Spezialtiefbau Ges.m.b.H., Vienna		1,500	100.00

Germany		Nominal capital T€/TDEM	Direct stake %
Alpines Hartschotterwerk GmbH, Leinfelden-Echterdingen		25	100.00
Atlas Tower GmbH & Co. KG, Cologne		106	94.90
Baumann & Burmeister GmbH, Halle/Saale		51	100.00
BBS Baustoffbetriebe Sachsen GmbH, Hartmannsdorf	TDEM	30,000	100.00
BHG Bitumenhandelsgesellschaft mbH, Hamburg		26	100.00
BITUNOVA GmbH, Dusseldorf		256	100.00
Blees-Kölling-Bau GmbH, Cologne	TDEM	2,500	100.00
BMTI - Baumaschinentechnik International GmbH & Co. KG, Cologne		307	100.00
BRVZ Bau- Rechen- und Verwaltungszentrum GmbH & Co. KG, Cologne		30	100.00
Büro Campus Deutz Torhaus GmbH, Cologne		101	100.00
CLS Construction Legal Services GmbH, Cologne		25	100.00
Deutsche Asphalt GmbH, Cologne		28	100.00
DIW Aircraft Services GmbH, Stuttgart		25	100.00
DIW Instandhaltung GmbH, Stuttgart		25	100.00
DIW Mechanical Engineering GmbH, Stuttgart		25	100.00
DIW System Dienstleistungen GmbH, Munich		25	100.00
DYWIDAG Bau GmbH, Munich		32	100.00
DYWIDAG International GmbH, Munich		5,000	100.00
DYWIDAG-Holding GmbH, Cologne		500	100.00
E S B Kirchhoff GmbH, Leinfelden-Echterdingen		1,500	100.00
Eberhard Pöhner Unternehmen für Hoch- und Tiefbau GmbH, Bayreuth		30	100.00
ECS European Construction Services GmbH, Mörfelden-Walldorf		225	100.00
Ed. Züblin AG, Stuttgart		20,452	57.26
F 101 Projekt GmbH & Co. KG, Cologne		10	100.00

Germany		Nominal capital T€/TDEM	Direct stake %
F. Kirchhoff GmbH, Leinfelden-Echterdingen		23,319	100.00
F.K. SYSTEMBAU GmbH, Münsingen		2,000	100.00
Fahrleitungsbau GmbH, Essen		1,550	100.00
Forum Mittelrhein Koblenz Generalübernehmergesellschaft mbH & Co.KG, Oststeinbek		25	51.00
Forum Mittelrhein Koblenz Kultur GmbH & Co. KG, Hamburg		25	51.00
Gaul GmbH, Sprendlingen		25	100.00
GBS Gesellschaft für Bau und Sanierung mbH, Leuna		513	100.00
Griproad Spezialbeläge und Baugesellschaft mbH, Cologne	TDEM	400	100.00
Heimfeld Terrassen GmbH, Cologne		25	100.00
Ilbau GmbH Deutschland, Berlin		4,700	100.00
Ilbau Liegenschaftsverwaltung GmbH, Hoppegarten	TDEM	15,000	100.00
IQ Generalübernehmer GmbH & Co. KG, Oststeinbek		25	75.00
Josef Riepl Unternehmen für Ingenieur- und Hochbau GmbH, Regensburg		900	100.00
LIMET Beteiligungs GmbH & Co. Objekt Köln KG, Cologne		10	94.00
LIMET Beteiligungs GmbH, Cologne	TDEM	50	100.00
MAV Mineralstoff - Aufbereitung und - Verwertung GmbH, Krefeld		600	50.00
MAV Mineralstoff - Aufbereitung und Verwertung Lünen GmbH, Lünen		250	100.00
MERK Timber GmbH, Aichach		1,534	100.00
Mineral Baustoff GmbH, Cologne		25	100.00
MOBIL Baustoffe GmbH, Munich		100	100.00
NE Sander Eisenbau GmbH, Sande		155	100.00
NE Sander Immobilien GmbH, Sande		155	100.00
Pyhrn Concession Holding GmbH, Cologne		38	100.00
REPASS-SANIERUNGSTECHNIK GMBH Korrosionsschutz und Betoninstandsetzung, Munderkingen	TDEM	51	100.00
Rimex Gebäudemanagement GmbH, Ulm		51	100.00
ROBA Transportbeton GmbH, Berlin		520	100.00
RVB Gesellschaft für Recycling, Verwertung und Beseitigung von Abfällen mbH, Kelheim		25	100.00
SAT Straßensanierung GmbH, Cologne		30	100.00
SF-Ausbau GmbH, Freiberg		600	100.00
Stephan Holzbau GmbH, Gaildorf		25	100.00
STRABAG AG, Cologne		104,780	93.63
STRABAG Anlagentechnik GmbH, Cologne		9,220	100.00
STRABAG Facility Management GmbH, Berlin		30	100.00
STRABAG Facility Services GmbH, Nuremberg		53	100.00
STRABAG GmbH, Bad Hersfeld		15,000	100.00
STRABAG Großprojekte GmbH, Munich		18,000	100.00
STRABAG Infrastrukturprojekt GmbH, Bad Hersfeld		1,280	100.00
STRABAG International GmbH, Cologne		2,557	100.00
STRABAG Kieserling Flooring Systems GmbH, Hamburg		1,050	100.00
STRABAG Projektentwicklung GmbH, Cologne	TDEM	20,000	100.00
STRABAG Property and Facility Services GmbH, Münster		5,000	100.00
STRABAG Rail Fahrleitungen GmbH, Berlin		600	100.00
STRABAG Rail GmbH, Lauda-Königshofen		25	100.00
STRABAG Real Estate GmbH, Cologne		30,000	100.00
STRABAG Sportstättenbau GmbH, Dortmund	TDEM	200	100.00
STRABAG Umwelttechnik GmbH, Dusseldorf		2,000	100.00
STRABAG Unterstützungskasse GmbH, Cologne		26	100.00
STRABAG Wasserbau GmbH, Hamburg		6,833	100.00
Torkret GmbH, Stuttgart		1,023	100.00
TPA GmbH, Cologne		511	100.00
Wolfer & Goebel Bau GmbH, Stuttgart		25	100.00
Xaver Bachner GmbH, Straubing	TDEM	500	100.00
Z-Bau GmbH, Magdeburg		100	100.00
ZDE Sechste Vermögensverwaltung GmbH, Cologne		25	100.00
Züblin Chimney and Refractory GmbH, Cologne		511	100.00
Züblin Gebäudetechnik GmbH, Erlangen		25	100.00
Züblin Hoch- und Brückenbau GmbH, Bad Hersfeld		2,500	100.00
Züblin International GmbH, Stuttgart		2,500	100.00

Germany		Nominal capital T€/TDEM	Direct stake %
Züblin Projektentwicklung GmbH, Stuttgart	TDEM	5,000	100.00
Züblin Spezialtiefbau GmbH, Stuttgart	TDEM	6,000	100.00
Züblin Stahlbau GmbH, Hosena		1,534	100.00
Züblin Umwelttechnik GmbH, Stuttgart		2,000	100.00
Züblin Wasserbau GmbH, Berlin	TDEM	500	100.00

Egypt	Nominal capital TEGP	Direct stake %
Züblin Egypt LLC, Cairo	400	100.00

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

Azerbaijan	Nominal capital TUSD	Direct stake %
"Strabag Azerbaijan" L.L.C., Baku	12,192	100.00

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

Brunei	Nominal capital TBND	Direct stake %
STRABAG (B) Sdn Bhd, Bandar Seri Begawan	25	100.00

Bulgaria	Nominal capital TBGN	Direct stake %
STRABAG EAD, Sofia	13,313	100.00

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

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

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

Finland	Nominal capital T€	Direct stake %
STRABAG Oy, Helsinki	3	100.00

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

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

Canada	Nominal capital TCAD	Direct stake %
Strabag Inc., Toronto	3,000	100.00
Züblin Inc., Saint John/NewBrunswick	100	100.00

Croatia	Nominal capital THRK	Direct stake %
BRVZ d.o.o., Zagreb	20	100.00
CESTAR d.o.o., Slavonski Brod	1,100	74.90
MINERAL IGM d.o.o., Zapuzane	10,701	100.00
Pomgrad Inzenjering d.o.o., Split	25,534	100.00
PZC SPLIT d.d., Split	18,810	96.94
Strabag d.o.o., Zagreb	48,230	100.00
TPA odrzavanje kvaliteta i inovacija d.o.o., Zagreb	20	100.00

Latvia	Nominal capital TLVL	Direct stake %
STRABAG SIA, Milzkalne	1,000	82.08

Malaysia		Nominal capital TMYR	Direct stake %
ZUBLIN PRECAST INDUSTRIES SDN. BHD., Johor		500	100.00
Montenegro		**Nominal capital T€**	**Direct stake %**
"Crnagoraput" AD, Podgorica, Podgorica		9,779	95.32
The Netherlands		**Nominal capital T€**	**Direct stake %**
STRABAG B.V., Vlaardingen		450	100.00
Züblin Nederland B.V., Vlaardingen		500	100.00
Oman		**Nominal capital TOMR**	**Direct stake %**
STRABAG OMAN L.L.C., Muscat		1,000	100.00
Poland		**Nominal capital TPLN**	**Direct stake %**
BHG Sp. z o.o., Pruszkow		500	100.00
BITUNOVA Sp. z o.o., Warsaw		2,700	100.00
BMTI Sp. z o.o., Pruszkow		2,000	100.00
BRVZ Sp. z o.o., Pruszkow		500	100.00
Mineral Polska Sp. z o.o., Czarny Bor		19,056	100.00
SAT Sp. z o.o., Olawa		4,171	100.00
STRABAG INFRASTRUKTURA POLUDNIE Sp. z o.o., Wroclaw		16,140	100.00
STRABAG Sp. z o.o., Pruszkow		73,328	100.00
TPA Sp. z o.o., Pruszkow		600	100.00
Züblin Sp. z o.o., Poznan		7,765	100.00
Romania		**Nominal capital TRON**	**Direct stake %**
ANTREPRIZA DE REPARATII SI LUCRARI A R L CLUJ SA, Cluj-Napoca		64,974	98.59
BITUNOVA Romania SRL, Bucharest		16	100.00
BRVZ SERVICII & ADMINISTRARE SRL, Bucharest		278	100.00
CARB SRL, Brasov		10,845	100.00
STRABAG SRL, Bucharest		43,519	100.00
TPA SOCIETATE PENTRU ASIGURAREA CALITATII SI INOVATII SRL, Bucharest		0	100.00
ZUBLIN ROMANIA SRL, Bucharest		4,580	100.00
Russia		**Nominal capital TRUB**	**Direct stake %**
SAO BRVZ Ltd, Moscow		313	100.00
ZAO "Strabag", Moscow		14,926	100.00
Saudi Arabia		**Nominal capital TSAR**	**Direct stake %**
Dywidag Saudi Arabia Co. Ltd., Jubail		10,000	100.00
Sweden		**Nominal capital TSEK**	**Direct stake %**
BRVZ Sweden AB, Kumla		100	100.00
Nimab Entreprenad AB, Sjöbo		501	100.00
STRABAG AB, Stockholm		50	100.00
STRABAG Projektutveckling AB, Stockholm		1,000	100.00
STRABAG Rail AB, Kumla		500	100.00
STRABAG Sverige AB, Stockholm		15,975	100.00
Züblin Scandinavia AB, Stockholm		100	100.00
Switzerland		**Nominal capital TCHF**	**Direct stake %**
BMTI GmbH, Erstfeld		20	100.00
BRVZ Bau-, Rechen- und Verwaltungszentrum AG, Erstfeld		100	100.00
STRABAG AG, Schlieren		8,000	100.00
Serbia		**Nominal capital TRSD/T€**	**Direct stake %**
"PUTEVI" A.D. CACAK, Cacak		122,638	85.02
PZP Zajecar d.o.o. Zajecar, Zajecar		484,008	100.00
STRABAG d.o.o. Beograd, Novi Beograd		822,740	100.00
TPA za obezbedenje kvaliteta i inovacije d.o.o. Beograd, Novi Beograd		32,550	100.00
Vojvodinaput-Pancevo a.d. Pancevo, Pancevo	T€	4,196	82.07

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

Slovenia	Nominal capital T€	Direct stake %
BRVZ center za racunovodstvo in upravljanje d.o.o., Ljubljana	9	100.00
DRP, d.o.o., Ljubljana	9	100.00
STRABAG gradbene storitve d.o.o., Ljubljana	500	100.00

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

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

Czech Republic	Nominal capital TCZK	Direct stake %
BHG CZ s.r.o., Budweis	200	100.00
BITUNOVA spol. s r.o., Jihlava	2,000	100.00
BMTI CR s.r.o., Brno	100	100.00
BOHEMIA ASFALT, s.r.o., Sobeslav	10,000	100.00
BRVZ s.r.o., Prague	1,000	100.00
Dalnicni stavby Praha, a.s., Prague	136,000	100.00
FRISCHBETON s.r.o., Prague	20,600	100.00
JHP spol. s r.o., Prague	20,000	100.00
KAMENOLOMY CR s.r.o., Ostrava-Svinov	106,200	100.00
MiTTaG spol. s.r.o., Prague	100,100	100.00
Na Belidle s.r.o., Prague	100	100.00
SAT s.r.o., Prague	1,000	100.00
STRABAG a.s., Prague	1,119,600	100.00
STRABAG Property and Facility Services a.s., Prague	46,800	100.00
STRABAG Rail a.s., Usti nad Labem-Strekov	180,000	100.00
TPA CR, s.r.o., Budweis	1,000	100.00
ZÜBLIN stavebni spol. s r.o., Prague	100,000	100.00

Ukraine	Nominal capital TUAH	Direct stake %
Chustskij Karier, Zakarpatska	3,279	95.96
Zezelivskij karier TOW, Zezelev	13,130	99.36

Hungary	Nominal capital THUF	Direct stake %
AKA Zrt., Budapest	24,000,000	100.00
ASIA Center Kft., Budapest	1,830,080	100.00
Bitunova Kft., Budapest	50,000	100.00
BMTI Kft., Budapest	5,000	100.00
BRVZ Kft., Budapest	1,545,000	100.00
First-Immo Hungary Kft., Budapest	100,000	100.00
Frissbeton Kft., Budapest	100,000	100.00
KÖKA Kft., Budapest	761,680	100.00
Magyar Bau Holding Zrt., Budapest	20,000	100.00
OAT Kft., Budapest	25,000	100.00
STR Épitö Kft., Budapest	352,000	100.00
STRABAG Általános Építö Kft., Budapest	3,600,000	100.00
STRABAG Property and Facility Services Zrt., Budapest	20,000	51.00
STRABAG Vasútépítö Kft., Budapest	3,000	100.00
Strabag Zrt., Budapest	1,000,000	100.00
STRABAG-MML Kft., Budapest	510,000	100.00

Hungary	Nominal capital THUF	Direct stake %
Szentesi Vasútépítö Kft, Budapest	189,120	100.00
TPA HU Kft., Budapest	113,000	100.00
Treuhandbeteiligung H[1)]	10,000	100.00
Züblin Kft., Budapest	3,000	100.00

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

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

Austria	Nominal capital T€	Direct stake %
Erste Nordsee-Offshore-Holding GmbH, Pressbaum	100	49.90
Lafarge Cement CE Holding GmbH, Vienna	50	30.00
Raiffeisen evolution project development GmbH, Vienna	44	20.00
Zweite Nordsee-Offshore-Holding GmbH, Pressbaum	100	49.90

Germany		Nominal capital T€/TDEM	Direct stake %
AMB Asphaltmischwerke Bodensee GmbH & Co KG, Singen (Hohentwiel)		767	50.00
AMH Asphaltmischwerk Hauneck GmbH & Co. KG, Hauneck		500	50.00
Bayerische Asphaltmischwerke GmbH & Co.KG für Straßenbaustoffe, Hofolding		12,300	48.33
Bodensee - Moränekies Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft Tettnang, Tettnang	TDEM	300	33.33
Kieswerk Rheinbach GmbH & Co Kommanditgesellschaft, Rheinbach		256	50.00
Kieswerke Schray GmbH & Co. KG, Steißlingen		2,045	50.00
Natursteinwerke im Nordschwarzwald NSN GmbH & Co. KG, Mühlacker		3,100	25.00
PANSUEVIA GmbH & Co. KG, Jettingen-Scheppach		1,000	50.00
PANSUEVIA Service GmbH & Co. KG, Jettingen-Scheppach		50	50.00
PARK SERVICE HÜFNER GmbH + Co. KG, Stuttgart		3,000	48.44
SeniVita Social Estate AG, Bayreuth		10,000	46.00
Steinbruch Spittergrund GmbH, Erfurt		80	50.00
Thüringer Straßenwartungs- und Instandhaltungsgesellschaft mbH & Co. KG, Apfelstädt		2,582	50.00

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

Croatia	Nominal capital THRK	Direct stake %
Autocesta Zagreb-Macelj d.o.o., Krapina	88,440	51.00

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

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

Hungary	Nominal capital T€	Direct stake %
MAK Mecsek Autopalya Koncesszios Zrt., Budapest	64,200	30.00

Accounting policies

INTANGIBLE ASSETS

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

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

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

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

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

GOODWILL

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

INVESTMENT PROPERTY

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

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

LEASES

Finance leases

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

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

Operating leases

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

GOVERNMENT GRANTS

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

BORROWING COSTS

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

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

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

%	2015	2014
Growth rate	0.0–0.5	0.0–0.5
Cost of capital (after taxes)	6.1–7.5	6.3–8.3
Cost of capital (before taxes)	7.3–9.4	8.3–11.5

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

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

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

FINANCIAL ASSETS

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

A financial asset is initially recognised at fair value including transaction costs. Transaction costs incurred on the acquisition of financial assets measured at fair value through profit or loss are recognised in the income statement immediately. Receivables bearing no interest or interest below the market rate are initially recognised at the present value of the expected future cash flows.

For purposes of subsequent measurement, financial assets are classified in one of the following categories in accordance with IAS 39, with each category having its own measurement requirements. The classification is determined at initial recognition:

- Financial assets at fair value through profit or loss

  At STRABAG, financial assets measured at fair value through profit or loss comprise financial assets held for trading. A financial asset is classified in this category if it was acquired for the purpose of selling in the short term. Derivatives also belong to this category if they are not designated as hedging instruments. Assets in this category are classified as current assets if recovery is expected within twelve months. All other assets are classified as non-current. Changes in the value of financial assets measured at fair value through profit or loss are recognised in profit or loss.

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. They are considered current assets if they do not mature more than twelve months after the balance sheet date. If they do, they are classified as non-current assets. Loans and receivables are measured at amortised cost calculated using the effective interest method.

  Service concession arrangements which provide an absolute contractual right to receive payment are shown separately. All receivables from concession arrangements are accounted for under the special balance sheet item receivables from concession arrangements. The receivables are carried at the present value of the payment to be made. The annual accumulation amount is recognised in other operating income, where it is balanced with the interest expense from related non-recourse financing.

  The hedging transactions embedded in the concession arrangements are carried at fair value and shown in the item receivables from concession arrangements.

  Trade receivables and other receivables are evaluated at their nominal value less impairment for realisable individual risks. Graduated impairment is formed according to risk groups in order to take general loan risks on customer receivables into consideration. Specific cases of default result in the derecognition of the receivables in question.

- Available-for-sale financial assets

  Available-for-sale financial assets are non-derivative financial assets which were either classified in this category or which were not classified in any of the other categories presented here. Fair value changes on available-for-sale financial assets are recognised in other income. If assets in this category are sold or if they are subject to impairment, then the cumulative changes in fair value that were previously recognised in equity are recognised in profit or loss in the income statement.

IMPAIRMENT OF FINANCIAL ASSETS

At the end of each reporting period, and whenever there are indications of impairment, the carrying amounts of financial assets that are not measured at fair value through profit or loss are tested for their recoverability (impairment test). If there is an objective indication of impairment, an impairment loss is recognised in profit or loss in other operating expense or in net income from investments. Impairment losses are reversed if objective facts arise after the balance sheet date which speak for a reversal. The value increase of financial instruments measured at amortised cost may not exceed what the amortised cost would have been if the impairment had not been recognised. For equity instruments measured at cost, an increase in subsequent financial statements is not allowed.

Within the group, impairment losses are recognised if the debtor has considerable financial difficulties; if there is a high probability that insolvency proceedings will be commenced against him; if the issuer's technological, economic, legal and market environment changes substantially; or if the fair value of a financial instrument continually falls below the amortised cost.

DERECOGNITION OF A FINANCIAL ASSET

Financial assets are derecognised when the contractual rights to receive payment from the financial assets no longer exist or if the financial assets are transferred along with all substantial risks and rewards.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

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

Derivative financial instruments are initially recognised at cost at the date the contract is entered into. In subsequent periods, derivative financial instruments are carried at fair value. Unrealised gains or losses on the measurement are recognised in the income statement if the conditions for hedge accounting directly in equity under IAS 39 are not met. Derivative financial instruments are stated under other financial assets or other financial liabilities.

Derivative financial instruments are measured on the basis of observable market data (interest and exchange rates) and non-observable market data (the competition's credit rating) or stock market prices, if available. If it is not possible to use stock market prices, the fair value is determined using generally accepted methods of mathematical finance.

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

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

In accounting for fair value hedges, both the derivative hedging instrument and the hedged item attributable to hedged risk are accounted for at fair value through profit or loss.

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

On concluding a transaction, the group documents the hedging relationship between the hedging instrument and the hedged item, the aim of its risk management as well as the underlying strategy for hedging transactions. An assessment is made at the beginning of a hedging relationship, with documentation provided continually thereafter, of whether the derivatives used in the hedge are effective or not in compensating the changes in fair value or cash flow of the hedged item.

The critical term match method is used to determine the prospective hedge effectiveness. The retrospective effectiveness is determined using the dollar offset method.

CURRENT AND DEFERRED INCOME TAXES

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

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

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

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

INVENTORIES

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

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

CONSTRUCTION CONTRACTS

The results from construction contracts are realised using the percentage of completion method under IAS 11. Determination of the stage of completion is made on the basis of the actual output volume attained by the balance sheet date.

If the results from a contract can be reliably determined and the contract is likely to be profitable, then the contract revenue is recognised in proportion to the stage of completion over the duration of the contract. If the total contract cost is likely to exceed the total contract revenue, then the expected loss is recognised immediately in full as an expense. Presentation is made as an impairment loss on receivables relating to construction contracts or as a provision if the impending loss that is expected exceeds the receivables from construction contracts from the specific project.

If, due to uncertainties in the construction schedule, the future results cannot be reliably determined, the construction contract is recognised at contract cost.

If the costs incurred plus recognised profits exceed the payments received for it, then this is shown on the assets side under receivables from construction contracts. Vice versa, this is reported on the liabilities side under liabilities from construction contracts.

The results, in the case of construction contracts which are carried out in consortia, are realised according to the percentage of completion method in accordance with the degree of completion as at the balance sheet date. Impending losses arising from further construction work are accounted for by means of appropriate depreciation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all liquid assets which at the date of acquisition or investment have a remaining term of less than three months. Cash and cash equivalents are measured at amortised cost.

PROVISIONS

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

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

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

PROVISIONS FOR SEVERANCE PAYMENTS

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

The provisions for severance payments are determined using actuarial principles in accordance with the projected unit credit method. Here the future claim over the length of employment of the employees is collected while taking any future pay rises into consideration. The present value of the already earned partial claims on the reporting date is recognised as the provision.

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

PENSION PROVISIONS

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

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

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

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

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

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

MEASUREMENT OF SEVERANCE AND PENSION PROVISIONS

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

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

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

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

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

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

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

More information concerning the risks is available in the sensitivity analysis under item 21.

OTHER PROVISIONS

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

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

NON-FINANCIAL LIABILITIES

Non-financial liabilities reported under other liabilities are carried at the repayment amount. The overpaid amounts from construction contracts are qualified as non-financial liabilities.

FINANCIAL LIABILITIES

Financial liabilities comprise original liabilities and the negative fair values of derivative financial instruments.

Original liabilities are recognised in the consolidated balance sheet if STRABAG has a contractual obligation to transfer cash or other financial assets to another party. Original liabilities are initially recognised at fair value. Any premiums, discounts or other differences between the cash inflow and the repayment amount are distributed over the financing term using the effective interest rate method and stated on an accruals basis in interest expense.

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

CONTINGENT LIABILITIES

Contingent liabilities are present or possible future obligations which are not reflected in the balance sheet as liabilities because an outflow of resources is not probable. They are – as long as IFRS 3 does not require recognition on acquisition – not reflected in the balance sheet. The amount of the contingent liabilities reported corresponds to the amount of existing guarantees outstanding as at the balance sheet date.

REVENUE RECOGNITION

Revenue comprises the fair value of the considerations received or receivable for the sale of goods and services in the ordinary course of business.

Revenues from the construction contracts are realised according to the percentage of completion method. The output volume actually attained at the balance sheet date serves as a benchmark for the degree of completion.

Revenues from the sale of proprietary projects, from trade to and services for consortia, from property and facility services, from other services and from the sale of construction materials are realised with the transfer of power to dispose and the related opportunities and risks and/or with the rendering of the services.

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

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

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

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

Interest income is recognised as it accrues using the effective interest rate method.

ESTIMATES

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

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

(A) RECOVERABILITY OF GOODWILL

The group conducts an annual test to determine whether its goodwill is impaired in accordance with the accounting policies described on page 27 (Impairment of non-financial assets). The recoverable amount of the CGUs was determined using fair value less costs of disposal. These calculations are based on assumptions about the expected business development and the recoverable margin. Estimates about the expected business development are based on the facts and circumstances prevailing at the time of preparation of the financial statements as well as on realistic assumptions about the global and industry-specific environment. In response to changes in these underlying conditions which deviate from the assumptions and are beyond the Management Board's control, actual values may deviate from the estimated values.

All other things remaining equal, an annual 5 % decrease of the free cash flow used to calculate the recoverable amount would result in an impairment loss of T€ -3,593 while an isolated increase of the cost of capital by one percentage point would lead to an impairment of T€ -8,536. These two effects together would trigger an impairment loss of T€ -11,715.

(B) RECOGNITION OF REVENUE FROM CONSTRUCTION CONTRACTS

Revenue from construction contracts is recognised using the percentage of completion method. The group estimates the actual output concluded by the balance sheet date as a percentage of the total volume of the order as well as the remaining contract cost to be incurred. If the contract cost exceeds the total contract revenue, then the expected loss is recognised as an expense. Technically complex and demanding projects, in particular, involve the risk that the estimate of the total cost deviates considerably from the actual cost incurred.

(C) WIND FARM PROJECTS

In 2011 and 2012, the group acquired an interest in companies developing offshore wind farms in the North Sea. The investments involve eleven fields for which approval to build offshore wind farms is being acquired. In none of these fields has the installation of wind turbines begun yet. The companies are recorded in the consolidated financial statements using the equity method. The carrying amount of these equity-accounted investments plus granted loans at the end of the reporting period amounted to T€ 45,963 (2014: T€ 61,312). Should the underlying political conditions in Germany hinder or impede realisation in the future, the value could decline considerably or even fall to zero.

(D) INVESTMENTS IN LAFARGE CEMENT CE HOLDING GMBH

The group holds a 30 % investment in Lafarge Cement CE Holding GmbH. Lafarge operates cement works in Austria, Hungary, the Czech Republic and Slovenia. The carrying amount of the investment amounted to T€ 247,622 on 31 December 2015. The investment was tested for impairment by means of an impairment test.

All other things remaining equal, an annual 5 % decrease of the free cash flow used to calculate the recoverable amount would result in an impairment loss of T€ 0, while an isolated increase of the cost of capital by one percentage point would lead to an impairment of T€ -4,234. These two effects together would trigger an impairment loss of T€ -16,277.

(E) INCOME TAXES

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

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

(F) FAIR VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

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

(G) SEVERANCE AND PENSION PROVISIONS

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

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

Additional substantial assumptions relating to pension obligations are based in part on market conditions. Further information and sensitivity analyses can be found in item 21.

(H) OTHER PROVISIONS

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

Notes on the items of the consolidated income statement

(1) REVENUE

The revenue of T€ 13,123,476 (2014: T€ 12,475,673) is attributed in particular to revenue from construction contracts, revenue from own projects, trade to and services for consortia, as well as other services. Revenue from construction contracts including the realised part of profits according to the level of completion of the respective contract (percentage of completion method) amounts to T€ 11,144,325 (2014: T€ 10,555,437), the revenues from property and facility management services amount to T€ 1,036,525 (2014: T€ 924,081).

Revenues according to business fields and regions are represented individually in the segment reporting.

Revenue provides only an incomplete picture of the output volume achieved in the financial year. Additionally, therefore, the total output volume of the group is represented, which includes the proportional output of consortia and participation companies:

T€	**2015**	**2014**
Germany	**6,256,111**	**6,080,287**
Austria	**2,002,984**	**2,057,593**
Poland	**940,760**	**816,824**
Czech Republic	**764,599**	**619,577**
Hungary	**594,262**	**544,281**
Slovakia	716,335	427,127
Romania	241,228	181,339
Russia and Neighbouring Countries	230,387	302,068
other CEE countries	247,888	299,689
Rest of CEE	**1,435,838**	**1,210,223**
Switzerland	342,713	358,653
Benelux	301,671	324,069
Sweden	239,704	270,821
other European countries	574,536	512,365
Rest of Europe	**1,458,624**	**1,465,908**
Middle East	314,484	271,633
The Americas	309,931	254,761
Africa	120,371	157,999
Asia	91,800	86,909
Rest of World	**836,586**	**771,302**
Total output volume	**14,289,764**	**13,565,995**

(2) OTHER OPERATING INCOME

Other operating income includes revenue from letting and leasing in the amount of T€ 18,547 (2014: T€ 20,761), insurance compensation and indemnification in the amount of T€ 34,893 (2014: T€ 32,230), and exchange rate gains from currency fluctuations in the amount of T€ 15,688 (2014: T€ 32,113) as well as gains from the disposal of fixed assets without financial assets in the amount of T€ 44,285 (2014: T€ 40,200).

Interest income from concession arrangements which is included in other operating income is represented as follows (see also notes on item 17):

T€	**2015**	**2014**
Interest income	64,194	66,183
Interest expense	-29,134	-31,401
Net interest income	**35,060**	**34,782**

(3) CONSTRUCTION MATERIALS, CONSUMABLES AND SERVICES USED

T€	2015	2014
Construction materials, consumables	3,076,296	3,120,637
Services used	5,542,732	5,042,617
Construction materials, consumables and services used	**8,619,028**	**8,163,254**

Services used are mainly attributed to services of subcontractors and professional craftsmen as well as planning services, machine rentals and third-party repairs.

(4) EMPLOYEE BENEFITS EXPENSE

T€	2015	2014
Wages	1,066,781	1,003,897
Salaries	1,513,198	1,468,441
Social security and related costs	528,394	531,066
Expenses for severance payments and contributions to employee provident fund	19,478	21,046
Expenses for pensions and similar obligations	1,524	4,421
Other social expenditure	28,877	28,803
Employee benefits expense	**3,158,252**	**3,057,674**

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

Expenses from defined contribution plans amounted to T€ 9,184 (2014: T€ 9,127).

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

Average number of employees	2015	2014
White-collar workers	28,552	27,887
Blue-collar workers	44,763	45,019
Total	**73,315**	**72,906**

(5) OTHER OPERATING EXPENSES

Other operating expenses of T€ 826,900 (2014: T€ 791,363) mainly include general administrative costs, travel and advertising costs, insurance premiums, impairment of receivables, the balance of allocations to and utilisation of provisions, legal and advisory costs, rental and lease costs and losses on the disposal of assets (excluding financial assets). Other taxes amounting to T€ 43,603 (2014: T€ 45,202) are included.

Other operating expenses include losses from exchange rate differences from currency fluctuations in the amount of T€ 16,318 (2014: T€ 31,689).

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

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

T€	2015	2014
Income from equity-accounted investments	20,706	12,282
Expenses arising from equity-accounted investments	-26,591	-32,509
Profit from construction consortia	135,274	185,432
Losses from construction consortia	-67,500	-124,930
Share of profit or loss of equity-accounted investments	**61,889**	**40,275**

(7) NET INCOME FROM INVESTMENTS

T€	2015	2014
Investment income	69,234	34,561
Expenses arising from investments	-12,319	-13,688
Gains on the disposal and write-up of investments	7,654	8,764
Impairment of investments	-29,747	-12,762
Losses on the disposal of investments	-939	-144
Net income from investments	**33,883**	**16,731**

(8) DEPRECIATION AND AMORTISATION EXPENSE

Depreciations and impairments are represented in the consolidated statement of fixed assets. In the year under report impairments on intangible assets and on property, plant and equipment to the amount of T€ 57,412 (2014: T€ 21,135) were made. Impairment on goodwill amounts to T€ 24,750 (2014: T€ 28,832). For goodwill impairments we refer to the details under item 12.

(9) NET INTEREST INCOME

T€	2015	2014
Interests and similar income	82,071	82,169
Interests and similar charges	-106,490	-108,366
Net interest income	**-24,419**	**-26,197**

Included in interests and similar charges are interest components from the allocation of severance payment and pension provisions amounting to T€ 13,510 (2014: T€ 21,377), security impairment losses of T€ 981 (2014: T€ 2,108) as well as currency losses of T€ 22,294 (2014: T€ 21,178).

Included in interests and similar income are gains from exchange rates amounting to T€ 30,723 (2014: T€ 26,464) and interest components from the plan assets for pension provisions in the amount of T€ 2,343 (2014: T€ 4,759).

(10) INCOME TAX EXPENSE

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

T€	2015	2014
Current taxes	170,962	107,605
Deferred taxes	-36,834	654
Income tax expense	**134,128**	**108,259**

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

T€	2015	2014
Change in hedging reserves	-4,215	3,733
Actuarial gains/losses	-11,357	29,534
Fair value of financial instruments under IAS 39	94	-397
Total	**-15,478**	**32,870**

The reasons for the difference between the Austrian corporate income tax rate of 25 % valid in 2015 and the actual consolidated tax rate are as follows:

T€	2015	2014
EBT	**316,624**	**255,762**
Theoretical tax expenditure 25 %	79,156	63,941
Differences to foreign tax rates	-3,936	995
Change in tax rates	0	900
Non-tax deductible expenses	9,401	6,168
Tax-free earnings	-4,853	-1,438
Tax effects of results from equity-accounted investments	-2,073	5,505
Depreciation of goodwill/capital consolidation	2,994	5,590
Additional tax payments/tax refund	9,482	8,318
Change of valuation adjustment on deferred tax assets	44,136	18,030
Others	-179	250
Recognised income tax	**134,128**	**108,259**

(11) EARNINGS PER SHARE

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

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

	2015	2014
Number of ordinary shares	114,000,000	114,000,000
Number of shares bought back	-11,400,000	-11,400,000
Number of shares outstanding as at 31.12.	102,600,000	102,600,000
Profit or loss attributable to equity holders of the parent (consolidated profit/loss) T€	156,286	127,969
Weighted number of shares outstanding during the year	102,600,000	102,600,000
Earnings per share €	**1.52**	**1.25**

Notes on the items in the consolidated balance sheet

(12) INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

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

No borrowing costs were capitalised for property, plant and equipment, or for intangible assets in the year under report, as significant qualifying assets were not produced or acquired after 1 January 2009.

Notes to goodwill

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

T€	31.12.2015	31.12.2014
STRABAG Cologne[1]	178,803	178,803
Czech Republic S + O	67,320	65,592
STRABAG Poland	61,633	61,499
Germany N + W	52,162	47,697
DIW Group (incl. SPFS Czech Republic, Austria)	45,713	45,689
Züblin	14,938	14,938
Construction materials	13,504	13,335
Gebr. von der Wettern Group	6,700	6,700
Sweden N + W	1,348	1,319
STRABAG Switzerland	0	15,287
Other	13,524	21,309
Goodwill	**455,645**	**472,168**

The comparison of the carrying amounts with the recoverable amounts of the cash-generating units determined by the annual impairment test showed a need for goodwill impairment of T€ 24,750 (2014: T€ 28,832). This figure is shown under depreciation and amortisation.

The impairment losses concern a Swiss construction company, organised within the South + East segment, with a loss of T€ 16,965; an Austrian construction company, also in the South + East segment, with a loss of T€ 3,315; and an Italian construction company in the International + Special Divisions segment with a loss of T€ 4,470. The impairment became necessary as a result of reorganisation and a diminished earnings forecast. The recoverable amount of these cash-generating units corresponds to their fair value less cost of disposal.

The methods of measurement are explained on page 27 (Impairment of non-financial assets). The method applied here is a Level 3 measurement.

Regarding the sensitivity analysis of goodwill, we refer to our notes under “Estimates” (a) Recoverability of goodwill on page 33.

The following table presents the key assumptions used in calculating the recoverable amount for significant goodwill. The method used is a discounted cash-flow model based on recognised valuation techniques, with the forecast of the cash flows calculated by the management on the basis of experience. An annual 5 % decrease of the cash flow and a simultaneous increase of the interest rate by one percentage point would not result in any impairment loss of the goodwill mentioned below.

1) Is composed of goodwill from CGU STRABAG Cologne North + West in the amount of T€ 117,698 and CGU STRABAG Cologne South + East in the amount of T€ 61,105.

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

T€	Carrying amount 31.12.2015	Methodology 31.12.2015	Detailed planning period 31.12.2015	Growth rate 31.12.2015	Discount rate after tax 31.12.2015
STRABAG Cologne N + W	117,698	FV less cost of disposal (Level 3)	4	0	6.50
STRABAG Cologne S + O	61,105	FV less cost of disposal (Level 3)	4	0	6.55
Czech Republic S + O	67,320	FV less cost of disposal (Level 3)	4	0	7.35
STRABAG Poland	61,633	FV less cost of disposal (Level 3)	4	0	7.51
DIW Group (incl. SPFS Czech Republic, Austria)	45,713	FV less cost of disposal (Level 3)	4	0	6.50

Capitalised development costs

At the balance sheet date, development costs in the amount of T€ 3,835 (2014: T€ 6,344) were capitalised as intangible assets. In the 2015 financial year, development costs in the amount of T€ 8,288 (2014: T€ 8,093) were incurred, of which T€ 395 (2014: T€ 722) were capitalised.

Leasing

Due to existing finance leasing contracts, the following carrying amounts are included in property, plant and equipment assets as at the balance sheet date:

T€	31.12.2015	31.12.2014
Property leasing	11,349	11,797
Machinery leasing	0	343
Total	**11,349**	**12,140**

Offset against these are liabilities arising from the present value of leasing obligations amounting to T€ 10,336 (2014: T€ 11,163).

The terms of the finance leases for property are between four and 20 years, while those for machinery are between two and eight years.

The following payment obligations will arise from financial leases in subsequent financial years:

	Present values		Minimum payments	
T€	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Term up to one year	729	827	1,190	1,335
Term between one and five years	3,383	3,190	4,760	4,760
Term over five years	6,224	7,146	6,814	8,004
Total	**10,336**	**11,163**	**12,764**	**14,099**

The reconciliation of minimum lease payments with payables relating to finance leases recognised as at 31 December is as follows:

T€	31.12.2015	31.12.2014
Minimum lease payments 31.12.	**12,764**	**14,099**
Interest	-2,428	-2,936
Currency translation	0	0
Finance leases 31.12.	**10,336**	**11,163**

In addition to the finance leases, there are also operating leases for the utilisation of technical equipment and machinery. The expenses from these contracts are recognised in the income statement. The payments made for the financial year 2015 amount to T€ 98,472 (2014: T€ 92,059).

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

T€	31.12.2015	31.12.2014
Term up to one year	84,039	74,172
Term between one and five years	148,299	138,869
Term over five years	39,798	41,537
Total	**272,136**	**254,578**

Restrictions on property, plant and equipment/purchase obligations

As at the balance sheet date there were T€ 52,710 (2014: T€ 55,707) in contractual commitments for acquisition of property, plant and equipment which were not considered in the financial statements.

Restrictions exist for non-current assets in the amount of T€ 2,405 (2014: T€ 2,533).

(13) INVESTMENT PROPERTY

The development of investment property is shown separately in the consolidated statement of fixed assets. The fair value of investment property amounts to T€ 17,500 as at 31 December 2015 (2014: T€ 34,934). The fair value was determined using internal reports based on a discounted cash flow analysis or by employing the fair value of development land at market prices.

The rental income from investment property in the 2015 financial year amounted to T€ 6,541 (2014: T€ 6,313) and direct operating expenses totalled T€ 6,144 (2014: T€ 8,757). In the financial year, as in the year before, no direct expenses were incurred from unlet investment property. Additionally, gains from asset disposals in the amount of T€ 443 (2014: T€ 372) and losses from asset disposals in the amount of T€ 150 (2014: T€ 2,649) were achieved. A write-back in the amount of T€ 500 was made in the financial year 2015 (2014: T€ 4,203).

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

(14) FINANCIAL ASSETS

Detailed information on the group’s investments (shares of more than 20 %) can be found in the list of subsidiaries, equity-accounted investments and participation companies.

The development of the financial assets in the financial year was as follows:

T€	Balance as at 1.1.2015	Currency translation	Change in scope of consoli-dation	Additions	Transfers	Disposal	Impair-ment/ Write-up	Balance as at 31.12.2015
Equity-accounted investments	**401,622**	**106**	**0**	**11,403**	**-1,754**	**-37,958**	**0**	**373,419**
Investments in subsidiaries	110,021	76	-1,544	12,730	1,496	-3,834	-25,497	93,448
Participation companies	86,077	542	0	4,669	258	-7,939	-4,250	79,357
Securities	36,546	135	0	0	0	-7,315	-266	29,100
Other financial assets	**232,644**	**753**	**-1,544**	**17,399**	**1,754**	**-19,088**	**-30,013**	**201,905**

Notes on associates

Lafarge Cement CE Holding GmbH, Vienna, is a significant associate. The group’s share of the capital and voting rights amounts to 30 %. The company is accounted for using the equity method. We also refer to item 28.

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

T€	2015	2014
Revenue	187,856	193,429
Income from continuing operations	3,513	-57,514
Other income	4,175	-15,919
Total comprehensive income	**7,688**	**-73,433**
attributable to: non-controlling interests	8	-26
attributable to: equity holders of the parent company	7,681	-73,407
Non-current assets	609,599	626,248
Current assets	148,214	165,365
Non-current liabilities	-82,992	-81,199
Current liabilities	-135,676	-148,958
Net assets	**539,145**	**561,456**
attributable to: non-controlling interests	4,019	4,011
attributable to: equity holders of the parent company	535,126	557,445

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

T€	2015	2014
Group’s share in net assets as at 1.1.	**167,234**	**192,255**
Group’s share of net income from continuing operations	1,017	-17,292
Group’s share of other income	1,287	-4,729
Group's share of total comprehensive income	2,304	-22,021
Dividends received	-9,000	-3,000
Group's share in net assets as at 31.12.	**160,538**	**167,234**
Fair value adjustment	87,084	87,084
Equity-carrying value as at 31.12.	**247,622**	**254,318**

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

T€	2015	2014
Total of equity-carrying values as at 31.12.	118,517	139,370
Group’s share of net income from continuing operations	-7,415	6,447
Group's share of other income	-555	-500
Group's share of total comprehensive income	-7,970	5,947

Notes on joint ventures

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

T€	2015	2014
Total of equity-carrying values as at 31.12.	7,280	7,934
Group’s share of net income from continuing operations	513	-9,382
Group's share of other income	0	0
Group's share of total comprehensive income	513	-9,382

Notes on accumulated losses from equity-accounted investments

Proportionate losses from equity-accounted investments in the amount of T€ -13,237 (2014: T€ -11,006) were not recognised in profit or loss, as the carrying amounts of these investments already are T€ 0.

Notes on construction consortia

The group classifies construction consortia as joint ventures and records their earnings under share of profit or loss of equity-accounted investments. The following table shows the group's most important joint ventures in the 2015 financial year.

Construction consortia	Stake in %
A-LANES A15 ROADS V.O.F., Netherlands (ROADS)	45.00
Arge BAB A8 Ulm-Augsburg, Germany (BAB A8)	50.00
Arge BAU BSH, Germany (BSH)	50.00
Arge HUMA Einkaufspark, Austria (HUMA)	50.00
Arge Koralmtunnel KAT 2, Austria (KAT 2)	85.00
Arge Rohtang Pass Highway Tunnel LOT 1, India (Rohtang)	60.00
Arge Tulfes Pfons, Austria (Tulf)	51.00
Arge Tunnel Albabstieg, Germany (Alb)	60.00
CS-A15 V.O.F., Netherlands (CS-A15)	50.00
JV Metro Nordhavnen Contract 2, Denmark (Metro)	60.00

The financial information on construction consortia is presented 100 % before consolidation.

T€	Revenue	Non-current assets	Current assets	Thereof cash and cash equivalents	Non-current liabilities	Current liabilities
ROADS	70,296	0	86,260	980	0	86,260
BAB A8	76,166	0	25,747	2,652	0	25,747
BSH	59,924	0	32,499	29,779	0	32,499
HUMA	43,086	0	9,420	5,321	0	9,420
KAT 2	118,154	18,413	34,879	6,928	0	53,292
Rohtang	41,098	14,886	15,390	4,396	0	30,276
Tulf	61,485	36,314	34,295	29,817	0	70,609
Alb	65,830	20,947	5,444	2,226	0	26,391
CS-A15	40,101	0	21,826	3,940	0	21,826
Metro	33,828	823	13,771	12,533	0	14,594

In the 2015 financial year, the share of profit or loss of equity-accounted investments recorded for the above-mentioned construction consortia included T€ 20,563 in profits from construction consortia and T€ -19,725 in losses from construction consortia including impending losses.

The following table shows the group's most important construction consortia for the 2014 financial year.

Construction consortia	Stake in %
A-LANES A15 CIVIL V.O.F., Netherlands (CIVIL)	33.34
A-LANES A15 ROADS V.O.F., Netherlands (ROADS)	33.34
Arge BAB A8 Ulm-Augsburg, Germany (BAB A8)	50.00
Arge BAB A9 Holledau, Germany (BAB A9)	50.00
Arge BAU BSH, Germany (BSH)	50.00
Arge Hauptbahnhof Wien – Baulos 01, Austria (HBF Wien)	36.00
Arge Koralmtunnel KAT 2, Austria (KAT 2)	85.00
Arge Rohtang Pass Highway Tunnel LOT 1, India (Rohtang)	60.00
Arge Tunnel Albabstieg, Germany (Alb)	60.00
CS-A15 V.O.F., Netherlands (CS-A15)	50.00

The financial information on these construction consortia is presented 100 % before consolidation.

T€	Revenue	Non-current assets	Current assets	Thereof cash and cash equivalents	Non-current liabilities	Current liabilities
CIVIL	160,645	0	70,645	203	0	70,645
ROADS	59,316	0	29,549	887	0	29,549
BAB A8	52,506	140	39,332	23,281	0	39,472
BAB A9	44,571	0	2,893	134	0	2,893
BSH	52,968	0	33,154	31,037	0	33,154
HBF Wien	50,102	292	50,693	2,172	0	50,985
KAT 2	123,365	26,551	18,996	3,962	0	45,547
Rohtang	22,249	15,761	13,138	538	0	28,899
Alb	39,409	23,827	45,993	31	0	69,820
CS-A15	26,631	0	38,998	5,943	0	38,998

In the 2014 financial year, the share of profit or loss of equity-accounted investments recorded for the above-mentioned construction consortia included T€ 13,003 in profits from construction consortia and T€ -64,641 in losses from construction consortia including impending losses.

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

T€	2015	2014
Work and services performed	836,529	695,008
Work and services received	74,765	58,354
Receivables as at 31.12.	408,945	399,388
Liabilities as at 31.12.	307,669	318,803

(15) DEFERRED TAXES

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

T€	Balance as at 1.1.2015	Currency translation	Change in scope of consolidation	Other changes	Balance as at 31.12.2015
Intangible assets, property, plant and equipment	22,871	-4	-5,421	3,702	21,148
Financial assets	632	1	0	2,819	3,452
Inventories	9,741	-42	0	-4,632	5,067
Trade and other receivables	25,493	30	0	15,894	41,417
Provisions	205,214	1,093	522	-13,403	193,426
Liabilities	17,027	28	0	10,559	27,614
Tax loss carryforward	193,690	0	0	-13,389	180,301
Deferred tax assets	**474,668**	**1,106**	**-4,899**	**1,550**	**472,425**
Netting out of deferred tax assets and liabilities of the same tax authorities	-196,545	0	0	16,048	-180,497
Deferred tax assets netted out	**278,123**	**1,106**	**-4,899**	**17,598**	**291,928**
Intangible assets, property, plant and equipment	-57,268	-636	0	8,472	-49,432
Financial assets	-6,193	0	0	63	-6,130
Inventories	-12,401	-201	0	-2,403	-15,005
Trade and other receivables	-143,723	84	36	8,944	-134,659
Provisions	-2,468	43	0	-1,910	-4,335
Liabilities	-13,809	169	0	6,640	-7,000
Deferred tax liabilities	**-235,862**	**-541**	**36**	**19,806**	**-216,561**
Netting out of deferred tax assets and liabilities of the same tax authorities	196,545	0	0	-16,048	180,497
Deferred tax liabilities netted out	**-39,317**	**-541**	**36**	**3,758**	**-36,064**

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

The Austrian Corporate Income Tax Act (Körperschaftsteuergesetz) requires a tax-effective impairment of investments to be claimed over a period of seven years. The deferred tax assets on losses carried forward contain open one-seventh impairments in the amount of T€ 18,296 (2014: T€ 18,787).

No deferred tax assets were made for differences in the carrying amount on the assets side and tax losses carried forward of T€ 1,010,036 (2014: T€ 970,825), as their effectiveness as final tax relief is not sufficiently assured.

Of the non-capitalised losses carried forward T€ 936,013 (2014: T€ 890,266) have unrestricted use.

For the STRABAG SE tax group, Austria, deferred taxes were capitalised despite tax losses in the previous years as well as in the year under report. The deemed cost in excess of the earnings arising from the reversal of existing taxable temporary differences amounts to T€ 95,696 for the STRABAG SE tax group.

The losses of the ongoing year and of the past were strongly influenced by negative special items. To avoid such negative projects, the group expanded and improved its opportunity and risk management and implemented the organisational and strategic improvements out of the analysis results of the “STRABAG 2013ff” task force. The tax planning for STRABAG SE Group for the next five years documents the usability of the tax loss carryforwards.

(16) INVENTORIES

T€	**31.12.2015**	**31.12.2014**
Construction materials, auxiliary supplies and fuel	271,100	276,329
Finished buildings and goods	124,345	215,793
Unfinished buildings and goods	303,780	197,055
Development land	83,128	116,340
Payments made	19,348	43,883
Inventories	**801,701**	**849,400**

In the financial year, impairment in the amount of T€ 1,521 (2014: T€ 1,561) was recognised on inventories excluding construction materials, auxiliary supplies and fuel. T€ 60,491 (2014: T€ 47,596) of the inventories excluding construction materials, auxiliary supplies and fuel were reported with the net realisable value.

For qualifying assets, interest on borrowings was recognised in the amount of T€ 2,833 (2014: T€ 2,454).

(17) RECEIVABLES AND OTHER ASSETS

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€ -53,392 (2014: T€ -63,677) 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€ 489,530 (2014: T€ 538,608), classified either as a current or non-current liability depending on the term to maturity. The resulting interest expense is recognised in other operating income.

Receivables and other assets are comprised as follows:

T€	31.12.2015 total	31.12.2015 thereof current	31.12.2015 thereof non-current	31.12.2014 total	31.12.2014 thereof current	31.12.2014 thereof non-current
Receivables from concession arrangements	**739,077**	**28,829**	**710,248**	**755,444**	**26,654**	**728,790**
Receivables from construction contracts	5,094,145	5,094,145	0	5,258,366	5,258,366	0
Advances received	-4,209,732	-4,209,732	0	-4,341,687	-4,341,687	0
Net receivable from construction contracts	884,413	884,413	0	916,679	916,679	0
Other trade receivables and receivables from consortia	1,494,609	1,419,520	75,089	1,568,830	1,496,321	72,509
Advances paid to subcontractors	13,949	13,949	0	60,559	60,559	0
Trade receivables	**2,392,971**	**2,317,882**	**75,089**	**2,546,068**	**2,473,559**	**72,509**
Non-financial assets	**67,579**	**67,579**	**0**	**58,727**	**58,727**	**0**
Income tax receivables	**55,687**	**52,115**	**3,572**	**42,335**	**40,004**	**2,331**
Receivables from subsidiaries	127,432	116,599	10,833	181,207	172,724	8,483
Receivables from participation companies	260,703	134,476	126,227	191,030	83,654	107,376
Other financial assets	207,998	123,285	84,713	230,359	140,335	90,024
Other financial assets total	**596,133**	**374,360**	**221,773**	**602,596**	**396,713**	**205,883**

The **receivables from construction contracts** as at the balance sheet date are represented as follows:

T€	31.12.2015	31.12.2014
All contracts in progress at balance sheet date		
Costs incurred to balance sheet date	8,548,269	8,725,733
Profits arising to balance sheet date	460,508	426,807
Accumulated losses	-388,629	-397,686
Less receivables recognised under liabilities	-3,526,003	-3,496,488
Receivables from construction contracts	**5,094,145**	**5,258,366**

Receivables from construction contracts amounting to T€ 3,526,003 (2014: T€ 3,496,488) are recognised in liabilities, as advances received exceed the receivables.

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

In the reporting period, impairment on other trade receivables developed as follows:

T€	2015	2014
Other trade receivables before impairment as at 1.1.	**1,648,280**	**1,706,195**
Impairment as at 1.1.	**137,365**	**137,337**
Currency translation	735	-2,194
Changes in scope of consolidation	-4,405	138
Allocation/utilisation	19,976	2,084
Impairment as at 31.12.	**153,671**	**137,365**
Carrying amount of other trade receivables as at 31.12.	**1,494,609**	**1,568,830**

(18) CASH AND CASH EQUIVALENTS

T€	31.12.2015	31.12.2014
Securities	3,231	3,093
Cash on hand	4,360	3,995
Bank deposits	2,724,739	1,916,931
Cash and cash equivalents	**2,732,330**	**1,924,019**

(19) ASSETS HELD FOR SALE

The assets held for sale are attributable exclusively to the hydraulic engineering activities. In December 2015, the group reached an agreement with Netherlands-based Royal Boskalis Westminster N.V., a leading service provider in the field of dredging and marine infrastructure, on the most important points of the sale of its hydraulic engineering business. As part of an asset deal for € 70 million, Hamburg-based STRABAG Wasserbau GmbH, the leader in the German dredging sector, will transfer its equipment, staff and a series of recently signed maintenance contracts to the buyer. The hydraulic engineering activities form part of the segment North + West.

In the 2015 financial year, write-offs on hydraulic engineering equipment and vessels were made in the amount of T€ 21,701.

(20) 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.

As at 31 December 2015, STRABAG SE had acquired 11,400,000 bearer shares equalling 10 % of the share capital. The corresponding value of the share capital amounts to € 11,400,000. The acquisition extended between the period July 2011 and May 2013. The average purchase price per share was € 20.79.

The Management Board has been authorised, with the approval of the Supervisory Board, to increase the share capital of the company by up to € 57,000,000 by 27 June 2019, in several tranches if necessary, by issuing up to 57,000,000 registered no-par shares for cash or contributions in kind (approved capital). In the case of capital increase through contributions in kind, the partial or full exclusion of the shareholders' subscription rights is possible.

The exercise, issue price and conditions of issue shall be determined with the approval of the Supervisory Board. The Supervisory Board was authorised to determine the necessary changes to the Articles of Association required upon the issuance of shares from the approved capital.

The Management Board has also been authorised until 15 June 2017, in accordance with Section 65 Paragraph 1b of the Austrian Stock Corporation Act (AktG), to sell or assign its own shares, with approval by the Supervisory Board, in a manner other than on the stock market or through a public tender, to the exclusion of the shareholders' buyback rights (subscription rights), and to determine the conditions of sale. The authorisation can be exercised in full, or in part or in several partial amounts for one or several purposes by the company, a subsidiary (Section 228 Paragraph 3 of the Austrian Commercial Code) or third parties acting on behalf of the company.

The Management Board has been authorised, with approval from the Supervisory Board, until 15 June 2017, to issue financial instruments within the meaning of Section 174 of the Austrian Stock Corporation Act (AktG), in particular convertible bonds, income bonds and profit participation rights with a total nominal value of up to € 1,000,000,000.00 which may also confer subscription and/or exchange rights for the acquisition of up to 50,000,000 shares of the company and/or may be designed in such a way that they can be issued as equity. This can be done also in several tranches and in different combinations and indirectly by way of a guarantee for the issue of financial instruments through an associate or related entity of the company with conversion rights on shares of the company. For the servicing, the Management Board may use the conditional capital or own shares. The issue amount and issue conditions, as well as the possible exclusion of the shareholders' subscription rights for the issued financial instruments, are to be determined by the Management Board with the approval of the Supervisory Board.

Also approved was a conditional increase of the share capital of the company pursuant to Section 159 Paragraph 2 No. 1 of the Austrian Stock Corporation Act (AktG) by up to € 50,000,000.00 through the issue of up to 50,000,000 new bearer shares with no face value (no-par shares) for issue to creditors of financial instruments within the meaning of the authorisation granted to the Management Board, provided the creditors of financial instruments exercise their subscription and/or exchange rights for shares of the company. The issue amount and the exchange ratio are to be determined based on recognised financial mathematical methods and the price of the shares of the company in a recognised pricing procedure. The newly issued shares of the conditional capital increase carry a dividend entitlement corresponding to that of the shares traded on the stock market at the time of the issue. The Management Board is authorised, with the approval of the Supervisory Board, to establish the further details of the implementation of the conditional capital increase. The Supervisory Board is authorised to pass resolution on any amendments to the Articles of Association resulting from the issue of shares within the scope of the conditional capital.

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

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

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

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

The group equity ratio as at 31 December 2015 amounted to 31.0 % (2014: 30.6 %). With this equity base, the STRABAG Group will be able to participate increasingly in tenders for Public-Private Partnership (PPP) projects. This means that the necessary funds for a participation in equity capital are available and that the related change in the balance sheet total will be manageable.

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

(21) PROVISIONS

T€	Balance as at 1.1.2015	Currency translation	Changes in scope of consoli-dation	Additions	Disposals	Impairment	Balance as at 31.12.2015
Provisions for severance payments	97,660	696	0	0	0	2,225	96,131
Provisions for pensions	505,934	2,409	-1,311	0	0	55,532	451,500
Construction-related provisions	422,510	388	-273	103,634	11,192	77,741	437,326
Personnel-related provisions	48,342	-2	3	13,673	95	4,124	57,797
Other provisions	47,163	188	-870	32,581	4,769	23,668	50,625
Non-current provisions	**1,121,609**	**3,679**	**-2,451**	**149,888**	**16,056**	**163,290**	**1,093,379**
Construction-related provisions	242,766	866	118	328,479	9,118	227,706	335,405
Personnel-related provisions[1]	155,008	454	-7	149,271	10,847	143,694	150,185
Other provisions	269,587	-1,040	7,260	264,536	20,216	231,666	288,461
Current provisions	**667,361**	**280**	**7,371**	**742,286**	**40,181**	**603,066**	**774,051**
Total	**1,788,970**	**3,959**	**4,920**	**892,174**	**56,237**	**766,356**	**1,867,430**

The **actuarial assumptions as at 31 December 2015** (in brackets as at 31 December 2014) used to calculate provisions for severance payments and pensions are represented as follows:

	Severance payments	Pension obligation Austria	Pension obligation Germany	Pension obligation Switzerland
Biometric tables	AVÖ 2008	AVÖ 2008	Dr. Klaus Heubeck	BVG 2010
Discounting rate (%)	2.30	2.30	2.30	0.80
	(2014: 2.00)	(2014: 2.00)	(2014: 2.00)	(2014: 1.00)
Salary increase (%)	2.00	0.00	1.70	2.00
	(2014: 2.00)	(2014: 0.00)	(2014: 2.25)	(2014: 2.00)
Future pension increase (%)	dependent on contractual adaption	dependent on contractual adaption	dependent on contractual adaption	0.25
				(2014: 0.25)
Retirement age for men	62	65	63–67	65
	(2014: 62)	(2014: 65)	(2014: 63–67)	(2014: 65)
Retirement age for women	62	60	63–67	64
	(2014: 62)	(2014: 60)	(2014: 63–67)	(2014: 64)

Sensitivity analysis

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

T€	Change in discounting rate		Change in salary increase		Change in future pension increase	
Change[2]	**-0.5 %-points**	**+0.5 %-points**	**-0.25 %-points**	**+0.25 %-points**	**-0.25 %-points**	**+0.25 %-points**
Severance payments	-4,063	3,771	1,930	-1,993	n.a.	n.a.
Pension obligations	-40,210	36,139	826	-791	12,736	-11,779

1) In the other personnel-related provisions plan assets in the amount of T€ 817 (2014: T€ 3,521) are deducted.
2) Sign: - increase of obligation, + decrease of obligation

Provisions for severance payments show the following **development**:

T€	2015	2014
Present value of the defined benefit obligation as at 1.1.	**97,660**	**78,396**
Changes in scope of consolidation	0	2,301
Current service costs	1,525	4,125
Interest costs	1,581	2,270
Severance payments	-3,120	-3,886
Actuarial gains/losses arising from experience adjustments	885	2,698
Actuarial gains/losses arising from changes in the discount rate	-2,400	11,699
Actuarial gains/losses arising from demographic changes	0	57
Present value of the defined benefit obligation as at 31.12.	**96,131**	**97,660**

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

T€	2015	2014
Present value of the defined benefit obligation as at 1.1.	**711,800**	**629,654**
Changes in scope of consolidation/currency translation	21,771	6,019
Current services costs	11,464	12,322
Interest costs	11,929	19,107
Pension payments	-51,381	-51,121
Actuarial gains/losses arising from experience adjustments	-5,810	-9,909
Actuarial gains/losses arising from changes in the discount rate	-34,792	105,728
Present value of the defined benefit obligation as at 31.12.	**664,981**	**711,800**

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

T€	2015	2014
Fair value of the plan assets as at 1.1.	**205,866**	**207,411**
Changes to the scope of consolidation/currency translation	20,673	3,974
Income from plan assets	2,343	4,759
Contributions	11,314	11,540
Pension payments	-26,145	-25,151
Acturial gains/losses	-570	3,333
Fair value of the plan assets as at 31.12.	**213,481**	**205,866**

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

T€	31.12.2015	31.12.2014
Shares[1)]	23,631	22,097
Bonds[1)]	86,227	88,925
Cash	29,146	29,672
Investment funds	5,104	5,103
Real estate	9,192	12,213
Liability insurance	56,376	46,947
Other assets	3,805	909
Total	**213,481**	**205,866**

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

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

The contributions to pension foundations in the following year will amount to T€ 5,291 (2014: T€ 5,285).

Asset-liability matching strategy

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

The actual return on plan assets amounted to T€ 1,472 (2014: T€ 7,898) in the financial year.

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

T€	2015	2014
Current service cost	12,989	16,447
Interest cost	13,510	21,377
Return on plan assets	2,343	4,759

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

T€	31.12.2015	31.12.2014
Present value of the defined benefit obligation (severance provisions) = net defined benefit liability	96,131	97,660
Present value of the defined benefit obligation (pension provision)	664,981	711,800
Fair value of plan assets (pension provision)	-213,481	-205,866
Net defined benefit liability (pension provision)	451,500	505,934
Net defined benefit liability	**547,631**	**603,594**

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

T€	31.12.2015	31.12.2014
Experience adjustments of severance provisions	-1,515	14,454
Experience adjustments of pension provisions	-40,032	92,486
Adjustments	**-41,547**	**106,940**

The **maturity profile** of the benefit payments from the net defined benefit liability as at 31 December 2015 is as follows:

T€	< 1 year	1–5 years	6–10 years	11–20 years	> 20 years
Provisions for severance payments	6,756	23,016	25,090	38,025	9,655
Provisions for pensions	41,468	171,717	167,165	249,456	245,641

The **maturity profile** of the benefit payments from the net defined benefit liability as at 31 December 2014 is as follows:

T€	< 1 year	1–5 years	6–10 years	11–20 years	> 20 years
Provisions for severance payments	5,101	21,817	24,205	43,722	12,483
Provisions for pensions	40,323	182,728	171,997	268,607	277,137

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

Years	2015	2014
Severance payments Austria	9.45	10.61
Pension obligations Austria	8.90	9.33
Pension obligations Germany	10.20	12.31
Pension obligations Switzerland	15.00	14.90

Other provisions

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

(22) LIABILITIES

	31.12.2015			31.12.2014		
T€	**Total**	**thereof current**	**thereof non-current**	**Total**	**thereof current**	**thereof non-current**
Bonds	675,000	0	675,000	575,000	100,000	475,000
Bank borrowings	894,411	285,265	609,146	1,023,759	332,371	691,388
Liabilities from finance leases	10,336	729	9,607	11,163	827	10,336
Other liabilities	0	0	0	0	0	0
Financial liabilities	**1,579,747**	**285,994**	**1,293,753**	**1,609,922**	**433,198**	**1,176,724**
Receivables from construction contracts[1]	-3,526,003	-3,526,003	0	-3,496,488	-3,496,488	0
Advances received	4,170,088	4,170,088	0	4,048,672	4,048,672	0
Net liabilities from construction contracts	644,085	644,085	0	552,184	552,184	0
Other trade payables and payables to consortia	2,350,224	2,271,854	78,370	2,234,385	2,177,570	56,815
Trade payables	**2,994,309**	**2,915,939**	**78,370**	**2,786,569**	**2,729,754**	**56,815**
Non-financial liabilities	**384,653**	**383,753**	**900**	**423,586**	**422,419**	**1,167**
Income tax liabilities	**187,611**	**187,611**	**0**	**104,030**	**104,030**	**0**
Payables to subsidiaries	120,912	120,912	0	125,906	125,906	0
Payables to participation companies	18,620	18,620	0	20,992	20,913	79
Other financial liabilities	218,887	202,107	16,780	231,945	218,952	12,993
Other financial liabilities total	**358,419**	**341,639**	**16,780**	**378,843**	**365,771**	**13,072**

In order to secure liabilities to banks amounting to T€ 127,443 (2014: T€ 196,657) real securities have been booked.

(23) CONTINGENT LIABILITIES

The company has issued the following guarantees:

T€	31.12.2015	31.12.2014
Guarantees without financial guarantees	155	155

1) The prepayment exceeding the receivables from construction contracts shown here is qualified as non-financial.

(24) OFF-BALANCE SHEET TRANSACTIONS

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

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

Not included in the balance sheet or the contingent liability as at 31 December 2015 are performance bonds in the amount of € 2.1 billion (2014: € 2.3 billion) of which an outflow of resources is unlikely.

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

Other notes

(25) 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€	31.12.2015	31.12.2014
Securities	3,231	3,093
Cash on hand	4,360	3,995
Bank deposits	2,724,739	1,916,931
Restricted cash abroad	-5,559	-7,046
Pledge of cash and cash equivalents	-124	-10,935
Cash and cash equivalents	**2,726,647**	**1,906,038**

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€	2015	2014
Interest paid	67,384	62,314
Interest received	49,086	50,845
Taxes paid	101,046	90,848
Dividends received	81,428	47,525

(26) FINANCIAL INSTRUMENTS

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

The financial assets are derecognised when the claims to payment from the investment extinguish or have been transferred and the group has largely transferred all risks and opportunities which are related with the property.

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

T€	Measurement category according to IAS 39	31.12.2015 Carrying value	31.12.2015 Fair value	31.12.2014 Carrying value	31.12.2014 Fair value
Assets					
Investments in subsidiaries	AfS[1]	93,448		110,021	
Participation companies	AfS[1]	79,357		86,077	
Trade receivables	L&R	2,392,971		2,546,068	
Receivables from concession arrangements	L&R	792,469		819,121	
Other financial assets	L&R	594,930		602,344	
Cash and cash equivalents	L&R	2,729,099		1,920,926	
Valuation at historical costs		**6,682,274**		**6,084,557**	
Securities	AfS	29,100	29,100	36,546	36,546
Cash and cash equivalents (securities)	AfS	3,231	3,231	3,093	3,093
Derivatives held for hedging purposes		-52,189	-52,189	-63,425	-63,425
Valuation at fair value		**-19,858**	**-19,858**	**-23,786**	**-23,786**
Liabilities					
Financial liabilities	FLaC	-1,579,747	-1,619,725	-1,609,922	-1,663,428
Trade payables	FLaC	-2,350,224		-2,234,385	
Other financial liabilities	FLaC	-355,993		-365,863	
Valuation at historical costs		**-4,285,964**	**-1,619,725**	**-4,210,170**	**-1,663,428**
Derivatives held for hedging purposes		-2,426	-2,426	-12,980	-12,980
Valuation at fair value		**-2,426**	**-2,426**	**-12,980**	**-12,980**
Total		**2,374,026**	**-1,642,009**	**1,837,621**	**-1,700,194**
Measurement categories					
Loans and receivables (L&R)		6,509,469		5,888,459	
Available for sale (AfS)		205,136	32,331	235,737	39,639
Financial liabilities measured at amortised costs (FLaC)		-4,285,964	-1,619,725	-4,210,170	-1,663,428
Derivatives held for hedging purposes		-54,615	-54,615	-76,405	-76,405
Total		**2,374,026**	**-1,642,009**	**1,837,621**	**-1,700,194**

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

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

Trade payables and other financial liabilities typically have short terms; their carrying amounts approximate the fair value. The fair value of bonds, bank borrowing and liabilities arising from financial leases are measured at the present value of the payments associated with them and under consideration of the relevant applicable market parameters as far as market values were not available. The fair value of the financial liabilities would qualify as a Level 1 measurement at T€ 712,661 (2014: T€ 621,828) and as a Level 2 measurement at T€ 907,064 (2014: T€ 1,041,600).

T€ 124 (2014: T€ 10,935) of cash and cash equivalents, T€ 2,694 (2014: T€ 2,750) of securities and T€ 1,620 (2014: T€ 10,696) of other financial instruments were pledged as collateral for liabilities.

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

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

1) Measurement is at cost as these are unlisted equity instruments whose fair value cannot be reliably determined.

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

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

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

The **fair values as at 31 December 2015** for financial instruments were measured as follows:

T€	Level 1	Level 2	Total
Assets			
Securities	29,100		29,100
Cash and cash equivalents (securities)	3,231		3,231
Derivatives held for hedging purposes		-52,189	-52,189
Total	**32,331**	**-52,189**	**-19,858**
Liabilities			
Derivatives held for hedging purposes		-2,426	-2,426
Total		**-2,426**	**-2,426**

The **fair values as at 31 December 2014** for financial instruments were measured as follows:

T€	Level 1	Level 2	Total
Assets			
Securities	36,546		36,546
Cash and cash equivalents (securities)	3,093		3,093
Derivatives held for hedging purposes		-63,425	-63,425
Total	**39,639**	**-63,425**	**-23,786**
Liabilities			
Derivatives held for hedging purposes		-12,980	-12,980
Total		**-12,980**	**-12,980**

During the financial years 2015 and 2014, there were no transfers between the levels.

Financial instruments in Level 1

The fair value is determined on the basis of quoted prices in an active market. An active market exists if the prices are regularly established and readily available to the market participant. The quoted market price for the financial instruments presented in Level 1 corresponds to the bid price on 31 December 2015.

Financial instruments in Level 2

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

At the end of the reporting period, the STRABAG Group had no financial instruments classified in Level 3.

As at **31 December 2015**, the following **derivatives** existed which are not offsettable but which can be set off in case of insolvency.

T€	31.12.2015			31.12.2014		
Bank	**Assets**	**Liabilities**	**Total**	**Assets**	**Liabilities**	**Total**
Bayerische Landesbank	0	-239	**-239**	0	-1,100	**-1,100**
Commerzbank AG	97	-127	**-30**	0	-5,039	**-5,039**
Crédit Agricole Corp. & Investment	563	-163	**400**	147	-1,091	**-944**
Deutsche Bank AG	0	0	**0**	0	-63	**-63**
Erste Group Bank AG	0	0	**0**	45	0	**45**
ING Bank N.V.	162	0	**162**	3	-846	**-843**
Landesbank Baden-Württemberg	381	-49	**332**	0	-2,659	**-2,659**
Republic of Hungary	-53,392	0	**-53,392**	-63,677	0	**-63,677**
SEB AG	0	-1,574	**-1,574**	57	-2,182	**-2,125**
UniCredit Bank Austria AG	0	-274	**-274**	0	0	**0**
Total	**-52,189**	**-2,426**	**-54,615**	**-63,425**	**-12,980**	**-76,405**

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

T€	2015				2014			
	L&R	**AfS**	**FLaC**	**HfT**	**L&R**	**AfS**	**FLaC**	**HfT**
Interest	47,424	0	-69,702	0	49,869	0	-64,064	0
Interest from receivables from concession arrangements	64,194	0	-21,776	-7,358	66,183	0	-23,748	-7,653
Result from securities	0	708	0	0	0	5,159	0	0
Impairment losses	-56,161	-31,190	514	0	-30,673	-13,286	2	0
Disposal losses/profits	0	6,044	0	0	0	9,296	0	0
Gains from derecognition of liabilities and payments of written off receivables	0	0	4,082	0	0	0	4,869	0
Net income recognised in profit or loss	**55,457**	**-24,438**	**-86,882**	**-7,358**	**85,379**	**1,169**	**-82,941**	**-7,653**
Value changes recognised directly in equity[1)]	0	-193	0	21,094	0	2,155	0	-19,138
Net income	**55,457**	**-24,631**	**-86,882**	**13,736**	**85,379**	**3,324**	**-82,941**	**-26,791**

Dividends and income from investments shown in net income from investments are part of operating income and therefore not part of net income of financial instruments. Impairment losses, reversal of impairment losses, disposal gains and disposal losses of loans & receivables (L&R) and of financial liabilities measured at amortised cost (FLaC) are carried in other income or other expenses.

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

Derivative instruments are used exclusively to hedge existing risks resulting from changes in currency and interest rates. The use of derivative financial instruments in the group is subject to the appropriate approval and control procedures. The connection to a mainstay business is a must, trading is not permissible.

Principles of risk management

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

1) Excluding derivatives from equity-accounted investments in the amount of T€ -464 (2014: T€ -513)

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

Interest rate risk

The financial instruments bear variable interest rates on the assets side, on the liabilities side there are both variable and fixed interest obligations. The risk of financial instruments bearing variable interest rates consists of increasing interest charges and sinking interest revenue resulting from an unfavourable change in market interest rates. Fixed interest obligations mainly result from the bonds issued by STRABAG SE amounting to a total of T€ 675,000.

As at **31 December 2015**, the following **hedging transactions** existed:

T€	31.12.2015		31.12.2014	
	Nominal value	Market value	Nominal value	Market value
Interest rate swaps	738,252	-55,019	732,085	-70,349

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

Bank deposits

Currency	Carrying value 31.12.2015 T€	Weighted average interest rate 2015 %
EUR	1,822,109	0.42
PLN	313,865	1.71
CZK	191,638	0.11
HUF	101,992	1.15
Others	295,135	1.02
Total	**2,724,739**	**0.64**

Bank borrowings

Currency	Carrying value 31.12.2015 T€	Weighted average interest rate 2015 %
EUR	874,317	1.56
Others	20,094	6.34
Total	**894,411**	**1.67**

Had the interest rate level at 31 December 2015 been higher by 100 basispoints, then the EBT would have been higher by T€ 19,952 (2014: T€ 11,487) and the equity at 31 December 2015 would have been higher by T€ 51,046 (2014: T€ 45,990). Had the interest rate level been lower by 100 basispoints, this would have meant a correspondingly lower equity and EBT. The calculation is made based on the level of interest-bearing financial assets and liabilities as at 31 December. Tax effects from interest rate changes were not considered.

Currency risk

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

The remaining currency risk mainly results when the currency of the order deviates from the functional currency of the subsidiary affected.

The internal financing of companies within the group using different functional currencies resulted in an earnings-relevant currency risk.

This applies in particular to orders in Eastern Europe which are concluded in euro. The planned proceeds are received in the currency of the order while a substantial part of the associated costs is made in the local currency.

In order to limit the remaining currency risk and secure the calculation, derivative financial instruments are transacted. As at **31 December 2015**, the following hedging transactions existed for the **underlying transactions**[1] mentioned below:

T€ Currency	Expected cash flows 2016	Expected cash flows 2017	Total	Positive market value of the hedging transaction	Negative market value of the hedging transaction
HUF	107,370	0	107,370	362	-513
PLN	58,110	0	58,110	664	0
CZK	55,666	0	55,666	0	-165
AED	13,780	0	13,780	48	0
Others	12,300	0	12,300	56	-48
Total	**247,226**	**0**	**247,226**	**1,130**	**-726**

As at **31 December 2014**, the following hedging transactions existed for the **underlying transactions**[1] mentioned below:

T€ Currency	Expected cash flows 2015	Expected cash flows 2016	Total	Positive market value of the hedging transaction	Negative market value of the hedging transaction
HUF	177,830	0	177,830	45	-4,264
AED	31,095	0	31,095	0	-1,539
PLN	16,850	0	16,850	3	-182
Others	12,669	0	12,669	204	-324
Total	**238,444**	**0**	**238,444**	**252**	**-6,309**

Of the derivative financial instruments classified as cash flow hedges as at 31 December 2014, T€ 178 were recycled from equity and recognised in the consolidated income statement in the 2015 financial year (2014: T€ -495). The resulting deferred tax expense amounted to T€ -34 (2014: tax income of T€ 96).

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

Currency	Exchange rate 31.12.2015: 1 € =	Average rate 2015: 1 € =	Exchange rate 31.12.2014: 1 € =	Average rate 2014: 1 € =
HUF	315.9800	309.5867	315.5400	309.9825
CZK	27.0230	27.2695	27.7350	27.5513
PLN	4.2639	4.1841	4.2732	4.1939
CHF	1.0835	1.0646	1.2024	1.2127

Essentially, the Polish zloty, the Czech crown, the Hungarian forint and the Swiss franc are affected by revaluation (devaluation). The following table shows the hypothetical changes in EBT and equity if the euro in the year 2015 had been revalued or devalued by 10 % in relation to another currency:

T€	Revaluation euro of 10 %		Devaluation euro of 10 %	
Currency	change in EBT	change in equity	change in EBT	change in equity
PLN	9,398	9,398	-9,398	-9,398
HUF	-2,234	-2,234	2,234	2,234
CHF	-8,772	-8,772	8,772	8,772
CZK	14,224	14,224	-14,224	-14,224
Other	-1,786	-1,786	1,786	1,786

1) Not entirely represented as hedge accounting

The following table shows the hypothetical changes in EBT and equity if the euro in the year **2014** had been revalued or devalued by 10 % in relation to another currency:

T€	**Revaluation euro of 10 %**		**Devaluation euro of 10 %**	
Currency	**change in EBT**	**change in equity**	**change in EBT**	**change in equity**
PLN	3,917	3,917	-3,917	-3,917
HUF	-10,049	-10,049	10,049	10,049
CHF	-7,954	-7,954	7,954	7,954
CZK	4,620	4,620	-4,620	-4,620
Other	-3,931	-3,931	3,931	3,931

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

Credit risk

The maximum risk of default of the financial assets, without cash and cash equivalents, on the balance sheet date is T€ 3,982,275 (2014: T€ 4,200,177) and corresponds to the carrying amounts presented in the balance sheet. Thereof T€ 2,392,972 (2014: T€ 2,546,068) involve trade receivables. Receivables from construction contracts and receivables from consortia involve ongoing construction projects and are therefore not yet payable for the most part. Of the remaining trade receivables only insignificant amounts are overdue and not impaired.

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

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

Furthermore, there is a derived credit risk arising from the financial guarantee contracts (guarantees issued) of T€ 34,125 (2014: T€ 42,209).

Financial assets are impaired item by item if the carrying amount of the financial assets is higher than the present value of the future cash flows. This can be triggered by financial difficulties, insolvency of the client, breach of contract or significant default of payment. The impairment is composed of many individual items of which none, seen alone, is significant. In addition to the estimation of the creditworthiness risk, the relevant country risk is also taken into consideration. Graduated valuation adjustments are formed according to risk groups to take into consideration general credit risks.

Liquidity risk

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

To guarantee financial flexibility, liquidity reserves are kept in the form of cash and credit lines for cash and aval loans. The STRABAG SE Group keeps bilateral credit lines with banks and a syndicated cash and aval credit line in the amount of € 0.4 billion respectively € 2.0 billion. The overall line for cash and aval loan amounts to € 7.1 billion. The syndicated surety credit line contains covenants which were fulfilled at the balance sheet date.

The medium- and long-term liquidity needs have so far been covered by the issue of corporate bonds as well. In the years 2011, 2012 respectively 2013 bonds of € 175 million, € 100 million respectively € 200 million each with a term to maturity of seven years were issued. In the 2015 financial year, a € 200 million bond was floated with an annual coupon of 1.625 %. The € 100 million corporate bond issued in the year 2010 was repaid in the past financial year. Depending on the market situation and the appropriate need, further bond issuances are planned.

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

Payment obligations as at 31 December 2015

T€	Carrying value 31.12.2015	Cash flows 2016	Cash flows 2017–2020	Cash flows after 2020
Bonds	675,000	21,813	541,375	206,500
Bank borrowings	894,411	304,336	304,571	369,493
Liabilities from finance leases	10,336	1,190	4,760	6,814
Financial liabilities	**1,579,747**	**327,339**	**850,706**	**582,807**

Payment obligations as at 31 December 2014

T€	Carrying value 31.12.2014	Cash flows 2015	Cash flows 2016–2019	Cash flows after 2019
Bonds	575,000	122,813	340,938	206,000
Bank borrowings	1,023,759	358,564	427,097	349,410
Liabilities from finance leases	11,163	1,335	4,760	8,005
Financial liabilities	**1,609,922**	**482,712**	**772,795**	**563,415**

The trade payables and the other liabilities (see item 22) essentially lead to cash outflows in line with the maturity at the amount of the carrying values.

(27) SEGMENT REPORTING

The rules of IFRS 8 Operating Segments, apply to the segment reporting. IFRS 8 prescribes defining the segments and reporting the earnings on the basis of the internal reporting (Management Approach). Segment assets are not disclosed as these do not form part of the regular internal reporting.

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

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

The segment South + East comprises the construction activities in Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe and Russia and Neighbouring Countries and environmental engineering business, and selected real estate development activities, primarily in Austria.

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

In addition, there are the Central Divisions and Central Staff Divisions, which handle services in the areas of accounting, group financing, technical development, machine management, quality management, logistics, legal affairs, contract management etc. These services are included in the segment Other.

Segment reporting for the financial year 2015

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output Volume	**6,368,404**	**4,535,132**	**3,250,105**	**136,123**		**14,289,764**
Revenue	**5,895,104**	**4,412,355**	**2,790,881**	**25,136**	**0**	**13,123,476**
Inter-segment revenue	94,056	19,826	263,065	764,992		
EBIT	**105,174**	**197,048**	**46,788**	**226**	**-8,193**	**341,043**
thereof share of profit or loss of equity-accounted investments	59,992	28,483	-26,878	292	0	61,889
Interest and similar income	0	0	0	82,071	0	82,071
Interest expense and similar charges	0	0	0	-106,490	0	-106,490
EBT	**105,174**	**197,048**	**46,788**	**-24,193**	**-8,193**	**316,624**
Investments in property, plant and equipment, and in intangible assets	0	0	0	395,751	0	395,751
Write-ups, depreciation and amortisation	21,701	20,280	4,470	428,606	0	475,057
thereof extraordinary write-ups, depreciation and amortisation	21,701	20,280	4,470	35,043	0	81,494

Segment reporting for the financial year 2014

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output Volume	**6,292,451**	**4,170,804**	**2,970,134**	**132,606**		**13,565,995**
Revenue	**5,719,122**	**3,996,963**	**2,738,435**	**21,153**	**0**	**12,475,673**
Inter-segment revenue	114,321	13,986	288,246	785,936		
EBIT	**28,671**	**168,626**	**92,181**	**351**	**-7,870**	**281,959**
thereof share of profit or loss of equity-accounted investments	61,081	35,760	-56,866	300	0	40,275
Interest and similar income	0	0	0	82,169	0	82,169
Interest expense and similar charges	0	0	0	-108,366	0	-108,366
EBT	**28,671**	**168,626**	**92,181**	**-25,846**	**-7,870**	**255,762**
Investments in property, plant and equipment, and in intangible assets	0	0	286	346,201	0	346,487
Write-ups, depreciation and amortisation	16,861	129	11,372	409,621	0	437,983
thereof extraordinary write-ups, depreciation and amortisation	16,861	0	7,768	20,033	0	44,662

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

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

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

Other minor differences result from entries in other consolidations.

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

T€	2015	2014
Net income from investments	-15,680	-19,082
Other consolidations	7,487	11,212
Total	**-8,193**	**-7,870**

Breakdown of revenue by geographic region

T€	2015	2014
Germany	6,146,357	6,030,243
Austria	1,995,565	2,030,313
Rest of Europe	4,487,631	3,968,098
Rest of World	493,923	447,019
Revenue	**13,123,476**	**12,475,673**

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

(28) NOTES ON RELATED PARTIES

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

Arm's-length finance and insurance transactions exist with the Raiffeisen Holding NÖ-Wien Group and the UNIQA Group.

Haselsteiner Group

The Haselsteiner Group holds investments in various areas such as banks, real estate and infrastructure. The portfolio also includes investments in healthcare and the cultural area.

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

T€	2015	2014
Work and services performed	11,808	11,566
Work and services received	2,363	2,850
Receivables as at 31.12.	13,064	14,398
Liabilities as at 31.12.	26	37

Basic Element

The Basic Element Group, a group with numerous industrial holdings, among other things in the area of construction, construction materials and infrastructure, is owned by Russian businessman Oleg Deripaska. A cooperating agreement lays out the principles for joint operating cooperation in Russia and the CIS states between the STRABAG Group and the Basic Element Group.

STRABAG performed construction work connected to the Olympic Games in Sochi for the company Basic Element Group. A part of these receivables is to be paid during the years 2014 to 2018. The open receivables amounted to T€ 23,084 on 31 December 2015 (2014: T€ 30,777). The receivables carry interest and are secured by collateral under usual market conditions.

To consolidate and expand the business in Russia, STRABAG made in 2010 an advance payment secured by a bank guarantee, of € 70 million, for a 26 % stake in the leading Russian road construction company Transstroy, part of the diversified industrial holding Basic Element. STRABAG had the right to refrain from the purchase and to demand reimbursement of the deposit of € 70 million if the parties fail to agree on a final purchase price following a due diligence process. In 2014, STRABAG exercised its right to reversal, whereupon a portion of the advance was paid back. The remainder is to be repaid until 2018. As at 31 December 2015, the open receivables amounted to T€ 38,166 (2014: T€ 39,222). The receivables carry interest and are secured by collateral under usual market conditions.

IDAG

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

STRABAG's headquarters in Vienna and office buildings Graz are held in the real estate portfolio of subsidiaries of IDAG Immobilienbeteiligung u. -Development GmbH. The buildings are let to and in part sublet by STRABAG Group at the usual market conditions. Rental costs arising from both buildings in the 2015 financial year amounted to T€ 7,982 (2014: T€ 7,897). Other services in the amount of T€ 102 (2014: T€ 184) were obtained from the IDAG Group.

Furthermore, revenues of T€ 13,272 (2014: T€ 6,142) were made with IDAG Immobilienbeteiligung u. -Development GmbH in the 2015 financial year. At the balance sheet date of 31 December 2015, the STRABAG Group had receivables from rental deposits amounting to T€ 24,699 (2014: T€ 23,529) from IDAG Immobilienbeteiligung u. -Development GmbH.

Equity-accounted investments

In September 2003, **Raiffeisen evolution project development GmbH**, a joint project development company, was founded together with R.B.T. Beteiligungsgesellschaft m.b.H, "URUBU" Holding GmbH (both Raiffeisen group) and UNIQA Beteiligungs-Holding GmbH.

Raiffeisen evolution project development GmbH bundles project developments in building construction activities of the shareholders (excluding Germany and Benelux). STRABAG Group is employed in the construction work on the basis of arm's-length contracts. In 2015 revenues of T€ 9,146 (2014: T€ 12,601) were made. At the balance sheet date, there were receivables against the Raiffeisen evolution project development group in the amount of T€ 1,408 (2014: T€ 1,208).

The shareholders of the Raiffeisen evolution project development GmbH have basically agreed to proportionally accept any obligations arising from the project developments.

STRABAG holds a 49.9 % investment in **Erste Nordsee-Offshore-Holding GmbH** and in **Zweite Nordsee-Offshore-Holding GmbH.** 1.1 % of these companies is held by RBI PE Handels- und Beteiligungs GmbH (a related company via Raiffeisen Holding NÖ-Wien Group) and 49.9 % are held by third parties.

The two holding companies hold special purpose companies which have been awarded the permits to build wind turbines in the North Sea or which are currently in the approval procedure.

In 2014, STRABAG sold the 1.1% investment in the holding companies to RBI PE Handels- und Beteiligungs GmbH at the usual market rate.

A loan granted to Zweite-Nordsee-Offshore Holding amounted to T€ 5,035 (2014: T€ 3,900) on 31 December 2015 with accrued interest of T€ 218 (2014: T€ 73). Additionally, receivables in the amount of T€ 65 (2014: T€ 225) were recognised as at 31 December 2015. Services in the amount of T€ 31(2014: T€ 119) were performed and no services were received.

Lafarge Cement CE Holding GmbH bundles the cement activities of Lafarge, a market leader in construction materials manufacturing, and STRABAG in the countries of Central Europe. The joint activities aim at maintaining a commensurate cement supply in the group's core countries. In 2015, STRABAG procured cement services worth T€ 18,514 (2014: T€ 19,430) from Lafarge. At the balance sheet date, there were liabilities to Lafarge Cement CE Holding GmbH Group in the amount of T€ 53 (2014: T€ 84).

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

T€	2015	2014
Work and services performed	62,874	69,365
Work and services received	33,505	30,891
Receivables as at 31.12.	11,800	11,172
Liabilities as at 31.12.	6,784	5,321

For information about construction consortia we refer to item 14 (notes on construction consortia).

In June 2010, the German Federal Cartel Office initiated a sector inquiry into the market for rolled asphalt. In order to dispel the reservations of the German competition regulator in this regard, corporate interlocks were broken up, among other things, through the sale and purchase of individual production sites to/from BAM Group. The transactions had an immaterial impact on the consolidated financial statements.

The business transactions with the Management Board members and employees of the first management level (management in key positions) and with their family members and companies which are controlled by the management in key positions or decisively influenced by them were of minor significance in the year under report and the previous year.

The total remuneration including any severance and pension payments, as well as other long-term payments for employees of the first management level amounted to T€ 12,427 (2014: T€ 20,373) in the year under report. Of this amount, T€ 12,146 (2014: T€ 19,797) is attributable to the current remuneration and T€ 281 (2014: T€ 576) to severance and pension payments.

(29) NOTES ON THE MANAGEMENT AND SUPERVISORY BOARDS

Management Board

Dr. Thomas Birtel (CEO)
Mag. Christian Harder
Dipl.-Ing. Dr. Peter Krammer
Mag. Hannes Truntschnig
Dipl.-Ing. Siegfried Wanker

Supervisory Board

Dr. Alfred Gusenbauer (Chairman)
Mag. Erwin Hameseder (Vice Chairman)
Mag. Hannes Bogner
Mag. Kerstin Gelbmann
Dr. Gulzhan Moldazhanova (since 13 January 2016)
William R. Spiegelberger (since 12 June 2015)
Andrei Elinson (until 13 January 2016)
Ing. Siegfried Wolf (until 12 June 2015)

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

The total salaries of the Management Board members in the financial year amount to T€ 5,829 (2014: T€ 3,981). The severance payments for Management Board members amount to T€ 79 (2014: T€ 120).

The remunerations for the Supervisory Board members in the amount of T€ 135 (2014: T€ 135) are included in the expenses. Neither the Management Board members nor the Supervisory Board members of STRABAG SE received advances or loans.

(30) EXPENSES FOR THE AUDITOR

The expenses for the auditor, KPMG Austria GmbH, incurred in the financial year amount to T€ 1,251 (2014: T€ 1,182) of which T€ 1,135 (2014: T€ 1,127) were for the audit of the consolidated financial statements (including the audit of separate financial statements of group companies) and T€ 116 (2014: T€ 55) for other services.

(31) DATE OF AUTHORISATION FOR ISSUE

In Austrian companies organised as corporations limited by shares, the consolidated financial statements prepared by the Management Board are approved by the Supervisory Board. The STRABAG SE Supervisory Board meeting for the approval of the consolidated financial statements for the year ended 31 December 2015 will take place on 25 April 2016.

(32) EVENTS AFTER THE BALANCE SHEET DATE

In April 2016, a share purchase agreement was concluded with the minority shareholders of Stuttgart-based Ed. Züblin AG covering 42.74 % of the holdings in the company. The STRABAG Group thus increased its stake in Züblin from 57.3 % to 94.9 %. The remaining shares were acquired by a core shareholder of STRABAG SE.

The buyers agreed a fixed strike price totalling € 210.3 million. The agreement also includes a provision for a variable purchase price portion of up to € 114.0 million, to be determined depending on the respective net income after minorities of Ed. Züblin AG in the years 2015 to 2019.

Villach, 9 April 2016

The Management Board

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

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

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

Mag. Hannes Truntschnig
Responsibility Segment
International + Special Divisions

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

1) RANC = Russia and Neighbouring Countries

List of subsidiaries, equity-accounted investments and participation companies as at 31.12.2015

Company	Residence	Direct stake %
Consolidated companies		
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH"	Spittal an der Drau	100.00
"Crnagoraput" AD, Podgorica	Podgorica	95.32
"DOMIZIL" Bauträger GmbH	Vienna	100.00
"PUTEVI" A.D. CACAK	Cacak	85.02
"SBS Strabag Bau Holding Service GmbH"	Spittal an der Drau	100.00
"Strabag Azerbaijan" L.L.C.	Baku	100.00
"Wiener Heim" Wohnbaugesellschaft m.b.H.	Vienna	100.00
ABR Abfall Behandlung und Recycling GmbH	Schwadorf	100.00
AKA Zrt.	Budapest	100.00
Alpines Hartschotterwerk GmbH	Leinfelden-Echterdingen	100.00
ANTREPRIZA DE REPARATII SI LUCRARI A R L CLUJ SA	Cluj-Napoca	98.59
ASIA Center Kft.	Budapest	100.00
Asphalt & Beton GmbH	Spittal an der Drau	100.00
Atlas Tower GmbH & Co. KG	Cologne	94.90
AUSTRIA ASPHALT GmbH & Co OG	Spittal an der Drau	100.00
Bau Holding Beteiligungs AG	Spittal an der Drau	100.00
Baumann & Burmeister GmbH	Halle/Saale	100.00
BBS Baustoffbetriebe Sachsen GmbH	Hartmannsdorf	100.00
BHG Bitumenhandelsgesellschaft mbH	Hamburg	100.00
BHG CZ s.r.o.	Budweis	100.00
BHG Sp. z o.o.	Pruszkow	100.00
Bitumen Handelsgesellschaft m.b.H. & Co KG	Loosdorf	100.00
BITUNOVA Baustofftechnik Gesellschaft m.b.H.	Spittal an der Drau	100.00
BITUNOVA GmbH	Dusseldorf	100.00
Bitunova Kft.	Budapest	100.00
BITUNOVA Romania SRL	Bucharest	100.00
BITUNOVA Sp. z o.o.	Warsaw	100.00
BITUNOVA spol. s r.o.	Jihlava	100.00
BITUNOVA spol. s r.o.	Zvolen	100.00
Blees-Kölling-Bau GmbH	Cologne	100.00
BLUMENFELD Liegenschaftsverwaltungs GmbH	Vienna	100.00
BMTI - Baumaschinentechnik International GmbH & Co. KG	Cologne	100.00
BMTI CR s.r.o.	Brno	100.00
BMTI GmbH	Erstfeld	100.00
BMTI Kft.	Budapest	100.00
BMTI Sp. z o.o.	Pruszkow	100.00
BMTI-Baumaschinentechnik International GmbH	Trumau	100.00
BOHEMIA ASFALT, s.r.o.	Sobeslav	100.00
Böhm Stadtbaumeister & Gebäudetechnik GmbH	Vienna	100.00
BrennerRast GmbH	Vienna	100.00
BRVZ Bau- Rechen- u. Verwaltungszentrum Gesellschaft m.b.H.	Spittal an der Drau	100.00
BRVZ Bau- Rechen- und Verwaltungszentrum GmbH & Co. KG	Cologne	100.00
BRVZ Bau-, Rechen- und Verwaltungszentrum AG	Erstfeld	100.00
BRVZ center za racunovodstvo in upravljanje d.o.o.	Ljubljana	100.00
BRVZ d.o.o.	Zagreb	100.00
BRVZ Kft.	Budapest	100.00
BRVZ s.r.o.	Bratislava	100.00
BRVZ s.r.o.	Prague	100.00
BRVZ SERVICII & ADMINISTRARE SRL	Bucharest	100.00
BRVZ Sp. z o.o.	Pruszkow	100.00

Company	Residence	Direct stake %

Consolidated companies

Company	Residence	Direct stake %
BRVZ Sweden AB	Kumla	100.00
Bug-AluTechnic GmbH	Vienna	100.00
Büro Campus Deutz Torhaus GmbH	Cologne	100.00
Campus Eggenberg Immobilienprojekt GmbH	Graz	60.00
CARB SRL	Brasov	100.00
Center Communication Systems GmbH	Vienna	100.00
CESTAR d.o.o.	Slavonski Brod	74.90
Chustskij Karier	Zakarpatska	95.96
CLS Construction Legal Services GmbH	Cologne	100.00
Dalnicni stavby Praha, a.s.	Prague	100.00
Deutsche Asphalt GmbH	Cologne	100.00
Diabaswerk Saalfelden Gesellschaft m.b.H.	Saalfelden	100.00
DIW Aircraft Services GmbH	Stuttgart	100.00
DIW Instandhaltung GmbH	Stuttgart	100.00
DIW Mechanical Engineering GmbH	Stuttgart	100.00
DIW System Dienstleistungen GmbH	Munich	100.00
DRP, d.o.o.	Ljubljana	100.00
DYWIDAG Bau GmbH	Munich	100.00
DYWIDAG International GmbH	Munich	100.00
Dywidag Saudi Arabia Co. Ltd.	Jubail	100.00
DYWIDAG-Holding GmbH	Cologne	100.00
E S B Kirchhoff GmbH	Leinfelden-Echterdingen	100.00
Eberhard Pöhner Unternehmen für Hoch- und Tiefbau GmbH	Bayreuth	100.00
Eckstein Holding GmbH	Spittal an der Drau	100.00
ECS European Construction Services GmbH	Mörfelden-Walldorf	100.00
Ed. Züblin AG	Stuttgart	57.26
EFKON AG	Raaba	98.14
EFKON INDIA Pvt. Ltd.	Mumbai	100.00
EFKON SOUTH AFRICA (PTY) LTD	Pretoria	100.00
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o.	Bratislava-Ruzinov	100.00
F 101 Projekt GmbH & Co. KG	Cologne	100.00
F. Kirchhoff GmbH	Leinfelden-Echterdingen	100.00
F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG	Wiener Neustadt	100.00
F.K. SYSTEMBAU GmbH	Münsingen	100.00
Fahrleitungsbau GmbH	Essen	100.00
First-Immo Hungary Kft.	Budapest	100.00
Forum Mittelrhein Koblenz Generalübernehmergesellschaft mbH & Co.KG	Oststeinbek	51.00
Forum Mittelrhein Koblenz Kultur GmbH & Co. KG	Hamburg	51.00
FRISCHBETON s.r.o.	Prague	100.00
Frissbeton Kft.	Budapest	100.00
Gaul GmbH	Sprendlingen	100.00
GBS Gesellschaft für Bau und Sanierung mbH	Leuna	100.00
Goldeck Bergbahnen GmbH	Spittal an der Drau	100.00
Griproad Spezialbeläge und Baugesellschaft mbH	Cologne	100.00
Heimfeld Terrassen GmbH	Cologne	100.00
Ilbau GmbH Deutschland	Berlin	100.00
Ilbau Liegenschaftsverwaltung GmbH	Hoppegarten	100.00[1)]
Ilbau Liegenschaftsverwaltung GmbH	Spittal an der Drau	100.00
InfoSys Informationssysteme GmbH	Spittal an der Drau	94.90
Innsbrucker Nordkettenbahnen Betriebs GmbH	Innsbruck	51.00
IQ Generalübernehmer GmbH & Co. KG	Oststeinbek	75.00
JHP spol. s r.o.	Prague	100.00
Josef Riepl Unternehmen für Ingenieur- und Hochbau GmbH	Regensburg	100.00
KAB Straßensanierung GmbH & Co KG	Spittal an der Drau	50.60
KAMENOLOMY CR s.r.o.	Ostrava-Svinov	100.00

1) Direct stake as at 31.12.2014 amounted 99,997 %

Company	Residence	Direct stake %

Consolidated companies

Company	Residence	Direct stake %
Kanzel Steinbruch Dennig Gesellschaft mit beschränkter Haftung	Gratkorn	75.00
KMG - KLIPLEV MOTORWAY GROUP A/S	Copenhagen	100.00
KÖKA Kft.	Budapest	100.00
KSR - Kamenolomy SR, s.r.o.	Zvolen	100.00
LIMET Beteiligungs GmbH & Co. Objekt Köln KG	Cologne	94.00
LIMET Beteiligungs GmbH	Cologne	100.00
M5 Beteiligungs GmbH	Vienna	100.00
M5 Holding GmbH	Vienna	100.00
Magyar Bau Holding Zrt.	Budapest	100.00
MAV Mineralstoff - Aufbereitung und - Verwertung GmbH	Krefeld	50.00
MAV Mineralstoff - Aufbereitung und Verwertung Lünen GmbH	Lünen	100.00
MERK Timber GmbH	Aichach	100.00
Mineral Abbau GmbH	Spittal an der Drau	100.00
Mineral Baustoff GmbH	Cologne	100.00
MINERAL IGM d.o.o.	Zapuzane	100.00
Mineral Polska Sp. z o.o.	Czarny Bor	100.00
Mischek Systembau GmbH	Vienna	100.00
MiTTaG spol. s.r.o.	Prague	100.00
MOBIL Baustoffe GmbH	Munich	100.00
MOBIL Baustoffe GmbH	Reichenfels	100.00
N.V. STRABAG Belgium S.A.	Antwerp	100.00
N.V. STRABAG Benelux S.A.	Antwerp	100.00
Na Belidle s.r.o.	Prague	100.00
NE Sander Eisenbau GmbH	Sande	100.00
NE Sander Immobilien GmbH	Sande	100.00
Nimab Entreprenad AB	Sjöbo	100.00
OAT - Bohr- und Fugentechnik Gesellschaft m.b.H.	Spittal an der Drau	51.00
OAT Kft.	Budapest	100.00
Osttiroler Asphalt Hoch- und Tiefbauunternehmung GmbH	Lavant i. Osttirol	80.00
Pomgrad Inzenjering d.o.o.	Split	100.00
Pyhrn Concession Holding GmbH	Cologne	100.00
PZC SPLIT d.d.	Split	96.94[1)]
PZP Zajecar d.o.o. Zajecar	Zajecar	100.00
Raststation A 3 GmbH	Vienna	100.00
RBS Rohrbau-Schweißtechnik Gesellschaft m.b.H.	Linz	100.00
REPASS-SANIERUNGSTECHNIK GMBH Korrosionsschutz und Betoninstandsetzung	Munderkingen	100.00
Rimex Gebäudemanagement GmbH	Ulm	100.00
ROBA Transportbeton GmbH	Berlin	100.00
RVB Gesellschaft für Recycling, Verwertung und Beseitigung von Abfällen mbH	Kelheim	100.00
SAO BRVZ Ltd	Moscow	100.00
SAT s.r.o.	Prague	100.00
SAT Sp. z o.o.	Olawa	100.00
SAT Straßensanierung GmbH	Cologne	100.00
SF Bau vier GmbH	Vienna	100.00
SF-Ausbau GmbH	Freiberg	100.00
Shanghai Changjiang-Züblin Construction&Engineering Co.Ltd.	Shanghai	75.00
Stephan Holzbau GmbH	Gaildorf	100.00
STR Épitö Kft.	Budapest	100.00
STRABAG (B) Sdn Bhd	Bandar Seri Begawan	100.00
STRABAG a.s.	Prague	100.00
STRABAG AB	Stockholm	100.00
STRABAG ABU DHABI LLC	Abu Dhabi	100.00
STRABAG AG	Cologne	93.63
STRABAG AG	Schlieren	100.00
STRABAG AG	Spittal an der Drau	100.00

1) Direct stake as at 31.12.2014 amounted 95,73 %

Company	Residence	Direct stake %

Consolidated companies

STRABAG Általános Építö Kft.	Budapest	100.00
STRABAG Anlagentechnik GmbH	Cologne	100.00
STRABAG Anlagentechnik GmbH	Thalgau	100.00
STRABAG B.V.	Vlaardingen	100.00
STRABAG Bau GmbH	Vienna	100.00
STRABAG d.o.o. Beograd	Novi Beograd	100.00
Strabag d.o.o.	Zagreb	100.00
STRABAG EAD	Sofia	100.00
STRABAG Energy Technologies GmbH	Vienna	100.00
STRABAG Facility Management GmbH	Berlin	100.00
STRABAG Facility Services GmbH	Nuremberg	100.00
STRABAG GmbH	Bad Hersfeld	100.00
STRABAG gradbene storitve d.o.o.	Ljubljana	100.00
STRABAG Großprojekte GmbH	Munich	100.00
STRABAG Holding GmbH	Vienna	100.00
Strabag Inc.	Toronto	100.00
STRABAG Industries (Thailand) Co.,Ltd.	Bangkok	100.00
STRABAG INFRASTRUKTURA POLUDNIE Sp. z o.o.	Breslau	100.00
STRABAG Infrastrukturprojekt GmbH	Bad Hersfeld	100.00
STRABAG International GmbH	Cologne	100.00
STRABAG Kieserling Flooring Systems GmbH	Hamburg	100.00
Strabag Liegenschaftsverwaltung GmbH	Linz	100.00
STRABAG OMAN L.L.C.	Muscat	100.00
STRABAG Oy	Helsinki	100.00
STRABAG Pozemne a inzinierske stavitel'stvo s. r. o.	Bratislava	100.00
STRABAG Projektentwicklung GmbH	Cologne	100.00
STRABAG Projektutveckling AB	Stockholm	100.00
STRABAG Property and Facility Services a.s.	Prague	100.00
STRABAG Property and Facility Services GmbH	Münster	100.00
STRABAG Property and Facility Services GmbH	Vienna	100.00
STRABAG Property and Facility Services Zrt.	Budapest	51.00
STRABAG Rail a.s.	Usti nad Labem-Strekov	100.00
STRABAG Rail AB	Kumla	100.00
STRABAG Rail Fahrleitungen GmbH	Berlin	100.00
STRABAG Rail GmbH	Lauda-Königshofen	100.00
STRABAG Real Estate GmbH	Cologne	100.00
STRABAG S.p.A.	Bologna	100.00
STRABAG s.r.o.	Bratislava	100.00
STRABAG SIA	Milzkalne	82.08
STRABAG Sp. z o.o.	Pruszkow	100.00
Strabag SpA	Santiago de Chile	100.00
STRABAG Sportstättenbau GmbH	Dortmund	100.00
STRABAG SRL	Bucharest	100.00
STRABAG Sverige AB	Stockholm	100.00
STRABAG Umwelttechnik GmbH	Dusseldorf	100.00
STRABAG Unterstützungskasse GmbH	Cologne	100.00
STRABAG Vasútépítö Kft.	Budapest	100.00
STRABAG Wasserbau GmbH	Hamburg	100.00
Strabag Zrt.	Budapest	100.00
STRABAG-MML Kft.	Budapest	100.00
Szentesi Vasútépítö Kft	Budapest	100.00
TPA CR, s.r.o.	Ceske Budejovice	100.00
TPA Gesellschaft für Qualitätssicherung und Innovation GmbH	Vienna	100.00
TPA GmbH	Cologne	100.00
TPA HU Kft.	Budapest	100.00

Company	Residence	Direct stake %
Consolidated companies		
TPA HU Kft.	Budapest	100.00
TPA odrzavanje kvaliteta i inovacija d.o.o.	Zagreb	100.00
TPA SOCIETATE PENTRU ASIGURAREA CALITATII SI INOVATII SRL	Bucharest	100.00
TPA Sp. z o.o.	Pruszkow	100.00
TPA Spolocnost pre zabezpecenie kvality a inovacie s.r.o.	Bratislava	100.00
TPA za obezbedenje kvaliteta i inovacije d.o.o. Beograd	Novi Beograd	100.00
Trema Engineering 2 sh p.k.	Tirana	51.00
Treuhandbeteiligung H		100.00[1)]
Viedenska brana s.r.o.	Bratislava	100.00
VIOLA PARK Immobilienprojekt GmbH	Vienna	75.00
Vojvodinaput-Pancevo a.d. Pancevo	Pancevo	82.07
Wolfer & Goebel Bau GmbH	Stuttgart	100.00
Xaver Bachner GmbH	Straubing	100.00
ZAO "Strabag"	Moscow	100.00
Z-Bau GmbH	Magdeburg	100.00
ZDE Sechste Vermögensverwaltung GmbH	Cologne	100.00
Zezelivskij karier TOW	Zezelev	99.36
Züblin A/S	Trige	100.00
Züblin Chimney and Refractory GmbH	Cologne	100.00
Züblin Construction L.L.C.	Abu Dhabi	100.00
Züblin Egypt LLC	Cairo	100.00
Züblin Gebäudetechnik GmbH	Erlangen	100.00
Züblin Ground and Civil Engineering LLC	Dubai	100.00
Züblin Hoch- und Brückenbau GmbH	Bad Hersfeld	100.00
Züblin Holding GesmbH	Vienna	100.00
Züblin Inc.	Saint John/NewBrunswick	100.00
Züblin International GmbH Chile SpA	Santiago de Chile	100.00
Züblin International GmbH	Stuttgart	100.00
Züblin Kft.	Budapest	100.00
Züblin Nederland B.V.	Vlaardingen	100.00
ZUBLIN PRECAST INDUSTRIES SDN. BHD.	Johor	100.00
Züblin Projektentwicklung GmbH	Stuttgart	100.00
ZUBLIN ROMANIA SRL	Bucuresti	100.00
Züblin Scandinavia AB	Stockholm	100.00
Züblin Sp. z o.o.	Poznan	100.00
Züblin Spezialtiefbau Ges.m.b.H.	Vienna	100.00
Züblin Spezialtiefbau GmbH	Stuttgart	100.00
Züblin Stahlbau GmbH	Hosena	100.00
ZÜBLIN stavebni spol. s r.o.	Prague	100.00
Züblin Umwelttechnik GmbH	Stuttgart	100.00
Züblin Wasserbau GmbH	Berlin	100.00
Associates		
A-Lanes A15 Holding B.V.	Nieuwegein	24.00
AMB Asphaltmischwerke Bodensee GmbH & Co KG	Singen (Hohentwiel)	50.00
Bayerische Asphaltmischwerke GmbH & Co.KG für Straßenbaustoffe	Hofolding	48.33
Bodensee - Moränekies Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft Tettnang	Tettnang	33.33
DIRECTROUTE (LIMERICK) HOLDINGS LIMITED	Fermoy	20.00
Erste Nordsee-Offshore-Holding GmbH	Pressbaum	49.90
Lafarge Cement CE Holding GmbH	Vienna	30.00
MAK Mecsek Autopalya Koncesszios Zrt.	Budapest	30.00
Natursteinwerke im Nordschwarzwald NSN GmbH & Co. KG	Mühlacker	25.00

1) The presentation of interests is done using the economic approach; the interests as defindend by civil law may deviate from this presentation.

Company	Residence	Direct stake %
Associates		
PARK SERVICE HÜFNER GmbH + Co. KG	Stuttgart	48.44
Raiffeisen evolution project development GmbH	Vienna	20.00
SeniVita Social Estate AG	Bayreuth	46.00
Strabag Qatar W.L.L.	Qatar	49.00
Züblin International Qatar LLC	Doha	49.00
Zweite Nordsee-Offshore-Holding GmbH	Pressbaum	49.90
Joint ventures		
AMH Asphaltmischwerk Hauneck GmbH & Co. KG	Hauneck	50.00
Autocesta Zagreb-Macelj d.o.o.	Krapina	51.00
Kieswerk Rheinbach GmbH & Co Kommanditgesellschaft	Rheinbach	50.00
Kieswerke Schray GmbH & Co. KG	Steißlingen	50.00
PANSUEVIA GmbH & Co. KG	Jettingen-Scheppach	50.00
PANSUEVIA Service GmbH & Co. KG	Jettingen-Scheppach	50.00
Steinbruch Spittergrund GmbH	Erfurt	50.00
Thüringer Straßenwartungs- und Instandhaltungsgesellschaft mbH & Co. KG	Apfelstädt	50.00
Subsidiaries not consolidated		
"BITUNOVA" S.R.L.	Chisinau	100.00
"Granite Mining Industries" Sp. z o.o.	Braslau	100.00
"Mineral 2000" EOOD	Sofia	100.00
"Strabag" d.o.o. Podgorica	Podgorica	100.00
2.Züblin Vorrats GmbH	Stuttgart	100.00
7. Züblin Vorrats GmbH	Stuttgart	100.00
A.S.T. Bauschuttverwertung GmbH & Co KG	Klagenfurt	66.67
A.S.T. Bauschuttverwertung GmbH	Klagenfurt	66.67
AB Frischbeton Gesellschaft m.b.H.	Vienna	100.00
ADI Asphaltmischwerke Donau-Iller GmbH & Co. KG i.L.	Inzigkofen	63.21
ADI Asphaltmischwerke Donau-Iller Verwaltungsgesellschaft mit beschränkter Haftung i.L.	Inzigkofen	63.20
Al-Hani General Construction Co.	Tripolis	60.00
AMH Asphaltmischwerk Hellweg GmbH i.L.	Erwitte	50.50
Artholdgasse Errichtungs GmbH	Vienna	95.00
Asesorías de Ingenería y Construcciones Ltda.	Santiago de Chile	100.00
Asfalt Slaski Wprinz Sp. z o.o.	Warsaw	100.00
Asphaltmischwerk Rieder Vomperbach GmbH & Co KG	Innsbruck	60.00
Asphaltmischwerk Rieder Vomperbach GmbH	Innsbruck	60.00
Asphaltmischwerk Roppen GmbH & Co KG	Roppen	70.00
Asphaltmischwerk Roppen GmbH	Roppen	70.00
Asphaltmischwerk Zeltweg Gesellschaft m.b.H.	Steyr	100.00
ASTRADA DEVELOPMENT SRL	Bucharest	70.00
AUSTRIA ASPHALT GmbH	Spittal an der Drau	100.00
B + R Baustoff-Handel und -Recycling Köln GmbH	Cologne	100.00
Baugesellschaft "Negrelli" Ges.m.b.H.	Vienna	100.00
Bauträgergesellschaft Olande mbH	Hamburg	51.00
BAYSTAG GmbH	Wildpoldsried	100.00
Baytürk Grup Insaat Ithalat, Ihracat ve Ticaret Limited Sirketi	Istanbul	100.00
Beijing Züblin Equipment Production Co., Ltd.	Beijing	100.00
Betobeja Empreendimentos Imobiliarios, Lda	Beja	100.00
Beton AG Bürglen	Bürglen TG	65.60
BHG Bitumen Adria d.o.o.	Zagreb	100.00
BHG Bitumen d.o.o. Beograd	Belgrad	100.00

Company	Residence	Direct stake %
Subsidiaries not consolidated		
BHG Bitumen Kft.	Budapest	100.00
BHG COMERCIALIZARE BITUM SRL	Bucharest	100.00
BHG SK s.r.o.	Bratislava	100.00
BHV GmbH Brennstoffe - Handel - Veredelung	Lünen	100.00
Bitumen Handelsgesellschaft m.b.H.	Vienna	100.00
Bitumenka-Asfalt d.o.o. i.L.	Sarajevo	51.00
BITUNOVA UKRAINA TOW	Brovary	60.00
BMTI - TEHNICA UTILAJELOR PENTRU CONSTRUCTII SRL	Bucharest	100.00
BMTI Benelux bvba	Antwerp	100.00
BMTI d.o.o. Beograd	Novi Beograd	100.00
BMTI d.o.o.	Zagreb	100.00
BMTI Rail Service GmbH	Berlin	100.00
BMTI SK, s.r.o.	Bratislava	100.00
BMTI Verwaltung GmbH	Cologne	100.00
BPM Bau Prozess Management GmbH	Vienna	100.00
BrennerWasser GmbH	Vienna	100.00
BRVZ Benelux bvba	Antwerp	100.00
BRVZ d.o.o. Beograd	Novi Beograd	100.00
BRVZ EOOD	Sofia	100.00
BRVZ SRL	Bologna	100.00
BRVZ Verwaltung GmbH	Cologne	100.00
BRVZ-Contabilidade, Organizacao,Representacao e Administracao de Empresas,S.U.,Lda	Lisbon	100.00
BSB Betonexpress Verwaltungsges.mbH	Berlin	100.00
BSS Tunnel- & Montanbau GmbH i.L.	Bern	100.00
BVHS Betrieb und Verwaltung von Hotel- und Sportanlagen GmbH	Berlin	100.00
Center Communication Systems GmbH	Erstfeld	100.00
Center Communication Systems SPRL	Diegem	100.00
Center Systems Deutschland GmbH	Berlin	100.00
CLS Construction Legal Services AB	Stockholm	100.00
CLS Construction Legal Services GmbH	Schlieren	100.00
CLS Construction Legal Services GmbH	Vienna	100.00
CLS CONSTRUCTION LEGAL SERVICES SRL	Bucharest	100.00
CLS CONSTRUCTION SERVICES d.o.o.	Zagreb	100.00
CLS CONSTRUCTION SERVICES s. r. o.	Bratislava	100.00
CLS CONSTRUCTION SERVICES s.r.o.	Prague	100.00
CLS Kft.	Budapest	100.00
CLS Legal Sp. z o.o.	Pruszkow	100.00
Coldmix B.V.	Roermond	100.00
Constrovia Construcao Civil e Obras Publicas Lda.	Lisbon	95.00
Cottbuser Frischbeton GmbH	Cottbus	100.00
Crna Glava Seona d.o.o.	Nasice	51.00
Demirtürk Uluslararasi Insaat, Ithalat, Ihracat ve Ticaret Sirketi	Istanbul	100.00
DIMMOPLAN Verwaltungs GmbH	Stuttgart	100.00
DIW Instandhaltung Verwaltungs Limited	Warwick	100.00
DIW Mechanical Engineering Verwaltungs GmbH	Stuttgart	100.00
DIW System Dienstleistungen Verwaltungs GmbH	Munich	100.00
DRUMCO SA	Timisoara	70.00
Dywidag Construction Corporation	Vancouver	100.00
Dywidag LNG Korea Ltd.	Seoul	100.00
DYWIDAG ROMANIA SRL	Bucharest	100.00
DYWIDAG Schlüsselfertig und Ingenieurbau GmbH	Munich	100.00
DYWIDAG-Service-GmbH Gebäude- und Anlagenmanagement	Bad Hersfeld	100.00
E.S.T.M. KFT	Budapest	100.00
Eberhardt Bau-Gesellschaft mbH	Berlin	100.00
EDEN Jizni roh s.r.o.	Prague	100.00

Company	Residence	Direct stake %

Subsidiaries not consolidated

Company	Residence	Direct stake %
Edificio Bauvorbereitungs- und Bauträgergesellschaft mb.H.	Vienna	100.00
EFKON ASIA SDN. BHD.	Kuala Lumpur	100.00
EFKON COLOMBIA LTDA	Bogota	100.00
EFKON Germany GmbH	Berlin	100.00
EFKON USA, INC.	Dallas	100.00
Eichholz Eivel GmbH	Berlin	100.00
Emprese Constructora, Züblin Peru S.A.C.	Lima	99.97
Eraproject Immobilien-, Projektentwicklung und Beteiligungsverwaltung GmbH	Berlin	100.00
Erlaaer Straße Liegenschaftsverwertungs-GmbH	Vienna	100.00
ERMATEC Maschinen Technische Anlagen Gesellschaft m.b.H.	Vienna	100.00
Eslarngasse 16 GmbH	Vienna	75.00
ETG Erzgebirge Transportbeton GmbH	Freiberg	100.00
EURO SERVICES Catering & Cleaning GmbH	Mörfelden-Walldorf	100.00
EUROTEC ANGOLA, LDA	Luanda	100.00
F 101 Verwaltungs GmbH	Cologne	100.00
Fachmarktzentrum Kielce Projekt GmbH	Berlin	100.00
Facility Management Holding RF GmbH	Vienna	100.00
Fastighets AB Botvid	Stockholm	51.00
FLOGOPIT d.o.o. Beograd	Novi Beograd	100.00
Forum Mittelrhein Beteiligungsgesellschaft mbH	Hamburg	51.00
Freo Projektentwicklung Berlin GmbH	Berlin	50.10
FUSSENEGGER Hochbau und Holzindustrie GmbH	Dornbirn	100.00
Gartensiedlung Lackenjöchel Liegenschaftsverwertungs GmbH	Vienna	100.00
GFR remex Baustoffaufbereitung GmbH & Co. KG, Krefeld	Krefeld	100.00
GFR remex Baustoffaufbereitung Verwaltungs-GmbH Krefeld	Krefeld	100.00
GRASTO d.o.o.	Ljubljana	100.00
GTE-Gebäude-Technik-Energie-Betriebs- und Verwaltungsgesellschaft m.b.H. & Co. KG.	Vienna	62.00
GTE-Gebäude-Technik-Energie-Betriebs- und Verwaltungsgesellschaft m.b.H.	Vienna	61.00
Gudrunstraße Errichtungs GmbH	Vienna	95.00
GVD Versicherungsvermittlungen - Dienstleistungen GmbH	Cologne	100.00
HEILIT Umwelttechnik S.R.L.	Orhei	100.00
Heptan Grundstücksverwaltungsgesellschaft mbH & Co Vermietungs-KG	Mainz	94.00
Hexagon Projekt GmbH & Co. KG	Cologne	100.00
Hillerstraße - Jungstraße GmbH	Vienna	75.00
Hrusecka obalovna, s.r.o.	Hrusky	80.00
I.C.S. "STRABAG" S.R.L.	Chisinau	100.00
IBV - Immobilien Besitz- und Verwaltungsgesellschaft mbH Werder	Cologne	99.00
Industrielles Bauen Betreuungsgesellschaft mbH	Stuttgart	100.00
INDUSTRIJA GRADEVNOG MATERIJALA OSTRA d.o.o.	Zagreb	100.00
Intelligent Traffic Systems Asia	Selangor	100.00
I-PAY CLEARING SERVICES Pvt. Ltd.	Mumbai	74.00
IQ Plan Beteiligung GmbH	Oststeinbek	75.00
IQ Plan GmbH & Co. KG	Hamburg	75.00
JBA GmbH	Cologne	50.10
JUKA Justizzentrum Kurfürstenanlage GmbH	Cologne	100.00
JV HEILIT Umwelttechnik-BioPlanta S.R.L.	Orhei	98.00
KAB Straßensanierung GmbH	Spittal an der Drau	50.60
KAMENOLOM MALI CARDAK d.o.o.	Zagreb	100.00
Karlovarske silnice, a.s.	Ceske Budejovice	100.00
KIAG AG	Kreuzlingen	100.00
Kieswerk Diersheim GmbH	Rheinau/Baden	60.00
Kieswerk Ohr GmbH	Cologne	100.00
Kirchner Baugesellschaft m.b.H.	Spittal an der Drau	100.00
Kirchner PPP Service GmbH	Bad Hersfeld	100.00
KIRCHNER ROMANIA SRL	Bucharest	100.00

Company	Residence	Direct stake %

Subsidiaries not consolidated

Latasfalts SIA	Milzkalne	100.00
Leonhard Moll Tiefbau GmbH	Munich	100.00
Lieferasphalt Gesellschaft m.b.H. & Co OG, Viecht	Viecht	66.50
Lieferasphalt Gesellschaft m.b.H. & Co. OG	Maria Gail	60.00
Linnetorp AB	Sjöbo	100.00
LPRD (LESZCZYNSKIE PRZEDSIEBIORSTWO ROBOT DROGOWO)-MOSTOWYCH Sp. z o.o.	Leszno	99.78
'LSH'-Fischer Baugesellschaft m.b.H.	Linz	100.00
Ludwig Voss GmbH	Cuxhaven	100.00
MAYVILLE INVESTMENTS Sp. z o.o.	Warsaw	100.00
Mazowieckie Asfalty Sp. z o.o.	Pruszkow	100.00
MBO UK d.o.o.	Ljubljana	100.00
Mikrobiologische Abfallbehandlungs GmbH	Schwadorf	51.00
Mineral Kop doo Beograd	Belgrad	100.00
Mischek Bauträger Service GmbH	Vienna	100.00
Mischek Leasing eins Gesellschaft m.b.H.	Vienna	100.00
Mister Recrutamento Lda.	Lisbon	100.00
Mobil Baustoffe AG	Erstfeld	100.00
Möbius Construction Ukraine Ltd	Odessa	100.00
Möbius Wasserbau GmbH	Hamburg	100.00
MSO Mischanlagen GmbH Ilz & Co KG	Ilz	52.81
MSO Mischanlagen GmbH Pinkafeld & Co KG	Pinkafeld	52.67
MUST Razvoj projekata d.o.o.	Zagreb	100.00
NEUE REFORMBAU Gesellschaft m.b.H.	Vienna	100.00
Nimab Anläggning AB	Sjöbo	100.00
Nimab Fastigheter AB	Sjöbo	100.00
Nimab Support AB	Sjöbo	100.00
NR Bau- u. Immobilienverwertung GmbH	Berlin	100.00
OAT spol. s r.o.	Bratislava	100.00
OAT,s.r.o.	Prague	100.00
OBIT GmbH	Berlin	100.00
ODEN Anläggning Fastighets AB	Stockholm	100.00
ODEN Entreprenad Fastighets AB	Stockholm	100.00
ODEN Maskin Fastighets AB	Stockholm	100.00
Offshore Services Cuxhaven GmbH	Cologne	100.00
Offshore Wind Logistik GmbH	Stuttgart	100.00
OOO "Dywidag International"	Moscow	100.00
OOO "Dywidag"	Moscow	100.00
OOO "EFKON"	Moscow	100.00
OOO "Möbius"	St. Petersburg	75.00
OOO "Strabag Sued"	Moscow	100.00
OOO "TPA"	Moscow	100.00
OOO CLS Construction Legal Services	Moscow	100.00
OOO STRABAG PFS	Moscow	100.00
PANADRIA MREZA AUTOCESTA D.O.O.	Zagreb	100.00
Passivhaus Kammelweg Bauträger GmbH	Vienna	100.00
PH Bau Erfurt GmbH	Erfurt	100.00
POLSKI ASFALT Sp. z o.o.	Krakow	100.00
Poltec Sp. z o.o.	Breslau	100.00
PPP Conrad-von-Ense-Schule GmbH	Bad Hersfeld	100.00
PPP Management GmbH	Cologne	100.00
PPP Schulen Kreis Düren GmbH	Bad Hersfeld	100.00
PPP Schulen Monheim am Rhein GmbH	Bad Hersfeld	100.00
PPP SchulManagement Witten GmbH & Co. KG	Cologne	100.00
PPP SeeCampus Niederlausitz GmbH	Bad Hersfeld	100.00
PRID-CIECHANOW Sp. z o.o.	Ciechanow	100.00

Subsidiaries not consolidated

Company	Residence	Direct stake %
PRO Liegenschaftsverwaltungs- und Verwertungsgesellschaft m.b.H.	Vienna	100.00
Projektgesellschaft Willinkspark GmbH	Cologne	100.00
Prottelith Produktionsgesellschaft mbH	Liebenfels	52.00
PRZEDSIEBIORSTWO ROBOT DROGOWYCH Sp. z o.o. W LIKWIDACJI	Choszczno	100.00
Raststation A 6 GmbH in Liqu.	Vienna	100.00
RE Klitschgasse Errichtungs GmbH	Vienna	67.00
RE Wohnungseigentumserrichtungs GmbH	Vienna	75.00
RGL Rekultivierungsgesellschaft Langentrog mbH	Langenargen	80.00
Rhein-Regio Neuenburg Projektentwicklung GmbH	Neuenburg am Rhein	90.00
ROBA Kieswerk Merseburg GmbH i.L.	Merseburg	100.00
Rößlergasse Bauteil Drei GmbH	Vienna	99.00
Rößlergasse Bauteil Eins GmbH	Vienna	99.00
Rößlergasse Bauteil Fünf GmbH	Vienna	99.00
Rößlergasse Bauteil Sechs GmbH	Vienna	99.00
Rößlergasse Bauteil Vier GmbH	Vienna	99.00
Rößlergasse Bauteil Zwei GmbH	Vienna	99.00
RST Rail Systems and Technologies GmbH	Barleben	82.00
S.U.S. Abflussdienst Gesellschaft m.b.H.	Vienna	100.00
SAT REABILITARE RECICLARE SRL	Cluj-Napoca	100.00
SAT SANIRANJE cesta d.o.o.	Zagreb	100.00
SAT SLOVENSKO s.r.o.	Bratislava	100.00
SAT Ukraine	Brovary	100.00
SAT Útjavító Kft.	Budapest	100.00
Schotter- und Kies-Union GmbH & Co. KG	Leipzig	57.90
Schotter- und Kies-Union Verwaltungsgesellschaft mbH	Leipzig	100.00
SCHOTTERWERK EDLING GESELLSCHAFT M.B.H.	Spittal an der Drau	74.00
SEF Netz-Service GmbH	Munich	100.00
SF-BAU-Grundstücksgesellschaft "ABC-Bogen" mbH	Cologne	100.00
Slagsta Utveckling 1 AB	Stockholm	100.00
Slagsta Utveckling 2 AB	Stockholm	100.00
SOOO "STRABAG Engineering Center"	Minsk	60.00
SPK - Errichtungs- und Betriebsges.m.b.H.	Spittal an der Drau	100.00
SPPD Sp. z o.o.	Pruszkow	100.00
SRE Erste Vermögensverwaltung GmbH	Cologne	100.00
SRE Projekt 1 GmbH & Co. KG	Cologne	100.00
SRE Zweite Vermögensverwaltung GmbH	Cologne	100.00
Steffes-Mies GmbH	Sprendlingen	100.00
STHOI Co., Ltd.	Bangkok	100.00
STR Irodaház Kft.	Budapest	100.00
STR Mély- és Magasépítö Kft	Budapest	100.00
STRABAG A/S	Trige	100.00
STRABAG Algerie EURL	Algier	100.00
STRABAG AUSTRALIA PTY LTD	Brisbane	100.00
STRABAG Baustoffaufbereitung und Recycling GmbH	Dusseldorf	51.00
STRABAG Beton GmbH & Co. KG	Berlin	100.00
STRABAG Construction Co., Ltd.	Bangkok	100.00
STRABAG Construction Nigeria	Ikeja	100.00
STRABAG Corp.	Delaware	100.00
STRABAG d.o.o. Sarajevo	Sarajevo	100.00
STRABAG Development s.r.o.	Bratislava	100.00
STRABAG Dredging GmbH	Hamburg	100.00
STRABAG DROGI WOJEWODZKIE Sp. z o.o.	Pruszków	100.00
STRABAG Dubai LLC	Dubai	100.00
STRABAG FACILITY MANAGEMENT SRL	Bucharest	100.00
STRABAG HYDROTECH Sp. z o.o.	Szczecin	100.00

Company	Residence	Direct stake %

Subsidiaries not consolidated

Company	Residence	Direct stake %
STRABAG India Private Limited	Maharashtra	100.00
STRABAG Infrastruktur Development	Moscow	100.00
Strabag International Benin SARL	Benin	100.00
Strabag International Corporation	Buena Vista	100.00
Strabag Kiew TOW	Kiew	100.00
STRABAG Krankenhaus Errichtungs- und BetriebsgmbH	Vienna	99.00
STRABAG Motorway GmbH	Spittal an der Drau	100.00
STRABAG Offshore Wind GmbH	Stuttgart	100.00
STRABAG OW EVS GmbH	Hamburg	51.00
STRABAG Property and Facility Services d.o.o.	Zagreb	100.00
STRABAG Property and Facility Services s.r.o.	Bratislava	55.00
Strabag Property and Facility Services Sp. z o.o.	Pruszkow	100.00
STRABAG Ray Ltd. Sti.	Ankara	100.00
STRABAG Residential Property Services GmbH	Berlin	99.51
Strabag RS d.o.o.	Banja Luka	100.00
STRABAG S.A.S.	Bogota D.C.	100.00
STRABAG Sh.p.k.	Tirana	100.00
STRABAG Wasserbau Scandinavia AB	Kumla	100.00
STRABAG-PROJEKT 2 Sp. z o.o.	Pruszkow	100.00
STRABAG-PROJEKT Sp. z o.o.	Pruszkow	100.00
STRABIL STRABAG Bildung im Lauenburgischen GmbH	Cologne	100.00
Südprojekt A-Modell GmbH & Co. KG	Bad Hersfeld	100.00
Südprojekt A-Modell Verwaltung GmbH	Bad Hersfeld	100.00
SZYBKI TRAMWAY Sp. z o.o.	Pruszkow	100.00
TETI TRAFFIC	Centurion	54.00
TH 116 GmbH & Co. KG	Cologne	100.00
THE INTOLLIGENT LIMITED	Dublin	100.00
TOLLINK (PROPRIETARY) LIMITED	Pretoria	100.00
TolLink Pakistan (Private) Limited	Islamabad	60.00
TOO STRABAG Kasachstan	Astana	100.00
TPA EOOD	Sofia	100.00
TPA Gesellschaft für Qualitätssicherung und Innovation GmbH	Erstfeld	100.00
Trema Engineering 2 Sh.p.k.	Pristina	100.00
Treuhandbeteiligung B		100.00
Treuhandbeteiligung M		100.00
TyresöHandel Holding AB	Stockholm	100.00
TyresöView1 Holding AB	Stockholm	100.00
UAB "Strabag Baltija"	Klaipeda	100.00
UAB "STRABAG Wasserbau"	Klaipeda	100.00
UND-FRISCHBETON s.r.o.	Kosice	75.00
Universitätszentrum Althanstraße Erweiterungsgesellschaft m.b.H.	Vienna	100.00
VAM-Valentiner Asphaltmischwerk Gesellschaft m.b.H. & Co.KG	Linz	75.00
VAM-Valentiner Asphaltmischwerk Gesellschaft m.b.H.	Linz	75.00
VARNA EFKON OOD	Varna	52.00
Vasagatan Op6 Holding AB	Solna	100.00
Verwaltung Forum Mittelrhein Koblenz Generalübernehmergesellschaft mbH	Oststeinbek	51.00
WMB Drogbud Sp. z o.o.	Lubojenka	51.00
Wohnbauträgergesellschaft Objekt "Freising - Westlich der Jagdstraße" mbH	Cologne	100.00
Wohnen am Krautgarten Bauträger GmbH	Vienna	100.00
Wollhaus HN GmbH & Co. KG	Cologne	100.00
WSK PULS GmbH	Erfurt	100.00
Z.P.C. Lda.	Lisboa	100.00
ZDE Projekt Oberaltenallee GmbH	Hamburg	100.00
ZDE Siebte Vermögensverwaltung GmbH	Cologne	100.00
Z-Design EOOD	Sofia	100.00

Company	Residence	Direct stake %

Subsidiaries not consolidated

ZG1 s.r.o.	Bratislava	100.00
ZS Real Estate AG	Opfikon	99.80
Züblin AS	Oslo	100.00
Züblin Australia Pty Ltd	Perth	100.00
Züblin Bulgaria EOOD	Sofia	100.00
Zublin Corporation	Wilmington	100.00
Züblin Engineering Consulting (Shanghai) Co., Ltd.	Shanghai	100.00
Züblin Holding Thailand Co. Ltd.	Bangkok	79.35
Züblin Hrvatska d.o.o.	Zagreb	100.00
Züblin International Malaysia Sdn. Bhd.	Kuala Lumpur	100.00
Züblin Ireland Limited	Dublin	100.00
Zublin Saudi Arabia LLC	Riyadh	100.00
Züblin Services GmbH	Stuttgart	100.00
Züblin Thailand Co. Ltd.	Bangkok	100.00
Zucotec - Sociedade de Construções, Unip., Lda.	Amadora	100.00

Participation companies not consolidated

"Kabelwerk" Bauträger GmbH	Vienna	25.00
"Zentrum Puntigam" Errichtungs- und Betriebsgesellschaft m.b .H.	Vienna	50.00
A 94 Autobahngesellschaft mbH & Co. KG	Cologne	50.00
ABO Asphalt-Bau Oeynhausen GmbH.	Oeynhausen	22.50
AGS Asphaltgesellschaft Stuttgart GmbH & Co.Kommanditgesellschaft	Stuttgart	40.00
AGS Asphaltgesellschaft Stuttgart Verwaltungs-GmbH	Stuttgart	40.00
AL SRAIYA - STRABAG Road & Infrastructure WLL	Doha	49.00
A-Lanes Management Services B.V.	Utrecht	25.00
AMB Asphalt-Mischanlagen Betriebsgesellschaft m.b.H.& Co.KG	Zistersdorf	40.00
AMB Asphalt-Mischanlagen Betriebsgesellschaft m.b.H.	Zistersdorf	40.00
AMG - Asphaltmischwerk Gunskirchen Gesellschaft m.b.H.	Linz	33.33
AMG-Asphaltmischwerk Gunskirchen Gesellschaft m.b.H. & Co.KG	Linz	33.33
AMH Asphaltmischwerk Hauneck Verwaltungs GmbH	Hauneck	50.00
AML - Asphaltmischwerk Limberg Gesellschaft m.b.H.	Limberg	50.00
AMS-Asphaltmischwerk Süd Gesellschaft m.b.H.	Linz	35.00
AMSS Asphaltmischwerke Sächsische Schweiz GmbH & Co. KG	Dresden	24.00
AMSS Asphaltmischwerke Sächsische Schweiz Verwaltungs GmbH	Dresden	24.00
AMWE-Asphaltmischwerke GmbH & Co. KG in Schwerin i.L.	Consrade	49.00
AMWE-Asphaltmischwerke GmbH i.L.	Schwerin	49.00
Anton Beirer Hartsteinwerke GmbH & Co KG	Pinswang	50.00
Arena Development	Hasselt	50.00
ASAMER Baustoff Holding Wien GmbH & Co.KG	Vienna	30.93
ASAMER Baustoff Holding Wien GmbH	Vienna	30.93
ASB Bau GmbH & Co. KG	Inzigkofen	50.00
ASB Transportbeton GmbH & CO.KG	Osterweddingen	50.00
ASF Frästechnik GmbH & Co KG	Kematen	40.00
ASF Frästechnik GmbH	Kematen	40.00
ASG INVEST N.V.	Genk	25.00
Asphalt Straßenbau Verwaltungs-GmbH	Inzigkofen	50.00
Asphaltmischwerk Betriebsgesellschaft m.b.H. & Co KG	Rauchenwarth	20.00
Asphaltmischwerk Betriebsgesellschaft m.b.H.	Rauchenwarth	20.00
Asphaltmischwerk Bodensee Verwaltungs GmbH	Singen (Hohentwiel)	50.00
Asphaltmischwerk Greinsfurth GmbH & Co OG	Amstetten	33.33
Asphaltmischwerk Greinsfurth GmbH	Amstetten	33.33
Asphaltmischwerk Kundl GmbH & Co KG	Kundl	50.00
Asphaltmischwerk Kundl GmbH	Kundl	50.00

Company	Residence	Direct stake %

Participation companies not consolidated

ASTRA - BAU Gesellschaft m.b.H. Nfg. OG	Bergheim	50.00
AUT Grundstücksverwaltungsgesellschaft mbH	Stuttgart	40.00
A-WAY ITE Zrt.	Újhartyán	50.00
A-WAY LAGAN INFRASTRUCTURE SERVICES LIMITED	Ballyoran, Castlelyons, Co. Cork	50.00
AWB Asphaltmischwerk Büttelborn GmbH & Co. KG	Büttelborn	50.00
AWB Asphaltmischwerk Büttelborn Verwaltungs-Gesellschaft mit beschränkter Haftung	Büttelborn	50.00
AWM Asphaltwerk Mötschendorf Gesellschaft m.b.H.	Graz	50.00
AWM Asphaltwerk Mötschendorf GmbH & Co.KG	Graz	50.00
AWR Asphalt-Werke Rhön GmbH i.L.	Röthlein	24.90
BASALT-KÖZÉPKÖ Köbányák Kft	Uzsa	25.14
Bayerische Asphaltmischwerke Gesellschaft mit beschränkter Haftung	Hofolding	48.29
BBO Bauschuttaufbereitung Verwaltungsgesellschaft mbH	Steißlingen	33.33
BBO Bodensee/Hegau Bauschuttaufbereitung GmbH & Co. KG	Steißlingen	22.22
BBO Bodenseekreis Bauschuttaufbereitung GmbH & Co. KG	Steißlingen	25.00
Beton Pisek spol. s.r.o.	Pisek	50.00
Betun Cadi SA	Trun	35.00
Breitenthaler Freizeit Beteiligungsgesellschaft mbH	Breitenthal	50.00
Breitenthaler Freizeit GmbH & Co. KG	Breitenthal	50.00
Brnenska obalovna, s.r.o.	Brno	50.00
BRW Baustoff-Recycling GmbH & Co KG	Wesseling	25.00
BS-Baugeräte-Service GmbH & Co.KG i.I.	Augsburg	25.00
BS-Baugeräte-Service Verwaltungsgesellschaft mbH i.I.	Augsburg	25.00
BSZ Eisenstadt Immobilien GmbH	St. Pölten	50.00
Büro-Center Ruppmannstraße GmbH i.L.	Stuttgart	50.00
C.S.K.K. 2009. Kft.	Budapest	30.00
Continental Apartements Stockholm Holding AB	Stockholm	50.00
Continental Living Stockholm AB	Stockholm	50.00
Cosima Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Beta KG	Pullach i. Isartal	40.00
CSE Centrum-Stadtentwicklung GmbH i.L.	Cologne	50.00
DAM Deutzer Asphaltmischwerke GmbH & Co. KG	Cologne	40.44
DAM Deutzer Asphaltmischwerke Verwaltungs-GmbH	Cologne	40.44
DESARROLLO VIAL AL MAR S.A.S.	Bogota D.C.	37.50
Diabaswerk Nesselgrund GmbH & Co KG	Floh-Seligenthal	20.00
Diabaswerk Nesselgrund Verwaltungs-GmbH	Floh-Seligenthal	20.00
DIRECTROUTE (FERMOY) CONSTRUCTION LIMITED	Dublin	25.00
DIRECTROUTE (LIMERICK) CONSTRUCTION LIMITED	Fermoy	40.00
DIRECTROUTE (TUAM) CONSTRUCTION LIMITED	Dublin	25.00
Dreßler Bauträger GmbH & Co. "Erlenbach"-Objekt KG	Aschaffenburg	50.00
DYWIDAG Verwaltungsgesellschaft mbH	Munich	50.00
Eisen Blasy Reutte GmbH	Pflach	50.00
Entwicklung Quartier am Mailänder Platz Beteiligungsgesellschaft mbH	Hamburg	50.00
Entwicklung Quartier am Mailänder Platz Management GmbH	Hamburg	50.00
Entwicklung Quartier am Mailänder Platz Nr. 1 GmbH & Co. KG	Hamburg	48.08
Entwicklung Quartier am Mailänder Platz Nr. 2 GmbH & Co. KG	Hamburg	48.08
Entwicklung Quartier am Mailänder Platz Nr. 3 GmbH & Co. KG	Hamburg	48.08
Exploitatie Maatschappij A-Lanes A15 B.V.	Nieuwegein	33.33
Gama Strabag Construction Limited	Dublin	40.00
Grandemar SA	Cluj-Napoca	41.27
Grundstücksgesellschaft Kaiserplatz Aachen Adalbertstraße GmbH & Co. KG	Hamburg	50.00
GUS Gußasphaltwerk GmbH & Co KG	Stuttgart	50.00
GUS Gußasphaltwerk Verwaltungs GmbH	Stuttgart	50.00
H S Hartsteinwerke GmbH	Pinswang	50.00
HK-Rohstoff & Umwelttechnik GmbH & Co. KG	Hildesheim	50.00
HOTEL SCHLOSS SEEFELS BESITZ- UND MANAGEMENT GMBH	Techelsberg am Wörthersee	30.00
HPGG Beteiligungs GmbH	Klagenfurt am Wörthersee	46.00

Company	Residence	Direct stake %
Participation companies not consolidated		
Immorent Oktatási Kft.	Budapest	20.00
Industrial Engineering and Contracting Co. S.A.R.L. (INDECO) i.L.	Beirut	50.00
Intolligent Toll Road Management Pvt. Ltd.	Mumbai	50.00
IQ Office Beteiligungsgesellschaft mbH	Hamburg	49.00
IQ Office GmbH & Co. KG	Hamburg	49.00
IQ Residential Beteiligungsgesellschaft mbH	Hamburg	49.00
IQ Residential GmbH & Co. KG	Hamburg	49.00
IQ Tower Beteiligungsgesellschaft mbH	Hamburg	49.00
IQ Tower GmbH & Co. KG	Hamburg	49.00
ITC Engineering GmbH & Co. KG	Stuttgart	50.00
JCO s.r.o.	Budweis	50.00
Jewel Development Grundstück GmbH & Co. KG	Cologne	50.00
Jewel Development Grundstück Verwaltungs GmbH	Berlin	50.00
Jumbo Betonpumpen Service GmbH & Co.KG	Limbach-Oberfrohna	50.00
Jumbo Betonpumpen Verwaltungs GmbH	Limbach-Oberfrohna	50.00
KAB Kärntner Abfallbewirtschaftung GmbH	Klagenfurt	36.25
KASERNEN Projektentwicklungs- und Beteiligungs GmbH	Vienna	24.90
Kies- und Betonwerk AG Sedrun	Sedrun	35.00
Kiesabbau Gämmerler-Hütwohl GmbH & Co. Aug Kommanditgesellschaft	Königsdorf	50.00
Kiesabbau Gämmerler-Hütwohl GmbH & Co. Grube Grafing KG	Königsdorf	50.00
Kiesabbau Gämmerler-Hütwohl GmbH&Co. Grube Leitzinger Au KG	Königsdorf	50.00
Kiesabbau Gämmerler-Hütwohl Verwaltungs- GmbH	Königsdorf	50.00
Kiesgesellschaft Karsee Beteiligungs-GmbH	Immenstaad am Bodensee	50.00
Kiesgesellschaft Karsee GmbH & Co. KG	Immenstaad am Bodensee	50.00
Kieswerk Rheinbach Gesellschaft mit beschränkter Haftung	Cologne	50.00
Kieswerke Schray Verwaltungs GmbH	Steißlingen	50.00
Kirchhoff + Schleith Beteiligungs-GmbH	Steißlingen	50.00
Kirchhoff + Schleith Straßenbau GmbH & Co. KG	Steißlingen	50.00
Klinik für Psychosomatik und psychiatrische Rehabilitation GmbH	Spittal an der Drau	30.00
KSH Kalkstein Heiterwang GmbH & Co KG	Pinswang	30.00
KSH Kalkstein Heiterwang GmbH	Pinswang	30.00
Liberecka Obalovna s.r.o.	Liberec	50.00
Lieferasphalt Gesellschaft m.b.H.& Co.OG, Zirl	Vienna	50.00
Lieferasphalt Gesellschaft m.b.H.	Vienna	50.00
Lieferbeton Simmern GmbH & Co. KG	Simmern/Hunsrück	50.00
Lieferbeton Simmern Verwaltungs-GmbH	Simmern/Hunsrück	50.00
Linzer Schlackenaufbereitungs- und vertriebsgesellschaft m.b.H.	Linz	33.33
LISAG Linzer Splitt- und Asphaltwerk GmbH. & CO KG	Linz	50.00
LISAG Linzer Splitt- und Asphaltwerk GmbH.	Linz	50.00
Mecsek Autopalya-üzemeltetö Zrt.	Budapest	25.00
Messe City Köln Beteiligungsgesellschaft mbH	Hamburg	50.00
Messe City Köln GmbH & Co. KG	Hamburg	50.00
MesseCity Köln Generalübernehmer GmbH & Co. KG	Oststeinbek	50.00
MIGU-Asphalt-Baugesellschaft m.b.H.	Lustenau	50.00
Milet Ditzingen Beteiligungsgesellschaft mbH	Heidelberg	49.00
MLT Maschinen Logistik Technik GmbH & Co. KG	Nesse-Apfelstädt	50.00
MLT Verwaltungs GmbH	Nesse-Apfelstädt	50.00
MOSER & CO. S.R.L.	Brunico	50.00
MSO Mischanlagen GmbH	Ilz	33.33
Natursteinwerke im Nordschwarzwald NSN Verwaltungsgesellschaft mit beschränkter Haftung	Mühlacker	25.00
NIOG Projektentwicklungs-GmbH & Co. KG	Hamburg	50.00
NIOG Verwaltung GmbH	Hamburg	50.00
NUOVO MERCATO GIANICOLENSE SRL	Bologna	40.00
Oder Havel Mischwerke GmbH & Co. KG i.L.	Berlin	33.33
ODRA-ASFALT Sp. z o.o.	Szczecin	33.33

Company	Residence	Direct stake %
Participation companies not consolidated		
OFIM HOLDINGS LIMITED	Cardiff	46.25
Ontwikkelingscombinatie Maasmechelen N.V.	Antwerp	50.00
OOO "STRATON"	Sotschi	50.00
PAM Pongauer Asphaltmischanlagen GmbH & Co KG	St. Johann im Pongau	50.00
PAM Pongauer Asphaltmischanlagen GmbH	St. Johann im Pongau	50.00
Philman Holdings Co.	Philippinen	20.00
QMP Generalübernehmer GmbH & Co. KG	Oststeinbek	50.00
RAE Recycling Asphaltwerk Eisfeld GmbH & Co KG i.L.	Eisfeld	37.50
RAE Recycling Asphaltwerk Eisfeld Verwaltungs-GmbH i.L.	Eisfeld	37.50
Rathaus-Carrée Saarbrücken Grundstücksentwicklungs Gesellschaft mbH i.L.	Cologne	24.97
REMEX Coesfeld Gesellschaft für Baustoffaufbereitung mbH	Dülmen-Buldern	50.00
Reutlinger Asphaltmischwerk Verwaltungs GmbH	Reutlingen	50.00
Rezidencie Machnac, s.r.o.	Bratislava	50.00
RFM Asphaltmischwerk GmbH & Co KG	Traiskirchen	46.00
RFM Asphaltmischwerk GmbH.	Traiskirchen	46.00
Rieder Asphaltgesellschaft m.b.H. & Co. KG.	Ried im Zillertal	50.00
Rieder Asphaltgesellschaft m.b.H.	Ried im Zillertal	50.00
ROBA-Neuland Beton GmbH & Co. KG	Hamburg	50.00
Rohstoff & Umwelttechnik Verwaltungs GmbH	Hildesheim	50.00
Salzburger Lieferasphalt GmbH & Co OG	Sulzau	20.00
SAM Sindelfinger Asphalt-Mischwerke GmbH & Co KG i.L.	Sindelfingen	22.22
SIRIUS Beteiligungsgesellschaft m.b.H.	Vienna	24.00
SMB Construction International GmbH	Sengenthal	50.00
SOCIETATEA COMPANIILOR HOTELIERE GRAND SRL	Bucharest	25.00
Spolecne obalovny, s r.o.	Prague	33.33
SRK Kliniken Beteiligungs GmbH	Vienna	22.22
STA Asphaltmischwerk Strahlungen GmbH	Strahlungen	42.50
stahl + verbundbau gesellschaft für industrielles bauen m.b.H.	Dreieich	50.00
Steinbruch Mauterndorf Gesellschaft m.b.H.	St. Michael/Lungau	35.32
Stephan Beratungs-GmbH	Linz am Rhein	50.00
STRABAG ARCHIRODON LTD.	Port Louis	25.00
STRABAG Gorzów Wielkopolski Sp. z o.o.	Gorzów Wielkopolski	24.90
Strabag Oktatási PPP Kft.	Budapest	30.00
Strabag Saudi Arabia	Khobar	50.00
Strabag-Mert Kkt.	Budapest	30.00
Straktor Bau Aktien Gesellschaft	Kifisia	50.00
STRAVIA Kft.	Budapest	49.00
Syrena Immobilien Holding Aktiengesellschaft	Spittal an der Drau	30.00
TBG Ceske Budejovice spol. s.r.o.	Budweis	50.00
TBG Frissbeton Kft.	Pécs	50.00
TBG-STRABAG d.o.o.	Zagreb	50.00
TDE Mitteldeutsche Bergbau Service GmbH	Espenhain	25.00
Tierra Chuquicamata SpA	Santiago de Chile	50.00
Triplus Beton GmbH & Co KG	Zell am See	50.00
Triplus Beton GmbH	Zell am See	50.00
TSI VERWALTUNGS GMBH	Apfelstädt	50.00
TDE Mitteldeutsche Bergbau Service GmbH	Espenhain	35.00
Tierra Chuquicamata SpA	Santiago de Chile	50.00
Triplus Beton GmbH & Co KG	Zell am See	50.00
Triplus Beton GmbH	Zell am See	50.00
TSI VERWALTUNGS GMBH	Apfelstädt	50.00
ULTRA Transportbeton VerwaltungsGmbH	Neu-Ulm	29.00
Unterstützungseinrichtung für die Angestellten der ehemaligen Bau-Aktiengesellschaft "Negrelli" Gesellschaft m.b.H.	Vienna	50.00
VCO - Vychodoceska obalovna, s r.o	Hradec Kralove	33.33

Company	Residence	Direct stake %

Participation companies not consolidated

Company	Residence	Direct stake %
Verbundplan Birecik Isletme Ltd.	Birecik	25.00
Vereinigte Asphaltmischwerke Gesellschaft m.b.H. & Co KG	Spittal an der Drau	50.00
Vereinigte Asphaltmischwerke Gesellschaft m.b.H.	Spittal an der Drau	50.00
Verwaltung Grundstücksgesellschaft Kaiserplatz Aachen Adalbertstraße GmbH	Hamburg	50.00
Verwaltung MesseCity Köln Generalübernehmer GmbH	Oststeinbek	50.00
Verwaltung QMP Generalübernehmer GmbH	Oststeinbek	50.00
Verwaltungsgesellschaft ROBA-Neuland Beton m.b.H.	Hamburg	50.00
VIANOVA - Bitumenemulsionen GmbH	Fürnitz	24.90
VIANOVA SLOVENIJA d.o.o.	Logatec	50.00
VISTRADA COBRA S.A.	Bucharest	37.50
VKG-Valentiner Kieswerk Gesellschaft m.b.H.	Linz	50.00
Walter Group International Philippines, Inc.	Philippinen	26.00
WIBAU Holding GmbH	Linz	24.80
WMW Weinviertler Mischwerk Gesellschaft m.b.H. & Co KG	Zistersdorf	33.33
WMW Weinviertler Mischwerk Gesellschaft m.b.H.	Zistersdorf	33.33
Wohnbau Tafelgelände Beteiligungs-GmbH	Munich	25.00
Wohnbau Tafelgelände GmbH & Co. KG	Munich	25.00
Z.I.P.O.S. d.o.o.	Antunovac	50.00
Zaklad Surowcow Drogowych "Walmor" Sp. z o.o.	Warsaw	48.08
ZIPP Brno s.r.o.	Brno	50.00
ZIPP REAL, a.s.	Brno	50.00

GROUP MANAGEMENT REPORT

Important events

JANUARY

STRABAG SE issues € 200 million corporate bond

STRABAG SE has issued a € 200 million corporate bond. The fixed-interest bond has a term to maturity of seven years and a coupon of 1.625 % p.a. The issue price has been set at 101.212 %. This issuance continued the company's years-long bond issue strategy. The proceeds from the issue, which were used for general business purposes such as refinancing the 2010 bond or making investments in property, plant and equipment, allow STRABAG SE to maintain its optimal financing structure.

FEBRUARY

Züblin building further section of A 100 motorway in Berlin

Ed. Züblin AG, a subsidiary of the STRABAG Group, has been awarded the contract to build Construction Section 16, Contract Section 4, of the urban A 100 motorway in Berlin by the Berlin Senate Department for Urban Development and the Environment. This follows the award for Contract Section 2/3, which in 2014 also went to Züblin. The contract for the new section amounts to about € 44 million.

View: Panel 5 from the north

Contract to build a section of the motorway A3 in Romania

STRABAG has been awarded the contract to build the Romanian A3 motorway between Ungheni and Ogra. The 10.1 km section has a contract value of € 57 million (approximately RON 251 million). The company holds a majority stake in and is leader of the construction consortium.

STRABAG building Rhone Oberwald power plant in Switzerland

STRABAG AG is building a 14 MW run-of-the-river hydroelectric plant in the Swiss canton of Valais. The contract value of € 37 million (CHF 38 million) comprises the construction of the necessary tunnels, galleries and underground chambers. The tunnels and galleries will be excavated in the Aarmassif of the Swiss Alps through boring and blasting. The plant is to be handed over to Valais utility company FMV SA by September 2017.

Preparation for the construction works in the Swiss Alps

MARCH

STRABAG subsidiary NIMAB building 236 apartments in Malmö under partnering model

NIMAB Entreprenad AB of Sjöbo, Sweden, has been commissioned to build two new apartment buildings on behalf of Ikano Bostad AB of Stockholm. Both projects are situated in Malmö, Sweden's third-largest city, and include a total of 236 apartments as well as a number of business premises. The two projects will be performed turnkey in close collaboration with Ikano Bostad under the STRABAG teamconcept partnering model. Construction work on the "Alvine" project will begin in June 2015 and will be finished early in 2017. "Alvine" will be built as a single linked housing body of varying height. The project comprises a total of 123 apartments arranged around a central courtyard. Construction of "Mjölner", a residential and commercial project at Hyllie Allétorg, began in the autumn of 2014 and will be finished in the summer of 2016. The project comprises 113 apartments and seven business premises.

NIMAB project "Alvine" in Malmö (Sweden)

Two new motorway orders for € 24 million in Czech Republic

STRABAG a.s., the Czech subsidiary of STRABAG SE, has been awarded two new motorway contracts in the Czech Republic as part of a consortium. The companies will build two sections of the D3 motorway linking Prague with southern Bohemia. Client for both contracts is the Road and Motorway Directorate of the Czech Republic. The section between Veselí nad Lužnicí and Bošilec is worth a total of € 23 million (CZK 635 million), of which STRABAG holds a 55 % share (about € 12.7 million). The section measures 5,125 m in length. The second contract involves the 3,160 m section between Borek and Úsilné. STRABAG's share of 45 % amounts to about € 11.7 million (around CZK 322 million).

JUNE

S&P upgrades STRABAG SE from BBB- to BBB

The international rating agency Standard & Poor's (S&P) has raised the credit rating of STRABAG SE by one level from BBB- to BBB. The outlook remains at "stable". S&P explained its decision by pointing out that the important indicators had already significantly exceeded the requirements of the previous rating and that the forecasts indicated a continuation of this situation for the years to come. The agency sees STRABAG SE's strengths above all in its stable margins in an otherwise cyclical market environment, in its effective risk management and in its strong market positions.

STRABAG widening A3 in southern Germany to six lanes for € 90 million

STRABAG has been awarded the contract to widen two sections of the A3 motorway in Germany with a total contract value of about € 90 million. Contract section EO 287 foresees STRABAG expanding the federal motorway to six lanes along the 5.7 km from the Heidingsfeld interchange in Bavaria to Randersacker Bridge. Additionally STRABAG recently started work on the A3 contract section EO 259, an 8.5 km stretch of motorway near Wertheim in Baden-Württemberg. This contract involves the expansion of the asphalt roadway from four to six lanes.

Asphalt works A3 Nuremberg–Frankfurt near Würzburg

Züblin extends sewer network in Singapore

The pipe jacking division of Ed. Züblin AG, a subsidiary of construction group STRABAG, expands the 9.8 km long sewer network of Singapore for € 85 million. All prefabricated elements, like pipes and rings of tubbings, will be produced and delivered by the Züblin-owned factory in Malaysia. The pipe jacking method is also called dynamic ramming technique. With this method, concrete or steel pipes may be laid non-disruptively. It is especially suited for installations with relatively small diameters. This project involves diameters between 30 cm and 3.1 m.

Breakthrough with pipe jacking method

JULY

STRABAG enters the Colombian market with a € 900 million concession project

ANI, Colombia's national infrastructure agency, has awarded the contract to design, build, finance and operate a 176 km road over 25 years to a consortium, where STRABAG holds 37.5 %. The financial close is expected for the fourth quarter of 2016, the total investment volume is around € 900 million. STRABAG will likely contribute equity and junior loans of slightly more than € 50 million. The construction volume amounts to a middle triple-digit million euro amount. Of this sum, STRABAG's share comes to 37.5 %, too. In addition to partial revenues in the form of hard toll collections, the consortium will receive annual payments from ANI for its services.

Existing bridge on the section which is going to be modernised

A10 Oswaldibergtunnel for € 34 million upgraded by STRABAG

STRABAG will modernise the A10 Oswaldibergtunnel for ASFINAG, Austria's national motorway operator. The two tubes, each with a length of 4.3 km, will be upgraded between July 2015 and June 2017 to represent state of the art technology; in particular, with respect to tunnel safety standards. The contract has a volume of € 34 million. It includes the redevelopment measures in the fields of road construction, tunnelling and building construction as well as the re-installation of the entire electrical and mechanical equipment (E&M).

AUGUST

Contract for section of A1 in Poland for € 118 million

A Polish STRABAG-subsidiary will build the 15 km section between Woźniki and Pyrzowice within a period of 30 months. The contract comprises the construction of the concrete motorway as well as one maintenance facility, two rest stops, 29 bridge structures and several wildlife crossings. The opening in mid-2018 will mark the completion of another portion of the Trans-European Network (TEN).

SEPTEMBER

Center Communication Systems to extend tunnel transmitter system for Vienna underground

The 100 % subsidiary of STRABAG AG, in the meantime renamed to STRABAG Infrastructure & Safety Solutions, has been awarded the largest contract – contract value: € 17.5 million – in its company history. The specialist for mission-critical communication systems and security solutions has been commissioned by Wiener Linien, the public transport operator in Vienna, to modernise and extend the tunnel transmitter system for the underground metropolitan railway (U-Bahn) in the Austrian capital. During the period between August 2015 and July 2020 78.5 km of the underground network with more than 100 stations will be equipped.

Vienna U-Bahn Station

STRABAG enters the Romanian project development market

The Romanian group company STRABAG SRL took over the development team of Raiffeisen evolution in Bucharest. The team had successfully developed the Sky Tower and the Promenada Mall in Bucharest. The group company STRABAG Real Estate is already one of the leading project development organisations in Germany. With this new step, STRABAG continues to consolidate its position on the European project development market.

OCTOBER

Design and construction of a 24 km long section of S6 in Poland

The S6 expressway is the main traffic artery between eastern and western Poland. STRABAG will design and build the 24 km long section between Goleniów and Koszalin for about € 83 million. Construction of the dual carriageway asphalt road will take place between November 2015 and June 2019. The contract includes expressway junctions, rest areas and numerous civil engineering structures such as overpasses, bridges and wildlife crossings.

DECEMBER

STRABAG SE agrees with minority shareholders on 100 % takeover of Ed. Züblin AG

STRABAG SE, as majority shareholder of Ed. Züblin AG, announced that it expects in all probability to reach a contractual agreement with the minority shareholders of Züblin on a complete takeover of the shares held by the latter in the Stuttgart/Germany-based company (42.74 %).

In April 2016, a share purchase agreement was concluded with the minority shareholders of Stuttgart-based Ed. Züblin AG covering 42.74 % of the holdings in the company. The STRABAG Group has thus increased its stake in Züblin from 57.3 % to 94.9 %. The remaining shares were acquired by a core shareholder of STRABAG SE.

The buyers agreed a fixed strike price totalling EUR 210.3 million. The agreement also includes a provision for a variable purchase price portion of up to EUR 114.0 million, to be determined depending on the respective net income after minorities of Ed. Züblin AG in each of the years 2015 to 2019.

STRABAG subsidiary Züblin to expand world's largest copper mine in Chile

Züblin International has been awarded a follow-up contract by Codelco, the world's largest copper producer, to expand El Teniente Mine in Rancagua, 80 km south of the capital Santiago de Chile. Züblin has already been carrying out extensive tunnelling works at the mine since March 2014. The new € 100 million contract will make Züblin one of the leading construction companies in underground mining in Chile.

Country report

DIVERSIFYING THE COUNTRY RISK

Output volume up 5 % to € 14.3 billion

Despite the strong presence in its home markets of Austria and Germany, STRABAG sees itself as a European-based company. The group has been active in Central and Eastern Europe for several decades. On the one hand, it is a tradition for the company to follow its clients into new markets. On the other hand, the existing country network with local management and established organisational structures makes it possible to export the technology and equipment and to use them in new regions at low cost and effort. In order to diversify the country risk even further, and to profit from the market opportunities in other parts of the world, STRABAG intends to intensify especially its international business, i.e. its activities in countries outside of Europe.

The STRABAG SE Group generated an output volume of € 14.3 billion in the 2015 financial year, a plus of 5 % over the previous year. Thanks to several large projects, Slovakia stood out with especially high gains, although market conditions in the Czech Republic and Poland also made for very positive growth in those countries. In Germany, the higher output volume was largely a result of the acquisition of the facility management company DIW Group in late 2014.

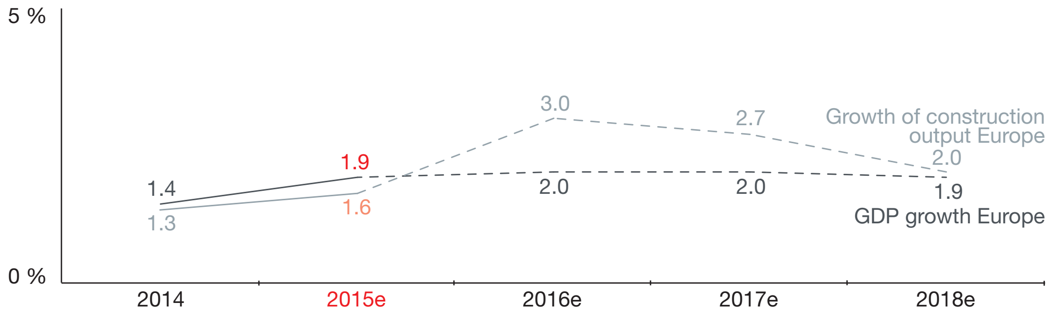
OUTPUT VOLUME BY COUNTRY

€ mln.	2015	% of total output volume 2015	2014	% of total output volume 2014	Δ %	Δ absolute
Germany	6,256	44	6,080	45	3	176
Austria	2,003	14	2,058	15	-3	-55
Poland	941	7	817	6	15	124
Czech Republic	765	5	620	5	23	145
Slovakia	716	5	427	3	68	289
Hungary	594	4	544	4	9	50
Switzerland	343	2	359	3	-4	-16
Middle East	315	2	272	2	16	43
Americas	310	2	255	2	22	55
Benelux	302	2	324	2	-7	-22
Romania	241	2	181	1	33	60
Sweden	240	2	271	2	-11	-31
Russia and Neighbouring Countries	230	2	302	2	-24	-72
Denmark	219	2	197	1	11	22
Italy	188	1	179	1	5	9
Rest of Europe	168	1	169	1	-1	-1
Africa	120	1	158	1	-24	-38
Slowenia	98	1	68	1	44	30
Asia	92	1	87	1	6	5
Croatia	68	0	121	1	-44	-53
Serbia	46	0	38	0	21	8
Bulgaria	35	0	39	0	-10	-4
Total	**14,290**	**100**	**13,566**	**100[1)]**	**5**	**724**

1) Rounding differences are possible.

EUROPE ON A MODERATE GROWTH PATH[1)]

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE

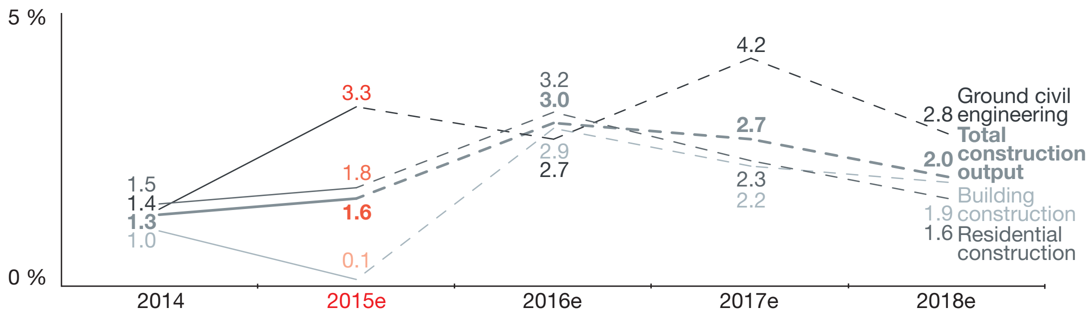


The economic slowdown in the newly emerging market countries, such as China and Brazil, weakened both global **growth** as well as growth in the eurozone. The **economy** of the 19 Euroconstruct countries – buoyed up by the low price of oil, a favourable euro exchange rate, and the European Central Bank's expansive monetary policy – grew by 1.9 %. However, the low investment activity level will dampen any further growth opportunities in the euro area. While the domestic markets are helping to drive economic growth, foreign trade has been losing significant momentum. Additionally, the lack of coordination mechanisms on economic policy have resulted in an increased drifting apart of the economic development within the Eurozone. While reform-minded countries such as Spain or Ireland continued to grow significantly more strongly than the average, and Germany's economic growth (GDP) was in the European midfield, GDP growth in France, Italy and Austria remained below average. The countries of Central and Eastern Europe, on the other hand, registered renewed growth above the 3 % mark. Growth of 2.0 % is forecast for Europe in 2016, with stable development for 2017.

In line with the development of the economy as a whole, the European **construction industry** is also expected to grow continuously until at least 2018. The construction output registered an overall plus of 1.6 % in 2015. This figure is expected to rise to 3.0 % in 2016 and continue with attractive growth until 2018. On a country by country basis, this development again was quite heterogeneous. Below the line, the strong growth of the CEE countries, Ireland, Sweden and the Netherlands was able to compensate for the declines in Western Europe. While construction output in 2015 was down in France and stagnated in Germany, the six largest construction markets in the eurozone – Germany, the United Kingdom, France, Italy, Spain and Poland – are expected to return to significant growth in 2016. This growth will be carried primarily by residential construction, which is likely to be driven by the refugee crisis and the resulting demand for additional residential space.

CONSTRUCTION INDUSTRY AGAIN PICKING UP SPEED IN ALL SECTORS

DEVELOPMENT OF CONSTRUCTION SECTOR EUROPE



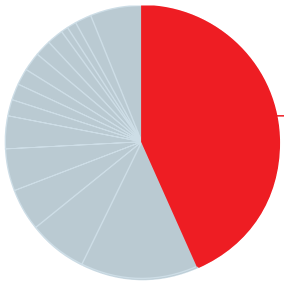
1) All growth forecasts as well as the particular national construction volumes are taken from the Euroconstruct and EECFA winter 2015 reports. The indicated market share data are based on the data from the year 2014.

The growth of the European construction industry in 2015 was driven by **ground civil engineering**, which gained 3.3 % last year after strong declines in the recent past. The countries of Central and Eastern Europe, as a consequence of efforts to exploit all available EU funds under the expiring infrastructure programme, registered the highest growth rates. Growth therefore came primarily from new construction, as numerous infrastructures projects that had been postponed are now being realised. The ground civil engineering sector should also continue to report the strongest growth in the years to come. Particularly in Poland, this sector is expected to considerably accelerate its growth and even reach double-digit rates by the year 2018.

On the other hand, the overall economic growth has not proved strong enough so far to adequately stimulate **building construction**. This sector in 2015 stagnated at +0.1 % in the 19 Euroconstruct countries overall, although the declines in new construction could be compensated for by growth in renovations. While business shrank considerably in large countries such as Germany and Spain, solid growth rates were reported from Ireland, the Netherlands, and especially Poland and the Czech Republic. Against the backdrop of the positive economic development, growth of 2.9 % is expected in the European building construction sector in 2016. Finland should grow the strongest, followed by Ireland, Belgium and the Czech Republic.

The **residential construction** sector had grown in line with the other two sectors in 2014, contributing more than 46 % to the total output volume. In 2015, however, this sector remained significantly behind ground civil engineering. The plus reached a rate of 1.8 %, although stronger growth is again expected for the years to come. Residential construction should grow by 3.2 % already in 2016 and so assume the lead position ahead of ground civil engineering. This development can be explained primarily by the continuing high level of immigration and the resulting demand for residential space, especially in Germany, the Netherlands, Finland and Sweden. The strongest growth in this sector was registered in Ireland, although Spain and Portugal were also able to catch up again. The Central and Eastern European markets, led by Hungary and Poland, also exhibited high levels of growth. Growth in this region is again expected to exceed 4 % in 2017.

GERMANY



Overall construction volume:	€ 293.6 billion
GDP growth:	2015e: 1.8 % / 2016e: 1.8 %
Construction growth:	2015e: 0.4 % / 2016e: 2.0 %

With GDP growth of 1.8 % on a higher domestic consumption, the German economy surpassed the forecasts (+1.2 %) in 2015. However, the slow growth of the developing countries, above all China, had a negative impact on the results of Germany's export industry. For the coming year, Euroconstruct expects the GDP growth to again reach 1.8 %. A number of open questions remain, however, particularly concerning the development of the currently weak euro and the extremely low interest rates, but also as regards the impact of geopolitical crises.

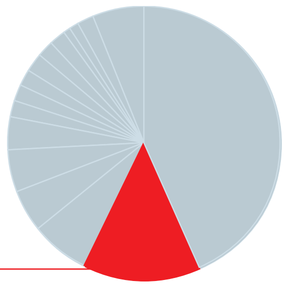
Following the strong upswing of the previous year (+2.4 %), the German construction sector experienced a deceleration in 2015. The comparably modest plus of 0.4 % reflects the budget situation of the federal and local governments, whose financial capacities were and are burdened by the renewed aggravation of the euro crisis, on the one hand, and the unexpectedly massive influx of refugees, on the other. At the same time, this immigration contributed to growth of 2.0 % in residential construction, with a plus of 2.3 % forecast for 2016. As market leader in the German building construction sector, the STRABAG Group should also profit from this development, although an estimate of the exact extent cannot yet be determined.

Building construction had to suffer a decline of 1.8 % in the period under report. A number of political decisions with serious ramifications, such as the lowering of the retirement age, the reform of the inheritance tax and the introduction of higher minimum wages, have resulted in a reluctance among investors to engage in construction projects. Growth of 1.2 % should be possible again in 2016, however.

The weakest development in 2015 was registered in ground civil engineering, although the minus of 1.2 % must be seen against the extremely strong growth of the previous year (+4.7 %). Driving the development in this sector is the telecommunications industry, which is investing heavily in the expansion of broadband coverage and should receive substantial federal subsidies to do so in the coming years (total of € 2.1 billion until 2018). The experts are therefore forecasting another significant plus of 2.1 % for 2016.

The STRABAG Group is market leader in Germany, with a 2.1 % share of the market. The share of the German road construction market even amounts to 4.4 %. With € 6,256.11 million, the group generated about 44 % of its total output volume in Germany in 2015. Most of this is assigned to the segment North + West. Property and facility services in Germany are listed under International + Special Divisions.

AUSTRIA



Overall construction volume:	€ 32.9 billion
GDP growth:	2015e: 0.7 % / 2016e: 1.4 %
Construction growth:	2015e: 0.2 % / 2016e: 1.0 %

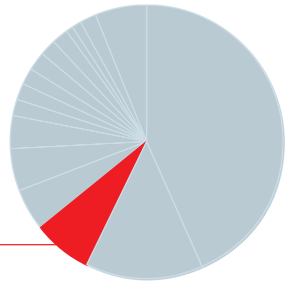
With GDP growth of 0.7 %, Austria came in second to last of the euro countries in 2015. Only Finland, with growth of just 0.4 %, ended the year at a lower level. Despite a good export situation, driven by the weak euro, Austria was unable to fully participate in the general economic upswing of the EU. For 2016, the Euroconstruct experts also foresee only moderate growth of up to 1.4 %. There are several explanations for this hesitant development. One of these is the extensive tax reform that went into effect on 1 January 2016. The reform is intended to stimulate private consumption, although higher tax burdens and budget cuts may end up predominating below the line. Added to this is the unexpected budget burden from the refugee crisis – per capita, Austria has taken on as many asylum seekers as Germany.

Although the construction sector was able to register a slight plus of 0.2 % in 2015 overall, residential construction reported a minus for the third year in a row – albeit a reduced minus of -0.2 %. The residential construction offensive announced by the government, which started in January 2016 and should result in about 30,000 additional housing units by the year 2020, should generate annual growth between 1.0 % and 1.4 % in the future. Building construction was able to grow slightly by +0.9 % in 2015 after two negative years (-2.0 % and -2.1 %), and annual growth rates above 1.0 % are again expected as of 2016.

The result of the ground civil engineering sector (+/-0.0 %) reflects the mixed situation on the market. On the one hand, strong investments have been made in the expansion of road and rail and are likely to continue until 2017. On the other hand, the low energy prices in the energy and water sector make investments here seem so unprofitable that only the subsector of wastewater management is able to register positive figures through renovations and modernisation activities. For the coming years, therefore, Euroconstruct also expects to see only minimal growth rates near the level of stagnation in ground civil engineering.

The STRABAG Group generated a total of 14 % of the group output volume in its home market of Austria in 2015 (2014: 15 %). Austria thus continues to be one of the company's top three markets, along with Germany and Poland. The output in 2015 reached a volume of € 2,002.98 million. With a share of 6.3 %, STRABAG is the number two on the Austrian market. The share of the road construction market amounts to 10.7 %.

POLAND



Overall construction volume:	€ 45.5 billion
GDP growth:	2015e: 3.5 % / 2016e: 3.4 %
Construction growth:	2015e: 5.6 % / 2016e: 7.4 %

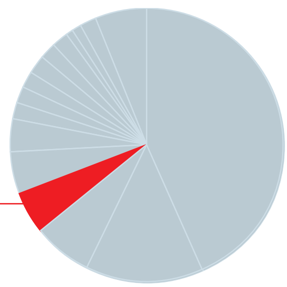
In contrast to most other EU states, Poland did not have to adjust its economic forecasts downwards but upwards in the year under report. As in the year before, Poland's GDP growth stood at about 3.5 % – and a similar level is forecast for the years 2016 and 2017. This development can be traced to the steadily rising domestic demand, solid investment activity, and growing consumption – the latter also as a consequence of falling unemployment figures. But the strongest factor behind Poland's positive economic development in 2015 was the dramatic increase in net exports, while EU structural funds should make for additional investments and further growth in the years to come.

With an overall plus of 5.6 %, the Polish construction industry in 2015 grew at above-average rates as it had the year before. A decisive contribution to the construction boom came not least from the low credit and mortgage rates, which stimulated the Polish real estate market and residential construction (+5.2 %) in particular. The building construction sector was also able to repeat its positive development of the previous year, with growth of 3.9 % in 2015.

For 2016, however, Euroconstruct expects to see a shift away from residential construction (which is forecast to grow by "only" 4.0 %) towards ground civil engineering, which was already able to gain a considerable 8.0 % in the past year. This despite the fact that the increased investments – promised before the elections – in the road and rail networks and in new energy and water plants have not been implemented to date. Instead, investments were made primarily in sports and recreational facilities, pipelines, and communications and electricity networks. Should the government finally realise its promises, the Euroconstruct forecast for growth of 14.9 % and 13.5 % in this sector for the next two years, respectively, seems perfectly realistic.

As the number three in the Polish construction sector, the STRABAG Group also benefits from the upswing in this market. The country contributed € 940.76 million, or 7 %, to the overall output volume of the company in 2015, making it the third largest market for the STRABAG Group. The company's share of the entire Polish construction market amounted to 1.9 %, in road construction it is 4.1 %.

CZECH REPUBLIC



Overall construction volume:	€ 17.2 billion
GDP growth:	2015e: 3.8 % / 2016e: 2.5 %
Construction growth:	2015e: 7.4 % / 2016e: 3.3 %

The figures for 2015 finally prove that, after five negative years, the year under report had truly been a turnaround year for the Czech Republic. With GDP growth of 3.8 %, the country is clearly above the EU average. The Czech National Bank's policy of intervention, which has kept the koruna deliberately weak versus the euro since 2013 and probably until the end of 2016, has made for a low level of exchange rate volatility and more planning certainty for possible investments. Other factors, such as EU subsidies, a VAT reduction to 10 % on several product groups, higher salaries and the low price of oil, have also contributed to the currently overall positive situation. These factors will fall away in the medium term, however, so that only moderate growth of about 2.5 % is forecast for the years to come.

The Czech construction industry can also celebrate a revival. With a plus of 7.4 %, generated by all three sectors of residential construction, building construction and ground civil engineering, the construction activity in the country is back at or above the levels before 2008. Additional yet moderate growth rates of about 3.3 % and 3.4 % are expected for the next two years.

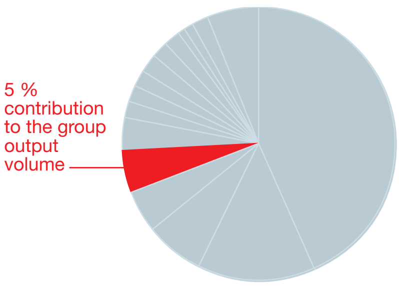
The weakest of the three sectors in 2015 was residential construction, although it did reach a solid plus of 3.3 %. Interest rates have continued to be extremely affordable, resulting in records in the number and volume of newly approved mortgage loans. The higher fiscal burdens – e.g. from the real estate acquisition tax – naturally had a dampening effect.

Building construction showed itself to be even more solid. The plus of 4.2 % (versus +4.0 % the year before) is an affirmation of the trust which the mainly private investors have in the country, currently one of the most attractive investment markets in Central and Eastern Europe. The project lists are topped by shopping centres, warehouses and office buildings, the latter especially in Prague.

The top sector in the year under report was ground civil engineering, with growth of 15.7 %. But this boom has an expiry date. As applications for funding out of the EU's "Transport" programme could only be made until the end of 2015, the activity in this sector shot up significantly. A reduction to a realistic level of +2.2 % is expected in 2016, to be made up of investments in rail expansion, sewer works, wastewater treatment facilities and flood control.

In the Czech Republic, STRABAG is the number two on the market. With an output volume of € 764.60 million, about 5 % of the group's total output volume was accounted for by the Czech market in 2015. The group's share of the entire construction market stood at 3.9 %; in road construction this figure even reached 8.7 %.

SLOVAKIA



Overall construction volume:	€ 4.7 billion
GDP growth:	2015e: 3.2 % / 2016e: 3.1 %
Construction growth:	2015e: 10.3 % / 2016e: -1.1 %

The Slovak economy profited from the ECB's monetary policy and from the low price of oil in 2015, resulting in GDP growth of 3.2 % – significantly above the EU average. In spite of the ongoing geopolitical problems and the possibility of weaker global economic growth, the experts continue to expect growth of around 3.0 % for the years to come on the basis of higher private consumption and increased exports. The decline in state investments should be at least partially compensated for by private investor activities.

The positive economic development was also reflected in the Slovak construction sector, which grew by 10.3 % in the year under report for the first positive development in several years. It is to be expected, however, that many investments from the public sector, e.g. for the construction of schools and kindergartens, as well as EU subsidies, were a one-time commitment and will have no long-term impact. Euroconstruct is therefore already forecasting a 1.1 % decline of the construction output for 2016.

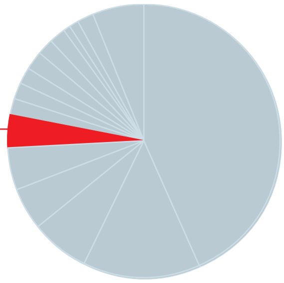
Despite the positive development of the economy as a whole, the negative trend in residential construction continued in 2015 with a minus of 3.1 %. Starting in 2016, however, various public-sector measures, such as more affordable mortgage loans as well as state and EU subsidies, should take hold and so effect a turnaround. The high demand for thermal insulation, growing quality standards, and requirements to reduce energy consumption further support the positive outlook. This holds the promise of a slight plus of 0.7 % for 2016 and growth of 1.6 % for 2017.

Although the building construction sector also continues to struggle with a lack of financial resources, the forecasted recovery already began in 2015. The plus of 1.3 % represents the beginning of a positive development with the expectation that the trend will also continue for the next two years.

Ground civil engineering was the only sector to register positive growth in 2015. And this growth was considerable. State investments in transportation infrastructures and EU subsidies, in particular for the completion of long-delayed road construction projects and for the construction of new motorways, generated a plus of 36.4 %.

With a market share of 10 % and an output volume of € 716.34 million in 2015, STRABAG is the market leader in Slovakia. In road construction, STRABAG's market share even reached 14.3 %. Slovakia contributed 5 % to the group's total output volume in 2015.

HUNGARY



Overall construction volume:	€ 8.8 billion
GDP growth:	2015e: 3.2 % / 2016e: 2.5 %
Construction growth:	2015e: 3.1 % / 2016e: 0.4 %

The upswing which has characterised the Hungarian economy since 2014 continued in the year under report. The GDP growth of 3.2 % achieved in 2015, however, was largely based on temporary factors. In 2015, Hungary received the maximum EU transfers, private consumption was up – this coincided with an election year – significantly, and the agricultural sector was able to report an excellent harvest. Nevertheless, the consequences of Hungary's past economic policies are noticeable. Capital and labour are leaving the country, competitive restrictions are aggravating supply, and there are increasing problems with public services.

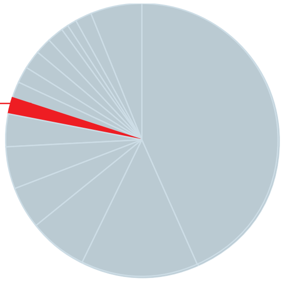
The EU was the driving force in Hungary's construction industry in 2015, financing public buildings and investing in infrastructure development – especially with regard to reducing greenhouse gases, switching to renewable energies and increasing energy efficiency. For 2016, however, the volume of construction contracts is about 40 % below the levels of 2015, so that growth will likely tend towards zero.

Unlike the building construction sector, which registered a minus of 2.0 % in the year under report, residential construction was able to make significant gains (+5.8 %). Here a change of the market can be observed. Demand for rental properties has been up, driven by students and the high number of private bankruptcies. At the same time, the Hungarian real estate market has been booming, as home ownership is seen as a stable investment option. Should the government, as announced, provide homeowners with subsidies for thermal home improvements, this could result in significant growth in the field of renovations starting from 2016.

The largest contribution to the higher construction volume in Hungary in 2015 came from ground civil engineering, which grew by 6.2 % primarily as the result of extensive EU investments in road and rail construction. With the beginning of the new EU budget period in 2016, which foresees fewer projects in this sector, significantly poorer growth is expected for the coming two years (-4.0 % for 2016, +/-0.0 % for 2017).

The STRABAG Group generates 4 % of its output volume, or € 594.26 million, in Hungary. This makes the company the number two on the Hungarian construction market. The company's share of the entire market stood at 6.4 %; in road construction it is 7.7 %.

SWITZERLAND



Overall construction volume:	€ 55.6 billion
GDP growth:	2015e: 0.9 % / 2016e: 1.4 %
Construction growth:	2015e: -0.1 % / 2016e: 0.9 %

In contrast to what many experts had feared, the Swiss economy managed to register a slight plus (+0.9 %) in 2015 despite the "Swiss franc shock". This although many producers saw their margins collapse in response to lower sales prices and despite the fact that domestic demand was down on rising unemployment. Nevertheless, the experts still expect to see a lasting recovery of the export sector and thus robust economic growth of 1.4 % in 2016.

The Swiss construction industry is in a phase of consolidation. Rising vacancies, uncertainty regarding the consequences of mass migration, and the strong Swiss franc, on the one hand, and solid purchasing power and willing institutional investors, on the other, led to a nearly stable development of -0.1 % that will likely continue at a very low level in the years to come (+/-1 %).

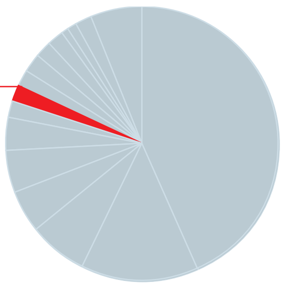
This development is reflected 1:1 in residential construction, which closed 2015 only slightly above zero. The development of immigration and, subsequently, of Switzerland's population growth will play a decisive role in determining the future of this sector. The Swiss referendum against mass immigration reduces the demand for new accommodations. A similarly negative impact came from the referendum on "Zweitwohnungsinitiative" ("second-home purchase restrictions"), which limit the percentage of holiday homes in any community to 20 %. New construction in tourist regions has dropped significantly since 2014 as a result.

The referenda and the strong national currency are also making Switzerland less attractive as a place for business. The building construction sector owes its plus of 2.4 % in 2015 not least to a number of large projects.

The weakest sector in 2015, with a minus of 3.9 %, was ground civil engineering. The order situation remains restrained and the budget situation of both the cantonal and federal governments leave no room for growth aspirations. At least 2016 saw the start of the country's FABI programme for the financing and upgrading of the country's rail infrastructure. FABI promises to inject € 5.8 billion into the modernisation and expansion of the Swiss railway network, which should result in a significant upswing. The forecasts from Euroconstruct are +1.8 % for 2016 and +4.8 % for 2017.

Switzerland contributed € 342.71 million, or 2 %, to the STRABAG Group's total output volume in 2015.

BENELUX



BELGIUM

Overall construction volume:	€ 40,0 billion
GDP growth:	2015e: 1.2 % / 2016e: 1.3 %
Construction growth:	2015e: 0.3 % / 2016e: 0.1 %

NETHERLANDS

Overall construction volume:	€ 66.9 billion
GDP growth:	2015e: 2.0 % / 2016e: 2.4 %
Construction growth:	2015e: 6.0 % / 2016e: 4.1 %

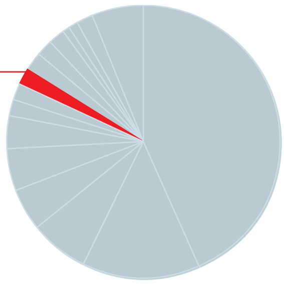
The economy exhibited another slight recovery in the Benelux states in 2015. The GDP growth of 1.2 % in Belgium and 2.0 % in the Netherlands are the result of lower unemployment, higher household incomes and growing investment by private enterprises. In combination with favourable financing options, this also has an overall positive effect on the construction sector.

Belgium's construction output developed better than hoped in the period under report, with +0.3 % instead of the slightly negative figure that had been expected. Residential construction, in particular, grew significantly more strongly than had been predicted (+2.8 %). In light of the higher starting value, however, the sector could be facing a temporary decline in 2016 before a return to stable albeit moderate growth between 1.5 % and about 3.0 % in 2018. In contrast, building construction was weak in the year under report (-1.4 %). This should, however, be more than compensated for by strong growth in 2016: Euroconstruct expects to see growth of 5.5 %. Belgium's ground civil engineering sector also closed 2015 with negative growth. Given the dynamism shown in 2014, however, this is only of limited relevance, and the 2015 minus of 3.2 % should be seen against the plus of 5.4 % in 2014. In the face of the upcoming local elections, no noteworthy investments can be expected before 2017. Euroconstruct therefore does not expect this sector to recover before 2018.

The Dutch construction industry experienced a more significant revival after a number of weak years, with a generous plus of 6.0 % in 2015 thanks to tax incentives for residential renovation and maintenance. Residential construction grew by 11.0 % in the year under report and, due to the rising housing demand for refugees, should continue to exhibit above-average growth in the years to come. After the volume of residential new construction dropped by about half between 2009 and 2014, the experts at Euroconstruct now expect to see annual growth of between 13 % and 19 % for 2015–2017. In comparison, the 2015 figures for building construction and ground civil engineering (+3.2 % and +3.3 %, respectively) are rather modest. In total, Euroconstruct forecasts construction growth of 19 % in the Netherlands for the years 2014–2018, which would compensate two thirds of the losses during the crisis years.

STRABAG generated an output volume of € 301.67 million in the Benelux countries in 2015.

ROMANIA



Overall construction volume:	€ 14.9 billion
GDP growth:	2015e: 2.8 % / 2016e: 3.0 %
Construction growth:	2015e: 9.5 % / 2016e: 5.1 %

Romania's economic upwards trend continued in 2015 with GDP growth of 2.8 %. According to the experts at EECFA (Eastern European Construction Forecasting Association), this positive development should also remain for the years to come. Growth rates around 3.0 % are expected for both 2016 and 2017. Industrial production and retail revenues are expected to rise, as are employment and real salaries. The cumulative effect of all these factors on the construction market appears promising.

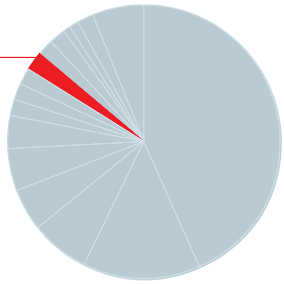
The economic upswing has already left a positive impact on the construction industry, which was able to nearly double the previous year's forecast with a plus of 9.5 %. Residential construction, which accounts for about 35 % of the total market, grew by 8.5 %. Higher incomes, lower mortgage interest and state-guaranteed loans contributed to the recovery of this sector. The subsector of project development remained relatively hesitant, but the volume of residential buildings increased as did the average size of new homes. It can be expected that the stable prices and falling rents will stimulate speculative investments in residential projects. EECFA therefore expects a plus of 15.0 % in the residential construction sector for 2016.

The remaining building construction sector shows a similarly positive development. The plus of 7.9 % in 2015 and an expected plus of 6.0 % for 2016 are due especially to the growth in office buildings, as the combination of highly skilled labour with low wages draws foreign companies into the country.

In the past, ground civil engineering had suffered under financing difficulties and project delays. Following the drastic decline of 15.2 % in 2014, fears that the country could lose EU subsidies led to increased activity in this sector in 2015 for a plus of 11.4 %. As the transition of the EU financing programmes involves longer payout delays, 2016 – an election year in Romania – could see construction being halted and ground civil engineering fall back by 3.8 % in the short term before a return to stability and a renewed upswing in 2017.

The STRABAG Group, with an output volume of € 241.23 million in 2015, continues to hold the position of market leader on the Romanian construction market. This corresponds to a market share of 1.3 %. In road construction, the share of the market amounts to 1.1 %.

SWEDEN



Overall construction volume: € 34.0 billion

GDP growth: 2015e: 3.2 % / 2016e: 3.1 %

Construction growth: 2015e: 5.5 % / 2016e: 2.8 %

The Swedish economy expanded by 3.2 % in 2015, more strongly than had been expected. Driving this growth were the low credit rates, falling unemployment and rising real wages, as well as increased domestic consumption resulting from higher incomes and the great number of refugees immigrating to the country. But experts are warning that, despite economic growth, the "production gap" – i.e. the difference between the actually realised gross domestic product and the available potential – will not be closed before 2017. As a result, the Swedish market may be lacking the prerequisites for more extensive construction activity for the time being.

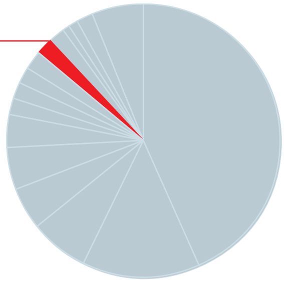
With a plus of 5.5 %, the Swedish construction industry posted above-average growth in 2015. Residential construction boomed (+14.9 %) – in part due to a pull-forward effect ahead of a government decision to lower the tax deductibility of labour costs from 50 % to 30 % in 2016. For 2016, Euroconstruct expects to see growth fade back down to +2.7 %.

With +0.7 %, building construction remained stagnant in 2015. But growth should reach an estimated 2.8 % again next year. Demographic changes are forcing Sweden to build new health centres and nursing homes, though at the same time there is an increasing demand for schools and other educational facilities.

Ground civil engineering, which has been largely neglected for years, again posted negative growth (-0.9 %) in 2015. According to economic research estimates, Sweden's infrastructure has an accumulated investment deficit of € 33 billion that could double by the year 2025. Experts estimate that the road and transport network alone is in need of investments in the amount of € 3.5 billion. As pessimistic as this situation may be, it does point to a potential for long-term growth in this field.

The output volume of the STRABAG Group in Sweden amounted to € 239.70 million in 2015. The main activities include infrastructure and residential construction projects.

RUSSIA AND NEIGHBOURING COUNTRIES (RANC)



Overall construction volume: € 144.6 billion
GDP growth: 2015e: -3.9 % / 2016e: -1.0 %
Construction growth: 2015e: -5.2 % / 2016e: -3.0 %

Despite all armed conflicts, the Russian economy managed positive growth until 2014. In 2015, however, Western sanctions, the devaluation on the ruble and the collapse of the oil price began to take effect. The GDP decline by 3.9 % marks a low point after years of continuously slower economic momentum. For 2016, EECFA expects the Russian economic output to continue to shrink by 1.0 % before a turnaround in 2017 with +1.3 %.

Like all of the main branches of the economy, i.e. industry, retail, transport and services, with the exception of agriculture, the Russian construction sector also exhibited negative growth in 2015. People's incomes have been sinking continuously for the past year, impacting investments and consumer demand with drastic declines. For the construction industry, this meant a minus of 5.2 %, cushioned only by the positive results from ground civil engineering. The overall output volume is expected to shrink by a further 3.0 % in 2016 before a possible plus of 1.1 % in 2017.

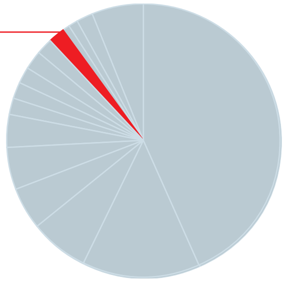
Residential construction posted the largest losses (-11.6 %) in the year under report, although the government attempted to keep the sector afloat through the introduction of mortgage subsidies, programmes for foreign currency borrowers and a measure for residential space. Nevertheless, the EECFA's experts still do not see a market crisis. While they are forecasting another minus of 6.7 % for 2016, they expect a balanced result of +/-0.0 % in 2017.

The figures for the building construction sector are similar. The -7.3 % in the year under report result from the lack of public funds, especially for the construction of educational facilities. In the health field, on the other hand, the health insurance obligation in the Russian Federation contributed to investors being found, which helped to ease the sector's decline somewhat. The trend nevertheless remains negative, with forecasts of -4.0 % for 2016 and -2.1 % for 2017.

Ground civil engineering was the only sector to close 2015 on a positive note, growing by 2.8 %. Thanks to the realisation of important gas pipeline projects, as well as the construction of transport and electrical utilities infrastructure, growth is expected to continue in the medium term (2016: +1.4 %, 2017: +3.5 %).

The STRABAG Group generated an output volume of € 230.39 million in Russia and its Neighbouring Countries (RANC) in 2015. This region contributed 2 % to the group's overall output volume in the period under report. STRABAG is active almost exclusively in building construction and civil engineering in the region.

DENMARK



Overall construction volume:	€ 26.5 billion
GDP growth:	2015e: 1.4 % / 2016e: 1.7 %
Construction growth:	2015e: 1.3 % / 2016e: 2.3 %

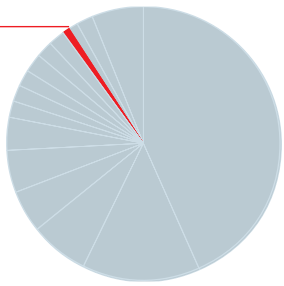
The Danish economy has grown slowly but positively in the past two years. The GDP plus of 1.4 % in 2015 can be traced back primarily to the strong increase in gross property, plant and equipment investments as well as private consumption. According to Euroconstruct, falling unemployment figures and increasing exports will provide Denmark with constant, albeit moderate economic growth in the years to come.

The forecasts for the development of the Danish construction industry had to be adjusted downward slightly, but the outlook of +1.3 % (2015) to +2.8 % (2018) paints a thoroughly positive picture. In residential construction, immigration is leading to an increased demand for housing that – although cheap and temporary – should help to boost the sector. Growth in the sector was 1.0 % in 2015 and should reach 2.8 % in 2016. In building construction, which posted the strongest gains (+3.0 %) in 2015, an extensive programme for new hospitals promises to yield strong impetus for the coming years with a forecast of +3.6 % for 2016.

Following the promise of funding, significant growth had been forecast for ground civil engineering – especially in the expansion of transport infrastructures. With the election of a new government in June 2015, however, the sector had to deal with cuts and accept a marginal plus of just 0.2 %. Growth is likely to be just as modest in 2016. According to Euroconstruct, this sector will have to wait until 2017 to again pick up speed.

Thanks to several large projects in building construction and civil engineering, the STRABAG Group generated an output volume of € 219.28 million in 2015.

ITALY



Overall construction volume:	€ 161.0 billion
GDP growth:	2015e: 0.8 % / 2016e: 1.2 %
Construction growth:	2015e: 0.4 % / 2016e: 1.8 %

2015 brought the turnaround for Italy. After years of recession, the country was finally able to post economic growth of 0.8 %. The main role in this phase of the economic cycle was played by domestic demand. The labour market profited from reform measures, the situation of the households improved, the easing of the credit market (quantitative easing) helped to stimulate investments, and the confidence of the Italian people in the economy reached its highest level since 2008.

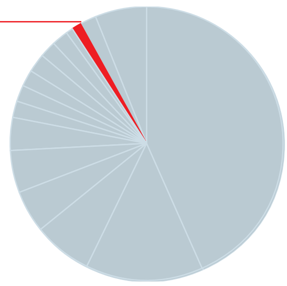
At the same time, the Italian construction industry was back in the black for the first time in eight years. The plus of 0.4 % is proof of the hesitant but probably continuous upswing. The competitive euro exchange rate, extensive financing programmes and political measures which, among other things, helped bring about administrative simplifications and tax breaks for construction projects, hold the promise of a constant upward development in the next few years. Euroconstruct forecasts annual growth of about 2 %.

The individual construction sectors themselves exhibited quite different developments, however. Residential construction, still the weakest sector and still in decline (-1.6 %), is driven primarily by renovation works. In building construction, meanwhile, the long downwards trend has likely come to an end. The plus of 2.0 % in 2015 corresponds approximately to Euroconstruct's expectations for the next three years.

Ground civil engineering grew the strongest in 2015, with a plus of 3.4 %. The significant growth forecast for this sector in the coming years is due primarily to the Sblocca Italia law, which is intended to stimulate the opening of new construction sites, the realisation of public-sector contracts and the digitalisation of the country.

The output volume of the STRABAG Group in Italy amounted to € 187.80 million in 2015. In Italy, STRABAG is mainly active in tunnelling and road construction in the north of the country and the output volume is largely assigned to the segment International + Special Divisions.

SLOVENIA



Overall construction volume: € 2.6 billion
GDP growth: 2015e: 2.7 % / 2016e: 2.3 %
Construction growth: 2015e: -0.2 % / 2016e: -10.8 %

As in 2014, Slovenia's economy expanded more strongly than the EU average in 2015 with a GDP plus of 2.7 %. This positive trend should continue in the medium term, with an expectation of +2.3 % for each of the next two years.

The construction sector stagnated (-0.2 %). Moreover, the financing for construction projects came mostly from the EU's Cohesion Fund, the availability of which expired with the end of 2015. Without these funds, economic growth is expected to shift to other areas, e.g. export.

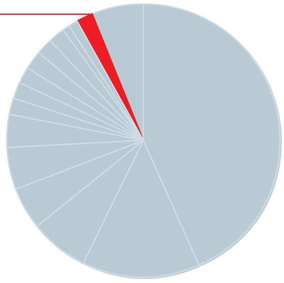
Residential construction in 2015 registered a negative result (-4.8 %) for the seventh time in a row. The experts already see signs of a turnaround, however. This is most visible on the secondary market, where the number of transactions has grown and the price decline for used apartments and houses has come to an end. Given the higher level of disposable family incomes and eased access to mortgage loans, EECFA is forecasting a plus of 10.1 % in residential construction for 2016.

Building construction closed 2015 with a plus of 11.3 %. Whether this recovery will last after the minus of 8.7 % in 2014 will depend, among other things, on whether and when construction permits are issued for several large office buildings that have already been planned. The experts therefore fear a decline of 4.3 % in 2016 before renewed growth in building construction in 2017 (+7.3 %).

In absolute terms, ground civil engineering posted a negative result in 2015 (-1.3 %), which must be seen against the striking growth of 33.2 % the year before. Nevertheless, the savings measures of the Slovenian government can already be felt here. Additionally, several large projects in this sector are scheduled for completion soon. New ground civil engineering projects are already getting started, e.g. the construction of a new motorway in eastern Slovenia and the expansion of the Karawanks Motorway Tunnel. According to EECFA, however, a minus of 26.7 % is to be expected for 2016.

In 2015, the STRABAG Group generated an output volume of € 98.42 million in Slovenia.

CROATIA, SERBIA, BULGARIA AND REST OF EUROPE



CROATIA

Overall construction volume:	€ 2.7 billion
GDP growth:	2015e: 0.8 % / 2016e: 1.0 %
Construction growth:	2015e: 3.9 % / 2016e: 7.6 %

SERBIA

Overall construction volume:	€ 1.8 billion
GDP growth:	2015e: 0.9 % / 2016e: 2.0 %
Construction growth:	2015e: 4.5 % / 2016e: 6.5 %

BULGARIA

Overall construction volume:	€ 6.5 billion
GDP growth:	2015e: 2.3 % / 2016e: 2.6 %
Construction growth:	2015e: 0.1 % / 2016e: -3.3 %

Croatia

After six negative years, the Croatian economy returned to a slight GDP plus in 2015. The growth gained momentum steadily over the year, finally closing at 0.8 %. Driving this unexpected acceleration were the difficulties facing some of Croatia's tourist competitors, especially Greece, North Africa and Turkey, lending a strong boost to the Croatian tourism industry. Also contributing to the growth were the government's successful efforts at higher tax revenue as well as a generally friendlier attitude toward the private sector. The political uncertainties following the parliamentary elections in autumn, however, are cause for a cautious outlook from EECFA. The experts expect continued stable economic growth, but the estimates are for a moderate +1.0 % for 2016 and +1.7 % for 2017.

The Croatian construction industry is also in an upswing. The minus of 11.3 % in 2014 probably was the low point, and the country registered a clear plus of 3.9 % in 2015 – which should even rise to +7.6 % in 2016. A closer look shows that several construction sectors are already exhibiting strong growth. Building construction grew above average overall (+6.3 %) thanks to hotels and transport structures, even if the business in other areas of this sector, e.g. office buildings, is only just beginning to get going. The experts therefore expect to see solid growth rates for the next two years.

Residential construction and ground civil engineering, especially road construction, recovered slightly. After the significant declines in the recent past (residential construction in 2014: -19.4 %; ground civil engineering in 2014: -14.1 %) and, subsequently, a lower starting level, these two segments managed a plus of 2.8 % in 2015. In residential construction, this development can be traced back to two trends in particular. Firstly, young people are increasingly looking for a home of their own. Secondly, as a result of the more affordable real estate prices, more and more foreign citizens are investing in holiday homes in Croatia. EECFA therefore expects stable growth of 3.1 % and 5.7 % in this sector for 2016 and 2017, respectively.

The future also looks bright in ground civil engineering. The communications and transport segments posted good results in 2015 (+25.0 % and +15.0 %, respectively), and pipelines, power lines and above all water utility projects hold the promise of growth for the coming years (2016: +11.4 %, 2017: +9.1 %).

The STRABAG Group generated € 68.04 million on the Croatian market in 2015.

Serbia

After the floods of 2014, which plunged the country into a recession, Serbia's economy showed signs of a slow recovery in the year under report. The growth of 0.9 % is proof of the effectiveness of the government's budget consolidation – a rigorous savings and debt reduction programme – that had begun before the flood disasters. EECFA therefore expects continued GDP growth between 2.0 % and 2.5 % for the coming years.

The Serbian construction industry exhibited ambivalent growth – also as a consequence of the floods. The unexpectedly high overall plus of

4.5 % is almost entirely due to activities in ground civil engineering, as the sector was working at full capacity on the reconstruction of roads, bridges and transport infrastructures, on the one hand, but also on new projects. The 2016 forecast is for a plus of 6.5 %. This is contrasted by a minus in residential construction and stagnation in building construction in 2015.

The collapse of the residential construction sector had already begun in 2013, as the government cut subsidies for residential mortgage loans and so exacerbated an already difficult market situation. Then came the floods – and with them an accumulated minus of nearly 40.0 % in two years. Positive labour market figures and low interest rates brought a gradual recovery (-1.3 %) in 2015, but a real upswing is only expected to set in this year with a forecasted +10.4 % (2017: +13.0 %).

Building construction, which gained slightly in 2015 with +0.8 %, will probably benefit the most from the reformed permit procedure – as can already be seen from the approval figures in all areas. The largest expansion is expected in the retail and office construction segments, soon to be followed by the public sector. This makes growth of 9.3 % and 8.5 % for the next two years, respectively, seem realistic.

While 2014 had been all about reconstruction, 2015 saw the ground civil engineering sector land new projects for a plus of 7.8 %: After many years, Serbia is again expanding its motorway network, large railway construction projects are underway, and the energy industry, with the construction of new power plants, is also making enormous contributions to maintaining this sector as a pillar of construction output as a whole. For 2016, a further plus of 4.3 % is expected.

The STRABAG Group achieved an output volume of € 46.22 million on the Serbian market in 2015.

Bulgaria

The Bulgarian economy developed better than expected, with a significant plus of 2.3 % in 2015. Primarily driving this upswing were exports and state investments. The high level of corporate debt remains a big problem, however, as it hinders the inflow of new cash. The fact that EECFA experts are nevertheless forecasting further GDP growth of 2.5 % for the next two years is due to the labour market, which is sending positive signals in export-oriented industries, as well as external factors such as the low oil price and the gradual recovery in the eurozone.

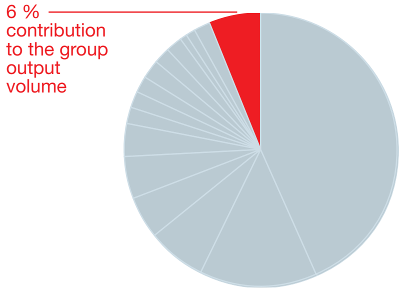
Bulgaria's construction industry – which de facto stagnated at +0.1 % in 2015 – was unable to keep pace with the GDP growth, but at least it was able to maintain the high level from 2014 (+8.0 %). This is primarily due to residential construction, which posted growth of 7.4 % in the year under report. The resumption of residential projects, which had been frozen during the crisis, as well as programmes to improve energy efficiency, especially in panel buildings, should make for further growth beyond the 10 % mark in the years to come.

The building construction sector shrank by 3.9 % in 2015, which contrasts with the strong growth in the previous year (+10.2 %). Thanks to a more dynamic development in industry, logistics and agricultural buildings, growth rates of 2.7 % and 5.6 % are being forecast for 2016 and 2017, respectively. The office segment, however, is expected to show only hesitant recovery.

Ground civil engineering represents a downside to Bulgaria's overall positive figures. With a plus of 0.2 %, this segment was able to at least maintain its level following the good results in 2014 (+5.1 %). A noticeable decline of 11.1 % is expected for 2016, however, due to the great dependency on EU funding. The negative growth should only be temporary, however, as it results from the transitional difficulties between two EU programme periods. In 2017, the programmes "Environment" and "Growth and Employment" should contribute to another plus in ground civil engineering – currently planned are +3.1 %.

The STRABAG Group generated € 35.21 million on the Bulgarian market in 2015.

MIDDLE EAST, AMERICAS, AFRICA, ASIA



The STRABAG Group has for decades played an important role not only on its main European markets but also outside of Europe – mostly as main contractor in direct export. Above all Africa and Asia, Canada and Chile, as well as the Middle East, are at the focus of STRABAG's non-European activities, with which the company ensures its independence from the economic conditions in individual countries.

Because of STRABAG's high level of technical know-how, the focus of this engagement lies in areas that are considered especially demanding, in particular civil engineering, tunnelling and industrial and infrastructure projects. In the year under report, group companies were working on projects such as the expansion of the sewer network in Singapore. This project requires the pipe jacking technique, a specialty of the STRABAG Group.

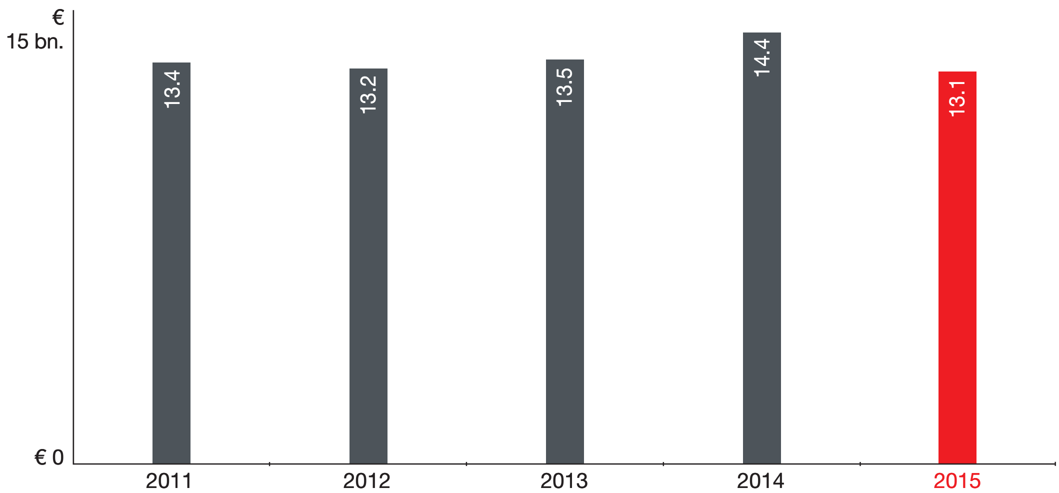
In total, the STRABAG Group generated € 836.59 million, or 6 %, of its overall group output volume outside of Europe in 2015. The activities in non-European countries – with few exceptions – are assigned to the segment International + Special Divisions.

Order backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2015

€ mln.	Total 2015	North + West	South + East	International + Special Divisions	Other	Total 2014	Δ total %	Δ total absolute
Germany	4,876	3,627	82	1,162	5	4,938	-1	-62
Austria	1,733	21	1,207	505	0	1,542	12	191
Italy	1,011	0	2	1,009	0	1,237	-18	-226
Poland	849	801	5	43	0	845	0	4
Middle East	501	6	1	494	0	525	-5	-24
Americas	457	3	0	454	0	583	-22	-126
Romania	393	3	386	4	0	498	-21	-105
Russia and Neighbouring Countries	390	7	316	67	0	723	-46	-333
Slovakia	355	0	343	12	0	553	-36	-198
Benelux	347	316	15	16	0	398	-13	-51
Czech Republic	323	0	313	10	0	348	-7	-25
Denmark	322	303	0	19	0	456	-29	-134
Switzerland	307	15	266	26	0	169	82	138
Sweden	278	256	0	22	0	311	-11	-33
Asia	267	0	7	260	0	194	38	73
Rest of Europe	264	10	184	69	1	263	0	1
Hungary	137	0	119	18	0	508	-73	-371
Serbia	94	0	92	2	0	24	292	70
Africa	92	30	3	59	0	108	-15	-16
Slovenia	57	0	57	0	0	113	-50	-56
Croatia	55	0	53	2	0	53	4	2
Bulgaria	27	0	27	0	0	14	93	13
Total	**13,135**	**5,398**	**3,478**	**4,253**	**6**	**14,403**	**-9**	**-1,268**

DEVELOPMENT OF ORDER BACKLOG



The order backlog fell back in 2015, a development that had already become apparent over the course of the year. The figure settled at € 13.1 billion on 31 December 2015, 9 % lower than one year before. This development can be traced back to the completion of large projects in Hungary, Italy and Slovakia, as well as the adverse economic environment in the RANC region (Russia and Neighbouring Countries).

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2015

Category	**Number of construction sites**	**Number of construction sites as % of total**	**Order backlog € mln.**	**Order backlog as % of total**
Small orders (€ 0–1 mln.)	10,477	72	1,678	13
Medium-sized orders (€ 1–15 mln.)	3,702	25	2,616	20
Large orders (€ 15–50 mln.)	218	2	2,982	23
Very large orders (>€ 50 mln.)	99	1	5,859	44
Total	**14,496**	**100**	**13,135**	**100**

Part of risk management

The overall order backlog is comprised of 14,496 individual projects. More than 10,000 of these are small projects with a volume of up to € 1 million. Medium-sized projects with contract volumes between € 1 million and € 15 million account for one quarter of orders. Just 2 % of the construction sites have a volume between € 15 million and € 50 million. A further 99 projects have a volume above € 50 million. The high number of individual contracts guarantees that the risk involved with one project does not threaten the group success as a whole. The ten largest projects in the order backlog as at 31 December 2015 added up to 18 % of the order backlog, compared to 20 % at the end of 2014.

THE TEN LARGEST PROJECTS CURRENTLY IN PROGRESS AS AT 31 DECEMBER 2015

Country	**Project**	**Order backlog € mln.**	**as % of total order backlog**
Italy	Pedemontana motorway	815	6.2
Germany	Stuttgart 21, underground railway station	285	2.2
Chile	Alto Maipo hydropower complex	267	2.0
Austria	Koralm Tunnel, Section 2	170	1.3
Austria	Brenner Base Tunnel, Tulfes–Pfons	164	1.3
Germany	Rastatt Tunnel	153	1.2
Russia	Tula Steel Works	140	1.1
Belgium	Project “Schools of Tomorrow”	129	1.0
Sweden	Marieholm Tunnel	118	0.9
Poland	A1 motorway, Tuszyn–Pyrzowice	115	0.9
Total		**2,357**	**17.9**

Impact on changes to the scope of consolidation

In the 2015 financial year, 13 companies (thereof four mergers with fully consolidated companies) were included in the scope of consolidation for the first time. These companies contributed a total of € 72.26 million to group revenue and € -13.72 million to net income after minorities. As a result of first-time inclusions, current and non-current assets increased by € 11.87 million, current and non-current liabilities by € 0.78 million.

Financial performance

The consolidated **group revenue** for the 2015 financial year amounted to € 13,123.48 million. This represents an increase of 5.2 % over the previous year, a similar level of growth as the output volume (+5.3 %). The ratio of revenue to output remained at the previous year's level of 92 %. The segment North + West contributed 45 %, South + East 34 % and International + Special Divisions 21 % to the revenue.

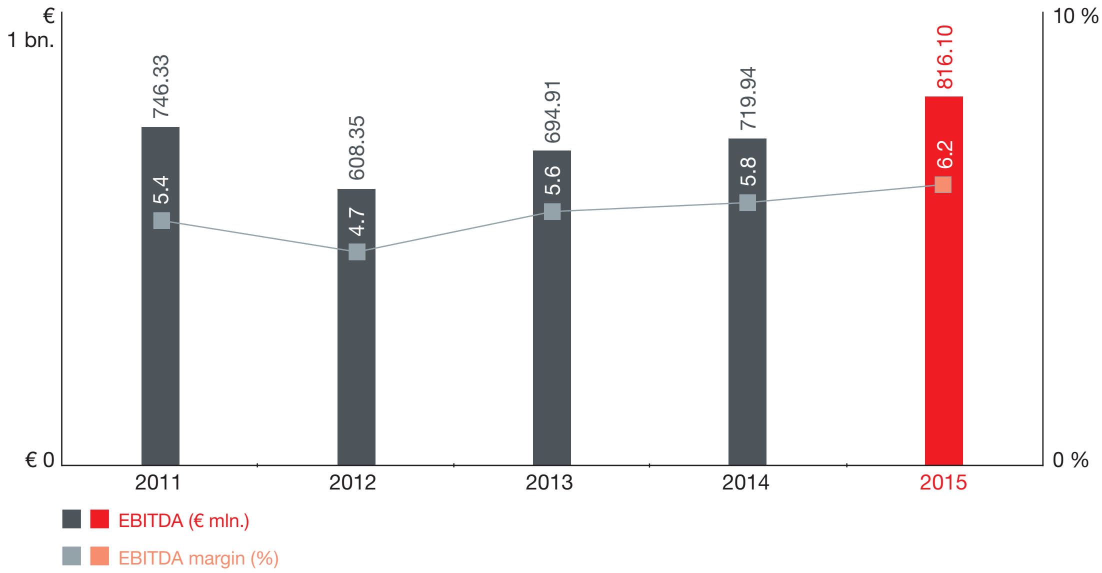
The **changes in inventories** involve mainly the real estate project development business, which was conducted as actively in 2015 as in the past. The disposals, resulting from a number of successful sales, were only partially compensated by existing and new project developments. The **own work capitalised** remained at a very low level. The total of **expenses for construction materials, consumables and services used** and the **employee benefits expense**, expressed in relation to the revenue, remained unchanged at 90 % – the same as in the past few years.

EXPENSES

€ mln.	2015	2014	Δ %
Construction materials, consumables and services used	8,619.03	8,163.25	6
Employee benefits expense	3,158.25	3,057.67	3
Other operating expenses	826.90	791.36	4
Depreciation and amortisation	475.06	437.98	8

The **share of profit or loss of equity-accounted investments**, which also includes earnings from construction consortia, grew significantly versus the year before. The figure for the previous year had been burdened by a one-time impairment for a cement investment. The net income from investments, composed of the dividends and expenses of many smaller companies or financial investments, also grew as a result of positive effects from project development investments.

DEVELOPMENT OF EBITDA AND EBITDA MARGIN



Effective tax rate: 42.4 %

Earnings per share: € 1.52

In total, there was a 13 % increase of the **earnings before interest, taxes, depreciation and amortisation** (EBITDA) to € 816.10 million, while the EBITDA margin grew from 5.8 % to 6.2 %. The **depreciation and amortisation** stood at € 475.06 million, which corresponds to a plus of 8.5 % over the previous year. This figure contains a special depreciation allowance related to the sale of the hydraulic engineering equipment in the amount of € 21.70 million as well as higher depreciation on rail construction equipment. The goodwill impairment in the amount of € 24.75 million represents a slight decline versus the previous year's level of € 28.83 million.

The **earnings before interest and taxes** (EBIT) increased significantly by 21 % to € 341.04 million, which corresponds to an EBIT margin of 2.6 % after 2.3 % in 2014. Compared to the previous year, this figure improved in Poland, the Czech Republic and Slovakia, among other places. A tunnelling project in Chile, on the other hand, represented a significant burden.

The **net interest income** came to rest at about the same level of the previous year (€ -24.42 million versus € -26.20 million). The positive foreign currency effects increased slightly from € 5.29 million in 2014 to € 8.43 million in 2015.

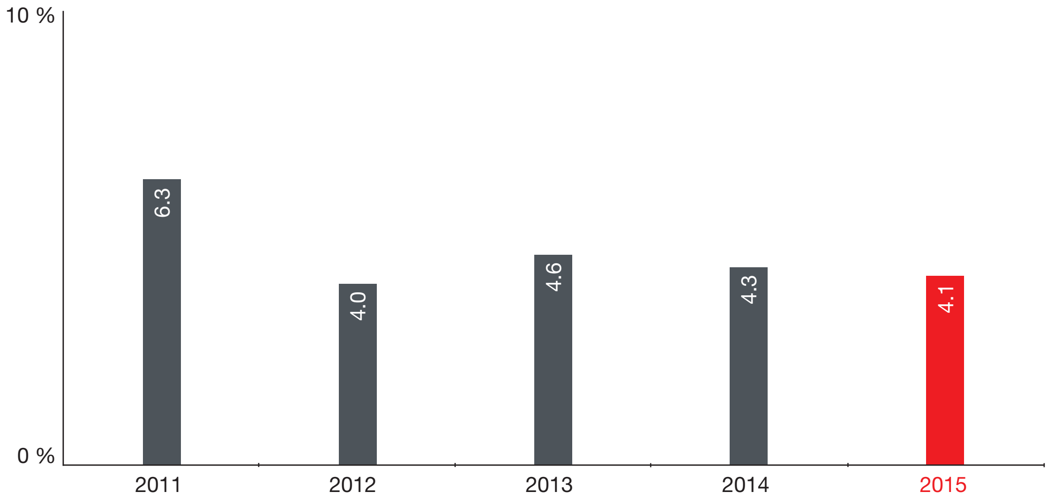
In the end, the **earnings before taxes** (EBT) showed a plus of 24 %. The income tax rate – in the absence of tax relief for the losses in Chile, goodwill impairments and in response to back taxes due to company audits in Germany – was again unusually high, with 42.4 % after 42.3 % in 2014.

The **net income** settled at € 182.50 million in 2015. After € 147.50 million in 2014, this corresponds to an increase of 24 %.

Earnings owed to minority shareholders amounted to € 26.21 million, compared to € 19.53 million the year before. This can be explained by the higher earnings for STRABAG AG, Cologne. The **net income after minorities** for 2015 came to € 156.29 million, a plus of 22 % versus the previous year. The earnings per share also increased by 22 % to € 1.52.

The **return on capital employed** (ROCE)[1)] fell slightly from 4.3 % to 4.1 %.

DEVELOPMENT OF ROCE



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

Financial position and cash flows

BALANCE SHEET

€ mln.	2015	% of balance sheet total	2014	% of balance sheet total
Non-current assets	4,284.07	40	4,506.46	44
Current assets	6,444.80	60	5,769.08	56
Equity	3,320.64	31	3,144.30	31
Non-current liabilities	2,519.24	23	2,408.70	23
Current liabilities	4,888.99	46	4,722.54	46
Total	**10,728.87**	**100**	**10,275.54**	**100**

The **balance sheet total** of STRABAG SE increased from € 10.3 billion to € 10.7 billion. This was in large part due to the increase in cash and cash equivalents from € 1.9 billion to € 2.7 billion. The hydraulic engineering equipment for sale is no longer presented under property, plant and equipment, but under a special item, namely the assets held for sale, at the agreed purchase price of € 70 million.

Conspicuous on the liabilities side is the stable **equity ratio** of 31.0 % (2014: 30.6 %) as well as the higher non-current financial liabilities resulting from the € 200 million bond issue.

KEY BALANCE SHEET FIGURES

	2011	2012	2013	2014	2015
Equity ratio (%)	30.3	31.2	30.7	30.6	31.0
Net debt (€ mln.)	-267.81	154.55	-73.73	-249.11	-1,094.48
Gearing ratio (%)	-8.5	4.9	-2.3	-7.9	-33.0
Capital employed (€ mln.)	5,336.45	5,322.35	5,462.11	5,357.82	5,448.01

Net cash position: € 1,094.48 million

As usual, a **net cash position** was reported on 31 December 2015. This position grew as a result of the unusually high level of cash and cash equivalents from € 249.11 million on 31 December 2014 to € 1,094.48 million at the end of 2015.

CALCULATION OF NET DEBT

€ mln.	2011	2012	2013	2014	2015
Financial liabilities	1,731.96	1,649.98	1,722.70	1,609.92	1,579.75
Severance provisions	70.44	79.91	78.40	97.66	96.13
Pension provisions	384.21	429.92	422.24	505.94	451.50
Non-recourse debt	-754.18	-630.31	-585.11	-538.61	-489.53
Cash and cash equivalents	-1,700.24	-1,374.96	-1,711.97	-1,924.02	-2,732.33
Total	**-267.81**	**154.55**	**-73.73**	**-249.11**	**-1,094.48**

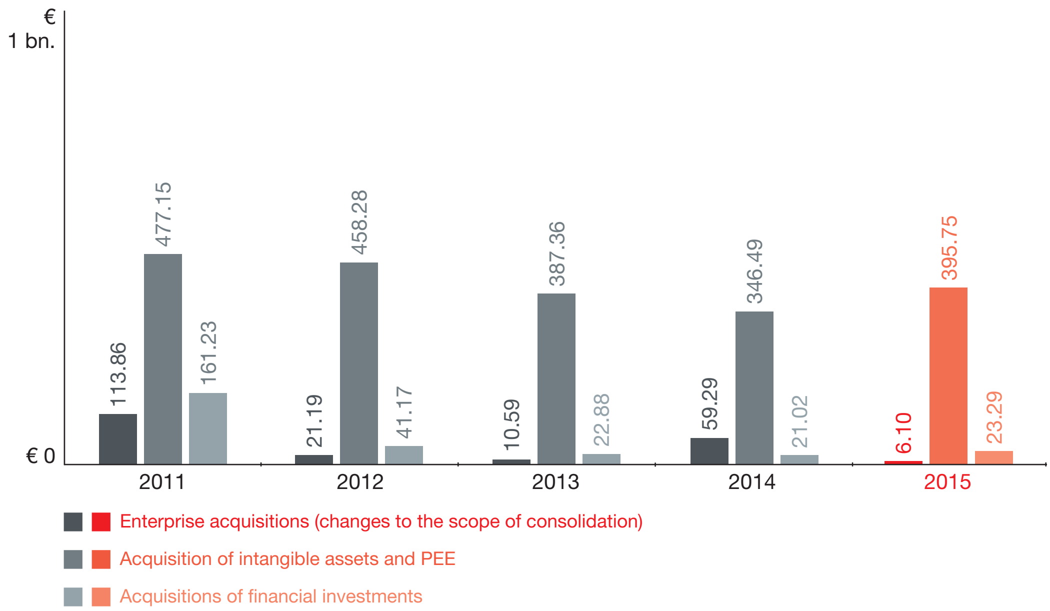
With a 6 % higher cash flow from earnings of € 657.98 million, the **cash flow from operating activities** grew by 54 % to € 1,240.35 million. The working capital improvement, on the other hand, was influenced by the uncharacteristically high project-related advance payments. As no larger acquisitions were made in the 2015 financial year, the **cash flow from investing activities**, despite higher investments in property, plant and equipment, stood at € -320.21 million – significantly below the previous year's value of € -435.30 million. The **cash flow from financing activities** amounted to € -117.55 million after € -142.42 million the previous year. The positive effects from the bond issues and repayments were countered by cash outflows from returns of financing liabilities and dividends.

Capital expenditures

STRABAG had forecast net capital expenditures (cash flow from investing activities) in the amount of approximately € 350 million for the 2015 financial year. In the end, the net capital expenditures totalled € 320.21 million for a level that was again at about that of 2013. The 2014 cash flow from investing activities had been driven by the acquisition of DIW Group as well as by the assumption of the financing for an associated company.

The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 425.14 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** of € 395.75 million, **the purchase of financial assets** in the amount of € 23.29 million and **enterprise acquisitions** (changes to the scope of consolidation) of € 6.10 million. About € 250 million is spent annually as maintenance expenditures related to the equipment fleet in order to prevent inventory obsolescence. In addition to these necessary maintenance expenditures, of which the largest proportion was spent in Germany, Austria and Poland in 2015, STRABAG also invested in project-specific equipment needed for its international business. Expenditures on intangible assets and on property, plant and equipment during the year under report must be seen against depreciation and amortisation in the amount of € 475.06 million. This figure also includes goodwill impairment in the amount of € 24.75 million.

COMPOSITION OF CAPEX



Financing/Treasury

KEY FIGURES TREASURY

	2011	2012	2013	2014	2015
Interest and other income (€ mln.)	112.31	73.15	66.72	82.17	82.07
Interest and other expense (€ mln.)	-103.77	-123.87	-98.26	-108.37	-106.49
EBIT/net interest income (x)	39.2	-4.1	-8.3	-10.8	-14.0
Net debt/EBITDA (x)	-0.4	0.3	-0.1	-0.3	-1.3

The number one objective for the treasury management of STRABAG SE is assuring the continued existence of the company through the maintenance of constant solvency. This objective is to be reached through the provision of sufficient short-term, medium-term and long-term liquidity.

Liquidity for STRABAG SE means not only solvency in the strict sense but also the availability of guarantees. The building activity requires the constant availability of bid, contract fulfilment, pre-payment and warranty guarantees and/or sureties. The financial scope of action is thus defined on the one hand by sufficient cash and cash credit lines, on the other hand by sufficient surety credit lines.

The management of **liquidity risks** has become a central element of the corporate management at STRABAG. In practice, liquidity risks come in various forms:

- In the short term, all daily payment obligations must be covered in time and/or in their entirety.
- In the medium term, liquidity levels must be sufficient so that no transactions or projects become impossible due to a lack of sufficient financial means or guarantees or that they cannot be executed at the desired pace.
- In the long term, there should be sufficient financial means available to be able to pursue the strategic development targets.

Total credit line for cash and surety loans of € 7.1 billion

In the past, STRABAG has always oriented its financing decisions according to the risk aspects outlined above and has organised the maturity structure of the financial liabilities in such a way as to avoid a refinancing risk. In this way, the company has been able to maintain a great scope for action, which is of particular importance in a difficult market environment.

The respective liquidity needed is determined by targeted liquidity planning. Based on this, liquidity assurance measures are made and a liquidity reserve is defined for the entire group.

The medium- and long-term liquidity needs have so far also been covered by the issue of **corporate bonds**. STRABAG SE (and its predecessor FIMAG) has regularly issued bonds on the Austrian capital market since 2002. In the 2015 financial year, the company successfully placed a € 200 million tranche with a coupon of 1.625 % and a term to maturity of seven years. With the proceeds from the issue, which were used for general business purposes such as refinancing the € 100 million bond issued in 2010 or making investments in property, plant and equipment, STRABAG SE receives its optimal financing structure. As per 31 December 2015, STRABAG SE had four bonds with a total volume of € 675 million on the market.

In order to diversify the financing structure, STRABAG SE had placed its first **bonded loan** in the amount of € 140 million in the 2012 financial year. The variable interest portions of the bonded loan were refinanced at better conditions in 2015. This long-term debt financing instrument is in many ways similar to a bond, with an important difference being that bonded loans are issued directly to institutional investors without using an organised capital market, i.e. an exchange.

The existing liquidity of € 2.7 billion assures the coverage of the group's liquidity needs. Nevertheless, further bond issues or a refinancing of existing financing instruments are planned, depending on the market situation, in order to maintain a high level of liquidity reserves in the future and to take advantage of favourable market conditions.

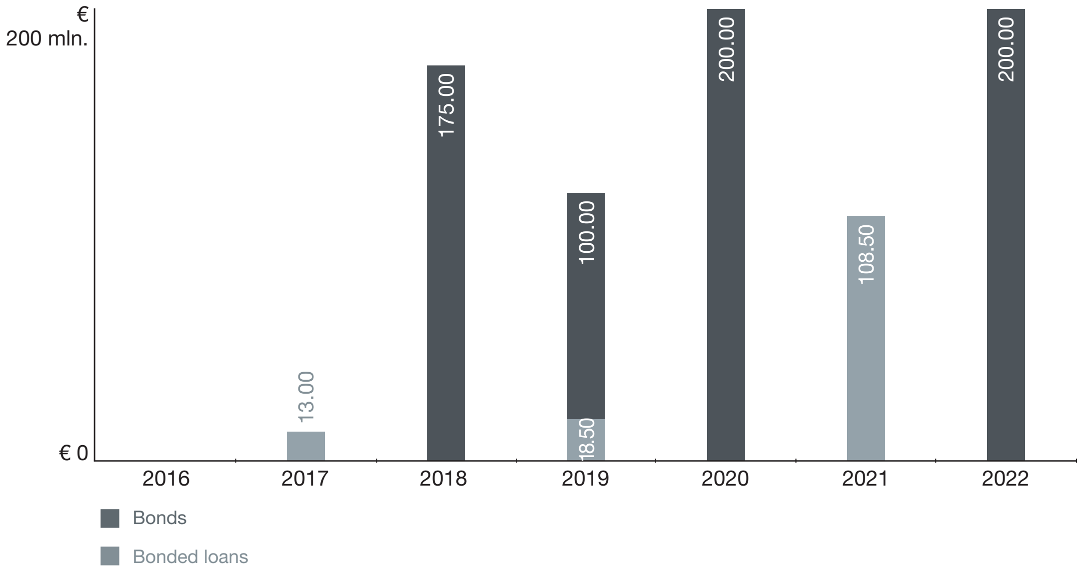
STRABAG SE has a total credit line for cash and surety loans in the amount of € 7.1 billion. The credit lines include a **syndicated surety credit line** in the amount of € 2.0 billion and a revolving **syndicated cash credit line** of € 0.4 billion, each with a term to maturity until at least 2021. In January 2016, both facilities were refinanced before the end of their term, i.e. their conditions and terms to maturity were changed. The group also has bilateral credit lines with banks. With a high degree of diversification regarding its surety and cash credit line, STRABAG creates an adequate risk spread in the provision of the credit lines and secures its comfortable liquidity position.

In June 2015, **S&P** raised STRABAG SE's **investment grade rating** by one level from BBB-, outlook stable to BBB, outlook stable. The ratings agency explained this step by pointing out that the important indicators had already significantly exceeded the requirements for the previous rating and that the forecasts indicated a continuation of this situation for the years to come. S&P sees STRABAG SE's strengths above all in the stable margins in an otherwise quite cyclical market environment, in the effective risk management and in the strong market positions.

PAYMENT OBLIGATIONS

€ mln.	Book value 31 December 2015
Bonds	675.00
Bank borrowings	894.41
Liabilities from finance leases	10.34
Total	**1,579.75**

PAYMENT PROFILE OF BONDS AND BONDED LOANS



Segment report

OVERVIEW OF THE FOUR SEGMENTS WITHIN THE GROUP

The business of STRABAG SE is divided into four segments, of which there are three operative segments North + West, South + East and International + Special Divisions, and segment Other, which encompasses the group's Central Divisions and Central Staff Divisions.

The segments are comprised as follows[1]:

NORTH + WEST
Management Board responsibility:
Peter Krammer
Germany, Poland, Benelux, Scandinavia, Ground Engineering, Hydraulic Engineering

SOUTH + EAST
Management Board responsibility:
Siegfried Wanker
Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe, Environmental Engineering
Management Board responsibility:
Thomas Birtel
Russia and Neighbouring Countries

INTERNATIONAL + SPECIAL DIVISIONS
Management Board responsibility:
Hannes Truntschnig
International, Tunnelling, Services, Real Estate Development, Infrastructure Development, Construction Materials

OTHER
Management Board responsibility:
Thomas Birtel and Christian Harder
Central Divisions, Central Staff Divisions

Construction projects are assigned to one of the segments (see chart below). Of course, projects may also be assigned to more than one segment. This is the case, for example, with PPP projects in which the construction part is assigned to its respective geographic segment, but the concession part is assigned to the concessions unit of International + Special Divisions. In projects which span more than one segment, the commercial and technical responsibility is generally assigned to that segment which has the higher share of the overall project value.

Geographic segments may be desirable, but they are not always possible. Particularly the specialty fields – e.g. tunnelling – are in demand all around the world. As it is therefore not possible to assign these to a certain country, such business fields are listed under the segment International + Special Divisions. At the same time, the two segments North + West and South + East may contain international business fields such as environmental or hydraulic engineering. These are usually organised from a country assigned to one of the respective geographic segments.

With only a few exceptions, STRABAG offers its services in all areas of the construction industry in the individual European markets in which it operates and covers the entire construction value chain. These services include:

	North + West	South + East	International + Special Divisions
Residential Construction	✓	✓	
Commercial and Industrial Facilities	✓	✓	✓
Public Buildings	✓	✓	✓
Production of Prefabricated Elements	✓	✓	✓
Engineering Ground Works	✓	✓	✓
Bridge Construction	✓	✓	✓
Power Plants	✓	✓	✓
Environmental Engineering		✓	
Railway Construction	✓	✓	
Roads, Earthworks	✓	✓	✓
Hydraulic Engineering, Waterway Construction, Embankments	✓	✓	
Landscape Architecture and Development	✓	✓	
Paving	✓	✓	✓
Large-Area Works	✓	✓	✓
Sports and Recreation Facilities	✓	✓	
Protective Structures	✓	✓	✓
Sewerage Systems	✓	✓	✓
Production of Construction Materials	✓	✓	✓
Ground Engineering	✓		
Tunnelling			✓
Real Estate Development		✓	✓
Infrastructure Development			✓
Operation/Maintenance/Marketing of PPP Projects	✓		✓
Property and Facility Services			✓

Last updated: 31 December 2015

1) Services may be performed in more than one segment. The activities and countries below have been assigned to those segments in which the most significant portion of the services was provided. Details are available in the table.

SEGMENT NORTH + WEST: EARNINGS SIGNIFICANTLY BETTER FOLLOWING NEGATIVE IMPACT THE YEAR BEFORE

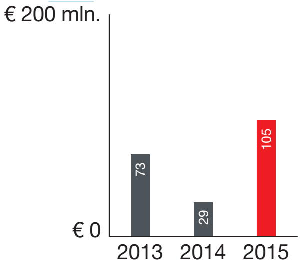
The North + West segment executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and Scandinavia. Ground and hydraulic engineering can also be found in this segment.

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Output volume	6,368.40	6,292.45	1	75.95
Revenue	5,895.10	5,719.12	3	175.98
Order backlog	5,397.45	5,682.38	-5	-284.93
EBIT	105.17	28.67	267	76.50
EBIT margin (% of revenue)	1.8	0.5		
Employees	22,421	23,123	-3	-702

OUTPUT VOLUME NORTH + WEST

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Germany	4,665	4,651	0	14
Poland	852	693	23	159
Benelux	227	257	-12	-30
Denmark	213	191	12	22
Sweden	210	246	-15	-36
Rest of Europe	49	68	-28	-19
Russia and Neighbouring Countries	39	85	-54	-46
Switzerland	29	28	4	1
Americas	28	21	33	7
Austria	19	20	-5	-1
Middle East	17	14	21	3
Africa	11	8	38	3
Romania	8	6	33	2
Hungary	1	0	n. a.	1
Italy	0	2	-100	-2
Asia	0	2	-100	-2
Total	**6,368**	**6,292**	**1**	**76**

EBIT

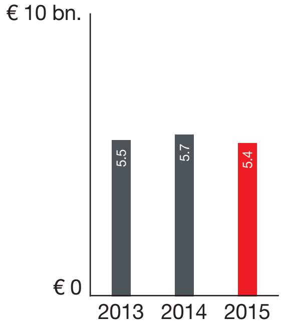


EBIT up strongly after poor performance the previous year

The output volume of the North + West segment, at € 6,368.40 million, remained nearly unchanged in a year-on-year comparison. In the largest market, Germany, the building construction and civil engineering business as well as transportation infrastructures generated an output volume that was almost at the same level as the year before, while this figure declined in Sweden and Benelux, among other places. Poland, the second-largest market in this segment, registered output growth of 23 % thanks to the high level of the order backlog.

The revenue, at € 5,895.10 million, also settled at about the previous year's level. The earnings before interest and taxes (EBIT), on the other hand, grew strongly from € 28.67 million to € 105.17 million. Profits in 2014 had been impacted negatively by projects in Sweden, the Netherlands and Germany. In the past financial year, Poland and the transportation infrastructures business in Germany contributed especially to the results.

ORDER BACKLOG



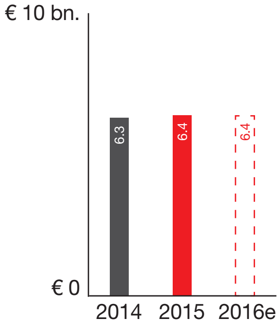
Order backlog on the decline despite large infrastructure projects

The order backlog, at € 5,397.45 million (-5 %), was clearly below the level of the previous year. Despite the acquisition of several new road construction projects in the German home market – e.g. Section 4 of Berlin motorway A 100 by Ed. Züblin AG with a contract value of about € 44 million or the extension of two sections of the A3 in southern Germany for € 90 million –, the previously high order backlog in the country decreased overall. This development can be traced to the situation in building construction where large projects such as Allianz Campus Unterföhring have been completed. The order backlog in Poland grew by a further 2 % over the quite attractive level at the end of the previous year – the largest new order here was the Woźniki–Pyrzowice section of the A1 motorway in the third quarter with a contract value of more than € 118 million –, but this plus could not compensate for the declining volume of orders in Germany, Sweden and Denmark.

Slight drop in employee numbers

The number of employees in the segments fell back by 3 % year-on-year to 22,421 in 2015. A part of this development can be ascribed to Germany, although staff numbers also declined in Sweden and in the rest of Europe.

OUTPUT



Outlook: Higher public expenditures not yet noticeable in Germany

An **output volume** of € 6.4 billion is expected for 2016 in the North + West segment. The **German market for building construction and civil engineering** should remain on a high level. Prices for subcontractor services and for construction materials have remained moderate so far despite the lively building construction activity in the country. The price for reinforcing steel, meanwhile, has fallen significantly and is currently at a multi-year low. In transportation infrastructures, it remains to be seen whether possible investment increases in the form of specific projects will be able to relate market development in 2016.

The **Polish construction sector** has been undergoing a clear recovery since the year 2014. In 2015, Poland's General Directorate for National Roads and Highways significantly increased its volume of tenders. For 2016, a number of road construction projects are still up for tender. STRABAG also expects to see increasing demand in railway construction. On the other hand, more and more tender participants in Poland are bidding at very low price levels. STRABAG therefore expects the full-year output volume to reach a similarly high level as in 2015.

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 construction market continue to be stable, although the price levels are on the decline due to the higher number of competitors. The economic environment for building construction in Sweden continues to exhibit growth potential at currently still stable margins.

According to a contract signed on 31 March 2016 with Netherlands-based Royal Boskalis Westminster N.V., STRABAG Wasserbau GmbH had transfer its equipment, staff and a series of recently signed maintenance contracts as part of an asset deal. The business field **waterway construction** will remain in this segment.

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog € mln.	as % of total group order backlog
Germany	Stuttgart 21, underground railway station	284	2.2
Belgium	Project "Schools of Tomorrow"	129	1.0
Poland	A1 motorway, Tuszyn–Pyrzowice	115	0.9
Denmark	BLOX/Bryghus multi-use building	85	0.6
Germany	Cherbourger Straße harbour tunnel, Bremerhaven	69	0.5

SEGMENT SOUTH + EAST: POSITIVE EARNINGS, BUT LOWER VOLUME OF NEW ORDERS

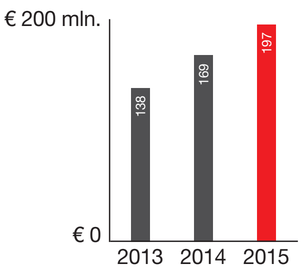
The geographic focus of the segment South + East is on Austria, Switzerland, Hungary, the Czech Republic, Slovakia, Russia and Neighbouring Countries as well as on the region South-East Europe. The environmental engineering activities are also handled within this segment.

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Output volume	4,535.13	4,170.80	9	364.33
Revenue	4,412.35	3,996.96	10	415.39
Order backlog	3,477.45	4,142.31	-16	-664.86
EBIT	197.05	168.63	17	28.42
EBIT margin (% of revenue)	4.5	4.2		
Employees	18,043	18,769	-4	-726

OUTPUT VOLUME SOUTH + EAST

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Austria	1,600	1,681	-5	-81
Slovakia	666	386	73	280
Czech Republic	644	505	28	139
Hungary	466	431	8	35
Switzerland	279	294	-5	-15
Romania	203	146	39	57
Russia and Neighbouring Countries	174	190	-8	-16
Germany	129	132	-2	-3
Rest of Europe	101	90	12	11
Slovenia	89	57	56	32
Croatia	55	103	-47	-48
Serbia	43	36	19	7
Bulgaria	32	36	-11	-4
Poland	18	31	-42	-13
Middle East	13	21	-38	-8
Africa	11	12	-8	-1
Italy	7	5	40	2
Asia	3	5	-40	-2
Benelux	1	5	-80	-4
Americas	1	3	-67	-2
Denmark	0	2	-100	-2
Total	**4,535**	**4,171**	**9**	**364**

EBIT

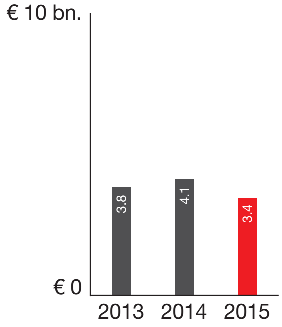


EBIT grows again

The output volume in the South + East segment grew by 9 % year-on-year to € 4,535.13 million. While Slovakia stood out with especially high growth, and positive figures were registered in the Czech Republic as well, the other markets exhibited a varied development.

The segment also reported considerable growth in both revenue as well as the earnings before interest and taxes (EBIT). The revenue increased by 10 % to € 4,412.35 million, the EBIT by 17 % to € 197.05 million. This can be traced back, among other things, to a number of agreements on large construction projects following completion as well as improvements in several markets in this segment.

ORDER BACKLOG



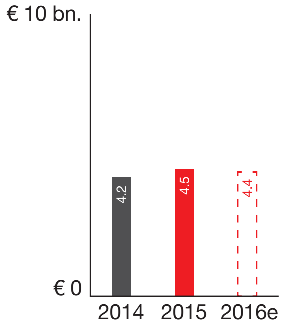
Large projects completed in Hungary and Slovakia

The order backlog, on the other hand, fell by 16 % to € 3,477.45 million. Declines were registered in nearly all markets, with a particularly significant drop in Russia and Neighbouring Countries (RANC), Hungary and Slovakia, where several large orders acquired during the previous year have to a large degree already been worked off.

Fewer employees in RANC, Austria and Switzerland

The number of employees fell slightly by 4 % to 18,043. This decline can largely be ascribed to the RANC region, but also to Austria and Switzerland.

OUTPUT



Outlook: More conservative planning for 2016

The currently low volume of new orders requires slightly more conservative planning. For this reason, STRABAG expects the **output volume** in this segment to fall back slightly to € 4.4 billion. Despite the improvements in the operating business, the earnings forecast must take into consideration the tougher economic environment in several markets in which the segment operates. In **Austria**, the largest market in this segment, an increased price pressure has also dominated the field of building construction in the greater Vienna area for the past two years. Against the backdrop of lower public investments, this business field had previously compensated the tense – in some regions dramatic – situation in transportation infrastructures for the group.

In 2015, **Hungary** has benefited from a good order backlog and from the good weather for transportation infrastructures at the start of the year. But the lower number of EU-financed projects translates into future challenges for the order book situation.

In **Slovakia**, the stable development in both building construction and road construction suggests an improvement of the climate in that country – as evidenced by the tenders for EU-financed infrastructure projects. In the **Czech Republic**, current tenders in building construction are focused mainly on projects in the field of education, such as schools and museums, although competition is contributing to prices being calculated at the limit of profitability.

The **Swiss** market is expected to remain modest at best. On the one hand, an increased number of infrastructure construction projects is coming onto the market after a very quiet period, especially in the greater Zurich area; on the other hand, this market is strongly contested. Demand was also up again slightly in building construction, although the bid prices were on the decline here as well. Despite initial signs of recovery, however, the strong Swiss franc continues to put a damper on economic growth.

The strong price competition that characterises **South-East Europe** is expected to increase. In **Croatia** and in **Slovenia**, the group is hoping to be awarded the tender for EU-financed infrastructure measures. The transportation infrastructures business in South-East Europe shows no signs of improvement, however. For this reason, all activities were stopped e.g. in Moldova already during the first half of the 2015 year.

In **Russia**, the investment climate has been strongly impacted by the consequences of the western economic sanctions, the low oil price, the weak rouble exchange rate and the high inflation. This is true for both the private and public sectors. A considerable economic downturn, with no end in sight, could also be registered in the construction sector in 2015. At best, STRABAG currently expects larger projects in the Moscow housing market to continue to have a chance on the market.

SELECTED PROJECTS SOUTH + EAST

Country	Project	Order backlog € mln.	as % of total group order backlog
Russia	Tula Steel Works	140	1.1
Slovakia	Nitra Industrial Park	100	0.8
Slovakia	D1 motorway Hričovské Podhradie–Lietavská Lúčka	80	0.6
Austria	Residential complex “Wohnen am Helmut-Zilk-Park”	60	0.5
Romania	A3 motorway Ungheni–Ogra	56	0.4

SEGMENT INTERNATIONAL + SPECIAL DIVISIONS: VOLATILE PROJECT BUSINESS

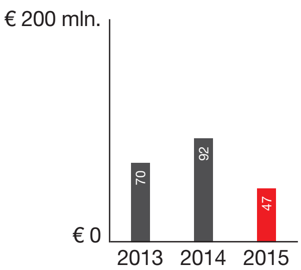
The segment International + Special Divisions includes, on the one hand, the field of tunnelling. The concessions business, on the other hand, represents a further important area of business, with global project development activities in transportation infrastructures in particular. Regardless of where the services are rendered, the construction materials business, including the company's dense network of construction materials operations but with the exception of asphalt, also belongs to this segment. The real estate business, which stretches from project development and planning to construction and operation and also includes the property and facility services business, completes the wide range of services. Additionally, most of the services in non-European markets are also bundled in the International + Special Divisions segment.

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Output volume	3,250.11	2,970.14	9	279.97
Revenue	2,790.88	2,738.44	2	52.44
Order backlog	4,253.23	4,571.21	-7	-317.98
EBIT	46.79	92.18	-49	-45.39
EBIT margin (% of revenue)	1.7	3.4		
Employees	27,077	25,309	7	1.768

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Germany	1,410	1,243	13	167
Austria	352	321	10	31
Middle East	284	237	20	47
Americas	280	231	21	49
Italy	181	172	5	9
Hungary	118	107	10	11
Czech Republic	113	109	4	4
Africa	93	138	-33	-45
Asia	89	80	11	9
Benelux	73	61	20	12
Poland	63	84	-25	-21
Slovakia	49	39	26	10
Switzerland	31	32	-3	-1
Romania	29	26	12	3
Sweden	29	24	21	5
Rest of Europe	18	10	80	8
Croatia	12	17	-29	-5
Slovenia	9	11	-18	-2
Russia and Neighbouring Countries	8	21	-62	-13
Denmark	5	4	25	1
Bulgaria	2	2	0	0
Serbia	2	1	100	1
Total	**3,250**	**2,970**	**9**	**280**

EBIT

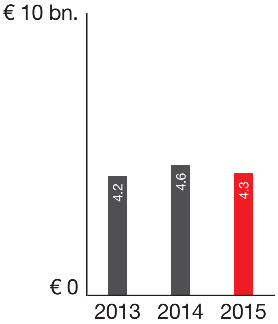


Impairments put considerable pressure on earnings

The output volume of the International + Special Divisions segment grew by 9 % to € 3,250.11 million in 2015. This development was due to the previous year's acquisition of DIW Group and to increases in the non-European markets, among other things.

The revenue grew slightly by 2 % to € 2,790.88 million. The earnings before interest and taxes (EBIT) was cut in half to € 46.79 million, although this must be seen against the very strong previous year. The positive results from project development and facility services were unable to compensate for the negative effects from impairments in the volatile international project business, in particular from a tunnelling project in Chile.

ORDER BACKLOG



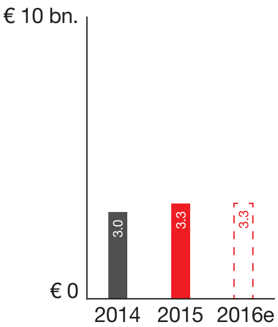
Order backlog on the decline in several markets

The order backlog sank by 7 % to € 4,253.23 million. This trend was observed in several markets within the segment, with the highest declines in Italy and the Americas, where large projects are continuously being worked off. A € 100 million contract for the expansion of a copper mine in Chile could not cushion the impact from this development. In Austria, the order backlog also was slightly below the previous year's level, despite the acquisition of new contracts, e.g. to deliver the electrical and mechanical equipment for the A10 Oswaldibergtunnel and to extend the tunnel transmitter system for Vienna's underground metropolitan railway.

Rise in employee numbers despite declines in Africa and Middle East

The number of employees in the segment grew by 7 % to 27,077, with considerable differences in the individual regions. While the DIW acquisition resulted in a plus of several thousand employees in Germany and Austria, and the start of a project in Chile helped to increase the number of employees in Americas by nearly 1,000 persons, a reduction of staff levels by more than 1,800 employees was registered in Africa and in the Middle East together.

OUTPUT



Outlook: Output volume expected to reach level of previous year

It should be possible to generate a stable output volume of € 3.3 billion in the segment in the 2016 financial year, driven in part by the **property and facility services business** – thanks to the impact from the DIW acquisition – and by **tunnelling**. As edge-out competition continues to define the tunnelling business in the core markets of Austria, Germany, Switzerland and Italy, and a reversal of the trend remains elusive, STRABAG is focusing more on northern Europe and the non-European markets.

This necessary market expansion can also be observed for the **concession business**, i.e. public-private partnerships. As the market for concession projects remains thin in Western Europe – with the exception of Germany – and the political framework and competition present themselves as challenging in Eastern Europe, the group is working increasingly on the non-European markets. In the third quarter of 2015, for example, the company succeeded in entering the Colombian market via the award of a € 900 million concession project.

Internationally the STRABAG Group also is a successful provider in **specialty fields** such as the tunnelling method of pipe jacking and test track construction. In Singapore, for example, the company was awarded the contract to extend the sewer network using the pipe jacking method in the third quarter. Among the non-European markets, STRABAG is focusing its activities – including its core business – especially on the Middle East, above all Oman. In general, however, market development activities must be very selective, as the Middle East as well as Africa are characterised by strong competition.

As in past years, the **real estate development** business should make a positive contribution to both output volume and earnings. The demand for commercial and residential properties in the core market of Germany remains undiminished and has even grown significantly in a year-on-year comparison. The weak euro has led investors from outside Europe to become increasingly involved in this business field. First steps have already been taken to also develop projects in markets outside of Germany. In September, for example, STRABAG entered the Romanian project development market through the acquisition of the Bucharest-based development team of Raiffeisen evolution. Since 2015, projects have also been under development in Poland.

The **construction materials** business was supported by the incipient stabilisation of the construction economy in several Eastern European markets. This represents a significant improvement of the framework conditions compared to the previous year. In Austria, meanwhile, there are first signs of positive growth.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

Country	Project	Order backlog € mln.	as % of total group order backlog
Italy	Pedemontana motorway	815	6.2
Chile	Alto Maipo hydropower complex	266	2.0
Austria	Koralm Tunnel, Section 2	161	1.2
Austria	Brenner Base Tunnel, Tulfes Pfons	146	1.1
Italy	Brenner Base Tunnel, Eisack River undercrossing	112	0.9

SEGMENT OTHER (SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

This segment encompasses the group's internal Central Divisions and Central Staff Divisions.

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Output volume	136.12	132.61	3	3.51
Revenue	25.15	21.15	19	4.00
Order backlog	6.45	7.54	-14	-1.09
EBIT	0.22	0.35	-37	-0.13
EBIT margin (% of revenue)	0.9	1.7		
Employees	5,774	5,705	1	69

Risk management

The STRABAG Group is subject to a number of risks in the course of its business activities. These risks are systematically identified and assessed using an active risk management system and dealt with using an appropriate risk policy. This risk management policy is an integral part of the management system. It describes a set of fixed principles and responsibilities for risk management and how to deal with the material risk categories.

RISK MANAGEMENT AS A CORE TASK OF MANAGEMENT

Risk management is a core task of the management. The identification and assessment of risks is the responsibility of the respective management level. The risk controlling process includes the integrated quality management system with internal group guidelines and complementary business, process and technical instructions for the workflow in the operating units, supportive Central Divisions and Central Staff Divisions with technical, legal and administrative service and consulting activities, and Internal Audit as a neutral and independent auditing entity.

Responsibility for the implementation of the project-related risk management systems in the divisions was transferred to the commercial division management.

The Central Division "Project-Related Risk Management System/Organisational Development/International BRVZ Coordination" handles the continuous improvement and development of the risk management system for the procurement and execution of construction projects.

All STRABAG management employees within the scope of their duties and responsibilities, and according to the Rules of Procedure and relevant company regulations, are obliged to

- work with the employees to set risk identification measures,
- monitor the risks,
- introduce countermeasures and
- pass on relevant information about risks to other units or levels within the company. This requirement especially applies to all employees of the STRABAG Group.

The STRABAG SE Management Board prohibits engaging in business transactions whose realisation could endanger the company's existence.

RISK MANAGEMENT USING DEFINED RISK GROUPS

The group's internal risk report defines the following central risk groups:

- External risks
- Operating and technical risks
- Financial risks
- Human resources risks
- IT risks
- Investment risks
- Legal risks
- Political risks

Additional risks exist with regard to occupational safety, environmental protection, quality, business continuity and supply chain. These are described in separate policies within the management system. The rules for proper business behaviour are conveyed by the ethics and business compliance system.

Following ISO 31000 and the Committee of Sponsoring Organisations of the Treadway Commission (COSO), our risk management system forms part of our integrated management system. We deal with the risks identified by us as follows:

EXTERNAL RISKS COUNTERED THROUGH DIVERSIFICATION

The entire construction industry is subject to **cyclical fluctuations** and reacts to varying degrees depending on region and sector. Overall economic growth, development of the construction markets, the competitive situation, the conditions on the capital markets and technological changes in construction can all result in risks. These risks are continually observed and monitored by the central departments and operating units. Changes in external risks lead to adjustments in STRABAG's organisation, market presence and range of services as well as the adaptation of strategic and operating planning. STRABAG further responds to market risk with geographic and product-related **diversification** in order to keep the influence on the company's success exerted by an individual market or by the demand for certain services as low as possible. To avoid bearing the risk of rising prices, STRABAG makes efforts at signing cost **escalation clauses** and **"cost-plus-fee" contracts** in which the client pays a previously agreed margin on the costs of the project.

REDUCE OPERATING AND TECHNICAL RISKS WITH BINDING MINIMUM STANDARDS

These risks primarily include the complex risks regarding project selection and execution along with the technical risks that need to be assessed for each project, e.g. site, geology, construction method, technology, materials, equipment, design, work planning, etc. An integral part of the project-related risk management system are minimum standards with group-wide validity for the procurement and execution of construction projects (common project standards). These comprise clearly defined criteria for the evaluation of new projects, a standardised process for preparing and making bids, as well as integrated internal control systems serving as filters to avoid loss-making projects. Business transactions requiring consent are reviewed and approved by business unit and sub-division managers or by division managers according to internal rules of procedure. At the same time, bids must be analysed by internal **commissions** and reviewed for their technical and economic feasibility. The construction and project teams can contact the experts at the Central Divisions BMTI, TPA and Zentrale Technik for assistance in assessing the technical risks and working out innovative solutions for technical problems. Project execution is managed by the construction or project team on site using documented procedures and controlled by **monthly target/performance comparisons**. At the same time, our central controlling provides constant commercial office support for the project, ensuring that risks of individual projects do not endanger the continuity of the company.

FINANCIAL RISKS: ACTIVE LIQUIDITY AND ACCOUNTING RECEIVABLES MANAGEMENT

Under financial risks, STRABAG understands risks in financial matters and in accounting, including instances of manipulation. Special attention is paid to the **liquidity and receivables management**, which is secured through continuous financial planning and daily status reports. Compliance with internal commercial guidelines is guaranteed by the central accounting and controlling departments, which are also responsible for internal reporting and the periodic planning process. Risks from possible instances of manipulation (acceptance of advantages, fraud, deception or other infringements of the law) are monitored by all business areas in general and by the **internal audit** department in particular.

STRABAG is subject to interest, currency, credit and liquidity risks related to its assets, liabilities and planned transactions. The goal of financial risk management is to minimise these risks through ongoing financially oriented activities. The basics of the financial policy are set by the Management Board and monitored by the Supervisory Board. The implementation of the financial policy and responsibility for the risk management are the domain of the group treasury. Detailed information can be found in the Notes under item 26 Financial Instruments.

COUNTERING ETHICAL RISKS WITH ETHICS AND BUSINESS COMPLIANCE SYSTEM

As corruption is a risk in the construction industry, STRABAG has a number of proven instruments to fight corruption in place within the company. The rules for proper business behaviour are conveyed by the ethics and business compliance system. These have group-wide validity. The STRABAG business compliance model is based on the “Code of Conduct”, the “Business Compliance Guidelines”, the “Business Compliance Guidelines for Business Partners”, and the personnel structure of the STRABAG business compliance model, consisting of the group business compliance coordinator, the regional business compliance representatives as well as the external and internal ombudspersons. Details are available at www.strabag.com > Strategy > Strategic Approach > Business Compliance and in the Corporate Governance Report.

HUMAN RESOURCE RISKS: COUNTERMEASURES WITH CENTRAL HUMAN RESOURCE MANAGEMENT AND NEEDS-ORIENTED HUMAN RESOURCE DEVELOPMENT

Material human resource risks, such as recruiting bottlenecks, skilled labour shortages, fluctuation and labour law risks, are countered with a **central human resource administration and long-term, needs-oriented human resource development**. Human resource risks are to be greatly reduced through the targeted recruiting of qualified skilled workers and managers, extensive training activities, performance-based pay based on binding compliance with labour law provisions, as well as early succession planning. Additionally, systematic potential management is in place to ensure the development and career planning of company employees. Complementary initiatives to promote employee health, improve working conditions and raise employee satisfaction further contribute to the company’s attractiveness and prestige.

IT RISKS: IT USAGE GUIDELINES AND CONTINUOUS REVIEW OF SECURITY CONCEPTS TO COUNTER CYBERCRIME

With the increasing threat of IT risks, different measures are being implemented in the form of multi-step security and anti-virus concepts, user access rights, password-controlled access, appropriate backups and independent power supply. The company is also working together with professional **specialty service providers** to ensure an efficient defence against cybercrime and is constantly reviewing its security concepts. By issuing IT usage guidelines and repeatedly informing on the necessity of risk awareness when working with information and communication technologies, we aim to ensure the security, availability, performance and compliance of the IT systems. Project ideas to improve and develop IT-related processes and control systems are evaluated and prepared by nominated **IT committees** using a structured business process management (BPM) approach and are approved for implementation by the BPM steering committee.

INVESTMENT RISKS: SECTOR-TYPICAL MINORITY HOLDINGS OF MIXING PLANTS

STRABAG can exert influence on the management of associated companies through its share-holder position and, at best, any existing advisory functions. The shares in asphalt and concrete mixing companies usually involve **sector-typical minority holdings**. With these companies, economies of scope are at the fore.

AVOIDING LEGAL RISKS THROUGH EXTENSIVE RISK ANALYSIS

The centrally organised Central Staff Divisions Construction Legal Services (CLS) and Contract Management support the operating divisions in legal matters, with regard to construction industry questions or in the analysis of risks in the construction business. Their most important tasks include comprehensive reviews and consultation in project acquisition – e.g. analysis and clarification of tender conditions, performance specifications, pre-contract agreements, tender documents, draft contracts and framework conditions – as well as support in project management.

POLITICAL RISKS: INTERRUPTIONS AND DISPOSSESSION POSSIBLE

The group also operates in countries which experience political instability. Interruptions of construction activity, restrictions on ownership interests of foreign investors, and even dispossession or expropriations are among the possible consequence of political changes which could have an impact on the group's financial structure. These risks are analysed during the tendering phase and assessed by internal committees.

MANAGEMENT SYSTEM FOR WORK SAFETY AND HEALTH IN PLACE

In order to control the risks related to employee safety and health, STRABAG is implementing a work safety and health management system based on **OHSAS 18001** and/or **SCC** or equivalent, works to maintain this system and ensures a suitable emergency organisation. Persons with designated responsibility make sure that the group-wide work safety standards are followed. The aspects of work safety and health also form part of the evaluation of subcontractors and suppliers.

CERTIFIED ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM DESIRED

STRABAG works at reducing the negative environmental impact from its activities as far as this is technically possible and economically feasible. The company has made it its goal to implement an environmental and energy management system based on **ISO 14001** and/or **ISO 50001** and/or **EMAS** or equivalent, maintain this system and – whenever possible – minimise the use of natural resources, avoid waste and promote recycling.

QUALITY MANAGEMENT AS COMPONENT OF THE INTEGRATED MANAGEMENT SYSTEM

In concordance with its vision and values, it is the company's aim to realise **construction projects on schedule, of the highest quality and at the best price**. This helps to ensure the quality of the company's processes, services and products at any time. In this process, quality management forms a component of an integrated management system. This system is documented in the Management Manual, in group guidelines and in subordinated provisions.

BUSINESS CONTINUITY: RIGOROUS INCLUSION OF GROUP CENTRAL DIVISIONS

The failure of equipment and production facilities, of subcontractors and suppliers, of human resources, of the IT system, of office buildings and accommodation must not be allowed to threaten the company's existence. For this reason, precautions are being made under a business continuity management system to make sure that incidents or **disasters only temporarily interrupt business activity** – if at all. This includes the rigorous inclusion of the group's own specialised Central Divisions. These are capable of procuring, for example, equipment, accommodation, IT systems or staff on short notice, they build up long-term strategic partnerships with selected subcontractors and suppliers, and have emergency scenarios audited in the IT report.

EVALUATION OF PARTNER COMPANIES TO REDUCE RISKS IN THE SUPPLY CHAIN

In the interest of quality and profitability, STRABAG not only taps its own skills and resources to work off its orders, but also relies on the support of proven subcontractors and suppliers. The company focuses on long-term partnerships, a clear, transparent and complete description of the services and products to be procured, and an agreement on acceptance criteria for the products and services. It also systematically **evaluates** subcontractors, service providers and suppliers as part of its **decision-making foundation** for **future orders**.

A review of the current risk situation reveals that there were no risks which jeopardised the company's existence, nor were there any visible future risks.

REPORT ON KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

Introduction

The control structure as defined by COSO provides the basis for the description of the key features of the internal control and risk management systems in relation to the financial reporting process. The COSO framework consists of five related components: control environment, risk assessment, control activities, information and communication, and monitoring. On this basis, the STRABAG Group set up a company-wide risk management according to generally accepted principles.

The aim of the internal control system is to support management in such a way that it is capable of assuring internal controls in relation to financial reporting which are effective and which are improved on an ongoing basis. The system is geared to the compliance with rules and regulations and to creating conditions which are conducive to performing specific controls in key accounting processes.

Control environment

Internal audit report in the corporate governance report

The corporate culture determines the control environment in which management and employees operate. STRABAG is constantly working to improve its communication and to convey its corporate values as defined in its Code of Conduct and its Business Compliance Guidelines in order to guarantee moral standards, ethics and integrity within the company and in its dealings with others.

The implementation of the internal control system in relation to the financial reporting process is done on the basis of internal rules and guidelines. Responsibilities for internal control were adapted to fit the corporate organisation.

The internal audit department carries out periodic, announced as well as unannounced inspections of all relevant business units as part of its responsibility for monitoring compliance with the law and corporate guidelines in the technical and commercial areas. The internal audit department also monitors the effectiveness of business compliance. During these inspections, the internal audit department analyses the legality and correctness of individual actions. The department also conducts regular, independent reviews of compliance with internal guidelines in the area of accounting. The head of the internal audit department reports directly to the CEO. The effectiveness of the work of the internal audit department is reviewed periodically by the financial auditor. The most recent review was performed in the first quarter of 2015.

Risk assessment

The management identifies and monitors risks relating to the financial reporting process, with a focus on those risks that are typically considered to be material.

The preparation of the financial statements requires regular forecasts, with the inherent risk that the actual future development will deviate from the forecast. This especially affects the following matters/items of the consolidated financial statements: assessment of unfinished construction projects, recognition and measurement of provisions (including social capital), the outcome of legal disputes, the collectability of receivables as well as the recoverability of investments and goodwill. In individual cases, external experts are called in or publicly available sources are considered in order to minimise the risk of a false assessment.

Control activities

All control activities are applied in the current business process to ensure that errors or deviations in financial reporting are prevented or detected and subsequently corrected. The control activities range from a review of the period results to specific monitoring of accounts and cost centres to the analysis of ongoing accounting processes. It is the responsibility of the management to design the levels of hierarchy in such a way that an activity and the control of that activity are not performed by the same person (**"four-eyes" principle**). This separation of functions encompasses a separation between decision-making, implementation, inspection and reporting. The organisational units of the BRZV Central Division support the Management Board in this task.

Processes which are relevant to financial reporting are increasingly automated. **IT security** control activities therefore represent a cornerstone of the internal control system. The separation of sensitive activities is supported by a restrictive approach to IT access authorisation. For its accounting and financial reporting, the company mainly uses self-developed software which reflects the unique features of the construction sector. The effectiveness of the financial reporting system is further assured through automated IT controls included in the system.

Information and communication

The management regularly updates the rules and regulations for financial reporting and communicates them to all employees concerned. In addition, regular discussions regarding the financial reporting and the rules and regulations in this context take place in various **committees**. These committees are composed of the corporate management as well as the department head and senior staff from the accounting department. The committee's work aims, among other things, at guaranteeing compliance with accounting rules and regulations and at identifying and communicating weak points and potential areas for improvement in the financial reporting process. **Accounting employees** receive regular **training** regarding new methods of national and international financial reporting in order to identify risks of unintended misreporting at an early stage.

Monitoring

The **Management and Supervisory Boards** bear responsibility for the ongoing companywide monitoring. Additionally, the remaining management levels are responsible for the monitoring of their respective areas of responsibility. Controls and plausibility checks are carried out at regular intervals. The internal audit department is also involved in the monitoring process. The top management receives monthly summarised financial reports on the development of the output volume, the results of the respective segments and countries, and the liquidity. Financial statements to be published are reviewed internally by several instances within management, receiving a final appraisal by the senior accounting staff and the chief financial officer before being passed on to the Supervisory Board's Audit Committee.

Human resources

In the 2015 financial year, the STRABAG Group employed an average of 73,315 people (2014: 72,906), of which 44,763 were blue-collar and 28,552 were white-collar workers. Despite the integration of several thousand employees of Germany- and Austria-based DIW Group, the number of employees grew only marginally (+1 %). Quite variable trends were observed on the other markets. In the Americas, for example, the company took on more than 1,000 additional employees, while employee levels in Africa fell by a similar figure.

The STRABAG Group places great importance on training and promoting young people, a stance that is reflected in the high number of apprentices and trainees. In 2015, 1,195 blue-collar apprentices (2014: 1,070) and 277 white-collar apprentices (2014: 295) were in training with the group. Additionally, the company employed 84 technical trainees (2014: 53) and 13 commercial trainees (2014: eleven).

In the 2015 financial year, the company made small progress in its goal of annually raising the percentage of women in the group. Women accounted for 13.9 % of employees within the entire group, versus 13.8 % in the previous year, and 8.7 % within group management (2014: 8.5 %).

Research and development

As a technology group for construction services, the STRABAG Group does business in a rapidly changing and highly interconnected environment. It is in this environment that the company applies its assets, comprised not only of its material and financial means but also of its human resources – the knowledge and know-how of its employees –, its structural and organisational capital, and its relational and market capital. The growing convergence between different sectors – driven by increasing societal demands, the fast pace of technological progress and client requests – confront the company with ever more rapidly shifting challenges. To take a more active role in shaping this change, and use it for its own benefit, the STRABAG Group gave itself a more **technological focus**, represented by the organisationally established, **systematic innovation management** that has been in place for the last two years.

Cooperation with international universities and research institutions, development activities with partner companies around the world, and internal research and development projects have been a routine part of the group's daily activities for years. In overall charge of the planning and execution of these projects within the STRABAG Group are the two Central Divisions **Zentrale Technik** (ZT) and **TPA Gesellschaft für Qualitätssicherung und Innovation GmbH** (TPA), both of which report directly to the CEO.

ZT is organised as a Central Division with **885** highly qualified employees at 25 locations. It provides services in the areas of tunnelling, civil and structural engineering, and turnkey construction along the entire construction process. From the early acquisition stage and bid processing to construction design and site management, ZT offers innovative solutions with regard to construction materials technology, construction management, building physics, and software solutions. Central topics for innovation activities are digitalisation, sustainable construction and renewable energy. Among other things, the employees at ZT develop methods and tools to optimise construction activity from the digital design to impact on the environment. The specialist staff department of Development and Innovation oversees the systematic networking of people and relevant topics, promotes new ideas and helps to drive innovation. In 2015, the first Innovation Day was held to exchange ideas across organisational boundaries.

TPA is the group's competence centre for quality management and materials-related research and development. Its main tasks include ensuring the quality of the construction materials, structures and services, the safety and improvement of processes, as well as developing and reviewing standards for the handling and processing of construction materials. Additional research topics in 2015 focused on new developments in sensor technology and the sustainable optimisation of roadway surfaces. TPA has **760 employees** at 130 locations in 17 countries, making it one of Europe's largest private laboratory companies.

EFKON AG – a subsidiary of STRABAG – is active in the research and development of intelligent traffic telematics systems, especially with regard to electronic toll collection and enforcement. The development focus last year was on the various toll enforcement systems for the planned national tolling system in Belgium. The research focus in 2015 was on algorithms and methods for image capture systems. Last year, for example, EFKON launched the research project ARGLOS together with the Austrian Association for Research and motorway operator ASFINAG to work on the automatic assessment of the traffic situation from images captured by the webcams installed along Austria's motorways. The technology company headquartered in Raaba near Graz, Austria, is seeing a high amount of international demand and has repeatedly been able to achieve an export ratio of over 90 % in recent years.

The versatility of the STRABAG Group is reflected in the many different areas of expertise it has to offer and the variety of demands it has to face. The **group's knowledge management** therefore makes use of suitable methods and tools to encourage and support the exchange of experience and information among employees. This facilitates the cooperation among the different divisions, which is an important factor leading to new developments: from digitalisation in purchasing to wooden towers for wind turbines to new assessment procedures using humidity probes.

In addition to specific research projects at the group's units and subsidiaries, a large part of the **research and development activities** takes place **during ongoing construction projects** – especially involving tunnelling, construction engineering and ground engineering. During work in these areas, new challenges or specific questions often arise which require new technological processes or innovative solutions to be developed on-site.

The STRABAG Group spent about € 12 million (2014: about € 15 million) on research, development and innovation activities during the 2015 financial year.

Environment

Ecological responsibility is one of the six strategic fields of action within the STRABAG Group. The constant aim is to minimise the negative impact on the environment that results from the business activity. The most effective contribution can be made by lowering the **energy and material use** and reducing the demand for fossil fuels. With its extensive **energy management**, the company is on the right path: in 2015, it was possible to lower energy costs by 14 % versus 2014. This is of course also due to the lower market prices for energy sources. The carbon footprint of all consolidated companies shows a reduction of CO_2 emissions by 41,845 tonnes. The energy costs for the companies within STRABAG SE's scope of consolidation amounted to € 262.77 million (2014: € 304.67 million).

ENERGY USE WITHIN THE GROUP

Form of energy[1]	Unit	2011	2012	2013	2014	2015
Electricity	MWh	499,146	486,033	497,943	433,164	443,009
Fuel	thousands of litres	241,433	245,660	252,718	230,926	222,261
Gas	heating value in MWh	658,356	565,048	585,857	505,371	531,201
Heating oil	thousands of litres	21,644	17,790	16,053	14,388	17,661
Pulverised lignite	tonnes	84,318	79,107	69,602	75,247	72,174

The focus in 2015 was on the analysis of the group's main energy source: fuels. By monitoring the **fuel consumption** of the passenger car and commercial vehicles fleet in Germany and Austria, it was possible to identify enormous savings potential. In order to live up to the goal of doing business while saving resources, appropriate action was prepared and implemented in 2015 to establish FuelTracker as a tool to lower the fuel consumption and CO_2 emissions of STRABAG's passenger car and commercial vehicles fleet. A further task was the development of indicators to recognise potential savings with regard to the **energy efficiency** of the asphalt plants. The **ISO 50001**-certified energy management system, which STRABAG introduced in 2015 for all companies in Austria in which STRABAG SE has at least a 50 % interest, foresees the implementation of energy savings measures to lower the energy consumption by 0.6 % based on the total annual energy consumption of the above-mentioned companies.

1) The amounts stated were calculated on the basis of the energy costs as well as the average price per energy source. Variations in the energy figures in comparison to other publications are due to the enhancement of the evaluation system.

Website Corporate Governance Report

The STRABAG SE Corporate Governance Report is available online at www.strabag.com > Investor Relations > Corporate Governance > Corporate Governance Report.

Disclosures pursuant to Section 243a Para 1 UGB

1. The share capital of STRABAG SE amounts to € 114,000,000 and consists of 114,000,000 fully paid-in, no-par value shares with a pro rata value of € 1 per share of the share capital. 113,999,997 shares are bearer shares and are traded on the Prime Market Segment of the Vienna Stock Exchange. Three shares are registered shares. Each bearer share and each registered share accounts for one vote (one share – one vote). The nomination rights associated with registered shares No. 1 and No. 2 are described in more detail under item 4.

2. The Haselsteiner Group (Haselsteiner Familien-Privatstiftung, Dr. Hans Peter Haselsteiner), the Raiffeisen Group (Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H, BLR Baubeteiligungs GmbH, "GULBIS" Beteiligungs GmbH), the UNIQA Group (UNIQA Insurance Group AG, UNIQA Beteiligungs-Holding GmbH, UNIQA Österreich Versicherungen AG, UNIQA Erwerb von Beteiligungen Gesellschaft m.b.H., Raiffeisen Versicherung AG) and Rasperia Trading Limited (controlled by Oleg Deripaska), as shareholder groups of STRABAG SE, have signed a syndicate agreement governing (1) nomination rights regarding the Supervisory Board, (2) the coordination of voting during the Annual General Meeting, (3) restriction on the transfer of shares and (4) joint development of the Russian market as a core market. The Haselsteiner Group, the Raiffeisen Group together with the UNIQA Group, and Rasperia Trading Limited each have the right to nominate two members of the Supervisory Board. The syndicate agreement also requires the syndicate partners to exercise their voting rights from syndicated shares unanimously at the Annual General Meeting of STRABAG SE. The syndicate agreement further foresees restrictions on the transfer of shares in the form of mutual preemptive rights as well as a minimum shareholding on the part of the syndicate partners.

   In accordance with Section 65 Para 5 of the Austrian Stock Corporation Act (AktG), all rights were suspended for 11,400,000 no-par shares (10 % of the share capital) effective 31 December 2015 as these shares are held by STRABAG SE as own shares as defined in Section 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG) (see also item 7).

3. To the knowledge of STRABAG SE, the following shareholders held a direct or indirect interest of at least 10.0 % of the share capital of STRABAG SE on 31 December 2015:

   - Haselsteiner Group.........................25.5 %
   - Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H. (Raiffeisen-Group)........................... 12.7 %
   - UNIQA Versicherungen AG (UNIQA Group) .... 13.8 %
   - Rasperia Trading Limited.....25.0 % +1 share

   The company itself held 11,400,000 no-par shares on 31 December 2015, which corresponds to 10 % of the share capital (see also item 7). These shares are currently intended as acquisition currency.

   The remaining shares of the share capital of STRABAG SE, amounting to about 13.0 % of the share capital, are in free float.

4. Three shares are – as mentioned under item 1 – registered shares entered in the shareholder register. Registered shares No. 1 and No. 3 are held by the Haselsteiner Group and registered share No. 2 is held by Rasperia Trading Limited. Registered shares No. 1 and No. 2 allow their bearers to nominate a member each to the Supervisory Board of STRABAG SE.

5. No employee stock option programmes exist.

6. No further regulations exist beyond items 2 and 4 regarding the nomination and recall of members of the Management and Supervisory Boards or regarding changes to the Articles of Association which do not result directly from relevant law and legislation.

1. The Management Board of STRABAG SE, in accordance with Section 169 of the Austrian Stock Corporation Act (AktG), was authorised by resolution of the 10th Annual General Meeting of 27 June 2014 and with approval by the Supervisory Board to increase the share capital of the company by up to € 57,000,000 by 27 June 2019, in several tranches if necessary, by issuing up to 57,000,000 registered no-par shares for cash or contributions in kind (in this case also to the partial or full exclusion of the shareholders' subscription rights).

   The Management Board, in accordance with Section 174 Para 2 of the Austrian Stock Corporation Act (AktG), was further authorised by resolution of the 8th Annual General Meeting of 15 June 2012 and with the approval of the Supervisory Board to issue financial instruments within the meaning of Section 174 of the Austrian Stock Corporation Act (AktG) – in particular convertible bonds, income bonds and profit participation rights – with a total nominal value of up to € 1,000,000,000, which may also confer subscription and/or exchange rights for the acquisition of up to 50,000,000 shares of the company and/or may be designed in such a way that they can be issued as equity, also in several tranches and in different combinations, up to five years inclusive from the day of this resolution, also indirectly by way of a guarantee for the issue of financial instruments through an associate or related entity of the company with conversion rights on shares of the company.

   The Management Board was also authorised by resolution of this Annual General Meeting, in accordance with Section 65 Para 1b of the Austrian Stock Corporation Act (AktG), for a period of five years from this resolution, to sell or assign its own shares, with approval by the Supervisory Board, in a manner other than on the stock market or through a public tender, to the exclusion of the shareholders' buyback rights (subscription rights), and to determine the conditions of sale. The authorisation can be exercised in full or in part or in several partial amounts for one or several purposes by the company, a subsidiary (Section 228 Para 3 UGB) or third parties acting on behalf of the company.

2. With the exception of the agreements over a syndicated surety loan and a syndicated cash credit line, there exist no significant agreements to which STRABAG SE is party and which would become effective, change or end due to a change of ownership in STRABAG SE following a takeover offer.

3. No compensation agreements exist between STRABAG SE and its Management and Supervisory Board members or employees in the event of a public takeover offer.

Related parties

Business transactions with related parties are described in item 28 of the Notes.

Supporting information

At the beginning of March 2009, an accident occurred during underground construction at the South Lot for the North-South urban metro line in Cologne, resulting in the collapse of the Historical Archive of the City of Cologne and significant portions of two neighbouring buildings. Debris collapsed into a hole which opened next to the North-South construction site at the Waidmarkt crossover junction. Two people were trapped under the rubble, and rescuers were only able to recover their bodies.

Construction on the underground is being carried out by a joint venture (JV) of Bilfinger SE (formerly Bilfinger Berger AG), Wayss & Freytag Ingenieurbau AG and our company. The JV is led by Bilfinger SE on the technical side and by Wayss & Freytag Ingenieurbau AG on the commercial side. Through its subsidiary Ed. Züblin AG, the STRABAG Group holds a 33.3 % interest in the JV.

The cause of the collapse remains unknown. The public prosecutor's office began an investigation – initially against persons unknown – with three separate experts into possible negligent homicide and endangerment in construction. Two independent proceedings are being conducted by the District Court in Cologne: one to collect evidence as to the cause of the accident and another to establish the damage to the buildings and archives. Merely for the purpose of extending the statute of limitations, the public prosecutor's office in December 2013 opened proceedings against approximately 100 persons associated closely or loosely with the project. This purely precautionary measure does not represent any statement as to the cause of the accident. In this respect, it remains to be seen what the final result of the investigation of the site and the expert report reveal. For purposes of the investigation, construction is continuing on a model of the building, the completion and use of which was originally expected by mid-2014. As things stand, however, full completion and use can be expected no sooner than mid-2017. The model is to help clarify whether there were any mistakes or errors associated with the diaphragm wall set up by the JV.

We continue to believe that this project does not result in any significant damages for the company.

Outlook

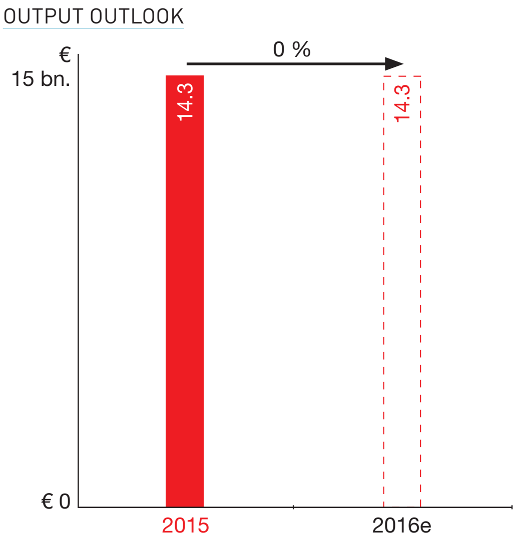
The Management Board of STRABAG SE expects the **output volume** to remain about the same at approximately € 14.3 billion in the 2016 financial year. This will likely be composed of € 6.4 billion from the North + West segment, € 4.4 billion from the South + East segment and € 3.3 billion from the International + Special Divisions segment. The remainder can be allotted to the segment designated as "Other". The company therefore expects the output contributions from the individual segments to remain nearly stable. Organic growth at about the level of inflation is expected for the years to come.

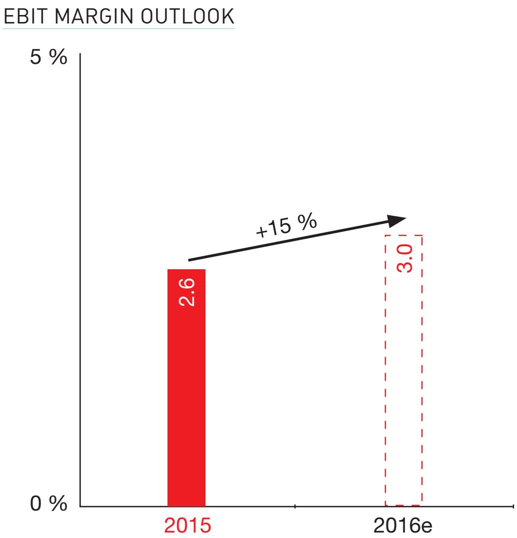
STRABAG had previously issued a target of achieving a lasting **EBIT margin** (EBIT/revenue) of 3 % starting in 2016. As the efforts to further improve the risk management and to lower costs have already had a positive impact on earnings, the company confirms this target.

The earnings expectations are based on the assumption of solid demand in the German building construction and civil engineering market. At the same time, the company is hoping for the first additional investments by the public sector in transportation infrastructures in this home market. Very positive contributions to the earnings continue to be expected especially from Poland, the property and facility management entities, the real estate and the infrastructure development business, and building construction in Austria.

The international business, by contrast, is weaker as the low oil price has led to a considerable decline in demand in the group's traditional non-European markets. As expected, while the construction materials business has managed the turnaround, there has been no such development in Switzerland so far. The dredging activities were sold according to the contract signed on 31 March 2016. Only the business field waterway construction will remain in the group. The price pressure is expected to remain strong in the countries of Central and Eastern Europe, although, for example, work is continuing successfully in Slovakia on several larger infrastructure projects.

Even apart from possible larger enterprise transactions – e.g. the acquisition of the minority shares of Ed. Züblin AG, Stuttgart – the **net investments** should increase slightly. The cash flow from investing activities, without considering acquisitions, will likely reach around € 400 million in 2016 after € 320 million in 2015.





Events after the reporting period

The material events after the reporting period are described in item 32 of the Notes

Auditor's report

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of

STRABAG SE,
Villach, Austria,

that comprise the consolidated balance sheet as of 31 December 2015, the consolidated income statement/consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year then ended, and the notes.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing – ISA. In accordance with International Standards on Auditing, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

Our audit did not give rise to any objections. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

REPORT ON THE MANAGEMENT REPORT FOR THE GROUP

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Linz, 9 April 2016

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Helge Löffler
Wirtschaftsprüfer
(Austrian Chartered Accountant)

The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the management report for the Group are identical with the audited version attached to this report. This auditor's report applies only to the German and complete consolidated financial statements including the management report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

WHAT HAS BEEN.

Individual financial statements 2015

STRABAG
SOCIETAS EUROPAEA

Balance sheet as at 31 December 2015

Assets	31.12.2015 €	31.12.2014 T€
A. Non-current assets:		
I. Property, plant and equipment:		
Other facilities, furniture and fixtures and office equipment	**1,002,259.32**	**1,018**
II. Financial assets:		
1. Investments in subsidiaries	2,034,923,191.16	2,148,229
2. Loans to subsidiaries	66,340,000.00	83,730
3. Investments in participation companies	63,512,665.49	81,999
4. Loans to participation companies	87,740,004.70	92,271
5. Own shares	236,978,341.46	236,978
6. Other loans	19,702.11	631
	2,489,513,904.92	**2,643,840**
	2,490,516,164.24	**2,644,858**
B. Current assets:		
I. Accounts receivable and other assets:		
1. Trade receivables	30,714.71	105
2. Receivables from subsidiaries	1,204,872,573.46	690,341
3. Receivables from participation companies	10,703,381.17	9,242
4. Other receivables and assets	67,003,627.15	65,432
	1,282,610,296.49	**765,121**
II. Cash assets, including bank accounts	195,884.88	153
	1,282,806,181.37	**765,274**
C. Accruals and deferrals	**5,417,825.00**	**6,620**
Total	**3,778,740,170.61**	**3,416,752**

Equity and liabilities	31.12.2015 €	31.12.2014 T€
A. Equity:		
I. Share capital	**114,000,000.00**	**114,000**
II. Capital reserves (committed)	**2,148,047,129.96**	**2,148,047**
III. Retained earnings:		
1. Legally required reserves	72,672.83	73
2. Voluntary reserves	303,454,294.39	73,856
	303,526,967.22	**73,928**
IV. Reserve for own shares	**236,978,341.46**	**236,978**
V. Unappropriated net profit (thereof profit brought forward € 5,700,000.00; previous year: T€ 5,130)	**74,100,000.00**	**57,000**
	2,876,652,438.64	**2,629,954**
B. Provisions:		
1. Provisions for severance payments	372,685.00	360
2. Provisions for taxes	13,361,814.89	13,362
3. Other provisions	40,418,085.00	29,680
	54,152,584.89	**43,402**
C. Accounts payable:		
1. Bonds	675,000,000.00	575,000
2. Bank borrowings	140,000,064.55	140,000
3. Trade payables	1,324,276.42	941
4. Payables to subsidiaries	14,693,028.19	10,192
5. Other payables (thereof taxes € 795,026.21; previous year: T€ 973; thereof social security liabilities € 17,803.71; previous year: T€ 13)	16,917,777.92	17,263
	847,935,147.08	**743,396**
Total	**3,778,740,170.61**	**3,416,752**
Contingent liabilities	267,659,241.08	298,990

Income statement for the 2015 financial year

	2015 €	2014 T€
1. Revenue (Sales)	65,607,311.97	69,690
2. Other operating income	8,287,681.03	3,034
3. Cost of materials and services:		
a) Materials	-43,044.37	-69
b) Services	-16,384,472.52	-13,751
	-16,427,516.89	**-13,820**
4. Employee benefits expense:		
a) Salaries	-8,393,010.73	-5,675
b) Severance payments and contributions to employee benefit plans	-78,523.33	-120
c) Statutory social security contributions, as well as payroll-related and other mandatory contributions	-396,738.86	-303
d) Other social expenditure	-368,396.00	-176
	-9,236,668.92	**-6,275**
5. Depreciation	-15,632.55	-16
6. Other operating expenses:		
a) Taxes other than those included in item 15	-129,420.28	-112
b) Miscellaneous	-17,524,731.10	-34,736
	-17,654,151.38	**-34,848**
7. Subtotal of items 1 through 6 (operating result)	**30,561,023.26**	**17,767**
8. Income from investments (thereof from subsidiaries € 53,048,452.56; previous year: T€ 62,562)	67,615,196.34	63,415
9. Other interest and similar income (thereof from subsidiaries € 29,169,231.20; previous year: T€ 30,800)	34,668,886.61	34,106
10. Income from disposal and write-up of financial assets and marketable securities	278,340,205.76	124
11. Expenses related to financial assets:		
a) Depreciation of investments in subsidiaries	-41,859,711.50	-15,241
b) Depreciation (other)	-18,627,499.00	-816
c) Expenses from subsidiaries	-1,082,678.84	-39
d) Miscellaneous	-19,102,134.63	-4,071
	-80,672,023.97	**-20,167**
12. Interest and similar expenses (thereof from subsidiaries € 0.00; previous year: T€ 463)	-31,411,405.30	-31,874
13. Subtotal of item 8 through 12 (financial result)	**268,540,859.44**	**45,605**
14. Results form ordinary business activities	**299,101,882.70**	**63,371**
15. Taxes on income and gains:		
a) Income tax	-181,720.68	340
b) Tax allocation	-921,608.57	-2,921
	-1,103,329.25	**-2,580**
16. Net income for the year	**297,998,553.45**	**60,791**
17. Allocation to retained earnings (voluntary reserves)	-229,598,553.45	-8,921
18. Profit for the period	**68,400,000.00**	**51,870**
19. Profit brought forward	5,700,000.00	5,130
20. Unappropriated net profit	**74,100,000.00**	**57,000**

NOTES TO THE 2015 FINANCIAL STATEMENTS OF STRABAG SE, VILLACH

I. Application of Austrian Commercial Code

These 2015 financial statements were prepared in accordance with the Austrian Commercial Code (UGB).

The income statement was prepared in report form using the nature of expense method.

Additional information was provided in the notes as far as was necessary to ensure a true and fair view of the financial position, financial performance and cash flows.

The company is the topmost parent company of the companies within the scope of consolidation of STRABAG SE, Villach. The consolidated financial statements are deposited with the Landes- als Handelsgericht Klagenfurt (District and Commercial Court Klagenfurt).

The company is a large corporation (Kapitalgesellschaft) as defined by Section 221 of the Austrian Commercial Code (UGB).

II. Accounting policies

The financial statements were prepared in accordance with the “principles of orderly accounting” and following the general norm of presenting a true and fair view of the financial position, financial performance and cash flows.

The financial statements were prepared in conformity with the “principle of completeness”.

The valuation premise adopted is that of a going concern.

Individual assets and liabilities were valued in accordance with the “principle of individual valuation”.

The financial statements were prepared in accordance with the “principle of prudence” by only reporting profit which was realised on the balance sheet date.

All recognisable risks and impending losses which occurred in 2015 or an earlier financial year were taken into consideration.

The previously applied valuation method was kept.

Property, plant and equipment are valued at historical cost less accumulated depreciation.

Low-value assets are depreciated in full in the year in which they are acquired.

Extraordinary depreciation is undertaken where it is necessary to apply the lower value method.

Financial assets are valued at historical cost or a lesser value if one is attributable.

The company has not exercised its option to capitalise deferred taxes in accordance with Section 198 Paragraph 10 of the Austrian Commercial Code.

Trade and other receivables are reported at nominal value. The valuation of foreign currency receivables follows the strict “lowest value principle”.

Individual value adjustments are made for recognisable risks.

All recognisable risks and impending losses were taken into account in the calculation of provisions in accordance with the legal framework.

The provisions for severance payments were calculated using recognised financial mathematical principles, an interest rate of 2.5 % (previous year: 2.5 %), and a retirement age of 62 for women (previous year: 62) and 62 for men (previous year: 62).

Liabilities are valued at the amount repayable. Foreign currency liabilities are valued in accordance with the “highest value principle”.

III. Notes to the balance sheet

NON-CURRENT ASSETS

The non-current assets are itemised and their changes in the year under report are recorded in the statement of changes in non-current assets (Appendix 1 to the notes).

Due to long-term rentals, letting and leasing, the use of property, plant and equipment not shown in the balance sheet results in an obligation of € 6,914,278.56 (previous year: T€ 6,682) for the 2015 financial year. The sum of all obligations for the next five years is € 34,571,392.80 (previous year: T€ 34,308).

Information on investments can be found in the list of participations (Appendix 2 to the notes).

ACCOUNTS RECEIVABLES AND OTHER ASSETS

The following trade and other receivables have a remaining term of more than one year:

	31.12.2015	31.12.2014
	€	T€
Receivables from subsidiaries	250,400,620.97	250,403
Receivables from participation companies	2,780,084.01	4,772
Other receivables and other assets	58,366,997.28	58,522
Total	**311,547,702.26**	**313,698**

All other reported trade and other receivables have a remaining term of up to one year.

Receivables from subsidiaries involve cash-clearing, financing, routine clearing, the calculation of group allocations and transfers of profits.

The item “Other receivables and other assets” includes income of € 617,118.39 (previous year: T€ 340) which will be cash effective after the balance sheet date.

EQUITY

The fully paid in share capital amounts to € 114,000,000.00 and is divided into 113,999,997 no-par bearer shares and three registered shares.

As at 31 December 2015, STRABAG SE had acquired 11,400,000 bearer shares equalling 10 % of the share capital. The corresponding value of the share capital amounts to € 11,400,000.00. The acquisition was between July 2011 and May 2013. The average purchase price per share was € 20.79.

The Management Board has been authorised, with the approval of the Supervisory Board, to increase the share capital of the company by up to € 57,000,000.00 by 27 June 2019, in several tranches if necessary, by issuing up to 57,000,000 registered no-par shares for cash or contributions in kind (approved capital). In the case of capital increase through contributions in kind, the partial or full exclusion of the shareholders' subscription rights is possible.

The exercise, issue price and conditions of issue shall be determined with the approval of the Supervisory Board. The Supervisory Board was authorised to determine the necessary changes to the Articles of Association required upon the issuance of shares from the approved capital.

The Management Board has also been authorised until 15 June 2017, in accordance with Section 65 Paragraph 1b of the Austrian Stock Corporation Act (AktG), to sell or assign its own shares, with approval by the Supervisory Board, in a manner other than on the stock market or through a public tender, to the exclusion of the shareholders' buyback rights (subscription rights), and to determine the conditions of sale. The authorisation can be exercised in full, or in part or in several partial amounts for one or several purposes by the company, a subsidiary (Section 228 Paragraph 3 of the Austrian Commercial Code) or third parties acting on behalf of the company.

The Management Board has been authorised, with approval from the Supervisory Board, until 15 June 2017, to issue financial instruments within the meaning of Section 174 of the Austrian Stock Corporation Act (AktG), in particular convertible bonds, income bonds and profit participation rights with a total nominal value of up to € 1,000,000,000.00 which may also confer subscription and/or exchange rights for the acquisition of up to 50,000,000 shares of the company and/or may be designed in such a way that they can be issued as equity. This can be done also in several tranches and in different combinations and indirectly by way of a guarantee for the issue of financial instruments through an associate or related entity of the company with conversion rights on shares of the company. For the servicing, the Management Board may use the conditional capital or own shares. The issue amount and issue conditions, as well as the possible exclusion of the shareholders' subscription rights for the issued financial instruments, are to be determined by the Management Board with the approval of the Supervisory Board.

Also approved was a conditional increase of the share capital of the company pursuant to Section 159 Paragraph 2 No. 1 of the Austrian Stock Corporation Act (AktG) by up to € 50,000,000.00 through the issue of up to 50,000,000 new bearer shares with no face value (no-par shares) for issue to creditors of financial instruments within the meaning of the authorisation granted to the Management Board, provided the creditors of financial instruments exercise their subscription and/or exchange rights for shares of the company. The issue amount and the exchange ratio are to be determined based on recognised financial mathematical methods and the price of the shares of the company in a recognised pricing procedure. The newly issued shares of the conditional capital increase carry a dividend entitlement corresponding to that of the shares traded on the stock market at the time of the issue. The Management Board is authorised, with the approval of the Supervisory Board, to establish the further details of the implementation of the conditional capital increase. The Supervisory Board is authorised to pass resolution on any amendments to the Articles of Association resulting from the issue of shares within the scope of the conditional capital.

PROVISIONS

Other provisions were made for profit sharing, investment risks and claims.

ACCOUNTS PAYABLE

€	Remaining term < one year	Remaining term > one year	Remaining term > five years	Book value	Real securities
1. Bonds	0.00	475,000,000.00	200,000,000.00	675,000,000.00	0.00
Previous year in T€	*100,000*	*275,000*	*200,000*	*575,000*	*0*
2. Bank borrowings	64.55	31,500,000.00	108,500,000.00	140,000,064.55	0.00
Previous year in T€	*0*	*140,000*	*0*	*140,000*	*0*
3. Trade payables	1,324,276.42	0.00	0.00	1,324,276.42	0.00
Previous year in T€	*941*	*0*	*0*	*941*	*0*
4. Payables to subsidiaries	14,693,028.19	0.00	0.00	14,693,028.19	0.00
Previous year in T€	*10,192*	*0*	*0*	*10,192*	*0*
5. Other payables	16,917,777.92	0.00	0.00	16,917,777.92	0.00
Previous year in T€	*17,263*	*0*	*0*	*17,263*	*0*
Total	**32,935,147.08**	**506,500,000.00**	**308,500,000.00**	**847,935,147.08**	**0.00**
Previous year in T€	*128,396*	*415,000*	*200,000*	*743,396*	*0*

Payables to subsidiaries involve routine clearing, clearing of tax allocation as well as transfer of losses.

The item “Other payables” includes costs of € 15,837,808.86 (previous year: T€ 16,535) which will be cash effective after the balance sheet date.

CONTINGENT LIABILITIES

The contingent liabilities which must be shown in the balance sheet in accordance with Section 199 of the Austrian Commercial Code (UGB) involve exclusively guarantee and indemnity liabilities.

The contingent liabilities reported include € 241,545,384.96 (previous year: T€ 265,003) in contingent liabilities for affiliated companies.

The company has made an unlimited warranty statement for the benefit of BRVZ Bau- Rechen- u. Verwaltungszentrum Gesellschaft m.b.H., Spittal an der Drau, whereby is committed to fulfil the obligations from the financial futures contracts concluded by the BRVZ Bau- Rechen- u. Verwaltungszentrum Gesellschaft m.b.H., Spittal an der Drau, if necessary.

Performance bonds in the amount of € 372,783,035.56 (previous year: T€ 380,883) exist for construction projects of subsidiaries.

FINANCIAL INSTRUMENTS

Derivative financial instruments are employed exclusively to mitigate risks arising from movements in interest rates. The market values presented at the reporting date were determined using the “mark-to-market” method.

As at 31 December 2015, interest payments for the bonded loan were hedged by means of the following hedging transactions:

T€	2015		2014	
	Nominal value	Market value	Nominal value	Market value
Interest rate swap (fixed rate payer)	108,500	73	108,500	-4,112

The hedging period of the interest rate swap lasts until 2021 at the latest.

Hedges to limit interest rate risks are based on a hedging relationship between the hedged item and the hedging transaction in which changes in the value of the hedged item are compensated by contrary changes in the value of the hedge. These derivatives are therefore not capitalised.

The establishment of hedging relationships allowed the company as at 31 December 2015 to forego the creation of provisions for pending losses from interest rate swaps in the amount of T€ 0 (previous year: T€ -4,112), as it is highly likely that the unrealised losses will be compensated by contrary unrealised gains from future interest payments.

The effective compensation between unrealised gains and losses is proven by means of effectiveness tests. If concordance of the essential conditions of the hedged item and the hedging transactions is established, the hedge effectiveness is measured using the critical terms match method. Otherwise, effectiveness is measured by means of the dollar offset method.

IV. Notes to the income statement

REVENUE (SALES)

	2015	2014
	€	T€
Domestic revenue	26,745,361.53	30,239
Foreign revenue	38,861,950.44	39,452
Total	**65,607,311.97**	**69,690**

EMPLOYEE BENEFITS EXPENSE

The company employed on the average 6 employees during the year (previous year: 6 employees).

100 % of the expenses for severance payments were recognised for Management Board Members.

An amount of € 66,312.33 (previous year: T€ 50) for contributions to employee benefit plans is included in the severance payment expenses.

The salaries of the Management Board members in the 2015 financial year amounted to T€ 5,829 (previous year: T€ 3,981).

Supervisory Board member salaries in the period under review amounted to € 135,000.00 (previous year: T€ 135).

OTHER OPERATING EXPENSES

The other operating expenses reported mainly include impairments of receivables, surety fees, legal and advisory costs, travel and advertising costs, insurance costs and other general administrative expenses.

EXPENSES RELATED TO FINANCIAL ASSETS

Other expenses from financial assets mainly concern the transfer of losses from partnerships, losses from the disposal of other financial assets and the allocation of reserves.

TAXES ON INCOME AND GAINS

The amount for active deferred taxes pursuant to Section 198 Paragraph 10 of the Austrian Commercial Code (UGB) which may be capitalised is € 0.00 (previous year: T€ 0) because there is no additional tax expense except the minimum tax due to the fiscal losses of the company.

The reported tax expenses involve tax allocations to group members, corporate income tax and foreign tax expenses.

V. Miscellaneous

The company is a group parent under Section 9 Paragraph 8 of the Austrian Corporate Income Tax Act (KStG) of 1988 as amended by BGBl. I 180/2004. Tax adjustments (both positive and negative allocations) between the group parent and the company were arranged in the form of tax allocation agreements.

For the benefit of Mineral Abbau GmbH, there is a commitment to cover the losses, which may be terminated by giving three months' notice to the end of the calendar year.

An agreement was concluded with BRVZ Bau- Rechen- u. Verwaltungszentrum Gesellschaft m.b.H., Spittal an der Drau, covering financial and management accounting, operating and cost accounting, payroll accounting, cash management, insurance management and facility management.

The members of the Management and Supervisory Boards are listed separately (Appendix 3 to the notes).

The expenses for the auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, for the financial year amount to € 679,450.00 (previous year: T€ 588), of which € 58,500.00 (previous year: T€ 58) are for the audit of the financial statements, € 535,000.00 (previous year: T€ 530) for other audit services and € 85,950.00 (previous year: T€ 0) for miscellaneous services.

Villach, 9 April 2016

The Management Board

Dr. Thomas Birtel

Mag. Christian Harder

Dipl.-Ing. Dr. Peter Krammer

Mag. Hannes Truntschnig

Dipl.-Ing. Siegfried Wanker

Appendix 1 to the notes: Statement of changes in non-current assets

Appendix 2 to the notes: List of participations

Appendix 3 to the notes: Management and Supervisory Board

Statement of changes in non-current assets as of 31 December 2015

€	Acquisition and production costs Balance 1.1.2015	Additions	Disposals	Balance 31.12.2015
I. Tangible assets:				
Other facilities, furniture and fixtures and office equipment	**1,203,251.97**	**0.00**	**0.00**	**1,203,251.97**
II. Financial assets:				
1. Investments in subsidiaries	2,216,389,220.54	22,430,963.08	97,800,766.25	2,141,019,417.37
2. Loans to subsidiaries	85,730,000.00	0.00	16,490,000.00	69,240,000.00
3. Investments in participation companies	94,024,566.91	140,703.00	0.00	94,165,269.91
4. Loans to participation companies	92,271,378.21	4,784,270.42	9,315,643.93	87,740,004.70
5. Own shares	236,978,341.46	0.00	0.00	236,978,341.46
6. Other loans	631,218.25	9,219.39	620,735.53	19,702.11
	2,726,024,725.37	**27,365,155.89**	**124,227,145.71**	**2,629,162,735.55**
Total	**2,727,227,977.34**	**27,365,155.89**	**124,227,145.71**	**2,630,365,987.52**

Accumulated depreciation	Carrying values 31.12.2015	Carrying values 31.12.2014	Depreciation for the period
200,992.65	**1,002,259.32**	**1,017,891.87**	**15,632.55**
106,096,226.21	2,034,923,191.16	2,148,229,483.16	40,959,711.50
2,900,000.00	66,340,000.00	83,730,000.00	900,000.00
30,652,604.42	63,512,665.49	81,999,461.49	18,627,499.00
0.00	87,740,004.70	92,271,378.21	0.00
0.00	236,978,341.46	236,978,341.46	0.00
0.00	19,702.11	631,218.25	0.00
139,648,830.63	**2,489,513,904.92**	**2,643,839,882.57**	**60,487,210.50**
139,849,823.28	**2,490,516,164.24**	**2,644,857,774.44**	**60,502,843.05**

List of participations
(20.00 % interest minimum)

Name and residence of the company T€	Interest %	Equity/ negative equity[1]	Result of the last financial year[2]
Investments in subsidiaries:			
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH, Spittal an der Drau	100.00	3,226	164
Asphalt & Beton GmbH, Spittal an der Drau	100.00	2,851	977
Bau Holding Beteiligungs AG, Spittal an der Drau	65.00	959,019	58,308
BHG Bitumen d.o.o. Beograd, Belgrade	100.00	196	3
BHG Sp. z o.o., Pruszkow	100.00	1,628	763
CESTAR d.o.o., Slavonski Brod	74.90	3,230	739
CLS Construction Legal Services AB, Stockholm	100.00	5	0
CLS Construction Legal Services GmbH, Cologne	100.00	240	144
CLS Construction Legal Services GmbH, Schlieren	100.00	38	9
CLS Construction Legal Services GmbH, Vienna	100.00	84	3
CLS CONSTRUCTION LEGAL SERVICES Sp. z o.o., Pruszkow	100.00	294	16
CLS CONSTRUCTION LEGAL SERVICES SRL, Bucharest	100.00	8	8
CLS CONSTRUCTION SERVICES d.o.o., Zagreb	100.00	-38	-40
CLS CONSTRUCTION SERVICES s. r. o., Bratislava	100.00	35	6
CLS CONSTRUCTION SERVICES s.r.o., Prague	100.00	11	10
CLS Kft., Budapest	100.00	157	34
DRP, d.o.o., Ljubljana	100.00	-5,133	-6,429
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o., Bratislava-Ruzinov	100.00	2,213	646
Facility Management Holding RF GmbH, Vienna	100.00	-9	1
FLOGOPIT d.o.o. Beograd, Novi Beograd	100.00	-104	-35
Ilbau Liegenschaftsverwaltung GmbH, Hoppegarten	100.00	158,036	3,880
Karlovarske silnice, a. s., Ceske Budejovice	100.00	2,415	12
KMG - KLIPLEV MOTORWAY GROUP A/S, Copenhagen	100.00	1,507	522
LPRD (LESZCZYNSKIE PRZEDSIEBIORSTWO ROBOT DROGOWO)-MOSTOWYCH Sp. z o.o., Leszno	57.38	6,505	53
Mazowieckie Asfalty Sp.z o.o., Pruszkow	100.00	-16[3]	3[3]
Mikrobiologische Abfallbehandlungs GmbH, Schwadorf	51.00	610[3]	302[3]
Mineral Abbau GmbH, Spittal an der Drau	100.00	2,364	0
OOO CLS Construction Legal Services, Moscow	100.00	173	39
PANADRIA MREZA AUTOCESTA D.O.O., Zagreb	100.00	0	-1
Prottelith Produktionsgesellschaft mbH, Liebenfels	52.00	-2,223[3]	27[3]
PRZEDSIEBIORSTWO ROBOT DROGOWYCH , Sp.z o.o. W LIKWIDACJI, Choszczno	100.00	[4]	[4]
SAT REABILITARE RECICLARE S.R.L., Cluj-Napoca	100.00	740	127
SAT SANIRANJE cesta d.o.o., Zagreb	100.00	362	156
SAT SLOVENSKO s.r.o., Bratislava	100.00	1,990	482
SAT Ukraine, Brovary	100.00	1,457[3]	73[3]
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau	100.00	293,125	21,480
SF Bau vier GmbH, Vienna	100.00	-20	-7
SOOO "STRABAG Engineering Center", Minsk	60.00	83[3]	4[3]
STRABAG A/S, Trige	100.00	-1,986[3]	-2,073[3]
STRABAG AG, Cologne	74.80	593,725	79,910
STRABAG AG, Schlieren	100.00	37,883	-3,182
"Strabag Azerbaijan" L.L.C., Baku	100.00	2,887	17,431
STRABAG Infrastruktur Development, Moscow	100.00	136	87
STRABAG Oy, Helsinki	100.00	1,770	-3,698
STRABAG Property and Facility Services a.s., Prague	100.00	3,525	174
STRABAG Real Estate GmbH, Cologne	33.50	97,958	49,653
Strabag RS d.o.o., Banja Luka	100.00	-325[3]	-63[3]
STRABAG Sh.p.k., Tirana	100.00	21[3]	0[3]
"STRABAG" d.o.o. Podgorica, Podgorica	100.00	3,655[3]	2,119[3]
TOO STRABAG Kasachstan, Astana	100.00	-1,056[3]	-164[3]

1) according to § 224 Para 3 UGB
2) net income / loss of the year
3) Financial statements as of 31.12.2014
4) no statement according to § 241 Para 2 UGB

Name and residence of the company T€	Interest %	Equity/ negative equity[1]	Result of the last financial year[2]
Investments in participation companies:			
A-Lanes A15 Holding B.V., Nieuwegein	24.00	[4]	[4]
ASAMER Baustoff Holding Wien GmbH, Vienna	20.93	[4]	[4]
ASAMER Baustoff Holding Wien GmbH & Co.KG, Vienna	20.93	[4]	[4]
DYWIDAG Verwaltungsgesellschaft mbH, Munich	50.00	[4]	[4]
Erste Nordsee-Offshore-Holding GmbH, Pressbaum	49.90	[4]	[4]
Klinik für Psychosomatik und psychiatrische Rehabilitation GmbH, Spittal an der Drau	30.00	[4]	[4]
Moser & CO. S.R.L, Bruneck	50.00	[4]	[4]
OOO "STRATON", Sochi	50.00	[4]	[4]
SHKK-Rehabilitations GmbH, Vienna	33.33	[4]	[4]
SIRIUS Beteiligungsgesellschaft m.b.H., Vienna	42.50	[4]	[4]
SOCIETATEA COMPANIILOR HOTELIERE GRAND SRL, Bucharest	35.31	[4]	[4]
SRK Kliniken Beteiligungs GmbH, Vienna	25.00	[4]	[4]
Straktor Bau Aktien Gesellschaft, Kifisia	50.00	[4]	[4]
Syrena Immobilien Holding Aktiengesellschaft, Spittal an der Drau	50.00	[4]	[4]
Zweite Nordsee-Offshore-Holding GmbH, Pressbaum	49.90	[4]	[4]

1) according to § 224 Para 3 UGB
2) net income / loss of the year
3) Financial statements as of 31.12.2014
4) no statement according to § 241 Para 2 UGB

Management and Supervisory Board

Management Board:

Dr. Thomas B i r t e l (CEO)
Mag. Christian H a r d e r
Dipl.-Ing. Dr. Peter K r a m m e r
Mag. Hannes T r u n t s c h n i g
Dipl.-Ing. Siegfried W a n k e r

Supervisory Board:

Dr. Alfred G u s e n b a u e r (Chairman)
Mag. Erwin H a m e s e d e r (Vice Chairman)
Mag. Hannes B o g n e r
Mag. Kerstin G e l b m a n n
Dr. Gulzhan M o l d a z h a n o v a (since 13 January 2016)
William R. S p i e g e l b e r g e r (since 12 June 2015)
Andrei E l i n s o n (until 13 January 2016)
Ing. Siegfried W o l f (until 12 June 2015)

Dipl.-Ing. Andreas B a t k e (works council)
Miroslav C e r v e n y (works council)
Magdolna P. G y u l a i n e (works council)
Georg H i n t e r s c h u s t e r (works council)
Wolfgang K r e i s (works council)

MANAGEMENT REPORT

Important events

JANUARY

STRABAG SE issues € 200 million corporate bond

STRABAG SE has issued a € 200 million corporate bond. The fixed-interest bond has a term to maturity of seven years and a coupon of 1.625 % p.a. The issue price has been set at 101.212 %. This issuance continued the company's years-long bond issue strategy. The proceeds from the issue, which were used for general business purposes such as refinancing the 2010 bond or making investments in property, plant and equipment, allow STRABAG SE to maintain its optimal financing structure.

FEBRUARY

Züblin building further section of A 100 motorway in Berlin

Ed. Züblin AG, a subsidiary of the STRABAG Group, has been awarded the contract to build Construction Section 16, Contract Section 4, of the urban A 100 motorway in Berlin by the Berlin Senate Department for Urban Development and the Environment. This follows the award for Contract Section 2/3, which in 2014 also went to Züblin. The contract for the new section amounts to about € 44 million.

View: Panel 5 from the north

Contract to build a section of the motorway A3 in Romania

STRABAG has been awarded the contract to build the Romanian A3 motorway between Ungheni and Ogra. The 10.1 km section has a contract value of € 57 million (approximately RON 251 million). The company holds a majority stake in and is leader of the construction consortium.

STRABAG building Rhone Oberwald power plant in Switzerland

STRABAG AG is building a 14 MW run-of-the-river hydroelectric plant in the Swiss canton of Valais. The contract value of € 37 million (CHF 38 million) comprises the construction of the necessary tunnels, galleries and underground chambers. The tunnels and galleries will be excavated in the Aarmassif of the Swiss Alps through boring and blasting. The plant is to be handed over to Valais utility company FMV SA by September 2017.

Preparation for the construction works in the Swiss Alps

MARCH

STRABAG subsidiary NIMAB building 236 apartments in Malmö under partnering model

NIMAB project "Alvine" in Malmö (Sweden)

NIMAB Entreprenad AB of Sjöbo, Sweden, has been commissioned to build two new apartment buildings on behalf of Ikano Bostad AB of Stockholm. Both projects are situated in Malmö, Sweden's third-largest city, and include a total of 236 apartments as well as a number of business premises. The two projects will be performed turnkey in close collaboration with Ikano Bostad under the STRABAG teamconcept partnering model. Construction work on the "Alvine" project will begin in June 2015 and will be finished early in 2017. "Alvine" will be built as a single linked housing body of varying height. The project comprises a total of 123 apartments arranged around a central courtyard. Construction of "Mjölner", a residential and commercial project at Hyllie Allétorg, began in the autumn of 2014 and will be finished in the summer of 2016. The project comprises 113 apartments and seven business premises.

Two new motorway orders for € 24 million in Czech Republic

STRABAG a.s., the Czech subsidiary of STRABAG SE, has been awarded two new motorway contracts in the Czech Republic as part of a consortium. The companies will build two sections of the D3 motorway linking Prague with southern Bohemia. Client for both contracts is the Road and Motorway Directorate of the Czech Republic. The section between Veselí nad Lužnicí and Bošilec is worth a total of € 23 million (CZK 635 million), of which STRABAG holds a 55 % share (about € 12.7 million). The section measures 5,125 m in length. The second contract involves the 3,160 m section between Borek and Úsilné. STRABAG's share of 45 % amounts to about € 11.7 million (around CZK 322 million).

JUNE

S&P upgrades STRABAG SE from BBB- to BBB

The international rating agency Standard & Poor's (S&P) has raised the credit rating of STRABAG SE by one level from BBB- to BBB. The outlook remains at "stable". S&P explained its decision by pointing out that the important indicators had already significantly exceeded the requirements of the previous rating and that the forecasts indicated a continuation of this situation for the years to come. The agency sees STRABAG SE's strengths above all in its stable margins in an otherwise cyclical market environment, in its effective risk management and in its strong market positions.

STRABAG widening A3 in southern Germany to six lanes for € 90 million

STRABAG has been awarded the contract to widen two sections of the A3 motorway in Germany with a total contract value of about € 90 million. Contract section EO 287 foresees STRABAG expanding the federal motorway to six lanes along the 5.7 km from the Heidingsfeld interchange in Bavaria to Randersacker Bridge. Additionally STRABAG recently started work on the A3 contract section EO 259, an 8.5 km stretch of motorway near Wertheim in Baden-Württemberg. This contract involves the expansion of the asphalt roadway from four to six lanes.

Asphalt works A3 Nuremberg–Frankfurt near Würzburg

Züblin extends sewer network in Singapore

The pipe jacking division of Ed. Züblin AG, a subsidiary of construction group STRABAG, expands the 9.8 km long sewer network of Singapore for € 85 million. All prefabricated elements, like pipes and rings of tubbings, will be produced and delivered by the Züblin-owned factory in Malaysia. The pipe jacking method is also called dynamic ramming technique. With this method, concrete or steel pipes may be laid non-disruptively. It is especially suited for installations with relatively small diameters. This project involves diameters between 30 cm and 3.1 m.

Breakthrough with pipe jacking method

JULY

STRABAG enters the Colombian market with a € 900 million concession project

ANI, Colombia's national infrastructure agency, has awarded the contract to design, build, finance and operate a 176 km road over 25 years to a consortium, where STRABAG holds 37.5 %. The financial close is expected for the fourth quarter of 2016, the total investment volume is around € 900 million. STRABAG will likely contribute equity and junior loans of slightly more than € 50 million. The construction volume amounts to a middle triple-digit million euro amount. Of this sum, STRABAG's share comes to 37.5 %, too. In addition to partial revenues in the form of hard toll collections, the consortium will receive annual payments from ANI for its services.

Existing bridge on the section which is going to be modernised

A10 Oswaldibergtunnel for € 34 million upgraded by STRABAG

STRABAG will modernise the A10 Oswaldibergtunnel for ASFINAG, Austria's national motorway operator. The two tubes, each with a length of 4.3 km, will be upgraded between July 2015 and June 2017 to represent state of the art technology; in particular, with respect to tunnel safety standards. The contract has a volume of € 34 million. It includes the redevelopment measures in the fields of road construction, tunnelling and building construction as well as the re-installation of the entire electrical and mechanical equipment (E&M).

AUGUST

Contract for section of A1 in Poland for € 118 million

A Polish STRABAG-subsidiary will build the 15 km section between Woźniki and Pyrzowice within a period of 30 months. The contract comprises the construction of the concrete motorway as well as one maintenance facility, two rest stops, 29 bridge structures and several wildlife crossings. The opening in mid-2018 will mark the completion of another portion of the Trans-European Network (TEN).

SEPTEMBER

Center Communication Systems to extend tunnel transmitter system for Vienna underground

The 100 % subsidiary of STRABAG AG, in the meantime renamed to STRABAG Infrastructure & Safety Solutions, has been awarded the largest contract – contract value: € 17.5 million – in its company history. The specialist for mission-critical communication systems and security solutions has been commissioned by Wiener Linien, the public transport operator in Vienna, to modernise and extend the tunnel transmitter system for the underground metropolitan railway (U-Bahn) in the Austrian capital. During the period between August 2015 and July 2020 78.5 km of the underground network with more than 100 stations will be equipped.

Vienna U-Bahn Station

STRABAG enters the Romanian project development market

The Romanian group company STRABAG SRL took over the development team of Raiffeisen evolution in Bucharest. The team had successfully developed the Sky Tower and the Promenada Mall in Bucharest. The group company STRABAG Real Estate is already one of the leading project development organisations in Germany. With this new step, STRABAG continues to consolidate its position on the European project development market.

OCTOBER

Design and construction of a 24 km long section of S6 in Poland

The S6 expressway is the main traffic artery between eastern and western Poland. STRABAG will design and build the 24 km long section between Goleniów and Koszalin for about € 83 million. Construction of the dual carriageway asphalt road will take place between November 2015 and June 2019. The contract includes expressway junctions, rest areas and numerous civil engineering structures such as overpasses, bridges and wildlife crossings.

DECEMBER

STRABAG SE agrees with minority shareholders on 100 % takeover of Ed. Züblin AG

STRABAG SE, as majority shareholder of Ed. Züblin AG, announced that it expects in all probability to reach a contractual agreement with the minority shareholders of Züblin on a complete takeover of the shares held by the latter in the Stuttgart/Germany-based company (42.74 %).

In April 2016, a share purchase agreement was concluded with the minority shareholders of Stuttgart-based Ed. Züblin AG covering 42.74 % of the holdings in the company. The STRABAG Group has thus increased its stake in Züblin from 57.3 % to 94.9 %. The remaining shares were acquired by a core shareholder of STRABAG SE.

The buyers agreed a fixed strike price totalling EUR 210.3 million. The agreement also includes a provision for a variable purchase price portion of up to EUR 114.0 million, to be determined depending on the respective net income after minorities of Ed. Züblin AG in each of the years 2015 to 2019.

STRABAG subsidiary Züblin to expand world's largest copper mine in Chile

Züblin International has been awarded a follow-up contract by Codelco, the world's largest copper producer, to expand El Teniente Mine in Rancagua, 80 km south of the capital Santiago de Chile. Züblin has already been carrying out extensive tunnelling works at the mine since March 2014. The new € 100 million contract will make Züblin one of the leading construction companies in underground mining in Chile.

Country report

DIVERSIFYING THE COUNTRY RISK

Output volume up 5 % to € 14.3 billion

Despite the strong presence in its home markets of Austria and Germany, STRABAG sees itself as a European-based company. The group has been active in Central and Eastern Europe for several decades. On the one hand, it is a tradition for the company to follow its clients into new markets. On the other hand, the existing country network with local management and established organisational structures makes it possible to export the technology and equipment and to use them in new regions at low cost and effort. In order to diversify the country risk even further, and to profit from the market opportunities in other parts of the world, STRABAG intends to intensify especially its international business, i.e. its activities in countries outside of Europe.

The STRABAG SE Group generated an output volume of € 14.3 billion in the 2015 financial year, a plus of 5 % over the previous year. Thanks to several large projects, Slovakia stood out with especially high gains, although market conditions in the Czech Republic and Poland also made for very positive growth in those countries. In Germany, the higher output volume was largely a result of the acquisition of the facility management company DIW Group in late 2014.

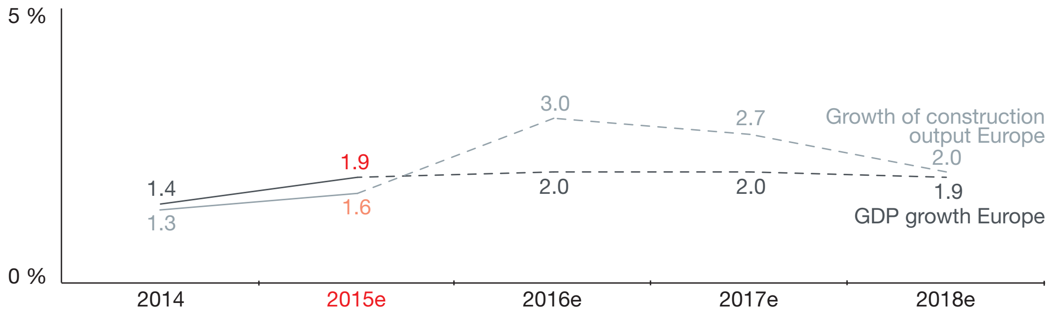
OUTPUT VOLUME BY COUNTRY

€ mln.	2015	% of total output volume 2015	2014	% of total output volume 2014	Δ %	Δ absolute
Germany	6,256	44	6,080	45	3	176
Austria	2,003	14	2,058	15	-3	-55
Poland	941	7	817	6	15	124
Czech Republic	765	5	620	5	23	145
Slovakia	716	5	427	3	68	289
Hungary	594	4	544	4	9	50
Switzerland	343	2	359	3	-4	-16
Middle East	315	2	272	2	16	43
Americas	310	2	255	2	22	55
Benelux	302	2	324	2	-7	-22
Romania	241	2	181	1	33	60
Sweden	240	2	271	2	-11	-31
Russia and Neighbouring Countries	230	2	302	2	-24	-72
Denmark	219	2	197	1	11	22
Italy	188	1	179	1	5	9
Rest of Europe	168	1	169	1	-1	-1
Africa	120	1	158	1	-24	-38
Slowenia	98	1	68	1	44	30
Asia	92	1	87	1	6	5
Croatia	68	0	121	1	-44	-53
Serbia	46	0	38	0	21	8
Bulgaria	35	0	39	0	-10	-4
Total	**14,290**	**100**	**13,566**	**100[1)]**	**5**	**724**

1) Rounding differences are possible.

EUROPE ON A MODERATE GROWTH PATH[1)]

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE

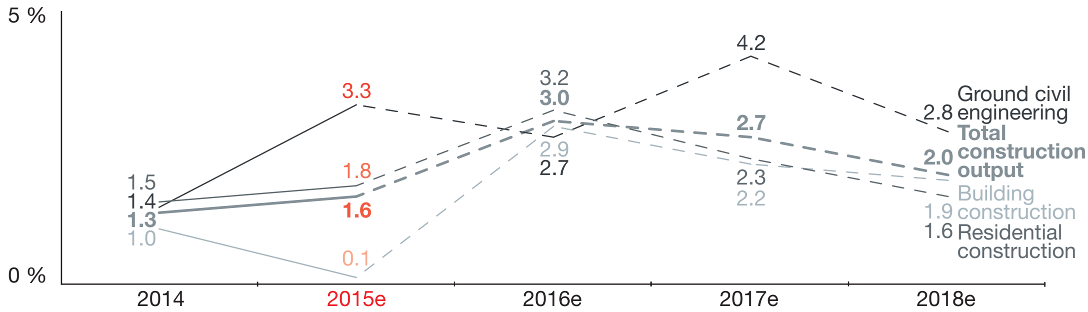


The economic slowdown in the newly emerging market countries, such as China and Brazil, weakened both global **growth** as well as growth in the eurozone. The **economy** of the 19 Euroconstruct countries – buoyed up by the low price of oil, a favourable euro exchange rate, and the European Central Bank's expansive monetary policy – grew by 1.9 %. However, the low investment activity level will dampen any further growth opportunities in the euro area. While the domestic markets are helping to drive economic growth, foreign trade has been losing significant momentum. Additionally, the lack of coordination mechanisms on economic policy have resulted in an increased drifting apart of the economic development within the Eurozone. While reform-minded countries such as Spain or Ireland continued to grow significantly more strongly than the average, and Germany's economic growth (GDP) was in the European midfield, GDP growth in France, Italy and Austria remained below average. The countries of Central and Eastern Europe, on the other hand, registered renewed growth above the 3 % mark. Growth of 2.0 % is forecast for Europe in 2016, with stable development for 2017.

In line with the development of the economy as a whole, the European **construction industry** is also expected to grow continuously until at least 2018. The construction output registered an overall plus of 1.6 % in 2015. This figure is expected to rise to 3.0 % in 2016 and continue with attractive growth until 2018. On a country by country basis, this development again was quite heterogeneous. Below the line, the strong growth of the CEE countries, Ireland, Sweden and the Netherlands was able to compensate for the declines in Western Europe. While construction output in 2015 was down in France and stagnated in Germany, the six largest construction markets in the eurozone – Germany, the United Kingdom, France, Italy, Spain and Poland – are expected to return to significant growth in 2016. This growth will be carried primarily by residential construction, which is likely to be driven by the refugee crisis and the resulting demand for additional residential space.

CONSTRUCTION INDUSTRY AGAIN PICKING UP SPEED IN ALL SECTORS

DEVELOPMENT OF CONSTRUCTION SECTOR EUROPE



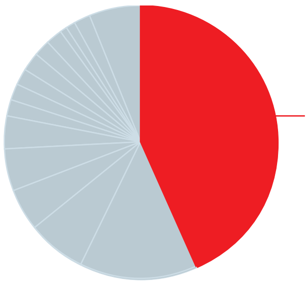
1) All growth forecasts as well as the particular national construction volumes are taken from the Euroconstruct and EECFA winter 2015 reports. The indicated market share data are based on the data from the year 2014.

The growth of the European construction industry in 2015 was driven by **ground civil engineering**, which gained 3.3 % last year after strong declines in the recent past. The countries of Central and Eastern Europe, as a consequence of efforts to exploit all available EU funds under the expiring infrastructure programme, registered the highest growth rates. Growth therefore came primarily from new construction, as numerous infrastructures projects that had been postponed are now being realised. The ground civil engineering sector should also continue to report the strongest growth in the years to come. Particularly in Poland, this sector is expected to considerably accelerate its growth and even reach double-digit rates by the year 2018.

On the other hand, the overall economic growth has not proved strong enough so far to adequately stimulate **building construction**. This sector in 2015 stagnated at +0.1 % in the 19 Euroconstruct countries overall, although the declines in new construction could be compensated for by growth in renovations. While business shrank considerably in large countries such as Germany and Spain, solid growth rates were reported from Ireland, the Netherlands, and especially Poland and the Czech Republic. Against the backdrop of the positive economic development, growth of 2.9 % is expected in the European building construction sector in 2016. Finland should grow the strongest, followed by Ireland, Belgium and the Czech Republic.

The **residential construction** sector had grown in line with the other two sectors in 2014, contributing more than 46 % to the total output volume. In 2015, however, this sector remained significantly behind ground civil engineering. The plus reached a rate of 1.8 %, although stronger growth is again expected for the years to come. Residential construction should grow by 3.2 % already in 2016 and so assume the lead position ahead of ground civil engineering. This development can be explained primarily by the continuing high level of immigration and the resulting demand for residential space, especially in Germany, the Netherlands, Finland and Sweden. The strongest growth in this sector was registered in Ireland, although Spain and Portugal were also able to catch up again. The Central and Eastern European markets, led by Hungary and Poland, also exhibited high levels of growth. Growth in this region is again expected to exceed 4 % in 2017.

GERMANY



Overall construction volume: € 293.6 billion
GDP growth: 2015e: 1.8 % / 2016e: 1.8 %
Construction growth: 2015e: 0.4 % / 2016e: 2.0 %

With GDP growth of 1.8 % on a higher domestic consumption, the German economy surpassed the forecasts (+1.2 %) in 2015. However, the slow growth of the developing countries, above all China, had a negative impact on the results of Germany's export industry. For the coming year, Euroconstruct expects the GDP growth to again reach 1.8 %. A number of open questions remain, however, particularly concerning the development of the currently weak euro and the extremely low interest rates, but also as regards the impact of geopolitical crises.

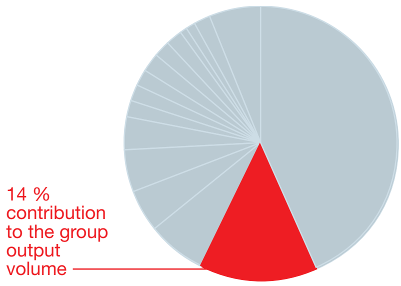
Following the strong upswing of the previous year (+2.4 %), the German construction sector experienced a deceleration in 2015. The comparably modest plus of 0.4 % reflects the budget situation of the federal and local governments, whose financial capacities were and are burdened by the renewed aggravation of the euro crisis, on the one hand, and the unexpectedly massive influx of refugees, on the other. At the same time, this immigration contributed to growth of 2.0 % in residential construction, with a plus of 2.3 % forecast for 2016. As market leader in the German building construction sector, the STRABAG Group should also profit from this development, although an estimate of the exact extent cannot yet be determined.

Building construction had to suffer a decline of 1.8 % in the period under report. A number of political decisions with serious ramifications, such as the lowering of the retirement age, the reform of the inheritance tax and the introduction of higher minimum wages, have resulted in a reluctance among investors to engage in construction projects. Growth of 1.2 % should be possible again in 2016, however.

The weakest development in 2015 was registered in ground civil engineering, although the minus of 1.2 % must be seen against the extremely strong growth of the previous year (+4.7 %). Driving the development in this sector is the telecommunications industry, which is investing heavily in the expansion of broadband coverage and should receive substantial federal subsidies to do so in the coming years (total of € 2.1 billion until 2018). The experts are therefore forecasting another significant plus of 2.1 % for 2016.

The STRABAG Group is market leader in Germany, with a 2.1 % share of the market. The share of the German road construction market even amounts to 4.4 %. With € 6,256.11 million, the group generated about 44 % of its total output volume in Germany in 2015. Most of this is assigned to the segment North + West. Property and facility services in Germany are listed under International + Special Divisions.

AUSTRIA



Overall construction volume:	€ 32.9 billion
GDP growth:	2015e: 0.7 % / 2016e: 1.4 %
Construction growth:	2015e: 0.2 % / 2016e: 1.0 %

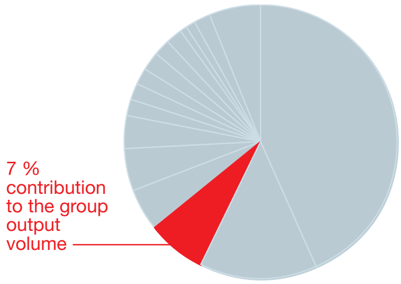
With GDP growth of 0.7 %, Austria came in second to last of the euro countries in 2015. Only Finland, with growth of just 0.4 %, ended the year at a lower level. Despite a good export situation, driven by the weak euro, Austria was unable to fully participate in the general economic upswing of the EU. For 2016, the Euroconstruct experts also foresee only moderate growth of up to 1.4 %. There are several explanations for this hesitant development. One of these is the extensive tax reform that went into effect on 1 January 2016. The reform is intended to stimulate private consumption, although higher tax burdens and budget cuts may end up predominating below the line. Added to this is the unexpected budget burden from the refugee crisis – per capita, Austria has taken on as many asylum seekers as Germany.

Although the construction sector was able to register a slight plus of 0.2 % in 2015 overall, residential construction reported a minus for the third year in a row – albeit a reduced minus of -0.2 %. The residential construction offensive announced by the government, which started in January 2016 and should result in about 30,000 additional housing units by the year 2020, should generate annual growth between 1.0 % and 1.4 % in the future. Building construction was able to grow slightly by +0.9 % in 2015 after two negative years (-2.0 % and -2.1 %), and annual growth rates above 1.0 % are again expected as of 2016.

The result of the ground civil engineering sector (+/-0.0 %) reflects the mixed situation on the market. On the one hand, strong investments have been made in the expansion of road and rail and are likely to continue until 2017. On the other hand, the low energy prices in the energy and water sector make investments here seem so unprofitable that only the subsector of wastewater management is able to register positive figures through renovations and modernisation activities. For the coming years, therefore, Euroconstruct also expects to see only minimal growth rates near the level of stagnation in ground civil engineering.

The STRABAG Group generated a total of 14 % of the group output volume in its home market of Austria in 2015 (2014: 15 %). Austria thus continues to be one of the company's top three markets, along with Germany and Poland. The output in 2015 reached a volume of € 2,002.98 million. With a share of 6.3 %, STRABAG is the number two on the Austrian market. The share of the road construction market amounts to 10.7 %.

POLAND



Overall construction volume: € 45.5 billion
GDP growth: 2015e: 3.5 % / 2016e: 3.4 %
Construction growth: 2015e: 5.6 % / 2016e: 7.4 %

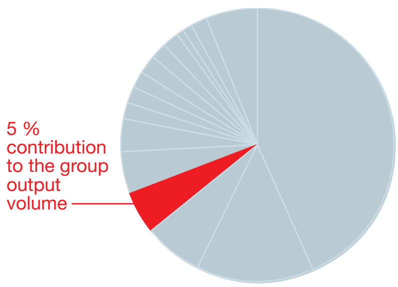
In contrast to most other EU states, Poland did not have to adjust its economic forecasts downwards but upwards in the year under report. As in the year before, Poland's GDP growth stood at about 3.5 % – and a similar level is forecast for the years 2016 and 2017. This development can be traced to the steadily rising domestic demand, solid investment activity, and growing consumption – the latter also as a consequence of falling unemployment figures. But the strongest factor behind Poland's positive economic development in 2015 was the dramatic increase in net exports, while EU structural funds should make for additional investments and further growth in the years to come.

With an overall plus of 5.6 %, the Polish construction industry in 2015 grew at above-average rates as it had the year before. A decisive contribution to the construction boom came not least from the low credit and mortgage rates, which stimulated the Polish real estate market and residential construction (+5.2 %) in particular. The building construction sector was also able to repeat its positive development of the previous year, with growth of 3.9 % in 2015.

For 2016, however, Euroconstruct expects to see a shift away from residential construction (which is forecast to grow by "only" 4.0 %) towards ground civil engineering, which was already able to gain a considerable 8.0 % in the past year. This despite the fact that the increased investments – promised before the elections – in the road and rail networks and in new energy and water plants have not been implemented to date. Instead, investments were made primarily in sports and recreational facilities, pipelines, and communications and electricity networks. Should the government finally realise its promises, the Euroconstruct forecast for growth of 14.9 % and 13.5 % in this sector for the next two years, respectively, seems perfectly realistic.

As the number three in the Polish construction sector, the STRABAG Group also benefits from the upswing in this market. The country contributed € 940.76 million, or 7 %, to the overall output volume of the company in 2015, making it the third largest market for the STRABAG Group. The company's share of the entire Polish construction market amounted to 1.9 %, in road construction it is 4.1 %.

CZECH REPUBLIC



Overall construction volume: € 17.2 billion
GDP growth: 2015e: 3.8 % / 2016e: 2.5 %
Construction growth: 2015e: 7.4 % / 2016e: 3.3 %

The figures for 2015 finally prove that, after five negative years, the year under report had truly been a turnaround year for the Czech Republic. With GDP growth of 3.8 %, the country is clearly above the EU average. The Czech National Bank's policy of intervention, which has kept the koruna deliberately weak versus the euro since 2013 and probably until the end of 2016, has made for a low level of exchange rate volatility and more planning certainty for possible investments. Other factors, such as EU subsidies, a VAT reduction to 10 % on several product groups, higher salaries and the low price of oil, have also contributed to the currently overall positive situation. These factors will fall away in the medium term, however, so that only moderate growth of about 2.5 % is forecast for the years to come.

The Czech construction industry can also celebrate a revival. With a plus of 7.4 %, generated by all three sectors of residential construction, building construction and ground civil engineering, the construction activity in the country is back at or above the levels before 2008. Additional yet moderate growth rates of about 3.3 % and 3.4 % are expected for the next two years.

The weakest of the three sectors in 2015 was residential construction, although it did reach a solid plus of 3.3 %. Interest rates have continued to be extremely affordable, resulting in records in the number and volume of newly approved mortgage loans. The higher fiscal burdens – e.g. from the real estate acquisition tax – naturally had a dampening effect.

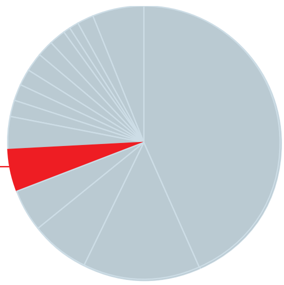
Building construction showed itself to be even more solid. The plus of 4.2 % (versus +4.0 % the year before) is an affirmation of the trust which the mainly private investors have in the country, currently one of the most attractive investment markets in Central and Eastern Europe. The project lists are topped by shopping centres, warehouses and office buildings, the latter especially in Prague.

The top sector in the year under report was ground civil engineering, with growth of 15.7 %. But this boom has an expiry date. As applications for funding out of the EU's "Transport" programme could only be made until the end of 2015, the activity in this sector shot up significantly. A reduction to a realistic level of +2.2 % is expected in 2016, to be made up of investments in rail expansion, sewer works, wastewater treatment facilities and flood control.

In the Czech Republic, STRABAG is the number two on the market. With an output volume of € 764.60 million, about 5 % of the group's total output volume was accounted for by the Czech market in 2015. The group's share of the entire construction market stood at 3.9 %; in road construction this figure even reached 8.7 %.

SLOVAKIA

5 %
contribution
to the group
output
volume



Overall construction volume: € 4.7 billion
GDP growth: 2015e: 3.2 % / 2016e: 3.1 %
Construction growth: 2015e: 10.3 % / 2016e: -1.1 %

The Slovak economy profited from the ECB's monetary policy and from the low price of oil in 2015, resulting in GDP growth of 3.2 % – significantly above the EU average. In spite of the ongoing geopolitical problems and the possibility of weaker global economic growth, the experts continue to expect growth of around 3.0 % for the years to come on the basis of higher private consumption and increased exports. The decline in state investments should be at least partially compensated for by private investor activities.

The positive economic development was also reflected in the Slovak construction sector, which grew by 10.3 % in the year under report for the first positive development in several years. It is to be expected, however, that many investments from the public sector, e.g. for the construction of schools and kindergartens, as well as EU subsidies, were a one-time commitment and will have no long-term impact. Euroconstruct is therefore already forecasting a 1.1 % decline of the construction output for 2016.

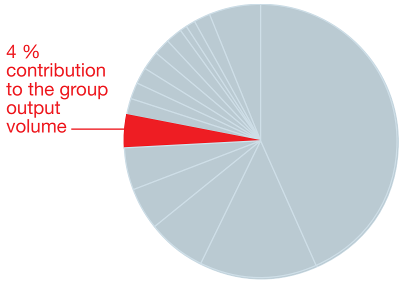
Despite the positive development of the economy as a whole, the negative trend in residential construction continued in 2015 with a minus of 3.1 %. Starting in 2016, however, various public-sector measures, such as more affordable mortgage loans as well as state and EU subsidies, should take hold and so effect a turnaround. The high demand for thermal insulation, growing quality standards, and requirements to reduce energy consumption further support the positive outlook. This holds the promise of a slight plus of 0.7 % for 2016 and growth of 1.6 % for 2017.

Although the building construction sector also continues to struggle with a lack of financial resources, the forecasted recovery already began in 2015. The plus of 1.3 % represents the beginning of a positive development with the expectation that the trend will also continue for the next two years.

Ground civil engineering was the only sector to register positive growth in 2015. And this growth was considerable. State investments in transportation infrastructures and EU subsidies, in particular for the completion of long-delayed road construction projects and for the construction of new motorways, generated a plus of 36.4 %.

With a market share of 10 % and an output volume of € 716.34 million in 2015, STRABAG is the market leader in Slovakia. In road construction, STRABAG's market share even reached 14.3 %. Slovakia contributed 5 % to the group's total output volume in 2015.

HUNGARY



Overall construction volume:	€ 8.8 billion
GDP growth:	2015e: 3.2 % / 2016e: 2.5 %
Construction growth:	2015e: 3.1 % / 2016e: 0.4 %

The upswing which has characterised the Hungarian economy since 2014 continued in the year under report. The GDP growth of 3.2 % achieved in 2015, however, was largely based on temporary factors. In 2015, Hungary received the maximum EU transfers, private consumption was up – this coincided with an election year – significantly, and the agricultural sector was able to report an excellent harvest. Nevertheless, the consequences of Hungary's past economic policies are noticeable. Capital and labour are leaving the country, competitive restrictions are aggravating supply, and there are increasing problems with public services.

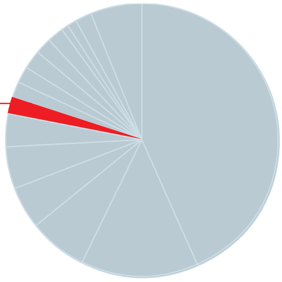
The EU was the driving force in Hungary's construction industry in 2015, financing public buildings and investing in infrastructure development – especially with regard to reducing greenhouse gases, switching to renewable energies and increasing energy efficiency. For 2016, however, the volume of construction contracts is about 40 % below the levels of 2015, so that growth will likely tend towards zero.

Unlike the building construction sector, which registered a minus of 2.0 % in the year under report, residential construction was able to make significant gains (+5.8 %). Here a change of the market can be observed. Demand for rental properties has been up, driven by students and the high number of private bankruptcies. At the same time, the Hungarian real estate market has been booming, as home ownership is seen as a stable investment option. Should the government, as announced, provide homeowners with subsidies for thermal home improvements, this could result in significant growth in the field of renovations starting from 2016.

The largest contribution to the higher construction volume in Hungary in 2015 came from ground civil engineering, which grew by 6.2 % primarily as the result of extensive EU investments in road and rail construction. With the beginning of the new EU budget period in 2016, which foresees fewer projects in this sector, significantly poorer growth is expected for the coming two years (-4.0 % for 2016, +/-0.0 % for 2017).

The STRABAG Group generates 4 % of its output volume, or € 594.26 million, in Hungary. This makes the company the number two on the Hungarian construction market. The company's share of the entire market stood at 6.4 %; in road construction it is 7.7 %.

SWITZERLAND



Overall construction volume: € 55.6 billion
GDP growth: 2015e: 0.9 % / 2016e: 1.4 %
Construction growth: 2015e: -0.1 % / 2016e: 0.9 %

In contrast to what many experts had feared, the Swiss economy managed to register a slight plus (+0.9 %) in 2015 despite the "Swiss franc shock". This although many producers saw their margins collapse in response to lower sales prices and despite the fact that domestic demand was down on rising unemployment. Nevertheless, the experts still expect to see a lasting recovery of the export sector and thus robust economic growth of 1.4 % in 2016.

The Swiss construction industry is in a phase of consolidation. Rising vacancies, uncertainty regarding the consequences of mass migration, and the strong Swiss franc, on the one hand, and solid purchasing power and willing institutional investors, on the other, led to a nearly stable development of -0.1 % that will likely continue at a very low level in the years to come (+/-1 %).

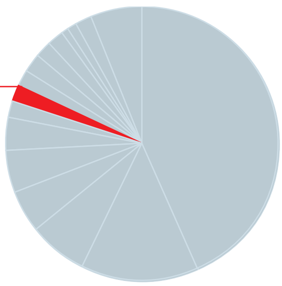
This development is reflected 1:1 in residential construction, which closed 2015 only slightly above zero. The development of immigration and, subsequently, of Switzerland's population growth will play a decisive role in determining the future of this sector. The Swiss referendum against mass immigration reduces the demand for new accommodations. A similarly negative impact came from the referendum on "Zweitwohnungsinitiative" ("second-home purchase restrictions"), which limit the percentage of holiday homes in any community to 20 %. New construction in tourist regions has dropped significantly since 2014 as a result.

The referenda and the strong national currency are also making Switzerland less attractive as a place for business. The building construction sector owes its plus of 2.4 % in 2015 not least to a number of large projects.

The weakest sector in 2015, with a minus of 3.9 %, was ground civil engineering. The order situation remains restrained and the budget situation of both the cantonal and federal governments leave no room for growth aspirations. At least 2016 saw the start of the country's FABI programme for the financing and upgrading of the country's rail infrastructure. FABI promises to inject € 5.8 billion into the modernisation and expansion of the Swiss railway network, which should result in a significant upswing. The forecasts from Euroconstruct are +1.8 % for 2016 and +4.8 % for 2017.

Switzerland contributed € 342.71 million, or 2 %, to the STRABAG Group's total output volume in 2015.

BENELUX



BELGIUM

Overall construction volume: € 40,0 billion
GDP growth: 2015e: 1.2 % / 2016e: 1.3 %
Construction growth: 2015e: 0.3 % / 2016e: 0.1 %

NETHERLANDS

Overall construction volume: € 66.9 billion
GDP growth: 2015e: 2.0 % / 2016e: 2.4 %
Construction growth: 2015e: 6.0 % / 2016e: 4.1 %

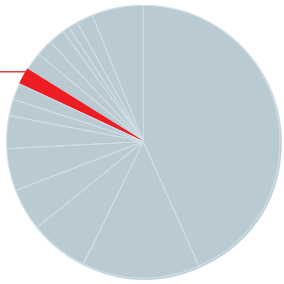
The economy exhibited another slight recovery in the Benelux states in 2015. The GDP growth of 1.2 % in Belgium and 2.0 % in the Netherlands are the result of lower unemployment, higher household incomes and growing investment by private enterprises. In combination with favourable financing options, this also has an overall positive effect on the construction sector.

Belgium's construction output developed better than hoped in the period under report, with +0.3 % instead of the slightly negative figure that had been expected. Residential construction, in particular, grew significantly more strongly than had been predicted (+2.8 %). In light of the higher starting value, however, the sector could be facing a temporary decline in 2016 before a return to stable albeit moderate growth between 1.5 % and about 3.0 % in 2018. In contrast, building construction was weak in the year under report (-1.4 %). This should, however, be more than compensated for by strong growth in 2016: Euroconstruct expects to see growth of 5.5 %. Belgium's ground civil engineering sector also closed 2015 with negative growth. Given the dynamism shown in 2014, however, this is only of limited relevance, and the 2015 minus of 3.2 % should be seen against the plus of 5.4 % in 2014. In the face of the upcoming local elections, no noteworthy investments can be expected before 2017. Euroconstruct therefore does not expect this sector to recover before 2018.

The Dutch construction industry experienced a more significant revival after a number of weak years, with a generous plus of 6.0 % in 2015 thanks to tax incentives for residential renovation and maintenance. Residential construction grew by 11.0 % in the year under report and, due to the rising housing demand for refugees, should continue to exhibit above-average growth in the years to come. After the volume of residential new construction dropped by about half between 2009 and 2014, the experts at Euroconstruct now expect to see annual growth of between 13 % and 19 % for 2015–2017. In comparison, the 2015 figures for building construction and ground civil engineering (+3.2 % and +3.3 %, respectively) are rather modest. In total, Euroconstruct forecasts construction growth of 19 % in the Netherlands for the years 2014–2018, which would compensate two thirds of the losses during the crisis years.

STRABAG generated an output volume of € 301.67 million in the Benelux countries in 2015.

ROMANIA



Overall construction volume:	€ 14.9 billion
GDP growth:	2015e: 2.8 % / 2016e: 3.0 %
Construction growth:	2015e: 9.5 % / 2016e: 5.1 %

Romania's economic upwards trend continued in 2015 with GDP growth of 2.8 %. According to the experts at EECFA (Eastern European Construction Forecasting Association), this positive development should also remain for the years to come. Growth rates around 3.0 % are expected for both 2016 and 2017. Industrial production and retail revenues are expected to rise, as are employment and real salaries. The cumulative effect of all these factors on the construction market appears promising.

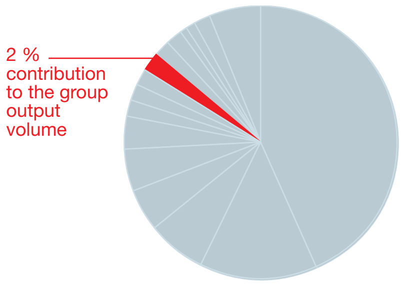
The economic upswing has already left a positive impact on the construction industry, which was able to nearly double the previous year's forecast with a plus of 9.5 %. Residential construction, which accounts for about 35 % of the total market, grew by 8.5 %. Higher incomes, lower mortgage interest and state-guaranteed loans contributed to the recovery of this sector. The subsector of project development remained relatively hesitant, but the volume of residential buildings increased as did the average size of new homes. It can be expected that the stable prices and falling rents will stimulate speculative investments in residential projects. EECFA therefore expects a plus of 15.0 % in the residential construction sector for 2016.

The remaining building construction sector shows a similarly positive development. The plus of 7.9 % in 2015 and an expected plus of 6.0 % for 2016 are due especially to the growth in office buildings, as the combination of highly skilled labour with low wages draws foreign companies into the country.

In the past, ground civil engineering had suffered under financing difficulties and project delays. Following the drastic decline of 15.2 % in 2014, fears that the country could lose EU subsidies led to increased activity in this sector in 2015 for a plus of 11.4 %. As the transition of the EU financing programmes involves longer payout delays, 2016 – an election year in Romania – could see construction being halted and ground civil engineering fall back by 3.8 % in the short term before a return to stability and a renewed upswing in 2017.

The STRABAG Group, with an output volume of € 241.23 million in 2015, continues to hold the position of market leader on the Romanian construction market. This corresponds to a market share of 1.3 %. In road construction, the share of the market amounts to 1.1 %.

SWEDEN



Overall construction volume:	€ 34.0 billion
GDP growth:	2015e: 3.2 % / 2016e: 3.1 %
Construction growth:	2015e: 5.5 % / 2016e: 2.8 %

The Swedish economy expanded by 3.2 % in 2015, more strongly than had been expected. Driving this growth were the low credit rates, falling unemployment and rising real wages, as well as increased domestic consumption resulting from higher incomes and the great number of refugees immigrating to the country. But experts are warning that, despite economic growth, the "production gap" – i.e. the difference between the actually realised gross domestic product and the available potential – will not be closed before 2017. As a result, the Swedish market may be lacking the prerequisites for more extensive construction activity for the time being.

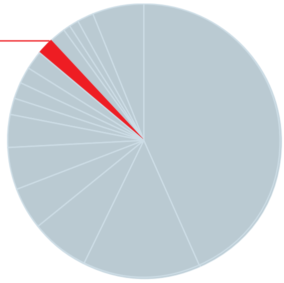
With a plus of 5.5 %, the Swedish construction industry posted above-average growth in 2015. Residential construction boomed (+14.9 %) – in part due to a pull-forward effect ahead of a government decision to lower the tax deductibility of labour costs from 50 % to 30 % in 2016. For 2016, Euroconstruct expects to see growth fade back down to +2.7 %.

With +0.7 %, building construction remained stagnant in 2015. But growth should reach an estimated 2.8 % again next year. Demographic changes are forcing Sweden to build new health centres and nursing homes, though at the same time there is an increasing demand for schools and other educational facilities.

Ground civil engineering, which has been largely neglected for years, again posted negative growth (-0.9 %) in 2015. According to economic research estimates, Sweden's infrastructure has an accumulated investment deficit of € 33 billion that could double by the year 2025. Experts estimate that the road and transport network alone is in need of investments in the amount of € 3.5 billion. As pessimistic as this situation may be, it does point to a potential for long-term growth in this field.

The output volume of the STRABAG Group in Sweden amounted to € 239.70 million in 2015. The main activities include infrastructure and residential construction projects.

RUSSIA AND NEIGHBOURING COUNTRIES (RANC)



Overall construction volume: € 144.6 billion
GDP growth: 2015e: -3.9 % / 2016e: -1.0 %
Construction growth: 2015e: -5.2 % / 2016e: -3.0 %

Despite all armed conflicts, the Russian economy managed positive growth until 2014. In 2015, however, Western sanctions, the devaluation on the ruble and the collapse of the oil price began to take effect. The GDP decline by 3.9 % marks a low point after years of continuously slower economic momentum. For 2016, EECFA expects the Russian economic output to continue to shrink by 1.0 % before a turnaround in 2017 with +1.3 %.

Like all of the main branches of the economy, i.e. industry, retail, transport and services, with the exception of agriculture, the Russian construction sector also exhibited negative growth in 2015. People's incomes have been sinking continuously for the past year, impacting investments and consumer demand with drastic declines. For the construction industry, this meant a minus of 5.2 %, cushioned only by the positive results from ground civil engineering. The overall output volume is expected to shrink by a further 3.0 % in 2016 before a possible plus of 1.1 % in 2017.

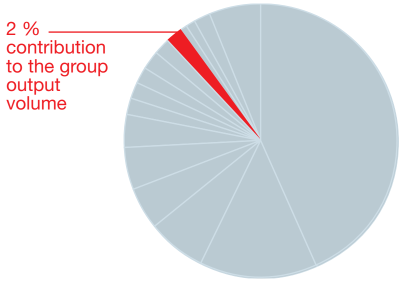
Residential construction posted the largest losses (-11.6 %) in the year under report, although the government attempted to keep the sector afloat through the introduction of mortgage subsidies, programmes for foreign currency borrowers and a measure for residential space. Nevertheless, the EECFA's experts still do not see a market crisis. While they are forecasting another minus of 6.7 % for 2016, they expect a balanced result of +/-0.0 % in 2017.

The figures for the building construction sector are similar. The -7.3 % in the year under report result from the lack of public funds, especially for the construction of educational facilities. In the health field, on the other hand, the health insurance obligation in the Russian Federation contributed to investors being found, which helped to ease the sector's decline somewhat. The trend nevertheless remains negative, with forecasts of -4.0 % for 2016 and -2.1 % for 2017.

Ground civil engineering was the only sector to close 2015 on a positive note, growing by 2.8 %. Thanks to the realisation of important gas pipeline projects, as well as the construction of transport and electrical utilities infrastructure, growth is expected to continue in the medium term (2016: +1.4 %, 2017: +3.5 %).

The STRABAG Group generated an output volume of € 230.39 million in Russia and its Neighbouring Countries (RANC) in 2015. This region contributed 2 % to the group's overall output volume in the period under report. STRABAG is active almost exclusively in building construction and civil engineering in the region.

DENMARK



Overall construction volume: € 26.5 billion
GDP growth: 2015e: 1.4 % / 2016e: 1.7 %
Construction growth: 2015e: 1.3 % / 2016e: 2.3 %

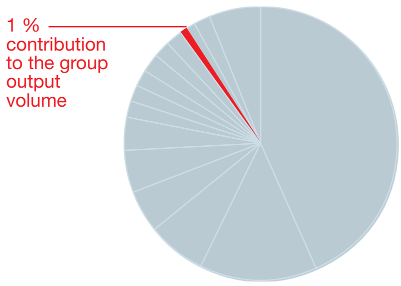
The Danish economy has grown slowly but positively in the past two years. The GDP plus of 1.4 % in 2015 can be traced back primarily to the strong increase in gross property, plant and equipment investments as well as private consumption. According to Euroconstruct, falling unemployment figures and increasing exports will provide Denmark with constant, albeit moderate economic growth in the years to come.

The forecasts for the development of the Danish construction industry had to be adjusted downward slightly, but the outlook of +1.3 % (2015) to +2.8 % (2018) paints a thoroughly positive picture. In residential construction, immigration is leading to an increased demand for housing that – although cheap and temporary – should help to boost the sector. Growth in the sector was 1.0 % in 2015 and should reach 2.8 % in 2016. In building construction, which posted the strongest gains (+3.0 %) in 2015, an extensive programme for new hospitals promises to yield strong impetus for the coming years with a forecast of +3.6 % for 2016.

Following the promise of funding, significant growth had been forecast for ground civil engineering – especially in the expansion of transport infrastructures. With the election of a new government in June 2015, however, the sector had to deal with cuts and accept a marginal plus of just 0.2 %. Growth is likely to be just as modest in 2016. According to Euroconstruct, this sector will have to wait until 2017 to again pick up speed.

Thanks to several large projects in building construction and civil engineering, the STRABAG Group generated an output volume of € 219.28 million in 2015.

ITALY



Overall construction volume: € 161.0 billion
GDP growth: 2015e: 0.8 % / 2016e: 1.2 %
Construction growth: 2015e: 0.4 % / 2016e: 1.8 %

2015 brought the turnaround for Italy. After years of recession, the country was finally able to post economic growth of 0.8 %. The main role in this phase of the economic cycle was played by domestic demand. The labour market profited from reform measures, the situation of the households improved, the easing of the credit market (quantitative easing) helped to stimulate investments, and the confidence of the Italian people in the economy reached its highest level since 2008.

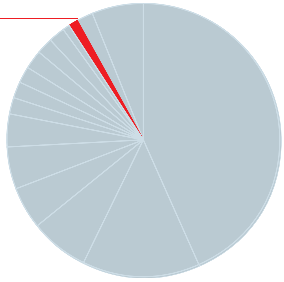
At the same time, the Italian construction industry was back in the black for the first time in eight years. The plus of 0.4 % is proof of the hesitant but probably continuous upswing. The competitive euro exchange rate, extensive financing programmes and political measures which, among other things, helped bring about administrative simplifications and tax breaks for construction projects, hold the promise of a constant upward development in the next few years. Euroconstruct forecasts annual growth of about 2 %.

The individual construction sectors themselves exhibited quite different developments, however. Residential construction, still the weakest sector and still in decline (-1.6 %), is driven primarily by renovation works. In building construction, meanwhile, the long downwards trend has likely come to an end. The plus of 2.0 % in 2015 corresponds approximately to Euroconstruct's expectations for the next three years.

Ground civil engineering grew the strongest in 2015, with a plus of 3.4 %. The significant growth forecast for this sector in the coming years is due primarily to the Sblocca Italia law, which is intended to stimulate the opening of new construction sites, the realisation of public-sector contracts and the digitalisation of the country.

The output volume of the STRABAG Group in Italy amounted to € 187.80 million in 2015. In Italy, STRABAG is mainly active in tunnelling and road construction in the north of the country and the output volume is largely assigned to the segment International + Special Divisions.

SLOVENIA



Overall construction volume: € 2.6 billion
GDP growth: 2015e: 2.7 % / 2016e: 2.3 %
Construction growth: 2015e: -0.2 % / 2016e: -10.8 %

As in 2014, Slovenia's economy expanded more strongly than the EU average in 2015 with a GDP plus of 2.7 %. This positive trend should continue in the medium term, with an expectation of +2.3 % for each of the next two years.

The construction sector stagnated (-0.2 %). Moreover, the financing for construction projects came mostly from the EU's Cohesion Fund, the availability of which expired with the end of 2015. Without these funds, economic growth is expected to shift to other areas, e.g. export.

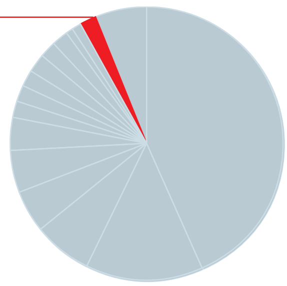
Residential construction in 2015 registered a negative result (-4.8 %) for the seventh time in a row. The experts already see signs of a turnaround, however. This is most visible on the secondary market, where the number of transactions has grown and the price decline for used apartments and houses has come to an end. Given the higher level of disposable family incomes and eased access to mortgage loans, EECFA is forecasting a plus of 10.1 % in residential construction for 2016.

Building construction closed 2015 with a plus of 11.3 %. Whether this recovery will last after the minus of 8.7 % in 2014 will depend, among other things, on whether and when construction permits are issued for several large office buildings that have already been planned. The experts therefore fear a decline of 4.3 % in 2016 before renewed growth in building construction in 2017 (+7.3 %).

In absolute terms, ground civil engineering posted a negative result in 2015 (-1.3 %), which must be seen against the striking growth of 33.2 % the year before. Nevertheless, the savings measures of the Slovenian government can already be felt here. Additionally, several large projects in this sector are scheduled for completion soon. New ground civil engineering projects are already getting started, e.g. the construction of a new motorway in eastern Slovenia and the expansion of the Karawanks Motorway Tunnel. According to EECFA, however, a minus of 26.7 % is to be expected for 2016.

In 2015, the STRABAG Group generated an output volume of € 98.42 million in Slovenia.

CROATIA, SERBIA, BULGARIA AND REST OF EUROPE



CROATIA

Overall construction volume:	€ 2.7 billion
GDP growth:	2015e: 0.8 % / 2016e: 1.0 %
Construction growth:	2015e: 3.9 % / 2016e: 7.6 %

SERBIA

Overall construction volume:	€ 1.8 billion
GDP growth:	2015e: 0.9 % / 2016e: 2.0 %
Construction growth:	2015e: 4.5 % / 2016e: 6.5 %

BULGARIA

Overall construction volume:	€ 6.5 billion
GDP growth:	2015e: 2.3 % / 2016e: 2.6 %
Construction growth:	2015e: 0.1 % / 2016e: -3.3 %

Croatia

After six negative years, the Croatian economy returned to a slight GDP plus in 2015. The growth gained momentum steadily over the year, finally closing at 0.8 %. Driving this unexpected acceleration were the difficulties facing some of Croatia's tourist competitors, especially Greece, North Africa and Turkey, lending a strong boost to the Croatian tourism industry. Also contributing to the growth were the government's successful efforts at higher tax revenue as well as a generally friendlier attitude toward the private sector. The political uncertainties following the parliamentary elections in autumn, however, are cause for a cautious outlook from EECFA. The experts expect continued stable economic growth, but the estimates are for a moderate +1.0 % for 2016 and +1.7 % for 2017.

The Croatian construction industry is also in an upswing. The minus of 11.3 % in 2014 probably was the low point, and the country registered a clear plus of 3.9 % in 2015 – which should even rise to +7.6 % in 2016. A closer look shows that several construction sectors are already exhibiting strong growth. Building construction grew above average overall (+6.3 %) thanks to hotels and transport structures, even if the business in other areas of this sector, e.g. office buildings, is only just beginning to get going. The experts therefore expect to see solid growth rates for the next two years.

Residential construction and ground civil engineering, especially road construction, recovered slightly. After the significant declines in the recent past (residential construction in 2014: -19.4 %; ground civil engineering in 2014: -14.1 %) and, subsequently, a lower starting level, these two segments managed a plus of 2.8 % in 2015. In residential construction, this development can be traced back to two trends in particular. Firstly, young people are increasingly looking for a home of their own. Secondly, as a result of the more affordable real estate prices, more and more foreign citizens are investing in holiday homes in Croatia. EECFA therefore expects stable growth of 3.1 % and 5.7 % in this sector for 2016 and 2017, respectively.

The future also looks bright in ground civil engineering. The communications and transport segments posted good results in 2015 (+25.0 % and +15.0 %, respectively), and pipelines, power lines and above all water utility projects hold the promise of growth for the coming years (2016: +11.4 %, 2017: +9.1 %).

The STRABAG Group generated € 68.04 million on the Croatian market in 2015.

Serbia

After the floods of 2014, which plunged the country into a recession, Serbia's economy showed signs of a slow recovery in the year under report. The growth of 0.9 % is proof of the effectiveness of the government's budget consolidation – a rigorous savings and debt reduction programme – that had begun before the flood disasters. EECFA therefore expects continued GDP growth between 2.0 % and 2.5 % for the coming years.

The Serbian construction industry exhibited ambivalent growth – also as a consequence of the floods. The unexpectedly high overall plus of

4.5 % is almost entirely due to activities in ground civil engineering, as the sector was working at full capacity on the reconstruction of roads, bridges and transport infrastructures, on the one hand, but also on new projects. The 2016 forecast is for a plus of 6.5 %. This is contrasted by a minus in residential construction and stagnation in building construction in 2015.

The collapse of the residential construction sector had already begun in 2013, as the government cut subsidies for residential mortgage loans and so exacerbated an already difficult market situation. Then came the floods – and with them an accumulated minus of nearly 40.0 % in two years. Positive labour market figures and low interest rates brought a gradual recovery (-1.3 %) in 2015, but a real upswing is only expected to set in this year with a forecasted +10.4 % (2017: +13.0 %).

Building construction, which gained slightly in 2015 with +0.8 %, will probably benefit the most from the reformed permit procedure – as can already be seen from the approval figures in all areas. The largest expansion is expected in the retail and office construction segments, soon to be followed by the public sector. This makes growth of 9.3 % and 8.5 % for the next two years, respectively, seem realistic.

While 2014 had been all about reconstruction, 2015 saw the ground civil engineering sector land new projects for a plus of 7.8 %: After many years, Serbia is again expanding its motorway network, large railway construction projects are underway, and the energy industry, with the construction of new power plants, is also making enormous contributions to maintaining this sector as a pillar of construction output as a whole. For 2016, a further plus of 4.3 % is expected.

The STRABAG Group achieved an output volume of € 46.22 million on the Serbian market in 2015.

Bulgaria

The Bulgarian economy developed better than expected, with a significant plus of 2.3 % in 2015. Primarily driving this upswing were exports and state investments. The high level of corporate debt remains a big problem, however, as it hinders the inflow of new cash. The fact that EECFA experts are nevertheless forecasting further GDP growth of 2.5 % for the next two years is due to the labour market, which is sending positive signals in export-oriented industries, as well as external factors such as the low oil price and the gradual recovery in the eurozone.

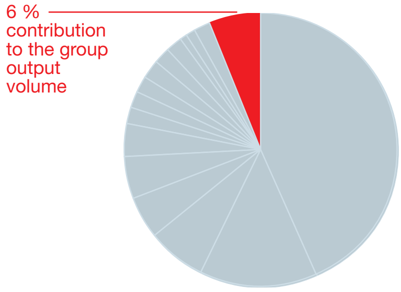
Bulgaria's construction industry – which de facto stagnated at +0.1 % in 2015 – was unable to keep pace with the GDP growth, but at least it was able to maintain the high level from 2014 (+8.0 %). This is primarily due to residential construction, which posted growth of 7.4 % in the year under report. The resumption of residential projects, which had been frozen during the crisis, as well as programmes to improve energy efficiency, especially in panel buildings, should make for further growth beyond the 10 % mark in the years to come.

The building construction sector shrank by 3.9 % in 2015, which contrasts with the strong growth in the previous year (+10.2 %). Thanks to a more dynamic development in industry, logistics and agricultural buildings, growth rates of 2.7 % and 5.6 % are being forecast for 2016 and 2017, respectively. The office segment, however, is expected to show only hesitant recovery.

Ground civil engineering represents a downside to Bulgaria's overall positive figures. With a plus of 0.2 %, this segment was able to at least maintain its level following the good results in 2014 (+5.1 %). A noticeable decline of 11.1 % is expected for 2016, however, due to the great dependency on EU funding. The negative growth should only be temporary, however, as it results from the transitional difficulties between two EU programme periods. In 2017, the programmes "Environment" and "Growth and Employment" should contribute to another plus in ground civil engineering – currently planned are +3.1 %.

The STRABAG Group generated € 35.21 million on the Bulgarian market in 2015.

MIDDLE EAST, AMERICAS, AFRICA, ASIA



The STRABAG Group has for decades played an important role not only on its main European markets but also outside of Europe – mostly as main contractor in direct export. Above all Africa and Asia, Canada and Chile, as well as the Middle East, are at the focus of STRABAG's non-European activities, with which the company ensures its independence from the economic conditions in individual countries.

Because of STRABAG's high level of technical know-how, the focus of this engagement lies in areas that are considered especially demanding, in particular civil engineering, tunnelling and industrial and infrastructure projects. In the year under report, group companies were working on projects such as the expansion of the sewer network in Singapore. This project requires the pipe jacking technique, a specialty of the STRABAG Group.

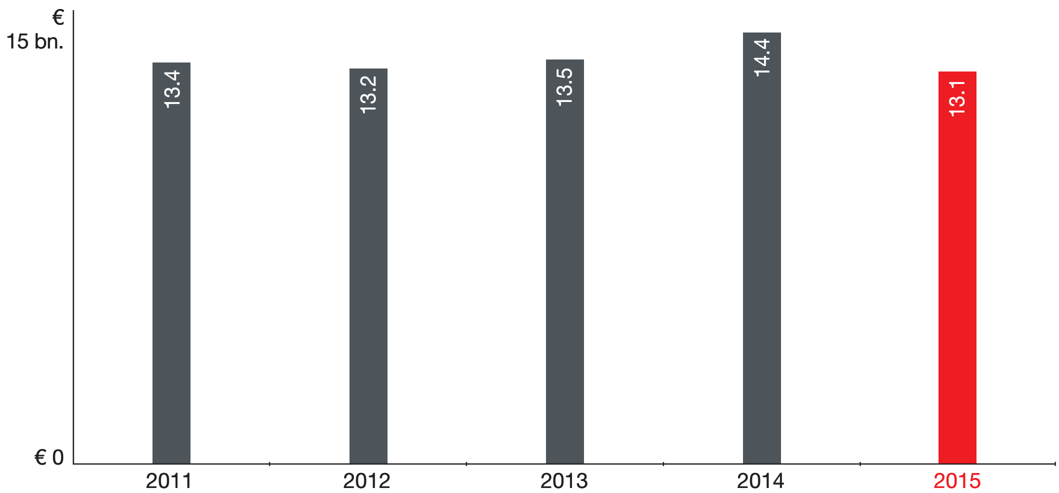
In total, the STRABAG Group generated € 836.59 million, or 6 %, of its overall group output volume outside of Europe in 2015. The activities in non-European countries – with few exceptions – are assigned to the segment International + Special Divisions.

Order backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2015

€ mln.	Total 2015	North + West	South + East	International + Special Divisions	Other	Total 2014	Δ total %	Δ total absolute
Germany	4,876	3,627	82	1,162	5	4,938	-1	-62
Austria	1,733	21	1,207	505	0	1,542	12	191
Italy	1,011	0	2	1,009	0	1,237	-18	-226
Poland	849	801	5	43	0	845	0	4
Middle East	501	6	1	494	0	525	-5	-24
Americas	457	3	0	454	0	583	-22	-126
Romania	393	3	386	4	0	498	-21	-105
Russia and Neighbouring Countries	390	7	316	67	0	723	-46	-333
Slovakia	355	0	343	12	0	553	-36	-198
Benelux	347	316	15	16	0	398	-13	-51
Czech Republic	323	0	313	10	0	348	-7	-25
Denmark	322	303	0	19	0	456	-29	-134
Switzerland	307	15	266	26	0	169	82	138
Sweden	278	256	0	22	0	311	-11	-33
Asia	267	0	7	260	0	194	38	73
Rest of Europe	264	10	184	69	1	263	0	1
Hungary	137	0	119	18	0	508	-73	-371
Serbia	94	0	92	2	0	24	292	70
Africa	92	30	3	59	0	108	-15	-16
Slovenia	57	0	57	0	0	113	-50	-56
Croatia	55	0	53	2	0	53	4	2
Bulgaria	27	0	27	0	0	14	93	13
Total	**13,135**	**5,398**	**3,478**	**4,253**	**6**	**14,403**	**-9**	**-1,268**

DEVELOPMENT OF ORDER BACKLOG



The order backlog fell back in 2015, a development that had already become apparent over the course of the year. The figure settled at € 13.1 billion on 31 December 2015, 9 % lower than one year before. This development can be traced back to the completion of large projects in Hungary, Italy and Slovakia, as well as the adverse economic environment in the RANC region (Russia and Neighbouring Countries).

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2015

Category	Number of construction sites	Number of construction sites as % of total	Order backlog € mln.	Order backlog as % of total
Small orders (€ 0–1 mln.)	10,477	72	1,678	13
Medium-sized orders (€ 1–15 mln.)	3,702	25	2,616	20
Large orders (€ 15–50 mln.)	218	2	2,982	23
Very large orders (>€ 50 mln.)	99	1	5,859	44
Total	**14,496**	**100**	**13,135**	**100**

Part of risk management

The overall order backlog is comprised of 14,496 individual projects. More than 10,000 of these are small projects with a volume of up to € 1 million. Medium-sized projects with contract volumes between € 1 million and € 15 million account for one quarter of orders. Just 2 % of the construction sites have a volume between € 15 million and € 50 million. A further 99 projects have a volume above € 50 million. The high number of individual contracts guarantees that the risk involved with one project does not threaten the group success as a whole. The ten largest projects in the order backlog as at 31 December 2015 added up to 18 % of the order backlog, compared to 20 % at the end of 2014.

THE TEN LARGEST PROJECTS CURRENTLY IN PROGRESS AS AT 31 DECEMBER 2015

Country	Project	Order backlog € mln.	as % of total order backlog
Italy	Pedemontana motorway	815	6.2
Germany	Stuttgart 21, underground railway station	285	2.2
Chile	Alto Maipo hydropower complex	267	2.0
Austria	Koralm Tunnel, Section 2	170	1.3
Austria	Brenner Base Tunnel, Tulfes–Pfons	164	1.3
Germany	Rastatt Tunnel	153	1.2
Russia	Tula Steel Works	140	1.1
Belgium	Project “Schools of Tomorrow”	129	1.0
Sweden	Marieholm Tunnel	118	0.9
Poland	A1 motorway, Tuszyn–Pyrzowice	115	0.9
Total		**2,357**	**17.9**

Impact on changes to the scope of consolidation

In the 2015 financial year, 13 companies (thereof four mergers with fully consolidated companies) were included in the scope of consolidation for the first time. These companies contributed a total of € 72.26 million to group revenue and € -13.72 million to net income after minorities. As a result of first-time inclusions, current and non-current assets increased by € 11.87 million, current and non-current liabilities by € 0.78 million.

Financial performance

The consolidated **group revenue** for the 2015 financial year amounted to € 13,123.48 million. This represents an increase of 5.2 % over the previous year, a similar level of growth as the output volume (+5.3 %). The ratio of revenue to output remained at the previous year's level of 92 %. The segment North + West contributed 45 %, South + East 34 % and International + Special Divisions 21 % to the revenue.

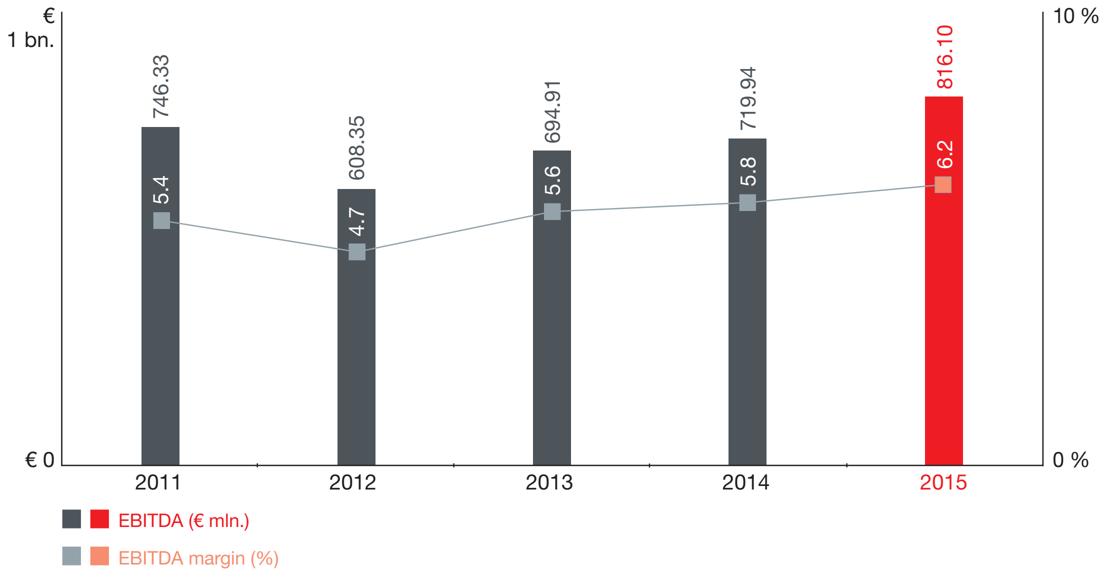
The **changes in inventories** involve mainly the real estate project development business, which was conducted as actively in 2015 as in the past. The disposals, resulting from a number of successful sales, were only partially compensated by existing and new project developments. The **own work capitalised** remained at a very low level. The total of **expenses for construction materials, consumables and services used** and the **employee benefits expense**, expressed in relation to the revenue, remained unchanged at 90 % – the same as in the past few years.

EXPENSES

€ mln.	2015	2014	Δ %
Construction materials, consumables and services used	8,619.03	8,163.25	6
Employee benefits expense	3,158.25	3,057.67	3
Other operating expenses	826.90	791.36	4
Depreciation and amortisation	475.06	437.98	8

The **share of profit or loss of equity-accounted investments**, which also includes earnings from construction consortia, grew significantly versus the year before. The figure for the previous year had been burdened by a one-time impairment for a cement investment. The net income from investments, composed of the dividends and expenses of many smaller companies or financial investments, also grew as a result of positive effects from project development investments.

DEVELOPMENT OF EBITDA AND EBITDA MARGIN



Effective tax rate: 42.4 %

Earnings per share: € 1.52

In total, there was a 13 % increase of the **earnings before interest, taxes, depreciation and amortisation** (EBITDA) to € 816.10 million, while the EBITDA margin grew from 5.8 % to 6.2 %. The **depreciation and amortisation** stood at € 475.06 million, which corresponds to a plus of 8.5 % over the previous year. This figure contains a special depreciation allowance related to the sale of the hydraulic engineering equipment in the amount of € 21.70 million as well as higher depreciation on rail construction equipment. The goodwill impairment in the amount of € 24.75 million represents a slight decline versus the previous year's level of € 28.83 million.

The **earnings before interest and taxes** (EBIT) increased significantly by 21 % to € 341.04 million, which corresponds to an EBIT margin of 2.6 % after 2.3 % in 2014. Compared to the previous year, this figure improved in Poland, the Czech Republic and Slovakia, among other places. A tunnelling project in Chile, on the other hand, represented a significant burden.

The **net interest income** came to rest at about the same level of the previous year (€ -24.42 million versus € -26.20 million). The positive foreign currency effects increased slightly from € 5.29 million in 2014 to € 8.43 million in 2015.

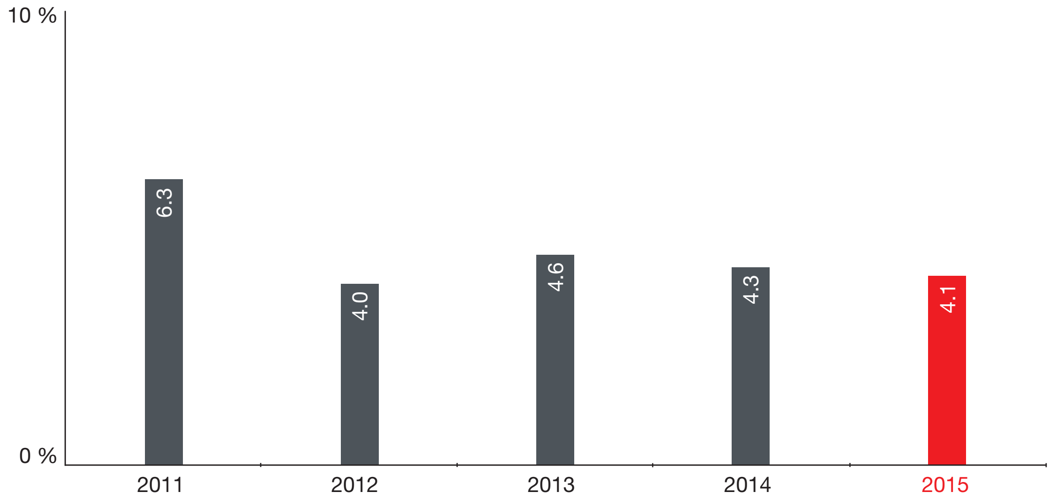
In the end, the **earnings before taxes** (EBT) showed a plus of 24 %. The income tax rate – in the absence of tax relief for the losses in Chile, goodwill impairments and in response to back taxes due to company audits in Germany – was again unusually high, with 42.4 % after 42.3 % in 2014.

The **net income** settled at € 182.50 million in 2015. After € 147.50 million in 2014, this corresponds to an increase of 24 %.

Earnings owed to minority shareholders amounted to € 26.21 million, compared to € 19.53 million the year before. This can be explained by the higher earnings for STRABAG AG, Cologne. The **net income after minorities** for 2015 came to € 156.29 million, a plus of 22 % versus the previous year. The earnings per share also increased by 22 % to € 1.52.

The **return on capital employed** (ROCE)[1] fell slightly from 4.3 % to 4.1 %.

DEVELOPMENT OF ROCE



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

Financial position and cash flows

BALANCE SHEET

€ mln.	2015	% of balance sheet total	2014	% of balance sheet total
Non-current assets	4,284.07	40	4,506.46	44
Current assets	6,444.80	60	5,769.08	56
Equity	3,320.64	31	3,144.30	31
Non-current liabilities	2,519.24	23	2,408.70	23
Current liabilities	4,888.99	46	4,722.54	46
Total	**10,728.87**	**100**	**10,275.54**	**100**

The **balance sheet total** of STRABAG SE increased from € 10.3 billion to € 10.7 billion. This was in large part due to the increase in cash and cash equivalents from € 1.9 billion to € 2.7 billion. The hydraulic engineering equipment for sale is no longer presented under property, plant and equipment, but under a special item, namely the assets held for sale, at the agreed purchase price of € 70 million.

Conspicuous on the liabilities side is the stable **equity ratio** of 31.0 % (2014: 30.6 %) as well as the higher non-current financial liabilities resulting from the € 200 million bond issue.

KEY BALANCE SHEET FIGURES

	2011	2012	2013	2014	2015
Equity ratio (%)	30.3	31.2	30.7	30.6	31.0
Net debt (€ mln.)	-267.81	154.55	-73.73	-249.11	-1,094.48
Gearing ratio (%)	-8.5	4.9	-2.3	-7.9	-33.0
Capital employed (€ mln.)	5,336.45	5,322.35	5,462.11	5,357.82	5,448.01

Net cash position: € 1,094.48 million

As usual, a **net cash position** was reported on 31 December 2015. This position grew as a result of the unusually high level of cash and cash equivalents from € 249.11 million on 31 December 2014 to € 1,094.48 million at the end of 2015.

CALCULATION OF NET DEBT

€ mln.	2011	2012	2013	2014	2015
Financial liabilities	1,731.96	1,649.98	1,722.70	1,609.92	1,579.75
Severance provisions	70.44	79.91	78.40	97.66	96.13
Pension provisions	384.21	429.92	422.24	505.94	451.50
Non-recourse debt	-754.18	-630.31	-585.11	-538.61	-489.53
Cash and cash equivalents	-1,700.24	-1,374.96	-1,711.97	-1,924.02	-2,732.33
Total	**-267.81**	**154.55**	**-73.73**	**-249.11**	**-1,094.48**

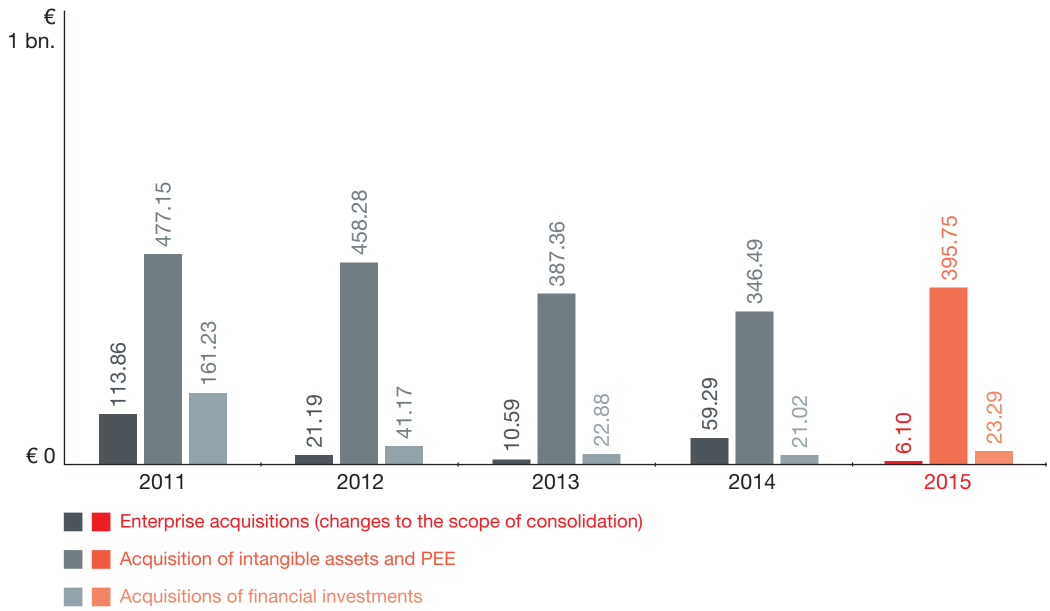
With a 6 % higher cash flow from earnings of € 657.98 million, the **cash flow from operating activities** grew by 54 % to € 1,240.35 million. The working capital improvement, on the other hand, was influenced by the uncharacteristically high project-related advance payments. As no larger acquisitions were made in the 2015 financial year, the **cash flow from investing activities**, despite higher investments in property, plant and equipment, stood at € -320.21 million – significantly below the previous year's value of € -435.30 million. The **cash flow from financing activities** amounted to € -117.55 million after € -142.42 million the previous year. The positive effects from the bond issues and repayments were countered by cash outflows from returns of financing liabilities and dividends.

Capital expenditures

STRABAG had forecast net capital expenditures (cash flow from investing activities) in the amount of approximately € 350 million for the 2015 financial year. In the end, the net capital expenditures totalled € 320.21 million for a level that was again at about that of 2013. The 2014 cash flow from investing activities had been driven by the acquisition of DIW Group as well as by the assumption of the financing for an associated company.

The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 425.14 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** of € 395.75 million, **the purchase of financial assets** in the amount of € 23.29 million and **enterprise acquisitions** (changes to the scope of consolidation) of € 6.10 million. About € 250 million is spent annually as maintenance expenditures related to the equipment fleet in order to prevent inventory obsolescence. In addition to these necessary maintenance expenditures, of which the largest proportion was spent in Germany, Austria and Poland in 2015, STRABAG also invested in project-specific equipment needed for its international business. Expenditures on intangible assets and on property, plant and equipment during the year under report must be seen against depreciation and amortisation in the amount of € 475.06 million. This figure also includes goodwill impairment in the amount of € 24.75 million.

COMPOSITION OF CAPEX



Financing/Treasury

KEY FIGURES TREASURY

	2011	2012	2013	2014	2015
Interest and other income (€ mln.)	112.31	73.15	66.72	82.17	82.07
Interest and other expense (€ mln.)	-103.77	-123.87	-98.26	-108.37	-106.49
EBIT/net interest income (x)	39.2	-4.1	-8.3	-10.8	-14.0
Net debt/EBITDA (x)	-0.4	0.3	-0.1	-0.3	-1.3

The number one objective for the treasury management of STRABAG SE is assuring the continued existence of the company through the maintenance of constant solvency. This objective is to be reached through the provision of sufficient short-term, medium-term and long-term liquidity.

Liquidity for STRABAG SE means not only solvency in the strict sense but also the availability of guarantees. The building activity requires the constant availability of bid, contract fulfilment, pre-payment and warranty guarantees and/or sureties. The financial scope of action is thus defined on the one hand by sufficient cash and cash credit lines, on the other hand by sufficient surety credit lines.

The management of **liquidity risks** has become a central element of the corporate management at STRABAG. In practice, liquidity risks come in various forms:

- In the short term, all daily payment obligations must be covered in time and/or in their entirety.
- In the medium term, liquidity levels must be sufficient so that no transactions or projects become impossible due to a lack of sufficient financial means or guarantees or that they cannot be executed at the desired pace.
- In the long term, there should be sufficient financial means available to be able to pursue the strategic development targets.

Total credit line for cash and surety loans of € 7.1 billion

In the past, STRABAG has always oriented its financing decisions according to the risk aspects outlined above and has organised the maturity structure of the financial liabilities in such a way as to avoid a refinancing risk. In this way, the company has been able to maintain a great scope for action, which is of particular importance in a difficult market environment.

The respective liquidity needed is determined by targeted liquidity planning. Based on this, liquidity assurance measures are made and a liquidity reserve is defined for the entire group.

The medium- and long-term liquidity needs have so far also been covered by the issue of **corporate bonds**. STRABAG SE (and its predecessor FIMAG) has regularly issued bonds on the Austrian capital market since 2002. In the 2015 financial year, the company successfully placed a € 200 million tranche with a coupon of 1.625 % and a term to maturity of seven years. With the proceeds from the issue, which were used for general business purposes such as refinancing the € 100 million bond issued in 2010 or making investments in property, plant and equipment, STRABAG SE receives its optimal financing structure. As per 31 December 2015, STRABAG SE had four bonds with a total volume of € 675 million on the market.

In order to diversify the financing structure, STRABAG SE had placed its first **bonded loan** in the amount of € 140 million in the 2012 financial year. The variable interest portions of the bonded loan were refinanced at better conditions in 2015. This long-term debt financing instrument is in many ways similar to a bond, with an important difference being that bonded loans are issued directly to institutional investors without using an organised capital market, i.e. an exchange.

The existing liquidity of € 2.7 billion assures the coverage of the group's liquidity needs. Nevertheless, further bond issues or a refinancing of existing financing instruments are planned, depending on the market situation, in order to maintain a high level of liquidity reserves in the future and to take advantage of favourable market conditions.

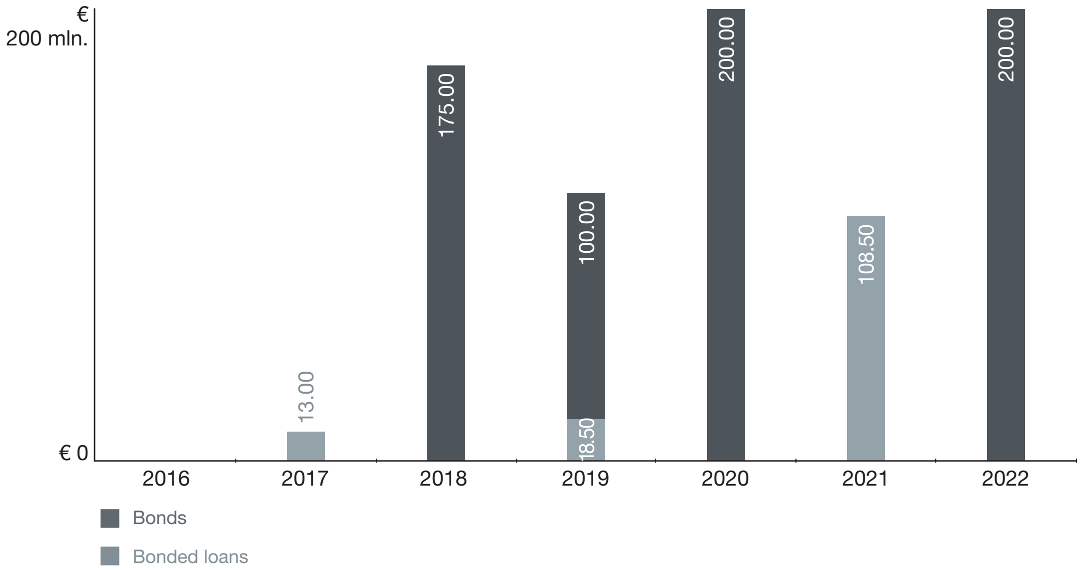
STRABAG SE has a total credit line for cash and surety loans in the amount of € 7.1 billion. The credit lines include a **syndicated surety credit line** in the amount of € 2.0 billion and a revolving **syndicated cash credit line** of € 0.4 billion, each with a term to maturity until at least 2021. In January 2016, both facilities were refinanced before the end of their term, i.e. their conditions and terms to maturity were changed. The group also has bilateral credit lines with banks. With a high degree of diversification regarding its surety and cash credit line, STRABAG creates an adequate risk spread in the provision of the credit lines and secures its comfortable liquidity position.

In June 2015, **S&P** raised STRABAG SE's **investment grade rating** by one level from BBB-, outlook stable to BBB, outlook stable. The ratings agency explained this step by pointing out that the important indicators had already significantly exceeded the requirements for the previous rating and that the forecasts indicated a continuation of this situation for the years to come. S&P sees STRABAG SE's strengths above all in the stable margins in an otherwise quite cyclical market environment, in the effective risk management and in the strong market positions.

PAYMENT OBLIGATIONS

€ mln.	**Book value 31 December 2015**
Bonds	675.00
Bank borrowings	894.41
Liabilities from finance leases	10.34
Total	**1,579.75**

PAYMENT PROFILE OF BONDS AND BONDED LOANS



MANAGEMENT REPORT

Report on the financial performance, financial position and cash flows of STRABAG SE (individual financial statements)

FINANCIAL PERFORMANCE

Despite an increase in the intra-group allocations, the company's revenue decreased by € 4.08 million from € 69.69 million in 2014 to € 65.61 million in 2015. The decline can be explained by a one-off, high pass-through of guarantee fees in the previous year.

	2015	2014
Revenue (T€) (Sales)	65,607	69,690
Earnings before interest and taxes (T€) (EBIT)	295,844	61,139
Return on sales (%) (ROS)[1]	>100.0	87.7
Return on equity (%) (ROE)[2]	10.9	2.4
Return on investment (%) (ROI)[3]	8.2	1.8

The earnings before interest and taxes (EBIT) grew significantly by € 234.71 million versus the previous year from € 61.14 million to € 295.84 million. Both the operating result as well as the financial result increased considerably in comparison to the year before.

Unlike the previous year, the operating result was not impacted negatively by extraordinary expenses during the year under report. In the previous year, the impairments of receivables from subsidiaries had resulted in a negative impact on earnings. The increase in the intra-group allocations and the higher revenue from option extensions also helped drive the earnings situation.

The significant growth of the financial result by € 222.94 million from € 45.60 million to € 268.54 million is due primarily to the income from disposal and write-up of financial assets. This figure includes a noteworthy disposal profit from an intra-group transfer. Moreover, it was also possible to increase the investment income in the year under report.

The expenses arising from financial assets grew to € 80.67 million (previous year: € 20.17 million), of which € 60.49 million concerned impairments of investments.

The changes in earnings also had a positive impact on the profitability figures.

The interest income reached a positive total of € 3.26 million, calculated on the basis of the interest income for financial assistance given to subsidiaries and from the external finance charges for the interest-bearing liabilities.

Overall, the company generated a net profit of € 298.00 million for the 2015 financial year (previous year: € 60.79 million).

FINANCIAL POSITION AND CASH FLOWS

The balance sheet total of STRABAG SE grew to € 3.8 billion in the 2015 financial year (2014: € 3.4 billion), with substantial changes among only a few balance sheet items.

The increase is mainly the result of growth in receivables from subsidiaries by € 514.53 million from € 690.34 million to € 1,204.87 million, which is due in part to the intra-group transfer of financial assets.

The decline in financial assets primarily concerns disposals of investments in subsidiaries in the amount of € 94.78 million. Furthermore, loans forming part of financial assets were down by € 25.81 million due to principal payments.

1) ROS = EBIT / revenue
2) ROE = EBT / ø equity
3) ROI = EBIT / ø total capital

The higher liabilities result mainly from a € 200.00 million bond issue and the repayment of a € 100.00 million bond in 2015.

	2015	2014
Net cash/debt (T€)[1)]	-11,946	403,617
Working capital (T€)[2)]	62,642	75,014
Equity ratio (%)	76.1	77.0
Gearing ratio (%)[3)]	n. a.	15.3

In contrast to 2014, the cash and cash equivalents exceeded the interest-bearing liabilities at the end of the 2015 financial year. The excess cash and cash equivalents (net cash) in the amount of € 11.95 million resulted from the intra-group transfer of financial assets.

The working capital in 2015 decreased by € 12.37 million from € 75.01 million in 2014 to € 62.64 million. This was largely due to the growth in current liabilities.

The equity ratio of 76.1 % declined slightly versus the previous year (77.0 %) due to the increased total capital, but remains at a very high level.

T€	2015	2014
Cash flow from operating activities	103,133	100,050
Cash flow from investing activities	369,843	-46,551
Cash flow from financing activities	48,700	-46,170

The cash flow from operating activities of € 103.13 million can be explained largely by the cash flow from earnings. Additionally, the changes in receivables and liabilities from subsidiaries had a positive impact on the working capital.

The cash flow from investing activities saw an inflow of cash totalling € 369.84 million, thereof € 399.21 million from the disposals of financial assets. In 2015, cash and cash equivalents in the amount of € 27.37 million were used for additions to financial assets.

The issue of a new bond led to an inflow in the amount of € 200.00 million in the cash flow from financing activities. After deducting a € 100.00 million bond repayment and the payment of the dividend for the 2014 financial year in the amount of € 51.30 million, the cash flow from financing activities showed a cash inflow in the amount of € 48.70 million in 2015.

Segment report

OVERVIEW OF THE FOUR SEGMENTS WITHIN THE GROUP

The business of STRABAG SE is divided into four segments, of which there are three operative segments North + West, South + East and International + Special Divisions, and segment Other, which encompasses the group's Central Divisions and Central Staff Divisions.

1) Net cash/debt = interest-bearing liabilities + non-current provisions – cash and cash equivalents
2) Working capital = current assets – cash and cash equivalents – current non-interest-bearing liabilities
3) Gearing ratio = net debt / equity

The segments are comprised as follows[1]:

NORTH + WEST
Management Board responsibility:
Peter Krammer
Germany, Poland, Benelux, Scandinavia, Ground Engineering, Hydraulic Engineering

SOUTH + EAST
Management Board responsibility:
Siegfried Wanker
Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe, Environmental Engineering
Management Board responsibility:
Thomas Birtel
Russia and Neighbouring Countries

INTERNATIONAL + SPECIAL DIVISIONS
Management Board responsibility:
Hannes Truntschnig
International, Tunnelling, Services, Real Estate Development, Infrastructure Development, Construction Materials

OTHER
Management Board responsibility:
Thomas Birtel and Christian Harder
Central Divisions, Central Staff Divisions

Construction projects are assigned to one of the segments (see chart below). Of course, projects may also be assigned to more than one segment. This is the case, for example, with PPP projects in which the construction part is assigned to its respective geographic segment, but the concession part is assigned to the concessions unit of International + Special Divisions. In projects which span more than one segment, the commercial and technical responsibility is generally assigned to that segment which has the higher share of the overall project value.

Geographic segments may be desirable, but they are not always possible. Particularly the specialty fields – e.g. tunnelling – are in demand all around the world. As it is therefore not possible to assign these to a certain country, such business fields are listed under the segment International + Special Divisions. At the same time, the two segments North + West and South + East may contain international business fields such as environmental or hydraulic engineering. These are usually organised from a country assigned to one of the respective geographic segments.

With only a few exceptions, STRABAG offers its services in all areas of the construction industry in the individual European markets in which it operates and covers the entire construction value chain. These services include:

	North + West	South + East	International + Special Divisions
Residential Construction	✓	✓	
Commercial and Industrial Facilities	✓	✓	✓
Public Buildings	✓	✓	✓
Production of Prefabricated Elements	✓	✓	✓
Engineering Ground Works	✓	✓	✓
Bridge Construction	✓	✓	✓
Power Plants	✓	✓	✓
Environmental Engineering		✓	
Railway Construction	✓	✓	
Roads, Earthworks	✓	✓	✓
Hydraulic Engineering, Waterway Construction, Embankments	✓	✓	
Landscape Architecture and Development	✓	✓	
Paving	✓	✓	✓
Large-Area Works	✓	✓	✓
Sports and Recreation Facilities	✓	✓	
Protective Structures	✓	✓	✓
Sewerage Systems	✓	✓	✓
Production of Construction Materials	✓	✓	✓
Ground Engineering	✓		
Tunnelling			✓
Real Estate Development		✓	✓
Infrastructure Development			✓
Operation/Maintenance/Marketing of PPP Projects	✓		✓
Property and Facility Services			✓

Last updated: 31 December 2015

1) Services may be performed in more than one segment. The activities and countries below have been assigned to those segments in which the most significant portion of the services was provided. Details are available in the table.

SEGMENT NORTH + WEST: EARNINGS SIGNIFICANTLY BETTER FOLLOWING NEGATIVE IMPACT THE YEAR BEFORE

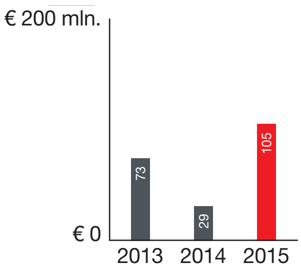
The North + West segment executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and Scandinavia. Ground and hydraulic engineering can also be found in this segment.

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Output volume	6,368.40	6,292.45	1	75.95
Revenue	5,895.10	5,719.12	3	175.98
Order backlog	5,397.45	5,682.38	-5	-284.93
EBIT	105.17	28.67	267	76.50
EBIT margin (% of revenue)	1.8	0.5		
Employees	22,421	23,123	-3	-702

OUTPUT VOLUME NORTH + WEST

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Germany	4,665	4,651	0	14
Poland	852	693	23	159
Benelux	227	257	-12	-30
Denmark	213	191	12	22
Sweden	210	246	-15	-36
Rest of Europe	49	68	-28	-19
Russia and Neighbouring Countries	39	85	-54	-46
Switzerland	29	28	4	1
Americas	28	21	33	7
Austria	19	20	-5	-1
Middle East	17	14	21	3
Africa	11	8	38	3
Romania	8	6	33	2
Hungary	1	0	n. a.	1
Italy	0	2	-100	-2
Asia	0	2	-100	-2
Total	**6,368**	**6,292**	**1**	**76**

EBIT

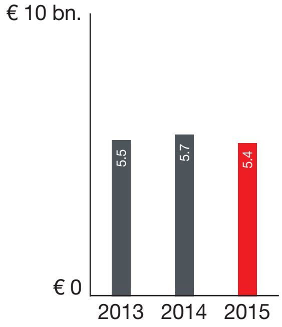


EBIT up strongly after poor performance the previous year

The output volume of the North + West segment, at € 6,368.40 million, remained nearly unchanged in a year-on-year comparison. In the largest market, Germany, the building construction and civil engineering business as well as transportation infrastructures generated an output volume that was almost at the same level as the year before, while this figure declined in Sweden and Benelux, among other places. Poland, the second-largest market in this segment, registered output growth of 23 % thanks to the high level of the order backlog.

The revenue, at € 5,895.10 million, also settled at about the previous year's level. The earnings before interest and taxes (EBIT), on the other hand, grew strongly from € 28.67 million to € 105.17 million. Profits in 2014 had been impacted negatively by projects in Sweden, the Netherlands and Germany. In the past financial year, Poland and the transportation infrastructures business in Germany contributed especially to the results.

ORDER BACKLOG



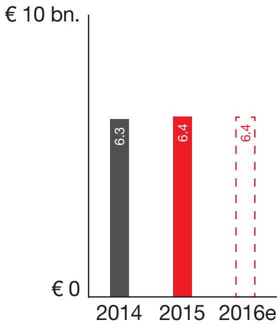
Order backlog on the decline despite large infrastructure projects

The order backlog, at € 5,397.45 million (-5 %), was clearly below the level of the previous year. Despite the acquisition of several new road construction projects in the German home market – e.g. Section 4 of Berlin motorway A 100 by Ed. Züblin AG with a contract value of about € 44 million or the extension of two sections of the A3 in southern Germany for € 90 million –, the previously high order backlog in the country decreased overall. This development can be traced to the situation in building construction where large projects such as Allianz Campus Unterföhring have been completed. The order backlog in Poland grew by a further 2 % over the quite attractive level at the end of the previous year – the largest new order here was the Woźniki–Pyrzowice section of the A1 motorway in the third quarter with a contract value of more than € 118 million –, but this plus could not compensate for the declining volume of orders in Germany, Sweden and Denmark.

Slight drop in employee numbers

The number of employees in the segments fell back by 3 % year-on-year to 22,421 in 2015. A part of this development can be ascribed to Germany, although staff numbers also declined in Sweden and in the rest of Europe.

OUTPUT



Outlook: Higher public expenditures not yet noticeable in Germany

An **output volume** of € 6.4 billion is expected for 2016 in the North + West segment. The **German market for building construction and civil engineering** should remain on a high level. Prices for subcontractor services and for construction materials have remained moderate so far despite the lively building construction activity in the country. The price for reinforcing steel, meanwhile, has fallen significantly and is currently at a multi-year low. In transportation infrastructures, it remains to be seen whether possible investment increases in the form of specific projects will be able to relate market development in 2016.

The **Polish construction sector** has been undergoing a clear recovery since the year 2014. In 2015, Poland's General Directorate for National Roads and Highways significantly increased its volume of tenders. For 2016, a number of road construction projects are still up for tender. STRABAG also expects to see increasing demand in railway construction. On the other hand, more and more tender participants in Poland are bidding at very low price levels. STRABAG therefore expects the full-year output volume to reach a similarly high level as in 2015.

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 construction market continue to be stable, although the price levels are on the decline due to the higher number of competitors. The economic environment for building construction in Sweden continues to exhibit growth potential at currently still stable margins.

According to a contract signed on 31 March 2016 with Netherlands-based Royal Boskalis Westminster N.V., STRABAG Wasserbau GmbH had transfer its equipment, staff and a series of recently signed maintenance contracts as part of an asset deal. The business field **waterway construction** will remain in this segment.

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog € mln.	as % of total group order backlog
Germany	Stuttgart 21, underground railway station	284	2.2
Belgium	Project "Schools of Tomorrow"	129	1.0
Poland	A1 motorway, Tuszyn–Pyrzowice	115	0.9
Denmark	BLOX/Bryghus multi-use building	85	0.6
Germany	Cherbourger Straße harbour tunnel, Bremerhaven	69	0.5

SEGMENT SOUTH + EAST: POSITIVE EARNINGS, BUT LOWER VOLUME OF NEW ORDERS

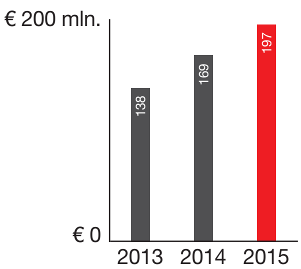
The geographic focus of the segment South + East is on Austria, Switzerland, Hungary, the Czech Republic, Slovakia, Russia and Neighbouring Countries as well as on the region South-East Europe. The environmental engineering activities are also handled within this segment.

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Output volume	4,535.13	4,170.80	9	364.33
Revenue	4,412.35	3,996.96	10	415.39
Order backlog	3,477.45	4,142.31	-16	-664.86
EBIT	197.05	168.63	17	28.42
EBIT margin (% of revenue)	4.5	4.2		
Employees	18,043	18,769	-4	-726

OUTPUT VOLUME SOUTH + EAST

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Austria	1,600	1,681	-5	-81
Slovakia	666	386	73	280
Czech Republic	644	505	28	139
Hungary	466	431	8	35
Switzerland	279	294	-5	-15
Romania	203	146	39	57
Russia and Neighbouring Countries	174	190	-8	-16
Germany	129	132	-2	-3
Rest of Europe	101	90	12	11
Slovenia	89	57	56	32
Croatia	55	103	-47	-48
Serbia	43	36	19	7
Bulgaria	32	36	-11	-4
Poland	18	31	-42	-13
Middle East	13	21	-38	-8
Africa	11	12	-8	-1
Italy	7	5	40	2
Asia	3	5	-40	-2
Benelux	1	5	-80	-4
Americas	1	3	-67	-2
Denmark	0	2	-100	-2
Total	**4,535**	**4,171**	**9**	**364**

EBIT

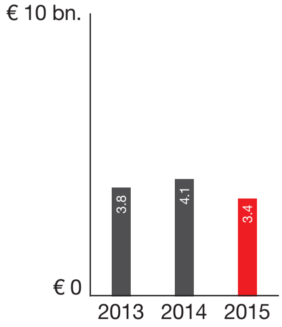


EBIT grows again

The output volume in the South + East segment grew by 9 % year-on-year to € 4,535.13 million. While Slovakia stood out with especially high growth, and positive figures were registered in the Czech Republic as well, the other markets exhibited a varied development.

The segment also reported considerable growth in both revenue as well as the earnings before interest and taxes (EBIT). The revenue increased by 10 % to € 4,412.35 million, the EBIT by 17 % to € 197.05 million. This can be traced back, among other things, to a number of agreements on large construction projects following completion as well as improvements in several markets in this segment.

ORDER BACKLOG



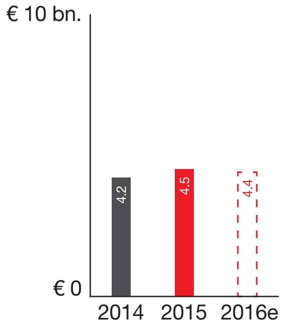
Large projects completed in Hungary and Slovakia

The order backlog, on the other hand, fell by 16 % to € 3,477.45 million. Declines were registered in nearly all markets, with a particularly significant drop in Russia and Neighbouring Countries (RANC), Hungary and Slovakia, where several large orders acquired during the previous year have to a large degree already been worked off.

Fewer employees in RANC, Austria and Switzerland

The number of employees fell slightly by 4 % to 18,043. This decline can largely be ascribed to the RANC region, but also to Austria and Switzerland.

OUTPUT



Outlook: More conservative planning for 2016

The currently low volume of new orders requires slightly more conservative planning. For this reason, STRABAG expects the **output volume** in this segment to fall back slightly to € 4.4 billion. Despite the improvements in the operating business, the earnings forecast must take into consideration the tougher economic environment in several markets in which the segment operates. In **Austria**, the largest market in this segment, an increased price pressure has also dominated the field of building construction in the greater Vienna area for the past two years. Against the backdrop of lower public investments, this business field had previously compensated the tense – in some regions dramatic – situation in transportation infrastructures for the group.

In 2015, **Hungary** has benefited from a good order backlog and from the good weather for transportation infrastructures at the start of the year. But the lower number of EU-financed projects translates into future challenges for the order book situation.

In **Slovakia**, the stable development in both building construction and road construction suggests an improvement of the climate in that country – as evidenced by the tenders for EU-financed infrastructure projects. In the **Czech Republic**, current tenders in building construction are focused mainly on projects in the field of education, such as schools and museums, although competition is contributing to prices being calculated at the limit of profitability.

The **Swiss** market is expected to remain modest at best. On the one hand, an increased number of infrastructure construction projects is coming onto the market after a very quiet period, especially in the greater Zurich area; on the other hand, this market is strongly contested. Demand was also up again slightly in building construction, although the bid prices were on the decline here as well. Despite initial signs of recovery, however, the strong Swiss franc continues to put a damper on economic growth.

The strong price competition that characterises **South-East Europe** is expected to increase. In **Croatia** and in **Slovenia**, the group is hoping to be awarded the tender for EU-financed infrastructure measures. The transportation infrastructures business in South-East Europe shows no signs of improvement, however. For this reason, all activities were stopped e.g. in Moldova already during the first half of the 2015 year.

In **Russia**, the investment climate has been strongly impacted by the consequences of the western economic sanctions, the low oil price, the weak rouble exchange rate and the high inflation. This is true for both the private and public sectors. A considerable economic downturn, with no end in sight, could also be registered in the construction sector in 2015. At best, STRABAG currently expects larger projects in the Moscow housing market to continue to have a chance on the market.

SELECTED PROJECTS SOUTH + EAST

Country	Project	Order backlog € mln.	as % of total group order backlog
Russia	Tula Steel Works	140	1.1
Slovakia	Nitra Industrial Park	100	0.8
Slovakia	D1 motorway Hričovské Podhradie–Lietavská Lúčka	80	0.6
Austria	Residential complex “Wohnen am Helmut-Zilk-Park”	60	0.5
Romania	A3 motorway Ungheni–Ogra	56	0.4

SEGMENT INTERNATIONAL + SPECIAL DIVISIONS: VOLATILE PROJECT BUSINESS

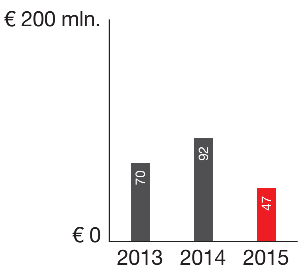
The segment International + Special Divisions includes, on the one hand, the field of tunnelling. The concessions business, on the other hand, represents a further important area of business, with global project development activities in transportation infrastructures in particular. Regardless of where the services are rendered, the construction materials business, including the company's dense network of construction materials operations but with the exception of asphalt, also belongs to this segment. The real estate business, which stretches from project development and planning to construction and operation and also includes the property and facility services business, completes the wide range of services. Additionally, most of the services in non-European markets are also bundled in the International + Special Divisions segment.

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Output volume	3,250.11	2,970.14	9	279.97
Revenue	2,790.88	2,738.44	2	52.44
Order backlog	4,253.23	4,571.21	-7	-317.98
EBIT	46.79	92.18	-49	-45.39
EBIT margin (% of revenue)	1.7	3.4		
Employees	27,077	25,309	7	1.768

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Germany	1,410	1,243	13	167
Austria	352	321	10	31
Middle East	284	237	20	47
Americas	280	231	21	49
Italy	181	172	5	9
Hungary	118	107	10	11
Czech Republic	113	109	4	4
Africa	93	138	-33	-45
Asia	89	80	11	9
Benelux	73	61	20	12
Poland	63	84	-25	-21
Slovakia	49	39	26	10
Switzerland	31	32	-3	-1
Romania	29	26	12	3
Sweden	29	24	21	5
Rest of Europe	18	10	80	8
Croatia	12	17	-29	-5
Slovenia	9	11	-18	-2
Russia and Neighbouring Countries	8	21	-62	-13
Denmark	5	4	25	1
Bulgaria	2	2	0	0
Serbia	2	1	100	1
Total	**3,250**	**2,970**	**9**	**280**

EBIT

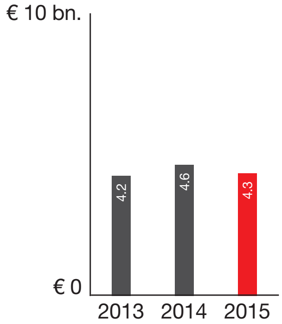


Impairments put considerable pressure on earnings

The output volume of the International + Special Divisions segment grew by 9 % to € 3,250.11 million in 2015. This development was due to the previous year's acquisition of DIW Group and to increases in the non-European markets, among other things.

The revenue grew slightly by 2 % to € 2,790.88 million. The earnings before interest and taxes (EBIT) was cut in half to € 46.79 million, although this must be seen against the very strong previous year. The positive results from project development and facility services were unable to compensate for the negative effects from impairments in the volatile international project business, in particular from a tunnelling project in Chile.

ORDER BACKLOG



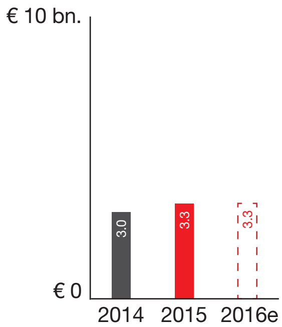
Order backlog on the decline in several markets

The order backlog sank by 7 % to € 4,253.23 million. This trend was observed in several markets within the segment, with the highest declines in Italy and the Americas, where large projects are continuously being worked off. A € 100 million contract for the expansion of a copper mine in Chile could not cushion the impact from this development. In Austria, the order backlog also was slightly below the previous year's level, despite the acquisition of new contracts, e.g. to deliver the electrical and mechanical equipment for the A10 Oswaldibergtunnel and to extend the tunnel transmitter system for Vienna's underground metropolitan railway.

Rise in employee numbers despite declines in Africa and Middle East

The number of employees in the segment grew by 7 % to 27,077, with considerable differences in the individual regions. While the DIW acquisition resulted in a plus of several thousand employees in Germany and Austria, and the start of a project in Chile helped to increase the number of employees in Americas by nearly 1,000 persons, a reduction of staff levels by more than 1,800 employees was registered in Africa and in the Middle East together.

OUTPUT



Outlook: Output volume expected to reach level of previous year

It should be possible to generate a stable output volume of € 3.3 billion in the segment in the 2016 financial year, driven in part by the **property and facility services business** – thanks to the impact from the DIW acquisition – and by **tunnelling**. As edge-out competition continues to define the tunnelling business in the core markets of Austria, Germany, Switzerland and Italy, and a reversal of the trend remains elusive, STRABAG is focusing more on northern Europe and the non-European markets.

This necessary market expansion can also be observed for the **concession business**, i.e. public-private partnerships. As the market for concession projects remains thin in Western Europe – with the exception of Germany – and the political framework and competition present themselves as challenging in Eastern Europe, the group is working increasingly on the non-European markets. In the third quarter of 2015, for example, the company succeeded in entering the Colombian market via the award of a € 900 million concession project.

Internationally the STRABAG Group also is a successful provider in **specialty fields** such as the tunnelling method of pipe jacking and test track construction. In Singapore, for example, the company was awarded the contract to extend the sewer network using the pipe jacking method in the third quarter. Among the non-European markets, STRABAG is focusing its activities – including its core business – especially on the Middle East, above all Oman. In general, however, market development activities must be very selective, as the Middle East as well as Africa are characterised by strong competition.

As in past years, the **real estate development** business should make a positive contribution to both output volume and earnings. The demand for commercial and residential properties in the core market of Germany remains undiminished and has even grown significantly in a year-on-year comparison. The weak euro has led investors from outside Europe to become increasingly involved in this business field. First steps have already been taken to also develop projects in markets outside of Germany. In September, for example, STRABAG entered the Romanian project development market through the acquisition of the Bucharest-based development team of Raiffeisen evolution. Since 2015, projects have also been under development in Poland.

The **construction materials** business was supported by the incipient stabilisation of the construction economy in several Eastern European markets. This represents a significant improvement of the framework conditions compared to the previous year. In Austria, meanwhile, there are first signs of positive growth.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

Country	Project	Order backlog € mln.	as % of total group order backlog
Italy	Pedemontana motorway	815	6.2
Chile	Alto Maipo hydropower complex	266	2.0
Austria	Koralm Tunnel, Section 2	161	1.2
Austria	Brenner Base Tunnel, Tulfes Pfons	146	1.1
Italy	Brenner Base Tunnel, Eisack River undercrossing	112	0.9

SEGMENT OTHER (SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

This segment encompasses the group's internal Central Divisions and Central Staff Divisions.

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Output volume	136.12	132.61	3	3.51
Revenue	25.15	21.15	19	4.00
Order backlog	6.45	7.54	-14	-1.09
EBIT	0.22	0.35	-37	-0.13
EBIT margin (% of revenue)	0.9	1.7		
Employees	5,774	5,705	1	69

Risk management

The STRABAG Group is subject to a number of risks in the course of its business activities. These risks are systematically identified and assessed using an active risk management system and dealt with using an appropriate risk policy. This risk management policy is an integral part of the management system. It describes a set of fixed principles and responsibilities for risk management and how to deal with the material risk categories.

RISK MANAGEMENT AS A CORE TASK OF MANAGEMENT

Risk management is a core task of the management. The identification and assessment of risks is the responsibility of the respective management level. The risk controlling process includes the integrated quality management system with internal group guidelines and complementary business, process and technical instructions for the workflow in the operating units, supportive Central Divisions and Central Staff Divisions with technical, legal and administrative service and consulting activities, and Internal Audit as a neutral and independent auditing entity.

Responsibility for the implementation of the project-related risk management systems in the divisions was transferred to the commercial division management.

The Central Division "Project-Related Risk Management System/Organisational Development/International BRVZ Coordination" handles the continuous improvement and development of the risk management system for the procurement and execution of construction projects.

All STRABAG management employees within the scope of their duties and responsibilities, and according to the Rules of Procedure and relevant company regulations, are obliged to

- work with the employees to set risk identification measures,
- monitor the risks,
- introduce countermeasures and
- pass on relevant information about risks to other units or levels within the company. This requirement especially applies to all employees of the STRABAG Group.

The STRABAG SE Management Board prohibits engaging in business transactions whose realisation could endanger the company's existence.

RISK MANAGEMENT USING DEFINED RISK GROUPS

The group's internal risk report defines the following central risk groups:

- External risks
- Operating and technical risks
- Financial risks
- Human resources risks
- IT risks
- Investment risks
- Legal risks
- Political risks

Additional risks exist with regard to occupational safety, environmental protection, quality, business continuity and supply chain. These are described in separate policies within the management system. The rules for proper business behaviour are conveyed by the ethics and business compliance system.

Following ISO 31000 and the Committee of Sponsoring Organisations of the Treadway Commission (COSO), our risk management system forms part of our integrated management system. We deal with the risks identified by us as follows:

EXTERNAL RISKS COUNTERED THROUGH DIVERSIFICATION

The entire construction industry is subject to **cyclical fluctuations** and reacts to varying degrees depending on region and sector. Overall economic growth, development of the construction markets, the competitive situation, the conditions on the capital markets and technological changes in construction can all result in risks. These risks are continually observed and monitored by the central departments and operating units. Changes in external risks lead to adjustments in STRABAG's organisation, market presence and range of services as well as the adaptation of strategic and operating planning. STRABAG further responds to market risk with geographic and product-related **diversification** in order to keep the influence on the company's success exerted by an individual market or by the demand for certain services as low as possible. To avoid bearing the risk of rising prices, STRABAG makes efforts at signing cost **escalation clauses** and **"cost-plus-fee" contracts** in which the client pays a previously agreed margin on the costs of the project.

REDUCE OPERATING AND TECHNICAL RISKS WITH BINDING MINIMUM STANDARDS

These risks primarily include the complex risks regarding project selection and execution along with the technical risks that need to be assessed for each project, e.g. site, geology, construction method, technology, materials, equipment, design, work planning, etc. An integral part of the project-related risk management system are minimum standards with group-wide validity for the procurement and execution of construction projects (common project standards). These comprise clearly defined criteria for the evaluation of new projects, a standardised process for preparing and making bids, as well as integrated internal control systems serving as filters to avoid loss-making projects. Business transactions requiring consent are reviewed and approved by business unit and sub-division managers or by division managers according to internal rules of procedure. At the same time, bids must be analysed by internal **commissions** and reviewed for their technical and economic feasibility. The construction and project teams can contact the experts at the Central Divisions BMTI, TPA and Zentrale Technik for assistance in assessing the technical risks and working out innovative solutions for technical problems. Project execution is managed by the construction or project team on site using documented procedures and controlled by **monthly target/performance comparisons**. At the same time, our central controlling provides constant commercial office support for the project, ensuring that risks of individual projects do not endanger the continuity of the company.

FINANCIAL RISKS: ACTIVE LIQUIDITY AND ACCOUNTING RECEIVABLES MANAGEMENT

Under financial risks, STRABAG understands risks in financial matters and in accounting, including instances of manipulation. Special attention is paid to the **liquidity and receivables management**, which is secured through continuous financial planning and daily status reports. Compliance with internal commercial guidelines is guaranteed by the central accounting and controlling departments, which are also responsible for internal reporting and the periodic planning process. Risks from possible instances of manipulation (acceptance of advantages, fraud, deception or other infringements of the law) are monitored by all business areas in general and by the **internal audit** department in particular.

STRABAG is subject to interest, currency, credit and liquidity risks related to its assets, liabilities and planned transactions. The goal of financial risk management is to minimise these risks through ongoing financially oriented activities. The basics of the financial policy are set by the Management Board and monitored by the Supervisory Board. The implementation of the financial policy and responsibility for the risk management are the domain of the group treasury. Detailed information can be found in the Notes under item 26 Financial Instruments.

COUNTERING ETHICAL RISKS WITH ETHICS AND BUSINESS COMPLIANCE SYSTEM

As corruption is a risk in the construction industry, STRABAG has a number of proven instruments to fight corruption in place within the company. The rules for proper business behaviour are conveyed by the ethics and business compliance system. These have group-wide validity. The STRABAG business compliance model is based on the “Code of Conduct”, the “Business Compliance Guidelines”, the “Business Compliance Guidelines for Business Partners”, and the personnel structure of the STRABAG business compliance model, consisting of the group business compliance coordinator, the regional business compliance representatives as well as the external and internal ombudspersons. Details are available at www.strabag.com > Strategy > Strategic Approach > Business Compliance and in the Corporate Governance Report.

HUMAN RESOURCE RISKS: COUNTERMEASURES WITH CENTRAL HUMAN RESOURCE MANAGEMENT AND NEEDS-ORIENTED HUMAN RESOURCE DEVELOPMENT

Material human resource risks, such as recruiting bottlenecks, skilled labour shortages, fluctuation and labour law risks, are countered with a **central human resource administration and long-term, needs-oriented human resource development**. Human resource risks are to be greatly reduced through the targeted recruiting of qualified skilled workers and managers, extensive training activities, performance-based pay based on binding compliance with labour law provisions, as well as early succession planning. Additionally, systematic potential management is in place to ensure the development and career planning of company employees. Complementary initiatives to promote employee health, improve working conditions and raise employee satisfaction further contribute to the company’s attractiveness and prestige.

IT RISKS: IT USAGE GUIDELINES AND CONTINUOUS REVIEW OF SECURITY CONCEPTS TO COUNTER CYBERCRIME

With the increasing threat of IT risks, different measures are being implemented in the form of multi-step security and anti-virus concepts, user access rights, password-controlled access, appropriate backups and independent power supply. The company is also working together with professional **specialty service providers** to ensure an efficient defence against cybercrime and is constantly reviewing its security concepts. By issuing IT usage guidelines and repeatedly informing on the necessity of risk awareness when working with information and communication technologies, we aim to ensure the security, availability, performance and compliance of the IT systems. Project ideas to improve and develop IT-related processes and control systems are evaluated and prepared by nominated **IT committees** using a structured business process management (BPM) approach and are approved for implementation by the BPM steering committee.

INVESTMENT RISKS: SECTOR-TYPICAL MINORITY HOLDINGS OF MIXING PLANTS

STRABAG can exert influence on the management of associated companies through its share-holder position and, at best, any existing advisory functions. The shares in asphalt and concrete mixing companies usually involve **sector-typical minority holdings**. With these companies, economies of scope are at the fore.

AVOIDING LEGAL RISKS THROUGH EXTENSIVE RISK ANALYSIS

The centrally organised Central Staff Divisions Construction Legal Services (CLS) and Contract Management support the operating divisions in legal matters, with regard to construction industry questions or in the analysis of risks in the construction business. Their most important tasks include comprehensive reviews and consultation in project acquisition – e.g. analysis and clarification of tender conditions, performance specifications, pre-contract agreements, tender documents, draft contracts and framework conditions – as well as support in project management.

POLITICAL RISKS: INTERRUPTIONS AND DISPOSSESSION POSSIBLE

The group also operates in countries which experience political instability. Interruptions of construction activity, restrictions on ownership interests of foreign investors, and even dispossession or expropriations are among the possible consequence of political changes which could have an impact on the group's financial structure. These risks are analysed during the tendering phase and assessed by internal committees.

MANAGEMENT SYSTEM FOR WORK SAFETY AND HEALTH IN PLACE

In order to control the risks related to employee safety and health, STRABAG is implementing a work safety and health management system based on **OHSAS 18001** and/or **SCC** or equivalent, works to maintain this system and ensures a suitable emergency organisation. Persons with designated responsibility make sure that the group-wide work safety standards are followed. The aspects of work safety and health also form part of the evaluation of subcontractors and suppliers.

CERTIFIED ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM DESIRED

STRABAG works at reducing the negative environmental impact from its activities as far as this is technically possible and economically feasible. The company has made it its goal to implement an environmental and energy management system based on **ISO 14001** and/or **ISO 50001** and/or **EMAS** or equivalent, maintain this system and – whenever possible – minimise the use of natural resources, avoid waste and promote recycling.

QUALITY MANAGEMENT AS COMPONENT OF THE INTEGRATED MANAGEMENT SYSTEM

In concordance with its vision and values, it is the company's aim to realise **construction projects on schedule, of the highest quality and at the best price**. This helps to ensure the quality of the company's processes, services and products at any time. In this process, quality management forms a component of an integrated management system. This system is documented in the Management Manual, in group guidelines and in subordinated provisions.

BUSINESS CONTINUITY: RIGOROUS INCLUSION OF GROUP CENTRAL DIVISIONS

The failure of equipment and production facilities, of subcontractors and suppliers, of human resources, of the IT system, of office buildings and accommodation must not be allowed to threaten the company's existence. For this reason, precautions are being made under a business continuity management system to make sure that incidents or **disasters only temporarily interrupt business activity** – if at all. This includes the rigorous inclusion of the group's own specialised Central Divisions. These are capable of procuring, for example, equipment, accommodation, IT systems or staff on short notice, they build up long-term strategic partnerships with selected subcontractors and suppliers, and have emergency scenarios audited in the IT report.

EVALUATION OF PARTNER COMPANIES TO REDUCE RISKS IN THE SUPPLY CHAIN

In the interest of quality and profitability, STRABAG not only taps its own skills and resources to work off its orders, but also relies on the support of proven subcontractors and suppliers. The company focuses on long-term partnerships, a clear, transparent and complete description of the services and products to be procured, and an agreement on acceptance criteria for the products and services. It also systematically **evaluates** subcontractors, service providers and suppliers as part of its **decision-making foundation** for **future orders**.

A review of the current risk situation reveals that there were no risks which jeopardised the company's existence, nor were there any visible future risks.

REPORT ON KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

Introduction

The control structure as defined by COSO provides the basis for the description of the key features of the internal control and risk management systems in relation to the financial reporting process. The COSO framework consists of five related components: control environment, risk assessment, control activities, information and communication, and monitoring. On this basis, the STRABAG Group set up a company-wide risk management according to generally accepted principles.

The aim of the internal control system is to support management in such a way that it is capable of assuring internal controls in relation to financial reporting which are effective and which are improved on an ongoing basis. The system is geared to the compliance with rules and regulations and to creating conditions which are conducive to performing specific controls in key accounting processes.

Control environment

Internal audit report in the corporate governance report

The corporate culture determines the control environment in which management and employees operate. STRABAG is constantly working to improve its communication and to convey its corporate values as defined in its Code of Conduct and its Business Compliance Guidelines in order to guarantee moral standards, ethics and integrity within the company and in its dealings with others.

The implementation of the internal control system in relation to the financial reporting process is done on the basis of internal rules and guidelines. Responsibilities for internal control were adapted to fit the corporate organisation.

The internal audit department carries out periodic, announced as well as unannounced inspections of all relevant business units as part of its responsibility for monitoring compliance with the law and corporate guidelines in the technical and commercial areas. The internal audit department also monitors the effectiveness of business compliance. During these inspections, the internal audit department analyses the legality and correctness of individual actions. The department also conducts regular, independent reviews of compliance with internal guidelines in the area of accounting. The head of the internal audit department reports directly to the CEO. The effectiveness of the work of the internal audit department is reviewed periodically by the financial auditor. The most recent review was performed in the first quarter of 2015.

Risk assessment

The management identifies and monitors risks relating to the financial reporting process, with a focus on those risks that are typically considered to be material.

The preparation of the financial statements requires regular forecasts, with the inherent risk that the actual future development will deviate from the forecast. This especially affects the following matters/items of the consolidated financial statements: assessment of unfinished construction projects, recognition and measurement of provisions (including social capital), the outcome of legal disputes, the collectability of receivables as well as the recoverability of investments and goodwill. In individual cases, external experts are called in or publicly available sources are considered in order to minimise the risk of a false assessment.

Control activities

All control activities are applied in the current business process to ensure that errors or deviations in financial reporting are prevented or detected and subsequently corrected. The control activities range from a review of the period results to specific monitoring of accounts and cost centres to the analysis of ongoing accounting processes. It is the responsibility of the management to design the levels of hierarchy in such a way that an activity and the control of that activity are not performed by the same person (**"four-eyes" principle**). This separation of functions encompasses a separation between decision-making, implementation, inspection and reporting. The organisational units of the BRZV Central Division support the Management Board in this task.

Processes which are relevant to financial reporting are increasingly automated. **IT security** control activities therefore represent a cornerstone of the internal control system. The separation of sensitive activities is supported by a restrictive approach to IT access authorisation. For its accounting and financial reporting, the company mainly uses self-developed software which reflects the unique features of the construction sector. The effectiveness of the financial reporting system is further assured through automated IT controls included in the system.

Information and communication

The management regularly updates the rules and regulations for financial reporting and communicates them to all employees concerned. In addition, regular discussions regarding the financial reporting and the rules and regulations in this context take place in various **committees**. These committees are composed of the corporate management as well as the department head and senior staff from the accounting department. The committee's work aims, among other things, at guaranteeing compliance with accounting rules and regulations and at identifying and communicating weak points and potential areas for improvement in the financial reporting process. **Accounting employees** receive regular **training** regarding new methods of national and international financial reporting in order to identify risks of unintended misreporting at an early stage.

Monitoring

The **Management and Supervisory Boards** bear responsibility for the ongoing company-wide monitoring. Additionally, the remaining management levels are responsible for the monitoring of their respective areas of responsibility. Controls and plausibility checks are carried out at regular intervals. The internal audit department is also involved in the monitoring process. The top management receives monthly summarised financial reports on the development of the output volume, the results of the respective segments and countries, and the liquidity. Financial statements to be published are reviewed internally by several instances within management, receiving a final appraisal by the senior accounting staff and the chief financial officer before being passed on to the Supervisory Board's Audit Committee.

Human resources

In the 2015 financial year, the STRABAG Group employed an average of 73,315 people (2014: 72,906), of which 44,763 were blue-collar and 28,552 were white-collar workers. Despite the integration of several thousand employees of Germany- and Austria-based DIW Group, the number of employees grew only marginally (+1 %). Quite variable trends were observed on the other markets. In the Americas, for example, the company took on more than 1,000 additional employees, while employee levels in Africa fell by a similar figure.

The STRABAG Group places great importance on training and promoting young people, a stance that is reflected in the high number of apprentices and trainees. In 2015, 1,195 blue-collar apprentices (2014: 1,070) and 277 white-collar apprentices (2014: 295) were in training with the group. Additionally, the company employed 84 technical trainees (2014: 53) and 13 commercial trainees (2014: eleven).

In the 2015 financial year, the company made small progress in its goal of annually raising the percentage of women in the group. Women accounted for 13.9 % of employees within the entire group, versus 13.8 % in the previous year, and 8.7 % within group management (2014: 8.5 %).

Research and development

As a technology group for construction services, the STRABAG Group does business in a rapidly changing and highly interconnected environment. It is in this environment that the company applies its assets, comprised not only of its material and financial means but also of its human resources – the knowledge and know-how of its employees –, its structural and organisational capital, and its relational and market capital. The growing convergence between different sectors – driven by increasing societal demands, the fast pace of technological progress and client requests – confront the company with ever more rapidly shifting challenges. To take a more active role in shaping this change, and use it for its own benefit, the STRABAG Group gave itself a more **technological focus**, represented by the organisationally established, **systematic innovation management** that has been in place for the last two years.

Cooperation with international universities and research institutions, development activities with partner companies around the world, and internal research and development projects have been a routine part of the group's daily activities for years. In overall charge of the planning and execution of these projects within the STRABAG Group are the two Central Divisions **Zentrale Technik** (ZT) and **TPA Gesellschaft für Qualitätssicherung und Innovation GmbH** (TPA), both of which report directly to the CEO.

ZT is organised as a Central Division with **885** highly qualified employees at 25 locations. It provides services in the areas of tunnelling, civil and structural engineering, and turnkey construction along the entire construction process. From the early acquisition stage and bid processing to construction design and site management, ZT offers innovative solutions with regard to construction materials technology, construction management, building physics, and software solutions. Central topics for innovation activities are digitalisation, sustainable construction and renewable energy. Among other things, the employees at ZT develop methods and tools to optimise construction activity from the digital design to impact on the environment. The specialist staff department of Development and Innovation oversees the systematic networking of people and relevant topics, promotes new ideas and helps to drive innovation. In 2015, the first Innovation Day was held to exchange ideas across organisational boundaries.

TPA is the group's competence centre for quality management and materials-related research and development. Its main tasks include ensuring the quality of the construction materials, structures and services, the safety and improvement of processes, as well as developing and reviewing standards for the handling and processing of construction materials. Additional research topics in 2015 focused on new developments in sensor technology and the sustainable optimisation of roadway surfaces. TPA has **760 employees** at 130 locations in 17 countries, making it one of Europe's largest private laboratory companies.

EFKON AG – a subsidiary of STRABAG – is active in the research and development of intelligent traffic telematics systems, especially with regard to electronic toll collection and enforcement. The development focus last year was on the various toll enforcement systems for the planned national tolling system in Belgium. The research focus in 2015 was on algorithms and methods for image capture systems. Last year, for example, EFKON launched the research project ARGLOS together with the Austrian Association for Research and motorway operator ASFINAG to work on the automatic assessment of the traffic situation from images captured by the webcams installed along Austria's motorways. The technology company headquartered in Raaba near Graz, Austria, is seeing a high amount of international demand and has repeatedly been able to achieve an export ratio of over 90 % in recent years.

The versatility of the STRABAG Group is reflected in the many different areas of expertise it has to offer and the variety of demands it has to face. The **group's knowledge management** therefore makes use of suitable methods and tools to encourage and support the exchange of experience and information among employees. This facilitates the cooperation among the different divisions, which is an important factor leading to new developments: from digitalisation in purchasing to wooden towers for wind turbines to new assessment procedures using humidity probes.

In addition to specific research projects at the group's units and subsidiaries, a large part of the **research and development activities** takes place **during ongoing construction projects** – especially involving tunnelling, construction engineering and ground engineering. During work in these areas, new challenges or specific questions often arise which require new technological processes or innovative solutions to be developed on-site.

The STRABAG Group spent about € 12 million (2014: about € 15 million) on research, development and innovation activities during the 2015 financial year.

Environment

Ecological responsibility is one of the six strategic fields of action within the STRABAG Group. The constant aim is to minimise the negative impact on the environment that results from the business activity. The most effective contribution can be made by lowering the **energy and material use** and reducing the demand for fossil fuels. With its extensive **energy management**, the company is on the right path: in 2015, it was possible to lower energy costs by 14 % versus 2014. This is of course also due to the lower market prices for energy sources. The carbon footprint of all consolidated companies shows a reduction of CO_2 emissions by 41,845 tonnes. The energy costs for the companies within STRABAG SE's scope of consolidation amounted to € 262.77 million (2014: € 304.67 million).

ENERGY USE WITHIN THE GROUP

Form of energy[1)]	**Unit**	**2011**	**2012**	**2013**	**2014**	**2015**
Electricity	MWh	499,146	486,033	497,943	433,164	443,009
Fuel	thousands of litres	241,433	245,660	252,718	230,926	222,261
Gas	heating value in MWh	658,356	565,048	585,857	505,371	531,201
Heating oil	thousands of litres	21,644	17,790	16,053	14,388	17,661
Pulverised lignite	tonnes	84,318	79,107	69,602	75,247	72,174

The focus in 2015 was on the analysis of the group's main energy source: fuels. By monitoring the **fuel consumption** of the passenger car and commercial vehicles fleet in Germany and Austria, it was possible to identify enormous savings potential. In order to live up to the goal of doing business while saving resources, appropriate action was prepared and implemented in 2015 to establish FuelTracker as a tool to lower the fuel consumption and CO_2 emissions of STRABAG's passenger car and commercial vehicles fleet. A further task was the development of indicators to recognise potential savings with regard to the **energy efficiency** of the asphalt plants. The **ISO 50001**-certified energy management system, which STRABAG introduced in 2015 for all companies in Austria in which STRABAG SE has at least a 50 % interest, foresees the implementation of energy savings measures to lower the energy consumption by 0.6 % based on the total annual energy consumption of the above-mentioned companies.

1) The amounts stated were calculated on the basis of the energy costs as well as the average price per energy source. Variations in the energy figures in comparison to other publications are due to the enhancement of the evaluation system.

Website Corporate Governance Report

The STRABAG SE Corporate Governance Report is available online at www.strabag.com > Investor Relations > Corporate Governance > Corporate Governance Report.

Disclosures pursuant to Section 243a Para 1 UGB

1. The share capital of STRABAG SE amounts to € 114,000,000 and consists of 114,000,000 fully paid-in, no-par value shares with a pro rata value of € 1 per share of the share capital. 113,999,997 shares are bearer shares and are traded on the Prime Market Segment of the Vienna Stock Exchange. Three shares are registered shares. Each bearer share and each registered share accounts for one vote (one share – one vote). The nomination rights associated with registered shares No. 1 and No. 2 are described in more detail under item 4.

2. The Haselsteiner Group (Haselsteiner Familien-Privatstiftung, Dr. Hans Peter Haselsteiner), the Raiffeisen Group (Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H, BLR Baubeteiligungs GmbH, “GULBIS” Beteiligungs GmbH), the UNIQA Group (UNIQA Insurance Group AG, UNIQA Beteiligungs-Holding GmbH, UNIQA Österreich Versicherungen AG, UNIQA Erwerb von Beteiligungen Gesellschaft m.b.H., Raiffeisen Versicherung AG) and Rasperia Trading Limited (controlled by Oleg Deripaska), as shareholder groups of STRABAG SE, have signed a syndicate agreement governing (1) nomination rights regarding the Supervisory Board, (2) the coordination of voting during the Annual General Meeting, (3) restriction on the transfer of shares and (4) joint development of the Russian market as a core market. The Haselsteiner Group, the Raiffeisen Group together with the UNIQA Group, and Rasperia Trading Limited each have the right to nominate two members of the Supervisory Board. The syndicate agreement also requires the syndicate partners to exercise their voting rights from syndicated shares unanimously at the Annual General Meeting of STRABAG SE. The syndicate agreement further foresees restrictions on the transfer of shares in the form of mutual preemptive rights as well as a minimum shareholding on the part of the syndicate partners.

   In accordance with Section 65 Para 5 of the Austrian Stock Corporation Act (AktG), all rights were suspended for 11,400,000 no-par shares (10 % of the share capital) effective 31 December 2015 as these shares are held by STRABAG SE as own shares as defined in Section 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG) (see also item 7).

3. To the knowledge of STRABAG SE, the following shareholders held a direct or indirect interest of at least 10.0 % of the share capital of STRABAG SE on 31 December 2015:

   - Haselsteiner Group......................... 25.5 %
   - Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H. (Raiffeisen-Group)........................... 12.7 %
   - UNIQA Versicherungen AG (UNIQA Group) .... 13.8 %
   - Rasperia Trading Limited.....25.0 % +1 share

   The company itself held 11,400,000 no-par shares on 31 December 2015, which corresponds to 10 % of the share capital (see also item 7). These shares are currently intended as acquisition currency.

   The remaining shares of the share capital of STRABAG SE, amounting to about 13.0 % of the share capital, are in free float.

4. Three shares are – as mentioned under item 1 – registered shares entered in the shareholder register. Registered shares No. 1 and No. 3 are held by the Haselsteiner Group and registered share No. 2 is held by Rasperia Trading Limited. Registered shares No. 1 and No. 2 allow their bearers to nominate a member each to the Supervisory Board of STRABAG SE.

5. No employee stock option programmes exist.

6. No further regulations exist beyond items 2 and 4 regarding the nomination and recall of members of the Management and Supervisory Boards or regarding changes to the Articles of Association which do not result directly from relevant law and legislation.

1. The Management Board of STRABAG SE, in accordance with Section 169 of the Austrian Stock Corporation Act (AktG), was authorised by resolution of the 10th Annual General Meeting of 27 June 2014 and with approval by the Supervisory Board to increase the share capital of the company by up to € 57,000,000 by 27 June 2019, in several tranches if necessary, by issuing up to 57,000,000 registered no-par shares for cash or contributions in kind (in this case also to the partial or full exclusion of the shareholders' subscription rights).

   The Management Board, in accordance with Section 174 Para 2 of the Austrian Stock Corporation Act (AktG), was further authorised by resolution of the 8th Annual General Meeting of 15 June 2012 and with the approval of the Supervisory Board to issue financial instruments within the meaning of Section 174 of the Austrian Stock Corporation Act (AktG) – in particular convertible bonds, income bonds and profit participation rights – with a total nominal value of up to € 1,000,000,000, which may also confer subscription and/or exchange rights for the acquisition of up to 50,000,000 shares of the company and/or may be designed in such a way that they can be issued as equity, also in several tranches and in different combinations, up to five years inclusive from the day of this resolution, also indirectly by way of a guarantee for the issue of financial instruments through an associate or related entity of the company with conversion rights on shares of the company.

   The Management Board was also authorised by resolution of this Annual General Meeting, in accordance with Section 65 Para 1b of the Austrian Stock Corporation Act (AktG), for a period of five years from this resolution, to sell or assign its own shares, with approval by the Supervisory Board, in a manner other than on the stock market or through a public tender, to the exclusion of the shareholders' buyback rights (subscription rights), and to determine the conditions of sale. The authorisation can be exercised in full or in part or in several partial amounts for one or several purposes by the company, a subsidiary (Section 228 Para 3 UGB) or third parties acting on behalf of the company.

2. With the exception of the agreements over a syndicated surety loan and a syndicated cash credit line, there exist no significant agreements to which STRABAG SE is party and which would become effective, change or end due to a change of ownership in STRABAG SE following a takeover offer.

3. No compensation agreements exist between STRABAG SE and its Management and Supervisory Board members or employees in the event of a public takeover offer.

Related parties

Business transactions with related parties are described in item 28 of the Notes.

Supporting information

At the beginning of March 2009, an accident occurred during underground construction at the South Lot for the North-South urban metro line in Cologne, resulting in the collapse of the Historical Archive of the City of Cologne and significant portions of two neighbouring buildings. Debris collapsed into a hole which opened next to the North-South construction site at the Waidmarkt crossover junction. Two people were trapped under the rubble, and rescuers were only able to recover their bodies.

Construction on the underground is being carried out by a joint venture (JV) of Bilfinger SE (formerly Bilfinger Berger AG), Wayss & Freytag Ingenieurbau AG and our company. The JV is led by Bilfinger SE on the technical side and by Wayss & Freytag Ingenieurbau AG on the commercial side. Through its subsidiary Ed. Züblin AG, the STRABAG Group holds a 33.3 % interest in the JV.

The cause of the collapse remains unknown. The public prosecutor's office began an investigation – initially against persons unknown – with three separate experts into possible negligent homicide and endangerment in construction. Two independent proceedings are being conducted by the District Court in Cologne: one to collect evidence as to the cause of the accident and another to establish the damage to the buildings and archives. Merely for the purpose of extending the statute of limitations, the public prosecutor's office in December 2013 opened proceedings against approximately 100 persons associated closely or loosely with the project. This purely precautionary measure does not represent any statement as to the cause of the accident. In this respect, it remains to be seen what the final result of the investigation of the site and the expert report reveal. For purposes of the investigation, construction is continuing on a model of the building, the completion and use of which was originally expected by mid-2014. As things stand, however, full completion and use can be expected no sooner than mid-2017. The model is to help clarify whether there were any mistakes or errors associated with the diaphragm wall set up by the JV.

We continue to believe that this project does not result in any significant damages for the company.

Outlook

The Management Board of STRABAG SE expects the **output volume** to remain about the same at approximately € 14.3 billion in the 2016 financial year. This will likely be composed of € 6.4 billion from the North + West segment, € 4.4 billion from the South + East segment and € 3.3 billion from the International + Special Divisions segment. The remainder can be allotted to the segment designated as "Other". The company therefore expects the output contributions from the individual segments to remain nearly stable. Organic growth at about the level of inflation is expected for the years to come.

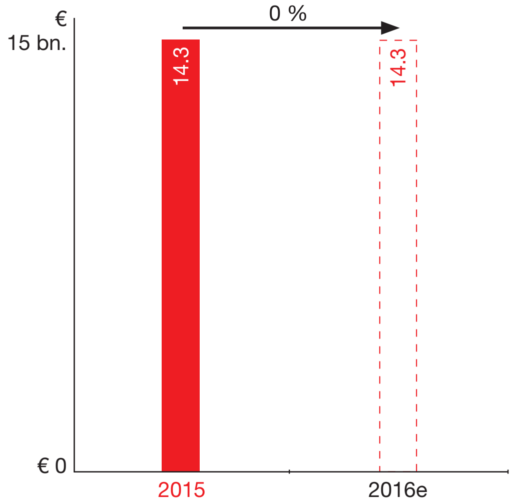
STRABAG had previously issued a target of achieving a lasting **EBIT margin** (EBIT/revenue) of 3 % starting in 2016. As the efforts to further improve the risk management and to lower costs have already had a positive impact on earnings, the company confirms this target.

The earnings expectations are based on the assumption of solid demand in the German building construction and civil engineering market. At the same time, the company is hoping for the first additional investments by the public sector in transportation infrastructures in this home market. Very positive contributions to the earnings continue to be expected especially from Poland, the property and facility management entities, the real estate and the infrastructure development business, and building construction in Austria.

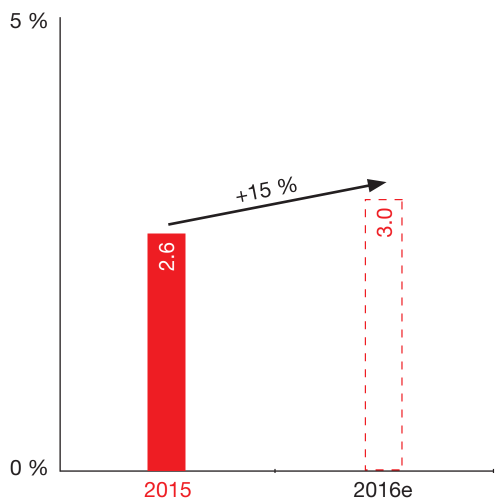
The international business, by contrast, is weaker as the low oil price has led to a considerable decline in demand in the group's traditional non-European markets. As expected, while the construction materials business has managed the turnaround, there has been no such development in Switzerland so far. The dredging activities were sold according to the contract signed on 31 March 2016. Only the business field waterway construction will remain in the group. The price pressure is expected to remain strong in the countries of Central and Eastern Europe, although, for example, work is continuing successfully in Slovakia on several larger infrastructure projects.

Even apart from possible larger enterprise transactions – e.g. the acquisition of the minority shares of Ed. Züblin AG, Stuttgart – the **net investments** should increase slightly. The cash flow from investing activities, without considering acquisitions, will likely reach around € 400 million in 2016 after € 320 million in 2015.

OUTPUT OUTLOOK



EBIT MARGIN OUTLOOK



Events after the reporting period

The material events after the reporting period are described in item 32 of the Notes

Auditor's report

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of

STRABAG SE,
Villach, Austria,

that comprise the statement of financial position as of 31 December 2015, the income statement for the fiscal year then ended, and the notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing – ISA. In accordance with International Standards on Auditing, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

Our audit did not give rise to any objections. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2015, and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

REPORT ON OTHER LEGAL REQUIREMENTS (MANAGEMENT REPORT)

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Linz, 9 April 2016

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Helge Löffler
Wirtschaftsprüfer
(Austrian Chartered Accountants)

This report is a translation of the original report in German, which is solely valid.

The financial statements together with our auditor's opinion may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.

Statement of all legal representatives

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Villach, 9 April 2016

The Management Board

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

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

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

Mag. Hannes Truntschnig
Responsibility Segment
International + Special Divisions

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

1) RANC = Russia and Neighbouring Countries