TEAMS WORK. IN PROGRESS.

Annual financial statements 2014

STRABAG
SOCIETAS EUROPAEA

Content

TEAMS WORK. IN PROGRESS.

Consolidated financial statements 2014

STRABAG
SOCIETAS EUROPAEA

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

Consolidated income statement

T€	Notes	2014	2013[1)]
Revenue	(1)	12,475,673	12,394,152
Changes in inventories		-34,430	40,090
Own work capitalised		8,770	2,394
Other operating income	(2)	225,215	232,242
Construction materials, consumables and services used	(3)	-8,163,254	-8,204,351
Employee benefits expenses	(4)	-3,057,674	-2,998,648
Other operating expenses	(5)	-791,363	-779,121
Share of profit or loss of associates	(6)	40,275	9,115
Net income from investments	(7)	16,731	-959
EBITDA		**719,943**	**694,914**
Depreciation and amortisation expense	(8)	-437,984	-433,337
EBIT		**281,959**	**261,577**
Interest and similar income		82,169	66,716
Interest expense and similar charges		-108,366	-98,256
Net interest income	**(9)**	**-26,197**	**-31,540**
EBT		**255,762**	**230,037**
Income tax expense	(10)	-108,259	-73,778
Net income		**147,503**	**156,259**
Attributable to: non-controlling interests		19,534	42,701
Attributable to: equity holders of the parent company		127,969	113,558
Earnings per share (€)	**(11)**	**1.25**	**1.11**

Statement of total comprehensive income

T€	Notes	2014	2013
Net income		**147,503**	**156,259**
Differences arising from currency translation		-29,340	-57,991
Recycling of differences arising from currency translation		-1,879	691
Change in hedging reserves including interest rate swaps		-42,409	9,864
Recycling of hedging reserves including interest rate swaps		23,271	22,681
Change in fair value of financial instruments under IAS 39		2,155	256
Deferred taxes on neutral change in equity	(10)	3,336	-6,390
Other income from associates		-4,832	-3,740
Total of items which are later recognised ("recycled") in the income statement		**-49,698**	**-34,629**
Change in actuarial gains or losses		-106,940	720
Deferred taxes on neutral change in equity	(10)	29,534	374
Other income from associates		-397	48
Total of items which are not later recognised ("recycled") in the income statement		**-77,803**	**1,142**
Other income		**-127,501**	**-33,487**
Total comprehensive income		**20,002**	**122,772**
Attributable to: non-controlling interests		8,863	38,535
Attributable to: equity holders of the parent company		11,139	84,237

1) The figures were restated because of application of IFRS 11 (see page 11).

Consolidated balance sheet

T€	Notes	31.12.2014	31.12.2013
Intangible assets	(12)	535,725	501,788
Property, plant and equipment	(12)	2,015,061	2,145,517
Investment property	(13)	33,773	36,894
Investments in associates	(14)	401,622	371,596
Other financial assets[1]	(14)	232,644	235,494
Receivables from concession arrangements	(17)	728,790	780,628
Trade receivables	(17)	72,509	72,576
Income tax receivables	(17)	2,331	7,978
Other financial assets[1]	(17)	205,883	46,531
Deferred taxes	(15)	278,123	217,288
Non-current assets		**4,506,461**	**4,416,290**
Inventories	(16)	849,400	1,104,978
Receivables from concession arrangements	(17)	26,654	24,643
Trade receivables	(17)	2,473,559	2,697,645
Non-financial assets	(17)	58,727	56,020
Income tax receivables	(17)	40,004	35,066
Other financial assets	(17)	396,713	514,180
Cash and cash equivalents	(18)	1,924,019	1,711,968
Current assets		**5,769,076**	**6,144,500**
Assets		**10,275,537**	**10,560,790**
Share capital		114,000	114,000
Capital reserves		2,311,384	2,311,384
Retained earnings and other reserves		459,328	491,604
Non-controlling interests		259,588	321,781
Group equity	**(19)**	**3,144,300**	**3,238,769**
Provisions	(20)	1,121,609	994,744
Financial liabilities[2]	(21)	1,176,724	1,353,870
Trade payables	(21)	56,815	48,534
Non-financial liabilities	(21)	1,167	1,397
Other financial liabilities	(21)	13,072	27,866
Deferred taxes	(15)	39,317	39,377
Non-current liabilities		**2,408,704**	**2,465,788**
Provisions	(20)	667,361	695,824
Financial liabilities[3]	(21)	433,198	368,830
Trade payables	(21)	2,729,754	2,936,051
Non-financial liabilities	(21)	422,419	391,600
Income tax liabilities	(21)	104,030	97,281
Other financial liabilities	(21)	365,771	366,647
Current liabilities		**4,722,533**	**4,856,233**
Equity and liabilities		**10,275,537**	**10,560,790**

1) In order to improve the representation, loans in the amount of T€ 17,882 in 2013 were reclassified from other financial assets to non-current other financial assets.
2) thereof T€ 489,530 concerning non-recourse liabilities from concession arrangements (2013: T€ 538,608)
3) thereof T€ 49,078 concerning non-recourse liabilities from concession arrangements (2013: T€ 46,497)

Consolidated cash flow statement

T€	Notes	2014	2013
Net income		147,503	156,259
Deferred taxes		654	-36,085
Non-cash effective results from consolidation		-2,233	2
Non-cash effective results from associates		36,081	1,194
Depreciations/write ups		451,114	449,630
Change in long-term provisions		19,861	-18,892
Gains/losses on disposal of non-current assets		-32,748	-39,074
Cash flow from earnings		*620,232*	*513,034*
Change in inventories		79,627	-83,443
Change in trade receivables, construction contracts and consortia		247,817	-69,016
Change in receivables from subsidiaries and receivables from participation companies		56,600	-27,484
Change in other assets		-24,307	29,488
Change in trade payables, construction contracts and consortia		-167,014	224,124
Change in liabilities from subsidiaries and liabilities from participation companies		4,433	45,047
Change in other liabilities		21,402	28,431
Change in current provisions		-33,464	33,521
Cash flow from operating activities		**805,326**	**693,702**
Purchase of financial assets		-21,025	-22,875
Purchase of property, plant, equipment and intangible assets		-346,487	-387,361
Gains/losses on disposal of non-current assets		32,748	39,074
Disposals of non-current assets (carrying value)		57,361	46,620
Change in other cash clearing receivables		-98,607	2,750
Change in scope of consolidation		-59,292	-10,591
Cash flow from investing activities		**-435,302**	**-332,383**
Change in bank borrowings		-92,247	-46,823
Change in bonds		-7,500	105,000
Change in liabilities from finance leases		-11,341	-20,598
Change in other cash clearing liabilities		23,584	2,185
Change in non-controlling interests due to acquisition		2,709	341
Acquisition of own shares		0	-8,863
Distribution and withdrawals from partnerships		-57,628	-37,729
Cash flow from financing activities		**-142,423**	**-6,487**
Net change in cash and cash equivalents		**227,601**	**354,832**
Cash and cash equivalents at the beginning of the period		1,684,700	1,350,669
Change in cash and cash equivalents due to currency translation		-15,550	-17,819
Change in restricted cash and cash equivalents		9,287	-2,982
Cash and cash equivalents at the end of the period	**(24)**	**1,906,038**	**1,684,700**

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 1.1.2013	**114,000**	**2,311,384**	**554,709**	**-121,825**	**3,246**	**2,861,514**	**301,028**	**3,162,542**
Net income	0	0	113,558	0	0	113,558	42,701	156,259
Differences arising from currency translation	0	0	0	0	-53,758	-53,758	-3,542	-57,300
Change in hedging reserves	0	0	0	-822	0	-822	-19	-841
Changes in financial instruments IAS 39	0	0	242	0	0	242	14	256
Changes in investments in associates	0	0	47	-480	-3,175	-3,608	-84	-3,692
Change of actuarial gains and losses	0	0	2,306	0	0	2,306	-1,586	720
Change of interest rate swap	0	0	0	32,675	0	32,675	711	33,386
Deferred taxes on neutral change in equity	0	0	-122	-6,234	0	-6,356	340	-6,016
Total comprehensive income	**0**	**0**	**116,031**	**25,139**	**-56,933**	**84,237**	**38,535**	**122,772**
Transactions concerning non-controlling interests	0	0	620	0	0	620	-573	47
Acquisition of own shares	0	0	-8,863	0	0	-8,863	0	-8,863
Distribution of dividends[1]	0	0	-20,520	0	0	-20,520	-17,209	-37,729
Balance as at 31.12.2013 = 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
Changes in financial instruments IAS 39	0	0	2,089	0	0	2,089	66	2,155
Changes in investments in associates	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
Change of interest rate swap	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
Acquisition of own shares	0	0	0	0	0	0	0	0
Distribution of dividends[2]	0	0	-46,170	0	0	-46,170	-11,458	-57,628
Balance as at 31.12.2014	**114,000**	**2,311,384**	**659,165**	**-112,259**	**-87,578**	**2,884,712**	**259,588**	**3,144,300**

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

Consolidated statement of fixed assets as at 31 December 2014

T€	Balance as at 31.12.2013	Change in scope of consolidation	Currency translation	Balance as at 1.1.2014	Additions	Transfers
				Acquisition and production costs		
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**

Consolidated statement of fixed assets as at 31 December 2013

T€	Balance as at 31.12.2012	Change in scope of consolidation	Currency translation	Balance as at 1.1.2013	Additions	Transfers
				Acquisition and production costs		
I. Intangible Assets						
1. Concessions; industrial property rights and similiar rights as well as licences derived thereof	121,780	-1,081	-2,806	117,893	3,452	483
2. Goodwill	648,060	1,835	-8,656	641,239	0	0
3. Development costs	27,113	-760	0	26,353	1,242	0
4. Advances paid	322	0	0	322	422	-483
Total	**797,275**	**-6**	**-11,462**	**785,807**	**5,116**	**0**
II. Tangible Assets						
1. Properties; land rights equivalent to real property; buildings including buildings on third-party property	1,400,070	-3,636	-12,804	1,383,630	55,355	9,258
2. Technical equipment and machinery	2,656,670	3,627	-40,355	2,619,942	174,863	53,448
3. Other facilities, furniture and fixtures and office equipment	971,957	-892	-10,807	960,258	125,418	-1,438
4. Advances paid and facilities under construction	103,193	-401	-718	102,074	25,892	-61,268
Total	**5,131,890**	**-1,302**	**-64,684**	**5,065,904**	**381,528**	**0**
III. Investment Property	**206,854**	**0**	**-124**	**206,730**	**717**	**0**

1) of this amount, impairments of T€ 49,967 (2013: T€ 28,924)
2) of this amount, reversal of the depreciation T€ 5,305 (2013: T€ 0)
3) of this amount, impairments of T€ 28,924 (2012: T€ 28,482)

			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[1]	Transfers	Disposals[2]	Balance as at 31.12.2014	Values 31.12.2014	Values 31.12.2013
9,659	135,079	84,112	-4,494	397	7,739	0	9,888	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**	**39,921**	**0**	**9,888**	**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	238,776	-289	169,834	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**	**399,442**	**0**	**287,389**	**3,079,502**	**2,015,062**	**2,145,517**
3,703	**199,917**	**166,455**	**0**	**0**	**3,925**	**0**	**4,236**	**166,144**	**33,773**	**36,894**

			Accumulated depreciation						Carrying values	
Disposals	Balance as at 31.12.2013	Balance as at 31.12.2012	Change in scope of consolidation	Currency translation	Additions[3]	Transfers	Disposals	Balance as at 31.12.2013	Values 31.12.2013	Values 31.12.2012
7,059	114,769	81,672	-738	-1,978	11,975	0	6,819	84,112	30,657	40,108
0	641,239	176,551	0	113	3,985	0	0	180,649	460,590	471,509
0	27,595	8,691	-760	0	9,262	0	0	17,193	10,402	18,422
122	139	0	0	0	0	0	0	0	139	322
7,181	**783,742**	**266,914**	**-1,498**	**-1,865**	**25,222**	**0**	**6,819**	**281,954**	**501,788**	**530,361**
34,263	1,413,980	475,965	-133	-3,523	45,127	-49	19,683	497,704	916,276	924,105
175,114	2,673,139	1,741,384	2,140	-29,630	250,963	1,699	165,737	1,800,819	872,320	915,286
108,464	975,774	669,463	-711	-8,233	101,859	-1,650	100,955	659,773	316,001	302,494
0	66,698	19,506	0	0	6,272	0	0	25,778	40,920	83,687
317,841	**5,129,591**	**2,906,318**	**1,296**	**-41,386**	**404,221**	**0**	**286,375**	**2,984,074**	**2,145,517**	**2,225,572**
4,098	**203,349**	**165,187**	**0**	**0**	**3,894**	**0**	**2,626**	**166,455**	**36,894**	**41,667**

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 2014, were drawn up under application of Section 245a Paragraph 2 of the Austrian Business Enterprise 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 Business Enterprise 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, and 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 2014 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 2014.

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

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

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

According to a statement by the Institute of Public Auditors in Germany (IDW) and a draft 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. The impact on the consolidated financial statements is limited to changes in the presentation in the income statement. Starting with the 2014 financial year, the share of profit or loss will no longer be recognised as revenue or other operating expense but instead as share of profit or loss of associates. In order to improve comparability the previous year's figures have been adapted as follows.

T€	**2013**	**2013 adapted**	**Δ[1]**
Revenue	12,475,654	12,394,152	-81,502
Other operating expenses	-857,292	-779,121	78,171
Share of profit or loss of associates	5,784	9,115	3,331
EBITDA	**694,914**	**694,914**	**0**

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

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

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

In the meantime, IASB has issued clarifications in relation to the application of amendments to the standard. The overall effect of the amendments is to clarify that disclosure requirements affect only those cash-generating units which have been subject to impairment.

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

The application of the new accounting standards, with the exception of the presentation of construction consortia, had only minor impacts on the consolidated financial statements of STRABAG SE as at 31 December 2014.

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 2014 financial year nor adopted by the European Commission. The amendments affect the following standards and interpretations:

1) Losses from construction consortia in the amount of T€ 70,022 were presented net under revenue.

	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
IFRIC 21 Levies	1.1.2014	17.6.2014	minor impact
Amendments to IAS 19	1.7.2014	1.2.2015	minor impact
Annual Improvements to IFRS 2010–2012	1.7.2014	1.2.2015	is being analysed
Annual Improvements to IFRS 2011–2013	1.7.2014	1.1.2015	is being analysed
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
Amendments to IFRS 11 Joint Arrangements: Accounting for the acquisition of an interest in a joint operation	1.1.2016	n.a.	minor impact
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Acceptable methods of depreciation and amortisation	1.1.2016	n.a.	no
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Bearer Plants	1.1.2016	n.a.	no
IFRS 15 Revenue from Contracts with Customers	1.1.2017	n.a.	is being analysed
Amendments to IAS 27 Separate Financial Statements: Equity method in separate financial statements	1.1.2016	n.a.	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	1.1.2016	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	n.a.	minor impact
Improvements project IFRS 2012–2014	1.1.2016	n.a.	is being analysed

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

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 unique method.

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 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.

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

Aside from those described in IFRS 9 and IFRS 15 application of the new standards and interpretations are expected to have only a minor impact in the future on the consolidated financial statements.

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

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 another 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 2014 financial year, T€ 43,724 in goodwill arising from capital consolidation were recognised as assets. Impairments in the amount of 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. Associate, 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 investment in associates: 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 (2013: T€ 0), which is recognised as a component of investments in associates.

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 jointly controlled entities using the equity method and these are recognised in the item investment in associates.

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 draft 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 associates. 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 associates are eliminated in proportion to the group's share in the associate.

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

The necessary tax deferrals are made for consolidation procedures.

Scope of consolidation

The consolidated financial statements as at 31 December 2014 include STRABAG SE as well as all major domestic and foreign subsidiaries where STRABAG SE either directly or indirectly holds a majority of the voting rights. Associated companies and joint ventures are reported in the balance sheet using the equity method (investments in associates).

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 associates included in the 2014 consolidated financial statements are given in the list of subsidiaries.

The financial year for all consolidated and associated companies, with the exception of the following companies that are included in the scope of consolidation on the basis of an interim report effective 31 December 2014, is identical with the calendar year.

Companies	**Reporting date**	**Method of inclusion**
MAYVILLE INVESTMENTS Sp.z o.o., Warsaw	31.10.	consolidation
Thüringer Straßenwartungs- und Instandhaltungsgesellschaft mbH & Co. KG, Apfelstädt	30.9.	Investments in associates

The number of consolidated companies changed in the 2014 financial year as follows:

	Consolidation	Equity method
Situation as at 31.12.2012	**321**	**21**
First-time inclusions in year under report	7	0
First-time inclusions in year under report due to merger/accretion	14	0
Merger/accretion in year under report	-35	0
Exclusions in year under report	-9	0
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**

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**
Büro Campus Deutz Torhaus GmbH, Cologne	100.00	1.1.2014[1)]
CENTRO-TEL PROJEKT Sp. z o.o., Warsaw	100.00	4.9.2014
DIW Aircraft Services GmbH, Stuttgart	100.00	1.10.2014
DIW Instandhaltung GmbH, Stuttgart	100.00	1.10.2014
DIW Instandhaltung GmbH, Vienna	100.00	1.10.2014
DIW Mechanical Engineering GmbH, Stuttgart	100.00	1.10.2014
DIW System Dienstleistungen GmbH, Munich	100.00	1.10.2014
First-Immo Hungary Kft., Budapest	100.00	1.8.2014
GBS Gesellschaft für Bau und Sanierung mbH, Leuna	100.00	1.1.2014[1)]
IQ Generalübernehmer GmbH & Co. KG, Oststeinbek	75.00	5.11.2014
Jewel Development Grundstück GmbH & Co. KG, Cologne	100.00	8.7.2014
MAYVILLE INVESTMENTS Sp.z o.o., Warsaw	100.00	8.5.2014
RVB Gesellschaft für Recycling, Verwertung und Beseitigung von Abfällen mbH, Kelheim	100.00	1.1.2014[1)]
STRABAG (B) Sdn Bhd, Bandar Seri Begawan	100.00	1.1.2014[1)]
Züblin Construction L.L.C., Abu Dhabi	100.00	1.1.2014[1)]
Merger/Accretion		
BRANDNER Wasserbau GmbH, Kollmitzberg	100.00	1.1.2014[2)]
EUROASFALT d.o.o., Zagreb	100.00	11.12.2014[2)]
IGM Vukovina d.o.o., Zagreb	100.00	23.12.2014[2)]
Kelet Aszfalt Kft., Eger	100.00	1.11.2014[2)]
MASZ M6 Kft., Budapest	100.00	1.11.2014[2)]
Nyugat Aszfalt Kft., Györ	100.00	1.11.2014[2)]
at-equity		
Erste Nordsee-Offshore-Holding GmbH, Pressbaum	49.90	
PARK SERVICE HÜFNER GmbH + Co. KG, Stuttgart	48.44	1.1.2014[1)]
Strabag Qatar W.L.L., Qatar	49.00	
Zweite Nordsee-Offshore-Holding GmbH, Pressbaum	49.90	

ACQUISITIONS

With effect from 1 October 2014, STRABAG acquired 100 % of the shares in DIW Group (Stuttgart). With this acquisition, STRABAG expands its service portfolio to include industrial cleaning and further consolidates its market position in facility services in Austria and Germany. The acquired entities are consolidated as of 1 October 2014.

1) Due to its increased business volume, the company was included in the scope of consolidation of the group for the first time effective 1 January 2014. The foundation/acquisition of the company occurred before 1 January 2014.
2) The companies listed under “Merger/Accretion” were merged with/accrued on already consolidated companies and as such are at once represented as additions to and removals from the scope of consolidation.

The purchase price is preliminarily allocated to assets and liabilities as follows:

T€	**Acquisition DIW-Group**
Acquired assets and liabilities	
Goodwill	43,724
Other non-current assets	29,901
Current assets	55,722
Non-current liabilities	-11,315
Current liabilities	-38,429
Purchase price	**79,603**
Acquired cash and cash equivalents	-16,128
Net cash outflow from acquisitions	**63,475**

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 2014 financial year, negative goodwill in the amount of T€ 1,892 (2013: T€ 709) occurred. This amount is reported under other operating income.

Assuming a fictitious first-time consolidation on 1 January 2014 for all acquisitions in the 2014 financial year, the consolidated revenue would amount to T€ 12,653,330. The consolidated net income in the financial year would change in the amount of T€ -744.

All companies which were consolidated for the first time in 2014 contributed T€ 64,433 to revenue and T€ 2,362 to net income.

DISPOSALS FROM THE SCOPE OF CONSOLIDATION

As at 31 December 2014, the following companies were no longer included in the scope of consolidation:

Disposals from scope of consolidation	
"Wohngarten Sensengasse" Bauträger GmbH, Vienna	Sale
BHG Bitumen Kft., Budapest	Fell below significant level
BRF Tyresö View 1, Tyresö	Sale
Eberhardt Bau-Gesellschaft mbH, Berlin	Fell below significant level
Erste Nordsee-Offshore-Holding GmbH, Pressbaum	Transition consolidation
ETG Erzgebirge Transportbeton GmbH, Freiberg	Fell below significant level
I-PAY CLEARING SERVICES Pvt. Ltd., Mumbai	Fell below significant level
Northern Energy GAIA I. GmbH, Aurich	Loss of control
Northern Energy GAIA II. GmbH, Aurich	Loss of control
Northern Energy GAIA III. GmbH, Aurich	Loss of control
Northern Energy GAIA IV. GmbH, Aurich	Loss of control
Northern Energy GAIA V. GmbH, Aurich	Loss of control
Northern Energy GlobalTech II. GmbH, Aurich	Loss of control
Northern Energy OWP Albatros GmbH, Aurich	Loss of control
Northern Energy OWP West GmbH, Aurich	Loss of control
Northern Energy SeaStorm I. GmbH, Aurich	Loss of control
Northern Energy SeaStorm II. GmbH, Aurich	Loss of control
Northern Energy SeaWind I. GmbH, Aurich	Loss of control
Northern Energy SeaWind II. GmbH, Aurich	Loss of control
Northern Energy SeaWind III. GmbH, Aurich	Loss of control
Northern Energy SeaWind IV. GmbH, Aurich	Loss of control
OAT s.r.o., Prague	Fell below significant level
OAT spol. s.r.o., Bratislava	Fell below significant level
PBOiUT Slask Sp. z o.o., Katowice	Sale
Projekt Elbpark GmbH & Co. KG, Cologne	Sale
Steffes-Mies GmbH, Sprendlingen	Fell below significant level
STRABAG Beton GmbH & Co. KG, Berlin	Fell below significant level
Strabag Qatar W.L.L., Qatar	Transition consolidation
Windkraft FiT GmbH, Hamburg	Sale

Disposals from scope of consolidation	
Zweite Nordsee-Offshore-Holding GmbH, Pressbaum	Transition consolidation
Merger[1]	
Baugesellschaft Nowotnik GmbH, Nörvenich	Merger
Baukontor Gaaden Gesellschaft m.b.H., Gaaden	Merger
Bauunternehmung Ohneis Gesellschaft mit beschränkter Haftung, Straubing	Merger
becker bau GmbH, Bornhöved	Merger
BRANDNER Wasserbau GmbH, Kollmitzberg	Merger
CENTRO-TEL PROJEKT Sp. z o.o., Warsaw	Merger
Eduard Hachmann Gesellschaft mit beschränkter Haftung, Lunden	Merger
EUROASFALT d.o.o., Zagreb	Merger
F. Kirchhoff Straßenbau GmbH, Leinfelden-Echterdingen	Merger
Gebr. von der Wettern Gesellschaft mit beschränkter Haftung, Cologne	Merger
HEILIT Umwelttechnik GmbH, Düsseldorf	Merger
Helmus Straßen-Bau GmbH, Vechta	Merger
IGM Vukovina d.o.o., Zagreb	Merger
Kelet Aszfalt Kft., Eger	Merger
Kirchner & Völker Bauunternehmung GmbH, Erfurt	Merger
Leonhard Moll Hoch- und Tiefbau GmbH, Munich	Merger
MASZ M6 Kft., Budapest	Merger
Nyugat Aszfalt Kft., Györ	Merger
Preusse Baubetriebe Gesellschaft mit beschränkter Haftung, Hamburg	Merger
Staßfurter Baubetriebe GmbH, Staßfurt	Merger
Storf Hoch- und Tiefbaugesellschaft m.b.H., Reutte	Merger
STRABAG Asset GmbH, Cologne	Merger
STRABAG Pipeline- und Rohrleitungsbau GmbH, Regensburg	Merger
STRABAG RAIL POLSKA Sp.z o.o., Breslau	Merger
Stratebau GmbH, Regensburg	Merger
T S S Technische Sicherheits-Systeme Gesellschaft mit beschränkter Haftung, Cologne	Merger

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

T€ **Assets and liabilities**	**Disposals from scope of consolidation**
Non-current assets	-24,935
Current assets	-200,452
Disposal of non-controlling interests	-58,775
Non-current liabilities	-43,658
Current liabilities	-51,585

Resulting profit in the amount of T€ 8,198 and losses in the amount of T€ -6,162 are recognised in profit or loss.

There were no significant restrictions on the use of assets nor 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[2] as well as the consolidation of two wind park holding companies (Erste Nordsee-Offshore-Holding GmbH and Zweite Nordsee-Offshore-Holding GmbH). The table shows the financial information after intercompany eliminations.

1) The companies listed under “Merger” were merged with already consolidated companies or, as a result of accretion, formed part of consolidated companies.
2) No special protective regulations exist beyond the regulatory protective rights of non-controlling interests.

T€	ZÜBLIN		Wind farms[1)]
	2014	**2013**	**2013**
Non-controlling interests (%)	42.74	42.74	49.00
Registered place of the parent company	Stuttgart	Stuttgart	Pressbaum
Headquarters	Germany	Germany	Germany
Non-current assets	345,837	324,581	0
Current assets	1,424,551	1,331,430	181,220
Non-current liabilities	-227,555	-227,966	-45,200
Current liabilities	-1,081,377	-982,694	-19,946
Net assets	**461,456**	**445,351**	**116,074**
Net assets attributable to non-controlling interests	198,347	192,230	56,876
Net assets attributable to STRABAG Group	263,109	253,121	59,198
Revenue	3,260,968	3,001,173	0
Net income	34,942	89,803	987
Other income	-16,382	-5,822	0
Total comprehensive income	**18,560**	**83,981**	**987**
Net income attributable to non-controlling interests	14,396	39,199	484
Net income attributable to STRABAG Group	20,546	50,604	503
Other income attributable to non-controlling interests	-6,843	-2,525	0
Other income attributable to STRABAG Group	-9,539	-3,297	0
Cash and cash equivalents	783,888	694,590	163
Cash flows from operating activities	128,086	166,782	-5,602
Cash flows from investing activities	-94,980	-70,080	0
Cash flows from financing activities	56,190	-24,485	1,614
Dividends paid to non-controlling interests	-350	-571	0
Net increase (net decrease) in cash and cash equivalents	**89,296**	**72,217**	**-3,988**
Carrying amounts of the non-controlling interests	198,347	192,230	56,876

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 Bauholding Beteiligungs AG, Spittal an der Drau. The carrying amount of these non-controlling interests amounts to T€ 45,842 (2013: T€ 54,289).

CHANGES TO THE OWNERSHIP INTERESTS IN SUBSIDIARIES HELD BY THE GROUP

Per transfer agreement from 27 November 2014, STRABAG transferred its controlling interests in the subsidiaries Erste Nordsee-Offshore-Holding and Zweite Nordsee-Offshore-Holding. STRABAG now holds a 49.9 % interest in each company, which effective 27 November 2014 are recorded using the equity method. The consolidation methods are explained under item disposal of subsidiaries. The initial equity measurement resulted in goodwill in the amount of T€ 0.

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 investments 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.

1) Wind farm companies are accounted for using the equity method since 2014.

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 25. Currency translation differences of T€ -31,219 (2013: T€ -57,300) are recognised directly in equity in the financial year. Forward exchange operations (hedging) excluding deferred taxes in the amount of T€ -657 (2013: T€ -841) were recognised directly in equity.

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

Consolidated companies and associates

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
"Filmforum am Bahnhof" Errichtungs- und Betriebsgesellschaft m.b.H., Vienna	TATS	3,000	100.00
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau		35	100.00
"Wiener Heim" Wohnbaugesellschaft m.b.H., Vienna		741	100.00
ABR Abfall Behandlung und Recycling GmbH, Schwadorf		37	100.00
Asphalt & Beton GmbH, Spittal an der Drau		36	100.00
AUSTRIA ASPHALT GmbH & Co OG, Spittal an der Drau	TATS	500	100.00
Bau Holding Beteiligungs 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
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
DIW Instandhaltung GmbH, Vienna		1,500	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

Austria		Nominal capital T€/TATS	Direct stake %
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
Raststation A 6 GmbH, Vienna	TATS	500	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		35	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, Düsseldorf		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
Eichholz Eivel GmbH, Berlin		25	100.00
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

Germany		Nominal capital T€/TDEM	Direct stake %
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
Jewel Development Grundstück GmbH & Co. KG, Berlin		1	100.00
Josef Riepl Unternehmen für Ingenieur- und Hochbau GmbH, Regensburg		900	100.00
JUKA Justizzentrum Kurfürstenanlage GmbH, Cologne		26	100.00
LIMET Beteiligungs GmbH & Co. Objekt Köln KG, Cologne		10	94.00
LIMET Beteiligungs GmbH, Cologne	TDEM	50	100.00
Ludwig Voss GmbH, Cuxhaven		25	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
Offshore Wind Logistik GmbH, Stuttgart		51	100.00
PEKA Entwicklungsgesellschaft Kurfürstenanlage GmbH, Cologne		25	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, Nürnberg		30	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 Offshore Wind GmbH, Stuttgart		26	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, Düsseldorf		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

Germany		Nominal capital T€/TDEM	Direct stake %
Züblin International GmbH, Stuttgart		2,500	100.00
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

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	29,229	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 TLEW	Direct stake %
STRABAG EAD, Sofia	13,313	100.00

Chile	Nominal capital TCLP	Direct stake %
Strabag SpA, Santiago	500,000	100.00
Züblin International GmbH Chile SpA, Santiago	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	95.73
Strabag d.o.o., Zagreb	48,230	100.00
STRABAG-HIDROINZENJERING d.o.o., Split	144	100.00
TPA odrzavanje kvaliteta i inovacija d.o.o., Zagreb	20	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 BV, 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
MAYVILLE INVESTMENTS Sp.z o.o., Warsaw		5	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., Wrocław		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

Portugal		Nominal capital T€	Direct stake %
Zucotec - Sociedade de Construcoes Lda., Lisbon		200	100.00

Romania		Nominal capital TRON	Direct stake %
ANTREPRIZA DE REPARATII SI LUCRARI A R L CLUJ S.A., 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
Züblin Romania S.R.L., 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)]		1,000	100.00
STRABAG Sverige AB, Stockholm		15,975	100.00
TyresöView1 Holding AB, Stockholm		50	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
Preduzece za puteve "Zajecar" a.D.Zajecar, Zajecar		265,015	100.00
STRABAG d.o.o. Beograd, Novi Beograd		770,237	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

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

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 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
ZIPP BRATISLAVA spol. s r.o., Bratislava	133	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

Czech Republic	Nominal capital TCZK	Direct stake %
BHG CZ s.r.o., Ceské Budejovice	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	180,000	100.00
TPA CR, s.r.o., Ceske Budejovice	1,000	100.00
Züblin stavebni spol s.r.o., Prague	100,000	100.00

Ukraine	Nominal capital TUAH	Direct stake %
Chustskij Karier, Zakarpatska	3,279	95.96
Möbius Construction Ukraine Ltd, Odessa	31	100.00
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	3,000	100.00
Frissbeton Kft., Budapest	100,000	100.00
KÖKA Kft., Budapest	761,680	100.00
OAT Kft., Budapest	25,000	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
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

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

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 associates included in the consolidated financial statements:

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	24.80
AMH Asphaltmischwerk Hauneck GmbH & Co. KG, Hauneck		500	50.00
Asphalt-Mischwerke-Hohenzollern GmbH & Co. KG, Inzigkofen		1,023	36.50
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
Oder Havel Mischwerke GmbH & Co. KG, Berlin		2,392	33.33
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
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 HRK	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 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 where STRABAG 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 its 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:

%	2014	2013
Growth rate	0.0–0.5	0.0–2.0
Cost of capital (after taxes)	6.3–8.3	7.2–8.3
Cost of capital (before taxes)	8.3–11.5	9.4–11.3

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). An impairment loss results from the comparison of carrying amount and fair value. 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 which speak for a reversal. An increase can only be made to the amount of the amortised cost that would have resulted if the impairment loss had not been recognised.

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 under IAS 39 are met. Derivative financial instruments are stated under other financial assets or other financial liabilities.

Derivative financial instruments are measured on the basis of interbank conditions and, if necessary, on the loan margin applicable or stock exchange price for STRABAG, under application of the bid and ask prices on the balance sheet date. Where stock exchange prices are not used, the fair value is calculated by means of actuarial valuation methods.

The group designates its 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 and associates, unless the timing of the reversal of the temporary differences in the group can be determined and the temporary differences are unlikely to reverse in response to this influence in the foreseeable future.

INVENTORIES

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

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

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 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 20.

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 28. 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€ 9,056, while an isolated increase of the cost of capital by one percentage point would lead to an impairment of T€ 14,575. These two effects together would trigger an impairment loss of T€ 17,490.

(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 associates plus granted loans at the end of the reporting period amounted to 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) 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, losses carried forward periods and tax planning strategies. If the actual results deviate from these estimates, or if these estimates must be adjusted in future periods, this could have a negative impact on the financial position, financial performance and cash flows. In the event of a changed assessment of the recoverability of deferred tax assets, the deferred tax assets which have been recognised are written down in profit or loss or, depending on their original formation, outside profit or loss; impaired deferred tax assets are similarly recognised either in profit or loss or outside profit or loss.

(E) FAIR VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

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

(F) SEVERANCE AND PENSION PROVISIONS

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

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

Additional substantial assumptions relating to pension obligations are based in part on market conditions. Further information and sensitivity analysis can be found in item 20.

(G) OTHER PROVISIONS

Other construction-related provisions, in particular, involve the risk that in individual cases the actual costs for warranty obligations or remaining performance obligations will turn out higher than expected. This risk is reduced, however, through the case-by-case examinations among the large number of projects. The same is true for provisions relating to legal disputes.

Notes on the items of the consolidated income statement

(1) REVENUE

The revenue of T€ 12,475,673 (2013: T€ 12,394,152) is attributed in particular to revenue from construction contracts, revenue from own projects, trade to and services for consortia, as well as other services resulting from consortia. 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€ 10,555,437 (2013: T€ 10,612,669), the revenues from property and facility management services amount to T€ 924,081 (2013: T€ 907,502).

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€	**2014**	**2013**
Germany	**6,080,287**	**5,788,809**
Austria	**2,057,593**	**1,981,500**
Poland	**816,824**	**787,300**
Czech Republic	**619,577**	**644,661**
Hungary	**544,281**	**495,942**
Russia and neighbouring countries	302,068	561,298
Slovakia	427,127	340,420
Romania	181,339	321,834
other CEE countries	299,689	270,052
Rest of CEE	**1,210,223**	**1,493,604**
Sweden	270,821	315,221
Benelux	324,069	399,659
Switzerland	358,653	386,220
other European countries	512,365	426,450
Rest of Europe	**1,465,908**	**1,527,550**
Middle East	271,633	323,132
The Americas	254,761	262,584
Africa	157,999	164,867
Asia	86,909	103,123
Rest of World	**771,302**	**853,706**
Total output volume	**13,565,995**	**13,573,072**

(2) OTHER OPERATING INCOME

Other operating income includes revenue from letting and leasing in the amount of T€ 20,761 (2013: T€ 28,814), insurance compensation and indemnification in the amount of T€ 32,230 (2013: T€ 35,328), and exchange rate gains from currency fluctuations in the amount of T€ 32,113 (2013: T€ 15,897) as well as gains from the disposal of fixed assets without financial assets in the amount of T€ 40,200 (2013: T€ 46,293).

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

T€	2014	2013
Interest income	66,183	68,670
Interest expense	-31,401	-34,118
Net interest income	**34,782**	**34,552**

(3) CONSTRUCTION MATERIALS, CONSUMABLES AND SERVICES USED

T€	2014	2013
Construction materials, consumables	3,120,637	3,117,915
Services used	5,042,617	5,086,436
Construction materials, consumables and services used	**8,163,254**	**8,204,351**

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€	2014	2013
Wages	1,003,897	1,000,364
Salaries	1,468,441	1,487,895
Social security and related costs	531,066	458,776
Expenses for severance payments and contributions to employee provident fund	21,046	20,672
Expenses for pensions and similar obligations	4,421	7,618
Other social expenditure	28,803	23,323
Employee benefits expense	**3,057,674**	**2,998,648**

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€ 9,127 (2013: T€ 8,955).

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

Average number of employees	2014	2013
White-collar workers	27,887	28,091
Blue-collar workers	45,019	45,009
Total	**72,906**	**73,100**

(5) OTHER OPERATING EXPENSES

Other operating expenses of T€ 791,363 (2013: T€ 779,121) mainly include general administrative costs, travel and advertising costs, insurance premiums, proportional transfer of losses from consortia, 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€ 45,202 (2013: T€ 44,163) are included.

Other operating expenses include losses from exchange rate differences from currency fluctuations in the amount of T€ 31,689 (2013: T€ 26,414).

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 ASSOCIATES

T€	2014	2013
Income from investments in associates	12,282	10,050
Expenses arising from investments in associates	-32,509	-4,266
Profit from construction consortia	185,432	151,524
Losses from construction consortia	-124,930	-148,193
Share of profit or loss of associates	**40,275**	**9,115**

(7) NET INCOME FROM INVESTMENTS

T€	2014	2013
Investment income	34,561	45,072
Expenses arising from investments	-13,688	-30,687
Gains on the disposal and write-up of investments	8,764	1,102
Impairment of investments	-12,762	-16,305
Losses on the disposal of investments	-144	-141
Net income from investments	**16,731**	**-959**

(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€ 21,135 (2013: T€ 24,939) were made. Impairment on goodwill amounts to T€ 28,832 (2013: T€ 3,985). For goodwill impairments we refer to the details under item 12.

(9) NET INTEREST INCOME

T€	2014	2013
Interests and similar income	82,169	66,716
Interests and similar charges	-108,366	-98,256
Net interest income	**-26,197**	**-31,540**

Included in interests and similar charges are interest components from the allocation of severance payment and pension provisions amounting to T€ 21,377 (2013: T€ 21,424), security impairment losses of T€ 2,108 (2013: T€ 946) as well as currency losses of T€ 21,178 (2013: T€ 6,952).

Included in interests and similar income are gains from exchange rates amounting to T€ 26,464 (2013: T€ 19,990) and interest components from the plan assets for pension provisions in the amount of T€ 4,759 (2013: T€ 3,645).

(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€	2014	2013
Current taxes	107,605	109,863
Deferred taxes	654	-36,085
Income tax expense	**108,259**	**73,778**

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

T€	2014	2013
Change in hedging reserves	3,733	-6,366
Actuarial gains/losses	29,534	374
Fair value of financial instruments under IAS 39	-397	-24
Total	**32,870**	**-6,016**

The reasons for the difference between the Austrian corporate income tax rate of 25 % valid in 2014 and the actual consolidated tax rate are as follows:

T€	2014	2013
EBT	**255,762**	**230,038**
Theoretical tax expenditure 25 %	63,941	57,509
Differences to foreign tax rates	995	-2,685
Change in tax rates	900	306
Non-tax-deductible expenses	6,168	7,004
Tax-free earnings	-1,438	-4,977
Tax effects of results from associates	5,505	12
Depreciation of goodwill/capital consolidation	5,590	-1,964
Additional tax payments/tax refund	8,318	6,911
Change of valuation adjustment on deferred tax assets	18,030	9,719
Others	250	1,943
Recognised income tax	**108,259**	**73,778**

(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.

	2014	2013
Number of shares outstanding as at 1.1.	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€	127,969	113,558
Weighted number of shares outstanding during the year	102,600,000	102,716,850
Earnings per share €	**1.25**	**1.11**

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€	31.12.2014	31.12.2013
STRABAG Cologne[1]	178,803	178,803
Czech Republic S + O	65,592	66,329
STRABAG Poland	61,499	63,259
DIW Group (incl. SPFS Czech Republic, Austria)	45,689	0
Germany N + W	44,697	45,487
STRABAG Switzerland	15,287	14,973
Züblin	14,938	14,938
Construction materials	13,335	13,407
Gebr. von der Wettern Group	9,700	9,700
Sweden N + W	1,319	18,438
Special divisions Austria	0	13,020
Other	21,309	22,236
Goodwill	**472,168**	**460,590**

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€ 28,832 (2013: T€ 3,985). This figure is shown under depreciation and amortisation.

The impairment, which affected a Swedish construction entity in the segment North + West with an amount of T€ 16,071 as well as a group in the traffic engineering area in the segment International + Special divisions with an amount of T€ 11,971, 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 28 (impairment of non-financial assets). The method applied here is a Level 3 measurement.

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. Possible changes to the key assumptions would not result in any need for impairment. 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.

Regarding the sensitivity analysis of goodwill, we refer to our notes under "Estimates" (A) Recoverability of goodwill.

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

	Carrying amount	Methodology	Detailed planning period	Growth rate	Discount rate after tax
T€	**31.12.2014**	**31.12.2014**	**31.12.2014**	**31.12.2014**	**31.12.2014**
STRABAG Cologne N + W	117,698	FV less Cost of Disposal (Level 3)	4	0	6.44
STRABAG Cologne S + O	61,105	FV less Cost of Disposal (Level 3)	4	0	6.44
Czech Republic S + O	65,592	FV less Cost of Disposal (Level 3)	4	0	7.28
STRABAG Poland	61,499	FV less Cost of Disposal (Level 3)	4	0	7.43
DIW Group (incl. SPFS Czech Republic, Austria)	45,689	FV less Cost of Disposal (Level 3)	4	0	6.44

Capitalised development costs

At the balance sheet date, development costs in the amount of T€ 6,344 (2013: T€ 10,402) were capitalised as intangible assets. In the 2014 financial year, development costs in the amount of T€ 5,110 (2013: T€ 5,424) were incurred, of which T€ 722 (2013: T€ 1,242) were capitalised.

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.

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€	31.12.2014	31.12.2013
Property leasing	11,797	24,986
Machinery leasing	343	1,446
Total	**12,140**	**26,432**

Offset against these are liabilities arising from the present value of leasing obligations amounting to T€ 11,163 (2013: T€ 22,503).

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€	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Term up to one year	827	2,021	1,335	3,122
Term between one and five years	3,190	12,467	4,760	15,212
Term over five years	7,146	8,015	8,004	9,194
Total	**11,163**	**22,503**	**14,099**	**27,528**

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

T€	31.12.2014	31.12.2013
Minimum lease payments 31.12.	**14,099**	**27,528**
Interest	-2,936	-4,968
Currency translation	0	-57
Finance leases 31.12.	**11,163**	**22,503**

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 2014 amount to T€ 92,059 (2013: T€ 95,314).

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

T€	31.12.2014	31.12.2013
Term up to one year	74,172	75,538
Term between one and five years	138,869	136,992
Term over five years	41,537	43,629
Total	**254,578**	**256,159**

Restrictions on property, plant and equipment/purchase obligations

As at the balance sheet date there were T€ 55,707 (2013: T€ 56,656) 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€ 2,533 (2013: T€ 2,576).

(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€ 34,934 as at 31 December 2014 (2013: T€ 39,528). 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 2014 financial year amounted to T€ 6,313 (2013: T€ 6,259) and direct operating expenses totalled T€ 8,757 (2013: T€ 8,660). 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€ 372 (2013: T€ 668) and losses from asset disposals in the amount of T€ 2,649 (2013: T€ 0) were achieved. A write-back in the amount of T€ 4,203 2014 was made in the financial year 2014 (2013: T€ 0).

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

(14) FINANCIAL ASSETS

Detailed information on the group's investments (shares of more than 20 %) can be found in the list of subsidiaries, associated companies and investments which is included in the annual financial report.

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

T€	Balance as at 1.1.2014	Currency translation	Change in scope of consoli-dation	Additions	Transfers	Disposal	Impair-ment/ Write-up	Balance as at 31.12.2014
Investments in associates	**371,596**	**175**	**58,228**	**4,037**	**1,189**	**-33,603**	**0**	**401,622**
Investments in subsidiaries	109,033	19	-1,138	11,307	2,796	-1,819	-10,177	110,021
Participation companies	91,122	-136	-15	9,313	-3,985	-7,637	-2,585	86,077
Securities	35,339	26	173	1,594	0	-217	-369	36,546
Other financial assets	**235,494**	**-91**	**-980**	**22,214**	**-1,189**	**-9,673**	**-13,131**	**232,644**

In order to improve the representation, borrowings are shown under non-current other financial assets. The previous year's figures were adjusted accordingly.

Notes on investments in 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. For more information we refer to the details under item 27.

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

T€	2014	2013
Revenue	193,429	193,560
Income from continuing operations	-57,514	147
Other income	-15,919	-10,901
Total comprehensive income	**-73,433**	**-10,754**
Attributable to: non-controlling interests	-26	-248
Attributable to: equity holders of the parent company	-73,407	-10,506
Non-current assets	626,248	736,039
Current assets	165,365	155,481
Non-current liabilities	-81,199	-90,468
Current liabilities	-148,958	-156,162
Net assets	**561,456**	**644,890**
Attributable to: non-controlling interests	4,011	4,037
Attributable to: equity holders of the parent company	557,445	640,853

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€	2014	2013
Group's share in net assets as at 1.1.	**192,255**	**198,407**
Group's share of net income from continuing operations	-17,292	19
Group's share of other income	-4,729	-3,171
Group's share of total comprehensive income	-22,021	-3,152
Dividends received	-3,000	-3,000
Group's share in net assets as at 31.12.	**167,234**	**192,255**
Fair value adjustment	87,084	87,084
Equity-carrying value as at 31.12.	**254,318**	**279,339**

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€	2014	2013
Total of equity-carrying values as at 31.12.	139,370	81,862
Group's share of net income from continuing operations	6,447	3,822
Group's share of other income	-500	-521
Group's share of total comprehensive income	5,947	3,301

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€	2014	2013
Total of equity-carrying values as at 31.12.	7,934	10,395
Group's share of net income from continuing operations	-9,382	1,943
Group's share of other income	0	0
Group's share of total comprehensive income	-9,382	1,943

Notes on accumulated losses from investments in associates

Proportionate losses from investments in associates in the amount of T€ -5,694 (2013: T€ -4,999) 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 associates. The following table shows the group's most important joint ventures in 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 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 associates 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 following table shows the group’s most important construction consortia for the 2013 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 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 Oldenburg-Wilhelmshaven Ausführung, Germany (ODB-WHV)	47.50
Arge ZMM Nordhavnen, Denmark (ZMM)	80.00
CS-A15 V.O.F., Netherlands (CS-A15)	50.00
Saturn X V.O.F., Netherlands (Saturn)	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	181,342	0	109,838	1,012	0	109,838
ROADS	56,789	0	56,688	1,211	0	56,688
BAB A8	94,082	477	17,095	8,552	0	17,572
BSH	50,534	0	29,155	26,739	0	29,155
HBF Wien	61,184	401	30,954	10,081	0	31,355
KAT 2	108,049	19,455	67,881	2,339	0	87,336
ODB-WHV	33,778	0	7,403	20	0	7,403
ZMM	38,058	42	1,989	1,052	0	2,030
CS-A15	43,955	0	9,027	1,273	0	9,027
Saturn	39,826	0	21,666	18,543	0	21,666

In the 2013 financial year, the share of profit or loss of associates recorded for the above-mentioned construction consortia included T€ 17,339 in profits from construction consortia and T€ -63,577 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€	2014	2013
Work and services performed	695,008	689,423
Work and services received	58,354	78,724
Receivables as at 31.12.	399,388	342,350
Liabilities as at 31.12.	318,803	375,897

(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 1.1.2014	Currency translation	Change in scope of consolidation	Other changes	Balance as at 31.12.2014
Property, plant and equipment and intangible assets	8,770	-172	0	14,273	22,871
Financial assets	1,624	-14	0	-978	632
Inventories	8,948	-9	-112	914	9,741
Trade and other receivables	13,781	9	3	11,700	25,493
Provisions	172,562	-978	-75	33,705	205,214
Liabilities	12,768	-263	0	4,522	17,027
Tax loss carryforward	212,383	-16	247	-18,924	193,690
Deferred tax assets	**430,836**	**-1,443**	**63**	**45,212**	**474,668**
Netting out of deferred tax assets and liabilities of the same tax authorities	-213,548	0	0	17,003	-196,545
Deferred tax assets netted out	**217,288**	**-1,443**	**63**	**62,215**	**278,123**
Property, plant and equipment and intangible assets	-46,258	-47	-8,247	-2,716	-57,268
Financial assets	-5,447	0	0	-746	-6,193
Inventories	-50,306	889	37,024	-8	-12,401
Trade and other receivables	-138,136	335	0	-5,922	-143,723
Provisions	-3,176	219	-114	603	-2,468
Liabilities	-9,602	0	0	-4,207	-13,809
Deferred tax liabilities	**-252,925**	**1,396**	**28,663**	**-12,996**	**-235,862**
Netting out of deferred tax assets and liabilities of the same tax authorities	213,548	0	0	-17,003	196,545
Deferred tax liabilities netted out	**-39,377**	**1,396**	**28,663**	**-29,999**	**-39,317**

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€ 18,787 (2013: T€ 14,306).

No deferred tax assets were made for differences in carrying amount on the assets side and tax losses carried forward of T€ 970,825 (2013: T€ 842,842), as their effectiveness as final tax relief is not sufficiently assured.

Of the non-capitalised losses carried forward T€ 890,266 (2013: T€ 779,746) have unrestricted use.

(16) INVENTORIES

T€	31.12.2014	31.12.2013
Construction materials, auxiliary supplies and fuel	276,329	321,384
Finished buildings and goods	215,793	163,471
Unfinished buildings and goods	197,055	335,331
Development land	116,340	71,475
Payments made	43,883	32,161
Offshore wind projects	0	181,156
Inventories	**849,400**	**1,104,978**

In the financial year, impairment in the amount of T€ 1,561 (2013: T€ 9,746) was recognised on inventories excluding construction materials, auxiliary supplies and fuel. T€ 47,596 (2013: T€ 43,733) 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€ 2,454 (2013: T€ 2,436).

(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 negative market value of the interest rate swap in the amount of T€ -63,677 (2013: T€ -38,493) is also recognised as long-term receivables from concession arrangements.

Recognisable receivables from concession arrangements are offset by non-recourse financing in the amount of T€ 538,608 (2013: T€ 585,105), classified either as a current or non-current liability depending on the term. The resulting interest expense is recognised in other operating income.

Receivables and other assets are comprised as follows:

	31.12.2014			31.12.2013		
T€	Total	Thereof current	Thereof non-current	Total	Thereof current	Thereof non-current
Receivables from concession arrangements	**755,444**	**26,654**	**728,790**	**805,271**	**24,643**	**780,628**
Receivables from construction contracts	5,258,366	5,258,366	0	5,087,917	5,087,917	0
Advances received	-4,341,687	-4,341,687	0	-4,128,730	-4,128,730	0
Net receivable from construction contracts	916,679	916,679	0	959,187	959,187	0
Other trade receivables and receivables from consortia	1,568,830	1,496,321	72,509	1,770,344	1,697,768	72,576
Advances paid to subcontractors	60,559	60,559	0	40,690	40,690	0
Trade receivables	**2,546,068**	**2,473,559**	**72,509**	**2,770,221**	**2,697,645**	**72,576**
Non-financial assets	**58,727**	**58,727**	**0**	**56,020**	**56,020**	**0**

T€	31.12.2014 Total	31.12.2014 Thereof current	31.12.2014 Thereof non-current	31.12.2013 Total	31.12.2013 Thereof current	31.12.2013 Thereof non-current
Income tax receivables	**42,335**	**40,004**	**2,331**	**43,044**	**35,066**	**7,978**
Receivables from subsidiaries	181,207	172,724	8,483	204,667	204,504	163
Receivables from participation companies	191,030	83,654	107,376	129,958	109,337	20,621
Other financial assets	230,359	140,335	90,024	226,086	200,339	25,747
Other financial assets total	**602,596**	**396,713**	**205,883**	**560,711**	**514,180**	**46,531**

In order to improve the representation, borrowings are shown under non-current other financial assets. The previous year's figures were adjusted accordingly.

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

T€	31.12.2014	31.12.2013
All contracts in progress at balance sheet date		
Costs incurred to balance sheet date	8,725,733	8,577,054
Profits arising to balance sheet date	426,807	410,019
Accumulated losses	-397,686	-413,720
Less receivables recognised under liabilities	-3,496,488	-3,485,436
Receivables from construction contracts	**5,258,366**	**5,087,917**

Receivables from construction contracts amounting to T€ 3,496,488 (2013: T€ 3,485,436) 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€	2014	2013
Other trade receivables before impairment as at 1.1.	**1,706,195**	**1,907,681**
Impairment		
As at 1.1.	137,337	128,108
Currency translation	-2,194	-2,226
Changes in scope of consolidation	138	-445
Allocation/utilisation	**2,084**	**11,900**
As at 31.12.	**137,365**	**137,337**
Carrying amount of other trade receivables as at 31.12.	**1,568,830**	**1,770,344**

(18) CASH AND CASH EQUIVALENTS

T€	31.12.2014	31.12.2013
Securities	3,093	7,820
Cash on hand	3,995	3,254
Bank deposits	1,916,931	1,700,894
Cash and cash equivalents	**1,924,019**	**1,711,968**

The cash and cash equivalents include assets abroad in the amount of T€ 7,046 (2013: T€ 16,785), subject to the restriction that they may only be transferred to another country following official completion of the construction order. Of the cash and cash equivalents, T€ 10,935 (2013: T€ 10,510) are pledged as collateral (see also item 24).

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

(19) 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 2014, 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 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 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, 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 Business Enterprise 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 2014 amounted to 30.6 % (2013: 30.7 %). With this equity base, the STRABAG Group will be able to participate increasingly in tenders for Public-Private Partnership (PPP) projects. This means that the necessary funds for a participation in equity capital are available and that the related change in the balance sheet total will be manageable.

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

(20) PROVISIONS

T€	Balance as at 1.1.2014	Currency translation	Changes in scope of consolidation	Additions	Disposals	Impairment	Balance as at 31.12.2014
Provisions for severance payments	78,396	0	2,301	20,849	0	3,886	97,660
Provisions for pensions	422,243	400	1,645	107,616	0	25,970	505,934
Construction-related provisions	392,893	-4,294	4,600	94,530	3,558	61,661	422,510
Personnel-related provisions	67,305	-4	157	11,552	34	30,634	48,342
Other provisions	33,907	21	2	97,149	546	83,370	47,163
Non-current provisions	**994,744**	**-3,877**	**8,705**	**331,696**	**4,138**	**205,521**	**1,121,609**
Construction-related provisions	278,639	454	-456	167,883	2,359	201,395	242,766
Personnel-related provisions[1]	172,765	-817	3,033	137,002	446	156,529	155,008
Other provisions	244,420	-3,705	1,711	249,252	8,193	213,898	269,587
Current provisions	**695,824**	**-4,068**	**4,288**	**554,137**	**10,998**	**571,822**	**667,361**
Total	**1,690,568**	**-7,945**	**12,993**	**885,833**	**15,136**	**777,343**	**1,788,970**

The **actuarial assumptions as at 31 December 2014** (in brackets as at 31 December 2013) 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 (%)	2.00	2.00	2.00	1.00
	(2013: 3.50)	(2013: 3.50)	(2013: 3.50)	(2013: 2.35)
Salary increase (%)	2.00	0.00	2.25	2.00
	(2013: 2.00)	(2013: 0.00)	(2013: 2.25)	(2013: 2.00)
Future pension increase (%)	dependent on contractual adaption	dependent on contractual adaption	dependent on contractual adaption	0.25
				(2013:0.25)
Retirement age for men	62	65	63-67	65
	(2013: 62)	(2013: 65)	(2013: 63-67)	(2013: 65)
Retirement age for women	62	60	63-67	64
	(2013: 62)	(2013: 60)	(2013: 63-67)	(2013: 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:

	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	-4,563	4,217	2,155	-2,230	n. a.	n. a.
Pension obligations	-44,824	40,371	676	-626	15,189	-14,226

1) In the other personnel-related provisions plan assets in the amount of T€ 3,521 (2013: T€ 7,970) are deducted.
2) Sign: - increase of obligation, + decrease of obligation

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

T€	2014	2013
Present value of the defined benefit obligation as at 1.1.	**78,396**	**79,908**
Changes in scope of consolidation	2,301	66
Current service costs	4,125	2,586
Interest costs	2,270	2,442
Severance payments	-3,886	-6,058
Actuarial gains/losses arising from experience adjustments	2,698	-2,232
Actuarial gains/losses arising from changes in the discount rate	11,699	1,684
Actuarial gains/losses arising from demographic changes	57	0
Present value of the defined benefit obligation as at 31.12.	**97,660**	**78,396**

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

T€	2014	2013
Present value of the defined benefit obligation as at 1.1.	**629,654**	**634,304**
Changes in scope of consolidation/currency translation	6,019	-3,429
Current services costs	12,322	19,185
Interest costs	19,107	18,982
Pension payments	-51,121	-41,146
Actuarial gains/losses arising from experience adjustments	-9,909	-2,930
Actuarial gains/losses arising from changes in the discount rate	105,728	4,688
Present value of the defined benefit obligation as at 31.12.	**711,800**	**629,654**

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

T€	2014	2013
Fair value of the plan assets as at 1.1.	**207,411**	**204,381**
Changes to the scope of consolidation/currency translation	3,974	-2,943
Income from plan assets	4,759	3,645
Contributions	11,540	14,562
Pension payments	-25,151	-14,164
Acturial gains/losses	3,333	1,930
Fair value of the plan assets as at 31.12.	**205,866**	**207,411**

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

T€	31.12.2014	31.12.2013
Shares[1)]	22,097	21,454
Bonds[1)]	88,925	84,010
Cash	29,672	37,400
Investment funds	5,103	5,096
Real estate	12,213	6,813
Liability insurance	46,947	51,675
Other assets	909	963
Total	**205,866**	**207,411**

1) All stocks 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 stocks and real estate.

The contributions to pension foundations in the following year will amount to 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€ 7,898 (2013: T€ 6,057) in the financial year.

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

T€	2014	2013
Current service cost	16,447	21,771
Interest cost	21,377	21,424
Return on plan assets	4,759	3,645

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

T€	31.12.2014	31.12.2013
Present value of the defined benefit obligation (severance provisions) = net defined benefit liability	97,660	78,396
Present value of the defined benefit obligation (pension provision)	711,800	629,654
Fair value of plan assets (pension provision)	-205,866	-207,411
Net defined benefit liability (pension provision)	505,934	422,243
Net defined benefit liability	**603,594**	**500,639**

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

T€	31.12.2014	31.12.2013
Experience adjustments of severance provisions	14,454	-548
Experience adjustments of pension provisions	92,486	-172
Adjustments	**106,940**	**-720**

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 **maturity profile** of the benefit payments from the defined benefit liability as at 31 December 2013 is as follows:

T€	< 1 year	1 – 5 years	6 – 10 years	11 – 20 years	> 20 years
Provisions for severance payments	3,947	18,878	21,493	42,040	12,853
Provisions for pensions	28,611	143,357	125,385	202,295	204,748

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

In years	2014	2013
Severance payments Austria	10.61	10.61
Pension obligations Austria	9.33	8.64
Pension obligations Germany	12.31	11.29
Pension obligations Switzerland	14.90	13.20

Other provisions

The construction-related provisions include other 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.

(21) LIABILITIES

	31.12.2014			31.12.2013		
T€	Total	Thereof current	Thereof non-current	Total	Thereof current	Thereof non-current
Bonds	575,000	100,000	475,000	582,500	7,500	575,000
Bank borrowings	1,023,759	332,371	691,388	1,117,697	359,309	758,388
Liabilities from finance leases	11,163	827	10,336	22,503	2,021	20,482
Other liabilities	0	0	0	0	0	0
Financial liabilities	**1,609,922**	**433,198**	**1,176,724**	**1,722,700**	**368,830**	**1,353,870**
Receivables from construction contracts[1]	-3,496,488	-3,496,488	0	-3,485,436	-3,485,436	0
Advances received	4,048,672	4,048,672	0	4,030,764	4,030,764	0
Net liabilities from construction contracts	552,184	552,184	0	545,328	545,328	0
Other trade payables and payables to consortia	2,234,385	2,177,570	56,815	2,439,257	2,390,723	48,534
Trade payables	**2,786,569**	**2,729,754**	**56,815**	**2,984,585**	**2,936,051**	**48,534**
Non-financial liabilities	**423,586**	**422,419**	**1,167**	**392,997**	**391,600**	**1,397**
Income tax liabilities	**104,030**	**104,030**	**0**	**97,281**	**97,281**	**0**
Payables to subsidiaries	125,906	125,906	0	122,214	122,214	0
Payables to participation companies	20,992	20,913	79	29,705	21,347	8,358
Other financial liabilities	231,945	218,952	12,993	242,594	223,086	19,508
Other financial liabilities total	**378,843**	**365,771**	**13,072**	**394,513**	**366,647**	**27,866**

In order to secure liabilities to banks, real securities amounting to T€ 196,657 (2013: T€ 309,353) have been booked.

(22) CONTINGENT LIABILITIES

The company has issued the following guarantees:

T€	31.12.2014	31.12.2013
Guarantees without financial guarantees	155	903

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

(23) 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 2014 are performance bonds in the amount of € 2.3 billion (2013: € 2.2 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

(24) 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€	31.12.2014	31.12.2013
Securities	3,093	7,820
Cash on hand	3,995	3,254
Bank deposits	1,916,931	1,700,894
Restricted cash abroad	-7,046	-16,758
Pledge of cash and cash equivalents	-10,935	-10,510
Cash and cash equivalents	**1,906,038**	**1,684,700**

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

T€	2014	2013
Interest paid	62,314	64,890
Interest received	50,845	44,707
Taxes paid	90,848	66,933
Dividends received	47,525	40,813

(25) 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	31.12.2014 Carrying value	31.12.2014 Fair value	31.12.2013 Carrying value	31.12.2013 Fair value
Assets					
Investments in subsidiaries	AfS[1]	110,021		109,033	
Participation companies	AfS[1]	86,077		91,122	
Trade receivables	L&R	2,546,068		2,770,222	
Receivables from concession arrangements	L&R	819,121		843,765	
Other financial assets	L&R	602,344		558,846	
Cash and cash equivalents	L&R	1,920,926		1,704,148	
Valuation at historical costs		**6,084,557**		**6,077,136**	
Securities	AfS	36,546	36,546	35,339	35,339
Cash and cash equivalents (securities)	AfS	3,093	3,093	7,820	7,820
Derivatives held for hedging purposes		-63,425	-63,425	-36,628	-36,628
Valuation at fair value		**-23,786**	**-23,786**	**6,531**	**6,531**
Liabilities					
Financial liabilities	FLaC	-1,609,922	-1,663,428	-1,722,700	-1,756,085
Trade payables	FLaC	-2,234,385		-2,439,257	
Other financial liabilities	FLaC	-365,863		-389,049	
Valuation at historical costs		**-4,210,170**	**-1,663,428**	**-4,551,006**	**-1,756,085**
Derivatives held for hedging purposes		-12,980	-12,980	-5,464	-5,464
Valuation at fair value		**-12,980**	**-12,980**	**-5,464**	**-5,464**
Total		**1,837,621**	**-1,700,194**	**1,527,197**	**-1,755,018**
Measurement categories					
Loans and receivables (L&R)		5,888,459		5,876,981	
Available for sale (AfS)		235,737	39,639	243,314	43,159
Financial liabilities measured at amortised costs (FLaC)		-4,210,170	-1,663,428	-4,551,006	-1,756,085
Derivatives held for hedging purposes		-76,405	-76,405	-42,092	-42,092
Total		**1,837,621**	**-1,700,194**	**1,527,197**	**-1,755,018**

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€ 621,828 (2013: T€ 603,276) and as a Level 2 measurement at T€ 1,041,600 (2013: T€ 1,152,809).

T€ 10,935 (2013: T€ 10,510) of cash and cash equivalents, T€ 2,750 (2013: T€ 2,744) of securities and T€ 10,696 (2013: T€ 11,206) 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 2014** for financial instruments were measured as follows:

T€	Level 1	Level 2	Total
Assets			
Securities	36,546	0	36,546
Cash and cash equivalents (securities)	3,093	0	3,093
Derivatives held for hedging purposes	0	-63,425	-63,425
Total	**39,639**	**-63,425**	**-23,786**
Liabilities			
Derivatives held for hedging purposes	0	-12,980	-12,980
Total	**0**	**-12,980**	**-12,980**

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

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

During the financial years 2014 and 2013, 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 2014.

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 2014**, the following **derivatives** existed which are not offsettable but which can be set off in case of insolvency.

T€	31.12.2014			31.12.2013		
Bank	**Assets**	**Liabilities**	**Total**	**Assets**	**Liabilities**	**Total**
Bayerische Landesbank	0	-1,100	**-1,100**	2	-314	**-312**
Commerzbank AG	0	-5,039	**-5,039**	1,359	-1,231	**128**
Crédit Agricole Corp. & Investment	147	-1,091	**-944**	154	-68	**86**
Deutsche Bank AG	0	-63	**-63**	0	0	**0**
Erste Group Bank AG	45	0	**45**	0	0	**0**
ING Bank N.V.	3	-846	**-843**	5	0	**5**
Landesbank Baden-Württemberg	0	-2,659	**-2,659**	0	-2,165	**-2,165**
Raiffeisen Bank International	0	0	**0**	0	-2	**-2**
Republic of Hungary	-63,677	0	**-63,677**	-38,493	0	**-38,493**
SEB AG	57	-2,182	**-2,125**	62	-1,658	**-1,596**
UniCredit Bank Austria AG	0	0	**0**	283	-26	**257**
Total	**-63,425**	**-12,980**	**-76,405**	**-36,628**	**-5,464**	**-42,092**

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

T€	2014				2013			
	L&R	**AfS**	**FLaC**	**HfT**	**L&R**	**AfS**	**FLaC**	**HfT**
Interest	49,869	0	-64,064	0	41,887	0	-68,933	0
Interest from receivables from concession arrangements	66,183	0	-23,748	-7,653	68,670	0	-25,653	-8,465
Result from securities	0	5,159	0	0	0	4,390	0	0
Impairment losses	-30,673	-13,286	2	0	-45,776	-15,541	116	0
Disposal losses/profits	0	9,296	0	0	0	617	0	0
Gains from derecognition of liabilities and payments of written off receivables	0	0	4,869	0	0	0	6,239	0
Net income recognised in profit or loss	**85,379**	**1,169**	**-82,941**	**-7,653**	**64,781**	**-10,534**	**-88,231**	**-8,465**
Value changes recognised directly in equity[1)]	0	2,155	0	-19,138	0	256	0	32,545
Net income	**85,379**	**3,324**	**-82,941**	**-26,791**	**64,781**	**-10,278**	**-88,231**	**24,080**

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 amortised at 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 associated companies in the amount of T€ -513 (2013: T€ -491)

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€ 575,000.

As at **31 December 2014**, following **hedging transactions** existed:

T€	31.12.2014		31.12.2013	
	Nominal value	Market value	Nominal value	Market value
Interest rate swaps	732,085	-70,349	707,334	-43,443

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 31.12.2014 T€	Weighted average interest rate 2014 %
EUR	1,197,809	0.44
PLN	287,464	2.36
CZK	140,629	0.41
Others	291,029	1.65
Total	**1,916,931**	**0.90**

Bank borrowings

Currency	Carrying value 31.12.2014 T€	Weighted average interest rate 2014 %
EUR	1,021,236	1.86
Others	2,524	5.30
Total	**1,023,760**	**1.87**

Had the interest rate level at 31 December 2014 been higher by 100 basispoints, then the EBT would have been higher by T€ 11,487 (2013: T€ 8,968) and the equity at 31 December 2014 would have been higher by T€ 45,990 (2013: T€ 44,525). 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 were transacted. 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**

As at **31 December 2013**, the following hedging transactions existed for the **underlying transactions**[1] mentioned below:

T€ Currency	Expected cash flows 2014	Expected cash flows 2015	Total	Positive market value of the hedging transaction	Negative market value of the hedging transaction
AED	26,702	21,080	47,782	1,215	0
HUF	35,348	0	35,348	0	-24
PLN	34,089	0	34,089	67	0
Others	58,478	0	58,478	583	-490
Total	**154,617**	**21,080**	**175,697**	**1,865**	**-514**

Of the derivative financial instruments classified as cash flow hedges as at 31 December 2013, T€ -495 were recycled from equity and recognised in the consolidated income statement in the 2014 financial year (2013: T€ -1,273). The resulting deferred tax income amounted to T€ 96 (2013: tax income of T€ 242).

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

Currency	Exchange rate 31.12.2014: 1 € =	Average rate 2014: 1 € =	Exchange rate 31.12.2013: 1 € =	Average rate 2013: 1 € =
HUF	315.5400	309.9825	297.0400	297.9333
CZK	27.7350	27.5513	27.4270	26.0270
PLN	4.2732	4.1939	4.1543	4.2134
HRK	7.6580	7.6348	7.6265	7.5785
CHF	1.2024	1.2127	1.2276	1.2291

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 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

1) not entirely represented as hedge accounting

The following table shows the hypothetical changes in EBT and equity if the euro in the year 2013 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	8,403	8,403	-8,403	-8,403
HUF	-5,757	-5,757	5,757	5,757
CHF	-7,285	-7,285	7,285	7,285
CZK	7,811	7,811	-7,811	-7,811
Other	-6,482	-4,374	6,482	4,374

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 exchange 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€ 4,200,177 (2013: T€ 4,408,327) and corresponds to the carrying amounts presented in the balance sheet. Thereof T€ 2,546,068 (2013: T€ 2,770,221) 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€ 42,209 (2013: T€ 59,199).

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 aval credit line in the amount of € 2.0 billion. The overall line for cash and aval loan amounts to € 6.8 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 2010 a bond of € 100 million with a term to maturity of five years and 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 financial year 2014 no bond was issued. 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 2014

T€	Carrying values 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**

Payment obligations as at 31 December 2013

T€	Carrying values 31.12.2013	Cash flows 2014	Cash flows 2015–2018	Cash flows after 2018
Bonds	582,500	30,702	353,500	316,250
Bank borrowings	1,117,697	389,132	409,656	452,873
Liabilities from finance leases	22,503	3,122	15,212	9,194
Financial liabilities	**1,722,700**	**422,956**	**778,368**	**778,317**

The trade payables and the other liabilities (see item 21) essentially lead to cash outflows in line with the maturity at the amount of the carrying amounts.

(26) 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 SE 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, hydraulic engineering and construction activities in the offshore wind sector.

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 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 associates	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

Segment reporting for the financial year 2013

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output Volume	**6,021,112**	**4,593,358**	**2,822,408**	**136,194**		**13,573,072**
Revenue	**5,500,840**	**4,422,255**	**2,444,541**	**26,516**	**0**	**12,394,152**
Inter-segment revenue	137,515	22,918	324,461	797,435		
EBIT	**72,536**	**138,234**	**69,575**	**64**	**-18,832**	**261,577**
thereof share of profit or loss of associates	10,305	31,737	-33,140	212	0	9,114
Interest and similar income	0	0	0	66,716	0	66,716
Interest expense and similar charges	0	0	0	-98,256	0	-98,256
EBT	**72,536**	**138,234**	**69,575**	**-31,476**	**-18,832**	**230,037**
Investments in property, plant and equipment, and in intangible assets	0	0	717	386,644	0	387,361
Depreciation and amortisation	200	421	7,066	425,650	0	433,337
thereof extraordinary write-ups, depreciation and amortisation	200	290	3,495	24,939	0	28,924

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€	2014	2013
Net income from investments	-19,082	-10,826
Other consolidations	11,212	-8,006
Total	**-7,870**	**-18,832**

Breakdown of revenue by geographic region

T€	2014	2013
Germany	6,030,243	5,682,802
Austria	2,030,313	2,108,667
Rest of Europe	3,968,098	4,127,981
Rest of World	447,019	474,702
Revenue	**12,475,673**	**12,394,152**

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

(27) 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.

On 15 July 2014 core shareholder Rasperia Trading Limited exercised a call option and bought back the remaining 5.6 % of the shares. On 31 December 2014, core shareholder Rasperia Trading Limited held again a 25.0 % interest in STRABAG SE as well as one registered share. 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€	2014	2013
Work and services performed	11,566	9,116
Work and services received	2,850	7,838
Receivables as at 31.12.	14,398	16,372
Liabilities as at 31.12.	37	539

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 SE Group and the Basic Element Group.

Russian construction company Glavstroy Corporation, a member of the Basic Element Group, commissioned STRABAG to build the Olympic village in Sochi, Russia. The order included the construction of residences and hotels ahead of the 2014 Winter Olympics and had a value of about € 268 million. The contract was signed in 2010. The construction works began in 2011 and were completed in 2014. Services were also rendered in tunnelling in relation to the Olympic Games.

In the 2014 financial year, the revenue for these construction projects amounted to T€ 14,598. The open receivable as at 31 December 2014 amounted to T€ 30,777 and will be paid off in eight half-year instalments. The receivables bear interest and are hedged at arm's length 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. Until then, STRABAG received an arm's length payment based on the amount of the prepayment. STRABAG has exercised its right to reversal. In the 2014 financial year, therefore, the advance was reduced to € 35 million, of which T€ 30,778 was paid in July 2014. A remainder of T€ 4,222 will be paid in eight half-year instalments. Repayment of the remaining advance will be made with the last instalment. The receivables bear interest and are hedged at arm's length 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 office buildings in Vienna and 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 SE at the usual market conditions. Rental costs arising from both buildings in the 2014 financial year amounted to T€ 7,897 (2013: T€ 7,685). Other services in the amount of T€ 184 (2013: T€ 519) were obtained from the IDAG Group.

Furthermore, revenues of T€ 6,142 (2013: T€ 4,707) were made with IDAG Immobilienbeteiligung u. -Development GmbH in the 2014 financial year. At the balance sheet date of 31 December 2014, the STRABAG SE Group had receivables from rental deposits amounting to T€ 23,529 (2013: T€ 22,059) from IDAG Immobilienbeteiligung u. -Development GmbH.

Investments in associates

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 SE is employed in the construction work on the basis of arm's-length contracts. In 2014 revenues of T€ 12,601 (2013: T€ 56,563) were made. At the balance sheet date, there were receivables against the Raiffeisen evolution project development-group in the amount of T€ 1,208 (2013: T€ 2,308).

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

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 2014, STRABAG procured cement services worth about T€ 19,430 (2013: T€ 20,067) from Lafarge. At the balance sheet date, there were liabilities to Lafarge Cement CE Holding GmbH group in the amount of T€ 84 (2013: T€ 107).

The **business transactions with the other associates** can be presented as follows:

T€	2014	2013
Work and services performed	69,558	79,420
Work and services received	30,891	33,138
Receivables as at 31.12.	15,297	28,879
Liabilities as at 31.12.	276	646

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

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€ 20,373 (2013: T€ 14,418) in the year under report. Of this amount, T€ 19,797 (2013: T€ 14,066) is attributable to the current remuneration and T€ 576 (2013: T€ 352) to severance and pension payments.

(28) NOTES ON THE MANAGEMENT AND SUPERVISORY BOARDS

Management Board

Dr. Thomas Birtel
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
Andrei Elinson
Mag. Kerstin Gelbmann
Ing. Siegfried Wolf

Dipl.-Ing. Andreas Batke (works council)
Miroslav Cerveny (works council)
Magdolna P. Gyulainé (works council)
Georg Hinterschuster (works council since 13 October 2014)
Wolfgang Kreis (works council)
Gerhard Springer (works council until 13 October 2014)

The total salaries of the Management Board members in the financial year amount to T€ 3,981 (2013: T€ 4,199). The severance payments for Management Board members amount to T€ 120 (2013: T€ 8).

The remunerations for the Supervisory Board members in the amount of T€ 135 (2013: T€ 135) are included in the expenses. Neither the Management Board members nor the Supervisory Board members of STRABAG SE received advances or loans.

(29) EXPENSES FOR THE AUDITOR

The expenses for the auditor, KPMG Austria GmbH, incurred in the financial year amount to T€ 1,182 (2013: T€ 1,240) of which T€ 1,127 (2013: T€ 1,121) were for the audit of the consolidated financial statements (including the audit of separate financial statements of group companies) and T€ 55 (2013: T€ 119) for other services.

(30) 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 2014 will take place on 27 April 2015.

(31) EVENTS AFTER THE BALANCE SHEET DATE

In January 2015, STRABAG issued a further bond in the amount of € 200 million with a term to maturity of seven years. The annual coupon interest of the bond amounts to 1.625 %.

Villach, 10 April 2015

The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Divisions and Central Staff Divisions (expect 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, associated companies and investments

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
"Filmforum am Bahnhof" Errichtungs- und Betriebsgesellschaft m.b.H.	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 S.A.	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[1)]
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.	Ceské Budejovice	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	Düsseldorf	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
BRVZ Sweden AB	Kumla	100.00
Bug-AluTechnic GmbH	Vienna	100.00

1) Direct stake as at 31.12.2013 amounted 100.00 %

Company	Residence	Direct stake %
Büro Campus Deutz Torhaus GmbH	Cologne	100.00
Campus Eggenberg Immobilienprojekt GmbH	Graz	60.00
CARB SRL	Brasov	100.00[1)]
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 Instandhaltung GmbH	Vienna	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
Eichholz Eivel GmbH	Berlin	100.00
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o.	Bratislava-Ruzinov	100.00
F. Kirchhoff GmbH	Leinfelden-Echterdingen	100.00
F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG	Viennaer 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
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
Jewel Development Grundstück GmbH & Co. KG	Berlin	100.00
JHP spol. s.r.o.	Prague	100.00
Josef Riepl Unternehmen für Ingenieur- und Hochbau GmbH	Regensburg	100.00
JUKA Justizzentrum Kurfürstenanlage GmbH	Cologne	100.00
KAB Straßensanierung GmbH & Co KG	Spittal an der Drau	50.60
KAMENOLOMY CR s.r.o.	Ostrava - Svinov	100.00
Kanzel Steinbruch Dennig Gesellschaft mit beschränkter Haftung	Gratkorn	75.00

1) Direct stake as at 31.12.2013 amounted 99.47 %

Company	Residence	Direct stake %
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
Ludwig Voss GmbH	Cuxhaven	100.00
M5 Beteiligungs GmbH	Vienna	100.00
M5 Holding GmbH	Vienna	100.00
MAV Mineralstoff - Aufbereitung und - Verwertung GmbH	Krefeld	50.00
MAV Mineralstoff - Aufbereitung und Verwertung Lünen GmbH	Lünen	100.00
MAYVILLE INVESTMENTS Sp.z o.o.	Warsaw	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
Möbius Construction Ukraine Ltd	Odessa	100.00
N.V. STRABAG Belgium S.A.	Antwerpen	100.00
N.V. STRABAG Benelux S.A.	Antwerpen	100.00
Na belidle s.r.o.	Prague	100.00
NE Sander 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
Offshore Wind Logistik GmbH	Stuttgart	100.00
Osttiroler Asphalt Hoch- und Tiefbauunternehmung GmbH	Lavant i. Osttirol	80.00
PEKA Entwicklungsgesellschaft Kurfürstenanlage GmbH	Cologne	100.00
Pomgrad Inzenjering d.o.o.	Split	100.00
Preduzece za puteve "Zajecar" a.D.Zajecar	Zajecar	100.00
Pyhrn Concession Holding GmbH	Cologne	100.00
PZC SPLIT d.d.	Split	95.73[1)]
Raststation A 3 GmbH	Vienna	100.00
Raststation A 6 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
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

1) Direct stake as at 31.12.2013 amounted 95.37 %

Company	Residence	Direct stake %
STRABAG AG	Spittal an der Drau	100.00
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	Nürnberg	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 INFRASTRUKTURA POLUDNIE Sp. z o.o.	Wroclaw	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 Offshore Wind GmbH	Stuttgart	100.00
STRABAG OMAN L.L.C.	Muscat	100.00
STRABAG Oy	Helsinki	100.00
STRABAG Projektentwicklung GmbH	Cologne	100.00
STRABAG Projektutveckling AB	Stockholm	100.00[1)]
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	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 Sp. z o.o.	Pruszkow	100.00
Strabag SpA	Santiago	100.00
STRABAG Sportstättenbau GmbH	Dortmund	100.00
Strabag srl	Bucharest	100.00
STRABAG Sverige AB	Stockholm	100.00
STRABAG Umwelttechnik GmbH	Düsseldorf	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-HIDROINZENJERING d.o.o.	Split	100.00
STRABAG-MML Kft.	Budapest	100.00
Szentesi Vasútépítö Kft	Budapest	100.00
Torkret GmbH	Stuttgart	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
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

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

Company	Residence	Direct stake %
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)]
TyresöView1 Holding AB	Stockholm	100.00
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
ZIPP BRATISLAVA spol. s r.o.	Bratislava	100.00
Züblin A/S	Trige	100.00
Züblin Chimney and Refractory GmbH	Cologne	100.00
Züblin Construction L.L.C.	Abu Dhabi	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	100.00
Züblin International GmbH	Stuttgart	100.00
Züblin Kft.	Budapest	100.00
Züblin Nederland BV	Vlaardingen	100.00
Züblin Projektentwicklung GmbH	Stuttgart	100.00
Züblin Romania S.R.L.	Bucharest	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
Zucotec - Sociedade de Construcoes Lda.	Lisbon	100.00

Associates

A-Lanes A15 Holding B.V.	Nieuwegein	24.00
AMB Asphaltmischwerke Bodensee GmbH & Co KG	Singen (Hohentwiel)	24.80
Asphalt-Mischwerke-Hohenzollern GmbH & Co. KG	Inzigkofen	36.50
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
Oder Havel Mischwerke GmbH & Co. KG	Berlin	33.33
PARK SERVICE HÜFNER GmbH + Co. KG	Stuttgart	48.44
Raiffeisen evolution project development GmbH	Vienna	20.00
Strabag Qatar W.L.L.	Qatar	49.00
Züblin International Qatar LLC	Doha	49.00
Zweite Nordsee-Offshore-Holding GmbH	Pressbaum	49,90

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

Company	Residence	Direct stake %
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
"LSH"-Fischer Baugesellschaft m.b.H.	Linz	100.00
"Mineral 2000" EOOD	Sofia	100.00
"Strabag" d.o.o. Podgorica	Podgorica	100.00
"Zipp Ukraine"	Cholmok	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
AFRITOL (PROPRIETARY) LIMITED	Pretoria	100.00
AKA-HoldCo Zrt.	Budapest	100.00
Al-Hani General Construction Co.	Tripolis	60.00
AMH Asphaltmischwerk Hellweg GmbH	Erwitte	50.50
Artholdgasse Errichtungs GmbH	Vienna	95.00
Asesorías de Ingenería y Construcciones Ltda.	Santiago	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 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
BHG Bitumen Kft.	Budapest	100.00
BHG COMERCIALIZARE BITUM S.R.L.	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

Company	Residence	Direct stake %
BMTI Benelux bvba	Antwerpen	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
BUSINESS BOULEVARD Errichtungs- und Betriebs GmbH in Liqu.	Vienna	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 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
Clubdorf Sachrang Betriebs GmbH	Cologne	100.00
Coldmix B.V.	Roermond	100.00
Constrovia Construcao Civil e Obras Publicas Lda.	Lisbon	95.00
Cosima Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Beta KG	Pullach i. Isartal	94.00
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 & Partner LLC	Oman	65.00
Dywidag Construction Corporation	Vancouver	100.00
Dywidag Insaat Limited Sirketi	Ankara	100.00
Dywidag LNG Korea Ltd.	Seoul	100.00
DYWIDAG Romania S.R.L	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.	Praha	100.00
Edificio Bauvorbereitungs- und Bauträgergesellschaft mb.H.	Vienna	100.00
EFKON ASIA SDN. BHD.	Kuala Lumpur	100.00
EFKON Bulgaria OOD	Sofia	80.00
EFKON COLOMBIA LTDA	Bogota	100.00
EFKON Germany GmbH	Berlin	100.00
EFKON Road Pricing Limited	London	100.00

Company	Residence	Direct stake %
EFKON USA, INC.	Dallas	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
EVN S.r.l. IN LIQUIDAZIONE	Rom	100.00
F. Kirchhoff Silnice s.r.o. likvidaci	Prague	100.00
Fachmarktzentrum Arland Errichtungs- und Vermietungsgesellschaft mbH	Vienna	100.00
Fachmarktzentrum Kielce Projekt GmbH	Berlin	100.00
Facility Management Holding RF GmbH	Vienna	100.00
Fastighets AB Botvid	Stockholm	51.00
FDZ Grundstücksverwaltung GmbH & Co. Objekt Stuttgart-Möhringen KG	Mainz	94.00
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
GN-Anläggningar AB	Stockholm	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
Harald Zweig Bautenschutz G.m.b.H.	Essen	100.00
HEILIT + WOERNER BAU GmbH in Liqu.	Vienna	100.00
HEILIT Umwelttechnik S.R.L.	Orhei	100.00
Heptan Grundstücksverwaltungsgesellschaft mbH & Co Vermietungs-KG	Mainz	94.00
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
Jewel Development Grundstück Verwaltungs GmbH	Berlin	100.00
JOSEF MOEBIUS CONSTRUCOES E ENGENHARIA CIVIL LTDA.	Sao Paulo	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 s.r.l.	Bucharest	100.00
Latasfalts SIA	Milzkalne	100.00

Company	Residence	Direct stake %
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
Magyar Bau Holding Zrt.	Budapest	100.00
Mazowieckie Asfalty Sp.z o.o.	Pruszkow	100.00
MIEJSKIE PRZEDSIEBIORSTWO ROBOT DROGOWYCH Sp.z o.o.	Bialystok	100.00
Mikrobiologische Abfallbehandlungs GmbH	Schwadorf	51.00
Mineral Kop doo Beograd	Belgrad	100.00
MINERAL ROM S.R.L.	Brasov	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	Steinhausen	100.00
Mobil Concrete Qatar W.L.L.	Doha	98.00
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
Norsk Standardselskap 154 AS	Oslo	100.00
NR Bau- u. Immobilienverwertung GmbH	Berlin	100.00
OAT s.r.o.	Prague	100.00
OAT spol. s.r.o.	Bratislava	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
OOO "Dywidag"	Moscow	100.00
OOO "EFKON"	Moscow	100.00
OOO "Möbius"	St. Petersburg	75.00
OOO "SAT"	Moscow	100.00
OOO "Strabag Straßenbau"	Moscow	100.00
OOO "Strabag Sued"	Moscow	100.00
OOO "TPA Gesellschaft für Qualitätssicherung und Innovation"	Moscow	100.00
OOO BMTI	Moscow	100.00
OOO CLS Construction Legal Services	Moscow	100.00
OOO STRABAG PFS	Moscow	100.00
OOO Züblin Russia	Ufa	100.00
OOO Züblin	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
PNM, d.o.o.	Ljubljana	100.00
POLSKI ASFALT Sp.z o.o.	Kraków	100.00
Poltec Sp.z o.o.	Braslau	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

Company	Residence	Direct stake %
PRID-CIECHANOW Sp.z o.o.	Ciechanow	100.00
PRO Liegenschaftsverwaltungs- und Verwertungsgesellschaft m.b.H.	Vienna	100.00
Projekt Elbpark Verwaltungs GmbH	Cologne	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
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 S.R.L.	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
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 Zweite Vermögensverwaltung GmbH	Cologne	100.00
Steffes-Mies GmbH	Sprendlingen	100.00
STHOI Co., Ltd.	Bangkok	100.00
STR Épitö Kft.	Budapest	100.00
STR Irodaház Kft.	Budapest	100.00
STRABAG A/S	Trige	100.00
STRABAG Algerie EURL	Alger	100.00
STRABAG AUSTRALIA PTY LTD	Brisbane	100.00
STRABAG Baustoffaufbereitung und Recycling GmbH	Düsseldorf	51.00
STRABAG Beteiligungen International AG in Abwicklung	Spittal an der Drau	100.00
STRABAG Beton GmbH & Co. KG	Berlin	100.00
STRABAG Construction Co., Ltd.	Bangkok	100.00
STRABAG Construction Nigeria	Ikeja	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 S.R.L.	Bucharest	100.00
STRABAG HYDROTECH SP z o.o.	Szczecin	100.00
STRABAG India Private Limited	Maharashtra	100.00
STRABAG Industries (Thailand) Co.,Ltd.	Bangkok	100.00
STRABAG Infrastruktur Development	Moscow	100.00
Strabag International Benin SARL	Benin	100.00

Company	Residence	Direct stake %
Strabag International Corporation	Buena Vista	100.00
STRABAG Invest GmbH in Liqu.	Vienna	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 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 Rail AB	Kumla	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 SIA	Milzkalne	82.08
STRABAG Wasserbau Scandinavia AB	Västeräs	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
TETRA Telekommunikation - Service GmbH in Liquidation	Vienna	100.00
TH 116 GmbH & Co. KG	Cologne	100.00
THE INTOLLIGENT LIMITED	Dublin	100.00
TOLLINK (PROPRIERTARY) LIMITED	Pretoria	100.00
TolLink Pakistan (Private) Limited	Islamabad	60.00
TOO STRABAG Kasachstan	Astana	100.00
TOW BRVZ	Kiew	100.00
TPA EOOD	Sofia	100.00
TPA Gesellschaft für Qualitätssicherung und Innovation GmbH	Erstfeld	100.00
Treuhandbeteiligung B		100.00
Treuhandbeteiligung M		100.00
Treuhandbeteiligung Mo		100.00
TyresöHandel 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
Valarea SAS	Lyon	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
ZDE Projekt Oberaltenallee GmbH	Hamburg	100.00
ZDE Siebte Vermögensverwaltung GmbH	Cologne	100.00
Z-Design EOOD	Sofia	100.00

Company	Residence	Direct stake %
Zentrum Rennweg S-Bahn Immobilienentwicklung GmbH in Liqu.	Vienna	100.00
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 PRECAST INDUSTRIES SDN. BHD.	Johor	100.00
Züblin Services GmbH	Stuttgart	100.00
Züblin Thailand Co. Ltd.	Bangkok	100.00

Participation companies not consolidated

"Kabelwerk" Bauträger GmbH	Vienna	25.00
"Zentrum Puntigam" Errichtungs- und Betriebsgesellschaft m.b .H.	Vienna	50.00
ABO Asphalt-Bau Oeynhausen GmbH.	Oeynhausen	22.50
AGS Asphaltgesellschaft Stuttgart GmbH & Co.Kommanditgesellschaft	Stuttgart	40.00
AGS Asphaltgesellschaft Stuttgart Verwaltungs-GmbH	Stuttgart	40.00
AL SRAIYA - STRABAG Road & Infrastructure WLL	Doha	49.00
A-Lanes Management Services B.V.	Utrecht	25.00
AMB Asphalt-Mischanlagen Betriebsgesellschaft m.b.H.& 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	Consrade	49.00
AMWE-Asphaltmischwerke GmbH	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	30.00
ASAMER Baustoff Holding Wien GmbH	Vienna	30.00
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 Bendorf GmbH & Co. KG	Bendorf	49.00
Asphaltmischwerk Bendorf Verwaltung GmbH	Bendorf	49.00
Asphaltmischwerk Betriebsgesellschaft m.b.H. & Co KG	Rauchenwarth	20.00
Asphaltmischwerk Betriebsgesellschaft m.b.H.	Rauchenwarth	20.00
Asphaltmischwerk Bodensee Verwaltungs GmbH	Singen (Hohentwiel)	24.80
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
Asphalt-Mischwerke-Hohenzollern VerwaltungsgesmbH	Inzigkofen	36.50

Company	Residence	Direct stake %
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	Röthlein	24.90
BA Gebäudevermietungsgmbh	Vienna	29.00
BASALT-KÖZÉPKÖ Köbányák Kft	Uzsa	25.14
Bayerische Asphaltmischwerke Gesellschaft mit beschränkter Haftung	Hofolding	48.29
BBO Bauschuttaufbereitung Verwaltungsgesellschaft mbH	Steißlingen	33.33
BBO Bodensee/Hegau Bauschuttaufbereitung GmbH & Co. KG	Steißlingen	22.22
BBO Bodenseekreis Bauschuttaufbereitung GmbH & Co. KG	Steißlingen	25.00
Beton Pisek spol. s.r.o.	Pisek	50.00
Betun Cadi SA	Trun	35.00
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
Büro-Center Ruppmannstraße GmbH	Stuttgart	50.00
C.S.K.K. 2009. Kft.	Budapest	30.00
Continental Living Stockholm AB	Stockholm	50.00
CSE Centrum-Stadtentwicklung GmbH i.L.	Cologne	50.00
DAM Deutzer Asphaltmischwerke GmbH & Co. KG	Cologne	40.44
DAM Deutzer Asphaltmischwerke Verwaltungs-GmbH	Cologne	40.44
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	Reutte	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 a. W.	30.00
HOTEL VIA Kft.	Budapest	43.00
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

Company	Residence	Direct stake %
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.	Ceske Budejovice	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 & C. SRL	Bruneck	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
ODRA-ASFALT Sp. z o.o.	Szeczecin	33.33
OFIM HOLDINGS LIMITED	Cardiff	46.25
Ontwikkelingscombinatie Maasmechelen N.V.	Antwerpen	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
PWG-Bau Pfersee Wohn- und Gewerbebauträger GmbH & Co.KG	Munich	50.00
PWG-Bau Pfersee Wohn-und Gewerbebauträger Verwaltungs GmbH i.L.	Munich	50.00
QMP Generalübernehmer GmbH & Co. KG	Oststeinbek	50.00
RAE Recycling Asphaltwerk Eisfeld GmbH & Co KG i.L.	Eisfeld	37.50

Company	Residence	Direct stake %
RAE Recycling Asphaltwerk Eisfeld Verwaltungs-GmbH i.L.	Eisfeld	37.50
RAM Regensburger Asphalt-Mischwerke GmbH & Co KG	Barbing	44.33
Rapp GmbH & Co. KG	Steinheim am Albuch	20.00
Rapp Verwaltungs-GmbH	Steinheim am Albuch	20.00
Rathaus-Carrée Saarbrücken Grundstücksentwicklungs Gesellschaft mbH i.L.	Cologne	24.97
Rathaus-Carrée Saarbrücken Grundstücksentwicklungsgesellschaft mbH & Co.KG	Cologne	25.00
Regensburger Asphalt-Mischwerke GmbH	Barbing	44.33
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.	Viennaersdorf-Oeynhausen	46.00
Rheinbacher Asphaltmischwerk Gesellschaft mit beschränkter Haftung	Rheinbach	50.00
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	Sindelfingen	22.22
Satellic NV	Groot-Bijgaarden	24.00
SAV Südniedersächsische Aufbereitung und Verwertung Verwaltungs GmbH	Hildesheim	50.00
Schlackenkontor Bremen GmbH	Bremen	25.00
Sindelfinger Asphalt-Mischwerke GmbH	Sindelfingen	22.22
SMB Construction International GmbH	Sengenthal	50.00
Societatea Companilor Hoteliere Grand srl	Bucharest	35.31
Spolecne obalovny, s r.o.	Prague	50.00
SRK Kliniken Beteiligungs GmbH	Vienna	25.00
STA Asphaltmischwerk Strahlungen GmbH	Strahlungen	24.90
stahl + verbundbau gesellschaft für industrielles bauen m.b.H.	Dreieich	30.00
Steinbruch Mauterndorf Gesellschaft m.b.H.	St. Michael/Lungau	50.00
Stephan Beratungs-GmbH	Linz am Rhein	30.00
STRABAG Gorzów Wielkopolski Sp.z o.o.	Gorzów Wielkopolski	49.00
Strabag Oktatási PPP Kft.	Budapest	30.00
Strabag Saudi Arabia	Khobar	50.00
Strabag-Mert Kkt.	Budapest	50.00
Straktor Bau Aktien Gesellschaft	Kifisia	50.00
STRAVIA Kft.	Budapest	25.00
STRIBA Protonentherapiezentrum Essen GmbH	Cologne	50.00
Syrena Immobilien Holding Aktiengesellschaft	Spittal an der Drau	50.00
TBG Ceske Budejovice spol. s.r.o.	Budweis	50.00
TBG Frissbeton Kft.	Pecs	50.00
TBG-STRABAG d.o.o.	Zagreb	50.00
TDE Mitteldeutsche Bergbau Service GmbH	Espenhain	35.00
TETI TRAFFIC	Centurion	35.00
Tierra Chuquicamata SpA	Santiago	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
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

Company	Residence	Direct stake %
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	37.83
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

Charité hospital in Berlin is being renovated by Ed. Züblin AG joint venture

STRABAG subsidiary Ed. Züblin AG, in a joint venture with VAMED Deutschland, has begun construction at the Charité hospital in Berlin. Over the next three years, the 21-storey bed tower of the university clinic in Berlin-Mitte will be renovated and equipped with the latest state-of-the-art medical technology. The contract comprises the end-to-end execution planning, gutting and renovation of the bed tower as well as the construction of an adjoining new five-storey building to house several intensive care units, 15 operating rooms, and one emergency department. Planning of the medical technology as well as support during trial operation of the facility also form part of the joint venture's tasks. The construction works are expected to last until the end of 2016.

FEBRUARY

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

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

MARCH

EFKON chosen by ASFINAG for automatic toll sticker monitoring system

EFKON AG, a subsidiary of STRABAG headquartered in Raaba near Graz, was awarded the tender from Austrian road operator ASFINAG for the modernisation of the national toll sticker monitoring system.

STRABAG builds Zielone Arkady shopping centre in Bydgoszcz

Polish STRABAG Sp. z o.o. has been awarded the contract to build the Zielone Arkady ("Green Arcades") shopping centre with a scheduled date of completion at the end of October 2015. With 50,000 m² of rental space, it will be the largest shopping centre in Bydgoszcz. The construction volume is valued in the mid-double-digit million euro range. The development is being built in accordance with the BREEAM principles of sustainable construction.

Main entrance to the shopping centre "Zielone Arkady" in Bydgoszcz

MAY

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

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

Züblin A/S is awarded large building construction contract in Denmark

Züblin A/S, a Danish subsidiary of the STRABAG Group, was awarded the contract to build the "Axeltorv, AT2" project, a 14-storey multi-use building in the centre of Copenhagen. The contract value of the turnkey building is about € 103 million. The handover of the project is expected by the end of 2016.

"Axeltorv, AT2" in Copenhagen

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

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

JUNE

STRABAG parts with its flue gas treatment business

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

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

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

Züblin Scandinavia AB is awarded a contract for Marieholms Tunnel in Gothenburg

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

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


Construction of a 2 km metro tunnel

Züblin A/S is leading a joint venture for the construction of Copenhagen's new metro line between Østersøgade and the Nordhavn metro station. The contract includes about 2 km of metro line connecting the ongoing construction of "Metro Cityring" with the new Nordhavn development area in the city of Copenhagen. The order has a total value of € 150 million, with Züblin's share amounting to about € 90 million. The construction work is planned to last until 2019.

Renewal of € 2 billion syndicated surety loan

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

STRABAG SE prematurely extends € 400 million syndicated cash credit line

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

STRABAG constructs steel plant in Russia for € 300 million

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

JULY

All Management Board mandates extended until end of 2018

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

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

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

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

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

More than € 100 million deal to construct S7 section "Trasa Nowohucka" in Cracow

A consortium comprising two subsidiaries of the STRABAG Group, STRABAG Sp. z o.o. and STRABAG Infrastruktura Południe Sp. z o.o., has signed a contract for the construction of an 18.6 km long stretch of the planned S7 expressway in the east of Cracow, called "Trasa Nowohucka", which will run between Rybitwy and Igołomska. The contract is worth around € 103 million. The construction is expected to be completed within 36 months.

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

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

"Upper West" is being built along Kurfürstendamm in Berlin.

STRABAG wins in consortium contract for toll collection system in Belgium

Satellic NV, a project company established by T-Systems (76 %) and STRABAG (24 %), has been awarded the contract for the construction and operation of a satellite-based toll collection system for trucks weighing more than 3.5 tonnes. The contract has a term of twelve years and envisages that Satellic will establish the new toll collection system in the next 18 months. EFKON AG delivers the entire system technology – the so-called enforcement technology.

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

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

AUGUST

STRABAG extends container port in Mauritius

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

SEPTEMBER

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

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

STRABAG building Kościerzyna bypass in Poland for € 40 million

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

STRABAG building section of A4 motorway in Poland for € 70 million

A consortium consisting of STRABAG Sp. z o.o. and Budimex S.A. has signed the contract to build a 41 km section of the A4 motorway from Rzeszów to Jarosław in south-eastern Poland. The contract has a value of about € 140 million. STRABAG holds a 50 % share in the consortium. The motorway is scheduled for completion and should be opened to traffic in the first half of 2016.

STRABAG acquires industry services provider DIW Group

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

OCTOBER

STRABAG Real Estate develops office and commercial building in downtown Warsaw

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

STRABAG consortium builds € 300 million Eisack River undercrossing for Brenner Base Tunnel

The construction group STRABAG, in a consortium with the Italian construction companies Salini Impregilo, Consorzio Cooperative Costruzioni CCC and Collini Lavori, signed the € 300 million contract to build the 4.3 km long Eisack River undercrossing section of the Brenner Base Tunnel. STRABAG holds a 39 % share in the consortium. Work began in 2014 with a planned construction time of around eight years.

NOVEMBER

Züblin awarded contract to build hydroelectric power plant in Chile

Züblin Chile has been awarded the contract to build a hydroelectric power plant by energy group Colbún S.A. south of the Chilean capital of Santiago. The € 36 million contract was signed in mid-November. The contract for Züblin Chile comprises all earth and concrete works for the intake structures, an open-channel waterway, a turbine hall and a stilling basin. The construction works are expected to last about 25 months and should be concluded in early 2017.

DECEMBER

STRABAG to build Volkswagen factory in Września, Poland

The Polish STRABAG subsidiary has been awarded the contract to build a new production plant for Volkswagen commercial vehicles in Poland. The automobile manufacturer plans to manufacture the next generation of its VW Crafter delivery van in the new factory in Września. STRABAG has been commissioned to build three of the five modern production and industrial buildings that form part of the overall investment by the middle of 2015.

STRABAG Group and consortium partner Norderland-ETANAX sell offshore wind farm project Albatros

Approval for 79 wind turbines in the German North Sea

EnBW Energie Baden-Württemberg AG has acquired the Albatros offshore wind farm project from the consortium partners STRABAG and the Norderland/ETANAX Group. This offshore wind project, which has approval for 79 wind turbines of the 5–7 MW rating class, is located 105 km off the coast in the German sector of the North Sea. The wind farm covers an area of 39 km² at a water depth of 39–40 m. The contractual partners have agreed not to disclose any information about the purchase price. With their portfolio of 12 project developments, the STRABAG Group and the Norderland/ETANAX Group continue to be active in the offshore wind farm business. The projects will be developed until they are ready for approval or investment, and will subsequently be sold off or constructed in tandem with investment partners.

Country report

DIVERSIFYING THE COUNTRY RISK

2015 output volume unchanged at € 13.6 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 company expects its international business to grow to at least 10 % of the output volume by 2016.

The STRABAG SE Group generated an output volume of € 13.6 billion in the 2014 financial year, unchanged at the same high level as the year before. Increases in the home markets of Germany and Austria, for example, offset with declines in markets such as the RANC region (Russia and neighbouring countries) or Romania. The output volume in Germany developed positively, thanks to the mild winter – and despite the very restrained tender award policy in transportation infrastructures on the part of the public sector. Large projects were completed in Romania and Russia at the same time that newly acquired orders in these markets have not yet found expression in the output volume.

OUTPUT VOLUME BY COUNTRY

€ mln.	2014	% of total output volume 2014	2013	% of total output volume 2013	Δ %	Δ absolute
Germany	6,080	45	5,789	43	5	291
Austria	2,058	15	1,982	15	4	76
Poland	817	6	787	6	4	30
Czech Republic	620	5	645	5	-4	-25
Hungary	544	4	496	4	10	48
Slovakia	427	3	340	3	26	87
Switzerland	359	3	386	3	-7	-27
Benelux	324	2	400	3	-19	-76
Russia and neighbouring countries	302	2	561	4	-46	-259
Middle East	272	2	323	2	-16	-51
Sweden	271	2	316	2	-14	-45
Americas	255	2	263	2	-3	-8
Denmark	197	1	151	1	30	46
Romania	181	1	322	2	-44	-141
Italy	179	1	168	1	7	11
Africa	158	1	165	1	-4	-7
Rest of Europe	136	1	106	1	28	30
Croatia	121	1	134	1	-10	-13
Asia	87	1	103	1	-16	-16
Slovenia	68	1	67	0	1	1
Bulgaria	39	0	20	0	95	19
Serbia	38	0	31	0	23	7
Bosnia and Herzegovina	33	0	18	0	83	15
Total	**13,566**	**100[1]**	**13,573**	**100**	**0**	**-7**

1) Rounding differences are possible.

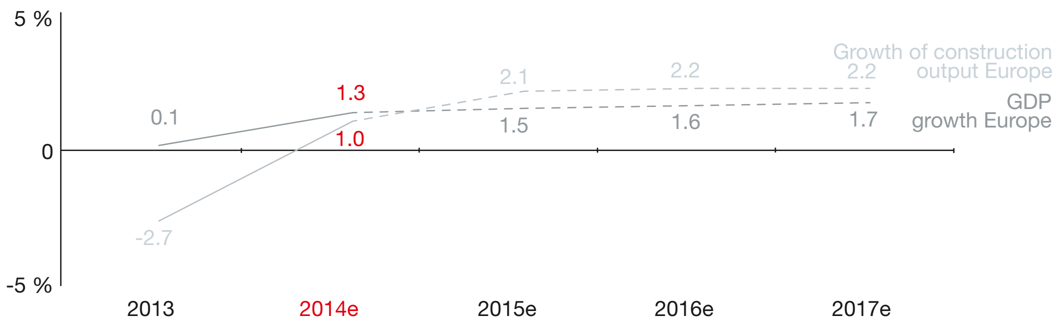
TURNAROUND IN THE EUROPEAN CONSTRUCTION SECTOR[1)]

The European economy continued to recover in 2014, even if growth slowed considerably over the course of the year. Within the 19 Euroconstruct countries, strong disparities in the development were evident. The recovery first gained momentum in the United Kingdom and in the Northern European countries outside the eurozone. While it was possible to stop the recession within the euro area, however, **economic growth** (GDP) stagnated due to the continuing weak domestic demand. The level of consumer debt has fallen little since the financial crisis, which limits the purchasing and investment possibilities in many of these countries. This weakness is being compensated by the rapid recovery of the Eastern European countries, which returned to robust growth after the sharp losses of 2012 and 2013. Against this backdrop, the total economic growth of the 19 Euroconstruct countries reached 1.3 % in 2014 and is expected to stabilise at this moderate level in the years to come.

The European **construction industry**, which finally entered a new phase of growth in 2014, should develop significantly more strongly in the long run than the economy as a whole. After seven years of crisis, during which the markets lost about 21 % of their overall volume, Euroconstruct calculations show the European construction industry returning to renewed growth of 1.0 % in 2014. On a country by country basis, this development was also quite heterogeneous. Against the backdrop of strong economic growth, the construction industry in Central and Eastern Europe registered significant increases which even approached pre-crisis levels. This development is being driven above all by EU-financed infrastructure projects. Analogous to the economic development, the Western European countries of Ireland, United Kingdom and Sweden registered strong growth in 2014, while Italy, France and Spain lost significant volume, and growth also slowed noticeably in Germany.

All in all, the construction industry should continue to grow in the near future. The Euroconstruct experts expect growth to consolidate at 2.1 % in 2015 and at 2.2 % in each of the two following years.

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE



MODERATE GROWTH IN ALL SECTORS

The growth of the construction industry was supported by all sectors in 2014. Each of these segments should continue to grow at a constant rate of 2.0 % in the medium term, naturally with differences in the individual markets. Renovation building has a stabilising effect for the entire construction industry, while new construction works still exhibit significant weaknesses.

Residential construction suffered under the weak European economy in the period under review – especially new production stagnated at +0.1 % after the strong decline in the previous year – but this segment should establish itself as the strongest driving growth in the sector in the period 2015–2017. In a country by country analysis, the development in the residential construction sector remained heterogeneous. While the Central and Northern European countries – mainly Ireland and the United Kingdom – registered double-digit growth rates, the development in South-East Europe remained characterised by high losses. All in all, i.e. including renovation building, the sector achieved a growth rate of 0.9 %. The upwards trend should, however, accelerate significantly in the years to come with growth of 2.3 % in 2016.

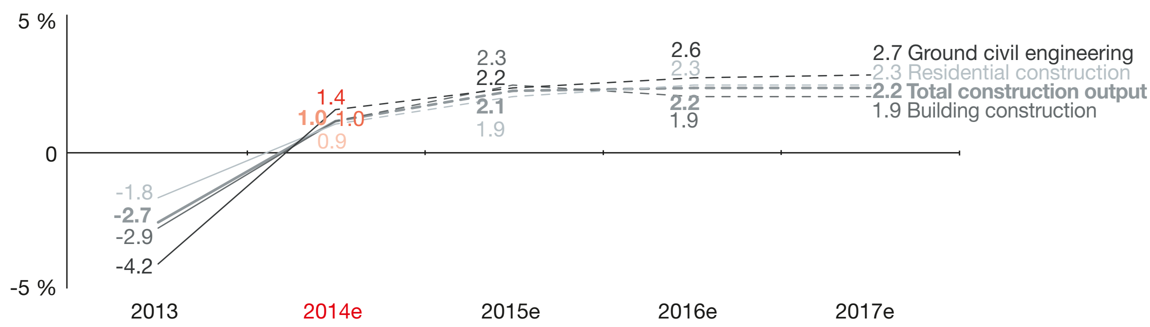
Similarly muted growth as in residential construction could also be seen in new construction works within the **building construction** segment. The 2013 losses had been much higher

1) All growth forecasts as well as the particular national construction volumes are taken from the Euroconstruct and EECFA winter 2014 reports. The indicated market share data are based on the data from the year 2013.

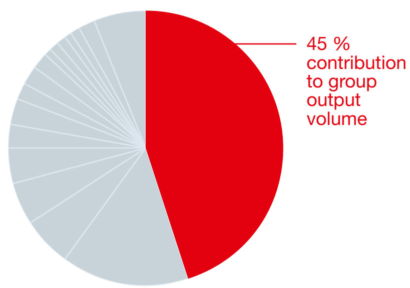
here than in residential building, however, and the forecast growth will also be more moderate in the medium term. All in all, building construction grew once more by 1.0 % in 2014 – after a decline of 2.9 % the year before. This again shows that this field is the most strongly dependent on the general economic development. Against this backdrop, the Eastern European market registered stronger growth rates than the Western European countries and will probably continue to drive growth in the future. Depending on the economic development, Euroconstruct believes that growth in building construction should stabilise at a level of 1.9 % in the medium term.

A significant turnaround was registered in **ground civil engineering**. After losses of 8.5 % in 2012 and 4.2 % in 2013, this segment returned to growth of 1.4 % in 2014. It thus has the highest growth rate in a sector by sector comparison, although forecasts had still been much lower in the months before. At 22 %, however, ground civil engineering continues to represent the lowest share of the entire European construction market. Growth in ground civil engineering should increase to 2.2 % in 2015 and will continue to grow steadily from year to year thereafter. Against the backdrop of the high deficit in the infrastructure field and the promise of corresponding EU funds, this positive development will also continue to be supported by the Central and Eastern European markets in the future. According to Euroconstruct, the CEE region achieved growth of 9.9 % here in 2014, while the Western European Euroconstruct countries were only able to post a slight plus of 0.7 %. In the long term, the nascent economic recovery could help to again raise the level of investment confidence in Western Europe and lead to higher growth rates.

DEVELOPMENT OF CONSTRUCTION SECTOR EUROPE



GERMANY



Overall construction volume:	€ 278.76 billion
GDP growth:	2014e: 1.3 % / 2015e: 1.2 %
Construction growth:	2014e: 2.4 % / 2015e: 1.8 %

Although it was more than once necessary to lower the GDP forecasts for 2014 and 2015, the German economy was still able to register significant growth of +1.3 % in the reporting period versus the previous year (+0.1 %). Responsible for this positive development were the stable low interest rates. For the year to come, Euroconstruct again expects growth of 1.2 %. This figure takes into account the impact from the 2014 pension reform as well as the introduction of new minimum wages.

After negative construction growth in 2013 (-0.3 %), the mild winter in the first quarter of 2014 led to a strong rise of the construction output; over the remaining course of the year, however, the curve flattened in harmony with the global economy.

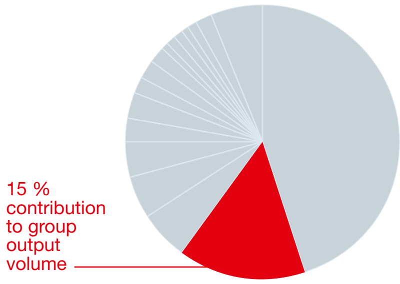
The sector still managed to achieve a significant plus of 2.4 % in 2014, with a considerable portion thereof attributable to residential construction (+2.4 %). Clear influences in this context came from the continuing favourable credit rates, the positive labour market situation, and the steady interest in home ownership as an investment alternative.

Even stronger growth was seen in building construction. After two difficult years (2012: -4.0 %; 2013: -1.5 %), this sector registered a plus of 1.9 % in 2014; for the current year, the construction of additional industrial buildings and warehouse properties supports expectations of renewed growth (forecast: +2.1 %).

But the strongest growth in the year under report was registered in the civil ground engineering sector, where the +3.2 % (excluding other adjustments) almost exactly matched the forecast that had been made the year before. The favourable weather in the spring and efforts by local governments to work off the investment backlog of the past few years – in particular with regard to road and rail development as well as water and wastewater utilities –, led to above-average growth that should continue in 2015 thanks to large investments in the telecommunications sector.

With a market share of 2.1 %, the STRABAG Group is the market leader in Germany. The share of the German road construction market reaches a level of 9.2 %. With € 6,080.29 million, the group generated about 45 % of its total output volume in Germany. Most of the output volume can be allocated to the North + West segment, while the property and facility services provided in Germany form part of International + Special Divisions.

AUSTRIA



Overall construction volume:	€ 31.65 billion
GDP growth:	2014e: 0.8 % / 2015e: 1.2 %
Construction growth:	2014e: 1.7 % / 2015e: 1.0 %

With GDP growth of 0.8 %, Austria was exactly at the average for all euro countries in 2014 after being significantly below expectations at the mid-year point. The global economic situation resulted in a significant downward development of foreign trade, particularly in manufacturing; the low volume of orders led to rising unemployment and reduced consumer strength. The situation was further aggravated by an increased budget deficit. The slight GDP plus over the previous year is exclusively due to increases in production. A general recovery of the global economy as well as stronger demand within the EU will be necessary for the growth that is expected in the next few years (2015e: 1.2 %, 2016e: 1.4 %).

As in the past few years, residential construction remained the sector with the strongest growth rate in 2014. The +2.6 % did not quite reach the average for the last three years (approx. +3.0 %), but the favourable credit rates, the rising real estate prices and the demographically driven demand in the housing market contributed to a stable positive development whose end is not yet in sight. Weaker growth can be expected in the medium term if public sector investments and public funding are reduced in favour of budget consolidation.

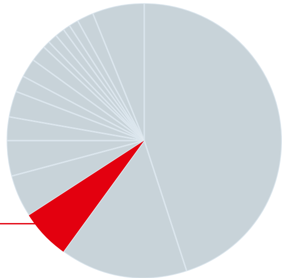
After the negative growth of 2013 (-1.0 %), the building construction sector was able to post slight gains as predicted in 2014 (+0.6 %). The segment should remain at this level in the year to come, before slightly higher growth of 1.7 % and 1.8 % is expected in 2016 and 2017, respectively. While the healthcare sector continues to benefit from the construction of the new Vienna North Hospital, new noteworthy public sector construction projects appear unlikely in the educational sector at this time.

The ground civil engineering sector owes its positive result to the development of the road and rail network. The plus of 1.2 % that was achieved in 2014 also represents the level at which the sector is expected to settle in the near future. For 2016, however, Euroconstruct expects a slight drop to +0.8 % as the nationwide broadband expansion that has been planned by 2020 is unlikely to entirely make up for the declining investments in transportation infrastructures.

The STRABAG Group generated 15 % of its total output volume in its home market of Austria in 2014 – the same as the year before. Along with Germany and Poland, Austria thus remains one of the group's top three markets. The output volume in 2014 reached a level of

€ 2,057.59 million. With a share of 6.3 %, STRABAG is the number two on the Austrian market. In road construction, the group's share of the market amounts to 17.4 %.

POLAND



Overall construction volume: € 42.02 billion
GDP growth: 2014e: 3.1 % / 2015e: 3.3 %
Construction growth: 2014e: 4.9 % / 2015e: 7.1 %

In contrast to most other EU member states, Poland did not have to revise its economic forecast downward, but upward, in the reporting period. After a somewhat slow previous year, Polish GDP growth nearly doubled from 1.6 % (2013) to 3.1 % (2014) and is expected to reach 3.3 % for 2015. This development can be explained primarily by accelerated production growth based on rising domestic demand. Higher levels of investment and consumption – the latter driven in part by lower unemployment – contributed considerably to a positive result in spite of declining export income and deflationary trends. Another considerable contribution came from the construction sector, which after two years of decline was able to increase its production output by 4.9 % in 2014 – with further growth expected in the future.

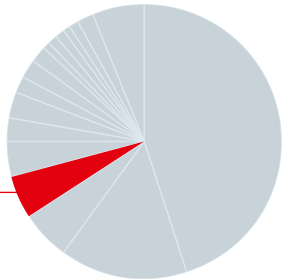
While the residential construction sector had ended 2013 with a substantial minus of 7.9 %, 2014 brought a turnaround that culminated in a plus of 3.0 %. Low credit and mortgage rates drove the Polish real estate market; in the medium term, however, Euroconstruct expects the declining demographics – a result of emigration – to have a negative impact on residential construction.

The building construction sector was also able to achieve a significant improvement in 2014 versus the previous year. The +3.1 % (after -2.4 % in 2013) resulted above all from new industrial plants as well as public buildings and commercial properties. This was contrasted, however, by a serious collapse in the construction of hotels and railway stations. Nevertheless, further growth of about 4.0 % is expected for 2015.

The most impressive increases during the reporting period were registered in the ground civil engineering sector. After -16.8 % in the previous year, extensive investments in the road and rail network led to a plus of 9.0 %. The planned further development of rail transportation, as well as new power plants and water works, make the forecasted growth of between 11.5 % and 12.9 % over the next three years seem realistic.

As the number three in the Polish construction sector, the STRABAG Group also benefits from an upswing on this market. The country contributed € 816.82 million or 6 % to the company's total output volume in 2014 and so is the third-largest market for the STRABAG Group. The group holds a share of 1.9 % on the Polish construction market and 7.2 % in road construction.

CZECH REPUBLIC



Overall construction volume: € 15.79 billion
GDP growth: 2014e: 2.6 % / 2015e: 2.7 %
Construction growth: 2014e: 1.0 % / 2015e: 2.5 %

2014 brought the turnaround for the Czech Republic. Despite the ongoing political instability, a weak currency, increases to the value added tax, and declining state investments, it was possible to stop the downward economic development that began in 2008 sooner than expected. The result was a GDP plus of 2.6 % with forecasts for a similar figure in the year to come.

Although the construction industry continued to suffer under the massive decrease of public sector investments in transportation infrastructures, the construction output also managed to grow by 1.0 % in the period under review; a plus of 2.5 % is expected for 2015.

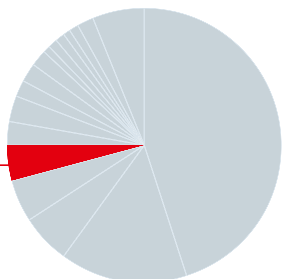
The weakest sector in 2014 was residential construction. After the strong losses of the past (2012: -19.2 %, 2013: -13.0 %), this sector closed the year down 5.4 % although it should return to a slight plus (0.5 %) in 2015. At least the relatively low housing prices and extremely affordable interest rates for mortgage loans helped boost the weak demand especially for apartments in multi-family units. A negative impact, on the other hand, came from the rising fiscal burden – e.g. in the form of the real estate acquisition tax.

Although the building construction sector grew by 1.5 % in the reporting period, thereby getting out of the red earlier than expected, the bottom line for this sector could have been much more positive had the Czech Republic been more efficient in handling its EU grants and subsidies. Czech tax policies also led to insecurities among private investors, who returned only hesitatingly to the market as a result. The strongest recovery was observed with warehouse properties and office buildings, above all in Prague.

Euroconstruct saw the most significant improvement in ground civil engineering. After three consecutive years of shrinking by about 10 % each time, the sector finally grew by 4.8 % in 2014. This was due above all to projects from the public sector, which invested in rail expansion works, wastewater systems, sewage treatment plants, and flood control structures to help stimulate the economy. The government also promised to help develop transportation infrastructures and to ensure a more transparent and simpler contract award and funding procedure.

STRABAG is the number two on the market in the Czech Republic. With an output volume of € 619.58 million, about 5 % of the group's total output volume was generated on the Czech market in 2014. The group's share of the entire construction market amounts to 4.1 % and even reaches 18.2 % in road construction.

HUNGARY



Overall construction volume: € 7.84 billion
GDP growth: 2014e: 3.3 % / 2015e: 2.4 %
Construction growth: 2014e: 14.3 % / 2015e: 5.1 %

Hungary's economy was characterised by a dynamic upswing in 2014, reflected in GDP growth of 3.3 %. This development is based on the general economic improvement in Europe but also largely on government measures to relieve the private households and to increase private income.

A particularly significant effect came from the recovery of the construction output, which grew by 14.3 % over the previous year. The poor creditworthiness attested to Hungary by the international ratings agencies meant a lack of significant foreign direct investment. But the financial commitment by local micro businesses and SMEs should contribute to sustained, if moderate, growth of 3–5 % a year in the medium term thanks to a large number of planned industrial buildings and warehouse properties.

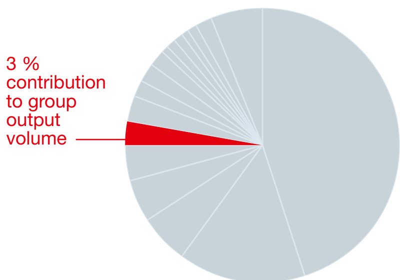
The residential construction sector ended the reporting year with a plus of 3.0 %. This result should be seen with caution, however, as the sector had shrunk by 15.1 % in 2013 and new residential construction had amounted to no more than one fifth of its volume before the beginning of the crisis. The current upswing, therefore only signals an end to the downward spiral for now.

The building construction sector grew even more strongly, by 10.0 %, in 2014. It was an election year in Hungary and the government dug deep into the available EU funds for strong investments in public buildings, squares, parks and local public transport systems, in particularly the new Line 4 of the Budapest Metro.

It was ground civil engineering, however, which contributed the most to the higher Hungarian construction volume. This sector grew by 23.1 % and accounted for about 61 % of all construction projects in progress. After years of stop-and-go politics, the government in 2014 finally decided to make long-term investments in road and rail construction and Euroconstruct now expects this sector to also report positive growth rates in the years to come.

4 % of the output volume of the STRABAG Group, or € 544.28 million, is generated in Hungary, giving the company the number two position on the Hungarian construction market. Its share of the market as a whole amounts to 6.4 %, with a figure of 10.1 % in road construction.

SLOVAKIA



Overall construction volume:	€ 4.38 billion
GDP growth:	2014e: 2.4 % / 2015e: 2.6 %
Construction growth:	2014e: -0.4 % / 2015e: 1.8 %

The Slovak GDP, with +2.4 %, grew twice as strongly in 2014 as the EU average. This development was due above all to the unexpectedly high domestic consumption in the first half of the year, which, in turn, was a result of higher wages and salaries as well as of lower unemployment figures. For the export industry, the most important pillar of the Slovak economy, Euroconstruct expects only marginal growth in the next few years. The annual GDP growth, however, should remain between 2.6 % (2015e) and 3.5 % (2016e/2017e).

Despite this positive economic development, a recovery was not observed in the construction sector. The construction volume shrank in 2014, as in the years before, with a decline of 0.4 %. Important factors were the lack of private investments and the postponed start of construction on public sector projects. Positive construction output growth (+1.8 %) is not expected until 2015.

As the state has not distributed any noteworthy funding for the construction of rental housing, the negative trend in residential construction continued despite the positive economic environment with a minus of 0.9 % in 2014. However, Euroconstruct expects a return to growth in 2015 with a slight plus of 0.5 %.

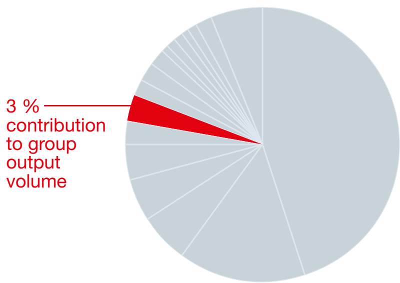
The building construction sector, which represents more than half of Slovakia's total construction output, also continued to suffer under the lack of financial resources and investor reluctance. The sector slipped by a total of 1.6 % in 2014. The originally announced upswing for 2015 is now expected in 2017 at the earliest.

Ground civil engineering was the only sector of the Slovak construction industry to register positive growth in 2014. The plus of 1.9 %, generated above all thanks to the realisation of long-postponed road construction projects, was in line with the previous year's result but remained far below the forecast of +10.6 %.

Slovakia is still struggling with problems in the award of public contracts and inadequate project documentation, which causes a lot of problems for construction companies and investors as it hinders the approval of urgently needed EU grants and subsidies.

With a market share of 7.8 % in 2013 and an output volume of € 427.13 million in 2014, the STRABAG Group is the market leader on the Slovak market. In road construction, the group's share even amounts to 13.6 %. In 2014, Slovakia contributed 3 % to the total output volume of the group.

SWITZERLAND[1)]



Overall construction volume:	€ 52.45 billion
GDP growth:	2014e: 1.7 % / 2015e: -0.5 %
Construction growth:	2014e: 0.8 % / 2015e: -1.4 %

Switzerland showed moderate economic growth in 2014. Although the export sector boomed less strongly than in the past, and despite the declining domestic demand, the GDP nevertheless grew by 1.7 % in 2014.

In mid-January 2015, the Swiss National Bank unexpectedly discontinued the minimum euro exchange rate, resulting in a sudden jump of the value of the Swiss franc. This will likely lead to a sharp drop in exports; the KOF Swiss Economic Institute therefore expects the country's GDP to decline by 0.5 % in 2015.

As political decisions had a dampening effect, the construction industry benefited only partly from the general economic development with a plus of 0.8 % in the past financial year. A negative impact came from the second-home purchase restrictions adopted two years ago, which limit the percentage of holiday homes in any community to 20 %. This led to a noticeable drop in the number of new building projects in tourism regions. Another troubling referendum is the initiative against mass immigration that was approved in July 2014. Lower levels of immigration not only mean a lower demand for new accommodation, but the decision could also threaten to end bilateral as well as EU-wide agreements – resulting in lower demand for industrial buildings and commercial properties. Only the third referendum – for the creation of a billion-franc rail fund – could basically help to boost the Swiss construction sector.

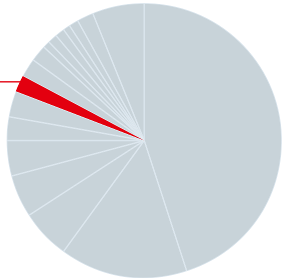
These three referenda had a defining influence on 2014, contributing to a collapse of the business climate above all in residential construction. Growth of just 0.2 % (after a plus of 2.2 % the previous year) was only possible because the order books had still been filled. But the construction companies were already complaining of a lower volume of orders. The building construction sector was still able to post a positive bottom line (+1.3 %) despite increasing vacancies and lower returns on investments in office properties. In ground civil engineering (+1.4 %), the mild winter 2013/2014 allowed for above-average levels of construction activity and made it possible to work off overdue contracts.

The decision by the Swiss National Bank to unpeg its currency will affect previous forecasts within the construction economy for 2015 – although exports play a lesser role in this sector than in other industries and the exchange rate shift should therefore have a lower impact on the construction sector. In view of the "franc shock", however, the KOF Swiss Economic Institute now expects a higher than expected decrease (1.4 %).

Switzerland contributed € 358.65 million, or about 3 %, to the total output volume of the STRABAG Group in 2014.

1) The forecasts for Switzerland are based on estimations by the KOF Swiss Economic Institute at the Federal Institute of Technology Zurich from January 2015.

BENELUX



BELGIUM

Overall construction volume:	€ 38.56 billion
GDP growth:	2014e: 1.1 % / 2015e: 1.5 %
Construction growth:	2014e: 0.7 % / 2015e: 0.0 %

NETHERLANDS

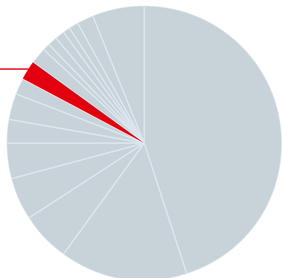
Overall construction volume:	€ 59.78 billion
GDP growth:	2014e: 0.8 % / 2015e: 1.3 %
Construction growth:	2014e: 0.3 % / 2015e: 3.4 %

As forecast, the economy in the Benelux countries exhibited a slight recovery in 2014. Falling unemployment and rising investments helped the Netherlands fight its way out of the recession (GDP growth 2014: 0.8 %) and Euroconstruct expects to see even stronger growth in the years to come. Belgium had to adjust its GDP growth downward in the year under review, but it still achieved a plus of 1.1 %, with an upward trend expected here as well.

Development of the Belgian construction output in 2014 was somewhat weaker, but still positive (+0.7 %). The significant growth in residential construction (+3.4 %) helped to balance out declines in building construction and ground civil engineering. The future looks rather dismal, however: zero growth, leaning to the negative, is predicted for 2015, thanks primarily to the relatively strongest sector – building construction – before moderate growth sets in starting with 2016. The Dutch construction industry on the other hand, which had to content itself with a modest plus of 0.3 % in the construction output in 2014, has a more positive outlook for the coming years. The residential construction sector in particular is expected to boom in 2015 (+5.9 %), feeding hopes of a higher overall construction volume (+3.4 %). For 2016/2017, Euroconstruct expects growth of up to 4.7 %.

STRABAG generated an output volume of € 324.07 million in the Benelux countries in 2014, which corresponds to about 2 % of the total.

RUSSIA AND NEIGHBOURING COUNTRIES (RANC)



RUSSIA

Overall construction volume:	€ 177.20 billion
GDP growth:	2014e: 0.3 % / 2015e: -1.5 %
Construction growth:	2014e: 6.0 % / 2015e: -6.5 %

UKRAINE

Overall construction volume:	€ 13.49 billion
GDP growth:	2014e: -7.0 % / 2015e: 1.0 %
Construction growth:	2014e: -14.4 % / 2015e: 1.5 %

The turbulences to which Russia has been subjected since the beginning of the Ukraine crisis have had a noticeable effect on the national economy. Western sanctions, as well as the collapse of the rouble and of the oil price, made it necessary to adjust the 2014 GDP growth forecasts downward several times. In the end, this figure settled at just +0.3 %. The Eastern European Construction Forecasting Association (EECFA) expects the Russian economic output to shrink by 1.5 % in 2015 and by -0.8 % in 2016.

The residential construction sector in Russia reached a high point with a considerable plus of 18.3 % in 2014, but growth is expected to collapse just as spectacularly in the years to come. The forecast is -12.1 % for 2015 and -9.7 % for 2016, caused by recession-driven income losses and declining purchasing power, on the one hand, and by rising mortgage rates and more stringent bank credit policies, on the other hand.

The building construction sector, which shrank by 3.1 % in 2014, is also expected to post losses of 7.7 % and 9.8 % for the next two years. Especially affected will be the office and commercial building sector, which traditionally suffers the most under negative economic influences.

Ground civil engineering, which fell by a relatively moderate 1.8 % in 2014, is the only sector with the promise of positive growth: Thanks to a number of large infrastructure projects, such as the bridge over the Kerch Strait between Crimea and the Taman Peninsula, or the Power of Siberia pipeline between Russia and China, slight growth of 1.2 % is expected for 2015.

Ukraine's macroeconomic situation in 2014 was shaped by the conflict in the eastern part of the country, the insecurities regarding energy security, and the loss of sales markets. These problems led to a GDP decline of 7.0 %. On the condition that the state of war with Russia ends and political stability returns to the region, however, EECFA expects an upswing for the coming years with GDP growth rates of 1.0 % (2015e) and 3.9 % (2016e).

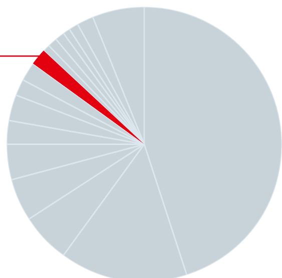
The construction industry saw quite distinct developments in Ukraine in 2014. While the market for residential construction exhibited some growth despite the crisis and therefore posted only weak negative development (-3.0 %), building construction and ground civil engineering collapsed by 25.6 % and 14.2 %, respectively. The former can be explained, among other things, by a migration-driven rise in housing needs and by renovation works – both of these are aspects that should lead to an upswing in residential construction in the years to come. Current forecasts are for +2.0 % for 2015 and +4.0 % for 2016.

Building construction, on the other hand, will continue to feel the impact of the crisis – a general decline in business and, as a result, low demand for offices and hotels – at least in the year to come. The experts expect a minus of 2.1 % for the sector as a whole with a possible exception of the retail sector, which, however, has experienced drastic losses since 2009.

In the ground civil engineering sector, which fell by a practically unchanged 14.2 %, the massive investment need in the Ukrainian infrastructure holds the promise of a positive development. This should bring the construction industry a plus of 3.4 % in 2015 and even growth of 6.0 % in 2016.

The STRABAG Group generated an output volume of € 302.07 million in Russia and the neighbouring countries (RANC) in 2014. The share of the group's total output volume reached 2 % in the period under review. STRABAG is almost exclusively active in building construction and civil engineering in the region.

SWEDEN



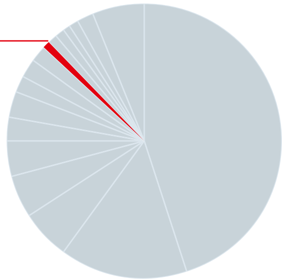
Overall construction volume:	€ 32.48 billion
GDP growth:	2014e: 1.8 % / 2015e: 3.1 %
Construction growth:	2014e: 5.3 % / 2015e: 1.3 %

The Swedish economy expanded by 1.8 % in 2014, more strongly than in the year before. This positive trend will probably continue to accelerate in the medium term, with growth expected to reach 3.4 % by 2016. Driving this development is, besides the low credit interest, the declining unemployment figures, and the rising real wages (as well as the resulting higher domestic consumption), an investment backlog that is now in the process of being worked off.

With a plus of 5.3 %, the Swedish construction industry was able to report above-average strong growth in 2014. A construction boom – especially with multi-family homes – had already started the year before. In 2014, this was reflected in a plus of 8.7 % in the residential construction sector. For 2015, however, Euroconstruct expects weaker growth of +0.2 %. Thanks to large private and public projects, the building construction sector also registered satisfactory growth of 4.2 % although this should slow to 1.1 % in 2015. Investments from the energy sector led to a recovery in ground civil engineering (+2.5 %) in 2014 after the negative growth of the previous year. Despite plans to expand the transport infrastructures, however, growth is expected to be slower in the years to come.

The output volume of the STRABAG Group in Sweden amounted to € 270.82 million in 2014. The company's main fields of activities include infrastructure and residential construction.

DENMARK



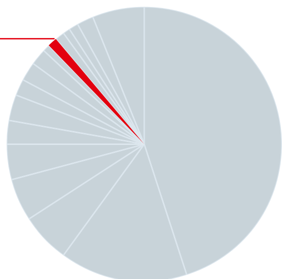
Overall construction volume: € 26.56 billion
GDP growth: 2014e: 0.7 % / 2015e: 1.2 %
Construction growth: 2014e: 2.5 % / 2015e: 2.9 %

After two negative years, the Danish economy returned to slight GDP growth of 0.7 % in 2014. Driving this development was the foreign trade, which grew more strongly than other macroeconomically relevant sectors. Increasing consumer confidence, higher available income levels, new jobs and rising real estate prices, among other things, should help Denmark to constant, albeit moderate, economic growth in the next few years, according to Euroconstruct.

The sharp – in contrast to the GDP – decline in the construction output in the past few years was followed by relatively just as steep growth of 2.5 % in 2014, with forecasts from +2.9 % (2015e) to +3.7 % (2017e). In the residential construction sector, the demand for new social housing projects led to growth of 2.6 %. In building construction, which also grew by 2.6 % in 2014, an extensive programme to build new hospitals also promises strong impulses for the coming years, with a considerable plus of 4.3 % forecast for 2015. Ground civil engineering, for years the most stable construction sector, achieved a plus of 2.2 % in 2014 and, thanks to increasing financing and numerous new projects, especially in transport, should rise to 3.5 % in 2015.

Thanks to several new large projects, the STRABAG Group generated an output volume of € 196.76 million in Denmark in 2014.

ROMANIA



Overall construction volume: € 16.53 billion
GDP growth: 2014e: 2.0 % / 2015e: 2.4 %
Construction growth: 2014e: 0.2 % / 2015e: 5.6 %

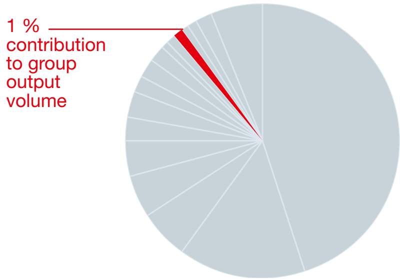
The Romanian economy expanded by 2.0 % in 2014, just below the forecast from the previous year. According to EECFA, this positive trend should gain strength by an additional 0.4 percentage points each year in the years to come. Increasing private demand, rising incomes and a stable inflation rate should lend growth impulses to the construction sector as well. After a moderate increase of 0.2 % in the period under review, growth of 5.6 % is expected in this sector for 2015.

The main sector driving this growth in 2014 was residential construction, which had still posted declines in the year before and now registered a plus of 6.0 %. The building construction sector was unable to fully maintain its high growth rate of 2013 (+8.1 %), but could still generate an increase of 6.0 %. The main reasons for this development can be found in the highly skilled workforce and low wages, which draw foreign companies to the country.

Although after four years of recession the ground civil engineering sector had succeeded in achieving positive growth in the previous year (+3.5 %), this was again followed by a decline of 6.9 % in 2014. But as all areas of Romanian infrastructure – roads, rail, airports, waterways, municipal utilities, etc. – are in urgent need of repair, EECFA sees great potential for development in this sector. The forecast for 2015 amounts to +7.7 %, not least because of the increased use of EU funding.

The STRABAG Group is market leader on the Romanian construction market, with an output volume of € 181.34 million in 2014; this corresponds to a market share of 1.9 %. In Romanian road construction, the share amounts to 2.5 %.

ITALY



Overall construction volume: € 166.48 billion
GDP growth: 2014e: -0.4 % / 2015e: 0.3 %
Construction growth: 2014e: -2.2 % / 2015e: 1.1 %

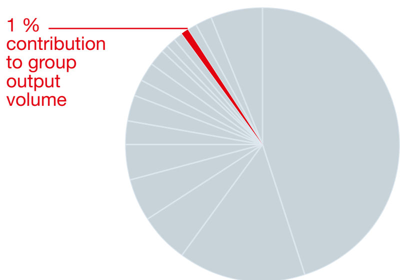
Counter to the forecasts of the previous year, the Italian economy continued its downward development in 2014. The domestic consumption remained weak as a result of high unemployment and the GDP shrank by 0.4 %. There are hopes for a light plus of 0.3 % for this year, but a real upturn is not expected until after 2015.

The Italian construction industry suffered more than average under the economic crisis. In a long-term comparison, the volumes have fallen by 66 % (2014e: -1.6 %) in residential construction and by 64 % (2014e: -2.5 %) in building construction since 2006. The turnaround is expected in both sectors for the coming year, however, with moderate growth (+0.7 % and +0.9 %) to be generated above all through rising private demand. In order to create incentives for private investment, the government in October decided to extend the tax deductibility of construction work until the end of 2015.

As expected, ground civil engineering developed the weakest in 2014 with a minus of 3.2 %. Still, the relatively greatest growth for 2015 is being predicted in this sector thanks to the government's Sblocca Italia (Unlock Italy) reform package of urgent actions for the opening of construction sites, the realisation of public contracts, and the digital transformation of Italy.

The output volume of the STRABAG Group in Italy amounted to € 179.10 million in 2014. The company is mainly active in tunnelling and road construction in the north of the country, therefore, the output volume can be found in the International + Special Divisions segment.

CROATIA



Overall construction volume: € 2.99 billion
GDP growth: 2014e: -0.7 % / 2015e: 0.2 %
Construction growth: 2014e: -5.7 % / 2015e: 5.2 %

The Croatian GDP decreased for the sixth year in a row. However, the 2014 minus of 0.7 % should represent an end to this downward spiral. EECFA forecasts a minimal plus of 0.2 % for 2015, although private consumption is expected to continue to decline despite the minor income growth. The country is expected to leave the recession behind it in 2016, but only if it can avoid unnecessary delays in applying for EU grants and subsidies and if it finally implements long overdue policy measures.

Croatia's construction industry has also been ailing since 2009 – and to an even stronger degree than the national economy. In 2014, the construction volume was down 5.7 % versus the year before. For 2015 and 2016, however, EECFA sees renewed growth in the amount of 5.2 % and 5.1 %, respectively.

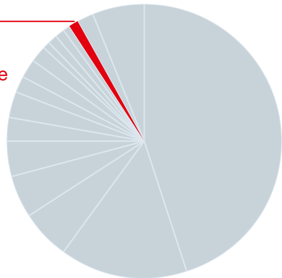
Given the hesitance on the part of the banks to issue loans, and the lack of consumer purchasing power in Croatia, it is no wonder that the residential construction sector shrank by 5.8 % in 2014 and that the forecast for 2015 is for a moderate +1.5 %. The great number of vacant residential properties on the market speaks against new projects. The situation with office properties is similar.

A better performance in 2014, with a minus of just 0.2 %, was presented by the building construction sector. Transportation structures and hotels grew the strongest here. The experts also expect positive growth with industrial buildings and warehouse properties.

The weakest sector in 2014 by far was ground civil engineering (-9.3 %), although it has the best future prospects and should grow by 9.5 % in 2015. Some conditions for this development include an adequate availability of EU funds, a positive development of returns from oil and gas production, as well as swift investments in seaport and airport facilities.

In 2014, the STRABAG Group generated € 120.74 million on the Croatian market.

SLOVENIA



Overall construction volume: € 2.37 billion
GDP growth: 2014e: 2.0 % / 2015e: 1.6 %
Construction growth: 2014e: 9.7 % / 2015e: -4.5 %

With an increase of 2.0 %, Slovenia's GDP growth in 2014 was two-and-a-half times as high as the EU average (+0.8 %) and in the upper third of Europe as a whole. The economic upswing also had a positive impact on the construction industry. Although the sector only managed to achieve half of the previous year's forecast, the plus of +9.7 % nevertheless represents almost double-digit growth.

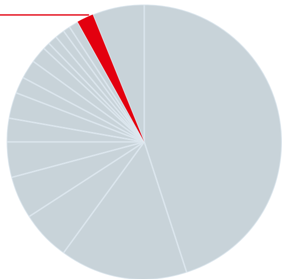
Slovenia's weakest construction subsector – and the only one to shrink in 2014 – was residential construction. The minus of 8.9 % was the sixth negative growth figure in a row. At least renovation works, which have outweighed new productions since 2013 and are continually on the rise, should help to relieve the situation. For the near future, EECFA expects growth of 8.1 % (2015e) and 9.9 % (2016e).

A much better performance in the year under review was shown by building construction. With a plus of 13.9 %, the sector also managed to end a five-year recession phase. This development was driven primarily by public investments in educational facilities and energy efficiency projects. As grants and subsidies from the EU structural fund will no longer be available at the same level as in 2014, however, this upswing is unlikely to last through the years to come. For 2015, EECFA expects to see stagnation or a slight minus of 0.7 %.

The ground civil engineering sector, which grew by a fantastic 25.0 % in 2014, will likely suffer under the lack of EU funds in the coming years. Depending on the level of public financing or state austerity measures, the sector is expected to shrink by 15.0 % and 5.0 % in 2015 and 2016, respectively.

In 2014, the STRABAG Group generated an output volume of € 68.17 million in Slovenia, positioning it as the third-largest construction company in the country.

BULGARIA, SERBIA AND REST OF EUROPE



BULGARIA

Overall construction volume:	€ 5.86 billion
GDP growth:	2014e: 1.2 % / 2015e: 0.6 %
Construction growth:	2014e: 7.6 % / 2015e: 0.2 %

SERBIA

Overall construction volume:	€ 1.67 billion
GDP growth:	2014e: -1.8 % / 2015e: 1.0 %
Construction growth:	2014e: -6.9 % / 2015e: 3.1 %

Bulgaria

Slow yet steady positive growth describes the development of the Bulgarian economy since the collapse five years ago. Thanks to rising household consumption, based on higher incomes and pensions, the GDP growth amounted to 1.2 % in 2014. The growth is expected to drop in half to 0.6 % in 2015 before increasing again to 1.3 % in 2016.

After the negative growth of 2013, Bulgaria's construction sector was able to register a plus of 7.6 % in the year under report, thanks considerably to residential construction. After four strongly negative years, an end to the negative movement had already been noticed the year before (-1.9 %) and the turnaround finally came in 2014 with +11.7 %. Planned energy efficiency programmes, above all with prefabricated concrete buildings, should also help drive continued positive growth of 3.4–4.6 % in the years to come.

Two trends helped shape the result of +5.4 % in building construction. On the one hand, the modest economic growth slowed the construction of new hotels, commercial buildings and office properties; on the other hand, EU funds became available for agricultural, healthcare and educational facilities. The positive forecasts of +4.2 % (2015e) and +3.3 % (2016e) are based on industrial projects commissioned by foreign companies.

The ground civil engineering sector likely reached its preliminary high in 2014 with a plus of 7.7 %. EU funds in particular were exhausted toward the end of the period, although a part of this financing will continue to have an impact in 2015. The expected return to a minus of 3.1 % (2015e) and 6.6 % (2016e) is due to Russia's decision in December 2014 to cancel the Southstream gas pipeline project. In this context, the resumption of suspended EU programmes will only provide some relief, but by no means positive figures for this sector.

In 2014, the STRABAG Group generated an output volume of € 39.32 million on the Bulgarian market.

Serbia

After the positive result of the previous year (+2.4 % GDP growth), the Serbian economy had to suffer a bitter setback in 2014 as the country was hit by the worst flooding in 200 years, with damages surpassing € 2 billion and a decline of the GDP to -1.8 %. Depending on the stability of export and agriculture growth, and on the level of deliberation with which the government implements its austerity and debt reduction programme in 2015, EECFA expects a moderate yet continuous upswing between 1 % and 2 % for the coming years.

Serbia's construction sector, marked by a collapse of over 20 % in 2013, was able to slow the decline to 6.9 % 2014, but still failed to return to positive territory. A substantial recovery is not in sight before 2016.

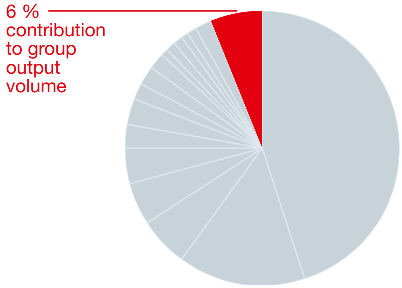
Residential construction, which had been hardest hit in 2013 with a minus of 27.5 %, suffered under the end of state incentive programmes in the year under review and closed with a minus of 5.4 %. EECFA expects a slight improvement of the situation for 2015 (+2.3 %) although a real upswing (+13.3 %) is not in sight until 2016.

The losses in building construction still amounted to 12.0 % in 2014 (after -18.0 % the year before). The demand in the office segment, as well as for new projects in the hotel and retail sector, feed hopes for a return to growth in 2015 – EECFA currently expects a plus of 9.1 %.

Ground civil engineering proved to be the most stable sector in 2014. Thanks to the many motorways currently under construction, the decline here amounted to just 4.6 % and growth of 0.5 % is expected for 2015. On the condition that the 2014 programme to rebuild the country's rail network has the expected positive effect, the plus for 2016 is even being put at 10.8 %.

In 2014, the STRABAG Group generated an output volume of € 37.96 million on the Serbian market.

MIDDLE EAST, AMERICAS, AFRICA, ASIA



In order to become more independent from the economic conditions in individual countries, the STRABAG Group not only operates on its main European markets but is also active outside of Europe – mostly in the role of main contractor under a direct export model. The most important non-European markets, some of which STRABAG has been working in for decades, include Canada, Chile, the Middle East and selected countries in Africa and Asia.

Due to STRABAG's high level of technological expertise, the focus of the activities in the non-European markets lies in especially demanding fields such as civil engineering, industrial and infrastructure projects, and tunnelling. Group companies are currently working on hydropower plants in Chile and on a container port in Mauritius.

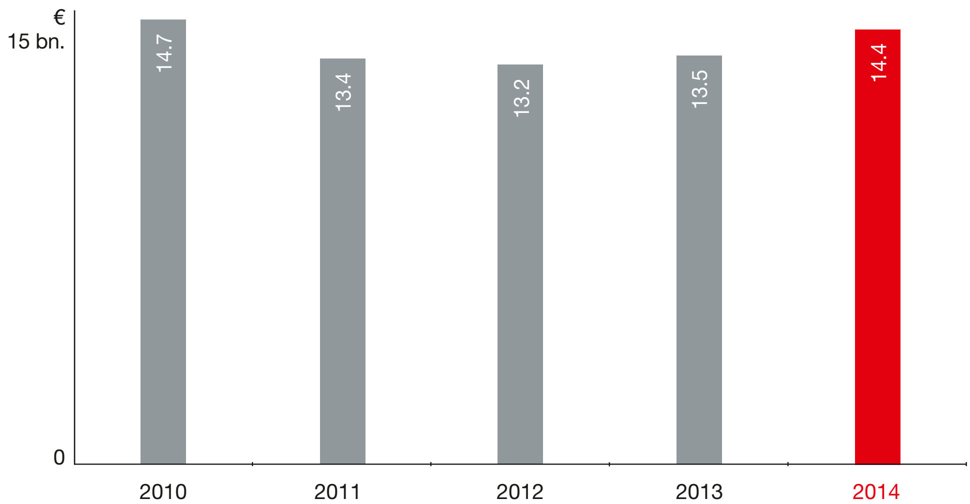
All in all, the STRABAG Group generated € 771.30 million, or 6 %, of its total output volume outside of Europe in 2014. The company expects this figure to grow to at least 10 % in the years to come. The group's activities in non-European markets can be found – with a few exceptions – in the International + Special Divisions segment.

Order backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2014

€ mln.	Total 2014	North + West	South + East	International + Special Divisions	Other	Total 2013	Δ Group %	Δ Group absolute
Germany	4,938	3,738	95	1,099	6	5,052	-2	-114
Austria	1,542	4	1,017	520	1	1,503	3	39
Italy	1,237	0	2	1,235	0	1,256	-2	-19
Poland	845	783	17	45	0	605	40	240
Russia and neighbouring countries	723	37	618	68	0	317	128	406
Americas	583	22	0	561	0	640	-9	-57
Slovakia	553	0	526	27	0	445	24	108
Middle East	525	2	11	512	0	585	-10	-60
Hungary	508	1	486	21	0	573	-11	-65
Romania	498	2	490	6	0	308	62	190
Denmark	456	433	0	23	0	284	61	172
Benelux	398	329	16	53	0	351	13	47
Czech Republic	348	0	336	11	1	364	-4	-16
Sweden	311	307	0	4	0	269	16	42
Rest of Europe	228	14	129	85	0	118	93	110
Asia	194	0	10	184	0	112	73	82
Switzerland	169	10	145	14	0	217	-22	-48
Slovenia	113	0	113	0	0	151	-25	-38
Africa	108	0	9	99	0	134	-19	-26
Croatia	53	0	49	4	0	77	-31	-24
Bosnia and Herzegovina	35	0	35	0	0	53	-34	-18
Serbia	24	0	24	0	0	21	14	3
Bulgaria	14	0	14	0	0	35	-60	-21
Total	**14,403**	**5,682**	**4,142**	**4,571**	**8**	**13,470**	**7**	**933**

DEVELOPMENT OF ORDER BACKLOG



The positive development of the order backlog which had begun to take shape in the last few months of the past financial year continued until year's end: at € 14.4 billion (+7 %), the order backlog reached a high level that covered more than the planned output volume for the 2015 full year. Growth was seen especially in Central and Eastern Europe. A number of medium-sized orders in Slovakia and Romania, projects in the private industrial construction sector in Russia, and a number of Polish transportation infrastructure projects helped drive the order backlog up. In other markets, such as the home market of Germany – here especially in the building construction and civil engineering segment – the order backlog had already previously reached a high level.

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2014

Category	Number of construction sites	as % of number of construction sites	Order backlog € mln.	as % of order backlog
Small orders (€ 0–15 mln.)	14,292	98	5,042	35
Medium-sized orders (€ 15–50 mln.)	209	1	2,603	18
Large orders (>€ 50 mln.)	102	1	6,758	47
Total	**14,603**	**100**	**14,403**	**100**

Part of risk management

The overall order backlog is comprised of 14,603 individual projects. More than 14,000 of these are small projects with a volume of up to € 15 million each. They account for 35 % of the order backlog; a further 18 % are medium-sized projects with order volumes between € 15 million and € 50 million; 47 % are large projects of € 50 million or more. 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 2014 added up to 20 % of the order backlog, compared to 22 % at the end of 2013.

THE TEN LARGEST PROJECTS CURRENTLY IN PROGRESS AS AT 31 DECEMBER 2014

Country	Project	Order backlog € mln.	as % of total order backlog
Italy	Pedemontana motorway	966	6.7
Chile	Alto Maipo hydropower complex	332	2.3
Germany	Stuttgart 21, underground railway station	289	2.0
Russia	Chusovoy Steel Works	233	1.6
Austria	Koralm Tunnel, Section 2	217	1.5
Austria	Brenner Base Tunnel, Tulfes–Pfons	200	1.4
Russia	Tula Steel Works	197	1.4
Germany	Rastatt Tunnel	183	1.3
Germany	Upper West, Berlin	139	1.0
Sweden	Marieholm Tunnel	138	1.0
Total		**2,894**	**20.1**

Impact on changes to the scope of consolidation

In the 2014 financial year, 21 companies (thereof six mergers with fully consolidated companies) were included in the scope of consolidation for the first time. These companies contributed a total of € 64.43 million to group revenue and € 2.36 million to net income after minorities. As a result of first-time inclusions, current and non-current assets increased by € 129.35 million, current and non-current liabilities by € 49.74 million.

Financial performance

The consolidated **group revenue** for the 2014 financial year amounted to € 12,475.67 million and so remained – like the output volume – nearly unchanged (+1 %). The ratio of revenue to output remained at the previous year's level of 92 %. The segment North + West contributed 46 %, South + East 32 % and International + Special Divisions 22 % to the revenue.

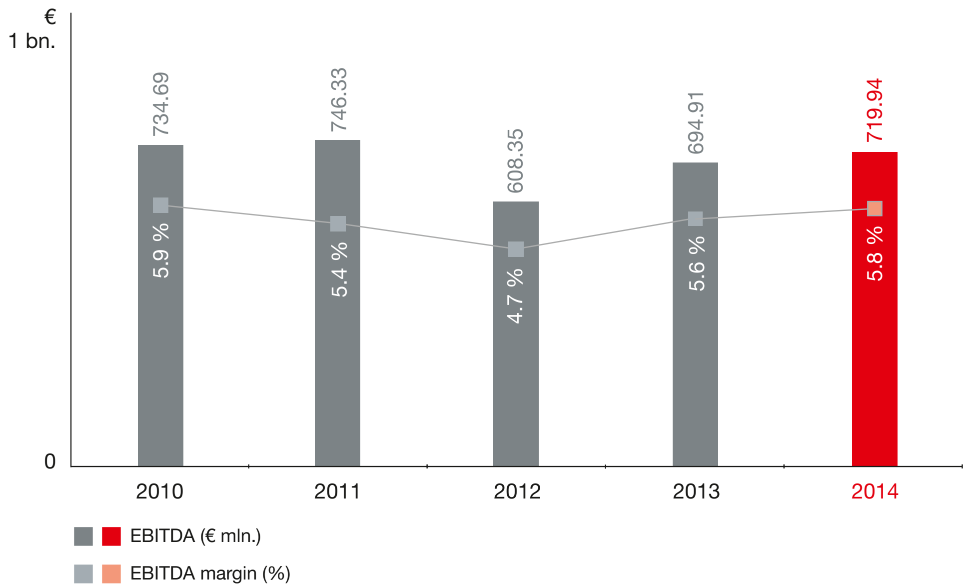
The **changes in inventories** involve mainly the real estate project development business, which was conducted as actively in 2014 as in the past. The removal of a large concluded project was only partially compensated through the start of new project developments. The **own work capitalised** remained 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.	**2014**	**2013**	**Δ %**
Construction materials, consumables and services used	8,163.25	8,204.35	1
Employee benefits expense	3,057.67	2,998.65	-2
Other operating expenses	791.36	779.12	-2
Depreciation and amortisation	437.98	433.34	-1

As of this year, the **share of profit or loss of associates** also includes earnings from construction consortia; the previous year's figures have been adjusted for better comparability. The significant growth can be explained by the reduction of financial burdens related to a hydraulic engineering project in Sweden. The net income from investments, composed of the dividends and expenses of many smaller companies or financial investments, moved from negative into positive territory. The figure for the previous year had been burdened by a one-time impairment on a German concession company.

DEVELOPMENT OF EBITDA AND EBITDA MARGIN



Effective tax rate: 42.3 %

Earnings per share: € 1.25

In total, there was a 4 % increase of the **earnings before interest, taxes, depreciation and amortisation** (EBITDA) to € 719.94 million, while the EBITDA margin grew from 5.6 % to 5.8 %. The **depreciation and amortisation** stood at € 437.98 million or at about the level of the previous year. The goodwill impairment contained in this item increased from € 3.99 million to € 28.83 million. The depreciation on property, plant and equipment involves special equipment purchased for the group's international business, with the expense to be depreciated over just a few years of construction time, as well as depreciation on equipment in hydraulic engineering.

This results in a plus of 8 % in the **earnings before interest and taxes** (EBIT) to € 281.96 million and an EBIT margin of 2.3 % after 2.1 % in 2013. Year-on-year earnings improved across the board in Poland, while hydraulic engineering in Germany, a Dutch transportation infrastructures project and the business activity in Sweden again represented a burden.

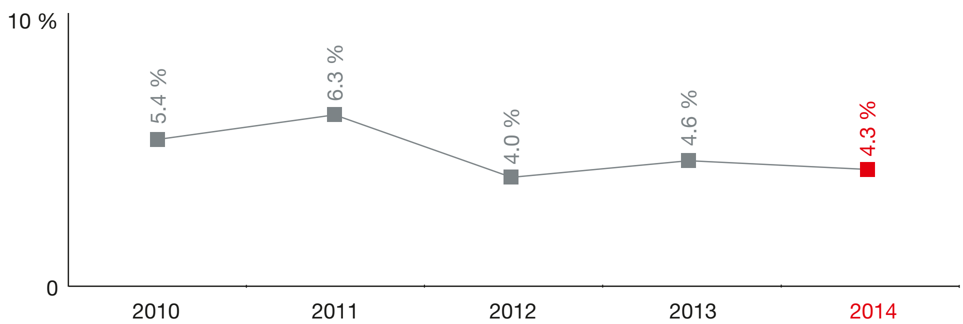
While exchange rate differences amounting to € 13.04 million had been registered in 2013, the **net interest income** in the past financial year now contained foreign currency effects of just € 5.29 million. The result was a net interest income of € -26.20 million compared to € -31.54 million the year before. The reason for the lower interest burden can be found in the interest received for the financing of associate companies.

In the end, the **earnings before taxes** (EBT) showed a plus of 11 %. The unusually high income tax rate of 42.3 % (2013: 32.1 %) – due to the lack of tax savings for the losses in Sweden, the Netherlands or Portugal and as a result of non-tax-deductible expenses – nevertheless resulted in a 6 % decline of the net income.

Earnings owed to minority shareholders amounted to just € 19.53 million compared to € 42.70 million the year before. This can be explained by the reduction of earnings for Ed. Züblin AG. The **net income after minorities** for 2014 thus came to € 127.97 million, a plus of 13 % versus the previous year. The number of weighted outstanding shares decreased insignificantly due to the buyback of own shares – concluded in 2013 – from 102,716,850 to 102,600,000, so that the earnings per share also increased by 13 % to € 1.25.

The **return on capital employed** (ROCE)[1)] fell slightly from 4.6 % to 4.3 %.

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.	2014	% of balance sheet total	2013	% of balance sheet total
Non-current assets	4,506.46	44	4,416.30	42
Current assets	5,769.08	56	6,144.50	58
Equity	3,144.30	31	3,238.77	31
Non-current liabilities	2,408.70	23	2,465.79	23
Current liabilities	4,722.54	46	4,856.23	46
Total	**10,275.54**	**100**	**10,560.79**	**100**

The **balance sheet total** of STRABAG SE remained nearly unchanged at € 10.3 billion. This was in large part due to an increase in other non-current assets resulting from the assumption of financing from the associated company Societatea Companiilor Hoteliere Grand srl, Bucharest, and the significant decrease of inventories as a result of the disposal of the offshore wind farm portfolio and a large building construction project development. A further result was the growth of cash and cash equivalents from € 1.7 billion to € 1.9 billion.

Conspicuous on the liabilities side is the stable high **equity ratio** of 30.6 % (2013: 30.7 %) and the higher non-current provisions resulting from the interest-related growth of the pension and severance provisions.

KEY BALANCE SHEET FIGURES

	2010	2011	2012	2013	2014
Equity ratio (%)	31.1	30.3	31.2	30.7	30.6
Net debt (€ mln.)	-669.04	-267.81	154.55	-73.73	-249.11
Gearing ratio (%)	-20.7	-8.5	4.9	-2.3	-7.9
Capital employed (€ mln.)	5,235.74	5,336.45	5,322.35	5,462.11	5,357.82

Net cash position: € 249.11 million

As usual, a **net cash position** was reported on 31 December 2014. This position grew, as a result of the higher cash and cash equivalents, from € 73.73 million on 31 December 2013 to € 249.11 million at the end of 2014.

CALCULATION OF NET DEBT

€ mln.	2010	2011	2012	2013	2014
Financial liabilities	1,559.15	1,731.96	1,649.98	1,722.70	1,609.92
Severance provisions	69.36	70.44	79.91	78.40	97.66
Pension provisions	374.79	384.21	429.92	422.24	505.94
Non-recourse debt	-719.89	-754.18	-630.31	-585.11	-538.61
Cash and cash equivalents	-1,952.45	-1,700.24	-1,374.96	-1,711.97	-1,924.02
Total	**-669.04**	**-267.81**	**154.55**	**-73.73**	**-249.11**

With a 21 % higher cash flow from earnings of € 620.23 million, the **cash flow from operating activities** grew by 16 % to € 805.33 million. The changes in inventories were noticeably affected by the sale of a successful proprietary building construction project development. The working capital improvement was further influenced by the uncharacteristically high project-related advance payments. The **cash flow from investing activities** was driven by the acquisition of Germany- and Austria-based facility services company DIW Group as well as the aforementioned takeover of financing from the Romanian associated company – this item grew from the previous year's € -332.38 million to € -435.30 million in 2014. The investments in property, plant and equipment, on the other hand, were down by 11 %. The **cash flow from financing activities** was significantly more negative – reaching € -142.42 million versus € -6.49 million in 2013 – for two reasons: first, unlike the previous year, no bond was issued in 2014; and second, loan repayments made following the sale of a project development resulted in a lower level of bank borrowings.

Capital expenditures

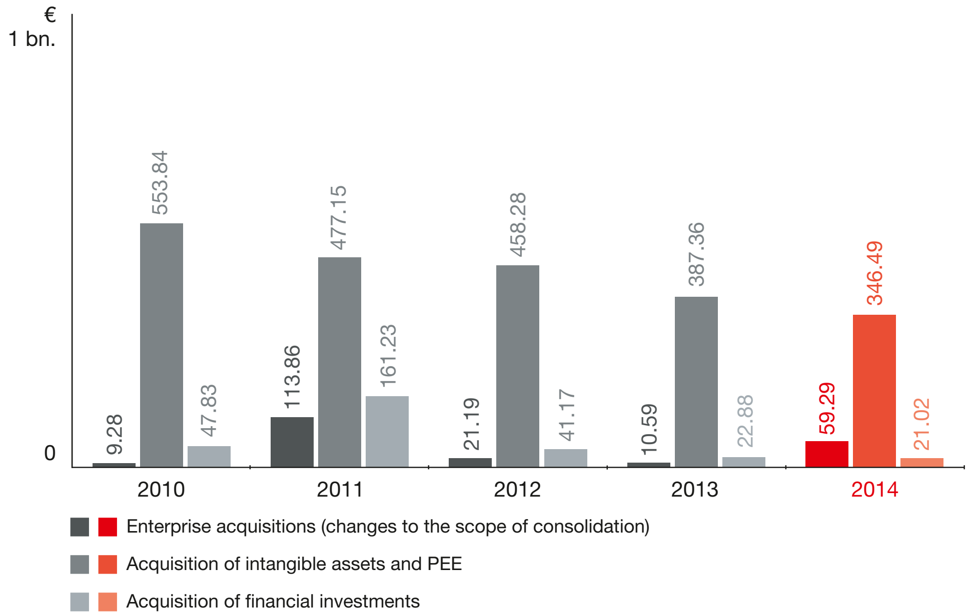
STRABAG had forecast net capital expenditures (cash flow from investing activities) in the amount of approximately € 350 million for the 2014 financial year. In the end, the net capital expenditures totalled € 435.30 million and so were clearly over budget. The budget planning did not yet take into account the acquisition of DIW Group and the takeover of financing from an associated company. These helped to drive the cash flow from investing activities.

The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 426.80 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** of € 346.49 million, the **purchase of financial assets** in the amount of € 21.02 million and **enterprise acquisitions** (changes to the scope of consolidation) of € 59.29 million.

About € 250 million is spent annually as maintenance expenditures related to the equipment fleet in order to prevent inventory obsolescence. The high proportion of expansion expenditures in relation to the total expenditures on intangible assets and on property, plant and equipment is largely due to the project-based nature of STRABAG's business: In 2014, the group invested especially in project-specific equipment needed for its international business as well as equipment for specialty businesses such as pipe jacking.

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 € 437.98 million. This figure also includes goodwill impairment in the amount of € 28.83 million.

COMPOSITION OF CAPEX



Financing/Treasury

KEY FIGURES TREASURY

	2010	2011	2012	2013	2014
Interest and other income (€ mln.)	78.71	112.31	73.15	66.72	82.17
Interest and other expense (€ mln.)	-98.39	-103.77	-123.87	-98.26	-108.37
EBIT/net interest income (x)	-15.2	39.2	-4.1	-8.3	-10.8
Net debt/EBITDA (x)	-0.9	-0.4	0.3	-0.1	-0.3

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 € 6.8 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. As per 31 December 2014, STRABAG SE had four bonds with a total volume of € 575 million on the market. In the 2014 financial year, the company opted against issuing another bond as it was possible to comfortably cover the liquidity needs from existing sources.

In order to diversify the financing structure, STRABAG SE placed its first **bonded loan** in the amount of € 140 million in the 2012 financial year. 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 € 1.9 billion assures the coverage of group's liquidity needs. Nevertheless, further bond issues – as in the beginning of 2015 – or a refinancing of existing financing instruments are planned, depending on the market situation, in order to maintain a high level of liquidity re-serves in the future and to take advantage of favourable market conditions.

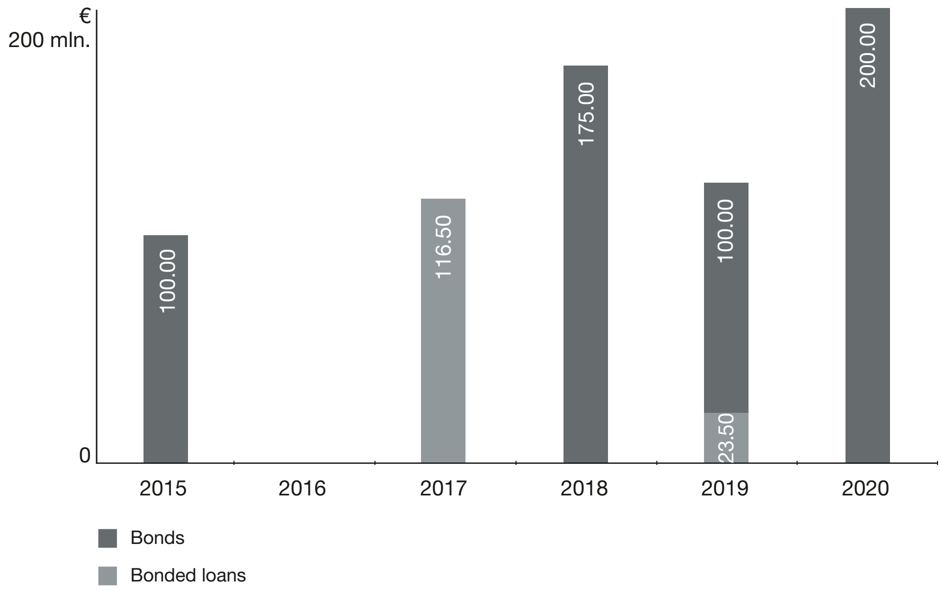
STRABAG SE has a total credit line for cash and surety loans in the amount of € 6.8 billion. The credit lines include a **syndicated surety credit line** in the amount of € 2.0 billion and a revolving **syndicated cash credit line** of € 0.4 billion with a term until at least 2019. In the past financial year, both instruments were extended before the end of their term to allow the company to benefit from the favourable financing environment. 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 August 2014, **S&P** again confirmed the **investment grade rating** of BBB- and stable outlook for STRABAG SE. The rating agency explained its decision in part due to the company's vertical integration, the strategic access to construction materials, the strong liquidity position and the track record of stable operating margins in an otherwise cyclical and highly competitive industry. According to S&P, the key performance indicators within the STRABAG Group which are necessary for the investment grade rating still offer flexibility in terms of further investments and acquisitions.

PAYMENT OBLIGATIONS

€ mln.	Book value 31 December 2014
Bonds	575.00
Bank borrowings	1,023.76
Liabilities from finance leases	11.16
Total	**1,609.92**

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.

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	✓		
Offshore Wind			✓
Tunnelling			✓
Real Estate Development		✓	✓
Infrastructure Development			✓
Operation/Maintenance/Marketing of PPP Projects	✓		✓
Property and Facility Services			✓

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

SEGMENT NORTH + WEST: PRESSURE FROM LARGE MULTI-YEAR PROJECTS

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.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Output volume	6,292.45	6,021.11	5	271.34
Revenue	5,719.12	5,500.84	4	218.28
Order backlog	5,682.38	5,451.26	4	231.12
EBIT	28.67	72.54	-60	-43.87
EBIT margin (% of revenue)	0.5	1.3		
Employees	23.123	22.695	2	428

OUTPUT VOLUME NORTH + WEST

€ mln.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Germany	4,651	4,269	9	382
Poland	693	669	4	24
Benelux	257	308	-17	-51
Sweden	246	312	-21	-66
Denmark	191	149	28	42
Russia and neighbouring countries	85	141	-40	-56
Rest of Europe	67	67	0	0
Switzerland	28	35	-20	-7
Americas	21	9	133	12
Austria	20	21	-5	-1
Middle East	14	7	100	7
Africa	8	3	167	5
Romania	6	4	50	2
Italy	2	7	-71	-5
Asia	2	5	-60	-3
Bosnia and Herzegovina	1	2	-50	-1
Slovenia	0	10	-100	-10
Hungary	0	3	-100	-3
Total	**6,292**	**6,021**	**5**	**271**

Projects in Sweden, the Netherlands and Germany weighing on earnings

Thanks to the mild winter – and despite the very restrained tender award policy on the part of the public sector in transportation infrastructures in Germany –, the output volume of the North + West segment underwent a positive development, growing by 5 % over the previous year to reach € 6,292.45 million. The largest contribution to this increase came from the building construction and civil engineering business in Germany and from the reclassification of a part of the railway construction activities from the South + East segment to North + West. The projects acquired some time ago in Denmark also showed a positive impact, while the output volume generated in Sweden and Benelux was somewhat lower.

The revenue also grew by 4 % in 2014. The earnings before interest and taxes (EBIT), however, only reached € 28.67 million and so remained 60 % below the previous year's level. Substantial factors for this development included warranty claims in road construction, social security back payments in Portugal, impairments in Sweden, and – as was the case last year – financial burdens related to a hydraulic engineering project in Germany and a transportation infrastructures project in the Netherlands.

Higher order backlog thanks to Poland and Denmark

The order backlog increased by 4 % over the comparison period to € 5,682.38 million. This growth was driven above all by Poland and Denmark: In Poland, a whole series of new orders proved that the market may finally be on its way to recovery. Acquired projects include the S5 Poznań–Wrocław, S7 Trasa Nowohucka, the bypass around the city of Kościerzyna and the A4 section Rzeszów–Jarosław. Moreover, the Polish building construction unit will build a new production plant for Volkswagen commercial vehicles in Września. In Denmark, the group was awarded the contract to build the Axeltorv project, a 14-storey multi-use building in the centre of Copenhagen with a contract value of more than € 100 million, as well as the tunnelling contract including station and ramp for the Copenhagen Metro, with about € 90 million of the contract value corresponding to the Züblin A/S subsidiary. In the home market of Germany, the order backlog remained slightly below the year-on-year comparison, but still at a high level. In Bremerhaven, a consortium including two group companies was awarded the contract to build the Cherbourger Straße harbour tunnel.

Employee numbers up slightly due to internal reclassification

The number of employees in the segment grew slightly by 2 % in 2014 to 23,123. Due to the reclassification of a part of **railway construction** from the South + East segment to the North + West segment, the company workforce in Germany increased by nearly twice the amount by which it declined in Poland. A significant increase also resulted from the new large orders in Denmark, while staff levels decreased by a similar degree in Sweden and Benelux.

Outlook: Unchanged output volume expected at high level

The Management Board expects an approximately constant **output volume** of about € 6.2 billion in the North + West segment in the 2015 financial year. In **Germany,** which generates nearly three quarters of the segment's output volume, two different trends can be observed: The country's building construction and civil engineering business should continue to contribute quite positively to both output volume and earnings, while subcontractor prices are no longer expected to rise but could even fall slightly. The prices of reinforcing steel remain at a stable low level. In the German mass market for transportation infrastructures, on the other hand, no substantial investment boom is expected next year despite the increasing state of disrepair of the transport infrastructure in the country and the government's announcement that it would raise investments. This basically also applies to large projects. As regards the production of construction materials for the German market, STRABAG expects that the consolidation course of proprietary asphalt mixing plants will continue.

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

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

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog € mln.	Percentage of total group order backlog %
Germany	Stuttgart 21, underground railway station	289	2.0
Sweden	Marieholm Tunnel	138	1.0
Denmark	Bryghus multi-use building, Copenhagen	111	0.8
Poland	S7 expressway, Cracow	92	0.6
Denmark	Axeltorv multi-use building, Copenhagen	88	0.6
Germany	Cherbourger Straße harbour tunnel, Bremerhaven	86	0.6

SEGMENT SOUTH + EAST: REORGANISATION SHOWING EFFECT, BUT PRICE PRESSURE IS UP

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.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Output volume	4,170.80	4,593.36	-9	-422.56
Revenue	3,996.96	4,422.26	-10	-425.30
Order backlog	4,142.31	3,805.48	9	336.83
EBIT	168.63	138.23	22	30.40
EBIT margin (% of revenue)	4.2	3.1		
Employees	18,769	21,089	-11	-2,320

OUTPUT VOLUME SOUTH + EAST

€ mln.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Austria	1,681	1,630	3	51
Czech Republic	505	546	-8	-41
Hungary	431	402	7	29
Slovakia	386	301	28	85
Switzerland	294	325	-10	-31
Russia and neighbouring countries	190	410	-54	-220
Romania	146	285	-49	-139
Germany	132	336	-61	-204
Croatia	103	114	-10	-11
Rest of Europe	58	30	93	28
Slovenia	57	47	21	10
Serbia	36	29	24	7
Bulgaria	36	17	112	19
Bosnia and Herzegovina	32	16	100	16
Poland	31	51	-39	-20
Middle East	21	15	40	6
Africa	12	12	0	0
Asia	5	8	-38	-3
Italy	5	6	-17	-1
Benelux	5	5	0	0
Americas	3	6	-50	-3
Denmark	2	2	0	0
Total	**4,171**	**4,593**	**-9**	**-422**

Reorganisation measures leading to EBIT growth

The South + East segment generated an output volume of € 4,170.80 million in 2014, 9 % less than in the same period of the preceding year. This development can be partially explained by the reclassification of a part of railway construction to the North + West segment and by the completion of large projects in Romania and Russia, at the same time that new orders in these markets have not yet found expression in the output volume.

The revenue was down as well, slipping by 10 %. The earnings before interest and taxes (EBIT), on the other hand, grew by 22 % to € 168.63 million. A decisive factor for this development was the reorganisation in Hungary, Switzerland and Austria.

New large orders in Russia, Slovakia and Romania

The order backlog for the segment registered significant growth versus the end of 2013, with a plus of 9 % to € 4,142.31 million. This can be explained in part by various medium-sized orders in Slovakia and Romania. But the order backlog also climbed significantly upward in Russia thanks to several contract awards in industrial construction.

Lower employee numbers in nearly all markets

Given the ongoing implementation of measures to raise efficiency, the number of employees was down in nearly all countries within the South + East segment. In total, the figure fell by 11 % to 18,769. However, this also includes the reclassification of nearly 900 employees from railway con-struction to the North + West segment.

Outlook: Growth of output volume possible, but continuing high price pressure

The South + East segment should be able to generate a somewhat higher **output volume** of € 4.5 billion in the ongoing 2015 financial year. Thanks to the higher order backlog, an increase is expected – although the segment is characterised by smaller projects and only few large projects are currently being tendered. The business environment and the price situation in the **Central and Eastern European construction sector** remain challenging. Strong competition can be seen especially in **Romania** and in the **Adriatic region.** The general construction environment in the **Czech Republic** and in **Slovakia** is acceptable, but pressure from the competition is on the rise here as well. The bidding prices are at times close to the limit of profitability.

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

The activities in **Russia** shifted increasingly from a focus on residential and commercial construction to heavy industrial construction. The company will be busy working off the newly acquired projects in the years to come. Meanwhile, the political developments in Ukraine since February 2014 are having no significant influence on the situation of the STRABAG Group from today's perspective: STRABAG's output volume in 2014 in Ukraine amounted to less than 1 % of the annual figure, and to just about 2 % in the RANC region (Russia and neighbouring countries). As construction is an export non-intensive industry in which most of the services are provided locally, and the STRABAG Group provides its services almost exclusively for private clients, the company does not expect the political developments to have any immediate impact on its business in Russia – even if the investment climate has cooled significantly. In 2015, no significant output volume is expected to be achieved in Ukraine.

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

SELECTED PROJECTS SOUTH + EAST

Country	Project	Order backlog € mln.	Percentage of total group order backlog %
Russia	Tula Steel Works	197	1.4
Slovakia	D1 motorway Hricovské Podhradie–Lietavská Lúcka	111	0.8
Hungary	M4 motorway section Abony–Fegyvernek	89	0.6
Slovenia	Ljubljana waste treatment facility	73	0.5

SEGMENT INTERNATIONAL + SPECIAL DIVISIONS: SATISFACTORY 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 opera-tion 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.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Output volume	2,970.14	2,822.41	5	147.73
Revenue	2,738.44	2,444.54	12	293.90
Order backlog	4,571.21	4,202.28	9	368.93
EBIT	92.18	69.58	32	22.60
EBIT margin (% of revenue)	3.4	2.8		
Employees	25,309	23,575	7	1,734

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Germany	1,243	1,127	10	116
Austria	321	295	9	26
Middle East	237	301	-21	-64
Americas	231	248	-7	-17
Italy	172	155	11	17
Africa	138	150	-8	-12
Czech Republic	109	93	17	16
Hungary	107	86	24	21
Poland	84	52	62	32
Asia	80	90	-11	-10
Benelux	61	85	-28	-24
Slovakia	39	37	5	2
Switzerland	32	22	45	10
Romania	26	31	-16	-5
Sweden	24	2	n.a.	22
Russia and neighbouring countries	21	7	200	14
Croatia	17	19	-11	-2
Slovenia	11	10	10	1
Rest of Europe	10	9	11	1
Denmark	4	0	n.a.	4
Bulgaria	2	2	0	0
Serbia	1	1	0	0
Total	**2,970**	**2,822**	**5**	**148**

Earnings up by about one third

Thanks to the growth in the home market of Germany, the output volume in the International + Special Divisions segment increased by 5 % in 2014. The contrasting upward and downward movements in the other countries more or less balanced each other out.

The segment revenue gained 12 % thanks to the sale of a large proprietary project development. The earnings before interest and taxes (EBIT) grew by 32 % to € 92.18 million. Especially positive impacts came from the sale of the aforementioned building construction project, although this was countered by write-offs on raw materials and by goodwill impairment.

Tunnelling contracts add to order backlog

The order backlog increased by 9 % to € 4,571.21 million compared to 31 December 2013. This figure received a boost, among other things, from the contract awards for the Ulriken rail tunnel in Norway for about € 75 million and from the Tulfes–Pfons section of the Brenner Base Tunnel in Austria, the largest section to date, with a value of more than € 190 million for STRABAG. Increases can therefore be found especially in Austria, but also in Germany and in the RANC region (Russia and neighbouring countries).

Acquisition of DIW Group increases employee numbers

The plus of 7 % in the number of employees was influenced largely by the acquisition of DIW Group. Large projects in markets such as Austria or the Americas also contributed to this increase.

Outlook: Satisfactory earnings expected despite high competition

The STRABAG Group would like to raise the **output volume** of the International + Special Divisions segment to € 3.2 billion in 2015. Earnings are also expected to remain satisfactory, even if the price level is ruinously low in some areas, e.g. in tunnelling. The economic situation continues to be difficult especially in the company's traditional markets of Austria, Germany and Switzerland. STRABAG is therefore increasingly offering its technological know-how outside of Europe. Currently being pursued in this regard are selected projects in places such as Canada, Chile and the Arab world.

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

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

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

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

The **construction materials** business could be bolstered by an incipient stabilisation of the economic situation of the construction industry in several Eastern European markets. The affordable bitumen prices are also having a positive impact.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

Country	**Project**	**Order backlog € mln.**	**Percentage of total group order backlog %**
Italy	Pedemontana motorway	966	6.7
Chile	Alto Maipo hydropower complex	332	2.3
Austria	Koralm Tunnel, Section 2	196	1.4
Austria	Brenner Base Tunnel, Tulfes–Pfons	175	1.2
United Arab Emirates	STEP wastewater systems	120	0.8
Italy	Brenner Base Tunnel, Eisack River undercrossing	118	0.8
Germany	Albabstieg Tunnel	104	0.7
Oman	Road Sinaw–Duqm	88	0.6

SEGMENT OTHER (INCLUDES SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

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

€ mln.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Output volume	132.61	136.19	-3	-3.58
Revenue	21.15	26.51	-20	-5.36
Order backlog	7.54	10.66	-29	-3.12
EBIT	0.35	0.06	483	0.29
EBIT margin (% of revenue)	1.7	0.2		
Employees	5,705	5,741	-1	-36

Risk management

The STRABAG Group is subject to a number of risks in the course of its business activities. These risks are identified and assessed using an active risk management system and dealt with using an appropriate risk policy.

The group's goals are defined at all company levels. This is a prerequisite to setting up processes for the timely identification of potential risks standing in the way of the achievement of company objectives. The **organisation** of STRABAG's risk management builds on project-related jobsite and acquisitions controlling, supplemented by the higher-level assessment and steering management. The risk controlling process includes a certified 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.

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

EXTERNAL RISKS ARE 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.

OPERATING RISKS MANAGED THROUGH PRICE COMMISSIONS AND TARGET/PERFORMANCE COMPARISONS

The operating risks primarily include the complex risks of project selection and execution. STRABAG keeps **acquisition lists** in order to review the project choice. 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. Depending on the risk profile, bids must be analysed by **commissions** and reviewed for their technical and economic feasibility. **Cost accounting and expense allocation guidelines** have been set up to assure a uniform process of costing and to establish a performance profile at our construction sites. Project execution is managed by the construction team on site and controlled by **monthly target/performance comparisons**; at the same time, our central controlling provides constant commercial backing, ensuring that risks of individual projects do not endanger the continuance 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.

See also corporate governance report

In order to convey STRABAG's values and principles, the group drew up its Code of Ethics and internal **Compliance Guidelines** in 2007. The values and principles contained within these documents are reflected in the guidelines and instructions of the STRABAG companies and divisions. Compliance with these values and principles is expected not only from the members of the Management and Supervisory Boards as well as from other management-level employees but from all group employees. The Compliance Guidelines and the Code of Ethics are designed to guarantee honest and ethical business practices. In 2014, the Code of Ethics, i.e. the ethics model, was updated and replaced by a **business compliance model**. This model is comprised of the Code of Conduct, the Business Compliance Guidelines, the Business Compliance Guidelines for Business Partners, and the personnel structure of the business compliance model at STRABAG, which consists of the group compliance coordinator, the regional compliance representatives as well as the external and internal ombudspersons. The Code of Conduct is available for download at www.strabag.com > Strategy > Our strategic approach > Business Compliance.

Detailed information regarding interest risk, currency risk, credit risk and liquidity risk can be found in the Notes under item 25 Financial Instruments.

ORGANISATIONAL RISKS RELATED TO HUMAN RESOURCES AND IT

Risks concerning the design of personnel contracts are covered by the central **personnel department** with the support of a specialised data base. The company's IT configuration and infrastructure (hardware and software) is handled by the central IT department, guided by the international **IT steering committee**.

PERSONNEL AS AN IMPORTANT COMPETITIVE FACTOR

Past experience has shown that having a highly qualified and motivated workforce is an important factor in competition. In order to properly assess the potential of employees, STRABAG uses an IT-supported aptitude diagnostics process, the so-called **behaviour profile analysis**. In subsequent feedback talks and employee appraisal interviews, employees and their supervisors analyse the results and agree on specific training and further education measures.

INVESTMENT RISKS: SECTOR-TYPICAL MINORITY HOLDINGS OF MIXING PLANTS

STRABAG can exert influence on the management of associated companies through its shareholder 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 the systematic preparation and handling of difficult claims. The establishment of company-wide quality standards in quotation processing and supplemental services management makes it easier to assert claims for outstanding debt.

POLITICAL RISK: INTERRUPTIONS AND DISPOSSESSION POSSIBLE

The group also operates in countries which experience political instability. Interruptions of construction activity, restrictions on ownership interests of foreign investors, and even dispossession or expropriations could be the consequence of political changes which could have an impact on the group's financial structure.

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 the Committee of Sponsoring Organisations of the Treadway Commission (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 system according to generally accepted principles.

The aim of the internal control system is to support management in such a way that it is capable of assuring internal controls in relation to financial reporting which are effective and which are improved on an ongoing basis. The system is geared to the compliance with rules and regulations and to creating conditions which are conducive to performing specific controls in key accounting processes.

Control environment

The corporate culture determines the control environment in which management and employees operate. STRABAG is constantly working to improve its communication and to convey its corporate values as defined in its Code of Conduct and its Business Compliance Guidelines in order to guarantee moral standards, ethics and integrity within the company and in our dealings with others.

Internal audit report in the corporate governance report

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 to 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 2014 financial year, the STRABAG Group employed an average of 72,906 people (2013: 73,100), of which 45,019 were blue-collar and 27,887 were white-collar workers. The **number of employees** thus remained relatively constant in comparison to the previous year. Yet clear differences could be seen at the country level: While the acquisition of Germany- and Austria-based facility services company DIW Group helped to raise staff levels, the number of employees fell in response to the continually implemented efficiency-rising measures and the end of large projects in a number of other countries in Eastern and Northern Europe.

The STRABAG Group continues to focus on the **training** and promotion of young people, a fact that is reflected in the constantly high number of apprentices and trainees. In 2014, 1,070 blue-collar apprentices (2013: 1,118) and 295 white-collar trainees (2013: 255) were in training with the group. Additionally, the company employed 53 technical trainees (2013: 45) and eleven commercial trainees (2013: ten).

In the 2014 financial year, the company only partially reached its goal of annually raising the percentage of **women** in the group. Women accounted for 13.8 % of employees within the entire group, versus 13.6 % in the previous year, and 8.5 % within group management (2013: 8.6 %).

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 since 2014.

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 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 **750** highly qualified **employees** at 24 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 execution planning and site management, ZT offers innovative solutions with regard to construction materials technology, construction management, construction physics, and software solutions. Central topics for innovation activities are sustainable construction and renewable energy. Among other things, the employees at ZT develop methods and tools to control the impact of construction activities on the environment. The specialist staff department of Development and Innovation oversees the systematic networking of people and relevant topics. In 2014, the group also began to establish a series of innovation ombudspersons in its divisions, starting with transportation infrastructures, among others.

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 as well as the safety of the processes, and developing and reviewing standards for the handling and processing of construction materials. With lean management, TPA also holds competences for the efficient planning of supply and production chains. TPA has about **800 employees** at 130 locations in more than 20 countries, making it one of Europe's largest private laboratory companies.

STRABAG's **EFKON AG** subsidiary provides the group with expertise in the research and development of intelligent transportation systems in general and electronic toll collection solutions in particular. The company has developed products and solutions in the electronic toll collection segment for multi-lane traffic flow and has already introduced these onto the international market. The research focus last year was on the topics of stationary enforcement, automatic toll sticker monitoring and the development of a handheld device for local toll enforcement. 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 the use of drones for land surveying to the integration of renewable energy technologies in environmentally friendly, intelligent electric vehicle charging stations to process optimisation through the use of RFID (radio frequency identification) technology on the construction site.

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 € 15 million (2013: about € 20 million) on research, development and innovation activities during the 2014 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 2014, it was possible to lower energy costs by 11 % versus 2013. This is 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 124,074 tonnes. The energy costs for the companies within STRABAG SE's scope of consolidation amounted to € 304.67 million (2013: € 342.73 million).

ENERGY USE WITHIN THE GROUP

	Unit	2010	2011	2012	2013	2014
Electricity	MWh	499,945	499,146	486,033	497,943	433,164
Fuel	thousands of litres	212,614	241,433	245,660	252,718	230,926
Gas	heating value in MWh	705,973	658,356	565,048	560,507	505,371
Heating oil	thousands of litres	25,836	21,644	17,790	16,053	14,388
Pulverised lignite	tonnes	51,452	84,318	79,107	69,602	75,247

The focus in 2014 was on the analysis of the group's main energy source: fuels. By monitoring the **fuel consumption** of the passenger car and commercial vehicle fleet in Germany and Austria, it was possible to identify enormous savings potential. Appropriate action will be taken to reduce fuel consumption in 2015 in order to live up to the goal of doing business while saving resources. Another task will be to develop indicators to recognise potential savings with regard to the energy efficiency of the asphalt plants.

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, "Octavia" Holding 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 co-ordination 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 Sec 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 2014 as these shares are held by STRABAG SE as own shares as defined in Sec 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG) (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 2014:

   - 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 2014, which corresponds to 10 % of the share capital (see also item 7).

   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.

7. The Management Board of STRABAG SE, in accordance with Sec 169 of the Austrian Stock Corporation Act (AktG), was authorised by resolution of the tenth 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 Sec 174 Para 2 of the Austrian Stock Corporation Act (AktG), was further authorised by resolution of the eighth Annual General Meeting of 15 June 2012 and with the approval of the Supervisory Board to issue financial instruments within the meaning of Sec 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 Sec 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 (Sec 228 Para 3 UGB) or third parties acting on behalf of the company.

8. With the exception of the agreements over a syndicated surety loan and a syndicated cash credit line, there exist no significant agreements to which STRABAG SE is party and which would become effective, change or end due to a change of ownership in STRABAG SE following a takeover offer.

9. No compensation agreements exist between STRABAG SE and its Management and Supervisory Board members or employees in the event of a public takeover offer.

Related parties

Business transactions with related parties are described in item 27 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 AG (formerly Bilfinger Berger SE), Wayss & Freytag Ingenieurbau AG and a group 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 can be expected no sooner than the first quarter of 2016. 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 will not result in any significant damages for the company.

Outlook

The Management Board of STRABAG SE expects the **output volume** to increase from € 13.6 billion to € 14.0 billion in the 2015 financial year. This will likely be composed of € 6.2 billion from the North + West segment, € 4.5 billion from the South + East segment and € 3.2 billion from the International + Special Divisions segment. The remainder can be allotted to the segment "Other". The Managment Board therefore expects the output volume to remain nearly stable in North + West and to rise slightly in the other two operating segments.

As larger acquisitions are not planned, the **net investments** (cash flow from investing activities) are expected to fall significantly and should come to rest at about € 350 million.

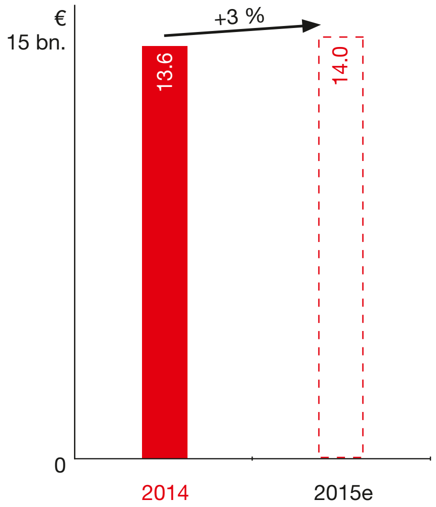
STRABAG SE would like to raise its **EBIT** to at least € 300 million in 2015. The efforts that have been made so far to further improve the risk management and to lower costs should already have a noticeable impact on earnings. This brings the company one step closer to its goal of reaching an EBIT margin (EBIT/revenue) of 3 % in 2016.

The earnings expectations are based on the assumption that demand in the German building construction and civil engineering market will remain at the same high level. At the same time, there are no expectations yet of large increases in investments by the public sector in transportation infrastructures in this home market.

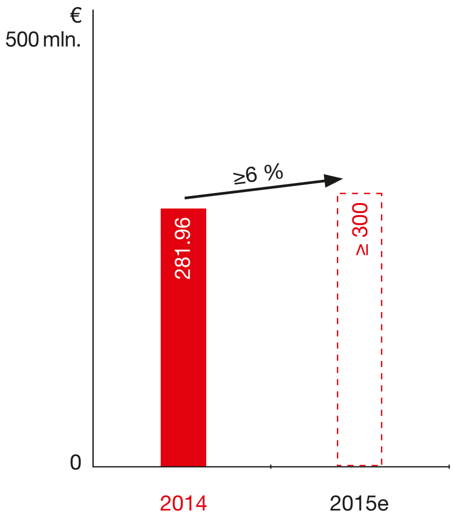
While the margins in the construction materials business should continue to improve in 2015 and the turnaround appears to have been reached in environmental engineering, a forecast is not yet possible for hydraulic engineering. The company continues to expect positive contributions from its property and facility management units and from real estate development.

The price pressure is expected to remain strong in the countries of Central and Eastern Europe, although in Slovakia or in Poland, for example, the company is capable of successful bids for larger tenders. The same can be said of the tunnelling business and of public-private partnerships, i.e. of concession projects, in the home markets, which is leading STRABAG to become more active in this area in non-European markets than before.

OUTPUT OUTLOOK



EBIT-OUTLOOK



Events after the reporting period

The material events after the reporting period are described in item 31 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,

for the year from 1 January 2014 to 31 December 2014. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2014, 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 2014 and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE ACCOUNTING SYSTEM

The Company's management is responsible for the group accounting system and 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 § 245a UGB (Austrian Business Enterprise Code). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appro-priate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY AND DESCRIPTION OF TYPE AND SCOPE OF THE STATUTORY AUDIT

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we 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 the auditor's 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, the auditor considers 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, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at 31 December 2014 and of its financial performance and its cash flows for the year from 1 January to 31 December 2014 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 Business Enterprise 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 Business Enterprise Code) are appropriate.

Linz, 10 April 2015

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Helge Löffler
Austrian Chartered Accountant

ppa Mag. Christoph Karer
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 are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Business Enterprise Code) applies.

TEAMS WORK. IN PROGRESS.

STRABAG
SOCIETAS EUROPAEA

Individual financial statements 2014

Balance sheet as at 31 December 2014

Assets	31.12.2014 €	31.12.2013 T€
A. Non-current assets:		
I. Property, plant and equipment:		
Other facilities, furniture and fixtures and office equipment	**1,017,891.87**	**969**
II. Financial assets:		
1. Investments in subsidiaries	2,148,229,483.16	2,217,254
2. Loans to subsidiaries	83,730,000.00	99,757
3. Investments in participation companies	81,999,461.49	23,584
4. Loans to participation companies	92,271,378.21	0
5. Own shares	236,978,341.46	236,978
6. Other loans	631,218.25	1,101
	2,643,839,882.57	**2,578,674**
	2,644,857,774.44	**2,579,644**
B. Current assets:		
I. Accounts receivable and other assets:		
1. Trade receivables	105,264.13	628
2. Receivables from subsidiaries	690,341,435.47	717,950
3. Receivables from participation companies	9,242,465.71	6,140
4. Other receivables and assets	65,432,089.97	95,604
	765,121,255.28	**820,322**
II. Cash assets, including bank accounts	152,762.93	185
	765,274,018.21	**820,507**
C. Accruals and deferrals	**6,620,316.00**	**9,091**
Total	**3,416,752,108.65**	**3,409,243**

Equity and liabilities	31.12.2014 €	31.12.2013 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	73,855,740.94	64,935
	73,928,413.77	**65,007**
IV. Reserve for own shares	**236,978,341.46**	**236,978**
V. Unappropriated net profit (thereof profit brought forward € 5,130,000.00; previous year: T€ 2,280)	**57,000,000.00**	**51,300**
	2,629,953,885.19	**2,615,333**
B. Provisions:		
1. Provisions for severance payments	360,474.00	290
2. Provisions for taxes	13,361,814,89	13,362
3. Other provisions	29,679,800.00	27,328
	43,402,088.89	**40,981**
C. Accounts payable:		
1. Bonds	575,000,000.00	575,000
2. Bank borrowings	140,000,125.00	140,000
3. Trade payables	941,358.21	2,168
4. Payables to subsidiaries	10,191,638.40	9,874
5. Other payables (thereof taxes € 973,443.62; previous year: T€ 370; thereof social security liabilities € 13,373.34; previous year: T€ 25)	17,263,012.96	25,889
	743,396,134.57	**752,930**
Total	**3,416,752,108.65**	**3,409,243**
Contingent liabilities	298,989,868.63	320,612

Income statement for the 2014 financial year

	2014	2013
	€	T€
1. Revenue (Sales)	69,690,421.40	59,234
2. Other operating income	3,034,068.23	11,590
3. Cost of materials and services:		
a) Materials	-69,269.40	-39
b) Services	-13,750,615.37	-13,337
	-13,819,884.77	**-13,376**
4. Employee benefits expense:		
a) Salaries	-5,675,331.09	-5,328
b) Severance payments and contributions to employee benefit plans	-120,215.78	-8
c) Statutory social security contributions, as well as payroll-related and other mandatory contributions	-302,899.31	-240
d) Other social expenditure	-176,353.78	-165
	-6,274,799.96	**-5,740**
5. Depreciation	-15,632.57	-5
6. Other operating expenses:		
a) Taxes other than those included in item 15	-111,945.96	-210
b) Miscellaneous	-34,735,582.64	-25,223
	-34,847,528.60	**-25,434**
7. Subtotal of items 1 through 6 **(operating result)**	**17,766,643.73**	**26,269**
8. Income from investments (thereof from subsidiaries € 62,562,155.47; previous year: T€ 105,390)	63,415,452.21	105,390
9. Other interest and similar income (thereof from subsidiaries € 30,800,050.87; previous year: T€ 34,927)	34,106,043.39	35,866
10. Income from disposal and write-up of financial assets and marketable securities	124,312.37	0
11. Expenses related to financial assets:		
a) Depreciation of investments in subsidiaries	-15,241,377.89	-29,324
b) Depreciation (other)	-816,000.00	-3,258
c) Expenses from subsidiaries	-39,021.09	-1,084
d) Miscellaneous	-4,070,873.75	-11,874
	-20,167,272.73	**-45,541**
12. Interest and similar expenses (thereof from subsidiaries € 463,009.96; previous year: T€ 972)	-31,873,990.04	-32,802
13. Subtotal of item 8 through 12 **(financial result)**	**45,604,545.20**	**62,913**
14. Results form ordinary business activities	**63,371,188.93**	**89,182**
15. Taxes on income and gains:		
a) Income tax	340,388.42	-169
b) Tax allocation	-2,920,623.94	-1,018
	-2,580,235.52	**-1,188**
16. Net income for the year	**60,790,953.41**	**87,994**
17. Allocation to retained earnings (voluntary reserves)	-8,920,953.41	-38,974
18. Profit for the period	**51,870,000.00**	**49,020**
19. Profit brought forward	5,130,000.00	2,280
20. Unappropriated net profit	**57,000,000.00**	**51,300**

NOTES TO THE 2014 FINANCIAL STATEMENTS OF STRABAG SE, VILLACH

I. Application of Austrian Business Enterprise Code

These 2014 financial statements were prepared in accordance with the Austrian Business Enterprise 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 Business Enterprise 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 2014 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 Business Enterprise 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: 3.0 %), 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 € 6,861,598.08 (previous year: T€ 6,758) for the 2015 financial year. The sum of all obligations for the next five years is € 34,307,990.40 (previous year: T€ 33,789).

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:

	31.12.2014	31.12.2013
	€	T€
Receivables from subsidiaries	250,403,496.97	270,001
Receivables from participation companies	4,772,084.01	872
Other receivables and other assets	58,522,495.80	19,456
Total	**313,698,076.78**	**290,329**

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 € 340,420.00 (previous year: T€ 615) 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 2014, 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 Business Enterprise 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	100,000,000.00	275,000,000.00	200,000,000.00	575,000,000.00	0.00
Previous year in T€	*0*	*275,000*	*300,000*	*575,000*	*0*
2. Bank borrowings	125.00	140,000,000.00	0.00	140,000,125.00	0.00
Previous year in T€	*0*	*116,500*	*23,500*	*140,000*	*0*
3. Trade payables	941,358.21	0.00	0.00	941,358.21	0.00
Previous year in T€	*2,168*	*0*	*0*	*2,168*	*0*
4. Payables to subsidiaries	10,191,638.40	0.00	0.00	10,191,638.40	0.00
Previous year in T€	*9,874*	*0*	*0*	*9,874*	*0*
5. Other payables	17,263,012.96	0.00	0.00	17,263,012.96	0.00
Previous year in T€	*25,073*	*815*	*0*	*25,888*	*0*
Total	**128,396,134.57**	**415,000,000.00**	**200,000,000.00**	**743,396,134.57**	**0.00**
Previous year in T€	*37,115*	*392,315*	*323,500*	*752,930*	*0*

Payables to subsidiaries involve routine clearing as well as the clearing of tax allocation.

The item “Other payables” includes costs of € 16,535,485.57 (previous year: T€ 16,389) 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 Business Enterprise Code (UGB) involve exclusively guarantee and indemnity liabilities.

The contingent liabilities reported include € 265,003,444.00 (previous year: T€ 278,526) 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 € 380,883,281.29 (previous year: T€ 386,992) 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 2014, interest payments for the bonded loan were hedged by means of the following hedging transactions:

T€	2014		2013	
	Nominal value	Market value	Nominal value	Market value
Interest rate swap (fixed rate payer)	108,500	-4,112	108,500	-3,395

The hedging period of the interest rate swap lasts until 2019 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 2014 to forego the creation of provisions for pending losses from interest rate swaps in the amount of T€ -4,112 (previous year: T€ -3,395), 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)

	2014	2013
	€	T€
Domestic revenue	30,238,608.91	26,799
Foreign revenue	39,451,812.49	32,435
Total	**69,690,421.40**	**59,234**

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 € 50,198.78 (previous year: T€ 34) for contributions to employee benefit plans is included in the severance payment expenses.

The salaries of the Management Board members in the 2014 financial year amounted to T€ 3,981 (previous year: T€ 4,199).

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

Losses on the disposal of financial assets with an amount of € 39,021.09 (previous year T€ 669) is included in the item expenses from subsidiaries.

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 Business Enterprise 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 the company 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 € 588,000.00 (previous year: € 631), of which € 58,000.00 (previous year: T€ 58) are for the audit of the financial statements, € 530,000.00 (previous year: T€ 530) for other audit services and € 0.00 (previous year: T€ 43) for miscellaneous services.

Villach, 10 April 2015

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 2014

€			Acquisition and production costs	
	Balance 1.1.2014	**Additions**	**Disposals**	
I. Tangible assets:				
Other facilities, furniture and fixtures and office equipment	**1,139,456.68**	**63,795.29**	**0.00**	**0.00**
II. Financial assets:				
1. Investments in subsidiaries	2,288,967,727.56	10,374,271.29	-58,956,850.00	23,995,928.31
2. Loans to subsidiaries	99,756,885.00	0.00	0.00	14,026,885.00
3. Investments in participation companies	34,792,824.41	274,892.50	58,956,850.00	0.00
4. Loans to participation companies	0.00	93,626,564.21	0.00	1,355,186.00
5. Own shares	236,978,341.46	0.00	0.00	0.00
6. Other loans	1,101,397.24	24,821.03	0.00	495,000.02
	2,661,597,175.67	**104,300,549.03**	**0.00**	**39,872,999.33**
Total	**2,662,736,632.35**	**104,364,344.32**	**0.00**	**39,872,999.33**

Balance 31.12.2014	Accumulated depreciation	Carrying values 31.12.2014	Carrying values 31.12.2013	Depreciation for the period
1,203,251.97	**185,360.10**	**1.017.891,87**	**969,729.15**	**15,632.57**
2,216,389,220.54	68,159,737.38	2,148,229,483.16	2,217,254,382.60	13,241,377.89
85,730,000.00	2,000,000.00	83,730,000.00	99,756,885.00	2,000,000.00
94,024,566.91	12,025,105.42	81,999,461.49	23,583,718.99	816,000.00
92,271,378.21	0.00	92,271,378.21	0.00	0.00
236,978,341.46	0.00	236,978,341.46	236,978,341.46	0.00
631,218.25	0.00	631,218.25	1,101,397.24	0.00
2,726,024,725.37	**82,184,842.80**	**2,643,839,882.57**	**2,578,674,725.29**	**16,057,377.89**
2,727,227,977.34	**82,370,202.90**	**2,644,857,774.44**	**2,579,644,454.44**	**16,073,010.46**

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:			
AKA-HoldCo Zrt., Budapest	100.00	12[3]	-2[3]
Asphalt & Beton GmbH, Spittal an der Drau	100.00	1,874	637
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH“, Spittal an der Drau	100.00	3,062	1,696
Bau Holding Beteiligungs AG, Spittal an der Drau	65.00	940,686	-58,084
BHG Bitumen d.o.o. Beograd, Belgrade	100.00	195	7
BHG Sp. z o.o., Pruszkow	100.00	862	557
CESTAR d.o.o., Slavonski Brod	74.90	2,391	78
CLS Construction Legal Services GmbH, Cologne	100.00	96	71
CLS Construction Legal Services GmbH, (formerly: G15 Projekt GmbH), Schlieren	100.00	26	-15
CLS Construction Legal Services GmbH, Vienna	100.00	281	32
CLS CONSTRUCTION Legal Services SRL, Bucharest	100.00	0	-1
CLS CONSTRUCTION SERVICES d.o.o., Zagreb	100.00	2	-1
CLS CONSTRUCTION SERVICES s. r. o., Bratislava	100.00	29	3
CLS CONSTRUCTION SERVICES s.r.o., Prague	100.00	1	1
CLS Kft., Budapest	100.00	139	24
CLS Legal Sp.z o.o., Pruszkow	100.00	277	8
DRP, d.o.o., Ljubljana	100.00	1,297	460
Ed. Züblin AG, Stuttgart	57.26	202,703	38,992
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o., Bratislava-Ruzinov	100.00	1,566	587
EVN S.r.l. IN LIQUIDATZIONE, Rome	100.00	-16[5]	-105[5]
Facility Management Holding RF GmbH, Vienna	100.00	-11	-88
FLOGOPIT d.o.o., Novi Beograd	100.00	-70	-54
GRASTO d.o.o., Ljubljana	100.00	2,142	171
Ilbau Liegenschaftsverwaltung GmbH, Hoppegarten	99.99	138,856	19,732
Karlovarske silnice, a. s., Ceske Budejovice	100.00	2,341	13
KMG - KLIPLEV MOTORWAY GROUP A/S, Copenhagen	100.00	1,390	20
LPRD (LESZCZYNSKIE PRZEDSIEBIORSTWO ROBOT DROGOWO)-MOSTOWYCH Sp.z o.o., Leszno	57.29	6,214	-108
Mazowieckie Asfalty Sp.z o.o., Pruszkow	100.00	-19[3]	-3[3]
Mikrobiologische Abfallbehandlungs GmbH, Schwadorf	51.00	738[3]	356[3]
Mineral Abbau GmbH, Spittal an der Drau	100.00	2,364	393
MINERAL ROM S.R.L., Brasov	26.87	-3,071	-540
Norsk Standardselskap 154 AS, Oslo	100.00	-5[3]	-3[3]
OOO CLS Construction Legal Services, Moscow	100.00	156	6
OOO "SAT", Moscow	100.00	-95	2
PANADRIA MREZA AUTOCESTA D.O.O., Zabgreb	100.00	1	0
PNM, d.o.o., Ljubljana	100.00	9	0
Prottelith Produktionsgesellschaft mbH, Liebenfels	52.00	-2,250[3]	45[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	619	159
SAT SANIRANJE cesta d.o.o., Zagreb	100.00	711	292
SAT SLOVENSKO s.r.o., Bratislava	100.00	1,508	232
SAT Ukraine, Brovary	100.00	1,450[3]	210[3]
„SBS Strabag Bau Holding Service GmbH“, Spittal an der Drau	100.00	301,645	26,897
SF Bau vier GmbH, Vienna	100.00	-13	-7
SOOO "STRABAG Engineering Center", Minsk	60.00	111[3]	7[3]
STR Irodaház Kft., Budapest	100.00	3,348[3]	-14[3]
STRABAG A/S, Trige	100.00	88[3]	34[3]
STRABAG AG, Cologne	74.80	518,007	41,296
STRABAG AG, Schlieren	100.00	37,004	2,353
"Strabag Azerbaijan" L.L.C., Baku	100.00	-17,576	-11,421

1) according to § 224 Para 3 UGB
2) net income / loss of the year
3) Financial statements as of 31.12.2013
4) no statement according to § 241 Para 2 UGB
5) Financial statements as of 30.09.2013

Name and residence of the company T€	Interest %	Equity/ negative equity[1]	Result of the last financial year [2]
STRABAG Beteiligungen International AG in Abwicklung, Spittal an der Drau	100.00	1,005	7
STRABAG Infrastruktur Development, Moscow	100.00	140	82
STRABAG Invest GmbH in Liqu., Vienna	51.00	-400[3]	14[3]
STRABAG Oy, Helsinki	100.00	1,268	-5,486
STRABAG Property and Facility Services a.s., Prague	100.00	3,265	206
STRABAG Ray Ltd. Sti., Ankara	99.00	-194[3]	-513[3]
STRABAG Real Estate GmbH, Cologne	84.50	48,304	21,290
Strabag RS d.o.o., Banja Luka	100.00	-262[3]	-43[3]
STRABAG Sh.p.k., Tirana	100.00	21[3]	0[3]
"STRABAG" d.o.o. Podgorica, Podgorica	100.00	1,536[3]	45[3]
TOO STRABAG Kasachstan, Almaty	100.00	-1,489[3]	-1,089[3]
Treuhandbeteiligung MO	100.00	[4]	[4]
Investments in participation companies:			
A-Lanes A15 Holding B.V., Nieuwegein	24.00	[4]	[4]
ASAMER Baustoff Holding Wien GmbH, Vienna	20.00	[4]	[4]
ASAMER Baustoff Holding Wien GmbH & Co.KG, Vienna	20.00	[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 & C. SRL, Bruneck	50.00	[4]	[4]
OOO "STRATON", Sochi	50.00	[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 31.12.2013
4) no statement according to § 241 Para 2 UGB
5) Financial statements as of 30.09.2013

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)
Andrey E l i n s o n
Mag. Kerstin G e l b m a n n
Ing. Siegfried W o l f
Mag. Hannes B o g n e r

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 (since 13 October 2014; works council)
Wolfgang K r e i s (works council)
Gerhard S p r i n g e r (until 13 October 2014; works council)

GROUP MANAGEMENT REPORT

Important Events

JANUARY

Charité hospital in Berlin is being renovated by Ed. Züblin AG joint venture

STRABAG subsidiary Ed. Züblin AG, in a joint venture with VAMED Deutschland, has begun construction at the Charité hospital in Berlin. Over the next three years, the 21-storey bed tower of the university clinic in Berlin-Mitte will be renovated and equipped with the latest state-of-the-art medical technology. The contract comprises the end-to-end execution planning, gutting and renovation of the bed tower as well as the construction of an adjoining new five-storey building to house several intensive care units, 15 operating rooms, and one emergency department. Planning of the medical technology as well as support during trial operation of the facility also form part of the joint venture's tasks. The construction works are expected to last until the end of 2016.

FEBRUARY

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

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

MARCH

EFKON chosen by ASFINAG for automatic toll sticker monitoring system

EFKON AG, a subsidiary of STRABAG headquartered in Raaba near Graz, was awarded the tender from Austrian road operator ASFINAG for the modernisation of the national toll sticker monitoring system.

STRABAG builds Zielone Arkady shopping centre in Bydgoszcz

Polish STRABAG Sp. z o.o. has been awarded the contract to build the Zielone Arkady ("Green Arcades") shopping centre with a scheduled date of completion at the end of October 2015. With 50,000 m² of rental space, it will be the largest shopping centre in Bydgoszcz. The construction volume is valued in the mid-double-digit million euro range. The development is being built in accordance with the BREEAM principles of sustainable construction.

Main entrance to the shopping centre "Zielone Arkady" in Bydgoszcz

MAY

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

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

Züblin A/S is awarded large building construction contract in Denmark

Züblin A/S, a Danish subsidiary of the STRABAG Group, was awarded the contract to build the "Axeltorv, AT2" project, a 14-storey multi-use building in the centre of Copenhagen. The contract value of the turnkey building is about € 103 million. The handover of the project is expected by the end of 2016.

"Axeltorv, AT2" in Copenhagen

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

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

JUNE

STRABAG parts with its flue gas treatment business

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

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

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

Züblin Scandinavia AB is awarded a contract for Marieholms Tunnel in Gothenburg

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

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


Construction of a 2 km metro tunnel

Züblin A/S is leading a joint venture for the construction of Copenhagen's new metro line between Østersøgade and the Nordhavn metro station. The contract includes about 2 km of metro line connecting the ongoing construction of "Metro Cityring" with the new Nordhavn development area in the city of Copenhagen. The order has a total value of € 150 million, with Züblin's share amounting to about € 90 million. The construction work is planned to last until 2019.

Renewal of € 2 billion syndicated surety loan

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

STRABAG SE prematurely extends € 400 million syndicated cash credit line

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

STRABAG constructs steel plant in Russia for € 300 million

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

JULY

All Management Board mandates extended until end of 2018

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

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

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

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

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

More than € 100 million deal to construct S7 section "Trasa Nowohucka" in Cracow

A consortium comprising two subsidiaries of the STRABAG Group, STRABAG Sp. z o.o. and STRABAG Infrastruktura Południe Sp. z o.o., has signed a contract for the construction of an 18.6 km long stretch of the planned S7 expressway in the east of Cracow, called "Trasa Nowohucka", which will run between Rybitwy and Igołomska. The contract is worth around € 103 million. The construction is expected to be completed within 36 months.

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

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

"Upper West" is being built along Kurfürstendamm in Berlin.

STRABAG wins in consortium contract for toll collection system in Belgium

Satellic NV, a project company established by T-Systems (76 %) and STRABAG (24 %), has been awarded the contract for the construction and operation of a satellite-based toll collection system for trucks weighing more than 3.5 tonnes. The contract has a term of twelve years and envisages that Satellic will establish the new toll collection system in the next 18 months. EFKON AG delivers the entire system technology – the so-called enforcement technology.

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

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

AUGUST

STRABAG extends container port in Mauritius

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

SEPTEMBER

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

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

STRABAG building Kościerzyna bypass in Poland for € 40 million

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

STRABAG building section of A4 motorway in Poland for € 70 million

A consortium consisting of STRABAG Sp. z o.o. and Budimex S.A. has signed the contract to build a 41 km section of the A4 motorway from Rzeszów to Jarosław in south-eastern Poland. The contract has a value of about € 140 million. STRABAG holds a 50 % share in the consortium. The motorway is scheduled for completion and should be opened to traffic in the first half of 2016.

STRABAG acquires industry services provider DIW Group

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

OCTOBER

STRABAG Real Estate develops office and commercial building in downtown Warsaw

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

STRABAG consortium builds € 300 million Eisack River undercrossing for Brenner Base Tunnel

The construction group STRABAG, in a consortium with the Italian construction companies Salini Impregilo, Consorzio Cooperative Costruzioni CCC and Collini Lavori, signed the € 300 million contract to build the 4.3 km long Eisack River undercrossing section of the Brenner Base Tunnel. STRABAG holds a 39 % share in the consortium. Work began in 2014 with a planned construction time of around eight years.

NOVEMBER

Züblin awarded contract to build hydroelectric power plant in Chile

Züblin Chile has been awarded the contract to build a hydroelectric power plant by energy group Colbún S.A. south of the Chilean capital of Santiago. The € 36 million contract was signed in mid-November. The contract for Züblin Chile comprises all earth and concrete works for the intake structures, an open-channel waterway, a turbine hall and a stilling basin. The construction works are expected to last about 25 months and should be concluded in early 2017.

DECEMBER

STRABAG to build Volkswagen factory in Września, Poland

The Polish STRABAG subsidiary has been awarded the contract to build a new production plant for Volkswagen commercial vehicles in Poland. The automobile manufacturer plans to manufacture the next generation of its VW Crafter delivery van in the new factory in Września. STRABAG has been commissioned to build three of the five modern production and industrial buildings that form part of the overall investment by the middle of 2015.

STRABAG Group and consortium partner Norderland-ETANAX sell offshore wind farm project Albatros

Approval for 79 wind turbines in the German North Sea

EnBW Energie Baden-Württemberg AG has acquired the Albatros offshore wind farm project from the consortium partners STRABAG and the Norderland/ETANAX Group. This offshore wind project, which has approval for 79 wind turbines of the 5–7 MW rating class, is located 105 km off the coast in the German sector of the North Sea. The wind farm covers an area of 39 km² at a water depth of 39–40 m. The contractual partners have agreed not to disclose any information about the purchase price. With their portfolio of 12 project developments, the STRABAG Group and the Norderland/ETANAX Group continue to be active in the offshore wind farm business. The projects will be developed until they are ready for approval or investment, and will subsequently be sold off or constructed in tandem with investment partners.

Country report

DIVERSIFYING THE COUNTRY RISK

2015 output volume unchanged at € 13.6 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 company expects its international business to grow to at least 10 % of the output volume by 2016.

The STRABAG SE Group generated an output volume of € 13.6 billion in the 2014 financial year, unchanged at the same high level as the year before. Increases in the home markets of Germany and Austria, for example, offset with declines in markets such as the RANC region (Russia and neighbouring countries) or Romania. The output volume in Germany developed positively, thanks to the mild winter – and despite the very restrained tender award policy in transportation infrastructures on the part of the public sector. Large projects were completed in Romania and Russia at the same time that newly acquired orders in these markets have not yet found expression in the output volume.

OUTPUT VOLUME BY COUNTRY

€ mln.	2014	% of total output volume 2014	2013	% of total output volume 2013	Δ %	Δ absolute
Germany	6,080	45	5,789	43	5	291
Austria	2,058	15	1,982	15	4	76
Poland	817	6	787	6	4	30
Czech Republic	620	5	645	5	-4	-25
Hungary	544	4	496	4	10	48
Slovakia	427	3	340	3	26	87
Switzerland	359	3	386	3	-7	-27
Benelux	324	2	400	3	-19	-76
Russia and neighbouring countries	302	2	561	4	-46	-259
Middle East	272	2	323	2	-16	-51
Sweden	271	2	316	2	-14	-45
Americas	255	2	263	2	-3	-8
Denmark	197	1	151	1	30	46
Romania	181	1	322	2	-44	-141
Italy	179	1	168	1	7	11
Africa	158	1	165	1	-4	-7
Rest of Europe	136	1	106	1	28	30
Croatia	121	1	134	1	-10	-13
Asia	87	1	103	1	-16	-16
Slovenia	68	1	67	0	1	1
Bulgaria	39	0	20	0	95	19
Serbia	38	0	31	0	23	7
Bosnia and Herzegovina	33	0	18	0	83	15
Total	**13,566**	**100[1]**	**13,573**	**100**	**0**	**-7**

1) Rounding differences are possible.

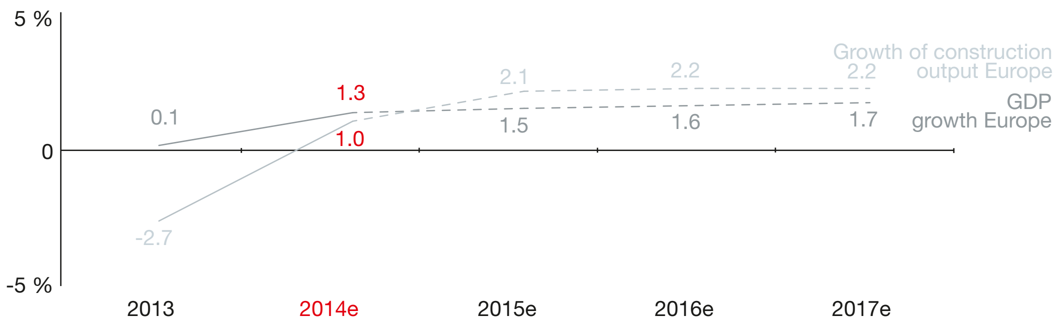
TURNAROUND IN THE EUROPEAN CONSTRUCTION SECTOR[1)]

The European economy continued to recover in 2014, even if growth slowed considerably over the course of the year. Within the 19 Euroconstruct countries, strong disparities in the development were evident. The recovery first gained momentum in the United Kingdom and in the Northern European countries outside the eurozone. While it was possible to stop the recession within the euro area, however, **economic growth** (GDP) stagnated due to the continuing weak domestic demand. The level of consumer debt has fallen little since the financial crisis, which limits the purchasing and investment possibilities in many of these countries. This weakness is being compensated by the rapid recovery of the Eastern European countries, which returned to robust growth after the sharp losses of 2012 and 2013. Against this backdrop, the total economic growth of the 19 Euroconstruct countries reached 1.3 % in 2014 and is expected to stabilise at this moderate level in the years to come.

The European **construction industry**, which finally entered a new phase of growth in 2014, should develop significantly more strongly in the long run than the economy as a whole. After seven years of crisis, during which the markets lost about 21 % of their overall volume, Euroconstruct calculations show the European construction industry returning to renewed growth of 1.0 % in 2014. On a country by country basis, this development was also quite heterogeneous. Against the backdrop of strong economic growth, the construction industry in Central and Eastern Europe registered significant increases which even approached pre-crisis levels. This development is being driven above all by EU-financed infrastructure projects. Analogous to the economic development, the Western European countries of Ireland, United Kingdom and Sweden registered strong growth in 2014, while Italy, France and Spain lost significant volume, and growth also slowed noticeably in Germany.

All in all, the construction industry should continue to grow in the near future. The Euroconstruct experts expect growth to consolidate at 2.1 % in 2015 and at 2.2 % in each of the two following years.

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE



MODERATE GROWTH IN ALL SECTORS

The growth of the construction industry was supported by all sectors in 2014. Each of these segments should continue to grow at a constant rate of 2.0 % in the medium term, naturally with differences in the individual markets. Renovation building has a stabilising effect for the entire construction industry, while new construction works still exhibit significant weaknesses.

Residential construction suffered under the weak European economy in the period under review – especially new production stagnated at +0.1 % after the strong decline in the previous year – but this segment should establish itself as the strongest driving growth in the sector in the period 2015–2017. In a country by country analysis, the development in the residential construction sector remained heterogeneous. While the Central and Northern European countries – mainly Ireland and the United Kingdom – registered double-digit growth rates, the development in South-East Europe remained characterised by high losses. All in all, i.e. including renovation building, the sector achieved a growth rate of 0.9 %. The upwards trend should, however, accelerate significantly in the years to come with growth of 2.3 % in 2016.

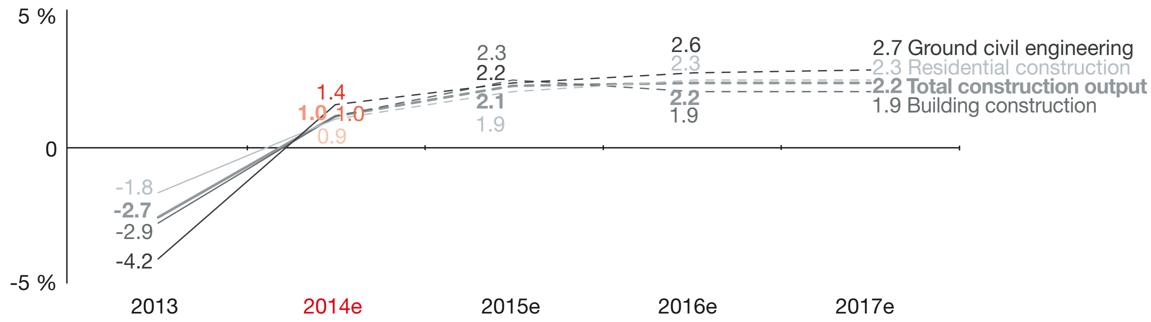
Similarly muted growth as in residential construction could also be seen in new construction works within the **building construction** segment. The 2013 losses had been much higher

1) All growth forecasts as well as the particular national construction volumes are taken from the Euroconstruct and EECFA winter 2014 reports. The indicated market share data are based on the data from the year 2013.

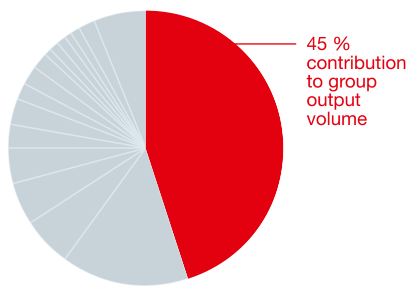
here than in residential building, however, and the forecast growth will also be more moderate in the medium term. All in all, building construction grew once more by 1.0 % in 2014 – after a decline of 2.9 % the year before. This again shows that this field is the most strongly dependent on the general economic development. Against this backdrop, the Eastern European market registered stronger growth rates than the Western European countries and will probably continue to drive growth in the future. Depending on the economic development, Euroconstruct believes that growth in building construction should stabilise at a level of 1.9 % in the medium term.

A significant turnaround was registered in **ground civil engineering**. After losses of 8.5 % in 2012 and 4.2 % in 2013, this segment returned to growth of 1.4 % in 2014. It thus has the highest growth rate in a sector by sector comparison, although forecasts had still been much lower in the months before. At 22 %, however, ground civil engineering continues to represent the lowest share of the entire European construction market. Growth in ground civil engineering should increase to 2.2 % in 2015 and will continue to grow steadily from year to year thereafter. Against the backdrop of the high deficit in the infrastructure field and the promise of corresponding EU funds, this positive development will also continue to be supported by the Central and Eastern European markets in the future. According to Euroconstruct, the CEE region achieved growth of 9.9 % here in 2014, while the Western European Euroconstruct countries were only able to post a slight plus of 0.7 %. In the long term, the nascent economic recovery could help to again raise the level of investment confidence in Western Europe and lead to higher growth rates.

DEVELOPMENT OF CONSTRUCTION SECTOR EUROPE



GERMANY



Overall construction volume: € 278.76 billion
GDP growth: 2014e: 1.3 % / 2015e: 1.2 %
Construction growth: 2014e: 2.4 % / 2015e: 1.8 %

Although it was more than once necessary to lower the GDP forecasts for 2014 and 2015, the German economy was still able to register significant growth of +1.3 % in the reporting period versus the previous year (+0.1 %). Responsible for this positive development were the stable low interest rates. For the year to come, Euroconstruct again expects growth of 1.2 %. This figure takes into account the impact from the 2014 pension reform as well as the introduction of new minimum wages.

After negative construction growth in 2013 (-0.3 %), the mild winter in the first quarter of 2014 led to a strong rise of the construction output; over the remaining course of the year, however, the curve flattened in harmony with the global economy.

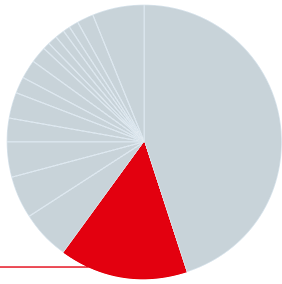
The sector still managed to achieve a significant plus of 2.4 % in 2014, with a considerable portion thereof attributable to residential construction (+2.4 %). Clear influences in this context came from the continuing favourable credit rates, the positive labour market situation, and the steady interest in home ownership as an investment alternative.

Even stronger growth was seen in building construction. After two difficult years (2012: -4.0 %; 2013: -1.5 %), this sector registered a plus of 1.9 % in 2014; for the current year, the construction of additional industrial buildings and warehouse properties supports expectations of renewed growth (forecast: +2.1 %).

But the strongest growth in the year under report was registered in the civil ground engineering sector, where the +3.2 % (excluding other adjustments) almost exactly matched the forecast that had been made the year before. The favourable weather in the spring and efforts by local governments to work off the investment backlog of the past few years – in particular with regard to road and rail development as well as water and wastewater utilities –, led to above-average growth that should continue in 2015 thanks to large investments in the telecommunications sector.

With a market share of 2.1 %, the STRABAG Group is the market leader in Germany. The share of the German road construction market reaches a level of 9.2 %. With € 6,080.29 million, the group generated about 45 % of its total output volume in Germany. Most of the output volume can be allocated to the North + West segment, while the property and facility services provided in Germany form part of International + Special Divisions.

AUSTRIA



Overall construction volume: € 31.65 billion
GDP growth: 2014e: 0.8 % / 2015e: 1.2 %
Construction growth: 2014e: 1.7 % / 2015e: 1.0 %

With GDP growth of 0.8 %, Austria was exactly at the average for all euro countries in 2014 after being significantly below expectations at the mid-year point. The global economic situation resulted in a significant downward development of foreign trade, particularly in manufacturing; the low volume of orders led to rising unemployment and reduced consumer strength. The situation was further aggravated by an increased budget deficit. The slight GDP plus over the previous year is exclusively due to increases in production. A general recovery of the global economy as well as stronger demand within the EU will be necessary for the growth that is expected in the next few years (2015e: 1.2 %, 2016e: 1.4 %).

As in the past few years, residential construction remained the sector with the strongest growth rate in 2014. The +2.6 % did not quite reach the average for the last three years (approx. +3.0 %), but the favourable credit rates, the rising real estate prices and the demographically driven demand in the housing market contributed to a stable positive development whose end is not yet in sight. Weaker growth can be expected in the medium term if public sector investments and public funding are reduced in favour of budget consolidation.

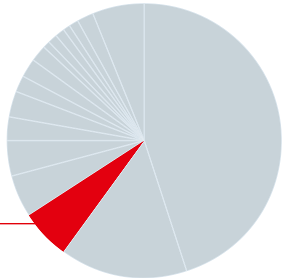
After the negative growth of 2013 (-1.0 %), the building construction sector was able to post slight gains as predicted in 2014 (+0.6 %). The segment should remain at this level in the year to come, before slightly higher growth of 1.7 % and 1.8 % is expected in 2016 and 2017, respectively. While the healthcare sector continues to benefit from the construction of the new Vienna North Hospital, new noteworthy public sector construction projects appear unlikely in the educational sector at this time.

The ground civil engineering sector owes its positive result to the development of the road and rail network. The plus of 1.2 % that was achieved in 2014 also represents the level at which the sector is expected to settle in the near future. For 2016, however, Euroconstruct expects a slight drop to +0.8 % as the nationwide broadband expansion that has been planned by 2020 is unlikely to entirely make up for the declining investments in transportation infrastructures.

The STRABAG Group generated 15 % of its total output volume in its home market of Austria in 2014 – the same as the year before. Along with Germany and Poland, Austria thus remains one of the group's top three markets. The output volume in 2014 reached a level of

€ 2,057.59 million. With a share of 6.3 %, STRABAG is the number two on the Austrian market. In road construction, the group's share of the market amounts to 17.4 %.

POLAND



Overall construction volume: € 42.02 billion
GDP growth: 2014e: 3.1 % / 2015e: 3.3 %
Construction growth: 2014e: 4.9 % / 2015e: 7.1 %

In contrast to most other EU member states, Poland did not have to revise its economic forecast downward, but upward, in the reporting period. After a somewhat slow previous year, Polish GDP growth nearly doubled from 1.6 % (2013) to 3.1 % (2014) and is expected to reach 3.3 % for 2015. This development can be explained primarily by accelerated production growth based on rising domestic demand. Higher levels of investment and consumption – the latter driven in part by lower unemployment – contributed considerably to a positive result in spite of declining export income and deflationary trends. Another considerable contribution came from the construction sector, which after two years of decline was able to increase its production output by 4.9 % in 2014 – with further growth expected in the future.

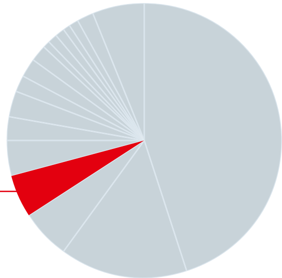
While the residential construction sector had ended 2013 with a substantial minus of 7.9 %, 2014 brought a turnaround that culminated in a plus of 3.0 %. Low credit and mortgage rates drove the Polish real estate market; in the medium term, however, Euroconstruct expects the declining demographics – a result of emigration – to have a negative impact on residential construction.

The building construction sector was also able to achieve a significant improvement in 2014 versus the previous year. The +3.1 % (after -2.4 % in 2013) resulted above all from new industrial plants as well as public buildings and commercial properties. This was contrasted, however, by a serious collapse in the construction of hotels and railway stations. Nevertheless, further growth of about 4.0 % is expected for 2015.

The most impressive increases during the reporting period were registered in the ground civil engineering sector. After -16.8 % in the previous year, extensive investments in the road and rail network led to a plus of 9.0 %. The planned further development of rail transportation, as well as new power plants and water works, make the forecasted growth of between 11.5 % and 12.9 % over the next three years seem realistic.

As the number three in the Polish construction sector, the STRABAG Group also benefits from an upswing on this market. The country contributed € 816.82 million or 6 % to the company's total output volume in 2014 and so is the third-largest market for the STRABAG Group. The group holds a share of 1.9 % on the Polish construction market and 7.2 % in road construction.

CZECH REPUBLIC



Overall construction volume: € 15.79 billion
GDP growth: 2014e: 2.6 % / 2015e: 2.7 %
Construction growth: 2014e: 1.0 % / 2015e: 2.5 %

2014 brought the turnaround for the Czech Republic. Despite the ongoing political instability, a weak currency, increases to the value added tax, and declining state investments, it was possible to stop the downward economic development that began in 2008 sooner than expected. The result was a GDP plus of 2.6 % with forecasts for a similar figure in the year to come.

Although the construction industry continued to suffer under the massive decrease of public sector investments in transportation infrastructures, the construction output also managed to grow by 1.0 % in the period under review; a plus of 2.5 % is expected for 2015.

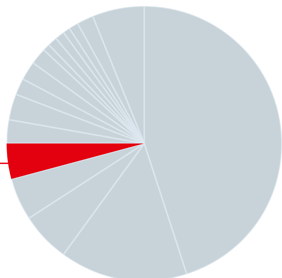
The weakest sector in 2014 was residential construction. After the strong losses of the past (2012: -19.2 %, 2013: -13.0 %), this sector closed the year down 5.4 % although it should return to a slight plus (0.5 %) in 2015. At least the relatively low housing prices and extremely affordable interest rates for mortgage loans helped boost the weak demand especially for apartments in multi-family units. A negative impact, on the other hand, came from the rising fiscal burden – e.g. in the form of the real estate acquisition tax.

Although the building construction sector grew by 1.5 % in the reporting period, thereby getting out of the red earlier than expected, the bottom line for this sector could have been much more positive had the Czech Republic been more efficient in handling its EU grants and subsidies. Czech tax policies also led to insecurities among private investors, who returned only hesitatingly to the market as a result. The strongest recovery was observed with warehouse properties and office buildings, above all in Prague.

Euroconstruct saw the most significant improvement in ground civil engineering. After three consecutive years of shrinking by about 10 % each time, the sector finally grew by 4.8 % in 2014. This was due above all to projects from the public sector, which invested in rail expansion works, wastewater systems, sewage treatment plants, and flood control structures to help stimulate the economy. The government also promised to help develop transportation infrastructures and to ensure a more transparent and simpler contract award and funding procedure.

STRABAG is the number two on the market in the Czech Republic. With an output volume of € 619.58 million, about 5 % of the group's total output volume was generated on the Czech market in 2014. The group's share of the entire construction market amounts to 4.1 % and even reaches 18.2 % in road construction.

HUNGARY



Overall construction volume: € 7.84 billion
GDP growth: 2014e: 3.3 % / 2015e: 2.4 %
Construction growth: 2014e: 14.3 % / 2015e: 5.1 %

Hungary's economy was characterised by a dynamic upswing in 2014, reflected in GDP growth of 3.3 %. This development is based on the general economic improvement in Europe but also largely on government measures to relieve the private households and to increase private income.

A particularly significant effect came from the recovery of the construction output, which grew by 14.3 % over the previous year. The poor creditworthiness attested to Hungary by the international ratings agencies meant a lack of significant foreign direct investment. But the financial commitment by local micro businesses and SMEs should contribute to sustained, if moderate, growth of 3–5 % a year in the medium term thanks to a large number of planned industrial buildings and warehouse properties.

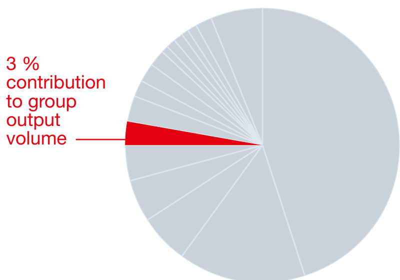
The residential construction sector ended the reporting year with a plus of 3.0 %. This result should be seen with caution, however, as the sector had shrunk by 15.1 % in 2013 and new residential construction had amounted to no more than one fifth of its volume before the beginning of the crisis. The current upswing, therefore only signals an end to the downward spiral for now.

The building construction sector grew even more strongly, by 10.0 %, in 2014. It was an election year in Hungary and the government dug deep into the available EU funds for strong investments in public buildings, squares, parks and local public transport systems, in particularly the new Line 4 of the Budapest Metro.

It was ground civil engineering, however, which contributed the most to the higher Hungarian construction volume. This sector grew by 23.1 % and accounted for about 61 % of all construction projects in progress. After years of stop-and-go politics, the government in 2014 finally decided to make long-term investments in road and rail construction and Euroconstruct now expects this sector to also report positive growth rates in the years to come.

4 % of the output volume of the STRABAG Group, or € 544.28 million, is generated in Hungary, giving the company the number two position on the Hungarian construction market. Its share of the market as a whole amounts to 6.4 %, with a figure of 10.1 % in road construction.

SLOVAKIA



Overall construction volume:	€ 4.38 billion
GDP growth:	2014e: 2.4 % / 2015e: 2.6 %
Construction growth:	2014e: -0.4 % / 2015e: 1.8 %

The Slovak GDP, with +2.4 %, grew twice as strongly in 2014 as the EU average. This development was due above all to the unexpectedly high domestic consumption in the first half of the year, which, in turn, was a result of higher wages and salaries as well as of lower unemployment figures. For the export industry, the most important pillar of the Slovak economy, Euroconstruct expects only marginal growth in the next few years. The annual GDP growth, however, should remain between 2.6 % (2015e) and 3.5 % (2016e/2017e).

Despite this positive economic development, a recovery was not observed in the construction sector. The construction volume shrank in 2014, as in the years before, with a decline of 0.4 %. Important factors were the lack of private investments and the postponed start of construction on public sector projects. Positive construction output growth (+1.8 %) is not expected until 2015.

As the state has not distributed any noteworthy funding for the construction of rental housing, the negative trend in residential construction continued despite the positive economic environment with a minus of 0.9 % in 2014. However, Euroconstruct expects a return to growth in 2015 with a slight plus of 0.5 %.

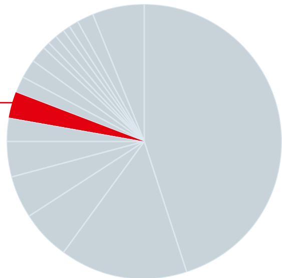
The building construction sector, which represents more than half of Slovakia's total construction output, also continued to suffer under the lack of financial resources and investor reluctance. The sector slipped by a total of 1.6 % in 2014. The originally announced upswing for 2015 is now expected in 2017 at the earliest.

Ground civil engineering was the only sector of the Slovak construction industry to register positive growth in 2014. The plus of 1.9 %, generated above all thanks to the realisation of long-postponed road construction projects, was in line with the previous year's result but remained far below the forecast of +10.6 %.

Slovakia is still struggling with problems in the award of public contracts and inadequate project documentation, which causes a lot of problems for construction companies and investors as it hinders the approval of urgently needed EU grants and subsidies.

With a market share of 7.8 % in 2013 and an output volume of € 427.13 million in 2014, the STRABAG Group is the market leader on the Slovak market. In road construction, the group's share even amounts to 13.6 %. In 2014, Slovakia contributed 3 % to the total output volume of the group.

SWITZERLAND[1)]



Overall construction volume:	€ 52.45 billion
GDP growth:	2014e: 1.7 % / 2015e: -0.5 %
Construction growth:	2014e: 0.8 % / 2015e: -1.4 %

Switzerland showed moderate economic growth in 2014. Although the export sector boomed less strongly than in the past, and despite the declining domestic demand, the GDP nevertheless grew by 1.7 % in 2014.

In mid-January 2015, the Swiss National Bank unexpectedly discontinued the minimum euro exchange rate, resulting in a sudden jump of the value of the Swiss franc. This will likely lead to a sharp drop in exports; the KOF Swiss Economic Institute therefore expects the country's GDP to decline by 0.5 % in 2015.

As political decisions had a dampening effect, the construction industry benefited only partly from the general economic development with a plus of 0.8 % in the past financial year. A negative impact came from the second-home purchase restrictions adopted two years ago, which limit the percentage of holiday homes in any community to 20 %. This led to a noticeable drop in the number of new building projects in tourism regions. Another troubling referendum is the initiative against mass immigration that was approved in July 2014. Lower levels of immigration not only mean a lower demand for new accommodation, but the decision could also threaten to end bilateral as well as EU-wide agreements – resulting in lower demand for industrial buildings and commercial properties. Only the third referendum – for the creation of a billion-franc rail fund – could basically help to boost the Swiss construction sector.

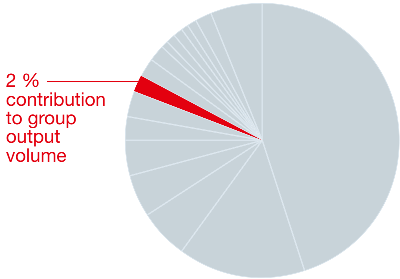
These three referenda had a defining influence on 2014, contributing to a collapse of the business climate above all in residential construction. Growth of just 0.2 % (after a plus of 2.2 % the previous year) was only possible because the order books had still been filled. But the construction companies were already complaining of a lower volume of orders. The building construction sector was still able to post a positive bottom line (+1.3 %) despite increasing vacancies and lower returns on investments in office properties. In ground civil engineering (+1.4 %), the mild winter 2013/2014 allowed for above-average levels of construction activity and made it possible to work off overdue contracts.

The decision by the Swiss National Bank to unpeg its currency will affect previous forecasts within the construction economy for 2015 – although exports play a lesser role in this sector than in other industries and the exchange rate shift should therefore have a lower impact on the construction sector. In view of the "franc shock", however, the KOF Swiss Economic Institute now expects a higher than expected decrease (1.4 %).

Switzerland contributed € 358.65 million, or about 3 %, to the total output volume of the STRABAG Group in 2014.

1) The forecasts for Switzerland are based on estimations by the KOF Swiss Economic Institute at the Federal Institute of Technology Zurich from January 2015.

BENELUX



BELGIUM

Overall construction volume:	€ 38.56 billion
GDP growth:	2014e: 1.1 % / 2015e: 1.5 %
Construction growth:	2014e: 0.7 % / 2015e: 0.0 %

NETHERLANDS

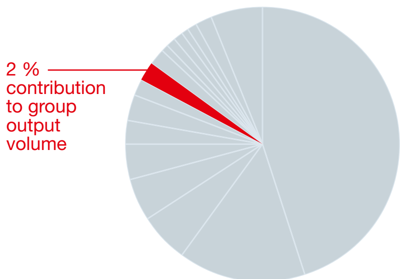
Overall construction volume:	€ 59.78 billion
GDP growth:	2014e: 0.8 % / 2015e: 1.3 %
Construction growth:	2014e: 0.3 % / 2015e: 3.4 %

As forecast, the economy in the Benelux countries exhibited a slight recovery in 2014. Falling unemployment and rising investments helped the Netherlands fight its way out of the recession (GDP growth 2014: 0.8 %) and Euroconstruct expects to see even stronger growth in the years to come. Belgium had to adjust its GDP growth downward in the year under review, but it still achieved a plus of 1.1 %, with an upward trend expected here as well.

Development of the Belgian construction output in 2014 was somewhat weaker, but still positive (+0.7 %). The significant growth in residential construction (+3.4 %) helped to balance out declines in building construction and ground civil engineering. The future looks rather dismal, however: zero growth, leaning to the negative, is predicted for 2015, thanks primarily to the relatively strongest sector – building construction – before moderate growth sets in starting with 2016. The Dutch construction industry on the other hand, which had to content itself with a modest plus of 0.3 % in the construction output in 2014, has a more positive outlook for the coming years. The residential construction sector in particular is expected to boom in 2015 (+5.9 %), feeding hopes of a higher overall construction volume (+3.4 %). For 2016/2017, Euroconstruct expects growth of up to 4.7 %.

STRABAG generated an output volume of € 324.07 million in the Benelux countries in 2014, which corresponds to about 2 % of the total.

RUSSIA AND NEIGHBOURING COUNTRIES (RANC)



RUSSIA

Overall construction volume:	€ 177.20 billion
GDP growth:	2014e: 0.3 % / 2015e: -1.5 %
Construction growth:	2014e: 6.0 % / 2015e: -6.5 %

UKRAINE

Overall construction volume:	€ 13.49 billion
GDP growth:	2014e: -7.0 % / 2015e: 1.0 %
Construction growth:	2014e: -14.4 % / 2015e: 1.5 %

The turbulences to which Russia has been subjected since the beginning of the Ukraine crisis have had a noticeable effect on the national economy. Western sanctions, as well as the collapse of the rouble and of the oil price, made it necessary to adjust the 2014 GDP growth forecasts downward several times. In the end, this figure settled at just +0.3 %. The Eastern European Construction Forecasting Association (EECFA) expects the Russian economic output to shrink by 1.5 % in 2015 and by -0.8 % in 2016.

The residential construction sector in Russia reached a high point with a considerable plus of 18.3 % in 2014, but growth is expected to collapse just as spectacularly in the years to come. The forecast is -12.1 % for 2015 and -9.7 % for 2016, caused by recession-driven income losses and declining purchasing power, on the one hand, and by rising mortgage rates and more stringent bank credit policies, on the other hand.

The building construction sector, which shrank by 3.1 % in 2014, is also expected to post losses of 7.7 % and 9.8 % for the next two years. Especially affected will be the office and commercial building sector, which traditionally suffers the most under negative economic influences.

Ground civil engineering, which fell by a relatively moderate 1.8 % in 2014, is the only sector with the promise of positive growth: Thanks to a number of large infrastructure projects, such as the bridge over the Kerch Strait between Crimea and the Taman Peninsula, or the Power of Siberia pipeline between Russia and China, slight growth of 1.2 % is expected for 2015.

Ukraine's macroeconomic situation in 2014 was shaped by the conflict in the eastern part of the country, the insecurities regarding energy security, and the loss of sales markets. These problems led to a GDP decline of 7.0 %. On the condition that the state of war with Russia ends and political stability returns to the region, however, EECFA expects an upswing for the coming years with GDP growth rates of 1.0 % (2015e) and 3.9 % (2016e).

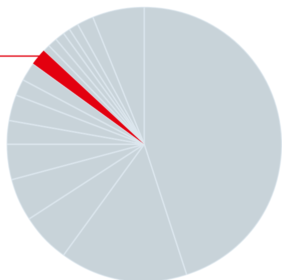
The construction industry saw quite distinct developments in Ukraine in 2014. While the market for residential construction exhibited some growth despite the crisis and therefore posted only weak negative development (-3.0 %), building construction and ground civil engineering collapsed by 25.6 % and 14.2 %, respectively. The former can be explained, among other things, by a migration-driven rise in housing needs and by renovation works – both of these are aspects that should lead to an upswing in residential construction in the years to come. Current forecasts are for +2.0 % for 2015 and +4.0 % for 2016.

Building construction, on the other hand, will continue to feel the impact of the crisis – a general decline in business and, as a result, low demand for offices and hotels – at least in the year to come. The experts expect a minus of 2.1 % for the sector as a whole with a possible exception of the retail sector, which, however, has experienced drastic losses since 2009.

In the ground civil engineering sector, which fell by a practically unchanged 14.2 %, the massive investment need in the Ukrainian infrastructure holds the promise of a positive development. This should bring the construction industry a plus of 3.4 % in 2015 and even growth of 6.0 % in 2016.

The STRABAG Group generated an output volume of € 302.07 million in Russia and the neighbouring countries (RANC) in 2014. The share of the group's total output volume reached 2 % in the period under review. STRABAG is almost exclusively active in building construction and civil engineering in the region.

SWEDEN



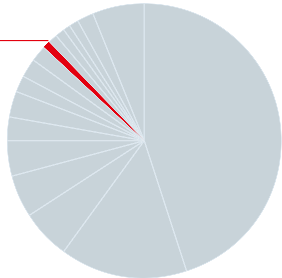
Overall construction volume:	€ 32.48 billion
GDP growth:	2014e: 1.8 % / 2015e: 3.1 %
Construction growth:	2014e: 5.3 % / 2015e: 1.3 %

The Swedish economy expanded by 1.8 % in 2014, more strongly than in the year before. This positive trend will probably continue to accelerate in the medium term, with growth expected to reach 3.4 % by 2016. Driving this development is, besides the low credit interest, the declining unemployment figures, and the rising real wages (as well as the resulting higher domestic consumption), an investment backlog that is now in the process of being worked off.

With a plus of 5.3 %, the Swedish construction industry was able to report above-average strong growth in 2014. A construction boom – especially with multi-family homes – had already started the year before. In 2014, this was reflected in a plus of 8.7 % in the residential construction sector. For 2015, however, Euroconstruct expects weaker growth of +0.2 %. Thanks to large private and public projects, the building construction sector also registered satisfactory growth of 4.2 % although this should slow to 1.1 % in 2015. Investments from the energy sector led to a recovery in ground civil engineering (+2.5 %) in 2014 after the negative growth of the previous year. Despite plans to expand the transport infrastructures, however, growth is expected to be slower in the years to come.

The output volume of the STRABAG Group in Sweden amounted to € 270.82 million in 2014. The company's main fields of activities include infrastructure and residential construction.

DENMARK



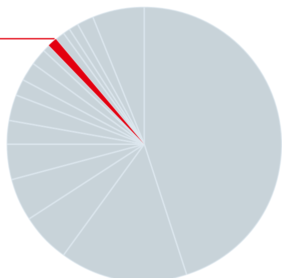
Overall construction volume: € 26.56 billion
GDP growth: 2014e: 0.7 % / 2015e: 1.2 %
Construction growth: 2014e: 2.5 % / 2015e: 2.9 %

After two negative years, the Danish economy returned to slight GDP growth of 0.7 % in 2014. Driving this development was the foreign trade, which grew more strongly than other macroeconomically relevant sectors. Increasing consumer confidence, higher available income levels, new jobs and rising real estate prices, among other things, should help Denmark to constant, albeit moderate, economic growth in the next few years, according to Euroconstruct.

The sharp – in contrast to the GDP – decline in the construction output in the past few years was followed by relatively just as steep growth of 2.5 % in 2014, with forecasts from +2.9 % (2015e) to +3.7 % (2017e). In the residential construction sector, the demand for new social housing projects led to growth of 2.6 %. In building construction, which also grew by 2.6 % in 2014, an extensive programme to build new hospitals also promises strong impulses for the coming years, with a considerable plus of 4.3 % forecast for 2015. Ground civil engineering, for years the most stable construction sector, achieved a plus of 2.2 % in 2014 and, thanks to increasing financing and numerous new projects, especially in transport, should rise to 3.5 % in 2015.

Thanks to several new large projects, the STRABAG Group generated an output volume of € 196.76 million in Denmark in 2014.

ROMANIA



Overall construction volume: € 16.53 billion
GDP growth: 2014e: 2.0 % / 2015e: 2.4 %
Construction growth: 2014e: 0.2 % / 2015e: 5.6 %

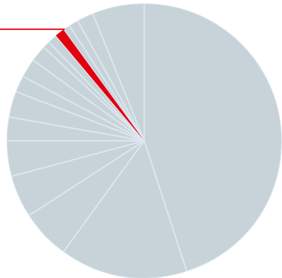
The Romanian economy expanded by 2.0 % in 2014, just below the forecast from the previous year. According to EECFA, this positive trend should gain strength by an additional 0.4 percentage points each year in the years to come. Increasing private demand, rising incomes and a stable inflation rate should lend growth impulses to the construction sector as well. After a moderate increase of 0.2 % in the period under review, growth of 5.6 % is expected in this sector for 2015.

The main sector driving this growth in 2014 was residential construction, which had still posted declines in the year before and now registered a plus of 6.0 %. The building construction sector was unable to fully maintain its high growth rate of 2013 (+8.1 %), but could still generate an increase of 6.0 %. The main reasons for this development can be found in the highly skilled workforce and low wages, which draw foreign companies to the country.

Although after four years of recession the ground civil engineering sector had succeeded in achieving positive growth in the previous year (+3.5 %), this was again followed by a decline of 6.9 % in 2014. But as all areas of Romanian infrastructure – roads, rail, airports, waterways, municipal utilities, etc. – are in urgent need of repair, EECFA sees great potential for development in this sector. The forecast for 2015 amounts to +7.7 %, not least because of the increased use of EU funding.

The STRABAG Group is market leader on the Romanian construction market, with an output volume of € 181.34 million in 2014; this corresponds to a market share of 1.9 %. In Romanian road construction, the share amounts to 2.5 %.

ITALY



Overall construction volume: € 166.48 billion
GDP growth: 2014e: -0.4 % / 2015e: 0.3 %
Construction growth: 2014e: -2.2 % / 2015e: 1.1 %

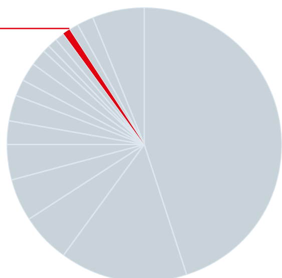
Counter to the forecasts of the previous year, the Italian economy continued its downward development in 2014. The domestic consumption remained weak as a result of high unemployment and the GDP shrank by 0.4 %. There are hopes for a light plus of 0.3 % for this year, but a real upturn is not expected until after 2015.

The Italian construction industry suffered more than average under the economic crisis. In a long-term comparison, the volumes have fallen by 66 % (2014e: -1.6 %) in residential construction and by 64 % (2014e: -2.5 %) in building construction since 2006. The turnaround is expected in both sectors for the coming year, however, with moderate growth (+0.7 % and +0.9 %) to be generated above all through rising private demand. In order to create incentives for private investment, the government in October decided to extend the tax deductibility of construction work until the end of 2015.

As expected, ground civil engineering developed the weakest in 2014 with a minus of 3.2 %. Still, the relatively greatest growth for 2015 is being predicted in this sector thanks to the government's Sblocca Italia (Unlock Italy) reform package of urgent actions for the opening of construction sites, the realisation of public contracts, and the digital transformation of Italy.

The output volume of the STRABAG Group in Italy amounted to € 179.10 million in 2014. The company is mainly active in tunnelling and road construction in the north of the country, therefore, the output volume can be found in the International + Special Divisions segment.

CROATIA



Overall construction volume: € 2.99 billion
GDP growth: 2014e: -0.7 % / 2015e: 0.2 %
Construction growth: 2014e: -5.7 % / 2015e: 5.2 %

The Croatian GDP decreased for the sixth year in a row. However, the 2014 minus of 0.7 % should represent an end to this downward spiral. EECFA forecasts a minimal plus of 0.2 % for 2015, although private consumption is expected to continue to decline despite the minor income growth. The country is expected to leave the recession behind it in 2016, but only if it can avoid unnecessary delays in applying for EU grants and subsidies and if it finally implements long overdue policy measures.

Croatia's construction industry has also been ailing since 2009 – and to an even stronger degree than the national economy. In 2014, the construction volume was down 5.7 % versus the year before. For 2015 and 2016, however, EECFA sees renewed growth in the amount of 5.2 % and 5.1 %, respectively.

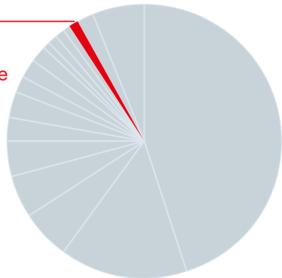
Given the hesitance on the part of the banks to issue loans, and the lack of consumer purchasing power in Croatia, it is no wonder that the residential construction sector shrank by 5.8 % in 2014 and that the forecast for 2015 is for a moderate +1.5 %. The great number of vacant residential properties on the market speaks against new projects. The situation with office properties is similar.

A better performance in 2014, with a minus of just 0.2 %, was presented by the building construction sector. Transportation structures and hotels grew the strongest here. The experts also expect positive growth with industrial buildings and warehouse properties.

The weakest sector in 2014 by far was ground civil engineering (-9.3 %), although it has the best future prospects and should grow by 9.5 % in 2015. Some conditions for this development include an adequate availability of EU funds, a positive development of returns from oil and gas production, as well as swift investments in seaport and airport facilities.

In 2014, the STRABAG Group generated € 120.74 million on the Croatian market.

SLOVENIA



Overall construction volume: € 2.37 billion
GDP growth: 2014e: 2.0 % / 2015e: 1.6 %
Construction growth: 2014e: 9.7 % / 2015e: -4.5 %

With an increase of 2.0 %, Slovenia's GDP growth in 2014 was two-and-a-half times as high as the EU average (+0.8 %) and in the upper third of Europe as a whole. The economic upswing also had a positive impact on the construction industry. Although the sector only managed to achieve half of the previous year's forecast, the plus of +9.7 % nevertheless represents almost double-digit growth.

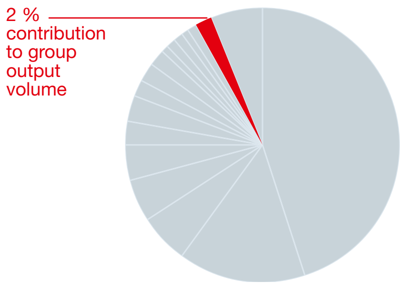
Slovenia's weakest construction subsector – and the only one to shrink in 2014 – was residential construction. The minus of 8.9 % was the sixth negative growth figure in a row. At least renovation works, which have outweighed new productions since 2013 and are continually on the rise, should help to relieve the situation. For the near future, EECFA expects growth of 8.1 % (2015e) and 9.9 % (2016e).

A much better performance in the year under review was shown by building construction. With a plus of 13.9 %, the sector also managed to end a five-year recession phase. This development was driven primarily by public investments in educational facilities and energy efficiency projects. As grants and subsidies from the EU structural fund will no longer be available at the same level as in 2014, however, this upswing is unlikely to last through the years to come. For 2015, EECFA expects to see stagnation or a slight minus of 0.7 %.

The ground civil engineering sector, which grew by a fantastic 25.0 % in 2014, will likely suffer under the lack of EU funds in the coming years. Depending on the level of public financing or state austerity measures, the sector is expected to shrink by 15.0 % and 5.0 % in 2015 and 2016, respectively.

In 2014, the STRABAG Group generated an output volume of € 68.17 million in Slovenia, positioning it as the third-largest construction company in the country.

BULGARIA, SERBIA AND REST OF EUROPE



BULGARIA

Overall construction volume:	€ 5.86 billion
GDP growth:	2014e: 1.2 % / 2015e: 0.6 %
Construction growth:	2014e: 7.6 % / 2015e: 0.2 %

SERBIA

Overall construction volume:	€ 1.67 billion
GDP growth:	2014e: -1.8 % / 2015e: 1.0 %
Construction growth:	2014e: -6.9 % / 2015e: 3.1 %

Bulgaria

Slow yet steady positive growth describes the development of the Bulgarian economy since the collapse five years ago. Thanks to rising household consumption, based on higher incomes and pensions, the GDP growth amounted to 1.2 % in 2014. The growth is expected to drop in half to 0.6 % in 2015 before increasing again to 1.3 % in 2016.

After the negative growth of 2013, Bulgaria's construction sector was able to register a plus of 7.6 % in the year under report, thanks considerably to residential construction. After four strongly negative years, an end to the negative movement had already been noticed the year before (-1.9 %) and the turnaround finally came in 2014 with +11.7 %. Planned energy efficiency programmes, above all with prefabricated concrete buildings, should also help drive continued positive growth of 3.4–4.6 % in the years to come.

Two trends helped shape the result of +5.4 % in building construction. On the one hand, the modest economic growth slowed the construction of new hotels, commercial buildings and office properties; on the other hand, EU funds became available for agricultural, healthcare and educational facilities. The positive forecasts of +4.2 % (2015e) and +3.3 % (2016e) are based on industrial projects commissioned by foreign companies.

The ground civil engineering sector likely reached its preliminary high in 2014 with a plus of 7.7 %. EU funds in particular were exhausted toward the end of the period, although a part of this financing will continue to have an impact in 2015. The expected return to a minus of 3.1 % (2015e) and 6.6 % (2016e) is due to Russia's decision in December 2014 to cancel the Southstream gas pipeline project. In this context, the resumption of suspended EU programmes will only provide some relief, but by no means positive figures for this sector.

In 2014, the STRABAG Group generated an output volume of € 39.32 million on the Bulgarian market.

Serbia

After the positive result of the previous year (+2.4 % GDP growth), the Serbian economy had to suffer a bitter setback in 2014 as the country was hit by the worst flooding in 200 years, with damages surpassing € 2 billion and a decline of the GDP to -1.8 %. Depending on the stability of export and agriculture growth, and on the level of deliberation with which the government implements its austerity and debt reduction programme in 2015, EECFA expects a moderate yet continuous upswing between 1 % and 2 % for the coming years.

Serbia's construction sector, marked by a collapse of over 20 % in 2013, was able to slow the decline to 6.9 % 2014, but still failed to return to positive territory. A substantial recovery is not in sight before 2016.

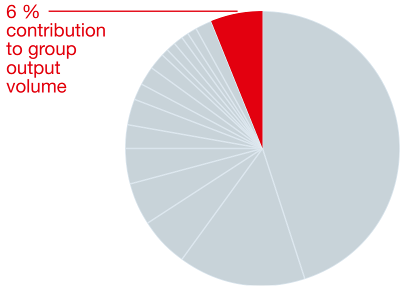
Residential construction, which had been hardest hit in 2013 with a minus of 27.5 %, suffered under the end of state incentive programmes in the year under review and closed with a minus of 5.4 %. EECFA expects a slight improvement of the situation for 2015 (+2.3 %) although a real upswing (+13.3 %) is not in sight until 2016.

The losses in building construction still amounted to 12.0 % in 2014 (after -18.0 % the year before). The demand in the office segment, as well as for new projects in the hotel and retail sector, feed hopes for a return to growth in 2015 – EECFA currently expects a plus of 9.1 %.

Ground civil engineering proved to be the most stable sector in 2014. Thanks to the many motorways currently under construction, the decline here amounted to just 4.6 % and growth of 0.5 % is expected for 2015. On the condition that the 2014 programme to rebuild the country's rail network has the expected positive effect, the plus for 2016 is even being put at 10.8 %.

In 2014, the STRABAG Group generated an output volume of € 37.96 million on the Serbian market.

MIDDLE EAST, AMERICAS, AFRICA, ASIA



In order to become more independent from the economic conditions in individual countries, the STRABAG Group not only operates on its main European markets but is also active outside of Europe – mostly in the role of main contractor under a direct export model. The most important non-European markets, some of which STRABAG has been working in for decades, include Canada, Chile, the Middle East and selected countries in Africa and Asia.

Due to STRABAG's high level of technological expertise, the focus of the activities in the non-European markets lies in especially demanding fields such as civil engineering, industrial and infrastructure projects, and tunnelling. Group companies are currently working on hydropower plants in Chile and on a container port in Mauritius.

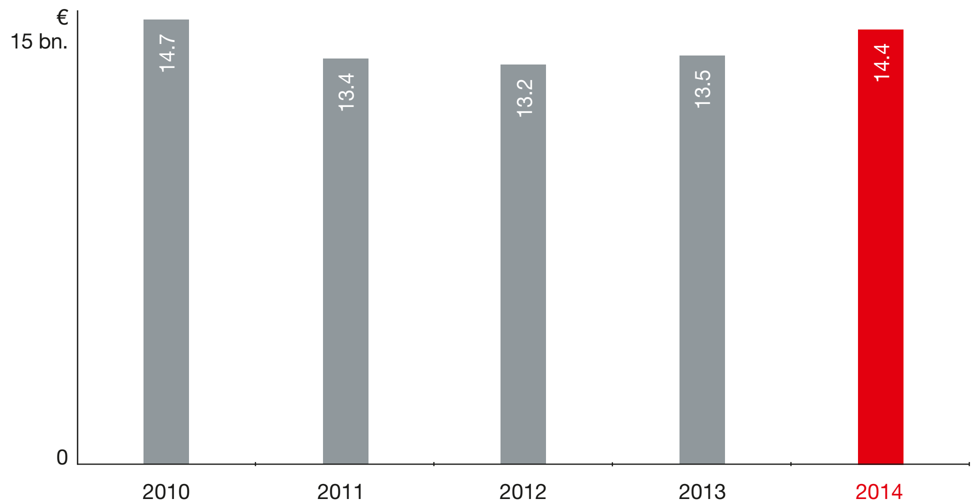
All in all, the STRABAG Group generated € 771.30 million, or 6 %, of its total output volume outside of Europe in 2014. The company expects this figure to grow to at least 10 % in the years to come. The group's activities in non-European markets can be found – with a few exceptions – in the International + Special Divisions segment.

Order backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2014

€ mln.	Total 2014	North + West	South + East	International + Special Divisions	Other	Total 2013	Δ Group %	Δ Group absolute
Germany	4,938	3,738	95	1,099	6	5,052	-2	-114
Austria	1,542	4	1,017	520	1	1,503	3	39
Italy	1,237	0	2	1,235	0	1,256	-2	-19
Poland	845	783	17	45	0	605	40	240
Russia and neighbouring countries	723	37	618	68	0	317	128	406
Americas	583	22	0	561	0	640	-9	-57
Slovakia	553	0	526	27	0	445	24	108
Middle East	525	2	11	512	0	585	-10	-60
Hungary	508	1	486	21	0	573	-11	-65
Romania	498	2	490	6	0	308	62	190
Denmark	456	433	0	23	0	284	61	172
Benelux	398	329	16	53	0	351	13	47
Czech Republic	348	0	336	11	1	364	-4	-16
Sweden	311	307	0	4	0	269	16	42
Rest of Europe	228	14	129	85	0	118	93	110
Asia	194	0	10	184	0	112	73	82
Switzerland	169	10	145	14	0	217	-22	-48
Slovenia	113	0	113	0	0	151	-25	-38
Africa	108	0	9	99	0	134	-19	-26
Croatia	53	0	49	4	0	77	-31	-24
Bosnia and Herzegovina	35	0	35	0	0	53	-34	-18
Serbia	24	0	24	0	0	21	14	3
Bulgaria	14	0	14	0	0	35	-60	-21
Total	**14,403**	**5,682**	**4,142**	**4,571**	**8**	**13,470**	**7**	**933**

DEVELOPMENT OF ORDER BACKLOG



The positive development of the order backlog which had begun to take shape in the last few months of the past financial year continued until year's end: at € 14.4 billion (+7 %), the order backlog reached a high level that covered more than the planned output volume for the 2015 full year. Growth was seen especially in Central and Eastern Europe. A number of medium-sized orders in Slovakia and Romania, projects in the private industrial construction sector in Russia, and a number of Polish transportation infrastructure projects helped drive the order backlog up. In other markets, such as the home market of Germany – here especially in the building construction and civil engineering segment – the order backlog had already previously reached a high level.

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2014

Category	Number of construction sites	as % of number of construction sites	Order backlog € mln.	as % of order backlog
Small orders (€ 0–15 mln.)	14,292	98	5,042	35
Medium-sized orders (€ 15–50 mln.)	209	1	2,603	18
Large orders (>€ 50 mln.)	102	1	6,758	47
Total	**14,603**	**100**	**14,403**	**100**

Part of risk management

The overall order backlog is comprised of 14,603 individual projects. More than 14,000 of these are small projects with a volume of up to € 15 million each. They account for 35 % of the order backlog; a further 18 % are medium-sized projects with order volumes between € 15 million and € 50 million; 47 % are large projects of € 50 million or more. 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 2014 added up to 20 % of the order backlog, compared to 22 % at the end of 2013.

THE TEN LARGEST PROJECTS CURRENTLY IN PROGRESS AS AT 31 DECEMBER 2014

Country	Project	Order backlog € mln.	as % of total order backlog
Italy	Pedemontana motorway	966	6.7
Chile	Alto Maipo hydropower complex	332	2.3
Germany	Stuttgart 21, underground railway station	289	2.0
Russia	Chusovoy Steel Works	233	1.6
Austria	Koralm Tunnel, Section 2	217	1.5
Austria	Brenner Base Tunnel, Tulfes–Pfons	200	1.4
Russia	Tula Steel Works	197	1.4
Germany	Rastatt Tunnel	183	1.3
Germany	Upper West, Berlin	139	1.0
Sweden	Marieholm Tunnel	138	1.0
Total		**2,894**	**20.1**

Impact on changes to the scope of consolidation

In the 2014 financial year, 21 companies (thereof six mergers with fully consolidated companies) were included in the scope of consolidation for the first time. These companies contributed a total of € 64.43 million to group revenue and € 2.36 million to net income after minorities. As a result of first-time inclusions, current and non-current assets increased by € 129.35 million, current and non-current liabilities by € 49.74 million.

Financial performance

The consolidated **group revenue** for the 2014 financial year amounted to € 12,475.67 million and so remained – like the output volume – nearly unchanged (+1 %). The ratio of revenue to output remained at the previous year's level of 92 %. The segment North + West contributed 46 %, South + East 32 % and International + Special Divisions 22 % to the revenue.

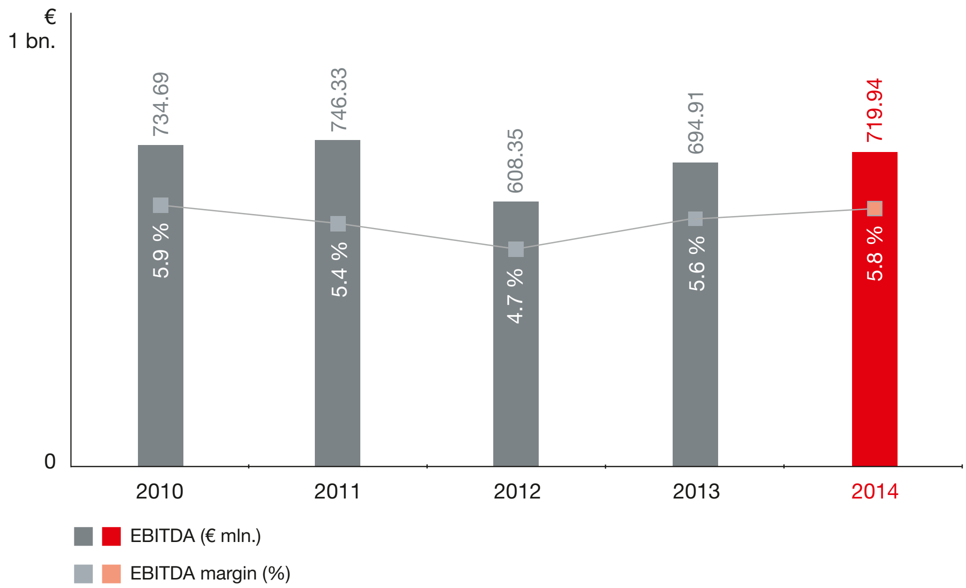
The **changes in inventories** involve mainly the real estate project development business, which was conducted as actively in 2014 as in the past. The removal of a large concluded project was only partially compensated through the start of new project developments. The **own work capitalised** remained 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.	2014	2013	Δ %
Construction materials, consumables and services used	8,163,25	8,204.35	1
Employee benefits expense	3,057.67	2,998.65	-2
Other operating expenses	791.36	779.12	-2
Depreciation and amortisation	437.98	433.34	-1

As of this year, the **share of profit or loss of associates** also includes earnings from construction consortia; the previous year's figures have been adjusted for better comparability. The significant growth can be explained by the reduction of financial burdens related to a hydraulic engineering project in Sweden. The net income from investments, composed of the dividends and expenses of many smaller companies or financial investments, moved from negative into positive territory. The figure for the previous year had been burdened by a one-time impairment on a German concession company.

DEVELOPMENT OF EBITDA AND EBITDA MARGIN



Effective tax rate: 42.3 %

Earnings per share: € 1.25

In total, there was a 4 % increase of the **earnings before interest, taxes, depreciation and amortisation** (EBITDA) to € 719.94 million, while the EBITDA margin grew from 5.6 % to 5.8 %. The **depreciation and amortisation** stood at € 437.98 million or at about the level of the previous year. The goodwill impairment contained in this item increased from € 3.99 million to € 28.83 million. The depreciation on property, plant and equipment involves special equipment purchased for the group's international business, with the expense to be depreciated over just a few years of construction time, as well as depreciation on equipment in hydraulic engineering.

This results in a plus of 8 % in the **earnings before interest and taxes** (EBIT) to € 281.96 million and an EBIT margin of 2.3 % after 2.1 % in 2013. Year-on-year earnings improved across the board in Poland, while hydraulic engineering in Germany, a Dutch transportation infrastructures project and the business activity in Sweden again represented a burden.

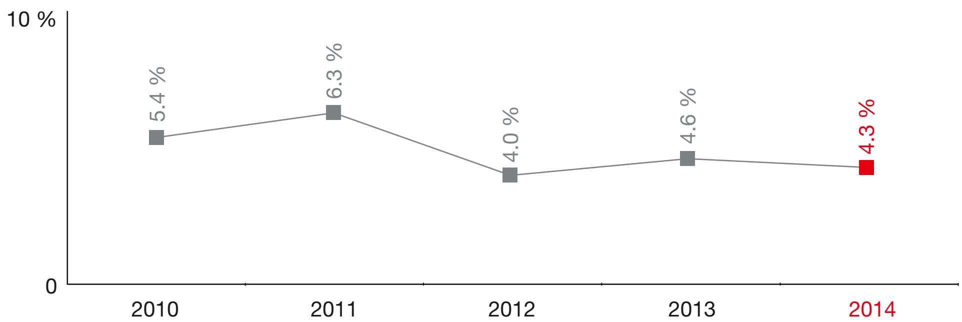
While exchange rate differences amounting to € 13.04 million had been registered in 2013, the **net interest income** in the past financial year now contained foreign currency effects of just € 5.29 million. The result was a net interest income of € -26.20 million compared to € -31.54 million the year before. The reason for the lower interest burden can be found in the interest received for the financing of associate companies.

In the end, the **earnings before taxes** (EBT) showed a plus of 11 %. The unusually high **income tax rate** of 42.3 % (2013: 32.1 %) – due to the lack of tax savings for the losses in Sweden, the Netherlands or Portugal and as a result of non-tax-deductible expenses – nevertheless resulted in a 6 % decline of the net income.

Earnings owed to minority shareholders amounted to just € 19.53 million compared to € 42.70 million the year before. This can be explained by the reduction of earnings for Ed. Züblin AG. The **net income after minorities** for 2014 thus came to € 127.97 million, a plus of 13 % versus the previous year. The number of weighted outstanding shares decreased insignificantly due to the buyback of own shares – concluded in 2013 – from 102,716,850 to 102,600,000, so that the earnings per share also increased by 13 % to € 1.25.

The **return on capital employed** (ROCE)[1)] fell slightly from 4.6 % to 4.3 %.

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.	2014	% of balance sheet total	2013	% of balance sheet total
Non-current assets	4,506.46	44	4,416.30	42
Current assets	5,769.08	56	6,144.50	58
Equity	3,144.30	31	3,238.77	31
Non-current liabilities	2,408.70	23	2,465.79	23
Current liabilities	4,722.54	46	4,856.23	46
Total	**10,275.54**	**100**	**10,560.79**	**100**

The **balance sheet total** of STRABAG SE remained nearly unchanged at € 10.3 billion. This was in large part due to an increase in other non-current assets resulting from the assumption of financing from the associated company Societatea Companiilor Hoteliere Grand srl, Bucharest, and the significant decrease of inventories as a result of the disposal of the offshore wind farm portfolio and a large building construction project development. A further result was the growth of cash and cash equivalents from € 1.7 billion to € 1.9 billion.

Conspicuous on the liabilities side is the stable high **equity ratio** of 30.6 % (2013: 30.7 %) and the higher non-current provisions resulting from the interest-related growth of the pension and severance provisions.

KEY BALANCE SHEET FIGURES

	2010	2011	2012	2013	2014
Equity ratio (%)	31.1	30.3	31.2	30.7	30.6
Net debt (€ mln.)	-669.04	-267.81	154.55	-73.73	-249.11
Gearing ratio (%)	-20.7	-8.5	4.9	-2.3	-7.9
Capital employed (€ mln.)	5,235.74	5,336.45	5,322.35	5,462.11	5,357.82

Net cash position: € 249.11 million

As usual, a **net cash position** was reported on 31 December 2014. This position grew, as a result of the higher cash and cash equivalents, from € 73.73 million on 31 December 2013 to € 249.11 million at the end of 2014.

CALCULATION OF NET DEBT

€ mln.	2010	2011	2012	2013	2014
Financial liabilities	1,559.15	1,731.96	1,649.98	1,722.70	1,609.92
Severance provisions	69.36	70.44	79.91	78.40	97.66
Pension provisions	374.79	384.21	429.92	422.24	505.94
Non-recourse debt	-719.89	-754.18	-630.31	-585.11	-538.61
Cash and cash equivalents	-1,952.45	-1,700.24	-1,374.96	-1,711.97	-1,924.02
Total	**-669.04**	**-267.81**	**154.55**	**-73.73**	**-249.11**

With a 21 % higher cash flow from earnings of € 620.23 million, the **cash flow from operating activities** grew by 16 % to € 805.33 million. The changes in inventories were noticeably affected by the sale of a successful proprietary building construction project development. The working capital improvement was further influenced by the uncharacteristically high project-related advance payments. The **cash flow from investing activities** was driven by the acquisition of Germany- and Austria-based facility services company DIW Group as well as the aforementioned takeover of financing from the Romanian associated company – this item grew from the previous year's € -332.38 million to € -435.30 million in 2014. The investments in property, plant and equipment, on the other hand, were down by 11 %. The **cash flow from financing activities** was significantly more negative – reaching € -142.42 million versus € -6.49 million in 2013 – for two reasons: first, unlike the previous year, no bond was issued in 2014; and second, loan repayments made following the sale of a project development resulted in a lower level of bank borrowings.

Capital expenditures

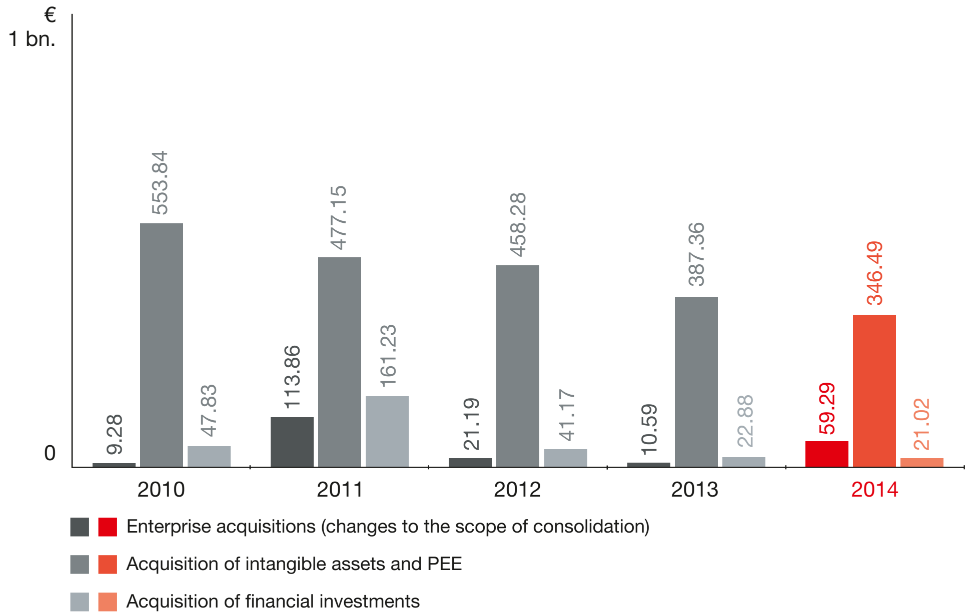
STRABAG had forecast net capital expenditures (cash flow from investing activities) in the amount of approximately € 350 million for the 2014 financial year. In the end, the net capital expenditures totalled € 435.30 million and so were clearly over budget. The budget planning did not yet take into account the acquisition of DIW Group and the takeover of financing from an associated company. These helped to drive the cash flow from investing activities.

The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 426.80 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** of € 346.49 million, the **purchase of financial assets** in the amount of € 21.02 million and **enterprise acquisitions** (changes to the scope of consolidation) of € 59.29 million.

About € 250 million is spent annually as maintenance expenditures related to the equipment fleet in order to prevent inventory obsolescence. The high proportion of expansion expenditures in relation to the total expenditures on intangible assets and on property, plant and equipment is largely due to the project-based nature of STRABAG's business: In 2014, the group invested especially in project-specific equipment needed for its international business as well as equipment for specialty businesses such as pipe jacking.

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 € 437.98 million. This figure also includes goodwill impairment in the amount of € 28.83 million.

COMPOSITION OF CAPEX



Financing/Treasury

KEY FIGURES TREASURY

	2010	2011	2012	2013	2014
Interest and other income (€ mln.)	78.71	112.31	73.15	66.72	82.17
Interest and other expense (€ mln.)	-98.39	-103.77	-123.87	-98.26	-108.37
EBIT/net interest income (x)	-15.2	39.2	-4.1	-8.3	-10.8
Net debt/EBITDA (x)	-0.9	-0.4	0.3	-0.1	-0.3

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 € 6.8 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. As per 31 December 2014, STRABAG SE had four bonds with a total volume of € 575 million on the market. In the 2014 financial year, the company opted against issuing another bond as it was possible to comfortably cover the liquidity needs from existing sources.

In order to diversify the financing structure, STRABAG SE placed its first **bonded loan** in the amount of € 140 million in the 2012 financial year. 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 € 1.9 billion assures the coverage of group's liquidity needs. Nevertheless, further bond issues – as in the beginning of 2015 – or a refinancing of existing financing instruments are planned, depending on the market situation, in order to maintain a high level of liquidity re-serves in the future and to take advantage of favourable market conditions.

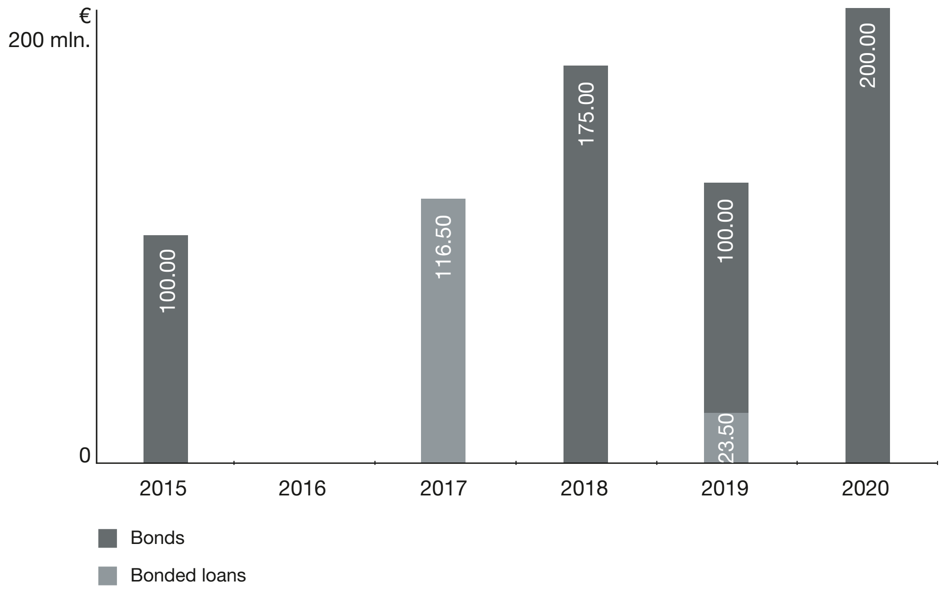
STRABAG SE has a total credit line for cash and surety loans in the amount of € 6.8 billion. The credit lines include a **syndicated surety credit line** in the amount of € 2.0 billion and a revolving **syndicated cash credit line** of € 0.4 billion with a term until at least 2019. In the past financial year, both instruments were extended before the end of their term to allow the company to benefit from the favourable financing environment. 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 August 2014, **S&P** again confirmed the **investment grade rating** of BBB- and stable outlook for STRABAG SE. The rating agency explained its decision in part due to the company's vertical integration, the strategic access to construction materials, the strong liquidity position and the track record of stable operating margins in an otherwise cyclical and highly competitive industry. According to S&P, the key performance indicators within the STRABAG Group which are necessary for the investment grade rating still offer flexibility in terms of further investments and acquisitions.

PAYMENT OBLIGATIONS

€ mln.	Book value 31 December 2014
Bonds	575.00
Bank borrowings	1,023.76
Liabilities from finance leases	11.16
Total	**1,609.92**

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

The company's revenue increased by € 10.46 million from € 59.23 million to € 69.69 million. The significant growth was due largely to the higher pass-through of guarantee fees.

	2014	2013
Revenue (T€) (Sales)	69,690	59,234
Earnings before interest and taxes (T€) (EBIT)	61,139	86,118
Return on sales (%) (ROS)[1]	87.7	145.4
Return on equity (%) (ROE)[2]	2.4	3.5
Return on investment % (ROI)[3]	1.8	2.6

The earnings before interest and taxes (EBIT) fell by € 24.98 million versus the previous year from € 86.12 million to € 61.14 million. The reductions affected both the operating result as well as the net income from investments.

A slight revenue improvement could be achieved in the operating result through the increase in the intra-group allocations. The impairments of receivables from subsidiaries impacted the earnings to a similar degree as in the year before. The one-off high income from the extension of the option for Transstroy Holding in the previous year was missing from the operating result for the 2014 financial year.

Significantly lower impairments were recognised in the financial result in a year-on-year comparison. The expenses related to financial assets sank significantly to € 20.17 million (2013: € 45.54 million), of which € 15.24 million involved impairments of investments in affiliated companies largely from subsidiaries in Finland, Azerbaijan and Kazakhstan.

The investment income was influenced in the year under report by the lower dividends among subsidiaries in the services field.

The changes in earnings also had an impact on the profitability figures.

The interest income reached a positive total of € 2.23 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 € 60.79 million for the 2014 financial year (2013: € 87.99 million).

FINANCIAL POSITION AND CASH FLOWS

The balance sheet total of STRABAG SE remained unchanged at € 3.4 billion in 2014 (2013: € 3.4 billion), with substantial changes among only a few balance sheet items.

The higher financial assets were mainly the result of loans to participation companies and, with € 92.27 million, involve the acquisition of financing to Societatea Companiilor Hotelerie Grand srl, Bucharest.

The reclassification of the windfarm projects from investments in subsidiaries to investments in participation companies resulted in changes in the financial assets.

The loans to subsidiaries decreased by € 14.00 million, triggered by a further repayment on the loan to STRABAG AG, Cologne, and by the partial bad debt allowance for TOO STRABAG Kazakhstan, Almaty. The reduction of the other receivables can

1) ROS = EBIT/revenue
2) ROE = EBT/ø equity
3) ROI = EBIT/ø total capital

largely be explained by the partial repayment of the loan to SURI HOLDINGS LIMITED following a reorganisation of the loan with that company in July 2014.

The decline of the other liabilities in the financial year resulted mainly from the payment of the residual purchase price for subsidiaries.

	2014	2013
Net debt (T€)[1)]	403,617	409,476
Working capital (T€)[2)]	75,014	155,650
Equity ratio (%)	77.0	76.7
Gearing ratio (%)[3)]	15.3	15.7

The net debt at 31 December 2014 amounted to € 403.62 million, down slightly versus the previous year (€ 409.48 million). Due to the slight increase in equity, the gearing ratio of 15.7 % in the previous year improved to 15.3 % in the year under report.

The working capital decreased in 2014 by € 80.64 million from € 155.65 million to € 75.01 million. This was largely due to the above-mentioned reduction of other receivables.

The equity ratio of 77.0 % represents a slight increase versus the previous year (76.7 %) as a result of an increase in equity.

T€	2014	2013
Cash flow from operating activities	100,050	139,594
Cash flow from investing activities	-46,551	-108,277
Cash flow from financing activities	-46,170	46,039

The cash flow from operating activities of € 100.05 million can be explained largely by the cash flow from earnings. Additionally, the reduction of receivables from subsidiaries had a positive impact on the working capital.

The cash flow from investing activities saw an outflow of cash totalling € 46.55 million in the year under report. € 92.27 million were used for additional loans to participation companies.

Inflows came from the partial repayment of the loan to SURI HOLDINGS LIMITED, the reduction of the financial receivables from subsidiaries and the disposals of carrying values of non-current assets.

The dividend pay-out for the 2013 financial year led to an outflow in the cash flow from financing activities of € 46.17 million in 2014.

1) Net debt = interest-bearing liabilities + non-current provisions – cash and cash equivalents
2) Working capital = current assets – cash and cash equivalents – current liabilities
3) Gearing ratio = net debt / equity

Segment report

OVERVIEW OF THE FOUR SEGMENTS WITHIN THE GROUP

The business of STRABAG SE is divided into four segments, of which there are three 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.

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	✓		
Offshore Wind			✓
Tunnelling			✓
Real Estate Development		✓	✓
Infrastructure Development			✓
Operation/Maintenance/Marketing of PPP Projects	✓		✓
Property and Facility Services			✓

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

SEGMENT NORTH + WEST: PRESSURE FROM LARGE MULTI-YEAR PROJECTS

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.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Output volume	6,292.45	6,021.11	5	271.34
Revenue	5,719.12	5,500.84	4	218.28
Order backlog	5,682.38	5,451.26	4	231.12
EBIT	28.67	72.54	-60	-43.87
EBIT margin (% of revenue)	0.5	1.3		
Employees	23.123	22.695	2	428

OUTPUT VOLUME NORTH + WEST

€ mln.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Germany	4,651	4,269	9	382
Poland	693	669	4	24
Benelux	257	308	-17	-51
Sweden	246	312	-21	-66
Denmark	191	149	28	42
Russia and neighbouring countries	85	141	-40	-56
Rest of Europe	67	67	0	0
Switzerland	28	35	-20	-7
Americas	21	9	133	12
Austria	20	21	-5	-1
Middle East	14	7	100	7
Africa	8	3	167	5
Romania	6	4	50	2
Italy	2	7	-71	-5
Asia	2	5	-60	-3
Bosnia and Herzegovina	1	2	-50	-1
Slovenia	0	10	-100	-10
Hungary	0	3	-100	-3
Total	**6,292**	**6,021**	**5**	**271**

Projects in Sweden, the Netherlands and Germany weighing on earnings

Thanks to the mild winter – and despite the very restrained tender award policy on the part of the public sector in transportation infrastructures in Germany –, the output volume of the North + West segment underwent a positive development, growing by 5 % over the previous year to reach € 6,292.45 million. The largest contribution to this increase came from the building construction and civil engineering business in Germany and from the reclassification of a part of the railway construction activities from the South + East segment to North + West. The projects acquired some time ago in Denmark also showed a positive impact, while the output volume generated in Sweden and Benelux was somewhat lower.

The revenue also grew by 4 % in 2014. The earnings before interest and taxes (EBIT), however, only reached € 28.67 million and so remained 60 % below the previous year's level. Substantial factors for this development included warranty claims in road construction, social security back payments in Portugal, impairments in Sweden, and – as was the case last year – financial burdens related to a hydraulic engineering project in Germany and a transportation infrastructures project in the Netherlands.

Higher order backlog thanks to Poland and Denmark

The order backlog increased by 4 % over the comparison period to € 5,682.38 million. This growth was driven above all by Poland and Denmark: In Poland, a whole series of new orders proved that the market may finally be on its way to recovery. Acquired projects include the S5 Poznań–Wrocław, S7 Trasa Nowohucka, the bypass around the city of Kościerzyna and the A4 section Rzeszów–Jarosław. Moreover, the Polish building construction unit will build a new production plant for Volkswagen commercial vehicles in Września. In Denmark, the group was awarded the contract to build the Axeltorv project, a 14-storey multi-use building in the centre of Copenhagen with a contract value of more than € 100 million, as well as the tunnelling contract including station and ramp for the Copenhagen Metro, with about € 90 million of the contract value corresponding to the Züblin A/S subsidiary. In the home market of Germany, the order backlog remained slightly below the year-on-year comparison, but still at a high level. In Bremerhaven, a consortium including two group companies was awarded the contract to build the Cherbourger Straße harbour tunnel.

Employee numbers up slightly due to internal reclassification

The number of employees in the segment grew slightly by 2 % in 2014 to 23,123. Due to the reclassification of a part of **railway construction** from the South + East segment to the North + West segment, the company workforce in Germany increased by nearly twice the amount by which it declined in Poland. A significant increase also resulted from the new large orders in Denmark, while staff levels decreased by a similar degree in Sweden and Benelux.

Outlook: Unchanged output volume expected at high level

The Management Board expects an approximately constant **output volume** of about € 6.2 billion in the North + West segment in the 2015 financial year. In **Germany,** which generates nearly three quarters of the segment's output volume, two different trends can be observed: The country's building construction and civil engineering business should continue to contribute quite positively to both output volume and earnings, while subcontractor prices are no longer expected to rise but could even fall slightly. The prices of reinforcing steel remain at a stable low level. In the German mass market for transportation infrastructures, on the other hand, no substantial investment boom is expected next year despite the increasing state of disrepair of the transport infrastructure in the country and the government's announcement that it would raise investments. This basically also applies to large projects. As regards the production of construction materials for the German market, STRABAG expects that the consolidation course of proprietary asphalt mixing plants will continue.

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

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

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog € mln.	Percentage of total group order backlog %
Germany	Stuttgart 21, underground railway station	289	2.0
Sweden	Marieholm Tunnel	138	1.0
Denmark	Bryghus multi-use building, Copenhagen	111	0.8
Poland	S7 expressway, Cracow	92	0.6
Denmark	Axeltorv multi-use building, Copenhagen	88	0.6
Germany	Cherbourger Straße harbour tunnel, Bremerhaven	86	0.6

SEGMENT SOUTH + EAST: REORGANISATION SHOWING EFFECT, BUT PRICE PRESSURE IS UP

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.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Output volume	4,170.80	4,593.36	-9	-422.56
Revenue	3,996.96	4,422.26	-10	-425.30
Order backlog	4,142.31	3,805.48	9	336.83
EBIT	168.63	138.23	22	30.40
EBIT margin (% of revenue)	4.2	3.1		
Employees	18,769	21,089	-11	-2,320

OUTPUT VOLUME SOUTH + EAST

€ mln.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Austria	1,681	1,630	3	51
Czech Republic	505	546	-8	-41
Hungary	431	402	7	29
Slovakia	386	301	28	85
Switzerland	294	325	-10	-31
Russia and neighbouring countries	190	410	-54	-220
Romania	146	285	-49	-139
Germany	132	336	-61	-204
Croatia	103	114	-10	-11
Rest of Europe	58	30	93	28
Slovenia	57	47	21	10
Serbia	36	29	24	7
Bulgaria	36	17	112	19
Bosnia and Herzegovina	32	16	100	16
Poland	31	51	-39	-20
Middle East	21	15	40	6
Africa	12	12	0	0
Asia	5	8	-38	-3
Italy	5	6	-17	-1
Benelux	5	5	0	0
Americas	3	6	-50	-3
Denmark	2	2	0	0
Total	**4,171**	**4,593**	**-9**	**-422**

Reorganisation measures leading to EBIT growth

The South + East segment generated an output volume of € 4,170.80 million in 2014, 9 % less than in the same period of the preceding year. This development can be partially explained by the reclassification of a part of railway construction to the North + West segment and by the completion of large projects in Romania and Russia, at the same time that new orders in these markets have not yet found expression in the output volume.

The revenue was down as well, slipping by 10 %. The earnings before interest and taxes (EBIT), on the other hand, grew by 22 % to € 168.63 million. A decisive factor for this development was the reorganisation in Hungary, Switzerland and Austria.

New large orders in Russia, Slovakia and Romania

The order backlog for the segment registered significant growth versus the end of 2013, with a plus of 9 % to € 4,142.31 million. This can be explained in part by various medium-sized orders in Slovakia and Romania. But the order backlog also climbed significantly upward in Russia thanks to several contract awards in industrial construction.

Lower employee numbers in nearly all markets

Given the ongoing implementation of measures to raise efficiency, the number of employees was down in nearly all countries within the South + East segment. In total, the figure fell by 11 % to 18,769. However, this also includes the reclassification of nearly 900 employees from railway con-struction to the North + West segment.

Outlook: Growth of output volume possible, but continuing high price pressure

The South + East segment should be able to generate a somewhat higher **output volume** of € 4.5 billion in the ongoing 2015 financial year. Thanks to the higher order backlog, an increase is expected – although the segment is characterised by smaller projects and only few large projects are currently being tendered. The business environment and the price situation in the **Central and Eastern European construction sector** remain challenging. Strong competition can be seen especially in **Romania** and in the **Adriatic region.** The general construction environment in the **Czech Republic** and in **Slovakia** is acceptable, but pressure from the competition is on the rise here as well. The bidding prices are at times close to the limit of profitability.

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

The activities in **Russia** shifted increasingly from a focus on residential and commercial construction to heavy industrial construction. The company will be busy working off the newly acquired projects in the years to come. Meanwhile, the political developments in Ukraine since February 2014 are having no significant influence on the situation of the STRABAG Group from today's perspective: STRABAG's output volume in 2014 in Ukraine amounted to less than 1 % of the annual figure, and to just about 2 % in the RANC region (Russia and neighbouring countries). As construction is an export non-intensive industry in which most of the services are provided locally, and the STRABAG Group provides its services almost exclusively for private clients, the company does not expect the political developments to have any immediate impact on its business in Russia – even if the investment climate has cooled significantly. In 2015, no significant output volume is expected to be achieved in Ukraine.

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

SELECTED PROJECTS SOUTH + EAST

Country	Project	Order backlog € mln.	Percentage of total group order backlog %
Russia	Tula Steel Works	197	1.4
Slovakia	D1 motorway Hricovské Podhradie–Lietavská Lúcka	111	0.8
Hungary	M4 motorway section Abony–Fegyvernek	89	0.6
Slovenia	Ljubljana waste treatment facility	73	0.5

SEGMENT INTERNATIONAL + SPECIAL DIVISIONS: SATISFACTORY 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 opera-tion 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.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Output volume	2,970.14	2,822.41	5	147.73
Revenue	2,738.44	2,444.54	12	293.90
Order backlog	4,571.21	4,202.28	9	368.93
EBIT	92.18	69.58	32	22.60
EBIT margin (% of revenue)	3.4	2.8		
Employees	25,309	23,575	7	1,734

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Germany	1,243	1,127	10	116
Austria	321	295	9	26
Middle East	237	301	-21	-64
Americas	231	248	-7	-17
Italy	172	155	11	17
Africa	138	150	-8	-12
Czech Republic	109	93	17	16
Hungary	107	86	24	21
Poland	84	52	62	32
Asia	80	90	-11	-10
Benelux	61	85	-28	-24
Slovakia	39	37	5	2
Switzerland	32	22	45	10
Romania	26	31	-16	-5
Sweden	24	2	n.a.	22
Russia and neighbouring countries	21	7	200	14
Croatia	17	19	-11	-2
Slovenia	11	10	10	1
Rest of Europe	10	9	11	1
Denmark	4	0	n.a.	4
Bulgaria	2	2	0	0
Serbia	1	1	0	0
Total	**2,970**	**2,822**	**5**	**148**

Earnings up by about one third

Thanks to the growth in the home market of Germany, the output volume in the International + Special Divisions segment increased by 5 % in 2014. The contrasting upward and downward movements in the other countries more or less balanced each other out.

The segment revenue gained 12 % thanks to the sale of a large proprietary project development. The earnings before interest and taxes (EBIT) grew by 32 % to € 92.18 million. Especially positive impacts came from the sale of the aforementioned building construction project, although this was countered by write-offs on raw materials and by goodwill impairment.

Tunnelling contracts add to order backlog

The order backlog increased by 9 % to € 4,571.21 million compared to 31 December 2013. This figure received a boost, among other things, from the contract awards for the Ulriken rail tunnel in Norway for about € 75 million and from the Tulfes–Pfons section of the Brenner Base Tunnel in Austria, the largest section to date, with a value of more than € 190 million for STRABAG. Increases can therefore be found especially in Austria, but also in Germany and in the RANC region (Russia and neighbouring countries).

Acquisition of DIW Group increases employee numbers

The plus of 7 % in the number of employees was influenced largely by the acquisition of DIW Group. Large projects in markets such as Austria or the Americas also contributed to this increase.

Outlook: Satisfactory earnings expected despite high competition

The STRABAG Group would like to raise the **output volume** of the International + Special Divisions segment to € 3.2 billion in 2015. Earnings are also expected to remain satisfactory, even if the price level is ruinously low in some areas, e.g. in tunnelling. The economic situation continues to be difficult especially in the company's traditional markets of Austria, Germany and Switzerland. STRABAG is therefore increasingly offering its technological know-how outside of Europe. Currently being pursued in this regard are selected projects in places such as Canada, Chile and the Arab world.

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

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

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

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

The **construction materials** business could be bolstered by an incipient stabilisation of the economic situation of the construction industry in several Eastern European markets. The affordable bitumen prices are also having a positive impact.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

Country	Project	Order backlog € mln.	Percentage of total group order backlog %
Italy	Pedemontana motorway	966	6.7
Chile	Alto Maipo hydropower complex	332	2.3
Austria	Koralm Tunnel, Section 2	196	1.4
Austria	Brenner Base Tunnel, Tulfes–Pfons	175	1.2
United Arab Emirates	STEP wastewater systems	120	0.8
Italy	Brenner Base Tunnel, Eisack River undercrossing	118	0.8
Germany	Albabstieg Tunnel	104	0.7
Oman	Road Sinaw–Duqm	88	0.6

SEGMENT OTHER (INCLUDES SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

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

€ mln.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Output volume	132.61	136.19	-3	-3.58
Revenue	21.15	26.51	-20	-5.36
Order backlog	7.54	10.66	-29	-3.12
EBIT	0.35	0.06	483	0.29
EBIT margin (% of revenue)	1.7	0.2		
Employees	5,705	5,741	-1	-36

Risk management

The STRABAG Group is subject to a number of risks in the course of its business activities. These risks are identified and assessed using an active risk management system and dealt with using an appropriate risk policy.

The group's goals are defined at all company levels. This is a prerequisite to setting up processes for the timely identification of potential risks standing in the way of the achievement of company objectives. The **organisation** of STRABAG's risk management builds on project-related jobsite and acquisitions controlling, supplemented by the higher-level assessment and steering management. The risk controlling process includes a certified 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.

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

EXTERNAL RISKS ARE 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.

OPERATING RISKS MANAGED THROUGH PRICE COMMISSIONS AND TARGET/PERFORMANCE COMPARISONS

The operating risks primarily include the complex risks of project selection and execution. STRABAG keeps **acquisition lists** in order to review the project choice. 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. Depending on the risk profile, bids must be analysed by **commissions** and reviewed for their technical and economic feasibility. **Cost accounting and expense allocation guidelines** have been set up to assure a uniform process of costing and to establish a performance profile at our construction sites. Project execution is managed by the construction team on site and controlled by **monthly target/performance comparisons**; at the same time, our central controlling provides constant commercial backing, ensuring that risks of individual projects do not endanger the continuance of the company.

FINANCIAL RISKS: ACTIVE LIQUIDITY AND ACCOUNTING RECEIVABLES MANAGEMENT

See also corporate governance report

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.

In order to convey STRABAG's values and principles, the group drew up its Code of Ethics and internal **Compliance Guidelines** in 2007. The values and principles contained within these documents are reflected in the guidelines and instructions of the STRABAG companies and divisions. Compliance with these values and principles is expected not only from the members of the Management and Supervisory Boards as well as from other management-level employees but from all group employees. The Compliance Guidelines and the Code of Ethics are designed to guarantee honest and ethical business practices. In 2014, the Code of Ethics, i.e. the ethics model, was updated and replaced by a **business compliance model**. This model is comprised of the Code of Conduct, the Business Compliance Guidelines, the Business Compliance Guidelines for Business Partners, and the personnel structure of the business compliance model at STRABAG, which consists of the group compliance coordinator, the regional compliance representatives as well as the external and internal ombudspersons. The Code of Conduct is available for download at www.strabag.com > Strategy > Our strategic approach > Business Compliance.

Detailed information regarding interest risk, currency risk, credit risk and liquidity risk can be found in the Notes under item 25 Financial Instruments.

ORGANISATIONAL RISKS RELATED TO HUMAN RESOURCES AND IT

Risks concerning the design of personnel contracts are covered by the central **personnel department** with the support of a specialised data base. The company's IT configuration and infrastructure (hardware and software) is handled by the central IT department, guided by the international **IT steering committee**.

PERSONNEL AS AN IMPORTANT COMPETITIVE FACTOR

Past experience has shown that having a highly qualified and motivated workforce is an important factor in competition. In order to properly assess the potential of employees, STRABAG uses an IT-supported aptitude diagnostics process, the so-called **behaviour profile analysis**. In subsequent feedback talks and employee appraisal interviews, employees and their supervisors analyse the results and agree on specific training and further education measures.

INVESTMENT RISKS: SECTOR-TYPICAL MINORITY HOLDINGS OF MIXING PLANTS

STRABAG can exert influence on the management of associated companies through its shareholder 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 the systematic preparation and handling of difficult claims. The establishment of company-wide quality standards in quotation processing and supplemental services management makes it easier to assert claims for outstanding debt.

POLITICAL RISK: INTERRUPTIONS AND DISPOSSESSION POSSIBLE

The group also operates in countries which experience political instability. Interruptions of construction activity, restrictions on ownership interests of foreign investors, and even dispossession or expropriations could be the consequence of political changes which could have an impact on the group's financial structure.

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 the Committee of Sponsoring Organisations of the Treadway Commission (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 system 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 our 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 to 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 2014 financial year, the STRABAG Group employed an average of 72,906 people (2013: 73,100), of which 45,019 were blue-collar and 27,887 were white-collar workers. The **number of employees** thus remained relatively constant in comparison to the previous year. Yet clear differences could be seen at the country level: While the acquisition of Germany- and Austria-based facility services company DIW Group helped to raise staff levels, the number of employees fell in response to the continually implemented efficiency-rising measures and the end of large projects in a number of other countries in Eastern and Northern Europe.

The STRABAG Group continues to focus on the **training** and promotion of young people, a fact that is reflected in the constantly high number of apprentices and trainees. In 2014, 1,070 blue-collar apprentices (2013: 1,118) and 295 white-collar trainees (2013: 255) were in training with the group. Additionally, the company employed 53 technical trainees (2013: 45) and eleven commercial trainees (2013: ten).

In the 2014 financial year, the company only partially reached its goal of annually raising the percentage of **women** in the group. Women accounted for 13.8 % of employees within the entire group, versus 13.6 % in the previous year, and 8.5 % within group management (2013: 8.6 %).

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 since 2014.

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 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 **750** highly qualified **employees** at 24 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 execution planning and site management, ZT offers innovative solutions with regard to construction materials technology, construction management, construction physics, and software solutions. Central topics for innovation activities are sustainable construction and renewable energy. Among other things, the employees at ZT develop methods and tools to control the impact of construction activities on the environment. The specialist staff department of Development and Innovation oversees the systematic networking of people and relevant topics. In 2014, the group also began to establish a series of innovation ombudspersons in its divisions, starting with transportation infrastructures, among others.

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 as well as the safety of the processes, and developing and reviewing standards for the handling and processing of construction materials. With lean management, TPA also holds competences for the efficient planning of supply and production chains. TPA has about **800 employees** at 130 locations in more than 20 countries, making it one of Europe's largest private laboratory companies.

STRABAG's **EFKON AG** subsidiary provides the group with expertise in the research and development of intelligent transportation systems in general and electronic toll collection solutions in particular. The company has developed products and solutions in the electronic toll collection segment for multi-lane traffic flow and has already introduced these onto the international market. The research focus last year was on the topics of stationary enforcement, automatic toll sticker monitoring and the development of a handheld device for local toll enforcement. 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 the use of drones for land surveying to the integration of renewable energy technologies in environmentally friendly, intelligent electric vehicle charging stations to process optimisation through the use of RFID (radio frequency identification) technology on the construction site.

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 € 15 million (2013: about € 20 million) on research, development and innovation activities during the 2014 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 2014, it was possible to lower energy costs by 11 % versus 2013. This is 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 124,074 tonnes. The energy costs for the companies within STRABAG SE's scope of consolidation amounted to € 304.67 million (2013: € 342.73 million).

ENERGY USE WITHIN THE GROUP

	Unit	2010	2011	2012	2013	2014
Electricity	MWh	499,945	499,146	486,033	497,943	433,164
Fuel	thousands of litres	212,614	241,433	245,660	252,718	230,926
Gas	heating value in MWh	705,973	658,356	565,048	560,507	505,371
Heating oil	thousands of litres	25,836	21,644	17,790	16,053	14,388
Pulverised lignite	tonnes	51,452	84,318	79,107	69,602	75,247

The focus in 2014 was on the analysis of the group's main energy source: fuels. By monitoring the **fuel consumption** of the passenger car and commercial vehicle fleet in Germany and Austria, it was possible to identify enormous savings potential. Appropriate action will be taken to reduce fuel consumption in 2015 in order to live up to the goal of doing business while saving resources. Another task will be to develop indicators to recognise potential savings with regard to the energy efficiency of the asphalt plants.

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, "Octavia" Holding 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 co-ordination 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 Sec 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 2014 as these shares are held by STRABAG SE as own shares as defined in Sec 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG) (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 2014:

   - 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 2014, which corresponds to 10 % of the share capital (see also item 7).

   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.

7. The Management Board of STRABAG SE, in accordance with Sec 169 of the Austrian Stock Corporation Act (AktG), was authorised by resolution of the tenth 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 Sec 174 Para 2 of the Austrian Stock Corporation Act (AktG), was further authorised by resolution of the eighth Annual General Meeting of 15 June 2012 and with the approval of the Supervisory Board to issue financial instruments within the meaning of Sec 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 Sec 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 (Sec 228 Para 3 UGB) or third parties acting on behalf of the company.

8. With the exception of the agreements over a syndicated surety loan and a syndicated cash credit line, there exist no significant agreements to which STRABAG SE is party and which would become effective, change or end due to a change of ownership in STRABAG SE following a takeover offer.

9. No compensation agreements exist between STRABAG SE and its Management and Supervisory Board members or employees in the event of a public takeover offer.

Related parties

Business transactions with related parties are described in item 27 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 AG (formerly Bilfinger Berger SE), Wayss & Freytag Ingenieurbau AG and a group 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 can be expected no sooner than the first quarter of 2016. 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 will not result in any significant damages for the company.

Outlook

The Management Board of STRABAG SE expects the **output volume** to increase from € 13.6 billion to € 14.0 billion in the 2015 financial year. This will likely be composed of € 6.2 billion from the North + West segment, € 4.5 billion from the South + East segment and € 3.2 billion from the International + Special Divisions segment. The remainder can be allotted to the segment "Other". The Managment Board therefore expects the output volume to remain nearly stable in North + West and to rise slightly in the other two operating segments.

As larger acquisitions are not planned, the **net investments** (cash flow from investing activities) are expected to fall significantly and should come to rest at about € 350 million.

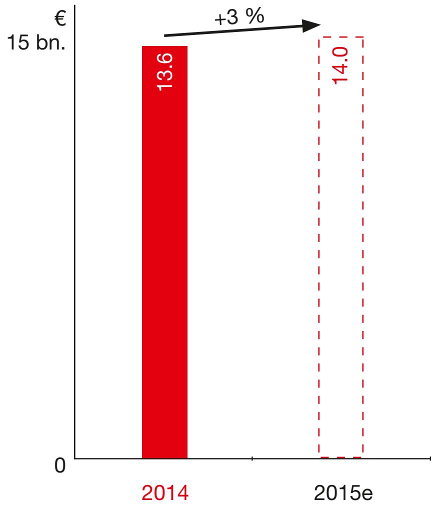
STRABAG SE would like to raise its **EBIT** to at least € 300 million in 2015. The efforts that have been made so far to further improve the risk management and to lower costs should already have a noticeable impact on earnings. This brings the company one step closer to its goal of reaching an EBIT margin (EBIT/revenue) of 3 % in 2016.

The earnings expectations are based on the assumption that demand in the German building construction and civil engineering market will remain at the same high level. At the same time, there are no expectations yet of large increases in investments by the public sector in transportation infrastructures in this home market.

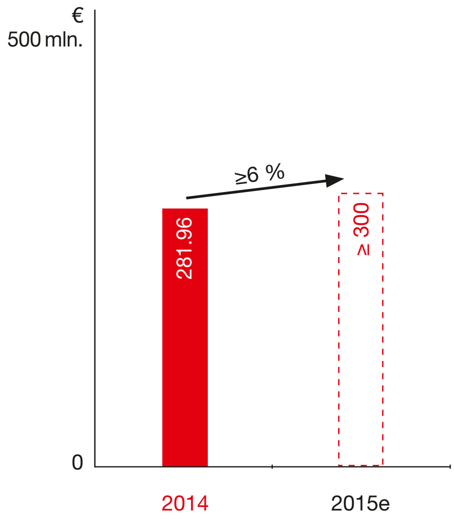
While the margins in the construction materials business should continue to improve in 2015 and the turnaround appears to have been reached in environmental engineering, a forecast is not yet possible for hydraulic engineering. The company continues to expect positive contributions from its property and facility management units and from real estate development.

The price pressure is expected to remain strong in the countries of Central and Eastern Europe, although in Slovakia or in Poland, for example, the company is capable of successful bids for larger tenders. The same can be said of the tunnelling business and of public-private partnerships, i.e. of concession projects, in the home markets, which is leading STRABAG to become more active in this area in non-European markets than before.

OUTPUT OUTLOOK



EBIT-OUTLOOK



Events after the reporting period

The material events after the reporting period are described in item 31 of the Notes.

Auditor's report

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements, including the accounting system, of

STRABAG SE,
Villach, Austria,

for the fiscal year from 1 January 2014 to 31 December 2014. These financial statements comprise the balance sheet as of 31 December 2014, the income statement for the fiscal year ended 31 December 2014, and the notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS AND FOR THE ACCOUNTING SYSTEM

The Company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY AND DESCRIPTION OF TYPE AND SCOPE OF THE STATUTORY AUDIT

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we 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 the auditor's 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, the auditor considers internal control relevant to the Company'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 Company'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, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 31 December 2014 and of its financial performance for the year from 1 January 2014 to 31 December 2014 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 Business Enterprise Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Business Enterprise Code) are appropriate.

Linz, 10 April 2015

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Helge Löffler
Austrian Chartered Accountant

ppa Mag. Christoph Karer
Austrian Chartered Accountant

This report is a translation of the original report in German, which is solely valid.

Publication of the financial statements together with our auditor‘s opinion may only be made if the financial statements and the management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Business Enterprise 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,10 April 2015

The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Divisions and Central Staff Divisions (expect BRVZ)
as well as Division 3L RANC[2)]

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