Yearly Financial Report 2019

STRABAG
SOCIETAS EUROPAEA

CONTENT

Consolidated Financial Statements 2019

STRABAG
SOCIETAS EUROPAEA

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

Consolidated income statement

T€	Notes	2019	2018
Revenue	(1)	15,668,574	15,221,832
Changes in inventories		24,943	-66,328
Own work capitalised		6,419	33,268
Other operating income	(2)	233,142	222,977
Construction materials, consumables and services used	(3)	-10,111,854	-10,125,771
Employee benefits expenses	(4)	-3,745,149	-3,618,941
Other operating expenses	(5)	-1,024,017	-854,892
Share of profit or loss of equity-accounted investments	(6)	-21,479	83,176
Net income from investments	(7)	82,716	57,282
EBITDA		**1,113,295**	**952,603**
Depreciation and amortisation expense	(8)	-510,714	-394,388
EBIT		**602,581**	**558,215**
Interest and similar income		30,973	38,617
Interest expense and similar charges		-56,315	-66,049
Net interest income	**(9)**	**-25,342**	**-27,432**
EBT		**577,239**	**530,783**
Income tax expense	(10)	-198,684	-167,999
Net income		**378,555**	**362,784**
attributable to: non-controlling interests		6,860	9,249
attributable to: equity holders of the parent company		371,695	353,535
Earnings per share (€)	**(11)**	**3.62**	**3.45**

Statement of total comprehensive income

T€	Notes	2019	2018
Net income		**378,555**	**362,784**
Differences arising from currency translation		10,013	-2,205
Recycling of differences arising from currency translation		47	779
Change of interest rate swaps		-21,217	-3,902
Recycling of interest rate swaps		13,697	12,896
Change in cost-of-hedging reserves		278	72
Change in fair value of currency hedging instruments		-15,241	-10,600
Recycling of fair value of currency hedging instruments		9,795	0
Deferred taxes on neutral change in equity	(10)	6,264	3,349
Other income from equity-accounted investments		-6,471	-3,174
Total of items which are later recognised ("recycled") in the income statement		*-2,835*	*-2,785*
Change in actuarial gains or losses		-47,506	1,478
Deferred taxes on neutral change in equity	(10)	13,704	1,285
Other income from equity-accounted investments		-156	78
Total of items which are not later recognised ("recycled") in the income statement		*-33,958*	*2,841*
Other income		**-36,793**	**56**
Total comprehensive income		**341,762**	**362,840**
attributable to: non-controlling interests		6,863	9,389
attributable to: equity holders of the parent company		334,899	353,451

Consolidated balance sheet

T€	Notes	31.12.2019	31.12.2018
Intangible assets	(12)	490,852	493,407
Rights from concession arrangements[1]	(13)	530,357	547,237
Property, plant and equipment	(14)	2,632,486	2,144,015
Equity-accounted investments	(15)	454,532	378,617
Other investments	(16)	175,062	185,297
Receivables from concession arrangements	(19)	599,036	630,262
Other financial assets	(22)	229,910	250,137
Deferred taxes	(17)	137,617	146,940
Non-current assets		**5,249,852**	**4,775,912**
Inventories	(18)	983,546	890,157
Receivables from concession arrangements	(19)	39,323	36,268
Contract assets	(20)	1,354,897	1,282,907
Trade receivables	(21)	1,700,729	1,735,944
Non-financial assets		128,397	127,008
Income tax receivables		43,715	40,200
Other financial assets	(22)	289,538	293,381
Cash and cash equivalents	(23)	2,460,814	2,385,828
Current assets		**7,000,959**	**6,791,693**
Assets		**12,250,811**	**11,567,605**
Share capital		110,000	110,000
Capital reserves		2,315,384	2,315,384
Retained earnings and other reserves		1,396,820	1,195,301
Non-controlling interests		33,695	33,088
Total equity	**(24)**	**3,855,899**	**3,653,773**
Provisions	(25)	1,136,915	1,116,592
Financial liabilities[2]	(26)	1,066,698	1,087,621
Other financial liabilities	(28)	92,218	78,755
Deferred taxes[1]	(17)	48,696	43,216
Non-current liabilities		**2,344,527**	**2,326,184**
Provisions	(25)	893,306	734,481
Financial liabilities[3]	(26)	355,509	275,709
Contract liabilities	(20)	957,247	974,566
Trade payables	(27)	2,826,640	2,615,255
Non-financial liabilities		498,350	520,227
Income tax liabilities		134,971	74,609
Other financial liabilities	(28)	384,362	392,801
Current liabilities		**6,050,385**	**5,587,648**
Equity and liabilities		**12,250,811**	**11,567,605**

1 Adjustment of values 2018 due to initial consolidation in accordance with IFRS 3.45
2 Thereof T€ 597,187 concerning non-recourse liabilities from concession arrangements (2018: T€ 665,861)
3 Thereof T€ 68,339 concerning non-recourse liabilities from concession arrangements (2018: T€ 64,912)

Consolidated cash flow statement

T€	Notes	2019	2018
Net income		378,555	362,784
Deferred taxes		32,903	52,348
Non-cash effective results from consolidation		-18,984	-1,191
Non-cash effective results from equity-accounted investments		-16,425	-58,826
Other non-cash effective results		-14,444	-12,196
Depreciations/reversal of impairment losses		515,825	406,350
Change in non-current provisions		24,171	-34,122
Gains/losses on disposal of non-current assets		-50,554	-60,764
Cash flow from earnings		**851,047**	**654,383**
Change in inventories		-24,188	-103,422
Change in receivables from concession arrangements, contract assets and trade receivables		-85,763	-57,726
Change in non-financial assets[1]		-1,730	-4,706
Change in income tax receivables[1]		-3,796	22,778
Change in other financial assets[1]		14,945	-2,741
Change in current provisions		108,228	-24,494
Change in contract liabilities and trade payables		197,227	194,965
Change in non-financial liabilities[1]		-18,519	46,361
Change in income tax liabilities[1]		60,633	-3,898
Change in other financial liabilities[1]		-22,149	67,476
Cash flow from operating activities		**1,075,935**	**788,976**
Purchase of financial assets		-31,379	-27,552
Purchase of property, plant, equipment and intangible assets		-647,440	-644,988
Inflows from asset disposals		105,476	116,053
Change in other financing receivables[1]		-11,233	-13,978
Change in scope of consolidation		-8,721	-70,263
Cash flow from investing activities		**-593,297**	**-640,728**
Issue of bank borrowings		16,650	33,465
Repayment of bank borrowings		-135,248	-184,589
Repayment of bonded loan		-18,500	0
Repayment of bonds		-100,000	-175,000
Change in lease liabilities		-56,424	0
Change in other financing liabilities		-4,493	-20,068
Change in non-controlling interests due to acquisition		-3,586	-78,027
Distribution of dividends		-110,014	-109,953
Cash flow from financing activities		**-411,615**	**-534,172**
Net change in cash and cash equivalents		**71,023**	**-385,924**
Cash and cash equivalents at the beginning of the period		2,384,343	2,789,687
Change in cash and cash equivalents due to currency translation		3,963	-18,695
Change in restricted cash and cash equivalents		640	-725
Cash and cash equivalents at the end of the period	**(31)**	**2,459,969**	**2,384,343**

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

Statement of changes in equity

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

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves[1]	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2019	**110,000**	**2,315,384**	**1,326,795**	**-76,076**	**-55,418**	**3,620,685**	**33,088**	**3,653,773**
Net income	0	0	371,695	0	0	371,695	6,860	378,555
Differences arising from currency translation	0	0	0	0	10,035	10,035	25	10,060
Change in foreign exchange forward	0	0	0	-5,168	0	-5,168	0	-5,168
Change in equity-accounted investments	0	0	-156	-4,349	-2,122	-6,627	0	-6,627
Change of actuarial gains and losses	0	0	-47,477	0	0	-47,477	-29	-47,506
Change of interest rate swaps	0	0	0	-7,520	0	-7,520	0	-7,520
Deferred taxes on neutral change in equity	0	0	13,697	6,264	0	19,961	7	19,968
Total comprehensive income	**0**	**0**	**337,759**	**-10,773**	**7,913**	**334,899**	**6,863**	**341,762**
Transactions concerning non-controlling interests	0	0	0	0	0	0	-3,085	-3,085
Distribution of dividends[2]	0	0	-133,380	0	0	-133,380	-3,171	-136,551
Balance as at 31.12.2019	**110,000**	**2,315,384**	**1,531,174**	**-86,849**	**-47,505**	**3,822,204**	**33,695**	**3,855,899**

1 The hedging reserve includes also the cost of hedging, see page 68.
2 The total dividend payment of T€ 133,380 corresponds to a dividend per share of € 1.30 based on 102,600,000 shares.

Consolidated statement of fixed assets as at 31 December 2019

Acquisition and production costs

T€	Balance as at 1.1. 2019	Additions in scope of consolidation	Disposals in scope of consoli-dation	Currency translation	Additions	Transfers
I. Intangible assets						
1. Concessions, software, licences, rights	136,929	1,810	831	-29	6,036	230
2. Goodwill	686,181	3,409	2,000	1,595	0	0
3. Advances paid	270	0	0	0	109	-230
Total	**823,380**	**5,219**	**2,831**	**1,566**	**6,145**	**0**
II. Rights from concession arrangements	**551,793**	**0**	**0**	**0**	**0**	**0**
III. Tangible assets						
1. Properties and buildings	1,553,326	401	2,642	2,677	37,131	25,309
2. Right-of-use assets[2]	358,905	0	0	70	41,802	0
3. Technical equipment and machinery	2,797,411	2,486	3,525	-3,649	329,951	16,324
4. Other facilities, furniture and fixtures and office equipment	1,193,984	1,824	1,930	1,395	215,108	-327
5. Advances paid and facilities under construction	117,869	0	0	-147	59,028	-41,306
6. Investment property	146,874	0	0	18	79	0
Total	**6,168,369**	**4,711**	**8,097**	**364**	**683,099**	**0**

Consolidated statement of fixed assets as at 31 December 2018

Acquisition and production costs

T€	Balance as at 31.12. 2017	Additions in scope of consolidation	Disposals in scope of consoli-dation	Currency translation	Additions	Transfers
I. Intangible assets						
1. Concessions, software, licences, rights	132,408	3,175	9	-553	4,519	307
2. Goodwill	685,427	1,398	0	-644	0	0
3. Advances paid	447	0	0	0	72	-249
Total	**818,282**	**4,573**	**9**	**-1,197**	**4,591**	**58**
II. Rights from concession arrangements[4]	**0**	**551,793**	**0**	**0**	**0**	**0**
III. Tangible assets						
1. Properties and buildings	1,498,108	4,835	5,109	-3,652	62,503	27,247
2. Technical equipment and machinery	2,759,145	4,033	30	-17,765	268,638	20,376
3. Other facilities, furniture and fixtures and office equipment	1,104,408	1,062	351	-2,116	214,074	778
4. Advances paid and facilities under construction	73,377	25	0	-994	94,741	-48,459
5. Investment property	155,203	0	0	-11	441	0
Total	**5,590,241**	**9,955**	**5,490**	**-24,538**	**640,397**	**-58**

1 Of this amount, impairments of T€ 20,164, reversal of impairment losses T€ 7
2 First-time adoption of IFRS 16 with an effective date of 1.1.2019
3 Of this amount, impairments of T€ 5,664, reversal of impairment losses T€ 120
4 Adjustment of values due to initial consolidation in accordance with IFRS 3.45

		Accumulated depreciation									
Disposal	Balance as at 31.12.2019	Balance as at 1.1. 2019	Additions in scope of consolidation	Disposals in scope of consoli-dation	Currency translation	Additions[1]	Transfers	Disposal	Balance as at 31.12.2019	Carrying amount as at 31.12.2019	Carrying amount as at 31.12.2018
2,518	141,627	96,316	1,152	716	-183	8,712	0	852	104,429	37,198	40,613
0	689,185	233,657	0	0	-1	2,024	0	0	235,680	453,505	452,524
0	149	0	0	0	0	0	0	0	0	149	270
2,518	**830,961**	**329,973**	**1,152**	**716**	**-184**	**10,736**	**0**	**852**	**340,109**	**490,852**	**493,407**
0	**551,793**	**4,556**	**0**	**0**	**0**	**16,880**	**0**	**0**	**21,436**	**530,357**	**547,237**
52,075	1,564,127	678,794	110	76	1,598	51,398	-591	34,752	696,481	867,646	874,532
18,996	381,781	0	0	0	-1	58,607	0	3,172	55,434	326,347	0
180,087	2,958,911	2,094,143	2,107	73	-2,264	230,765	-103	177,403	2,147,172	811,739	703,268
134,234	1,275,820	751,078	1,341	823	1,060	142,131	694	121,499	773,982	501,838	442,906
15,829	119,615	0	0	0	0	0	0	0	0	119,615	117,869
1,171	145,800	141,434	0	0	0	197	0	1,132	140,499	5,301	5,440
402,392	**6,446,054**	**3,665,449**	**3,558**	**972**	**393**	**483,098**	**0**	**337,958**	**3,813,568**	**2,632,486**	**2,144,015**

		Accumulated depreciation									
Disposal	Balance as at 31.12.2018	Balance as at 31.12. 2017	Additions in scope of consolidation	Disposals in scope of consoli-dation	Currency translation	Additions[3]	Transfers	Disposal	Balance as at 31.12.2018	Carrying amount as at 31.12.2018	Carrying amount as at 31.12.2017
2,918	136,929	89,340	1,201	9	-380	8,011	0	1,847	96,316	40,613	43,068
0	686,181	230,115	0	0	1,808	1,734	0	0	233,657	452,524	455,312
0	270	0	0	0	0	0	0	0	0	270	447
2,918	**823,380**	**319,455**	**1,201**	**9**	**1,428**	**9,745**	**0**	**1,847**	**329,973**	**493,407**	**498,827**
0	**551,793**	**0**	**0**	**0**	**0**	**4,556**	**0**	**0**	**4,556**	**547,237**	**0**
30,606	1,553,326	658,391	96	1,490	-1,396	37,233	140	14,180	678,794	874,532	839,717
236,986	2,797,411	2,112,529	1,374	30	-12,394	206,260	-37	213,559	2,094,143	703,268	646,616
123,871	1,193,984	728,086	233	267	-884	136,300	-103	112,287	751,078	442,906	376,322
821	117,869	0	0	0	0	0	0	0	0	117,869	73,377
8,759	146,874	148,959	0	0	0	294	0	7,819	141,434	5,440	6,244
401,043	**5,809,464**	**3,647,965**	**1,703**	**1,787**	**-14,674**	**380,087**	**0**	**347,845**	**3,665,449**	**2,144,015**	**1,942,276**

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 2019, were drawn up under application of Section 245a Paragraph 2 of the Austrian Commercial Code (UGB) in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

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

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

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

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

Changes in accounting policies

NEW AND REVISED STANDARDS AND INTERPRETATIONS THAT ARE EFFECTIVE FOR THE 2019 FINANCIAL YEAR

The IASB has made the following amendments to the existing IFRS and passed several new IFRS and IFRIC, which have also been adopted by the European Commission. Application thus became mandatory on 1 January 2019.

	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 16 Leases	1.1.2019	1.1.2019
Amendments to IFRS 9 Financial Instruments	1.1.2019	1.1.2019
IFRIC 23 Uncertainty over Income Tax Treatments	1.1.2019	1.1.2019
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	1.1.2019	1.1.2019
Annual Improvements to IFRS 2015–2017	1.1.2019	1.1.2019
Amendments to IAS 19 Plan Amendment, Curtailment or Settlement	1.1.2019	1.1.2019

FIRST-TIME ADOPTION OF IFRS 16 LEASES

STRABAG SE adopted IFRS 16 on 1 January 2019.

IFRS 16 was applied using the modified retrospective approach in accordance with the transitional provisions of IFRS 16. Here the right-of-use asset was measured at the amount of the lease liability. The previous year's figures were not adjusted. See also the notes on page 48.

With the first-time adoption of IFRS 16, the group recognised lease liabilities for leases previously classified as operating leases under IAS 17. These liabilities are measured at the present value of the remaining lease payments, discounted at the lessee's incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate of the lessee applied to the lease liabilities as at 1 January 2019 is 1.76 %.

As part of the initial adoption of IFRS 16 the following figures were presented.

T€	First-time adoption of IFRS 16
Assets	
Right-of-use assets	358,905
Equity and liabilities	
Non-current financial liabilities	306,455
Current financial liabilities	52,450

The effects of adopting IFRS 16 as of 1 January 2019 are presented in detail in the following table.

T€	Lease liability
Obligations under operating leases as at 31.12.2018	**236,721**
Short-term leases recognised as an expense	-9,348
Leases of low-value assets	-6,268
Adjustments due to differences in the treatment of termination and extension options	207,579
Effect of discounting during adoption of IFRS 16	-69,778
Lease liability as at 1.1.2019	**358,905**

There were no onerous leases at the date of first-time adoption of IFRS 16, so no impairment of the right-of-use assets was required.

The group applied the following practical expedients to facilitate the adoption of IFRS 16:

- The accounting of leases with a remaining term of less than twelve months as at 1 January 2019 as short-term leases.
- The non-inclusion of initial direct costs in the measurement of right-of-use assets at the time of adoption.
- The retroactive determination of the lease term for contracts with extension or termination options ("use of hind-sight").
- For leases concluded before the transition date, the group opted not to re-examine whether a contract was or contained a lease at adoption, but to maintain the previous treatment under IAS 17 and IFRIC 4.

The first-time adoption of the other above-stated IFRS standards and IFRIC interpretations had only an immaterial impact on the consolidated financial statements as at 31 December 2019, as the changes were only applicable in individual cases.

FUTURE CHANGES OF FINANCIAL REPORTING STANDARDS

The IASB and the IFRIC approved further standards and interpretations. However, these were neither required to be applied in the 2019 financial year nor adopted by the European Commission. The amendments affect the following standards and interpretations:

	Application for financial years which begin on or after (according to IASB)	**Application for financial years which begin on or after (according to EU endorsement)**	**Impact on the consolidated financial statements**
IFRS 17 Insurance Contracts	1.1.2023	n. a.	no
Amendments to IFRS framework	1.1.2020	1.1.2020	minor
Amendments to IFRS 3 Business Combinations	1.1.2020	n. a.[1]	minor
Amendments to IAS 1 and IAS 8	1.1.2020	1.1.2020	minor
Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform, Phase I	1.1.2020	1.1.2020	is being analysed

The IBOR reform will result in the modification of cash flows included in a hedging relationship when existing interest rate benchmarks are replaced by alternative interest rate benchmarks. Given the existing uncertainties, current requirements in IFRS 9 may require hedge accounting for hedging relationships to be discontinued. IFRS 9 may also prevent entities from designating new hedging relationships as long as the uncertainties persist. The IASB has published amendments to IFRS 9, IAS 39 and IFRS 7 as a reaction to the potential effects of the IBOR reform (Phase 1) with the intention of mitigating the effects that the reform will have on financial reporting.

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

Consolidation

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

SUBSIDIARIES

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

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

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

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

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

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

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

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 2019 financial year, T€ 3,409 (2018: T€ 1,399) in goodwill arising from capital consolidation were recognised as assets. Impairments in the amount of T€ 2,024 (2018: T€ 1,734) were made.

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

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

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

DISPOSAL OF SUBSIDIARIES

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

STRUCTURED ENTITIES

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

ASSOCIATES

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

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

In the year under review, the initial equity measurement of newly acquired entities did not result in any goodwill, which is reported under equity-accounted investments.

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

JOINT ARRANGEMENTS

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

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

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

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

In the year under review, the initial equity measurement of newly acquired entities resulted in net goodwill in the amount of T€ 20,209 (2018: T€ 0), which are reported under equity-accounted investments.

INVESTMENTS

In accordance with IFRS 9, investments which do not constitute subsidiaries, joint ventures or associates are recognised at fair value through profit or loss and are stated under other investments.

CONSOLIDATION PROCEDURES

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

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

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

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

The necessary tax deferrals are made for consolidation procedures.

Scope of consolidation

The consolidated financial statements as at 31 December 2019 include STRABAG SE as well as all major domestic and foreign subsidiaries over which STRABAG SE either directly or indirectly has control. Associates and joint ventures are reported in the balance sheet using the equity method (equity-accounted investments).

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

Subsidiaries and equity-accounted investments included in the 2019 consolidated financial statements are given in the list of investments.

The financial year for all consolidated and associated companies, with the exception of the following companies that are included in the scope of consolidation on the basis of an interim report effective 31 December 2019, is identical with the calendar year.

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

The number of consolidated companies changed in the 2018 and 2019 financial years as follows:

	Consolidation	**Equity method**
Situation as at 31.12.2017	**295**	**22**
First-time inclusions in year under report	12	3
First-time inclusions in year under report due to merger/accretion	6	0
Merger/accretion in year under report	-11	0
Exclusions in year under report	-12	-1
Situation as at 31.12.2018	**290**	**24**
First-time inclusions in year under report	4	4
First-time inclusions in year under report due to merger/accretion	11	0
Merger/accretion in year under report	-17	0
Exclusions in year under report	-3	-1
Situation as at 31.12.2019	**285**	**27**

ADDITIONS TO SCOPE OF CONSOLIDATION

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

Consolidation	Direct stake %	Date of acquisition or foundation
DISTRICT DEVELOPMENT SRL, Bucharest	100.00	1.1.2019[1]
STR Holding Generál Kft., Budapest	100.00	31.3.2019
STR Holding MML Kft., Budapest	100.00	1.1.2019
STRABAG PFS Polska Sp. z o.o., Warsaw	100.00	1.3.2019
Merger/Accretion		
BAYSTAG GmbH, Wildpoldsried	100.00	27.8.2019[2]
Heimfeld Terrassen GmbH, Cologne	100.00	21.8.2019[2]
INDUSTRIJA GRADEVNOG MATERIJALA OSTRA d.o.o., Zagreb	100.00	19.6.2019[2]
Offshore Services Cuxhaven GmbH, Cologne	100.00	12.8.2019[2]
Offshore Wind Logistik GmbH, Stuttgart	100.00	27.8.2019[2]
PRID-CIECHANOW Sp.z o.o., Warsaw	100.00	31.1.2019[2]
Steffes-Mies GmbH, Sprendlingen	100.00	19.8.2019[2]
STRABAG Offshore Wind GmbH, Stuttgart	100.00	27.8.2019[2]
STRABAG PFS FM Sp. z o.o., Warsaw	100.00	30.11.2019[2]
Strabag Property and Facility Services Sp. z o.o., Pruszkow	100.00	31.10.2019[2]
Züblin Services GmbH, Stuttgart	100.00	3.9.2019[2]
at-equity		
Leopold Ungar Platz 3 GmbH, Vienna	50.00	21.8.2019[3]
NWM Nordwestdeutsche Mischwerke GmbH & Co. KG, Großenkneten	50.00	1.1.2019
Silenos Energy Geothermie Garching a.d. Alz GmbH & Co. KG, Augsburg	50.00	1.1.2019
SQUARE Two GmbH & Co KG, Vienna	50.00	21.8.2019[3]

ACQUISITIONS

Via its 100 % subsidiary Strabag Property and Facility Services GmbH of Vienna, STRABAG has acquired 100 % of the shares in PORREAL Polska Sp. z o.o. and Caverion Polska Sp. z o.o., both based in Warsaw. The acquisitions supplement the company's service portfolio in Poland with additional technical expertise and open up new customer segments. With these purchases, STRABAG PFS rises to the top five in the market in Poland. The companies newly acquired in 2019 were merged with the existing Strabag Property and Facility Services Sp. z o.o., Pruzkow, and included in the consolidated financial statements for the first time.

The following table presents a preliminary allocation of the purchase prices to the assets and liabilities acquired:

T€	Acquisition STRABAG PFS Polska
Acquired assets and liabilities	
Goodwill	2,558
Other non-current assets	796
Current assets	5,711
Non-current liabilities	172
Current liabilities	3,982
Trade-off (purchase price)	**4,911**
Acquired cash and cash equivalents	-1,101
Net cash outflow from acquisition	**3,810**

1 Due to its increased business volumes, the company was included in the scope of consolidation of the group for the first time effective 1 January. The foundation/acquisition of the company occurred before 1 January 2019.
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.
3 The presentation of interest is done using the economic approach, the interest as defined by civil law may deviate from this presentation.

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

From the first-time consolidation of the other companies in the 2019 financial year, goodwill in the amount of T€ 851 (2018: T€ 0) occurred. This amount is reported under other operating income; the remaining differences of T€ 264 (2018: T€ -428) were recognised in the income statement.

Assuming a fictitious first-time consolidation on 1 January 2019 for all new acquisitions, consolidated revenue and net income would not change in the fiscal year.

All companies which were consolidated for the first time in 2019 contributed T€ 30,701 to revenue (2018: T€ 38,007) and T€ 1,226 (2018: T€ -3,397) to net income after minorities.

at-equity

With effect from 1 January 2019 , STRABAG and JOHANN BUNTE Bauunternehmung GmbH & Co. KG, Papenburg, set up a joint venture, **NWM Nordwestdeutsche Mischwerke GmbH & Co. KG**, based in Großenkneten.

Asphalt mixing plants in Lower Saxony, Westphalia, Hamburg and Schleswig-Holstein were transferred to this company by both shareholders, with STRABAG making a compensatory payment in the amount of T€ 26,679. STRABAG holds 50 % of the shares through its wholly owned subsidiary Deutsche Asphalt GmbH, Cologne.

The allocation of the purchase price to the assets and liabilities of the joint venture results in goodwill of T€ 19,676, which is reported as part of the equity-accounted investments.

The transfer of property, plant and equipment against company shares resulted in earnings of T€ 3,029, which is reported under other operating income. Due to the transfer of business operations as defined by IFRS 3, income recognition was made in full in accordance with IFRS 10.

The first-time equity valuation of other companies resulted in goodwill of T€ 533 (2018: T€ 0), which is reported under equity investments.

Changes to initial consolidation under IFRS 3.45

PANSUEVIA GmbH & Co. KG, based in Jettingen-Scheppach, was consolidated for the first time in the 2018 financial year. The preliminary purchase price allocation made in 2018 was retrospectively adjusted in the 2019 financial year in accordance with IFRS 3.45. This resulted in a reduction of the concession right and of the deferred tax liabilities in the amount of T€ 53,843, which is shown in the balance sheet as of 31 December 2018.

DISPOSALS FROM THE SCOPE OF CONSOLIDATION

As at 31 December 2019, the following companies were no longer included in the scope of consolidation:

Disposals from scope of consolidation	
Leopold Ungar Platz 3 GmbH, Vienna	Partial sale
SQUARE Two GmbH & Co KG, Vienna	Partial sale
STRABAG Property and Facility Services Zrt., Budapest	Sale
Merger/Accretion[1]	
"PUTEVI" A.D. CACAK, Cacak	Merger
BAYSTAG GmbH, Wildpoldsried	Merger
Heimfeld Terrassen GmbH, Cologne	Merger
INDUSTRIJA GRADEVNOG MATERIJALA OSTRA d.o.o., Zagreb	Merger
Offshore Services Cuxhaven GmbH, Cologne	Merger
Offshore Wind Logistik GmbH, Stuttgart	Merger
Preduzece za puteve BEOGRAD doo Beograd, Beograd	Merger
PRID-CIECHANOW Sp.z o.o., Warsaw	Merger
PZC SPLIT d.d., Split	Merger
Steffes-Mies GmbH, Sprendlingen	Merger
STRABAG BRVZ S.R.L., Bucharest	Merger
STRABAG Offshore Wind GmbH, Stuttgart	Merger
STRABAG PFS FM Sp. z o.o., Warsaw	Merger
Strabag Property and Facility Services Sp. z o.o., Pruszkow	Merger
VOJVODINAPUT-PANCEVO DOO, Pancevo	Merger
Züblin Chuquicamata SpA, Santiago	Merger
Züblin Services GmbH, Stuttgart	Merger
at-equity	
DIRECTROUTE (LIMERICK) HOLDINGS LIMITED, Fermoy	Sale

The effect from deconsolidation of **STRABAG Property and Facility Services Zrt., Budapest**, is comprised as follows:

T€	**Disposals from scope of consolidation**
Disposals of assets and liabilities	
Other non-current assets	432
Current assets	25,058
Current liabilities	-19,194
Non-controlling interests	-3,085
Disposal profit	16,233
Sale price	**19,444**
Disposals of cash and cash equivalents	-2,504
Net cash inflow from sale	**16,940**

Resulting profit from deconsolidation is recognised in other operating expenses.

Resulting profit from other deconsolidation in the amount of T€ 1,588 (2018: T€ 2,629) and losses in the amount of T€ 0 (2018: T€ 3,675) are recognised in profit or loss.

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

NON-CONTROLLING INTERESTS

As of 31 December 2019, the amount of the non-controlling interests stood at T€ 33,695 (2018: T€ 33,088) in the STRABAG SE Group and is thus immaterial. The non-controlling interests comprise numerous subsidiaries and concern mainly the 5.1 % share in Strabag Real Estate GmbH, Cologne, and its subsidiaries.

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

Besides the above-mentioned investments, the ownership interests in other subsidiaries in the financial year changed only insignificantly or had insignificant impact. The changes are represented in the list of subsidiaries, equity-accounted investments and investee companies which is included in the yearly financial report.

Currency translation

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

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

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

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

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

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

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

The most important currencies, including their average exchange rates, are listed under item 32. Currency translation differences of T€ 10,060 (2018: T€ -1,426) were recognised directly in equity in the financial year. Forward exchange operations (hedging), excluding deferred taxes, in the amount of T€ -5,168 (2018: T€ -10,528) were recognised directly in equity.

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

Consolidated companies and equity-accounted associates and joint ventures

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

Austria		Nominal capital T€/TATS	Direct stake %
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH", Spittal an der Drau		35	100.00
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau		35	100.00
"Viennaer Heim" Wohnbaugesellschaft m.b.H., Vienna		741	100.00
ABR Abfall Behandlung und Recycling GmbH, Schwadorf		37	100.00
Asphalt & Beton GmbH, Spittal an der Drau		36	100.00
AUSTRIA ASPHALT GmbH & Co OG, Spittal an der Drau	TATS	500	100.00
Bau Holding Beteiligungs GmbH, Spittal an der Drau		48,000	100.00
BEWO - Projekt Q4a Reininghausstraße GmbH & Co KG, Graz		0	60.00
Bitumen Handelsgesellschaft m.b.H. & Co KG, Loosdorf	TATS	3,000	100.00
BITUNOVA Baustofftechnik Gesellschaft m.b.H., Spittal an der Drau	TATS	2,000	100.00
BLUMENFELD Liegenschaftsverwaltungs GmbH, Vienna	TATS	1,000	100.00
Böhm Stadtbaumeister & Gebäudetechnik GmbH, Vienna		36	100.00
BrennerRast GmbH, Vienna		35	100.00
Bug-AluTechnic GmbH, Vienna		5,000	100.00
Campus Eggenberg Immobilienprojekt GmbH, Graz		36	60.00
DC1 Immo GmbH, Vienna		35	100.00
Diabaswerk Saalfelden Gesellschaft m.b.H., Saalfelden		363	100.00
Eckstein Holding GmbH, Spittal an der Drau		73	100.00
EFKON GmbH, Raaba		28,350	100.00
Erdberger Mais GmbH & Co KG, Vienna		1	100.00
F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG, Wiener Neustadt		1,192	100.00
Goldeck Bergbahnen GmbH, Spittal an der Drau		363	100.00
Ilbau Liegenschaftsverwaltung GmbH, Spittal an der Drau		4,500	100.00
InfoSys Informationssysteme GmbH, Spittal an der Drau		363	94.90
Innsbrucker Nordkettenbahnen Betriebs GmbH, Innsbruck		35	51.00
KAB Straßensanierung GmbH & Co KG, Spittal an der Drau		133	50.60
Kanzel Steinbruch Dennig Gesellschaft mit beschränkter Haftung, Gratkorn	TATS	500	75.00
Krems Sunside Living Projektentwicklung GmbH, Vienna		35	100.00
M5 Beteiligungs GmbH, Vienna		70	100.00
M5 Holding GmbH, Vienna		35	100.00
Mineral Abbau GmbH, Spittal an der Drau		36	100.00
Mischek Bauträger Service GmbH, Vienna		36	100.00
Mischek Systembau GmbH, Vienna		1,000	100.00
Mobil Baustoffe GmbH, Spittal an der Drau		50	100.00
Nottendorfer Gasse 13 Kom GmbH, Vienna		35	100.00
OAT - Bohr- und Fugentechnik Gesellschaft m.b.H., Spittal an der Drau	TATS	1,000	51.00
Osttiroler Asphalt Hoch- und Tiefbauunternehmung GmbH, Lavant i. Osttirol		36	80.00
Q4a Immobilien GmbH, Graz		35	60.00
Raststation A 3 GmbH, Vienna		35	100.00
RBS Rohrbau-Schweißtechnik Gesellschaft m.b.H., Linz		291	100.00
RE Beteiligungsholding GmbH, Vienna		35	100.00
RE Klitschgasse Errichtungs GmbH, Vienna		35	67.00
RE Projekt Errichtungs GmbH in Liqu., Vienna		35	100.00
RE Wohnraum GmbH, Vienna		35	100.00
RE Wohnungseigentumserrichtungs GmbH, Vienna		35	100.00
Sakela Beteiligungsverwaltungs GmbH, Vienna		35	100.00
SF Bau vier GmbH, Vienna		35	100.00
SILO DREI Beteiligungsverwaltungs GmbH & Co KG, Vienna		50	100.00
SILO DREI next LBG 57 Liegenschaftsverwertung GmbH & Co KG, Vienna		200	51.00
SILO II LBG 57 - 59 Liegenschaftsverwertung GmbH & Co KG, Vienna		200	51.00
SILO ZWEI Beteiligungsverwaltungs GmbH & Co KG, Vienna		50	100.00
SQUARE One GmbH & Co KG, Vienna		1	100.00
STRABAG AG, Spittal an der Drau		12,000	100.00
STRABAG Bau GmbH, Vienna		1,800	100.00
STRABAG BMTI GmbH, Vienna		1,454	100.00

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

Germany		**Nominal capital T€/TDEM**	**Direct stake %**
Alpines Hartschotterwerk GmbH, Leinfelden-Echterdingen		25	100.00[1]
ARGE STRABAG, Cologne			100.00
Baumann & Burmeister GmbH, Halle/Saale		51	100.00[1]
BBS Baustoffbetriebe Sachsen GmbH, Hartmannsdorf	TDEM	30,000	100.00[1]
BHG Bitumenhandelsgesellschaft mbH, Hamburg		26	100.00[1]
BITUNOVA GmbH, Duesseldorf		256	100.00[1]
Blees-Kölling-Bau GmbH, Cologne	TDEM	2,500	100.00[1]
Blutenburg Projekt GmbH, Cologne		25	100.00[1]
CML Construction Services GmbH, Cologne		25	100.00
Deutsche Asphalt GmbH, Cologne		28	100.00[1]
DIW Aircraft Services GmbH, Stuttgart		25	100.00[1]
DIW Instandhaltung GmbH, Stuttgart		25	100.00[1]
DIW Mechanical Engineering GmbH, Stuttgart		25	100.00[1]
DIW System Dienstleistungen GmbH, Fürstenfeldbruck		25	100.00[1]
DYWIDAG International GmbH, Munich		5,000	100.00[1]
DYWIDAG-Holding GmbH, Cologne		600	100.00[1]
E S B Kirchhoff GmbH, Leinfelden-Echterdingen		1,500	100.00[1]
Ed. Züblin AG, Stuttgart		20,452	100.00[1]
F 101 Projekt GmbH & Co. KG, Cologne		10	100.00
F. Kirchhoff GmbH, Leinfelden-Echterdingen		23,319	100.00[1]
F.K. SYSTEMBAU GmbH, Münsingen		2,000	100.00[1]
Fahrleitungsbau GmbH, Essen		1,550	100.00[1]
Gaul GmbH, Sprendlingen		25	100.00
GBS Gesellschaft für Bau und Sanierung mbH, Leuna		513	100.00
Griproad Spezialbeläge und Baugesellschaft mbH, Cologne	TDEM	400	100.00[1]
Hexagon Projekt GmbH & Co. KG, Cologne		10	100.00[1]
Ilbau GmbH Deutschland, Berlin		4,700	100.00
IQ Generalübernehmer GmbH & Co. KG, Oststeinbek		25	75.00
Kuhwald 55 Projekt GmbH & Co. KG, Cologne		10	100.00[1]
Lift-Off GmbH & Co. KG, Cologne		10	100.00[1]
LIMET Beteiligungs GmbH & Co. Objekt Cologne KG, Cologne		10	94.00[1]
LIMET Beteiligungs GmbH, Cologne	TDEM	50	100.00[1]
MAV Kelheim GmbH, Kelheim		25	100.00
MAV Mineralstoff - Aufbereitung und - Verwertung GmbH, Krefeld		600	50.00[2]
MAV Mineralstoff - Aufbereitung und Verwertung Lünen GmbH, Lünen		250	100.00
Mineral Baustoff GmbH, Cologne		25	100.00[1]
Mitterhofer Projekt GmbH & Co. KG, Cologne		10	100.00[1]
MOBIL Baustoffe GmbH, Munich		100	100.00[1]
NE Sander Immobilien GmbH, Sande		155	100.00[1]
PANSUEVIA GmbH & Co. KG, Jettingen-Scheppach		1,000	100.00[1]
Pyhrn Concession Holding GmbH, Cologne		38	100.00[1]
REPASS-SANIERUNGSTECHNIK GMBH Korrosionsschutz und Betoninstandsetzung, Munderkingen	TDEM	51	100.00[1]
ROBA Transportbeton GmbH, Berlin		520	100.00[1]
SAT Straßensanierung GmbH, Cologne		30	100.00[1]
SF-Ausbau GmbH, Freiberg		600	100.00[1]

1 For these companies, the option allowed by Sec 264 Para 3 or by Sec 264b of the German Commercial Code (HGB) was exercised.
2 The voting rights according to the contract of association amount to 50 % plus one vote.

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

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

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

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

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

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

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

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

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

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

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

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

Canada	**Nominal capital TCAD**	**Direct stake %**
STRABAG INC., Toronto	11,700	100.00
Züblin Inc., Saint John/NewBrunswick	100	100.00

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

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

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

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

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

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

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

The Netherlands	**Nominal capital T€**	**Direct stake %**
STRABAG B.V., Herten	450	100.00
Züblin Nederland B.V., Breda	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
BHK KRAKÓW JOINT VENTURE Sp. z o.o., Warsaw	58	100.00
BITUNOVA Sp. z o.o., Warsaw	2,700	100.00
EVOLUTION GAMMA Sp. z o.o., Warsaw	50	100.00
EVOLUTION ONE Sp. z o.o., Warsaw	50	100.00
EVOLUTION THREE Sp. z o.o., Warsaw	50	100.00

EVOLUTION TWO Sp. z o.o., Warsaw	50	100.00
Mineral Polska Sp. z o.o., Czarny Bor	19,056	100.00
POLSKI ASFALT Sp. z o.o., Cracow	1,000	100.00
SAT Sp. z o.o., Olawa	4,171	100.00
STRABAG BMTI Sp. z o.o., Pruszkow	2,000	100.00
STRABAG BRVZ Sp. z o.o., Pruszkow	500	100.00
STRABAG INFRASTRUKTURA POLUDNIE Sp. z o.o., Wroclaw	16,140	100.00
STRABAG PFS Polska Sp. z o.o., Warsaw	336	100.00
STRABAG Sp. z o.o., Pruszkow	73,328	100.00
TPA Sp. z o.o., Pruszkow	600	100.00
Züblin Sp. z o.o., Pruszkow	7,765	100.00

Romania	**Nominal capital TRON**	**Direct stake %**
ANTREPRIZA DE REPARATII SI LUCRARI A R L CLUJ SA, Cluj-Napoca	64,974	98.59
BITUNOVA Romania SRL, Bucharest	16	100.00
DISTRICT DEVELOPMENT SRL, Bucharest	69	100.00
MINERAL ROM SRL, Brasov	10,845	100.00
STRABAG SRL, Bucharest	53,866	100.00
TPA SOCIETATE PENTRU ASIGURAREA CALITATII SI INOVATII SRL, Bucharest	0	100.00
ZUBLIN ROMANIA SRL, Bucharest	4,580	100.00

Russia	**Nominal capital TRUB**	**Direct stake %**
Ranita OOO, Moscow	10	100.00
STRABAG AO, Moscow	14,926	100.00
STRABAG BRVZ OOO, Moscow	313	100.00

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

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

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

Serbia	**Nominal capital TRSD**	**Direct stake %**
STRABAG d.o.o., Novi Beograd	1,306,748	100.00
TPA za obezbedenje kvaliteta i inovacije d.o.o. Beograd, Novi Beograd	32,550	100.00

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

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

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

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

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

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

Hungary		**Nominal capital THUF/T€**	**Direct stake %**
AKA Zrt., Budapest	TEUR	96,000	100.00
AMFI HOLDING Kft., Budapest	TEUR	10	100.00
ASIA Center Kft., Budapest		1,830,080	100.00
Bitunova Kft., Budapest		50,000	100.00
EXP HOLDING Kft., Budapest	TEUR	10	100.00[1]
First-Immo Hungary Kft., Budapest		100,000	100.00
Frissbeton Kft., Budapest		100,000	100.00
Generál Mély- és Magasépitö Zrt., Budapest		1,000,000	100.00
KÖKA Kft., Budapest		761,680	100.00
OAT Kft., Budapest		25,000	100.00
STR Holding Generál Kft., Budapest		3,000	100.00
STR Holding MML Kft., Budapest		3,000	100.00
STRABAG Általános Építö Kft., Budapest		1,000,000	100.00
STRABAG BMTI Kft., Budapest		2,000,000	100.00
STRABAG BRVZ Kft., Budapest		1,545,000	100.00
STRABAG Épitö Kft., Budapest		352,000	100.00
STRABAG Épitöipari Zrt., Budapest		20,000	100.00
STRABAG Generálépitö Kft., Budapest		3,000	100.00
STRABAG Rail Kft., Budapest		189,120	100.00
STRABAG Real Estate Kft., Budapest		3,000	100.00
STRABAG Vasútépítö Kft., Budapest		3,000	100.00
STRABAG-MML Kft., Budapest		510,000	100.00
TPA HU Kft., Budapest		113,000	100.00
Treuhandbeteiligung H		10,000	100.00[1]
Züblin Kft., Budapest		3,000	100.00

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

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

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

The following list shows the equity-accounted associates and joint ventures included in the consolidated financial statements:

Austria	**Nominal capital T€**	**Direct stake %**
Lafarge Cement CE Holding GmbH, Vienna	50	30.00
Leopold Ungar Platz 3 GmbH, Vienna	35	50.00[1]
SQUARE Two GmbH & Co KG, Vienna	10	50.00[1]

Germany	**Nominal capital T€**	**Direct stake %**
AMB Asphaltmischwerke Bodensee GmbH & Co KG, Singen (Hohentwiel)	767	50.00
AMH Asphaltmischwerk Hauneck GmbH & Co. KG, Hauneck	500	50.00
Bayerische Asphaltmischwerke GmbH & Co.KG für Straßenbaustoffe, Hofolding	12,300	48.33
Bodensee - Moränekies Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft Tettnang, Tettnang	153	33.33
FLARE Living GmbH & Co. KG, Cologne	1	50.00
Kieswerk Rheinbach GmbH & Co. KG, Rheinbach	256	50.00
Kieswerke Schray GmbH & Co. KG, Steißlingen	2,045	50.00
Messe City Cologne GmbH & Co. KG, Hamburg	100	50.00
MesseCity Cologne Generalübernehmer GmbH & Co. KG, Oststeinbek	25	50.00
Natursteinwerke im Nordschwarzwald NSN GmbH & Co. KG, Mühlacker	3,100	25.00
NWM Nordwestdeutsche Mischwerke GmbH & Co. KG, Großenkneten	2,000	50.00
PANSUEVIA Service GmbH & Co. KG, Jettingen-Scheppach	50	50.00
SeniVita Social Estate AG, Bayreuth	2,000	50.00
Silenos Energy Geothermie Garching a.d. Alz GmbH & Co. KG, Augsburg	1	50.00
Steinbruch Spittergrund GmbH, Erfurt	80	50.00
Thüringer Straßenwartungs- und Instandhaltungsgesellschaft mbH & Co. KG, Apfelstädt	2,582	50.00

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

Croatia	**Nominal capital THRK**	**Direct stake %**
Autocesta Zagreb-Macelj d.o.o., Zagreb	88,440	50.00[1]

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

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

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

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

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

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

Accounting policies

INTANGIBLE ASSETS

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

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

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

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

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

GOODWILL

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

RIGHTS FROM CONCESSION ARRANGEMENTS

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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	4–9

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.

The presentation in the balance sheet is under property, plant and equipment.

LEASES

A lease is a contractual arrangement in which the lessor (owner) grants the lessee (user) the right to control an identified asset for a specified period of time in exchange for a consideration.

The STRABAG SE Group is a **lessee** of real estate properties (offices, storage spaces, etc.). A large number of the contracts are stand-alone contracts with comparatively low annual rental payments, of both limited and unlimited duration and with ordinary termination rights.

Leases are to be presented as a right-of-use asset and a corresponding lease liability in the balance sheet. The lease payments are split into a financing and a principal component. The finance costs are recognised in profit or loss over the term of the lease, resulting in a constant periodic interest rate on the remaining amount of the liability for each period. The right-of-use asset is amortised on a straight-line basis over the shorter of the two periods of useful life or term of lease.

Lease payments are made at the group's incremental borrowing rate, i.e. the rate of interest that the group would have to pay to borrow the funds necessary to obtain an asset of a similar value and at similar terms in a similar economic environment.

Payments for short-term leases and leases for which the underlying asset is of low value are recognised as an expense. Short-term leases are leases with a term of up to twelve months.

To a minor extent, the group also acts as a **lessor**. This essentially involves office space, in particular the Tech Gate Center in Vienna. These leases are to be classified as operating leases. Rental income from these leases is shown in other operating income.

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 (over six months) to get ready for their intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

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

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

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

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

%	2019	2018
Growth rate	0.0–0.5	0.0–0.5
Cost of capital (after taxes)	5.7–6.8	5.9–7.4
Cost of capital (before taxes)	6.1–9.0	6.6–9.3

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.

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

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

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

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

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

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

Financial assets measured at amortised cost

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

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

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

Financial assets measured at fair value through profit or loss

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

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

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

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

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

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

IMPAIRMENT OF FINANCIAL ASSETS AND CONTRACT ASSETS

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

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

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

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

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

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

- internal estimate of creditworthiness by the client

- external information on creditworthiness based on the corresponding country risk

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

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

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

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

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

DERECOGNITION OF A FINANCIAL ASSET

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

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

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

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

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

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

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

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

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

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

CURRENT AND DEFERRED INCOME TAXES

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

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

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

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

INVENTORIES

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

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

CONTRACT ASSETS AND CONTRACT LIABILITIES

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

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

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

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

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

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

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

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

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

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

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

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

The notes on construction contracts with customers apply by analogy.

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

CASH AND CASH EQUIVALENTS

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

PROVISIONS

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

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

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

PROVISIONS FOR SEVERANCE PAYMENTS

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

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

PENSION PROVISIONS

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

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

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

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

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

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

MEASUREMENT OF SEVERANCE AND PENSION PROVISIONS

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

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

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

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

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

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

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

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

OTHER PROVISIONS

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

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

NON-FINANCIAL LIABILITIES

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

FINANCIAL LIABILITIES

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

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

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

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

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

CONTINGENT LIABILITIES

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

REVENUE RECOGNITION

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

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

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

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

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

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

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

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

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

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

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

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

NET INTEREST INCOME

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

ESTIMATES

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

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

(a) Recoverability of goodwill

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

All other things remaining equal, an annual 5 % decrease of the free cash flow used to calculate the recoverable amount would result in an impairment loss of T€ 0 (2018: T€ 44) while an isolated increase of the cost of capital by one percentage point would lead to an impairment of T€ 0 (2018: T€ 222). These two effects together would trigger an impairment loss of T€ 0 (2018: T€ 1,303).

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

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

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

(c) Equity-accounted investments

The group holds a 30 % investment in **Lafarge Cement CE Holding GmbH**. Lafarge operates cement works in Austria, Hungary, the Czech Republic and Slovenia. The carrying amount of the investment amounted to T€ 227,846 on 31 December 2019 (2018: T€ 230,996). The investment was tested for impairment by means of an impairment test.

All other things remaining equal, an annual 5 % decrease of the free cash flow used to calculate the recoverable amount would result in an impairment loss of T€ 0 (2018: T€ 0), while an isolated increase of the cost of capital by one percentage point would lead to an impairment of T€ 0 (2018: T€ 0). These two effects together would trigger an impairment loss of T€ 0 (2018: T€: 0).

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

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

In the criminal proceedings concluded in 2018 in the first instance and now pending on appeal, both the expert for the public prosecutor and the expert in the civil evidentiary proceedings into the cause of the damage, who testified as a witness, identified a defect in the diaphragm wall as the cause of the damage. The consortium therefore faces the possibility of recourse. In 2019, the amount of the provision was therefore adjusted. The amount of the recognised provision depends substantially on the estimation of the damage amount to the archival contents and on the degree of fault of the consortium, so that the actual value of recourse may deviate from the amount recognised as a provision.

(d) Income taxes

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

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

(e) Fair value of derivatives and other financial instruments

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

(f) Rights from leases and lease liabilities

Within the STRABAG SE Group, a large number of the contracts are lease contracts with comparatively low annual rental expenses, of both limited and indefinite duration and with ordinary termination rights. The lease liability is determined by estimating the most likely duration in consideration of extension options and termination rights. All economic aspects for exercising or not exercising the options are taken into account. Deviations between the actual lease terms and these assumptions have an impact on the respective carrying amounts. The risk is reduced by the large number of stand-alone contracts, however.

(g) Severance and pension provisions

The present value of the severance and 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 severance and pension obligations are based in part on market conditions. Further information and sensitivity analyses can be found in item 25.

(h) Other provisions

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

Provisions have been set up in response to the investigation by the Public Prosecutor's Office for Combating Economic Crimes and Corruption and the Federal Competition Authority into suspicions of illegal price fixing that has been ongoing since mid-2017. These were adapted in the reporting period. The focus is on projects from the years 2006 to 2015 in multiple regions of Austria, mostly in the field of transportation infrastructures. Due to the long period covered and because of the large number of construction projects involved, of which only some were executed by STRABAG, the facts of the case are extremely complex. If and to what extent STRABAG will be affected negatively cannot be definitively determined until after the conclusion of the investigation. The exact financial impact may therefore differ from the estimated amount.

Provisions for ongoing and pending legal proceedings are formed on the basis of current assessments. The outcome of these legal proceedings cannot be determined or is subject to uncertainties. The actual claims from the legal proceedings may therefore differ from the provision amounts.

Notes on the items of the consolidated income statement

(1) REVENUE

Revenue is represented as follows:

Revenue 2019

T€	North + West	South + East	International + Special Divisions	Other	Group
Business					
Construction	**7,323,176**	**4,649,284**	**1,278,747**		**13,251,207**
Germany	5,749,644	88,608	78,525		5,916,777
Austria	27,202	1,988,688	109,912		2,125,802
Poland	958,100	191	8,026		966,317
Czech Republic	0	659,760	18,273		678,033
Hungary	0	666,585	2,233		668,818
Chile	0	0	664,631		664,631
Other countries, each below € 500 million	588,230	1,245,452	397,147		2,230,829
Construction materials	**140,322**	**122,896**	**403,820**		**667,038**
Facility management	**0**	**0**	**880,063**		**880,063**
Project development	**0**	**0**	**554,427**		**554,427**
Other	**92,253**	**107,318**	**99,617**	**16,651**	**315,839**
Total	**7,555,751**	**4,879,498**	**3,216,674**	**16,651**	**15,668,574**

Revenue 2018

T€	North + West	South + East	International + Special Divisions	Other	Group
Business					
Construction	**6,987,730**	**4,328,391**	**1,370,388**		**12,686,509**
Germany	5,620,290	121,095	203,100		5,944,485
Austria	21,065	1,760,722	128,380		1,910,167
Poland	764,061	115	8,570		772,746
Chile	0	0	586,389		586,389
Czech Republic	0	557,115	17,118		574,233
Hungary	183	532,780	27,305		560,268
Other countries, each below € 500 million	582,131	1,356,564	399,526		2,338,221
Construction materials	**149,679**	**100,858**	**379,615**		**630,152**
Facility management	**0**	**0**	**1,064,707**		**1,064,707**
Project development	**0**	**0**	**534,047**		**534,047**
Other	**105,007**	**92,564**	**89,063**	**19,783**	**306,417**
Total	**7,242,416**	**4,521,813**	**3,437,820**	**19,783**	**15,221,832**

Service concession arrangements to develop, design, build and finance infrastructure facilities are part of the operating business of STRABAG SE. Interest income from these concession arrangements are therefore recognised in revenue from project development amounting to T€ 63,274 (2018: T€ 51,093)[1] (see also the notes on receivables from concession arrangements).

The interest income is calculated using the effective interest method.

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

In the 2019 financial year, revenue from approved claims in the amount of T€ 142,930 (2018: T€ 103,651) was recognised. This involves a large number of individual projects. The costs arising from claims are recognised immediately in profit or loss as they occur, whereas realisation takes place only following acknowledgement from the client.

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

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

T€	**2019**	**2018**
Germany	7,818,592	7,876,652
Austria	2,678,665	2,541,497
Poland	1,129,217	975,346
Hungary	847,821	713,889
Czech Republic	782,779	706,445
Americas	713,511	667,015
Slovakia	369,043	514,490
Rest of Europe	342,788	349,475
Benelux	317,736	350,762
Switzerland	231,951	273,208
Romania	225,501	197,366
Sweden	205,270	178,343
Asia	179,062	162,128
Croatia	152,481	162,811
Serbia	148,108	111,034
Middle East	147,964	205,677
Denmark	99,485	91,710
Russia	71,420	77,459
Africa	66,013	57,133
Slovenia	48,707	68,338
Bulgaria	41,858	42,098
Total output volume	**16,617,972**	**16,322,876**

1 In 2018, interest expenses of T€ -22,095 were deducted.

(2) OTHER OPERATING INCOME

Other operating income includes insurance compensation and indemnification in the amount of T€ 56,862 (2018: T€ 47,067), exchange rate gains from currency fluctuations in the amount of T€ 3,331 (2018: T€ 8,684) as well as gains from the disposal of fixed assets without financial assets in the amount of T€ 55,967 (2018: T€ 73,438).

(3) CONSTRUCTION MATERIALS, CONSUMABLES AND SERVICES USED

T€	2019	2018
Construction materials, consumables	2,951,464	2,994,170
Services used	7,160,390	7,131,601
Construction materials, consumables and services used	**10,111,854**	**10,125,771**

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

(4) EMPLOYEE BENEFITS EXPENSE

T€	2019	2018
Wages	1,315,287	1,252,942
Salaries	1,769,175	1,730,834
Social security and related costs	603,400	581,625
Expenses for severance payments and contributions to employee provident fund	13,887	14,431
Expenses for pensions and similar obligations	12,604	9,556
Other social expenditure	30,796	29,553
Employee benefits expenses	**3,745,149**	**3,618,941**

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 proportions 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€ 12,447 (2018: T€ 11,539).

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

Average number of employees (FTE)	2019	2018
White-collar workers	32,480	31,662
Blue-collar workers	44,439	43,798
Total	**76,919**	**75,460**

(5) OTHER OPERATING EXPENSES

Other operating expenses of T€ 1,024,017 (2018: T€ 854,892) mainly include general administrative costs, travel and advertising costs, insurance premiums, impairment of receivables, the balance of allocations to and utilisation of provisions, legal and advisory costs, rental and lease costs, interest expenses from concession projects and losses on the disposal of assets (excluding financial assets). Other taxes amounting to T€ 53,226 (2018: T€ 59,535) are included.

Other operating expenses include losses from exchange rate differences from currency fluctuations in the amount of T€ 22,246 (2018: T€ 4,671).

The changes in the other operating expenses include impairments for expected credit losses under IFRS 9 in the financial year in the amount of T€ -4,975 as income (2018: T€ 3,183 expenses).

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

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

T€	2019	2018
Income from equity-accounted investments	44,322	87,622
Expenses arising from equity-accounted investments	-2,891	-3,663
Gains on the disposal of equity-accounted investments	95	0
Profit from construction consortia	135,449	166,519
Losses from construction consortia	-198,454	-167,302
Share of profit or loss of equity-accounted investments	**-21,479**	**83,176**

In 2019, the losses from joint ventures include risk provisions for litigations in joint ventures.

In 2018, the income from equity-accounted investments includes the non-cash revaluation amount for the remaining 50 % interest of PANSUEVIA due to the full acquisition of the company in the financial year, amounting to T€ 55,314.

(7) NET INCOME FROM INVESTMENTS

T€	2019	2018
Investment income	90,254	67,058
Expenses arising from investments	-12,704	-9,234
Gains on the disposal of investments	10,295	11,425
Impairment and reversal of impairment losses of investments	-5,111	-11,962
Losses on the disposal of investments	-18	-5
Net income from investments	**82,716**	**57,282**

Net income from investments includes the reversal of a risk provision of T€ 20,700 from a project in the Netherlands.

(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€ 18,140 (2018: T€ 3,930) and reversal of impairment losses in the amount of T€ 7 (2018: T€ 120) were made. Impairment on goodwill amounts to T€ 2,024 (2018: T€ 1,734). For goodwill impairments we refer to the details under item 12.

Depreciation and amortisation expense of intangible and tangible assets includes depreciation and amortisation of right-of-use assets for leases in the amount of T€ 58,607 (2018: T€ 0).

(9) NET INTEREST INCOME

T€	2019	2018
Interest and similar income	30,973	38,617
Interest expense and similar charges	-56,315	-66,049
Net interest income	**-25,342**	**-27,432**

Included in interests and similar income are exchange rates gains amounting to T€ 5,720 (2018: T€ 18,000) and interest portions from the plan assets for pension provisions in the amount of T€ 1,553 (2018: T€ 1,449).

Included in interest expense and similar charges are interest components from the allocation of severance payment and pension provisions amounting to T€ 9,525 (2018: T€ 8,825) as well as currency losses of T€ 11,653 (2018: T€ 13,352).

Interest from leases in the amount of T€ 6,263 (2018: T€ 0) is included in the interest expense and similar charges.

(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€	**2019**	**2018**
Current taxes	165,781	115,651
Deferred taxes	32,903	52,348
Income tax expense	**198,684**	**167,999**

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

T€	**2019**	**2018**
Change in hedging reserves	6,264	3,349
Actuarial gains/losses	13,704	1,285
Total	**19,968**	**4,634**

The reasons for the difference between the Austrian corporate income tax rate of 25 % valid in 2019 and the actual consolidated tax rate are as follows:

T€	**2019**	**2018**
EBT	**577,239**	**530,783**
Theoretical tax expenditure 25%	144,310	132,696
Differences to foreign tax rates	5,646	2,502
Change in tax rates	77	2,977
Non-tax deductible expenses	40,438	6,896
Tax-free earnings	-12,678	-25,574
Additional tax payments/tax refund	17,152	9,029
Change of valuation adjustment on deferred tax assets	2,514	38,668
Others	1,225	805
Recognised income tax	**198,684**	**167,999**

(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.

	2019	**2018**
Number of ordinary shares	110,000,000	110,000,000
Number of shares bought back	-7,400,000	-7,400,000
Number of shares outstanding as at 31.12.	**102,600,000**	**102,600,000**
Profit or loss attributable to equity holders of the parent company (consolidated profit/loss) T€	371,695	353,535
Weighted number of shares outstanding during the year	102,600,000	102,600,000
Earnings per share €	**3.62**	**3.45**

Notes on the items in the consolidated balance sheet

(12) INTANGIBLE ASSETS

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

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

Notes to goodwill

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

T€	31.12.2019	31.12.2018
STRABAG Cologne (N+W)	128,838	128,838
STRABAG Cologne (S+E)	61,105	61,105
Czech Republic (S+E)	71,600	70,720
STRABAG Poland (N+W)	61,736	61,096
DIW Group (incl. SPFS Austria, SPFS Czech Republic; I+S)	51,795	50,931
Ed. Züblin AG (N+W)	17,057	17,057
Germany (various CGUs; N+W)	40,262	42,262
Construction materials (various CGUs; I+S)	9,015	10,953
Other	12,097	9,562
Total goodwill	**453,505**	**452,524**

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€ 2,024 (2018: T€ 1,734). This figure is shown under depreciation and amortisation. The recoverable amount of the impaired cash-generating unit amounts to T€ 7,915 (2018: T€ 629).

The impairments in the financial year concern a construction material company assigned to the segment International + Special Divisions. The recoverable amount of this cash-generating unit (CGU) corresponds to its fair value less costs to sell. The necessary impairment of the CGU exclusively affected the goodwill; impairment was not necessary for other assets of the unit.

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

Regarding the sensitivity analysis of goodwill, we refer to our notes under "Estimates (a) Recoverability of goodwill" on page 39.

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

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

T€	Carrying amount 31.12.2019	Methodology 31.12.2019	Detailed planning period 31.12.2019	Growth rate 31.12.2019	Discount rate after tax 31.12.2019
STRABAG Cologne (N+W)	128,838	FV less cost of disposal (Level 3) [2018: FV less cost of disposal (Level 3)]	4 (2018: 4)	0 (2018:0)	6.10 % (2018: 6.59 %)
STRABAG Cologne (S+E)	61,105	FV less cost of disposal (Level 3) [2018: FV less cost of disposal (Level 3)]	4 (2018: 4)	0 (2018:0)	6.43 % (2018: 6.99 %)
Czech Republic (S+E)	71,600	FV less cost of disposal (Level 3) [2018: FV less cost of disposal (Level 3)]	4 (2018: 4)	0 (2018:0)	6.70 % (2018: 7.30 %)
STRABAG Poland (N+W)	61,736	FV less cost of disposal (Level 3) [2018: FV less cost of disposal (Level 3)]	4 (2018: 4)	0 (2018:0)	6.82 % (2018: 7.43 %)
DIW Group (incl. SPFS Austria, SPFS Czech Republic; I+S)	51,795	FV less cost of disposal (Level 3) [2018: FV less cost of disposal (Level 3)]	4 (2018: 4)	0 (2018:0)	6.10 % (2018: 6.59 %)

The method used is a discounted cash flow model based on recognised valuation techniques, with the forecast of the cash flows calculated by the management on the basis of experience. An annual 5 % decrease of the cash flow and a simultaneous increase of the interest rate by one percentage point would not result in any impairment loss of the goodwill mentioned above. The key assumptions used to determine the recoverable amount were future cash flows and the cost of capital. Management does not consider that any reasonably possible change in the key assumptions would cause the carrying amount of the CGU which contains the abovementioned goodwill to exceed its recoverable amount.

Capitalised development costs

At the balance sheet date, development costs in the amount of T€ 0 (2018: T€ 0) were capitalised as intangible assets. A total of T€ 7,501 (2018: T€ 8,707) in development costs incurred in the 2019 financial year were recorded as expenses as the necessary capitalisation criteria were not met.

(13) RIGHTS FROM CONCESSION ARRANGEMENTS

STRABAG has held 100 % of PANSUEVIA GmbH & Co. KG of Jettingen-Scheppach since 28 September 2018.

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

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

The development of the concession right can be found in the consolidated statement of fixed assets. The concession right is amortised over the term of 30 years on the basis of the use of the concession section. The annual income from the toll collections is recognised as revenue.

The right from the concession arrangement is offset by variable and fixed interest rate non-recourse financing in the amount of T€ 384,406 (2018: T€ 392,046) classified either as a current or non-current liability depending on the term to maturity. The resulting interest expenses are recognised under other operating expenses. The interest risk based on variable interest was hedged through the conclusion of interest rate swap agreements that satisfy the requirements for presentation as a cash flow hedge. The changes in the value of the interest rate swap are therefore recognised in the other comprehensive income.

(14) PROPERTY, PLANT AND EQUIPMENT

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

Borrowing costs in the amount of T€ 0 were capitalised for property, plant and equipment in the year under report (2018: T€ 1,612).

Leases

Lessee

The development of right-of-use assets from leases is shown in the consolidated statement of fixed assets.

The cash outflows from leases in the 2019 financial year break down as follows:

T€	31.12.2019
Interest from leases	6,263
Redemption of leases	56,424
Variable lease payments	6,371
Payments for short-term leases	8,944
Total lease payments	**78,002**

Additionally, expenses for short-term equipment rentals in the amount of T€ 161,131 (2018: T€ 151,530) were incurred in the financial year.

To a minor extent, the STRABAG Group also rents office space to third parties and thus acts as a lessor. This particularly involves the Tech Gate building in Vienna. The annual rental income amounts to T€ 2,638 and is shown in other operating income.

The carrying amount of this building as of 31 December 2019 is T€ 70,073 and is recorded under property, plant and equipment (properties and buildings). Rental income in the next year and the following five years will remain roughly constant. All leases are classified as operating leases.

Restrictions on property, plant and equipment/purchase obligations

As at the balance sheet date there were T€ 54,033 (2018: T€ 80,189) 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€ 287 (2018: T€ 326).

Investment property

The development of investment property is shown separately in the consolidated statement of fixed assets. The fair value of investment property amounts to T€ 5,704 as at 31 December 2019 (2018: T€ 5,834). The fair value was determined using internal valuation reports or by employing the fair value of development land at market prices.

The rental income from investment property in the 2019 financial year amounted to T€ 6,664 (2018: T€ 8,359) and direct operating expenses totalled T€ 6,475 (2018: T€ 6,108). Rental income in the next year and the following five years will remain roughly constant. 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€ 0 (2018: T€ 356) and losses from asset disposals in the amount of T€ 40 (2018: T€ 0) were achieved. A reversal of impairment losses in the amount of T€ 0 was made in the financial year 2019 (2018: T€ 0).

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

(15) EQUITY-ACCOUNTED INVESTMENTS

T€	2019	2018
Carrying amount as at 1.1.	**378,617**	**350,013**
Additions in scope of consolidation	42,877	14,311
Disposals in scope of consolidation	0	-55,314
Acquisitions/contributions	23,250	10,433
Proportional annual results	41,526	83,960
Received distributions	-25,016	-22,911
Proportional other income	-6,627	-3,096
Other	-95	1,221
Carrying amount as at 31.12.	**454,532**	**378,617**

Notes on associates

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

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

T€	2019	2018
Revenue	245,792	222,666
Income from continuing operations	30,470	13,916
Other income	-10,966	-5,156
Total comprehensive income	**19,504**	**8,760**
attributable to: non-controlling interests	3	91
attributable to: equity holders of the parent company	19,501	8,669

	31.12.2019	31.12.2018
Non-current assets	578,599	577,348
Current assets	144,061	152,887
Non-current liabilities	-173,855	-171,712
Current liabilities	-75,473	-74,696
Net assets	**473,332**	**483,827**
attributable to: non-controlling interests	4,123	4,120
attributable to: equity holders of the parent company	469,209	479,707

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€	2019	2018
Group's share in net assets as at 1.1.	**143,912**	**150,311**
Group's share of net income from continuing operations	9,050	4,101
Group's share of other income	-3,200	-1,500
Group's share of total comprehensive income	5,850	2,601
Dividends received	-9,000	-9,000
Group's share in net assets as at 31.12.	**140,762**	**143,912**
Goodwill	87,084	87,084
Equity-carrying amount as at 31.12.	**227,846**	**230,996**

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€	2019	2018
Total of equity-carrying amount as at 31.12.	105,782	100,849
Group's share of net income from continuing operations	19,405	8,949
Group's share of other income	-3,427	-1,574
Group's share of total comprehensive income	15,978	7,375

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€	2019	2018
Total of equity-carrying amount as at 31.12.	120,904	46,772
Group's share of net income from continuing operations	13,072	70,910
Group's share of other income	0	-22
Group's share of total comprehensive income	13,072	70,888

Notes on accumulated losses from equity-accounted investments

Proportionate losses from equity-accounted investments in the amount of T€ 6,063 (2018: T€ 19,843) were not recognised in profit or loss, as the carrying amounts of these investments already are T€ 0.

Notes on consortia

The group classifies construction consortia as joint ventures and records their earnings under share of profit or loss of equity-accounted investments. The following table shows the group's ten most important consortia with regard to the output volume in the 2019 financial year.

Construction consortia	Stake in %
ARGE KORALMTUNNEL KAT 2, Austria (KAT)	85.00
ARGE NEUBAU DAIMLER HALLE 80 BREMEN, Germany (BRE)	45.00
ARGE NEUBAU TECHNISCHES RATHAUS MANNHEIM, Germany (MANN)	40.00
ARGE ROHTANG PASS HIGHWAY TUNNEL LOT 1, India (ROHT)	60.00
ARGE TULFES PFONS, Austria (TULF)	51.00
ARGE TUNNEL KRIEGSSTRASSE KARLSRUHE, Germany (KAR)	84.00
COMBINATIE HEREPOORT VOF, the Netherlands (HER)	37.50
CONSORCIO MAR 1, Colombia (MAR)	37.50
JV 5TH WATER SUPPLY SYSTEM TO JERUSALEM, Israel (JER)	99.90
T.H.V.HOUBEN-STRABAG QUARTIER BLEU HASSEL, Belgium (BLEU)	50.00

The financial information in the 2019 financial year on these consortia is presented 100 % before consolidation and valuation approaches deviating from the consortia balance sheet if applicable.

T€	Revenue	Non-current assets	Current assets	thereof cash and cash equivalents	Non-current liabilities	Current liabilities
MAR	103,966	38,561	26,400	9,650	0	64,961
TULF	90,683	9,332	50,098	50,098	0	59,430
KAT	86,474	5,840	61,468	546	0	67,308
HER	65,920	462	42,242	802	0	42,704
ROHT	47,575	4,343	37,306	5,327	0	41,649
BLEU	43,872	0	25,919	6,774	0	25,919
KAR	43,606	321	13,438	3,765	0	13,759
BRE	38,703	0	29,593	9,441	0	29,593
MANN	29,218	14	18,653	7,997	0	18,667
JER	28,648	6,884	20,859	6,166	0	27,743

In the 2019 financial year, the share of profit or loss of equity-accounted investments recorded for the above-mentioned consortia included T€ 19,187 in profits from consortia and T€ 50,970 in losses from consortia including impending losses.

The financial information in the 2018 financial year on these consortia is presented 100 % before consolidation and valuation approaches deviating from the consortia balance sheet if applicable.

T€	Revenue	Non-current assets	Current assets	thereof cash and cash equivalents	Non-current liabilities	Current liabilities
MAR	42,281	20,931	22,287	5,077	0	43,218
TULF	133,961	13,643	65,544	65,544	0	79,187
KAT	96,392	7,156	51,187	1,437	0	58,343
HER	60,614	500	30,413	207	0	30,913
ROHT	44,732	9,430	28,398	7,032	0	37,828
BLEU	22,960	0	15,566	1,979	0	15,566
KAR	27,072	700	8,805	2,195	0	9,505
BRE	90,124	2	51,277	40,226	0	51,279
MANN	7,306	17	6,863	1,302	0	6,880
JER	19,247	6,514	15,768	5,135	0	22,282

In the 2018 financial year, the share of profit or loss of equity-accounted investments recorded for the above-mentioned consortia included T€ 61,182 in profits from consortia and T€ 32,548 in losses from consortia including impending losses.

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

T€	2019	2018
Work and services performed	1,017,209	897,169
Work and services received	39,207	14,197
Receivables as at 31.12.	532,382	481,711
Liabilities as at 31.12.	498,565	322,432

(16) OTHER INVESTMENTS

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

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

T€	Balance as at 1.1.2019	Currency translation	Changes in scope of consolidation	Additions	Transfers	Disposal	Impairment/ Reversal of impairment losses	Balance as at 31.12.2019
Investments in subsidiaries	86,071	0	-1,653	6,603	-134	-481	-3,790	86,616
Investments	99,226	215	-2,473	2,988	134	-10,323	-1,321	88,446
Other investments	**185,297**	**215**	**-4,126**	**9,591**	**0**	**-10,804**	**-5,111**	**175,062**

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

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

(17) DEFERRED TAXES

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

T€	Balance as at 1.1.2019	Currency translation	Changes in scope of consolidation	Other changes	Balance as at 31.12.2019
Intangible assets and property, plant and equipment	34,548	396	0	4,365	39,309
Financial assets	613	5	0	5,668	6,286
Inventories	14,558	51	0	1,145	15,754
Trade and other receivables	103,262	63	0	7,698	111,023
Provisions	193,688	-383	263	-1,456	192,112
Liabilities	37,135	311	0	8,666	46,112
Tax loss carryforwards	58,148	-63	0	14,847	72,932
Deferred tax assets	**441,952**	**380**	**263**	**40,933**	**483,528**
Netting out of deferred tax assets and liabilities of the same tax authorities	-295,012	0	0	-50,899	-345,911
Deferred tax assets netted out	**146,940**	**380**	**263**	**-9,966**	**137,617**
Intangible assets and property, plant and equipment	-81,510	-151	0	-7,832	-89,493
Financial assets	-12,851	0	0	6,432	-6,419
Inventories	-8,828	-572	-72	-10,870	-20,342
Trade and other receivables	-208,352	147	-38	-40,584	-248,827
Provisions	-11,327	-150	0	7,036	-4,441
Liabilities	-15,360	4	0	-9,729	-25,085
Deferred tax liabilities	**-338,228**	**-722**	**-110**	**-55,547**	**-394,607**
Netting out of deferred tax assets and liabilities of the same tax authorities	295,012	0	0	50,899	345,911
Deferred tax liabilities netted out	**-43,216**	**-722**	**-110**	**-4,648**	**-48,696**

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

No deferred tax assets were made for tax losses carried forward on the corporate income tax and on the German trade tax (Gewerbesteuer) totalling T€ 1,457,880 (2018: T€ 1,368,844), as their effectiveness as final tax relief is not sufficiently assured.

Of the non-capitalised losses carried forward T€ 1,295,907 (2018: T€ 1,274,665) have unrestricted use.

For the STRABAG SE tax group, Austria, deferred taxes were capitalised despite tax losses in the previous years as well as in the year under report. The recognised deferred taxes for losses carried forward amount to T€ 56,535 (2018: T€ 42,589), for the STRABAG SE tax group. This contains deferred tax assets on open one-seventh impairments in the amount of T€ 55,407 (2018: T€ 37,741). The Austrian Corporate Income Tax Act (Körperschaftsteuergesetz) requires a tax-effective impairment of investments to be claimed over a period of seven years.

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

(18) INVENTORIES

T€	31.12.2019	31.12.2018
Construction materials, auxiliary supplies and fuel	229,263	234,456
Finished buildings	136,191	146,795
Unfinished buildings	263,724	145,361
Development land	291,538	284,653
Finished and unfinished goods	30,015	29,415
Payments made	32,815	49,477
Inventories	**983,546**	**890,157**

Impairment in the amount of T€ 5,378 (2018: T€ 2,862) was recognised on inventories excluding construction materials, auxiliary supplies and fuel. T€ 20,014 (2018: T€ 27,836) 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€ 2,253 (2018: T€ 1,796).

(19) RECEIVABLES FROM CONCESSION ARRANGEMENTS

STRABAG has a 100 % interest in the Hungarian M5 motorway concession company, AKA Alföld Koncesszios Autopalya Zrt., Budapest (AKA).

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

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

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

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

The contract also includes interest adjustment payments to be made by the Hungarian state. As a result, the state bears the interest risk from the financing of AKA. These interest adjustment payments represent a separate hedging transaction. Presentation is made as a cash flow hedge; as a result, changes in the fair value of the interest rate swap are recognised in other comprehensive income.

The market value of the interest rate swap in the amount of T€ -21,747 (2018: T€ -28,222) 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€ 281,120 (2018: T€ 338,728), classified either as a current or non-current liability depending on the term to maturity. The resulting interest expense is recognised in other operating expenses.

(20) CONTRACT ASSETS AND CONTRACT LIABILITIES

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

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

T€	31.12.2019	31.12.2018
Contract assets (gross)	7,981,987	5,919,311
Advances received	-6,627,090	-4,636,404
Contract assets	**1,354,897**	**1,282,907**
Contract liabilities (gross)	-5,861,724	-5,914,866
Advances received	6,818,971	6,889,432
Contract liabilities	**957,247**	**974,566**

In the 2019 financial year, revenue was recognised in the amount of T€ 974,566 (2018: T€ 1,021,253) that had been contained under contract liabilities at the beginning of the financial year.

As of 31 December 2019, there are unsatisfied performance obligations from construction contracts with customers and project developments (order backlog) in the amount of T€ 15,026,196 (2018: T€ 14,228,066). The recognition of revenue from these performance obligations is expected with T€ 8,806,125 (2018: T€ 8,658,789) in the following financial year and with T€ 6,220,071 (2018: T€ 5,569,277) in the next four financial years.

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

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

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

(21) TRADE RECEIVABLES

Trade receivables are comprised as follows:

T€	31.12.2019 Total	31.12.2019 thereof current	31.12.2019 thereof non-current	31.12.2018 Total	31.12.2018 thereof current	31.12.2018 thereof non-current
Trade receivables	1,267,117	1,267,117	0	1,332,571	1,332,571	0
Receivables from consortia	334,780	334,780	0	313,025	313,025	0
Advances paid to subcontractors	98,832	98,832	0	90,348	90,348	0
Trade receivables	**1,700,729**	**1,700,729**	**0**	**1,735,944**	**1,735,944**	**0**

(22) OTHER FINANCIAL ASSETS

Other financial assets are comprised as follows:

T€	31.12.2019 thereof current	31.12.2019 thereof non-current	31.12.2019 Total	31.12.2018 Total	31.12.2018 thereof current	31.12.2018 thereof non-current
Securities	0	27,237	27,237	25,324	0	25,324
Receivables from subsidiaries	123,265	77	123,342	97,329	96,302	1,027
Receivables from participation companies	65,152	82,800	147,952	210,746	115,744	95,002
Other financial assets	101,121	119,796	220,917	210,119	81,335	128,784
Other financial assets total	**289,538**	**229,910**	**519,448**	**543,518**	**293,381**	**250,137**

(23) CASH AND CASH EQUIVALENTS

T€	31.12.2019	31.12.2018
Securities	3,100	3,080
Cash on hand	1,273	1,291
Bank deposits	2,456,441	2,381,457
Cash and cash equivalents	**2,460,814**	**2,385,828**

(24) EQUITY

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

As at 31 December 2019, STRABAG SE had acquired 7,400,000 no-par bearer shares equalling 6.7 % of the share capital. The corresponding value of the share capital amounts to € 7,400,000. The acquisition extended between the period July 2011 and May 2013. The average purchase price per share was € 20.79.

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

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

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

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

The group equity ratio as at 31 December 2019 amounted to 31.5 % (2018: 31.6 %). With this equity base, the STRABAG Group will be able to participate increasingly in tenders for Public-Private Partnership (PPP) projects. This means that the necessary funds for a participation in equity capital are available and that the related change in the balance sheet total will be manageable.

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

(25) PROVISIONS

T€	Balance as at 1.1.2019	Currency translation	Changes in scope of consolidation	Additions	Utilisation	Balance as at 31.12.2019
Provisions for severance payments	114,676	-790	138	10,656	0	124,680
Provisions for pensions	420,311	134	647	14,824	0	435,916
Construction-related provisions	375,807	-936	0	55,066	41,746	388,191
Personnel-related provisions	19,717	0	0	2,261	227	21,751
Other provisions	186,081	-593	0	62,382	81,493	166,377
Non-current provisions	**1,116,592**	**-2,185**	**785**	**145,189**	**123,466**	**1,136,915**
Construction-related provisions	354,998	-81	239	379,768	352,375	382,549
Personnel-related provisions[1]	180,424	-355	18	179,994	175,301	184,780
Other provisions	199,059	481	-110	326,119	199,572	325,977
Current provisions	**734,481**	**45**	**147**	**885,881**	**727,248**	**893,306**
Total	**1,851,073**	**-2,140**	**932**	**1,031,070**	**850,714**	**2,030,221**

The **actuarial assumptions as at 31 December 2019** used to calculate provisions for severance payments and pensions are represented as follows:

	Severance payments	Pension obligation Austria	Pension obligation Germany	Pension obligation Switzerland
Biometric tables	AVÖ 2018-P	AVÖ 2018-P	Dr. Klaus Heubeck	BVG 2015G
Discounting rate (%)	0.80	0.80	0.80	0.25
	(2018: 1.65)	(2018: 1.65)	(2018: 1.65)	(2018: 0.70)
Salary increase (%)	2.00	0.00	dependent on contractual	1.00
	(2018: 2.00)	(2018: 0.00)	adaption	(2018: 2.00)
Future pension increase (%)	dependent on contractual	dependent on contractual	1.50	0.25
	adaption	adaption	(2018: 1.50)	(2018: 0.25)
Retirement age for men	62	65	63–67	65
	(2018: 62)	(2018: 65)	(2018: 63–67)	(2018: 65)
Retirement age for women	62	60	63–67	64
	(2018: 62)	(2018: 60)	(2018: 63–67)	(2018: 64)

Sensitivity analysis

All other parameters remaining equal, a change in the discount rate by +/- 0.5 percentage points, a change in the salary increase by +/- 0.25 percentage points as well as a change in the pension increase by +/- 0.25 percentage points would have the following impact on the amount of the provisions for severance payments and pension obligations as at 31 December 2019:

T€	Change in discounting rate		Change in salary increase		Change in future pension increase	
Change[2]	-0.5 %-points	+0.5 %-points	-0.25 %-points	+0.25 %-points	-0.25 %-points	+0.25 %-points
Severance payments	-4,538	4,230	2,132	-2,196	n. a.	n. a.
Pension obligations	-42,111	37,763	693	-647	12,741	-13,155

1 In the other personnel-related provisions plan assets in the amount of T€ 2,635 (2018: T€ 2,487) are deducted.
2 Sign: - increase of obligation, + decrease of obligation

Provisions for severance payments show the following development:

T€	2019	2018
Present value of the defined benefit obligation as at 1.1.	**114,676**	**111,100**
Changes in scope of consolidation/currency translation	-652	-563
Current service costs	5,441	7,226
Interest costs	1,435	1,311
Severance payments	-4,057	-4,633
Actuarial gains/losses arising from experience adjustments	815	871
Actuarial gains/losses arising from change in the discount rate	7,022	-1,251
Actuarial gains/losses arising from demographic changes	0	615
Present value of the defined benefit obligation as at 31.12.	**124,680**	**114,676**

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

T€	2019	2018
Present value of the defined benefit obligation as at 1.1.	**602,355**	**624,457**
Changes in scope of consolidation/currency translation	7,173	6,845
Current service costs	8,758	8,887
Interest costs	8,090	7,514
Pension payments	-45,971	-43,385
Actuarial gains/losses arising from experience adjustments	-2,597	1,176
Actuarial gains/losses arising from change in the discount rate	49,453	-10,863
Actuarial gains/losses arising from demographic changes	739	7,724
Present value of the defined benefit obligation as at 31.12.	**628,000**	**602,355**

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

T€	2019	2018
Fair value of the plan assets as at 1.1.	**182,044**	**184,350**
Changes in scope of consolidation/currency translation	6,392	6,493
Income from plan assets	1,553	1,449
Contributions	7,457	8,432
Pension payments	-13,288	-18,430
Actuarial gains/losses	7,926	-250
Fair value of the plan assets as at 31.12.	**192,084**	**182,044**

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

T€	31.12.2019	31.12.2018
Shares[1]	28,252	20,882
Bonds[1]	64,236	60,977
Cash	1,284	1,893
Investment funds	4,076	5,061
Real estate	13,121	9,772
Liability insurance	61,530	58,341
Other assets	19,585	25,118
Total	**192,084**	**182,044**

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

The plan assets involve almost exclusively the assets of the pension foundation of STRABAG AG, Switzerland. Any investments in this regard are subject to the applicable laws and regulations governing the supervision of foundations. Capital investments are to be chosen by trained experts in such a way as to guarantee the investment goal of revenue-generating and risk-minimising asset management while taking into consideration security, risk distribution, returns and the liquidity to fulfil the pension purposes. The investment strategy can be adjusted on an annual basis in order to reflect market changes. Currently the split is 50 % in nominal value assets and 50 % in tangible assets.

The expected contributions to pension foundations in the following year will amount to T€ 3,809 (2018: T€ 3,998).

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€ 9,128 (2018: T€ 690) in the financial year.

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

T€	2019	2018
Current service costs	14,199	16,113
Interest costs	9,525	8,825
Return on plan assets	1,553	1,449

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

T€	31.12.2019	31.12.2018
Severance provisions obligation	124,680	114,676
Present value of the defined benefit obligation (pension provision)	628,000	602,355
Fair value of plan assets (pension provision)	-192,084	-182,044
Pension provision obligation	435,916	420,311
Obligation total	**560,596**	**534,987**

The **maturity profile** of the benefit payments from the net defined benefit liability as at 31 December 2019 was as follows:

T€	< 1 year	1–5 years	6–10 years	11–20 years	> 20 years
Provisions for severance payments	9,429	25,693	32,107	33,591	4,790
Provisions for pensions	36,572	145,239	145,843	197,840	165,760

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

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

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

Years	31.12.2019	31.12.2018
Severance payments Austria	9.05	9.29
Pension obligations Austria	8.47	8.36
Pension obligations Germany	11.69	11.17
Pension obligations Switzerland	15.20	15.20

Other provisions

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

(26) FINANCIAL LIABILITIES

		31.12.2019			31.12.2018	
T€	**Total**	**thereof current**	**thereof non-current**	**Total**	**thereof current**	**thereof non-current**
Bonds	400,000	200,000	200,000	500,000	100,000	400,000
Bank borrowings	721,888	104,829	617,059	863,330	175,709	687,621
Lease liabilities	300,319	50,680	249,639	0	0	0
Financial liabilities	**1,422,207**	**355,509**	**1,066,698**	**1,363,330**	**275,709**	**1,087,621**

Physical securities were established to cover liabilities to banks in the amount of T€ 48,886 (2018: T€ 54,882).

The bank borrowings involve non-recourse liabilities from concession arrangements in the amount of T€ 665,526 (thereof non-current: T€ 597,187). This value amounted to T€ 730,773 (thereof non-current: T€ 665,861) in the previous year.

(27) TRADE PAYABLES

		31.12.2019			31.12.2018	
T€	**Total**	**thereof current**	**thereof non-current**	**Total**	**thereof current**	**thereof non-current**
Trade payables	2,357,883	2,357,883	0	2,305,999	2,305,999	0
Liabilities from construction consortia	468,757	468,757	0	309,256	309,256	0
Trade payables	**2,826,640**	**2,826,640**	**0**	**2,615,255**	**2,615,255**	**0**

(28) OTHER FINANCIAL LIABILITIES

		31.12.2019			31.12.2018	
T€	**Total**	**thereof current**	**thereof non-current**	**Total**	**thereof current**	**thereof non-current**
Payables to subsidiaries	107,827	107,827	0	107,641	107,641	0
Payables to participation companies	12,770	12,770	0	11,858	11,858	0
Other financial liabilities	355,983	263,765	92,218	352,057	273,302	78,755
Other financial liabilities total	**476,580**	**384,362**	**92,218**	**471,556**	**392,801**	**78,755**

(29) CONTINGENT LIABILITIES

Guarantees

The company has issued the following guarantees:

T€	**31.12.2019**	**31.12.2018**
Guarantees without financial guarantees	174	182

(30) OFF-BALANCE SHEET TRANSACTIONS

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

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

Not included in the balance sheet or the contingent liabilities as at 31 December 2019 are performance bonds in the amount of € 2.5 billion (2018: € 2.6 billion) of which an outflow of resources is unlikely.

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

(31) NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

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

T€	**31.12.2019**	**31.12.2018**
Securities	3,100	3,080
Cash on hand	1,273	1,291
Bank deposits	2,456,441	2,381,457
Restricted cash and cash equivalents	0	0
Pledge of cash and cash equivalents	-845	-1,485
Cash and cash equivalents	**2,459,969**	**2,384,343**

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

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

T€	**2019**	**2018**
Interest paid	36,546	45,587
Interest received	24,316	25,164
Taxes paid	122,740	90,357
Dividends received	88,144	70,522

The **cash flow from financing activities** for the financial year 2019 can be derived from the balance sheet items as follows:

T€	Bonds	Bank borrowings	Other financial liabilities[1]	Lease liabilities	Total
Balance as at 1.1.2019	**500,000**	**863,330**	**62,708**	**356,672**	**1,782,710**
Issue	0	16,650	0	0	16,650
Repayment	-100,000	-153,748	0	0	-253,748
Increase (+)/decrease (-) of financing	0	0	-4,493	-56,424	-60,917
Total cash flow from financing activities	**-100,000**	**-137,098**	**-4,493**	**-56,424**	**-298,015**
Currency translation	0	-2	-120	71	-51
Change in scope of consolidation	0	0	0	0	0
Other changes	0	-4,342	30,323	0	25,981
Total of non-cash-effective changes	**0**	**-4,344**	**30,203**	**71**	**25,930**
Balance as at 31.12.2019	**400,000**	**721,888**	**88,418**	**300,319**	**1,510,625**

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

T€	Inflow (+) Outflow (-)
Total cash flows from financing activities	-298,015
Change in non-controlling interests due to acquisition	-3,586
Distribution of dividends	-110,014
Cash flow from financing activities	**-411,615**

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

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

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

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

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

Notes on financial instruments

(32) FINANCIAL INSTRUMENTS

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

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

	31.12.2019			31.12.2018		
T€	Measurement category according to IFRS 9	Carrying amount	Fair value	Measurement category according to IFRS 9	Carrying amount	Fair value
Assets						
Investments below 20 % (other investments)	FVPL	32,540	32,540	FVPL	40,660	40,660
Trade receivables	AC	1,601,896		AC	1,645,596	
Receivables from concession arrangements	AC	660,107		AC	694,752	
Other non-current financial assets	AC	202,673		AC	221,594	
Other current financial assets	AC	288,271		AC	291,537	
Cash and cash equivalents	AC	2,457,713		AC	2,382,749	
Securities	FVPL	27,237	27,237	FVPL	25,324	25,324
Cash and cash equivalents (securities)	FVPL	3,101	3,101	FVPL	3,080	3,080
Derivatives held for hedging purposes (receivables from concession arrangements)	Derivatives	-21,747	-21,747	Derivatives	-28,222	-28,222
Derivatives held for hedging purposes (other financial assets)	Derivatives	0	0	Derivatives	3,219	3,219
Derivatives other (other financial assets)	FVPL	1,266	1,266	FVPL	1,843	1,843
Liabilities						
Financial liabilities	FLaC	-1,422,207	-1,428,844	FLaC	-1,363,330	-1,367,175
Trade payables	FLaC	-2,826,640		FLaC	-2,615,255	
Other non-current financial liabilities	FLaC	-74,996		FLaC	-78,755	
Other current financial liabilities	FLaC	-367,466		FLaC	-381,808	
Derivatives held for hedging purposes (other financial liabilities)	Derivatives	-32,920	-32,920	Derivatives	-10,740	-10,740
Derivatives other (other financial liabilities)	FVPL	-1,199	-1,199	FVPL	-253	-253
	Measurement categories according to IFRS 9			**Measurement categories according to IFRS 9**		
	AC	5,210,660		AC	5,236,228	
	FVPL	62,945	62,945	FVPL	70,654	70,654
	FLaC	-4,691,309	-1,428,844	FLaC	-4,439,148	-1,367,175
	Derivatives	-54,667	-54,667	Derivatives	-35,743	-35,743
	Total	**527,629**	**-1,420,566**	**Total**	**831,991**	**-1,332,264**

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 amounts 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 lease liabilities 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€ 407,994 (2018: T€ 515,295) and as a Level 2 measurement at T€ 1,020,850 (2018: T€ 851,880).

T€ 845 (2018: T€ 1,485) of cash and cash equivalents, T€ 2,672 (2018: T€ 2,672) of securities and T€ 1,755 (2018: T€ 1,758) of other financial instruments were pledged as collateral for liabilities.

The non-recourse liabilities related to concession projects (AKA and Pansuevia) are hedged using the income from concession arrangements.

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

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

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

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

STRABAG records reclassifications between different levels of the FV hierarchy at the end of the reporting period in which the change occurs.

The **fair values as at 31 December 2019** for financial instruments measured at fair value in the balance sheet were determined as follows:

T€	Level 1	Level 2	Level 3	Total
Assets				
Investments below 20 % (other investments)			32,540	32,540
Securities	27,237			27,237
Cash and cash equivalents (securities)	3,101			3,101
Derivatives held for hedging purposes		-21,747		-21,747
Derivatives other		1,266		1,266
Total	**30,338**	**-20,481**	**32,540**	**42,397**
Liabilities				
Derivatives held for hedging purposes		-32,920		-32,920
Derivatives other		-1,199		-1,199
Total		**-34,119**		**-34,119**

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

T€	Level 1	Level 2	Level 3	Total
Assets				
Investments below 20 % (other investments)			40,660	40,660
Securities	25,324			25,324
Cash and cash equivalents (securities)	3,080			3,080
Derivatives held for hedging purposes		-25,003		-25,003
Derivatives other		1,843		1,843
Total	**28,404**	**-23,160**	**40,660**	**45,904**
Liabilities				
Derivatives held for hedging purposes		-10,740		-10,740
Derivatives other		-253		-253
Total		**-10,993**		**-10,993**

During the financial years 2019 and 2018 , 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 2019.

Financial instruments in Level 2

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

Financial instruments in Level 3

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

T€	2019
Carrying amount as at 1.1.	**40,660**
Currency translation	201
Additions	172
Disposals	-8,732
Changes in fair value	239
Carrying amount as at 31.12.	**32,540**

Due to the broad diversification of the investments, no major fluctuations in value are expected in the future.

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

T€	31.12.2019			31.12.2018		
Bank	**Assets**	**Liabilities**	**Total**	**Assets**	**Liabilities**	**Total**
Deutsche Bank AG	0	-14,115	**-14,115**	0	-7,894	**-7,894**
KfW IPEX-Bank	0	-4,252	**-4,252**	582	0	**582**
Norddeutsche Landesbank	0	-4,426	**-4,426**	914	0	**914**
Republic of Hungary	-21,747	0	**-21,747**	-28,222	0	**-28,222**
SEB AG	0	-5,693	**-5,693**	979	-2,887	**-1,908**
Société Générale	0	-4,434	**-4,434**	743	0	**743**
Total derivatives held for hedging purposes	**-21,747**	**-32,920**	**-54,667**	**-25,004**	**-10,781**	**-35,785**
Bayerische Landesbank	27	0	**27**	195	-38	**157**
Commerzbank AG	0	0	**0**	0	-26	**-26**
Crédit Agricole Corp. & Investment	0	-267	**-267**	206	-31	**175**
Deutsche Bank AG	0	0	**0**	0	0	**0**
Erste Group Bank AG	0	-32	**-32**	42	-17	**25**
ING Bank N.V.	84	0	**84**	30	-30	**0**
Landesbank Baden-Württemberg	408	-900	**-492**	835	-68	**767**
Raiffeisenbank International AG	44	0	**44**	116	0	**116**
SEB AG	379	0	**379**	135	0	**135**
UniCredit Bank Austria AG	324	0	**324**	284	-1	**283**
Total other derivatives	**1,266**	**-1,199**	**67**	**1,843**	**-211**	**1,632**
Total	**-20,481**	**-34,119**	**-54,600**	**-23,161**	**-10,992**	**-34,153**

No hedge accounting is used for other derivatives, but they are part of the economic hedging relationships.

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

	2019				2018			
T€	**AC**	**FVPL**	**FLaC**	**Derivatives**	**AC**	**FVPL**	**FLaC**	**Derivatives**
Interest	21,150	0	-34,138	0	18,141	0	-40,707	0
Interest from concession projects	63,274	0	-22,548	-6,193	73,118	0	-15,964	-6,131
Result from securities	0	-803	0	0	0	-474	0	0
Impairment losses and reversal of impairment losses	-9,169	0	0	0	-23,425	0	0	0
Disposal profits/losses	0	1,863	0	0	0	11	0	0
Gains from derecognition of liabilities and payments of written-off receivables	831	0	10,054	0	47	0	9,484	0
Net income recognised in profit or loss	**76,086**	**1,060**	**-46,632**	**-6,193**	**67,881**	**-463**	**-47,187**	**-6,131**
Value changes recognised directly in equity	0	0	0	-12,688	0	0	0	-1,534
Net income	**76,086**	**1,060**	**-46,632**	**-18,881**	**67,881**	**-463**	**-47,187**	**-7,665**

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 and profits or losses from the disposal of financial assets without other investments and securities, as well as financial liabilities are carried in other income or other expenses.

Impairment losses, reversal of impairment losses and profits or losses from the disposal of other investments are carried in net income from investments. Impairment losses, reversal of impairment losses and profits or losses from the disposal of securities are carried in net interest income.

Principles of risk management

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

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

The group sees concentrations of risk with regard to interest rate risk, currency risk and credit risk as low because customers are located in different countries, belong to different industries and operate in largely independent markets.

The group's business activities are subject to market price risks that are customary in the industry. These risks are not hedged through derivatives or financial instruments but through other hedging activities including but not limited to contractual agreements.

Further explanations on risk management and financial instruments can be found in the group management report from 31 December 2019.

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€ 400,000.

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

Bank deposits

Currency	Carrying amount 31.12.2019 T€	Weighted average interest rate 2019 %
EUR	1,625,584	0.03
PLN	240,694	1.20
HUF	56,051	0.01
CZK	172,962	0.66
Other	361,150	0.47
Total	**2,456,441**	**0.25**

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

Bank borrowings

Currency	Carrying amount 31.12.2019 T€	Weighted average interest rate 2019 %
EUR	721,880	1.14
Other	8	9.55
Total	**721,888**	**1.14**

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

Had the interest rate level at 31 December 2019 been higher by 100 basis points, then the EBT would have been higher by T€ 18,794 (2018: T€ 19,425) and the equity at 31 December 2019 would have been higher by T€ 57,323 (2018: T€ 61,022). Had the interest rate level been lower by 100 basis points, this would have meant a correspondingly lower equity and EBT. The calculation is made based on the level of interest-bearing financial assets and liabilities as at 31 December. Tax effects from interest rate changes were not considered.

Currency risk

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

The internal financing of companies within the group using different functional currencies resulted in an earnings-relevant currency risk. To limit this risk derivative financial instruments are transacted. The market values of these hedging transactions in the amount of T€ 67 (2018: T€ 1,138) are recognised in profit or loss in the income statement. The hedging transactions are reported under other financial assets or other financial liabilities.

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

Currency	Exchange rate 31.12.2019: 1 € =	Average rate 2019: 1 € =	Exchange rate 31.12.2018: 1 € =	Average rate 2018: 1 € =
HUF	330.5300	325.7517	320.9800	319.9725
CZK	25.4080	25.6588	25.7240	25.6784
PLN	4.2568	4.2990	4.3014	4.2684
CHF	1.0854	1.1111	1.1269	1.1516
CLP	843.6127	792.4677	794.3524	758.3645
USD	1.1234	1.1195	1.1450	1.1793

The following table shows the hypothetical changes in EBT and equity if the euro in the year **2019** 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	545	2,545	-545	-2,545
HUF	-12,250	5,903	12,250	-5,903
CHF	-3,985	-9,513	3,985	9,513
CZK	3,474	12,974	-3,474	-12,974
CLP	0	2,670	0	-2,670
USD	15,926	15,926	-15,926	-15,926
Other	-19,704	-19,704	19,704	19,704

The following table shows the hypothetical changes in EBT and equity if the euro in the year **2018** had been revalued or devalued by 10 % in relation to another currency:

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

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.

Cash flow hedges

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

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

The group designates exclusively the spot element of foreign exchange forwards and swaps to hedge its currency risk and applies a hedge ratio of 1:1 or 100 %. The spot element corresponds to that part of the fair value that is determined exclusively on the basis of the spot exchange rate. The interest element (forward element), on the other hand, is determined from the difference between the total fair value and the cash element. The forward element is excluded from designation and recognised as cost of hedging. The critical conditions of the foreign exchange forward or swap correspond to the hedged item.

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

The group determines the existence of an economic relationship between the hedging instrument and the hedged item, for the purpose of assessing the effectiveness of the hedge, based on the interest rates benchmarks, terms, repricing dates and maturities of the nominal amounts.

The amounts of the hedged items as at 31 December 2019 are as follows:

T€ **Hedged item**	**Value changes in the basis for effectiveness measurement**	**Hedging reserves**	**Cost-of-hedging reserves**
Exchange risk			
USD sale	15,241	-16,018	321
Interest rate risk			
Interest AKA	-2,104	-33,158	0
Interest PANSUEVIA	23,321	-25,612	0
Total	**36,458**	**-74,788**	**321**

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

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

The hedging instruments as at 31 December 2019 were comprised as follows:

T€ Hedge	Nominal value	Carrying amount	Balance sheet item where the hedge is presented	OCI change in value of the hedge	Cost of hedging recognised in OCI	Recycling amount from hedging reserves	Recycling amount from cost-of-hedging reserves	P&L item where the recycling value is recognised
Exchange risk								
USD sale	173,580	-15,697	other financial liabilities	-15,241	278	9,824	-29	revenue
Interest rate risk								
Interest rate swap AKA	281,120	-21,747	receivables from concession arrangements	2,104	0	10,134	0	other operating expenses
Interest rate swaps PANSUEVIA	257,875	-17,223	other financial liabilities	-23,321	0	3,310	0	other operating expenses
Interest rate swap A-WAY	0	0	other financial liabilities	0	0	253	0	interest expense
Total	**712,575**	**-54,667**		**-36,458**	**278**	**23,521**	**-29**	

Possible sources of ineffectiveness in these hedging relationships include:

- the effect of counterparty and own credit risk on the fair value of derivatives not reflected in the change in the fair value of the hedged cash flows attributable to interest rates changes
- differences in the repricing dates of the hedging instrument and the underlying transactions
- changes in the expected value of the cash flows from the underlying transaction being hedged and from the hedging instrument

In the 2019 financial year, no amounts from value changes resulting from ineffectiveness were recognised in the income statement.

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

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

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

On 31 December 2019, the group held the following instruments for the purpose of hedging exchange rate and interest rate fluctuation:

		Maturity	
T€	**1–6 months**	**6–12 months**	**> 1 year**
Foreign exchange forward			
Nominal amount in TUSD	81,000	84,000	30,000
Average USD-CLP forward rate	665.88	694.09	689.40
Interest rate swap			
Nominal amount in TEUR	32,951	32,408	473,636
Average fixed interest rate (%)	2.64	2.61	1.79

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

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

The reconciliation of the equity components as at 31 December 2019 is as follows:

T€	**Hedging reserves**	**Cost-of-hedging reserves**
As at 1.1.	**-76,148**	**72**
Fair value changes		
Currency risk	-15,241	278
Interest rate risk	-21,217	0
Recycling		
Currency risk	9,824	-29
Interest rate risk	13,697	0
Deferred taxes		
Currency risk	1,347	-87
Interest rate risk	5,004	0
Change in hedging reserves from equity-accounted investments	-4,349	0
As at 31.12.	**-87,083**	**234**

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

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

Credit risk

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

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

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

The risk of default for other 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.

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

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

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

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

The risk provision as at 31 December 2019 for trade receivables and for contract assets developed as follows during the financial year:

T€	**Trade receivables**	**Contract assets**
Gross carrying amount as at 31.12.2019	**1,717,616**	**1,359,922**
Lifetime ECL as at 1.1.	**6,897**	**5,268**
Exchange differences/change in scope of consolidation	-15	-18
Change due to ECL proprietary projects	0	-136
Change due to volume change	-1,265	334
Change due to rating change	-870	-423
Lifetime ECL as at 31.12.	**4,747**	**5,025**
Impairment as at 1.1.	**106,920**	**0**
Exchange differences/change in scope of consolidation	159	0
Allocation/utilisation	3,894	0
Impairment as at 31.12.	**110,973**	**0**
Net carrying amount as at 31.12.2019	**1,601,896**	**1,354,897**

In addition, expected credit losses on other financial assets amounting to T€ 3,373 (2018: T€ 5,330) exist as at 31 December 2019.

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

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

The following overview summarises by risk class the gross carrying amounts of the financial assets for the 2019 financial year for which the expected credit losses were recognised over the entire remaining life:

T€	Trade receivables	Contract assets
Low risk	1,599,946	1,247,824
Medium risk	84,726	72,345
High risk	32,944	39,753
Gross carrying amount as at 31.12.2019	**1,717,616**	**1,359,922**

The following overview summarises by risk class the gross carrying amounts of the financial assets for the 2018 financial year, for which the expected credit losses were recognised over the entire remaining life:

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

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

In addition, financial guarantees in the amount of T€ 14,481 (2018: T€ 62,145) are issued (low risk). Theoretically these guarantees can be used at any time, leading to a short-term outflow of liquidity.

Liquidity risk

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

To guarantee financial flexibility, liquidity reserves are kept in the form of cash and credit lines for cash and aval loans. The STRABAG SE Group keeps bilateral credit lines with banks and syndicated cash and aval credit lines in the amount of € 0.4 billion (2018: € 0.4 billion) respectively € 2.0 billion (2018: € 2.0 billion). The overall line for cash and aval loan amounts to € 7.9 billion (2018: € 7.8 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 also been covered by the issue of corporate bonds. In the years 2012 and 2013, STRABAG issued bonds of € 100 million and € 200 million, respectively, with a term to maturity of seven years each. The most recent was a € 200 million seven-year bond floated in 2015. In the 2019 financial year, the € 100 million bond issued in 2012 was repaid in full. As per 31 December 2019, STRABAG SE had two bonds with a total volume of € 400 million on the market.

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

Payment obligations as at 31 December 2019

T€	Carrying amount 31.12.2019	Cash flows 2020	Cash flows 2021–2024	Cash flows after 2024
Bonds	400,000	209,250	203,250	0
Bank borrowings	721,888	118,131	310,601	374,663
Lease liabilities	300,319	56,942	192,111	178,481
Financial liabilities	**1,422,207**	**384,323**	**705,962**	**553,144**

Payment obligations as at 31 December 2018

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

The trade payables and the other liabilities without derivatives essentially lead to cash outflows in line with the maturity at the amount of the carrying amounts. For financial guarantees see page 72. The payment obligations from leasing liabilities amount to T€ 56,450 for 2021, T€ 48,417 for 2022, T€ 45,409 for 2023 and T€ 41,835 for 2024.

Segment report

(33) SEGMENT REPORTING

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

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

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

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

The segment International + Special Divisions includes the international construction activities, 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 2019

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output volume	**8,106,935**	**4,915,786**	**3,450,573**	**144,678**		**16,617,972**
Revenue	**7,555,751**	**4,879,498**	**3,216,674**	**16,651**	**0**	**15,668,574**
Inter-segment revenue	158,387	94,484	309,404	912,966		
EBIT	**310,205**	**121,967**	**183,968**	**869**	**-14,428**	**602,581**
thereof share of profit or loss of equity-accounted investments	18,588	7,559	-47,719	93	0	-21,479
Interest and similar income	0	0	0	30,973	0	30,973
Interest expense and similar charges	0	0	0	-56,315	0	-56,315
EBT	**310,205**	**121,967**	**183,968**	**-24,473**	**-14,428**	**577,239**
Investments in property, plant and equipment, and in intangible assets	0	0	0	689,244	0	689,244
Reversal of impairment losses, depreciation and amortisation	0	0	2,024	508,690	0	510,714
thereof extraordinary reversal of impairment losses, depreciation and amortisation	0	0	2,024	18,133	0	20,157

Segment reporting for the financial year 2018

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

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 and 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€	2019	2018
Net income from investments	-12,934	2,463
Non-operating step-up profit	0	55,314
Other consolidations	-1,494	-2,537
Total	**-14,428**	**55,240**

Breakdown of revenue by geographic region

T€	2019	2018
Germany[1]	7,517,553	7,592,651
Austria[1]	2,800,751	2,658,357
Rest of Europe[1]	4,587,779	4,194,381
Rest of world[1]	762,491	776,443
Revenue	**15,668,574**	**15,221,832**

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

Other notes

(34) NOTES ON RELATED PARTIES

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

Arm's-length finance and insurance transactions exist with the Raiffeisen Holding NÖ-Wien Group and the UNIQA Group. The payables on 31 December 2019 to Raiffeisen Group relating to financing and current accounts amounted to T€ 32,980 (2018: T€ 37,817). The interest expense in the 2019 financial year amounted to T€ 3,911 (2018: T€ 2,936).

Premiums for insurance contracts with the UNIQA Group were recognised as an expense in the amount of T€ 774 (2018: T€ 763).

Haselsteiner Group

The Haselsteiner Group holds 5.1% of Strabag Real Estate GmbH, Cologne, a 5.1% share in five real estate companies of the Züblin subgroup and 5.1% of Züblin Projektentwicklung GmbH. The income from real estate companies attributable to the Haselsteiner Group is included in net interest income at T€ 93. For the remaining companies, the amount recognised in income attributable to non-controlling interests in 2019 amounts to T€ 1,513 (2018: T€ 932). In the 2019 financial year, the dividends from the above-mentioned companies amounted to T€ 110 (2018: T€ 127).

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

T€	2019	2018
Work and services performed	35,954	19,328
Work and services received	5,711	5,307
Receivables as at 31.12.	19,953	9,647
Liabilities as at 31.12.	1,209	37

1 To clarify the comparability, the comparison period was adjusted.

Basic Element

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

In the 2019 financial year, as in the previous year, there were no business relations with the companies of the Basic Element Group.

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

To avoid such serious consequences, no dividends have been paid to Rasperia starting with the 2018 financial year. Dividends payable to Rasperia, less capital gains tax, in the amount of T€ 53,722 (previous year: T€ 26,861) are recognised as other current financial liabilities.

IDAG

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

STRABAG's headquarters in Vienna and office buildings in Graz are held in the real estate portfolio of subsidiaries of IDAG Immobilienbeteiligung u. -Development GmbH. The buildings are let to the STRABAG Group at the usual market conditions. Rental costs arising from both buildings in the 2019 financial year amounted to T€ 8,451 (2018: T€ 8,340). Under IFRS 16, these leases are recognised as right-of-use assets and lease liabilities. The consolidated financial statements as of 31 December 2019 show right-of-use assets of T€ 73,049 and lease liabilities of T€ 44,816. The lease liabilities are presented less the rental deposits of T€ 28,929. Other services in the amount of T€ 88 (2018: T€ 312) were obtained from the IDAG Group.

Furthermore, revenues of T€ 1,116 (2018: T€ 1,014) were made with IDAG Immobilienbeteiligung u. -Development GmbH in the 2019 financial year. At the balance sheet date of 31 December 2019, the STRABAG Group had receivables from rental deposits amounting to T€ 0 (2018: T€ 28,209) from IDAG Immobilienbeteiligung u. -Development GmbH.

Investments in equity-accounted investments

Lafarge Cement CE Holding GmbH bundles the cement activities of Lafarge, a market leader in construction materials manufacturing, and STRABAG in the countries of Central Europe. The joint activities aim at maintaining a commensurate cement supply in the group's core countries. In 2019, STRABAG procured cement services worth T€ 23,137 (2018: T€ 27,388) from Lafarge. At the balance sheet date, there were liabilities to Lafarge Cement CE Holding GmbH Group in the amount of T€ 698 (2018: T€ 1,003).

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

T€	2019	2018
Work and services performed	231,641	113,803
Work and services received	68,670	46,216
Receivables as at 31.12.	45,202	14,764
Liabilities as at 31.12.	17,249	16,661
Financing receivables as at 31.12.	78,365	92,067

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

Concerning business transactions with the Management Board members and employees of the first management level (management in key positions) and with their family members and companies which are controlled by the management in key positions or decisively influenced by them in the year under report, services worth T€ 386 (2018: T€ 299) were provided and services worth T€ 56 (2018: T€ 176) were procured. At the balance sheet dates, there were receivables in the amount of T€ 3 (2018: T€ 73) and liabilities in the amount of T€ 0 (2018: T€ 17) out of these business relations.

The total remuneration including any severance and pension payments, as well as other long-term payments for employees of the first management level amounted to T€ 20,378 (2018: T€ 19,573) in the year under report. Of this amount, T€ 20,185 (2018: T€ 19,398) is attributable to the current remuneration and T€ 193 (2018: T€ 175) to severance and pension payments.

(35) NOTES ON THE MANAGEMENT AND SUPERVISORY BOARDS

Management Board

Dr. Thomas Birtel (CEO)
Mag. Christian Harder
Klemens Haselsteiner (since 1 January 2020)
Dipl.-Ing. Dr. Peter Krammer
Dipl.-Ing. Siegfried Wanker
Dipl.-Ing. (FH) Alfred Watzl

Supervisory Board

Dr. Alfred Gusenbauer (Chairman)
Mag. Erwin Hameseder (Vice Chairman)
Dr. Andreas Brandstetter
Thomas Bull
Mag. Kerstin Gelbmann
Dr. Oleg G. Kotkov

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

The total salaries of the Management Board members in the financial year amount to T€ 8,269 (2018: T€ 7,163). The severance payments for Management Board members amount to T€ 118 (2018: T€ 149).

The remunerations for the Supervisory Board members in 2019 amounted to T€ 162 (2018: T€ 162). Neither the Management Board members nor the Supervisory Board members of STRABAG SE received advances or loans.

(36) EXPENSES FOR THE AUDITOR

The expenses for the auditor, KPMG Austria GmbH, incurred in the financial year amount to T€ 1,360 (2018: T€ 1,279) of which T€ 1,282 (2018: T€ 1,250) were for the audit of the consolidated financial statements (including the audit of separate financial statements of group companies) and T€ 78 (2018: T€ 29) for other services.

(37) EVENTS AFTER THE BALANCE SHEET DATE

Like all industries, the STRABAG Group has also been impacted by the COVID-19 coronavirus disease, which on 11 March 2020 was declared a pandemic by the World Health Organisation. Especially those European countries in which the STRABAG Group generates most of its operating revenue have been particularly hard hit by COVID-19 and the associated government directives to prevent and contain its spread.

Every country has introduced its own measures to prevent the spread of COVID-19. These measures have included lockdowns and stay-at-home orders resulting in a restricted movement of goods, services and people between the European countries.

The restrictions have had a negative impact on the business operations of STRABAG SE, particularly on construction activity. Construction processes must be adapted and special protective measures implemented while dealing with the limited availability of (human and material) resources. This always involves a change in the intensity of the work performed.

The impact has differed greatly from country to country. In March 2020, for example, regular construction operations were suspended in the home market of Austria for around ten days before being gradually ramped up again. Approximately 1,000 construction sites were affected by this measure. In addition, all construction work was ordered halted in countries such as Italy and Belgium, which are of minor importance for the STRABAG Group in terms of size.

Risks resulting from disruptions in the STRABAG Group's supply chain can be partially cushioned by its high level of value added in raw materials. The existing inventory of construction equipment, machinery and other vehicles benefit the group in this regard as well. Precautions are also being taken as part of the business continuity management to ensure that business activity is maintained to the full extent as much as possible in the event of disruptions.

As the directives issued in the first quarter of 2020 and the associated impact on the business operations proved to be quite different in the individual countries, across-the-board measures within the group made little sense. Action must be taken on a country-by-country basis. The Management Board of STRABAG SE has therefore been working together with the local management, the occupational safety specialists and the specialists from the service companies to continuously evaluate the risks in the individual group countries. This ensures that necessary decisions are made quickly and implemented effectively.

In all decisions made in connection with COVID-19, however, the Management Board must also always take into account its responsibility towards its employees. As a result of the mostly small, decentralised structures compared to other industries, the construction sector has a lower risk of simultaneous infection or quarantine of a critical part of the staff; nevertheless, the risk of infection must be further reduced with suitable measures such as avoiding in-person events, providing the workforce with hygiene information and supplies or enabling remote working where possible. It should be noted, however, that the number of known infected and quarantined persons among the workforce at the beginning of April 2020 remained relatively low and that the number of acute cases has been quite stable.

It is difficult to estimate how long the restrictions will last. As the situation is unlikely to return to normal in the short term, however, negative consequences are to be expected for the 2020 financial year. Due to the numerous uncertainties, it is not yet possible to determine the exact impact on output, revenue and earnings and on the targeted EBIT margin of STRABAG SE. As of early April 2020, it was not yet clear to what extent the negative impact from the suspension of construction activity and productivity losses due to restricted site operations can be offset by any subsequent positive effects in the 2020 financial year.

(38) DATE OF AUTHORISATION FOR ISSUE

In Austrian companies organised as corporations limited by shares, the consolidated financial statements prepared by the Management Board are approved by the Supervisory Board. The STRABAG SE Supervisory Board meeting for the approval of the consolidated financial statements for the year ended 31 December 2019 will take place on 23 April 2020.

Villach, 8 April 2020
The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Staff Divisions and Central Divisions
BMTI, TPA as well as CML Construction Services

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

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

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

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

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

List of subsidiaries, equity-accounted investments and investee companies as at 31.12.2019

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

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

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

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

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

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

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

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

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

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

Company	Residence	Direct stake %
ZÜBLIN Timber Gaildorf GmbH	Gaildorf	100.00[1]
ZÜBLIN Timber GmbH	Aichach	100.00[1]
Züblin Umwelttechnik GmbH	Stuttgart	100.00[1]

Equity accounted associate

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

Equity accounted joint venture

A2 ROUTE Sp. z o.o.	Pruszkow	50.00
AMB Asphaltmischwerke Bodensee GmbH & Co KG	Singen (Hohentwiel)	50.00
AMH Asphaltmischwerk Hauneck GmbH & Co. KG	Hauneck	50.00
Autocesta Zagreb-Macelj d.o.o.	Zagreb	50.00[2]
FLARE Living GmbH & Co. KG	Cologne	50.00
Kieswerk Rheinbach GmbH & Co. KG	Rheinbach	50.00
Kieswerke Schray GmbH & Co. KG	Steißlingen	50.00
Leopold Ungar Platz 3 GmbH	Vienna	50.00[2]
Messe City Köln GmbH & Co. KG	Hamburg	50.00
MesseCity Köln Generalübernehmer GmbH & Co. KG	Oststeinbek	50.00
NWM Nordwestdeutsche Mischwerke GmbH & Co. KG	Großenkneten	50.00
PANSUEVIA Service GmbH & Co. KG	Jettingen-Scheppach	50.00
Silenos Energy Geothermie Garching a.d. Alz GmbH & Co. KG	Augsburg	50.00
SQUARE Two GmbH & Co KG	Vienna	50.00[2]
Steinbruch Spittergrund GmbH	Erfurt	50.00
Thüringer Straßenwartungs- und Instandhaltungsgesellschaft mbH & Co. KG	Apfelstädt	50.00

Subsidiaries not consolidated

"BITUNOVA" S.R.L.	Chisinau	100.00
"DOMIZIL" Bauträger GmbH	Vienna	100.00
"Granite Mining Industries" Sp. z o.o.	Breslau	100.00
"IWL Pernik" EOOD	Pernik	100.00
"Mineral 2000" EOOD	Sofia	100.00
"RE PROJECT DEVELOPMENT" Sp. z o.o.	Warsaw	100.00
"Strabag Azerbaijan" L.L.C.	Baku	100.00
9. Züblin Vorrats GmbH	Stuttgart	100.00
A 1 Lohne-Bramsche GmbH & Co. KG	Cologne	100.00
A 49 Autobahn Verwaltungs GmbH	Bad Hersfeld	100.00
A 49 Autobahngesellschaft mbH & Co. KG	Bad Hersfeld	100.00
A.S.T. Bauschuttverwertung GmbH	Klagenfurt	66.67
A.S.T. Bauschuttverwertung GmbH & Co KG	Klagenfurt	66.67
Al-Hani General Construction Inc.	Tripolis	60.00
AMH Asphaltmischwerk Hellweg GmbH i.L.	Erwitte	50.50

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

Company	Residence	Direct stake %
A-Modell Lohne-Bramsche Verwaltungsgesellschaft mbH	Cologne	100.00
A-Modell Ulm-Augsburg Verwaltungsgesellschaft mbH	Jettingen-Scheppach	100.00
AMW Westsachsen Verwaltung GmbH	Cologne	100.00
Arriba GmbH	Stuttgart	100.00
Asesorías de Ingenería y Construcciones Ltda.	Santiago	100.00
Asfalt Slaski Wprinz Sp. z o.o.	Warsaw	100.00
Asphaltmischwerk Rieder Vomperbach GmbH	Zirl	60.00
Asphaltmischwerk Rieder Vomperbach GmbH & Co KG	Zirl	60.00
Asphaltmischwerk Roppen GmbH	Roppen	70.00
Asphaltmischwerk Roppen GmbH & Co KG	Roppen	70.00
Asphaltmischwerk Westsachsen GmbH & Co. KG	Oberwiera	100.00
Asphaltmischwerk Zeltweg Gesellschaft m.b.H.	Steyr	100.00
AUSTRIA ASPHALT GmbH	Spittal an der Drau	100.00
A-WAY Zrt.	Újhartyán	100.00
AWB Asphaltmischwerk Büttelborn GmbH & Co. KG	Büttelborn	100.00
AWB Asphaltmischwerk Büttelborn Verwaltungs-GmbH	Büttelborn	100.00
B + R Baustoff-Handel und -Recycling Köln GmbH	Cologne	100.00
Baugesellschaft "Negrelli" Ges.m.b.H.	Vienna	100.00
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 Kft.	Budapest	100.00
BHG COMERCIALIZARE BITUM SRL	Bucharest	100.00
BHG SK s.r.o.	Bratislava	100.00
BHV GmbH Brennstoffe - Handel - Veredelung i.L.	Lünen	100.00
Bitumen Handelsgesellschaft m.b.H.	Vienna	100.00
BITUNOVA UKRAINA TOW	Brovary	60.00
BPM Bau Prozess Management GmbH in Liqu.	Vienna	100.00
BrennerWasser GmbH	Vienna	100.00
BRVZ-Contabilidade, Organizacao,Representacao e Administracao de Empresas,S.U.,Lda	Lisbon	100.00
BSB Betonexpress Verwaltungsges.mbH	Berlin	100.00
BSS Tunnel- & Montanbau GmbH i.L.	Bern	100.00
BVHS Betrieb und Verwaltung von Hotel- und Sportanlagen GmbH	Berlin	100.00
Center Systems Deutschland GmbH	Berlin	100.00
CENTRUM BUCHAREST DEVELOPMENT SRL	Bucharest	100.00
CML CONSTRUCTION SERVICE S.R.L.	Bologna	100.00
CML Construction Services	Antwerpen	100.00
CML Construction Services AB	Stockholm	100.00
CML CONSTRUCTION SERVICES d.o.o.	Zagreb	100.00
CML Construction Services d.o.o. Beograd	Belgrad	100.00
CML Construction Services GmbH	Vienna	100.00
CML Construction Services GmbH	Schlieren	100.00
CML CONSTRUCTION SERVICES s. r. o.	Bratislava	100.00
CML CONSTRUCTION SERVICES s.r.o.	Prague	100.00
CML CONSTRUCTION SERVICES Sp. z o.o.	Pruszkow	100.00
CML CONSTRUCTION SERVICES SRL	Bucharest	100.00
CML Construction Services Zrt.	Budapest	100.00
CML OOO	Moscow	100.00
Coldmix B.V.	Roermond	100.00
Constrovia Construcao Civil e Obras Publicas Lda.	Lisbon	95.00
Cottbuser Frischbeton GmbH	Wiesengrund	100.00
Demirtürk Uluslararasi Insaat, Ithalat, Ihracat ve Ticaret Sirketi	Istanbul	100.00
Diófa Apartments Kft.	Budapest	100.00
DRUMCO SA	Timisoara	70.00
DYWIDAG ROMANIA SRL	Bucharest	100.00
DYWIDAG Schlüsselfertig und Ingenieurbau GmbH	Munich	100.00

Company	Residence	Direct stake %
DYWIDAG-Service-GmbH Gebäude- und Anlagenmanagement	Bad Hersfeld	100.00
E.S.T.M. KFT	Budapest	100.00
EBERHARDT Baugesellschaft mbH Deutschland	Berlin	100.00
ECS European Construction Services GmbH i.L.	Mörfelden-Walldorf	100.00
EFKON ASIA SDN. BHD.	Kuala Lumpur	100.00
EFKON Belgium BVBA	Antwerpen	100.00
EFKON IRELAND LIMITED	Dublin	100.00
EFKON USA, INC.	Dallas	100.00
Eichholz Eivel GmbH	Berlin	100.00
Eraproject Immobilien-, Projektentwicklung und Beteiligungsverwaltung GmbH	Berlin	100.00
Erlaaer Straße Liegenschaftsverwertungs-GmbH	Vienna	100.00
ERMATEC Maschinen Technische Anlagen Gesellschaft m.b.H. in Liqu.	Vienna	100.00
Erste Nordsee-Offshore-Holding GmbH	Vienna	51.00
Eslarngasse 16 GmbH	Vienna	100.00
EURO SERVICES Catering & Cleaning GmbH	Mörfelden-Walldorf	100.00
EUROTEC ANGOLA, LDA	Luanda	100.00
F 101 Verwaltungs GmbH	Cologne	100.00
Fachmarktzentrum Kielce Projekt GmbH	Berlin	100.00
Facility Management Holding RF GmbH	Vienna	100.00
Fanny von Lehnert Straße 4 Komplementär GmbH	Vienna	100.00
Fanny von Lehnert Straße 4 Projektentwicklung GmbH & Co KG	Vienna	100.00
FLOWER CITY SRL	Bucharest	100.00
Forum Mittelrhein Beteiligungsgesellschaft mbH	Hamburg	51.00
Forum Mittelrhein Koblenz Generalübernehmergesellschaft mbH & Co.KG	Oststeinbek	51.00
Forum Mittelrhein Koblenz Kultur GmbH & Co. KG	Hamburg	51.00
Freo Projektentwicklung Berlin GmbH i.L.	Berlin	50.10
Frisspumpa Kft.	Budapest	100.00
Fürstenallee 21 GmbH in Liqu.	Vienna	100.00
FUSSENEGGER Hochbau und Holzindustrie GmbH	Dornbirn	100.00
GTE-Gebäude-Technik-Energie-Betriebs- und Verwaltungsgesellschaft m.b.H.	Vienna	61.00
GTE-Gebäude-Technik-Energie-Betriebs- und Verwaltungsgesellschaft m.b.H. & Co. KG	Vienna	62.00
Hillerstraße - Jungstraße GmbH	Vienna	100.00
HMC Autópálya Kft.	Budapest	100.00
Hotel AVION Management s.r.o.	Bratislava	100.00
Hotel AVION s.r.o.	Bratislava	100.00
Hotel Na Belidle s.r.o.	Prague	100.00
Hotelprojekt am Tabor GmbH & Co KG	Vienna	100.00
Hrusecka obalovna, s.r.o.	Hrusky	80.00
IBV - Immobilien Besitz- und Verwaltungsgesellschaft mbH Werder i. L.	Cologne	99.00
iCOR INTELLIGENT CORROSION CONTROL GmbH	Mönchengladbach	100.00
Intolligent Toll Road Management Pvt. Ltd.	Mumbai	100.00
I-PAY CLEARING SERVICES Pvt. Ltd.	Mumbai	100.00
IQ Plan Beteiligung GmbH	Oststeinbek	75.00
IQ Plan GmbH & Co. KG	Hamburg	75.00
ITC Engineering GmbH & Co. KG	Stuttgart	100.00
ITC Engineering Verwaltungs GmbH	Stuttgart	100.00
IVERUS ENTERPRISES LTD	Limassol	100.00
JBA GmbH	Cologne	50.10
JV HEILIT Umwelttechnik-BioPlanta S.R.L.	Orhei	100.00
KAB Straßensanierung GmbH	Spittal an der Drau	50.60
KFX Holding Kft.	Budapest	100.00
Kieswerk Diersheim GmbH	Rheinau/Baden	60.00
Kieswerk Ohr GmbH	Cologne	100.00
Kirchner Baugesellschaft m.b.H.	Spittal an der Drau	100.00
Kirchner PPP Service GmbH	Bad Hersfeld	100.00
KIRCHNER ROMANIA SRL	Bucharest	100.00
KRAMARE s.r.o. v likvidacii	Bratislava	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
Ludwig Voss GmbH	Cuxhaven	100.00
MANIERITA LTD	Limassol	100.00
MAYREN ENTERPRISES LTD	Limassol	100.00
Mazowieckie Asfalty Sp. z o.o.	Pruszkow	100.00
MBO UK d.o.o.	Ljubljana	100.00
Metallica Stahl- und Fassadentechnik GmbH	Stuttgart	100.00
Metallica Stahl- und Fassadentechnik GmbH	Vienna	100.00
MHA Projekt GmbH	Vienna	100.00
Mikrobiologische Abfallbehandlungs GmbH	Schwadorf	51.00
MINERAL RS d.o.o. BEOGRAD	Novi Beograd	100.00
Mischek Leasing eins Gesellschaft m.b.H.	Vienna	100.00
Mister Recrutamento Lda.	Lisbon	100.00
Mobil Baustoffe AG in Liquidation	Erstfeld	100.00
MSO Mischanlagen GmbH Ilz & Co KG	Ilz	52.81
MSO Mischanlagen GmbH Pinkafeld & Co KG	Pinkafeld	52.67
MUST Razvoj projekata d.o.o. u likvidaciji	Zagreb	100.00
NEUE REFORMBAU Gesellschaft m.b.H. in Liqu.	Vienna	100.00
Nimab Anläggning AB	Sjöbo	100.00
Nimab Support AB	Sjöbo	100.00
Northern Energy GAIA I. GmbH	Aurich	100.00
Northern Energy GAIA II. GmbH	Aurich	100.00
Northern Energy GAIA III. GmbH	Aurich	100.00
Northern Energy GAIA IV. GmbH	Aurich	100.00
Northern Energy GAIA V. GmbH	Aurich	100.00
Northern Energy SeaStorm I. GmbH	Aurich	100.00
Northern Energy SeaStorm II. GmbH	Aurich	100.00
Northern Energy SeaWind I. GmbH	Aurich	100.00
Northern Energy SeaWind II. GmbH	Aurich	100.00
Northern Energy SeaWind III GmbH	Aurich	100.00
Northern Energy SeaWind IV. GmbH	Aurich	100.00
Nottendorfer Gasse 13 GmbH	Vienna	100.00
NR Bau- u. Immobilienverwertung GmbH	Berlin	100.00
OAT spol. s r.o.	Bratislava	100.00
OAT,s.r.o.	Prague	100.00
OBIT GmbH	Berlin	100.00
OBZ Oberkärntner Baurestmassenzentrum GmbH	Spittal an der Drau	100.00
ODEN Anläggning Fastighets AB	Stockholm	100.00
ODEN Entreprenad Fastighets AB	Stockholm	100.00
OOO "STROJMONTAZHGRUPP"	Moscow	100.00
Passivhaus Kammelweg Bauträger GmbH	Vienna	100.00
PGA Projekt GmbH	Cologne	100.00
PH Bau Erfurt GmbH	Erfurt	100.00
Poltec Sp. z o.o. i.L.	Wroclaw	100.00
PPP Conrad-von-Ense-Schule GmbH	Bad Hersfeld	100.00
PPP Management GmbH	Cologne	100.00
PPP Schulen Kreis Düren GmbH	Bad Hersfeld	100.00
PPP Schulen Monheim am Rhein GmbH	Bad Hersfeld	100.00
PPP SchulManagement Witten GmbH & Co. KG	Cologne	100.00
PPP SeeCampus Niederlausitz GmbH	Bad Hersfeld	100.00
PRO Liegenschaftsverwaltungs- und Verwertungsgesellschaft m.b.H.	Vienna	100.00
PRZEDSIEBIORSTWO ROBOT DROGOWYCH Sp.z o.o. W LIKWIDACJI	Choszczno	100.00
RBZ Holding Kft.	Budapest	100.00
RE PROJECT DEVELOPMENT SRL	Bucharest	100.00
RE Projekt Development OOO	Moscow	100.00
Reutlinger Asphaltmischwerk Verwaltungs GmbH	Reutlingen	100.00

Company	Residence	Direct stake %
Rezidencie Machnac, s.r.o.	Bratislava	100.00
RGL Rekultivierungsgesellschaft Langentrog mbH	Langenargen	80.00
Rhein-Regio Neuenburg Projektentwicklung GmbH	Neuenburg am Rhein	90.00
ROBA Kieswerk Merseburg GmbH i.L.	Merseburg	100.00
Rößlergasse Bauteil Sechs GmbH	Vienna	100.00
RST Rail Systems and Technologies GmbH	Barleben	82.00
S.U.S. Abflussdienst Gesellschaft m.b.H.	Vienna	100.00
SAN GALLY HOME LTD	Limassol	100.00
SAT REABILITARE RECICLARE SRL	Cluj-Napoca	100.00
SAT SANIRANJE cesta d.o.o.	Zagreb	100.00
SAT SLOVENSKO s.r.o.	Bratislava	100.00
SAT Ukraine	Brovary	100.00
SAT Útjavító Kft.	Budapest	100.00
Schiffmühlenstraße 120 GmbH	Vienna	100.00
Schotter- und Kies-Union GmbH & Co. KG	Leipzig	57.90
Schotter- und Kies-Union Verwaltungsgesellschaft mbH	Leipzig	100.00
SCHOTTERWERK EDLING GESELLSCHAFT M.B.H.	Spittal an der Drau	74.00
SEF Netz-Service GmbH	Munich	100.00
SENSOR Dichtungs-Kontroll-Systeme GmbH	Neustadt in Holstein	100.00
SF-BAU-Grundstücksgesellschaft "ABC-Bogen" mbH	Cologne	100.00
Silenos Energy Verwaltungs GmbH	Cologne	100.00
SILO DREI Komplementärgesellschaft m.b.H.	Vienna	51.00
SILO II Komplementärgesellschaft m.b.H.	Vienna	51.00
SPK - Errichtungs- und Betriebsges.m.b.H.	Spittal an der Drau	100.00
SRE Lux Projekt BN 20	Belvaux	100.00
SRE Zweite Vermögensverwaltung GmbH	Cologne	100.00
STHOI Co., Ltd.	Bangkok	100.00
STR Mély- és Magasépítö Kft	Budapest	100.00
STRABAG (B) Sdn Bhd	Bandar Seri Begawan	100.00
STRABAG A/S	Aarhus	100.00
STRABAG ABU DHABI LLC	Abu Dhabi	100.00
STRABAG Algerie EURL	Algier	100.00
STRABAG Anlagentechnik GmbH	Thalgau	100.00
STRABAG Aszfalt Kft.	Budapest	100.00
STRABAG AUSTRALIA PTY LTD	Brisbane	100.00
STRABAG BahnLogistik GmbH	Gerasdorf bei Wien	100.00
STRABAG Baustoffaufbereitung und Recycling GmbH	Duesseldorf	51.00
STRABAG Bedachungsgesellschaft m.b.H.	Vienna	100.00
STRABAG Beton GmbH & Co. KG	Berlin	100.00
STRABAG BMTI BVBA	Antwerpen	100.00
STRABAG BMTI d.o.o.	Zagreb	100.00
STRABAG BMTI D.O.O. BEOGRAD	Novi Beograd	100.00
STRABAG BMTI Rail Service GmbH	Berlin	100.00
STRABAG BMTI S.R.L.	Bucharest	100.00
STRABAG BMTI s.r.o.	Bratislava	100.00
STRABAG BMTI Verwaltung GmbH	Cologne	100.00
STRABAG BRVZ A/S	Trige	100.00
STRABAG BRVZ BVBA	Antwerpen	100.00
STRABAG BRVZ d.o.o. BEOGRAD	Novi Beograd	100.00
STRABAG BRVZ EOOD	Sofia	100.00
STRABAG BRVZ SRL	Bologna	100.00
STRABAG BRVZ Verwaltung GmbH	Cologne	100.00
STRABAG Construction Co., Ltd.	Bangkok	100.00
STRABAG Corp.	Delaware	100.00
STRABAG Dredging GmbH	Hamburg	100.00
STRABAG DROGI WOJEWODZKIE Sp. z o.o.	Pruszkow	100.00
STRABAG Dubai LLC	Dubai	100.00
STRABAG Energy Technologies GmbH	Vienna	100.00

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

Company	Residence	Direct stake %
Züblin AS	Oslo	100.00
Züblin Australia Pty Ltd	Perth	100.00
Züblin Bulgaria EOOD	Sofia	100.00
Zublin Corporation	Wilmington	100.00
Züblin Engineering Consulting (Shanghai) Co., Ltd.	Shanghai	100.00
ZÜBLIN Haustechnik Mainz GmbH	Mainz	100.00
Züblin Holding (Thailand) Co. Ltd.	Bangkok	79.35
Züblin Hrvatska d.o.o.	Zagreb	100.00
Züblin International Malaysia Sdn. Bhd.	Kuala Lumpur	100.00
Züblin Ireland Limited	Dublin	100.00
Zublin Saudi Arabia LLC	Riyadh	100.00
Zucotec - Sociedade de Construções, Unip., Lda.	Amadora	100.00
Zweite Nordsee-Offshore-Holding GmbH	Vienna	51.00

Investee companies not consolidated

"kabelwerk" bauträger gmbh	Vienna	25.00
"Zentrum Puntigam" Errichtungs- und Betriebsgesellschaft m.b .H. in Liqu.	Vienna	50.00
ABO Asphalt-Bau Oeynhausen GmbH.	Oeynhausen	22.50
AGS Asphaltgesellschaft Stuttgart GmbH & Co.Kommanditgesellschaft	Stuttgart	40.00
AGS Asphaltgesellschaft Stuttgart Verwaltungs-GmbH	Stuttgart	40.00
AL SRAIYA - STRABAG Road & Infrastructure WLL	Doha	49.00
A-Lanes Management Services B.V.	Utrecht	25.00
AMB Asphalt-Mischanlagen Betriebsgesellschaft m.b.H.	Zistersdorf	40.00
AMB Asphalt-Mischanlagen Betriebsgesellschaft m.b.H.& Co.KG	Zistersdorf	40.00
AMG - Asphaltmischwerk Gunskirchen Gesellschaft m.b.H.	Linz	33.33
AMG-Asphaltmischwerk Gunskirchen Gesellschaft m.b.H. & Co.KG	Linz	33.33
AMH Asphaltmischwerk Hauneck Verwaltungs GmbH	Hauneck	50.00
AML - Asphaltmischwerk Limberg Gesellschaft m.b.H. in Liqu.	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
Anton Beirer Hartsteinwerke GmbH & Co KG	Pinswang	50.00
Arena Development	Hasselt	50.00
ASAMER Baustoff Holding Wien GmbH	Vienna	30.93
ASAMER Baustoff Holding Wien GmbH & Co.KG	Vienna	30.93
ASB Transportbeton GmbH & CO.KG	Osterweddingen	50.00
ASF Frästechnik GmbH	Kematen	40.00
ASF Frästechnik GmbH & Co KG	Kematen	40.00
ASG INVEST N.V.	Genk	25.00
Asphaltmischwerk Betriebsgesellschaft m.b.H.	Rauchenwarth	20.00
Asphaltmischwerk Betriebsgesellschaft m.b.H. & Co KG	Rauchenwarth	20.00
Asphaltmischwerk Bodensee Verwaltungs GmbH	Singen (Hohentwiel)	50.00
Asphaltmischwerk Greinsfurth GmbH	Amstetten	33.33
Asphaltmischwerk Greinsfurth GmbH & Co OG	Amstetten	33.33
Asphaltmischwerk Kundl GmbH	Kundl	50.00
Asphaltmischwerk Kundl GmbH & Co KG	Kundl	50.00
ASTRA - BAU Gesellschaft m.b.H. Nfg. OG	Bergheim	50.00
AUT Grundstücksverwaltungsgesellschaft mbH	Stuttgart	40.00
A-WAY LAGAN INFRASTRUCTURE SERVICES LIMITED	Ballyoran, Castlelyons, Co. Cork	50.00
AWM Asphaltwerk Mötschendorf Gesellschaft m.b.H.	Graz	50.00
AWM Asphaltwerk Mötschendorf GmbH & Co.KG	Graz	50.00
BASALT-KÖZÉPKÖ Köbányák Kft	Uzsa	25.14
Bayerische Asphaltmischwerke Gesellschaft mit beschränkter Haftung	Hofolding	48.29
BBO Bauschuttaufbereitung Verwaltungsgesellschaft mbH	Steißlingen	33.33
BBO Bodensee/Hegau Bauschuttaufbereitung GmbH & Co. KG	Steißlingen	22.22
BBO Bodenseekreis Bauschuttaufbereitung GmbH & Co. KG	Steißlingen	25.00

Company	Residence	Direct stake %
Beton Pisek spol. s.r.o.	Pisek	50.00
Betun Cadi SA	Trun	35.00
Brnenska obalovna, s.r.o.	Brno	50.00
BRW Baustoff-Recycling GmbH & Co KG	Wesseling	25.00
BS-Baugeräte-Service GmbH & Co. KG i.L.	Augsburg	25.00
BS-Baugeräte-Service-Verwaltungsgesellschaft mbH i.L.	Augsburg	25.00
C.S.K.K. 2009. Kft.	Budapest	30.00
CAPE 10 Errichtung & Betrieb GmbH	Vienna	26.00
Continental Apartements Stockholm Holding AB	Stockholm	50.00
Continental Apartments View AB	Stockholm	50.00
Continental Living Stockholm AB	Stockholm	50.00
CSE Centrum-Stadtentwicklung GmbH i.L.	Cologne	50.00
DAM Deutzer Asphaltmischwerke GmbH & Co. KG	Cologne	40.44
DAM Deutzer Asphaltmischwerke Verwaltungs-GmbH	Cologne	40.44
DC Waterline GmbH	Vienna	50.00
Diabaswerk Nesselgrund GmbH & Co KG	Floh-Seligenthal	20.00
Diabaswerk Nesselgrund Verwaltungs-GmbH	Floh-Seligenthal	20.00
DIRECTROUTE (FERMOY) CONSTRUCTION LIMITED	Dublin	25.00
DIRECTROUTE (LIMERICK) CONSTRUCTION LIMITED	Fermoy	40.00
DIRECTROUTE (TUAM) CONSTRUCTION LIMITED	Dublin	25.00
Donau City Residential GmbH	Vienna	50.00
DYWIDAG Verwaltungsgesellschaft mbH	Munich	50.00
EDEN Jizni roh s.r.o.	Prague	50.00
Eisen Blasy Reutte GmbH	Pflach	50.00
Entwicklung Quartier am Mailänder Platz Beteiligungsgesellschaft mbH	Hamburg	50.00
Entwicklung Quartier am Mailänder Platz Management GmbH	Hamburg	50.00
Entwicklung Quartier am Mailänder Platz Nr. 1 GmbH & Co. KG i.L.	Hamburg	48.08
Entwicklung Quartier am Mailänder Platz Nr. 2 GmbH & Co. KG i.L.	Hamburg	48.08
Entwicklung Quartier am Mailänder Platz Nr. 3 GmbH & Co. KG i.L.	Hamburg	48.08
Filstal Fliessestrich und Mörtel Transportbeton Göppingen GmbH & Co. KG	Göppingen	22.10
FLARE Grundstück Verwaltungs GmbH	Berlin	50.00
GFR remex Baustoffaufbereitung GmbH & Co. KG, Krefeld	Krefeld	50.00
GFR remex Baustoffaufbereitung Verwaltungs-GmbH Krefeld	Krefeld	50.00
Grandemar SA	Cluj-Napoca	41.27
GUS Gußasphaltwerk GmbH & Co KG	Stuttgart	50.00
GUS Gußasphaltwerk Verwaltungs GmbH	Stuttgart	50.00
H S Hartsteinwerke GmbH	Pinswang	50.00
HK-Rohstoff & Umwelttechnik GmbH & Co. KG	Hildesheim	50.00
HOTEL SCHLOSS SEEFELS BESITZ- UND MANAGEMENT GMBH	Techelsberg am Wörthersee	30.00
Immorent Oktatási Kft.	Budapest	20.00
Industrial Engineering and Contracting Co. S.A.R.L. (INDECO) i.L.	Beirut	50.00
IQ Office Beteiligungsgesellschaft mbH	Hamburg	49.00
IQ Office GmbH & Co. KG	Hamburg	49.00
IQ Residential Beteiligungsgesellschaft mbH	Hamburg	49.00
IQ Residential GmbH & Co. KG	Hamburg	49.00
IQ Tower Beteiligungsgesellschaft mbH	Hamburg	49.00
IQ Tower GmbH & Co. KG	Hamburg	49.00
JCO s.r.o.	Plana	50.00
Jumbo Betonpumpen Service GmbH & Co.KG	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

Company	Residence	Direct stake %
Kieswerk Rheinbach Gesellschaft mit beschränkter Haftung	Cologne	50.00
Kieswerke Schray Verwaltungs GmbH	Steißlingen	50.00
Kirchhoff + Schleith Beteiligungs-GmbH	Steißlingen	50.00
Kirchhoff + Schleith Straßenbau GmbH & Co. KG	Steißlingen	50.00
Klinik für Psychosomatik und psychiatrische Rehabilitation GmbH	Spittal an der Drau	30.00
KSH Kalkstein Heiterwang GmbH	Pinswang	30.00
KSH Kalkstein Heiterwang GmbH & Co KG	Pinswang	30.00
Liberecka Obalovna s.r.o.	Liberec	50.00
Lieferasphalt Gesellschaft m.b.H.	Vienna	50.00
Lieferasphalt Gesellschaft m.b.H.& Co.OG, Zirl	Vienna	50.00
Lieferbeton Simmern GmbH & Co. KG i. L.	Simmern/Hunsrück	50.00
Lieferbeton Simmern Verwaltungs-GmbH i.L.	Simmern/Hunsrück	50.00
Linzer Schlackenaufbereitungs- und vertriebsgesellschaft m.b.H.	Linz	33.33
LISAG Linzer Splitt- und Asphaltwerk GmbH.	Linz	50.00
LISAG Linzer Splitt- und Asphaltwerk GmbH. & CO KG	Linz	50.00
Main-Aurach-Autobahngesellschaft mbH & Co. KG	Berlin	50.00
Mecsek Autopalya-üzemeltetö Zrt.	Budapest	25.00
Messe City Köln Beteiligungsgesellschaft mbH	Hamburg	50.00
MIGU-Asphalt-Baugesellschaft m.b.H.	Lustenau	50.00
Milet Ditzingen Beteiligungsgesellschaft mbH	Heidelberg	49.00
MLT Maschinen Logistik Technik GmbH & Co. KG	Nesse-Apfelstädt	50.00
MLT Verwaltungs GmbH	Nesse-Apfelstädt	50.00
MSO Mischanlagen GmbH	Ilz	33.33
Natursteinwerke im Nordschwarzwald NSN Verwaltungsgesellschaft mit beschränkter Haftung	Mühlacker	25.00
NUOVO MERCATO GIANICOLENSE SRL	Bologna	40.00
Oder Havel Mischwerke GmbH & Co. KG i.L.	Berlin	33.33
ODRA-ASFALT Sp. z o.o.	Szeczecin	33.33
Ontwikkelingscombinatie Maasmechelen N.V.	Antwerpen	50.00
PAM Pongauer Asphaltmischanlagen GmbH	St. Johann im Pongau	50.00
PAM Pongauer Asphaltmischanlagen GmbH & Co KG	St. Johann im Pongau	50.00
Philman Holdings Co.	Philippinen	20.00
PPP Campus AM + SEEA GmbH	St. Pölten	50.00
PPP Campus AM + SEEA GmbH & Co KG	St. Pölten	50.00
Prottelith Produktionsgesellschaft mbH	Liebenfels	24.00
QMP Generalübernehmer GmbH & Co. KG	Oststeinbek	50.00
REMEX Coesfeld Gesellschaft für Baustoffaufbereitung mbH	Dülmen-Buldern	50.00
RFM Asphaltmischwerk GmbH & Co KG	Traiskirchen	46.00
RFM Asphaltmischwerk GmbH.	Traiskirchen	46.00
Rieder Asphaltgesellschaft m.b.H.	Ried im Zillertal	50.00
Rieder Asphaltgesellschaft m.b.H. & Co. KG.	Ried im Zillertal	50.00
ROBA-Neuland Beton GmbH & Co. KG	Hamburg	50.00
Rohstoff & Umwelttechnik Verwaltungs GmbH	Hildesheim	50.00
RSV Rheinische Schlacke Verwertungs GmbH	Leverkusen	50.00
Salzburger Lieferasphalt GmbH & Co OG	Sulzau	20.00
SAM Sindelfinger Asphalt-Mischwerke GmbH & Co KG i.L.	Sindelfingen	22.22
SAT Spezialbau GmbH	Cologne	50.00
Satellic NV	Groot-Bijgaarden	24.00
SAV Südniedersächsische Aufbereitung und Verwertung Verwaltungs GmbH	Hildesheim	50.00
Schlackenkontor Bremen GmbH	Bremen	25.00
SHKK-Rehabilitations GmbH	Vienna	50.00
SHUSHICA HYDROPOWER sh p.k.	Tirana	33.00
SIFEE TERRA HEAT SRL	Selimbar	25.00
Sindelfinger Asphalt-Mischwerke GmbH i.L.	Sindelfingen	22.22
SMB Construction International GmbH	Sengenthal	50.00
Spolecne obalovny, s r.o.	Prague	50.00
SRK Kliniken Beteiligungs GmbH	Vienna	25.00
STA Asphaltmischwerk Strahlungen GmbH	Strahlungen	24.90
stahl + verbundbau gesellschaft für industrielles bauen m.b.H.	Dreieich	30.00

Company	Residence	Direct stake %
Steinbruch Mauterndorf Gesellschaft m.b.H.	St. Michael/Lungau	50.00
Stephan Beratungs-GmbH	Linz am Rhein	30.00
STRABAG ARCHIRODON LTD.	Port Louis	50.00
STRABAG Gorzów Wielkopolski Sp. z o.o.	Gorzów Wielkopolski	49.00
Strabag Oktatási PPP Kft.	Budapest	30.00
Straktor Bau Aktien Gesellschaft	Kifisia	50.00
STRAVIA Kft.	Budapest	25.00
Syrena Immobilien Holding Aktiengesellschaft	Spittal an der Drau	50.00
TBG Ceske Budejovice spol. s.r.o.	Budweis	50.00
TBG-STRABAG d.o.o.	Zagreb	50.00
TDE Mitteldeutsche Bergbau Service GmbH	Espenhain	50.00
Tierra Chuquicamata SpA	Santiago	50.00
Tollink Royal JV	Peshawar	50.00
TORONTO TUNNEL PARTNERS 401 RER INC.	London Ontario	50.00
Triplus Beton GmbH	Zell am See	50.00
Triplus Beton GmbH & Co KG	Zell am See	50.00
TSI VERWALTUNGS GMBH	Apfelstädt	50.00
Unterstützungseinrichtung für die Angestellten der ehemaligen Bau-Aktiengesellschaft "Negrelli" Gesellschaft m.b.H.	Vienna	50.00
VCO - Vychodoceska obalovna, s r.o	Hradec Kralove	33.33
Vereinigte Asphaltmischwerke Gesellschaft m.b.H.	Spittal an der Drau	50.00
Vereinigte Asphaltmischwerke Gesellschaft m.b.H. & Co KG	Spittal an der Drau	50.00
Verwaltung Grundstücksgesellschaft Kaiserplatz Aachen Adalbertstraße GmbH i.L.	Hamburg	50.00
Verwaltung MesseCity Köln Generalübernehmer GmbH	Oststeinbek	50.00
Verwaltung QMP Generalübernehmer GmbH	Oststeinbek	50.00
Verwaltungsgesellschaft ROBA-Neuland Beton m.b.H.	Hamburg	50.00
VIANOVA - Bitumenemulsionen GmbH	Fürnitz	24.90
VIANOVA SLOVENIJA d.o.o.	Logatec	50.00
VKG-Valentiner Kieswerk Gesellschaft m.b.H.	Linz	50.00
Walter Group International Philippines, Inc.	Philippinen	26.00
WIBAU Holding GmbH	Linz	21.78
WMW Weinviertler Mischwerk Gesellschaft m.b.H.	Zistersdorf	33.33
WMW Weinviertler Mischwerk Gesellschaft m.b.H. & Co KG	Zistersdorf	33.33
Wohnbau Tafelgelände Beteiligungs-GmbH	Munich	25.00
Wohnbau Tafelgelände GmbH & Co. KG	Munich	25.00
Z.I.P.O.S. d.o.o.	Antunovac	50.00

GROUP MANAGEMENT REPORT

Important events

FEBRUARY

Future reporting of STRABAG SE for first and third quarters

With the amendment of the Vienna Stock Exchange's Prime Market rules in February 2019, it is up to the listed companies to decide whether and how they report on the first and third quarters of the year. After considering the interests of all stakeholders, STRABAG has decided not to prepare IFRS financial statements in the first and third quarters of the year. These have been replaced by the publication of a trading statement that includes the output volume, order backlog and employee numbers as well as an update of the outlook and targets for the respective financial year. The trading report can be made available closer to the end of the quarter than was the case with the quarterly reports.

Large-scale contract to build a section of the D35 motorway in the Czech Republic

Through its subsidiary STRABAG a.s., acting as part of a consortium (42 %), STRABAG was awarded the contract to build a new section of the D35 motorway in the Czech Republic. The object of the contract with a total value of CZK 3.38 billion (~ € 132 million) is the construction of a new four-lane, connection with two interchanges including 25 bridge structures and seven noise abatement walls. Work on the Opatovice–Časy section with a length of 12.6 km will last 44 months from the start of construction in spring 2019.

Extension of mining contract in Chile

Züblin International GmbH Chile SpA, a subsidiary of STRABAG SE, was awarded an extension to its contract with Mina Candelaria Subterránea for the Candelaria open pit and underground mine in Copiapó in Chile's Atacama region for another four years. The contract value amounts to € 65 million. The extension to the contract involves, among other works, 22,400 m of horizontal developments, plus 1,771,000 tones of loading and transport of material.

MARCH

Bridge upgrades along A9 motorway near Allersberg

In March 2019, a consortium consisting of the group companies STRABAG AG and Ed. Züblin AG began with the upgrade of a total of eight bridges on the A9 motorway in Germany between the Nuremberg/Feucht interchange and the Hilpoltstein junction on behalf of Autobahndirektion Nordbayern, the motorway authority for northern Bavaria. All bridges will be torn down and rebuilt. The contract value of approx. € 38 million also includes renovation works on the roads beneath three of the bridges as well as the demolition and new construction of a noise protection wall near Altenfelden. The contract also involves the construction of temporary ramps and roads to the construction sites and a provisional acceleration strip at the Allersberg junction. The project is scheduled for overall completion by the end of 2020.

Mining contracts for € 500 million in Chile

Züblin International GmbH Chile SpA was awarded two new long-term mining contracts for the Nuevo Nivel Mina project, at the El Teniente mine in Rancagua. The contracts have a total value of about € 500 million and comprise the construction of tunnels with a total length of 32.5 km. Nuevo Nivel Mina is one of five key projects of copper mining company Codelco and consists of extending the mine into a deeper sector, thus increasing the useful lifespan of El Teniente mine by another 50 years. The first contract involves 6,049 m of horizontal developments and civil engineering works in a 25-month period. The second contract consists of tunnelling and civil works for a period of 39 months to complete 26,439 m of horizontal developments and 4,179 m of shafts.

Contract awarded for Boll-Sinneringen bypass in Switzerland

STRABAG AG of Switzerland was awarded the contract for the transportation infrastructures and engineering ground works for the Boll-Sinneringen rail bypass in the Bernese municipality of Vechingen. The project foresees changing the route of the railway. All of the measures will increase safety and improve the train crossings. A new station will also be built at Boll-Utzigen. The client is RBS, the regional transport association for Bern-Solothurn. The works for STRABAG AG include the new construction of the 425 m railway embankment between Worbstrasse and Bernstrasse, the main element of the project, as well as the construction of the Moosgasse underpass and of the access roads to the new station area.

Renovation of the south section of M3 metro line in Budapest

STRABAG, through its Hungarian subsidiary, won the contract to rehabilitate the southern section of the M3 metro line in Budapest. The contract value totals HUF 24.7 billion (~ € 76 million). In addition to the renewal of five stations and passenger areas, the track structure is also being modernised. The works should be completed in 2020.

STRABAG is renovating the south section of the M3 metro line in Budapest

Refinancing of € 2.4 billion in loans before maturity

STRABAG SE took advantage of the favourable financing environment to refinance two loans totalling € 2.4 billion before their original maturity. The conditions and terms to maturity of the € 2.0 billion syndicated surety loan and the € 0.4 billion syndicated cash credit line have been redefined. The new five-year terms to maturity – i.e. until 2024 – with two options to extend by one year each will further allow STRABAG SE to secure its comfortable financing position for the long term.

Financial close of “Autopista al Mar 1” project in Colombia completed

Work on the Autopista al Mar 1 in Colombia

Devimar, the concession company operating the public-private partnership project Autopista al Mar 1 in Colombia, successfully concluded the long-term financing totalling USD 713 million. The project, which was awarded by the Colombian infrastructure agency ANI to Devimar in 2015, has thus fully obtained the required funding. The financial close confirms the reputation and experience of Devimar’s sponsors consisting of SACYR (Spain, 37.5 %), STRABAG (Austria, 37.5 %) and CONCAY (Colombia, 25 %). At the time of the financial close, the Autopista al Mar 1 project was in the construction phase and about 30 % complete. The project is proceeding on more than 130 active work fronts, creating 2,200 direct and indirect jobs.

APRIL

Acquisition of property management assets of CORPUS SIREO

STRABAG Property and Facility Services GmbH (STRABAG PFS) of Germany, as part of a jointly developed partner model, in April acquired the property management business and all employees of CORPUS SIREO Real Estate GmbH. In tandem with the agreement, several long-term property management contracts were also concluded between STRABAG PFS and the Swiss Life Group. This involves more than 340 Swiss Life properties in various asset classes held in Germany. The focus is on residential and office buildings. An above-average contract period was agreed for the portfolio.

ZÜBLIN to design and build wastewater pumping station in Qatar

Züblin International Qatar L.L.C. signed a contract for the design and construction of an infrastructure project in Doha, Qatar, worth € 113 million. The company will build a wastewater pumping station by July 2021. The works include the construction of a wastewater pumping shaft with a depth of 50 m, a diameter of 36 m and a planned pumping capacity of 6,000 l/s. Also being built are an upstream screen shaft with a similar depth and a diameter of 24 m, including a state-of-the-art odour control system, as well as ancillary buildings and facilities.

MAY

Construction of Lot 6 of Limmat Valley rail line in Dietikon West

Rendering of Limmattalbahn

STRABAG AG of Switzerland was awarded the contract to build the Limmattalbahn (Limmat Valley rail line) in Dietikon West (Lot 6) with a value of about CHF 58 million (~ € 51 million, STRABAG share: 50 %). Central project elements of the works at Lot 6 include the redesign of the intersections Überlandstrasse/Badenerstrasse and Mutschellenstrasse/Industriestrasse.

EFKON expands its presence on the Norwegian market

EFKON, the STRABAG subsidiary specialising in toll collection systems, has expanded its share in the Norwegian toll collection system market with two more projects. Following the Bypakke Bergen and Oslopakke 3 contracts with more than 100 tolling stations and a maintenance contract for eight years, EFKON was entrusted with the implementation of two new projects, “Nordhordland package in Hordaland” and “Damåsen-Saggrenda”. The contracts for Nordhordland and Damåsen include the construction and operation of at least five toll stations near Bergen and at least three near Oslo. Commissioning took place at the latest in the first quarter of 2020. The order includes a maintenance contract of at least seven years with the option of an annual renewal.

JUNE

Groundbreaking ceremony for educational campus Seestadt Aspern Nord in Vienna

Together with the city of Vienna, the groundbreaking ceremony for the construction of the educational campus Seestadt Aspern Nord took place on 17 May 2019. The bidding consortium of HYPO NOE Leasing and STRABAG Real Estate (SRE) was awarded the contract in an EU-wide tender for the further design, build, finance and operate phases of the educational campus Seestadt Aspern Nord and the educational campus Aron Menczer. The new educational facility includes a kindergarten with 12 groups, an all-day elementary school with

Rendering of the educational campus

17 classes and a middle school with 16 classes, for a total of 1,100 children, as well as a youth centre. The facility is to open on schedule at the beginning of the 2021/22 school year.

STRABAG PFS buys PORREAL in Poland and the Czech Republic

STRABAG PFS Austria signed an agreement to acquire 100 % of the shares of PORREAL Polska sp. z o.o. of Warsaw and PORREAL Česko s.r.o. of Prague. The target companies had previously been owned by the PORR Group, which is withdrawing from the property and facility management business in these regions. Together, the two companies generate annual revenue of approximately € 6 million. At PORREAL in Poland, 83 employees are largely responsible for the technical and infrastructural facility management for office properties in Warsaw. In addition to this new customer segment, the acquisition increased STRABAG PFS's level of vertical integration in the areas of refrigeration and fire protection. In the Czech Republic, most of the revenue is generated in Prague with twelve technical specialists.

STRABAG SE expands its Management Board to include digitalisation

Effective 1 January 2020, STRABAG SE has added digitalisation, among others, as a Management Board responsibility, correspondingly increasing the size of the board from five to six members. The new portfolio, Digitalisation, Innovation and Business Development, will be assigned to Klemens Haselsteiner. Klemens Haselsteiner started his career in 2004 at the auditing firm KPMG in Austria. After completing his civil service and gathering work experience at a Russian industrial group, he joined the STRABAG Group in Russia in 2011. There he was entrusted with central controlling, among other things. From 2015, he was employed at the German STRABAG group company Ed. Züblin AG, Stuttgart subdivision – initially as commercial business unit manager for turnkey construction, as of 2018 as commercial subdivision manager.

STRABAG commences expanded € 1 billion contract for polyhalite mine in the UK

The TBM "Stella Rose" ready for action at Wilton

STRABAG SE was issued a notice of commencement to begin two further tunnel construction contracts (Drives 2 and 3) on behalf of York Potash Ltd. for its North Yorkshire Polyhalite Project. The two drives between the shaft at Lockwood Beck and the Woodsmith Mine will have a total length of 24 km and a depth of 360 m. STRABAG had already commenced the design-and-build contract for Drive 1, a 13 km section from the tunnel portal at Wilton to Lockwood Beck in the first quarter of 2018. The total amount commenced to date is about € 1.0 billion from the contract awarded to STRABAG, which also includes the construction of the underground material transport system, the contract for which will commence later this year.

EFKON wins large Smart City project in in India

EFKON is implementing a traffic monitoring system in Aligarh, India. The contract value for this Smart City project is approx. € 13 million. The contract covers the installation, operation and maintenance of a new traffic surveillance system covering an area of 85 km² with 227 cameras and 63 pan-tilt-zoom (PTZ) cameras, red light surveillance systems with 74 cameras, and other traffic management components. Construction will take place over twelve months, followed by 60 months of operation and maintenance.

JULY

Modernisation of a railway line in the south of the Czech Republic

STRABAG Rail a.s. was awarded the contract to modernise the 11.3 km railway section between Soběslav and Doubí on behalf of the Czech national railway infrastructure authority. The contract value amounts to CZK 3.86 billion (~ € 150 million). Work began in September 2019 and will last 46 months. The contract was awarded to a consortium consisting of STRABAG Rail a.s., EUROVIA CS a.s. and Metrostav a.s. The share attributable to consortium leader STRABAG Rail a.s. amounts to 53.21 %.

First Motel One in Poland developed and completed by STRABAG Real Estate

Motel One in the centre of Warsaw, Poland

STRABAG Real Estate handed over a hotel building it developed in the centre of Warsaw to hotel operator Motel One GmbH. The 333 state-of-the-art rooms and a spacious interior including a reception and lobby, a lounge and a bar as well as conference rooms with a total usable area of about 10,580 m² were completed within a period of two years opposite the Chopin Museum in Tamka Street.

AUGUST

Modernisation of a railway line in the north of the Czech Republic

STRABAG Rail a.s. was awarded the contract by the Czech railway infrastructure authority to modernise the approximately 12 km railway section between Oldřichov u Duchcova and Bílina in the north of the Czech Republic. The contract has a total value of CZK 1.91 billion (~ € 74 million). The construction works are scheduled for completion in the spring of 2021. The contract was awarded to a consortium consisting of STRABAG Rail a.s., OHL ŽS, a.s. and MONZAS, spol. s r.o. The share attributable to consortium leader STRABAG Rail a.s. amounts to 73 %.

Project start at “In der Wiesen Ost” to build privately financed owner-occupied flats

Privately financed owner-occupied flats at In der Wiesen Ost

STRABAG Real Estate Austria is developing a high-quality residential complex located at Rößlergasse 13, 1230 Vienna, within the In der Wiesen Ost development area. The project in the highly sought-after Obere Wiese residential area will have a total of 143 privately financed owner-occupied flats with modern and ecologically sustainable living standards. The multifaceted nature of the complex is reflected in the characteristic façade design of the three buildings. “Esprit” features textiles in eye-catching colours, “Harmonie” puts the spotlight on wood panels and “Elegance” presents itself with timeless aesthetics in glass. Special highlights include a flexible event space, a modern gym and a meeting area. Completion is scheduled for autumn 2021.

SEPTEMBER

Final agreement between STRABAG consortium and Autostrada Pedemontana Lombarda

STRABAG AG, as the contractor's consortium leader, and Autostrada Pedemontana Lombarda S.p.A. announced that the basic agreement reached in April 2019 had now become legally binding. A legal dispute involving a consortium led by Austria's STRABAG AG in connection with the Pedemontana motorway project in northern Italy had led the client to invoke a guarantee in March 2018, which the consortium deemed unjustified. The present settlement agreement not only put an end to the interim proceedings concerning the invocation of the guarantee, but also to the pending legal disputes related to the construction delays and the accompanying considerable cost overruns.

STRABAG Group presents the latest trends for building the future

The latest trends for building tomorrow were the focus of the STRABAG Innovation Day 2019 at the ZÜBLIN Campus in Stuttgart, Germany. At the comprehensive interactive exhibition, teams from STRABAG AG, Ed. Züblin AG and other group companies featured innovative products and processes for the entire spectrum of construction – in transportation infrastructures, building construction and civil engineering. Visitors could experience how to systematically optimise building processes with digital tools, they were able to inform themselves about the pollutant-reducing ClAir® Asphalt, resource-saving textile concrete façades or PM-absorbing moss wall modules (MoosTex) and gained vivid insights into the use of augmented reality and robotics in the construction industry.

At the STRABAG Innovation Day 2019, visitors got to know the humanoid robot BAGSTAR (very top), gained insights into the technology of mobile mapping (top left) or found out more about the project partnering scheme teamconcept (top right).

ZÜBLIN realising new modern, three-part office complex in Berlin-Schönefeld

Ed. Züblin AG, acting as general contractor, is realising a modern three-part office building complex on Mizarstraße in Berlin-Schönefeld, Germany, on behalf of client DIE AG Sechste Projektgesellschaft mbH & Co. KG. The order, which has a value of approx. € 46 million, covers the turnkey construction of three four-storey office buildings with a total gross floor area of approx. 24,700 m² on U-shaped and L-shaped floor plans. The design by Blumers Architekten of Berlin provides for three light-flooded block buildings surrounding a green inner courtyard. An underground car park with 89 spaces and a further 119 outdoor parking spaces complete the new building project. Construction began in September, with completion scheduled approx. 22 months later in July 2021.

OCTOBER

STRABAG building Hatta pumped storage power plant in Dubai

STRABAG will design, build and commission the Hatta pumped storage power plant in the emirate of Dubai on behalf of the Dubai Electricity and Water Authority. The total contract value for the consortium, consisting also of Austrian company ANDRITZ as the technology supplier and Turkish construction company ÖZKAR İNŞAAT, amounts to approximately € 340 million. STRABAG is the consortium leader with a share of 35 % or € 118 million. The pumped storage power plant is located in the Hajar Mountains, 140 km southeast of the city of Dubai. STRABAG will build a turbine shaft with a diameter of approximately 36 m and a depth of almost 70 m to house two Francis turbines with a power output of 250 MW. A 1.2 km long pressure tunnel to be excavated by the construction consortium will connect the existing lower reservoir, upgraded by STRABAG, to the new upper reservoir. The upper reservoir will be constructed with two roller-compacted concrete dams with a height of approximately 35 m and 70 m. In addition, STRABAG has been entrusted with the construction of two road tunnels with a length of approximately 470 m and 440 m using blast excavation. The scope of the contract also includes the reinforced concrete outflow and intake structures, several ancillary buildings as well as their extension and mechanical and electrical systems.

ZÜBLIN and MAX BÖGL awarded € 500 million contract for airport connection of new Stuttgart–Ulm railway line

The consortium consisting of ZÜBLIN (technical management) and the Max Bögl Group has been awarded the contract for the project approval section 1.3a of the new Stuttgart–Ulm railway line in Germany. The order, worth a total of approximately € 500 million, covers a 5.3 km section of the new railway line alongside the A8 motorway between the boundaries of project approval sections 1.2 (Filder Tunnel) and 1.4 (Filder Plain to Wendlingen) and also includes the new long-distance and regional station beneath the Stuttgart airport and trade fair centre, its connection to the new railway line through the approximately 2.1 km airport tunnel, and the partial relocation of state road 1204. This new project section also comprises a new connection between the new railway line and the airport curve, to be built at a later date to link the existing airport/trade fair station, including a new third track, to the Stuttgart–Hattingen railway line (Gäu Railway).

Witten/Herdecke University opts for timber in new campus building

The groundbreaking ceremony for the three-storey hybrid timber building, built to a design by the Berlin-based architects Kaden+Lager as a link between the existing buildings of the Witten/Herdecke University campus in Germany, is scheduled for May 2020. The approx. € 22 million turnkey construction contract including planning and outdoor facilities went to the Aichach-based timber construction specialist ZÜBLIN Timber, a subsidiary of Ed. Züblin AG. In addition to office, administrative and seminar

© Atelier Noise

New campus building at Witten/Herdecke University: open space for work and communication rooms, the extension building will also house the library, event rooms and a café/bar. Witten/Herdecke University wants to create more space for its 2,600 students and over 900 employees to support them in their personal, academic and professional development. The completion of the extension building is scheduled for the summer of 2021.

NOVEMBER

STRABAG building second section of new pumping station for Toronto wastewater treatment plant

The Canadian subsidiary of the STRABAG Group was awarded a contract by the City of Toronto to build the second section of the new integrated pumping station at the Ashbridges Bay Wastewater Treatment Plant. The contract with a value of around CAD 120 million (approx. € 80 million) covers the construction of shafts and feeder tunnels. The integrated pumping station allows the underground transport of wastewater to the Ashbridges Bay Wastewater Treatment Plant. The main part of the project involves two large-scale shafts: one 68 m deep with a diameter of 27 m and another 27 m deep with a diameter of 32 m. Including five smaller shafts, this results in a total of 153 m of shafts to be built. The shafts will be linked to feeder tunnels with a total length of 445 m, with a rock tunnel section as well as a parallel pressure pipe in an open cut close to the surface.

The pumping station will be built on this site of the Ashbridges Bay Wastewater Treatment Plant.

DECEMBER

STRABAG investing € 9 million in Austria's most modern apprenticeship training centre

The new training centre will meet the training needs of 250 apprentices per year.

STRABAG is planning a new corporate apprentice training workshop in Ybbs on the Danube to meet the training needs of approximately 250 apprentices a year. The company is investing € 9 million in the most modern apprenticeship training centre in Austria. The 31,000 m² facility will include a training shop with classrooms, open space for construction equipment operator training and accommodations for 40 apprentices including recreational areas. Ybbs on the Danube was chosen as the location as it lies along the important Westbahn rail corridor and because, due to the presence of other companies' training facilities, an extensive infrastructure for apprentices already exists in the area.

Country report

DIVERSIFYING THE COUNTRY RISK

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

The STRABAG SE Group generated a record output for the third year in a row in the 2019 financial year. With a plus of 2 % to € 16.6 billion, the company exceeded its own forecast. Business was characterised in particular by growth in the home market of Austria and in transportation infrastructures in Poland, Hungary and the Czech Republic, which more than compensated for the decline caused by the loss of a key German client in property and facility services. Performance in the remaining markets was mixed.

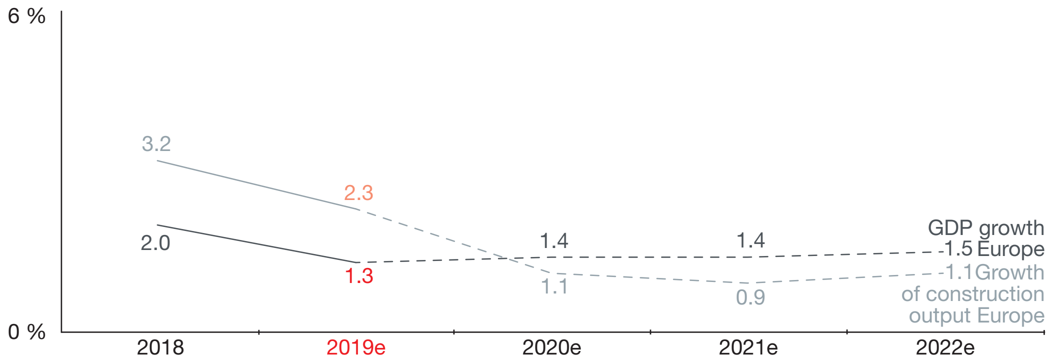
OUTPUT VOLUME BY COUNTRY

€ mln.	2019	% of total output volume 2019[1]	2018	% of total output volume 2018	Δ %	Δ absolute
Germany	7,819	47	7,877	48	-1	-58
Austria	2,679	16	2,542	16	5	137
Poland	1,129	7	975	6	16	154
Hungary	848	5	714	4	19	134
Czech Republic	783	5	706	4	11	77
Americas	714	4	667	4	7	47
Slovakia	369	2	515	3	-28	-146
Rest of Europe	343	2	349	3	-2	-6
Benelux	318	2	351	2	-9	-33
Switzerland	232	1	273	2	-15	-41
Romania	225	1	197	1	14	28
Sweden	205	1	178	1	15	27
Asia	179	1	162	1	10	17
Croatia	152	1	163	1	-7	-11
Middle East	148	1	206	1	-28	-58
Serbia	148	1	111	1	33	37
Denmark	99	1	92	1	8	7
Russia	71	1	78	1	-9	-7
Africa	66	0	57	0	16	9
Slovenia	49	0	68	0	-28	-19
Bulgaria	42	0	42	0	0	0
Total	**16,618**	**100**	**16,323**	**100**	**2**	**295**

1 Rounding differences are possible

ECONOMY CONTINUES TO MOVE SIDEWAYS[1]

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE



Global politics has once again become a key factor significantly impacting the development of the global economy. The trade conflict between the US and China as well as the discussions and uncertainties surrounding Brexit adversely affected the confidence of companies and households, resulting in weaker investment growth, exports and private consumption. GDP growth therefore remained relatively low in many economies in 2019. In the more highly developed countries, the slowdown occurred on a broad front. In the emerging and developing countries, the decline in economic activity was even more pronounced.

The World Bank revised its growth forecast for the global economy in 2019 down by 0.2 percentage points to 2.4 % and expects growth of 2.5 % and 2.6 % in 2020 and 2021. According to its latest report, the United States is primarily harming itself with its trade conflicts. The reason for the lowest growth since the financial crisis more than a decade ago is the unexpectedly weak recovery in trade and investment. At the same time, the World Bank warns of a new wave of debt in emerging and developing countries.

The economic momentum also slowed significantly in the 19 Euroconstruct countries in 2019. The turmoil in world trade is reducing industrial production and the propensity to invest in Europe. Euroconstruct's most recent macroeconomic forecasts do not anticipate a global crisis, but only forecast annual GDP growth of between 1 % and 2 % for the years up to 2022.

BCONSTRUCTION SECTOR EXPECTS STIMULUS FROM NEW EUROPEAN ENVIRONMENTAL POLICY

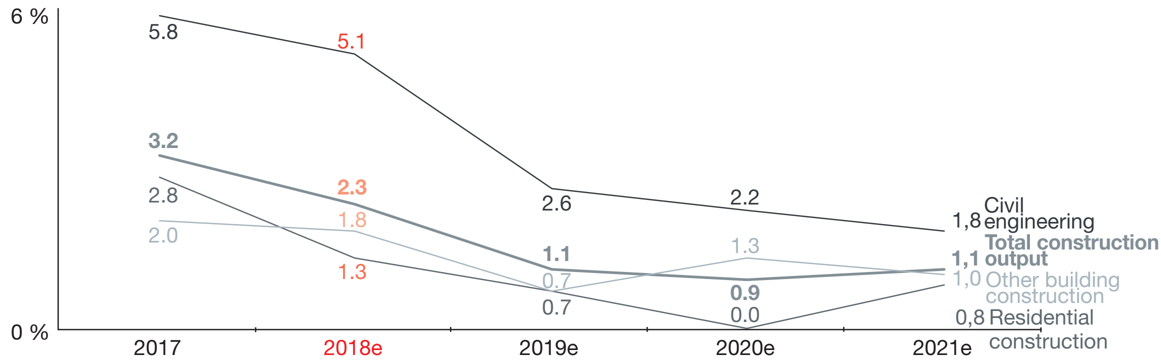
With solid 2.3 % growth, the construction economy in the 19 Euroconstruct countries expanded for the sixth year in a row in 2019 and thus again grew more strongly than the economy as a whole – albeit at a somewhat slower pace. The construction sector is benefiting from economic factors such as the currently solid purchasing power of households, favourable financing conditions and higher corporate profits. Additional stimulus is expected from the European Commission's Green Deal and the associated stronger environmental policies of the national governments. Nevertheless, the experts at Euroconstruct remain cautious and in their current forecasts for 2020–2022 only expect growth rates between 0.9 % and 1.1 %.

Construction output in the 19 Euroconstruct countries was around € 1,637 billion in 2019. Yet even after five years of continuous growth, this is still far below the peak before the financial crisis of 2008. This is mainly due to the developments in Spain and Italy, although two-thirds of the Western European countries expected a higher total construction volume in 2019 than in 2007. The national differences, therefore, remain large.

1 All growth forecasts as well as the particular national construction volumes are taken from the Euroconstruct and EECFA (Eastern European Construction Forecasting Association) winter 2019 reports. The indicated market share data are based on the data from the year 2018.

CIVIL ENGINEERING CONTINUES TO OUTPERFORM RESIDENTIAL CONSTRUCTION AND OTHER BUILDING CONSTRUCTION

GROWTH COMPARISON CONSTRUCTION SECTOR EUROPE



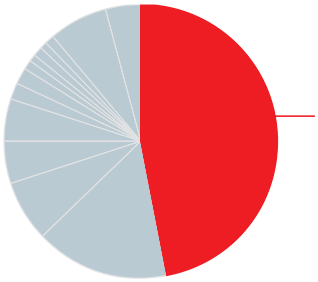
Viewed by sector, European civil engineering saw the strongest growth in the past year with an increase of 5.1 %, followed by other building construction with +1.8 % and residential construction with +1.3 %.

Residential construction, which accounts for nearly half of all European construction output, grew by 1.3 % in 2019. In absolute numbers, France and Germany were again at the top, followed by the United Kingdom and Italy. The largest growth rates were recorded in Slovakia, Hungary, Ireland, Portugal and Poland. In 2020, however, growth in the sector is likely to slow further to a total of 0.7 %. Above-average growth rates are predicted especially for Ireland, which has been among the top performers here for years, as well as the Czech Republic and Portugal. The development in Germany is likely to stagnate in 2020.

Other building construction, which was responsible for almost a third of the European construction volume in 2019, grew by 1.8 % in the 19 Euroconstruct countries. Viewed by country, Ireland, Hungary, the Netherlands, Poland, Norway and Sweden saw the highest increases. Euroconstruct forecasts moderate declines in Germany in this sector in the coming years.

Civil engineering, which accounts for around 20 % of the European construction volume, showed a highly inconsistent picture in 2019, although overall, with a plus of 5.1 %, it was significantly above the forecasts. The strongest increases were recorded in Hungary, Ireland, Poland, France, the United Kingdom, Norway and Sweden, while Germany was only slightly positive with +0.7 %. Euroconstruct sees a more uniform picture for the future and expects growth of 2.6 % for 2020. This development should be supported above all by the high dynamics in the Eastern European countries with the exception of the Czech Republic. For Germany, the largest market in terms of volume, Euroconstruct expects a slight decline from 2020 to 2022.

GERMANY



Overall construction volume:	€ 352.8 billion
GDP growth:	2019e: 0.6 % / 2020e: 0.9 %
Construction growth:	2019e: 0.8 % / 2020e: -0.6 %

The German economy was in a slight downturn in 2019. While GDP growth still stood at 1.5 % in 2018, the forecasts for 2019 only see an increase of 0.6 %. The main reasons for this development are a decline in foreign trade due to international trade conflicts as well as the uncertainties regarding the impact of Brexit. Overall, the mood in Germany's export-oriented industry has been slightly subdued since the beginning of 2018. Especially the automotive industry, which is very important for the country, is facing major challenges. The medium-term moderate growth of around 1 % p.a. therefore results primarily from the relatively stable private domestic consumption.

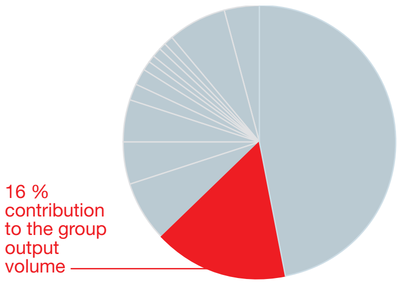
According to Euroconstruct, the German construction industry is likely to have seen its last growth year for the time being in 2019 with a plus of 0.8 %. The impact from the massive public-sector investment in residential construction has now flattened out, and the extent of public investment in the modernisation of the rail network cannot yet be clearly estimated. The sector is being stimulated by low lending rates and rising real wages, while the impact of the tax relief for energy-saving measures from the government's climate package is not yet clearly evident. In the coming years, residential construction, which still represents more than half of the total German construction volume, is likely to be characterised by a slightly downward trend. For the entire construction sector, Euroconstruct already expects a slight decline of 0.6 % in 2020, while slight downward growth of -0.8 % and -0.7 % is also expected for the following two years.

Thanks to the general economic development in 2019, other building construction remained in positive territory with a slight increase of 0.1 %. In the medium term, however, rising energy prices, the growing importance of foreign production sites and the triumphant advance of online retail, which is dampening the demand for new commercial buildings, are also suggesting slightly declining results in this sector.

Civil engineering recently benefited from government investment programmes for rail and road infrastructure. The ongoing budget recovery at the local level also had a positive impact on the construction and expansion of roads and water networks. While the sector still achieved growth of 0.7 % in 2019, it should face a moderate correction phase in the coming years.

With a market share of 2.3 %, the STRABAG Group is the market leader in Germany. Its 15.6 % share of the German road construction sector is significantly higher than that of the market as a whole. With € 7,818.59 million, around 47 % of STRABAG's total group output volume was generated in Germany in 2019 (2018: 48 %). Most of the output is allocated to the North + West segment, while the property and facility services provided in Germany are allocated to International + Special Divisions.

AUSTRIA



Overall construction volume:	€ 43.7 billion
GDP growth:	2019e: 1.7 % / 2020e: 1.4 %
Construction growth:	2019e: 2.6 % / 2020e: 1.3 %

The Austrian economy grew by 1.7 % in 2019, once again above the average of the neighbouring countries. Nevertheless, the growth rate for Austria is also expected to decline further. The Austrian economy is primarily driven by exports and strong domestic consumption. In contrast to Germany, the experts at Euroconstruct estimate the risk of a recession for Austria as rather low. Despite forecasts of a further economic slowdown to a value of +1.4 % for 2020, growth should remain at least at this level in the years that follow.

Euroconstruct reports significantly higher growth rates for the Austrian construction industry in 2019. Residential construction has been the main growth driver in recent years, supported by low financing costs. Overall, construction output grew by 2.6 % in 2019. However, the upward curve is expected to flatten to +1.3 % in 2020 and consolidate in 2021 and 2022 with growth of 1.4 % in each of those years.

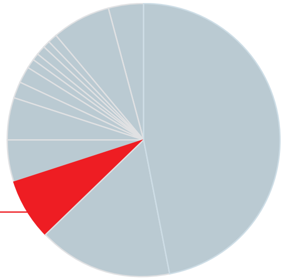
In Euroconstruct's assessment, Austrian residential construction recorded a remarkable increase in output of +3.5 % in 2019. Fundamental indicators and a decline in building permits suggest that the sector may lose some momentum in the coming years, however. Similar to the construction industry as a whole, a slowdown to +1.0 % is expected for 2020 before the growth rates level off at 1.2 % and 1.1 % in 2021 and 2022.

Other building construction was also able to benefit from the general economic development in 2019 with an increase of 1.9 %. Due to increased foreign and domestic demand, industry and retail were again more dynamic, though they probably passed their respective highs already in 2018. Given the growing need for care facilities, positive stimulus can currently only be expected from the healthcare sector. As neither the economic development nor the public sector is expected to provide additional growth impulses, the experts forecast that other building construction will grow by 1.1 % in 2020. In 2021 and 2022, growth should pick up again slightly to 1.4 % and 1.8 %.

Even civil engineering in Austria achieved growth of 2.0 % in 2019, primarily due to investments in transportation infrastructure. The further expansion of the road and especially the rail network will continue to have a fixed place in the Austrian budget in the coming years. Investments in the energy sector are expected to provide additional stimulus. Euroconstruct therefore expects an increase of 2.4 % for 2020, with growth of 1.9 % and 1.3 % forecast for 2021 and 2022, respectively.

The STRABAG Group generated 16 % of the total group output volume in its home market of Austria in 2019 (2018: 16 %). Austria thus continues to be one of its top three markets along with Germany and Poland. The output reached a volume of € 2,678.66 million in 2019. With a share of 6.0 %, STRABAG is the market leader in the country. In road construction, the market share stands at 38 %.

POLAND



Overall construction volume:	€ 59.8 billion
GDP growth:	2019e: 4.5 % / 2020e: 4.0 %
Construction growth:	2019e: 8.0 % / 2020e: 4.2 %

Following the positive development of the past few years, the Polish economy again posted a stable plus of 4.5 % in 2019. Similarly solid though somewhat lower growth is also forecast for the coming years. Rising consumption, which in turn is being fuelled by the positive situation on the job market, should also shape the coming years. The massive investments of the public sector in important infrastructure projects, co-financed by EU funding programmes, are also contributing to the positive development. In 2019, corporate investments for the first time contributed the largest share to the increase in total gross fixed capital formation.

After strong fluctuations in the past few years, the Polish construction industry once again had a very successful year in 2019 with growth of 8.0 %. The main drivers for the high growth rates in recent years were the numerous investment projects carried out under the EU's 2014–2020 Infrastructure and Environment Programme. As the majority of these subsidies have now been absorbed, Euroconstruct is predicting only 4.2 % growth for the sector in 2020. The continuing shortage of labour could prove to be an additional bottleneck. For 2021 and 2022, Euroconstruct is therefore forecasting growth rates of only 0.7 % and 1.8 %, respectively, for the Polish construction industry.

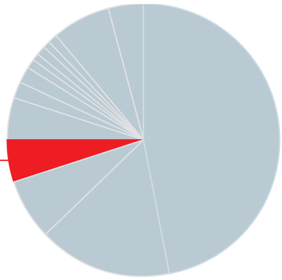
The residential construction sector exhibited growth of 6.6 % in 2019. The still high demand for residential real estate can be attributed, among other factors, to the positive development of private income compared to real estate prices. For 2020, Euroconstruct predicts moderate growth of +2.9 % before the construction volume is expected to decline by 2.5 % in 2021, although it should increase again by 3.4 % in 2022.

Other building construction also achieved a solid plus of 5.4 % in 2019. In addition to large orders from local governments and the public sector ahead of the Polish parliamentary elections, investments by foreign companies in new production facilities also provided some momentum. As part of the modernisation of the rail network, the renovation of 200 railway stations is also planned in the coming years. Euroconstruct forecasts that the sector will grow by 4.0 % in 2020, while the values should fluctuate between +5.3 % and +2.9 % in 2021 and 2022.

By far the strongest growth in 2019 came in civil engineering with a plus of 12.8 %. In addition to the positive development of the Polish economy as a whole, this is due above all to the EU funding programmes. The greatest increases were registered in rail construction. The Polish government attaches high priority to the construction of the Via Carpata, a trans-European road link between Lithuania and Greece, which runs for 760 km through Poland. Against this background, Euroconstruct forecasts that civil engineering will grow by a further 5.6 % in 2020. With the end of the EU's financial framework for 2014–2020, however, the momentum will decrease in 2021 with -2.4 % and in 2022 with -0.9 %.

As the number two in the construction sector in Poland, STRABAG realised a construction volume of € 1,129.22 million here in 2019, representing 7 % of the group's total output volume (2018: 6 %). Poland thus represents the third-largest market of the STRABAG Group. Its market share in the entire Polish construction market was 1.8 % and its share of road construction was 8.8 %.

HUNGARY



Overall construction volume:	€ 15.6 billion
GDP growth:	2019e: 4.5 % / 2020e: 3.3 %
Construction growth:	2019e: 13.3 % / 2020e: 5.4 %

The growth momentum of the Hungarian economy weakened somewhat in the reporting period, although in a European comparison it remained at a relatively high level of +4.5 %. The high level of economic growth is primarily due to the high level of EU funding for the 2014–2020 period and the resulting public sector contracts, particularly in the construction sector. In total, gross fixed capital formation in Hungary increased by a strong 15.9 % in 2019, as rising foreign demand ensured a high trade surplus. At the same time, rising household incomes and statutory wage increases, with a simultaneously falling unemployment rate, boosted domestic consumption. Against this background, Euroconstruct forecasts another solid GDP increase of 3.3 % for 2020.

The Hungarian construction economy recorded another strong upswing of 13.3 % in 2019. The positive development was largely supported by the above-average dynamic in residential construction and civil engineering. For 2020, Euroconstruct predicts a further 5.4 % increase in the industry before growth slows to 3.0 % in 2021 when the current EU financial framework expires. After five years in a row with positive growth rates, the forecast for 2022 sees a decrease of the construction volume of -5.1 %.

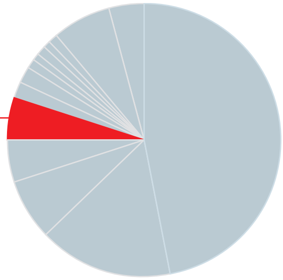
Residential construction once again saw strong growth in 2019, at +9.1 %, although the momentum was significantly lower than in previous years. The market for new buildings had been booming here due to persistently low interest rates and a generous fiscal policy with subsidies and special loans aimed at raising the standard of living especially of young families. Now, however, Euroconstruct is forecasting that the sector will stagnate or undergo an adjustment in the coming years. While weak growth of 0.6 % should still be possible in 2020, a correction phase with declines of 1.7 % and 3.5 %, respectively, is likely in 2021 and 2022.

Stimulated by massive public investments and extensive EU subsidies, other building construction also achieved a remarkable plus of 10.7 % in 2019. Intense construction activity can be seen above all in industry, office real estate, tourism, healthcare and the sports sector. Foreign companies are investing heavily in new industrial facilities, and between 200,000 and 250,000 m² of new office space are currently being built in the big cities alone. At the same time, the government is funding extensive town and village renewal programmes as well as the renovation of historic buildings in the cultural sector. For 2020 and 2021, Euroconstruct still forecasts annual growth rates of 6.4 % and 5.6 % for other building construction. Due to the end of the EU financial framework for 2014–2020, however, a decrease of 7.6 % is expected for 2022.

Civil engineering proved to be the most successful segment with an increase of 19.7 % in 2019. One of the primary goals of the Hungarian catching-up process is the creation of modern infrastructure. Euroconstruct expects the growth trend in civil engineering to continue in 2020 with +7.7 % and a growth rate of 3.2 % in 2021. A decline of 3.3 % is expected for 2022 for the first time in six years.

The STRABAG Group generated € 847.82 million, or 5 % of its output, in Hungary in 2019 (2018: 4 %). This puts STRABAG in first place in the Hungarian construction market. Its share of the total market reached 5.2 %, that in road construction 21.8 %.

CZECH REPUBLIC



Overall construction volume:	€ 22.5 billion.
GDP growth:	2019e: 2.6 % / 2020e: 2.4 %
Construction growth:	2019e: 3.3 % / 2020e: 1.6 %

The Czech economy grew by 2.6 % in 2019, a rate that was again significantly above the average of the European countries. The positive economic development is being driven mainly by private consumption and the extremely positive employment situation. In addition, a national investment plan presented by the government foresees massive investments in more than 17,000 projects for the years 2019 to 2030, although the total estimated investment volume is not considered to be realisable. Due to the further increase in the already strong private consumption, Euroconstruct continues to expect moderate GDP growth rates of around 2.3 % p.a. for the next three years.

After several years of volatile development, the Czech construction industry showed solid growth of 3.3 % in 2019. This made the construction sector the last sector to recover after the 2008 financial crisis. In addition to structural problems, the delayed consolidation was mainly due to a massive shortage of skilled workers, which is currently driving wage costs up by around 10 % annually. Moreover, the Czech Republic is one of the 40 slowest countries in the world in terms of the processing time for building permits. For 2020, Euroconstruct therefore again forecasts a lower growth rate of 1.6 % for the Czech construction industry. As funds begin to flow in 2021 from the new EU financial framework for 2021–2027, the experts predict the country will see somewhat higher growth rates of 1.8 % and 2.4 % in 2021 and 2022.

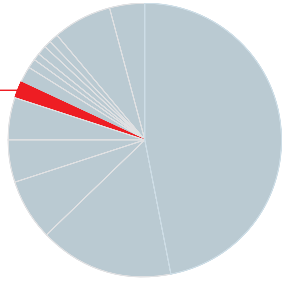
The high demand for new apartments and single-family houses, spurred by low mortgage rates, led to remarkable growth of 3.6 % in residential construction in 2019. In recent years, real estate developers had already reached their limit in finding suitable building sites and receiving building permits; in the meantime, however, amendments to Czech building law have clearly helped to relieve this situation. Against this background, Euroconstruct continues to predict strong growth of 5.3 % for 2020. In 2021 and 2022, theses figures should decrease to still very solid +4.3 % and +3.6 %, respectively.

Other building construction grew by 2.2 % in 2019 after the sector had already recovered from a multi-year recession in the two years before. Investments in industrial and logistics centres, as well as the construction of shopping centres and large office buildings, should bring this sector a significant plus of 3.8 % in 2020, a decline of 0.2 % in 2021, and stagnation the following year. Nevertheless, the Czech Republic remains very attractive to foreign investors.

Czech civil engineering likely reached a peak in 2019 with a strong plus of 4.3 %. In addition to projects already started in rail and road construction as well as in metro lines and waterways, other investments in the pipeline include work on the power grid, upgrades for existing nuclear power plants and the expansion of two airports. Due to the general economic slowdown and the end of the EU financial framework for 2014–2020, however, Euroconstruct predicts the sector to contract significantly in 2020 with -6.3 % before the trend clearly points upwards again in 2021 and 2022 with +0.6 % and +3.7 %.

STRABAG is the number two on the market in the Czech Republic. With an output volume of € 782.78 million in 2019, around 5 % of the group's total output (2018: 4 %) was generated in the country. The market share in the entire construction market is 3.2 % and in road construction even amounts to 17.2 %.

SLOVAKIA



Overall construction volume: € 5.5 billion
GDP growth: 2019e: 2.4 % / 2020e: 2.3 %
Construction growth: 2019e: 0.2 % / 2020e: 1.0 %

In parallel to the slowdown in economic momentum across the entire eurozone, GDP growth in Slovakia also slowed to 2.4 % in 2019. The development was still driven by the high level of consumer spending by private households and the high net exports. Despite an expected decline in public investment, Euroconstruct forecasts that the Slovak economy will continue to grow steadily between 2.3 % and 2.8 % over the next three years. This assessment is based, among other factors, on the good order situation of the automobile manufacturers based in the country.

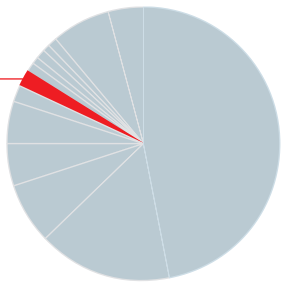
The Slovak construction industry grew by 0.2 % in 2019, significantly more weakly than in the two previous years. According to Euroconstruct, the fundamental direction is unlikely to change in the next two years and will even result in a minus of 0.4 % in 2022. Residential construction, which increased by a remarkable 11.7 % in 2019, again benefited from the low interest rates on loans and the increased demand for real estate for personal use and for investment purposes. This effect is probably only temporary, however. For the next three years, Euroconstruct predicts the sector's growth momentum to fall below zero.

Despite positive general economic figures, other building construction in Slovakia grew by only 0.1 % in 2019, even though large investments by car manufacturers for the expansion of their production capacities still had a positive impact and the retail sector demanded modern logistics centres and warehouses. According to Euroconstruct, the implementation of several large investment projects in Bratislava should again result in somewhat better capacity utilisation in 2020 (+1.0 %) and 2021 (+1.8 %) before the curve turns into the negative with -2.7 % in 2022.

After a remarkable growth rate of 18.6 % in the previous year, civil engineering suffered a painful decline of -7.8 % in the reporting period, albeit at a high absolute level. This development was due in part to the expiry of funding from the EU financial framework for 2014–2020. Large-scale projects in particular are likely to lead to positive growth rates of 4.3 %, 4.6 % and 3.3 % in the next three years, however.

With a market share of 9.3 % and an output volume of € 369.04 million in 2019, STRABAG is the market leader in Slovakia. In road construction, STRABAG's share is 17.4 %. In 2019, Slovakia contributed 2 % to the group's total output volume (2018: 3 %).

BENELUX (BELGIUM AND NETHERLANDS)



BELGIUM
Overall construction volume: € 47.7 billion
GDP growth: 2019e: 1.1 % / 2020e: 1.1 %
Construction growth: 2019e: 2.8 % / 2020e: 3.8 %

NETHERLANDS
Overall construction volume: € 83.4 billion
GDP growth: 2019e: 1.8 % / 2020e: 1.5 %
Construction growth: 2019e: 3.6 % / 2020e: 0.5 %

The economy in Belgium and the Netherlands developed moderately dynamically in 2019. Low yet steady GDP growth of 1.1 % in Belgium and somewhat higher growth of 1.8 % in the Netherlands can be attributed to rising corporate investments, slightly higher household incomes and somewhat lower unemployment.

The **Belgian construction industry** achieved a plus of 2.8 % in the reporting period; in particular civil engineering grew strongly by +6.5 %.

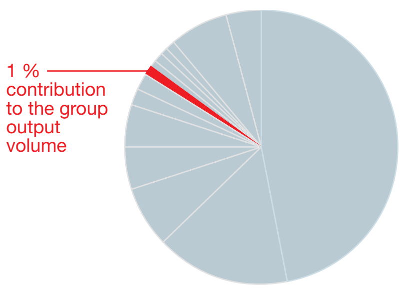
Large national infrastructure projects, such as the expansion of the regional express rail network, contributed to this positive development. As these generate around 40 % of growth in the entire Belgian construction sector, Euroconstruct forecasts a somewhat stronger increase of 3.8 % and 3.4 % for 2020 and 2021, respectively. In addition, the government that was newly elected in May 2019 gave a clear indication of upcoming investments. The growth is expected to slow back to 1.2 % in 2022, however. Other building construction, which has been somewhat weak in recent years, also benefited from public sector investments in national programmes. Residential construction, which had benefited primarily from temporary tax breaks and a significant expansion of building permits in recent years, grew rather moderately in 2019 at +1.6 %. Due to the start of energy efficiency promotion programmes, however, Euroconstruct predicts growth of between 3.4 % and 3.9 % for the next two years before levelling off again at +1.1 % in 2022.

The **Dutch construction industry**, with an increase of 3.6 %, seems to have passed the zenith of a multi-year growth phase in 2019. According to Euroconstruct, growth could shrink to 0.5 % and 1.3 % in 2020 and 2021, respectively. A new, very restrictive law by the Dutch government that will limit nitrogen emissions in environmentally sensitive regions of the densely populated country will have a major impact on future development. As an estimated 18,000 projects are affected by the new regulation, this is having a strong impact on the overall construction activity in the country and is delaying many building permits. By 2022, however, this change should largely be coped with, and Euroconstruct again forecasts solid growth of 2.7 % in the industry.

Despite increasing demand for new projects, residential construction, which had previously been the pillar of positive development, saw an increase of only 2.1 % in 2019. Due to high construction costs and a general capacity bottleneck, Euroconstruct predicts a decline of 0.2 % in residential construction for 2020 before the curve goes back up again to +0.7 % in 2021 and +2.7 % in 2022. Other building construction again posted a strong increase of 5.9 % in 2019. The main contributors to this development were new buildings for the retail, healthcare and education sectors, as well as new office properties, industrial buildings and warehouses. But other building construction will also feel the effects of the new nitrogen emissions law. For this reason, and due to a general decline in exports, Euroconstruct predicts that this sector will only grow by 1.5 % in 2020 before the growth levels off at 2.8 % in 2021 and 2.5 % in 2022. Civil engineering increased by 3.4 % in the reporting period and was therefore significantly weaker than originally forecast. The nitrogen emissions law has particularly significant effects on infrastructure projects – and here again explicitly in road construction, which accounts for more than half of the civil engineering volume in the Netherlands. Euroconstruct therefore already anticipates a sideways movement of the sector with +0.6 % each for 2020 and 2021 before a recovery of +2.7 % is expected for 2022.

STRABAG achieved an output volume of € 317.74 million in the Benelux countries in 2019. This corresponds to a 2 % share of the group output volume (2018: 2 %).

SWITZERLAND



Overall construction volume:	€ 61.3 billion
GDP growth:	2019e: 0.9 % / 2020e: 1.9 %
Construction growth:	2019e: 0.7 % / 2020e: -0.4 %

The growth forecasts for the Swiss economy were almost entirely revised downward due to the development of the most important trading partners. Overall GDP growth in 2019 probably only amounted to 0.9 %. Primarily supported by strong wage growth and a healthy labour market, private consumption grew by 1.1 %. In view of the budget surpluses, the experts also see room for public sector investments. However, the declining capacity utilisation in the industrial sector prompted the national bank to conduct a revaluation of the Swiss franc and enact an expansive monetary policy in the reporting period. For 2020 and 2021, Euroconstruct is therefore forecasting slightly higher growth rates of 1.9 % and 1.5 % for the country, with a solid increase of 2.5 % expected again in 2022.

The growth of the Swiss construction industry clearly lost momentum in 2019 with an increase of 0.7 %. While residential construction had been the sector with the most sustained growth in recent years, the momentum is now coming mainly from civil engineering. Euroconstruct is forecasting a slight decline of 0.4 % for the Swiss construction industry overall in 2020, before the trend points up slightly again at +0.2 % in both 2021 and 2022.

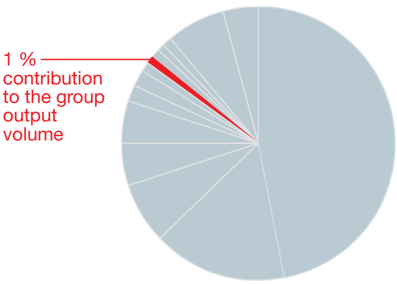
In view of extensive market saturation, Swiss residential construction declined significantly in 2019 with a minus of 2.1 %. While the momentum is clearly weakening in the periphery, the demand for residential buildings in cities like Zurich and Geneva continues to increase. Further rising property prices and high vacancy rates are causing Euroconstruct to predict declines between 2.2 % and 2.5 % for this sector as a whole over the next three years.

In contrast, Swiss companies currently have a little more room for investments in corporate real estate. In 2019, extensive construction projects by the major pharmaceutical and biotechnology companies primarily contributed to the moderate growth in other building construction of 1.8 %. Not least due to planned investments in the healthcare and education sectors, Euroconstruct predicts that other building construction will move sideways by 0.1 % in 2020, although stronger growth rates of 2.3 % and 2.9 % are expected for the two years thereafter.

While residential construction weakened in the past year, civil engineering, as mentioned above, grew by 5.1 %. Here, too, however, the momentum seems to be slowing down: growth is likely to be significantly lower at 2.9 % and 2.6 % in 2020 and 2021, respectively, and to decline to 1.1 % in 2022. The growth in this sector is essentially based on investments by the two infrastructure funds implemented by the Swiss government.

In 2019, Switzerland contributed € 231.95 million, or 1 % (2018: 2 %), to the total output volume of the STRABAG Group.

ROMANIA



Overall construction volume:	€ 19.1 billion
GDP growth:	2019e: 4.1 % / 2020e: 3.6 %
Construction growth:	2019e: 6.4 % / 2020e: 3.7 %

The Romanian economy once again showed a solid upward trend with an increase of 4.1 % in 2019. The momentum primarily resulted from the further increase in private consumption, which in turn was supported by wage growth and pension increases. Increases in industrial production and retail sales also had a positive effect. The impact of these factors should continue over the next two years, leading to growth rates of 3.6 % and 3.3 % in 2020 and 2021, respectively.

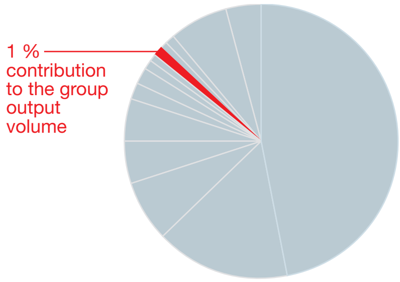
The Romanian construction industry reported positive growth of 6.4 % in 2019, and growth rates of 3.7 % and 2.8 % are also expected for 2020 and 2021. Supported by rising wages and low interest rates on loans, residential construction posted a strong plus of 8.9 % in 2019, which was largely driven by new construction. A large number of ongoing projects and building permits allow growth of 6.0 % and 5.0 % to be expected in 2020 and 2021, respectively, before rising property prices and simultaneously rising interest rates on loans, in some places combined with an oversupply, are likely to cause a slowdown.

Other building construction also saw a strong increase of 11.5 % in 2019, supported in particular by investments by international property developers in new office buildings. Investments by industry and retail also contributed to the positive performance. Foreign companies continue to make targeted use of the comparatively lower wages and, at the same time, the high level of qualifications of the Romanian workforce. Against this background, EECFA also forecasts growth of 2.4 % and 2.5 % also for the next two years.

Civil engineering showed a slight decline of 1.1 % in the year under review. In addition to the presidential elections in autumn 2019 and the associated uncertainties, the low level of funding from the new EU funding programmes, especially for infrastructure measures in the road sector, was a key factor in this development. However, due to new EU funding, EECFA predicts a slight upturn in 2020 with growth of 2.1 % before a return to negative growth rates in 2021 with -0.1 %.

With an output volume of € 225.50 million in 2019 and a market share of 1.1 %, the STRABAG Group continues to be the market leader in the Romanian construction market. In Romanian road construction, the share of the market stands at 3.6 %.

SWEDEN



Overall construction volume: € 42.8 billion
GDP growth: 2019e: 1.2 % / 2020e: 1.1 %
Construction growth: 2019e: -0.3 % / 2020e: -1.9 %

The Swedish economy saw slight growth of 1.2 % in 2019. This development was supported by rising real wages with falling unemployment figures and the resulting higher domestic consumption. By contrast, private investment, which has been the driving force behind growth, recently declined. Euroconstruct's medium-term forecast remains unchanged, however. Even if the momentum slows down somewhat, the Swedish economy remains in a phase of upswing. However, the high level of household debt and the expected decline in public investment over the next three years are likely to result in a slight reduction in GDP growth to an average of 1.5 % p.a.

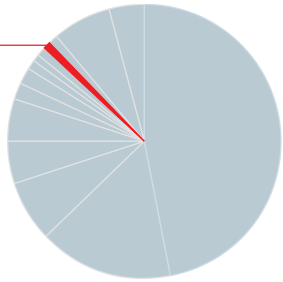
After very dynamic growth in previous years, the Swedish construction volume declined for the second year in a row in 2019 with -0.3 %. For 2020 and 2021, Euroconstruct also anticipates a decline in construction output of 1.9 % and 0.5 %, respectively, before the curve points upwards again in 2022 with +2.9 %. The previous construction boom in residential construction came to a standstill in 2018 due to the entry into force of new financial regulations for private households. For 2019, the sector is attested a further decline of 7.6 %, which should continue in the following two years with losses of 5.5 % and 3.0 %, respectively. Here, too, the trend reversal should succeed in 2022 with +1.9 %.

After several years of solid growth, other building construction entered a phase of consolidation in 2018. In 2019, however, the sector recorded solid growth again with an increase of 4.4 %. This was driven by a general increase in real estate projects and the continuing high level of interest from international investors thanks to the attractive returns in the Swedish real estate market. The forecasts for the coming years are not overly optimistic, however. According to Euroconstruct, the momentum in other building construction should cool down again to -2.5 % and -1.4 % in 2020 and 2021 before picking up again in 2022 with +1.9 %.

Swedish civil engineering again grew above average in 2019 with a plus of 6.8 %. Public sector investments in rail infrastructure and public transport, as well as the implementation of several major projects in Stockholm and Gothenburg, provided significant stimulus, some of which extends beyond the reporting year. Euroconstruct therefore expects solid growth also in the coming years (2020 and 2021: +4.1 % each, 2022: +2.8 %).

The output volume of the STRABAG Group in Sweden amounted to € 205.27 million in 2019.

CROATIA



Overall construction volume: € 4.4 billion
GDP growth: 2019e: 2.9 % / 2020e: 2.6 %
Construction growth: 2019e: 11.3 % / 2020e: 8.9 %

With a plus of 2.9 %, the Croatian economy again grew more strongly in 2019 than the EU average. In addition to private consumption, the development was powered by strong investment momentum and tourism. The government appears to be getting the national debt under control. In order to keep young, ambitious people in the country, the country has simplified the process of establishing new companies and granting building permits. Large-scale investment projects in the healthcare sector are ongoing and secured for the future through EU funding and international investments. EECFA therefore expects the GDP growth rates to remain largely unchanged for the coming years.

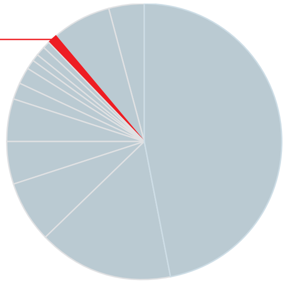
The Croatian construction sector saw a significant increase of 11.3 % in 2019. The strongest and most positive growth was in civil engineering, with 27.1 %, supported by massive infrastructure investments. Residential construction also registered a solid increase of 6.2 % and is expected to grow by a further 5.6 % in 2020 before yielding somewhat in 2021 (-1.0 %). According to EECFA estimates, the Croatian construction industry as a whole is expected to grow again by 8.9 % in 2020, though only a lower growth rate of 2.0 % is expected for 2021.

Other building construction recorded a slight increase of 1.8 % in the reporting year. The construction volume grew among warehouses and industrial buildings as well as buildings in the healthcare and education sectors, while the growth in office development is more restrained. Hotel construction also fell slightly short of expectations. Overall, EECFA forecasts that other building construction will see cautious increases of 1.2 % (2020) and 1.5 % (2021) in the coming years.

A decisive factor for the strong plus in civil engineering in 2019 was, in addition to the optimised use of EU funding, above all large-scale infrastructure projects for rail and shipping. Also driving the growth is the construction of oil pipelines and national electricity and telecommunications networks. For 2020, EECFA once again predicts a strong increase of 18.4 % for the sector and a further increase of 5.2 % for 2021.

The STRABAG Group generated € 152.48 million in the Croatian market in 2019. It is the country's second-largest market participant.

SERBIA



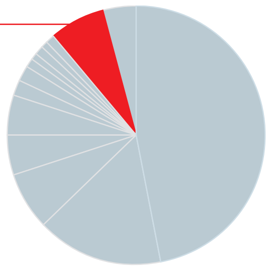
Overall construction volume:	€ 3.5 billion
GDP growth:	2019e: 3.8 % / 2020e: 4.3 %
Construction growth:	2019e: 21.5 % / 2020e: -3.2 %

The Serbian economy continued its upswing in 2019 with GDP growth of 3.8 %. In addition to higher employment figures and growing wages, investments by industry and commerce further boosted the economic engine, while the construction industry also made a significant contribution. Moreover, foreign direct investment reached a record level. The current GDP forecasts of +4.3 % (2020) and +4.5 % (2021) may therefore be revised upwards.

With an increase of 21.5 %, Serbia's construction industry saw a downright boom in 2019 that went clear across all sectors. Residential construction grew strongly again with a plus of 8.7 % after solid growth in the previous year (+9.6 %), while the reform of the procedure for building permits also had a positive effect in other building construction (+17.0 %). Shopping centres, hotels and industrial buildings were particularly in demand here, while office space only slowly caught up. Civil engineering, which also accounts for the largest share of the Serbian construction volume, developed most strongly in 2019 with +28.1 %. The main driver here is and remains pipeline construction. An interim minus of 8.4 % is being forecast for the sector in 2020, however, and EECFA predicts a slight overall correction of -3.2 % for the Serbian construction industry in 2020. In 2021 things are expected to go up again with a plus of 4.5 %.

The STRABAG Group generated an output volume on the Serbian market of € 148.11 million in 2019.

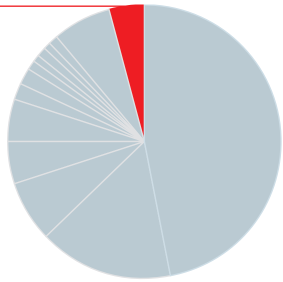
MIDDLE EAST, AMERICAS, AFRICA, ASIA



In order to make itself as independent as possible from the economic development of individual countries and so spread its country risk as widely as possible, STRABAG is also active outside of its main markets in Europe. As a rule, the company acts as a main contractor in direct export. With this in mind, the group has been present in Africa and Asia, Canada and Chile and the Middle East for many years, often even decades. STRABAG focuses on areas that are characterised by high technological expertise: civil engineering, industrial and infrastructure projects as well as tunneling.

In 2019, the STRABAG Group generated a total € 1,106.54 million, or 7 %, of its total output outside Europe (2018: 7 %). The activities in non-European countries are – with a few exceptions – assigned to the International + Special Divisions segment.

DENMARK, RUSSIA, SLOVENIA, BULGARIA AND REST OF EUROPE



RUSSIA

Overall construction volume:	€ 124.4 billion
GDP growth:	2019e: 1.3 % / 2020e: 1.7 %
Construction growth:	2019e: -0.4 % / 2020e: 1.9 %

SLOVENIA

Overall construction volume:	€ 3.3 billion
GDP growth:	2019e: 2.8 % / 2020e: 3.0 %
Construction growth:	2019e: 5.7 % / 2020e: 2.1 %

DENMARK

Overall construction volume:	€ 36.5 billion
GDP growth:	2019e: 1.3 % / 2020e: 1.3 %
Construction growth:	2019e: 1.6 % / 2020e: 1.3 %

BULGARIA

Overall construction volume:	€ 7.4 billion
GDP growth:	2019e: 3.6 % / 2020e: 3.0 %
Construction growth:	2019e: 8.7 % / 2020e: 6.5 %

Denmark

In fundamentally good shape, the Danish economy saw GDP growth of 1.3 % in 2019. The development was supported by private consumption, new residential construction and the positive trade balance. The considerable wealth of private individuals and the national debt within the Maastricht criteria allow modest but steady growth to be expected in the coming years. Uncertainties linger due to Brexit as the UK is the country's most important trading partner.

The Danish construction sector, with a plus of 1.6 %, developed slightly better than the overall economy in 2019, with Euroconstruct predicting growth rates at a similarly high level for the coming years (+1.3 % in both 2020 and 2021). Residential construction grew most strongly in the reporting period with an increase of 1.9 % – a trend that is likely to continue (+1.3 % in both 2020 and 2021). Other building construction, which grew by 1.9 % in 2019, can expect a light stimulus from a comprehensive programme of "green" public investments in the coming years. Here Euroconstruct expects growth of 1.6 % for 2020 and +1.4 % for 2021. At +0.8 %, the civil engineering sector registered the lowest growth in 2019 due to priority shifts in the run-up to the parliamentary elections. Euroconstruct cautiously forecasts growth between +0.7 % and +1.2 % for this sector in the years 2020–2022.

The output volume of the STRABAG Group in Denmark amounted to € 99.49 million in 2019.

Russia

The Russian economy continued its tentative upward path in 2019 with 1.3 % growth; however, all forecasts for the coming years were revised downwards. The continuing sanctions of the West and the still unresolved war in Syria are likely to continue to dampen the country's development noticeably. For 2020, EECFA therefore forecasts only a slightly higher growth rate of 1.7 %, although the momentum should pick up again somewhat in 2021 with + 3.1 %.

The Russian construction economy declined in 2019 by -0.4 %. In 2020, however, the trend should turn into positive territory at +1.9 %, while solid growth of 3.1 % is again forecast for 2021. The 1.2 % decline in residential construction in 2019 is mainly due to the low purchasing power of private households. Due to government housing programmes, however, this sector is likely to grow again in 2020 (+2.7 %) and even increase by 3.8 % in 2021. Other building construction registered a strong plus of 4.7 % in the year under review, with growth of 3.0 % and 1.9 % expected here in the coming years. The Russian civil engineering sector underwent a slight downwards adjustment in 2019 with -1.3 %. However, EECFA forecasts a slight upward trend of +0.8 % and +2.7 % for this sector in 2020 and 2021, respectively.

The STRABAG Group generated an output volume of € 71.42 million in Russia in 2019. In the region, STRABAG is active almost exclusively in building and industrial construction.

Slovenia

With a plus of 2.8 %, the Slovenian economy again exhibited GDP growth above the EU average in 2019. A new investment promotion law is stimulating both the production and service sector. According to EECFA, rising real wages and a positive development in exports should continue to give the country solid GDP growth of 3.0 % and 2.7 % in the next two years.

The good economic situation was also reflected in the Slovenian construction industry, which was able to post a very positive result in 2019 with a plus of 5.7 %. This trend should continue in the next two years, albeit somewhat weaker (2020: +2.1 %, 2021: +0.6 %). In particular, residential construction experienced a boom in the reporting period with +12.2 %, driven mainly by the construction of new single-family houses. Other building construction saw a sideways movement (+1.0 %) in 2019 after two years of enormous growth, and this trend is likely to continue with a slight decline of 0.3 % and 0.6 % in the next two years. Finally, civil engineering showed an increase of 4.1 % thanks to new infrastructure projects in the field of renewable energies. For 2020, EECFA predicts further growth of 1.5 % in this segment, while the trend is likely to decline slightly at -2.3 % in 2021.

The STRABAG Group achieved an output volume of € 48.71 million in Slovenia in 2019.

Bulgaria

The Bulgarian economy again exhibited very robust growth in 2019 with a plus of 3.6 %. Stable fiscal conditions, a good employment situation and the favourable development of the national budget lead EECFA to predict GDP growth of 3.0 % and 2.9 % for the next two years.

After the dramatic slump in 2016 (-39.7 %), the Bulgarian construction industry continued its upswing for the third year in a row in 2019 with an increase of 8.7 %. This development was supported above all by residential construction (+18.1 %), which benefited primarily from low mortgage rates and rising real wages. In view of government programmes to improve energy efficiency, EECFA predicts strong growth of 8.4 % for this sector in 2020 before the curve turns downwards by -3.2 % in 2021. Other building construction, whose development has been fluctuating for years, saw a solid increase of 7.0 % in 2019. In the capital of Sofia in particular, investments by foreign companies noticeably increased the need for modern office space. Civil engineering, in turn, (+2.8 %) benefited from numerous large-scale projects in rail and road construction and the expansion of gas grid connections to neighbouring countries. Growth of 6.3 % is expected here in 2020 before the start of the new EU financial framework for 2020–2027 brings about a massive increase of 16.9 % in 2021.

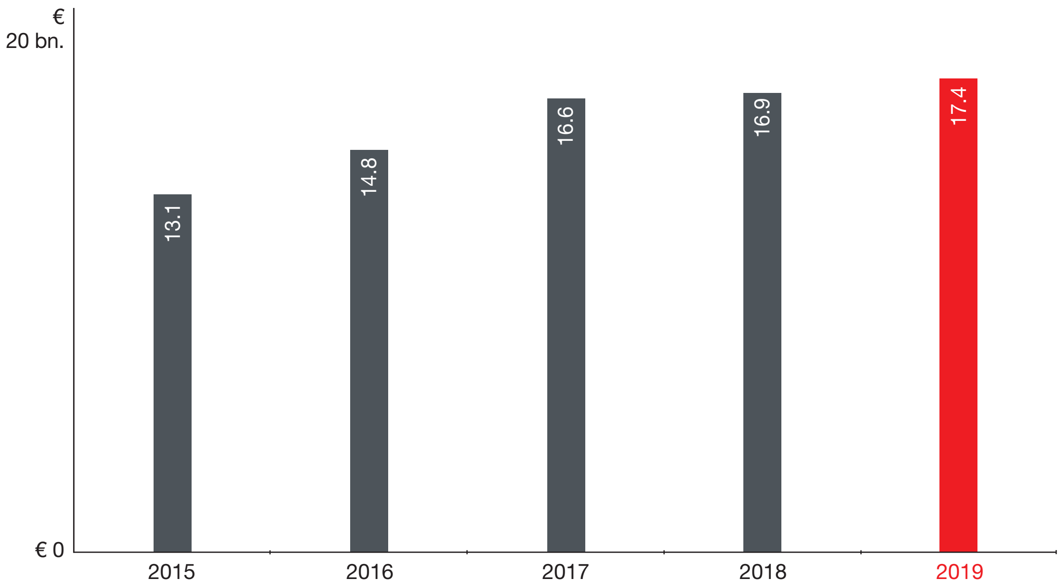
The STRABAG Group generated € 41.86 million on the Bulgarian market in 2019.

Order backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2019

€ mln.	Total 2019	North + West	South + East	International + Special Divisions	Other	Total 2018	Δ total %	Δ total absolute
Germany	7,617	6,604	159	851	3	7,178	6	439
Austria	1,885	5	1,580	300	0	2,056	-8	-171
Poland	1,498	1,455	0	43	0	1,632	-8	-134
Americas	1,056	0	0	1,056	0	1,134	-7	-78
Rest of Europe	1,036	14	139	883	0	431	140	605
Czech Republic	761	0	745	16	0	454	68	307
Hungary	649	0	618	31	0	967	-33	-318
Benelux	439	423	2	14	0	567	-23	-128
Asia	410	0	5	405	0	398	3	12
Romania	282	14	261	7	0	187	51	95
Middle East	281	0	5	276	0	173	62	108
Slovakia	224	0	215	9	0	262	-15	-38
Serbia	194	0	194	0	0	108	80	86
Croatia	188	0	185	3	0	92	104	96
Sweden	171	135	0	36	0	390	-56	-219
Switzerland	151	8	141	2	0	181	-17	-30
Denmark	150	150	0	0	0	211	-29	-61
Italy	116	0	7	109	0	115	1	1
Russia	103	0	102	1	0	84	23	19
Bulgaria	92	0	92	0	0	105	-12	-13
Africa	69	0	0	69	0	125	-45	-56
Slovenia	39	0	39	0	0	50	-22	-11
Total	**17,411**	**8,808**	**4,489**	**4,111**	**3**	**16,900**	**3**	**511**

DEVELOPMENT OF ORDER BACKLOG



The order backlog as at 31 December 2019 grew by 3 % year-on-year to reach another record level of € 17.4 billion. Declines were seen in Hungary, Austria and Poland, for example, as work progressed on numerous major projects in these countries. This development was contrasted by the substantial expansion of an existing order in the United Kingdom and a significant increase in the order backlog in Germany and the Czech Republic. The projects acquired in 2019 include the construction of a section of the D35 motorway and the modernisation of several railway lines in the Czech Republic, the upgrading of bridges on the A9 motorway near Allersberg in Germany, two mining contracts for the El Teniente mine in Chile, the transportation infrastructure and civil engineering works for the Boll-Sinneringen bypass in Switzerland, the renovation of the southern section of Budapest's M3 metro line in Hungary, as well as the construction of a wastewater pumping station in Qatar, a pumped storage power plant in Dubai and a pumping station for a wastewater treatment plant in Toronto, Canada.

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2019

Category	Number of construction sites	Number of construction sites as % of total	Order backlog € mln.[1]	Order backlog as % of total
Small orders (€ 0–1 mln.)	8,617	78	1,444	8
Medium-sized orders (€ 1–15 mln.)	1,993	18	3,660	21
Large orders (€ 15–50 mln.)	297	3	4,397	25
Very large orders (>€ 50 mln.)	132	1	7,910	46
Total	**11,039**	**100**	**17,411**	**100**

Part of the risk management

The total order backlog is comprised of 11,039 individual projects. More than 8,600 of these, or 78 %, involve small orders with a volume of up to € 1 million each; the much smaller remaining proportion of 22 % covers medium-sized to very large orders with contract volumes of € 1 million and up. A total of merely 132 projects have a volume above € 50 million. The high number of individual contracts guarantees that the risk involved with one project does not, as far as possible, threaten the group success as a whole. The ten largest projects in the order backlog as at 31 December 2019 added up to 18 % of the order backlog.

THE TEN LARGEST PROJECTS IN THE ORDER BACKLOG AS AT 31 DECEMBER 2019

Country	Project	Order backlog € mln.	as % of total order backlog
United Kingdom	North Yorkshire Polyhalite Project	878	5.0
Chile	Alto Maipo power plant	387	2.2
Germany	New rail line/airport tunnel	379	2.2
Germany	EDGE East Side	265	1.5
Chile	El Teniente – main supply tunnel	242	1.4
Singapore	Deep Tunnel Sewerage System	227	1.3
Germany	Stuttgart 21, underground railway station	216	1.2
Germany	JV Tunnel Hauptbahnhof Second core rapid transit route, Munich	198	1.1
Germany	Modernisation of main university building, Bielefeld	148	0.9
Chile	El Teniente – access tunnel	131	0.8
Total		**3,072**	**17.6**

Financial performance

The consolidated **group revenue** for the 2019 financial year amounted to € 15,668.57 million. As with the output volume, this corresponds to a slight plus of 3 %. The ratio of revenue to output increased slightly from 93 % to 94 %. The operating segments North + West contributed 48 %, South + East 31 % and International + Special Divisions 21 % to the revenue.

The **changes in inventories** involve mainly the real estate project development business, which continued to be very active. The **own work capitalised** declined as a result of the completion of new corporate locations. The total of **expenses for construction materials, consumables and services used** and the **employee benefits expense**, expressed in relation to the revenue, fell from 90 % to 88 %.

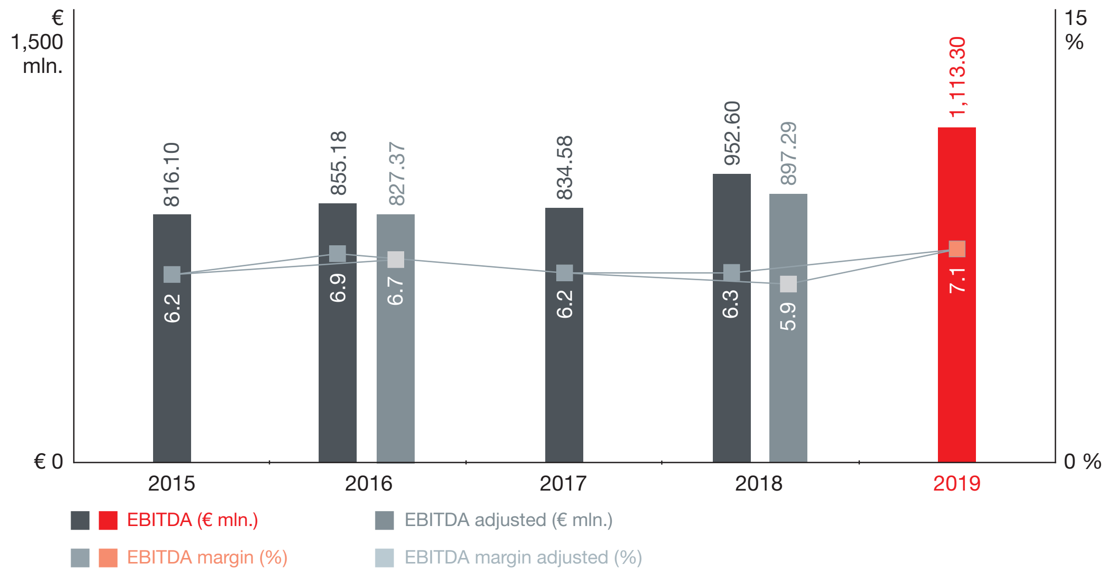
1 Rounding differences are possible.

EXPENSES

€ mln.	2019	2018	Δ %
Construction materials, consumables and services used	10,111.85	10,125.77	0
Employee benefits expense	3,745.15	3,618.94	3
Other operating expenses	1,024.01	854.89	20
Depreciation and amortisation expense	510.72	394.39	29

Due to project provisions, the earnings from joint ventures, and thus the **share of profit or loss of equity-accounted investments**, were negative. In the previous year, this item had included a non-operating step-up profit in the amount of € 55.31 million resulting from the full consolidation of the concession company PANSUEVIA that operates the A8 motorway in Germany. The **net income from investments** is composed of the dividends and expenses of many smaller companies or financial investments.

DEVELOPMENT OF EBITDA AND EBITDA MARGIN[1]



In total, the **earnings before interest, taxes, depreciation and amortisation** (EBITDA) increased by 17 % to € 1,113.30 million, topping the € 1.0 billion mark for the first time. The EBITDA margin grew from 6.3 % to 7.1 %. What must be taken into account here, however, is that the first-time application of IFRS 16 Leases means that rental expenses recognised in EBITDA in previous years are now shown as depreciation and interest. If comparison is made with the EBITDA adjusted for the non-operating step-up profit in the previous year, the increase amounts to 24 %.

The **depreciation and amortisation expense** grew by 29 %. One of the reasons for this development is the first-time application of IFRS 16 Leases, according to which right-of-use assets from leases are to be measured less depreciation and the corresponding lease expenses can no longer be recognised under the item "Other operating expenses".

The **earnings before interest and taxes** (EBIT) increased by 8 % to € 602.58 million, which corresponds to an EBIT margin of 3.8 % after 3.7 % in 2018. Adjusted for the previous year's non-operating step-up profit, the EBIT grew by 20 %. The improvement is primarily attributable to the North + West segment, where the earnings nearly doubled.

At € -25.34 million, the **net interest income** was comparable to that of the previous year. Although a negative exchange rate result of € -5.93 million was achieved with regard to the exchange rate differences, the interest expense was reduced as well due to the repayment of a bond in the previous year.

Effective tax rate: 34.4 %

In the end, the **earnings before taxes** grew by 9 %. The income tax rate stood at 34.4 %, slightly higher than in the previous year (2018: 31.7 %). The **net income** amounted to € 378.56 million, an increase of 4 % compared to 2018.

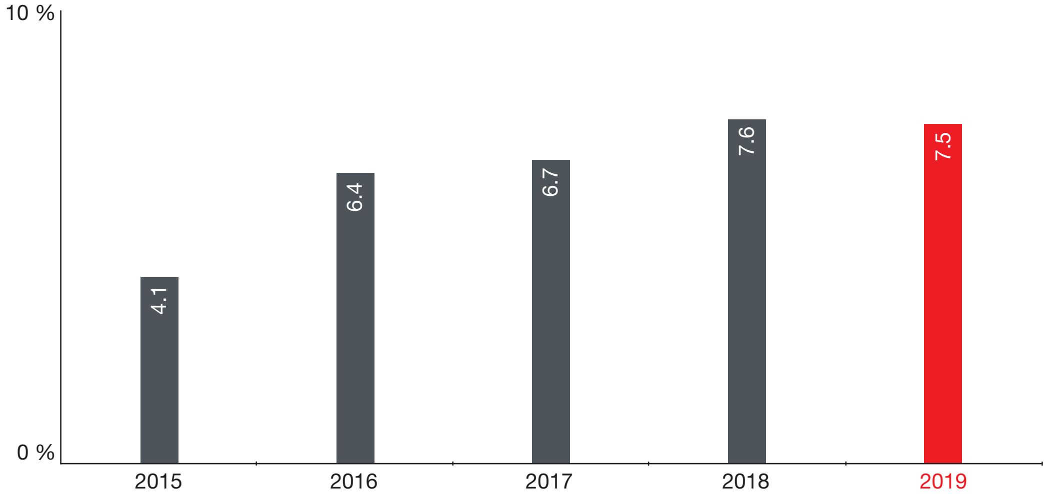
1 2016 adjusted for non-operating income in the amount of € 27.81 million.
2018 adjusted for a non-operating step-up profit in the amount of € 55.31 million.

Earnings per share: € 3.62

The earnings owed to minority shareholders amounted to € 6.86 million after € 9.25 million in the previous year. The **net income after minorities** for 2019 stood at € 371.70 million – an increase of 5 %. The **earnings per share** amounted to € 3.62 (2018: € 3.45).

The **return on capital employed** (ROCE)[1] reached 7.5 % after 7.6 % in the previous year.

DEVELOPMENT OF ROCE



Financial position and cash flows

BALANCE SHEET

€ mln.	31.12.2019	% of balance sheet total[2]	31.12.2018	% of balance sheet total[2]
Non-current assets	5,249.85	43	4,775.92	41
Current assets	7,000.96	57	6,791.69	59
Equity	3,855.90	31	3,653.77	32
Non-current liabilities	2,344.53	19	2,326.19	20
Current liabilities	6,050.38	49	5,587.65	48
Total	**12,250.81**	**100**	**11,567.61**	**100**

The total assets and liabilities increased to € 12.3 billion compared to € 11.6 billion on 31 December 2018, in part due to the first-time application of IFRS 16 Leases. This also explains the increase in property, plant and equipment and financial liabilities. Despite this increase of the balance sheet total, the **equity ratio** remained nearly unchanged at 31.5 % (2018: 31.6 %).

1 ROCE = (net income + interest on debt – interest tax shield (25 %))/(average group equity + interest-bearing debt)
2 Rounding differences are possible.

KEY BALANCE SHEET FIGURES

	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019
Equity ratio (%)	31.0	31.5	30.7	31.6	31.5
Net debt (€ mln.)	-1,094.48	-449.06	-1,335.04	-1,218.28	-1,143.53
Gearing ratio (%)	-33.0	-13.8	-39.3	-33.3	-29.7
Capital employed (€ mln.)	5,448.01	5,258.17	5,242.91	5,552.09	5,838.71

Net cash position of more than € 1.1 billion

As usual, a net cash position was reported on 31 December 2019. This figure fell slightly in the face of the marginally higher financial liabilities from € 1.2 billion to € 1.1 billion.

CALCULATION OF NET DEBT[1]

€ mln.	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019
Financial liabilities	1,579.75	1,426.08	1,293.98	1,363.33	1,422.21
Severance provisions	96.13	110.02	111.10	114.68	124.68
Pension provisions	451.50	457.48	440.11	420.31	435.92
Non-recourse debt	-489.53	-439.38	-389.78	-730.77	-665.53
Cash and cash equivalents	-2,732.33	-2,003.26	-2,790.45	-2,385.83	-2,460.81
Total	**-1,094.48**	**-449.06**	**-1,335.04**	**-1,218.28**	**-1,143.53**

The **cash flow from operating activities** improved from € 788.98 million to € 1,075.94 million as a result of a higher cash flow from earnings and a further, even higher reduction of the working capital. The expectation of a significant reduction in advance payments in 2019 and a concomitant increase in working capital to familiar levels thus did not materialise. The **cash flow from investing activities** was less negative, largely due to the smaller changes in the scope of consolidation. The previous year's figure had included the cash outflow from the PANSUEVIA transaction. The **cash flow from financing activities** stood at € -411.62 million after € -534.17 million in the previous year. This decrease is due to the lower volume of a bond repayment and the fact that the 2018 figure had been affected by a cash outflow related to the acquisition of the minority shares of the now-delisted German subsidiary STRABAG AG.

REPORT ON OWN SHARES

On 31 December 2019, STRABAG SE held 7,400,000 bearer shares equalling 6.7 % of the share capital. The corresponding value of the share capital amounts to € 7,400,000.00. The acquisition took place over a period from July 2011 to May 2013 to any purpose allowed by Sec 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG), especially for the purpose of using own shares as acquisition currency. The average purchase price per share was € 20.79.

1 The non-recourse liabilities that were considered are related to two PPP projects. Non-recourse liabilities from other PPP projects had, based on their amount, only an immaterial impact and are therefore not subtracted in the calculation of net debt.

Capital expenditures

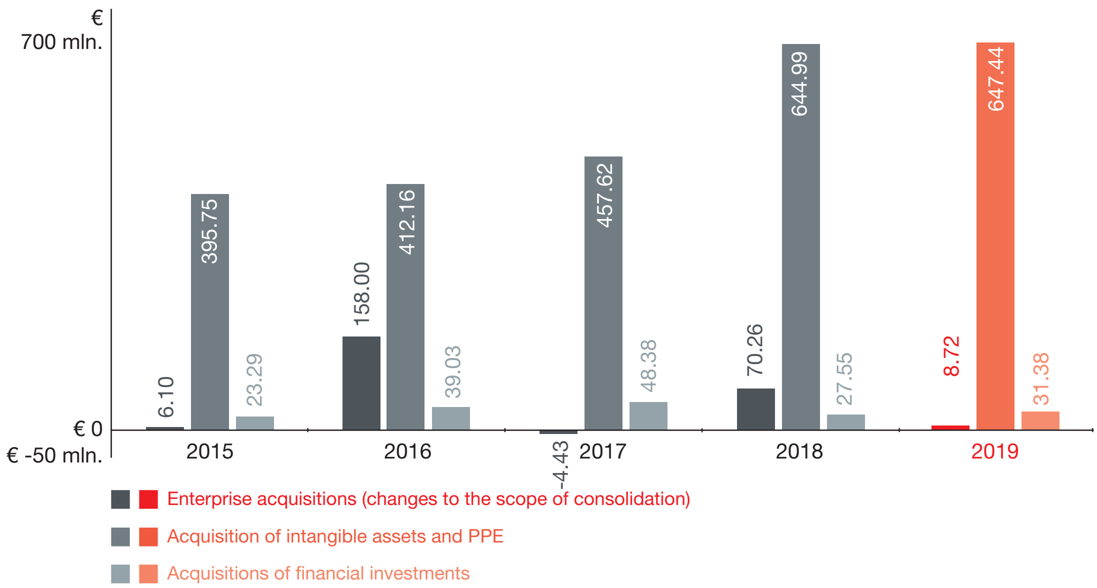
STRABAG had forecast net capital expenditures (cash flow from investing activities) in the amount of no more than € 550 million for the 2019 financial year. In the end, they totalled € 593.30 million.

The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 687.54 million. This figure includes **expenditures on intangible assets** and on **property, plant and equipment** not including the non-cash additions to right-of-use assets of € 647.44 million, the **purchase of financial assets** in the amount of € 31.38 million and € 8.72 million from **changes to the scope of consolidation**.

Most of the maintenance investments were made in the core markets of Germany, Poland and Austria, as well as in Serbia. Capital investments, which this time exceeded the maintenance investments, were impacted above all by the large tunnel construction orders, for example equipment was increasingly required in the mining business in Chile. In addition, the group pushed ahead with the expansion of its network of asphalt and concrete mixing plants, especially in Croatia, Austria and Romania.

Expenditures on intangible assets and on property, plant and equipment during the year under report must be seen against the depreciation and amortisation expense in the amount of € 510.72 million. The goodwill impairment of € 2.02 million is almost unchanged from the previous year.

COMPOSITION OF CAPEX



Financing/Treasury

KEY FIGURES TREASURY

	2015	2016	2017	2018	2019
Interest and other income (€ mln.)	82.07	73.90	46.90	38.62	30.97
Interest and other expense (€ mln.)	-106.49	-77.68	-74.05	-66.05	-56.32
EBIT/net interest income (x)	-14.0	-112.4	-16.5	-20.4	-23.8
Net debt/EBITDA (x)	-1.3	-0.5	-1.6	-1.3	-1.0

The number one objective for the treasury management of STRABAG SE is assuring the continued existence of the company through the maintenance of constant solvency. This objective is to be reached through the provision of sufficient short-term, medium-term and long-term liquidity. Liquidity for STRABAG SE means not only solvency in the strict sense but also the availability of guarantees. The activity of building requires the constant availability of bid, contract fulfilment, pre-payment and warranty guarantees and/or sureties. The financial scope of action is thus defined on the one hand by sufficient cash and cash credit lines, on the other hand by sufficient surety credit lines.

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

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

In the past, STRABAG has always oriented its financing decisions according to the risk aspects outlined above and has organised the maturity structure of the financial liabilities in such a way as to avoid a refinancing risk. In this way, the company has been able to maintain a great scope for action, which is of particular importance in a difficult market environment. The respective liquidity needed is determined by targeted liquidity planning. Based on this, liquidity assurance measures are made and a liquidity reserve is defined for the entire group.

The medium- and long-term liquidity needs have so far also been covered by the **issue of corporate bonds**. STRABAG SE (and its predecessor FIMAG) has regularly issued bonds on the Austrian capital market since 2002. In the 2015 financial year, the company successfully placed a € 200 million tranche with a coupon of 1.625 % and a term to maturity of seven years. With the proceeds from the issue, which were used for general business purposes such as refinancing the € 100 million bond issued in 2010 or making investments in property, plant and equipment, STRABAG SE preserved its optimal financing structure. As per 31 December 2019, STRABAG SE had two bonds with a total volume of € 400 million on the market. One bond with a volume of € 200 million is scheduled to mature in 2020.

In order to diversify the financing structure, STRABAG SE had placed a **bonded loan** in the amount of € 140.00 million in the 2012 financial year. The outstanding volume of € 18.50 million was paid off in 2019.

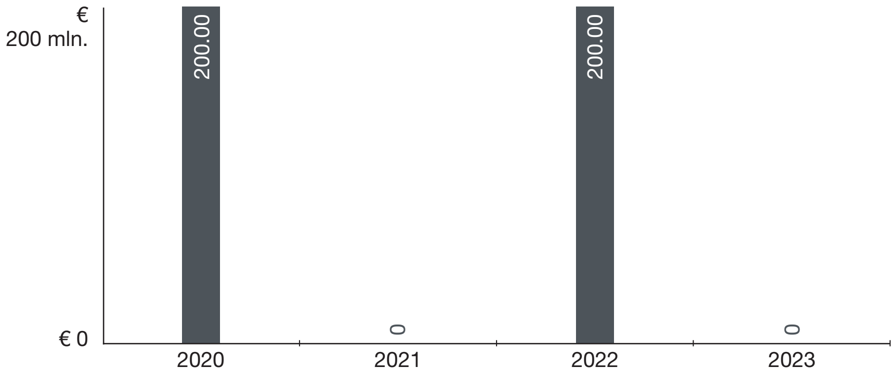
The existing liquidity of € 2.5 billion assures the coverage of the group's liquidity needs. STRABAG SE has a total credit line for cash and surety loans in the amount of € 7.9 billion. The credit lines includes a **syndicated surety credit line** in the amount of € 2.0 billion and a revolving **syndicated cash credit line** of € 0.4 billion, each with a term to maturity until 2024 with two options to extend by one year each. These two credit lines were refinanced ahead of maturity in March 2019, with terms and maturities redefined. The group also has bilateral credit lines with banks. With a high degree of diversification regarding its surety and cash credit, STRABAG creates an adequate risk spread in the provision of the credit lines and secures its comfortable liquidity position.

In June 2015, Standard & Poor's (S&P) raised STRABAG SE's investment grade rating by one level from BBB-, outlook stable, to BBB, outlook stable. This rating was again confirmed in September 2019. S&P sees STRABAG SE's strengths and opportunities above all in the stable margins in an otherwise quite cyclical market environment, the strategic access to construction materials, the strong market positions and the high reputation in the credit markets.

PAYMENT OBLIGATIONS

€ mln.	Book value 31.12.2019	Book value 31.12.2018
Bonds	400.00	500.00
Bank borrowings	721.89	863.33
Lease liabilities	300.32	0
Total	**1,422.21**	**1,363.33**

PAYMENT PROFILE OF BONDS



Segment report

OVERVIEW OF THE FOUR SEGMENTS WITHIN THE GROUP

The business of STRABAG SE was divided into four segments in 2019, of which there are three operating segments North + West, South + East and International + Special Divisions, and the segment Other, which encompasses the group's central divisions and central staff divisions.

In 2019, the segments were comprised as follows[1]:

NORTH + WEST
Management Board responsibility: Alfred Watzl
Germany, Poland, Benelux, Scandinavia, Ground Engineering

SOUTH + EAST
M. B. responsibility: Peter Krammer
Austria, Czech Republic, Slovakia, Hungary, South-East Europe, Switzerland, Environmental Technology
M. B. responsibility: Thomas Birtel[2]
Russia

INTERNATIONAL + SPECIAL DIVISIONS
M. B. responsibility: Siegfried Wanker
International, Tunnelling, Services, Real Estate Development, Infrastructure Development, Construction Materials

OTHER
M. B. responsibility:
Thomas Birtel and Christian Harder
Central Divisions, Central Staff Divisions

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

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

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

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

1 Services may be performed in more than one segment. The activities and countries below have been assigned to those segments in which the most significant portion of the services was provided. Details are available in the table.
2 Until 31 December 2019

NORTH + WEST: BUILDING BOOM IN CORE MARKETS

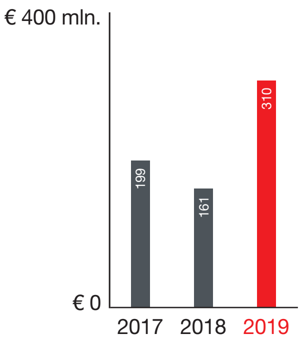
The North + West segment executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and Scandinavia. Ground engineering can also be found in this segment.

€ mln.	2019	2018	Δ 2018–2019 %	Δ 2018–2019 absolute
Output volume	8,106.93	7,827.48	4	279.45
Revenue	7,555.75	7,242.42	4	313.33
Order backlog	8,807.66	8,804.15	0	3.51
EBIT	310.20	161.40	92	148.80
EBIT margin (% of revenue)	4.1	2.2		
Employees (FTE)	25,386	24,222	5	1,164

OUTPUT VOLUME NORTH + WEST

€ mln.	2019	2018	Δ 2018–2019 %	Δ 2018–2019 absolute
Germany	6,402	6,221	3	181
Poland	999	895	12	104
Benelux	285	305	-7	-20
Sweden	180	169	7	11
Denmark	96	87	10	9
Rest of Europe	48	59	-19	-11
Austria	28	25	12	3
Switzerland	23	28	-18	-5
Americas	21	9	133	12
Romania	16	13	23	3
Middle East	4	7	-43	-3
Africa	4	7	-43	-3
Czech Republic	1	1	0	0
Hungary	0	1	-100	-1
Total	**8,107**	**7,827**	**4**	**280**

EBIT

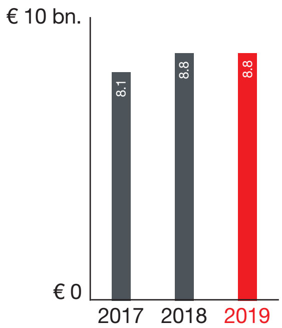


Strong development of the German infrastructure business

The North + West segment posted a 4 % higher output volume of € 8,106.93 million in 2019. This is due to the two largest countries in the segment – Germany and Poland – while the other markets, such as Benelux, Sweden and Denmark, showed small, inconsistent deviations.

The revenue, like the output, increased by 4 % and reached € 7,555.75 million. The EBIT nearly doubled to € 310.20 million thanks to strong growth in the German infrastructure business and a lower number of new loss-making projects in building construction and civil engineering compared to the previous year – and despite the strong cost inflation in Poland. The EBIT margin increased from 2.2 % to 4.1 %.

ORDER BACKLOG



Order backlog remains at a high level

The order backlog as at 31 December 2019 was at the unchanged high level of € 8,807.66 million. The decline in Sweden, Poland and Benelux caused by the working-off of large orders could be fully compensated by the increase in Germany, where the main projects included the modernisation of the main building at Bielefeld University, the realisation of the office building “Airsite West” at the airport in Munich and the construction of the airport connection to the new Stuttgart–Ulm rail line.

Employee numbers grow with output

The number of employees in Germany and Poland grew along with the output volume. Overall, the staff levels in the segment increased by 5 % to 25,386 employees.

Outlook[1]: Demand remains strong

In view of the continued expectations for high demand in the segment, the output volume in North + West should almost reach the previous year's level in 2020. The high level in **Germany** should remain the same. There also is no slow-down in the construction industry in sight yet in **Benelux** and **Scandinavia**.

The prices for subcontractors and suppliers in the **German building construction** business and for reinforcing steel are relaxing somewhat but remain at a relatively high level. STRABAG counteracts the capacity risk and price increase risk already in the cost estimation phase through the early inclusion of partner companies. At the same time, the group is strengthening its relationships with core subcontractors and suppliers.

There is also continuing demand in the regional business in the **German transportation infrastructures** sector. Given the still limited capacity for executing projects, this is causing a continued rise in prices for subcontractors and suppliers. While two significant orders helped push the order backlog with regard to large-scale transportation infrastructure projects to a higher level than the year before, competition in some areas remains strong.

The development of the **Polish construction industry** confirms the scenario that had been outlined so far: A high order backlog, in combination with rising costs from labour shortages, among other things, is leading to a reduction in profitability. Other developments observed include competition from Chinese companies as well as an increased cancellation of already decided public procurement procedures. In transportation infrastructures, many projects are not being awarded because the bidding prices often exceed the clients' budgets. Building construction is the only sector in Poland where STRABAG was able to increase its order backlog significantly.

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog in € mln.	as % of total group order backlog
Poland	A1 Kamieńsk–Radomsko	94	0.5
Poland	S7 Strzegowo–Pieńki	88	0.5
Germany	S13 Troisdorf	86	0.5
Denmark	Carlsberg City District BA9	79	0.5
Netherlands	Combinatie Herepoort	79	0.5

SOUTH + EAST: GROWTH IN OUTPUT VOLUME, DECREASE IN EARNINGS

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

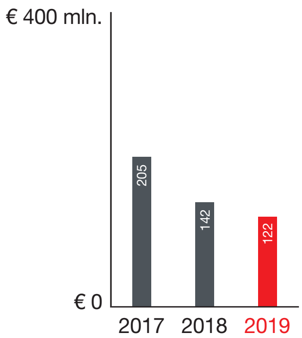
€ mln.	2019	2018	Δ 2018–2019 %	Δ 2018–2019 absolute
Output volume	4,915.79	4,639.26	6	276.53
Revenue	4,879.50	4,521.81	8	357.69
Order backlog	4,489.37	4,311.00	4	178.37
EBIT	121.97	142.03	-14	-20.06
EBIT margin (% of revenue)	2.5	3.1		
Employees (FTE)	19,850	18,729	6	1,121

1 This outlook does not take into account any impact from the coronavirus pandemic.

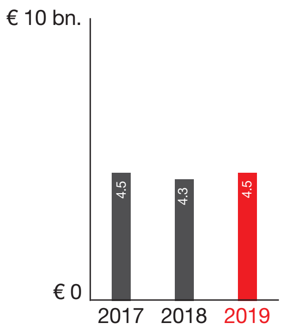
OUTPUT VOLUME SOUTH + EAST

€ mln.	2019	2018	Δ 2018–2019 %	Δ 2018–2019 absolute
Austria	2,176	1,979	10	197
Hungary	677	545	24	132
Czech Republic	636	557	14	79
Slovakia	318	460	-31	-142
Switzerland	205	235	-13	-30
Romania	179	156	15	23
Germany	151	145	4	6
Serbia	146	109	34	37
Croatia	131	148	-11	-17
Rest of Europe	126	110	15	16
Russia	67	70	-4	-3
Slovenia	42	61	-31	-19
Bulgaria	36	37	-3	-1
Asia	17	15	13	2
Poland	3	0	n. a.	3
Benelux	3	8	-63	-5
Middle East	2	0	n. a.	2
Americas	1	4	-75	-3
Total	**4,916**	**4,639**	**6**	**277**

EBIT



ORDER BACKLOG



EBIT down in contrast to output due to provisions

The output volume in the South + East segment was up by 6 % to € 4,915.79 million in 2019. Increases were recorded mainly in Austria, Hungary, the Czech Republic and Serbia, while a decline was recorded in Slovakia, for example.

The revenue increased by 8 % to € 4,879.50 million. Due to provisions, on the other hand, the EBIT fell by 14 % to € 121.97 million and the EBIT margin slipped from 3.1 % to 2.5 %.

Order backlog: Growth in the Czech Republic offsets declines in Hungary and Slovakia

Thanks to several large orders in the second half of the year, the order backlog grew to € 4,489.37 million, a plus of 4 % compared to the end of 2018. On the one hand, this figure fell back in two markets as expected: In Hungary, resources are currently being used primarily to work off the high order backlog. At the same time, however, another large-scale project – the renovation of the southern section of the M3 metro line in Budapest – was added to the books in 2019. And in Slovakia, bid evaluations on the client side are regularly delayed, sometimes for several years. On the other hand, these developments were compensated, among other things, by several modernisation orders from the railways in the Czech Republic.

Output-related increases in the number of employees

The same dynamic by country as with the output volume was evident in the number of employees, which also increased in total by 6 % to 19,850.

Outlook[1]: Inconsistent trends

A consistently high output volume is expected for the South + East segment in 2020. The home market of **Austria**, in particular, continues to be characterised by positive developments. The positive environment for building construction is no longer limited to the Vienna metropolitan area but can also be confirmed for the metropolitan areas of Graz and Linz. This applies to both residential construction as well as commercial and industrial construction. In the first quarter of 2019, STRABAG was commissioned with the construction of the Austrian headquarters of an international technology group. In **transportation infrastructures**, the

1 This outlook does not take into account any impact from the coronavirus pandemic.

development is also positive. The output volume and order backlog could be moderately increased here.

In **Hungary**, incoming orders for the industry as a whole fell in 2019, following the large number of large-scale public-sector projects that had been awarded until than, due to the EU funding period expiring in 2020. As a result, construction growth in this country far outpaced overall economic growth, a situation that is also expected for 2020.

The extremely strong competition with simultaneous cost increases and staff shortages in the **Czech Republic** and **Slovakia** continues. These risks are monitored on an ongoing basis, especially as STRABAG is handling a number of large railway construction contracts in the Czech Republic. In the building construction segments of both countries, STRABAG is working primarily on commercial projects for private clients, such as the automotive industry.

In **Switzerland**, construction activity picked up in 2019. Public-sector clients are preparing additional large-scale projects, but the price situation remains tense.

The situation in **South-East Europe** is characterised by strongly mixed trends. While the tendering activity can be described as active in transportation infrastructures in Croatia, few activities that would be attractive for STRABAG are currently taking place in Slovenia. Romania is experiencing political instability, lack of legal certainty and a low price level despite a large number of tenders and material price increases. What all markets have in common is a lack of qualified personnel, extremely high bitumen prices and increasing competition from Chinese companies. In building construction, some countries are exhibiting high demand, while activity is low in others.

The **environmental technology** business is gaining in importance in view of the current Europe-wide discussions concerning the reduction of CO_2 emissions. Here STRABAG not only has the technology for the production of biogas, but also the references in order to be able to meet the increasing demand – mainly from local governments and private project development companies. In the field of geothermal energy, projects in Germany, Romania and Croatia are being pursued together with the STRABAG Group's project development unit. In the highly fragmented market for landfill construction, the company is once again one of the few providers that can service the German market nationwide. The stricter requirements for the storage and recycling of soils and mineral building waste will form the basis for continued positive development in this business area.

Russia exhibits different trends depending on the construction sector. Demand in building construction in Moscow is generally high albeit dampened by legislative measures for project financing in those segments that are relevant for STRABAG. Large-scale projects that could be of interest to STRABAG are being planned in industrial construction.

SELECTED PROJECTS SOUTH + EAST

Country	**Project**	**Order backlog in € mln.**	**as % of total group order backlog**
Hungary	M30 Miskolc–Tornyosnémeti	108	0.6
Czech Republic	Modernisation of Veselí–Soběslav railway line	80	0.5
Croatia	Pelješac access road	64	0.4
Austria	Triiiple Residential Towers, Vienna	60	0.4
Hungary	Metro M3 – modernisation of five stations	55	0.3

INTERNATIONAL + SPECIAL DIVISIONS: EXPECTED LOSS OF A LARGE ORDER IN THE PROPERTY & FACILITY SERVICES BUSINESS

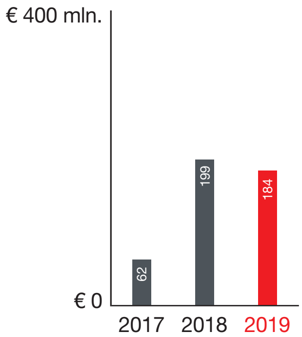
The International + Special Divisions segment includes, on the one hand, the field of tunnelling. The concessions business, on the other hand, represents a further important area of business, with global project development activities in transportation infrastructures in particular. Regardless of where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

€ mln.	2019	2018	Δ 2018–2019 %	Δ 2018–2019 absolute
Output volume	3,450.57	3,740.30	-8	-289.73
Revenue	3,216.67	3,437.82	-6	-221.15
Order backlog	4,110.77	3,782.41	9	328.36
EBIT	183.97	198.69	-7	-14.72
EBIT margin (% of revenue)	5.7	5.8		
Employees (FTE)	25,219	26,279	-4	-1,060

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2019	2018	Δ 2018–2019 %	Δ 2018–2019 absolute
Germany	1,207	1,464	-18	-257
Americas	678	652	4	26
Austria	448	506	-11	-58
Rest of Europe	168	180	-7	-12
Asia	162	147	10	15
Hungary	158	163	-3	-5
Middle East	142	198	-28	-56
Czech Republic	140	144	-3	-4
Poland	119	74	61	45
Africa	62	50	24	12
Slovakia	47	52	-10	-5
Romania	29	27	7	2
Benelux	29	36	-19	-7
Sweden	23	8	188	15
Croatia	19	14	36	5
Slovenia	6	7	-14	-1
Bulgaria	5	4	25	1
Russia	3	6	-50	-3
Denmark	3	4	-25	-1
Switzerland	2	3	-33	-1
Serbia	1	1	0	0
Total	**3,451**	**3,740**	**-8**	**-289**

EBIT

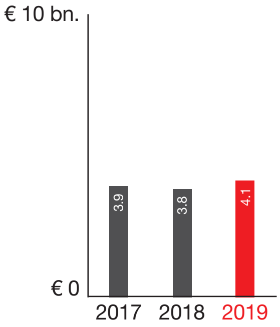


Continued very high EBIT margin

The International + Special Divisions segment generated an output volume of € 3,450.57 million in 2019. This corresponds to an already expected 8 % decline resulting from the cancellation of a major property & facility services order in the middle of the year.

The revenue fell at a somewhat lower rate than the output, slipping by 6 % to settle at € 3,216.67 million. Starting from a high level, the EBIT dropped slightly to € 183.97 million (2018: € 198.69 million) while the EBIT margin weakened a bit to 5.7 % (2018: 5.8 %). The continued positive environment in real estate development and a capital gain from the sale of a facility management investment in Hungary had a positive impact on the figures. This was contrasted by the loss of the large order in the property & facility services business.

ORDER BACKLOG



Order backlog driven by major order in the UK

The order backlog increased by 9 % compared to 31 December 2018. The numerous new large-scale projects were able to significantly overcompensate for the reduction in order backlog in the home markets of Germany and Austria. The order expansion for the North Yorkshire Polyhalite Project in the UK contributed especially to boosting the order backlog. In Chile, the contracts for the Candelaria open-pit and underground mine were extended and the group received two new long-term contracts for the Nuevo Nivel Mina project at the El Teniente mine in Rancagua. In Qatar, a wastewater pumping station plant is being designed and built by a group subsidiary. And the tolling specialist EFKON expanded its presence on the Norwegian and Indian markets with further projects.

Capacity shift from core markets to international markets and the UK

In view of the relatively large size of the individual projects in the International + Special Divisions segment, the number of employees in the various countries is subject to very strong fluctuations. In general, we can see a shift of capacities from European core markets to international markets and the United Kingdom. In total, staff levels fell by 4 % to 25,219 people.

Outlook[1]: Slightly lower output volume expected in 2020

The output volume in the International + Special Divisions segment for the 2020 financial year is expected to reach a level slightly below that of the previous year. The strong impact from large projects in this segment must be taken into account.

Both the booming real estate markets and the existing project pipeline make us optimistic that the **real estate development** business will continue to contribute positively to our earnings. Several properties were sold in Germany in 2019, such as the hotel in MesseCity Cologne, two sites in Freiburg and the Haus der Höfe in Bonn, in addition to project handovers in Hanover and Böblingen. Numerous rental successes were also registered. The continuing low interest rate level and the further high demand for both commercial and residential real estate are fostering a generally friendly environment for this business segment. Against the backdrop of rising land prices, however, it became challenging to initiate new project developments with a long-term profit. STRABAG's acquisition focus in Germany is therefore also on "B cities" as well as on geographic markets such as Poland, Romania and individual projects in other Central and Eastern European countries. Alone in Warsaw, Poland, the group acquired for redevelopment the centrally located ATRIUM property, sold the STRABAG-developed ASTORIA Premium Offices, and handed over to the operator the first Motel One Hotel in Poland in 2019. In Austria, the group continues to offer the entire range of residential construction from subsidised to affordable to privately financed housing, primarily in the large cities, supplemented by real estate with residential use – e.g. student housing – and commercial project developments.

A number of milestones were also achieved in the field of **property & facility services**. The transfer of the Deutsche Telekom account to a competitor on 30 June 2019 proceeded according to plan, and the further diversification of the customer portfolio was successful with new accounts including HANSAINVEST Real Assets. In addition, STRABAG is focusing on acquisitions that round off the existing business. In April 2019, for example, the group took over the property management business and employees of CORPUS SIREO Real Estate GmbH. This was followed in June by the purchase of PORREAL Polska sp. z o.o. of Warsaw, and PORREAL Česko s.r.o. of Prague, which provide services in technical and infrastructural facility management.

Compared to real estate development and the property & facility services business, the current market conditions in **infrastructure development** are much more challenging. This applies especially to public-private partnerships (PPP) in the core European markets, which is why projects must be chosen very selectively. Nevertheless, some successes were recorded in 2019, such as the conclusion of the long-term financing for the Autopista al Mar 1 concession project in Colombia and the sale of investments in the two motorway project companies DirectRoute (Fermoy) Holdings Ltd. and DirectRoute (Limerick) Holdings Ltd. in Ireland.

The environment in **tunnelling** also remains a difficult one. Although there are numerous projects on the market, there is no end in sight to the extremely strong competition for the time being. The group therefore remains selective in

1 This outlook does not take into account any impact from the coronavirus pandemic.

this market, pursuing projects in the UK and in the international mining sector.

The **international business**, i.e. the business that STRABAG conducts in countries outside of Europe, is showing inconsistent performance. For many years now, the focus has been on parts of Africa, the Middle East and successful specialities such as test track construction. The competition – in part from Chinese providers – is increasing in the international area as well.

The development of the **construction materials business** is essentially linked to that of the construction sector. Here we should point out that the bitumen price has risen sharply in 2019.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

Country	Project	Order backlog in € mln.	as % of total group order backlog
United Arab Emirates	Hatta Pumped Storage Power Plant, Dubai	117	0.7
Chile	Candelaria Norte	113	0.7
Israel	5th Line Water Supply, Jerusalem	85	0.5
Canada	Pumping station, Toronto	74	0.4
Austria	Koralmtunnel 2	69	0.4

OTHER (SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

This segment encompasses the group's internal central divisions and central staff divisions.

€ mln.	2019	2018	Δ 2018–2019 %	Δ 2018–2019 absolute
Output volume	144.68	115.84	25	28.84
Revenue	16.65	19.78	-16	-3.13
Order backlog	3.68	2.15	71	1.53
EBIT	0.87	0.86	1	0.01
EBIT margin (% of revenue)	5.2	4.3		
Employees (FTE)	6,464	6,230	4	234

Risk management

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

RISK MANAGEMENT AS A CORE TASK OF MANAGEMENT

Risk management is a core task of the management. The identification and assessment of risks is the responsibility of the respective management level. The risk controlling process includes the integrated quality management system with internal group directives 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 the internal audit department as neutral and independent auditing entity.

Responsibility for the implementation of the project risk management systems in the divisions was transferred to the commercial division management. The central division Project Risk Management System/Organisational Development/International BRVZ Coordination handles the continuous improvement and development of the risk management system for the procurement and execution of construction projects.

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

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

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

RISK MANAGEMENT USING DEFINED RISK GROUPS

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

- External risk
- Operating and technical risks
- Financial risks
- Ethical risks
- Human resource risks
- IT risks
- Investment risks
- Legal risks
- Political risks

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

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

EXTERNAL RISKS COUNTERED THROUGH DIVERSIFICATION

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

OPERATING AND TECHNICAL RISKS REDUCED THROUGH BINDING MINIMUM STANDARDS

These risks primarily include the complex risks regarding project selection and execution along with the technical risks that need to be assessed for each project, e.g. site, geology, construction method, technology, materials, equipment, design, work planning, etc. An integral part of the project risk management system are minimum standards with group-wide validity for the procurement and execution of construction projects (common project standards). These comprise clearly defined criteria for the evaluation of new projects, a standardised process for preparing and making bids, as well as integrated internal control systems serving as filters to avoid loss-making projects. Business transactions requiring consent are reviewed and approved by business unit and subdivision managers or by division managers according to internal rules of procedure.

Principally, bids must be analysed by **internal commissions** and reviewed for their technical and economic feasibility. The construction and project teams can contact the experts at the central divisions BMTI, TPA and Zentrale Technik for assistance in assessing the technical risks and working out innovative solutions for technical problems. Project execution is managed by the construction or project team on-site using documented procedures and controlled by monthly target/performance comparisons. At the same time, our central controlling provides constant commercial office support for these projects, ensuring that risks of individual projects do not endanger the continuity of the company.

FINANCIAL RISKS: ACTIVE LIQUIDITY AND RECEIVABLES MANAGEMENT

Under financial risks, STRABAG understands risks in financial matters and in accounting, including instances of manipulation. Special attention is paid to the liquidity and receivables management, which is secured through continuous financial planning and daily status reports. Compliance with internal commercial guidelines is guaranteed by the central accounting and controlling departments, which are also responsible for internal reporting and the periodic planning process. Risks from possible instances of manipulation (acceptance of advantages, fraud, deception or other infringements of the law) are monitored by all business areas in general and by the **internal audit** department in particular.

STRABAG is subject to interest, currency, credit and liquidity risks related to its assets, liabilities and planned transactions. The goal of financial risk management is to minimise these risks through ongoing financial activities. The basics of the financial policy are set by the Management Board and monitored by the Supervisory Board. The implementation of the financial policy and responsibility for the risk management are the domain of the group treasury. Detailed information can be found in the Notes under item 32 Financial Instruments.

Business Compliance

ETHICAL RISKS COUNTERED WITH AN ETHICS AND BUSINESS COMPLIANCE SYSTEM

As corruption and anti-competitive behaviour pose risks in the construction industry, STRABAG has implemented a set of tools that have proved effective in combating these problems. The rules for proper business behaviour are conveyed by the ethics and business compliance system. These have group-wide validity. The STRABAG business compliance model is based on the Code of Conduct, the Business Compliance Guidelines, the Business Compliance Guidelines for Business Partners, and the personnel structure of the STRABAG business compliance model, consisting of the group business compliance coordinator, the regional business compliance representatives, the internal ombudspersons and the external ombudsperson. Details on the ethical risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a of the Austrian Commercial Code (UGB).

People & Workplace

HUMAN RESOURCE RISKS: COUNTERMEASURES WITH CENTRAL HUMAN RESOURCE MANAGEMENT AND NEEDS-ORIENTED HUMAN RESOURCE DEVELOPMENT

Material human resource risks, such as recruiting bottlenecks, skilled labour shortages, fluctuation and labour law risks, are countered with a **central human resource administration and long-term, needs-oriented human resource development**. Human resource risks are to be reduced as far as possible through the targeted recruiting of qualified skilled workers and managers, extensive training activities, performance-based pay based on binding compliance with labour law provisions, as well as early succession planning. Additionally, systematic potential management is in place to ensure the development and career planning of company employees. Complementary initiatives to promote employee health, improve employment conditions and raise employee satisfaction further contribute to the company's attractiveness and prestige. Details on the human resource risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

IT RISKS: IT USAGE GUIDELINES AND CONTINUOUS REVIEW OF SECURITY CONCEPTS TO COUNTER CYBERCRIME

With the increasing threat of IT risks, different measures are being implemented in the form of multistep security and anti-virus concepts, user access rights, password-controlled access, appropriate backups and independent power supply. The company is also working together with professional **specialty service providers** to ensure an efficient defence against cybercrime and is constantly reviewing its security concepts. By issuing IT usage guidelines and repeatedly informing on the necessity of risk awareness when working with information and communication technologies, we aim to ensure the security, availability, performance and compliance of the IT systems. Project ideas to improve and develop IT-related processes and control systems are evaluated and prepared by nominated IT committees using a structured business process management (BPM) approach.

INVESTMENT RISKS: SECTOR-TYPICAL MINORITY HOLDINGS OF MIXING PLANTS

The shares in mixing companies typically involve **minority interests**, as is **usual in this sector**. With these companies, economies of scope are at the fore.

LEGAL RISKS AVOIDED THROUGH EXTENSIVE RISK ANALYSIS

The central division CML Construction Services supports the risk management of the operating divisions with regard to construction industry questions or in the analysis of risks in the construction business in all project phases (contract management) and provides, organises and coordinates legal advice (legal services). Its most important tasks include comprehensive reviews and consultation in project acquisition – e.g. analysis and clarification of tender conditions, performance specifications, pre-contract agreements, tender documents, draft contracts and framework conditions – as well as support in project management.

POLITICAL RISK: INTERRUPTIONS AND DISPOSSESSION POSSIBLE

The group also operates in countries which experience political instability. Interruptions of construction activity, restrictions on ownership interests of foreign investors, and even dispossession or expropriations are among the possible consequences of political changes which could have an impact on the group's financial structure. These risks are analysed during the tendering phase and assessed by internal committees.

People & Workplace

MANAGEMENT SYSTEM FOR WORK SAFETY AND HEALTH IN PLACE

In order to control the risks related to employee safety and health, STRABAG is implementing a work safety and health management system in accordance with **OHSAS 18001** (ISO 45001 in the future) and/or **SCC**. Moreover, the company works to maintain this system and ensures a suitable emergency organisation. Persons with designated responsibility make sure that the group-wide work safety standards are followed. The aspects of work safety and health also form part of the evaluation of subcontractors and suppliers. Details on the risks related to employee safety and health are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

Environmental Responsibility

CERTIFIED ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM DESIRED

STRABAG works at reducing the negative environmental impact from its activities as far as this is technically possible and economically feasible. The company implements an environmental and energy management system based on **ISO 14001** and/or **ISO 50001**, maintains this system and – wherever possible – minimises the use of natural resources, avoids waste and promotes recycling. Details on the environmental risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

QUALITY MANAGEMENT AS COMPONENT OF THE INTEGRATED MANAGEMENT SYSTEM

In concordance with its vision and values, it is the company's aim to realise **construction projects on schedule, of the highest quality** and **at the best price**. This helps to ensure the quality of the company's processes, services and products at any time. In this process, quality management forms a component of an integrated management system. This system is documented in the Management Manual, in group directives and in subordinated provisions.

BUSINESS CONTINUITY: RIGOROUS INCLUSION OF GROUP CENTRAL DIVISIONS

The failure of equipment and production facilities, of subcontractors and suppliers, of human resources, of the IT system, of office buildings and accommodation must not be allowed to threaten the company's existence. For this reason, precautions are being made under a business continuity management system to make sure that incidents or **disasters only temporarily interrupt business activity** – if at all. This includes the rigorous inclusion of the group's own specialised central divisions. These are capable of procuring, for example, equipment, accommodation, IT systems or staff on short notice, they build up long-term strategic partnerships with selected subcontractors and suppliers, and they have emergency scenarios audited in the IT division.

EVALUATION OF PARTNER COMPANIES TO REDUCE RISKS IN THE SUPPLY CHAIN

In the interest of quality and profitability, STRABAG not only taps its own skills and resources to work off its orders, but also relies on the support of proven subcontractors and suppliers. The company focuses on long-term partnerships, a clear, transparent and complete description of the services and products to be procured, and an agreement on acceptance criteria for the products and services. STRABAG also systematically **evaluates** subcontractors, service providers and suppliers as part of its **decision-making foundation** for **future orders**.

A review of the current risk situation reveals that there were no risks which jeopardised the company's existence, nor were there any visible future risks

REPORT ON KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

Introduction

The control structure as defined by COSO (Committee of Sponsoring Organisations of the Treadway Commission) provides the basis for the description of the key features of the internal control and risk management systems in relation to the financial reporting process in the management report. The COSO framework consists of five related components: control environment, risk assessment, control activities, information and communication, and monitoring. On this basis, the STRABAG Group set up a company-wide risk management according to generally accepted principles. The aim of the internal control system is to support management in such a way that it is capable of assuring internal controls in relation to financial reporting which are effective, and which are improved on an ongoing basis. The system is geared to the compliance with rules and regulations and to creating conditions which are conducive to performing specific controls in key accounting processes.

Control environment

The corporate culture determines the control environment in which management and employees operate. STRABAG is constantly working to improve its communication and to convey its corporate values as defined in its Code of Conduct and its Business Compliance Guidelines in order to guarantee moral standards, ethics and integrity within the company and in its dealings with others. The implementation of the internal control system in relation to the financial reporting process is done on the basis of internal rules and guidelines. Responsibilities for internal control were adapted to fit the corporate organisation. 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. After the most recent review in 2015, a renewed audit was commissioned in 2019.

Risk assessment

The management identifies and monitors risks relating to the financial reporting process, with a focus on those risks that are typically considered to be material.

The preparation of the financial statements requires regular forecasts, with the inherent risk that the actual future development will deviate from the forecast. This especially affects the following matters/items of the Consolidated Financial Statements: assessment of unfinished construction projects, recognition and measurement of provisions (including social capital), the outcome of legal disputes, the collectability of receivables as well as the recoverability of investments and goodwill. In individual cases, external experts are called in or publicly available sources are considered in order to minimise the risk of a false assessment.

Control activities

All control activities are applied in the current business process to ensure that errors or deviations in financial reporting are prevented or detected and subsequently corrected. The control activities range from a review of the period results to specific monitoring of accounts and cost centres to the analysis of ongoing accounting processes. It is the responsibility of the Management Board to design the levels of hierarchy in such a way that an activity and the control of that activity are not performed by the same person **(four-eyes principle)**. This separation of functions encompasses a separation between decision-making, implementation, inspection and reporting. The organisational units of the BRZV central division support the Management Board in this task.

Processes which are relevant to financial reporting are increasingly automated. **IT security** control activities therefore represent a cornerstone of the internal control system. The separation of sensitive activities is supported by a restrictive approach to IT access authorisation. For its accounting and financial reporting, the company mainly uses self-developed software which reflects the unique features of the construction sector. The effectiveness of the financial reporting system is further assured through automated IT controls included in the system.

Information and communication

The management regularly updates the rules and regulations for financial reporting and communicates them to all employees concerned. In addition, regular discussions regarding the financial reporting and the rules and regulations in this context take place in various committees. These **committees** are composed of the corporate management as well as the department head and senior **staff from the accounting department**. The committees' work aims, among other things, at guaranteeing compliance with accounting rules and regulations and at identifying and communicating weak points and potential areas for improvement in the financial reporting process. Accounting employees receive regular **training** regarding new methods of national and international financial reporting in order to identify risks of unintended misreporting at an early stage.

Monitoring

The Management and Supervisory Boards bear responsibility for the ongoing company-wide monitoring. Additionally, the remaining management levels are responsible for the monitoring of their respective areas of responsibility. Controls and plausibility checks are carried out at regular intervals. The internal audit department is also involved in the monitoring process.

The top management receives monthly summarised financial reports on the development of the output volume, the results of the respective segments and countries, and the liquidity. Financial statements to be published are reviewed internally by several instances within management, receiving a final appraisal by the senior accounting staff and the Chief Financial Officer before being passed on to the Supervisory Board's Audit Committee.

Research and development

As a technology group for construction services, the STRABAG Group does business in a rapidly changing environment. It is in this context that the company applies its assets, comprised not only of its material and financial means but also of its human resources – the knowledge and know-how of its employees –, its structural and organisational capital, and its relational and market capital. The growing crossover between industries – driven by increasing societal demands, by the fast pace of technological progress, particularly in information and communications technology, and by customer demands – confront the company with ever more rapidly shifting challenges.

To take a more active role in shaping this change, and to use it for its own benefit, the STRABAG Group gave itself a more **technological focus**, represented by the organisationally established, **systematic innovation management** that has been in place since 2014. The aim is to support the exchange of experience and information with regard to the development activities between the employees and the decision-makers – after all, the diversity of the STRABAG Group is reflected as much in the number of different competencies as in the different demands placed upon it. At the beginning of 2020, the topic was anchored at the executive level with the new Management Board position for Digitalisation, Innovation and Business Development, which underlines the importance of this task.

The cooperation among the various divisions facilitates and promotes new developments across the individual business units. A special focus in 2019 was on the digitalisation of processes. The **platform-based** tracking of prefabricated parts, such as stairs or façade elements, is becoming increasingly widespread. In transportation infrastructures, the focus is also on the logistics chain in order to continuously optimise delivery to the major corridor construction sites. Countless time-consuming, error-prone surveys on paper forms during construction – in terms of work safety inspections, workstations, concrete deliveries and reinforcement performance levels – are now handled in an app-based manner. The data are entered on mobile end devices suitable for construction sites: Protocols and target/actual comparisons are generated automatically and made available to the participating construction offices and back offices. This significantly reduces the time required for administrative tasks related to the construction.

Cooperation with international universities and research institutions, joint development activities with partner companies around the world, and internal research and development projects have also been a routine part of the group's daily activities for years. In overall charge of the planning and execution of these projects within the STRABAG Group are the two central divisions **Zentrale Technik** (ZT) and **TPA Gesellschaft für Qualitätssicherung und Innovation GmbH** (TPA), each of which report directly to a member of the Management Board.

ZT is present at **34 locations with over 1,000[1] highly qualified employees**. It provides services in the areas of tunnelling, ground civil and structural engineering, and turnkey construction along the entire construction process. From the early acquisition stage and bid processing to construction design and site management, ZT offers innovative solutions with regard to construction materials technology, construction management, building physics, and software solutions. Central topics for innovation activities are digitalisation, sustainable construction, renewable energy and, as of recent, additive processes (3D printing). Among other things, the employees at ZT develop methods and tools to optimise construction activity from the digital design to the impact on the environment. The specialist Development and Innovation staff department oversees the systematic networking of people and relevant topics, promotes new ideas and helps to drive innovation.

TPA is the group's competence centre for asphalt, concrete, earthworks, geotechnics and environmental engineering, quality management and materials-related research and development with a focus on road construction and transportation infrastructures. Its main tasks include ensuring the quality of the construction materials, structures and services, the safety and improvement of the processes, as well as developing and reviewing standards for the handling and processing of construction materials.

The research focus in 2019 included the development and the first installation of ClAir® asphalt in cooperation with STRABAG BMTI. The photocatalytic granulate with titanium dioxide used in road construction breaks down toxic nitrogen oxides and converts them into harmless substances. In this way, the new road surface is designed to contribute to nitrogen dioxide reduction. In addition, a number of projects in the field of cement/concrete were carried out around issues related to raising process safety and thus

1 Head count

the quality of the buildings. TPA has about **950[1] employees at 130 locations in 18 countries**, making it one of Europe's largest private laboratory companies.

EFKON GmbH – a subsidiary of STRABAG – is active in the research and development of intelligent traffic telematics systems, especially with regard to electronic toll collection and enforcement – a business field that requires intensive research, development and innovation activities. The focus last year was on the introduction of complex toll systems that blend unobtrusively into the cityscape. The implementation in Bergen, Norway, is particularly noteworthy. The slim device developed by EFKON, equipped with laser, high-resolution camera and radar, identifies and classifies vehicles in up to two lanes and at speeds of up to 160 km/h. With this system, traffic flows can also be optimised in historic city districts to ensure the implementation of environmental zones.

The STRABAG Group spent about € 17 million on research, development and innovation activities during the 2019 financial year (2018: about € 14 million).

The majority of the **development activity** is triggered by **construction projects** in all our business areas. Here challenges or specific questions regularly arise that require a technologically new process or an innovative solution on site. In many cases, support is offered by the aforementioned central divisions. Some issues require medium-term research and development projects, often with partner organisations.

Website Corporate Governance Report

The STRABAG SE Consolidated Corporate Governance Report is available online at www.strabag.com > Investor Relations > Corporate Governance > Corporate Governance Report.

Disclosures under Sec 243a Para 1 UGB

one share - one vote

1. The share capital of STRABAG SE amounts to € 110,000,000 and consists of 110,000,000 fully paid-in, no-par value shares with a pro rata value of € 1 per share of the share capital. 109,999,997 shares are bearer shares and are traded in the Prime Market segment of the Vienna Stock Exchange. Three shares are registered shares. Each bearer share and each registered share accounts for one vote (one share – one vote). The nomination rights associated with registered shares No. 1 and No. 2 are described in more detail under item 4.

2. The Haselsteiner Group (Haselsteiner Familien-Privatstiftung, Dr. Hans Peter Haselsteiner), the Raiffeisen Group (Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H, BLR Baubeteiligungs GmbH, "GULBIS" Beteiligungs GmbH), the UNIQA Group (UNIQA Insurance Group AG, UNIQA Beteiligungs-Holding GmbH, UNIQA Österreich Versicherungen AG, UNIQA Erwerb von Beteiligungen Gesellschaft m.b.H.) and MKAO "Rasperia Trading Limited"[2] (controlled by Oleg Deripaska), as shareholder groups of STRABAG SE, have signed a syndicate agreement governing (1) nomination rights regarding the Supervisory Board, (2) the coordination of voting during the Annual General Meeting, (3) restriction on the transfer of shares and (4) joint development of the Russian market as a core market. The Haselsteiner Group, the Raiffeisen Group together with the UNIQA Group, and MKAO "Rasperia Trading Limited" each have the right to nominate two members of the Supervisory Board. The syndicate agreement also requires the syndicate partners to exercise their voting rights from syndicated shares unanimously at the Annual General Meeting of STRABAG SE. The syndicate agreement further foresees restrictions on the transfer of shares in the form of mutual pre-emptive rights as well as a minimum shareholding on the part of the syndicate partners. In accordance with Sec 65 Para 5 of the Austrian Stock Corporation Act (AktG), all rights were suspended for 7,400,000 no-par shares (6.7 % of the share capital) effective 31 December 2019 as these shares are held by STRABAG SE as own shares as defined in Sec 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG).

1 Head count
2 The shareholder Rasperia Trading Limited, Cyprus, moved its headquarters to the Russian Federation and is now called MKAO "Rasperia Trading Limited".

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 2019:

- Haselsteiner Group .... 26.4 %
- Raiffeisen Group .... 13.2 %
- UNIQA Group.................................. 14.3 %
- MKAO "Rasperia Trading Limited" .....25.9 %

   The company itself held 7,400,000 no-par shares on 31 December 2019, which corresponds to 6.7 % of the share capital. These shares are currently intended, among others, as acquisition currency. The remaining shares of STRABAG SE, amounting to about 13.5 % of the share capital, are in free float.

4. Three shares are – as mentioned under item 1 – registered shares entered in the shareholder register. Registered shares No.1 and No. 2 require the consent of the Supervisory Board for their full or partial sale and pledging. Registered shares No. 1 and No. 3 are held by the Haselsteiner Group and registered share No. 2 is held by MKAO "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. 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.

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

Related parties

Business transactions with related parties are described in item 34 of the Notes.

Outlook

STRABAG SE expects to be able to maintain an output of over € 16 billion in the 2020 financial year. This assumption is well-supported by the high order backlog. From today's perspective, no significant changes in the output volume should be observed in any of the three segments North + West, South + East and International + Special Divisions.

The planned EBIT margin (EBIT/revenue) of more than 3.5 % for the 2020 financial year represents another step toward the medium-term target of 4.0 % in 2022. The planning for 2020 is based, among other things, on the expectation that the earnings contributions from the traditionally strong specialty business fields of real estate development and property and facility services will weaken somewhat, but that at the same time further progress will be made in project risk management and that the strong demand in the construction sector in markets such as Poland or Germany will be reflected in market-driven building prices in the construction sector.

The net investments (cash flow from investing activities) in 2020 are not expected to exceed the value of € 500 million.

The effects of the ongoing coronavirus pandemic on output volume, revenue and earnings in the 2020 financial year could not yet be taken into account here, as it was not yet possible to quantify the impact by the beginning of April 2020.

Events after the reporting period

The material events after the reporting period are described in item 37 of the Notes

Villach, 8 April 2020
The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Staff Divisions
and Central Divisions BMTI,
TPA as well as CML Construction Services

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

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

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

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

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

AUDITOR’S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Audit Opinion

We have audited the consolidated financial statements of

STRABAG SE,
Villach, Austria,

and its subsidiaries (“the Group”), which comprise the consolidated Balance Sheet as at 31 December 2019, and the Consolidated Income Statement and Statement of total Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and consolidated cashflows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

Basis for our Opinion

We conducted our audit in accordance with the EU Regulation No. 537/2014 (“AP Regulation”) and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities” section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

Measurement of construction contracts and revenue and earnings from construction contracts

Refer to notes section (15) and (20)

Risk for the Consolidated Financial Statements

Revenue recognized in the consolidated financial statements of STRABAG SE as of 31 December 2019 mainly consists of revenue from construction contracts, which is accounted for by reference to their stage of completion (over time recognition using an output-oriented method on the basis of the work already performed). Furthermore, the item share of profit or loss of equity-accounted investments includes significant amounts of profit or loss from projects managed in cooperation with partners in construction consortia, which are also measured over time based on an output method.

The stage of completion for construction contracts, whether executed alone or in cooperation with partners, is updated on an ongoing basis by means of periodic reporting. Besides the services already performed and the order backlog, in particular taking contract deviations and supplementary claims into account, periodic reporting also includes the costs incurred to date as well as remaining costs to be incurred. The data used in the measurement of construction contracts includes estimates regarding the progress and expected outcome of the projects. Profit or loss is recognized by reference to the stage of completion of a project (over time recognition using an output-oriented method on the basis of the work already performed).

This report is a translation of the original report in German, which is solely valid.

Technically complex and demanding projects, in particular, involve the risk that estimated total cost deviate considerably from actual cost incurred. Additionally, there is also a risk that receivables from construction contracts and construction consortia are not recoverable.

Our Response

We have evaluated the measurement of construction contracts and revenue and earnings from construction contracts as follows:

- Our audit procedures included the assessment of controls in connection with the recognition and measurement of construction contracts as well as detailed tests of individual cases for significant large projects and random samples of other projects.

- In the course of testing internal controls in respect of the accounting for projects, we critically analyzed the relevant controls and performed an assessment of their operating effectiveness. These controls include, on the one hand, automated IT-supported controls for the purpose of determining the relevant amounts respective in the financial statements as well as system test routines for identifying abnormalities, and on the other hand manual controls in connection with order acceptance, ongoing project management as well as project monitoring and finalization of projects.

The tests of individual cases primarily included the following audit procedures:

- Systematic and detailed inquiries regarding selected significant construction contracts, in order to verify the correct accounting method, particularly in respect of project risks

- Sample-based examination of contracts in respect of their components significant to the assessment

- Discussions with the Management Board and the operating management regarding individually significant projects in order to assess the planning assumptions.

- A critical analysis of the internal project reporting, in order to evaluate whether all known information was taken into account in the preparation of the financial statements

- Sample-based evaluation of the recoverability of accounts receivable from construction contracts (contract assets) and construction consortia

- Retrospective assessment of individually significant projects in connection with estimation uncertainties

Furthermore, we analyzed whether the required disclosures in the notes to the consolidated financial statements include all necessary explanations in regards to revenue recognized from construction contracts and construction consortia and whether they appropriately describe the significant estimation uncertainties.

Recoverability of deferred tax assets

Refer to notes section (17)

Risk for the Financial Statements

Deferred tax assets represent a significant asset of STRABAG SE.

Before offsetting, deferred tax assets recognized in the consolidated financial statements of STRABAG SE as of 31 December 2019 amount to EUR 483,528 k (thereof EUR 72,932 k from tax loss carryforwards). Furthermore, deferred tax assets were not recognized for tax loss carryforwards amounting to EUR 1,457,880 k, since utilization of the tax losses is not sufficiently assured. Recognition of deferred tax assets is based mainly on the expected realization of future taxable profits as well as tax planning opportunities available to the entity.

Due to the significance of deferred tax assets recognized and those not recognized as well as existing uncertainties in respect of their recoverability, this represents a key audit matter.

Our response

We have evaluated the recoverability of deferred tax assets as follows:

- Our audit procedures included the assessment of controls in connection with the recognition and measurement of deferred tax assets and assumptions made by the Management Board and representatives of the operating divisions in respect of future taxable profit as well as tax planning opportunities.

- We compared the estimated future profits used as input data with the planning for the group of which the Supervisory Board has taken notice.

- Furthermore, we compared the assumed earnings trend of the group with its historic data, specifically taking into account its sensitivity with regard to performance and outcome. Tax planning opportunities were analyzed particularly in regard to their feasibility.

- Furthermore, we examined whether the Notes to the consolidated financial statements include all required disclosures in connection with deferred tax assets and whether all significant estimation uncertainties have been described adequately.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.

- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

REPORT ON OTHER LEGAL REQUIREMENTS

Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report. We expect the annual report to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

Additional Information in accordance with Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on 28 June 2019 and were appointed by the supervisory board on 28 June 2019 to audit the financial statements of Company for the financial year ending on that date.

We have been auditors of the Company, without interruption, since the consolidated financial statements at 31 March 1999. We declare that our opinion expressed in the "Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

Engagement Partner

The engagement partner is Mr Mag. Ernst Pichler.

Linz, 8 April 2020

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:
Mag. Ernst Pichler
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.

The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

Individual Financial Statements 2019

STRABAG
SOCIETAS EUROPAEA

CONTENT

INDIVIDUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

Balance sheet as at 31 December 2019

	31.12.2019	31.12.2018
Assests	€	T€
A. Non-current assets:		
I. Property, plant and equipment:		
Other facilities, furniture and fixtures and office equipment	**1,025,759.88**	**1,055**
II. Financial assets:		
1. Investments in subsidiaries	2,576,670,815.38	2,558,859
2. Investments in participation companies	24,551,292.09	25,401
3. Loans to participation companies	86,597,825.94	90,477
4. Other loans	21,798.99	21
	2,687,841,732.40	2,674,758
	2,688,867,492.28	**2,675,814**
B. Current assets:		
I. Accounts receivable and other assets:		
1. Trade receivables	31,164.25	33
2. Receivables from subsidiaries	714,679,898.85	767,711
thereof with a remaining term more than one year	*250,000,000.00*	*250,000*
3. Receivables from participation companies	7,265,928.84	9,313
thereof with a remaining term more than one year	*2,133,570.13*	*2,194*
4. Other receivables and assets	33,750,128.67	32,658
thereof with a remaining term more than one year	*24,992,666.67*	*23,956*
	755,727,120.61	809,715
II. Cash assets, including bank accounts	2,839,186.74	118
	758,566,307.35	**809,833**
C. Accrual and deferrals	**176,270.00**	**839**
D. Deferred tax assets	**10,797,265.00**	**5,526**
Total	**3,458,407,334.63**	**3,492,011**

Equity	31.12.2019 €	31.12.2018 T€
A. Equity:		
I. Called up and paid in nominal capital (share capital):		
Subscribed nominal capital (share capital)	110,000,000.00	110,000
less nominal value of own shares	-7,400,000.00	-7,400
	102,600,000.00	102,600
II. Capital reserves (committed)	2,152,047,129.96	2,152,047
III. Retained earnings:		
1. Legally required reserves	72,672.83	73
2. Voluntary reserves	560,710,209.02	478,250
	560,782,881.85	**478,322**
IV. Reserves for own shares	7,400,000.00	7,400
V. Unappropriated net profit	121,000,000.00	143,000
thereof profit brought forward	*9,620,000.00*	*9,620*
	2,943,830,011.81	**2,883,369**
B. Provisions:		
1. Provisions for taxes	1,021,000.00	615
2. Other provisions	24,918,756.00	28,646
	25,939,756.00	**29,261**
C. Accounts payable:		
1. Bonds	400,000,000.00	500,000
thereof with a remaining term up to one year	*200,000,000.00*	*100,000*
thereof with a remaining term more than one year	*200,000,000.00*	*400,000*
2. Bank borrowings	0.00	18,500
thereof with a remaining term up to one year	*0.00*	*18,500*
3. Trade payables	1,141,178.77	1,054
thereof with a remaining term up to one year	*1,141,178.77*	*1,054*
4. Payables to subsidiaries	23,722,795.87	19,917
thereof with a remaining term up to one year	*23,722,795.87*	*19,917*
5. Payables to participation companies	54,337,840.41	27,294
thereof with a remaining term up to one year	*54,337,840.41*	*27,294*
6. Other payables	9,435,751.77	12,617
thereof taxes	*1,730,551.35*	*1,266*
thereof social security liabilities	*30,843.14*	*20*
thereof with a remaining term up to one year	*9,435,751.77*	*12,617*
	488,637,566.82	**579,381**
thereof with a remaining term up to one year	*288,637,566.82*	*179,381*
thereof with a remaining term more than one year	*200,000,000.00*	*400,000*
Total	**3,458,407,334.63**	**3,492,011**

Income statement for the 2019 financial year

	2019	2018
	€	T€
1. Revenue (Sales)	76,043,288.19	63,530
2. Other operating income	549,873.53	619
3. Cost of materials and services:		
a) Materials	-47,639.64	-55
b) Services	-17,963,659.47	-17,066
	-18,011,299.11	**-17,120**
4. Employee benefits expense:		
a) Salaries	-9,400,256.86	-8,582
b) Social expenditure	-855,264.04	-717
thereof severance payments and contributions to employee benefit plans	*-117,815.81*	*-149*
thereof social security contributions, as well as payroll-related and other mandatory contributions	*-620,566.20*	*-376*
thereof other social expenditure	*-116,882.03*	*-193*
	-10,255,520.90	**-9,299**
5. Depreciation	-30,081.98	-30
6. Other operating expenses:		
a) Taxes other than those included in item 15	-108,032.86	-114
b) Miscellaneous	-25,232,648.75	-17,524
	-25,340,681.61	**-17,637**
7. Subtotal of items 1 through 6 **(operating result)**	**22,955,578.12**	**20,062**
8. Income from investments	145,181,811.29	86,506
thereof from subsidiaries	*140,690,870.99*	*84,887*
9. Other interest and similar income	20,113,540.28	31,663
thereof from subsidiaries	*14,457,074.13*	*23,872*
10. Income from disposal and write-up of financial assets and marketable securities	38,146,708.37	243
11. Expenses related to financial assets:	-21,213,957.10	-6,111
a) Depreciation from subsidiaries	*-19,115,025.00*	*-3,542*
b) Other depreciation	*0.00*	*-308*
c) Other expenses from subsidiaries	*-748,932.10*	*-11*
d) Other	*-1,350,000.00*	*-2,250*
12. Interest and similar expenses	-12,563,914.99	-18,947
13. Subtotal of item 8 through 12 **(financial result)**	**169,664,187.85**	**93,355**
14. Result before taxes	**192,619,765.97**	**113,417**
15. Taxes on income and gains	1,220,846.24	-2,220
thereof income tax	*-2,269,930.29*	*-953*
thereof tax allocation	*-1,780,325.47*	*-1,884*
thereof deferred tax income	*5,271,102.00*	*617*
16. Income after taxes = net income for the year	**193,840,612.21**	**111,198**
17. Reversal of retained earnings (voluntary reserves)	0.00	22,182
18. Allocation to retained earnings (voluntary reserves)	-82,460,612.21	0
19. Profit for the period	**111,380,000.00**	**133,380**
20. Profit brought forward	9,620,000.00	9,620
21. Unappropriated net profit	**121,000,000.00**	**143,000**

NOTES TO THE 2019 FINANCIAL STATEMENTS OF STRABAG SE, VILLACH

I. Application of Austrian Business Enterprise Code

The Management Board of the company prepared these financial statements as of 31 December 2019 in accordance with the Austrian Business Enterprise Code (UGB).

In preparing the present financial statements, the previous method of presentation was maintained.

Where an asset or liability relates to more than one item in the balance sheet, the relationship of such asset or liability to the relevant items is disclosed in the notes.

The income statement was prepared in report form using the nature of expense method.

Additional information was provided in the notes as far as was necessary to ensure a true and fair view of the financial position, financial performance and cash flows.

The company is the topmost parent company of the companies within the scope of consolidation of STRABAG SE, Villach. The consolidated financial statements are deposited with the Landes- als Handelsgericht Klagenfurt (District and Commercial Court Klagenfurt).

The company is a large corporation (Kapitalgesellschaft) as defined by Sec 221 of the Austrian Business Enterprise Code (UGB).

II. Accounting policies

GENERAL PRINCIPLES

The financial statements were prepared in accordance with the “principles of orderly accounting” and following the general norm of presenting a true and fair view of the financial position, financial performance and cash flows.

The financial statements were prepared in conformity with the “principle of completeness”.

The valuation premise adopted is that of a going concern.

Individual assets and liabilities were measured in accordance with the “principle of individual valuation”.

The financial statements were prepared in accordance with the “principle of prudence” by only reporting profit which was realized on the balance sheet date. All recognizable risks and impending losses which occurred in 2019 or an earlier financial year were taken into consideration.

Estimates are based on a conservative assessment. If statistically measurable experiences from similar circumstances are available, these were considered when making the estimates.

The previously applied accounting policies were kept.

NON-CURRENT ASSETS

Property, plant and equipment

Property, plant and equipment are valued at historical cost less accumulated depreciation. In line with the relevant tax legislation, the company takes a full year's depreciation for acquisitions during the first six months of the year and a half year's depreciation for acquisitions during the second six months of the year.

The depreciation is calculated using the straight-line method over the following useful lives:

	Years	
	from	**to**
Other facilities, furniture and fixtures and office equip	4	15

Low-value assets (individual cost up to € 400.00) are depreciated in full in the year in which they are acquired.

Extraordinary depreciation on a lower fair value measurement at the reporting date is undertaken where the impairment is considered permanent.

Financial assets

Financial assets are valued at cost or a lesser fair value if one is attributable where the impairment is considered permanent.

Loans are measured at historical cost. Lower values are recognized for permanent or significant impairment losses.

Increases in non-current assets

The value of non-current assets is increased where there is no more cause for depreciation. The increase is not higher than the net carrying value calculated under consideration of the regular depreciation that would have been charged in the mean-time.

CURRENT ASSETS

Accounts receivable and other assets

Trade and other receivables are reported at nominal value.

The valuation of foreign currency receivables follows the strict “lowest value principle”.

Individual value adjustments are made for recognizable risk.

Increases in current assets

Reversals of depreciation for current assets are done where there are no more cause for depreciation.

DEFERRED TAXES

Deferred taxes are recognized in accordance with Sec 198 Para 9 and 10 UGB using the balance sheet concept without discounts using the current corporate income tax rate of 25 %. No deferred tax assets are recognized for tax loss carryforwards.

The deferred tax assets resulting from the transition effective 1 January 2016 are distributed over five years in accordance with Sec 906 Para 34 UGB.

PROVISIONS

All recognizable risks and impending losses were taken into account in the calculation of provisions in accordance with the legal framework.

Other provisions

Under application of the “principle of prudence”, all recognizable risks at the date of balance sheet creation as well as liabilities of uncertain timing or amount were recognized in the item "Other provisions" at the value required according to reasonable entrepreneurial assessment.

LIABILITIES

Liabilities are valued at their settlement value.

Foreign currency liabilities are measured in accordance with the strict “highest value principle”.

III. Notes to the balance sheet

NON-CURRENT ASSETS

The non-current assets are itemized and their changes in the year under report are recorded in the statement of changes in non-current assets (Appendix 1 to the Notes).

Information on investments can be found in the list of participations (Appendix 2 to the Notes).

Of the loans, an amount of € 4,408,000.00 (previous year: T€ 4,408) is due within the next year.

ACCOUNTS RECEIVABLE AND OTHER ASSETS

Receivables from subsidiaries involve cash-clearing, financing, routine clearing, the calculation of intra-group and clearing of tax allocations and transfers of profits.

The item “Other receivables and assets” includes income of € 1,366,123.09 (previous year: T€ 469) which will be cash effective after the balance sheet date.

DEFERRED TAX ASSETS

Deferred tax assets were recognized on the reporting date for temporary differences between the tax base and the carrying amount for the following items:

	31.12.2019	31.12.2018
	€	T€
Property, plant and equipment	9,416.00	4
Financial assets	1,040,000.00	1,387
Remaining seventh from depreciation of participation	49,033,317.00	56,117
Provisions	16,865,794.00	18,550
Liabilities	3,549,333.00	664
Total	**70,497,859.00**	**76,722**
Resulting deferred taxes on 31.12. (25%)	**17,624,465.00**	**19,181**

The deferred taxes developed as follows:

	2019	2018
	€	T€
Balance on 1.1.	**5,526,163.00**	**4,959**
Distribution according to Sec 906 (34) UGB	6,827,200.00	6,827
Change in profit or loss	-1,556,098.00	-6,210
Balance on 31.12.	**10,797,265.00**	**5,526**

EQUITY

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

PROVISIONS

Other provisions were made for profit sharing, investment risks and claims.

ACCOUNTS PAYABLE

Payables to subsidiaries involve routine clearing and clearing of tax allocation.

The item "Other payables" includes expenses in the amount of € 7,223,452.12 (previous year: T€ 10,612) which will be cash effective after the balance sheet date.

CONTINGENT LIABILITIES

	31.12.2019	31.12.2018
	€	T€
Sureties/Guarantees	7,857,032.47	52,776
Declarations of patronage	18,465,336.72	60,062
Total	**26,322,369.19**	**112,838**
thereof with subsidiaries	26,322,369.19	66,840

The company has made an unlimited warranty statement for the benefit of STRABAG BRVZ GmbH, Spittal an der Drau, whereby is commited to fulfil the obligations from the financial futures contracts concluded by STRABAG BRVZ GmbH, Spittal an der Drau, if necessary.

Performance bonds in the amount of € 636,968,796.55 (previous year: T€ 654,092) exist for construction projects of subsidiaries.

Due to long-term rentals, letting and leasing, the use of property, plant and equipment not shown in the balance sheet results in an obligation of € 7,281,853.44 (previous year: T€ 7,281) for the 2020 financial year. The sum of all obligations for the next five years is € 36,409,267.20 (previous year: T€ 36,407).

IV. Notes to the income statement

REVENUES (SALES)

	2019	2018
	€	T€
Domestic revenue	36,986,903.32	32,847
Foreign revenue	39,056,384.87	30,683
Total	**76,043,288.19**	**63,530**

The revenue, which mostly involves the clearing of intra-group allocations as well as the pass-through of guarantee fees, insurance and rental costs, is generated domestically and abroad.

EMPLOYEE BENEFITS EXPENSE

The company employed on the average 6 employees during the year (previous year: 6 employees).

The severance payment expenses include contributions to employee benefit plans in the amount of € 117,815.81 (previous year: T€ 68).

The salaries of the Management Board members in the 2019 financial year amounted to T€ 8,269 (previous year: T€ 7,163).

OTHER OPERATING EXPENSES

Supervisory Board member salaries in the period under review amounted to € 162,000.00 (previous year: T€ 162).

The other operating expenses reported mainly include surety fees, legal and advisory costs, travel and advertising costs, insurance costs and other general administrative expenses.

V. Additional disclosures

EVENTS AFTER THE REPORTING PERIOD

Like all industries, the STRABAG Group has also been impacted by the COVID-19 coronavirus disease, which on 11 March 2020 was declared a pandemic by the World Health Organization. Especially those European countries in which the STRABAG Group generates most of its operating revenue have been particularly hard hit by COVID-19 and the associated government directives to prevent and contain its spread.

Every country has introduced its own measures to prevent the spread of COVID-19. These measures have included lock-downs and stay-at-home orders resulting in a restricted movement of goods, services and people between the European countries.

The restrictions have had a negative impact on the business operations of STRABAG SE, particularly on construction activity. Construction processes must be adapted and special protective measures implemented while dealing with the limited availability of (human and material) resources. This always involves a change in the intensity of the work performed.

The impact has differed greatly from country to country. In March 2020, for example, regular construction operations were suspended in the home market of Austria for around ten days before being gradually ramped up again. Approximately 1,000 construction sites were affected by this measure. In addition, all construction work was ordered halted in countries such as Italy and Belgium, which are of minor importance for the STRABAG Group in terms of size.

Risks resulting from disruptions in the STRABAG Group's supply chain can be partially cushioned by the high level of value added in raw materials. The existing inventory of construction equipment, machinery and other vehicles benefit the group in this regard as well. Precautions are also being taken as part of the business continuity management to ensure that business activity is maintained to the full extent as much as possible in the event of disruptions.

As the directives issued in the first quarter of 2020 and the associated impact on the business operations proved to be quite different in the individual countries, across-the-board measures within the group made little sense. Action must be taken on a country-by-country basis. The Management Board of STRABAG SE has therefore been working together with the local management, the occupational safety specialists and the specialists from the service companies to continuously evaluate the risks in the individual group countries. This ensures that necessary decisions are made quickly and implemented effectively.

In all decisions made in connection with COVID-19, however, the Management Board must also take into account its responsibility towards its employees. As a result of the mostly small, decentralised structures compared to other industries, the construction sector has a lower risk of simultaneous infection or quarantine of a critical part of the staff; nevertheless, the risk of infection must be further reduced with suitable measures such as avoiding in-person events, providing the workforce with hygiene information and supplies or enabling remote working where possible. It should be noted, however, that the number of known infected and quarantined persons among the workforce at the beginning of April 2020 remained relatively low and that the number of acute cases has been quite stable.

It is difficult to estimate how long the restrictions will last. As the situation is unlikely to return to normal in the short term, however, negative consequences are to be expected for the 2020 financial year. Due to the numerous uncertainties, it is not yet possible to determine the exact impact on output, revenue and earnings and on the targeted EBIT margin of STRABAG SE. As of early April 2020, it was not yet clear to what extent the negative impact from the suspension of construction activity and productivity losses due to restricted site operations can be offset by any subsequent positive effects in the 2020 financial year.

APPROPRIATION OF NET INCOME

The reported balance sheet profit of € 121,000,000.00 enables the distribution of a dividend for the 2019 financial year based on 110,000,000 shares of up to € 1.10 per share.

BOARD AND RELATED PARTY DISCLOSURES

The members of the Management and Supervisory Boards are listed separately (Appendix 3 to the Notes).

An agreement was concluded with STRABAG BRVZ GmbH, Spittal an der Drau, covering financial and management accounting, operating and cost accounting, payroll accounting, cash management, insurance management and facility management.

The company is a group parent under Sec 9 Para 8 of the Austrian Corporate Income Tax Act (KStG) of 1988. Tax adjustments (both positive and negative allocations) between the group parent and the company were arranged in the form of tax allocation agreements.

For the benefit of Mineral Abbau GmbH, Spittal an der Drau, there is a commitment to cover the losses, which may be terminated by giving three months' notice to the end of the calendar year.

For the benefit of STRABAG AG, Cologne, there is a voluntary transfer of losses as outlined in Sec 302 of the German Stock Corporation Act (dAktG) for the 2020 financial year.

The expenses for the auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, for the financial year amount to T€ 755 (previous year: T€ 691), of which T€ 62 (previous year: T€ 61) are for the audit of the financial statements, T€ 629 (previous year: T€ 618) for other audit services and T€ 64 (previous year: T€ 12) for miscellaneous services.

In addition, T€ 14 (previous year: T€ 17) were calculated for miscellaneous services to subsidiaries.

Villach, 8 April 2020
The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Staff Divisions and Central Divisions
BMTI, TPA as well as CML Construction Services

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

Klemens Haselsteiner
Responsibility Central Divisions Digitalisation,
Innovation and Business Development,
Zentrale Technik as well as
Division NN Russia

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

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

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

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 2019

€	Balance 1.1.2019	Acquisition and production costs Additions	Transfers	Disposals	Balance 31.12.2019
I. Tangible assets:					
Other facilities, furniture and fixtures and office equipment	1,316,774.44	548.34	0.00	548.34	1,316,774.44
	1,316,774.44	**548.34**	**0.00**	**548.34**	**1,316,774.44**
II. Financial assets:					
1. Investments in subsidiaries	2,745,121,396.11	3,893,624.94	-872,077.00	881,896.75	2,747,261,047.30
2. Investments in participationcompanies	38,431,148.10	148,122.72	872,077.00	2,269,946.86	37,181,400.96
3. Loans to participation companies	90,476,606.16	7,163,255.57	0.00	11,042,035.79	86,597,825.94
4. Other loans	21,255.09	543.90	0.00	0.00	21,798.99
	2,874,050,405.46	**11,205,547.13**	**0.00**	**14,193,879.40**	**2,871,062,073.19**
Total	**2,875,367,179.90**	**11,206,095.47**	**0.00**	**14,194,427.74**	**2,872,378,847.63**

Accumulated depreciation						Carrying values	
Balance 1.1.2019	Additions	Reversal of impairment losses	Transfers	Disposals	Balance 31.12.2019	Carrying values 31.12.2019	Carrying values 31.12.2018
261,480.92	30,081.98	0.00	0.00	548.34	291,014.56	1,025,759.88	1,055,293.52
261,480.92	**30,081.98**	**0.00**	**0.00**	**548.34**	**291,014.56**	**1,025,759.88**	**1,055,293.52**
186,261,948.84	19,115,025.00	34,000,000.00	-200,000.00	586,741.92	170,590,231.92	2,576,670,815.38	2,558,859,447.27
13,030,108.87	0.00	0.00	200,000.00	600,000.00	12,630,108.87	24,551,292.09	25,401,039.23
0.00	0.00	0.00	0.00	0.00	0.00	86,597,825.94	90,476,606.16
0.00	0.00	0.00	0.00	0.00	0.00	21,798.99	21,255.09
199,292,057.71	**19,115,025.00**	**34,000,000.00**	**0.00**	**1,186,741.92**	**183,220,340.79**	**2,687,841,732.40**	**2,674,758,347.75**
199,553,538.63	**19,145,106.98**	**34,000,000.00**	**0.00**	**1,187,290.26**	**183,511,355.35**	**2,688,867,492.28**	**2,675,813,641.27**

List of participations (20.00 % interest minimum)

Name and residence of the company	Interest %	Equity/negative Equity[1] T€	Result of the last financial year[2] T€
Investments in subsidiaries:			
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH", Spittal an der Drau	100.00	35,506	32,015
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau	100.00	313,735	32,143
"Strabag Azerbaijan" Limited Liability Company, Baku	100.00	-3,156	-228
"Strabag" d.o.o. Podgorica, Podgorica	100.00	6,757	87
Asphalt & Beton GmbH, Spittal an der Drau	100.00	6,982	794
Bau Holding Beteiligungs GmbH, Spittal an der Drau	65.00	1,194,323	35,339
BHG Sp. z o.o., Pruszkow	100.00	3,082	273
CML Construction Services, Antwerpen	100.00	22	3
CML Construction Services AB, Stockholm	100.00	4	0
CML Construction Services d.o.o. Beograd, Belgrade	100.00	43	27
CML CONSTRUCTION SERVICE S.R.L., Bologna	100.00	10	0
CML CONSTRUCTION SERVICES d.o.o., Zagreb	100.00	60	3
CML Construction Services GmbH, Cologne	100.00	281	215
CML Construction Services GmbH, Schlieren	100.00	95	16
CML Construction Services GmbH, Vienna	100.00	119	3
CML CONSTRUCTION SERVICES Sp. z o.o., Pruszkow	100.00	256	-31
CML CONSTRUCTION SERVICES s. r. o., Bratislava	100.00	97	15
CML CONSTRUCTION SERVICES s.r.o., Prague	100.00	57	16
CML CONSTRUCTION SERVICES SRL, Bucharest	100.00	0	94
CML Construction Services Zrt., Budapest	100.00	225	20
DC1 Immo GmbH, Vienna	100.00	96	-78
DRP, d.o.o., Ljubljana	100.00	-8,428	-1,221
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o., Bratislava-Ruzinov	100.00	7,376	498
Erste Nordsee-Offshore-Holding GmbH, Vienna	51.00	134	-69
Facility Management Holding RF GmbH, Vienna	100.00	9	3
KMG - KLIPLEV MOTORWAY GROUP A/S, Aarhus	100.00	1,787	363
Mazowieckie Asfalty Sp. z o.o., Pruszkow	100.00	-30[3]	-3[3]
Mikrobiologische Abfallbehandlungs GmbH, Schwadorf	51.00	419[3]	216[3]
Mineral Abbau GmbH, Spittal an der Drau	100.00	7,219	2,214
OOO "CML Construction Services", Moscow	100.00	426	34
PRZEDSIEBIORSTWO ROBOT DROGOWYCH SPOLKA Z OGRANICZONA ODPOWI W LIKWIDACJI, Choszczno	100.00	[4]	[4]
SAT REABILITARE RECICLARE SRL, Cluj-Napoca	100.00	1,217	284
SAT SANIRANJE cesta d.o.o., Zagreb	100.00	53	-74
SAT SLOVENSKO s.r.o., Bratislava	100.00	2,254	481
SAT Ukraine, Brovary	100.00	4,313[3]	361[3]
SF Bau vier GmbH, Vienna	100.00	-48	-7
STRABAG A/S, Aarhus	100.00	121	-60
STRABAG AG, Schlieren	100.00	6,456	-13,741
STRABAG AG, Cologne	100.00	1,197,241	112,061
STRABAG Infrastruktur Development, Moscow	100.00	128	62
STRABAG Oy, Helsinki	100.00	24	-265
STRABAG Property and Facility Services a.s., Prague	100.00	2,649	-800
STRABAG Real Estate GmbH, Cologne	28.40	216,482	6,830
Strabag RS d.o.o., Banja Luka	100.00	-699	-30
STRABAG Sh.p.k., Tirana	100.00	[4]	[4]
STRABAG Silnice a.s. (vormals: Karlovarske silnice, a.s.), Prague	100.00	2,597	6
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna	94.00	3,288	15
TOO STRABAG Kasachstan, Astana	100.00	-3,269[3]	-352[3]
TPA GmbH, Cologne	100.00	652	140
Zweite Nordsee-Offshore-Holding GmbH, Vienna	51.00	-8,854	-127

1 according to Para 224 Sec 3 UGB
2 net income/loss of the year
3 Financial statements as of 31.12.2018
4 no statement according to Para 242 Sec 2 UGB

Name and residence of the company	Interest %	Equity/negative Equity[1] T€	Result of the last financial year[2] T€
Investments in participation companies:			
A-Lanes A15 Holding B.V., Nieuwegein	24.00	[4]	[4]
ASAMER Baustoff Holding Wien GmbH, Vienna	20.93	[4]	[4]
ASAMER Baustoff Holding Wien GmbH & Co.KG, Vienna	20.93	[4]	[4]
DYWIDAG Verwaltungsgesellschaft mbH, Munich	50.00	[4]	[4]
Klinik für Psychosomatik und psychiatrische Rehabilitation GmbH, Spittal an der Drau	30.00	[4]	[4]
Prottelith Produktionsgesellschaft mbH, Liebenfels	24.00	[4]	[4]
SHKK-Rehabilitations GmbH, Vienna	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]

1 according to Para 224 Sec 3 UGB
2 net income/loss of the year
3 Financial statements as of 31.12.2018
4 no statement according to Para 242 Sec 2 UGB

Management and Supervisory Board

Management Board:

Dr. Thomas B i r t e l (CEO)
Mag. Christian H a r d e r
Klemens H a s e l s t e i n e r (since 1 January 2020)
Dipl.-Ing. Dr. Peter K r a m m e r
Dipl.-Ing. Siegfried W a n k e r
Dipl.-Ing. (FH) A l f r e d W a t z l

Suvervisory Board:

Dr. Alfred G u s e n b a u e r (Chairman)
Mag. Erwin H a m e s e d e r (Vice Chairman)
Dr. Andreas B r a n d s t e t t e r
Thomas B u l l
Mag. Kerstin G e l b m a n n
Dr. Oleg G . K o t k o v
Dipl.-Ing. Andreas B a t k e (works council)
Miroslav C e r v e n y (works council)
Magdolna P. G y u l a i n é (works council)
Georg H i n t e r s c h u s t e r (works council)
Wolfgang K r e i s (works council)

GROUP MANAGEMENT REPORT

Important events

FEBRUARY

Future reporting of STRABAG SE for first and third quarters

With the amendment of the Vienna Stock Exchange's Prime Market rules in February 2019, it is up to the listed companies to decide whether and how they report on the first and third quarters of the year. After considering the interests of all stakeholders, STRABAG has decided not to prepare IFRS financial statements in the first and third quarters of the year. These have been replaced by the publication of a trading statement that includes the output volume, order backlog and employee numbers as well as an update of the outlook and targets for the respective financial year. The trading report can be made available closer to the end of the quarter than was the case with the quarterly reports.

Large-scale contract to build a section of the D35 motorway in the Czech Republic

Through its subsidiary STRABAG a.s., acting as part of a consortium (42 %), STRABAG was awarded the contract to build a new section of the D35 motorway in the Czech Republic. The object of the contract with a total value of CZK 3.38 billion (~ € 132 million) is the construction of a new four-lane, connection with two interchanges including 25 bridge structures and seven noise abatement walls. Work on the Opatovice–Časy section with a length of 12.6 km will last 44 months from the start of construction in spring 2019.

Extension of mining contract in Chile

Züblin International GmbH Chile SpA, a subsidiary of STRABAG SE, was awarded an extension to its contract with Mina Candelaria Subterránea for the Candelaria open pit and underground mine in Copiapó in Chile's Atacama region for another four years. The contract value amounts to € 65 million. The extension to the contract involves, among other works, 22,400 m of horizontal developments, plus 1,771,000 tones of loading and transport of material.

MARCH

Bridge upgrades along A9 motorway near Allersberg

In March 2019, a consortium consisting of the group companies STRABAG AG and Ed. Züblin AG began with the upgrade of a total of eight bridges on the A9 motorway in Germany between the Nuremberg/Feucht interchange and the Hilpoltstein junction on behalf of Autobahndirektion Nordbayern, the motorway authority for northern Bavaria. All bridges will be torn down and rebuilt. The contract value of approx. € 38 million also includes renovation works on the roads beneath three of the bridges as well as the demolition and new construction of a noise protection wall near Altenfelden. The contract also involves the construction of temporary ramps and roads to the construction sites and a provisional acceleration strip at the Allersberg junction. The project is scheduled for overall completion by the end of 2020.

Mining contracts for € 500 million in Chile

Züblin International GmbH Chile SpA was awarded two new long-term mining contracts for the Nuevo Nivel Mina project, at the El Teniente mine in Rancagua. The contracts have a total value of about € 500 million and comprise the construction of tunnels with a total length of 32.5 km. Nuevo Nivel Mina is one of five key projects of copper mining company Codelco and consists of extending the mine into a deeper sector, thus increasing the useful lifespan of El Teniente mine by another 50 years. The first contract involves 6,049 m of horizontal developments and civil engineering works in a 25-month period. The second contract consists of tunnelling and civil works for a period of 39 months to complete 26,439 m of horizontal developments and 4,179 m of shafts.

Contract awarded for Boll-Sinneringen bypass in Switzerland

STRABAG AG of Switzerland was awarded the contract for the transportation infrastructures and engineering ground works for the Boll-Sinneringen rail bypass in the Bernese municipality of Vechingen. The project foresees changing the route of the railway. All of the measures will increase safety and improve the train crossings. A new station will also be built at Boll-Utzigen. The client is RBS, the regional transport association for Bern-Solothurn. The works for STRABAG AG include the new construction of the 425 m railway embankment between Worbstrasse and Bernstrasse, the main element of the project, as well as the construction of the Moosgasse underpass and of the access roads to the new station area.

Renovation of the south section of M3 metro line in Budapest

STRABAG, through its Hungarian subsidiary, won the contract to rehabilitate the southern section of the M3 metro line in Budapest. The contract value totals HUF 24.7 billion (~ € 76 million). In addition to the renewal of five stations and passenger areas, the track structure is also being modernised. The works should be completed in 2020.

STRABAG is renovating the south section of the M3 metro line in Budapest

Refinancing of € 2.4 billion in loans before maturity

STRABAG SE took advantage of the favourable financing environment to refinance two loans totalling € 2.4 billion before their original maturity. The conditions and terms to maturity of the € 2.0 billion syndicated surety loan and the € 0.4 billion syndicated cash credit line have been redefined. The new five-year terms to maturity – i.e. until 2024 – with two options to extend by one year each will further allow STRABAG SE to secure its comfortable financing position for the long term.

Financial close of “Autopista al Mar 1” project in Colombia completed

Work on the Autopista al Mar 1 in Colombia

Devimar, the concession company operating the public-private partnership project Autopista al Mar 1 in Colombia, successfully concluded the long-term financing totalling USD 713 million. The project, which was awarded by the Colombian infrastructure agency ANI to Devimar in 2015, has thus fully obtained the required funding. The financial close confirms the reputation and experience of Devimar’s sponsors consisting of SACYR (Spain, 37.5 %), STRABAG (Austria, 37.5 %) and CONCAY (Colombia, 25 %). At the time of the financial close, the Autopista al Mar 1 project was in the construction phase and about 30 % complete. The project is proceeding on more than 130 active work fronts, creating 2,200 direct and indirect jobs.

APRIL

Acquisition of property management assets of CORPUS SIREO

STRABAG Property and Facility Services GmbH (STRABAG PFS) of Germany, as part of a jointly developed partner model, in April acquired the property management business and all employees of CORPUS SIREO Real Estate GmbH. In tandem with the agreement, several long-term property management contracts were also concluded between STRABAG PFS and the Swiss Life Group. This involves more than 340 Swiss Life properties in various asset classes held in Germany. The focus is on residential and office buildings. An above-average contract period was agreed for the portfolio.

ZÜBLIN to design and build wastewater pumping station in Qatar

Züblin International Qatar L.L.C. signed a contract for the design and construction of an infrastructure project in Doha, Qatar, worth € 113 million. The company will build a wastewater pumping station by July 2021. The works include the construction of a wastewater pumping shaft with a depth of 50 m, a diameter of 36 m and a planned pumping capacity of 6,000 l/s. Also being built are an upstream screen shaft with a similar depth and a diameter of 24 m, including a state-of-the-art odour control system, as well as ancillary buildings and facilities.

MAY

Construction of Lot 6 of Limmat Valley rail line in Dietikon West

Rendering of Limmattalbahn

STRABAG AG of Switzerland was awarded the contract to build the Limmattalbahn (Limmat Valley rail line) in Dietikon West (Lot 6) with a value of about CHF 58 million (~ € 51 million, STRABAG share: 50 %). Central project elements of the works at Lot 6 include the redesign of the intersections Überlandstrasse/Badenerstrasse and Mutschellenstrasse/Industriestrasse.

EFKON expands its presence on the Norwegian market

EFKON, the STRABAG subsidiary specialising in toll collection systems, has expanded its share in the Norwegian toll collection system market with two more projects. Following the Bypakke Bergen and Oslopakke 3 contracts with more than 100 tolling stations and a maintenance contract for eight years, EFKON was entrusted with the implementation of two new projects, “Nordhordland package in Hordaland” and “Damåsen-Saggrenda”. The contracts for Nordhordland and Damåsen include the construction and operation of at least five toll stations near Bergen and at least three near Oslo. Commissioning took place at the latest in the first quarter of 2020. The order includes a maintenance contract of at least seven years with the option of an annual renewal.

JUNE

Groundbreaking ceremony for educational campus Seestadt Aspern Nord in Vienna

Together with the city of Vienna, the groundbreaking ceremony for the construction of the educational campus Seestadt Aspern Nord took place on 17 May 2019. The bidding consortium of HYPO NOE Leasing and STRABAG Real Estate (SRE) was awarded the contract in an EU-wide tender for the further design, build, finance and operate phases of the educational campus Seestadt Aspern Nord and the educational campus Aron Menczer. The new educational facility includes a kindergarten with 12 groups, an all-day elementary school with

Rendering of the educational campus

17 classes and a middle school with 16 classes, for a total of 1,100 children, as well as a youth centre. The facility is to open on schedule at the beginning of the 2021/22 school year.

STRABAG PFS buys PORREAL in Poland and the Czech Republic

STRABAG PFS Austria signed an agreement to acquire 100 % of the shares of PORREAL Polska sp. z o.o. of Warsaw and PORREAL Česko s.r.o. of Prague. The target companies had previously been owned by the PORR Group, which is withdrawing from the property and facility management business in these regions. Together, the two companies generate annual revenue of approximately € 6 million. At PORREAL in Poland, 83 employees are largely responsible for the technical and infrastructural facility management for office properties in Warsaw. In addition to this new customer segment, the acquisition increased STRABAG PFS's level of vertical integration in the areas of refrigeration and fire protection. In the Czech Republic, most of the revenue is generated in Prague with twelve technical specialists.

STRABAG SE expands its Management Board to include digitalisation

Effective 1 January 2020, STRABAG SE has added digitalisation, among others, as a Management Board responsibility, correspondingly increasing the size of the board from five to six members. The new portfolio, Digitalisation, Innovation and Business Development, will be assigned to Klemens Haselsteiner. Klemens Haselsteiner started his career in 2004 at the auditing firm KPMG in Austria. After completing his civil service and gathering work experience at a Russian industrial group, he joined the STRABAG Group in Russia in 2011. There he was entrusted with central controlling, among other things. From 2015, he was employed at the German STRABAG group company Ed. Züblin AG, Stuttgart subdivision – initially as commercial business unit manager for turnkey construction, as of 2018 as commercial subdivision manager.

STRABAG commences expanded € 1 billion contract for polyhalite mine in the UK

The TBM "Stella Rose" ready for action at Wilton

STRABAG SE was issued a notice of commencement to begin two further tunnel construction contracts (Drives 2 and 3) on behalf of York Potash Ltd. for its North Yorkshire Polyhalite Project. The two drives between the shaft at Lockwood Beck and the Woodsmith Mine will have a total length of 24 km and a depth of 360 m. STRABAG had already commenced the design-and-build contract for Drive 1, a 13 km section from the tunnel portal at Wilton to Lockwood Beck in the first quarter of 2018. The total amount commenced to date is about € 1.0 billion from the contract awarded to STRABAG, which also includes the construction of the underground material transport system, the contract for which will commence later this year.

EFKON wins large Smart City project in in India

EFKON is implementing a traffic monitoring system in Aligarh, India. The contract value for this Smart City project is approx. € 13 million. The contract covers the installation, operation and maintenance of a new traffic surveillance system covering an area of 85 km² with 227 cameras and 63 pan-tilt-zoom (PTZ) cameras, red light surveillance systems with 74 cameras, and other traffic management components. Construction will take place over twelve months, followed by 60 months of operation and maintenance.

JULY

Modernisation of a railway line in the south of the Czech Republic

STRABAG Rail a.s. was awarded the contract to modernise the 11.3 km railway section between Soběslav and Doubí on behalf of the Czech national railway infrastructure authority. The contract value amounts to CZK 3.86 billion (~ € 150 million). Work began in September 2019 and will last 46 months. The contract was awarded to a consortium consisting of STRABAG Rail a.s., EUROVIA CS a.s. and Metrostav a.s. The share attributable to consortium leader STRABAG Rail a.s. amounts to 53.21 %.

First Motel One in Poland developed and completed by STRABAG Real Estate

Motel One in the centre of Warsaw, Poland

STRABAG Real Estate handed over a hotel building it developed in the centre of Warsaw to hotel operator Motel One GmbH. The 333 state-of-the-art rooms and a spacious interior including a reception and lobby, a lounge and a bar as well as conference rooms with a total usable area of about 10,580 m² were completed within a period of two years opposite the Chopin Museum in Tamka Street.

AUGUST

Modernisation of a railway line in the north of the Czech Republic

STRABAG Rail a.s. was awarded the contract by the Czech railway infrastructure authority to modernise the approximately 12 km railway section between Oldřichov u Duchcova and Bílina in the north of the Czech Republic. The contract has a total value of CZK 1.91 billion (~ € 74 million). The construction works are scheduled for completion in the spring of 2021. The contract was awarded to a consortium consisting of STRABAG Rail a.s., OHL ŽS, a.s. and MONZAS, spol. s r.o. The share attributable to consortium leader STRABAG Rail a.s. amounts to 73 %.

Project start at “In der Wiesen Ost” to build privately financed owner-occupied flats

Privately financed owner-occupied flats at In der Wiesen Ost

STRABAG Real Estate Austria is developing a high-quality residential complex located at Rößlergasse 13, 1230 Vienna, within the In der Wiesen Ost development area. The project in the highly sought-after Obere Wiese residential area will have a total of 143 privately financed owner-occupied flats with modern and ecologically sustainable living standards. The multifaceted nature of the complex is reflected in the characteristic façade design of the three buildings. “Esprit” features textiles in eye-catching colours, “Harmonie” puts the spotlight on wood panels and “Elegance” presents itself with timeless aesthetics in glass. Special highlights include a flexible event space, a modern gym and a meeting area. Completion is scheduled for autumn 2021.

SEPTEMBER

Final agreement between STRABAG consortium and Autostrada Pedemontana Lombarda

STRABAG AG, as the contractor's consortium leader, and Autostrada Pedemontana Lombarda S.p.A. announced that the basic agreement reached in April 2019 had now become legally binding. A legal dispute involving a consortium led by Austria's STRABAG AG in connection with the Pedemontana motorway project in northern Italy had led the client to invoke a guarantee in March 2018, which the consortium deemed unjustified. The present settlement agreement not only put an end to the interim proceedings concerning the invocation of the guarantee, but also to the pending legal disputes related to the construction delays and the accompanying considerable cost overruns.

STRABAG Group presents the latest trends for building the future

The latest trends for building tomorrow were the focus of the STRABAG Innovation Day 2019 at the ZÜBLIN Campus in Stuttgart, Germany. At the comprehensive interactive exhibition, teams from STRABAG AG, Ed. Züblin AG and other group companies featured innovative products and processes for the entire spectrum of construction – in transportation infrastructures, building construction and civil engineering. Visitors could experience how to systematically optimise building processes with digital tools, they were able to inform themselves about the pollutant-reducing ClAir® Asphalt, resource-saving textile concrete façades or PM-absorbing moss wall modules (MoosTex) and gained vivid insights into the use of augmented reality and robotics in the construction industry.

At the STRABAG Innovation Day 2019, visitors got to know the humanoid robot BAGSTAR (very top), gained insights into the technology of mobile mapping (top left) or found out more about the project partnering scheme teamconcept (top right).

ZÜBLIN realising new modern, three-part office complex in Berlin-Schönefeld

Ed. Züblin AG, acting as general contractor, is realising a modern three-part office building complex on Mizarstraße in Berlin-Schönefeld, Germany, on behalf of client DIE AG Sechste Projektgesellschaft mbH & Co. KG. The order, which has a value of approx. € 46 million, covers the turnkey construction of three four-storey office buildings with a total gross floor area of approx. 24,700 m² on U-shaped and L-shaped floor plans. The design by Blumers Architekten of Berlin provides for three light-flooded block buildings surrounding a green inner courtyard. An underground car park with 89 spaces and a further 119 outdoor parking spaces complete the new building project. Construction began in September, with completion scheduled approx. 22 months later in July 2021.

OCTOBER

STRABAG building Hatta pumped storage power plant in Dubai

STRABAG will design, build and commission the Hatta pumped storage power plant in the emirate of Dubai on behalf of the Dubai Electricity and Water Authority. The total contract value for the consortium, consisting also of Austrian company ANDRITZ as the technology supplier and Turkish construction company ÖZKAR İNŞAAT, amounts to approximately € 340 million. STRABAG is the consortium leader with a share of 35 % or € 118 million. The pumped storage power plant is located in the Hajar Mountains, 140 km southeast of the city of Dubai. STRABAG will build a turbine shaft with a diameter of approximately 36 m and a depth of almost 70 m to house two Francis turbines with a power output of 250 MW. A 1.2 km long pressure tunnel to be excavated by the construction consortium will connect the existing lower reservoir, upgraded by STRABAG, to the new upper reservoir. The upper reservoir will be constructed with two roller-compacted concrete dams with a height of approximately 35 m and 70 m. In addition, STRABAG has been entrusted with the construction of two road tunnels with a length of approximately 470 m and 440 m using blast excavation. The scope of the contract also includes the reinforced concrete outflow and intake structures, several ancillary buildings as well as their extension and mechanical and electrical systems.

ZÜBLIN and MAX BÖGL awarded € 500 million contract for airport connection of new Stuttgart–Ulm railway line

The consortium consisting of ZÜBLIN (technical management) and the Max Bögl Group has been awarded the contract for the project approval section 1.3a of the new Stuttgart–Ulm railway line in Germany. The order, worth a total of approximately € 500 million, covers a 5.3 km section of the new railway line alongside the A8 motorway between the boundaries of project approval sections 1.2 (Filder Tunnel) and 1.4 (Filder Plain to Wendlingen) and also includes the new long-distance and regional station beneath the Stuttgart airport and trade fair centre, its connection to the new railway line through the approximately 2.1 km airport tunnel, and the partial relocation of state road 1204. This new project section also comprises a new connection between the new railway line and the airport curve, to be built at a later date to link the existing airport/trade fair station, including a new third track, to the Stuttgart–Hattingen railway line (Gäu Railway).

Witten/Herdecke University opts for timber in new campus building

The groundbreaking ceremony for the three-storey hybrid timber building, built to a design by the Berlin-based architects Kaden+Lager as a link between the existing buildings of the Witten/Herdecke University campus in Germany, is scheduled for May 2020. The approx. € 22 million turnkey construction contract including planning and outdoor facilities went to the Aichach-based timber construction specialist ZÜBLIN Timber, a subsidiary of Ed. Züblin AG. In addition to office, administrative and seminar

© Atelier Noise

New campus building at Witten/Herdecke University: open space for work and communication rooms, the extension building will also house the library, event rooms and a café/bar. Witten/Herdecke University wants to create more space for its 2,600 students and over 900 employees to support them in their personal, academic and professional development. The completion of the extension building is scheduled for the summer of 2021.

NOVEMBER

STRABAG building second section of new pumping station for Toronto wastewater treatment plant

The Canadian subsidiary of the STRABAG Group was awarded a contract by the City of Toronto to build the second section of the new integrated pumping station at the Ashbridges Bay Wastewater Treatment Plant. The contract with a value of around CAD 120 million (approx. € 80 million) covers the construction of shafts and feeder tunnels. The integrated pumping station allows the underground transport of wastewater to the Ashbridges Bay Wastewater Treatment Plant. The main part of the project involves two large-scale shafts: one 68 m deep with a diameter of 27 m and another 27 m deep with a diameter of 32 m. Including five smaller shafts, this results in a total of 153 m of shafts to be built. The shafts will be linked to feeder tunnels with a total length of 445 m, with a rock tunnel section as well as a parallel pressure pipe in an open cut close to the surface.

The pumping station will be built on this site of the Ashbridges Bay Wastewater Treatment Plant.

DECEMBER

STRABAG investing € 9 million in Austria's most modern apprenticeship training centre

The new training centre will meet the training needs of 250 apprentices per year.

STRABAG is planning a new corporate apprentice training workshop in Ybbs on the Danube to meet the training needs of approximately 250 apprentices a year. The company is investing € 9 million in the most modern apprenticeship training centre in Austria. The 31,000 m² facility will include a training shop with classrooms, open space for construction equipment operator training and accommodations for 40 apprentices including recreational areas. Ybbs on the Danube was chosen as the location as it lies along the important Westbahn rail corridor and because, due to the presence of other companies' training facilities, an extensive infrastructure for apprentices already exists in the area.

Country report

DIVERSIFYING THE COUNTRY RISK

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

The STRABAG SE Group generated a record output for the third year in a row in the 2019 financial year. With a plus of 2 % to € 16.6 billion, the company exceeded its own forecast. Business was characterised in particular by growth in the home market of Austria and in transportation infrastructures in Poland, Hungary and the Czech Republic, which more than compensated for the decline caused by the loss of a key German client in property and facility services. Performance in the remaining markets was mixed.

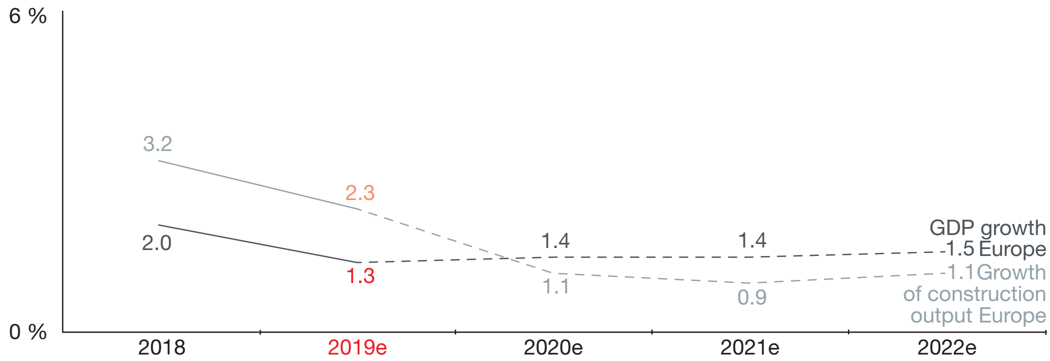
OUTPUT VOLUME BY COUNTRY

€ mln.	2019	% of total output volume 2019[1]	2018	% of total output volume 2018	Δ %	Δ absolute
Germany	7,819	47	7,877	48	-1	-58
Austria	2,679	16	2,542	16	5	137
Poland	1,129	7	975	6	16	154
Hungary	848	5	714	4	19	134
Czech Republic	783	5	706	4	11	77
Americas	714	4	667	4	7	47
Slovakia	369	2	515	3	-28	-146
Rest of Europe	343	2	349	3	-2	-6
Benelux	318	2	351	2	-9	-33
Switzerland	232	1	273	2	-15	-41
Romania	225	1	197	1	14	28
Sweden	205	1	178	1	15	27
Asia	179	1	162	1	10	17
Croatia	152	1	163	1	-7	-11
Middle East	148	1	206	1	-28	-58
Serbia	148	1	111	1	33	37
Denmark	99	1	92	1	8	7
Russia	71	1	78	1	-9	-7
Africa	66	0	57	0	16	9
Slovenia	49	0	68	0	-28	-19
Bulgaria	42	0	42	0	0	0
Total	**16,618**	**100**	**16,323**	**100**	**2**	**295**

1 Rounding differences are possible

ECONOMY CONTINUES TO MOVE SIDEWAYS[1]

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE



Global politics has once again become a key factor significantly impacting the development of the global economy. The trade conflict between the US and China as well as the discussions and uncertainties surrounding Brexit adversely affected the confidence of companies and households, resulting in weaker investment growth, exports and private consumption. GDP growth therefore remained relatively low in many economies in 2019. In the more highly developed countries, the slowdown occurred on a broad front. In the emerging and developing countries, the decline in economic activity was even more pronounced.

The World Bank revised its growth forecast for the global economy in 2019 down by 0.2 percentage points to 2.4 % and expects growth of 2.5 % and 2.6 % in 2020 and 2021. According to its latest report, the United States is primarily harming itself with its trade conflicts. The reason for the lowest growth since the financial crisis more than a decade ago is the unexpectedly weak recovery in trade and investment. At the same time, the World Bank warns of a new wave of debt in emerging and developing countries.

The economic momentum also slowed significantly in the 19 Euroconstruct countries in 2019. The turmoil in world trade is reducing industrial production and the propensity to invest in Europe. Euroconstruct's most recent macroeconomic forecasts do not anticipate a global crisis, but only forecast annual GDP growth of between 1 % and 2 % for the years up to 2022.

BCONSTRUCTION SECTOR EXPECTS STIMULUS FROM NEW EUROPEAN ENVIRONMENTAL POLICY

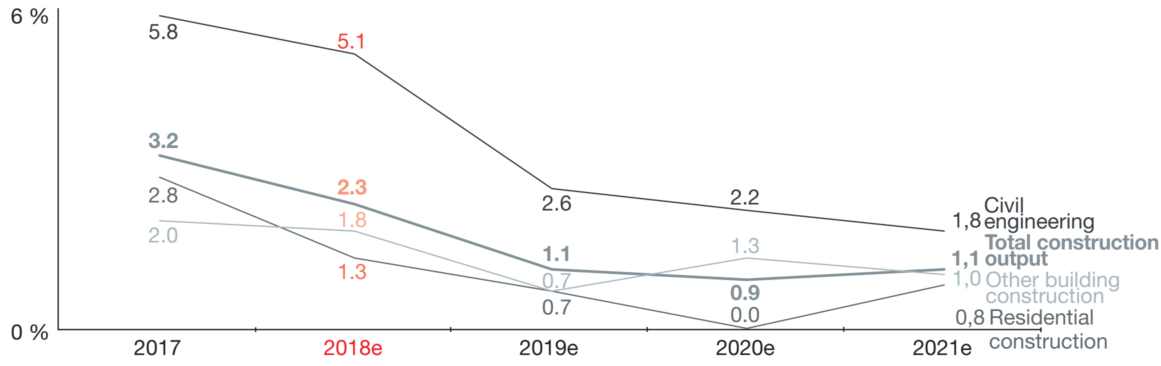
With solid 2.3 % growth, the construction economy in the 19 Euroconstruct countries expanded for the sixth year in a row in 2019 and thus again grew more strongly than the economy as a whole – albeit at a somewhat slower pace. The construction sector is benefiting from economic factors such as the currently solid purchasing power of households, favourable financing conditions and higher corporate profits. Additional stimulus is expected from the European Commission's Green Deal and the associated stronger environmental policies of the national governments. Nevertheless, the experts at Euroconstruct remain cautious and in their current forecasts for 2020–2022 only expect growth rates between 0.9 % and 1.1 %.

Construction output in the 19 Euroconstruct countries was around € 1,637 billion in 2019. Yet even after five years of continuous growth, this is still far below the peak before the financial crisis of 2008. This is mainly due to the developments in Spain and Italy, although two-thirds of the Western European countries expected a higher total construction volume in 2019 than in 2007. The national differences, therefore, remain large.

1 All growth forecasts as well as the particular national construction volumes are taken from the Euroconstruct and EECFA (Eastern European Construction Forecasting Association) winter 2019 reports. The indicated market share data are based on the data from the year 2018.

CIVIL ENGINEERING CONTINUES TO OUTPERFORM RESIDENTIAL CONSTRUCTION AND OTHER BUILDING CONSTRUCTION

GROWTH COMPARISON CONSTRUCTION SECTOR EUROPE



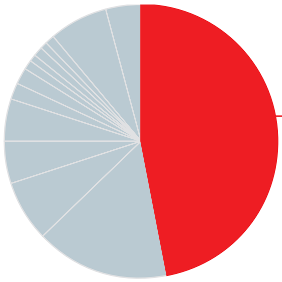
Viewed by sector, European civil engineering saw the strongest growth in the past year with an increase of 5.1 %, followed by other building construction with +1.8 % and residential construction with +1.3 %.

Residential construction, which accounts for nearly half of all European construction output, grew by 1.3 % in 2019. In absolute numbers, France and Germany were again at the top, followed by the United Kingdom and Italy. The largest growth rates were recorded in Slovakia, Hungary, Ireland, Portugal and Poland. In 2020, however, growth in the sector is likely to slow further to a total of 0.7 %. Above-average growth rates are predicted especially for Ireland, which has been among the top performers here for years, as well as the Czech Republic and Portugal. The development in Germany is likely to stagnate in 2020.

Other building construction, which was responsible for almost a third of the European construction volume in 2019, grew by 1.8 % in the 19 Euroconstruct countries. Viewed by country, Ireland, Hungary, the Netherlands, Poland, Norway and Sweden saw the highest increases. Euroconstruct forecasts moderate declines in Germany in this sector in the coming years.

Civil engineering, which accounts for around 20 % of the European construction volume, showed a highly inconsistent picture in 2019, although overall, with a plus of 5.1 %, it was significantly above the forecasts. The strongest increases were recorded in Hungary, Ireland, Poland, France, the United Kingdom, Norway and Sweden, while Germany was only slightly positive with +0.7 %. Euroconstruct sees a more uniform picture for the future and expects growth of 2.6 % for 2020. This development should be supported above all by the high dynamics in the Eastern European countries with the exception of the Czech Republic. For Germany, the largest market in terms of volume, Euroconstruct expects a slight decline from 2020 to 2022.

GERMANY



Overall construction volume: € 352.8 billion
GDP growth: 2019e: 0.6 % / 2020e: 0.9 %
Construction growth: 2019e: 0.8 % / 2020e: -0.6 %

The German economy was in a slight downturn in 2019. While GDP growth still stood at 1.5 % in 2018, the forecasts for 2019 only see an increase of 0.6 %. The main reasons for this development are a decline in foreign trade due to international trade conflicts as well as the uncertainties regarding the impact of Brexit. Overall, the mood in Germany's export-oriented industry has been slightly subdued since the beginning of 2018. Especially the automotive industry, which is very important for the country, is facing major challenges. The medium-term moderate growth of around 1 % p.a. therefore results primarily from the relatively stable private domestic consumption.

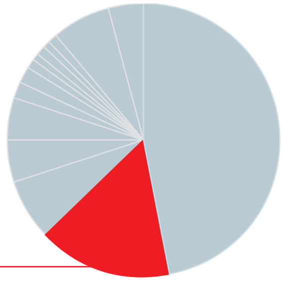
According to Euroconstruct, the German construction industry is likely to have seen its last growth year for the time being in 2019 with a plus of 0.8 %. The impact from the massive public-sector investment in residential construction has now flattened out, and the extent of public investment in the modernisation of the rail network cannot yet be clearly estimated. The sector is being stimulated by low lending rates and rising real wages, while the impact of the tax relief for energy-saving measures from the government's climate package is not yet clearly evident. In the coming years, residential construction, which still represents more than half of the total German construction volume, is likely to be characterised by a slightly downward trend. For the entire construction sector, Euroconstruct already expects a slight decline of 0.6 % in 2020, while slight downward growth of -0.8 % and -0.7 % is also expected for the following two years.

Thanks to the general economic development in 2019, other building construction remained in positive territory with a slight increase of 0.1 %. In the medium term, however, rising energy prices, the growing importance of foreign production sites and the triumphant advance of online retail, which is dampening the demand for new commercial buildings, are also suggesting slightly declining results in this sector.

Civil engineering recently benefited from government investment programmes for rail and road infrastructure. The ongoing budget recovery at the local level also had a positive impact on the construction and expansion of roads and water networks. While the sector still achieved growth of 0.7 % in 2019, it should face a moderate correction phase in the coming years.

With a market share of 2.3 %, the STRABAG Group is the market leader in Germany. Its 15.6 % share of the German road construction sector is significantly higher than that of the market as a whole. With € 7,818.59 million, around 47 % of STRABAG's total group output volume was generated in Germany in 2019 (2018: 48 %). Most of the output is allocated to the North + West segment, while the property and facility services provided in Germany are allocated to International + Special Divisions.

AUSTRIA



Overall construction volume: € 43.7 billion
GDP growth: 2019e: 1.7 % / 2020e: 1.4 %
Construction growth: 2019e: 2.6 % / 2020e: 1.3 %

The Austrian economy grew by 1.7 % in 2019, once again above the average of the neighbouring countries. Nevertheless, the growth rate for Austria is also expected to decline further. The Austrian economy is primarily driven by exports and strong domestic consumption. In contrast to Germany, the experts at Euroconstruct estimate the risk of a recession for Austria as rather low. Despite forecasts of a further economic slowdown to a value of +1.4 % for 2020, growth should remain at least at this level in the years that follow.

Euroconstruct reports significantly higher growth rates for the Austrian construction industry in 2019. Residential construction has been the main growth driver in recent years, supported by low financing costs. Overall, construction output grew by 2.6 % in 2019. However, the upward curve is expected to flatten to +1.3 % in 2020 and consolidate in 2021 and 2022 with growth of 1.4 % in each of those years.

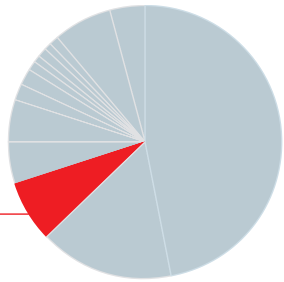
In Euroconstruct's assessment, Austrian residential construction recorded a remarkable increase in output of +3.5 % in 2019. Fundamental indicators and a decline in building permits suggest that the sector may lose some momentum in the coming years, however. Similar to the construction industry as a whole, a slowdown to +1.0 % is expected for 2020 before the growth rates level off at 1.2 % and 1.1 % in 2021 and 2022.

Other building construction was also able to benefit from the general economic development in 2019 with an increase of 1.9 %. Due to increased foreign and domestic demand, industry and retail were again more dynamic, though they probably passed their respective highs already in 2018. Given the growing need for care facilities, positive stimulus can currently only be expected from the healthcare sector. As neither the economic development nor the public sector is expected to provide additional growth impulses, the experts forecast that other building construction will grow by 1.1 % in 2020. In 2021 and 2022, growth should pick up again slightly to 1.4 % and 1.8 %.

Even civil engineering in Austria achieved growth of 2.0 % in 2019, primarily due to investments in transportation infrastructure. The further expansion of the road and especially the rail network will continue to have a fixed place in the Austrian budget in the coming years. Investments in the energy sector are expected to provide additional stimulus. Euroconstruct therefore expects an increase of 2.4 % for 2020, with growth of 1.9 % and 1.3 % forecast for 2021 and 2022, respectively.

The STRABAG Group generated 16 % of the total group output volume in its home market of Austria in 2019 (2018: 16 %). Austria thus continues to be one of its top three markets along with Germany and Poland. The output reached a volume of € 2,678.66 million in 2019. With a share of 6.0 %, STRABAG is the market leader in the country. In road construction, the market share stands at 38 %.

POLAND



Overall construction volume:	€ 59.8 billion
GDP growth:	2019e: 4.5 % / 2020e: 4.0 %
Construction growth:	2019e: 8.0 % / 2020e: 4.2 %

Following the positive development of the past few years, the Polish economy again posted a stable plus of 4.5 % in 2019. Similarly solid though somewhat lower growth is also forecast for the coming years. Rising consumption, which in turn is being fuelled by the positive situation on the job market, should also shape the coming years. The massive investments of the public sector in important infrastructure projects, co-financed by EU funding programmes, are also contributing to the positive development. In 2019, corporate investments for the first time contributed the largest share to the increase in total gross fixed capital formation.

After strong fluctuations in the past few years, the Polish construction industry once again had a very successful year in 2019 with growth of 8.0 %. The main drivers for the high growth rates in recent years were the numerous investment projects carried out under the EU's 2014–2020 Infrastructure and Environment Programme. As the majority of these subsidies have now been absorbed, Euroconstruct is predicting only 4.2 % growth for the sector in 2020. The continuing shortage of labour could prove to be an additional bottleneck. For 2021 and 2022, Euroconstruct is therefore forecasting growth rates of only 0.7 % and 1.8 %, respectively, for the Polish construction industry.

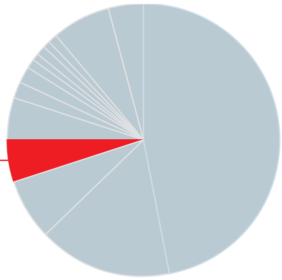
The residential construction sector exhibited growth of 6.6 % in 2019. The still high demand for residential real estate can be attributed, among other factors, to the positive development of private income compared to real estate prices. For 2020, Euroconstruct predicts moderate growth of +2.9 % before the construction volume is expected to decline by 2.5 % in 2021, although it should increase again by 3.4 % in 2022.

Other building construction also achieved a solid plus of 5.4 % in 2019. In addition to large orders from local governments and the public sector ahead of the Polish parliamentary elections, investments by foreign companies in new production facilities also provided some momentum. As part of the modernisation of the rail network, the renovation of 200 railway stations is also planned in the coming years. Euroconstruct forecasts that the sector will grow by 4.0 % in 2020, while the values should fluctuate between +5.3 % and +2.9 % in 2021 and 2022.

By far the strongest growth in 2019 came in civil engineering with a plus of 12.8 %. In addition to the positive development of the Polish economy as a whole, this is due above all to the EU funding programmes. The greatest increases were registered in rail construction. The Polish government attaches high priority to the construction of the Via Carpata, a trans-European road link between Lithuania and Greece, which runs for 760 km through Poland. Against this background, Euroconstruct forecasts that civil engineering will grow by a further 5.6 % in 2020. With the end of the EU's financial framework for 2014–2020, however, the momentum will decrease in 2021 with -2.4 % and in 2022 with -0.9 %.

As the number two in the construction sector in Poland, STRABAG realised a construction volume of € 1,129.22 million here in 2019, representing 7 % of the group's total output volume (2018: 6 %). Poland thus represents the third-largest market of the STRABAG Group. Its market share in the entire Polish construction market was 1.8 % and its share of road construction was 8.8 %.

HUNGARY



Overall construction volume:	€ 15.6 billion
GDP growth:	2019e: 4.5 % / 2020e: 3.3 %
Construction growth:	2019e: 13.3 % / 2020e: 5.4 %

The growth momentum of the Hungarian economy weakened somewhat in the reporting period, although in a European comparison it remained at a relatively high level of +4.5 %. The high level of economic growth is primarily due to the high level of EU funding for the 2014–2020 period and the resulting public sector contracts, particularly in the construction sector. In total, gross fixed capital formation in Hungary increased by a strong 15.9 % in 2019, as rising foreign demand ensured a high trade surplus. At the same time, rising household incomes and statutory wage increases, with a simultaneously falling unemployment rate, boosted domestic consumption. Against this background, Euroconstruct forecasts another solid GDP increase of 3.3 % for 2020.

The Hungarian construction economy recorded another strong upswing of 13.3 % in 2019. The positive development was largely supported by the above-average dynamic in residential construction and civil engineering. For 2020, Euroconstruct predicts a further 5.4 % increase in the industry before growth slows to 3.0 % in 2021 when the current EU financial framework expires. After five years in a row with positive growth rates, the forecast for 2022 sees a decrease of the construction volume of -5.1 %.

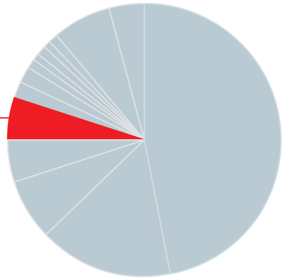
Residential construction once again saw strong growth in 2019, at +9.1 %, although the momentum was significantly lower than in previous years. The market for new buildings had been booming here due to persistently low interest rates and a generous fiscal policy with subsidies and special loans aimed at raising the standard of living especially of young families. Now, however, Euroconstruct is forecasting that the sector will stagnate or undergo an adjustment in the coming years. While weak growth of 0.6 % should still be possible in 2020, a correction phase with declines of 1.7 % and 3.5 %, respectively, is likely in 2021 and 2022.

Stimulated by massive public investments and extensive EU subsidies, other building construction also achieved a remarkable plus of 10.7 % in 2019. Intense construction activity can be seen above all in industry, office real estate, tourism, healthcare and the sports sector. Foreign companies are investing heavily in new industrial facilities, and between 200,000 and 250,000 m² of new office space are currently being built in the big cities alone. At the same time, the government is funding extensive town and village renewal programmes as well as the renovation of historic buildings in the cultural sector. For 2020 and 2021, Euroconstruct still forecasts annual growth rates of 6.4 % and 5.6 % for other building construction. Due to the end of the EU financial framework for 2014–2020, however, a decrease of 7.6 % is expected for 2022.

Civil engineering proved to be the most successful segment with an increase of 19.7 % in 2019. One of the primary goals of the Hungarian catching-up process is the creation of modern infrastructure. Euroconstruct expects the growth trend in civil engineering to continue in 2020 with +7.7 % and a growth rate of 3.2 % in 2021. A decline of 3.3 % is expected for 2022 for the first time in six years.

The STRABAG Group generated € 847.82 million, or 5 % of its output, in Hungary in 2019 (2018: 4 %). This puts STRABAG in first place in the Hungarian construction market. Its share of the total market reached 5.2 %, that in road construction 21.8 %.

CZECH REPUBLIC



Overall construction volume:	€ 22.5 billion.
GDP growth:	2019e: 2.6 % / 2020e: 2.4 %
Construction growth:	2019e: 3.3 % / 2020e: 1.6 %

The Czech economy grew by 2.6 % in 2019, a rate that was again significantly above the average of the European countries. The positive economic development is being driven mainly by private consumption and the extremely positive employment situation. In addition, a national investment plan presented by the government foresees massive investments in more than 17,000 projects for the years 2019 to 2030, although the total estimated investment volume is not considered to be realisable. Due to the further increase in the already strong private consumption, Euroconstruct continues to expect moderate GDP growth rates of around 2.3 % p.a. for the next three years.

After several years of volatile development, the Czech construction industry showed solid growth of 3.3 % in 2019. This made the construction sector the last sector to recover after the 2008 financial crisis. In addition to structural problems, the delayed consolidation was mainly due to a massive shortage of skilled workers, which is currently driving wage costs up by around 10 % annually. Moreover, the Czech Republic is one of the 40 slowest countries in the world in terms of the processing time for building permits. For 2020, Euroconstruct therefore again forecasts a lower growth rate of 1.6 % for the Czech construction industry. As funds begin to flow in 2021 from the new EU financial framework for 2021–2027, the experts predict the country will see somewhat higher growth rates of 1.8 % and 2.4 % in 2021 and 2022.

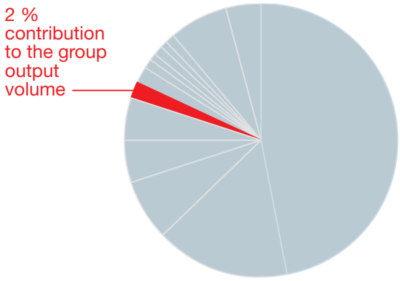
The high demand for new apartments and single-family houses, spurred by low mortgage rates, led to remarkable growth of 3.6 % in residential construction in 2019. In recent years, real estate developers had already reached their limit in finding suitable building sites and receiving building permits; in the meantime, however, amendments to Czech building law have clearly helped to relieve this situation. Against this background, Euroconstruct continues to predict strong growth of 5.3 % for 2020. In 2021 and 2022, theses figures should decrease to still very solid +4.3 % and +3.6 %, respectively.

Other building construction grew by 2.2 % in 2019 after the sector had already recovered from a multi-year recession in the two years before. Investments in industrial and logistics centres, as well as the construction of shopping centres and large office buildings, should bring this sector a significant plus of 3.8 % in 2020, a decline of 0.2 % in 2021, and stagnation the following year. Nevertheless, the Czech Republic remains very attractive to foreign investors.

Czech civil engineering likely reached a peak in 2019 with a strong plus of 4.3 %. In addition to projects already started in rail and road construction as well as in metro lines and waterways, other investments in the pipeline include work on the power grid, upgrades for existing nuclear power plants and the expansion of two airports. Due to the general economic slowdown and the end of the EU financial framework for 2014–2020, however, Euroconstruct predicts the sector to contract significantly in 2020 with -6.3 % before the trend clearly points upwards again in 2021 and 2022 with +0.6 % and +3.7 %.

STRABAG is the number two on the market in the Czech Republic. With an output volume of € 782.78 million in 2019, around 5 % of the group's total output (2018: 4 %) was generated in the country. The market share in the entire construction market is 3.2 % and in road construction even amounts to 17.2 %.

SLOVAKIA



Overall construction volume: € 5.5 billion
GDP growth: 2019e: 2.4 % / 2020e: 2.3 %
Construction growth: 2019e: 0.2 % / 2020e: 1.0 %

In parallel to the slowdown in economic momentum across the entire eurozone, GDP growth in Slovakia also slowed to 2.4 % in 2019. The development was still driven by the high level of consumer spending by private households and the high net exports. Despite an expected decline in public investment, Euroconstruct forecasts that the Slovak economy will continue to grow steadily between 2.3 % and 2.8 % over the next three years. This assessment is based, among other factors, on the good order situation of the automobile manufacturers based in the country.

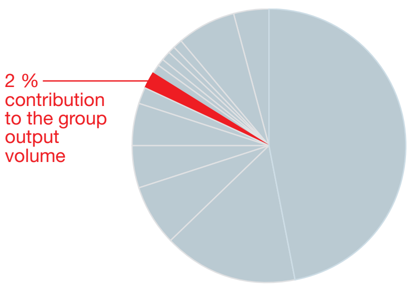
The Slovak construction industry grew by 0.2 % in 2019, significantly more weakly than in the two previous years. According to Euroconstruct, the fundamental direction is unlikely to change in the next two years and will even result in a minus of 0.4 % in 2022. Residential construction, which increased by a remarkable 11.7 % in 2019, again benefited from the low interest rates on loans and the increased demand for real estate for personal use and for investment purposes. This effect is probably only temporary, however. For the next three years, Euroconstruct predicts the sector's growth momentum to fall below zero.

Despite positive general economic figures, other building construction in Slovakia grew by only 0.1 % in 2019, even though large investments by car manufacturers for the expansion of their production capacities still had a positive impact and the retail sector demanded modern logistics centres and warehouses. According to Euroconstruct, the implementation of several large investment projects in Bratislava should again result in somewhat better capacity utilisation in 2020 (+1.0 %) and 2021 (+1.8 %) before the curve turns into the negative with -2.7 % in 2022.

After a remarkable growth rate of 18.6 % in the previous year, civil engineering suffered a painful decline of -7.8 % in the reporting period, albeit at a high absolute level. This development was due in part to the expiry of funding from the EU financial framework for 2014–2020. Large-scale projects in particular are likely to lead to positive growth rates of 4.3 %, 4.6 % and 3.3 % in the next three years, however.

With a market share of 9.3 % and an output volume of € 369.04 million in 2019, STRABAG is the market leader in Slovakia. In road construction, STRABAG's share is 17.4 %. In 2019, Slovakia contributed 2 % to the group's total output volume (2018: 3 %).

BENELUX (BELGIUM AND NETHERLANDS)



BELGIUM
Overall construction volume: € 47.7 billion
GDP growth: 2019e: 1.1 % / 2020e: 1.1 %
Construction growth: 2019e: 2.8 % / 2020e: 3.8 %

NETHERLANDS
Overall construction volume: € 83.4 billion
GDP growth: 2019e: 1.8 % / 2020e: 1.5 %
Construction growth: 2019e: 3.6 % / 2020e: 0.5 %

The economy in Belgium and the Netherlands developed moderately dynamically in 2019. Low yet steady GDP growth of 1.1 % in Belgium and somewhat higher growth of 1.8 % in the Netherlands can be attributed to rising corporate investments, slightly higher household incomes and somewhat lower unemployment.

The **Belgian construction industry** achieved a plus of 2.8 % in the reporting period; in particular civil engineering grew strongly by +6.5 %.

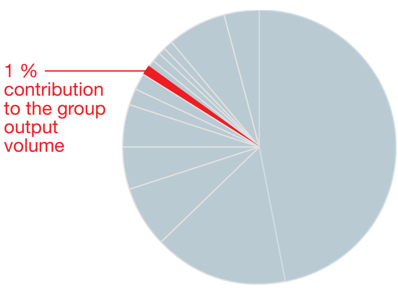
Large national infrastructure projects, such as the expansion of the regional express rail network, contributed to this positive development. As these generate around 40 % of growth in the entire Belgian construction sector, Euroconstruct forecasts a somewhat stronger increase of 3.8 % and 3.4 % for 2020 and 2021, respectively. In addition, the government that was newly elected in May 2019 gave a clear indication of upcoming investments. The growth is expected to slow back to 1.2 % in 2022, however. Other building construction, which has been somewhat weak in recent years, also benefited from public sector investments in national programmes. Residential construction, which had benefited primarily from temporary tax breaks and a significant expansion of building permits in recent years, grew rather moderately in 2019 at +1.6 %. Due to the start of energy efficiency promotion programmes, however, Euroconstruct predicts growth of between 3.4 % and 3.9 % for the next two years before levelling off again at +1.1 % in 2022.

The **Dutch construction industry**, with an increase of 3.6 %, seems to have passed the zenith of a multi-year growth phase in 2019. According to Euroconstruct, growth could shrink to 0.5 % and 1.3 % in 2020 and 2021, respectively. A new, very restrictive law by the Dutch government that will limit nitrogen emissions in environmentally sensitive regions of the densely populated country will have a major impact on future development. As an estimated 18,000 projects are affected by the new regulation, this is having a strong impact on the overall construction activity in the country and is delaying many building permits. By 2022, however, this change should largely be coped with, and Euroconstruct again forecasts solid growth of 2.7 % in the industry.

Despite increasing demand for new projects, residential construction, which had previously been the pillar of positive development, saw an increase of only 2.1 % in 2019. Due to high construction costs and a general capacity bottleneck, Euroconstruct predicts a decline of 0.2 % in residential construction for 2020 before the curve goes back up again to +0.7 % in 2021 and +2.7 % in 2022. Other building construction again posted a strong increase of 5.9 % in 2019. The main contributors to this development were new buildings for the retail, healthcare and education sectors, as well as new office properties, industrial buildings and warehouses. But other building construction will also feel the effects of the new nitrogen emissions law. For this reason, and due to a general decline in exports, Euroconstruct predicts that this sector will only grow by 1.5 % in 2020 before the growth levels off at 2.8 % in 2021 and 2.5 % in 2022. Civil engineering increased by 3.4 % in the reporting period and was therefore significantly weaker than originally forecast. The nitrogen emissions law has particularly significant effects on infrastructure projects – and here again explicitly in road construction, which accounts for more than half of the civil engineering volume in the Netherlands. Euroconstruct therefore already anticipates a sideways movement of the sector with +0.6 % each for 2020 and 2021 before a recovery of +2.7 % is expected for 2022.

STRABAG achieved an output volume of € 317.74 million in the Benelux countries in 2019. This corresponds to a 2 % share of the group output volume (2018: 2 %).

SWITZERLAND



Overall construction volume: € 61.3 billion
GDP growth: 2019e: 0.9 % / 2020e: 1.9 %
Construction growth: 2019e: 0.7 % / 2020e: -0.4 %

The growth forecasts for the Swiss economy were almost entirely revised downward due to the development of the most important trading partners. Overall GDP growth in 2019 probably only amounted to 0.9 %. Primarily supported by strong wage growth and a healthy labour market, private consumption grew by 1.1 %. In view of the budget surpluses, the experts also see room for public sector investments. However, the declining capacity utilisation in the industrial sector prompted the national bank to conduct a revaluation of the Swiss franc and enact an expansive monetary policy in the reporting period. For 2020 and 2021, Euroconstruct is therefore forecasting slightly higher growth rates of 1.9 % and 1.5 % for the country, with a solid increase of 2.5 % expected again in 2022.

The growth of the Swiss construction industry clearly lost momentum in 2019 with an increase of 0.7 %. While residential construction had been the sector with the most sustained growth in recent years, the momentum is now coming mainly from civil engineering. Euroconstruct is forecasting a slight decline of 0.4 % for the Swiss construction industry overall in 2020, before the trend points up slightly again at +0.2 % in both 2021 and 2022.

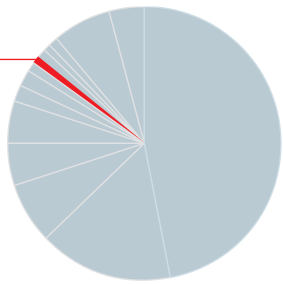
In view of extensive market saturation, Swiss residential construction declined significantly in 2019 with a minus of 2.1 %. While the momentum is clearly weakening in the periphery, the demand for residential buildings in cities like Zurich and Geneva continues to increase. Further rising property prices and high vacancy rates are causing Euroconstruct to predict declines between 2.2 % and 2.5 % for this sector as a whole over the next three years.

In contrast, Swiss companies currently have a little more room for investments in corporate real estate. In 2019, extensive construction projects by the major pharmaceutical and biotechnology companies primarily contributed to the moderate growth in other building construction of 1.8 %. Not least due to planned investments in the healthcare and education sectors, Euroconstruct predicts that other building construction will move sideways by 0.1 % in 2020, although stronger growth rates of 2.3 % and 2.9 % are expected for the two years thereafter.

While residential construction weakened in the past year, civil engineering, as mentioned above, grew by 5.1 %. Here, too, however, the momentum seems to be slowing down: growth is likely to be significantly lower at 2.9 % and 2.6 % in 2020 and 2021, respectively, and to decline to 1.1 % in 2022. The growth in this sector is essentially based on investments by the two infrastructure funds implemented by the Swiss government.

In 2019, Switzerland contributed € 231.95 million, or 1 % (2018: 2 %), to the total output volume of the STRABAG Group.

ROMANIA



Overall construction volume: € 19.1 billion
GDP growth: 2019e: 4.1 % / 2020e: 3.6 %
Construction growth: 2019e: 6.4 % / 2020e: 3.7 %

The Romanian economy once again showed a solid upward trend with an increase of 4.1 % in 2019. The momentum primarily resulted from the further increase in private consumption, which in turn was supported by wage growth and pension increases. Increases in industrial production and retail sales also had a positive effect. The impact of these factors should continue over the next two years, leading to growth rates of 3.6 % and 3.3 % in 2020 and 2021, respectively.

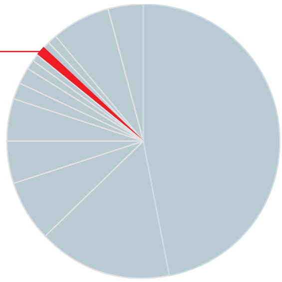
The Romanian construction industry reported positive growth of 6.4 % in 2019, and growth rates of 3.7 % and 2.8 % are also expected for 2020 and 2021. Supported by rising wages and low interest rates on loans, residential construction posted a strong plus of 8.9 % in 2019, which was largely driven by new construction. A large number of ongoing projects and building permits allow growth of 6.0 % and 5.0 % to be expected in 2020 and 2021, respectively, before rising property prices and simultaneously rising interest rates on loans, in some places combined with an oversupply, are likely to cause a slowdown.

Other building construction also saw a strong increase of 11.5 % in 2019, supported in particular by investments by international property developers in new office buildings. Investments by industry and retail also contributed to the positive performance. Foreign companies continue to make targeted use of the comparatively lower wages and, at the same time, the high level of qualifications of the Romanian workforce. Against this background, EECFA also forecasts growth of 2.4 % and 2.5 % also for the next two years.

Civil engineering showed a slight decline of 1.1 % in the year under review. In addition to the presidential elections in autumn 2019 and the associated uncertainties, the low level of funding from the new EU funding programmes, especially for infrastructure measures in the road sector, was a key factor in this development. However, due to new EU funding, EECFA predicts a slight upturn in 2020 with growth of 2.1 % before a return to negative growth rates in 2021 with -0.1 %.

With an output volume of € 225.50 million in 2019 and a market share of 1.1 %, the STRABAG Group continues to be the market leader in the Romanian construction market. In Romanian road construction, the share of the market stands at 3.6 %.

SWEDEN



Overall construction volume:	€ 42.8 billion
GDP growth:	2019e: 1.2 % / 2020e: 1.1 %
Construction growth:	2019e: -0.3 % / 2020e: -1.9 %

The Swedish economy saw slight growth of 1.2 % in 2019. This development was supported by rising real wages with falling unemployment figures and the resulting higher domestic consumption. By contrast, private investment, which has been the driving force behind growth, recently declined. Euroconstruct's medium-term forecast remains unchanged, however. Even if the momentum slows down somewhat, the Swedish economy remains in a phase of upswing. However, the high level of household debt and the expected decline in public investment over the next three years are likely to result in a slight reduction in GDP growth to an average of 1.5 % p.a.

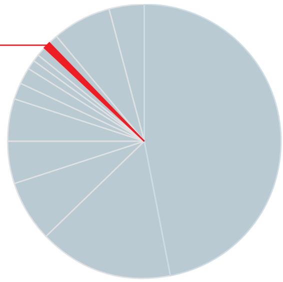
After very dynamic growth in previous years, the Swedish construction volume declined for the second year in a row in 2019 with -0.3 %. For 2020 and 2021, Euroconstruct also anticipates a decline in construction output of 1.9 % and 0.5 %, respectively, before the curve points upwards again in 2022 with +2.9 %. The previous construction boom in residential construction came to a standstill in 2018 due to the entry into force of new financial regulations for private households. For 2019, the sector is attested a further decline of 7.6 %, which should continue in the following two years with losses of 5.5 % and 3.0 %, respectively. Here, too, the trend reversal should succeed in 2022 with +1.9 %.

After several years of solid growth, other building construction entered a phase of consolidation in 2018. In 2019, however, the sector recorded solid growth again with an increase of 4.4 %. This was driven by a general increase in real estate projects and the continuing high level of interest from international investors thanks to the attractive returns in the Swedish real estate market. The forecasts for the coming years are not overly optimistic, however. According to Euroconstruct, the momentum in other building construction should cool down again to -2.5 % and -1.4 % in 2020 and 2021 before picking up again in 2022 with +1.9 %.

Swedish civil engineering again grew above average in 2019 with a plus of 6.8 %. Public sector investments in rail infrastructure and public transport, as well as the implementation of several major projects in Stockholm and Gothenburg, provided significant stimulus, some of which extends beyond the reporting year. Euroconstruct therefore expects solid growth also in the coming years (2020 and 2021: +4.1 % each, 2022: +2.8 %).

The output volume of the STRABAG Group in Sweden amounted to € 205.27 million in 2019.

CROATIA



Overall construction volume: € 4.4 billion
GDP growth: 2019e: 2.9 % / 2020e: 2.6 %
Construction growth: 2019e: 11.3 % / 2020e: 8.9 %

With a plus of 2.9 %, the Croatian economy again grew more strongly in 2019 than the EU average. In addition to private consumption, the development was powered by strong investment momentum and tourism. The government appears to be getting the national debt under control. In order to keep young, ambitious people in the country, the country has simplified the process of establishing new companies and granting building permits. Large-scale investment projects in the healthcare sector are ongoing and secured for the future through EU funding and international investments. EECFA therefore expects the GDP growth rates to remain largely unchanged for the coming years.

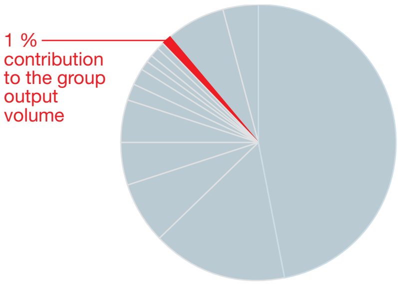
The Croatian construction sector saw a significant increase of 11.3 % in 2019. The strongest and most positive growth was in civil engineering, with 27.1 %, supported by massive infrastructure investments. Residential construction also registered a solid increase of 6.2 % and is expected to grow by a further 5.6 % in 2020 before yielding somewhat in 2021 (-1.0 %). According to EECFA estimates, the Croatian construction industry as a whole is expected to grow again by 8.9 % in 2020, though only a lower growth rate of 2.0 % is expected for 2021.

Other building construction recorded a slight increase of 1.8 % in the reporting year. The construction volume grew among warehouses and industrial buildings as well as buildings in the healthcare and education sectors, while the growth in office development is more restrained. Hotel construction also fell slightly short of expectations. Overall, EECFA forecasts that other building construction will see cautious increases of 1.2 % (2020) and 1.5 % (2021) in the coming years.

A decisive factor for the strong plus in civil engineering in 2019 was, in addition to the optimised use of EU funding, above all large-scale infrastructure projects for rail and shipping. Also driving the growth is the construction of oil pipelines and national electricity and telecommunications networks. For 2020, EECFA once again predicts a strong increase of 18.4 % for the sector and a further increase of 5.2 % for 2021.

The STRABAG Group generated € 152.48 million in the Croatian market in 2019. It is the country's second-largest market participant.

SERBIA



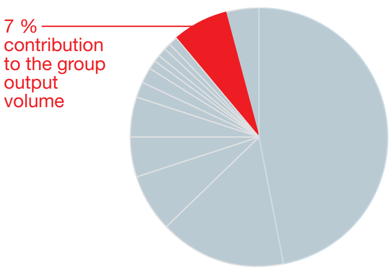
Overall construction volume:	€ 3.5 billion
GDP growth:	2019e: 3.8 % / 2020e: 4.3 %
Construction growth:	2019e: 21.5 % / 2020e: -3.2 %

The Serbian economy continued its upswing in 2019 with GDP growth of 3.8 %. In addition to higher employment figures and growing wages, investments by industry and commerce further boosted the economic engine, while the construction industry also made a significant contribution. Moreover, foreign direct investment reached a record level. The current GDP forecasts of +4.3 % (2020) and +4.5 % (2021) may therefore be revised upwards.

With an increase of 21.5 %, Serbia's construction industry saw a downright boom in 2019 that went clear across all sectors. Residential construction grew strongly again with a plus of 8.7 % after solid growth in the previous year (+9.6 %), while the reform of the procedure for building permits also had a positive effect in other building construction (+17.0 %). Shopping centres, hotels and industrial buildings were particularly in demand here, while office space only slowly caught up. Civil engineering, which also accounts for the largest share of the Serbian construction volume, developed most strongly in 2019 with +28.1 %. The main driver here is and remains pipeline construction. An interim minus of 8.4 % is being forecast for the sector in 2020, however, and EECFA predicts a slight overall correction of -3.2 % for the Serbian construction industry in 2020. In 2021 things are expected to go up again with a plus of 4.5 %.

The STRABAG Group generated an output volume on the Serbian market of € 148.11 million in 2019.

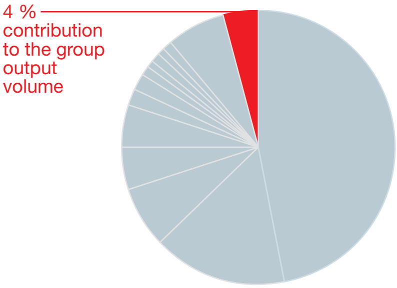
MIDDLE EAST, AMERICAS, AFRICA, ASIA



In order to make itself as independent as possible from the economic development of individual countries and so spread its country risk as widely as possible, STRABAG is also active outside of its main markets in Europe. As a rule, the company acts as a main contractor in direct export. With this in mind, the group has been present in Africa and Asia, Canada and Chile and the Middle East for many years, often even decades. STRABAG focuses on areas that are characterised by high technological expertise: civil engineering, industrial and infrastructure projects as well as tunneling.

In 2019, the STRABAG Group generated a total € 1,106.54 million, or 7 %, of its total output outside Europe (2018: 7 %). The activities in non-European countries are – with a few exceptions – assigned to the International + Special Divisions segment.

DENMARK, RUSSIA, SLOVENIA, BULGARIA AND REST OF EUROPE



RUSSIA

Overall construction volume:	€ 124.4 billion
GDP growth:	2019e: 1.3 % / 2020e: 1.7 %
Construction growth:	2019e: -0.4 % / 2020e: 1.9 %

SLOVENIA

Overall construction volume:	€ 3.3 billion
GDP growth:	2019e: 2.8 % / 2020e: 3.0 %
Construction growth:	2019e: 5.7 % / 2020e: 2.1 %

DENMARK

Overall construction volume:	€ 36.5 billion
GDP growth:	2019e: 1.3 % / 2020e: 1.3 %
Construction growth:	2019e: 1.6 % / 2020e: 1.3 %

BULGARIA

Overall construction volume:	€ 7.4 billion
GDP growth:	2019e: 3.6 % / 2020e: 3.0 %
Construction growth:	2019e: 8.7 % / 2020e: 6.5 %

Denmark

In fundamentally good shape, the Danish economy saw GDP growth of 1.3 % in 2019. The development was supported by private consumption, new residential construction and the positive trade balance. The considerable wealth of private individuals and the national debt within the Maastricht criteria allow modest but steady growth to be expected in the coming years. Uncertainties linger due to Brexit as the UK is the country's most important trading partner.

The Danish construction sector, with a plus of 1.6 %, developed slightly better than the overall economy in 2019, with Euroconstruct predicting growth rates at a similarly high level for the coming years (+1.3 % in both 2020 and 2021).

Residential construction grew most strongly in the reporting period with an increase of 1.9 % – a trend that is likely to continue (+1.3 % in both 2020 and 2021). Other building construction, which grew by 1.9 % in 2019, can expect a light stimulus from a comprehensive programme of "green" public investments in the coming years. Here Euroconstruct expects growth of 1.6 % for 2020 and +1.4 % for 2021. At +0.8 %, the civil engineering sector registered the lowest growth in 2019 due to priority shifts in the run-up to the parliamentary elections. Euroconstruct cautiously forecasts growth between +0.7 % and +1.2 % for this sector in the years 2020–2022.

The output volume of the STRABAG Group in Denmark amounted to € 99.49 million in 2019.

Russia

The Russian economy continued its tentative upward path in 2019 with 1.3 % growth; however, all forecasts for the coming years were revised downwards. The continuing sanctions of the West and the still unresolved war in Syria are likely to continue to dampen the country's development noticeably. For 2020, EECFA therefore forecasts only a slightly higher growth rate of 1.7 %, although the momentum should pick up again somewhat in 2021 with + 3.1 %.

The Russian construction economy declined in 2019 by -0.4 %. In 2020, however, the trend should turn into positive territory at +1.9 %, while solid growth of 3.1 % is again forecast for 2021. The 1.2 % decline in residential construction in 2019 is mainly due to the low purchasing power of private households. Due to government housing programmes, however, this sector is likely to grow again in 2020 (+2.7 %) and even increase by 3.8 % in 2021. Other building construction registered a strong plus of 4.7 % in the year under review, with growth of 3.0 % and 1.9 % expected here in the coming years. The Russian civil engineering sector underwent a slight downwards adjustment in 2019 with -1.3 %. However, EECFA forecasts a slight upward trend of +0.8 % and +2.7 % for this sector in 2020 and 2021, respectively.

The STRABAG Group generated an output volume of € 71.42 million in Russia in 2019. In the region, STRABAG is active almost exclusively in building and industrial construction.

Slovenia

With a plus of 2.8 %, the Slovenian economy again exhibited GDP growth above the EU average in 2019. A new investment promotion law is stimulating both the production and service sector. According to EECFA, rising real wages and a positive development in exports should continue to give the country solid GDP growth of 3.0 % and 2.7 % in the next two years.

The good economic situation was also reflected in the Slovenian construction industry, which was able to post a very positive result in 2019 with a plus of 5.7 %. This trend should continue in the next two years, albeit somewhat weaker (2020: +2.1 %, 2021: +0.6 %). In particular, residential construction experienced a boom in the reporting period with +12.2 %, driven mainly by the construction of new single-family houses. Other building construction saw a sideways movement (+1.0 %) in 2019 after two years of enormous growth, and this trend is likely to continue with a slight decline of 0.3 % and 0.6 % in the next two years. Finally, civil engineering showed an increase of 4.1 % thanks to new infrastructure projects in the field of renewable energies. For 2020, EECFA predicts further growth of 1.5 % in this segment, while the trend is likely to decline slightly at -2.3 % in 2021.

The STRABAG Group achieved an output volume of € 48.71 million in Slovenia in 2019.

Bulgaria

The Bulgarian economy again exhibited very robust growth in 2019 with a plus of 3.6 %. Stable fiscal conditions, a good employment situation and the favourable development of the national budget lead EECFA to predict GDP growth of 3.0 % and 2.9 % for the next two years.

After the dramatic slump in 2016 (-39.7 %), the Bulgarian construction industry continued its upswing for the third year in a row in 2019 with an increase of 8.7 %. This development was supported above all by residential construction (+18.1 %), which benefited primarily from low mortgage rates and rising real wages. In view of government programmes to improve energy efficiency, EECFA predicts strong growth of 8.4 % for this sector in 2020 before the curve turns downwards by -3.2 % in 2021. Other building construction, whose development has been fluctuating for years, saw a solid increase of 7.0 % in 2019. In the capital of Sofia in particular, investments by foreign companies noticeably increased the need for modern office space. Civil engineering, in turn, (+2.8 %) benefited from numerous large-scale projects in rail and road construction and the expansion of gas grid connections to neighbouring countries. Growth of 6.3 % is expected here in 2020 before the start of the new EU financial framework for 2020–2027 brings about a massive increase of 16.9 % in 2021.

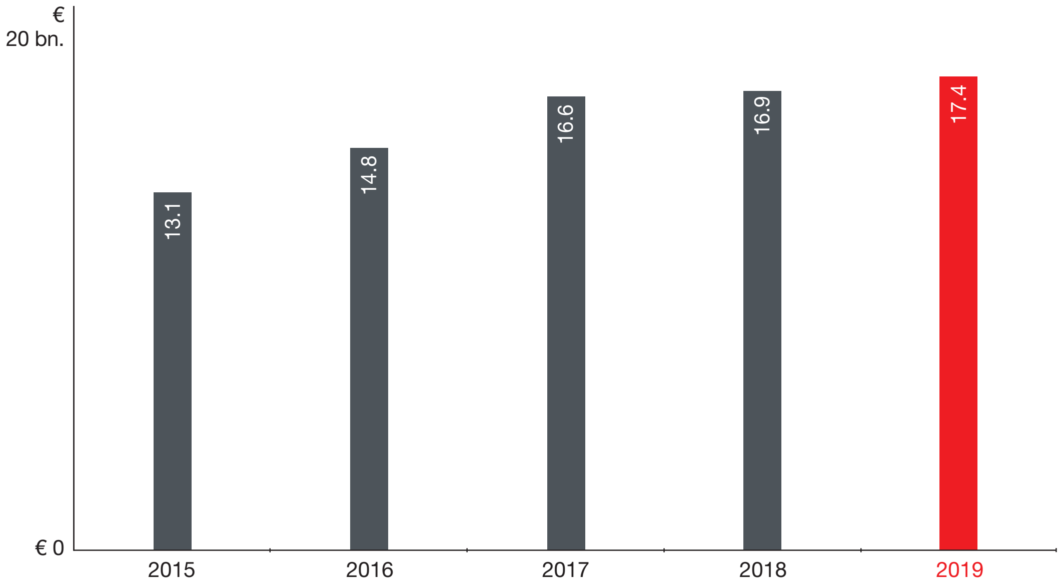
The STRABAG Group generated € 41.86 million on the Bulgarian market in 2019.

Order backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2019

€ mln.	Total 2019	North + West	South + East	Inter-national + Special Divisions	Other	Total 2018	Δ total %	Δ total absolute
Germany	7,617	6,604	159	851	3	7,178	6	439
Austria	1,885	5	1,580	300	0	2,056	-8	-171
Poland	1,498	1,455	0	43	0	1,632	-8	-134
Americas	1,056	0	0	1,056	0	1,134	-7	-78
Rest of Europe	1,036	14	139	883	0	431	140	605
Czech Republic	761	0	745	16	0	454	68	307
Hungary	649	0	618	31	0	967	-33	-318
Benelux	439	423	2	14	0	567	-23	-128
Asia	410	0	5	405	0	398	3	12
Romania	282	14	261	7	0	187	51	95
Middle East	281	0	5	276	0	173	62	108
Slovakia	224	0	215	9	0	262	-15	-38
Serbia	194	0	194	0	0	108	80	86
Croatia	188	0	185	3	0	92	104	96
Sweden	171	135	0	36	0	390	-56	-219
Switzerland	151	8	141	2	0	181	-17	-30
Denmark	150	150	0	0	0	211	-29	-61
Italy	116	0	7	109	0	115	1	1
Russia	103	0	102	1	0	84	23	19
Bulgaria	92	0	92	0	0	105	-12	-13
Africa	69	0	0	69	0	125	-45	-56
Slovenia	39	0	39	0	0	50	-22	-11
Total	**17,411**	**8,808**	**4,489**	**4,111**	**3**	**16,900**	**3**	**511**

DEVELOPMENT OF ORDER BACKLOG



The order backlog as at 31 December 2019 grew by 3 % year-on-year to reach another record level of € 17.4 billion. Declines were seen in Hungary, Austria and Poland, for example, as work progressed on numerous major projects in these countries. This development was contrasted by the substantial expansion of an existing order in the United Kingdom and a significant increase in the order backlog in Germany and the Czech Republic. The projects acquired in 2019 include the construction of a section of the D35 motorway and the modernisation of several railway lines in the Czech Republic, the upgrading of bridges on the A9 motorway near Allersberg in Germany, two mining contracts for the El Teniente mine in Chile, the transportation infrastructure and civil engineering works for the Boll-Sinneringen bypass in Switzerland, the renovation of the southern section of Budapest's M3 metro line in Hungary, as well as the construction of a wastewater pumping station in Qatar, a pumped storage power plant in Dubai and a pumping station for a wastewater treatment plant in Toronto, Canada.

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2019

Category	Number of construction sites	Number of construction sites as % of total	Order backlog € mln.[1]	Order backlog as % of total
Small orders (€ 0–1 mln.)	8,617	78	1,444	8
Medium-sized orders (€ 1–15 mln.)	1,993	18	3,660	21
Large orders (€ 15–50 mln.)	297	3	4,397	25
Very large orders (>€ 50 mln.)	132	1	7,910	46
Total	**11,039**	**100**	**17,411**	**100**

Part of the risk management

The total order backlog is comprised of 11,039 individual projects. More than 8,600 of these, or 78 %, involve small orders with a volume of up to € 1 million each; the much smaller remaining proportion of 22 % covers medium-sized to very large orders with contract volumes of € 1 million and up. A total of merely 132 projects have a volume above € 50 million. The high number of individual contracts guarantees that the risk involved with one project does not, as far as possible, threaten the group success as a whole. The ten largest projects in the order backlog as at 31 December 2019 added up to 18 % of the order backlog.

THE TEN LARGEST PROJECTS IN THE ORDER BACKLOG AS AT 31 DECEMBER 2019

Country	Project	Order backlog € mln.	as % of total order backlog
United Kingdom	North Yorkshire Polyhalite Project	878	5.0
Chile	Alto Maipo power plant	387	2.2
Germany	New rail line/airport tunnel	379	2.2
Germany	EDGE East Side	265	1.5
Chile	El Teniente – main supply tunnel	242	1.4
Singapore	Deep Tunnel Sewerage System	227	1.3
Germany	Stuttgart 21, underground railway station	216	1.2
Germany	JV Tunnel Hauptbahnhof Second core rapid transit route, Munich	198	1.1
Germany	Modernisation of main university building, Bielefeld	148	0.9
Chile	El Teniente – access tunnel	131	0.8
Total		**3,072**	**17.6**

Financial performance

The consolidated **group revenue** for the 2019 financial year amounted to € 15,668.57 million. As with the output volume, this corresponds to a slight plus of 3 %. The ratio of revenue to output increased slightly from 93 % to 94 %. The operating segments North + West contributed 48 %, South + East 31 % and International + Special Divisions 21 % to the revenue.

The **changes in inventories** involve mainly the real estate project development business, which continued to be very active. The **own work capitalised** declined as a result of the completion of new corporate locations. The total of **expenses for construction materials, consumables and services used** and the **employee benefits expense**, expressed in relation to the revenue, fell from 90 % to 88 %.

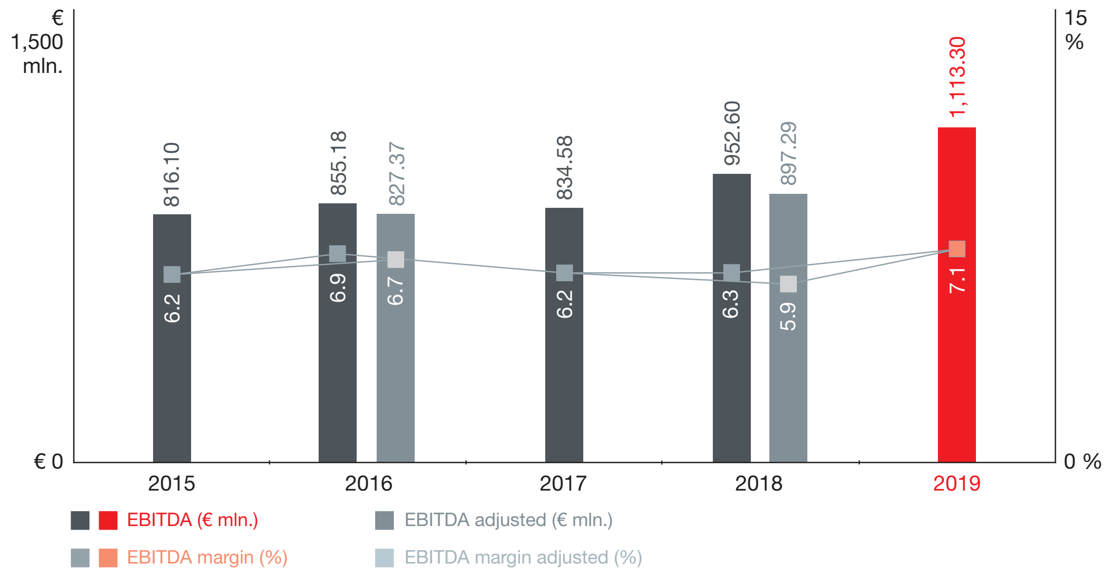
1 Rounding differences are possible.

EXPENSES

€ mln.	2019	2018	Δ %
Construction materials, consumables and services used	10,111.85	10,125.77	0
Employee benefits expense	3,745.15	3,618.94	3
Other operating expenses	1,024.01	854.89	20
Depreciation and amortisation expense	510.72	394.39	29

Due to project provisions, the earnings from joint ventures, and thus the **share of profit or loss of equity-accounted investments**, were negative. In the previous year, this item had included a non-operating step-up profit in the amount of € 55.31 million resulting from the full consolidation of the concession company PANSUEVIA that operates the A8 motorway in Germany. The **net income from investments** is composed of the dividends and expenses of many smaller companies or financial investments.

DEVELOPMENT OF EBITDA AND EBITDA MARGIN[1]



In total, the **earnings before interest, taxes, depreciation and amortisation** (EBITDA) increased by 17 % to € 1,113.30 million, topping the € 1.0 billion mark for the first time. The EBITDA margin grew from 6.3 % to 7.1 %. What must be taken into account here, however, is that the first-time application of IFRS 16 Leases means that rental expenses recognised in EBITDA in previous years are now shown as depreciation and interest. If comparison is made with the EBITDA adjusted for the non-operating step-up profit in the previous year, the increase amounts to 24 %.

The **depreciation and amortisation expense** grew by 29 %. One of the reasons for this development is the first-time application of IFRS 16 Leases, according to which right-of-use assets from leases are to be measured less depreciation and the corresponding lease expenses can no longer be recognised under the item “Other operating expenses”.

The **earnings before interest and taxes** (EBIT) increased by 8 % to € 602.58 million, which corresponds to an EBIT margin of 3.8 % after 3.7 % in 2018. Adjusted for the previous year’s non-operating step-up profit, the EBIT grew by 20 %. The improvement is primarily attributable to the North + West segment, where the earnings nearly doubled.

At € -25.34 million, the **net interest income** was comparable to that of the previous year. Although a negative exchange rate result of € -5.93 million was achieved with regard to the exchange rate differences, the interest expense was reduced as well due to the repayment of a bond in the previous year.

Effective tax rate: 34.4 %

In the end, the **earnings before taxes** grew by 9 %. The income tax rate stood at 34.4 %, slightly higher than in the previous year (2018: 31.7 %). The **net income** amounted to € 378.56 million, an increase of 4 % compared to 2018.

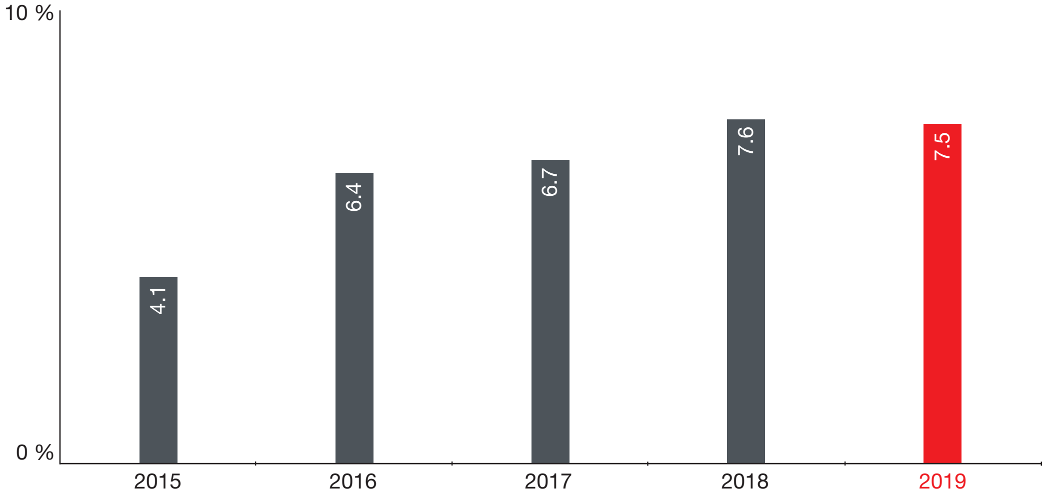
1 2016 adjusted for non-operating income in the amount of € 27.81 million.
2018 adjusted for a non-operating step-up profit in the amount of € 55.31 million.

Earnings per share: € 3.62

The earnings owed to minority shareholders amounted to € 6.86 million after € 9.25 million in the previous year. The **net income after minorities** for 2019 stood at € 371.70 million – an increase of 5 %. The **earnings per share** amounted to € 3.62 (2018: € 3.45).

The **return on capital employed** (ROCE)[1] reached 7.5 % after 7.6 % in the previous year.

DEVELOPMENT OF ROCE



Financial position and cash flows

BALANCE SHEET

€ mln.	31.12.2019	% of balance sheet total[2]	31.12.2018	% of balance sheet total[2]
Non-current assets	5,249.85	43	4,775.92	41
Current assets	7,000.96	57	6,791.69	59
Equity	3,855.90	31	3,653.77	32
Non-current liabilities	2,344.53	19	2,326.19	20
Current liabilities	6,050.38	49	5,587.65	48
Total	**12,250.81**	**100**	**11,567.61**	**100**

The total assets and liabilities increased to € 12.3 billion compared to € 11.6 billion on 31 December 2018, in part due to the first-time application of IFRS 16 Leases. This also explains the increase in property, plant and equipment and financial liabilities. Despite this increase of the balance sheet total, the **equity ratio** remained nearly unchanged at 31.5 % (2018: 31.6 %).

1 ROCE = (net income + interest on debt – interest tax shield (25 %))/(average group equity + interest-bearing debt)
2 Rounding differences are possible.

KEY BALANCE SHEET FIGURES

	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019
Equity ratio (%)	31.0	31.5	30.7	31.6	31.5
Net debt (€ mln.)	-1,094.48	-449.06	-1,335.04	-1,218.28	-1,143.53
Gearing ratio (%)	-33.0	-13.8	-39.3	-33.3	-29.7
Capital employed (€ mln.)	5,448.01	5,258.17	5,242.91	5,552.09	5,838.71

Net cash position of more than € 1.1 billion

As usual, a net cash position was reported on 31 December 2019. This figure fell slightly in the face of the marginally higher financial liabilities from € 1.2 billion to € 1.1 billion.

CALCULATION OF NET DEBT[1]

€ mln.	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019
Financial liabilities	1,579.75	1,426.08	1,293.98	1,363.33	1,422.21
Severance provisions	96.13	110.02	111.10	114.68	124.68
Pension provisions	451.50	457.48	440.11	420.31	435.92
Non-recourse debt	-489.53	-439.38	-389.78	-730.77	-665.53
Cash and cash equivalents	-2,732.33	-2,003.26	-2,790.45	-2,385.83	-2,460.81
Total	**-1,094.48**	**-449.06**	**-1,335.04**	**-1,218.28**	**-1,143.53**

The **cash flow from operating activities** improved from € 788.98 million to € 1,075.94 million as a result of a higher cash flow from earnings and a further, even higher reduction of the working capital. The expectation of a significant reduction in advance payments in 2019 and a concomitant increase in working capital to familiar levels thus did not materialise. The **cash flow from investing activities** was less negative, largely due to the smaller changes in the scope of consolidation. The previous year's figure had included the cash outflow from the PANSUEVIA transaction. The **cash flow from financing activities** stood at € -411.62 million after € -534.17 million in the previous year. This decrease is due to the lower volume of a bond repayment and the fact that the 2018 figure had been affected by a cash outflow related to the acquisition of the minority shares of the now-delisted German subsidiary STRABAG AG.

REPORT ON OWN SHARES

On 31 December 2019, STRABAG SE held 7,400,000 bearer shares equalling 6.7 % of the share capital. The corresponding value of the share capital amounts to € 7,400,000.00. The acquisition took place over a period from July 2011 to May 2013 to any purpose allowed by Sec 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG), especially for the purpose of using own shares as acquisition currency. The average purchase price per share was € 20.79.

1 The non-recourse liabilities that were considered are related to two PPP projects. Non-recourse liabilities from other PPP projects had, based on their amount, only an immaterial impact and are therefore not subtracted in the calculation of net debt.

Capital expenditures

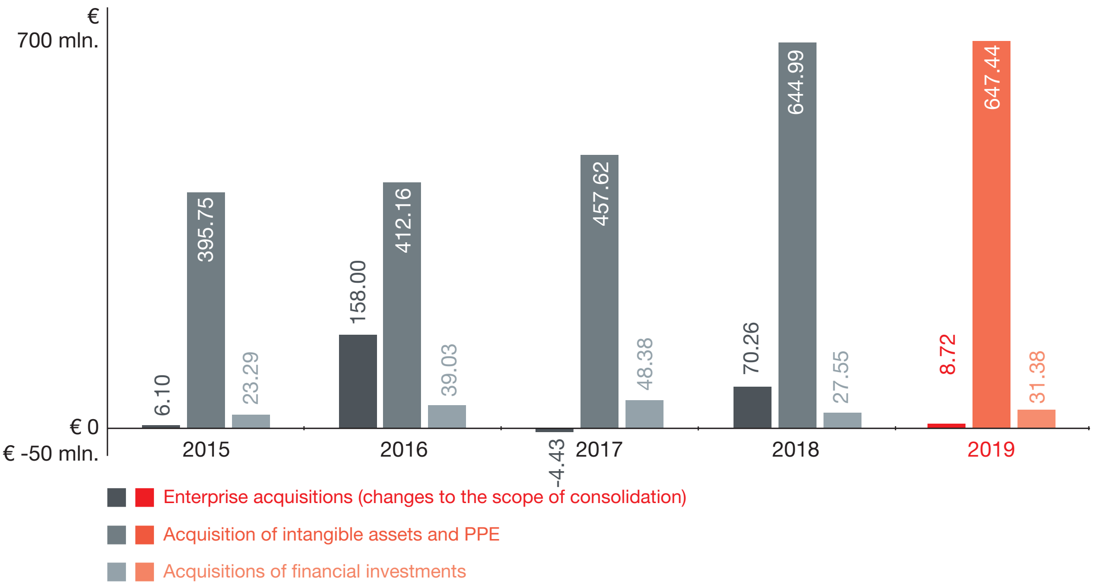
STRABAG had forecast net capital expenditures (cash flow from investing activities) in the amount of no more than € 550 million for the 2019 financial year. In the end, they totalled € 593.30 million.

The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 687.54 million. This figure includes **expenditures on intangible assets** and on **property, plant and equipment** not including the non-cash additions to right-of-use assets of € 647.44 million, the **purchase of financial assets** in the amount of € 31.38 million and € 8.72 million from **changes to the scope of consolidation**.

Most of the maintenance investments were made in the core markets of Germany, Poland and Austria, as well as in Serbia. Capital investments, which this time exceeded the maintenance investments, were impacted above all by the large tunnel construction orders, for example equipment was increasingly required in the mining business in Chile. In addition, the group pushed ahead with the expansion of its network of asphalt and concrete mixing plants, especially in Croatia, Austria and Romania.

Expenditures on intangible assets and on property, plant and equipment during the year under report must be seen against the depreciation and amortisation expense in the amount of € 510.72 million. The goodwill impairment of € 2.02 million is almost unchanged from the previous year.

COMPOSITION OF CAPEX



Financing/Treasury

KEY FIGURES TREASURY

	2015	2016	2017	2018	2019
Interest and other income (€ mln.)	82.07	73.90	46.90	38.62	30.97
Interest and other expense (€ mln.)	-106.49	-77.68	-74.05	-66.05	-56.32
EBIT/net interest income (x)	-14.0	-112.4	-16.5	-20.4	-23.8
Net debt/EBITDA (x)	-1.3	-0.5	-1.6	-1.3	-1.0

The number one objective for the treasury management of STRABAG SE is assuring the continued existence of the company through the maintenance of constant solvency. This objective is to be reached through the provision of sufficient short-term, medium-term and long-term liquidity. Liquidity for STRABAG SE means not only solvency in the strict sense but also the availability of guarantees. The activity of building requires the constant availability of bid, contract fulfilment, pre-payment and warranty guarantees and/or sureties. The financial scope of action is thus defined on the one hand by sufficient cash and cash credit lines, on the other hand by sufficient surety credit lines.

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

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

In the past, STRABAG has always oriented its financing decisions according to the risk aspects outlined above and has organised the maturity structure of the financial liabilities in such a way as to avoid a refinancing risk. In this way, the company has been able to maintain a great scope for action, which is of particular importance in a difficult market environment. The respective liquidity needed is determined by targeted liquidity planning. Based on this, liquidity assurance measures are made and a liquidity reserve is defined for the entire group.

The medium- and long-term liquidity needs have so far also been covered by the **issue of corporate bonds**. STRABAG SE (and its predecessor FIMAG) has regularly issued bonds on the Austrian capital market since 2002. In the 2015 financial year, the company successfully placed a € 200 million tranche with a coupon of 1.625 % and a term to maturity of seven years. With the proceeds from the issue, which were used for general business purposes such as refinancing the € 100 million bond issued in 2010 or making investments in property, plant and equipment, STRABAG SE preserved its optimal financing structure. As per 31 December 2019, STRABAG SE had two bonds with a total volume of € 400 million on the market. One bond with a volume of € 200 million is scheduled to mature in 2020.

In order to diversify the financing structure, STRABAG SE had placed a **bonded loan** in the amount of € 140.00 million in the 2012 financial year. The outstanding volume of € 18.50 million was paid off in 2019.

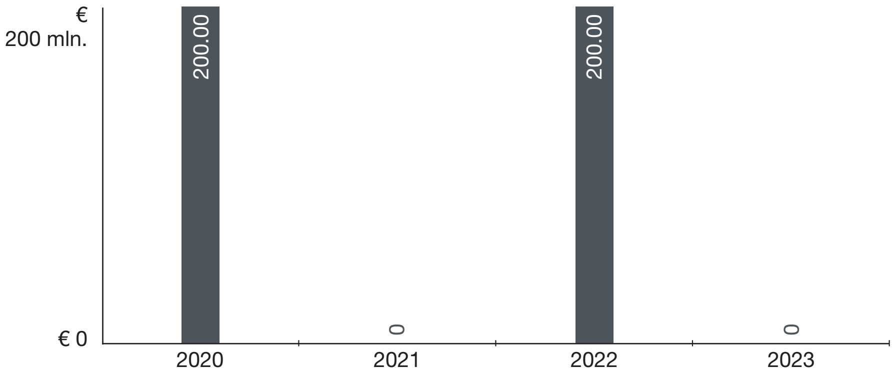
The existing liquidity of € 2.5 billion assures the coverage of the group's liquidity needs. STRABAG SE has a total credit line for cash and surety loans in the amount of € 7.9 billion. The credit lines includes a **syndicated surety credit line** in the amount of € 2.0 billion and a revolving **syndicated cash credit line** of € 0.4 billion, each with a term to maturity until 2024 with two options to extend by one year each. These two credit lines were refinanced ahead of maturity in March 2019, with terms and maturities redefined. The group also has bilateral credit lines with banks. With a high degree of diversification regarding its surety and cash credit, STRABAG creates an adequate risk spread in the provision of the credit lines and secures its comfortable liquidity position.

In June 2015, Standard & Poor's (S&P) raised STRABAG SE's investment grade rating by one level from BBB-, outlook stable, to BBB, outlook stable. This rating was again confirmed in September 2019. S&P sees STRABAG SE's strengths and opportunities above all in the stable margins in an otherwise quite cyclical market environment, the strategic access to construction materials, the strong market positions and the high reputation in the credit markets.

PAYMENT OBLIGATIONS

€ mln.	Book value 31.12.2019	Book value 31.12.2018
Bonds	400.00	500.00
Bank borrowings	721.89	863.33
Lease liabilities	300.32	0
Total	**1,422.21**	**1,363.33**

PAYMENT PROFILE OF BONDS



MANAGEMENT REPORT

Report on the financial performance, financial position and cash flows of STRABAG SE (Individual Financial Statement)

FINANCIAL PERFORMANCE

The company's revenue increased significantly from € 63.53 million in the previous year, growing by € 12.51 million to € 76.04 million. This development is essentially due to a sharp increase in the settlement of guarantee fees.

	2019	2018
Revenue in T€ (sales)	76,043	63,530
Earnings before interest and taxes in T€ (EBIT)	185,071	100,701
Return on sales in % (ROS)[1]	>100.0	>100.0
Return on equity in % (ROE)[2]	6.6	3.9
Return on investment in % (ROI)[3]	5.3	2.8

The earnings before interest and taxes (EBIT) increased significantly from € 100.70 million in the previous year, growing by € 84.37 million to € 185.07 million. This figure is characterised by a sharply higher net income from investments.

The operating earnings for the 2019 financial year amount to € 22.96 million, € 2.90 million above the previous year's level (€ 20.06 million). The positive earnings effect results from the increased income from guarantee fees.

The considerable increase in the financial earnings by € 76.31 million from € 93.35 million to € 169.66 million was achieved through significantly higher dividend distributions from the subsidiaries. A further positive earnings effect resulted from the significantly higher income from the disposal and write-up of financial assets compared to the previous year. This includes a significant write-up on an investment in the project development business.

The interest income reached a positive total of € 7.55 million (2018: € 12.72 million). This figure is based on the interest income for financing provided to subsidiaries and from the external financing costs for interest-bearing borrowings. The decrease is due to lower interest income from cash clearing receivables.

Overall, the company generated a net profit of € 193.84 million for the 2019 financial year (2018: € 111.20 million).

The improvement in earnings is also reflected positively in the profitability indicators.

FINANCIAL POSITION AND CASH FLOWS

The total assets of STRABAG SE as at 31 December 2019 remained unchanged at € 3.5 billion compared to the previous year (€ 3.5 billion). Nevertheless, there were significant changes in some balance sheet items.

The reduction in receivables from subsidiaries mainly relates to receivables from cash clearing.

The decrease in liabilities results from a bond repayment. In addition, bank borrowings were reduced through the repayment of the bonded loan.

1 ROS = EBIT/revenue
2 ROE = EBT/avg. equity
3 ROI = EBIT/avg. total capital

	31.12.2019	31.12.2018
Net debt in T€[1]	107,402	115,795
Working capital in T€[2]	74,440	41,675
Equity ratio in %	85.1	82.6
Gearing ratio in %[3]	3.6	4.0

The net debt of € 107.40 million as at 31 December 2019, slightly lower compared to the previous year (€ 115.80 million), results from the reduction in cash and cash equivalents due to the repayment of a bond. Due to an increase in equity, the gearing ratio improved from 4.0 % in the previous year to 3.6 % in the reporting year.

The working capital increased from € 41.68 million by € 32.76 million to € 74.44 million in the 2019 financial year. The basis for this was the increase in receivables from profit and loss transfers.

Due to the increase in equity, the equity ratio of 85.1 % is above that of the previous year (82.6 %) and remains at a very high level.

T€	2019	2018
Cash flow from operating activities	109,505	32,454
Cash flow from investing activities	5,732	20,775
Cash flow from financing activities	-225,344	-280,790

The cash flow from operating activities amounts to € 109.51 million and is largely attributable to the cash flow from earnings. The increase in working capital had a negative impact.

The cash flow from investing activities saw an inflow of cash and cash equivalents totalling € 9.77 million, thereof € 4.41 million from the reduction of financing receivables and € 5.36 million from disposals of financial assets. This contrasts with the use of funds for additions to financial assets in the amount of € 4.04 million. The total cash flow from investing activities amounts to € 5.73 million.

The payment of the dividend for the 2018 financial year in the amount of € 106.84 million, the bond repayment in the amount of € 100.00 million and the repayment of the bonded loan in the amount of € 18.5 million led to an outflow of € 225.34 million in the cash flow from financing activities in 2019.

1 Net debt = interest-bearing liabilities + non-current provisions - cash and cash equivalents
2 Working capital = current assets - cash and cash equivalents - current non-interest-bearing liabilities
3 Gearing ratio = net debt / equity

Segment report

OVERVIEW OF THE FOUR SEGMENTS WITHIN THE GROUP

The business of STRABAG SE was divided into four segments in 2019, of which there are three operating segments North + West, South + East and International + Special Divisions, and the segment Other, which encompasses the group's central divisions and central staff divisions.

In 2019, the segments were comprised as follows[1]:

NORTH + WEST
Management Board responsibility: Alfred Watzl
Germany, Poland, Benelux, Scandinavia, Ground Engineering

SOUTH + EAST
M. B. responsibility: Peter Krammer
Austria, Czech Republic, Slovakia, Hungary, South-East Europe, Switzerland, Environmental Technology
M. B. responsibility: Thomas Birtel[2]
Russia

INTERNATIONAL + SPECIAL DIVISIONS
M. B. responsibility: Siegfried Wanker
International, Tunnelling, Services, Real Estate Development, Infrastructure Development, Construction Materials

OTHER
M. B. responsibility:
Thomas Birtel and Christian Harder
Central Divisions, Central Staff Divisions

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

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

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

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

1 Services may be performed in more than one segment. The activities and countries below have been assigned to those segments in which the most significant portion of the services was provided. Details are available in the table.
2 Until 31 December 2019

NORTH + WEST: BUILDING BOOM IN CORE MARKETS

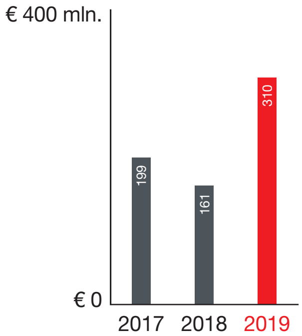
The North + West segment executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and Scandinavia. Ground engineering can also be found in this segment.

€ mln.	2019	2018	Δ 2018–2019 %	Δ 2018–2019 absolute
Output volume	8,106.93	7,827.48	4	279.45
Revenue	7,555.75	7,242.42	4	313.33
Order backlog	8,807.66	8,804.15	0	3.51
EBIT	310.20	161.40	92	148.80
EBIT margin (% of revenue)	4.1	2.2		
Employees (FTE)	25,386	24,222	5	1,164

OUTPUT VOLUME NORTH + WEST

€ mln.	2019	2018	Δ 2018–2019 %	Δ 2018–2019 absolute
Germany	6,402	6,221	3	181
Poland	999	895	12	104
Benelux	285	305	-7	-20
Sweden	180	169	7	11
Denmark	96	87	10	9
Rest of Europe	48	59	-19	-11
Austria	28	25	12	3
Switzerland	23	28	-18	-5
Americas	21	9	133	12
Romania	16	13	23	3
Middle East	4	7	-43	-3
Africa	4	7	-43	-3
Czech Republic	1	1	0	0
Hungary	0	1	-100	-1
Total	**8,107**	**7,827**	**4**	**280**

EBIT

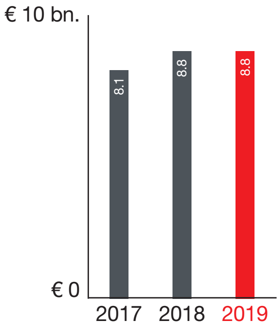


Strong development of the German infrastructure business

The North + West segment posted a 4 % higher output volume of € 8,106.93 million in 2019. This is due to the two largest countries in the segment – Germany and Poland – while the other markets, such as Benelux, Sweden and Denmark, showed small, inconsistent deviations.

The revenue, like the output, increased by 4 % and reached € 7,555.75 million. The EBIT nearly doubled to € 310.20 million thanks to strong growth in the German infrastructure business and a lower number of new loss-making projects in building construction and civil engineering compared to the previous year – and despite the strong cost inflation in Poland. The EBIT margin increased from 2.2 % to 4.1 %.

ORDER BACKLOG



Order backlog remains at a high level

The order backlog as at 31 December 2019 was at the unchanged high level of € 8,807.66 million. The decline in Sweden, Poland and Benelux caused by the working-off of large orders could be fully compensated by the increase in Germany, where the main projects included the modernisation of the main building at Bielefeld University, the realisation of the office building “Airsite West” at the airport in Munich and the construction of the airport connection to the new Stuttgart–Ulm rail line.

Employee numbers grow with output

The number of employees in Germany and Poland grew along with the output volume. Overall, the staff levels in the segment increased by 5 % to 25,386 employees.

Outlook[1]: Demand remains strong

In view of the continued expectations for high demand in the segment, the output volume in North + West should almost reach the previous year's level in 2020. The high level in **Germany** should remain the same. There also is no slowdown in the construction industry in sight yet in **Benelux** and **Scandinavia**.

The prices for subcontractors and suppliers in the **German building construction** business and for reinforcing steel are relaxing somewhat but remain at a relatively high level. STRABAG counteracts the capacity risk and price increase risk already in the cost estimation phase through the early inclusion of partner companies. At the same time, the group is strengthening its relationships with core subcontractors and suppliers.

There is also continuing demand in the regional business in the **German transportation infrastructures** sector. Given the still limited capacity for executing projects, this is causing a continued rise in prices for subcontractors and suppliers. While two significant orders helped push the order backlog with regard to large-scale transportation infrastructure projects to a higher level than the year before, competition in some areas remains strong.

The development of the **Polish construction industry** confirms the scenario that had been outlined so far: A high order backlog, in combination with rising costs from labour shortages, among other things, is leading to a reduction in profitability. Other developments observed include competition from Chinese companies as well as an increased cancellation of already decided public procurement procedures. In transportation infrastructures, many projects are not being awarded because the bidding prices often exceed the clients' budgets. Building construction is the only sector in Poland where STRABAG was able to increase its order backlog significantly.

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog in € mln.	as % of total group order backlog
Poland	A1 Kamieńsk–Radomsko	94	0.5
Poland	S7 Strzegowo–Pieńki	88	0.5
Germany	S13 Troisdorf	86	0.5
Denmark	Carlsberg City District BA9	79	0.5
Netherlands	Combinatie Herepoort	79	0.5

SOUTH + EAST: GROWTH IN OUTPUT VOLUME, DECREASE IN EARNINGS

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

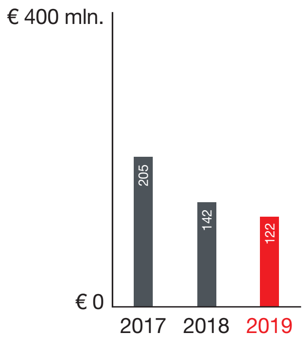
€ mln.	2019	2018	Δ 2018–2019 %	Δ 2018–2019 absolute
Output volume	4,915.79	4,639.26	6	276.53
Revenue	4,879.50	4,521.81	8	357.69
Order backlog	4,489.37	4,311.00	4	178.37
EBIT	121.97	142.03	-14	-20.06
EBIT margin (% of revenue)	2.5	3.1		
Employees (FTE)	19,850	18,729	6	1,121

1 This outlook does not take into account any impact from the coronavirus pandemic.

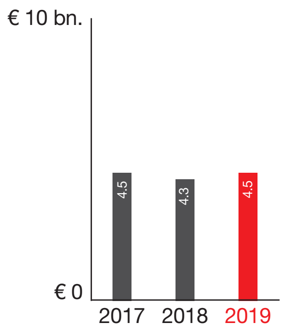
OUTPUT VOLUME SOUTH + EAST

€ mln.	2019	2018	Δ 2018–2019 %	Δ 2018–2019 absolute
Austria	2,176	1,979	10	197
Hungary	677	545	24	132
Czech Republic	636	557	14	79
Slovakia	318	460	-31	-142
Switzerland	205	235	-13	-30
Romania	179	156	15	23
Germany	151	145	4	6
Serbia	146	109	34	37
Croatia	131	148	-11	-17
Rest of Europe	126	110	15	16
Russia	67	70	-4	-3
Slovenia	42	61	-31	-19
Bulgaria	36	37	-3	-1
Asia	17	15	13	2
Poland	3	0	n. a.	3
Benelux	3	8	-63	-5
Middle East	2	0	n. a.	2
Americas	1	4	-75	-3
Total	**4,916**	**4,639**	**6**	**277**

EBIT



ORDER BACKLOG



EBIT down in contrast to output due to provisions

The output volume in the South + East segment was up by 6 % to € 4,915.79 million in 2019. Increases were recorded mainly in Austria, Hungary, the Czech Republic and Serbia, while a decline was recorded in Slovakia, for example.

The revenue increased by 8 % to € 4,879.50 million. Due to provisions, on the other hand, the EBIT fell by 14 % to € 121.97 million and the EBIT margin slipped from 3.1 % to 2.5 %.

Order backlog: Growth in the Czech Republic offsets declines in Hungary and Slovakia

Thanks to several large orders in the second half of the year, the order backlog grew to € 4,489.37 million, a plus of 4 % compared to the end of 2018. On the one hand, this figure fell back in two markets as expected: In Hungary, resources are currently being used primarily to work off the high order backlog. At the same time, however, another large-scale project – the renovation of the southern section of the M3 metro line in Budapest – was added to the books in 2019. And in Slovakia, bid evaluations on the client side are regularly delayed, sometimes for several years. On the other hand, these developments were compensated, among other things, by several modernisation orders from the railways in the Czech Republic.

Output-related increases in the number of employees

The same dynamic by country as with the output volume was evident in the number of employees, which also increased in total by 6 % to 19,850.

Outlook[1]: Inconsistent trends

A consistently high output volume is expected for the South + East segment in 2020. The home market of **Austria**, in particular, continues to be characterised by positive developments. The positive environment for building construction is no longer limited to the Vienna metropolitan area but can also be confirmed for the metropolitan areas of Graz and Linz. This applies to both residential construction as well as commercial and industrial construction. In the first quarter of 2019, STRABAG was commissioned with the construction of the Austrian headquarters of an international technology group. In **transportation infrastructures**, the

1 This outlook does not take into account any impact from the coronavirus pandemic.

development is also positive. The output volume and order backlog could be moderately increased here.

In **Hungary**, incoming orders for the industry as a whole fell in 2019, following the large number of large-scale public-sector projects that had been awarded until than, due to the EU funding period expiring in 2020. As a result, construction growth in this country far outpaced overall economic growth, a situation that is also expected for 2020.

The extremely strong competition with simultaneous cost increases and staff shortages in the **Czech Republic** and **Slovakia** continues. These risks are monitored on an ongoing basis, especially as STRABAG is handling a number of large railway construction contracts in the Czech Republic. In the building construction segments of both countries, STRABAG is working primarily on commercial projects for private clients, such as the automotive industry.

In **Switzerland**, construction activity picked up in 2019. Public-sector clients are preparing additional large-scale projects, but the price situation remains tense.

The situation in **South-East Europe** is characterised by strongly mixed trends. While the tendering activity can be described as active in transportation infrastructures in Croatia, few activities that would be attractive for STRABAG are currently taking place in Slovenia. Romania is experiencing political instability, lack of legal certainty and a low price level despite a large number of tenders and material price increases. What all markets have in common is a lack of qualified personnel, extremely high bitumen prices and increasing competition from Chinese companies. In building construction, some countries are exhibiting high demand, while activity is low in others.

The **environmental technology** business is gaining in importance in view of the current Europe-wide discussions concerning the reduction of CO_2 emissions. Here STRABAG not only has the technology for the production of biogas, but also the references in order to be able to meet the increasing demand – mainly from local governments and private project development companies. In the field of geothermal energy, projects in Germany, Romania and Croatia are being pursued together with the STRABAG Group's project development unit. In the highly fragmented market for landfill construction, the company is once again one of the few providers that can service the German market nationwide. The stricter requirements for the storage and recycling of soils and mineral building waste will form the basis for continued positive development in this business area.

Russia exhibits different trends depending on the construction sector. Demand in building construction in Moscow is generally high albeit dampened by legislative measures for project financing in those segments that are relevant for STRABAG. Large-scale projects that could be of interest to STRABAG are being planned in industrial construction.

SELECTED PROJECTS SOUTH + EAST

Country	**Project**	**Order backlog in € mln.**	**as % of total group order backlog**
Hungary	M30 Miskolc–Tornyosnémeti	108	0.6
Czech Republic	Modernisation of Veselí–Soběslav railway line	80	0.5
Croatia	Pelješac access road	64	0.4
Austria	Triiiple Residential Towers, Vienna	60	0.4
Hungary	Metro M3 – modernisation of five stations	55	0.3

INTERNATIONAL + SPECIAL DIVISIONS: EXPECTED LOSS OF A LARGE ORDER IN THE PROPERTY & FACILITY SERVICES BUSINESS

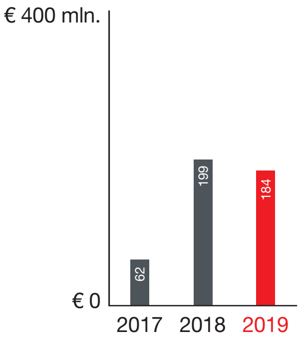
The International + Special Divisions segment includes, on the one hand, the field of tunnelling. The concessions business, on the other hand, represents a further important area of business, with global project development activities in transportation infrastructures in particular. Regardless of where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

€ mln.	2019	2018	Δ 2018–2019 %	Δ 2018–2019 absolute
Output volume	3,450.57	3,740.30	-8	-289.73
Revenue	3,216.67	3,437.82	-6	-221.15
Order backlog	4,110.77	3,782.41	9	328.36
EBIT	183.97	198.69	-7	-14.72
EBIT margin (% of revenue)	5.7	5.8		
Employees (FTE)	25,219	26,279	-4	-1,060

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2019	2018	Δ 2018–2019 %	Δ 2018–2019 absolute
Germany	1,207	1,464	-18	-257
Americas	678	652	4	26
Austria	448	506	-11	-58
Rest of Europe	168	180	-7	-12
Asia	162	147	10	15
Hungary	158	163	-3	-5
Middle East	142	198	-28	-56
Czech Republic	140	144	-3	-4
Poland	119	74	61	45
Africa	62	50	24	12
Slovakia	47	52	-10	-5
Romania	29	27	7	2
Benelux	29	36	-19	-7
Sweden	23	8	188	15
Croatia	19	14	36	5
Slovenia	6	7	-14	-1
Bulgaria	5	4	25	1
Russia	3	6	-50	-3
Denmark	3	4	-25	-1
Switzerland	2	3	-33	-1
Serbia	1	1	0	0
Total	**3,451**	**3,740**	**-8**	**-289**

EBIT

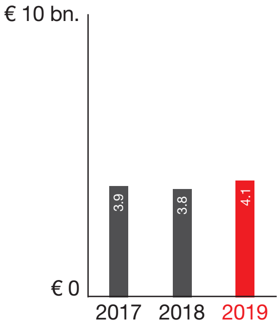


Continued very high EBIT margin

The International + Special Divisions segment generated an output volume of € 3,450.57 million in 2019. This corresponds to an already expected 8 % decline resulting from the cancellation of a major property & facility services order in the middle of the year.

The revenue fell at a somewhat lower rate than the output, slipping by 6 % to settle at € 3,216.67 million. Starting from a high level, the EBIT dropped slightly to € 183.97 million (2018: € 198.69 million) while the EBIT margin weakened a bit to 5.7 % (2018: 5.8 %). The continued positive environment in real estate development and a capital gain from the sale of a facility management investment in Hungary had a positive impact on the figures. This was contrasted by the loss of the large order in the property & facility services business.

ORDER BACKLOG



Order backlog driven by major order in the UK

The order backlog increased by 9 % compared to 31 December 2018. The numerous new large-scale projects were able to significantly overcompensate for the reduction in order backlog in the home markets of Germany and Austria. The order expansion for the North Yorkshire Polyhalite Project in the UK contributed especially to boosting the order backlog. In Chile, the contracts for the Candelaria open-pit and underground mine were extended and the group received two new long-term contracts for the Nuevo Nivel Mina project at the El Teniente mine in Rancagua. In Qatar, a wastewater pumping station plant is being designed and built by a group subsidiary. And the tolling specialist EFKON expanded its presence on the Norwegian and Indian markets with further projects.

Capacity shift from core markets to international markets and the UK

In view of the relatively large size of the individual projects in the International + Special Divisions segment, the number of employees in the various countries is subject to very strong fluctuations. In general, we can see a shift of capacities from European core markets to international markets and the United Kingdom. In total, staff levels fell by 4 % to 25,219 people.

Outlook[1]: Slightly lower output volume expected in 2020

The output volume in the International + Special Divisions segment for the 2020 financial year is expected to reach a level slightly below that of the previous year. The strong impact from large projects in this segment must be taken into account.

Both the booming real estate markets and the existing project pipeline make us optimistic that the **real estate development** business will continue to contribute positively to our earnings. Several properties were sold in Germany in 2019, such as the hotel in MesseCity Cologne, two sites in Freiburg and the Haus der Höfe in Bonn, in addition to project handovers in Hanover and Böblingen. Numerous rental successes were also registered. The continuing low interest rate level and the further high demand for both commercial and residential real estate are fostering a generally friendly environment for this business segment. Against the backdrop of rising land prices, however, it became challenging to initiate new project developments with a long-term profit. STRABAG's acquisition focus in Germany is therefore also on "B cities" as well as on geographic markets such as Poland, Romania and individual projects in other Central and Eastern European countries. Alone in Warsaw, Poland, the group acquired for redevelopment the centrally located ATRIUM property, sold the STRABAG-developed ASTORIA Premium Offices, and handed over to the operator the first Motel One Hotel in Poland in 2019. In Austria, the group continues to offer the entire range of residential construction from subsidised to affordable to privately financed housing, primarily in the large cities, supplemented by real estate with residential use – e.g. student housing – and commercial project developments.

A number of milestones were also achieved in the field of **property & facility services**. The transfer of the Deutsche Telekom account to a competitor on 30 June 2019 proceeded according to plan, and the further diversification of the customer portfolio was successful with new accounts including HANSAINVEST Real Assets. In addition, STRABAG is focusing on acquisitions that round off the existing business. In April 2019, for example, the group took over the property management business and employees of CORPUS SIREO Real Estate GmbH. This was followed in June by the purchase of PORREAL Polska sp. z o.o. of Warsaw, and PORREAL Česko s.r.o. of Prague, which provide services in technical and infrastructural facility management.

Compared to real estate development and the property & facility services business, the current market conditions in **infrastructure development** are much more challenging. This applies especially to public-private partnerships (PPP) in the core European markets, which is why projects must be chosen very selectively. Nevertheless, some successes were recorded in 2019, such as the conclusion of the long-term financing for the Autopista al Mar 1 concession project in Colombia and the sale of investments in the two motorway project companies DirectRoute (Fermoy) Holdings Ltd. and DirectRoute (Limerick) Holdings Ltd. in Ireland.

The environment in **tunnelling** also remains a difficult one. Although there are numerous projects on the market, there is no end in sight to the extremely strong competition for the time being. The group therefore remains selective in

1 This outlook does not take into account any impact from the coronavirus pandemic.

this market, pursuing projects in the UK and in the international mining sector.

The **international business**, i.e. the business that STRABAG conducts in countries outside of Europe, is showing inconsistent performance. For many years now, the focus has been on parts of Africa, the Middle East and successful specialities such as test track construction. The competition – in part from Chinese providers – is increasing in the international area as well.

The development of the **construction materials business** is essentially linked to that of the construction sector. Here we should point out that the bitumen price has risen sharply in 2019.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

Country	Project	Order backlog in € mln.	as % of total group order backlog
United Arab Emirates	Hatta Pumped Storage Power Plant, Dubai	117	0.7
Chile	Candelaria Norte	113	0.7
Israel	5th Line Water Supply, Jerusalem	85	0.5
Canada	Pumping station, Toronto	74	0.4
Austria	Koralmtunnel 2	69	0.4

OTHER (SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

This segment encompasses the group's internal central divisions and central staff divisions.

€ mln.	2019	2018	Δ 2018–2019 %	Δ 2018–2019 absolute
Output volume	144.68	115.84	25	28.84
Revenue	16.65	19.78	-16	-3.13
Order backlog	3.68	2.15	71	1.53
EBIT	0.87	0.86	1	0.01
EBIT margin (% of revenue)	5.2	4.3		
Employees (FTE)	6,464	6,230	4	234

Risk management

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

RISK MANAGEMENT AS A CORE TASK OF MANAGEMENT

Risk management is a core task of the management. The identification and assessment of risks is the responsibility of the respective management level. The risk controlling process includes the integrated quality management system with internal group directives 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 the internal audit department as neutral and independent auditing entity.

Responsibility for the implementation of the project risk management systems in the divisions was transferred to the commercial division management. The central division Project Risk Management System/Organisational Development/International BRVZ Coordination handles the continuous improvement and development of the risk management system for the procurement and execution of construction projects.

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

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

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

RISK MANAGEMENT USING DEFINED RISK GROUPS

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

- External risk
- Operating and technical risks
- Financial risks
- Ethical risks
- Human resource risks
- IT risks
- Investment risks
- Legal risks
- Political risks

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

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

EXTERNAL RISKS COUNTERED THROUGH DIVERSIFICATION

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

OPERATING AND TECHNICAL RISKS REDUCED THROUGH BINDING MINIMUM STANDARDS

These risks primarily include the complex risks regarding project selection and execution along with the technical risks that need to be assessed for each project, e.g. site, geology, construction method, technology, materials, equipment, design, work planning, etc. An integral part of the project risk management system are minimum standards with group-wide validity for the procurement and execution of construction projects (common project standards). These comprise clearly defined criteria for the evaluation of new projects, a standardised process for preparing and making bids, as well as integrated internal control systems serving as filters to avoid loss-making projects. Business transactions requiring consent are reviewed and approved by business unit and subdivision managers or by division managers according to internal rules of procedure.

Principally, bids must be analysed by **internal commissions** and reviewed for their technical and economic feasibility. The construction and project teams can contact the experts at the central divisions BMTI, TPA and Zentrale Technik for assistance in assessing the technical risks and working out innovative solutions for technical problems. Project execution is managed by the construction or project team on-site using documented procedures and controlled by monthly target/performance comparisons. At the same time, our central controlling provides constant commercial office support for these projects, ensuring that risks of individual projects do not endanger the continuity of the company.

FINANCIAL RISKS: ACTIVE LIQUIDITY AND RECEIVABLES MANAGEMENT

Under financial risks, STRABAG understands risks in financial matters and in accounting, including instances of manipulation. Special attention is paid to the liquidity and receivables management, which is secured through continuous financial planning and daily status reports. Compliance with internal commercial guidelines is guaranteed by the central accounting and controlling departments, which are also responsible for internal reporting and the periodic planning process. Risks from possible instances of manipulation (acceptance of advantages, fraud, deception or other infringements of the law) are monitored by all business areas in general and by the **internal audit** department in particular.

STRABAG is subject to interest, currency, credit and liquidity risks related to its assets, liabilities and planned transactions. The goal of financial risk management is to minimise these risks through ongoing financial activities. The basics of the financial policy are set by the Management Board and monitored by the Supervisory Board. The implementation of the financial policy and responsibility for the risk management are the domain of the group treasury. Detailed information can be found in the Notes under item 32 Financial Instruments.

Business Compliance

ETHICAL RISKS COUNTERED WITH AN ETHICS AND BUSINESS COMPLIANCE SYSTEM

As corruption and anti-competitive behaviour pose risks in the construction industry, STRABAG has implemented a set of tools that have proved effective in combating these problems. The rules for proper business behaviour are conveyed by the ethics and business compliance system. These have group-wide validity. The STRABAG business compliance model is based on the Code of Conduct, the Business Compliance Guidelines, the Business Compliance Guidelines for Business Partners, and the personnel structure of the STRABAG business compliance model, consisting of the group business compliance coordinator, the regional business compliance representatives, the internal ombudspersons and the external ombudsperson. Details on the ethical risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a of the Austrian Commercial Code (UGB).

People & Workplace

HUMAN RESOURCE RISKS: COUNTERMEASURES WITH CENTRAL HUMAN RESOURCE MANAGEMENT AND NEEDS-ORIENTED HUMAN RESOURCE DEVELOPMENT

Material human resource risks, such as recruiting bottlenecks, skilled labour shortages, fluctuation and labour law risks, are countered with a **central human resource administration and long-term, needs-oriented human resource development**. Human resource risks are to be reduced as far as possible through the targeted recruiting of qualified skilled workers and managers, extensive training activities, performance-based pay based on binding compliance with labour law provisions, as well as early succession planning. Additionally, systematic potential management is in place to ensure the development and career planning of company employees. Complementary initiatives to promote employee health, improve employment conditions and raise employee satisfaction further contribute to the company's attractiveness and prestige. Details on the human resource risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

IT RISKS: IT USAGE GUIDELINES AND CONTINUOUS REVIEW OF SECURITY CONCEPTS TO COUNTER CYBERCRIME

With the increasing threat of IT risks, different measures are being implemented in the form of multistep security and anti-virus concepts, user access rights, password-controlled access, appropriate backups and independent power supply. The company is also working together with professional **specialty service providers** to ensure an efficient defence against cybercrime and is constantly reviewing its security concepts. By issuing IT usage guidelines and repeatedly informing on the necessity of risk awareness when working with information and communication technologies, we aim to ensure the security, availability, performance and compliance of the IT systems. Project ideas to improve and develop IT-related processes and control systems are evaluated and prepared by nominated IT committees using a structured business process management (BPM) approach.

INVESTMENT RISKS: SECTOR-TYPICAL MINORITY HOLDINGS OF MIXING PLANTS

The shares in mixing companies typically involve **minority interests**, as is **usual in this sector**. With these companies, economies of scope are at the fore.

LEGAL RISKS AVOIDED THROUGH EXTENSIVE RISK ANALYSIS

The central division CML Construction Services supports the risk management of the operating divisions with regard to construction industry questions or in the analysis of risks in the construction business in all project phases (contract management) and provides, organises and coordinates legal advice (legal services). Its most important tasks include comprehensive reviews and consultation in project acquisition – e.g. analysis and clarification of tender conditions, performance specifications, pre-contract agreements, tender documents, draft contracts and framework conditions – as well as support in project management.

POLITICAL RISK: INTERRUPTIONS AND DISPOSSESSION POSSIBLE

The group also operates in countries which experience political instability. Interruptions of construction activity, restrictions on ownership interests of foreign investors, and even dispossession or expropriations are among the possible consequences of political changes which could have an impact on the group's financial structure. These risks are analysed during the tendering phase and assessed by internal committees.

People & Workplace

MANAGEMENT SYSTEM FOR WORK SAFETY AND HEALTH IN PLACE

In order to control the risks related to employee safety and health, STRABAG is implementing a work safety and health management system in accordance with **OHSAS 18001** (ISO 45001 in the future) and/or **SCC**. Moreover, the company works to maintain this system and ensures a suitable emergency organisation. Persons with designated responsibility make sure that the group-wide work safety standards are followed. The aspects of work safety and health also form part of the evaluation of subcontractors and suppliers. Details on the risks related to employee safety and health are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

Environmental Responsibility

CERTIFIED ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM DESIRED

STRABAG works at reducing the negative environmental impact from its activities as far as this is technically possible and economically feasible. The company implements an environmental and energy management system based on **ISO 14001** and/or **ISO 50001**, maintains this system and – wherever possible – minimises the use of natural resources, avoids waste and promotes recycling. Details on the environmental risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

QUALITY MANAGEMENT AS COMPONENT OF THE INTEGRATED MANAGEMENT SYSTEM

In concordance with its vision and values, it is the company's aim to realise **construction projects on schedule, of the highest quality** and **at the best price**. This helps to ensure the quality of the company's processes, services and products at any time. In this process, quality management forms a component of an integrated management system. This system is documented in the Management Manual, in group directives and in subordinated provisions.

BUSINESS CONTINUITY: RIGOROUS INCLUSION OF GROUP CENTRAL DIVISIONS

The failure of equipment and production facilities, of subcontractors and suppliers, of human resources, of the IT system, of office buildings and accommodation must not be allowed to threaten the company's existence. For this reason, precautions are being made under a business continuity management system to make sure that incidents or **disasters only temporarily interrupt business activity** – if at all. This includes the rigorous inclusion of the group's own specialised central divisions. These are capable of procuring, for example, equipment, accommodation, IT systems or staff on short notice, they build up long-term strategic partnerships with selected subcontractors and suppliers, and they have emergency scenarios audited in the IT division.

EVALUATION OF PARTNER COMPANIES TO REDUCE RISKS IN THE SUPPLY CHAIN

In the interest of quality and profitability, STRABAG not only taps its own skills and resources to work off its orders, but also relies on the support of proven subcontractors and suppliers. The company focuses on long-term partnerships, a clear, transparent and complete description of the services and products to be procured, and an agreement on acceptance criteria for the products and services. STRABAG also systematically **evaluates** subcontractors, service providers and suppliers as part of its **decision-making foundation** for **future orders**.

A review of the current risk situation reveals that there were no risks which jeopardised the company's existence, nor were there any visible future risks

REPORT ON KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

Introduction

The control structure as defined by COSO (Committee of Sponsoring Organisations of the Treadway Commission) provides the basis for the description of the key features of the internal control and risk management systems in relation to the financial reporting process in the management report. The COSO framework consists of five related components: control environment, risk assessment, control activities, information and communication, and monitoring. On this basis, the STRABAG Group set up a company-wide risk management according to generally accepted principles. The aim of the internal control system is to support management in such a way that it is capable of assuring internal controls in relation to financial reporting which are effective, and which are improved on an ongoing basis. The system is geared to the compliance with rules and regulations and to creating conditions which are conducive to performing specific controls in key accounting processes.

Control environment

The corporate culture determines the control environment in which management and employees operate. STRABAG is constantly working to improve its communication and to convey its corporate values as defined in its Code of Conduct and its Business Compliance Guidelines in order to guarantee moral standards, ethics and integrity within the company and in its dealings with others. The implementation of the internal control system in relation to the financial reporting process is done on the basis of internal rules and guidelines. Responsibilities for internal control were adapted to fit the corporate organisation. 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. After the most recent review in 2015, a renewed audit was commissioned in 2019.

Risk assessment

The management identifies and monitors risks relating to the financial reporting process, with a focus on those risks that are typically considered to be material.

The preparation of the financial statements requires regular forecasts, with the inherent risk that the actual future development will deviate from the forecast. This especially affects the following matters/items of the Consolidated Financial Statements: assessment of unfinished construction projects, recognition and measurement of provisions (including social capital), the outcome of legal disputes, the collectability of receivables as well as the recoverability of investments and goodwill. In individual cases, external experts are called in or publicly available sources are considered in order to minimise the risk of a false assessment.

Control activities

All control activities are applied in the current business process to ensure that errors or deviations in financial reporting are prevented or detected and subsequently corrected. The control activities range from a review of the period results to specific monitoring of accounts and cost centres to the analysis of ongoing accounting processes. It is the responsibility of the Management Board to design the levels of hierarchy in such a way that an activity and the control of that activity are not performed by the same person **(four-eyes principle)**. This separation of functions encompasses a separation between decision-making, implementation, inspection and reporting. The organisational units of the BRZV central division support the Management Board in this task.

Processes which are relevant to financial reporting are increasingly automated. **IT security** control activities therefore represent a cornerstone of the internal control system. The separation of sensitive activities is supported by a restrictive approach to IT access authorisation. For its accounting and financial reporting, the company mainly uses self-developed software which reflects the unique features of the construction sector. The effectiveness of the financial reporting system is further assured through automated IT controls included in the system.

Information and communication

The management regularly updates the rules and regulations for financial reporting and communicates them to all employees concerned. In addition, regular discussions regarding the financial reporting and the rules and regulations in this context take place in various committees. These **committees** are composed of the corporate management as well as the department head and senior **staff from the accounting department**. The committees' work aims, among other things, at guaranteeing compliance with accounting rules and regulations and at identifying and communicating weak points and potential areas for improvement in the financial reporting process. Accounting employees receive regular **training** regarding new methods of national and international financial reporting in order to identify risks of unintended misreporting at an early stage.

Monitoring

The Management and Supervisory Boards bear responsibility for the ongoing company-wide monitoring. Additionally, the remaining management levels are responsible for the monitoring of their respective areas of responsibility. Controls and plausibility checks are carried out at regular intervals. The internal audit department is also involved in the monitoring process.

The top management receives monthly summarised financial reports on the development of the output volume, the results of the respective segments and countries, and the liquidity. Financial statements to be published are reviewed internally by several instances within management, receiving a final appraisal by the senior accounting staff and the Chief Financial Officer before being passed on to the Supervisory Board's Audit Committee.

Research and development

As a technology group for construction services, the STRABAG Group does business in a rapidly changing environment. It is in this context that the company applies its assets, comprised not only of its material and financial means but also of its human resources – the knowledge and know-how of its employees –, its structural and organisational capital, and its relational and market capital. The growing crossover between industries – driven by increasing societal demands, by the fast pace of technological progress, particularly in information and communications technology, and by customer demands – confront the company with ever more rapidly shifting challenges.

To take a more active role in shaping this change, and to use it for its own benefit, the STRABAG Group gave itself a more **technological focus**, represented by the organisationally established, **systematic innovation management** that has been in place since 2014. The aim is to support the exchange of experience and information with regard to the development activities between the employees and the decision-makers – after all, the diversity of the STRABAG Group is reflected as much in the number of different competencies as in the different demands placed upon it. At the beginning of 2020, the topic was anchored at the executive level with the new Management Board position for Digitalisation, Innovation and Business Development, which underlines the importance of this task.

The cooperation among the various divisions facilitates and promotes new developments across the individual business units. A special focus in 2019 was on the digitalisation of processes. The **platform-based** tracking of prefabricated parts, such as stairs or façade elements, is becoming increasingly widespread. In transportation infrastructures, the focus is also on the logistics chain in order to continuously optimise delivery to the major corridor construction sites. Countless time-consuming, error-prone surveys on paper forms during construction – in terms of work safety inspections, workstations, concrete deliveries and reinforcement performance levels – are now handled in an app-based manner. The data are entered on mobile end devices suitable for construction sites: Protocols and target/actual comparisons are generated automatically and made available to the participating construction offices and back offices. This significantly reduces the time required for administrative tasks related to the construction.

Cooperation with international universities and research institutions, joint development activities with partner companies around the world, and internal research and development projects have also been a routine part of the group's daily activities for years. In overall charge of the planning and execution of these projects within the STRABAG Group are the two central divisions **Zentrale Technik** (ZT) and **TPA Gesellschaft für Qualitätssicherung und Innovation GmbH** (TPA), each of which report directly to a member of the Management Board.

ZT is present at **34 locations with over 1,000[1] highly qualified employees**. It provides services in the areas of tunnelling, ground civil and structural engineering, and turnkey construction along the entire construction process. From the early acquisition stage and bid processing to construction design and site management, ZT offers innovative solutions with regard to construction materials technology, construction management, building physics, and software solutions. Central topics for innovation activities are digitalisation, sustainable construction, renewable energy and, as of recent, additive processes (3D printing). Among other things, the employees at ZT develop methods and tools to optimise construction activity from the digital design to the impact on the environment. The specialist Development and Innovation staff department oversees the systematic networking of people and relevant topics, promotes new ideas and helps to drive innovation.

TPA is the group's competence centre for asphalt, concrete, earthworks, geotechnics and environmental engineering, quality management and materials-related research and development with a focus on road construction and transportation infrastructures. Its main tasks include ensuring the quality of the construction materials, structures and services, the safety and improvement of the processes, as well as developing and reviewing standards for the handling and processing of construction materials.

The research focus in 2019 included the development and the first installation of ClAir® asphalt in cooperation with STRABAG BMTI. The photocatalytic granulate with titanium dioxide used in road construction breaks down toxic nitrogen oxides and converts them into harmless substances. In this way, the new road surface is designed to contribute to nitrogen dioxide reduction. In addition, a number of projects in the field of cement/concrete were carried out around issues related to raising process safety and thus

1 Head count

the quality of the buildings. TPA has about **950[1] employees at 130 locations in 18 countries**, making it one of Europe's largest private laboratory companies.

EFKON GmbH – a subsidiary of STRABAG – is active in the research and development of intelligent traffic telematics systems, especially with regard to electronic toll collection and enforcement – a business field that requires intensive research, development and innovation activities. The focus last year was on the introduction of complex toll systems that blend unobtrusively into the cityscape. The implementation in Bergen, Norway, is particularly noteworthy. The slim device developed by EFKON, equipped with laser, high-resolution camera and radar, identifies and classifies vehicles in up to two lanes and at speeds of up to 160 km/h. With this system, traffic flows can also be optimised in historic city districts to ensure the implementation of environmental zones.

The STRABAG Group spent about € 17 million on research, development and innovation activities during the 2019 financial year (2018: about € 14 million).

The majority of the **development activity** is triggered by **construction projects** in all our business areas. Here challenges or specific questions regularly arise that require a technologically new process or an innovative solution on site. In many cases, support is offered by the aforementioned central divisions. Some issues require medium-term research and development projects, often with partner organisations.

Website Corporate Governance Report

The STRABAG SE Consolidated Corporate Governance Report is available online at www.strabag.com > Investor Relations > Corporate Governance > Corporate Governance Report.

Disclosures under Sec 243a Para 1 UGB

one share - one vote

1. The share capital of STRABAG SE amounts to € 110,000,000 and consists of 110,000,000 fully paid-in, no-par value shares with a pro rata value of € 1 per share of the share capital. 109,999,997 shares are bearer shares and are traded in the Prime Market segment of the Vienna Stock Exchange. Three shares are registered shares. Each bearer share and each registered share accounts for one vote (one share – one vote). The nomination rights associated with registered shares No. 1 and No. 2 are described in more detail under item 4.

2. The Haselsteiner Group (Haselsteiner Familien-Privatstiftung, Dr. Hans Peter Haselsteiner), the Raiffeisen Group (Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H, BLR Baubeteiligungs GmbH, "GULBIS" Beteiligungs GmbH), the UNIQA Group (UNIQA Insurance Group AG, UNIQA Beteiligungs-Holding GmbH, UNIQA Österreich Versicherungen AG, UNIQA Erwerb von Beteiligungen Gesellschaft m.b.H.) and MKAO "Rasperia Trading Limited"[2] (controlled by Oleg Deripaska), as shareholder groups of STRABAG SE, have signed a syndicate agreement governing (1) nomination rights regarding the Supervisory Board, (2) the coordination of voting during the Annual General Meeting, (3) restriction on the transfer of shares and (4) joint development of the Russian market as a core market. The Haselsteiner Group, the Raiffeisen Group together with the UNIQA Group, and MKAO "Rasperia Trading Limited" each have the right to nominate two members of the Supervisory Board. The syndicate agreement also requires the syndicate partners to exercise their voting rights from syndicated shares unanimously at the Annual General Meeting of STRABAG SE. The syndicate agreement further foresees restrictions on the transfer of shares in the form of mutual pre-emptive rights as well as a minimum shareholding on the part of the syndicate partners. In accordance with Sec 65 Para 5 of the Austrian Stock Corporation Act (AktG), all rights were suspended for 7,400,000 no-par shares (6.7 % of the share capital) effective 31 December 2019 as these shares are held by STRABAG SE as own shares as defined in Sec 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG).

1 Head count
2 The shareholder Rasperia Trading Limited, Cyprus, moved its headquarters to the Russian Federation and is now called MKAO "Rasperia Trading Limited".

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 2019:

- Haselsteiner Group .... 26.4 %
- Raiffeisen Group .... 13.2 %
- UNIQA Group.................................. 14.3 %
- MKAO “Rasperia Trading Limited” .....25.9 %

The company itself held 7,400,000 no-par shares on 31 December 2019, which corresponds to 6.7 % of the share capital. These shares are currently intended, among others, as acquisition currency. The remaining shares of STRABAG SE, amounting to about 13.5 % of the share capital, are in free float.

4. Three shares are – as mentioned under item 1 – registered shares entered in the shareholder register. Registered shares No.1 and No. 2 require the consent of the Supervisory Board for their full or partial sale and pledging. Registered shares No. 1 and No. 3 are held by the Haselsteiner Group and registered share No. 2 is held by MKAO “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. 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.

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

Related parties

Business transactions with related parties are described in item 34 of the Notes.

Outlook

STRABAG SE expects to be able to maintain an output of over € 16 billion in the 2020 financial year. This assumption is well-supported by the high order backlog. From today’s perspective, no significant changes in the output volume should be observed in any of the three segments North + West, South + East and International + Special Divisions.

The planned EBIT margin (EBIT/revenue) of more than 3.5 % for the 2020 financial year represents another step toward the medium-term target of 4.0 % in 2022. The planning for 2020 is based, among other things, on the expectation that the earnings contributions from the traditionally strong specialty business fields of real estate development and property and facility services will weaken somewhat, but that at the same time further progress will be made in project risk management and that the strong demand in the construction sector in markets such as Poland or Germany will be reflected in market-driven building prices in the construction sector.

The net investments (cash flow from investing activities) in 2020 are not expected to exceed the value of € 500 million.

The effects of the ongoing coronavirus pandemic on output volume, revenue and earnings in the 2020 financial year could not yet be taken into account here, as it was not yet possible to quantify the impact by the beginning of April 2020.

Events after the reporting period

The material events after the reporting period are described in the item V. of the Notes.

Villach, 8 April 2020
The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Staff Divisions
and Central Divisions BMTI,
TPA as well as CML Construction Services

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

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

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

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

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

AUDITOR'S REPORT

REPORT ON THE FINANCIAL STATEMENTS

Audit Opinion

We have audited the financial statements of

STRABAG SE,
Villach, Austria,

which comprise the Balance Sheet as at 31 December 2019, the Income Statement for the year then ended, and the Notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance for the year then ended, in accordance with Austrian Generally Accepted Accounting Principles.

Basis for our Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 ("AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the Company, in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, however, we do not provide a separate opinion thereon.

Valuation of investments in affiliated companies and receivables from affiliated companies

Refer to note Annex I/5.

Risk for the Financial Statements

Investments in and receivables from affiliated companies represent a major portion of the assets reported in the annual financial statements of STRABAG SE as of 31 December 2019.

Investments in and receivables from affiliated companies are tested for impairment annually and whenever there is an indication that the assets may be impaired. In a first step, the carrying amount of the investments in affiliated companies is compared with the proportionate share in equity at the reporting date. In case the carrying amount exceeds the proportionate share in equity, a valuation of the investment based on discounted cashflows, which significantly depend on future revenue and margin projections, and on discount rates, is performed in a further step. This valuation is subject to significant uncertainty.

Our Response

We have evaluated the valuation of investments in affiliated companies as well as the receivables from affiliated companies as follows:

- We reconciled the revenues and margins on which the valuation of shares in and receivables from affiliated companies are based, with the current budgets of the Group, approved by the Supervisory Board.
- In order to assess the appropriateness of the planning figures, we gained an understanding of the planning process und compared the assumptions with current industry specific market expectations and discussed these with the Management Board and representatives of the respective company divisions.
- In addition, we evaluated the appropriateness of the discount rates used as well as the underlying calculation and by means of sensitivity analyses, assessed whether the tested book values were still covered by their respective valuation in the event of possible realistic changes in these assumptions.
- We further assessed the appropriateness and completeness of the Company's disclosures and explanations in the notes regarding investments in and receivables from affiliated companies.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.

- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

REPORT ON OTHER LEGAL REQUIREMENTS

Management Report

In accordance with Austrian company law, the management report is to be audited as to whether it is consistent with the financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of management reports as applied in Austria.

Opinion

In our opinion, the management report is consistent with the financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the financial statements and our understanding of the Company and its environment, we did not note any material misstatements in the management report.

Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the financial statements, the management report and the auditor's report. We expect the annual report to be provided to us after the date of the auditor's report.

Our opinion on the financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the financial statements or any apparent material misstatement of fact.

Additional Information in accordance with Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on 28 June 2019 and were appointed by the supervisory board on 28 June 2019 to audit the financial statements of Company for the financial year ending on that date.

We have been auditors of the Company, without interruption, since the financial statements at 31 March 1999.

We declare that our opinion expressed in the "Report on the Financial Statements" section of our report is consistent with our additional report to the audit committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Company.

Engagement Partner

The engagement partner is Mr Mag. Ernst Pichler.

Linz, 8 April 2020

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:
Mag. Ernst Pichler
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.
The financial statements, together with our auditor's opinion, may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the individual financial statements of the parent company give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Villach, 8 April 2020
The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Staff Divisions and Central Divisions BMTI, TPA as well as CML Construction Services

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

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

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

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

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