Strabag SE

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Strabag SE

Major Rating Factors

Strengths:
• Strong market positions in road construction in Central Europe and essential parts of Eastern Europe
• Vertically integrated operations, which provide barriers to entry and strategic access to raw materials
• Track record of stable profitability, which indicates overall good project execution and cost management
• Solid capital structure and strong liquidity following recent capital injections
• Strong order backlog and favorable demand conditions

Weaknesses:
• Cyclical and competitive industry, inherently exposed to project risk
• High exposure to the weakly profitable German construction sector
• Aggressive expansion plans in Russia
• Lack of free operating cash flow generation
• Limited transparency in corporate governance practices and financial policies

Rationale

The rating on Austria-based engineering and construction group Strabag SE reflects the group’s satisfactory business risk profile as a leader in road construction and civil engineering in Central and Eastern Europe (CEE). In addition, Strabag benefits from vertically integrated operations, which provide barriers to entry and strategic access to raw materials; good geographic diversification, which is likely to be further enhanced by ongoing expansion plans in Russia and Eastern Europe; a good operating track record; a strong contract backlog; and favorable demand prospects. The rating is constrained by the group’s exposure to the cyclical nature of the construction industry, thin industry-typical operating margins, and lack of free operating cash flow (FOCF) generation. In addition, Strabag is exposed to project-related execution risks, with cost overruns in a large project possibly impairing earnings. Furthermore, Strabag’s credit profile continues to be weighed down by concerns over its future financial policies and corporate governance practices following the recent shift in its ownership structure, as well as aggressive expansion plans in a risky market in Russia.

Strabag has demonstrated consistent revenue and earnings growth over the past few years. In 2007, the group recorded €10.7 billion in output and €596 million in EBITDA, representing compound annual growth rates of 22% and 23%, respectively, from 2004 onward. At the same time, good profitability measures, including operating margins before depreciation and amortization of about 6% on average over the past four years, have not been diluted by rapid business growth or the underperforming German operations. In the near-to-medium term, Standard & Poor’s Ratings Services expects Strabag’s profitable and solid Eastern European operations to continue to fuel its operating performance, mainly thanks to large EU-sponsored investment programs to expand and upgrade infrastructure networks in the region. The short-term outlook for the German business unit is improving, but
remains weak, with operating margins likely to be marginally positive in 2008.

The group has accelerated its expansion in Russia through its involvement with Rasperia Trading Ltd., which holds a stake of 25% plus one share in Strabag. Rasperia is a subsidiary of Basic Element Holding, a conglomerate owned by Russian businessman Oleg Deripaska. Strabag's €2.0 billion order backlog in Russia as of March 31, 2008, was the group's second largest after that in Germany. Although diversification is a positive factor, we believe the group's ambitious expansion plans in the opaque Russian market will increase its business risks. Nevertheless, Strabag limits some of these risks by using exclusively cost-plus construction contracts, according to which the client pays a fixed margin on the costs of a project. In addition, management has a solid track record integrating acquisitions and operating in emerging countries.

Strabag's October 2007 IPO and Rasperia's equity investment in August 2007 resulted in a capital inflow of about €1.9 billion. On March 31, 2008, the group reported a net cash position of about €877 million. However, the positive effect of the capital inflow on the capital structure is likely to be only temporary because we believe the proceeds will be used predominantly to fund expansion. Nevertheless, it has helped liquidity by supplying substantial resources for planned business growth, which should generate additional cash flows.

**Liquidity**

Strabag has strong liquidity, with large cash and cash equivalents of about €1.57 billion as of March 31, 2008. About €1.8 billion in available committed and uncommitted credit and guarantee facilities further underpinned financial flexibility on the same date. These funds combined compared well with about €209 million in short-term financial obligations. We expect Strabag to remain in compliance with financial covenants included in its credit and guarantee facilities.

Strabag continues to pursue its aggressive growth-related capital-spending plans and make periodic acquisitions. In 2007, the ratio of capital expenditures to sales was 5.5%, compared with depreciation to sales of 2.9%. We expect this trend to continue in 2008, with capital expenditures to sales of 7%-8%. Discretionary investments will continue to fully absorb operating cash flows, delaying an improvement in FOCF over the near-to-medium term.

On March 31, 2008, the group's debt maturity profile was comfortable, including:

- About €32 million in short-term drawings under various working-capital credit lines;
- €325 million in unsecured bonds, of which €50 million was due in June 2008 (this amount was recently refinanced); and
- About €110 million in liabilities from finance leases, of which about €24 million was short term.

**Recovery analysis**

The €50 million in senior unsecured notes due 2009 issued by the holding company are rated 'BBB-', the same as the long-term corporate credit rating on Strabag. An upstream guarantee from the operating companies prevents structural subordination. The €150 million in senior unsecured notes (also issued by the holding company), of which €75 million is due 2012 and €75 million is due 2013, are rated 'BB+', one notch below the corporate credit rating, reflecting the absence of a guarantee from the operating companies.
Outlook

The stable outlook reflects our expectation that Strabag will maintain its good operating performance while expanding its operations in Russia and other former Soviet states. Furthermore, we expect Strabag’s future corporate governance practices and financial policies, in particular its dividend policy, to be consistent with and executed in a way that sustains Strabag's financial risk profile and credit measures in line with the ratings. We expect Strabag to maintain a strong liquidity position and to ensure that adjusted funds from operations to debt and adjusted debt to EBITDA remain at more than 30% and at less than 2.5x, respectively.

We would consider a negative rating action if Strabag were to abandon its focused business strategy or significantly increase its debt through more aggressive expansion into emerging markets or unrelated businesses. Upside rating potential is currently limited, given the group's ambitious expansion plans.

Business Description

With annual output of about €10.9 billion in the 12 months to March 31, 2008, Strabag is one of the largest European construction groups and is involved in all segments of the construction industry. The group is structured around three divisions:

- **Building Construction & Civil Engineering**: Commercial and industrial building, public building, general and residential building, and various civil-engineering projects;
- **Transportation Infrastructures**: Asphalt and concrete road construction, railway construction, and production of building materials for internal and external supply; and
- **Special Divisions & Concessions**: Tunneling works, project development, concessions, and support services.

Following Rasperia’s August 2007 equity investment and the October 2007 IPO, the new shareholder structure is as follows:

- Haselsteiner family: 25.09%;
- Raiffeisen-Gruppe and the UNIQA-Gruppe, combined: 25% plus one share;
- Rasperia: 25% plus one share; and
- Free float: 24.91%.

Business Risk Profile: Broad Supply Network Underpinning Leading Market Positions, But Aggressive Growth Plans

Strabag’s satisfactory business profile results from its leading positions in dynamic markets in both Eastern Europe and infrastructure construction. Further support comes from the group’s track record of profitable operations, which indicates overall good project execution and cost management capabilities. Strabag’s key weaknesses are its exposure to the cyclical and risky construction industry and its aggressive growth plans, particularly in the opaque Russian market.

**Management strategy: Increased focus on Russia**

Strabag’s strategic direction has changed somewhat following the entrance of Mr. Deripaska into the shareholding structure and the subsequent capital injection. Although the main focus continues to be construction activities, there
is now heavier focus on the Russian construction market.

Management activities will continue to center on two areas:

- Further expansion, both organically and through acquisitions, with primary regional concentration on Russia and CEE, and, to a lesser extent, Western Europe in transportation infrastructure; and
- Decreasing dependence on raw material suppliers by expanding the building material base both organically and externally.

In addition, in the near-to-medium term, Strabag intends to expand its currently minor support service activities (such as facility management) and to extend operations into new business fields, such as environmental technologies and rail track construction, all through external acquisitions. Furthermore, Strabag will continue to bid for privately financed infrastructure projects (public-private partnerships {PPPs}). This could provide additional construction revenues over the near-term and relatively stable cash flows over the longer term in the form of dividends from the project consortia (if Strabag decides to hold equity stakes).

With respect to Russia, Strabag will follow a "two-pillar approach" over the medium term. It will continue to act on an independent basis, leveraging its already established position (Strabag has been present in the market since 1991), and will cooperate with Mr. Deripaska’s construction and building material companies.

**Operating strategy: Good internal cost controls and vertical integration yield a competitive edge**

Strabag is one of Europe’s leading, highly vertically integrated, road construction companies. It operates an extensive network of asphalt- and concrete-mixing plants (self sufficiency of 75% in asphalt and 28% in concrete) and gravel quarries and pits (self sufficiency of 20%), which provides direct access to strategic raw-material supplies. This creates effective barriers to entry, given that customers frequently require constructors to offer in-house-produced raw materials and that environmental regulation is strict for the establishment of new quarry sites. The road business provides the group with high recurring revenues from maintenance, which are much less volatile than revenues from new road construction. The industry is influenced, however, by political issues and public finances. In addition, Strabag has its own machine park and relies only to a limited extent on leasing machinery. This can be an advantage in times of high capacity utilization or when there is a shortage of equipment available for rent, but is a burden when the utilization rate is low. Strabag will invest further in its own resource, as well as through joint projects with Basic Element Holding for cement production in dynamic markets of Russia and former Soviet states, where an enormous shortage in building materials is likely to prevail in the near-to-medium term.

As most contracts are priced either on a unit-price or lump-sum basis, Strabag is exposed to the risk of cost overruns. In unit-price contracts, the company bears the risk of cost overruns only in relation to the relevant units. The customer bears any extra costs arising from the need for more workers or material than anticipated. The lump-sum contracts--mainly used in building construction and only occasionally in civil engineering, road construction, and tunneling--are the riskiest because Strabag must bear all cost overruns, unless the extra costs result from changes in building specifications or other customer requests. The bulk of contracts are won through public tender, where competition is strong and margins tend to be narrow. In Russia, Strabag's order backlog consists so far exclusively of less risky cost-plus contracts, whereby the customer pays a fixed margin on the cost of a project.

Prudent contract selection, internal cost control, and risk monitoring are crucial risk-mitigating factors. For this reason, Strabag’s tender teams are fully liable for project execution, not just for winning tenders. The group’s
decision-making process for order acquisition aims to ensure profitability. Risk management processes involve monthly cost screening of all projects and a profit-driven compensation system that has been implemented throughout the entire group. Strabag has a good track record of integrating acquisitions, with new entities becoming part of the group’s reporting systems and following the same risk management standards within just a few months.

**Market position: Strong strategic positions in dynamic Eastern European markets**

With an output base of about €10.9 billion in the 12 months to March 31, 2008, and an order backlog of about €12.6 billion on the same date, Strabag is one of the largest players in its sector in Europe. The group’s technical, financial, and human-resource capabilities enable it to bid for the most complex infrastructure projects. This generally translates into higher margins, as the market for large projects is more concentrated, and also riskier. Furthermore, Strabag's sound capital structure—which is a prerequisite in winning bids for large projects, as customers favor financially robust counterparties--gives it a competitive edge.

Strabag is one of the three largest construction companies in Germany, together with Hochtief AG and Bilfinger Berger AG, in a highly fragmented market where the top 10 players account for only 10% of the total market. Strabag's operations span most construction fields including commercial building, road and underground works, and civil engineering. Strabag is the market leader in the German road segment, followed by Eurovia GmbH, a German subsidiary of France-based VINCI S.A. (BBB+/Negative/A-2).

The Austrian construction market is relatively concentrated, with the top three companies accounting for about 40% of the market. Strabag is the market leader, followed by Porr AG and Alpine Bau GmbH, recently acquired by the third-largest Spanish builder Fomento de Construcciones y Contratas S.A.

As well as being the market leader in road construction in Austria and Germany, Strabag is among the top three in Hungary, the Czech Republic, Slovakia, and Poland. It is also the market leader in asphalt production and has several gravel sites in these six countries. The group is expanding its operations in the dynamic markets of Bulgaria, Romania, Serbia, and Croatia, where it has taken initial steps to set up asphalt-mixing plants and acquire gravel yards.

Strabag is accelerating its expansion in Russia, capitalizing on its already established presence in the country and its cooperation with Rasperia. As of March 31, 2008, Strabag's order backlog was €2.0 billion in the region (the second largest for the group after Germany), consisting predominantly of building construction projects. The entry into the dynamic sector for infrastructure projects, particularly in those areas in which Strabag has strengths (bridges, roads, and tunnels), is occurring jointly with Rasperia through PPP procurement methods. Most recently, a Strabag-led consortium including Rasperia won a €5 billion PPP project for the construction of the Western High-Speed Diameter, a ring motorway around St. Petersburg. Although the construction industry in Russia offers overall strong demand prospects—particularly in key economic hubs such as Moscow, St. Petersburg, and Yekaterinburg, we believe that the shortage of qualified workers and raw materials in the country, as in other Eastern European markets, could hold back projected growth.

**Diversification: Focus on CEE and Russia reduces exposure to Germany and Austria**

Strabag is gradually enhancing its good geographic diversification. Although Germany and Austria accounted for a fairly high share of Strabag’s total output in 2007—about 35% and 20%, respectively (see chart 1)—their share of the group's earnings was significantly lower. The group’s persistent focus on Eastern Europe, including rapidly growing Russia, will continue to reduce its exposure to Germany and Austria over the medium term. This is evidenced by analysis of the order backlog at Dec. 31, 2007, when Russia accounted for the second largest share (16%), behind
Germany (24%) but ahead of Austria (11%).

Strabag’ is well diversified by industry sector, as it is involved in all segments of the construction industry--public sector, nonresidential, residential, and renovation--which tend to follow somewhat different business cycles.

![Strabag SE 2007 Output Volume By Region](image)

©Standard & Poor's 2008.

Profitability: Solid track record, despite business expansion and integration costs
Strabag has a track record of stable operating performance. The group has generated EBITDA margins of about 6% and a return on capital of about 13% on average over the past four years--well in line with industry averages--despite meaningful business expansion and integration costs of acquired companies. We expect the group to sustain its profitability measures over time, with strong and profitable Eastern European operations likely continuing to offset the underperforming--albeit improving--German unit. Despite overall consistency in profitability measures, Strabag’s operating margins are thin, which is typical for the industry, and could deteriorate if there are cost overruns or delays on major projects.

The group’s robust operating performance could be tempered by ambitious expansion plans (a combination of organic and external expansion) in the opaque Russian market. Nevertheless, the risks are likely to be mitigated by contracts (1) delivered on solely an open-book/cost-plus basis, which sharply limits the risk of cost overruns; and (2) run on standard terms, including progress payments from customers, which reduces counter-party risks and working-capital needs. The risks are likely to be mitigated further by management’s long and solid track record in integrating acquired companies and operating in emerging markets.
Financial Risk Profile: Intermediate, With Limited Transparency In Corporate Governance And Financial Policies

Strabag’s solid capital structure offsets industry-related risks, and current liquidity should well support the group’s ambitious growth plans. Nevertheless, Standard & Poor’s views Strabag’s limited transparency in corporate governance and future financial policies as negative rating factors.

Accounting
Strabag reports under International Financial Reporting Standards. It recognizes its revenues from construction projects according to the percentage-of-completion method. Although this is less conservative than recognition upon delivery, expected losses are immediately reported as expenses, and Standard & Poor’s expects Strabag to continue to have the expertise and resources needed to measure costs and track potential overruns accurately. We remain concerned, however, about the absence of disclosure on progress on individual contracts (even for the largest ones), which is typical for the industry.

In calculating Strabag’s 2007 financial metrics, Standard & Poor’s made the following adjustments to reported figures (as shown in table 1):

- We reduced total cash of €1.966 million by €300 million, which we consider necessary on average for the group to bridge seasonal working-capital fluctuations, among other things, and therefore do not deem structurally available for other purposes. Therefore, we adjusted gross debt for surplus cash of €1.666 million.
- In addition, we capitalized operating leases using the net-present-value method. This increased the group’s debt by €126 million and its interest by €10 million.
- Finally, we made an adjustment for unfunded postretirement benefit obligations, adding about €355 million to Strabag’s reported debt and €16 million to interest expense.

We did not make any adjustment for customer payments, since the group reported a net asset from construction contracts, meaning that costs in excess of billings (€891 million) were higher than billings in excess of costs (€348 million).

Table 1
Reconciliation Of Strabag SE Reported Amounts With Standard & Poor’s Adjusted Amounts (Mil. €)*

<table>
<thead>
<tr>
<th>Strabag SE reported amounts</th>
<th>Debt</th>
<th>Shareholders’ equity</th>
<th>Operating income (before D&amp;A)</th>
<th>Operating income (after D&amp;A)</th>
<th>Interest expense</th>
<th>Cash flow from operations</th>
<th>Cash flow from operations</th>
<th>Capital expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported</td>
<td>684.1</td>
<td>2,870.5</td>
<td>558.0</td>
<td>558.0</td>
<td>274.6</td>
<td>70.5</td>
<td>494.0</td>
<td>494.0</td>
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</table>

<table>
<thead>
<tr>
<th>Standard &amp; Poor’s adjustments</th>
<th>Operating leases</th>
<th>--</th>
<th>28.7</th>
<th>10.0</th>
<th>10.0</th>
<th>10.0</th>
<th>18.8</th>
<th>18.8</th>
<th>44.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postretirement benefit obligations</td>
<td>354.7</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>16.0</td>
<td>4.9</td>
<td>4.9</td>
<td>--</td>
</tr>
<tr>
<td>Surplus cash and near cash investments</td>
<td>(1,665.8)</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>
Table 1

Reconciliation Of Strabag SE Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. €)* (cont.)

| Reconciliation of nonoperating income (expenses) | -- | -- | -- | -- | 88.2 | -- | -- | -- | -- |
| Reclassification of working-capital cash flow changes | -- | -- | -- | -- | -- | -- | -- | -- | (53.9) |
| Minority interests | -- | 226.0 | -- | -- | -- | -- | -- | -- | -- |
| Total adjustments | (1,185.0) | 226.0 | 28.7 | 10.0 | 98.2 | 25.9 | 23.7 | (30.2) | 44.4 |

Standard & Poor's adjusted amounts

<table>
<thead>
<tr>
<th>Debt¶</th>
<th>Equity</th>
<th>Operating income (before D&amp;A)</th>
<th>EBITDA</th>
<th>EBIT</th>
<th>Interest expense</th>
<th>Cash flow from operations</th>
<th>Funds from operations</th>
<th>Capital expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted</td>
<td>0.0</td>
<td>3,096.5</td>
<td>586.8</td>
<td>568.0</td>
<td>372.7</td>
<td>96.5</td>
<td>517.7</td>
<td>463.8</td>
</tr>
</tbody>
</table>

*Please note that two reported amounts (operating income before D&A and cash flow from operations) are used to derive more than one Standard & Poor's-adjusted amount (operating income before D&A and EBITDA, and cash flow from operations and funds from operations, respectively). Consequently, the first section in some tables may feature duplicate descriptions and amounts. ¶Standard & Poor's adjustment for surplus cash and investments does not allow debt to be less than zero.

Corporate governance/Risk tolerance/Financial policies

Strabag's financial policy emphasizes an equity-to-assets target of more than 25%. At March 31, 2008, this ratio was above 40%.

Strabag's governance practices to date have been strongly characterized by its private ownership and the tight "hands on" management of its largest shareholder and CEO, Hans Peter Haselsteiner. Although we have not seen any evidence so far to suggest that Mr. Haselsteiner's influence on the group (on the strategic and operating side) has negatively affected Strabag’s performance, we have, in the past, expressed our concerns regarding transparency and timing of disclosure, as well as the limited checks and balances on Mr. Haselsteiner's powers (demonstrated by aggressive dividend payments in the past). The corporate governance issues are evolving with the recent entrance of Rasperia, owned by the Russian businessmen Oleg Deripaska, and there is limited insight into Mr. Deripaska's involvement and influence on the group. The limited transparency concerning the group's future corporate governance practices and financial policies following the change in the ownership structure means that we will continue to monitor these issues closely.

Cash flow adequacy: High capital-spending burdens operating cash flows

Strabag's operating cash flows remained good in 2007 at €494 million, up from €446 million in 2006, as continued strong earnings in Eastern Europe and Austria offset underperformance in Germany. Nevertheless, capital spending remains relatively high owing to Strabag's vertical integration and own machine park, and continues to place a heavy burden on operating cash flows. Over the past few years, capital expenditures have exceeded depreciation because the figure includes not only maintenance, but also expansion-related capital spending (for example, investment in technology at newly acquired companies). High capital spending has led to negative FOCF, which is a negative rating factor. On the positive side, cash outflows related to acquisitions have been more than offset by cash inflows from disposals of discrete assets, resulting in relatively stable debt levels in the context of rapid growth in recent years. We expect the group’s FOCF to remain negative in the near-to-medium term on the back of ambitious
expansion-related capital-spending plans.

**Capital structure/Asset protection: Capital increases have an interim positive effect**

Strabag has a solid balance sheet, reinforced by Strabag’s October 2007 IPO and Rasperia’s August 2007 equity investment, which, together, resulted in a capital inflow of €1.9 billion. At March 31, 2008, Strabag reported a net cash position of about €877 million, which resulted from €694 million in debt obligations (including largely drawings under various working-capital credit lines and €325 million in unsecured bonds maturing in the short-to-medium term) and €1.57 billion in cash balances.

The capital inflow is likely to have only a temporarily positive impact on Strabag’s capital structure, since we believe that the group will use it predominantly to fund expansion. However, we expect Strabag to maintain capital-structure measures at levels adequate for the ratings, despite its ambitious growth plans. These measures include debt to EBITDA of below 2.5x.

Although Strabag’s proportional share of total debt in PPP projects is material (€643 million at Dec. 31, 2007), the debt is spread over 15 concessions, which are unlikely to fail simultaneously. Furthermore, if a project faced operational problems leading to a major liquidity shortfall, Standard & Poor's would not expect Strabag to provide financial support unless it was contractually obliged to do so. There is little precedent in this regard, however, and Strabag could decide to financially support its PPP projects beyond the contractual requirements to avoid tarnishing its reputation, or to protect its investment. Accordingly, we consider off-balance-sheet nonrecourse debt relating to such investments in our liquidity analysis, but do not include it in any of our reported financial ratios.

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**Table 2**

<table>
<thead>
<tr>
<th>Strabag SE Peer Comparison</th>
</tr>
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<tbody>
<tr>
<td>(Mil. €)</td>
</tr>
<tr>
<td>Corporate credit rating*</td>
</tr>
<tr>
<td>Business risk</td>
</tr>
<tr>
<td>Financial risk</td>
</tr>
<tr>
<td>Country</td>
</tr>
</tbody>
</table>

---Average of past three fiscal years (2005-2007)---

| Sales                  | 8,755 | 6,743 | 3,361 | 9,962 |
| Operating income/sales | 5.5   | 7.1   | 4.8   | 4.0   |
| Return on capital      | 14.2  | 10.4  | 13.9  | 20.4  |
| FFO/debt               | 61.7  | 62.3  | 59.2  | 61.5  |
| EBITDA fixed-charge coverage (x) | 5.1 | 4.9 | 12.1 | 18.9 |
| Debt/capital           | 28.1  | 18.5  | 27.0  | 27.4  |
| Debt/EBITDA (x)        | 1.4   | 1.1   | 1.6   | 1.2   |

*As of June 24, 2008.

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**Table 3**

<table>
<thead>
<tr>
<th>Strabag SE Financial Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Mil. €)</td>
</tr>
<tr>
<td>Revenues</td>
</tr>
<tr>
<td>EBITDA</td>
</tr>
</tbody>
</table>
Table 3

<table>
<thead>
<tr>
<th>Strabag SE Financial Statistics (cont.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
</tr>
<tr>
<td>Funds from operations (FFO)</td>
</tr>
<tr>
<td>Capital expenditures</td>
</tr>
<tr>
<td>Debt*</td>
</tr>
<tr>
<td>Operating margin (%)</td>
</tr>
<tr>
<td>Return on capital (%)</td>
</tr>
<tr>
<td>EBITDA interest coverage (x)</td>
</tr>
<tr>
<td>FFO/debt (%)</td>
</tr>
<tr>
<td>Debt/capital (%)</td>
</tr>
<tr>
<td>Debt/EBITDA (x)</td>
</tr>
</tbody>
</table>


Ratings Detail (As Of June 24, 2008)*

<table>
<thead>
<tr>
<th>Strabag SE</th>
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<tbody>
<tr>
<td>Corporate Credit Rating</td>
</tr>
<tr>
<td>Senior Unsecured</td>
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<tr>
<td>Local Currency</td>
</tr>
</tbody>
</table>

Corporate Credit Ratings History

14-Nov-2007 | BBB-/Stable/--
25-May-2007 | BB+/Positive/--
30-May-2006 | BB+/Stable/--
18-May-2005 | BB/Positive/--
15-Feb-2005 | BB/Stable/--
28-May-2004 | BB/Positive/--

Business Risk Profile | Satisfactory
Financial Risk Profile | Intermediate
Debt Maturities
At March 31, 2008:
Less than one year: €209 mil.
Thereafter: €486 mil.

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor’s credit ratings on the global scale are comparable across countries. Standard & Poor’s credit ratings on a national scale are relative to obligors or obligations within that specific country.

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