

Tear Sheet: Sheet:

Strabag SE

September 23, 2026

This report does not constitute a rating action.

S&P Global Ratings anticipates Strabag's operating performance will remain solid in 2026-2027, thanks to expanding order backlog and resilient profitability. Strabag will continue showing solid operating performance following strong results during the first half of 2026, with output volume up by 12% to about €9.98 billion compared with the previous year. We project revenue will increase by 11.5%-12.5% in 2026 to €20.5 billion-€21.0 billion, up from €18.5 billion in 2025. This will be driven primarily by the strong momentum in infrastructure construction, mostly in rail and energy infrastructure. A material expansion in the order backlog, which reached about €36 billion in the first half of the year, is underpinned by strong order intake in Germany and international markets. We anticipate this trend will continue through 2027, as the company benefits from opportunities under the Germany's €500 billion infrastructure plan, along with favorable bidding conditions in Central and Eastern Europe and Australia. We project the order backlog will continue growing to about €37 billion in 2026 and €38 billion in 2027, compared with €31.3 billion in 2025.

We expect our adjusted EBITDA margin to remain resilient at 8.0%-8.5% in 2026-2027. In the first half of 2026, the company's profitability grew, boosted by strong momentum in the North and West segment, due to infrastructure business in Germany, alongside mobility and energy infrastructure projects. We project margins to remain resilient in 2026-2027, supported by continuous efficiency initiatives. These include improvements in digitalization, automation, cost discipline, and productivity. However, we anticipate margins will level off after the peak of 9.6% in 2025, which was particularly driven by positive effects from major projects in Germany and in the international business.

We forecast Strabag will maintain its net cash position in 2026-2027. In the first half of 2026, the company reported a net cash position of about €3.4 billion. This is a decrease from €4.3 billion at the end of 2025, due to seasonal effects, primarily related to working capital build-up. We project Strabag will maintain its net cash position over the next two years, supported by the company's conservative financial policy. We expect working capital build-up to continue, reaching about €500 million in 2026. We also project up to €1.5 billion of net cash outflow from investment activities in 2026 to finance maintenance capital expenditure (capex), bolt-on acquisitions, and other initiatives supporting growth in core construction activities. Considering the company's dividend policy to distribute shareholder remuneration of about 30%-50% of the previous year's earnings, we expect dividend payout of €270 million-€280 million in 2026. We project Strabag will

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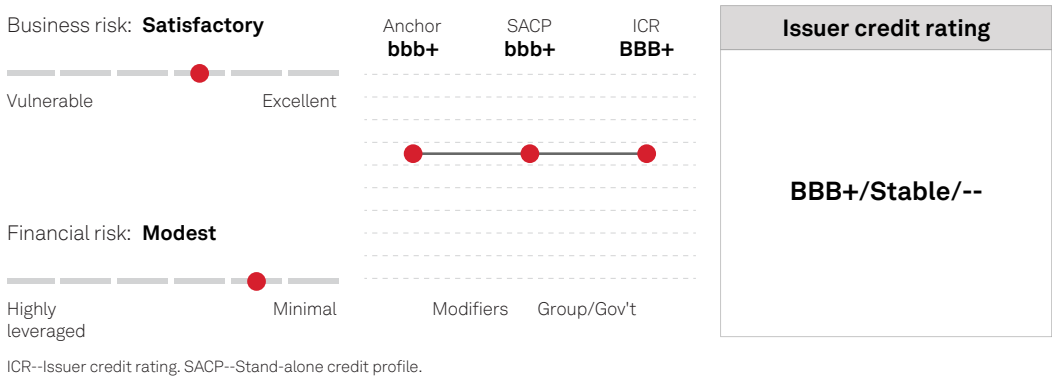
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record positive S&P Global Ratings-adjusted discretionary cash flow (DCF) of €50 million-€70 million in 2026, supporting the rating headroom.

Ratings Score Snapshot



Recent Research

- [Industry Credit Outlook Update Europe: Building Materials](#), July 16, 2026
- [Economic Outlook Europe Q3 2026: Energy Shock Rekindles Stagflation Risks](#), June 24, 2026

Company Description

With annual output volume of about €20.4 billion in 2025, Strabag is one of Europe's largest construction groups. It operates in the following three segments:

- North and West (41.8% of 2025 output volume, with an EBIT margin of 11.2%), mainly including Germany, Switzerland, Benelux, Scandinavia, and the Ground Engineering segment.
- South and East (37.7% of 2025 output volume, with an EBIT margin of 3.7%), mainly including Austria, Poland, Czech Republic, Slovakia, Hungary, Romania, the rest of Europe (as of Jan. 1, 2025), and the Construction Materials segments; and
- International and Special Divisions (19.7% of 2025 output volume, with an EBIT margin of 4.6%), comprising International, U.K., and Australia, Tunneling, Services, Real Estate Development, Infrastructure Development, Energy Infrastructure (as of Jan. 1, 2025), and Strabag Hold Estate.

More than 50% of Strabag's output volume in 2025 comes from infrastructure, including civil engineering and tunneling, whereas residential construction accounts for less than 10%.

Strabag is a publicly listed company, with a free float of 20% as of August 2026. Its core shareholders are the Haselsteiner family (27%), Raiffeisen/UNIQA (26.7%), and MKAO Rasperia Trading Ltd. (24.1%).

Outlook

The stable outlook reflects our view that Strabag should continue to post an S&P Global Ratings-adjusted EBITDA margin of 8.0%-8.5% in 2026-2027. We also think Strabag will keep a net cash position, notwithstanding our anticipation of a reversal of the exceptionally favorable working

capital trend that boosted its gross cash in 2017-2021, and some expansionary investments and selected bolt-on acquisitions. We expect adjusted funds from operations (FFO) to debt will comfortably exceed 45% over the next two years, with adjusted debt to EBITDA remaining below 2.0x and liquidity staying strong.

Downside scenario

We could consider a negative rating action if Strabag's S&P Global Ratings-adjusted debt-to-EBITDA ratio exceeds 2.0x and FFO to debt drops to less than 45% over a sustained period. This could occur, for example, if Strabag:

- Pursues sizable acquisitions or increases shareholder returns that translate into debt much higher than our base-case projection;
- Experiences a meaningfully weaker operating performance or unfavorable trend in its working capital needs due to a material project setback or cost overruns; or
- Sees its profitability margin sustainably reduce from the current level, due, for example, to increased competition or renewed inflation pressure.

However, we assume that the company's ample headroom in its credit metrics will keep rating pressure at bay over the next couple of years.

Upside scenario

We could raise the ratings if we observe a track record of materially positive DCF in the business cycle and if Strabag sustains FFO to debt above 60% and debt to EBITDA under 1.5x, with a commitment to keep those metrics through the cycle. We see this scenario as unlikely in 2026-2027, considering our projections of negative DCF driven by a reversal of working capital and high capex.

Key Metrics

Strabag SE--Forecast summary

Period ending	--Dec. 31--				
(Mil. EUR)	2024a	2025a	2026e	2027f	2028f
Revenue	17,352	18,579	21,200-21,600	22,200-22,600	23,800-24,100
EBITDA	1,509	1,788	1,750-1,820	1,850-1,900	1,950-2,050
Adjusted ratios					
Debt/EBITDA (x)	--	--	--	--	--
FFO/debt (%)	NM	NM	NM	NM	NM
FFO cash interest coverage (x)	44.7	49.1	50.2-50.6	52.5-52.9	55.0-55.4
EBITDA interest coverage (x)	26.7	35.5	43.6-44.0	45.6-464.0	47.9-48.3
CFO/debt (%)	NM	NM	NM	NM	NM
FOCF/debt (%)	NM	NM	NM	NM	NM
DCF/debt (%)	NM	NM	NM	NM	NM
EBITDA margin (%)	8.7	9.6	8.0-8.5	8.1-8.6	8.1-8.6

All figures are adjusted by S&P Global Ratings, unless stated as reported. Our debt adjustments for 2025 include mainly about €460.9 million of bank debt, about €368 million of lease liabilities, about €375 million of pension liabilities, and about €127.6 million of guarantees; we exclude about €400 million of bank debt of related

Strabag SE--Forecast summary

Period ending	--Dec. 31--				
(Mil. EUR)	2024a	2025a	2026e	2027f	2028f

parties (deconsolidation); we net cash of about €3.89 billion. FFO--Funds from operations. CFO--Cash flow from operations. FOCF--Free operating cash flow. DCF--Discretionary cash flow. a--Actual. e--Estimate. f--Forecast. EUR--euro. NM--Non-meaningful.

Liquidity

We assess Strabag's liquidity as strong because sources of liquidity exceed liquidity needs by more than 1.5x over next 24 months started July 1, 2026. The company enjoys solid relationships with its banks. Stability in the financial market and prudent financial risk management further support our strong liquidity assessment.

Principal liquidity sources	Principal liquidity uses
For the 12 months started July 1, 2026, we estimate that the company's main liquidity sources include: - About €3.4 billion in cash; - Access to a fully undrawn €500 million syndicated loan maturing in 2031; and - Cash FFO of about €1.49 billion-€1.54 million.	For the same period, we estimate that the company's main liquidity uses are: - Investments, including capex of €1.3 billion-€1.4 billion; - Working capital outflows of €300 million-€400 million; and - Ordinary dividends of 30%-50% of net income.

Rating Component Scores

Foreign currency issuer credit rating	BBB+/Stable/--
Local currency issuer credit rating	BBB+/Stable/--
Business risk	Satisfactory
Country risk	Low
Industry risk	Moderately High
Competitive position	Satisfactory
Financial risk	Modest
Cash flow/leverage	Modest
Anchor	bbb+
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	bbb+

Related Criteria

- [Criteria | Corporates | General: Sector](#), July 6, 2025

- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings](#), March 28, 2018
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

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