

## Tear Sheet:

**Strabag SE**

September 17, 2025

This report does not constitute a rating action.

**We anticipate Strabag's operating performance will remain solid in 2025-2026 on the back of high order backlog and resilient profitability.** Following strong results during the first half of 2025, with output volume up by 7% to about €8.9 billion compared with the previous year, we forecast Strabag will continue showing solid operating performance. We project revenues will increase by 7.8%-8.2% in 2025 to about €18.7 billion-€18.8 billion, up from €17.4 billion in 2024. This will be driven by the record high order backlog of over €28 billion in 2025, an increase of about 14% year on year, which also includes about €751 million contribution from the consolidation of recently acquired road and infrastructure specialist Georgiou Group Pty Ltd. in Australia. Growth will also be supported by solid activity in the infrastructure end market, which will more than compensate the continued residential downturn, which has stabilized at a low level since the second half of 2024.

**We think that as a market leader, Strabag is in a strong position to benefit from Germany's €500 billion infrastructure plan.** The investment program could create new opportunities for infrastructure end markets, given significant need for modernization in Germany, specifically railroads, waterway networks, and bridges. Indirectly, it could also accelerate the recovery of the residential sector. However, we think that the effects of the plan will only be visible from 2027, as the first projects are expected to reach the market by the end of 2026.

**We expect S&P Global Ratings-adjusted EBITDA margin to normalize to about 8.0%-8.5% in 2025-2026.** In the first half of 2025, the company's reported EBITDA increased by 20% to €430.8 million, reflecting improvement in earnings in the North and West segment and in particular in International and Special Divisions. Going forward, we expect margins to remain resilient, supported by ongoing efficiency initiatives such as digitalization, automation, and effective cost-price management, as well as continued operational improvements and scale benefits from its growing infrastructure and building technology platforms.

**We forecast Strabag will maintain its net cash position over the next couple of years.** In the first half of 2025, the company reported a net cash position of about €1.8 billion. This is a decrease from €2.5 billion at the end of 2024, 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 over 2025-2026, reaching about €500 million per year. We also project up to €1.4 billion of net cash outflow from investment activities in 2025, (representing about 7.5% of

## Primary Contact

**Tatyana Vasileva**  
Milan  
39-3499381283  
tatyana.vasileva  
@spglobal.com

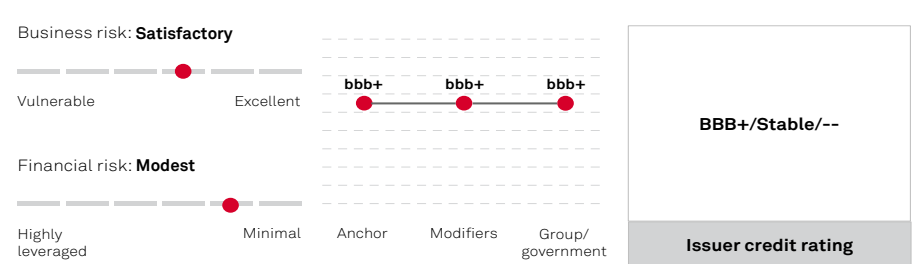
## Secondary Contact

**Paulina Grabowiec**  
London  
44-20-7176-7051  
paulina.grabowiec  
@spglobal.com

revenues) to finance maintenance capex, bolt-on acquisitions, and other initiatives. Considering the company's dividend policy to distribute shareholder remuneration of about 30%-50% of the previous year earnings, we expect dividend payout of about €250 million-€280 million in 2025-2026. We project Strabag will record modestly negative S&P Global Ratings-adjusted discretionary cash flow (DCF) in 2025-2026. We expect that this negative DCF will not have a material impact on rating headroom.

**We anticipate Strabag's liquidity will remain strong.** Strabag maintains a strong liquidity position enabling flexibility to participate in bidding contracts and other bolt-on acquisitions. As of the end of first-half 2025, Strabag held about €2.7 billion of cash and cash equivalents. The company also benefits from full availability of its revolving credit facility (RCF), which has been increased to €500 million from €400 million, with its maturity extended until 2030.

## Ratings Score Snapshot



## Recent Research

- [Industry Credit Outlook Update Europe: Building Materials](#), July 16, 2025
- [European Building Materials Issuers Could Withstand Potential U.S. Tariffs](#), March 3, 2025
- [Issuer Ranking: Global Building Material Companies--Strongest To Weakest](#), Jan. 30, 2025

## Company Description

With annual output volume of about €19.2 billion in 2024, Strabag is one of Europe's largest construction groups. It operates in the following three segments:

- North and West (43% of 2024 output volume, with an EBIT margin of 9.6%), mainly including Germany, Switzerland, Benelux, Scandinavia, and the Ground Engineering segment.
- South and East (39% of 2024 output volume, with an EBIT margin of 5.4%), mainly including Austria, Poland, Czech Republic, Slovakia, Hungary, Romania, Rest of Europe (as of Jan. 1, 2025), and the Construction Materials segments; and
- International and Special Divisions (17% of 2024 output volume, with an EBIT margin of negative 0.1%), comprising International, U.K., Tunneling, Services, Real Estate Development, Infrastructure Development, Energy Infrastructure (as of Jan. 1, 2025), and STRABAG Hold Estate.

About 67% of Strabag's output volume in 2024 comes from Building construction and Transportation infrastructure, equally split between the two segments, whereas Civil engineering accounts for 10%. Tunneling accounts for 8%, Building solutions and Construction materials account for 7% each, and Project development accounts for 2%.

Strabag is a publicly listed company, with a free float of 14.1%. Its core shareholders are the Haselsteiner family (29%), Raiffeisen/UNIQA (30.4%), 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 2025-2026. 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 from 2017 to 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 debt-to-EBITDA ratio, as adjusted by S&P Global Ratings, 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 increased shareholder returns 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 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 discretionary cash flow 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 2025-2026 considering our projections of negative discretionary cash flow driven by a reversal of working capital and high capex.

## Key Metrics

### Strabag SE--Forecast summary

Period ending	--Dec. 31--						
(Mil. EUR)	2021a	2022a	2023a	2024a	2025e	2026f	2027f
Revenue	15,243	16,967	17,594	17,352	18,700-18,800	19,320-19,420	20,100-20,200
EBITDA	1,426	1,168	1,292	1,509	1,500-1,570	1,580-1,650	1,660-1,730

## Strabag SE

Funds from operations (FFO)	1,048	912	1,106	1,264	1,100-1,200	1,180-1,250	1,250-1,300
Cash flow from operations (CFO)	1,165	754	1,744	1,317	800-830	850-900	1,200-1,270
Dividends	714	173	162	210	230-290	240-300	250-310
<b>Adjusted ratios</b>							
Debt/EBITDA (x)	--	--	--	--	--	--	--
FFO/debt (%)	NM	NM	NM	NM	NM	NM	NM
FFO cash interest coverage (x)	57.6	34.2	53.4	44.7	39.8-40.2	40.8-41.2	41.8-42.2
EBITDA interest coverage (x)	56.9	35.0	24.3	26.7	36.8-37.2	38.1-38.5	39.3-39.7
CFO/debt (%)	NM	NM	NM	NM	NM	NM	NM
EBITDA margin (%)	9.4	6.9	7.3	8.7	8.0-8.4	8.1-8.5	8.2-8.6

All figures are adjusted by S&P Global Ratings, unless stated as reported. a--Actual. e--Estimate. f--Forecast. EUR--euro. NM--Non-meaningful.

## Environmental, Social, And Governance

Environmental, social, and governance factors are an overall neutral consideration in our credit rating analysis of Strabag. A significant portion of its backlog is in transportation infrastructure, building construction, and civil engineering, which we see as neutral in terms of environmental risk. Strabag's backlog is not exposed to the metals and mining or oil and gas end-markets. In addition, Strabag has a track record of significantly fewer litigations than other companies operating in the same industry, which has helped preserve its creditworthiness.

We recognize Strabag's focus on sustainability by setting a target of becoming climate neutral by 2040. In fact, in 2020 Strabag established a separate entity, Sustainability Management, to manage and coordinate its strategy for achieving the zero emissions goals.

Moreover, we see Strabag involving its management at different levels, the so-called four-tier governance structure, in promoting the group's strategic orientation towards sustainable business practices.

#### Rating Component Scores

<b>Foreign currency issuer credit rating</b>	<b>BBB+/Stable/--</b>
<b>Local currency issuer credit rating</b>	<b>BBB+/Stable/--</b>
<b>Business risk</b>	<b>Satisfactory</b>
Country risk	Low
Industry risk	Moderately High
Competitive position	Satisfactory
<b>Financial risk</b>	<b>Modest</b>
Cash flow/leverage	Modest
<b>Anchor</b>	<b>bbb+</b>
<b>Modifiers</b>	
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)
<b>Stand-alone credit profile</b>	<b>bbb+</b>

## Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), April 4, 2024
- [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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