



STRABAG SE FY 2014 RESULTS

29 APRIL 2015

Witterschutz
Laubengang VK 2.OG
Witterschutz
KÜCHE 8,09 m²
VORR.
KÜCHE
VORR.
KÜCHE
AMER
-0,00
150
150
Blumentrog
LOGGIA 6,22 m²
Rankgitter
nitrog
nitrog
nitrog

**TEAMS
WORK.
IN
PROGRESS.**

STRABAG
SOCIETAS EUROPAEA

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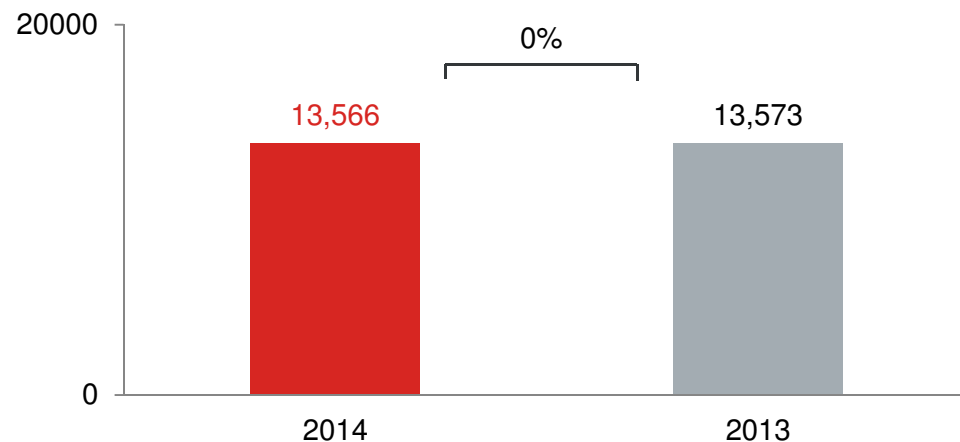
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2014: TEAMS WORK. IN PROGRESS – TARGETS REACHED

	Target	2014
Output volume	€ 13.6 bn	€ 13.6 bn
EBIT	≥ € 260 m	€ 282 m
EBIT margin	3% until 2016 (2013: 2.1%)	2.3%
Equity ratio	≥ 25%	30.6%
Dividend	30–50% of net income after minorities (2013: € 0.45 per share)	40%, € 0.50 per share

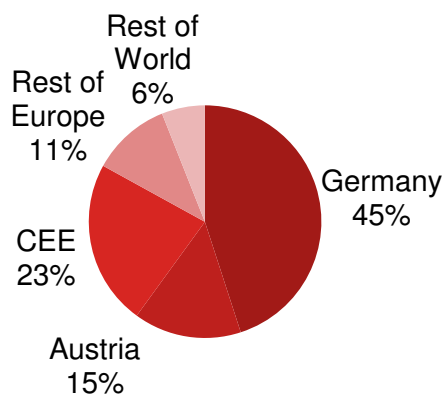
OUTPUT VOLUME STABLE AT A HIGH LEVEL

OUTPUT VOLUME (€M)



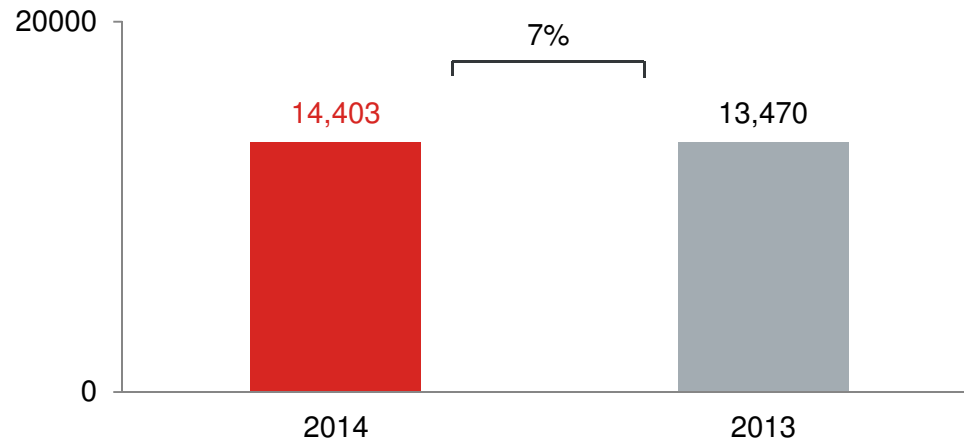
- Output volume unchanged at a high € 13.6 bn
- Increases in Germany and Austria offset with declines in the RANC region and Romania
- Germany and Austria still the two largest single markets

OUTPUT VOLUME 2014 BY REGION



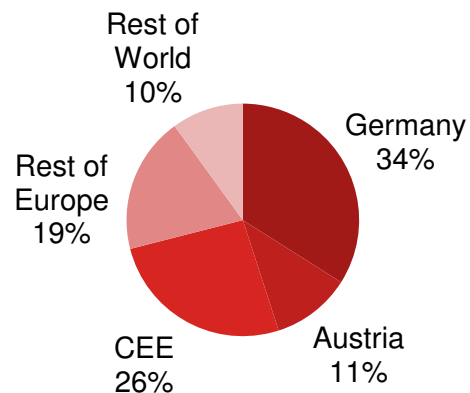
HIGH ORDER BACKLOG OF € 14.4 BN COVERS MORE THAN ONE YEAR'S OUTPUT VOLUME

ORDER BACKLOG (€M)



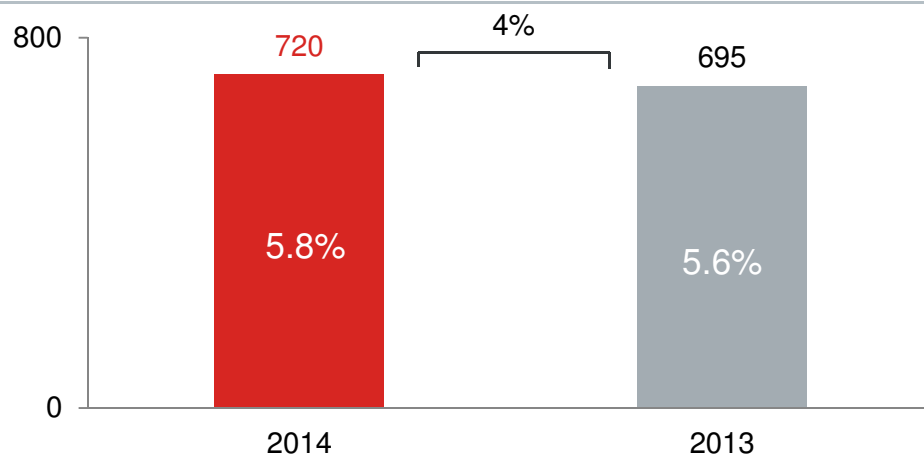
- Growth of the order backlog especially in Central and Eastern Europe
- Already high level in Germany

ORDER BACKLOG 2014 BY REGION



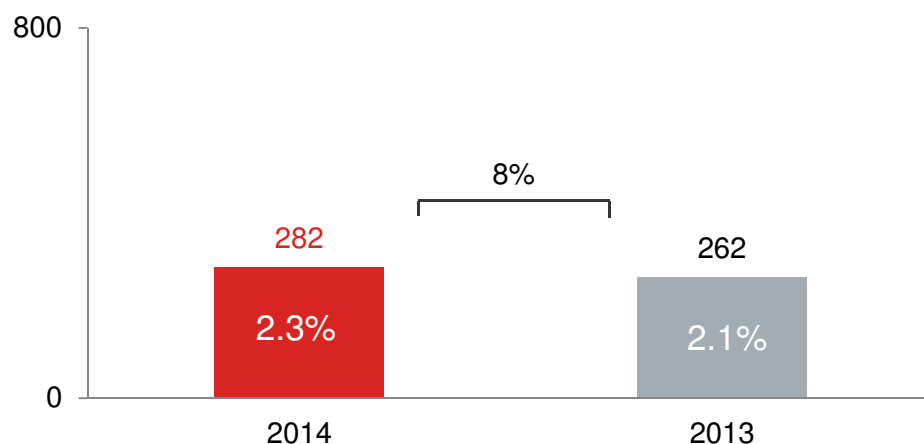
EBITDA AND EBIT INCREASED

EBITDA (€M) AND EBITDA MARGIN (%)



- Improved earnings in Poland and reduction of burdens in connection with a hydraulic engineering project in Sweden
- Hydraulic engineering in Germany, a Dutch transportation infrastructures project and the business activity in Sweden again weighed on earnings

EBIT (€M) AND EBIT MARGIN (%)

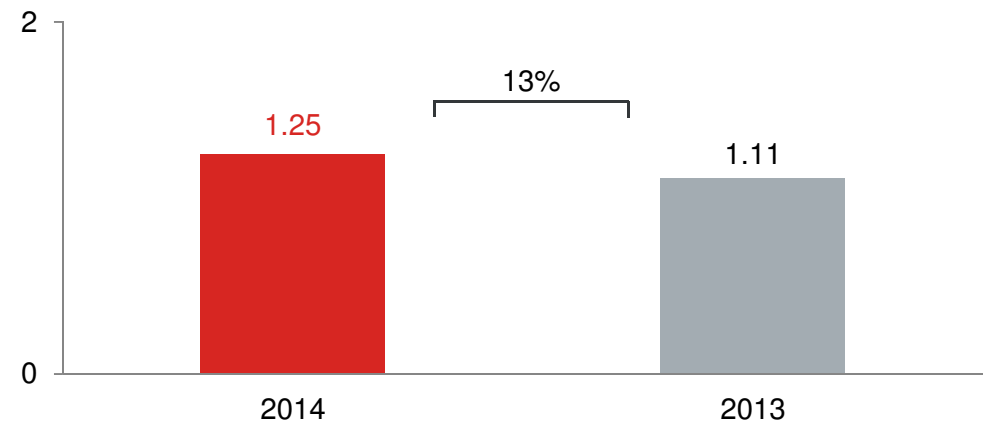
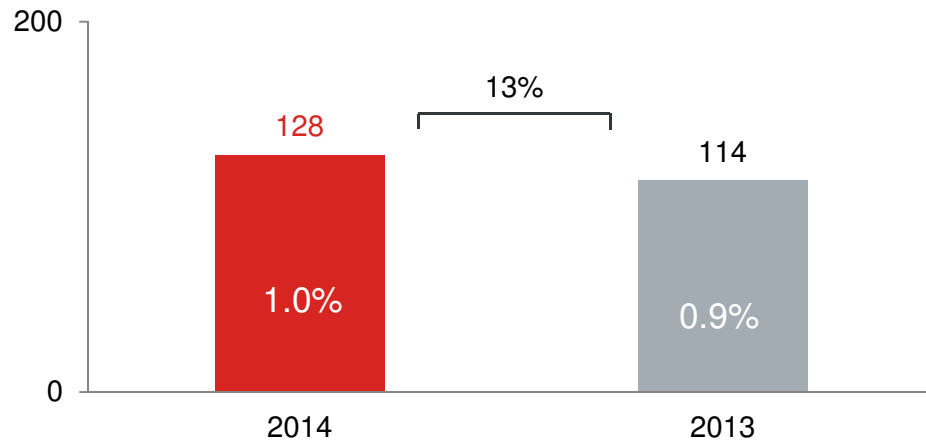


- Depreciation on property, plant and equipment characterised by:
 - Special equipment for the international business now being depreciated over just a few years of construction time
 - Equipment in hydraulic engineering

EARNINGS PER SHARE ROSE BY 13% TO € 1.25

NET INCOME A. MINORITIES (€M) & MARGIN (%)

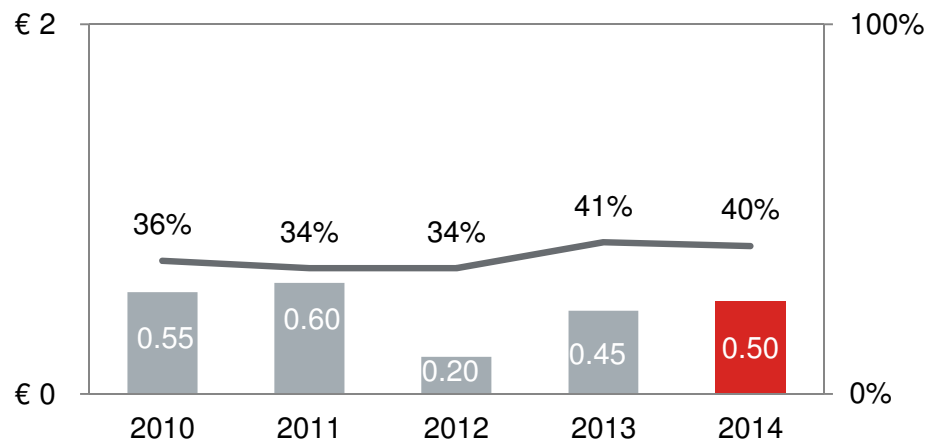
EARNINGS PER SHARE (€)



- Net interest income improved from € -32 m to € -26 m
- Unusually high income tax rate of 42.3% due to the lack of tax savings for losses in Sweden, the Netherlands or Portugal
- Earnings owed to minority shareholders € 20 m (2013: € 43 m)

11% HIGHER DIVIDEND PROPOSED

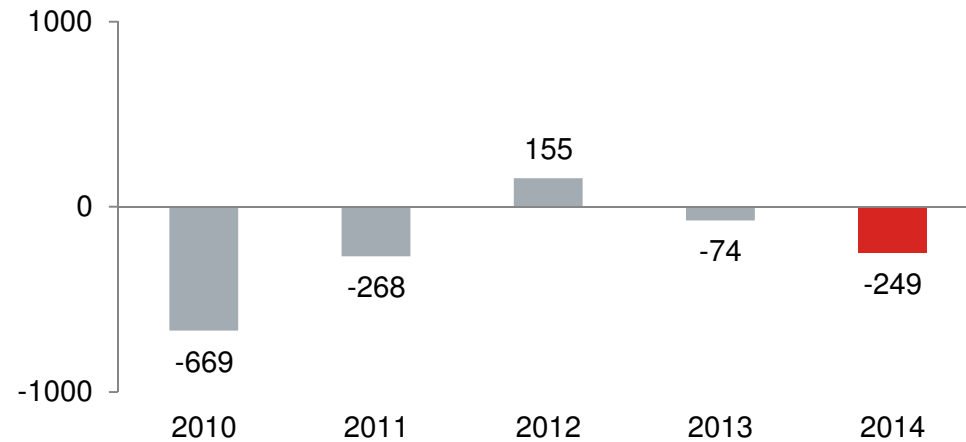
DIVIDEND (€) AND PAYOUT RATIO (%)



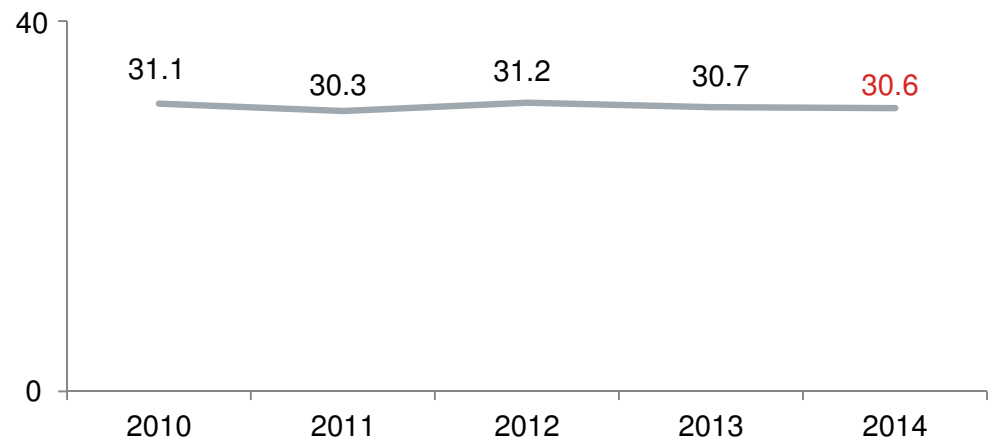
- Dividend per share of € 0.50 proposed (+11%)
- Payout ratio of 40% within predetermined payout range of 30–50% of net income after minorities

NET CASH INCREASED, HIGH EQUITY RATIO

NET DEBT (+)/NET CASH (-) (€M)



EQUITY RATIO (%)



- Equity ratio stable at a high level over the medium term at approx. 30%
- Net cash position increased – uncharacteristically high project-related prepayments at year-end

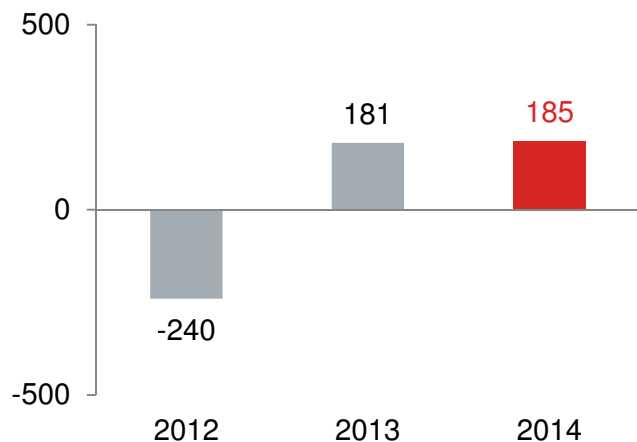
CASH AND CASH EQUIVALENTS RAISED FROM € 1.7 BN TO € 1.9 BN

(€m)	2014	Δ%	2013
Cash – beginning of period	1,685	25	1,351
Cash flow from earnings	620	21	513
Δ Working Capital	185	2	181
Cash flow from operating activities	805	16	694
Cash flow from investing activities	-435	-31	-332
Cash flow from financing activities	-142	-2,095	-6
Net change in cash	228	-36	355
FX changes	-16	13	-18
Change restricted cash	9	n.m.	-3
Cash – end of period	1,906	13	1,685

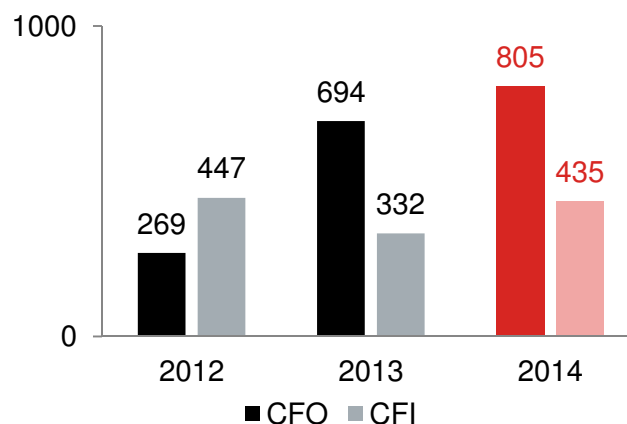
Rounding differences might occur.

FREE CASH FLOW OF € 370 M

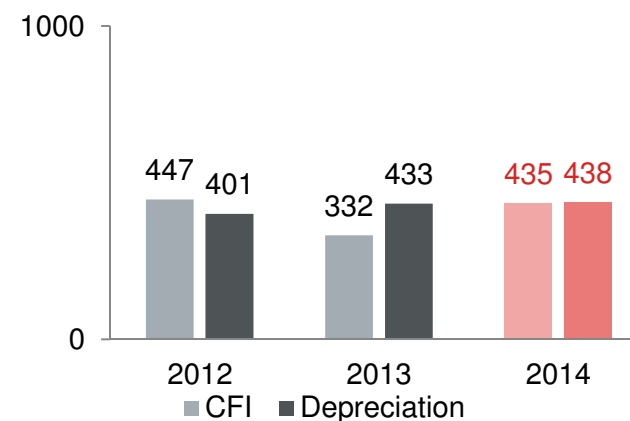
Δ WORKING CAPITAL (€M)



CFO VS. CFI (€M)



CFI VS. DEPRECIATION (€M)



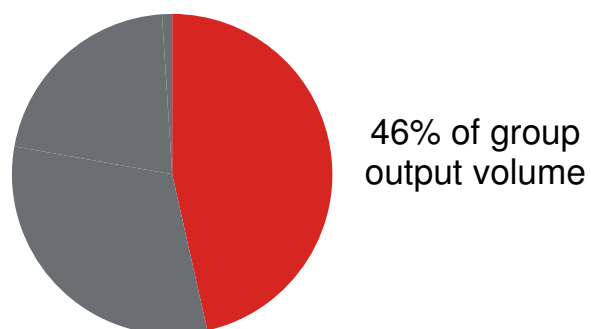
- FCF positive (CFO-CFI)
- Purchase of PP&E at € 346 m (2013: € 387 m), thereof ~ € 250 m maintenance CAPEX
- Expansion CAPEX due to special equipment in the international business
- 2014 depreciation includes goodwill impairment of € 29 m (2013: € 4 m)
- Depreciation approx. at level of CFI

NORTH + WEST: PRESSURE FROM LARGE PROJECTS

KEY INDICATORS

(€m)	2014	Δ%	2013
Output volume	6,292	5	6,021
Revenue	5,719	4	5,501
Order backlog	5,682	4	5,451
EBIT	29	-60	73
<i>EBIT margin %</i>	<i>0.5</i>		<i>1.3</i>
Employees	23,123	2	22,695

SHARE OF GROUP OUTPUT VOLUME



BC: building construction, TI: transportation infrastructures

COMMENTS

- Output volume grew despite the very restrained tender award policy on the part of the public authorities in transportation infrastructures in Germany
- EBIT lower by 60%: warranty claims in road construction, social security back payments in Portugal, impairments in Sweden, and financial burdens related to a hydraulic engineering project in Germany and a transportation infrastructures project in the Netherlands
- Order backlog higher thanks to Poland and Denmark:
 - Several transportation infrastructure projects and a production plant for Volkswagen commercial vehicles in Września, Poland
 - Metro Copenhagen, Denmark
 - Multi-use building Axeltorv, Copenhagen
- Outlook:
 - Output volume expected at more or less the same level
 - Germany: BC should continue to contribute positively, in TI no substantial investment boom in sight
 - Poland: further public investments expected

SOUTH + EAST: REORGANISATIONS PROVE SUCCESSFUL, BUT HIGH PRICE PRESSURE

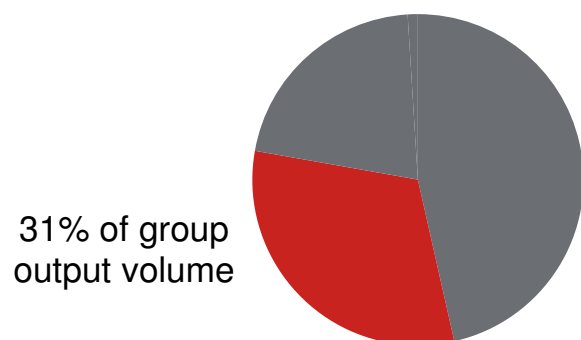
KEY INDICATORS

(€m)	2014	Δ%	2013
Output volume	4,171	-9	4,593
Revenue	3,997	-10	4,422
Order backlog	4,142	9	3,805
EBIT	169	22	138
EBIT margin %	4.2		3.1
Employees	18,769	-11	21,089

COMMENTS

- Output volume decreased due completion of large projects in Romania and Russia – new orders in the pipeline
- EBIT +22%: reorganisations in Hungary, Switzerland and Austria
- Order backlog higher by 9%: medium-sized orders in Slovakia and Romania
- Outlook:
 - Output volume increase to € 4.5 bn forecasted
 - Price situation in the CEE construction sector remains challenging
 - Austria: price competition intense, building construction in greater Vienna area stays positive
 - Only 2% of group output volume allotted to RANC⁽¹⁾ region

SHARE OF GROUP OUTPUT VOLUME



(1) Russia and Neighbouring Countries

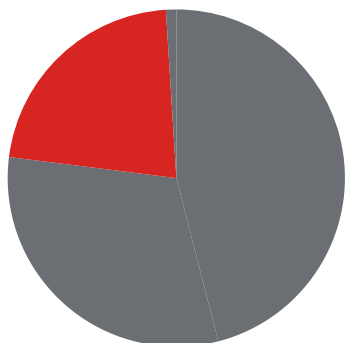
INTERNATIONAL + SPECIAL DIVISIONS: SATISFACTORY BUSINESS

KEY INDICATORS

(€m)	2014	Δ%	2013
Output volume	2,970	5	2,822
Revenue	2,738	12	2,445
Order backlog	4,571	9	4,202
EBIT	92	32	70
<i>EBIT margin %</i>	3.4		2.8
Employees	25,309	7	23,575

SHARE OF GROUP OUTPUT VOLUME

22% of group
output volume



COMMENTS

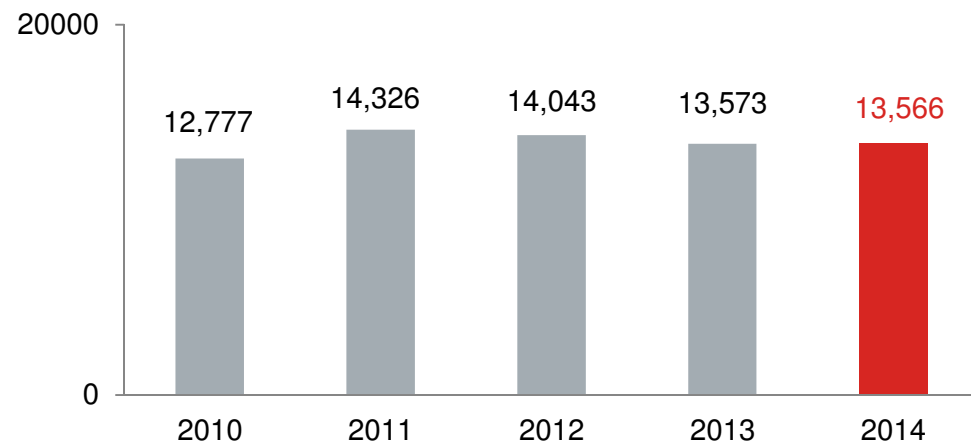
- EBIT characterised especially by positive effects stemming from the sale of an own real estate development project, but also write-offs on raw materials and goodwill impairments
- Order backlog grew by 9%:
 - Ulriken rail tunnel, Norway
 - Brenner Base Tunnel, Austria and Italy
- Acquisition of DIW Group
- Outlook:
 - Output volume should increase to € 3.2 bn
 - Extraordinarily low prices in tunnelling
 - Market for concession projects in Europe remains weak
 - Solid earnings contribution expected from property & facility services and real estate development
 - STRABAG diversifies more and more internationally

REVIEW: EARNINGS AND CASH FLOW IMPROVED

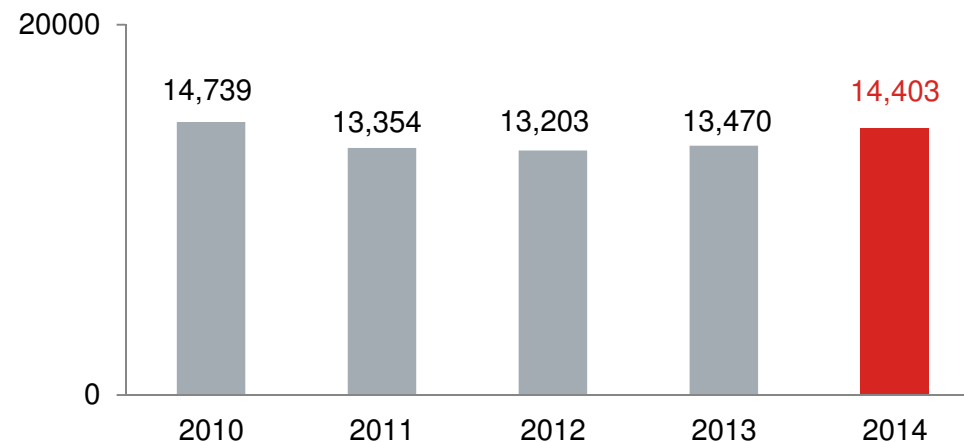
- **Output volume** stable at € 13.6 bn
- **Order backlog** of € 14.4. bn covers more than one year's planned output volume
- **Earnings** and **cash flow** improved
 - EBIT +8% to € 282 m
 - Earnings per share +13% to € 1.25
 - Cash flow from operating activities +16%
- **Dividend**: Increase of 11% to € 0.50 per share proposed
- **Financially strong group**
 - Net cash position increased (€ 249 m)
 - Equity ratio of nearly 31%

FLEXIBLE BUSINESS MODEL, SELECTIVE DIVERSITY: RESILIENCE OVER A VOLATILE PERIOD

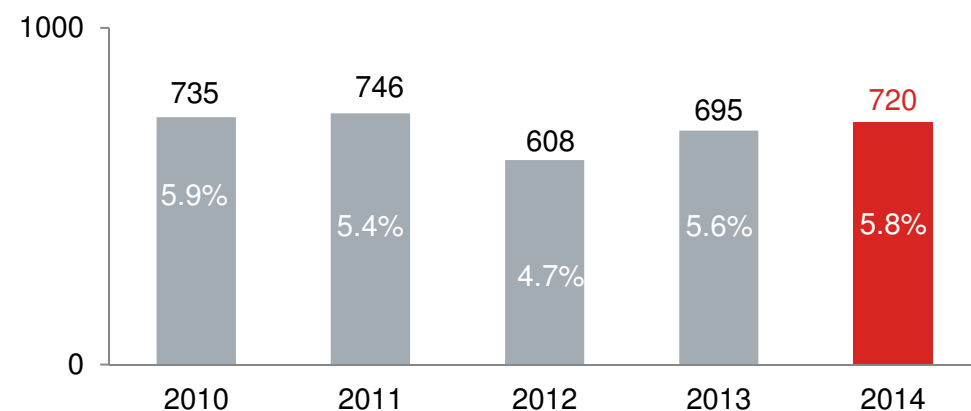
OUTPUT VOLUME (€M)



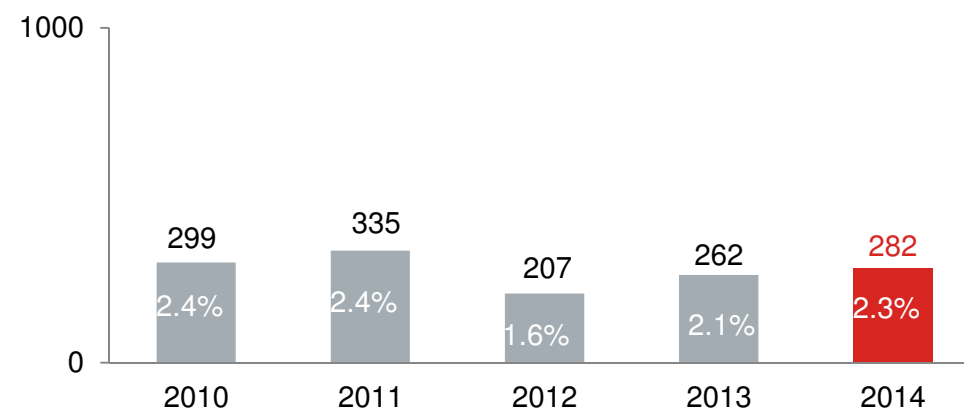
ORDER BACKLOG (€M)



EBITDA (€M) AND EBITDA MARGIN (%)



EBIT (€M) AND EBIT MARGIN (%)



2010 EBITDA and EBIT figures include a positive one-off of € 24.6 m and € 10.6 m, respectively.

OUTLOOK: TARGET OF 3% EBIT MARGIN AS FROM 2016 REITERATED

- Increase of **output volume 2015** to € 14.0 bn forecasted (2014: € 13.6 bn)
- **EBIT 2015** at least at € 300 m expected (2014: € 282 m)
- Target: raising **EBIT margin** gradually to 3% by 2016 (2014: 2.3%)
 - **Task Force** STRABAG 2013ff focused on raising cost awareness
 - Further improvements of the **risk management**
- Selective **diversification**: Raise the share of output volume outside Europe to $\geq 10\%$ by 2016

APPENDIX



EQUITY RATIO REMAINS HIGH AT 31%

ASSETS⁽¹⁾

(€m)	2014	2013
Intangible assets	536	502
PP&E & investment property	2,048	2,183
Associated companies	402	372
Other financial assets ²⁾	233	235
Concession receivables	729	780
Trade and other receivables ²⁾	281	127
Deferred taxes	278	217
Non-current assets	4,507	4,416
Inventories	849	1,105
Trade and other receivables	2,969	3,303
Concession receivables	27	25
Cash and cash equivalents	1,924	1,712
Current assets	5,769	6,145
Total assets	10,276	10,561

LIABILITIES AND EQUITY⁽¹⁾

(€m)	2014	2013
Share capital	114	114
Capital reserves	2,311	2,311
Retained earnings	459	492
Non-controlling interests	260	322
Equity	3,144	3,239
Provisions	1,122	995
Financial liabilities	1,177	1,354
Trade payables & other liab.	71	78
Deferred taxes	39	39
Non-current liabilities	2,409	2,466
Provisions	667	696
Financial liabilities	433	369
Trade payables	2,730	2,936
Other current liabilities	893	856
Current liabilities	4,723	4,856
Liabilities & equity	10,276	10,561

(1) Rounding differences might occur. (2) loans reclassified in 2013

GROUP INCOME STATEMENT 2014

(€m)	2014	2013	Δ%
Output volume	13,566.00	13,573.07	0
Revenue	12,475.67	12,394.15	1
Changes in inventories/own work capitalised	-25.66	42.49	n.m.
Other operating income	225.22	232.24	-3
Construction materials, consumables and services used	-8,163.26	-8,204.35	1
Personnel cost	-3,057.67	-2,998.65	-2
Other operating expenses	-791.36	-779.12	-2
Share of profit or loss of associates	40.28	9.11	342
Net income from investments	16.73	-0.96	n.m.
EBITDA	719.94	694.91	4

Δ% was calculated with original, not rounded figures → therefore, rounding differences might occur.

GROUP INCOME STATEMENT 2014 (CONT.)

(€m)	2014	2013	Δ%
EBITDA	719.94	694.91	4
<i>Margin (%)</i>	5.8	5.6	
Depreciation and amortisation	-437.98	-433.33	-1
EBIT	281.96	261.58	8
<i>Margin (%)</i>	2.3	2.1	
Net interest income	-26.20	-31.54	17
Income tax expense	-108.26	-73.78	-47
Net income	147.50	156.26	-6
Attributable to minority interest	19.53	42.70	-54
Attributable to equity holders of the parent	127.97	113.56	13
Earnings per share (€)	1.25	1.11	13

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