

INDIVIDUAL FINANCIAL STATEMENTS 2020

STRABAG
SOCIETAS EUROPAEA

INHALT

INDIVIDUAL FINANCIAL STATEMENTS 2020	1
INDIVIDUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020	3
Balance sheet as at 31 December 2020	3
Income statement for the 2020 financial year	5
NOTES TO THE 2020 FINANCIAL STATEMENTS OF STRABAG SE, VILLACH	6
I. Application of Austrian Business Enterprise Code	6
II. Accounting policies	6
III. Notes to the balance sheet	9
IV. Notes to the income statement	11
V. Additional disclosures	11
Statement of changes in non-current assets as of 31 December 2020	13
List of participations	15
Management and Supervisory Board	17
GROUP MANAGEMENT REPORT	18
Important events	18
Country report	24
Order Backlog	41
Financial performance	42
Financial position and cash flows	44
Capital expenditures	45
Financing/Treasury	46
Report on the financial performance, financial position and cash flows of STRABAG SE (Individual Financial Statement)	48
Segment report	50
Risk management	59
Research and development	65
Website Corporate Governance Report	67
Disclosures under Sec 243a Para 1 UGB	67
Related parties	68
Outlook	68
Events after the reporting period	69
AUDITOR'S REPORT	70

INDIVIDUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

Balance sheet as at 31 December 2020

Assets	31.12.2020	31.12.2019
	€	T€
A. Non-current assets:		
I. Tangible assets:		
Other facilities, furniture and fixtures and office equipment	1,006,858.78	1,026
II. Financial assets:		
1. Investments in subsidiaries	2,529,104,783.35	2,576,671
2. Investments in participation companies	24,697,168.37	24,551
3. Loans to participation companies	85,549,298.90	86,598
4. Other loans	22,358.35	22
	2,639,373,608.97	2,687,842
	2,640,380,467.75	2,688,867
B. Current assets:		
I. Accounts receivable and other assets:		
1. Trade receivables	36,473.90	31
2. Receivables from subsidiaries	708,227,057.88	714,680
<i>thereof with a remaining term more than one year</i>	<i>276,943,214.00</i>	<i>250,000</i>
3. Receivables from participation companies	7,412,357.59	7,266
<i>thereof with a remaining term more than one year</i>	<i>2,013,570.13</i>	<i>2,134</i>
4. Other receivables and assets	33,435,709.42	33,750
<i>thereof with a remaining term more than one year</i>	<i>24,699,333.34</i>	<i>24,993</i>
	749,111,598.79	755,727
II. Cash assets, including bank accounts	880,363.63	2,839
	749,991,962.42	758,566
C. Accrual and deferrals	21,357.00	176
D. Deferred tax assets	20,190,809.00	10,797
Total	3,410,584,596.17	3,458,407

Equity and liabilities	€	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	150,821,941.04	560,710
	150,894,613.87	560,783
IV. Reserves for own shares	7,400,000.00	7,400
V. Unappropriated net profit	707,940,000.00	121,000
<i>thereof profit brought forward</i>	28,660,000.00	9,620
	3,120,881,743.83	2,943,830
B. Provisions:		
1. Provisions for taxes	1,021,000.00	1,021
2. Other provisions	20,882,428.00	24,919
	21,903,428.00	25,940
C. Accounts payable		
1. Bonds	200,000,000.00	400,000
<i>thereof with a remaining term up to one year</i>	0.00	200,000
<i>thereof with a remaining term more than one year</i>	200,000,000.00	200,000
2. Trade payables	2,087,305.38	1,141
<i>thereof with a remaining term up to one year</i>	2,087,305.38	1,141
3. Payables to subsidiaries	60,929,629.58	23,723
<i>thereof with a remaining term up to one year</i>	60,929,629.58	23,723
4. Payables to participation companies	0.00	54,338
<i>thereof with a remaining term up to one year</i>	0.00	54,338
5. Other payables	4,782,489.38	9,436
<i>thereof taxes</i>	1,155,531.85	1,731
<i>thereof social security liabilities</i>	22,940.79	31
<i>thereof with a remaining term up to one year</i>	4,782,489.38	9,436
	267,799,424.34	488,638
<i>thereof with a remaining term up to one year</i>	67,799,424.34	288,638
<i>thereof with a remaining term more than one year</i>	200,000,000.00	200,000
Total	3,410,584,596.17	3,458,407

Income statement for the 2020 financial year

	2020 €	2019 T€
1. Revenue (Sales)	68,219,144.15	76,043
2. Other operating income	179,585.06	550
3. Cost of materials and services:		
a) Materials	-28,449.54	-48
b) Services	-17,611,960.84	-17,964
	-17,640,410.38	-18,011
4. Employee benefits expense:		
a) Salaries	-9,817,082.93	-9,400
b) Social expenditure	-621,424.15	-855
<i>thereof contributions to employee benefit plans</i>	-84,638.55	-118
<i>thereof social security contributions, as well as payroll-related and other mandatory contributions</i>	-489,193.41	-621
<i>thereof other social expenditure</i>	-47,592.19	-117
	-10,438,507.08	-10,256
5. Depreciation	-18,901.10	-30
6. Other operating expenses:		
a) Taxes other than those included in item 15	-58,831.31	-108
b) Miscellaneous	-23,805,278.29	-25,233
	-23,864,109.60	-25,341
7. Subtotal of items 1 through 6 (operating result)	16,436,801.05	22,955
8. Income from investments	306,888,447.89	145,182
<i>thereof from subsidiaries</i>	296,976,678.54	140,691
9. Other interest and similar income	14,945,032.21	20,114
<i>thereof from subsidiaries</i>	9,609,060.43	14,457
10. Income from disposal and write-up of financial assets and marketable securities	138,384.43	38,147
11. Expenses related to financial assets:		
a) Depreciation from subsidiaries	-42,809,505.87	-19,115
b) Other expenses from subsidiaries	-24,989,993.44	-749
c) Other	-900,000.00	-1,350
	-68,699,499.31	-21,214
12. Interest and similar income	-6,530,894.54	-12,564
13. Subtotal of item 8 through 12 (financial result)	246,741,470.68	169,664
14. Result before taxes	263,178,271.73	192,620
15. Taxes on income and gains	6,213,460.29	1,221
<i>thereof income tax</i>	-815,820.45	-2,270
<i>thereof tax allocation</i>	-2,364,263.26	-1,780
<i>thereof deferred tax income</i>	9,393,544.00	5,271
16. Income after taxes = net income for the year	269,391,732.02	193,841
17. Reversal of retained earnings (voluntary reserves)	409,888,267.98	0
18. Allocation to retained earnings (voluntary reserves)	0.00	-82,461
19. Profit for the period	679,280,000.00	111,380
20. Profit brought forward	28,660,000.00	9,620
21. Unappropriated net profit	707,940,000.00	121,000

NOTES TO THE 2020 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 2020 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".

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 2020 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.

Impact of the Covid-19 pandemic:

On 11 March 2020, the World Health Organisation (WHO) officially declared Covid-19 a pandemic. STRABAG's European core markets as well as many of its international markets were and are affected to varying degrees. In March 2020, regular

construction operations for all of the approximately 1,000 construction sites in the home market of Austria had to be suspended for around ten days. At the same time, construction activity continued in most other countries. The workflows were reorganized in line with the national regulations.

Due to the mostly small-scale and decentralized structures compared to other industries, the risk of simultaneous infection or quarantine of a critical portion of the workforce in the construction sector is relatively low. 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

Risks resulting from disruptions in the supply chain due to restrictions in the movement of goods, services and people could be partially cushioned by the high level of value added in raw materials within the group. The existing construction equipment, machinery and other vehicles benefit the group in this regard as well. The construction industry in general benefited here from a high domestic value-added factor.

In terms of demand, the group sees two effects in the medium term. Among private clients, a corresponding decline in investments is expected in heavily affected industries. Given the broad positioning and the importance of the public sector in the client structure, however, this should be compensated for by the economic stimulus packages announced by the national governments and the EU.

In the property and facility services segment, on the other hand, further declines are expected in real estate management and industrial services. The extent to which the coronavirus crisis will have a sustained impact on the real estate markets and thus on the real estate development business cannot be predicted with any certainty.

Overall, the construction sector has been only slightly affected by the Covid-19 pandemic. Based on the current business development and the order backlog, there is no threat to the company as a going concern.

It is assumed that the company will continue as a going concern.

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:

	from	Years	to
Other facilities, furniture and fixtures and office equipment	4		15

Low-value assets (individual cost up to € 800.00) 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 meantime.

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 is 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 (for the last time in the 2020 financial year).

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 € 0.00 (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 € 767,789.75 (previous year: T€ 1,366) 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:

	31.12.2020	31.12.2019
	€	T€
Property, plant and equipment	4,249.00	9
Financial assets	693,333.00	1,040
Remaining seventh from depreciation of participation	65,944,988.00	49,033
Provisions	11,330,000.00	16,866
Liabilities	2,790,667.00	3,549
Total	80,763,237.00	70,497
Resulting deferred taxes on 31.12. (25%)	20,190,809.00	17,624

The deferred taxes developed as follows:

	2020	2019
	€	T€
Balance on 1.1.	10,797,265.00	5,526
Distribution according to Sec 906 (34) UGB	6,827,200.00	6,827
Change in profit or loss	2,566,344.00	-1,556
Balance on 31.12.	20,190,809.00	10,797

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 € 3,613,159.79 (previous year: T€ 7,223) which will be cash effective after the balance sheet date.

CONTINGENT LIABILITIES

	31.12.2020	31.12.2019
	€	T€
Sureties/Guarantees	51,147,852.54	7,857
Declarations of patronage	4,350,540.00	18,465
Cash-Clearing Liabilities	1,238,657,650.62	0
Total	1,294,156,043.16	26,322
thereof with subsidiaries	1,263,601,637.93	26,322

In the 2020 financial year, the company issued an irrevocable, unconditional, unrestricted and unlimited warranty statement to secure any payment obligations of the cash pooling participants towards STRABAG BRVZ GmbH, Spittal an der Drau. The total amount of the obligations of the cash pooling participants towards STRABAG BRVZ GmbH as of 31 December 2020 is € 620,941,373.05.

In addition, the company issued a hard, unlimited declaration of patronage in the 2020 financial year to cover all obligations of STRABAG BRVZ GmbH, Spittal an der Drau, toward the participants from cash pooling. The obligations of STRABAG BRVZ GmbH from the cash pooling as of 31 December 2020 amount to € 617,716,277.57.

Furthermore performance bonds in the amount of € 676,144,167.19 (previous year: T€ 636,966) 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 € 7,237,375.92 (previous year: T€ 7,282) for the 2021 financial year. The sum of all obligations for the next five years is € 36,186,879.60 (previous year: T€ 36,409).

IV. Notes to the income statement

REVENUES (SALES)

	2020	2019
	€	T€
Domestic revenue	33,783,335.37	36,987
Foreign revenue	34,435,808.78	39,056
Total	68,219,144.15	76,043

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 salaries of the Management Board members in the 2020 financial year amounted to T€ 9,817 (previous year: T€ 8,269).

In the financial year, a member of the Management Board received an annual pension benefit of T€ 76 (previous year: T€ 0) from his previous activity in a group company.

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

No significant events occurred after the balance sheet date.

APPROPRIATION OF NET INCOME

The Management Board proposes to pay out a dividend in the amount of € 1.90 per share for the 2020 financial year.

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 2021 financial year.

The expenses for the auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, for the financial year amount to T€ 828 (previous year: T€ 755), of which T€ 63 (previous year: T€ 62) are for the audit of the financial statements, T€ 670 (previous year: T€ 629) for other audit services and T€ 95 (previous year: T€ 64) for miscellaneous services.

In addition, T€ 32 (previous year: T€ 14) were calculated for miscellaneous services to subsidiaries.

Villach, 8 April 2021

The Management Board

Dr. Thomas Birtel m.p.

Mag. Christian Harder m.p.

Klemens Haselsteiner m.p.

Dipl.-Ing. Dr. Peter Krammer m.p.

Dipl.-Ing. Siegfried Wanker m.p.

Dipl.-Ing. (FH) Alfred Watzl m.p.

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 2020

T€	Acquisition and production costs				Balance 31.12.2020
	Balance 01.01.2020	Additions	Transfers	Disposals	
I. Tangible assets:					
Other facilities, furniture and fixtures and office equipment	1,316,774.44	0,00	0.00	0.00	1,316,774.44
	1,316,774.44	0.00	0.00	0.00	1,316,774.44
II. Financial assets:					
1. Investments in subsidiaries	2,747,261,047.30	1,863,317.05	0.00	11,145,877.91	2,737,978,486.44
2. Investments in participation companies	37,181,400.96	264,000.00	0.00	279,620.31	37,165,780.65
3. Loans to participation companies	86,597,825.94	4,514,194.62	0.00	5,562,721.66	85,549,298.90
4. Other loans	21,798.99	559.36	0.00	0.00	22,358.35
	2,871,062,073.19	6,642,071.03	0.00	16,988,219.88	2,860,715,924.34
Total	2,872,378,847.63	6,642,071.03	0.00	16,988,219.88	2,862,032,698.78

Balance as at 01.01.2020	Additions	Accumulated depreciation			Disposals	Balance as at 31.12.2020	Carrying values	
		Reversal of impairment losses	Transfers				Carrying values 31.12.2020	Carrying values 31.12.2019
291,014.56	18,901.10	0.00	0.00	0.00	309,915.66	1,006,858.78	1,025,759.88	
291,014.56	18,901.10	0.00	0.00	0.00	309,915.66	1,006,858.78	1,025,759.88	
170,590,231.92	42,809,505.87	0.00	0.00	4,526,034.70	208,873,703.09	2,529,104,783.35	2,576,670,815.38	
12,630,108.87	0.00	0.00	0.00	161,496.59	12,468,612.28	24,697,168.37	24,551,292.09	
0.00	0.00	0.00	0.00	0.00	0.00	85,549,298.90	86,597,825.94	
0.00	0.00	0.00	0.00	0.00	0.00	22,358.35	21,798.99	
183,220,340.79	42,809,505.87	0.00	0.00	4,687,531.29	221,342,315.37	2,639,373,608.97	2,687,841,732.40	
183,511,355.35	42,828,406.97	0.00	0.00	4,687,531.29	221,652,231.03	2,640,380,467.75	2,688,867,492.28	

List of participations

(20.00 % interest minimum)	Interest	Equity/ negative equity ¹	Result of the financial year ²
Name and residence of the company: Investments in subsidiaries:	%	T€	T€
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH", Spittal an der Drau	100.00	10,520	2,013
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau	100.00	302,396	19,661
"Strabag Azerbaijan" Limited Liability Company, Baku	100.00	1,471	4,361
"Strabag" d.o.o. Podgorica, Podgorica	100.00	6,249	-508
Asphalt & Beton GmbH, Spittal an der Drau	100.00	7,829	848
Bau Holding Beteiligungs GmbH, Spittal an der Drau	65.00	1,239,946	45,623
BHG Sp. z o.o., Pruszkow	100.00	3,108	235
CML Construction Services AB, Stockholm	100.00	4	0
CML Construction Services, Antwerpen	100.00	60	38
CML Construction Services A/S, Trige	100.00	⁴	⁴
CML Construction Services d.o.o. Beograd, Belgrade	100.00	80	38
CML CONSTRUCTION SERVICES d.o.o., Zagreb	100.00	149	90
CML Construction Services GmbH, Cologne	100.00	414	281
CML Construction Services GmbH, Schlieren	100.00	114	19
CML Construction Services GmbH, Vienna	100.00	223	104
CML CONSTRUCTION SERVICES Sp. z o.o., Pruszkow	100.00	390	154
CML CONSTRUCTION SERVICE S.R.L., Bologna	100.00	12	2
CML CONSTRUCTION SERVICES s. r. o., Bratislava	100.00	128	31
CML CONSTRUCTION SERVICES s.r.o., Prague	100.00	88	33
CML Construction Services Zrt., Budapest	100.00	227	23
DC1 Immo GmbH, Vienna	100.00	16	-79
DRP, d.o.o., Ljubljana	100.00	-8,430	-3
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o., Bratislava-Ruzinov	100.00	7,705	329
Erste Nordsee-Offshore-Holding GmbH, Vienna	51.00	128	-482
KMG - KLIPLEV MOTORWAY GROUP A/S, Aarhus	100.00	1,962	369
Mazowieckie Asfalty Sp. z o.o., Pruszkow	100.00	-31 ³	-3 ³
Mikrobiologische Abfallbehandlungs GmbH, Schwadorf	51.00	400 ³	231 ³
Mineral Abbau GmbH, Spittal an der Drau	100.00	9,554	2,335
OOO "CML", Moscow	100.00	299	-29
PRZEDSIĘBIORSTWO ROBOT DROGOWYCH SPOLKA Z OGRANICZONA ODPOWI W LIKWIDACJI, Choszczno	100.00	⁴	⁴
SAT REABILITARE RECICLARE SRL, Cluj-Napoca	100.00	2,090	899
SAT SANIRANJE cesta d.o.o., Zagreb	100.00	412	360
SAT SLOVENSKO s.r.o., Bratislava	100.00	2,581	627
SF Bau vier GmbH, Vienna	100.00	8,284	8,332
STRABAG A/S, Aarhus	100.00	64	-58
STRABAG AG, Schlieren	100.00	-25,916	-32,685
STRABAG AG, Cologne	100.00	1,445,573	348,333
STRABAG Infrastruktur Development, Moscow	100.00	125	81
STRABAG Oy, Helsinki	100.00	111	-292
STRABAG Real Estate GmbH, Cologne	28.40	118,366	51,885
Strabag RS d.o.o., Banja Luka	100.00	-728	-29
STRABAG Sh.p.k., Tirana	100.00	⁴	⁴
STRABAG Silnice a.s., Prague	100.00	2,524	9
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna	94.00	4,531	1,243
TPA GmbH, Cologne	100.00	1,181	529
Zweite Nordsee-Offshore-Holding GmbH, Vienna	51.00	-8,926	-1,979

1 according to Parra 224 Sec 3 UGB

2 net income/loss of the year

3 Financial statements as of 31.12.2019

4 no statement according to Para 242 Sec 2 UGB

Name and residence of the company:	Interest	Equity/ negative equity¹	Result of the financial year²
	%	T€	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
Protteolith 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 Parra 224 Sec 3 UGB

2 net income/loss of the year

3 Financial statements as of 31.12.2019

4 no statement according to Para 242 Sec 2 UGB

Management and Supervisory Board

Management Board:

Dr. Thomas Birtel (CEO)

Mag. Christian Harder

Klemens Haselsteiner (since 1.1.2020)

Dipl.-Ing. Dr. Peter Kramer

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. Kotov (until 19.6.2020)

Ksenia Melnikova (since 19.6.2020)

Dipl.-Ing. Andreas Batke (works council)

Miroslav Cerveny (works council)

Magdolna P. Gyulainé (works council)

Georg Hinterschuster (works council)

Wolfgang Kreis (works council)

GROUP MANAGEMENT REPORT

Important events

JANUARY	<p>Metallica Stahl- und Fassadentechnik GmbH independent from 2020</p> <p>Starting in 2020, the façade construction entity of STRABAG AG, Austria, was strategically realigned as an independent subsidiary based in Vienna under the name Metallica Stahl- und Fassadentechnik GmbH. STRABAG Metallica has been the Austrian market leader in steel, aluminium and glass façade construction for several years. The entrepreneurial independence is the next step in the further specialisation and internationalisation of the façade construction business.</p>
FEBRUARY	<p>Road upgrade in Uganda for € 54 million</p> <p>STRABAG International has been awarded the contract to upgrade a 66 km road in Uganda. The contract foresees widening and paving the existing gravel road between the towns of Atiak and Laropi. Construction works will last for 30 months. The value of the contract is approx. € 54 million, with the project being co-financed by the European Development Fund.</p> <p>STRABAG lands € 72 million infrastructure project in Hungary</p> <p>The Hungarian subsidiary of STRABAG will build and modernise a 7.5 km bypass road in the city of Veszprém in western Hungary for the equivalent of € 72 million (HUF 25.333 billion). The work will be carried out in two phases: the first phase should be completed in December 2021, with phase two scheduled for completion in early 2023. In addition to strengthening the load-bearing capacity of the road, the modernisation efforts also aim at a widening to four lanes with a structural separation between the carriageways.</p>
MARCH	<p>Coronavirus pandemic: Austrian construction site activity temporarily suspended, warning system according to Sec 45a AMFG initiated and short-time working</p> <p>Following the 98th Directive of the Federal Minister of Social Affairs in accordance with Sec 2 of the federal law on provisional measures to prevent the spread of COVID-19 (Covid-19-Maßnahmengesetz), STRABAG halted on 18 March 2020 its regular construction operations in Austria. Approximately 1,000 construction sites were affected. As a precautionary measure, STRABAG activated the “early warning system” stipulated by Sec 45a AMFG (Labour Market Promotion Act) for both its blue-collar workers and its white-collar employees in Austria. Around ten days after STRABAG had announced the temporary halt of work on its construction sites in Austria, construction activity was gradually resumed. This move was made possible by a social partner agreement reached on construction related Covid-19 protective measures. The so called 8-point plan regulates minimum distances and safety measures in the event that minimum distances cannot be maintained. Other agreements included occupational hygiene and organisational measures such as staggering the work over time. On 20 March 2020, STRABAG applied for short-time work in its home market for three months, retrospectively on 1 March 2020, as an immediate response to the revision made to the federal short-time work directive (KUA-COVID-19).</p>

APRIL

Contract for the construction of the HS2 high-speed rail line in Britain

HS2, the planned high-speed rail line in Britain, will link London and Birmingham over a length of 225 km. A joint venture consisting of STRABAG with a share of 32 %, Skanska and Costain received the green light for Stage 2, the realisation of the two

Southern Lots S1 and S2 with a total length of just under 26 km, from the client High Speed Two (HS2) Ltd. The joint venture will complete design and construction for an estimated amount of approx. € 3.8 billion (GBP 3.3 billion).

STRABAG awarded bridge contract in Romania

STRABAG has been commissioned to build a 640 m cable-stayed bridge across the river Someş in the western Romanian city of Satu Mare. The contract, worth approx. € 30 million (RON 142 million), was signed in early April with representatives of the municipality and of STRABAG.



The cable-stayed bridge across the river Someş

International project financing for Bruck geothermal power plant

Silenos Energy Geothermie Garching a. d. Alz GmbH & Co. KG completed the project financing for the Bruck geothermal power plant. The joint subsidiary of STRABAG and RAG Austria AG won over an international banking consortium as lender for their German geothermal project. Société Générale of Luxembourg and Erste Bank Group of Vienna will

finance approximately 80 % of the total investment through a loan with a term of up to 20 years. The shareholders STRABAG and RAG continue to hold 50 % each in the company. The Bruck geothermal project will supply around 14,000 households in the region with renewable energy.

€ 220 million contract for ZÜBLIN and STRABAG in Germany

Rendering of the FAIR particle accelerator facility

ZÜBLIN and STRABAG will build the extended shell of the southern section of the FAIR particle accelerator facility. When it is completed, the Facility for Antiproton and Ion Research will be the world's only particle accelerator facility for cutting-edge research into the evolution of the universe and the structure of matter. FAIR will be able to produce matter in the laboratory that otherwise only occurs in the depths of space. The facility is being built at the GSI Helmholtzzentrum für Schwerionenforschung GmbH in Darmstadt, Germany. The partners behind the customer FAIR GmbH come from Germany, Finland, France, India, Poland, Romania, Russia, Slovenia and Sweden. The contract for the extended shell of the southern section of the facility has a value of € 220 million for ZÜBLIN and STRABAG. Completion is scheduled for summer 2023.

MAY

Focus on core business after sale of railway communications

Funkwerk AG Group took over the activities of the railway communications business of STRABAG Infrastructure & Safety Solutions GmbH (SISS), Vienna. SISS, a 100 % subsidiary of STRABAG AG, Vienna, specialises in technical infrastructure solutions as well as security and communication systems and generated annual revenues of around € 3 million in railway communication systems. The purchase

agreement comprises the approximately 20 employees working in this business field as well as the total assets assigned to the railway communications business, all products and product rights, and the existing order backlog. The parties to the transaction agreed not to disclose the purchase price.

JUNE

Follow-up contract for A3 motorway in Romania

STRABAG has been commissioned to build another section of the A3 motorway in Romania. The order for the 4.5 km motorway section from Ungheni to Târgu Mureş also includes a 4.7 km long, four-lane spur route. Construction works are scheduled to last

for 18 months. The contract worth around € 40 million (RON 192 million) was awarded to STRABAG by CNAIR, the Romanian motorway company.

Out-of-court settlement over North-South Cologne Stadtbahn

The City of Cologne, Kölner Verkehrs-Betriebe (KVB) and the consortium Nord-Süd-Stadtbahn Köln Los Süd, in which the STRABAG subsidiary Ed. Züblin AG has a one-third stake, have agreed on an out-of-court settlement of the civil lawsuits over the collapse of the Historical Archive of the City of Cologne on 3 March 2009. All claims will be settled by payment of a total of € 600 million by the consortium.

Under the settlement agreement, the consortium has also agreed to carry out, at its own expense, the refurbishment and extended completion of the structural shell of the track switching facility as well as the integration of a space for a future memorial. The STRABAG SE Group's proportionate share of the settlement amounted to € 200 million.

STRABAG Rail upgrading rail network in eastern Germany for Deutsche Bahn

STRABAG Rail will be leading a consortium with Hentschke Bau GmbH to upgrade the section between Zeithain and Leckwitz on the Leipzig-Dresden railway line for long-distance train service. The contract has a volume of around € 87 million. The approx. 10 km double-track section of rail is being

completely renovated and rebuilt as part of the ongoing upgrade of the Leipzig-Dresden railway line to a high-speed link. The project is scheduled for completion in the summer of 2025 after about five years of construction.

STRABAG widening Germany's longest motorway viaduct to eight lanes

Cologne-based STRABAG AG has been commissioned to widen the Hochstraße Elbmarsch (K20), a section of the A7 motorway, from three to four lanes in each direction. At 3.84 km in length, the elevated

motorway section is the longest road viaduct in Germany. The DEGES contract has a volume of more than € 200 million.

Another major contract from Deutsche Bahn

STRABAG Rail, working in a consortium with STRABAG AG, has been commissioned to upgrade the railway line between the Berlin/Brandenburg border and the Berlin outer ring for long-distance trains. The project also includes the connection of the Berlin Brandenburg Airport (BER) to the long-distance

network of Deutsche Bahn. The contract has a volume of around € 105 million. Construction started in August 2020, with completion of the main construction works scheduled for January 2025.

JULY

STRABAG consortium building Bulgarian railway line for more than € 200 million

STRABAG has been picked to participate in the largest railway project in Bulgaria in the past 50 years. Together with local consortium partner GP Group AD, the publicly listed Austrian construction group was awarded Lot 3 for the modernisation of the Elin Pelin-Kostenets railway line. The contract value amounts to around € 202 million (BGN 395 million), with STRABAG holding a 51 % share. The project,

being co-financed by the EU, comprises the detailed design of an 11.2 km railway line for passenger and freight traffic with operating speeds of up to 160 km/h. The consortium has also been entrusted with the construction of the line as well as eight tunnels with a total length of 5.5 km, viaducts, eleven bridges and the signalling infrastructure.

AUGUST

Federal Constitutional Court in Germany confirms parts of the complaint against German Offshore Wind Energy Act

On 20 August 2020, the German Federal Constitutional Court in Karlsruhe published a Senate resolution partially upholding a constitutional complaint against provisions contained in the German Offshore Wind Energy Act. STRABAG, through its respective project companies and together with eight other project sponsors, had submitted the constitutional complaint at the end of July 2017 to force a review of the new legal provisions for offshore wind energy that had come into force at the start of 2017. Specifically,

the Offshore Wind Energy Act had the unconstitutional retroactive effect of devaluing, without compensatory provisions, investments already made by the complainants. STRABAG will examine the court's decision in detail and wait to see how the German legislature will implement the measures mandated by the Federal Constitutional Court by the deadline set for 30 June 2021.

SEPTEMBER

Official contract start of A49 PPP motorway project in Hesse

STRABAG Infrastrukturprojekt GmbH, was awarded the contract for a large motorway project in Germany under a public-private partnership (PPP) model. Besides the construction of a 31 km long section of the A49 motorway between Schwalmstadt and the Ohmtal interchange in northern and central Hesse, the PPP project also includes the design and proportionate financing as well as the maintenance and operation of the motorway over a distance of nearly 62 km between the Fritzlar junction and the Ohmtal A5/A49 interchange. The client is the Federal Republic of Germany. The project company A 49 Autobahn-

gesellschaft mbH & Co. KG, specifically established for this purpose, is held equally (50:50) between STRABAG Infrastrukturprojekt GmbH and Meridiam Investments SAS. The PPP contract has a term of 30 years. KfW IPEX-Bank (Germany), the European Investment Bank (EIB), MEAG (Germany), KBC Bank NV, Niederlassung Deutschland, and ČSOB (Czech Republic) were brought on board to provide debt financing for the total investment sum of around € 1.3 billion.

Strengthening of market position in Czech railway construction with € 106 million order

STRABAG Rail strengthens its market position in the Czech Republic with the contract for the modernization of a 9.6 km long section of track with six level crossings from Dětmárovice to Petrovice u Karviné on the state border with Poland.

STRABAG is carrying out the € 106 million contract in a consortium with Czech construction company OHL ŽS a.s. The consortium is being led by STRABAG with a share of 66.5 %. Works have already started and will last 29 months.

Expansion of the water supply network in Ghana

STRABAG has begun work on the further expansion of the water supply network in the Volta region, around 160 km northeast of Ghana's capital of Accra. The project will provide another 89,000 people with access to clean drinking water. The contract is worth around € 11.5 million and is scheduled for completion by July 2022. The current contract is the

third phase in a series of projects that has been running since the autumn of 2012 with an overall contract value of around € 27.5 million for the design, delivery and construction of a functionally safe water supply system including a drinking water treatment plant and a distribution network that will benefit a total of 170,000 people.

Two major contracts for flood protection dams in Oman

The Ministry of Agriculture, Fisheries and Water Resources has commissioned the corporate subsidiary STRABAG OMAN LLC to build two flood protection dams in the capital region of Muscat. The contract

has a value of € 165 million. The construction works will take 32 months (Al Jifnain Dam) and 29 months (Al Jufainah Dam).

OCTOBER

€ 105 million contract for D55 motorway in Czech Republic

STRABAG was awarded the contract, in a consortium with Czech construction company EUROVIA CS, to build a new section of the D55 motorway in the Zlín Region. The contract is worth the equivalent

of around € 105.5 million (approx. CZK 2.85 billion), with STRABAG's share amounting to 50 % of the total. Works on the 8.4 km long Babice - Staré Město section will last 42 months.

STRABAG realises first hospital expansion project in Poland using BIM 5D®

STRABAG SE is setting a new milestone in the Polish market. A consortium consisting of its subsidiaries STRABAG Sp. z o.o. of Poland and Ed. Züblin AG is realising the first-ever expansion of a hospital using the BIM 5D® (Building Information Modelling)

method. The contract for the modernisation and expansion of the Bielański Hospital in Warsaw has a value of approx. € 27 million. Construction is scheduled to be completed by June 2023.

ZÜBLIN and BAM Deutschland consortium to deliver the new JVA Willich I

As general contractor, the joint venture of STRABAG subsidiary ZÜBLIN and BAM Deutschland AG is building the new Willich I prison. The contract was awarded by the client Bau- und Liegenschaftsbetrieb NRW, Münster and has a value in the low triple-digit-million euro range. The extensive project with a gross floor area of 63,661 m² includes the construction of two detention houses, a multipurpose building, a workshop building with a gym, a sports field, connecting corridors and a parking lot. The project will be constructed over a period of five years and is divided into two separate construction phases.



Design model

Completion is planned by the end of 2025.

New embassy building for the Republic of Poland in Berlin

The Polish subsidiary of STRABAG SE is constructing a new embassy building in the boulevard Unter den Linden in the centre of Berlin. The client for the approximately € 60 million project is the Public Treasury of the Republic of Poland - Embassy of the

Republic of Poland in the Federal Republic of Germany. The work is to be completed in the first quarter of 2023. The design, construction and subsequent operation of the new building is being realised using the BIM 5D® method.

STRABAG to upgrade an approx. 55 km long railway line in Hungary

The SR 2019 consortium, of which the Hungarian subsidiary STRABAG Rail Kft. holds a 45.34 % stake, has been executing the € 132 million contract from NIF, the Hungarian national infrastructure

development company, since October this year. The 55 km single-track section between Püspökladány and Biharkeresztes is scheduled to be completed by the end of 2022.

NOVEMBER

Railway construction contract in Slovakia

The Slovak subsidiary of STRABAG, along with consortium partners EUROVIA CS a.s., Subterra a.s. and AŽD Praha s.r.o., was awarded the contract to build the new Žilina-Teplička railway station and to modernise the infrastructure of one of the most important

Slovak railway junctions for a total of around € 323 million. The project is financed through EU structural funds, STRABAG's share amounts to 28 %. Work over the total length of 16.3 km is expected to last 48 months.

DECEMBER **New Sølund residential and retirement centre in Copenhagen**



The Danish subsidiary of STRABAG has signed a contract with the cooperative housing association Samvirkende Boligselskaber (SAB) for the turnkey construction of the new Sølund residential and retirement centre for approx. € 105 million. After completion of the building pit, ZÜBLIN will begin with the first phase of construction in the second half of 2021 and plans to complete all works in 2026. The project is based on a design by C.F. Møller Architects and Tredje Natur.

The new residential and retirement centre creates space for a diverse, multi-generational community.

STRABAG kicks off Prague's largest construction project

STRABAG has been awarded the contract for the first phase of construction of the largest building project in the history of Prague. As consortium leader (52 %), STRABAG, together with the Czech companies Aspira Construction (32 %) and Instalace Praha (16 %), will realise on 250,000 m² around 400 flats, 8,000 m² of office space and 6,300 m² of retail space in the Smíchov City urban development area. An impressive pedestrian boulevard 1 km long and 28 m wide will run through the new development. The contract has a value of around € 85 million (CZK 2.31 billion). Work is scheduled for completion by 2024.

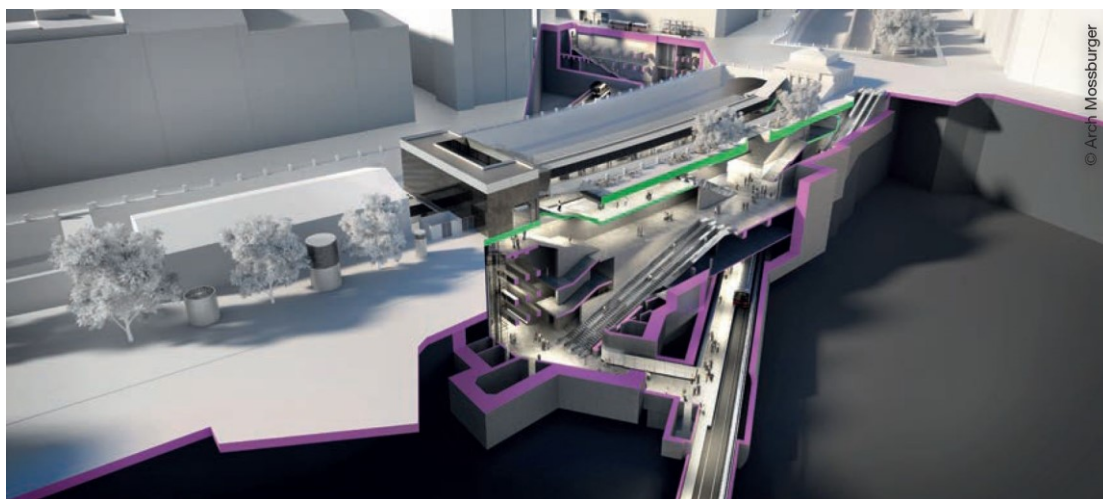


The first phase of construction of the Smíchov City urban development project comprises around 400 flats as well as of office and retail space.

Work on metro expansion in Vienna

A consortium of Austria's two largest construction companies, STRABAG and PORR, has won the tender for the first phase of the largest connected construction project of Wiener Linien, the Vienna public transport provider. A total of 7 km of tunnel will be driven and four new stations built as part of the

redirection of the U2 line. The contract value for the consortium - in which each party has 50 % - is around half a billion €. Construction is set to begin in February 2021 and will run until mid-2028.



Rendering of the U2 station Pilgramgasse (Source: City of Vienna data.wien.gv.at)

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.

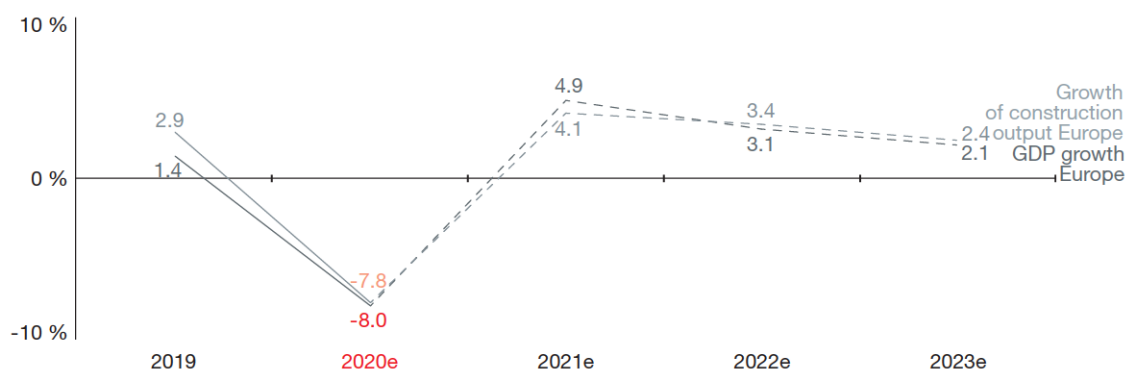
The STRABAG SE Group recorded a slightly smaller decline in output overall in the 2020 financial year than had been feared in the first half of the year. At € 15.4 billion, the output volume was 7 % below the level from 2019. A negative effect was exerted especially by the following factors: the loss of a key German account in Property & Facility Services resulting from an expired contract in mid-2019, the performance and completion of tunneling projects in Chile and, of course, the temporary suspension of construction activity due to the coronavirus crisis in Austria. Other important core markets, such as Poland and the Czech Republic, were able to record an increase in output volume due to uninterrupted construction site operations.

€ mln.	2020	% of total output volume 2020 ¹	2019	% of total output volume 2019 ¹	Change	
					▲ %	▲ absolute
Germany	7,323	47	7,819	47	-6	-496
Austria	2,460	16	2,679	16	-8	-219
Poland	1,183	8	1,129	7	5	54
Czech Republic	826	5	783	5	5	43
Hungary	671	4	848	5	-21	-177
Americas	494	3	714	4	-31	-220
Slovakia	297	2	369	2	-20	-72
Benelux	262	2	318	2	-17	-55
Romania	250	2	225	1	11	25
Great Britain	226	1	126	1	79	100
Switzerland	220	1	232	1	-5	-12
Croatia	172	1	152	1	13	20
Sweden	160	1	205	1	-22	-46
Rest of Europe	159	1	217	1	-27	-58
Serbia	158	1	148	1	7	10
Middle East	119	1	148	1	-20	-29
Asia	117	1	179	1	-35	-62
Denmark	76	0	99	1	-23	-23
Bulgaria	65	0	42	0	55	23
Slovenia	59	0	49	0	20	10
Russia	52	0	71	0	-27	-19
Italy	52	0	0	0	n.a.	52
Africa	46	0	66	0	-30	-20
Total	15,447	100	16,618	100	-7	-1,171

¹ Rounding differences are possible

GLOBAL DECLINE IN ECONOMIC GROWTH¹

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE



The global economy was shaken by the Covid-19 pandemic in 2020. After a brief recovery in the summer, the disease hit Europe with full force in the autumn. Renewed lockdowns were the result. The measures taken to contain the spread of the virus were accompanied by enormous economic costs. Closed workplaces, businesses, restaurants and hotels, along with travel restrictions, disrupted the supply chains and hindered trade. National and international demand weakened, leading to a decline in production. A further increase in unemployment as a result of business closures is to be expected.

Massive central bank interventions in response to financial market turmoil were able to improve investor confidence and helped to moderate the shock to the financial system. Most governments

launched aggressive stimulus packages to slow the economic downturn.

The International Monetary Fund (IMF) expects the global economy to shrink by 4.4 % in 2020. Assuming that Covid-19-related restrictions continue to be necessary and will only be phased out gradually, the IMF forecasts global economic growth of 5.2 % in 2021.

For the EU, the IMF envisions an even sharper downturn of 7.2 % in 2020, with growth of 4.7 % expected again in 2021. The gross domestic product of the 19 Euroconstruct countries is projected to fall by around 8 % in 2020. The national rates vary widely, ranging from -1.9 % to -12.5 %. Economic growth in the EC-19 region is anticipated to return to 4.9 % as early as 2021.

ABRUPT DOWNTURN IN CONSTRUCTION SECTOR, BUT RECOVERY TO START IN 2021

The construction industry in the 19 Euroconstruct countries shrank by 7.8 % in 2020, at a similar rate as the EU economy as a whole. As recently as June 2020, the experts at Euroconstruct were expecting a decline of 11.5 %, but this forecast was revised due to the recovery of key factors and the more positive general climate.

All sectors of the construction industry were affected by the Covid-19 crisis, with other building construction the hardest hit at -9.2 %, followed by residential construction with -8.6 % and civil engineering with -3.8 %. Among the “big five”

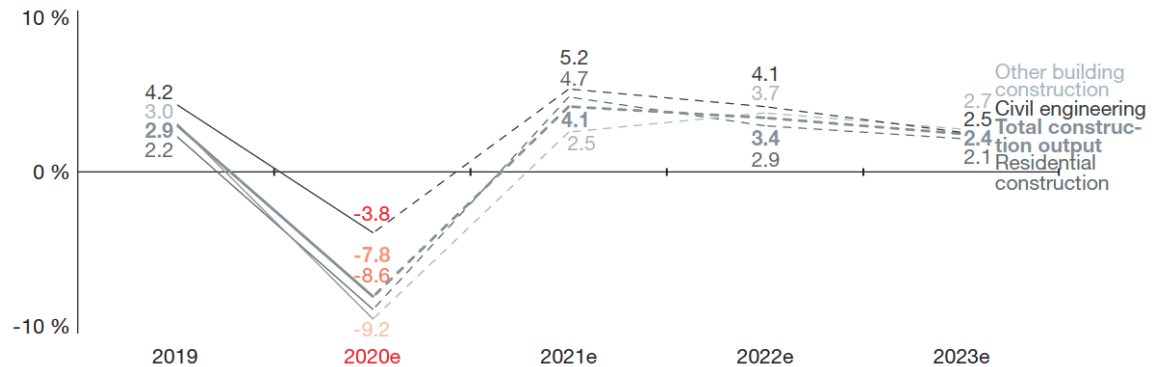
countries, Germany recorded the smallest slump at -1.6 %, while France, Italy, Spain and the UK suffered declines between 7 % and 20 %. Finland, Norway and Portugal managed to grow in 2020.

The development of the total construction output for the 19 Euroconstruct countries corresponds to a V-shape coming into 2021, with 2020 forming the lowest point and a recovery of +4.1 % expected to begin in 2021, depending on the still uncertain development of the Covid-19 pandemic. In 2023, construction output should exceed the 2019 level by 2 %.

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 2020 reports. The indicated market share data are based on the data from the year 2019.

CIVIL ENGINEERING AS THE DRIVING SECTOR AHEAD OF RESIDENTIAL CONSTRUCTION AND OTHER BUILDING CONSTRUCTION

GROWTH COMPARISON CONSTRUCTION SECTOR EUROPE



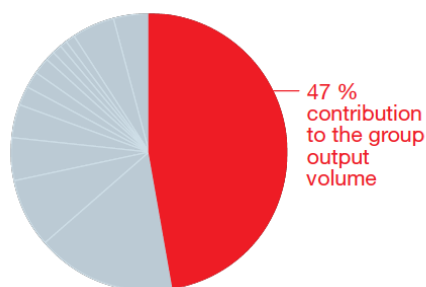
Residential construction, which at just under 50 % accounts for the largest share of the construction industry in the 19 Euroconstruct countries, generated € 734.2 billion in construction output in 2020 - 8.6 % lower than in the previous year. In absolute terms, Germany and France were again in the lead, followed by the UK and Italy. In terms of GDP, Finland, Germany, Denmark and Portugal achieved the highest output. Forecasts, which are subject to some uncertainty due to the impact of the Covid-19 pandemic, predict average growth of 3.2 % through 2023. Investments in residential construction are then expected to be 1 % higher than in 2019.

Other building construction, which accounts for around 30 % of the industry, declined by 9.2 % in 2020 with a construction output of € 490.4 billion. By country, Germany is the largest market for other building construction, followed by the UK and France. Growth was only seen in Finland and

Norway in 2020, with France, the UK and Ireland recording the biggest downturns. Euroconstruct forecasts a moderate recovery for this sector in 2021 with growth of 2.5 %, and +3.7 % and +2.7 %, respectively, for the following years.

Civil engineering generated construction output of € 341.5 billion in 2020, 3.8 % lower than the previous year's figure. This sector accounts for around 20 % of the European construction volume. The picture in 2020 was again highly mixed. While the Nordic countries, as well as Italy, Poland and Portugal, saw investment growth between 1 % and 7.6 %, France, Ireland and Hungary fell sharply behind. The forecast for the sector is more optimistic, predicting a growth rate of 5.2 % in 2021, 4.1 % in 2022 and 2.5 % in 2023. Substantial momentum is expected from investments in road and rail networks, including metro lines. Civil engineering will therefore be the driving sector of the European construction industry in the years to come.

GERMANY



Overall construction volume: € 372.5 billion
GDP growth: 2020e: -7.0 % / 2021e: 5.0 %
Construction growth: 2020e: -1.6 % / 2021e: -0.2 %

The German economy was impacted to a considerable extent by the consequences of the Covid-19 crisis, especially in the areas of private consumption, investment and foreign trade. Euroconstruct predicts a 7 % decline in GDP for 2020. The German government's stimulus package has helped stabilise the situation, but its overall impact remains limited. In addition to the corporate sector, the public sector also sees itself burdened by lower tax revenues and additional spending. Unemployment is also on the rise, at a rate that will not slow until 2022 at the earliest. Euroconstruct expects only a slow recovery of the German economy and a plus of 5 % in 2021. Not until 2022 is the GDP expected to again grow above the value of 2019, although only slightly.

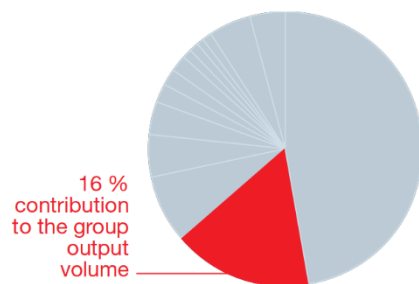
The German construction industry has weathered the crisis quite well so far. The 1.6 % decline in construction output in 2020 is largely due to weaker activity by companies as well as municipalities. For all sectors of the construction industry, an end to real growth is only expected in the medium term, regardless of short-term ups and downs due to Covid-19. In residential construction, the volume decreased only slightly by 0.8 %. This sector currently still benefits from low interest rates, the lack of investment alternatives, the strong income growth of recent years and the supply shortage. New construction will level off in the next few years and the renovation sector will stagnate, so that a slight increase of 1.8 % is still expected for 2021, followed by a decline of 0.2 % and 0.7 %, respectively, in 2022 and 2023.

Other building construction, which contracted by 3.4 % in 2020, is increasingly suffering from corporate reluctance to invest amid the Covid-19 crisis and economic uncertainty. In the medium term, however, the prospects for a slight increase are good, especially due to high demand for warehouses and in the education and healthcare sectors. Euroconstruct expects a minus of 4 % for 2021, followed by +1.2 % and +2.0 % for 2022 and 2023, respectively.

In civil engineering, the public sector dominates the field. While the federal government has been increasing its investments in 2020 and will continue to do so in 2021, the municipalities, which invest mainly in road construction and water supply, remain very cautious. Overall, the civil engineering volume declined by 1.5 % in 2020. A further reduction of 1.4 % is expected for 2021, with a plus of 1.5 % and 0.5 % forecast for the following years.

With a market share of 2.1 %, the STRABAG Group is the market leader in Germany. Its 14.5 % share of the German road construction sector is significantly higher than that of the market as a whole. With € 7,323.39 million, around 47 % of STRABAG's total group output volume was generated in Germany in 2020 (2019: 47 %). 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: € 43.8 billion
GDP growth: 2020e: -7.3 % / 2021e: 2.5 %
Construction growth: 2020e: -2.8 % / 2021e: 2.5 %

In 2020, the Covid-19 crisis led to the most severe slump in the Austrian economy since the Second World War. Economic and social life in the country was especially restricted by the rigorous lockdown of the second quarter. Several sectors, including tourism, were hit much harder than the construction industry. Following an easing of the government-imposed measures, the situation improved rapidly in practically all sectors of the economy in the summer, until a second lockdown in the autumn due to a dramatic increase in cases of infection resulted in a sharp drop in GDP of 7.3 %. The experts expect a return to growth of 2.5 % and 3.5 % in 2021 and 2022, respectively.

Although the Austrian construction industry had to shutter construction sites and abruptly slow down production in March 2020, the sector quickly recovered thanks to a good pre-crisis situation. Already in the summer, the volume approached nearly the same value as in previous years. Construction output in 2020 declined by only 2.8 % compared to 2019. Euroconstruct predicts growth of 2.5 % for 2021, followed by +2.1 % for 2022 and +1.8 % for 2023.

The main growth driver in recent years has been residential construction, supported by favourable financing costs. Covid-19-related bottlenecks led to a slightly negative result of -1.8 % in 2020. The next few years will be characterised by steady, though less dynamic growth. Despite a decline in building permits, government programmes for thermal refurbishments suggest stronger impulses ahead. Euroconstruct therefore predicts growth of 2.0 % for residential construction in 2021, with +1.8 % in 2022 and +2.1 % in 2023.

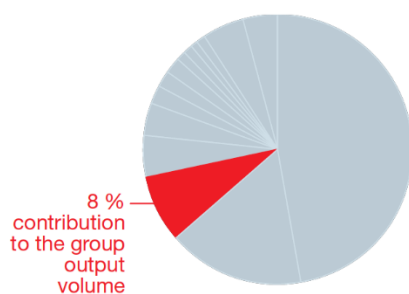
Other building construction experienced a downturn in 2020, which was exacerbated by the

pandemic. In the end, however, the decline was weaker than originally expected. Construction activity could be resumed earlier than anticipated, and the labour market and economic indicators improved rapidly. Growth in education construction was dampened by Covid-19 but will continue in the coming years. Positive impulses are also expected in the healthcare sector from the end of 2022 at the latest. Overall, construction output in other building construction decreased by 5.0 % in 2020, according to Euroconstruct. Strong growth of 3.5 % is assumed for 2021, with a plus of around 2.5 % for each of the following years.

Civil engineering, which had benefited from the expansion of transportation infrastructures in the past two years, also saw a drop in construction output. At 0.8 %, however, the decline was less than in the other sectors. Railway projects in particular had a stabilising effect, and the framework plan by Austrian railway company ÖBB foreshadows significant growth in the coming years as well. Other focal points include the expansion of the gigabit network and of renewable energy sources for power generation. Euroconstruct therefore expects an increase in the civil engineering volume of 1.7 % for 2021, with rates of +1.2 % and +0.5 % forecast for 2022 and 2023, respectively.

The STRABAG Group generated 16 % of the total group output volume in its home market of Austria in 2020 (2019: 16 %). Austria thus continues to be one of the group's top three markets along with Germany and Poland. The output reached a volume of € 2,459.84 million in 2020. With a share of 5.9 %, STRABAG is the number one on the Austrian market. In road construction, the market share stands at 39.3 %.

POLAND



Overall construction volume: € 55.3 billion
GDP growth: 2020e: -5.1 % / 2021e: 3.2 %
Construction growth: 2020e: -3.1 % / 2021e: 0.3 %

After 25 years of permanent growth, Poland's economy experienced its first significant slump in 2020 due to the Covid-19 pandemic. Following the restrictions in the first half of the year, the economy recovered in the third quarter - partially thanks to deliberate government measures - before tighter restrictions were again imposed in November. The 5.1 % decline in GDP is mainly due to lower household and corporate spending, limited economic activity and weaker foreign demand. Euroconstruct expects continued sharp declines in private consumption and investment, with the exception of the public sector. The experts forecast moderate growth to resume in 2021 with a plus of 3.2 %, to be continued in 2022 (+4.0 %) and 2023 (+3.5 %).

The Polish construction industry was also clearly impacted by the negative consequences of the Covid-19 crisis. Despite slight growth among infrastructure projects due to public investments, activity in residential, commercial and industrial construction declined. Overall, construction output decreased by 3.1 % in 2020. Euroconstruct predicts a slight recovery of +0.3 % in 2021, with solid growth rates of +3.0 % in both 2022 and 2023.

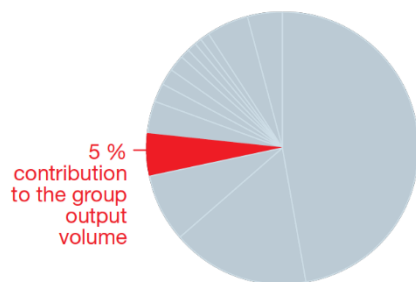
The residential construction sector in Poland has boomed in recent years, mainly due to the good economic situation, rising incomes and historically low interest rates. In 2020, market sentiment turned around as a result of the pandemic. Increasing uncertainty, rising inflation and lower household incomes dampened demand for houses and flats, resulting in a 4.4 % decline in construction volume. Euroconstruct expects a continued decline of 3.5 % in 2021, before slight increases of 1.0 % and 2.4 % in 2022 and 2023, respectively. The downward trend will be mitigated by the Polish government's Mieszkanie Plus (Apartment Plus) social housing programme.

Other building construction was hit hardest by the Covid-19 crisis. Demand for commercial buildings, restaurants, hotels and tourism and transport services decreased noticeably. On the other hand, increased demand for warehouses is anticipated due to the booming business in online retail. Spending in the healthcare sector is also expected to increase. After a significant decline in construction output of 7.0 % in 2020, Euroconstruct predicts a return to growth of 0.8 % and 4.9 % in 2021 and 2022, respectively, and an increase of 3.9 % in 2023.

After a very productive 2019, the Polish civil engineering sector continued to grow by 2.9 % in 2020, with the start and continued realisation of numerous long-term and new key infrastructure projects. Exceptional increases of almost 30 % were seen in bridge construction and tunnelling in the first three quarters, along with a boom in the construction of long-distance pipelines and railway networks. Rising public spending on infrastructure projects, especially multi-year government programmes for the construction and modernisation of transportation infrastructure, is driving the development of the Polish civil engineering sector. Euroconstruct therefore predicts growth of 2.6 % for 2021, which is expected to continue at rates of +2.5 % and +2.3 % in the following years.

As the number two in the construction sector in Poland, STRABAG realised a construction volume of € 1,183.36 million here in 2020, representing 8 % of the group's total output volume (2019: 7 %). Poland thus represents the third-largest market of the STRABAG Group. Its market share in the entire Polish construction market was 2.0 % and its share of road construction was 10.7 %.

CZECH REPUBLIC



Overall construction volume: € 22.8 billion
GDP growth: 2020e: -8.0 % / 2021e: 3.6 %
Construction growth: 2020e: -3.9 % / 2021e: -1.3 %

The Czech Republic was hit hard in 2020, and government restrictions in the wake of the Covid-19 crisis weakened or shut down parts of the economy. Federal aid programmes lacked a clear concept and often reached those affected late or not at all. As a result, Euroconstruct projects a GDP decline of 8 %. The coming years should see a return to slight growth, provided the epidemiological situation becomes stable. Nevertheless, the negative effects of rising unemployment and the economic impact on households and businesses will last quite a while longer. Euroconstruct expects GDP growth of 3.6 % in 2021, with 2.6 % and 2.1 %, respectively, in the following years.

The Czech construction industry recorded a decline of 3.9 % in 2020 as a result of the pandemic, though there were clear differences between the various sectors. While building construction, which is largely dependent on private investments, experienced heavier losses, public-sector investments for civil engineering projects remained largely stable. The biggest problems in the construction industry are the long duration of approval processes as well as the serious shortage of labour. A planned simplification with regard to building permits will only be felt from 2023 onwards. Euroconstruct forecasts a slight decline of 1.3 % for the Czech construction industry in 2021 and renewed growth of 1.9 % and 3.3 % for the following years.

In residential construction, there was little change in supply and demand in 2020, partly because real estate ownership is seen as a long-term investment opportunity. Problems arise from the shortage of supply in the central areas as well as slow construction procedures and continuously rising prices, resulting in a decline in volume of 3.4 % in 2020. In Prague, existing brownfield sites are now to be used specifically for the development of residential and office districts in the coming years.

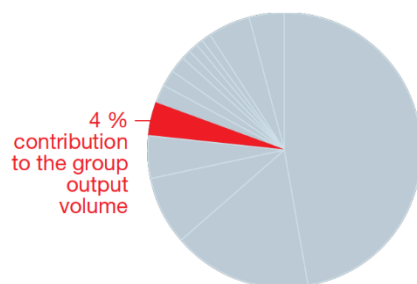
Against this backdrop, Euroconstruct predicts a slight decline of 1.4 % in residential construction in 2021, followed by growth of 0.9 % and 2.9 % in 2022 and 2023, respectively.

Other building construction has been hit hardest by the Covid-19 crisis. Retail was largely crippled by the second lockdown, government and businesses tried to maintain industrial production, and various private construction projects were postponed until at least 2021. Despite an increase in the number of projects and building sites, the investment costs for their implementation fell significantly in 2020. Overall, other building construction declined by 8.6 % in 2020. However, the number and volume of building permits issued in 2020 give hope for a rapid recovery. Accordingly, Euroconstruct expects another decline of 3.9 % for 2021, with growth of 3.1 % and 3.5 % for the following years.

The Czech civil engineering sector, with growth of 0.8 %, exhibited the best performance in 2020. The government, as the largest investor, is trying to strengthen the weakened economy by investing in transportation infrastructures. An increase in the funds earmarked for this purpose is planned for 2021 with the help of EU subsidies. As transportation infrastructure construction accounts for about two-thirds of the total civil engineering volume, Euroconstruct expects growth of 1.5 % in 2021, followed by 2.0 % in 2022 and 3.8 % in 2023.

STRABAG is the number two on the market in the Czech Republic. With an output volume of € 825.66 million in 2020, around 5 % of the group's total output (2019: 5 %) was generated in the country. The market share in the entire construction market is 3.3 % and in road construction even amounts to 16.1 %.

HUNGARY



Overall construction volume: € 15.6 billion

GDP growth: 2020e: -6.0 % / 2021e: 5.6 %

Construction growth: 2020e: -8.3 % / 2021e: -4.5 %

After dynamic growth in previous years, the Hungarian economy recorded a slump of -6.0 % in 2020, mainly due to the Covid-19 crisis. Private consumption declined and gross fixed capital formation fell by more than 10 %. According to Euroconstruct, however, these figures should recover in 2021, while inflation will remain low until 2022. The weak Hungarian forint (HUF) compared to the euro is also having a positive effect on the utilisation of EU funds. Euroconstruct therefore expects GDP to return to growth of 5.6 % in 2021, with 2019 levels (+5.1 %) to be reached again in 2022 and a plus of 4.2 % in 2023.

The Hungarian construction industry contracted by 8.3 % in 2020, with sharp declines in residential construction and civil engineering. However, a government stimulus package for residential construction, several national funds for civil engineering projects and the renewed allocation of EU funds will give the construction industry an important boost starting in 2021. According to Euroconstruct, production will fall by another 4.5 % in 2021 before significant increases of 6.2 % and 6.4 % in 2022 and 2023, respectively.

In residential construction, the number of building permits dropped drastically. Demand recovered at one point, but it again weakened significantly during the second phase of the Covid-19 restrictions. Access to housing loans became more difficult despite low interest rates in 2020, and the situation on the labour market remains tense. As a result, the volume of residential construction decreased by 13.5 % in 2020. Euroconstruct anticipates positive effects from the reintroduction of the low VAT rate for home purchases from 2021 as well as from measures at the EU level, as the European Recovery Plan is expected to generate a wave of renovations over the next ten years. Against this

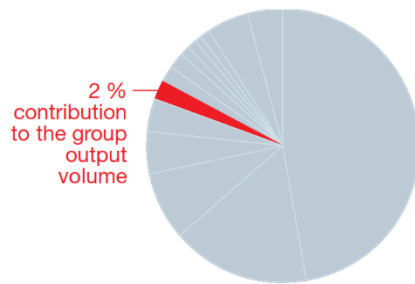
background, the experts expect a further decline in Hungarian residential construction of 4.1 % in 2021, followed by strong growth of 12.9 % and 10.9 % in 2022 and 2023, respectively.

After four very good years in other building construction, the number of new orders for both office and industrial buildings fell sharply in some areas in 2020. Additional impulses are expected from foreign producers who are settling in Hungary due to government incentives, however. Overall, output in other building construction remained almost at the same level in 2020, with a minus of 0.4 %. Euroconstruct sees growth potential above all in the area of renovation and modernisation. The forecasts predict another decline of 2.2 % for 2021, with a return to positive growth of 1.4 % and 0.9 % in 2022 and 2023, respectively.

Civil engineering suffered severe declines in 2020. Construction output fell by 13.2 %, with the volume of new projects dropping by 40 % in the first three quarters alone. In the medium term, Euroconstruct expects this sector to recover as well. The transition from one EU funding cycle to the next is being aided by national funds, and several mega-projects, two of which are being financed by a Chinese and by a Russian loan, respectively, are on the verge of implementation. While civil engineering output is still forecast to decline by 7.9 % in 2021, renewed strong growth of 7.7 % and of 9.9 % is expected in 2022 and 2023, respectively, partly due to the new EU funds.

The STRABAG Group generated € 670.97 million, or 4 % of its output, in Hungary in 2020 (2019: 5 %). This puts STRABAG in second place in the Hungarian construction market. Its share of the total market reached 5.0 %, that in road construction 23.6 %.

SLOVAKIA



Overall construction volume: € 5.0 billion
GDP growth: 2020e: -6.7 %/2021e: 5.5 %
Construction growth: 2020e: -9.5 %/2021e: 1.0 %

Slovakia's highly export-dependent economy was hit hard by the Covid-19 pandemic. Government restrictions weakened domestic and foreign demand and led to a significant economic downturn. Euroconstruct expects the GDP to decline by 6.7 % in 2020, with recovery and growth of 5.5 % predicted for 2021, followed by +2.4 % and +3.3 % in the following years.

The Slovak construction industry, which had already grown significantly less in 2019 than in the year before, was severely affected by Covid-19 and declined by 9.5 % in 2020. Reasons for this included the lack of foreign labour, problems with material procurement, and the quarantine regulations, but also reluctance on the part of private and public-sector clients. Euroconstruct expects a recovery and slight growth of 1.0 % in 2021, with an increase of 4.5 % and 2.7 % in the following years.

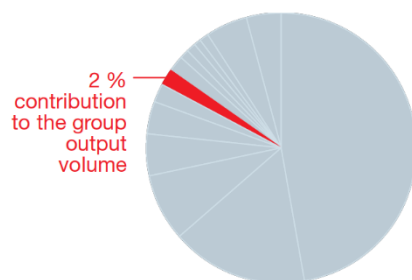
Residential construction, which had benefited significantly from low lending rates and increased demand in recent years, contracted by 12.8 % in 2020. The decline was expected, though the extent was exacerbated by the pandemic. In the medium term, Euroconstruct expects a significant recovery: after a decline of 2.8 % in 2021, the sector will return to growth of 5.1 % in 2022 and 8.1 % in 2023.

Other building construction was also strongly impacted by the Covid-19 fallout. Private investors, the most important client group, were hit hard by the restrictions, and the public sector re-examined already planned investments in education and the healthcare sector. Delays in construction and completion were the result, so that production in other building construction fell by 7.9 %. Euroconstruct expects an improvement of the situation in 2021 (-1.6 %) and predicts positive growth for the following years of 2.7 % and 3.9 %.

After painful losses in 2019 (-13.6 %), partially due to the end of EU subsidies, Slovakia's civil engineering sector recovered slightly in 2020 (-8.6 %). Large-scale transportation projects in particular are expected to lead to positive growth rates of 7.2 % and 6.1 % in 2021 and 2022, respectively, while a slight decline of 2.4 % is forecast for 2023.

With a market share of 6.8 % and an output volume of € 296.98 million in 2020, STRABAG is the market leader in Slovakia. In road construction, STRABAG's share is 13.1 %. In 2020, Slovakia contributed 2 % to the group's total output volume (2019: 2 %).

BENELUX (BELGIUM AND NETHERLANDS)

**BELGIUM**

Overall construction volume: € 43.9 billion
GDP growth: 2020e: -7.4 %/2021e: 6.5 %
Construction growth: 2020e: -7.1 %/2021e: 8.7 %

NETHERLANDS

Overall construction volume: € 84.3 billion
GDP growth: 2020e: -5.0 %/2021e: 3.5 %
Construction growth: 2020e: -2.2 %/2021e: -6.1 %

The Covid-19 pandemic also had a clearly negative impact on economic growth in Belgium and the Netherlands. Belgium was hit even harder due to the high number of infections in autumn 2020. A 7.4 % decrease in GDP is projected there for 2020, while the expected decrease in the Netherlands is 5.0 %. In both countries, government measures were able to mitigate the negative economic effects of the crisis. Economic growth is forecast

again for both countries as early as 2021 (Belgium: +6.5 %, Netherlands: +3.5 %).

The **Belgian construction industry** experienced a sharp decline of 7.1 % in the reporting period; however, a significant recovery is expected as early as 2021 (+8.7 %), with Euroconstruct forecasting growth of 3.2 % and 3.6 % in the following years. Of all three sectors, only civil engineering developed positively in 2020, with +2.1 %, mainly

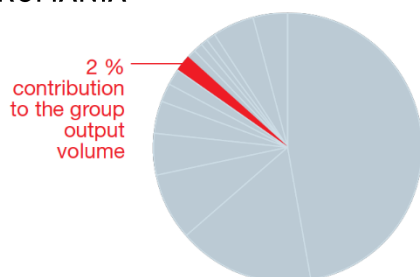
driven by large national infrastructure projects such as the expansion of the regional high-speed rail network. In 2021, civil engineering will undergo strong growth once more (+10.2 %), followed by weaker growth in 2022 and 2023 with +0.8 % and +4.5 %, respectively. Output in residential construction fell by 7.8 % in 2020, but 2021 will bring rapid recovery and growth of 9.8 %. In the following years, the increase will level off at a plus of around 4.5 %. The main drivers are public energy efficiency and renovation programmes, such as the Walloon Social Housing Renovation Programme. Other building construction, especially new construction, is proving to be the sector most affected by the Covid-19 crisis, despite some light-house projects (2020: -10.8 %.) Here, too, maintenance and renovation projects are expected to recover faster than new construction. Other building construction is expected to grow by 6.3 % in 2021, and by +2.5 % and +1.8 % in the following years.

In 2020, the **Dutch construction industry** suffered its first decline (-2.2 %) after five years of strong growth. A major contributing factor to this development was a new, very restrictive law passed by the Dutch government to limit NOx emissions in environmentally sensitive regions of the densely populated country. This initially led to a halt in building permits, which, as well as the subsequent strict environmental requirements for construction projects, had a negative impact on construction output. The Covid-19 crisis brought further burdens, mainly due to a sudden shortage of labour

and the decision by companies and households to postpone or refrain from major expenditures. Euroconstruct continues to expect significant negative effects on the construction industry in 2021, with a decline of 6.1 %, before a significant upturn in 2022 and 2023 with +4.6 % and +5.7 %, respectively. The impact of the pandemic on residential construction was mitigated by government measures to combat unemployment, by the low interest rates, and by the large gap between supply and demand. Nevertheless, the volume of residential construction declined by 3.1 % in the reporting period. This trend will intensify in 2021 (-5.4 %). A clear upward trend is not expected until 2022 (+5.7 %) and even more clearly in 2023 (+8.0 %). In other building construction, construction output fell in all areas with the exception of healthcare, decreasing by 2.9 %. The downturn will intensify in 2021 (-7.6 %) before the curve turns upwards again in the following years with +4.7 % and +5.6 %, respectively. Dutch civil engineering remained stable in the reporting period, with a slight increase of 0.2 %, but will fall by -5.6 % in 2021, partially due to the expected sharp decline in road construction. Euroconstruct expects a slight increase of 2.6 % and 2.1 % in the following years.

STRABAG achieved an output volume of € 261.85 million in the Benelux countries in 2020. This corresponds to a 2 % share of the group output volume (2019: 2 %).

ROMANIA



Overall construction volume: € 21.5 billion
GDP growth: 2020e: -5.2 % / 2021e: 3.3 %
Construction growth: 2020e: 3.8 % / 2021e: -2.0 %

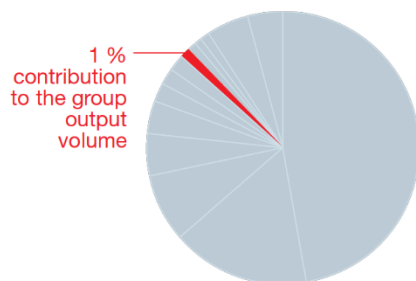
The Romanian economy felt a clear negative impact of the Covid-19 pandemic in 2020, leading to a 5.2 % decline in GDP. Private consumption plummeted by 8.8 % and industrial production by 10.9%. Public countermeasures resulted in higher public debt. Accordingly, the GDP forecasts for 2021 and 2022 are moderate (+3.3 % and +3.8 %, respectively).

Contrary to the general economic trend, the Romanian construction industry reported positive growth of 3.8 %. While EECFA expects a minus of 2.0 % for 2021, growth of 2.8 % should be achieved again in 2022. Residential construction proved resilient to the pandemic-induced

recession in 2020 with a 2.5 % increase. Thanks to rising wages and low lending rates, many residential projects were under construction in 2020, with 9 % more properties completed in the first half of the year alone than in the same period of the previous year. For 2021, however, a decline of 5.9 % is expected due to the pandemic. In 2022, residential construction should recover slightly with an increase of 0.6 % and then grow again. The development will be fuelled by the continuing low interest rates on loans, the general economic improvement and the state-funded O Familie, O Casă (One Family, One House) programme.

After a very successful year in 2019, other building construction was able to maintain its level in 2020 with a growth rate of +0.4 %. The previously booming office construction segment stagnated at +0.3 % in 2020 and will slump significantly in 2021, partly as a result of the trend towards working from home. The market for hotel construction will probably not recover until 2022 due to ongoing travel restrictions, while healthcare and education facilities promise high growth rates. Against this background, EECFA expects a decline of 2.7 % in other building construction in 2021 and an increase of 3.1 % in 2022.

SWITZERLAND



The Swiss economy experienced ups and downs during the reporting period. After a significant decline in the first half of the year due to Covid-19, a recovery set in during the third quarter. The sharp increase in the number of infected persons in autumn, combined with new national and cantonal restrictions, increased the economic pressure once more. Euroconstruct therefore expects a GDP decline of 3.6 % for 2020, perhaps even 4.9 % if the pandemic situation deteriorates further. With few exceptions, all sectors of the economy are affected. Private consumption fell by 4.0 %, though an impact on the labour market will not be felt until 2021. By then, the Swiss economy should return to moderate growth of 3.2 %, with 2.4 % and 1.5 % in the following years.

The Swiss construction industry was able to partially recover from the effects of the Covid-19 crisis in the second half of 2020, but still declined by 2.0 % in the reporting period. Even without the pandemic, there would have been a slowdown in the sector, mainly due to the relatively low residential construction activity. Covid-19 is now also inhibiting commercial construction. Accordingly, the future outlook is subdued. Euroconstruct expects a slight increase of 0.6 % in 2021 and +0.4 % and +0.5 % in the following two years.

Even before the outbreak of the pandemic, the housing market in Switzerland was largely saturated. Now, ongoing uncertainty and job worries,

Romania's civil engineering sector grew strongly in 2020, with an increase of 8.8 %, and will continue to grow significantly in 2021 and 2022 at rates of 3.5 % and 4.9 % respectively. The sector, which was the least affected by the Covid-19 crisis, is mainly financed by the state and the EU. Even as public debt rises, the government plans to continue investing in infrastructure - supported by EU funding - to boost economic recovery.

With an output volume of € 250.18 million in 2020 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 4.0 %.

Overall construction volume: € 61.7 billion
GDP growth: 2020e: -3.6 % / 2021e: 3.2 %
Construction growth: 2020e: -2.0 % / 2021e: 0.6 %

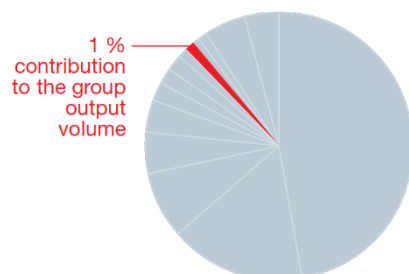
combined with lower disposable incomes, are further weakening demand. The vacancy rate also rose sharply in 2020. Financing conditions remained attractive and new building permits were largely issued as well. Nevertheless, residential construction remained the weakest sector of the Swiss construction industry in 2020, with a minus of 3.4 %. For the following years, Euroconstruct expects stagnation with values of -0.2 % (2021), +0.1 % (2022) and -0.0 % (2023).

A slight decline (0.9 %) was recorded in other building construction. Not only investments in hotels, restaurants and commercial real estate were affected by the Covid-19 crisis, a structural change is also expected in office construction. There is still no political solution to support affected companies, at least not on a national level. In 2020, the largest construction project in Switzerland, The Circle at Zurich Airport, was finalised, and extensive construction projects by pharmaceutical and biotechnology companies as well as educational construction projects are currently underway. Other building construction will recover slightly with +0.9 % in 2021, stagnate at +0.3 % in 2022 and +0.6 % in 2023.

Civil engineering is proving to be quite resilient. After a decline of 0.8 % in the reporting year, slight increases of 1.6 %, 1.1 % and 1.3 % are expected for the following years. The two infrastructure funds of the Swiss government - for the railway

and the road network - are an important stabiliser. In 2020, Switzerland contributed € 219.69 million, or 1 % (2019: 1 %), to the total output volume of the STRABAG Group.

SWEDEN



Overall construction volume: € 45.1 billion
GDP growth: 2020e: -3.4 % / 2021e: 3.6 %
Construction growth: 2020e: -0.4 % / 2021e: -0.1 %

The Swedish economy, like the rest of Europe, was hit hard by the Covid-19 pandemic in 2020. Above all, private consumption and exports, which are very important for Sweden, declined significantly. The Swedish government and the country's central bank, Riksbank, were able to contain the effects of the crisis through targeted measures, so that the GDP fell less than originally expected, by 3.4 %, in the reporting period. Industry recovered relatively quickly, but the expected rise in unemployment in 2021 could have a negative impact on the overall economy. Euroconstruct forecasts GDP growth of 3.6 % in 2021, followed by +3.3 % in 2022 and +1.9 % in 2023.

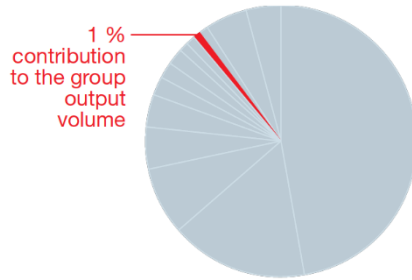
The impact of the pandemic on the Swedish construction industry varied but was only slight overall. Thanks to the less rigid restrictions compared to other European countries, construction companies reported virtually unchanged production rates. Ongoing projects also remained relatively unaffected by Covid-19, although some new projects were postponed or halted. After an already slight decline in construction volume in the previous year, the construction industry was able to approximately maintain its level in 2020 with a minus of 0.4 %. Production will also remain stable in 2021 (-0.1 %) and 2022 (+0.1 %). For 2023, Euroconstruct expects a slight increase of 1.8 %.

After two years of sharp declines, residential construction recorded a smaller decrease in 2020 (-2.4 %). Following a further decline in 2021 by the same amount, Euroconstruct forecasts a return to positive growth rates in 2022 and 2023 (+0.4 % and +2.8 %, respectively). The Covid-19-related restraint on the part of private individuals and the public sector also reduced investments in other building construction. This affected industrial buildings, retail space, hotels and restaurants, but also the healthcare and education sectors. Following the positive growth in previous years, the sector declined by 4.6 % in 2020. Euroconstruct does not expect a turnaround until 2023 (+3.0 %), while a minus of 0.8 % and 1.0 % is forecast for 2021 and 2022, respectively.

The Swedish civil engineering sector continued to grow strongly with an increase of 6.4 %. Public investments in rail infrastructure and public transport, such as the expansion of the Stockholm metro, as well as wind and hydropower projects, provided important impulses here, some of which point beyond the reporting year. Euroconstruct therefore expects growth to remain solid at 3.1 % in 2021, before weakening significantly to +1.0 % in 2022 and stagnating at -0.2 % in 2023.

The output volume of the STRABAG Group in Sweden amounted to € 160.10 million in 2020.

CROATIA



As a country heavily dependent on tourism, Croatia was particularly hard hit by the consequences of the Covid-19 crisis in 2020. Private consumption, investments, and the export of goods and services declined massively in 2020. As a result, the GDP plummeted by 9.6 % after several years of strong growth. After an initial containment of the virus in the spring, Covid-19 infection numbers rose rapidly in the autumn, leading to a second lockdown. At the same time, the state lacked the resources to adequately sustain the economy. Delays in adopting the EU budget, a necessary prerequisite to release much-needed EU funds, exacerbated the situation. For 2021 and 2022, EECFA predicts a significant recovery of GDP with a plus of 5.7 % and 3.7 %, respectively.

Besides the Covid-19 pandemic, the Zagreb earthquake in March 2020 also had a lasting impact on the Croatian construction industry. The reconstruction in Zagreb has been estimated to cost between € 5 billion and € 12 billion, depending on the standard required, and will take at least seven years. The pandemic has had a different impact on the various sectors of the construction industry. Overall, construction output remained stable at +0.1 % in 2020 and is expected to increase significantly again in 2021 and 2022 (+5.3 % and +3.2 %, respectively). Residential construction is proving to

Overall construction volume: € 4.5 billion
GDP growth: 2020e: -9.6 % / 2021e: 5.7 %
Construction growth: 2020e: 0.1 % / 2021e: 5.3 %

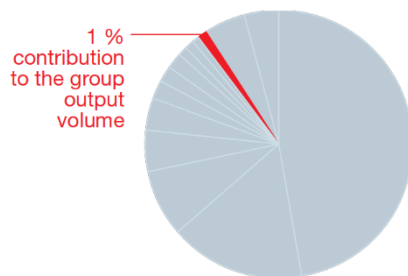
be relatively robust, despite the fact that the restrictions during the first lockdown led to a decline of 3.8 %. EECFA sees growth of 3.5 % in 2021 and 5.3 % in 2022.

The effects of the pandemic were much more pronounced in other building construction, with a decline of 8.2 % in 2020. Hotels, office buildings and retail properties were particularly negatively affected, industrial and warehouse construction to a slightly lesser extent. Buildings in the healthcare and education sectors, on the other hand, continue to be in strong demand. Other building construction should remain largely stable at +0.4 % in 2021 with modest growth of 2.4 % expected in 2022.

The main drivers for the remarkable 11.8 % increase in civil engineering in 2020 were pipelines, communications and power lines, with numerous water and gas projects as well as transportation infrastructure projects. EECFA expects renewed strong growth of 10.6 % for civil engineering in 2021 before flattening out again in 2022 (+1.9 %).

The STRABAG Group generated € 171.77 million in the Croatian market in 2020. It is the country's largest market participant.

SERBIA



Overall construction volume: € 3.6 billion
GDP growth: 2020e: -1.0 % / 2021e: 6.1 %
Construction growth: 2020e: -10.4 % / 2021e: 2.5 %

The positive development of the Serbian economy in previous years was slowed by the pandemic in 2020. After the slight GDP decline of 1.0 %, however, a rapid upswing is forecast for the following years (2021: +6.1 %, 2022: +5.5 %). The Serbian construction industry, which boomed in 2018 and 2019, performed well under the given circumstances in 2020 despite the significant drop of 10.4 %. The main reason for the decline is the fact

that several large-volume civil engineering projects were completed in 2020.

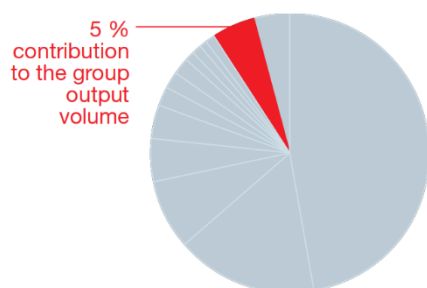
Residential construction proved strong and resilient once again in 2020, gaining 4.9 %, with apartment complexes and single-family homes especially in demand. EECFA expects the sector to grow more moderately at 1.3 % in 2021, before declining in 2022 (-3.9 %) after seven years of

uninterrupted growth. Other building construction increased by only 1.1 % in 2020 after high growth rates in previous years. A decline of 4.4 % is expected in 2021, followed by a significant increase of 7.1 % in 2022. The strong growth of civil engineering in previous years experienced a sharp correction of -19.5 % in 2020, mainly due to the completion of a pipeline project in 2019. As the railway, transportation and airport segments in particular

are performing well, this sector is expected to return to impressive growth figures of 6.8 % and 8.8 % in 2021 and 2022, respectively. Against this background, EECFA forecasts growth for the Serbian construction industry of 2.5 % in 2021 and 6.1 % in 2022.

The STRABAG Group generated an output volume on the Serbian market of € 157.67 million in 2020.

MIDDLE EAST, AMERICAS, AFRICA, ASIA

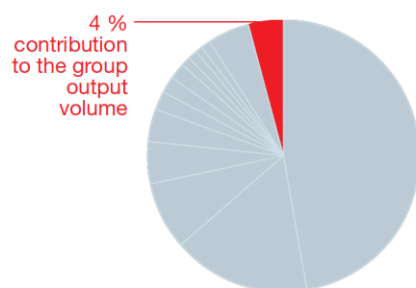


In order to make itself as independent as possible from the economic development of individual countries and so spread its country risk as widely as possible, STRABAG is also active outside of its main markets in Europe. As a rule, the company acts as a main contractor in direct export. With this in mind, the group has been present in Africa, Asia, Canada, 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 tunnelling.

In 2020, the STRABAG Group generated a total € 775.82 million, or 5 %, of its total output outside Europe (2019: 7 %). The activities in non-European countries are - with a few exceptions - assigned to the International + Special Divisions segment.

GREAT BRITAIN, DENMARK, BULGARIA, SLOVENIA, ITALY, RUSSIA AND REST OF EUROPE



GREAT BRITAIN
Overall construction volume: € 181.8 billion
GDP growth: 2020e: -11.7% / 2021e: 9.7 %
Construction growth: 2020e: -19.5 % / 2021e: 12.6 %

DENMARK
Overall construction volume: € 37.8 billion
GDP growth: 2020e: -3.5 % / 2021e: 3.3 %
Construction growth: 2020e: -0.7 % / 2021e: 1.0 %

BULGARIA
Overall construction volume: € 8.5 billion
GDP growth: 2020e: -5.1 % / 2021e: 2.6 %
Construction growth: 2020e: -4.9 % / 2021e: 4.4 %

SLOVENIA
Overall construction volume: € 3.3 billion
GDP growth: 2020e: -6.7 % / 2021e: 5.1 %
Construction growth: 2020e: -4.8 % / 2021e: 0.3 %

ITALY
Overall construction volume: € 165.6 billion
GDP growth: 2020e: -10.3 % / 2021e: 3.2 %
Construction growth: 2020e: -7.4 % / 2021e: 6.6 %

RUSSIA
Overall construction volume: € 127.2 billion
GDP growth: 2020e: -3.9 % / 2021e: 3.3 %
Construction growth: 2020e: -5.8 % / 2021e: 0.3 %

Great Britain

The UK economy responded to the outbreak of the Covid-19 pandemic and its aftermath with a significant downturn of 11.7 % in 2020. Although unemployment is expected to reach a peak in early 2021, Euroconstruct forecasts a substantial recovery in GDP of 9.7 % for the year as a whole. The pre-crisis level should be reached again in 2022 with a plus of 4.1 %, before settling at +1.8 % in 2023.

The British construction sector suffered an even sharper decline than the overall economy in 2020 (-19.5 %). The industry should return to strong growth in 2021 and 2022, however, with gains of 12.6 % and 8.4 %, respectively. For 2023, Euroconstruct expects a plus of 4.8 %. Especially in residential construction, which experienced the most severe slump in 2020 with -27.0 %, the situation will improve substantially in 2021, thanks in part to expected public subsidies for social housing. Euroconstruct predicts an increase of 16.4 % for this segment in 2021, followed by +8.9 % and +4.5 % in 2022 and 2023.

Denmark

The fundamentally stable and robust Danish economy has so far been spared any severe effects from the Covid-19 pandemic. Thanks to the low public debt, the government's support measures to cushion the impact should not be a problem. Uncertainties other than the pandemic include the Brexit, as the UK is Denmark's most important trading partner. Danish GDP declined by 3.5 % in 2020, is expected to increase by 3.3 % in 2021 and should grow by 1.4 % in each of the following years.

The construction industry weathered the consequences of the Covid-19 crisis better than the economy as a whole, with negative growth of just 0.7 %. While some construction projects were delayed or suspended entirely, a number of publicsector projects were accelerated. Euroconstruct forecasts growth of 1.0 % for 2021, with 2.3 % and 2.1 % for the following two years. Residential

Bulgaria

The continuous good development of the Bulgarian economy was brought to an abrupt halt in 2020 by the Covid-19 crisis. Especially the tourism, trade and services segments suffered from the pandemic-related restrictions, while private consumption and financial measures by the government supported the economy. After a GDP decline of 5.1 % in 2020, EECFA forecasts an increase of 2.6 % and 3.7 % for 2021 and 2022, respectively.

Other building construction experienced a sharp drop of 17.1 % in 2020, with industrial, office and commercial buildings being particularly affected. However, Euroconstruct forecasts a return to growth of 11.2 % in 2021. The health care and warehouse sectors in particular are developing well. For 2022 and 2023, other building construction is expected to grow by 5.9 % and 5.1 %, respectively. In the British civil engineering sector, construction output fell by 5.5 % in 2020, primarily due to the pandemic-related construction site closures. The segment should go back to substantial growth of 7.8 % in 2021, followed by an impressive 12.8 % in 2022. For 2023, Euroconstruct expects a plus of 4.9 %. The development in civil engineering will be driven primarily by the High Speed 2 railway project and the Highways England road construction programme.

The output volume of the STRABAG Group in the UK in 2020 amounted to € 225.51 million.

construction remained relatively stable at -0.5 % in the reporting period. An increase of 3.1 % is expected for 2021, followed by +2.4 % in 2022 and +2.0 % in 2023. Other building construction decreased by 2.4 % in 2020. Private investments declined, and the projected "green" investments did not boom to the extent that had been hoped for. Construction output will decline by another 3.1 % in 2021 before an expected turnaround in the following years with a plus of 2.4 % and 2.5 %, respectively. The civil engineering sector grew moderately at 0.9 % in 2020. Although the government's energy and climate protection measures, as well as an infrastructure investment plan, have still not been finalised, Euroconstruct expects growth of 2.1 % in 2021 and a plus of 1.9 % in each of the following years.

The output volume of the STRABAG Group in Denmark amounted to € 76.40 million in 2020.

The Bulgarian construction industry was unable to continue the strong growth trend of previous years as output fell by 4.9 % in 2020. The slump in residential construction was particularly severe (2020: -9.0 %). Here, the lower level of activity had a negative impact, especially in the area of renovation, as many households postponed planned renovation work. The continued high demand for residential property and a generous national housing renovation programme, however, are fuelling

expectations of renewed growth of 4.3 % in 2021. For 2022, EECFA expects a slight minus of 1.6 %. The decline in other building construction (2020: -1.2 %) had already been forecast before the outbreak of the pandemic. EECFA expects stagnation (0.0 %) for this segment in 2021 and a slight increase of 0.4 % in 2022. Civil engineering output, starting from a very high level in 2019, decreased by 4.7 % in 2020. In the following years, it is

expected to grow once more by 6.7 % and 11.0 %, respectively, thanks to the absorption of EU funds and state infrastructure investments. Given these conditions, EECFA expects the Bulgarian construction industry to grow by 4.4 % and 5.2 % in 2021 and 2022, respectively.

The STRABAG Group generated € 65.62 million on the Bulgarian market in 2020.

Slovenia

After years of steady GDP growth, the Slovenian economy experienced a drastic correction in 2020 as a result of the Covid-19 pandemic. Although the government took several measures to avoid the worst economic consequences, the crisis left a clear mark on the economy. The result was a GDP decline of 6.7 %. 2021 and 2022 should see a recovery with growth rates of 5.1 % and 3.7 % respectively, provided the spread of the virus can be contained.

The outlook for the Slovenian construction industry also remains subdued. Following a decline of 4.8 % in 2020, EECFA expects growth of 0.3 % and 1.7 % for 2021 and 2022, respectively. Especially in the area of refurbishment and renovation, significant impulses are expected from the EU funds. Due to the pandemic, residential

construction, which had been very stable for years, suffered from material shortages and a lack of foreign labour. Construction output fell by 5.3 % in 2020 and will continue to contract in 2021 (-1.6 %). For 2022, EECFA expects a plus of 3.8 % in this segment. Other building construction has been hardest hit by the Covid-19 fallout, with a drop of 10.4 % in 2020 and forecasts of -1.2 % and -1.8 % for the following years. Civil engineering, which had developed very strongly in recent years, remained stable at -0.6 % in 2020. Among other things, new EU-supported projects and national investments point to a sideways movement (+2.5 %) for 2021 and slight growth of around 2.2 % for 2022.

The STRABAG Group achieved an output volume of € 58.82 million in Slovenia in 2020.

Italy

The rapid spread of the coronavirus hit the Italian economy with full force in 2020. The GDP plummeted by 10.3 %, while private consumption and investments fell even more sharply, dropping by 11.4 % and 14.6 %, respectively. For 2021, Euroconstruct expects a GDP plus of 3.2 %. Stimulus measures, EU-financed investments and the continuation of the expansionary monetary policy to stabilise the financial markets are expected to have a positive effect in this regard. A return to the 2019 level, however, is not expected until 2023 at the earliest (2022: +5.8 %, 2023: +3.5 %).

The Italian construction industry, with a decline of 7.4 %, fared better during the crisis in 2020 than the economy as a whole. The sector is expected to return to clear growth as early as 2021 (+6.6 %) and to expand by 4.5 % and 2.1 % in the following two years. Residential construction was hit hardest by the pandemic, plummeting by 10.4 % in 2020. The segment will rebound strongly as early as 2021 (+9.0 %), especially in the area of maintenance and renovation. A tax "super bonus" for energy-saving measures is expected to contribute to this development. For 2022 and 2023, Euroconstruct

forecasts growth of 4.7 % and 2.0 %, respectively, for this sector.

In other building construction, which recorded a minus of 8.4 % in 2020, there was a lack of new investments in particular (-11 %). Construction output is expected to again increase moderately by 3.4 % in 2021 and by 5.3 % and 2.7 %, respectively, in the following two years. Factors driving this growth include substantial public financing guarantees and favourable refinancing conditions from the ECB. Meanwhile, Italy's civil engineering sector continues to be robust, with a slight increase of 1.1 % in 2020. The focus remains on transportation infrastructures. Euroconstruct predicts a 5.7 % increase for civil engineering in 2021, followed by +3.4 % and +1.8 % in 2022 and 2023.

The output volume of the STRABAG Group in Italy amounted to € 51.76 million in 2020.

Russia

The Russian economy was significantly affected by the consequences of the Covid-19 pandemic in 2020. This was mainly due to the negative effects on retail sales, employment and the demand for goods and the services, as well as the sharp drop in oil prices and currency devaluation. Accordingly, the GDP declined by 3.9 %. Given the government recovery plan for 2020 and 2021, EECFA expects the economy to recover in 2021 and 2022 (+3.3 % and +3.4 %, respectively).

The economic development and the Covid-19 restrictions also had a negative impact on the Russian construction industry, which recorded a minus of 5.8 % in 2020. This was mainly due to the insufficient purchasing power of the population and the reduced business activity. Residential construction slumped by 10.5 % despite government interest rate and credit subsidies. EECFA sees another decline of 2.2 % in 2021 before a recovery is expected from 2022 onwards (+6.3 %).

In other building construction, the market for commercial and educational buildings in particular collapsed in 2020, while office construction remained stable. Construction output fell by 7.3 % in 2020 but is expected to grow again by 3.4 % and 4.6 % in the following years. The Russian civil engineering sector remained stable at -0.1 % in 2020. Following the completion of several large gas pipeline projects, numerous new infrastructure projects are about to get started, so that growth of 1.6 % and 2.0 % is expected for this segment in 2021 and 2022, respectively. According to EECFA, the Russian construction industry will stagnate in 2021 (+0.3 %) before picking up again in 2022 (+4.1 %).

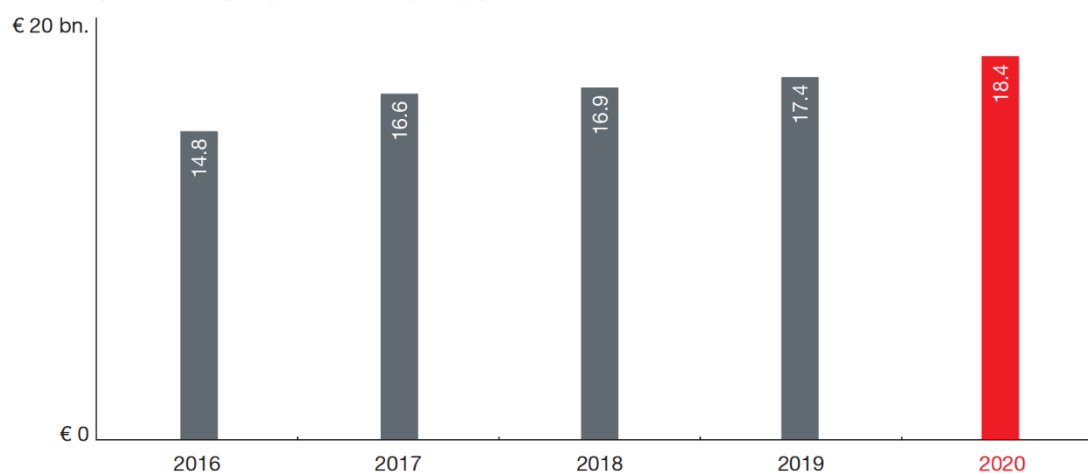
The STRABAG Group generated an output volume of € 51.60 million in Russia in 2020. In the region, STRABAG is active almost exclusively in building and industrial construction.

Order Backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2020

€ mln.	Total 2020	North + West	South + East	Inter-national + Special Divisions	Other	Total 2019	▲ total %	▲ total absolute
Germany	8,217	7,225	134	853	5	7,617	8	600
Great Britain	2,053	2	0	2,051	0	880	133	1,173
Austria	1,809	7	1,555	247	0	1,885	-4	-76
Poland	1,296	1,228	8	60	0	1,498	-13	-202
Czech Republic	846	0	832	13	1	761	11	85
Americas	598	1	0	597	0	1,056	-43	-458
Hungary	435	13	411	11	0	649	-33	-214
Middle East	383	0	4	379	0	281	36	102
Benelux	368	353	1	14	0	439	-16	-71
Slovakia	322	0	309	12	1	224	44	98
Asia	281	0	4	277	0	410	-31	-129
Romania	230	7	218	5	0	282	-18	-52
Denmark	229	209	0	20	0	150	53	79
Bulgaria	198	0	142	56	0	92	115	106
Croatia	174	0	173	1	0	188	-7	-14
Rest of Europe	171	12	155	4	0	156	10	15
Switzerland	150	6	143	1	0	151	-1	-1
Serbia	124	0	124	0	0	194	-36	-70
Russia	115	0	115	0	0	103	12	12
Sweden	115	95	0	20	0	171	-33	-56
Slovenia	106	0	94	12	0	39	172	67
Africa	76	0	10	66	0	69	10	7
Italy	73	0	9	64	0	116	-37	-43
Total	18,369	9,158	4,441	4,763	7	17,411	5	958

DEVELOPMENT OF ORDER BACKLOG



The order backlog as at 31 December 2020 grew to € 18.4 billion (+5 %) despite the crisis. While declines were registered in Austria, Poland and Hungary, strong growth was recorded in Germany, especially in transportation infrastructures. In September, for example, work got underway on the PPP contract for the A49 motorway project. The Smichov City urban development project in

Prague contributed to an increase in the order backlog in the Czech Republic. In Slovakia, meanwhile, the group landed a € 323 million railway construction project. Significant drivers of growth were also two large-scale projects in Great Britain. Major international projects, including a series of flood control dams in Oman, also added to the order volume.

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2020

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.)	8,244	78	1,588	9
Medium-sized orders (€ 1-15 mln.)	1,883	18	3,517	19
Large orders (€ 15-50 mln.)	290	3	4,171	23
Very large orders (>€ 50 mln.)	121	1	9,092	49
Total	10,538	100	18,369	100

Part of the risk management

The total order backlog is comprised of 10,538 individual projects. 8,200 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 121 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 2020 added up to 22 % of the order backlog.

THE TEN LARGEST PROJECTS IN THE ORDER BACKLOG AS AT 31 DECEMBER 2020

Country	Project	Order backlog € mln. ¹	as % of total order backlog
United Kingdom	HS2 high-speed rail line	1,238	6.7
United Kingdom	North Yorkshire Polyhalite Project	810	4.4
Germany	PPP A49 motorway	357	2.0
Germany	New rail line / airport tunnel	303	1.7
Germany	Stuttgart 21, underground railway station	292	1.6
Germany	EDGE East Side	247	1.3
Germany	Widening of K20 Hochstraße Elbmarsch	221	1.2
Germany	FAIR particle accelerator	207	1.1
Germany	Second core rapid transit route, Munich	183	1.0
Chile	El Teniente - main access tunnel	181	1.0
Total		4,038	22.0

Financial performance

The consolidated **group revenue** for the 2020 financial year amounted to € 14,749.74 million. This corresponds to a decrease of 6 %, which is slightly lower than the decline in output. The ratio of revenue to output increased slightly from 94 % to 95 %. The operating segments North + West contributed 51 %, South + East 32 % and International + Special Divisions 18 % to the revenue.

The **changes in inventories** involve mainly real estate project developments, which continued to be very actively pursued. The **own work capitalised** relates to the construction of corporate locations and remained nearly unchanged compared to the previous year. The total of **expenses for construction materials, consumables and services used** and the **employee benefits expense**, expressed in relation to the revenue, remained stable at 88 %.

EXPENSES

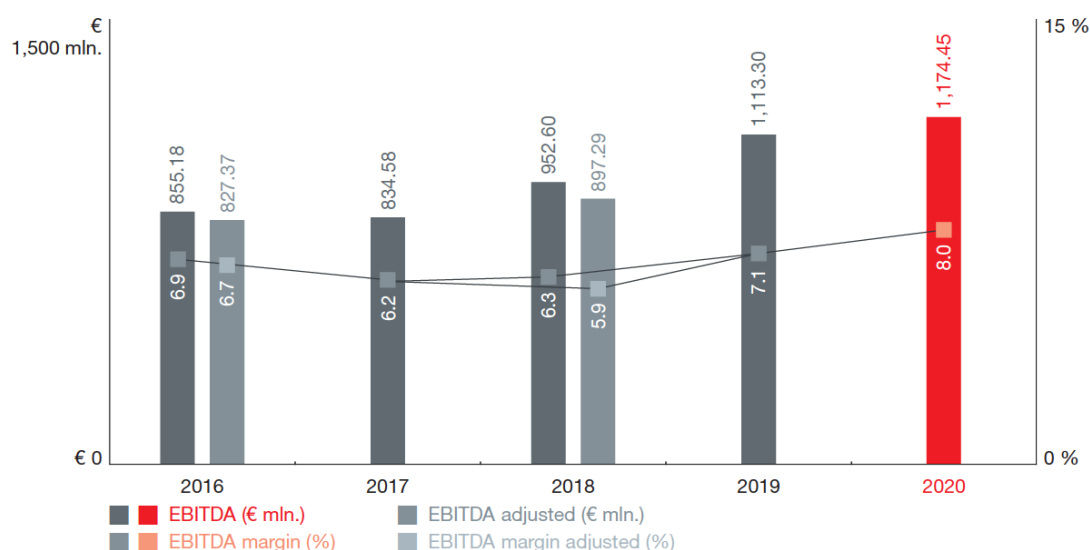
€ mln.	2020	2019	▲ %
Construction materials, consumables and services used	9,304.35	10,111.85	-8
Employee benefits expense	3,713.07	3,745.15	-1
Other operating expenses	910.52	1,024.01	-11
Depreciation and amortisation expense	543.80	510.72	7

¹ Rounding differences are possible.

While earnings from joint ventures, and thus **earnings from equity-accounted investments**, had been burdened by project provisions in the previous year, a positive result of € 66.21 million could be achieved in the reporting period. The decline in the **net income from investments**, which is

composed of the dividends and expenses of many smaller companies or financial investments, can be explained by the absence of a positive special effect in connection with a project in the Netherlands.

DEVELOPMENT OF EBITDA AND EBITDA MARGIN¹



In total, the **earnings before interest, taxes, depreciation and amortisation (EBITDA)** increased by 5 % to € 1,174.45 million, again topping the € 1.0 billion mark. The **EBITDA margin** grew from 7.1 % to 8.0 %. The **depreciation and amortisation expense** was € 33.08 million higher at € 543.80 million as a result of the high investments in previous years.

The **earnings before interest and taxes (EBIT)** increased by 5 % to € 630.65 million, which corresponds to an **EBIT margin** of 4.3 % after 3.8 % in 2019. This development can be attributed to a combination of many positive factors, particularly in the transportation infrastructures business in the core markets, which outweighed the Covid-19-related burdens on earnings. Earnings growth was achieved in the North + West and South + East segments.

The **net interest income** improved by € 4.74 million to € -20.60 million due to lower interest

expenses for personnel-related provisions, among other things. The negative exchange rate result of € -5.35 million was comparable to that of the previous year (2019: € -5.93 million).

In the end, the **earnings before taxes** grew by 6 %. The income tax rate remained stable year-on-year at 34.6 %. The **net income** amounted to € 399.06 million, an increase of 5 % compared to 2019.

The earnings owed to minority shareholders amounted to € 3.84 million after € 6.86 million in the previous year. The **net income after minorities** for 2020 thus stood at € 395.22 million - an increase of 6 %. The **earnings per share** amounted to € 3.85 (2019: € 3.62).

The **return on capital employed (ROCE)²** remained constant at 7.5 %.

Effective tax rate:
34.6 %

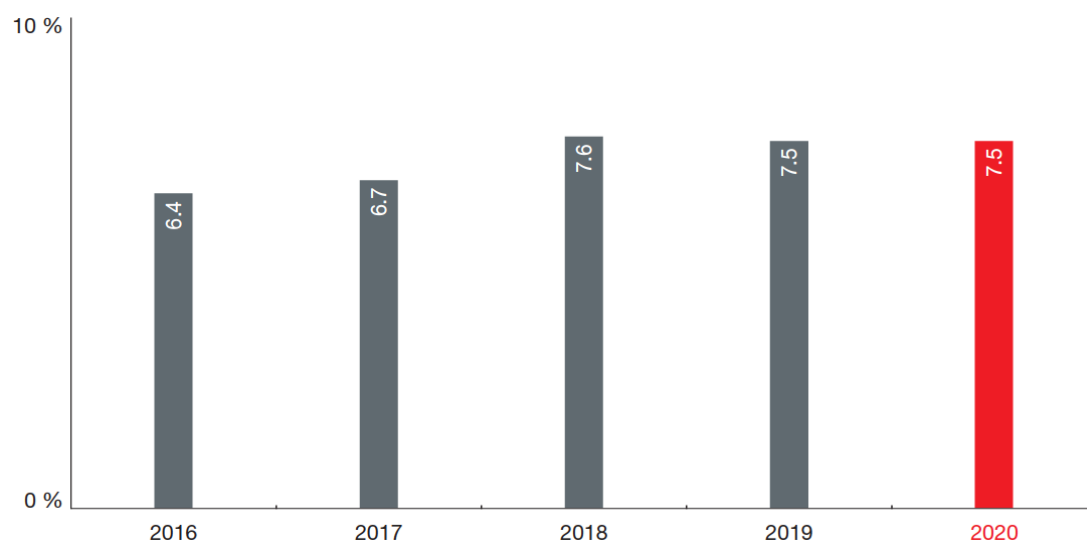
Earnings per share:
€ 3.85

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.

² ROCE = (net income + interest on debt - interest tax shield (25 %)) / (average group equity + interest-bearing debt)

DEVELOPMENT OF ROCE



Financial position and cash flows

BALANCE SHEET

€ mln.	31.12.2020	% of balance sheet total ¹	31.12.2019	% of balance sheet total ¹
Non-current assets	5,135.35	42	5,249.85	43
Current assets	6,981.09	58	7,000.96	57
Equity	4,108.22	34	3,855.90	31
Non-current liabilities	2,382.85	20	2,344.53	19
Current liabilities	5,643.37	46	6,050.38	49
Total	12,134.44	100	12,250.81	100

The total of assets and liabilities, at € 12.1 billion, remained almost unchanged compared to the previous year. Worth mentioning is the increase in cash and cash equivalents by € 396.14 million to € 2,856.95 million, while trade receivables and contract assets declined with the output. Current

financial liabilities decreased due to a bond repayment in the amount of € 200 million. Equity reached € 4,108.22 million, exceeding the € 4 billion mark for the first time, which was reflected in an increase in the **equity ratio** from 31.5 % to 33.9 %.

KEY BALANCE SHEET FIGURES

	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
Equity ratio (%)	31.5	30.7	31.6	31.5	33.9
Net debt (€ mln.)	-449.06	-1,335.04	-1,218.28	-1,143.53	-1,747.23
Gearing ratio (%)	-13.8	-39.3	-33.3	-29.7	-42.5
Capital employed (€ mln.)	5,258.17	5,242.91	5,552.09	5,838.71	5,815.14

¹ Rounding differences are possible.

Net cash position
up to € 1.7 billion

A net cash position was reported as usual on 31 December 2020. This figure increased

significantly to € 1.7 billion in the face of low financial liabilities and increased cash and cash equivalents.

CALCULATION OF NET DEBT¹

€ mln.	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
Financial liabilities	1,426.08	1,293.98	1,363.33	1,422.21	1,156.01
Severance provisions	110.02	111.10	114.68	124.68	122.55
Pension provisions	457.48	440.11	420.31	435.92	428.36
Non-recourse debt	-439.38	-389.78	-730.77	-665.53	-597.20
Cash and cash equivalents	-2,003.26	-2,790.45	-2,385.83	-2,460.81	-2,856.95
Total	-449.06	-1,335.04	-1,218.28	-1,143.53	-1,747.23

The **cash flow from operating activities** improved from € 1,075.94 million to € 1,279.66 million as a result of a higher cash flow from earnings and a higher reduction in working capital compared to the previous year. The expectation of a significant reduction in advance payments in 2020 and a concomitant increase in working capital to familiar levels once again failed to materialise. The **cash flow from investing activities** was less negative, mainly due to the significantly lower investments in intangible assets and property, plant and

equipment. Due to Covid-19, investments were temporarily suspended in spring 2020 as a precautionary measure. The **cash flow from financing activities** showed a value of € -495.9 million after € -411.62 million in the previous year. This increase is due to a bond repayment with a higher volume than in the previous year as well as the payment of retained dividends to core shareholder MKAO "Rasperia Trading Limited". Repayments of bank borrowings, by contrast, were down.

REPORT ON OWN SHARES

On 31 December 2020, 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 (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.

Capital expenditures

STRABAG had forecast net investments (cash flow from investing activities) of less than € 450 million for the 2020 financial year. In the end, they amounted to € 349.60 million.

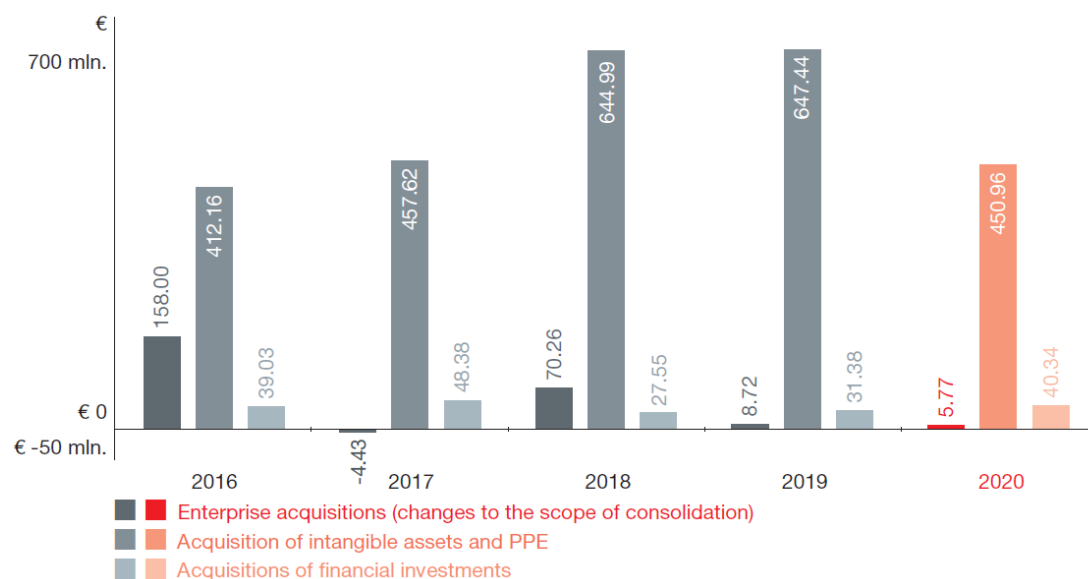
Due to Covid-19, investments were temporarily suspended in spring 2020 as a precautionary measure. Most of the maintenance investments were made in the core markets of Germany, Poland and Austria, as well as in Serbia.

The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 497.07 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 € 450.96 million, the **purchase of financial assets** in the amount of € 40.34 million and € 5.77 million from **changes to the scope of consolidation**.

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 € 543.80 million. At € 4.52 million, goodwill impairment was higher than in the previous year.

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.

COMPOSITION OF CAPEX



Financing/Treasury

KEY FIGURES TREASURY

	2016	2017	2018	2019	2020
Interest and other income (€ mln.)	73.90	46.90	38.62	30.97	27.89
Interest and other expense (€ mln.)	-77.68	-74.05	-66.05	-56.32	-48.49
EBIT/net interest income (x)	-112.4	-16.5	-20.4	-23.8	-30.6
Net debt/EBITDA (x)	-0.5	-1.6	-1.3	-1.0	-1.5

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 by sufficient cash and cash credit lines, on the one hand, and by sufficient surety credit lines, on the other.

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 are also 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. In 2020, a bond with a volume of € 200 million was redeemed, leaving one bond in the amount of € 200 million on the market at the end of the year.

The existing liquidity of € 2.9 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 include a **syndicated surety credit line** in the

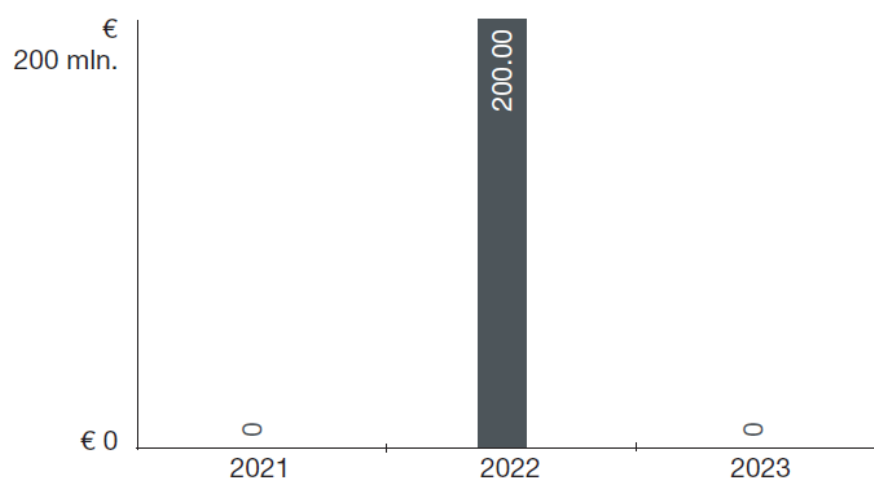
amount of € 2.0 billion and a revolving **syndicated cash credit line** of € 0.4 billion, each with a term to maturity until 2024 with two options to extend by one year each. These two credit lines were refinanced ahead of maturity in March 2019, with terms and maturities redefined. The group also has 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 October 2020. 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 31.12.2020	Book value 31.12.2019
Bonds	200.00	400.00
Bank borrowings	651.74	721.89
Lease liabilities	304.27	300.32
Total	1,156.01	1,422.21

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 decreased by € 7.82 million compared with the previous year, from € 76.04

million to € 68.22 million. This development is attributable to the decline in intra-group allocations.

	2020	2019
Revenue in T€ (sales)	68,219	76,043
Earnings before interest and taxes in T€ (EBIT)	254,764	185,071
Return on sales in % (ROS) ¹	>100.0	>100.0
Return on equity in % (ROE) ²	8.7	6.6
Return on investment in % (ROI) ³	7.4	5.3

The earnings before interest and taxes (EBIT) increased significantly from € 185.07 million in the previous year to € 254.76 million, which corresponds to growth of € 69.69 million. This figure is characterised by a sharp rise in net income from investments.

with the previous year had a negative impact on earnings in the year under review. In the previous year, this figure had included a significant write-up on an investment in the project development business.

The operating earnings were negatively impacted by higher legal and consulting expenses compared with the previous year. In addition, the decrease in intra-group allocations also had a negative effect on earnings.

The interest income reached a positive total of € 8.41 million (2019: € 7.55 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 considerable increase in the financial earnings by € 77.08 million, from € 169.66 million to € 246.74 million, was achieved through significantly higher dividend distributions from the subsidiaries. On the other hand, increased expenses for financial assets and lower income from the disposal and write-up of financial assets compared

Overall, the company generated a net profit of € 269.39 million for the 2020 financial year (2019: € 193.84 million).

The improvement in earnings is also reflected positively in the profitability indicators.

FINANCIAL POSITION AND CASH FLOWS

The total assets of STRABAG SE decreased slightly to € 3.4 billion in 2020 compared with the previous year (€ 3.5 billion). A significant change

only occurred in liabilities, which decreased due to a bond repayment.

1 ROS = EBIT / revenue

2 ROE = EBT / avg. equity

3 ROI = EBIT / avg. total capital

	2020	2019
Net debt in T€ ¹	-175,782	107,402
Working capital in T€ ²	-19,128	74,440
Equity ratio in %	91.5	85.1
Gearing ratio in % ³	n. a.	3.6

There was a surplus of cash and cash equivalents over interest-bearing debt in the 2020 financial year compared to the previous year. The surplus of liquid funds (Net Cash) in the amount of € 175.78 million results from the reduction of interest-bearing debt and the decrease in liquid funds.

The working capital decreased by € 93.57 million in the 2020 reporting year, from € 74.44 million in 2019 to € -19.13 million, on the reduction in receivables from profit and loss transfers.

Due to the increase in equity, the equity ratio of 91.5 % was up versus the previous year (85.1 %) and remains at a very high level.

T€	2020	2019
Cash flow from operating activities	469,206	109,505
Cash flow from investing activities	-39,600	5,732
Cash flow from financing activities	-346,422	-225,344

The cash flow from operating activities, which is attributable to the cash flow from earnings and to the reduction of the working capital, increased considerably compared with the previous year.

investments in current assets in the amount of € 41.30 million. The total cash flow from investing activities amounts to € -39.60 million.

The cash flow from investing activities in the year under review saw an inflow of cash and cash equivalents totalling € 3.71 million from disposals of financial assets. This contrasts with the use of funds for additions to financial assets in the amount of € 2.01 million and payments for financial

The payment of the dividend for the 2019 financial year in the amount of € 92.34 million, the bond repayment in the amount of € 200.00 million and the repayment of other financing liabilities in the amount of € 54.08 million resulted in a cash outflow of € 346.42 million in cash flow from financing activities in 2020.

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 2020, 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 2020, the segments were comprised as follows¹:

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: Klemens Haselsteiner
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, Christian Harder and Klemens Haselsteiner
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:

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.

	North + West	South + East	International + Special Divisions
Residential Construction	✓	✓	✓
Commercial and Industrial Facilities	✓	✓	✓
Public Buildings	✓	✓	✓
Engineering Ground Works	✓	✓	✓
Bridge Construction	✓	✓	✓
Power Plants	✓	✓	✓
Roads, Earthworks	✓	✓	✓
Protective Structures	✓	✓	✓
Sewerage Systems	✓	✓	✓
Production of Construction Materials	✓	✓	✓
Railway Construction	✓	✓	
Waterway Construction, Embankments	✓	✓	
Landscape Architecture and Development, Paving, Large-Area Works	✓	✓	
Sports and Recreation Facilities	✓	✓	
Ground Engineering	✓		
Environmental Technology		✓	
Production of Prefabricated Elements		✓	
Tunnelling			✓
Real Estate Development			✓
Infrastructure Development			✓
Operation/Maintenance/Marketing of PPP Projects			✓
Property and Facility Services			✓

SEGMENT NORTH + WEST: CRISIS-PROOF THANKS TO STABLE CORE MARKETS

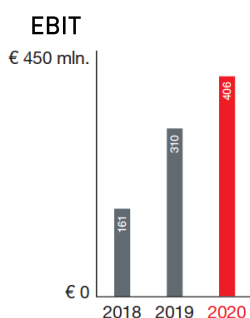
The North + West segment executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and

Scandinavia. Ground engineering can also be found in this segment.

€ mln.	2020	2019	2019-2020 ▲ %	2019-2020 ▲ absolute
Output volume	7,862.65	8,106.93	-3	-244
Revenue	7,461.87	7,555.75	-1	-94
Order backlog	9,158.18	8,807.66	4	351
EBIT	406.43	310.20	31	96
EBIT margin (% of revenue)	5.4	4.1		
Employees (FTE)	25,801	25,386	2	415

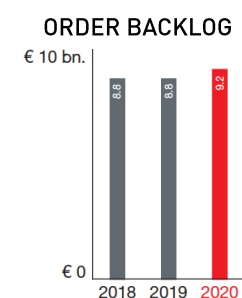
OUTPUT VOLUME NORTH + WEST

€ mln.	2020	2019	2019-2020 ▲ %	2019-2020 ▲ absolute
Germany	6,227	6,402	-3	-175
Poland	1,098	999	10	99
Benelux	247	285	-13	-38
Sweden	135	180	-25	-45
Denmark	71	96	-26	-25
Switzerland	22	23	-4	-1
Austria	20	28	-29	-8
Romania	19	16	19	3
Rest of Europe	18	47	-62	-29
Great Britain	3	1	200	2
Americas	2	21	-90	-19
Africa	1	4	-75	-3
Middle East	0	4	-100	-4
Czech Republic	0	1	-100	-1
Total	7,863	8,107	-3	-244

**Growth in German transportation infrastructures and in Poland**

The North + West segment recorded a 3 % downturn in output volume to € 7,862.65 million in 2020. In Germany, the largest market in this segment, the growth in transportation infrastructures could not quite compensate for the decline in building construction and civil engineering. Construction output also declined in Sweden and the Benelux countries, but increased by 10 % in Poland.

The revenue decreased slightly to € 7,461.87 million (-1 %). The EBIT, on the other hand, grew by 31 % to € 406.43 million. This development was mainly due to the increased earnings in Germany, both in transportation infrastructures - which benefited from the favourable weather - as well as in building construction and civil engineering. The EBIT margin reached an exceptional level of 5.4 %.

**High order level increased even further**

The already high level of the order backlog was increased by a further 4 % as at 31 December 2020, mainly due to strong growth in Germany. The largest projects acquired in 2020 include the A49

motorway concession project and the widening of the Hochstraße Elbmarsch motorway in Hamburg. This was contrasted by the progression of work on large projects in Poland and Northern Europe.

Slight increase in the number of employees

The number of employees grew by 2 % to 25,801 in the entire segment. This increase is mainly due

to the two largest markets, Germany and Poland.

Outlook: Stable development at a high level

The output volume in North + West should remain at about the same level in the 2021 financial year as the year before. The construction industry in the markets served by the segment has proved to be stable during the Covid-19 crisis so far. In the home market of **Germany**, for example, the high order backlog, and the fact that construction activity largely remained at the same dynamic level, kept the impact of the crisis to a minimum.

In the **German building construction and civil engineering** segment, the outlook for 2021 is mixed. While residential construction remained largely unaffected by the pandemic, and investment activity in the public sector is expected to increase, companies in the especially hard-hit sectors (e.g. hotels) are showing signs of restraint in placing orders for commercial building construction. In contrast, a revival of the market is expected in the office and logistics property sector. In public tenders, the lack of capacity utilisation among SMEs has led to greater competition and falling margins.

The Covid-19 crisis only had a minor impact on the execution of projects in the **German**

transportation infrastructures segment in 2020. However, a crisis-related reduction in the tendering activities of private and public clients, in particular among municipalities and local authorities, resulted in high competitive pressure accompanied by declining market and construction material prices. This was especially true for the asphalt road construction business, increasingly also for other transportation infrastructure sectors.

While construction output in **Scandinavia** is expected to stagnate at a high level, a decline is anticipated for the **Benelux** countries. The situation remains tense in both the Netherlands and Belgium.

In **Poland**, the construction sector has been unexpectedly positive so far. Covid-19-related productivity constraints were felt in individual projects, but they did not have a significant impact on overall construction output. For the year as a whole, therefore, earnings are still projected to be lower due to cost inflation, though no additional burden is expected from the pandemic. The increasingly fierce price competition can be observed in all construction sectors.

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog in € mln.	as % of total group order backlog
Germany	EDGE East Side	248	1.3
Germany	FAIR particle accelerator	207	1.1
Germany	Modernization of the main university building Bielefeld	137	0.8
Germany	MARK Munich	117	0.6
Germany	New building JVA Willich	109	0.6

SEGMENT SOUTH + EAST: IMPROVED EARNINGS ON LOWER OUTPUT

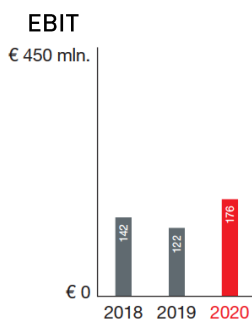
The geographic focus of the South + East segment is on Austria, the Czech Republic, Slovakia, Hungary, South-East Europe, Russia and

Switzerland. The environmental technology activities are also handled within this segment.

€ mln.	2020	2019	2019-2020 ▲ %	2019-2020 ▲ absolute
Output volume	4,632.60	4,915.79	-6	-283
Revenue	4,602.83	4,879.50	-6	-277
Order backlog	4,441.14	4,489.37	-1	-48
EBIT	176.35	121.97	45	54
EBIT margin (% of revenue)	3.8	2.5		
Employees (FTE)	20,512	19,850	3	662

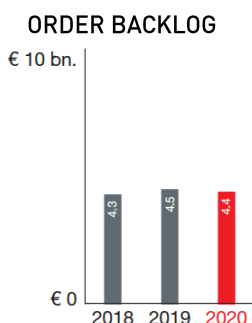
OUTPUT VOLUME SOUTH + EAST

€ mln.	2020	2019	2019-2020 ▲ %	2019-2020 ▲ absolute
Austria	1,989	2,176	-9	-187
Czech Republic	687	636	8	51
Hungary	533	677	-21	-144
Slovakia	254	318	-20	-64
Romania	194	179	8	15
Switzerland	189	205	-8	-16
Germany	164	151	9	13
Croatia	160	131	22	29
Serbia	156	146	7	10
Rest of Europe	136	126	8	10
Bulgaria	58	36	61	22
Russia	50	67	-25	-17
Slovenia	47	42	12	5
Middle East	6	2	200	4
Italy	5	0	n. a.	5
Asia	2	17	-88	-15
Benelux	2	3	-33	-1
Africa	1	0	n. a.	1
Poland	0	3	-100	-3
Americas	0	1	-100	-1
Total	4,633	4,916	-6	-283

**Output volume down due to Covid-19**

The output volume in the South + East segment fell by 6 % to € 4,632.60 million in 2020. The decline was particularly sharp in the home market of Austria, where construction site activity had to be suspended for ten days in March due to a strict lockdown, and in Hungary. By contrast, an increase was recorded in the Czech Republic, among other countries.

The revenue amounted to € 4,602.83 million, which corresponds to a minus of 6 %. The EBIT, on the other hand, grew by 45 % to € 176.35 million, resulting in an EBIT margin of 3.8 %. The earnings improvement is due, among other things, to the absence of special charges from 2019. Apart from Austria, there were hardly any Covid-related reductions in the segment's markets.

**Order backlog: Sharp decline in Hungary offset by Czech Republic and Slovakia**

The order backlog decreased slightly by 1 % to € 4,441.14 million. In Hungary, the contraction of the construction industry also had a correspondingly negative impact on STRABAG's order backlog, while in the Czech Republic and Slovakia, a new urban development project in Prague and a

major railroad construction project, respectively, resulted in a strong increase in the order backlog. A slight decline was observed in Austria, while the other markets in Southern and Eastern Europe showed very different developments.

Slight increase in the number of employees

The number of employees increased by a total of 3 % to 20,512. Staff numbers grew especially in

Romania, Croatia and the Czech Republic.

Outlook: Recovery compared to 2020

It should be possible to stop the Covid-19-related revenue slowdown this year, so that a slight increase in output volume can be expected in 2021 compared to 2020.

For example, STRABAG bases its forecast for the home market of **Austria** on the assumption that construction activity in the whole of the country will at no point be suspended as it was during the first

half of 2020. The order intake in building construction remains robust and allows the company to look ahead with confidence far into 2021. As usual, however, the order range in transportation infrastructure is much shorter, though tendering activity by the public sector is expected to remain at the average level.

In **Hungary**, the completion of large public-sector projects acquired in 2018 and 2019, along with the reluctance of the automotive industry to commit to new investments, led to a substantial reduction in the order backlog, which is expected to lead to a further decline in the output volume. The effects of the Covid-19 pandemic and the ongoing strong competition will continue to negatively impact the output in 2021.

The high order backlog in transportation infrastructures in the **Czech Republic** helped this segment weather the crisis in 2020. At the same time, the government accelerated and expanded its investment spending. In 2021, high output is expected especially in railway construction. In building construction, on the other hand, several major tenders have been temporarily suspended. As in **Slovakia**, private investments are being delayed in all asset and customer classes, e.g. business centres, residential buildings, car parks, hotels and projects for the automotive industry. Not least because of the

politically indifferent situation in Slovakia, awards for public projects are being repeatedly postponed.

Switzerland coped relatively well with the Covid-19 crisis in 2020, with hardly any interruption in construction activity. The number of public tenders remained at about the previous year's level. On the other hand, a slight decline in demand is forecast from private clients.

The markets of **South-East Europe** continue to experience aggressive competition from Chinese and Turkish companies. Many market participants appear to be speculating on falling production costs, which is reflected in the significant number of underpriced bids. In Bulgaria and Romania, building construction tenders from both the private and public sector have come to a complete standstill. This is being compensated for in these two important markets by increased tendering activity by the public sector in infrastructure construction, especially in the railway construction segment.

The **environmental technology** business has gained in importance due to the Europe-wide discussion on reducing CO₂ emissions. The willingness of the public sector to invest remains high, with particular demand in the business fields of waste-to-energy and geothermal energy.

SELECTED PROJECTS SOUTH + EAST

Country	Project	Order backlog in € mln.	as % of total group order backlog
Slovakia	Modernization of the railway junction Žilina	90	0.5
Austria	Penzinger Strasse 76	82	0.4
Slovakia	Expressway R2 Mýtina — Kriváň	75	0.4
Czech Republic	Modernization railway track Dětmárovice—Petrovice	62	0.3
Hungary	Bypass road Veszprém	60	0.3

SEGMENT INTERNATIONAL + SPECIAL DIVISIONS: BUSINESS SECTORS AFFECTED VERY DIFFERENTLY BY THE CRISIS

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

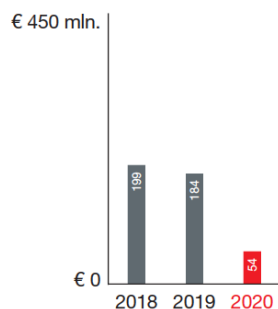
exception of asphalt, also belongs to this segment. The real estate business, which stretches from project development and planning to construction and operation and also includes the property and facility services business, completes the wide range of services in this segment. Additionally, most of the services in non-European markets are also bundled in International + Special Divisions.

€ mln.	2020	2019	2019-2020 ▲ %	2019-2020 ▲ absolute
Output volume	2,811.86	3,450.57	-19	-639
Revenue	2,670.21	3,216.67	-17	-546
Order backlog	4,763.26	4,110.77	16	652
EBIT	54.04	183.97	-71	-130
EBIT margin (% of revenue)	2.0	5.7		
Employees (FTE)	21,339	25,219	-15	-3,880

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2020	2019	2019 - 2020 ▲ %	2019-2020 ▲ absolute
Germany	885	1,207	-27	-322
Americas	470	678	-31	-208
Austria	426	448	-5	-22
Great Britain	222	125	78	97
Czech Republic	132	140	-6	-8
Hungary	126	158	-20	-32
Asia	115	162	-29	-47
Middle East	113	142	-20	-29
Poland	79	119	-34	-40
Italy	47	0	n. a.	47
Africa	44	62	-29	-18
Slovakia	41	47	-13	-6
Romania	36	29	24	7
Sweden	24	23	0	0
Benelux	12	29	-55	-16
Croatia	11	19	-42	-8
Slovenia	9	6	50	3
Rest of Europe	6	43	-86	-37
Bulgaria	6	5	20	1
Denmark	4	3	33	1
Switzerland	2	2	0	0
Russia	1	3	-67	-2
Serbia	1	1	0	0
Total	2,812	3,451	-19	-639

EBIT



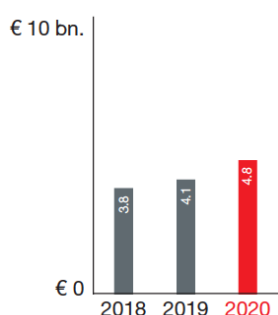
Sharp decline in output and earnings

The International + Special Divisions segment generated an output volume of € 2,811.86 million (-19 %) in 2020. This decline was mainly due to two factors: the loss of a key client in the property and facility services business in Germany in the middle of the previous year and Covid-19-related restrictions on large tunnelling projects in Chile.

The revenue decreased by 17 % to € 2,670.21 million, falling somewhat less sharply than the output volume. The EBIT decline was more drastic at -71 % to € 54.04 million, with a corresponding EBIT margin of only 2.0 %. The main reason for this development were the international markets, including Chile and Singapore, which were hit hard by the pandemic.

Order backlog: UK remains strong growth driver

ORDER BACKLOG



The order backlog increased by 16 % compared to 31 December 2019. As was the case last year, two projects in the UK are the main drivers behind the growth: the HS2 high-speed rail line and the North Yorkshire Polyhalite Project. Internationally,

two flood protection dams in Oman have boosted the order backlog since autumn. There was a significant decline in Austria and the Americas, here due to the completion of large projects in Chile.

Decline in output reflected in employee numbers

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. Staff numbers in 2020 fell by 15 % to 21,339. This was mainly due to the transfer of employees

assigned to the aforementioned key client in the property and facility services business in the middle of last year, but also to reductions in the staff-intensive markets in the Middle East and the Americas region, which were heavily affected by Covid-19.

Outlook: Covid-19 crisis also presents opportunities

The real estate markets will continue to be affected by the Covid-19 pandemic, to widely varying degrees, in the coming years. This dynamic environment will present the **real estate development** business with foreseeable risks but also with opportunities. The residential asset class continues to see strong demand. For office properties, a normalisation is expected in the medium term. The hotel and retail segments remain strongly affected by the crisis, although opportunistic acquisitions are conceivable. The demand for high-value and high-quality rented properties remains unchanged. In 2020, for example, a Frankfurt residential project was successfully sold to a German pension fund three years before completion.

The **property and facility services** sector was significantly affected by the coronavirus crisis, though there are signs of a normalisation in the business environment. In 2021, the competition is expected to intensify. The individual business areas in this segment are showing inconsistent trends. Market shares are to be expanded through a systematic acquisition strategy.

Land reserves are being systematically replenished for further developments in the core markets of Germany and Austria, but also in the Central and Eastern European states. Here STRABAG Real Estate is positioning itself cautiously but sustainably for a realignment of the real estate markets "after Covid". The acquisition focus remains unchanged, on A and B cities in Germany and Poland and on capital cities in the countries of Central and Eastern Europe. Interest continues to be seen in all asset classes, albeit with a lower weighting on hotels and retail.

The Covid-19 pandemic has not had a serious impact on the existing **concession projects** so far. Overall, the projects are running largely undisturbed and successfully. In the medium term, the economic consequences of the crisis are likely to lead to increased tendering activity for concessions worldwide. STRABAG sees itself in a good position in this respect and will participate in such tenders around the world with interest, but on a selective basis.

Meanwhile, the impact of the pandemic is expected to weaken in the **tunnelling** sector, although construction activity on several large projects continues to be affected by the restrictions. Globally, there are signs of lively tendering activity for complex infrastructure projects involving a tunnelling component. The group's current references for major projects (e.g. in Chile and the United Kingdom) are helping to increase global awareness for STRABAG's tunnelling competence.

In the **international business**, i.e. that business which STRABAG conducts in countries outside of Europe, the environment remains difficult. The consequences of Covid-19 will continue to be strongly felt in almost all countries in 2021, for example in the Gulf states and in Africa. Opportunities will always be present, however, especially in niche areas such as test track construction, and these will continue to be pursued with interest in the future.

The **construction materials** business has so far experienced only minor disruptions. The course of business was normal in all markets, in some areas even above average. A tender gap is possible on the part of public clients, however, which could have a dampening effect on the outlook in this market segment.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

Country	Project	Order backlog in € mln.	as % of total group order backlog
Singapore	Deep tunnel sewage system	167	0.9
Chile	Alto Maipo	165	0.9
Oman	Al Jifnain Dam	90	0.5
Germany	New rail line/airport tunnel	88	0.5
Dubai	Hatta pumped storage power plant	83	0.5

SEGMENT OTHER (SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

This segment encompasses the group's internal central divisions and central staff divisions.

€ mln.	2020	2019	2019-2020 ▲ %	2019 -2020 ▲ absolute
Output volume	139.50	144.68	-4	-5
Revenue	14.83	16.65	-11	-2
Order backlog	6.44	3.68	75	3
EBIT	0.90	0.87	3	0
EBIT margin (% of revenue)	6.1	5.2		
Employees (FTE)	6,688	6,464	3	224

Risk management

The STRABAG Group encounters many different risks and opportunities in the course of its business activities. These risks are systematically identified and assessed using a proactive risk management system and managed in a consistent and goal-oriented manner through an appropriate risk

management policy. This risk management policy is an integral part of the management system and 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. Risk identification and risk assessment are the responsibility of the respective management level. Our risk management process involves our integrated quality management system, supporting central divisions and central staff divisions with technical, legal and administrative service and consulting activities and the internal audit department as a neutral and independent auditing entity.

Responsibility for the implementation of the project risk management systems in the divisions has been assigned to the commercial division managers. 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 leadership employees, within the scope of their duties and responsibilities, and in accordance with 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 reporting defines the following central risk groups:

- External risks
- 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.

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, its market presence and its range of services and to the adaptation of its strategic and operational planning. STRABAG further counters market risk through geographic and product-related **diversification** in order to minimise the influence of an individual market or the demand for certain services on the success of the company.

OPERATING AND TECHNICAL RISKS REDUCED THROUGH BINDING MINIMUM STANDARDS

These risks primarily include the complex risks associated with project selection and execution along with the technical risks that need to be assessed for each project, such as subsoil, geology, construction methods, technology, building 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 the preparation and submission of bids, and integrated internal control systems serving as a filter to avoid loss-making projects. Business transactions requiring approval are reviewed and approved in accordance with the internal rules of procedure.

Depending on the risk profile, 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, ZT and SID for assistance in assessing the technical risks and working out innovative solutions to technical problems. Project execution, monitored by monthly target/performance comparisons, is managed by the construction or project team on-site using documented procedures. At the same time, our central controlling department provides constant back-office support for the project, ensuring that risks of individual projects do not jeopardise the continued existence 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 ensured 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 the central divisions in general and the **internal audit department** in particular.

STRABAG is subject to interest, currency, credit and liquidity risks with regard to its assets, liabilities and planned transactions. The goal of financial risk management is to minimise these risks through ongoing financial activities. The basic principles of the financial policy are determined by the Management Board and monitored by the Supervisory Board. The implementation of the financial policy and responsibility for the ongoing risk management are the domain of the group treasury. Detailed information can be found in the Notes under item 34 Financial Instruments.

ETHICAL RISKS COUNTERED WITH AN ETHICS AND BUSINESS COMPLIANCE SYSTEM

Given the risk of corruption and anti-competitive behaviour in the construction industry, STRABAG has implemented a set of tools that have proven effective in combating these problems. The rules for proper business behaviour are conveyed by the STRABAG ethics and business compliance system. These have group-wide validity. The STRABAG business compliance model is based on the Business Compliance Management System (BCMS) along with supplementary management

directives, the Code of Conduct and the personnel structure defined for enforcement, consisting of the Chief Compliance Officer, the Corporate Business Compliance Officers and the Regional Business Compliance Officers as well as the internal ombudspersons and the external ombudsman. Details on the ethical risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a of the Austrian Commercial Code (UGB).

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 to a large extent through targeted recruiting of qualified specialists and leaders, extensive training activities, performance-based remuneration under compliance with labour law, and 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, expedient data 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 through cooperation between the central divisions STRABAG Innovation & Digitalisation and BRVZ Information Technology.

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 entities in matters of construction management and construction operation in all project phases (contract management) and provides, organises and coordinates legal advice (legal services) in this regard. 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 RISKS: INTERRUPTIONS AND EXPROPRIATIONS CONCEIVABLE

The group also operates in countries experiencing political instability. Interruptions of construction activity, restrictions on ownership by foreign investors, and even 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 commissions.

MANAGEMENT SYSTEM FOR WORK SAFETY AND HEALTH IN PLACE

In order to control the risks related to employee safety and health, STRABAG has implemented a work safety and health management system in accordance with ISO 45001 and/or **SCC**. Moreover, the company works to maintain this system and ensures a suitable emergency organisation. Specially appointed officers and representatives ensure that the group-wide work safety standards are followed. In 2020, the country-specific safety and

hygiene regulations in connection with Covid-19 had to be implemented in particular. The infection figures could be kept at a very low level in most of the Group countries due to the strict implementation. 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.

CERTIFIED ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM DESIRED

STRABAG is committed to reducing the negative environmental impact of its activities as far as this is technically possible and economically feasible. The company has implemented and is maintaining an environmental and energy management system based on ISO 14001 or EMAS, ISO 50001 or

equivalent and - wherever possible - seeks to minimise the use of natural resources, avoid waste and promote 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 accordance with its vision and values, it is the company's aim to realise **construction projects on schedule, to the highest quality and at the best price**. This quality of the company's processes, services and products must therefore be ensured at all times. To achieve this goal, quality management forms an integral 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, subcontractors and suppliers, human resources, the IT system or office buildings and accommodation must not be allowed to jeopardise the continued existence of the company. For this reason, precautions are taken under a business continuity management system to ensure that incidents or **disasters only temporarily interrupt**

business activity - if at all. This includes the consistent involvement of the group's own specialised central divisions, which can, for example, procure equipment, accommodation, IT systems or staff on short notice, build up long-term strategic partnerships with selected subcontractors and suppliers, and arrange for the audit of emergency scenarios in IT.

EVALUATION OF PARTNER COMPANIES TO REDUCE RISKS IN THE SUPPLY CHAIN

In the interest of quality and efficiency, 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 describing the key features of the internal control and risk management systems with regard to the financial reporting process in the management report. The COSO framework consists of five interrelated components: control environment, risk assessment, information and communication, control activities and monitoring activities. On this basis, the STRABAG Group has set up a company-wide risk

management system in accordance with generally accepted principles. The aim of the internal control system is to support the management in such a way that it is able to ensure internal controls with regard 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 Management System (BCMS) in order to ensure moral standards, ethics and integrity within the company and in its dealings with others. The implementation of the internal control system with regard to the financial

reporting process is based on internal rules and regulations. Responsibilities for internal control have been adapted to fit the corporate organisation. The internal audit department carries out periodic reviews - announced as well as unannounced - 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 reviews, 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. The last review was carried out in the 2019 financial year.

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 expectation. 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 ongoing business process to ensure that errors or deviations in financial reporting are avoided or detected and subsequently corrected. The control activities range from a review of the period results to the 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, review 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, for example, is supported by a restrictive allocation of IT authorisations. 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, to ensure compliance with accounting rules and regulations and to identify and communicate weak points and potential areas for improvement in the financial reporting process. Accounting employees receive regular training with regard to innovations in 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 and earnings of the respective segments and countries and of 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 Audit Committee of the Supervisory Board.

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 has given itself a more **technological focus**, embodied by a **systematic innovation management** established at the organisational level since 2014. At the beginning of 2020, the systematic innovation management activities were transferred to the **Management Board level** as part of the new Digitalisation, Innovation and Business Development Officer's responsibilities, emphasising 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 2020 was again on the continued digitalisation of processes in planning and in logistics. Generative design, a method for the algorithm-based optimisation of planning options, gives us the opportunity to investigate urban development, building and spatial concepts as well as building physics requirements by means of rapidly generated variants. Meanwhile, the **platform-based** tracking of prefabricated parts, such as stairs or façade elements, is being used in additional large construction projects. Countless time-consuming, error-prone paper-based entries during the construction process - related to work safety inspections, work status, concrete deliveries and reinforcement performance levels - are now being performed via app. The data are entered on mobile end devices suitable for construction sites, with logs and target/actual comparisons generated automatically and made available to the construction offices and back offices involved. This significantly reduces the time required for construction-related administrative tasks. In transportation infrastructures, the focus is on the road as a driver of innovation. Pilot

projects have been carried out here to investigate the possibilities associated with self-driving cars or the use of pavement sensors to monitor road conditions.

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 implementation of these projects within the STRABAG Group are the central divisions **STRABAG Innovation & Digitalisation (SID)**, **Zentrale Technik (ZT)** and **TPA Gesellschaft für Qualitätssicherung und Innovation GmbH (TPA)**, each of which report directly to a member of the Management Board.

With over 170 highly qualified employees at more than ten locations, **SID** will take the lead in initiating developments and providing expert support while maintaining a full overview of group-wide innovation activities and their measurable results. Because digitalisation must not be an end in itself, operating needs have priority and digital tools should be made available without delay. Work is also being done on the latest trends in the industry, such as robotics and automation to increase productivity.

ZT is present at 34 locations with more than 1,000 experts. With its five subdivisions of turnkey construction, structural engineering, civil engineering and tunnelling, transportation infrastructures, and construction process management, ZT provides services spanning the entire construction process, from the acquisition phase to bid processing, from general and specialist planning to construction and start of operations. In all of its activities, ZT offers innovative solutions for buildings and infrastructure, including structure, envelopes, technical equipment, building physics, construction processes and software applications. The central topics of the innovation activities include sustainable resource-efficient construction, BIM 5D@, Smart.Construction, LEAN.Construction and the end-to-end, goal-oriented system design of buildings and infrastructure.

TPA is the group's competence centre for asphalt, concrete, earthworks, geotechnics and environmental engineering, quality management and

applied R&D projects for transportation infrastructures as well as building construction and civil engineering. 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. TPA employs around 1,000 people at 130 locations in 15 countries, making it one of the largest private laboratory companies in Europe.

The research focus in 2020 included the development of sensors that can be placed in asphalt or concrete roads. A study conducted at the duraBAST test site of the German Federal Highway Research Institute in Bergisch-Gladbach provided evidence that acceleration sensors can be used to measure changes in the load-bearing capacity of the bound top layer as trucks roll over it. The data was used to generate an algorithm for predicting the condition of the road as a function of the load. After three years of development work, it was also possible to obtain building approval for **DAsphalt® Silo** on behalf of Deutsche Asphalt GmbH. DAsphalt® Silo is an optimised asphalt concrete for AC 8 D L asphalt-wearing courses that can be used to reinforce and seal manure, slurry and silage leachate systems.

EFKON GmbH - a subsidiary of STRABAG - is active in 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 further development of complex toll collection and enforcement systems that blend unobtrusively into the cityscape (example: Norway, environmental zones) or can be used efficiently on motorways and expressways (example: national tolling system in Belgium). Here EFKON is increasingly using high-performance machine vision components, developed in-house, that are capable of identifying and classifying vehicles across multiple lanes. Another focus was on the more extensive vehicle integration of toll communication equipment. Several renowned vehicle manufacturers in Asia use EFKON technology in their vehicles, integrating it directly during assembly in their manufacturing plants.

The STRABAG Group spent about € 17 million on research, development and innovation activities during the 2020 financial year (2019: about € 17 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 5.
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" (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 2020 as these shares are held by STRABAG SE as own shares as defined in Sec 65 Para 1 (8) of the Austrian Stock Corporation Act (AktG).
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 2020:
 - Haselsteiner Group 26.4 %
 - Raiffeisen Group 13.2 %
 - UNIQA Group 14.3 %
 - MKAO "Rasperia Trading Limited" 25.9 %
4. The company itself held 7,400,000 no-par shares on 31 December 2020, 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.
5. 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.
6. No employee stock option programmes exist.
7. No further regulations exist beyond items 2 and 5 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.

which would become effective, change or end due to a change of ownership in STRABAG SE following a takeover offer.

8. 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
9. 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 36 of the Notes.

Outlook

STRABAG SE expects to achieve an output volume slightly above the previous year's level in the 2021 financial year. This forecast is supported by the high order backlog. In all three segments, North + West, South + East and International + Special Divisions, no significant changes to the high output level are expected from today's perspective.

Following the extraordinary earnings situation in the past financial year, the situation should return to normal in 2021 with an EBIT margin of below

4.0 %. Given this development, the medium-term target of 4.0 % starting from 2022 seems attainable. The planning for 2021 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 can be made in project risk management in all of our core markets. Net investments (cash flow from investing activities) are unlikely to exceed € 450 million in 2021.

Events after the reporting period

The material events after the reporting period are described in the item V. of the Notes.

Villach, 8 April 2021

The Management Board

Dr. Thomas Birtel m.p.

CEO

Responsibility Central Staff Divisions and
Central Divisions BMTI, CML as well as TPA

Mag. Christian Harder m.p.

CFO

Responsibility Central Division BRVZ

Klemens Haselsteiner m.p.

Responsibility Central Divisions STRABAG
Innovation & Digitalisation as well as Zentrale
Technik, Responsibility Subdivision NN Russia

Dipl.-Ing. Dr. Peter Krammer m.p.

Responsibility Segment South + East
(except Subdivision NN Russia)

Dipl.-Ing. Siegfried Wanker m.p.

Responsibility Segment
International + Special Divisions

Dipl.-Ing. (FH) Alfred Watzl m.p.

Responsibility Segment North + West

AUDITOR'S REPORT

REPORT ON THE FINANCIAL STATEMENTS

Audit Opinion

We have the audited financial statements of

**STRABAG SE,
Villach, Austria,**

which comprise the Balance Sheet as at 31 December 2020, 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 2020 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 up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

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/2f.

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 at 31 December 2020.

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 and 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.

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.

If, on the basis of our work on the other information obtained before the date of the auditor's report, we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

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.

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.

Additional Information in accordance with Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on 19 June 2020 and were appointed by the supervisory board on 19 June 2020 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 2021

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Ernst Pichler m.p.
Wirtschaftsprüfer
(Austrian Chartered Accountant)