Individual financial statements 2013

STRABAG
SOCIETAS EUROPAEA

Balance sheet as at 31 December 2013

Assets	31.12.2013 €	31.12.2012 T€
A. Non-current assets:		
I. Property, plant and equipment:		
Other facilities, furniture and fixtures and office equipment	**969,729.15**	**975**
II. Financial assets:		
1. Investments in subsidiaries	2,217,254,382.60	2,143,546
2. Loans to subsidiaries	99,756,885.00	108,000
2. Investments in participation companies	23,583,718.99	25,803
3. Own shares	236,978,341.46	228,115
4. Other loans	1,101,397.24	1,717
	2,578,674,725.29	**2,507,181**
	2,579,644,454.44	**2,508,156**
B. Current Assets:		
I. Accounts receivable and other assets:		
1. Trade receivables	628,327.06	516
2. Receivables from subsidiaries	717,950,041.23	632,654
3. Receivables from participation companies	6,139,559.43	6,132
4. Other receivables and assets	95,603,891.61	100,897
	820,321,819.33	**740,199**
II. Cash assets, including bank accounts	185,448.52	9,125
	820,507,267.85	**749,324**
C. Accruals and deferrals	**9,091,328.00**	**7,448**
Total	**3,409,243,050.29**	**3,264,929**

Equity and liabilities	31.12.2013 €	31.12.2012 T€
A. Equity:		
I. Share capital	**114,000,000.00**	**114,000**
II. Capital reserves (committed)	**2,148,047,129.96**	**2,148,047**
III. Retained earnings:		
1. Legally required reserves	72,672.83	73
2. Voluntary reserves	64,934,787.53	34,824
	65,007,460.36	**34,896**
IV. Reserve for own shares	**236,978,341.46**	**228,115**
V. Unappropriated net profit (thereof profit brought forward € 2,280,000.00; previous year: T€ 5,908)	**51,300,000.00**	**22,800**
	2,615,332,931.78	**2,547,859**
B. Provisions:		
1. Provisions for severance payments	290,457.00	316
2. Provisions for taxes	13,361,814.89	13,362
3. Other provisions	27,328,333.00	15,164
	40,980,604.89	**28,841**
C. Accounts payable:		
1. Bonds	575,000,000.00	450,000
2. Bank borrowings	140,000,104.59	198,441
3. Trade payables	2,167,932.35	1,916
4. Payables to subsidiaries	9,873,966.78	11,469
5. Other payables (thereof taxes € 369,779.83; previous year: T€ 40; thereof social security liabilities € 14,206.62; previous year: T€ 25)	25,887,509.90	26,403
	752,929,513.62	**688,229**
Total	**3,409,243,050.29**	**3,264,929**
Contingent liabilities	320,611,515.32	253,639

Income statement for the 2013 financial year

	2013	2012
	€	T€
1. Revenue (Sales)	59,233,587.19	56,826
2. Other operating income	11,590,101.55	2,273
3. Cost of materials and services:		
a) Materials	-38,800.30	-75
b) Services	-13,337,095.78	-16,083
	-13,375,896.08	**-16,158**
4. Employee benefits (Personnel expense):		
a) Salaries	-5,327,778.97	-2,259
b) Severance payments and contributions to employee benefit plans	-8,334.57	-114
c) Statutory social security contributions, as well as payroll-related and other mandatory contributions	-239,548.37	-450
d) Other social expenditure	-164,784.15	-141
	-5,740,446.06	**-2,965**
5. Depreciation	-5,376.87	-5
6. Other operating expenses:		
a) Taxes other than those included in item 15	-210,103.33	-95
b) Miscellaneous	-25,223,206.03	-63,455
	-25,433,309.36	**-63,549**
7. Subtotal of items 1 through 6 **(operating result)**	**26,268,660.37**	**-23,578**
8. Income from investments (thereof from subsidiaries € 105,389,706.99; previous year: T€ 77,028)	105,389,706.99	85,405
9. Other interest and similar income (thereof from subsidiaries € 34,926,639.73; previous year: T€ 27,478)	35,866,194.85	28,693
10. Income from disposal and write-up of financial assets and marketable securities	323.04	279
11. Expenses related to financial assets and marketable securities:		
a) Depreciation of investments in subsidiaries	-29,324,108.72	-4,673
b) Depreciation (other)	-3,258,096.42	0
c) Expenses from subsidiaries	-1,084,391.42	-46,320
d) Miscellaneous	-11,874,188.96	0
	-45,540,785.52	**-50,994**
12. Interest and similar expenses (thereof from subsidiaries € 971,802.05; previous year: T€ 75)	-32,802,213.36	-30,369
13. Subtotal of item 8 through 12 **(financial result)**	**62,913,226.00**	**33,014**
14. Results from ordinary business activities	**89,181,886.37**	**9,436**
15. Taxes on income and gains:		
a) Income tax	-169,176.84	-27
b) Tax allocation	-1,018,353.99	-2,776
	-1,187,530.83	**-2,803**
16. Net income for the year	**87,994,355.54**	**6,633**
17. Dissolution of retained earnings (voluntary reserves)	0.00	10,259
18. Allocation to retained earnings (voluntary reserves)	-38,974,355.54	0
19. Profit for the period	**49,020,000.00**	**16,892**
20. Profit brought forward	2,280,000.00	5,908
21. Unappropriated net profit	**51,300,000.00**	**22,800**

NOTES TO THE 2013 FINANCIAL STATEMENTS OF STRABAG SE, VILLACH

I. Application of Austrian business enterprise code

These 2013 financial statements were prepared in accordance with the Austrian Business Enterprise Code (UGB).

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 Section 221 of the Austrian Business Enterprise Code (UGB).

II. Accounting policies

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”.

The valuation premise adopted is that of a going concern.

Individual assets and liabilities were valued 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 realised on the balance sheet date.

All recognisable risks and impending losses which occurred in 2013 or an earlier financial year were taken into consideration.

The previously applied valuation method was kept.

Property, plant and equipment are valued at historical cost less accumulated depreciation.

Low-value assets are depreciated in full in the year in which they are acquired.

Extraordinary depreciation is undertaken where it is necessary to apply the lower value method.

Financial assets are valued at historical cost or a lesser value if one is attributable.

The company has not exercised its option to capitalise deferred taxes in accordance with Section 198 Paragraph 10 of the Austrian Business Enterprise Code.

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 recognisable risks.

All recognisable risks and impending losses were taken into account in the calculation of provisions in accordance with the legal framework.

The provisions for severance payments were calculated using recognised financial mathematical principles, an interest rate of 3.0 % (previous year: 3.5 %), and a retirement age of 62 for women (previous year: 62) and 62 for men (previous year: 62).

Liabilities are valued at the amount repayable. Foreign currency liabilities are valued in accordance with the “highest value principle”.

III. Notes to the balance sheet

NON-CURRENT ASSETS

The non-current assets are itemised and their changes in the year under report are recorded in the Statement of Changes in Non-Current Assets. (Appendix 1 to the notes).

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 € 6,757,794.06 (previous year: T€ 6,638) for the 2014 financial year. The sum of all obligations for the next five years is € 33,788,970.30 (previous year: T€ 33,189).

Information on investments can be found in the list of Participations (Appendix 2 to the notes).

ACCOUNTS RECEIVABLES AND OTHER ASSETS

The following trade and other receivables have a remaining term of more than one year:

	31.12.2013	31.12.2012
	€	T€
Receivables from subsidiaries	270,000,667.97	264,400
Receivables from participation companies	872,084.01	0
Other receivables and other assets	19,456,000.00	18,556
Total	**290,328,751.98**	**282,956**

All other reported trade and other receivables have a remaining term of up to one year.

Receivables from subsidiaries involve cash-clearing, financing, routine clearing, the calculation of group allocations and transfers of profits.

The item “Other receivables and other assets” includes income of € 614,670.97 (previous year: T€ 172) which will be cash effective after the balance sheet date.

EQUITY

The fully paid in share capital amounts to € 114,000,000.00 and is divided into 113,999,997 no-par bearer shares and three registered shares.

The management board has been authorised, with the approval of the supervisory board, to increase the share capital of the company by up to € 57,000,000 by 19 June 2014, in several tranches if necessary, by issuing up to 57,000,000 registered no-par shares for cash or contributions in kind (approved capital). In the case of capital increase through contributions in kind, the partial or full exclusion of the shareholders’ subscription rights is possible.

The exercise, issue price and conditions of issue shall be determined with the approval of the supervisory board. The supervisory board was authorised to determine the necessary changes to the Articles of Association required upon the issuance of shares from the approved capital.

The management board has also been authorised until 15 June 2017, in accordance with Section 65 Paragraph 1b of the Austrian Stock Corporation Act, to sell or assign its own shares, with approval by the supervisory board, in a manner other than on the stock market or through a public tender, to the exclusion of the shareholders' buyback rights (subscription rights), and to determine the conditions of sale. The authorisation can be exercised in full, or in part or in several partial amounts for one or several purposes by the company, a subsidiary (Section 228 Paragraph 3 of the Austrian Business Enterprise Code) or third parties acting on behalf of the company.

The management board has been authorised, with approval from the supervisory board, until 15 June 2017, to issue financial instruments within the meaning of Section 174 of the Austrian Stock Corporation Act (AktG), in particular convertible bonds, income bonds and profit participation rights with a total nominal value of up to € 1,000,000,000.00 which may also confer subscription and/or exchange rights for the acquisition of up to 50,000,000 shares of the company and/or may be designed in such a way that they can be issued as equity. This can be done also in several tranches and in different combinations and indirectly by way of a guarantee for the issue of financial instruments through an associate or related entity of the company with conversion rights on shares of the company. For the servicing, the management board may use the conditional capital or own shares. The issue amount and issue conditions, as well as the possible exclusion of the shareholders' subscription rights for the issued financial instruments, are to be determined by the management board with the approval of the supervisory board.

Also approved was a conditional increase of the share capital of the company pursuant to Section 159 Paragraph 2 No. 1 of the Austrian Stock Corporation Act (AktG) by up to € 50,000,000.00 through the issue of up to 50,000,000 new bearer shares with no face value (no-par shares) for issue to creditors of financial instruments within the meaning of the authorisation granted to the management board, provided the creditors of financial instruments exercise their subscription and/or exchange rights for shares of the company. The issue amount and the exchange ratio are to be determined based on recognised financial mathematical methods and the price of the shares of the company in a recognised pricing procedure. The newly issued shares of the conditional capital increase carry a dividend entitlement corresponding to that of the shares traded on the stock market at the time of the issue. The management board is authorised, with the approval of the supervisory board, to establish the further details of the implementation of the conditional capital increase. The supervisory board is authorised to pass resolution on any amendments to the Articles of Association resulting from the issue of shares within the scope of the conditional capital

As at 31 December 2013, STRABAG SE had acquired 11,400,000 bearer shares equalling 10 % of the share capital. The corresponding value of the share capital amounts to € 11,400,000. The acquisition took place between July 2011 and May 2013. The average purchase price per share was € 20.79.

PROVISIONS

Other provisions were made for profit sharing, investment risks and claims.

ACCOUNTS PAYBLE

€	Remaining term < one year	Remaining term > one year	Remaining term > five years	Book value	Real securities
1. Bonds	0.00	275,000,000.00	300,000,000.00	575,000,000.00	0.00
Previous year in T€	*75,000*	*100,000*	*275,000*	*450,000*	*0*
2. Bank borrowings	104.59	116,500,000.00	23,500,000.00	140,000,104.59	0.00
Previous year in T€	*58,441*	*116,500*	*23,500*	*198,441*	*0*
3. Trade payables	2,167,932.35	0.00	0.00	2,167,932.35	0.00
Previous year in T€	*1,916*	*0*	*0*	*1,916*	*0*
4. Payables to subsidiaries	9,873,966.78	0.00	0.00	9,873,966.78	0.00
Previous year in T€	*11,469*	*0*	*0*	*11,469*	*0*
5. Other payables	25,072,912.31	814,597.59	0.00	25,887,509.90	0.00
Previous year in T€	*25,024*	*1,379*	*0*	*26,403*	*0*
Total	**37,114,916.03**	**392,314,597.59**	**323,500,000.00**	**752,929,513.62**	**0.00**
Previous year in T€	*171,850*	*217,879*	*298,500*	*688,229*	*0*

Payables to subsidiaries involve routine clearing as well as the clearing of tax allocation.

The item “Other payables” includes costs of € 16,388,735.17 (previous year: T€ 14,795) which will be cash effective after the balance sheet date.

CONTINGENT LIABILITIES

The contingent liabilities which must be shown in the balance sheet in accordance with Section 199 of the Austrian Business Enterprise Code (UGB) involve exclusively guarantee and indemnity liabilities.

The contingent liabilities reported include € 278,525,718.45 (previous year: T€ 234,898) in contingent liabilities for affiliated companies.

The company has made an unlimited warranty statement for the benefit of BRVZ Bau- Rechen- u. Verwaltungszentrum Gesellschaft m.b.H., Spittal an der Drau, whereby is commited to fulfil the obligations from the financial futures contracts concluded by the BRVZ Bau- Rechen- u. Verwaltungszentrum Gesellschaft m.b.H., Spittal an der Drau, if necessary.

Performance bonds in the amount of € 386,992,273.68 (previous year: T€ 194,316) exist for construction projects of subsidiaries.

IV. Notes to the income statement

REVENUE (SALES)

	2013 €	2012 T€
Domestic revenue	26,798,880.75	25,673
Foreign revenue	32,434,706.44	31,153
Total	**59,233,587.19**	**56,826**

EMPLOYEE BENEFITS (PERSONNEL EXPENSE)

The company employed on the average 5 employees during the year (previous year: 6 employees).

100 % of the expenses for severance payments were recognised for management board members.

An amount of € 33,665.57 (previous year: T€ 91) for contributions to employee benefit plans is included in the severance payment expenses.

The salaries of the management board members in the 2013 financial year amounted to T€ 4,199 (previous year: T€ 2,590).

Supervisory board member salaries in the period under review amounted to € 135,000.00 (previous year: T€ 135).

OTHER OPERATING EXPENSE

The other operating expenses reported mainly include impairments of receivables, surety fees, legal and advisory costs, travel and advertising costs, insurance costs and other general administrative expenses.

EXPENSES RELATED TO FINANCIAL ASSETS AND MARKETABLE SECURITIES

Losses on the disposal of financial assets with an amount of € 668,500.00 (previous year T€ 45,660) is included in the item expenses from subsidiaries.

TAXES ON INCOME AND GAINS

The amount for active deferred taxes pursuant to Section 198 Paragraph 10 of the Austrian Business Enterprise Code (UGB) which may be capitalised is € 0,00 (previous year: T€ 0) because there is no additional tax expense except the minimum tax due to the fiscal losses of the company.

The reported tax expenses involve tax allocations to group members, corporate income tax and foreign tax expenses.

V. MISCELLANEOUS

The company is a group parent under Section 9 Paragraph 8 of the Austrian Corporate Income Tax Act (KStG) of 1988 as amended by BGBl. I 180/2004. Tax adjustments (both positive and negative allocations) between the group parent and the company were arranged in the form of tax allocation agreements.

An agreement was concluded with BRVZ Bau- Rechen- u. Verwaltungszentrum Gesellschaft m.b.H., Spittal an der Drau, covering financial and management accounting, operating and cost accounting, payroll accounting, cash management, insurance management and facility management.

The members of the management and supervisory boards are listed separately (Appendix 3 to the notes).

The expenses for the auditor, KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, for the financial year amount to € 630,500.00 (previous year: T€ 620), of which € 58,000.00 (previous year: T€ 57) are for the audit of the financial statements, € 530,000.00 (previous year: T€ 520) for other audit services and € 42,500.00 (previous year: T€ 43) for miscellaneous services.

Villach, 11 April 2014

Management Board

Dr. Thomas Birtel

Mag. Christian Harder

Dipl.-Ing. Dr. Peter Krammer

Mag. Hannes Truntschnig

Dipl.-Ing. Siegfried Wanker

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 2013

€	Acquisition and production costs Balance 1.1.2013	Additions	Disposals
I. Tangible Assets:			
Other facilities, furniture and fixtures and office equipment	**1,140,556.36**	**191.50**	**1,291.18**
II. Financial Assets:			
1. Investments in subsidiaries	2,185,985,871.59	103,082,866.10	101,010.13
2. Loans to subsidiaries	108,000,000.00	5,791,885.00	14,035,000.00
3. Investments in participation companies	34,254,181.58	1,038,642.83	500,000.00
4. Own shares	228,115,014.03	8,863,327.43	0.00
5. Other loans	1,716,714.37	38,763.44	654,080.57
	2,558,071,781.57	**118,815,484.80**	**15,290,090.70**
Total	**2,559,212,337.93**	**118,815,676.30**	**15,291,381.88**

Balance 31.12.2013	Accumulated depreciation	Carrying values 31.12.2013	Carrying values 31.12.2012	Depreciation for the period
1,139,456.68	**169,727.53**	**969,729.15**	**974,914.52**	**5,376.87**
2,288,967,727.56	71,713,344.96	2,217,254,382.60	2,143,543,276.35	29,324,108.72
99,756,885.00	0.00	99,756,885.00	108,000,000.00	0.00
34,792,824.41	11,209,105.42	23,583,718.99	25,803,173.58	3,258,096.42
236,978,341.46	0.00	236,978,341.46	228,115,014.03	0.00
1,101,397.24	0.00	1,101,397.24	1,716,714.37	0.00
2,661,597,175.67	**82,922,450.38**	**2,578,674,725.29**	**2,507,178,178.33**	**32,582,205.14**
2,662,736,632.35	**83,092,177.91**	**2,579,644,454.44**	**2,508,153,092.85**	**32,587,582.01**

List of Participations (20.00 % interest minimum)

Name and residence of the company T€	Interest %	Equity/negative equity[1]	Result of the last financial year[2]
Investments in subsidiaries:			
AKA-FinCo Zrt., Budapest	100.00	15[3]	-4[3]
AKA-HoldCo Zrt., Budapest	100.00	15[3]	-4[3]
Asphalt & Beton GmbH, Spittal an der Drau	100.00	1,238	626
“A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH”, Spittal an der Drau	100.00	1,366	1,284
Bau Holding Beteiligungs AG, Spittal an der Drau	65.00	1,038,742	-9,721
Baukontor Gaaden Gesellschaft m.b.H., Gaaden	100.00	1,929	191
BHG Bitumen d.o.o. Beograd, Belgrad	100.00	203	28
BHG Sp.z o.o., Pruszkow	100.00	314	92
CESTAR d.o.o., Slavonski Brod	74.90	2,852	210
CLS Construction Legal Services GmbH, Köln	100.00	25	0
CLS Construction Legal Services GmbH, Wien	100.00	174[3]	138[3]
CLS CONSTRUCTION SERVICES s. r. o., Bratislava	100.00	26	12
CLS CONSTRUCTION SERVICES s.r.o., Prag	100.00	0	8
CLS Kft., Budapest	100.00	122	35
CLS Legal Sp.z o.o., Pruszkow	100.00	277	7
DRP, d.o.o., Ljubljana	100.00	837	451
Ed. Züblin AG, Stuttgart	57.26	164,531	24,736
Errichtungsgesellschaft Strabag Slovensko s.r.o., Bratislava-Ruzinov	100.00	979	499
Erste Nordsee-Offshore-Holding GmbH, Pressbaum	51.00	39,829	-175
EVN S.r.l., Rom	100.00	89[5]	-11[5]
Facility Management Holding RF GmbH, Wien	100.00	78[3]	-3[3]
Flogopit d.o.o., Novi Beograd	100.00	-16	-31
G15 Projekt GmbH, Baar	100.00	40	9
GRASTO d.o.o., Ljubljana	99.85	3,971	127
Ilbau Liegenschaftsverwaltung GmbH, Hoppegarten	99.99	118,011	-32,709
Kamen-Ingrad gradnja i rudarstvo d.o.o. u likvidaciji, Zagreb	51.00	[4]	[4]
Karlovarske silnice, a. s., Ceske Budejovice	100.00	2,355	18
KMG - KLIPLEV MOTORWAY GROUP A/S, Kopenhagen	100.00	1,368	718
LPRD (LESZCZYNSKIE PRZEDSIEBIORSTWO ROBOT DROGOWO)-MOSTOWYCH Sp.z o.o., Leszno	57.29	6,503	306
Mazowieckie Asfalty Sp.z o.o., Pruskow	100.00	-16[3]	-3[3]
Mikrobiologische Abfallbehandlungs GmbH, Schwadorf	51.00	1,162[3]	440[3]
Mineral Abbau GmbH, Spittal an der Drau	100.00	-458	0
MINERAL ROM S.R.L., Brasov	26.87	-2,537	-456
Norsk Standardselskap 154 AS, Oslo	100.00	-1[3]	-3[3]
Onezhskaya Mining Company LLC, Petrozavodsk	59.00	-5,179	-1,875
OOO CLS Construction Legal Services, Moskau	100.00	227	110
OOO “SAT”, Moskau	100.00	706	-57
Panadria mreza autocesta d.o.o. (formerly CROATIA ASFALT d.o.o.), Zagreb	100.00	1	-2
PBOiUT Slask Sp. z o.o., Katowice	60.98	1,907	-421
PNM, d.o.o., Ljubljana	100.00	9	0
Prottelith Produktionsgesellschaft mbH, Liebenfels	52.00	-2,294[3]	66[3]
PRZEDSIEBIORSTWO ROBOT DROGOWYCH Sp.z o.o. W LIKWIDACJI, Choszczno	100.00	[4]	[4]
SAT REABILITARE RECICLARE S.R.L., Cluj-Napoca	100.00	461	374
SAT SANIRANJE cesta d.o.o., Zagreb	100.00	618	402

1) according to § 224 Para 3 UGB
2) net income / loss of the year
3) Financial statements as of 31.12.2012
4) no statement according to § 241 Para 2 UGB
5) Financial statements as of 30.09.2012

Name and residence of the company	Interest %	Equity/negative equity[1]	Result of the last financial year[2]
T€			
SAT SLOVENSKO s.r.o., Bratislava	100.00	1,276	190
SAT Ukraine, Brovary	100.00	1,934[3]	-32[3]
“SBS Strabag Bau Holding Service GmbH”, Spittal an der Drau	100.00	319,748	45,582
SF Bau vier GmbH, Wien	100.00	-5	-7
SOOO “STRABAG Engineering Center”, Minsk	60.00	92[3]	3[3]
STR Irodaház Kft., Budapest	100.00	3,572[3]	-235[3]
STRABAG A/S, Trige	100.00	-751[3]	-729[3]
STRABAG AG, Köln	74.80	480,902	68,322
STRABAG AG, Zürich	100.00	33,940	-20,903
“Strabag Azerbaijan” L.L.C., Baku	100.00	-26,506	-11,941
STRABAG Beteiligungen International AG, Spittal an der Drau	100.00	998	2
STRABAG Infrastruktur Development, Moskau	100.00	87	141
STRABAG Installations pour l´Environenment SARL, Champagne	100.00	122[3]	17[3]
STRABAG Invest GmbH, Wien	51.00	-415[3]	-2[3]
STRABAG Oy, Helsinki	100.00	1,454	-667
STRABAG Property and Facility Services a.s., Prag	100.00	3,094	42
STRABAG Ray Ltd. Sti., Ankara	99.00	305[3]	271[3]
STRABAG Real Estate GmbH, Köln	84.50	27,014	5,898
Strabag RS d.o.o., Banja Luka	100.00	-219[3]	-45[3]
STRABAG Sh.p.k., Tirana	100.00	21[3]	-20[3]
STRABAG-HIDROINZENJERING d.o.o., Split	100.00	2,820	-230
“STRABAG” d.o.o. Podgorica, Podgorica	100.00	1,491[3]	515[3]
TOO STRABAG Kasachstan, Almaty	100.00	-381[3]	-249[3]
Treuhandbeteiligung MO	100.00	[4]	[4]
Zweite Nordsee-Offshore-Holding GmbH, Pressbaum	51.00	77,336	-289
Investments in participation companies:			
A-Lanes A15 Holding B.V., Nieuwegein	24.00	[4]	[4]
ASAMER Baustoff Holding Wien GmbH, Wien	20.00	[4]	[4]
ASAMER Baustoff Holding Wien GmbH & Co. KG, Wien	20.00	[4]	[4]
DYWIDAG Verwaltungsgesellschaft mbH, München	50.00	[4]	[4]
Klinik für Psychosomatik und psychiatrische Rehabilitation GmbH, Spittal an der Drau	30.00	[4]	[4]
Moser & C. SRL, Bruneck	50.00	[4]	[4]
OOO “STRATON”, Sotschi	50.00	[4]	[4]
SRK Kliniken Beteiligungs GmbH, Wien	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 § 224 Para 3 UGB
2) net income / loss of the year
3) Financial statements as of 31.12.2012
4) no statement according to § 241 Para 2 UGB
5) Financial statements as of 30.09.2012

Management and Supervisory Board

Management Board:

Dr. Hans Peter Haselsteiner (until 14 June 2013)
Dr. Thomas Birtel (CEO)
Mag. Christian Harder (since 1 January 2013)
Dipl.-Ing. Dr. Peter Krammer
Mag. Hannes Truntschnig
Dipl.-Ing. Siegfried Wanker

Supervisory Board:

Dr. Alfred Gusenbauer (Chairman)
Mag. Erwin Hameseder (Vice Chairman)
Andrey Elinson
Mag. Kerstin Gelbmann
Dr. Gottfried Wanitschek (until 14 June 2013)
Ing. Siegfried Wolf
Mag. Hannes Bogner (since 14 June 2013)

Dipl.-Ing. Andreas Batke (works council)
Miroslav Cerveny (works council)
Magdolna P. Gyulaine (works council)
Wolfgang Kreis (works council)
Gerhard Springer (works council)

GROUP MANAGEMENT REPORT

ECONOMIC RESPONSIBILITY

Important events

JANUARY

STRABAG postpones investments in Offshore Wind

STRABAG postpones its planned investments in the field of gravity-based foundations technology for offshore wind until further notice. The company had planned to spend several hundred million euros over the next few years on the construction of a factory and on special ships to transport self-developed concrete gravity foundations for offshore wind plants. STRABAG's 51 % stake in 14 project companies to develop offshore wind farms remains unaffected by the decision.

FEBRUARY

STRABAG and Rio Tinto enter into exclusive partnership in tunneling

The cooperation of STRABAG with the global mining company Rio Tinto is divided into two phases: From 2012 until 2014, STRABAG will carry out field trials at selected construction sites using new excavation systems and technologies and will optimise the systems. After the successful completion of the field trials STRABAG could exclusively carry out Rio Tinto projects using the new systems for a period of five years.

MARCH

Züblin expands timber construction activities and acquires Metsä Wood Merk GmbH, Aichach

Church in Cologne, © Architekten Sauerbruch Hutton

The German STRABAG subsidiary Ed. Züblin AG, Stuttgart, is selectively expanding its range of services in the field of structural timber engineering in Germany: Following the successful integration into the corporate group of Stephan Holzbau GmbH, Gaildorf, and of the operations of Merk-Project GmbH, Züblin also agreed the acquisition of Metsä Wood Merk GmbH, Aichach, now Merk Timber GmbH. Metsä Wood Merk GmbH, a subsidiary of Finland's Metsä Group, is a specialist in the manufacture of large-format cross-laminated timber panels. In 2012, the company had about 100 employees and generated revenues of € 21 million.

STRABAG acquires transportation infrastructures activities of Janssen de Jong Groep

STRABAG AG, Cologne, has acquired the transportation infrastructures activities of Netherlands-based Janssen de Jong Groep B.V. via its Dutch subsidiary STRABAG B.V. The acquisition will be merged into the STRABAG corporate group. The transaction includes the takeover of the approximately 120 employees as well as all equipment and production facilities of the corporate entities Janssen de Jong Infra, De Asfaltfabriek, Ippel and Infra Quality Support.

STRABAG successfully completes Niagara Tunnel Project

After more than seven years of construction, the STRABAG-executed Niagara Tunnel Project was put into operation on 22 March 2013. In the presence of representatives from client Ontario Power Generation, local construction consultants Hatch Mott MacDonald/Hatch Acres and Austrian construction group STRABAG, the tunnel's outlet gate was opened to allow the flow of water through the 10.1 km water supply tunnel near the famous waterfalls on the Niagara River. Following an unhindered 24-hour flow, the € 900 million project of the century was regarded as complete.

Construction of Niagara Tunnel Project

APRIL

EFKON awarded major orders in Germany & Malaysia

EFKON AG – an Austrian subsidiary of STRABAG SE headquartered in Graz/Raaba – reports two new large orders in Germany and Malaysia with a value in the double-digit million euro range. The company received a follow-up order for the delivery of On-Board Modules for the satellite-based truck tolling system in Germany and a large order in Malaysia comprising the delivery of 250,000 electronic toll collection units (OBUs).

New building for Brandenburg state government to be built by STRABAG as PPP

Rendering of government building in Potsdam

After four years of tendering, the Brandenburg State Office for Property and Construction has awarded the contract for the planning, construction and operation of a government building in Potsdam to STRABAG Real Estate GmbH. The project with a volume of € 82 million will be executed as a public-private partnership over a period of 30 years, not including the nearly two-year period of construction.

STRABAG plans pumped-storage plant in Thuringia, Germany

Thuringia's Ministry of Economic Affairs has announced that it is planning the construction of a pumped-storage plant in Thuringia together with the STRABAG Group and future investors. After in-depth examination of two sites, current plans envision a pumped-storage plant with a capacity of 640 MW at the Ellrich site and another one with a capacity of 380 MW at Leutenberg/Probstzella – the latter would be enough to annually supply more than 220,000 households with electricity.

MAY

STRABAG SE issues € 200 million corporate bond

STRABAG SE issued a € 200 million corporate bond. The fixed-interest bond with a face value of € 1,000 has a term to maturity of seven years and a coupon of 3.00 % p.a. The issue price has been set at 101.407 %.

STRABAG subsidiary building A4 motorway in Poland

A consortium led by STRABAG subsidiary Heilit+Woerner Sp. z o.o. has been awarded the contract from Poland's General Directorate for National Roads and Highways (GDDKiA) to complete the 35 km long section of the A4 motorway between Krzyż and Dębica Pustynia. The contract value amounts to € 236 million, 50 % of which is Heilit+Woerner's share.

JUNE

Thomas Birtel new CEO of STRABAG SE

With the end of the Annual General Meeting on 14 June 2013, Dr. Hans Peter Haselsteiner resigned from the management board. In the future, he will support the management board as an authorised representative in matters concerning the group's internationalisation and strategic orientation. Dr. Thomas Birtel succeeded him as new CEO of STRABAG SE.

Züblin builds new facility for 15 clinics and institutes in Jena

Rendering of new Jena University Hospital, © Woerner & Partner

Jena University Hospital and Ed. Züblin AG as general contractor signed the contract for the construction of the second section of Thuringia's university clinic. By the year 2018, the new buildings to be erected will offer around 49,000 m² of usable space for 15 clinics and institutes, with 710 beds and twelve operating rooms, as well as research and teaching facilities. The total project volume amounts to € 316 million.

JULY

STRABAG merges Swiss group companies

The STRABAG Group has undergone enormous growth in Switzerland over the past few years with the acquisitions of Brunner Erben AG, Astrada AG, Egolf AG, Meyerhans AG and Baunova AG. In order to achieve a homogeneous presence on the Swiss market, these group companies were merged into STRABAG AG, Switzerland, effective retroactively to 1 January 2013. Eggstein AG, which had already been merged into STRABAG AG, Switzerland, in 2010 and which had been renamed Eggstein Swissboring, is now doing business under the STRABAG brand. Under the merger, STRABAG AG, Switzerland, assumed the assets and liabilities of the acquired companies. STRABAG SE continues to hold 100 % of the shares of its subsidiary STRABAG AG, Switzerland.

STRABAG lands new orders internationally worth € 230 million

Four new contracts have increased the order backlog of the STRABAG Group until July 2013 by more than € 230 million. Those projects include the construction of a flood protection dam for € 92 million in Oman, two road construction projects in Oman with a total contract value of € 28 million, production of concrete sleepers for railway construction worth € 88 million in Thailand, as well as planning and construction of an LNG tank in Brunei, worth € 23 million.

Züblin constructs office complex for € 95 million at Stuttgart Airport

Ed. Züblin AG, Stuttgart constructs the building "New Office Airport Stuttgart" on behalf of client Flughafen Stuttgart GmbH. The contract value of the office ensemble, which is being built under a partnership arrangement with a guaranteed maximum price and upon completion will be leased almost entirely to management consulting firm Ernst & Young as its German headquarters, stands at about € 95 million.

Rendering of office ensemble, © Flughafen Stuttgart

AUGUST

Züblin is building tunnel for € 250 million on new Wendlingen–Ulm rail line

Through its German subsidiary, Ed. Züblin AG of Stuttgart, STRABAG has been awarded a large contract by the Deutsche Bahn AG, with an order volume of € 250 million, 60 % of which is Ed. Züblin AG's share. The construction of the 5.9 km tunnel from the Swabian Jura to the tracks of Ulm Central Station will last four-and-a-half years.

SEPTEMBER

Züblin officially awarded the contract to build a cultural quarter in Dresden

Rendering of cultural quarter in Dresden, © moka-studio

Ed. Züblin AG will act as main contractor and build the centrally located cultural quarter for around € 70 million on a vacant plot of land of a former power station until the summer of 2016. The contract involves the renovation of the former machine hall, the construction of a new seven-storey building, the renovation of an existing four-storey building and the demolition and construction of a new two-storey workshop.

STRABAG is developing and building infrastructure highlight Orgelpipan 6 in Stockholm

Swedish STRABAG Projektutveckling will develop the multi-functional building "Orgelpipan 6" at Stockholm's Citybanan Commuter Station, Sweden's largest and busiest railway terminal. The investment volume is in the triple-digit million euro range. Completion of the project – which will include apartments, a hotel, shopping and servicing facilities – is planned for December 2015.

STRABAG to build Bosnian motorway between Svilaj and Odžak

A consortium led by STRABAG AG won the contract to build the Svilaj-Odžak section of the international motorway corridor 5c in Bosnia. Works on the 10.4 km long section – which already started in October 2013 – include the construction of the roadway, the border crossing at Svilaj, the Svilaj toll station, two service areas and two motorway exits. Completion is scheduled for December 2014. The contract value amounts to a total of € 84 million, 50 % of which is STRABAG's share.

Züblin expands Allianz Campus Unterföhring

Acting as general contractor, Ed. Züblin AG was awarded the contract to expand Allianz Campus Unterföhring near Munich. In a consortium together with Munich-based Dobler Metallbau GmbH, it will construct the new building with a gross floor area of 58,000 m². The contract has a value of approx. € 100 million; Züblin's share amounts to 90 %. A DGNB gold certification for the new building is aimed at. A precertification has already been awarded. Completion is planned for autumn of 2015.

Rendering of Allianz Campus, © Auer + Weber + Assoziierte

Züblin awarded large building construction contract in Denmark

Züblin A/S, a Danish subsidiary of the STRABAG SE Group, was awarded the contract to build the "Bryghus", a six-storey multi-use building on the site of a former brewery at the Copenhagen waterfront. The value of the contract amounts to about € 140 million. Construction time is scheduled from autumn 2013 to autumn 2017.

Züblin is testing the new ground engineering sealing method "BioSealing"

Züblin Spezialtiefbau Österreich engaged in the "BioSealing" joint industry project, a European joint project to further investigate the principle of operation of bacteria for the sealing of underground leaks in the ground and in buildings. In total nine companies will invest € 400,000 in the coming years.

OCTOBER

STRABAG SE bonds listed in the new Corporates Prime segment of Vienna Stock Exchange

Since 1 October 2013, bonds of STRABAG SE are listed in the Corporates Prime segment of the Vienna Stock Exchange's bond trading platform. This new segment comprises bonds from issuers in non-financial sectors with the aim of increasing the transparency of and providing more effective publicity for Austrian bonds and their issuers. The participating companies agree to provide potential bonds buyers with standardised information about their bonds.

STRABAG awarded tender for section of motorway M4 in Hungary

STRABAG will build the third section of the Hungarian motorway M4 between Abony and Fegyvernek for about € 106 million. The section has a length of 13.2 km and is part of the 233 km long motorway which links Budapest to the Ukrainian border.

NOVEMBER

Highway construction contracts of more than € 300 million in Slovakia

A consortium led by STRABAG signed the contract to build the approx. 10 km long section of the R2 expressway between Pstruša and Kriváň in Slovakia. The contract value amounts to € 178 million, of which STRABAG a.s. holds a 40 % share. A few weeks later, as part of a consortium STRABAG was awarded the contract to build an 11 km long section of the D1 motorway in northern Slovakia between Hricovské Podhradie and Lietavská Lúcka. The order has a total value of € 427 million, of which STRABAG s.r.o. will receive about € 140 million. The construction works comprise eleven bridges, two tunnels as well as all access roads.

STRABAG to build 100 km of desert road in Oman

Sinaw–Duqm connecting road

STRABAG Oman, LLC was awarded the contract to build a 100 km section of the 400 km long road between the city of Sinaw and the industrial zone in Duqm in southern Oman. The project value amounts to € 88 million.

DECEMBER

STRABAG is modernising 42 km section of railway in Romania

As part of a consortium, STRABAG AG has been awarded the contract to modernise the 42.2 km long railway section between Vintu de Jos and Simeria in western Romania near the city of Sibiu. The contract value amounts to € 317 million, of which STRABAG will carry out works with a volume of at least € 66 million in the area of track construction, civil engineering, earth works and road construction.

STRABAG is building McArthurGlen Designer Outlet Vancouver Airport

STRABAG SE is building a designer outlet centre near Vancouver International Airport (YVR), Canada, for Vancouver Airport Authority and McArthur-Glen, Europe's leading owner, developer and manager of designer outlets. McArthurGlen Designer Outlet Vancouver Airport foresees the construction of more than 65,000 m² (35,000 m² gross leas-able area) in a prime location on YVR land for more than CAD 100 million (around € 70 million).

Country report

INTENSIFICATION OF INTERNATIONAL BUSINESS TO FURTHER DIVERSIFY THE COUNTRY RISK

Following our clients

Despite the strong presence in its home markets of Austria and Germany, STRABAG sees itself as a European-based company. The group has been active in Central and Eastern Europe for several 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 possible to export the technology and equipment and to use them in new regions at low cost and effort. In order to diversify the country risk even further, and to profit from the market opportunities in other parts of the world, STRABAG intends to intensify especially its international business, i.e. its activities in countries outside of Europe. The company expects its international business to grow to at least 10 % of the output volume by 2016.

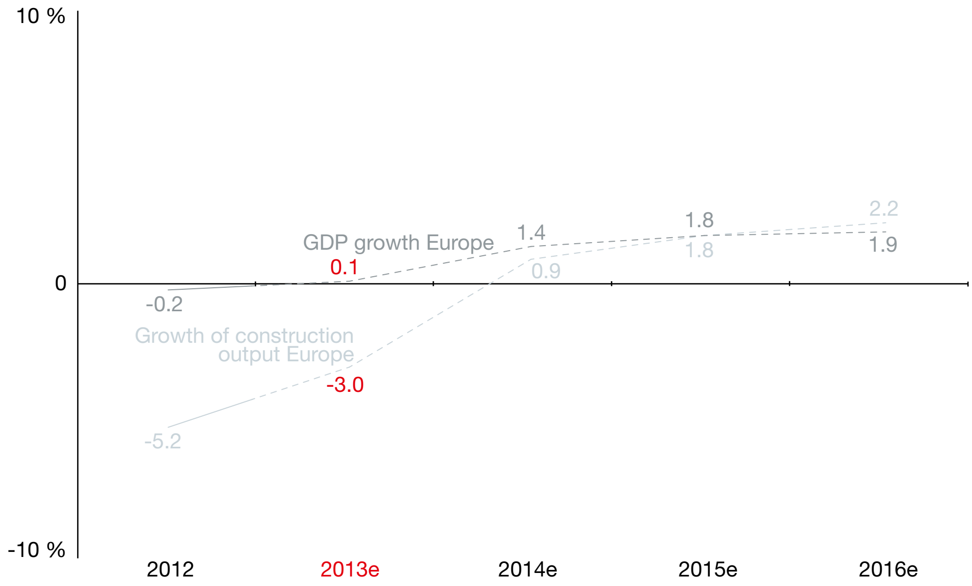
In the 2013 financial year, STRABAG SE generated an output volume of € 13.6 billion. The relatively low decline by 3 % over the previous year can be explained by weather-related effects at the start of the year. The group's core markets revealed quite different developments: as STRABAG is a broadly positioned group, the expected market-related decline in Poland following the end of the construction boom there and project-related reductions in Canada, Benelux and Romania were nearly balanced out by increases in e.g. Hungary, Austria and Africa.

OUTPUT VOLUME BY COUNTRY

€ mln.	2013	% of total output volume 2013	2012	% of total output volume 2012	Δ %	Δ absolute
Germany	5,789	43	5,779	41	0	10
Austria	1,982	15	1,888	13	5	94
Poland	787	6	1,139	8	-31	-352
Czech Republic	645	5	646	5	0	-1
Russia and neighbouring countries	561	4	527	4	6	34
Scandinavia	510	4	579	4	-12	-69
Hungary	496	4	393	3	26	103
Benelux	400	3	456	3	-12	-56
Switzerland	386	3	425	3	-9	-39
Slovakia	340	3	400	3	-15	-60
Middle East	323	2	305	2	6	18
Romania	322	2	372	3	-13	-50
The Americas	263	2	348	2	-24	-85
Italy	168	1	157	1	7	11
Africa	165	1	125	1	32	40
Croatia	134	1	130	1	3	4
Asia	103	1	111	1	-7	-8
Rest of Europe	81	0	83	1	-2	-2
Slovenia	67	0	81	1	-17	-14
Serbia	31	0	72	0	-57	-41
Bulgaria	20	0	27	0	-26	-7
Total	**13,573**	**100**	**14,043**	**100**	**-3**	**-470**

BUILDING PRODUCTION IN EUROPE CONTINUES DOWNWARD TREND[1)]

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE



Despite the economic recovery in the US and in the emerging markets, the upswing of the European economy was delayed. After a decline in the previous year, the gross domestic product (GDP) of the 19 Euroconstruct countries stagnated in 2013. As a result, the outlook for private consumption, the labour market and income development remain subdued. Nevertheless, the experts at Euroconstruct expect the economy to grow again at the low rate of 1.4 % already in 2014.

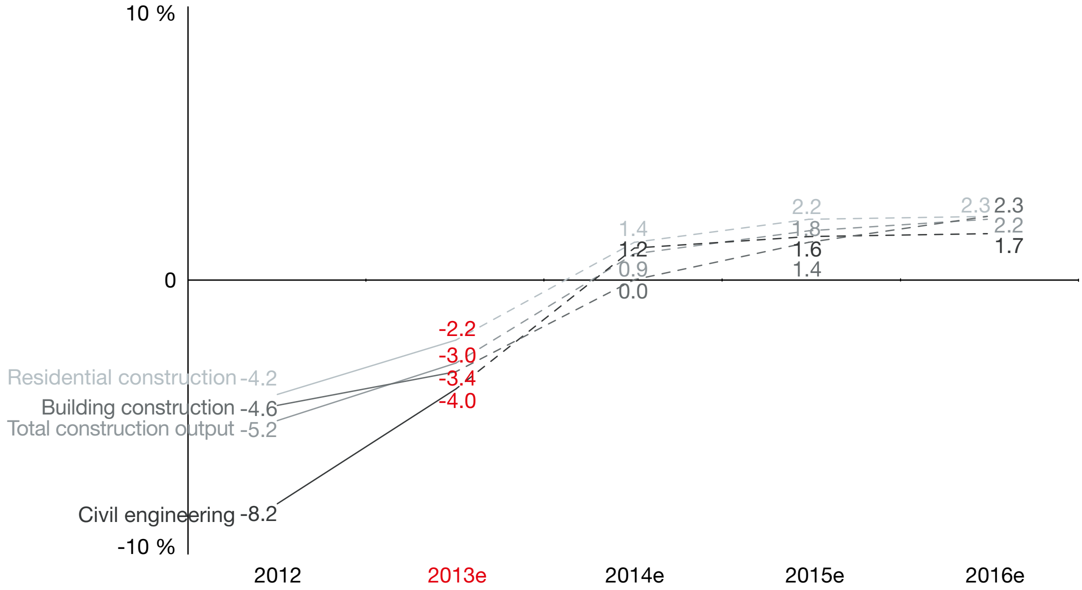
With a decline of 3.0 %, the development of the European construction sector in 2013 again was significantly worse than the economy as a whole. The strongest losses were registered in the countries of Northern and Southern Europe. The reasons for the continuous pressure on the European construction sector include the sovereign debt crisis in several countries as well as the austerity pressure on public budgets and insecurities regarding the future economic development. The situation of the construction industry should improve slightly in 2014, however, as Euroconstruct currently forecasts growth of 0.9 %.

The sovereign debt crisis put a damper especially on the prospects for civil engineering, while the weak macroeconomic environment, the high unemployment and the lack of consumer confidence clouded the outlook for residential construction and the other building construction. While an upswing for residential construction and civil engineering is already expected in 2014, building construction is unlikely to receive new impetus until 2015 with the stabilisation of the macroeconomic environment in Europe.

1) All growth forecasts as well as the particular national construction volumes are taken from the Euroconstruct and EECFA winter 2013 reports. The indicated market share data are based on the data from the year 2012.

DECLINE IN ALL AREAS OF THE CONSTRUCTION SECTOR – BUT THE LOWEST POINT HAS ALREADY BEEN REACHED

DEVELOPMENT OF CONSTRUCTION SECTOR EUROPE

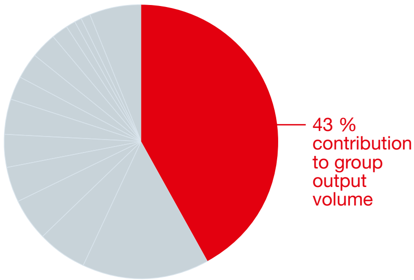


Residential construction remained greatly affected by the weak European economy in 2013. The banks also were more restrictive in the granting of mortgage loans. Against this backdrop, the sector lost another 2.2 % in the reporting period, although it fell less strongly than building construction and civil engineering. A country-by-country comparison shows that the development remained diversified: while the countries of Central and Northern Europe – above all German-speaking Europe – reported largely positive development, Spain and Portugal continued to register percentage losses in double-digit territory. With a minus of 9.4 %, residential construction in Eastern Europe shrank significantly more strongly overall than in Western Europe (-1.9 %). Starting in 2014, the experts at Euroconstruct forecast low growth of 1.4 % for the 19 member states.

Building construction – and above all commercial and office construction – was also greatly affected by the weak economic performance in Europe in the period under review. In total, the construction volume in this field shrank by 3.4 % in 2013. The development was especially negative in Southern Europe and only a few countries elsewhere were able to report growth. Against the backdrop of a stabilisation of the macroeconomic environment, however, new impetus is expected for this segment in the years to come. A return to growth will likely follow a temporary period of stagnation in 2015, with a trend toward stronger growth in Central and Eastern Europe, compared to Western Europe.

The restrained economic development and the restrictive fiscal policy of the European states are most strongly reflected in the **civil engineering** sector. Drastic spending cuts led to shifts, reductions or even withdrawals of projects in the field of transportation infrastructures. This resulted in a continuous decline of the construction output in civil engineering, which reached its highest point in 2012 with a minus of 8.2 % and continued into 2013 with a decline of 4.0 %. Particularly affected were the countries of Central and Eastern Europe, where the decline reached 11.9 % in the period under review. In view of Europe's economic recovery, however, a turnaround is already expected in 2014: the experts at Euroconstruct expect to see growth again this year with a plus of 1.2 %. Here, too, the growth in Central and Eastern Europe will likely be higher than in Western Europe because of the region's great need to catch up and due to the allocation of EU funds.

GERMANY



Overall construction volume:	€ 275.51 billion
GDP growth:	2013e: 0.4 % / 2014e: 1.8 %
Construction growth:	2013e: 0.3 % / 2014e: 2.7 %

Although the weak economies in the European sales markets kept Germany's 2013 GDP growth at 0.4 % and thus below the previous year's value, the general underlying conditions for the German economy developed favourably over the course of the year. Particularly the low interest rates and the advantageous credit conditions delivered expansive impulses. The increase in private consumption due to rising real incomes should also lead to renewed growth of the GDP in 2014 – Euroconstruct expects a plus of 1.8 %.

After a difficult 2012, the construction output in Germany fell even further in the first quarter of 2013 due in particular to weather-related production shutdowns. Over the course of the year, however, the sector slowly recovered to end 2013 with a slight plus of 0.3 %. Residential construction in particular profited from the real income growth and the favourable financing conditions gaining 1.0 %. Home ownership should remain attractive as an investment alternative so that growth of 2.6 % is already expected for the year to come.

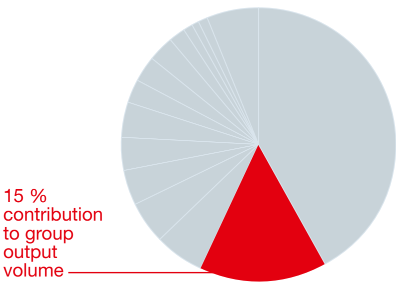
After a drop in 2013, the field of building construction is expected to gain momentum due to the improved sales and profit expectations among the companies. Substantial impetus can be expected from the areas of industrial and warehouse buildings as well as from shopping centres. In this segment, too, renewed growth of 2.4 % is already forecast for 2014.

Following a decline of 4.5 % in 2012, the field of civil engineering recovered in the period under review. On the one hand, it was possible to make up for weather-related losses; on the other hand, additional volume was generated from the clean-up works related to flood damage. This development should continue thanks to the € 5 billion immediate action programme for transportation infrastructures that was agreed in the new coalition agreement – as a result, the civil engineering output is expected to grow by 3.4 % in 2014.

With a market share of 2.1 %, STRABAG is the market leader in Germany. The share of the German road construction market amounts to 9.4 %. With € 5,788.81 million, about 43 % of the group's output volume was generated in the home market of Germany. Most of the output volume comes from the segment North + West. Property and facility services provided in Germany are assigned to the segment International + Special Divisions.

The planned investments in the field of offshore wind were postponed indefinitely by STRABAG due to the adverse political and organisational environment.

AUSTRIA



Overall construction volume:	€ 32.59 billion
GDP growth:	2013e: 0.4 % / 2014e: 1.7 %
Construction growth:	2013e: 0.5 % / 2014e: 1.2 %

Against the backdrop of the global economic recovery, the Austrian economy can expect to see slight yet stable improvement. The structural problems in the euro area, however, led to a weakening of the global growth impulses. On balance, therefore, the Austrian GDP grew by only 0.4 % in 2013. While exports and investment activities were on the up, consumption growth remained below expectations. However, the GDP is expected to gain another 1.7 % in 2014.

The construction sector has always been considered a stabilising element in the Austrian economy, and moderate growth is expected here for the coming years as well. One uncertainty, however, is the future course of the new government. The construction sector grew by 0.5 % overall in 2013 and growth of 1.2 % is expected for 2014.

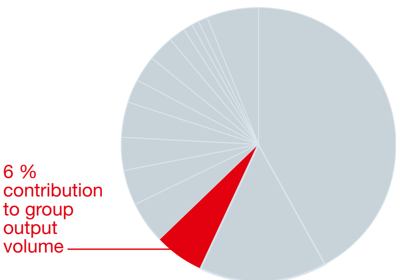
The Austrian residential construction market underwent relatively strong growth in 2013 with a plus of 2.0 %, in particular in the greater Vienna area. The positive demographic development, the low interest rates and the increase of real estate prices encouraged this development. However, a downward trend in the granting of building permissions will likely result in a weaker expansion in new building construction in the years to come.

Against the backdrop of the low economic growth, building construction shrank by 1.1 % in the reporting period. Especially affected were office and industrial buildings. Thanks to positive impulses from the export-oriented industry, however, the experts at Euroconstruct expect to see a general recovery and slight growth of 0.5 % in 2014.

In response to the so-called stability pact – the Austrian government's consolidation project – and the resulting postponement of infrastructure projects, the situation in the civil engineering segment worsened once more with the volume shrinking by 0.6 % in 2013. Investments in rail infrastructure were especially affected by this development. The continued development in the years 2014 and 2015 will greatly depend on large infrastructure projects. In these years, the civil engineering market should again grow by 1.2 % and 1.3 %, respectively.

In 2013, STRABAG generated a total of 15 % of the group output volume, or € 1,981.50 million, in its home market of Austria. Along with Germany and Poland, Austria thus remains one of the group's top three markets. STRABAG generates 5.8 % of total output volume in Austria. In the field of road construction, the market share amounts to 15.9 %.

POLAND



Overall construction volume:	€ 45.98 billion
GDP growth:	2013e: 1.2 % / 2014e: 2.3 %
Construction growth:	2013e: -8.9 % / 2014e: 3.5 %

After years of high growth, GDP gains in Poland slowed to 1.2 % in 2013. The reasons for this were, on the one hand, the difficult economic situation of the most important Polish trade partners – above all in the euro area – and, on the other hand, the decline of private consumption in the wake of the high level of unemployment. At the same time, public-sector investments financed out of the EU Structural Funds fell back. With the recent inflow of EU funds in the years 2014–2020, however, the GDP should see renewed stronger growth in the years to come.

With a decline of 8.9 %, the Polish construction industry reacted strongly to the end of the construction boom and the macroeconomic slowdown. However, a return to growth of 3.5 % is being forecast for 2014 – although the overcapacities in the market are unlikely to be completely reduced by that time.

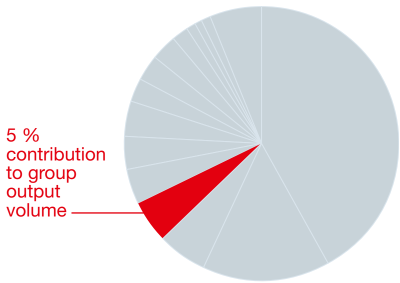
Due to higher interest rates, more restrictive lending and lower household incomes, the residential construction market shrank by 7.7 % in 2013. It is expected, however, that this area will grow slightly especially in the second half of 2014. This expectation is based above all on changes in the construction laws that are supposed to result in stronger funding for new housing and in lower interest rates for housing loans. All in all, growth of 2.9 % should thus again be possible in 2014.

After two strong years of growth, the expectations in building construction had to be adjusted downward. Both the EU funds as well as private funds were exhausted. Especially affected by this negative development were public buildings and the office segment. These areas are expected to stagnate further through 2014 or to achieve just minor growth of 1.3 %, respectively. Building construction should grow significantly once more starting in 2015.

The drastic budget cuts by the Polish government led to a decline in the civil engineering volume by 16.5 % in 2013. Infrastructure spending was especially hard hit. A recovery is forecast already for 2014.

In Poland, STRABAG is the number two in the construction sector with a market share of 2.5 % and market leader in transportation infrastructures with 8.5 %. The country contributed € 787.30 million, or 6 %, to the group's total output volume in 2013, making it STRABAG's third-largest market.

CZECH REPUBLIC



Overall construction volume:	€ 17.45 billion
GDP growth:	2013e: -1.5 % / 2014e: 0.8 %
Construction growth:	2013e: -8.2 % / 2014e: -4.2 %

The Czech economy continued its downward trend due to the weak domestic demand in the period under review and shrank by 1.5 %. An additional strain came in the form of the government's austerity measures. The budget deficit could be held in check, but this was done at the expense of economic growth. In view of the GDP growth of 0.8 % that has been forecast for 2014, fiscal policies should become less restrictive, however.

With a decline of 8.2 %, the Czech construction output shrank significantly more strongly than the economy as a whole. The sector has thus steadily lost in volume since 2008 – and is likely to continue to do so: a slight recovery of the construction market is not expected until 2016. The unstable political situation is also having a negative impact on the sector and makes it more difficult to give meaningful forecasts.

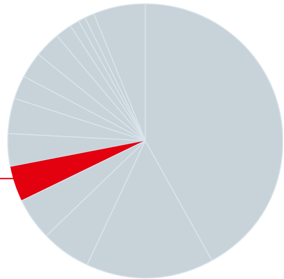
In 2013, residential construction was hardest hit by the ongoing recession with a decline of 15.3 %. The high prices weighed on the already weak demand, and the increase of the value added tax had a negative effect on household demand. Starting with next year, however, the declines should already be less strong.

The building construction market remained affected by high insecurities among investors in 2013; in fact, private investments practically came to a standstill. At the same time, state-financed projects were strongly affected by the government's strict austerity measures. EU subsidies and grants remain the main source for financing in this area, although these funds are currently available only to a limited degree. All in all, building construction fell by 4.5 % in the period under report. Euroconstruct does not expect slight growth again until the year 2015.

The civil engineering business suffered the most from the decline in public investments. This segment has grown negatively since the implementation of austerity measures in 2010 and lost another 9.2 % in the reporting period. Here, too, the political insecurities are a hindrance to private investments.

STRABAG is the number two on the market in the Czech Republic. With an output volume of € 644.66 million, some 5 % of the group's total output volume was accounted for by the Czech market in 2013. The share of the overall construction market amounts to 3.7 %; in road construction the group even holds 16.5 %.

RUSSIA AND NEIGHBOURING COUNTRIES (RANC)



RUSSIA

Overall construction volume:	€ 161.50 billion
GDP growth:	2013e: 2.4 % / 2014e: 3.7 %
Construction growth:	2013e: 4.4 % / 2014e: 4.6 %

UKRAINE

Overall construction volume:	€ 9.43 billion
GDP growth:	2013e: 1.0 % / 2014e: 3.0 %
Construction growth:	2013e: -7.1 % / 2014e: 5.8 %

The Russian economy grew by 2.4 % in 2013, somewhat more weakly than in the year before. In view of the economic recovery, however, the economic growth should again climb to 3.7 % in 2014. The construction sector in 2013 was marked, among other things, by the preparations for the Olympic Games in Sochi. In general, it rose by 4.4 % and growth of 4.6 % is forecast for the year to come.

After a crisis-related decline in the years 2008–2010, the residential construction market, which is responsible for around 35 % of the entire construction volume, has grown continuously since 2011 and reached a plus of 4.5 % in the reporting period. Further growth is expected in the years to come.

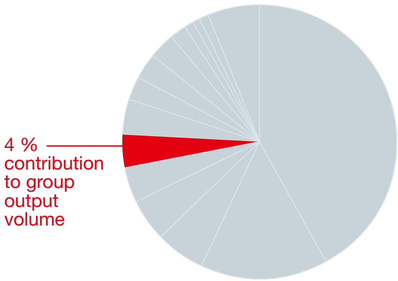
Other building construction has also registered positive growth since 2011 – the high point was reached in 2011 with a plus of 15.4 %. The sub-segments of commercial and retail, which account for more than 40 %, represent the largest and fastest-growing share: by 2015, annual growth of 5.0–6.6 % is expected here. In the years to come, the experts at Euroconstruct expect growth of 4.0–4.8 % for offices and 3.0–3.3 % for industrial buildings.

In the area of civil engineering, several large projects are currently in preparation. Russia plans to build more than 14,000 km of roads by 2020 and construction is to begin on a high-speed railway network nearly 1,600 km in length between 2013 and 2015. The construction volume in the railway segment is likely to grow by 4.0–8.0 % as a result.

After a decline of the economic performance in the previous year, the economy in Ukraine stagnated in the reporting period with a plus of just 0.2 %. In view of the current political uncertainties in Ukraine, reliable forecasts are neither possible for the general economic climate nor for the development of the construction sector. STRABAG is not active nationwide in Ukraine, merely operating in limited-time engagements on a project-by-project basis. The output volume generated by the company in Ukraine in 2013 amounted to less than 1 % of the annual group output volume.

STRABAG generated an output volume of € 561.30 million in Russia and its neighbouring countries (RANC) in 2013. The share of the total group output volume in the reporting period reached 4.0 %. In the region, STRABAG is almost exclusively active in building construction and civil engineering. The year 2013 was marked by the works related to the Olympic Village in Sochi, which is why the company expects a lower output volume in the RANC region for subsequent years.

SCANDINAVIA



SWEDEN

Overall construction volume:	€ 31.28 billion
GDP growth:	2013e: 1.1 % / 2014e: 2.6 %
Construction growth:	2013e: -0.4 % / 2014e: 1.6 %

DENMARK

Overall construction volume:	€ 26.18 billion
GDP growth:	2013e: 0.3 % / 2014e: 1.7 %
Construction growth:	2013e: 2.4 % / 2014e: 3.3 %

FINLAND

Overall construction volume:	€ 28.93 billion
GDP growth:	2013e: -0.3 % / 2014e: 1.1 %
Construction growth:	2013e: -2.7 % / 2014e: 0.5 %

NORWAY

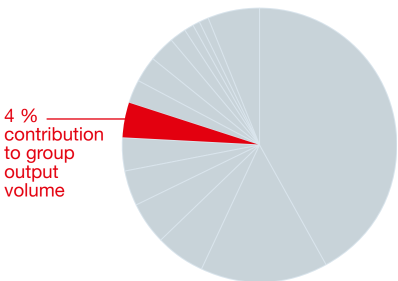
Overall construction volume:	€ 47.14 billion
GDP growth:	2013e: 1.7 % / 2014e: 2.7 %
Construction growth:	2013e: 3.7 % / 2014e: 3.6 %

The Scandinavian economies exhibited heterogeneous development during the period under review. While Sweden and Norway developed positively with GDP growth above the one-percent mark, the GDP in Denmark remained nearly unchanged. With a minus of 0.3 %, Finland failed to make it out of recession in 2013. All in all, more significant growth rates are first expected in these countries in 2014.

In terms of construction output, the four economies are also quite distinct. Denmark was able to recover in 2013 with growth of 2.4 %, while Sweden – not least due to a lower volume in residential construction – registered another decline with -0.4 %. A difference in trends could also be seen in Finland (-2.7 %) and Norway (3.7 %), though STRABAG's low level of activity on these markets make them of only minor importance for the group.

The output volume of STRABAG in Scandinavia amounted to € 510.07 million in 2013. The main activities included infrastructure and residential construction in Sweden. For some time now, STRABAG has put a stronger focus on proprietary project developments.

HUNGARY



Overall construction volume:	€ 7.4 billion
GDP growth:	2013e: 0.3 % / 2014e: 1.3 %
Construction growth:	2013e: 1.3 % / 2014e: 7.4 %

With low economic growth of 0.3 %, Hungary managed to get out of recession in the year under review. This slight recovery, however, remains fraught with insecurities as the economic upswing primarily depends on EU funds and state investments.

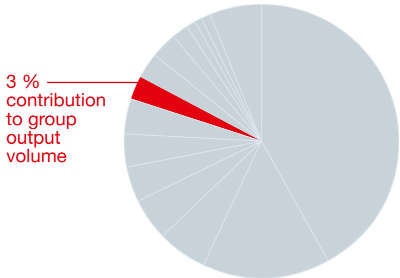
After seven years of negative growth, Hungary's construction output returned to growth in 2013 with a plus of 1.3 %. This development was driven above all by building construction and civil engineering, while the residential construction market shrank by another 11.0 % in 2013. On the basis of higher EU funds, Euroconstruct expects renewed significant growth of 7.4 % for Hungary's overall construction output in 2014.

As mentioned, building construction managed to reverse the trend in 2013 and grew by 5.0 % – and it should be possible to maintain a similar level in the coming year as well. This growth was driven primarily by EU funds, while private investment activity continued to stagnate. The financing of public buildings will remain dependent on these funds and the government's budget policy.

Civil engineering also grew by 5.0 % during the period under report. This can be explained among other things by the so-called Wekerle Plan that was passed in August 2012, which aims at re-launching postponed projects and at a more efficient use of EU funds. On this basis, it was possible to double the number of large infrastructure projects in comparison to the previous year; some 20 large-volume transportation projects should be completed by May 2014. Further growth in civil engineering is also expected in the years to come.

STRABAG noticed the improvement in the Hungarian construction sector in 2013 as well, as it was awarded the contract for two larger infrastructure projects. With an output volume of € 495.94 million, STRABAG is the leading provider on the Hungarian construction market. The company's share of the market as a whole reached 5.3 %; in road construction, STRABAG generates 11.1 % of the overall output volume.

BENELUX



BELGIUM

Overall construction volume:	€ 38.87 billion
GDP growth:	2013e: 0.1 % / 2014e: 1.1 %
Construction growth:	2013e: -1.3 % / 2014e: 1.2 %

NETHERLANDS

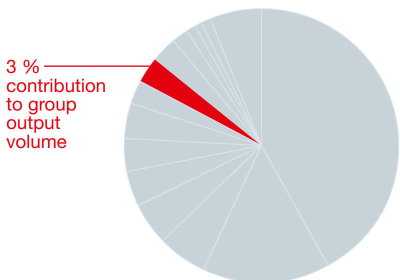
Overall construction volume:	€ 62.51 billion
GDP growth:	2013e: -1.3 % / 2014e: 0.5 %
Construction growth:	2013e: -5.0 % / 2014e: 0.4 %

The economies in the Benelux countries tended toward negative growth in 2013. While the Netherlands slid into recession with a GDP minus of 1.3 %, the Belgian economy stagnated with a minimal plus of 0.1 %. However, the experts at Euroconstruct expect an economic recovery already in 2014.

With a decline of the construction output by 5.0 %, the Dutch construction sector developed significantly worse than the economy as a whole. The negative development – all three sub-segments of the construction sector were equally affected – was a result of the weak private consumption, a drop in real estate prices and restrictive state budget measures. Construction output in Belgium fell less strongly, though it still lost 1.3 %, as a positive development in building construction was only partially able to make up for declines in residential construction and civil engineering. For the years to come, Euroconstruct expects renewed growth of the construction output in both markets, with a trend toward stronger growth in the Netherlands.

STRABAG achieved an output volume of € 399.66 million in the Benelux countries in 2013.

SWITZERLAND



Overall construction volume:	€ 52.38 billion
GDP growth:	2013e: 1.9 % / 2014e: 2.1 %
Construction growth:	2013e: 2.8 % / 2014e: 3.6 %

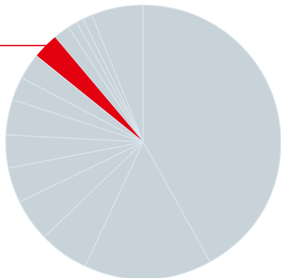
Driven by strong domestic consumption, the economic development in Switzerland was positive in every respect. Thanks to the renewed rise of industrial production and encouraged by a friendlier European environment, the GDP grew by 1.9 % in 2013. In the years to come, the growth rates should pick up more significantly once again. Switzerland's economic development continued to profit in 2013 from the strong growth of the construction industry, which gained 2.8 % in the year under review. The strongest factor driving growth was, as in the past, the residential construction market. The order books in the construction industry remain full for the future thanks to the positive demand, high immigration, low unemployment and favourable financing situation. Growth in residential construction is expected to reach 5.0 % in 2014.

In building construction, growth was registered in particular with hospitals and with educational and research facilities. After a plus of 1.0 % in this sector, however, the growth is expected to remain moderate for the years to come. While renovation works dominated during the times of the financial crisis, new building construction has again started to grow. In the coming years, these two segments should more or less balance one another out.

In civil engineering, the output volume grew by 6.3 % in 2013. The main factor driving this growth was the Gotthard Tunnel, the 50 km north-south link through the Alps. Following completion of this project, however, lower growth rates are expected for the coming years. Moreover, the further development will depend greatly on upcoming political decisions – such as an increase of the motorway toll or the further financing of the railway network.

Switzerland contributed € 386.22 million, or 3 %, to the group's total output volume in 2013. STRABAG's market share amounts to around 0.8 % overall and 3.0 % in the sub-segment of civil engineering.

SLOVAKIA



Overall construction volume:	€ 4.60 billion
GDP growth:	2013e: 0.8 % / 2014e: 2.2 %
Construction growth:	2013e: -7.8 % / 2014e: -0.8 %

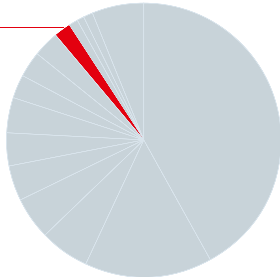
Slovakia's economy once again lost momentum in 2013 with GDP growth of just 0.8 %. The growth of the Slovak economy remains highly dependent on foreign demand; nevertheless, domestic consumption also made a contribution in 2013. In the years to come, the Slovak economy should see a return to stronger growth.

The negative trend in the Slovak construction industry continued in 2013 despite the generally positive economic environment. Substantial factors contributing to this development were the continuous low domestic demand as well as financing difficulties – including difficulties related to the supply of EU funds. All in all, the construction output shrank by 7.8 % against this backdrop in 2013. The residential construction market in particular was held back by the weak and uncertain income situation and by the continued high unemployment. In comparison, the field of building construction, which represents more than half of the entire construction output, suffered from the ongoing weak demand from private investors and fell back by 12.0 % in 2013. A continuation of the downward trend is expected for 2014, with a slight upswing starting in the year 2015.

After a strong decline in the previous year, 2013 brought the first signs of recovery in civil engineering. The segment lost only 2.0 % during the period under review – after 25.5 % in the previous year. Thanks to the implementation of long-delayed road construction projects, growth of 10.6 % is forecast for the year 2014. In the long term, the situation should improve again significantly as the need for modern infrastructure is continuously on the rise. The financing of such projects, however, is highly dependent on the supply of EU funds.

STRABAG was not so strongly affected by the collapse in the construction sector in the past financial year as the company generates a large portion of its output volume in Slovakia in civil engineering. In this segment, the company landed two large infrastructure projects at the end of 2013. With a market share of 8.7 % and an output volume of € 340.42 million in 2013, STRABAG is the market leader in Slovakia. In road construction, STRABAG's share even reaches 15.8 %. Slovakia contributed 3 % to the group's total output volume in 2013.

ROMANIA



Overall construction volume: € 17.90 billion
GDP growth: 2013e: 1.6 % / 2014e: 2.2 %
Construction growth: 2013e: 2.9 % / 2014e: 5.8 %

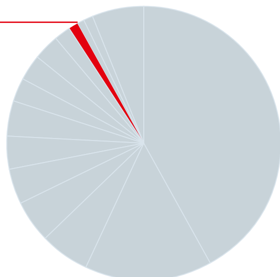
The Romanian economy expanded by 1.6 % in 2013, more strongly than in the previous year. This positive trend should continue to accelerate in the years to come until growth reaches about 3.0 % by 2016.

The increasing private and public demand should also deliver positive impetus for the construction sector. After a plus of 2.9 % in 2013, growth of 5.8 % is expected for 2014. In the reporting period, all segments of the construction industry exhibited positive growth rates. While residential construction grew by 3.0 %, building construction profited with growth of 3.9 % in part due to the fact that multinational corporations are increasingly discovering Romania as an attractive location in which to do business.

Since 2009, the civil engineering market has become steadily more important for the Romanian construction market, today accounting for nearly half of the overall construction volume. After growth of 2.3 %, both the upcoming elections as well as the increased use of EU subsidies and grants should provide for an increase in the civil engineering volume by 7.1 % in 2014.

With an output volume of € 321.83 million, corresponding to a market share of 2.1 %, STRABAG took second place on the Romanian construction market in the year 2013. In road construction, the share amounts to a comparable 2.5 %. The rather lively business for the company in Romania can be explained by several large projects in transportation infrastructures that were executed in the past few years.

ITALY



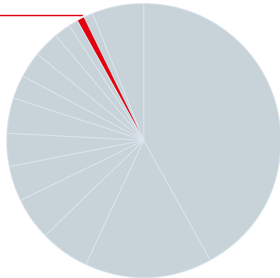
Overall construction volume: € 172.15 billion
GDP growth: 2013e: -1.9 % / 2014e: 0.7 %
Construction growth: 2013e: -3.3 % / 2014e: -0.3 %

The recession of the Italian economy continued in 2013 with a decline of the economic performance by 1.9 %. First indications that the trend was reversing came up during the second half of the year, however, and economic researchers expect growth of 0.7 % in 2014 as a result.

The entire Italian construction sector was hard hit by the economic crisis. The construction volume fell by 3.3 % in the year under report and a minus of 0.3 % is forecast for 2014. Residential construction shrank by 2.4 % in 2013, experiencing a decline for the seventh year in a row. However, a return to growth – albeit a small one – with a plus of 0.4 % is expected here for 2014. The rest of building construction is unlikely to undergo any sustained recovery before 2015. This segment registered a decline of 5.3 % in 2013 and can expect a minus of 0.9 % in 2014. The situation in the civil engineering market is similar: the volume fell by 2.9 % in 2013 and a decline of 1.1 % has been forecast for 2014. A small plus is not expected until 2015.

STRABAG's output volume in Italy amounted to € 168.32 million in 2013. The company is mainly active in tunnelling and road construction in the north of the country, which is why most of the output volume is included in the segment International + Special Divisions.

CROATIA



Overall construction volume:	€ 3.12 billion
GDP growth:	2013e: -0.7 % / 2014e: 0.5 %
Construction growth:	2013e: -4.3 % / 2014e: -2.1 %

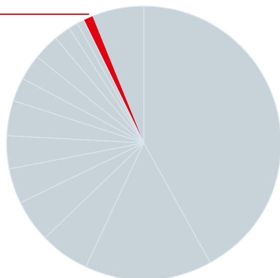
The Croatian economy – like the country's construction industry – continued to suffer from the ongoing weakness of the European economy. The 2013 GDP exhibited a decline of 0.7 %. Although the outlook for the coming years is again slightly positive – GDP growth of 0.5 % is expected for 2014 –, the difficult financing situation is unlikely to improve in the medium-term for private or public investors. Moreover, the rising unemployment and declining real incomes will continue to slow private consumption.

Despite the negative overall outlook for the Croatian construction industry, individual sectors developed significantly better than the industry as a whole in the past financial year. Against the backdrop of a massive investment programme in infrastructure, civil engineering in particular grew by 6.2 % in the reporting period. For the years 2014 and 2015, the growth is even expected to reach 9.0 % and 14.7 %, respectively. As of 2015, EU subsidies and grants in particular should make a substantial contribution to growth.

By comparison, the residential construction market fell by 13.4 % during the period under review and is even expected to lose 15.6 % in 2014. These losses are primarily due to the massive oversupply of new housing. A slight recovery of the market – beginning with a very low level – is not expected until 2015 at the earliest. Building construction remains weak too. After a loss of 9.2 % in the year 2013, a minus of 6.6 % is expected for 2014.

As market leader, STRABAG achieved an output volume of € 133.45 million in Croatia in the year 2013. Its market share stands at 4.2 % and 7.4 % in the sub-segment of transportation infrastructures.

SLOVENIA, SERBIA, BULGARIA AND REST OF EUROPE



SLOVENIA

Overall construction volume:	€ 1.46 billion
GDP growth:	2013e: -2.4 % / 2014e: -0.2 %
Construction growth:	2013e: -6.0 % / 2014e: 19.7 %

SERBIA

Overall construction volume:	€ 2.04 billion
GDP growth:	2013e: 2.0 % / 2014e: 3.0 %
Construction growth:	2013e: -9.1 % / 2014e: 10.0 %

BULGARIA

Overall construction volume:	€ 6.04 billion
GDP growth:	2013e: 1.0 % / 2014e: 2.1 %
Construction growth:	2013e: -0.2 % / 2014e: -5.6 %

Slovenia

Slovenia's GDP shrank by 2.4 % as the country's economy continued to suffer from the consequences of the economic crisis in 2013. Growth is not expected until the year 2015. The ongoing economic difficulties are also affecting the Slovenian construction industry. After declines in double-digit percentage territory in the previous years, the minus of 6.0 % in 2013 is still no reason to speak of a recovery. In view of the low basis, however, growth of already 19.7 % is expected for the year to come.

Residential construction fell back by 16.8 % in 2013 and is expected to shrink by another

3.7 % in the current year. A slight plus is not expected here until 2015. The building construction volume for the period under review was also 14.9 % below the previous year's value but should recover already in 2014 with a plus of 8.5 %. Civil engineering gained 1.1 % in 2013. The realisation of several large projects could lead to considerable growth of 28.5 % in 2014, which could also form the basis for the expected growth of the overall construction output. This forecast, however, must be viewed sceptically as public financing could be influenced by state austerity measures.

STRABAG generated an output volume of € 67.40 million in Slovenia in 2013, placing it among the top three construction companies in the country. STRABAG holds a 5.6 % share of the market as a whole and 3.1 % in transportation infrastructures.

Serbia

Serbia has had to contend with considerable structural and financial deficits since the beginning of the economic and financial crisis. The economic performance of the country has been fluctuating relatively strongly – including noticeable GDP declines in the years 2009 (-3.5 %) and 2012 (-1.7 %). In 2013, however, the Serbian economy exhibited signs of recovery with growth of 2.0 % as a result of state investments in the export economy and in infrastructure as well as reforms in the public administration. A further improvement is expected for the years to come.

While the Serbian construction sector had grown in 2011 and 2012 due, above all, to state incentives in residential construction and investments in civil engineering, a noticeable decline, at minus 9.1 % of the construction output was registered in 2013. According to Euroconstruct, however, this trend should reverse already in 2014 not least due to the recovery of the economy and in response to state investments.

The residential construction market probably hit bottom in the year 2013, and the turnaround in the economy as a whole as well as the positive developments on the labour markets and in household incomes should bring this sector back on a growth path by 2015 at the latest. After a low in 2013, a reversal of the trend is also expected in building construction. In civil engineering, Euroconstruct expects to see double-digit growth rates – after a pause in 2013 – due to the realisation of several large infrastructure projects in rail, road and pipeline construction.

STRABAG achieved an output volume of € 31.26 million on the Serbian market in 2013.

Bulgaria

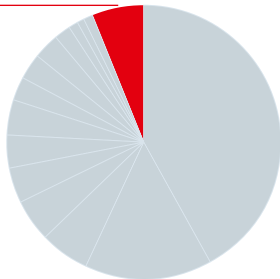
After a strong GDP decline of 5.5 % in 2009, the Bulgarian economy has only slowly recovered with growth rates between 0.4 % and 1.8 %. In 2013, GDP growth also only barely reached the one percent mark. A significant contribution driving this slightly positive trend comes from exports to the EU, with additional positive impetus expected from the increasing exports to non-EU countries as well as from growing domestic demand. As a result, economic growth of 2.1 % should be possible in 2014.

The Bulgarian construction industry has not yet recovered from the enormous losses of the past few years. After a slight drop of 0.2 % in 2013, the sector is expected to shrink by 5.6 % in 2014. The residential construction market should recover slowly after a strong decline of 5.0 % in 2013, but the uncertain economic situation, high unemployment and weak income development continue to negatively impact home ownership demand.

The building construction segment stood out positively in 2013 with growth of 10.2 %, while the construction output in civil engineering decreased by 4.3 %. In this segment, the completion of a number of road projects will be a damper on future growth, so that Euroconstruct even expects a minus of 9.8 % in 2014. A shift in priorities in favour of public transport could cushion this decline in subsequent years.

STRABAG generated an output volume of € 19.77 million on the Bulgarian market in 2013.

MIDDLE EAST, THE AMERICAS, AFRICA, ASIA



In addition to its main markets in Europe, the STRABAG Group also operates in individual non-European regions in order to be less dependent on the economic underlying conditions of individual markets. Internationally, the group has been present in Asia, Canada, Chile, Africa and the Middle East for many years and decades. All in all, these regions generated € 853.70 million, or 6 % of the group's total output volume in 2013, a share that could rise to at least 10 % in the coming years.

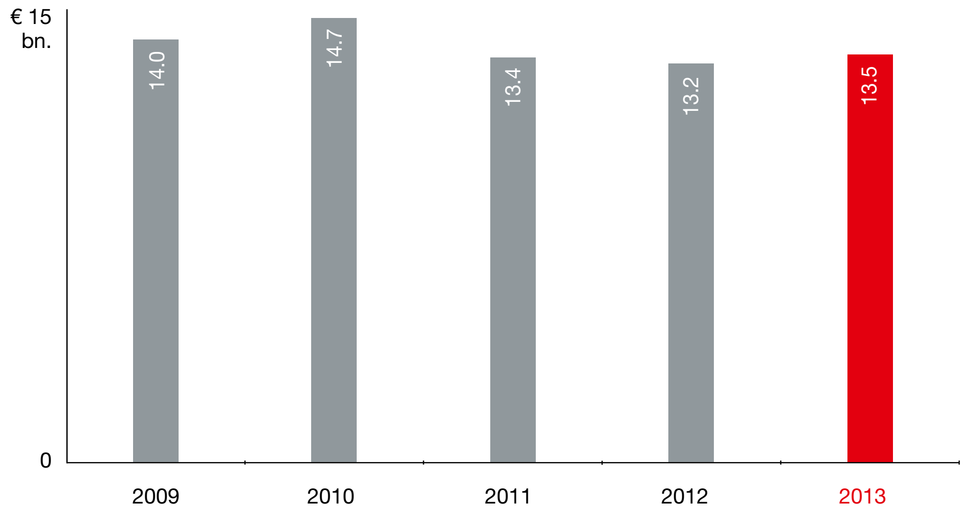
In the non-European markets, STRABAG is usually active as a general contractor through direct export. The focus in these regions is on civil engineering, industrial and infrastructure projects and tunnelling – areas in which high technological expertise is required. Milestones from the past include the research and development partnership with Rio Tinto in tunnelling, several road construction orders in Oman and the contract to build a designer outlet centre for McArthurGlen in Canada. STRABAG's activities in non-European countries are included – with a few minor exceptions – in the segment International + Special Divisions.

Order backlog

ORDER BACKLOG OF STRABAG SE BY SEGMENT AS AT 31 DECEMBER 2013

€ mln.	Total 2013	North + West	South + East	International + Special Divisions	Other	Total 2012	Δ Group %	Δ Group absolute
Germany	5,052	3,853	182	1,009	8	4,544	11	508
Austria	1,503	6	1,088	408	1	1,466	3	37
Italy	1,256	3	1	1,252	0	1,351	-7	-95
The Americas	640	57	1	582	0	416	54	224
Poland	605	531	53	20	1	700	-14	-95
Scandinavia	585	573	10	2	0	434	35	151
Middle East	585	12	28	545	0	596	-2	-11
Hungary	573	0	560	13	0	326	76	247
Slovakia	445	0	439	6	0	331	34	114
Czech Republic	364	0	355	8	1	499	-27	-135
Benelux	351	288	6	57	0	555	-37	-204
Russia and neighbouring countries	317	104	212	1	0	635	-50	-318
Romania	308	0	300	8	0	326	-6	-18
Switzerland	217	10	159	48	0	268	-19	-51
Slovenia	151	0	151	0	0	144	5	7
Rest of Europe	139	14	104	21	0	78	78	61
Africa	134	0	22	112	0	236	-43	-102
Asia	112	0	4	108	0	163	-31	-51
Croatia	77	0	75	2	0	113	-32	-36
Bulgaria	35	0	35	0	0	14	150	21
Serbia	21	0	21	0	0	8	163	13
Total	**13,470**	**5,451**	**3,806**	**4,202**	**11**	**13,203**	**2**	**267**

DEVELOPMENT OF ORDER BACKLOG



The order backlog as at 31 December 2013 grew slightly by 2 % to € 13.5 billion and covers around one year's worth of output volume. The geographic focus shifted somewhat here: large projects such as the Olympic Village in Russia and orders in Benelux had been completed in 2013. In exchange, a large number of new building construction orders in Germany bolstered the order backlog by more than € 500 million.

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2013

Category	Number of construction sites	as % of number of construction sites	Order backlog € mln.	as % of order backlog
small orders (€ 0–15 mln.)	15,007	98	4,983	37
medium-sized orders (€ 15–50 mln.)	214	1	2,660	20
large orders (> € 50 mln.)	94	1	5,827	43
Total	**15,315**	**100**	**13,470**	**100**

Part of risk management

The overall order backlog is comprised of 15,315 individual projects. More than 15,000 of these are small projects with a volume of up to € 15 million each. They account for 37 % of the order backlog; a further 20 % are medium-sized projects with order volumes between € 15 million and € 50 million; 43 % are large projects of € 50 million or more. The high number of individual contracts guarantees that the risk involved with one project does not threaten the group success as a whole. The ten largest projects in the order backlog as at 31 December 2013 added up to 22 % of the order backlog, compared to 24 % at the end of 2012.

THE TEN LARGEST PROJECTS CURRENTLY IN PROGRESS AS AT 31 DECEMBER 2013

Country	Project	Order backlog € mln.	as % of total order backlog
Italy	Pedemontana motorway	1,015	7.5
Chile	Alto Maipo hydropower complex	372	2.8
Austria	Koralm Tunnel, Section 2	324	2.4
Germany	Stuttgart 21, underground railway station	314	2.3
United Arab Emirates	STEP wastewater systems	189	1.4
Germany	Jena University Hospital	164	1.2
Germany	Upper West Berlin	161	1.2
Germany	Albabstieg Tunnel	149	1.1
Italy	Grosseto–Siena expressway	107	0.8
Poland	S8 Opacz–Paszków	106	0.8
Total		**2,903**	**21.6**

Impact on changes to the scope of consolidation

In the 2013 financial year, 21 companies (thereof 14 mergers with fully consolidated companies) were included in the scope of consolidation for the first time. These companies contributed a total of € 47.53 million to the group revenue and € -1.72 million to the net income after minorities. As a result of first-time inclusions, current and non-current assets increased by € 28.11 million, current and non-current liabilities by € 13.71 million.

Financial performance

In the 2013 financial year, STRABAG SE generated an **output volume** of € 13.6 billion. The relatively low decline by 3 % over the previous year can be explained by weather-related effects at the start of the year. The group's core markets revealed quite different developments: as STRABAG is a broadly positioned group, the expected market-related decline in Poland following the end of the construction boom there and project-related reductions in Canada, Benelux and Romania were nearly balanced out by increases in e.g. Hungary, Austria and Africa.

The consolidated **group revenue** for the 2013 financial year amounted to € 12,475.65 million, which corresponds to a decrease of 4 %. The ratio of revenue to construction output remained unchanged at 92 %. The segment North + West contributed 44 %, South + East 36 % and International + Special Divisions 20 % to the revenue.

The **changes in inventories** involve mainly the real estate project development business, which was conducted as actively as in the past. The **own work capitalised** remained at a very low level.

The **expenses for materials, consumables and services used** decreased more strongly than the revenue, falling by 5 % to € 8,204.35 million, while the **employee benefits expense** was down just 2 % to € 2,998.65 million. In total, however, the ratio of these two items versus revenue remained unchanged at 90 % as in the past two years.

The strong decline of the **other operating expenses** (-9 %) can be explained by the previous year's inclusion of damage compensation payments related to an arbitration ruling on a failed acquisition. The **other operating income**, which generally also rises or falls with revenue, increased in the past financial year despite the lower revenue. This was in part due to the somewhat higher income from asset disposals. The item also includes income from the fully consolidated concession companies.

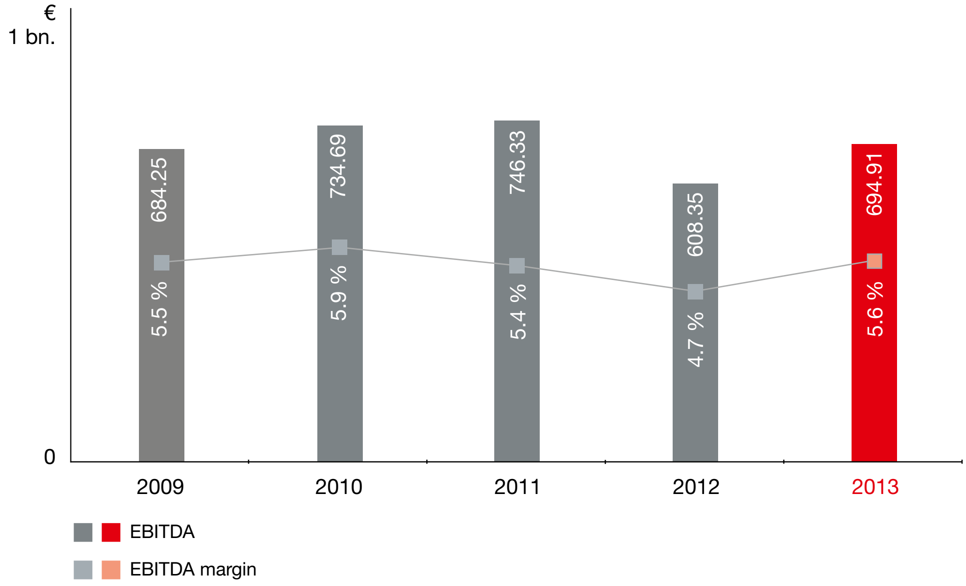
EXPENSES

€ mln.	2013	2012	Δ %
Materials, consumables and services used	8,204.35	8,655.10	-5
Employee benefits expense	2,998.65	3,051.78	-2
Other operating expenses	857.29	938.16	-9
Depreciation and amortisation	433.34	401.17	8

The **share of profit or loss of associates** moved into positive territory in the 2013 financial year, namely from € -9.22 million to € 5.78 million. This item was especially influenced by the investment in a cement joint venture and in a project development company which had contributed to a negative result in 2012. The **net income from investments**, composed of the dividends and expenses of many smaller companies or financial investments, slipped slightly into negative territory, however.

As the 2013 results were no longer burdened by damage compensation payments related to a failed acquisition or by missing revenue for services already rendered in Central and Eastern Europe, the **earnings before interest, taxes, depreciation and amortisation** (EBITDA) grew by 14 % to € 694.91 million and the EBITDA margin rose from 4.7 % to 5.6 %. Cost developments related to large projects in hydraulic engineering, in the Netherlands and in Sweden, as well as the competitive pressure in railway construction, continued to impact earnings, however.

DEVELOPMENT OF EBITDA UND EBITDA MARGIN



For its international business, the company had invested in specialty equipment that is now being depreciated over just a few years of construction. Together with the **depreciation and amortisation of plant and equipment** in the fields of railway construction and in hydraulic engineering, the total depreciation and amortisation expense grew by 8 %. The goodwill impairment contained in this item was nearly unchanged at € 3.99 million in 2013 after € 10.08 million in the year 2012. This resulted in an increase in the **earnings before interest and taxes** (EBIT) by 26 % to € 261.58 million and an EBIT margin of 2.1 % versus 1.6 % in the previous year.

Effective tax rate: 32.1 %

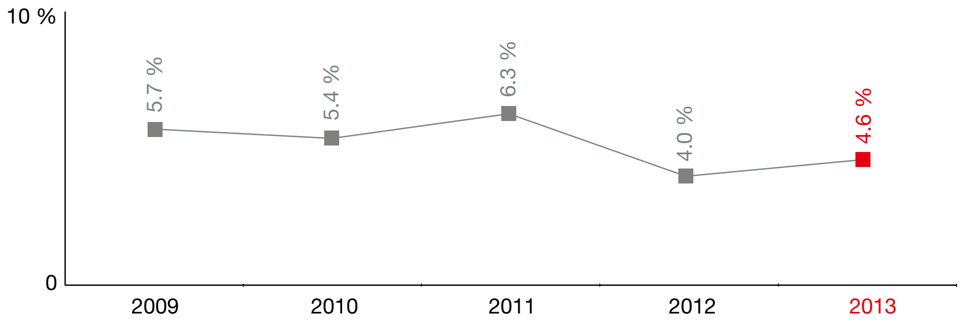
While negative exchange rate differences amounting to € 11.75 million had still been registered in 2012, the net interest income in the past financial year now contained positive foreign currency effects of € 13.04 million. The result was a net interest income of € -31.54 million compared to € -50.73 million the previous year. This corresponds to a 47 % increase in the profit before tax. The income taxes were thus calculated at € 73.78 million, with a resulting tax rate of 32.1 %.

Earnings per share: € 1.11

Earnings owed to minority shareholders amounted to € 42.70 million. The **net income after minorities** thus came to € 113.56 million in 2013, 87 % higher than in the previous year. The number of weighted outstanding shares decreased due to the – now concluded – buyback of own shares from 104,083,238 to 102,716,850, so that the earnings per share increased by 90 % to € 1.11.

The **return on capital employed** (ROCE)[1] improved to 4.6 % after the low of 4.0 % in the previous year.

DEVELOPMENT OF ROCE



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

Financial position and cash flows

BALANCE SHEET

€ mln.	2013	% of balance sheet total	2012	% of balance sheet total
Non-current assets	4,416.30	42	4,546.46	45
Current assets	6,144.50	58	5,591.23	55
Equity	3,238.77	31	3,162.54	31
Non-current liabilities	2,465.79	23	2,431.92	24
Current liabilities	4,856.23	46	4,543.23	45
Total	**10,560.79**	**100**	**10,137.69**	**100**

The **balance sheet total** of STRABAG SE increased by 4 % to € 10,560.79 million. This was in large part due to the unusually high increase of the cash and cash equivalents from € 1,374.96 million to € 1,711.97 million, resulting in a shift toward current assets. Conspicuous on the liabilities side is the stable **equity ratio** at the high level of 30.7 % (2012: 31.2 %) and the higher non-current liabilities as a result of the bond that was issued in the past financial year.

KEY BALANCE SHEET FIGURES

	2009	2010	2011	2012	2013
Equity ratio (%)	32.2	31.1	30.3	31.2	30.7
Net debt (€ mln.)	-596.23	-669.04	-267.81	154.55	-73.73
Gearing ratio (%)	-19.2	-20.7	-8.5	4.9	-2.3
Capital employed (€ mln.)	5,042.87	5,235.74	5,336.45	5,322.35	5,462.11

Unlike the previous year, but as had been usual in the years before that, a **net cash position** of € 73.73 million was reported as at 31 December 2013. This can be explained by the higher level of cash and cash equivalents.

CALCULATION OF NET DEBT

€ mln.	2009	2010	2011	2012	2013
Financial liabilities	1,509.16	1,559.15	1,731.96	1,649.98	1,722.70
Severance provisions	70.48	69.36	70.44	79.91	78.40
Pension provisions	364.16	374.79	384.21	429.92	422.24
Non-recourse debt	-757.08	-719.89	-754.18	-630.31	-585.11
Cash and cash equivalents	-1,782.95	-1,952.45	-1,700.24	-1,374.96	-1,711.97
Total	**-596.23**	**-669.04**	**-267.81**	**154.55**	**-73.73**

With a nearly unchanged cash flow from earnings of € 513.03 million, the **cash flow from operating activities** shot up 158 % to € 693.70 million. This was due to the uncharacteristically high project-related prepayments, which will fall back over the course of the year. The **cash flow from investing activities** could be contained by 26 % at € -332.38 million. The purchase of specialty equipment needed for certain projects was shifted in part to 2014, and enterprise acquisitions took place to only a minor extent. The **cash flow from financing activities** was significantly less negative – settling at € -6.49 million instead of € -176.26 million – for two reasons: first, the previous year had been characterised by a significant repayment of bank borrowings and, second, another bond was issued in the 2013 financial year, albeit with a volume of € 200 million compared to € 100 million in the year before.

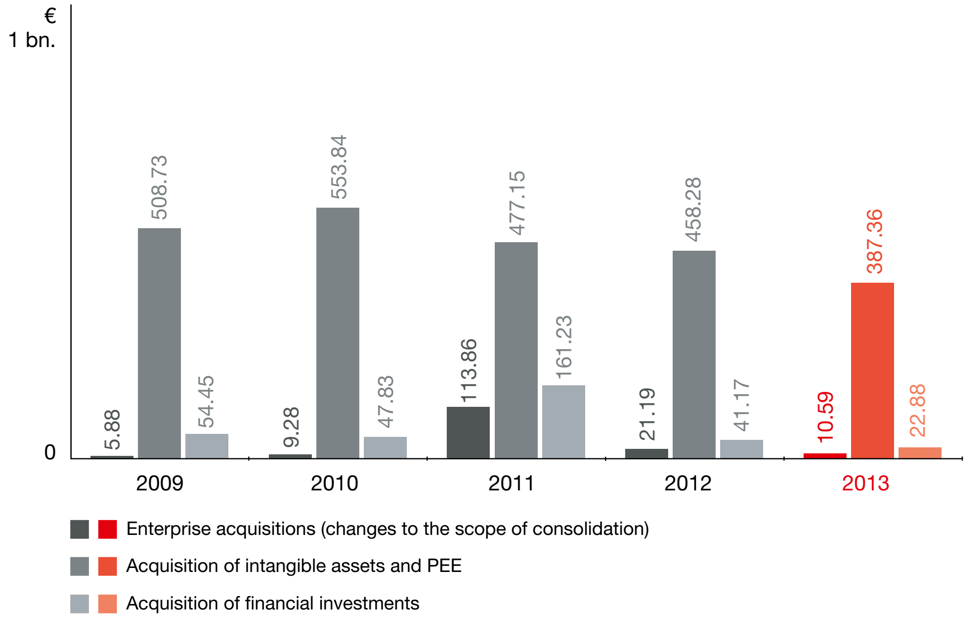
Capital expenditures

STRABAG had forecast capital expenditures (cash flow from investing activities) in the amount of approximately € 475 million for the 2013 financial year. In the end, the net capital expenditures totalled € 332.38 million and so remained clearly under budget. The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 420.83 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** of € 387.36 million, the **purchase of financial assets** in the amount of € 22.88 million and **enterprise acquisitions** (changes to the scope of consolidation) of € 10.59 million.

About € 250 million is spent annually as maintenance expenditures related to the equipment fleet in order to prevent inventory obsolescence. The high proportion of expansion expenditures is due to the project-based nature of STRABAG's business: in 2013, the group invested in equipment for large tunnelling projects in Austria and in the international business in particular as well as in the home market of Germany in general.

Expenditures on intangible assets and on property, plant and equipment during the year under report must be seen against amortisation on intangible assets and depreciation on property, plant and equipment in the amount of € 433.34 million. This figure also includes goodwill impairment in the amount of € 3.99 million.

COMPOSITION OF CAPEX



Financing/Treasury

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 building activity requires the constant availability of bid, contract fulfilment, pre-payment and warranty guarantees and/or sureties. The financial scope of action is thus defined on the one hand by sufficient cash and cash credit lines, on the other hand by sufficient surety credit lines.

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 transaction 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.

Total credit line for cash and surety loans: € 6.7 billion

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 have so far also been covered by the issue of **corporate bonds.** STRABAG SE (and its predecessor FIMAG) has regularly issued bonds on the Austrian market since 2002. In the 2013 financial year, STRABAG successfully issued a € 200 million tranche with a coupon of 3.00 % and a term to maturity of seven years. The proceeds from the issue, which were used for general business purposes, help STRABAG to maintain its financing structure. At present, this leaves four bonds of STRABAG SE with a total volume of € 575 million on the market.

In order to diversify the financing structure, STRABAG SE placed its first **bonded loan** in the amount of € 140 million in the 2012 financial year. This long-term debt financing instrument is in many ways similar to a bond, with an important difference being that bonded loans are issued directly to institutional investors without using an organised capital market, i.e. an exchange.

The existing liquidity of € 1.7 billion assures the group's liquidity needs. Nevertheless, further bond issues or a refinancing of existing financing instruments are planned, depending on the market situation, in order to maintain a high level of liquidity reserves in the future and to take advantage of favourable market conditions.

STRABAG SE has a total credit line for cash and surety loans in the amount of € 6.7 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 with a term until 2017. The group also has bilateral credit lines with banks. With a high degree of diversification, STRABAG creates an adequate risk spread in the provision of the credit lines and secures its comfortable liquidity position.

In June 2013, S&P again confirmed its BBB- rating and stable outlook for STRABAG SE. Explaining its decision, S&P cited the leading market position in transportation infrastructures in Central and Eastern Europe, the well-diversified and vertically integrated business, the good access to raw materials and the group's adequately high liquidity.

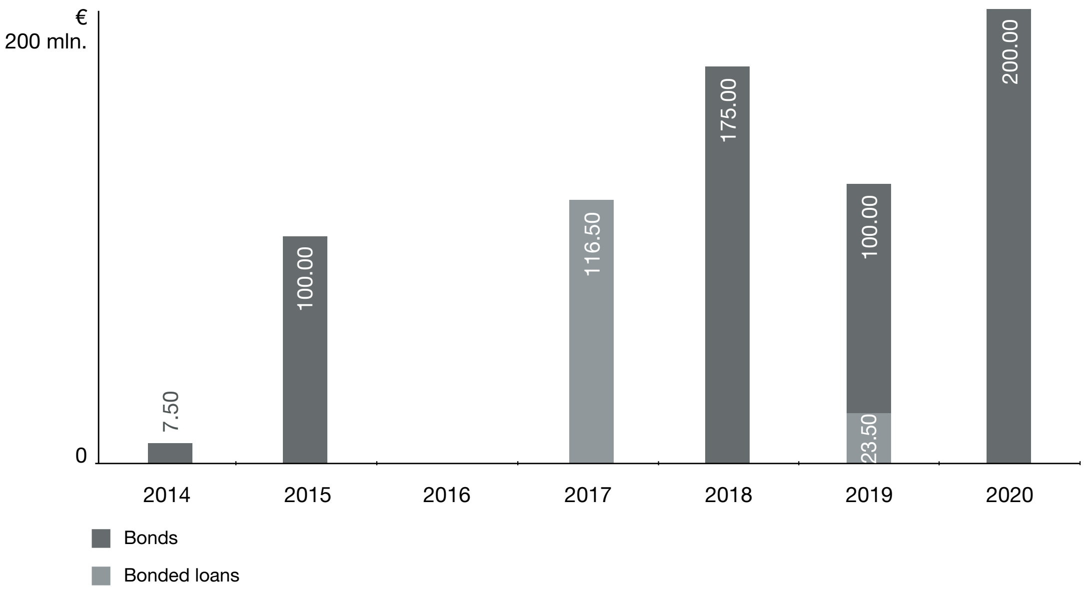
KEY FIGURES TREASURY

	2009	2010	2011	2012	2013
Interest and other income (€ mln.)	78.33	78.71	112.31	73.15	66.72
Interest and other expense (€ mln.)	-98.22	-98.39	-103.77	-123.87	-98.26
EBIT/net interest income (x)	-14.2	-15.2	39.2	-4.1	-8.3
Net debt/EBITDA (x)	-0.9	-0.9	-0.4	0.3	-0.1

PAYMENT OBLIGATIONS

€ mln.	**Book value 31 December 2013**
Bonds	582.50
Bank borrowings	1,117.70
Liabilities from finance leases	22.50
Total	**1,722.70**

PAYMENT PROFILE OF BONDS AND BONDED LOANS



MANAGEMENT REPORT

Report on the Financial Performance, Financial Position and Cash Flows of STRABAG SE (Individual Financial Statement)

FINANCIAL PERFORMANCE

The company's revenues grew by € 2.40 million year-on-year from € 56.83 million to € 59.23 million due largely to an increase in the intra-group allocations.

T€	2013	2012
Revenues (Sales)	59,234	56,826
Earnings before interest and taxes (EBIT)	86,118	11,112
Return on sales (%) (ROS) [1]	145.4	19,6
Return on equity (%) (ROE) [2]	3.5	0.4
Return on investment (%) (ROI) [3]	2.6	0.3

The earnings before interest and taxes (EBIT) increased significantly by € 75.01 million in comparison to the previous year from € 11.11 million to € 86.12 million. The growth results from the substantial improvement of both the operating result and the net income from investments.

In contrast to the year before, the operating result was not impacted by any extraordinary expenses in the past financial year; in the previous year, earnings had been affected negatively particularly by the damage compensation expenses related to the Cemex arbitration.

Further earnings improvements could be achieved through savings in the internal group services and through a strong reduction in the impairment of receivables from subsidiaries.

The positive development of the operating result was supported by the continued growth of the revenues and through the receipt of income from the extension of the option for Transtroy Holding Limited.

It was possible to significantly grow the income from investments in the financial year. These, in addition to the lower expenses for financial assets, contributed to a significant increase in the net income from investments.

The improved earnings resulted in significantly improved profitability figures.

The interest income reached a positive total of € 3.06 million, which was achieved through changes to the transfer of the external interest expense for financial assistance given to subsidiaries.

Overall, the company generated a net profit of € 87.99 million for the 2013 financial year, compared to € 6.63 million in the previous year.

FINANCIAL POSITION AND CASH FLOWS

The balance sheet total of STRABAG SE, at € 3.4 billion in 2013, grew slightly in comparison to the previous year (€ 3.3 billion), with substantial changes among only a few balance sheet items.

The increase in the financial assets, in particular with investments in affiliated companies, result mainly from capital increases and shareholder contributions to subsidiaries.

1) ROS = EBIT / revenues

2) ROE = EBT / ø equity

3) ROI = EBIT / ø total capital

The loans to affiliated companies were affected by the partial repayment of the loan to STRABAG AG, Cologne by € 14.04 million and by the addition of a new loan to TOO STRABAG Kazakhstan, Almaty, in the amount of € 5.79 million.

The growth in the number of own shares resulted from the continued buyback of no-par bearer shares of stock, which was concluded in the year under report. The company now holds 10% of the share capital.

The increased receivables from affiliated companies involved the partial transfer the liquidity gained from bond financing to subsidiaries.

Among the other provisions, the increase of € 11.00 million over the previous year can be explained with a loss provision for the subsidiary in Azerbaijan.

The increase among the bonds in the amount of € 125.00 million is the result of a € 200.00 million bond issued in 2013 and of a € 75.00 million bond repayment.

T€	2013	2012
Net debt[1]	387,476	384,937
Working capital[2]	133,650	22,983
Equity ratio (%)	76.7	78.0
Gearing ratio (%)	14.8	15.1

The net debt on 31 December 2013 amounted to € 387.48 million, which corresponds to only slight growth versus the previous year (€ 384.94 million) as the higher interest-bearing liabilities were almost completely balanced out by the growth in cash and cash equivalents. Due to the positive growth of the equity, the gearing ratio was down from 15.1% in the previous year to 14.8% in the year under report.

The working capital grew by € 110.67 million from € 22.98 million in 2012 to € 133.65 million in 2013. This is mainly due to the decrease in current liabilities among the bank borrowings and because no bond repayments are due for the following financial year.

The equity ratio fell slightly to 76.7% from 78.0% the year before due to a further increase of the total capital.

T€	2013	2012
Cash flow from operating activities	139,594	57,529
Cash flow from investing activities	-106,682	-43,296
Cash flow from financing activities	44,444	141,997

The cash flow from operating activities in the amount of € 139.59 million is largely the result of cash flow from earnings. With the clear growth in current provisions and the cash inflows from the reduction in receivables from subsidiaries, the changes in the working capital resulted in even more significant positive effects.

In the year under report, the cash flow from investing activities saw an outflow of € 106.68 million in cash and cash equivalents, which were used for capital increases and for shareholder contributions to subsidiaries.

The issue of a new bond led to a significant inflow in the amount of € 200.00 million in the cash flow from financing activities. After deducting a bond repayment, the dividend, and the repayment of current bank borrowings, the cash flow from financing activities showed an increase in cash and cash equivalents by € 44.44 million in 2013.

1) Net debt = interest-bearing liabilities + non-current provisions – cash and cash equivalents

2) Working capital = current assets – cash and cash equivalents – current liabilities

Segment report

OVERVIEW OF THE FOUR SEGMENTS WITHIN THE GROUP

The business of STRABAG SE is divided into four segments, of which there are three operative segments North + West, South + East and International + Special Divisions, and segment Other, which encompasses the group's service companies and central staff divisions.

The segments are comprised as follows:

NORTH + WEST
Management board responsibility:
Peter Krammer
Germany, Poland, Benelux, Scandinavia, Ground Engineering, Hydraulic Engineering, Offshore Wind

SOUTH + EAST
Management board responsibility:
Siegfried Wanker
Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe, Railway Structures, Environmental Technology, Real Estate Development
Management board responsibility:
Thomas Birtel
Russia and neighbouring countries

INTERNATIONAL + SPECIAL DIVISIONS
Management board responsibility:
Hannes Truntschnig
International, Tunnelling, Services, Real Estate Development, Infrastructure Development, Construction Materials

OTHER
Management board responsibility:
Thomas Birtel and Christian Harder
Service companies

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.

With only a few exceptions, we offer our services in all areas of the construction industry in the individual European markets in which we operate and cover the entire construction value chain. Our services include:

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

SEGMENT NORTH + WEST BENEFITS FROM BUILDING CONSTRUCTION IN GERMANY

The segment North + West executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and Scandinavia. Ground and hydraulic engineering as well as offshore wind can also be found in this segment.

€ mln.	2013	2012	Δ 2012–2013 %	Δ 2012–2013 absolute
Output volume	6,021.11	6,237.17	-3	-216.06
Revenue	5,524.43	5,509.53	0	14.90
Order backlog	5,451.26	4,826.52	13	624.74
EBIT	72.54	-51.32	n.a.	123.86
EBIT margin % of revenue	1.3	-0.9		
Employees	22,695	25,108	-10	-2,413

OUTPUT VOLUME NORTH + WEST

€ mln.	2013	2012	Δ 2012–2013 %	Δ 2012–2013 absolute
Germany	4,269	4,185	2	84
Poland	669	777	-14	-108
Scandinavia	508	575	-12	-67
Benelux	308	329	-6	-21
Russia and neighbouring countries	141	88	60	53
Switzerland	35	35	0	0
Rest of Europe	22	33	-33	-11
Austria	21	18	17	3
Slovenia	10	19	-47	-9
The Americas	9	131	-93	-122
Italy	7	9	-22	-2
Middle East	7	5	40	2
Asia	5	7	-29	-2
Romania	4	6	-33	-2
Hungary	3	16	-81	-13
Africa	3	1	200	2
Serbia	0	3	-100	-3
Total	**6,021**	**6,237**	**-3**	**-216**

Result with clear turn into positive territory

The segment North + West generated an output volume of € 6,021.11 million in the 2013 financial year, 3 % below the previous year's level. This is mostly due to the significant market- and weather-related declines in Poland, which after Germany is the second-biggest geographic market in this segment. The **revenue** remained nearly unchanged at € 5,524.43 million. The **earnings before interest and taxes** (EBIT) moved into positive territory with € 72.54 million. An especially positive contribution came from the business in German building construction. Improved year-on-year results were also registered in Poland and in transportation infrastructures and the construction materials business in Germany. The cost developments with large projects in hydraulic engineering, a transportation infrastructures project in the Netherlands and a building construction project in Sweden still remain a burden, however.

Order backlog up by 13 % thanks to German building construction projects

In comparison, several new large orders helped raise the order backlog to € 5,451.26 million, an increase of 13 % versus the previous year. Particularly positive developments were registered in building construction in Germany: STRABAG subsidiary Ed. Züblin AG assumed the construction of the Upper West high-rise complex in Berlin for € 106 million and was awarded the construction contract for a section of Thuringia's new university clinic in Jena with a project value of more than € 170 million. In Germany, the company was also awarded the contracts to build an office building at the Stuttgart Airport for around € 95 million, to establish a cultural quarter in Dresden for € 70 million, and to expand the Allianz Campus in Unterföhring near Munich with a volume of € 100 million (share 90 %). In Denmark, Ed. Züblin AG was chosen to build the multi-use Bryghus building at the Copenhagen waterfront for € 140 million. In Poland, STRABAG companies recently began construction of sections of the A4 and S8 highways. In Sweden, it was possible to acquire the Orgelpipan project, in a prime location in Stockholm, comprising hotels, offices and a residential unit. Finally, a regular client has commissioned the group to build the McArthurGlen Designer Outlet Vancouver Airport in Canada.

Number of employees down due to business shifting

The number of employees was down by 10 % to 22,695 in response to the shifting of activities in Chile into the segment International + Special Division. At the same time, an expansion of the workforce in Germany was countered by an expected market-related reduction of the blue-collar and white-collar workforce in Poland.

Investments in timber construction and in the Netherlands

The company invested in areas with growth potential in 2013: Ed. Züblin AG expanded its range of services in the field of structural timber engineering with the acquisition of Merk Timber GmbH (formerly Metsä Wood Merk GmbH), a German manufacturer of cross-laminated timber; STRABAG B.V. took over the employees, equipment and production facilities of the transportation infrastructures activities of Janssen de Jong Groep in the Netherlands.

Outlook: output volume expected to remain at high level of € 6 billion in 2014

The management board expects an output volume of € 6.0 billion in the segment North + West in the 2014 financial year. Further economic stimulus is being provided in **Germany** by the favourable financing conditions and the positive labour market situation. As a result, building construction and civil engineering showed very positive development; the STRABAG Group started the year 2014 with an order backlog that will cover most of the output volume being forecast for the coming year. The future is likely to bring rising subcontractor prices with stable construction materials prices, however. In the German transportation infrastructures business, policymakers have recognised the investment backlog in public-sector infrastructure, so that a number of tenders are expected which could have a positive impact on the market from the second half of 2014. STRABAG benefits from the fact that its strong decentralised structure in the mass market allows it to respond flexibly to regional fluctuations in demand on the part of the public sector.

The end of the construction boom in **Poland** was clearly reflected in the output volume of the segment in 2013. Momentum is expected starting in 2014, however: more than 700 km of expressways are planned for realisation in Poland between 2014 and 2020, co-financed in part by the EU.

Scandinavia, which accounts for 8 % of the segment output, is the third-largest region in North + West, with Sweden and Denmark making the most significant contributions to the output volume of just over € 500 million. Both the overall economic environment and the market for tunnelling and infrastructure projects continue to remain stable. Especially in the Stockholm region, the coming years will see the realisation of a number of large infrastructure projects and housing developments. Increasing competitive pressure is expected, however, as internationally operating construction groups are likely to enter this market.

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog € mln.	Percentage of total group order backlog %
Germany	Stuttgart 21, underground railway station	314	2.33
Germany	New university clinic, Jena	164	1.22
Germany	Upper West high-rise complex, Berlin	107	0.79
Poland	S8 Opacz–Paszków	106	0.79
Denmark	Bryghus multi-use building, Copenhagen	92	0.68
Germany	Aquis, Aachen	90	0.67
Germany	Allianz Campus, Unterföhring	83	0.62

SEGMENT SOUTH + EAST CHARACTERISED BY PRICE PRESSURE

The geographic focus of the segment South + East is on Austria, Switzerland, Hungary, the Czech Republic, Slovakia, Russia and neighbouring countries as well as on the region South-East Europe. Railway structures, environmental technology as well as selected real estate development activities are also handled within this segment.

€ mln.	2013	2012	Δ 2012–2013 %	Δ 2012–2013 absolute
Output volume	4,593.36	4,755.74	-3	-162.38
Revenue	4,466.03	4,792.43	-7	-326.40
Order backlog	3,805.48	4,326.12	-12	-520.64
EBIT	138.23	148.89	-7	-10.66
EBIT margin % of revenue	3.1	3.1		
Employees	21,089	22,699	-7	-1,610

OUTPUT VOLUME SOUTH + EAST

€ mln.	2013	2012	Δ 2012–2013 %	Δ 2012–2013 absolute
Austria	1,630	1,573	4	57
Czech Republic	546	532	3	14
Russia and neighbouring countries	410	432	-5	-22
Hungary	402	293	37	109
Germany	336	339	-1	-3
Switzerland	325	351	-7	-26
Slovakia	301	360	-16	-59
Romania	285	315	-10	-30
Croatia	114	111	3	3
Poland	51	232	-78	-181
Slovenia	47	49	-4	-2
Rest of Europe	46	42	10	4
Serbia	29	66	-56	-37
Bulgaria	17	24	-29	-7
Middle East	15	7	114	8
Africa	12	0	n.a.	12
Asia	8	7	14	1
Italy	6	13	-54	-7
The Americas	6	6	0	0
Benelux	5	2	150	3
Scandinavia	2	2	0	0
Total	**4,593**	**4,756**	**-3**	**-163**

Output volume, revenue and result in decline

The output volume in the segment South + East decreased to € 4,593.36 million in 2013, down 3 % versus the previous year. A decisive factor was, among other things, the internal shifting of the building construction activities in Poland into the segment North + West. Meanwhile, on a more positive note, growth of the output volume was reported in Hungary and the Czech Republic. The **revenue** decreased more strongly than the output volume, dropping by 7 % to € 4,466.03 million. The **earnings before interest and taxes** (EBIT) also fell by 7 % to € 138.23 million. Decisive factors behind this development included amongst others the continued considerable competitive pressure in railway construction. The successful result-improvement programme of the environmental technology business influenced the EBIT positively, however.

Order backlog down due to completion of large Russian project

The segment's order backlog fell by 12 % to € 3,805.48 million. This was due to the completion of the large Olympic Village project in Russia, the aforementioned shifting process in Poland and the market-related decline in the Czech Republic. A recovery of the order situation can be seen in Slovakia and in Hungary, on the other hand, where work began on two new motorway projects in each country in 2013. And in Bosnia, a consortium including STRABAG secured the tender to build the Svilaj–Odžak section of the international motorway corridor 5c.

Fewer employees in nearly all markets

Corresponding to the lower order backlog, the number of employees in the segment decreased by 7 % to 21,089; a declining workforce was registered in nearly all markets, however.

Outlook: continued high price pressure in transportation infrastructures

It should be possible to generate an output volume of € 4.7 billion in the segment South + East in the current financial year. In general, the price pressure in transportation infrastructures in Central and Eastern Europe will continue. A lack of financing, especially in the **Czech Republic**, in **Romania** and in the **Adriatic region**, means that very few large public-sector projects are being awarded at this time – with a resulting tougher competition on the price. A more positive outlook, on the other hand, is offered by transportation infrastructures in **Slovakia**, where several large motorway and expressway projects are currently being tendered, as well as in the area of building construction for private clients in Slovakia and the Czech Republic.

Austria, with a contribution of 35 % to the segment output the largest market in South + East, paints a mixed picture: From today's perspective, the shifting competitive landscape resulting from a competitor's market departure is unlikely to result in a reduction of margin pressure in the transportation infrastructures business or in the Austrian states – where Upper Austria and Carinthia are particularly affected. In the greater Vienna area, meanwhile, STRABAG continues to see itself faced with a stable environment in which it was possible to selectively acquire certain construction projects from the departed competitor.

In **Hungary**, stabilisation is becoming apparent at a low level: investments from international industrial groups are growing slightly and the long-awaited large projects in road construction are now finally coming up for tender. Older projects continued to have a negative impact in 2013, however.

In the **RANC** region, acquisition efforts are shifting from building construction in metropolitan areas in Russia to industrial projects as well as projects with special know-how requirements in countries such as Turkmenistan and Kazakhstan, where a STRABAG subsidiary was recently awarded the contract for concrete works for the Astana–Karaganda motorway section.

In **Switzerland**, STRABAG merged a large portion of its companies in 2013 so that a homogeneous brand presence is now possible. The reorganisation, which is now largely complete, had become necessary due to the strong growth experienced by the group in Switzerland in the past few years.

The **railway structures** business will remain characterised by overcapacities and a distorted competitive landscape in Germany; additionally, the long winter means that large equipment was hardly used this year.

SELECTED PROJECTS SOUTH + EAST

Country	Project	Order backlog € mln.	Percentage of total group order backlog %
Hungary	M4 motorway section Abony–Fegyvernek	106	0.79
Russia	Kauchuk residential complex	105	0.78
Slovenia	Ljubljana waste treatment facility	91	0.67
Slovakia	R2 expressway Pstruša–Kriváň	71	0.53
Czech Republic	Road I/11 Rudna	63	0.46
Romania	Modernisation of DN67B	58	0.43
Romania	Rail line Vințu de Jos–Simeria	54	0.40
Romana	ELI-NP laser project research facility	52	0.39

INTERNATIONAL + SPECIAL DIVISIONS VOLATILE AS USUAL

The segment International + Special Divisions 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, our construction materials business, including our dense network of construction materials operations 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. Additionally, most of the services in non-European markets are also bundled in the International + Special Divisions segment.

€ mln.	2013	2012	Δ 2012–2013 %	Δ 2012–2013 absolute
Output volume	2,822.41	2,924.86	-4	-102.45
Revenue	2,458.68	2,661.29	-8	-202.61
Order backlog	4,202.28	4,038.33	4	163.95
EBIT	69.58	126.93	-45	-57.35
EBIT margin % of revenue	2.8	4.8		
Employees	23,575	20,426	15	3,149

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2013	2012	Δ 2012–2013 %	Δ 2012–2013 absolute
Germany	1,127	1,196	-6	-69
Middle East	301	293	3	8
Austria	295	268	10	27
The Americas	248	211	18	37
Italy	155	135	15	20
Africa	150	124	21	26
Czech Republic	93	109	-15	-16
Asia	90	96	-6	-6
Hungary	86	80	8	6
Benelux	85	124	-31	-39
Poland	52	118	-56	-66
Slovakia	37	39	-5	-2
Romania	31	50	-38	-19
Switzerland	22	35	-37	-13
Croatia	19	18	6	1
Rest of Europe	11	8	38	3
Slovenia	10	13	-23	-3
Russia and neighbouring countries	7	5	40	2
Bulgaria	2	2	0	0
Serbia	1	1	0	0
Total	**2,822**	**2,925**	**-4**	**-103**

Result nearly halved

In the volatile segment International + Special Divisions, the output volume fell by 4 % to € 2,822.41 million in the 2013 financial year. The greatest share of the output volume was again generated in the markets of Germany, the Middle East and Austria. A decline was registered in the **revenue** by 8 % to € 2,458.68 million. The **earnings before interest and taxes** (EBIT) were nearly halved to € 69.58 million. This development is due to the typically volatile business in the segment, particularly in the international business and in tunnelling.

Order backlog up thanks to large project in Chile

The order backlog grew by 4 % to € 4,202.28 million: new projects were recorded in Chile, where an especially large increase in the order backlog was registered, in Thailand and in Oman, and the order books were further padded in the home market of Germany by the contract to build a new government building in Potsdam under a public-private partnership (PPP) arrangement. In Germany, the STRABAG subsidiary Ed. Züblin AG was also awarded the contract to build a tunnel on the new Wendlingen–Ulm rail line for € 250 million (Ed. Züblin AG's share of the contract amounts to 60 %). In Canada, the group will build the McArthurGlen Designer Outlet Vancouver Airport. At the same time, however, a number of large projects were completed in e.g. Africa, in Austria and in Benelux.

Employees: Chile brings +15 %

The number of employees grew by a considerable 15 % to 23,575. This can be explained with the organisational adjustment and subsequent shifting of staff in Chile from the segment North + West into the segment International + Special Divisions and with several orders in Africa.

Outlook: Challenging environment with margin pressure in the core markets

The output volume of the segment International + Special Divisions should remain unchanged at € 2.8 billion in 2014. The earnings are expected to remain satisfactory, even if the price level is ruinously low in some areas. STRABAG has observed that competition in **tunnelling** in Austria, in Germany and in Switzerland is increasingly being carried out on the price.

The market for **concession projects** in Europe also remains a challenging one. In this business field, STRABAG is currently working on offers in Belgium, Bosnia-Herzegovina, Ireland, Romania, Germany or Croatia. Competitive pressure is on the rise and, especially in Eastern Europe, the sector is facing political and financial hurdles.

Significant earnings contributions, on the other hand, are expected from the business field **real estate development** in the year 2014, in particular as a result of the planned sales of construction projects that were completed in 2013. It is also planned to further expand the project development activities in Central and Eastern Europe and in Sweden. **PPP building construction** still benefits from the continued large investment needs on the part of the public sector. The market for PPP measures in building construction therefore has a chance to further grow in comparison to the restrained development of the previous year, especially as this constellation makes it possible for the client to realise efficiency advantages from an integrated solutions approach, i.e. from the observation of lifecycle costs. STRABAG is moreover in a position to completely cover all specifications in this area, thanks to the inclusion of specialist providers from within the group such as **STRABAG Property and Facility Services**. In particular the activities in property management of this service subsidiary contributed to stable development in 2013; STRABAG had acquired a residential property management company and has been able to develop this business within the group.

The price pressure in the European core markets requires STRABAG to diversify more broadly internationally. In addition to selected countries in East Africa, the foreign markets currently being worked by the company include Oman, the United Arab Emirates, Qatar and Saudi Arabia. In Canada – the Niagara Tunnel Project was successfully concluded here in March –, Colombia and the United Kingdom, STRABAG has been working on new order opportunities in the area of concession and infrastructure projects. Looking at specific construction segments, the conclusion of a partnership agreement with mining company Rio Tinto marked the group's consolidation of the **mining business**. STRABAG is also offering specialty construction services around the world in **pipe jacking** (a tunnelling technique), in **test track construction** and in the field of **liquefied natural gas** (LNG).

The **construction materials business** will continue to put pressure on the margins of the segment, as the market for concrete is stagnating at a very low level. In Bulgaria, therefore, STRABAG has already ended its engagement in this business field. In many countries, the situation with stone and gravel continues to be modest at best, and the situation in the cement business is also not expected to improve in the short term due to the stagnation in terms of quantities. The developments in bitumen emulsion/road maintenance are satisfactory.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

Country	Project	Order backlog € mln.	Percentage of total group order backlog %
Italy	Pedemontana motorway	1,015	7.54
Chile	Alto Maipo hydropower complex	372	2.76
Austria	Koralm Tunnel, Section 2	293	2.18
United Arab Emirates	STEP wastewater systems	187	1.39
Germany	Albabstieg Tunnel	149	1.10
Italy	Grosseto–Siena expressway	107	0.80
Chile	Candelaria Mine 2011	93	0.69
Oman	Road Sinaw–Duqm	87	0.65
Oman	Duqm port facility	77	0.57

OTHER (INCLUDES SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

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

€ mln.	2013	2012	Δ 2012–2013 %	Δ 2012–2013 absolute
Output volume	136.19	124.83	9	11.36
Revenue	26.51	19.98	33	6.53
Order backlog	10.66	11.96	-9	-1.03
EBIT	0.06	-1.97	n.a.	2.03
EBIT margin % of revenue	0.2	-9.9		
Employees	5,741	5,777	-1	-36

Risk management

The STRABAG Group is subject to a number of risks in the course of its business activities. These risks are identified and assessed using an active risk management system and dealt with using an appropriate risk policy.

The group's goals are defined at all company levels. This is a prerequisite to setting up processes for the timely identification of potential risks standing in the way of the achievement of company objectives. The **organisation** of STRABAG's risk management builds on project-related jobsite and acquisitions controlling, supplemented by the higher-level assessment and steering management. The risk controlling process includes a certified quality management system, internal group guidelines for the workflow in the operating units, a central administration, controlling, auditing and **contract management**. Through the establishment of company-wide quality standards in quotation processing and supplemental services management, the centrally organised contract management department can better assert claims for outstanding debt.

The group's internal risk report defines the following central risk groups:

EXTERNAL RISKS ARE 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 market, 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, market presence and range of services as well as the adaptation of strategic and operating planning. STRABAG further responds to market risk with geographic and product-related **diversification** in order to keep the influence on the company's success exerted by an individual market or by the demand for certain services as low as possible. To avoid bearing the entire risk of rising prices by itself, STRABAG makes efforts at signing **cost escalation clauses** and **"cost-plus-fee" contracts** in which the client pays a previously agreed margin on the costs of the project.

OPERATING RISKS MANAGED THROUGH PRICE COMMISSIONS AND TARGET/PERFORMANCE COMPARISONS

The operating risks primarily include the complex risks of project selection and execution. STRABAG keeps **acquisition lists** in order to review the project choice. Business transactions requiring consent are reviewed and approved by business unit and subdivision managers or by division managers according to internal rules of procedure. Depending on the risk profile, bids must be analysed by **commissions** and reviewed for their technical and economic feasibility. **Cost accounting and expense allocation guidelines** have been set up to assure a uniform process of costing and to establish a performance profile at our construction sites. Project execution is managed by the construction team on site and controlled by **monthly target/performance comparisons**; at the same time, our central controlling provides constant commercial backing, ensuring that risks of individual projects do not endanger the continuance of the company.

FINANCIAL RISKS: ACTIVE LIQUIDITY AND ACCOUNTING RECEIVABLES MANAGEMENT

See also Corporate Governance Report

VALUES & COMPLIANCE

Under financial risks, STRABAG understands risks in financial matters and in accounting, including instances of manipulation. Special attention is paid to the **liquidity and accounting receivables management**, which is secured through continuous financial planning and daily status reports. Compliance with internal commercial guidelines is guaranteed 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 all business areas in general and by the **internal audit** department in particular.

In order to convey STRABAG's values and principles, the group drew up its **Code of Ethics** and internal **Compliance Guidelines** in 2007. The values and principles contained within these documents are reflected in the guidelines and instructions of the STRABAG companies and divisions. Compliance with these values and principles is expected not only from the members of the management and supervisory boards as well as from other management-level employees but from all group employees. The Compliance Guidelines and the Code of Ethics are designed to guarantee honest and ethical business practices. The Code of Ethics is available for download at www.strabag. com > Investor Relations > Corporate Governance > Code of Ethics.

Detailed information regarding interest risk, currency risk, credit risk and liquidity risk can be found in the Notes under item 25 Financial Instruments.

ORGANISATIONAL RISKS RELATED TO HUMAN RESOURCES AND IT

Risks concerning the design of **personnel contracts** are covered by the central personnel department with the support of a specialised data base. The company's IT configuration and infrastructure (hardware and software) is handled by the central IT department, controlled by the international **IT steering committee**.

PERSONNEL AS AN IMPORTANT COMPETITIVE FACTOR

PEOPLE & WORKPLACE

See chapter "People at STRABAG"

Past experience has shown that having a highly qualified and motivated workforce is an important factor in competition. In order to properly assess the potential of employees, STRABAG uses an IT-supported aptitude diagnostics process, the so-called **behaviour profile analysis**. In subsequent feedback talks and employee appraisal interviews, employees and their supervisors analyse the results and agree on specific training and further education measures.

INVESTMENT RISKS: SECTOR-TYPICAL MINORITY HOLDINGS OF MIXING PLANTS

STRABAG can exert influence on the management of associated companies through its shareholder position and, if applicable, any existing advisory functions. The shares in asphalt and concrete mixing companies usually involve **sector-typical minority holdings**. With these companies, economies of scope are at the fore.

POLITICAL RISK: INTERRUPTIONS AND DISPOSSESSION POSSIBLE

The group also operates in countries which experience political instability. Interruptions of construction activity, restrictions on ownership interests of foreign investors, and even dispossession or expropriations could be the consequence of political changes which could have an impact on the group's financial structure.

A review of the current risk situation reveals that the reporting period shows 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 the Committee of Sponsoring Organisations of the Treadway Commission (COSO) provides the basis for the description of the key features of the internal control and risk management systems. The COSO framework consists of five related components: control environment, risk assessment, control activities, information and communication, and monitoring. On this basis, the STRABAG Group set up a company-wide risk management system according to generally accepted principles.

The aim of the internal control system is to support management in such a way that it is capable of assuring internal controls in relation 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

Internal audit report in the Corporate Governance Report

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 the STRABAG Code of Ethics in order to guarantee moral standards, ethics and integrity within the company and in our dealings with others.

The implementation of the internal control system in relation to the financial reporting process is done on the basis of internal rules and guidelines. Responsibilities for internal control were adapted to fit the corporate organisation.

The internal audit department carries out periodic, unannounced inspections 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 the compliance organisation. During these inspections, the internal audit department analyses the legality and correctness of individual actions. The internal audit 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.

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 forecast. 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 current business process to ensure that errors or deviations in financial reporting are prevented or detected and subsequently corrected. The control activities range from a management review of the period results to specific monitoring of accounts to the analysis of ongoing accounting processes. It is the responsibility of the management 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)**.

IT security control activities represent a cornerstone of the internal control system. The separation of sensitive activities is supported by a restrictive approach to IT access authorisation. 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 committee's work aims, amongst others, at guaranteeing compliance with accounting rules and regulations and to identifying and communicating weak points and potential areas for improvement in the financial reporting process. **Accounting employees** receive regular **training** regarding new methods of 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, the results of the respective segments and countries, and the liquidity. Financial statements to be published are submitted for final appraisal by the senior accounting staff and the commercial management board members before they are passed on to the audit committee of the supervisory board.

Human resources

PEOPLE & WORKPLACE

In 2013, STRABAG SE employed an average of 73,100 people in all countries in which it operates (2012: 74,010), of which 28,091 were white-collar and 45,009 were blue-collar workers. With a minus of 1 %, the **number of employees** was down only slightly. Large changes in several entities almost completely balanced each other out: on the one hand, the workforce was reduced for market reasons in Poland; on the other hand, new large-scale projects in non-European markets and in Germany resulted in a plus of nearly 1,600 jobs.

In the past financial year, 1,118 blue-collar apprentices (2012: 1,129) and 255 white-collar trainees (2012: 259) were in **training** with the group. Additionally, 45 technical trainees and 10 commercial **trainees** were employed as at 31 December 2013.

The percentage of **women** among group employees averaged 13.6 % (2012: 13.4 %), in group management it was 8.6 % (2012: 8.7 %). With these figures, the company has only partially reached its goal of annually raising the percentage of women within the group.

Research and development

MISSION & VISION

As a technology group for construction services, the STRAGAG Group does business in a rapidly changing environment. The increasing advances in technology, closer dovetailing with other industries, and continuously growing competitive pressure present the company with enormous challenges. To remain competitive in the long term, the company must come to understand the impact of these developments on its core business and introduce the necessary measures to secure an advantage over the competition. The focus is therefore on an increasing **technological orientation** and on **systematic innovation management**.

On the one hand, the STRABAG Group has for years been cooperating with international universities and research institutions. On the other hand, it sees its internal research and development units as giving it a strategic competitive advantage: in overall charge of the planning and execution of research and development projects within the STRABAG Group are the two central divisions **Zentrale Technik** (ZT) and Gesellschaft zur Optimierung von Technischen Prozessen, Arbeitssicherheit und Qualität (TPA), both of which report directly to the CEO.

ZT is organised as a central division with **750** highly qualified **employees** at 21 locations. It provides services in the areas of tunnelling, civil and structural engineering, and turnkey construction along the entire construction process: from the early acquisition stage and bid processing to execution planning and site management, ZT offers innovative solutions with regard to construction materials technology, construction management and construction physics, and software solutions. Central topics for innovation activities are sustainable construction and renewable energy. Among other things, the employees at ZT develop methods and tools to control the impact that construction activities have on the environment.

TPA is the STRABAG Group's competence centre for quality management and materials-related research and development. Its main tasks include ensuring the quality of the construction materials, structures and services as well as the safety of the processes, and developing and reviewing standards for the handling and processing of construction materials. With lean management, TPA also holds competences for the efficient planning of supply and production chains. TPA has about **900 employees** at 130 locations in more than 20 countries, making it one of Europe's largest private laboratory companies.

STRABAG's **EFKON AG** subsidiary provides the group with expertise in the research and development of intelligent transportation systems in general and electronic toll collection solutions in particular. The company has developed products and solutions in the electronic toll collection segment for multi-lane traffic flow and has already introduced these onto the market. The research focus last year was on the topics of mobile and portable enforcement, microwave communications and image acquisition systems. The technology company headquartered in Raaba near Graz, Austria, is seeing a lot of international demand and was able to achieve an export ratio of 95 % in 2013.

In addition to specific research projects at the group's units and subsidiaries, a large part of the research and development activities takes place at ongoing construction projects – especially involving tunnelling, construction engineering and ground engineering. During construction in these areas, new challenges or concrete questions often arise which require new technological processes or innovative solutions and which contribute to the group's research, development and innovation activity.

The STRABAG Group spent about € 20 million (2012: about € 17 million) on research, development and innovation activities during the 2013 financial year.

Environment

ECOLOGICAL RESPONSIBILITY

Ecological responsibility has been a topic within the group for years and is also anchored in the corporate strategy. As a provider of construction services, STRABAG's activities cause dust and noise and alter the environment. As a zero-emissions construction site will not be a reality in the foreseeable future, it is the company's aim to **limit the negative impact on the environment** that results from our core business **to a minimum**. To this end, continuous investments are made in processes and technologies to increase the energy efficiency and reduce the environmental impact. For STRABAG, ecological responsibility begins with the planning of buildings and structures and continues through to their construction and services.

More information about ecological responsibility is available at csr.strabag.com (not audited by KPMG)

ENERGY MANAGEMENT HELPS TO LOWER COSTS

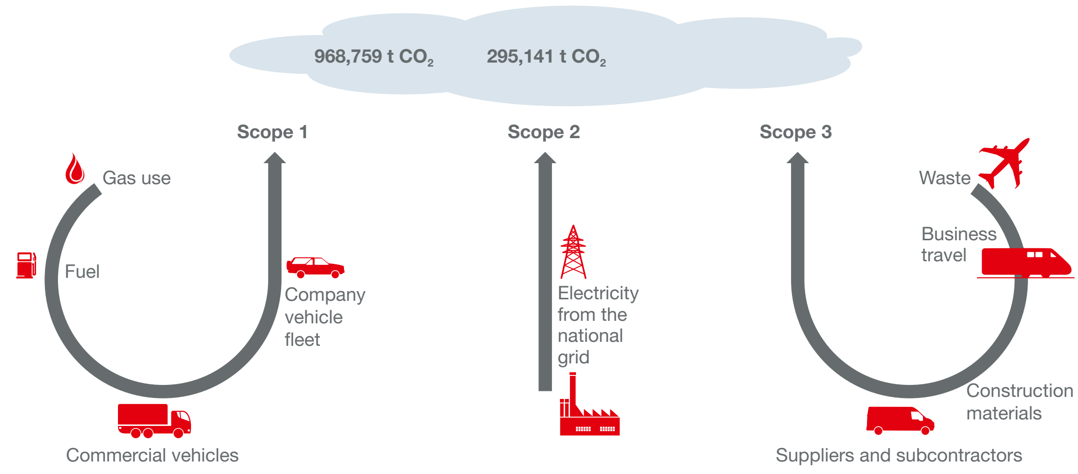
The topic of energy is of great importance for the STRABAG Group not only for ecological but also for economic reasons. Energy management is an instrument with which it is possible to reduce energy use and, consequently, energy costs within the group over the long term. This requires operational objectives regarding energy use and CO_2 emissions as well as the development and realisation of corresponding measures. Pilot projects on this topic have already been implemented at several of the group's operating entities in recent years.

The **energy costs** for the companies within STRABAG SE's scope of consolidation amounted to nearly **€ 342.73 million** in 2013 (2012: € 347.13 million). Without measures to increase energy efficiency, energy costs can be expected to rise in response to price hikes and legislative changes in the next few years. In 2012, therefore, the company launched a comprehensive energy management programme that made its first progress in 2013 with the **reduction of energy use by 1.2 %**. STRABAG's energy management includes the sum of all measures that are planned or are being implemented to guarantee a minimum use of energy for the required performance. Attempts are made to influence organisational and technical processes, and the group's employees are sensitised to the goal of improving energy efficiency. The positive results of such an energy management can be seen in the reduction of energy costs, the increased potential for tax savings, and the protection of the environment as a result of reduced emissions.

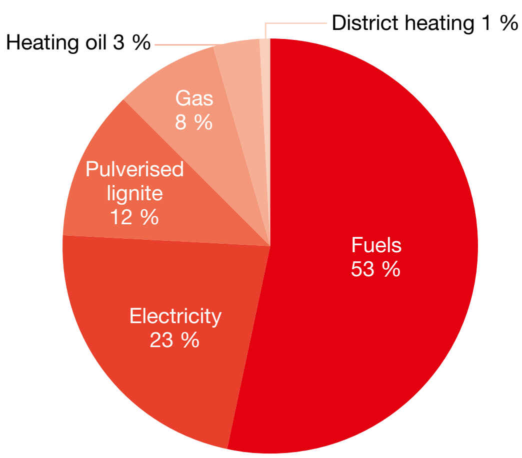
DECLINE OF CO_2 EMISSIONS IN 2013

As in previous years, the carbon footprint for the 2013 financial year refers to the group's full scope of consolidation and includes emissions caused in 60 countries. Within the group, a total of **1,263,900 tonnes of CO_2 were emitted** during the year under report. This represents a **decline of 2 %** or more than 24,400 tonnes of CO_2 in a year-on-year comparison. The emissions are reported separately for Scopes 1 and 2 as defined by the Greenhouse Gas Protocol. With 53 %, the highest proportion of CO_2 emissions – as in the previous year – resulted from the use of fuels, almost exclusively diesel, within the group. This was followed by electricity and pulverised lignite with 23 % and 12 %, respectively. Germany, Poland and Austria caused the greatest share of these emissions (54 %). This shows that energy consumption is proportional to the generated output volume: with 63 %, these countries are also responsible for the greatest share of the group's output volume in 2013.

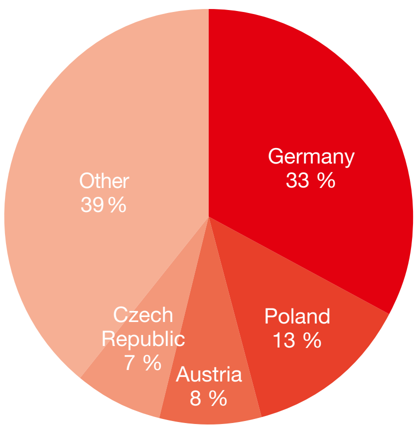
EMISSIONS OF THE STRABAG GROUP FOR THE YEAR 2013



CO_2 EMISSIONS BY ENERGY SOURCE



CO_2 EMISSIONS BY COUNTRY



CARBONTRACKER UNDER CONTINUOUS DEVELOPMENT

The energy data for the group are generated by the CarbonTracker software that was developed internally in 2012. CarbonTracker involves the automatic and **systematic calculation of energy and carbon data** contained within the available group databases. After using the CarbonTracker to calculate the group's carbon footprint for 2012, the objective for the coming years was to refine the calculation system so that an exact, up-to-date carbon footprint for each organisational unit can be determined. Some of these goals were already realised in 2013, such as the redesign of the input mask in order to enter the data more easily as well as the new ability to fully track changes through an archiving system capable of filtering by time of change and user. The software is web-based to allow access to the CarbonTracker via the group's intranet system.

ENERGY USE WITHIN THE GROUP[1)]

	Unit	2010	2011	2012	2013
Electricity	MWh	499,945	499,146	486,033	497,943
Fuel	thousands of litres	212,614	241,433	245,660	252,718
Gas	heating value in MWh	705,973	658,356	565,048	560,507
Heating oil	thousands of litres	25,836	21,644	17,790	16,053
Pulverised lignite	tonnes	51,452	84,318	79,107	69,602

Following data collection, the focus was on data analysis. In order to make the energy and resource use within the STRABAG Group comparable, the company is working on a so-called "energy atlas" which will depict the energy flows by country and organisational entity. Using key performance indicators that show the energy use and CO_2 emissions of individual facilities and units, it will be possible to develop appropriate efficiency measures and to review their effectiveness. These data are to serve as a basis for the definition of concrete energy targets in the future.

1) Changes in the energy values over past publications result from the ongoing development of the system of data collection.
The presentation deviates from the usual presentation of a five-year period as data are only available starting from the year 2010.

Disclosures pursuant to Section 243a Para 1 UGB

1. The share capital of STRABAG SE amounts to € 114,000,000 and consists of 114,000,000 fully paid-in, no-par value shares with a pro-rata value of € 1 per share of the share capital. 113,999,997 shares are bearer shares and are traded on 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 4.

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, "Octavia" Holding GmbH), the UNIQA Group (UNIQA Insurance Group AG, UNIQA Beteiligungs-Holding GmbH, UNIQA Österreich Versicherungen AG, UNIQA Erwerb von Beteiligungen Gesellschaft m.b.H., Raiffeisen Versicherung AG) and 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 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 11,400,000 no-par shares (10 % of the share capital) effective 31 December 2013 as these shares are held by STRABAG SE as own shares as defined in Sec 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG) (see also item 7).

3. To the knowledge of STRABAG SE, the following shareholders held a direct or indirect interest of at least 10 % of the share capital of STRABAG SE on 31 December 2013:

- Haselsteiner Familien-Privatstiftung ... 28.6 %
- Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H. (Raiffeisen Group)..... 14.9 %
- UNIQA Versicherungen AG (UNIQA Group)................................... 14.7 %
- Rasperia Trading Limited .... 18.8 %

In addition to its 18.8 % interest, core shareholder Rasperia Trading Limited also holds an option, valid until 15 July 2014, to buy a further 6.2 % of STRABAG SE from the other core shareholder groups mentioned above.

In exercising the authorisation by the 7th Annual General Meeting from 10 June 2011 and the renewed authorisation by the 8th Annual General Meeting from 15 June 2012 to acquire own shares in accordance with Sec 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG), the company by 31 December 2013 acquired 14,000,000 no-par shares, corresponding to 10 % of the share capital (see also item 7).

The remaining shares of the share capital of STRABAG SE, amounting to about 13.0 % of the share capital, are in free float.

4. Three shares are – as mentioned under item 1 – registered shares entered in the shareholder register. Registered shares No. 1 and No. 3 are held by the Haselsteiner Group and registered share No. 2 is held by 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.

5. No employee stock option programmes exist.

6. No further regulations exist beyond items 2 and 4 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.

7. The management board of STRABAG SE, in accordance with Sec 169 of the Austrian Stock Corporation Act (AktG), was authorised by resolution of the 5th Annual General Meeting of 19 June 2009 and with approval by the supervisory board to increase the share capital of the company by up to € 57,000,000 by 19 June 2014, in several tranches if necessary, by issuing up to 57,000,000 registered no-par shares for cash or contributions in kind (in this case also to the partial or full exclusion of the shareholders' subscription rights).

The management board, in accordance with Sec 174 Para 2 of the Austrian Stock Corporation Act (AktG), was further authorised by resolution of the 8th Annual General Meeting of 15 June 2012 and with the approval of the supervisory board to issue financial instruments within the meaning of Sec 174 of the Austrian Stock Corporation Act (AktG) – in particular convertible bonds, income bonds and profit participation rights – with a total nominal value of up to € 1,000,000,000, which may also confer subscription and/or exchange rights for the acquisition of up to 50,000,000 shares of the company and/or may be designed in such a way that they can be issued as equity, also in several tranches and in different combinations, up to five years inclusive from the day of this resolution, also indirectly by way of a guarantee for the issue of financial instruments through an associate or related entity of the company with conversion rights on shares of the company.

The management board was also authorised by resolution of this Annual General Meeting, in accordance with Sec 65 Para 1 No 8 and Para 1a and 1b of the Austrian Stock Corporation Act (AktG), to acquire bearer or registered no-par shares of the company on the stock market or over the counter to the extent of up to 10 % of the share capital during a period of twelve months from 10 July 2012 at a minimum price per share of € 1.00 and a maximum price per share of € 34.00. The purpose of the acquisition may not be to trade with own shares. The authorisation can be exercised in full or in part or in several partial amounts for one or several purposes by the company, a subsidiary (Sec 228 Para 3 UGB) or third parties acting on behalf of the company. The management board can decide to acquire shares on the stock exchange but must inform the supervisory board following decision to do so. Over-the-counter purchases require prior approval by the supervisory board. The management board was further authorised, in accordance with Sec 65 Para 1b AktG, for a period of five years from this resolution, to sell or assign its own shares, with approval by the supervisory board, in a manner other than on the stock market or through a public tender, to the exclusion of the shareholders' buyback rights (subscription rights), and to determine the conditions of sale. The authorisation can be exercised in full or in part or in several partial amounts for one or several purposes by the company, a subsidiary (Sec 228 Para 3 UGB) or third parties acting on behalf of the company.

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

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 27 of the Notes.

Supporting information

At the beginning of March 2009, an accident occurred during underground construction at the South Lot for the North-South urban metro line in Cologne, resulting in the collapse of the Historical Archive of the City of Cologne and significant portions of two neighbouring buildings. Debris collapsed into a hole which opened next to the North-South construction site at the Waidmarkt crossover junction. Two people were trapped under the rubble, and rescuers were only able to recover their bodies.

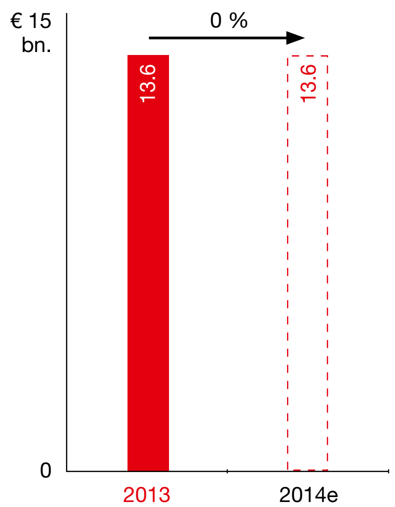
Construction on the underground is being carried out by a joint venture (JV) of Bilfinger SE (formerly Bilfinger Berger SE), Wayss & Freytag Ingenieurbau AG and a group company. The JV is led by Bilfinger SE on the technical side and by Wayss & Freytag Ingenieurbau AG on the commercial side. Through its subsidiary Ed. Züblin AG, STRABAG holds a 33.3 % interest in the JV.

The cause of the collapse remains unknown. The public prosecutor's office began an investigation – initially against persons unknown – with three separate experts into possible negligent homicide and endangerment in construction. Two independent proceedings are being conducted by the District Court in Cologne: one to collect evidence as to the cause of the accident and another to establish the damage to the buildings and archives. To prevent a possible lapse of potential claims, the independent proceedings against the JV Nord-Süd-Stadtbahn Köln, Los Süd, were extended to included additional natural persons and legal entities associated with the construction project. This extension is purely for formal reasons and is not connected to any new insights as to the cause of the accident. A model of the building is currently being built to help determine the cause and the damages, with completion expected no sooner than 2014. The model is to help clarify whether there were any mistakes or errors associated with the diaphragm wall set up by the JV.

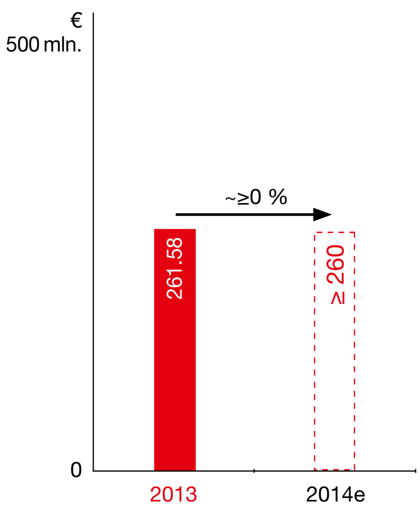
Merely for the purpose of extending the statute of limitations, the public prosecutor's office in December 2013 opened proceedings against approximately 100 persons associated closely or loosely with the project. This purely precautionary measure does not represent any statement as to the cause of the accident; in this respect, it remains to be seen what the final result of the investigation of the site and the expert report reveal. We continue to believe that this project will not result in any significant damages for the company.

Outlook

OUTPUT OUTLOOK



EBIT OUTLOOK



More information about the individual markets in the country report

As STRABAG is highly diversified regionally and by construction segments, the movements in the individual **markets** should more or less balance each other out in the year to come:

While the price pressure continues in transportation infrastructures in Germany, affordable financing conditions present STRABAG with solid demand in building construction in this country. The picture is similar in Austria – in both of these home markets, therefore, the company expects a stable yet highly competitive situation. Poland, the third largest country for STRABAG in terms of output volume, was, as expected, affected by the end of the construction boom, but first impulses in infrastructure construction should be seen again at the end of 2014 thanks to the new EU budgets. A lack of financing in the Czech Republic, Romania and the Adriatic region means that very few large public-sector projects are being awarded at this time – with a resulting tougher competition on the price. A more positive outlook, on the other hand, is offered by transportation infrastructures in Slovakia, where several large motorway and expressway projects are currently being tendered, as well as in the area of building construction in Slovakia and the Czech Republic.

Detailed outlook in the segment reports

In summary, the STRABAG SE management board expects the **output volume** to remain more or less unchanged versus 2013 at € 13.6 billion. This will likely be composed of € 6.0 billion from the segment North + West, € 4.7 billion from the segment South + East and € 2.8 billion from the segment International + Special Divisions. The rest can be allotted to Other. The segment composition thus remains largely unchanged in comparison to 2013.

Due to the necessary purchase of project-related specialty equipment, the **net investments** (cash flow from investing activities) are expected to rise from € 332.38 million in 2013 to around € 350 million in 2014.

The management board expects an **EBIT** of at least € 260 million for the current financial year, which corresponds to the forecast value of 2013. Although the realisation of the measures proposed by the internal STRABAG 2013ff task force is beginning to show first successes, STRABAG faces a challenging environment in 2014 with higher price pressure in the European infrastructure construction sector. On the other hand, the company is registering continued solid conditions in building construction for the private sector.

In the subsequent years, the focus will continue to be less on growth of the output volume than on improving the profitability. From today's perspective, the STRABAG SE management board expects the output volume and the revenue to grow again as of 2016 at the earliest. Until then, a strict risk management as well as organisational measures to increase cost efficiency should lead to improved margins. The company aims for an **EBIT margin** of 3 % in the **medium term**.

Events after the reporting period

The political developments in Ukraine since February 2014 are having no significant influence on the situation of the STRABAG Group from today's perspective. The company generates less than 1 % of its annual output volume in Ukraine. In Russia, the group expects to generate less than 3 % of its output volume in 2014. As construction is an export non-intensive industry in which most of the services are provided locally, and the STRABAG Group provides its services almost exclusively for private clients, the company does not expect the political developments to have any immediate impact on its business in Russia.

AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system, of

STRABAG SE,
Villach, Austria,

for the fiscal year from 1 January 2013 to 31 December 2013. These financial statements comprise the balance sheet as of 31 December 2013, the income statement for the fiscal year ended 31 December 2013, and the notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS AND FOR THE ACCOUNTING SYSTEM

The Company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY AND DESCRIPTION OF TYPE AND SCOPE OF THE STATUTORY AUDIT

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 31 December 2013 and of its financial performance for the year from 1 January 2013 to 31 December 2013 in accordance with Austrian Generally Accepted Accounting Principles.

REPORT ON OTHER LEGAL REQUIREMENTS (MANAGEMENT REPORT)

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Business Enterprise Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Business Enterprise Code) are appropriate.

Linz, 11 April 2014

KPMG Austria AG
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Helge Löffler
Austrian Chartered Accountants

Mag. Peter Humer
Austrian Chartered Accountants

Publication of the financial statements together with our auditor's opinion may only be made if the financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Business Enterprise Code) applies.