STRABAG
SOCIETAS EUROPAEA

Disclosure pursuant to Section 5 Paragraph 2 of Financial Reporting Enforcement Act

The consolidated financial statements of STRABAG SE for 31 December 2016 as well as the half-year account for 30 June 2017 contain the following errors:

> In its consolidated financial statements for 31 December 2016 and its half-year account for 30 June 2017, STRABAG SE merely disclosed the expected impact from initial application of the new IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases but failed to provide entity-specific explanations.
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> This is not in compliance with IAS 8.30, according to which an entity that has not applied a new IFRS that has been issued but is not yet effective must disclose:
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> > b. known or reasonably estimable information relevant to assessing the possible impact that application of the new IFRS will have on the entity's financial statements in the period of initial application.
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> Accordingly, the consolidated financial statements for 31 December 2016 and the half-year account for 30 June 2017 should have included at least a qualitative analysis of the impact of initial application of the new IFRS as well as disclosures on the expected method of initial application to be used.

IAS 8.30 requires entities that have not applied a new IFRS that has been issued but is not yet effective to disclose known or reasonably estimable information relevant to assessing the possible impact that application of the new IFRS will have on the entity's financial statements in the period of initial application.
In its "public statement" on IFRS 15 Revenues from Contracts with Customers, the European Securities and Markets Authority (ESMA) explained that at least the following disclosures were necessary:

- method of initial application,
- presentation of the expected impact on the basis of the individual "revenue streams",
- explanations of the expected changes with regard to the measurement and recognition of revenue.

In its "public statement" on IFRS 9 Financial Instruments, ESMA also explains that at least the following disclosures were necessary:

- method and time of initial application as well as whether or not hedging transactions would continue to be accounted for under IAS 39, etc.,
- presentation of the expected impact from the initial application,
- explanation of the expected changes with regard to the measurement and recognition in the balance sheet.

ESMA further made clear that over time entities are expected to disclose additional and more detailed information (including quantitative information) on the impact of initial application of the new IFRS.

Accordingly, in the 2016 financial year there should have been at least a qualitative analysis of the impact of initial application of IFRS 15, the impact of IFRS 16 and the impact of IFRS 9, as well as disclosures in the consolidated financial statements for 31 December 2016 regarding the expected method of initial application to be used for each. The half-year account for 30 June 2017 should have included additional information in this regard.