

SUPERVISORY BOARD REPORT

**Dear shareholders,
associates and friends of STRABAG SE,**



Dr. Alfred Gusenbauer

© REUTERS/Herbert Neubauer

The 2015 financial year has provided STRABAG with yet another more than satisfactory business result. The earnings were increased, as had been forecast. The financial performance and profitability improved, not least due to the special focus on risk management and efficiency increases through continuous implementation of the measures proposed by the “STRABAG 2013ff” task force. The Supervisory Board has an important role here: together with the Management Board, it constantly ensures that this path of a sustainable strategy is continued to be pursued in the interest of all stakeholders, that the group recognises the developments on the markets in time, and that the necessary changes to the strategy are implemented consistently.

Open exchange of information and opinion in six Supervisory Board meetings

In the 2015 financial year, the Supervisory Board diligently performed the duties incumbent upon it under Austrian law, the Articles of Association, the Austrian Code of Corporate Governance (ÖCGK) and the Rules of Procedure; regularly advised the Management Board in the management of the company; and audited and monitored its management. A total of six meetings of the Supervisory Board, two meetings of the Audit Committee and one meeting of the Presidential and Nomination Committee took place in 2015. All members of the Supervisory Board and its committees are independent and were represented in the relevant meetings in accordance with the conditions contained within the Austrian Code of Corporate Governance.

The Management Board engaged in an exchange of information and opinion as well as in open discussions with the Supervisory Board in order to regularly report on the market situation, the course of the business and the situation of the company. At all meetings, the Management Board informed the Supervisory Board of STRABAG’s strategic direction, of its cash flows and financial performance, of the personnel situation and of any plans regarding investments, project developments or large projects, and obtained its approval regarding important business transactions. The Supervisory Board studied the corporate planning and the appropriate analyses of divergence constantly and in great depth. Specifically, the following agenda items of the Supervisory Board meetings should be emphasised:

SUPERVISORY BOARD MEETING 1: DISCUSSION OF PLANNED ACQUISITION

In its first meeting of the year on 12 January 2015, the Supervisory Board discussed in detail a

planned acquisition, which, however, failed in the end.

SUPERVISORY BOARD MEETING 2: 2015 PLANNING INCLUDING EXPENDITURES AND BUDGET SITUATION AS WELL AS IMPACT OF “STRABAG 2013FF” TASK FORCE ON AUSTRIA

In its meeting on 23 February 2015, the Supervisory Board dealt with the current situation of

the company as well as with budgeting and expenditure planning for 2015. Other issues

included the medium-term planning for the period 2016–2018.

In-depth discussion also centred on the impact of the “STRABAG 2013ff” task force’s proposals on the organisational units in Austria. The

Supervisory Board was able to convince itself that streamlining measures have been initiated at the management level and that synergies are being used more intensely between the segments Building Construction & Civil Engineering and Transportation Infrastructures.

SUPERVISORY BOARD MEETING 3: FINANCIAL STATEMENTS AND CORPORATE GOVERNANCE REPORT

During its third meeting of the 2015 financial year on 27 April 2015, the Supervisory Board, together with the Management Board, discussed the financial statements, the management report, the corporate governance report, the consolidated financial statements and the group management report of STRABAG SE. The Audit Committee reported on the audit of the financial statements, the consolidated financial statements, the management reports and the corporate governance report. There were no objections to the audit by the financial auditor and all questions of the Audit Committee could be answered satisfactorily.

The Supervisory Board thereupon acknowledged completion of the 2014 financial report.

The Management Board’s proposal for the appropriation of net income was also reviewed, with a recommendation for its acceptance by the Annual General Meeting. Also discussed and approved were the Supervisory Board report as well as the appointment of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as auditor, financial auditor and group financial auditor.

The Presidential and Nomination Committee, in its meeting on 27 April 2015, discussed in detail the professional and personal qualifications of the Supervisory Board election candidates Dr. Alfred Gusenbauer, Mag. Kerstin Gelbmann, Mag. Hannes Bogner and William R. Spiegelberger.

Discussion of personal qualifications

SUPERVISORY BOARD MEETING 4: RECONSTITUTION OF SUPERVISORY BOARD

After the 11th Annual General Meeting, the Supervisory Board was reconstituted on 12 June 2015.

SUPERVISORY BOARD MEETING 5: INFRASTRUCTURE AND REAL ESTATE DEVELOPMENT AS WELL AS IMPLEMENTATION REPORT OF “STRABAG 2013FF” TASK FORCE FOR GERMANY/BENELUX/SCANDINAVIA

Following a report on the positive outcome of the 11th Annual General Meeting, the Management Board detailed the current situation of the company as well as the state of the group’s infrastructure and real estate development projects. Special attention was given to the acquisition of the Mar 1 PPP motorway project in north-western Colombia and the D4/R7 motorway project in Bratislava, which was in the tendering phase at the time. The Audit

Committee presented the results of the internal audit, and the financial auditor reported on the planning for the audit of the financial statements for the 2015 financial year.

Finally, the discussion moved to the proposals of the “STRABAG 2013ff” task force and their implementation in Germany/Benelux/Scandinavia. The measures are taking hold and the developments observed are positive.

SUPERVISORY BOARD MEETING 6: REFINANCING OF LOANS AND PLANNED ACQUISITION OF SHARES OF ED. ZÜBLIN AG

During the final Supervisory Board meeting of the 2015 financial year on 14 December 2015, the Management Board first gave a report on the latest developments. One topic was the especially strong growth in Poland, Romania, Slovakia and the Czech Republic.

The Supervisory Board then approved the refinancing of the syndicated surety loan and the syndicated cash credit line. Also discussed in detail was the planned acquisition of the remaining 42.74 % stake in Ed. Züblin AG. The entire Supervisory Board was favourably disposed to

this plan and gave the proposal its approval. Finally, the Supervisory Board discussed the results of its annual self-evaluation. The review showed that the working methods of the

Supervisory Board were rated very positively overall and that there was no need for other action.

Consolidated financial statements awarded unqualified opinion

The internal audit department informed the Audit Committee of the audit plan and of significant outcomes in accordance with C-Rule 18 of the Austrian Code of Corporate Governance. Furthermore, the Audit Committee monitored the accounting processes (including the preparation of the consolidated financial statements) and the work of the auditor (including the audit of the consolidated financial statements) as well as the effectiveness of the system of internal control, the risk management system and the audit system. The independence of the auditor (group financial auditor) was reviewed and monitored in particular as regards the additional services given to the audited company.

The financial statements and management report of STRABAG SE for the 2015 financial year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz. Pursuant to the final result of the audit, the auditor had no cause for complaint and awarded its unqualified opinion.

The consolidated financial statements and the group management report drawn up by the Management Board for the 2015 financial year under application of Section 245a of the Austrian Business Enterprise Code (UGB) in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) applicable on the

balance sheet date were reviewed by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, and awarded their unqualified opinion.

The auditor's reports and the group financial auditor's reports were submitted to the Supervisory Board. The Audit Committee reviewed the 2015 financial report and the management report including the proposed appropriation of net income and the corporate governance report, and the 2015 consolidated financial statements and group management report, and prepared the approval of the annual financial report by the Supervisory Board.

The Supervisory Board reviewed all documents as well as the report by the Audit Committee. In its meeting of 25 April 2016, the Supervisory Board stated its agreement with the financial report and the 2015 consolidated financial statements and officially approved the 2015 annual financial report, thus acknowledging its completion. The Supervisory Board supports the Management Board in its proposal for the appropriation of net income. The Supervisory Board proposes appointing KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as auditor, financial auditor and group financial auditor for the 2016 financial year, in accordance with the proposal of the Audit Committee.

Word of thanks to Management Board and all employees

By way of closing, the Supervisory Board would like to express its gratitude and appreciation to the Management Board and to all employees for

their valuable contribution in the past financial year.

The chairman of the Supervisory Board of STRABAG SE



Dr. Alfred Gusenbauer
Vienna, 25 April 2016