Press Release
Investor Information

STRABAG SOCIETAS EUROPAEA

STRABAG SE upgrades outlook for 2020 after half-year figures

Contact

STRABAG SE
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- **Output volume 10 % lower in the first half of 2020**
- **EBITDA +2 %, EBIT down 26 % to € 45.10 million due to higher depreciation and amortisation**
- **Order backlog at record high of € 19.4 billion**
- **Outlook for 2020 upgraded: output volume expected to reach around € 15 billion – previous forecast € 14.4 billion; EBIT margin target remains at ≥ 3.5 %**

		6M/2020	6M/2019	%
Output volume	€m	**6,720.08**	**7,506.99**	***-10 %***
Revenue	€m	**6,321.81**	**6,979.07**	***-9 %***
Order backlog	€m	**19,440.54**	**18,325.61**	***6 %***
EBITDA	€m	**300.11**	**294.74**	***2 %***
EBITDA margin	%	*4.7 %*	*4.2 %*	
EBIT	€m	**45.10**	**61.00**	***-26 %***
EBIT margin	%	*0.7 %*	*0.9 %*	
Net income after minorities	€m	**-0.79**	**10.66**	***n. m.***
Net income after minorities margin	%	*0.0 %*	*0.2 %*	
Earnings per share	€	**-0.01**	**0.10**	***n. m.***
Employees	FTE	**74,093**	**76,638**	***-3 %***

Vienna, 31 August 2020 Today, Monday, the publicly listed construction company STRABAG SE reported figures for the first half of 2020.

"At first glance, the first half of 2020 was strongly affected by the coronavirus pandemic. However, this is only partially reflected in the figures. For the first half of the year, the net income after minorities tends to be around zero and our output volume fell by 'merely' 10 % – in part due to other, expected factors. One of the reasons for this is that we generate only about 15 % of our group output volume in Austria. In markets such as Germany or Poland, on the other hand, the restrictions were hardly noticeable. Although the crisis has not been overcome yet, we came to the conclusion that our output guidance of € 14.4 billion, which was updated in April following the start of the pandemic, was probably too conservative – not least due to the record order backlog. Instead, we now expect an output volume of around € 15.0 billion. At the same time, an EBIT margin of at least 3.5 % should be attainable as previously expected. We are basing our forecast on the assumption that, unlike in the first half of the year,

there will be no full suspension of construction activities, not even temporarily, in any of our core countries in the second half of the year. This does not mean, however, that a 'second wave' of COVID-19 would hit us unprepared", says **Thomas Birtel**, CEO of STRABAG SE.

Output volume and revenue
STRABAG SE generated a 10 % lower output volume of € 6,720.08 million in the first half of 2020. This is largely due to three factors: the loss of a German key account in the property and facility services business resulting from an expired contract in mid-2019, the temporary halt to construction activity due to the coronavirus crisis in Austria, and the execution and completion of tunnelling projects in Chile. The consolidated group revenue fell by 9 %.

Order backlog
The order backlog as at 30 June 2020 reached a new record high of € 19,440.54 million, which corresponds to 6 % growth over the level from 30 June 2019. Work progressed on large orders in the Americas, Hungary and Austria, among other places, resulting in a decline of this figure. This development was contrasted by new large orders and contract extensions in tunnelling in the United Kingdom and a significant increase in the order backlog in Germany and the Czech Republic.

Financial performance
Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased slightly by 2 % to € 300.11 million in the first half of 2020. Depreciation and amortisation grew disproportionately as a result of higher investments in the previous year, however, so that earnings before interest and taxes (EBIT) fell by 26 % to € 45.10 million from € 61.00 million in the same period of the previous year. This decline is attributable to the development of the International + Special Divisions segment.

Net interest income stood at € -13.49 million compared to € -19.50 million in the first six months of the previous year. This figure includes higher negative exchange rate differences of € -7.05 million (6M/2019: € -1.24 million), which is more than compensated by lower interest expenses. Earnings before taxes (EBT) came in at € 31.61 million compared to € 41.50 million in the first half of 2019. The fact that income taxes reached a similarly high level at the same time is mainly due to project losses in a non-European country that cannot be offset by the possibility of asserting loss carryforwards.

The earnings attributable to minority shareholders were barely changed in absolute figures at € 1.42 million. Overall, a net income after minorities of € -0.79 million was achieved. In the same period of the previous year, it had still been in positive territory with € 10.66 million, though the net income after minorities tends to be below zero for the first half of the year. With 102,600,000 outstanding shares, this corresponds to earnings per share of € -0.01 (6M/2019: € 0.10).

Financial position and cash flows
Compared with the first half of the previous year, the equity ratio increased from 29.9 % to 31.7 %; at the end of 2019, it had amounted to 31.5 %. The net cash position decreased, as is usual for the season, from € 1,143.53 million at the end of 2019 to € 946.47 million (30 June 2019: € 240.57 million).

While the cash flow from operating activities had been clearly negative in the same period of the previous year, it now registered in positive territory at € 32.84 million due to a lower working capital increase. As there was significantly less investment in property, plant and equipment than in the previous year, the cash flow from investing activities was about 40 % less strongly in negative territory. The repayment of a bond with a higher volume than the one in the previous year led to a cash flow from financing activities of € -261.03 million, compared to € -183.27 million in the first half of 2019.

Employees
The reduced output is also reflected in the lower number of employees, which fell by 3 % to 74,093 compared to the first half of 2019. The largest decline was recorded in Germany, which was due to the aforementioned loss of a long-term key account in property and facility services in the previous year, followed by project-related staff reductions in the Middle East. Developments in the other markets were mixed.