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STRABAG SE increases output volume and earnings after six months 2019

Contact

STRABAG SE
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- **Output volume up 9 % in the first half of 2019**
- **EBITDA (+47 %), EBIT up from € 20.03 million to € 61.00 million**
- **Order backlog nearly stable (-3 %) at high level of € 18.3 billion**
- **Outlook for 2019 confirmed: output volume should exceed € 16 billion, targeted EBIT margin of ≥ 3.3 %**

		6M/2019	6M/2018	%
Output volume	€m	**7,506.99**	**6,875.39**	***9 %***
Revenue	€m	**6,979.07**	**6,307.35**	***11 %***
Order backlog	€m	**18,325.61**	**18,874.24**	***-3 %***
EBITDA	€m	**294.74**	**200.38**	***47 %***
EBITDA margin	%	*4.2 %*	*3.2 %*	
EBIT	€m	**61.00**	**20.03**	***205 %***
EBIT margin	%	*0.9 %*	*0.3 %*	
Net income after minorities	€m	**10.66**	**-0.56**	***n. m.***
Net income after minorities margin	%	*0.2 %*	*0.0 %*	
Earnings per share	€	**0.10**	**-0.01**	***n. m.***
Employees	FTE	**76,638**	**73,394**	***4 %***

Vienna, 30 August 2019 Today, Friday, the publicly listed construction company STRABAG SE reported figures for the first half of the 2019 financial year. *"We can be satisfied with the development of the STRABAG Group in the first six months of 2019: The earnings grew even more strongly than the output volume, and the order backlog remained – once again thanks to numerous large orders – almost stable at a very high level. We are better positioned today than ever. Just now, when things are going well for our company, we are taking precautions so we can continue to achieve our goals in the long term – for example, our goal of achieving an EBIT margin of 4 % by 2022. To keep our employees but also our processes and structures fit for the future, we are working on our strategic agenda ‚FASTER TOGETHER 2022'. This is not a cost reduction programme – we are rather continually developing our people and our processes in terms of Building Information Modelling (BIM 5D®), LEAN.Construction, partnering contract models and strategic procurement, among other things"*, says **Thomas Birtel**, CEO of STRABAG SE.

Output volume and revenue
STRABAG SE generated an output volume of € 7,506.99 million in the first half of 2019. This upward movement of 9 % was driven in particular by Germany as a whole, by building construction in Austria, by the execution of the order backlog in Hungary and by a large-scale project in the United Kingdom. The consolidated group revenue grew by 11 %.

Order backlog
The order backlog as at 30 June 2019 weakened slightly by 3 % compared to the same period of the previous year. Declines were recorded in Austria, Germany and, on the whole, in the countries of Central and Eastern Europe. This development was partially offset by the substantial expansion of an existing contract in the United Kingdom.

Financial performance
Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 47 % to € 294.74 million in the first half of 2019. The 30 % year-on-year increase in depreciation and amortisation includes, among other things, an opposing effect on the EBITDA from the first-time adoption of IFRS 16 Leases, so that earnings before interest and taxes (EBIT) amounted to € 61.00 million after € 20.03 million in the same period of the previous year. This increase is attributable to the development of the International + Special Divisions segment.

Net interest income stood at € -19.50 million. In the first six months of the previous year, it had amounted to € -7.44 million. The decline of net interest income can be attributed to negative exchange rate differences amounting to € 1.24 million (in the same period of the previous year, exchange gains of € 6.91 million were reported) and to a small extent to the abovementioned impact from IFRS 16. Earnings before taxes (EBT) amounted to € 41.50 million compared to € 12.59 million in the first half of the previous year. As a result, income taxes also increased to € -27.56 million.

Earnings attributable to minority shareholders was barely changed at € 3.28 million. Overall, a net income after minorities of € 10.66 million was achieved. In the same period of the previous year, it was still slightly in negative territory. With 102,600,000 outstanding shares, this corresponds to earnings per share of € 0.10 (6M/2018: € -0.01).

Financial position and cash flows
The balance sheet total – once again due to the first-time application of IFRS 16 – increased to over € 11 billion compared to 31 December 2018. The share of property, plant and equipment in the balance sheet total increased from 18 % to 22 %. The cash and cash equivalents decreased as is seasonally usual. At the same time, the equity ratio remained at a high level of around 30 %; at the end of 2018, it had stood at over 31 %. As is usual for the season, the net cash position fell from € 1,218.28 million at the end of 2018 to

€ 240.57 million (30 June 2018: € 711.71 million). As at 30 June 2019, lease liabilities amounting to € 314.46 million were included for the first time.

The cash flow from operating activities was 118 % lower in negative territory, at € -320.66 million, due to a higher working capital increase compared to the previous year. The cash flow from investing activities, in part due to generally higher capital expenditures, slipped by 8 % and so was slightly more negative at € -298.59 million. The repayment of a bond with a lower volume than the one in the previous year and the fact that the dividend payment will not be made until as of the third quarter of 2019 led to a cash flow from financing activities of € -183.27 million after € -362.85 million in the first half of the previous year.

Employees

The number of employees increased by 4 % to 76,638. Growth was registered especially in the Americas region as well as in Germany, Poland and Austria.

Outlook

For the current 2019 financial year, STRABAG continues to expect the output volume to exceed the € 16.0 billion mark. By segments, a decline is now expected in International + Special Divisions with increases in North + West and in South + East. The forecast for an EBIT margin of at least 3.3 % also remains in place.

__STRABAG SE__ is a European-based technology group for construction services, a leader in innovation and financial strength. Our services span all areas of the construction industry and cover the entire construction value chain. We create added value for our clients by our specialised entities integrating the most diverse services and assuming responsibility for them. We bring together people, materials and machinery at the right place and at the right time in order to realise even complex construction projects – on schedule, of the highest quality and at the best price. The hard work and dedication of our more than 75,000 employees allow us to generate an annual output volume of around € 16 billion. At the same time, a dense network of numerous subsidiaries in many European countries and on other continents is helping to expand our area of operation far beyond the borders of Austria and Germany. More information is available at www.strabag.com.