



# STRABAG SE FY 2015 RESULTS

29 APRIL 2016

What is to come? Please turn over.



# WHAT HAS BEEN.

Annual Report 2015

**STRABAG**  
SOCIETAS EUROPAEA

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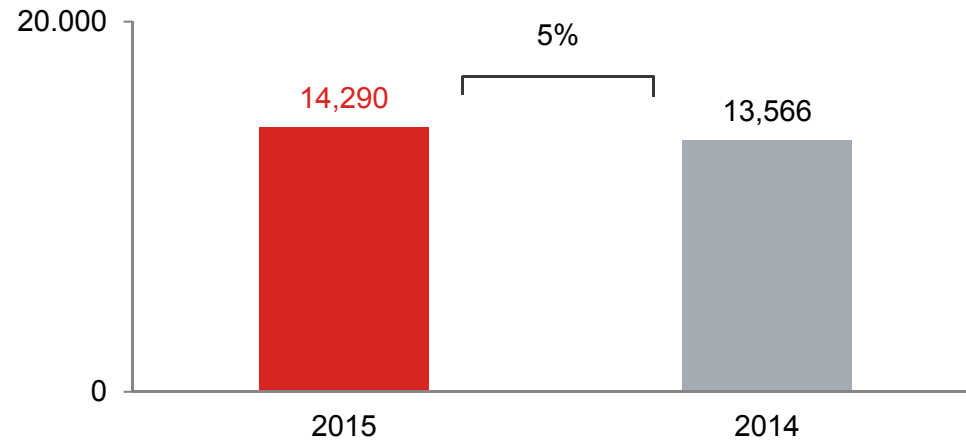
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# 2015 WAS A GOOD YEAR

	Target	2015
Output volume	€ 14.0 bn	€ 14.3 bn
EBIT	≥ € 300 m	€ 341 m
EBIT margin	3% until 2016 (2014: 2.3%)	2.6%
Equity ratio	≥ 25%	31.0%
Dividend	30–50% of net income after minorities (2014: € 0.50 per share)	43%, € 0.65 per share

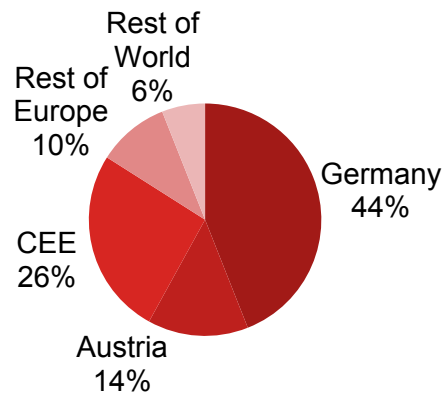
# OUTPUT VOLUME ROSE BY 5%

## OUTPUT VOLUME (€M)



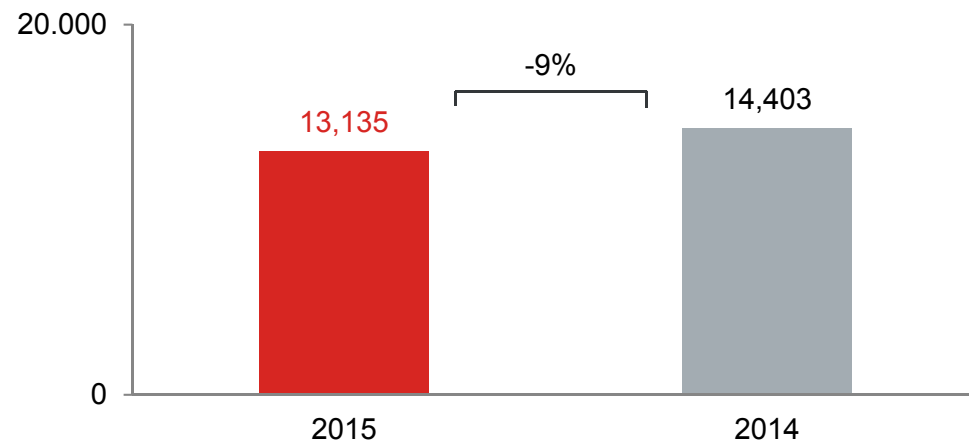
- Output volume rose by 5% to € 14.3 bn
- Germany and Austria still the two largest single markets
- Slovakia, Czech Republic, Poland and Hungary stood out with especially high gains

## OUTPUT VOLUME 2015 BY REGION



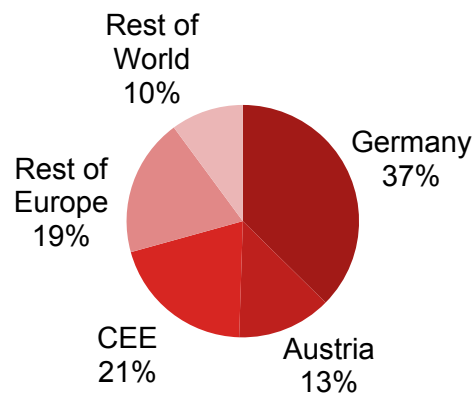
# ORDER BACKLOG DOWN – “PUT PROFITABILITY BEFORE REVENUE”

## ORDER BACKLOG (€M)



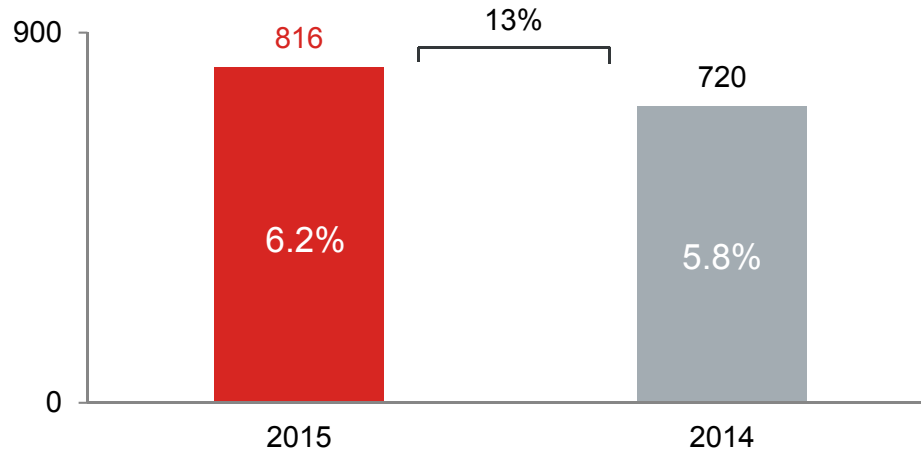
- Completion of large projects in Hungary, Italy and Slovakia
- Adverse economic environment in the RANC region (Russia and Neighbouring Countries)
- “Put profitability before revenue” means opting against participation in certain projects due to risk considerations

## ORDER BACKLOG 2015 BY REGION



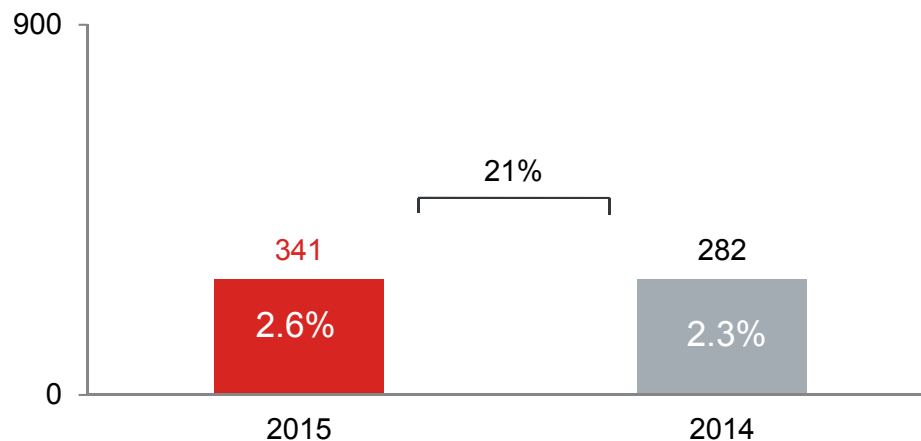
# FURTHER STEP TOWARDS 3% EBIT MARGIN

## EBITDA (€M) AND EBITDA MARGIN (%)



- Higher earnings compared to previous year in Poland, Czech Republic and Slovakia amongst others
- Increases despite burdening tunnelling project in Chile

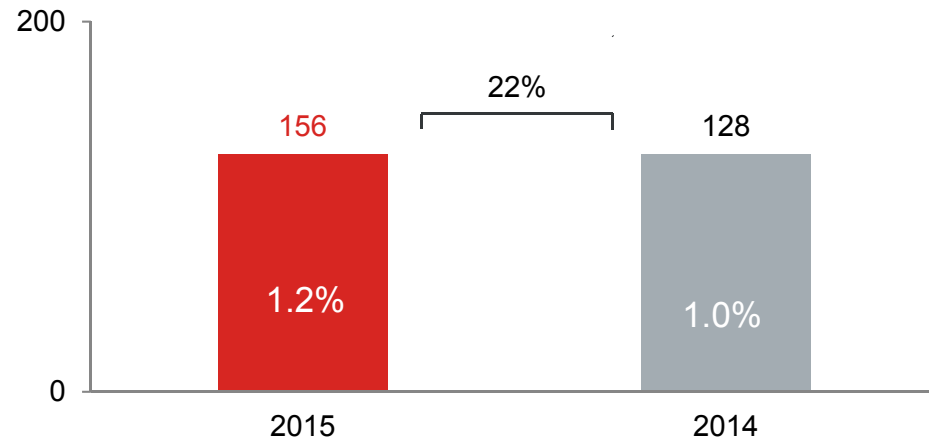
## EBIT (€M) AND EBIT MARGIN (%)



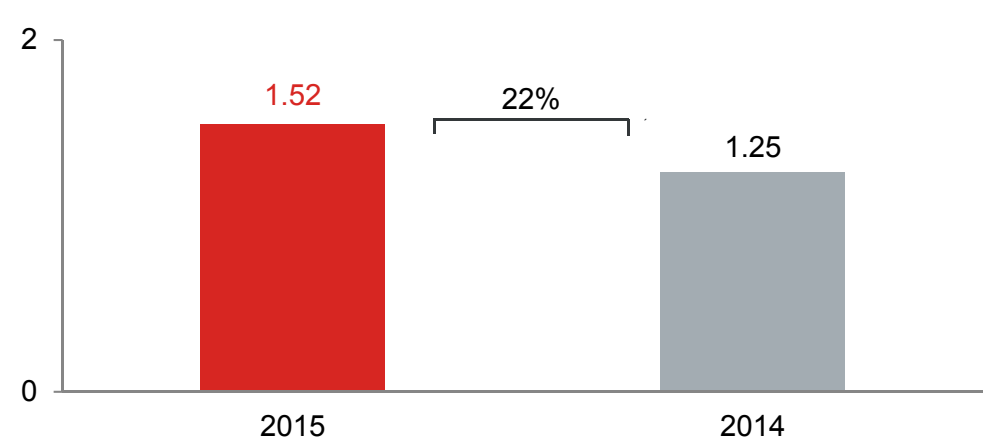
- Depreciation on property, plant and equipment of € 475 m (+8%), thereof:
  - Goodwill impairments (€ 25 m)
  - Special depreciation allowance related to the sale of the hydraulic engineering equipment (€ 22 m)
- Strong improvement of EBIT (+21%) and EBIT margin

# EARNINGS PER SHARE: € 1.52

NET INCOME A. MINORITIES (€M) & MARGIN (%)



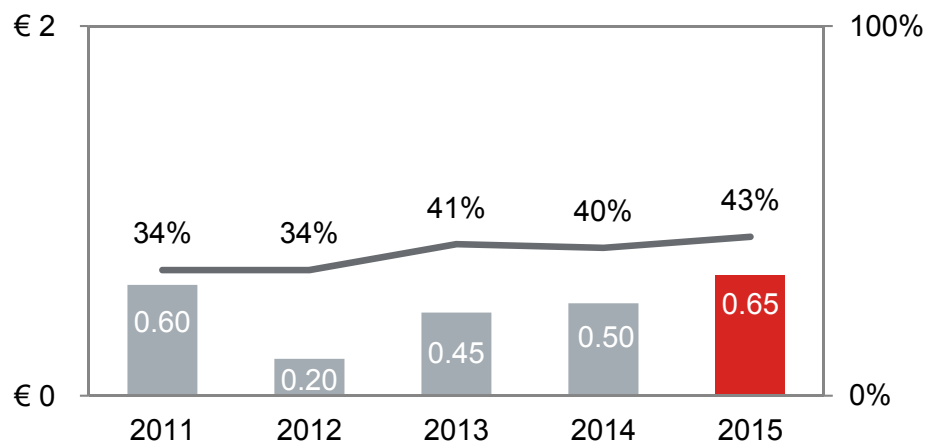
EARNINGS PER SHARE (€)



- Net interest income at about the same level of the previous year: € -24 m versus € -26 m
- Again high income tax rate of 42.4% due to the lack of tax savings for losses in Chile, goodwill impairments and in response to back taxes due to company audits in Germany
- Earnings owed to minority shareholders € 26 m (2014: € 20 m): will decrease in the future as a consequence of the full acquisition of Ed. Züblin AG in April 2016

# HIGHEST DIVIDEND SINCE IPO: € 0.65

## DIVIDEND (€) AND PAYOUT RATIO (%)

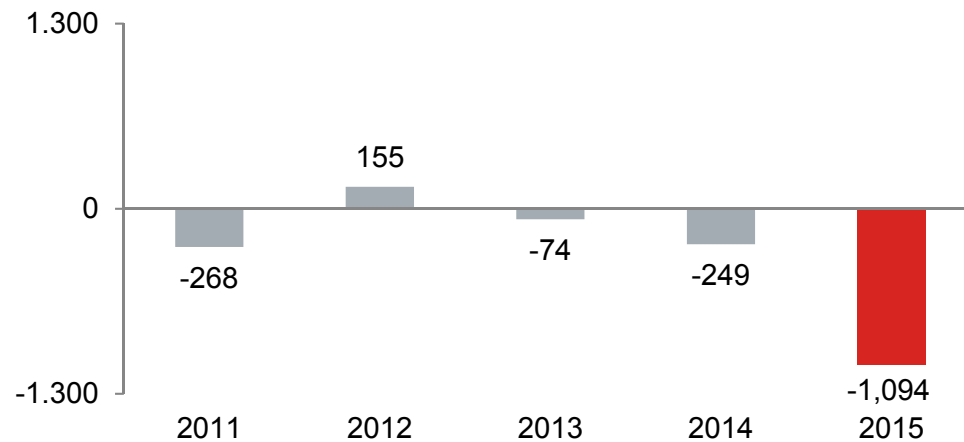


- Dividend per share of € 0.65 proposed (+30%)
- Payout ratio of 43% within predetermined payout range of 30–50% of net income after minorities

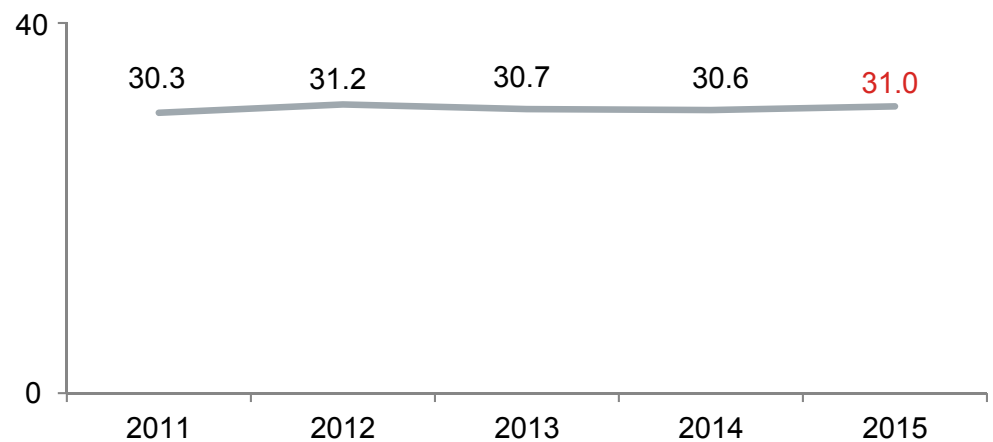


# NET CASH INCREASED, HIGH EQUITY RATIO

NET DEBT (+)/NET CASH (-) (€M)



EQUITY RATIO (%)



- Equity ratio at 31%; target:  $\geq 25\%$
- Net cash position increased – uncharacteristically high project-related prepayments at year-end
- S&P raised corporate credit rating by one level to BBB (outlook: stable)

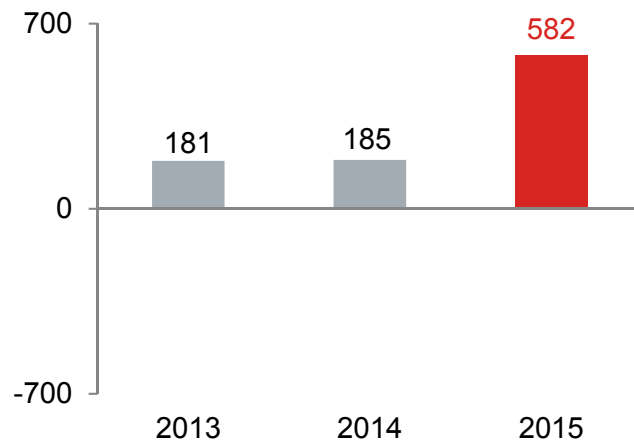
# CASH AND CASH EQUIVALENTS RAISED FROM € 1.9 BN TO € 2.7 BN

(€m)	2015	Δ%	2014
<b>Cash – beginning of period</b>	<b>1,906</b>	13	1,685
Cash flow from earnings	658	6	620
Δ Working Capital	582	215	185
Cash flow from operating activities	1,240	54	805
Cash flow from investing activities	-320	26	-435
Cash flow from financing activities	-117	17	-142
Net change in cash	803	253	228
FX changes	6	n.m.	-16
Change restricted cash	12	32	9
<b>Cash – end of period</b>	<b>2,727</b>	43	1,906

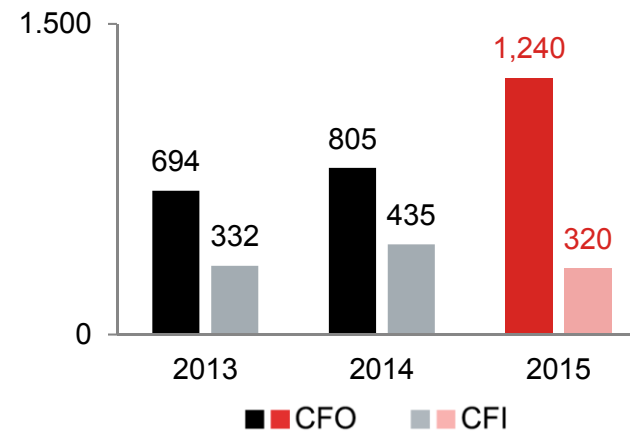
Rounding differences might occur.

# FREE CASH FLOW OF € 920 M

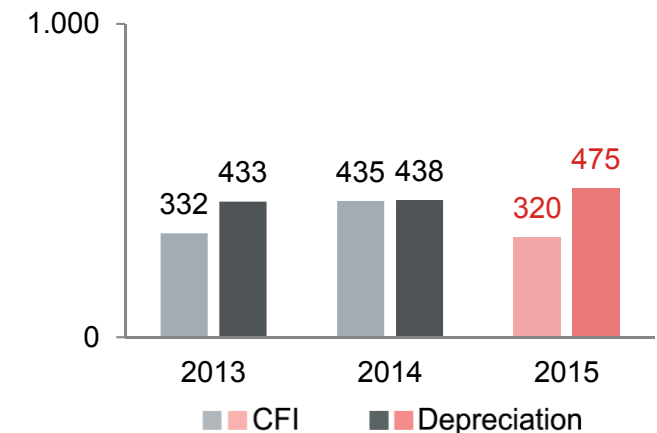
## Δ WORKING CAPITAL (€M)



## CFO VS. CFI (€M)



## CFI VS. DEPRECIATION (€M)



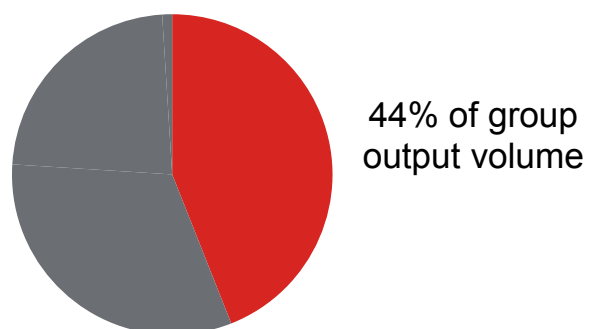
- FCF positive (CFO-CFI)
- Purchase of PP&E at € 396 m (2014: € 346 m), thereof ~ € 250 m maintenance CAPEX
- Expansion CAPEX due to special equipment in the international business
- 2015 depreciation includes goodwill impairment of € 25 m (2014: € 29 m)

# NORTH + WEST: EARNINGS SIGNIFICANTLY BETTER FOLLOWING A WEAK YEAR 2014

## KEY INDICATORS

(€m)	2015	Δ%	2014
Output volume	6,368	1	6,292
Revenue	5,895	3	5,719
Order backlog	5,397	-5	5,682
EBIT	105	267	29
EBIT margin %	1.8		0.5
Employees	22,421	-3	23,123

## SHARE OF GROUP OUTPUT VOLUME



BC: building construction, TI: transportation infrastructures

## COMMENTS

- Output volume nearly unchanged yoy: growth in Poland, Germany stable, declines in Sweden and Benelux
- EBIT significantly better (€ 105 m) following a negatively impacted year 2014
- Order backlog 5% down:
  - Completion of large projects in Germany, could not yet be balanced by new road construction projects
  - Poland at a high, stable level
- Outlook:
  - Output volume again at about € 6.4 bn
  - Germany: positive outlook for BC, TI depends on public investment plan (“Bundesverkehrswegeplan 2030”)
  - Sale of hydraulic engineering business to Netherlands-based Royal Boskalis in March 2016
  - Full acquisition of Ed. Züblin AG in April 2016

# SOUTH + EAST: POSITIVE EARNINGS, BUT LOWER VOLUME OF NEW ORDERS

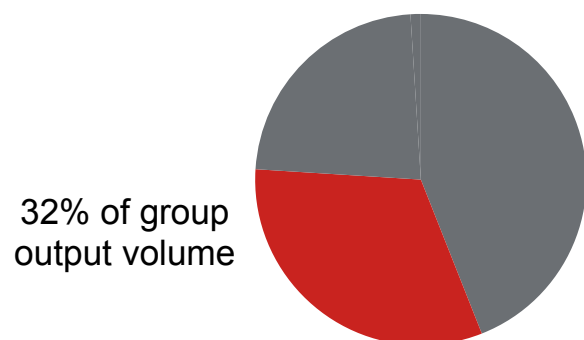
## KEY INDICATORS

(€m)	2015	Δ%	2014
Output volume	4,535	9	4,171
Revenue	4,412	10	3,997
Order backlog	3,477	-16	4,142
EBIT	197	17	169
EBIT margin %	4.5		4.2
Employees	18,043	-4	18,769

## COMMENTS

- Output volume increased significantly: large projects in Slovakia and Czech Republic
- Strong market positions: No. 1 in home market Austria
- EBIT again higher, EBIT margin at the remarkable level of 4.5%
- On the other hand strong decline in the order backlog: large orders of previous year already worked off
- Outlook:
  - More conservative planning for 2016: output volume at € 4.4 bn
  - Price situation in the Austrian and CEE construction sector increasingly challenging
  - RANC<sup>(1)</sup> region: considerable economic downturn, with no end in sight

## SHARE OF GROUP OUTPUT VOLUME



(1) Russia and Neighbouring Countries

# INTERNATIONAL + SPECIAL DIVISIONS: VOLATILE PROJECT BUSINESS

## KEY INDICATORS

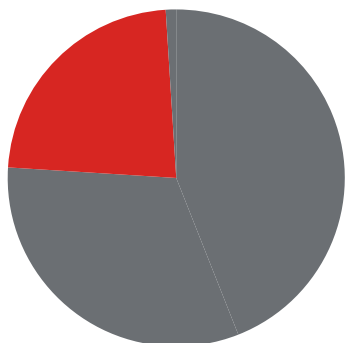
(€m)	2015	Δ%	2014
Output volume	3,250	9	2,970
Revenue	2,791	2	2,738
Order backlog	4,253	-7	4,571
EBIT	47	-49	92
<i>EBIT margin %</i>	1.7		3.4
Employees	27,077	7	25,309

## COMMENTS

- Output volume up 9% due to acquisition of DIW and increases in the non-European markets
- Volatile project business results in fluctuating EBIT; 2015 was burdened by a tunnelling project in Chile
- Order backlog: declines in several markets, especially in Italy and the Americas
- Outlook:
  - Output volume at previous year's level of about € 3.3 bn
  - Solid property and facility services business
  - Market for concession projects in Europe remains challenging; Colombian market entry via € 900 m concession project
  - Positive earnings contribution expected from real estate development; expansion into the Romanian project development market

## SHARE OF GROUP OUTPUT VOLUME

23% of group output volume

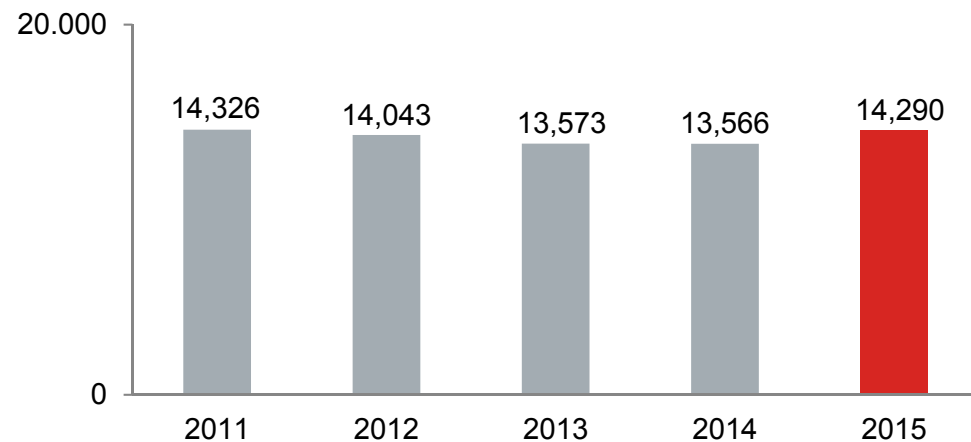


# WHAT HAS BEEN: EARNINGS STRONGLY IMPROVED, HIGHER OUTPUT VOLUME – LESS NEW ORDERS IN DIFFICULT MARKETS

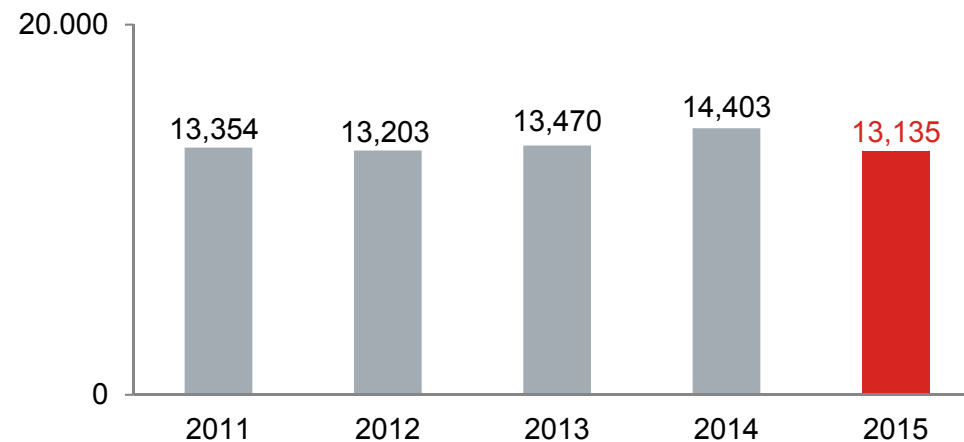
- **Output volume** up to € 14.3 bn
- **Order backlog** reduced by 9% to € 13.1 bn
- **Earnings** improved
  - EBIT significantly increased by 21% to € 341 m
  - Earnings per share: € 1.52 (+22%)
  - Cash flow from operating activities +54%
- **Dividend:** Increase of 30% to € 0.65 per share proposed
- **Financially strong group**
  - Net cash position increased to € 1,094 m (+339%)
  - Equity ratio again at 31%

# FLEXIBLE BUSINESS MODEL, SELECTIVE DIVERSITY: RESILIENCE OVER A VOLATILE PERIOD

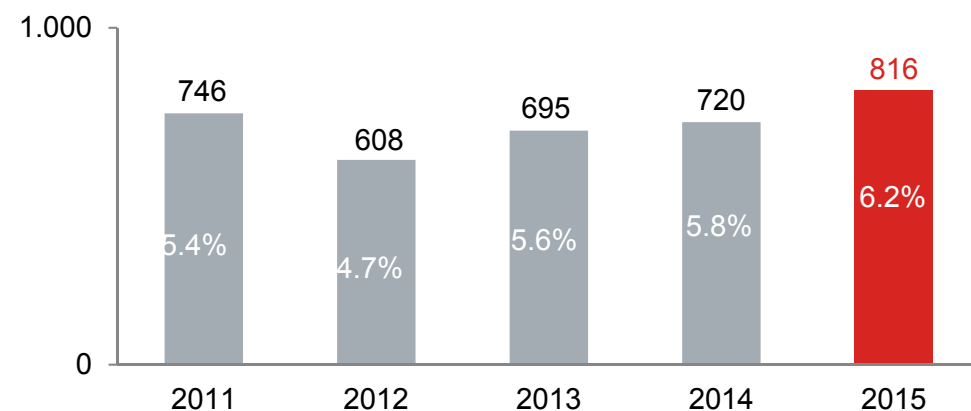
## OUTPUT VOLUME (€M)



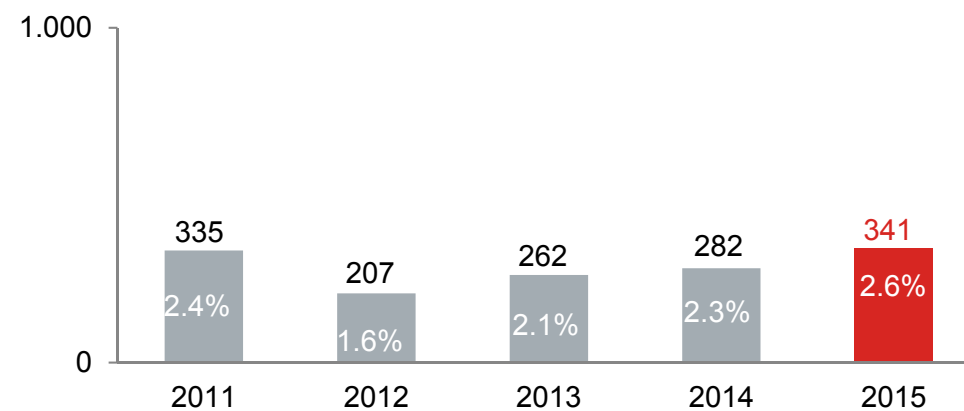
## ORDER BACKLOG (€M)



## EBITDA (€M) AND EBITDA MARGIN (%)



## EBIT (€M) AND EBIT MARGIN (%)





# WHAT IS TO COME: SUSTAINABLE 3% EBIT MARGIN STARTING IN 2016

- **Output volume 2016** at about previous year's level of € 14.3 bn
- Target 2016: ensure **EBIT margin** sustainably at a level of 3% (2015: 2.6%)
  - **Task Force** “STRABAG 2013ff” focused on raising cost awareness
  - Central **risk management** unit analyses the causes behind positive and negative outcomes of construction projects in order to derive valuable lessons learned
  - Digitalisation of the construction process: **BIM.5D**<sup>®</sup>

# APPENDIX



# EQUITY RATIO REMAINS HIGH AT 31%

## ASSETS<sup>(1)</sup>

(€m)	2015	2014
Intangible assets	511	536
PP&E & investment property	1,895	2,048
Associated companies	373	402
Other financial assets	202	233
Concession receivables	710	729
Trade and other receivables	301	281
Deferred taxes	292	278
<b>Non-current assets</b>	<b>4,284</b>	<b>4,507</b>
Inventories	802	849
Trade and other receivables	2,812	2,969
Concession receivables	29	27
Cash and cash equivalents	2,732	1,924
Assets held for sale	70	0
<b>Current assets</b>	<b>6,445</b>	<b>5,769</b>
<b>Total assets</b>	<b>10,729</b>	<b>10,276</b>

## LIABILITIES AND EQUITY<sup>(1)</sup>

(€m)	2015	2014
Share capital	114	114
Capital reserves	2,311	2,311
Retained earnings	614	459
Non-controlling interests	282	260
<b>Equity</b>	<b>3,321</b>	<b>3,144</b>
Provisions	1,093	1,122
Financial liabilities	1,294	1,177
Trade payables & other liab.	96	71
Deferred taxes	36	39
<b>Non-current liabilities</b>	<b>2,519</b>	<b>2,409</b>
Provisions	774	667
Financial liabilities	286	433
Trade payables	2,916	2,730
Other current liabilities	913	893
<b>Current liabilities</b>	<b>4,889</b>	<b>4,723</b>
<b>Liabilities &amp; equity</b>	<b>10,729</b>	<b>10,276</b>

(1) Rounding differences might occur.

# GROUP INCOME STATEMENT 2015

(€m)	2015	2014	Δ%
<b>Output volume</b>	<b>14,289.76</b>	<b>13,566.00</b>	<b>5</b>
<b>Revenue</b>	<b>13,123.48</b>	<b>12,475.67</b>	<b>5</b>
Changes in inventories/own work capitalised	-20.43	-25.66	20
Other operating income	221.46	225.21	-2
Construction materials, consumables and services used	-8,619.03	-8,163.25	-6
Personnel cost	-3,158.25	-3,057.67	-3
Other operating expenses	-826.90	-791.36	-4
Share of profit or loss of associates	61.89	40.27	54
Net income from investments	33.88	16.73	102
<b>EBITDA</b>	<b>816.10</b>	<b>719.94</b>	<b>13</b>

Δ% was calculated with original, not rounded figures → therefore, rounding differences might occur.

# GROUP INCOME STATEMENT 2015 (CONT.)

(€m)	2015	2014	Δ%
<b>EBITDA</b>	<b>816.10</b>	<b>719.94</b>	<b>13</b>
<i>Margin (%)</i>	6.2	5.8	
Depreciation and amortisation	-475.06	-437.98	-8
<b>EBIT</b>	<b>341.04</b>	<b>281.96</b>	<b>21</b>
<i>Margin (%)</i>	2.6	2.3	
Net interest income	-24.42	-26.20	7
Income tax expense	-134.13	-108.26	-24
<b>Net income</b>	<b>182.49</b>	<b>147.50</b>	<b>24</b>
Attributable to minority interest	26.20	19.53	34
Attributable to equity holders of the parent	156.29	127.97	22
Earnings per share (€)	1.52	1.25	22

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