TEAMS WORK. IN PROGRESS.

Annual Report 2014

STRABAG
SOCIETAS EUROPAEA

Key figures

KEY FINANCIAL FIGURES

	2010	2011	2012	2013	Δ %	2014
Output volume (€ mln.)	12,777.00	14,325.85	14,042.60	13,573.07	0	13,566.00
Revenue (€ mln.)[1]	12,381.54	13,713.80	12,983.23	12,394.15	1	12,475.67
Order backlog (€ mln.)	14,738.74	13,354.00	13,202.66	13,469.68	7	14,403.44
Employees	73,600	76,866	74,010	73,100	0	72,906

KEY EARNINGS FIGURES

	2010	2011	2012	2013	Δ %	2014
EBITDA (€ mln.)	734.69	746.33	608.35	694.91	4	719.94
EBITDA margin (% of revenue)	5.9	5.4	4.7	5.6		5.8
EBIT (€ mln.)	298.95	334.78	207.19	261.58	8	281.96
EBIT margin (% of revenue)	2.4	2.4	1.6	2.1		2.3
Earnings before taxes (€ mln.)	279.27	343.33	156.46	230.04	11	255.76
Net income (€ mln.)	188.38	239.29	110.04	156.26	-6	147.50
Earnings per share (€)	1.53	1.75	0.58	1.11	13	1.25
Dividend per share (€)	0.55	0.60	0.20	0.45	11	0.50
Cash flow from operating activities (€ mln.)	690.42	501.15	268.80	693.70	16	805.33
ROCE (%)	5.4	6.3	4.0	4.6		4.3
Investment in fixed assets (€ mln.)	553.84	477.15	458.28	387.36	-11	346.49

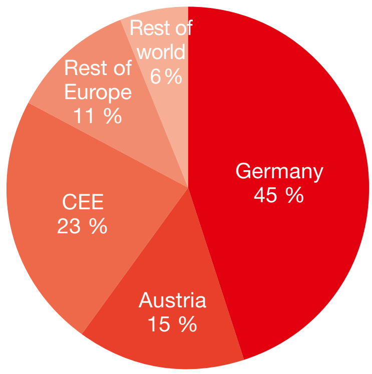
KEY BALANCE SHEET FIGURES

	2010	2011	2012	2013	Δ %	2014
Equity (€ mln.)	3,232.44	3,149.84	3,162.54	3,238.77	-3	3,144.30
Equity ratio (%)	31.1	30.3	31.2	30.7		30.6
Net debt (€ mln.)	-669.04	-267.81	154.55	-73.73	-238	-249.11
Gearing ratio (%)	-20.7	-8.5	4.9	-2.3		-7.9
Capital employed (€ mln.)	5,235.74	5,336.45	5,322.35	5,462.11	-2	5,357.82
Balance sheet total (€ mln.)	10,382.16	10,386.05	10,137.69	10,560.79	-3	10,275.54

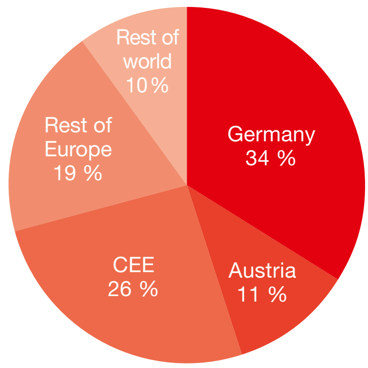
EBITDA = profit for the period before net interest income, income tax expense and depreciation and amortisation
EBIT = profit for the period before net interest income and income tax expense
ROCE = (net income + interest on debt - interest tax shield (25 %))/(average group equity + interest-bearing debt)
Net debt = financial liabilities less non-recourse debts + provisions for severance and pension obligations – cash and cash equivalents
Gearing ratio = net debt/group equity
Capital employed = group equity + interest-bearing debt

1) until 2012 revenue including profit from construction consortia (see page 135)

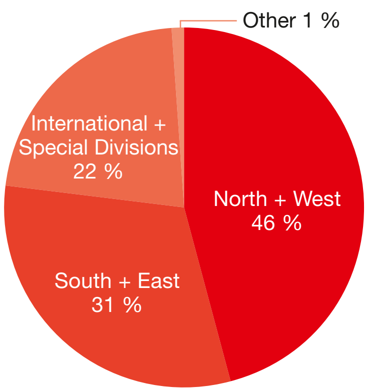
OUTPUT VOLUME BY REGION



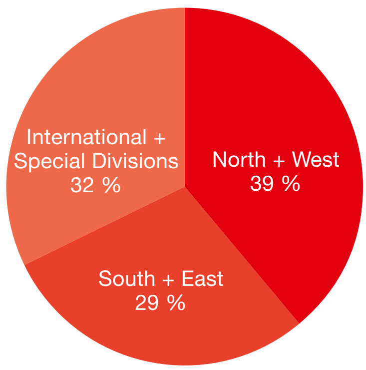
ORDER BACKLOG BY REGION



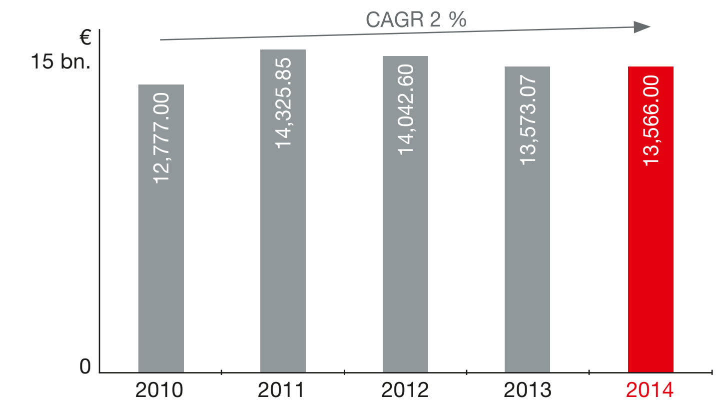
OUTPUT VOLUME BY SEGMENT



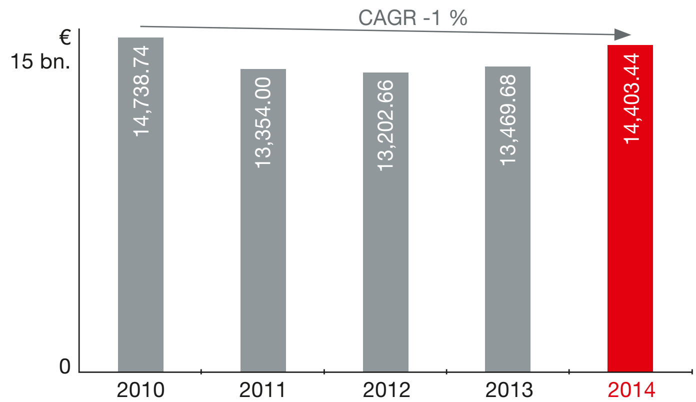
ORDER BACKLOG BY SEGMENT



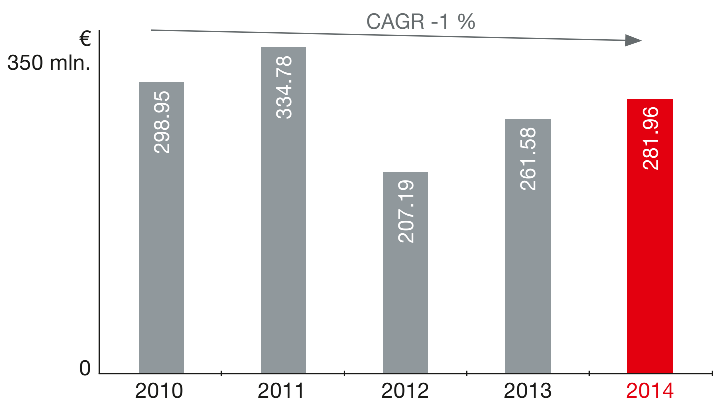
OUTPUT VOLUME 2010–2014



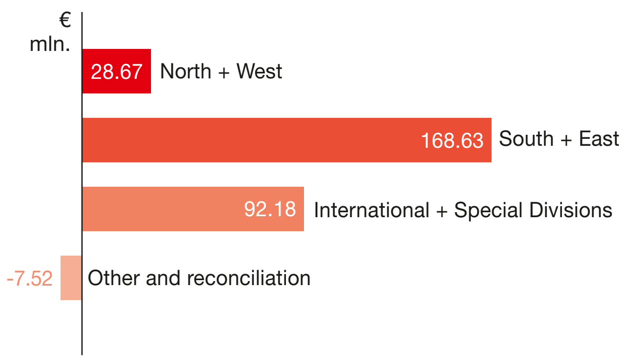
ORDER BACKLOG 2010–2014



EBIT 2010–2014



EBIT 2014 BY SEGMENT



CAGR = Compound annual growth rate
CEE = Central and Eastern Europe comprises the following countries: Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Russia and neighbouring countries, Serbia, Slovakia, Slovenia

Our teams work.

The result of this teamwork is evident not only in the figures contained within this Annual Report – we even managed to surpass last year's business success – but you are also holding it in your hands.

This year's Annual Report consists of "work in progress": Our teams spent the past few months gathering sketches, plans, correspondence and other paper consumables that were produced during the course of our work. This paper was then recycled for use in this report. The commitment and teamwork of our STRABAG employees has made the 2014 Annual Report – like all of our projects – a unique work and a manifesto of our conviction that TEAMS WORK.

TEAMS

Despite far-reaching digitalisation and resource-friendly processes, even STRABAG cannot avoid paper waste. Instead of recycling this paper as usual, however, we decided to reuse it in a somewhat different way – by producing our Annual Report.

S WORK.

The first step involved placing specially marked paper recycling bins at various STRABAG Group offices. We sent out e-mails and hung up posters to inform employees of our plans and to encourage them to throw their paper waste into these special bins. Additional motivation came in the form of special week-long campaigns.

At the same time, we also arranged for a selection of old plans from the STRABAG archives to be sent to a special collection area.

Over a period of twelve weeks, we managed to collect a total of about six tonnes of paper and 3,000 plans from various offices across all departments. A big thanks to our employees for their support!

The STRABAG Group relies on the committed, dependable and trust-based working relationship of all of its employees. This is the foundation upon which we can face new challenges and realise the many projects for which we stand. Our goal in 2014 therefore was not only to implement our long-term strategy and business success but also to intensify our partnership-based business culture. And we wanted you to be able to truly “grasp” this in the form of our Annual Report.

IN PROG

GRESS.

At the same time that the reports were being printed, the technical drawings that had been collected were reviewed and cut into 7,000 individual covers for the Annual Reports – thanks are due here to the clients and architects from the projects for their permission to use their plans. We also made photographs of paper products that were actually used at various times during the realisation of our projects. The selection, which included envelopes, calendars and cardboard boxes, was used to create the chapter dividers. In this way, the cover and the dividers not only graphically illustrate the processes behind the figures contained in the Annual Report, but also make each Annual Report a unique copy. Should you still decide to throw your Annual Report away some day, please keep in mind that paper can be recycled up to seven times.

The pages which you currently hold in your hands are the product of a manifold process, the result of which shows how our teams manage to deal with highly complex projects: through hard work, innovative spirit, optimal resource use, efficient processes and close cooperation. This is the only way for a group of our size to be economically successful and environmentally friendly at once and to create a literally unique Annual Report such as this one.

We hired Lenzing Papier of Upper Austria to recycle our paper. The choice was based on a consideration of sustainable processes: the company had to be local, with environmentally friendly production methods, and a specialist in high-quality recycled paper.

Upon delivery, our paper waste was shredded at first, and then mixed together with a further six tonnes of paper, as we required twelve tonnes to realise our plan for 7,000 copies of the report. We finally ended up with 100,000 rolls of STRABAG recycled paper with a weight of 120 g/m².

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CORPORATE CITIZENSHIP

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ECONOMIC RESPONSIBILITY

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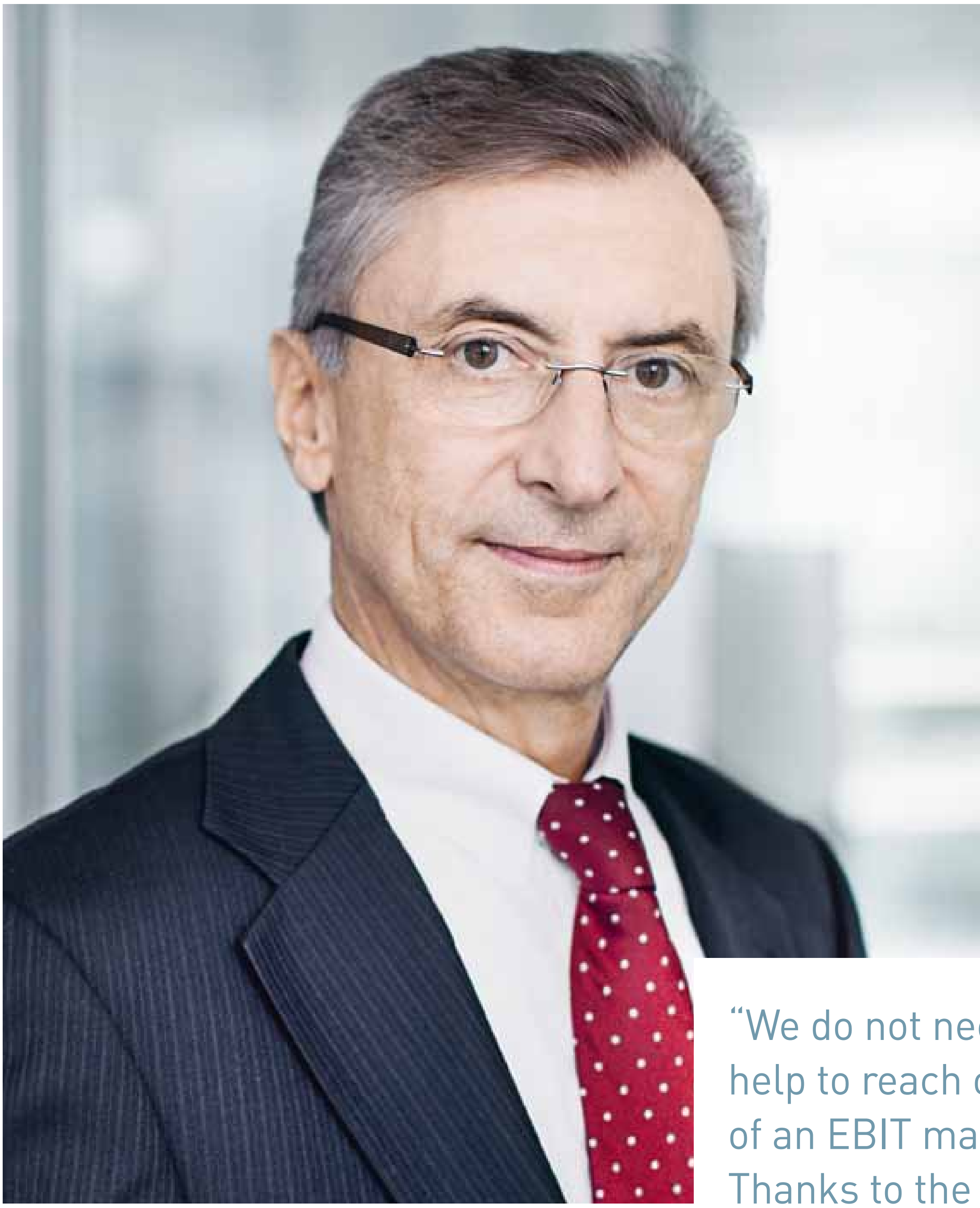
CORPORATE CITIZENSHIP 67
ECONOMIC RESPONSIBILITY 71

1) This part has been audited by the financial auditor KPMG Austria GmbH Wirtschaftsprüfung- und Steuerberatungsgesellschaft, Linz.

CEO'S REVIEW



"We do not need the market's help to reach our target of an EBIT margin of 3 %. Thanks to the strengthening of our risk management and the STRABAG 2013ff task force, we already came one step closer to achieving this goal in 2014."

Thomas Birtel, CEO of STRABAG SE

Dear shareholders, associates and friends of STRABAG SE,

It has now been a year since we successfully revised our strategy and introduced our new motto of "TEAMS WORK." as a single common denominator. At the time, we set ourselves the target of an EBIT margin of 3 % on the revenue – and in 2014 we came one step closer to achieving our objective.

We do not need the market's help to reach this goal. Our company is diversified by region and by segment, with a strong finance structure, and this broad diversification puts us in a position to spread and better manage our risks. It also allows us to take advantage of opportunities as they arise and to adapt our capacities to the respective market situation. Economic growth is therefore not a necessary foundation for our forecasts. It is our aim to attain an EBIT margin of 3 % through consistent structural and process optimisation and by jointly working on two issues within the company itself: risk management and the STRABAG 2013ff task force.

To strengthen our risk management, we established a new organisational entity in 2014. The team in charge of this task is working on further developing the risk management system. This includes analysing the positive and negative outcomes of construction projects in order to derive valuable lessons learned.

The STRABAG 2013ff task force, on the other hand, is focused on raising cost awareness within the group. The members of the task force have so far travelled to Hungary, Switzerland, parts of Germany, Poland, Austria, South-East Europe, Denmark and Benelux to speak with the local management and to visit construction sites and local offices before presenting their final analysis documents. The measures decided by the members of the Management Board regarding the organisational positioning are being implemented in an ongoing process. Just as a building is constructed brick by brick, the work of the task force can be seen as a project being carried out one step at a time.

Our strategy of diversification continued to prove its worth in 2014. Despite the crisis in Ukraine, for example, it was not necessary for us to adjust our forecast. In the end, the output volume reached € 13.6 billion exactly as expected. The revenue also remained stable at a high level (+1 %). The earnings before interest and taxes (EBIT) grew by 8 % to € 281.96 million, compared to a forecast of at least € 260 million. The net income after minorities and the earnings per share – the latter amounts to € 1.25 – even showed double-digit growth.

Our financial figures for 2014:

€ 13.6 bn.
Output volume stable at a high level

+ 8 %
EBIT up from € 262 million to € 282 million

€ 0.50
11 % higher dividend proposed

THE MOST IMPORTANT FACTS FOR OUR SHAREHOLDERS

Share price of STRABAG SE on 31 December 2014	**€ 18.18**
Dividend per share	**€ 0.50**
Earnings per share	**€ 1.25**
Dividend yield	**2.8 %**
Ex-dividend date	**19 June 2015**
Payment date for dividend	**22 June 2015**
Annual General Meeting	**12 June 2015**

Higher earnings naturally means that our shareholders might expect a higher dividend. The members of the Management Board will therefore propose to the Annual General Meeting on 12 June 2015 a dividend of € 0.50 per share. The dividend payout ratio of 40 % is thus within the range of 30–50 % of the net income after minorities as defined by our dividend policy. The dividend yield stands at 2.8 % in relation to the share price at 31 December 2014.

The STRABAG SE share itself did not develop as well in 2014 as our company. The share price underwent sharp fluctuations and continually lost in value from the middle of the year for a minus of 15 % by year's end – the same as the blue chip ATX index. One reason for this development could be the fact that the share was delisted from the ATX in March 2014, making it less attractive to many as a result.

Long-term earnings growth is a key factor that we, the Management Board team, can contribute in order to help boost the STRABAG SE share. For this reason, we will continue to give strategic priority to selectively diversifying our business activities as well as having in place a systematic innovation process and an end-to-end risk management system. Maintaining our financial strength is also especially important to us. And in 2014 we succeeded in doing so. The equity ratio remains at nearly 31 %, compared to the industry average of just 19 %. We increased our net cash position from € 73.73 million to € 249.11 million on 31 December 2014. Both of these figures help us to keep our investment grade rating of BBB- (stable outlook) from Standard & Poor's. The bond issue of January 2015 is proof that this affords us a competitive advantage, because it allows us to finance at relatively affordable conditions: we issued the € 200 million seven-year bond with a coupon of 1.625 %.

> "Long-term earnings growth is a key factor that the Management Board team can contribute to help boost the STRABAG SE share. For this reason, we focus on selective diversification, a systematic innovation process, an end-to-end risk management system and the maintenance of our financial strength."
>
> Thomas Birtel, CEO of STRABAG SE

We are entering 2015 with an order backlog of € 14.4 billion (+7 %), i.e. with very well-filled order books. This coming year should show that the phase of stagnation is over. Although we still do not expect any major investment growth in transportation infrastructures in our home market of Germany in 2015, our broad diversification by region and by segment should still allow us to increase the output volume to about € 14.0 billion.

We also believe that our constant effort to improve the risk management and to lower costs will again have a noticeable impact on earnings in 2015. We therefore expect an EBIT of at least € 300 million. This year should also see us coming closer to our goal of raising the EBIT margin to 3 % – this against the backdrop of stable high demand in the German building construction and civil engineering segment. In the countries of Central and Eastern Europe, on the other hand, large projects are expected to remain few with high price pressure as a result.

The competition of the future will take place not only on price and quality but also on the working relationship between people. On behalf of myself and my Management Board colleagues, I therefore wish to extend my thanks to you, our shareholders, for your trust in us and to our 73,000 employees for their dedication and their teamwork. A sign that this teamwork is characterised by respect and mutual trust is their work to merge the brands in the transportation infrastructures business in Germany and Poland and in the building construction segment in Slovakia, so that these teams are now doing business under the single brand name STRABAG. The philosophy behind "TEAMS WORK." is further exemplified by the successful teamwork between the colleagues of our German building construction and project development businesses.

We also wish to thank our clients and our partners for the good working relationship of the past, present and future. Such cross-organisational, cross-country partnerships help us to realise even complex projects – each one a work of its own, just like the report you are now holding in your hands.

Yours,

THE STRABAG GROUP AT A GLANCE

- OUR BUSINESS: INTEGRATE SERVICES ALONG THE CONSTRUCTION VALUE CHAIN AND ASSUME RESPONSIBILITY FOR THEM
- OUTPUT VOLUME OF € 13.6 BILLION IN 2014
- BUSINESS IN FOUR OPERATING SEGMENTS: NORTH + WEST (46 % OF THE GROUP OUTPUT VOLUME), SOUTH + EAST (31 %), INTERNATIONAL + SPECIAL DIVISIONS (22 %) AND OTHERS (1 %)

Our mission statement and guiding principles

STRABAG 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. 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. In short: We assume a part of the risk, thus relieving our clients.

Thanks to the hard work and dedication of our 73,000 employees, we are one of the few companies capable of offering services along the entire construction value chain – from design to planning, from construction to property and facility services, from operation all the way to demolition. In this way, we generate an annual output volume of about € 14 billion. At the same time, a dense network of numerous subsidiaries in many European countries and, increasingly, on other continents is helping to expand our area of operation far beyond the borders of Austria and Germany. This broad diversification puts us in a position to build cost- and resource-effectively.

We keep our mission statement in mind when planning our future and distributing our resources – such as financial means or employee capacities – within the company. Moreover, we let the following principles guide us in all of our considerations:

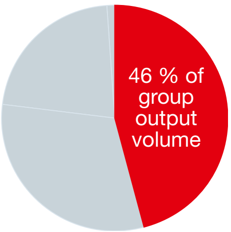
Commitment
Trust
Reliability
Respect
Partnership
Solidarity
Sustainability
Modesty
Innovative spirit

How we see these values in detail -> www.strabag.com

Four segments

We provide our services in four operating segments:

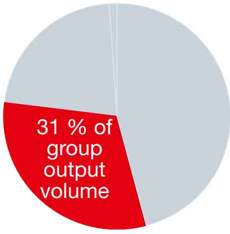
NORTH + WEST



The North + West segment executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and Scandinavia. Ground and hydraulic engineering can also be found in this segment.

	2014	2013
Revenue (€ mln.)	5,719.12	5,500.84
EBIT (€ mln.)	28.67	72.54
EBIT margin (%)	0.5	1.3
Employees	23,123	22,695

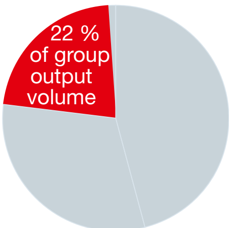
SOUTH + EAST



The geographic focus of the segment South + East is on Austria, Switzerland, Hungary, the Czech Republic, Slovakia, Russia and neighbouring countries as well as on the region South-East Europe. The environmental engineering activities are also handled within this segment.

	2014	2013
Revenue (€ mln.)	3,996.96	4,422.26
EBIT (€ mln.)	168.63	138.23
EBIT margin (%)	4.2	3.1
Employees	18,769	21,089

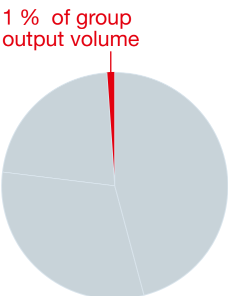
INTERNATIONAL + SPECIAL DIVISIONS



The segment International + Special Divisions includes, on the one hand, the field of tunnelling. The concessions business, on the other hand, represents a further important area of business, with global project development activities in transportation infrastructures in particular. Regardless of where the services are rendered, the construction materials business, including the company's dense network of construction materials operations but with the exception of asphalt, also belongs to this segment. The real estate business, which stretches from project development and planning to construction and operation and also includes the property and facility services business, completes the wide range of services. Additionally, most of the services in non-European markets are also bundled in the International + Special Divisions segment.

	2014	2013
Revenue (€ mln.)	2,738.44	2,444.54
EBIT (€ mln.)	92.18	69.58
EBIT margin (%)	3.4	2.8
Employees	25,309	23,575

OTHER



This segment contains the intra-company Central Divisions and Central Staff Divisions.

	2014	2013
Revenue (€ mln.)	21.15	26.51
EBIT (€ mln.)	0.35	0.06
EBIT margin (%)	1.7	0.2
Employees	5,705	5,741

STRABAG
TEAMS WORK.

TEAMS WORK. reflects the essence of what matters in the construction industry: namely the work of people and their smooth cooperation with one another. In this way, we breathe life into our vision. Teamwork – on a small or large scale, internally or externally, across brands, countries and organisational boundaries – makes possible what cannot be done alone.

STRATEGY

- SIX STRATEGIC FIELDS: ECONOMIC RESPONSIBILITY, ECOLOGICAL RESPONSIBILITY, CORPORATE CITIZENSHIP, PEOPLE & WORKPLACE, CORPORATE GOVERNANCE, BUSINESS COMPLIANCE
- ECONOMIC GROWTH AND PUBLIC SPENDING INFLUENCE OUR BUSINESS
- FIVE STRATEGIC PRIORITIES: STAYING DIVERSIFIED, MAINTAINING FINANCIAL STRENGTH, STRENGTHENING THE RISK AND OPPORTUNITY MANAGEMENT, SHOWING FLEXIBILITY, OFFERING SUSTAINABILITY
- ONE STEP CLOSER TO THE TARGET OF ACHIEVING AN EBIT MARGIN OF 3 % BY 2016

Our strategic approach

We operate across Europe as well as on other continents and offer services along the entire construction value chain. The consequences from our business activities, therefore, are many. It is our intention to assume responsibility for these consequences. To help us succeed, the concept of responsibility forms an integral part of our corporate strategy: for us, responsibility is strategic.

Doing business responsibly means, on the one hand, that we work within our defined values such as partnership. Assuming responsibility also means giving balanced consideration to the increasingly complex demands placed on our core business. These demands include, for example, aspects of labour law in our supply chain or standards regarding the environment, and are placed upon us from many different sides: from non-governmental organisations, from our investors, or from an increasingly sensitised clientele – in particular in our markets in Western and Northern Europe.

A systematic approach makes it easier to deal with these many diverse demands. We have therefore defined six strategic fields to represent our full understanding of responsibility:

These strategic fields are closely linked. As part of our energy management we strive to protect resources (Ecological Responsibility) and save costs (Economic Responsibility). We train our employees to understand the results of and measures against corruption (Business Compliance), but also to increase their methodological and professional skills (People & Workplace). The tight mesh of these fields shows quite clearly that close cooperation is necessary across the various group organisations and with our external partners in order to successfully deal with these tasks.

We also use this strategic approach as a framework for structuring our financial reports, our website and the Management Manual, the group's guidance document. Targets are formulated for each strategic field in order to put the strategy into practice.

It is our aim to do business in a balanced, responsible manner. We still have a long way to go in order to fully live up to this goal. The strategic fields make it possible to systematically assess where we stand in this process.

Factors influencing the business model of construction

Investment story: three trends that make the construction sector attractive

Construction can be described as a sustainable industry in itself, as the buildings and structures are made for use over a very long period of time. It seems reasonable to conclude, therefore, that the industry would be of interest to long-term investors; after all, the fundamental demand for construction is unlikely to dry up. But you don't need to have centuries in mind for an investment in construction to pay off – the following three trends make the construction sector an attractive option for the current decade:

Trend 1 – Urbanisation: By the year 2050, some 66 % of the world's population will live in cities – this represents an increase of the urban population by 2.5 billion people. Accompanying this growth is a higher demand for infrastructure. In our home market of Germany, for example, the 2012 report by the Daehre Commission notes that more than € 2.6 billion of additional investments will be needed over a period of 15 years for the modernisation and expansion of the transportation network.

Trend 2 – Energy efficiency: The European Union wants to cut its greenhouse gas emissions by the year 2020 to 20 % below 1990 levels and is aiming at a reduction of 80–95 % by the year 2050. For this reason, among others, clients are increasingly demanding that existing buildings be adapted with a view toward higher energy efficiency and less emissions during operation.

Ecological Responsibility

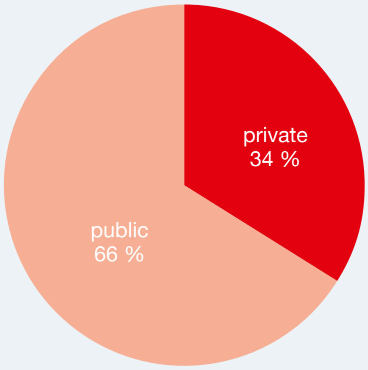
Trend 3 – Financial environment: The historically low interest rates and an extremely volatile financial environment make real estate an attractive investment for several investor groups – a situation we are currently observing to a great degree in our largest market of Germany. Moreover, low interest rates are facilitating the financing of project developments.

These three large trends are thus decisive for the attractiveness of the sector. But what is decisive in determining which company is awarded a contract? What do building clients look for in this regard?

Here it is important to make a distinction between the public and the private sector: while price is still mostly the decisive criterion for public-sector clients, private clients often look for the best offer – and this need not always be the lowest bid. The costs over the entire life cycle, including the operating costs, are also taken into consideration. Additional criteria play a role as well. As every building is unique, clients must be able to trust the abilities of the construction company. This trust is established through references, among other things. During tender processes, we are often asked about comparable projects that we successfully completed in the past. Just as important are the experience and the know-how of the staff of the bidding construction company, the technical characteristics of the bid, and the existence of innovative solutions which may save the client money and time.

In the public sector, there have recently been increasing calls for the introduction of a **best bidder principle**. This principle entails public-sector contracts not being automatically awarded to the company with the lowest monetary bid, but also taking social, environmental and sustainability criteria into account. The STRABAG Group supports this principle, an initiative that is being driven by the trade unions and other organisations. From an overall perspective, the best bidder principle is better for the population and for the national economy than choosing what at first glance appears to be lowest bid. On the one hand, it is a way of securing local jobs. On the other hand, the building costs after the actual construction phase must also be taken into consideration – best bids include these costs in their cost estimate so as to minimise expenses over a building's full life cycle. A new EU directive, to be implemented by the EU member states by the year 2016, will make it easier to award contracts based on best bidder criteria. But public-sector clients already have the possibility today to consider not only the price but also aspects of quality and sustainability in their contract award.

OUR CLIENT STRUCTURE



Public-sector clients such as state agencies or local governments make up our largest client segment. These are followed by the private clients – e.g. project developers and industrial companies. The exact proportion varies depending on the economic situation. As we hold a strong market position in the public sector-dominated transportation infrastructures landscape in Poland, Hungary and Slovakia, large tenders in these countries have an influence on our client structure.

Every building is unique. Unlike in industries with standardised products, therefore, it is not possible in the construction sector to perform sensitivity analyses showing the influence of changes to a dominant production factor on a company's key performance indicator. Our business is not determined by just one driving factor; rather, the margins are influenced by several factors. These include certain business realities, such as the risk management system or the quality of our employees, as well as external influences such as economic growth (GDP) and demographic trends which affect the availability of qualified personnel as well as the demand for infrastructure. The level of public infrastructure spending – a euro invested in construction leads to demand in other sectors, with the result that the positive impact is multiplied in production and employment – and the financing environment for our clients constitute further factors. These underlying conditions form the context within which we pursue our strategic priorities.

Five strategic priorities

#1 – STAYING DIVERSIFIED

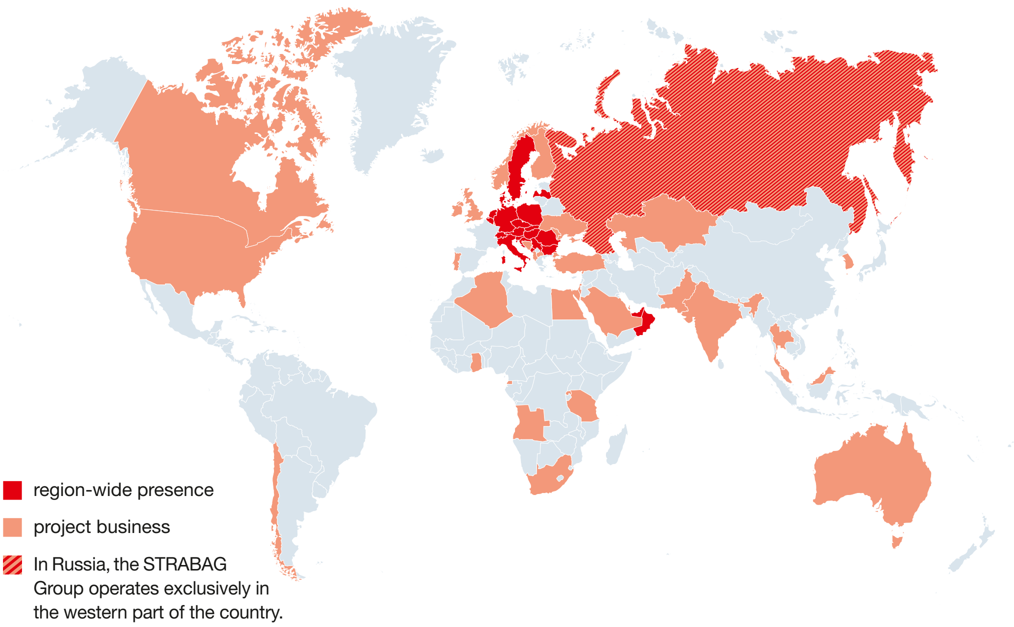
The various forces driving the construction industry and its subsectors advise a strategy that is built on diversity. This diversity can be seen in our employees but also in the regions and segments in which we operate.

More information about the market shares is available in the country report

We therefore see ourselves as a European-based group that offers a broad range of construction services internationally. Selective diversification brings a number of advantages. For one, it allows us to respond quickly to opportunities in different markets. Also, the existing country network helps us in our expansion, allowing us to deploy large equipment to different regions and to pass on know-how and technologies to the local management so they are of benefit there. Moreover, we spread our risk by not concentrating our business on just a few countries (see graph "Total construction output by country", page 18).

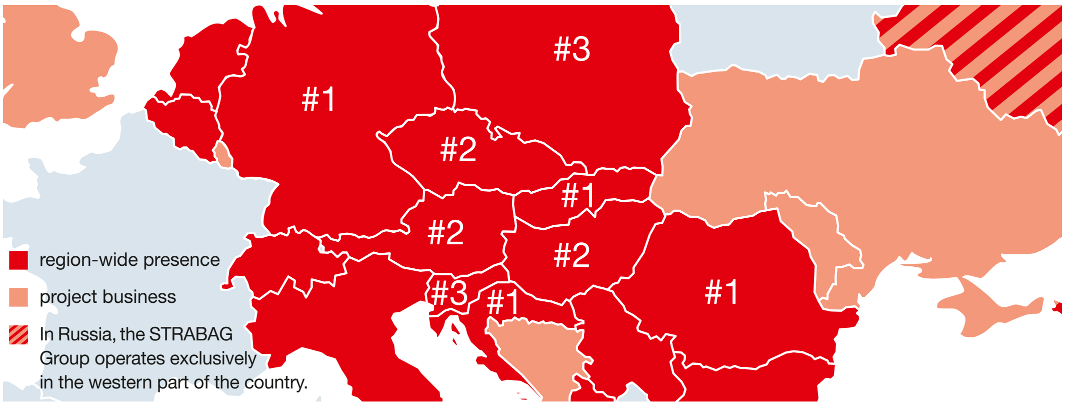
Firmly established in our home markets of Austria and Germany – which account for 60 % of our output –, we generate an additional 23 % of our business in Central and Eastern Europe and another 11 % in other European countries. We are also active outside of Europe in projects requiring a high degree of technological know-how, currently in places such as India, Canada, Chile or the Middle East. We handle these international markets – they account for 6 % of our output volume – mostly as part of the direct export business.

STRABAG – AN INTERNATIONALLY ACTIVE, EUROPEAN-BASED GROUP[1]



In addition to a broad level of diversification, we also believe it is important for us to achieve a **strong market position** in the markets in which we operate. Construction companies need a critical mass and sufficient capital resources, especially in the more mature markets, in order to successfully bid for and pre-finance large-scale projects. This also makes it possible to take advantage of economies of scale. Size is further associated with qualities such as reliability and stability – and this, together with the references, creates trust.

STRONG MARKET POSITIONS

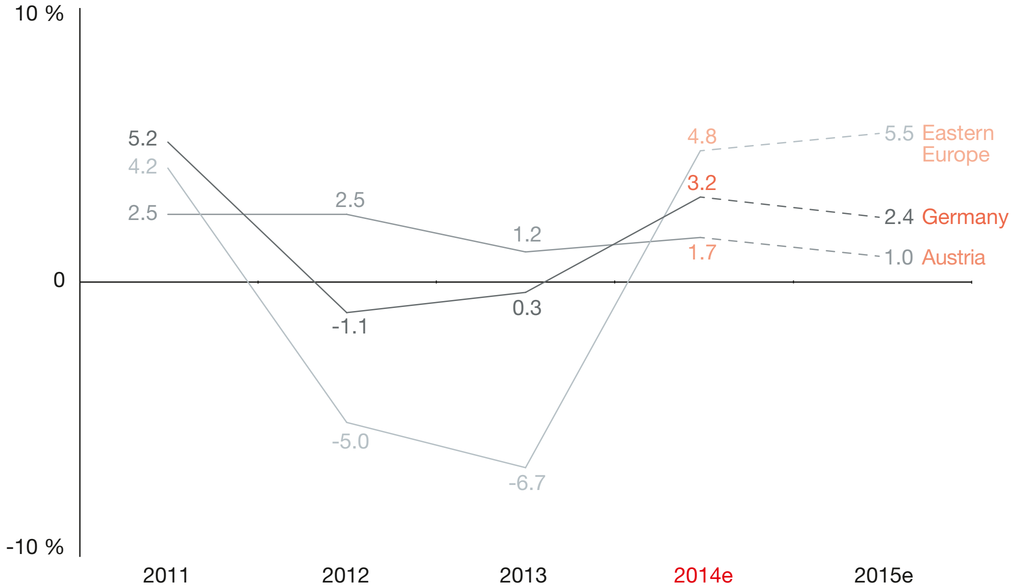


More information on our activities in the various segments is available in our segment report

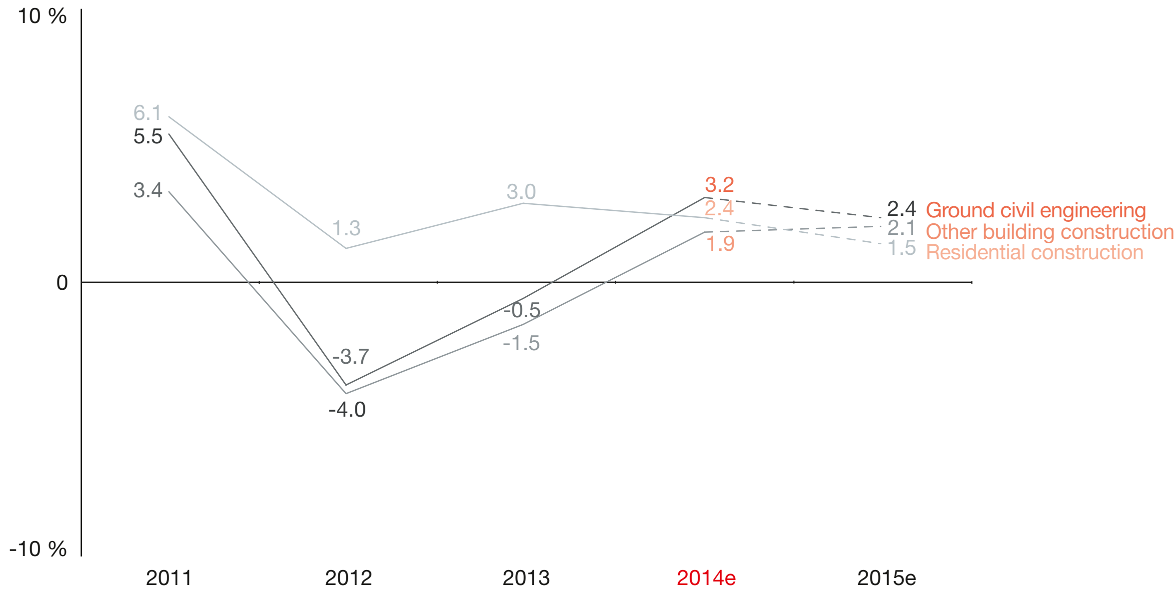
In addition to diversifying geographically, we also try to offer services along the entire construction value chain and in different **construction segments**. After all, the construction industry does not follow just one cycle; each segment – differentiated in part by the type of client – follows its own. In economically difficult times, for example, the public sector invests more in infrastructure as a way of stimulating the economy, and the transportation infrastructures segment booms. Lower interest rates, on the other hand, are of benefit especially in building construction and civil engineering. The diversification in different construction segments thus reduces risk, and the extension of the value chain balances out cyclical and seasonal effects by trend. This is why we have expanded our range of services in recent years, for example in the field of intelligent transport systems and electronic toll solutions or in the services business, so that today around 83 % of our business comes from construction, 9 % from services, 6 % from the construction materials sector and 2 % from project development and concessions. The revenue from the latter segment is low by nature, however, as it refers only to the management of a project without including its actual construction.

1) Only countries with a minimum annual output volume of € 1 million are considered.

TOTAL CONSTRUCTION OUTPUT BY COUNTRY[1]



SUBSECTOR COMPARISON IN GERMANY[1]



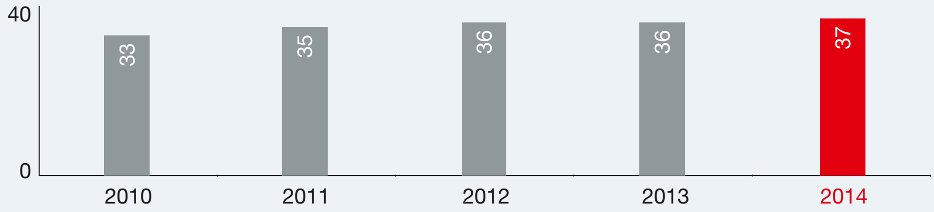
We began to focus on diversification at an early stage – and this strategy has paid off. It is thanks to this strategy that the STRABAG Group has not had to report a drop in output volume and earnings in recent years. Germany, a market which had not been given a lot of hope ten years ago, has for some time now proven itself to be a stable earnings provider. Investors are apparently seeking refuge in real estate, as other investment options involve high risk without being very lucrative. Especially in economically difficult times, it is important not to depend on just a few specific markets.

But we are not the only ones who benefit from our broad geographic presence and diversification in different construction segments; our clients profit as well as they can expect the same quality from STRABAG-executed works at all of their sites. Partnership arrangements such as our "teamconcept" and the single-source execution of all works – from planning to construction all the way to a building's operation – reduce redundancies and simplify the process so projects are completed quickly and smoothly.

1) Source: Euroconstruct, winter 2014

PUBLIC-PRIVATE PARTNERSHIPS AS PART OF A DIVERSIFIED SERVICE PORTFOLIO

NUMBER OF PPP PROJECTS IN THE GROUP



>€10 billion
total investment volume

€378 million
equity invested

We have been working successfully with operator models for more than two decades. In the areas of building construction and infrastructure, the portfolio comprises 37 public-private partnership (PPP) projects with a total investment volume of € 10.4 billion (2013: € 9.8 billion). Of these, 21 projects are building construction and 16 infrastructure projects. The project sizes tend to be much larger in the infrastructure sector than in building construction, however, with nearly € 9.7 billion of the **total investment volume** accountable to projects in infrastructure. In the 2014 financial year, we were awarded **two new projects** in consortia – the nationwide rollout of a toll system for trucks in Belgium as well as the financing, design, construction and operation of a section of the N17/N18 motorway in Ireland – with an investment volume of € 664.00 million, and parted with another project worth € 136.00 million. In total, we had a proportionate share of **equity** in the amount of € 378.06 million invested in concession projects at the end of 2014 and had committed a further € 113.66 million for a total of € 491.72 million.

In addition to the more efficient utilisation of resources during a project's life cycle, the driving forces behind PPP projects include the public finance situation and the financing environment. This involves at times conflicting effects: On the one hand, PPP financing widens the public sector's scope of action; on the other hand, a low interest environment reduces the importance of this financing alternative.

Due to the **regular cash flows** in later project phases, institutional investors in particular, such as insurance companies or pension funds, have an interest in making capital available for PPP projects in the long term. Moreover, a competitive advantage gives STRABAG good chances in the PPP business: our strong financial position allows us to act as equity provider for concession companies more easily than other companies. Thanks to the inclusion of specialist providers from within the group, such as STRABAG Property and Facility Services and EFKON, we are in a position to efficiently and completely cover all specifications from structuring to financing and planning all the way to construction and operation. This gives both the client as well as the capital providers a high degree of security regarding contract fulfilment.

Measurement principles

How the individual projects are recognised in the balance sheet depends on the legal definition. An **intangible asset** is recognised if the concession grants the company the right to charge users a usage fee. The **accounts receivable** approach is used if the company has an unconditional contractual right to receive a payment (see Receivables from Concession Arrangements, item 17 in the Notes). Non-recourse debt resulting from these consolidated project companies are considered in the liabilities section of the consolidated balance sheet.

A large portion of the existing PPP projects within the STRABAG Group is handled by associated group companies. These are incorporated into the consolidated financial statements using the **equity method**. The investment in the concession company is therefore recognised with the proportional equity.

We are pleased to say that our portfolio is developing in line with the financing models underlying the projects, which form the basis for measurement according to the DCF method. This underlines the careful and conservative method of our measurement.

#2 – MAINTAINING FINANCIAL STRENGTH

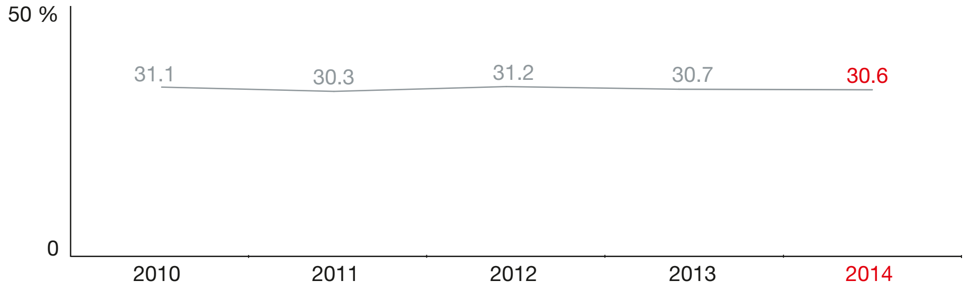
Economic Responsibility

Equity ratio: 30.6 %

Despite all differences between private and public clients, financial strength is the basic prerequisite for having our bid considered. We therefore see financial strength as being both the foundation as well as the framework for our business activity. Moreover, only financially strong construction companies are capable of participating in concession projects, as these must be partly co-financed with company equity. Additionally, meaningful acquisitions can be transacted more easily and quickly when there is an available budget.

This is why maintaining our financial strength is a strategic priority. We see the equity ratio as a suitable figure with which to measure STRABAG's financial stability and strength. We are satisfied with an equity ratio (shareholder equity/total assets) above 25 %. As at 31 December 2014, this figure stood at 30.6 % – despite the own shares held by the company in the amount of 10 % of the share capital, the value of which is deducted from the equity.

DEVELOPMENT OF THE EQUITY RATIO



S&P-Rating: BBB-

The financial strength of our company is also evaluated independently: The ratings agency Standard & Poor's (S&P) gave STRABAG SE an investment-grade rating of BBB- with stable outlook. The latest analysis was published in August 2014.

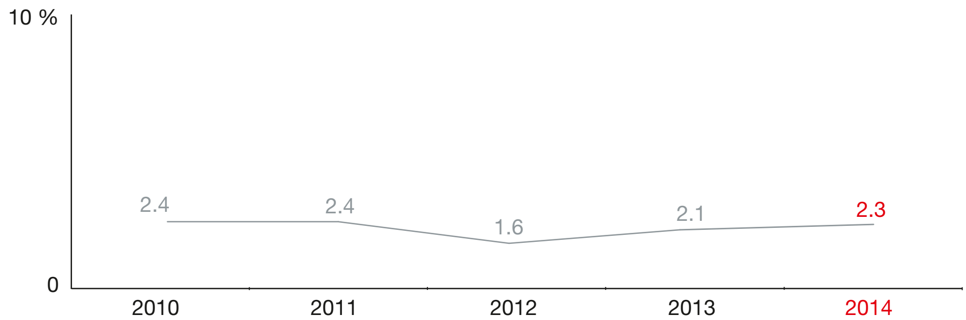
The group's financial strength – expressed in form of a high equity ratio, a net cash position of € 73.73 million with a balance sheet total of more than € 10 billion, and the S&P investment grade rating – allows us to ensure the long-term existence of the group and to finance at favourable conditions; at the beginning of 2015, for example, we were able to issue a seven-year € 200 million bond with a coupon of 1.625 %.

#3 – ENHANCING THE RISK AND OPPORTUNITY MANAGEMENT

Risk and opportunity management is part of the daily work at STRABAG. Additional information can therefore be found under "Risk management", "Financing/Treasury" and "Order backlog" in the management report or in the corporate governance report

Increasing the margins is one of the goals we would like to achieve in the coming years. The margins are especially important for our investors. Given our policy of paying out 30–50 % of the net income after minorities in the form of a dividend, they are particularly interested in seeing results grow.

DEVELOPMENT OF THE EBIT MARGIN



Take a closer look not only at the macroeconomic development, but above all at the risk management system of a construction company!

The macroeconomic development, the significant overcapacities in the highly competitive European construction industry and the accompanying drop-off in prices, but also the consequences from our own mistakes, prevented the margins from increasing by any noteworthy degree. We remain confident, however, that we will achieve an EBIT margin (EBIT/revenue) of 3.0 % by 2016. An improved market – i.e. the macroeconomic environment – is not needed therefor.

On the one hand, we are maintaining our focus on **cost efficiency** and the disciplined use of capital. This is at the centre of the work of the internal **STRABAG 2013ff task force** that has been evaluating the STRABAG Group's options regarding its organisational and strategic future since mid-2012. The members of the task force have so far travelled to Hungary, Switzerland, parts of Germany, Poland, Austria, South-East Europe, Denmark and Benelux to speak with the local management and to visit construction sites and local offices before presenting the STRABAG SE Management Board with final analysis documents. The measures which were decided are being implemented in an ongoing process, which means that expected consequences can be taken into consideration in the financial outlook, but that these are not stated separately.

In addition to cost efficiency, on the other hand, we plan to further strengthen the already tightly knit **risk and opportunity management** in order to increase our margins. Like financial strength, our risk and opportunity management is a competitive advantage that is difficult to copy by the competition – both can only be set up for the long term.

Capital market participants or suppliers who take a closer look at a company usually place great store in the forecasts on the macroeconomic development of the individual markets. Of course, our business is influenced by economic growth and public spending; at least as important, however, is a construction company's risk management. After all, the large number of unique projects translates into an increased risk potential. Keeping this under control requires a focused organisational structure with clearly defined responsibilities and effective instruments for an active risk and opportunity management.

"We have a self-developed management information system that helps us to apply the same standards in all regions in which we operate. That means clear criteria for the assessment of new projects, a standardised process for the submission of bids, and control systems that serve as filters to avoid loss-bringing projects."

Thomas Birtel, CEO of STRABAG SE

Responsibilities for risk management

The identification, analysis, assessment, control and monitoring of risks and opportunities is the **main task of the operative management**. Responsibility for implementing a functioning risk management system in the corporate divisions was transferred to the commercial division management. For the continued and constant development of the STRABAG risk management system, we established a new organisational unit **(Risk Management/Organisational Development/International Coordination)** within the BRVZ Central Division in 2014 and expanded the central project analysis team in terms of staff, competences and responsibilities. The core tasks of this team include:

- the analysis of the causes behind positive and negative outcomes of construction projects, in close cooperation with the respective operating units;
- the coordination and documentation of the lessons learned and of the action taken; and
- the timely transfer of knowledge in order to ensure a critical assessment of the risks involved as well as an objective consideration of the opportunities present during the project procurement and project execution phases.

Organisational structure with central entities

GROUP STRUCTURE

CEO

CFO

Central Divisions and Central Staff Divisions

BRVZ [1]

- Accounting
- Financing
- Taxes
- IT
- Human Resources
- Real Estate
- Insurance
- Risk Management/ Organisational Development
- International Coordination
- Management Support

BMTI [2]

TPA [3]

ZENTRALE TECHNIK

CLS [4]

Internal Auditing Department

Contract Management

Business Compliance

Corporate Communications

Operative Segments

North + West

1 member of the Management Board

5 divisions
Division managers

39 sub-divisions
Sub-division managers

South + East

1 member of the Management Board	**CEO**
6 divisions Division managers	**1 division** Division managers
39 sub-divisions Sub-division managers	**3 sub-divisions** Sub-division managers

International+Special Divisions

1 member of the Management Board

7 divisions
Division managers

22 sub-divisions
Sub-division managers

1) BRVZ Bau- Rechen- und Verwaltungszentrum
2) BMTI Baumaschinentechnik International
3) TPA Gesellschaft für Qualitätssicherung und Innovation
4) CLS Construction Legal Services

Last updated: 1 January 2015

The management of the risks and opportunities receives significant support from the group's organisational structure. The uniformity of the organisation creates economies of scale and results in standardised controlling and reporting.

Under the roof of the parent company STRABAG SE, a number of legally independent subsidiaries are active in their respective national markets. The top level of organisation are the segments North + West, South + East, International + Special Divisions and Other (this segment comprises the Central Divisions and the Central Staff Divisions), each of which is headed by at least one member of the Management Board.

The STRABAG SE **Management Board** is the group's top management body. It is responsible for maintaining its financial balance, and determines its strategic goals. During the execution of these tasks, the Management Board is supported by the **divisions** as well as by the Central Divisions and Central Staff Divisions (service companies).

The division managers coordinate and steer their sub-divisions and report directly to the member of the Management Board responsible for their division. They manage their business independently and on their own responsibility within the framework of the group's business policy. It is their responsibility to reach the objectives laid out in the strategic and operative planning and to realise the specified individual measures.

The operating business is managed by the **subdivisions**, which in turn are organised into individual business units. They are responsible for the greatest possible success in their regional markets or business fields and are managed by the superordinate division managers.

The **Central Divisions** handle the group's internal services in the areas of accounting, taxes, finances, IT, human resources, real estate, insurances, technical development and review, construction equipment management, quality management, process management, logistics and risk management and organisational development. As competence centres, they support the operating units so these can concentrate on the core business and deliver their services to the clients in an efficient manner. The **Central Staff Divisions** are responsible for legal matters, contract management, internal audit and communications and report directly to the CEO.

While important decisions at the Management Board level are made during regular board meetings, the **four-eyes principle** applies at the levels below. For us, this dual management structure ensures efficient risk management and foresees that responsibility is largely assumed jointly by one technical and one commercial manager.

Internal price committees

Most risks have their origin long before contract signing. Before a bid is submitted, therefore, projects must be closely reviewed and approved by internal price committees composed of members from various hierarchy levels depending on the project size.

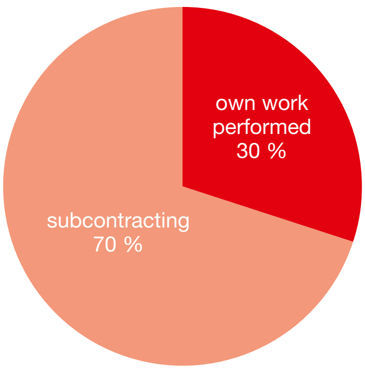
Management information system

Our management information system gives us an up-to-date overview of the financial status of all our projects with data that can be compared from country to country. Evaluations are analysed by the respective management including members of the STRABAG SE Management Board at regular intervals.

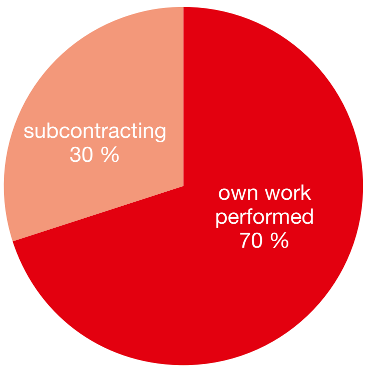
#4 – SHOWING FLEXIBILITY

Our flexibility, which helps us to respond quickly to changes on the market, is an important competitive advantage. This flexibility is nourished by our financial strength as well as by the possibility of serving markets outside of Europe and – depending on the market environment – of being able to pass on specific works to subcontractors. As one way of ensuring this flexibility, we are expanding our geographic presence in non-European countries in order to become less dependent on individual markets.

SUBCONTRACTING BUILDING CONSTRUCTION AND CIVIL ENGINEERING



SUBCONTRACTING TRANSPORTATION INFRASTRUCTURES



Economic Responsibility

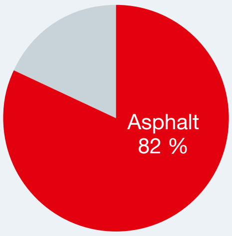
Ecological Responsibility

OWN CONSTRUCTION MATERIALS NETWORK TO INCREASE FLEXIBILITY

Due to our construction materials network, which helps to ensure a supply of resources from within the group, dependence on external suppliers is reduced and we are able to better plan our resources access. Moreover, approval for new production facilities is granted only to a limited extent in regions in which such facilities already exist; this creates higher **hurdles to market entry** for newcomers.

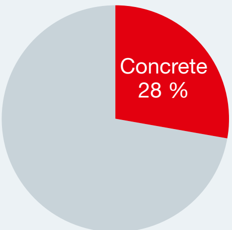
We already possess an extensive resource network that is especially dense in our home markets. With 288 active asphalt mixing plants[1] (2013: 301), we covered 82 % of our group asphalt needs last year compared to 84 % in 2013. In this area, we have for several years already enjoyed an optimal degree of self-sufficiency. In terms of proprietary coverage, the other construction materials also exhibited a stable trend in 2014. With 28 % after 29 %, the supply with concrete from proprietary production remained nearly unchanged with 149 after 165 active concrete mixing plants. In the field of stone/gravel, proprietary coverage sank slightly from 18 % to 16 %. The number of active production sites fell from 178 to 171. The six cement works covered a greater percentage (27 %) of our need of this material after 26 % in the previous year.

COVERAGE OF CONSTRUCTION MATERIAL NEEDS USING OWN RESOURCES



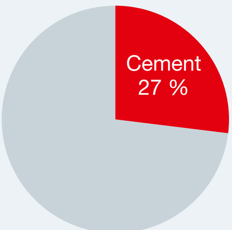
Asphalt

We produced 16.0 million tonnes of asphalt in the past financial year, compared to 15.2 million tonnes in 2013. Most of this amount was produced in Germany, Poland, Austria and the Czech Republic. About 61 % (2013: 62 %) of the asphalt produced was sold within the group – thereof approximately half to the segment North + West and half to the segment South + East – at the usual market rate; the rest was sold to third parties.



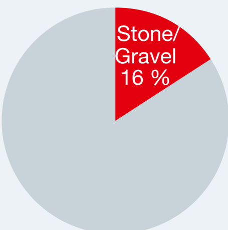
Concrete

The production of concrete in the year 2014 amounted to 3.3 million m³, compared to 3.7 million m³ in 2013. More than half of the production took place in Hungary, Austria and Germany. 37 % of the concrete produced was sold within the group (2013: 41 %).



Cement

We started operations of our first proprietary cement factory in Hungary in September 2011. These cement activities were brought into Lafarge Cement CE Holding GmbH, our joint venture with construction materials manufacturer Lafarge. We hold 30 % of the joint venture, so that it is reported in the consolidated financial statements using the equity method. In addition to the Hungarian site, the company also owns two production facilities in Austria (Mannersdorf and Retznei), amongst others. Thanks to the joint procurement and administration handled by this joint venture, STRABAG benefits from economies of scale and from the know-how of global cement market leader Lafarge. We also hold a minority interest in Slovakia-based cement firm Cemmac a.s.



Stone/Gravel

The STRABAG Group produced around 29.8 million tonnes of stone and gravel in 2014, about the same as in the previous financial year. 27 % of these resources were used by group companies (2013: 29 %)[2].

With the exception of asphalt, where our coverage is already quite high, our aim is to continuously cover more of our construction material needs with own resources. For us, increasing our independence from construction materials suppliers is a priority.

In comparison, raising the revenues from construction materials sales to third parties is not an objective per se. Nevertheless, revenues in this area reached about € 584 million (2013: € 575 million).

1) Own facilities and investments

2) The relatively high percentage of third-party sales and purchases is explained by the fact that the desired construction material type and quality were not available in the region where they were needed or that the projects at times lie outside of the supply radius of the production facilities. This highlights the importance of area-wide access to construction materials in a given geographic area.

#5 – OFFERING SUSTAINABILITY

We build according to our clients' wishes, which means that we basically orient ourselves in line with the requirements to the market. In making our decisions about how we build and design our processes, however, we take into account criteria that go beyond purely financial and economic considerations – as much as is technically possible and economically feasible. We see this as our contribution to sustainable economic development.

By combining economic targets with social, ecological and occupational health and safety aspects, we **ensure the long-term existence** of our company and its harmonious place in society. We prefer a solid balance sheet and capital structure to short-term results. This is also manifested in our long-term, systematic human resource development and an innovation management designed to strengthen the company's innovative ability and preparedness. We also have a compliance system in place to avoid corruption and cartel risks. Moreover, resource-friendly construction methods and processes are very important to us. Our focus on an end-to-end approach under consideration of the various stakeholder interests stimulates new, advanced solutions and internal improvement processes which we can offer our clients during project planning. Currently, however, the demand for products and services that also satisfy **non-financial criteria** remains of minor importance. We estimate the number of **tenders** in which such aspects form an explicit part of the performance specifications or tender criteria at <5 %. But there is a clear, increased interest on the part of clients in Northern Europe and in the English-speaking world.

REPORTING ON SUSTAINABILITY

Sustainability as a result of our business activity

As the corporate strategy is focused on responsible, sustainable action, this focus is also reflected in our reporting. The system presented by our strategic fields serves as basis for the structure of the chapters in this report. At the same time, they reflect those topics required in sustainability reporting. This Annual Report should therefore also be understood as a step toward integrated reporting in which we comprehensively treat all six strategic fields – Economic Responsibility, Ecological Responsibility, Corporate Citizenship, People & Workplace, Business Compliance, Corporate Governance – chapter by chapter. Wherever the information in one chapter overlaps with that in another, we have placed the symbols of each field of action next to the relevant text passages.

Comprehensive sustainability reporting at: cr.strabag.com

Detailed information of how we manage our projects, which measures we are initiating, how we determine their efficacy, and how we organise ourselves for these tasks can be found at cr.strabag.com. In order to present the complex aspects of sustainability more quickly and in an up-to-date fashion, our reporting has been online for several years now. Here, too, we have applied the system laid out in our strategic approach. Moreover, we also plan to apply this system to our future reporting in accordance with the Global Reporting Initiative (GRI).

When establishing measures, we try to keep a justifiable cost/benefit ratio. The benefits of measuring key sustainability performance indicators are obvious. For example, certain CO_2 certifications can provide real competitive advantages in tenders in the form of a better appreciation of the bids. ISO 50001 certification for energy management yields tax savings and increases energy efficiency, which can lead to cost reductions that are then reflected in the results. We are also interested in better addressing institutional investors, who typically take sustainability parameters into consideration. These benefits must be compared with the expense, which reached a euro figure in the mid-six-digit range in 2014.

We start with objectives and measures that we can influence directly through our own actions. The at-times complicated constellation of players in the construction sector means that many decisions are not up to the construction company charged with carrying out a project. The design of a building or structure, including its energy properties, is often the responsibility of the client. Our teamconcept partnership model offers the possibility of the early inclusion of all involved in the projects so as to address ecological and social aspects to the greatest possible extent.

How we measure our strategy's success

We translate our strategy into action in numerous initiatives. So we can also measure our success, we have set targets for each of the strategic fields and have worked out the following key figures. In this way, we can review whether we are coming closer to reaching our target of doing business responsibly from start to finish:

Strategic field	Key figure/Criteria	2014	2013	Target
Economic Responsibility	Equity ratio	30.6 %	30.7 %	≥ 25 %
	S&P rating	BBB-	BBB-	At least maintain investment grade rating
	EBIT margin	2.3 %	2.1 %	Reach 3 % until 2016
	Percentage of output volume generated outside of Europe	6 %	6 %	≥ 10 % by 2016
	Output growth	0 %	-3 %	Growth as of 2016
	Dividend	40 % of net income after minorities	41 % of net income after minorities	30–50 % of net income after minorities
People & Workplace	Percentage of women in the company and in management	13.8 % of all employees 8.5 % in management	13.6 % of all employees 8.6 % in management	Grow percentage annually
	Occupational safety	Reporting standardised	No uniform reporting	Ascertain key figures on basis of uniform reporting
Ecological Responsibility	Resource energy	• Key figures developed to assess the fuel consumption of the passenger car and commercial vehicles fleet • Certification of asphalt facilities and quarries in Germany to ISO 50001	• Targets for energy use for stationary asphalt facilities and quarries in Germany • Energy use and group-wide CO_2 emissions fully recorded • Energy management set up for stationary asphalt facilities and quarries in Germany • Certification of asphalt facilities and quarries in Germany to ISO 50001	2015: • Develop key figures to assess the energy use of construction equipment • Develop key figures to assess savings potential of asphalt mixing facilities • Renewed certification of the asphalt facilities and quarries in Germany to ISO 50001
Corporate Governance	Austrian Code of Corporate Governance (ÖCGK)	Compliance with all C-Rules and R-Rules	Compliance with all C-Rules and R-Rules (externally evaluated)	Compliance with all C-Rules and R-Rules of the ÖCGK and transparent reporting thereof
Business Compliance	Ethics training	~100 % of all management employees trained ~100 % of all employees trained in 18 countries	90 % of all management employees trained 80 % of all employees trained	100 % of all management employees trained 100 % of all employees trained
Corporate Citizenship	Support of social and cultural projects	Long-term support of CONCORDIA Sozialprojekte, Tiroler Festspiele Erl, Ensemble:Porcia, STRABAG Kunstforum	Long-term support of CONCORDIA Sozialprojekte, Tiroler Festspiele Erl, Ensemble:Porcia, STRABAG Kunstforum	Long-term support of selected initiatives

With the exception of the aim of increasing the percentage of women in management, we achieved all of our targets in the 2014 financial year.

Thema / Theme

STRABAG

Ort / Place:

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2014.09.15 Am 08:00

People & Workplace

Seite / Pa

PEOPLE & WORKPLACE

- ABOUT 73,000 EMPLOYEES WORLDWIDE
- STRABAG COACHES NEARLY 1,400 TRAINEES AND APPRENTICES
- PERCENTAGE OF WOMEN IN THE GROUP 13.8 %, IN MANAGEMENT 8.5 %

Manifold possibilities

We construct thousands of buildings and structures around the world every year by bringing the right people, materials and equipment together in the right place and at the right time. This would not be possible without teamwork – across geographic boundaries and business units. When our employees take the initiative, assume responsibility and pull together to work as one, the possibilities are manifold – including the possibilities for their future career.

Employee figures

Read more about the promotion of women within the group in the corporate governance report

As a result of the typical winter break in construction, the STRABAG Group is subject to seasonal fluctuations in employee numbers. For this reason, the number of employees – as is usual in the industry – is only stated as an annual average. **72,906 employees** (45,019 blue-collar and 27,887 white-collar) worked for STRABAG in 2014. At first glance, the number of employees – like the output volume – appears to have remained unchanged compared to the previous year (2013: 73,100). Yet clear differences could be seen at the country level: While the acquisition of Germany- and Austria-based facility services company DIW Group helped to raise staff levels, the number of employees fell in response to the continually implemented efficiency-raising measures and the end of large projects in a number of other countries in Eastern and Northern Europe.

The company's strong international nature is reflected in the **number of nationalities**. In the 2014 financial year, STRABAG employed people from a total of 85 nations, compared to 84 in 2013.

During the past financial year, we had 1,070 blue-collar apprentices (2013: 1,118) and 295 white-collar trainees (2013: 255) in **training** with us.

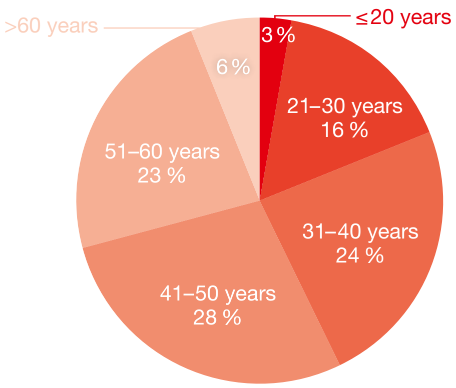
Traditionally, the construction industry employs primarily men. Women are underrepresented at all hierarchy levels. In 2014, the number of women as a percentage of employees within the entire group amounted to 13.8 % after 13.6 % the year before. The group management – i.e. persons with a management position as defined by Section 80 of the Austrian Stock Corporation Act (AktG) – is composed of 8.5 % women (2013: 8.6 %). We therefore only partially met our goal of annually raising the percentage of women within the group.

NUMBER OF EMPLOYEES 2014 BY SEGMENT AND COUNTRY

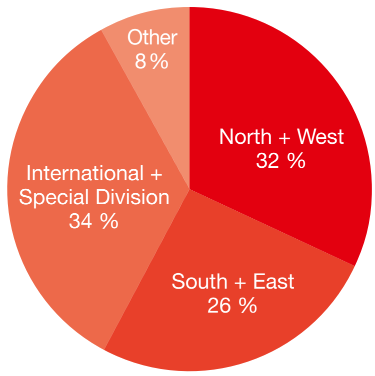
	North + West	South + East	International + Special Divisions	Other	Group
Germany	16,948	657	7,670	2,276	**27,551**
Austria	111	7,146	1,486	1,117	**9,860**
Middle East	258	51	6,418	5	**6,732**
Poland	3,254	61	470	537	**4,322**
Czech Republic	0	2,561	739	353	**3,653**
Americas	30	2	3,090	1	**3,123**
Hungary	1	1,692	737	286	**2,716**
Africa	12	65	2,370	0	**2,447**
Russia and neighbouring countries	327	1,293	193	159	**1,972**
Slovakia	0	1,259	300	229	**1,788**
Switzerland	78	1,131	153	161	**1,523**
Romania	68	814	223	179	**1,284**
Rest of Europe	325	470	97	14	**906**
Benelux	610	5	135	56	**806**
Croatia	0	529	118	94	**741**
Asia	5	14	697	0	**716**
Serbia	0	528	26	102	**656**
Sweden	519	4	44	35	**602**
Denmark	563	4	1	0	**568**
Italy	12	32	285	27	**356**
Bulgaria	0	219	24	56	**299**
Slovenia	0	141	32	14	**187**
Bosnia and Herzegovina	2	91	1	4	**98**
Total	**23,123**	**18,769**	**25,309**	**5,705**	**72,906**

Balanced age structure

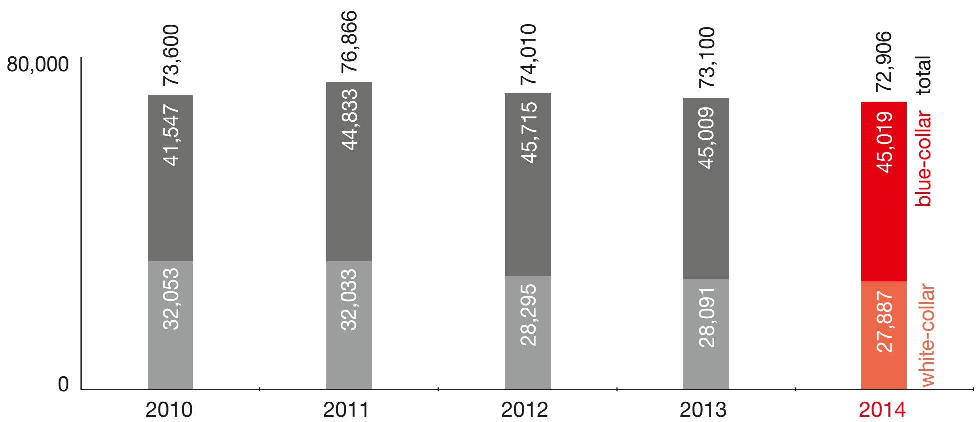
EMPLOYEE AGE STRUCTURE 2014



EMPLOYEES BY SEGMENT 2014



DEVELOPMENT OF EMPLOYEE FIGURE

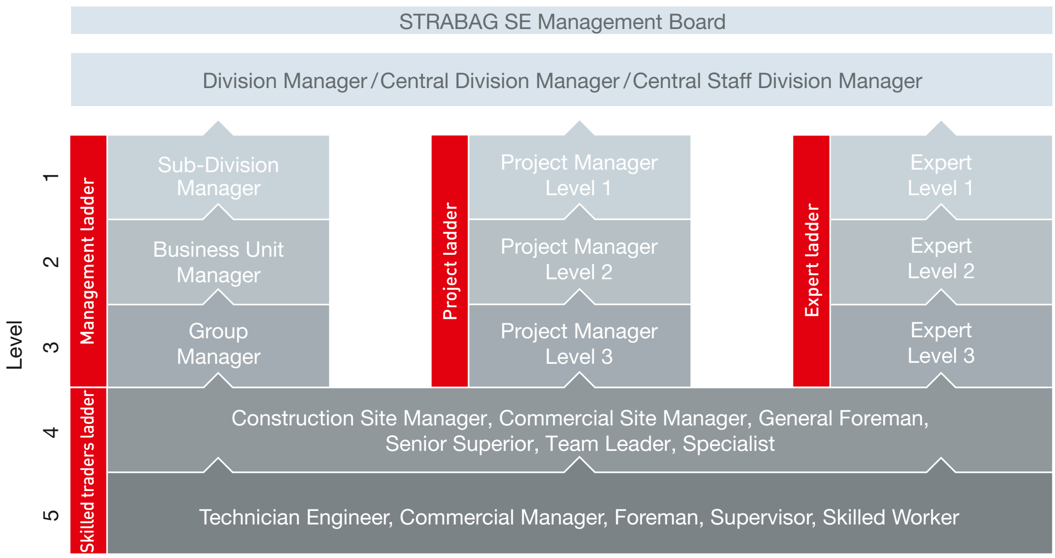


Human resource development

We constantly strive to develop and optimise the professional and personal qualifications of our employees. The construction sector is a human-resource-intensive industry in which the commitment shown by our workers has a significant influence on business success. The lack of skilled personnel and seasonal bottlenecks make human resources a critical factor. The STRABAG Group's response is consistent **strategic human resource planning** and the continuous **training and development** of its employees. Modern information technologies, software and processes are used to make sure that everything is done professionally. Our applicant and training management system – an inter-national IT platform for the publication of job offers at all group brands, combined with the use of online application forms – is already successfully in place in Germany, Belgium, Italy, Croatia, the Netherlands, Austria, Poland, Romania, Russia, Switzerland, Slovakia, the Czech Republic, Sweden and Hungary. The system allows efficient data management of applicants and employees, offers country-specific platforms for seminar management, and is the basis for the target-oriented orientation, qualification and development of employees in the group.

MANAGEMENT, PROJECT AND EXPERT CAREERS ARE POSSIBLE AT STRABAG

CAREER MODELS



STRABAG offers a variety of career opportunities. Following their successful entry, employees have the possibility to specialise even more in an area of expertise or to gather their first management experience as team leader. With regard to the further steps on the career ladder, three different career paths are available to choose from: the management ladder, the project ladder or the expert ladder. The management ladder focuses on general **management tasks**, while the expert careers are characterised by a high degree of **technical expertise** in a specialty field. Project managers can fall back on their years of experience in the field of **project management**. They are responsible for complex construction projects – from project acquisition to the end of the warranty period.

FINDING, DEVELOPING AND BINDING HIGH POTENTIALS

Potential management has as its objective the development of enough young talents with the best possible qualifications from within our own ranks in order to fill key positions internally. Based on the career model, internal parameters are applied to identify high-potential employees, provide them with individual support and deploy them in the right positions. Individual activities such as special training programmes or job rotation schemes are offered to help develop the recognised potential. The systematic recognition and promotion of high-potential employees creates a stronger bond to the group and, in the long term, helps to secure quality, continuity and performance within the group.

GROUP ACADEMY: WE INVEST IN EDUCATION

The group academy is the central platform for further training and education at STRABAG. This is where our employees can find specially **in-house developed training offers** in the categories of technology, law, business management, IT, personality and leadership. The trainers are mostly internal experts passing on their expertise to the participants. Basis for the individual development planning is the annual appraisal interview between superiors and employees. The interview participants define the targets and main tasks for the future, discuss the results of the past year and use this as a basis to derive further development activities. Employees in Austria, Croatia, the Czech Republic, Germany, Hungary, Poland, Romania, Russia, Serbia, Slovakia and Switzerland can use the STRABAG intranet to access the group academy's offers and can – in coordination with their supervisors – register online for the further training events.

EDUCATION TO COUNTER THE LACK OF SKILLED LABOUR

STRABAG is making great investments in the training and education of its **apprentices and trainees**[1]. For ambitious young people who have completed an apprenticeship, the door to a career at STRABAG is open. In Austria, we are specifically committed to the training of young people in the various apprenticeship occupations within the construction industry. The practically oriented on-the-job training is supplemented with theoretical knowledge imparted at vocational schools. Our apprentices can also attend technical training courses to further re-inforce their skills. Another possibility is the "Lehre mit Matura" ("Apprenticeship with A-levels"). In Austria, we offer apprenticeship placement at about 50 locations in all federal states. We have steadily expanded our apprenticeship offer over the last few years: we awarded 90 placements in 2014 and have 105 new positions available for 2015. The most popular apprentice positions include bricklayer, ground engineering specialist, formwork carpenter, electrical engineering technician, metals technician, or agricultural and construction plant mechanic.

Number of placement positions up in Austria

In Germany, Austria and Switzerland, a total of 430 (2013: 454) blue-collar apprentices were taken on in 2014. More information about the apprentice professions and work placement positions is available at karriere.strabag.com.

In Germany, STRABAG and its construction plant subsidiary BMTI are pursuing the selective training of its young talents at the Group Training Workshop (Konzernlehrwerkstatt, KLW) in Bebra. The focus here is on the commercial and technical fields. In Bebra, our apprentice road workers, ground engineering workers and construction plant operators enjoy top quality vocational training and individual attention. The aim is to secure an efficient knowledge transfer under aspects of quality and time away from the daily working routine. The facilities in central Germany are also used for commercial employee training, test preparation seminars, as well as specialist and qualification training.

1) Due to the differences in training systems from country to country, only the situation in the core markets of Austria and Germany can be presented here.

TRAINEE PROGRAMME TO DEVELOP YOUNG TALENTS

It is our aim to recognise, promote and develop young talents. In the competition for the best employees, STRABAG therefore offers a practical familiarisation programme for selected Bachelor/Master graduates from universities and universities of applied sciences with little professional experience. The commercial and technical trainee programmes usually last between eleven and 15 months with the objective to best prepare the graduates for the requirements of their future position in the group. As at 31 December 2014, the STRABAG Group had 53 technical and eleven commercial **trainees** working for it.

64 trainees at work for us

Trainees have their own personal schedule as a way of addressing individual wishes and needs and to offer flexible entry times. The commercial trainee programme lasts between eleven and 13 months, the technical programme varies between twelve and 15 months and both programmes include a period of three months abroad. At the beginning of the programme, trainees meet with a mentor to design the trainee schedule according to the specific professional and personal requirements of the target position. This experienced mentor is available to the trainee throughout the entire training period. Regular feedback interviews help focus on the trainee's individual development.

With instruction from experienced specialists and management employees, the trainees pass through different organisational divisions and are introduced to various areas of business and responsibility. Both the commercial as well as the technical programme include mandatory sessions, for example on the construction site. Specific training activities are used to develop the applicant's personal and professional skills. Additionally, different specialist training seminars are available depending on the target position. An individual training schedule is developed for each trainee.

Human resource marketing

Only with a positive image and as an attractive employer will the group continue to be able to cover the strongly growing demand for qualified skilled workers and management employees. **University** graduates are an especially important basis for the next generation of employees. For this reason, the focus of our human resource marketing is on selected universities and higher schools. We regularly take part in university and recruitment fairs, maintain a university mentor programme, organise company tours, advertise in the relevant print and online media, offer internships and work placement, and sponsor bachelor and master theses.

A SINGLE NAME FOR TRANSPORTATION INFRASTRUCTURES IN GERMANY

As STRABAG, and with well-known brands such as Kirchner, Kirchhoff, Heilit+Woerner, Stratebau, Ohneis, Leonhard Moll and Preusse, we are the leader in the German transportation infrastructures market and realise infrastructure projects of any size. Every year, our employees in this field generate an output volume of more than € 4 billion. Since 1 January 2015, they all do business under a single name: STRABAG.

To be even more successful on the German transportation infrastructures market, and to further hone our profile, we gave up the previous brand diversity. By the end of 2014, we merged or renamed a total of 18 companies. This step helps to consolidate our market presence and will help to even better position STRABAG as an attractive employer brand.

"Together we are STRABAG." This was the motto under which we placed the process of change that took place in 2014. It expresses what the entire corporate group – regardless of brand name – stands for: top service and quality as one single team.

Work safety and health

We have launched a number of initiatives in recent years to help maintain and promote the safety and health of our employees. This helps to guarantee a uniform high standard of safety within the group.

The accident rate in 2014 – calculated as the ratio of accident days to working days – stood at 0.5 % in the group, with 0.8 % among blue-collar and 0.1 % among white-collar workers (2013: 0.5 % in the group, 0.9 % among blue-collar and 0.1 % among white-collar workers). In the past financial year, we designed and rolled out a group-wide uniform system to guarantee the comparability of the reported **occupational accidents**. Starting with 2015, this standardised reporting will ensure the availability of additional figures related to work safety in order to derive potential for improvement from the data.

The subject of work safety is also an important factor in acquisitions. We begin to set the first measures already during the process of integrating new companies into the group – after all, rapid implementation of the appropriate health and safety measures is the first step toward comprehensive accident prevention. This helps our newly acquired companies find their way around in the STRABAG world and facilitates the exchange of health and safety information across business segments.

Individual measures on the construction site and at the workplace include many special **safety training sessions** conducted ahead of and during the construction activity. Prevention experts regularly conduct safety and medical inspections in which employees receive instruction in and are sensitised to issues of work safety. Managers and site supervisors are called upon to pass on the acquired knowledge to their workers, to demand implementation and to instil a motivation for safe and responsible action.

The detailed analysis of past incidents formed the basis for the development of a package of country-specific measures in order to reduce the number of occupational accidents and downtime. The focus was on the following topics: implementation of the Austrian Safety Charter and its eight vital rules, the proper handling of dangerous materials and equipment such as construction machinery, scaffolding, ladders and formwork, and the use of the personal protective gear.

In 2014, STRABAG AG, Cologne, Ed. Züblin AG, and several other group subsidiaries were certified in accordance with the occupational safety standards as defined by **OHSAS 18001**, the environmental protection standards as outlined in ISO 14001, and the **Security Certificate Contractors** (SCC).

E-learning course imparts knowledge on work safety

On behalf of the Management Board of the group, the staff unit for Integrated Quality Management, Safety and Health Protection, together with Human Resource Development, developed an e-learning course titled "Basic Instructions in Work Safety for White-Collar Workers" and began rolling it out in Austria, Germany and Switzerland. The training imparts basic knowledge on the subject of operational organisation, workplace design, as well as accident and emergency organisation.

Healthcare

OCCUPATIONAL MEDICINE HELPS WITH HEALTHCARE MATTERS

Absenteeism due to illness – calculated as the ratio of sick leave days to working days – stood at 4.9 % in the group in 2014, with 6.5 % among blue-collar and 3.2 % among white-collar workers (2013: 4.9 % in the group, 6.5 % among blue-collar, 3.3 % among white-collar). To reduce this rate as much as possible, we are working together with a team of occupational physicians who conduct health days in branch offices, as well as vaccination campaigns (TBE, tetanus, hepatitis, influenza, travel vaccinations, etc.), check-ups and follow-ups (hearing and vision tests, pulmonary function, etc.) and spinal screenings. In addition, training on proper lifting and carrying is offered on construction sites. Employees are also given the possibility of eye, stress and preventive examinations.

WORKPLACE HEALTH MANAGEMENT

Workplace health management (WHM) describes a forward-looking corporate and human resource policy within the STRABAG Group that focuses on each employee and introduces the topic of healthcare in all business decisions and processes. WHM is to be anchored as a central theme within the corporate culture and integrated into the working routine over the long term.

The STRABAG Group's OHM organisation is comprised of members from the departments Human Resource Development and Work Safety and Health, as well as staff dealing with environmental protection and members of the management. Employee representatives also provide additional support.

In 2014, the Management Board of STRABAG SE had set itself the goal of systematically and specifically promoting the long-term health of its employees beyond the legal requirements. Building on measures from the areas of work safety, healthcare protection and ongoing activities of workplace health promotion, the company began to implement WHM in Germany, Austria and Switzerland – further countries will follow. The activities aim at improving the working conditions and to strengthen the personal workplace resources of all employees and members of the management.

Employee and social fund

Corporate Citizenship

In order to help employees who are experiencing **financial difficulties through no fault of their own**, e.g. as a result of accidents, illness, natural disasters, etc., the STRABAG Group set up a private foundation called the "Arbeits- und Sozialfonds" (Employment and Social Fund) more than ten years ago. When it was established, the foundation was endowed with about € 3.60 million, an amount which by the year 2013 had been raised to about € 10.20 million in response to the rising number of employees. The application for financial assistance can be submitted by the affected employees, by their supervisors or by an employee representative.

Applications are reviewed by the foundation's board before a socially appropriate decision is made. The board is chaired by an employee representative and consists of four employer and four employee representatives. Financial assistance is granted primarily in the form of monthly payments for an employee's dependent children, but may also take the form of one-off payments for a specific purpose.

TEAMS WORK. and win

The STRABAG Teams Award was presented in 2014 to those teams that stood out for their especially good and effective cooperation – teams that not only lived the guiding principles of STRABAG but also exemplified them in their daily work.

The Management Board team of STRABAG SE with the winning teams of the STRABAG Teams Award

The 22 outstanding nominations are a sign of the deeply rooted team spirit within the group. At the same time, the award is an example of the successful combination of corporate citizenship, the guiding principles of the group and the commitment shown by its employees, as Thomas Birtel, CEO of STRABAG SE, pointed out: "I am delighted that, in keeping with our motto of TEAMS WORK., the prize money will continue to bear fruit in social projects." The winning teams themselves decided which projects would receive their donations.

In the charity's second-hand shop, there always is plenty to do.

LEARNING IN ONE'S OWN TEAM »

First prize went to the Ground Civil Engineering Apprenticeship Academy in Upper Austria. The academy trains ground civil engineering apprentices during the winter break with trainers from within the company. Social skills are a top priority. The winners donated their prize money of € 5,000 to the homeless charity "Arge für Obdachlose in Linz". The organisation's goal is to create employment opportunities for people who are unable to find the right chances on the free labour market.

The foundation assists people to enter the job market.

« WORKING WITHOUT BORDERS

Building the Botlek Bridge in the Netherlands, a part of the A15 motorway near Rotterdam, is a demanding task. Besides the technical challenges, there also was the challenge of dealing with the intercultural differences of a team located in the Netherlands, Stuttgart and Vienna. The second place Botlek Brücke team donated its € 3,000 in prize money to the foundation "sociale werkplaats De Welplaat". This project, in the Dutch town of Spijkenisse, helps people with disabilities to enter the labour market.

OPTIMISING ON ONE'S OWN INITIATIVE »

Volunteering to help families of terminally ill children

Third place in the 2014 Teams Award went to an international team which developed a set of guidelines for the construction of tramway track. Based on an initiative put forth by employees at the group subsidiaries STRABAG Rail GmbH, SAT Straßensanierung GmbH, STRABAG AG, TPA GmbH and CLS GmbH, a team was formed to identify the causes of damage to the roadway around tram tracks. The aim was to define measures to avoid such damage. The result was a 30-page set of guidelines. The team donated its € 1,000 prize winnings to "Familienhafen e.V.", a children's hospice service in Hamburg whose volunteers assist families of terminally ill children in dealing with bureaucratic matters.

Corporate Governance & Business Compliance

CORPORATE GOVERNANCE REPORT

- COMMITTED TO THE AUSTRIAN CODE OF CORPORATE GOVERNANCE
- REMUNERATION OF THE MANAGEMENT BOARD LOWER BECAUSE OF SMALLER BOARD
- SIX SUPERVISORY BOARD MEETINGS, THREE MEETINGS OF THE AUDIT COMMITTEE, TWO MEETINGS OF THE PRESIDENTIAL AND NOMINATION COMMITTEE, AND ONE MEETING OF THE EXECUTIVE COMMITTEE IN THE 2014 FINANCIAL YEAR

Commitment to the Austrian Code of Corporate Governance

The Austrian Code of Corporate Governance, in line with international standards, represents a body of rules for good corporate governance and supervision on the Austrian capital market. The Code, introduced in 2002, aims to establish a responsible system of management and supervision of companies that is geared toward creating sustainable, long-term value. The Code is designed to provide a high degree of transparency for all company stakeholders. For this reason, investors and issuers recognise the Code as an indispensable part of the Austrian system of corporate governance and of Austrian business life.

The version of the Code that was valid for the 2014 financial year is the July 2012 version – it is available at the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at) and at the website of STRABAG SE (www.strabag.com > Investor Relations > Corporate Governance > Code of Corporate Governance).

STRABAG SE is fully and without exception committed to the Austrian Code of Corporate Governance and its aims and sees compliance with all the rules contained within the Code as a top priority. This commitment by STRABAG SE is voluntary and aims to boost shareholder confidence and to constantly optimise the group's high internal legal, behavioural and ethical standards. The company is further obligated to fulfil the standards of the Code due to the listing of its shares in the Prime Market segment of the Vienna Stock Exchange.

This commitment requires STRABAG SE to do more than merely comply with the prevailing laws and legislation. Voluntary self-imposed obligation means that it must explain non-compliance with the so-called C-rules ("comply or explain") which go beyond the legal requirements. In line with this part of the Austrian Code of Corporate Governance, STRABAG SE explains its non-compliance with C-Rules 2 and 27 of the Code:

C-Rule 2 of the Code: Among the shares of STRABAG SE are two special registered shares with an associated right to nominate one member of the Supervisory Board each. This was decided by the Annual General Meeting. This is advantageous for STRABAG SE – and makes sense for good corporate governance – because it guarantees the know-how of important stakeholders on the Supervisory Board.

C-Rule 27 of the Code: It is a matter of concern for STRABAG SE that remuneration of the Management Board members be made according to measurable criteria in a way that is transparent and easily comprehensible. The remuneration of the Management Board is therefore based on the scope of the work, the responsibilities and the personal performance of the individual Management Board member as well as on the achievement of the corporate goal, the size and the economic situation of the company. Nonfinancial criteria are not applied for the remuneration of the Management Board members during the ongoing term as these do not guarantee a transparent and easily comprehensible remuneration within the business activities of STRABAG SE. This was decided following debate in the executive committee of the STRABAG SE Supervisory Board.

STRABAG SE further endeavours to abide not only by the minimum requirements but also by all of the Code's R-rules (Recommendations).

Notes on the composition and on the working methods of the Management Board and of the Supervisory Board and its committees

The Management and Supervisory Boards of STRABAG SE are fully committed to the objectives of the Austrian Code of Corporate Governance as amended in July 2012 and see compliance with all of its rules as a main obligation. This means that STRABAG SE is constantly working to maintain and optimise its high internal legal, behavioural and ethical standards. In line with the rules of the Code, the Management and Supervisory Boards of STRABAG SE work together on the basis of

- regular and extensive informing of the Supervisory Board by the Management Board as to all relevant matters concerning the development of the company's business, including the risk situation and risk management in the company and the important group entities;
- the regular exchange of information and opinions between the CEO and the chairman of the Supervisory Board concerning strategy, the development of the business, risk management and important business transactions, particularly acquisitions and disposals, and the immediate informing of the chairman of the Supervisory Board of any important information; as well as
- an open exchange of opinion and open dialogue among the members of the Supervisory Board as well as between the members of the Supervisory Board and the Management Board.

WORKING METHODS OF THE MANAGEMENT BOARD: OPEN EXCHANGE IN MEETINGS AT LEAST EVERY TWO WEEKS

Management Board meetings every two weeks

The Management Board of STRABAG SE and the individual members of the Management Board conduct their business in accordance with the prevailing law and legislation, the articles of association, and the Management Board's rules of procedure as approved by the Supervisory Board. The rules of procedure govern the work of the individual members of the Management Board as well as the allocation of duties within the board. Coordination within the Management Board occurs during regular meetings, which are held approximately every two weeks, but also in the form of an informal exchange of information. Matters discussed at the Management Board meetings include the current operations and the company strategy. Also discussed are any current or outstanding measures to be implemented by the relevant Management Board members. The rules of procedure require the Management Board or the individual Management Board members to provide extensive information and reporting to the Supervisory Board and define an extensive catalogue of measures and legal transactions which require approval by the Supervisory Board.

COMPOSITION OF THE MANAGEMENT BOARD: FIVE MEMBERS

Peter Krammer, Thomas Birtel, Hannes Truntschnig, Christian Harder, Siegfried Wanker (from left to right)

Dr. Thomas Birtel

- CEO
- Responsibilities for Central Staff Divisions and Central Divisions Zentrale Technik, BMTI and TPA
- Responsibilities for Group Division 3L RANC[1)]

Thomas Birtel was born on 3 June 1954. He graduated with a degree in economics from the Ruhr-University Bochum in 1978 and completed his doctorate four years later. Thomas Birtel began his career in 1983 at Klöckner & Co. The last position he held there before leaving in 1989 was division manager of the accounting department of Klöckner Industrie-Anlagen GmbH. From 1989 to 1996, he worked for Sweden's Frigoscandia Group as head of the Central European region. Thomas Birtel joined the STRABAG Group in 1996 as a member of the management board of STRABAG Hoch- & Ingenieurbau AG. In 2002, he was appointed member of the management board of STRABAG AG, Cologne, responsible for building construction, finance, accounting, controlling, risk management and procurement. He managed these tasks until 28 June 2013. Thomas Birtel has also been a member of the Management Board of the STRABAG SE Group since 1 January 2006; since June 2013 he has been CEO of STRABAG SE. His term ends on 31 December 2018.

1) RANC = Russia and neighbouring countries

Mag. Christian Harder

- CFO
- Responsibilities for Central Division BRVZ

Christian Harder was born on 19 August 1968. He passed his school-leaving exams at Bundesgymnasium Spittal/Drau and completed his studies in applied business administration at the University in Klagenfurt with a focus on controlling and tax management before joining the STRABAG Group, specifically the Bau Holding Group, in 1994. He held the positions of director of accounting, head of financial accounting and, finally, Central Division director of BRVZ before being appointed managing director of BRVZ in 2008. Christian Harder has been a member of the Management Board of STRABAG SE since 1 January 2013 in the function as CFO. His term ends on 31 December 2018.

Dipl.-Ing. Dr. Peter Krammer

- Responsibilities for Segment North + West[1)]

Peter Krammer was born on 18 January 1966. He studied civil engineering at the Vienna University of Technology, completing his studies in 1995 with a doctorate degree in engineering sciences. His professional experience has included positions at Porr Technobau AG, Swietelsky Bau GesmbH and STRABAG AG Austria. In 2005, Peter Krammer joined the management board of STRABAG AG in charge of building construction and civil engineering in Eastern Europe and of environmental technology for the entire company. Peter Krammer has been a member of the group Management Board since 1 January 2010. His term ends on 31 December 2018.

Mag. Hannes Truntschnig

- Responsibilities for Segment International + Special Divisions[2)]

Hannes Truntschnig was born on 22 July 1956. He graduated from the Higher Technical Institute HTL Mödling specialising in electrical engineering and in 1978 completed his qualifications in electromechanical engineering before going on to study at the Karl Franzens University in Graz, eventually graduating with a degree in business administration in 1981. Hannes Truntschnig joined the STRABAG Group (ILBAU AG) in 1981. Since 1985, he has held several management positions at various group companies. In 1992, he was appointed authorised signatory for Bau Holding Aktiengesellschaft. Hannes Truntschnig has been a member of the group Management Board since 1 April 1995. His term ends on 31 December 2018.

Dipl.-Ing. Siegfried Wanker

- Responsibilities for Segment South + East[3)]

Siegfried Wanker, born on 5 May 1968, studied civil engineering at Graz University of Technology before joining the STRABAG Group as a site manager in 1994. Between 2001 and 2004, he held various management-level positions at engineering service providers before rejoining the STRABAG Group in 2005. He served as technical division manager for Building Construction International, Corporate Development and Services, and finally for Infrastructure Project Development. Siegfried Wanker has been a member of the Management Board of STRABAG SE since 1 January 2011. His term ends on 31 December 2018.

1) North + West: Germany, Poland, Benelux, Scandinavia, Ground Engineering, Hydraulic Engineering
2) International + Special Divisions: Tunnelling, Construction Materials, Services, Real Estate Development, Infrastructure Development, Direct Export
3) South + East: Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe, Environmental Technology

Mandates: Three members of the Management Board with additional mandates

In the 2014 financial year, the following Management Board members held supervisory board mandates or similar functions at companies not included in the consolidated financial statements in Austria and abroad:

Name	Non-group company	Mandate
Dr. Thomas Birtel	Deutsche Bank AG, Germany	Member of the advisory board
	HDI-Gerling Industrie Versicherung AG, Germany	Member of the advisory board
	VHV Allgemeine Versicherung AG, Germany	Member of the supervisory board
	VHV Vereinigte Hannoversche Versicherung a.G., Germany	Member of the supervisory board (since 16 July 2014)
	VHV Holding AG, Germany	Member of the supervisory board (since 16 July 2014)
Mag. Hannes Truntschnig	Raiffeisen evolution project development GmbH, Austria	Vice chairman of the advisory board
	Syrena Immobilien Holding AG, Austria	Vice chairman of the supervisory board
Dipl.-Ing. Siegfried Wanker	Syrena Immobilien Holding AG, Austria	Member of the supervisory board

Directors' Dealings: Haselsteiner Familien-Privatstiftung sells 3.10 %

Proprietary transactions with STRABAG SE shares by members of the company's boards and related persons or companies as well as by other management-level employees with group-wide responsibilities, the so-called Directors' Dealings, were reported as required by law and continually posted on the website of STRABAG SE (www.strabag.com > Investor Relations > Corporate Governance > Directors' Dealings) as well as on the website of the Austrian Financial Market Authority (www.fma.gv.at > Companies > Issuers > Directors' Dealings).

In 2014, the following proprietary transactions with STRABAG SE shares were made by members of the aforementioned group of people:

- Haselsteiner Familien-Privatstiftung (board members: Dr. Hans Peter Haselsteiner, Dr. Alfred Gusenbauer, Mag. Christian Harder): sale of 342,857 shares at a subscription price of € 19.25 per share on 15 January 2014
- Haselsteiner Familien-Privatstiftung: sale of 3,188,572 shares at a subscription price of € 19.25 per share on 15 July 2014

The following persons from the aforementioned group of people held shares of STRABAG SE on 31 December 2014:

Person subject to disclosure obligation	Board member	Number of shares
Dr. Hans Peter Haselsteiner		70,002
Haselsteiner Familien-Privatstiftung	Dr. Hans Peter Haselsteiner	29,017,451
	Dr. Alfred Gusenbauer	
	Mag. Christian Harder	
Mag. Erwin Hameseder		210

WORKING METHODS OF THE SUPERVISORY BOARD: SIX SUPERVISORY BOARD MEETINGS

In the 2014 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. All members of the Supervisory Board and its committees are independent according to the terms of the Austrian Code of Corporate Governance and were properly represented in the relevant meetings. The Supervisory Board held a total of six meetings last year, at least once every quarter (C-Rule 36 of the ÖCGK). All members personally attended at least three meetings (C-Rule 58 of the ÖCGK), so no Supervisory Board member failed to attend more than half of the meetings. Furthermore, there were three meetings of the audit committee, two meetings of the presidential and nomination committee, and one meeting of the executive committee.

No contracts requiring approval by the Supervisory Board were concluded between the company and members of the Supervisory Board (C-Rule 49 of the ÖCGK).

The internal audit department informed the audit committee of the audit plan and of significant events 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.

COMPOSITION OF THE SUPERVISORY BOARD: ONE NEW SUPERVISORY BOARD MEMBER

Dr. Alfred Gusenbauer

Chairman of the Supervisory Board

Alfred Gusenbauer was born on 8 February 1960 and studied law, philosophy, political science and economy at the University of Vienna, completing his doctorate in 1987. In 1991, he became a member of the Austrian senate, two years later a member of parliament. From 2000 to 2008, Alfred Gusenbauer was President of the Social Democratic Party of Austria, serving as Federal Chancellor of the Republic of Austria and member of the European Council from 2007 to 2008. In addition to his current activities at Brown University and Columbia University, Alfred Gusenbauer is President of the Dr. Karl Renner Institute, the Austrian Institute for International Affairs and the Austrian-Spanish Chamber of Commerce. Alfred Gusenbauer was voted chairman of the Supervisory Board of STRABAG SE for the first time on 18 June 2010. His current term ends with the Annual General Meeting in 2015.

Mag. Erwin Hameseder

Vice Chairman of the Supervisory Board

Erwin Hameseder was born on 28 May 1956. He received a master of law degree from the University of Vienna. From 1975 to 1987, Erwin Hameseder served as an officer in the Austrian army, where he achieved the rank of colonel in 2002 and of brigadier in 2006. In 1987, he joined the legal department of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN reg. Gen.m.b.H. From 1988 to 1994, he was responsible for investment management, from 1991 as head of the department. He was managing director of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN reg.Gen.m.b.H. from 1994 to 2001 and director-general of RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg. Gen.m.b.H (a spin-off from RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG) from 2001 to 2012. From 2007 to 2012, Erwin Hameseder also assumed the position of chairman of the management board of RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG. Since 4 May 2012, he has been chairman of RAIFFEISEN-HOLDING NIEDERÖSTERREICH WIEN reg.Gen.m.b.H. He was nominated to the Supervisory Board for the first time on 10 September 1998 and most recently on 17 August 2007, when he was nominated to the Supervisory Board of STRABAG SE for an indefinite period of time.

Mag. Kerstin Gelbmann
Free Float Representative

Kerstin Gelbmann was born on 30 May 1974. After completing her studies in trade and commerce in Vienna, she began her career at Auditor Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH. Kerstin Gelbmann has been managing director of E.F. Grossnigg Finanzberatung und Treuhandelsgesellschaft m.b.H. since 2002 and of grosso holding Gesellschaft mbH since 2007. In January 2010, she assumed the additional position of managing director at Austro Holding GmbH. Kerstin Gelbmann was voted onto the Supervisory Board of STRABAG SE on 18 June 2010 for the first time. Her current term ends with the Annual General Meeting in 2015.

Andrei Elinson

Andrei Elinson was born on 19 January 1979. He has been Deputy CEO of Russian conglomerate Basic Element since December 2009. Previously, he was Basic Element's director of corporate governance and internal control, responsible for the development and implementation of corporate governance standards. Before joining Basic Element, he was a partner at Deloitte & Touche CIS, where, starting in 1997, he was in charge of consulting and assurance projects for Russian and international companies. Later he was appointed partner-incharge for Forensic and Dispute practice in the CIS. From 2004, Andrei Elinson managed the internal control and risk management consulting streams at Deloitte. He graduated from the Finance Academy of the Government of the Russian Federation with a degree in accountancy and audit. He is a certified public accountant and fraud examiner in the US, a licensed Russian auditor and holds a Certificate in Company Direction from the Institute of Directors (IoD) in the UK. Andrei Elinson was appointed to the Supervisory Board of STRABAG SE for an indefinite period of time on 21 April 2009.

Mag. Hannes Bogner

Hannes Bogner was born on 20 June 1959. He studied business administration at the University of Innsbruck and qualified as a tax advisor in 1988 and as a statutory auditor in 1993. Hannes Bogner worked at THS Treuhand Wirtschaftsprüfungsgesellschaft from 1984 to 1988 and at Price Waterhouse from 1988 to 1994. He has worked for UNIQA and its predecessor companies since 1994. From 1998 to 1999, he served as deputy member of the management board of Bundesländer-Versicherung AG and Austria-Collegialität. In 1999, he was appointed to the management board of UNIQA Versicherungen AG. He was Chief Financial Officer (CFO) at UNIQA Versicherungen AG from 2011–2014 and has held the function of Chief Investment Officer (CIO) since 1 January 2015. Hannes Bogner was voted onto the Supervisory Board of STRABAG SE for the first time on 14 June 2013. His current term ends with the Annual General Meeting in 2015.

Ing. Siegfried Wolf

Siegfried Wolf was born on 31 October 1957. He started his career with Philips in Vienna, where he trained as a tool and die-maker and continued his professional training through the stages of master craftsman up to obtaining an engineering degree. From 1981 to 1983, he worked as quality manager and assistant director of quality control at VMW (Vereinigte Metallwerke Wien). Siegfried Wolf then joined Hirtenberger AG, where he advanced from director for quality control to plant director and authorised signatory. In 1994, he joined Magna Europa AG, becoming president of the company in 1995. In 1999, he became vice chairman of the supervisory board of Magna International Inc. He held this position until 2001, when he was appointed president and CEO of Magna Steyr. In February 2002, he was appointed executive vice chairman of Magna International Inc. and remained in this position until his nomination to co-CEO in April 2005; he exercised this function until 2010. Siegfried Wolf has also been chairman of the supervisory board of GAZ Group since April 2010 and chairman of the supervisory board of Russian Machines JSC and Glavstroy Corporation OJSC since September 2010. Siegfried Wolf was first voted onto the Supervisory Board of STRABAG SE on 17 August 2007. His term was extended on 18 June 2010 and ends with the Annual General Meeting in 2015.

Dipl.-Ing. Andreas Batke
Delegated by the works council

Andreas Batke was born on 4 May 1962 and joined STRABAG AG as a land surveyor on 1 April 1991. He has been a member of the works council since May 1998. Andreas Batke currently serves as chairman of the group works council and member of the Supervisory Board of STRABAG AG, Cologne. He was appointed to the Supervisory Board of STRABAG SE by the STRABAG SE works council and has been a member of the STRABAG SE Supervisory Board since 1 October 2009. He has been vice chairman of the STRABAG SE works council since 14 October 2014.

Miroslav Cerveny
Delegated by the works council

Miroslav Cerveny was born on 16 January 1959 and has worked for a Czech subsidiary of the STRABAG Group since 1988, holding positions in IT administration, accounting, and occupational health and safety. He was appointed to the Supervisory Board of STRABAG SE by the STRABAG SE works council and has been a member of the Supervisory Board since 1 October 2009.

Magdolna P. Gyulainé
Delegated by the works council

Magdolna P. Gyulainé was born on 26 July 1962. She is chairwoman of the works council of STRABAG Hungary, having joined a predecessor company of STRABAG Hungary as bookkeeper in 1981. She was appointed to the Supervisory Board of STRABAG SE by the STRABAG SE works council on 1 October 2009.

Georg Hinterschuster
Delegated by the works council (since 13 October 2014)

Georg Hinterschuster was born on 20 December 1968 in Linz, Austria. From 1984 to 1987, he completed an apprenticeship in commercial site management at STRABAG Bau GmbH. Thereafter he worked as group commercial manager in the engineering ground works business in St. Valentin before taking over a commercial management task for the Transportation Infrastructures and the Building Construction and Civil Engineering segments in the Czech Republic from 1997 to 2000. Hinterschuster has been active in the works council since 1991 and has been a full-time employee representative in the group and central works council since 2008. The STRABAG SE works council, of which he has been a member since 2009, nominated him to the Supervisory Board of STRABAG SE on 13 October 2014.

Wolfgang Kreis
Delegated by the works council

Wolfgang Kreis, an industrial clerk by training, was born on 18 March 1957. He joined Ed. Züblin AG as a commercial clerk in 1979. In 1987, he was elected to the works council and today is works council chairman for the subdivision Karlsruhe and chairman of the works council at Ed. Züblin AG. He has been vice chairman of the supervisory board of Ed. Züblin AG since 2002. He was appointed to the Supervisory Board of STRABAG SE by the STRABAG SE works council on 1 October 2009 and has been chairman of the works council of STRABAG SE since October 2013. He also deals with the issue of occupational health and safety at the company.

Gerhard Springer
Delegated by the works council (until 13 October 2014)

Gerhard Springer was born on 26 March 1952. He trained as construction foreman and attended the “social academy” of the Austrian Chamber of Labour before joining the STRABAG Group in 1977. From 1977 to 1983, he worked as construction foreman, deputy foreman and employee representative. He has been a full-time employee representative since April 1983. Gerhard Springer was appointed to the Supervisory Board of STRABAG SE as an employee representative and was a member of the Supervisory Board of STRABAG SE from 1995–2014.

Mandates: Five members of the Supervisory Board with additional mandates

In the 2014 financial year, the following Supervisory Board members held supervisory board mandates or similar functions at publicly listed companies in Austria and abroad in addition to their Supervisory Board mandate at STRABAG SE:

Name	Non-group company	Mandate
Dr. Alfred Gusenbauer	Gabriel Resources Ltd., Canada	Member of the supervisory board
	RHI AG, Austria	Member of the supervisory board
Mag. Erwin Hameseder	AGRANA Beteiligungs-AG, Austria	Chairman of the supervisory board (since 4 July 2014)
	Flughafen Wien AG, Austria	1st vice chairman of the supervisory board
	Raiffeisen Bank International AG, Austria	1st vice chairman of the supervisory board
	Südzucker AG, Germany	2nd vice chairman of the supervisory board (since 17 July 2014)
	UNIQA Insurance Group AG, Austria	2nd vice chairman of the supervisory board
Mag. Kerstin Gelbmann	conwert Immobilien Invest SE, Austria	Chairman of the administrative board (since 23 April 2014)
	ECO Business-Immobilien AG, Austria	Chairman of the supervisory board (since 23 April 2014)
Ing. Siegfried Wolf	GAZ Group, Russia	Chairman of the supervisory board
	VERBUND AG, Austria	Member of the supervisory board (until 14 July 2014)
	Continental AG, Germany	Member of the supervisory board
Dipl.-Ing. Andreas Batke	STRABAG AG, Germany	Member of the supervisory board (since 28 June 2013)

Committees: Executive committee, presidential and nomination committee, and audit committee

The composition and the tasks of the individual committees are as follows:

Committee	Members	
Executive Committee	• Dr. Alfred Gusenbauer (chairman) • Mag. Erwin Hameseder • Andrei Elinson	The executive committee deals with all matters affecting the relations between the company and the members of the Management Board, especially matters relating to the remuneration of Management Board members, but excluding decisions regarding the appointment or removal of a Management Board member or regarding the granting of stock options.
Presidential and Nomination Committee	• Dr. Alfred Gusenbauer (chairman) • Mag. Erwin Hameseder • Andrei Elinson • Georg Hinterschuster • Wolfgang Kreis	The presidential and nomination committee presents the Supervisory Board with proposals regarding the filling of new Management Board mandates or positions which are opening up, deals with questions of succession planning and remuneration policy and makes decisions on urgent matters.
Audit Committee	• Dr. Alfred Gusenbauer (chairman) • Mag. Erwin Hameseder • Andrei Elinson • Mag. Hannes Bogner • Dipl.-Ing. Andreas Batke • Georg Hinterschuster • Wolfgang Kreis	The audit committee is responsible for the auditing and preparation for the approval of the annual financial report, the proposed distribution of net income and the management report, as well as the auditing of the consolidated financial statements and the corporate governance report. The committee also deals with the management letter written by the financial auditor as well as with the auditor's report as to the efficiency of the risk management. The audit committee makes a proposal for the selection of the auditor and presents the proposal of the Supervisory Board to the Annual General Meeting for voting. In line with C-Rule 81a of the ÖCGK, the audit committee must also establish a mutual line of communication with the financial auditor in a meeting.

All members are independent

All members of the Supervisory Board and its committees are independent in accordance with the conditions contained within the Austrian Code of Corporate Governance, (see also www.strabag.com > Investor Relations > Corporate Governance > Supervisory Board > Independence of the Supervisory Board) and have declared in writing explicitly to adhere to all conditions of the Austrian Code of Corporate Governance. The independence of the Supervisory Board members is defined by the following guidelines (excerpt from the Rules of Procedure for the Supervisory Board as amended on 28 April 2014):

<u>Guidelines for the Independence of Supervisory Board Members of STRABAG SE ("the company") in Accordance with C-Rule 53 of the Code</u>

A member of the Supervisory Board of the company shall be deemed independent if he or she has no business or personal relations with the company or its Management Board which would constitute a material conflict of interest and thus could influence the member's behaviour. Moreover, the members of the Supervisory Board shall comply with the following guidelines adapted from the Code:

- The Supervisory Board member shall not have served as a member of the Management Board or as a manager of the company or one of its subsidiaries in the past five years.
- The Supervisory Board member shall not maintain or have maintained in the past year any business relations with the company or one of its subsidiaries to an extent of significance for the Supervisory Board member. This shall also apply to relationships with companies in which the Supervisory Board member has a considerable economic interest. The approval of individual transactions by the Supervisory Board according to C-Rule 48 does not automatically mean the person is qualified as not independent.
- The Supervisory Board member shall not have been auditor of the company or have owned a share in the auditing company or have worked there as an employee in the past three years.
- The Supervisory Board member shall not be a member of the management board of another company, in which a Management Board member of the company is a Supervisory Board member.
- The Supervisory Board member shall not be a close relative (direct offspring, spouse, partner, parent, uncle, aunt, sibling, niece, nephew) of a Management Board member or of persons in one of the aforementioned positions.

It shall be the responsibility of each member of the Supervisory Board of the company elected by the Annual General Meeting or delegated by the shareholders to declare his or her independence according to the criteria defined.

According to C-Rule 54 of the Austrian Code of Corporate Governance, the Supervisory Board of the company shall include at least one independent member delegated by the shareholders who is not a shareholder with a share of more than 10 % or who represents such a shareholder's interests. The independence of Supervisory Board members shall be published in the Annual Report. The Supervisory Board shall judge whether it and its committees contain a sufficient number of independent members in accordance with C-Rules 39 and 53 of the Austrian Code of Corporate Governance.

DISCLOSURE OF INFORMATION REGARDING THE REMUNERATION OF THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

Remuneration of the Management Board down because of smaller board

REMUNERATION OF THE MANAGEMENT BOARD

T€ (incl. non-monetary[1])

Name	Fixed		Variable		Total	
	2014	2013	2014	2013	2014	2013
Birtel	637	588	392	276	1,029	864
Harder	427	426	311	253	738	679
Krammer	427	426	311	253	738	679
Truntschnig	427	426	311	253	738	679
Wanker	427	426	311	253	738	679
Haselsteiner[2]	–	247	–	172	–	419
Haselsteiner – non-monetary[2]	–		–	200	–	200
Total	**2,345**	**2,539**	**1,636**	1,660	**3,981**	**4,199**

Total remuneration for the Management Board members in the 2014 financial year amounted to € 3.98 million (2013: € 4.20 million). Since 2007, board member pay has been based on a system which, in addition to a fixed base salary, foresees a variable portion dependent on the achievement of specific earnings and profitability targets for the STRABAG Group calculated according to principles of cost accounting. The variable portion of the salary is basically calculated as a fixed percentage of the net income after minorities less minimum earnings of € 200 million. The variable portion of the income can amount to a maximum of 200 % of the fixed salary. If a minimum yield is surpassed (earnings according to cost accounting principles compared to output volume), a minimum variable portion is granted; the former CEO, Hans Peter Haselsteiner, was further entitled to non-monetary remuneration in the amount of his variable portion, rounded to full T€ 100.

Long-term, multi-annual performance criteria

Starting with the 2011 financial year, 20 % of the bonuses of the members of the Management Board are retained and deposited in a personal clearing account based on sustainable, long-term, multi-annual performance criteria. The payment from the personal clearing account will take place at the end of the term of the management agreement.

Furthermore, the members of the Management Board have the right to a company car. Accident insurance provides coverage in the event of death or disability, a private liability insurance policy covers the legal liability of the members of the Management Board which may arise from third-party personal injury, property damage or financial losses. The board members are also covered by legal expense insurance in the event of claims resulting from administrative or criminal violations. Insurance coverage exists for damage claims resulting from third-party or group financial losses as the result of neglect of duty during service for the company. The company bears the costs for these insurances. The members of the Management Board are subject to a competition clause for the period of their service. If a member of the Management Board is dismissed without cause, the fixed base salary is paid for the full term of the contract. The management contracts of all members of the Management Board expire on 31 December 2018.

One Management Board member is entitled to non-growing pension payments from subsidiaries of the company. No other pension agreements exist – and no new entitlements may be acquired – between the company and the members of the Management Board. One Management Board member has a right to legal and contractual severance pay in the event of the termination of service to the company, with the maximum amount set by the Austrian Employee Act (oAngG). All Management Board members perform their services on the basis of employment contracts and are subject to income tax regulations.

No stock option programme

STRABAG SE has decided against a stock option programme for Management Board members. No additional recompense is granted for internal group mandates or functions. No prior agreements or exception rules exist for the event of a public takeover offer. In the 2014 financial year, there were no changes to the remuneration system for the Management Board (C-Rule 30 of the ÖCGK).

1) Non-monetary after deductibles
2) Member of the Management Board until 14 June 2013

Remuneration of Supervisory Board members unchanged

REMUNERATION OF THE SUPERVISORY BOARD

€	2014	2013
Alfred Gusenbauer	50,000	50,000
Erwin Hameseder	25,000	25,000
Kerstin Gelbmann	15,000	15,000
Hannes Bogner	15,000	8,219
Andrei Elinson	15,000	15,000
Gottfried Wanitschek	–	6,781
Siegfried Wolf	15,000	15,000
Total	**135,000**	**135,000**

The Annual General Meeting decides on the annual remuneration of the members of the Supervisory Board nominated or elected by the shareholders as well as on any additional remuneration for special tasks performed, if applicable. At the Annual General Meeting of 10 June 2011, the shareholders approved annual remuneration of € 15,000 for the regular members of the Supervisory Board, € 25,000 for the vice chairman and € 50,000 for the chairman. Members of the Supervisory Board who are elected to or leave the board during a financial year are remunerated in accordance with the actual period of their membership on the Supervisory Board pro rata temporis.

Additionally to their annual remuneration, the Supervisory Board members also receive cash compensation for expenses. Furthermore, the members of the Supervisory Board are, in accordance with the Articles of Association, covered by D&O (directors and officers) liability insurance up to a certain maximum amount. The insurance covers the personal liability of the Supervisory Board members in the event of careless neglect of duty during their service for the company. In 2014, no other remuneration was paid to the members of the Supervisory Board. There were no other transactions with members of the Supervisory Board.

People & Workplace

Measures for the advancement of women

Traditionally, the construction industry employs primarily men. Women are underrepresented at all hierarchy levels. The shortage of skilled personnel, however, requires the sector to build more strongly on female labour than before. For this reason – and to maintain our level of competitiveness as well as benefiting from the diversity and different points of view – STRABAG made it its goal in 2013 to annually raise the percentage of women employed in the group around the world. To demonstrate the commitment to this goal, then-CEO of STRABAG SE Hans Peter Haselsteiner signed the UN Women's Empowerment Principles.

In 2014, the number of women as a percentage of employees within the entire group amounted to 13.8 % after 13.6 % the year before. The group management – i.e. persons with a management position as defined by Section 80 of the Austrian Stock Corporation Act (AktG) – is composed of 8.5 % women (2013: 8.6 %).

Currently there are no women on the five-member Management Board of STRABAG SE. It is noteworthy, however, that two women sit on the eleven-member Supervisory Board of the company: Kerstin Gelbmann and Magdolna P. Gyulainé. The Supervisory Board thus has a female percentage of around 18 % and a percentage of female members appointed by the works council of 20 %.

If we succeed in interesting more women for a career in construction and/or with STRABAG, then we will have laid the foundation for a higher representation of women at the management levels. For this reason, an internal team led by a STRABAG SE Management Board member has been hard at work since 2012 to develop measures to promote women in the company. The activities to date to increase the percentage of women and to promote the careers of women within the STRABAG Group focus on three areas:

- **Targeted marketing:** In order to secure a higher share of graduates especially from technical universities, the STRABAG Group is focusing increasingly on targeted human resource marketing aimed at female students, graduates and applicants. For example, the company now uses both the masculine and feminine forms in the language of all of its texts and job announcements. Student polls, such as the Universum Student Survey 2014, show that these measures are having an effect and that women in particular rank STRABAG high in the list of attractive employers. Some of our activities target potential employees even earlier on, namely at school age: several of the group's organisational units in Germany and Austria regularly take part in events such as Take Your Daughter to Work Day or Girls' Days.

- **Compatibility of family and career:** STRABAG also wants to become more attractive as an employer – especially among high potentials and top performers – by making it easier to combine work and family responsibilities. In 2014, a set of guidelines was worked out regarding parental leave, part-time work for parents and return management. A corresponding pilot project is planned for launch in selected countries in 2015.

Adequate consideration of women in potential management

- **Career opportunities:** There are no salary differences between men and women who perform equal work and have the same level of education. Rather, the results of in-company surveys, workshops and analyses indicate the importance of adequately considering women in promotion and further education. Attention will therefore be given to the adequate representation of women within the existing potential management – something we measure at regular intervals. Besides events for members of the potential management pool, the group also offers all female employees the opportunity to network with each other in a special area in the Intranet – an offer that has already been used by more than 130 employees. The group also supports its women employees in their own career planning and further education by offering seminars at the group academy that are designed especially for women.

Business Compliance

Internal audit report

The STRABAG Group's internal audit department is a neutral and independent authority which again conducted approximately 180 (2013: 160) internal audits in all group divisions worldwide in the 2014 financial year.

Internal audit as part of risk management

In accordance with the rules of the Austrian Code of Corporate Governance, the internal audit department is set up as a staff unit of the Management Board of STRABAG SE, giving it the greatest possible amount of independence. It plans and conducts process-independent and neutral audits of all of the group's divisions and regions in Austria and abroad. The audit planning orients itself along aspects of risk and is constantly updated to meet the current needs. Given its technical and commercial competence, the internal audit department forms an important part of the group's risk management and internal control systems. The internal audits serve to evaluate the effectiveness of the risk management and control as well as of management and monitoring processes. With its comprehensive approach, the use of uniform auditing standards and neutral reporting, it also contributes to the standardisation of processes and structures.

In 2014, the internal audit department again audited individual projects as well as entire organisational units. The audits covered all of the group's sub-divisions as well as the most important contracts and orders of the year. The routine and special audits served to recognise and avoid risks, to reveal opportunities and to monitor proper conduct and compliance with the group's ethics system.

The internal audit department reported regularly to the CEO and to the Supervisory Board's audit committee regarding the audit plan and significant events of its work. The audit reports were sent to the audited units and divisions, to the unit and division managers, and to the Management Board, and were made available to the financial auditors.

External evaluation

Details: The results of the evaluation are available at www.strabag.com

In accordance with C-Rule 62 of the Austrian Code of Corporate Governance, STRABAG SE commissions an external evaluation of compliance with the Code regularly every three years. The next external evaluation will be conducted in 2017 for the 2016 financial year.

The last evaluation, for the 2013 financial year, was performed in March 2014 by Fellner Wratzfeld & Partner Rechtsanwälte GmbH. It revealed no indications that the declarations provided by the Management and Supervisory Board members regarding observation of and compliance with the C-Rules and R-Rules of the Austrian Code of Corporate Governance were untrue. The C-Rules and R-Rules of the ÖCGK were complied with – inasmuch as these were included in the formal obligation of STRABAG SE. Some rules did not apply to STRABAG SE during the evaluation period. The complete report including the results of the evaluation is available at www.strabag.com.

Continuous development of the corporate governance system

STRABAG strives to constantly improve the corporate governance system in the interests of the company and all stakeholders. In the past financial year, the company examined how it could further professionalise the meetings of the Supervisory Board. Some large companies use protected IT tools to prepare Supervisory Board meetings and distribute the necessary documents. This makes it possible to more easily and more securely transfer and save confidential material. The Supervisory Board has analysed the advantages and disadvantages of this form of electronic board communication and a trial phase will decide whether STRABAG will implement such a system itself.

Business Compliance

E-LEARNING AND CLASSROOM TRAINING TO FIGHT CORRUPTION

As corruption is a risk in business in general and in the construction industry in particular, proven instruments to fight corruption with group-wide validity are in place at STRABAG. The STRABAG business compliance model is based on the Code of Conduct, the Business Compliance Guidelines, the Business Compliance Guidelines for Business Partners, and the personnel structure of the STRABAG business compliance model, consisting of the group compliance coordinator, the regional compliance representatives as well as the external and internal ombudspersons.

Interactive ethics training: Roll-out in further countries

In 2014, the group continued its employee training via e-learning. While approximately 80 % of all group employees in Austria, Germany and Poland were trained using the interactive e-learning module “Richtiges Verhalten im Geschäftsalltag” (“The Right Behaviour in Day-to-Day Business”), this number was raised to nearly 100 % in 2014 and the training was extended to Belgium, Bulgaria, Croatia, Czech Republic, Hungary, Italy, Montenegro, Netherlands, Romania, Russia, Serbia, Slovakia, Slovenia, Sweden and Switzerland.

The group also continued its classroom training of managers through external legal advisers on the subject of corruption and cartel law: In this way, the group reached more than 90 % of its management-level employees – some 1,200 persons – in 2013. In 2014, the remaining managers, as well as those who were newly employed, had eight different training dates to choose from. Continuous monitoring ensures that every one of the managers completes the training.

STRABAG thus reached the business compliance targets it had set for itself at the beginning of the year. The training series are to be continued in the coming financial year as well. The classroom seminar for procurement in Germany has been a success for several years, and there are now plans to extend this offer to other countries. Furthermore, the STRABAG Group is aiming for certification of its business compliance system and would like to lay the foundation for this in 2015.

Villach, 9 April 2015
The Management Board

Dr. Thomas Birtel

Mag. Christian Harder

Dipl.-Ing. Dr. Peter Krammer

Mag. Hannes Truntschnig

Dipl.-Ing. Siegfried Wanker

SUPERVISORY BOARD REPORT

Dr. Alfred Gusenbauer

Dear shareholders,
associates and friends of STRABAG SE,

The 2014 financial year proves that STRABAG is capable of delivering long-term profitability even in a difficult economic environment. While the European construction industry continues to face high price pressure and even large competitors have been turning their backs on the sector, the STRABAG Group shows that its clear strategy – and the systematic implementation thereof – is the right answer to the challenges facing us today. The solid equity base and broad diversification by segment and region create flexibility and help the company to adequately address risks. Building on these strengths, we are working with great determination on optimising our processes and organisation. Together with its moderate and selective acquisition policy, STRABAG in 2014 set some important paths for future years in which we intend to expand our position as one of the leading service providers in the field of construction technology.

Supervisory Board meetings

In the past 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. A total of six regular meetings of the Supervisory Board as well as three meetings of the audit committee, two meetings of the presidential and nomination committee, and one meeting of the executive committee took place in 2014. 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, the personnel situation and of any plans regarding investments, disposals 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 2013 RESULTS AND GROUP STRATEGY

The agenda of the first Supervisory Board meeting of the 2014 financial year on 24 March 2014 included the Management Board's report on the market situation and the current situation of the company, as well as the budgeting and expenditure planning for the equipment fleet for the 2014 financial year. The board approved the renewal of the syndicated € 2.0 billion surety loan and of the € 400.00 million syndicated credit facility, as the market environment at the time offered more favourable conditions. The results were discussed in detail on the basis of the cost accounting for the 2013 financial year. The results of the fourth quarter of 2013, the strongest quarter in company history, were received especially positively. The impact of individual problematic projects was also debated in detail and ways of improving the risk management so as to avoid such projects were discussed with the Management Board. The Management Board presented its new group strategy with the motto of "TEAMS WORK." The strategy foresees STRABAG continuing to selectively grow as a leading technology group for construction services in Europe. Important targets include maintaining the investment grade rating, an equity ratio of at least 25 %, an EBIT margin of 3 %, and a dividend payout ratio of 30–50 % of the net income after minorities, as well as increasing the percentage of women in the group and the percentage of the output volume generated on the non-European markets.

SUPERVISORY BOARD MEETING 2: EVALUATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The agenda of the second Supervisory Board meeting of the 2014 financial year on 28 April 2014 dealt with the financial statements, the management report, the corporate governance report, the consolidated financial statements and the group management report. 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 2013 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 were the results of the external evaluation of compliance with the Corporate Governance Code in 2013, which had determined that all applicable rules had been complied with. In preparation of the tenth Annual General Meeting, the Board also discussed and approved the Supervisory Board report as well as the proposal to appoint KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as auditor, financial auditor and group financial auditor. The Management Board reported on the results of the first quarter 2014. The Management and Supervisory Boards further discussed variances from the targets and debated possible solutions. The meeting also included a detailed discussion of how to implement the Management Board's decision, based on the STRABAG 2013ff task force reports, for measures in Hungary as well as the impact on output volume and earnings.

SUPERVISORY BOARD MEETING 3: EXTENSION OF THE MANAGEMENT BOARD MANDATES

During the third Supervisory Board meeting of the 2014 financial year on 27 June 2014, it was decided – in accordance with the specifications that had been discussed in detail by the presidential and nomination committee – to extend the mandates of all Management Board members by four years to 31 December 2018. Dr. Thomas Birtel was again appointed CEO for this period.

SUPERVISORY BOARD MEETING 4: INTERNAL AUDIT REPORTS AND TASK FORCE REPORT ON SWITZERLAND

During the fourth Supervisory Board meeting of the 2014 financial year on 18 July 2014, the chairman of the Supervisory Board reported on the positive outcome of the tenth Annual General Meeting, the audit committee reported on the results of internal audit, and the financial auditor reported on the planning for the audit of the financial statements for the 2014 financial year. The report by the Management Board on recent developments focused especially on the challenges in the RANC region (Russia and neighbouring countries). Possible consequences for STRABAG from the merger of cement manufacturers Holcim and Lafarge were also discussed with the Management Board. Finally, the discussion moved to proposals for implementing measures based on the visit to Switzerland by the STRABAG 2013ff task force. The measures are taking hold and the developments observed are positive.

SUPERVISORY BOARD MEETING 5: TASK FORCE REPORT ON POLAND AND ACQUISITION OF DIW

During the fifth Supervisory Board meeting of the 2014 financial year on 15 September 2014, the Management Board first reported on recent developments before discussing variances from the targets with the Supervisory Board. Regarding the developments in Poland, it was reported that measures to restructure and optimise the regional organisation had already been implemented starting with the foreseeable decline in orders after the 2012 European football championship. The task force undertook a more detailed analysis and further optimisations were made. The Management Board reported on the planned acquisition of DIW Group, a facility management company. As the range of services make a complementary addition to the existing activities, the Supervisory Board approved the Management Board's proposal.

SUPERVISORY BOARD MEETING 6: APPROVAL OF BOND AND SELF-EVALUATION BY SUPERVISORY BOARD

During the sixth Supervisory Board meeting of the 2014 financial year on 12 December 2014, Georg Hinterschuster was presented as the newest Supervisory Board member nominated by the works council. He replaces Gerhard Springer, who left the Supervisory Board after 20 years as employee representative. The Management Board reported on the latest situation, specifically that the positive results of the first half of the year continued into the third quarter. Recent developments in Russia were also discussed once more. The Management Board further reported on the measures to fight corruption (C-Rule 18a of the ÖCGK). In 2014, STRABAG reworked its ethics guidelines from 2007 and reissued them under the title "STRABAG Business Compliance". Finally, the Supervisory Board discussed the results of its self-evaluation. The review showed that the working methods of the Supervisory Board were rated very positively overall and that there are no suggestions for improvements. Also discussed were the IT-supported distribution of Supervisory Board documents under the aspects of data privacy and efficiency. Such a system will be tested in 2015.

Financial reporting

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 2014 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 2014 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.

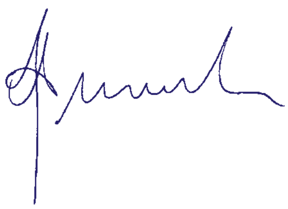
The auditor's reports and the group financial auditor's reports were submitted to the Supervisory Board. The audit committee reviewed the 2014 financial report and the management report including the proposed appropriation of net income and the corporate governance report, and the 2014 consolidated financial 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 the meeting of 27 April 2015, the Supervisory Board stated its agreement with the financial report and the 2014 consolidated financial statements and officially approved the 2014 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 auditors and financial auditors for the 2015 financial year, in accordance with the proposal of the audit committee.

Thanks

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, 27 April 2015

Ecological Responsibility

ECOLOGICAL RESPONSIBILITY

- CONSTRUCTION AND REAL ESTATE SECTOR RESPONSIBLE FOR 40 % OF ENERGY CONSUMPTION
- ENERGY COSTS DOWN BY 11 %
- PROPRIETARY SOFTWARE CARBONTRACKER COLLECTS CO_2 DATA
- RECYCLING OF CONSTRUCTION MATERIALS IN TRANSPORTATION INFRASTRUCTURES REDUCES GREENHOUSE GAS EMISSIONS
- INCREASING FOCUS ON A BUILDING'S LIFECYCLE COSTS: SUSTAINABLE CONSTRUCTION AND AUDITING OFFERED IN ACCORDANCE WITH THE CERTIFICATION SYSTEMS DGNB, LEED, ÖGNI AND BREEAM

Introduction

More information about ecological responsibility is available at cr.strabag.com

Almost daily we hear about the limits to growth, the finiteness of our natural resources, and the advance of climate change. The construction industry contributes its share. The production of buildings and other structures, their operation and use, as well as their demolition and dismantling uses resources and releases material into the environment. About **40 % of the total energy consumption** and around 35 % of the related greenhouse gas emissions in the European Union can be ascribed to the construction and real estate sector.

STRABAG wants to keep the negative impact of its business activity on the environment as low as possible. Our commitment to this aim also forms part of our Code of Conduct. We therefore place top priority on those **targets** which we can directly influence through our own actions:

1. Reduction of the direct and indirect negative environmental impact during construction
2. Reduction of energy use and CO_2 emissions
3. Continued development of processes and technologies for resource- and energy-efficient buildings

An increasing awareness among society and politics, as well as the changed environmental conditions due to climate change, have already caused a shift in client demands. Our strategic focus, our innovative strength and our Sustainable Building technology centre help to prepare us for the growing demand for resource-friendly services and products and allow us to proactively offer the corresponding solutions. Internally, we are continuing to develop our comprehensive energy and fuel management. But sustainable development can only be achieved when everyone involved in the construction process connects.

Energy management

The construction industry is an energy-intensive sector. The topic of energy therefore is of great importance for the STRABAG Group not only for ecological but also for economic reasons. The **energy costs** for the companies within STRABAG SE's scope of consolidation amounted to nearly € 304.67 million in 2014 (2013: € 342.73 million).

Energy management is an instrument with which it is possible to reduce energy use and, consequently, energy costs within the group over the long term. This requires operational objectives regarding energy use and CO_2 emissions as well as the development and realisation of corresponding measures. Due to the declining market prices for energy sources, but also thanks to the consistent implementation of the energy management introduced in 2012, energy costs fell by 11 % in 2014. STRABAG's energy management unites all measures that are planned or are being implemented to guarantee a minimum use of energy for the required performance. Attempts are made to influence organisational and technical processes, and the group's employees are sensitised to the goal of improving **energy efficiency**. The positive results of such an energy management can be seen in the reduction of energy costs, the increased potential for tax savings, and the protection of the environment as a result of reduced emissions.

ENERGY USE WITHIN THE GROUP

	Unit	2010	2011	2012	2013	2014
Electricity	MWh	499,945	499,146	486,033	497,943	433,164
Fuel	thousands of litres	212,614	241,433	245,660	252,718	230,926
Gas	heating value in MWh	705,973	658,356	565,048	560,507	505,371
Heating oil	thousands of litres	25,836	21,644	17,790	16,053	14,388
Pulverised lignite	tonnes	51,452	84,318	79,107	69,602	75,247

FUEL MANAGEMENT AS IMPORTANT BUILDING BLOCK OF ENERGY MANAGEMENT

The group's most important energy source is **fuel**, which accounts for about 70 % of the total energy costs and therefore holds the greatest potential for savings for the group. Over the course of the 2014 financial year, we developed some key indicators to determine the fuel consumption of the passenger car and commercial vehicles fleet. Based on these parameters, we have calculated a **savings potential** in the amount of **10 %**. We are currently also working on identifying the savings potential for our construction equipment.

The savings potential for the asphalt mixing plants is also currently the object of study. The main energy sources here are gas and pulverised lignite.

The energy data for the group are generated by **CarbonTracker**, a software for the **systematic calculation of energy and carbon data** that was developed internally in 2012. In 2014, we developed a variant of CarbonTracker, FuelTracker, specifically designed to handle the group's fuel management. **FuelTracker** is an application to monitor the fuel use of the STRABAG passenger car and commercial vehicles fleet.

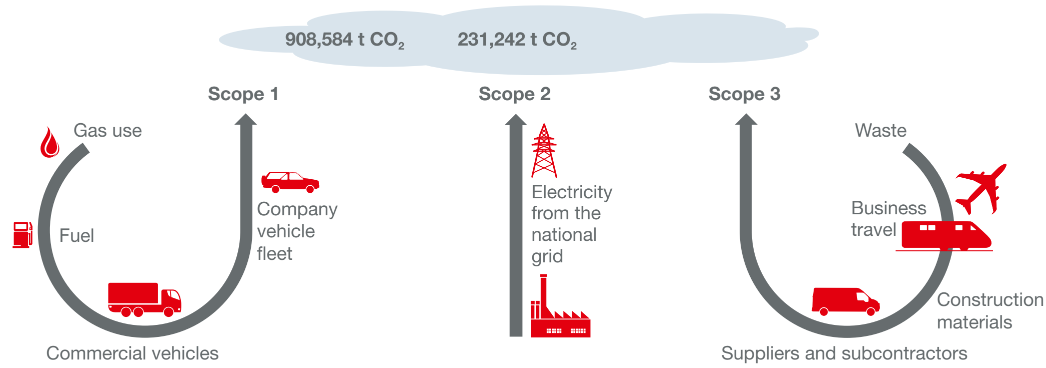
DRIVING ENERGY MANAGEMENT: CURRENT LEGISLATIVE DEVELOPMENTS IN AUSTRIA

Austria, one of our core countries, recently passed the **Energy Efficiency Act** (EEffG) as a way of bringing into force the EU Energy Efficiency Directive. This legislation supports our efforts in the area of energy management: in July 2014, STRABAG began working on an ISO 50001-certified nationwide energy management system in Austria for introduction in 2015.

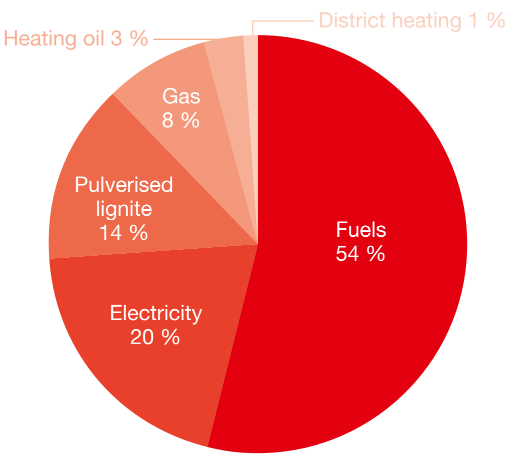
CONSIDERABLE DECLINE OF CO_2 EMISSIONS

The carbon footprint for the 2014 financial year refers to the group's full scope of consolidation and includes the emissions caused in 65 countries. Within the group, a total of 1,139,826 tonnes of CO_2 were emitted during the year under report. This represents a significant decline of 10 % or 124,074 tonnes of CO_2 in a year-on-year comparison. The emissions are reported separately for Scopes 1 and 2 as defined by the Greenhouse Gas Protocol. More than half of the CO_2 emissions in the group resulted from the use of fuels, mainly diesel. This was followed by electricity and pulverised lignite with 20 % and 14 %, respectively. Germany, Poland, Austria and the Czech Republic are responsible for the greatest share of these emissions (64 %). With 71 %, these countries also account for the greatest share of the group's output volume in 2014.

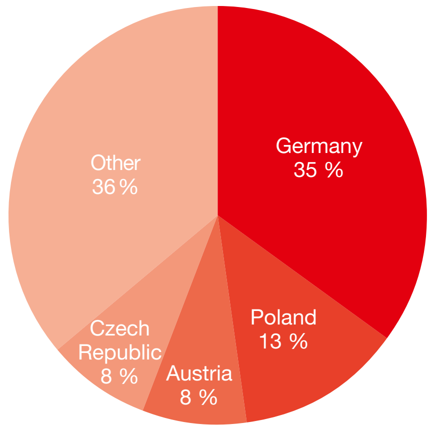
EMISSIONS OF THE STRABAG GROUP FOR THE YEAR 2014



CO_2 EMISSIONS BY ENERGY SOURCE



CO_2 EMISSIONS BY COUNTRY



Material use and resource savings

Economic growth, population increase and the development of infrastructure in structurally weak regions will keep resource demand at a high level around the world. This contributes to global environmental problems such as climate change, soil degradation and biodiversity decline. For this reason – and because many resources are finite –, a transition must take place toward a more resource-friendly and more sustainable level of recycling management.

The construction industry traditionally is an energy- and resource-intensive sector. Germany alone uses about 550 million tonnes of mineral resources a year, which corresponds to around 85 % of all processed raw materials within the country[1]. Given this high value, the construction sector plays a key role in the future development of efficient ways to use primary raw materials. STRABAG recognised this development years ago and is increasing its resource efficiency through **optimised production processes** for concrete, cement and asphalt, on the one hand, and, on the other hand, through the reprocessing and **recycling of construction materials**. In a European comparison, the recycling rates in two of our core countries, Austria and Germany, are already quite high. Technological advances and stricter legislation help to promote this positive development.

The transportation infrastructures segment holds especially high potential. Recycling used materials reduces greenhouse gas emissions and saves valuable primary raw materials. Moreover, with a rate of 82 %, we cover most of our asphalt needs ourselves. This puts us in a position to optimise the production process as needed and to initiate measures to raise energy efficiency.

1) Source: VDI ZRE publications: Kurzanalyse Nr. 2, Ressourceneffizienz der Tragwerke, 2014

MATERIALS USED

Material	Unit	2010	2011	2012	2013	2014
Stone/Gravel	thousands of tonnes	61,530	74,760	67,980	60,360	59,910
Asphalt	thousands of tonnes	13,245	15,273	13,900	13,110	13,840
Concrete	thousands of m^3	5,122	5,781	5,187	5,053	4,934

Environmental and quality management

In the planning and execution of construction projects and services, we strive to use energy and raw materials in a resource-friendly manner and to keep dust, noise, pollutants and waste to a minimum. This premise is also anchored in the environmental policy that is valid throughout the group. Our environmental management system, which has been introduced with **ISO 14001 certification** in accordance with international standards nationwide in nearly all group countries, helps us to recognise the most important areas for improvement, to set appropriate measures and to achieve our own targets. We can thus systematically contribute to improving our own environmental footprint as well as that of our clients.

Sustainable building

DGNB-certification also for head office in Stuttgart → cr.strabag.com

Rising energy prices, the increasingly noticeable impact of climate change, and rapid urban growth present the construction industry with new challenges: buildings are no longer optimised only according to investment criteria – lifecycle costs, quality and resource efficiency are also becoming more important. Thinking and working in cycles results in economical, environmentally friendly, low-resource buildings which also meet the high demands for functionality and flexibility.

Taking a building's entire **lifecycle** into account, energy demand is highest during the operating phase. An important and growing business field for STRABAG therefore is to optimise buildings so they consume little or no energy, or even generate their own, during their period of use. We have the technical know-how and necessary experience to design and produce sustainable buildings.

In addition to consultation and execution, we also conduct audits of new and existing buildings in accordance with the established certification systems **DGNB, LEED, ÖGNI** und **BREEAM.**

We also want to offer our own employees a chance to experience the health benefits and level of comfort which the users of sustainable buildings enjoy: seven of our group buildings at five locations have been built either fully or in part by STRABAG and its subsidiaries with subsequent certification according to DGNB or ÖGNI criteria.

HIGHLIGHT 2014: INCREASING IMPORTANCE OF TIMBER AS A CONSTRUCTION MATERIAL

Spectacular and versatile uses of timber in construction: Metropol Parasol in Sevilla, Spain

In addition to the use of recycled materials as a way to cut resource use, timber, being regenerative, is especially suited to replace critical materials and fossil resources in building construction. This is exactly the aim of group subsidiary Ed. Züblin AG's new timber construction division that was established in 2014. Its focus is on sustainable procurement, with only PEFC-certified timber purchased and used. PEFC certification guarantees that timber and paper products come from sustainable forest management.

Corporate Citizenship

CORPORATE CITIZENSHIP

- LONG-TERM SUPPORT OF SELECTED INITIATIVES
- IMPROVE STANDARDS AND SUPPORT CULTURAL PROJECTS
- INITIATIVES INCLUDE CONCORDIA SOZIALPROJEKTE, TYROLEAN FESTIVAL ERL, ENSEMBLE:PORCIA AND STRABAG KUNSTFORUM

What does corporate citizenship mean to us?

Focus on cultural and social projects as well as team sports

Our business activity – the business of building – directly shapes people's living environment. The result is an interaction between construction and society: only in a successful society can we succeed. At STRABAG, we therefore feel obliged to contribute to the healthy development of society as a whole. This means that we make contributions to maintain the social standards in Central Europe, to improve them in other countries, and that we support cultural projects as well as team sports to enhance team spirit.

We do not extend our social commitment indiscriminately, but instead support selected initiatives over the longterm in order to make a lasting contribution. If and in which form we lend our support is decided by the STRABAG SE Management Board according to eligibility criteria such as:

- Can STRABAG, given the nature of its business, make a contribution to the project that companies in other industries could not?
- Is the project worth our long-term commitment?
- Does the project fit our strategy and our public image?

Social projects

We are especially committed to helping children and youth in Eastern and South-East Europe by giving them an opportunity for an education and the chance for a better future. This also helps to secure the future of our company in these markets.

A chance for a better future

CONCORDIA SOZIALPROJEKTE

With STRABAG's help, Concordia supports people in need.

CONCORDIA is an internationally active, independent charity organisation for children, youth, the elderly, and families in need. From its start as a social project for street children in Bucharest twenty years ago, CONCORDIA has grown into an organisation which helps more than 1,000 children in Romania, Bulgaria and the Republic of Moldova.

The services comprise family-like children's homes, social centres for youth in precarious situations, assisted living facilities for young adults, outreach work, and a number of learning-style activities such as educational assistance, training workshops and music instruction. The top priority is to prepare disadvantage and often abandoned children and youth for a life that is as independent as possible.

In the Republic of Moldova, CONCORDIA attends to the needs of more than 5,000 people living in existential poverty. All over the country, CONCORDIA's social centres and soup kitch-ens provide elderly people and children in need with the essentials they require every day. STRABAG has been a partner of CONCORDIA for years, helping to build living facilities for (orphaned) children, setting up social centres and soup kitchens, and offering continuous support of the organisation's activities.

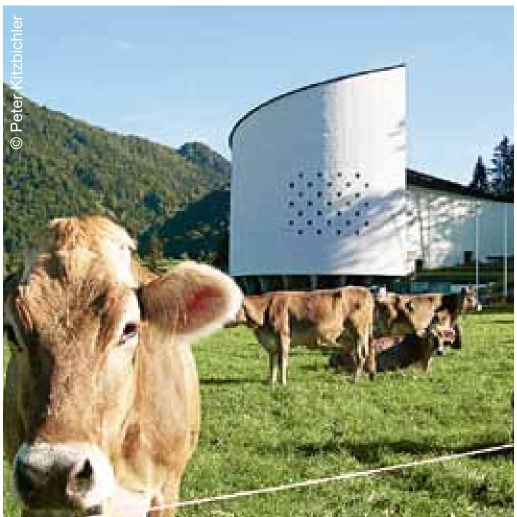
More information: www.concordia.or.at

Cultural projects

TYROLEAN FESTIVAL ERL

© Peter Kitzbichler

The STRABAG-built festival theatre in Erl



© Peter Kitzbichler

Tyrolean Festival Erl was founded in 1997 and has been held in the illustrious Passion Play town of Erl in Austria under the overall direction of Gustav Kuhn every year since 1998. STRABAG has been a supporting partner from the beginning. An attractive winter season programme was added to the summer programme in 2012 when performances became possible in the newly opened STRABAG-built festival theatre.

Tyrolean Festival Erl has become a respected fixture in the cultural life of Tyrol and internationally. The focus in the summer is on Wagner and Strauss as well as on a classical and romantic concert repertoire. In the winter, the unique acoustics in the new festival theatre do justice to the works of Mozart, Bach, Italian composers and belcanto.

More information: www.tiroler-festspiele.at

ENSEMBLE:PORCIA

Ensemble:Porcia is one of Austria's oldest summer theatre festivals. The troupe can look back at more than 50 years of tradition in comedy at its historic venue of Porcia Castle in Spittal an der Drau in Carinthia, Austria. Under its new artistic director Angelica Ladurner – who, on the wish of her long-serving predecessor Peter Pikl, in September 2014 took on the challenge of taking comedy into the future with a new, more feminine team – the organisation is not only returning to its original name, Ensemble:Porcia, but will also focus more on European comedy.

Every summer season from June to August, the professional ensemble performs six new productions of great comedies – a programme that comes up to the limits of a medium-sized city theatre.

More information: www.ensemble-porcia.at

European comedies have a home in Carinthia.

STRABAG KUNSTFORUM

STRABAG Kunstforum opens up the world of contemporary art to STRABAG's staff and visitors. Regular exhibits are held in the Artlounge at the group's Vienna headquarters and temporary exhibits of the more than 20-year-old collection are organised at over 70 office locations in Austria and abroad. The STRABAG Artaward, presented in Austria since 1994 and internationally since 2009, has made STRABAG Kunstforum a fixture on the Austrian and international art scene.

More information: www.strabag-kunstforum.at

1 Alfred Hrdlicka's bronze sculpture "Gladiator" and a painting by Daryoush Asgar in the entrance area of the 4th floor of STRABAG Haus in Vienna
2 The winners of the STRABAG Artaward are presented during solo exhibitions in the STRABAG Artlounge on the top floor of STRABAG Haus in Vienna – here a glimpse of the exhibition "Unrest" by Russian winner Masha Sha.

1 Art in construction in Bratislava: “House Attack” by Erwin Wurm
2 The monumental painting “Under Your Sign” by Helmut Ditsch was commissioned especially for the lobby area of the STRABAG Haus in Vienna.
3 Nine monumental sculptures by Bruno Gironcoli are on display in the “Gironcoli-Kristall” event room at STRABAG Haus in Vienna.

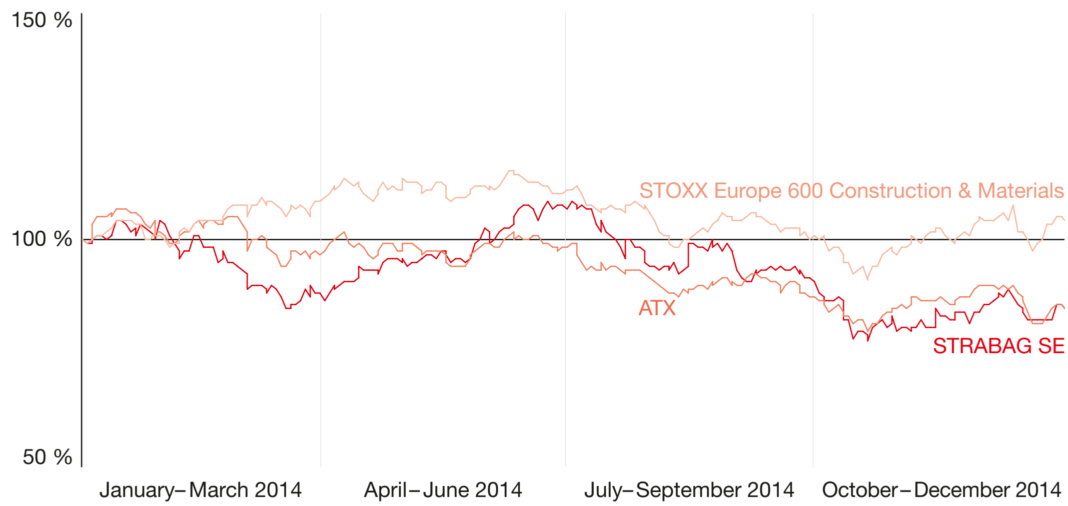
Economic Responsibility

SHARES, BONDS AND INVESTOR RELATIONS

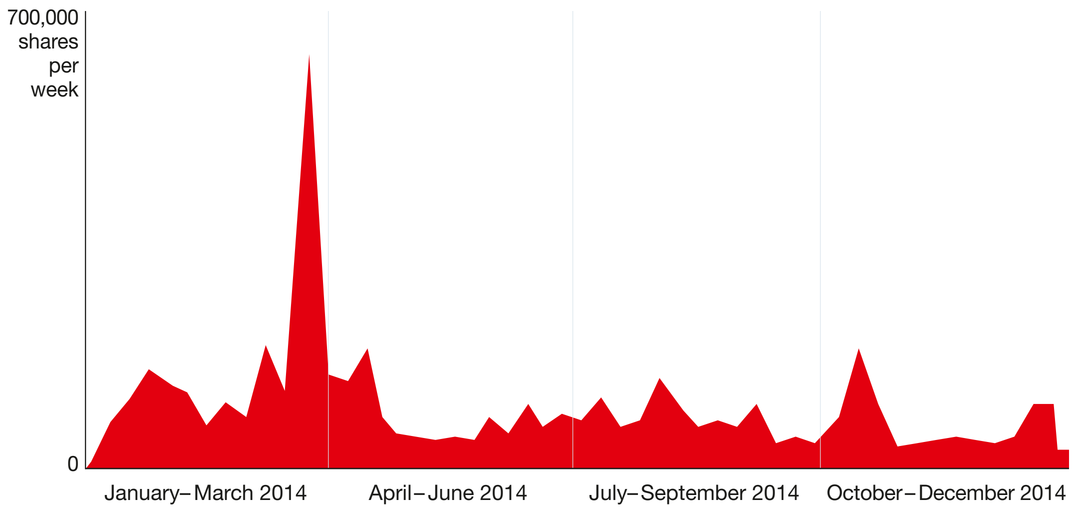
- STRABAG SE SHARE FELL – LIKE THE BLUE CHIP INDEX ATX – BY 15 %
- PROPOSED DIVIDEND OF € 0.50 PER SHARE
- NINE BANKS COVER STRABAG SE ON A REGULAR BASIS

The STRABAG SE share

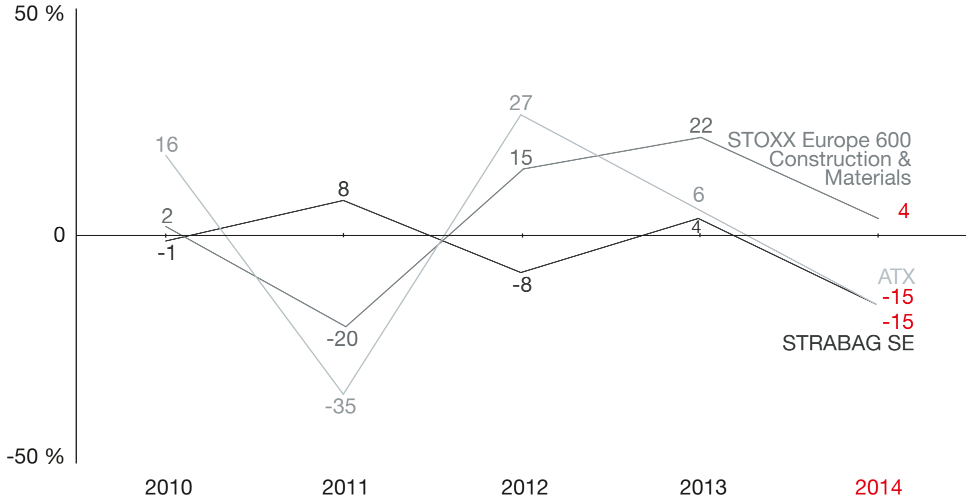
DEVELOPMENT OF THE STRABAG SE SHARE PRICE AND OF THE BENCHMARK INDEXES



TRADE VOLUME OF STRABAG SE SHARES



MULTI-YEAR DEVELOPMENT OF THE STRABAG SE SHARE PRICE AND OF THE BENCHMARK INDEXES



STRABAG SE share at year's end: € 18.18

The 2014 stock market year was marked by different levels of economic development in the individual markets, by insecurities regarding central bank policies, and by a number of political crises. On the one hand, the continuing low interest rates and the market-friendly policies of the US Federal Reserve helped shore up the US stock market. The blue chip index **Dow Jones Industrial** grew by 8 % and toward year's end even topped the milestone of 18,000 points, although here and there the upward trend had been interrupted by some noteworthy declines. The Japanese **Nikkei 225** also posted gains, growing by 7 %. This increase is largely due to the price rally that began in mid-October.

On the other hand, **Eurostoxx 50** posted a plus of just 1 %. The weak performance is a reflection of the restrained European economy, the continuing structural problems in some of Europe's large national economies, as well as insecurities regarding the stability of the currency union and in relation to the Ukraine-Russia crisis. Germany's **DAX** index, which gained 3 %, offered a somewhat more positive picture, although the price development here was highly volatile as well.

The Austrian blue chip index **ATX** started 2014 on a positive note, but then began to continuously lose ground. It finally closed the year down by 15 % – just like the **STRABAG SE share.** The share's price movement was characterised by strong fluctuations: a weak first quarter was followed by a significant upward trend leading into positive territory and a year's high in June. Thereafter, however, the levels continued to fall until year's end with a closing price of € 18.18. One reason for this development could be the fact that the STRABAG SE share was delisted from the ATX on 24 March 2014, making it less attractive to a significant portion of the investment community. The industry itself did not face serious pressure, as a comparison shows: the construction sector index **STOXX Europe 600 Construction & Materials** remained in positive territory for most of 2014, despite registering the occasional price fall in the second half of the year. In total, the index closed with a plus of 4 %.

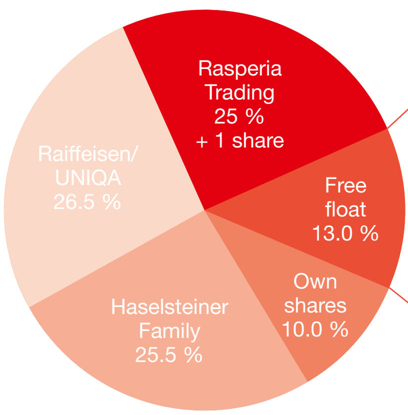
KEY SHARE INDICATORS

Share figures	2010	2011	2012	2013	2014
Closing price on 31 December (€)	20.50	22.11	20.43	21.32	18.18
Year's high (€)	21.96	24.30	23.50	21.70	23.13
Year's low (€)	16.42	17.90	17.20	15.59	16.55
Number of outstanding bearer shares on 31 December (shares)	113,999,997	105,224,733	103,087,657	102,599,997	102,599,997
Number of outstanding bearer shares, weighted (shares)	114,000,000	111,424,186	104,083,238	102,716,850	102,599,997
Market capitalisation on 31 December (€ billion)	2.3	2.5	2.1	2.2	1.9
Average trade volume per day (€ million)	3.8	3.3	1.0	1.0	0.8
Number of STRABAG SE shares traded (shares)	49,077,310	38,742,980	12,759,384	13,481,520	9,747,782
Volume of STRABAG SE shares traded (€ billion)	0.9	0.8	0.3	0.2	0.2
P/E ratio on 31 December	13	13	35	19	15
Earnings per share (€)	1.53	1.75	0.58	1.11	1.25
Book value per share (€)	27.1	27.9	27.8	28.4	27.6
Price-to-book ratio	0.8	0.8	0.7	0.8	0.7
Cash flow from operating activities per share (€)	6.1	4.5	2.6	6.8	7.1
Proposed dividend per share (€)	0.55	0.60	0.20	0.45	0.50
Divident payout ratio (%)	36	34	34	41	40
Dividend yield (%)	2.7	2.7	1.0	2.1	2.8
Share capital (€ million)	114	114	114	114	114
Weight in ATX (%)	1.79	1.75	1.22	1.22	n. a.
Weight in ATX Prime (%)	1.49	1.57	1.12	1.08	1.11
Weight in WBI (%)	2.53	3.89	2.94	2.89	2.66

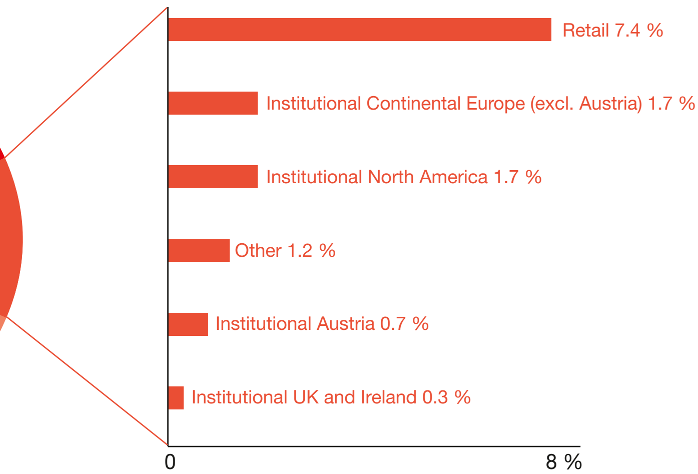
Share price below book value

Shareholder structure

SHAREHOLDER STRUCTURE AS AT 15 JANUARY 2015



DISTRIBUTION OF THE FREE FLOAT



Own shares as acquisition currency

The **core shareholder structure** changed only slightly in the past financial year: On 15 July 2014, core shareholder Rasperia Trading Ltd., a subsidiary of industrial conglomerate Basic Element, exercised its call option to purchase 6,377,144 shares of STRABAG SE from the other core shareholder groups, i.e. from the Haselsteiner Family and from the Raiffeisen and UNIQA Group. Rasperia thus increased its share to 25 % + 1 share and now holds a blocking minority in the company – as it already had after the IPO of STRABAG SE in 2007. As far as we know, no investor other than the core shareholders holds more than 5 % of the company.

As a result of the **share buyback programme** that was started in July 2011 and which ended on 23 May 2013, STRABAG SE held 10.0 % or 11,400,000 own shares as at 31 December 2014. The shares, which were continuously bought back on the stock market and over the counter, or acquired directly from the free float shareholders, are amongst others intended for use as acquisition currency. This alternative has not yet been exercised, which leaves the volume of the free float at 13.0 %.

In January 2015, we commissioned a shareholder ID to learn more about the distribution of our **free float**. The analysis revealed that 7.4 % of STRABAG SE shares were in the hands of the retail public – more than with institutional investors. The institutional free float is allotted to 1.7 % each to investors from continental Europe and North America and 0.7 % from Austria. The percentage of shares allotted to Austrian institutional investors has thus declined significantly. At 0.3 %, investors from the UK and Ireland continue to play a subordinate role.

Annual General Meeting

With 100 % and over 99.9 % of the votes cast, the 2014 Annual General Meeting approved the actions of the Management and Supervisory Boards, selected the financial auditor, and decided on the payment of a dividend in the amount of € 0.45 per no-par share for the 2013 financial year. The General Meeting also passed, with 97.5 % of the votes, the resolution concerning the creation of additional authorised capital and changes to the Articles of Association in Section 4 Para 1. A total of 831 registrations representing 90,186,831 no-par shares were made for the Annual General Meeting.

ANNUAL GENERAL MEETING TAKES PLACE ON 12 JUNE 2015

The next Annual General Meeting will be held in the Austria Center Vienna at 10:00 a.m. CEST on 12 June 2015. Shareholders wishing to attend are requested to provide proof of shareholder status with their bank by 2 June 2015. Details regarding the correct procedure can be found on our website at www.strabag.com > Investor Relations > Annual General Meeting.

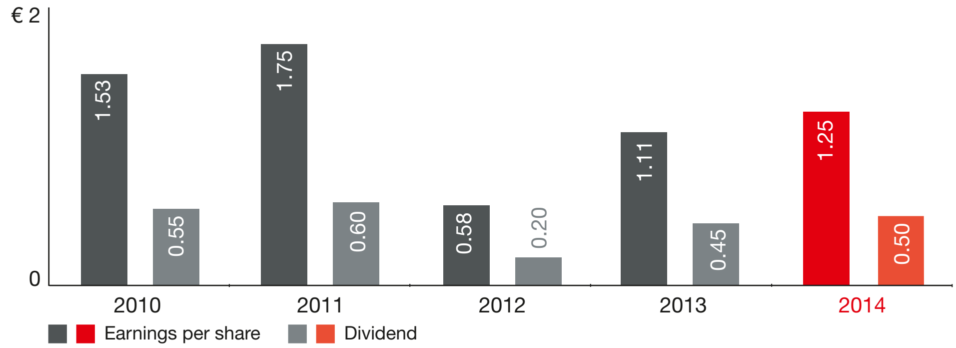
Dividend

Dividend: € 0.50 per share

STRABAG places great value on a constant dividend policy. The Management Board is keeping to its goal of paying out 30–50 % of net income after minorities to the shareholders in the form of a dividend once a year. The exact payout ratio is determined by the general development of the business as well as by the group's opportunities for growth.

In accordance with this goal, the Management Board of STRABAG SE will propose to the Annual General Meeting of 12 June 2015 a dividend of € 0.50 per share for the 2014 financial year. This corresponds to a dividend payout ratio of 40 % and, based on the share price of € 18.18 on 31 December 2014, a dividend yield of 2.8 %. The ex-dividend date has been set for 19 June 2015, the dividend payment date for 22 June 2015.

EARNINGS PER SHARE AND DIVIDEND



Bonds

OVERVIEW OF THE LISTED BONDS

Term	Interest %	Volume € mln.	ISIN	Exchange
2010–2015	4.25	100	AT0000A0DRJ9	Vienna
2011–2018	4.75	175	AT0000A0PHV9	Vienna
2012–2019	4.25	100	AT0000A0V7D8	Vienna
2013–2020	3.00	200	AT0000A109Z8	Vienna
2015–2022	1.625	200	AT0000A1C741	Vienna

STRABAG SE (and its predecessor, FIMAG) has to date issued eleven corporate bonds, of which four are still listed. STRABAG continued its years-long strategy of bond issues with its most recent issue of a € 200 million 2015–2022 bond carrying a coupon of 1.625 %. In the 2014 financial year, on the other hand, the company opted against issuing another bond.

S&P AGAIN CONFIRMS CORPORATE CREDIT RATING OF BBB-

S&P rating: BBB-

STRABAG SE and its bonds are regularly rated by the international ratings agency Standard & Poor's (S&P). In November 2007, S&P raised the corporate credit rating for STRABAG SE from BB+ to BBB-, thus elevating STRABAG SE to "investment grade". In August 2014, S&P again confirmed its BBB- rating and stable outlook for STRABAG SE. The rating agency explained its decision in part due to the company's vertical integration, the strategic access to construction materials, the strong liquidity position and the track record of stable operating margins in an otherwise cyclical and highly competitive industry.

Thank you to all subscribers of our bonds

At the presentation of the Vienna Stock Exchange Awards in May 2014, the STRABAG SE teams from Financing, Consolidation and Investor Relations were proud to receive second place in the category "Corporate bond Prize". The prize was awarded under consideration of the Annual Report, the company's information and communication policy with analysts, and the publication of a rating.

Investor Relations

As we pursued our investor relations activities as persistently in 2014 as in the years before, investor interest grew slightly despite the low free float. In addition to the prescribed quarterly reports, we informed 100 capital market participants (2013: 79) in 65 (52) one-on-ones, telephone conferences and group talks. We took part in eleven (eight) **road shows** and **investor conferences** organised by Baader Bank, Deutsche Bank, Erste Group, GBR Financial Services, Kepler Cheuvreux, MainFirst, Raiffeisen Centrobank, Wiener Privatbank and WOOD & Company and conducted investor talks in places such as Frankfurt, Berlin, Munich, Milan, Zurich, Warsaw, Prague and Vienna.

If you want to learn more about our future road show activities, please visit our website at www.strabag.com > Investor Relations. The corporate calendar is updated continuously and includes all the planned road show events as well as the dates for the publication of our financial results.

WE ARE IN CONSTANT CONTACT WITH OUR INVESTORS

Not only are we in constant e-mail and telephone contact with our institutional investors and analysts, we also provide extensive information to our private investors. We do so among other things by offering web and audio broadcasts of portions of our Annual General Meetings, investor conferences and press conferences on our website, and we try to reach our private shareholders and interested parties through a variety of different channels. Every individual investor benefits from our taking the time to communicate with the market and to strive for constant improvement in our investor relations work – because excellent investor relations have a positive effect on the share price and reduce the amount of time required to form an opinion of the company. It is our goal to further increase our investor relations efforts, to maintain a steady flow of information and, in so doing, to help the analysts for banks and institutional investors make correct assessments of STRABAG SE's shares and bonds.

Analyst research provides current as well as potential shareholders with a first indication of the assessment of STRABAG SE. We are therefore delighted that nine banks regularly analyse STRABAG SE in order to issue target prices and recommendations for our shares:

- **Commerzbank**, Frankfurt (Norbert Kretlow)
- **Deutsche Bank**, Vienna (Matthias Pfeifenberger)
- **DZ Bank**, Frankfurt (Ingo Wermann)
- **Erste Group**, Vienna (Daniel Lion)
- **HSBC Trinkaus & Burkhardt**, Düsseldorf (Tobias Loskamp)
- **Kepler Cheuvreux**, Vienna (Stephan Trubrich)
- **LBBW**, Stuttgart (Hans-Peter Kuhlmann)
- **MainFirst Bank**, Frankfurt (Christian Korth)
- **Raiffeisen Centrobank**, Vienna (Markus Remis)

Additionally, credit analysts at these banks are currently covering our bonds:

- **Erste Group**, Vienna (Elena Statelov)
- **Raiffeisen Bank International**, Vienna (Igor Kovacic)

HOW TO RECEIVE INFORMATION ABOUT STRABAG SE

STRABAG SE's Investor Relations department reports directly to the CEO and sees itself as the service department for existing and potential private shareholders, institutional investors and analysts, as well as the point of contact for capital market issues for the group's operating units. For us, quick response times, comprehensive information and a constant dialogue with the capital market and the general public are a matter of course. We place great importance on informing all shareholder groups quickly and simultaneously. To achieve this, we publish all company-relevant news on our website at the same time that we send our **investor relations newsletter** per e-mail. If you would like to receive this information, please register on the Investor Relations page on our website www.strabag.com or give us a call.

Your questions and suggestions are important to us for the continued improvement of our services. We look forward to hearing from you:

STRABAG SE
Investor Relations
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@ investor.relations@strabag.com

At www.strabag.com > Investor Relations, you will also find:

- Up-to-date road show documents
- Company presentations
- Analyst consensus recommendations
- Complete versions of the credit research reports
- Live broadcasts and recordings of telephone and investor conferences
- Stock calculator
- Subscription to receive daily share price information
- Individual share price charts
- Download versions of the Annual Reports and Interim Reports
- Order form for the print versions of our publications
- Financial calendar

GROUP MANAGEMENT REPORT

Important Events

JANUARY

Charité hospital in Berlin is being renovated by Ed. Züblin AG joint venture

STRABAG subsidiary Ed. Züblin AG, in a joint venture with VAMED Deutschland, has begun construction at the Charité hospital in Berlin. Over the next three years, the 21-storey bed tower of the university clinic in Berlin-Mitte will be renovated and equipped with the latest state-of-the-art medical technology. The contract comprises the end-to-end execution planning, gutting and renovation of the bed tower as well as the construction of an adjoining new five-storey building to house several intensive care units, 15 operating rooms, and one emergency department. Planning of the medical technology as well as support during trial operation of the facility also form part of the joint venture's tasks. The construction works are expected to last until the end of 2016.

FEBRUARY

Ed. Züblin AG builds section of A 100 motorway in Berlin for € 73 million

Ed. Züblin AG has been awarded the contract to build a section of the urban motorway A 100 in Berlin. The contract value of the construction of the new 700 m section including several bridges is € 73 million. Construction has already begun and is expected to last until August 2017.

MARCH

EFKON chosen by ASFINAG for automatic toll sticker monitoring system

EFKON AG, a subsidiary of STRABAG headquartered in Raaba near Graz, was awarded the tender from Austrian road operator ASFINAG for the modernisation of the national toll sticker monitoring system.

STRABAG builds Zielone Arkady shopping centre in Bydgoszcz

Polish STRABAG Sp. z o.o. has been awarded the contract to build the Zielone Arkady ("Green Arcades") shopping centre with a scheduled date of completion at the end of October 2015. With 50,000 m² of rental space, it will be the largest shopping centre in Bydgoszcz. The construction volume is valued in the mid-double-digit million euro range. The development is being built in accordance with the BREEAM principles of sustainable construction.

Main entrance to the shopping centre "Zielone Arkady" in Bydgoszcz

MAY

STRABAG invests in N17/N18 section of the Irish motorway network

As part of the DirectRoute consortium, STRABAG will finance, plan, build and operate the 57 km long section of the Irish N17/N18 motorway between Gort and Tuam near Galway. The public-private partnership project has a total private sector investment value of about € 330 million. Equity funding represents 12 % of the overall funding, with STRABAG's share as investor amounting to 10 % of this equity. The motorway is to be opened to traffic in November 2017. Industry magazine "Project Finance International" awarded this project the "European PPP Deal of the Year" for its funding.

Züblin A/S is awarded large building construction contract in Denmark

Züblin A/S, a Danish subsidiary of the STRABAG Group, was awarded the contract to build the "Axeltorv, AT2" project, a 14-storey multi-use building in the centre of Copenhagen. The contract value of the turnkey building is about € 103 million. The handover of the project is expected by the end of 2016.

"Axeltorv, AT2“ in Copenhagen

STRABAG consortium builds Ulriken railway tunnel in Norway for more than € 150 million

STRABAG, as part of a consortium, has been awarded the contract to build Section UUT21 of the Ulriken Tunnel. The contract value of the 7.8 km long tunnel, which will connect the Bergen and Arna stations, is € 156 million. STRABAG holds 50 % of the construction consortium. The construction works started in June 2014 and will last for about seven years. A special feature of the project is the use of the largest tunnel boring machine in Norway to date.

JUNE

STRABAG parts with its flue gas treatment business

STRABAG withdrew from its flue gas treatment business. The assets in its subsidiary STRABAG Energy Technologies GmbH, Vienna, were sold to international industrial group Yara International ASA, Oslo. STRABAG's flue gas treatment business, with some 70 employees, had generated an annual output volume of about € 25 million, primarily in Germany, the Czech Republic, Poland, the Middle East and Taiwan. The parties to the transaction have agreed not to disclose details of the purchase price.

Brenner Base Tunnel: STRABAG consortium awarded contract for main section Tulfes–Pfons

The bidding consortium consisting of STRABAG and Salini Impregilo has been awarded the largest contract section to date for the Brenner Base Tunnel. For a contract value of about € 380 million (STRABAG's share amounts to 51 %), the consortium will build the twin-tube rail tunnel between Tulfes and Pfons as well as a section of the exploratory tunnel, the new rescue tunnel running parallel to the Innsbruck bypass, and two connecting side tunnels. The construction time for the approximately 38 tunnel kilometres is planned from the second half of 2014 to probably 2019.

Züblin Scandinavia AB is awarded a contract for Marieholms Tunnel in Gothenburg

Züblin Scandinavia AB, a Swedish subsidiary of STRABAG SE, as leader and main shareholder of a joint venture, has been awarded the contract to build the Marieholms Tunnel project, an immersed tunnel passing under the river Göta älv in Gothenburg. The design & build agreement, which also comprises the mechanical and electrical works, has a total contract value of about € 170 million. Completion of the tunnel is expected for 2020.

Züblin A/S is awarded the contract for Copenhagen metro line

Construction of a 2 km metro tunnel

Züblin A/S is leading a joint venture for the construction of Copenhagen's new metro line between Østersøgade and the Nordhavn metro station. The contract includes about 2 km of metro line connecting the ongoing construction of "Metro Cityring" with the new Nordhavn development area in the city of Copenhagen. The order has a total value of € 150 million, with Züblin's share amounting to about € 90 million. The construction work is planned to last until 2019.

Renewal of € 2 billion syndicated surety loan

STRABAG SE has concluded the renewal of a syndicated surety loan (SynLoan) with a consortium of 14 international banks. The volume of the surety loan amounts to € 2.0 billion. The line of credit will be available to all STRABAG subsidiaries for sureties (bank guarantees) within the scope of exercising the general business activity. The new term is for five years with two extension options of one year each.

STRABAG SE prematurely extends € 400 million syndicated cash credit line

In view of a favourable financing environment, STRABAG SE has prematurely extended its revolving syndicated cash credit line in the amount of € 400 million. The group had initially arranged the cash credit line in 2012 with an original maturity in 2017. With the new term of five years, including two options to extend by one year each, STRABAG SE remains capable of securing its comfortable liquidity position for the long term.

STRABAG constructs steel plant in Russia for € 300 million

STRABAG has been contracted by Russia's Tula-Steel Company to build a steel production and rolling mill in Tula, some 200 km south of Moscow. The contract value is several hundred million euros. The construction of the project began in autumn 2014 and is expected to be completed within 36 months.

JULY

All Management Board mandates extended until end of 2018

The Supervisory Board of STRABAG SE, acting on the recommendation of the presidential and nomination committee, has reappointed all current members of the STRABAG SE Management Board for a new term lasting from 1 January 2015 to 31 December 2018. Dr. Thomas Birtel has been confirmed as CEO.

Core shareholder Rasperia raises stake in STRABAG SE to 25 % + 1 share

Rasperia Trading Ltd., a subsidiary of industrial conglomerate Basic Element, has exercised a call option to purchase shares and has thus increased its holding in STRABAG SE from 19.4 % to 25 % + 1 share, a stake it had already held previously. Rasperia acquired 6,377,144 shares for € 19.25 a piece and for a total investment of around € 123 million from the company's other core shareholders – the Haselsteiner Family, Raiffeisen and UNIQA.

STRABAG solidifies presence in Canada with winning bid to build outfall tunnel

STRABAG has secured the contract in Canada to build the Mid-Halton Outfall Tunnel for CAD 79 million (approx. € 54 million). The project centres on the excavation of two 60 m deep shafts and a 6.3 km rock-bored tunnel. Construction began in mid-July 2014 and is expected to be completed within 39 months. STRABAG has been offering ground civil and ground engineering as well as tunnelling in Canada since 2005.

More than € 100 million deal to construct S7 section "Trasa Nowohucka" in Cracow

A consortium comprising two subsidiaries of the STRABAG Group, STRABAG Sp. z o.o. and STRABAG Infrastruktura Południe Sp. z o.o., has signed a contract for the construction of an 18.6 km long stretch of the planned S7 expressway in the east of Cracow, called "Trasa Nowohucka", which will run between Rybitwy and Igołomska. The contract is worth around € 103 million. The construction is expected to be completed within 36 months.

STRABAG Real Estate sells large-scale project "Upper West" in Berlin

STRABAG Real Estate GmbH (SRE) sold its "Upper West" property development located at Berlin's Kurfürstendamm, with a project volume of € 250 million, to RFR Holding GmbH. The complex, consisting of a 118 m high-rise tower and a lower block-shaped building, comprises about 53,000 m² of total tenant. SRE acquired the approx. 3,400 m² property in September 2011. The construction works, being carried out by STRABAG SE's subsidiary Ed. Züblin AG, began in November 2012. The project is scheduled for completion in early 2017.

"Upper West" is being built along Kurfürstendamm in Berlin.

STRABAG wins in consortium contract for toll collection system in Belgium

Satellic NV, a project company established by T-Systems (76 %) and STRABAG (24 %), has been awarded the contract for the construction and operation of a satellite-based toll collection system for trucks weighing more than 3.5 tonnes. The contract has a term of twelve years and envisages that Satellic will establish the new toll collection system in the next 18 months. EFKON AG delivers the entire system technology – the so-called enforcement technology.

Consortium including Polish STRABAG subsidiary builds section of S5 expressway in Poland

A consortium consisting of STRABAG Infrastruktura Południe Sp. z o.o., a subsidiary of STRABAG SE, and Budimex S.A. was awarded the contract to build a 15 km long section of the S5 expressway between Poznań and Wrocław with a value of about € 112 million. Heilit+Woerner holds 50 % in the consortium. Completion and commissioning of the new section are scheduled for 2017.

AUGUST

STRABAG extends container port in Mauritius

STRABAG extends and strengthens the container harbour at Port Louis, Mauritius, together with its partner Archirodon Construction (Overseas) Co. SA. The project has a volume of USD 115 million (approx. € 90 million), of which STRABAG holds 50 %, and is to be completed in slightly over two years.

SEPTEMBER

Ed. Züblin AG commissioned to build the Cherbourger Strasse harbour tunnel in Bremerhaven

As part of a consortium, Ed. Züblin AG (technical leader/JV share 37 %) and Züblin Spezialtiefbau GmbH (JV share 30 %) were awarded the contract to build the Cherbourger Straße harbour tunnel in Bremerhaven. The order volume of around € 122 million includes the construction of the two-lane road tunnel, using an open cut construction method, and shall also include all entrance and exit ramps, two operation buildings and ten escape staircases. The tunnel is scheduled to be completed by the end of June 2018.

STRABAG building Kościerzyna bypass in Poland for € 40 million

A consortium of several STRABAG companies has been awarded the design and build contract for a 7.6 km bypass around the city of Kościerzyna in northern Poland. The contract has a value of about € 40 million. Approximately 30 months are scheduled for the construction phase.

STRABAG building section of A4 motorway in Poland for € 70 million

A consortium consisting of STRABAG Sp. z o.o. and Budimex S.A. has signed the contract to build a 41 km section of the A4 motorway from Rzeszów to Jarosław in south-eastern Poland. The contract has a value of about € 140 million. STRABAG holds a 50 % share in the consortium. The motorway is scheduled for completion and should be opened to traffic in the first half of 2016.

STRABAG acquires industry services provider DIW Group

STRABAG SE has acquired DIW Group (Stuttgart), a 100 % subsidiary of Voith GmbH, for integration into its property and facility services division. With the acquisition, STRABAG expanded its service portfolio to include industrial cleaning and consolidates its position as the second-largest facility services company in Germany with forecasted revenue of around € 1 billion. DIW's approximately 6,000 employees generate revenue of about € 175 million a year. The purchase price lies in the double-digit million euro range.

OCTOBER

STRABAG Real Estate develops office and commercial building in downtown Warsaw

The STRABAG Real Estate GmbH is developing an office and commercial building in Warsaw. "Astoria" with a gross floor area of nearly 28,000 m² will be erected right in the centre of the Polish capital, directly between the Old Town and the city's business district. The contractor STRABAG Sp. z o.o. started the works in summer. The completion of the € 75 million project is planned for the first half of 2016.

STRABAG consortium builds € 300 million Eisack River undercrossing for Brenner Base Tunnel

The construction group STRABAG, in a consortium with the Italian construction companies Salini Impregilo, Consorzio Cooperative Costruzioni CCC and Collini Lavori, signed the € 300 million contract to build the 4.3 km long Eisack River undercrossing section of the Brenner Base Tunnel. STRABAG holds a 39 % share in the consortium. Work began in 2014 with a planned construction time of around eight years.

NOVEMBER

Züblin awarded contract to build hydroelectric power plant in Chile

Züblin Chile has been awarded the contract to build a hydroelectric power plant by energy group Colbún S.A. south of the Chilean capital of Santiago. The € 36 million contract was signed in mid-November. The contract for Züblin Chile comprises all earth and concrete works for the intake structures, an open-channel waterway, a turbine hall and a stilling basin. The construction works are expected to last about 25 months and should be concluded in early 2017.

DECEMBER

STRABAG to build Volkswagen factory in Września, Poland

The Polish STRABAG subsidiary has been awarded the contract to build a new production plant for Volkswagen commercial vehicles in Poland. The automobile manufacturer plans to manufacture the next generation of its VW Crafter delivery van in the new factory in Września. STRABAG has been commissioned to build three of the five modern production and industrial buildings that form part of the overall investment by the middle of 2015.

STRABAG Group and consortium partner Norderland-ETANAX sell offshore wind farm project Albatros

Approval for 79 wind turbines in the German North Sea

EnBW Energie Baden-Württemberg AG has acquired the Albatros offshore wind farm project from the consortium partners STRABAG and the Norderland/ETANAX Group. This offshore wind project, which has approval for 79 wind turbines of the 5–7 MW rating class, is located 105 km off the coast in the German sector of the North Sea. The wind farm covers an area of 39 km² at a water depth of 39–40 m. The contractual partners have agreed not to disclose any information about the purchase price. With their portfolio of 12 project developments, the STRABAG Group and the Norderland/ETANAX Group continue to be active in the offshore wind farm business. The projects will be developed until they are ready for approval or investment, and will subsequently be sold off or constructed in tandem with investment partners.

Country report

DIVERSIFYING THE COUNTRY RISK

2015 output volume unchanged at € 13.6 billion

Despite the strong presence in its home markets of Austria and Germany, STRABAG sees itself as a European-based company. The group has been active in Central and Eastern Europe for several decades. On the one hand, it is a tradition for the company to follow its clients into new markets. On the other hand, the existing country network with local management and established organisational structures makes it possible to export the technology and equipment and to use them in new regions at low cost and effort. In order to diversify the country risk even further, and to profit from the market opportunities in other parts of the world, STRABAG intends to intensify especially its international business, i.e. its activities in countries outside of Europe. The company expects its international business to grow to at least 10 % of the output volume by 2016.

The STRABAG SE Group generated an output volume of € 13.6 billion in the 2014 financial year, unchanged at the same high level as the year before. Increases in the home markets of Germany and Austria, for example, offset with declines in markets such as the RANC region (Russia and neighbouring countries) or Romania. The output volume in Germany developed positively, thanks to the mild winter – and despite the very restrained tender award policy in transportation infrastructures on the part of the public sector. Large projects were completed in Romania and Russia at the same time that newly acquired orders in these markets have not yet found expression in the output volume.

OUTPUT VOLUME BY COUNTRY

€ mln.	**2014**	**% of total output volume 2014**	**2013**	**% of total output volume 2013**	**Δ %**	**Δ absolute**
Germany	6,080	45	5,789	43	5	291
Austria	2,058	15	1,982	15	4	76
Poland	817	6	787	6	4	30
Czech Republic	620	5	645	5	-4	-25
Hungary	544	4	496	4	10	48
Slovakia	427	3	340	3	26	87
Switzerland	359	3	386	3	-7	-27
Benelux	324	2	400	3	-19	-76
Russia and neighbouring countries	302	2	561	4	-46	-259
Middle East	272	2	323	2	-16	-51
Sweden	271	2	316	2	-14	-45
Americas	255	2	263	2	-3	-8
Denmark	197	1	151	1	30	46
Romania	181	1	322	2	-44	-141
Italy	179	1	168	1	7	11
Africa	158	1	165	1	-4	-7
Rest of Europe	136	1	106	1	28	30
Croatia	121	1	134	1	-10	-13
Asia	87	1	103	1	-16	-16
Slovenia	68	1	67	0	1	1
Bulgaria	39	0	20	0	95	19
Serbia	38	0	31	0	23	7
Bosnia and Herzegovina	33	0	18	0	83	15
Total	**13,566**	**100[1]**	**13,573**	**100**	**0**	**-7**

1) Rounding differences are possible.

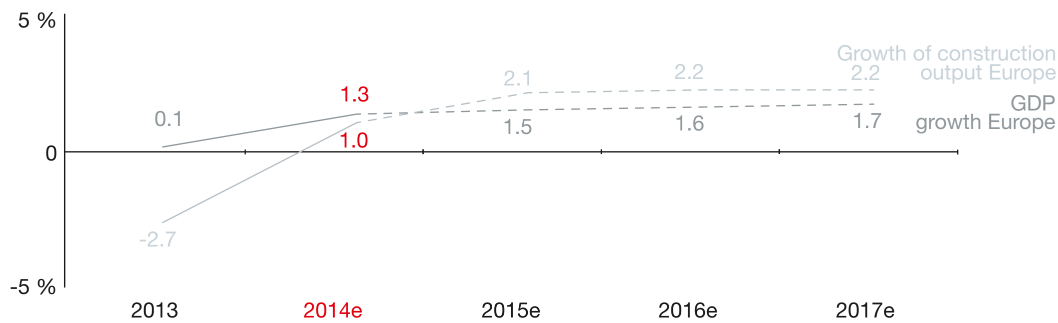
TURNAROUND IN THE EUROPEAN CONSTRUCTION SECTOR[1)]

The European economy continued to recover in 2014, even if growth slowed considerably over the course of the year. Within the 19 Euroconstruct countries, strong disparities in the development were evident. The recovery first gained momentum in the United Kingdom and in the Northern European countries outside the eurozone. While it was possible to stop the recession within the euro area, however, **economic growth** (GDP) stagnated due to the continuing weak domestic demand. The level of consumer debt has fallen little since the financial crisis, which limits the purchasing and investment possibilities in many of these countries. This weakness is being compensated by the rapid recovery of the Eastern European countries, which returned to robust growth after the sharp losses of 2012 and 2013. Against this backdrop, the total economic growth of the 19 Euroconstruct countries reached 1.3 % in 2014 and is expected to stabilise at this moderate level in the years to come.

The European **construction industry**, which finally entered a new phase of growth in 2014, should develop significantly more strongly in the long run than the economy as a whole. After seven years of crisis, during which the markets lost about 21 % of their overall volume, Euroconstruct calculations show the European construction industry returning to renewed growth of 1.0 % in 2014. On a country by country basis, this development was also quite heterogeneous. Against the backdrop of strong economic growth, the construction industry in Central and Eastern Europe registered significant increases which even approached pre-crisis levels. This development is being driven above all by EU-financed infrastructure projects. Analogous to the economic development, the Western European countries of Ireland, United Kingdom and Sweden registered strong growth in 2014, while Italy, France and Spain lost significant volume, and growth also slowed noticeably in Germany.

All in all, the construction industry should continue to grow in the near future. The Euroconstruct experts expect growth to consolidate at 2.1 % in 2015 and at 2.2 % in each of the two following years.

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE



MODERATE GROWTH IN ALL SECTORS

The growth of the construction industry was supported by all sectors in 2014. Each of these segments should continue to grow at a constant rate of 2.0 % in the medium term, naturally with differences in the individual markets. Renovation building has a stabilising effect for the entire construction industry, while new construction works still exhibit significant weaknesses.

Residential construction suffered under the weak European economy in the period under review – especially new production stagnated at +0.1 % after the strong decline in the previous year – but this segment should establish itself as the strongest driving growth in the sector in the period 2015–2017. In a country by country analysis, the development in the residential construction sector remained heterogeneous. While the Central and Northern European countries – mainly Ireland and the United Kingdom – registered double-digit growth rates, the development in South-East Europe remained characterised by high losses. All in all, i.e. including renovation building, the sector achieved a growth rate of 0.9 %. The upwards trend should, however, accelerate significantly in the years to come with growth of 2.3 % in 2016.

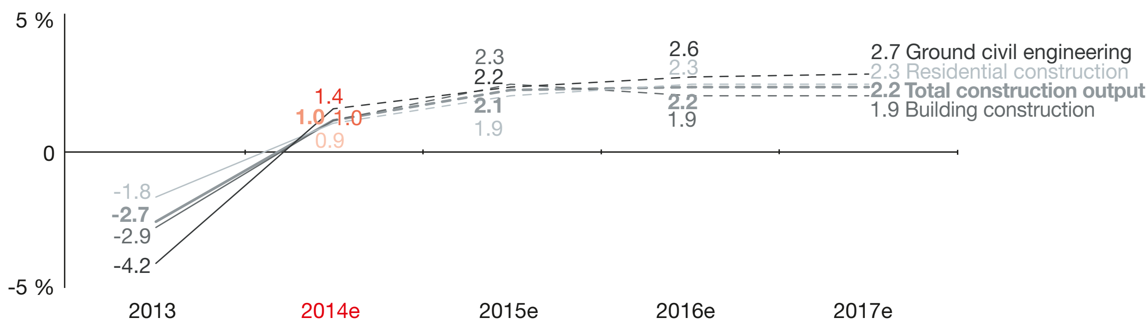
Similarly muted growth as in residential construction could also be seen in new construction works within the **building construction** segment. The 2013 losses had been much higher

1) All growth forecasts as well as the particular national construction volumes are taken from the Euroconstruct and EECFA winter 2014 reports. The indicated market share data are based on the data from the year 2013.

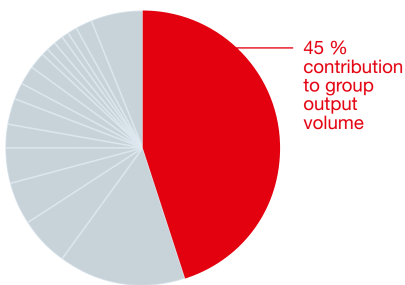
here than in residential building, however, and the forecast growth will also be more moderate in the medium term. All in all, building construction grew once more by 1.0 % in 2014 – after a decline of 2.9 % the year before. This again shows that this field is the most strongly dependent on the general economic development. Against this backdrop, the Eastern European market registered stronger growth rates than the Western European countries and will probably continue to drive growth in the future. Depending on the economic development, Euroconstruct believes that growth in building construction should stabilise at a level of 1.9 % in the medium term.

A significant turnaround was registered in **ground civil engineering**. After losses of 8.5 % in 2012 and 4.2 % in 2013, this segment returned to growth of 1.4 % in 2014. It thus has the highest growth rate in a sector by sector comparison, although forecasts had still been much lower in the months before. At 22 %, however, ground civil engineering continues to represent the lowest share of the entire European construction market. Growth in ground civil engineering should increase to 2.2 % in 2015 and will continue to grow steadily from year to year thereafter. Against the backdrop of the high deficit in the infrastructure field and the promise of corresponding EU funds, this positive development will also continue to be supported by the Central and Eastern European markets in the future. According to Euroconstruct, the CEE region achieved growth of 9.9 % here in 2014, while the Western European Euroconstruct countries were only able to post a slight plus of 0.7 %. In the long term, the nascent economic recovery could help to again raise the level of investment confidence in Western Europe and lead to higher growth rates.

DEVELOPMENT OF CONSTRUCTION SECTOR EUROPE



GERMANY



Overall construction volume:	€ 278.76 billion
GDP growth:	2014e: 1.3 % / 2015e: 1.2 %
Construction growth:	2014e: 2.4 % / 2015e: 1.8 %

Although it was more than once necessary to lower the GDP forecasts for 2014 and 2015, the German economy was still able to register significant growth of +1.3 % in the reporting period versus the previous year (+0.1 %). Responsible for this positive development were the stable low interest rates. For the year to come, Euroconstruct again expects growth of 1.2 %. This figure takes into account the impact from the 2014 pension reform as well as the introduction of new minimum wages.

After negative construction growth in 2013 (-0.3 %), the mild winter in the first quarter of 2014 led to a strong rise of the construction output; over the remaining course of the year, however, the curve flattened in harmony with the global economy.

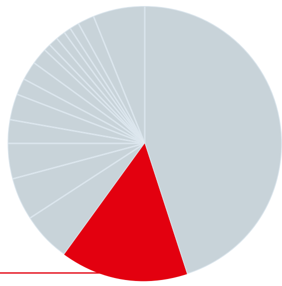
The sector still managed to achieve a significant plus of 2.4 % in 2014, with a considerable portion thereof attributable to residential construction (+2.4 %). Clear influences in this context came from the continuing favourable credit rates, the positive labour market situation, and the steady interest in home ownership as an investment alternative.

Even stronger growth was seen in building construction. After two difficult years (2012: -4.0 %; 2013: -1.5 %), this sector registered a plus of 1.9 % in 2014; for the current year, the construction of additional industrial buildings and warehouse properties supports expectations of renewed growth (forecast: +2.1 %).

But the strongest growth in the year under report was registered in the civil ground engineering sector, where the +3.2 % (excluding other adjustments) almost exactly matched the forecast that had been made the year before. The favourable weather in the spring and efforts by local governments to work off the investment backlog of the past few years – in particular with regard to road and rail development as well as water and wastewater utilities –, led to above-average growth that should continue in 2015 thanks to large investments in the telecommunications sector.

With a market share of 2.1 %, the STRABAG Group is the market leader in Germany. The share of the German road construction market reaches a level of 9.2 %. With € 6,080.29 million, the group generated about 45 % of its total output volume in Germany. Most of the output volume can be allocated to the North + West segment, while the property and facility services provided in Germany form part of International + Special Divisions.

AUSTRIA



Overall construction volume:	€ 31.65 billion
GDP growth:	2014e: 0.8 % / 2015e: 1.2 %
Construction growth:	2014e: 1.7 % / 2015e: 1.0 %

With GDP growth of 0.8 %, Austria was exactly at the average for all euro countries in 2014 after being significantly below expectations at the mid-year point. The global economic situation resulted in a significant downward development of foreign trade, particularly in manufacturing; the low volume of orders led to rising unemployment and reduced consumer strength. The situation was further aggravated by an increased budget deficit. The slight GDP plus over the previous year is exclusively due to increases in production. A general recovery of the global economy as well as stronger demand within the EU will be necessary for the growth that is expected in the next few years (2015e: 1.2 %, 2016e: 1.4 %).

As in the past few years, residential construction remained the sector with the strongest growth rate in 2014. The +2.6 % did not quite reach the average for the last three years (approx. +3.0 %), but the favourable credit rates, the rising real estate prices and the demographically driven demand in the housing market contributed to a stable positive development whose end is not yet in sight. Weaker growth can be expected in the medium term if public sector investments and public funding are reduced in favour of budget consolidation.

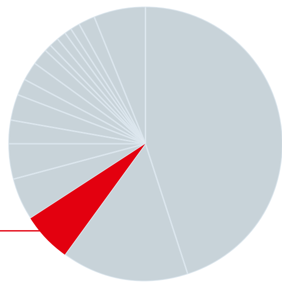
After the negative growth of 2013 (-1.0 %), the building construction sector was able to post slight gains as predicted in 2014 (+0.6 %). The segment should remain at this level in the year to come, before slightly higher growth of 1.7 % and 1.8 % is expected in 2016 and 2017, respectively. While the healthcare sector continues to benefit from the construction of the new Vienna North Hospital, new noteworthy public sector construction projects appear unlikely in the educational sector at this time.

The ground civil engineering sector owes its positive result to the development of the road and rail network. The plus of 1.2 % that was achieved in 2014 also represents the level at which the sector is expected to settle in the near future. For 2016, however, Euroconstruct expects a slight drop to +0.8 % as the nationwide broadband expansion that has been planned by 2020 is unlikely to entirely make up for the declining investments in transportation infrastructures.

The STRABAG Group generated 15 % of its total output volume in its home market of Austria in 2014 – the same as the year before. Along with Germany and Poland, Austria thus remains one of the group's top three markets. The output volume in 2014 reached a level of

€ 2,057.59 million. With a share of 6.3 %, STRABAG is the number two on the Austrian market. In road construction, the group's share of the market amounts to 17.4 %.

POLAND



Overall construction volume:	€ 42.02 billion
GDP growth:	2014e: 3.1 % / 2015e: 3.3 %
Construction growth:	2014e: 4.9 % / 2015e: 7.1 %

In contrast to most other EU member states, Poland did not have to revise its economic forecast downward, but upward, in the reporting period. After a somewhat slow previous year, Polish GDP growth nearly doubled from 1.6 % (2013) to 3.1 % (2014) and is expected to reach 3.3 % for 2015. This development can be explained primarily by accelerated production growth based on rising domestic demand. Higher levels of investment and consumption – the latter driven in part by lower unemployment – contributed considerably to a positive result in spite of declining export income and deflationary trends. Another considerable contribution came from the construction sector, which after two years of decline was able to increase its production output by 4.9 % in 2014 – with further growth expected in the future.

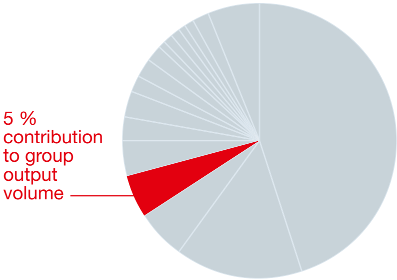
While the residential construction sector had ended 2013 with a substantial minus of 7.9 %, 2014 brought a turnaround that culminated in a plus of 3.0 %. Low credit and mortgage rates drove the Polish real estate market; in the medium term, however, Euroconstruct expects the declining demographics – a result of emigration – to have a negative impact on residential construction.

The building construction sector was also able to achieve a significant improvement in 2014 versus the previous year. The +3.1 % (after -2.4 % in 2013) resulted above all from new industrial plants as well as public buildings and commercial properties. This was contrasted, however, by a serious collapse in the construction of hotels and railway stations. Nevertheless, further growth of about 4.0 % is expected for 2015.

The most impressive increases during the reporting period were registered in the ground civil engineering sector. After -16.8 % in the previous year, extensive investments in the road and rail network led to a plus of 9.0 %. The planned further development of rail transportation, as well as new power plants and water works, make the forecasted growth of between 11.5 % and 12.9 % over the next three years seem realistic.

As the number three in the Polish construction sector, the STRABAG Group also benefits from an upswing on this market. The country contributed € 816.82 million or 6 % to the company's total output volume in 2014 and so is the third-largest market for the STRABAG Group. The group holds a share of 1.9 % on the Polish construction market and 7.2 % in road construction.

CZECH REPUBLIC



Overall construction volume:	€ 15.79 billion
GDP growth:	2014e: 2.6 % / 2015e: 2.7 %
Construction growth:	2014e: 1.0 % / 2015e: 2.5 %

2014 brought the turnaround for the Czech Republic. Despite the ongoing political instability, a weak currency, increases to the value added tax, and declining state investments, it was possible to stop the downward economic development that began in 2008 sooner than expected. The result was a GDP plus of 2.6 % with forecasts for a similar figure in the year to come.

Although the construction industry continued to suffer under the massive decrease of public sector investments in transportation infrastructures, the construction output also managed to grow by 1.0 % in the period under review; a plus of 2.5 % is expected for 2015.

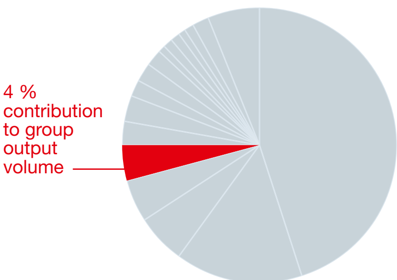
The weakest sector in 2014 was residential construction. After the strong losses of the past (2012: -19.2 %, 2013: -13.0 %), this sector closed the year down 5.4 % although it should return to a slight plus (0.5 %) in 2015. At least the relatively low housing prices and extremely affordable interest rates for mortgage loans helped boost the weak demand especially for apartments in multi-family units. A negative impact, on the other hand, came from the rising fiscal burden – e.g. in the form of the real estate acquisition tax.

Although the building construction sector grew by 1.5 % in the reporting period, thereby getting out of the red earlier than expected, the bottom line for this sector could have been much more positive had the Czech Republic been more efficient in handling its EU grants and subsidies. Czech tax policies also led to insecurities among private investors, who returned only hesitatingly to the market as a result. The strongest recovery was observed with warehouse properties and office buildings, above all in Prague.

Euroconstruct saw the most significant improvement in ground civil engineering. After three consecutive years of shrinking by about 10 % each time, the sector finally grew by 4.8 % in 2014. This was due above all to projects from the public sector, which invested in rail expansion works, wastewater systems, sewage treatment plants, and flood control structures to help stimulate the economy. The government also promised to help develop transportation infrastructures and to ensure a more transparent and simpler contract award and funding procedure.

STRABAG is the number two on the market in the Czech Republic. With an output volume of € 619.58 million, about 5 % of the group's total output volume was generated on the Czech market in 2014. The group's share of the entire construction market amounts to 4.1 % and even reaches 18.2 % in road construction.

HUNGARY



Overall construction volume:	€ 7.84 billion
GDP growth:	2014e: 3.3 % / 2015e: 2.4 %
Construction growth:	2014e: 14.3 % / 2015e: 5.1 %

Hungary's economy was characterised by a dynamic upswing in 2014, reflected in GDP growth of 3.3 %. This development is based on the general economic improvement in Europe but also largely on government measures to relieve the private households and to increase private income.

A particularly significant effect came from the recovery of the construction output, which grew by 14.3 % over the previous year. The poor creditworthiness attested to Hungary by the international ratings agencies meant a lack of significant foreign direct investment. But the financial commitment by local micro businesses and SMEs should contribute to sustained, if moderate, growth of 3–5 % a year in the medium term thanks to a large number of planned industrial buildings and warehouse properties.

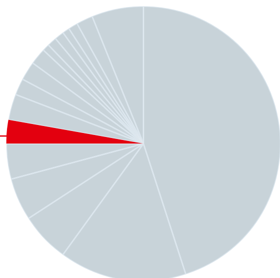
The residential construction sector ended the reporting year with a plus of 3.0 %. This result should be seen with caution, however, as the sector had shrunk by 15.1 % in 2013 and new residential construction had amounted to no more than one fifth of its volume before the beginning of the crisis. The current upswing, therefore only signals an end to the downward spiral for now.

The building construction sector grew even more strongly, by 10.0 %, in 2014. It was an election year in Hungary and the government dug deep into the available EU funds for strong investments in public buildings, squares, parks and local public transport systems, in particularly the new Line 4 of the Budapest Metro.

It was ground civil engineering, however, which contributed the most to the higher Hungarian construction volume. This sector grew by 23.1 % and accounted for about 61 % of all construction projects in progress. After years of stop-and-go politics, the government in 2014 finally decided to make long-term investments in road and rail construction and Euroconstruct now expects this sector to also report positive growth rates in the years to come.

4 % of the output volume of the STRABAG Group, or € 544.28 million, is generated in Hungary, giving the company the number two position on the Hungarian construction market. Its share of the market as a whole amounts to 6.4 %, with a figure of 10.1 % in road construction.

SLOVAKIA



Overall construction volume:	€ 4.38 billion
GDP growth:	2014e: 2.4 % / 2015e: 2.6 %
Construction growth:	2014e: -0.4 % / 2015e: 1.8 %

The Slovak GDP, with +2.4 %, grew twice as strongly in 2014 as the EU average. This development was due above all to the unexpectedly high domestic consumption in the first half of the year, which, in turn, was a result of higher wages and salaries as well as of lower unemployment figures. For the export industry, the most important pillar of the Slovak economy, Euroconstruct expects only marginal growth in the next few years. The annual GDP growth, however, should remain between 2.6 % (2015e) and 3.5 % (2016e/2017e).

Despite this positive economic development, a recovery was not observed in the construction sector. The construction volume shrank in 2014, as in the years before, with a decline of 0.4 %. Important factors were the lack of private investments and the postponed start of construction on public sector projects. Positive construction output growth (+1.8 %) is not expected until 2015.

As the state has not distributed any noteworthy funding for the construction of rental housing, the negative trend in residential construction continued despite the positive economic environment with a minus of 0.9 % in 2014. However, Euroconstruct expects a return to growth in 2015 with a slight plus of 0.5 %.

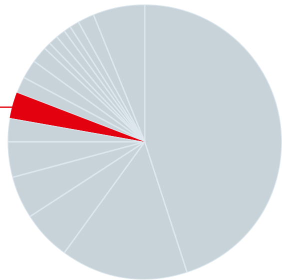
The building construction sector, which represents more than half of Slovakia's total construction output, also continued to suffer under the lack of financial resources and investor reluctance. The sector slipped by a total of 1.6 % in 2014. The originally announced upswing for 2015 is now expected in 2017 at the earliest.

Ground civil engineering was the only sector of the Slovak construction industry to register positive growth in 2014. The plus of 1.9 %, generated above all thanks to the realisation of long-postponed road construction projects, was in line with the previous year's result but remained far below the forecast of +10.6 %.

Slovakia is still struggling with problems in the award of public contracts and inadequate project documentation, which causes a lot of problems for construction companies and investors as it hinders the approval of urgently needed EU grants and subsidies.

With a market share of 7.8 % in 2013 and an output volume of € 427.13 million in 2014, the STRABAG Group is the market leader on the Slovak market. In road construction, the group's share even amounts to 13.6 %. In 2014, Slovakia contributed 3 % to the total output volume of the group.

SWITZERLAND[1)]



Overall construction volume:	€ 52.45 billion
GDP growth:	2014e: 1.7 % / 2015e: -0.5 %
Construction growth:	2014e: 0.8 % / 2015e: -1.4 %

Switzerland showed moderate economic growth in 2014. Although the export sector boomed less strongly than in the past, and despite the declining domestic demand, the GDP nevertheless grew by 1.7 % in 2014.

In mid-January 2015, the Swiss National Bank unexpectedly discontinued the minimum euro exchange rate, resulting in a sudden jump of the value of the Swiss franc. This will likely lead to a sharp drop in exports; the KOF Swiss Economic Institute therefore expects the country's GDP to decline by 0.5 % in 2015.

As political decisions had a dampening effect, the construction industry benefited only partly from the general economic development with a plus of 0.8 % in the past financial year. A negative impact came from the second-home purchase restrictions adopted two years ago, which limit the percentage of holiday homes in any community to 20 %. This led to a noticeable drop in the number of new building projects in tourism regions. Another troubling referendum is the initiative against mass immigration that was approved in July 2014. Lower levels of immigration not only mean a lower demand for new accommodation, but the decision could also threaten to end bilateral as well as EU-wide agreements – resulting in lower demand for industrial buildings and commercial properties. Only the third referendum – for the creation of a billion-franc rail fund – could basically help to boost the Swiss construction sector.

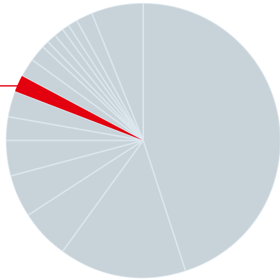
These three referenda had a defining influence on 2014, contributing to a collapse of the business climate above all in residential construction. Growth of just 0.2 % (after a plus of 2.2 % the previous year) was only possible because the order books had still been filled. But the construction companies were already complaining of a lower volume of orders. The building construction sector was still able to post a positive bottom line (+1.3 %) despite increasing vacancies and lower returns on investments in office properties. In ground civil engineering (+1.4 %), the mild winter 2013/2014 allowed for above-average levels of construction activity and made it possible to work off overdue contracts.

The decision by the Swiss National Bank to unpeg its currency will affect previous forecasts within the construction economy for 2015 – although exports play a lesser role in this sector than in other industries and the exchange rate shift should therefore have a lower impact on the construction sector. In view of the "franc shock", however, the KOF Swiss Economic Institute now expects a higher than expected decrease (1.4 %).

Switzerland contributed € 358.65 million, or about 3 %, to the total output volume of the STRABAG Group in 2014.

1) The forecasts for Switzerland are based on estimations by the KOF Swiss Economic Institute at the Federal Institute of Technology Zurich from January 2015.

BENELUX



BELGIUM

Overall construction volume:	€ 38.56 billion
GDP growth:	2014e: 1.1 % / 2015e: 1.5 %
Construction growth:	2014e: 0.7 % / 2015e: 0.0 %

NETHERLANDS

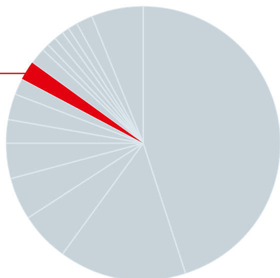
Overall construction volume:	€ 59.78 billion
GDP growth:	2014e: 0.8 % / 2015e: 1.3 %
Construction growth:	2014e: 0.3 % / 2015e: 3.4 %

As forecast, the economy in the Benelux countries exhibited a slight recovery in 2014. Falling unemployment and rising investments helped the Netherlands fight its way out of the recession (GDP growth 2014: 0.8 %) and Euroconstruct expects to see even stronger growth in the years to come. Belgium had to adjust its GDP growth downward in the year under review, but it still achieved a plus of 1.1 %, with an upward trend expected here as well.

Development of the Belgian construction output in 2014 was somewhat weaker, but still positive (+0.7 %). The significant growth in residential construction (+3.4 %) helped to balance out declines in building construction and ground civil engineering. The future looks rather dismal, however: zero growth, leaning to the negative, is predicted for 2015, thanks primarily to the relatively strongest sector – building construction – before moderate growth sets in starting with 2016. The Dutch construction industry on the other hand, which had to content itself with a modest plus of 0.3 % in the construction output in 2014, has a more positive outlook for the coming years. The residential construction sector in particular is expected to boom in 2015 (+5.9 %), feeding hopes of a higher overall construction volume (+3.4 %). For 2016/2017, Euroconstruct expects growth of up to 4.7 %.

STRABAG generated an output volume of € 324.07 million in the Benelux countries in 2014, which corresponds to about 2 % of the total.

RUSSIA AND NEIGHBOURING COUNTRIES (RANC)



RUSSIA

Overall construction volume:	€ 177.20 billion
GDP growth:	2014e: 0.3 % / 2015e: -1.5 %
Construction growth:	2014e: 6.0 % / 2015e: -6.5 %

UKRAINE

Overall construction volume:	€ 13.49 billion
GDP growth:	2014e: -7.0 % / 2015e: 1.0 %
Construction growth:	2014e: -14.4 % / 2015e: 1.5 %

The turbulences to which Russia has been subjected since the beginning of the Ukraine crisis have had a noticeable effect on the national economy. Western sanctions, as well as the collapse of the rouble and of the oil price, made it necessary to adjust the 2014 GDP growth forecasts downward several times. In the end, this figure settled at just +0.3 %. The Eastern European Construction Forecasting Association (EECFA) expects the Russian economic output to shrink by 1.5 % in 2015 and by -0.8 % in 2016.

The residential construction sector in Russia reached a high point with a considerable plus of 18.3 % in 2014, but growth is expected to collapse just as spectacularly in the years to come. The forecast is -12.1 % for 2015 and -9.7 % for 2016, caused by recession-driven income losses and declining purchasing power, on the one hand, and by rising mortgage rates and more stringent bank credit policies, on the other hand.

The building construction sector, which shrank by 3.1 % in 2014, is also expected to post losses of 7.7 % and 9.8 % for the next two years. Especially affected will be the office and commercial building sector, which traditionally suffers the most under negative economic influences.

Ground civil engineering, which fell by a relatively moderate 1.8 % in 2014, is the only sector with the promise of positive growth: Thanks to a number of large infrastructure projects, such as the bridge over the Kerch Strait between Crimea and the Taman Peninsula, or the Power of Siberia pipeline between Russia and China, slight growth of 1.2 % is expected for 2015.

Ukraine's macroeconomic situation in 2014 was shaped by the conflict in the eastern part of the country, the insecurities regarding energy security, and the loss of sales markets. These problems led to a GDP decline of 7.0 %. On the condition that the state of war with Russia ends and political stability returns to the region, however, EECFA expects an upswing for the coming years with GDP growth rates of 1.0 % (2015e) and 3.9 % (2016e).

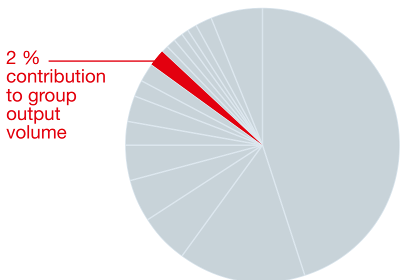
The construction industry saw quite distinct developments in Ukraine in 2014. While the market for residential construction exhibited some growth despite the crisis and therefore posted only weak negative development (-3.0 %), building construction and ground civil engineering collapsed by 25.6 % and 14.2 %, respectively. The former can be explained, among other things, by a migration-driven rise in housing needs and by renovation works – both of these are aspects that should lead to an upswing in residential construction in the years to come. Current forecasts are for +2.0 % for 2015 and +4.0 % for 2016.

Building construction, on the other hand, will continue to feel the impact of the crisis – a general decline in business and, as a result, low demand for offices and hotels – at least in the year to come. The experts expect a minus of 2.1 % for the sector as a whole with a possible exception of the retail sector, which, however, has experienced drastic losses since 2009.

In the ground civil engineering sector, which fell by a practically unchanged 14.2 %, the massive investment need in the Ukrainian infrastructure holds the promise of a positive development. This should bring the construction industry a plus of 3.4 % in 2015 and even growth of 6.0 % in 2016.

The STRABAG Group generated an output volume of € 302.07 million in Russia and the neighbouring countries (RANC) in 2014. The share of the group's total output volume reached 2 % in the period under review. STRABAG is almost exclusively active in building construction and civil engineering in the region.

SWEDEN



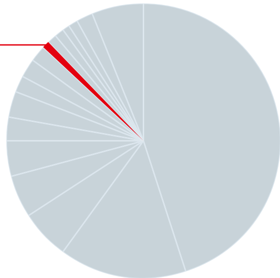
Overall construction volume:	€ 32.48 billion
GDP growth:	2014e: 1.8 % / 2015e: 3.1 %
Construction growth:	2014e: 5.3 % / 2015e: 1.3 %

The Swedish economy expanded by 1.8 % in 2014, more strongly than in the year before. This positive trend will probably continue to accelerate in the medium term, with growth expected to reach 3.4 % by 2016. Driving this development is, besides the low credit interest, the declining unemployment figures, and the rising real wages (as well as the resulting higher domestic consumption), an investment backlog that is now in the process of being worked off.

With a plus of 5.3 %, the Swedish construction industry was able to report above-average strong growth in 2014. A construction boom – especially with multi-family homes – had already started the year before. In 2014, this was reflected in a plus of 8.7 % in the residential construction sector. For 2015, however, Euroconstruct expects weaker growth of +0.2 %. Thanks to large private and public projects, the building construction sector also registered satisfactory growth of 4.2 % although this should slow to 1.1 % in 2015. Investments from the energy sector led to a recovery in ground civil engineering (+2.5 %) in 2014 after the negative growth of the previous year. Despite plans to expand the transport infrastructures, however, growth is expected to be slower in the years to come.

The output volume of the STRABAG Group in Sweden amounted to € 270.82 million in 2014. The company's main fields of activities include infrastructure and residential construction.

DENMARK



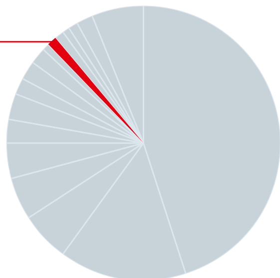
Overall construction volume: € 26.56 billion
GDP growth: 2014e: 0.7 % / 2015e: 1.2 %
Construction growth: 2014e: 2.5 % / 2015e: 2.9 %

After two negative years, the Danish economy returned to slight GDP growth of 0.7 % in 2014. Driving this development was the foreign trade, which grew more strongly than other macro-economically relevant sectors. Increasing consumer confidence, higher available income levels, new jobs and rising real estate prices, among other things, should help Denmark to constant, albeit moderate, economic growth in the next few years, according to Euroconstruct.

The sharp – in contrast to the GDP – decline in the construction output in the past few years was followed by relatively just as steep growth of 2.5 % in 2014, with forecasts from +2.9 % (2015e) to +3.7 % (2017e). In the residential construction sector, the demand for new social housing projects led to growth of 2.6 %. In building construction, which also grew by 2.6 % in 2014, an extensive programme to build new hospitals also promises strong impulses for the coming years, with a considerable plus of 4.3 % forecast for 2015. Ground civil engineering, for years the most stable construction sector, achieved a plus of 2.2 % in 2014 and, thanks to increasing financing and numerous new projects, especially in transport, should rise to 3.5 % in 2015.

Thanks to several new large projects, the STRABAG Group generated an output volume of € 196.76 million in Denmark in 2014.

ROMANIA



Overall construction volume: € 16.53 billion
GDP growth: 2014e: 2.0 % / 2015e: 2.4 %
Construction growth: 2014e: 0.2 % / 2015e: 5.6 %

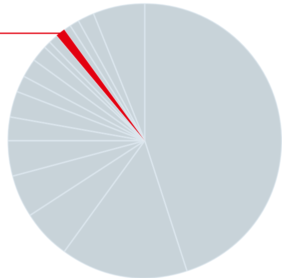
The Romanian economy expanded by 2.0 % in 2014, just below the forecast from the previous year. According to EECFA, this positive trend should gain strength by an additional 0.4 percentage points each year in the years to come. Increasing private demand, rising incomes and a stable inflation rate should lend growth impulses to the construction sector as well. After a moderate increase of 0.2 % in the period under review, growth of 5.6 % is expected in this sector for 2015.

The main sector driving this growth in 2014 was residential construction, which had still posted declines in the year before and now registered a plus of 6.0 %. The building construction sector was unable to fully maintain its high growth rate of 2013 (+8.1 %), but could still generate an increase of 6.0 %. The main reasons for this development can be found in the highly skilled workforce and low wages, which draw foreign companies to the country.

Although after four years of recession the ground civil engineering sector had succeeded in achieving positive growth in the previous year (+3.5 %), this was again followed by a decline of 6.9 % in 2014. But as all areas of Romanian infrastructure – roads, rail, airports, waterways, municipal utilities, etc. – are in urgent need of repair, EECFA sees great potential for development in this sector. The forecast for 2015 amounts to +7.7 %, not least because of the increased use of EU funding.

The STRABAG Group is market leader on the Romanian construction market, with an output volume of € 181.34 million in 2014; this corresponds to a market share of 1.9 %. In Romanian road construction, the share amounts to 2.5 %.

ITALY



Overall construction volume: € 166.48 billion
GDP growth: 2014e: -0.4 % / 2015e: 0.3 %
Construction growth: 2014e: -2.2 % / 2015e: 1.1 %

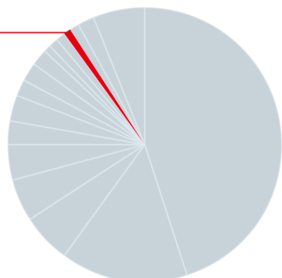
Counter to the forecasts of the previous year, the Italian economy continued its downward development in 2014. The domestic consumption remained weak as a result of high unemployment and the GDP shrank by 0.4 %. There are hopes for a light plus of 0.3 % for this year, but a real upturn is not expected until after 2015.

The Italian construction industry suffered more than average under the economic crisis. In a long-term comparison, the volumes have fallen by 66 % (2014e: -1.6 %) in residential construction and by 64 % (2014e: -2.5 %) in building construction since 2006. The turnaround is expected in both sectors for the coming year, however, with moderate growth (+0.7 % and +0.9 %) to be generated above all through rising private demand. In order to create incentives for private investment, the government in October decided to extend the tax deductibility of construction work until the end of 2015.

As expected, ground civil engineering developed the weakest in 2014 with a minus of 3.2 %. Still, the relatively greatest growth for 2015 is being predicted in this sector thanks to the government's Sblocca Italia (Unlock Italy) reform package of urgent actions for the opening of construction sites, the realisation of public contracts, and the digital transformation of Italy.

The output volume of the STRABAG Group in Italy amounted to € 179.10 million in 2014. The company is mainly active in tunnelling and road construction in the north of the country, therefore, the output volume can be found in the International + Special Divisions segment.

CROATIA



Overall construction volume: € 2.99 billion
GDP growth: 2014e: -0.7 % / 2015e: 0.2 %
Construction growth: 2014e: -5.7 % / 2015e: 5.2 %

The Croatian GDP decreased for the sixth year in a row. However, the 2014 minus of 0.7 % should represent an end to this downward spiral. EECFA forecasts a minimal plus of 0.2 % for 2015, although private consumption is expected to continue to decline despite the minor income growth. The country is expected to leave the recession behind it in 2016, but only if it can avoid unnecessary delays in applying for EU grants and subsidies and if it finally implements long overdue policy measures.

Croatia's construction industry has also been ailing since 2009 – and to an even stronger degree than the national economy. In 2014, the construction volume was down 5.7 % versus the year before. For 2015 and 2016, however, EECFA sees renewed growth in the amount of 5.2 % and 5.1 %, respectively.

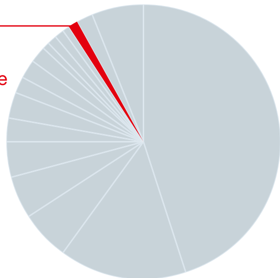
Given the hesitance on the part of the banks to issue loans, and the lack of consumer purchasing power in Croatia, it is no wonder that the residential construction sector shrank by 5.8 % in 2014 and that the forecast for 2015 is for a moderate +1.5 %. The great number of vacant residential properties on the market speaks against new projects. The situation with office properties is similar.

A better performance in 2014, with a minus of just 0.2 %, was presented by the building construction sector. Transportation structures and hotels grew the strongest here. The experts also expect positive growth with industrial buildings and warehouse properties.

The weakest sector in 2014 by far was ground civil engineering (-9.3 %), although it has the best future prospects and should grow by 9.5 % in 2015. Some conditions for this development include an adequate availability of EU funds, a positive development of returns from oil and gas production, as well as swift investments in seaport and airport facilities.

In 2014, the STRABAG Group generated € 120.74 million on the Croatian market.

SLOVENIA



Overall construction volume: € 2.37 billion
GDP growth: 2014e: 2.0 % / 2015e: 1.6 %
Construction growth: 2014e: 9.7 % / 2015e: -4.5 %

With an increase of 2.0 %, Slovenia's GDP growth in 2014 was two-and-a-half times as high as the EU average (+0.8 %) and in the upper third of Europe as a whole. The economic upswing also had a positive impact on the construction industry. Although the sector only managed to achieve half of the previous year's forecast, the plus of +9.7 % nevertheless represents almost double-digit growth.

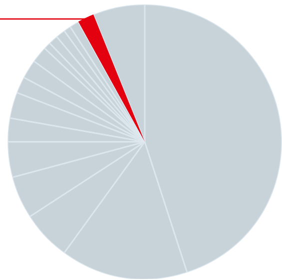
Slovenia's weakest construction subsector – and the only one to shrink in 2014 – was residential construction. The minus of 8.9 % was the sixth negative growth figure in a row. At least renovation works, which have outweighed new productions since 2013 and are continually on the rise, should help to relieve the situation. For the near future, EECFA expects growth of 8.1 % (2015e) and 9.9 % (2016e).

A much better performance in the year under review was shown by building construction. With a plus of 13.9 %, the sector also managed to end a five-year recession phase. This development was driven primarily by public investments in educational facilities and energy efficiency projects. As grants and subsidies from the EU structural fund will no longer be available at the same level as in 2014, however, this upswing is unlikely to last through the years to come. For 2015, EECFA expects to see stagnation or a slight minus of 0.7 %.

The ground civil engineering sector, which grew by a fantastic 25.0 % in 2014, will likely suffer under the lack of EU funds in the coming years. Depending on the level of public financing or state austerity measures, the sector is expected to shrink by 15.0 % and 5.0 % in 2015 and 2016, respectively.

In 2014, the STRABAG Group generated an output volume of € 68.17 million in Slovenia, positioning it as the third-largest construction company in the country.

BULGARIA, SERBIA AND REST OF EUROPE



BULGARIA

Overall construction volume:	€ 5.86 billion
GDP growth:	2014e: 1.2 % / 2015e: 0.6 %
Construction growth:	2014e: 7.6 % / 2015e: 0.2 %

SERBIA

Overall construction volume:	€ 1.67 billion
GDP growth:	2014e: -1.8 % / 2015e: 1.0 %
Construction growth:	2014e: -6.9 % / 2015e: 3.1 %

Bulgaria

Slow yet steady positive growth describes the development of the Bulgarian economy since the collapse five years ago. Thanks to rising household consumption, based on higher incomes and pensions, the GDP growth amounted to 1.2 % in 2014. The growth is expected to drop in half to 0.6 % in 2015 before increasing again to 1.3 % in 2016.

After the negative growth of 2013, Bulgaria's construction sector was able to register a plus of 7.6 % in the year under report, thanks considerably to residential construction. After four strongly negative years, an end to the negative movement had already been noticed the year before (-1.9 %) and the turnaround finally came in 2014 with +11.7 %. Planned energy efficiency programmes, above all with prefabricated concrete buildings, should also help drive continued positive growth of 3.4–4.6 % in the years to come.

Two trends helped shape the result of +5.4 % in building construction. On the one hand, the modest economic growth slowed the construction of new hotels, commercial buildings and office properties; on the other hand, EU funds became available for agricultural, healthcare and educational facilities. The positive forecasts of +4.2 % (2015e) and +3.3 % (2016e) are based on industrial projects commissioned by foreign companies.

The ground civil engineering sector likely reached its preliminary high in 2014 with a plus of 7.7 %. EU funds in particular were exhausted toward the end of the period, although a part of this financing will continue to have an impact in 2015. The expected return to a minus of 3.1 % (2015e) and 6.6 % (2016e) is due to Russia's decision in December 2014 to cancel the Southstream gas pipeline project. In this context, the resumption of suspended EU programmes will only provide some relief, but by no means positive figures for this sector.

In 2014, the STRABAG Group generated an output volume of € 39.32 million on the Bulgarian market.

Serbia

After the positive result of the previous year (+2.4 % GDP growth), the Serbian economy had to suffer a bitter setback in 2014 as the country was hit by the worst flooding in 200 years, with damages surpassing € 2 billion and a decline of the GDP to -1.8 %. Depending on the stability of export and agriculture growth, and on the level of deliberation with which the government implements its austerity and debt reduction programme in 2015, EECFA expects a moderate yet continuous upswing between 1 % and 2 % for the coming years.

Serbia's construction sector, marked by a collapse of over 20 % in 2013, was able to slow the decline to 6.9 % 2014, but still failed to return to positive territory. A substantial recovery is not in sight before 2016.

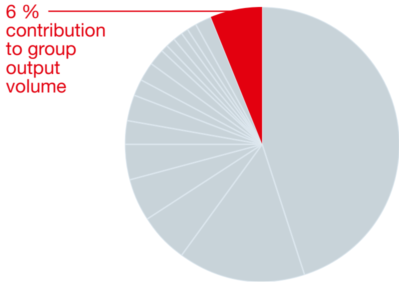
Residential construction, which had been hardest hit in 2013 with a minus of 27.5 %, suffered under the end of state incentive programmes in the year under review and closed with a minus of 5.4 %. EECFA expects a slight improvement of the situation for 2015 (+2.3 %) although a real upswing (+13.3 %) is not in sight until 2016.

The losses in building construction still amounted to 12.0 % in 2014 (after -18.0 % the year before). The demand in the office segment, as well as for new projects in the hotel and retail sector, feed hopes for a return to growth in 2015 – EECFA currently expects a plus of 9.1 %.

Ground civil engineering proved to be the most stable sector in 2014. Thanks to the many motorways currently under construction, the decline here amounted to just 4.6 % and growth of 0.5 % is expected for 2015. On the condition that the 2014 programme to rebuild the country's rail network has the expected positive effect, the plus for 2016 is even being put at 10.8 %.

In 2014, the STRABAG Group generated an output volume of € 37.96 million on the Serbian market.

MIDDLE EAST, AMERICAS, AFRICA, ASIA



In order to become more independent from the economic conditions in individual countries, the STRABAG Group not only operates on its main European markets but is also active outside of Europe – mostly in the role of main contractor under a direct export model. The most important non-European markets, some of which STRABAG has been working in for decades, include Canada, Chile, the Middle East and selected countries in Africa and Asia.

Due to STRABAG's high level of technological expertise, the focus of the activities in the non-European markets lies in especially demanding fields such as civil engineering, industrial and infrastructure projects, and tunnelling. Group companies are currently working on hydropower plants in Chile and on a container port in Mauritius.

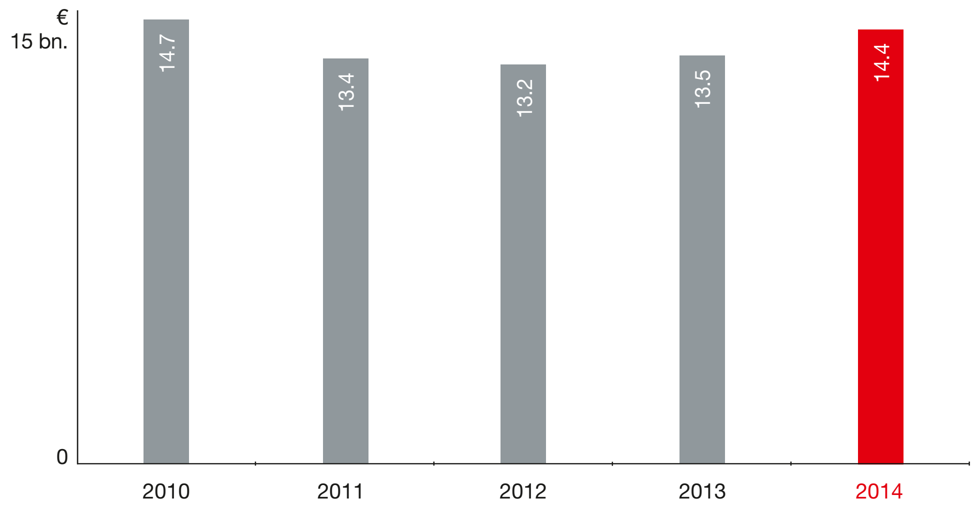
All in all, the STRABAG Group generated € 771.30 million, or 6 %, of its total output volume outside of Europe in 2014. The company expects this figure to grow to at least 10 % in the years to come. The group's activities in non-European markets can be found – with a few exceptions – in the International + Special Divisions segment.

Order backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2014

€ mln.	Total 2014	North + West	South + East	International + Special Divisions	Other	Total 2013	Δ Group %	Δ Group absolute
Germany	4,938	3,738	95	1,099	6	5,052	-2	-114
Austria	1,542	4	1,017	520	1	1,503	3	39
Italy	1,237	0	2	1,235	0	1,256	-2	-19
Poland	845	783	17	45	0	605	40	240
Russia and neighbouring countries	723	37	618	68	0	317	128	406
Americas	583	22	0	561	0	640	-9	-57
Slovakia	553	0	526	27	0	445	24	108
Middle East	525	2	11	512	0	585	-10	-60
Hungary	508	1	486	21	0	573	-11	-65
Romania	498	2	490	6	0	308	62	190
Denmark	456	433	0	23	0	284	61	172
Benelux	398	329	16	53	0	351	13	47
Czech Republic	348	0	336	11	1	364	-4	-16
Sweden	311	307	0	4	0	269	16	42
Rest of Europe	228	14	129	85	0	118	93	110
Asia	194	0	10	184	0	112	73	82
Switzerland	169	10	145	14	0	217	-22	-48
Slovenia	113	0	113	0	0	151	-25	-38
Africa	108	0	9	99	0	134	-19	-26
Croatia	53	0	49	4	0	77	-31	-24
Bosnia and Herzegovina	35	0	35	0	0	53	-34	-18
Serbia	24	0	24	0	0	21	14	3
Bulgaria	14	0	14	0	0	35	-60	-21
Total	**14,403**	**5,682**	**4,142**	**4,571**	**8**	**13,470**	**7**	**933**

DEVELOPMENT OF ORDER BACKLOG



The positive development of the order backlog which had begun to take shape in the last few months of the past financial year continued until year's end: at € 14.4 billion (+7 %), the order backlog reached a high level that covered more than the planned output volume for the 2015 full year. Growth was seen especially in Central and Eastern Europe. A number of medium-sized orders in Slovakia and Romania, projects in the private industrial construction sector in Russia, and a number of Polish transportation infrastructure projects helped drive the order backlog up. In other markets, such as the home market of Germany – here especially in the building construction and civil engineering segment – the order backlog had already previously reached a high level.

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2014

Category	Number of construction sites	as % of number of construction sites	Order backlog € mln.	as % of order backlog
Small orders (€ 0–15 mln.)	14,292	98	5,042	35
Medium-sized orders (€ 15–50 mln.)	209	1	2,603	18
Large orders (>€ 50 mln.)	102	1	6,758	47
Total	**14,603**	**100**	**14,403**	**100**

Part of risk management

The overall order backlog is comprised of 14,603 individual projects. More than 14,000 of these are small projects with a volume of up to € 15 million each. They account for 35 % of the order backlog; a further 18 % are medium-sized projects with order volumes between € 15 million and € 50 million; 47 % are large projects of € 50 million or more. The high number of individual contracts guarantees that the risk involved with one project does not threaten the group success as a whole. The ten largest projects in the order backlog as at 31 December 2014 added up to 20 % of the order backlog, compared to 22 % at the end of 2013.

THE TEN LARGEST PROJECTS CURRENTLY IN PROGRESS AS AT 31 DECEMBER 2014

Country	Project	Order backlog € mln.	as % of total order backlog
Italy	Pedemontana motorway	966	6.7
Chile	Alto Maipo hydropower complex	332	2.3
Germany	Stuttgart 21, underground railway station	289	2.0
Russia	Chusovoy Steel Works	233	1.6
Austria	Koralm Tunnel, Section 2	217	1.5
Austria	Brenner Base Tunnel, Tulfes–Pfons	200	1.4
Russia	Tula Steel Works	197	1.4
Germany	Rastatt Tunnel	183	1.3
Germany	Upper West, Berlin	139	1.0
Sweden	Marieholm Tunnel	138	1.0
Total		**2,894**	**20.1**

Impact on changes to the scope of consolidation

In the 2014 financial year, 21 companies (thereof six mergers with fully consolidated companies) were included in the scope of consolidation for the first time. These companies contributed a total of € 64.43 million to group revenue and € 2.36 million to net income after minorities. As a result of first-time inclusions, current and non-current assets increased by € 129.35 million, current and non-current liabilities by € 49.74 million.

Financial performance

The consolidated **group revenue** for the 2014 financial year amounted to € 12,475.67 million and so remained – like the output volume – nearly unchanged (+1 %). The ratio of revenue to output remained at the previous year's level of 92 %. The segment North + West contributed 46 %, South + East 32 % and International + Special Divisions 22 % to the revenue.

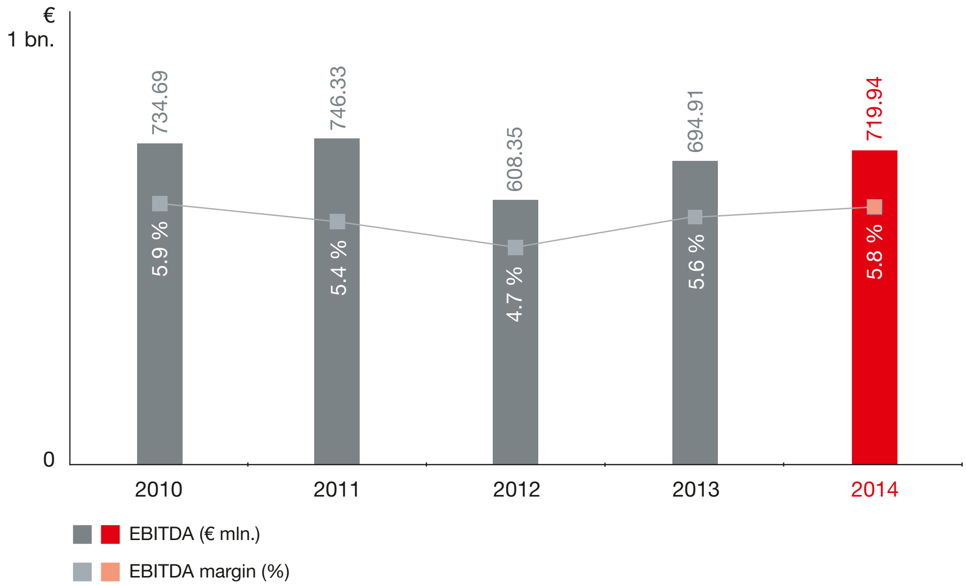
The **changes in inventories** involve mainly the real estate project development business, which was conducted as actively in 2014 as in the past. The removal of a large concluded project was only partially compensated through the start of new project developments. The **own work capitalised** remained at a very low level. The total of **expenses for construction materials, consumables and services used** and the **employee benefits expense**, expressed in relation to the revenue, remained unchanged at 90 % – the same as in the past few years.

EXPENSES

€ mln.	**2014**	**2013**	**Δ %**
Construction materials, consumables and services used	8,163,25	8,204.35	1
Employee benefits expense	3,057.67	2,998.65	-2
Other operating expenses	791.36	779.12	-2
Depreciation and amortisation	437.98	433.34	-1

As of this year, the **share of profit or loss of associates** also includes earnings from construction consortia; the previous year's figures have been adjusted for better comparability. The significant growth can be explained by the reduction of financial burdens related to a hydraulic engineering project in Sweden. The net income from investments, composed of the dividends and expenses of many smaller companies or financial investments, moved from negative into positive territory. The figure for the previous year had been burdened by a one-time impairment on a German concession company.

DEVELOPMENT OF EBITDA AND EBITDA MARGIN



Effective tax rate: 42.3 %

Earnings per share: € 1.25

In total, there was a 4 % increase of the **earnings before interest, taxes, depreciation and amortisation** (EBITDA) to € 719.94 million, while the EBITDA margin grew from 5.6 % to 5.8 %. The **depreciation and amortisation** stood at € 437.98 million or at about the level of the previous year. The goodwill impairment contained in this item increased from € 3.99 million to € 28.83 million. The depreciation on property, plant and equipment involves special equipment purchased for the group's international business, with the expense to be depreciated over just a few years of construction time, as well as depreciation on equipment in hydraulic engineering.

This results in a plus of 8 % in the **earnings before interest and taxes** (EBIT) to € 281.96 million and an EBIT margin of 2.3 % after 2.1 % in 2013. Year-on-year earnings improved across the board in Poland, while hydraulic engineering in Germany, a Dutch transportation infrastructures project and the business activity in Sweden again represented a burden.

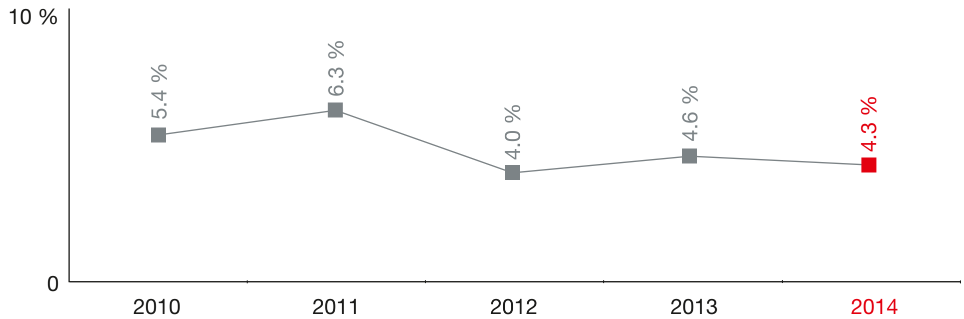
While exchange rate differences amounting to € 13.04 million had been registered in 2013, the **net interest income** in the past financial year now contained foreign currency effects of just € 5.29 million. The result was a net interest income of € -26.20 million compared to € -31.54 million the year before. The reason for the lower interest burden can be found in the interest received for the financing of associate companies.

In the end, the **earnings before taxes** (EBT) showed a plus of 11 %. The unusually high **income tax rate** of 42.3 % (2013: 32.1 %) – due to the lack of tax savings for the losses in Sweden, the Netherlands or Portugal and as a result of non-tax-deductible expenses – nevertheless resulted in a 6 % decline of the net income.

Earnings owed to minority shareholders amounted to just € 19.53 million compared to € 42.70 million the year before. This can be explained by the reduction of earnings for Ed. Züblin AG. The **net income after minorities** for 2014 thus came to € 127.97 million, a plus of 13 % versus the previous year. The number of weighted outstanding shares decreased insignificantly due to the buyback of own shares – concluded in 2013 – from 102,716,850 to 102,600,000, so that the earnings per share also increased by 13 % to € 1.25.

The **return on capital employed** (ROCE)[1)] fell slightly from 4.6 % to 4.3 %.

DEVELOPMENT OF ROCE



1) ROCE = (net income + interest on debt - interest tax shield (25 %))/(average group equity + interest-bearing debt)

Financial position and cash flows

BALANCE SHEET

€ mln.	2014	% of balance sheet total	2013	% of balance sheet total
Non-current assets	4,506.46	44	4,416.30	42
Current assets	5,769.08	56	6,144.50	58
Equity	3,144.30	31	3,238.77	31
Non-current liabilities	2,408.70	23	2,465.79	23
Current liabilities	4,722.54	46	4,856.23	46
Total	**10,275.54**	**100**	**10,560.79**	**100**

The **balance sheet total** of STRABAG SE remained nearly unchanged at € 10.3 billion. This was in large part due to an increase in other non-current assets resulting from the assumption of financing from the associated company Societatea Companiilor Hoteliere Grand srl, Bucharest, and the significant decrease of inventories as a result of the disposal of the offshore wind farm portfolio and a large building construction project development. A further result was the growth of cash and cash equivalents from € 1.7 billion to € 1.9 billion.

Conspicuous on the liabilities side is the stable high **equity ratio** of 30.6 % (2013: 30.7 %) and the higher non-current provisions resulting from the interest-related growth of the pension and severance provisions.

KEY BALANCE SHEET FIGURES

	2010	2011	2012	2013	2014
Equity ratio (%)	31.1	30.3	31.2	30.7	30.6
Net debt (€ mln.)	-669.04	-267.81	154.55	-73.73	-249.11
Gearing ratio (%)	-20.7	-8.5	4.9	-2.3	-7.9
Capital employed (€ mln.)	5,235.74	5,336.45	5,322.35	5,462.11	5,357.82

Net cash position: € 249.11 million

As usual, a **net cash position** was reported on 31 December 2014. This position grew, as a result of the higher cash and cash equivalents, from € 73.73 million on 31 December 2013 to € 249.11 million at the end of 2014.

CALCULATION OF NET DEBT

€ mln.	2010	2011	2012	2013	2014
Financial liabilities	1,559.15	1,731.96	1,649.98	1,722.70	1,609.92
Severance provisions	69.36	70.44	79.91	78.40	97.66
Pension provisions	374.79	384.21	429.92	422.24	505.94
Non-recourse debt	-719.89	-754.18	-630.31	-585.11	-538.61
Cash and cash equivalents	-1,952.45	-1,700.24	-1,374.96	-1,711.97	-1,924.02
Total	**-669.04**	**-267.81**	**154.55**	**-73.73**	**-249.11**

With a 21 % higher cash flow from earnings of € 620.23 million, the **cash flow from operating activities** grew by 16 % to € 805.33 million. The changes in inventories were noticeably affected by the sale of a successful proprietary building construction project development. The working capital improvement was further influenced by the uncharacteristically high project-related advance payments. The **cash flow from investing activities** was driven by the acquisition of Germany- and Austria-based facility services company DIW Group as well as the aforementioned takeover of financing from the Romanian associated company – this item grew from the previous year's € -332.38 million to € -435.30 million in 2014. The investments in property, plant and equipment, on the other hand, were down by 11 %. The **cash flow from financing activities** was significantly more negative – reaching € -142.42 million versus € -6.49 million in 2013 – for two reasons: first, unlike the previous year, no bond was issued in 2014; and second, loan repayments made following the sale of a project development resulted in a lower level of bank borrowings.

Capital expenditures

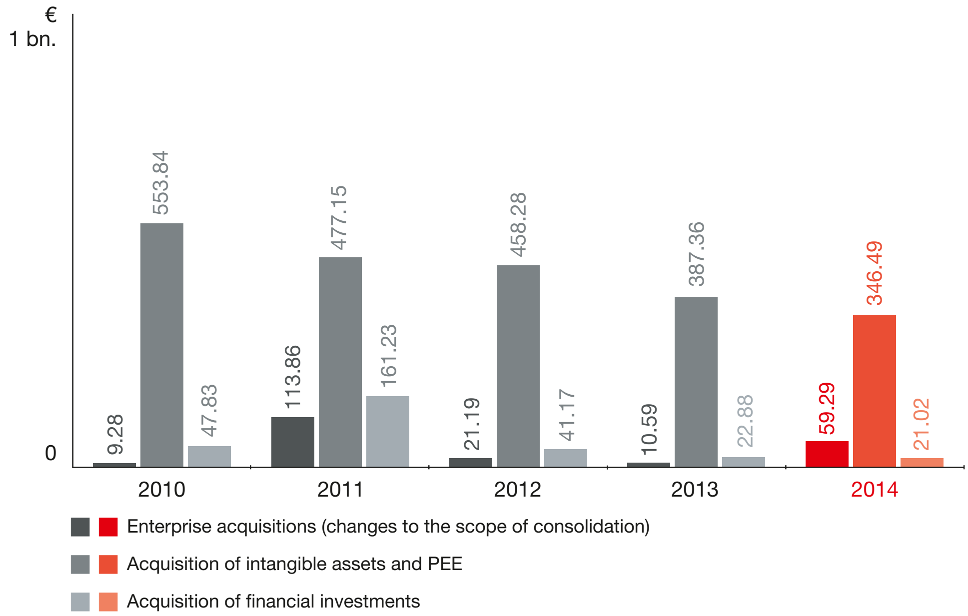
STRABAG had forecast net capital expenditures (cash flow from investing activities) in the amount of approximately € 350 million for the 2014 financial year. In the end, the net capital expenditures totalled € 435.30 million and so were clearly over budget. The budget planning did not yet take into account the acquisition of DIW Group and the takeover of financing from an associated company. These helped to drive the cash flow from investing activities.

The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 426.80 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** of € 346.49 million, the **purchase of financial assets** in the amount of € 21.02 million and **enterprise acquisitions** (changes to the scope of consolidation) of € 59.29 million.

About € 250 million is spent annually as maintenance expenditures related to the equipment fleet in order to prevent inventory obsolescence. The high proportion of expansion expenditures in relation to the total expenditures on intangible assets and on property, plant and equipment is largely due to the project-based nature of STRABAG's business: In 2014, the group invested especially in project-specific equipment needed for its international business as well as equipment for specialty businesses such as pipe jacking.

Expenditures on intangible assets and on property, plant and equipment during the year under report must be seen against depreciation and amortisation in the amount of € 437.98 million. This figure also includes goodwill impairment in the amount of € 28.83 million.

COMPOSITION OF CAPEX



Financing/Treasury

KEY FIGURES TREASURY

	2010	2011	2012	2013	2014
Interest and other income (€ mln.)	78.71	112.31	73.15	66.72	82.17
Interest and other expense (€ mln.)	-98.39	-103.77	-123.87	-98.26	-108.37
EBIT/net interest income (x)	-15.2	39.2	-4.1	-8.3	-10.8
Net debt/EBITDA (x)	-0.9	-0.4	0.3	-0.1	-0.3

The number one objective for the treasury management of STRABAG SE is assuring the continued existence of the company through the maintenance of constant solvency. This objective is to be reached through the provision of sufficient short-term, medium-term and long-term liquidity.

Liquidity for STRABAG SE means not only solvency in the strict sense but also the availability of guarantees. The building activity requires the constant availability of bid, contract fulfilment, pre-payment and warranty guarantees and/or sureties. The financial scope of action is thus defined on the one hand by sufficient cash and cash credit lines, on the other hand by sufficient surety credit lines.

The management of **liquidity risks** has become a central element of the corporate management at STRABAG. In practice, liquidity risks come in various forms:

- In the short term, all daily payment obligations must be covered in time and/or in their entirety.
- In the medium term, liquidity levels must be sufficient so that no transactions or projects become impossible due to a lack of sufficient financial means or guarantees or that they cannot be executed at the desired pace.
- In the long term, there should be sufficient financial means available to be able to pursue the strategic development targets.

Total credit line for cash and surety loans of € 6.8 billion

In the past, STRABAG has always oriented its financing decisions according to the risk aspects outlined above and has organised the maturity structure of the financial liabilities in such a way as to avoid a refinancing risk. In this way, the company has been able to maintain a great scope for action, which is of particular importance in a difficult market environment.

The respective liquidity needed is determined by targeted liquidity planning. Based on this, liquidity assurance measures are made and a liquidity reserve is defined for the entire group.

The medium- and long-term liquidity needs have so far also been covered by the issue of **corporate bonds.** STRABAG SE (and its predecessor FIMAG) has regularly issued bonds on the Austrian capital market since 2002. As per 31 December 2014, STRABAG SE had four bonds with a total volume of € 575 million on the market. In the 2014 financial year, the company opted against issuing another bond as it was possible to comfortably cover the liquidity needs from existing sources.

In order to diversify the financing structure, STRABAG SE placed its first **bonded loan** in the amount of € 140 million in the 2012 financial year. This long-term debt financing instrument is in many ways similar to a bond, with an important difference being that bonded loans are issued directly to institutional investors without using an organised capital market, i.e. an exchange.

The existing liquidity of € 1.9 billion assures the coverage of group's liquidity needs. Nevertheless, further bond issues – as in the beginning of 2015 – or a refinancing of existing financing instruments are planned, depending on the market situation, in order to maintain a high level of liquidity re-serves in the future and to take advantage of favourable market conditions.

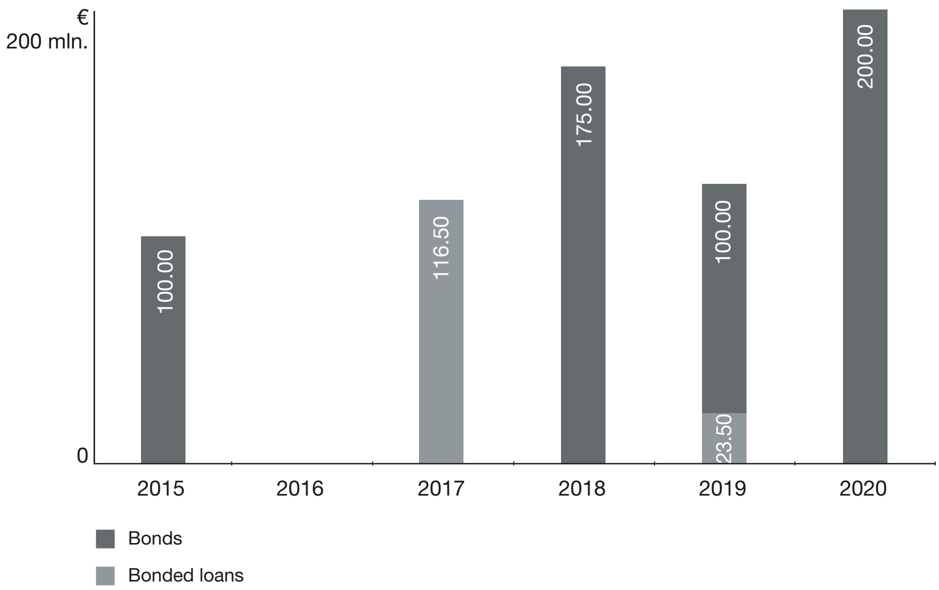
STRABAG SE has a total credit line for cash and surety loans in the amount of € 6.8 billion. The credit lines include a **syndicated surety credit line** in the amount of € 2.0 billion and a revolving **syndicated cash credit line** of € 0.4 billion with a term until at least 2019. In the past financial year, both instruments were extended before the end of their term to allow the company to benefit from the favourable financing environment. The group also has bilateral credit lines with banks. With a high degree of diversification regarding its surety and cash credit line, STRABAG creates an adequate risk spread in the provision of the credit lines and secures its comfortable liquidity position.

In August 2014, **S&P** again confirmed the **investment grade rating** of BBB- and stable outlook for STRABAG SE. The rating agency explained its decision in part due to the company's vertical integration, the strategic access to construction materials, the strong liquidity position and the track record of stable operating margins in an otherwise cyclical and highly competitive industry. According to S&P, the key performance indicators within the STRABAG Group which are necessary for the investment grade rating still offer flexibility in terms of further investments and acquisitions.

PAYMENT OBLIGATIONS

€ mln.	**Book value 31 December 2014**
Bonds	575.00
Bank borrowings	1,023.76
Liabilities from finance leases	11.16
Total	**1,609.92**

PAYMENT PROFILE OF BONDS AND BONDED LOANS



Segment report

OVERVIEW OF THE FOUR SEGMENTS WITHIN THE GROUP

The business of STRABAG SE is divided into four segments, of which there are three operative segments North + West, South + East and International + Special Divisions, and segment Other, which encompasses the group's Central Divisions and Central Staff Divisions.

The segments are comprised as follows[1)]:

NORTH + WEST
Management Board responsibility:
Peter Krammer
Germany, Poland, Benelux, Scandinavia, Ground Engineering, Hydraulic Engineering

SOUTH + EAST
Management Board responsibility:
Siegfried Wanker
Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe, Environmental Engineering
Management Board responsibility:
Thomas Birtel
Russia and neighbouring countries

INTERNATIONAL + SPECIAL DIVISIONS
Management Board responsibility:
Hannes Truntschnig
International, Tunnelling, Services, Real Estate Development, Infrastructure Development, Construction Materials

OTHER
Management board responsibility:
Thomas Birtel and Christian Harder
Central divisions, central staff divisions

Construction projects are assigned to one of the segments (see chart below). Of course, projects may also be assigned to more than one segment. This is the case, for example, with PPP projects in which the construction part is assigned to its respective geographic segment, but the concession part is assigned to the concessions unit of International + Special Divisions. In projects which span more than one segment, the commercial and technical responsibility is generally assigned to that segment which has the higher share of the overall project value.

With only a few exceptions, STRABAG offers its services in all areas of the construction industry in the individual European markets in which it operates and covers the entire construction value chain. These services include:

	North + West	South + East	International + Special Divisions
Residential Construction	✓	✓	
Commercial and Industrial Facilities	✓	✓	✓
Public Buildings	✓	✓	✓
Production of Prefabricated Elements	✓	✓	✓
Engineering Ground Works	✓	✓	✓
Bridge Construction	✓	✓	✓
Power Plants	✓	✓	✓
Environmental Engineering		✓	
Railway Construction	✓	✓	
Roads, Earthworks	✓	✓	✓
Hydraulic Engineering, Waterway Construction, Embankments	✓	✓	
Landscape Architecture and Development	✓	✓	
Paving	✓	✓	✓
Large-Area Works	✓	✓	✓
Sports and Recreation Facilities	✓	✓	
Protective Structures	✓	✓	✓
Sewerage Systems	✓	✓	✓
Production of Construction Materials	✓	✓	✓
Ground Engineering	✓		
Offshore Wind			✓
Tunnelling			✓
Real Estate Development		✓	✓
Infrastructure Development			✓
Operation/Maintenance/Marketing of PPP Projects	✓		✓
Property and Facility Services			✓

1) Services may be performed in more than one segment. The activities and countries below have been assigned to those segments in which the most significant portion of the services was provided. Details are available in the table.

SEGMENT NORTH + WEST: PRESSURE FROM LARGE MULTI-YEAR PROJECTS

The North + West segment executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and Scandinavia. Ground and hydraulic engineering can also be found in this segment.

€ mln.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Output volume	6,292.45	6,021.11	5	271.34
Revenue	5,719.12	5,500.84	4	218.28
Order backlog	5,682.38	5,451.26	4	231.12
EBIT	28.67	72.54	-60	-43.87
EBIT margin (% of revenue)	0.5	1.3		
Employees	23.123	22.695	2	428

OUTPUT VOLUME NORTH + WEST

€ mln.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Germany	4,651	4,269	9	382
Poland	693	669	4	24
Benelux	257	308	-17	-51
Sweden	246	312	-21	-66
Denmark	191	149	28	42
Russia and neighbouring countries	85	141	-40	-56
Rest of Europe	67	67	0	0
Switzerland	28	35	-20	-7
Americas	21	9	133	12
Austria	20	21	-5	-1
Middle East	14	7	100	7
Africa	8	3	167	5
Romania	6	4	50	2
Italy	2	7	-71	-5
Asia	2	5	-60	-3
Bosnia and Herzegovina	1	2	-50	-1
Slovenia	0	10	-100	-10
Hungary	0	3	-100	-3
Total	**6,292**	**6,021**	**5**	**271**

Projects in Sweden, the Netherlands and Germany weighing on earnings

Thanks to the mild winter – and despite the very restrained tender award policy on the part of the public sector in transportation infrastructures in Germany –, the output volume of the North + West segment underwent a positive development, growing by 5 % over the previous year to reach € 6,292.45 million. The largest contribution to this increase came from the building construction and civil engineering business in Germany and from the reclassification of a part of the railway construction activities from the South + East segment to North + West. The projects acquired some time ago in Denmark also showed a positive impact, while the output volume generated in Sweden and Benelux was somewhat lower.

The revenue also grew by 4 % in 2014. The earnings before interest and taxes (EBIT), however, only reached € 28.67 million and so remained 60 % below the previous year's level. Substantial factors for this development included warranty claims in road construction, social security back payments in Portugal, impairments in Sweden, and – as was the case last year – financial burdens related to a hydraulic engineering project in Germany and a transportation infrastructures project in the Netherlands.

Higher order backlog thanks to Poland and Denmark

The order backlog increased by 4 % over the comparison period to € 5,682.38 million. This growth was driven above all by Poland and Denmark: In Poland, a whole series of new orders proved that the market may finally be on its way to recovery. Acquired projects include the S5 Poznań–Wrocław, S7 Trasa Nowohucka, the bypass around the city of Kościerzyna and the A4 section Rzeszów–Jarosław. Moreover, the Polish building construction unit will build a new production plant for Volkswagen commercial vehicles in Września. In Denmark, the group was awarded the contract to build the Axeltorv project, a 14-storey multi-use building in the centre of Copenhagen with a contract value of more than € 100 million, as well as the tunnelling contract including station and ramp for the Copenhagen Metro, with about € 90 million of the contract value corresponding to the Züblin A/S subsidiary. In the home market of Germany, the order backlog remained slightly below the year-on-year comparison, but still at a high level. In Bremerhaven, a consortium including two group companies was awarded the contract to build the Cherbourger Straße harbour tunnel.

Employee numbers up slightly due to internal reclassification

The number of employees in the segment grew slightly by 2 % in 2014 to 23,123. Due to the reclassification of a part of **railway construction** from the South + East segment to the North + West segment, the company workforce in Germany increased by nearly twice the amount by which it declined in Poland. A significant increase also resulted from the new large orders in Denmark, while staff levels decreased by a similar degree in Sweden and Benelux.

Outlook: Unchanged output volume expected at high level

The Management Board expects an approximately constant **output volume** of about € 6.2 billion in the North + West segment in the 2015 financial year. In **Germany,** which generates nearly three quarters of the segment's output volume, two different trends can be observed: The country's building construction and civil engineering business should continue to contribute quite positively to both output volume and earnings, while subcontractor prices are no longer expected to rise but could even fall slightly. The prices of reinforcing steel remain at a stable low level. In the German mass market for transportation infrastructures, on the other hand, no substantial investment boom is expected next year despite the increasing state of disrepair of the transport infrastructure in the country and the government's announcement that it would raise investments. This basically also applies to large projects. As regards the production of construction materials for the German market, STRABAG expects that the consolidation course of proprietary asphalt mixing plants will continue.

The **Polish construction sector** – with 11 % of the segment output volume the second biggest market in North + West – again recovered significantly. The Polish road construction authority GDDKiA had planned to make investments in the amount of around € 7.5 billion for the two years 2014 and 2015 – and issued a call for bids. Additionally, investments of more than € 10 billion are expected in railway construction in Poland between 2015 and 2022. As most construction companies now have extensive order backlogs, rising material, staff and subcontractor prices are to be expected.

In **Scandinavia,** Sweden and Denmark are making the most significant contributions to the output volume. Here both the overall economic environment and the market for tunnel and infrastructure projects continue to be stable. The economic framework for the building construction business in Sweden and Denmark is attractive and offers growth potential. At the same time, the competition in Scandinavia for potential subcontractors and suppliers is very high, which is why STRABAG is working on its organisational and cost structure. Due to the ongoing restructuring in Sweden, projects will therefore be handled in cooperation with units from Germany to ensure quality.

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog € mln.	Percentage of total group order backlog %
Germany	Stuttgart 21, underground railway station	289	2.0
Sweden	Marieholm Tunnel	138	1.0
Denmark	Bryghus multi-use building, Copenhagen	111	0.8
Poland	S7 expressway, Cracow	92	0.6
Denmark	Axeltorv multi-use building, Copenhagen	88	0.6
Germany	Cherbourger Straße harbour tunnel, Bremerhaven	86	0.6

SEGMENT SOUTH + EAST: REORGANISATION SHOWING EFFECT, BUT PRICE PRESSURE IS UP

The geographic focus of the segment South + East is on Austria, Switzerland, Hungary, the Czech Republic, Slovakia, Russia and neighbouring countries as well as on the region South-East Europe. The environmental engineering activities are also handled within this segment.

€ mln.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Output volume	4,170.80	4,593.36	-9	-422.56
Revenue	3,996.96	4,422.26	-10	-425.30
Order backlog	4,142.31	3,805.48	9	336.83
EBIT	168.63	138.23	22	30.40
EBIT margin (% of revenue)	4.2	3.1		
Employees	18,769	21,089	-11	-2,320

OUTPUT VOLUME SOUTH + EAST

€ mln.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Austria	1,681	1,630	3	51
Czech Republic	505	546	-8	-41
Hungary	431	402	7	29
Slovakia	386	301	28	85
Switzerland	294	325	-10	-31
Russia and neighbouring countries	190	410	-54	-220
Romania	146	285	-49	-139
Germany	132	336	-61	-204
Croatia	103	114	-10	-11
Rest of Europe	58	30	93	28
Slovenia	57	47	21	10
Serbia	36	29	24	7
Bulgaria	36	17	112	19
Bosnia and Herzegovina	32	16	100	16
Poland	31	51	-39	-20
Middle East	21	15	40	6
Africa	12	12	0	0
Asia	5	8	-38	-3
Italy	5	6	-17	-1
Benelux	5	5	0	0
Americas	3	6	-50	-3
Denmark	2	2	0	0
Total	**4,171**	**4,593**	**-9**	**-422**

Reorganisation measures leading to EBIT growth

The South + East segment generated an output volume of € 4,170.80 million in 2014, 9 % less than in the same period of the preceding year. This development can be partially explained by the reclassification of a part of railway construction to the North + West segment and by the completion of large projects in Romania and Russia, at the same time that new orders in these markets have not yet found expression in the output volume. The revenue was down as well, slipping by 10 %. The earnings before interest and taxes (EBIT), on the other hand, grew by 22 % to € 168.63 million. A decisive factor for this development was the reorganisation in Hungary, Switzerland and Austria.

New large orders in Russia, Slovakia and Romania

The order backlog for the segment registered significant growth versus the end of 2013, with a plus of 9 % to € 4,142.31 million. This can be explained in part by various medium-sized orders in Slovakia and Romania. But the order backlog also climbed significantly upward in Russia thanks to several contract awards in industrial construction.

Lower employee numbers in nearly all markets

Given the ongoing implementation of measures to raise efficiency, the number of employees was down in nearly all countries within the South + East segment. In total, the figure fell by 11 % to 18,769. However, this also includes the reclassification of nearly 900 employees from railway con-struction to the North + West segment.

Outlook: Growth of output volume possible, but continuing high price pressure

The South + East segment should be able to generate a somewhat higher **output volume** of € 4.5 billion in the ongoing 2015 financial year. Thanks to the higher order backlog, an increase is expected – although the segment is characterised by smaller projects and only few large projects are currently being tendered. The business environment and the price situation in the **Central and Eastern European construction sector** remain challenging. Strong competition can be seen especially in **Romania** and in the **Adriatic region.** The general construction environment in the **Czech Republic** and in **Slovakia** is acceptable, but pressure from the competition is on the rise here as well. The bidding prices are at times close to the limit of profitability.

The situation in **Austria** also did not relax. In the face of excess capacities, price competition in all construction segments remains intense. The only segment that remains quite positive is the **building construction** business in the greater **Vienna area** – the order books here remain well-filled.

The activities in **Russia** shifted increasingly from a focus on residential and commercial construction to heavy industrial construction. The company will be busy working off the newly acquired projects in the years to come. Meanwhile, the political developments in Ukraine since February 2014 are having no significant influence on the situation of the STRABAG Group from today's perspective: STRABAG's output volume in 2014 in Ukraine amounted to less than 1 % of the annual figure, and to just about 2 % in the RANC region (Russia and neighbouring countries). As construction is an export non-intensive industry in which most of the services are provided locally, and the STRABAG Group provides its services almost exclusively for private clients, the company does not expect the political developments to have any immediate impact on its business in Russia – even if the investment climate has cooled significantly. In 2015, no significant output volume is expected to be achieved in Ukraine.

Although the earnings improvement measures in the **environmental engineering** business had taken hold, STRABAG made strategic changes by withdrawing from its flue gas treatment business through the sale of assets. The employees working in this business had generated an annual output volume of about € 25 million.

SELECTED PROJECTS SOUTH + EAST

Country	Project	Order backlog € mln.	Percentage of total group order backlog %
Russia	Tula Steel Works	197	1.4
Slovakia	D1 motorway Hricovské Podhradie–Lietavská Lúcka	111	0.8
Hungary	M4 motorway section Abony–Fegyvernek	89	0.6
Slovenia	Ljubljana waste treatment facility	73	0.5

SEGMENT INTERNATIONAL + SPECIAL DIVISIONS: SATISFACTORY BUSINESS

The segment International + Special Divisions includes, on the one hand, the field of tunnelling. The concessions business, on the other hand, represents a further important area of business, with global project development activities in transportation infrastructures in particular. Regardless of where the services are rendered, the construction materials business, including the company's dense network of construction materials operations but with the exception of asphalt, also belongs to this segment. The real estate business, which stretches from project development and planning to construction and opera-tion and also includes the property and facility services business, completes the wide range of services. Additionally, most of the services in non-European markets are also bundled in the International + Special Divisions segment.

€ mln.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Output volume	2,970.14	2,822.41	5	147.73
Revenue	2,738.44	2,444.54	12	293.90
Order backlog	4,571.21	4,202.28	9	368.93
EBIT	92.18	69.58	32	22.60
EBIT margin (% of revenue)	3.4	2.8		
Employees	25,309	23,575	7	1,734

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Germany	1,243	1,127	10	116
Austria	321	295	9	26
Middle East	237	301	-21	-64
Americas	231	248	-7	-17
Italy	172	155	11	17
Africa	138	150	-8	-12
Czech Republic	109	93	17	16
Hungary	107	86	24	21
Poland	84	52	62	32
Asia	80	90	-11	-10
Benelux	61	85	-28	-24
Slovakia	39	37	5	2
Switzerland	32	22	45	10
Romania	26	31	-16	-5
Sweden	24	2	n.a.	22
Russia and neighbouring countries	21	7	200	14
Croatia	17	19	-11	-2
Slovenia	11	10	10	1
Rest of Europe	10	9	11	1
Denmark	4	0	n.a.	4
Bulgaria	2	2	0	0
Serbia	1	1	0	0
Total	**2,970**	**2,822**	**5**	**148**

Earnings up by about one third

Thanks to the growth in the home market of Germany, the output volume in the International + Special Divisions segment increased by 5 % in 2014. The contrasting upward and downward movements in the other countries more or less balanced each other out.

The segment revenue gained 12 % thanks to the sale of a large proprietary project development. The earnings before interest and taxes (EBIT) grew by 32 % to € 92.18 million. Especially positive impacts came from the sale of the aforementioned building construction project, although this was countered by write-offs on raw materials and by goodwill impairment.

Tunnelling contracts add to order backlog

The order backlog increased by 9 % to € 4,571.21 million compared to 31 December 2013. This figure received a boost, among other things, from the contract awards for the Ulriken rail tunnel in Norway for about € 75 million and from the Tulfes–Pfons section of the Brenner Base Tunnel in Austria, the largest section to date, with a value of more than € 190 million for STRABAG. Increases can therefore be found especially in Austria, but also in Germany and in the RANC region (Russia and neighbouring countries).

Acquisition of DIW Group increases employee numbers

The plus of 7 % in the number of employees was influenced largely by the acquisition of DIW Group. Large projects in markets such as Austria or the Americas also contributed to this increase.

Outlook: Satisfactory earnings expected despite high competition

The STRABAG Group would like to raise the **output volume** of the International + Special Divisions segment to € 3.2 billion in 2015. Earnings are also expected to remain satisfactory, even if the price level is ruinously low in some areas, e.g. in tunnelling. The economic situation continues to be difficult especially in the company's traditional markets of Austria, Germany and Switzerland. STRABAG is therefore increasingly offering its technological know-how outside of Europe. Currently being pursued in this regard are selected projects in places such as Canada, Chile and the Arab world.

Internationally STRABAG is successfully active in specialty businesses such as the tunnelling technique of pipe jacking, in test track construction, and in the field of liquefied natural gas (LNG). In its traditional non-European markets such as the Middle East, the company remains engaged with the same level of commitment, so that the orders situation can be assessed as satisfactory despite the great competition that projects are subject to here as well.

Although existing projects are mostly proceeding satisfactorily, the market for **concession projects** in transportation infrastructures in Europe remains weak in the face of a reduced project pipeline. STRABAG was able to conclude two new contracts as part of consortia in 2014 – for the nationwide rollout of a toll system for trucks in Belgium as well as the financing, design, construction and operation of a section of the N17/N18 motorway in Ireland –, but potential projects above all in Eastern Europe hold significant political and financial challenges. In addition to the Northern European area, therefore, the group is actively yet selectively observing international markets such as Chile, Canada and individual countries in Africa.

In comparison, the group again expects a solid earnings contribution from the following two business fields: In **property and facility services,** increased productivity should make it possible to partially compensate for the higher personnel costs from the newly concluded collective agreement for 2014. Here STRABAG expanded its range of services in 2014 to include industrial cleaning through the acquisition of Germany- and Austria-based DIW Group. The takeover also served to strengthen the position of STRABAG PFS as second-largest facility services enterprise in Germany. This position was further consolidated with a series of new orders e.g. from companies in the media and retail business.

The **real estate development** business is profiting from higher rents and lower vacancies in the German real estate centres. Moreover, in view of the continuously low interest rates, German and Austrian real estate should remain a much sought-after investment alternative. STRABAG is therefore very pleased with the busy activity of its subsidiary STRABAG Real Estate GmbH: Investors have been found for two projects in the past few months, for "Upper West" at Berlin's Kurfürstendamm and for the "Dancing Towers" in Hamburg. Meanwhile, properties were acquired for new projects in Frankfurt and in Hamburg, and only recently the company announced the start of the development of the office and retail property "Astoria" in Warsaw.

The **construction materials** business could be bolstered by an incipient stabilisation of the economic situation of the construction industry in several Eastern European markets. The affordable bitumen prices are also having a positive impact.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

Country	Project	Order backlog € mln.	Percentage of total group order backlog %
Italy	Pedemontana motorway	966	6.7
Chile	Alto Maipo hydropower complex	332	2.3
Austria	Koralm Tunnel, Section 2	196	1.4
Austria	Brenner Base Tunnel, Tulfes–Pfons	175	1.2
United Arab Emirates	STEP wastewater systems	120	0.8
Italy	Brenner Base Tunnel, Eisack River undercrossing	118	0.8
Germany	Albabstieg Tunnel	104	0.7
Oman	Road Sinaw–Duqm	88	0.6

SEGMENT OTHER (INCLUDES SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

This segment encompasses the group's internal Central divisions and Central Staff Divisions.

€ mln.	2014	2013	Δ 2013–2014 %	Δ 2013–2014 absolute
Output volume	132.61	136.19	-3	-3.58
Revenue	21.15	26.51	-20	-5.36
Order backlog	7.54	10.66	-29	-3.12
EBIT	0.35	0.06	483	0.29
EBIT margin (% of revenue)	1.7	0.2		
Employees	5,705	5,741	-1	-36

Risk management

The STRABAG Group is subject to a number of risks in the course of its business activities. These risks are identified and assessed using an active risk management system and dealt with using an appropriate risk policy.

The group's goals are defined at all company levels. This is a prerequisite to setting up processes for the timely identification of potential risks standing in the way of the achievement of company objectives. The **organisation** of STRABAG's risk management builds on project-related jobsite and acquisitions controlling, supplemented by the higher-level assessment and steering management. The risk controlling process includes a certified quality management system with internal group guidelines and complementary business, process and technical instructions for the workflow in the operating units, supportive Central Divisions and Central Staff Divisions with technical, legal and administrative service and consulting activities, and Internal Audit as a neutral and independent auditing entity.

The group's internal risk report defines the following central risk groups:

EXTERNAL RISKS ARE COUNTERED THROUGH DIVERSIFICATION

The entire construction industry is subject to **cyclical fluctuations** and reacts to varying degrees depending on region and sector. Overall economic growth, development of the construction markets, the competitive situation, the conditions on the capital markets and technological changes in construction can all result in risks. These risks are continually observed and monitored by the central departments and operating units. Changes in external risks lead to adjustments in STRABAG's organisation, market presence and range of services as well as the adaptation of strategic and operating planning. STRABAG further responds to market risk with geographic and product-related **diversification** in order to keep the influence on the company's success exerted by an individual market or by the demand for certain services as low as possible. To avoid bearing the risk of rising prices, STRABAG makes efforts at signing cost **escalation clauses** and **"cost-plus-fee" contracts** in which the client pays a previously agreed margin on the costs of the project.

OPERATING RISKS MANAGED THROUGH PRICE COMMISSIONS AND TARGET/PERFORMANCE COMPARISONS

The operating risks primarily include the complex risks of project selection and execution. STRABAG keeps **acquisition lists** in order to review the project choice. Business transactions requiring consent are reviewed and approved by business unit and sub-division managers or by division managers according to internal rules of procedure. Depending on the risk profile, bids must be analysed by **commissions** and reviewed for their technical and economic feasibility. **Cost accounting and expense allocation guidelines** have been set up to assure a uniform process of costing and to establish a performance profile at our construction sites. Project execution is managed by the construction team on site and controlled by **monthly target/performance comparisons**; at the same time, our central controlling provides constant commercial backing, ensuring that risks of individual projects do not endanger the continuance of the company.

FINANCIAL RISKS: ACTIVE LIQUIDITY AND ACCOUNTING RECEIVABLES MANAGEMENT

See also corporate governance report

Business Compliance

Under financial risks, STRABAG understands risks in financial matters and in accounting, including instances of manipulation. Special attention is paid to the **liquidity and receivables management**, which is secured through continuous financial planning and daily status reports. Compliance with internal commercial guidelines is guaranteed by the central accounting and controlling departments, which are also responsible for internal reporting and the periodic planning process. Risks from possible instances of manipulation (acceptance of advantages, fraud, deception or other infringements of the law) are monitored by all business areas in general and by the **internal audit** department in particular.

In order to convey STRABAG's values and principles, the group drew up its Code of Ethics and internal **Compliance Guidelines** in 2007. The values and principles contained within these documents are reflected in the guidelines and instructions of the STRABAG companies and divisions. Compliance with these values and principles is expected not only from the members of the Management and Supervisory Boards as well as from other management-level employees but from all group employees. The Compliance Guidelines and the Code of Ethics are designed to guarantee honest and ethical business practices. In 2014, the Code of Ethics, i.e. the ethics model, was updated and replaced by a **business compliance model**. This model is comprised of the Code of Conduct, the Business Compliance Guidelines, the Business Compliance Guidelines for Business Partners, and the personnel structure of the business compliance model at STRABAG, which consists of the group compliance coordinator, the regional compliance representatives as well as the external and internal ombudspersons. The Code of Conduct is available for download at www.strabag.com > Strategy > Our strategic approach > Business Compliance.

Detailed information regarding interest risk, currency risk, credit risk and liquidity risk can be found in the Notes under item 25 Financial Instruments.

ORGANISATIONAL RISKS RELATED TO HUMAN RESOURCES AND IT

Risks concerning the design of personnel contracts are covered by the central **personnel department** with the support of a specialised data base. The company's IT configuration and infrastructure (hardware and software) is handled by the central IT department, guided by the international **IT steering committee**.

People & Workplace

PERSONNEL AS AN IMPORTANT COMPETITIVE FACTOR

Past experience has shown that having a highly qualified and motivated workforce is an important factor in competition. In order to properly assess the potential of employees, STRABAG uses an IT-supported aptitude diagnostics process, the so-called **behaviour profile analysis**. In subsequent feedback talks and employee appraisal interviews, employees and their supervisors analyse the results and agree on specific training and further education measures.

INVESTMENT RISKS: SECTOR-TYPICAL MINORITY HOLDINGS OF MIXING PLANTS

STRABAG can exert influence on the management of associated companies through its shareholder position and, at best, any existing advisory functions. The shares in asphalt and concrete mixing companies usually involve **sector-typical minority holdings**. With these companies, economies of scope are at the fore.

AVOIDING LEGAL RISKS THROUGH EXTENSIVE RISK ANALYSIS

The centrally organised Central Staff Divisions Construction Legal Services (CLS) and Contract Management support the operating divisions in legal matters, with regard to construction industry questions or in the analysis of risks in the construction business. Their most important tasks include comprehensive reviews and consultation in project acquisition – e.g. analysis and clarification of tender conditions, performance specifications, pre-contract agreements, tender documents, draft contracts and framework conditions – as well as support in the systematic preparation and handling of difficult claims. The establishment of company-wide quality standards in quotation processing and supplemental services management makes it easier to assert claims for outstanding debt.

POLITICAL RISK: INTERRUPTIONS AND DISPOSSESSION POSSIBLE

The group also operates in countries which experience political instability. Interruptions of construction activity, restrictions on ownership interests of foreign investors, and even dispossession or expropriations could be the consequence of political changes which could have an impact on the group's financial structure.

A review of the current risk situation reveals that there were no risks which jeopardised the company's existence, nor were there any visible future risks.

REPORT ON KEY FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

Introduction

The control structure as defined by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) provides the basis for the description of the key features of the internal control and risk management systems in relation to the financial reporting process. The COSO framework consists of five related components: control environment, risk assessment, control activities, information and communication, and monitoring. On this basis, the STRABAG Group set up a company-wide risk management system according to generally accepted principles.

The aim of the internal control system is to support management in such a way that it is capable of assuring internal controls in relation to financial reporting which are effective and which are improved on an ongoing basis. The system is geared to the compliance with rules and regulations and to creating conditions which are conducive to performing specific controls in key accounting processes.

Control environment

Internal audit report in the corporate governance report

The corporate culture determines the control environment in which management and employees operate. STRABAG is constantly working to improve its communication and to convey its corporate values as defined in its Code of Conduct and its Business Compliance Guidelines in order to guarantee moral standards, ethics and integrity within the company and in our dealings with others.

The implementation of the internal control system in relation to the financial reporting process is done on the basis of internal rules and guidelines. Responsibilities for internal control were adapted to fit the corporate organisation.

The internal audit department carries out periodic, announced as well as unannounced inspections of all relevant business units as part of its responsibility for monitoring compliance with the law and corporate guidelines in the technical and commercial areas. The internal audit department also monitors the effectiveness of business compliance. During these inspections, the internal audit department analyses the legality and correctness of individual actions. The department also conducts regular, independent reviews of compliance with internal guidelines in the area of accounting. The head of the internal audit department reports directly to the CEO. The effectiveness of the work of the internal audit department is reviewed periodically by the financial auditor. The most recent review was performed in the first quarter of 2015.

Risk assessment

The management identifies and monitors risks relating to the financial reporting process, with a focus on those risks that are typically considered to be material.

The preparation of the financial statements requires regular forecasts, with the inherent risk that the actual future development will deviate from the forecast. This especially affects the following matters/items of the consolidated financial statements: assessment of unfinished construction projects, recognition and measurement of provisions (including social capital), the outcome of legal disputes, the collectability of receivables as well as the recoverability of investments and goodwill. In individual cases, external experts are called in or publicly available sources are considered in order to minimise the risk of a false assessment.

Control activities

All control activities are applied in the current business process to ensure that errors or deviations in financial reporting are prevented or detected and subsequently corrected. The control activities range from a review of the period results to specific monitoring of accounts and cost centres to the analysis of ongoing accounting processes. It is the responsibility of the management to design the levels of hierarchy in such a way that an activity and the control of that activity are not performed by the same person **("four-eyes" principle)**. This separation of functions encompasses a separation between decision-making, implementation, inspection and reporting. The organisational units of the BRZV Central Division support the Management Board in this task.

Processes which are relevant to financial reporting are increasingly automated. **IT security** control activities therefore represent a cornerstone of the internal control system. The separation of sensitive activities is supported by a restrictive approach to IT access authorisation. For its accounting and financial reporting, the company mainly uses self-developed software which reflects the unique features of the construction sector. The effectiveness of the financial reporting system is further assured through automated IT controls included in the system.

Information and communication

The management regularly updates the rules and regulations for financial reporting and communicates them to all employees concerned. In addition, regular discussions regarding the financial reporting and the rules and regulations in this context take place in various **committees**. These committees are composed of the corporate management as well as the department head and senior staff from the accounting department. The committee's work aims, among other things, at guaranteeing compliance with accounting rules and regulations and to identifying and communicating weak points and potential areas for improvement in the financial reporting process. **Accounting employees** receive regular **training** regarding new methods of national and international financial reporting in order to identify risks of unintended misreporting at an early stage.

Monitoring

The **Management** and **Supervisory Boards** bear responsibility for the ongoing company-wide monitoring. Additionally, the remaining management levels are responsible for the monitoring of their respective areas of responsibility. Controls and plausibility checks are carried out at regular intervals. The internal audit department is also involved in the monitoring process. The top management receives monthly summarised financial reports on the development of the output volume, the results of the respective segments and countries, and the liquidity. Financial statements to be published are reviewed internally by several instances within management, receiving a final appraisal by the senior accounting staff and the chief financial officer before being passed on to the Supervisory Board's audit committee.

People & Workplace

Human resources

In the 2014 financial year, the STRABAG Group employed an average of 72,906 people (2013: 73,100), of which 45,019 were blue-collar and 27,887 were white-collar workers. The **number of employees** thus remained relatively constant in comparison to the previous year. Yet clear differences could be seen at the country level: While the acquisition of Germany- and Austria-based facility services company DIW Group helped to raise staff levels, the number of employees fell in response to the continually implemented efficiency-rising measures and the end of large projects in a number of other countries in Eastern and Northern Europe.

The STRABAG Group continues to focus on the **training** and promotion of young people, a fact that is reflected in the constantly high number of apprentices and trainees. In 2014, 1,070 blue-collar apprentices (2013: 1,118) and 295 white-collar trainees (2013: 255) were in training with the group. Additionally, the company employed 53 technical trainees (2013: 45) and eleven commercial trainees (2013: ten).

In the 2014 financial year, the company only partially reached its goal of annually raising the percentage of **women** in the group. Women accounted for 13.8 % of employees within the entire group, versus 13.6 % in the previous year, and 8.5 % within group management (2013: 8.6 %).

Research and development

As a technology group for construction services, the STRABAG Group does business in a rapidly changing and highly interconnected environment. It is in this environment that the company applies its assets, comprised not only of its material and financial means but also of its human resources – the knowledge and know-how of its employees –, its structural and organisational capital, and its relational and market capital. The growing convergence between different sectors – driven by increasing societal demands, the fast pace of technological progress and client requests – confront the company with ever more rapidly shifting challenges. To take a more active role in shaping this change, and use it for its own benefit, the STRABAG Group gave itself a more **technological focus**, represented by the organisationally established, **systematic innovation management** that has been in place since 2014.

Cooperation with international universities and research institutions, development activities with partner companies around the world, and internal research and development projects have been a routine part of the group's daily activities for years. In overall charge of the planning and execution of these projects within the group are the two central divisions **Zentrale Technik** (ZT) and **TPA Gesellschaft für Qualitätssicherung und Innovation GmbH** (TPA), both of which report directly to the CEO. **ZT** is organised as a Central Division with **750** highly qualified **employees** at 24 locations. It provides services in the areas of tunnelling, civil and structural engineering, and turnkey construction along the entire construction process. From the early acquisition stage and bid processing to execution planning and site management, ZT offers innovative solutions with regard to construction materials technology, construction management, construction physics, and software solutions. Central topics for innovation activities are sustainable construction and renewable energy. Among other things, the employees at ZT develop methods and tools to control the impact of construction activities on the environment. The specialist staff department of Development and Innovation oversees the systematic networking of people and relevant topics. In 2014, the group also began to establish a series of innovation ombudspersons in its divisions, starting with transportation infrastructures, among others.

TPA is the group's competence centre for quality management and materials-related research and development. Its main tasks include ensuring the quality of the construction materials, structures and services as well as the safety of the processes, and developing and reviewing standards for the handling and processing of construction materials. With lean management, TPA also holds competences for the efficient planning of supply and production chains. TPA has about **800 employees** at 130 locations in more than 20 countries, making it one of Europe's largest private laboratory companies.

STRABAG's **EFKON AG** subsidiary provides the group with expertise in the research and development of intelligent transportation systems in general and electronic toll collection solutions in particular. The company has developed products and solutions in the electronic toll collection segment for multi-lane traffic flow and has already introduced these onto the international market. The research focus last year was on the topics of stationary enforcement, automatic toll sticker monitoring and the development of a handheld device for local toll enforcement. The technology company headquartered in Raaba near Graz, Austria, is seeing a high amount of international demand and has repeatedly been able to achieve an export ratio of over 90 % in recent years.

The versatility of the STRABAG Group is reflected in the many different areas of expertise it has to offer and the variety of demands it has to face. The **group's knowledge management** therefore makes use of suitable methods and tools to encourage and support the exchange of experience and information among employees. This facilitates the cooperation among the different divisions, which is an important factor leading to new developments: from the use of drones for land surveying to the integration of renewable energy technologies in environmentally friendly, intelligent electric vehicle charging stations to process optimisation through the use of RFID (radio frequency identification) technology on the construction site.

In addition to specific research projects at the group's units and subsidiaries, a large part of the **research and development activities** takes place **during ongoing construction projects** – especially involving tunnelling, construction engineering and ground engineering. During work in these areas, new challenges or specific questions often arise which require new technological processes or innovative solutions to be developed on-site.

The STRABAG Group spent about € 15 million (2013: about € 20 million) on research, development and innovation activities during the 2014 financial year.

Ecological Responsibility

Environment

Ecological responsibility is one of the six strategic fields of action within the STRABAG Group. The constant aim is to minimise the negative impact on the environment that results from the business activity. The most effective contribution can be made by lowering **the energy and material use** and reducing the demand for fossil fuels. With its extensive **energy management**, the company is on the right path: in 2014, it was possible to lower energy costs by 11 % versus 2013. This is also due to the lower market prices for energy sources. The carbon footprint of all consolidated companies shows a reduction of CO_2 emissions by 124,074 tonnes. The energy costs for the companies within STRABAG SE's scope of consolidation amounted to € 304.67 million (2013: € 342.73 million).

ENERGY USE WITHIN THE GROUP

	Unit	2010	2011	2012	2013	2014
Electricity	MWh	499,945	499,146	486,033	497,943	433,164
Fuel	thousands of litres	212,614	241,433	245,660	252,718	230,926
Gas	heating value in MWh	705,973	658,356	565,048	560,507	505,371
Heating oil	thousands of litres	25,836	21,644	17,790	16,053	14,388
Pulverised lignite	tonnes	51,452	84,318	79,107	69,602	75,247

The focus in 2014 was on the analysis of the group's main energy source: fuels. By monitoring the **fuel consumption** of the passenger car and commercial vehicle fleet in Germany and Austria, it was possible to identify enormous savings potential. Appropriate action will be taken to reduce fuel consumption in 2015 in order to live up to the goal of doing business while saving resources. Another task will be to develop indicators to recognise potential savings with regard to the energy efficiency of the asphalt plants.

Website Corporate Governance Report

The STRABAG SE Corporate Governance Report is available online at www.strabag.com > Investor Relations > Corporate Governance > Corporate Governance Report.

Disclosures pursuant to Section 243a Para 1 UGB

1. The share capital of STRABAG SE amounts to € 114,000,000 and consists of 114,000,000 fully paid-in, no-par value shares with a pro rata value of € 1 per share of the share capital. 113,999,997 shares are bearer shares and are traded on the Prime Market Segment of the Vienna Stock Exchange. Three shares are registered shares. Each bearer share and each registered share accounts for one vote (one share – one vote). The nomination rights associated with registered shares No. 1 and No. 2 are described in more detail under item 4.

2. The Haselsteiner Group (Haselsteiner Familien-Privatstiftung, Dr. Hans Peter Haselsteiner), the Raiffeisen Group (Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H, BLR-Baubeteiligungs GmbH, “Octavia” Holding GmbH), the UNIQA Group (UNIQA Insurance Group AG, UNIQA Beteiligungs-Holding GmbH, UNIQA Österreich Versicherungen AG, UNIQA Erwerb von Beteiligungen Gesellschaft m.b.H., Raiffeisen Versicherung AG) and Rasperia Trading Limited (controlled by Oleg Deripaska), as shareholder groups of STRABAG SE, have signed a syndicate agreement governing (1) nomination rights regarding the Supervisory Board, (2) the co-ordination of voting during the Annual General Meeting, (3) restriction on the transfer of shares and (4) joint development of the Russian market as a core market. The Haselsteiner Group, the Raiffeisen Group together with the UNIQA Group, and Rasperia Trading Limited each have the right to nominate two members of the Supervisory Board. The syndicate agreement also requires the syndicate partners to exercise their voting rights from syndicated shares unanimously at the Annual General Meeting of STRABAG SE. The syndicate agreement further foresees restrictions on the transfer of shares in the form of mutual preemptive rights as well as a minimum shareholding on the part of the syndicate partners.

In accordance with Sec 65 Para 5 of the Austrian Stock Corporation Act (AktG), all rights were suspended for 11,400,000 no-par shares (10 % of the share capital) effective 31 December 2014 as these shares are held by STRABAG SE as own shares as defined in Sec 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG) (see also item 7).

3. To the knowledge of STRABAG SE, the following shareholders held a direct or indirect interest of at least 10.0 % of the share capital of STRABAG SE on 31 December 2014:

- Haselsteiner Group........................ 25.5 %
- Raiffeisen-Holding Niederösterreich-Wien reg.Gen.m.b.H. (Raiffeisen Group)... 12.7 %
- UNIQA Versicherungen AG (UNIQA Group)............................... 13.8 %
- Rasperia Trading Limited. 25.0 % + 1 share

The company itself held 11,400,000 no-par shares on 31 December 2014, which corresponds to 10 % of the share capital (see also item 7).

The remaining shares of the share capital of STRABAG SE, amounting to about 13.0 % of the share capital, are in free float.

4. Three shares are – as mentioned under item 1 – registered shares entered in the shareholder register. Registered shares No. 1 and No. 3 are held by the Haselsteiner Group and registered share No. 2 is held by Rasperia Trading Limited. Registered shares No. 1 and No. 2 allow their bearers to nominate a member each to the Supervisory Board of STRABAG SE.

5. No employee stock option programmes exist.

6. No further regulations exist beyond items 2 and 4 regarding the nomination and recall of members of the Management and Supervisory Boards or regarding changes to the Articles of Association which do not result directly from relevant law and legislation.

7. The Management Board of STRABAG SE, in accordance with Sec 169 of the Austrian Stock Corporation Act (AktG), was authorised by resolution of the tenth Annual General Meeting of 27 June 2014 and with approval by the Supervisory Board to increase the share capital of the company by up to € 57,000,000 by 27 June 2019, in several tranches if necessary, by issuing up to 57,000,000 registered no-par shares for cash or contributions in kind (in this case also to the partial or full exclusion of the shareholders' subscription rights).

   The Management Board, in accordance with Sec 174 Para 2 of the Austrian Stock Corporation Act (AktG), was further authorised by resolution of the eighth Annual General Meeting of 15 June 2012 and with the approval of the Supervisory Board to issue financial instruments within the meaning of Sec 174 of the Austrian Stock Corporation Act (AktG) – in particular convertible bonds, income bonds and profit participation rights – with a total nominal value of up to € 1,000,000,000, which may also confer subscription and/or exchange rights for the acquisition of up to 50,000,000 shares of the company and/or may be designed in such a way that they can be issued as equity, also in several tranches and in different combinations, up to five years inclusive from the day of this resolution, also indirectly by way of a guarantee for the issue of financial instruments through an associate or related entity of the company with conversion rights on shares of the company.

   The Management Board was also authorised by resolution of this Annual General Meeting, in accordance with Sec 65 Para 1b of the Austrian Stock Corporation Act (AktG), for a period of five years from this resolution, to sell or assign its own shares, with approval by the Supervisory Board, in a manner other than on the stock market or through a public tender, to the exclusion of the shareholders' buyback rights (subscription rights), and to determine the conditions of sale. The authorisation can be exercised in full or in part or in several partial amounts for one or several purposes by the company, a subsidiary (Sec 228 Para 3 UGB) or third parties acting on behalf of the company.

8. With the exception of the agreements over a syndicated surety loan and a syndicated cash credit line, there exist no significant agreements to which STRABAG SE is party and which would become effective, change or end due to a change of ownership in STRABAG SE following a takeover offer.

9. No compensation agreements exist between STRABAG SE and its Management and Supervisory Board members or employees in the event of a public takeover offer.

Related parties

Business transactions with related parties are described in item 27 of the Notes.

Supporting information

At the beginning of March 2009, an accident occurred during underground construction at the South Lot for the North-South urban metro line in Cologne, resulting in the collapse of the Historical Archive of the City of Cologne and significant portions of two neighbouring buildings. Debris collapsed into a hole which opened next to the North-South construction site at the Waidmarkt crossover junction. Two people were trapped under the rubble, and rescuers were only able to recover their bodies.

Construction on the underground is being carried out by a joint venture (JV) of Bilfinger AG (formerly Bilfinger Berger SE), Wayss & Freytag Ingenieurbau AG and a group company. The JV is led by Bilfinger SE on the technical side and by Wayss & Freytag Ingenieurbau AG on the commercial side. Through its subsidiary Ed. Züblin AG, the STRABAG Group holds a 33.3 % interest in the JV.

The cause of the collapse remains unknown. The public prosecutor's office began an investigation – initially against persons unknown – with three separate experts into possible negligent homicide and endangerment in construction. Two independent proceedings are being conducted by the District Court in Cologne: one to collect evidence as to the cause of the accident and another to establish the damage to the buildings and archives. Merely for the purpose of extending the statute of limitations, the public prosecutor's office in December 2013 opened proceedings against approximately 100 persons associated closely or loosely with the project. This purely precautionary measure does not represent any statement as to the cause of the accident. In this respect, it remains to be seen what the final result of the investigation of the site and the expert report reveal. For purposes of the investigation, construction is continuing on a model of the building, the completion and use of which was originally expected by mid-2014. As things stand, however, full completion can be expected no sooner than the first quarter of 2016. The model is to help clarify whether there were any mistakes or errors associated with the diaphragm wall set up by the JV.

We continue to believe that this project will not result in any significant damages for the company.

Outlook

The Management Board of STRABAG SE expects the **output volume** to increase from € 13.6 billion to € 14.0 billion in the 2015 financial year. This will likely be composed of € 6.2 billion from the North + West segment, € 4.5 billion from the South + East segment and € 3.2 billion from the International + Special Divisions segment. The remainder can be allotted to the segment "Other". The Managment Board therefore expects the output volume to remain nearly stable in North + West and to rise slightly in the other two operating segments.

As larger acquisitions are not planned, the **net investments** (cash flow from investing activities) are expected to fall significantly and should come to rest at about € 350 million.

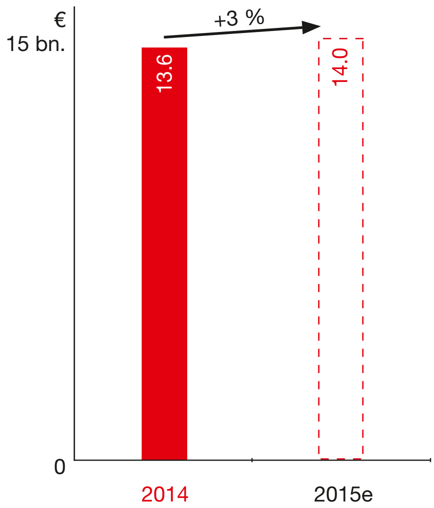
STRABAG SE would like to raise its **EBIT** to at least € 300 million in 2015. The efforts that have been made so far to further improve the risk management and to lower costs should already have a noticeable impact on earnings. This brings the company one step closer to its goal of reaching an EBIT margin (EBIT/revenue) of 3 % in 2016.

The earnings expectations are based on the assumption that demand in the German building construction and civil engineering market will remain at the same high level. At the same time, there are no expectations yet of large increases in investments by the public sector in transportation infrastructures in this home market.

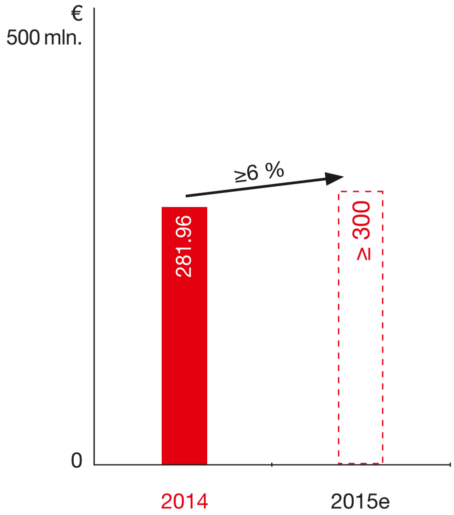
While the margins in the construction materials business should continue to improve in 2015 and the turnaround appears to have been reached in environmental engineering, a forecast is not yet possible for hydraulic engineering. The company continues to expect positive contributions from its property and facility management units and from real estate development.

The price pressure is expected to remain strong in the countries of Central and Eastern Europe, although in Slovakia or in Poland, for example, the company is capable of successful bids for larger tenders. The same can be said of the tunnelling business and of public-private partnerships, i.e. of concession projects, in the home markets, which is leading STRABAG to become more active in this area in non-European markets than before.

OUTPUT OUTLOOK



EBIT-OUTLOOK



Events after the reporting period

The material events after the reporting period are described in item 31 of the Notes.

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

Consolidated income statement

T€	Notes	2014	2013[1)]
Revenue	(1)	12,475,673	12,394,152
Changes in inventories		-34,430	40,090
Own work capitalised		8,770	2,394
Other operating income	(2)	225,215	232,242
Construction materials, consumables and services used	(3)	-8,163,254	-8,204,351
Employee benefits expenses	(4)	-3,057,674	-2,998,648
Other operating expenses	(5)	-791,363	-779,121
Share of profit or loss of associates	(6)	40,275	9,115
Net income from investments	(7)	16,731	-959
EBITDA		**719,943**	**694,914**
Depreciation and amortisation expense	(8)	-437,984	-433,337
EBIT		**281,959**	**261,577**
Interest and similar income		82,169	66,716
Interest expense and similar charges		-108,366	-98,256
Net interest income	**(9)**	**-26,197**	**-31,540**
EBT		**255,762**	**230,037**
Income tax expense	(10)	-108,259	-73,778
Net income		**147,503**	**156,259**
Attributable to: non-controlling interests		19,534	42,701
Attributable to: equity holders of the parent company		127,969	113,558
Earnings per share (€)	**(11)**	**1.25**	**1.11**

Statement of total comprehensive income

T€	Notes	2014	2013
Net income		**147,503**	**156,259**
Differences arising from currency translation		-29,340	-57,991
Recycling of differences arising from currency translation		-1,879	691
Change in hedging reserves including interest rate swaps		-42,409	9,864
Recycling of hedging reserves including interest rate swaps		23,271	22,681
Change in fair value of financial instruments under IAS 39		2,155	256
Deferred taxes on neutral change in equity	(10)	3,336	-6,390
Other income from associates		-4,832	-3,740
Total of items which are later recognised ("recycled") in the income statement		**-49,698**	**-34,629**
Change in actuarial gains or losses		-106,940	720
Deferred taxes on neutral change in equity	(10)	29,534	374
Other income from associates		-397	48
Total of items which are not later recognised ("recycled") in the income statement		**-77,803**	**1,142**
Other income		**-127,501**	**-33,487**
Total comprehensive income		**20,002**	**122,772**
Attributable to: non-controlling interests		8,863	38,535
Attributable to: equity holders of the parent company		11,139	84,237

1) The figures were restated because of application of IFRS 11 (see page 135).

Consolidated balance sheet

T€	Notes	31.12.2014	31.12.2013
Intangible assets	(12)	535,725	501,788
Property, plant and equipment	(12)	2,015,061	2,145,517
Investment property	(13)	33,773	36,894
Investments in associates	(14)	401,622	371,596
Other financial assets[1)]	(14)	232,644	235,494
Receivables from concession arrangements	(17)	728,790	780,628
Trade receivables	(17)	72,509	72,576
Income tax receivables	(17)	2,331	7,978
Other financial assets[1)]	(17)	205,883	46,531
Deferred taxes	(15)	278,123	217,288
Non-current assets		**4,506,461**	**4,416,290**
Inventories	(16)	849,400	1,104,978
Receivables from concession arrangements	(17)	26,654	24,643
Trade receivables	(17)	2,473,559	2,697,645
Non-financial assets	(17)	58,727	56,020
Income tax receivables	(17)	40,004	35,066
Other financial assets	(17)	396,713	514,180
Cash and cash equivalents	(18)	1,924,019	1,711,968
Current assets		**5,769,076**	**6,144,500**
Assets		**10,275,537**	**10,560,790**
Share capital		114,000	114,000
Capital reserves		2,311,384	2,311,384
Retained earnings and other reserves		459,328	491,604
Non-controlling interests		259,588	321,781
Group equity	**(19)**	**3,144,300**	**3,238,769**
Provisions	(20)	1,121,609	994,744
Financial liabilities[2)]	(21)	1,176,724	1,353,870
Trade payables	(21)	56,815	48,534
Non-financial liabilities	(21)	1,167	1,397
Other financial liabilities	(21)	13,072	27,866
Deferred taxes	(15)	39,317	39,377
Non-current liabilities		**2,408,704**	**2,465,788**
Provisions	(20)	667,361	695,824
Financial liabilities[3)]	(21)	433,198	368,830
Trade payables	(21)	2,729,754	2,936,051
Non-financial liabilities	(21)	422,419	391,600
Income tax liabilities	(21)	104,030	97,281
Other financial liabilities	(21)	365,771	366,647
Current liabilities		**4,722,533**	**4,856,233**
Equity and liabilities		**10,275,537**	**10,560,790**

1) In order to improve the representation, loans in the amount of T€ 17,882 in 2013 were reclassified from other financial assets to non-current other financial assets.
2) thereof T€ 489,530 concerning non-recourse liabilities from concession arrangements (2013: T€ 538,608)
3) thereof T€ 49,078 concerning non-recourse liabilities from concession arrangements (2013: T€ 46,497)

Consolidated cash flow statement

T€	Notes	2014	2013
Net income		147,503	156,259
Deferred taxes		654	-36,085
Non-cash effective results from consolidation		-2,233	2
Non-cash effective results from associates		36,081	1,194
Depreciations/write ups		451,114	449,630
Change in long-term provisions		19,861	-18,892
Gains/losses on disposal of non-current assets		-32,748	-39,074
Cash flow from earnings		*620,232*	*513,034*
Change in inventories		79,627	-83,443
Change in trade receivables, construction contracts and consortia		247,817	-69,016
Change in receivables from subsidiaries and receivables from participation companies		56,600	-27,484
Change in other assets		-24,307	29,488
Change in trade payables, construction contracts and consortia		-167,014	224,124
Change in liabilities from subsidiaries and liabilities from participation companies		4,433	45,047
Change in other liabilities		21,402	28,431
Change in current provisions		-33,464	33,521
Cash flow from operating activities		**805,326**	**693,702**
Purchase of financial assets		-21,025	-22,875
Purchase of property, plant, equipment and intangible assets		-346,487	-387,361
Gains/losses on disposal of non-current assets		32,748	39,074
Disposals of non-current assets (carrying value)		57,361	46,620
Change in other cash clearing receivables		-98,607	2,750
Change in scope of consolidation		-59,292	-10,591
Cash flow from investing activities		**-435,302**	**-332,383**
Change in bank borrowings		-92,247	-46,823
Change in bonds		-7,500	105,000
Change in liabilities from finance leases		-11,341	-20,598
Change in other cash clearing liabilities		23,584	2,185
Change in non-controlling interests due to acquisition		2,709	341
Acquisition of own shares		0	-8,863
Distribution and withdrawals from partnerships		-57,628	-37,729
Cash flow from financing activities		**-142,423**	**-6,487**
Net change in cash and cash equivalents		**227,601**	**354,832**
Cash and cash equivalents at the beginning of the period		1,684,700	1,350,669
Change in cash and cash equivalents due to currency translation		-15,550	-17,819
Change in restricted cash and cash equivalents		9,287	-2,982
Cash and cash equivalents at the end of the period	**(24)**	**1,906,038**	**1,684,700**

Statement of changes in equity

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2013	**114,000**	**2,311,384**	**554,709**	**-121,825**	**3,246**	**2,861,514**	**301,028**	**3,162,542**
Net income	0	0	113,558	0	0	113,558	42,701	156,259
Differences arising from currency translation	0	0	0	0	-53,758	-53,758	-3,542	-57,300
Change in hedging reserves	0	0	0	-822	0	-822	-19	-841
Changes in financial instruments IAS 39	0	0	242	0	0	242	14	256
Changes in investments in associates	0	0	47	-480	-3,175	-3,608	-84	-3,692
Change of actuarial gains and losses	0	0	2,306	0	0	2,306	-1,586	720
Change of interest rate swap	0	0	0	32,675	0	32,675	711	33,386
Deferred taxes on neutral change in equity	0	0	-122	-6,234	0	-6,356	340	-6,016
Total comprehensive income	**0**	**0**	**116,031**	**25,139**	**-56,933**	**84,237**	**38,535**	**122,772**
Transactions concerning non-controlling interests	0	0	620	0	0	620	-573	47
Acquisition of own shares	0	0	-8,863	0	0	-8,863	0	-8,863
Distribution of dividends[1)]	0	0	-20,520	0	0	-20,520	-17,209	-37,729
Balance as at 31.12.2013 = Balance as at 1.1.2014	**114,000**	**2,311,384**	**641,977**	**-96,686**	**-53,687**	**2,916,988**	**321,781**	**3,238,769**
Net income	0	0	127,969	0	0	127,969	19,534	147,503
Differences arising from currency translation	0	0	0	0	-29,672	-29,672	-1,547	-31,219
Change in hedging reserves	0	0	0	-642	0	-642	-15	-657
Changes in financial instruments IAS 39	0	0	2,089	0	0	2,089	66	2,155
Changes in investments in associates	0	0	-388	-503	-4,219	-5,110	-119	-5,229
Change of actuarial gains and losses	0	0	-94,522	0	0	-94,522	-12,418	-106,940
Change of interest rate swap	0	0	0	-18,081	0	-18,081	-400	-18,481
Deferred taxes on neutral change in equity	0	0	25,455	3,653	0	29,108	3,762	32,870
Total comprehensive income	**0**	**0**	**60,603**	**-15,573**	**-33,891**	**11,139**	**8,863**	**20,002**
Transactions concerning non-controlling interests	0	0	2,755	0	0	2,755	-59,598	-56,843
Acquisition of own shares	0	0	0	0	0	0	0	0
Distribution of dividends[2)]	0	0	-46,170	0	0	-46,170	-11,458	-57,628
Balance as at 31.12.2014	**114,000**	**2,311,384**	**659,165**	**-112,259**	**-87,578**	**2,884,712**	**259,588**	**3,144,300**

1) The total dividend payment of T€ 20,520 corresponds to a dividend per share of € 0.20 based on 102,600,000 shares.
2) The total dividend payment of T€ 46,170 corresponds to a dividend per share of € 0.45 based on 102,600,000 shares.

Consolidated statement of fixed assets as at 31 December 2014

T€	Balance as at 31.12.2013	Change in scope of consolidation	Currency translation	Balance as at 1.1.2014	Additions	Transfers
				Acquisition and production costs		
I. Intangible Assets						
1. Concessions; industrial property rights and similiar rights as well as licences derived thereof	114,769	23,280	445	138,494	6,047	197
2. Goodwill	641,239	43,724	-3,331	681,632	0	0
3. Development costs	27,595	-1,727	0	25,868	722	0
4. Advances paid	139	0	0	139	58	-197
Total	**783,742**	**65,277**	**-2,886**	**846,133**	**6,827**	**0**
II. Tangible Assets						
1. Properties; land rights equivalent to real property; buildings including buildings on third-party property	1,413,980	-26,031	-11,057	1,376,892	29,282	11,414
2. Technical equipment and machinery	2,673,139	5,946	-9,458	2,669,627	164,503	6,350
3. Other facilities, furniture and fixtures and office equipment	975,774	9,377	-6,656	978,495	114,234	1,557
4. Advances paid and facilities under construction	66,698	-5,900	-1,388	59,410	31,355	-19,321
Total	**5,129,591**	**-16,608**	**-28,559**	**5,084,424**	**339,374**	**0**
III. Investment Property	**203,349**	**0**	**-15**	**203,334**	**286**	**0**

Consolidated statement of fixed assets as at 31 December 2013

T€	Balance as at 31.12.2012	Change in scope of consolidation	Currency translation	Balance as at 1.1.2013	Additions	Transfers
				Acquisition and production costs		
I. Intangible Assets						
1. Concessions; industrial property rights and similiar rights as well as licences derived thereof	121,780	-1,081	-2,806	117,893	3,452	483
2. Goodwill	648,060	1,835	-8,656	641,239	0	0
3. Development costs	27,113	-760	0	26,353	1,242	0
4. Advances paid	322	0	0	322	422	-483
Total	**797,275**	**-6**	**-11,462**	**785,807**	**5,116**	**0**
II. Tangible Assets						
1. Properties; land rights equivalent to real property; buildings including buildings on third-party property	1,400,070	-3,636	-12,804	1,383,630	55,355	9,258
2. Technical equipment and machinery	2,656,670	3,627	-40,355	2,619,942	174,863	53,448
3. Other facilities, furniture and fixtures and office equipment	971,957	-892	-10,807	960,258	125,418	-1,438
4. Advances paid and facilities under construction	103,193	-401	-718	102,074	25,892	-61,268
Total	**5,131,890**	**-1,302**	**-64,684**	**5,065,904**	**381,528**	**0**
III. Investment Property	**206,854**	**0**	**-124**	**206,730**	**717**	**0**

1) of this amount, impairments of T€ 49,967 (2013: T€ 28,924)
2) of this amount, reversal of the depreciation T€ 5,305 (2013: T€ 0)
3) of this amount, impairments of T€ 28,924 (2012: T€ 28,482)

		Accumulated depreciation							Carrying values	
Disposals	Balance as at 31.12.2014	Balance as at 31.12.2013	Change in scope of consolidation	Currency translation	Additions[1]	Transfers	Disposals[2]	Balance as at 31.12.2014	Values 31.12.2014	Values 31.12.2013
9,659	135,079	84,112	-4,494	397	7,739	0	9,888	77,866	57,213	30,657
0	681,632	180,649	0	-17	28,832	0	0	209,464	472,168	460,590
0	26,590	17,193	-297	0	3,350	0	0	20,246	6,344	10,402
0	0	0	0	0	0	0	0	0	0	139
9,659	**843,301**	**281,954**	**-4,791**	**380**	**39,921**	**0**	**9,888**	**307,576**	**535,725**	**501,788**
39,491	1,378,097	497,704	-6,781	-2,223	54,235	328	19,504	523,759	854,338	916,276
181,636	2,658,844	1,800,819	2,474	-6,584	238,776	-289	169,834	1,865,362	793,482	872,320
106,657	987,629	659,773	5,941	-3,647	106,431	-39	97,905	670,554	317,075	316,001
1,450	69,994	25,778	-5,805	0	0	0	146	19,827	50,167	40,920
329,234	**5,094,564**	**2,984,074**	**-4,171**	**-12,454**	**399,442**	**0**	**287,389**	**3,079,502**	**2,015,062**	**2,145,517**
3,703	**199,917**	**166,455**	**0**	**0**	**3,925**	**0**	**4,236**	**166,144**	**33,773**	**36,894**

		Accumulated depreciation							Carrying values	
Disposals	Balance as at 31.12.2013	Balance as at 31.12.2012	Change in scope of consolidation	Currency translation	Additions[3]	Transfers	Disposals	Balance as at 31.12.2013	Values 31.12.2013	Values 31.12.2012
7,059	114,769	81,672	-738	-1,978	11,975	0	6,819	84,112	30,657	40,108
0	641,239	176,551	0	113	3,985	0	0	180,649	460,590	471,509
0	27,595	8,691	-760	0	9,262	0	0	17,193	10,402	18,422
122	139	0	0	0	0	0	0	0	139	322
7,181	**783,742**	**266,914**	**-1,498**	**-1,865**	**25,222**	**0**	**6,819**	**281,954**	**501,788**	**530,361**
34,263	1,413,980	475,965	-133	-3,523	45,127	-49	19,683	497,704	916,276	924,105
175,114	2,673,139	1,741,384	2,140	-29,630	250,963	1,699	165,737	1,800,819	872,320	915,286
108,464	975,774	669,463	-711	-8,233	101,859	-1,650	100,955	659,773	316,001	302,494
0	66,698	19,506	0	0	6,272	0	0	25,778	40,920	83,687
317,841	**5,129,591**	**2,906,318**	**1,296**	**-41,386**	**404,221**	**0**	**286,375**	**2,984,074**	**2,145,517**	**2,225,572**
4,098	**203,349**	**165,187**	**0**	**0**	**3,894**	**0**	**2,626**	**166,455**	**36,894**	**41,667**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basic principles

The STRABAG Group is a leading European technology group for construction services. The company has its headquarters in Triglavstraße 9, 9500 Villach, Austria. From its core markets of Austria and Germany, STRABAG is present via its numerous subsidiaries in all countries of Eastern and South-East Europe including Russia, in selected markets in North and Western Europe and the Arabian Peninsula, as well as in the project business in Africa, Asia and the Americas. STRABAG's activities span the entire construction industry (Building Construction & Civil Engineering, Transportation Infrastructures, Tunnelling, construction-related services) and cover the entire value-added chain in the field of construction.

The consolidated financial statements of STRABAG SE, at the reporting date 31 December 2014, were drawn up under application of Section 245a Paragraph 2 of the Austrian Business Enterprise Code (UGB) in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

Applied were exclusively those standards and interpretations adopted by the European Commission before the reporting deadline and published in the Official Journal of the European Union. Further reporting requirements of Section 245a Paragraph 1 of the Austrian Business Enterprise Code (UGB) were fulfilled as well.

In addition to a statement of comprehensive income, the financial statements include a cash flow statement in accordance with IAS 7, and a statement of changes in equity and a statement of recognised income and expense (IAS 1). The disclosures in the notes also contain a segment reporting section in accordance with IFRS 8.

In order to improve the clarity of the representation, various items in the balance sheet and the income statement have been combined. These items have been shown separately and are explained in the notes. The income statement has been drawn up in accordance with the nature of expense method.

The consolidated financial statements were drawn up in T€. The presentation in T€ may result in rounding differences.

Changes in accounting policies

NEW AND REVISED STANDARDS AND INTERPRETATIONS THAT ARE EFFECTIVE FOR THE 2014 FINANCIAL YEAR:

The IASB has made the following amendments to the existing IFRS and passed several new IFRS and IFRIC, which have also been adopted by the European Commission. Application became mandatory on 1 January 2014.

	Application for financial years which begin on or after (according to IASB)	Application for financial years which begin on or after (according to EU endorsement)
IFRS 10 Consolidated Financial Statements	1.1.2013	1.1.2014
IFRS 11 Joint Arrangements	1.1.2013	1.1.2014
IFRS 12 Disclosure of Interests in Other Entities	1.1.2013	1.1.2014
Amendments to IAS 27 Separate Financial Statements	1.1.2013	1.1.2014
Amendments to IAS 28 Investment in Associates and Joint Ventures	1.1.2013	1.1.2014
Amendments to IAS 32 Financial Instruments Presentation	1.1.2014	1.1.2014
Transition guidance – Amendments to IFRS 10, IFRS 11 and IFRS 12	1.1.2013	1.1.2014
Investment entities – Amendments to IFRS 10, IFRS 12 and IAS 27	1.1.2014	1.1.2014
Amendments to IAS 36 Impairment of Assets: Recoverable Amount Disclosures	1.1.2014	1.1.2014
Amendments to IAS 39 Financial Instruments: Recognition and Measurement: Novation of Over-the-Counter Derivatives and Continuation of Existing Hedging Relationships	1.1.2014	1.1.2014

IFRS 10 defines the principle of control and establishes control as the sole basis for determining the scope of consolidation. IFRS 10 supersedes the corresponding standards in IAS 27 and SIC-12.

IFRS 11 and IAS 28 regulate the accounting of arrangements in which an entity exercises joint control over a joint venture or a joint operation. It supersedes the previous rules under IAS 31 and SIC-13. The new standard does away with the option of proportionate consolidation for jointly controlled entities.

According to a statement by the Institute of Public Auditors in Germany (IDW) and a draft statement by the Austrian Financial Reporting and Auditing Committee (AFRAC), the typical German and Austrian construction consortium meets the requirements to be classified as a joint venture. The impact on the consolidated financial statements is limited to changes in the presentation in the income statement. Starting with the 2014 financial year, the share of profit or loss will no longer be recognised as revenue or other operating expense but instead as share of profit or loss of associates. In order to improve comparability the previous year's figures have been adapted as follows.

T€	**2013**	**2013 adapted**	**Δ[1)]**
Revenue	12,475,654	12,394,152	-81,502
Other operating expenses	-857,292	-779,121	78,171
Share of profit or loss of associates	5,784	9,115	3,331
EBITDA	**694,914**	**694,914**	**0**

IFRS 12: This new standard encompasses all disclosure requirements for subsidiaries, associates and joint arrangements as well as for unconsolidated structured entities. It replaces the relevant requirements in IAS 27, IAS 28 and IAS 31.

IAS 32 contains changes to clarify under which requirements a netting of financial instruments is permitted on the balance sheet.

IAS 36, consequential to the issue of IFRS 13, was modified to require disclosure of the recoverable amount of each cash-generating unit (or group of units) for which material goodwill or material intangible assets with indefinite useful lives are allocated. IAS 36 also introduces new disclosure requirements for cases of impairment loss (reversal) of assets or cash-generating units.

In the meantime, IASB has issued clarifications in relation to the application of amendments to the standard. The overall effect of the amendments is to clarify that disclosure requirements affect only those cash-generating units which have been subject to impairment.

IAS 39, in its amended version, provides relief for novation of over-the-counter derivatives by allowing hedge accounting to continue in a situation where novation of a hedging instrument to a central counterparty meets certain criteria.

The application of the new accounting standards, with the exception of the presentation of construction consortia, had only minor impacts on the consolidated financial statements of STRABAG SE as at 31 December 2014.

FUTURE CHANGES OF FINANCIAL REPORTING STANDARDS

The IASB and the IFRIC approved further standards and interpretations. However, these were neither required to be applied in the 2014 financial year nor adopted by the European Commission. The amendments affect the following standards and interpretations:

1) Losses from construction consortia in the amount of T€ 70,022 were presented net under revenue.

	Application for financial years which begin on or after (according to IASB)	Application for financial years which begin on or after (according to EU endorsement)	Impact on the consolidated financial statements
IFRIC 21 Levies	1.1.2014	17.6.2014	minor impact
Amendments to IAS 19	1.7.2014	1.2.2015	minor impact
Annual Improvements to IFRS 2010–2012	1.7.2014	1.2.2015	is being analysed
Annual Improvements to IFRS 2011–2013	1.7.2014	1.1.2015	is being analysed
IFRS 9 (2009, 2010, 2013) Financial Instruments	1.1.2018	n.a.[1]	is being analysed
IFRS 14 Regulatory Deferral Accounts	1.1.2016	n.a.	no
Amendments to IFRS 11 Joint Arrangements: Accounting for the acquisition of an interest in a joint operation	1.1.2016	n.a.	minor impact
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Acceptable methods of depreciation and amortisation	1.1.2016	n.a.	no
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Bearer Plants	1.1.2016	n.a.	no
IFRS 15 Revenue from Contracts with Customers	1.1.2017	n.a.	is being analysed
Amendments to IAS 27 Separate Financial Statements: Equity method in separate financial statements	1.1.2016	n.a.	no
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sales or contributions of assets between an investor and its associate/joint venture	1.1.2016	n.a.	minor impact
Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures: Investment entities: Applying the consolidation exception	1.1.2016	n.a.	minor impact
Amendments to IAS 1 Presentation of Financial Statements	1.1.2016	n.a.	minor impact
Improvements project IFRS 2012–2014	1.1.2016	n.a.	is being analysed

Consequences for the consolidated financial statements are expected especially from the application of the following standards and interpretations:

IFRS 9 follows a new standard for the classification and measurement of financial assets, distinguishing only between two measurement categories (measurement at fair value and measurement at amortised cost) based on the entity's business model or on the characteristics of the contractual cash flows of the financial asset in question. Measurement with regard to impairment is to be performed using a unique method.

The **amendments to IFRS 11** clarify how to account for acquisitions of an interest in a joint operation when the operation constitutes a business.

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. IFRS 15 supersedes the corresponding standards in IAS 11, IAS 18 and IFRIC 15.

Early application of the new standards and interpretations is not planned.

Aside from those described in IFRS 9 and IFRS 15 application of the new standards and interpretations are expected to have only a minor impact in the future on the consolidated financial statements.

1) n.a. – endorsement process is still in progress

Consolidation

The financial statements of the domestic and foreign companies included in the scope of consolidation are drawn up in accordance with uniform methods of accounting and valuation. The annual financial statements of the domestic and foreign group companies are adapted accordingly.

SUBSIDIARIES

Entities whose financial and operating policies are controlled by the group constitute subsidiaries.

The consolidated financial statements include the financial statements of the parent company and entities (including structured entities) over which the group has control. An entity is considered to be under control if the following criteria are met:

- The parent company has power over the investee.
- The parent company is exposed to variable returns on the investment.
- The parent company has the ability to affect the returns from the investment through its power over the investee.
- Control over another entity is reassessed if facts and circumstances indicate that there are changes to one or more of the three elements of control discussed above.
- Owning a majority of the voting rights is not always necessary to have power and control over an investee, but can be achieved through other rights or contractual agreements which give the parent company the possibility to affect the returns of the investee.

A subsidiary is included in the consolidated financial statements from the date on which the parent acquired control. Conversely, the entity is deconsolidated when control ends.

Capital consolidation is performed in accordance with IFRS 3 using the acquisition method. The cost of acquisition of the subsidiary is measured as the sum of the fair values of assets given, equity instruments issued and liabilities assumed. Contingent considerations are also measured at their fair value from the date of the business combination. Later deviations from this value are recognised in profit or loss. Transaction costs are also recognised immediately in profit or loss.

Non-controlling interests are recognised based on their proportional interest in the net assets of the acquired entity (partial goodwill method). The option of recognising non-controlling interests at fair value is not used.

In business combinations achieved in stages (step acquisitions), the existing equity interest of the entity is remeasured at fair value from the date of acquisition. The resulting profit or loss is recognised in the income statement.

The acquisition costs, contingent considerations, existing equity interests and non-controlling interests are to be compared with all identifiable assets and liabilities of the subsidiary, measured at fair value. Any remaining difference on the assets side is classified as goodwill. Differences arising from the capital consolidation on the liabilities side are recognised immediately in profit and loss following another review. Goodwill is subjected to an impairment test in accordance with IAS 36 at least once a year.

In the 2014 financial year, T€ 43,724 in goodwill arising from capital consolidation were recognised as assets. Impairments in the amount of T€ 28,832 were made.

Immaterial subsidiaries are not consolidated; these are reported at cost or at fair value in accordance with IAS 39 if this value can be reliably determined and recognised in the item other financial assets.

TRANSACTIONS WITH NON-CONTROLLING INTERESTS THAT DO NOT RESULT IN LOSS OF CONTROL

Differences arising from the acquisition or disposal of investments in affiliated entities without acquisition or loss of control are recognised in full in equity outside profit or loss.

DISPOSAL OF SUBSIDIARIES

When control over a subsidiary is lost, any remaining investment is remeasured at fair value. The difference to the existing carrying amounts is recognised in profit or loss. Associate, joint arrangements or financial assets are initially recognised at this fair value. All previous amounts recognised to date in other income are accounted for as if the assets and liabilities of the affected entities had been sold directly.

STRUCTURED ENTITIES

Structured entities are entities that are not controlled by voting rights, but mainly through contractual arrangements for a specific business purpose. The business purpose is usually restricted to a narrow field of activity. Structured entities typically have little equity capital and rely on owner financing.

ASSOCIATES

Entities in which the group exercises significant influence constitute associates. This is generally the case with a holding of between 20 % and 50 % of the voting rights. Investments in associates are accounted for using the equity method and recognised in the item investment in associates: the acquired investment is initially measured at cost. Any differences that arise are treated according to the principles of consolidation. In subsequent years, the carrying amount of the investment increases or decreases in proportion to the share of profit or loss and/or the investee’s other income. Distributions reduce the carrying amount of the investment. As soon as the group’s share of losses equals or exceeds the interest in the associate, no further losses are recognised unless the group is liable for the associate’s losses.

At the end of every accounting period, the group determines whether there are any indications for an impairment of the investment in the associate. If there are, then the difference between the carrying amount and the recoverable amount is recognised as an impairment expense in the income statement.

In the year under review, the initial equity measurement of newly acquired entities resulted in net goodwill in the amount of T€ 0 (2013: T€ 0), which is recognised as a component of investments in associates.

Associates which are not recognised using the equity method are recognised at cost or at fair value in accordance with IAS 39 if this value can be reliably determined and recognised in the item other financial assets.

JOINT ARRANGEMENTS

Joint ventures are entities over which the group exercises joint control together with a third entity. Joint control exists when the determination of the financial and operating policies requires the unanimous consent of all parties to the joint control. STRABAG accounts for jointly controlled entities using the equity method and these are recognised in the item investment in associates.

Joint ventures which are not recognised using the equity method are recognised at cost or at fair value in accordance with IAS 39 if this value can be reliably determined and recognised in the item other financial assets.

Consortia are quite common in the construction industry in Austria and Germany. According to the Institute of Public Auditors in Germany (IDW) and a draft statement by the Austrian Financial Reporting and Auditing Committee (AFRAC), the typical German and Austrian construction consortium meets the requirements to be classified as a joint venture. Earnings from construction consortia are presented proportionately under share of profit or loss of associates. The receivables from and payables to construction consortia include mainly in- and outflows of cash, charges resulting from services as well as proportional contract results and are recorded under trade receivables and payables.

Joint arrangements for the execution of construction work in the remaining countries are accounted for either as joint ventures or as joint operations depending on the substance of the arrangement.

INVESTMENTS

Investments which do not constitute subsidiaries, joint ventures or associates are recognised at cost or at fair value in accordance with IAS 39 if this value can be reliably determined and recognised in the item other financial assets.

Consolidation procedures

As part of the consolidation of intercompany balances, any trade receivables, loans and other receivables existing within the group are set off against the corresponding liabilities and provisions of the subsidiaries included in the consolidated financial statements.

Expenses and revenues from intra-group transactions are eliminated. Results incurred from intra-group transactions that are recognised in the non-current and current assets are eliminated if they are material.

Unrealised profits from transactions between group entities and associates are eliminated in proportion to the group's share in the associate.

Non-controlling interests in equity and profits of companies controlled by the parent company are shown separately in the consolidated financial statements.

The necessary tax deferrals are made for consolidation procedures.

Scope of consolidation

The consolidated financial statements as at 31 December 2014 include STRABAG SE as well as all major domestic and foreign subsidiaries where STRABAG SE either directly or indirectly holds a majority of the voting rights. Associated companies and joint ventures are reported in the balance sheet using the equity method (investments in associates).

Group companies which are of minor importance for the purpose of giving a true and fair view of the financial position, financial performance and cash flows of the group are not consolidated. The decision to include an entity in the scope of consolidation is based on quantitative and qualitative considerations.

Subsidiaries and associates included in the 2014 consolidated financial statements are given in the list of subsidiaries.

The financial year for all consolidated and associated companies, with the exception of the following companies that are included in the scope of consolidation on the basis of an interim report effective 31 December 2014, is identical with the calendar year.

Companies	**Reporting date**	**Method of inclusion**
MAYVILLE INVESTMENTS Sp.z o.o., Warsaw	31.10.	consolidation
Thüringer Straßenwartungs- und Instandhaltungsgesellschaft mbH & Co. KG, Apfelstädt	30.9.	Investments in associates

The number of consolidated companies changed in the 2014 financial year as follows:

	Consolidation	Equity method
Situation as at 31.12.2012	**321**	**21**
First-time inclusions in year under report	7	0
First-time inclusions in year under report due to merger/accretion	14	0
Merger/accretion in year under report	-35	0
Exclusions in year under report	-9	0
Situation as at 31.12.2013	**298**	**21**
First-time inclusions in year under report	15	1
First-time inclusions in year under report due to merger/accretion	6	0
Merger/accretion in year under report	-26	0
Exclusions in year under report	-27	-1
Transition consolidation	-3	3
Situation as at 31.12.2014	**263**	**24**

ADDITIONS TO SCOPE OF CONSOLIDATION

The following companies formed part of the scope of consolidation for the first time on the reporting date:

Consolidation	**Direct stake %**	**Date of acquisition or foundation**
Büro Campus Deutz Torhaus GmbH, Cologne	100.00	1.1.2014[1)]
CENTRO-TEL PROJEKT Sp. z o.o., Warsaw	100.00	4.9.2014
DIW Aircraft Services GmbH, Stuttgart	100.00	1.10.2014
DIW Instandhaltung GmbH, Stuttgart	100.00	1.10.2014
DIW Instandhaltung GmbH, Vienna	100.00	1.10.2014
DIW Mechanical Engineering GmbH, Stuttgart	100.00	1.10.2014
DIW System Dienstleistungen GmbH, Munich	100.00	1.10.2014
First-Immo Hungary Kft., Budapest	100.00	1.8.2014
GBS Gesellschaft für Bau und Sanierung mbH, Leuna	100.00	1.1.2014[1)]
IQ Generalübernehmer GmbH & Co. KG, Oststeinbek	75.00	5.11.2014
Jewel Development Grundstück GmbH & Co. KG, Cologne	100.00	8.7.2014
MAYVILLE INVESTMENTS Sp.z o.o., Warsaw	100.00	8.5.2014
RVB Gesellschaft für Recycling, Verwertung und Beseitigung von Abfällen mbH, Kelheim	100.00	1.1.2014[1)]
STRABAG (B) Sdn Bhd, Bandar Seri Begawan	100.00	1.1.2014[1)]
Züblin Construction L.L.C., Abu Dhabi	100.00	1.1.2014[1)]
Merger/Accretion		
BRANDNER Wasserbau GmbH, Kollmitzberg	100.00	1.1.2014[2)]
EUROASFALT d.o.o., Zagreb	100.00	11.12.2014[2)]
IGM Vukovina d.o.o., Zagreb	100.00	23.12.2014[2)]
Kelet Aszfalt Kft., Eger	100.00	1.11.2014[2)]
MASZ M6 Kft., Budapest	100.00	1.11.2014[2)]
Nyugat Aszfalt Kft., Györ	100.00	1.11.2014[2)]
at-equity		
Erste Nordsee-Offshore-Holding GmbH, Pressbaum	49.90	
PARK SERVICE HÜFNER GmbH + Co. KG, Stuttgart	48.44	1.1.2014[1)]
Strabag Qatar W.L.L., Qatar	49.00	
Zweite Nordsee-Offshore-Holding GmbH, Pressbaum	49.90	

ACQUISITIONS

With effect from 1 October 2014, STRABAG acquired 100 % of the shares in DIW Group (Stuttgart). With this acquisition, STRABAG expands its service portfolio to include industrial cleaning and further consolidates its market position in facility services in Austria and Germany. The acquired entities are consolidated as of 1 October 2014.

1) Due to its increased business volume, the company was included in the scope of consolidation of the group for the first time effective 1 January 2014. The foundation/acquisition of the company occurred before 1 January 2014.
2) The companies listed under “Merger/Accretion” were merged with/accrued on already consolidated companies and as such are at once represented as additions to and removals from the scope of consolidation.

The purchase price is preliminarily allocated to assets and liabilities as follows:

T€	Acquisition DIW-Group
Acquired assets and liabilities	
Goodwill	43,724
Other non-current assets	29,901
Current assets	55,722
Non-current liabilities	-11,315
Current liabilities	-38,429
Purchase price	**79,603**
Acquired cash and cash equivalents	-16,128
Net cash outflow from acquisitions	**63,475**

The consolidation of companies included for the first time took place at the date of acquisition or a near reporting date, provided that this had no significant difference to an inclusion at the date of acquisition.

In the 2014 financial year, negative goodwill in the amount of T€ 1,892 (2013: T€ 709) occurred. This amount is reported under other operating income.

Assuming a fictitious first-time consolidation on 1 January 2014 for all acquisitions in the 2014 financial year, the consolidated revenue would amount to T€ 12,653,330. The consolidated net income in the financial year would change in the amount of T€ -744.

All companies which were consolidated for the first time in 2014 contributed T€ 64,433 to revenue and T€ 2,362 to net income.

DISPOSALS FROM THE SCOPE OF CONSOLIDATION

As at 31 December 2014, the following companies were no longer included in the scope of consolidation:

Disposals from scope of consolidation	
"Wohngarten Sensengasse" Bauträger GmbH, Vienna	Sale
BHG Bitumen Kft., Budapest	Fell below significant level
BRF Tyresö View 1, Tyresö	Sale
Eberhardt Bau-Gesellschaft mbH, Berlin	Fell below significant level
Erste Nordsee-Offshore-Holding GmbH, Pressbaum	Transition consolidation
ETG Erzgebirge Transportbeton GmbH, Freiberg	Fell below significant level
I-PAY CLEARING SERVICES Pvt. Ltd., Mumbai	Fell below significant level
Northern Energy GAIA I. GmbH, Aurich	Loss of control
Northern Energy GAIA II. GmbH, Aurich	Loss of control
Northern Energy GAIA III. GmbH, Aurich	Loss of control
Northern Energy GAIA IV. GmbH, Aurich	Loss of control
Northern Energy GAIA V. GmbH, Aurich	Loss of control
Northern Energy GlobalTech II. GmbH, Aurich	Loss of control
Northern Energy OWP Albatros GmbH, Aurich	Loss of control
Northern Energy OWP West GmbH, Aurich	Loss of control
Northern Energy SeaStorm I. GmbH, Aurich	Loss of control
Northern Energy SeaStorm II. GmbH, Aurich	Loss of control
Northern Energy SeaWind I. GmbH, Aurich	Loss of control
Northern Energy SeaWind II. GmbH, Aurich	Loss of control
Northern Energy SeaWind III. GmbH, Aurich	Loss of control
Northern Energy SeaWind IV. GmbH, Aurich	Loss of control
OAT s.r.o., Prague	Fell below significant level
OAT spol. s.r.o., Bratislava	Fell below significant level
PBOiUT Slask Sp. z o.o., Katowice	Sale
Projekt Elbpark GmbH & Co. KG, Cologne	Sale
Steffes-Mies GmbH, Sprendlingen	Fell below significant level
STRABAG Beton GmbH & Co. KG, Berlin	Fell below significant level
Strabag Qatar W.L.L., Qatar	Transition consolidation
Windkraft FiT GmbH, Hamburg	Sale

Disposals from scope of consolidation	
Zweite Nordsee-Offshore-Holding GmbH, Pressbaum	Transition consolidation
Merger[1)]	
Baugesellschaft Nowotnik GmbH, Nörvenich	Merger
Baukontor Gaaden Gesellschaft m.b.H., Gaaden	Merger
Bauunternehmung Ohneis Gesellschaft mit beschränkter Haftung, Straubing	Merger
becker bau GmbH, Bornhöved	Merger
BRANDNER Wasserbau GmbH, Kollmitzberg	Merger
CENTRO-TEL PROJEKT Sp. z o.o., Warsaw	Merger
Eduard Hachmann Gesellschaft mit beschränkter Haftung, Lunden	Merger
EUROASFALT d.o.o., Zagreb	Merger
F. Kirchhoff Straßenbau GmbH, Leinfelden-Echterdingen	Merger
Gebr. von der Wettern Gesellschaft mit beschränkter Haftung, Cologne	Merger
HEILIT Umwelttechnik GmbH, Düsseldorf	Merger
Helmus Straßen-Bau GmbH, Vechta	Merger
IGM Vukovina d.o.o., Zagreb	Merger
Kelet Aszfalt Kft., Eger	Merger
Kirchner & Völker Bauunternehmung GmbH, Erfurt	Merger
Leonhard Moll Hoch- und Tiefbau GmbH, Munich	Merger
MASZ M6 Kft., Budapest	Merger
Nyugat Aszfalt Kft., Györ	Merger
Preusse Baubetriebe Gesellschaft mit beschränkter Haftung, Hamburg	Merger
Staßfurter Baubetriebe GmbH, Staßfurt	Merger
Storf Hoch- und Tiefbaugesellschaft m.b.H., Reutte	Merger
STRABAG Asset GmbH, Cologne	Merger
STRABAG Pipeline- und Rohrleitungsbau GmbH, Regensburg	Merger
STRABAG RAIL POLSKA Sp.z o.o., Breslau	Merger
Stratebau GmbH, Regensburg	Merger
T S S Technische Sicherheits-Systeme Gesellschaft mit beschränkter Haftung, Cologne	Merger

The disposals of assets and debt resulting from deconsolidation are comprised as follows:

T€	**Disposals from scope of consolidation**
Assets and liabilities	
Non-current assets	-24,935
Current assets	-200,452
Disposal of non-controlling interests	-58,775
Non-current liabilities	-43,658
Current liabilities	-51,585

Resulting profit in the amount of T€ 8,198 and losses in the amount of T€ -6,162 are recognised in profit or loss.

There were no significant restrictions on the use of assets nor risks related to structured entities at the end of the reporting period.

NON-CONTROLLING INTERESTS

A significant portion of the non-controlling interests in the group affects the inclusion of the Ed. Züblin AG subgroup[2)] as well as the consolidation of two wind park holding companies (Erste Nordsee-Offshore-Holding GmbH and Zweite Nordsee-Offshore-Holding GmbH). The table shows the financial information after intercompany eliminations.

1) The companies listed under “Merger” were merged with already consolidated companies or, as a result of accretion, formed part of consolidated companies.
2) No special protective regulations exist beyond the regulatory protective rights of non-controlling interests.

T€	ZÜBLIN		Wind farms[1]
	2014	2013	2013
Non-controlling interests (%)	42.74	42.74	49.00
Registered place of the parent company	Stuttgart	Stuttgart	Pressbaum
Headquarters	Germany	Germany	Germany
Non-current assets	345,837	324,581	0
Current assets	1,424,551	1,331,430	181,220
Non-current liabilities	-227,555	-227,966	-45,200
Current liabilities	-1,081,377	-982,694	-19,946
Net assets	**461,456**	**445,351**	**116,074**
Net assets attributable to non-controlling interests	198,347	192,230	56,876
Net assets attributable to STRABAG Group	263,109	253,121	59,198
Revenue	3,260,968	3,001,173	0
Net income	34,942	89,803	987
Other income	-16,382	-5,822	0
Total comprehensive income	**18,560**	**83,981**	**987**
Net income attributable to non-controlling interests	14,396	39,199	484
Net income attributable to STRABAG Group	20,546	50,604	503
Other income attributable to non-controlling interests	-6,843	-2,525	0
Other income attributable to STRABAG Group	-9,539	-3,297	0
Cash and cash equivalents	783,888	694,590	163
Cash flows from operating activities	128,086	166,782	-5,602
Cash flows from investing activities	-94,980	-70,080	0
Cash flows from financing activities	56,190	-24,485	1,614
Dividends paid to non-controlling interests	-350	-571	0
Net increase (net decrease) in cash and cash equivalents	**89,296**	**72,217**	**-3,988**
Carrying amounts of the non-controlling interests	198,347	192,230	56,876

At the same time, the group still holds direct non-controlling interests in the amount of 6.37 % in STRABAG AG, Cologne, as well as indirect non-controlling interests of 2.28 % in Bauholding Beteiligungs AG, Spittal an der Drau. The carrying amount of these non-controlling interests amounts to T€ 45,842 (2013: T€ 54,289).

CHANGES TO THE OWNERSHIP INTERESTS IN SUBSIDIARIES HELD BY THE GROUP

Per transfer agreement from 27 November 2014, STRABAG transferred its controlling interests in the subsidiaries Erste Nordsee-Offshore-Holding and Zweite Nordsee-Offshore-Holding. STRABAG now holds a 49.9 % interest in each company, which effective 27 November 2014 are recorded using the equity method. The consolidation methods are explained under item disposal of subsidiaries. The initial equity measurement resulted in goodwill in the amount of T€ 0.

Besides the above-mentioned investments, the ownership interests in subsidiaries in the financial year changed only insignificantly or had insignificant impact. The changes are represented in the list of investments which is included in the annual financial statements. The impact is shown in the statement of changes in equity under transactions concerning non-controlling interests.

1) Wind farm companies are accounted for using the equity method since 2014.

Currency translation

The items contained in the financial statements of each group entity are measured on the basis of the currency corresponding to the currency of the primary economic environment in which the entity operates (functional currency).

The functional currency of STRABAG's subsidiaries is the respective local currency, with the exception of AKA Alföld Koncesszios Autopalya Zrt., Budapest, whose functional currency is the euro.

The consolidated financial statements are prepared in euro, STRABAG's reporting currency.

Foreign currency transactions are translated into the functional currency at the foreign exchange rate on the day of the transaction. On the reporting date, monetary items are translated at the closing rate, while non-monetary items are translated at the rate on the day of the transaction. Exchange differences are recognised in profit or loss.

Assets and liabilities of group entities whose functional currency is not the euro are translated from the respective local currency into euro at the average exchange rate on the reporting date. As well as the corresponding profit for the period, the income statements of foreign group entities whose functional currency is not the euro are translated at the average exchange rate for the reporting period. The differences resulting from the use of both rates are reported outside profit or loss.

The most important currencies, including their average exchange rates on the reporting date, are listed under item 25. Currency translation differences of T€ -31,219 (2013: T€ -57,300) are recognised directly in equity in the financial year. Forward exchange operations (hedging) excluding deferred taxes in the amount of T€ -657 (2013: T€ -841) were recognised directly in equity.

Restatements in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies) were not necessary.

Consolidated companies and associates

The following list shows the consolidated companies included in the consolidated financial statements:

Austria		**Nominal capital T€/TATS**	**Direct stake %**
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH", Spittal an der Drau		35	100.00
"DOMIZIL" Bauträger GmbH, Vienna		727	100.00
"Filmforum am Bahnhof" Errichtungs- und Betriebsgesellschaft m.b.H., Vienna	TATS	3,000	100.00
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau		35	100.00
"Wiener Heim" Wohnbaugesellschaft m.b.H., Vienna		741	100.00
ABR Abfall Behandlung und Recycling GmbH, Schwadorf		37	100.00
Asphalt & Beton GmbH, Spittal an der Drau		36	100.00
AUSTRIA ASPHALT GmbH & Co OG, Spittal an der Drau	TATS	500	100.00
Bau Holding Beteiligungs AG, Spittal an der Drau		48,000	100.00
Bitumen Handelsgesellschaft m.b.H. & Co KG, Loosdorf	TATS	3,000	100.00
BITUNOVA Baustofftechnik Gesellschaft m.b.H., Spittal an der Drau	TATS	2,000	100.00
BLUMENFELD Liegenschaftsverwaltungs GmbH, Vienna	TATS	1,000	100.00
BMTI-Baumaschinentechnik International GmbH, Trumau		1,454	100.00
Böhm Stadtbaumeister & Gebäudetechnik GmbH, Vienna		36	100.00
BrennerRast GmbH, Vienna		35	100.00
BRVZ Bau- Rechen- u. Verwaltungszentrum Gesellschaft m.b.H., Spittal an der Drau		37	100.00
Bug-AluTechnic GmbH, Vienna		5,000	100.00
Campus Eggenberg Immobilienprojekt GmbH, Graz		36	60.00
Center Communication Systems GmbH, Vienna		727	100.00
Diabaswerk Saalfelden Gesellschaft m.b.H., Saalfelden		363	100.00
DIW Instandhaltung GmbH, Vienna		1,500	100.00
Eckstein Holding GmbH, Spittal an der Drau		73	100.00
EFKON AG, Raaba		28,350	98.14
F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG, Wiener Neustadt		1,192	100.00
Goldeck Bergbahnen GmbH, Spittal an der Drau		363	100.00

Austria		Nominal capital T€/TATS	Direct stake %
Ilbau Liegenschaftsverwaltung GmbH, Spittal an der Drau		4,500	100.00
InfoSys Informationssysteme GmbH, Spittal an der Drau		363	94.90
Innsbrucker Nordkettenbahnen Betriebs GmbH, Innsbruck		35	51.00
KAB Straßensanierung GmbH & Co KG, Spittal an der Drau		133	50.60
Kanzel Steinbruch Dennig Gesellschaft mit beschränkter Haftung, Gratkorn	TATS	500	75.00
M5 Beteiligungs GmbH, Vienna		70	100.00
M5 Holding GmbH, Vienna		35	100.00
Mineral Abbau GmbH, Spittal an der Drau		36	100.00
Mischek Systembau GmbH, Vienna		1,000	100.00
Mobil Baustoffe GmbH, Reichenfels		50	100.00
OAT - Bohr- und Fugentechnik Gesellschaft m.b.H., Spittal an der Drau	TATS	1,000	51.00
Osttiroler Asphalt Hoch- und Tiefbauunternehmung GmbH, Lavant i. Osttirol		36	80.00
Raststation A 3 GmbH, Vienna		35	100.00
Raststation A 6 GmbH, Vienna	TATS	500	100.00
RBS Rohrbau-Schweißtechnik Gesellschaft m.b.H., Linz		291	100.00
SF Bau vier GmbH, Vienna		35	100.00
STRABAG AG, Spittal an der Drau		12,000	100.00
STRABAG Anlagentechnik GmbH, Thalgau		1,000	100.00
STRABAG Bau GmbH, Vienna		1,800	100.00
STRABAG Energy Technologies GmbH, Vienna		50	100.00
STRABAG Holding GmbH, Vienna		35	100.00
Strabag Liegenschaftsverwaltung GmbH, Linz		4,500	100.00
STRABAG Property and Facility Services GmbH, Vienna		35	100.00
STRABAG SE, Villach		114,000	100.00
TPA Gesellschaft für Qualitätssicherung und Innovation GmbH, Vienna		37	100.00
VIOLA PARK Immobilienprojekt GmbH, Vienna		45	75.00
Züblin Holding GesmbH, Vienna		55	100.00
Züblin Spezialtiefbau Ges.m.b.H., Vienna		1,500	100.00

Germany		Nominal capital T€/TDEM	Direct stake %
Alpines Hartschotterwerk GmbH, Leinfelden-Echterdingen		25	100.00
Atlas Tower GmbH & Co. KG, Cologne		106	94.90
Baumann & Burmeister GmbH, Halle/Saale		51	100.00
BBS Baustoffbetriebe Sachsen GmbH, Hartmannsdorf	TDEM	30,000	100.00
BHG Bitumenhandelsgesellschaft mbH, Hamburg		26	100.00
BITUNOVA GmbH, Düsseldorf		256	100.00
Blees-Kölling-Bau GmbH, Cologne	TDEM	2,500	100.00
BMTI - Baumaschinentechnik International GmbH & Co. KG, Cologne		307	100.00
BRVZ Bau- Rechen- und Verwaltungszentrum GmbH & Co. KG, Cologne		30	100.00
Büro Campus Deutz Torhaus GmbH, Cologne		101	100.00
CLS Construction Legal Services GmbH, Cologne		25	100.00
Deutsche Asphalt GmbH, Cologne		28	100.00
DIW Aircraft Services GmbH, Stuttgart		25	100.00
DIW Instandhaltung GmbH, Stuttgart		25	100.00
DIW Mechanical Engineering GmbH, Stuttgart		25	100.00
DIW System Dienstleistungen GmbH, Munich		25	100.00
DYWIDAG Bau GmbH, Munich		32	100.00
DYWIDAG International GmbH, Munich		5,000	100.00
DYWIDAG-Holding GmbH, Cologne		500	100.00
E S B Kirchhoff GmbH, Leinfelden-Echterdingen		1,500	100.00
Eberhard Pöhner Unternehmen für Hoch- und Tiefbau GmbH, Bayreuth		30	100.00
ECS European Construction Services GmbH, Mörfelden-Walldorf		225	100.00
Ed. Züblin AG, Stuttgart		20,452	57.26
Eichholz Eivel GmbH, Berlin		25	100.00
F. Kirchhoff GmbH, Leinfelden-Echterdingen		23,319	100.00
F.K. SYSTEMBAU GmbH, Münsingen		2,000	100.00
Fahrleitungsbau GmbH, Essen		1,550	100.00
Forum Mittelrhein Koblenz Generalübernehmergesellschaft mbH & Co.KG, Oststeinbek		25	51.00

Germany		Nominal capital T€/TDEM	Direct stake %
Forum Mittelrhein Koblenz Kultur GmbH & Co. KG, Hamburg		25	51.00
Gaul GmbH, Sprendlingen		25	100.00
GBS Gesellschaft für Bau und Sanierung mbH, Leuna		513	100.00
Griproad Spezialbeläge und Baugesellschaft mbH, Cologne	TDEM	400	100.00
Heimfeld Terrassen GmbH, Cologne		25	100.00
Ilbau GmbH Deutschland, Berlin		4,700	100.00
Ilbau Liegenschaftsverwaltung GmbH, Hoppegarten	TDEM	15,000	100.00
IQ Generalübernehmer GmbH & Co. KG, Oststeinbek		25	75.00
Jewel Development Grundstück GmbH & Co. KG, Berlin		1	100.00
Josef Riepl Unternehmen für Ingenieur- und Hochbau GmbH, Regensburg		900	100.00
JUKA Justizzentrum Kurfürstenanlage GmbH, Cologne		26	100.00
LIMET Beteiligungs GmbH & Co. Objekt Köln KG, Cologne		10	94.00
LIMET Beteiligungs GmbH, Cologne	TDEM	50	100.00
Ludwig Voss GmbH, Cuxhaven		25	100.00
MAV Mineralstoff - Aufbereitung und - Verwertung GmbH, Krefeld		600	50.00
MAV Mineralstoff - Aufbereitung und Verwertung Lünen GmbH, Lünen		250	100.00
MERK Timber GmbH, Aichach		1,534	100.00
Mineral Baustoff GmbH, Cologne		25	100.00
MOBIL Baustoffe GmbH, Munich		100	100.00
NE Sander Eisenbau GmbH, Sande		155	100.00
NE Sander Immobilien GmbH, Sande		155	100.00
Offshore Wind Logistik GmbH, Stuttgart		51	100.00
PEKA Entwicklungsgesellschaft Kurfürstenanlage GmbH, Cologne		25	100.00
Pyhrn Concession Holding GmbH, Cologne		38	100.00
REPASS-SANIERUNGSTECHNIK GMBH Korrosionsschutz und Betoninstandsetzung, Munderkingen	TDEM	51	100.00
Rimex Gebäudemanagement GmbH, Ulm		51	100.00
ROBA Transportbeton GmbH, Berlin		520	100.00
RVB Gesellschaft für Recycling, Verwertung und Beseitigung von Abfällen mbH, Kelheim		25	100.00
SAT Straßensanierung GmbH, Cologne		30	100.00
SF-Ausbau GmbH, Freiberg		600	100.00
Stephan Holzbau GmbH, Gaildorf		25	100.00
STRABAG AG, Cologne		104,780	93.63
STRABAG Anlagentechnik GmbH, Cologne		9,220	100.00
STRABAG Facility Management GmbH, Nürnberg		30	100.00
STRABAG GmbH, Bad Hersfeld		15,000	100.00
STRABAG Großprojekte GmbH, Munich		18,000	100.00
STRABAG Infrastrukturprojekt GmbH, Bad Hersfeld		1,280	100.00
STRABAG International GmbH, Cologne		2,557	100.00
STRABAG Kieserling Flooring Systems GmbH, Hamburg		1,050	100.00
STRABAG Offshore Wind GmbH, Stuttgart		26	100.00
STRABAG Projektentwicklung GmbH, Cologne	TDEM	20,000	100.00
STRABAG Property and Facility Services GmbH, Münster		5,000	100.00
STRABAG Rail Fahrleitungen GmbH, Berlin		600	100.00
STRABAG Rail GmbH, Lauda-Königshofen		25	100.00
STRABAG Real Estate GmbH, Cologne		30,000	100.00
STRABAG Sportstättenbau GmbH, Dortmund	TDEM	200	100.00
STRABAG Umwelttechnik GmbH, Düsseldorf		2,000	100.00
STRABAG Unterstützungskasse GmbH, Cologne		26	100.00
STRABAG Wasserbau GmbH, Hamburg		6,833	100.00
Torkret GmbH, Stuttgart		1,023	100.00
TPA GmbH, Cologne		511	100.00
Wolfer & Goebel Bau GmbH, Stuttgart		25	100.00
Xaver Bachner GmbH, Straubing	TDEM	500	100.00
Z-Bau GmbH, Magdeburg		100	100.00
ZDE Sechste Vermögensverwaltung GmbH, Cologne		25	100.00
Züblin Chimney and Refractory GmbH, Cologne		511	100.00
Züblin Gebäudetechnik GmbH, Erlangen		25	100.00
Züblin Hoch- und Brückenbau GmbH, Bad Hersfeld		2,500	100.00

Germany		Nominal capital T€/TDEM	Direct stake %
Züblin International GmbH, Stuttgart		2,500	100.00
Züblin Projektentwicklung GmbH, Stuttgart	TDEM	5,000	100.00
Züblin Spezialtiefbau GmbH, Stuttgart	TDEM	6,000	100.00
Züblin Stahlbau GmbH, Hosena		1,534	100.00
Züblin Umwelttechnik GmbH, Stuttgart		2,000	100.00
Züblin Wasserbau GmbH, Berlin	TDEM	500	100.00

Albania	Nominal capital TALL	Direct stake %
Trema Engineering 2 sh p.k., Tirana	545,568	51.00

Azerbaijan	Nominal capital TUSD	Direct stake %
"Strabag Azerbaijan" L.L.C., Baku	29,229	100.00

Belgium	Nominal capital T€	Direct stake %
N.V. STRABAG Belgium S.A., Antwerp	18,059	100.00
N.V. STRABAG Benelux S.A., Antwerp	6,863	100.00

Brunei	Nominal capital TBND	Direct stake %
STRABAG (B) Sdn Bhd, Bandar Seri Begawan	25	100.00

Bulgaria	Nominal capital TLEW	Direct stake %
STRABAG EAD, Sofia	13,313	100.00

Chile	Nominal capital TCLP	Direct stake %
Strabag SpA, Santiago	500,000	100.00
Züblin International GmbH Chile SpA, Santiago	7,909,484	100.00

China	Nominal capital TCNY	Direct stake %
Shanghai Changjiang-Züblin Construction&Engineering Co.Ltd., Shanghai	29,312	75.00

Denmark	Nominal capital TDKK	Direct stake %
KMG - KLIPLEV MOTORWAY GROUP A/S, Copenhagen	500	100.00
Züblin A/S, Trige	1,000	100.00

Finland	Nominal capital T€	Direct stake %
STRABAG Oy, Helsinki	3	100.00

India	Nominal capital TINR	Direct stake %
EFKON INDIA Pvt. Ltd., Mumbai	50,000	100.00

Italy	Nominal capital T€	Direct stake %
STRABAG S.p.A., Bologna	10,000	100.00

Canada	Nominal capital TCAD	Direct stake %
Strabag Inc., Toronto	3,000	100.00
Züblin Inc., Saint John/NewBrunswick	100	100.00

Croatia	Nominal capital THRK	Direct stake %
BRVZ d.o.o., Zagreb	20	100.00
CESTAR d.o.o., Slavonski Brod	1,100	74.90
MINERAL IGM d.o.o., Zapuzane	10,701	100.00
Pomgrad Inzenjering d.o.o., Split	25,534	100.00
PZC SPLIT d.d., Split	18,810	95.73
Strabag d.o.o., Zagreb	48,230	100.00
STRABAG-HIDROINZENJERING d.o.o., Split	144	100.00
TPA odrzavanje kvaliteta i inovacija d.o.o., Zagreb	20	100.00

Montenegro	Nominal capital T€	Direct stake %
"Crnagoraput" AD, Podgorica, Podgorica	9,779	95.32

The Netherlands	Nominal capital T€	Direct stake %
STRABAG B.V., Vlaardingen	450	100.00
Züblin Nederland BV, Vlaardingen	500	100.00

Oman	Nominal capital TOMR	Direct stake %
STRABAG OMAN L.L.C., Muscat	1,000	100.00

Poland	Nominal capital TPLN	Direct stake %
BHG Sp. z o.o., Pruszkow	500	100.00
BITUNOVA Sp. z o.o., Warsaw	2,700	100.00
BMTI Sp. z o.o., Pruszkow	2,000	100.00
BRVZ Sp. z o.o., Pruszkow	500	100.00
MAYVILLE INVESTMENTS Sp.z o.o., Warsaw	5	100.00
Mineral Polska Sp. z o.o., Czarny Bor	19,056	100.00
SAT Sp.z o.o., Olawa	4,171	100.00
STRABAG INFRASTRUKTURA POLUDNIE Sp. z o.o., Wrocław	16,140	100.00
STRABAG Sp. z o.o., Pruszkow	73,328	100.00
TPA Sp. z o.o., Pruszkow	600	100.00
Züblin Sp. z o.o., Poznan	7,765	100.00

Portugal	Nominal capital T€	Direct stake %
Zucotec - Sociedade de Construcoes Lda., Lisbon	200	100.00

Romania	Nominal capital TRON	Direct stake %
ANTREPRIZA DE REPARATII SI LUCRARI A R L CLUJ S.A., Cluj-Napoca	64,974	98.59
Bitunova Romania SRL, Bucharest	16	100.00
BRVZ SERVICII & ADMINISTRARE SRL, Bucharest	278	100.00
CARB SRL, Brasov	10,845	100.00
Strabag srl, Bucharest	43,519	100.00
TPA Societate pentru asigurarea calitatii si inovatii SRL, Bucharest	0	100.00
Züblin Romania S.R.L., Bucharest	4,580	100.00

Russia	Nominal capital TRUB	Direct stake %
SAO BRVZ Ltd, Moscow	313	100.00
ZAO "Strabag", Moscow	14,926	100.00

Saudi Arabia	Nominal capital TSAR	Direct stake %
Dywidag Saudi Arabia Co. Ltd., Jubail	10,000	100.00

Sweden	Nominal capital TSEK	Direct stake %
BRVZ Sweden AB, Kumla	100	100.00
Nimab Entreprenad AB, Sjöbo	501	100.00
STRABAG AB, Stockholm	50	100.00
STRABAG Projektutveckling AB, Stockholm[1]	1,000	100.00
STRABAG Sverige AB, Stockholm	15,975	100.00
TyresöView1 Holding AB, Stockholm	50	100.00
Züblin Scandinavia AB, Stockholm	100	100.00

Switzerland	Nominal capital TCHF	Direct stake %
BMTI GmbH, Erstfeld	20	100.00
BRVZ Bau-, Rechen- und Verwaltungszentrum AG, Erstfeld	100	100.00
STRABAG AG, Schlieren	8,000	100.00

Serbia		Nominal capital TRSD/T€	Direct stake %
"PUTEVI" A.D. CACAK, Cacak		122,638	85.02
Preduzece za puteve "Zajecar" a.D.Zajecar, Zajecar		265,015	100.00
STRABAG d.o.o. Beograd, Novi Beograd		770,237	100.00
TPA za obezbedenje kvaliteta i inovacije d.o.o. Beograd, Novi Beograd		32,550	100.00
Vojvodinaput-Pancevo a.d. Pancevo, Pancevo	T€	4,196	82.07

1) The presentation of interests is done using the economic approach; the interests as defined by civil law may deviate from this presentation.

Slovakia	Nominal capital T€	Direct stake %
BITUNOVA spol. s r.o., Zvolen	1,195	100.00
BRVZ s.r.o., Bratislava	33	100.00
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o., Bratislava-Ruzinov	7	100.00
KSR - Kamenolomy SR, s.r.o., Zvolen	25	100.00
STRABAG s.r.o., Bratislava	66	100.00
TPA Spolocnost pre zabezpecenie kvality a inovacie s.r.o., Bratislava	7	100.00
Viedenska brana s.r.o., Bratislava	25	100.00
ZIPP BRATISLAVA spol. s r.o., Bratislava	133	100.00

Slovenia	Nominal capital T€	Direct stake %
BRVZ center za racunovodstvo in upravljanje d.o.o., Ljubljana	9	100.00
DRP, d.o.o., Ljubljana	9	100.00
STRABAG gradbene storitve d.o.o., Ljubljana	500	100.00

South Africa	Nominal capital T€	Direct stake %
EFKON SOUTH AFRICA (PTY) LTD, Pretoria	166	100.00

Czech Republic	Nominal capital TCZK	Direct stake %
BHG CZ s.r.o., Ceské Budejovice	200	100.00
Bitunova spol. s r.o., Jihlava	2,000	100.00
BMTI CR s.r.o., Brno	100	100.00
BOHEMIA ASFALT, s.r.o., Sobeslav	10,000	100.00
BRVZ s.r.o., Prague	1,000	100.00
Dalnicni stavby Praha, a.s., Prague	136,000	100.00
FRISCHBETON s.r.o., Prague	20,600	100.00
JHP spol. s.r.o., Prague	20,000	100.00
KAMENOLOMY CR s.r.o., Ostrava - Svinov	106,200	100.00
MiTTaG spol. s.r.o., Prague	100,100	100.00
Na belidle s.r.o., Prague	100	100.00
SAT s.r.o., Prague	1,000	100.00
STRABAG a.s., Prague	1,119,600	100.00
STRABAG Property and Facility Services a.s., Prague	46,800	100.00
STRABAG Rail a.s., Usti nad Labem	180,000	100.00
TPA CR, s.r.o., Ceske Budejovice	1,000	100.00
Züblin stavebni spol s.r.o., Prague	100,000	100.00

Ukraine	Nominal capital TUAH	Direct stake %
Chustskij Karier, Zakarpatska	3,279	95.96
Möbius Construction Ukraine Ltd, Odessa	31	100.00
Zezelivskij karier TOW, Zezelev	13,130	99.36

Hungary	Nominal capital THUF	Direct stake %
AKA Zrt., Budapest	24,000,000	100.00
ASIA Center Kft., Budapest	1,830,080	100.00
Bitunova Kft., Budapest	50,000	100.00
BMTI Kft., Budapest	5,000	100.00
BRVZ Kft., Budapest	1,545,000	100.00
First-Immo Hungary Kft., Budapest	3,000	100.00
Frissbeton Kft., Budapest	100,000	100.00
KÖKA Kft., Budapest	761,680	100.00
OAT Kft., Budapest	25,000	100.00
STRABAG Általános Építö Kft., Budapest	3,600,000	100.00
STRABAG Property and Facility Services Zrt., Budapest	20,000	51.00
STRABAG Vasútépítö Kft., Budapest	3,000	100.00
Strabag Zrt., Budapest	1,000,000	100.00
STRABAG-MML Kft., Budapest	510,000	100.00
Szentesi Vasútépítö Kft, Budapest	189,120	100.00
TPA HU Kft., Budapest	113,000	100.00
Treuhandbeteiligung H[1]	10,000	100.00
Züblin Kft., Budapest	3,000	100.00

1) The presentation of interests is done using the economic approach; the interests as defined by civil law may deviate from this presentation.

United Arab Emirates	Nominal capital TAED	Direct stake %
STRABAG ABU DHABI LLC, Abu Dhabi	150	100.00
Züblin Construction L.L.C., Abu Dhabi	150	100.00
Züblin Ground and Civil Engineering LLC, Dubai	1,000	100.00

The following list shows the associates included in the consolidated financial statements:

Austria	Nominal capital T€	Direct stake %
Erste Nordsee-Offshore-Holding GmbH, Pressbaum	100	49.90
Lafarge Cement CE Holding GmbH, Vienna	50	30.00
Raiffeisen evolution project development GmbH, Vienna	44	20.00
Zweite Nordsee-Offshore-Holding GmbH, Pressbaum	100	49.90

Germany		Nominal capital T€/TDEM	Direct stake %
AMB Asphaltmischwerke Bodensee GmbH & Co KG, Singen (Hohentwiel)		767	24.80
AMH Asphaltmischwerk Hauneck GmbH & Co. KG, Hauneck		500	50.00
Asphalt-Mischwerke-Hohenzollern GmbH & Co. KG, Inzigkofen		1,023	36.50
Bayerische Asphaltmischwerke GmbH & Co.KG für Straßenbaustoffe, Hofolding		12,300	48.33
Bodensee - Moränekies Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft Tettnang, Tettnang	TDEM	300	33.33
Kieswerk Rheinbach GmbH & Co Kommanditgesellschaft, Rheinbach		256	50.00
Kieswerke Schray GmbH & Co. KG, Steißlingen		2,045	50.00
Natursteinwerke im Nordschwarzwald NSN GmbH & Co. KG, Mühlacker		3,100	25.00
Oder Havel Mischwerke GmbH & Co. KG, Berlin		2,392	33.33
PANSUEVIA GmbH & Co. KG, Jettingen-Scheppach		1,000	50.00
PANSUEVIA Service GmbH & Co. KG, Jettingen-Scheppach		50	50.00
PARK SERVICE HÜFNER GmbH + Co. KG, Stuttgart		3,000	48.44
Steinbruch Spittergrund GmbH, Erfurt		80	50.00
Thüringer Straßenwartungs- und Instandhaltungsgesellschaft mbH & Co. KG, Apfelstädt		2,582	50.00

Ireland	Nominal capital T€	Direct stake %
DIRECTROUTE (LIMERICK) HOLDINGS LIMITED, Fermoy	50	20.00

Croatia	Nominal capital HRK	Direct stake %
Autocesta Zagreb-Macelj d.o.o., Krapina	88,440	51.00

The Netherlands	Nominal capital T€	Direct stake %
A-Lanes A15 Holding B.V., Nieuwegein	18	24.00

Qatar	Nominal capital TRIY	Direct stake %
Strabag Qatar W.L.L., Qatar	200	49.00
Züblin International Qatar LLC, Doha	200	49.00

Hungary	Nominal capital T€	Direct stake %
MAK Mecsek Autopalya Koncesszios Zrt., Budapest	64,200	30.00

Accounting policies

INTANGIBLE ASSETS

Acquired intangible assets are recognised at their initial costs less depreciation and impairment if applicable.

Development costs for an internally generated intangible asset are capitalised if the group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for internal use or sale and if it can demonstrate the intent to complete the intangible asset and use or sell it. The group must also demonstrate that the intangible asset will generate probable future economic benefits, that it has adequate resources to complete the asset and that it is able to reliably measure the expenditure attributable to the asset during its development. The construction costs for these assets comprise all construction costs directly attributable to the construction process as well as production-related overheads. Borrowing costs are capitalised for qualified assets. Research costs which do not fulfil these criteria are recognised as an expense in the period in which they are incurred. Costs that have already been recognised as an expense are not capitalised in a subsequent period.

The subsequent measurement of intangible assets with definite useful lives is performed at cost less accumulated depreciation and impairment losses. Within the group, there are no intangible assets with indefinite useful lives.

The following useful lives were assumed for intangible assets using the straight-line method:

Intangible assets	**Useful life in years**
Property rights/Utilisation rights/Other rights	3–50
Software	2–5
Patents, licences	3–10

GOODWILL

Goodwill from a business combination is initially measured at cost. This is calculated as the excess of the consideration transferred over the identifiable assets acquired and liabilities assumed. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, rather, it is subjected to an annual impairment test in accordance with IAS 36. The group conducts its annual test for goodwill impairment at year's end. Testing is also performed if events or circumstances indicate that the figure could be impaired. For the purpose of the impairment test, goodwill is assigned to one or more of the group's cash-generating units that should benefit from the synergy effects of the combination. The recoverability of goodwill is determined by comparing the carrying amount of the respective cash-generating unit or units with the recoverable amount. If the goodwill is impaired, an impairment loss is recognised. The possibility of a write-back once the reasons for the impairment no longer apply is not foreseen for goodwill.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially recognised at cost. STRABAG performs subsequent measurements using the cost model – cost less accumulated depreciation and impairment losses. If the reasons for a previously recognised impairment loss no longer apply, these assets are written back in profit or loss. The amount may not exceed the carrying amount that would have resulted if no impairment loss had been recognised in the previous periods.

Subsequent cost is capitalised if it is probable that future economic benefits will flow to the group and if the costs can be reliably determined. Repair and maintenance costs which do not constitute significant maintenance expenditures are recognised as expenses in the period in which they are incurred.

Depreciable property, plant and equipment is depreciated using the straight-line method over the expected useful life. If there is an indication that an asset may be impaired and if the present values of the future cash inflow surpluses are below the carrying amounts, the amount is revalued to the lower recoverable amount in accordance with IAS 36.

The following useful lives were assumed for property, plant and equipment:

Property, plant and equipment	**Useful life in years**
Buildings	10–50
Investments in third-party buildings	5–40
Machinery	3–15
Office equipment/furniture and fixtures	3–10
Vehicles	4–8

INVESTMENT PROPERTY

Investment property is property held to earn rentals or for the purpose of capital gains. Investment property is initially measured at cost. STRABAG uses the cost model for subsequent measurements, i.e. the measurement is performed at cost less accumulated depreciation and impairment losses. If the present values of the future cash inflow surpluses are below the carrying amounts, the amount is revalued to the lower recoverable amount in accordance with IAS 36. The recoverable amount of this investment property is disclosed separately. The fair value is determined using recognised methods such as derivation from the current market price of comparable properties or the discounted cash flow method.

The useful life of investment property varies between ten and 35 years. Investment property is depreciated using the straight-line method.

LEASES

Finance leases

Leased assets are capitalised where STRABAG is the lessee and where STRABAG bears all the substantial risks and rewards associated with the asset in accordance with the criteria of IAS 17. The lease is capitalised at the lower of the fair value of the asset and the present value of the minimum lease payments. The asset is depreciated over the shorter of the lease term or the economic life of the asset. The depreciation method used is the same as for comparable acquired or internally generated assets.

Payment obligations resulting from future lease payments are recognised as a liability. In this case, the present value of the minimum lease payment is to be used. In subsequent years, lease payments are apportioned between an interest component and a repayment component so that the lease liability has a constant rate of return. The interest component is recognised in profit or loss.

Operating leases

Both expenses as well as income from operating leases are recognised in the income statement using the straight-line method over the term of the respective lease.

GOVERNMENT GRANTS

Government subsidies and investment grants are offset against the cost of the assets and amortised in proportion to their useful lives. A government grant is recognised when there is reasonable assurance that the grant will be received and the group complies with the necessary conditions for receiving the grant.

BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are recognised as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may no longer be recoverable. Assets that have an indefinite useful life, such as goodwill or intangible assets not yet available for use, are tested for impairment annually as such assets are not subject to depreciation or amortisation.

To identify the need for impairment, the recoverable amount is determined. The recoverable amount is the higher of fair value of the asset less costs to sell and value in use. If it is not possible to determine the recoverable amount for an individual asset, then the recoverable amount is determined for the smallest identifiable group of assets (cash-generating unit) to which the asset in question can be assigned.

Considering that, as a rule, market prices are not available for individual units, the present value of net cash inflows is used to determine the fair value less costs to sell. The forecast of the cash flows is based on STRABAG's latest planning, with a planning horizon of at least four years. The last detailed planning year forms the basis for calculating the perpetuity if applicable legislation and legal requirements do not limit the usability of the cash-generating unit to a shorter period of time.

For the purpose of determining the fair value less costs to sell, the cash-generating unit is measured from the viewpoint of an independent market participant. In calculating the value in use of an asset, on the other hand, the cash flows are considered on the basis of the previous use. For the net cash inflows beyond the detailed planning period, individual growth rates derived from market information are determined on the basis of long-term business expectations in both methods of calculation.

Net cash inflows are discounted at the cost of capital, which is calculated as the weighted average cost of equity and debt. Consideration is given to the different yield and risk profiles of STRABAG's various areas of expertise by determining the individual costs of capital using comparison companies. The cost of equity corresponds to the required rate of return for investors, while the cost of debt is based on the long-term financing conditions available to comparison companies. Both components are derived from capital market information.

The following table shows the two parameters growth rate and cost of capital for the impairment tests:

%	2014	2013
Growth rate	0.0–0.5	0.0–2.0
Cost of capital (after taxes)	6.3–8.3	7.2–8.3
Cost of capital (before taxes)	8.3–11.5	9.4–11.3

The Management Board has calculated the budgeted gross margin based on past developments and on expectations for future market development.

If the recoverable amount of an asset is lower than the carrying amount, the impairment is recognised immediately in profit or loss. In the case of impairment losses related to cash-generating units which contain goodwill, existing goodwill is initially reduced. If the impairment exceeds the carrying amount of the goodwill, the difference is generally apportioned proportionally over the remaining non-current assets of the cash-generating unit.

With the exception of goodwill, non-financial assets for which an impairment loss was charged in the past are reviewed at every balance sheet date to determine whether the impairment loss should be reversed.

FINANCIAL ASSETS

Financial assets are recognised in the consolidated balance sheet if STRABAG has a contractual right to receive cash or other financial assets from another party. Regular way purchases and sales of financial assets are recognised using settlement date accounting.

A financial asset is initially recognised at fair value including transaction costs. Transaction costs incurred on the acquisition of financial assets measured at fair value through profit or loss are recognised in the income statement immediately. Receivables bearing no interest or interest below the market rate are initially recognised at the present value of the expected future cash flows.

For purposes of subsequent measurement, financial assets are classified in one of the following categories in accordance with IAS 39, with each category having its own measurement requirements. The classification is determined at initial recognition:

- Financial assets at fair value through profit or loss

  At STRABAG, financial assets measured at fair value through profit or loss comprise financial assets held for trading. A financial asset is classified in this category if it was acquired for the purpose of selling in the short term. Derivatives also belong to this category if they are not designated as hedging instruments. Assets in this category are classified as current assets if recovery is expected within twelve months. All other assets are classified as non-current. Changes in the value of financial assets measured at fair value through profit or loss are recognised in profit or loss.

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. They are considered current assets if they do not mature more than twelve months after the balance sheet date. If they do, they are classified as non-current assets. Loans and receivables are measured at amortised cost calculated using the effective interest method.

  Service concession arrangements which provide an absolute contractual right to receive payment are shown separately. All receivables from concession arrangements are accounted for under the special balance sheet item receivables from concession arrangements. The receivables are carried at the present value of the payment to be made. The annual accumulation amount is recognised in other operating income, where it is balanced with the interest expense from related non-recourse financing.

  The hedging transactions embedded in the concession arrangements are carried at fair value and shown in the item receivables from concession arrangements.

  Trade receivables and other receivables are evaluated at their nominal value less impairment for realisable individual risks. Graduated impairment is formed according to risk groups in order to take general loan risks on customer receivables into consideration. Specific cases of default result in the derecognition of the receivables in question.

- Available-for-sale financial assets

  Available-for-sale financial assets are non-derivative financial assets which were either classified in this category or which were not classified in any of the other categories presented here. Fair value changes on available-for-sale financial assets are recognised in other income. If assets in this category are sold or if they are subject to impairment, then the cumulative changes in fair value that were previously recognised in equity are recognised in profit or loss in the income statement.

IMPAIRMENT OF FINANCIAL ASSETS

At the end of each reporting period, and whenever there are indications of impairment, the carrying amounts of financial assets that are not measured at fair value through profit or loss are tested for their recoverability (impairment test). An impairment loss results from the comparison of carrying amount and fair value. If there is an objective indication of impairment, an impairment loss is recognised in profit or loss in other operating expense or in net income from investments. Impairment losses are reversed if objective facts arise which speak for a reversal. An increase can only be made to the amount of the amortised cost that would have resulted if the impairment loss had not been recognised.

Within the group, impairment losses are recognised if the debtor has considerable financial difficulties; if there is a high probability that insolvency proceedings will be commenced against him; if the issuer's technological, economic, legal and market environment changes substantially; or if the fair value of a financial instrument continually falls below the amortised cost.

DERECOGNITION OF A FINANCIAL ASSET

Financial assets are derecognised when the contractual rights to receive payment from the financial assets no longer exist or if the financial assets are transferred along with all substantial risks and rewards.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Derivative financial instruments are employed exclusively to mitigate risks arising from movements in currency exchange rates and interest rates. The utilisation of financial derivatives is subject to internal guidelines and controls.

Derivative financial instruments are initially recognised at cost at the date the contract is entered into. In subsequent periods, derivative financial instruments are carried at fair value. Unrealised gains or losses on the measurement are recognised in the income statement if the conditions for hedge accounting under IAS 39 are met. Derivative financial instruments are stated under other financial assets or other financial liabilities.

Derivative financial instruments are measured on the basis of interbank conditions and, if necessary, on the loan margin applicable or stock exchange price for STRABAG, under application of the bid and ask prices on the balance sheet date. Where stock exchange prices are not used, the fair value is calculated by means of actuarial valuation methods.

The group designates its derivative financial instruments either as

- hedge of the exposure to changes in the fair value of a recognised asset or liability (fair value hedge), or as
- hedge of the exposure to variability in cash flows (cash flow hedge).

In accounting for fair value hedges, both the derivative hedging instrument and the hedged item attributable to hedged risk are accounted for at fair value through profit or loss.

If, however, a derivative financial instrument is used as a hedging instrument in a cash flow hedge, the unrealised gains or losses from the hedging instrument are initially accounted for under other income. They are reclassified to profit or loss when the hedged item affects profit or loss. Any changes resulting from the ineffectiveness of these financial instruments are recognised immediately in profit or loss in the income statement.

On concluding a transaction, the group documents the hedging relationship between the hedging instrument and the hedged item, the aim of its risk management as well as the underlying strategy for hedging transactions. An assessment is made at the beginning of a hedging relationship, with documentation provided continually thereafter, of whether the derivatives used in the hedge are effective or not in compensating the changes in fair value or cash flow of the hedged item.

The critical term match method is used to determine the prospective hedge effectiveness. The retrospective effectiveness is determined using the dollar offset method.

CURRENT AND DEFERRED INCOME TAXES

The income tax payables and receivables contain mainly rights and obligations with regard to domestic and foreign income taxes. These comprise the current year as well as possible rights and obligations from previous years. The receivables/payables are calculated on the basis of the tax regulations in the respective countries.

Deferred taxes are measured using the balance sheet liability method for all differences between the valuation of the balance sheet items in the IFRS financial statements and the existing tax value at the individual companies. Furthermore, any realisable tax advantage from existing losses carried forward will be included in the calculation. Exceptions to this comprehensive tax deferral are balances from non-tax-deductible goodwill.

Deferred tax assets may only be recognised if the associated tax advantage is likely to be realisable. The calculation of the tax deferral is based on the usual income tax rate in the respective country at the point of the predicted reversal.

Recognition is made of deferred tax liabilities arising from temporary differences in relation to investments in subsidiaries and associates, unless the timing of the reversal of the temporary differences in the group can be determined and the temporary differences are unlikely to reverse in response to this influence in the foreseeable future.

INVENTORIES

Inventory costs include cost of purchase and production and are required to be stated at the lower of cost and net realisable value.

Production costs include all direct costs as well as appropriate parts of overhead arising in the production. Distribution costs, as well as costs for general administration, are not included in the production costs. Borrowing costs related to production are recognised for inventories which are to be classified as qualifying assets.

CONSTRUCTION CONTRACTS

The results from construction contracts are realised using the percentage of completion method under IAS 11. Determination of the stage of completion is made on the basis of the actual output volume attained by the balance sheet date.

If the results from a contract can be reliably determined and the contract is likely to be profitable, then the contract revenue is recognised in proportion to the stage of completion over the duration of the contract. If the total contract cost is likely to exceed the total contract revenue, then the expected loss is recognised immediately in full as an expense. Presentation is made as an impairment loss on receivables relating to construction contracts or as a provision if the impending loss that is expected exceeds the receivables from construction contracts from the specific project.

If, due to uncertainties in the construction schedule, the future results cannot be reliably determined, the construction contract is recognised at contract cost.

If the costs incurred plus recognised profits exceed the payments received for it, then this is shown on the assets side under receivables from construction contracts. Vice versa, this is reported on the liabilities side under liabilities from construction contracts.

The results, in the case of construction contracts which are carried out in consortia, are realised according to the percentage of completion method in accordance with the degree of completion as at the balance sheet date. Impending losses arising from further construction work are accounted for by means of appropriate depreciation.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all liquid assets which at the date of acquisition or investment have a remaining term of less than three months. Cash and cash equivalents are measured at amortised cost.

PROVISIONS

The following defined benefit plans for which provisions must be recognised exist within the group.

The company’s obligation relating to defined benefit plans consists in fulfilling the promised benefits to current and former employees.

Defined contribution plans in the form of financing through third-party support funds exist for employees of Austrian subsidiaries whose employment began after 1 January 2003. The defined benefit obligations are funded by the regular payment of contributions into the employee benefit fund.

PROVISIONS FOR SEVERANCE PAYMENTS

The group is legally required to provide a one-off severance payment to employees of Austrian subsidiaries in the case of termination or at the date of retirement if their employment began before 1 January 2003. The level of this payment depends on the number of years at the company and amount due at the date of severance and comes to between two and twelve monthly salaries. A provision is made for this obligation.

The provisions for severance payments are determined using actuarial principles in accordance with the projected unit credit method. Here the future claim over the length of employment of the employees is collected while taking any future pay rises into consideration. The present value of the already earned partial-claims on the reporting date is recognised as the provision.

Additionally, the severance payment rights in other countries in the case of termination or retirement amount from one to three monthly salaries. Due to the relatively insignificant amounts involved, provisions for severance payments arising from these obligations are determined using financial mathematical methods.

PENSION PROVISIONS

The provisions for pensions are formed for obligations from the right to future pension payments and current payments to present and past employees and their dependents. The group's pension promises in **Germany and Austria** exist on the basis of individual contracts or internal labour-management agreements. The obligations are based on a number of different pension arrangements. The number of different employee benefit plans is the result of the group's enterprise acquisitions over the past few years in Germany. New agreements are not concluded within the group.

As a rule, the pension promises foresee the granting of monthly old age, invalidity and survivors' benefits. With some promises, the pension arrangement foresees benefits to be paid in the form of a capital payment.

The benefit plans exist in various designs. The range of plan structures includes specified benefit systems (e.g. specified amount per year of employment), dynamic systems (e.g. % per year of employment) and benefit promises (e.g. specified promise). Plans also exist with or without survivors' benefits.

In **Switzerland**, the legal regulations governing pension plans require payments to be made into pension foundations. One half of the contributions are made by the employer, the other half by the employee. The employee contributions depend on the years of service and are treated as reduction of the service cost. At retirement, the employees can choose to receive either a one-off severance payment or regular monthly pension payments.

As restructuring contributions are required if the pension foundation has insufficient funds for coverage, the promises are categorised as defined benefit plan in accordance with IAS 19.

Within the STRABAG Group, the obligations of the pension funds are reinsured.

MEASUREMENT OF SEVERANCE AND PENSION PROVISIONS

The group's obligations relating to defined benefit plans are determined separately for each plan using actuarial principles in accordance with the projected unit credit method. The projected unit credit method is used to determine the discounted pension entitlements acquired up to the end of the accounting period. The existing plan assets at their fair value are subtracted from the defined benefit obligations. This yields the defined benefit liability (asset) to be recognised.

Determination of the net defined benefit liability at the end of the reporting year is based on an actuarial report from a certified actuarial analyst.

The rate used to discount severance and pension provisions is determined on the basis of market yields at the end of the respective reporting period on high-quality fixed-interest industrial bonds with a comparable term.

The assumptions relating to discounting, pay rises and fluctuation that are used to calculate the severance and pension provisions vary in proportion to the economic situation of each specific country. Life expectancy is calculated according to the respective country's mortality tables.

Actuarial gains and losses are recognised in equity outside profit or loss. The service cost is stated in employee benefits expense, while the interest component of the allocation to the provision is reported in the net interest income.

If the present value of a defined benefit obligation changes in response to plan amendments, the resulting effects are recognised in profit or loss as past service cost in the year of the amendment. Any income resulting from a settlement is also recognised directly in the income statement.

The company is exposed to various risks in relation to the defined contribution severance and pension plans. Besides the general actuarial risks such as the longevity risk and the interest rate risk, the group is also exposed to currency risk as well as to capital market risk or investment risk.

More information concerning the risks is available in the sensitivity analysis under item 20.

OTHER PROVISIONS

The other provisions take into consideration all realisable risks and uncertain obligations. They are recognised at the respective amount which, according to commercial judgement, is necessary at the balance sheet date to cover future payment obligations of the group. Hereby the respective amount which arises as the most probable on careful examination of the facts is recognised.

Long-term provisions are, as far as they are not immaterial, entered into the accounts at their discounted discharge amount as at the balance sheet date. The discharge amount also includes the cost increases to be considered on the reporting date. Provisions which arise from the obligation to recultivate gravel sites are allocated according to the rate of utilisation.

NON-FINANCIAL LIABILITIES

Non-financial liabilities reported under other liabilities are carried at the repayment amount. The overpaid amounts from construction contracts are qualified as non-financial liabilities.

FINANCIAL LIABILITIES

Financial liabilities comprise original liabilities and the negative fair values of derivative financial instruments.

Original liabilities are recognised in the consolidated balance sheet if STRABAG has a contractual obligation to transfer cash or other financial assets to another party. Original liabilities are initially recognised at fair value. Any premiums, discounts or other differences between the cash inflow and the repayment amount are distributed over the financing term using the effective interest rate method and stated on an accruals basis in interest expense.

Financial liabilities are derecognised if the contractual obligations are discharged, cancelled or have expired. Costs related to the issue of corporate bonds are offset over the term using the effective interest rate method.

CONTINGENT LIABILITIES

Contingent liabilities are present or possible future obligations which are not reflected in the balance sheet as liabilities because an outflow of resources is not probable. They are – as long as IFRS 3 does not require recognition on acquisition – not reflected in the balance sheet. The amount of the contingent liabilities reported corresponds to the amount of existing guarantees outstanding as at the balance sheet date.

REVENUE RECOGNITION

Revenue comprises the fair value of the considerations received or receivable for the sale of goods and services in the ordinary course of business.

Revenues from the construction contracts are realised according to the percentage of completion method. The output volume actually attained at the balance sheet date serves as a benchmark for the degree of completion.

Revenues from the sale of proprietary projects, from trade to and services for consortia, from property and facility services, from other services and from the sale of construction materials are realised with the transfer of power to dispose and the related opportunities and risks and/or with the rendering of the services.

Supplementary claims in relation with construction contracts involve services which, based on the existing contractual agreements, cannot be invoiced until their invoicing potential or recognition is agreed with the client. While the costs are recognised in profit or loss immediately when they arise, revenue from supplementary claims is recognised generally after receipt of written recognition from the client or, in the event that payment is received before the written recognition, with the payment itself.

Revenue that is to be seen as purely transitory due to consortial structures, as well as its corresponding expense, is not recognised.

Other income, such as rental income or expenses passed through, is stated on the basis of the amount accrued in accordance with the respective agreements.

Dividends and the share of profits from investments are recognised if a legal right to payment exists.

Interest income is recognised as it accrues using the effective interest rate method.

ESTIMATES

Estimates and assumptions which refer to the amount and recognition of the assets and liabilities accounted, the income and expenditure as well as the statement of contingent liabilities are necessary for the preparation of the consolidated financial statements according to IFRS.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(A) RECOVERABILITY OF GOODWILL

The group conducts an annual test to determine whether its goodwill is impaired in accordance with the accounting policies described on page 152. The recoverable amount of the CGUs was determined using fair value less costs of disposal. These calculations are based on assumptions about the expected business development and the recoverable margin. Estimates about the expected business development are based on the facts and circumstances prevailing at the time of preparation of the financial statements as well as on realistic assumptions about the global and industry-specific environment. In response to changes in these underlying conditions which deviate from the assumptions and are beyond the Management Board's control, actual values may deviate from the estimated values.

All other things remaining equal, an annual 5 % decrease of the free cash flow used to calculate the recoverable amount would result in an impairment loss of T€ 9,056, while an isolated increase of the cost of capital by one percentage point would lead to an impairment of T€ 14,575. These two effects together would trigger an impairment loss of T€ 17,490.

(B) RECOGNITION OF REVENUE FROM CONSTRUCTION CONTRACTS

Revenue from construction contracts is recognised using the percentage of completion method. The group estimates the actual output concluded by the balance sheet date as a percentage of the total volume of the order as well as the remaining contract cost to be incurred. If the contract cost exceeds the total contract revenue, then the expected loss is recognised as an expense. Technically complex and demanding projects, in particular, involve the risk that the estimate of the total cost deviates considerably from the actual cost incurred.

(C) WIND FARM PROJECTS

In 2011 and 2012, the group acquired an interest in companies developing offshore wind farms in the North Sea. The investments involve eleven fields for which approval to build offshore wind farms is being acquired. In none of these fields has the installation of wind turbines begun yet. The companies are recorded in the consolidated financial statements using the equity method. The carrying amount of these associates plus granted loans at the end of the reporting period amounted to T€ 61,312. Should the underlying political conditions in Germany hinder or impede realisation in the future, the value could decline considerably or even fall to zero.

(D) INCOME TAXES

STRABAG has to calculate the actual income tax expected for each taxable entity and must assess the temporary differences arising from the different treatment of certain balance sheet items in the IFRS consolidated financial statements and the statutory financial statements required for tax purposes. The existence of temporary differences usually results in the recognition of deferred tax assets and liabilities in the consolidated financial statements.

The management must make assessments in the calculation of current and deferred taxes. Deferred tax assets are recognised to the extent that their use is probable. The use of deferred tax assets depends on the possibility of realising sufficient taxable income under the respective tax type and jurisdiction under consideration of any possible legal restrictions regarding the maximum loss carryforward period. A number of different factors is used to assess the probability of the future usability of deferred tax assets, such as the past financial performance, operational planning, losses carried forward periods and tax planning strategies. If the actual results deviate from these estimates, or if these estimates must be adjusted in future periods, this could have a negative impact on the financial position, financial performance and cash flows. In the event of a changed assessment of the recoverability of deferred tax assets, the deferred tax assets which have been recognised are written down in profit or loss or, depending on their original formation, outside profit or loss; impaired deferred tax assets are similarly recognised either in profit or loss or outside profit or loss.

(E) FAIR VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The fair value of financial instruments that are not traded in an active market is determined by using suitable valuation techniques selected from among a number of different methods. The assumptions used are mainly based on market conditions existing at the balance sheet date. The group uses present value techniques to determine the fair value of a number of available-for-sale financial assets that are not traded in an active market.

(F) SEVERANCE AND PENSION PROVISIONS

The present value of the pension obligations depends on a number of different factors based on actuarial assumptions. One of the assumptions used to determine the net expenses or income for pensions is the discount rate. Any change to these assumptions will influence the carrying amount of the pension obligation.

The group determines the appropriate discount rate at the end of every year. The discount rate is the interest rate used to determine the present value of future cash flows required to settle the obligation. For the purpose of determining the discount rate, the group employs the interest rate of highest-grade industrial bonds in the same currency in which the benefits are paid and which have terms to maturity equivalent to those of the pension obligations.

Additional substantial assumptions relating to pension obligations are based in part on market conditions. Further information and sensitivity analysis can be found in item 20.

(G) OTHER PROVISIONS

Other construction-related provisions, in particular, involve the risk that in individual cases the actual costs for warranty obligations or remaining performance obligations will turn out higher than expected. This risk is reduced, however, through the case-by-case examinations among the large number of projects. The same is true for provisions relating to legal disputes.

Notes on the items of the consolidated income statement

(1) REVENUE

The revenue of T€ 12,475,673 (2013: T€ 12,394,152) is attributed in particular to revenue from construction contracts, revenue from own projects, trade to and services for consortia, as well as other services resulting from consortia. Revenue from construction contracts including the realised part of profits according to the level of completion of the respective contract (percentage of completion method) amounts to T€ 10,555,437 (2013: T€ 10,612,669), the revenues from property and facility management services amount to T€ 924,081 (2013: T€ 907,502).

Revenues according to business fields and regions are represented individually in the segment reporting.

Revenue provides only an incomplete picture of the output volume achieved in the financial year. Additionally, therefore, the total output volume of the group is represented, which includes the proportional output of consortia and participation companies:

T€	**2014**	**2013**
Germany	**6,080,287**	**5,788,809**
Austria	**2,057,593**	**1,981,500**
Poland	**816,824**	**787,300**
Czech Republic	**619,577**	**644,661**
Hungary	**544,281**	**495,942**
Russia and neighbouring countries	302,068	561,298
Slovakia	427,127	340,420
Romania	181,339	321,834
other CEE countries	299,689	270,052
Rest of CEE	**1,210,223**	**1,493,604**
Sweden	270,821	315,221
Benelux	324,069	399,659
Switzerland	358,653	386,220
other European countries	512,365	426,450
Rest of Europe	**1,465,908**	**1,527,550**
Middle East	271,633	323,132
The Americas	254,761	262,584
Africa	157,999	164,867
Asia	86,909	103,123
Rest of World	**771,302**	**853,706**
Total output volume	**13,565,995**	**13,573,072**

(2) OTHER OPERATING INCOME

Other operating income includes revenue from letting and leasing in the amount of T€ 20,761 (2013: T€ 28,814), insurance compensation and indemnification in the amount of T€ 32,230 (2013: T€ 35,328), and exchange rate gains from currency fluctuations in the amount of T€ 32,113 (2013: T€ 15,897) as well as gains from the disposal of fixed assets without financial assets in the amount of T€ 40,200 (2013: T€ 46,293).

Interest income from concession arrangements which is included in other operating income is represented as follows (see also notes on item 17):

T€	2014	2013
Interest income	66,183	68,670
Interest expense	-31,401	-34,118
Net interest income	**34,782**	**34,552**

(3) CONSTRUCTION MATERIALS, CONSUMABLES AND SERVICES USED

T€	2014	2013
Construction materials, consumables	3,120,637	3,117,915
Services used	5,042,617	5,086,436
Construction materials, consumables and services used	**8,163,254**	**8,204,351**

Services used are mainly attributed to services of subcontractors and professional craftsmen as well as planning services, machine rentals and third-party repairs.

(4) EMPLOYEE BENEFITS EXPENSE

T€	2014	2013
Wages	1,003,897	1,000,364
Salaries	1,468,441	1,487,895
Social security and related costs	531,066	458,776
Expenses for severance payments and contributions to employee provident fund	21,046	20,672
Expenses for pensions and similar obligations	4,421	7,618
Other social expenditure	28,803	23,323
Employee benefits expense	**3,057,674**	**2,998,648**

The expenses for severance payments and contributions to the employee provident fund and expenses for pensions and similar obligations include the expenses for service costs and indemnity claims resulting from old-age-part-time claims in the business year. The proportion of interest included in the expenses for severance payments as well as for pensions and similar obligations are recognised in the item net interest income.

Expenses from defined contribution plans amounted to T€ 9,127 (2013: T€ 8,955).

The **average number of employees** with the proportional inclusion of all participation companies is as follows:

Average number of employees	2014	2013
White-collar workers	27,887	28,091
Blue-collar workers	45,019	45,009
Total	**72,906**	**73,100**

(5) OTHER OPERATING EXPENSES

Other operating expenses of T€ 791,363 (2013: T€ 779,121) mainly include general administrative costs, travel and advertising costs, insurance premiums, proportional transfer of losses from consortia, impairment of receivables, the balance of allocations to and utilisation of provisions, legal and advisory costs, rental and lease costs and losses on the disposal of assets (excluding financial assets). Other taxes amounting to T€ 45,202 (2013: T€ 44,163) are included.

Other operating expenses include losses from exchange rate differences from currency fluctuations in the amount of T€ 31,689 (2013: T€ 26,414).

Spending on research and development arose in various special technical proposals, in connection with concrete competitive projects and in the introduction of building processes and products into the market, and was therefore recognised in full in the income statement.

(6) SHARE OF PROFIT OR LOSS OF ASSOCIATES

T€	2014	2013
Income from investments in associates	12,282	10,050
Expenses arising from investments in associates	-32,509	-4,266
Profit from construction consortia	185,432	151,524
Losses from construction consortia	-124,930	-148,193
Share of profit or loss of associates	**40,275**	**9,115**

(7) NET INCOME FROM INVESTMENTS

T€	2014	2013
Investment income	34,561	45,072
Expenses arising from investments	-13,688	-30,687
Gains on the disposal and write-up of investments	8,764	1,102
Impairment of investments	-12,762	-16,305
Losses on the disposal of investments	-144	-141
Net income from investments	**16,731**	**-959**

(8) DEPRECIATION AND AMORTISATION EXPENSE

Depreciations and impairments are represented in the consolidated statement of fixed assets. In the year under report impairments on intangible assets and on property, plant and equipment to the amount of T€ 21,135 (2013: T€ 24,939) were made. Impairment on goodwill amounts to T€ 28,832 (2013: T€ 3,985). For goodwill impairments we refer to the details under item 12.

(9) NET INTEREST INCOME

T€	2014	2013
Interests and similar income	82,169	66,716
Interests and similar charges	-108,366	-98,256
Net interest income	**-26,197**	**-31,540**

Included in interests and similar charges are interest components from the allocation of severance payment and pension provisions amounting to T€ 21,377 (2013: T€ 21,424), security impairment losses of T€ 2,108 (2013: T€ 946) as well as currency losses of T€ 21,178 (2013: T€ 6,952).

Included in interests and similar income are gains from exchange rates amounting to T€ 26,464 (2013: T€ 19,990) and interest components from the plan assets for pension provisions in the amount of T€ 4,759 (2013: T€ 3,645).

(10) INCOME TAX EXPENSE

Income tax includes taxes paid in the individual companies or owed on income, as well as deferred taxes and the payments of additional tax payments resulting from tax audits:

T€	2014	2013
Current taxes	107,605	109,863
Deferred taxes	654	-36,085
Income tax expense	**108,259**	**73,778**

The following tax components are recognised directly in equity in the statement of comprehensive income:

T€	2014	2013
Change in hedging reserves	3,733	-6,366
Actuarial gains/losses	29,534	374
Fair value of financial instruments under IAS 39	-397	-24
Total	**32,870**	**-6,016**

The reasons for the difference between the Austrian corporate income tax rate of 25 % valid in 2014 and the actual consolidated tax rate are as follows:

T€	2014	2013
EBT	**255,762**	**230,038**
Theoretical tax expenditure 25 %	63,941	57,509
Differences to foreign tax rates	995	-2,685
Change in tax rates	900	306
Non-tax-deductible expenses	6,168	7,004
Tax-free earnings	-1,438	-4,977
Tax effects of results from associates	5,505	12
Depreciation of goodwill/capital consolidation	5,590	-1,964
Additional tax payments/tax refund	8,318	6,911
Change of valuation adjustment on deferred tax assets	18,030	9,719
Others	250	1,943
Recognised income tax	**108,259**	**73,778**

(11) EARNINGS PER SHARE

The basic earnings per share are calculated by dividing the consolidated profit or loss by the weighted average number of ordinary shares.

As there are no stock options at the STRABAG Group, the diluted earnings per share equal the basic earnings per share.

	2014	2013
Number of shares outstanding as at 1.1.	114,000,000	114,000,000
Number of shares bought back	-11,400,000	-11,400,000
Number of shares outstanding as at 31.12.	102,600,000	102,600,000
Profit or loss attributable to equity holders of the parent (consolidated profit/loss) T€	127,969	113,558
Weighted number of shares outstanding during the year	102,600,000	102,716,850
Earnings per share €	**1.25**	**1.11**

Notes on the items in the consolidated balance sheet

(12) INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT

The composition of and changes in intangible assets, goodwill, and property, plant and equipment is shown in the consolidated statement of fixed assets.

No borrowing costs were capitalised for property, plant and equipment, or for intangible assets in the year under report, as significant qualifying assets were not produced or acquired after 1 January 2009.

Notes to goodwill

The goodwill at the balance sheet date is composed as follows:

T€	31.12.2014	31.12.2013
STRABAG Cologne[1)]	178,803	178,803
Czech Republic S + O	65,592	66,329
STRABAG Poland	61,499	63,259
DIW Group (incl. SPFS Czech Republic, Austria)	45,689	0
Germany N + W	44,697	45,487
STRABAG Switzerland	15,287	14,973
Züblin	14,938	14,938
Construction materials	13,335	13,407
Gebr. von der Wettern Group	9,700	9,700
Sweden N + W	1,319	18,438
Special divisions Austria	0	13,020
Other	21,309	22,236
Goodwill	**472,168**	**460,590**

The comparison of the carrying amounts with the recoverable amounts of the cash-generating units determined by the annual impairment test showed a need for goodwill impairment of T€ 28,832 (2013: T€ 3,985). This figure is shown under depreciation and amortisation.

The impairment, which affected a Swedish construction entity in the segment North + West with an amount of T€ 16,071 as well as a group in the traffic engineering area in the segment International + Special divisions with an amount of T€ 11,971, became necessary as a result of reorganisation and a diminished earnings forecast. The recoverable amount of these cash-generating units corresponds to their fair value less cost of disposal.

The methods of measurement are explained on page 152 (impairment of non-financial assets). The method applied here is a Level 3 measurement.

The following table presents the key assumptions used in calculating the recoverable amount for significant goodwill. The method used is a discounted cash flow model based on recognised valuation techniques, with the forecast of the cash flows calculated by the management on the basis of experience. Possible changes to the key assumptions would not result in any need for impairment. An annual 5 % decrease of the cash flow and a simultaneous increase of the interest rate by one percentage point would not result in any impairment loss of the goodwill mentioned below.

Regarding the sensitivity analysis of goodwill, we refer to our notes under "Estimates" (A) Recoverability of goodwill.

There were no intangible assets with indefinite useful lives allocated to the CGUs.

	Carrying amount	Methodology	Detailed planning period	Growth rate	Discount rate after tax
T€	31.12.2014	31.12.2014	31.12.2014	31.12.2014	31.12.2014
STRABAG Cologne N + W	117,698	FV less Cost of Disposal (Level 3)	4	0	6.44
STRABAG Cologne S + O	61,105	FV less Cost of Disposal (Level 3)	4	0	6.44
Czech Republic S + O	65,592	FV less Cost of Disposal (Level 3)	4	0	7.28
STRABAG Poland	61,499	FV less Cost of Disposal (Level 3)	4	0	7.43
DIW Group (incl. SPFS Czech Republic, Austria)	45,689	FV less Cost of Disposal (Level 3)	4	0	6.44

Capitalised development costs

At the balance sheet date, development costs in the amount of T€ 6,344 (2013: T€ 10,402) were capitalised as intangible assets. In the 2014 financial year, development costs in the amount of T€ 5,110 (2013: T€ 5,424) were incurred, of which T€ 722 (2013: T€ 1,242) were capitalised.

1) Is composed of goodwill from CGU STRABAG Cologne North + West in the amount of T€ 117,698 and CGU STRABAG Cologne South + East in the amount of T€ 61,105.

Leasing

Due to existing finance leasing contracts, the following carrying amounts are included in property, plant and equipment assets as at the balance sheet date:

T€	31.12.2014	31.12.2013
Property leasing	11,797	24,986
Machinery leasing	343	1,446
Total	**12,140**	**26,432**

Offset against these are liabilities arising from the present value of leasing obligations amounting to T€ 11,163 (2013: T€ 22,503).

The terms of the finance leases for property are between four and 20 years, while those for machinery are between two and eight years.

The following payment obligations will arise from financial leases in subsequent financial years:

	Present values		Minimum payments	
T€	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Term up to one year	827	2,021	1,335	3,122
Term between one and five years	3,190	12,467	4,760	15,212
Term over five years	7,146	8,015	8,004	9,194
Total	**11,163**	**22,503**	**14,099**	**27,528**

The reconciliation of minimum lease payments with payables relating to finance leases recognised as at 31 December is as follows:

T€	31.12.2014	31.12.2013
Minimum lease payments 31.12.	**14,099**	**27,528**
Interest	-2,936	-4,968
Currency translation	0	-57
Finance leases 31.12.	**11,163**	**22,503**

In addition to the finance leases, there are also operating leases for the utilisation of technical equipment and machinery. The expenses from these contracts are recognised in the income statement. The payments made for the financial year 2014 amount to T€ 92,059 (2013: T€ 95,314).

Payment obligations arising from operating lease agreements in subsequent business years are represented as follows:

T€	31.12.2014	31.12.2013
Term up to one year	74,172	75,538
Term between one and five years	138,869	136,992
Term over five years	41,537	43,629
Total	**254,578**	**256,159**

Restrictions on property, plant and equipment/purchase obligations

As at the balance sheet date there were T€ 55,707 (2013: T€ 56,656) in contractual commitments for acquisition of property, plant and equipment which were not considered in the financial statements.

Restrictions exist for non-current assets in the amount of T€ 2,533 (2013: T€ 2,576).

(13) INVESTMENT PROPERTY

The development of investment property is shown separately in the consolidated statement of fixed assets. The fair value of investment property amounts to T€ 34,934 as at 31 December 2014 (2013: T€ 39,528). The fair value was determined using internal reports based on a discounted cash flow analysis or by employing the fair value of development land at market prices.

The rental income from investment property in the 2014 financial year amounted to T€ 6,313 (2013: T€ 6,259) and direct operating expenses totalled T€ 8,757 (2013: T€ 8,660). In the financial year, as in the year before, no direct expenses were incurred from unlet investment property. Additionally, gains from asset disposals in the amount of T€ 372 (2013: T€ 668) and losses from asset disposals in the amount of T€ 2,649 (2013: T€ 0) were achieved. A write-back in the amount of T€ 4,203 2014 was made in the financial year 2014 (2013: T€ 0).

The internal valuation reports are to be classified as Level 3 methods of measurements and build on data that are also based on values that cannot be observed in the market.

(14) FINANCIAL ASSETS

Detailed information on the group's investments (shares of more than 20 %) can be found in the list of subsidiaries, associated companies and investments which is included in the annual financial report.

The development of the financial assets in the financial year was as follows:

T€	Balance as at 1.1.2014	Currency translation	Change in scope of consoli-dation	Additions	Transfers	Disposal	Impair-ment/ Write-up	Balance as at 31.12.2014
Investments in associates	**371,596**	**175**	**58,228**	**4,037**	**1,189**	**-33,603**	**0**	**401,622**
Investments in subsidiaries	109,033	19	-1,138	11,307	2,796	-1,819	-10,177	110,021
Participation companies	91,122	-136	-15	9,313	-3,985	-7,637	-2,585	86,077
Securities	35,339	26	173	1,594	0	-217	-369	36,546
Other financial assets	**235,494**	**-91**	**-980**	**22,214**	**-1,189**	**-9,673**	**-13,131**	**232,644**

In order to improve the representation, borrowings are shown under non-current other financial assets. The previous year's figures were adjusted accordingly.

Notes on investments in associates

Lafarge Cement CE Holding GmbH, Vienna, is a significant associate. The group's share of the capital and voting rights amounts to 30 %. The company is accounted for using the equity method. For more information we refer to the details under item 27.

The following financial information concerns the consolidated financial statements prepared in accordance with IFRS.

T€	2014	2013
Revenue	193,429	193,560
Income from continuing operations	-57,514	147
Other income	-15,919	-10,901
Total comprehensive income	**-73,433**	**-10,754**
Attributable to: non-controlling interests	-26	-248
Attributable to: equity holders of the parent company	-73,407	-10,506
Non-current assets	626,248	736,039
Current assets	165,365	155,481
Non-current liabilities	-81,199	-90,468
Current liabilities	-148,958	-156,162
Net assets	**561,456**	**644,890**
Attributable to: non-controlling interests	4,011	4,037
Attributable to: equity holders of the parent company	557,445	640,853

The financial information presented here can be transferred to the equity carrying amount of the Lafarge Cement CE Holding GmbH in the consolidated financial statements as follows:

T€	2014	2013
Group's share in net assets as at 1.1.	**192,255**	**198,407**
Group’s share of net income from continuing operations	-17,292	19
Group's share of other income	-4,729	-3,171
Group's share of total comprehensive income	-22,021	-3,152
Dividends received	-3,000	-3,000
Group's share in net assets as at 31.12.	**167,234**	**192,255**
Fair value adjustment	87,084	87,084
Equity-carrying value as at 31.12.	**254,318**	**279,339**

The following table arranges in aggregate form the carrying amount and the group’s share of the profit and other income from associates that would be insignificant by themselves:

T€	2014	2013
Total of equity-carrying values as at 31.12.	139,370	81,862
Group’s share of net income from continuing operations	6,447	3,822
Group's share of other income	-500	-521
Group's share of total comprehensive income	5,947	3,301

Notes on joint ventures

The following table arranges in aggregate form the carrying amount and the group’s share of the profit and other income from joint ventures that would be insignificant by themselves:

T€	2014	2013
Total of equity-carrying values as at 31.12.	7,934	10,395
Group’s share of net income from continuing operations	-9,382	1,943
Group's share of other income	0	0
Group's share of total comprehensive income	-9,382	1,943

Notes on accumulated losses from investments in associates

Proportionate losses from investments in associates in the amount of T€ -5,694 (2013: T€ -4,999) were not recognised in profit or loss, as the carrying amounts of these investments already are T€ 0.

Notes on construction consortia

The group classifies construction consortia as joint ventures and records their earnings under share of profit or loss of associates. The following table shows the group’s most important joint ventures in the 2014 financial year.

Construction consortia	Stake in %
A-LANES A15 CIVIL V.O.F., Netherlands (CIVIL)	33.34
A-LANES A15 ROADS V.O.F., Netherlands (ROADS)	33.34
Arge BAB A8 Ulm-Augsburg, Germany (BAB A8)	50.00
Arge BAB A9 Holledau, Germany (BAB A9)	50.00
Arge BAU BSH, Germany (BSH)	50.00
Arge Hauptbahnhof Wien – Baulos 01, Austria (HBF Wien)	36.00
Arge Koralmtunnel KAT 2, Austria (KAT 2)	85.00
Arge Rohtang Pass Highway Tunnel LOT 1, India (Rohtang)	60.00
Arge Tunnel Albabstieg, Germany (Alb)	60.00
CS-A15 V.O.F., Netherlands (CS-A15)	50.00

The financial information on construction consortia is presented 100 % before consolidation.

T€	Revenue	Non-current assets	Current assets	Thereof cash and cash equivalents	Non-current liabilities	Current liabilities
CIVIL	160,645	0	70,645	203	0	70,645
ROADS	59,316	0	29,549	887	0	29,549
BAB A8	52,506	140	39,332	23,281	0	39,472
BAB A9	44,571	0	2,893	134	0	2,893
BSH	52,968	0	33,154	31,037	0	33,154
HBF Wien	50,102	292	50,693	2,172	0	50,985
KAT 2	123,365	26,551	18,996	3,962	0	45,547
Rohtang	22,249	15,761	13,138	538	0	28,899
Alb	39,409	23,827	45,993	31	0	69,820
CS-A15	26,631	0	38,998	5,943	0	38,998

In the 2014 financial year, the share of profit or loss of associates recorded for the above-mentioned construction consortia included T€ 13,003 in profits from construction consortia and T€ -64,641 in losses from construction consortia including impending losses.

The following table shows the group's most important construction consortia for the 2013 financial year.

Construction consortia	Stake in %
A-LANES A15 CIVIL V.O.F., Netherlands (CIVIL)	33.34
A-LANES A15 ROADS V.O.F., Netherlands (ROADS)	33.34
Arge BAB A8 Ulm-Augsburg, Germany (BAB A8)	50.00
Arge BAU BSH, Germany (BSH)	50.00
Arge Hauptbahnhof Wien – Baulos 01, Austria (HBF Wien)	36.00
Arge Koralmtunnel KAT 2, Austria (KAT 2)	85.00
Arge Oldenburg-Wilhelmshaven Ausführung, Germany (ODB-WHV)	47.50
Arge ZMM Nordhavnen, Denmark (ZMM)	80.00
CS-A15 V.O.F., Netherlands (CS-A15)	50.00
Saturn X V.O.F., Netherlands (Saturn)	50.00

The financial information on these construction consortia is presented 100 % before consolidation.

T€	Revenue	Non-current assets	Current assets	Thereof cash and cash equivalents	Non-current liabilities	Current liabilities
CIVIL	181,342	0	109,838	1,012	0	109,838
ROADS	56,789	0	56,688	1,211	0	56,688
BAB A8	94,082	477	17,095	8,552	0	17,572
BSH	50,534	0	29,155	26,739	0	29,155
HBF Wien	61,184	401	30,954	10,081	0	31,355
KAT 2	108,049	19,455	67,881	2,339	0	87,336
ODB-WHV	33,778	0	7,403	20	0	7,403
ZMM	38,058	42	1,989	1,052	0	2,030
CS-A15	43,955	0	9,027	1,273	0	9,027
Saturn	39,826	0	21,666	18,543	0	21,666

In the 2013 financial year, the share of profit or loss of associates recorded for the above-mentioned construction consortia included T€ 17,339 in profits from construction consortia and T€ -63,577 in losses from construction consortia including impending losses.

The business transactions with the construction consortia in the financial year can be presented as follows:

T€	2014	2013
Work and services performed	695,008	689,423
Work and services received	58,354	78,724
Receivables as at 31.12.	399,388	342,350
Liabilities as at 31.12.	318,803	375,897

(15) DEFERRED TAXES

Tax accruals and deferrals recognised in the balance sheet on temporary differences between the amounts stated in the IFRS financial statements and the respective tax amounts as well as on losses carried forward developed as follows:

T€	Balance as at 1.1.2014	Currency translation	Change in scope of consolidation	Other changes	Balance as at 31.12.2014
Property, plant and equipment and intangible assets	8,770	-172	0	14,273	22,871
Financial assets	1,624	-14	0	-978	632
Inventories	8,948	-9	-112	914	9,741
Trade and other receivables	13,781	9	3	11,700	25,493
Provisions	172,562	-978	-75	33,705	205,214
Liabilities	12,768	-263	0	4,522	17,027
Tax loss carryforward	212,383	-16	247	-18,924	193,690
Deferred tax assets	**430,836**	**-1,443**	**63**	**45,212**	**474,668**
Netting out of deferred tax assets and liabilities of the same tax authorities	-213,548	0	0	17,003	-196,545
Deferred tax assets netted out	**217,288**	**-1,443**	**63**	**62,215**	**278,123**
Property, plant and equipment and intangible assets	-46,258	-47	-8,247	-2,716	-57,268
Financial assets	-5,447	0	0	-746	-6,193
Inventories	-50,306	889	37,024	-8	-12,401
Trade and other receivables	-138,136	335	0	-5,922	-143,723
Provisions	-3,176	219	-114	603	-2,468
Liabilities	-9,602	0	0	-4,207	-13,809
Deferred tax liabilities	**-252,925**	**1,396**	**28,663**	**-12,996**	**-235,862**
Netting out of deferred tax assets and liabilities of the same tax authorities	213,548	0	0	-17,003	196,545
Deferred tax liabilities netted out	**-39,377**	**1,396**	**28,663**	**-29,999**	**-39,317**

Deferred taxes on losses carried forward were capitalised as these can probably be offset with future taxable profits. The planning period is limited to five years.

The Austrian Corporate Income Tax Act (Körperschaftsteuergesetz) requires a tax-effective impairment of investments to be claimed over a period of seven years. The deferred tax assets on losses carried forward contain open one-seventh impairments in the amount of T€ 18,787 (2013: T€ 14,306).

No deferred tax assets were made for differences in carrying amount on the assets side and tax losses carried forward of T€ 970,825 (2013: T€ 842,842), as their effectiveness as final tax relief is not sufficiently assured.

Of the non-capitalised losses carried forward T€ 890,266 (2013: T€ 779,746) have unrestricted use.

(16) INVENTORIES

T€	31.12.2014	31.12.2013
Construction materials, auxiliary supplies and fuel	276,329	321,384
Finished buildings and goods	215,793	163,471
Unfinished buildings and goods	197,055	335,331
Development land	116,340	71,475
Payments made	43,883	32,161
Offshore wind projects	0	181,156
Inventories	**849,400**	**1,104,978**

In the financial year, impairment in the amount of T€ 1,561 (2013: T€ 9,746) was recognised on inventories excluding construction materials, auxiliary supplies and fuel. T€ 47,596 (2013: T€ 43,733) of the inventories excluding construction materials, auxiliary supplies and fuel were reported with the net realisable value.

For qualifying assets, interest on borrowings was recognised in the amount of T€ 2,454 (2013: T€ 2,436).

(17) RECEIVABLES AND OTHER ASSETS

Receivables from concession arrangements

STRABAG has a 100 % interest in the Hungarian M5 Motorway Concession Company, AKA Alföld Koncesszios Autopalya Zrt., Budapest (AKA).

In the concession agreement with the Hungarian state, AKA committed to develop, plan, finance and to build and operate the M5 motorway. The motorway itself is the property of the state; all vehicles and equipment necessary for motorway operation are to be transferred to the state free of charge following the end of the concession period.

In exchange, AKA will regularly receive an availability fee, independent of transit volume, from the Hungarian state for making the motorway available to the public. AKA bears the operator's risk of motorway closure and non-compliance of contractually agreed roadway criteria.

The route totals 156.5 km and was built in three phases. The concession period runs until 2031. A one-time extension for up to 17.5 years is possible.

All services provided under this concession arrangement are accounted for under the separate balance sheet item receivables from concession arrangements. The receivables are carried at the present value of the payment to be made by the state. The annual accumulation amount is recognised in other operating income.

A part of the availability fee consists of interest adjustment payments of the Hungarian state. As a result, the state bears the interest risk from the financing of AKA. These interest adjustment payments represent an embedded hedging transaction which is measured separately in accordance with IAS 39.11. Presentation is made as a cash flow hedge; as a result, changes in the fair value of the interest rate swap are recognised directly in equity.

The negative market value of the interest rate swap in the amount of T€ -63,677 (2013: T€ -38,493) is also recognised as long-term receivables from concession arrangements.

Recognisable receivables from concession arrangements are offset by non-recourse financing in the amount of T€ 538,608 (2013: T€ 585,105), classified either as a current or non-current liability depending on the term. The resulting interest expense is recognised in other operating income.

Receivables and other assets are comprised as follows:

	31.12.2014			31.12.2013		
T€	Total	Thereof current	Thereof non-current	Total	Thereof current	Thereof non-current
Receivables from concession arrangements	**755,444**	**26,654**	**728,790**	**805,271**	**24,643**	**780,628**
Receivables from construction contracts	5,258,366	5,258,366	0	5,087,917	5,087,917	0
Advances received	-4,341,687	-4,341,687	0	-4,128,730	-4,128,730	0
Net receivable from construction contracts	916,679	916,679	0	959,187	959,187	0
Other trade receivables and receivables from consortia	1,568,830	1,496,321	72,509	1,770,344	1,697,768	72,576
Advances paid to subcontractors	60,559	60,559	0	40,690	40,690	0
Trade receivables	**2,546,068**	**2,473,559**	**72,509**	**2,770,221**	**2,697,645**	**72,576**
Non-financial assets	**58,727**	**58,727**	**0**	**56,020**	**56,020**	**0**

T€	31.12.2014 Total	31.12.2014 Thereof current	31.12.2014 Thereof non-current	31.12.2013 Total	31.12.2013 Thereof current	31.12.2013 Thereof non-current
Income tax receivables	**42,335**	**40,004**	**2,331**	**43,044**	**35,066**	**7,978**
Receivables from subsidiaries	181,207	172,724	8,483	204,667	204,504	163
Receivables from participation companies	191,030	83,654	107,376	129,958	109,337	20,621
Other financial assets	230,359	140,335	90,024	226,086	200,339	25,747
Other financial assets total	**602,596**	**396,713**	**205,883**	**560,711**	**514,180**	**46,531**

In order to improve the representation, borrowings are shown under non-current other financial assets. The previous year's figures were adjusted accordingly.

The **receivables from construction contracts** as at the balance sheet date are represented as follows:

T€	31.12.2014	31.12.2013
All contracts in progress at balance sheet date		
Costs incurred to balance sheet date	8,725,733	8,577,054
Profits arising to balance sheet date	426,807	410,019
Accumulated losses	-397,686	-413,720
Less receivables recognised under liabilities	-3,496,488	-3,485,436
Receivables from construction contracts	**5,258,366**	**5,087,917**

Receivables from construction contracts amounting to T€ 3,496,488 (2013: T€ 3,485,436) are recognised in liabilities, as advances received exceed the receivables.

As usual in the industry, the customer has the contractual right to retain part of the total amount of the invoice. As a rule these retentions are, however, redeemed by collateral (bank or group guarantees).

In the reporting period, impairment on other trade receivables developed as follows:

T€	2014	2013
Other trade receivables before impairment as at 1.1.	**1,706,195**	**1,907,681**
Impairment		
As at 1.1.	137,337	128,108
Currency translation	-2,194	-2,226
Changes in scope of consolidation	138	-445
Allocation/utilisation	**2,084**	**11,900**
As at 31.12.	**137,365**	**137,337**
Carrying amount of other trade receivables as at 31.12.	**1,568,830**	**1,770,344**

(18) CASH AND CASH EQUIVALENTS

T€	31.12.2014	31.12.2013
Securities	3,093	7,820
Cash on hand	3,995	3,254
Bank deposits	1,916,931	1,700,894
Cash and cash equivalents	**1,924,019**	**1,711,968**

The cash and cash equivalents include assets abroad in the amount of T€ 7,046 (2013: T€ 16,785), subject to the restriction that they may only be transferred to another country following official completion of the construction order. Of the cash and cash equivalents, T€ 10,935 (2013: T€ 10,510) are pledged as collateral (see also item 24).

Moreover, in construction projects executed through consortia there are cash and cash equivalents whose use can only be determined jointly with other partner companies.

(19) EQUITY

The fully paid in share capital amounts to € 114,000,000 and is divided into 113,999,997 no-par bearer shares and three registered shares.

As at 31 December 2014, STRABAG SE had acquired 11,400,000 bearer shares equalling 10 % of the share capital. The corresponding value of the share capital amounts to € 11,400,000. The acquisition was between July 2011 and May 2013. The average purchase price per share was € 20.79.

The Management Board has been authorised, with the approval of the Supervisory Board, to increase the share capital of the company by up to € 57,000,000 by 27 June 2019, in several tranches if necessary, by issuing up to 57,000,000 registered no-par shares for cash or contributions in kind (approved capital). In the case of capital increase through contributions in kind, the partial or full exclusion of the shareholders' subscription rights is possible.

The exercise, issue price and conditions of issue shall be determined with the approval of the Supervisory Board. The Supervisory Board was authorised to determine the necessary changes to the Articles of Association required upon the issuance of shares from the approved capital.

The Management Board has also been authorised until 15 June 2017, in accordance with Section 65 Paragraph 1b of the Austrian Stock Corporation Act, to sell or assign its own shares, with approval by the Supervisory Board, in a manner other than on the stock market or through a public tender, to the exclusion of the shareholders' buyback rights (subscription rights), and to determine the conditions of sale. The authorisation can be exercised in full, or in part or in several partial amounts for one or several purposes by the company, a subsidiary (Section 228 Paragraph 3 of the Austrian Business Enterprise Code) or third parties acting on behalf of the company.

The Management Board has been authorised, with approval from the Supervisory Board, until 15 June 2017, to issue financial instruments within the meaning of Section 174 of the Austrian Stock Corporation Act (AktG), in particular convertible bonds, income bonds and profit participation rights with a total nominal value of up to € 1,000,000,000.00 which may also confer subscription and/or exchange rights for the acquisition of up to 50,000,000 shares of the company and/or may be designed in such a way that they can be issued as equity. This can be done also in several tranches and in different combinations and indirectly by way of a guarantee for the issue of financial instruments through an associate or related entity of the company with conversion rights on shares of the company. For the servicing, the Management Board may use the conditional capital or own shares. The issue amount and issue conditions, as well as the possible exclusion of the shareholders' subscription rights for the issued financial instruments, are to be determined by the Management Board with the approval of the Supervisory Board.

Also approved was a conditional increase of the share capital of the company pursuant to Section 159 Paragraph 2 No. 1 of the Austrian Stock Corporation Act (AktG) by up to € 50,000,000.00 through the issue of up to 50,000,000 new bearer shares with no face value (no-par shares) for issue to creditors of financial instruments within the meaning of the authorisation granted to the Management Board, provided the creditors of financial instruments exercise their subscription and/or exchange rights for shares of the company. The issue amount and the exchange ratio are to be determined based on recognised financial mathematical methods and the price of the shares of the company in a recognised pricing procedure. The newly issued shares of the conditional capital increase carry a dividend entitlement corresponding to that of the shares traded on the stock market at the time of the issue. The Management Board is authorised, with the approval of the Supervisory Board, to establish the further details of the implementation of the conditional capital increase. The Supervisory Board is authorised to pass resolution on any amendments to the Articles of Association resulting from the issue of shares within the scope of the conditional capital.

Details as to the development of the equity of STRABAG SE are represented in the statement of changes in equity.

Long-term economic success, within the context of responsibility to our shareholders, customers, employees, suppliers, subcontractors and the company itself, is the primary entrepreneurial objective of the STRABAG Group. Working to pursue these goals, recognising opportunities and risks before and as they arise, and responsibly taking these into consideration safeguards the continuity of the group and protects the interests of the shareholders.

To guarantee the continuity of the company, the management and responsible employees assure that there is a balanced relationship between opportunities and risks during the selection of projects and assess the individual risks against the background of the overall company risk.

The group equity ratio target was defined at between 20 % and 25 % during the IPO of STRABAG SE in October 2007. The equity capital ratio is calculated from the carrying amount of the equity as at 31 December divided by the balance sheet total as at 31 December. The equity contains all parts of the equity according to the balance sheet: share capital, capital reserves, retained earnings and non-controlling interests.

The group equity ratio as at 31 December 2014 amounted to 30.6 % (2013: 30.7 %). With this equity base, the STRABAG Group will be able to participate increasingly in tenders for Public-Private Partnership (PPP) projects. This means that the necessary funds for a participation in equity capital are available and that the related change in the balance sheet total will be manageable.

If the group is awarded the tender for large-scale projects, or if a strategically suitable acquisition is made, the equity ratio could briefly fall below the set minimum. In this case, the company reserves the right to adjust the dividend payments to the shareholders or to issue new shares.

(20) PROVISIONS

T€	Balance as at 1.1.2014	Currency translation	Changes in scope of consolidation	Additions	Disposals	Impairment	Balance as at 31.12.2014
Provisions for severance payments	78,396	0	2,301	20,849	0	3,886	97,660
Provisions for pensions	422,243	400	1,645	107,616	0	25,970	505,934
Construction-related provisions	392,893	-4,294	4,600	94,530	3,558	61,661	422,510
Personnel-related provisions	67,305	-4	157	11,552	34	30,634	48,342
Other provisions	33,907	21	2	97,149	546	83,370	47,163
Non-current provisions	**994,744**	**-3,877**	**8,705**	**331,696**	**4,138**	**205,521**	**1,121,609**
Construction-related provisions	278,639	454	-456	167,883	2,359	201,395	242,766
Personnel-related provisions[1]	172,765	-817	3,033	137,002	446	156,529	155,008
Other provisions	244,420	-3,705	1,711	249,252	8,193	213,898	269,587
Current provisions	**695,824**	**-4,068**	**4,288**	**554,137**	**10,998**	**571,822**	**667,361**
Total	**1,690,568**	**-7,945**	**12,993**	**885,833**	**15,136**	**777,343**	**1,788,970**

The **actuarial assumptions as at 31 December 2014** (in brackets as at 31 December 2013) used to calculate provisions for severance payments and pensions are represented as follows:

	Severance payments	Pension obligation Austria	Pension obligation Germany	Pension obligation Switzerland
Biometric tables	AVÖ 2008	AVÖ 2008	Dr. Klaus Heubeck	BVG 2010
Discounting rate (%)	2.00	2.00	2.00	1.00
	(2013: 3.50)	(2013: 3.50)	(2013: 3.50)	(2013: 2.35)
Salary increase (%)	2.00	0.00	2.25	2.00
	(2013: 2.00)	(2013: 0.00)	(2013: 2.25)	(2013: 2.00)
Future pension increase (%)	dependent on contractual adaption	dependent on contractual adaption	dependent on contractual adaption	0.25
				(2013:0.25)
Retirement age for men	62	65	63-67	65
	(2013: 62)	(2013: 65)	(2013: 63-67)	(2013: 65)
Retirement age for women	62	60	63-67	64
	(2013: 62)	(2013: 60)	(2013: 63-67)	(2013: 64)

Sensitivity analysis

All other parameters remaining equal, a change in the discount rate by +/- 0.5 percentage points, a change in the salary increase by +/- 0.25 percentage points as well as a change in the pension increase by +/- 0.25 percentage points would have the following impact on the amount of the provisions for severance payments and pension obligations:

	Change in discounting rate		Change in salary increase		Change in future pension increase	
Change[2]	**-0.5 %-points**	**+0.5 %-points**	**-0.25 %-points**	**+0.25 %-points**	**-0.25 %-points**	**+0.25 %-points**
Severance payments	-4,563	4,217	2,155	-2,230	n. a.	n. a.
Pension obligations	-44,824	40,371	676	-626	15,189	-14,226

1) In the other personnel-related provisions plan assets in the amount of T€ 3,521 (2013: T€ 7,970) are deducted.
2) Sign: - increase of obligation, + decrease of obligation

Provisions for severance payments show the following **development**:

T€	2014	2013
Present value of the defined benefit obligation as at 1.1.	**78,396**	**79,908**
Changes in scope of consolidation	2,301	66
Current service costs	4,125	2,586
Interest costs	2,270	2,442
Severance payments	-3,886	-6,058
Actuarial gains/losses arising from experience adjustments	2,698	-2,232
Actuarial gains/losses arising from changes in the discount rate	11,699	1,684
Actuarial gains/losses arising from demographic changes	57	0
Present value of the defined benefit obligation as at 31.12.	**97,660**	**78,396**

The **development** of the **provisions for pensions** is shown below:

T€	2014	2013
Present value of the defined benefit obligation as at 1.1.	**629,654**	**634,304**
Changes in scope of consolidation/currency translation	6,019	-3,429
Current services costs	12,322	19,185
Interest costs	19,107	18,982
Pension payments	-51,121	-41,146
Actuarial gains/losses arising from experience adjustments	-9,909	-2,930
Actuarial gains/losses arising from changes in the discount rate	105,728	4,688
Present value of the defined benefit obligation as at 31.12.	**711,800**	**629,654**

The **plan assets for pension provisions** developed as follows in the year under report:

T€	2014	2013
Fair value of the plan assets as at 1.1.	**207,411**	**204,381**
Changes to the scope of consolidation/currency translation	3,974	-2,943
Income from plan assets	4,759	3,645
Contributions	11,540	14,562
Pension payments	-25,151	-14,164
Acturial gains/losses	3,333	1,930
Fair value of the plan assets as at 31.12.	**205,866**	**207,411**

The **plan assets** consist of the following risk groups:

T€	31.12.2014	31.12.2013
Shares[1)]	22,097	21,454
Bonds[1)]	88,925	84,010
Cash	29,672	37,400
Investment funds	5,103	5,096
Real estate	12,213	6,813
Liability insurance	46,947	51,675
Other assets	909	963
Total	**205,866**	**207,411**

1) All stocks and bonds are traded in an active market.

The plan assets involve almost exclusively the assets of the pension foundation of STRABAG AG, Switzerland. Any investments in this regard are subject to the applicable laws and regulations governing the supervision of foundations. Capital investments are to be chosen by trained experts in such a way as to guarantee the investment goal of revenue-generating and risk-minimising asset management while taking into consideration security, risk distribution, returns and the liquidity to fulfil the pension purposes. The assets are to be invested to 80 % in nominal investments such as cash and receivables in a fixed monetary amount and to 20 % in real investments such as stocks and real estate.

The contributions to pension foundations in the following year will amount to T€ 5,285.

Asset-liability matching strategy

Pension payments in Switzerland are provided by pension foundations with funds dedicated to this purpose, while payments in Austria and in Germany are covered by readily available cash and cash equivalents as well as securities.

The actual return on plan assets amounted to T€ 7,898 (2013: T€ 6,057) in the financial year.

The following amounts for pension and severance provisions were recognised in the **income statement**:

T€	2014	2013
Current service cost	16,447	21,771
Interest cost	21,377	21,424
Return on plan assets	4,759	3,645

The **development of the net defined benefit obligation** for pension and severance provisions was as follows:

T€	31.12.2014	31.12.2013
Present value of the defined benefit obligation (severance provisions) = net defined benefit liability	97,660	78,396
Present value of the defined benefit obligation (pension provision)	711,800	629,654
Fair value of plan assets (pension provision)	-205,866	-207,411
Net defined benefit liability (pension provision)	505,934	422,243
Net defined benefit liability	**603,594**	**500,639**

The **actuarial adjustments** to pension and severance provisions are represented as follows:

T€	31.12.2014	31.12.2013
Experience adjustments of severance provisions	14,454	-548
Experience adjustments of pension provisions	92,486	-172
Adjustments	**106,940**	**-720**

The **maturity profile** of the benefit payments from the net defined benefit liability as at 31 December 2014 is as follows:

T€	< 1 year	1–5 years	6–10 years	11–20 years	> 20 years
Provisions for severance payments	5,101	21,817	24,205	43,722	12,483
Provisions for pensions	40,323	182,728	171,997	268,607	277,137

The **maturity profile** of the benefit payments from the defined benefit liability as at 31 December 2013 is as follows:

T€	< 1 year	1 – 5 years	6 – 10 years	11 – 20 years	> 20 years
Provisions for severance payments	3,947	18,878	21,493	42,040	12,853
Provisions for pensions	28,611	143,357	125,385	202,295	204,748

The **durations** (weighted average term) are shown in the following table:

In years	2014	2013
Severance payments Austria	10.61	10.61
Pension obligations Austria	9.33	8.64
Pension obligations Germany	12.31	11.29
Pension obligations Switzerland	14.90	13.20

Other provisions

The construction-related provisions include other warranty obligations, costs of the contract execution and subsequent costs of invoiced contracts, as well as impending losses from projects pending which are not accounted for elsewhere. The personnel-related provisions essentially include bonus obligations and premiums, contributions to occupational funds as well as costs of the old-age-part-time scheme and expenses for personnel downsizing measures. Other provisions especially include provisions for damages and litigations.

(21) LIABILITIES

	31.12.2014			31.12.2013		
T€	Total	Thereof current	Thereof non-current	Total	Thereof current	Thereof non-current
Bonds	575,000	100,000	475,000	582,500	7,500	575,000
Bank borrowings	1,023,759	332,371	691,388	1,117,697	359,309	758,388
Liabilities from finance leases	11,163	827	10,336	22,503	2,021	20,482
Other liabilities	0	0	0	0	0	0
Financial liabilities	**1,609,922**	**433,198**	**1,176,724**	**1,722,700**	**368,830**	**1,353,870**
Receivables from construction contracts[1]	-3,496,488	-3,496,488	0	-3,485,436	-3,485,436	0
Advances received	4,048,672	4,048,672	0	4,030,764	4,030,764	0
Net liabilities from construction contracts	552,184	552,184	0	545,328	545,328	0
Other trade payables and payables to consortia	2,234,385	2,177,570	56,815	2,439,257	2,390,723	48,534
Trade payables	**2,786,569**	**2,729,754**	**56,815**	**2,984,585**	**2,936,051**	**48,534**
Non-financial liabilities	**423,586**	**422,419**	**1,167**	**392,997**	**391,600**	**1,397**
Income tax liabilities	**104,030**	**104,030**	**0**	**97,281**	**97,281**	**0**
Payables to subsidiaries	125,906	125,906	0	122,214	122,214	0
Payables to participation companies	20,992	20,913	79	29,705	21,347	8,358
Other financial liabilities	231,945	218,952	12,993	242,594	223,086	19,508
Other financial liabilities total	**378,843**	**365,771**	**13,072**	**394,513**	**366,647**	**27,866**

In order to secure liabilities to banks, real securities amounting to T€ 196,657 (2013: T€ 309,353) have been booked.

(22) CONTINGENT LIABILITIES

The company has issued the following guarantees:

T€	31.12.2014	31.12.2013
Guarantees without financial guarantees	155	903

1) The prepayment exceeding the receivables from construction contracts shown here is qualified as non-financial.

(23) OFF-BALANCE SHEET TRANSACTIONS

In the construction industry, it is customary and necessary to provide various types of guarantees to secure the contractual obligations. These guarantees are usually issued by banks or credit insurers and most commonly comprise bid, contract performance, prepayment and warranty guarantees. In the event these guarantees are called upon, the relevant banks have a contractual right of recourse against the group. The risk that such guarantees are utilised and that a right of recourse arises materialises only if the primary contractual obligations are not properly performed.

Obligations and possible risks from such guarantees are recognised in the balance sheet as provisions or liabilities.

Not included in the balance sheet or the contingent liability as at 31 December 2014 are performance bonds in the amount of € 2.3 billion (2013: € 2.2 billion) of which an outflow of resources is unlikely.

As is customary in the industry, STRABAG SE shares liability with the other partners of construction consortia in which companies of the STRABAG Group hold a share interest.

Other notes

(24) NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The representation of the cash flow statement was made according to the indirect method and separated into the cash flows classified by operating, investing and financing activities. The cash and cash equivalents include exclusively cash on hand, bank deposits and short-term securities. Any effects of changes in consolidation were eliminated and represented in the cash flow from investing activities.

The **cash and cash equivalents** are composed as follows:

T€	31.12.2014	31.12.2013
Securities	3,093	7,820
Cash on hand	3,995	3,254
Bank deposits	1,916,931	1,700,894
Restricted cash abroad	-7,046	-16,758
Pledge of cash and cash equivalents	-10,935	-10,510
Cash and cash equivalents	**1,906,038**	**1,684,700**

The **cash flow from operating activities** in the reporting year contains the following items:

T€	2014	2013
Interest paid	62,314	64,890
Interest received	50,845	44,707
Taxes paid	90,848	66,933
Dividends received	47,525	40,813

(25) FINANCIAL INSTRUMENTS

A financial instrument is a contract that results in a financial asset at one enterprise and a financial liability or equity instrument at another. Financial assets include especially cash and cash equivalents, trade receivables and other receivables and derivatives. Financial liabilities are obligations to pay cash or other financial assets on a regular basis. These include especially financial liabilities such as bank borrowings, bonds, liabilities arising from financial leases and trade payables. Initial recognition is carried out in principle using settlement date accounting.

The financial assets are derecognised when the claims to payment from the investment extinguish or have been transferred and the group has largely transferred all risks and opportunities which are related with the property.

The **financial instruments** as at the balance sheet date were as follows:

T€	Measurement category according to IAS 39	31.12.2014 Carrying value	31.12.2014 Fair value	31.12.2013 Carrying value	31.12.2013 Fair value
Assets					
Investments in subsidiaries	AfS[1]	110,021		109,033	
Participation companies	AfS[1]	86,077		91,122	
Trade receivables	L&R	2,546,068		2,770,222	
Receivables from concession arrangements	L&R	819,121		843,765	
Other financial assets	L&R	602,344		558,846	
Cash and cash equivalents	L&R	1,920,926		1,704,148	
Valuation at historical costs		**6,084,557**		**6,077,136**	
Securities	AfS	36,546	36,546	35,339	35,339
Cash and cash equivalents (securities)	AfS	3,093	3,093	7,820	7,820
Derivatives held for hedging purposes		-63,425	-63,425	-36,628	-36,628
Valuation at fair value		**-23,786**	**-23,786**	**6,531**	**6,531**
Liabilities					
Financial liabilities	FLaC	-1,609,922	-1,663,428	-1,722,700	-1,756,085
Trade payables	FLaC	-2,234,385		-2,439,257	
Other financial liabilities	FLaC	-365,863		-389,049	
Valuation at historical costs		**-4,210,170**	**-1,663,428**	**-4,551,006**	**-1,756,085**
Derivatives held for hedging purposes		-12,980	-12,980	-5,464	-5,464
Valuation at fair value		**-12,980**	**-12,980**	**-5,464**	**-5,464**
Total		**1,837,621**	**-1,700,194**	**1,527,197**	**-1,755,018**
Measurement categories					
Loans and receivables (L&R)		5,888,459		5,876,981	
Available for sale (AfS)		235,737	39,639	243,314	43,159
Financial liabilities measured at amortised costs (FLaC)		-4,210,170	-1,663,428	-4,551,006	-1,756,085
Derivatives held for hedging purposes		-76,405	-76,405	-42,092	-42,092
Total		**1,837,621**	**-1,700,194**	**1,527,197**	**-1,755,018**

No special disclosure of the fair value of financial instruments is represented if the carrying amount is a reasonable approximation of fair value.

Cash and cash equivalents, trade receivables and other receivables have for the most part short remaining terms. Accordingly, their carrying values on the balance sheet date approximate their fair value. The fair value of non-current financial assets corresponds to the present value of the related payments under consideration of the prevailing market parameters as far as market values were not available.

Trade payables and other financial liabilities typically have short terms; their carrying amounts approximate the fair value. The fair value of bonds, bank borrowing and liabilities arising from financial leases are measured at the present value of the payments associated with them and under consideration of the relevant applicable market parameters as far as market values were not available. The fair value of the financial liabilities would qualify as a Level 1 measurement at T€ 621,828 (2013: T€ 603,276) and as a Level 2 measurement at T€ 1,041,600 (2013: T€ 1,152,809).

T€ 10,935 (2013: T€ 10,510) of cash and cash equivalents, T€ 2,750 (2013: T€ 2,744) of securities and T€ 10,696 (2013: T€ 11,206) of other financial instruments were pledged as collateral for liabilities.

The non-recourse liabilities related to receivables from concession arrangements are hedged using the income from receivables from concession arrangements.

The financial instruments recognised at fair value, classified by method of measurement (Level 1 to Level 3), are as follows.

1) Measurement is at cost as these are unlisted equity instruments whose fair value cannot be reliably determined.

Level 1: In measurement at market prices, the assets and liabilities are measured at the quoted prices in an active market for identical assets and liabilities.

Level 2: The measurement based on observable market inputs takes into account not only market prices but also directly or indirectly observable data.

Level 3: Other methods of measurement also consider data that are not observable on the markets.

The **fair values as at 31 December 2014** for financial instruments were measured as follows:

T€	Level 1	Level 2	Total
Assets			
Securities	36,546	0	36,546
Cash and cash equivalents (securities)	3,093	0	3,093
Derivatives held for hedging purposes	0	-63,425	-63,425
Total	**39,639**	**-63,425**	**-23,786**
Liabilities			
Derivatives held for hedging purposes	0	-12,980	-12,980
Total	**0**	**-12,980**	**-12,980**

The **fair values as at 31 December 2013** for financial instruments were measured as follows:

T€	Level 1	Level 2	Total
Assets			
Securities	35,339	0	35,339
Cash and cash equivalents (securities)	7,820	0	7,820
Derivatives held for hedging purposes	0	-36,628	-36,628
Total	**43,159**	**-36,628**	**6,531**
Liabilities			
Derivatives held for hedging purposes	0	-5,464	-5,464
Total	**0**	**-5,464**	**-5,464**

During the financial years 2014 and 2013, there were no transfers between the levels.

Financial instruments in Level 1

The fair value is determined on the basis of quoted prices in an active market. An active market exists if the prices are regularly established and readily available to the market participant. The quoted market price for the financial instruments presented in Level 1 corresponds to the bid price on 31 December 2014.

Financial instruments in Level 2

These financial instruments are not traded in an active market. They involve exclusively derivatives concluded for hedging purposes in the group. The fair value is determined using methods of measurement on the basis of observable market data. Specifically, measurement is made using interest yield and currency curves in proportion to the term of the derivative.

At the end of the reporting period, the STRABAG Group had no financial instruments classified in Level 3.

As at **31 December 2014**, the following **derivatives** existed which are not offsettable but which can be set off in case of insolvency.

T€		31.12.2014			31.12.2013	
Bank	**Assets**	**Liabilities**	**Total**	**Assets**	**Liabilities**	**Total**
Bayerische Landesbank	0	-1,100	**-1,100**	2	-314	**-312**
Commerzbank AG	0	-5,039	**-5,039**	1,359	-1,231	**128**
Crédit Agricole Corp. & Investment	147	-1,091	**-944**	154	-68	**86**
Deutsche Bank AG	0	-63	**-63**	0	0	**0**
Erste Group Bank AG	45	0	**45**	0	0	**0**
ING Bank N.V.	3	-846	**-843**	5	0	**5**
Landesbank Baden-Württemberg	0	-2,659	**-2,659**	0	-2,165	**-2,165**
Raiffeisen Bank International	0	0	**0**	0	-2	**-2**
Republic of Hungary	-63,677	0	**-63,677**	-38,493	0	**-38,493**
SEB AG	57	-2,182	**-2,125**	62	-1,658	**-1,596**
UniCredit Bank Austria AG	0	0	**0**	283	-26	**257**
Total	**-63,425**	**-12,980**	**-76,405**	**-36,628**	**-5,464**	**-42,092**

The **net income effects of the financial instruments** according to valuation categories are as follows:

T€		2014				2013		
	L&R	**AfS**	**FLaC**	**HfT**	**L&R**	**AfS**	**FLaC**	**HfT**
Interest	49,869	0	-64,064	0	41,887	0	-68,933	0
Interest from receivables from concession arrangements	66,183	0	-23,748	-7,653	68,670	0	-25,653	-8,465
Result from securities	0	5,159	0	0	0	4,390	0	0
Impairment losses	-30,673	-13,286	2	0	-45,776	-15,541	116	0
Disposal losses/profits	0	9,296	0	0	0	617	0	0
Gains from derecognition of liabilities and payments of written off receivables	0	0	4,869	0	0	0	6,239	0
Net income recognised in profit or loss	**85,379**	**1,169**	**-82,941**	**-7,653**	**64,781**	**-10,534**	**-88,231**	**-8,465**
Value changes recognised directly in equity[1]	0	2,155	0	-19,138	0	256	0	32,545
Net income	**85,379**	**3,324**	**-82,941**	**-26,791**	**64,781**	**-10,278**	**-88,231**	**24,080**

Dividends and income from investments shown in net income from investments are part of operating income and therefore not part of net income of financial instruments. Impairment losses, reversal of impairment losses, disposal gains and disposal losses of loans & receivables (L&R) and of financial liabilities amortised at cost (FLaC) are carried in other income or other expenses.

Impairment losses, reversal of impairment losses, disposal gains and disposal losses of the financial instruments are carried in net income from investments if they are investments in subsidiaries or participation companies, otherwise in net interest income.

Derivative instruments are used exclusively to hedge existing risks resulting from changes in currency and interest rates. The use of derivative financial instruments in the group is subject to the appropriate approval and control procedures. The connection to a mainstay business is a must, trading is not permissible.

Principles of risk management

The STRABAG Group is subject to credit, market and liquidity risks related to its assets, liabilities and planned transactions. The goal of financial risk management is to minimise these risks through ongoing financially oriented activities.

1) excluding derivatives from associated companies in the amount of T€ -513 (2013: T€ -491)

The basics of the financial policy are set by the Management Board and monitored by the Supervisory Board. The implementation of the financial policy and responsibility for the risk management are the domain of the group treasury. Certain transactions require prior approval by the Management Board, which is regularly informed as to the scope and amount of the current risk exposure.

Interest rate risk

The financial instruments bear variable interest rates on the assets side, on the liabilities side there are both variable and fixed interest obligations. The risk of financial instruments bearing variable interest rates consists of increasing interest charges and sinking interest revenue resulting from an unfavourable change in market interest rates. Fixed interest obligations mainly result from the bonds issued by STRABAG SE amounting to a total of T€ 575,000.

As at **31 December 2014**, following **hedging transactions** existed:

T€	31.12.2014		31.12.2013	
	Nominal value	Market value	Nominal value	Market value
Interest rate swaps	732,085	-70,349	707,334	-43,443

The amount of bank deposits and bank borrowings according to currency – giving the average interest rate at balance sheet date – is represented as follows:

Bank deposits

Currency	Carrying value 31.12.2014 T€	Weighted average interest rate 2014 %
EUR	1,197,809	0.44
PLN	287,464	2.36
CZK	140,629	0.41
Others	291,029	1.65
Total	**1,916,931**	**0.90**

Bank borrowings

Currency	Carrying value 31.12.2014 T€	Weighted average interest rate 2014 %
EUR	1,021,236	1.86
Others	2,524	5.30
Total	**1,023,760**	**1.87**

Had the interest rate level at 31 December 2014 been higher by 100 basispoints, then the EBT would have been higher by T€ 11,487 (2013: T€ 8,968) and the equity at 31 December 2014 would have been higher by T€ 45,990 (2013: T€ 44,525). Had the interest rate level been lower by 100 basispoints, this would have meant a correspondingly lower equity and EBT. The calculation is made based on the level of interest-bearing financial assets and liabilities as at 31 December. Tax effects from interest rate changes were not considered.

Currency risk

Due to the decentralised structure of the group, characterised by local companies in the respective countries, mainly closed currency positions appear in the balance sheet. Loan financing and investments were predominantly made by the group companies in the respective country's local currency. Receivables and liabilities from business activities mainly offset each other in the same currency.

The remaining currency risk mainly results when the currency of the order deviates from the functional currency of the subsidiary affected.

The internal financing of companies within the group using different functional currencies resulted in an earnings-relevant currency risk.

This applies in particular to orders in Eastern Europe which are concluded in euro. The planned proceeds are received in the currency of the order while a substantial part of the associated costs is made in the local currency.

In order to limit the remaining currency risk and secure the calculation, derivative financial instruments were transacted. As at **31 December 2014**, the following hedging transactions existed for the **underlying transactions**[1] mentioned below:

T€ Currency	Expected cash flows 2015	Expected cash flows 2016	Total	Positive market value of the hedging transaction	Negative market value of the hedging transaction
HUF	177,830	0	177,830	45	-4,264
AED	31,095	0	31,095	0	-1,539
PLN	16,850	0	16,850	3	-182
Others	12,669	0	12,669	204	-324
Total	**238,444**	**0**	**238,444**	**252**	**-6,309**

As at **31 December 2013**, the following hedging transactions existed for the **underlying transactions**[1] mentioned below:

T€ Currency	Expected cash flows 2014	Expected cash flows 2015	Total	Positive market value of the hedging transaction	Negative market value of the hedging transaction
AED	26,702	21,080	47,782	1,215	0
HUF	35,348	0	35,348	0	-24
PLN	34,089	0	34,089	67	0
Others	58,478	0	58,478	583	-490
Total	**154,617**	**21,080**	**175,697**	**1,865**	**-514**

Of the derivative financial instruments classified as cash flow hedges as at 31 December 2013, T€ -495 were recycled from equity and recognised in the consolidated income statement in the 2014 financial year (2013: T€ -1,273). The resulting deferred tax income amounted to T€ 96 (2013: tax income of T€ 242).

Development of the important **currencies in the group**:

Currency	Exchange rate 31.12.2014: 1 € =	Average rate 2014: 1 € =	Exchange rate 31.12.2013: 1 € =	Average rate 2013: 1 € =
HUF	315.5400	309.9825	297.0400	297.9333
CZK	27.7350	27.5513	27.4270	26.0270
PLN	4.2732	4.1939	4.1543	4.2134
HRK	7.6580	7.6348	7.6265	7.5785
CHF	1.2024	1.2127	1.2276	1.2291

Essentially, the Polish zloty, the Czech crown, the Hungarian forint and the Swiss franc are affected by revaluation (devaluation). The following table shows the hypothetical changes in EBT and equity if the euro in the year 2014 had been revalued or devalued by 10 % in relation to another currency:

T€	revaluation euro of 10 %		devaluation euro of 10 %	
Currency	**change in EBT**	**change in equity**	**change in EBT**	**change in equity**
PLN	3,917	3,917	-3,917	-3,917
HUF	-10,049	-10,049	10,049	10,049
CHF	-7,954	-7,954	7,954	7,954
CZK	4,620	4,620	-4,620	-4,620
Other	-3,931	-3,931	3,931	3,931

1) not entirely represented as hedge accounting

The following table shows the hypothetical changes in EBT and equity if the euro in the year 2013 had been revalued or devalued by 10 % in relation to another currency:

T€	**revaluation euro of 10 %**		**devaluation euro of 10 %**	
Currency	**change in EBT**	**change in equity**	**change in EBT**	**change in equity**
PLN	8,403	8,403	-8,403	-8,403
HUF	-5,757	-5,757	5,757	5,757
CHF	-7,285	-7,285	7,285	7,285
CZK	7,811	7,811	-7,811	-7,811
Other	-6,482	-4,374	6,482	4,374

The calculation is based on original and derivative foreign currency holdings in non-functional currency as at 31 December as well as underlying transactions for the next twelve months. The effect on tax resulting from changes in currency exchange rates was not taken into consideration.

Credit risk

The maximum risk of default of the financial assets, without cash and cash equivalents, on the balance sheet date is T€ 4,200,177 (2013: T€ 4,408,327) and corresponds to the carrying amounts presented in the balance sheet. Thereof T€ 2,546,068 (2013: T€ 2,770,221) involve trade receivables. Receivables from construction contracts and receivables from consortia involve ongoing construction projects and are therefore not yet payable for the most part. Of the remaining trade receivables only insignificant amounts are overdue and not impaired.

The risk for receivables from clients can be rated as low due to the wide dispersion, a constant creditworthiness check and the presence of the public sector as an important client.

The risk of default for other primary financial instruments shown on the assets side can also be regarded as low, as the contract partners are mainly financial institutions with the highest level of creditworthiness and/or the risk of default has been significantly reduced as a result of assumed liabilities of third parties.

Furthermore, there is a derived credit risk arising from the financial guarantee contracts (guarantees issued) of T€ 42,209 (2013: T€ 59,199).

Financial assets are impaired item by item if the carrying amount of the financial assets is higher than the present value of the future cash flows. This can be triggered by financial difficulties, insolvency of the client, breach of contract or significant default of payment. The impairment is composed of many individual items of which none, seen alone, is significant. In addition to the estimation of the creditworthiness risk, the relevant country risk is also taken into consideration. Graduated valuation adjustments are formed according to risk groups to take into consideration general credit risks.

Liquidity risk

Liquidity for the STRABAG SE Group means not only solvency in the strict sense but also the availability of the necessary financial margin for mainstay business through sufficient aval lines.

To guarantee financial flexibility, liquidity reserves are kept in the form of cash and credit lines for cash and aval loans. The STRABAG SE Group keeps bilateral credit lines with banks and a syndicated aval credit line in the amount of € 2.0 billion. The overall line for cash and aval loan amounts to € 6.8 billion. The syndicated surety credit line contains covenants which were fulfilled at the balance sheet date.

The medium- and long-term liquidity needs have so far been covered by the issue of corporate bonds as well. In 2010 a bond of € 100 million with a term to maturity of five years and in the years 2011, 2012 respectively 2013 bonds of € 175 million, € 100 million respectively € 200 million each with a term to maturity of seven years were issued. In the financial year 2014 no bond was issued. Depending on the market situation and the appropriate need, further bond issuances are planned.

The following **payment obligations** arise from the financial liabilities (interest payments based on interest rate as at 31 December and redemption) for the subsequent years:

Payment obligations as at 31 December 2014

T€	Carrying values 31.12.2014	Cash flows 2015	Cash flows 2016–2019	Cash flows after 2019
Bonds	575,000	122,813	340,938	206,000
Bank borrowings	1,023,759	358,564	427,097	349,410
Liabilities from finance leases	11,163	1,335	4,760	8,005
Financial liabilities	**1,609,922**	**482,712**	**772,795**	**563,415**

Payment obligations as at 31 December 2013

T€	Carrying values 31.12.2013	Cash flows 2014	Cash flows 2015–2018	Cash flows after 2018
Bonds	582,500	30,702	353,500	316,250
Bank borrowings	1,117,697	389,132	409,656	452,873
Liabilities from finance leases	22,503	3,122	15,212	9,194
Financial liabilities	**1,722,700**	**422,956**	**778,368**	**778,317**

The trade payables and the other liabilities (see item 21) essentially lead to cash outflows in line with the maturity at the amount of the carrying amounts.

(26) SEGMENT REPORTING

The rules of IFRS 8 Operating Segments, apply to the segment reporting. IFRS 8 prescribes defining the segments and reporting the earnings on the basis of the internal reporting (Management Approach). Segment assets are not disclosed as these do not form part of the regular internal reporting.

The internal reporting in the STRABAG SE Group is based on Management Board areas, which also represent the segments. The settlement between the single segments is made at arm's length prices.

The segment North + West bundles the construction activities in Germany, Poland, Benelux and Scandinavia as well the ground engineering, hydraulic engineering and construction activities in the offshore wind sector.

The segment South + East comprises the construction activities in Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe and Russia and neighbouring countries and environmental engineering business, and selected real estate development activities, primarily in Austria.

The segment International + Special Divisions includes the international construction activities, tunnelling, services, real estate development and infrastructure development as well as the construction materials business.

In addition, there are the Central Divisions and Central Staff Divisions, which handle services in the areas of accounting, group financing, technical development, machine management, quality management, logistics, legal affairs, contract management etc. These services are included in the segment Other.

Segment reporting for the financial year 2014

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output Volume	**6,292,451**	**4,170,804**	**2,970,134**	**132,606**		**13,565,995**
Revenue	**5,719,122**	**3,996,963**	**2,738,435**	**21,153**	**0**	**12,475,673**
Inter-segment revenue	114,321	13,986	288,246	785,936		
EBIT	**28,671**	**168,626**	**92,181**	**351**	**-7,870**	**281,959**
thereof share of profit or loss of associates	61,081	35,760	-56,866	300	0	40,275
Interest and similar income	0	0	0	82,169	0	82,169
Interest expense and similar charges	0	0	0	-108,366	0	-108,366
EBT	**28,671**	**168,626**	**92,181**	**-25,846**	**-7,870**	**255,762**
Investments in property, plant and equipment, and in intangible assets	0	0	286	346,201	0	346,487
Write-ups, depreciation and amortisation	16,861	129	11,372	409,621	0	437,983
thereof extraordinary write-ups, depreciation and amortisation	16,861	0	7,768	20,033	0	44,662

Segment reporting for the financial year 2013

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output Volume	**6,021,112**	**4,593,358**	**2,822,408**	**136,194**		**13,573,072**
Revenue	**5,500,840**	**4,422,255**	**2,444,541**	**26,516**	**0**	**12,394,152**
Inter-segment revenue	137,515	22,918	324,461	797,435		
EBIT	**72,536**	**138,234**	**69,575**	**64**	**-18,832**	**261,577**
thereof share of profit or loss of associates	10,305	31,737	-33,140	212	0	9,114
Interest and similar income	0	0	0	66,716	0	66,716
Interest expense and similar charges	0	0	0	-98,256	0	-98,256
EBT	**72,536**	**138,234**	**69,575**	**-31,476**	**-18,832**	**230,037**
Investments in property, plant and equipment, and in intangible assets	0	0	717	386,644	0	387,361
Depreciation and amortisation	200	421	7,066	425,650	0	433,337
thereof extraordinary write-ups, depreciation and amortisation	200	290	3,495	24,939	0	28,924

Reconciliation of the sum of the segment earnings to EBT according to IFRS financial statements

Income and expense in the internal reporting are essentially shown in accordance with IFRS. An exception is income taxes, including those applicable to deferred tax, which are not considered in the internal reporting.

The basis for the internal reporting is formed by all subsidiaries. In the IFRS financial statements, earnings from companies which were not fully consolidated or reported using the equity method are recognised in conformity with dividends, transfer of earnings and/or depreciation and amortisation. For this reason, the internal reporting does not conform with EBIT in regards to EBT in the consolidated financial statements in terms of the investment result.

Other minor differences result from entries in other consolidations.

Reconciliation of the internal reporting to IFRS financial statements is allocated as follows:

T€	2014	2013
Net income from investments	-19,082	-10,826
Other consolidations	11,212	-8,006
Total	**-7,870**	**-18,832**

Breakdown of revenue by geographic region

T€	2014	2013
Germany	6,030,243	5,682,802
Austria	2,030,313	2,108,667
Rest of Europe	3,968,098	4,127,981
Rest of World	447,019	474,702
Revenue	**12,475,673**	**12,394,152**

Presentation of revenue by region is done according to the company's registered place of business.

(27) NOTES ON RELATED PARTIES

The core shareholders of STRABAG SE are the Haselsteiner Group, as well as the Raiffeisen-Holding NÖ-Wien Group, the UNIQA Group and Rasperia Trading Limited, owned by Russian businessman Oleg Deripaska.

On 15 July 2014 core shareholder Rasperia Trading Limited exercised a call option and bought back the remaining 5.6 % of the shares. On 31 December 2014, core shareholder Rasperia Trading Limited held again a 25.0 % interest in STRABAG SE as well as one registered share. A syndicate agreement remains in effect between the core shareholders.

Arm's-length finance and insurance transactions exist with the Raiffeisen Holding NÖ-Wien Group and the UNIQA Group.

Haselsteiner Group

The Haselsteiner Group holds investments in various areas such as banks, real estate and infrastructure. The portfolio also includes investments in healthcare and the cultural area.

The business relations between STRABAG SE and the companies of the Haselsteiner Group during the financial year are presented below.

T€	2014	2013
Work and services performed	11,566	9,116
Work and services received	2,850	7,838
Receivables as at 31.12.	14,398	16,372
Liabilities as at 31.12.	37	539

Basic Element

The Basic Element Group, a group with numerous industrial holdings, among other things in the area of construction, construction materials and infrastructure, is owned by Russian businessman Oleg Deripaska. A cooperating agreement lays out the principles for joint operating cooperation in Russia and the CIS states between the STRABAG SE Group and the Basic Element Group.

Russian construction company Glavstroy Corporation, a member of the Basic Element Group, commissioned STRABAG to build the Olympic village in Sochi, Russia. The order included the construction of residences and hotels ahead of the 2014 Winter Olympics and had a value of about € 268 million. The contract was signed in 2010. The construction works began in 2011 and were completed in 2014. Services were also rendered in tunnelling in relation to the Olympic Games.

In the 2014 financial year, the revenue for these construction projects amounted to T€ 14,598. The open receivable as at 31 December 2014 amounted to T€ 30,777 and will be paid off in eight half-year instalments. The receivables bear interest and are hedged at arm's length conditions.

To consolidate and expand the business in Russia, STRABAG made in 2010 an advance payment secured by a bank guarantee, of € 70 million for a 26 % stake in the leading Russian road construction company Transstroy, part of the diversified industrial holding Basic Element. STRABAG had the right to refrain from the purchase and to demand reimbursement of the deposit of € 70 million if the parties fail to agree on a final purchase price following a due diligence process. Until then, STRABAG received an arm's length payment based on the amount of the prepayment. STRABAG has exercised its right to reversal. In the 2014 financial year, therefore, the advance was reduced to € 35 million, of which T€ 30,778 was paid in July 2014. A remainder of T€ 4,222 will be paid in eight half-year instalments. Repayment of the remaining advance will be made with the last instalment. The receivables bear interest and are hedged at arm's length conditions.

IDAG

IDAG Immobilienbeteiligung u. -Development GmbH is entirely held by private foundations whose beneficiaries are the Haselsteiner Group and the Raiffeisen-Holding NÖ-Wien Group. It is the business purpose of IDAG Immobilienbeteiligung u. -Development GmbH to develop property and to participate in property projects.

STRABAG's office buildings in Vienna and Graz are held in the real estate portfolio of subsidiaries of IDAG Immobilienbeteiligung u. -Development GmbH. The buildings are let to and in part sublet by STRABAG SE at the usual market conditions. Rental costs arising from both buildings in the 2014 financial year amounted to T€ 7,897 (2013: T€ 7,685). Other services in the amount of T€ 184 (2013: T€ 519) were obtained from the IDAG Group.

Furthermore, revenues of T€ 6,142 (2013: T€ 4,707) were made with IDAG Immobilienbeteiligung u. -Development GmbH in the 2014 financial year. At the balance sheet date of 31 December 2014, the STRABAG SE Group had receivables from rental deposits amounting to T€ 23,529 (2013: T€ 22,059) from IDAG Immobilienbeteiligung u. -Development GmbH.

Investments in associates

In September 2003, Raiffeisen evolution project development GmbH, a joint project development company, was founded together with R.B.T. Beteiligungsgesellschaft m.b.H, "URUBU" Holding GmbH (both Raiffeisen group) and UNIQA Beteiligungs-Holding GmbH.

Raiffeisen evolution project development GmbH bundles project developments in building construction activities of the shareholders (excluding Germany and Benelux). STRABAG SE is employed in the construction work on the basis of arm's-length contracts. In 2014 revenues of T€ 12,601 (2013: T€ 56,563) were made. At the balance sheet date, there were receivables against the Raiffeisen evolution project development-group in the amount of T€ 1,208 (2013: T€ 2,308).

The shareholders of the Raiffeisen evolution project development GmbH have basically agreed to proportionally accept any obligations arising from the project developments.

Lafarge Cement CE Holding GmbH bundles the cement activities of Lafarge, a market leader in construction materials manufacturing, and STRABAG in the countries of Central Europe. The joint activities aim at maintaining a commensurate cement supply in the group's core countries. In 2014, STRABAG procured cement services worth about T€ 19,430 (2013: T€ 20,067) from Lafarge. At the balance sheet date, there were liabilities to Lafarge Cement CE Holding GmbH group in the amount of T€ 84 (2013: T€ 107).

The **business transactions with the other associates** can be presented as follows:

T€	2014	2013
Work and services performed	69,558	79,420
Work and services received	30,891	33,138
Receivables as at 31.12.	15,297	28,879
Liabilities as at 31.12.	276	646

For information about construction consortia we refer to item 14 (notes on construction consortia).

The business transactions with the Management Board members and employees of the first management level (management in key positions) and with their family members and companies which are controlled by the management in key positions or decisively influenced by them were of minor significance in the year under report and the previous year.

The total remuneration including any severance and pension payments, as well as other long-term payments for employees of the first management level amounted to T€ 20,373 (2013: T€ 14,418) in the year under report. Of this amount, T€ 19,797 (2013: T€ 14,066) is attributable to the current remuneration and T€ 576 (2013: T€ 352) to severance and pension payments.

(28) NOTES ON THE MANAGEMENT AND SUPERVISORY BOARDS

Management Board

Dr. Thomas Birtel
Mag. Christian Harder
Dipl.-Ing. Dr. Peter Krammer
Mag. Hannes Truntschnig
Dipl.-Ing. Siegfried Wanker

Supervisory Board

Dr. Alfred Gusenbauer (Chairman)
Mag. Erwin Hameseder (Vice Chairman)
Mag. Hannes Bogner
Andrei Elinson
Mag. Kerstin Gelbmann
Ing. Siegfried Wolf

Dipl.-Ing. Andreas Batke (works council)
Miroslav Cerveny (works council)
Magdolna P. Gyulainé (works council)
Georg Hinterschuster (works council since 13 October 2014)
Wolfgang Kreis (works council)
Gerhard Springer (works council until 13 October 2014)

The total salaries of the Management Board members in the financial year amount to T€ 3,981 (2013: T€ 4,199). The severance payments for Management Board members amount to T€ 120 (2013: T€ 8).

The remunerations for the Supervisory Board members in the amount of T€ 135 (2013: T€ 135) are included in the expenses. Neither the Management Board members nor the Supervisory Board members of STRABAG SE received advances or loans.

(29) EXPENSES FOR THE AUDITOR

The expenses for the auditor, KPMG Austria GmbH, incurred in the financial year amount to T€ 1,182 (2013: T€ 1,240) of which T€ 1,127 (2013: T€ 1,121) were for the audit of the consolidated financial statements (including the audit of separate financial statements of group companies) and T€ 55 (2013: T€ 119) for other services.

(30) DATE OF AUTHORISATION FOR ISSUE

In Austrian companies organised as corporations limited by shares, the consolidated financial statements prepared by the Management Board are approved by the Supervisory Board. The STRABAG SE Supervisory Board meeting for the approval of the consolidated financial statements for the year ended 31 December 2014 will take place on 27 April 2015.

(31) EVENTS AFTER THE BALANCE SHEET DATE

In January 2015, STRABAG issued a further bond in the amount of € 200 million with a term to maturity of seven years. The annual coupon interest of the bond amounts to 1.625 %.

Villach, 10 April 2015

The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Divisions and Central Staff Divisions (expect BRVZ)
as well as Division 3L RANC[1)]

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

Dipl.-Ing. Dr. Peter Krammer
Responsibility Segment North + West

Mag. Hannes Truntschnig
Responsibility Segment
International + Special Divisions

Dipl.-Ing. Siegfried Wanker
Responsibility Segment South + East
(except Division 3L RANC)

1) RANC = Russia and neighbouring countries

Statement of all legal representatives

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the separate financial statements[1)] give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Villach,10 April 2015

The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Divisions and Central Staff Divisions (expect BRVZ)
as well as Division 3L RANC[2)]

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

Dipl.-Ing. Dr. Peter Krammer
Responsibility Segment North + West

Mag. Hannes Truntschnig
Responsibility Segment
International + Special Divisions

Dipl.-Ing. Siegfried Wanker
Responsibility Segment South + East
(except Division 3L RANC)

1) The annual financial statements are included in the annual financial report.
2) RANC = Russia and neighbouring countries

Auditor’s report

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of

STRABAG SE,
Villach, Austria,

for the year from 1 January 2014 to 31 December 2014. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2014, the consolidated income statement/consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year 2014 and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT‘S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE ACCOUNTING SYSTEM

The Company’s management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to § 245a UGB (Austrian Business Enterprise Code). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appro-priate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR‘S RESPONSIBILITY AND DESCRIPTION OF TYPE AND SCOPE OF THE STATUTORY AUDIT

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor‘s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as at 31 December 2014 and of its financial performance and its cash flows for the year from 1 January to 31 December 2014 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

REPORT ON THE MANAGEMENT REPORT FOR THE GROUP

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company’s position. The auditor’s report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Business Enterprise Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Business Enterprise Code) are appropriate.

Linz, 10 April 2015

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Helge Löffler
Austrian Chartered Accountant

ppa Mag. Christoph Karer
Austrian Chartered Accountant

The consolidated financial statements together with our auditor‘s opinion may only be published if the consolidated financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Business Enterprise Code) applies.

GLOSSARY

ATX (Austrian Traded Index)	The index of leading shares of the Vienna Stock Exchange (Wiener Börse)
Book value per share	Book value of equity/number of outstanding shares
BREEAM	Building Research Establishment Environmental Assessment Methodology
CAGR (Compound Annual Growth Rate)	Mean growth rate on an annualised basis
CAPEX (Capital Expenditure)	Investments; acquisition of financial assets + acquisition of intangible assets as well as property, plant and equipment + changes to the scope of consolidation
Capital employed	Total of group equity + interest-bearing debts
Cash flow	Cash and cash equivalents being received and spent
Carbon footprint	Measure of carbon emissions caused by an activity
CO_2	Carbon dioxide (greenhouse gas)
Code of Conduct	Guidelines which reflect the company's policy; compliance is mandatory for all employees, directors and officers
Compliance	Abidance with applicable laws and relevant regulations
Corporate Governance	A code of conduct for publicly listed companies; corporate governance comprises all guidelines which maximise transparency and control in order to avoid conflicts of interest
Cost-plus-fee	Contract model under which the client pays the contractor a previously agreed percentage of the costs of the project as a fee
DGNB	German Society for Sustainable Construction (Deutsche Gesellschaft für Nachhaltiges Bauen e.V.)
Directors' dealings	Transactions with company securities by company directors or officers
Earnings per share	Net income after minorities/weighted average number of shares
EBIT	Earnings before interest and taxes
EBIT margin	Ratio of EBIT to revenue in %
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EBITDA margin	Ratio of EBITDA to revenue in %
EBT	Earnings before taxes
Equity ratio	Ratio of book value of equity to balance sheet total
Equity method, at-equity consolidation	Method of consolidation of shares in associated companies; mostly companies in which STRABAG holds a stake between 20 % and 50 %
Four-eyes principle	Principle according to which an activity is carried out and monitored by different persons
GDP	Gross Domestic Product
Gearing ratio	Net debt/total group equity

IFRS	Financial reporting standards and interpretations adopted by the International Accounting Standards Board (IASB)
ISO 14001	International standard designed to help organisations establish environmental management systems
ISO 50001	International standard designed to help organisations establish energy management systems
LEED	Leadership in Energy and Environmental Design
Net debt	Financial liabilities - non-recourse debt + severance and pension provisions - cash and cash equivalents; called net cash in case of negative result
Order backlog	Future revenues from contracts signed to a specific date less works already accomplished
ÖCGK	Austrian Corporate Governance Code (Österreichischer Corporate Governance Kodex)
ÖGNI	Austrian Sustainable Building Council (Österreichische Gesellschaft für Nachhaltige Immobilienwirtschaft)
Payout ratio	Dividends/earnings per share
PPP (Public-Private Partnership)	Project which is funded and operated through a partnership of private investors and public-sector institutions
Pro rata temporis (lat. “at the rate for the time”)	Allocation of an amount at a rate proportional to the time allotted
RANC	Russia and neighbouring countries
Risk management	An approach to recognise potential risks to the company and develop strategies to manage these risks
ROCE (Return on Capital Employed)	(Net income + interest on debt - interest tax shield (25 %))/(average group equity + interest-bearing debt)
Sureties	Bank guarantees or surety bonds
Value chain	The individual steps and actions required to create a product or deliver a service
WBI	Vienna Stock Exchange Share Index, made up of all companies listed on the Vienna Stock Exchange (Wiener Börse Index)

FINANCIAL CALENDAR

Annual Report 2014	**29 April 2015**
Publication	7:30 am
Press conference	10:00 am
Investor and analyst conference call	2:00 pm
Interim Report January–March 2015	**29 May 2015**
Publication	7:30 am
Investor and analyst conference call	2:00 pm
Notice of Annual General Meeting	15 May 2015
Shareholding confirmation record date	2 June 2015
Annual General Meeting 2015	**12 June 2015**
Beginning	10:00 am
Location: Austria Center Vienna, 1220 Vienna	
Ex-dividend date	**19 June 2015**
Payment date for dividend	**22 June 2015**
Semi-annual Report 2015	**31 August 2015**
Publication	7:30 am
Investor and analyst conference call	2:00 pm
Interim Report January–September 2015	**30 November 2015**
Publication	7:30 am
Investor and analyst conference call	2:00 pm

All times are CET/CEST. Please find the current road show schedule on the website www.strabag.com > Investor Relations > Company Calendar.

Thank you to all our partner companies who gave us their permission to use the plans from our joint projects for this Annual Report:

apm Architekten Podivin & Marginter ZT GmbH
Architekt Dipl.-Ing. Josef G. Knötzl
Architekten Halbritter u. Halbritter ZT GmbH
Architektur Concept Pfaffhausen + Staudte GbR
Atelier Krissmer & Partner GmbH
BGG Consult Dr. Peter Waibel ZT-GmbH
Conte Bau Gmbh
Dipl. Ing. Eduard Kraus
Dipl. Ing. Ernst Pestal
Dipl. Ing. Herbert Hengl Zivilingenieur für Bauwesen
Dr. Ronald Mischek ZT GmbH
Fachhochschulerrichtungs GmbH
Gemeinde Bad Sauerbrunn
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GENERALPLANUNG - DI DINHOBL & PARTNER Ziviltechniker Ges.m.b.H.
Haring Group Bauträger GmbH
Heinrich Veternik Walter ZT GmbH
Hotel Sägerhof e.U.
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Ing. Dr. Bernd BARTOSEK/BAROSU GmbH
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Ingenieurbüro Neukirchen Ziviltechniker GmbH
Ingenieurbüro ste.p ZT-GmbH
ISP Ziviltechniker GmbH
kofler architects
KOPA Korschineck & Partner Vermessung ZT – GmbH
KS Ingenieure ZT GmbH
Kubik Project Ges.m.b.H.
Lohmann & Rauscher GmbH
MHM Ziviltechniker GmbH
Moser & Partner Ingenieurbüro GmbH
NÖ Wohnbaugruppe
ÖBB-Infrastruktur Aktiengesellschaft
Österreichisches Volkswohnungswerk Gemeinnützige Ges.m.b.H.
PCD ZT-GMBH
Potyka & Partner ZT GmbH
RADLEGGER & KRAL Ziviltechniker f Bauingenieurwesen GmbH
RAUHOFER Architektur ZT GmbH
Riepl Riepl Architekten
Rudischer & Panzenböck (gewerbliche) Architekten GmbH
SAR Gebäudetechnik- und Betriebsführungs GmbH
SK Rapid Sportstättenbetrieb GmbH
Stadt Wiener Neustadt
SUPERBLOCK Ziviltechniker GmbH
team plankraft Architekturbüro Ziviltechniker GmbH
Universität Salzburg
Werkstatt Grinzing WGA ZT GmbH
Wien Work-integrative Betriebe und AusbildungsgmbH
ZT-Büro DI Ernst Kuttner

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The Annual Report was prepared with the highest possible attention to detail.
All information was verified. In case of discrepancy the German version prevails.

The possibility of rounding errors, printing errors or misprints, however, cannot be completely excluded. The Annual Report contains information and forecasts related to the future development of STRABAG SE. These forecasts represent estimates made on the basis of all available information at the time of publication. Should the assumptions underlying the forecasts fail to appear, the actual results could deviate from the expectations.

Many of the projects contained in this financial report were carried out in joint ventures. We hereby extend a warm “thank you” to all our partners.

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Wien Nord Werbeagentur GmbH
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