WHAT HAS BEEN.

Individual financial statements 2015

STRABAG
SOCIETAS EUROPAEA

Content

INDIVIDUAL FINANCIAL STATEMENTS 2015

Balance sheet ... 3
Income statement ... 4
Notes to the financial statements ... 5
Statement of changes in non-current assets ... 11
List of participations ... 13
Management and Supervisory Board ... 15
Management report ... 16
Auditor‘s report ... 65

Balance sheet as at 31 December 2015

Assets	31.12.2015 €	31.12.2014 T€
A. Non-current assets:		
I. Property, plant and equipment:		
Other facilities, furniture and fixtures and office equipment	**1,002,259.32**	**1,018**
II. Financial assets:		
1. Investments in subsidiaries	2,034,923,191.16	2,148,229
2. Loans to subsidiaries	66,340,000.00	83,730
3. Investments in participation companies	63,512,665.49	81,999
4. Loans to participation companies	87,740,004.70	92,271
5. Own shares	236,978,341.46	236,978
6. Other loans	19,702.11	631
	2,489,513,904.92	**2,643,840**
	2,490,516,164.24	**2,644,858**
B. Current assets:		
I. Accounts receivable and other assets:		
1. Trade receivables	30,714.71	105
2. Receivables from subsidiaries	1,204,872,573.46	690,341
3. Receivables from participation companies	10,703,381.17	9,242
4. Other receivables and assets	67,003,627.15	65,432
	1,282,610,296.49	**765,121**
II. Cash assets, including bank accounts	195,884.88	153
	1,282,806,181.37	**765,274**
C. Accruals and deferrals	**5,417,825.00**	**6,620**
Total	**3,778,740,170.61**	**3,416,752**

Equity and liabilities	31.12.2015 €	31.12.2014 T€
A. Equity:		
I. Share capital	**114,000,000.00**	**114,000**
II. Capital reserves (committed)	**2,148,047,129.96**	**2,148,047**
III. Retained earnings:		
1. Legally required reserves	72,672.83	73
2. Voluntary reserves	303,454,294.39	73,856
	303,526,967.22	**73,928**
IV. Reserve for own shares	**236,978,341.46**	**236,978**
V. Unappropriated net profit (thereof profit brought forward € 5,700,000.00; previous year: T€ 5,130)	**74,100,000.00**	**57,000**
	2,876,652,438.64	**2,629,954**
B. Provisions:		
1. Provisions for severance payments	372,685.00	360
2. Provisions for taxes	13,361,814.89	13,362
3. Other provisions	40,418,085.00	29,680
	54,152,584.89	**43,402**
C. Accounts payable:		
1. Bonds	675,000,000.00	575,000
2. Bank borrowings	140,000,064.55	140,000
3. Trade payables	1,324,276.42	941
4. Payables to subsidiaries	14,693,028.19	10,192
5. Other payables (thereof taxes € 795,026.21; previous year: T€ 973; thereof social security liabilities € 17,803.71; previous year: T€ 13)	16,917,777.92	17,263
	847,935,147.08	**743,396**
Total	**3,778,740,170.61**	**3,416,752**
Contingent liabilities	267,659,241.08	298,990

Income statement for the 2015 financial year

	2015 €	2014 T€
1. Revenue (Sales)	65,607,311.97	69,690
2. Other operating income	8,287,681.03	3,034
3. Cost of materials and services:		
a) Materials	-43,044.37	-69
b) Services	-16,384,472.52	-13,751
	-16,427,516.89	**-13,820**
4. Employee benefits expense:		
a) Salaries	-8,393,010.73	-5,675
b) Severance payments and contributions to employee benefit plans	-78,523.33	-120
c) Statutory social security contributions, as well as payroll-related and other mandatory contributions	-396,738.86	-303
d) Other social expenditure	-368,396.00	-176
	-9,236,668.92	**-6,275**
5. Depreciation	-15,632.55	-16
6. Other operating expenses:		
a) Taxes other than those included in item 15	-129,420.28	-112
b) Miscellaneous	-17,524,731.10	-34,736
	-17,654,151.38	**-34,848**
7. **Subtotal of items 1 through 6 (operating result)**	**30,561,023.26**	**17,767**
8. Income from investments (thereof from subsidiaries € 53,048,452.56; previous year: T€ 62,562)	67,615,196.34	63,415
9. Other interest and similar income (thereof from subsidiaries € 29,169,231.20; previous year: T€ 30,800)	34,668,886.61	34,106
10. Income from disposal and write-up of financial assets and marketable securities	278,340,205.76	124
11. Expenses related to financial assets:		
a) Depreciation of investments in subsidiaries	-41,859,711.50	-15,241
b) Depreciation (other)	-18,627,499.00	-816
c) Expenses from subsidiaries	-1,082,678.84	-39
d) Miscellaneous	-19,102,134.63	-4,071
	-80,672,023.97	**-20,167**
12. Interest and similar expenses (thereof from subsidiaries € 0.00; previous year: T€ 463)	-31,411,405.30	-31,874
13. Subtotal of item 8 through 12 (financial result)	**268,540,859.44**	**45,605**
14. Results form ordinary business activities	**299,101,882.70**	**63,371**
15. Taxes on income and gains:		
a) Income tax	-181,720.68	340
b) Tax allocation	-921,608.57	-2,921
	-1,103,329.25	**-2,580**
16. Net income for the year	**297,998,553.45**	**60,791**
17. Allocation to retained earnings (voluntary reserves)	-229,598,553.45	-8,921
18. Profit for the period	**68,400,000.00**	**51,870**
19. Profit brought forward	5,700,000.00	5,130
20. Unappropriated net profit	**74,100,000.00**	**57,000**

NOTES TO THE 2015 FINANCIAL STATEMENTS OF STRABAG SE, VILLACH

I. Application of Austrian Commercial Code

These 2015 financial statements were prepared in accordance with the Austrian Commercial Code (UGB).

The income statement was prepared in report form using the nature of expense method.

Additional information was provided in the notes as far as was necessary to ensure a true and fair view of the financial position, financial performance and cash flows.

The company is the topmost parent company of the companies within the scope of consolidation of STRABAG SE, Villach. The consolidated financial statements are deposited with the Landes- als Handelsgericht Klagenfurt (District and Commercial Court Klagenfurt).

The company is a large corporation (Kapitalgesellschaft) as defined by Section 221 of the Austrian Commercial Code (UGB).

II. Accounting policies

The financial statements were prepared in accordance with the “principles of orderly accounting” and following the general norm of presenting a true and fair view of the financial position, financial performance and cash flows.

The financial statements were prepared in conformity with the “principle of completeness”.

The valuation premise adopted is that of a going concern.

Individual assets and liabilities were valued in accordance with the “principle of individual valuation”.

The financial statements were prepared in accordance with the “principle of prudence” by only reporting profit which was realised on the balance sheet date.

All recognisable risks and impending losses which occurred in 2015 or an earlier financial year were taken into consideration.

The previously applied valuation method was kept.

Property, plant and equipment are valued at historical cost less accumulated depreciation.

Low-value assets are depreciated in full in the year in which they are acquired.

Extraordinary depreciation is undertaken where it is necessary to apply the lower value method.

Financial assets are valued at historical cost or a lesser value if one is attributable.

The company has not exercised its option to capitalise deferred taxes in accordance with Section 198 Paragraph 10 of the Austrian Commercial Code.

Trade and other receivables are reported at nominal value. The valuation of foreign currency receivables follows the strict “lowest value principle”.

Individual value adjustments are made for recognisable risks.

All recognisable risks and impending losses were taken into account in the calculation of provisions in accordance with the legal framework.

The provisions for severance payments were calculated using recognised financial mathematical principles, an interest rate of 2.5 % (previous year: 2.5 %), and a retirement age of 62 for women (previous year: 62) and 62 for men (previous year: 62).

Liabilities are valued at the amount repayable. Foreign currency liabilities are valued in accordance with the “highest value principle”.

III. Notes to the balance sheet

NON-CURRENT ASSETS

The non-current assets are itemised and their changes in the year under report are recorded in the statement of changes in non-current assets (Appendix 1 to the notes).

Due to long-term rentals, letting and leasing, the use of property, plant and equipment not shown in the balance sheet results in an obligation of € 6,914,278.56 (previous year: T€ 6,682) for the 2015 financial year. The sum of all obligations for the next five years is € 34,571,392.80 (previous year: T€ 34,308).

Information on investments can be found in the list of participations (Appendix 2 to the notes).

ACCOUNTS RECEIVABLES AND OTHER ASSETS

The following trade and other receivables have a remaining term of more than one year:

	31.12.2015	31.12.2014
	€	T€
Receivables from subsidiaries	250,400,620.97	250,403
Receivables from participation companies	2,780,084.01	4,772
Other receivables and other assets	58,366,997.28	58,522
Total	**311,547,702.26**	**313,698**

All other reported trade and other receivables have a remaining term of up to one year.

Receivables from subsidiaries involve cash-clearing, financing, routine clearing, the calculation of group allocations and transfers of profits.

The item “Other receivables and other assets” includes income of € 617,118.39 (previous year: T€ 340) which will be cash effective after the balance sheet date.

EQUITY

The fully paid in share capital amounts to € 114,000,000.00 and is divided into 113,999,997 no-par bearer shares and three registered shares.

As at 31 December 2015, STRABAG SE had acquired 11,400,000 bearer shares equalling 10 % of the share capital. The corresponding value of the share capital amounts to € 11,400,000.00. 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 € 57,000,000.00 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 (AktG), 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 Commercial 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.

PROVISIONS

Other provisions were made for profit sharing, investment risks and claims.

ACCOUNTS PAYABLE

€	Remaining term < one year	Remaining term > one year	Remaining term > five years	Book value	Real securities
1. Bonds	0.00	475,000,000.00	200,000,000.00	675,000,000.00	0.00
Previous year in T€	*100,000*	*275,000*	*200,000*	*575,000*	*0*
2. Bank borrowings	64.55	31,500,000.00	108,500,000.00	140,000,064.55	0.00
Previous year in T€	*0*	*140,000*	*0*	*140,000*	*0*
3. Trade payables	1,324,276.42	0.00	0.00	1,324,276.42	0.00
Previous year in T€	*941*	*0*	*0*	*941*	*0*
4. Payables to subsidiaries	14,693,028.19	0.00	0.00	14,693,028.19	0.00
Previous year in T€	*10,192*	*0*	*0*	*10,192*	*0*
5. Other payables	16,917,777.92	0.00	0.00	16,917,777.92	0.00
Previous year in T€	*17,263*	*0*	*0*	*17,263*	*0*
Total	**32,935,147.08**	**506,500,000.00**	**308,500,000.00**	**847,935,147.08**	**0.00**
Previous year in T€	*128,396*	*415,000*	*200,000*	*743,396*	*0*

Payables to subsidiaries involve routine clearing, clearing of tax allocation as well as transfer of losses.

The item “Other payables” includes costs of € 15,837,808.86 (previous year: T€ 16,535) which will be cash effective after the balance sheet date.

CONTINGENT LIABILITIES

The contingent liabilities which must be shown in the balance sheet in accordance with Section 199 of the Austrian Commercial Code (UGB) involve exclusively guarantee and indemnity liabilities.

The contingent liabilities reported include € 241,545,384.96 (previous year: T€ 265,003) in contingent liabilities for affiliated companies.

The company has made an unlimited warranty statement for the benefit of BRVZ Bau- Rechen- u. Verwaltungszentrum Gesellschaft m.b.H., Spittal an der Drau, whereby is committed to fulfil the obligations from the financial futures contracts concluded by the BRVZ Bau- Rechen- u. Verwaltungszentrum Gesellschaft m.b.H., Spittal an der Drau, if necessary.

Performance bonds in the amount of € 372,783,035.56 (previous year: T€ 380,883) exist for construction projects of subsidiaries.

FINANCIAL INSTRUMENTS

Derivative financial instruments are employed exclusively to mitigate risks arising from movements in interest rates. The market values presented at the reporting date were determined using the “mark-to-market” method.

As at 31 December 2015, interest payments for the bonded loan were hedged by means of the following hedging transactions:

T€	2015		2014	
	Nominal value	Market value	Nominal value	Market value
Interest rate swap (fixed rate payer)	108,500	73	108,500	-4,112

The hedging period of the interest rate swap lasts until 2021 at the latest.

Hedges to limit interest rate risks are based on a hedging relationship between the hedged item and the hedging transaction in which changes in the value of the hedged item are compensated by contrary changes in the value of the hedge. These derivatives are therefore not capitalised.

The establishment of hedging relationships allowed the company as at 31 December 2015 to forego the creation of provisions for pending losses from interest rate swaps in the amount of T€ 0 (previous year: T€ -4,112), as it is highly likely that the unrealised losses will be compensated by contrary unrealised gains from future interest payments.

The effective compensation between unrealised gains and losses is proven by means of effectiveness tests. If concordance of the essential conditions of the hedged item and the hedging transactions is established, the hedge effectiveness is measured using the critical terms match method. Otherwise, effectiveness is measured by means of the dollar offset method.

IV. Notes to the income statement

REVENUE (SALES)

	2015	2014
	€	T€
Domestic revenue	26,745,361.53	30,239
Foreign revenue	38,861,950.44	39,452
Total	**65,607,311.97**	**69,690**

EMPLOYEE BENEFITS EXPENSE

The company employed on the average 6 employees during the year (previous year: 6 employees).

100 % of the expenses for severance payments were recognised for Management Board Members.

An amount of € 66,312.33 (previous year: T€ 50) for contributions to employee benefit plans is included in the severance payment expenses.

The salaries of the Management Board members in the 2015 financial year amounted to T€ 5,829 (previous year: T€ 3,981).

Supervisory Board member salaries in the period under review amounted to € 135,000.00 (previous year: T€ 135).

OTHER OPERATING EXPENSES

The other operating expenses reported mainly include impairments of receivables, surety fees, legal and advisory costs, travel and advertising costs, insurance costs and other general administrative expenses.

EXPENSES RELATED TO FINANCIAL ASSETS

Other expenses from financial assets mainly concern the transfer of losses from partnerships, losses from the disposal of other financial assets and the allocation of reserves.

TAXES ON INCOME AND GAINS

The amount for active deferred taxes pursuant to Section 198 Paragraph 10 of the Austrian Commercial Code (UGB) which may be capitalised is € 0.00 (previous year: T€ 0) because there is no additional tax expense except the minimum tax due to the fiscal losses of the company.

The reported tax expenses involve tax allocations to group members, corporate income tax and foreign tax expenses.

V. Miscellaneous

The company is a group parent under Section 9 Paragraph 8 of the Austrian Corporate Income Tax Act (KStG) of 1988 as amended by BGBl. I 180/2004. Tax adjustments (both positive and negative allocations) between the group parent and the company were arranged in the form of tax allocation agreements.

For the benefit of Mineral Abbau GmbH, there is a commitment to cover the losses, which may be terminated by giving three months' notice to the end of the calendar year.

An agreement was concluded with BRVZ Bau- Rechen- u. Verwaltungszentrum Gesellschaft m.b.H., Spittal an der Drau, covering financial and management accounting, operating and cost accounting, payroll accounting, cash management, insurance management and facility management.

The members of the Management and Supervisory Boards are listed separately (Appendix 3 to the notes).

The expenses for the auditor, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, for the financial year amount to € 679,450.00 (previous year: T€ 588), of which € 58,500.00 (previous year: T€ 58) are for the audit of the financial statements, € 535,000.00 (previous year: T€ 530) for other audit services and € 85,950.00 (previous year: T€ 0) for miscellaneous services.

Villach, 9 April 2016

The Management Board

Dr. Thomas Birtel

Mag. Christian Harder

Dipl.-Ing. Dr. Peter Krammer

Mag. Hannes Truntschnig

Dipl.-Ing. Siegfried Wanker

Appendix 1 to the notes: Statement of changes in non-current assets
Appendix 2 to the notes: List of participations
Appendix 3 to the notes: Management and Supervisory Board

Statement of changes in non-current assets as of 31 December 2015

	Acquisition and production costs			
€	Balance 1.1.2015	Additions	Disposals	Balance 31.12.2015
I. Tangible assets:				
Other facilities, furniture and fixtures and office equipment	**1,203,251.97**	**0.00**	**0.00**	**1,203,251.97**
II. Financial assets:				
1. Investments in subsidiaries	2,216,389,220.54	22,430,963.08	97,800,766.25	2,141,019,417.37
2. Loans to subsidiaries	85,730,000.00	0.00	16,490,000.00	69,240,000.00
3. Investments in participation companies	94,024,566.91	140,703.00	0.00	94,165,269.91
4. Loans to participation companies	92,271,378.21	4,784,270.42	9,315,643.93	87,740,004.70
5. Own shares	236,978,341.46	0.00	0.00	236,978,341.46
6. Other loans	631,218.25	9,219.39	620,735.53	19,702.11
	2,726,024,725.37	**27,365,155.89**	**124,227,145.71**	**2,629,162,735.55**
Total	**2,727,227,977.34**	**27,365,155.89**	**124,227,145.71**	**2,630,365,987.52**

	Accumulated depreciation	Carrying values 31.12.2015	Carrying values 31.12.2014	Depreciation for the period
	200,992.65	**1,002,259.32**	**1,017,891.87**	**15,632.55**
	106,096,226.21	2,034,923,191.16	2,148,229,483.16	40,959,711.50
	2,900,000.00	66,340,000.00	83,730,000.00	900,000.00
	30,652,604.42	63,512,665.49	81,999,461.49	18,627,499.00
	0.00	87,740,004.70	92,271,378.21	0.00
	0.00	236,978,341.46	236,978,341.46	0.00
	0.00	19,702.11	631,218.25	0.00
	139,648,830.63	**2,489,513,904.92**	**2,643,839,882.57**	**60,487,210.50**
	139,849,823.28	**2,490,516,164.24**	**2,644,857,774.44**	**60,502,843.05**

List of participations (20.00 % interest minimum)

Name and residence of the company T€	Interest %	Equity/ negative equity[1]	Result of the last financial year[2]
Investments in subsidiaries:			
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH, Spittal an der Drau	100.00	3,226	164
Asphalt & Beton GmbH, Spittal an der Drau	100.00	2,851	977
Bau Holding Beteiligungs AG, Spittal an der Drau	65.00	959,019	58,308
BHG Bitumen d.o.o. Beograd, Belgrade	100.00	196	3
BHG Sp. z o.o., Pruszkow	100.00	1,628	763
CESTAR d.o.o., Slavonski Brod	74.90	3,230	739
CLS Construction Legal Services AB, Stockholm	100.00	5	0
CLS Construction Legal Services GmbH, Cologne	100.00	240	144
CLS Construction Legal Services GmbH, Schlieren	100.00	38	9
CLS Construction Legal Services GmbH, Vienna	100.00	84	3
CLS CONSTRUCTION LEGAL SERVICES Sp. z o.o., Pruszkow	100.00	294	16
CLS CONSTRUCTION LEGAL SERVICES SRL, Bucharest	100.00	8	8
CLS CONSTRUCTION SERVICES d.o.o., Zagreb	100.00	-38	-40
CLS CONSTRUCTION SERVICES s. r. o., Bratislava	100.00	35	6
CLS CONSTRUCTION SERVICES s.r.o., Prague	100.00	11	10
CLS Kft., Budapest	100.00	157	34
DRP, d.o.o., Ljubljana	100.00	-5,133	-6,429
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o., Bratislava-Ruzinov	100.00	2,213	646
Facility Management Holding RF GmbH, Vienna	100.00	-9	1
FLOGOPIT d.o.o. Beograd, Novi Beograd	100.00	-104	-35
Ilbau Liegenschaftsverwaltung GmbH, Hoppegarten	100.00	158,036	3,880
Karlovarske silnice, a. s., Ceske Budejovice	100.00	2,415	12
KMG - KLIPLEV MOTORWAY GROUP A/S, Copenhagen	100.00	1,507	522
LPRD (LESZCZYNSKIE PRZEDSIEBIORSTWO ROBOT DROGOWO)-MOSTOWYCH Sp. z o.o., Leszno	57.38	6,505	53
Mazowieckie Asfalty Sp.z o.o., Pruszkow	100.00	-16[3]	3[3]
Mikrobiologische Abfallbehandlungs GmbH, Schwadorf	51.00	610[3]	302[3]
Mineral Abbau GmbH, Spittal an der Drau	100.00	2,364	0
OOO CLS Construction Legal Services, Moscow	100.00	173	39
PANADRIA MREZA AUTOCESTA D.O.O., Zagreb	100.00	0	-1
Prottelith Produktionsgesellschaft mbH, Liebenfels	52.00	-2,223[3]	27[3]
PRZEDSIEBIORSTWO ROBOT DROGOWYCH , Sp.z o.o. W LIKWIDACJI, Choszczno	100.00	[4]	[4]
SAT REABILITARE RECICLARE S.R.L., Cluj-Napoca	100.00	740	127
SAT SANIRANJE cesta d.o.o., Zagreb	100.00	362	156
SAT SLOVENSKO s.r.o., Bratislava	100.00	1,990	482
SAT Ukraine, Brovary	100.00	1,457[3]	73[3]
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau	100.00	293,125	21,480
SF Bau vier GmbH, Vienna	100.00	-20	-7
SOOO "STRABAG Engineering Center", Minsk	60.00	83[3]	4[3]
STRABAG A/S, Trige	100.00	-1,986[3]	-2,073[3]
STRABAG AG, Cologne	74.80	593,725	79,910
STRABAG AG, Schlieren	100.00	37,883	-3,182
"Strabag Azerbaijan" L.L.C., Baku	100.00	2,887	17,431
STRABAG Infrastruktur Development, Moscow	100.00	136	87
STRABAG Oy, Helsinki	100.00	1,770	-3,698
STRABAG Property and Facility Services a.s., Prague	100.00	3,525	174
STRABAG Real Estate GmbH, Cologne	33.50	97,958	49,653
Strabag RS d.o.o., Banja Luka	100.00	-325[3]	-63[3]
STRABAG Sh.p.k., Tirana	100.00	21[3]	0[3]
"STRABAG" d.o.o. Podgorica, Podgorica	100.00	3,655[3]	2,119[3]
TOO STRABAG Kasachstan, Astana	100.00	-1,056[3]	-164[3]

1) according to § 224 Para 3 UGB
2) net income / loss of the year
3) Financial statements as of 31.12.2014
4) no statement according to § 241 Para 2 UGB

Name and residence of the company T€	Interest %	Equity/ negative equity[1]	Result of the last financial year[2]
Investments in participation companies:			
A-Lanes A15 Holding B.V., Nieuwegein	24.00	[4]	[4]
ASAMER Baustoff Holding Wien GmbH, Vienna	20.93	[4]	[4]
ASAMER Baustoff Holding Wien GmbH & Co.KG, Vienna	20.93	[4]	[4]
DYWIDAG Verwaltungsgesellschaft mbH, Munich	50.00	[4]	[4]
Erste Nordsee-Offshore-Holding GmbH, Pressbaum	49.90	[4]	[4]
Klinik für Psychosomatik und psychiatrische Rehabilitation GmbH, Spittal an der Drau	30.00	[4]	[4]
Moser & CO. S.R.L, Bruneck	50.00	[4]	[4]
OOO "STRATON", Sochi	50.00	[4]	[4]
SHKK-Rehabilitations GmbH, Vienna	33.33	[4]	[4]
SIRIUS Beteiligungsgesellschaft m.b.H., Vienna	42.50	[4]	[4]
SOCIETATEA COMPANIILOR HOTELIERE GRAND SRL, Bucharest	35.31	[4]	[4]
SRK Kliniken Beteiligungs GmbH, Vienna	25.00	[4]	[4]
Straktor Bau Aktien Gesellschaft, Kifisia	50.00	[4]	[4]
Syrena Immobilien Holding Aktiengesellschaft, Spittal an der Drau	50.00	[4]	[4]
Zweite Nordsee-Offshore-Holding GmbH, Pressbaum	49.90	[4]	[4]

1) according to § 224 Para 3 UGB
2) net income / loss of the year
3) Financial statements as of 31.12.2014
4) no statement according to § 241 Para 2 UGB

Management and Supervisory Board

Management Board:

Dr. Thomas B i r t e l (CEO)
Mag. Christian H a r d e r
Dipl.-Ing. Dr. Peter K r a m m e r
Mag. Hannes T r u n t s c h n i g
Dipl.-Ing. Siegfried W a n k e r

Supervisory Board:

Dr. Alfred G u s e n b a u e r (Chairman)
Mag. Erwin H a m e s e d e r (Vice Chairman)
Mag. Hannes B o g n e r
Mag. Kerstin G e l b m a n n
Dr. Gulzhan M o l d a z h a n o v a (since 13 January 2016)
William R. S p i e g e l b e r g e r (since 12 June 2015)
Andrei E l i n s o n (until 13 January 2016)
Ing. Siegfried W o l f (until 12 June 2015)

Dipl.-Ing. Andreas B a t k e (works council)
Miroslav C e r v e n y (works council)
Magdolna P. G y u l a i n e (works council)
Georg H i n t e r s c h u s t e r (works council)
Wolfgang K r e i s (works council)

MANAGEMENT REPORT

Important events

JANUARY

STRABAG SE issues € 200 million corporate bond

STRABAG SE has issued a € 200 million corporate bond. The fixed-interest bond has a term to maturity of seven years and a coupon of 1.625 % p.a. The issue price has been set at 101.212 %. This issuance continued the company's years-long bond issue strategy. The proceeds from the issue, which were used for general business purposes such as refinancing the 2010 bond or making investments in property, plant and equipment, allow STRABAG SE to maintain its optimal financing structure.

FEBRUARY

Züblin building further section of A 100 motorway in Berlin

Ed. Züblin AG, a subsidiary of the STRABAG Group, has been awarded the contract to build Construction Section 16, Contract Section 4, of the urban A 100 motorway in Berlin by the Berlin Senate Department for Urban Development and the Environment. This follows the award for Contract Section 2/3, which in 2014 also went to Züblin. The contract for the new section amounts to about € 44 million.

View: Panel 5 from the north

Contract to build a section of the motorway A3 in Romania

STRABAG has been awarded the contract to build the Romanian A3 motorway between Ungheni and Ogra. The 10.1 km section has a contract value of € 57 million (approximately RON 251 million). The company holds a majority stake in and is leader of the construction consortium.

STRABAG building Rhone Oberwald power plant in Switzerland

STRABAG AG is building a 14 MW run-of-the-river hydroelectric plant in the Swiss canton of Valais. The contract value of € 37 million (CHF 38 million) comprises the construction of the necessary tunnels, galleries and underground chambers. The tunnels and galleries will be excavated in the Aarmassif of the Swiss Alps through boring and blasting. The plant is to be handed over to Valais utility company FMV SA by September 2017.

Preparation for the construction works in the Swiss Alps

MARCH

STRABAG subsidiary NIMAB building 236 apartments in Malmö under partnering model

NIMAB Entreprenad AB of Sjöbo, Sweden, has been commissioned to build two new apartment buildings on behalf of Ikano Bostad AB of Stockholm. Both projects are situated in Malmö, Sweden's third-largest city, and include a total of 236 apartments as well as a number of business premises. The two projects will be performed turnkey in close collaboration with Ikano Bostad under the STRABAG teamconcept partnering model. Construction work on the "Alvine" project will begin in June 2015 and will be finished early in 2017. "Alvine" will be built as a single linked housing body of varying height. The project comprises a total of 123 apartments arranged around a central courtyard. Construction of "Mjölner", a residential and commercial project at Hyllie Allétorg, began in the autumn of 2014 and will be finished in the summer of 2016. The project comprises 113 apartments and seven business premises.

NIMAB project "Alvine" in Malmö (Sweden)

Two new motorway orders for € 24 million in Czech Republic

STRABAG a.s., the Czech subsidiary of STRABAG SE, has been awarded two new motorway contracts in the Czech Republic as part of a consortium. The companies will build two sections of the D3 motorway linking Prague with southern Bohemia. Client for both contracts is the Road and Motorway Directorate of the Czech Republic. The section between Veselí nad Lužnicí and Bošilec is worth a total of € 23 million (CZK 635 million), of which STRABAG holds a 55 % share (about € 12.7 million). The section measures 5,125 m in length. The second contract involves the 3,160 m section between Borek and Úsilné. STRABAG's share of 45 % amounts to about € 11.7 million (around CZK 322 million).

JUNE

S&P upgrades STRABAG SE from BBB- to BBB

The international rating agency Standard & Poor's (S&P) has raised the credit rating of STRABAG SE by one level from BBB- to BBB. The outlook remains at "stable". S&P explained its decision by pointing out that the important indicators had already significantly exceeded the requirements of the previous rating and that the forecasts indicated a continuation of this situation for the years to come. The agency sees STRABAG SE's strengths above all in its stable margins in an otherwise cyclical market environment, in its effective risk management and in its strong market positions.

STRABAG widening A3 in southern Germany to six lanes for € 90 million

STRABAG has been awarded the contract to widen two sections of the A3 motorway in Germany with a total contract value of about € 90 million. Contract section EO 287 foresees STRABAG expanding the federal motorway to six lanes along the 5.7 km from the Heidingsfeld interchange in Bavaria to Randersacker Bridge. Additionally STRABAG recently started work on the A3 contract section EO 259, an 8.5 km stretch of motorway near Wertheim in Baden-Württemberg. This contract involves the expansion of the asphalt roadway from four to six lanes.

Asphalt works A3 Nuremberg–Frankfurt near Würzburg

Züblin extends sewer network in Singapore

The pipe jacking division of Ed. Züblin AG, a subsidiary of construction group STRABAG, expands the 9.8 km long sewer network of Singapore for € 85 million. All prefabricated elements, like pipes and rings of tubbings, will be produced and delivered by the Züblin-owned factory in Malaysia. The pipe jacking method is also called dynamic ramming technique. With this method, concrete or steel pipes may be laid non-disruptively. It is especially suited for installations with relatively small diameters. This project involves diameters between 30 cm and 3.1 m.

Breakthrough with pipe jacking method

JULY

STRABAG enters the Colombian market with a € 900 million concession project

ANI, Colombia's national infrastructure agency, has awarded the contract to design, build, finance and operate a 176 km road over 25 years to a consortium, where STRABAG holds 37.5 %. The financial close is expected for the fourth quarter of 2016, the total investment volume is around € 900 million. STRABAG will likely contribute equity and junior loans of slightly more than € 50 million. The construction volume amounts to a middle triple-digit million euro amount. Of this sum, STRABAG's share comes to 37.5 %, too. In addition to partial revenues in the form of hard toll collections, the consortium will receive annual payments from ANI for its services.

Existing bridge on the section which is going to be modernised

A10 Oswaldibergtunnel for € 34 million upgraded by STRABAG

STRABAG will modernise the A10 Oswaldibergtunnel for ASFINAG, Austria's national motorway operator. The two tubes, each with a length of 4.3 km, will be upgraded between July 2015 and June 2017 to represent state of the art technology; in particular, with respect to tunnel safety standards. The contract has a volume of € 34 million. It includes the redevelopment measures in the fields of road construction, tunnelling and building construction as well as the re-installation of the entire electrical and mechanical equipment (E&M).

AUGUST

Contract for section of A1 in Poland for € 118 million

A Polish STRABAG-subsidiary will build the 15 km section between Woźniki and Pyrzowice within a period of 30 months. The contract comprises the construction of the concrete motorway as well as one maintenance facility, two rest stops, 29 bridge structures and several wildlife crossings. The opening in mid-2018 will mark the completion of another portion of the Trans-European Network (TEN).

SEPTEMBER

Center Communication Systems to extend tunnel transmitter system for Vienna underground

The 100 % subsidiary of STRABAG AG, in the meantime renamed to STRABAG Infrastructure & Safety Solutions, has been awarded the largest contract – contract value: € 17.5 million – in its company history. The specialist for mission-critical communication systems and security solutions has been commissioned by Wiener Linien, the public transport operator in Vienna, to modernise and extend the tunnel transmitter system for the underground metropolitan railway (U-Bahn) in the Austrian capital. During the period between August 2015 and July 2020 78.5 km of the underground network with more than 100 stations will be equipped.

Vienna U-Bahn Station

STRABAG enters the Romanian project development market

The Romanian group company STRABAG SRL took over the development team of Raiffeisen evolution in Bucharest. The team had successfully developed the Sky Tower and the Promenada Mall in Bucharest. The group company STRABAG Real Estate is already one of the leading project development organisations in Germany. With this new step, STRABAG continues to consolidate its position on the European project development market.

OCTOBER

Design and construction of a 24 km long section of S6 in Poland

The S6 expressway is the main traffic artery between eastern and western Poland. STRABAG will design and build the 24 km long section between Goleniów and Koszalin for about € 83 million. Construction of the dual carriageway asphalt road will take place between November 2015 and June 2019. The contract includes expressway junctions, rest areas and numerous civil engineering structures such as overpasses, bridges and wildlife crossings.

DECEMBER

STRABAG SE agrees with minority shareholders on 100 % takeover of Ed. Züblin AG

STRABAG SE, as majority shareholder of Ed. Züblin AG, announced that it expects in all probability to reach a contractual agreement with the minority shareholders of Züblin on a complete takeover of the shares held by the latter in the Stuttgart/Germany-based company (42.74 %).

In April 2016, a share purchase agreement was concluded with the minority shareholders of Stuttgart-based Ed. Züblin AG covering 42.74 % of the holdings in the company. The STRABAG Group has thus increased its stake in Züblin from 57.3 % to 94.9 %. The remaining shares were acquired by a core shareholder of STRABAG SE.

The buyers agreed a fixed strike price totalling EUR 210.3 million. The agreement also includes a provision for a variable purchase price portion of up to EUR 114.0 million, to be determined depending on the respective net income after minorities of Ed. Züblin AG in each of the years 2015 to 2019.

STRABAG subsidiary Züblin to expand world's largest copper mine in Chile

Züblin International has been awarded a follow-up contract by Codelco, the world's largest copper producer, to expand El Teniente Mine in Rancagua, 80 km south of the capital Santiago de Chile. Züblin has already been carrying out extensive tunnelling works at the mine since March 2014. The new € 100 million contract will make Züblin one of the leading construction companies in underground mining in Chile.

Country report

DIVERSIFYING THE COUNTRY RISK

Output volume up 5 % to € 14.3 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 STRABAG SE Group generated an output volume of € 14.3 billion in the 2015 financial year, a plus of 5 % over the previous year. Thanks to several large projects, Slovakia stood out with especially high gains, although market conditions in the Czech Republic and Poland also made for very positive growth in those countries. In Germany, the higher output volume was largely a result of the acquisition of the facility management company DIW Group in late 2014.

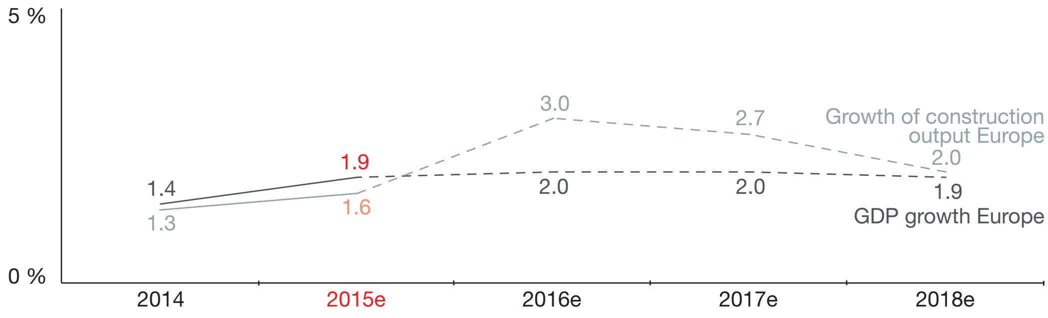
OUTPUT VOLUME BY COUNTRY

€ mln.	2015	% of total output volume 2015	2014	% of total output volume 2014	Δ %	Δ absolute
Germany	6,256	44	6,080	45	3	176
Austria	2,003	14	2,058	15	-3	-55
Poland	941	7	817	6	15	124
Czech Republic	765	5	620	5	23	145
Slovakia	716	5	427	3	68	289
Hungary	594	4	544	4	9	50
Switzerland	343	2	359	3	-4	-16
Middle East	315	2	272	2	16	43
Americas	310	2	255	2	22	55
Benelux	302	2	324	2	-7	-22
Romania	241	2	181	1	33	60
Sweden	240	2	271	2	-11	-31
Russia and Neighbouring Countries	230	2	302	2	-24	-72
Denmark	219	2	197	1	11	22
Italy	188	1	179	1	5	9
Rest of Europe	168	1	169	1	-1	-1
Africa	120	1	158	1	-24	-38
Slowenia	98	1	68	1	44	30
Asia	92	1	87	1	6	5
Croatia	68	0	121	1	-44	-53
Serbia	46	0	38	0	21	8
Bulgaria	35	0	39	0	-10	-4
Total	**14,290**	**100**	**13,566**	**100[1)]**	**5**	**724**

1) Rounding differences are possible.

EUROPE ON A MODERATE GROWTH PATH[1)]

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE

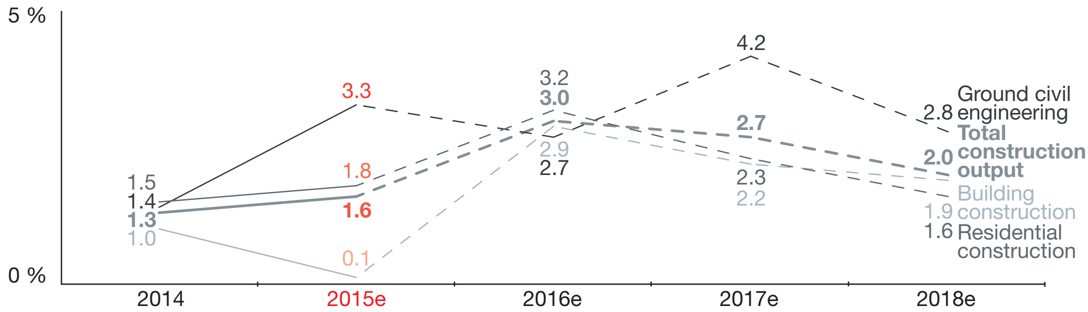


The economic slowdown in the newly emerging market countries, such as China and Brazil, weakened both global **growth** as well as growth in the eurozone. The **economy** of the 19 Euroconstruct countries – buoyed up by the low price of oil, a favourable euro exchange rate, and the European Central Bank's expansive monetary policy – grew by 1.9 %. However, the low investment activity level will dampen any further growth opportunities in the euro area. While the domestic markets are helping to drive economic growth, foreign trade has been losing significant momentum. Additionally, the lack of coordination mechanisms on economic policy have resulted in an increased drifting apart of the economic development within the Eurozone. While reform-minded countries such as Spain or Ireland continued to grow significantly more strongly than the average, and Germany's economic growth (GDP) was in the European midfield, GDP growth in France, Italy and Austria remained below average. The countries of Central and Eastern Europe, on the other hand, registered renewed growth above the 3 % mark. Growth of 2.0 % is forecast for Europe in 2016, with stable development for 2017.

In line with the development of the economy as a whole, the European **construction industry** is also expected to grow continuously until at least 2018. The construction output registered an overall plus of 1.6 % in 2015. This figure is expected to rise to 3.0 % in 2016 and continue with attractive growth until 2018. On a country by country basis, this development again was quite heterogeneous. Below the line, the strong growth of the CEE countries, Ireland, Sweden and the Netherlands was able to compensate for the declines in Western Europe. While construction output in 2015 was down in France and stagnated in Germany, the six largest construction markets in the eurozone – Germany, the United Kingdom, France, Italy, Spain and Poland – are expected to return to significant growth in 2016. This growth will be carried primarily by residential construction, which is likely to be driven by the refugee crisis and the resulting demand for additional residential space.

CONSTRUCTION INDUSTRY AGAIN PICKING UP SPEED IN ALL SECTORS

DEVELOPMENT OF CONSTRUCTION SECTOR EUROPE



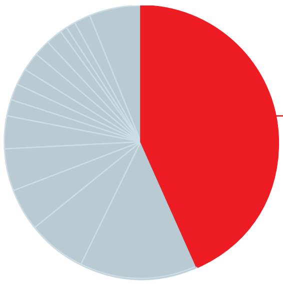
1) All growth forecasts as well as the particular national construction volumes are taken from the Euroconstruct and EECFA winter 2015 reports. The indicated market share data are based on the data from the year 2014.

The growth of the European construction industry in 2015 was driven by **ground civil engineering**, which gained 3.3 % last year after strong declines in the recent past. The countries of Central and Eastern Europe, as a consequence of efforts to exploit all available EU funds under the expiring infrastructure programme, registered the highest growth rates. Growth therefore came primarily from new construction, as numerous infrastructures projects that had been postponed are now being realised. The ground civil engineering sector should also continue to report the strongest growth in the years to come. Particularly in Poland, this sector is expected to considerably accelerate its growth and even reach double-digit rates by the year 2018.

On the other hand, the overall economic growth has not proved strong enough so far to adequately stimulate **building construction**. This sector in 2015 stagnated at +0.1 % in the 19 Euroconstruct countries overall, although the declines in new construction could be compensated for by growth in renovations. While business shrank considerably in large countries such as Germany and Spain, solid growth rates were reported from Ireland, the Netherlands, and especially Poland and the Czech Republic. Against the backdrop of the positive economic development, growth of 2.9 % is expected in the European building construction sector in 2016. Finland should grow the strongest, followed by Ireland, Belgium and the Czech Republic.

The **residential construction** sector had grown in line with the other two sectors in 2014, contributing more than 46 % to the total output volume. In 2015, however, this sector remained significantly behind ground civil engineering. The plus reached a rate of 1.8 %, although stronger growth is again expected for the years to come. Residential construction should grow by 3.2 % already in 2016 and so assume the lead position ahead of ground civil engineering. This development can be explained primarily by the continuing high level of immigration and the resulting demand for residential space, especially in Germany, the Netherlands, Finland and Sweden. The strongest growth in this sector was registered in Ireland, although Spain and Portugal were also able to catch up again. The Central and Eastern European markets, led by Hungary and Poland, also exhibited high levels of growth. Growth in this region is again expected to exceed 4 % in 2017.

GERMANY



Overall construction volume: € 293.6 billion
GDP growth: 2015e: 1.8 % / 2016e: 1.8 %
Construction growth: 2015e: 0.4 % / 2016e: 2.0 %

With GDP growth of 1.8 % on a higher domestic consumption, the German economy surpassed the forecasts (+1.2 %) in 2015. However, the slow growth of the developing countries, above all China, had a negative impact on the results of Germany's export industry. For the coming year, Euroconstruct expects the GDP growth to again reach 1.8 %. A number of open questions remain, however, particularly concerning the development of the currently weak euro and the extremely low interest rates, but also as regards the impact of geopolitical crises.

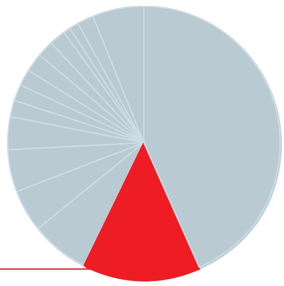
Following the strong upswing of the previous year (+2.4 %), the German construction sector experienced a deceleration in 2015. The comparably modest plus of 0.4 % reflects the budget situation of the federal and local governments, whose financial capacities were and are burdened by the renewed aggravation of the euro crisis, on the one hand, and the unexpectedly massive influx of refugees, on the other. At the same time, this immigration contributed to growth of 2.0 % in residential construction, with a plus of 2.3 % forecast for 2016. As market leader in the German building construction sector, the STRABAG Group should also profit from this development, although an estimate of the exact extent cannot yet be determined.

Building construction had to suffer a decline of 1.8 % in the period under report. A number of political decisions with serious ramifications, such as the lowering of the retirement age, the reform of the inheritance tax and the introduction of higher minimum wages, have resulted in a reluctance among investors to engage in construction projects. Growth of 1.2 % should be possible again in 2016, however.

The weakest development in 2015 was registered in ground civil engineering, although the minus of 1.2 % must be seen against the extremely strong growth of the previous year (+4.7 %). Driving the development in this sector is the telecommunications industry, which is investing heavily in the expansion of broadband coverage and should receive substantial federal subsidies to do so in the coming years (total of € 2.1 billion until 2018). The experts are therefore forecasting another significant plus of 2.1 % for 2016.

The STRABAG Group is market leader in Germany, with a 2.1 % share of the market. The share of the German road construction market even amounts to 4.4 %. With € 6,256.11 million, the group generated about 44 % of its total output volume in Germany in 2015. Most of this is assigned to the segment North + West. Property and facility services in Germany are listed under International + Special Divisions.

AUSTRIA



14 % contribution to the group output volume

Overall construction volume: € 32.9 billion
GDP growth: 2015e: 0.7 % / 2016e: 1.4 %
Construction growth: 2015e: 0.2 % / 2016e: 1.0 %

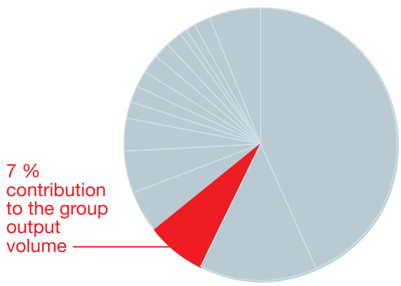
With GDP growth of 0.7 %, Austria came in second to last of the euro countries in 2015. Only Finland, with growth of just 0.4 %, ended the year at a lower level. Despite a good export situation, driven by the weak euro, Austria was unable to fully participate in the general economic upswing of the EU. For 2016, the Euroconstruct experts also foresee only moderate growth of up to 1.4 %. There are several explanations for this hesitant development. One of these is the extensive tax reform that went into effect on 1 January 2016. The reform is intended to stimulate private consumption, although higher tax burdens and budget cuts may end up predominating below the line. Added to this is the unexpected budget burden from the refugee crisis – per capita, Austria has taken on as many asylum seekers as Germany.

Although the construction sector was able to register a slight plus of 0.2 % in 2015 overall, residential construction reported a minus for the third year in a row – albeit a reduced minus of -0.2 %. The residential construction offensive announced by the government, which started in January 2016 and should result in about 30,000 additional housing units by the year 2020, should generate annual growth between 1.0 % and 1.4 % in the future. Building construction was able to grow slightly by +0.9 % in 2015 after two negative years (-2.0 % and -2.1 %), and annual growth rates above 1.0 % are again expected as of 2016.

The result of the ground civil engineering sector (+/-0.0 %) reflects the mixed situation on the market. On the one hand, strong investments have been made in the expansion of road and rail and are likely to continue until 2017. On the other hand, the low energy prices in the energy and water sector make investments here seem so unprofitable that only the subsector of wastewater management is able to register positive figures through renovations and modernisation activities. For the coming years, therefore, Euroconstruct also expects to see only minimal growth rates near the level of stagnation in ground civil engineering.

The STRABAG Group generated a total of 14 % of the group output volume in its home market of Austria in 2015 (2014: 15 %). Austria thus continues to be one of the company's top three markets, along with Germany and Poland. The output in 2015 reached a volume of € 2,002.98 million. With a share of 6.3 %, STRABAG is the number two on the Austrian market. The share of the road construction market amounts to 10.7 %.

POLAND



Overall construction volume:	€ 45.5 billion
GDP growth:	2015e: 3.5 % / 2016e: 3.4 %
Construction growth:	2015e: 5.6 % / 2016e: 7.4 %

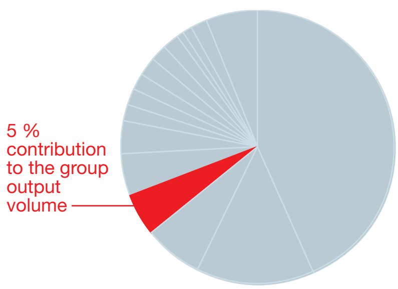
In contrast to most other EU states, Poland did not have to adjust its economic forecasts downwards but upwards in the year under report. As in the year before, Poland's GDP growth stood at about 3.5 % – and a similar level is forecast for the years 2016 and 2017. This development can be traced to the steadily rising domestic demand, solid investment activity, and growing consumption – the latter also as a consequence of falling unemployment figures. But the strongest factor behind Poland's positive economic development in 2015 was the dramatic increase in net exports, while EU structural funds should make for additional investments and further growth in the years to come.

With an overall plus of 5.6 %, the Polish construction industry in 2015 grew at above-average rates as it had the year before. A decisive contribution to the construction boom came not least from the low credit and mortgage rates, which stimulated the Polish real estate market and residential construction (+5.2 %) in particular. The building construction sector was also able to repeat its positive development of the previous year, with growth of 3.9 % in 2015.

For 2016, however, Euroconstruct expects to see a shift away from residential construction (which is forecast to grow by "only" 4.0 %) towards ground civil engineering, which was already able to gain a considerable 8.0 % in the past year. This despite the fact that the increased investments – promised before the elections – in the road and rail networks and in new energy and water plants have not been implemented to date. Instead, investments were made primarily in sports and recreational facilities, pipelines, and communications and electricity networks. Should the government finally realise its promises, the Euroconstruct forecast for growth of 14.9 % and 13.5 % in this sector for the next two years, respectively, seems perfectly realistic.

As the number three in the Polish construction sector, the STRABAG Group also benefits from the upswing in this market. The country contributed € 940.76 million, or 7 %, to the overall output volume of the company in 2015, making it the third largest market for the STRABAG Group. The company's share of the entire Polish construction market amounted to 1.9 %, in road construction it is 4.1 %.

CZECH REPUBLIC



Overall construction volume:	€ 17.2 billion
GDP growth:	2015e: 3.8 % / 2016e: 2.5 %
Construction growth:	2015e: 7.4 % / 2016e: 3.3 %

The figures for 2015 finally prove that, after five negative years, the year under report had truly been a turnaround year for the Czech Republic. With GDP growth of 3.8 %, the country is clearly above the EU average. The Czech National Bank's policy of intervention, which has kept the koruna deliberately weak versus the euro since 2013 and probably until the end of 2016, has made for a low level of exchange rate volatility and more planning certainty for possible investments. Other factors, such as EU subsidies, a VAT reduction to 10 % on several product groups, higher salaries and the low price of oil, have also contributed to the currently overall positive situation. These factors will fall away in the medium term, however, so that only moderate growth of about 2.5 % is forecast for the years to come.

The Czech construction industry can also celebrate a revival. With a plus of 7.4 %, generated by all three sectors of residential construction, building construction and ground civil engineering, the construction activity in the country is back at or above the levels before 2008. Additional yet moderate growth rates of about 3.3 % and 3.4 % are expected for the next two years.

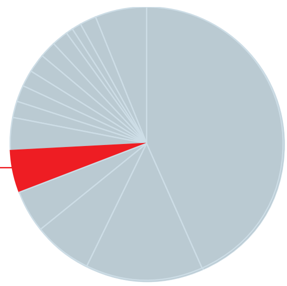
The weakest of the three sectors in 2015 was residential construction, although it did reach a solid plus of 3.3 %. Interest rates have continued to be extremely affordable, resulting in records in the number and volume of newly approved mortgage loans. The higher fiscal burdens – e.g. from the real estate acquisition tax – naturally had a dampening effect.

Building construction showed itself to be even more solid. The plus of 4.2 % (versus +4.0 % the year before) is an affirmation of the trust which the mainly private investors have in the country, currently one of the most attractive investment markets in Central and Eastern Europe. The project lists are topped by shopping centres, warehouses and office buildings, the latter especially in Prague.

The top sector in the year under report was ground civil engineering, with growth of 15.7 %. But this boom has an expiry date. As applications for funding out of the EU's "Transport" programme could only be made until the end of 2015, the activity in this sector shot up significantly. A reduction to a realistic level of +2.2 % is expected in 2016, to be made up of investments in rail expansion, sewer works, wastewater treatment facilities and flood control.

In the Czech Republic, STRABAG is the number two on the market. With an output volume of € 764.60 million, about 5 % of the group's total output volume was accounted for by the Czech market in 2015. The group's share of the entire construction market stood at 3.9 %; in road construction this figure even reached 8.7 %.

SLOVAKIA



Overall construction volume: € 4.7 billion
GDP growth: 2015e: 3.2 % / 2016e: 3.1 %
Construction growth: 2015e: 10.3 % / 2016e: -1.1 %

The Slovak economy profited from the ECB's monetary policy and from the low price of oil in 2015, resulting in GDP growth of 3.2 % – significantly above the EU average. In spite of the ongoing geopolitical problems and the possibility of weaker global economic growth, the experts continue to expect growth of around 3.0 % for the years to come on the basis of higher private consumption and increased exports. The decline in state investments should be at least partially compensated for by private investor activities.

The positive economic development was also reflected in the Slovak construction sector, which grew by 10.3 % in the year under report for the first positive development in several years. It is to be expected, however, that many investments from the public sector, e.g. for the construction of schools and kindergartens, as well as EU subsidies, were a one-time commitment and will have no long-term impact. Euroconstruct is therefore already forecasting a 1.1 % decline of the construction output for 2016.

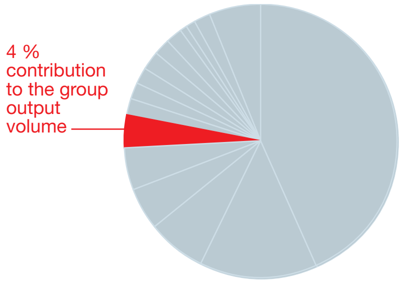
Despite the positive development of the economy as a whole, the negative trend in residential construction continued in 2015 with a minus of 3.1 %. Starting in 2016, however, various public-sector measures, such as more affordable mortgage loans as well as state and EU subsidies, should take hold and so effect a turnaround. The high demand for thermal insulation, growing quality standards, and requirements to reduce energy consumption further support the positive outlook. This holds the promise of a slight plus of 0.7 % for 2016 and growth of 1.6 % for 2017.

Although the building construction sector also continues to struggle with a lack of financial resources, the forecasted recovery already began in 2015. The plus of 1.3 % represents the beginning of a positive development with the expectation that the trend will also continue for the next two years.

Ground civil engineering was the only sector to register positive growth in 2015. And this growth was considerable. State investments in transportation infrastructures and EU subsidies, in particular for the completion of long-delayed road construction projects and for the construction of new motorways, generated a plus of 36.4 %.

With a market share of 10 % and an output volume of € 716.34 million in 2015, STRABAG is the market leader in Slovakia. In road construction, STRABAG's market share even reached 14.3 %. Slovakia contributed 5 % to the group's total output volume in 2015.

HUNGARY



Overall construction volume: € 8.8 billion
GDP growth: 2015e: 3.2 % / 2016e: 2.5 %
Construction growth: 2015e: 3.1 % / 2016e: 0.4 %

The upswing which has characterised the Hungarian economy since 2014 continued in the year under report. The GDP growth of 3.2 % achieved in 2015, however, was largely based on temporary factors. In 2015, Hungary received the maximum EU transfers, private consumption was up – this coincided with an election year – significantly, and the agricultural sector was able to report an excellent harvest. Nevertheless, the consequences of Hungary's past economic policies are noticeable. Capital and labour are leaving the country, competitive restrictions are aggravating supply, and there are increasing problems with public services.

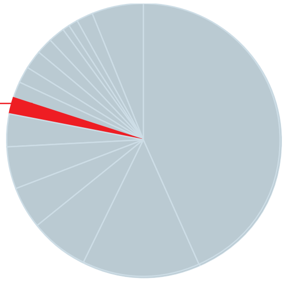
The EU was the driving force in Hungary's construction industry in 2015, financing public buildings and investing in infrastructure development – especially with regard to reducing greenhouse gases, switching to renewable energies and increasing energy efficiency. For 2016, however, the volume of construction contracts is about 40 % below the levels of 2015, so that growth will likely tend towards zero.

Unlike the building construction sector, which registered a minus of 2.0 % in the year under report, residential construction was able to make significant gains (+5.8 %). Here a change of the market can be observed. Demand for rental properties has been up, driven by students and the high number of private bankruptcies. At the same time, the Hungarian real estate market has been booming, as home ownership is seen as a stable investment option. Should the government, as announced, provide homeowners with subsidies for thermal home improvements, this could result in significant growth in the field of renovations starting from 2016.

The largest contribution to the higher construction volume in Hungary in 2015 came from ground civil engineering, which grew by 6.2 % primarily as the result of extensive EU investments in road and rail construction. With the beginning of the new EU budget period in 2016, which foresees fewer projects in this sector, significantly poorer growth is expected for the coming two years (-4.0 % for 2016, +/-0.0 % for 2017).

The STRABAG Group generates 4 % of its output volume, or € 594.26 million, in Hungary. This makes the company the number two on the Hungarian construction market. The company's share of the entire market stood at 6.4 %; in road construction it is 7.7 %.

SWITZERLAND



Overall construction volume: € 55.6 billion
GDP growth: 2015e: 0.9 % / 2016e: 1.4 %
Construction growth: 2015e: -0.1 % / 2016e: 0.9 %

In contrast to what many experts had feared, the Swiss economy managed to register a slight plus (+0.9 %) in 2015 despite the "Swiss franc shock". This although many producers saw their margins collapse in response to lower sales prices and despite the fact that domestic demand was down on rising unemployment. Nevertheless, the experts still expect to see a lasting recovery of the export sector and thus robust economic growth of 1.4 % in 2016.

The Swiss construction industry is in a phase of consolidation. Rising vacancies, uncertainty regarding the consequences of mass migration, and the strong Swiss franc, on the one hand, and solid purchasing power and willing institutional investors, on the other, led to a nearly stable development of -0.1 % that will likely continue at a very low level in the years to come (+/-1 %).

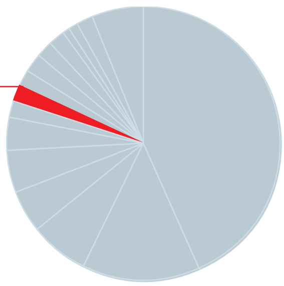
This development is reflected 1:1 in residential construction, which closed 2015 only slightly above zero. The development of immigration and, subsequently, of Switzerland's population growth will play a decisive role in determining the future of this sector. The Swiss referendum against mass immigration reduces the demand for new accommodations. A similarly negative impact came from the referendum on "Zweitwohnungsinitiative" ("second-home purchase restrictions"), which limit the percentage of holiday homes in any community to 20 %. New construction in tourist regions has dropped significantly since 2014 as a result.

The referenda and the strong national currency are also making Switzerland less attractive as a place for business. The building construction sector owes its plus of 2.4 % in 2015 not least to a number of large projects.

The weakest sector in 2015, with a minus of 3.9 %, was ground civil engineering. The order situation remains restrained and the budget situation of both the cantonal and federal governments leave no room for growth aspirations. At least 2016 saw the start of the country's FABI programme for the financing and upgrading of the country's rail infrastructure. FABI promises to inject € 5.8 billion into the modernisation and expansion of the Swiss railway network, which should result in a significant upswing. The forecasts from Euroconstruct are +1.8 % for 2016 and +4.8 % for 2017.

Switzerland contributed € 342.71 million, or 2 %, to the STRABAG Group's total output volume in 2015.

BENELUX



BELGIUM
Overall construction volume: € 40,0 billion
GDP growth: 2015e: 1.2 % / 2016e: 1.3 %
Construction growth: 2015e: 0.3 % / 2016e: 0.1 %

NETHERLANDS
Overall construction volume: € 66.9 billion
GDP growth: 2015e: 2.0 % / 2016e: 2.4 %
Construction growth: 2015e: 6.0 % / 2016e: 4.1 %

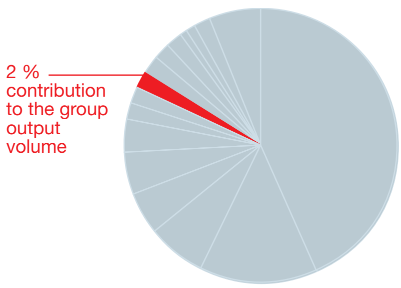
The economy exhibited another slight recovery in the Benelux states in 2015. The GDP growth of 1.2 % in Belgium and 2.0 % in the Netherlands are the result of lower unemployment, higher household incomes and growing investment by private enterprises. In combination with favourable financing options, this also has an overall positive effect on the construction sector.

Belgium's construction output developed better than hoped in the period under report, with +0.3 % instead of the slightly negative figure that had been expected. Residential construction, in particular, grew significantly more strongly than had been predicted (+2.8 %). In light of the higher starting value, however, the sector could be facing a temporary decline in 2016 before a return to stable albeit moderate growth between 1.5 % and about 3.0 % in 2018. In contrast, building construction was weak in the year under report (-1.4 %). This should, however, be more than compensated for by strong growth in 2016: Euroconstruct expects to see growth of 5.5 %. Belgium's ground civil engineering sector also closed 2015 with negative growth. Given the dynamism shown in 2014, however, this is only of limited relevance, and the 2015 minus of 3.2 % should be seen against the plus of 5.4 % in 2014. In the face of the upcoming local elections, no noteworthy investments can be expected before 2017. Euroconstruct therefore does not expect this sector to recover before 2018.

The Dutch construction industry experienced a more significant revival after a number of weak years, with a generous plus of 6.0 % in 2015 thanks to tax incentives for residential renovation and maintenance. Residential construction grew by 11.0 % in the year under report and, due to the rising housing demand for refugees, should continue to exhibit above-average growth in the years to come. After the volume of residential new construction dropped by about half between 2009 and 2014, the experts at Euroconstruct now expect to see annual growth of between 13 % and 19 % for 2015–2017. In comparison, the 2015 figures for building construction and ground civil engineering (+3.2 % and +3.3 %, respectively) are rather modest. In total, Euroconstruct forecasts construction growth of 19 % in the Netherlands for the years 2014–2018, which would compensate two thirds of the losses during the crisis years.

STRABAG generated an output volume of € 301.67 million in the Benelux countries in 2015.

ROMANIA



Overall construction volume:	€ 14.9 billion
GDP growth:	2015e: 2.8 % / 2016e: 3.0 %
Construction growth:	2015e: 9.5 % / 2016e: 5.1 %

Romania's economic upwards trend continued in 2015 with GDP growth of 2.8 %. According to the experts at EECFA (Eastern European Construction Forecasting Association), this positive development should also remain for the years to come. Growth rates around 3.0 % are expected for both 2016 and 2017. Industrial production and retail revenues are expected to rise, as are employment and real salaries. The cumulative effect of all these factors on the construction market appears promising.

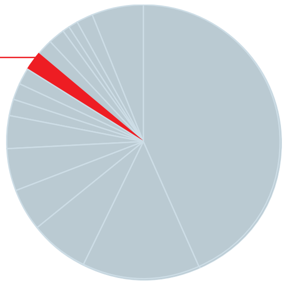
The economic upswing has already left a positive impact on the construction industry, which was able to nearly double the previous year's forecast with a plus of 9.5 %. Residential construction, which accounts for about 35 % of the total market, grew by 8.5 %. Higher incomes, lower mortgage interest and state-guaranteed loans contributed to the recovery of this sector. The subsector of project development remained relatively hesitant, but the volume of residential buildings increased as did the average size of new homes. It can be expected that the stable prices and falling rents will stimulate speculative investments in residential projects. EECFA therefore expects a plus of 15.0 % in the residential construction sector for 2016.

The remaining building construction sector shows a similarly positive development. The plus of 7.9 % in 2015 and an expected plus of 6.0 % for 2016 are due especially to the growth in office buildings, as the combination of highly skilled labour with low wages draws foreign companies into the country.

In the past, ground civil engineering had suffered under financing difficulties and project delays. Following the drastic decline of 15.2 % in 2014, fears that the country could lose EU subsidies led to increased activity in this sector in 2015 for a plus of 11.4 %. As the transition of the EU financing programmes involves longer payout delays, 2016 – an election year in Romania – could see construction being halted and ground civil engineering fall back by 3.8 % in the short term before a return to stability and a renewed upswing in 2017.

The STRABAG Group, with an output volume of € 241.23 million in 2015, continues to hold the position of market leader on the Romanian construction market. This corresponds to a market share of 1.3 %. In road construction, the share of the market amounts to 1.1 %.

SWEDEN



Overall construction volume: € 34.0 billion
GDP growth: 2015e: 3.2 % / 2016e: 3.1 %
Construction growth: 2015e: 5.5 % / 2016e: 2.8 %

The Swedish economy expanded by 3.2 % in 2015, more strongly than had been expected. Driving this growth were the low credit rates, falling unemployment and rising real wages, as well as increased domestic consumption resulting from higher incomes and the great number of refugees immigrating to the country. But experts are warning that, despite economic growth, the "production gap" – i.e. the difference between the actually realised gross domestic product and the available potential – will not be closed before 2017. As a result, the Swedish market may be lacking the prerequisites for more extensive construction activity for the time being.

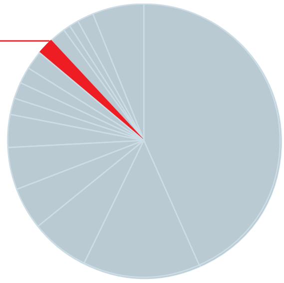
With a plus of 5.5 %, the Swedish construction industry posted above-average growth in 2015. Residential construction boomed (+14.9 %) – in part due to a pull-forward effect ahead of a government decision to lower the tax deductibility of labour costs from 50 % to 30 % in 2016. For 2016, Euroconstruct expects to see growth fade back down to +2.7 %.

With +0.7 %, building construction remained stagnant in 2015. But growth should reach an estimated 2.8 % again next year. Demographic changes are forcing Sweden to build new health centres and nursing homes, though at the same time there is an increasing demand for schools and other educational facilities.

Ground civil engineering, which has been largely neglected for years, again posted negative growth (-0.9 %) in 2015. According to economic research estimates, Sweden's infrastructure has an accumulated investment deficit of € 33 billion that could double by the year 2025. Experts estimate that the road and transport network alone is in need of investments in the amount of € 3.5 billion. As pessimistic as this situation may be, it does point to a potential for long-term growth in this field.

The output volume of the STRABAG Group in Sweden amounted to € 239.70 million in 2015. The main activities include infrastructure and residential construction projects.

RUSSIA AND NEIGHBOURING COUNTRIES (RANC)



Overall construction volume:	€ 144.6 billion
GDP growth:	2015e: -3.9 % / 2016e: -1.0 %
Construction growth:	2015e: -5.2 % / 2016e: -3.0 %

Despite all armed conflicts, the Russian economy managed positive growth until 2014. In 2015, however, Western sanctions, the devaluation on the ruble and the collapse of the oil price began to take effect. The GDP decline by 3.9 % marks a low point after years of continuously slower economic momentum. For 2016, EECFA expects the Russian economic output to continue to shrink by 1.0 % before a turnaround in 2017 with +1.3 %.

Like all of the main branches of the economy, i.e. industry, retail, transport and services, with the exception of agriculture, the Russian construction sector also exhibited negative growth in 2015. People's incomes have been sinking continuously for the past year, impacting investments and consumer demand with drastic declines. For the construction industry, this meant a minus of 5.2 %, cushioned only by the positive results from ground civil engineering. The overall output volume is expected to shrink by a further 3.0 % in 2016 before a possible plus of 1.1 % in 2017.

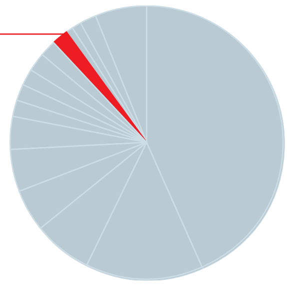
Residential construction posted the largest losses (-11.6 %) in the year under report, although the government attempted to keep the sector afloat through the introduction of mortgage subsidies, programmes for foreign currency borrowers and a measure for residential space. Nevertheless, the EECFA's experts still do not see a market crisis. While they are forecasting another minus of 6.7 % for 2016, they expect a balanced result of +/-0.0 % in 2017.

The figures for the building construction sector are similar. The -7.3 % in the year under report result from the lack of public funds, especially for the construction of educational facilities. In the health field, on the other hand, the health insurance obligation in the Russian Federation contributed to investors being found, which helped to ease the sector's decline somewhat. The trend nevertheless remains negative, with forecasts of -4.0 % for 2016 and -2.1 % for 2017.

Ground civil engineering was the only sector to close 2015 on a positive note, growing by 2.8 %. Thanks to the realisation of important gas pipeline projects, as well as the construction of transport and electrical utilities infrastructure, growth is expected to continue in the medium term (2016: +1.4 %, 2017: +3.5 %).

The STRABAG Group generated an output volume of € 230.39 million in Russia and its Neighbouring Countries (RANC) in 2015. This region contributed 2 % to the group's overall output volume in the period under report. STRABAG is active almost exclusively in building construction and civil engineering in the region.

DENMARK



Overall construction volume: € 26.5 billion
GDP growth: 2015e: 1.4 % / 2016e: 1.7 %
Construction growth: 2015e: 1.3 % / 2016e: 2.3 %

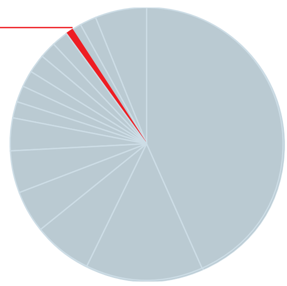
The Danish economy has grown slowly but positively in the past two years. The GDP plus of 1.4 % in 2015 can be traced back primarily to the strong increase in gross property, plant and equipment investments as well as private consumption. According to Euroconstruct, falling unemployment figures and increasing exports will provide Denmark with constant, albeit moderate economic growth in the years to come.

The forecasts for the development of the Danish construction industry had to be adjusted downward slightly, but the outlook of +1.3 % (2015) to +2.8 % (2018) paints a thoroughly positive picture. In residential construction, immigration is leading to an increased demand for housing that – although cheap and temporary – should help to boost the sector. Growth in the sector was 1.0 % in 2015 and should reach 2.8 % in 2016. In building construction, which posted the strongest gains (+3.0 %) in 2015, an extensive programme for new hospitals promises to yield strong impetus for the coming years with a forecast of +3.6 % for 2016.

Following the promise of funding, significant growth had been forecast for ground civil engineering – especially in the expansion of transport infrastructures. With the election of a new government in June 2015, however, the sector had to deal with cuts and accept a marginal plus of just 0.2 %. Growth is likely to be just as modest in 2016. According to Euroconstruct, this sector will have to wait until 2017 to again pick up speed.

Thanks to several large projects in building construction and civil engineering, the STRABAG Group generated an output volume of € 219.28 million in 2015.

ITALY



Overall construction volume: € 161.0 billion
GDP growth: 2015e: 0.8 % / 2016e: 1.2 %
Construction growth: 2015e: 0.4 % / 2016e: 1.8 %

2015 brought the turnaround for Italy. After years of recession, the country was finally able to post economic growth of 0.8 %. The main role in this phase of the economic cycle was played by domestic demand. The labour market profited from reform measures, the situation of the households improved, the easing of the credit market (quantitative easing) helped to stimulate investments, and the confidence of the Italian people in the economy reached its highest level since 2008.

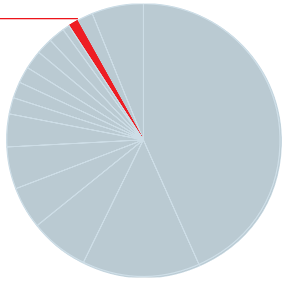
At the same time, the Italian construction industry was back in the black for the first time in eight years. The plus of 0.4 % is proof of the hesitant but probably continuous upswing. The competitive euro exchange rate, extensive financing programmes and political measures which, among other things, helped bring about administrative simplifications and tax breaks for construction projects, hold the promise of a constant upward development in the next few years. Euroconstruct forecasts annual growth of about 2 %.

The individual construction sectors themselves exhibited quite different developments, however. Residential construction, still the weakest sector and still in decline (-1.6 %), is driven primarily by renovation works. In building construction, meanwhile, the long downwards trend has likely come to an end. The plus of 2.0 % in 2015 corresponds approximately to Euroconstruct's expectations for the next three years.

Ground civil engineering grew the strongest in 2015, with a plus of 3.4 %. The significant growth forecast for this sector in the coming years is due primarily to the Sblocca Italia law, which is intended to stimulate the opening of new construction sites, the realisation of public-sector contracts and the digitalisation of the country.

The output volume of the STRABAG Group in Italy amounted to € 187.80 million in 2015. In Italy, STRABAG is mainly active in tunnelling and road construction in the north of the country and the output volume is largely assigned to the segment International + Special Divisions.

SLOVENIA



Overall construction volume: € 2.6 billion
GDP growth: 2015e: 2.7 % / 2016e: 2.3 %
Construction growth: 2015e: -0.2 % / 2016e: -10.8 %

As in 2014, Slovenia's economy expanded more strongly than the EU average in 2015 with a GDP plus of 2.7 %. This positive trend should continue in the medium term, with an expectation of +2.3 % for each of the next two years.

The construction sector stagnated (-0.2 %). Moreover, the financing for construction projects came mostly from the EU's Cohesion Fund, the availability of which expired with the end of 2015. Without these funds, economic growth is expected to shift to other areas, e.g. export.

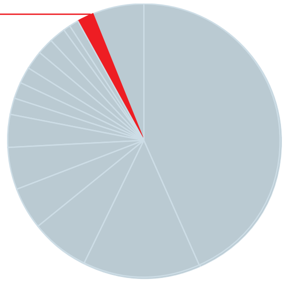
Residential construction in 2015 registered a negative result (-4.8 %) for the seventh time in a row. The experts already see signs of a turnaround, however. This is most visible on the secondary market, where the number of transactions has grown and the price decline for used apartments and houses has come to an end. Given the higher level of disposable family incomes and eased access to mortgage loans, EECFA is forecasting a plus of 10.1 % in residential construction for 2016.

Building construction closed 2015 with a plus of 11.3 %. Whether this recovery will last after the minus of 8.7 % in 2014 will depend, among other things, on whether and when construction permits are issued for several large office buildings that have already been planned. The experts therefore fear a decline of 4.3 % in 2016 before renewed growth in building construction in 2017 (+7.3 %).

In absolute terms, ground civil engineering posted a negative result in 2015 (-1.3 %), which must be seen against the striking growth of 33.2 % the year before. Nevertheless, the savings measures of the Slovenian government can already be felt here. Additionally, several large projects in this sector are scheduled for completion soon. New ground civil engineering projects are already getting started, e.g. the construction of a new motorway in eastern Slovenia and the expansion of the Karawanks Motorway Tunnel. According to EECFA, however, a minus of 26.7 % is to be expected for 2016.

In 2015, the STRABAG Group generated an output volume of € 98.42 million in Slovenia.

CROATIA, SERBIA, BULGARIA AND REST OF EUROPE



CROATIA		
Overall construction volume:		€ 2.7 billion
GDP growth:	2015e: 0.8 %	/ 2016e: 1.0 %
Construction growth:	2015e: 3.9 %	/ 2016e: 7.6 %
SERBIA		
Overall construction volume:		€ 1.8 billion
GDP growth:	2015e: 0.9 %	/ 2016e: 2.0 %
Construction growth:	2015e: 4.5 %	/ 2016e: 6.5 %
BULGARIA		
Overall construction volume:		€ 6.5 billion
GDP growth:	2015e: 2.3 %	/ 2016e: 2.6 %
Construction growth:	2015e: 0.1 %	/ 2016e: -3.3 %

Croatia

After six negative years, the Croatian economy returned to a slight GDP plus in 2015. The growth gained momentum steadily over the year, finally closing at 0.8 %. Driving this unexpected acceleration were the difficulties facing some of Croatia's tourist competitors, especially Greece, North Africa and Turkey, lending a strong boost to the Croatian tourism industry. Also contributing to the growth were the government's successful efforts at higher tax revenue as well as a generally friendlier attitude toward the private sector. The political uncertainties following the parliamentary elections in autumn, however, are cause for a cautious outlook from EECFA. The experts expect continued stable economic growth, but the estimates are for a moderate +1.0 % for 2016 and +1.7 % for 2017.

The Croatian construction industry is also in an upswing. The minus of 11.3 % in 2014 probably was the low point, and the country registered a clear plus of 3.9 % in 2015 – which should even rise to +7.6 % in 2016. A closer look shows that several construction sectors are already exhibiting strong growth. Building construction grew above average overall (+6.3 %) thanks to hotels and transport structures, even if the business in other areas of this sector, e.g. office buildings, is only just beginning to get going. The experts therefore expect to see solid growth rates for the next two years.

Residential construction and ground civil engineering, especially road construction, recovered slightly. After the significant declines in the recent past (residential construction in 2014: -19.4 %; ground civil engineering in 2014: -14.1 %) and, subsequently, a lower starting level, these two segments managed a plus of 2.8 % in 2015. In residential construction, this development can be traced back to two trends in particular. Firstly, young people are increasingly looking for a home of their own. Secondly, as a result of the more affordable real estate prices, more and more foreign citizens are investing in holiday homes in Croatia. EECFA therefore expects stable growth of 3.1 % and 5.7 % in this sector for 2016 and 2017, respectively.

The future also looks bright in ground civil engineering. The communications and transport segments posted good results in 2015 (+25.0 % and +15.0 %, respectively), and pipelines, power lines and above all water utility projects hold the promise of growth for the coming years (2016: +11.4 %, 2017: +9.1 %).

The STRABAG Group generated € 68.04 million on the Croatian market in 2015.

Serbia

After the floods of 2014, which plunged the country into a recession, Serbia's economy showed signs of a slow recovery in the year under report. The growth of 0.9 % is proof of the effectiveness of the government's budget consolidation – a rigorous savings and debt reduction programme – that had begun before the flood disasters. EECFA therefore expects continued GDP growth between 2.0 % and 2.5 % for the coming years.

The Serbian construction industry exhibited ambivalent growth – also as a consequence of the floods. The unexpectedly high overall plus of

4.5 % is almost entirely due to activities in ground civil engineering, as the sector was working at full capacity on the reconstruction of roads, bridges and transport infrastructures, on the one hand, but also on new projects. The 2016 forecast is for a plus of 6.5 %. This is contrasted by a minus in residential construction and stagnation in building construction in 2015.

The collapse of the residential construction sector had already begun in 2013, as the government cut subsidies for residential mortgage loans and so exacerbated an already difficult market situation. Then came the floods – and with them an accumulated minus of nearly 40.0 % in two years. Positive labour market figures and low interest rates brought a gradual recovery (-1.3 %) in 2015, but a real upswing is only expected to set in this year with a forecasted +10.4 % (2017: +13.0 %).

Building construction, which gained slightly in 2015 with +0.8 %, will probably benefit the most from the reformed permit procedure – as can already be seen from the approval figures in all areas. The largest expansion is expected in the retail and office construction segments, soon to be followed by the public sector. This makes growth of 9.3 % and 8.5 % for the next two years, respectively, seem realistic.

While 2014 had been all about reconstruction, 2015 saw the ground civil engineering sector land new projects for a plus of 7.8 %: After many years, Serbia is again expanding its motorway network, large railway construction projects are underway, and the energy industry, with the construction of new power plants, is also making enormous contributions to maintaining this sector as a pillar of construction output as a whole. For 2016, a further plus of 4.3 % is expected.

The STRABAG Group achieved an output volume of € 46.22 million on the Serbian market in 2015.

Bulgaria

The Bulgarian economy developed better than expected, with a significant plus of 2.3 % in 2015. Primarily driving this upswing were exports and state investments. The high level of corporate debt remains a big problem, however, as it hinders the inflow of new cash. The fact that EECFA experts are nevertheless forecasting further GDP growth of 2.5 % for the next two years is due to the labour market, which is sending positive signals in export-oriented industries, as well as external factors such as the low oil price and the gradual recovery in the eurozone.

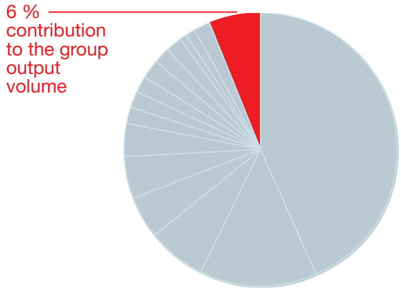
Bulgaria's construction industry – which de facto stagnated at +0.1 % in 2015 – was unable to keep pace with the GDP growth, but at least it was able to maintain the high level from 2014 (+8.0 %). This is primarily due to residential construction, which posted growth of 7.4 % in the year under report. The resumption of residential projects, which had been frozen during the crisis, as well as programmes to improve energy efficiency, especially in panel buildings, should make for further growth beyond the 10 % mark in the years to come.

The building construction sector shrank by 3.9 % in 2015, which contrasts with the strong growth in the previous year (+10.2 %). Thanks to a more dynamic development in industry, logistics and agricultural buildings, growth rates of 2.7 % and 5.6 % are being forecast for 2016 and 2017, respectively. The office segment, however, is expected to show only hesitant recovery.

Ground civil engineering represents a downside to Bulgaria's overall positive figures. With a plus of 0.2 %, this segment was able to at least maintain its level following the good results in 2014 (+5.1 %). A noticeable decline of 11.1 % is expected for 2016, however, due to the great dependency on EU funding. The negative growth should only be temporary, however, as it results from the transitional difficulties between two EU programme periods. In 2017, the programmes "Environment" and "Growth and Employment" should contribute to another plus in ground civil engineering – currently planned are +3.1 %.

The STRABAG Group generated € 35.21 million on the Bulgarian market in 2015.

MIDDLE EAST, AMERICAS, AFRICA, ASIA



The STRABAG Group has for decades played an important role not only on its main European markets but also outside of Europe – mostly as main contractor in direct export. Above all Africa and Asia, Canada and Chile, as well as the Middle East, are at the focus of STRABAG's non-European activities, with which the company ensures its independence from the economic conditions in individual countries.

Because of STRABAG's high level of technical know-how, the focus of this engagement lies in areas that are considered especially demanding, in particular civil engineering, tunnelling and industrial and infrastructure projects. In the year under report, group companies were working on projects such as the expansion of the sewer network in Singapore. This project requires the pipe jacking technique, a specialty of the STRABAG Group.

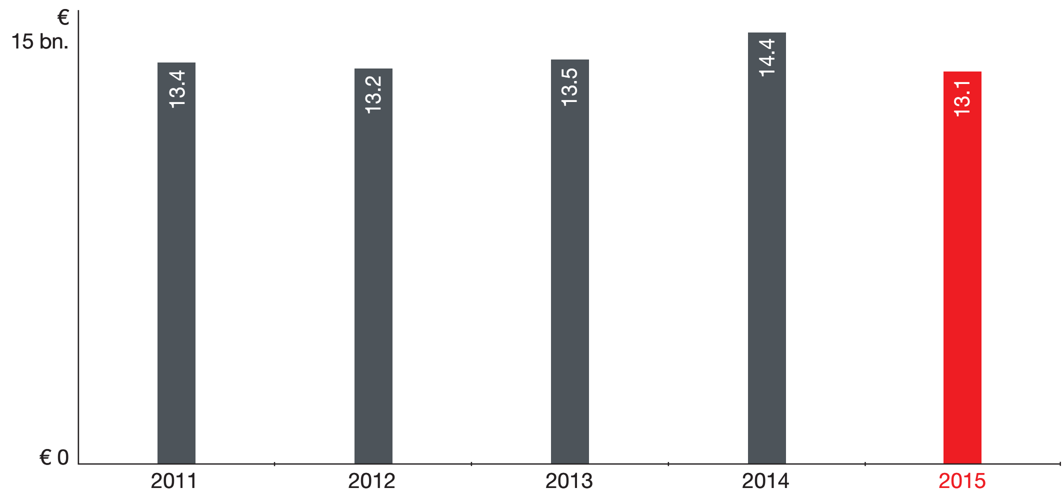
In total, the STRABAG Group generated € 836.59 million, or 6 %, of its overall group output volume outside of Europe in 2015. The activities in non-European countries – with few exceptions – are assigned to the segment International + Special Divisions.

Order backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2015

€ mln.	Total 2015	North + West	South + East	International + Special Divisions	Other	Total 2014	Δ total %	Δ total absolute
Germany	4,876	3,627	82	1,162	5	4,938	-1	-62
Austria	1,733	21	1,207	505	0	1,542	12	191
Italy	1,011	0	2	1,009	0	1,237	-18	-226
Poland	849	801	5	43	0	845	0	4
Middle East	501	6	1	494	0	525	-5	-24
Americas	457	3	0	454	0	583	-22	-126
Romania	393	3	386	4	0	498	-21	-105
Russia and Neighbouring Countries	390	7	316	67	0	723	-46	-333
Slovakia	355	0	343	12	0	553	-36	-198
Benelux	347	316	15	16	0	398	-13	-51
Czech Republic	323	0	313	10	0	348	-7	-25
Denmark	322	303	0	19	0	456	-29	-134
Switzerland	307	15	266	26	0	169	82	138
Sweden	278	256	0	22	0	311	-11	-33
Asia	267	0	7	260	0	194	38	73
Rest of Europe	264	10	184	69	1	263	0	1
Hungary	137	0	119	18	0	508	-73	-371
Serbia	94	0	92	2	0	24	292	70
Africa	92	30	3	59	0	108	-15	-16
Slovenia	57	0	57	0	0	113	-50	-56
Croatia	55	0	53	2	0	53	4	2
Bulgaria	27	0	27	0	0	14	93	13
Total	**13,135**	**5,398**	**3,478**	**4,253**	**6**	**14,403**	**-9**	**-1,268**

DEVELOPMENT OF ORDER BACKLOG



The order backlog fell back in 2015, a development that had already become apparent over the course of the year. The figure settled at € 13.1 billion on 31 December 2015, 9 % lower than one year before. This development can be traced back to the completion of large projects in Hungary, Italy and Slovakia, as well as the adverse economic environment in the RANC region (Russia and Neighbouring Countries).

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2015

Category	Number of construction sites	Number of construction sites as % of total	Order backlog € mln.	Order backlog as % of total
Small orders (€ 0–1 mln.)	10,477	72	1,678	13
Medium-sized orders (€ 1–15 mln.)	3,702	25	2,616	20
Large orders (€ 15–50 mln.)	218	2	2,982	23
Very large orders (>€ 50 mln.)	99	1	5,859	44
Total	**14,496**	**100**	**13,135**	**100**

Part of risk management

The overall order backlog is comprised of 14,496 individual projects. More than 10,000 of these are small projects with a volume of up to € 1 million. Medium-sized projects with contract volumes between € 1 million and € 15 million account for one quarter of orders. Just 2 % of the construction sites have a volume between € 15 million and € 50 million. A further 99 projects have a volume above € 50 million. 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 2015 added up to 18 % of the order backlog, compared to 20 % at the end of 2014.

THE TEN LARGEST PROJECTS CURRENTLY IN PROGRESS AS AT 31 DECEMBER 2015

Country	Project	Order backlog € mln.	as % of total order backlog
Italy	Pedemontana motorway	815	6.2
Germany	Stuttgart 21, underground railway station	285	2.2
Chile	Alto Maipo hydropower complex	267	2.0
Austria	Koralm Tunnel, Section 2	170	1.3
Austria	Brenner Base Tunnel, Tulfes–Pfons	164	1.3
Germany	Rastatt Tunnel	153	1.2
Russia	Tula Steel Works	140	1.1
Belgium	Project "Schools of Tomorrow"	129	1.0
Sweden	Marieholm Tunnel	118	0.9
Poland	A1 motorway, Tuszyn–Pyrzowice	115	0.9
Total		**2,357**	**17.9**

Impact on changes to the scope of consolidation

In the 2015 financial year, 13 companies (thereof four mergers with fully consolidated companies) were included in the scope of consolidation for the first time. These companies contributed a total of € 72.26 million to group revenue and € -13.72 million to net income after minorities. As a result of first-time inclusions, current and non-current assets increased by € 11.87 million, current and non-current liabilities by € 0.78 million.

Financial performance

The consolidated **group revenue** for the 2015 financial year amounted to € 13,123.48 million. This represents an increase of 5.2 % over the previous year, a similar level of growth as the output volume (+5.3 %). The ratio of revenue to output remained at the previous year's level of 92 %. The segment North + West contributed 45 %, South + East 34 % and International + Special Divisions 21 % to the revenue.

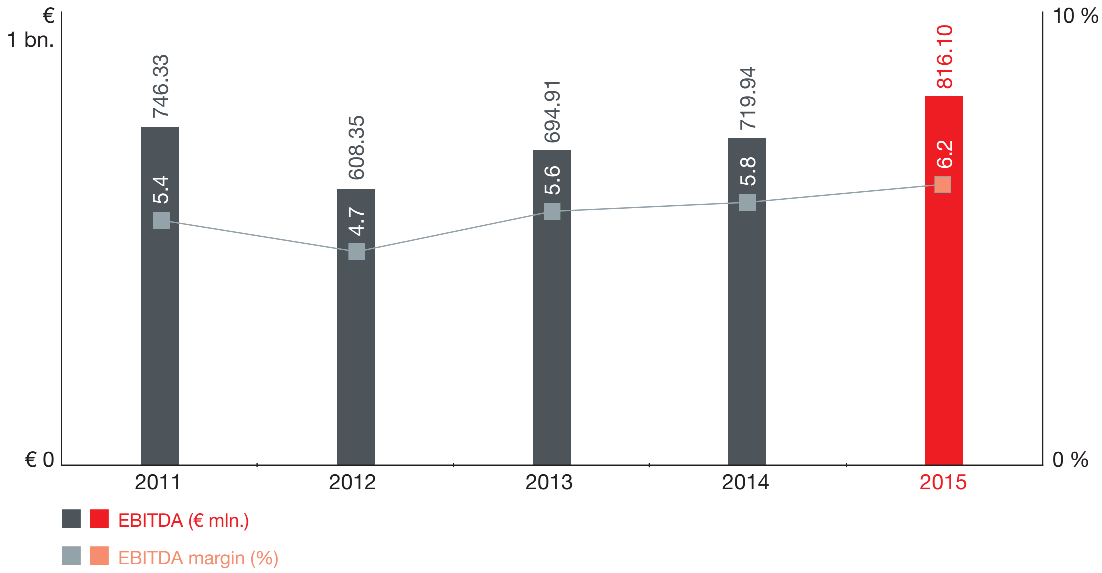
The **changes in inventories** involve mainly the real estate project development business, which was conducted as actively in 2015 as in the past. The disposals, resulting from a number of successful sales, were only partially compensated by existing and new project developments. The **own work capitalised** 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.	2015	2014	Δ %
Construction materials, consumables and services used	8,619.03	8,163.25	6
Employee benefits expense	3,158.25	3,057.67	3
Other operating expenses	826.90	791.36	4
Depreciation and amortisation	475.06	437.98	8

The **share of profit or loss of equity-accounted investments**, which also includes earnings from construction consortia, grew significantly versus the year before. The figure for the previous year had been burdened by a one-time impairment for a cement investment. The net income from investments, composed of the dividends and expenses of many smaller companies or financial investments, also grew as a result of positive effects from project development investments.

DEVELOPMENT OF EBITDA AND EBITDA MARGIN



Effective tax rate: 42.4 %

Earnings per share: € 1.52

In total, there was a 13 % increase of the **earnings before interest, taxes, depreciation and amortisation** (EBITDA) to € 816.10 million, while the EBITDA margin grew from 5.8 % to 6.2 %. The **depreciation and amortisation** stood at € 475.06 million, which corresponds to a plus of 8.5 % over the previous year. This figure contains a special depreciation allowance related to the sale of the hydraulic engineering equipment in the amount of € 21.70 million as well as higher depreciation on rail construction equipment. The goodwill impairment in the amount of € 24.75 million represents a slight decline versus the previous year's level of € 28.83 million.

The **earnings before interest and taxes** (EBIT) increased significantly by 21 % to € 341.04 million, which corresponds to an EBIT margin of 2.6 % after 2.3 % in 2014. Compared to the previous year, this figure improved in Poland, the Czech Republic and Slovakia, among other places. A tunnelling project in Chile, on the other hand, represented a significant burden.

The **net interest income** came to rest at about the same level of the previous year (€ -24.42 million versus € -26.20 million). The positive foreign currency effects increased slightly from € 5.29 million in 2014 to € 8.43 million in 2015.

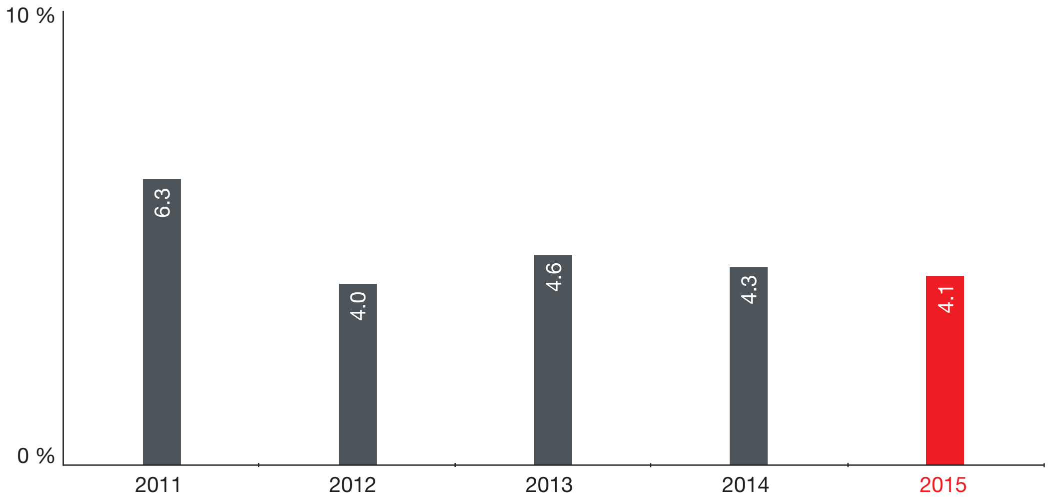
In the end, the **earnings before taxes** (EBT) showed a plus of 24 %. The income tax rate – in the absence of tax relief for the losses in Chile, goodwill impairments and in response to back taxes due to company audits in Germany – was again unusually high, with 42.4 % after 42.3 % in 2014.

The **net income** settled at € 182.50 million in 2015. After € 147.50 million in 2014, this corresponds to an increase of 24 %.

Earnings owed to minority shareholders amounted to € 26.21 million, compared to € 19.53 million the year before. This can be explained by the higher earnings for STRABAG AG, Cologne. The **net income after minorities** for 2015 came to € 156.29 million, a plus of 22 % versus the previous year. The earnings per share also increased by 22 % to € 1.52.

The **return on capital employed** (ROCE)[1)] fell slightly from 4.3 % to 4.1 %.

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.	2015	% of balance sheet total	2014	% of balance sheet total
Non-current assets	4,284.07	40	4,506.46	44
Current assets	6,444.80	60	5,769.08	56
Equity	3,320.64	31	3,144.30	31
Non-current liabilities	2,519.24	23	2,408.70	23
Current liabilities	4,888.99	46	4,722.54	46
Total	**10,728.87**	**100**	**10,275.54**	**100**

The **balance sheet total** of STRABAG SE increased from € 10.3 billion to € 10.7 billion. This was in large part due to the increase in cash and cash equivalents from € 1.9 billion to € 2.7 billion. The hydraulic engineering equipment for sale is no longer presented under property, plant and equipment, but under a special item, namely the assets held for sale, at the agreed purchase price of € 70 million.

Conspicuous on the liabilities side is the stable **equity ratio** of 31.0 % (2014: 30.6 %) as well as the higher non-current financial liabilities resulting from the € 200 million bond issue.

KEY BALANCE SHEET FIGURES

	2011	2012	2013	2014	2015
Equity ratio (%)	30.3	31.2	30.7	30.6	31.0
Net debt (€ mln.)	-267.81	154.55	-73.73	-249.11	-1,094.48
Gearing ratio (%)	-8.5	4.9	-2.3	-7.9	-33.0
Capital employed (€ mln.)	5,336.45	5,322.35	5,462.11	5,357.82	5,448.01

Net cash position: € 1,094.48 million

As usual, a **net cash position** was reported on 31 December 2015. This position grew as a result of the unusually high level of cash and cash equivalents from € 249.11 million on 31 December 2014 to € 1,094.48 million at the end of 2015.

CALCULATION OF NET DEBT

€ mln.	2011	2012	2013	2014	2015
Financial liabilities	1,731.96	1,649.98	1,722.70	1,609.92	1,579.75
Severance provisions	70.44	79.91	78.40	97.66	96.13
Pension provisions	384.21	429.92	422.24	505.94	451.50
Non-recourse debt	-754.18	-630.31	-585.11	-538.61	-489.53
Cash and cash equivalents	-1,700.24	-1,374.96	-1,711.97	-1,924.02	-2,732.33
Total	**-267.81**	**154.55**	**-73.73**	**-249.11**	**-1,094.48**

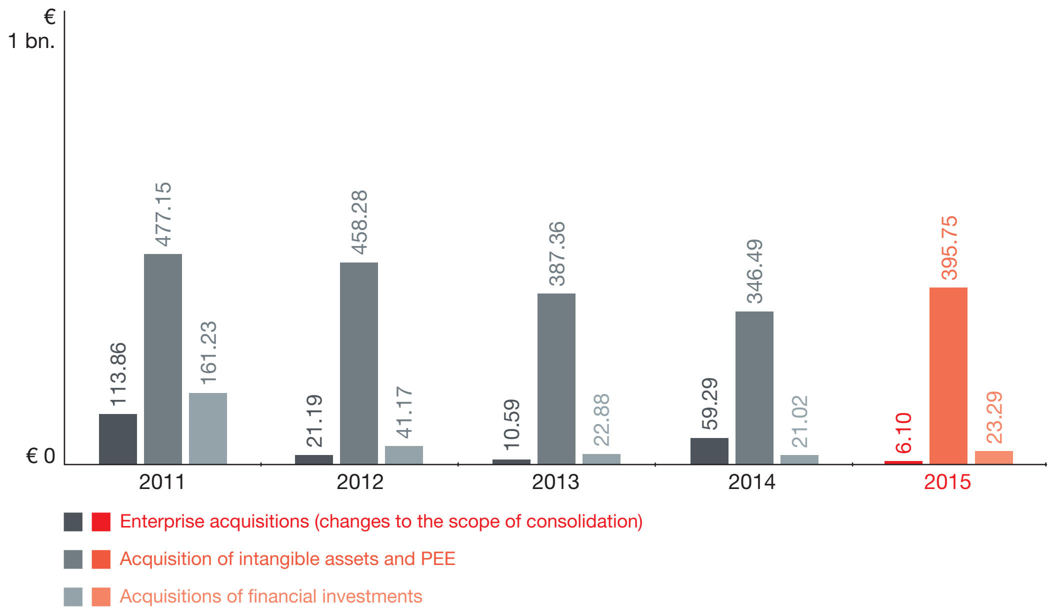
With a 6 % higher cash flow from earnings of € 657.98 million, the **cash flow from operating activities** grew by 54 % to € 1,240.35 million. The working capital improvement, on the other hand, was influenced by the uncharacteristically high project-related advance payments. As no larger acquisitions were made in the 2015 financial year, the **cash flow from investing activities**, despite higher investments in property, plant and equipment, stood at € -320.21 million – significantly below the previous year's value of € -435.30 million. The **cash flow from financing activities** amounted to € -117.55 million after € -142.42 million the previous year. The positive effects from the bond issues and repayments were countered by cash outflows from returns of financing liabilities and dividends.

Capital expenditures

STRABAG had forecast net capital expenditures (cash flow from investing activities) in the amount of approximately € 350 million for the 2015 financial year. In the end, the net capital expenditures totalled € 320.21 million for a level that was again at about that of 2013. The 2014 cash flow from investing activities had been driven by the acquisition of DIW Group as well as by the assumption of the financing for an associated company.

The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 425.14 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** of € 395.75 million, **the purchase of financial assets** in the amount of € 23.29 million and **enterprise acquisitions** (changes to the scope of consolidation) of € 6.10 million. About € 250 million is spent annually as maintenance expenditures related to the equipment fleet in order to prevent inventory obsolescence. In addition to these necessary maintenance expenditures, of which the largest proportion was spent in Germany, Austria and Poland in 2015, STRABAG also invested in project-specific equipment needed for its international business. 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 € 475.06 million. This figure also includes goodwill impairment in the amount of € 24.75 million.

COMPOSITION OF CAPEX



Financing/Treasury

KEY FIGURES TREASURY

	2011	2012	2013	2014	2015
Interest and other income (€ mln.)	112.31	73.15	66.72	82.17	82.07
Interest and other expense (€ mln.)	-103.77	-123.87	-98.26	-108.37	-106.49
EBIT/net interest income (x)	39.2	-4.1	-8.3	-10.8	-14.0
Net debt/EBITDA (x)	-0.4	0.3	-0.1	-0.3	-1.3

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 € 7.1 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. In the 2015 financial year, the company successfully placed a € 200 million tranche with a coupon of 1.625 % and a term to maturity of seven years. With the proceeds from the issue, which were used for general business purposes such as refinancing the € 100 million bond issued in 2010 or making investments in property, plant and equipment, STRABAG SE receives its optimal financing structure. As per 31 December 2015, STRABAG SE had four bonds with a total volume of € 675 million on the market.

In order to diversify the financing structure, STRABAG SE had placed its first **bonded loan** in the amount of € 140 million in the 2012 financial year. The variable interest portions of the bonded loan were refinanced at better conditions in 2015. 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 € 2.7 billion assures the coverage of the group's liquidity needs. Nevertheless, further bond issues or a refinancing of existing financing instruments are planned, depending on the market situation, in order to maintain a high level of liquidity reserves in the future and to take advantage of favourable market conditions.

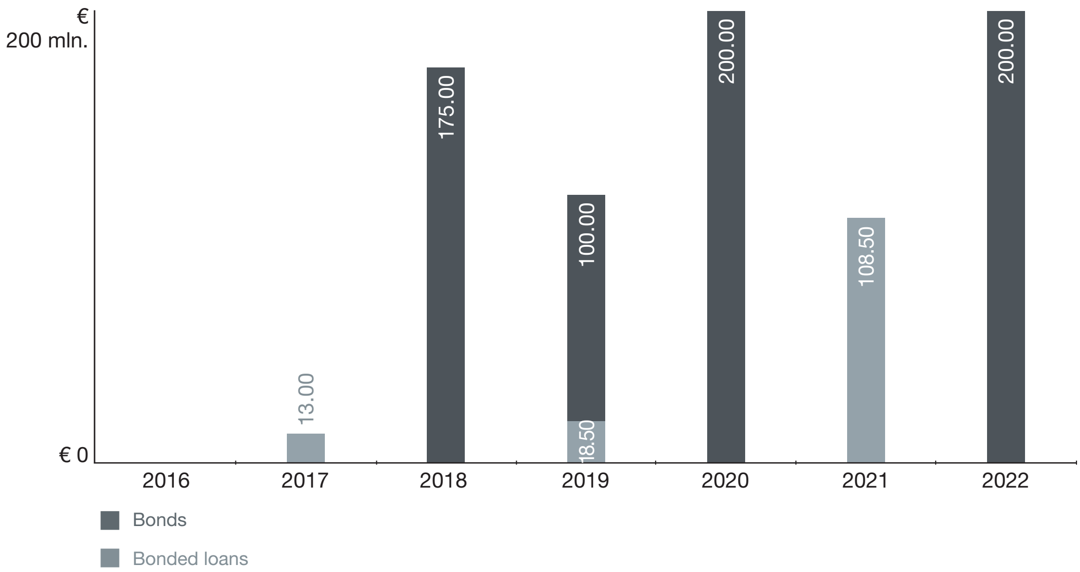
STRABAG SE has a total credit line for cash and surety loans in the amount of € 7.1 billion. The credit lines include a **syndicated surety credit line** in the amount of € 2.0 billion and a revolving **syndicated cash credit line** of € 0.4 billion, each with a term to maturity until at least 2021. In January 2016, both facilities were refinanced before the end of their term, i.e. their conditions and terms to maturity were changed. 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 June 2015, **S&P** raised STRABAG SE's **investment grade rating** by one level from BBB-, outlook stable to BBB, outlook stable. The ratings agency explained this step by pointing out that the important indicators had already significantly exceeded the requirements for the previous rating and that the forecasts indicated a continuation of this situation for the years to come. S&P sees STRABAG SE's strengths above all in the stable margins in an otherwise quite cyclical market environment, in the effective risk management and in the strong market positions.

PAYMENT OBLIGATIONS

€ mln.	**Book value 31 December 2015**
Bonds	675.00
Bank borrowings	894.41
Liabilities from finance leases	10.34
Total	**1,579.75**

PAYMENT PROFILE OF BONDS AND BONDED LOANS



MANAGEMENT REPORT

Report on the financial performance, financial position and cash flows of STRABAG SE (individual financial statements)

FINANCIAL PERFORMANCE

Despite an increase in the intra-group allocations, the company's revenue decreased by € 4.08 million from € 69.69 million in 2014 to € 65.61 million in 2015. The decline can be explained by a one-off, high pass-through of guarantee fees in the previous year.

	2015	2014
Revenue (T€) (Sales)	65,607	69,690
Earnings before interest and taxes (T€) (EBIT)	295,844	61,139
Return on sales (%) (ROS)[1]	>100.0	87.7
Return on equity (%) (ROE)[2]	10.9	2.4
Return on investment (%) (ROI)[3]	8.2	1.8

The earnings before interest and taxes (EBIT) grew significantly by € 234.71 million versus the previous year from € 61.14 million to € 295.84 million. Both the operating result as well as the financial result increased considerably in comparison to the year before.

Unlike the previous year, the operating result was not impacted negatively by extraordinary expenses during the year under report. In the previous year, the impairments of receivables from subsidiaries had resulted in a negative impact on earnings. The increase in the intra-group allocations and the higher revenue from option extensions also helped drive the earnings situation.

The significant growth of the financial result by € 222.94 million from € 45.60 million to € 268.54 million is due primarily to the income from disposal and write-up of financial assets. This figure includes a noteworthy disposal profit from an intra-group transfer. Moreover, it was also possible to increase the investment income in the year under report.

The expenses arising from financial assets grew to € 80.67 million (previous year: € 20.17 million), of which € 60.49 million concerned impairments of investments.

The changes in earnings also had a positive impact on the profitability figures.

The interest income reached a positive total of € 3.26 million, calculated on the basis of the interest income for financial assistance given to subsidiaries and from the external finance charges for the interest-bearing liabilities.

Overall, the company generated a net profit of € 298.00 million for the 2015 financial year (previous year: € 60.79 million).

FINANCIAL POSITION AND CASH FLOWS

The balance sheet total of STRABAG SE grew to € 3.8 billion in the 2015 financial year (2014: € 3.4 billion), with substantial changes among only a few balance sheet items.

The increase is mainly the result of growth in receivables from subsidiaries by € 514.53 million from € 690.34 million to € 1,204.87 million, which is due in part to the intra-group transfer of financial assets.

The decline in financial assets primarily concerns disposals of investments in subsidiaries in the amount of € 94.78 million. Furthermore, loans forming part of financial assets were down by € 25.81 million due to principal payments.

1) ROS = EBIT / revenue
2) ROE = EBT / ø equity
3) ROI = EBIT / ø total capital

The higher liabilities result mainly from a € 200.00 million bond issue and the repayment of a € 100.00 million bond in 2015.

	2015	2014
Net cash/debt (T€)[1]	-11,946	403,617
Working capital (T€)[2]	62,642	75,014
Equity ratio (%)	76.1	77.0
Gearing ratio (%)[3]	n. a.	15.3

In contrast to 2014, the cash and cash equivalents exceeded the interest-bearing liabilities at the end of the 2015 financial year. The excess cash and cash equivalents (net cash) in the amount of € 11.95 million resulted from the intra-group transfer of financial assets.

The working capital in 2015 decreased by € 12.37 million from € 75.01 million in 2014 to € 62.64 million. This was largely due to the growth in current liabilities.

The equity ratio of 76.1 % declined slightly versus the previous year (77.0 %) due to the increased total capital, but remains at a very high level.

T€	2015	2014
Cash flow from operating activities	103,133	100,050
Cash flow from investing activities	369,843	-46,551
Cash flow from financing activities	48,700	-46,170

The cash flow from operating activities of € 103.13 million can be explained largely by the cash flow from earnings. Additionally, the changes in receivables and liabilities from subsidiaries had a positive impact on the working capital.

The cash flow from investing activities saw an inflow of cash totalling € 369.84 million, thereof € 399.21 million from the disposals of financial assets. In 2015, cash and cash equivalents in the amount of € 27.37 million were used for additions to financial assets.

The issue of a new bond led to an inflow in the amount of € 200.00 million in the cash flow from financing activities. After deducting a € 100.00 million bond repayment and the payment of the dividend for the 2014 financial year in the amount of € 51.30 million, the cash flow from financing activities showed a cash inflow in the amount of € 48.70 million in 2015.

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.

1) Net cash/debt = interest-bearing liabilities + non-current provisions – cash and cash equivalents
2) Working capital = current assets – cash and cash equivalents – current non-interest-bearing liabilities
3) Gearing ratio = net debt / equity

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.

Geographic segments may be desirable, but they are not always possible. Particularly the specialty fields – e.g. tunnelling – are in demand all around the world. As it is therefore not possible to assign these to a certain country, such business fields are listed under the segment International + Special Divisions. At the same time, the two segments North + West and South + East may contain international business fields such as environmental or hydraulic engineering. These are usually organised from a country assigned to one of the respective geographic segments.

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	✓		
Tunnelling			✓
Real Estate Development		✓	✓
Infrastructure Development			✓
Operation/Maintenance/Marketing of PPP Projects	✓		✓
Property and Facility Services			✓

Last updated: 31 December 2015

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.

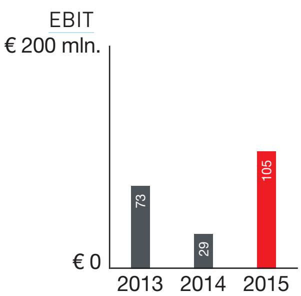
SEGMENT NORTH + WEST: EARNINGS SIGNIFICANTLY BETTER FOLLOWING NEGATIVE IMPACT THE YEAR BEFORE

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.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Output volume	6,368.40	6,292.45	1	75.95
Revenue	5,895.10	5,719.12	3	175.98
Order backlog	5,397.45	5,682.38	-5	-284.93
EBIT	105.17	28.67	267	76.50
EBIT margin (% of revenue)	1.8	0.5		
Employees	22,421	23,123	-3	-702

OUTPUT VOLUME NORTH + WEST

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Germany	4,665	4,651	0	14
Poland	852	693	23	159
Benelux	227	257	-12	-30
Denmark	213	191	12	22
Sweden	210	246	-15	-36
Rest of Europe	49	68	-28	-19
Russia and Neighbouring Countries	39	85	-54	-46
Switzerland	29	28	4	1
Americas	28	21	33	7
Austria	19	20	-5	-1
Middle East	17	14	21	3
Africa	11	8	38	3
Romania	8	6	33	2
Hungary	1	0	n. a.	1
Italy	0	2	-100	-2
Asia	0	2	-100	-2
Total	**6,368**	**6,292**	**1**	**76**

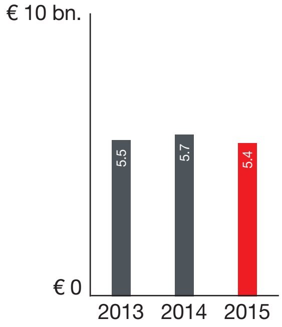


EBIT up strongly after poor performance the previous year

The output volume of the North + West segment, at € 6,368.40 million, remained nearly unchanged in a year-on-year comparison. In the largest market, Germany, the building construction and civil engineering business as well as transportation infrastructures generated an output volume that was almost at the same level as the year before, while this figure declined in Sweden and Benelux, among other places. Poland, the second-largest market in this segment, registered output growth of 23 % thanks to the high level of the order backlog.

The revenue, at € 5,895.10 million, also settled at about the previous year's level. The earnings before interest and taxes (EBIT), on the other hand, grew strongly from € 28.67 million to € 105.17 million. Profits in 2014 had been impacted negatively by projects in Sweden, the Netherlands and Germany. In the past financial year, Poland and the transportation infrastructures business in Germany contributed especially to the results.

ORDER BACKLOG



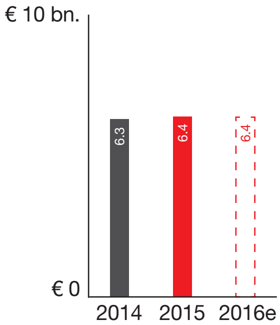
Order backlog on the decline despite large infrastructure projects

The order backlog, at € 5,397.45 million (-5 %), was clearly below the level of the previous year. Despite the acquisition of several new road construction projects in the German home market – e.g. Section 4 of Berlin motorway A 100 by Ed. Züblin AG with a contract value of about € 44 million or the extension of two sections of the A3 in southern Germany for € 90 million –, the previously high order backlog in the country decreased overall. This development can be traced to the situation in building construction where large projects such as Allianz Campus Unterföhring have been completed. The order backlog in Poland grew by a further 2 % over the quite attractive level at the end of the previous year – the largest new order here was the Woźniki–Pyrzowice section of the A1 motorway in the third quarter with a contract value of more than € 118 million –, but this plus could not compensate for the declining volume of orders in Germany, Sweden and Denmark.

Slight drop in employee numbers

The number of employees in the segments fell back by 3 % year-on-year to 22,421 in 2015. A part of this development can be ascribed to Germany, although staff numbers also declined in Sweden and in the rest of Europe.

OUTPUT



Outlook: Higher public expenditures not yet noticeable in Germany

An **output volume** of € 6.4 billion is expected for 2016 in the North + West segment. The **German market for building construction and civil engineering** should remain on a high level. Prices for subcontractor services and for construction materials have remained moderate so far despite the lively building construction activity in the country. The price for reinforcing steel, meanwhile, has fallen significantly and is currently at a multi-year low. In transportation infrastructures, it remains to be seen whether possible investment increases in the form of specific projects will be able to relate market development in 2016.

The **Polish construction sector** has been undergoing a clear recovery since the year 2014. In 2015, Poland's General Directorate for National Roads and Highways significantly increased its volume of tenders. For 2016, a number of road construction projects are still up for tender. STRABAG also expects to see increasing demand in railway construction. On the other hand, more and more tender participants in Poland are bidding at very low price levels. STRABAG therefore expects the full-year output volume to reach a similarly high level as in 2015.

In **Scandinavia**, the countries of Sweden and Denmark are making the most significant contributions to the output volume. Here, both the overall economic environment and the construction market continue to be stable, although the price levels are on the decline due to the higher number of competitors. The economic environment for building construction in Sweden continues to exhibit growth potential at currently still stable margins.

According to a contract signed on 31 March 2016 with Netherlands-based Royal Boskalis Westminster N.V., STRABAG Wasserbau GmbH had transfer its equipment, staff and a series of recently signed maintenance contracts as part of an asset deal. The business field **waterway construction** will remain in this segment.

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog € mln.	as % of total group order backlog
Germany	Stuttgart 21, underground railway station	284	2.2
Belgium	Project "Schools of Tomorrow"	129	1.0
Poland	A1 motorway, Tuszyn–Pyrzowice	115	0.9
Denmark	BLOX/Bryghus multi-use building	85	0.6
Germany	Cherbourger Straße harbour tunnel, Bremerhaven	69	0.5

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

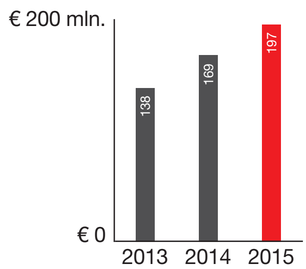
The geographic focus of the segment South + East is on Austria, Switzerland, Hungary, the Czech Republic, Slovakia, Russia and Neighbouring Countries as well as on the region South-East Europe. The environmental engineering activities are also handled within this segment.

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Output volume	4,535.13	4,170.80	9	364.33
Revenue	4,412.35	3,996.96	10	415.39
Order backlog	3,477.45	4,142.31	-16	-664.86
EBIT	197.05	168.63	17	28.42
EBIT margin (% of revenue)	4.5	4.2		
Employees	18,043	18,769	-4	-726

OUTPUT VOLUME SOUTH + EAST

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Austria	1,600	1,681	-5	-81
Slovakia	666	386	73	280
Czech Republic	644	505	28	139
Hungary	466	431	8	35
Switzerland	279	294	-5	-15
Romania	203	146	39	57
Russia and Neighbouring Countries	174	190	-8	-16
Germany	129	132	-2	-3
Rest of Europe	101	90	12	11
Slovenia	89	57	56	32
Croatia	55	103	-47	-48
Serbia	43	36	19	7
Bulgaria	32	36	-11	-4
Poland	18	31	-42	-13
Middle East	13	21	-38	-8
Africa	11	12	-8	-1
Italy	7	5	40	2
Asia	3	5	-40	-2
Benelux	1	5	-80	-4
Americas	1	3	-67	-2
Denmark	0	2	-100	-2
Total	**4,535**	**4,171**	**9**	**364**

EBIT



EBIT grows again

The output volume in the South + East segment grew by 9 % year-on-year to € 4,535.13 million. While Slovakia stood out with especially high growth, and positive figures were registered in the Czech Republic as well, the other markets exhibited a varied development.

The segment also reported considerable growth in both revenue as well as the earnings before interest and taxes (EBIT). The revenue increased by 10 % to € 4,412.35 million, the EBIT by 17 % to € 197.05 million. This can be traced back, among other things, to a number of agreements on large construction projects following completion as well as improvements in several markets in this segment.

ORDER BACKLOG

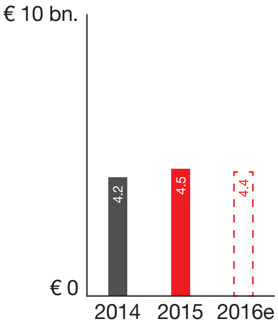
Large projects completed in Hungary and Slovakia

The order backlog, on the other hand, fell by 16 % to € 3,477.45 million. Declines were registered in nearly all markets, with a particularly significant drop in Russia and Neighbouring Countries (RANC), Hungary and Slovakia, where several large orders acquired during the previous year have to a large degree already been worked off.

Fewer employees in RANC, Austria and Switzerland

The number of employees fell slightly by 4 % to 18,043. This decline can largely be ascribed to the RANC region, but also to Austria and Switzerland.

OUTPUT



Outlook: More conservative planning for 2016

The currently low volume of new orders requires slightly more conservative planning. For this reason, STRABAG expects the **output volume** in this segment to fall back slightly to € 4.4 billion. Despite the improvements in the operating business, the earnings forecast must take into consideration the tougher economic environment in several markets in which the segment operates. In **Austria**, the largest market in this segment, an increased price pressure has also dominated the field of building construction in the greater Vienna area for the past two years. Against the backdrop of lower public investments, this business field had previously compensated the tense – in some regions dramatic – situation in transportation infrastructures for the group.

In 2015, **Hungary** has benefited from a good order backlog and from the good weather for transportation infrastructures at the start of the year. But the lower number of EU-financed projects translates into future challenges for the order book situation.

In **Slovakia**, the stable development in both building construction and road construction suggests an improvement of the climate in that country – as evidenced by the tenders for EU-financed infrastructure projects. In the **Czech Republic**, current tenders in building construction are focused mainly on projects in the field of education, such as schools and museums, although competition is contributing to prices being calculated at the limit of profitability.

The **Swiss** market is expected to remain modest at best. On the one hand, an increased number of infrastructure construction projects is coming onto the market after a very quiet period, especially in the greater Zurich area; on the other hand, this market is strongly contested. Demand was also up again slightly in building construction, although the bid prices were on the decline here as well. Despite initial signs of recovery, however, the strong Swiss franc continues to put a damper on economic growth.

The strong price competition that characterises **South-East Europe** is expected to increase. In **Croatia** and in **Slovenia**, the group is hoping to be awarded the tender for EU-financed infrastructure measures. The transportation infrastructures business in South-East Europe shows no signs of improvement, however. For this reason, all activities were stopped e.g. in Moldova already during the first half of the 2015 year.

In **Russia**, the investment climate has been strongly impacted by the consequences of the western economic sanctions, the low oil price, the weak rouble exchange rate and the high inflation. This is true for both the private and public sectors. A considerable economic downturn, with no end in sight, could also be registered in the construction sector in 2015. At best, STRABAG currently expects larger projects in the Moscow housing market to continue to have a chance on the market.

SELECTED PROJECTS SOUTH + EAST

Country	Project	Order backlog € mln.	as % of total group order backlog
Russia	Tula Steel Works	140	1.1
Slovakia	Nitra Industrial Park	100	0.8
Slovakia	D1 motorway Hričovské Podhradie–Lietavská Lúčka	80	0.6
Austria	Residential complex “Wohnen am Helmut-Zilk-Park”	60	0.5
Romania	A3 motorway Ungheni–Ogra	56	0.4

SEGMENT INTERNATIONAL + SPECIAL DIVISIONS: VOLATILE PROJECT BUSINESS

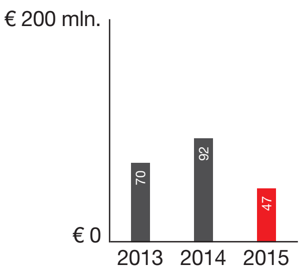
The segment International + Special Divisions includes, on the one hand, the field of tunnelling. The concessions business, on the other hand, represents a further important area of business, with global project development activities in transportation infrastructures in particular. Regardless of where 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 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.

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Output volume	3,250.11	2,970.14	9	279.97
Revenue	2,790.88	2,738.44	2	52.44
Order backlog	4,253.23	4,571.21	-7	-317.98
EBIT	46.79	92.18	-49	-45.39
EBIT margin (% of revenue)	1.7	3.4		
Employees	27,077	25,309	7	1.768

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Germany	1,410	1,243	13	167
Austria	352	321	10	31
Middle East	284	237	20	47
Americas	280	231	21	49
Italy	181	172	5	9
Hungary	118	107	10	11
Czech Republic	113	109	4	4
Africa	93	138	-33	-45
Asia	89	80	11	9
Benelux	73	61	20	12
Poland	63	84	-25	-21
Slovakia	49	39	26	10
Switzerland	31	32	-3	-1
Romania	29	26	12	3
Sweden	29	24	21	5
Rest of Europe	18	10	80	8
Croatia	12	17	-29	-5
Slovenia	9	11	-18	-2
Russia and Neighbouring Countries	8	21	-62	-13
Denmark	5	4	25	1
Bulgaria	2	2	0	0
Serbia	2	1	100	1
Total	**3,250**	**2,970**	**9**	**280**

EBIT

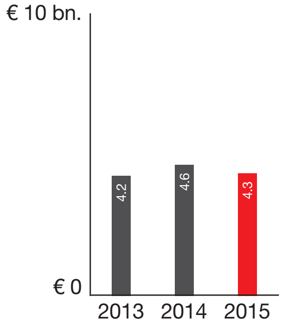


Impairments put considerable pressure on earnings

The output volume of the International + Special Divisions segment grew by 9 % to € 3,250.11 million in 2015. This development was due to the previous year's acquisition of DIW Group and to increases in the non-European markets, among other things.

The revenue grew slightly by 2 % to € 2,790.88 million. The earnings before interest and taxes (EBIT) was cut in half to € 46.79 million, although this must be seen against the very strong previous year. The positive results from project development and facility services were unable to compensate for the negative effects from impairments in the volatile international project business, in particular from a tunnelling project in Chile.

ORDER BACKLOG



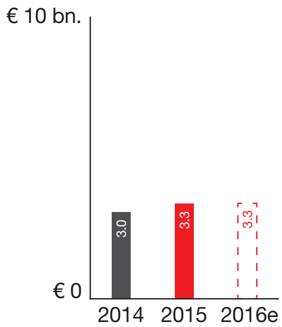
Order backlog on the decline in several markets

The order backlog sank by 7 % to € 4,253.23 million. This trend was observed in several markets within the segment, with the highest declines in Italy and the Americas, where large projects are continuously being worked off. A € 100 million contract for the expansion of a copper mine in Chile could not cushion the impact from this development. In Austria, the order backlog also was slightly below the previous year's level, despite the acquisition of new contracts, e.g. to deliver the electrical and mechanical equipment for the A10 Oswaldibergtunnel and to extend the tunnel transmitter system for Vienna's underground metropolitan railway.

Rise in employee numbers despite declines in Africa and Middle East

The number of employees in the segment grew by 7 % to 27,077, with considerable differences in the individual regions. While the DIW acquisition resulted in a plus of several thousand employees in Germany and Austria, and the start of a project in Chile helped to increase the number of employees in Americas by nearly 1,000 persons, a reduction of staff levels by more than 1,800 employees was registered in Africa and in the Middle East together.

OUTPUT



Outlook: Output volume expected to reach level of previous year

It should be possible to generate a stable output volume of € 3.3 billion in the segment in the 2016 financial year, driven in part by the **property and facility services business** – thanks to the impact from the DIW acquisition – and by **tunnelling**. As edge-out competition continues to define the tunnelling business in the core markets of Austria, Germany, Switzerland and Italy, and a reversal of the trend remains elusive, STRABAG is focusing more on northern Europe and the non-European markets.

This necessary market expansion can also be observed for the **concession business**, i.e. public-private partnerships. As the market for concession projects remains thin in Western Europe – with the exception of Germany – and the political framework and competition present themselves as challenging in Eastern Europe, the group is working increasingly on the non-European markets. In the third quarter of 2015, for example, the company succeeded in entering the Colombian market via the award of a € 900 million concession project.

Internationally the STRABAG Group also is a successful provider in **specialty fields** such as the tunnelling method of pipe jacking and test track construction. In Singapore, for example, the company was awarded the contract to extend the sewer network using the pipe jacking method in the third quarter. Among the non-European markets, STRABAG is focusing its activities – including its core business – especially on the Middle East, above all Oman. In general, however, market development activities must be very selective, as the Middle East as well as Africa are characterised by strong competition.

As in past years, the **real estate development** business should make a positive contribution to both output volume and earnings. The demand for commercial and residential properties in the core market of Germany remains undiminished and has even grown significantly in a year-on-year comparison. The weak euro has led investors from outside Europe to become increasingly involved in this business field. First steps have already been taken to also develop projects in markets outside of Germany. In September, for example, STRABAG entered the Romanian project development market through the acquisition of the Bucharest-based development team of Raiffeisen evolution. Since 2015, projects have also been under development in Poland.

The **construction materials** business was supported by the incipient stabilisation of the construction economy in several Eastern European markets. This represents a significant improvement of the framework conditions compared to the previous year. In Austria, meanwhile, there are first signs of positive growth.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

Country	Project	Order backlog € mln.	as % of total group order backlog
Italy	Pedemontana motorway	815	6.2
Chile	Alto Maipo hydropower complex	266	2.0
Austria	Koralm Tunnel, Section 2	161	1.2
Austria	Brenner Base Tunnel, Tulfes Pfons	146	1.1
Italy	Brenner Base Tunnel, Eisack River undercrossing	112	0.9

SEGMENT OTHER (SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

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

€ mln.	2015	2014	Δ 2014–2015 %	Δ 2014–2015 absolute
Output volume	136.12	132.61	3	3.51
Revenue	25.15	21.15	19	4.00
Order backlog	6.45	7.54	-14	-1.09
EBIT	0.22	0.35	-37	-0.13
EBIT margin (% of revenue)	0.9	1.7		
Employees	5,774	5,705	1	69

Risk management

The STRABAG Group is subject to a number of risks in the course of its business activities. These risks are systematically identified and assessed using an active risk management system and dealt with using an appropriate risk policy. This risk management policy is an integral part of the management system. It describes a set of fixed principles and responsibilities for risk management and how to deal with the material risk categories.

RISK MANAGEMENT AS A CORE TASK OF MANAGEMENT

Risk management is a core task of the management. The identification and assessment of risks is the responsibility of the respective management level. The risk controlling process includes the integrated 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.

Responsibility for the implementation of the project-related risk management systems in the divisions was transferred to the commercial division management.

The Central Division "Project-Related Risk Management System/Organisational Development/International BRVZ Coordination" handles the continuous improvement and development of the risk management system for the procurement and execution of construction projects.

All STRABAG management employees within the scope of their duties and responsibilities, and according to the Rules of Procedure and relevant company regulations, are obliged to

- work with the employees to set risk identification measures,
- monitor the risks,
- introduce countermeasures and
- pass on relevant information about risks to other units or levels within the company. This requirement especially applies to all employees of the STRABAG Group.

The STRABAG SE Management Board prohibits engaging in business transactions whose realisation could endanger the company's existence.

RISK MANAGEMENT USING DEFINED RISK GROUPS

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

- External risks
- Operating and technical risks
- Financial risks
- Human resources risks
- IT risks
- Investment risks
- Legal risks
- Political risks

Additional risks exist with regard to occupational safety, environmental protection, quality, business continuity and supply chain. These are described in separate policies within the management system. The rules for proper business behaviour are conveyed by the ethics and business compliance system.

Following ISO 31000 and the Committee of Sponsoring Organisations of the Treadway Commission (COSO), our risk management system forms part of our integrated management system. We deal with the risks identified by us as follows:

EXTERNAL RISKS 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.

REDUCE OPERATING AND TECHNICAL RISKS WITH BINDING MINIMUM STANDARDS

These risks primarily include the complex risks regarding project selection and execution along with the technical risks that need to be assessed for each project, e.g. site, geology, construction method, technology, materials, equipment, design, work planning, etc. An integral part of the project-related risk management system are minimum standards with group-wide validity for the procurement and execution of construction projects (common project standards). These comprise clearly defined criteria for the evaluation of new projects, a standardised process for preparing and making bids, as well as integrated internal control systems serving as filters to avoid loss-making projects. 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. At the same time, bids must be analysed by internal **commissions** and reviewed for their technical and economic feasibility. The construction and project teams can contact the experts at the Central Divisions BMTI, TPA and Zentrale Technik for assistance in assessing the technical risks and working out innovative solutions for technical problems. Project execution is managed by the construction or project team on site using documented procedures and controlled by **monthly target/performance comparisons**. At the same time, our central controlling provides constant commercial office support for the project, ensuring that risks of individual projects do not endanger the continuity of the company.

FINANCIAL RISKS: ACTIVE LIQUIDITY AND ACCOUNTING RECEIVABLES MANAGEMENT

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.

STRABAG is subject to interest, currency, credit 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. 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. Detailed information can be found in the Notes under item 26 Financial Instruments.

COUNTERING ETHICAL RISKS WITH ETHICS AND BUSINESS COMPLIANCE SYSTEM

As corruption is a risk in the construction industry, STRABAG has a number of proven instruments to fight corruption in place within the company. The rules for proper business behaviour are conveyed by the ethics and business compliance system. These have group-wide validity. 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 business compliance coordinator, the regional business compliance representatives as well as the external and internal ombudspersons. Details are available at www.strabag.com > Strategy > Strategic Approach > Business Compliance and in the Corporate Governance Report.

HUMAN RESOURCE RISKS: COUNTERMEASURES WITH CENTRAL HUMAN RESOURCE MANAGEMENT AND NEEDS-ORIENTED HUMAN RESOURCE DEVELOPMENT

Material human resource risks, such as recruiting bottlenecks, skilled labour shortages, fluctuation and labour law risks, are countered with a **central human resource administration and long-term, needs-oriented human resource development**. Human resource risks are to be greatly reduced through the targeted recruiting of qualified skilled workers and managers, extensive training activities, performance-based pay based on binding compliance with labour law provisions, as well as early succession planning. Additionally, systematic potential management is in place to ensure the development and career planning of company employees. Complementary initiatives to promote employee health, improve working conditions and raise employee satisfaction further contribute to the company’s attractiveness and prestige.

IT RISKS: IT USAGE GUIDELINES AND CONTINUOUS REVIEW OF SECURITY CONCEPTS TO COUNTER CYBERCRIME

With the increasing threat of IT risks, different measures are being implemented in the form of multi-step security and anti-virus concepts, user access rights, password-controlled access, appropriate backups and independent power supply. The company is also working together with professional **specialty service providers** to ensure an efficient defence against cybercrime and is constantly reviewing its security concepts. By issuing IT usage guidelines and repeatedly informing on the necessity of risk awareness when working with information and communication technologies, we aim to ensure the security, availability, performance and compliance of the IT systems. Project ideas to improve and develop IT-related processes and control systems are evaluated and prepared by nominated **IT committees** using a structured business process management (BPM) approach and are approved for implementation by the BPM steering committee.

INVESTMENT RISKS: SECTOR-TYPICAL MINORITY HOLDINGS OF MIXING PLANTS

STRABAG can exert influence on the management of associated companies through its share-holder 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 project management.

POLITICAL RISKS: 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 are among the possible consequence of political changes which could have an impact on the group's financial structure. These risks are analysed during the tendering phase and assessed by internal committees.

MANAGEMENT SYSTEM FOR WORK SAFETY AND HEALTH IN PLACE

In order to control the risks related to employee safety and health, STRABAG is implementing a work safety and health management system based on **OHSAS 18001** and/or **SCC** or equivalent, works to maintain this system and ensures a suitable emergency organisation. Persons with designated responsibility make sure that the group-wide work safety standards are followed. The aspects of work safety and health also form part of the evaluation of subcontractors and suppliers.

CERTIFIED ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM DESIRED

STRABAG works at reducing the negative environmental impact from its activities as far as this is technically possible and economically feasible. The company has made it its goal to implement an environmental and energy management system based on **ISO 14001** and/or **ISO 50001** and/or **EMAS** or equivalent, maintain this system and – whenever possible – minimise the use of natural resources, avoid waste and promote recycling.

QUALITY MANAGEMENT AS COMPONENT OF THE INTEGRATED MANAGEMENT SYSTEM

In concordance with its vision and values, it is the company's aim to realise **construction projects on schedule, of the highest quality and at the best price**. This helps to ensure the quality of the company's processes, services and products at any time. In this process, quality management forms a component of an integrated management system. This system is documented in the Management Manual, in group guidelines and in subordinated provisions.

BUSINESS CONTINUITY: RIGOROUS INCLUSION OF GROUP CENTRAL DIVISIONS

The failure of equipment and production facilities, of subcontractors and suppliers, of human resources, of the IT system, of office buildings and accommodation must not be allowed to threaten the company's existence. For this reason, precautions are being made under a business continuity management system to make sure that incidents or **disasters only temporarily interrupt business activity** – if at all. This includes the rigorous inclusion of the group's own specialised Central Divisions. These are capable of procuring, for example, equipment, accommodation, IT systems or staff on short notice, they build up long-term strategic partnerships with selected subcontractors and suppliers, and have emergency scenarios audited in the IT report.

EVALUATION OF PARTNER COMPANIES TO REDUCE RISKS IN THE SUPPLY CHAIN

In the interest of quality and profitability, STRABAG not only taps its own skills and resources to work off its orders, but also relies on the support of proven subcontractors and suppliers. The company focuses on long-term partnerships, a clear, transparent and complete description of the services and products to be procured, and an agreement on acceptance criteria for the products and services. It also systematically **evaluates** subcontractors, service providers and suppliers as part of its **decision-making foundation** for **future orders**.

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 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 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 its 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 at 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.

Human resources

In the 2015 financial year, the STRABAG Group employed an average of 73,315 people (2014: 72,906), of which 44,763 were blue-collar and 28,552 were white-collar workers. Despite the integration of several thousand employees of Germany- and Austria-based DIW Group, the number of employees grew only marginally (+1 %). Quite variable trends were observed on the other markets. In the Americas, for example, the company took on more than 1,000 additional employees, while employee levels in Africa fell by a similar figure.

The STRABAG Group places great importance on training and promoting young people, a stance that is reflected in the high number of apprentices and trainees. In 2015, 1,195 blue-collar apprentices (2014: 1,070) and 277 white-collar apprentices (2014: 295) were in training with the group. Additionally, the company employed 84 technical trainees (2014: 53) and 13 commercial trainees (2014: eleven).

In the 2015 financial year, the company made small progress in its goal of annually raising the percentage of women in the group. Women accounted for 13.9 % of employees within the entire group, versus 13.8 % in the previous year, and 8.7 % within group management (2014: 8.5 %).

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 for the last two years.

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 STRABAG 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 **885** highly qualified employees at 25 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 construction design and site management, ZT offers innovative solutions with regard to construction materials technology, construction management, building physics, and software solutions. Central topics for innovation activities are digitalisation, sustainable construction and renewable energy. Among other things, the employees at ZT develop methods and tools to optimise construction activity from the digital design to impact on the environment. The specialist staff department of Development and Innovation oversees the systematic networking of people and relevant topics, promotes new ideas and helps to drive innovation. In 2015, the first Innovation Day was held to exchange ideas across organisational boundaries.

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, the safety and improvement of processes, as well as developing and reviewing standards for the handling and processing of construction materials. Additional research topics in 2015 focused on new developments in sensor technology and the sustainable optimisation of roadway surfaces. TPA has **760 employees** at 130 locations in 17 countries, making it one of Europe's largest private laboratory companies.

EFKON AG – a subsidiary of STRABAG – is active in the research and development of intelligent traffic telematics systems, especially with regard to electronic toll collection and enforcement. The development focus last year was on the various toll enforcement systems for the planned national tolling system in Belgium. The research focus in 2015 was on algorithms and methods for image capture systems. Last year, for example, EFKON launched the research project ARGLOS together with the Austrian Association for Research and motorway operator ASFINAG to work on the automatic assessment of the traffic situation from images captured by the webcams installed along Austria's motorways. 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 digitalisation in purchasing to wooden towers for wind turbines to new assessment procedures using humidity probes.

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 € 12 million (2014: about € 15 million) on research, development and innovation activities during the 2015 financial year.

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 2015, it was possible to lower energy costs by 14 % versus 2014. This is of course 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 41,845 tonnes. The energy costs for the companies within STRABAG SE's scope of consolidation amounted to € 262.77 million (2014: € 304.67 million).

ENERGY USE WITHIN THE GROUP

Form of energy[1]	Unit	2011	2012	2013	2014	2015
Electricity	MWh	499,146	486,033	497,943	433,164	443,009
Fuel	thousands of litres	241,433	245,660	252,718	230,926	222,261
Gas	heating value in MWh	658,356	565,048	585,857	505,371	531,201
Heating oil	thousands of litres	21,644	17,790	16,053	14,388	17,661
Pulverised lignite	tonnes	84,318	79,107	69,602	75,247	72,174

The focus in 2015 was on the analysis of the group's main energy source: fuels. By monitoring the **fuel consumption** of the passenger car and commercial vehicles fleet in Germany and Austria, it was possible to identify enormous savings potential. In order to live up to the goal of doing business while saving resources, appropriate action was prepared and implemented in 2015 to establish FuelTracker as a tool to lower the fuel consumption and CO_2 emissions of STRABAG's passenger car and commercial vehicles fleet. A further task was the development of indicators to recognise potential savings with regard to the **energy efficiency** of the asphalt plants. The **ISO 50001**-certified energy management system, which STRABAG introduced in 2015 for all companies in Austria in which STRABAG SE has at least a 50 % interest, foresees the implementation of energy savings measures to lower the energy consumption by 0.6 % based on the total annual energy consumption of the above-mentioned companies.

1) The amounts stated were calculated on the basis of the energy costs as well as the average price per energy source. Variations in the energy figures in comparison to other publications are due to the enhancement of the evaluation system.

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, "GULBIS" Beteiligungs 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 coordination 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 Section 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 2015 as these shares are held by STRABAG SE as own shares as defined in Section 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 2015:

   - 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 2015, which corresponds to 10 % of the share capital (see also item 7). These shares are currently intended as acquisition currency.

   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.

1. The Management Board of STRABAG SE, in accordance with Section 169 of the Austrian Stock Corporation Act (AktG), was authorised by resolution of the 10th 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 Section 174 Para 2 of the Austrian Stock Corporation Act (AktG), was further authorised by resolution of the 8th Annual General Meeting of 15 June 2012 and with the approval of the Supervisory Board 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, 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 Section 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 (Section 228 Para 3 UGB) or third parties acting on behalf of the company.

2. 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.

3. 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 28 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 SE (formerly Bilfinger Berger AG), Wayss & Freytag Ingenieurbau AG and our 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 and use can be expected no sooner than mid-2017. 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 does not result in any significant damages for the company.

Outlook

The Management Board of STRABAG SE expects the **output volume** to remain about the same at approximately € 14.3 billion in the 2016 financial year. This will likely be composed of € 6.4 billion from the North + West segment, € 4.4 billion from the South + East segment and € 3.3 billion from the International + Special Divisions segment. The remainder can be allotted to the segment designated as "Other". The company therefore expects the output contributions from the individual segments to remain nearly stable. Organic growth at about the level of inflation is expected for the years to come.

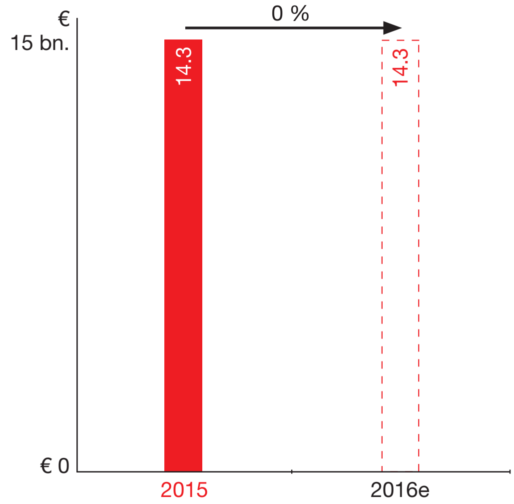
STRABAG had previously issued a target of achieving a lasting **EBIT margin** (EBIT/revenue) of 3 % starting in 2016. As the efforts to further improve the risk management and to lower costs have already had a positive impact on earnings, the company confirms this target.

The earnings expectations are based on the assumption of solid demand in the German building construction and civil engineering market. At the same time, the company is hoping for the first additional investments by the public sector in transportation infrastructures in this home market. Very positive contributions to the earnings continue to be expected especially from Poland, the property and facility management entities, the real estate and the infrastructure development business, and building construction in Austria.

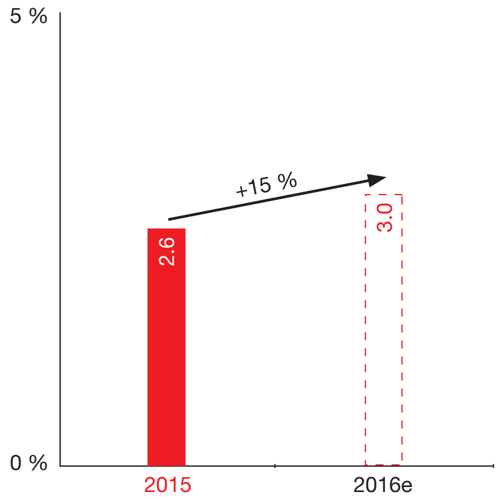
The international business, by contrast, is weaker as the low oil price has led to a considerable decline in demand in the group's traditional non-European markets. As expected, while the construction materials business has managed the turnaround, there has been no such development in Switzerland so far. The dredging activities were sold according to the contract signed on 31 March 2016. Only the business field waterway construction will remain in the group. The price pressure is expected to remain strong in the countries of Central and Eastern Europe, although, for example, work is continuing successfully in Slovakia on several larger infrastructure projects.

Even apart from possible larger enterprise transactions – e.g. the acquisition of the minority shares of Ed. Züblin AG, Stuttgart – the **net investments** should increase slightly. The cash flow from investing activities, without considering acquisitions, will likely reach around € 400 million in 2016 after € 320 million in 2015.

OUTPUT OUTLOOK



EBIT MARGIN OUTLOOK



Events after the reporting period

The material events after the reporting period are described in item 32 of the Notes

Auditor's report

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of

STRABAG SE,
Villach, Austria,

that comprise the statement of financial position as of 31 December 2015, the income statement for the fiscal year then ended, and the notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing – ISA. In accordance with International Standards on Auditing, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2015, and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles.

REPORT ON OTHER LEGAL REQUIREMENTS (MANAGEMENT REPORT)

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the 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 is consistent with the financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Linz, 9 April 2016

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Helge Löffler
Wirtschaftsprüfer
(Austrian Chartered Accountants)

This report is a translation of the original report in German, which is solely valid.

The financial statements together with our auditor's opinion may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Commercial Code) applies.