TEAMS WORK.

Annual Report
2013

STRABAG
SOCIETAS EUROPAEA

...that's why the events and results of the past financial year will be presented to you this time by the entire management board team.

TO THE VIDEO PRESENTATION

The STRABAG Group in 2013 – the challenges faced, the opportunities taken, the most important facts and figures: let our management board team take you on a guided tour of last year. And let us explain to you why we are realising the STRABAG vision under the motto of TEAMS WORK.

To see the video presentation from the STRABAG management board team, just scan the QR code with your smartphone or tablet PC.

Please download a QR reader.
The videos can also be found at:
www.strabag.com

THE MANAGEMENT BOARD TEAM:

THOMAS BIRTEL
CEO

CHRISTIAN HARDER
CFO

PETER KRAMMER
Responsibilities for Segment North + West

SIEGFRIED WANKER
Responsibilities for Segment South + East

HANNES TRUNTSCHNIG
Responsibilities for Segment International + Special Divisions

The STRABAG Group at a glance

STRABAG SE is a European-based technology group for construction services, a leader in innovation and financial strength. Our services span all areas of the construction industry and cover the entire construction value chain. We create added value for our clients by our specialised entities integrating the most diverse services and assuming responsibility for them. We bring together people, materials and machinery at the right place and at the right time in order to realise even the most complex construction projects – on schedule, of the highest quality and at the best price. The hard work and dedication of our more than 73,000 employees allows us to generate an annual output volume of about € 14 billion. At the same time, a dense network of numerous subsidiaries in many European countries and, increasingly, on other continents is helping to expand our area of operation far beyond the borders of Austria and Germany.

More information is available at www.strabag.com.

We deliver our services in three segments:

NORTH + WEST

The segment North + West executes construction services of varying types and sizes with a focus on Germany – our largest national market – as well as in Poland, the Benelux countries and Scandinavia. Ground and hydraulic engineering as well as offshore wind can also be found in this segment.

	2013	2012
Revenue (€ mln.)	5,524.43	5,509.53
EBIT (€ mln.)	72.54	-51.32
EBIT-margin (%)	1.3	-0.9
Employees	22,695	25,108

SOUTH + EAST

The geographic focus of the segment South + East is on Austria, Switzerland, Hungary, the Czech Republic, Slovakia, Russia and its neighbouring countries as well as South-East Europe. Our railway construction, environmental technology and selected real estate development activities are also handled within this segment.

	2013	2012
Revenue (€ mln.)	4,466.03	4,792.43
EBIT (€ mln.)	138.23	148.89
EBIT-margin (%)	3.1	3.1
Employees	21,089	22,699

INTERNATIONAL + SPECIAL DIVISIONS

The segment International + Special Divisions includes, on the one hand, the field of tunnelling, where we possess leading know-how that allows us to operate on some of the world's largest construction sites. 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, our construction materials business, including our dense network of raw 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 of the segment and of the group. Additionally, most of our services in non-European markets are also bundled in the International + Special Divisions segment.

	2013	2012
Revenue (€ mln.)	2,458.68	2,661.29
EBIT (€ mln.)	69.58	126.93
EBIT-margin (%)	2.8	4.8
Employees	23,575	20,426

Key figures

KEY FINANCIAL FIGURES

	2009	2010	2011	2012	Δ %	2013
Output volume (€ mln.)	13,021.01	12,777.00	14,325.85	14,042.60	-3	13,573.07
Revenue (€ mln.)	12,551.93	12,381.54	13,713.80	12,983.23	-4	12,475.65
Order backlog (€ mln.)	13,967.57	14,738.74	13,354.00	13,202.66	2	13,469.68
Employees	75,548	73,600	76,866	74,010	-1	73,100

KEY EARNINGS FIGURES

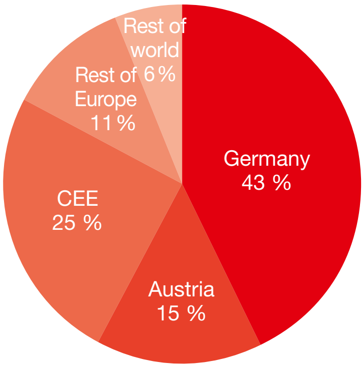
	2009	2010	2011	2012	Δ %	2013
EBITDA (€ mln.)	684.25	734.69	746.33	608.35	14	694.91
EBITDA margin (% of revenue)	5.5	5.9	5.4	4.7		5.6
EBIT (€ mln.)	282.85	298.95	334.78	207.19	26	261.58
EBIT margin (% of revenue)	2.3	2.4	2.4	1.6		2.1
Profit before taxes (€ mln.)	262.96	279.27	343.33	156.46	47	230.04
Net income (€ mln.)	184.61	188.38	239.29	110.04	42	156.26
Earnings per share (€)	1.42	1.53	1.75	0.58	90	1.11
Dividend per share (€)	0.50	0.55	0.60	0.20	125	0.45
Cash flow from operating activities (€ mln.)	1,115.10	690.42	501.15	268.80	158	693.70
ROCE (%)	5.7	5.4	6.3	4.0		4.6
Investment in fixed assets (€ mln.)	508.73	553.84	477.15	458.28	-15	387.36

KEY BALANCE SHEET FIGURES

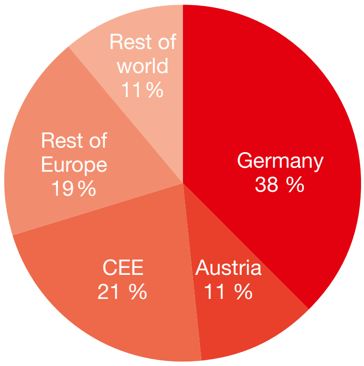
	2009	2010	2011	2012	Δ %	2013
Equity (€ mln.)	3,099.06	3,232.44	3,149.84	3,162.54	2	3,238.77
Equity ratio (%)	32.2	31.1	30.3	31.2		30.7
Net debt (€ mln.)	-596.23	-669.04	-267.81	154.55	n. a.	-73.73
Gearing ratio (%)	-19.2	-20.7	-8.5	4.9		-2.3
Capital employed (€ mln.)	5,042.87	5,235.74	5,336.45	5,322.35	3	5,462.11
Balance sheet total (€ mln.)	9,613.59	10,382.16	10,386.05	10,137.69	4	10,560.79

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

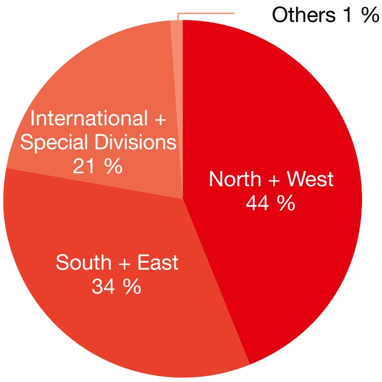
OUTPUT VOLUME BY REGION



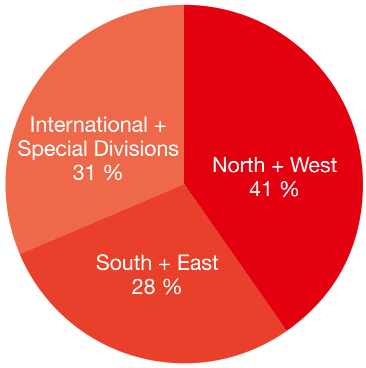
ORDER BACKLOG BY REGION



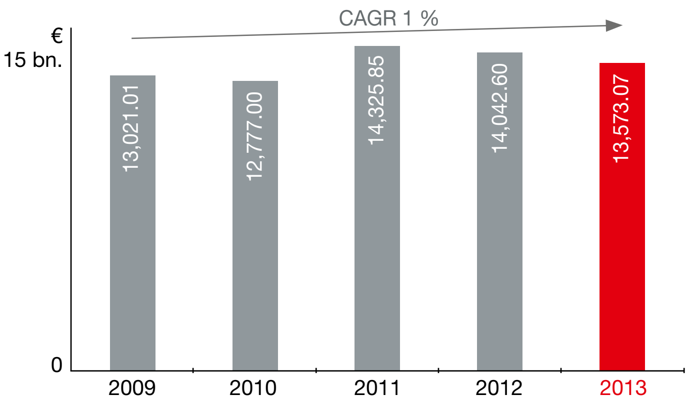
OUTPUT VOLUME BY SEGMENT



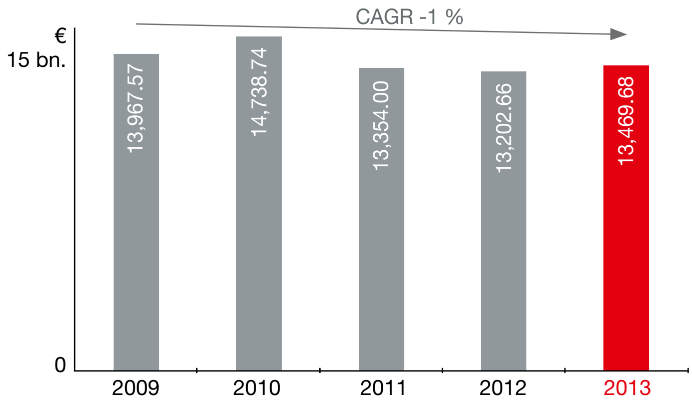
ORDER BACKLOG BY SEGMENT



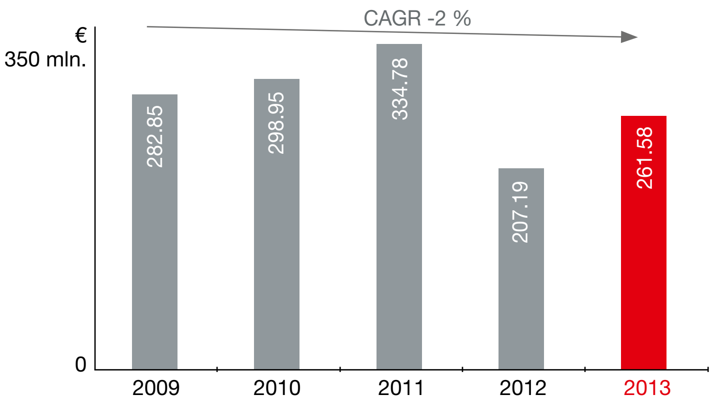
OUTPUT VOLUME 2009–2013



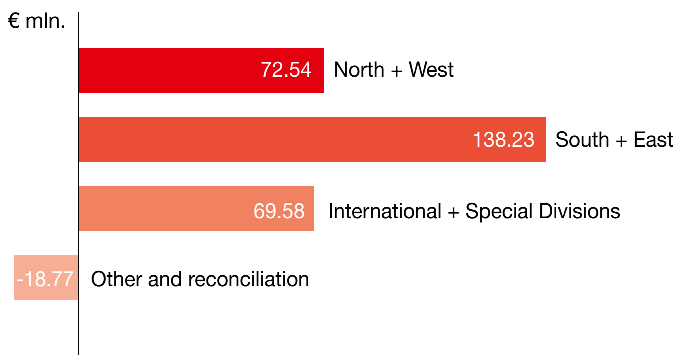
ORDER BACKLOG 2009–2013



EBIT 2009–2013



EBIT 2013 BY SEGMENT



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

The STRABAG construction group –
an international success story.
But what exactly defines STRABAG?
And what does the future hold?

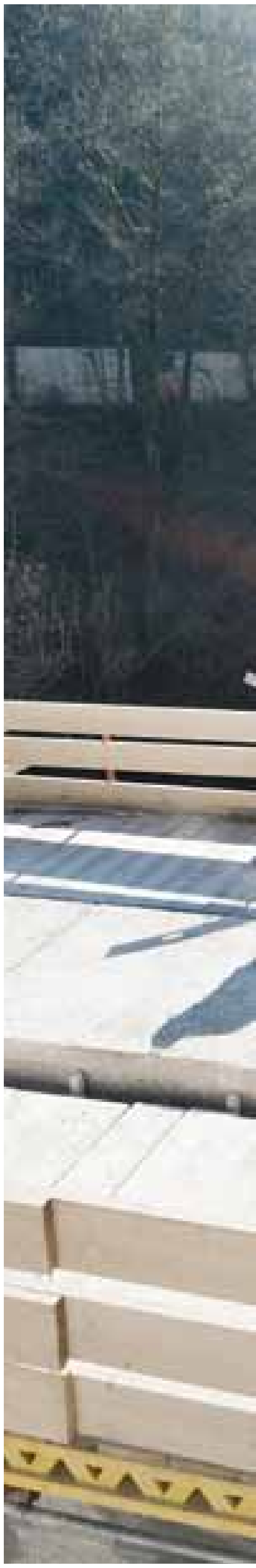

TEA

TEAMS WORK.
Or: Success comes from working together.

With our team of more than 73,000 people, we offer a service that promises one thing above all: perfect coordination. The decisive factors for our success therefore are how these people communicate with each other, how they work together and, above all, how they come together as a strong whole. We work with the understanding that all STRABAG entities form a single team: the STRABAG Group.

TEAMS WORK.
Because when growth is difficult, people grow with the task.

The desire for growth is one thing, market conditions another. In the short term, they can keep the construction cranes from rising into the sky. Those who recognise this as a challenge to professionalise more and to become even better as a team will be the ones to profit. Now is the time for us to learn from one another and to grow together – into an efficient and productive whole.



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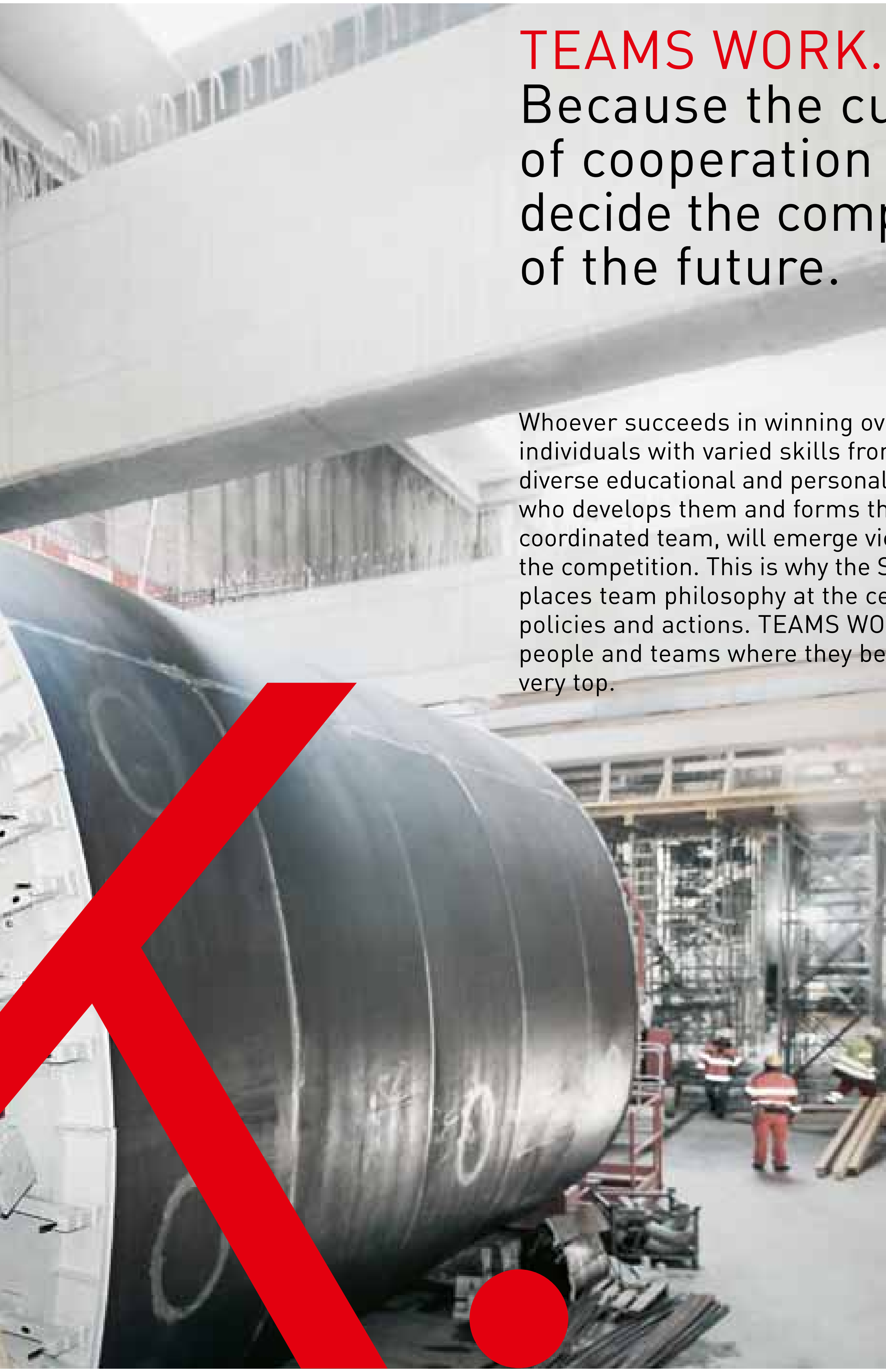


TEAMS WORK.
Because the culture of cooperation will decide the competition of the future.

Whoever succeeds in winning over the best individuals with varied skills from the most diverse educational and personal backgrounds, who develops them and forms them into a coordinated team, will emerge victorious from the competition. This is why the STRABAG Group places team philosophy at the centre of its policies and actions. TEAMS WORK. places people and teams where they belong: at the very top.


€ 0.45
DIVIDEND PER SHARE


9
SUPERVISORY BOARD AND
COMMITTEE MEETINGS


73,100
EMPLOYEES IN MORE
THAN 80 COUNTRIES


SHARES
+4 %


+2 %
ORDER BACKLOG

CEO's Review

Dear Madam or Sir,

2013 was a special year for the STRABAG Group – and for me personally. After forty years at the helm, Hans Peter Haselsteiner retired as the company's CEO. Since the middle of last year, therefore, I have been responsible for the day-to-day operations of the STRABAG Group along with the other members of the management board. I am especially grateful to my predecessor for continuing to provide his services to our company in strategic matters.

But there have been even more changes at the STRABAG Group this past year: The results of our STRABAG SE 2013ff task force, the aim of which is to increase cost efficiency within the group, are gradually being implemented in all observed entities. We are convinced that the rigorous optimisation of structures and processes is especially important in times of economic uncertainty.

As a leading European-based technology group for construction services we sell process services by bringing together people, materials and machinery at the right place and at the right time in order to execute even the most complex construction projects – on schedule, of the highest quality and at the best price. Our success rises and falls with how well the many different people work together as teams. This is reflected in our motto: TEAMS WORK. – a clear commitment on our part to the more than 73,000 people within the group[1)].

As far as the business developments for 2013 are concerned, we achieved what we had set out to do. Our group output volume of € 13.6 billion is only slightly (-3 %) below the previous year's level. And we are very satisfied with the order backlog of € 13.5 billion (2 %).

More importantly, however, we can again report significantly improved earnings after last year's decline, which had been impacted by noteworthy non-recurring items. Our EBIT – the earnings before interest and taxes – comes to € 261.58 million, which corresponds to a plus of 26 % over the previous year. We want our investors to profit from this growth, too. At the Annual General Meeting on 27 June 2014, therefore, the management board will propose a dividend of € 0.45 per share – more than twice as high as the year before.

Our group's broad diversification is proving to be the best form of crisis insurance. Despite the continued difficult market conditions for 2014, we still expect to achieve a similarly high output volume and earnings as in 2013, specifically around € 13.6 billion and at least € 260 million, respectively. For this reason, we will continue to give strategic priority to selectively diversifying our business activities, maintaining our financial strength and having an end-to-end risk management system.

Our most important asset, however, is and will remain the quality of our teams: Teamwork – on a small or large scale; internally or externally; across brands, countries and organisational boundaries – makes possible what cannot be done alone. I therefore extend my thanks to you, our shareholders, for your trust in us, and to all of our employees, clients and partners for the good working relationship in the past and in the future.

Yours,

Thomas Birtel
CEO of STRABAG SE

1) All of the people featured in this report are employees of our group.

Strategy

STRATEGY

- ECONOMIC GROWTH AND PUBLIC SPENDING INFLUENCE OUR BUSINESS
- FIVE STRATEGIC PRIORITIES: STAYING DIVERSIFIED, MAINTAINING FINANCIAL STRENGTH, STRENGTHENING THE RISK AND OPPORTUNITY MANAGEMENT, SHOWING FLEXIBILITY, OFFERING SUSTAINABILITY

Our vision and guiding principles

MISSION & VISION

VALUES & COMPLIANCE

We assume a part of the risk, thus relieving our clients.

STRABAG is a European-based technology group for construction services, a leader in innovation and financial strength. We create added value for our clients by integrating the most diverse services and assuming responsibility for them. We bring together people, materials and machinery at the right place and at the right time in order to realise even the most complex construction projects – on schedule, of the highest quality and at the best price.

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

We keep our vision in mind when planning our future and distributing our resources – such as financial means or employee capacities – within the company. Moreover, we let these guiding priciples[1] guide us in all of our considerations:

Commitment
Reliability
Respect
Trust
Partnership
Solidarity
Sustainability
Modesty
Innovative spirit

STRABAG
TEAMS WORK.

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

1) The guiding principles replace our previous mission statement, as we have come to the conclusion that they are more suited for practice than unchangeable principles.

Factors influencing the business model of construction

Investment story: three trends that make the construction sector attractive

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

Trend 1 – Urbanisation: By the year 2020, some 56 % of the world's population will live in cities – this represents an increase of the urban population by 730 million people. Accompanying this growth is a higher demand for infrastructure. In our home market Germany, for example, the 2012 report by the Daehre Commission notes that more than € 2.5 billion of additional investments will be needed every year between 2014 and 2028 for the modernisation and expansion of the transportation network.

ECOLOGICAL RESPONSIBILITY

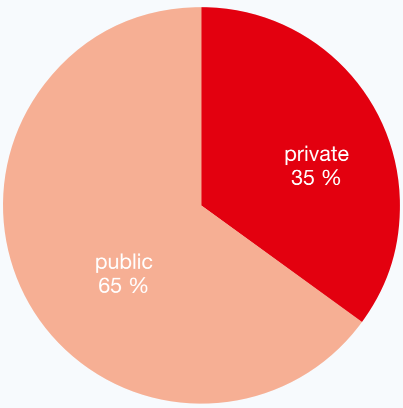
Trend 2 – Energy efficiency: The European Union wants to cut its greenhouse gas emissions by the year 2020 to 20 % below 1990 levels and is aiming at a reduction of 80–95 % by the year 2050. For this reason, among others, clients are increasingly demanding that existing buildings be adapted with a view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

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

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

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

OUR CLIENT STRUCTURE



Public-sector clients such as state agencies or local governments make up our largest client segment. These are followed by the private clients – e.g. project developers and industrial companies. The exact proportion varies depending on the economic situation: In the coming years, the distribution is likely to change in favour of private clients, as the public sector is saving in our European core markets.

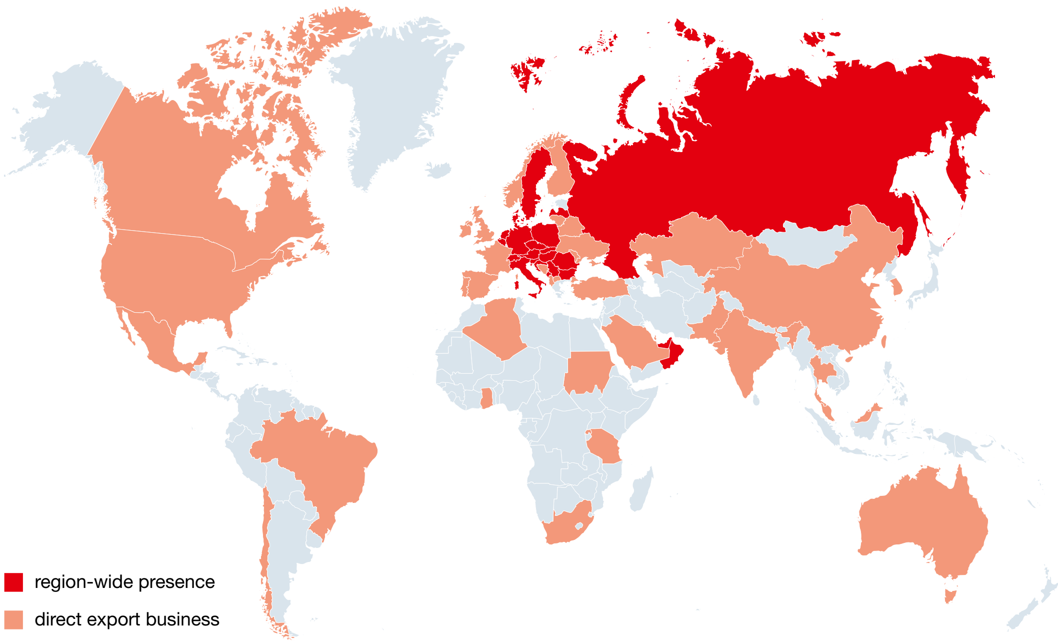
For more on the environment and on the opportunities, see the "Country report". For more on the risks, see "Risk management".

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

Our five strategic priorities

#1 – STAYING DIVERSIFIED

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



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

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

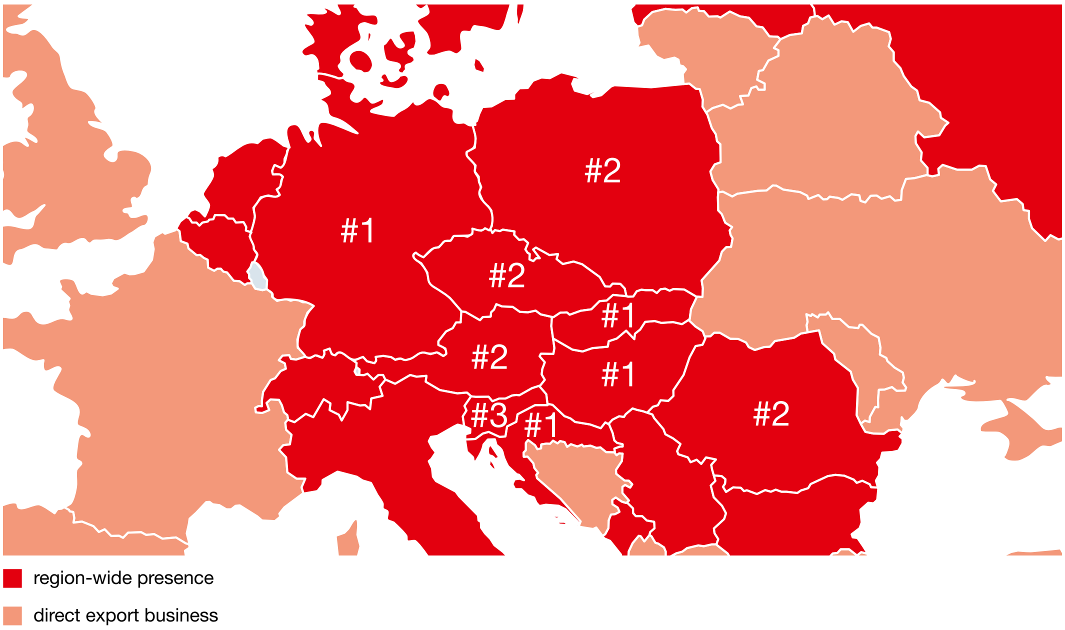
Firmly established in our home markets of Austria and Germany – which account for 58 % of our output –, we generate an additional 25 % of our business in Central and Eastern Europe and another 11 % in other European countries. We are also active outside of Europe in projects requiring a high degree of technological know-how, currently in places such as India, Canada or the Middle East. We handle these international markets – they account for 6 % of our output volume – mostly as part of the direct export business.

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

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

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

STRONG MARKET POSITIONS

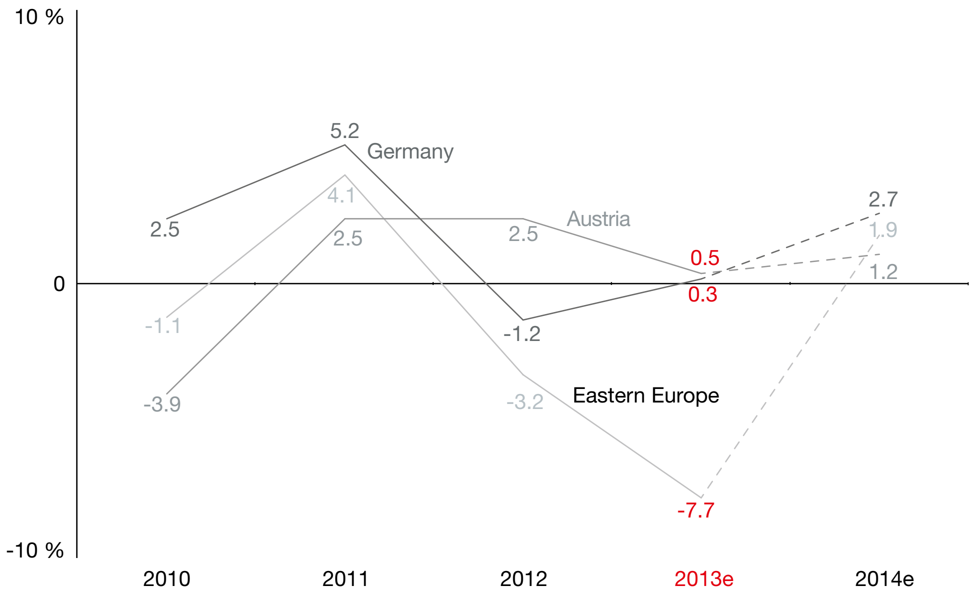


More information on our activities in the various segments is available in our segment report.

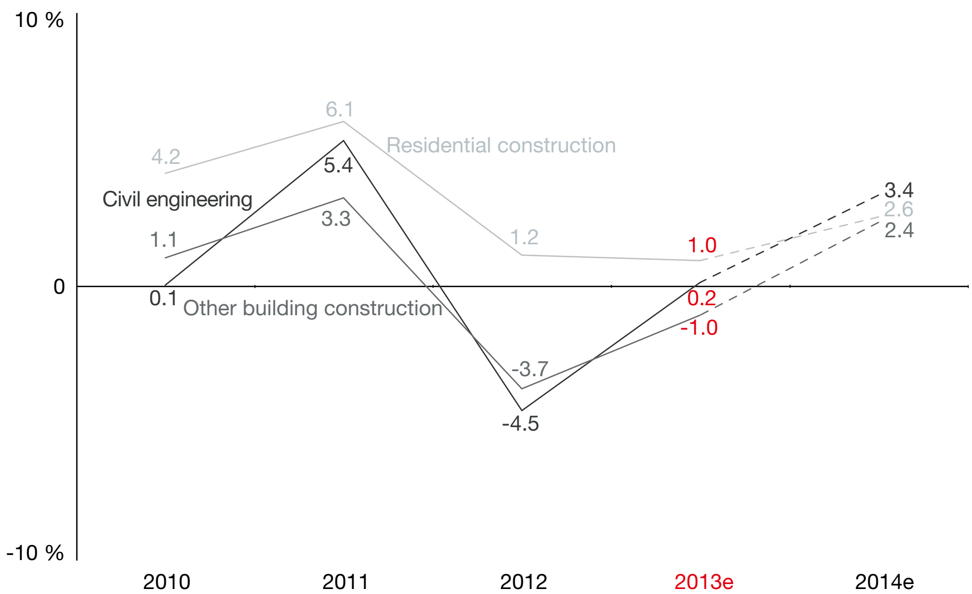
In addition to diversifying geographically, we also try to offer services along the entire construction value chain and in different **construction segments**. After all, the construction industry does not follow just one cycle: each segment – differentiated in part by the type of client – follows its own. In economically difficult times, for example, the public sector invests more in infrastructure as a way of stimulating the economy, and the transportation infrastructures segment booms. Lower interest rates, on the other hand, are of benefit especially in building construction and civil engineering. The diversification in different construction segments thus reduces risk, and the extension of the value chain balances out cyclical and seasonal effects by trend. This is why we have expanded our range of services in recent years, for example in the field of intelligent transport systems and electronic toll solutions or in the services business, so that today around 85 % of our business comes from construction, 7 % from services and 4 % each from concessions and construction materials.

Different cycles in the construction industry

TOTAL CONSTRUCTION OUTPUT BY COUNTRY[1]



SUBSECTOR COMPARISON IN GERMANY[1]



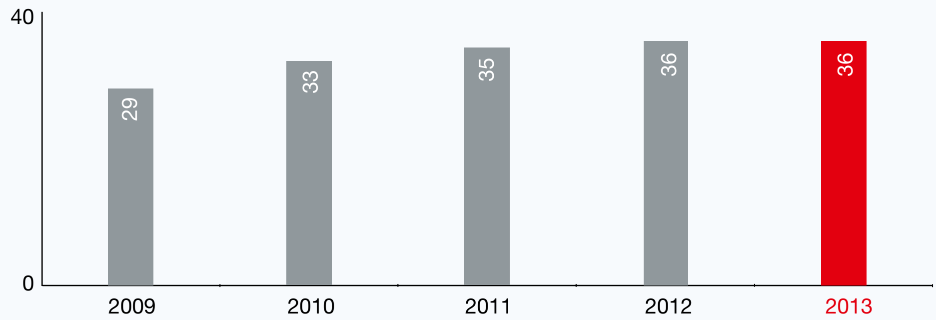
We began to focus on diversification at an early stage – and this strategy has paid off. It is thanks to this strategy that the STRABAG Group has not had to report a drop in output volume in recent years. Germany, a market which had not been given a lot of hope ten years ago, is now proving to be a stable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

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

1) Source: Euroconstruct Winter 2013

PUBLIC-PRIVATE PARTNERSHIPS AS PART OF A DIVERSIFIED SERVICE PORTFOLIO

NUMBER OF PPP PROJECTS IN THE GROUP



> € 9 billion
total investment volume

€ 410 mln.
equity invested

We have been working successfully with operator models for more than two decades. In the areas of building construction and infrastructure, the portfolio comprises 36 public-private partnership (PPP) projects with an adjusted total investment volume of € 9.8 billion (2012: € 9.8 billion). Of these, 22 projects are building construction and 14 infrastructure projects. The project sizes tend to be much larger in the infrastructure arena than in building construction, however, with more than € 9.0 billion of the total investment volume accountable to projects in infrastructure. In the 2013 financial year, we were awarded one new project – the construction of a new building for the Brandenburg state government – with an investment volume of € 41.05 million and sold another with a volume of € 9.88 million. In total, we had a proportionate share of equity in the amount of € 410.08 million invested in concession projects at the end of 2013 and had committed a further € 66.03 million for a total of € 476.11 million.

In addition to the more efficient utilisation of resources during the life cycle of a project, the driving forces behind PPP projects are the public finance situation and the financing environment. This involves at times conflicting effects: On the one hand, PPP financing widens the public sector's scope of action; on the other hand, the consequences of the financial crisis – significantly higher interest premiums and liquidity costs with a trend to shorter financing terms – have an inhibitory effect. Due to the regular cash flows in later project phases, institutional investors in particular, such as insurance companies or pension funds, have an interest in making capital available for PPP projects in the long term. Moreover, a competitive advantage gives STRABAG good chances in the PPP business: our strong financial position allows us to act as equity provider for concession companies more easily than other companies. Thanks to the inclusion of specialist providers from within the group, such as STRABAG Property and Facility Services, we are in a position to efficiently and completely cover all specifications from structuring to financing and planning all the way to construction and operation. This gives both the client as well as the capital providers a high degree of security regarding contract fulfilment.

Measurement principles

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

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

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

#2 – MAINTAINING FINANCIAL STRENGTH

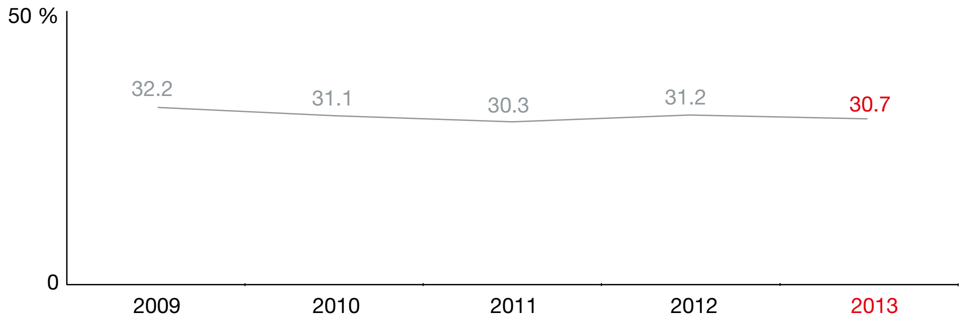
Equity ratio: 30.7 %

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

ECONOMIC RESPONSIBILITY

This is why maintaining our financial strength is a strategic priority. We see the equity ratio as a suitable figure with which to measure STRABAG's financial stability and strength. We are satisfied with an equity ratio (shareholder equity/total assets) above 25 %. As at 31 December 2013, this figure stood at 30.7 % – despite the own shares held by the company in the amount of 10 % of the share capital, the value of which is deducted from the equity.

DEVELOPMENT OF THE EQUITY RATIO



S&P rating: BBB-

The financial strength of our company is also evaluated independently: The ratings agency Standard & Poor's (S&P) gave STRABAG SE an investment-grade rating of BBB- with stable outlook. The latest analysis was published in June 2013.

The group's financial strength – expressed in form of a high equity ratio, a net cash position of € 73.73 million with a balance sheet total of more than € 10 billion, and the S&P investment grade rating – allows us to ensure the long-term existence of the group and to finance at favourable conditions; in 2013, for example, we were able to issue a seven-year € 200 million bond with a coupon of 3.00 %.

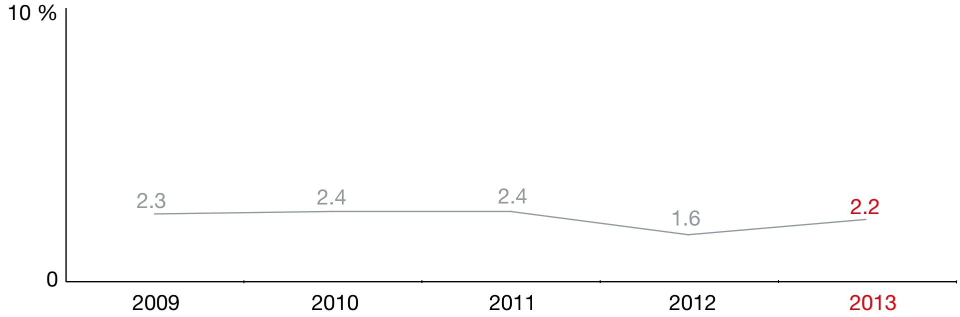
#3 – STRENGTHENING THE RISK AND OPPORTUNITY MANAGEMENT

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

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

In view of the macroeconomic development, the significant overcapacities in the highly competitive European construction industry and the accompanying drop-off in prices, but also as a result of our own mistakes, we had to report a significant collapse of the EBIT (earnings before interest and taxes) margin in 2012. Thereof, a large portion was the result of non-recurring items, so that the EBIT margin recovered to 2.2 % in the 2013 financial year. Still: we want to achieve 3.0 % here in the medium-term. We are therefore continuing to focus on cost efficiency, disciplined employment of capital, and strict risk management.

DEVELOPMENT OF THE EBIT MARGIN



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

Cost efficiency is at the centre of the work of the internal **STRABAG 2013ff task force** that has been evaluating the STRABAG Group's options regarding its organisational and strategic future since mid-2012. The members of the task force have so far travelled to Hungary, Switzerland, parts of Germany, Poland and Austria to speak with the local management and to visit construction sites and local offices before presenting the STRABAG SE management board with final analysis documents. The measures which were decided are being implemented in an ongoing process, which means that expected consequences can be taken into consideration in the financial outlook, but that these are not stated separately.

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

Thomas Birtel, CEO of STRABAG SE

In addition to cost efficiency, a strengthening of the **risk and opportunity management** is intended to increase the margins. Like financial strength, our risk and opportunity management is a competitive advantage that is difficult to copy by the competition – both can only be set up for the long term. Capital market participants or suppliers taking a closer look at a company usually place great store in the forecasts on the macroeconomic development of the individual markets.

Of course, our business is influenced by economic growth and public spending; at least as important, however, is a construction company's risk management! After all, the large number of unique projects translates into an increased risk potential. To keep the risk under control, STRABAG's risk management addresses several areas. The following instruments are used:

Internal price committees

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

Contract management

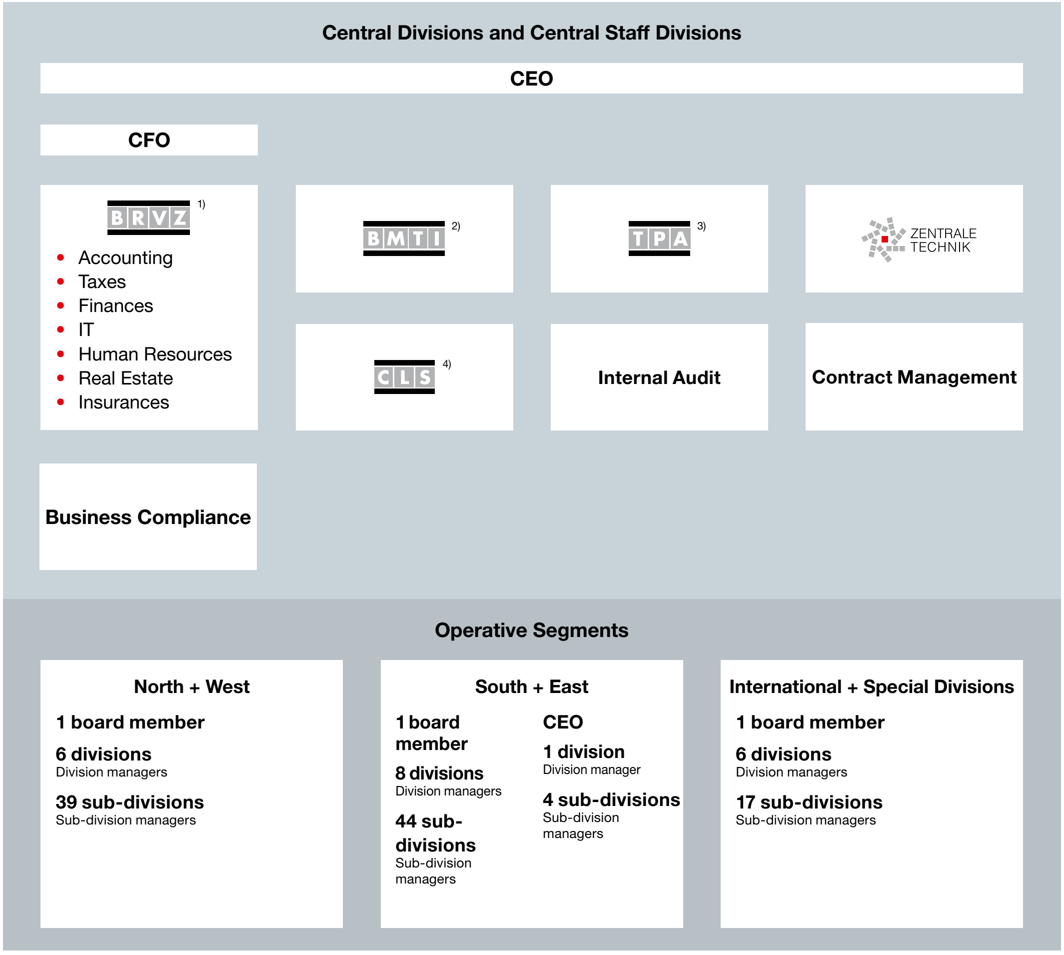
Contract management, a service department of STRABAG SE, offers comprehensive support to the operating units regarding construction-related administrative issues and especially in dealing with difficult claims. The responsibility of contract management is the systematic handling of performance deviations that may occur during the execution of a construction project. Also working in this department are experts dealing with risk management based on statistical methods who contribute their knowledge already in the bidding phase.

Management information system

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

Organisational structure with central entities

GROUP STRUCTURE



1) BRVZ Bau- Rechen- und Verwaltungszentrum
2) BMTI Baumaschinentechnik International
3) Gesellschaft zur Optimierung von technischen Prozessen, Arbeitssicherheit und Qualität
4) Construction Legal Services
Last updated: 1 January 2014

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

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

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

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

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

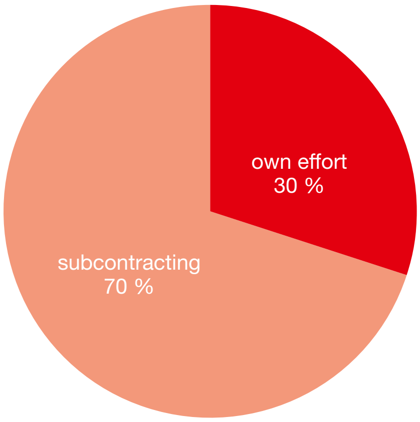
The **central divisions** handle the group's internal services in the areas of accounting, taxes, finances, IT, human resources, real estate, insurances, technical development and review, construction equipment management, quality management, process management and logistics. As competence centres, they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

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

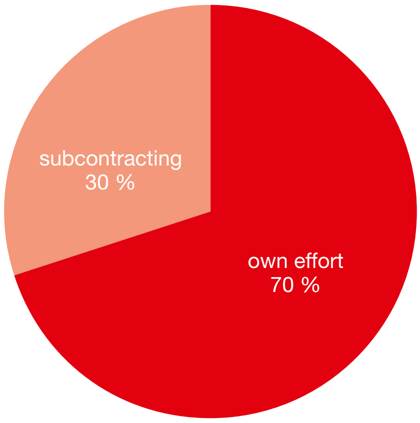
#4 – SHOWING FLEXIBILITY

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

SUBCONTRACTING BUILDING CONSTRUCTION AND CIVIL ENGINEERING



SUBCONTRACTING TRANSPORTATION INFRASTRUCTURES



OWN CONSTRUCTION MATERIALS NETWORK TO INCREASE FLEXIBILITY

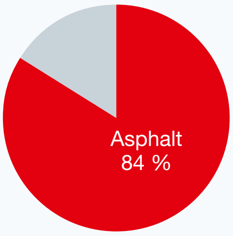
ECONOMIC RESPONSIBILITY

ECOLOGICAL RESPONSIBILITY

Our construction materials network, which helps to ensure a supply of resources from within the group, contributes to our flexibility because it reduces our dependence on external suppliers to better plan our resources access. Moreover, approval for new production facilities is granted only to a limited extent in regions in which such facilities already exist; this creates higher hurdles to market entry for newcomers.

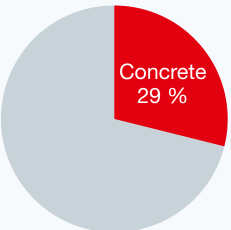
We already possess an extensive resource network that is especially dense in our home markets. With 301 active asphalt mixing plants[1] (2012: 318), we covered 84 % of our group asphalt needs last year compared to 83 % in 2012. In this area, we have for several years already enjoyed an optimal degree of self-sufficiency. In concrete, the supply from proprietary production was also up from 28 % to 29 % with 165 active concrete mixing plants (2012: 167). In the field of stone/gravel, on the other hand, proprietary coverage remained unchanged at 18 % even as the number of active production sites fell from 187 to 178. Six cement works covered 26 % of our need of this material.

COVERAGE OF CONSTRUCTION MATERIAL NEEDS USING OWN RESOURCES



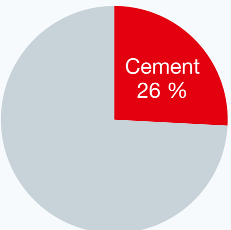
Asphalt

We produced 15.2 million tonnes of asphalt in the past financial year, compared to 15.8 million tonnes in 2012. Most of this amount was produced in Germany, Austria, Poland and the Czech Republic. About 62 % (2012: 62 %) of the asphalt produced was sold within the group – thereof approximately half to the segment North + West and half to the segment South + East – at the usual market rate; the rest was sold to third parties.



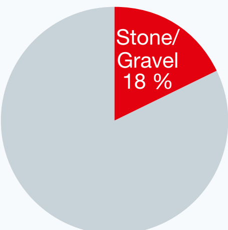
Concrete

The production of concrete in the year 2013 amounted to 3.7 million m³, compared to 3.8 million m³ in 2012. More than half of the production took place in Hungary, Austria and Germany. 41 % of the concrete produced was sold within the group (2012: 37 %).



Cement

We started operations of our first proprietary cement factory in Hungary in September 2011. These cement activities were brought into Lafarge Cement CE Holding GmbH, our joint venture with construction materials manufacturer Lafarge. We hold 30 % of the joint venture, so that it is reported in the consolidated financial statements using the equity method. In addition to the Hungarian site, the company also owns production facilities in Mannersdorf (A), Retznei (A), Cižkovice (CZ) und Trbovlje (SLO). Thanks to the joint procurement and administration handled by this joint venture, STRABAG benefits from economies of scale and from the know-how of global cement market leader Lafarge. We also hold a minority interest in Slovakia-based cement firm Cemmac a.s. Altogether, these holdings allowed us to cover 26 % of our cement needs.



Stone/Gravel

The STRABAG Group produced around 29.8 million tonnes of stone and gravel in 2013, less than in the previous financial year (2012: 30.1 million tonnes). 29 % of these resources were used by group companies (2012: 32 %)[2].

With the exception of asphalt, where our coverage is already quite high, our aim is to continuously cover more of our construction material needs with own resources. For us, increasing our independence from construction materials suppliers is a priority. In comparison, raising the revenues from construction materials sales to third parties is not an objective per se. Nevertheless, revenues in this area reached about € 575 million in the past financial year (2012: € 530 million).

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

#5 – OFFERING SUSTAINABILITY

OUR SUSTAINABILITY AGENDA

We basically build what our clients want, i.e. what the market demands. In making our decisions about how we build and design our processes, however, we take the criteria of sustainability into account – as much as is technologically possible and economically feasible. At the same time, our commitment to sustainability stimulates innovations and internal improvement processes, which we also offer our clients during the project planning phase.

Our **sustainability agenda**, with its long-term milestones, provides us with a strategic roadmap for all of these considerations. We prefer a solid balance sheet and capital structure to short-term results and try to combine economic targets with social, ecological and occupational health and safety aspects. In this way, we **ensure the long-term existence** of our company. Aspects of sustainability can be found in the long-term, systematic human resource development, in our innovation management to strengthen the company's innovative ability and preparedness, in the compliance system to avoid corruption risks or in resource-friendly construction methods and processes.

Sustainability also plays a role in our products and services: the demand is currently still of minor importance – we estimate the number of tenders in which sustainability aspects form an explicit part of the performance specifications or tender criteria at <5 % – but there is an obviously increased interest on the part of clients in northern Europe and in the English-speaking world.

REPORTING ON SUSTAINABILITY

Sustainability succeeds when a number of different fields of action together yield an ecologically, economically and socially logical whole for our future. Just as the corporate strategy is focused on sustainable action, this focus is also reflected in our reporting: for this reason, the annual report should also be understood as an integrated report in which we systematically and comprehensively treat the contents of all six fields of action – economic, ecological and social responsibility as well as people & workplace, compliance & values, and mission & vision. To help find the information more easily, we have placed the symbols of each field of action next to the relevant text passages.

Comprehensive sustainability reporting at: csr.strabag.com

Detailed information of how we manage our projects, which measures we are initiating, how we determine their efficacy, and how we organise ourselves for these tasks can be found at csr.strabag.com. In order to present the complex, rapidly changing aspects of sustainability more quickly and in an up-to-date fashion, our reporting has been online for several years now.

When establishing measures, we try to keep a justifiable cost/benefit ratio. The benefits of measuring key sustainability performance indicators are obvious: for example, certain CO_2 certifications can provide real competitive advantages in tenders in the form of a better appreciation of the bids. ISO 50001 certification for energy management yields tax savings and increases energy efficiency, which can lead to cost reductions that are then reflected in the results. We are also interested in better addressing institutional investors, who typically take sustainability parameters into consideration. These benefits must be compared with the expense, which reached a euro figure in the mid-six-digit range in 2013.

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

How we measure our strategy's success

We translate our strategy into action in numerous initiatives. In order to also be able to measure our success, we have established the following indicators:

Field of action	Key figure/criteria	Current situation	Target
ECONOMIC RESPONSIBILITY	Equity rate	30.7 %	≥25 %
	S&P rating	BBB-	At least maintain investment grade rating
	EBIT margin	2.1 %	Increase to 3 % in the medium-term
	Percentage of output volume generated outside of Europe	6 %	≥10 % by 2016
	Output growth	-3 %	Growth as of 2016
	Dividend	41 % of net income after minorities	30–50 % of net income after minorities
PEOPLE & WORKPLACE	Percentage of women in the company and in management	13.6 % of all employees 8.6 % in management	Annual growth increase of percentage
	Occupational safety	No uniform reporting	Standardise reporting within the group
VALUES & COMPLIANCE	Ethics training	90 % of all management employees trained 80 % of all employees trained	100 % of all management employees trained 100 % of all employees trained
ECOLOGICAL RESPONSIBILITY	Resource energy	*) Targets for energy use for stationary asphalt facilities and quarries in Germany *) Energy use and group-wide CO_2 emissions fully recorded *) Energy management set up for stationary asphalt facilities and quarries in Germany *) Asphalt facilities and quarries in Germany certified to ISO 50001	*) Develop key figures to assess the energy efficiency of asphalt mixing facilities, the fuel economy of the passenger car fleet and the energy use of construction equipment *) Renewed certification of the asphalt facilities and quarries in Germany to ISO 50001

People at STRABAG

PEOPLE AT STRABAG

- 73,100 EMPLOYEES WORLDWIDE
- STRABAG OFFERS NEARLY 1,400 TRAINEE AND APPRENTICE POSITIONS
- PERCENTAGE OF WOMEN IN THE GROUP 13.6 %, IN MANAGEMENT 8.6 %

Endless possibilities

PEOPLE & WORKPLACE

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

Employee figures

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

As a result of the typical winter break in construction, the STRABAG Group is subject to seasonal fluctuations in employee numbers. For this reason, the number of employees – as is usual in the industry – can only be stated as an annual average. **73,100 employees** (45,009 blue-collar and 28,091 white-collar) worked for STRABAG in 2013. With -1 %, the number of employees was down only slightly. Large changes in several units almost completely balanced each other out in 2013: on the one hand, the workforce was reduced for market reasons in Poland; on the other hand, new large-scale projects in non-European markets and in Germany resulted in a plus of nearly 1,600 jobs.

The company's strong international nature is reflected in the **number of nationalities**. In the 2013 financial year, STRABAG employed people from a total of 84 nations, compared to 82 in 2012.

During the past financial year, we had 1,118 blue-collar apprentices (2012: 1,129) and 255 white-collar trainees (2012: 259) in **training** with us.

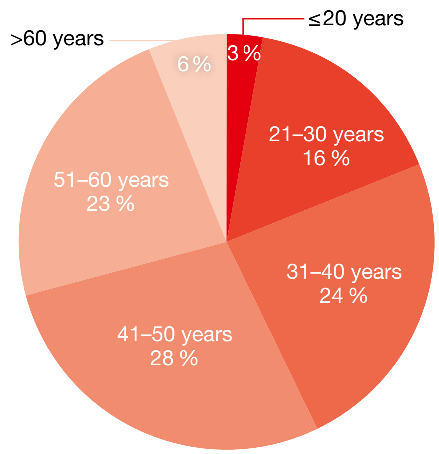
Traditionally, the construction industry overwhelmingly employs men. Nevertheless, the **percentage of women** employed within the group in 2013 averaged 13.6 % (2012: 13.4 %). Within group management, the percentage of women was about 8.6 % (2012: 8.7 %). We therefore only partially met our goal of annually raising the percentage of women within the group.

NUMBER OF EMPLOYEES 2013 BY SEGMENT AND COUNTRY

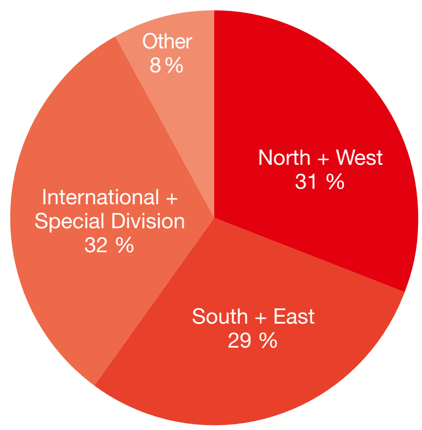
	North + West	South + East	International + Special Divisions	Other	Group
Germany	16,089	1,725	7,078	2,248	**27,140**
Austria	113	7,338	1,150	1,094	**9,695**
Middle East	151	47	6,234	5	**6,437**
Poland	3,731	232	384	568	**4,915**
Czech Republic	0	2,751	685	358	**3,794**
Africa	4	16	2,626	0	**2,646**
The Americas	28	5	2,586	0	**2,619**
Russia and neighbouring countries	352	1,888	161	178	**2,579**
Hungary	4	1,594	656	265	**2,519**
Slovakia	0	1,288	302	235	**1,825**
Switzerland	88	1,315	145	173	**1,721**
Romania	73	1,005	207	223	**1,508**
Scandinavia	1,161	6	2	37	**1,206**
Benelux	776	10	165	40	**991**
Croatia	1	591	110	101	**803**
Asia	6	21	690	0	**717**
Rest of Europe	109	429	105	13	**656**
Serbia	0	513	25	106	**644**
Italy	9	34	204	28	**275**
Bulgaria	0	141	27	57	**225**
Slovenia	0	140	33	12	**185**
Total	**22,695**	**21,089**	**23,575**	**5,741**	**73,100**

Balanced age structure

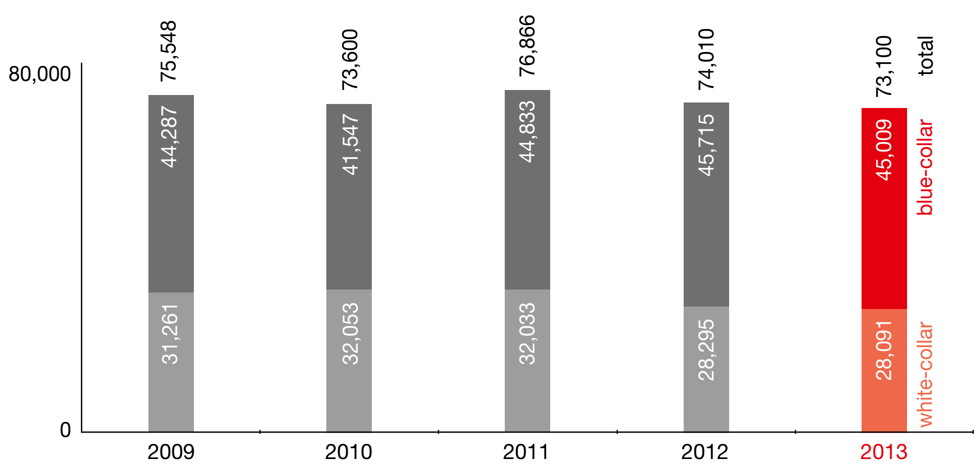
EMPLOYEE AGE STRUCTURE 2013



EMPLOYEES BY SEGMENT 2013



DEVELOPMENT OF EMPLOYEE FIGURE



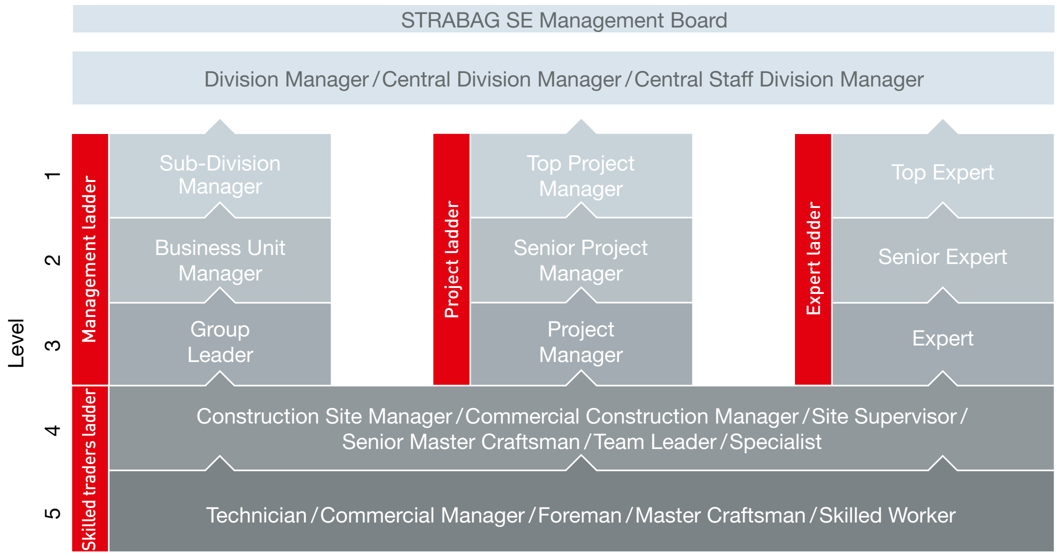
Human resource development

We constantly strive to develop and optimise the professional and personal qualifications of our employees. The construction sector is a human-resource-intensive industry in which the commitment shown by our workers has a significant influence on business success. The lack of skilled personnel and seasonal bottlenecks make human resources a critical factor. STRABAG's response is consistent **strategic human resource planning** and the continuous **training and development** of its employees. Modern information technologies, software and processes are used to make sure that everything is done professionally.

Our applicant and training management system – an international IT platform for the publication of job offers at all group brands, combined with the use of online application forms – is already successfully in place in Austria, Germany, Hungary, Croatia, Poland, the Czech Republic, Slovakia, Romania, Russia, Switzerland, Sweden, Belgium and the Netherlands. The system allows efficient data management of applicants and employees, offers country-specific platforms for seminar management, and is the basis for the target-oriented orientation, qualification and development of employees in the group.

MANAGEMENT, PROJECT AND EXPERT CAREERS ARE POSSIBLE AT STRABAG

CAREER MODELS



STRABAG offers a variety of career opportunities. Following initial specialist training or experience as a team leader, employees have a total of three different career paths which they can follow: the classical management ladder, the project management ladder or the expert ladder. In contrast to technical experts, who have usually completed high-quality specialist training and possess excellent qualifications in their field, project managers can fall back on their years of experience in the field of project management. They bear the entrepreneurial responsibility for complex construction projects, from project acquisition to the end of the warranty period.

POTENTIAL MANAGEMENT BOOSTS MOTIVATION

In order to continuously grow the aptitudes and skills of our employees, we follow a process which systematically identifies and appropriately develops high-potential employees. The aim of this programme is to place people with the appropriate qualifications and skills in defined key positions. This not only increases their motivation, but also creates a stronger bond to the group. In the long term, the programme therefore helps to secure lasting quality, continuity and performance within the group.

NUMBER OF APPRENTICE POSITIONS IN AUSTRIA ON THE RISE

With regard to the lack of skilled workers, we are making great investments in the training of our **apprentices and trainees**[1]. In Austria, for example, there is the "Lehre mit Matura" ("Apprenticeship with A-levels") offer. In 2013, 147 apprentice positions were filled in Austria, with 122 new positions available for 2014. In the past four years, we have increased the number of apprentice positions in Austria from 300 to 370. On offer are professions such as bricklayer, ground engineering specialist, formwork carpenter, electrical engineering technician, metals technician, agricultural and construction plant mechanic or facilities and building technician, which can be learned all over Austria. In Germany, Switzerland and Austria, a total of 454 (2012: 476) blue-collar apprentices were taken on in 2013. More information about the apprentice professions and positions offered at STRABAG in Austria is available at www.strabag.com.

In Germany, in-company training for the most important professions is supported by STRABAG at the group training centre in Bebra. In all, the centre can train up to 100 blue-collar apprentices in the most important professions. Together with the Commercial Training Centre (KABZ) that was founded three years ago, we have facilities with a prime location in Germany for commercial employee training, test preparation seminars, as well as specialist and qualification training. The aim is to secure an efficient knowledge transfer under aspects of quality and time away from the daily working routine.

GROUP ACADEMY FOR COMPANY-SPECIFIC TRAINING AND EDUCATION

The group academy offers training events that were developed especially for the company by internal and external experts to meet the specific needs of STRABAG employees. The structured, target-group-oriented training provides up-to-date information in technology, law, business administration, IT, personality and leadership. Employees in Austria, Germany, Hungary, Croatia, the Czech Republic, Switzerland, Slovakia, Romania, Poland and Russia have access via the STRABAG intranet to the group academy's "workshop list" as part of the training database and can register online for the further training events. The planning, funding and support of our employees' personal development through training and further education is based on the results of the annual employee appraisal interview.

TRAINEE PROGRAMME TO DEVELOP YOUNG TALENTS

55 trainees at work for us

The competition for the best talents is one of the greatest challenges in human resource development. For this reason, and because of the existing lack of skilled workers, STRABAG is investing great amounts in recruiting and training young talents. We have introduced a uniform trainee programme for young skilled employees and executive staff in all countries in which we or one of our subsidiaries operate. Part of this trainee programme is an assignment abroad, lasting several months, to promote the cross-border exchange of experience within the group and to help build up networks.

As at 31 December 2013, the STRABAG Group had 45 technical and ten commercial **trainees**. The aim of the training is to identify and support young talents early on and to bind them to the company. After completing the programme, they should be in a position to more quickly assume responsibility within the group. The trainee programme is a practical familiarisation programme for selected Bachelor/Master graduates from various universities with little professional experience. The individual duration depends on the applicant's personal prerequisites and development. The commercial trainee programme

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

usually lasts between eight and ten months. The technical programme varies between nine and twelve months. Both programmes include a period of three months abroad as an excellent opportunity to get to know another country, other cultures and different customs and habits. Trainees have access to an experienced mentor throughout the entire training period. The trainee schedule is designed together with the mentor or superior according to the specific professional and personal requirements of the target position. With instruction from specialists and management employees, the trainees pass through different organisational divisions and are introduced to various areas of business and responsibility. Appropriate measures are used to develop the applicant's personal and professional skills.

Human resource marketing

Only with a positive image and as an attractive employer will the group continue to be able to cover the strongly growing demand for qualified skilled workers and management employees. In the year under report, we therefore optimised and standardised the **human resource marketing process** in the countries where we do business. We also launched an employer branding project to strengthen the employer brand and we prepared the relevant communications measures – such as the group's new career website and career brochures with company-wide validity – so that they are ready for publication in 2014.

As apprentices/trainees and graduates from vocational schools and universities form the basis for the next generation of skilled workers and management employees, the focus of our human resource marketing is on selected educational facilities. A mentor concept has been introduced in several countries where we do business and will be rolled out further in 2014. Besides advertising in the relevant print and online media, STRABAG takes part in numerous **university and recruitment fairs**, organises company tours, offers internships and work placement, and sponsors bachelor and master theses.

Occupational health and safety

OCCUPATIONAL ACCIDENTS AND ILLNESSES

	2013	2012
Occupational accidents	29	34
Accident rate (%)	0.5	0.5
Absenteeism due to illness (%)	4.9	4.5

PEOPLE & WORKPLACE

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

The **accident rate** – calculated as the ratio of accident days to working days – remained unchanged at 0.5 % in the group, with 0.9 % among blue-collar and 0.1 % among white-collar workers (2012: 0.5 % in the group, 0.9 % among blue-collar and 0.1 % among white-collar workers).

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

Individual measures at the workplace include special training conducted ahead of the construction activity as well as ongoing safety and medical inspections in which employees receive instruction in and are sensitised to issues of occupational health and safety. Managers and site supervisors are called upon to pass on the acquired knowledge to their workers and to instil in them the motivation for safe and responsible action.

The detailed analysis of past incidents formed the basis for the development of a package of measures to reduce the number of occupational accidents. The focus was on the following topics: hearing exams; proper lifting and carrying; proper use and handling of scaffolding, ladders and formwork; and general cleanliness on the construction site, which contributes its share to occupational health and safety.

OBJECTIVES 2014

- Standardise the internal accident reporting in all countries in which the company operates
- Define indicators and key figures for occupational safety and health

STRABAG HEALTH AND SAFETY EXPERTS ADVISE

The group's occupational health and safety activities are designed by internal health and safety experts who advise the management in this regard and monitor implementation on the construction site and at the workplace. The tasks of the central and regional health and safety committees include the mutual exchange of information and experience; the improvement of health, safety and working conditions; the counselling in all matters of occupational health and safety; the promotion of internal cooperation; and the drafting of principles for the further development of occupational health and safety activities within the company.

Healthcare

OCCUPATIONAL PHYSICIANS OFFER HELP WITH HEALTHCARE MATTERS

Absenteeism due to illness – calculated as the ratio of sick leave days to working days – stood at 4.9 % in the group in 2013, with 6.5 % among blue-collar and 3.3 % among white-collar workers (2012: 4.5 % in the group, 5.9 % among blue-collar, 3.1 % among white-collar). To reduce this rate as much as possible, we are working together with a team of occupational physicians who conduct vaccination campaigns (TBE, tetanus, hepatitis, influenza, travel vaccinations, etc.), check-ups and follow-ups (hearing and vision tests, pulmonary function, etc.) as well as spinal screenings. Employees are also given the possibility of eye, stress and preventive examinations.

OCCUPATIONAL HEALTH MANAGEMENT

In recent years, STRABAG has repeatedly set preventive measures to promote the safety and health of its employees. Starting with 2014, these measures will be bundled and implemented under a systematic health management scheme. A detailed report will be published here next year.

Employment and social fund

CORPORATE CITIZENSHIP

In order to help employees who are experiencing **financial difficulties through no fault of their own**, e.g. as a result of accidents, illness, natural disasters, etc., the STRABAG Group set up a private foundation called the "Arbeits- und Sozialfonds" (Employment and Social Fund) more than ten years ago. When it was established, the foundation was endowed with € 3 million, an amount which by the year 2012 had been raised to € 10 million in response to the rising number of employees. The application for financial assistance can be submitted by the affected employees, by their supervisors or by an employee representative.

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

Corporate Governance

CORPORATE GOVERNANCE

- COMMITTED TO THE AUSTRIAN CODE OF CORPORATE GOVERNANCE
- REMUNERATION OF THE MANAGEMENT BOARD HIGHER DUE TO VARIABLE PORTION
- FOUR SUPERVISORY BOARD MEETINGS, TWO MEETINGS OF THE PRESIDENTIAL AND NOMINATION COMMITTEE, TWO MEETINGS OF THE AUDIT COMMITTEE AND ONE MEETING OF THE EXECUTIVE COMMITTEE IN THE 2013 FINANCIAL YEAR

Commitment to the Austrian Code of Corporate Governance

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

More about registered shares: "Disclosures pursuant to section 243a Para 1 UGB" in the management report

The version of the Code that was valid for the 2013 financial year is the July 2012 version – it is available at the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at) and at the website of STRABAG SE (www.strabag.com > Investor Relations > Corporate Governance > Code of Corporate Governance).

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

This commitment requires STRABAG SE to do more than merely comply with the prevailing laws and legislation. Voluntary self-imposed obligation means that it must explain non-compliance with the so-called C-rules ("comply or explain") which go beyond the legal requirements. In line with this part of the Austrian Code of Corporate Governance, STRABAG SE explains its non-compliance with C-Rules 2, 27, 27a and 38 of the Code:

C-Rule 2 of the Code: Among the shares of STRABAG SE are two special registered shares with an associated right to nominate one member of the supervisory board each; this is advantageous for STRABAG SE because it guarantees the know-how of important stakeholders on the supervisory board.

C-Rule 27 of the Code: It is a matter of concern for STRABAG SE that remuneration of the management board members be made according to measurable criteria in a way that is transparent and easily comprehensible. The remuneration of the management board is therefore based on the scope of the work, the responsibilities and the personal performance of the individual management board member as well as on the achievement of the corporate goal, the size and the economic situation of the company. Non-financial criteria are not applied for the remuneration as these do not guarantee a transparent and easily comprehensible remuneration within the business activities of STRABAG SE.

C-Rule 27a of the Code: The previous clause in the management contracts regarding severance payments in the case of premature termination has proved its worth, so that STRABAG SE sees no reason for changes or amendments in this regard. In the case of premature termination of a management contract without material breach, the management board member's claim to the annual fixed portion remains – but not for the performance-based variable portion – for the remaining term of the contract. No severance payment is made in the case of premature termination of a management contract for a material reason for which a management board member is responsible.

C-Rule 38 of the Code: The appointment of Mag. Christian Harder to CFO was made on the basis of a requirements specification for an expert in finance defined by the supervisory board in line with the corporate orientation and situation. In the interest of the company, however, it was decided to forego a formal, defined appointment procedure as Christian Harder had already before his appointment exercised essentially the same agenda and because the supervisory board, in light of his indisputable qualifications and years of in-depth familiarity with the company, viewed his nomination as compelling.

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

Notes on the composition and on the working methods of the management board and of the supervisory board and its committees

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

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

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

Management board meetings every two weeks

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

NEW COMPOSITION OF THE MANAGEMENT BOARD: FIVE MEMBERS

Peter Krammer, Thomas Birtel, Hannes Truntschnig, Christian Harder, Siegfried Wanker

Dr. Thomas Birtel

- CEO (from 15 June 2013)
- Deputy CEO (until 14 June 2013)
- Responsibilities for Central Staff Divisions and Central Divisions Zentrale Technik, BMTI and TPA (until 14 June 2013 jointly with Hans Peter Haselsteiner)
- Responsibilities for Group Divisions 3L RANC[1] and 3M RANC

For the first time: a separate CFO

Thomas Birtel was born on 3 June 1954. He graduated with a degree in economics from the Ruhr-University Bochum in 1978 and completed his doctorate four years later. Thomas Birtel began his career in 1983 at Klockner & Co. The last position he held there before leaving in 1989 was division manager of the accounting department of Klockner Industrie-Anlagen GmbH. From 1989 to 1996, he worked for Sweden's Frigoscandia Group as head of the Central European region. Thomas Birtel joined the STRABAG Group in 1996 as a member of the management board of STRABAG Hoch- & Ingenieurbau AG. In 2002, he was appointed member of the management board of STRABAG AG, Cologne, responsible for building construction, finance, accounting, controlling, risk management and procurement. Thomas Birtel has also been a member of the management board of the STRABAG SE Group since 2006; since June 2013 he has been CEO of STRABAG SE. His term ends on 31 December 2014.

1) RANC = Russia and neighbouring countries

Mag. Christian Harder

- CFO
- Responsibilities for Central Division BRVZ

Christian Harder was born on 19 August 1968. He passed his school-leaving exams at Bundesgymnasium Spittal/Drau and completed his studies in Applied Business Administration at the University in Klagenfurt with a focus on Controlling and Tax Management before joining the STRABAG Group, specifically the Bau Holding Group, in 1994. He held the positions of Director of Accounting, Head of Financial Accounting and, finally, Central Division Director of BRVZ before being appointed Managing Director of BRVZ in 2008. Christian Harder has been a member of the management board of STRABAG SE since 2013 in the function as CFO. His term ends on 31 December 2014.

Dipl.-Ing. Dr. Peter Krammer

- Responsibilities for Segment North + West[1)]

Peter Krammer was born on 18 January 1966. He studied civil engineering at the Technical University in Vienna, completing his studies in 1995 with a doctorate degree in engineering sciences. His professional experience has included positions at Porr Technobau AG, Swietelsky Bau GesmbH and STRABAG AG Austria. In 2005, Peter Krammer joined the management board of STRABAG AG in charge of building construction and civil engineering in Eastern Europe and of environmental technology for the entire company. Peter Krammer has been a member of the group management board since 2010. His term ends on 31 December 2014.

Mag. Hannes Truntschnig

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

Hannes Truntschnig was born on 22 July 1956. He graduated from the Higher Technical Institute HTL Mödling specialised in electrical engineering and in 1978 completed his qualifications in electromechanical engineering before going on to study at the Karl Franzens University in Graz, eventually graduating with a degree in business administration in 1981. Hannes Truntschnig joined the STRABAG Group (ILBAU AG) in 1981. Since 1985, he has held several management positions at various group companies. In 1992, he was appointed authorised signatory for Bau Holding Aktiengesellschaft. Hannes Truntschnig has been a member of the group management board since 1995. His term ends on 31 December 2014.

Dipl.-Ing. Siegfried Wanker

- Responsibilities for Segment South + East[3)]

Siegfried Wanker, born on 5 May 1968, studied civil engineering at Graz University of Technology before joining the STRABAG Group as a site manager in 1994. Between 2001 and 2004, he held various management-level positions at engineering service providers before rejoining the STRABAG Group in 2005. He served as technical division manager for Building Construction International, Corporate Development and Services, and finally for Infrastructure Project Development. Siegfried Wanker has been a member of the management board of STRABAG SE since 2011. His term ends on 31 December 2014.

Dr. Hans Peter Haselsteiner (not pictured)

- CEO (until 14 June 2013)
- Responsibilities for Central Staff Divisions and the Central Divisions Zentrale Technik, BMTI and TPA (until 14 June 2013 jointly with Thomas Birtel)

Hans Peter Haselsteiner was born on 1 February 1944. He received his doctorate degree from the Vienna University of Economics and Business in 1970 and began working for an auditing and tax consultancy firm in Vienna. Hans Peter Haselsteiner joined the group as supervisory board member of ILBAU AG in 1972 and has held the position of CEO of the respective group parent company since 1974. From 1994 to 1998, he served as a member of the Austrian parliament and vice chairperson of the Liberal Forum. Due to his parliamentary mandate, he was on leave from the group during this time. Effective 15 June 2013, Hans Peter Haselsteiner handed over the position of CEO to Thomas Birtel and will support the management board as a fully authorised representative with responsibilities for the group's internationalisation and strategic orientation until 31 December 2015.

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

Mandates: Four members of the management board with additional mandates

In the 2013 financial year, the following management board members held supervisory board mandates or similar functions at companies not included in the consolidated financial statements in Austria and abroad:

Name	Non-group company	Mandate
Dr. Hans Peter Haselsteiner	CONCORDIA Sozialprojekte Gemeinnützige Privatstiftung	Chairman of the management board
	Krankenhaus Spittal/Drau Gesellschaft m.b.H.	Chairman of the supervisory board (from 15 March 2013)
	Rail Holding AG	Vice chairman of the supervisory board
	SEMPER CONSTANTIA PRIVATBANK AG	Member of the supervisory board (until 27 June 2013)
	Tiroler Festspiele Erl Betriebsges.m.b.H	Chairman of the supervisory board
	VinziRast Gemeinnützige Privatstiftung	Vice chairman of the management board
Dr. Thomas Birtel	Deutsche Bank AG, Deutschland	Member of the advisory board
	HDI-Gerling Industrie Versicherung AG, Deutschland	Member of the advisory board
	VHV Allgemeine Versicherung AG, Deutschland	Member of the supervisory board
Mag. Hannes Truntschnig	Raiffeisen evolution project development GmbH	Vice chairman of the advisory board
	Syrena Immobilien Holding AG	Vice chairman of the supervisory board
Dipl.-Ing. Siegfried Wanker	Syrena Immobilien Holding AG	Member of the supervisory board

Directors' Dealings: Haselsteiner sells 0.6 %

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

The following persons from the aforementioned group of people held shares of STRABAG SE on 31 December 2013:

In 2013, the following proprietary transactions with STRABAG SE shares were made by members of the aforementioned group of people:

- Haselsteiner Familien-Privatstiftung (board members: Dr. Hans Peter Haselsteiner, Dr. Alfred Gusenbauer, Mag. Christian Harder): sale of 342,857 shares at a subscription price of € 19.25 per share on 15 January 2013
- Haselsteiner Familien-Privatstiftung: sale of 342,857 shares at a subscription price of € 19.25 per share on 15 July 2013

Person subject to disclosure obligation	Board member	Number of shares
Dr. Hans Peter Haselsteiner		70,002
Haselsteiner Familien-Privatstiftung	Dr. Hans Peter Haselsteiner	32,611,880
Mag. Erwin Hameseder		210

WORKING METHODS OF THE SUPERVISORY BOARD: FOUR SUPERVISORY BOARD MEETINGS

In the 2013 financial year, the supervisory board diligently performed the duties incumbent upon it under Austrian law, the Articles of Association, the Austrian Code of Corporate Governance (ÖCGK), and the Rules of Procedure. All members of the supervisory board and its committees are independent according to the terms of the Austrian Code of Corporate Governance and were properly represented in the relevant meetings. The supervisory board held a total of four meetings last year, once every quarter (C-Rule 36 of the ÖCGK). All members personally attended at least three meetings (C-Rule 58 of the ÖCGK).

Furthermore, there were two meetings of the audit committee, one meeting of the executive committee as well as two meetings of the presidential and nomination committee.

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

The internal audit department informed the audit committee of the audit plan and of significant events in accordance with Rule C-18 of the Austrian Code of Corporate Governance. Furthermore, the audit committee monitored the accounting processes (including the preparation of the consolidated financial statements) and the work of the auditor (including the audit of the consolidated financial statements) as well as the effectiveness of the system of internal control, the risk management system and the audit system. The independence of the auditor (group financial auditor) was reviewed and monitored in particular as regards the additional services given to the audited company.

COMPOSITION OF THE SUPERVISORY BOARD: ONE NEW SUPERVISORY BOARD MEMBER

Dr. Alfred Gusenbauer
Chairman of the Supervisory Board

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

Mag. Erwin Hameseder
Vice Chairman of the Supervisory Board

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

Mag. Kerstin Gelbmann
Free Float Representative

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

Andrei Elinson

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

Mag. Hannes Bogner
From 14 June 2013

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

Ing. Siegfried Wolf

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

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

Andreas Batke was born on 4 May 1962 and joined STRABAG AG as a land surveyor on 1 April 1991. He has been a member of the works council since May 1998. Andreas Batke currently serves as chairman of the segment works council for Transportation Infrastructures, chairman of the group works council and member of the supervisory board of STRABAG AG, Cologne. He was appointed to the supervisory board of STRABAG SE by the STRABAG SE works council and has been a member of the STRABAG SE supervisory board since November 2009.

Miroslav Cerveny
Delegated by the works council

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

Magdolna P. Gyulainé
Delegated by the works council

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

Wolfgang Kreis
Delegated by the works council

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

Gerhard Springer
Delegated by the works council

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

Dr. Gottfried Wanitschek
Until 14 June 2013

Gottfried Wanitschek was born on 14 May 1955. He studied law at the University of Vienna and at the University of Salzburg. After receiving his doctorate degree in 1979, he performed his mandatory year of court training. From 1980 to 1984, he worked at the Austrian Association of Insurance Companies. From 1984 to 1990, Gottfried Wanitschek was secretary-general of Raiffeisen Versicherung AG and managing director of various group companies. From 1991 to 1993, he was a member of the management board of Leipnik-Lundenburger Invest Beteiligungs AG. From 1993 to 1997, Gottfried Wanitschek was managing director of the KURIER group and several subsidiaries of the group. In 1997, he joined BARC Versicherungs-Holding AG, where he was a member of the management board until 1999. From 1999 to 2012, Gottfried Wanitschek was a member of the management board of UNIQA Versicherungen AG. Gottfried Wanitschek was appointed to the current supervisory board of STRABAG SE on 18 June 2010. His term ended on 14 June 2013. He had been a member of the supervisory board of STRABAG SE and its predecessor companies since 1998.

Mandates: Seven members of the supervisory board with additional mandates

In the 2013 financial year, the following supervisory board members held supervisory board mandates or similar functions at publicly listed companies in Austria and abroad in addition to their supervisory board mandate at STRABAG SE:

Name	Non-group company	Mandate
Dr. Alfred Gusenbauer	Gabriel Resources Ltd., Canada	Member of the supervisory board
Mag. Erwin Hameseder	AGRANA Beteiligungs-AG, Austria	2nd vice chairman of the supervisory board
	Flughafen Wien AG, Austria	1st vice chairman of the supervisory board
	Raiffeisen Bank International AG, Austria	1st vice chairman of the supervisory board
	Südzucker AG, Germany	Member of the supervisory board
	UNIQA Insurance Group AG, Austria	2nd vice chairman of the supervisory board
Mag. Kerstin Gelbmann	conwert Immobilien Invest SE, Austria	Member of the administrative board
	ECO Business-Immobilien AG, Austria	Member of the supervisory board
Mag. Hannes Bogner	Takaful Emarat Insurance plc., Dubai	Member of the board of directors (until 8 December 2013)
Andrei Elinson	GAZ Group, Russia	Member of the supervisory board
	Ingosstrakh, Russia	Member of the supervisory board
Ing. Siegfried Wolf	GAZ Group, Russia	Chairman of the supervisory board
	VERBUND AG, Austria	Member of the supervisory board
	Continental AG, Germany	Member of the supervisory board
Dipl.-Ing. Andreas Batke	STRABAG AG, Germany	Vice chairman of the supervisory board (until 28 June 2013)
		Member of the supervisory board (from 28 June 2013)

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

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

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

All members are independent

All members of the supervisory board and its committees are independent in accordance with the conditions contained within the Austrian Code of Corporate Governance, (see also www.strabag.com > Investor Relations > Corporate Governance > Supervisory Board > Independence of the Supervisory Board) and have declared in writing explicitly to adhere to all conditions of the Austrian Code of Corporate Governance. The independence of the supervisory board members is defined by the following guidelines (excerpt from the Rules of Procedure for the Supervisory Board as amended on 23 April 2012):

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

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

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

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

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

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

Remuneration of the management board higher due to variable portion

REMUNERATION OF THE MANAGEMENT BOARD

T€ (incl. non-monetary[1])

Name	Fixed		Variable		Total	
	2013	2012	2013	2012	2013	2012
Birtel	588	426	276	–	864	426
Harder	426	–	253	–	679	–
Krammer	426	426	253	–	679	426
Truntschnig	426	426	253	–	679	426
Wanker	426	426	253	–	679	426
Haselsteiner[2]	247	633	172	–	419	633
Haselsteiner – non-monetary[2]	–	–	200	–	200	–
Total	**2,539**	**2,590**	**1,660**	–	**4,199**	**2,590**

Total remuneration for the management board members in the 2013 financial year amounted to € 4.20 million (2012: € 2.59 million). Since 2007, board member pay has been based on a system which, in addition to a fixed base salary, foresees a variable portion dependent on the achievement of specific earnings and profitability targets for the STRABAG Group calculated according to principles of cost accounting. The variable portion of the salary is basically calculated as a fixed percentage of the net income after minorities less minimum earnings of € 200 million. The variable portion of the income can amount to a maximum of 200 % of the fixed salary. If a minimum yield is surpassed (earnings according to cost accounting principles compared to output volume), a minimum variable portion is granted; the former CEO, Hans Peter Haselsteiner, was further entitled to non-monetary remuneration in the amount of his variable portion, rounded to full T€ 100.

Long-term, multi-annual performance criteria

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

Furthermore, the members of the management board have the right to a company car. Accident insurance provides coverage in the event of death or disability, a private liability insurance policy covers the legal liability of the members of the management board which may arise from third-party personal injury, property damage or financial losses. The board members are also covered by legal expense insurance in the event of claims resulting from administrative or criminal violations. Insurance coverage exists for damage claims resulting from third-party or group financial losses as the result of neglect of duty during service for the company. The company bears the costs for these insurances.

The members of the management board are subject to a competition clause for the period of their service. If a member of the management board is dismissed without cause, the fixed base salary is paid for the full term of the contract. The management contracts of all members of the management board expire on 31 December 2014.

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

1) Non-monetary after deductibles
2) Member of the management board until 14 June 2013

No stock option programme

STRABAG SE has decided against a stock option programme for management board members. No additional recompense is granted for internal group mandates or functions. No prior agreements or exception rules exist for the event of a public takeover offer. In the 2013 financial year, there were no changes to the remuneration system for the management board (Rule C-30 of the ÖCGK).

Remuneration of supervisory board members unchanged

REMUNERATION OF THE SUPERVISORY BOARD

€	2013	2012
Dr. Alfred Gusenbauer	50,000	50,000
Mag. Erwin Hameseder	25,000	25,000
Mag. Kerstin Gelbmann	15,000	15,000
Andrei Elinson	15,000	15,000
Dr. Gottfried Wanitschek[1)]	6,781	15,000
Ing. Siegfried Wolf	15,000	15,000
Mag. Hannes Bogner[2)]	8,219	–
Total	**135,000**	**135,000**

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

Additionally to their annual remuneration, the supervisory board members also receive cash compensation for expenses. Furthermore, the members of the supervisory board are, in accordance with the Articles of Association, covered by a D&O (directors and officers) liability insurance up to a certain maximum amount. The insurance covers the personal liability of the supervisory board members in the event of careless neglect of duty during their service for the company. In 2013, no other remuneration was paid to the members of the supervisory board. There were no other transactions with members of the supervisory board.

Measures for the advancement of women

PEOPLE & WORKPLACE

There are currently no women on the management board of the STRABAG Group. This is largely due to the fact that, traditionally, primarily men are employed in the construction sector. Women are therefore underrepresented, not only at the management level. It is noteworthy, therefore, that two women sit on the supervisory board of the company: Kerstin Gelbmann and Magdolna P. Gyulainé. The supervisory board thus has a female percentage of around 18 % and a percentage of female members appointed by the works council of 20 %. Additionally, 94 women (= 8.6 % of the corporate management) hold a leading position as defined by Section 80 of the Austrian Stock Corporation Act (AktG). By way of comparison: the number of women as a percentage of employees within the entire group stands at 13.6 %. The aim is to annually increase the global percentage of women employees. To demonstrate the commitment to this goal, then-CEO of STRABAG SE Hans Peter Haselsteiner signed the UN Women's Empowerment Principles in April 2013.

The shortage of skilled workers in the construction industry makes it necessary for the STRABAG Group to become more attractive as an employer by making it easier for high potentials and top performers in particular to combine their work and family responsibilities.

1) Member of the supervisory board until 14 June 2013
2) Member of the supervisory board from 14 June 2013

Additionally, the company must also apply targeted human resource marketing in order to secure a higher share of female graduates especially from technical universities. In the past financial year, several relevant marketing measures such as that the company now uses both the masculine and feminine forms in the language of all of its texts and began to take part in events such as Take Your Daughter to Work Day or Girls' Days, resulted in a higher attractiveness for STRABAG on the labour market. According to the Universum Student Survey 2013, STRABAG worked its way up from 14th to ninth place in Austria on the list of the most desirable employers among engineering and IT students. STRABAG is especially popular among female engineers: the company improved its ranking from twelfth to seventh place among women and jumped ten positions from 31st to 21st place among their male colleagues. The percentage of women in the group should be increased because the company would benefit from diversity and different ways of looking at things. If successful, this would also lay the foundation for a higher representation of women in the management bodies. For this reason, an internal team led by a STRABAG SE management board member has been hard at work since 2012 to develop measures to promote women in the company.

Adequate consideration of women in potential management

The results of the in-company surveys, workshops and analyses indicate that attention must be paid to the adequate representation of women within the existing potential management – although STRABAG basically promotes women and men equally. There are no salary differences between men and women who perform equal work and have the same level of education.

Internal audit report

VALUES & COMPLIANCE

The STRABAG Group's internal audit department is a neutral and independent authority which again conducted approximately 160 internal audits in all group divisions worldwide in the 2013 financial year. The year-on-year decline (2012: more than 200 audits) can be explained by the fact that several audits required a greater amount of time to perform and that the retirement of several employees within the internal audit department resulted in time resources being spent on the training of the new employees.

Internal audit as part of risk management

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

In 2013, the internal audit department again audited individual projects as well as entire organisational units. The audits covered all of the group's sub-divisions as well as the most important contracts and orders of the year. The routine and special audits served to recognise and avoid risks, to reveal opportunities and to monitor proper conduct and compliance with the group's code of ethics.

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

External evaluation

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

In accordance with C-Rule 62 of the Austrian Code of Corporate Governance, STRABAG SE commissions an external evaluation of compliance with the Code regularly every three years. The evaluation conducted for the 2013 financial year by Fellner Wratzfeld & Partner Rechtsanwälte GmbH revealed no indications that the declarations provided by the management and supervisory board members regarding observation of and compliance with the C-Rules and R-Rules of the Austrian Code of Corporate Governance were untrue. The next external evaluation will be conducted in 2017 for the 2016 financial year.

Continuous development of the Corporate Governance Systems

STRABAG strives to constantly improve the corporate governance system in the interests of the company and all stakeholders. In 2012, members of the supervisory board had asked for more detailed reporting on the aggregate risk from ongoing construction projects and that more detailed documents on transactions requiring approval be sent out ahead of the supervisory board meetings. This wish was met in 2013, a fact that is also attested to by the results of the self-evaluation of the supervisory board: meeting and resolution documents as well as reports received significantly better reviews in 2013 than in the previous year.

FACE-TO-FACE TRAINING AND E-LEARNING TO FIGHT CORRUPTION

VALUES & COMPLIANCE

Interactive ethics training: 80 % of all employees trained

As corruption is a risk in business in general and in the construction industry in particular, proven instruments to fight corruption with group-wide validity are in place at STRABAG. The STRABAG ethics model is based on the Code of Ethics including guidelines and checklists as well as on the personnel structure of the STRABAG ethic model, consisting of the group compliance coordinator, the regional compliance representatives as well as the external and internal ombudspersons.

In addition to the previous measures the group organised face-to-face training sessions supported by external legal advisors for managers in 2013. In this way, the group reached more than 90 % of its management-level employees – some 1,200 persons – in about 60 sessions in 13 countries. A new measure was also implemented with the regular employees: the interactive e-learning module “Richtiges Verhalten im Geschäftsalltag” (“The Right Behaviour in Day-to-Day Business”) that was developed in 2012 was used to train approximately 80 % of all group employees in Austria, Germany and Poland in the 2013 financial year. STRABAG thus reached the goal it had set itself at the beginning of the year. It is planned to train all of the group’s permanent staff in this way by the end of 2014.

Villach, 3 April 2014
The Management Board

Dr. Thomas Birtel

Mag. Christian Harder

Dipl.-Ing. Dr. Peter Krammer

Mag. Hannes Truntschnig

Dipl.-Ing. Siegfried Wanker

Supervisory board report

© REUTERS/ Herbert Neubauer

Dr. Alfred Gusenbauer

DEAR SHAREHOLDERS, ASSOCIATES AND FRIENDS OF STRABAG SE

After the 2012 financial year, which was affected by negative non-recurring items, STRABAG SE found its way back to its original course in 2013. The foundation for this success lies in the consistent implementation of the strategy that has made STRABAG strong – and not just since the global economic crisis. The broad diversification of the business by construction segment and country, the focus on sustainable business and, above all, the persistent optimisation of the group's organisation – for example through the STRABAG 2013ff task force – ensure that STRABAG can do a comfortable business and offer tens of thousands of jobs even in times of stagnation on the construction markets.

OPEN EXCHANGE OF INFORMATION AND OPINION IN FOUR SUPERVISORY BOARD MEETINGS

In the past financial year, the supervisory board diligently performed the duties incumbent upon it under Austrian law, the Articles of Association, the Austrian Code of Corporate Governance (ÖCGK) and the Rules of Procedure. A total of four regular meetings of the supervisory board as well as two meetings of the audit committee, two meetings of the presidential and nomination committee, and one meeting of the executive committee took place in 2013. All members of the supervisory board and its committees are independent and were represented in the relevant meetings in accordance with the conditions contained within the Austrian Code of Corporate Governance.

The management board engaged in an exchange of information and opinion as well as in open discussions with the supervisory board in order to regularly report on the market situation, the course of the business and the situation of the company. At all meetings, the management board informed the supervisory board of STRABAG's strategic direction, of its cash flows and financial performance, the personnel situation and of any plans regarding investments, disposals or large projects, and obtained its approval regarding important business transactions. The supervisory board studied the corporate planning and the appropriate analyses of divergence constantly and in great depth. Specifically, the following agenda items of the supervisory board meetings should be emphasised:

SUPERVISORY BOARD MEETING 1: DISCUSSION OF EARNINGS EXPECTATIONS AND ATX POSITION

The agenda of the first supervisory board meeting of the 2013 financial year on 18 February 2013 included the management board's report on the market situation and the current situation of the company, as well as the budgeting and expenditure planning for the equipment fleet for the 2013 financial year. The results were discussed in detail on the basis of the cost accounting for the 2012 financial year. Countries and projects with special variances from the planning or from the forecast of the previous quarter were explained by the management board and analysed together with the members of the supervisory board. Also discussed were the management board's expectations for the 2013 financial year as well as the necessary steps for the further optimisation of the group organisation. The heterogeneity of the market structures in the individual countries in which the group does business results in great differences in the earnings situation. Certain unique qualities of large projects, for example in tunnelling, led to aperiodic results and non-recurring items. All in all, however, the non-recurring items are no longer expected to impact the results in 2013 to the same degree as they did in 2012. The press reports on the development of the STRABAG SE share price and the possible delisting from the ATX blue chip index, as well as possible responses, were also discussed.

SUPERVISORY BOARD MEETING 2: STRATEGIC ANALYSIS OF BUSINESS FIELDS

The agenda of the second supervisory board meeting of the 2013 financial year on 29 April 2013 dealt with the financial statements, the management report, the corporate governance report, the consolidated financial statements and the group management report. The audit committee reported on the audit of the financial statements, the consolidated financial statements, the management reports and the corporate governance report. There were no objections to the audit by the financial auditor and all questions of the audit committee could be answered satisfactorily. The supervisory board thereupon acknowledged completion of the 2012 financial report. The management board's proposal for the appropriation of net income was also reviewed, with a recommendation for its acceptance by the Annual General Meeting. The presidential and nomination committee reported on the intention by Dr. Gottfried Wanitschek to resign his mandate as member of the supervisory board. Mag. Hannes Bogner was unanimously nominated as his successor for election by the Annual General Meeting. The discussion also focused on the proposal by Dr. Hans Peter Haselsteiner to resign as CEO following the Annual General Meeting on 14 June 2013 and to make his services available to the group as fully authorised representative. Following the suggestion of the presidential and nomination committee, the supervisory board accepted the resignation. At the same time, it was decided to appoint Dr. Thomas Birtel as new CEO with a term from 15 June 2013 to 31 December 2014. In preparation of the ninth Annual General Meeting, the board also discussed and approved the supervisory board report as well as the appointment of KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as auditor, financial auditor and group financial auditor. The management board reported on the results of the first quarter 2013 and provided an outlook of planned projects. Changes in the management of group subsidiaries were discussed, the reasons for weaknesses in individual areas were analysed and the measures taken were presented. Due to the low growth of the construction markets in Europe, the output volume of the group is expected to remain stable in the future. The focus is therefore on increasing the income, which is why the group is working intensely on further improving its risk management in contract acquisition and in the bidding phase. The board also discussed the issue of a bond due to the favourable market situation and approved the management board's plans in this regard.

SUPERVISORY BOARD MEETING 3: REPORT ON THE ANNUAL GENERAL MEETING AND ON THE EVALUATION OF THE INTERNAL AUDIT

During the third supervisory board meeting of the 2013 financial year on 19 July 2013, the chairman of the supervisory board reported on the ninth Annual General Meeting of 14 June 2013 and on the resolutions which had been passed. The Annual General Meeting had proceeded positively and the changes in top management had been well-received. From the audit committee, the chairman also reported on the evaluation of the internal audit. The management board reported that the realignment of the organisational structure in Poland at the beginning of the year had been met with positive feedback. The insolvency of Austrian competitor Alpine and the consequences for the affected markets were discussed with the management board and a strategy was agreed. The management also highlighted the especially positive development in the building construction business in Germany. A restructuring process had been launched in the management of the German transportation infrastructures segment and an upward trend is to be expected in this business field in the future. The board also reported on the market development in Hungary and on the concluded share buyback programme.

SUPERVISORY BOARD MEETING 4: ANALYSIS OF VARIANCES AND RESULTS OF THE SELF-EVALUATION

The fourth supervisory board meeting of the 2013 financial year on 20 December 2013 dealt with the positive and negative variances from the targets and analysed the reasons for this development. Discussions focused especially on the restructuring of the hydraulic engineering activities. Strategic and organisational adjustments, however, should improve the situation in the future. The board also discussed the first estimates for the 2014 targets. The management board reported on the measures to fight corruption (C-Rule 18a of the ÖCGK). A special focus was placed on new training measures in this regard in 2013. The new e-learning module is now in place throughout the group.

Finally, the supervisory board discussed the results of its self-evaluation: the annual self-evaluation of the supervisory board showed that the working methods of the supervisory board were rated very positively overall. Especially worth mentioning are the open discussion culture with the management board and the coordination between the supervisory board plenum and its committees. Particularly positive ratings were also given to the structuring of the working methods in the committees and in the plenum of the supervisory board and to the communication with the financial auditor.

CONSOLIDATED FINANCIAL STATEMENTS RECEIVE UNQUALIFIED OPINION

The internal audit department informed the audit committee of the audit plan and of significant outcomes in accordance with Rule C-18 of the Austrian Code of Corporate Governance. Furthermore, the audit committee monitored the accounting processes (including the preparation of the consolidated financial statements) and the work of the auditor (including the audit of the consolidated financial statements) as well as the effectiveness of the system of internal control, the risk management system and the audit system. The independence of the auditor (group financial auditor) was reviewed and monitored in particular as regards the additional services given to the audited company.

The financial statements and management report of STRABAG SE for the 2013 financial year were audited by KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz. Pursuant to the final result of the audit, the auditor had no cause for complaint and awarded his unqualified opinion.

The consolidated financial statements and the group management report drawn up by the management board for the 2013 financial year under application of Section 245a of the Austrian Business Enterprise Code (UGB) in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) applicable on the balance sheet date were reviewed by KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, and awarded their unqualified opinion.

The auditor's reports and the group financial auditor's reports were submitted to the supervisory board. The audit committee reviewed the 2013 financial report and the management report including the proposed appropriation of net income and the corporate governance report, and the 2013 consolidated financial statements and group management report, and prepared the approval of the annual financial report by the supervisory board.

The supervisory board reviewed all documents as well as the report by the audit committee. In the meeting of 28 April 2014, the supervisory board stated its agreement with the financial report and the 2013 consolidated financial statements and officially approved the 2013 financial report, thus acknowledging its completion. The supervisory board supports the management board in its proposal for the appropriation of net income. The supervisory board proposes appointing KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as auditors and financial auditors for the 2014 financial year, in accordance with the proposal of the audit committee.

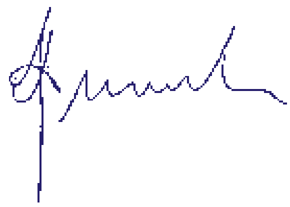
CORPORATE GOVERNANCE REVIEW FINDS NO CAUSE FOR COMPLAINT

In accordance with C-Rule 62 of the Austrian Code of Corporate Governance, STRABAG SE commissions an external evaluation of compliance with the Code every three years. The evaluation conducted by Fellner Wratzfeld & Partner Rechtsanwälte GmbH at the beginning of 2014 revealed no indications that the declarations provided by the management and supervisory board members regarding the observation of and compliance with the comply or explain rules or the recommendations of the Austrian Code of Corporate Governance were untrue. In its audit of the 2013 corporate governance report in accordance with Section 243b of the Austrian Business Enterprise Code (UGB), Fellner Wratzfeld & Partner Rechtsanwälte GmbH also found no cause for complaint in its final report.

THANKS TO THE MANAGEMENT BOARD AND TO ALL EMPLOYEES

By way of closing, the supervisory board would like to express its gratitude and appreciation to the management board and to all employees for their valuable contribution in the past financial year. Special thanks go to the departing CEO, Dr. Hans Peter Haselsteiner, for his many years of invaluable contributions to the company. Without his exceptional service, STRABAG would not be where it is today.

The Chairman of the Supervisory Board of STRABAG SE



Dr. Alfred Gusenbauer
Vienna, 28 April 2014

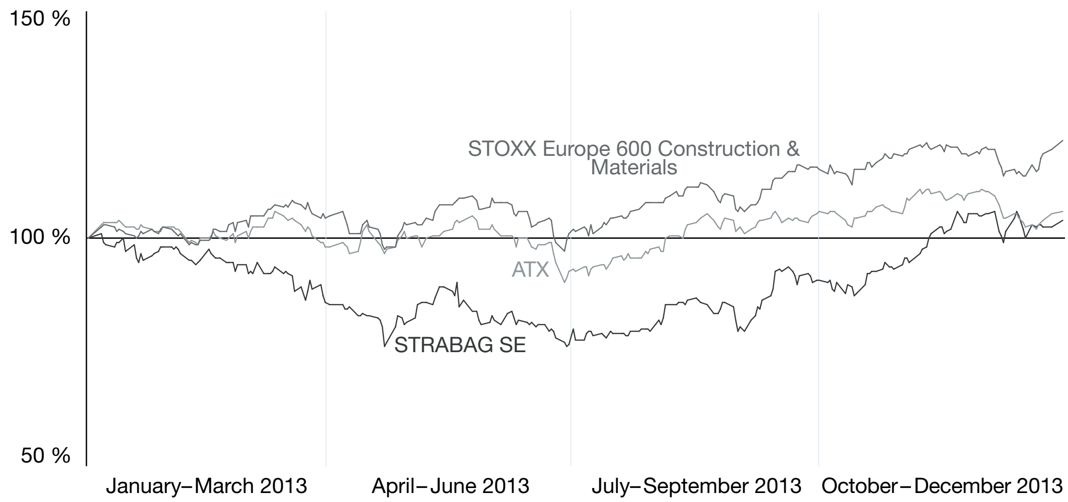
Shares, Bonds and Investor Relations

SHARES, BONDS AND INVESTOR RELATIONS

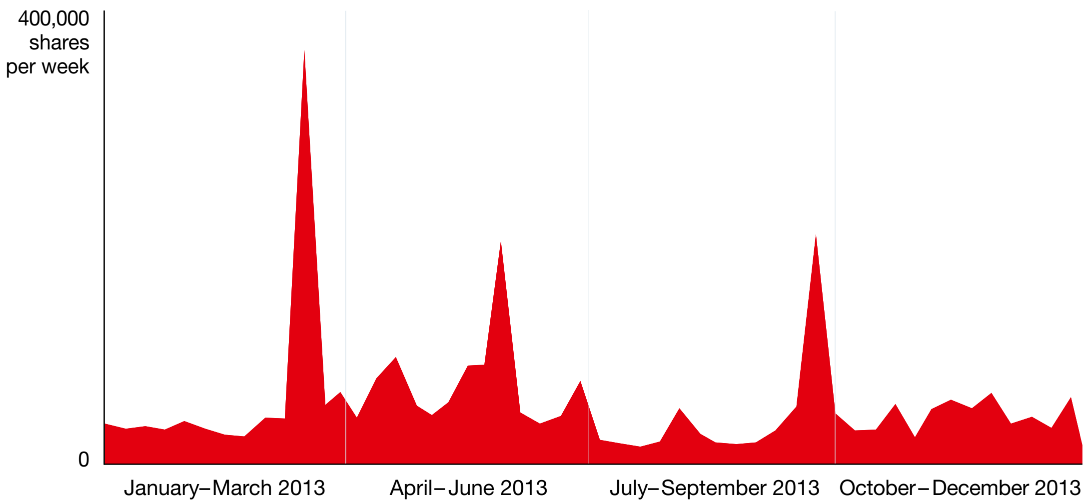
- STRABAG SE SHARES GAIN 4 %
- PROPOSED DIVIDEND OF € 0.45 PER SHARE
- TEN BANKS COVER STRABAG SE ON A REGULAR BASIS

STRABAG SE shares

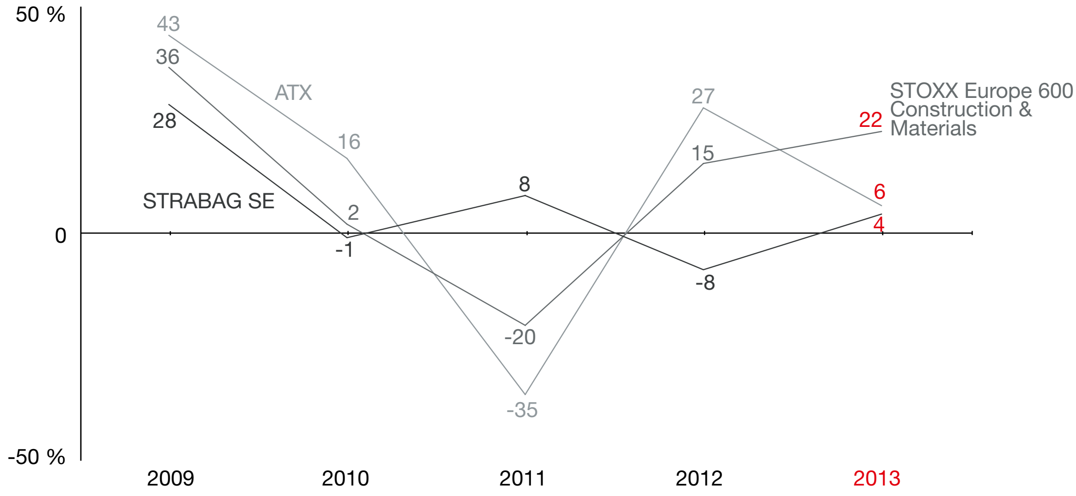
DEVELOPMENT OF THE STRABAG SE SHARE PRICE AND OF THE BENCHMARK INDEXES



TRADE VOLUME OF STRABAG SE SHARES



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



In 2013, the international stock markets again recorded clear gains, as investors expected central bank policies to remain expansive, interest rates to stay low for the long term, and the economy in the industrialised countries to show moderate growth. There was no global stock market boom in 2013, however, as many smaller stock markets – especially those in many newly industrialised countries – were able to achieve only modest growth or even had to endure losses.

US STOCK MARKET AS DRIVING FORCE

The US stock market clearly was the driving force: the **Dow Jones Industrial** stock market index not only reached new historic highs but also registered the greatest share price growth in nearly twenty years. In March 2013, the index for the first time matched the levels recorded before the 2008 crisis year. The share prices continued to climb over the course of the year and the Dow Jones ended up closing at a record high of 16,576.66 points on the last day of trading in 2013 – growth of 26 % versus 31 December 2012. Even surpassing this outstanding development of the US stock market was the stock market in Tokyo, where the pronounced expansive policy of the new Japanese government that was elected in December 2012 resulted in a veritable share price fireworks display: following strong fluctuations, the benchmark **Nikkei 225** index of leading shares registered growth of 57 %.

STRABAG SE share at year's end: € 21.32

With a plus of 18 %, the European stock index **Eurostoxx 50** was also able to achieve a considerable 2013 result in the end. In contrast to the US and Japanese indexes, however, the Eurostoxx 50 was practically unable to achieve any growth during the first six months of the year, as concern regarding the economic development in France and the Cyprus crisis revived memories of the debt crisis; the positive share price development in the second half of the year – which was about equal to that in the US and in Japan – ended up providing a positive year-end result after all. The German blue-chip index **DAX** followed the positive trend, closing the year 2013 with a plus of 25 %.

Due to the investor focus on large stock markets, the share price development on the Vienna Stock Exchange remained behind that of Europe. Clear share price declines were particularly registered in May and June – a consequence of the global concern regarding a too rapid reversal of the expansive monetary policies by the central banks. The Austrian blue-chip index **ATX** thus reached its annual low in June with a minus of 10 % versus 31 December 2012. In the second half of 2013, the ATX was able to record gains similar in strength to the large stock markets: the index reached its highest level in November with a plus of 23 % versus the low. Following volatile share price movements toward year's end, the ATX closed the year at 2,546.54 points – growth of 6 % over the year.

The initial downward trend of the **STRABAG SE share price** reached its lowest point at € 15.59 in June. The price began to recover in September, however, a development that was certainly influenced by the company's relisting in the Austrian benchmark index ATX effective 23 September 2013. The shares worked their way up to € 21.32 by year's end resulting in a plus of 4 % versus 31 December 2012. Meanwhile, the construction sector index **STOXX Europe 600 Construction & Materials** spent most of 2013 in positive territory. It closed the year with a plus of 22 % – in line with the European trend.

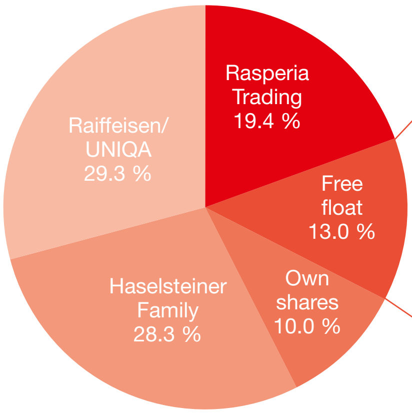
KEY SHARE INDICATORS

Share price below book value

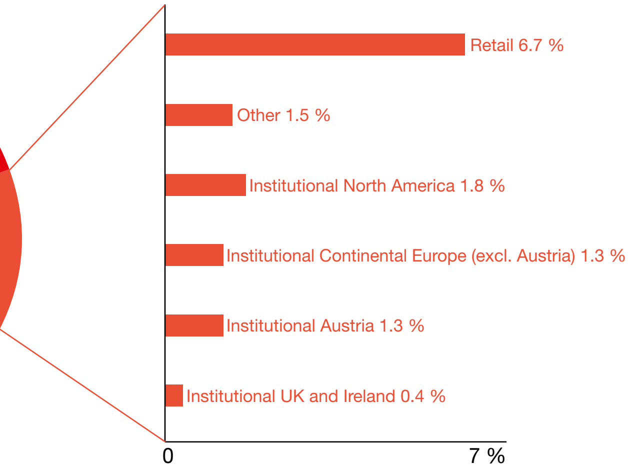
Share figures	**2009**	**2010**	**2011**	**2012**	**2013**
Closing price on 31 December (€)	20.70	20.50	22.11	20.43	21.32
Year's high (€)	24.35	21.96	24.30	23.50	21.70
Year's low (€)	9.86	16.42	17.90	17.20	15.59
Number of outstanding bearer shares on 31 December (shares)	113,999,997	113,999,997	105,224,733	103,087,657	102,599,997
Number of outstanding bearer shares, weighted (shares)	114,000,000	114,000,000	111,424,186	104,083,238	102,716,850
Market capitalisation on 31 December (€ billion)	2.4	2.3	2.5	2.1	2.2
Average trade volume per day (€ million)	6.1	3.8	3.3	1.0	1.0
Number of STRABAG SE shares traded (shares)	88,480,878	49,077,310	38,742,980	12,759,384	13,481,520
Volume of STRABAG SE shares traded (€ billion)	1.5	0.9	0.8	0.3	0.2
P/E ratio on 31 December	15	13	13	35	19
Earnings per share (€)	1.42	1.53	1.75	0.58	1.11
Book value per share (€)	25.9	27.1	27.9	27.8	28.4
Price-to-book ratio	0.8	0.8	0.8	0.7	0.8
Cash flow from operating activities per share (€)	9.8	6.1	4.5	2.6	6.8
Proposed dividend per share (€)	0.5	0.55	0.6	0.2	0.45
Divident payout ratio (%)	35	36	34	34	41
Dividend yield (%)	2.4	2.7	2.7	1.0	2.1
Share capital (€ million)	114	114	114	114	114
Weight in ATX (%)	1.63	1.79	1.75	1.22	1.22
Weight in ATX Prime (%)	1.38	1.49	1.57	1.12	1.08
Weight in WBI (%)	3.03	2.53	3.89	2.94	2.89

Shareholder structure

SHAREHOLDER STRUCTURE AS AT 31 JANUARY 2014



DISTRIBUTION OF THE FREE FLOAT



The **core shareholder structure** changed only slightly in the past financial year: Rasperia Trading Ltd. exercised options in January 2013, July 2013 and again in January 2014, each time acquiring a total of 0.6 % of the shares from the Haselsteiner Family and the Raiffeisen and UNIQA Group. As at 31 January 2014, the Haselsteiner Family thus held 28.3 % of STRABAG SE and the Raiffeisen and UNIQA Group 29.3 %. Rasperia Trading Ltd. now holds a stake of 19.4 %, with an option to buy a further 5.6 % of STRABAG SE shares. This option to acquire shares from the other core shareholder groups expires in July 2014. As far as we know, no-one other than the core shareholders holds more than 5 % of the company.

Own shares as acquisition currency

As a result of the **share buyback programme** that was started in July 2011 and which ended on 23 May 2013, STRABAG SE held 10.0 % or 11,400,000 own shares as at 31 January 2014. These were continuously bought back on the stock market and over the counter or acquired directly from the free float shareholders, finally bringing the volume of the free float to 13.0 %. Some € 237 million were spent on the buyback.

In January 2014, we commissioned a shareholder ID to learn more about the distribution of our **free float**. The analysis revealed that 6.7 % of STRABAG SE shares were in the hands of the retail public – the first time that this group outweighed the institutional investors. The institutional free float is allotted once again to 1.8 % investors from North America as well as to 1.3 % each from continental Europe and Austria. Investors from the UK and Ireland continue to play a subordinate role.

The buyback of own shares and the resulting lower free float apparently have the effect that, based on their targets, many institutional investors are unable to maintain an investment in STRABAG. The total number of institutional investors fell from 103 in January 2013 to 94 one year later. We are aware of the restrictions that result from a lower free float. The number of shares in free float should rise again in the medium-term: it is our intention to use our own shares as acquisition currency, which means that they will be returned to the free float in the event of an enterprise acquisition.

Annual General Meeting

With 100 % or over 99.9 % of the votes cast, the 2013 Annual General Meeting approved the actions of the management and supervisory boards, selected the financial auditor, and decided on the payment of a dividend in the amount of € 0.20 per no-par share for the 2012 financial year. The General Meeting also passed, with 98.5 % of the votes, the resolution to appoint Mag. Hannes Bogner as a new member of the supervisory board. 918 registrations representing 89,642,198 no-par shares were made for the Annual General Meeting.

ANNUAL GENERAL MEETING TAKES PLACE ON 27 JUNE 2014

The next Annual General Meeting will take place at Austria Center Vienna at 10:00 a.m. CEST on 27 June 2014. Shareholders wishing to attend are requested to provide proof of shareholder status with their bank by 17 June 2014. Details regarding the correct procedure can be found on our website at www.strabag.com > Investor Relations > Annual General Meeting.

Dividend

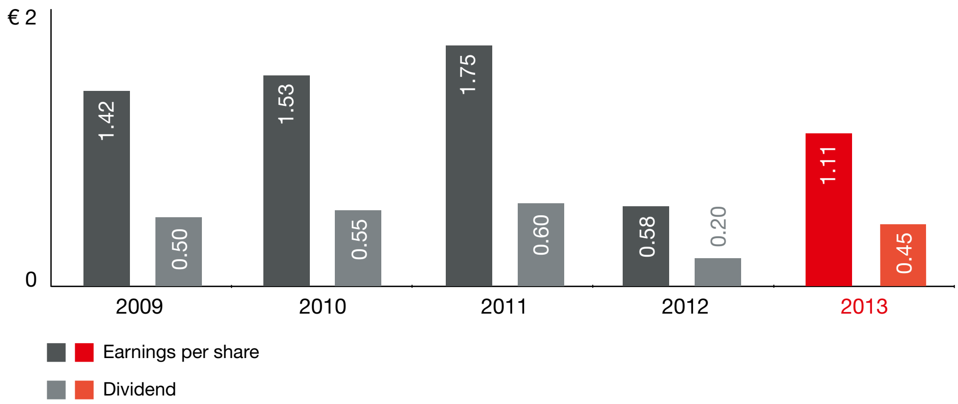
Dividend:
€ 0.45 per share

ECONOMIC RESPONSIBILITY

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

In accordance with this goal, the management board of STRABAG SE will propose to the Annual General Meeting of 27 June 2014 a dividend of € 0.45 per share for the 2013 financial year. This would correspond to a dividend payout ratio of 41 % and, based on the share price of € 21.32 on 31 December 2013, a dividend yield of 2.1 %. The ex-dividend date has been set for 4 July 2014, the dividend payment date for 7 July 2014.

EARNINGS PER SHARE AND DIVIDEND



Bonds and bonded loans

OVERVIEW OF THE LISTED BONDS

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

3.00 % interest for latest bond

STRABAG SE (and its predecessor, FIMAG) has to date issued eleven corporate bonds, of which four are still listed. STRABAG continued its years-long strategy of bond issues with its most recent issue of a € 200 million 2013–2020 **bond** carrying a coupon of 3.00 %. The proceeds from the issue were used to pay back a matured € 75 million bond issued in 2008 as well as for general business purposes. The issue also helped STRABAG SE to maintain its optimal financing structure.

For the first time in company history, STRABAG SE in March 2012 placed a **bonded loan** in the amount of € 140 million. 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. This reduces the administrative effort compared with a bond issue.

S&P again confirms corporate credit rating of BBB-

S&P rating: BBB-

ECONOMIC RESPONSIBILITY

STRABAG SE and its bonds are rated by the international ratings agency Standard & Poor's (S&P). In November 2007, S&P raised the corporate credit rating for STRABAG SE from BB+ to BBB-, thus elevating STRABAG SE to "investment grade". In June 2013, S&P again confirmed its BBB- rating and stable outlook for STRABAG SE. Explaining its decision, S&P cited STRABAG's leading market position, its access to raw materials and the group's solid capital structure.

THANK YOU TO ALL OF OUR BOND SUBSCRIBERS

The STRABAG SE teams from financing, consolidation and investor relations were delighted to win third place in the category "Corporate Bond Prize" at this year's Vienna Stock Exchange Awards in May 2013. Decisive factors for the award include the annual report, the information and communication policy for analysts, as well as the publication of a rating.

“It is our declared goal to maintain the investment grade rating”

Not all corporate bonds are alike – STRABAG CEO Thomas Birtel doesn’t think much of generalisations. He sees STRABAG as a suitable investment target for private investors.


Thomas Birtel

***BÖRSE EXPRESS:** A newspaper commentary recently summed it up like this: “If it’s not absolutely necessary, construction companies would rather not issue corporate bonds – and certainly not any that are directed at Austrian retail investors.” Does the STRABAG CEO subscribe to that?*

“Corporate bonds are not without risk. This makes it important for the company to have a rating that gives information about the risk.”

THOMAS BIRTEL: Not at all. I believe that you shouldn’t generalise here: of course, not every bond is equally suited for private investors. Corporate bonds are not without risk. This makes it important for the company to have a rating that gives information about the risk. Our bonds have an investment grade rating of BBB- from Standard & Poor’s – that’s unique in the German-speaking construction sector. And it is our declared goal to maintain this rating. Moreover, compared to the industry average, we have a very high equity ratio of around 30 %.

But wouldn’t it be easier for a company to simply sell the entire issue to institutional investors?

It may be easier, but I believe that a company’s financing structure shouldn’t be the only thing that is balanced – its investor groups should be as well.

Which additional obligations are there for issuers when bonds are sold to retail investors?

It is clear that the transparency obligations are higher as a result. This is something the Vienna Stock Exchange has now rewarded with its new corporates prime segment for corporate bonds. When it comes to denominating the bonds, it is important not to exceed a certain amount. With a denomination of € 1,000 for our bonds we have sent a clear signal that we are directing our bonds not only at institutional investors but also and especially at Austrian private investors.

You mentioned that the financing structure should be just as balanced as the investor groups. How close are you to this goal, and is the effort regarding private investors really worth it? There are always sceptical voices… what is the asset for you in this investment group?

More than 50 % of our bonds are regularly placed in the investor group of retail/private banks – and have been ever since we began issuing bonds around ten years ago. Private investors, therefore, are a relatively faithful investor class and have a significant influence on the structure of our placings.

Investor Relations

As we pursued our investor relations activities as persistently in 2013 as in the years before, investor interest grew slightly despite the lower free float. In addition to the prescribed quarterly reports, we informed some 79 investors and analysts (2012: 61) in 52 (43) one-on-ones, telephone conferences and group talks. We took part in eight (six) **road shows** and **investor conferences** organised by Baader Bank, Close Brothers Seydler, Deutsche Bank, Erste Group, Kepler Cheuvreux and Raiffeisen Centrobank. In all, we spent some seven (five) working days on investor talks in places such as Vienna, London, Frankfurt, Paris, Geneva and Warsaw.

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

We are in constant contact with our investors

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

Analyst research provides current as well as potential shareholders with a first indication of the assessment of STRABAG SE. We are therefore delighted that Commerzbank began covering our shares last year so that, despite the decision by Bank of America Merrill Lynch to end its coverage, ten banks continue to regularly analyse STRABAG in order to issue target prices and recommendations for our shares:

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

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

- **Berenberg Bank**, Hamburg (Sven-Erik Schipanski)
- **Erste Group**, Vienna (Elena Statelov)
- **Raiffeisen Bank International**, Vienna (Igor Kovacic)

How to receive information about STRABAG SE

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

STRABAG SE
Investor Relations
Diana Neumüller-Klein,
Head of Corporate Communications &
Investor Relations
Paula Rys, Investor Relations
Donau-City-Str. 9, 1220 Vienna/Austria
+43 800 880 890 (toll free)
+43 1 22422-1177
@ investor.relations@strabag.com

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

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

Group Management Report[1)]

1) This part has been audited by the financial auditor KPMG.

GROUP MANAGEMENT REPORT

ECONOMIC RESPONSIBILITY

Important events

JANUARY

STRABAG postpones investments in Offshore Wind

STRABAG postpones its planned investments in the field of gravity-based foundations technology for offshore wind until further notice. The company had planned to spend several hundred million euros over the next few years on the construction of a factory and on special ships to transport self-developed concrete gravity foundations for offshore wind plants. STRABAG's 51 % stake in 14 project companies to develop offshore wind farms remains unaffected by the decision.

FEBRUARY

STRABAG and Rio Tinto enter into exclusive partnership in tunneling

The cooperation of STRABAG with the global mining company Rio Tinto is divided into two phases: From 2012 until 2014, STRABAG will carry out field trials at selected construction sites using new excavation systems and technologies and will optimise the systems. After the successful completion of the field trials STRABAG could exclusively carry out Rio Tinto projects using the new systems for a period of five years.

MARCH

Züblin expands timber construction activities and acquires Metsä Wood Merk GmbH, Aichach

Church in Cologne, © Architekten Sauerbruch Hutton

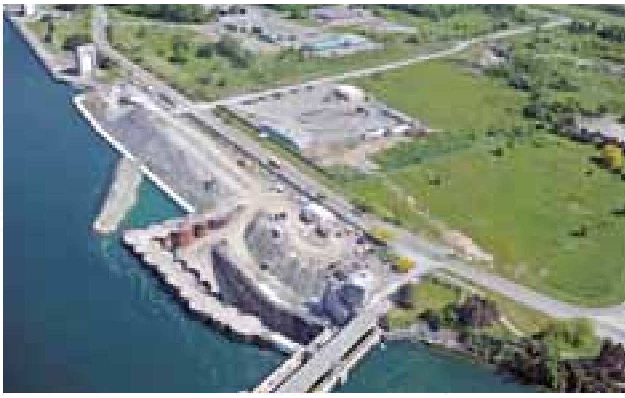
The German STRABAG subsidiary Ed. Züblin AG, Stuttgart, is selectively expanding its range of services in the field of structural timber engineering in Germany: Following the successful integration into the corporate group of Stephan Holzbau GmbH, Gaildorf, and of the operations of Merk-Project GmbH, Züblin also agreed the acquisition of Metsä Wood Merk GmbH, Aichach, now Merk Timber GmbH. Metsä Wood Merk GmbH, a subsidiary of Finland's Metsä Group, is a specialist in the manufacture of large-format cross-laminated timber panels. In 2012, the company had about 100 employees and generated revenues of € 21 million.

STRABAG acquires transportation infrastructures activities of Janssen de Jong Groep

STRABAG AG, Cologne, has acquired the transportation infrastructures activities of Netherlands-based Janssen de Jong Groep B.V. via its Dutch subsidiary STRABAG B.V. The acquisition will be merged into the STRABAG corporate group. The transaction includes the takeover of the approximately 120 employees as well as all equipment and production facilities of the corporate entities Janssen de Jong Infra, De Asfaltfabriek, Ippel and Infra Quality Support.

STRABAG successfully completes Niagara Tunnel Project

After more than seven years of construction, the STRABAG-executed Niagara Tunnel Project was put into operation on 22 March 2013. In the presence of representatives from client Ontario Power Generation, local construction consultants Hatch Mott MacDonald/Hatch Acres and Austrian construction group STRABAG, the tunnel's outlet gate was opened to allow the flow of water through the 10.1 km water supply tunnel near the famous waterfalls on the Niagara River. Following an unhindered 24-hour flow, the € 900 million project of the century was regarded as complete.


Construction of Niagara Tunnel Project

APRIL

EFKON awarded major orders in Germany & Malaysia

EFKON AG – an Austrian subsidiary of STRABAG SE headquartered in Graz/Raaba – reports two new large orders in Germany and Malaysia with a value in the double-digit million euro range. The company received a follow-up order for the delivery of On-Board Modules for the satellite-based truck tolling system in Germany and a large order in Malaysia comprising the delivery of 250,000 electronic toll collection units (OBUs).

New building for Brandenburg state government to be built by STRABAG as PPP


Rendering of government building in Potsdam

After four years of tendering, the Brandenburg State Office for Property and Construction has awarded the contract for the planning, construction and operation of a government building in Potsdam to STRABAG Real Estate GmbH. The project with a volume of € 82 million will be executed as a public-private partnership over a period of 30 years, not including the nearly two-year period of construction.

STRABAG plans pumped-storage plant in Thuringia, Germany

Thuringia's Ministry of Economic Affairs has announced that it is planning the construction of a pumped-storage plant in Thuringia together with the STRABAG Group and future investors. After in-depth examination of two sites, current plans envision a pumped-storage plant with a capacity of 640 MW at the Ellrich site and another one with a capacity of 380 MW at Leutenberg/Probstzella – the latter would be enough to annually supply more than 220,000 households with electricity.

MAY

STRABAG SE issues € 200 million corporate bond

STRABAG SE issued a € 200 million corporate bond. The fixed-interest bond with a face value of € 1,000 has a term to maturity of seven years and a coupon of 3.00 % p.a. The issue price has been set at 101.407 %.

STRABAG subsidiary building A4 motorway in Poland

A consortium led by STRABAG subsidiary Heilit+Woerner Sp. z o.o. has been awarded the contract from Poland's General Directorate for National Roads and Highways (GDDKiA) to complete the 35 km long section of the A4 motorway between Krzyż and Dębica Pustynia. The contract value amounts to € 236 million, 50 % of which is Heilit+Woerner's share.

Section of A4 motorway

JUNE

Thomas Birtel new CEO of STRABAG SE

With the end of the Annual General Meeting on 14 June 2013, Dr. Hans Peter Haselsteiner resigned from the management board. In the future, he will support the management board as an authorised representative in matters concerning the group's internationalisation and strategic orientation. Dr. Thomas Birtel succeeded him as new CEO of STRABAG SE.

Züblin builds new facility for 15 clinics and institutes in Jena

Rendering of new Jena University Hospital, © Woerner & Partner

Jena University Hospital and Ed. Züblin AG as general contractor signed the contract for the construction of the second section of Thuringia's university clinic. By the year 2018, the new buildings to be erected will offer around 49,000 m² of usable space for 15 clinics and institutes, with 710 beds and twelve operating rooms, as well as research and teaching facilities. The total project volume amounts to € 316 million.

JULY

STRABAG merges Swiss group companies

The STRABAG Group has undergone enormous growth in Switzerland over the past few years with the acquisitions of Brunner Erben AG, Astrada AG, Egolf AG, Meyerhans AG and Baunova AG. In order to achieve a homogeneous presence on the Swiss market, these group companies were merged into STRABAG AG, Switzerland, effective retroactively to 1 January 2013. Eggstein AG, which had already been merged into STRABAG AG, Switzerland, in 2010 and which had been renamed Eggstein Swissboring, is now doing business under the STRABAG brand. Under the merger, STRABAG AG, Switzerland, assumed the assets and liabilities of the acquired companies. STRABAG SE continues to hold 100 % of the shares of its subsidiary STRABAG AG, Switzerland.

STRABAG lands new orders internationally worth € 230 million

Four new contracts have increased the order backlog of the STRABAG Group until July 2013 by more than € 230 million. Those projects include the construction of a flood protection dam for € 92 million in Oman, two road construction projects in Oman with a total contract value of € 28 million, production of concrete sleepers for railway construction worth € 88 million in Thailand, as well as planning and construction of an LNG tank in Brunei, worth € 23 million.

Züblin constructs office complex for € 95 million at Stuttgart Airport

Ed. Züblin AG, Stuttgart constructs the building "New Office Airport Stuttgart" on behalf of client Flughafen Stuttgart GmbH. The contract value of the office ensemble, which is being built under a partnership arrangement with a guaranteed maximum price and upon completion will be leased almost entirely to management consulting firm Ernst & Young as its German headquarters, stands at about € 95 million.

Rendering of office ensemble, © Flughafen Stuttgart

AUGUST

Züblin is building tunnel for € 250 million on new Wendlingen–Ulm rail line

Through its German subsidiary, Ed. Züblin AG of Stuttgart, STRABAG has been awarded a large contract by the Deutsche Bahn AG, with an order volume of € 250 million, 60 % of which is Ed. Züblin AG's share. The construction of the 5.9 km tunnel from the Swabian Jura to the tracks of Ulm Central Station will last four-and-a-half years.

SEPTEMBER

Züblin officially awarded the contract to build a cultural quarter in Dresden

Rendering of cultural quarter in Dresden, © moka-studio

Ed. Züblin AG will act as main contractor and build the centrally located cultural quarter for around € 70 million on a vacant plot of land of a former power station until the summer of 2016. The contract involves the renovation of the former machine hall, the construction of a new seven-storey building, the renovation of an existing four-storey building and the demolition and construction of a new two-storey workshop.

STRABAG is developing and building infrastructure highlight Orgelpipan 6 in Stockholm

Swedish STRABAG Projektutveckling will develop the multi-functional building "Orgelpipan 6" at Stockholm's Citybanan Commuter Station, Sweden's largest and busiest railway terminal. The investment volume is in the triple-digit million euro range. Completion of the project – which will include apartments, a hotel, shopping and servicing facilities – is planned for December 2015.

STRABAG to build Bosnian motorway between Svilaj and Odžak

A consortium led by STRABAG AG won the contract to build the Svilaj-Odžak section of the international motorway corridor 5c in Bosnia. Works on the 10.4 km long section – which already started in October 2013 – include the construction of the roadway, the border crossing at Svilaj, the Svilaj toll station, two service areas and two motorway exits. Completion is scheduled for December 2014. The contract value amounts to a total of € 84 million, 50 % of which is STRABAG's share.

Züblin expands Allianz Campus Unterföhring

Acting as general contractor, Ed. Züblin AG was awarded the contract to expand Allianz Campus Unterföhring near Munich. In a consortium together with Munich-based Dobler Metallbau GmbH, it will construct the new building with a gross floor area of 58,000 m². The contract has a value of approx. € 100 million; Züblin's share amounts to 90 %. A DGNB gold certification for the new building is aimed at. A precertification has already been awarded. Completion is planned for autumn of 2015.


Rendering of Allianz Campus, © Auer + Weber + Assoziierte

Züblin awarded large building construction contract in Denmark

Züblin A/S, a Danish subsidiary of the STRABAG SE Group, was awarded the contract to build the "Bryghus", a six-storey multi-use building on the site of a former brewery at the Copenhagen waterfront. The value of the contract amounts to about € 140 million. Construction time is scheduled from autumn 2013 to autumn 2017.

Züblin is testing the new ground engineering sealing method "BioSealing"

Züblin Spezialtiefbau Österreich engaged in the "BioSealing" joint industry project, a European joint project to further investigate the principle of operation of bacteria for the sealing of underground leaks in the ground and in buildings. In total nine companies will invest € 400,000 in the coming years.

OCTOBER

STRABAG SE bonds listed in the new Corporates Prime segment of Vienna Stock Exchange

Since 1 October 2013, bonds of STRABAG SE are listed in the Corporates Prime segment of the Vienna Stock Exchange's bond trading platform. This new segment comprises bonds from issuers in non-financial sectors with the aim of increasing the transparency of and providing more effective publicity for Austrian bonds and their issuers. The participating companies agree to provide potential bonds buyers with standardised information about their bonds.

STRABAG awarded tender for section of motorway M4 in Hungary

STRABAG will build the third section of the Hungarian motorway M4 between Abony and Fegyvernek for about € 106 million. The section has a length of 13.2 km and is part of the 233 km long motorway which links Budapest to the Ukrainian border.

NOVEMBER

Highway construction contracts of more than € 300 million in Slovakia

A consortium led by STRABAG signed the contract to build the approx. 10 km long section of the R2 expressway between Pstruša and Kriváň in Slovakia. The contract value amounts to € 178 million, of which STRABAG a.s. holds a 40 % share. A few weeks later, as part of a consortium STRABAG was awarded the contract to build an 11 km long section of the D1 motorway in northern Slovakia between Hricovské Podhradie and Lietavská Lúcka. The order has a total value of € 427 million, of which STRABAG s.r.o. will receive about € 140 million. The construction works comprise eleven bridges, two tunnels as well as all access roads.

STRABAG to build 100 km of desert road in Oman


Sinaw–Duqm connecting road

STRABAG Oman, LLC was awarded the contract to build a 100 km section of the 400 km long road between the city of Sinaw and the industrial zone in Duqm in southern Oman. The project value amounts to € 88 million.

DECEMBER

STRABAG is modernising 42 km section of railway in Romania

As part of a consortium, STRABAG AG has been awarded the contract to modernise the 42.2 km long railway section between Vintu de Jos and Simeria in western Romania near the city of Sibiu. The contract value amounts to € 317 million, of which STRABAG will carry out works with a volume of at least € 66 million in the area of track construction, civil engineering, earth works and road construction.

STRABAG is building McArthurGlen Designer Outlet Vancouver Airport

STRABAG SE is building a designer outlet centre near Vancouver International Airport (YVR), Canada, for Vancouver Airport Authority and McArthur-Glen, Europe's leading owner, developer and manager of designer outlets. McArthurGlen Designer Outlet Vancouver Airport foresees the construction of more than 65,000 m² (35,000 m² gross leas-able area) in a prime location on YVR land for more than CAD 100 million (around € 70 million).

Country report

INTENSIFICATION OF INTERNATIONAL BUSINESS TO FURTHER DIVERSIFY THE COUNTRY RISK

Following our clients

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

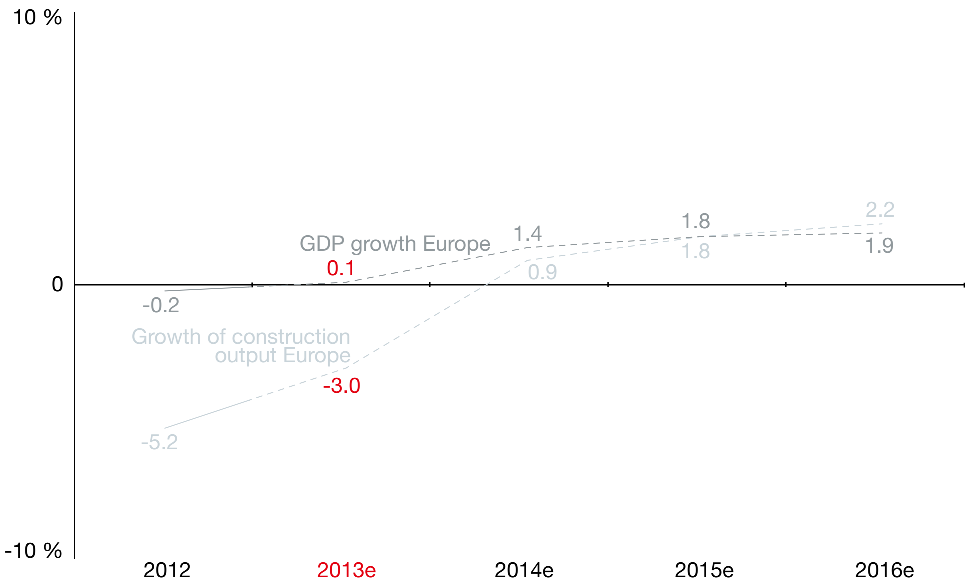
In the 2013 financial year, STRABAG SE generated an output volume of € 13.6 billion. The relatively low decline by 3 % over the previous year can be explained by weather-related effects at the start of the year. The group's core markets revealed quite different developments: as STRABAG is a broadly positioned group, the expected market-related decline in Poland following the end of the construction boom there and project-related reductions in Canada, Benelux and Romania were nearly balanced out by increases in e.g. Hungary, Austria and Africa.

OUTPUT VOLUME BY COUNTRY

€ mln.	2013	% of total output volume 2013	2012	% of total output volume 2012	Δ %	Δ absolute
Germany	5,789	43	5,779	41	0	10
Austria	1,982	15	1,888	13	5	94
Poland	787	6	1,139	8	-31	-352
Czech Republic	645	5	646	5	0	-1
Russia and neighbouring countries	561	4	527	4	6	34
Scandinavia	510	4	579	4	-12	-69
Hungary	496	4	393	3	26	103
Benelux	400	3	456	3	-12	-56
Switzerland	386	3	425	3	-9	-39
Slovakia	340	3	400	3	-15	-60
Middle East	323	2	305	2	6	18
Romania	322	2	372	3	-13	-50
The Americas	263	2	348	2	-24	-85
Italy	168	1	157	1	7	11
Africa	165	1	125	1	32	40
Croatia	134	1	130	1	3	4
Asia	103	1	111	1	-7	-8
Rest of Europe	81	0	83	1	-2	-2
Slovenia	67	0	81	1	-17	-14
Serbia	31	0	72	0	-57	-41
Bulgaria	20	0	27	0	-26	-7
Total	**13,573**	**100**	**14,043**	**100**	**-3**	**-470**

BUILDING PRODUCTION IN EUROPE CONTINUES DOWNWARD TREND[1)]

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE



Despite the economic recovery in the US and in the emerging markets, the upswing of the European economy was delayed. After a decline in the previous year, the gross domestic product (GDP) of the 19 Euroconstruct countries stagnated in 2013. As a result, the outlook for private consumption, the labour market and income development remain subdued. Nevertheless, the experts at Euroconstruct expect the economy to grow again at the low rate of 1.4 % already in 2014.

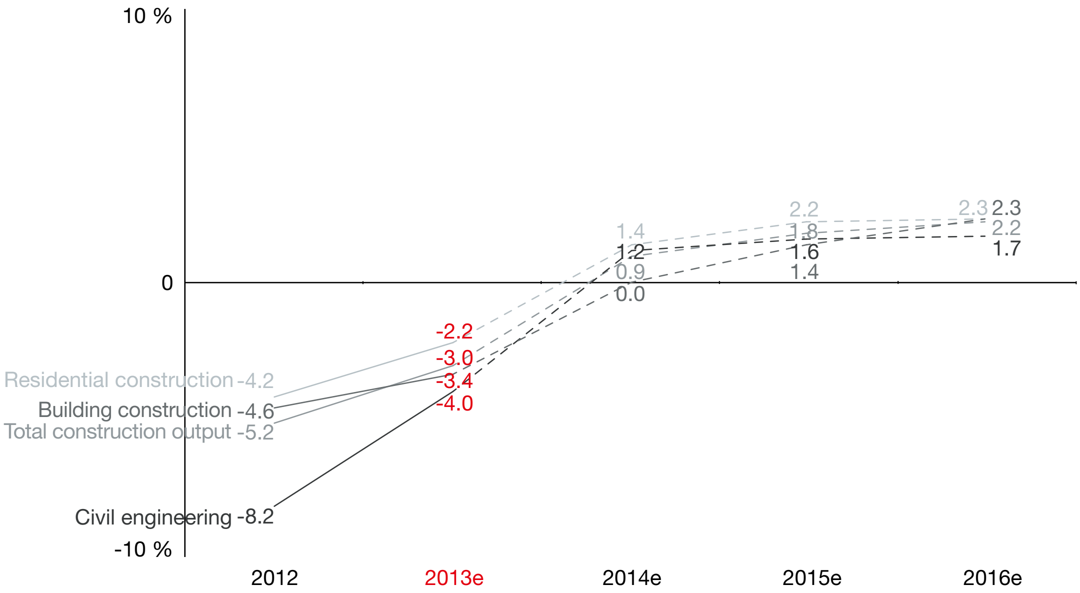
With a decline of 3.0 %, the development of the European construction sector in 2013 again was significantly worse than the economy as a whole. The strongest losses were registered in the countries of Northern and Southern Europe. The reasons for the continuous pressure on the European construction sector include the sovereign debt crisis in several countries as well as the austerity pressure on public budgets and insecurities regarding the future economic development. The situation of the construction industry should improve slightly in 2014, however, as Euroconstruct currently forecasts growth of 0.9 %.

The sovereign debt crisis put a damper especially on the prospects for civil engineering, while the weak macroeconomic environment, the high unemployment and the lack of consumer confidence clouded the outlook for residential construction and the other building construction. While an upswing for residential construction and civil engineering is already expected in 2014, building construction is unlikely to receive new impetus until 2015 with the stabilisation of the macroeconomic environment in Europe.

1) All growth forecasts as well as the particular national construction volumes are taken from the Euroconstruct and EECFA winter 2013 reports. The indicated market share data are based on the data from the year 2012.

DECLINE IN ALL AREAS OF THE CONSTRUCTION SECTOR – BUT THE LOWEST POINT HAS ALREADY BEEN REACHED

DEVELOPMENT OF CONSTRUCTION SECTOR EUROPE

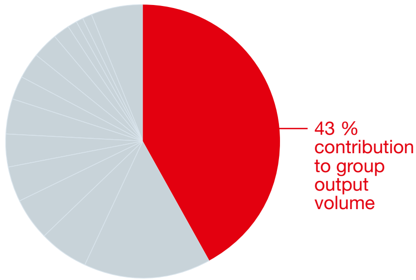


Residential construction remained greatly affected by the weak European economy in 2013. The banks also were more restrictive in the granting of mortgage loans. Against this backdrop, the sector lost another 2.2 % in the reporting period, although it fell less strongly than building construction and civil engineering. A country-by-country comparison shows that the development remained diversified: while the countries of Central and Northern Europe – above all German-speaking Europe – reported largely positive development, Spain and Portugal continued to register percentage losses in double-digit territory. With a minus of 9.4 %, residential construction in Eastern Europe shrank significantly more strongly overall than in Western Europe (-1.9 %). Starting in 2014, the experts at Euroconstruct forecast low growth of 1.4 % for the 19 member states.

Building construction – and above all commercial and office construction – was also greatly affected by the weak economic performance in Europe in the period under review. In total, the construction volume in this field shrank by 3.4 % in 2013. The development was especially negative in Southern Europe and only a few countries elsewhere were able to report growth. Against the backdrop of a stabilisation of the macroeconomic environment, however, new impetus is expected for this segment in the years to come. A return to growth will likely follow a temporary period of stagnation in 2015, with a trend toward stronger growth in Central and Eastern Europe, compared to Western Europe.

The restrained economic development and the restrictive fiscal policy of the European states are most strongly reflected in the **civil engineering** sector. Drastic spending cuts led to shifts, reductions or even withdrawals of projects in the field of transportation infrastructures. This resulted in a continuous decline of the construction output in civil engineering, which reached its highest point in 2012 with a minus of 8.2 % and continued into 2013 with a decline of 4.0 %. Particularly affected were the countries of Central and Eastern Europe, where the decline reached 11.9 % in the period under review. In view of Europe's economic recovery, however, a turnaround is already expected in 2014: the experts at Euroconstruct expect to see growth again this year with a plus of 1.2 %. Here, too, the growth in Central and Eastern Europe will likely be higher than in Western Europe because of the region's great need to catch up and due to the allocation of EU funds.

GERMANY



Overall construction volume:	€ 275.51 billion
GDP growth:	2013e: 0.4 % / 2014e: 1.8 %
Construction growth:	2013e: 0.3 % / 2014e: 2.7 %

Although the weak economies in the European sales markets kept Germany's 2013 GDP growth at 0.4 % and thus below the previous year's value, the general underlying conditions for the German economy developed favourably over the course of the year. Particularly the low interest rates and the advantageous credit conditions delivered expansive impulses. The increase in private consumption due to rising real incomes should also lead to renewed growth of the GDP in 2014 – Euroconstruct expects a plus of 1.8 %.

After a difficult 2012, the construction output in Germany fell even further in the first quarter of 2013 due in particular to weather-related production shutdowns. Over the course of the year, however, the sector slowly recovered to end 2013 with a slight plus of 0.3 %. Residential construction in particular profited from the real income growth and the favourable financing conditions gaining 1.0 %. Home ownership should remain attractive as an investment alternative so that growth of 2.6 % is already expected for the year to come.

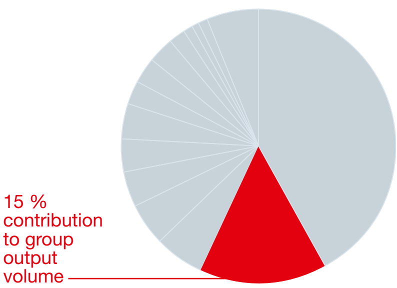
After a drop in 2013, the field of building construction is expected to gain momentum due to the improved sales and profit expectations among the companies. Substantial impetus can be expected from the areas of industrial and warehouse buildings as well as from shopping centres. In this segment, too, renewed growth of 2.4 % is already forecast for 2014.

Following a decline of 4.5 % in 2012, the field of civil engineering recovered in the period under review. On the one hand, it was possible to make up for weather-related losses; on the other hand, additional volume was generated from the clean-up works related to flood damage. This development should continue thanks to the € 5 billion immediate action programme for transportation infrastructures that was agreed in the new coalition agreement – as a result, the civil engineering output is expected to grow by 3.4 % in 2014.

With a market share of 2.1 %, STRABAG is the market leader in Germany. The share of the German road construction market amounts to 9.4 %. With € 5,788.81 million, about 43 % of the group's output volume was generated in the home market of Germany. Most of the output volume comes from the segment North + West. Property and facility services provided in Germany are assigned to the segment International + Special Divisions.

The planned investments in the field of offshore wind were postponed indefinitely by STRABAG due to the adverse political and organisational environment.

AUSTRIA



Overall construction volume:	€ 32.59 billion
GDP growth:	2013e: 0.4 % / 2014e: 1.7 %
Construction growth:	2013e: 0.5 % / 2014e: 1.2 %

Against the backdrop of the global economic recovery, the Austrian economy can expect to see slight yet stable improvement. The structural problems in the euro area, however, led to a weakening of the global growth impulses. On balance, therefore, the Austrian GDP grew by only 0.4 % in 2013. While exports and investment activities were on the up, consumption growth remained below expectations. However, the GDP is expected to gain another 1.7 % in 2014.

The construction sector has always been considered a stabilising element in the Austrian economy, and moderate growth is expected here for the coming years as well. One uncertainty, however, is the future course of the new government. The construction sector grew by 0.5 % overall in 2013 and growth of 1.2 % is expected for 2014.

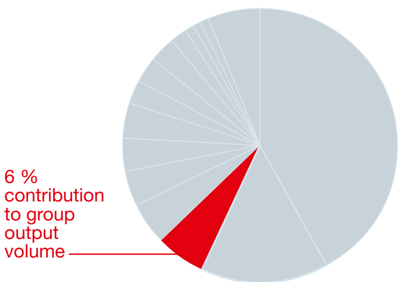
The Austrian residential construction market underwent relatively strong growth in 2013 with a plus of 2.0 %, in particular in the greater Vienna area. The positive demographic development, the low interest rates and the increase of real estate prices encouraged this development. However, a downward trend in the granting of building permissions will likely result in a weaker expansion in new building construction in the years to come.

Against the backdrop of the low economic growth, building construction shrank by 1.1 % in the reporting period. Especially affected were office and industrial buildings. Thanks to positive impulses from the export-oriented industry, however, the experts at Euroconstruct expect to see a general recovery and slight growth of 0.5 % in 2014.

In response to the so-called stability pact – the Austrian government's consolidation project – and the resulting postponement of infrastructure projects, the situation in the civil engineering segment worsened once more with the volume shrinking by 0.6 % in 2013. Investments in rail infrastructure were especially affected by this development. The continued development in the years 2014 and 2015 will greatly depend on large infrastructure projects. In these years, the civil engineering market should again grow by 1.2 % and 1.3 %, respectively.

In 2013, STRABAG generated a total of 15 % of the group output volume, or € 1,981.50 million, in its home market of Austria. Along with Germany and Poland, Austria thus remains one of the group's top three markets. STRABAG generates 5.8 % of total output volume in Austria. In the field of road construction, the market share amounts to 15.9 %.

POLAND



Overall construction volume:	€ 45.98 billion
GDP growth:	2013e: 1.2 % / 2014e: 2.3 %
Construction growth:	2013e: -8.9 % / 2014e: 3.5 %

After years of high growth, GDP gains in Poland slowed to 1.2 % in 2013. The reasons for this were, on the one hand, the difficult economic situation of the most important Polish trade partners – above all in the euro area – and, on the other hand, the decline of private consumption in the wake of the high level of unemployment. At the same time, public-sector investments financed out of the EU Structural Funds fell back. With the recent inflow of EU funds in the years 2014–2020, however, the GDP should see renewed stronger growth in the years to come.

With a decline of 8.9 %, the Polish construction industry reacted strongly to the end of the construction boom and the macroeconomic slowdown. However, a return to growth of 3.5 % is being forecast for 2014 – although the overcapacities in the market are unlikely to be completely reduced by that time.

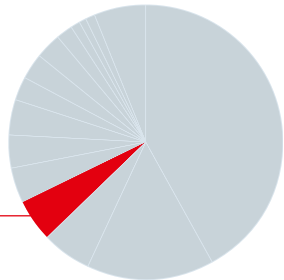
Due to higher interest rates, more restrictive lending and lower household incomes, the residential construction market shrank by 7.7 % in 2013. It is expected, however, that this area will grow slightly especially in the second half of 2014. This expectation is based above all on changes in the construction laws that are supposed to result in stronger funding for new housing and in lower interest rates for housing loans. All in all, growth of 2.9 % should thus again be possible in 2014.

After two strong years of growth, the expectations in building construction had to be adjusted downward. Both the EU funds as well as private funds were exhausted. Especially affected by this negative development were public buildings and the office segment. These areas are expected to stagnate further through 2014 or to achieve just minor growth of 1.3 %, respectively. Building construction should grow significantly once more starting in 2015.

The drastic budget cuts by the Polish government led to a decline in the civil engineering volume by 16.5 % in 2013. Infrastructure spending was especially hard hit. A recovery is forecast already for 2014.

In Poland, STRABAG is the number two in the construction sector with a market share of 2.5 % and market leader in transportation infrastructures with 8.5 %. The country contributed € 787.30 million, or 6 %, to the group's total output volume in 2013, making it STRABAG's third-largest market.

CZECH REPUBLIC



Overall construction volume:	€ 17.45 billion
GDP growth:	2013e: -1.5 % / 2014e: 0.8 %
Construction growth:	2013e: -8.2 % / 2014e: -4.2 %

The Czech economy continued its downward trend due to the weak domestic demand in the period under review and shrank by 1.5 %. An additional strain came in the form of the government's austerity measures. The budget deficit could be held in check, but this was done at the expense of economic growth. In view of the GDP growth of 0.8 % that has been forecast for 2014, fiscal policies should become less restrictive, however.

With a decline of 8.2 %, the Czech construction output shrank significantly more strongly than the economy as a whole. The sector has thus steadily lost in volume since 2008 – and is likely to continue to do so: a slight recovery of the construction market is not expected until 2016. The unstable political situation is also having a negative impact on the sector and makes it more difficult to give meaningful forecasts.

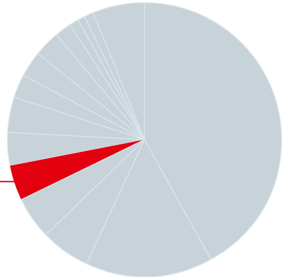
In 2013, residential construction was hardest hit by the ongoing recession with a decline of 15.3 %. The high prices weighed on the already weak demand, and the increase of the value added tax had a negative effect on household demand. Starting with next year, however, the declines should already be less strong.

The building construction market remained affected by high insecurities among investors in 2013; in fact, private investments practically came to a standstill. At the same time, state-financed projects were strongly affected by the government's strict austerity measures. EU subsidies and grants remain the main source for financing in this area, although these funds are currently available only to a limited degree. All in all, building construction fell by 4.5 % in the period under report. Euroconstruct does not expect slight growth again until the year 2015.

The civil engineering business suffered the most from the decline in public investments. This segment has grown negatively since the implementation of austerity measures in 2010 and lost another 9.2 % in the reporting period. Here, too, the political insecurities are a hindrance to private investments.

STRABAG is the number two on the market in the Czech Republic. With an output volume of € 644.66 million, some 5 % of the group's total output volume was accounted for by the Czech market in 2013. The share of the overall construction market amounts to 3.7 %; in road construction the group even holds 16.5 %.

RUSSIA AND NEIGHBOURING COUNTRIES (RANC)



RUSSIA

Overall construction volume:	€ 161.50 billion
GDP growth:	2013e: 2.4 % / 2014e: 3.7 %
Construction growth:	2013e: 4.4 % / 2014e: 4.6 %

UKRAINE

Overall construction volume:	€ 9.43 billion
GDP growth:	2013e: 1.0 % / 2014e: 3.0 %
Construction growth:	2013e: -7.1 % / 2014e: 5.8 %

The Russian economy grew by 2.4 % in 2013, somewhat more weakly than in the year before. In view of the economic recovery, however, the economic growth should again climb to 3.7 % in 2014. The construction sector in 2013 was marked, among other things, by the preparations for the Olympic Games in Sochi. In general, it rose by 4.4 % and growth of 4.6 % is forecast for the year to come.

After a crisis-related decline in the years 2008–2010, the residential construction market, which is responsible for around 35 % of the entire construction volume, has grown continuously since 2011 and reached a plus of 4.5 % in the reporting period. Further growth is expected in the years to come.

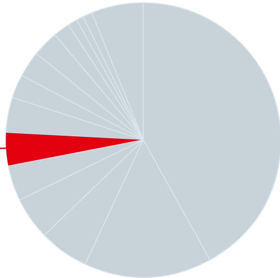
Other building construction has also registered positive growth since 2011 – the high point was reached in 2011 with a plus of 15.4 %. The sub-segments of commercial and retail, which account for more than 40 %, represent the largest and fastest-growing share: by 2015, annual growth of 5.0–6.6 % is expected here. In the years to come, the experts at Euroconstruct expect growth of 4.0–4.8 % for offices and 3.0–3.3 % for industrial buildings.

In the area of civil engineering, several large projects are currently in preparation. Russia plans to build more than 14,000 km of roads by 2020 and construction is to begin on a high-speed railway network nearly 1,600 km in length between 2013 and 2015. The construction volume in the railway segment is likely to grow by 4.0–8.0 % as a result.

After a decline of the economic performance in the previous year, the economy in Ukraine stagnated in the reporting period with a plus of just 0.2 %. In view of the current political uncertainties in Ukraine, reliable forecasts are neither possible for the general economic climate nor for the development of the construction sector. STRABAG is not active nationwide in Ukraine, merely operating in limited-time engagements on a project-by-project basis. The output volume generated by the company in Ukraine in 2013 amounted to less than 1 % of the annual group output volume.

STRABAG generated an output volume of € 561.30 million in Russia and its neighbouring countries (RANC) in 2013. The share of the total group output volume in the reporting period reached 4.0 %. In the region, STRABAG is almost exclusively active in building construction and civil engineering. The year 2013 was marked by the works related to the Olympic Village in Sochi, which is why the company expects a lower output volume in the RANC region for subsequent years.

SCANDINAVIA



SWEDEN

Overall construction volume:	€ 31.28 billion
GDP growth:	2013e: 1.1 % / 2014e: 2.6 %
Construction growth:	2013e: -0.4 % / 2014e: 1.6 %

DENMARK

Overall construction volume:	€ 26.18 billion
GDP growth:	2013e: 0.3 % / 2014e: 1.7 %
Construction growth:	2013e: 2.4 % / 2014e: 3.3 %

FINLAND

Overall construction volume:	€ 28.93 billion
GDP growth:	2013e: -0.3 % / 2014e: 1.1 %
Construction growth:	2013e: -2.7 % / 2014e: 0.5 %

NORWAY

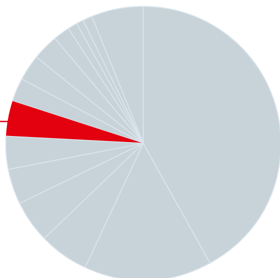
Overall construction volume:	€ 47.14 billion
GDP growth:	2013e: 1.7 % / 2014e: 2.7 %
Construction growth:	2013e: 3.7 % / 2014e: 3.6 %

The Scandinavian economies exhibited heterogeneous development during the period under review. While Sweden and Norway developed positively with GDP growth above the one-percent mark, the GDP in Denmark remained nearly unchanged. With a minus of 0.3 %, Finland failed to make it out of recession in 2013. All in all, more significant growth rates are first expected in these countries in 2014.

In terms of construction output, the four economies are also quite distinct. Denmark was able to recover in 2013 with growth of 2.4 %, while Sweden – not least due to a lower volume in residential construction – registered another decline with -0.4 %. A difference in trends could also be seen in Finland (-2.7 %) and Norway (3.7 %), though STRABAG's low level of activity on these markets make them of only minor importance for the group.

The output volume of STRABAG in Scandinavia amounted to € 510.07 million in 2013. The main activities included infrastructure and residential construction in Sweden. For some time now, STRABAG has put a stronger focus on proprietary project developments.

HUNGARY



Overall construction volume:	€ 7.4 billion
GDP growth:	2013e: 0.3 % / 2014e: 1.3 %
Construction growth:	2013e: 1.3 % / 2014e: 7.4 %

With low economic growth of 0.3 %, Hungary managed to get out of recession in the year under review. This slight recovery, however, remains fraught with insecurities as the economic upswing primarily depends on EU funds and state investments.

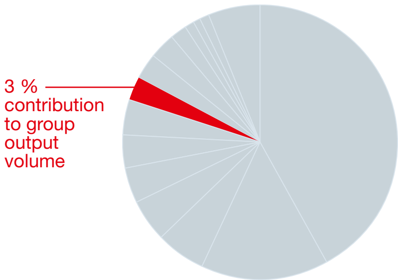
After seven years of negative growth, Hungary's construction output returned to growth in 2013 with a plus of 1.3 %. This development was driven above all by building construction and civil engineering, while the residential construction market shrank by another 11.0 % in 2013. On the basis of higher EU funds, Euroconstruct expects renewed significant growth of 7.4 % for Hungary's overall construction output in 2014.

As mentioned, building construction managed to reverse the trend in 2013 and grew by 5.0 % – and it should be possible to maintain a similar level in the coming year as well. This growth was driven primarily by EU funds, while private investment activity continued to stagnate. The financing of public buildings will remain dependent on these funds and the government's budget policy.

Civil engineering also grew by 5.0 % during the period under report. This can be explained among other things by the so-called Wekerle Plan that was passed in August 2012, which aims at re-launching postponed projects and at a more efficient use of EU funds. On this basis, it was possible to double the number of large infrastructure projects in comparison to the previous year; some 20 large-volume transportation projects should be completed by May 2014. Further growth in civil engineering is also expected in the years to come.

STRABAG noticed the improvement in the Hungarian construction sector in 2013 as well, as it was awarded the contract for two larger infrastructure projects. With an output volume of € 495.94 million, STRABAG is the leading provider on the Hungarian construction market. The company's share of the market as a whole reached 5.3 %; in road construction, STRABAG generates 11.1 % of the overall output volume.

BENELUX



BELGIUM

Overall construction volume:	€ 38.87 billion
GDP growth:	2013e: 0.1 % / 2014e: 1.1 %
Construction growth:	2013e: -1.3 % / 2014e: 1.2 %

NETHERLANDS

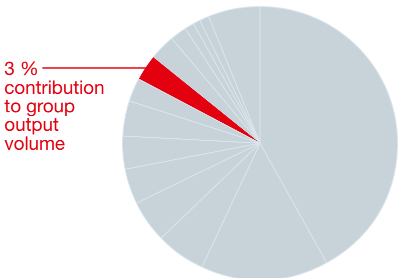
Overall construction volume:	€ 62.51 billion
GDP growth:	2013e: -1.3 % / 2014e: 0.5 %
Construction growth:	2013e: -5.0 % / 2014e: 0.4 %

The economies in the Benelux countries tended toward negative growth in 2013. While the Netherlands slid into recession with a GDP minus of 1.3 %, the Belgian economy stagnated with a minimal plus of 0.1 %. However, the experts at Euroconstruct expect an economic recovery already in 2014.

With a decline of the construction output by 5.0 %, the Dutch construction sector developed significantly worse than the economy as a whole. The negative development – all three sub-segments of the construction sector were equally affected – was a result of the weak private consumption, a drop in real estate prices and restrictive state budget measures. Construction output in Belgium fell less strongly, though it still lost 1.3 %, as a positive development in building construction was only partially able to make up for declines in residential construction and civil engineering. For the years to come, Euroconstruct expects renewed growth of the construction output in both markets, with a trend toward stronger growth in the Netherlands.

STRABAG achieved an output volume of € 399.66 million in the Benelux countries in 2013.

SWITZERLAND



Overall construction volume:	€ 52.38 billion
GDP growth:	2013e: 1.9 % / 2014e: 2.1 %
Construction growth:	2013e: 2.8 % / 2014e: 3.6 %

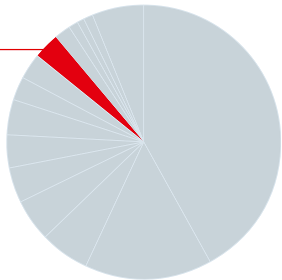
Driven by strong domestic consumption, the economic development in Switzerland was positive in every respect. Thanks to the renewed rise of industrial production and encouraged by a friendlier European environment, the GDP grew by 1.9 % in 2013. In the years to come, the growth rates should pick up more significantly once again. Switzerland's economic development continued to profit in 2013 from the strong growth of the construction industry, which gained 2.8 % in the year under review. The strongest factor driving growth was, as in the past, the residential construction market. The order books in the construction industry remain full for the future thanks to the positive demand, high immigration, low unemployment and favourable financing situation. Growth in residential construction is expected to reach 5.0 % in 2014.

In building construction, growth was registered in particular with hospitals and with educational and research facilities. After a plus of 1.0 % in this sector, however, the growth is expected to remain moderate for the years to come. While renovation works dominated during the times of the financial crisis, new building construction has again started to grow. In the coming years, these two segments should more or less balance one another out.

In civil engineering, the output volume grew by 6.3 % in 2013. The main factor driving this growth was the Gotthard Tunnel, the 50 km north-south link through the Alps. Following completion of this project, however, lower growth rates are expected for the coming years. Moreover, the further development will depend greatly on upcoming political decisions – such as an increase of the motorway toll or the further financing of the railway network.

Switzerland contributed € 386.22 million, or 3 %, to the group's total output volume in 2013. STRABAG's market share amounts to around 0.8 % overall and 3.0 % in the sub-segment of civil engineering.

SLOVAKIA



Overall construction volume:	€ 4.60 billion
GDP growth:	2013e: 0.8 % / 2014e: 2.2 %
Construction growth:	2013e: -7.8 % / 2014e: -0.8 %

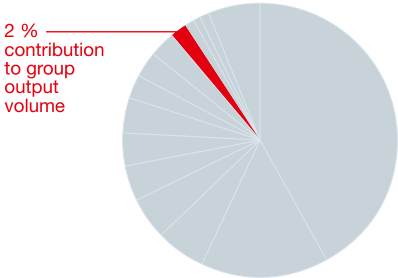
Slovakia's economy once again lost momentum in 2013 with GDP growth of just 0.8 %. The growth of the Slovak economy remains highly dependent on foreign demand; nevertheless, domestic consumption also made a contribution in 2013. In the years to come, the Slovak economy should see a return to stronger growth.

The negative trend in the Slovak construction industry continued in 2013 despite the generally positive economic environment. Substantial factors contributing to this development were the continuous low domestic demand as well as financing difficulties – including difficulties related to the supply of EU funds. All in all, the construction output shrank by 7.8 % against this backdrop in 2013. The residential construction market in particular was held back by the weak and uncertain income situation and by the continued high unemployment. In comparison, the field of building construction, which represents more than half of the entire construction output, suffered from the ongoing weak demand from private investors and fell back by 12.0 % in 2013. A continuation of the downward trend is expected for 2014, with a slight upswing starting in the year 2015.

After a strong decline in the previous year, 2013 brought the first signs of recovery in civil engineering. The segment lost only 2.0 % during the period under review – after 25.5 % in the previous year. Thanks to the implementation of long-delayed road construction projects, growth of 10.6 % is forecast for the year 2014. In the long term, the situation should improve again significantly as the need for modern infrastructure is continuously on the rise. The financing of such projects, however, is highly dependent on the supply of EU funds.

STRABAG was not so strongly affected by the collapse in the construction sector in the past financial year as the company generates a large portion of its output volume in Slovakia in civil engineering. In this segment, the company landed two large infrastructure projects at the end of 2013. With a market share of 8.7 % and an output volume of € 340.42 million in 2013, STRABAG is the market leader in Slovakia. In road construction, STRABAG's share even reaches 15.8 %. Slovakia contributed 3 % to the group's total output volume in 2013.

ROMANIA



Overall construction volume:	€ 17.90 billion
GDP growth:	2013e: 1.6 % / 2014e: 2.2 %
Construction growth:	2013e: 2.9 % / 2014e: 5.8 %

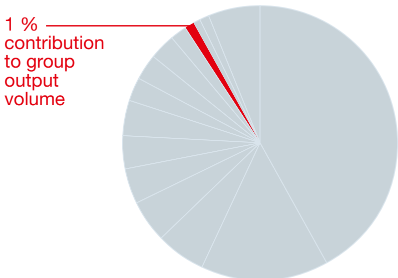
The Romanian economy expanded by 1.6 % in 2013, more strongly than in the previous year. This positive trend should continue to accelerate in the years to come until growth reaches about 3.0 % by 2016.

The increasing private and public demand should also deliver positive impetus for the construction sector. After a plus of 2.9 % in 2013, growth of 5.8 % is expected for 2014. In the reporting period, all segments of the construction industry exhibited positive growth rates. While residential construction grew by 3.0 %, building construction profited with growth of 3.9 % in part due to the fact that multinational corporations are increasingly discovering Romania as an attractive location in which to do business.

Since 2009, the civil engineering market has become steadily more important for the Romanian construction market, today accounting for nearly half of the overall construction volume. After growth of 2.3 %, both the upcoming elections as well as the increased use of EU subsidies and grants should provide for an increase in the civil engineering volume by 7.1 % in 2014.

With an output volume of € 321.83 million, corresponding to a market share of 2.1 %, STRABAG took second place on the Romanian construction market in the year 2013. In road construction, the share amounts to a comparable 2.5 %. The rather lively business for the company in Romania can be explained by several large projects in transportation infrastructures that were executed in the past few years.

ITALY



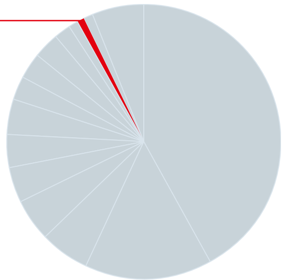
Overall construction volume:	€ 172.15 billion
GDP growth:	2013e: -1.9 % / 2014e: 0.7 %
Construction growth:	2013e: -3.3 % / 2014e: -0.3 %

The recession of the Italian economy continued in 2013 with a decline of the economic performance by 1.9 %. First indications that the trend was reversing came up during the second half of the year, however, and economic researchers expect growth of 0.7 % in 2014 as a result.

The entire Italian construction sector was hard hit by the economic crisis. The construction volume fell by 3.3 % in the year under report and a minus of 0.3 % is forecast for 2014. Residential construction shrank by 2.4 % in 2013, experiencing a decline for the seventh year in a row. However, a return to growth – albeit a small one – with a plus of 0.4 % is expected here for 2014. The rest of building construction is unlikely to undergo any sustained recovery before 2015. This segment registered a decline of 5.3 % in 2013 and can expect a minus of 0.9 % in 2014. The situation in the civil engineering market is similar: the volume fell by 2.9 % in 2013 and a decline of 1.1 % has been forecast for 2014. A small plus is not expected until 2015.

STRABAG's output volume in Italy amounted to € 168.32 million in 2013. The company is mainly active in tunnelling and road construction in the north of the country, which is why most of the output volume is included in the segment International + Special Divisions.

CROATIA



Overall construction volume:	€ 3.12 billion
GDP growth:	2013e: -0.7 % / 2014e: 0.5 %
Construction growth:	2013e: -4.3 % / 2014e: -2.1 %

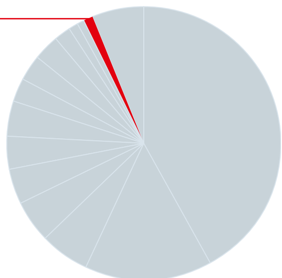
The Croatian economy – like the country's construction industry – continued to suffer from the ongoing weakness of the European economy. The 2013 GDP exhibited a decline of 0.7 %. Although the outlook for the coming years is again slightly positive – GDP growth of 0.5 % is expected for 2014 –, the difficult financing situation is unlikely to improve in the medium-term for private or public investors. Moreover, the rising unemployment and declining real incomes will continue to slow private consumption.

Despite the negative overall outlook for the Croatian construction industry, individual sectors developed significantly better than the industry as a whole in the past financial year. Against the backdrop of a massive investment programme in infrastructure, civil engineering in particular grew by 6.2 % in the reporting period. For the years 2014 and 2015, the growth is even expected to reach 9.0 % and 14.7 %, respectively. As of 2015, EU subsidies and grants in particular should make a substantial contribution to growth.

By comparison, the residential construction market fell by 13.4 % during the period under review and is even expected to lose 15.6 % in 2014. These losses are primarily due to the massive oversupply of new housing. A slight recovery of the market – beginning with a very low level – is not expected until 2015 at the earliest. Building construction remains weak too. After a loss of 9.2 % in the year 2013, a minus of 6.6 % is expected for 2014.

As market leader, STRABAG achieved an output volume of € 133.45 million in Croatia in the year 2013. Its market share stands at 4.2 % and 7.4 % in the sub-segment of transportation infrastructures.

SLOVENIA, SERBIA, BULGARIA AND REST OF EUROPE



SLOVENIA

Overall construction volume:	€ 1.46 billion
GDP growth:	2013e: -2.4 % / 2014e: -0.2 %
Construction growth:	2013e: -6.0 % / 2014e: 19.7 %

SERBIA

Overall construction volume:	€ 2.04 billion
GDP growth:	2013e: 2.0 % / 2014e: 3.0 %
Construction growth:	2013e: -9.1 % / 2014e: 10.0 %

BULGARIA

Overall construction volume:	€ 6.04 billion
GDP growth:	2013e: 1.0 % / 2014e: 2.1 %
Construction growth:	2013e: -0.2 % / 2014e: -5.6 %

Slovenia

Slovenia's GDP shrank by 2.4 % as the country's economy continued to suffer from the consequences of the economic crisis in 2013. Growth is not expected until the year 2015. The ongoing economic difficulties are also affecting the Slovenian construction industry. After declines in double-digit percentage territory in the previous years, the minus of 6.0 % in 2013 is still no reason to speak of a recovery. In view of the low basis, however, growth of already 19.7 % is expected for the year to come.

Residential construction fell back by 16.8 % in 2013 and is expected to shrink by another

3.7 % in the current year. A slight plus is not expected here until 2015. The building construction volume for the period under review was also 14.9 % below the previous year's value but should recover already in 2014 with a plus of 8.5 %. Civil engineering gained 1.1 % in 2013. The realisation of several large projects could lead to considerable growth of 28.5 % in 2014, which could also form the basis for the expected growth of the overall construction output. This forecast, however, must be viewed sceptically as public financing could be influenced by state austerity measures.

STRABAG generated an output volume of € 67.40 million in Slovenia in 2013, placing it among the top three construction companies in the country. STRABAG holds a 5.6 % share of the market as a whole and 3.1 % in transportation infrastructures.

Serbia

Serbia has had to contend with considerable structural and financial deficits since the beginning of the economic and financial crisis. The economic performance of the country has been fluctuating relatively strongly – including noticeable GDP declines in the years 2009 (-3.5 %) and 2012 (-1.7 %). In 2013, however, the Serbian economy exhibited signs of recovery with growth of 2.0 % as a result of state investments in the export economy and in infrastructure as well as reforms in the public administration. A further improvement is expected for the years to come.

While the Serbian construction sector had grown in 2011 and 2012 due, above all, to state incentives in residential construction and investments in civil engineering, a noticeable decline, at minus 9.1 % of the construction output was registered in 2013. According to Euroconstruct, however, this trend should reverse already in 2014 not least due to the recovery of the economy and in response to state investments.

The residential construction market probably hit bottom in the year 2013, and the turnaround in the economy as a whole as well as the positive developments on the labour markets and in household incomes should bring this sector back on a growth path by 2015 at the latest. After a low in 2013, a reversal of the trend is also expected in building construction. In civil engineering, Euroconstruct expects to see double-digit growth rates – after a pause in 2013 – due to the realisation of several large infrastructure projects in rail, road and pipeline construction.

STRABAG achieved an output volume of € 31.26 million on the Serbian market in 2013.

Bulgaria

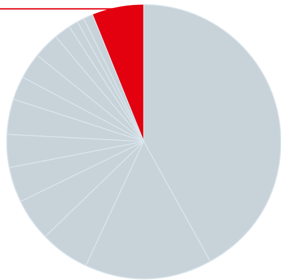
After a strong GDP decline of 5.5 % in 2009, the Bulgarian economy has only slowly recovered with growth rates between 0.4 % and 1.8 %. In 2013, GDP growth also only barely reached the one percent mark. A significant contribution driving this slightly positive trend comes from exports to the EU, with additional positive impetus expected from the increasing exports to non-EU countries as well as from growing domestic demand. As a result, economic growth of 2.1 % should be possible in 2014.

The Bulgarian construction industry has not yet recovered from the enormous losses of the past few years. After a slight drop of 0.2 % in 2013, the sector is expected to shrink by 5.6 % in 2014. The residential construction market should recover slowly after a strong decline of 5.0 % in 2013, but the uncertain economic situation, high unemployment and weak income development continue to negatively impact home ownership demand.

The building construction segment stood out positively in 2013 with growth of 10.2 %, while the construction output in civil engineering decreased by 4.3 %. In this segment, the completion of a number of road projects will be a damper on future growth, so that Euroconstruct even expects a minus of 9.8 % in 2014. A shift in priorities in favour of public transport could cushion this decline in subsequent years.

STRABAG generated an output volume of € 19.77 million on the Bulgarian market in 2013.

MIDDLE EAST, THE AMERICAS, AFRICA, ASIA



In addition to its main markets in Europe, the STRABAG Group also operates in individual non-European regions in order to be less dependent on the economic underlying conditions of individual markets. Internationally, the group has been present in Asia, Canada, Chile, Africa and the Middle East for many years and decades. All in all, these regions generated € 853.70 million, or 6 % of the group's total output volume in 2013, a share that could rise to at least 10 % in the coming years.

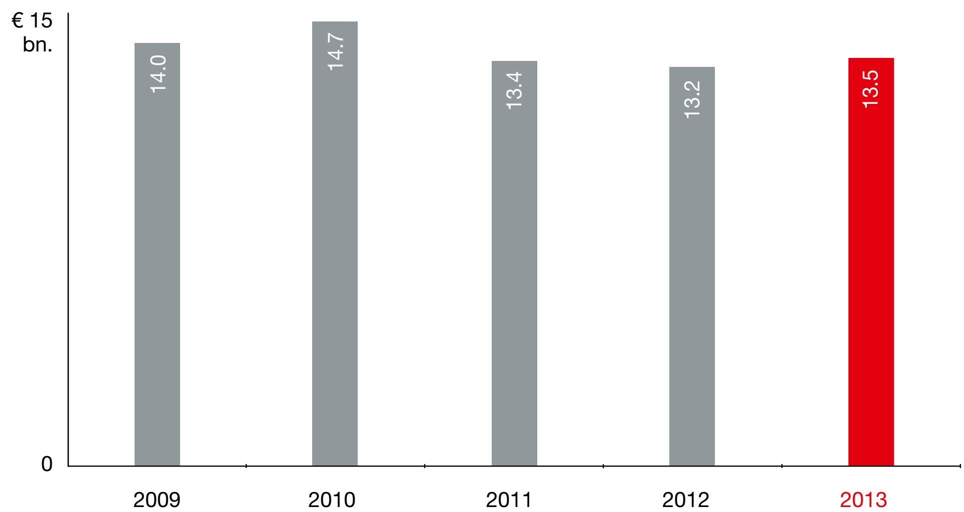
In the non-European markets, STRABAG is usually active as a general contractor through direct export. The focus in these regions is on civil engineering, industrial and infrastructure projects and tunnelling – areas in which high technological expertise is required. Milestones from the past include the research and development partnership with Rio Tinto in tunnelling, several road construction orders in Oman and the contract to build a designer outlet centre for McArthurGlen in Canada. STRABAG's activities in non-European countries are included – with a few minor exceptions – in the segment International + Special Divisions.

Order backlog

ORDER BACKLOG OF STRABAG SE BY SEGMENT AS AT 31 DECEMBER 2013

€ mln.	Total 2013	North + West	South + East	International + Special Divisions	Other	Total 2012	Δ Group %	Δ Group absolute
Germany	5,052	3,853	182	1,009	8	4,544	11	508
Austria	1,503	6	1,088	408	1	1,466	3	37
Italy	1,256	3	1	1,252	0	1,351	-7	-95
The Americas	640	57	1	582	0	416	54	224
Poland	605	531	53	20	1	700	-14	-95
Scandinavia	585	573	10	2	0	434	35	151
Middle East	585	12	28	545	0	596	-2	-11
Hungary	573	0	560	13	0	326	76	247
Slovakia	445	0	439	6	0	331	34	114
Czech Republic	364	0	355	8	1	499	-27	-135
Benelux	351	288	6	57	0	555	-37	-204
Russia and neighbouring countries	317	104	212	1	0	635	-50	-318
Romania	308	0	300	8	0	326	-6	-18
Switzerland	217	10	159	48	0	268	-19	-51
Slovenia	151	0	151	0	0	144	5	7
Rest of Europe	139	14	104	21	0	78	78	61
Africa	134	0	22	112	0	236	-43	-102
Asia	112	0	4	108	0	163	-31	-51
Croatia	77	0	75	2	0	113	-32	-36
Bulgaria	35	0	35	0	0	14	150	21
Serbia	21	0	21	0	0	8	163	13
Total	**13,470**	**5,451**	**3,806**	**4,202**	**11**	**13,203**	**2**	**267**

DEVELOPMENT OF ORDER BACKLOG



The order backlog as at 31 December 2013 grew slightly by 2 % to € 13.5 billion and covers around one year's worth of output volume. The geographic focus shifted somewhat here: large projects such as the Olympic Village in Russia and orders in Benelux had been completed in 2013. In exchange, a large number of new building construction orders in Germany bolstered the order backlog by more than € 500 million.

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2013

Category	Number of construction sites	as % of number of construction sites	Order backlog € mln.	as % of order backlog
small orders (€ 0–15 mln.)	15,007	98	4,983	37
medium-sized orders (€ 15–50 mln.)	214	1	2,660	20
large orders (> € 50 mln.)	94	1	5,827	43
Total	**15,315**	**100**	**13,470**	**100**

Part of risk management

The overall order backlog is comprised of 15,315 individual projects. More than 15,000 of these are small projects with a volume of up to € 15 million each. They account for 37 % of the order backlog; a further 20 % are medium-sized projects with order volumes between € 15 million and € 50 million; 43 % are large projects of € 50 million or more. The high number of individual contracts guarantees that the risk involved with one project does not threaten the group success as a whole. The ten largest projects in the order backlog as at 31 December 2013 added up to 22 % of the order backlog, compared to 24 % at the end of 2012.

THE TEN LARGEST PROJECTS CURRENTLY IN PROGRESS AS AT 31 DECEMBER 2013

Country	Project	Order backlog € mln.	as % of total order backlog
Italy	Pedemontana motorway	1,015	7.5
Chile	Alto Maipo hydropower complex	372	2.8
Austria	Koralm Tunnel, Section 2	324	2.4
Germany	Stuttgart 21, underground railway station	314	2.3
United Arab Emirates	STEP wastewater systems	189	1.4
Germany	Jena University Hospital	164	1.2
Germany	Upper West Berlin	161	1.2
Germany	Albabstieg Tunnel	149	1.1
Italy	Grosseto–Siena expressway	107	0.8
Poland	S8 Opacz–Paszków	106	0.8
Total		**2,903**	**21.6**

Impact on changes to the scope of consolidation

In the 2013 financial year, 21 companies (thereof 14 mergers with fully consolidated companies) were included in the scope of consolidation for the first time. These companies contributed a total of € 47.53 million to the group revenue and € -1.72 million to the net income after minorities. As a result of first-time inclusions, current and non-current assets increased by € 28.11 million, current and non-current liabilities by € 13.71 million.

Financial performance

In the 2013 financial year, STRABAG SE generated an **output volume** of € 13.6 billion. The relatively low decline by 3 % over the previous year can be explained by weather-related effects at the start of the year. The group's core markets revealed quite different developments: as STRABAG is a broadly positioned group, the expected market-related decline in Poland following the end of the construction boom there and project-related reductions in Canada, Benelux and Romania were nearly balanced out by increases in e.g. Hungary, Austria and Africa.

The consolidated **group revenue** for the 2013 financial year amounted to € 12,475.65 million, which corresponds to a decrease of 4 %. The ratio of revenue to construction output remained unchanged at 92 %. The segment North + West contributed 44 %, South + East 36 % and International + Special Divisions 20 % to the revenue.

The **changes in inventories** involve mainly the real estate project development business, which was conducted as actively as in the past. The **own work capitalised** remained at a very low level.

The **expenses for materials, consumables and services used** decreased more strongly than the revenue, falling by 5 % to € 8,204.35 million, while the **employee benefits expense** was down just 2 % to € 2,998.65 million. In total, however, the ratio of these two items versus revenue remained unchanged at 90 % as in the past two years.

The strong decline of the **other operating expenses** (-9 %) can be explained by the previous year's inclusion of damage compensation payments related to an arbitration ruling on a failed acquisition. The **other operating income**, which generally also rises or falls with revenue, increased in the past financial year despite the lower revenue. This was in part due to the somewhat higher income from asset disposals. The item also includes income from the fully consolidated concession companies.

EXPENSES

€ mln.	2013	2012	Δ %
Materials, consumables and services used	8,204.35	8,655.10	-5
Employee benefits expense	2,998.65	3,051.78	-2
Other operating expenses	857.29	938.16	-9
Depreciation and amortisation	433.34	401.17	8

The **share of profit or loss of associates** moved into positive territory in the 2013 financial year, namely from € -9.22 million to € 5.78 million. This item was especially influenced by the investment in a cement joint venture and in a project development company which had contributed to a negative result in 2012. The **net income from investments**, composed of the dividends and expenses of many smaller companies or financial investments, slipped slightly into negative territory, however.

As the 2013 results were no longer burdened by damage compensation payments related to a failed acquisition or by missing revenue for services already rendered in Central and Eastern Europe, the **earnings before interest, taxes, depreciation and amortisation** (EBITDA) grew by 14 % to € 694.91 million and the EBITDA margin rose from 4.7 % to 5.6 %. Cost developments related to large projects in hydraulic engineering, in the Netherlands and in Sweden, as well as the competitive pressure in railway construction, continued to impact earnings, however.

DEVELOPMENT OF EBITDA UND EBITDA MARGIN

Effective tax rate: 32.1 %

Earnings per share: € 1.11

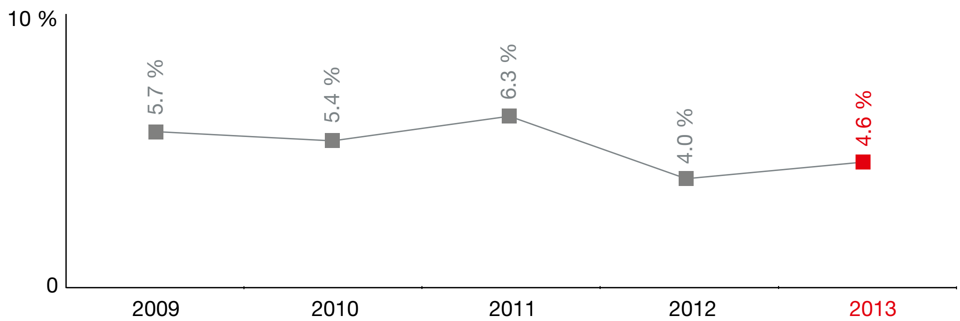
For its international business, the company had invested in specialty equipment that is now being depreciated over just a few years of construction. Together with the **depreciation and amortisation of plant and equipment** in the fields of railway construction and in hydraulic engineering, the total depreciation and amortisation expense grew by 8 %. The goodwill impairment contained in this item was nearly unchanged at € 3.99 million in 2013 after € 10.08 million in the year 2012. This resulted in an increase in the **earnings before interest and taxes** (EBIT) by 26 % to € 261.58 million and an EBIT margin of 2.1 % versus 1.6 % in the previous year.

While negative exchange rate differences amounting to € 11.75 million had still been registered in 2012, the net interest income in the past financial year now contained positive foreign currency effects of € 13.04 million. The result was a net interest income of € -31.54 million compared to € -50.73 million the previous year. This corresponds to a 47 % increase in the profit before tax. The income taxes were thus calculated at € 73.78 million, with a resulting tax rate of 32.1 %.

Earnings owed to minority shareholders amounted to € 42.70 million. The **net income after minorities** thus came to € 113.56 million in 2013, 87 % higher than in the previous year. The number of weighted outstanding shares decreased due to the – now concluded – buyback of own shares from 104,083,238 to 102,716,850, so that the earnings per share increased by 90 % to € 1.11.

The **return on capital employed** (ROCE)[1] improved to 4.6 % after the low of 4.0 % in the previous year.

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.	2013	% of balance sheet total	2012	% of balance sheet total
Non-current assets	4,416.30	42	4,546.46	45
Current assets	6,144.50	58	5,591.23	55
Equity	3,238.77	31	3,162.54	31
Non-current liabilities	2,465.79	23	2,431.92	24
Current liabilities	4,856.23	46	4,543.23	45
Total	**10,560.79**	**100**	**10,137.69**	**100**

The **balance sheet total** of STRABAG SE increased by 4 % to € 10,560.79 million. This was in large part due to the unusually high increase of the cash and cash equivalents from € 1,374.96 million to € 1,711.97 million, resulting in a shift toward current assets. Conspicuous on the liabilities side is the stable **equity ratio** at the high level of 30.7 % (2012: 31.2 %) and the higher non-current liabilities as a result of the bond that was issued in the past financial year.

KEY BALANCE SHEET FIGURES

	2009	2010	2011	2012	2013
Equity ratio (%)	32.2	31.1	30.3	31.2	30.7
Net debt (€ mln.)	-596.23	-669.04	-267.81	154.55	-73.73
Gearing ratio (%)	-19.2	-20.7	-8.5	4.9	-2.3
Capital employed (€ mln.)	5,042.87	5,235.74	5,336.45	5,322.35	5,462.11

Unlike the previous year, but as had been usual in the years before that, a **net cash position** of € 73.73 million was reported as at 31 December 2013. This can be explained by the higher level of cash and cash equivalents.

CALCULATION OF NET DEBT

€ mln.	2009	2010	2011	2012	2013
Financial liabilities	1,509.16	1,559.15	1,731.96	1,649.98	1,722.70
Severance provisions	70.48	69.36	70.44	79.91	78.40
Pension provisions	364.16	374.79	384.21	429.92	422.24
Non-recourse debt	-757.08	-719.89	-754.18	-630.31	-585.11
Cash and cash equivalents	-1,782.95	-1,952.45	-1,700.24	-1,374.96	-1,711.97
Total	**-596.23**	**-669.04**	**-267.81**	**154.55**	**-73.73**

With a nearly unchanged cash flow from earnings of € 513.03 million, the **cash flow from operating activities** shot up 158 % to € 693.70 million. This was due to the uncharacteristically high project-related prepayments, which will fall back over the course of the year. The **cash flow from investing activities** could be contained by 26 % at € -332.38 million. The purchase of specialty equipment needed for certain projects was shifted in part to 2014, and enterprise acquisitions took place to only a minor extent. The **cash flow from financing activities** was significantly less negative – settling at € -6.49 million instead of € -176.26 million – for two reasons: first, the previous year had been characterised by a significant repayment of bank borrowings and, second, another bond was issued in the 2013 financial year, albeit with a volume of € 200 million compared to € 100 million in the year before.

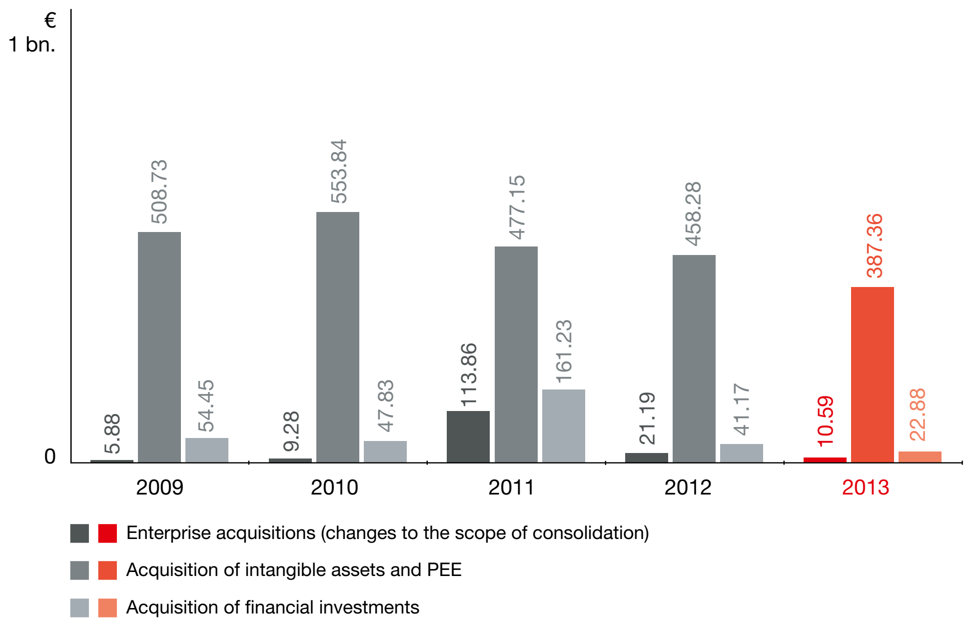
Capital expenditures

STRABAG had forecast capital expenditures (cash flow from investing activities) in the amount of approximately € 475 million for the 2013 financial year. In the end, the net capital expenditures totalled € 332.38 million and so remained clearly under budget. The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 420.83 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** of € 387.36 million, the **purchase of financial assets** in the amount of € 22.88 million and **enterprise acquisitions** (changes to the scope of consolidation) of € 10.59 million.

About € 250 million is spent annually as maintenance expenditures related to the equipment fleet in order to prevent inventory obsolescence. The high proportion of expansion expenditures is due to the project-based nature of STRABAG's business: in 2013, the group invested in equipment for large tunnelling projects in Austria and in the international business in particular as well as in the home market of Germany in general.

Expenditures on intangible assets and on property, plant and equipment during the year under report must be seen against amortisation on intangible assets and depreciation on property, plant and equipment in the amount of € 433.34 million. This figure also includes goodwill impairment in the amount of € 3.99 million.

COMPOSITION OF CAPEX



Financing/Treasury

Total credit line for cash and surety loans: € 6.7 billion

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 transaction 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.

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 market since 2002. In the 2013 financial year, STRABAG successfully issued a € 200 million tranche with a coupon of 3.00 % and a term to maturity of seven years. The proceeds from the issue, which were used for general business purposes, help STRABAG to maintain its financing structure. At present, this leaves four bonds of STRABAG SE with a total volume of € 575 million on the market.

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

The existing liquidity of € 1.7 billion assures 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 € 6.7 billion. The credit lines include a **syndicated surety credit line** in the amount of € 2.0 billion and a revolving **syndicated cash credit line** of € 0.4 billion with a term until 2017. The group also has bilateral credit lines with banks. With a high degree of diversification, STRABAG creates an adequate risk spread in the provision of the credit lines and secures its comfortable liquidity position.

In June 2013, S&P again confirmed its BBB-rating and stable outlook for STRABAG SE. Explaining its decision, S&P cited the leading market position in transportation infrastructures in Central and Eastern Europe, the well-diversified and vertically integrated business, the good access to raw materials and the group's adequately high liquidity.

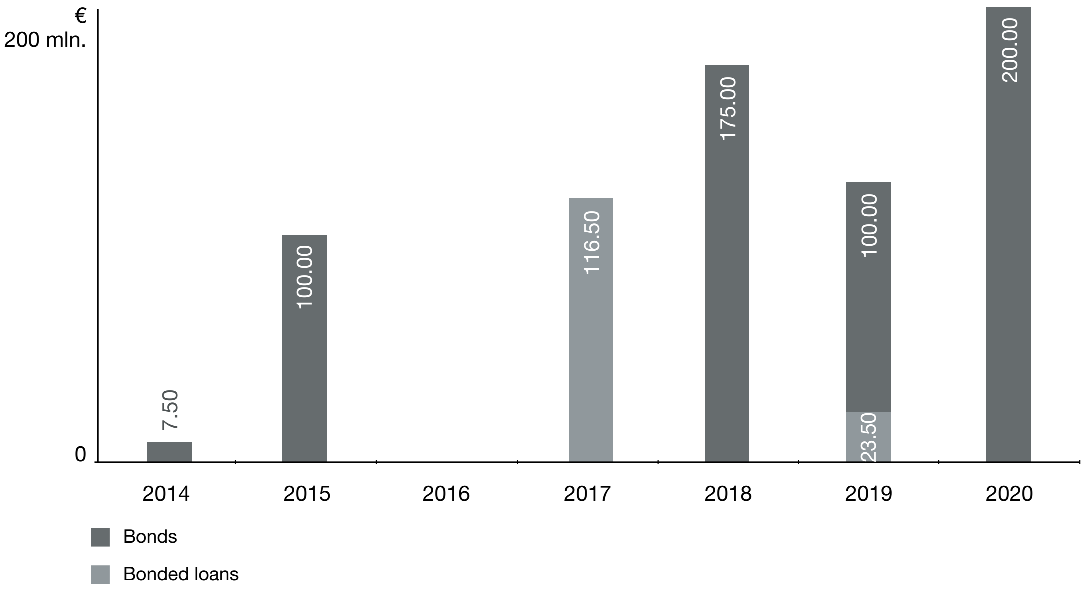
KEY FIGURES TREASURY

	2009	2010	2011	2012	2013
Interest and other income (€ mln.)	78.33	78.71	112.31	73.15	66.72
Interest and other expense (€ mln.)	-98.22	-98.39	-103.77	-123.87	-98.26
EBIT/net interest income (x)	-14.2	-15.2	39.2	-4.1	-8.3
Net debt/EBITDA (x)	-0.9	-0.9	-0.4	0.3	-0.1

PAYMENT OBLIGATIONS

€ mln.	**Book value 31 December 2013**
Bonds	582.50
Bank borrowings	1,117.70
Liabilities from finance leases	22.50
Total	**1,722.70**

PAYMENT PROFILE OF BONDS AND BONDED LOANS



Segment report

OVERVIEW OF THE FOUR SEGMENTS WITHIN THE GROUP

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

The segments are comprised as follows:

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

SOUTH + EAST
Management board responsibility:
Siegfried Wanker
Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe, Railway Structures, Environmental Technology, Real Estate Development
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
Service companies

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

With only a few exceptions, we offer our services in all areas of the construction industry in the individual European markets in which we operate and cover the entire construction value chain. Our services include:

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

SEGMENT NORTH + WEST BENEFITS FROM BUILDING CONSTRUCTION IN GERMANY

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

€ mln.	2013	2012	Δ 2012–2013 %	Δ 2012–2013 absolute
Output volume	6,021.11	6,237.17	-3	-216.06
Revenue	5,524.43	5,509.53	0	14.90
Order backlog	5,451.26	4,826.52	13	624.74
EBIT	72.54	-51.32	n.a.	123.86
EBIT margin % of revenue	1.3	-0.9		
Employees	22,695	25,108	-10	-2,413

OUTPUT VOLUME NORTH + WEST

€ mln.	2013	2012	Δ 2012–2013 %	Δ 2012–2013 absolute
Germany	4,269	4,185	2	84
Poland	669	777	-14	-108
Scandinavia	508	575	-12	-67
Benelux	308	329	-6	-21
Russia and neighbouring countries	141	88	60	53
Switzerland	35	35	0	0
Rest of Europe	22	33	-33	-11
Austria	21	18	17	3
Slovenia	10	19	-47	-9
The Americas	9	131	-93	-122
Italy	7	9	-22	-2
Middle East	7	5	40	2
Asia	5	7	-29	-2
Romania	4	6	-33	-2
Hungary	3	16	-81	-13
Africa	3	1	200	2
Serbia	0	3	-100	-3
Total	**6,021**	**6,237**	**-3**	**-216**

Result with clear turn into positive territory

The segment North + West generated an output volume of € 6,021.11 million in the 2013 financial year, 3 % below the previous year's level. This is mostly due to the significant market- and weather-related declines in Poland, which after Germany is the second-biggest geographic market in this segment. The **revenue** remained nearly unchanged at € 5,524.43 million. The **earnings before interest and taxes** (EBIT) moved into positive territory with € 72.54 million. An especially positive contribution came from the business in German building construction. Improved year-on-year results were also registered in Poland and in transportation infrastructures and the construction materials business in Germany. The cost developments with large projects in hydraulic engineering, a transportation infrastructures project in the Netherlands and a building construction project in Sweden still remain a burden, however.

Order backlog up by 13 % thanks to German building construction projects

In comparison, several new large orders helped raise the order backlog to € 5,451.26 million, an increase of 13 % versus the previous year. Particularly positive developments were registered in building construction in Germany: STRABAG subsidiary Ed. Züblin AG assumed the construction of the Upper West high-rise complex in Berlin for € 106 million and was awarded the construction contract for a section of Thuringia's new university clinic in Jena with a project value of more than € 170 million. In Germany, the company was also awarded the contracts to build an office building at the Stuttgart Airport for around € 95 million, to establish a cultural quarter in Dresden for € 70 million, and to expand the Allianz Campus in Unterföhring near Munich with a volume of € 100 million (share 90 %). In Denmark, Ed. Züblin AG was chosen to build the multi-use Bryghus building at the Copenhagen waterfront for € 140 million. In Poland, STRABAG companies recently began construction of sections of the A4 and S8 highways. In Sweden, it was possible to acquire the Orgelpipan project, in a prime location in Stockholm, comprising hotels, offices and a residential unit. Finally, a regular client has commissioned the group to build the McArthurGlen Designer Outlet Vancouver Airport in Canada.

Number of employees down due to business shifting

The number of employees was down by 10 % to 22,695 in response to the shifting of activities in Chile into the segment International + Special Division. At the same time, an expansion of the workforce in Germany was countered by an expected market-related reduction of the blue-collar and white-collar workforce in Poland.

Investments in timber construction and in the Netherlands

The company invested in areas with growth potential in 2013: Ed. Züblin AG expanded its range of services in the field of structural timber engineering with the acquisition of Merk Timber GmbH (formerly Metsä Wood Merk GmbH), a German manufacturer of cross-laminated timber; STRABAG B.V. took over the employees, equipment and production facilities of the transportation infrastructures activities of Janssen de Jong Groep in the Netherlands.

Outlook: output volume expected to remain at high level of € 6 billion in 2014

The management board expects an output volume of € 6.0 billion in the segment North + West in the 2014 financial year. Further economic stimulus is being provided in **Germany** by the favourable financing conditions and the positive labour market situation. As a result, building construction and civil engineering showed very positive development; the STRABAG Group started the year 2014 with an order backlog that will cover most of the output volume being forecast for the coming year. The future is likely to bring rising subcontractor prices with stable construction materials prices, however. In the German transportation infrastructures business, policymakers have recognised the investment backlog in public-sector infrastructure, so that a number of tenders are expected which could have a positive impact on the market from the second half of 2014. STRABAG benefits from the fact that its strong decentralised structure in the mass market allows it to respond flexibly to regional fluctuations in demand on the part of the public sector.

The end of the construction boom in **Poland** was clearly reflected in the output volume of the segment in 2013. Momentum is expected starting in 2014, however: more than 700 km of expressways are planned for realisation in Poland between 2014 and 2020, co-financed in part by the EU.

Scandinavia, which accounts for 8 % of the segment output, is the third-largest region in North + West, with Sweden and Denmark making the most significant contributions to the output volume of just over € 500 million. Both the overall economic environment and the market for tunnelling and infrastructure projects continue to remain stable. Especially in the Stockholm region, the coming years will see the realisation of a number of large infrastructure projects and housing developments. Increasing competitive pressure is expected, however, as internationally operating construction groups are likely to enter this market.

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog € mln.	Percentage of total group order backlog %
Germany	Stuttgart 21, underground railway station	314	2.33
Germany	New university clinic, Jena	164	1.22
Germany	Upper West high-rise complex, Berlin	107	0.79
Poland	S8 Opacz–Paszków	106	0.79
Denmark	Bryghus multi-use building, Copenhagen	92	0.68
Germany	Aquis, Aachen	90	0.67
Germany	Allianz Campus, Unterföhring	83	0.62

SEGMENT SOUTH + EAST CHARACTERISED BY PRICE PRESSURE

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. Railway structures, environmental technology as well as selected real estate development activities are also handled within this segment.

€ mln.	2013	2012	Δ 2012–2013 %	Δ 2012–2013 absolute
Output volume	4,593.36	4,755.74	-3	-162.38
Revenue	4,466.03	4,792.43	-7	-326.40
Order backlog	3,805.48	4,326.12	-12	-520.64
EBIT	138.23	148.89	-7	-10.66
EBIT margin % of revenue	3.1	3.1		
Employees	21,089	22,699	-7	-1,610

OUTPUT VOLUME SOUTH + EAST

€ mln.	2013	2012	Δ 2012–2013 %	Δ 2012–2013 absolute
Austria	1,630	1,573	4	57
Czech Republic	546	532	3	14
Russia and neighbouring countries	410	432	-5	-22
Hungary	402	293	37	109
Germany	336	339	-1	-3
Switzerland	325	351	-7	-26
Slovakia	301	360	-16	-59
Romania	285	315	-10	-30
Croatia	114	111	3	3
Poland	51	232	-78	-181
Slovenia	47	49	-4	-2
Rest of Europe	46	42	10	4
Serbia	29	66	-56	-37
Bulgaria	17	24	-29	-7
Middle East	15	7	114	8
Africa	12	0	n.a.	12
Asia	8	7	14	1
Italy	6	13	-54	-7
The Americas	6	6	0	0
Benelux	5	2	150	3
Scandinavia	2	2	0	0
Total	**4,593**	**4,756**	**-3**	**-163**

Output volume, revenue and result in decline

The output volume in the segment South + East decreased to € 4,593.36 million in 2013, down 3 % versus the previous year. A decisive factor was, among other things, the internal shifting of the building construction activities in Poland into the segment North + West. Meanwhile, on a more positive note, growth of the output volume was reported in Hungary and the Czech Republic. The **revenue** decreased more strongly than the output volume, dropping by 7 % to € 4,466.03 million. The **earnings before interest and taxes** (EBIT) also fell by 7 % to € 138.23 million. Decisive factors behind this development included amongst others the continued considerable competitive pressure in railway construction. The successful result-improvement programme of the environmental technology business influenced the EBIT positively, however.

Order backlog down due to completion of large Russian project

The segment's order backlog fell by 12 % to € 3,805.48 million. This was due to the completion of the large Olympic Village project in Russia, the aforementioned shifting process in Poland and the market-related decline in the Czech Republic. A recovery of the order situation can be seen in Slovakia and in Hungary, on the other hand, where work began on two new motorway projects in each country in 2013. And in Bosnia, a consortium including STRABAG secured the tender to build the Svilaj–Odžak section of the international motorway corridor 5c.

Fewer employees in nearly all markets

Corresponding to the lower order backlog, the number of employees in the segment decreased by 7 % to 21,089; a declining workforce was registered in nearly all markets, however.

Outlook: continued high price pressure in transportation infrastructures

It should be possible to generate an output volume of € 4.7 billion in the segment South + East in the current financial year. In general, the price pressure in transportation infrastructures in Central and Eastern Europe will continue. A lack of financing, especially in the **Czech Republic**, in **Romania** and in the **Adriatic region**, means that very few large public-sector projects are being awarded at this time – with a resulting tougher competition on the price. A more positive outlook, on the other hand, is offered by transportation infrastructures in **Slovakia**, where several large motorway and expressway projects are currently being tendered, as well as in the area of building construction for private clients in Slovakia and the Czech Republic.

Austria, with a contribution of 35 % to the segment output the largest market in South + East, paints a mixed picture: From today's perspective, the shifting competitive landscape resulting from a competitor's market departure is unlikely to result in a reduction of margin pressure in the transportation infrastructures business or in the Austrian states – where Upper Austria and Carinthia are particularly affected. In the greater Vienna area, meanwhile, STRABAG continues to see itself faced with a stable environment in which it was possible to selectively acquire certain construction projects from the departed competitor.

In **Hungary**, stabilisation is becoming apparent at a low level: investments from international industrial groups are growing slightly and the long-awaited large projects in road construction are now finally coming up for tender. Older projects continued to have a negative impact in 2013, however.

In the **RANC** region, acquisition efforts are shifting from building construction in metropolitan areas in Russia to industrial projects as well as projects with special know-how requirements in countries such as Turkmenistan and Kazakhstan, where a STRABAG subsidiary was recently awarded the contract for concrete works for the Astana–Karaganda motorway section.

In **Switzerland**, STRABAG merged a large portion of its companies in 2013 so that a homogeneous brand presence is now possible. The reorganisation, which is now largely complete, had become necessary due to the strong growth experienced by the group in Switzerland in the past few years.

The **railway structures** business will remain characterised by overcapacities and a distorted competitive landscape in Germany; additionally, the long winter means that large equipment was hardly used this year.

SELECTED PROJECTS SOUTH + EAST

Country	Project	Order backlog € mln.	Percentage of total group order backlog %
Hungary	M4 motorway section Abony–Fegyvernek	106	0.79
Russia	Kauchuk residential complex	105	0.78
Slovenia	Ljubljana waste treatment facility	91	0.67
Slovakia	R2 expressway Pstruša–Kriváň	71	0.53
Czech Republic	Road I/11 Rudna	63	0.46
Romania	Modernisation of DN67B	58	0.43
Romania	Rail line Vințu de Jos–Simeria	54	0.40
Romana	ELI-NP laser project research facility	52	0.39

INTERNATIONAL + SPECIAL DIVISIONS VOLATILE AS USUAL

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, our construction materials business, including our 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.	2013	2012	Δ 2012–2013 %	Δ 2012–2013 absolute
Output volume	2,822.41	2,924.86	-4	-102.45
Revenue	2,458.68	2,661.29	-8	-202.61
Order backlog	4,202.28	4,038.33	4	163.95
EBIT	69.58	126.93	-45	-57.35
EBIT margin % of revenue	2.8	4.8		
Employees	23,575	20,426	15	3,149

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2013	2012	Δ 2012–2013 %	Δ 2012–2013 absolute
Germany	1,127	1,196	-6	-69
Middle East	301	293	3	8
Austria	295	268	10	27
The Americas	248	211	18	37
Italy	155	135	15	20
Africa	150	124	21	26
Czech Republic	93	109	-15	-16
Asia	90	96	-6	-6
Hungary	86	80	8	6
Benelux	85	124	-31	-39
Poland	52	118	-56	-66
Slovakia	37	39	-5	-2
Romania	31	50	-38	-19
Switzerland	22	35	-37	-13
Croatia	19	18	6	1
Rest of Europe	11	8	38	3
Slovenia	10	13	-23	-3
Russia and neighbouring countries	7	5	40	2
Bulgaria	2	2	0	0
Serbia	1	1	0	0
Total	**2,822**	**2,925**	**-4**	**-103**

Result nearly halved

In the volatile segment International + Special Divisions, the output volume fell by 4 % to € 2,822.41 million in the 2013 financial year. The greatest share of the output volume was again generated in the markets of Germany, the Middle East and Austria. A decline was registered in the **revenue** by 8 % to € 2,458.68 million. The **earnings before interest and taxes** (EBIT) were nearly halved to € 69.58 million. This development is due to the typically volatile business in the segment, particularly in the international business and in tunnelling.

Order backlog up thanks to large project in Chile

The order backlog grew by 4 % to € 4,202.28 million: new projects were recorded in Chile, where an especially large increase in the order backlog was registered, in Thailand and in Oman, and the order books were further padded in the home market of Germany by the contract to build a new government building in Potsdam under a public-private partnership (PPP) arrangement. In Germany, the STRABAG subsidiary Ed. Züblin AG was also awarded the contract to build a tunnel on the new Wendlingen–Ulm rail line for € 250 million (Ed. Züblin AG's share of the contract amounts to 60 %). In Canada, the group will build the McArthurGlen Designer Outlet Vancouver Airport. At the same time, however, a number of large projects were completed in e.g. Africa, in Austria and in Benelux.

Employees: Chile brings +15 %

The number of employees grew by a considerable 15 % to 23,575. This can be explained with the organisational adjustment and subsequent shifting of staff in Chile from the segment North + West into the segment International + Special Divisions and with several orders in Africa.

Outlook: Challenging environment with margin pressure in the core markets

The output volume of the segment International + Special Divisions should remain unchanged at € 2.8 billion in 2014. The earnings are expected to remain satisfactory, even if the price level is ruinously low in some areas. STRABAG has observed that competition in **tunnelling** in Austria, in Germany and in Switzerland is increasingly being carried out on the price.

The market for **concession projects** in Europe also remains a challenging one. In this business field, STRABAG is currently working on offers in Belgium, Bosnia-Herzegovina, Ireland, Romania, Germany or Croatia. Competitive pressure is on the rise and, especially in Eastern Europe, the sector is facing political and financial hurdles.

Significant earnings contributions, on the other hand, are expected from the business field **real estate development** in the year 2014, in particular as a result of the planned sales of construction projects that were completed in 2013. It is also planned to further expand the project development activities in Central and Eastern Europe and in Sweden. **PPP building construction** still benefits from the continued large investment needs on the part of the public sector. The market for PPP measures in building construction therefore has a chance to further grow in comparison to the restrained development of the previous year, especially as this constellation makes it possible for the client to realise efficiency advantages from an integrated solutions approach, i.e. from the observation of lifecycle costs. STRABAG is moreover in a position to completely cover all specifications in this area, thanks to the inclusion of specialist providers from within the group such as **STRABAG Property and Facility Services**. In particular the activities in property management of this service subsidiary contributed to stable development in 2013; STRABAG had acquired a residential property management company and has been able to develop this business within the group.

The price pressure in the European core markets requires STRABAG to diversify more broadly internationally. In addition to selected countries in East Africa, the foreign markets currently being worked by the company include Oman, the United Arab Emirates, Qatar and Saudi Arabia. In Canada – the Niagara Tunnel Project was successfully concluded here in March –, Colombia and the United Kingdom, STRABAG has been working on new order opportunities in the area of concession and infrastructure projects. Looking at specific construction segments, the conclusion of a partnership agreement with mining company Rio Tinto marked the group's consolidation of the **mining business**. STRABAG is also offering specialty construction services around the world in **pipe jacking** (a tunnelling technique), in **test track construction** and in the field of **liquefied natural gas** (LNG).

The **construction materials business** will continue to put pressure on the margins of the segment, as the market for concrete is stagnating at a very low level. In Bulgaria, therefore, STRABAG has already ended its engagement in this business field. In many countries, the situation with stone and gravel continues to be modest at best, and the situation in the cement business is also not expected to improve in the short term due to the stagnation in terms of quantities. The developments in bitumen emulsion/road maintenance are satisfactory.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

Country	Project	Order backlog € mln.	Percentage of total group order backlog %
Italy	Pedemontana motorway	1,015	7.54
Chile	Alto Maipo hydropower complex	372	2.76
Austria	Koralm Tunnel, Section 2	293	2.18
United Arab Emirates	STEP wastewater systems	187	1.39
Germany	Albabstieg Tunnel	149	1.10
Italy	Grosseto–Siena expressway	107	0.80
Chile	Candelaria Mine 2011	93	0.69
Oman	Road Sinaw–Duqm	87	0.65
Oman	Duqm port facility	77	0.57

OTHER (INCLUDES SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

This segment encompasses the group's service companies and central staff divisions.

€ mln.	2013	2012	Δ 2012–2013 %	Δ 2012–2013 absolute
Output volume	136.19	124.83	9	11.36
Revenue	26.51	19.98	33	6.53
Order backlog	10.66	11.96	-9	-1.03
EBIT	0.06	-1.97	n.a.	2.03
EBIT margin % of revenue	0.2	-9.9		
Employees	5,741	5,777	-1	-36

Risk management

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

The group's goals are defined at all company levels. This is a prerequisite to setting up processes for the timely identification of potential risks standing in the way of the achievement of company objectives. The **organisation** of STRABAG's risk management builds on project-related jobsite and acquisitions controlling, supplemented by the higher-level assessment and steering management. The risk controlling process includes a certified quality management system, internal group guidelines for the workflow in the operating units, a central administration, controlling, auditing and **contract management**. Through the establishment of company-wide quality standards in quotation processing and supplemental services management, the centrally organised contract management department can better assert claims for outstanding debt.

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

EXTERNAL RISKS ARE COUNTERED THROUGH DIVERSIFICATION

The entire construction industry is subject to **cyclical fluctuations** and reacts to varying degrees depending on region and sector. Overall economic growth, development of the construction market, 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 entire risk of rising prices by itself, STRABAG makes efforts at signing **cost escalation clauses** and **"cost-plus-fee" contracts** in which the client pays a previously agreed margin on the costs of the project.

OPERATING RISKS MANAGED THROUGH PRICE COMMISSIONS AND TARGET/PERFORMANCE COMPARISONS

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

FINANCIAL RISKS: ACTIVE LIQUIDITY AND ACCOUNTING RECEIVABLES MANAGEMENT

See also Corporate Governance Report

Under financial risks, STRABAG understands risks in financial matters and in accounting, including instances of manipulation. Special attention is paid to the **liquidity and accounting 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.

VALUES & COMPLIANCE

In order to convey STRABAG's values and principles, the group drew up its **Code of Ethics** and internal **Compliance Guidelines** in 2007. The values and principles contained within these documents are reflected in the guidelines and instructions of the STRABAG companies and divisions. Compliance with these values and principles is expected not only from the members of the management and supervisory boards as well as from other management-level employees but from all group employees. The Compliance Guidelines and the Code of Ethics are designed to guarantee honest and ethical business practices. The Code of Ethics is available for download at www.strabag. com > Investor Relations > Corporate Governance > Code of Ethics.

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

ORGANISATIONAL RISKS RELATED TO HUMAN RESOURCES AND IT

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

PERSONNEL AS AN IMPORTANT COMPETITIVE FACTOR

PEOPLE & WORKPLACE

See chapter "People at STRABAG"

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

INVESTMENT RISKS: SECTOR-TYPICAL MINORITY HOLDINGS OF MIXING PLANTS

STRABAG can exert influence on the management of associated companies through its shareholder position and, if applicable, 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.

POLITICAL RISK: INTERRUPTIONS AND DISPOSSESSION POSSIBLE

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

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

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

Introduction

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

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

Control environment

Internal audit report in the Corporate Governance Report

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

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

The internal audit department carries out periodic, 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 the compliance organisation. During these inspections, the internal audit department analyses the legality and correctness of individual actions. The internal audit 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.

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 management review of the period results to specific monitoring of accounts 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)**.

IT security control activities 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, amongst others, at guaranteeing compliance with accounting rules and regulations and to identifying and communicating weak points and potential areas for improvement in the financial reporting process. **Accounting employees** receive regular **training** regarding new methods of national and international financial reporting in order to identify risks of unintended misreporting at an early stage.

Monitoring

The management and supervisory boards bear responsibility for the ongoing company-wide monitoring. Additionally, the remaining management levels are responsible for the monitoring of their respective areas of responsibility. Controls and plausibility checks are carried out at regular intervals. The internal audit department is also involved in the monitoring process.

The top management receives monthly summarised financial reports on the development of the output volume, the results of the respective segments and countries, and the liquidity. Financial statements to be published are submitted for final appraisal by the senior accounting staff and the commercial management board members before they are passed on to the audit committee of the supervisory board.

Human resources

PEOPLE & WORKPLACE

In 2013, STRABAG SE employed an average of 73,100 people in all countries in which it operates (2012: 74,010), of which 28,091 were white-collar and 45,009 were blue-collar workers. With a minus of 1 %, the **number of employees** was down only slightly. Large changes in several entities almost completely balanced each other out: on the one hand, the workforce was reduced for market reasons in Poland; on the other hand, new large-scale projects in non-European markets and in Germany resulted in a plus of nearly 1,600 jobs.

In the past financial year, 1,118 blue-collar apprentices (2012: 1,129) and 255 white-collar trainees (2012: 259) were in **training** with the group. Additionally, 45 technical trainees and 10 commercial **trainees** were employed as at 31 December 2013.

The percentage of **women** among group employees averaged 13.6 % (2012: 13.4 %), in group management it was 8.6 % (2012: 8.7 %). With these figures, the company has only partially reached its goal of annually raising the percentage of women within the group.

Research and development

MISSION & VISION

As a technology group for construction services, the STRAGAG Group does business in a rapidly changing environment. The increasing advances in technology, closer dovetailing with other industries, and continuously growing competitive pressure present the company with enormous challenges. To remain competitive in the long term, the company must come to understand the impact of these developments on its core business and introduce the necessary measures to secure an advantage over the competition. The focus is therefore on an increasing **technological orientation** and on **systematic innovation management**.

On the one hand, the STRABAG Group has for years been cooperating with international universities and research institutions. On the other hand, it sees its internal research and development units as giving it a strategic competitive advantage: in overall charge of the planning and execution of research and development projects within the STRABAG Group are the two central divisions **Zentrale Technik** (ZT) and Gesellschaft zur Optimierung von Technischen Prozessen, Arbeitssicherheit und Qualität (TPA), both of which report directly to the CEO.

ZT is organised as a central division with **750** highly qualified **employees** at 21 locations. It provides services in the areas of tunnelling, civil and structural engineering, and turnkey construction along the entire construction process: from the early acquisition stage and bid processing to execution planning and site management, ZT offers innovative solutions with regard to construction materials technology, construction management and construction physics, and software solutions. Central topics for innovation activities are sustainable construction and renewable energy. Among other things, the employees at ZT develop methods and tools to control the impact that construction activities have on the environment.

TPA is the STRABAG Group's competence centre for quality management and materials-related research and development. Its main tasks include ensuring the quality of the construction materials, structures and services as well as the safety of the processes, and developing and reviewing standards for the handling and processing of construction materials. With lean management, TPA also holds competences for the efficient planning of supply and production chains. TPA has about **900 employees** at 130 locations in more than 20 countries, making it one of Europe's largest private laboratory companies.

STRABAG's **EFKON AG** subsidiary provides the group with expertise in the research and development of intelligent transportation systems in general and electronic toll collection solutions in particular. The company has developed products and solutions in the electronic toll collection segment for multi-lane traffic flow and has already introduced these onto the market. The research focus last year was on the topics of mobile and portable enforcement, microwave communications and image acquisition systems. The technology company headquatered in Raaba near Graz, Austria, is seeing a lot of international demand and was able to achieve an export ratio of 95 % in 2013.

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

The STRABAG Group spent about € 20 million (2012: about € 17 million) on research, development and innovation activities during the 2013 financial year.

Environment

ECOLOGICAL RESPONSIBILITY

More information about ecological responsibility is available at csr.strabag.com (not audited by KPMG)

Ecological responsibility has been a topic within the group for years and is also anchored in the corporate strategy. As a provider of construction services, STRABAG's activities cause dust and noise and alter the environment. As a zero-emissions construction site will not be a reality in the foreseeable future, it is the company's aim to **limit the negative impact on the environment** that results from our core business **to a minimum**. To this end, continuous investments are made in processes and technologies to increase the energy efficiency and reduce the environmental impact. For STRABAG, ecological responsibility begins with the planning of buildings and structures and continues through to their construction and services.

ENERGY MANAGEMENT HELPS TO LOWER COSTS

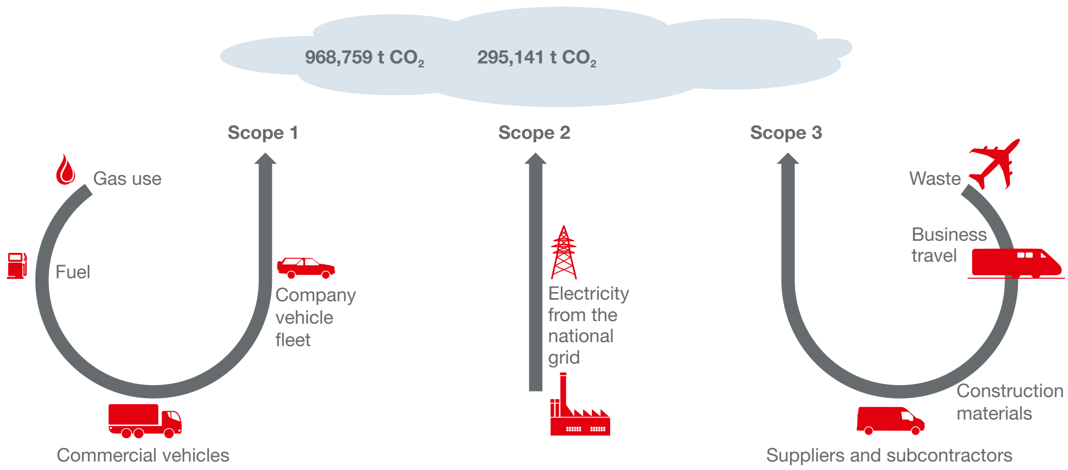
The topic of energy is of great importance for the STRABAG Group not only for ecological but also for economic reasons. Energy management is an instrument with which it is possible to reduce energy use and, consequently, energy costs within the group over the long term. This requires operational objectives regarding energy use and CO_2 emissions as well as the development and realisation of corresponding measures. Pilot projects on this topic have already been implemented at several of the group's operating entities in recent years.

The **energy costs** for the companies within STRABAG SE's scope of consolidation amounted to nearly **€ 342.73 million** in 2013 (2012: € 347.13 million). Without measures to increase energy efficiency, energy costs can be expected to rise in response to price hikes and legislative changes in the next few years. In 2012, therefore, the company launched a comprehensive energy management programme that made its first progress in 2013 with the **reduction of energy use by 1.2 %**. STRABAG's energy management includes the sum of all measures that are planned or are being implemented to guarantee a minimum use of energy for the required performance. Attempts are made to influence organisational and technical processes, and the group's employees are sensitised to the goal of improving energy efficiency. The positive results of such an energy management can be seen in the reduction of energy costs, the increased potential for tax savings, and the protection of the environment as a result of reduced emissions.

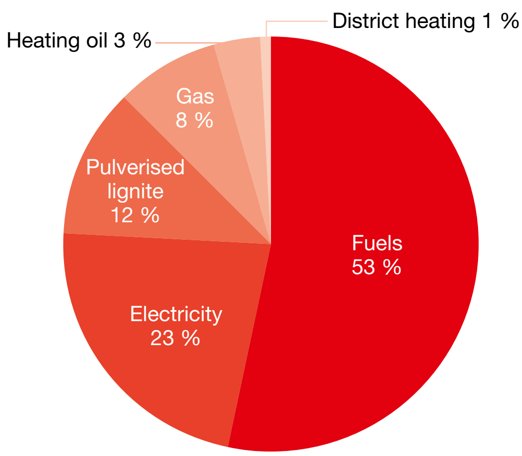
DECLINE OF CO_2 EMISSIONS IN 2013

As in previous years, the carbon footprint for the 2013 financial year refers to the group's full scope of consolidation and includes emissions caused in 60 countries. Within the group, a total of **1,263,900 tonnes of CO_2 were emitted** during the year under report. This represents a **decline of 2 %** or more than 24,400 tonnes of CO_2 in a year-on-year comparison. The emissions are reported separately for Scopes 1 and 2 as defined by the Greenhouse Gas Protocol. With 53 %, the highest proportion of CO_2 emissions – as in the previous year – resulted from the use of fuels, almost exclusively diesel, within the group. This was followed by electricity and pulverised lignite with 23 % and 12 %, respectively. Germany, Poland and Austria caused the greatest share of these emissions (54 %). This shows that energy consumption is proportional to the generated output volume: with 63 %, these countries are also responsible for the greatest share of the group's output volume in 2013.

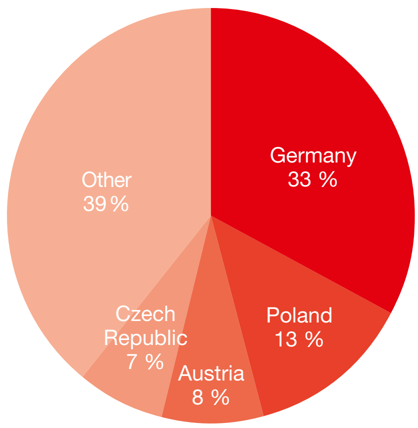
EMISSIONS OF THE STRABAG GROUP FOR THE YEAR 2013



CO_2 EMISSIONS BY ENERGY SOURCE



CO_2 EMISSIONS BY COUNTRY



CARBONTRACKER UNDER CONTINUOUS DEVELOPMENT

The energy data for the group are generated by the CarbonTracker software that was developed internally in 2012. CarbonTracker involves the automatic and **systematic calculation of energy and carbon data** contained within the available group databases. After using the CarbonTracker to calculate the group's carbon footprint for 2012, the objective for the coming years was to refine the calculation system so that an exact, up-to-date carbon footprint for each organisational unit can be determined. Some of these goals were already realised in 2013, such as the redesign of the input mask in order to enter the data more easily as well as the new ability to fully track changes through an archiving system capable of filtering by time of change and user. The software is web-based to allow access to the CarbonTracker via the group's intranet system.

ENERGY USE WITHIN THE GROUP[1]

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

Following data collection, the focus was on data analysis. In order to make the energy and resource use within the STRABAG Group comparable, the company is working on a so-called "energy atlas" which will depict the energy flows by country and organisational entity. Using key performance indicators that show the energy use and CO_2 emissions of individual facilities and units, it will be possible to develop appropriate efficiency measures and to review their effectiveness. These data are to serve as a basis for the definition of concrete energy targets in the future.

1) Changes in the energy values over past publications result from the ongoing development of the system of data collection. The presentation deviates from the usual presentation of a five-year period as data are only available starting from the year 2010.

Disclosures pursuant to Section 243a Para 1 UGB

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

2. The Haselsteiner Group (Haselsteiner Familien-Privatstiftung, Dr. Hans Peter Haselsteiner), the Raiffeisen Group (Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H, BLR-Baubeteiligungs GmbH, "Octavia" Holding GmbH), the UNIQA Group (UNIQA Insurance Group AG, UNIQA Beteiligungs-Holding GmbH, UNIQA Österreich Versicherungen AG, UNIQA Erwerb von Beteiligungen Gesellschaft m.b.H., Raiffeisen Versicherung AG) and Rasperia Trading Limited (controlled by Oleg Deripaska), as shareholder groups of STRABAG SE, have signed a syndicate agreement governing (1) nomination rights regarding the supervisory board, (2) the 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 pre-emptive rights as well as a minimum shareholding on the part of the syndicate partners.

In accordance with Sec 65 Para 5 of the Austrian Stock Corporation Act (AktG), all rights were suspended for 11,400,000 no-par shares (10 % of the share capital) effective 31 December 2013 as these shares are held by STRABAG SE as own shares as defined in Sec 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG) (see also item 7).

3. To the knowledge of STRABAG SE, the following shareholders held a direct or indirect interest of at least 10 % of the share capital of STRABAG SE on 31 December 2013:

- Haselsteiner Familien-Privatstiftung ... 28.6 %
- Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H. (Raiffeisen Group) ..... 14.9 %
- UNIQA Versicherungen AG (UNIQA Group) .... 14.7 %
- Rasperia Trading Limited .... 18.8 %

In addition to its 18.8 % interest, core shareholder Rasperia Trading Limited also holds an option, valid until 15 July 2014, to buy a further 6.2 % of STRABAG SE from the other core shareholder groups mentioned above.

In exercising the authorisation by the 7th Annual General Meeting from 10 June 2011 and the renewed authorisation by the 8th Annual General Meeting from 15 June 2012 to acquire own shares in accordance with Sec 65 Para 1 No 8 of the Austrian Stock Corporation Act (AktG), the company by 31 December 2013 acquired 14,000,000 no-par shares, corresponding to 10 % of the share capital (see also item 7).

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

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

5. No employee stock option programmes exist.

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

7. The management board of STRABAG SE, in accordance with Sec 169 of the Austrian Stock Corporation Act (AktG), was authorised by resolution of the 5th Annual General Meeting of 19 June 2009 and with approval by the supervisory board to increase the share capital of the company by up to € 57,000,000 by 19 June 2014, in several tranches if necessary, by issuing up to 57,000,000 registered no-par shares for cash or contributions in kind (in this case also to the partial or full exclusion of the shareholders' subscription rights).

The management board, in accordance with Sec 174 Para 2 of the Austrian Stock Corporation Act (AktG), was further authorised by resolution of the 8th Annual General Meeting of 15 June 2012 and with the approval of the supervisory board to issue financial instruments within the meaning of Sec 174 of the Austrian Stock Corporation Act (AktG) – in particular convertible bonds, income bonds and profit participation rights – with a total nominal value of up to € 1,000,000,000, which may also confer subscription and/or exchange rights for the acquisition of up to 50,000,000 shares of the company and/or may be designed in such a way that they can be issued as equity, also in several tranches and in different combinations, up to five years inclusive from the day of this resolution, also indirectly by way of a guarantee for the issue of financial instruments through an associate or related entity of the company with conversion rights on shares of the company.

The management board was also authorised by resolution of this Annual General Meeting, in accordance with Sec 65 Para 1 No 8 and Para 1a and 1b of the Austrian Stock Corporation Act (AktG), to acquire bearer or registered no-par shares of the company on the stock market or over the counter to the extent of up to 10 % of the share capital during a period of twelve months from 10 July 2012 at a minimum price per share of € 1.00 and a maximum price per share of € 34.00. The purpose of the acquisition may not be to trade with own shares. The authorisation can be exercised in full or in part or in several partial amounts for one or several purposes by the company, a subsidiary (Sec 228 Para 3 UGB) or third parties acting on behalf of the company. The management board can decide to acquire shares on the stock exchange but must inform the supervisory board following decision to do so. Over-the-counter purchases require prior approval by the supervisory board. The management board was further authorised, in accordance with Sec 65 Para 1b AktG, for a period of five years from this resolution, to sell or assign its own shares, with approval by the supervisory board, in a manner other than on the stock market or through a public tender, to the exclusion of the shareholders' buyback rights (subscription rights), and to determine the conditions of sale. The authorisation can be exercised in full or in part or in several partial amounts for one or several purposes by the company, a subsidiary (Sec 228 Para 3 UGB) or third parties acting on behalf of the company.

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

9. No compensation agreements exist between STRABAG SE and its management and supervisory board members or employees in the event of a public takeover offer.

Related parties

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

Supporting information

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

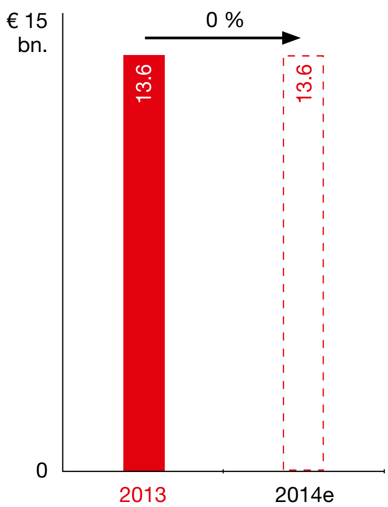
Construction on the underground is being carried out by a joint venture (JV) of Bilfinger SE (formerly Bilfinger Berger SE), Wayss & Freytag Ingenieurbau AG and a group company. The JV is led by Bilfinger SE on the technical side and by Wayss & Freytag Ingenieurbau AG on the commercial side. Through its subsidiary Ed. Züblin AG, STRABAG 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. To prevent a possible lapse of potential claims, the independent proceedings against the JV Nord-Süd-Stadtbahn Köln, Los Süd, were extended to included additional natural persons and legal entities associated with the construction project. This extension is purely for formal reasons and is not connected to any new insights as to the cause of the accident. A model of the building is currently being built to help determine the cause and the damages, with completion expected no sooner than 2014. The model is to help clarify whether there were any mistakes or errors associated with the diaphragm wall set up by the JV.

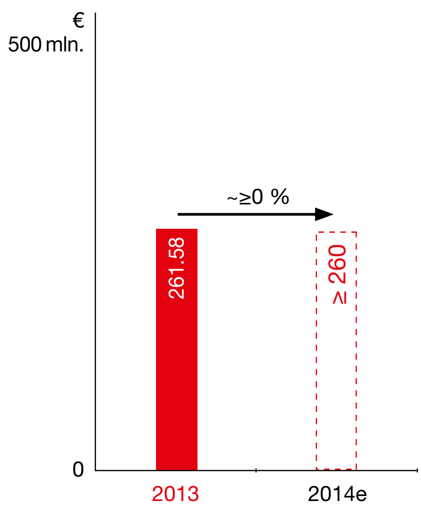
Merely for the purpose of extending the statute of limitations, the public prosecutor's office in December 2013 opened proceedings against approximately 100 persons associated closely or loosely with the project. This purely precautionary measure does not represent any statement as to the cause of the accident; in this respect, it remains to be seen what the final result of the investigation of the site and the expert report reveal. We continue to believe that this project will not result in any significant damages for the company.

Outlook

OUTPUT OUTLOOK



EBIT OUTLOOK



More information about the individual markets in the country report

As STRABAG is highly diversified regionally and by construction segments, the movements in the individual **markets** should more or less balance each other out in the year to come:

While the price pressure continues in transportation infrastructures in Germany, affordable financing conditions present STRABAG with solid demand in building construction in this country. The picture is similar in Austria – in both of these home markets, therefore, the company expects a stable yet highly competitive situation. Poland, the third largest country for STRABAG in terms of output volume, was, as expected, affected by the end of the construction boom, but first impulses in infrastructure construction should be seen again at the end of 2014 thanks to the new EU budgets. A lack of financing in the Czech Republic, Romania and the Adriatic region means that very few large public-sector projects are being awarded at this time – with a resulting tougher competition on the price. A more positive outlook, on the other hand, is offered by transportation infrastructures in Slovakia, where several large motorway and expressway projects are currently being tendered, as well as in the area of building construction in Slovakia and the Czech Republic.

Detailed outlook in the segment reports

In summary, the STRABAG SE management board expects the **output volume** to remain more or less unchanged versus 2013 at € 13.6 billion. This will likely be composed of € 6.0 billion from the segment North + West, € 4.7 billion from the segment South + East and € 2.8 billion from the segment International + Special Divisions. The rest can be allotted to Other. The segment composition thus remains largely unchanged in comparison to 2013.

Due to the necessary purchase of project-related specialty equipment, the **net investments** (cash flow from investing activities) are expected to rise from € 332.38 million in 2013 to around € 350 million in 2014.

The management board expects an **EBIT** of at least € 260 million for the current financial year, which corresponds to the forecast value of 2013. Although the realisation of the measures proposed by the internal STRABAG 2013ff task force is beginning to show first successes, STRABAG faces a challenging environment in 2014 with higher price pressure in the European infrastructure construction sector. On the other hand, the company is registering continued solid conditions in building construction for the private sector.

In the subsequent years, the focus will continue to be less on growth of the output volume than on improving the profitability. From today's perspective, the STRABAG SE management board expects the output volume and the revenue to grow again as of 2016 at the earliest. Until then, a strict risk management as well as organisational measures to increase cost efficiency should lead to improved margins. The company aims for an **EBIT margin** of 3 % in the **medium term**.

Events after the reporting period

The political developments in Ukraine since February 2014 are having no significant influence on the situation of the STRABAG Group from today's perspective. The company generates less than 1 % of its annual output volume in Ukraine. In Russia, the group expects to generate less than 3 % of its output volume in 2014. As construction is an export non-intensive industry in which most of the services are provided locally, and the STRABAG Group provides its services almost exclusively for private clients, the company does not expect the political developments to have any immediate impact on its business in Russia.

Consolidated Financial Statements[1)]

1) This part has been audited by the financial auditor KPMG.

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

Consolidated income statement for the financial year 2013

T€	Notes	2013	2012
Revenue	(1)	12,475,654	12,983,233
Changes in inventories		40,090	50,388
Own work capitalised		2,394	3,573
Other operating income	(2)	232,242	221,065
Construction materials, consumables and services used	(3)	-8,204,351	-8,655,101
Employee benefits expenses	(4)	-2,998,648	-3,051,777
Other operating expenses	(5)	-857,292	-938,158
Share of profit or loss of associates	(6)	5,784	-9,217
Net income from investments	(7)	-959	4,348
EBITDA		**694,914**	**608,354**
Depreciation and amortisation expense	(8)	-433,337	-401,168
EBIT		**261,577**	**207,186**
Interest and similar income		66,716	73,145
Interest expense and similar charges		-98,256	-123,871
Net interest income	**(9)**	**-31,540**	**-50,726**
Profit before tax		**230,037**	**156,460**
Income tax expense	(10)	-73,778	-46,422
Net income		**156,259**	**110,038**
Attributable to: non-controlling interests		42,701	49,407
Attributable to: equity holders of the parent company		113,558	60,631
Earnings per share (€)	**(11)**	**1.11**	**0.58**

Statement of total comprehensive income for the financial year 2013

T€	Notes	2013	2012
Net income		**156,259**	**110,038**
Differences arising from currency translation		-57,991	46,891
Recycling of differences arising from currency translation		691	-1,840
Change in hedging reserves including interest rate swaps		9,864	-48,095
Recycling of hedging reserves including interest rate swaps		22,681	21,153
Change in fair value of financial instruments under IAS 39		256	-1,724
Deferred taxes on neutral change in equity	(10)	-6,390	4,941
Other income from associates		-3,740	2,319
Total of items which are later recognised ("recycled") in the income statement		**-34,629**	**23,645**
Change in actuarial gains or losses		720	-63,871
Deferred taxes on neutral change in equity	(10)	374	18,487
Other income from associates		48	211
Total of items which are not later recognised ("recycled") in the income statement		**1,142**	**-45,173**
Other income		**-33,487**	**-21,528**
Total comprehensive income		**122,772**	**88,510**
Attributable to: non-controlling interests		38,535	43,325
Attributable to: equity holders of the parent company		84,237	45,185

Consolidated balance sheet as at 31 December 2013

T€	Notes	31.12.2013	31.12.2012
Intangible assets	(12)	501,788	530,361
Property, plant and equipment	(12)	2,145,517	2,225,572
Investment property	(13)	36,894	41,667
Investments in associates	(14)	371,596	379,122
Other financial assets	(14)	253,376	250,292
Receivables from concession arrangements	(17)	780,628	782,567
Trade receivables	(17)	72,576	91,426
Income tax receivables	(17)	7,978	12,009
Other financial assets	(17)	28,649	35,824
Deferred taxes	(15)	217,288	197,619
Non-current assets		**4,416,290**	**4,546,459**
Inventories	(16)	1,104,978	1,031,557
Receivables from concession arrangements	(17)	24,643	22,785
Trade receivables	(17)	2,697,645	2,535,469
Non-financial assets	(17)	56,020	52,749
Income tax receivables	(17)	35,066	53,623
Other financial assets	(17)	514,180	520,094
Cash and cash equivalents	(18)	1,711,968	1,374,955
Current assets		**6,144,500**	**5,591,232**
Assets		**10,560,790**	**10,137,691**
Share capital		114,000	114,000
Capital reserves		2,311,384	2,311,384
Retained earnings and other reserves		491,604	436,130
Non-controlling interests		321,781	301,028
Group equity	**(19)**	**3,238,769**	**3,162,542**
Provisions	(20)	994,744	1,025,833
Financial liabilities[1)]	(21)	1,353,870	1,265,982
Trade payables	(21)	48,534	61,006
Non-financial liabilities	(21)	1,397	1,328
Other financial liabilities	(21)	27,866	33,330
Deferred taxes	(15)	39,377	44,437
Non-current liabilities		**2,465,788**	**2,431,916**
Provisions	(20)	695,824	665,208
Financial liabilities[2)]	(21)	368,830	384,002
Trade payables	(21)	2,936,051	2,724,119
Non-financial liabilities	(21)	391,600	368,432
Income tax liabilities	(21)	97,281	71,248
Other financial liabilities	(21)	366,647	330,224
Current liabilities		**4,856,233**	**4,543,233**
Equity and Liabilities		**10,560,790**	**10,137,691**

1) Thereof T€ 538,608 concerning non-recourse liabilities from concession arrangements (2012: T€ 585,105)
2) Thereof T€ 46,497 concerning non-recourse liabilities from concession arrangements (2012: T€ 45,206)

Consolidated cash flow statement for the financial year 2013

T€	Notes	2013	2012
Net income		156,259	110,038
Deferred taxes		-36,085	-51,734
Non-cash effective results from consolidation		2	9,094
Non-cash effective results from associates		1,194	19,385
Depreciations/write ups		449,630	418,445
Change in long-term provisions		-18,892	36,944
Gains/losses on disposal of non-current assets		-39,074	-33,559
Cash flow from profits		**513,034**	**508,613**
Change in inventories		-83,443	-104,618
Change in trade receivables, construction contracts and consortia		-69,016	303,221
Change in receivables from subsidiaries and receivables from participation companies		-27,484	-69,983
Change in other assets		29,488	26,783
Change in trade payables, construction contracts and consortia		224,124	-252,280
Change in liabilities from subsidiaries and liabilities from participation companies		45,047	6,315
Change in other liabilities		28,431	-70,120
Change in current provisions		33,521	-79,130
Cash flow from operating activities		**693,702**	**268,801**
Purchase of financial assets		-22,875	-41,171
Purchase of property, plant, equipment and intangible assets		-387,361	-458,283
Gains/losses on disposal of non-current assets		39,074	33,559
Disposals of non-current assets (carrying value)		46,620	39,692
Change in other cash clearing receivables		2,750	203
Change in scope of consolidation		-10,591	-21,191
Cash flow from investing activities		**-332,383**	**-447,191**
Change in bank borrowings		-46,823	-244,099
Change in bonded loan		0	140,000
Change in bonds		105,000	25,000
Change in liabilities from finance leases		-20,598	-3,641
Change in other cash clearing liabilities		2,185	7,457
Change in non-controlling interests due to acquisition		341	11,540
Acquisition of own shares		-8,863	-42,880
Distribution and withdrawals from partnerships		-37,729	-69,639
Cash flow from financing activities		**-6,487**	**-176,262**
Net change in cash and cash equivalents		**354,832**	**-354,652**
Cash and cash equivalents at the beginning of the period		1,350,669	1,688,612
Change in cash and cash equivalents due to currency translation		-17,819	29,370
Change in restricted cash and cash equivalents		-2,982	-12,661
Cash and cash equivalents at the end of the period	**(24)**	**1,684,700**	**1,350,669**

Statement of changes in equity for the financial year 2013

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2012	**114,000**	**2,311,384**	**656,913**	**-97,816**	**-45,737**	**2,938,744**	**211,098**	**3,149,842**
Net income	0	0	60,631	0	0	60,631	49,407	110,038
Differences arising from currency translation	0	0	0	0	44,304	44,304	747	45,051
Change in hedging reserves	0	0	0	3,173	0	3,173	76	3,249
Changes in financial instruments IAS 39	0	0	-1,533	0	0	-1,533	-191	-1,724
Changes in investments in associates	0	0	211	-2,418	4,679	2,472	58	2,530
Change of actuarial gains and losses	0	0	-54,931	0	0	-54,931	-8,940	-63,871
Change of interest rate swap	0	0	0	-29,622	0	-29,622	-569	-30,191
Deferred taxes on neutral change in equity	0	0	15,833	4,858	0	20,691	2,737	23,428
Total comprehensive income	**0**	**0**	**20,211**	**-24,009**	**48,983**	**45,185**	**43,325**	**88,510**
Transactions concerning non-controlling interests	0	0	-17,043	0	0	-17,043	53,752	36,709
Acquisition of own shares	0	0	-42,880	0	0	-42,880	0	-42,880
Distribution of dividends[1]	0	0	-62,492	0	0	-62,492	-7,147	-69,639
Balance as at 31.12.2012 = Balance as at 1.1.2013	**114,000**	**2,311,384**	**554,709**	**-121,825**	**3,246**	**2,861,514**	**301,028**	**3,162,542**
Net income	0	0	113,558	0	0	113,558	42,701	156,259
Differences arising from currency translation	0	0	0	0	-53,758	-53,758	-3,542	-57,300
Change in hedging reserves	0	0	0	-822	0	-822	-19	-841
Changes in financial instruments IAS 39	0	0	242	0	0	242	14	256
Changes in investments in associates	0	0	47	-480	-3,175	-3,608	-84	-3,692
Change of actuarial gains and losses	0	0	2,306	0	0	2,306	-1,586	720
Change of interest rate swap	0	0	0	32,675	0	32,675	711	33,386
Deferred taxes on neutral change in equity	0	0	-122	-6,234	0	-6,356	340	-6,016
Total comprehensive income	**0**	**0**	**116,031**	**25,139**	**-56,933**	**84,237**	**38,535**	**122,772**
Transactions concerning non-controlling interests	0	0	620	0	0	620	-573	47
Acquisition of own shares	0	0	-8,863	0	0	-8,863	0	-8,863
Distribution of dividends[2]	0	0	-20,520	0	0	-20,520	-17,209	-37,729
Balance as at 31.12.2013	**114,000**	**2,311,384**	**641,977**	**-96,686**	**-53,687**	**2,916,988**	**321,781**	**3,238,769**

1) The total dividend payment of T€ 62,492 corresponds to a dividend per share of € 0.60 based on 104,153,000 shares.
2) The total dividend payment of T€ 20,520 corresponds to a dividend per share of € 0.20 based on 102,600,000 shares.

Consolidated statement of fixed assets as at 31 December 2013

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

Consolidated statement of fixed assets as at 31 December 2012

T€	Balance as at 31.12.2011	Change in scope of consolidation	Currency translation	Acquisition and production costs Balance as at 1.1.2012	Additions	Transfers
I. Intangible Assets						
1. Concessions; industrial property rights and similiar rights as well as licences derived thereof	129,985	-677	379	129,687	5,008	0
2. Goodwill	638,288	3,577	8,213	650,078	0	0
3. Development costs	25,163	0	0	25,163	1,950	0
4. Advances paid	157	0	0	157	165	0
Total	**793,593**	**2,900**	**8,592**	**805,085**	**7,123**	**0**
II. Tangible Assets						
1. Properties; land rights equivalent to real property; buildings including buildings on third-party property	1,341,908	1,485	11,195	1,354,588	29,705	35,179
2. Technical equipment and machinery	2,468,638	16,868	33,330	2,518,836	236,385	37,791
3. Other facilities, furniture and fixtures and office equipment	909,434	8,116	8,500	926,050	139,613	-445
4. Advances paid and facilities under construction	129,688	337	236	130,261	45,457	-72,525
Total	**4,849,668**	**26,806**	**53,261**	**4,929,735**	**451,160**	**0**
III. Investment Property	**214,331**	**-2,945**	**0**	**211,386**	**0**	**0**

1) Of this amount, impairments of T€ 28,924 (2012: T€ 28,482)

2) Of this amount, impairments of T€ 28,482 (2011: T€ 46,501)

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

		Accumulated depreciation							Carrying values	
Disposals	Balance as at 31.12.2012	Balance as at 31.12.2011	Change in scope of consolidation	Currency translation	Additions[2)]	Transfers	Disposals	Balance as at 31.12.2012	Values 31.12.2012	Values 31.12.2011
12,915	121,780	83,047	105	-5	10,787	0	12,262	81,672	40,108	46,938
2,018	648,060	166,461	0	13	10,077	0	0	176,551	471,509	471,827
0	27,113	7,575	0	0	1,116	0	0	8,691	18,422	17,588
0	322	0	0	0	0	0	0	0	322	157
14,933	**797,275**	**257,083**	**105**	**8**	**21,980**	**0**	**12,262**	**266,914**	**530,361**	**536,510**
19,402	1,400,070	441,857	-1,342	2,433	42,555	6	9,544	475,965	924,105	900,051
136,342	2,656,670	1,609,756	12,623	23,639	213,136	1,320	119,090	1,741,384	915,286	858,882
93,261	971,957	638,012	6,836	5,430	105,662	-1,326	85,151	669,463	302,494	271,422
0	103,193	5,805	0	0	13,701	0	0	19,506	83,687	123,883
249,005	**5,131,890**	**2,695,430**	**18,117**	**31,502**	**375,054**	**0**	**213,785**	**2,906,318**	**2,225,572**	**2,154,238**
4,532	**206,854**	**161,053**	**0**	**0**	**4,134**	**0**	**0**	**165,187**	**41,667**	**53,278**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31.12.2013 OF STRABAG SE, VILLACH

Basic principles

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

The consolidated financial statements of STRABAG SE, at the reporting date 31 December 2013, were drawn up under application of Section 245a Paragraph 2 of the Austrian Business Enterprise Code (UGB) in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

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

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

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

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

Changes in accounting policies

NEW AND REVISED STANDARDS AND INTERPRETATIONS THAT ARE EFFECTIVE FOR THE 2013 FINANCIAL YEAR:

The IASB has made the following amendments to the existing IFRS and passed several new IFRS and IFRIC, which have also been adopted by the European Commission. Application became mandatory on 1 January 2013.

	Application for financial years which begin on or after (according to IASB)	**Application for financial years which begin on or after (according to EU endorsement)**
Amendments to IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	1.7.2012	1.7.2012
IFRS 13 Fair Value Measurement	1.1.2013	1.1.2013
Amendments to IAS 12 Income Taxes: Deferred Tax – Recovery of Underlying Assets	1.1.2012	1.1.2013
IAS 19 Employee Benefits	1.1.2013	1.1.2013
Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	1.1.2013	1.1.2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1.1.2013	1.1.2013
Annual Improvements to IFRS 2009–2011	1.1.2013	1.1.2013

IAS 1 now requires the components of other comprehensive income to be presented in such a way that it is clear whether the income and expenses will be recycled in the income statement at a later point or whether these are never recycled in the income statement. The requirements were implemented accordingly in the statement of comprehensive income.

IFRS 13 defines fair value, sets out a framework for measuring fair value and requires specific disclosures about fair value measurements. The regulations not only refer to financial instruments but also to the measurement of fair value according to other IAS/IFRS.

IAS 12 “Recovery of underlying assets”: The changes offer a solution for the recognition of deferred taxes on investment property measured using the fair value model in IAS 40 as well as on revalued non-depreciable assets.

IAS 19: The amended version contains clarifications and changes. The new IAS 19 does away with the “corridor” method, i.e. the possibility of recognising actuarial gains or losses from defined benefit obligations divided over several periods. Measurement of the expected plan asset yields is performed by applying the same rate as is used to discount defined benefit obligations. As a result, the total revenue from plan assets is no longer recognised in the income statement. The new IAS 19 also contains extended disclosure requirements for defined benefit plans as well as changes to the accounting of termination benefits.

IFRS 7: To facilitate the comparison between entities preparing IFRS financial statements and entities which prepare their financial statements in accordance with US GAAP, IFRS 7 was amended to enhance the disclosure requirements when offsetting arrangements exist. The amendments also require extensive disclosure of information about such offsetting rights that are not set off under IFRS.

IFRIC 20: This interpretation addresses the removal of mine waste materials that are produced in the production phase of a surface mine. It defines when and how to account for benefits which may arise from such an activity, as well as how to measure these benefits.

Annual Improvements to IFRS 2009–2011: Amendments to individual standards in the course of annual improvement processes by the IASB.

The application of the new accounting standards had only minor impacts on the consolidated financial statements of STRABAG SE.

Future changes of financial reporting standards

The IASB and the IFRIC approved further standards and interpretations. However, these were neither required to be applied in the 2013 financial year nor adopted by the European Commission. The amendments affect the following standards and interpretations:

	Application for financial years which begin on or after (according to IASB)	Application for financial years which begin on or after (according to EU endorsement)	Impact on the consolidated financial statements
IFRS 10 Consolidated Financial Statements	1.1.2013	1.1.2014	minor impact
IFRS 11 Joint Arrangements	1.1.2013	1.1.2014	see below
IFRS 12 Disclosure of Interests in Other Entities	1.1.2013	1.1.2014	see below
Amendments to IAS 27 Separate Financial Statements	1.1.2013	1.1.2014	none
Amendments to IAS 28 Investment in Associates and Joint Ventures	1.1.2013	1.1.2014	see below
Amendments to IAS 32 Financial Instruments Presentation – Offsetting Rules	1.1.2014	1.1.2014	minor impact
Transition guidance – Amendments to IFRS 10, IFRS 11 and IFRS 12	1.1.2013	1.1.2014	minor impact
Investment entities – Amendments to IFRS 10, IFRS 12 and IAS 27	1.1.2014	1.1.2014	none
Amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures	1.1.2014	1.1.2014	minor impact
Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Over-the-Counter Derivatives and Continuation of Existing Hedging Relationships	1.1.2014	1.1.2014	minor impact
IFRIC 21 Levies	1.1.2014	n. a.[1]	minor impact
Amendments to IAS 19	1.7.2014	1.7.2014	minor impact
Annual Improvements to IFRS 2010–2012	1.7.2014	n. a.[1]	is being analysed
Annual Improvements to IFRS 2011–2013	1.7.2014	n. a.[1]	is being analysed
IFRS 9 (2009, 2010, 2013) Financial Instruments	1.1.2018	n. a.[1]	is being analysed

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

IFRS 10 and IAS 27: IFRS 10 replaces the criteria for the consolidated financial statements contained in IAS 27 and addresses issues that had previously been governed by SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. The new definition provides for more comprehensive rules to define the scope of consolidation than under IAS 27. Like IAS 27, IFRS 10 addresses the basic consolidation requirements for the interest of non-controlling entities and requires the use of uniform accounting policies.

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

According to a statement by the Institute of Public Auditors in Germany (IDW), the typical construction consortium meets the requirements to be classified as a joint venture. Based on the current status of our analysis this also applies to Austrian construction consortia. The impact on the consolidated financial statements is limited to changes in the presentation in the balance sheet and the income statement. Starting with the 2014 financial year, the share of profit or loss will no longer be recognised as revenue (other operating expense) but instead as income from associates; however, it will continue to be recognised as EBIT. In the balance sheet, this item is reclassified from trade receivables (payables) to other receivables (payables). The disclosure requirements for associates are thus extended to apply to construction consortia as well.

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

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

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

Amendments to IFRS 10, IFRS 11 and IFRS 12 – transition guidance primarily refers to the first-time application of IFRS 10 and additional information according to IFRS 12.

Amendments to IFRS 10, IFRS 12 and IAS 27 – investment entities, introduces the exception from the requirement of consolidation for subsidiaries according to IFRS 10 for investment entities.

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

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

IFRIC 21 provides guidance for when to recognise provisions for levies under IAS 37 where the timing and amount of the payment is uncertain, as well as guidance for when to recognise corresponding liabilities, i.e. where the timing and amount are certain. IFRIC 21 does not include income taxes as defined by IAS 12. Application of the interpretation may result in a levy payment obligation being recognised at another time than before, specifically if the obligation to pay the levy arises only when a specified event occurs at a specified point in time.

The **amendments to IAS 19** offer clarification of how to treat employee contributions to defined benefit plans. If the amount of the contributions is independent of the number of years of service, these contributions can continue to be recognised as a reduction in the service cost in the respective period; if the amount of the contributions depends on the number of years of service, these must be considered in the calculation of the gross benefit obligation. STRABAG has already been using the possibility of reducing the service cost in defined benefit plans in Switzerland.

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

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

Aside from those described in IFRS 11 and IAS 28, application of the new standards and interpretations will have only a minor impact on the consolidated financial statements.

Consolidation

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

SUBSIDIARIES

Entities whose financial and operating policies are controlled by the group constitute subsidiaries. Control usually exists when the group holds more than 50 % of the entity's voting rights. However, the determination of control must also consider potential voting rights that may be exercised or converted at any time. Furthermore, control may also exist even if the group holds less than 50 % of the voting rights as long as the magnitude of the group's voting rights in relation to the number and distribution of the voting rights of all other shareholders gives the group control of the entity's financial and operating policies (de facto control).

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

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

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

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

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

In the 2013 financial year, T€ 1,835 in goodwill arising from capital consolidation were recognised as assets. Impairments in the amount of T€ 3,985 were made.

Immaterial subsidiaries are not consolidated; these are reported at cost or at fair value in accordance with IAS 39 if this value can be reliably determined.

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

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

DISPOSAL OF SUBSIDIARIES

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

ASSOCIATES

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

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

In the year under review, the initial equity measurement of newly acquired entities resulted in net goodwill in the amount of T€ 0 (2012: T€ 0), which is recognised as a component of investments in associates.

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

JOINT VENTURES

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

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

Results from construction consortia are recognised proportionately to the group's share, with profits presented in the revenue and losses in the other operating income.

INVESTMENTS

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

Consolidation procedures

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

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

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

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

The necessary tax deferrals are made for consolidation procedures.

Scope of consolidation

The consolidated financial statements as at 31 December 2013 include STRABAG SE as well as all major domestic and foreign subsidiaries where STRABAG SE either directly or indirectly holds a majority of the voting rights. Major associated companies and joint ventures are reported in the balance sheet using the equity method (investments in associates).

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

Subsidiaries included in the 2013 consolidated financial statements are given in the list of subsidiaries.

The financial year for all consolidated and associated companies is identical with the calendar year.

The number of consolidated companies changed in the 2013 financial year as follows:

	Consolidation	Equity method
Situation as at 31.12.2011	**308**	**21**
First-time inclusions in year under report	23	1
First-time inclusions in year under report due to merger/accretion	20	0
Merger/accretion in year under report	-26	0
Exclusions in year under report	-4	-1
Situation as at 31.12.2012	**321**	**21**
First-time inclusions in year under report	7	0
First-time inclusions in year under report due to merger/accretion	14	0
Merger/accretion in year under report	-35	0
Exclusions in year under report	-9	0
Situation as at 31.12.2013	**298**	**21**

ADDITIONS TO SCOPE OF CONSOLIDATION

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

Company	Direct stake %	Date of acquisition or foundation
Consolidation		
BLUMENFELD Liegenschaftsverwaltungs GmbH, Vienna	100.00	16.12.2013
Bostadsrättsföreningen Tyresö View 1, Tyresö	100.00	1.1.2013[1)]
Merk Timber GmbH, Aichach	100.00	22.4.2013
STRABAG RAIL POLSKA Sp.z o.o., Breslau	100.00	1.1.2013[1)]
STRABAG Vasútépítö Kft., Budapest	100.00	1.1.2013[1)]
TyresöView1 Holding AB, Stockholm	100.00	1.1.2013[1)]
VIOLA PARK Immobilienprojekt GmbH, Vienna	75.00	16.12.2013

1) Due to its increased business volume, the company was included in the scope of consolidation of the group for the first time effective 1 January 2013. The foundation/acquisition of the company occurred before 1 January 2013.

Company	Direct stake %	Date of acquisition or foundation
Merger/accretion[1]		
"Wiebau" Hoch-, Tief- und Strassenbau-Gesellschaft m.b.H., Gerasdorf near Vienna	100.00	1.1.2013
ARP Asphaltmischwerke Rheinhessen-Pfalz GmbH & Co. KG, Sprendlingen	100.00	1.1.2013
ARP Asphaltmischwerke Rheinhessen-Pfalz Verwaltungs-GmbH, Sprendlingen	100.00	1.1.2013
Böblingen Quartier 11 GmbH & Co. KG, Cologne	100.00	1.1.2013
Böblingen Quartier 11 Verwaltung GmbH, Cologne	100.00	1.1.2013
Donnersberger Höfe Kita GmbH, Düsseldorf	100.00	1.1.2013
Helmus Beteiligungsgesellschaft mit beschränkter Haftung, Vechta	100.00	1.1.2013
Hotelprojekt Messe-West Europa-Allee Frankfurt GmbH & Co. KG, Cologne	100.00	1.1.2013
Kiesverwertungsgesellschaft Senden mit beschränkter Haftung, Senden	100.00	1.1.2013
SB Beton GmbH, Bad Langensalza	100.00	1.1.2013
SF-BAU Projektentwicklung GmbH, Cologne	100.00	1.1.2013
T1 Objektgesellschaft mbH & Co. KG, Cologne	100.00	1.1.2013
Voss GmbH, Cuxhaven	100.00	1.1.2013
ZDE Vierte Vermögensverwaltung GmbH, Cologne	100.00	1.1.2013

ACQUISITIONS

Per contract from 11 March 2013, STRABAG acquired 100 % of Merk Timber GmbH (former Metsä Wood Merk GmbH), Aichach, effective retroactively to 1 January 2013. The acquisition serves to expand the group's existing activities in the field of structural timber engineering. The closing took place on 22 April 2013.

Per contract from 14 March 2013, STRABAG AG, Cologne, through its subsidiary STRABAG B.V., acquired the transportation infrastructure activities of Netherlands-based Janssen de Jong Groep B.V. The acquisition aims at expanding the regional capacities in transportation infrastructures in the Netherlands, especially in the field of asphalt.

Effective 16 December 2013, STRABAG acquired 75 % of VIOLA PARK Immobilienprojekt GmbH, Vienna, with its 100 % subsidiary Blumenfeld Liegenschaftsverwaltungs GmbH, Vienna. The company owns a property in Vienna for which the development of a real estate project is planned.

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

T€	Acquisitions
Acquired assets and liabilities	
Goodwill	1,835
Other non-current assets	7,952
Current assets	18,326
Increase in non-controlling interest	-1,087
Non-current liabilities	-3,576
Current liabilities	-10,132
Purchase price	**13,318**
Acquired cash and cash equivalents	-702
Net cash outflow from acquisitions	**12,616**

As the acquisitions are relatively insignificant, when viewed both individually and as a whole, a single summarised presentation was chosen.

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

In the 2013 financial year, negative goodwill in the amount of T€ 709 (2012: T€ 777) occurred. This amount is reported under other operating income.

1) The companies listed under "Merger/Accretion" were merged with/accrued on already consolidated companies and as such are at once represented as additions to and removals from the scope of consolidation.

Assuming a fictitious first-time consolidation on 1 January 2013 for all acquisitions in the 2013 financial year, the consolidated revenue would amount to T€ 12,481,652. The consolidated net income in the financial year would change only insignificantly.

All companies which were consolidated for the first time in 2013 contributed T€ 47,526 to revenue and T€ -1,721 to net income.

DISPOSALS FROM THE SCOPE OF CONSOLIDATION

As at 31 December 2013, the following companies were no longer included in the scope of consolidation:

Disposals from scope of consolidation	
BPM Bau Prozess Management GmbH, Vienna	Fell below significant level
DRUMCO SA, Timisoara	Fell below significant level
EFKON Germany GmbH, Berlin	Fell below significant level
Fachmarktzentrum Arland Errichtungs- und Vermietungsgesellschaft mbH, Vienna	Fell below significant level
GRASTO d.o.o., Ljubljana	Fell below significant level
STRABAG - ZIPP Development s.r.o., Bratislava	Fell below significant level
TolLink Pakistan (Private) Limited, Islamabad	Fell below significant level
TPA EOOD, Sofia	Fell below significant level
Züblin International Malaysia Sdn. Bhd., Kuala Lumpur	Fell below significant level

Merger/Accretion[1)]
GfB Gesellschaft für Bauwerksabdichtungen mbH, Kobern-Gondorf
"Wiebau" Hoch-, Tief- und Strassenbau-Gesellschaft m.b.H., Gerasdorf near Vienna
A2 Strada sp.z o.o., Pruszkow
ARP Asphaltmischwerke Rheinhessen-Pfalz GmbH & Co. KG, Sprendlingen
ARP Asphaltmischwerke Rheinhessen-Pfalz Verwaltungs-GmbH, Sprendlingen
Astrada AG, Subingen
Baunova AG, Dällikon
Böblingen Quartier 11 GmbH & Co. KG, Cologne
Böblingen Quartier 11 Verwaltung GmbH, Cologne
Brunner Erben AG, Zurich
Brunner Erben Holding AG, Opfikon
Donnersberger Höfe Kita GmbH, Düsseldorf
Egolf AG Strassen- und Tiefbau, Weinfelden
Helmus Beteiligungsgesellschaft mit beschränkter Haftung, Vechta
Hotelprojekt Messe-West Europa-Allee Frankfurt GmbH & Co. KG, Cologne
Kiesverwertungsgesellschaft Senden mit beschränkter Haftung, Senden
Kopalnie Melafiru, Czarny Bor
Leitner Gesellschaft m.b.H., Hausmening
Merk Timber GmbH, Aichach
Meyerhans AG Amriswil, Amriswil
Meyerhans AG, Strassen- und Tiefbau Uzwil, Uzwil
Northern Energy GlobalTech III. GmbH, Aurich
Polski Asfalt SP.z o.o., Pruszkow
POßÖGEL & PARTNER STRAßEN- UND TIEFBAU GMBH HERMSDORF/THÜR., St. Gangloff
R I M E X GmbH Servicebetriebe, Aalen
riw Industriewartung GmbH, Ulm
SB Beton GmbH, Bad Langensalza
SBR Verwaltungs-GmbH, Kehl
SF-BAU Projektentwicklung GmbH, Cologne
SLOVAKIA ASFALT s.r.o., Bratislava
STRABAG Beteiligungsverwaltung GmbH, Cologne
T1 Objektgesellschaft mbH & Co. KG, Cologne
Voss GmbH, Cuxhaven
ZDE Vierte Vermögensverwaltung GmbH, Cologne
Züblin Bau, Vienna

1) The companies listed under “Merger/Accretion” were merged with already consolidated companies or, as a result of accretion, formed part of consolidated companies.

The deconsolidation resulted in disposals of assets in the amount of T€ 32,370 and of liabilities – including non-controlling interests – in the amount of T€ 21,271.

Currency translation

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

The functional currency of STRABAG's subsidiaries is the respective local currency, with the exception of AKA Alföld Koncesszios Autopalya Zrt., Budapest, whose functional currency is the euro. The consolidated financial statements are prepared in euro, STRABAG's reporting currency.

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

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

The most important currencies, including their average exchange rates on the reporting date, are listed under item 25. In the course of capital consolidation, currency translation differences of T€ -57,300 (2012: T€ 45,051) are recognised directly in equity in the financial year with no effect on the operating result. The currency translation differences between the closing rate for the balance sheet and the average rate for the income statement are allocated to equity. Forward exchange operations (hedging) excluding deferred taxes in the amount of T€ -841 (2012: T€ 3,249) were recognised directly in equity.

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

Consolidated companies

THE FOLLOWING LIST SHOWS THE CONSOLIDATED COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT

Austria		**Nominal capital T€/TATS**	**Direct stake %**
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH", Spittal an der Drau		35	100.00
"DOMIZIL" Bauträger GmbH, Vienna		727	100.00
"Filmforum am Bahnhof" Errichtungs- und Betriebsgesellschaft m.b.H., Vienna	TATS	3,000	100.00
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau		35	100.00
"Wiener Heim" Wohnbaugesellschaft m.b.H., Vienna		741	100.00
"Wohngarten Sensengasse" Bauträger GmbH, Vienna		35	55.00
ABR Abfall Behandlung und Recycling GmbH, Schwadorf		37	100.00
Asphalt & Beton GmbH, Spittal an der Drau		36	100.00
AUSTRIA ASPHALT GmbH & Co OG, Spittal an der Drau	TATS	500	100.00
Bau Holding Beteiligungs AG, Spittal an der Drau		48,000	100.00
Baukontor Gaaden Gesellschaft m.b.H., Gaaden		36	100.00
Bitumen Handelsgesellschaft m.b.H. & Co KG, Loosdorf	TATS	3,000	100.00
BITUNOVA Baustofftechnik Gesellschaft m.b.H., Spittal an der Drau	TATS	2,000	100.00
BLUMENFELD Liegenschaftsverwaltungs GmbH, Vienna	TATS	1,000	100.00
BMTI-Baumaschinentechnik International GmbH, Trumau		1,454	100.00
Böhm Stadtbaumeister & Gebäudetechnik GmbH, Vienna		36	100.00
BrennerRast GmbH, Vienna		35	100.00
BRVZ Bau- Rechen- u. Verwaltungszentrum Gesellschaft m.b.H., Spittal an der Drau		37	100.00
Bug-AluTechnic GmbH, Vienna		5,000	100.00
Campus Eggenberg Immobilienprojekt GmbH, Graz		36	60.00
Center Communication Systems GmbH, Vienna		727	100.00

Austria		Nominal capital T€/TATS	Direct stake %
Diabaswerk Saalfelden Gesellschaft m.b.H., Saalfelden		363	100.00
Eckstein Holding GmbH, Spittal an der Drau		73	100.00
EFKON AG, Raaba		28,350	98.14
Erste Nordsee-Offshore-Holding GmbH, Pressbaum		100	51.00
F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG, Wiener Neustadt		1,192	100.00
Goldeck Bergbahnen GmbH, Spittal an der Drau		363	100.00
Ilbau Liegenschaftsverwaltung GmbH, Spittal an der Drau		4,500	100.00
InfoSys Informationssysteme GmbH, Spittal an der Drau		363	94.90
Innsbrucker Nordkettenbahnen Betriebs GmbH, Innsbruck		35	51.00
KAB Straßensanierung GmbH & Co KG, Spittal an der Drau		133	50.60
Kanzel Steinbruch Dennig Gesellschaft mit beschränkter Haftung, Gratkorn	TATS	500	75.00
M5 Beteiligungs GmbH, Vienna		70	100.00
M5 Holding GmbH, Vienna		35	100.00
Mineral Abbau GmbH, Spittal an der Drau		36	100.00
Mischek Systembau GmbH, Vienna		1,000	100.00
Mobil Baustoffe GmbH, Reichenfels		50	100.00
OAT - Bohr- und Fugentechnik Gesellschaft m.b.H., Spittal an der Drau	TATS	1,000	51.00
Osttiroler Asphalt Hoch- und Tiefbauunternehmung GmbH, Lavant i. Osttirol		36	80.00
Raststation A 3 GmbH, Vienna		35	100.00
Raststation A 6 GmbH, Vienna	TATS	500	100.00
RBS Rohrbau-Schweißtechnik Gesellschaft m.b.H., Linz		291	100.00
SF Bau vier GmbH, Vienna		35	100.00
Storf Hoch- und Tiefbaugesellschaft m.b.H., Reutte		727	100.00
STRABAG AG, Spittal an der Drau		12,000	100.00
STRABAG Anlagentechnik GmbH, Thalgau		1,000	100.00
STRABAG Bau GmbH, Vienna		1,800	100.00
STRABAG Energy Technologies GmbH, Vienna		50	100.00
STRABAG Holding GmbH, Vienna		35	100.00
Strabag Liegenschaftsverwaltung GmbH, Linz		4,500	100.00
STRABAG Property and Facility Services GmbH, Vienna		35	100.00
STRABAG SE, Villach		114,000	100.00
TPA Gesellschaft für Qualitätssicherung und Innovation GmbH, Vienna		37	100.00
VIOLA PARK Immobilienprojekt GmbH, Vienna		45	75.00
Züblin Holding GesmbH, Vienna		55	100.00
Züblin Spezialtiefbau Ges.m.b.H., Vienna		1,500	100.00
Zweite Nordsee-Offshore-Holding GmbH, Pressbaum		100	51.00

Germany		Nominal capital T€/TDEM	Direct stake %
Alpines Hartschotterwerk GmbH, Leinfelden-Echterdingen		25	100.00
Atlas Tower GmbH & Co. KG, Cologne		106	100.00
Baugesellschaft Nowotnik GmbH, Nörvenich		26	100.00
Baumann & Burmeister GmbH, Halle/Saale		51	100.00
Bauunternehmung Ohneis Gesellschaft mit beschränkter Haftung, Straubing	TDEM	100	100.00
BBS Baustoffbetriebe Sachsen GmbH, Hartmannsdorf	TDEM	30,000	100.00
becker bau GmbH, Bornhöved		25	100.00
BHG Bitumenhandelsgesellschaft mbH, Hamburg		26	100.00
BITUNOVA GmbH, Düsseldorf		256	100.00
Blees-Kölling-Bau GmbH, Cologne	TDEM	2,500	100.00
BMTI - Baumaschinentechnik International GmbH & Co. KG, Cologne		307	100.00
BRVZ Bau- Rechen- und Verwaltungszentrum GmbH & Co. KG, Cologne		30	100.00
CLS Construction Legal Services GmbH, Cologne		25	100.00
Deutsche Asphalt GmbH, Cologne		28	100.00
DYWIDAG Bau GmbH, Munich		32	100.00
DYWIDAG International GmbH, Munich		5,000	100.00
DYWIDAG-Holding GmbH, Cologne		500	100.00
E S B Kirchhoff GmbH, Leinfelden-Echterdingen		1,500	100.00
Eberhard Pöhner Unternehmen für Hoch- und Tiefbau GmbH, Bayreuth		30	100.00
Eberhardt Bau-Gesellschaft mbH, Berlin	TDEM	300	100.00
ECS European Construction Services GmbH, Mörfelden-Walldorf		225	100.00
Ed. Züblin AG, Stuttgart		20,452	57.26

Germany		Nominal capital T€/TDEM	Direct stake %
Eduard Hachmann Gesellschaft mit beschränkter Haftung, Lunden		520	100.00
Eichholz Eivel GmbH, Berlin		25	100.00
ETG Erzgebirge Transportbeton GmbH, Freiberg		290	60.00
F. Kirchhoff GmbH, Leinfelden-Echterdingen		23,319	100.00
F. Kirchhoff Straßenbau GmbH, Leinfelden-Echterdingen		25	100.00
F. KIRCHHOFF SYSTEMBAU GmbH, Münsingen		2,000	100.00
Fahrleitungsbau GmbH, Essen		1,550	100.00
Forum Mittelrhein Koblenz Generalübernehmergesellschaft mbH & Co.KG, Oststeinbek		25	51.00
Forum Mittelrhein Koblenz Kultur GmbH & Co. KG, Hamburg		25	51.00
Gaul GmbH, Sprendlingen		25	100.00
Gebr. von der Wettern Gesellschaft mit beschränkter Haftung, Cologne	TDEM	5,000	100.00
Griproad Spezialbeläge und Baugesellschaft mbH, Cologne	TDEM	400	100.00
HEILIT Umwelttechnik GmbH, Düsseldorf		2,000	100.00
Heilit+Woerner Bau GmbH, Munich		18,000	100.00
Heimfeld Terrassen GmbH, Cologne		25	100.00
Helmus Straßen-Bau GmbH, Vechta		25	100.00
Hermann Kirchner Bauunternehmung GmbH, Bad Hersfeld		15,000	100.00
Hermann Kirchner Hoch- und Ingenieurbau GmbH, Bad Hersfeld		2,500	100.00
Ilbau GmbH Deutschland, Berlin		4,700	100.00
Ilbau Liegenschaftsverwaltung GmbH, Hoppegarten	TDEM	15,000	100.00
Josef Riepl Unternehmen für Ingenieur- und Hochbau GmbH, Regensburg		900	100.00
JUKA Justizzentrum Kurfürstenanlage GmbH, Cologne		26	100.00
Kirchner & Völker Bauunternehmung GmbH, Erfurt		520	100.00
Leonhard Moll Hoch- und Tiefbau GmbH, Munich		51	100.00
LIMET Beteiligungs GmbH & Co. Objekt Köln KG, Cologne		10	94.00
LIMET Beteiligungs GmbH, Cologne	TDEM	50	100.00
Ludwig Voss GmbH, Cuxhaven		25	100.00
MAV Mineralstoff - Aufbereitung und - Verwertung GmbH, Krefeld		600	50.00
MAV Mineralstoff - Aufbereitung und Verwertung Lünen GmbH, Lünen		250	100.00
MERK Timber GmbH, Aichach		1,534	100.00
Mineral Baustoff GmbH, Cologne		25	100.00
MOBIL Baustoffe GmbH, Munich		100	100.00
NE Sander Eisenbau GmbH, Sande		155	100.00
NE Sander Immobilien GmbH, Sande		155	100.00
Northern Energy GAIA I. GmbH, Aurich		25	100.00
Northern Energy GAIA II. GmbH, Aurich		25	100.00
Northern Energy GAIA III. GmbH, Aurich		25	100.00
Northern Energy GAIA IV. GmbH, Aurich		25	100.00
Northern Energy GAIA V. GmbH, Aurich		25	100.00
Northern Energy GlobalTech II. GmbH, Aurich		25	100.00
Northern Energy OWP Albatros GmbH, Aurich		100	100.00
Northern Energy OWP West GmbH, Aurich		100	100.00
Northern Energy SeaStorm I. GmbH, Aurich		25	100.00
Northern Energy SeaStorm II. GmbH, Aurich		25	100.00
Northern Energy SeaWind I. GmbH, Aurich		25	100.00
Northern Energy SeaWind II. GmbH, Aurich		25	100.00
Northern Energy SeaWind III GmbH, Aurich		25	100.00
Northern Energy SeaWind IV. GmbH, Aurich		25	100.00
Offshore Wind Logistik GmbH, Stuttgart		51	100.00
PEKA Entwicklungsgesellschaft Kurfürstenanlage GmbH, Cologne		25	100.00
Preusse Baubetriebe Gesellschaft mit beschränkter Haftung, Hamburg		1,050	100.00
Projekt Elbpark GmbH & Co. KG, Cologne		11	100.00
Pyhrn Concession Holding GmbH, Cologne		38	100.00
REPASS-SANIERUNGSTECHNIK GMBH Korrosionsschutz und Betoninstandsetzung, Munderkingen	TDEM	51	100.00
Rimex Gebäudemanagement GmbH, Ulm		51	100.00
ROBA Transportbeton GmbH, Cologne		520	100.00
Robert Kieserling Industriefußboden Gesellschaft mit beschränkter Haftung, Hamburg		1,050	100.00
SAT Straßensanierung GmbH, Cologne		30	100.00
SF-Ausbau GmbH, Freiberg		600	100.00

Germany		Nominal capital T€/TDEM	Direct stake %
Staßfurter Baubetriebe GmbH, Staßfurt		1,050	100.00
Steffes-Mies GmbH, Sprendlingen		25	100.00
Stephan Holzbau GmbH, Stuttgart		25	100.00
STRABAG AG, Cologne		104,780	93.63
STRABAG Anlagentechnik GmbH, Cologne		9,220	100.00
STRABAG Asset GmbH, Cologne		2,663	100.00
STRABAG Beton GmbH & Co. KG, Berlin	TDEM	2,000	100.00
STRABAG Facility Management GmbH, Nürnberg		30	100.00
STRABAG Infrastrukturprojekt GmbH, Bad Hersfeld		1,280	100.00
STRABAG International GmbH, Cologne		2,557	100.00
STRABAG Offshore Wind GmbH, Stuttgart		26	100.00
STRABAG Pipeline- und Rohrleitungsbau GmbH, Regensburg		50	100.00
STRABAG Projektentwicklung GmbH, Cologne	TDEM	20,000	100.00
STRABAG Property and Facility Services GmbH, Münster		5,000	100.00
STRABAG Rail Fahrleitungen GmbH, Berlin		600	100.00
STRABAG Rail GmbH, Lauda-Königshofen		25	100.00
STRABAG Real Estate GmbH, Cologne		30,000	100.00
STRABAG Sportstättenbau GmbH, Dortmund	TDEM	200	100.00
STRABAG Umweltanlagen GmbH, Dresden		2,000	100.00
STRABAG Unterstützungskasse GmbH, Cologne		26	100.00
STRABAG Wasserbau GmbH, Hamburg		6,833	100.00
Stratebau GmbH, Regensburg	TDEM	8,000	100.00
T S S Technische Sicherheits-Systeme Gesellschaft mit beschränkter Haftung, Cologne	TDEM	270	100.00
Torkret GmbH, Stuttgart		1,023	100.00
TPA GmbH, Cologne		511	100.00
Windkraft FiT GmbH, Hamburg		25	100.00
Wolfer & Goebel Bau GmbH, Stuttgart		25	100.00
Xaver Bachner GmbH, Straubing	TDEM	500	100.00
Z-Bau GmbH, Magdeburg		100	100.00
ZDE Sechste Vermögensverwaltung GmbH, Cologne		25	100.00
Züblin Chimney and Refractory GmbH, Cologne		511	100.00
Züblin Gebäudetechnik GmbH, Erlangen		25	100.00
Züblin International GmbH, Stuttgart		2,500	100.00
Züblin Projektentwicklung GmbH, Stuttgart	TDEM	5,000	100.00
Züblin Spezialtiefbau GmbH, Stuttgart	TDEM	6,000	100.00
Züblin Stahlbau GmbH, Hosena		1,534	100.00
Züblin Umwelttechnik GmbH, Stuttgart		2,000	100.00
Züblin Wasserbau GmbH, Berlin	TDEM	500	100.00

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

Azerbaijan	Nominal capital TUSD	Direct stake %
"Strabag Azerbaijan" L.L.C., Baku	260	100.00

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

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

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

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

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

Finland	Nominal capital T€	Direct stake %
STRABAG Oy, Helsinki	3	100.00

India	Nominal capital TINR	Direct stake %
EFKON INDIA Pvt. Ltd., Mumbai	50,000	100.00
I-PAY CLEARING SERVICES Pvt. Ltd., Mumbai	20,000	74.00

Italy	Nominal capital T€	Direct stake %
STRABAG S.p.A., Bologna	10,000	100.00

Canada	Nominal capital TCAD	Direct stake %
Strabag Inc., Toronto	3,000	100.00
Züblin Inc., Saint John/NewBrunswick	100	100.00

Croatia	Nominal capital THRK	Direct stake %
BRVZ d.o.o., Zagreb	20	100.00
CESTAR d.o.o., Slavonski Brod	1,100	74.90
MINERAL IGM d.o.o., Zapuzane	10,701	100.00
Pomgrad Inzenjering d.o.o., Split	25,534	100.00
PZC SPLIT d.d., Split	18,810	95.37
Strabag d.o.o., Zagreb	48,230	100.00
STRABAG-HIDROINZENJERING d.o.o, Split	144	100.00
TPA odrzavanje kvaliteta i inovacija d.o.o., Zagreb	20	100.00

Montenegro	Nominal capital T€	Direct stake %
"Crnagoraput" AD, Podgorica, Podgorica	9,779	95.32

The Netherlands	Nominal capital T€	Direct stake %
STRABAG B.V., Vlaardingen	450	100.00
Züblin Nederland BV, Vlaardingen	500	100.00

Oman	Nominal capital TOMR	Direct stake %
STRABAG OMAN L.L.C., Muscat	1,000	100.00

Poland	Nominal capital TPLN	Direct stake %
BHG Sp.z o.o., Pruszkow	500	100.00
BITUNOVA Sp.z o.o., Warsaw	2,700	100.00
BMTI Sp.z o.o., Pruszkow	2,000	100.00
BRVZ Sp.z o.o., Pruszkow	500	100.00
HEILIT+WOERNER Sp. z o.o., Breslau	16,140	100.00
Mineral Polska Sp. z.o.o., Czarny Bor	19,056	100.00
PBOiUT Slask Sp. z o.o., Katowice	295	60.98
SAT Sp.z o.o., Olawa	4,171	100.00
STRABAG RAIL POLSKA Sp.z o.o., Breslau	100	100.00
STRABAG Sp.z o.o., Pruszkow	73,328	100.00
TPA Sp.z o.o., Pruszkow	600	100.00
Züblin Sp. z o.o., Poznan	7,765	100.00

Portugal	Nominal capital T€	Direct stake %
Zucotec - Sociedade de Construcoes Lda., Lisbon	200	100.00

Qatar	Nominal capital TRIY	Direct stake %
Strabag Qatar W.L.L., Qatar	200	100.00

Romania		Nominal capital TRON	Direct stake %
ANTREPRIZA DE REPARATII SI LUCRARI A R L CLUJ S.A., Cluj-Napoca		64,974	98.59
Bitunova Romania SRL, Bucharest		16	100.00
BRVZ SERVICII & ADMINISTRARE SRL, Bucharest		278	100.00
Carb SA, Brasov		10,909	99.47
Strabag srl, Bucharest		43,519	100.00
TPA Societate pentru asigurarea calitatii si inovatii SRL, Bucharest		0	100.00
Züblin Romania S.R.L., Bucharest		4,580	100.00

Russia		Nominal capital TRUB	Direct stake %
SAO BRVZ Ltd, Moscow		313	100.00
ZAO "Strabag", Moscow		14,926	100.00

Saudi Arabia		Nominal capital TSAR	Direct stake %
Dywidag Saudi Arabia Co. Ltd., Jubail		10,000	100.00

Sweden		Nominal capital TSEK	Direct stake %
BRF Tyresö View 1, Tyresö[1]		0	100.00
BRVZ Sweden AB, Kumla		100	100.00
Nimab Entreprenad AB, Sjöbo		501	100.00
STRABAG AB, Stockholm		50	100.00
STRABAG Projektutveckling AB, Stockholm[1]		1,000	100.00
STRABAG Sverige AB, Stockholm		15,975	100.00
TyresöView1 Holding AB, Stockholm		50	100.00
Züblin Scandinavia AB, Stockholm		100	100.00

Switzerland		Nominal capital TCHF	Direct stake %
BMTI GmbH, Erstfeld		20	100.00
BRVZ Bau-, Rechen- und Verwaltungszentrum AG, Erstfeld		100	100.00
STRABAG AG, Zurich		8,000	100.00

Serbia		Nominal capital TRSD/T€	Direct stake %
"PUTEVI" A.D. CACAK, Cacak		122,638	85.02
Preduzece za puteve "Zajecar" a.D.Zajecar, Zajecar		265,015	100.00
STRABAG d.o.o. Beograd, Novi Beograd		770,237	100.00
TPA za obezbedenje kvaliteta i inovacije d.o.o. Beograd, Novi Beograd		32,550	100.00
Vojvodinaput-Pancevo a.d. Pancevo, Pancevo	T€	4,196	82.07

Slovakia		Nominal capital T€	Direct stake %
BITUNOVA spol. s r.o., Zvolen		1,195	100.00
BRVZ s.r.o., Bratislava		33	100.00
Errichtungsgesellschaft Strabag Slovensko s.r.o., Bratislava-Ruzinov		7	100.00
KSR - Kamenolomy SR, s.r.o., Zvolen		25	100.00
OAT spol. s.r.o., Bratislava		199	100.00
STRABAG s.r.o., Bratislava		66	100.00
TPA Spolocnost pre zabezpecenie kvality a inovacie s.r.o., Bratislava		7	100.00
Viedenska brana s.r.o., Bratislava		25	100.00
ZIPP BRATISLAVA spol. sr.o., Bratislava		133	100.00

Slovenia		Nominal capital T€	Direct stake %
BRVZ center za racunovodstvo in upravljanje d.o.o., Ljubljana		9	100.00
DRP, d.o.o., Ljubljana		9	100.00
STRABAG gradbene storitve d.o.o., Ljubljana		500	100.00

South Africa		Nominal capital T€	Direct stake %
EFKON SOUTH AFRICA (PTY) LTD, Pretoria		166	100.00

1) The presentation of interests is done using the economic approach; the interests as defined by civil law may deviate from this presentation.

Czech Republic	Nominal capital TCZK	Direct stake %
BHG CZ s.r.o., Ceské Budejovice	200	100.00
Bitunova spol. s r.o., Jihlava	2,000	100.00
BMTI CR s.r.o., Brno	100	100.00
BOHEMIA ASFALT, s.r.o., Sobeslav	10,000	100.00
BRVZ s.r.o., Prague	1,000	100.00
Dalnicni stavby Praha, a.s., Prague	136,000	100.00
FRISCHBETON s.r.o., Prague	20,600	100.00
JHP spol. s.r.o., Prague	20,000	100.00
KAMENOLOMY CR s.r.o., Ostrava - Svinov	106,200	100.00
MiTTaG spol. s.r.o., Prague	100,100	100.00
Na belidle s.r.o., Prague	100	100.00
OAT s.r.o., Prague	4,000	100.00
SAT s.r.o., Prague	1,000	100.00
Strabag a.s., Prague	1,119,600	100.00
STRABAG Property and Facility Services a.s., Prague	46,800	100.00
TPA CR, s.r.o., Ceske Budejovice	1,000	100.00
Viamont DSP a.s., Usti nad Labem	180,000	100.00
Züblin stavebni spol s.r.o., Prague	100,000	100.00

Ukraine	Nominal capital TUAH	Direct stake %
Chustskij Karier, Zakarpatska	3,279	95.96
Möbius Construction Ukraine Ltd, Odessa	31	100.00
Zezelivskij karier TOW, Zezelev	13,130	99.36

Hungary	Nominal capital THUF	Direct stake %
AKA Zrt., Budapest	24,000,000	100.00
ASIA Center Kft., Budapest	1,830,080	100.00
BHG Bitumen Kft., Budapest	3,000	100.00
Bitunova Kft., Budapest	50,000	100.00
BMTI Kft., Budapest	5,000	100.00
BRVZ Kft., Budapest	1,545,000	100.00
Frissbeton Kft., Budapest	100,000	100.00
KÖKA Kft., Budapest	761,680	100.00
OAT Kft., Budapest	25,000	100.00
STRABAG Általános Építö Kft., Budapest	3,600,000	100.00
STRABAG Property and Facility Services Zrt., Budapest	20,000	51.00
STRABAG Vasútépítö Kft., Budapest	3,000	100.00
Strabag Zrt., Budapest	2,100,000	100.00
STRABAG-MML Kft., Budapest	500,000	100.00
Szentesi Vasútépítö Kft, Budapest	189,120	100.00
TPA HU Kft., Budapest	113,000	100.00
Treuhandbeteiligung H[1)]	10,000	100.00
Züblin Kft., Budapest	3,000	100.00

United Arab Emirates	Nominal capital TAED	Direct stake %
STRABAG ABU DHABI LLC, Abu Dhabi	150	100.00
Züblin Ground and Civil Engineering LLC, Dubai	1,000	100.00

1) The presentation of interests is done using the economic approach; the interests as defined by civil law may deviate from this presentation.

ACCOUNTING POLICIES

INTANGIBLE ASSETS

Acquired intangible assets are recognised at their initial costs less depreciation and impairment if applicable.

Development costs for an internally generated intangible asset are capitalised if the group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for internal use or sale and if it can demonstrate the intent to complete the intangible asset and use or sell it. The group must also demonstrate that the intangible asset will generate probable future economic benefits, that it has adequate resources to complete the asset and that it is able to reliably measure the expenditure attributable to the asset during its development. The construction costs for these assets comprise all construction costs directly attributable to the construction process as well as production-related overheads. Borrowing costs are capitalised for qualified assets. Research costs which do not fulfil these criteria are recognised as an expense in the period in which they are incurred. Costs that have already been recognised as an expense are not capitalised in a subsequent period.

The subsequent measurement of intangible assets with definite useful lives is performed at cost less accumulated depreciation and impairment losses. Within the group, there are no intangible assets with indefinite useful lives.

The following useful lives were assumed for intangible assets using the straight-line method:

Intangible assets	**Useful life in years**
Property rights/Utilisation rights	3–50
Software	2–5
Patents, licences	3–10

GOODWILL

Goodwill from a business combination is initially measured at cost. This is calculated as the excess of the consideration transferred over the identifiable assets acquired and liabilities assumed. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, rather, it is subjected to an annual impairment test in accordance with IAS 36. For the purpose of the impairment test, goodwill is assigned to one or more of the group's cash-generating units that should benefit from the synergy effects of the combination. The recoverability of goodwill is determined by comparing the carrying amount of the respective cash-generating unit or units with the recoverable amount. The possibility of a write-back once the reasons for the impairment no longer apply is not foreseen for goodwill.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially recognised at cost. STRABAG performs subsequent measurements using the cost model – cost less accumulated depreciation and impairment losses. If the reasons for a previously recognised impairment loss no longer apply, these assets are written back in profit or loss. The amount may not exceed the carrying amount that would have resulted if no impairment loss had been recognised in the previous periods.

Subsequent cost is capitalised if it is probable that future economic benefits will flow to the group and if the costs can be reliably determined. Repair and maintenance costs which do not constitute significant maintenance expenditures are recognised as expenses in the period in which they are incurred.

Depreciable property, plant and equipment is depreciated using the straight-line method over the expected useful life. If there is an indication that an asset may be impaired and if the present values of the future cash inflow surpluses are below the carrying amounts, the amount is revalued to the lower fair value in accordance with IAS 36.

The following useful lives were assumed for property, plant and equipment:

Property, plant and equipment	Useful life in years
Buildings	10–50
Investments in third-party buildings	5–40
Machinery	3–21
Office equipment/furniture and fixtures	3–23
Vehicles	4–12

INVESTMENT PROPERTY

Investment property is property held to earn rentals or for the purpose of capital appreciation. Investment property is initially measured at cost. STRABAG uses the cost model for subsequent measurements, i.e. the measurement is performed at cost less accumulated depreciation and impairment losses. If the present values of the future cash inflow surpluses are below the carrying amounts, the amount is revalued to the lower fair value in accordance with IAS 36. The fair value of this investment property is disclosed separately. The fair value is determined using recognised methods such as derivation from the current market price of comparable properties or the discounted cash flow method.

The useful life of investment property varies between ten and 35 years. Investment property is depreciated using the straight-line method.

LEASES

Finance leases

Leased assets are capitalised where STRABAG is the lessee and where STRABAG bears all the substantial risks and rewards associated with the asset in accordance with the criteria of IAS 17. The lease is capitalised at the lower of the fair value of the asset and the present value of the minimum lease payments. The asset is depreciated over the shorter of the lease term or the economic life of the asset. The depreciation method used is the same as for comparable acquired or internally generated assets.

Payment obligations resulting from future lease payments are recognised as a liability. In this case, the present value of the minimum lease payment is to be used. In subsequent years, lease payments are apportioned between an interest component and a repayment component so that the lease liability has a constant rate of return. The interest component is recognised in profit or loss.

Operating leases

Both expenses as well as income from operating leases are recognised in the income statement using the straight-line method over the term of the respective lease.

GOVERNMENT GRANTS

Government subsidies and investment grants are offset against the cost of the assets and amortised in proportion to their useful lives. A government grant is recognised when there is reasonable assurance that the grant will be received and the group complies with the necessary conditions for receiving the grant.

BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are recognised as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may no longer be recoverable. Assets that have an indefinite useful life, such as goodwill or intangible assets not yet available for use, are tested for impairment annually as such assets are not subject to depreciation or amortisation.

To identify the need for impairment, the recoverable amount is determined. The recoverable amount is the higher of fair value of the asset less costs to sell and value in use. If it is not possible to determine the recoverable amount for an individual asset, then the recoverable amount is determined for the smallest identifiable group of assets (cash-generating unit) to which the asset in question can be assigned.

Considering that, as a rule, market prices are not available for individual units, the present value of net cash inflows is used to determine the fair value less costs to sell. The forecast of the cash flows is based on STRABAG's latest planning, with a planning horizon of at least four years. In justified individual cases, the detailed planning period is extended if this allows for a better presentation of the future cash flows. The last detailed planning year forms the basis for calculating the perpetuity if applicable legislation and legal requirements do not limit the usability of the cash-generating unit to a shorter period of time.

For the purpose of determining the fair value less costs to sell, the cash-generating unit is measured from the viewpoint of an independent market participant. In calculating the value in use of an asset, on the other hand, the cash flows are considered on the basis of the previous use. For the net cash inflows beyond the detailed planning period, individual growth rates derived from market information are determined on the basis of long-term business expectations in both methods of calculation.

Net cash inflows are discounted at the cost of capital, which is calculated as the weighted average cost of equity and debt. Consideration is given to the different yield and risk profiles of STRABAG's various areas of expertise by determining the individual costs of capital using comparison companies. The cost of equity corresponds to the required rate of return for investors, while the cost of debt is based on the long-term financing conditions available to comparison companies. Both components are derived from capital market information.

The following table shows the two parameters growth rate and cost of capital for the impairment tests:

%	2013	2012
Growth rate	0.0–2.0	0.0–2.0
Cost of capital (after taxes)	7.2–8.3	6.8–10.7
Cost of capital (before taxes)	9.4–11.3	7.9–11.6

The management board has calculated the budgeted gross margin based on past developments and on expectations for future market development.

If the recoverable amount of an asset is lower than the carrying amount, the impairment is recognised immediately in profit or loss. In the case of impairment losses related to cash-generating units which contain goodwill, existing goodwill is initially reduced. If the impairment exceeds the carrying amount of the goodwill, the difference is generally apportioned proportionally over the remaining non-current assets of the cash-generating unit.

With the exception of goodwill, non-monetary assets for which an impairment loss was charged in the past are reviewed at every balance sheet date to determine whether the impairment loss should be reversed.

FINANCIAL ASSETS

Financial assets are recognised in the consolidated balance sheet if STRABAG has a contractual right to receive cash or other financial assets from another party. Regular way purchases and sales of financial assets are recognised using settlement date accounting.

A financial asset is initially recognised at fair value including transaction costs. Transaction costs incurred on the acquisition of financial assets measured at fair value through profit or loss are recognised in the income statement immediately. Receivables bearing no interest or interest below the market rate are initially recognised at the present value of the expected future cash flows.

For purposes of subsequent measurement, financial assets are classified in one of the following categories in accordance with IAS 39, with each category having its own measurement requirements. The classification is determined at initial recognition:

- Financial assets at fair value through profit or loss

  At STRABAG, financial assets measured at fair value through profit or loss comprise financial assets held for trading. A financial asset is classified in this category if it was acquired for the purpose of selling in the short term. Derivatives also belong to this category if they are not designated as hedging instruments. Assets in this category are classified as current assets if recovery is expected within twelve months. All other assets are classified as non-current. Changes in the value of financial assets measured at fair value through profit or loss are recognised in profit or loss.

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. They are considered current assets if they do not mature more than twelve months after the balance sheet date. If they do, they are classified as non-current assets. Loans and receivables are measured at amortised cost calculated using the effective interest method.

- Available-for-sale financial assets

  Available-for-sale financial assets are non-derivative financial assets which were either classified in this category or which were not classified in any of the other categories presented here. Fair value changes on available-for-sale financial assets are recognised in other income. If assets in this category are sold or if they are subject to impairment, then the cumulative changes in fair value that were previously recognised in equity are recognised in profit or loss in the income statement.

IMPAIRMENT OF FINANCIAL ASSETS

At the end of each reporting period, and whenever there are indications of impairment, the carrying amounts of financial assets that are not measured at fair value through profit or loss are tested for their recoverability (impairment test). An impairment loss results from the comparison of carrying amount and fair value. If there is an objective indication of impairment, an impairment loss is recognised in profit or loss in other operating expense or in net income from investments. Impairment losses are reversed if objective facts arise which speak for a reversal. An increase can only be made to the amount of the amortised cost that would have resulted if the impairment loss had not been recognised.

Within the group, impairment losses are recognised if the debtor has considerable financial difficulties; if there is a high probability that insolvency proceedings will be commenced against him; if the issuer's technological, economic, legal and market environment changes substantially; or if the fair value of a financial instrument continually falls below the amortised cost.

DERECOGNITION OF A FINANCIAL ASSET

Financial assets are derecognised when the contractual rights to receive payment from the financial assets no longer exist or if the financial assets are transferred along with all substantial risks and rewards.

RECEIVABLES FROM CONCESSION ARRANGEMENTS

Service concession arrangements which provide an absolute contractual right to receive payment are shown separately. All receivables from concession arrangements are accounted for under the special balance sheet item receivables from concession arrangements. The receivables are carried at the present value of the payment to be made. The annual accumulation amount is recognised in other operating income, where it is balanced with the interest expense from related non-recourse financing.

The hedging transactions embedded in the concession arrangements are carried at fair value and shown in the item receivables from concession arrangements.

TRADE AND OTHER RECEIVABLES

Trade receivables and other receivables are evaluated at their nominal value less impairment for realisable individual risks. Graduated impairment is formed according to risk groups in order to take general loan risks on customer receivables into consideration. Specific cases of default result in the derecognition of the receivables in question.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Derivative financial instruments are initially recognised at cost at the date the contract is entered into. In subsequent periods, derivative financial instruments are carried at fair value. Unrealised gains or losses on the measurement are recognised in the income statement if the conditions for hedge accounting under IAS 39 are met. Derivative financial instruments are stated under other financial assets or other financial liabilities.

Derivative financial instruments are measured on the basis of interbank conditions and, if necessary, on the loan margin applicable or stock exchange price for STRABAG, under application of the bid and ask prices on the balance sheet date. Where stock exchange prices are not used, the fair value is calculated by means of actuarial valuation methods.

The group designates its derivative financial instruments either as

- hedge of the exposure to changes in the fair value of a recognised asset or liability (fair value hedge), or as
- hedge of the exposure to variability in cash flows (cash flow hedge).

In accounting for fair value hedges, both the derivative hedging instrument and the hedged item attributable to hedged risk are accounted for at fair value through profit or loss.

If, however, a derivative financial instrument is used as a hedging instrument in a cash flow hedge, the unrealised gains or losses from the hedging instrument are initially accounted for under other income. They are reclassified to profit or loss when the hedged item affects profit or loss. Any changes resulting from the ineffectiveness of these financial instruments are recognised immediately in profit or loss in the income statement.

Derivative financial instruments are employed exclusively to mitigate risks arising from movements in currency exchange rates and interest rates. The utilisation of financial derivatives is subject to internal guidelines and controls.

On concluding a transaction, the group documents the hedging relationship between the hedging instrument and the hedged item, the aim of its risk management as well as the underlying strategy for hedging transactions. An assessment is made at the beginning of a hedging relationship, with documentation provided continually thereafter, of whether the derivatives used in the hedge are effective or not in compensating the changes in fair value or cash flow of the hedged item.

The critical term match method is used to determine the prospective hedge effectiveness. The retrospective effectiveness is determined using the dollar offset method.

CURRENT AND DEFERRED INCOME TAXES

The income tax payables and receivables contain mainly rights and obligations with regard to domestic and foreign income taxes. These comprise the current year as well as possible rights and obligations from previous years. The receivables/payables are calculated on the basis of the tax regulations in the respective countries.

Deferred taxes are measured using the balance sheet liability method for all differences between the valuation of the balance sheet items in the IFRS financial statements and the existing tax value at the individual companies. Furthermore, any realisable tax advantage from existing losses carried forward will be included in the calculation. Exceptions to this comprehensive tax deferral are balances from non-tax-deductible goodwill.

Deferred tax assets may only be recognised if the associated tax advantage is likely to be realisable. The calculation of the tax deferral is based on the usual income tax rate in the respective country at the point of the predicted reversal.

Recognition is made of deferred tax liabilities arising from temporary differences in relation to investments in subsidiaries and associates, unless the timing of the reversal of the temporary differences in the group can be determined and the temporary differences are unlikely to reverse in response to this influence in the foreseeable future.

INVENTORIES

Inventory costs include cost of purchase and production and are required to be stated at the lower of cost and net realisable value.

Production costs include all direct costs as well as appropriate parts of overhead arising in the production. Distribution costs, as well as costs for general administration, are not included in the production costs. Borrowing costs related to production are recognised for inventories which are to be classified as qualifying assets.

CONSTRUCTION CONTRACTS

The results from construction contracts are realised using the percentage of completion method under IAS 11. Determination of the stage of completion is made on the basis of the actual output volume attained by the balance sheet date.

If the results from a contract can be reliably determined and the contract is likely to be profitable, then the contract revenue is recognised in proportion to the stage of completion over the duration of the contract. If the total contract cost is likely to exceed the total contract revenue, then the expected loss is recognised immediately in full as an expense. Presentation is made as an impairment loss on receivables relating to construction contracts or as a provision if the impending loss that is expected exceeds the receivables from construction contracts from the specific project.

If, due to uncertainties in the construction schedule, the future results cannot be reliably determined, the construction contract is recognised at contract cost.

If the costs incurred plus recognised profits exceed the payments received for it, then this is shown on the assets side under receivables from construction contracts. Vice versa, this is reported on the liabilities side under liabilities from construction contracts.

The results, in the case of construction contracts which are carried out in consortia, are realised according to the percentage of completion method in accordance with the degree of completion as at the balance sheet date. Impending losses arising from further construction work are accounted for by means of appropriate depreciation. Receivables from or liabilities to consortia include the proportional contract result as well as capital contributions, in- and out-flows of cash and charges resulting from services.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all liquid assets which at the date of acquisition or investment have a remaining term of less than three months. Cash and cash equivalents are measured at amortised cost.

PROVISIONS

The following defined benefit plans for which provisions must be recognised exist within the group.

The company's obligation relating to defined benefit plans consists in fulfilling the promised benefits to current and former employees. Defined contribution plans in the form of financing through third-party support funds do not exist.

PROVISIONS FOR SEVERANCE PAYMENTS

The group is legally required to provide a one-off severance payment to employees of Austrian subsidiaries in the case of termination or from the date of retirement if their employment began before 1 January 2003. The level of this payment depends on the number of years at the company and amount due at the date of severance and comes to between two and twelve monthly salaries. A provision is made for this obligation.

For employees of Austrian subsidiaries whose employment began after 1 January 2003, the defined benefit obligations are funded by the regular payment of contributions into the employee benefit fund.

The provisions for severance payments are determined using actuarial principles in accordance with the projected unit credit method. Here the future claim over the length of employment of the employees is collected while taking any future pay rises into consideration. The present value of the already earned partial-claims on the reporting date is recognised as the provision.

Additionally, the severance payment rights in other countries in the case of termination or retirement amount from one to three monthly salaries. Due to the relatively insignificant amounts involved, provisions for severance payments arising from these obligations are determined using financial mathematical methods.

PENSION PROVISIONS

The provisions for pensions are formed for obligations from the right to future pension payments and current payments to present and past employees and their dependents. The group's pension promises in **Germany and Austria** exist on the basis of individual contracts or internal labour-management agreements. The obligations are based on a number of different pension arrangements. The number of different employee benefit plans is the result of the group's enterprise acquisitions over the past few years in Germany. New agreements are not concluded within the group.

As a rule, the pension promises foresee the granting of monthly old age, invalidity and survivors' benefits. With some promises, the pension arrangement foresees benefits to be paid in the form of a capital payment.

The benefit plans exist in various designs. The range of plan structures includes specified benefit systems (e.g. specified amount per year of employment), dynamic systems (e.g. % per year of employment) and benefit promises (e.g. specified promise). Plans also exist with or without survivors' benefits.

In Switzerland, the legal regulations governing pension plans require payments to be made into pension foundations. One half of the contributions are made by the employer, the other half by the employee. At retirement, the employees can choose to receive either a one-off severance payment or regular monthly pension payments.

As restructuring contributions are required if the pension foundation has insufficient funds for coverage, the promises are categorised as defined benefit plan in accordance with IAS 19.

Within the STRABAG Group, the obligations of the pension funds are reinsured.

MEASUREMENT OF SEVERANCE AND PENSION PROVISIONS

The group's obligations relating to defined benefit plans are determined separately for each plan using actuarial principles in accordance with the projected unit credit method. The projected unit credit method is used to determine the discounted pension entitlements acquired up to the end of the accounting period. The existing plan assets including their fair value are subtracted from the defined benefit obligations. This yields the defined benefit liability (asset) to be recognised.

Determination of the net defined benefit liability at the end of the reporting year is based on an actuarial report from a certified actuarial analyst.

The rate used to discount severance and pension provisions is determined on the basis of market yields at the end of the respective reporting period on high-quality fixed-interest industrial bonds with a comparable term.

The assumptions relating to discounting, pay rises and fluctuation that are used to calculate the severance and pension provisions vary in proportion to the economic situation of each specific country. Life expectancy is calculated according to the respective country's mortality tables.

Actuarial gains and losses are recognised in equity outside profit or loss. The service cost is stated in employee benefits expense, while the interest component of the allocation to the provision is reported in the financial result.

If the present value of a defined benefit obligation changes in response to plan amendments, the resulting effects are recognised in profit or loss as past service cost in the year of the amendment. Any income resulting from a settlement is also recognised directly in the income statement.

The company is exposed to various risks in relation to the defined contribution severance and pension plans. Besides the general actuarial risks such as the longevity risk and the interest rate risk, the group is also exposed to currency risk as well as to capital market risk or investment risk.

More information concerning the risks is available in the sensitivity analysis on page 163.

OTHER PROVISIONS

The other provisions take into consideration all realisable risks and uncertain obligations. They are recognised at the respective amount which, according to commercial judgement, is necessary at the balance sheet date to cover future payment obligations of the group. Hereby the respective amount which arises as the most probable on careful examination of the facts is recognised.

Long-term provisions are, in as far as they are not immaterial, entered into the accounts at their discounted discharge amount as at the balance sheet date. The discharge amount also includes the cost increases to be considered on the reporting date. Provisions which arise from the obligation to recultivate gravel sites are allocated according to the rate of utilisation.

NON-FINANCIAL LIABILITIES

Non-financial liabilities reported under other liabilities are carried at the repayment amount. The overpaid amounts from construction contracts are qualified as non-financial liabilities.

FINANCIAL LIABILITIES

Financial liabilities comprise original liabilities and the negative fair values of derivative financial instruments.

Original liabilities are recognised in the consolidated balance sheet if STRABAG has a contractual obligation to transfer cash or other financial assets to another party. Original liabilities are initially recognised at fair value. Any premiums, discounts or other differences between the cash inflow and the repayment amount are distributed over the financing term using the effective interest rate method and stated on an accruals basis in interest expense.

Financial liabilities are derecognised if the contractual obligations are discharged, cancelled or have expired. Costs related to the issue of corporate bonds are offset over the term using the effective interest rate method.

CONTINGENT LIABILITIES

Contingent liabilities are present or possible future obligations which are not reflected in the balance sheet as liabilities because an outflow of resources is not probable. They are – as long as IFRS 3 does not require recognition on acquisition – not reflected in the balance sheet. The amount of the contingent liabilities reported corresponds to the amount of existing guarantees outstanding as at the balance sheet date.

REVENUE RECOGNITION

Revenue comprises the fair value of the considerations received or receivable for the sale of goods and services in the ordinary course of business.

Revenues from the construction contracts are realised according to the percentage of completion method. The output volume actually attained at the balance sheet date serves as a benchmark for the degree of completion.

Revenues from the sale of proprietary projects, from trade to and services for consortia, from property and facility services, from other services and from the sale of construction materials are realised with the transfer of power to dispose and the related opportunities and risks and/or with the rendering of the services.

Supplementary claims in relation with construction contracts involve services which, based on the existing contractual agreements, cannot be invoiced until their invoicing potential or recognition is agreed with the client. While the costs are recognised in profit or loss immediately when they arise, revenue from supplementary claims is recognised generally after receipt of written recognition from the client or, in the event that payment is received before the written recognition, with the payment itself.

Revenue that is to be seen as purely transitory due to consortial structures, as well as its corresponding expense, is not recognised.

Other income, such as rental income or expenses passed through, is stated on the basis of the amount accrued in accordance with the respective agreements.

Dividends and the share of profits from investments are recognised if a legal right to payment exists.

Interest income is recognised as it accrues using the effective interest rate method.

ESTIMATES

Estimates and assumptions which refer to the amount and recognition of the assets and liabilities accounted, the income and expenditure as well as the statement of contingent liabilities are necessary for the preparation of the consolidated financial statement according to IFRS.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Recoverability of goodwill

The group conducts an annual test to determine whether its goodwill is impaired in accordance with the accounting policies described on page 142. The recoverable amount of cash-generating units was determined on the basis of calculations of the value in use. These calculations are based on assumptions about the expected business development and the recoverable margin. Estimates about the expected business development are based on the facts and circumstances prevailing at the time of preparation of the financial statements as well as on realistic assumptions about the global and industry-specific environment. In response to changes in these underlying conditions which deviate from the assumptions and are beyond the management board's control, actual values may deviate from the estimated values.

All other things remaining equal, an annual 5 % decrease of the free cash flow used to calculate the value in use would result in an impairment loss of T€ 11, while an isolated increase of the cost of capital by one percentage point would not lead to an impairment. These two effects together would trigger an impairment loss of T€ 5,317.

(b) Recognition of revenue from construction contracts

Revenue from construction contracts is recognised using the percentage of completion method. The group estimates the actual output concluded by the balance sheet date as a percentage of the total volume of the order as well as the remaining contract cost to be incurred. If the contract cost exceeds the total contract revenue, then the expected loss is recognised as an expense. Technically complex and demanding projects, in particular, involve the risk that the estimate of the total cost deviates considerably from the actual cost incurred.

(c) Wind farm projects

In 2011 and 2012, the group acquired a majority interest in companies developing offshore wind farms in the North Sea. The investments involve 13 fields for which approval to build offshore wind farms is being acquired. In none of these fields has the installation of wind turbines begun yet. The wind farm projects are recognised at amortised cost under inventories with a carrying amount of T€ 181,156. Should the underlying political conditions in Germany hinder or impede realisation in the future, the value could decline considerably.

(d) Income taxes

STRABAG has to calculate the actual income tax expected for each taxable entity and must assess the temporary differences arising from the different treatment of certain balance sheet items in the IFRS consolidated financial statements and the statutory financial statements required for tax purposes. The existence of temporary differences usually results in the recognition of deferred tax assets and liabilities in the consolidated financial statements.

The management must make assessments in the calculation of current and deferred taxes. Deferred tax assets are recognised to the extent that their use is probable. The use of deferred tax assets depends on the possibility of realising sufficient taxable income under the respective tax type and jurisdiction under consideration of any possible legal restrictions regarding the maximum loss carryforward period. A number of different factors is used to assess the probability of the future usability of deferred tax assets, such as the past financial performance, operational planning, loss carryforward periods and tax planning strategies. If the actual results deviate from these estimates, or if these estimates must be adjusted in future periods, this could have a negative impact on the financial position, financial performance and cash flows. In the event of a changed assessment of the recoverability of deferred tax assets, the deferred tax assets which have been recognised are written down in profit or loss or, depending on their original formation, outside profit or loss; impaired deferred tax assets are similarly recognised either in profit or loss or outside profit or loss.

(e) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using suitable valuation techniques selected from among a number of different methods. The assumptions used are mainly based on market conditions existing at the balance sheet date. The group uses present value techniques to determine the fair value of a number of available-for-sale financial assets that are not traded in an active market.

(f) Severance and pension provisions

The present value of the pension obligations depends on a number of different factors based on actuarial assumptions. One of the assumptions used to determine the net expenses or income for pensions is the discount rate. Any change to these assumptions will influence the carrying amount of the pension obligation.

The group determines the appropriate discount rate at the end of every year. The discount rate is the interest rate used to determine the present value of future cash flows required to settle the obligation. For the purpose of determining the discount rate, the group employs the interest rate of highest-grade industrial bonds in the same currency in which the benefits are paid and which have terms to maturity equivalent to those of the pension obligations.

Additional substantial assumptions relating to pension obligations are based in part on market conditions. Further information and sensitivity analysis can be found in item 20.

(g) Other provisions

Other construction-related provisions, in particular, involve the risk that in individual cases the actual costs for warranty obligations or remaining performance obligations will turn out higher than expected. This risk is reduced, however, through the case-by-case examinations among the large number of projects. The same is true for provisions relating to legal disputes.

NOTES ON THE ITEMS OF THE CONSOLIDATED INCOME STATEMENT

(1) Revenue

The revenue of T€ 12,475,654 (2012: T€ 12,983,233) is attributed in particular to revenue from construction contracts, revenue from own projects, trade to and services for consortia, as well as other services and proportionally acquired profits resulting from consortia. Revenue from construction contracts including the realised part of profits according to the level of completion of the respective contract (percentage of completion method) amounts to T€ 10,612,669 (2012: T€ 10,788,986), the revenues from property and facility management services amount to T€ 907,502 (2012: T€ 916,135).

Revenues according to business fields and regions are represented individually in the segment reporting.

Revenue provides only an incomplete picture of the output volume achieved in the financial year. Additionally, therefore, the total output volume of the group is represented, which includes the proportional output of consortia and participation companies:

T€	2013	2012
Germany	**5,788,809**	**5,779,335**
Austria	**1,981,500**	**1,888,139**
Poland	**787,300**	**1,138,806**
Czech Republic	**644,661**	**646,332**
Hungary	**495,942**	**392,652**
Russia and neighbouring countries	561,298	527,394
Slovakia	340,420	399,602
Romania	321,834	372,042
other CEE countries	251,874	310,046
Rest of CEE	**1,475,426**	**1,609,084**
Scandinavia	510,070	578,525
Benelux	399,659	456,235
Switzerland	386,220	424,680
other European countries	249,779	239,838
Rest of Europe	**1,545,728**	**1,699,278**
Middle East	323,132	304,936
The Americas	262,584	348,184
Africa	164,867	124,539
Asia	103,123	111,311
Rest of World	**853,706**	**888,970**
Total output volume	**13,573,072**	**14,042,596**

(2) Other operating income

Other operating income includes revenue from letting and leasing in the amount of T€ 28,814 (2012: T€ 22,189), insurance compensation and indemnification in the amount of T€ 35,328 (2012: T€ 37,547), and exchange rate gains in the amount of T€ 11,345 (2012: T€ 8,851) as well as gains from the disposal of fixed assets without financial assets in the amount of T€ 46,293 (2012: T€ 38,151).

Interest income from concession arrangements which is included in other operating income is represented as follows (see also notes on item 17):

T€	2013	2012
Interest income	68,670	70,925
Interest expense	-34,118	-36,389
Net interest income	**34,552**	**34,536**

(3) Construction materials, consumables and services used

T€	2013	2012
Construction materials, consumables	3,117,915	3,551,929
Services used	5,086,436	5,103,172
Construction materials, consumables and services used	**8,204,351**	**8,655,101**

Services used are mainly attributed to services of subcontractors and professional craftsmen as well as planning services, machine rentals and third-party repairs.

(4) Employee benefits expense

T€	2013	2012
Wages	1,000,364	1,036,143
Salaries	1,487,895	1,495,331
Social security and related costs	458,776	462,521
Expenses for severance payments and contributions to employee provident fund	20,672	22,623
Expenses for pensions and similar obligations	7,618	10,054
Other social expenditure	23,323	25,105
Employee benefits expense	**2,998,648**	**3,051,777**

The expenses for severance payments and contributions to the employee provident fund and expenses for pensions and similar obligations include the expenses for service costs and indemnity claims resulting from old-age-part-time claims in the business year. The proportion of interest included in the expenses for severance payments as well as for pensions and similar obligations are recognised in the item net interest income.

Expenses from defined contribution plans amounted to T€ 8,955 (2012: T€ 9,179).

The **average number of employees** with the proportional inclusion of all participation companies is as follows:

Average number of employees	2013	2012
White-collar-workers	28,091	28,295
Blue-collar-workers	45,009	45,715
Total	**73,100**	**74,010**

(5) Other operating expenses

Other operating expenses of T€ 857,292 (2012: T€ 938,158) mainly include general administrative costs, travel and advertising costs, insurance premiums, proportional transfer of losses from consortia, impairment of receivables, the balance of allocations to and utilisation of provisions, legal and advisory costs, rental and lease costs and losses on the disposal of assets (excluding financial assets). Other taxes amounting to T€ 44,163 (2012: T€ 40,976) are included.

Other operating expenses include losses from exchange rate differences in the amount of T€ 18,588 (2012: T€ 26,265).

Indemnity payments in the amount of T€ 43,000 were included in other operating expenses in the previous year, due to the arbitration proceedings with Cemex. The arbitration court ruled that the cancellation of the contract on the purchase of Cemex activities in Hungary and Austria was against the law. STRABAG's appeal against this ruling has been dismissed.

Spending on research and development arose in various special technical proposals, in connection with concrete competitive projects and in the introduction of building processes and products into the market, and was therefore recognised in full in the income statement.

(6) Share of profit or loss of associates

T€	2013	2012
Income from investments in associates	10,050	12,863
Expenses arising from investments in associates	-4,266	-22,080
Share of profit or loss of associates	**5,784**	**-9,217**

(7) Net income from investments

T€	2013	2012
Investment income	45,072	30,387
Expenses arising from investments	-30,687	-7,224
Gains on the disposal and write-up of investments	1,102	532
Impairment of investments	-16,305	-17,845
Losses on the disposal of investments	-141	-1,502
Net income from investments	**-959**	**4,348**

(8) Depreciation and amortisation expense

Depreciations and impairments are represented in the consolidated statement of fixed assets. In the year under report impairments on intangible assets and on property, plant and equipment to the amount of T€ 24,939 (2012: T€ 18,405) were made. Impairment on goodwill amounts to T€ 3,985 (2012: T€ 10,077). The goodwill impairments involve mainly the activities of a company in the field of communication systems in Austria in the segment International + Special Divisions.

(9) Net interest income

T€	2013	2012
Interests and similar income	66,716	73,145
Interests and similar charges	-98,256	-123,871
Net interest income	**-31,540**	**-50,726**

Included in interests and similar charges are interest components from the allocation of severance payment and pension provisions amounting to T€ 21,424 (2012: T€ 25,695), security impairment losses of T€ 946 (2012: T€ 1,009) as well as currency losses of T€ 6,952 (2012: T€ 24,876).

Included in interests and similar income are gains from exchange rates amounting to T€ 19,990 (2012: T€ 13,124) and interest components from the plan assets for pension provisions in the amount of T€ 3,645 (2012: T€ 4,454).

(10) Income tax expense

Income tax includes taxes paid in the individual companies or owed on income, as well as deferred taxes and the payments of additional tax payments resulting from tax audits:

T€	2013	2012
Current taxes	109,863	98,156
Deferred taxes	-36,085	-51,734
Income tax expense	**73,778**	**46,422**

The following tax components are recognised directly in equity in the statement of comprehensive income:

T€	2013	2012
Change in hedging reserves	-6,366	5,345
Actuarial gains/losses	374	18,487
Fair value of financial instruments under IAS 39	-24	-404
Total	**-6,016**	**23,428**

The reasons for the difference between the Austrian corporate income tax rate of 25 % valid in 2013 and the actual consolidated tax rate are as follows:

T€	2013	2012
Profit before tax	**230,038**	**156,460**
Theoretical tax expenditure 25 %	57,509	39,115
Differences to foreign tax rates	-2,685	-6,754
Change in tax rates	306	-688
Non-tax-deductible expenses	7,004	8,910
Tax-free earnings	-4,977	-8,719
Tax effects of results from associates	12	1,509
Depreciation of goodwill/capital consolidation	-1,964	7,190
Additional tax payments/tax refund	6,911	-1,696
Change of valuation adjustment on deferred tax assets	9,719	8,022
Others	1,943	-467
Recognised income tax	**73,778**	**46,422**

(11) Earnings per share

The basic earnings per share are calculated by dividing the consolidated profit or loss by the weighted average number of ordinary shares.

As there are no stock options at the STRABAG Group, the diluted earnings per share equal the basic earnings per share.

	2013	2012
Number of shares outstanding as at 1.1.	114,000,000	114,000,000
Number of shares bought back	-11,400,000	-10,912,340
Number of shares outstanding as at 31.12.	102,600,000	103,087,660
Profit or loss attributable to equity holders of the parent (consolidated profit/loss) T€	113,558	60,631
Weighted number of shares outstanding during the year	102,716,850	104,083,238
Earnings per share €	**1.11**	**0.58**

NOTES ON THE ITEMS IN THE CONSOLIDATED BALANCE SHEET

(12) Property, plant and equipment and intangible assets

The composition of and changes in intangible assets, goodwill, and property, plant and equipment is shown in the consolidated statement of fixed assets.

No borrowing costs were capitalised for property, plant and equipment, or for intangible assets in the year under report, as significant qualifying assets were not produced or acquired after 1 January 2009.

GOODWILL

The goodwill at the balance sheet date is composed as follows:

T€	31.12.2013	31.12.2012
STRABAG Cologne[1]	178,803	178,803
Czech Republic S+O	66,329	72,331
STRABAG Poland	63,259	64,507
Germany N+W	45,487	46,421
Sweden N+W	18,438	19,034
Züblin	14,938	14,938
Special divisions Austria	13,020	16,515
STRABAG Switzerland	14,973	15,227
Construction materials	13,407	13,995
Gebr. von der Wettern Group	9,700	10,090
Other	22,236	19,648
Goodwill	**460,590**	**471,509**

The comparison of the book values with the recoverable amounts of the cash-generating units determined by the annual impairment test showed a need for goodwill impairment of T€ 3,985 (2012: T€ 10,077).

CAPITALISED DEVELOPMENT COSTS

At the balance sheet date, development costs in the amount of T€ 10,402 (2012: T€ 18,422) were capitalised as intangible assets. In the 2013 financial year, development costs in the amount of T€ 5,424 (2012: T€ 6,000) were incurred, of which T€ 1,242 (2012: T€ 1,950) were capitalised.

LEASING

Due to existing finance leasing contracts, the following book values are included in property, plant and equipment assets as at the balance sheet date:

T€	31.12.2013	31.12.2012
Property leasing	24,986	27,451
Machinery leasing	1,446	18,604
Total	**26,432**	**46,055**

1) Is composed of goodwill from CGU STRABAG Cologne North + West in the amount of T€ 117,698 and CGU STRABAG Cologne South + East in the amount of T€ 61,105.

Offset against these are liabilities arising from the present value of leasing obligations amounting to T€ 22,503 (2012: T€ 43,101).

The terms of the finance leases for property are between four and 20 years, while those for machinery are between two and eight years.

The following payment obligations will arise from financial leases in subsequent financial years:

	Present values		Minimum Payments	
T€	**31.12.2013**	**31.12.2012**	**31.12.2013**	**31.12.2012**
Term up to one year	2,021	8,577	3,122	11,091
Term between one and five years	12,467	25,690	15,212	29,631
Term over five years	8,015	8,834	9,194	10,679
Total	**22,503**	**43,101**	**27,528**	**51,401**

The reconciliation of minimum lease payments with payables relating to finance leases recognised as at 31 December is as follows.

T€	**31.12.2013**	**31.12.2012**
Minimum lease payments 31.12.	**27,528**	**51,401**
Interest	-4,968	-8,361
Currency translation	-57	61
Finance leases 31.12.	**22,503**	**43,101**

In addition to the finance leases, there are also operating leases for the utilisation of technical equipment and machinery. The expenses from these contracts are recognised in the income statement. The payments made for the financial year 2013 amount to T€ 95,314 (2012: T€ 96,832).

Payment obligations arising from operating lease agreements in subsequent business years are represented as follows:

T€	**31.12.2013**	**31.12.2012**
Term up to one year	75,538	75,379
Term between one and five years	136,992	148,368
Term over five years	43,629	51,572
Total	**256,159**	**275,319**

RESTRICTIONS ON PROPERTY, PLANT AND EQUIPMENT/PURCHASE OBLIGATIONS

As at the balance sheet date there were T€ 56,656 (2012: T€ 109,960) in contractual commitments for acquisition of property, plant and equipment which were not considered in the financial statement.

Restrictions exist for non-current assets in the amount of T€ 2,576 (2012: T€ 21,470).

(13) Investment property

The development of investment property is shown in the consolidated statement of fixed assets. The fair value of investment property amounts to T€ 39,528 as at 31 December 2013. The fair value was determined using internal reports based on a discounted cash flow analysis or by employing the fair value of development land at market prices.

The rental income from investment property in the 2013 financial year amounted to T€ 6,259 (2012: T€ 7,440) and direct operating expenses totalled T€ 8,660 (2012: T€ 7,532). In the financial year, as in the year before, no direct expenses were incurred from unlet investment property. Additionally, gains from asset disposals in the amount of T€ 668 (2012: T€ 2,195) were achieved. No impairment was made in the financial year 2013 (2012: T€ 0).

The internal reports are to be classified as Level 3 methods of measurements and build on data that are also based on values that cannot be observed in the market.

(14) Financial assets

Detailed information on the group's investments (shares of more than 20 %) can be found in the list of subsidiaries, associated companies and investments, which is included in the annual financial report.

The development of the financial assets in the financial year was as follows:

T€	Balance as at 1.1.2013	Currency translation	Change in scope of consoli-dation	Additions	Transfers	Disposal	Impairment/ Write-up	Balance as at 31.12.2013
Investments in associates	**379,122**	**-183**	**0**	**5,669**	**-2,464**	**-10,548**	**0**	**371,596**
Investments in subsidiaries	101,493	-96	7,855	12,488	3,264	-6,065	-9,906	109,033
Loans to subsidiaries	173	0	0	0	-9	-1	0	163
Participation companies	100,612	-418	-216	4,602	-791	-6,281	-6,386	91,122
Loans to participation companies	10,907	1	0	5,742	0	-107	0	16,543
Securities	35,317	-24	0	86	0	-39	-1	35,339
Other loans	1,790	0	0	39	0	-653	0	1,176
Other financial assets	**250,292**	**-537**	**7,639**	**22,957**	**2,464**	**-13,146**	**-16,293**	**253,376**

The following table provides an overview of the financial information (100 %) for associates and for companies which were reported applying the equity method of accounting in accordance with IAS 31.38 (Joint Ventures):

T€	2013	2012
Total assets as at 31.12.	3,766,513	3,485,399
Total liabilities as at 31.12.	3,160,960	2,877,334
Revenue	1,066,090	983,736
Profit for the period	22,811	-62,230

(15) Deferred taxes

Tax accruals and deferrals recognised in the balance sheet on temporary differences between the amounts stated in the IFRS financial statements and the respective tax amounts as well as losses carried forward developed as follows:

T€	Balance as at 1.1.2013	Currency translation	Change in scope of consolidation	Other Changes	Balance as at 31.12.2013
Property, plant and equipment and intangible assets	10,200	-179	0	-1,251	8,770
Financial assets	978	-14	0	660	1,624
Inventories	6,701	-9	-2,669	4,925	8,948
Trade and other receivables	10,808	-996	0	3,969	13,781
Provisions	189,911	-1,033	-151	-16,165	172,562
Liabilities	4,120	-265	0	8,913	12,768
Tax loss carryforward	213,883	-20	0	-1,480	212,383
Deferred tax assets	**436,601**	**-2,516**	**-2,820**	**-429**	**430,836**
Netting out of deferred tax assets and liabilities of the same tax authorities	-238,982	0	0	25,434	-213,548
Deferred tax assets netted out	**197,619**	**-2,516**	**-2,820**	**25,005**	**217,288**

T€	Balance as at 1.1.2013	Currency translation	Change in scope of consolidation	Other Changes	Balance as at 31.12.2013
Property, plant and equipment and intangible assets	-60,054	57	0	13,739	-46,258
Financial assets	-9,765	0	0	4,318	-5,447
Inventories	-62,023	0	0	11,717	-50,306
Trade and other receivables	-151,577	179	0	13,262	-138,136
Provisions	0	0	0	-3,176	-3,176
Liabilities	0	0	0	-9,602	-9,602
Deferred tax liabilities	**-283,419**	**236**	**0**	**30,258**	**-252,925**
Netting out of deferred tax assets and liabilities of the same tax authorities	238,982	0	0	-25,434	213,548
Deferred tax liabilities netted out	**-44,437**	**236**	**0**	**4,824**	**-39,377**

Deferred taxes on losses carried forward were capitalised as these can probably be offset with future taxable profits.

The Austrian Corporate Income Tax Act (Körperschaftsteuergesetz) requires a tax-effective impairment of investments to be claimed over a period of seven years. The deferred tax assets on loss carryforwards contain open one-seventh impairments in the amount of T€ 14,306 (2012: T€ 53,377).

No deferred tax assets were made for differences in book value on the assets side and tax losses carried forward of T€ 842,842 (2012: T€ 869,925), as their effectiveness as final tax relief is not sufficiently assured.

Of the non-capitalised loss carryforwards, T€ 779,746 (2012: T€ 800,766) have unrestricted use.

(16) Inventories

T€	31.12.2013	31.12.2012
Construction materials, auxiliary supplies and fuel	321,384	332,597
Offshore wind projects	181,156	174,912
Finished buildings and goods	163,471	232,236
Unfinished buildings and goods	335,331	176,838
Development land	71,475	59,288
Payments made	32,161	55,686
Inventories	**1,104,978**	**1,031,557**

In the financial year, impairment in the amount of T€ 9,746 (2012: T€ 10,732) was recognised on inventories excluding construction materials, auxiliary supplies and fuel. T€ 43,733 (2012: T€ 53,234) of the inventories excluding construction materials, auxiliary supplies and fuel were reported with the net realisable value.

For qualifying assets, interest on borrowings was recognised in the amount of T€ 2,436 (2012: T€ 4,886).

(17) Receivables and other assets

RECEIVABLES FROM CONCESSION ARRANGEMENTS

STRABAG has a 100 % interest in the Hungarian M5 Motorway Concession Company, AKA Alföld Koncesszios Autopalya Zrt., Budapest (AKA).

In the concession agreement with the Hungarian state, AKA committed to develop, plan, finance and to build and operate the M5 motorway. The motorway itself is the property of the state; all vehicles and equipment necessary for motorway operation are to be transferred to the state free of charge following the end of the concession period.

In exchange, AKA will regularly receive an availability fee, independent of transit volume, from the Hungarian state for making the motorway available to the public. AKA bears the operator's risk of motorway closure and non-compliance of contractually agreed roadway criteria.

The route totals 156.5 km and was built in three phases. The concession period runs until 2031. A one-time extension for up to 17.5 years is possible.

All services provided under this concession arrangement are accounted for under the separate balance sheet item receivables from concession arrangements. The receivables are carried at the present value of the payment to be made by the state. The annual accumulation amount is recognised in other operating income.

A part of the availability fee consists of interest adjustment payments of the Hungarian state. As a result, the state bears the interest risk from the financing of AKA. These interest adjustment payments represent an embedded hedging transaction which is measured separately in accordance with IAS 39.11. Presentation is made as a cash flow hedge; as a result, changes in the fair value of the interest rate swap are recognised directly in equity.

The negative market value of the interest rate swap in the amount of T€ -38,493 (2012: T€ -61,199) is also recognised as long-term receivables from concession arrangements.

Recognisable receivables from concession arrangements are offset by non-recourse financing in the amount of T€ 585,105 (2012: T€ 630,311), classified either as a current or non-current liability depending on the term. The resulting interest expense is recognised in other operating income.

Receivables and other assets are comprised as follows:

		31.12.2013			31.12.2012	
T€	Total	Thereof current	Thereof non-current	Total	Thereof current	Thereof non-current
Receivables from concession arrangements	**805,271**	**24,643**	**780,628**	**805,352**	**22,785**	**782,567**
Receivables from construction contracts	5,087,917	5,087,917	0	4,758,302	4,758,302	0
Advances received	-4,128,730	-4,128,730	0	-3,823,135	-3,823,135	0
Net receivable from construction contracts	959,187	959,187	0	935,167	935,167	0
Other trade receivables	1,535,957	1,463,381	72,576	1,383,932	1,292,506	91,426
Advances paid to subcontractors	40,690	40,690	0	53,652	53,652	0
Receivables from consortia	234,387	234,387	0	254,144	254,144	0
Trade receivables	**2,770,221**	**2,697,645**	**72,576**	**2,626,895**	**2,535,469**	**91,426**
Non-financial assets	**56,020**	**56,020**	**0**	**52,749**	**52,749**	**0**
Income tax receivables	**43,044**	**35,066**	**7,978**	**65,632**	**53,623**	**12,009**
Receivables from subsidiaries	204,504	204,504	0	145,042	145,036	6
Receivables from participation companies	113,415	109,337	4,078	162,197	158,789	3,408
Other financial assets	224,910	200,339	24,571	248,679	216,269	32,410
Other financial assets total	**542,829**	**514,180**	**28,649**	**555,918**	**520,094**	**35,824**

The **receivables from construction contracts** as at the balance sheet date are represented as follows:

T€	31.12.2013	31.12.2012
All contracts in progress at balance sheet date		
Costs incurred at balance sheet date	8,577,054	9,294,609
Profits arising at balance sheet date	410,019	389,511
Accumulated losses	-413,720	-378,307
Less receivables recognised under liabilities	-3,485,436	-4,547,511
Receivables from construction contracts	**5,087,917**	**4,758,302**

Receivables from construction contracts amounting to T€ 3,485,436 (2012: T€ 4,547,511) are recognised in liabilities, as advances received exceed the receivables.

As usual in the industry, the customer has the contractual right to retain part of the total amount of the invoice. As a rule these retentions are, however, redeemed by collateral (bank or group guarantees).

In the reporting period, impairment on other trade receivables developed as follows:

T€	2013	2012
Other trade receivables before impairment as at 1.1.	**1,673,294**	**1,512,040**
Impairment		
As at 1.1.	**128,108**	**136,138**
Currency translation	-2,226	2,115
Changes in scope of consolidation	-445	330
Allocation/utilisation[1)]	11,900	-10,475
As at 31.12.	**137,337**	**128,108**
Book value of other trade receivables as at 31.12.	**1,535,957**	**1,383,932**

(18) Cash and cash equivalents

T€	31.12.2013	31.12.2012
Securities	7,820	12,472
Cash on hand	3,254	5,917
Bank deposits	1,700,894	1,356,566
Cash and cash equivalents	**1,711,968**	**1,374,955**

The cash and cash equivalents include assets abroad in the amount of T€ 16,785 (2012: T€ 8,757), subject to the restriction that they may only be transferred to another country following official completion of the construction order.

Moreover, in construction projects executed through consortia there are cash and cash equivalents whose use can only be determined jointly with other partner companies. Of the cash and cash equivalents, T€ 10,510 (2012: T€ 15,529) are pledged as collateral (see also item 24).

(19) Equity

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

As at 31 December 2013, STRABAG SE had acquired 11,400,000 bearer shares equalling 10 % of the share capital. The corresponding value of the share capital amounts to € 11,400,000. The acquisition took place between July 2011 and May 2013. The average purchase price per share was € 20.79.

The management board has been authorised, with the approval of the supervisory board, to increase the share capital of the company by up to € 57,000,000 by 19 June 2014, in several tranches if necessary, by issuing up to 57,000,000 registered no-par shares for cash or contributions in kind (approved capital). In the case of capital increase through contributions in kind, the partial or full exclusion of the shareholders' subscription rights is possible.

The exercise, issue price and conditions of issue shall be determined with the approval of the supervisory board. The supervisory board was authorised to determine the necessary changes to the Articles of Association required upon the issuance of shares from the approved capital.

The management board has also been authorised until 15 June 2017, in accordance with Section 65 Paragraph 1b of the Austrian Stock Corporation Act, to sell or assign its own shares, with approval by the supervisory board, in a manner other than on the stock market or through a public tender, to the exclusion of the shareholders' buyback rights (subscription rights), and to determine the conditions of sale. The authorisation can be exercised in full, or in part or in several partial amounts for one or several purposes by the company, a subsidiary (Section 228 Paragraph 3 of the Austrian Business Enterprise Code) or third parties acting on behalf of the company.

1) Contains reclassifications amounting to T€ 0 (2012: T€ -12,018)

The management board has been authorised, with approval from the supervisory board, until 15 June 2017, to issue financial instruments within the meaning of Section 174 of the Austrian Stock Corporation Act (AktG), in particular convertible bonds, income bonds and profit participation rights with a total nominal value of up to € 1,000,000,000.00 which may also confer subscription and/or exchange rights for the acquisition of up to 50,000,000 shares of the company and/or may be designed in such a way that they can be issued as equity. This can be done also in several tranches and in different combinations and indirectly by way of a guarantee for the issue of financial instruments through an associate or related entity of the company with conversion rights on shares of the company. For the servicing, the management board may use the conditional capital or own shares. The issue amount and issue conditions, as well as the possible exclusion of the shareholders' subscription rights for the issued financial instruments, are to be determined by the management board with the approval of the supervisory board.

Also approved was a conditional increase of the share capital of the company pursuant to Section 159 Paragraph 2 No. 1 of the Austrian Stock Corporation Act (AktG) by up to € 50,000,000.00 through the issue of up to 50,000,000 new bearer shares with no face value (no-par shares) for issue to creditors of financial instruments within the meaning of the authorisation granted to the management board, provided the creditors of financial instruments exercise their subscription and/or exchange rights for shares of the company. The issue amount and the exchange ratio are to be determined based on recognised financial mathematical methods and the price of the shares of the company in a recognised pricing procedure. The newly issued shares of the conditional capital increase carry a dividend entitlement corresponding to that of the shares traded on the stock market at the time of the issue. The management board is authorised, with the approval of the supervisory board, to establish the further details of the implementation of the conditional capital increase. The supervisory board is authorised to pass resolution on any amendments to the Articles of Association resulting from the issue of shares within the scope of the conditional capital.

Details as to the development of the equity of STRABAG SE are represented in the statement of changes in equity.

Long-term economic success, within the context of responsibility to our shareholders, customers, employees, suppliers, subcontractors and the company itself, is the primary entrepreneurial objective of the STRABAG Group. Working to pursue these goals, recognising opportunities and risks before and as they arise, and responsibly taking these into consideration safeguards the continuity of the group and protects the interests of the shareholders.

To guarantee the continuity of the company, the management and responsible employees assure that there is a balanced relationship between opportunities and risks during the selection of projects and assess the individual risks against the background of the overall company risk.

The group equity ratio target was defined at between 20 % and 25 % during the IPO of STRABAG SE in October 2007. The equity capital ratio is calculated from the book value of the equity as at 31 December divided by the balance sheet total as at 31 December. The equity contains all parts of the equity according to the balance sheet: share capital, capital reserves, retained earnings and non-controlling interests.

The group equity ratio as at 31 December 2013 amounted to 30.7 % (2012: 31.2 %). With this equity base, the STRABAG Group will be able to participate increasingly in tenders for public-private partnership (PPP) projects. This means that the necessary funds for a participation in equity capital are available and that the related change in the balance sheet total will be manageable.

If the group is awarded the tender for large-scale projects, or if a strategically suitable acquisition is made, the equity ratio could briefly fall below the set minimum. In this case, the company reserves the right to adjust the dividend payments to the shareholders or to issue new shares.

(20) Provisions

T€	Balance as at 1.1.2013	Currency translation	Change in scope of consoli-dation	Additions	Disposals	Impairment	Balance as at 31.12.2013
Provisions for severance payments	79,908	0	66	0	0	1,578	78,396
Provisions for pensions	429,923	-462	-24	0	0	7,194	422,243
Construction-related provisions	377,416	-3,571	-219	96,826	2,003	75,556	392,893
Personnel-related provisions	88,123	-140	82	6,805	249	27,316	67,305
Other provisions	50,463	-94	264	4,235	6,099	14,862	33,907
Non-current provisions	**1,025,833**	**-4,267**	**169**	**107,866**	**8,351**	**126,506**	**994,744**
Construction-related provisions	295,590	-4,562	421	192,650	9,274	196,186	278,639
Personnel-related provisions[1]	150,131	-1,439	192	151,651	1,058	126,712	172,765
Other provisions	219,487	-2,395	-756	230,996	13,810	189,102	244,420
Current provisions	**665,208**	**-8,396**	**-143**	**575,297**	**24,142**	**512,000**	**695,824**
Total	**1,691,041**	**-12,663**	**26**	**683,163**	**32,493**	**638,506**	**1,690,568**

The **actuarial assumptions** as at 31 December 2013 (in brackets as at 31 December 2012) used to calculate provisions for severance payments and pensions are represented as follows:

	Severance payments	Pension obligation Austria	Pension obligation Germany	Pension obligation Switzerland
Biometric tables	AVÖ 2008	AVÖ 2008	Dr. Klaus Heubeck	BVG 2010
Discounting rate (%)	3.50	3.50	3.50	2.35
	(2012: 3.75)	(2012: 3.75)	(2012: 3.75)	(2012: 1.90)
Salary increase (%)	2.00	0.00	2.25	2.00
	(2012: 2.00)	(2012: 0.00)	(2012: 2.25)	(2012: 2.00)
Future pension increase (%)	dependent on contractual adaptation	dependent on contractual adaptation	dependent on contractual adaptation	0.25
				(2012: 0.25)
Retirement age for men	62	65	67	65
	(2012: 62)	(2012: 65)	(2012: 67)	(2012: 65)
Retirement age for women	62	60	67	64
	(2012: 62)	(2012: 60)	(2012: 67)	(2012: 64)

All other parameters remaining equal, a change in the discount rate by +/- 0.5 percentage points, a change in the salary increase by +/- 0.25 percentage points as well as a change in the pension increase by +/- 0.25 percentage points would have the following impact on the amount of the provisions for severance payments and pension obligations:

	Change in discounting rate		Change in salary increase		Change in future pension increase	
Change T€[2]	**-0.5 %-points**	**+0.5 %-points**	**-0.25 %-points**	**+0.25 %-points**	**-0.25 %-points**	**+0.25 %-points**
Severance payments	-3,572	3,304	1,712	-1,772	n.a.	n.a.
Pension obligations	-24,662	22,229	61	-62	8,433	-8,974

1) In the other personnel-related provisions plan assets in the amount of T€ 7,970 (2012: T€ 13,763) are deducted.

2) Sign: - increase of obligation, + decrease of obligation

Provisions for severance payments show the following development:

T€	2013	2012
Present value of the defined benefit obligation as at 1.1.	**79,908**	**70,438**
Changes in scope of consolidation	66	539
Current service costs	2,586	3,087
Interest costs	2,442	2,885
Severance payments	-6,058	-6,015
Actuarial gains/losses arising from experience adjustments	-2,232	1,190
Actuarial gains/losses arising from changes in the discount rate	1,684	7,784
Present value of the defined benefit obligation as at 31.12.	**78,396**	**79,908**

The development of the provisions for pensions is shown below:

T€	2013	2012
Present value of the defined benefit obligation as at 1.1.	**634,304**	**586,294**
Changes in scope of consolidation/currency translation	-3,429	8,154
Current services costs	19,185	17,157
Interest costs	18,982	22,810
Pension payments	-41,146	-62,579
Actuarial gains/losses arising from experience adjustments	-2,930	1,336
Actuarial gains/losses arising from changes in the discount rate	4,688	61,132
Present value of the defined benefit obligation as at 31.12.	**629,654**	**634,304**

The plan assets for pension provisions developed as follows in the year under report:

T€	2013	2012
Fair value of the plan assets as at 1.1.	**204,381**	**202,085**
Changes to the scope of consolidation/currency translation	-2,943	6,605
Income from plan assets	3,645	4,454
Contributions	14,562	14,673
Pension payments	-14,164	-31,007
Acturial gains/losses	1,930	7,571
Fair value of the plan assets as at 31.12.	**207,411**	**204,381**

The plan assets consist of the following risk groups:

T€	31.12.2013	31.12.2012
Shares[1)]	21,454	21,722
Bonds[1)]	84,010	93,669
Cash	37,400	29,258
Investment funds	5,096	3,731
Real estate	6,813	6,923
Liability insurance	51,675	47,172
Other assets	963	1,906
Total	**207,411**	**204,381**

The plan assets involve almost exclusively the assets of the pension foundation of STRABAG AG, Switzerland. Any investments in this regard are subject to the applicable laws and regulations governing the supervision of foundations. Capital investments are to be chosen by trained experts in such a way as to guarantee the investment goal of revenue-generating and risk-minimising asset management while taking into consideration security, risk distribution, returns and the liquidity to fulfil the pension purposes. The assets are to be invested to 80 % in nominal investments such as cash and receivables in a fixed monetary amount and to 20 % in real investments such as stocks and real estate.

The contributions in the following year amounts to T€ 6,680.

1) All stocks and bonds are traded in an active market.

ASSET-LIABILITY MATCHING STRATEGY

Pension payments in Switzerland are provided by pension foundations with funds dedicated to this purpose, while payments in Austria and in Germany are covered by readily available cash and cash equivalents as well as securities.

The actual return on plan assets amounted to T€ 6,057 (2012: T€ 7,748) in the financial year.

The following amounts for pension and severance provisions were recognised in the **income statement**:

T€	2013	2012
Current service cost	21,771	20,244
Interest cost	21,424	25,695
Return on plan assets	3,645	4,454

The **development of the defined benefit obligation** for pension and severance provisions was as follows:

T€	31.12.2013	31.12.2012
Present value of the defined benefit obligation (severance provisions) = net defined benefit liability	78,396	79,908
Present value of the defined benefit obligation (pension provision)	629,654	634,304
Fair value of plan assets (pension provision)	-207,411	-204,381
Net defined benefit liability (pension provision)	422,243	429,923
Net defined benefit liability	**500,639**	**509,831**

The **actuarial adjustments** to pension and severance provisions are represented as follows:

T€	31.12.2013	31.12.2012
Adjustments of severance provisions	-548	8,974
Adjustments of pension provisions	-172	54,897
Adjustments	**-720**	**63,871**

The maturity profile of the benefit payments from the net defined benefit liability as at 31 December 2013 is as follows:

T€	<1 year	1 – 5 years	6 – 20 years	>20 years
Provisions for severance payments	3,947	18,878	63,533	12,853
Provisions for pensions	28,611	143,357	327,679	204,748

OTHER PROVISIONS

The construction-related provisions include other warranty obligations, costs of the contract execution and subsequent costs of invoiced contracts, as well as impending losses from projects pending which are not accounted for elsewhere. The personnel-related provisions essentially include anniversary bonus obligations, contributions to occupational accident funds as well as costs of the old-age-part-time scheme and expenses for personnel downsizing measures. Other provisions include provisions for damages and litigations and restructuring.

(21) Liabilities

T€	31.12.2013 Total	31.12.2013 Thereof current	31.12.2013 Thereof non-current	31.12.2012 Total	31.12.2012 Thereof current	31.12.2012 Thereof non-current
Bonds	582,500	7,500	575,000	477,500	95,000	382,500
Bank borrowings	1,117,697	359,309	758,388	1,129,383	280,425	848,958
Liabilities from finance leases	22,503	2,021	20,482	43,101	8,577	34,524
Other liabilities	0	0	0	0	0	0
Financial liabilities	**1,722,700**	**368,830**	**1,353,870**	**1,649,984**	**384,002**	**1,265,982**
Receivables from construction contracts[1]	-3,485,436	-3,485,436	0	-4,547,511	-4,547,511	0
Advances received	4,030,764	4,030,764	0	5,077,581	5,077,581	0
Net liabilities from construction contracts	545,328	545,328	0	530,070	530,070	0
Other trade payables	2,085,763	2,037,229	48,534	1,981,392	1,920,386	61,006
Payables to consortia	353,494	353,494	0	273,663	273,663	0
Trade payables	**2,984,585**	**2,936,051**	**48,534**	**2,785,125**	**2,724,119**	**61,006**
Non-financial liabilities	**392,997**	**391,600**	**1,397**	**369,760**	**368,432**	**1,328**
Income tax liabilities	**97,281**	**97,281**	**0**	**71,248**	**71,248**	**0**
Payables to subsidiaries	122,214	122,214	0	68,639	68,639	0
Payables to participation companies	29,705	21,347	8,358	20,072	15,409	4,663
Other financial liabilities	242,594	223,086	19,508	274,843	246,176	28,667
Other financial liabilities total	**394,513**	**366,647**	**27,866**	**363,554**	**330,224**	**33,330**

In order to secure liabilities to banks, real securities amounting to T€ 309,353 (2012: T€ 205,526) have been booked.

(22) Contingent liabilities

The company has accepted the following guarantees:

T€	31.12.2013	31.12.2012
Guarantees without financial guarantees	903	903

(23) Off-balance sheet transactions

In the construction industry, it is customary and necessary to provide various types of guarantees to secure the contractual obligations. These guarantees are usually issued by banks or credit insurers and most commonly comprise bid, contract performance, prepayment and warranty guarantees. In the event these guarantees are called upon, the relevant banks have a contractual right of recourse against the group. The risk that such guarantees are utilised and that a right of recourse arises materialises only if the primary contractual obligations are not properly performed.

Obligations and possible risks from such guarantees are recognised in the balance sheet as provisions or liabilities.

Not included in the balance sheet or the contingent liability as at 31 December 2013 are performance bonds in the amount of € 2.2 billion (2012: € 2.1 billion) of which an outflow of resources is unlikely.

As is customary in the industry, STRABAG SE shares liability with the other partners of consortia and joint ventures in which companies of the STRABAG Group hold a share interest.

1) The prepayment exceeding the receivables from construction contracts shown here is qualified as non-financial.

(24) Notes to the consolidated cash flow statement

The representation of the cash flow statement was made according to the indirect method and separated into the cash flows classified by operating, investing and financing activities. The cash and cash equivalents include exclusively cash on hand, bank deposits and short-term securities. Any effects of changes in consolidation were eliminated and represented in the cash flow from investing activities.

The **cash and cash equivalents** are composed as follows:

T€	31.12.2013	31.12.2012
Securities	7,820	12,472
Cash on hand	3,254	5,917
Bank deposits	1,700,894	1,356,566
Restricted cash abroad	-16,758	-8,757
Pledge of cash and cash equivalents	-10,510	-15,529
Cash and cash equivalents	**1,684,700**	**1,350,669**

The cash flow from operating activities in the reporting year contains the following items:

T€	2013	2012
Interest paid	64,890	71,667
Interest received	44,707	58,314
Taxes paid	66,933	141,699
Dividends received	25,870	31,857

(25) Financial instruments

A financial instrument is a contract that results in a financial asset at one enterprise and a financial liability or equity instrument at another. Financial assets include especially cash and cash equivalents, trade receivables and other receivables and derivatives. Financial liabilities are obligations to pay cash or other financial assets on a regular basis. These include especially financial liabilities such as bank borrowings, bonds, liabilities arising from financial leases and trade payables. Initial recognition is carried out in principle using settlement date accounting.

The financial assets are derecognised when the claims to payment from the investment extinguish or have been transferred and the group has largely transferred all risks and opportunities which are related with the property.

The **financial instruments** as at the balance sheet date were as follows:

T€	Measurement category according to IAS 39	31.12.2013 Carrying value	31.12.2013 Fair value	31.12.2012 Carrying value	31.12.2012 Fair value
Assets					
Investments in subsidiaries	AfS[1]	109,033		101,493	
Participation companies	AfS[1]	91,122		100,612	
Loans to subsidiaries	L&R	163		173	
Loans to participation companies	L&R	16,543		10,907	
Other loans	L&R	1,176		1,790	
Trade receivables	L&R	2,770,222		2,626,895	
Receivables from concession arrangements	L&R	843,765		866,550	
Other financial assets	L&R	540,964		554,351	
Cash and cash equivalents	L&R	1,704,148		1,362,483	
Valuation at historical costs		**6,077,136**		**5,625,254**	
Securities	AfS	35,339	35,339	35,317	35,317
Cash and cash equivalents	AfS	7,820	7,820	12,472	12,472
Derivatives held for hedging purposes		-36,628	-36,628	-59,632	-59,632
Valuation at fair value		**6,531**	**6,531**	**-11,843**	**-11,843**
Liabilities					
Financial liabilities	FLaC	-1,722,700	-1,756,085	-1,649,984	-1,671,524
Trade payables	FLaC	-2,439,257		-2,255,055	
Other financial liabilities	FLaC	-389,049		-355,913	
Valuation at historical costs		**-4,551,006**	**-1,756,085**	**-4,260,952**	**-1,671,524**
Derivatives held for hedging purposes		-5,464	-5,464	-7,641	-7,641
Valuation at fair value		**-5,464**	**-5,464**	**-7,641**	**-7,641**
Total		**1,527,197**	**-1,755,018**	**1,344,818**	**-1,691,008**
Measurement categories					
Loans and receivables (L&R)		5,876,981		5,423,149	
Available for sale (AfS)		243,314	43,159	249,894	47,789
Financial liabilities measured at amortised costs (FLaC)		-4,551,006	-1,756,085	-4,260,952	-1,671,524
Derivatives held for hedging purposes		-42,092	-42,092	-67,273	-67,273
Total		**1,527,197**	**-1,755,018**	**1,344,818**	**-1,691,008**

No special disclosure of the fair value of financial instruments is represented if the carrying amount is a reasonable approximation of fair value.

Cash and cash equivalents, trade receivables and other receivables have for the most part short remaining terms. Accordingly, their carrying values on the balance sheet date approximate their fair value. The fair value of non-current financial assets corresponds to the present value of the related payments under consideration of the prevailing market parameters as far as market values were not available.

Trade payables and other financial liabilities typically have short terms; their book values approximate the fair value. The fair value of bonds, bank borrowing and liabilities arising from financial leases are measured at the present value of the payments associated with them and under consideration of the relevant applicable market parameters as far as market values were not available. The fair value of the financial liabilities would qualify as a Level 1 measurement at T€ 603,276 and as a Level 2 measurement at T€ 1,152,809.

T€ 10,510 (2012: T€ 15,529) of cash and cash equivalents, T€ 2,744 (2012: T€ 2,684) of securities and T€ 11,206 (2012: T€ 11,708) of other financial instruments were pledged as collateral for liabilities.

1) Measurement is at cost as these are unlisted equity instruments whose fair value cannot be reliably determined.

The non-recourse liabilities related to receivables from concession arrangements are hedged using the income from receivables from concession arrangements.

The financial instruments recognised at fair value, classified by method of measurement (Level 1 to Level 3), are as follows.

Level 1: In measurement at market prices, the assets and liabilities are measured at the quoted prices in an active market for identical assets and liabilities.

Level 2: The measurement based on observable market inputs takes into account not only market prices but also directly or indirectly observable data.

Level 3: Other methods of measurement also consider data that are not observable on the markets.

The **fair values as at 31 December 2013** for financial instruments were measured as follows:

T€	Level 1	Level 2	Total
Assets			
Securities	35,339	0	35,339
Cash and cash equivalents	7,820	0	7,820
Derivatives held for hedging purposes	0	-36,628	-36,628
Total	**43,159**	**-36,628**	**6,531**
Liabilities			
Derivatives held for hedging purposes	0	-5,464	-5,464
Total	**0**	**-5,464**	**-5,464**

The **fair value as at 31 December 2012** for financial instruments were measured as follows:

T€	Level 1	Level 2	Total
Assets			
Securities	35,317	0	35,317
Cash and cash equivalents	12,472	0	12,472
Derivatives held for hedging purposes	0	-59,632	-59,632
Total	**47,789**	**-59,632**	**-11,843**
Liabilities			
Derivatives held for hedging purposes	0	-7,641	-7,641
Total	**0**	**-7,641**	**-7,641**

During the financial year 2013, there were no transfers between the levels.

FINANCIAL INSTRUMENTS IN LEVEL 1

The fair value is determined on the basis of quoted prices in an active market. An active market exists if the prices are regularly established and readily available to the market participant. The quoted market price for the financial instruments presented in Level 1 corresponds to the bid price as at 31 December 2013.

FINANCIAL INSTRUMENTS IN LEVEL 2

These financial instruments are not traded in an active market. They involve exclusively derivatives concluded for hedging purposes in the group. The fair value is determined using methods of measurement on the basis of observable market data. Specifically, measurement is made using interest yield and currency curves in proportion to the term of the derivative.

At the end of the reporting period, the STRABAG Group had no financial instruments classified in Level 3.

As at **31 December 2013**, the following **derivatives** existed which are not offsettable but which can be set off in case of insolvency.

T€	31.12.2013			31.12.2012		
Bank	**Assets**	**Liabilities**	**Total**	**Assets**	**Liabilities**	**Total**
Bayerische Landesbank	2	-314	**-312**	108	-109	**-1**
Commerzbank AG	1,359	-1,231	**128**	455	-1,277	**-822**
Credit Agricole Corp. & Investment	154	-68	**86**	257	-232	**25**
Deutsche Bank AG	0	0	**0**	8	-142	**-134**
Erste Group Bank AG	0	0	**0**	18	0	**18**
ING Bank N.V.	5	0	**5**	0	0	**0**
Landesbank Baden-Württemberg	0	-2,165	**-2,165**	0	-3,176	**-3,176**
Raiffeisen Bank International	0	-2	**-2**	226	-258	**-32**
SEB AG	62	-1,658	**-1,596**	214	-2,420	**-2,206**
Republic of Hungary	-38,493	0	**-38,493**	-61,199	0	**-61,199**
UniCredit Bank Austria AG	283	-26	**257**	281	-27	**254**
Total	**-36,628**	**-5,464**	**-42,092**	**-59,632**	**-7,641**	**-67,273**

The **net income effects of the financial instruments** according to valuation categories are as follows:

	2013				2012			
T€	**L&R**	**AfS**	**FLaC**	**Derivate**	**L&R**	**AfS**	**FLaC**	**Derivate**
Interest	41,887	0	-68,933	0	51,581	0	-72,293	0
Interest from receivables from concession arrangements	68,670	0	-25,653	-8,465	70,925	0	-27,359	-9,030
Result from securities	0	4,390	0	0	0	786	0	0
Impairment losses	-45,776	-15,541	116	0	-42,099	-17,600	0	-692
Disposal losses/profits	0	617	0	0	0	1,857	0	0
Gains from derecognition of liabilities and payments of written off receivables	0	0	6,239	0	18	0	7,239	0
Net income recognised in profit or loss	**64,781**	**-10,534**	**-88,231**	**-8,465**	**80,425**	**-14,957**	**-92,413**	**-9,722**
Value changes recognised directly in equity[1)]	0	256	0	32,545	0	-1,724	0	-26,942
Net income	**64,781**	**-10,278**	**-88,231**	**24,080**	**80,425**	**-16,681**	**-92,413**	**-36,664**

Dividends and income from investments shown in net income from investments are part of operating income and therefore not part of net income of financial instruments. Impairment losses, reversal of impairment losses, disposal gains and disposal losses of loans & receivables (L&R) and of financial liabilities amortised at cost (FLaC) are carried in other income or other expenses.

Impairment losses, reversal of impairment losses, disposal gains and disposal losses of the financial instruments are carried in net income from investments if they are investments in subsidiaries or participation companies, otherwise in net interest income.

Derivative instruments are used exclusively to hedge existing risks resulting from changes in currency and interest rates. The use of derivative financial instruments in the group is subject to the appropriate approval and control procedures. The connection to a mainstay business is a must, trading is not permissible.

PRINCIPLES OF RISK MANAGEMENT

The STRABAG Group is subject to credit, market and liquidity risks related to its assets, liabilities and planned transactions. The goal of financial risk management is to minimise these risks through ongoing financially oriented activities.

The basics of the financial policy are set by the management board and monitored by the supervisory board. The implementation of the financial policy and responsibility for the risk management are the domain of the group treasury. Certain transactions require prior approval by the management board, which is regularly informed as to the scope and amount of the current risk exposure.

1) Excluding derivatives from associated companies in the amount of T€ -491 (2012: T€ -2,474).

INTEREST RATE RISK

The financial instruments bear variable interest rates on the assets side, on the liabilities side there are both variable and fixed interest obligations. The risk of financial instruments bearing variable interest rates consists of increasing interest charges and sinking interest revenue resulting from an unfavourable change in market interest rates. Fixed interest obligations mainly result from the bonds issued by STRABAG SE amounting to a total of T€ 575,000.

As at 31 December 2013, following hedging transactions existed:

	31.12.2013		31.12.2012	
T€	**Nominal value**	**Market value**	**Nominal value**	**Market value**
Interest rate swaps	707,334	-43,443	778,680	-68,327

The amount of bank deposits and bank borrowings according to currency – giving the average interest rate at balance sheet date – is represented as follows:

BANK DEPOSITS

Currency	Carrying value 31.12.2013 T€	Weighted average interest rate 2013 %
EUR	1,001,293	0.37
PLN	194,295	2.68
CZK	127,798	0.54
HUF	96,064	2.85
Others	281,444	1.46
Total	**1,700,894**	**0.99**

BANK BORROWINGS

Currency	Carrying value 31.12.2013 T€	Weighted average interest rate 2013 %
EUR	1,090,913	2.09
Others	26,784	4.16
Total	**1,117,697**	**2.14**

Had the interest rate level at 31 December 2013 been higher by 100 basispoints, then the profit before tax would have been higher by T€ 8,968 (2012: T€ 5,787) and the equity at 31 December 2013 would have been higher by T€ 44,525 (2012: T€ 47,341). Had the interest rate level been lower by 100 basispoints, this would have meant a correspondingly lower equity and profit before tax. The calculation is made based on the level of interest-bearing financial assets and liabilities as at 31 December. Tax effects from interest rate changes were not considered.

CURRENCY RISK

Due to the decentralised structure of the group, characterised by local companies in the respective countries, mainly closed currency positions appear in the balance sheet. Loan financing and investments were predominantly made by the group companies in the respective country's local currency. Receivables and liabilities from business activities mainly offset each other in the same currency.

The remaining currency risk mainly results when the currency of the order deviates from the functional currency of the subsidiary affected.

The internal financing of companies within the group using different functional currencies resulted in an earnings-relevant currency risk.

This applies in particular to orders in Eastern Europe and Scandinavia which are concluded in euro. The planned proceeds are received in the currency of the order while a substantial part of the associated costs is made in the local currency.

In order to limit the remaining currency risk and secure the calculation, derivative financial instruments were transacted. As at **31 December 2013,** the following hedging transactions existed for the **underlying transactions mentioned**[1] below:

T€ Currency	Expected cash flows 2014	Expected cash flows 2015	Total	Positive market value of the hedging transaction	Negative market value of the hedging transaction
AED	26,702	21,080	47,782	1,215	0
HUF	35,348	0	35,348	0	-24
PLN	34,089	0	34,089	67	0
Others	58,478	0	58,478	583	-490
Total	**154,617**	**21,080**	**175,697**	**1,865**	**-514**

As at **31 December 2012,** the following hedging transactions existed for the **underlying transactions mentioned**[1] below:

T€ Currency	Expected cash flows 2013	Expected cash flows 2014	Total	Positive market value of the hedging transaction	Negative market value of the hedging transaction
PLN	119,562	2,300	121,862	1,566	-422
CZK	52,234	0	52,234	116	-60
Others	89,998	0	89,998	488	-634
Total	**261,794**	**2,300**	**264,094**	**2,170**	**-1,116**

Of the derivative financial instruments classified as cash flow hedges as at 31 December 2012, T€ -1,273 were shifted from equity and recognised in the consolidated income statement in the 2013 financial year (2012: T€ 1,907). The resulting deferred tax income amounted to T€ 242 (2012: tax expense of T€ -362).

Development of the important **currencies in the group:**

Currency	Exchange rate 31.12.2013: 1 € =	Average rate 2013: 1 € =	Exchange rate 31.12.2012: 1 € =	Average rate 2012: 1 € =
HUF	297.0400	297.9333	292.3000	288.2142
CZK	27.4270	26.0270	25.1510	25.1395
PLN	4.1543	4.2134	4.0740	4.1677
HRK	7.6265	7.5785	7.5575	7.5261
CHF	1.2276	1.2291	1.2072	1.2044

Essentially, the Polish zloty, the Czech crown, the Hungarian forint and the Swedish crown are affected by revaluation (devaluation). The following table shows the hypothetical changes in profit before tax and equity if the euro in the year 2013 had been revalued or devalued by 10 % in relation to another currency:

T€	Revaluation euro of 10 %		Devaluation euro of 10 %	
Currency	Change in profit before tax	Change in equity	Change in profit before tax	Change in equity
PLN	8,403	8,403	-8,403	-8,403
HUF	-5,757	-5,757	5,757	5,757
CHF	-7,285	-7,285	7,285	7,285
CZK	7,811	7,811	-7,811	-7,811
Others	-6,482	-4,374	6,482	4,374

1) Not entirely represented as Hedge Accounting

The following table shows the hypothetical changes in profit before tax and equity if the euro in the year 2012 had been revalued or devalued by 10 % in relation to another currency:

T€ Currency	Revaluation euro of 10 % Change in profit before tax	Change in equity	Devaluation euro of 10 % Change in profit before tax	Change in equity
PLN	11,430	11,200	-11,430	-11,200
HUF	-315	-315	315	315
CHF	-6,867	-6,867	6,867	6,867
CZK	9,065	9,065	-9,065	-9,065
Others	-4,700	-4,700	4,700	4,700

The calculation is based on original and derivative foreign currency holdings in non-functional currency as at 31 December as well as underlying transactions for the next twelve months. The effect on tax resulting from changes in currency exchanges rates was not taken into consideration.

CREDIT RISK

The maximum risk of default of the financial assets, without cash and cash equivalents, as at the balance sheet date is T€ 4,371,697 (2012: T€ 4,238,457) and corresponds to the book values presented in the balance sheet. Thereof T€ 2,770,221 (2012: T€ 2,626,895) involve trade receivables. Receivables from construction contracts and receivables from consortia involve ongoing construction projects and are therefore not yet payable for the most part. Of the remaining trade receivables in the amount of T€ 1,535,957 (2012: T€ 1,383,933), only insignificant amounts are overdue and not impaired.

The risk for receivables from clients can be rated as low due to the wide dispersion, a constant creditworthiness check and the presence of the public sector as an important client.

The risk of default for other primary financial instruments shown on the assets side can also be regarded as low, as the contract partners are mainly financial institutions with the highest level of creditworthiness and/or the risk of default has been significantly reduced as a result of assumed liabilities of third parties.

Furthermore, there is a derived credit risk arising from the financial guarantee contracts of T€ 59,199 (2012: T€ 56,019).

Financial assets are impaired item by item if the book value of the financial assets is higher than the present value of the future cash flows. This can be triggered by financial difficulties, insolvency of the client, breach of contract or significant default of payment. The impairment is composed of many individual items of which none, seen alone, is significant. In addition to the estimation of the creditworthiness risk, the relevant country risk is also taken into consideration. Graduated valuation adjustments are formed according to risk groups to take into consideration general credit risks.

LIQUIDITY RISK

Liquidity for the STRABAG SE Group means not only solvency in the strict sense but also the availability of the necessary financial margin for mainstay business through sufficient aval lines.

To guarantee financial flexibility, liquidity reserves are kept in the form of cash and credit lines for cash and aval loans. The STRABAG SE Group keeps bilateral credit lines with banks and a syndicated aval credit line in the amount of € 2.0 billion. The overall line for cash and aval loan amounts to € 6.7 billion. The syndicated surety credit line contains covenants which were fulfilled at the balance sheet date.

The medium- and long-term liquidity needs have so far been covered by the issue of corporate bonds as well. In 2010 a bond of € 100 million with a term to maturity of five years and in the years 2011, respectively 2012, bonds of € 175 million, respectively € 100 million, each with a term to maturity of seven years were issued. In May 2013, STRABAG issued a further bond in the amount of € 200 million with a term to maturity of seven years. The annual coupon interest of the bond amounts to 3.00 %. The corporate bond from the year 2008 in the amount of € 75 million was paid in June 2013. Depending on the market situation and the appropriate need, further bond issuances are planned.

The following **payment obligations** arise from the financial liabilities (interest payments based on interest rate as at 31 December and redemption) for the subsequent years:

Payment obligations as at 31 December 2013

T€	Carrying values 31.12.2013	Cash flows 2014	Cash flows 2015–2018	Cash flows after 2018
Bonds	582,500	30,702	353,500	316,250
Bank borrowings	1,117,697	389,132	409,656	452,873
Liabilities from finance leases	22,503	3,122	15,212	9,194
Financial liabilities	**1,722,700**	**422,956**	**778,368**	**778,317**

Payment obligations as at 31 December 2012

T€	Carrying values 31.12.2012	Cash flows 2013	Cash flows 2014–2017	Cash flows after 2017
Bonds	477,500	117,658	166,346	291,813
Bank borrowings	1,129,383	311,539	454,725	530,862
Liabilities from finance leases	43,101	11,091	29,631	10,679
Financial liabilities	**1,649,984**	**440,288**	**650,702**	**833,354**

The trade payables and the other liabilities (see item 21) essentially lead to cash outflows in line with the maturity at the amount of the book values.

(26) Segment reporting

The rules of IFRS 8 Operating Segments, apply to the segment reporting. IFRS 8 prescribes defining the segments and reporting the earnings on the basis of the internal reporting (Management Approach). Segment assets are not disclosed as these do not form part of the regular internal reporting.

The internal reporting in the STRABAG SE Group is based on management board areas, which also represent the segments. The settlement between the single segments is made at arm's length prices.

The segment North + West bundles the construction activities in Germany, Poland, Benelux and Scandinavia as well the ground engineering, hydraulic engineering and construction activities in the offshore wind sector.

The segment South + East comprises the railway structures activities as well as the construction activities in Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe and Russia and neighbouring countries and environmental technology business, and selected real estate development activities, primarily in Austria.

The segment International + Special Divisions includes the international construction activities, tunnelling, services, real estate development and infrastructure development as well as the construction materials business.

In addition, there are the central divisions and central staff divisions, which handle services in the areas of accounting, group financing, technical development, machine management, quality management, logistics, legal affairs, contract management etc. These services are included in the segment Other.

SEGMENT REPORTING FOR THE FINANCIAL YEAR 2013

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS Financial Statements	Group
Output volume	**6,021,112**	**4,593,358**	**2,822,408**	**136,194**		**13,573,072**
Revenue	**5,524,427**	**4,466,028**	**2,458,683**	**26,516**	**0**	**12,475,654**
Inter-segment revenue	137,515	22,918	324,461	797,435		
EBIT	**72,536**	**138,234**	**69,575**	**64**	**-18,832**	**261,577**
thereof share of profit or loss of associates	7,447	0	-1,663	0	0	5,784
Interest and similar income	0	0	0	66,716	0	66,716
Interest expense and similar charges	0	0	0	-98,256	0	-98,256
Profit before tax	**72,536**	**138,234**	**69,575**	**-31,476**	**-18,832**	**230,037**
Investments in property, plant and equipment, and in intangible assets	0	0	717	386,644	0	387,361
Depreciation and amortisation	200	421	7,066	425,650	0	433,337
thereof extraordinary depreciation and amortisation	200	290	3,495	24,939	0	28,924

SEGMENT REPORTING FOR THE FINANCIAL YEAR 2012

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS Financial Statements	Group
Output volume	**6,237,167**	**4,755,738**	**2,924,860**	**124,831**		**14,042,596**
Revenue	**5,509,526**	**4,792,430**	**2,661,292**	**19,985**	**0**	**12,983,233**
Inter-segment revenue	187,139	48,720	356,262	814,324		
EBIT	**-51,317**	**148,885**	**126,933**	**-1,975**	**-15,340**	**207,186**
thereof share of profit or loss of associates	6,540	0	-15,757	0	0	-9,217
Interest and similar income	0	0	0	73,145	0	73,145
Interest expense and similar charges	0	0	0	-123,871	0	-123,871
Profit before tax	**-51,317**	**148,885**	**126,933**	**-52,701**	**-15,340**	**156,460**
Investments in property, plant and equipment, and in intangible assets	0	0	0	458,283	0	458,283
Depreciation and amortisation	5,803	4,416	3,993	386,956	0	401,168
thereof extraordinary depreciation and amortisation	5,803	4,275	0	18,404	0	28,482

RECONCILIATION OF THE SUM OF THE SEGMENT EARNINGS TO PROFIT BEFORE TAX ACCORDING TO IFRS FINANCIAL STATEMENTS

Income and expense in the internal reporting are essentially shown in accordance with IFRS. An exception is income taxes, including those applicable to deferred tax, which are not considered in the internal reporting.

The basis for the internal reporting is formed by all subsidiaries. In the IFRS financial statements, earnings from companies which were not fully consolidated or reported using the equity method are recognised in conformity with dividends, transfer of earnings and/or depreciation and amortisation. For this reason, the internal reporting does not conform with EBIT in regards to profit before tax in the consolidated financial statements in terms of the investment result.

Other minor differences result from entries in other consolidations.

Reconciliation of the internal reporting to IFRS Financial Statements is allocated as follows:

T€	2013	2012
Net income from investments	-10,826	-8,700
Other consolidations	-8,006	-6,640
Total	**-18,832**	**-15,340**

BREAKDOWN OF REVENUE BY GEOGRAPHIC REGION

T€	2013	2012
Germany	5,713,680	5,686,722
Austria	2,151,455	2,278,299
Rest of Europe	4,135,817	4,463,875
Rest of World	474,702	554,337
Revenue	**12,475,654**	**12,983,233**

Presentation of revenue by region is done according to the company's registered place of business.

(27) Notes on related parties

The core shareholders of STRABAG SE are the Haselsteiner Group, as well as the Raiffeisen-Holding NÖ-Wien Group, the UNIQA Group and Rasperia Trading Limited, owned by Russian businessman Oleg Deripaska.

As at 31 December 2013, core shareholder Rasperia Trading Limited held an 18.8 % interest in STRABAG SE as well as one registered share. As at 15 January 2014, a call option was exercised for the acquisition of a further 0.6 % of the shares. The option allowing Rasperia to buy back the remaining 5.6 % of the former interest from the other core shareholders expires in July 2014. A syndicate agreement remains in effect between the core shareholders.

Arm's-length finance and insurance transactions exist with the Raiffeisen Holding NÖ-Wien Group and the UNIQA Group.

HASELSTEINER GROUP

The Haselsteiner Group holds investments in various areas such as banks, real estate and infrastructure. The portfolio also includes investments in healthcare and the cultural area.

The business relations between STRABAG SE and the companies of the Haselsteiner Group during the financial year are presented below.

T€	2013	2012
Work and services performed	9,116	28,818
Work and services received	7,838	10,334
Receivables as at 31.12.	16,372	22,167
Liabilities as at 31.12.	539	953

Basic Element

The Basic Element Group, a group with numerous industrial holdings, among other things in the area of construction, construction materials and infrastructure, is owned by Russian businessman Oleg Deripaska. A cooperating agreement lays out the principles for joint operating cooperation in Russia and the CIS states between the STRABAG SE Group and the Basic Element Group.

Russian construction company Glavstroy Corporation, a member of the Basic Element Group, commissioned STRABAG to build the Olympic village in Sochi, Russia. The order includes the construction of residences and hotels ahead of the 2014 Winter Olympics and has a value of about € 268 million. The contract was signed in 2010. The construction works began in 2011 and were completed in 2014. By 31 December 2013, services amounting to € 256 million had been provided and STRABAG received advanced payments of € 244 million in return.

To consolidate and expand the business in Russia, STRABAG made in 2010 an advance payment secured by a bank guarantee, of € 70 million for a 26 % stake in the leading Russian road construction company Transstroy, part of the diversified industrial holding Basic Element. STRABAG has the right to refrain from the purchase and to demand reimbursement of the deposit of € 70 million, if the parties fail to agree on a final purchase price following a due diligence process. Until then, STRABAG will receive payments made on arm's length based on the amount of the prepayment.

IDAG

IDAG Immobilienbeteiligung u. -Development GmbH is entirely held by private foundations whose beneficiaries are the Haselsteiner Group and the Raiffeisen-Holding NÖ-Wien Group. It is the business purpose of IDAG Immobilienbeteiligung u. -Development GmbH to develop property and to participate in property projects.

STRABAG's office buildings in Vienna and Graz are held in the real estate portfolio of subsidiaries of IDAG Immobilienbeteiligung u. -Development GmbH. The buildings are let to and in part sublet by STRABAG SE at the usual market conditions. Rental costs arising from both buildings in the 2013 financial year amounted to T€ 7,685 (2012: T€ 7,586). Other services in the amount of T€ 519 (2012: T€ 762) were obtained from the IDAG Group.

Furthermore, revenues of about T€ 4,707 (2012: about T€ 1,380) were made with IDAG Immobilienbeteiligung u. -Development GmbH in the 2013 financial year. At the balance sheet date of 31 December 2013, the STRABAG SE Group had receivables from rental deposits amounting to around T€ 22,059 (2012: T€ 20,919) from IDAG Immobilienbeteiligung u. -Development GmbH.

ASSOCIATES

In September 2003, Raiffeisen evolution project development GmbH, a joint project development company, was founded together with R.B.T. Beteiligungsgesellschaft m.b.H, "URUBU" Holding GmbH (both Raiffeisen group) and UNIQA Beteiligungs-Holding GmbH.

Raiffeisen evolution project development GmbH bundles project developments in building construction activities of the shareholders (excluding Germany and Benelux). STRABAG SE is employed in the construction work on the basis of arm's-length contracts. In 2013 revenues of T€ 56,563 (2012: T€ 122,161) were made.

The shareholders of the Raiffeisen evolution project development GmbH have basically agreed to proportionally accept any obligations arising from the project developments.

Lafarge Cement CE Holding bundles the cement activities of Lafarge, a market leader in construction materials manufacturing, and STRABAG in the countries of Central Europe. The joint activities aim at maintaining a commensurate cement supply in the group's core countries. In 2013, STRABAG procured cement services worth about T€ 20,067 (2012: T€ 16,883) from Lafarge. As at the balance sheet date, there were liabilities to Lafarge Cement CE Holding GmbH in the amount of T€ 107 (2012: T€ 267).

The **business transactions with the other associates** can be presented as follows:

T€	2013	2012
Work and services performed	79,420	81,494
Work and services received	33,138	33,683
Receivables as at 31.12.	28,879	12,707
Liabilities as at 31.12.	646	41

The business transactions with the management board members and employees of the first management level (management in key positions) and with their family members and companies which are controlled by the management in key positions or decisively influenced by them were of minor significance in the year under report and the previous year.

The total remuneration including any severance and pension payments, as well as other long-term payments for employees of the first management level amounted to T€ 14,418 (2012: T€ 17,939) in the year under report. Of this amount, T€ 14,066 (2012: T€ 17,630) is attributable to the current remuneration and T€ 352 (2012: T€ 309) to severance and pension payments.

(28) Notes on the management and supervisory boards

MANAGEMENT BOARD

Dr. Hans Peter Haselsteiner (CEO until 14 June 2013)
Dr. Thomas Birtel (CEO since 15 June 2013)
Mag. Christan Harder
Dipl.-Ing. Dr. Peter Krammer
Mag. Hannes Truntschnig
Dipl.-Ing. Siegfried Wanker

SUPERVISORY BOARD

Dr. Alfred Gusenbauer (Chairman)
Mag. Erwin Hameseder (Vice Chairman)
Mag. Hannes Bogner (since 14 June 2013)
Andrei Elinson
Mag. Kerstin Gelbmann
Dr. Gottfried Wanitschek (until 14 June 2013)
Ing. Siegfried Wolf

Dipl.-Ing. Andreas Batke (works council)
Miroslav Cerveny (works council)
Magdolna P. Gyulainé (works council)
Wolfgang Kreis (works council)
Gerhard Springer (works council)

The total salaries of the management board members in the financial year amount to T€ 4,199 (2012: T€ 2,590). The severance payments for management board members amount to T€ 8 (2012: T€ 17).

The remunerations for the supervisory board members in the amount of T€ 135 (2012: T€ 135) are included in the expenses. Neither the management board members nor the supervisory board members of STRABAG SE received advances or loans.

(29) Other notes

The expenses for the auditor, KPMG Austria AG, incurred in the financial year amount to T€ 1,240 (2012: T€ 1,196) of which T€ 1,121 (2012: T€ 1,084) were for the audit of the consolidated financial statements (including the audit of separate financial statements of group companies) and T€ 119 (2012: T€ 111) for other services.

(30) Date of authorisation for issue

In Austrian companies organised as corporations limited by shares, the consolidated financial statements prepared by the management board are approved by the supervisory board. The STRABAG SE supervisory board meeting for the approval of the consolidated financial statements for the year ended 31 December 2013 will take place on 28 April 2014.

(31) Events after the balance sheet date

The political developments in Ukraine since February 2014 are having no significant influence on the situation of the STRABAG Group from today's perspective. The company generates less than 1 % of its annual output volume in Ukraine. In Russia, the group expects to generate less than 3 % of its output volume in 2014. As construction is an export non-intensive industry in which most of the services are provided locally, and the STRABAG Group provides its services almost exclusively for private clients, the company does not expect the political developments to have any immediate impact on its business in Russia.

Villach, 11 April 2014

Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Divisions and Central Staff Divisions (except BRVZ)
as well as Divisions 3L RANC[1] and 3M RANC

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

Dipl.-Ing. Dr. Peter Krammer
Responsibility Segment North + West

Mag. Hannes Truntschnig
Responsibility Segment
International + Special Divisions

Dipl.-Ing. Siegfried Wanker
Responsibility Segment South + East
(except Divisions 3L RANC and 3M RANC)

1) RANC = Russia and neighbouring countries

STATEMENT OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the separate financial statements[1] give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Villach, 11 April 2014

Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Divisions and Central Staff Divisions (except BRVZ)
as well as Divisions 3L RANC[2] and 3M RANC

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

Dipl.-Ing. Dr. Peter Krammer
Responsibility Segment North + West

Mag. Hannes Truntschnig
Responsibility Segment
International + Special Divisions

Dipl.-Ing. Siegfried Wanker
Responsibility Segment South + East
(except Divisions 3L RANC and 3M RANC)

1) The annual financial statements are included in the annual financial report.
2) RANC = Russia and neighbouring countries

AUDITOR'S REPORT

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of

STRABAG SE,
Villach, Austria,

for the year from 1 January 2013 to 31 December 2013. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2013, the consolidated income statement/consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year 2013 and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE ACCOUNTING SYSTEM

The company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to section 245a UGB (Austrian Business Enterprise Code). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY AND DESCRIPTION OF TYPE AND SCOPE OF THE STATUTORY AUDIT

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the group as at 31 December 2013 and of its financial performance and its cash flows for the year from 1 January to 31 December 2013 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

REPORT ON THE MANAGEMENT REPORT FOR THE GROUP

Pursuant to statutory provisions, the management report for the group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the company's position. The auditor's report also has to contain a statement as to whether the management report for the group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Business Enterprise Code) are appropriate.

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

Linz, 11 April 2014

KPMG Austria AG
Wirtschaftprüfungs- und Steuerberatungsgesellschaft

Dr. Helge Löffler
Austrian Chartered Accountants

Mag. Peter Humer
Austrian Chartered Accountants

This report is a translation of the original report in German, which is solely valid. Publication of the financial statements together with our auditor's opinion may only be made if the financial statements and the management report are identical with the audited version attached to this report. Section 281 paragraph 2 UGB (Austrian Business Enterprise Code) applies.

GLOSSARY

At-equity consolidation	Method of consolidation of companies in which STRABAG has a stake between 20 % and 50 %
ATX (Austrian Traded Index)	The index of leading shares of the Vienna Stock Exchange (Wiener Börse)
Book value per share	Book value of equity/number of outstanding shares
CAGR (Compound Annual Growth Rate)	Mean growth rate on an annualised basis
CAPEX (Capital Expenditure)	Investments; acquisition of financial assets + acquisition of intangible assets as well as property, plant and equipment + changes to the scope of consolidation
Capital employed	Total of group equity + interest-bearing debts
Carbon footprint	Measure of carbon emissions caused by an activity
Cash flow	A measure of cash being received and spent in a business; the cash flow amount is largely calculated as the sum of net income, taxes on profits and income, depreciation, amortisation and changes to non-current provisions.
CO_2	Carbon dioxide (greenhouse gas)
Code of Ethics	Values and principles which reflect the company's policy and which are met by employees and management
Compliance Guidelines	Recognition of the importance of and compliance with all relevant laws as well as with internal and external rules, guidelines and standards
Corporate Governance	A code of conduct for publicly listed companies; corporate governance comprises all guidelines which maximise transparency and control in order to avoid conflicts of interest.
Corporate Social Responsibility (CSR)	Voluntary compliance with a set of rules for sustainable corporate management
Cost-plus-fee	Contract model under which the client pays the contractor a previously agreed percentage of the costs of the project as a fee
Directors' Dealings	Transactions with company securities by company directors or officers
Earnings per share	Net income after minorities/weighted average number of shares
EBIT	Net income before interests and income tax expense
EBIT margin	The ratio of EBIT to revenue in percent
EBITDA	Net income before interests and income tax expense, depreciation and amortisation
EBITDA margin	The ratio of EBITDA to revenue in percent
Equity ratio	Book value of equity/balance sheet total
Four-eyes principle	Principle according to which an activity is carried out and monitored by different persons
Gearing ratio	Net debt/group equity capital
IFRS	Financial reporting standards and interpretations adopted by the International Accounting Standards Board (IASB)
ISO 50001	International standard designed to help organisations establish energy management systems
Net debt	Financial liabilities – non-recourse debt + severance and pension provisions – cash and cash equivalents
öCGK	Austrian Corporate Governance Codex
Order backlog	Future revenues from contracts signed to a specific date - works already accomplished
Payout ratio	Dividends/net income per share
PPP (Public-Private Partnership)	Project which is funded and operated through a partnership of private-sector companies and public-sector institutions
RANC	Russia and neighbouring countries
Risk management	An approach to recognise potential risks to the company and develop strategies to manage these risks
ROCE (Return on Capital Employed)	Net income + interest on debt – interest tax shield (25 %)/(average group equity + interest-bearing debt)
Surety	Bank guarantees and surety bonds
Sustainability	The balance between reaching business objectives while respecting social and environmental aspects
Value chain	The individual steps and actions required to create a product or deliver a service
WBI	Vienna Stock Exchange Share Index, made up of all companies listed on the Vienna Stock Exchange

FINANCIAL CALENDAR

Annual Report 2013	**30 April 2014**
Publication	7:30 am
Press conference	10:00 am
Investor and analyst conference call	2:00 pm
Interim Report January–March 2014	**28 May 2014**
Publication	7:30 am
Investor and analyst conference call	2:00 pm
Notice of Annual General Meeting	30 May 2014
Shareholding confirmation record date	17 June 2014
Annual General Meeting 2014	**27 June 2014**
Beginning	10:00 am
Location: Austria Center Vienna, 1220 Vienna	
Ex-dividend date	**4 July 2014**
Payment date for dividend	**7 July 2014**
Semi-annual Report 2014	**29 August 2014**
Publication	7:30 am
Investor and analyst conference call	2:00 pm
Interim Report January–September 2014	**28 November 2014**
Publication	7:30 am
Investor and analyst conference call	2:00 pm

All times are CET/CEST
Please find the current road show schedule on the website www.strabag.com > Investor Relations > Company Calendar

Owner, editor and publisher

STRABAG SE
Triglavstr. 9, 9500 Villach/Austria
Austrian Commercial Register Number FN 88983 h
District Court Klagenfurt

Our Investor Relations department will gladly answer all your questions:

STRABAG SE
Diana Neumüller-Klein
Head of Corporate Communications & Investor Relations
Donau-City-Str. 9, 1220 Vienna/Austria
+43 800 880 890
@ investor.relations@strabag.com
www.strabag.com

Many of the projects contained in this financial report were carried out in consortia.
We hereby extend a warm “thank you” to all our partners.

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