Press Release
Investor Information

STRABAG SOCIETAS EUROPAEA

STRABAG SE reduces seasonal winter losses in first quarter of 2016

Contact

STRABAG SE
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- **Output volume at € 2.3 billion, 9 % below last year's very high level**
- **EBIT grows again (+9 %); nevertheless, first quarter seasonally negative as usual**
- **Order backlog of approx. € 14 billion, a decline of 8 %**
- **Outlook 2016: stable output volume, target of 3 % EBIT margin confirmed**

		3M/16	3M/15	%
Output volume	€m	**2,256.93**	**2,468.34**	***-9%***
Revenue	€m	**2,124.01**	**2,283.96**	***-7%***
Order backlog	€m	**13,976.62**	**15,128.02**	***-8%***
EBITDA	€m	**-57.71**	**-66.09**	***13%***
EBITDA margin	*%*	*-2.7%*	*-2.9%*	
EBIT	€m	**-145.40**	**-159.32**	***9%***
EBIT margin	*%*	*-6.8%*	*-7.0%*	
Net income	€m	**-130.13**	**-127.45**	***-2%***
Net income margin	*%*	*-6.1%*	*-5.6%*	
Net income after minorities	€m	**-116.99**	**-116.47**	***0%***
Net income after minorities margin	*%*	*-5.5%*	*-5.1%*	
Earnings per share	€	**-1.14**	**-1.14**	***0%***
Employees	number	**68,808**	**71,176**	***-3%***

Vienna, 31 May 2016 Publicly listed construction company STRABAG SE has reduced its winter losses – typical in the construction industry – in the first three months of the year. The earnings before interest, taxes, depreciation and amortisation (EBITDA) improved by 13 %, the earnings before interest and taxes (EBIT) by 9 %. The net income after minorities, at € -116.99 million, settled at about the same level as the first quarter last year.

"Following an especially mild winter last year, which resulted in an unusually high output volume 31 March 2015, the first quarter of this year saw a weather-related decline in output in comparison. As always, the construction industry cannot see this as an indication for the full year. We currently expect to generate a more or less unchanged output volume over the course of this financial year. While Germany has announced a considerable increase of its infrastructure investments, the lack of procurement and planning capacities means

that we still cannot expect any significant growth in 2016. On the earnings side, we see ourselves confirmed in our plans to reach an EBIT margin of 3 % on revenue by the end of the year," explains **Thomas Birtel**, CEO of STRABAG SE.

Output volume and revenue
STRABAG SE generated an output volume of € 2,256.93 million in the first quarter of the 2016 financial year – a decline of 9 %. On the basis of a very high level in the comparison period of the previous year, the output volume fell back in Germany (-5 %) and Poland (-29 %), where the unfavourable weather conditions had a negative impact on the first quarter results. The consolidated group revenue, like the output volume, was also down, falling by 7 % to € 2,124.01 million.

Order backlog
The order backlog also decreased on the year, coming to rest at € 13,976.62 million on 31 March 2016 – an 8 % decline versus the first quarter of 2015. While the segment North + West registered an improved order backlog – especially in Poland, thanks to several road construction contracts –, this figure was on the decline in the other two segments.

Financial performance
The limited capacity for construction in winter results in significant seasonal effects on the development of earnings and other financial figures of STRABAG SE. The first half of the year typically has a negative effect on results, which is then overcompensated by results in the second half of the year. As a result of the seasonal effects, a quarterly comparison makes little sense.

The EBITDA improved by 13 % to € -57.71 million, in part due to the lower burden from large-scale projects and the country-wide business in South-East Europe. The depreciation and amortisation was reduced by 6 % especially through the agreed sale of the hydraulic engineering business. The EBIT amounted to € -145.40 million, 9 % less deep in negative territory.

The net interest income stood at € -8.89 million, after a positive net interest income of € 7.70 million in the comparison period of the previous year. This can be explained by the significant positive exchange rate differences, especially regarding the Swiss franc, in the amount of € 14.66 million in the first quarter of 2015, while the first quarter of 2016 registered negative exchange rate effects of € -2.73 million. Below the line, this resulted in nearly unchanged earnings before taxes (EBT) of € -154.29 million. Accordingly, the income tax was again in positive territory with € 24.16 million and thus provided relief. This left a net income of € -130.13 million (-2 %). The third-party share of the earnings amounted to € 13.14 million (participation of third-party shareholders in loss), an increase of € 2.15 million versus the same quarter last year. The acquisition of the minority shareholdings of Ed. Züblin AG was finalised in April

2016 and so has no influence on the interim results from 31 March 2016. Overall, the net income after minorities reached a level of € -116.99 million. In light of 102,600,000 outstanding shares, this corresponds to earnings per share of € -1.14 as in the first quarter of the previous year.

Financial position and cash flows
The balance sheet total fell by € 827.32 million versus 31 December 2015 to € 9,901.55 million. Conspicuous was the decrease of the trade payables. As usual, the typical winter losses also led to a seasonally influenced slightly lower equity. The equity ratio, due to the lower balance sheet total, increased to 32.2 % after 31.0 % at the end of 2015. The net cash position stood at € 535.89 million; it therefore decreased, as is seasonally usual, in comparison to year's end. The cash flow from operating activities, at € -513.56 million, was significantly deeper in negative territory than in the first quarter of the previous year. The cash flow from investing activities, as a result of higher investments and lower asset sales, fell to € -51.98 million – a decline of € -19.16 million versus the first quarter last year. The cash flow from financing activities stood at € -78.62 million, due to the repayment of a project financing; in the previous year, a bond issue had made for a positive cash flow from financing activities.

Employees
The number of employees fell by 3 % to 68,808. This reduction took place almost entirely among blue-collar staff, especially in the human-resource-intensive regions of the Middle East and Africa. In Poland, employee levels were up thanks to the positive order backlog, while staff numbers remained more or less unchanged in the home markets of Germany and Austria.

Outlook
The Management Board of STRABAG SE expects the output volume for the 2016 financial year to remain unchanged at best. Organic growth at about the level of inflation is expected for the years to come. The Management Board confirms the target of achieving a lasting EBIT margin (EBIT/revenue) of 3 % starting in 2016, as the efforts to further improve the risk management and to lower costs have already had a positive impact on earnings.