

STRABAG SE with better earnings after six months

Contact

STRABAG SE
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- Output volume of € 5.7 billion after six months, 8 % below the very high figure of the previous year
- Order backlog up 4 % to € 15.4 billion
- EBIT – even when adjusted for a non-operating profit – up 29 %; seasonally negative as usual for the first half of the year
- Outlook 2016: slightly lower output volume, confirmed 3 % target for EBIT margin

		6M/16	6M/15	%	Q2/16	Q2/15	%
Output volume	€m	5,677.32	6,204.67	-8%	3,420.39	3,736.33	-8%
Revenue	€m	5,312.15	5,745.47	-8%	3,188.13	3,461.51	-8%
Order backlog	€m	15,413.25	14,841.43	4%			
EBITDA	€m	156.76	123.83	27%	214.47	189.92	13%
EBITDA margin	%	3.0%	2.2%		6.7%	5.5%	
EBIT	€m	-20.78	-68.42	70%	124.62	90.90	37%
EBIT margin	%	-0.4%	-1.2%		3.9%	2.6%	
EBIT clean ¹⁾	€m	-48.59	-68.42	29%	96.81	90.90	7%
EBIT margin clean ¹⁾	%	-0.9%	-1.2%		3.0%	2.6%	
Net income	€m	-32.97	-61.47	46%	97.16	65.98	47%
Net income margin	%	-0.6%	-1.1%		3.0%	1.9%	
Net income after minorities	€m	-25.00	-55.51	55%	91.99	60.96	51%
Net income after minorities margin	%	-0.5%	-1.0%		2.9%	1.8%	
Earnings per share	€	-0.24	-0.54	55%	0.90	0.59	51%
Employees	number	70,221	72,837	-4%			

1) in 2016 adjusted for a non-operating profit in the amount of € 27.81 million

Vienna, 31 August 2016 Publicly listed construction company STRABAG SE reports about a very positive development in the first six months of 2016: *“A non-operating profit led to a steep increase of our earnings. But even adjusted for this effect, the earnings improvement would still have been quite positive. We therefore confirm our aim of achieving an EBIT margin of 3 % for the full year 2016 – even when not taking into account the unplanned profit. The order backlog is pleasing, too. As the market leader in Germany, we are not only well engaged in building construction; also in road construction we register significant growth,”* explains **Thomas Birtel**, CEO of STRABAG SE.

Output volume and revenue

STRABAG SE generated an output volume of € 5,677.32 million in the first half of 2016, corresponding to a decrease of 8 %. The output

volume declined in Germany against very high levels reported in the comparison period of the previous year; the same can be said of Hungary and of Russia and Neighbouring Countries (RANC). Like the output volume, the consolidated group revenue also lost 8 % to settle at € 5,312.15 million.

Order backlog

The order backlog, on the other hand, increased by 4 % on 30 June 2016 versus the first half of the previous year to reach € 15,413.25 million. While several building construction projects in Germany contributed to a plus of about one quarter in this home market, declines were registered in Eastern Europe, e.g. in the RANC region, in Slovakia and in Romania.

Financial performance

The earnings before interest, taxes, depreciation and amortisation (EBITDA) improved in the first half of 2016 by 27 % to € 156.76 million, in part because large-scale projects and southeast European markets were no longer a burden. However, this figure also includes earnings from the sale of a shareholding related to the acquisition of the minority interest in subsidiary Ed. Züblin AG that cannot be assigned to the operating business.

The depreciation and amortisation was reduced by 8 % especially through the sale of the equipment of the hydraulic engineering business. The earnings before interest and taxes (EBIT) amounted to € -20.78 million, 70 % less deep in negative territory. The fact that this figure is not in positive territory is usual for this time of the year. Adjusted for the aforementioned non-operating effect, the EBIT would have amounted to € -48.59 million (+29 %). The net interest income stood at € -5.72 million – after a positive net interest income of € 0.69 million in the comparison period of the previous year. Below the line, this resulted in a 61 % increase in earnings before taxes (EBT) to € -26.49 million. After income tax of € -6.48 million, the earnings after taxes amounted to € -32.97 million versus € -61.47 million in the comparison period.

In the second quarter, the STRABAG Group acquired minority interests of Ed. Züblin AG. The minority interests still had to bear the typical winter losses of the first quarter, so that, taking into consideration minority interest totalling € 7.97 million, the net income after minorities reached € -25.00 million. In light of 102,600,000 outstanding shares, this corresponds to earnings per share of € -0.24 for the first half of the year.

Financial position and cash flows

The balance sheet total fell to € 9.9 billion from € 10.7 billion on 31 December 2015. Conspicuous was the decrease of the trade payables, due in part to the decline of the above-average level of advances at the end of 2015 and the reduction of the minority interests with a corresponding decrease in cash and cash equivalents. This was also the reason why the net cash position of

€ 1,094.48 million at year's end turned into net debt of € 12.65 million at 30 June 2016 (30 June 2015: net debt of € 200.74 million). The acquisition of the minority interest had only a minor impact on the equity ratio, which fell back slightly to 29.6 % from 31.0 % on 31 December 2015. The equity ratio on 30 June 2015 had been reported at 29.1 %.

At € -623.29 million, the cash flow from operating activities was significantly deeper in negative territory than in the first half of the previous year. This development was influenced particularly by the significantly higher increase of the working capital, which, due to a high level of advances, had been unusually low on 31 December 2015. The cash flow from investing activities, meanwhile, stood at € -161.04 million. This decrease by € -55.49 million versus the first six months of the previous year came in response to stronger investments in property, plant and equipment as well as through the purchase of the Tech Gate Vienna property near the STRABAG headquarters. The cash flow from financing activities turned from € 11.86 million to € -345.09 million, driven especially by the acquisition of the remaining shares of Ed. Züblin AG and by 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 4 % to 70,221. This reduction took place mostly among blue-collar staff in the human-resource-intensive regions outside of Europe, though staff levels also decreased in Germany, RANC and the countries of Northern Europe.

Outlook

The Management Board of STRABAG SE expects a slightly lower output volume for 2016. Organic growth at about the level of inflation is expected for the years to come. The Management Board confirms the target of achieving a sustainable 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.

***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 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.*