...thanks.
And you?

Annual Report 2020

STRABAG
SOCIETAS EUROPAEA

KEY FIGURES

KEY FINANCIAL FIGURES

	2016	2017	2018	2019	Δ %	2020
Output volume (€ mln.)	13,491.03	14,620.89	16,322.88	16,617.97	-7	15,446.61
Revenue (€ mln.)	12,400.46	13,508.72	15,221.83	15,668.57	-6	14,749.74
Order backlog (€ mln.)	14,815.79	16,591.87	16,899.71	17,411.48	5	18,369.02
Employees (FTE)	71,839	72,904	75,460	76,919	-3	74,340

KEY EARNINGS FIGURES

	2016	2017	2018	2019	Δ %	2020
EBITDA (€ mln.)	855.18	834.58	952.60	1,113.30	5	1,174.45
EBITDA margin (% of revenue)	6.9	6.2	6.3	7.1		8.0
EBIT (€ mln.)	424.91	448.36	558.21	602.58	5	630.65
EBIT adjusted (€ mln.)[1]	397.10		502.90			
EBIT margin (% of revenue)	3.4	3.3	3.7	3.8		4.3
EBIT margin adjusted (% of revenue)[1]	3.2		3.3			
EBT (€ mln.)	421.13	421.21	530.78	577.24	6	610.05
Net income (€ mln.)	282.00	292.36	362.78	378.56	5	399.06
Net income after minorities (€ mln.)	277.65	278.91	353.53	371.70	6	395.22
Net income after minorities margin (% of revenue)	2.2	2.1	2.3	2.4		2.7
Earnings per share (€)	2.71	2.72	3.45	3.62	6	3.85
Cash flow from operating activities (€ mln.)[2]	264.17	1,345.19	788.98	1,075.94	19	1,279.66
ROCE (%)	6.4	6.7	7.6	7.5		7.5
Investments in property, plant and equipment, and in intangible assets (€ mln.)	412.46	457.62	644.99	689.25	-21	544.13

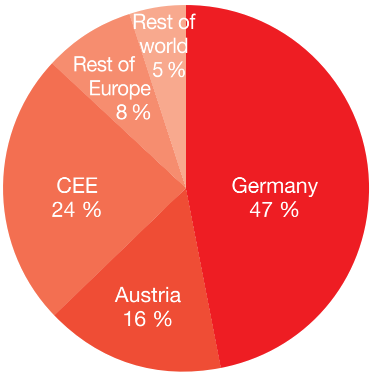
KEY BALANCE SHEET FIGURES

	2016	2017	2018	2019	Δ %	2020
Equity (€ mln.)	3,264.59	3,397.72	3,653.77	3,855.90	7	4,108.22
Equity ratio (%)[2]	31.5	30.7	31.6	31.5		33.9
Net debt (€ mln.)	-449.06	-1,335.04	-1,218.28	-1,143.53	53	-1,747.23
Gearing ratio (%)	-13.8	-39.3	-33.3	-29.7		-42.5
Capital employed (€ mln.)	5,258.17	5,242.91	5,552.09	5,838.71	0	5,815.14
Balance sheet total (€ mln.)	10,378.41	11,054.12	11,567.61	12,250.81	-1	12,134.44

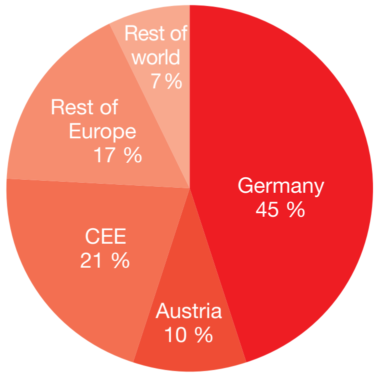
EBITDA = earnings before interest, taxes, depreciation and amortisation
EBIT = earnings before interest and taxes
EBT = earnings before taxes
ROCE = (net income + interest on debt - interest tax shield (25 %)) / (average group equity + interest-bearing debt)
Net debt = financial liabilities - non-recourse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

1 2016 adjusted for a non-operating income in the amount of € 27.81 million
2018 adjusted for a non-operating step-up profit in the amount of € 55.31 million

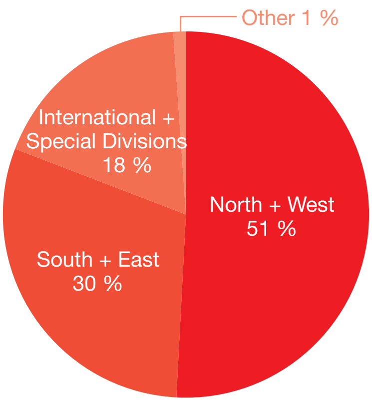
OUTPUT VOLUME BY REGION 2020



ORDER BACKLOG BY REGION 2020

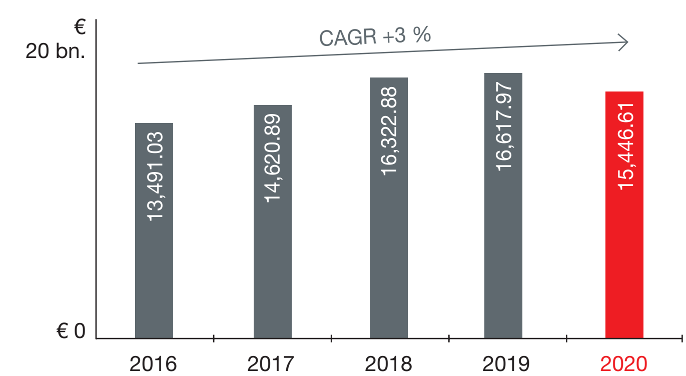


OUTPUT VOLUME BY SEGMENT 2020

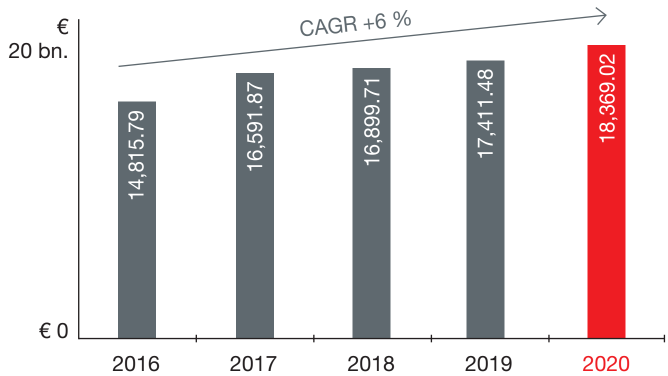


ORDER BACKLOG BY SEGMENT 2020

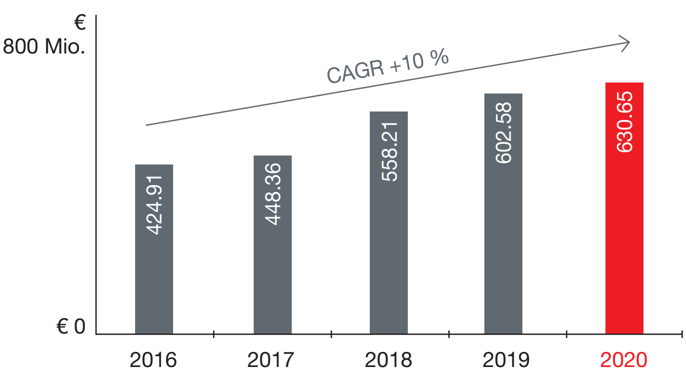
OUTPUT VOLUME



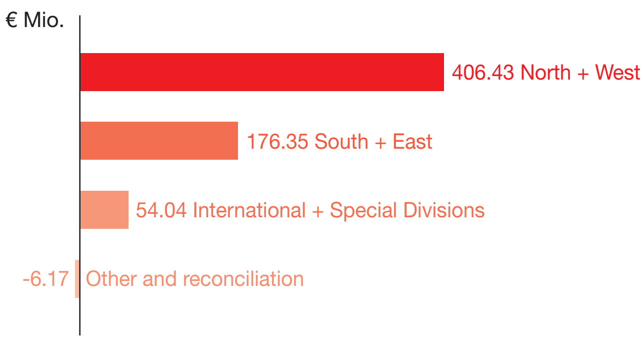
ORDER BACKLOG



EBIT



EBIT BY SEGMENT 2020



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

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1 This section was audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, under a limited assurance audit regime.
2 This part has been audited by the financial auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz.

STRABAG is a European-based technology group for construction services, a leader in innovation and financial strength. Our services span all areas of the construction industry and cover the entire construction value chain. 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.

Few questions were asked more often and more sincerely in 2020 than "How are you?" In a way, the pandemic turned the world into a global community, with people sharing the same fate across the globe. At the same time, however, the way we experienced the crisis and how the situation expressed itself differed greatly from country to country. The pandemic was everywhere; but everywhere, it was different – so, too, within our corporate group. Our many colleagues and co-workers experienced this extraordinary year in different ways, while also gaining new insights and breaking new ground. Join us on a trip around the world to see how some of our employees answer the question "How was 2020 for you?"

find out more

Bernhard Benesch
Bricklaying/Formwork Apprentice, Austria

“The hard lockdown in March temporarily shut down my construction site in Vienna and we were put on a short-time work regime. Construction started again two weeks later, though under strict safety measures. Workers had to wear a mask covering the nose and mouth whenever the safe distance could not be kept, containers and machines were disinfected at regular intervals, and break times were staggered. Fortunately, we never had a case of coronavirus on any of my construction sites.

A nice change of pace this year was the groundbreaking ceremony for STRABAG’s new apprentice training centre. As the face for the more than 340 apprentices in Austria, a few other apprentices and I spoke to the press and with politicians about why we decided to pursue a career in construction.

I also started vocational school several weeks ago and had to go straight into distance learning – a difficult thing to do when it comes to the manual tasks, though our teachers try very hard. In addition to my apprenticeship, I am also preparing for my school leaving certificate – with everything happening online at the moment. The circumstances aren’t exactly easy right now, but I am confident that I will successfully complete the apprenticeship and my school leaving certificate and I’m already looking forward to working on some exciting projects at STRABAG.”

Anders Feddersen
Site Manager, Denmark

“The coronavirus hit Denmark just a few weeks before the final handover of the Copenhagen metro line to Nordhavn. Together with my colleagues from ZÜBLIN, we had been working on the project for the past five years. A big event was planned to celebrate the opening – and even the Danish crown prince was set to attend.

find out more

Then, from one day to the next, everything changed. Suddenly, our deadlines were in jeopardy. But the team pulled closer together (not literally, of course) and we reorganised the way we worked. Construction continued in smaller teams, some working from home, others on the construction site. Together we solved tasks we had never imagined. In the end, we succeeded in completing the project on time. Instead of a big event, however, we now had to organise as small a celebration as possible. Unfortunately, the people of Copenhagen were also asked to avoid using public transport – including our new metro line.

So now the new normal is here, and no matter if I’m working underground in the metro tunnel or up in the clouds on a skyscraper, the coronavirus continues to influence my daily work.”

Rukhshona Kodirova
Road Construction Site Manager, Germany

“In 2020, I took over as site manager for two projects at once, namely two sections of the federal highway B10/B14 in Stuttgart. The main challenges were the lack of space and the time constraints – and then the virus came along.

Working in extremely cramped conditions, we now had to keep the teams distanced as much as possible. This meant organising the crews in such a way that there was no mingling, staggering break times and – if possible – setting up additional accommodation and sanitary facilities. These measures applied not only to our own teams, of course, but also to our subcontractors. Looking back, I have to say how proud I am that we were able to do all this and still keep precisely to the schedule.

I would say that 2020 was an exceptionally difficult year, but also an exceptionally strong one. Now I know that nothing can knock my team and me down so quickly.”

Haroon Ilyas
Electrical & Utilities Engineer/BIM 5D® Team, Oman

“Despite the fact that 2020 got started under unusual circumstances, the impact on our construction activity was overall rather small. While it’s true that the construction sector in Oman temporarily came to a standstill, the extensive safety measures that were put in place allowed things to get back to normal sooner than expected. The resumption of construction activity was a great relief for the many people working in the industry.

Still, Covid-19 has permanently changed the way we work – though for the better, if you ask me. The constraints imposed by the pandemic have led to new ways of interacting with one another. We have learned to work together without the need to be physically present. Many of the tasks that we would have previously thought impossible without face-to-face interaction are now done quite efficiently in online meetings.

The situation has lent the digitalisation of the industry an additional boost – and we can see that at STRABAG too. The paperless construction site has become a reality as a way of keeping physical interactions to a minimum but also to ensure our high quality standards.”

Sadat Lataj
Civil Engineering Construction Manager, Switzerland

"The restrictions associated with the pandemic, the decision to send some of our staff home to work remotely, and the lack of direct personal contact on-site have made it difficult to keep to the already very tight schedules and timetables for our construction projects. At the same time, it was important to ensure the health of our employees, both physically and mentally, under these difficult conditions.

With personal commitment and using efficient technical solutions like Microsoft Teams for our communication, we were able to keep to our schedules and meet the client specifications.

Looking back, I personally think that we learned a lot in 2020 as a team and that we will take many new insights with us into the future."

Tímea Szakács
Site Manager, Hungary

"I was working on the Budapest Metro rehabilitation project when the pandemic broke out in Hungary. Before the pandemic, having upwards of 30 people at a project meeting was completely normal. Now we were organising intercompany meetings (with clients, engineering consultants and partner companies) online through Microsoft Teams – and we actually made some very positive experiences.

One of our biggest challenges was how to complete the project on time despite the Hungarian government's decision to close the border. All resources from abroad had to be brought into the country and stored as quickly as possible, or we had to find equivalent alternatives in Hungary.

Following the imposition of a curfew in Budapest, it became necessary to prepare a contingency plan, as our work involved one of the most important metro sections in the city. Fortunately, we were also able to adequately prepare for the labour shortage in order to complete the project on time."

Christian Sadleder
Subdivision Manager Infrastructure Development, Colombia

find out more

"In Colombia, the news from China and Europe in early March had already alerted us to the possible consequences. Still, when the decision was taken a short while later to lock down the whole country with just 200 known positive cases – well, let's just say we were surprised. A national state of emergency, closed borders, a strict police-monitored curfew were suddenly the new normal. And nobody knew at the time how this would impact our large construction project.

We saw ourselves forced to reorganise our international team of around 3,000 people under constantly shifting realities. Construction on the site had to be partially halted, with work only allowed to continue at critical points under strict safety protocols. Despite the concern for our families back home, we managed to stay positive and make the best of the situation. Here in Colombia, we also benefited from the fact that the group had implemented communication tools like MS Teams in time. It's hard to imagine how we would have managed without these new digital channels.

One thing that I took away from this time personally is that the question "How are you?" is no longer meant as a mere formality or standard greeting – people are honestly interested in how others are doing. As a manager of a large team, I was reaffirmed in my conviction that, in addition to the hard economic factors, it is people that are the foundation of successful work. Within our corporate group, we've summed this up quite nicely in two words: TEAMS WORK."

find out more

Hidajet Čeliković
Construction Machine Operator, Croatia

"2020 was not only extremely challenging for me, but also very instructive. I worked as a construction machine operator, starting on the access road to the Pelješac Bridge and I have learned a lot of new things over the past year. From the first day of the pandemic until today, we never halted construction – even when the borders were closed, we continued our work and sometimes stayed on the site for two to three months at a time. Of course, this welds people together, and the sense of community in our team really helped us to get through this time. On the other hand, the strict safety regulations, like having to wear a mask and gloves or regularly disinfecting the equipment, did make the work somewhat more difficult.

A special milestone was the tunnel breakthrough at Debeli Brijeg. Despite the difficult circumstances, we managed to break through the tunnel 74 days before the scheduled date – this made all of us in the team feel an enormous sense of pride!

I am looking forward to working on new projects and overcoming further challenges together with this fantastic team. Without the whole Covid thing, of course."

find out more

Sarah Wicharz
Project Engineer, Australia

"'And how are things in Australia?' Under normal circumstances, this question would be about the project business. In 2020, however, it meant something different. Australia was quick to respond to the pandemic and took a rigorous approach that rapidly brought the economy back to full functionality (apart from the travel restrictions). The country also increased its infrastructure investments enormously in order to stimulate the economy even further.

In some ways, the past year actually brought many positive changes for us (as arguably the most remote unit in the group). We moved closer together as a team, and the increased use of digital communication has helped familiarise us with online conferencing, training and meetings as a perfect way to stay in touch with our colleagues in other countries in the future.

As an international team with families in Germany, Australia, Turkey, England and India, Covid-19 also had a strong personal impact. But when your grandmother, with her tablet always charged, asks when you can Skype again, you know that times have changed."

ABOUT THIS REPORT

For the 2020 financial year, as in the years before, STRABAG SE has drafted a **combined Annual Report** reflecting the situation of the group and its consolidated companies as at 31 December 2020. Both financial and non-financial information provide insight into the fundamental economic, ecological, social/societal and corporate governance consequences of our business activity. Most of the non-financial information is summarised in a separate section of the report – the **Consolidated Non-Financial Report**. We do so not only in response to the transparency demands of our most important stakeholder groups, but also to comply with Sec 267a of the Austrian Commercial Code (UGB) and the Sustainability and Diversity Improvement Act (NaDiVeG), which requires mandatory annual reporting on non-financial matters from large companies. The financial year of STRABAG SE corresponds to the calendar year and therefore runs from 1 January to 31 December.

This report – together with the corresponding online information – was prepared in accordance with the **sustainability reporting standards of the Global Reporting Initiative (GRI)** in line with the Core reporting option. The Consolidated Non-Financial Report was audited by the financial auditor under a limited assurance audit regime (the corresponding auditor's report can be found at the end of the Consolidated Non-Financial Report).

In the 2015 financial year, we launched our multistep materiality analysis in line with GRI G4, and in 2016 we reached a decisive milestone with the identification of the material aspects and the drafting of the first STRABAG materiality matrix. This materiality analysis was updated in 2020. Detailed information about the further development of the materiality analysis, the dialogue with stakeholders, how we steer our projects, which measures we are initiating, how we determine their effectiveness and how we organise ourselves for these tasks is available in the **Consolidated Non-Financial Report** and at www.strabag.com > Strategy. To present the many aspects of sustainability more quickly and in an up-to-date manner, we have been providing detailed online reporting on this subject for several years.

Our aim for the future is to present all information on major topics for the entire group. A large portion of the data – especially in the area of environmental and quality management – is available via the internal data management system or the STRABAG-developed energy and CO_2 data software CarbonTracker and FuelTracker or can be taken from other sources. Nevertheless, the decentralised group structure and the country-specific conditions make it necessary for some group companies and holdings to use their own management and enterprise resource planning (ERP) systems, which means that complete, uniform data are not available. **Data** that do not comprise all group countries are pointed out at the corresponding indicator in the GRI content index.

In 2019, we also began evaluating STRABAG's business activity in terms of its contribution to the United Nations **Sustainable Development Goals (SDGs)**.

CEO'S REVIEW

Dear shareholders, associates and friends of STRABAG SE,

The world, the group, each and every one of us was confronted with completely unforeseen challenges and important decisions in the past year. The key was to adapt quickly to the dynamic developments and move cautiously yet resolutely through unfamiliar terrain. But the good news is that STRABAG mastered these challenges and we are pleased to be able to present to you a satisfactory result.

The fact is that the construction industry in general, and STRABAG in particular, did not suffer from the pandemic as much as other sectors of the economy. Still, things were not the same for us either. Never before have we had to keep office teams apart and ensure maximum safety distances on the construction site. Never before have we been so concerned with the procurement and provision of hygiene and safety articles. And never before have our employees in our various group countries had to deal with such different and rapidly changing rules, regulations, prohibitions and recommendations.

For this reason, we want this annual report to also give you a first-hand impression of the day-to-day working routine of colleagues from all over the STRABAG world. As the title for this year's annual report, we have chosen an answer to what was probably the most frequently asked question last year – whether by phone or during a video conference – "How are you?" The answers from our home markets, but also from Colombia or Oman, provide an intriguing context for the figures in this annual report and put a face – or rather, many faces – to our success as a group.

This diversity is also a reflection of our strategy of diversification. This year-in-review offers confirmation of our strategy and proves the robustness of our business model. The following factors have especially helped bring us through the global crisis:

#1 – Diversification by markets

We see ourselves as a European construction company with a strong focus on Central and Eastern Europe. This crisis has again shown that the markets in this region – despite their geographical proximity – behave very differently. While construction in Austria came to a standstill for a period of ten days due to the lockdown, with a corresponding drop in output volume, work continued uninterrupted in other important core markets such as Poland and the Czech Republic, which even registered output growth. Overall, the decline in construction output was less than forecast in the first half of the year. At € 15.4 billion, the **output volume** was only 7 % below the record level of 2019. An additional negative effect was exerted by the loss of a German key account in Property & Facility Services resulting from an expired contract in mid-2019 as well as the working-off and completion of tunnelling projects in Chile.

#2 – Diversification by segments

We provide services along the entire construction value chain for both public and private clients. While declining investments are expected in parts of the private sector, these should be offset by the economic stimulus programmes from the public sector. The **order backlog** as at 31 December 2020 actually increased by 5 % to € 18.4 billion, reaching an all-time high at the end of the year. While declines were registered in Austria, Poland and Hungary, strong growth was recorded in the German market, especially in transportation infrastructures.

#3 – Regional focus

The construction business is a very local, decentralised business. The majority of the raw materials required are obtained or processed locally. Our main supply chains continued to run undisturbed last year, allowing us to maintain construction site operations. Our high level of proprietary coverage with raw materials also benefited us in this respect. The high value-added factor also goes hand in hand with our role as an employer: short-time working schemes were only required to a very limited extent. The average number of **employees** dropped only slightly compared to the output volume, decreasing by 3 % to 74,340.

#4 – Partnership

In times of great uncertainty, including legal uncertainty, partnership has proven to be the best way to overcome challenges, not only with our customers but also with social partners and the authorities. Solutions were found together to implement the safety concepts quickly and efficiently. Together, agreements were made to share additional costs in a way that was economically justifiable for both sides. Our corporate value of partnership impressively proved its worth last year. For this, we express our sincere thanks to all our partners!

#5 – Safety

In 2019, we launched a group-wide initiative to focus even more on occupational safety than before – as we showed in last year's annual report. With the Covid-19 pandemic, safety at the workplace has taken on a completely new dimension with very dynamic developments. I would like to take this opportunity to thank both our dedicated safety professionals and our employees for their responsible actions. As a result, we have managed to keep the incidence of infection at a very low level in most of our group countries.

A look at the actual figures shows that extraordinary times can also deliver extraordinary results. The **earnings before interest and taxes** (EBIT), the most important financial indicator for us, managed to grow by 5 % above the previous year's level to reach € 630.65 million in 2020. In combination with the decline in output, this results in a considerably higher EBIT margin (4.3 %) than previously anticipated. An unusually large number of positive factors came together here to produce this result. The situation should return to normal in 2021, however, with an EBIT margin below 4.0 %.

The **equity ratio** remained solid as usual with 33.9 % after 31.5 % in the previous year. Our **S&P investment grade rating** of BBB, outlook stable, was confirmed. And we continue to report a **net cash position**.

+5 %

Order backlog remains at high level

€ 1.90

Highest dividend since the IPO

4.0 %

Predicted EBIT margin as of 2022

In the previous year, our shareholders gave priority to the principle of prudence in view of the uncertain development of the economic environment and agreed to reduce the dividend to € 0.90 per share. The liquidity condition, which was also imposed, was safely fulfilled as at 31 October 2020 so that the payment could be made in November. Although an end to the pandemic still cannot be reliably predicted, we nevertheless believe that all the conditions are in place for you, our shareholders, to participate in the positive financial figures. The Management Board therefore proposes to the Annual General Meeting on 18 June 2021 a dividend of € 1.90 per share – the highest level since the IPO. The payout ratio thus comes to 49 %, which is at the upper end of the range of 30–50 % of net income after minorities as defined by our dividend policy. The dividend yield is 7.3 % based on the average share price for 2020. Our share price has also proven to be robust. Shares of STRABAG returned to pre-crisis levels on 16 November 2020 and closed the year at € 28.45 (- 8 %).

THE MOST IMPORTANT FACTS FOR OUR SHAREHOLDERS

Share price of STRABAG SE at year-end 2020	**€ 28.45**
Proposed dividend per share	**€ 1.90**
Earnings per share	**€ 3.85**
Dividend yield	**7.3 %**
Ex-dividend date	**25 June 2021**
Payment date for dividend	**29 June 2021**
Annual General Meeting	**18 June 2021**

In view of the high order backlog, we are venturing a cautiously optimistic **outlook** for 2021. An output volume slightly above the previous year's level is expected. From today's perspective, slightly positive changes in the high output level should be observed in all three segments, North + West, South + East and International + Special Divisions. We stand by our medium-term target of a **4.0 % EBIT margin as of 2022** and see ourselves confirmed in our strategy to date. This assumption is also based on the progress we are making in project risk management in all our core markets.

On behalf of my colleagues on the Management Board, I would like to thank everyone who has contributed to our success this year: our more than 74,000 employees, our clients and partners – and above all, of course, you, our shareholders, for your trust in our company!

Yours,

Thomas Birtel
CEO of STRABAG SE

Vienna, 30 April 2021

THE STRABAG GROUP AT A GLANCE

- OUR BUSINESS: INTEGRATE SERVICES ALONG THE CONSTRUCTION VALUE CHAIN AND ASSUME RESPONSIBILITY FOR THEM
- OUTPUT VOLUME OF € 15.4 BILLION IN 2020
- BUSINESS IN FOUR OPERATING SEGMENTS: NORTH + WEST (51 % OF THE GROUP OUTPUT VOLUME), SOUTH + EAST (30 %), INTERNATIONAL + SPECIAL DIVISIONS (18 %) AND OTHER (1 %)

Our mission statement and guiding principles

STRABAG is a European-based technology group for construction services, a leader in innovation and financial strength. Our services span all areas of the construction industry. We create added value for our clients by our specialised entities integrating the most diverse services and assuming responsibility for them. We bring together people, materials and machinery at the right place and at the right time in order to realise even complex construction projects – on schedule, of the highest quality and at the best price. In short: We assume a part of the risk, thus relieving our clients.

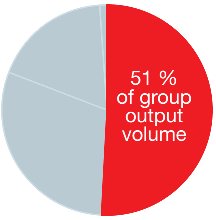
Thanks to the hard work and dedication of our more than 74,000 employees, we are one of the few companies capable of offering services along the entire construction value chain – from design to planning, from construction to property and facility services, from operation all the way to demolition. In this way, we generate an annual output volume of around € 16 billion. At the same time, a dense network of numerous subsidiaries in many European countries and on other continents is helping to expand our area of operation far beyond the borders of Austria and Germany. This broad diversification puts us in a position to build cost- and resource-effectively.

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

How we see these guiding principles in detail > www.strabag.com

Four segments

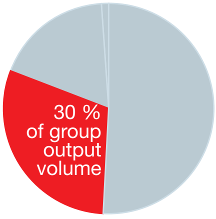
We provide our services in four operating segments:



NORTH + WEST

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

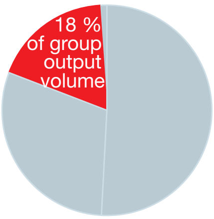
	2020	2019
Revenue (€ mln.)	7,461.87	7,555.75
EBIT (€ mln.)	406.43	310.20
EBIT margin (%)	5.4	4.1
Employees (FTE)	25,801	25,386



SOUTH + EAST

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

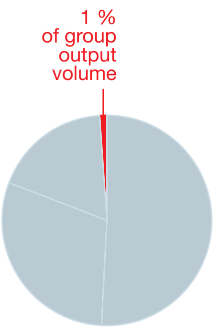
	2020	2019
Revenue (€ mln.)	4,602.83	4,879.50
EBIT (€ mln.)	176.35	121.97
EBIT margin (%)	3.8	2.5
Employees (FTE)	20,512	19,850



INTERNATIONAL + SPECIAL DIVISIONS

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

	2020	2019
Revenue (€ mln.)	2,670.21	3,216.67
EBIT (€ mln.)	54.04	183.97
EBIT margin (%)	2.0	5.7
Employees (FTE)	21,339	25,219



OTHER

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

	2020	2019
Revenue (€ mln.)	14.83	16.65
EBIT (€ mln.)	0.90	0.87
EBIT margin (%)	6.1	5.2
Employees (FTE)	6,688	6,464

STRABAG TEAMS WORK.

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

STRATEGY

Factors influencing the business model of construction

Economic Responsibility

Investment story: four trends make the construction sector attractive

Buildings are made with the aim of being available for a very long useful life. This requires forward-looking planning, thinking and acting. It seems reasonable to conclude, therefore, that the industry would be of interest to long-term investors; after all, the fundamental demand for construction is unlikely to dry up. But you don't need to have centuries in mind for an investment in construction to pay off – the following four trends make the construction sector an attractive option for the current decade:

Trend 1 – Urbanisation: The United Nations (UN) estimates that 68 % of the world's population will be living in cities by the year 2050 – this represents an increase of the urban population by 2.5 billion people. Accompanying this growth is a higher demand for infrastructure. An example: Based on an expert opinion commissioned by the federal government, the backlog resulting from the lack of maintenance measures alone in rail infrastructure in our home market of Germany was estimated at just under € 50 billion in 2019. And according to calculations by McKinsey&Company from February 2018, Germany needs to increase its annual construction volume by about € 40 billion in order to reach its political goals for infrastructure and residential construction.

Environmental Responsibility

Trend 2 – Energy efficiency: As part of the Green Deal, the European Union wants to raise the original reduction target for greenhouse gas emissions by the year 2030 to at least 55 % below 1990 levels. In the EU, buildings are responsible for about 40 % of final energy consumption and 36 % of CO_2 emissions. Not least for this reason, clients are increasingly demanding that even existing buildings be converted to higher energy efficiency and lower-emission operation. According to the United Nations Environment Programme, the sector has so far contributed little to the agreed reduction of greenhouse gas emissions. In addition to comprehensive political measures, digitalisation as well as new, environmentally friendly technologies will also be drivers for the energy efficiency of buildings in the future.

Trend 3 – Financing environment: Low interest rates make real estate an attractive investment for some investor groups. An increase in interest rates would therefore entail a certain degree of risk, especially for demand in the predominantly private building construction market. It also means that local overheating of property and rental prices can no longer be ruled out.

Trend 4 – Digitalisation: In contrast to sectors like the automotive industry or consumer goods industry, the degree of digitalisation in the construction sector remains relatively low. Experience has shown, however, that the digitalisation and networking of data during the life cycle of a building holds advantages for the various project participants – be it during the design, build or operate phases of the building. The increasing digitalisation of processes, therefore, allows us to expect significant productivity growth in the construction industry.

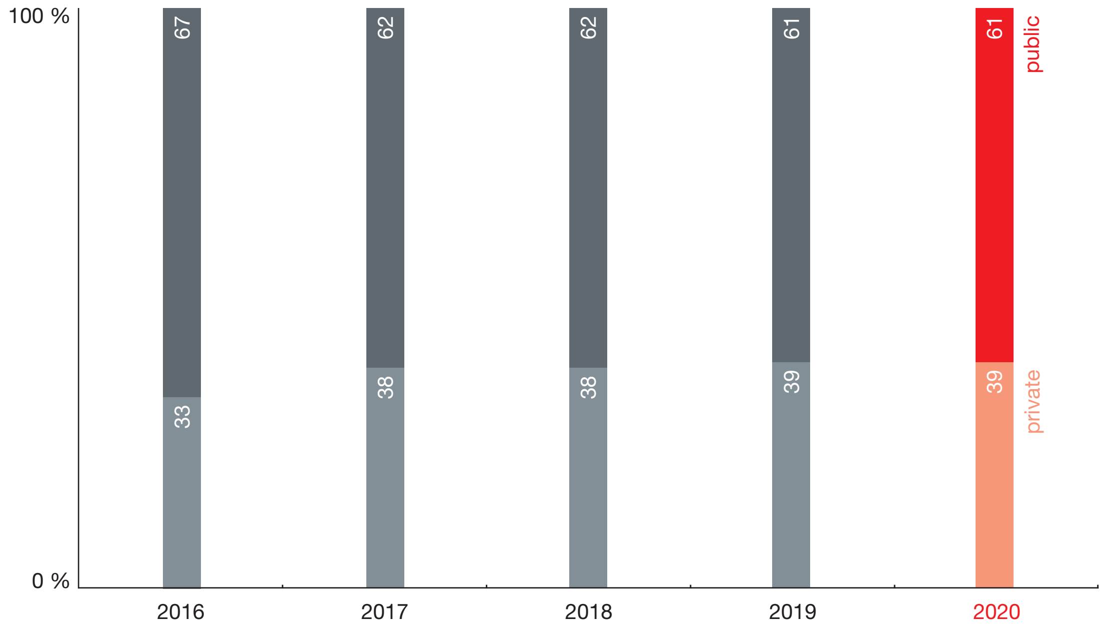
These four large trends are thus decisive for the attractiveness of the sector. But what is decisive in determining which company is awarded a contract? What do building clients look for in this regard?

Here it is important to make a distinction between the public and the private sector: While price is still mostly the decisive criterion for public-sector clients, private clients often look for the best offer – and this need not always be the lowest bid. The costs over the entire life cycle, including the operating costs, are also taken into consideration. Additional criteria play a role as well: As every building is unique, clients must be able to trust the abilities of the construction company. This trust is established through references, among other things. During tender processes, we are often asked about comparable projects that we have 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, as well as professional and comprehensible processes.

In some parts of the public sector, the **best bidder principle** is beginning to gain a foothold. This principle entails public-sector contracts not being automatically awarded to the company with the lowest monetary bid, but also taking social, environmental and sustainability criteria into account. The STRABAG Group supports this principle, an initiative that is being driven by the trade unions and other organisations. From an overall perspective, the best bidder principle is better for the population and for the national economy than choosing what at first glance appears to be lowest bid. On the one hand, it is a way of securing local jobs. On the other hand, the costs of a building after the actual construction phase must also be taken into consideration – best bids include these costs in their cost estimate so as to minimise expenses over a building's full life cycle.

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

OUR CLIENT STRUCTURE



In 2020, the construction industry in general and STRABAG in particular were able to demonstrate their robustness even in times of a global health and economic crisis. We see ourselves confirmed in the selection of our strategic priorities in view of the developments in 2020 and will continue to pursue these consistently:

Three strategic priorities

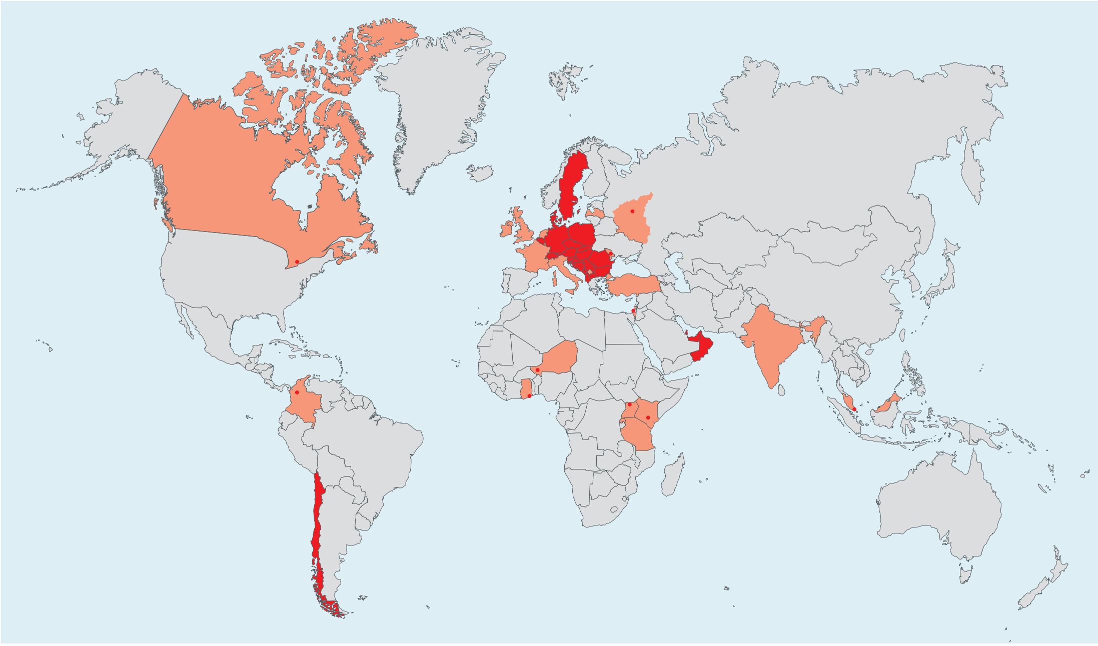
#1 – STAYING DIVERSIFIED

The various forces driving the construction industry and its subsectors advise a corporate strategy that is built on diversity. This diversity can be seen in our employees but also in the regions and construction segments in which we operate. We therefore see ourselves as a European group that offers a broad range of construction services internationally. Selective diversification brings a number of advantages. For one, it allows us to respond quickly to opportunities in different markets. Also, the existing country network helps us in our expansion, allowing us to deploy large equipment to different regions and to pass on know-how and technologies to the local management so they are of benefit there. Moreover, we spread our risk by not concentrating our business on just a few countries (see graph "Total construction output by country").

Firmly established in our home markets of Austria and Germany, which account for 63 % of our output, we generate an additional 24 % of our business in Central and Eastern Europe and another 8 % 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 Colombia or the Middle East. We handle these international markets – they account for 5 % of our output volume – mostly as part of the direct export business.

The coronavirus crisis has had quite different impacts on our various markets. While construction activities were temporarily suspended in Austria due to a strict lockdown in March 2020, work was able to continue unhindered in many other markets, such as Germany, Poland and the Czech Republic. This is also reflected in the output figures for these countries. More information is available in the Management Report.

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



region-wide presence

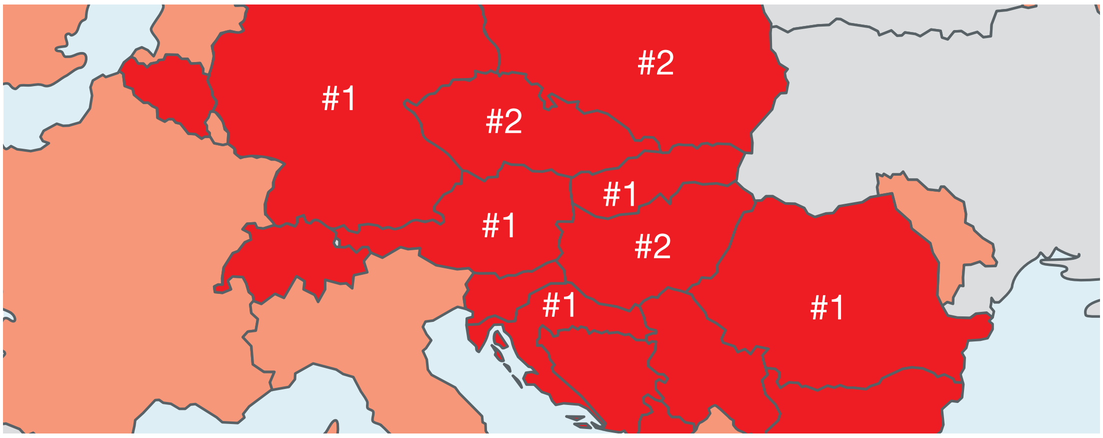
project business

Details: see Country Report

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

1 Only countries with a minimum annual output volume as well as a minimum order backlog of € 1 million are considered.

STRONG MARKET POSITION

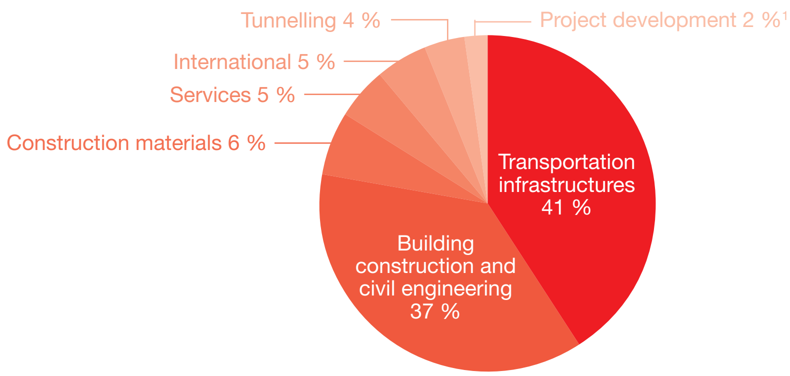


More information on our activities in the various segments is available in our Segment Report

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. 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 expanded our range of services a few years ago, for example, in the field of intelligent transport systems and electronic toll solutions or in the services business, so that today around 87 % of our business comes from construction, 5 % from services, 6 % from the construction materials sector and 2 % from real estate project development and concessions. The output volume from the latter segment is low by nature, however, as it refers only to the management of a project without including its actual construction.

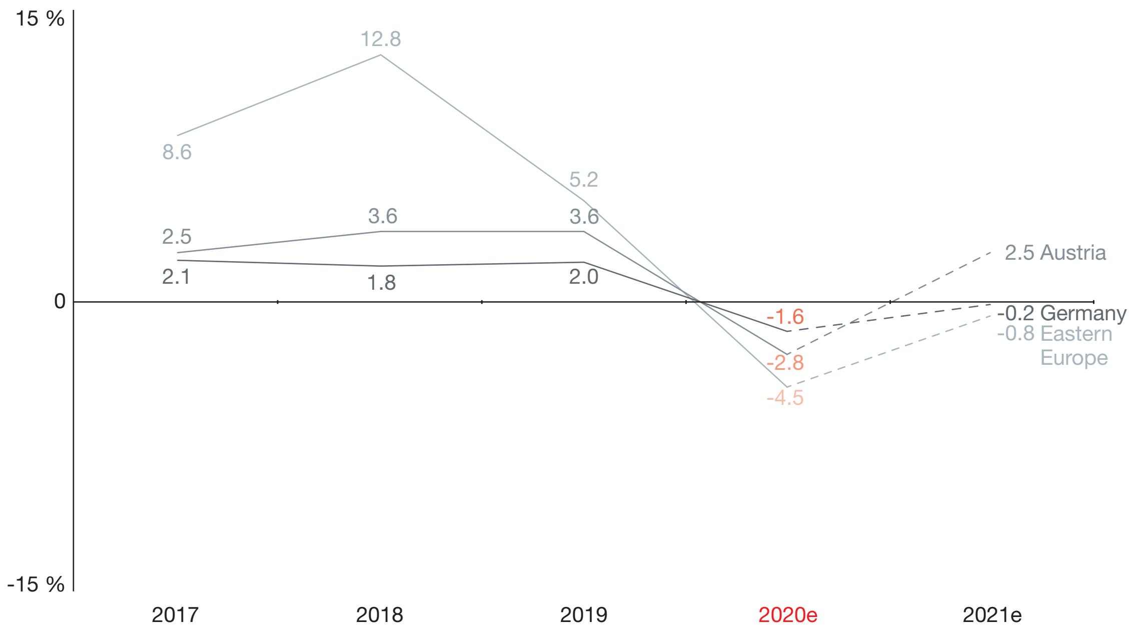
This strategy has proven its worth in the current economic crisis. The order backlog as at 31 December 2020 even managed to exceed the previous year's level by 5 %. While individual market segments such as the retail and hotel sectors have been severely affected and a decline in investments is therefore to be expected, the governments in our core markets have already communicated their intention to invest more in order to stimulate economic growth. We will also benefit from these stimulus programmes due to our strong position in the public infrastructure sector. A slight shift towards transportation infrastructures could already be observed in 2020.

OUTPUT VOLUME BY SEGMENT



1 Construction activities not included

TOTAL CONSTRUCTION OUTPUT BY COUNTRY[1]



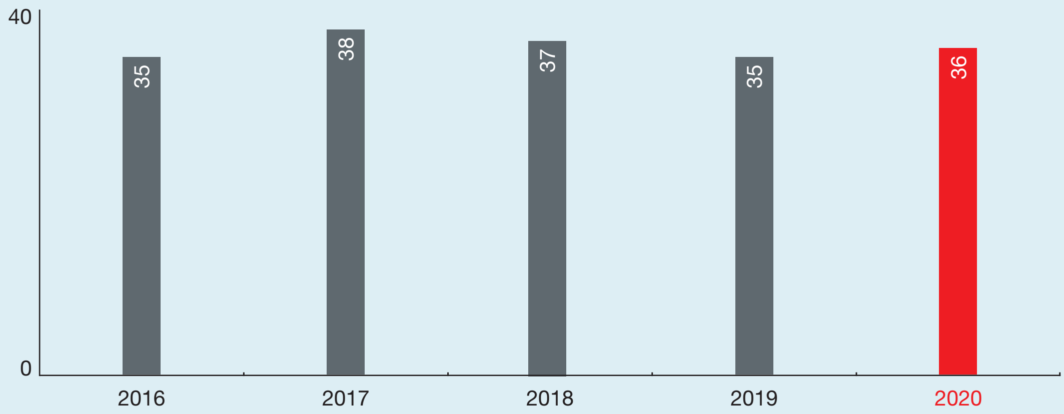
See chapter "Client Satisfaction"

Especially in economically difficult times, it is important not to depend on just a few specific markets. We therefore began to focus on diversification at an early stage – and this strategy has paid off. Germany, a market which had not been given a lot of hope ten years ago, proved to be a growth driver in recent years. Investors have sought refuge in real estate, as other investment options involve high risk without being very lucrative. Additionally, public-sector infrastructure investments have picked up speed in Germany over the last years, so that the activity in transportation infrastructures is expected to continue at a high level in the coming years.

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 (design-build-operate) reduce redundancies and simplify the process so that projects are completed quickly and smoothly.

PUBLIC-PRIVATE PARTNERSHIPS AS PART OF A DIVERSIFIED SERVICE PORTFOLIO

NUMBER OF PPP PROJECTS IN THE GROUP



1 Source: Euroconstruct, winter 2020

>€ 10 billion
total investment volume

€ 556 million
equity invested

We have been working successfully with operator models for more than three decades. In the areas of building construction and infrastructure, the portfolio comprises 36 public-private partnership (PPP) projects with a **total investment volume** of € 10.2 billion (2019: € 9.3 billion). Of these, 19 projects with a total investment volume of € 465.52 million are building construction and 17 with a total investment volume of € 9.7 billion are infrastructure projects. Across all concession projects, we had a proportionate share of equity in the amount of € 555.92 million invested in 2020 and had committed a further € 13.35 million for a total of € 569.27 million.

In the 2020 financial year, the following developments are to be emphasised:

- Construction is still proceeding according to plan on the **"Mar 1" road construction project in Colombia**, with a degree of completion of over 80 % despite the pandemic.
- Construction work on the PPP project involving two **school campuses for the City of Vienna** (3rd and 22nd district) is in full swing with the aim of completion in time for the 2021/2022 school year.
- In Germany, the group acquired the **A49 motorway project** in Hesse. The 30-year PPP contract started in September 2020 (STRABAG share in the concession company: 50 %). The 62 km long route also includes the construction of a new 31 km section being implemented by a consortium in which we also hold a 50 % share.
- In the energy sector, Silenos Energy, a 50 % subsidiary of STRABAG SE, obtained international project financing for the **Bruck geothermal power plant** at the beginning of the year. The facility has now been finalised and will commence trial operations at the beginning of 2021.
- In our **A2 motorway project in Poland** (AWSA), we successfully completed the remaining work for the third lane of the bypass in Poznań.

PPP financing widens the public sector's scope of action. However, the low interest environment has led to a reduced importance of this financing alternative in several countries that had traditionally been heavily involved in PPP.

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 & Facility Services, A-WAY, EFKON, STRABAG Infrastructure & Safety Solutions or STRABAG Environmental Technology, 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 or a usage-based 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 20 in the Notes). Non-recourse debt resulting from these consolidated project companies is 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, for the most part, 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.

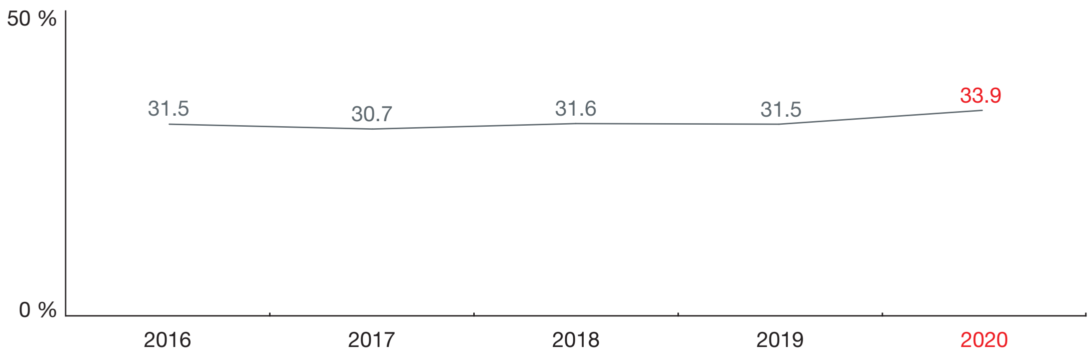
#2 – MAINTAINING FINANCIAL STRENGTH

Equity ratio:
33.9 %

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

This is why maintaining our financial strength is a strategic priority. We see the equity ratio as a suitable figure with which to measure STRABAG's financial stability and strength. We are satisfied with an equity ratio (group equity/total equity) above 25 %. As at 31 December 2020, this figure stood at 33.9 % – despite the own shares held by the company in the amount of 6.7 % of the share capital, the value of which is deducted from the equity.

DEVELOPMENT OF THE EQUITY RATIO



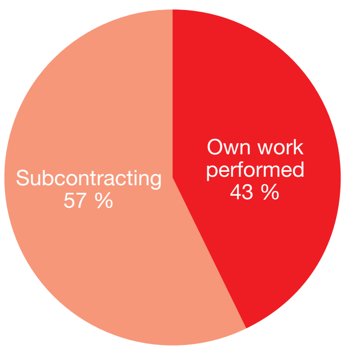
S&P rating: BBB,
stable outlook

The financial strength of our company is also evaluated independently. In June 2015, the ratings agency Standard & Poor's (S&P) raised the investment grade rating for STRABAG SE by one level from BBB- to BBB. This rating was last confirmed in October 2020. S&P left the outlook at "stable". The group's financial strength – expressed in form of a high equity ratio, a net cash position of € 1,747.23 million with a balance sheet total of € 12.1 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.

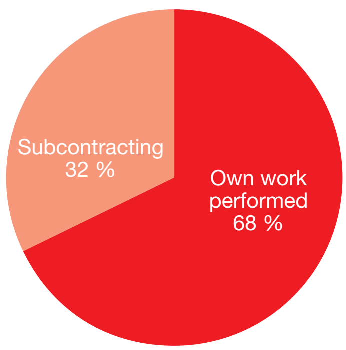
#3 – SHOWING FLEXIBILITY

Our flexibility, which helps us to respond quickly to changes on the market, is another 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 working on maintaining our geographic presence in non-European countries to become less dependent on individual markets.

SUBCONTRACTING BUILDING CONSTRUCTION AND CIVIL ENGINEERING



SUBCONTRACTING TRANSPORTATION INFRASTRUCTURES

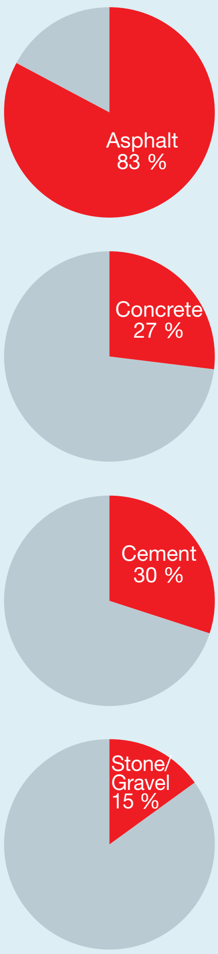


OWN CONSTRUCTION MATERIALS NETWORK TO INCREASE FLEXIBILITY

Due to our construction materials network, which helps to ensure a supply of resources from within the group, dependence on external suppliers is reduced and we are able to better plan our access to resources. 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 construction materials network that is especially dense in our home markets. With 273 active asphalt mixing plants[1] (2019: 273) we covered 83 % of our group asphalt needs last year (2019: 83 %). In this area, we have already enjoyed an optimal degree of self-sufficiency for several years. In terms of proprietary coverage, the other construction materials also exhibited a stable trend in 2020. Proprietary coverage with concrete remained nearly unchanged at 27 %, after 25 %, with a total of 139 active concrete mixing plants (2019: 146). In the field of stone/gravel, coverage stood at 15 % as in the previous year, while the number of active production sites fell from 148 to 143. The investments in five (2019: five) cement plants cover 30 % of our cement needs (2019: 34 %). Since the 2016 financial year, Sec 267b of the Austrian Commercial Code (UGB) requires STRABAG SE to publish a consolidated report on behalf of its subsidiaries in the extractive industries concerning payments to governments. This report is available at www.strabag.com.

CONSTRUCTION MATERIAL NEEDS COVERED USING OWN RESOURCES



Asphalt

We produced 16.3 million tonnes of asphalt in the past financial year, compared to 16.6 million tonnes in 2019. Most of this amount was produced in Germany, Austria, Poland, the Czech Republic and Romania. Of the asphalt produced, 58 % (2019: 59 %) was sold within the group at the usual market rate. The rest was sold to third parties.

Concrete

The production of concrete – more than 74 % of which takes place in Hungary, Austria, the Czech Republic and Germany – amounted to 3.7 million m^3 in 2020, compared to 4.2 million m^3 in 2019. Some 33 % of the concrete produced was sold within the group (2019: 28 %).[2]

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 LafargeHolcim. We hold 30 % of the joint venture, so that it is reported in the consolidated financial statements using the equity method. In addition to the Hungarian site, the company also owns two production facilities in Austria (Mannersdorf and Retznei), amongst others. Thanks to the joint procurement and administration handled by this joint venture, STRABAG benefits from economies of scale and from the know-how of global cement market leader LafargeHolcim. We also hold a minority interest in the Slovakia-based cement firm Cemmac a.s.

Stone/Gravel

The STRABAG Group produced around 32.2 million tonnes of stone and gravel in 2020 and thus just as much as in the previous year. Some 29 % of these resources were used by group companies (2019: 27 %).[2] Being active in the production of stone and gravel, STRABAG is considered to be part of the extractive industries.

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

With the exception of asphalt, where our coverage is already very 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 € 640 million (2019: € 690 million).

Our strategic programme: FASTER TOGETHER 2022

The multitude of structures and projects that we build are only possible because we can bring together the right people, materials and equipment at the right place and at the right time. This would not be possible without teamwork – across geographic boundaries and business units. That's why we continue to work in line with our corporate motto: TEAMS WORK.

To give our employees a sense of direction, we took an important step with the launch of our group-wide strategy programme FASTER TOGETHER 2022. An important element is the STRABAG Action Plan, under which interdisciplinary teams work in close cooperation with the operating units in several individual initiatives on finding new solutions together with the innovation management.

People First: As a learning organisation, we pay attention to respectful cooperation and safe working, promote a strong team culture and create attractive and future-proof jobs.

→ Chapters “General Employment Figures”, “Occupational Safety”, “Health Protection”, “Strategic Human Resource Development”, “Human Rights”

teamconcept: Our partnering model has the added value for all project participants in mind. By jointly setting the construction target and through transparent construction, the risks for all parties to the contract are minimised.

→ Chapter “Client Satisfaction”

BIM 5D®: The digital working method makes it possible to better design, build and operate construction projects. The gain in transparency creates cost, planning and scheduling security at a higher level.

→ Chapter “Digitalisation and Innovation”

SMART.Construction: New technologies enable future-proof construction and relieve our construction teams of unproductive routine activities. This creates space for innovative solutions.

→ Chapter “Digitalisation and Innovation”

LEAN.Construction: Together with the construction teams, construction processes and site-related activities are analysed, shaped using LEAN principles and continuously improved so that projects can be realised in a more structured and efficient manner.

→ Chapter “Client Satisfaction”

Strategic Procurement Solution: In order to create a stronger presence on the market and to make purchases more strategically, we define uniform purchasing standards and are introducing a group-wide platform solution for working with our suppliers.

→ Chapter “Digitalisation and Innovation”

Project Risk Management: To reduce risks during the procurement and execution of construction projects, we analyse cause-and-effect mechanisms, draw conclusions and develop standards and systems with group-wide validity.

→ Chapter “Risk and Opportunity Management – Project Risk Management”

The **Innovation Management** and the **Sustainability Management** collect, promote and connect all the ideas and initiatives that help advance STRABAG further into the future.

→ Chapters “Digitalisation and Innovation”, “Energy and Emissions”

In this way, we summarise those issues that we believe make STRABAG fit for the challenges ahead and help us to continually improve.

How we measure our strategy's success

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

Strategic field	Issue	Key figure/Criteria	2019	2020	Targets
Economic Responsibility	Capital market appeal	Equity ratio	31.5 %	33.9 %	≥25 %
	Capital market appeal	S&P rating	BBB	BBB	Maintain investment grade rating
	Capital market appeal	Output growth	+2 %	-7 %	2021: more than € 15.4 billion
	Capital market appeal	Dividend	25 % of net income after minorities	49 % of net income after minorities	30–50 % of net income after minorities
	Capital market appeal	EBIT margin	3.8 %	4.3 %	2022: EBIT margin 4.0 %
	Client satisfaction[1]	Client satisfaction (index)	1.87	1.87	Maintain at least the previous year's level
	Digitalisation and innovation[1]	Collection and analysis of machine data	34 %	37 %	Increase the previous year's level
		Outfitting of key equipment with machine control systems	12 %	15 %	
		BIM 5D® workstations	1,560 (+15 %)	1,908 (+23 %)	2021: double-digit percentage growth
		Share of workplace computers with Office 365 installed	99 %	100 %	Target achieved
		Percentage of employees using mobile end devices	Tablets: 17.9 %	Tabets: 23.0 %	
		Research and development funding provided by the company	€ ~ 17 million	€ ~ 17 million	Maintain at least the previous year's level
		Number of subdivisions with at least one person responsible for innovation	23 (of 119)	see page 77	Increase year-on-year in relation to the number of subdivisions
		STRABAG events on the topic of innovation: Number of participants and number of participating organisations	>1,000 participants from 18 organisational entities	see page 78	2021: ≥1,000 participants ≥18 organisational entities
People & Workplace	Equal treatment of women and men	Diversity in governing bodies and among employees – Number of women as a percentage of employees and the management[2]	Employees: 16.9 % Management: 9.3 % Supervisory Board: 18 %	Employees: 17.1 % Management: 9.3 % Supervisory Board: 27 %	2021: >17.1 % 2021: >9.3 % Medium term: at least 3 women on the Supervisory Board (≥27 %)
	Occupational safety[1]	Lost-time accident rate[3]	0.24 %	0.27 %	Vision Zero – Zero Accidents
		Accident incident rate[4]	15.9	15.9	Vision Zero – Zero Accidents
	Health protection[1]	Lost-time illness rate[5]	4.9 %	5.6 %	
	Human rights	Number of cases of discrimination	1	3	
	Strategic human resource development[1]	Number of appraisal interviews held and recorded in the reporting period versus number of employees[2]	60 %	51 %	Until 2022: 80 %
		Seminar days per employee[2]	1.42	0.68	
Corporate Citizenship	Societal engagement	Expenditures for core projects and initiatives in the reporting period	€ 4.20 million	€ 3.30 million	Promote selected initiatives in the long term
Business Compliance	**Fair competition**[1]	Training "Anti-Corruption and BCMS"	• 90 %	• 81 %	100 %
		Training "Antitrust law"	• 90 %	• 83 %	
		Refresher course "Business Compliance"	• see page 33	• 22 %	
		Total number of confirmed corruption cases	2	5	

1 Material issue as defined by the GRI standards
2 Employee numbers expressed as head count
3 Calculated as the number of working hours lost to accidents versus productive working hours
4 Calculated as the number of accidents at work per 1 million productive working hours
5 Ratio of sick leave days to working days

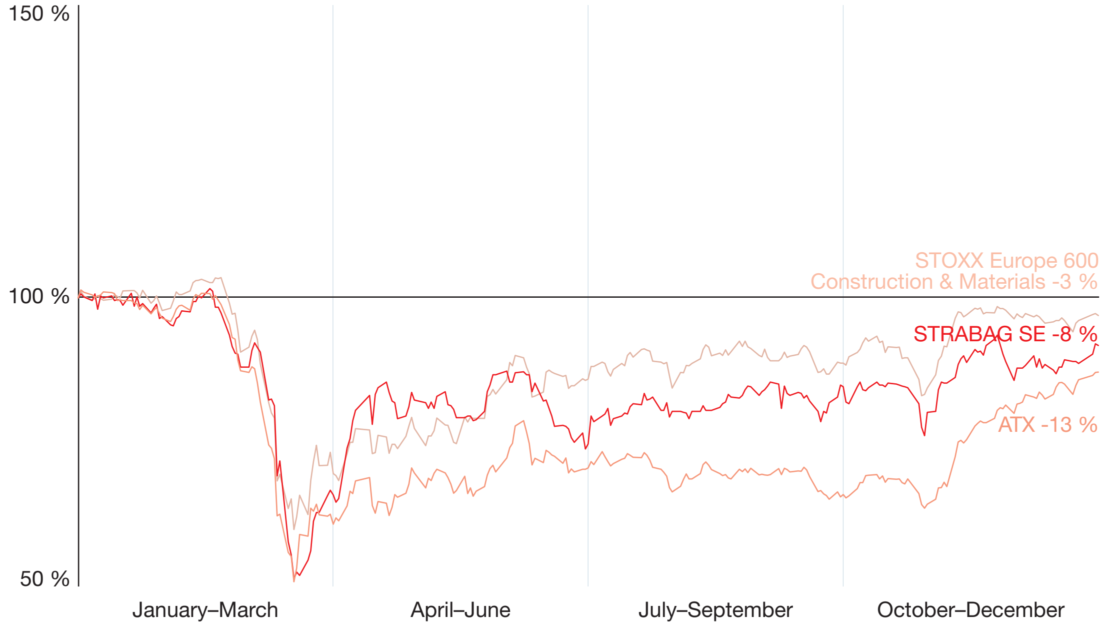
Strategic field	Issue	Key figure/Criteria	2019	2020	Targets
Environmental Responsibility	**Materialies**[1]	Recycled input materials used – Percentage of recycled asphalt used in the production of asphalt mixture	34 % (DE) 41 % (PL) 13 % (AT)	33 % (DE) 40 % (PL) 14 % (AT)	Increase the previous year's level
	Energy[1]	Energy consumption and CO_2 intensity – Vehicle fleet in Germany and Austria	Passenger cars: 6.0 l/100 km and 161 g CO_2/km; commercial vehicles: 9.2 l/100 km and 246 g CO_2/km	Diesel powered passenger cars: 6.0 l/100 km and 160 g CO_2/km; Diesel powered commercial vehicles: 9.2 l/100 km and 249 g CO_2/km	Increase energy efficiency by at least 1 % over the previous year
		Energy consumption and CO_2 intensity – Asphalt mixing plants in Germany	93.0 kWh/t of asphalt mixture produced; 31.8 kg CO_2/t of asphalt mixture produced	93.0 kWh/t of asphalt mixture produced; 31.0 kg CO_2/t of asphalt mixture produced	Increase energy efficiency by at least 1.3 % over the previous year
Corporate Governance	Austrian Code of Corporate Governance (ÖCGK)	Compliance with C-Rules and R-Rules	All C-Rules and R-Rules were complied with	All C-Rules and R-Rules were complied with	Comply with all C-Rules and R-Rules in the valid version of the Code and provide transparent reporting

1 Material issue as defined by the GRI standards

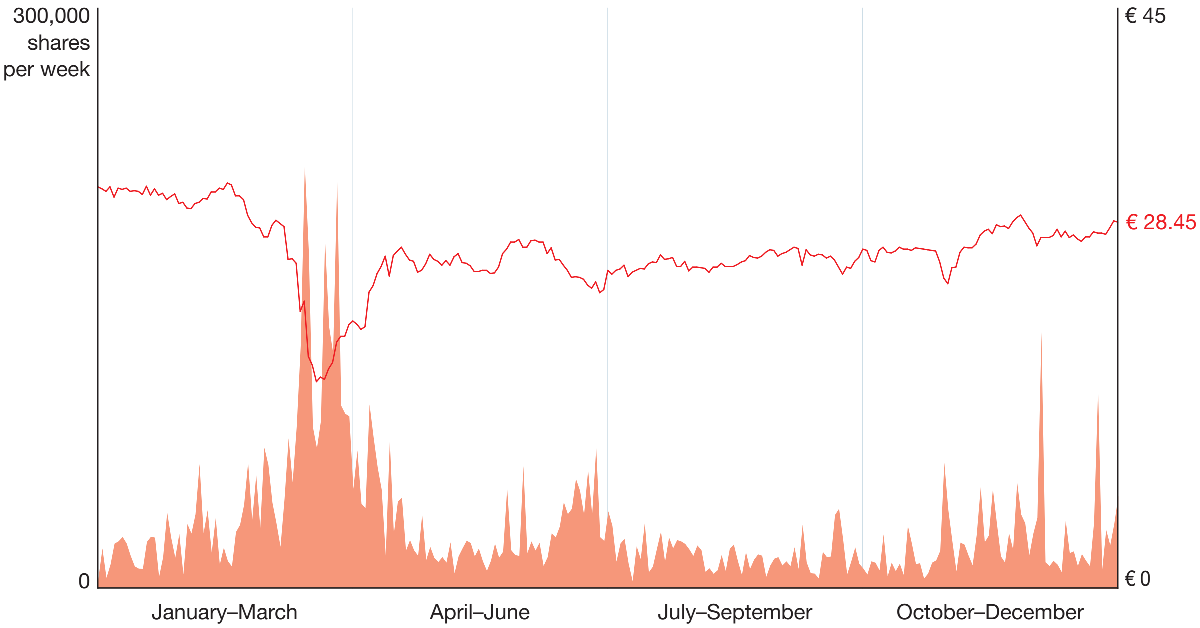
SHARES, BONDS & INVESTOR RELATIONS

The STRABAG SE share

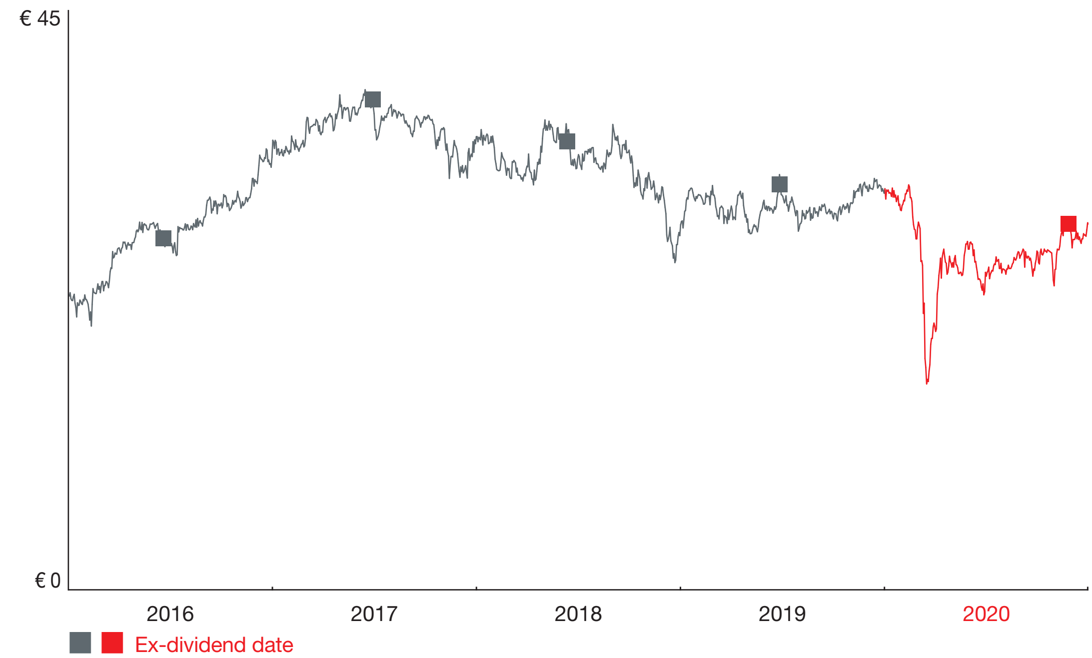
DEVELOPMENT OF THE STRABAG SE SHARE PRICE AND OF THE BENCHMARK INDEXES 2020



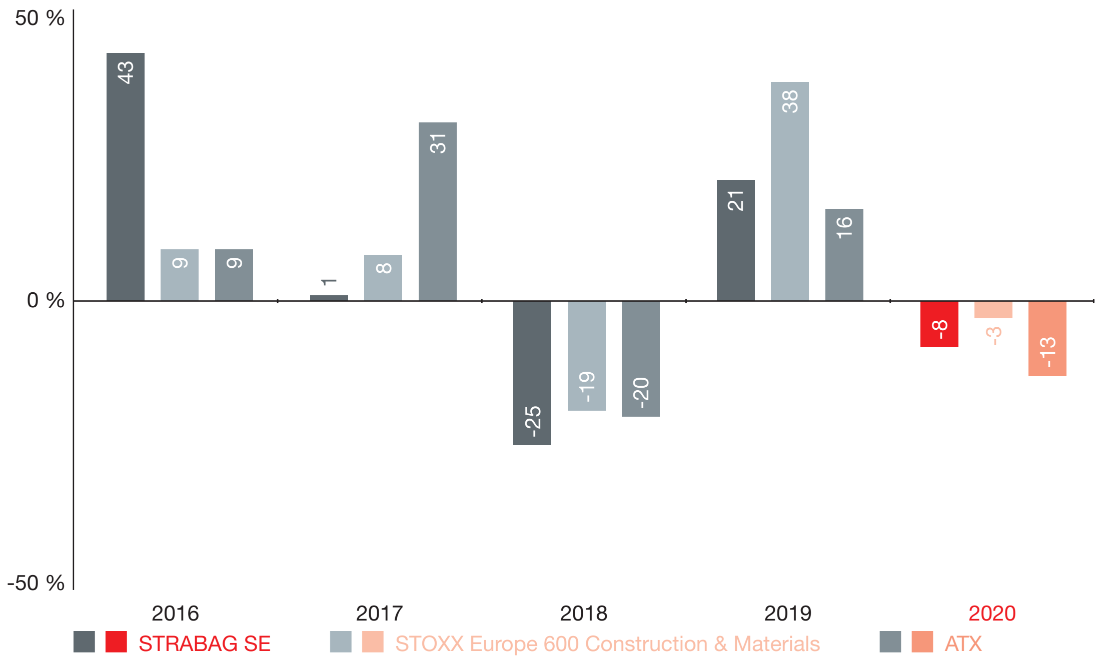
TRADE VOLUME OF STRABAG SE SHARES VERSUS SHARE PRICE 2020



LONG-TERM DEVELOPMENT OF THE STRABAG SE SHARE PRICE



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



The pandemic split the global stock markets into two camps. Digital business models profited enormously and boosted the American stock markets in particular. The **Dow Jones Industrial** ended the year with a plus of 8 %. On the other hand, cyclical business models suffered more from uncertainty and the recession.

Due to its very cyclical composition, the Austrian benchmark index **ATX** recorded a minus of 13 % in 2020 – placing it in the middle of the European field. Germany's **DAX** gained 4 %, the Swiss market was up 1 % and the UK's benchmark index FTSE 100 grew by 15 %.

The **Stoxx Europe 600 Construction & Materials** reflected the overall better performance of the construction and raw materials sector compared to the rest of the economy. The index recovered relatively quickly after its low in March and by the end of the year had almost returned to the previous year's level (-3 %). The share prices of our major peers in Europe were largely unable to keep up with this recovery.

STRABAG SE share price at year's end: € 28.45

The STRABAG SE share closed at € 28.45 following a strong recovery from the precipitous fall to € 16.02 on 18 March 2020, which also marked the lowest value of the year. An influential factor at the time was the company's announcement that it would have to shutter all its construction sites in Austria due to the lockdown regulations and that it would activate the "early warning system" stipulated by Sec 45a of the Labour Market Promotion Act (AMFG) for all staff. With the resumption of construction site activities ten days later, the share price recovered slightly. The high for the year, € 31.50, had already been reached previously on 17 February 2020. Over the year as a whole, the share price fell by 8 % – slightly underperforming the STOXX Europe 600 Construction & Materials index but outperforming the ATX.

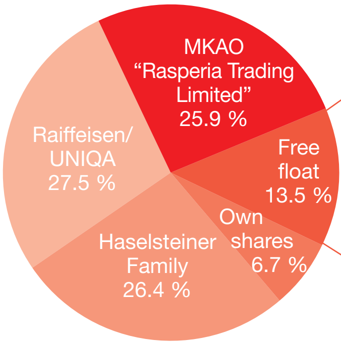
KEY SHARE INDICATORS

Share figures	**2016**	**2017**	**2018**	**2019**	**2020**
Closing price at year's end (€)	33.65	34.03	25.65	31.00	28.45
Year's high (€)	34.30	38.90	36.55	32.30	31.50
Year's low (€)	20.52	32.00	25.45	26.85	16.02
Year's average (€)	27.72	35.82	33.16	29.84	26.18
Number of outstanding bearer shares at year's end (shares)	102,599,997	102,599,997	102,599,997	102,599,997	102,599,997
Number of outstanding bearer shares, weighted (shares)	102,599,997	102,599,997	102,599,997	102,599,997	102,599,997
Market capitalisation at year's end (€ billion)	3.5	3.5	2.6	3.2	2.9
Average trade volume per day (€ million)[1]	0.6	0.8	0.7	0.6	0.8
Number of STRABAG SE shares traded (shares)[1]	5,230,976	5,538,568	5,532,640	4,774,282	8,008,702
Volume of STRABAG SE shares traded (€ billion)[1]	0.1	0.2	0.2	0.1	0.2
P/E ratio on 31 December	12	13	7	9	7
Earings per share (€)	2.71	2.72	3.45	3.62	3.85
Book value per share (€)	31.1	32.9	35.3	37.3	39.8
Price-to-book ratio	1.1	1.0	0.7	0.8	0.7
Cash flow from operating activities per share (€)	2.6	13.1	7.2	10.5	12.5
Dividend per share (€)	0.95	1.30	1.30	0.90	1.90[2]
Dividend payout ratio (%)	35	48	38	25	49
Dividend yield (%)[3]	3.4	3.6	3.9	3.0	7.3
Share capital (€ million)	110	110	110	110	110
Weight in ATX-Prime (%)	1.70	1.22	1.23	1.24	1.28
Weight in WBI (%)	3.90	2.99	2.83	2.92	3.03

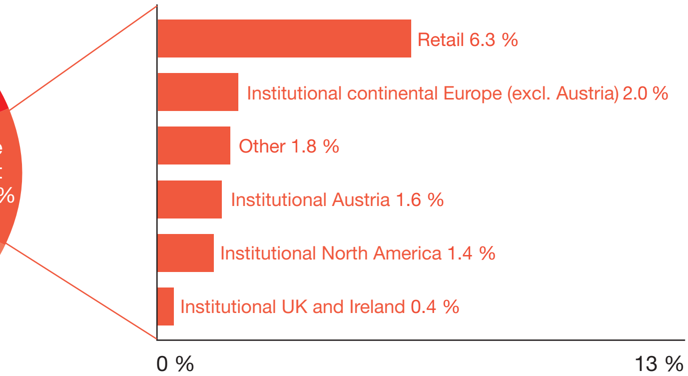
1 Double count
2 Proposed dividend
3 Calculated on the basis of the year's average share price

Shareholder structure

SHAREHOLDER STRUCTURE AS AT 1 JANUARY 2021



DISTRIBUTION OF THE FREE FLOAT BY JANUARY 2021



The **shareholder structure** of STRABAG SE did not change in the 2020 financial year. The Haselsteiner Family, Raiffeisen Group, UNIQA Group and MKAO “Rasperia Trading Limited” continue to hold the majority. To our knowledge, no investor other than the core shareholders holds more than 5 % of the company.

In December 2020, we commissioned a shareholder ID to learn more about the distribution of our **free float**. With 6.3 %, the percentage of retail investors was slightly higher than in the previous year (2019: 6.2 %). The proportion of institutional clients declined to 5.4 % (2019: 5.6 %). The regional focus on continental Europe (2.0 %) and especially on Austria (1.6 %) remained nearly unchanged.

Annual General Meeting

The agenda of the 16th Annual General Meeting, which was held on 19 June 2020 as a virtual meeting in keeping with the provisions of the Covid-19 Corporate Law Act (“COVID-19-GesG”) and the Covid-19 Corporate Law Ordinance (“COVID-19-GesV”) enacted on its basis, had seven resolution items. With 99 % of the votes cast in each case, the 2020 Annual General Meeting approved the actions of the Management Board and of the Supervisory Board, confirmed the payment of a conditional dividend in the proposed amount of € 0.90 per no-par share for the 2019 financial year and reaffirmed the selection of the financial auditor. Dr. Alfred Gusenbauer, Dr. Andreas Brandstetter and Mag. Kerstin Gelbmann were confirmed as members of the Supervisory Board; Ksenia Melnikova was elected for the first time. Both the remuneration policy for the Management Board and the remuneration policy for the Supervisory Board were adopted with the required majority.

ANNUAL GENERAL MEETING TAKES PLACE ON 18 JUNE 2021

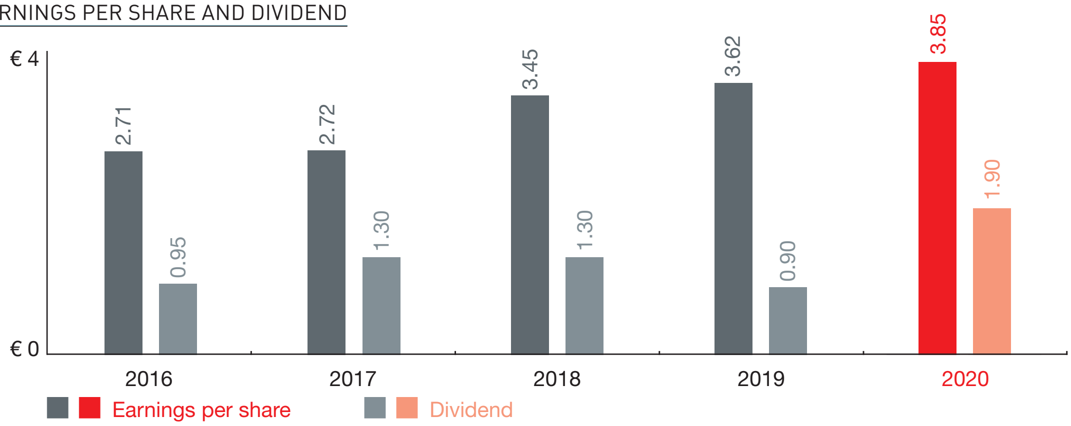
The next Annual General Meeting on 18 June 2021 will again be held as a virtual meeting in keeping with the provisions of COVID-19-GesG and the ordinance (COVID-19-GesV) enacted on its basis. Information about the organisational and technical requirements for attending the virtual general meeting and exercising the shareholder rights in accordance with Sec 2 Para 4 COVID-19-GesV can be found in the invitation to the Annual General Meeting. The record date for confirmation of shareholding is 8 June 2021. Details regarding the correct procedure can be found on our website at www.strabag.com > Investor Relations > Annual General Meeting.

Dividend

Proposed dividend: € 1.90 per share

STRABAG places great value on a constant dividend policy. The Management Board is keeping to its goal of paying out 30–50 % of the net income after minorities to company 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. The very stable development of the core business to date, despite the pandemic, and the extraordinarily good earnings in 2020 represent the right foundation for the Management Board of STRABAG SE to propose a dividend of € 1.90 per share for the 2020 financial year at the Annual General Meeting on 18 June 2021. Both the dividend as well as the payout ratio of 49 % would thus reach a new record level since the IPO. The ex-dividend day has been set for 25 June 2021, the dividend payout date for 29 June 2021.

EARNINGS PER SHARE AND DIVIDEND



Bonds and bonded loans

OVERVIEW OF THE LISTED BONDS

Term	Interest %	Volume € mln.	ISIN	Exchange
2015–2022	1.625	200	AT0000A1C741	Vienna

STRABAG SE (and its predecessor, FIMAG) has to date issued twelve corporate bonds, of which one is still listed.

S&P CONFIRMS CORPORATE CREDIT RATING OF BBB

STRABAG SE and its bonds are regularly rated by the international ratings agency Standard & Poor's (S&P). In November 2007, S&P raised the corporate credit rating for STRABAG SE from BB+ to BBB-, thus elevating STRABAG SE to "investment grade". In June 2015, S&P raised the credit rating another level to BBB with stable outlook. The rating was last confirmed in October 2020. The key indicators that had led to the ratings increase continued to develop well, according to S&P. STRABAG SE's strengths and opportunities are seen above all in the stable margins in an otherwise quite cyclical market environment, the strategic access to raw materials, the strong market positions and the very good reputation in the credit markets.

Investor relations

Although conferences or roadshows were not possible in the usual form in 2020, the capital market quickly came up with the appropriate virtual solutions. In addition to the prescribed semi-annual report and the trading statements on the first and third quarters, we made use of the virtual options to inform 53 capital market participants (2019: 76) in 25 (2019: 46) one-on-ones and group talks last year. We took part in six (2019: seven) **roadshows** and **investor conferences** organised by Erste Group, Kepler Cheuvreux, Commerzbank and Raiffeisen Centrobank as well as by the Vienna Stock Exchange.

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

WE ARE IN CONSTANT CONTACT WITH OUR INVESTORS

Unpaid share coverage

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 parts of our Annual General Meeting and investor conferences on our website, and we try to reach our private shareholders and interested parties through a variety of different channels.

Every individual investor benefits from our taking the time to communicate with the market and to strive for constant improvement in our investor relations work – because excellent investor relations have a positive effect on the share price and reduce the amount of time required to form an opinion of the company. It is our goal to maintain the strength of our investor relations efforts, to keep a steady flow of information and, in so doing, to help the analysts of 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 seven banks regularly analyse STRABAG SE – at no cost to the company – in order to issue target prices and recommendations for our share:

- Commerzbank, Frankfurt (Norbert Kretlow)
- Deutsche Bank, Vienna (Matthias Pfeifenberger)
- Erste Group, Vienna (Michael Marschallinger)
- HSBC, Frankfurt (Christian Korth)
- Kepler Cheuvreux, Vienna (Torsten Sauter)
- LBBW, Stuttgart (Jens Münstermann)
- Raiffeisen Centrobank, Vienna (Markus Remis)

Additionally, a credit analyst at this bank is currently covering our bonds:

- Erste Group, Vienna (Elena Statelov)

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 also like to receive this information, please register on the Investor Relations page on our website www.strabag.com or give us a call.

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

STRABAG SE
Investor Relations
Marianne Jakl
Interim Head of Corporate Communications &
Investor Relations

Donau-City-Str. 9, 1220 Vienna/Austria
+43 800 880 890 (toll-free within Austria)
+43 1 22422-1177
@ investor.relations@strabag.com

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

- Up-to-date roadshow documents
- Company presentations
- Analyst recommendations and bank consensus estimates
- Complete versions of the credit research reports
- 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
- Corporate calendar

Corporate Governance

CONSOLIDATED CORPORATE GOVERNANCE REPORT

General principles

CONSOLIDATED REPORT

The present report is a consolidated corporate governance report as defined by Sec 267b UGB (Austrian Commercial Code) which also covers the corporate governance report as defined by Sec 243c UGB.

COMMITMENT TO THE AUSTRIAN CODE OF CORPORATE GOVERNANCE

The consolidated corporate governance report explains the rules, structures and processes implemented by STRABAG SE in the interest of a well-functioning corporate governance system. We are fully and without exception committed to the Austrian Code of Corporate Governance (ÖCGK) and its aims and we see compliance with all the rules contained within the Code as a top priority. This commitment represents a self-obligation on the part of STRABAG SE with the aim to boost shareholder confidence and to constantly optimise our high internal legal, behavioural and ethical standards. We are further obligated to fulfil the standards of the Code due to the listing of our shares in the Prime Market segment of the Vienna Stock Exchange.

The Austrian Code of Corporate Governance is a set of rules for good corporate governance and control systems on the Austrian capital market. It was introduced in 2002 in line with international standards and has been revised several times since. The aim of the Code is to establish a responsible system of management and supervision of companies that is geared towards creating sustained, long-term value while ensuring a high level of transparency for all stakeholders. Investors and issuers therefore value the Code and recognise it as an indispensable part of the Austrian system of corporate governance and of Austrian business life.

The Austrian Code of Corporate Governance defines three categories of rules: L-Rules refer to legal requirements with mandatory compliance on the part of publicly listed companies in Austria. Deviation from C-Rules (comply or explain) must be explained publicly and the reasons stated. R-Rules are recommendations requiring neither disclosure nor explanation. The version of the Code that was valid for the 2020 financial year is the January 2020 version. It is available for download from the website of the Austrian Working Group for Corporate Governance (www.corporate-governance.at) and from STRABAG SE (www.strabag.com > Investor Relations > Corporate Governance > Formal Obligation and Evaluation).[1]

The Management Board and the Supervisory Board of STRABAG SE declare that STRABAG SE has complied with all L-Rules of the Austrian Code of Corporate Governance as well as all C-Rules with the exception of those rules stated and explained below. The company furthermore endeavours to abide not only by the minimum requirements but also by all of the Code's R-Rules without exception.

NON-COMPLIANCE WITH THE AUSTRIAN CODE OF CORPORATE GOVERNANCE[2]

C-Rule 2: On the basis of a resolution passed by the Annual General Meeting, the shares of STRABAG SE include two special registered shares with an associated right to nominate one member of the Supervisory Board each. The registered shares bind significant shareholder groups more strongly to the company and guarantee the availability of know-how from important

1 In accordance with Sec 78c AktG, the remuneration report is prepared in a separate document and no longer forms part of the corporate governance report.
2 January 2020 version

stakeholders for the Supervisory Board. This is in the interest of good corporate governance and represents a long-term advantage for STRABAG SE, which further benefits especially from the commitment, expertise and experience of the respective Supervisory Board member. It also significantly improves the contact and communication between the company and its shareholders and promotes the transparency of the shareholder structure.

C-Rule 27: It is a key concern for STRABAG SE that the 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 based on the specific tasks and responsibilities as well as the size and the economic situation of the company. Another factor that is considered is the competitiveness of the remuneration on the market. The variable component of the remuneration takes into account the shareholders' interest in a positive development of the company and increases the motivation of the Management Board to take measures that sustainably improve the net income in the long term. The variable remuneration is measured on the basis of the financial indicators. In contrast, general non-financial criteria do not say very much about the sustainable success and economic situation of the company. On the contrary, a differentiated definition of non-financial criteria for each business segment would be to the detriment of transparency and ease of understanding. As a result of thorough debate in the Executive Committee of the STRABAG SE Supervisory Board, the decision was made not to use non-financial criteria to calculate the remuneration of the members of the Management Board.

Boards

MANAGEMENT BOARD

Management Board composed of six members in 2020

From left to right: Klemens Haselsteiner, Alfred Watzl, Peter Krammer, Thomas Birtel, Christian Harder, Siegfried Wanker

Name	Year of birth	Citizen of	Position held	Responsible for	First appoint-ment	End of current period of office	Supervisory board mandates or similar functions in national or foreign companies not included in the consolidated financial statements	Management and supervisory tasks at important[1] subsidiaries
Dr. Thomas Birtel	1954	Germany	CEO	Central Staff Divisions and Central Divisions BMTI, CML and TPA	1 January 2006 (Member of the Management Board) 15 June 2013 (CEO)	31 December 2022	Deutsche Bank AG, Germany (Member of the Advisory Board) HDI-Global SE, Germany (Member of the Advisory Board) VHV Allgemeine Versicherung AG, Germany (Member of the Supervisory Board) VHV Vereinigte Hannoversche Versicherung a.G., Germany (Member of the Supervisory Board) VHV Holding AG, Germany (Member of the Supervisory Board)	Ed. Züblin AG, Germany (Chairman of the Supervisory Board) STRABAG AG, Germany (Chairman of the Supervisory Board) STRABAG AG, Austria (Chairman of the Supervisory Board) STRABAG Property & Facility Services GmbH, Germany (Chairman of the Supervisory Board) STRABAG Sp. z o.o., Poland (Chairman of the Supervisory Board)
Mag. Christian Harder	1968	Austria	CFO	Central Division BRVZ	1 January 2013	31 December 2022	Syrena Immobilien Holding AG, Austria (Vice Chairman of the Supervisory Board) Kreditschutzverband von 1870 (Member of the Executive Board)	Ed. Züblin AG, Germany (Member of the Supervisory Board) STRABAG AG, Germany (Member of the Supervisory Board) STRABAG AG, Austria (Vice Chairman of the Supervisory Board) STRABAG Property & Facility Services GmbH, Germany (Member of the Supervisory Board)
Klemens Haselsteiner	1980	Austria	Member of the Management Board (Chief Digital Officer)	Central Divisions Zentrale Technik and STRABAG Innovation & Digitalisation Division 3L Russia	1 January 2020	31 December 2022	None	Ed. Züblin AG, Germany (Member of the Supervisory Board) STRABAG AG, Germany (Member of the Supervisory Board) STRABAG Property & Facility Services GmbH, Germany (Member of the Supervisory Board)
Dipl.-Ing. Dr. Peter Krammer	1966	Austria	Member of the Management Board	Segment South + East[2]	1 January 2010	31 December 2022	None	Ed. Züblin AG, Germany (Member of the Supervisory Board) STRABAG AG, Germany (Member of the Supervisory Board) STRABAG AG, Austria (Member of the Supervisory Board) STRABAG a.s., Czech Republic (Chairman of the Supervisory Board) STRABAG Property & Facility Services GmbH, Germany (Member of the Supervisory Board) STRABAG AG, Switzerland (Board of Directors)
Dipl.-Ing. Siegfried Wanker	1968	Austria	Member of the Management Board	Segment International + Special Divisions[3]	1 January 2011	31 December 2022	None	Ed. Züblin AG, Germany (Member of the Supervisory Board) STRABAG AG, Germany (Member of the Supervisory Board) STRABAG AG, Austria (Member of the Supervisory Board) STRABAG Property & Facility Services GmbH, Germany (Member of the Supervisory Board) STRABAG Sp. z o.o., Poland (Member of the Supervisory Board)
Dipl.-Ing. (FH) Alfred Watzl	1970	Germany	Member of the Management Board	Segment North + West[4]	1 January 2019	31 December 2022	None	Ed. Züblin AG, Germany (Member of the Supervisory Board) STRABAG AG, Germany (Member of the Supervisory Board) STRABAG AG, Austria (Member of the Supervisory Board) STRABAG INFRASTRUKTURA POLUDNIE Sp. z o.o., Poland (Member of the Supervisory Board) STRABAG Property & Facility Services GmbH, Germany (Member of the Supervisory Board) STRABAG Sp. z o.o., Poland (Member of the Supervisory Board)

1 € 10 million minimum average consolidated output volume over past two years
2 South + East: Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe, Environmental Technology
3 International + Special Divisions: Tunnelling, Construction Materials, Services, Real Estate Development, Infrastructure Development, Direct Export
4 North + West: Germany, Poland, Benelux, Scandinavia, Ground Engineering

Dr. Thomas Birtel

Thomas Birtel graduated with a doctorate degree in economics from Ruhr-University Bochum in 1982. He began his career in 1983 at the former German trading and industrial plant construction group Klöckner & Co, where he advanced to head of accounting for Klöckner Industrie-Anlagen GmbH. In 1989, he moved on to the managing director's position at Sweden's Frigoscandia Group. He joined the STRABAG Group in 1996 as a member of the Management Board of STRABAG Hoch- und Ingenieurbau AG, was appointed to the Management Board of STRABAG AG, Germany, in 2002 and to the Management Board of STRABAG SE in 2006. Thomas Birtel has held the position of CEO of STRABAG SE since 15 June 2013.

Mag. Christian Harder

Christian Harder completed a degree in applied business administration at the University of Klagenfurt before joining the STRABAG Group through its predecessor Bau Holding Group in 1994. He advanced to director of accounting, to head of financial accounting and, finally, to central division director of Bau-, Rechen- und Verwaltungszentrum Gesellschaft m.b.H. (today STRABAG BRVZ GmbH). From 2008, he held the position of chairman of the central division management of BRVZ. He was appointed CFO of STRABAG SE effective on 1 January 2013.

Klemens Haselsteiner

Klemens Haselsteiner completed a bachelor's degree in business administration from DePaul University, Chicago, before starting his career in 2004 at the auditing firm KPMG in Austria. After completing his civil service and gathering work experience at a Russian industrial group, he joined the STRABAG Group in Russia in 2011. There he was entrusted with central controlling, among other things. From 2015, he was employed at the Stuttgart subdivision of the German STRABAG Group company Ed. Züblin AG – initially as commercial business unit manager for turnkey construction, as of 2018 as commercial subdivision manager. Klemens Haselsteiner has been a member of the Management Board of STRABAG SE since 1 January 2020.

Dipl.-Ing. Dr. Peter Krammer

Peter Krammer graduated with a doctorate degree in engineering sciences from the Faculty of Civil Engineering at TU Wien in 1995. He gained his first professional experience at Porr Technobau AG, STRABAG and Swietelsky Bau GesmbH before returning to STRABAG AG, Austria, in 2005. As a member of the Management Board of STRABAG AG, he was in charge of building construction and civil engineering in Eastern Europe and of environmental engineering for the entire group. Peter Krammer has been a member of the Management Board of STRABAG SE since 1 January 2010.

Dipl.-Ing. Siegfried Wanker

Siegfried Wanker studied civil engineering at Graz University of Technology before joining the STRABAG Group as site manager in 1994. Between 2001 and 2004, he held the position of managing director at several engineering service providers before rejoining the STRABAG Group in 2005. As a member of the Management Board of STRABAG AG, Austria, he was initially in charge of the international building construction business, then for corporate development and services, and finally for infrastructure project development. Siegfried Wanker has been a member of the Management Board of STRABAG SE since 1 January 2011.

Dipl.-Ing. (FH) Alfred Watzl

Alfred Watzl studied civil engineering at the Deggendorf Institute of Technology before beginning his professional career as site manager for STRABAG Sp. z o.o., Poland, in 1999. After several different management positions at the Polish subsidiary – including technical subdivision manager for Building Construction and Civil Engineering – he was a member of the Management

Board of STRABAG Sp. z o.o. with responsibility for the group's Polish activities from 2013 to 2018. Alfred Watzl has been a member of the Management Board of STRABAG SE since 1 January 2019.

Working method of the Management Board: open exchange in meetings usually every two weeks

The Management Board of STRABAG SE – like the Supervisory Board – sees it as a priority obligation and task to comply with all the rules of the Austrian Code of Corporate Governance and to continually optimise the high internal legal, behavioural and ethical standards of STRABAG SE. Collegiality, openness, a constant exchange of experience and short decision-making chains are among the main guiding principles. In line with the rules of the Code, the Management Board of STRABAG SE works closely together with the Supervisory Board. In particular,

- the Management Board regularly and extensively informs the Supervisory 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;
- a regular exchange of information and opinions takes place 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;
- the Chairman of the Supervisory Board is informed immediately of any important occurrences;
- the Management Board reports to the Supervisory Board at least once a year on the provisions taken to fight corruption.

The Management Board of STRABAG SE and its individual members conduct their business in accordance with the prevailing laws and legislation, the Articles of Association, and the Management Board's Rules of Procedure as approved by the Supervisory Board. The Rules of Procedure obligate the Management Board and its individual members to provide extensive information and reporting to the Supervisory Board. The Rules of Procedure also define an extensive catalogue of measures and legal transactions requiring approval by the Supervisory Board in addition to the legally prescribed measures. Coordination within the Management Board occurs during regular meetings held approximately every two weeks as well as in the form of the daily informal exchange of information. Matters discussed at the Management Board meetings include the current operations and the long-term company strategies. Also coordinated are any current or outstanding management measures to be implemented by the relevant Management Board members.

SUPERVISORY BOARD

Supervisory Board composed of eleven members

Name	Year of birth	Citizen of	Position held	First appointment	End of current period of office	Other supervisory board mandates or similar functions in national or foreign listed companies	Independent pursuant to Rule 53 ÖCGK
Shareholder representatives							
Dr. Alfred Gusenbauer	1960	Austria	Chairman	18 June 2010	Ends with 2023 Annual General Meeting	Gabriel Resources Ltd., Canada (Member of the Supervisory Board until 9/2020)	Yes
Mag. Erwin Hameseder	1956	Austria	Vice Chairman	10 September 1998	Indefinite as of 17 August 2007	AGRANA Beteiligungs-AG, Austria (Chairman) Raiffeisen Bank International AG, Austria (Chairman) Südzucker AG, Germany (2nd Vice Chairman)	Yes
Dr. Andreas Brandstetter	1969	Austria	Member	15 June 2018	Ends with 2023 Annual General Meeting	None	Yes
Thomas Bull	1964	Germany	Member	9 February 2017	Indefinite as of 9 February 2017	None	Yes
Mag. Kerstin Gelbmann	1974	Austria	Member	18 June 2010	Ends with 2023 Annual General Meeting	Binder+Co AG, Austria (Chairwoman)	Yes
Dr. Oleg Kotkov (until 19 June 2020)	1957	Russia	Member	15 June 2018	Until 19 June 2020	None	Yes
Ksenia Melnikova (since 19 June 2020)	1978	Russia	Member	19 June 2020	Ends with 2023 Annual General Meeting	None	Yes
Delegated by the works council							
Dipl.-Ing. Andreas Batke	1962	Germany	Member	1 October 2009	Indefinite	None	Yes
Miroslav Červený	1959	Czech Republic	Member	1 October 2009	Indefinite	None	Yes
Magdolna P. Gyulainé	1962	Hungary	Member	1 October 2009	Indefinite	None	Yes
Georg Hinterschuster	1968	Austria	Member	13 October 2014	Indefinite	None	Yes
Wolfgang Kreis	1957	Germany	Member	1 October 2009	Indefinite	None	Yes

Shareholder representatives

Dr. Alfred Gusenbauer
Chairman of the Supervisory Board

Alfred Gusenbauer 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 Austrian-Spanish Chamber of Commerce.

Mag. Erwin Hameseder
Vice Chairman of the Supervisory Board

Erwin Hameseder received a master of law degree from the University of Vienna. From 1975 to 1987, he served as an officer in the Austrian Armed Forces, where he achieved the rank of colonel in the directorship services in 2002 and of brigadier in 2006. In 2017, he was promoted to major general in the militia of the Austrian Armed Forces. 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. Erwin Hameseder has been a member of the Supervisory Board since 1998. In 2007, he was delegated to the Supervisory Board of STRABAG SE for an indefinite period of time by the authorised holder of registered share number 1. *Annex 1 of the 2020 Austrian Code of Corporate Governance allows periods of office of more than 15 years for Supervisory Board members who are shareholders with a direct investment in the company or who represent the interests of such a shareholder.*

Dr. Andreas Brandstetter

Andreas Brandstetter has been CEO of UNIQA Insurance Group AG since 2011. Before entering the insurance business in 1997, where he has held various leadership positions, he was head of the EU office of Österreichischer Raiffeisenverband. From 1993 to 1995, he was active in politics. Andreas Brandstetter graduated from the University of Vienna in 1994 with a doctorate degree in political science, also holds an Executive MBA from the California State University, Hayward, and completed further courses at the Stanford Graduate School of Business and the Harvard Business School. Since 2018, he has been the president of Insurance Europe, the European insurance and reinsurance federation.

Thomas Bull

Thomas Bull has 25 years of experience in international project management, M&A projects and corporate investment management in Russia, Central and Eastern Europe, and the United States. After graduating from Voronezh State University in Russia in 1987, he held various management positions at Hochtief, E.ON and Enel Russia, among others. From 2013 to 2014, he was Director of the Central Department for Construction Projects at OAO Sberbank. Since 2014, Thomas Bull has been a member of the Supervisory Board of engineering company NGI Group. He holds a Master of Business Administration from the University of Dresden.

Mag. Kerstin Gelbmann

Kerstin Gelbmann studied trade and commerce in Vienna. After graduating, she began her career at Auditor Wirtschaftsprüfungs- und Steuerberatungsgesellschaft mbH. Kerstin Gelbmann has worked for E.F. Grossnigg Finanzberatung und Treuhandelsgesellschaft m.b.H. since 2002, most recently as managing director, and for grosso holding Gesellschaft mbH since 2007. In January 2010, she assumed the additional position of managing director at Austro Holding GmbH.

Ksenia Melnikova (since 19 June 2020)

Ksenia Melnikova completed a master's degree in economics and is a member of the Association of Chartered Certified Accountants. She began her career in 1999 with a Russian audit firm and later worked at the Moscow offices of PricewaterhouseCoopers and Ernst&Young. In 2012 she moved to Gazprom Neft Trading GmbH in Vienna as financial manager. Since 2016 she has been Director of Internal Audit at a logistics company in Moscow.

Dr. Oleg Kotkov (until 19 June 2020)

Oleg G. Kotkov was a member of the Supervisory Board of PJSC Asian-Pacific Bank in Moscow, Russia, from 2016 to 2019 as well as adviser to the Chairman of the Supervisory Board of PJSC Asian-Pacific Bank. From 2013 to 2016, he was in charge of international projects at CJSC SPC Engineering Center for New Materials and Technologies in Moscow. From 2010 to 2013, he worked for Rusal Global Management B.V. as adviser to the International Projects Protection Department with responsibility for risk assessment and management in the International Alumina Division. From 2008 to 2010, he held the position of deputy head of the International Cooperation Directorate of the state corporation Russian Technologies. In the years from 2003 to 2007, he was military adviser at the Permanent Mission of the Russian Federation to the OSCE in Vienna, Austria. Oleg Kotkov is a graduate of the Ryazan Airborne Command Academy (1978) and the Russian Military Academy (1987). He completed 30 years of military service as an officer, including overseas assignments, and retired with the rank of colonel. He received his doctorate degree in international economics in 2003.

Delegated by the works council

Dipl.-Ing. Andreas Batke

Andreas Batke joined STRABAG AG, Cologne, as a land surveyor in 1991. He has been a member of the works council since May 1998 and currently serves as chairman of the general works council and chairman of the group works council of STRABAG AG, Cologne, vice chairman of the STRABAG SE works council and member of the Supervisory Board of STRABAG AG, Cologne.

Miroslav Červený

Miroslav Červený joined a predecessor company of STRABAG in the Czech Republic in 1988 as a data processing specialist, is currently chairman of the employee representative organisation of the Czech group companies and works as a work safety expert.

Magdolna P. Gyulainé

Magdolna P. Gyulainé joined a predecessor company of STRABAG in Hungary as a bookkeeper in 1981 and is currently chairwoman of the employee representative organisation of the Hungarian group companies.

Georg Hinterschuster

Georg Hinterschuster completed an apprenticeship in commercial site management at STRABAG Bau GmbH from 1984 to 1987. He then worked as group commercial manager in the engineering ground works business in St. Valentin, Austria, before taking over a commercial management task for the Transportation Infrastructures and the Building Construction & Civil Engineering segments in the Czech Republic from 1997 to 2000. From 2000 to 2008, he worked as a commercial group manager in building construction and civil engineering in Upper Austria. Hinterschuster was elected to the works council in 1991 and is currently a member of the group and central works council of STRABAG in Austria as well as a member of the STRABAG SE works council.

Wolfgang Kreis

Wolfgang Kreis joined Ed. Züblin AG as a commercial clerk in 1979. He was elected to the works council in 1987 and is currently chairman of the works council for the Karlsruhe subdivision, chairman of the general works council of Ed. Züblin AG, chairman of the STRABAG SE works council and vice chairman of the Supervisory Board of Ed. Züblin AG.

All members independent in accordance with the Austrian Code of Corporate Governance

All members of the Supervisory Board of STRABAG SE 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. New members of the Supervisory Board receive detailed information regarding the avoidance of conflicts of interest upon assumption of their activities. The independence of the Supervisory Board members is defined by the following guidelines (excerpt from the Rules of Procedure for the Supervisory Board as amended on 28 April 2014):

Guidelines for the independence of Supervisory Board members of STRABAG SE ("the company") in accordance with C-Rule 53 of the Austrian Code of Corporate Governance

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 Austrian Code of Corporate Governance:

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

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

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

In the period under report, no contracts subject to approval by the Supervisory Board were concluded by the company with members of the Supervisory Board (C-Rule 48 of the Austrian Code of Corporate Governance).

Working methods of the Supervisory Board: Seven meetings in 2020

Details > Supervisory Board Report

In the 2020 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. It met for a total of seven meetings last year and so complied with the Code's minimum requirement to meet at least once every three months (C-Rule 36). All members personally attended at least half of the meetings during their period in office, so no Supervisory Board member failed to attend more than half of the meetings (C-Rule 58). Furthermore, there were three meetings of the Audit Committee, one meeting of the Presidential and Nomination Committee, and two meetings of the Executive Committee. Besides these regular meetings, there is a constant open discourse and exchange of opinion among the individual members of the Supervisory Board as well as between the individual members of the Supervisory Board and the Management Board.

In accord with its tasks and obligations, the Audit Committee dedicated itself to monitoring the accounting procedures (including the preparation of the consolidated financial statements) and the work of the auditor (including the audit of the consolidated financial statements). During the review of the effectiveness of the internal control system and the risk management system, the Audit Committee focused on specific selected projects. Also reviewed and monitored were the function of the audit system and the qualification and independence of the auditor (group financial auditor), especially with respect to the additional services provided to the company being audited. The internal audit department informed the Audit Committee of the auditing plan and of material findings pursuant to C-Rule 18 of the Austrian Code of Corporate Governance.

The meeting of the Presidential and Nomination Committee was held to prepare the draft resolution to the Annual General Meeting regarding elections to the Supervisory Board. The meetings of the Executive Committee were dedicated to the remuneration policy for the Management Board.

Committees: Executive Committee, Presidential and Nomination Committee, and Audit Committee

Details > Supervisory Board Report

Committee decisions are made by a simple majority. In the event of a tie, the vote of the committee chair is the deciding vote. The individual committees have the following composition and tasks:

Committee	Members	Tasks
Executive Committee	• Dr. Alfred Gusenbauer (Chairman) • Mag. Erwin Hameseder • Thomas Bull	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 • Thomas Bull • Georg Hinterschuster • Wolfgang Kreis	The Presidential and Nomination Committee submits proposals to the Supervisory Board for filling new mandates or ones that become free on the Management Board, deals with issues relating to successor planning and makes decisions in urgent cases.
Audit Committee	• Dr. Alfred Gusenbauer (Chairman) • Mag. Erwin Hameseder • Dr. Andreas Brandstetter • Thomas Bull • Dipl.-Ing. Andreas Batke • Georg Hinterschuster • Wolfgang Kreis	The responsibilities of the Audit Committee include the tasks assigned to it under Sec 92 Para 4a (4) of the Austrian Stock Corporation Act (AktG) as well as by Regulation (EU) No. 537/2014, namely: 1. monitoring the accounting procedures, as well as making recommendations or proposals to ensure their reliability; 2. monitoring the effectiveness of the internal control system, the internal audit system and the risk management system of the company, in particular through consideration of the report of the auditor on the efficacy of the risk management system; 3. monitoring the statutory audit and the audit of the consolidated financial statements and incorporating findings and conclusions in reports to be published by the Audit Oversight Body in accordance with Sec 4 Para 2 (12) of the Austrian Audit Oversight Act (APAG); 4. assessing and monitoring the independence of the auditor (group financial auditor); in particular, the Audit Committee accepts the annual report of the Management Board on the non-audit-related services actually provided following its prior approval; 5. reporting to the Supervisory Board on the audit findings with a description of how the audit has contributed to the reliability of the financial reporting and of the role of the Audit Committee; 6. assessing the annual financial statements and preparing their approval, assessing the proposal for the appropriation of net income, of the management report and of the corporate governance report, as well as reporting on the audit findings to the Supervisory Board; 7. assessing the consolidated financial statements and the group management report, the Consolidated Corporate Governance Report as well as reporting on the audit findings to the Supervisory Board; 8. preparing the procedure to select the auditor (group financial auditor) in consideration of the adequacy of the fee as well as recommending the choice to the Supervisory Board; 9. assessing the report on specific requirements regarding statutory audits under Article 11 of Regulation (EU) No. 537/2014; 10. in accordance with C-Rule 81a of the Austrian Code of Corporate Governance, defining a mode of mutual communication during a meeting with the auditor.

ANNUAL GENERAL MEETING AND SHAREHOLDERS

The shareholders, as owners of the company, exercise their rights by vote at the Annual General Meeting. More information about the Annual General Meeting and the shareholder structure is available in the chapter “Shares, Bonds & Investor Relations”.

Transparency through constant communication

In the interest of an open communication with shareholders, creditors, clients, analysts, employees and the interested public, transparency is of great importance to STRABAG SE. Important elements of this open communication are the quarterly reporting of STRABAG SE, ongoing direct investor and analyst contacts, the participation in roadshows and conferences, which mostly took place virtually in 2020, as well as publications and disclosures online and especially on the company website. More details about the company’s extensive information activities in this regard is available in the chapter “Shares, Bonds & Investor Relations”.

CONFLICTS OF INTEREST

Conflicts of interest must be reported immediately

Both the Management Board and the Supervisory Board are required to disclose conflicts of interest. The members of the Management Board must immediately disclose to the Supervisory Board any material personal interests in transactions of the company and group companies as well as any other conflicts of interest. Furthermore, they must also inform the other members of the Management Board of this. Members of the Management Board who hold management positions at other companies must work towards a fair balance of interests of the companies involved.

Supervisory Board members who find themselves in a conflict of interest must immediately disclose this to the Chairperson of the Supervisory Board. If the Chairperson of the Supervisory Board finds himself or herself in a conflict of interest, he or she must immediately disclose this to their deputy. The conclusion of contracts with members of the Supervisory Board in which such members are committed to the performance of a service outside of their activities on the Supervisory Board for the company or a subsidiary for a remuneration not of minor value requires the consent of the Supervisory Board. This also applies to contracts with companies in which a member of the Supervisory Board holds a considerable economic interest.

DIRECTORS’ DEALINGS

No transactions subject to disclosure obligation in 2020

Proprietary transactions with STRABAG SE shares and/or bonds by members of the company’s boards, by persons or companies who maintain a close relationship to the board members, and by other management-level employees with group-wide responsibilities 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). In 2020, no proprietary transactions with STRABAG SE shares and/or bonds were made by members of the aforementioned group of people. The following persons from the aforementioned group held shares and/or bonds of STRABAG SE on 31 December 2020:

Person subject to disclosure obligation	Board member	Number of shares	Number of bonds
Haselsteiner Familien-Privatstiftung	Dr. Alfred Gusenbauer Mag. Christian Harder	29,017,451	0
Mag. Erwin Hameseder		210	0
Klemens Haselsteiner		1,200	0

Diversity concept

Seeing and judging things from different perspectives helps to comprehensively identify the risks of a situation or decision. This is one reason why STRABAG is so interested in diversity with regard to **age, sex, and educational and professional background** especially – but not exclusively – among its directors and officers.

On 31 December 2020, the Supervisory Board included three women and six non-Austrian nationals. The members of the Supervisory Board were between 42 and 64 years old as of the reporting date. With their expertise, they cover the fields of law, business management, taxes, engineering, accounting, auditing and information technology. They also have experience working in various sectors of construction, industry, banking, insurance and public administration.

At the end of 2020, the Management Board of STRABAG SE consisted of men between 40 and 66 years of age of which two – including the CEO – are not Austrian. The members of the Management Board bring together managerial and engineering know-how and have many years of experience within the company, among the competition and in related industries.

Several mechanisms govern **appointments to the Supervisory Board**:

- The registered shares No. 1 and No. 2 are each associated with the right to nominate one person to the Supervisory Board of STRABAG SE.
- Four further members are elected per vote by the Annual General Meeting. They are usually proposed by shareholders' representatives to the Supervisory Board, which in turn passes a draft resolution to the Annual General Meeting.
- The employee representatives delegate five persons to the Supervisory Board.

The Supervisory Board is responsible for **appointments to the Management Board**. The Supervisory Board's Presidential and Nomination Committee makes proposals for filling vacant seats on the Management Board and deals with issues relating to successor planning. It submits a recommendation to the Supervisory Board after comparing the qualifications and experience of suitable candidates to a previously defined job description. The selection of a Management Board member is then made in the Supervisory Board.

Prerequisites for an appointment to the Management Board and Supervisory Board of STRABAG SE include the right expertise and personal qualifications as well as sufficient years of experience in management positions. The Management Board can best fulfil its management function and the Supervisory Board its supervisory and consulting functions with the broadest possible spectrum of skills and experience. This is achieved through diversity in terms of internationalism, educational and professional background, the representation of both sexes to an appropriate degree, and the age structure.

The job profile for a position on the Management Board calls for a minimum of ten years of experience in the construction industry or a related sector and preferably at least five years of management experience within the group. The board should consist of a good balance of members from both technical and commercial backgrounds. New appointees may be no older than 65 years of age.

The current nomination process has so far effectively addressed these requirements, with the result of a certain level of diversity on the boards. Through its draft resolutions to the Annual General Meeting, and through its decisions based on Presidential and Nomination Committee recommendations, the Supervisory Board helps to maintain the diversity of the Supervisory Board and the Management Board. This contribution to diversity is considered separately on a case-by-case basis. To allow a review of the implementation of the diversity criteria, short CVs of the current members of the Management Board and Supervisory Board are published in the Consolidated Corporate Governance Report.

The Supervisory Board supports the efforts being made by the group to raise the **percentage of women** in the company and in management and endeavours to increase the percentage of women on the Supervisory Board. With the election of Ksenia Melnikova to the Supervisory Board of STRABAG SE, the medium-term target of at least three women on the Supervisory Board was achieved in 2020.

At this time, there still seems to be no point in imposing a voluntary self-obligation for a certain percentage of women on the Management Board: Management positions within the group are filled primarily internally, and currently women remain underrepresented in management. The Supervisory Board is convinced that, in the medium term, successful measures to promote women's careers will result in a higher percentage of women in management, which will end up being reflected at the higher hierarchy levels.

Measures for the advancement of women[1]

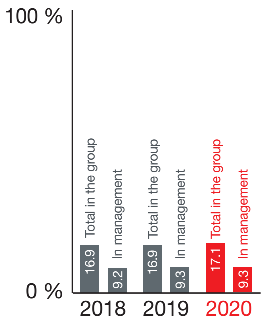
People & Workplace

The construction industry employs predominantly men in the technical professions. Women are therefore underrepresented at all hierarchy levels. Among other things the shortage of skilled personnel, however, requires the sector to build on female labour in the future more strongly than before. STRABAG SE is also convinced that diversity sustainably increases the success of the company. STRABAG SE understands diversity to include different nationalities, cultures and educational backgrounds, a balanced age structure and men and women working together. Diversity needs fertile ground in which to grow – a working environment that is free from discrimination, harassment and retaliation. STRABAG has in place a system of ombudspersons and actively takes measures to allow diversity to thrive, for example with respect to the promotion and inclusion of women.

RULES, RESPONSIBILITIES AND DUE DILIGENCE

Since 2012, an internal team has been hard at work to elaborate and implement measures to promote women and their careers within the group. The team came together for two meetings in 2020. The working group achieved gender parity in 2019 when the number of members was raised from four to six. The Management Board of STRABAG SE is aware that the company must continue existing initiatives and remain open to new ones in order to raise the percentage of women in higher qualified positions.

SHARE OF WOMEN IN THE GROUP



OBJECTIVES AND INDICATORS

To maintain our competitiveness and to benefit from the diversity of different points of view, STRABAG in 2013 set itself the goal to annually increase the global percentage of women in the group – i.e. to ensure a higher level of representation of women in the group. By signing the UN Women's Empowerment Principles, then-CEO of STRABAG SE Hans Peter Haselsteiner demonstrated the company's commitment to this goal.

In 2020, the number of women as a percentage of employees within the entire group amounted to 17.1 % (2019: 16.9 %). Women make up 9.3 % (2019: 9.3 %) of the group management – i.e. persons with a management position as defined by Sec 80 of the Austrian Stock Corporation Act (AktG). There are still no women on the – as of 2020 – six-member Management Board of STRABAG SE. It is noteworthy, however, that three women sit on the eleven-member Supervisory Board of the company: Kerstin Gelbmann, Magdolna P. Gyulainé and Ksenia Melnikova. Women therefore made up about 27 % of the Supervisory Board and accounted for 20 % of the members delegated by the works council. As the percentage of women both at STRABAG SE and within the group as a whole is under 20 %, a mandatory quota for the Supervisory Board as laid out in Sec 86 Para 7 of the Austrian Stock Corporation Act is not applicable.

PROJECTS AND INITIATIVES

If we can interest more women in a career in construction and/or with STRABAG, then we will have laid the foundation for a higher representation of women at the management levels. The activities to date to increase the number of female employees and to promote the careers of women within the STRABAG Group focus on three areas:

1 This section deals with the management approach to the issue of "Equal treatment of women and men".

- **Targeted marketing:** STRABAG uses both the masculine and feminine forms in its texts and job announcements in order to target female students and graduates and so secure a higher percentage of female applicants especially from the technical universities. Student surveys testify to the effectiveness of these measures and that women with a technical education in particular rank STRABAG high up in the list of attractive employers. According to the Universum Student Survey for 2020 STRABAG ranked in 6th place (2019: 5th) among women and 14th (2019: 15th) among men studying in the engineering and IT fields in Austria. Some of our activities target potential female employees even earlier on, namely at school age: Several of the group's organisational units in Germany and Austria regularly organise events on "Töchtertag" ("Take Your Daughter to Work Day") or Girls' Day.

Approx. 25 % women in the high-potential management pool

- **Compatibility of career and family:** Especially with regard to high potentials and top performers, STRABAG is in competition with other construction companies for workers that are flexible and as mobile as possible. But if you want flexibility, you have to offer flexibility. STRABAG is therefore increasing its attractiveness as an employer through a better compatibility of family and career. Employees who are sent abroad, for example, have the possibility of taking their families with them. In 2014, a set of guidelines and a process were developed for parental leave, part-time work for parents and return management. The corresponding pilot project to put this family-friendly idea into practice was launched in Austria in 2015 and in Germany in 2016 before being rolled out across the corporate group and established in regular operations in 2020. Another way to promote the compatibility of career and family is mobile working (working from home). A framework in this regard was defined in a group directive in 2018. In 2020, this directive was revised and the framework was made more flexible.

Group directive on working from home

- **Career opportunities:** There are no salary differences in the company between men and women who perform comparable work and have the same level of education. Based on the results of internal surveys, workshops and analyses, STRABAG is also working towards adequately considering women in promotion and further education by specifically focusing on qualifications and using gender-neutral job descriptions. Attention is therefore given to the adequate representation of women within the management of high potentials and in the mentoring programme that was established in 2018. Moreover, the results of all measures in this regard are constantly being evaluated. When it comes to developing management employees, STRABAG SE sees joint measures for men and women as the most promising way. In addition to the events organised for members of the high-potential management pool, which is already around 25 % female, the group supports its female employees especially in their career planning and in further education. The group academy, for example, also offers seminars designed especially for women. Among the trade-specific training offers for all employees, those on technology and IT registered an above-average participation by women. Coaching also plays an important role, with women in management positions being able to choose between personal coaching and mentoring as well as so-called eBusiness coaching in order to explore career prospects. As networking helps boost career opportunities, an internal STRABAG site offers female employees the opportunity to network with each other. In 2020, the site was migrated to a new technological platform. Almost without exception, all members accepted the invitation to accompany the move, so that by the end of the year there were already 330 people communicating with each other on the new platform (2019: 301).

As the goal to annually increase the percentage of female employees is a group goal, the above-stated applies to the group as a whole.

Sustainability

Sustainability is one of the nine central corporate values and part of the corporate strategy. For STRABAG, responsible, sustainable management includes living the values it has defined, such as partnership. But taking responsibility also means responding to the diverse needs and requirements of our various stakeholders and taking into account the effects of our core business on the environment and on society. This integration of sustainability aspects into the management of the group promotes social acceptance and ensures future viability.

This keeps the group competitive and enables it to constantly realign its portfolio of services to the demands and developments on the market. At the same time, the company remains alert to innovative solutions outside of the group that could create fresh forward momentum in the core business.

High priority, long-term perspective

The topic of sustainability and the *function* of Sustainability Management (formerly Corporate Responsibility Management) has been the responsibility of CDO Klemens Haselsteiner since 2020. This sends an important signal that sustainability at STRABAG has the support of senior management and is viewed from a long-term perspective. The six strategic fields reflect STRABAG's comprehensive understanding of responsibility. The Sustainability Management team, whose staff has been expanded this year, focuses its activities on the strategic field of environmental responsibility, with priority given to the topics of energy, materials, circularity and supply chain.

Sustainable management and entrepreneurial responsibility at STRABAG are integrated into the group strategy. Proposals for priority strategic issues as well as relevant indicators and objectives are drawn up by the responsible managers, with support from the internal sustainability management organisation and in coordination with the relevant board member and the CEO, and subsequently discussed by the STRABAG SE Management Board before being reworked if necessary and finally cleared for release. Strategically critical incidents are addressed ad hoc during the Management Board meetings.

Continuous development of the corporate governance system

Self-evaluation of the Supervisory Board

STRABAG strives to constantly improve its corporate governance system in the interests of the company and all stakeholders. In the year under review, the Supervisory Board again performed a self-evaluation of its activity pursuant to C-Rule 36 of the Austrian Code of Corporate Governance. At its meeting on 21 December 2020, the Supervisory Board examined in detail the efficiency of its work, especially of its organisation and working methods, which were largely evaluated as positively as in the years before. The evaluation corresponded in many areas with the one from the previous year. The board again seized the opportunity to make concrete proposals on how to raise efficiency.

Risk management and audit

RISK MANAGEMENT

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

INTERNAL AUDIT REPORT

Business Compliance

The STRABAG Group's internal audit department is a neutral and independent authority which again conducted approximately 170 (2019: approx. 180) internal audits in all group divisions worldwide in the 2020 financial year – only slightly less than in previous years despite the coronavirus-related travel restrictions. 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 and so enjoys the greatest possible amount of independence.

Internal audit as part of risk management

The internal audit department – after planning the audits independently and making continual adaptations to risk assessment – conducts process-independent and neutral audits across all of the group's divisions and regions both nationally and abroad. Given its technical and commercial competence, the internal audit department is an important element of the group's internal control systems. The internal audits serve to monitor the effectiveness of the risk management and control and to evaluate the management and monitoring processes. The comprehensive approach, the use of uniform auditing standards and the neutral reporting further contribute to the standardisation of processes and structures.

The routine and special audits serve to recognise and avoid risks, to reveal opportunities, and to constantly monitor proper conduct and compliance with the group's value and business compliance system. In 2020, the internal audit department again audited both individual projects as well as entire organisational units. The audits covered the group's subdivisions as well as the most important contracts and orders of the year. The internal audit team also forms part of the company's task force looking into the suspicion of illegal price-fixing in construction projects in Austria. The internal audit department reported regularly to the CEO and to the Audit Committee of the Supervisory Board regarding the audit plan and significant results of its work. The audit reports were sent to the audited operating units, to the division managers, and to the Management Board, and were also made available to the financial auditors.

FINANCIAL AUDIT

The Annual General Meeting of STRABAG SE on 19 June 2020, upon proposal of the Supervisory Board, designated KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as auditor of the financial statements and of the consolidated financial statements for the 2020 financial year. The expenses for KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft in the 2020 financial year amounted to T€ 733 excl. VAT (2019: T€ 691 excl. VAT) for the auditing of the separate and consolidated financial statements as well as T€ 591 excl. VAT (2019: T€ 589 excl. VAT) for the auditing of financial statements at subsidiaries of STRABAG SE. For additional consulting services, it received a fee of T€ 127 excl. VAT (2019: T€ 78 excl. VAT).

EXTERNAL EVALUATION

Details as to the results of the evaluation are available at www.strabag.com

In keeping with C-Rule 62 of the Austrian Code of Corporate Governance, STRABAG SE regularly subjects its compliance with the Code to an external evaluation every three years. The last evaluation, for the 2019 financial year, was performed in 2020 by Schindler Rechtsanwälte GmbH, Vienna. The evaluation revealed no indications that the declarations provided by the Management and Supervisory Board members regarding observation of and compliance with the C-Rules of the Austrian Code of Corporate Governance were untrue. The C-Rules of the Code were complied with – inasmuch as these were included in the formal obligation of STRABAG SE. Some rules did not apply to STRABAG SE during the evaluation period. The complete report including the results of the evaluation is available at www.strabag.com > Investor Relations > Corporate Governance > Formal Obligation and Evaluation. The next external evaluation will be conducted in 2023 for the 2022 financial year.

Corporate governance reports of publicly listed subsidiaries

No subsidiaries were required to prepare and issue a corporate governance report during the year under report.

Villach, 8 April 2021

The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Staff Divisions and
Central Divisions BMTI, CML as well as TPA

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

Klemens Haselsteiner
Responsibility Central Divisions STRABAG
Innovation & Digitalisation as well as Zentrale
Technik, Subdivision NN Russia

Dipl.-Ing. Dr. Peter Krammer
Responsibility Segment South + East
(except Subdivision NN Russia)

Dipl.-Ing. Siegfried Wanker
Responsibility Segment
International + Special Divisions

Dipl.-Ing. (FH) Alfred Watzl
Responsibility Segment North + West

SUPERVISORY BOARD REPORT

Dr. Alfred Gusenbauer

Dear shareholders, associates and friends of STRABAG SE,

2020 was a challenging year for us all. Covid-19 was the dominant issue in both our private lives and the business world. The pandemic impacted the operations of STRABAG SE in various ways and was felt differently in the individual markets where the group operates. Despite some upheavals, however, the positive effects outweighed the negative ones, and so we can look back on a very successful, albeit exceptional, 2020 financial year. The targeted EBIT margin of at least 3.5 % was clearly exceeded with a value of 4.3 %. This outstanding result will probably not be repeated in 2021, but overall STRABAG is well on its way to achieving the medium-term target of an EBIT margin of 4 % from 2022 onwards – knowing full well that major efforts will be required in the coming years to achieve this. The high level of investment in construction projects in recent years will not continue, particularly in the sectors that have been hit hard by the pandemic, such as tourism and retail. The situation at the municipal level must also be watched closely, as it has been especially affected by additional burdens.

The risk management efforts made to date must therefore be pursued even more consistently in order to lay the foundation for success in bid selection and estimating, on the one hand, and to ensure that the projects acquired are successfully completed, on the other. The Supervisory Board will therefore continue to focus its activities on monitoring and on further developing the risk management framework.

Open exchange of information and opinion in seven Supervisory Board meetings

In the 2020 financial year, the Supervisory Board duly fulfilled the responsibilities assigned to it by law, by the Articles of Association, by the Austrian Code of Corporate Governance (ÖCGK) and by the Rules of Procedure. The Supervisory Board convened seven times and regularly advised the Management Board in its management function and reviewed and monitored its management agenda. The Audit Committee met for three sessions in 2020. The Executive Committee met twice to discuss the remuneration policy for the Management Board, with a resolution adopted at the second Executive Committee meeting on 23 April 2020. The Presidential and Nomination Committee also held a meeting on 23 April 2020 to recommend a resolution to the Supervisory Board regarding elections to the Supervisory Board.

The members of the Supervisory Board were duly represented at the respective board and committee meetings. All members of the Supervisory Board act and make decisions independently as stipulated by the Austrian Code of Corporate Governance.

The exchange of information also took place outside of the regular board and committee meetings in 2020. During the Supervisory Board meetings, the Management Board regularly and extensively informed the Supervisory Board as to the market situation, the business development and the company's situation. Open discussions in each session further enhanced the extensive exchange of information and opinions. As a result, the Supervisory Board was constantly informed about STRABAG's strategic direction, its cash flows and financial performance, the personnel situation, the investment and project development plans, and large-scale projects, and it had a complete overview of the business development. The Supervisory Board monitored and questioned the corporate planning and its foundations and also analysed unplanned developments together with the Management Board.

The Management Board always obtained consent from the Supervisory Board for important business transactions. The following agenda items of the Supervisory Board meetings are particularly noteworthy:

SUPERVISORY BOARD MEETING 1: REVIEW OF INVESTMENTS AND FINANCIAL SITUATION IN 2019 AND OUTLOOK ON 2020

The first Supervisory Board meeting on 13 February 2020 dealt, among other things, with the investments and financial situation in 2019, the management report as at 31 December 2019, the planning for 2020, the medium-term planning for the period 2021–2023, the financial planning for 2019 and the investment budget for the rejuvenation of the equipment fleet. All topics were discussed in detail with the Management Board and – with the exception of the planning for 2020 – were approved where a resolution was required.

In addition to two transactions requiring approval, the Supervisory Board also dealt in detail with the cartell allegations in Austria and held a strategy discussion.

Furthermore, a report was given on the first 2020 meeting of the Executive Committee held that same day, which, in line with its responsibilities, had dealt with the remuneration policy for the Management Board.

SUPERVISORY BOARD MEETING 2: COVID-19 CRISIS AND 2019 ANNUAL FINANCIAL STATEMENTS

In the second Supervisory Board meeting on 23 April 2020, the Supervisory Board dealt in detail with the situation of the company and the effects of the coronavirus crisis.

The preparation of the 2020 Annual General Meeting was also a topic of discussion, with an election proposal made for the Supervisory Board mandates expiring at the end of the 2020 Annual General Meeting.

The Management Board and the Supervisory Board dealt with the annual financial statements, the management report, the Consolidated Corporate Governance Report, the consolidated non-financial report, the consolidated report on payments to governments, the consolidated financial statements, and the group management report of STRABAG SE for 2019. The Audit Committee reported on the audit of the annual financial statements, the consolidated financial statements, the management reports and the Consolidated Corporate Governance Report. The Audit Committee also reported to the Supervisory Board on the results of the financial audit in accordance with Sec 92 Para 4a (4) lit e) of the Austrian Stock Corporation Act (AktG) and presented the degree to which the financial audit contributed to the reliability of the financial reporting and the role played by the Audit Committee in the process. 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 acknowledged completion of the annual financial statements for 2019 and passed a resolution on the appropriation of net income. Also discussed and approved were the Supervisory Board report as well as the appointment of KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as financial auditor and group financial auditor. These issues also were on the agenda of the first meeting of the Audit Committee held earlier that same day.

At this meeting, the Supervisory Board also approved the remuneration policy for the Supervisory Board and took note of the remuneration policy for the Management Board that was adopted by the Executive Committee.

SUPERVISORY BOARD MEETING 2A: PLANNING FOR 2020

The 2020 output and earnings planning was once again the subject of the extraordinary meeting of the Supervisory Board on 28 May 2020. This was discussed in detail by the Supervisory Board, in particular taking into account the effects of the coronavirus pandemic, and – due to the lack of a quorum of the Supervisory Board at this meeting – subsequently approved by the Supervisory Board by way of a circular resolution.

SUPERVISORY BOARD MEETING: RECONSTITUTION OF SUPERVISORY BOARD

The Supervisory Board was reconstituted after the 16th Annual General Meeting on 19 June 2020. Alfred Gusenbauer was confirmed as Chairman of the Supervisory Board and Erwin Hameseder as Vice Chairman. The composition of the three committees of the Supervisory Board was also confirmed.

SUPERVISORY BOARD MEETING 4: STRATEGY DISCUSSION

The fourth Supervisory Board meeting held on 24 July 2020 reported on the successful conclusion of the 16th Annual General Meeting of 19 June 2020, held virtually due to the Covid-19 pandemic.

The Management Board also informed the Supervisory Board about the current situation of the group and the status of the Alto Maipo project in Chile. A large part of the meeting was devoted to the strategy discussion.

The second session of the Audit Committee, which preceded this meeting, dealt with the report by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, on the evaluation of the risk management system and adopted a resolution on the audit approach of the financial statements as at 31 December 2020. A report was also heard from the internal audit department.

SUPERVISORY BOARD MEETING 5: REPORTING OF THE MANAGEMENT BOARD INCLUDING REPORT ON NEW CENTRAL DIVISION STRABAG INNOVATION & DIGITALISATION

During the Supervisory Board meeting of 15 September 2020, the Management Board reported specifically and in detail on the successful establishment and status of the new central division STRABAG Innovation & Digitalisation.

The internal audit report was continued in the third meeting of the Audit Committee on 15 September 2020. The Audit Committee also dealt with the IFRS board reporting.

SUPERVISORY BOARD MEETING 6: REPORTING ON VARIOUS TOPICS

In the last Supervisory Board meeting of the year on 21 December 2020, the Supervisory Board presented and discussed the results of its annual self-evaluation. The Management Board informed about the current situation of the company and the financial planning for 2020. The topics also included the planning for 2021, the medium-term planning for 2022–2024 and the investment budget for the 2021 equipment fleet. Reports were also given on the repositioning of the international and tunnelling business as well as the cartel allegations in Austria.

Consolidated financial statements awarded unqualified audit opinion

In accordance with C-Rule 18 of the Austrian Code of Corporate Governance, the internal auditing unit reported to the Audit Committee on the auditing plan and on any material findings. The Audit Committee also monitored the accounting procedures (including group accounting) and the financial audit and convinced itself of the effectiveness of the internal control system, the risk management system and the audit system. The Audit Committee also reviewed and monitored the independence of the financial auditor and group financial auditor, especially as regards the additional services provided to the audited company.

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, audited the annual financial statements and the management report of STRABAG SE for the 2020 financial year. The findings of the audit did not give rise to any issues of concern and the financial auditor awarded an unqualified audit opinion.

The consolidated financial statements and the group management report of STRABAG SE for the 2020 financial year were prepared by the Management Board under application of Sec 245a of the Austrian Commercial Code (UGB) in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) that were applicable at the end of the reporting period. These were also reviewed by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, and awarded an unqualified audit opinion.

The auditor's and group financial auditor's reports were presented to the Supervisory Board. In the presence of the financial auditor, the Audit Committee thereupon reviewed the 2020 annual financial statements and the management report including the proposal for the appropriation of net income and the Consolidated Corporate Governance Report as well as the additional report of the financial auditor to the Audit Committee as required by Article 11 of Regulation (EU) No. 537/2014, and prepared the approval of the annual financial statements as well as the acknowledgement of the 2020 consolidated financial statements and group management report by the Supervisory Board. The Audit Committee also duly performed its obligations in accordance with Sec 92 Para 4a (4) lit e) of the Austrian Stock Corporation Act (AktG) and reported to the Supervisory Board on the result of the financial audit. The report presented the degree to which the financial audit contributed to the reliability of the financial reporting and the role played by the Audit Committee in the process.

The Consolidated Corporate Governance Report was audited externally by Dr. Christian Thaler, Vienna. This audit did not give rise to any issues of concern. This was taken note of by the Audit Committee and the Supervisory Board.

The Supervisory Board reviewed all documents as well as the report by the Audit Committee. In its meeting of 27 April 2021, it declared its agreement with the 2020 annual financial statements and consolidated financial statements and approved – and so adopted – the 2020 annual financial statements. The Management Board and the Supervisory Board have agreed on an identical proposal for appropriation of net income. The Supervisory Board proposed appointing KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, as financial auditor and group financial auditor for the 2021 financial year, in accordance with the proposal of the Audit Committee. Also presented at the meeting of 27 April 2021 were the consolidated report on payments to governments pursuant to Sec 267c of the Austrian Commercial Code (UGB) in connection with Sec 243d UGB, as well as the consolidated non-financial report pursuant to Sec 267a UGB in connection with Sec 243b UGB. The reports were reviewed by the Supervisory Board and taken note of without cause for complaint.

Word of thanks to Management Board and all employees

The Supervisory Board thanks the entire Management Board of STRABAG SE and all employees for their valuable contribution in the past – very challenging – financial year.

The Chairman of the Supervisory Board of STRABAG SE,
Dr. Alfred Gusenbauer

Vienna, 27 April 2021

Consolidated Non-Financial Report

ABOUT THIS CONSOLIDATED NON-FINANCIAL REPORT

As a large corporation[1], STRABAG SE falls under the reporting obligation of the Sustainability and Diversity Improvement Act (NaDiVeG) that took effect in Austria on 6 December 2016. Since the 2017 financial year, in keeping with Sec 267a of the Austrian Commercial Code (UGB), STRABAG produces a separate Consolidated Non-Financial Report that comprises the non-financial reporting of all subsidiaries of the STRABAG Group. The materiality analysis, composed of impact assessment and stakeholder perspective, identifies issues that influence the future business activities of the group and encourage or delay the attainment of the strategic priorities.

The topics listed below represent the material issues from the materiality analysis as well as the minimum concerns pursuant to Sec 267a UGB. These minimum concerns comprise the areas of environment, society and employment, respect for human rights, and the fight against corruption and bribery and, from the point of view of the Management Board, reflect the issues that are required to understand the impact of the company's activities:

- Client satisfaction
- Digitalisation and innovation
- Occupational safety
- Health protection
- Strategic human resource development
- Fair competition
- Materials
- Waste and circularity
- Energy and emissions
- Human rights[2]

This report was prepared in accordance with the Core option of the **Global Reporting Initiative (GRI) standards**. All of the material issues identified in the materiality analysis as well as their management approaches are presented in this consolidated non-financial report.

Building on the basis of a responsible corporate strategy, STRABAG takes into consideration the impact of its activities in its core business and along the supply chain. Our business model comprises all areas of the construction industry and covers the entire construction value chain. Our intention is to 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. This requires working closely together with various actors in our supply chain, who cover a large proportion of the added value. Details about our activities, our brands and subsidiaries, and our supply chain can be found at www.strabag.com > Activities, www.strabag.com > STRABAG SE > Our Brands and www.strabag.com > Strategy > Supply Chain.

1 Large limited companies that are public-interest entities and have more than 500 employees on an annual average
2 Mandatory disclosure due to NaDiVeG

OUR STRATEGIC APPROACH

We operate across Europe as well as on other continents and offer services along the entire construction value chain. The impacts of our business activities, therefore, are many. And it is our intention to assume responsibility for these impacts. By considering the needs of people, the environment and society in strategic decisions, we therefore **ensure** the **long-term continuity** of our company.

Doing business responsibly means working within our defined values such as partnership. But assuming responsibility also means giving balanced consideration to the increasingly complex demands placed on our core business. We build according to our clients' wishes, which means that we basically orient ourselves in line with the requirements of the market. In making our decisions about how we build and how we design our processes, however, we take into account criteria that go beyond purely economic considerations.

Our internal stakeholders aren't the only impulse in this regard. An increasingly aware clientele, legal and political requirements/regulations, non-governmental organisations and investors are encouraging us to adhere to an ambitious sustainability strategy. The European Green Deal growth strategy, for example, sets climate protection targets that can only be achieved with investments and specific measures in the construction sector.

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

For us, upholding our earnings responsibility towards our shareholders and employees is in accord with demonstrating environmental awareness and, as a member of society, promoting its prosperity. Our certified energy management system helps us to increase our efficiency and so reduce CO_2 emissions (Environmental Responsibility), while at the same time achieving cost reductions that are reflected in the earnings (Economic Responsibility). We train our employees with regard to the consequences of and measures against corruption and anti-competitive violations (Business Compliance), but also to increase their methodological and professional skills and to ensure their safety (People & Workplace). The tight mesh of these fields shows quite clearly that close cooperation is necessary across the various group organisations and with our external partners in order to successfully deal with these tasks. We use this strategic approach as a framework for structuring our **reporting**. For each field, we report on the most important issues, explain why we consider them to be relevant, and clarify the strategic importance they have for the STRABAG Group.

MATERIALITY ANALYSIS

This report – together with the corresponding online information – was prepared in accordance with the standards of the Global Reporting Initiative (GRI). The materiality analysis helps us to systematically identify the most important sustainability issues and present these issues in our reporting. It forms the basis of sound sustainability management and reflects stakeholder expectations as well as the impact of our business activities on the environment and society.

We identify the relevant sustainability issues along the value chain and assess them according to their economic, environmental and social impact. Internal and external stakeholder groups then assess the relevance. Specifically, the materiality matrix is composed of the economic, environmental and social impacts (x-axis) and the influence on stakeholder assessments and decisions (y-axis).

The first materiality analysis based on the GRI guidelines was carried out in 2015, with the corresponding materiality matrix published in 2016. The matrix is updated on an annual basis using a multistep process applied in whole or in parts. In 2020, the issues were again reviewed for their completeness, impact and relevance and validated by the Management Board.

Besides the analysis of the value chain, we also conducted a peer group analysis and took into account regulations and laws, investor and client demands, and media reports on our construction projects. This desk research resulted in five new material issues, which are shown in the materiality matrix.

The involvement of internal and external stakeholders was to have taken place in 2020 in the form of a face-to-face event. Unfortunately, this event had to be cancelled due to the Covid-19 pandemic. We therefore used an online survey to determine the stakeholder perspective on STRABAG's most important sustainability issues.

The impact assessment for the various issues and their integration into the materiality matrix resulted in changes to the STRABAG materiality matrix. One change is the addition of the new material issue of "Waste and circularity".

Information on the subject of gender equality ("Equal treatment of women and men") can be found in the Consolidated Corporate Governance Report. All other changes can be found in the footnotes to the figure showing the materiality matrix.

There are plans to hold the stakeholder dialogue event in 2021 and to open up the online survey to a larger number of participants.

Stakeholder involvement

Partnership and trust are central values of STRABAG. In keeping with these guiding principles, we constantly, and with transparent communication, attend to the concerns, wishes and needs of our stakeholders. With stakeholders, we mean those groups who are influenced by our services or who, for their part, influence the business activity of our company.

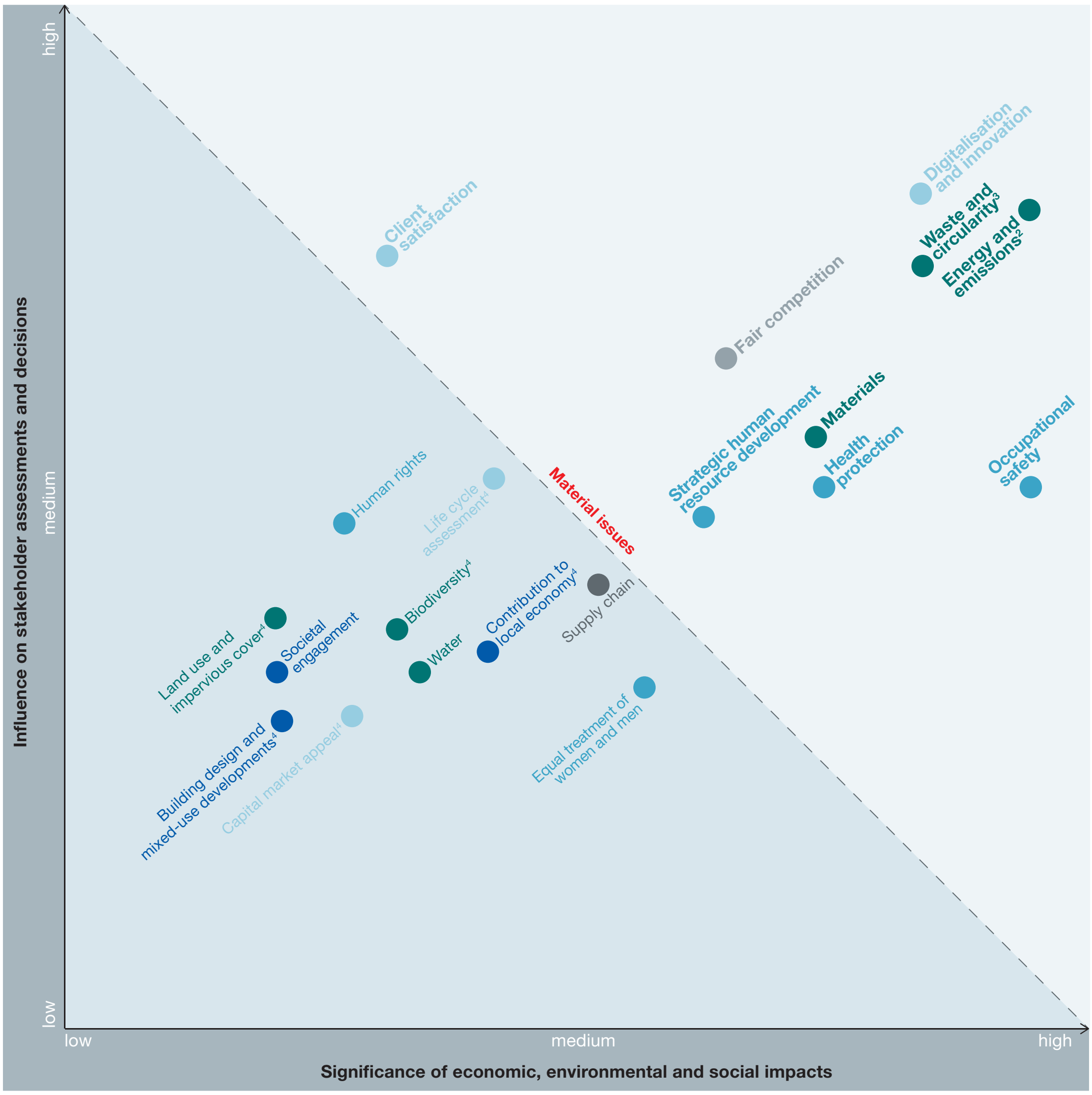
Dialogue formats used by us include online and print media, face-to-face events in the form of workshops, and written surveys. We also hold a regular stakeholder dialogue event. The aim of this event is to bring together external representatives from our most important stakeholder groups to meet with our CEO in order to discuss and prioritise the issues of strategic relevance for STRABAG.

See chapter "Digitalisation and Innovation"

The dialogue is founded on a **stakeholder analysis** that helps us to identify the most important stakeholder groups with regard to their level of influence by and on our organisation. These include our employees, clients, investors and suppliers. Furthermore, we maintain contacts to universities, the media, non-governmental organisations and political institutions as well as the people living in direct proximity to our projects.

The stakeholder dialogues allow us to include new points of view in our strategic considerations and to incorporate additional aspects into the catalogue of the most urgent topics for the future. The different forms of stakeholder dialogue enabled us to identify a number of factors, such as the necessity to focus more strongly on innovative solutions, which need to be developed in close coordination with our partners.

STRABAG MATERIALITY MATRIX[1]



1 The labelling of the x- and y-axis were exchanged according to the specifications of the GRI standards.
2 The issue of “Energy” was expanded through the addition of “Emissions”.
3 Addition of the issue “Waste and circularity”
4 Addition of the issues “Building design and mixed-use developments”, “Land use and impervious cover”, “Contribution to local economy”, “Capital market appeal”, “Life cycle assessment”

The stakeholders placed greater weight on the issue of “Waste and circularity”, which is why it was chosen as a new material issue. Due to the late completion of the materiality process as a result of the coronavirus pandemic and the cancelled stakeholder dialogue event, this issue is not yet covered in its own section this year but is included under “Materials”. For the other eight issues that are of material importance for our competitiveness and long-term existence, a management approach was developed by the person responsible within the group. The management approach makes clear how we ensure priority treatment within the group (“Rules, responsibilities and due diligence”), which figures we develop as key performance indicators (“Objectives and indicators”) and what sorts of measures we set to reach our targets (“Projects and initiatives”).

The material issues are:

- Client satisfaction
- Digitalisation and innovation
- Occupational safety
- Health protection
- Strategic human resource development
- Fair competition
- Materials
- Waste and circularity
- Energy and emissions

We also report on the following topics:

- Project risk management
- Human rights
- Societal engagement

The following information on the issues stipulated by the Sustainability and Diversity Improvement Act (NaDiVeG) can be found in this report:

Environmental concerns	Fight against corruption and bribery
• Materials • Energy and emissions • Waste and circularity[1]	• Fair competition
Respect for human rights	**Social and employment concerns**
• Human rights	• Strategic human resource development • Occupational safety • Health protection
Additional material issues	**Voluntary information**
• Client satisfaction • Digitalisation and innovation	• Project risk management • Societal engagement

1 reported in the "Materials" chapter

GENERAL EMPLOYMENT FIGURES

Around the world, more than 74,000 people are putting their expertise and skill into practice at our more than 700 workplaces and construction sites. Our employees work with combined effort and commitment to complete their projects on time and in the desired quality. For this task to succeed day after day, STRABAG, in its function as employer, must ensure fair and equitable employment conditions by guaranteeing occupational safety and health, promoting the equal treatment of women and men, and observing human rights at all location.

The Covid-19 pandemic led to severe restrictions on economic life in 2020. By comparison, however, the construction industry fared relatively well. In most of the countries where our group is active, construction activities and related administrative work continued without interruption. In Austria, construction activity had to be suspended for a period of ten days due to a strict lockdown in March 2020. To compensate for this interruption, a short-time working programme was temporarily introduced in the second quarter. Short-time work was also introduced in Germany – although to a more limited extent. Accordingly, the total number of employees decreased only very slightly by 3 %, with a 7 % decrease in output. Thanks to comprehensive safety concepts, the number of Covid-19 cases on construction sites and in our offices was kept at a very low level throughout the year in the majority of countries where our group operates. More on this can be found in the chapter “Occupational Safety”.

Figures[1]

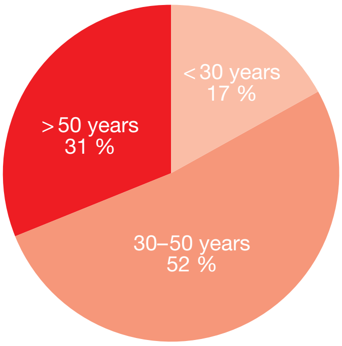
NUMBER OF EMPLOYEES IN 2020 BY SEGMENT AND COUNTRY[2]

	North + West	South + East	International + Special Divisions	Other	Group
Germany	19,446	537	5,436	2,731	**28,150**
Austria	89	7,832	2,321	1,272	**11,514**
Americas	1	1	6,492	3	**6,497**
Poland	4,878	6	799	745	**6,428**
Czech Republic	58	2,899	727	413	**4,097**
Hungary	0	1,985	529	366	**2,880**
Slovakia	0	1,183	352	210	**1,745**
Romania	121	1,210	211	197	**1,739**
Middle East	2	10	1,538	3	**1,553**
Serbia	0	1,228	40	184	**1,452**
Croatia	0	1,045	73	157	**1,275**
Rest of Europe	127	865	113	18	**1,123**
Asia	0	3	957	0	**960**
Switzerland	58	661	5	98	**822**
Africa	3	7	806	0	**816**
Russia	0	517	33	94	**644**
Great Britain	15	0	585	10	**610**
Benelux	448	4	34	52	**538**
Bulgaria	0	392	35	64	**491**
Sweden	291	0	65	14	**370**
Denmark	260	0	0	16	**276**
Italy	4	13	173	22	**212**
Slovenia	0	114	15	19	**148**
Total	**25,801**	**20,512**	**21,339**	**6,688**	**74,340**

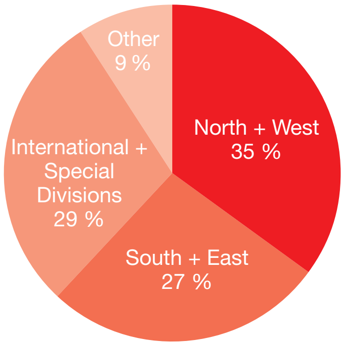
1 The employee numbers shown in this chapter were determined by including all associated group companies and represent annual average values.
2 Employee numbers expressed as FTE

Balanced age structure

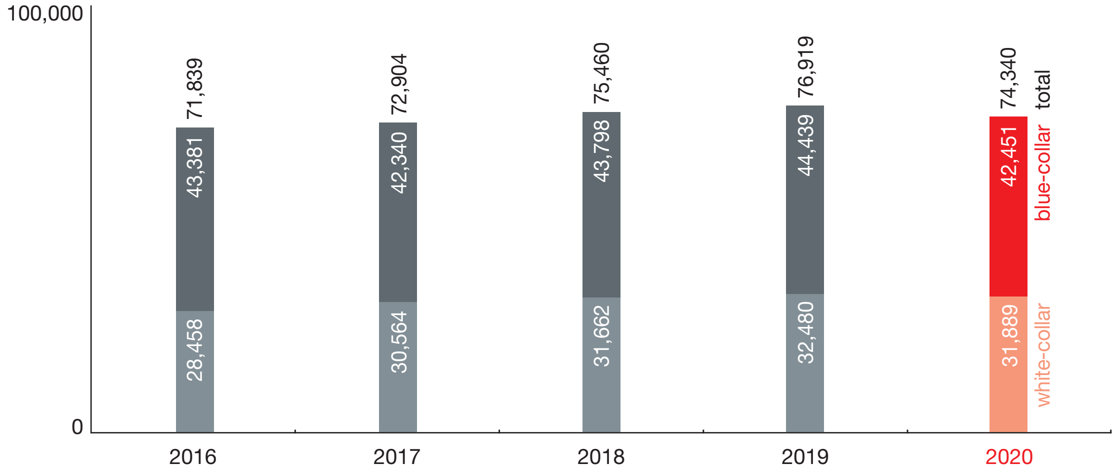
EMPLOYEE AGE STRUCTURE 2020[1]



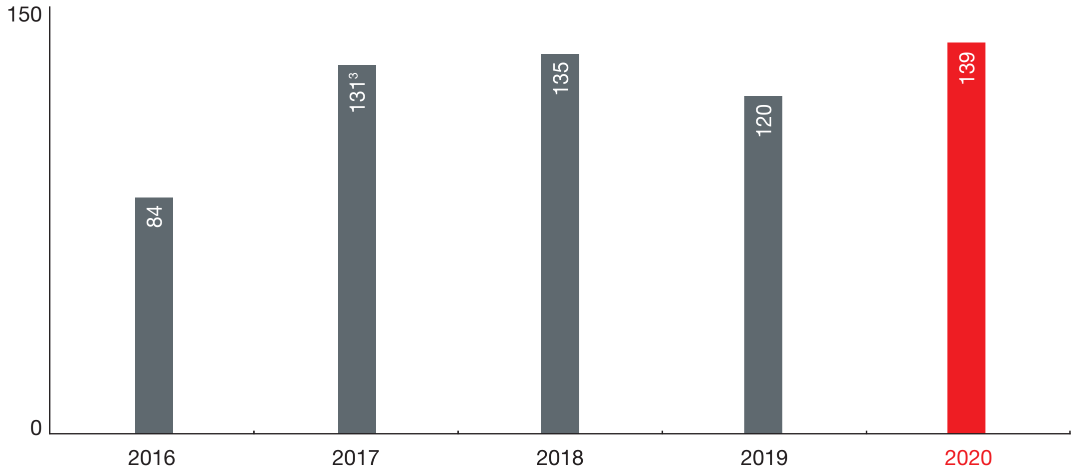
EMPLOYEES BY SEGMENT 2020[2]



DEVELOPMENT OF EMPLOYEE FIGURE[2]

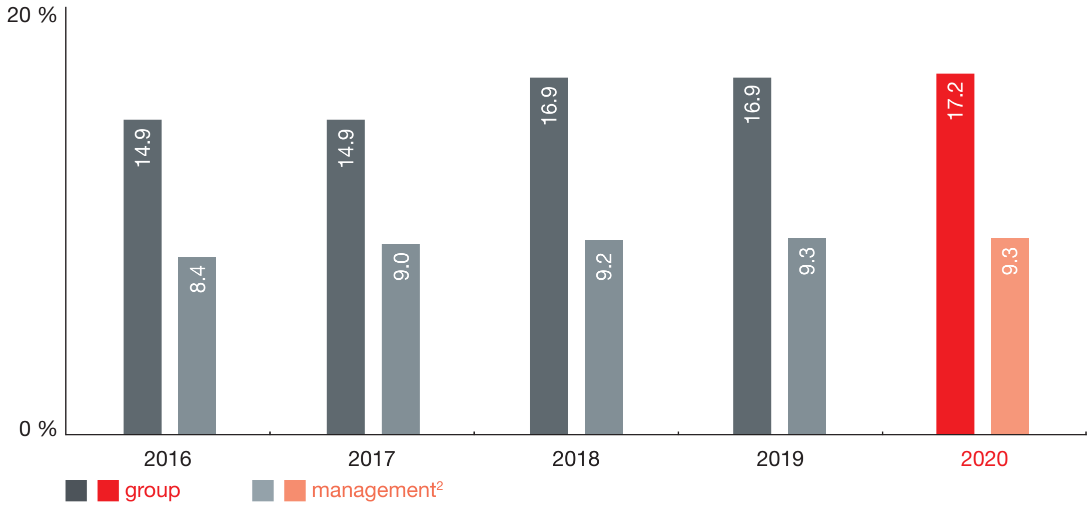


NUMBER OF NATIONALITIES WITHIN THE GROUP



1 Employee numbers expressed as head count
2 Employee numbers expressed as FTE
3 The increase in 2017 results, among other things, from the first inclusion of employee data from Chile and the Middle East.

PERCENTAGE OF WOMEN IN THE GROUP AND IN MANAGEMENT[1]



DETAILED EMPLOYMENT INFORMATION[3]

GRI standards 2016 disclosure number	Reporting requirements	Disclosures	2020	2019
102-8	a. Total number of employees by employment contract (permanent and temporary), by gender	Total permanent:	68,672 (86 %)	70,645 (86 %)
		Total temporary:	10,756 (14 %)	11,668 (14 %)
		Women permanent:	11,498 (85 %)	11,664 (84 %)
		Women temporary:	2,099 (15 %)	2,212 (16 %)
		Men permanent:	57,174 (87 %)	58,981 (86 %)
		Men temporary:	8,657 (13 %)	9,456 (14 %)
	b. Total number of employees by employment contract (permanent and temporary), by region	Germany permanent:	27,664 (87 %)	28,839 (88 %)
		Austria permanent:	12,095 (99 %)	12,119 (99 %)
		CEE[4] permanent:	16,963 (80 %)	16,219 (80 %)
		Rest of Europe permanent:	3,515 (86 %)	3,682 (92 %)
		Rest of world permanent:	8,435 (83 %)	9,786 (76 %)
		Germany temporary:	4,033 (13 %)	4,066 (12 %)
		Austria temporary:	101 (1 %)	101 (1 %)
		CEE[4] temporary:	4,304 (20 %)	4,058 (20 %)
		Rest of Europe temporary:	582 (14 %)	310 (8 %)
		Rest of world temporary:	1,736 (17 %)	3,133 (24 %)
	c. Total number of employees by employment type (full-time and part-time), by gender	Total full-time:	71,220 (90 %)	73,789 (90 %)
		Total part-time:	8,208 (10 %)	8,524 (10 %)
		Women full-time:	8,740 (64 %)	8,863 (64 %)
		Women part-time:	4,857 (36 %)	5,013 (36 %)
		Men full-time:	62,480 (95 %)	64,926 (95 %)
		Men part-time:	3,351 (5 %)	3,511 (5 %)
	d. Whether a significant portion of the organisation's activities are performed by workers who are not employees	Only in individual cases are portions of the organisation's activities performed by workers who are not employees.		
	e. Any significant variations in the numbers reported in disclosure 102-8-a, 102-8-b, and 102-8-c	No significant variations in the number of employees could be determined.		
	f. An explanation of how the data have been compiled, including any assumptions made	The information required for the GRI disclosures was taken from the HR master data of the ERP system at the group headquarters as well as from group organisational units with other ERP systems through standardised monthly reporting.		

1 As of 2018, the employee numbers are expressed as head count; previously as FTE.
2 Definition management: hierarchy levels from business unit management up
3 Employee numbers expressed as head count
4 CEE = Central and Eastern Europe

GRI standards 2016 disclosure number	Reporting requirements	Disclosures	2020	2019
102-41	Percentage of total employees covered by collective bargaining agreements	The national requirements are kept at all subsidiaries.	94 %	96 %
401-1	New employee hires and employee turnover a. Total number and rate of new employee hires during the reporting period, by age group, gender and region	See following tables		
	b. Total number and rate of employee turnover during the reporting period by age group, gender and region	See following tables		

A. NEW HIRES IN 2020[1, 2]

	Age group									Total	Employee hire rate %
	<30 years			30–50 years			>50 years				
	M	F	Total	M	F	Total	M	F	Total		
Germany	287	75	**362**	515	110	**625**	178	29	**207**	**1,194**	4.3
Austria	360	59	**419**	415	128	**543**	94	31	**125**	**1,087**	9.0
CEE	103	30	**133**	266	68	**334**	82	7	**89**	**556**	3.3
Rest of Europe	76	16	**92**	153	35	**188**	51	11	**62**	**342**	9.7
Rest of world	106	8	**114**	281	14	**295**	74	2	**76**	**485**	5.7
Total	**932**	**188**	**1,120**	**1,630**	**355**	**1,985**	**479**	**80**	**559**	**3,664**	**5.3**

A. NEW HIRES IN 2019[1, 2]

	Age group									Total	Employee hire rate %
	<30 years			30–50 years			>50 years				
	M	F	Total	M	F	Total	M	F	Total		
Germany	370	110	**480**	639	145	**784**	251	52	**303**	**1,567**	5.4
Austria	435	82	**517**	478	151	**629**	102	34	**136**	**1,282**	10.6
CEE	147	54	**201**	363	88	**451**	110	11	**121**	**773**	4.8
Rest of Europe	72	18	**90**	129	20	**149**	46	5	**51**	**290**	7.9
Rest of world	87	15	**102**	265	20	**285**	64	3	**67**	**454**	4.6
Total	**1,111**	**279**	**1,390**	**1,874**	**424**	**2,298**	**573**	**105**	**678**	**4,366**	**6.2**

B. DEPARTURES 2020[1, 2]

	Age group									Total	Employee departure rate %
	<30 years			30–50 years			>50 years				
	M	F	Total	M	F	Total	M	F	Total		
Germany	215	47	**262**	454	158	**612**	435	128	**563**	**1,437**	5.2
Austria	129	36	**165**	218	107	**325**	172	62	**234**	**724**	6.0
CEE	64	19	**83**	280	73	**353**	254	43	**297**	**733**	4.3
Rest of Europe	47	6	**53**	133	28	**161**	91	10	**101**	**315**	9.0
Rest of world	219	17	**236**	1158	40	**1198**	374	16	**390**	**1,824**	21.6
Total	**674**	**125**	**799**	**2,243**	**406**	**2,649**	**1,326**	**259**	**1,585**	**5,033**	**7.3**

1 Excluding temporary employments
2 Employee numbers expressed as head count

B. DEPARTURES 2019[1,2]

	Age group									Total	Employee departure rate %
	<30 years			30–50 years			>50 years				
	M	F	Total	M	F	Total	M	F	Total		
Germany	229	62	**291**	452	160	**612**	460	124	**584**	**1,487**	5.2
Austria	167	33	**200**	231	123	**354**	161	60	**221**	**775**	6.4
CEE	101	21	**122**	287	82	**369**	221	30	**251**	**742**	4.6
Rest of Europe	55	12	**67**	132	27	**159**	88	18	**106**	**332**	9.0
Rest of world	264	11	**275**	1,052	29	**1,081**	334	9	**343**	**1,699**	17.4
Total	**816**	**139**	**955**	**2,154**	**421**	**2,575**	**1,264**	**241**	**1,505**	**5,035**	**7.1**

STRABAG Employment and Social Fund Private Foundation

Around 20 years ago, the STRABAG Group set up the Employment and Social Fund Private Foundation to support employees experiencing **financial hardship through no fault of their own**, e.g. as a result of accidents, illness, natural disasters, flood etc. As at 31 December 2020, the foundation's equity capital amounted to approx. € 11.04 million (31 December 2019: € 10.92 million). The foundation board is composed of four employer and four employee representatives under the chairmanship of an employee representative.

The application for financial assistance can be submitted by the affected employees, by their supervisors or by an employee representative.

These applications are reviewed by the foundation's board on the basis of the facts presented, whereby the board is guided in its decision-making by the respective social context. Financial assistance is primarily provided in the form of monthly payments to employees or their dependants, but it may also take the form of one-off payments earmarked for a specific purpose.

1 Excluding temporary employments
2 Employee numbers expressed as head count

CLIENT SATISFACTION

Long-term, sustainable success is our goal. This is why the demands and **expectations** of our **clients** are at the heart of each and every project. We create added value for our clients by our specialised entities integrating the most diverse services and assuming responsibility for them. Our intention is to 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. Under our strategy, we assign client satisfaction to the strategic field of "Economic Responsibility". Because **on-time delivery, quality and cost** are all decisive factors for the economic success of each individual project and of the entire company. There is good reason why reliability and partnership form part of our guiding principles – and why the latter is a central value of our current strategic programme FASTER TOGETHER 2022.

From the prequalification and bidding process to contract awarding and repeat orders to **permanent client relationships**, the satisfaction of our clients always drives our image – which substantially increases our opportunities and is ultimately reflected in our order backlog. We systematically counter risks – such as those arising from non-fulfilment of client expectations in terms of quality or legal and normative requirements – through the STRABAG management system with measures for **quality assurance, environmental protection** and project **risk management**. In this way, we aim to prevent the negative impacts our business activities may have on the safety of users, on the environment and, consequently, on our reputation.

Rules, responsibilities and due diligence

As part of our efforts to increase client satisfaction, the management in the group entities, during the operational corporate planning and assessment, establishes, implements and evaluates specific targets, structures, tools and measures under consideration of the relevant markets and business fields. The systematic measurement and evaluation of client satisfaction is laid out in the STRABAG Management Manual. The **central division TPA** oversees all coordination, reporting, and monitoring through the use of internal audits.

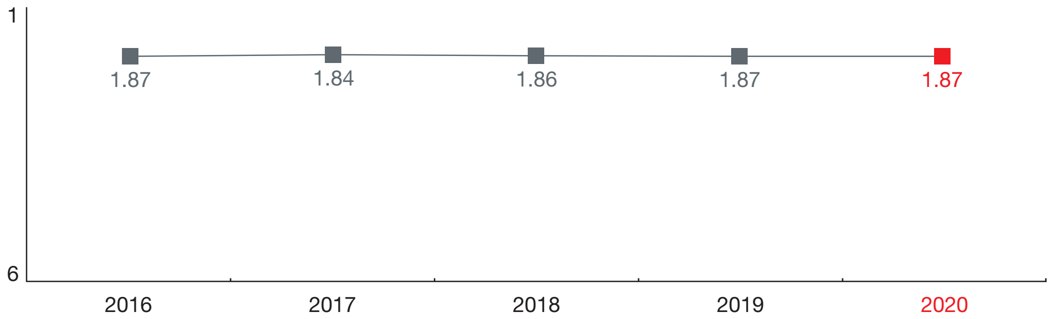
Objectives and indicators

The overarching objective defined by the Management Board is to increase client satisfaction in order to win and maintain the highest possible share of regular customers. Specifically, the FASTER TOGETHER 2022 strategy programme stipulates that 10 % of the group's output volume is to be generated in projects performed under partnering models.

The measurement of client satisfaction via a **client survey** has been carried out for construction projects using a uniform group standard since 2005. A written questionnaire is sent to clients in all group countries, asking for their project-specific or contract-related evaluation of the following five aspects: response to faults and complaints; documentation and reporting; competence of the site manager; competence of the foreperson; and orderliness and cleanliness on the construction site. The operating units can add specific questions to the survey or implement additional procedures for measuring client satisfaction. The evaluation of the questions specified by the group is performed by the central division TPA. The assessment of the results and the extrapolation of objectives and measures is the responsibility of the operating units during their annual planning and assessment process.

We were again able to meet our customers' expectations in the 2016–2020 observation period:

RESULTS OF THE CLIENT SURVEY (ALL GROUP COUNTRIES)[1]



Degree to which clients saw their expectations fulfilled
Expectations were 1 = exceeded; 2 = fulfilled; 4 = partly fulfilled; 6 = not fulfilled

Projects and initiatives

In the 2019 Annual Report, we reported on our intention to further develop the group-wide system for measuring the level of client satisfaction with construction projects by adapting the feedback questionnaire to make it more informative and by providing app-based support for the survey process.

The system was adapted as planned at the beginning of 2021, which will allow us to evaluate and use the results at the project level already this year and to make assessments relating to the 2021 reporting year available to the operating entities and for corporate reporting purposes.

Subsequently, we want to examine to what extent the methodology (for construction projects) can also be transferred to other STRABAG business areas in order to obtain as complete a picture as possible of client satisfaction and how we can use it in line with our objectives (to increase client satisfaction).

At the same time, it is important to organise the cooperation with the clients already in the project preparation phase and during project implementation in such a way that positive assessments can be expected following project completion. Two important tools to achieve this are partnering models for defining the cooperation and LEAN.Construction methods during implementation.

teamconcept is a partnering scheme with a clear goal: realising complex construction projects without stress, with commitment and in partnership. For this purpose, client and contractor form a team much earlier than in a classic construction project. Together they include the interests of all project participants even before the start, creating a clear framework, with binding rules and common goals. This creates security and helps to jointly keep the costs under control. At STRABAG, we believe in trust through transparency and communication. The aim is to generate cost, scheduling and quality advantages for our customers.

LEAN.Construction methods make construction processes simpler and more efficient, ultimately contributing to client satisfaction. Our LEAN.Construction professionals support the construction site teams from design and planning through to execution. Several different methods are used to optimise the processes. Takt time planning and control enable the optimised, collaborative coordination of all required design and construction activities up to the completion date. And using multi-moment analysis, the as-is state of a process can be precisely analysed to create an optimal basis for subsequent further developments. In order to familiarise as many employees as possible with LEAN.Construction, a corporate-wide basic online training course was rolled out in 2019. By mid-2020, nearly 25,000 employees had already completed the course. The LEAN leadership principles also form part of the new Leadership@STRABAG training programme.

1 The degree of fulfilment is the arithmetic mean of the customer ratings for the segments North + West and South + East for the five aspects stated above.

DIGITALISATION AND INNOVATION

Digital information and communication technologies open up seemingly limitless possibilities. At the same time, we are increasingly confronted with the limits of our natural resources, the effects of climate change and the rapid loss of biodiversity – just as the need for more and better housing, for contemporary workplaces and production sites, and for the modernisation and maintenance of transportation infrastructures continues to grow. Between these two poles, we find some of the major challenges facing the construction industry today.

The construction and real estate industry consumes the greatest amount of resources of any economic sector. So as one of Europe's largest globally active construction groups, STRABAG is in a position of responsibility here. That means we must actively participate in coming up with appropriate solutions. In this process, STRABAG takes the Green Deal as a guideline. STRABAG wants to be the leading technology partner for the construction of tomorrow, and to achieve this goal it is necessary to standardise the ongoing, predominantly decentralised development work so that the entire group can benefit more quickly from innovations.

In order for STRABAG to continue to consolidate and increase its level of competitiveness, we want to embrace new forms of cooperation, both with external parties and within our corporate group. As an organisation, we must also take the changed framework into account.

Rules, responsibilities and due diligence

On 1 January 2020, the topics of digitalisation, innovation and business development were elevated to the Management Board level under the responsibility of the Chief Digital Officer, correspondingly increasing the size of the board from five to six members. In addition to the newly founded central division STRABAG Innovation & Digitalisation (SID), the new Management Board position also assumed responsibility of the already established central division Zentrale Technik.

SID will take the lead in initiating developments and providing expert support while maintaining a full overview of group-wide innovation activities and their measurable results. Because digitalisation must not be an end in itself, operating needs have priority and digital tools should be made available without delay. We are also working on some of the latest trends in the industry, such as robotics and automation to increase our productivity.

Two typical characteristics of our business activity – our project focus and our decentralised organisation – should benefit our development activities in this context by involving as many stakeholders as possible in our future projects. This is to be ensured especially through new agile structures and methods.

In this way, we not only promote the knowledge and wealth of ideas of our many colleagues, but also strengthen our sense of personal responsibility and creativity while consolidating our internal networks, thus allowing us to quickly transfer innovations and know-how created in one place throughout the group with the aim of creating added value.

This means providing structures, spaces and possibilities that enable interdisciplinary and agile work as needed. With this in mind, we have established agile cross-functional teams, defined as *functions*. These include the following:

- **Transformation & Innovation** will be in charge, among other things, of funding opportunities, new trends, sustainability requirements and the prerequisites for successful change processes (change management).
- **Application Services & Data Science** ensures that the technical and analytical requirements for all our digital activities are state-of-the-art.
- **BIM 5D®** uses a group-wide BIM strategy to bring together the activities of model-based work and develops them further in coordination with any operating needs.

The SID management team – including the CDO – aims to ensure effective communication through a regular weekly exchange, with relevant topics also brought directly to the Management Board. Fundamental strategies, as well as the main pillars, processes and objectives, have been defined and are being continuously developed. These include an overarching digital strategy as well as various strategies on the topics of data, sustainability, innovation, robotics, BIM and GIS.

Objectives and indicators

STRABAG is actively driving forward the digital transformation of construction site processes and is also working on the resulting new (digital) business models. The company is convinced that the focus here must be on the expectations of the customers and the more efficient design of existing processes.

A focus of this process optimisation is on a higher penetration of digital methods. Another is on the development of more efficient and more collaborative digitally supported ways of working with customers and partner companies. To this end, we are investing in the **continuous qualification** of our existing employees and are strengthening our teams with the right specialists. The indicators therefore refer to the digital penetration on the construction site and at the workplace – because the digital transformation influences not only the object of construction and the people involved, it also changes the processes within the group organisation:

- **Collection and analysis of machine data starting with 2019:** Increasingly higher expectations are being placed on quality and performance documentation and on a more sustainable use of environmental resources. For this reason, we increased our use of telematics systems with key equipment in 2019 to record and analyse their movement and operation. In 2019, we had already achieved a rate of 34 %. This was increased to 37 % in 2020. In addition telematrics systems were installed in about 600 commercial vehicles.

  Objective: continued annual increase of this rate

- The share of pre-fitting of **machine control systems** in key equipment used for power control and recording increased to 15 % in 2020, while the share of machine control systems remained nearly at the previous year's level at 12 % (introduction in 2019 with a rate of 11 % of the operating equipment) with a simultaneous increase in the number of key equipment.

- **BIM 5D® workstations:** STRABAG is gradually upgrading its CAD workstations for use with BIM 5D® technology in building construction and civil engineering, transportation and infrastructure projects. The number of BIM-capable workstations has been growing continually and in 2020 reached 1,908 across the entire group. That corresponds to a year-on-year increase of 23 %.

  Objective: double-digit growth in 2021

- **Digital workplace:** STRABAG is investing in the digital workplace and is driving ahead the digital transformation with cloud applications. The complete penetration of an organisation with state-of-the-art working tools is a fundamental requirement for flexible and efficient collaboration. A first step is the STRABAG-wide introduction of Office 365. The transition was completed in early 2020.

- **Mobile end devices for a more flexible work design:** Digitalisation is changing the work routine – for example, with a shift towards mobile working. Provided with end devices such as tablets, employees can benefit from the more flexible work design that digitalisation makes possible. The percentage of employees using tablets for work purposes in 2020 stood at 23 % (2019: 18 %).

The following further indicators help STRABAG to measure its innovation activities:

- **Provision of research and development funding** by the company: € ~17 million (2019: € ~17 million)

  Objective: maintain at least the previous year's level

- Number of subdivisions with at least one **person responsible** for innovation: The indicator could not be ascertained in 2020 due to the SID restructuring and because the criteria for innovation managers in the group have not yet been defined (2019: 23 out of 119 subdivisions).

  Objective: The ratio of innovation managers to the total number of subdivisions in the group is to be increased next year compared to the last available survey.

- Number of **participants at STRABAG events** on the topic of innovation: Over 1,000 people from 18 organisational units attended the 3rd STRABAG Innovation Day – held biennially – in Stuttgart in September 2019. A total of 44 innovations were shown, from an app for the first 3D concrete printing tests to a fluorescent asphalt that makes road markings more visible and traffic routes safer. Due to the pandemic, the 4th STRABAG Innovation Day will be postponed until 2022.

Objective: maintain at least the level of the previous event

- **Reports on relevant development projects** to strengthen the group's innovation activities via the STRABAG innovation magazine ForeSite and the website innovation.strabag.com.

  Objective: increase circulation and reach a wider readership

Projects and initiatives

On average, more than **100 development projects** are carried out in the group every year, which cover the entire construction value chain. In general, a clear trend can be seen to data-driven design, construction and operation. Below we present a selection of our innovative projects. Many new and current projects can be viewed at any time on the STRABAG innovation website at https://innovation.strabag.com.

ROBOT ROAD CONSTRUCTION 4.0

The aim of this research project, which is being funded by the German Federal Ministry of Transport, is to develop an autonomously operating road paver. Currently, road pavers are still operated manually. On motorways, this work is dangerous and, above all, psychologically stressful, as the road traffic is often only a few metres away from the construction crews. The aim of the research is to develop a technology that would allow paving operations to be monitored and controlled from the driver's cab. The long-term goal is for the machines to work autonomously so the workers will no longer have to move about in potentially dangerous areas. Our research partner is developing sensors capable of measuring the temperature, density, thickness and other quality criteria of the road surface in real time, with the aim of using this data to operate the machines. STRABAG makes available the construction sites and machinery as well as its own development infrastructure and internal expertise for the necessary tests.

DIGITAL TAKT TIME PLANNING AND CONTROL

As part of a project on digital takt time planning and control, a STRABAG team developed a digital solution for takt time planning and control based on an analogue LEAN method. The digital application has already been used several times with enormous success.

Digital takt time planning and control is used to monitor the progress and quality of as well as orderliness and cleanliness various activities on the construction site. The solution makes it possible to view the progress of construction at a glance and, in the event that there are deviations from the plans, to respond with the right countermeasures or by adjusting the scheduled timing. The data from the BIM 5D® models, the daily status updates from the site management, and the scheduled deadlines and construction site tasks are linked in relation to each other. The result is a complete overview of the construction progress, along with the next scheduled work steps and any open deadlines – a sort of live cam measuring the data streams on the construction site.

MACHINE AND ROBOT-ASSISTED MEASUREMENT AND QUALITY MANAGEMENT

Robotics can be used in construction in all life cycle phases and in all trades. This includes activities in the areas of measurement, assembly, finishing, joining and transport, as well as the construction of robotically supported machines to ensure fast, precise, safe, material-saving, efficient and constant work on construction sites. A wide variety of robots have already been tested in the group, including a drilling robot. Others are currently being tested, such as the four-legged dog-like robot Spot® from Boston Dynamics that can move autonomously through rough terrain and is to be used for continuous, automated construction site documentation for quality assurance purposes. A painting and plastering robot is also being tested with an Israeli start-up, with the aim of increasing productivity and improving the quality of wall finishes with various textures.

Another project is the AI-based determination of surfaces from images taken with drones. The aim is to use AI algorithms to distinguish surfaces such as asphalt, gravel, etc. from orthophotos, mark them and then calculate them precisely.

In total, the STRABAG Group is currently (as of October 2020) involved in 38 different activities and initiatives relating to the topics of automation, robotics and digital fabrication in construction.

SPS – THE DIGITALISATION OF PURCHASING IN THE STRABAG GROUP

The close cooperation with suppliers, subcontractors and service providers is crucial for STRABAG. The group project **SPS (Strategic Procurement Solution)** digitally maps the supplier processes in purchasing using platform functionalities. The aim is to simplify the process by linking all those involved in purchasing even more closely. The portal for the modular shopping solution was put into operation with the functionality of supplier administration und is being gradually expanded in terms of functions and use within the group. In the future, STRABAG will make requests through the supplier portal. In addition to an active distribution to a project- and service-specific selected group of suppliers, further possibilities for initiating business relationships and entering into contracts in purchasing will be offered, for example tender research or subscriptions by the supplier as well as auctions and marketplace functionalities.

OUTLOOK

In 2021, the focus of the new SID central division will be on the introduction of a Project Management Office (PMO). This will ensure the measurement of all activities related to digitalisation and innovation in the group, on the one hand, as well as the implementation of agile methods in projects, on the other. After the development work in 2020, effective and sustainable networks for SID are to be established in 2021.

The aim is not only to anchor these topics in the organisation, but also to develop a practical innovation process for the group and to introduce supporting software. A first pilot project for gathering, evaluating and recording ideas will be launched in the second quarter of 2021 using a web-based platform.

OCCUPATIONAL SAFETY

Health and safety are a key concern for the company and an integral part of the corporate culture. That is why the group initiative “1>2>3 Choose Safety” took up the challenge of “Vision Zero – Zero Accidents”. This has resulted in far-reaching changes and important initiatives in occupational safety over the last few years. “1>2>3 Choose Safety” sounds simple, but it is not always easy to put into practice in our day-to-day working routine. Due to constant changes in the working environment, high levels of physical stress and unpredictable weather conditions, workers in the construction sector are exposed to a particularly high risk of accidents and health hazards compared to other sectors of the economy.

Then came the **Covid-19 pandemic**, which in 2020 presented us with even more, unprecedented challenges. Throughout the group, safety and health protection standards had to be adapted to meet the new infection prevention guidelines. The dynamic character of the pandemic and the regulatory requirements in all countries required flexibility and creativity in order to work around bottlenecks and find quick, pragmatic and effective solutions.

Due to the exemplary implementation of the necessary protective measures, work on the construction sites and at the workplaces could continue almost undiminished. Appropriate measures were defined and implemented in compliance with the relevant national rules and regulations and in line with the requirements of the health authorities. These include, for example:

- Introduction of Covid-19 risk assessment for construction sites and office workplaces
- Guidelines for employees and supervisors
- Guidelines for office locations and offices on construction sites
- Information on infection control and hygiene measures

Some group countries additionally used a specially created Covid-19 app to monitor the effectiveness of the implemented measures. The app has been used approximately 10,000 times since its introduction in March 2020.

Rules, responsibilities and due diligence

In 2019, an HSE Group Directive was drafted and adopted by the Management Board. The guidelines, which were rolled out in all group countries in 2020, define group-wide minimum standards for occupational safety that must be implemented in all group entities and are valid for all group employees, taking into account the legal requirements and stipulations. This includes the standardisation, among other things, of organisational structures, accident reporting processes, accident investigations, personal protective equipment, the continuous review of protective measures taken and the need for a documented assessment of hazards and risks at work. The directive also calls for the definition of protectivemeasures and the implementation and documentation of instruction/training of the employees concerned on the basis of the assessed hazards and risks.

Occupational health services are ensured in accordance with the respective legal requirements in the EU group countries and in compliance with the EU’s OSH Framework Directive 89/391/EEC, which defines minimum health and safety requirements, basic principles for prevention measures and risk assessment, and the occupational safety and health obligations of employers and employees. To ensure and continuously improve the quality and effectiveness of the occupational protection management system, certified occupational safety and health management systems (ISO 45001, SCC) are implemented and certified throughout the group.

Objectives and indicators

STF hazards (slips, trips and falls) are the most common cause of accidents at work, responsible for around one quarter of all incidents. Our primary goal is therefore the continuous reduction of STF accidents on construction sites. The lost-time accident rate and the accident incident rate are indicators that help us to make our work measurable:

The **lost-time accident rate** – calculated as the number of working hours lost to accidents versus productive working hours – stood at 0.27 % in the group in 2020, with 0.41 % among blue-collar and 0.07 % among white-collar workers (2019: 0.24 % in the group, 0.37 % blue-collar, 0.05 % white-collar). The **accident incident rate** – calculated as the number of accidents at work per 1 million productive working hours – was overall comparable to that of last year with 15.9 in the group, 24.1 among blue-collar and 4.9 among white-collar workers (2019: 15.9 in the group, 23.9 blue-collar, 4.3 white-collar). Fortunately, there were no fatalities through workplace accidents in 2020 (2019: five).

LOST-TIME ACCIDENT RATE

	2016	2017	2018	2019	2020
Blue-collar	0.36	0.36	0.33	0.37	0.41
White-collar	0.07	0.05	0.07	0.05	0.07
Total	**0.25**	**0.24**	**0.22**	**0.24**	**0.27**

ACCIDENT INCIDENT RATE[1]

	2016	2017	2018	2019	2020
Blue-collar	25.0	25.5	22.5	23.9	24.1
White-collar	5.2	4.8	5.8	4.3	4.9
Total	**17.6**	**17.4**	**15.9**	**15.9**	**15.9**

Projects and initiatives

In order to raise everyone's awareness for occupational safety and health protection and to make our work consistently safer, STRABAG in 2019 rolled out the group-wide initiative "1>2>3 Choose Safety". We set ourselves a clear objective, formulated in the message "Vision Zero – Zero Accidents". This objective requires everyone to make an equal personal contribution to occupational safety. As part of this initiative, regional activities on specific occupational safety topics were again carried out in the individual group countries in 2020. An overview of these activities can be found on the safety website at 123.strabag.com.

Further projects and initiatives pursued in the 2020 financial year include the following:

- The smartphone app for site inspections that was introduced in 2018 was rolled out in additional group countries and was used more than 35,000 times. In addition to the site inspection apps for safety professionals, apps for construction site teams to perform effectiveness monitoring were introduced in all languages of the group countries in 2020.
- As a tool for evaluating the apps, a dashboard with statistics and trends was made available for all group countries.
- New apps for the inspection of stationary plants and workplaces such as mixing facilities, quarries, etc. have been introduced in several countries.
- A new edition of the German-language HSE calendar was designed for 2021. The calendar contains different information every month on the topic of occupational safety on the construction site.
- Germany, Austria and Switzerland introduced an emergency call watch – the SafeMotion alarm watch – for lone workers. Work is

1 The figures include accidents at work (excluding accidents occurring on the way to or from work as well as occupational illness) with lost time of at least one calendar day, counted from the day after the accident incident.

currently underway to introduce the solution to other group countries.

- The previous certification for occupational safety and health management systems is being replaced by ISO 45001. For this reason, transition audits were carried out to introduce the new management system as early as possible. From 2021, the security management system will be certified in all group countries.
- Site inspections were carried out together with the occupational health services.
- Development was started on a concept for subcontractor prequalification in the area of occupational safety.

HEALTH PROTECTION

Maintaining the health and productivity of our employees is a central concern for us and inevitable for the long-term success of the company. Health is a state of individual well-being and subjectively felt productivity.

The general public usually associates construction sector work with hard physical labour. But psychological stress can also be an issue. In the construction sector, the main documented stress factors are time and price pressure, unwanted interruptions during work, and long working hours. Strengthening psycho-social health through stress prevention and stress management is an important field of action in **workplace health management (WHM)**. Our measures, initiatives and projects always aim to prevent negative and promote positive health outcomes among all employees – both on the construction site and in the office.

Analytical approaches such as the stress-strain model are used to assess workloads and their health outcomes. Health models that take into account the interaction of health resources and factors of working conditions (biopsychosocial model, salutogenesis/resilience model) form the essential theoretical basis of workplace health management (WHM) and workplace health promotion (WHP). STRABAG's holistic, sustainable approach to health management is based on the equal consideration given to both behavioural and situational prevention.

Rules, responsibilities and due diligence

Our task is to systematically, specifically and sustainably promote the health of our employees and to firmly anchor WHM within the group. Through management at the group level, the matter can be coordinated and systematically disseminated in the individual countries by national WHM coordinators and a national WHM committee in each country consisting of management, occupational safety, HR consultants and employee representatives (Germany/Austria). WHM is already established in the following countries: Germany, Austria, Switzerland, Poland, Czech Republic, Slovakia, Croatia, Hungary, Serbia and Slovenia. A further roll-out is planned. The measures at the individual business locations are implemented by the WHM coordinators with the help of dedicated colleagues.

Objectives and indicators

As already described, our overriding objective is to maintain the health and productivity of our employees. The aim of the measures is to improve the working conditions and strengthen the personal workplace resources of all employees and members of the management. We use the **lost-time illness rate**[1], among other things, to observe our progress in reaching this goal. In 2020, it stood at 5.6 % in the group, with 7.2 % among blue-collar and 3.5 % among white-collar workers (2019: 4.9 % in the group, 5.8 % blue-collar, 3.6 % white-collar).

1 Ratio of sick leave days to working days

LOST-TIME ILLNESS RATE

	2016	2017	2018	2019	2020
Blue-collar	6.7	6.6	6.8	5.8	7.2
White-collar	3.6	3.6	3.7	3.6	3.5
Total	**5.1**	**5.1**	**5.2**	**4.9**	**5.6**

Projects and initiatives

The cooperation between WHM, occupational safety and the occupational health services foresees, among other things, the organisation and expansion of health campaigns at business locations and construction sites. Prevention measures, including hearing and vision exams, pulmonary function tests, spinal, heart and mobility screenings, and custom health campaigns, expand the offer for our blue-collar workers. WHM also offers a broad range of targeted measures for our office locations. Besides eye, stress and preventive examinations, the offer also includes different health courses such as back training, yoga, lectures and workshops related to the main issues of exercise, nutrition and stress prevention. Due to Covid-19, the above-mentioned measures were carried out with varying intensity and frequency in the individual countries in 2020. Face-to-face measures were adapted to the local hygiene and safe distance regulations and the existing offer was digitalised as far as possible.

Due to the pandemic, face-to-face seminars such as “Healthy Leadership” and “Fit4Work” had to be cancelled. Alternatively, 130 webinars were offered in different countries on the topics “Staying Healthy Working from Home”, “Immune Power” and “Prevention and Health during the Covid-19 Pandemic”. The e-learning course “Ergonomics at the Workplace” (218 participants) as well as the online training courses on “Promoting Mental Health” (112 participants) and “Promoting Mental Health as a Leadership Task” (23 participants) continued to be used.

Our mental health also plays a significant role in dealing with the coronavirus pandemic. The use of the STRABAG Employee Assistance Programme (EAP) in Germany is consistently high, and coronavirus-related counselling on key issues such as anxiety, psychological strain, alcohol and addiction or stress through home schooling increased significantly. In 2020, an EAP system was piloted in Hungary – other countries plan to follow suit.

In Germany, the STRABAG Group in 2020 received the Corporate Health Award, the largest and most prestigious award in workplace health management in the country, presented by the Handelsblatt financial newspaper and EUPD Research. After a successful auditing and evaluation process by a jury of experts, STRABAG was presented the award in the “Production/Manufacturing Industry” category for large corporations.

As the pandemic also resulted in increased cases of counselling at the ombudspersons’ offices, the WHM team prepared various recommendations for action to avoid mental stress and to promote health, fitness and good nutrition while working from home. These were made available to employees through various channels (Stranet, e-mail, Microsoft Teams, notice boards and flyers).

Before the pandemic, basic structures for online sports courses had already been in place, though these were used mainly as an alternative. Due to the distance and hygiene regulations, however, it became necessary to switch fully to digital offerings on short notice. Whereas only recordings had been made in the past, courses on various topics are now also available live online. Webinars have been held more frequently since March 2020. The costs for course implementation, including travel and accommodation costs, have been reduced or eliminated and courses and webinars can take place from any location. These changes, as well as the newly designed course contents, which were necessary during the crisis, are to be retained as a fixed component of STRABAG’s workplace health management after the end of the pandemic in order to continue to use the positive aspects generated last year.

STRATEGIC HUMAN RESOURCE DEVELOPMENT

The construction sector is a human-resource-intensive industry in which the commitment shown by our workers has a significant influence on business success – not least because, in light of shortages of skilled personnel and seasonal bottlenecks, they represent a critical factor. The STRABAG Group's response is consistent strategic human resource planning and the continuous training and development of its employees.

Rules, responsibilities and due diligence

Human Resource Development (HRD) is a group-wide organisational unit tasked with providing the best possible support to all parts of the STRABAG SE Group in all matters of human resource development. For a successful human resource development strategy, HRD elaborates and implements guidelines and standards for the search, selection, qualification, promotion and development of leadership and employees.

The responsibilities and tasks are governed by a group directive for the HRD employees. Their tasks include:

- HR marketing and recruiting
- HR consulting
- Training
- Talent management

Objectives and indicators

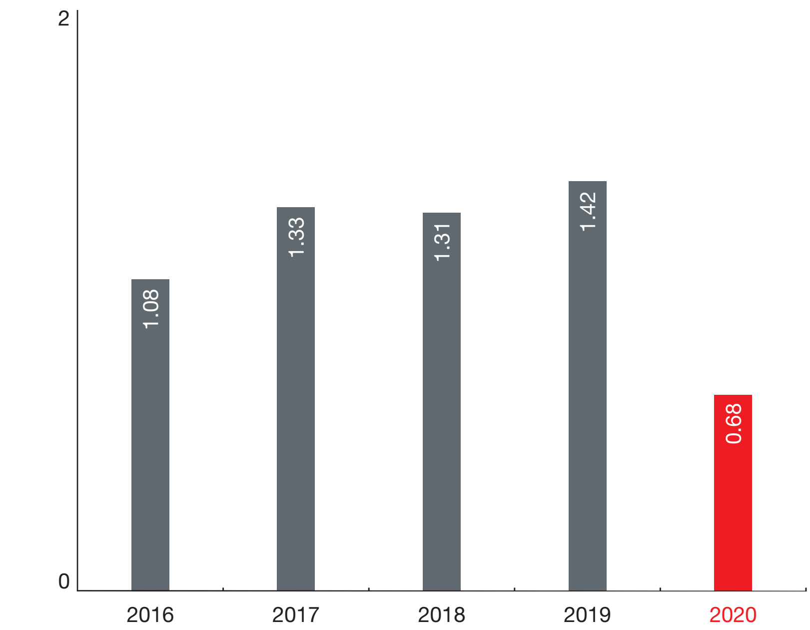
To counter the lack of skilled labour, we aim to promote and optimise the needs-oriented professional and personal development and qualification of our employees. In this way, we can guarantee our clients the on-time, professional realisation of their projects.

Training needs are to be ascertained mainly during the appraisal interviews. This essential employee management tool, which is to be conducted by supervisors at least once annually, is an opportunity for mutual feedback. It supports leadership and employees in

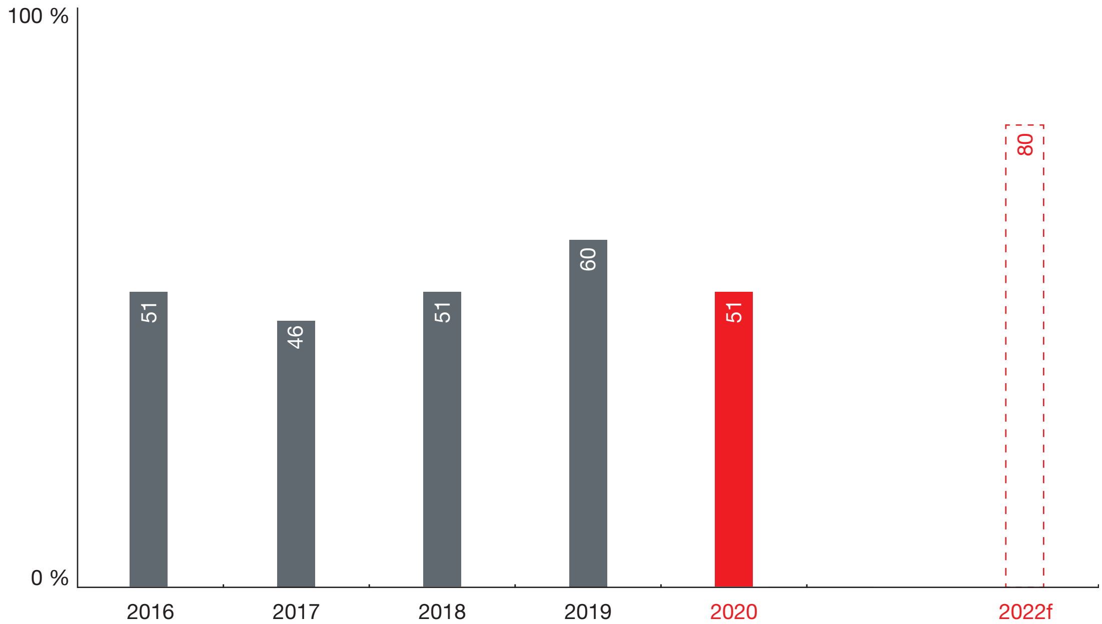
- strengthening their personal identification with the tasks and with the company,
- intensifying cooperation through a culture of open dialogue,
- discussing and recognising the performance of the past period and
- defining future tasks and goals as well as development steps together.

The preparation and documentation of the interviews were digitised in 2019. Since 2020, the group has also offered leadership employees the possibility of a skills assessment as well as the creation of an individual development plan. In 2020, structured employee appraisal interviews were held with 51.10 % (2019: 60 %), including 49.70 % of the men and 54.57 % of the women. We are aiming for 80 % by the year 2022. The training needs identified in the interviews are worked on individually in the form of seminars. In the reporting period, there were 0.68 training days per employee (2019: 1.42). Separated by gender, the number of training days amounted to 0.72 for women and 0.66 for men.

TRAINING DAYS PER EMPLOYEE[1]



NUMBER OF APPRAISAL INTERVIEWS HELD AND RECORDED VERSUS NUMBER OF EMPLOYEES[1]



Projects and initiatives

Measures and projects relating to the above-mentioned tasks are implemented on a continuous basis:

1 The change compared to the previous year is due to a standardisation of the data basis. In-person training and employee appraisals also decreased due to Covid-19.

HR MARKETING

We are constantly working to position the group as an attractive employer on the labour market to make a sustained contribution to covering the future demand for skilled experts and leadership employees. For this reason, we put a lot of our energy into addressing the target groups. Our focus is on school-age students as much as on university students and recent graduates. In order to reach prospective employees, our human resource marketing activities include participating in **job fairs**, presenting our company at educational institutions, organising company tours, offering internships and work placement, and sponsoring bachelor and master theses. We are proud of our successful partnerships with more than 175 educational institutions in 2020. Due to the assembly restrictions in the wake of the Covid-19 pandemic, several trade fair activities and events had to be cancelled. We have therefore increased our presence on the STRABAG social media platforms such as Facebook, Instagram, LinkedIn, Xing and YouTube, which enables us to be more easily accessible to interested parties. In Poland, for example, the online STRABAG Day on entry-level positions and career opportunities was very well-received by interested students.

We also actively participate in **employer certification programmes** aimed at graduates, trainees and apprentices to help us ascertain possibilities for improvement. In 2020, our trainee programme was again certified by the job exchange Absolventa and by the fairness in training initiative Fair Company and received the Fair Trainee Programme certification from Absolventa. The certification is awarded on the basis of employee surveys regarding specific factors such as employee satisfaction. The company must then fulfil certain criteria to receive the recognition.

RECRUITING

The recruiting and subsequent integration of human resources is designed to systematically, professionally and quickly cover the human resource demand at the individual organisational units with qualified new employees.

HR CONSULTING

HR consultants are the first points of contact for all human resource development and certain decentral human resource administration tasks at the divisions. They advise employees about career opportunities within the group or coordinate with the employee supervisors to recommend training for their further development. For management-level employees, we have developed a special training and further education offer as part of our management development programme, consisting of a mix of classroom workshops, web-based training and content for self-organised learning. All offers can be individually combined and are available in German and in English. The offer is updated annually and is constantly being expanded.

TRAINING

The STRABAG Group Academy offers internal further education options for all blue-collar and white-collar workers in the group. The planning and systematic use of training and educational measures is the responsibility of the respective organisational unit. Together with their supervisors, employees can choose from among the various qualification offerings.

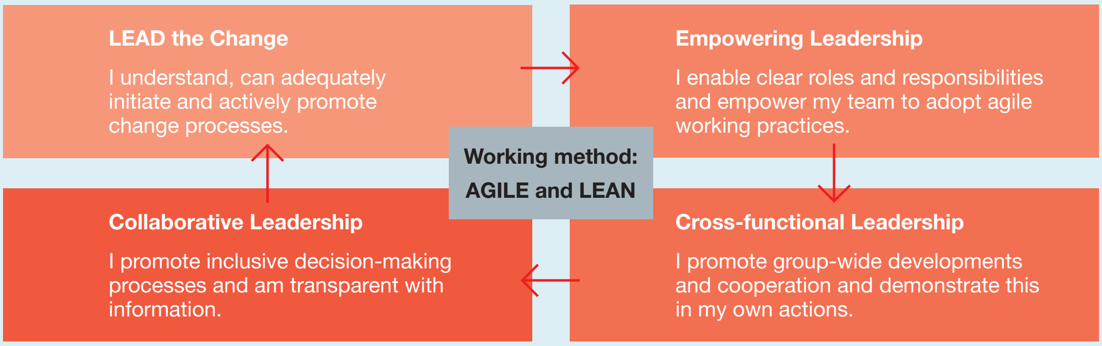
At the Group Academy, employees can find **specially developed training offers** in the categories of technology, law, business management, IT, personality and leadership. The trainers are internal and external experts who pass on their expertise to the participants. In 2020, we offered 2,186 training and further education sessions (2019: 3,881) with 25,347 participants (2019: 32,954). More than 71,345 persons (2019: >38,400) successfully completed a mandatory e-learning course, for example on the subjects of compliance, occupational safety, IT security and data protection. Since autumn 2019, we have also offered our employees access to over 11,000 German- or English-language courses from external content provider LinkedIn Learning. The goal is to provide a varied, web-based and easily accessible learning offer to support the motivation for further training. The combination of existing training programmes and mobile extras promotes a dynamic learning culture and enables new formats such as **blended learning** – an integrated form of learning that combines traditional face-to-face training and modern e-learning. Additionally, all employees have the possibility to make proposals for new training offers using the internal knowledge management tool. Beyond the appraisal interview, they and their managers, depending on their position, also receive recommendations for a selection of seminar options. The Group Academy offers regular modular **qualifications** to reinforce and deepen the training of people in key positions.

Due to the Covid-19 pandemic, classroom training was severely restricted in 2020 (cancelled entirely from March to June and from mid-October), with exceptions only possible for legally required measures held in compliance with country-specific Covid-19 regulations. To be able to continue our training offer, courses were gradually switched to online formats where this made sense and was technically possible. This offering is to be further expanded and will remain in place in the future.

Leading in Dynamic Times: LEADERSHIP 2022

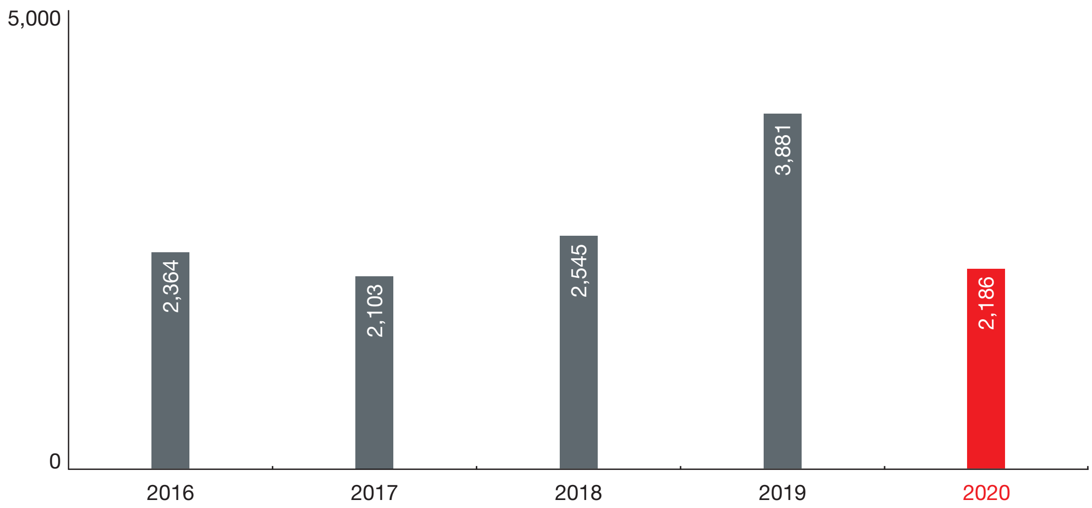
In its FASTER TOGETHER 2022 strategy, STRABAG has set itself the clear goal of being a top employer. This means that we must support our existing staff during the process of digitalisation currently underway in the construction industry. Also, the current employee demographics in the company indicate a need for increased recruiting in the coming years, and we must therefore position ourselves on the labour market as an attractive employer for young talent. Both goals can only be achieved with appropriately trained leaders.

These considerations led to the creation of the comprehensive, group-wide training programme LEADERSHIP@STRABAG – Leading in Dynamic Times, which aims to promote and further develop the following core competencies:

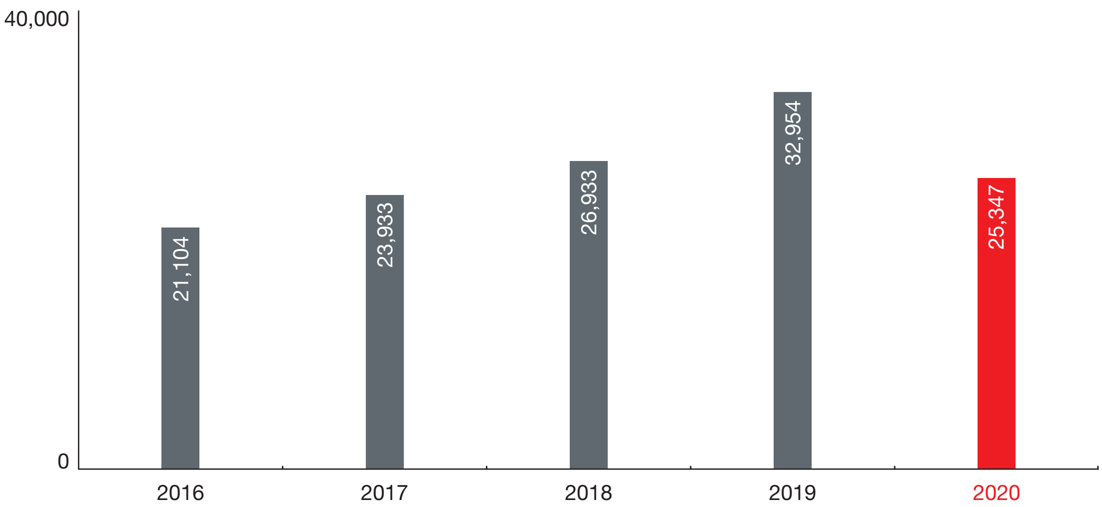


These competencies are developed in training courses that are currently held online due to Covid-19 but in the future will also be offered as in-person events. Important aspects include the exchange with other leadership employees and the opportunity to provide feedback. Both the subject matter of the programme as well as its organisation are informed by the agile working method. The first two prototypes were launched in 2020, with international roll-out starting in the spring of 2021. Feedback from participants will be recorded on an ongoing basis to ensure the programme's continuous improvement.

NUMBER OF TRAININGS



NUMBER OF PARTICIPANTS



To counter the shortage of skilled labour, STRABAG invests in the training and education of its **apprentices and trainees.**[1] For dedicated young people who have completed an apprenticeship, the door to a career at STRABAG is wide open.

Our main apprenticeship careers in **Austria** are bricklayer, ground engineering specialist, formwork carpenter and paver. But we also offer training as construction plant mechanic, electrical engineering technician, facilities and building technician, mechatronics technician, metal technician, sheet metal worker as well as plasterer and drywall finisher to complement our team. In Austria, STRABAG continually offers apprenticeship placements at around 50 locations nationwide. A special feature of STRABAG's offer is the possibility for apprentices of the main trades to attend the group's own apprentice academy BASIC-ADVANCED during the winter months. At two locations in Austria, specially trained STRABAG forepersons and site managers work with our apprentices to reinforce their practical and theoretical knowledge. Starting in autumn 2021, all apprentices in Austria will be trained at our new training facility in Ybbs an der Donau.

In **Germany**, STRABAG and its construction equipment subsidiary STRABAG BMTI are pursuing the selective training of young talents at the group training workshop in Bebra. The focus here is on the commercial and technical fields. In Bebra, our apprentice road workers, ground engineering workers and construction equipment operators enjoy top-quality vocational training and individual

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.

attention. The aim is to secure an efficient knowledge transfer under aspects of quality and time away from the daily working routine.

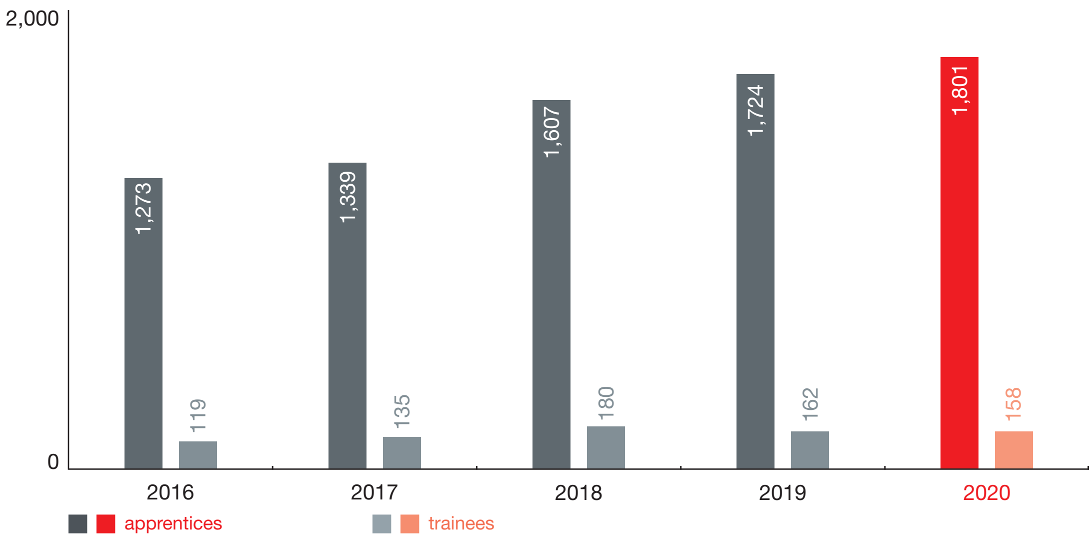
Increase of apprentice and trainee numbers planned

158 trainees at work for us

In Germany, Austria and Switzerland, a total of 507 (2019: 517) blue-collar apprentices were taken on in 2020. A significant increase of the apprentice and trainee numbers is planned in Germany and in Austria in the years to come. More information about the apprentice professions and work placement positions is available at karriere.strabag.com.

It is our aim to recognise, promote and develop young talents. In the competition for the best employees, STRABAG therefore offers a practical familiarisation programme for graduates with little professional experience holding selected bachelor and/or master degrees from academic universities as well as from universities of applied sciences. The aim of our trainee programmes is to best prepare the graduates for the requirements of their future position in the group. In 2020, the STRABAG Group had 119 technical and 39 commercial trainees (FTE) working for it, thereof 100 men and 58 women.

NUMBER OF APPRENTICES AND TRAINEES (FTE)



Trainees have their own personal schedule as a way of addressing individual wishes and needs and to offer flexible entry times. The commercial trainee programme lasts between eleven and 13 months, the technical programme varies between twelve and 15 months and both programmes include a period of three months abroad. At the beginning of the programme, trainees meet with a mentor to design the trainee schedule according to the specific professional and personal requirements of the target position. This experienced mentor is available to the trainee throughout the entire training period. Regular feedback interviews help focus on the trainee's individual development. With instruction from experienced specialists and management employees, the trainees pass through different organisational divisions and are introduced to various areas of business and responsibility. Both the commercial as well as the technical programme include mandatory sessions, for example on the construction site. Specific training activities are used to develop the applicant's personal and professional skills. An individual training schedule is developed for each trainee.

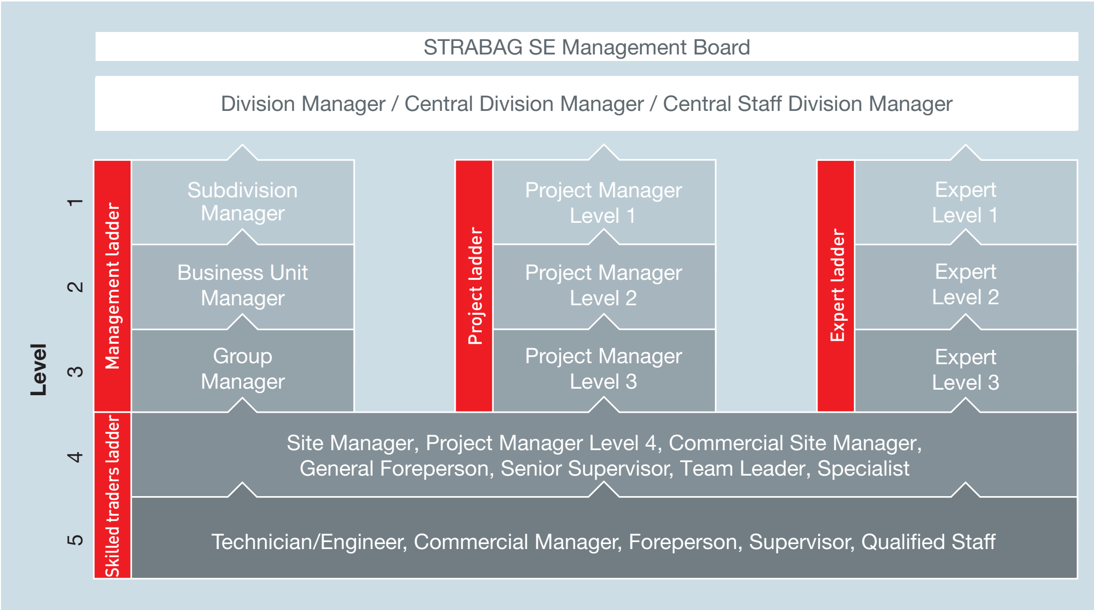
TALENT MANAGEMENT

The purpose of talent management is to recognise, develop and bind high-performers and high-potential employees in the interest of filling (key) positions with young talent possessing the best possible qualifications from within our own ranks. Based on our career model, internal parameters are applied to identify high-potential employees, provide them with individual support, and deploy them in the right positions. Besides the management ladder, which focuses on general management tasks, two other career paths are available:

The expert careers are characterised by a high degree of technical expertise in a specialty field. Project managers can fall back on their years of experience in the field of project management and are responsible for complex construction projects.

Individual activities such as a development centre, special training programmes or job rotation schemes are offered to help develop the recognised potential. Coaching – support from external professional consultants to successfully master professional challenges – and mentoring – the professional partnership between an experienced manager and a specialist or manager in training, characterised by the communication of experience and active feedback – are increasingly included in the individual development plans of the talents. The goal-oriented recognition and promotion of high potential employees should ultimately create a stronger bond to the company, which in the long term serves to ensure quality, continuity and performance within the group.

CAREER MODELS



FAIR COMPETITION

The avoidance of corruption and anti-competitive behaviour has become an important management responsibility in recent years. The potential damage that a company may incur because of corrupt or anti-competitive behaviour on the part of individual employees can at times reach drastic proportions.

The construction sector is not immune to corrupt or anti-competitive behaviour by individual persons. Complex accounting processes and the necessity for a great number of contractual relationships during a construction project often make it difficult to fully resolve non-compliant behaviour.

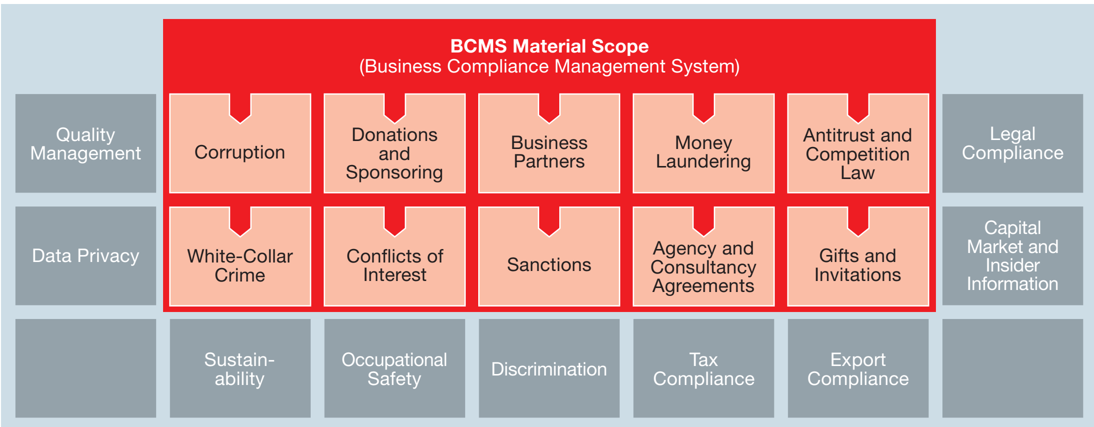
Even if STRABAG generates much of its revenue in countries with a low risk of corruption, the international nature of its business means that some activities are also performed in countries with a higher corruption risk as measured, for example, by the Corruption Perceptions Index.[1] Transparent procedures to minimise risk are required in all regions, especially during contract award or in negotiations with partner companies and subcontractors.

STRABAG acted by implementing an Ethics Business Compliance System in 2008 to avoid violations of the law and any resulting material and immaterial damage and to maintain the company's good reputation as a business partner, contractor and employer, and has been continuously developing the system ever since. With extensive measures for employees and leadership, STRABAG is working to promote compliant and ethical behaviour and to create a strong corporate culture based on partnership and trust.

Rules, responsibilities and due diligence

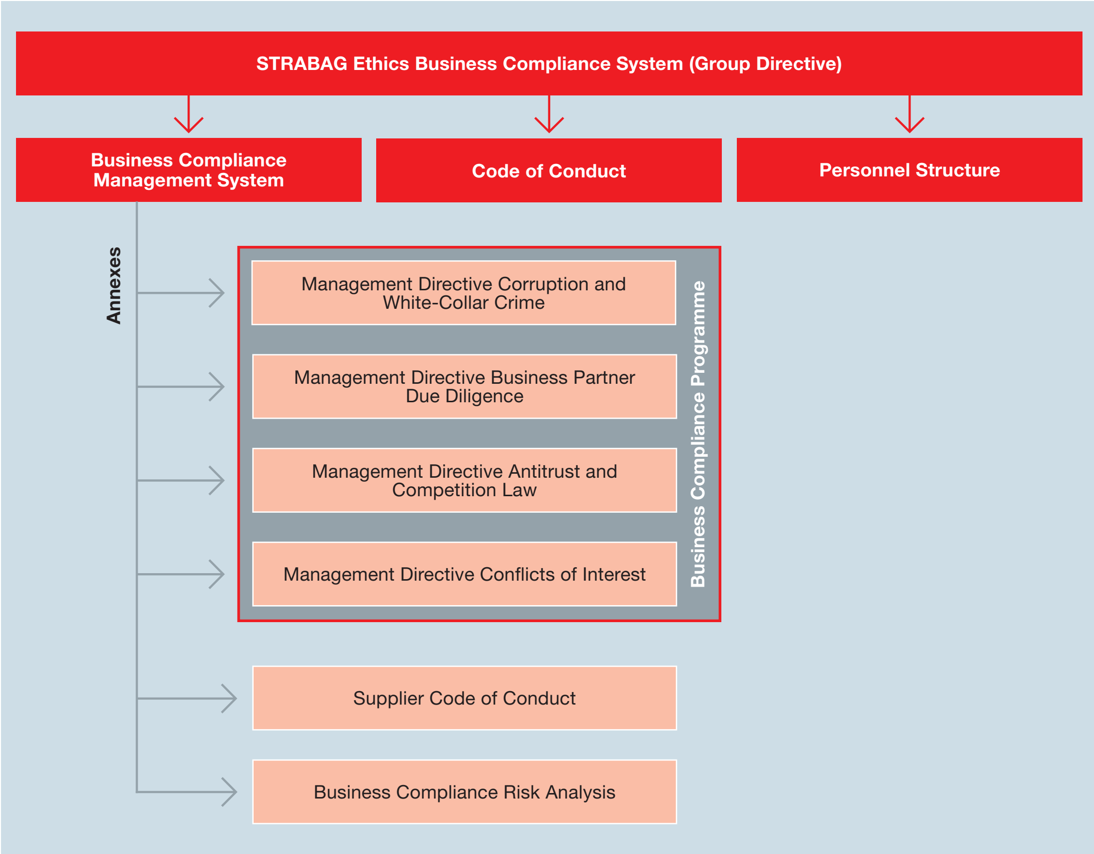
The new STRABAG Business Compliance Management System (BCMS) came into force in 2020 as part of the STRABAG Ethical Business Compliance System, replacing the Business Compliance Guidelines and the Business Compliance Guidelines for Business Partners that were valid until that time.

As part of the new STRABAG BCMS, the topics shown in the following diagram are dealt with extensively in order to ensure fair competition.



1 Transparency International, Corruption Perceptions Index 2019, https://www.transparency.de/cpi/cpi-2020/cpi-2020-tabellarische-rangliste/ (retrieved on 22 March 2021)

The **STRABAG Business Compliance Management System**, the **Code of Conduct**, which lays out the basic ethical values of the group, and the **personnel structure** together form the STRABAG Ethics Business Compliance System.



The new STRABAG BCMS is based on the Compliance Readiness Check performed together with an external consulting firm throughout the group in 2017 and 2018 and meets the requirements of ISO 19600 (Compliance Management Systems) and ISO 37001 (Anti-Bribery Management Systems).

In addition to the BCMS description, clear rules of conduct for the entire management and all employees of the group are defined in four management directives with the aim of ensuring fair competition. These management directives are accompanied by a Supplier Code of Conduct that summarises the principles of business conduct that STRABAG also expects its suppliers and subcontractors to adhere to.

The **risk assessment** procedure is described in the Business Compliance Risk Analysis. The definition of the risk areas is based on the business activities of STRABAG as an internationally active construction group and is confirmed by many years of experience and knowledge of the industry. In this way, specific situations that could represent a risk for STRABAG were determined with the support of the corporate staff division Internal Audit. The Compliance Readiness Check carried out in 2017 and 2018 was also taken into account. In line with STRABAG's international orientation and its organisation in business segments, the risk analysis is not based on the location of operations or branch offices, but on organisational entities.

The process of risk analysis is divided into the identification of risks (risk inventory), the analysis in the narrower sense based on potential damage and the probability of occurrence, and the final risk assessment. This is used to derive measures to reduce or avoid the risks. To identify risks, STRABAG uses the deductive method. In this process, relevant information within the scope of STRABAG's activities are assigned to individual risks. Circumstances that increase risk are also taken into account. Based on an assessment of both the possible damage and the probability of occurrence, the identified risks are subsequently classified into the categories "low", "medium" and "high".

The risk analysis is reviewed annually at a previously determined point in time and adapted or broadened if necessary. The business compliance organisation obtains information from the operating units for this purpose. This is done on the basis of an annual Management Business Compliance Reporting to be carried out for the first time in 2021. In addition, experience and knowledge from employee questions to the BC organisation, reports from the whistleblower system, findings from violations as well as information from the group's Internal Audit division are included in the annual evaluation.

The avoidance and handling of conflicts of interest are laid out in a separate management directive as an annex to the STRABAG BCMS. The directive places the focus not only on avoidance but also on the transparent management of often unavoidable conflicts of interest in order to ensure, among other things, fair competition through appropriate measures. All STRABAG employees are obliged to disclose potential conflicts of interest; another essential instrument for identifying potential conflicts of interest is the STRABAG whistleblower system. Taking into account the increased risk in connection with donations and sponsoring, the STRABAG BCMS establishes clear rules and processes to prevent the misuse of donations and sponsoring.

Immediately after joining the group, all STRABAG employees receive instruction in the rules for ensuring fair competition in the form of mandatory **e-learning training sessions** that must be repeated once every two years. As the management of STRABAG is exposed to a greater risk of corruption, the members of this group of employees are obliged to participate in special training courses on the avoidance of corruption and anti-competitive behaviour in addition to completing the regular e-learning training. These training sessions, which are usually held in the form of face-to-face events, must also be completed every two years.

Online whistleblower platform: strabag.integrityplatform.org

The **Chief Business Compliance Officer**, as the central contact person for all business compliance matters, reports directly to the responsible member of the Management Board, the CEO. In line with the international orientation of the group, the Chief Business Compliance Officer is supported by Regional Business Compliance Officers.

Due to the continually increasing importance of this topic, the personnel structure of the STRABAG Ethics Business Compliance System has been expanded through the introduction of

- Corporate Business Compliance Officers, who support the Chief Business Compliance Officer in his or her central tasks,
- Business Compliance Partners, who are nominated by the operating units and support these in fulfilling the processes defined in the new BCMS, as well as
- a Business Compliance Committee, consisting of the heads of the central division CML, the Group Internal Audit Division and the Chief Business Compliance Officer. The committee deals with proposals developed by the business compliance organisation to improve the BCMS as well as suspected cases of serious business compliance violations.

Potential compliance violations, such as bribery, fraud or corruption, can be reported to specially appointed contact persons (Regional Business Compliance Officers) via STRABAG's **group-wide whistleblowing system**. Employees, as well as subcontractors and other third parties, have the possibility to anonymously pass on relevant information via an online whistleblowing platform as well as by phone or by e-mail. The current list of all contact persons for the whistleblowing system can be found on the STRABAG website at https://strabag.integrityplatform.org > Contact person. STRABAG actively calls upon anyone with relevant information to come forward so we can quickly identify misconduct, respond appropriately and avoid any possible damage. In the event of violations of the legal regulations or of the conduct guidelines applicable within the company, the company will take the requisite disciplinary and legal (labour law) measures.

Objectives and indicators

IDENTIFICATION OF CORRUPTION RISKS

In accordance with STRABAG's business activities and organisational structure, locations of operation are generally not an adequate starting point for assessing corruption risks. STRABAG's business activities are mapped in organisational units that can be structured geographically or according to business areas. The identification and assessment of corruption risks is therefore consistently based on organisational units, whereby the extent of corruption risks can vary greatly from one organisational unit to the other.

The Compliance Readiness Check conducted in 2017 and 2018 included a review of the corruption risk in all divisions, central divisions and central staff divisions. As a result of the Management Business Compliance Reporting, which will be mandatory for all divisions, central divisions and central staff divisions for the first time in 2021 and will subsequently be carried out annually, the assessment of corruption risks is to be updated annually and continuously improved. The risks identified in the course of the investigation were taken into account accordingly in the design of the new STRABAG BCMS.

COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES

A key factor for ensuring fair competition is to provide employees with the most comprehensive knowledge possible about correct behaviour in their day-to-day business dealings, but also about the negative consequences of non-compliant behaviour. For this reason, STRABAG in 2013 implemented a comprehensive training concept to communicate to employees the guidelines and procedures for combating corruption and anti-competitive behaviour. Starting in 2020, the deadlines valid until 2019 for refresher trainings were shortened to two years for all mandatory training courses.

The training concept for the avoidance of corruption and anti-competitive behaviour, which is valid from 2020, is shown in the following table:

Title	Target group	Content	Type of training	Duration	Frequency
Business Compliance Training	all employees	STRABAG Ethics and Business Compliance Management System	e-learning course	approx. 40 min.	immediately after entry and every two years thereafter
Anti-Corruption and BCMS	entire management	Anti-corruption and the STRABAG Business Compliance Management System	classroom training	½ day	upon attainment of a management function
Cartel Law	entire management	Anti-competitive practices, abuse of dominant market position and merger control	classroom training	approx. 3 h	upon attainment of a management function
Business Compliance Refresher Course	entire management	Review and consolidation of the content from the Anti-Corruption and BCMS and the Cartel Law training courses	classroom training	½ day	every two years

The e-learning course "The Right Behaviour in Day-to-Day Business", which was based on the set of rules valid until 31 December 2019 and had been completed by 98 % of employees by this date, was discontinued due to the new STRABAG BCMS coming into force in 2020. The new e-learning course "Business Compliance Training", developed on the basis of the STRABAG BCMS valid from 2020, was rolled out across the group in February and March of 2021. For this reason, the course completion rate is being monitored for the first time in 2021.

As a short-term replacement for the e-learning course "Business Compliance Training", which only becomes available in 2021, a short presentation of the new STRABAG BCMS was sent to around 25,000 group employees in 2020 in the form of an e-learning course explaining the main contents of the new STRABAG BCMS. As of 31 December 2020, 88 % of the employees had completed this training.

No physical classroom training took place due to the Covid-19 crisis in the 2020 reporting year. Combined with the shortening of the deadline for mandatory refresher trainings, this led to a sharp drop in completion rates:

- Training course “Anti-Corruption and BCMS”: 81 %
- Training course “Cartel Law”: 83 %
- Refresher course “Business Compliance”: 22 %

Face-to-face training sessions are to be held online to increase the course completion rate in 2021. The target value is 100 %.

CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

- **Total number and nature of confirmed incidents of corruption:**
  In the 2020 reporting year, there were five confirmed incidents of corruption. All incidents relate to matters in connection with business relationships with subcontractors or suppliers or to matters that can be classified as embezzlement. There were no incidents of corruption in relation to clients in the reporting period.

- **Total number of confirmed incidents in which employees were dismissed or disciplined for corruption:**
  In three of the confirmed incidents, the employment relationship with the employees concerned was terminated and a warning was issued in one case. In one confirmed incident, the employment relationship was terminated by the employee concerned before the corruption was confirmed.

- **Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption:**
  There were no terminations of contracts with business partners in connection with the confirmed incidents.

- **Public legal cases regarding corruption brought against STRABAG or its employees during the reporting period:**
  There is no information of public legal cases having been initiated against STRABAG or its employees regarding corruption in the reporting period.

LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOUR, ANTI-TRUST, AND MONOPOLY PRACTICES

The investigations initiated in 2017 by the Public Prosecutor’s Office for Economic Affairs and Corruption and the Federal Competition Authority against several Austrian construction companies, including STRABAG AG, on suspicion of anticompetitive practices, continued in the reporting period. In Germany, the authorities have been investigating several companies since 2019, including a STRABAG group company, on suspicion of bid rigging and other collusive agreements in the road rehabilitation business. These investigations also continued in the period under review. As a matter of principle, STRABAG cooperates with the authorities to the extent appropriate in each case in order to clear up the matter and to be able to respond appropriately to any violations.

Projects and initiatives

After the new STRABAG BCMS was approved by the Management Board of STRABAG SE in December 2019 and subsequently translated into 17 languages, the group-wide roll-out of the new STRABAG BCMS took place in August 2020 to around 25,000 employees of the group. The roll-out was supported by a brief presentation of the new STRABAG BCMS in the form of a short e-learning training course as well as a video address by the CEO.

In the second half of the year, STRABAG developed a completely new **e-learning training course** together with an external software company to replace the previous one **starting in 2021**. With the aim of conveying essential principles for compliance with fair competition in a practical manner, the new training course specifically takes into account topics from STRABAG‘s areas of activity. The group-wide roll-out took place in February and March 2021 in 18 languages. In preparation, the Management Board decided on a group-wide **campaign to promote compliance awareness** among STRABAG employees in autumn 2020. As part of this campaign, statements relating to the topic of fair competition were displayed on the mirrors in the washrooms of around 700 corporate locations.

In August 2020, the first monitoring audit for the ONR 192050 and ISO 19600 **certification** that was granted in 2019 to the antitrust compliance management system took place for the Austrian subsidiaries STRABAG AG and F. Lang u. K. Menhofer Baugesellschaft m.b.H. & Co. KG. Due to the positive conclusion of the audit, the extension of certificates Y 000050 and Y 000051 was confirmed. In addition, certification of the anti-corruption management system to ISO 37001 in conjunction with ISO 19600 was sought for these companies in 2020. The basis for the certification was the new STRABAG Business Compliance Management System. The certification process was successfully completed in the 2020 reporting year with the award of the FAIR BUSINESS COMPLIANCE CERTIFICATE for both companies (Y 000055 and Y 000056).

As part of the twice-yearly group meetings the Chief Business Compliance Officer reported in detail on the topic.

MATERIALS

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Economic growth, the global population increase and the necessary adaptations to climate change are stimulating the construction and maintenance of buildings and infrastructure. This requires considerable volumes of raw materials, such as **sand**, **gravel** and **quarry stone**. The annual demand for these natural aggregates in the construction industry amounts to approximately 2,105 million tonnes in the EU alone and represents the largest flow of raw materials in the economy. Although intra-European production of mineral building materials almost completely covers the demand, an expansion of raw material extraction quickly comes up against environmental, social and economic limits. Land competition, social conflicts and the potential for sand and gravel shortages in some parts of the world can, under certain circumstances, lead to economic bottlenecks in supply.[1] Increasing resource efficiency and exploiting the recycling potential of the building materials used will counteract the predicted increased demand for raw materials in the coming years.

The extraction of raw materials isn't the only important issue for the construction sector; ultimately, all materials used in construction end up back in the environment in the form of emissions and waste as a result of maintenance or demolition works. Construction and demolition waste accounts for about one third and so represents the largest share of waste generation in the EU.[2] Herein lies a high potential for recycling and reuse of construction materials, which can increasingly be utilised through innovative technologies, new recycled construction materials and efficient waste management in the construction process. This is why STRABAG is promoting a change towards a resource-saving circular economy.

Our strategic focus, our innovative strength and our Architecture and Turnkey Construction business unit prepare us for the growing demand for resource-saving services and products and allow us to proactively offer the corresponding solutions. Being able to integrate various trades over different life cycle stages is our core competence as a general contractor. As such, we are familiar with the entire value creation process and can plan and execute across the life cycle. This gives us the opportunity to promote the idea of sustainability with the best possible technical solutions and the early interconnection of all involved.

Rules, responsibilities and due diligence

The group-wide environmental and energy policy, updated in 2020, lays the foundation for resource-efficient action. Integrated due diligence processes help to identify opportunities and risks at an early stage and ensure compliance with legal requirements.

Within the group, the subject of the environment is handled by the **Integrated Quality Management** (IQM) team. To properly address matters of the environment, an environmental management system certified to ISO 14001 has been introduced in nearly all group countries. These group countries cover 91 % of STRABAG's output volume. The regional experts monitor compliance with environmental protection requirements through on-site inspections and report to the responsible management level, e.g. on environmentally relevant factors with regard to orders and investments. The information recorded by the environmental management system includes waste disposal, wastewater, hazardous materials and products used.

Sustainability Management, established with increased staff as a function of the new central division STRABAG Innovation & Digitalisation, is focusing, among other things, on the topics of materials, waste and circularity in order to continue to act as resource-efficiently as possible.

1 European Commission, Study on the EU's List of Critical Raw Materials (2020) Non-Critical Raw Materials Factsheets, https://rmis.jrc.ec.europa.eu/uploads/CRM_2020_Factsheets_non-critical_Final.pdf (retrieved on 13 January 2021)
2 EUROSTAT – Waste Stastics, https://ec.europa.eu/eurostat/statistics-explained/index.php/Waste_statistics#Total_waste_generation (retrieved on 13 January 2021)

Objectives and indicators

It is our declared goal to keep the negative impact that our business activity has on the environment as low as possible. To do so, we give priority to those issues that promise the greatest potential for improvement and which we can directly influence through our own actions, such as the continued development of processes and technologies for resource- and energy-efficient structures.

Indicator:

Percentage of recycled asphalt used in the production of asphalt mixture in Germany, Austria and Poland (combined share of group output: approx. 71 %)

- Germany: 30 % of total asphalt mixture production of 3,303 thousand tonnes (2019: 34 % of 3,140 thousand tonnes)
- Poland: 40 % of total asphalt mixture production of 2,391 thousand tonnes (2019: 41 % of 2,280 thousand tonnes)
- Austria: 14 % of total asphalt mixture production of 1,287 thousand tonnes (2019: 13 % of 1,248 thousand tonnes)

Objective: We aim to increase the recycling share and also follow client demands in the process.

Projects and initiatives

The construction sector plays a key role in the future development of efficient ways to use primary raw materials. STRABAG recognised this development years ago and is contributing to it by, among other things, processing and recycling construction materials such as asphalt.Technological advances and stricter legislation help to promote this positive development. The transportation infrastructures segment holds especially high potential. The recycling of used materials reduces greenhouse gas emissions and saves valuable primary raw materials. Moreover, with a rate of 83 %, we cover most of our asphalt needs ourselves. This puts us in a position to optimise the production process as needed.

MATERIALS USED[1]

Material	Unit	2016	2017	2018	2019	2020
Stone/Gravel	thousands of tonnes	58,020	62,420	68,650	70,410	69,960
Asphalt	thousands of tonnes	13,690	14,000	13,985	13,270	12,745
Concrete	thousands of m^3	4,986	4,589	5,746	5,519	5,089
Cement	thousands of tonnes	1,021	1,163	1,669	1,642	1,739
Structural steel	tonnes	421,336	417,381	478,290	476,901	447,213

1 The volumes were derived from the average prices from the price data.

ENERGY AND EMISSIONS

The growth of renewable energies and the reduction of energy consumption are the two most important building blocks of the energy transition.[1] Buildings account for about **40 % of the overall energy consumption** and produce around **36 % of the associated greenhouse gas emissions** in the European Union – in both the construction phase as well as during use.[2]

In order to achieve climate neutrality in the EU by 2050, the Green New Deal provides for a comprehensive improvement in the energy performance of buildings.[3] Tighter regulations in the European climate and energy policy for the building sector can therefore be expected in the next few years.

In addition, the upcoming CO_2 pricing in Germany (2021) and Austria (2022) will provide an economic incentive at the national level to increase the energy efficiency of buildings.

Against this background, STRABAG has set itself the goal of measuring a continuous reduction in CO_2 emissions as part of the FASTER TOGETHER 2022 strategy. We can achieve this through energy efficiency measures and the increased use of renewable energy sources, among other things. This protects the climate and the environment and improves STRABAG's competitiveness and supply security.

Rules, responsibilities and due diligence

The group-wide environmental and energy policy, updated in 2020, lays the foundation for low-emission action. Integrated due diligence processes help to identify opportunities and risks at an early stage and fulfil the legal provisions of the climate and energy policy.

The energy management at STRABAG encompasses a set of tools to determine energy consumption and greenhouse gas emissions, on the one hand, while also developing and managing measures to increase energy efficiency and decrease greenhouse gas emissions, on the other. The group-wide energy and emissions management system is headed by the **Energy Steering Committee**, which determines the strategic orientation of the energy management. The steering committee reports annually to the CEO. On the basis of the group-wide energy data, the energy experts at the various group entities formulate recommendations to the steering committee.

Accordingly, operational targets are set for energy consumption, CO_2 emissions and relevant measures throughout the group. Beginning in 2013, an energy management system certified to the international standard ISO 50001 was rolled out at various group entities (responsible for around 70 % of the output volume). Further local measures and audits for energy management cover a further approximately 9 % of the output volume in other group countries. Thanks to the Energy Efficiency Act, it is possible to make use of the potential for lower energy consumption and the resulting cost savings.

Sustainability Management, established with increased staff as a *function* of the new central division STRABAG Innovation and Digitalisation, is focusing, among other things, on the topic of energy efficiency to support the Energy Management team.

1 Federal Statistical Office (Destatis), Sustainable Development in Germany. Indicator Report 2018, retrieved on 23 February 2021 from https://www.destatis.de/EN/Themes/Society-Environment/Sustainable-Development-Indicators/Publications/Downloads/indicator-report-2018.pdf?__blob=publicationFile
2 European Commission, Buildings, retrieved on 7 December 2020 from https://ec.europa.eu/jrc/en/energy-efficiency/buildings
3 European Commission, A European Green Deal, retrieved on 23 February 2021 from https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en#actions

Objectives and indicators

It is our declared goal to keep the negative impact that our business activity has on the environment as low as possible. To do so, we give priority to those issues that promise the greatest potential for improvement and which we can directly influence through our own actions, such as the reduction of energy use and associated greenhouse gas emissions. We contribute to reducing fossil fuel consumption wherever possible by always striving to use the best available technology. Production processes are planned, implemented and controlled in an energy-efficient manner.

Indicators:

Energy consumption and CO_2 intensity in the relevant energy consumption categories

- Vehicle fleet[1]:
  - All passenger vehicles in Germany and Austria: 6.0 litres/100 km (-0.5 %) and 160 g of CO_2/km (-0.8 %)
  - All commercial vehicles in Germany and Austria: 9.3 litres/100 km (+1.1 %) and 249 g of CO_2/km (+1.1 %)

  Objective: energy efficiency increase of at least 1 % over the previous year

- Asphalt mixing plants in Germany: 93.0 kWh per tonne of asphalt mixture produced (0 % year-on-year) and 31.0 kg of CO_2 per tonne of asphalt mixture produced (-2.5 % year-on-year)

  Objective: energy efficiency increase of at least 1.3 % over the previous year

Projects and initiatives

For economic and environmental reasons, the topic of energy is of great importance for the STRABAG Group. The energy costs for the companies within STRABAG SE's scope of consolidation amounted to € 242.24 million in 2020 (2019: € 280.72 million). The lower energy costs compared to the previous year are the result of a slight decrease in output, among other things. The changed working conditions brought about by Covid-19 also had an impact on this figure. For example, site meetings were replaced by digital conferences and people increasingly worked from home instead of at the office.

The energy and CO_2 data for the group are systematically captured and analysed using **CarbonTracker**. The software was developed in-house and has been in use since 2012. On this basis, we are developing concepts to reduce the use of fossil energy sources and lower the resulting greenhouse gas emissions in the long term through more efficient conventional or innovative machines.

The group's most important energy source is fuel, which accounts for about 61 % of the total energy costs and therefore holds the greatest potential for savings for the group. **FuelTracker**, which was developed analogously to the CarbonTracker software, allows us to analyse the fuel use of the STRABAG passenger car and commercial vehicles fleet.

In 2017, we began gradually introducing an **electricity and gas data management** system within the group to perform load profile analyses at stationary plants and administration buildings. This helps us to recognise and reduce power peaks and excessive base loads (demand for default electricity supply). Since 2020, new projects have been initiated by the Sustainability Management team.

Further savings are being achieved by increasing energy efficiency and the use of renewable energy sources. This includes, among other things, the implementation of measures to optimise the electricity consumption of buildings, construction sites and production plants, as well as the evaluation of alternative fuel use in asphalt production. As of 1 January 2021, STRABAG AG, Germany, and all affiliated companies are purchasing exclusively CO_2-neutral electricity from hydropower sources.

1 Only diesel is taken into account, as petrol is used mostly to operate small equipment.

Group employees are sensitised to contribute to **increasing the energy efficiency**. This occurs, for example, through training courses in which the staff is informed on the issues of safety, environment and energy. The positive results of the energy management can be seen in the higher tax savings potential and the protection of the environment through lower emissions.

eVIDENCE: Smartphone app for sustainable energy management

As a contribution to higher energy efficiency, STRABAG has since 2020 been an industry partner in the development of a reliable, digital technology for the transparent acquisition, analysis and visualisation of energy measurement data. The joint research project eVIDENCE is being funded by Germany's Federal Ministry for Economic Affairs and Energy (BMWI) over a period of three years as part of the country's Digitalisation of the Energy Transition programme. In the future, a smartphone-based app will enable all conventional types of meters and tank gauges – for fuel, electricity, gas, water or heat – to be scanned and read digitally anywhere, from construction sites to buildings to production facilities.

A tool for all conventional meters

Reading the fuel consumption of construction machinery

ENERGY USE WITHIN THE GROUP[1]

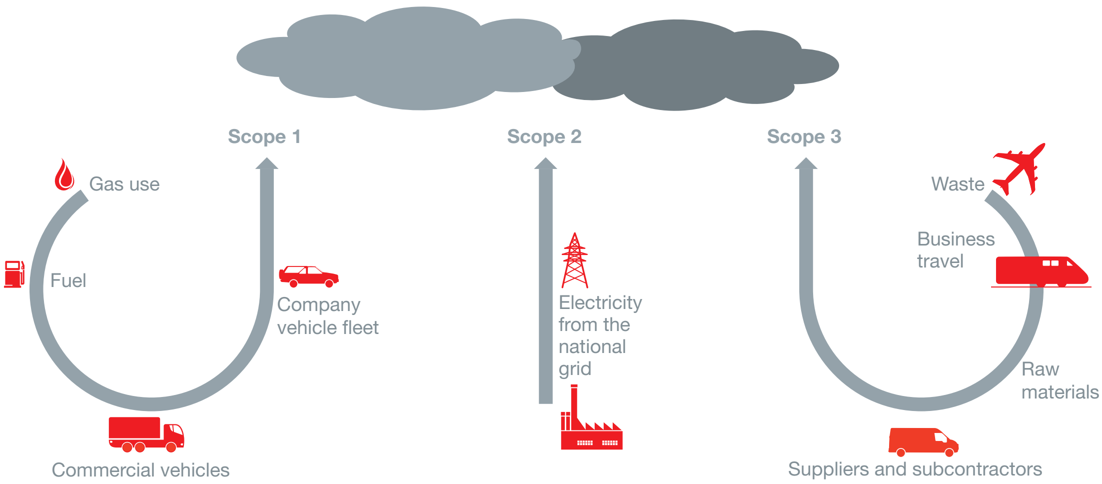
Form of energy	Unit	2016	2017	2018	2019	2020
Electricity	MWh	451,073	488,241	477,286	432,755	411,441
Fuel	MWh	2,065,409	2,108,339	1,976,423	1,986,883	1,732,783
Gas	MWh	409,098	449,372	497,899	430,143	332,625
Heating oil	MWh	153,896	169,257	172,550	165,764	142,857
Pulverised lignite	MWh	457,362	504,503	481,787	481,235	500,732
District heating	MWh	35,265	48,773	44,802	48,826	42,665

1 Currently, the energy data is derived from the prices taken from our internal accounting. Only the data for pulverised lignite is acquired on a volume basis. Energy costs are converted into quantities using the average prices from the following sources: Eurostat for electricity and natural gas; the European Commission's Weekly Oil Bulletin for diesel, petrol, heating oil/fuel oil and LPG. Prices are also taken directly from invoices. The energy units are converted to MWh (analogue to calorific value) using conversion factors from the following sources: German Federal Ministry for Economic Affairs and Energy (BMWi) for fuels and heating oil; supplier data for pulverised lignite.

THE CARBON FOOTPRINT IN THE GROUP[1]

The carbon footprint for the 2020 financial year refers to the group's full scope of consolidation and includes the emissions caused in 6 countries. Within the group, a total of 738,708 t CO_2 (742,063 t CO_2e) were emitted directly by the company in the year under report (Scope 1), with an additional 170,076 t of CO_2 (171,353 t CO_2e) attributable to electricity and district heating use (Scope 2).[2] This reduction of CO_2 emissions resulted from the decrease in energy costs and an update of CO_2 factors. Half of the CO_2 emissions in the group result from the use of fuels, mainly diesel. This is followed by pulverised lignite and electricity with 19 % and 18 %, respectively. Germany, Poland, Austria and the Czech Republic are responsible for the greatest share of these emissions (71 %). With 77 %, these countries also accounted for the greatest share of the group's output volume in 2020.

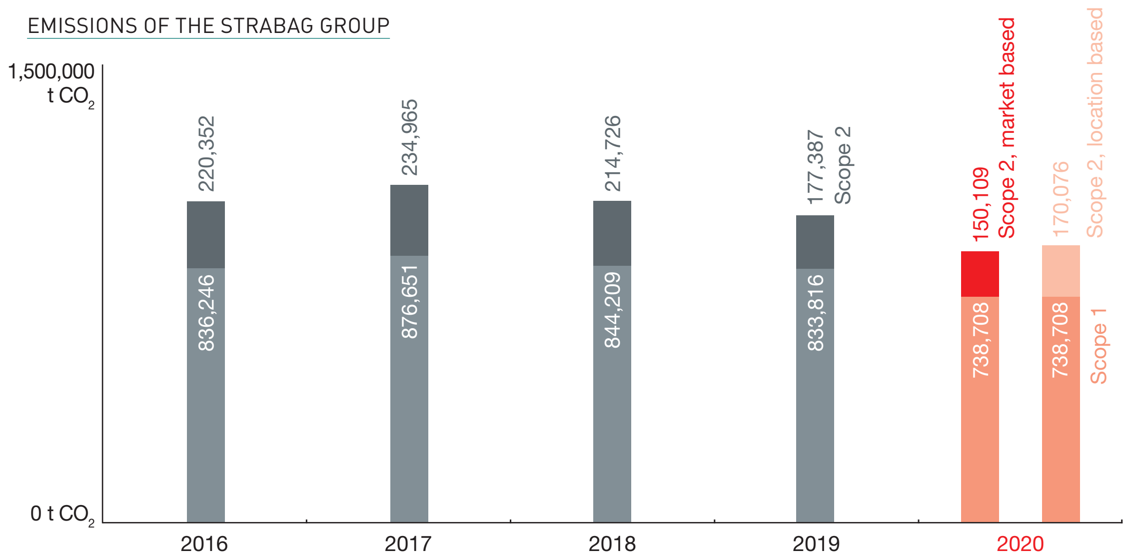
THREE SCOPES



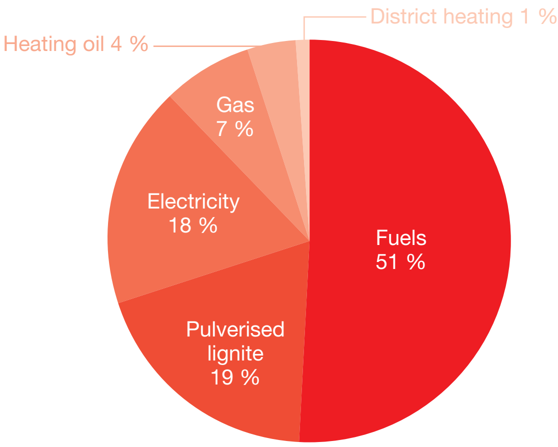
1 The emissions are reported in Scope 1 and Scope 2 in accordance with the definition of the Greenhouse Gas Protocol. Starting with 2020, emissions are reported in the units CO_2 and CO_2 equivalent (CO_2e, includes CO_2, CH_4 and N_2O). Due to this amendment, the sources of the conversion factors have been adjusted as well. Scope 1 emissions are calculated based on the standard unit of calorific value (kWh) using the conversion factors from the IPCC 2006 Guidelines for National Greenhouse Gas Inventories. For pulverised lignite, factors from the local suppliers were additionally used. Scope 2 emissions for electricity and district heating are reported separately from 2020 onwards using market-based and location-based methods. For the conversion of the location-based emissions, sources from the International Energy Agency (IEA) were used for electricity and from the German and Austrian Federal Environment Agency (UBA) for district heating. Where district heating data was not available for a certain country, the group average value derived from the available data was used. For the market-based calculation, CO_2 emission factors from our local electricity tariffs are used. Due to the lack of available data, CO_2e emissions calculated with market-based factors only include CO_2 (27 % of electricity consumption). If market-based factors are not available, location-based factors are used.

2 The calculation is made using the location-based method. The Scope 2 emissions according to the market-based method amount to 150,109 t CO_2 (151,185 t CO_2e).

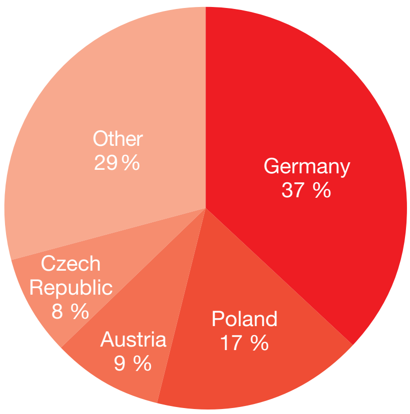
EMISSIONS OF THE STRABAG GROUP



CO_2 EMISSIONS BY ENERGY SOURCE 2020[1]



CO_2 EMISSIONS BY COUNTRY 2020[1]



SUSTAINABLE BUILDING IN ACCORDANCE WITH ESTABLISHED CERTIFICATION SYSTEMS

Rising energy prices, the increasingly noticeable impact of climate change, and rapid urban growth present the construction industry with new challenges: buildings are no longer optimised only according to investment criteria – life cycle costs, quality and resource efficiency are also becoming more important.

Taking a building's entire life cycle into account, the proportion of **energy-related greenhouse gas emissions is highest** over the **entire operating phase.**[2] An important and growing business field for STRABAG therefore is to optimise buildings so they consume little or no energy, or even generate their own, during their period of use. The focus is on the development of sustainable and market-oriented solutions for the implementation of resource-reduced CO_2-neutral buildings in design, construction and operation.

We have the technical know-how and the necessary experience to design and construct sustainable buildings. In addition to consultation and execution, we also conduct audits of new and existing buildings in accordance with the established certification systems of the German Sustainable Building Council (**DGNB**), Leadership in Energy and Environmental Design (**LEED**), Austrian Sustainable Building Council (**ÖGNI**), and Building Research Establishment Environmental Assessment Methodology (**BREEAM**).

1 The graph was created using the location-based calculation method. Up to and including 2019, market-based emissions were used.
2 World Green Building Council: Brining Embodied Carbon Upfront, https://www.worldgbc.org/embodied-carbon (retrieved on 13 February 2021)

Working together with DGNB, STRABAG Real Estate (SRE) created its own sustainability standard for the simplified certification of office buildings. The list of criteria, which was reviewed and approved by DGNB, expedites the certification process for commercial buildings considerably. Similar multiple certifications were also established in Austria in coordination with ÖGNI. In 2020, SRE obtained DGNB gold certification for one project using its own multiple certification system variant, a further 13 projects are registered for DGNB multiple certification and one project was awarded a preliminary certification.

The SMARTments in Vienna, developed by STRABAG Real Estate, were awarded pre-certification in gold by the Austrian Sustainable Building Council (ÖGNI) already during the construction phase.

RISK AND OPPORTUNITY MANAGEMENT – PROJECT RISK MANAGEMENT

Why manage risks and opportunities?

Don't focus only on the macroeconomic development, but also – and above all – scrutinise a construction company's risk management system!

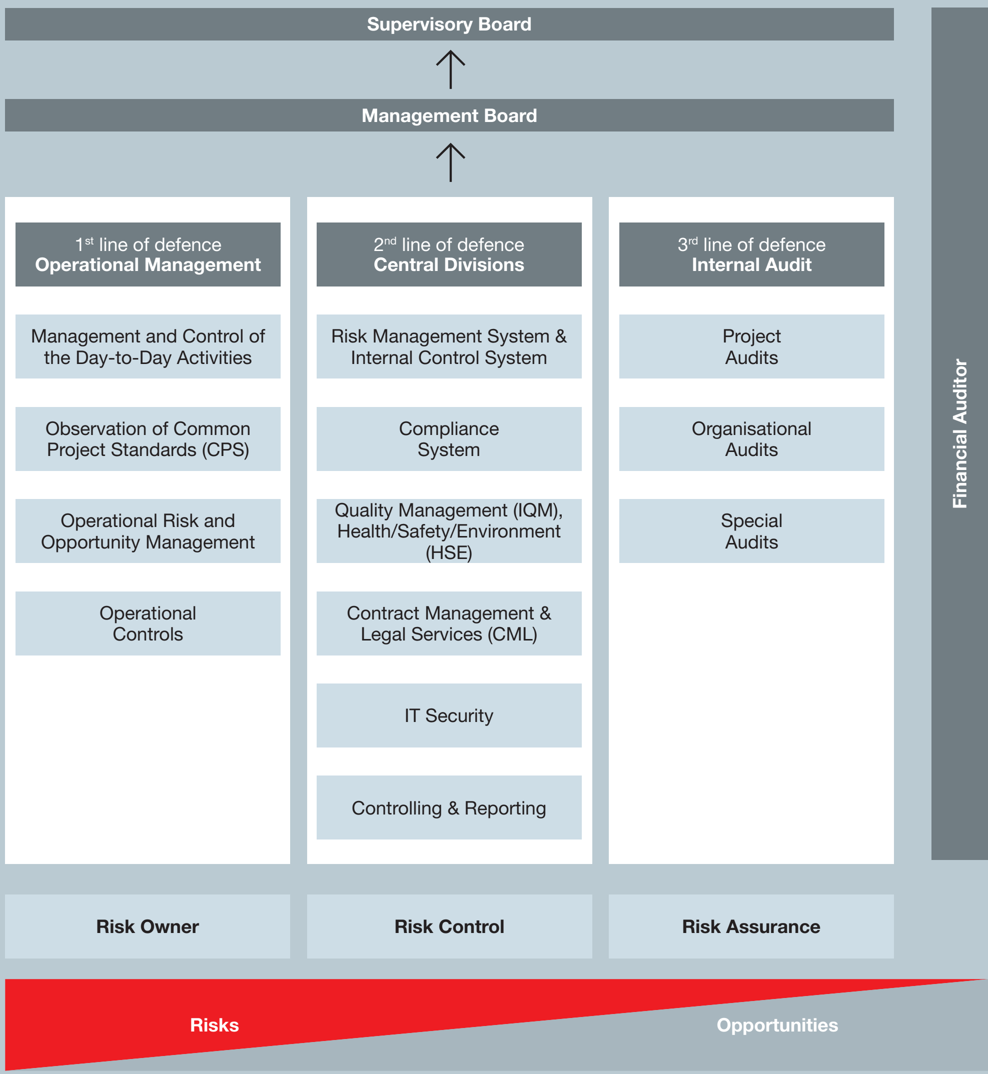
The STRABAG Group encounters many different risks and opportunities in the course of its business activities. These risks are systematically identified and assessed using a proactive risk management system and managed in a consistent and goal-oriented manner through an appropriate risk management policy. This risk management policy is an integral part of the management system and describes a set of fixed principles and responsibilities for risk management and how to deal with the material risk categories.

When capital market participants or suppliers scrutinise a company in the construction sector, the forecasts for the macroeconomic development of the individual markets are usually of great importance to them. Of course, our business is influenced by economic growth and public spending; at least as important, however, is a construction company's risk management. After all, the large number of unique projects translates into an increased risk potential. Keeping this under control requires a focused organisational structure with clearly defined responsibilities and effective instruments for an active risk and opportunity management. An end-to-end risk and opportunity management system also is a competitive advantage that is difficult for the competition to copy – it can only be established over the long term.

Managing risks and opportunities is part of the daily work at STRABAG. Additional information can therefore be found in the Group Management Report under "Risk Management", "Financing/Treasury" and "Order Backlog" or in the Consolidated Corporate Governance Report.

Rules, responsibilities and due diligence

To ensure a responsible and proactive approach to risks and opportunities, we have integrated a comprehensive **risk management system** (RMS) with an **internal control system** (ICS) in our management system on the basis of the internationally recognised COSO Enterprise Risk Management Framework (COSO: Committee of Sponsoring Organisations of the Treadway Commission). Risk management is a **core task of the management** with responsibility at the respective management level. The organisation and responsibilities for the risk management are determined according to the three lines of defence approach supported by the European Confederation of Institutes of Internal Auditing (ECIIA). This end-to-end corporate governance model applies to all disciplines of risk management and establishes clear roles and responsibilities for risk management to ensure a functioning and efficient control and monitoring framework.



Organisation of risk management following ECIIA: Guidance on the 8th EU Company Law Directive, Article 41

The **first line of defence** is the operating management, which has responsibility for identifying, analysing, assessing, managing and monitoring risks and opportunities. As **risk owner**, the operating management is responsible for establishing preventive measures to avoid or mitigate risks, for taking advantage of opportunities that arise in the day-to-day business and for ensuring that all activities coincide with the company objectives.

The **second line of defence** supports the operating management in **risk control** as well as in further developing the risk management system and the internal control system. This includes the central functions for risk management, compliance, quality management, health/safety/environment (HSE), IT security, and controlling & reporting. The central divisions establish standards, methods and processes for the risk management along with related standards and guidelines, manage and monitor their implementation in the operating areas, report periodically to the company management and review the level of sophistication and further development of the management system.

The **third line of defence** comprises the internal audit department as an objective and independent audit and consulting entity for **risk assurance**. The internal audit department supports the company management, the operating management and the monitoring entities in early risk recognition and reviews the effectiveness of the measures established to minimise or avoid risk.

Complementing the above, the **financial auditor**, as part of its annual audit activities, assesses the effectiveness and efficacy of the risk management system and the internal control system and so supports the ongoing monitoring of the efficiency of the three lines of defence. The essential success factors of our integrated governance system are explained below:

#1 – MANAGEMENT SYSTEM WITH ASSOCIATED POLICIES AND RULES

The management system of the STRABAG Group is described with the associated policies in the Management Manual and is documented with superordinate and subordinate rules. The rules apply across the group and have been translated and communicated in all relevant group languages.

#2 – ORGANISATIONAL STRUCTURE WITH CENTRAL ENTITIES

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

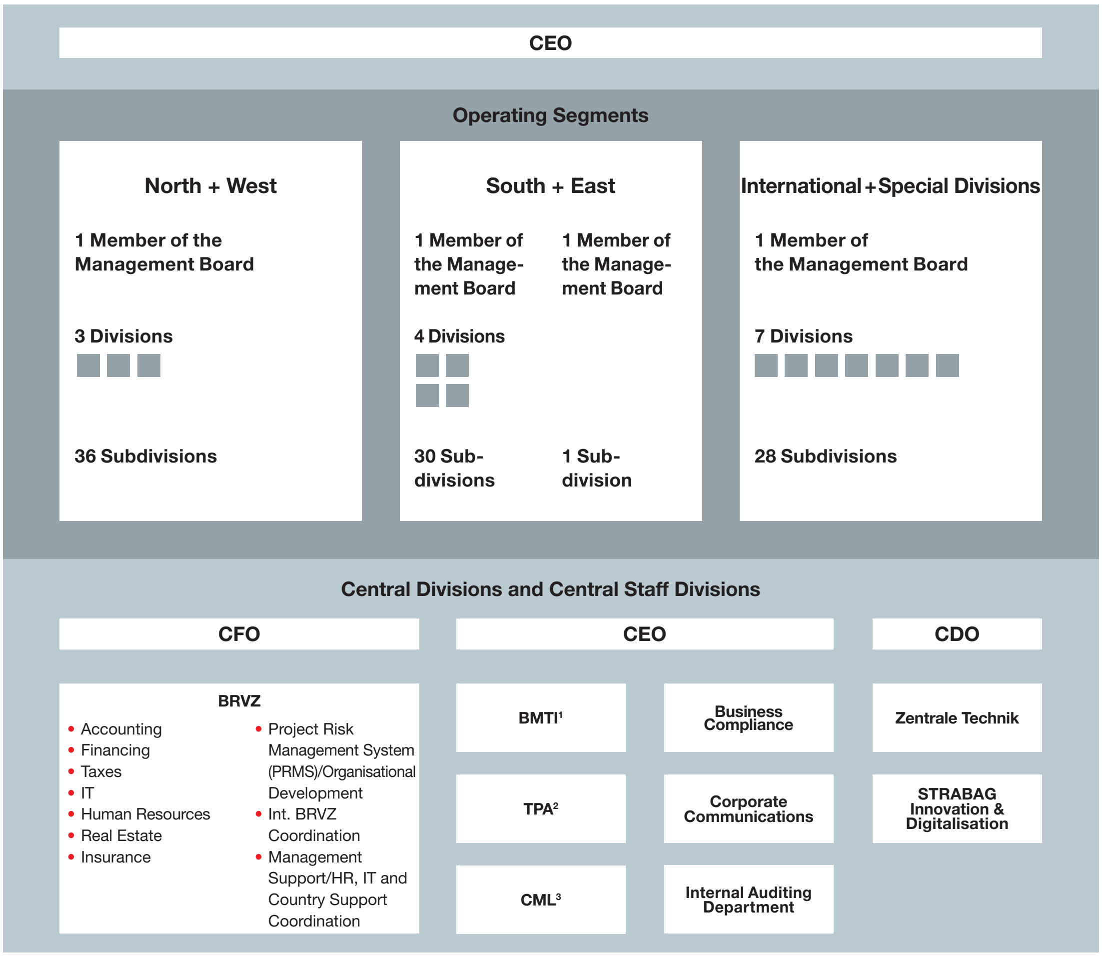
The STRABAG SE **Management Board** is the group's top management body. It is responsible for maintaining the group's financial balance and determines its strategic goals. The Management Board regularly discusses matters of corporate responsibility and sustainability. During the execution of these tasks, 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 subdivisions and report directly to the member of the Management Board responsible for their division. They manage their business independently and on their own responsibility within the framework of the group's business policy. It is their responsibility to reach the objectives laid out in the strategic and operational planning and to realise the specified individual measures.

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

The **central divisions** handle the group's internal services in areas such as accounting, financing, taxes, IT, human resources, real estate, insurance, project risk management system and organisational development, equipment and vehicle management, quality management, health/safety/environment and energy management, technical consultation, quality assurance, digitalisation/innovation/business development, prequalification, contract management and legal services. As competence centres, they support the operating units so these can concentrate on their core business and deliver their services to the clients in an efficient manner. The central staff divisions are responsible for internal audit and communications and report directly to the CEO.

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



1 BMTI: equipment and vehicle management

2 TPA: quality management, technical consultation, quality assurance, innovation management, health/safety/environment and energy management

3 CML: prequalification, contract management and legal services

Last updated: 1 January 2021

#3 – PROJECT SELECTION AND INTERNAL PRICE COMMISSION

Project risks often have their origin long before contract signing. In order to recognise significant risks and opportunities at an early stage, we select projects before participation in a prequalification phase or before the start of bid processing on the basis of defined criteria and disclosure thresholds. Especially with large projects, the management can set framework conditions for the further bid processing and for the early inclusion of specialists from the group's central divisions and central staff divisions. When defined disclosure thresholds are exceeded, a bid, before it is submitted, must be closely reviewed and approved by internal **price commissions** composed of members from various hierarchy levels depending on the project size.

"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."

#4 – 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. In addition, evaluations are analysed by the respective management and members of the STRABAG SE Management Board at regular intervals.

Thomas Birtel
CEO of STRABAG SE

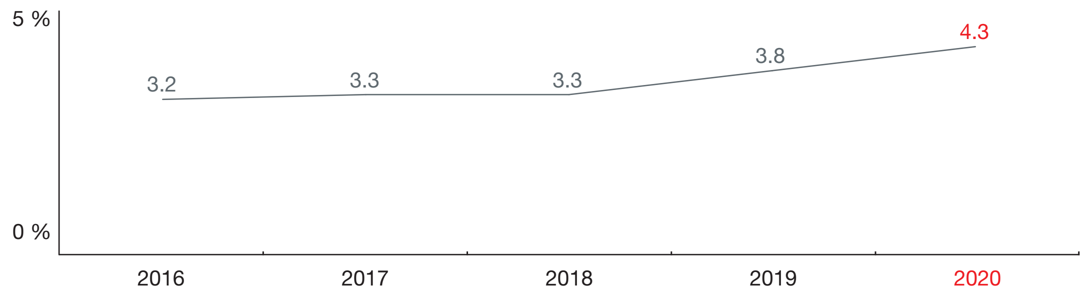
Objectives and indicators

A primary objective is the **long-term existence of our company**, which we strive to ensure by maintaining our focus on cost efficiency and the disciplined use of capital. To reach this overriding objective, we set ourselves the following specific goals:

REACH AND SUSTAIN THE DEFINED EBIT MARGIN TARGET

The **EBIT margin** is our **most important financial indicator**. The margin is especially crucial for our investors. Given our policy of paying out 30–50 % of the net income after minorities in the form of a dividend, our investors are especially interested in seeing a sustained achievement of the EBIT margin target.

DEVELOPMENT OF EBIT MARGIN[1]



We have set ourselves the goal of achieving an EBIT margin (EBIT/revenue) of 4 % by 2022. In 2020, the combination of many positive factors led to an exceptional level of 4.3 %.

1 2016 adjusted for non-operating income in the amount of € 27.81 million
2018 adjusted for a non-operating step-up profit in the amount of € 55.31 million

CONSTANTLY INCREASE THE EFFICIENCY OF THE PROJECT RISK MANAGEMENT SYSTEM

To maintain the EBIT margin at the level attained, and raise it if possible, we must consistently and sustainably reduce the flop rate by constantly improving the efficiency of our project risk management. We have implemented a risk management system (RMS) with an integrated internal control system (ICS) across the group to help us in the early identification, accurate assessment, effective management, and transparent end-to-end monitoring of significant project risks and opportunities. We periodically review the efficiency and effectiveness of the systems, processes and controls for early recognition of all material risks and related countermeasures in order to deflect impending damage to the company and rule out any potential threat to its existence. Weak points that are identified in the process are transparently documented and immediately rectified.

For the monitoring of the overriding objective, several **indicators** are periodically measured and tracked on the basis of multi-year comparisons. These indicators include:

- Financial figures
- Project and organisational figures
- Economic and industry situation
- Market position and competition
- Client situation
- Services offered
- Management quality

However, the effectiveness and efficacy of the risk management system cannot be measured or assessed on the basis of an isolated observation of individual risk parameters. Many different indicators must be observed in the context of various influencing and correlating factors.

We are working on developing a more uniform, group-wide understanding of risk and a standardised, end-to-end method for the identification, categorisation, assessment and tracking of risks and opportunities. On this basis, the documented project risks and opportunities can be aggregated over the long term and the associated risk indicators can be ascertained. Using cause/effect analyses, we also evaluate the degree to which this allows us to derive correlations or dependencies that could serve as early-warning indicators to deliver important information for the management of risks and opportunities.

ENSURE COST EFFICIENCY AND DISCIPLINED USE OF CAPITAL

To reach an EBIT margin of 4.0 %, it will not be necessary for the market – i.e. the macroeconomic environment – to change. Besides our increased efforts to improve the project risk management, we are maintaining our focus on **cost efficiency and the disciplined use of capital**. We are currently working to consolidate the efficiency improvements achieved so far with regard to the organisational and strategic position of the group.

Advice and support in this regard comes from the **central division Project Risk Management System/Organisational Development/International BRVZ Coordination** that was created in 2015. The main tasks of this team include the development of organisational indicators and benchmarks for efficiency improvement as well as the consultation and support in organisational development measures at individual company entities.

Projects and initiatives

Based on the strategic principles for the management of risks and opportunities, the measures we are taking include the following:

MEASURES TO STRENGTHEN THE PROJECT RISK MANAGEMENT SYSTEM

The STRABAG Group's risk management system was improved through the following changes and enhancements in the 2020 financial year:

- Improvement of the decision-making foundations in the project procurement phase through standardised project presentations for pre-qualification, selection interview and price commission with mandatory application for large-scale and mega projects after an agreed trial period
- Development and implementation of a tablet-optimised app for management with easy access to transparent and aggregated decision-making foundations for selection and price commission as well as an integrated task module for approval requirements
- Further reduction and condensation of the standardised catalogue of causes for the allocation of significant positive and negative earnings causes, as well as continued implementation of workshops and project-related plausibilisation talks for the application of the catalogue of causes with an analysis of cause-and-effect relationships

In the 2020 financial year, we also continued the following developments which are either in the evaluation and conception phase or are finding implementation in subprojects:

- Ongoing implementation of activities to measure the penetration, acceptance and compliance with the common project standards (CPS)
- Continuous improvement of project data management in the areas of quality assurance, functionalities and interfaces for a more efficient selection and price commission in the context of project procurement as well as system-supported tracking and updating of project information in the course of project execution
- Roll-out and further development of IT tool for end-to-end system documentation and tracking of risks and opportunities
- Gradual implementation of a modular controlling portal as a central entry point for project and organisational controlling
- Extension of the standardised reporting to include project management tools for the early identification of opportunities and errors (e.g. comparison of target/actual quantities for main works)
- Further development and enhancement of suitable organisational indicators as a decision-making foundation for sustained structural optimisations
- Improvement of system interfaces to avoid redundant data collection and to increase quality and transparency in data management and the determination of performance indicators
- Improvement and expansion of data management for the gradual development of a knowledge database with the addition of analysis and evaluation options to promote a demand-oriented exchange of experience between the project participants

An essential prerequisite for the improvement of our project risk management system is the active contribution of all employees with a clear commitment to an open error culture. This is where our values of partnership, sustainability and innovative spirit, based on honesty, fairness and mutual appreciation, are of particular importance, as they form the foundation for a learning organisation.

DIGITALISATION TO PROVIDE NEW TOOLS FOR THE REDUCTION OF CONSTRUCTION RISKS

Also see the chapter "Digitalisation and Innovation"

The new tools being used in **BIM 5D®** processes facilitate, among other things, regular consistency reviews of the construction designs, a model-based quantity, cost and performance assessment as well as schedule planning, and, on this basis, an end-to-end rendering of the construction sequence with digitally linked processes and consistent data across the entire life cycle of a building. This can help uncover and correct errors at an early stage, thus minimising the risks in a construction project, the roots of which are often found in the design phase. The digitally retrievable data can then be used for different analyses (including building analyses and simulations, sustainability studies or building certification). The digital tools also promote an efficient and transparent working relationship with clients, designers and partner companies.

HUMAN RIGHTS

By providing construction services in structurally weak regions, we are making an important contribution to infrastructure expansion and job creation in those places. In geographical terms, about 95 % of our work is performed in Europe and some 5 % outside of Europe. In this context, some of our projects are located in countries that have received international criticism for their human rights situation.

Different standards for the protection of human rights prevail in the various countries where we do business. Moreover, the supply and value chains in the construction industry are small-scale and complex, which can increase the risk of non-transparency. When it comes to the protection of human rights, however, we take the matter seriously and work to raise awareness for the issue among group employees, suppliers and subcontractors. The STRABAG Group adheres to all internationally applicable standards and, through the Code of Conduct, group directives and management instructions, specifies a compliance framework that, among other things, rejects illegal employment relationships and guarantees minimum pay and occupational safety (HSE organisation at group level) so that the identified risks regarding pay, working conditions and occupational accidents can be dealt with effectively and permanently. STRABAG ensures the country-specific, legally prescribed minimum wage or the collective wage in a certain trade through monitoring by the central human resources administration.

Rules, responsibilities and due diligence

See chapter "Fair Competition"

The STRABAG SE Code of Conduct precisely establishes the system of values to which the Group and all its employees are committed. Through workshops and training sessions, employees are made aware of and sensitised to the group's values. In particular, the values of partnership, solidarity and respect, together with fairness, help to create an environment that fosters interactions between the employees at STRABAG that are in line with the respect for human rights. The Code of Conduct forms an integral part of the employment documents for all group employees. STRABAG SE also expects its stakeholders (especially suppliers and subcontractors) to act in accordance with the Code of Conduct.

In the Code of Conduct, STRABAG SE expressly commits to equal opportunities regardless of race, nationality, gender, sexual orientation, religion, disability or age and to a working environment free from discrimination, harassment or reprisals. As an international construction technology group, we therefore employ people based on their qualifications and the experience required for the work to be performed.

Potential human rights violations, such as discrimination at the workplace, can be reported via an online whistleblowing system or to the stated contact persons (ombudspersons). A detailed explanation of how whistleblower reports are handled and how we guarantee the privacy and anonymity of whistleblowers and other persons involved can be found in an internal functional description or in the externally accessible FAQs.

Reports are initially examined for plausibility. If the case is justified, it is pursued accordingly by the responsible regional ombudspersons. Organisational and personnel measures – from warnings to dismissals – are taken by the management representative in charge in order to respond appropriately to the identified offences and to counteract any future violations.

Objectives and indicators

Online whistleblower platform: strabag.integrityplatform.org

The creation and maintenance of employment conditions that are in compliance with the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and with the United Nations' Universal Declaration of Human Rights are an essential goal of the STRABAG Group's value system. Particularly relevant here are:

- the prohibition of discrimination in respect of employment and occupation
- the prohibition of slavery and human trafficking
- the prohibition of child labour

The following indicator is used to measure if an objective has been reached:

- number of cases of discrimination discovered in the financial year (cases of discrimination are assigned to the year in which they were conclusively discovered): 3

In the 2020 financial year, the ombudspersons received a total of 17 reports in this regard (mostly conflict situations between employees and superiors), including three cases of discrimination that can be assigned to the categories of bullying or stalking. In one case, the investigation had not yet been completed by the end of 2020.

Projects and initiatives

The "Principles of employment conditions and human rights" were added to the Code of Conduct as a complementary annex, available as a separate document under www.strabag.com > Strategy > Strategic Approach > Business Compliance. All employees were informed of and asked to observe and comply with these principles, which were also incorporated into the existing general terms and conditions or comparable agreements.

Additionally, a statement pursuant to the UK Modern Slavery Act was published under www.strabag.com > Strategy > Strategic Approach > Business Compliance.

The subject of diversity and of equal treatment of women and men is dealt with in the Consolidated Corporate Governance Report.

SOCIETAL ENGAGEMENT

Focus on cultural and social projects as well as on team sports

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

Rules, responsibilities and due diligence

If and in which form we lend substantial support is decided by the STRABAG SE Management Board according to eligibility criteria such as:

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

Objectives and indicators

We do not extend our social commitment indiscriminately, but instead support selected initiatives over the long term in order to make a lasting contribution. One of the indicators that measures our commitment is the contribution we make to the core projects and initiatives mentioned below. In 2020, this amounted to € 3.30 million (2019: € 4.20 million). The decrease is mainly due to the lower Covid-related costs in the cultural sector.

Projects and initiatives

CONCORDIA SOCIAL PROJECTS

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

In the social sphere, we are especially committed to helping children and youth in Eastern and South-East Europe by giving them an opportunity for an education and the chance for a better future. This also helps to secure the future of our company in these markets. An important contribution is made to CONCORDIA:

CONCORDIA is an international organisation with a broad range of services that includes emergency aid, crisis centres, outreach work, alternative childcare and accommodation, education and training to help disadvantaged children, youth and families in need. From its start in 1991 as a social project for street children in Bucharest, CONCORDIA has grown into an organisation which today helps more than 9,000 children, youth and families in Romania, Bulgaria and the Republic of Moldova.

The organisation's most important goal is keeping families together. Many parents are forced to leave the country in search for work. Sometimes children are unable to stay with their families due to existential poverty. CONCORDIA's services therefore comprise family-like children's homes, foster care, social centres for youth in precarious situations, assisted living facilities for young adults, and outreach work. Another focus is on educational projects: from educational assistance or music instruction to separate training facilities, for example for cooking/baking or the carpentry trade.

In the Republic of Moldova, CONCORDIA also attends to the needs of around 6,000 people who have to live in extreme poverty. All over the country, CONCORDIA's social centres and soup kitchens provide elderly people and children in need with the essentials they require every day. The outbreak of the pandemic and the drought during the summer have led to an increase in the number of people affected by extreme poverty. CONCORDIA has set up a crisis service for these hardship cases and provides emergency aid packages as well. STRABAG has been a partner of CONCORDIA for years, helping to build living facilities for children who for various reasons cannot grow up with their parents, setting up social centres and soup kitchens, and offering continuous support of the organisation's activities.

Supported by STRABAG, CONCORDIA also provides assistance to children from low-income families in Austria and helps unaccompanied minor refugees take their first steps towards integration. Since 2016, an annual fundraising concert by Tyrolean Festival Erl on behalf of the CONCORDIA children's projects has been a regular part of the joint effort by STRABAG and CONCORDIA to help people in need.

The new CONCORDIA inclusive education primary school in Ploiești, Romania

With STRABAG's help, CONCORDIA has built a socially inclusive primary school in Ploiești, Romania. The first class started in September. It is CONCORDIA's vision to use this inclusion school as a model to show how children from disadvantaged and non-disadvantaged backgrounds can learn together. The concept is based on the conviction that all children have the same right to quality education. In five classes with 20 pupils per class, children from all social backgrounds will learn together on an equal footing. In addition, the parents will be more involved than usual. A safe environment, an understanding for family problems, lunch, medical care and tutoring in the afternoon – state-run primary schools cannot offer all of these benefits. The school is also integrated into the already existing CONCORDIA education campus, so the primary school children will have their lunch prepared by the cooks at the CONCORDIA vocational school.

More information: www.concordia.or.at

The festival theatre in Erl, Austria

TYROLEAN FESTIVAL ERL

Tyrolean Festival Erl was founded in 1997 and has been held in the illustrious Passion Play town of Erl in Austria every year since 1998. STRABAG has been a supporting partner from the beginning. To guarantee the long-term viability of this important cultural venue, the "Tiroler Festspiele Erl Gemeinnützige Privatstiftung" was established in 2017 with STRABAG SE as one of the foundation's sponsors.

Tyrolean Festival Erl has become a respected fixture in the cultural life of Tyrol and internationally. Despite the Covid-19 pandemic, the festival still managed to treat some 20,000 visitors to top-class opera, concert and chamber music evenings in the 2019/2020 season. The focus in the summer is on Wagnerian opera, complemented by other opera productions as well as by classical and contemporary concert repertoire. All year round, the unique acoustics in the new festival theatre also do justice to the works of Mozart, Bach, Italian composers and bel canto.

An attractive winter season programme was added to the summer programme in 2012 when performances became possible in the STRABAG-built festival theatre. Further events were added to the festival programme in 2017 with the piano days and the Thanksgiving concert series. The 2020/2021 Winter Festival was postponed until spring 2021 due to the restrictions imposed by the lockdown regulations.

More information: www.tiroler-festspiele.at

ENSEMBLE:PORCIA

Ensemble:Porcia is the most important cultural institution in the small town of Spittal an der Drau in Upper Carinthia. The summer of 2020 was a difficult one for cultural institutions, and the theatrical performances at Porcia Castle had to be cancelled. Nevertheless, the ensemble's great commitment made it possible to send the Porcia Theatre Wagon on a special tour from the end of June to mid-September, delighting an audience of around 8,000 people at 57 venues in as many days with a total of 102 performances.

Two productions were staged on the theatre wagon during this special season: a Spanish cloak-and-dagger comedy by Calderón de la Barca and a specially written children's play. The tour of the theatre wagon was expanded into the travelling mini-festival Coromödie 2020 to give other independent artists an opportunity to perform. This resulted in performances by 38 artists in various constellations in the fields of cabaret, literature, music and entertainment. Thanks to its commitment and dedication, the travelling troupe succeeded in drawing attention to culture in Carinthia and Spittal by getting people excited about the performing arts during this unusual summer.

More information: www.ensemble-porcia.at

STRABAG KUNSTFORUM

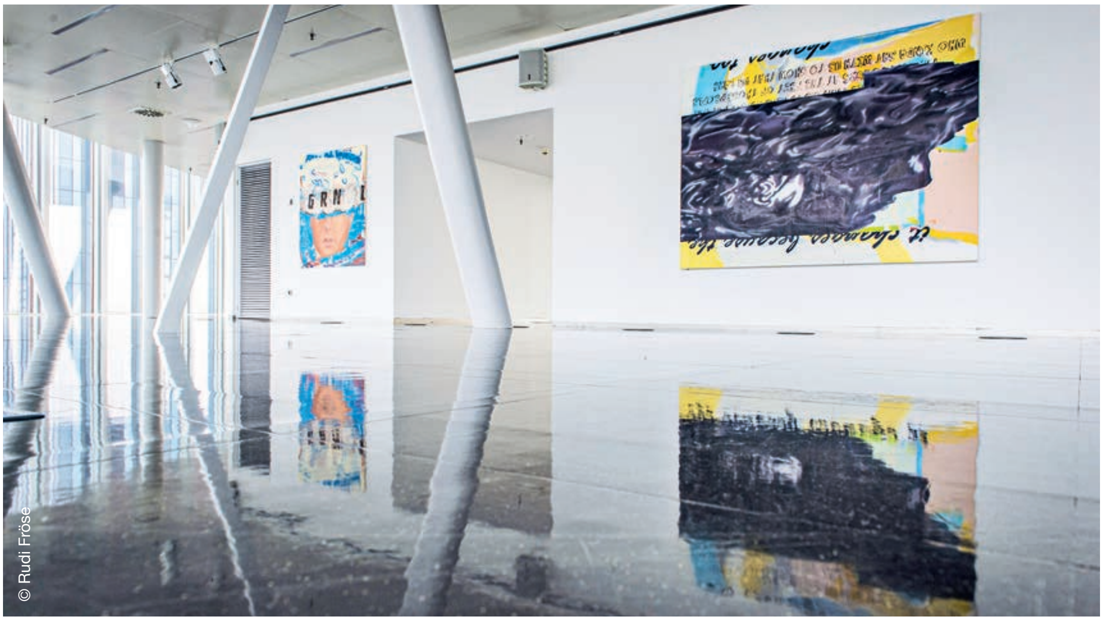
STRABAG Kunstforum has long been in the service of arts patronage – as organiser of the STRABAG Artaward International, with the exhibitions at the STRABAG Artlounge and through the establishment and maintenance of the permanent collections at more than 60 offices throughout Europe. Preparations are currently underway to endow several additional corporate locations – such as Prague (Czech Republic), Belgrade (Serbia) or London (Great Britain) – with visual art from the STRABAG Artcollection. With nearly 4,000 works of art, the STRABAG Artcollection helps to promote a dialogue between art and everyday working life while offering artists a platform to present their work to an interested public. All temporary exhibitions at the STRABAG headquarters as well as the permanent exhibition of Bruno Gironcoli at the Gironcoli-Kristall in Vienna are open to employees and the general public during regular office hours. Admission is free. The exhibition at the Gironcoli-Kristall can also be accompanied by a Hearonymus audio guide.

Artwork by Suse Krawagna in the Z3 corporate building in Stuttgart, Germany

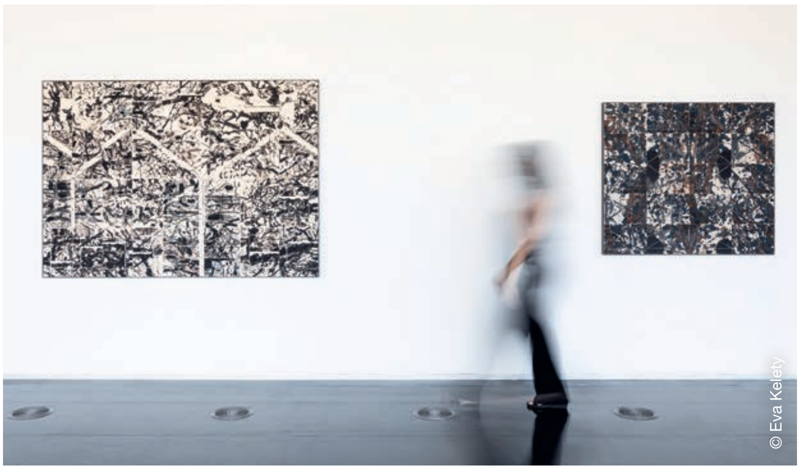
The STRABAG Artaward is the central element of STRABAG Kunstforum's activities. It has been presented in Austria since 1994 (with an interruption in 2004 and 2005) and since 2009 as an international art sponsorship award for artists in the fields of painting and drawing. Winners receive the opportunity to present their works at an individual exhibition in the STRABAG Artlounge. STRABAG Kunstforum also gives artists access to the art studio at the STRABAG head office in Vienna as a place that promotes creativity, artistic productivity and exchange within the art scene. For the years 2018–2020, the award was open to artists from Austria and Germany. In 2020, the prominent members of the STRABAG Artaward International jury selected Shuvo Rafiqul, a native of Bangladesh who resides in Vienna, as the winner from out of approximately 700 submissions. Also awarded were Birke Gorm (Denmark/Austria), Sophie Gogl (Austria), Florina Leinß (Germany) and Minh Dung Vu (Vietnam/Germany).

In 2020, the STRABAG Artaward celebrated a special anniversary: 11,526 applications, approximately 8,000 original works submitted to the jury meetings, 12 countries, 41 highly motivated jury members, 138 award-winning artists, 141 solo exhibitions by the winning artists – that's the tally so far after 25 years of the STRABAG Artaward. In November 2020, a comprehensive new publication was presented to mark this occasion, featuring all 138 artists who have been honoured to date. The book explores the movements and trends in painting and drawing over the past 25 years and provides insight into the establishment of the STRABAG Artaward within the context of the Austrian and international art award landscape.

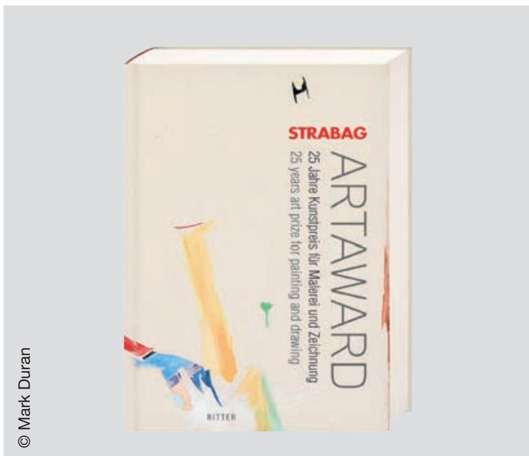
More information: www.strabag-kunstforum.at



Johannes Daniel exhibition in the STRABAG Artlounge: *Eternal Jetlag*, 2020



STRABAG Artaward 2020: exhibition of winning artists with works by Shuvo Rafiqul



Anniversary publication celebrating 25 years of the STRABAG Artaward

Villach, 8 April 2021

The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Staff Divisions and
Central Divisions BMTI, CML as well as TPA

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

Klemens Haselsteiner
Responsibility Central Divisions STRABAG
Innovation & Digitalisation as well as Zentrale
Technik, Subdivision NN Russia

Dipl.-Ing. Dr. Peter Krammer
Responsibility Segment South + East
(except Subdivision NN Russia)

Dipl.-Ing. Siegfried Wanker
Responsibility Segment
International + Special Divisions

Dipl.-Ing. (FH) Alfred Watzl
Responsibility Segment North + West

INDEPENDENT ASSURANCE REPORT ON THE NON-FINANCIAL REPORTING

We have performed an independent limited assurance engagement on the consolidated non-financial report ("NFI report") for the financial year 2020 of

STRABAG SE,
Villach
(referred to as "STRABAG" or "the Company").

Management's Responsibility

The Company's management is responsible for the proper preparation of the NFI report in accordance with the reporting criteria. The Company applies the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) as reporting criteria.

The Company's management is responsible for the selection and application of appropriate methods for non-financial reporting (especially the selection of significant matters) as well as the use of appropriate assumptions and estimates for individual non-financial disclosures, given the circumstances. Furthermore, their responsibilities include the design, implementation and maintenance of systems, processes and internal controls that are relevant for the preparation of the sustainability report in a way that is free of material misstatements – whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to state whether, based on our procedures performed and the evidence we have obtained, anything has come to our attention that causes us to believe that the Company's NFI report is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) in all material respects.

Our engagement was conducted in conformity with the International Standard on Assurance Engagements (ISAE 3000) applicable to such engagements. These standards require us to comply with our professional requirements including independence requirements, and to plan and perform the engagement to enable us to express a conclusion with limited assurance, taking into account materiality.

An independent assurance engagement with the purpose of expressing a conclusion with limited assurance ("limited assurance engagement") is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance ("reasonable assurance engagement"), thus providing reduced assurance. Despite diligent engagement planning and execution, it cannot be ruled out that material misstatements, illegal acts or irregularities within the non-financial report will remain undetected.

The procedures selected depend on the auditor's judgment and included the following procedures in particular:

- Inquiries of personnel at the group level, who are responsible for the materiality analysis, in order to gain an understanding of the processes for determining material sustainability topics and respective reporting thresholds of the Company;
- A risk assessment, including a media analysis, on relevant information on the Company's sustainability performance in the reporting period;
- Evaluation of the design and implementation of the systems and processes for the collection, processing and monitoring of disclosures on environmental, social and employees matters, respect for human rights, anti-corruption as well as bribery and also includes the consolidation of data;
- Inquiries of personnel at the group level, who are responsible for providing, consolidating and implementing internal control procedures relating to the disclosure of concepts, risks, due diligence processes, results and performance indicators;
- Inspection of selected internal and external documents, in order to determine whether qualitative and quantitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- Assessment of the local data collection, validation and reporting processes as well as the reliability of the reported data through a (remote) sample survey of the group country of Poland;
- Analytical evaluation of the data and trend of quantitative disclosures, submitted by all locations for consolidation at the group level;
- Evaluation of the consistency of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) to disclosures and indicators of the NFI report, which apply to the Company;
- Evaluation of the overall presentation of the disclosures by critically reading the NFI report.

The procedures that we performed do not constitute an audit or a review. Our engagement did not focus on revealing and clarifying of illegal acts (such as fraud), nor did it focus on assessing the efficiency of management. Furthermore, it is not part of our engagement to audit future-related disclosures, prior year figures, statements from external sources of information, expert opinions or references to more extensive external reporting formats of the Company. Disclosures audited within the scope of the annual financial statement were assessed for correct presentation (no content examination).

Conclusion

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the NFI report of the Company is not in accordance with the legal requirements of the Austrian Sustainability and Diversity Improvement Act (§ 267a UGB) in all material respects.

Restriction on use

Because our report will be prepared solely on behalf of and for the benefit of the principal, its contents may not be relied upon by any third party, and consequently, we shall not be liable for any third party claims. We agree to the publication of our audit certificate together with the NFI report.

General Conditions of Contract

Our responsibility and liability towards the Company and any third party is subject to paragraph 7 of the General Conditions of Contract for the Public Accounting Professions.

Linz, 8 April 2021

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

qualified electronically signed:
Mag. Ernst Pichler
Wirtschaftsprüfer

GRI CONTENT INDEX

GRI standards	Disclosure number and title		Page number in the 2020 Annual Report	Comments/further information on group website
GRI 102: GENERAL DISCLOSURES 2016				
		Organisational profile		
GRI 102: General Disclosures 2016	102-1	Name of the organisation	Company information 262	
	102-2	Activities, brands, products and services	18–19; 27–28; 158	www.strabag.com > Activities www.strabag.com > STRABAG SE > Our Brands
	102-3	Location of headquarters	Company information 262	
	102-4	Location of operations	19; 194–200	www.strabag.com > Locations No exact figures can be provided due to the temporary nature of our operations.
	102-5	Ownership and legal form	34	www.strabag.com > Investor Relations > Share
	102-6	Markets served	19; 21–23	
	102-7	Scale of the organisation	2; 18; 158; 194–200	
	102-8	Information on employees and other workers	69–71	
	102-9	Supply chain		www.strabag.com > Strategy > Supply Chain
	102-10	Significant changes to the organisation and its supply chain	128–133	
	102-11	Precautionary principle or approach	54–55; 65; 98–99; 100–105	www.strabag.com > Strategy > Strategic Approach > Environmental Responsibility
	102-12	External initiatives		www.strabag.com > Strategy > Strategic Approach > (Download)
	102-13	Membership of associations		www.strabag.com > Strategy > Strategic Approach > (Download)
		Strategy		
	102-14	Statement from senior decision-maker	14–17	
		Ethics and integrity		
	102-16	Values, principles, standards and norms of behaviour	18; 39–40; 92–97	www.strabag.com > STRABAG SE > Vision and Guiding Principles
		Governance		
	102-18	Governance structure	40–43; 55	www.strabag.com > Strategy > Strategic Approach > Corporate Responsibility Management
		Stakeholder engagement		
	102-40	List of stakeholder groups	66–67	www.strabag.com > Strategy > Stakeholder Involvement
	102-41	Collective bargaining agreements	72	
	102-42	Identifying and selecting stakeholders	66–67	www.strabag.com > Strategy > Stakeholder Involvement
	102-43	Approach to stakeholder engagement	36; 66–67	www.strabag.com > Strategy > Stakeholder Involvement
	102-44	Key topics and concerns raised	66–68	www.strabag.com > Strategy > Stakeholder Involvement
		Reporting practice		
	102-45	Entities included in the consolidated financial statements		
	102-46	Defining report content and topic boundaries	66–68	www.strabag.com > Strategy > Stakeholder Involvement
	102-47	List of material topics	68	
	102-48	Restatements of information	13; 14–17; 66–68	
	102-49	Changes in reporting of material topics and topic boundaries	66-68	
	102-50	Reporting period	13	
	102-51	Date of most recent report	13	April 2020
	102-52	Reporting cycle	13	
	102-53	Contact point for questions regarding the report	Company information 262	www.strabag.com > Investor Relations > IR Contact & Service
	102-54	Claims of reporting in accordance with the GRI Standards	13; 64	
	102-55	GRI content index	124–126	www.strabag.com > Strategy > Strategic Approach > NFI Reporting
	102-56	External assurance	13; 122–123	

GRI standards	Disclosure number and title		Page number in the 2020 Annual Report	Comments/further information on group website
Material topics				
		Client satisfaction		
GRI 103: Management Approach 2016	103-1/2/3	Disclosure on management approach to client	74–75	
	Own indicator	Client satisfaction index	75	
		Digitalisation and Innovation		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to digitalisation and innovation	76–79	
	Own indicator	Collection and analysis of machine data	77	
		Outfit of key equipment with machine control systems	77	
		BIM 5D® workstations	77	
		Digital workplace: Introduction of Office 365	77	
		Mobile end devices for a more flexible work design	77	
		Research and development funding provided by the company	77	
		Number of subdivisions with at least one person responsible for innovation	77	This indicator cannot be presented in the current reporting year (see chapter for explanation).
		STRABAG events on the topic of innovation • Number of participants • Number of participating organisations	78	This indicator could not be collected in the current reporting period due to Covid-19.
		Publication of relevant development projects	78	
		Occupational safety		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to occupational safety	80–82	
GRI 403: Occupational Health and Safety 2018	403-1–403-7	Disclosures on management approach to occupational safety	80–82	Disclosures are provided in part. Due to Covid-19, however, this indicator could not be compiled in its entirety. More data and information will be collected in the following reporting year.
	403-9	Work-related injuries	81	Disclosures are provided in part. Due to Covid-19, however, this indicator could not be compiled in its entirety. More data and information will be collected in the following reporting year.
		Health protection		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to health protection	83–84	
	Own indicator	Lost-time illness rate	84	
		Strategic human resource development		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to strategic human resource development	85–91	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	85–86	At present, there is no consistent systematic tracking of training hours for blue-collar workers. The company is committed to establishing a structured human resources development for blue-collar workers, however, which is to be planned and largely implemented by the end of 2023.
	404-2	Programmes for upgrading employee skills and transition assistance programmes	87–91	Transition assistance programmes are not described.
	404-3	Percentage of employees receiving regular performance and career development reviews	85–86	Information about white-collar employees only (excluding blue-collar workers)

GRI standards	Disclosure number and title		Page number in the 2020 Annual Report	Comments/further information on group website
		Fair competition		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to business compliance	92–97	
GRI 205: Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	95–96	No information can be provided on contractual partners. For detailed information on the breakdown by region and employee category, see www.strabag.com > Strategy > Strategic Approach > Business Compliance
	205-3	Confirmed incidents of corruption and actions taken	96	
GRI 206: Anti-Competitive Behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	96	
		Materials		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to materials	98–99	
GRI 301: Materials 2016	301-1	Materials used by weight or volume	99	
	301-2	Recycled input materials used	99	For asphalt in Germany, Austria and Poland
		Waste and circularity		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to waste and circularity	98–99	New material topic; management approach partly included in the chapter on materials, but will be developed separately (for explanation see text on page 67).
GRI 301: Materials 2016	301-2	Recycled input materials used	99	For asphalt in Germany, Austria and Poland
		Energy and emissions		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to energy	100–105	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	101–102	
GRI 305: Emissions 2016	305-1	Direct GHG emissions (Scope 1)	103–104	CO_2 emissions and CO_2 equivalents (CO_2, N_2O,CH_4)
	305-2	Energy indirect GHG emissions (Scope 2)	103–104	CO_2 emissions and CO_2 equivalents (CO_2, N_2O,CH_4)
	Own indicator	Energy consumption and CO_2 intensity of the relevant energy consumption categories	101	Germany and Austria
Additional sustainability topics				
		Human rights[1]		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to human rights[1]	114–115	
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	115	In all three cases, the information provided was followed up on. In one case, the allegations could not be substantiated, but the person who felt discriminated was offered external professional counselling. Another case was dropped because the accused person left the company while the case was still being dealt with. In the third case, it was possible to achieve a fresh start through mediation.
		Societal engagement[1]		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to societal engagement[1]	116–119	
	Own indicator	Expenditures for core projects and initiatives in the reporting period	116	

1 Not a material topic defined by the GRI standards, but a topic of the strategic approach of STRABAG

GRI standards	Disclosure number and title		Page number in the 2020 Annual Report	Comments/further information on group website
		Equal treatment of women and men[1]		
GRI 103: Management Approach 2016	103-1/2/3	Disclosures on management approach to equal treatment of women and men1	52–54	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	40–48, 52–53, 69–73	**Management Board*:** Percentage men / women 100 % / 0 % Age structure >30 / 30–50 / >50 in percent: 0 % / 33 % / 67 % **Supervisory Board*:** Percentage men / women 73 % / 27 % Age structure <30 / 30–50 / >50 in percent: 0 % / 18 % / 82 % **Employees**:** Percentage men / women blue-collar: 91 % / 9 % Percentage men / women white-collar: 71 % / 29 % Age structure blue-collar: <30 / 30–50 / >50: 17 % / 50 % / 33 % Age structure white-collar: <30 / 30–50 / >50: 17 % / 55 % / 28 % * Employee numbers expressed as head count as at 31 December 2020 ** Employee numbers expressed as head count (annual average)

1 Not a material topic defined by the GRI standards, but a topic of the strategic approach of STRABAG

Group Management Report, Consolidated Financial Statements and Notes

GROUP MANAGEMENT REPORT

Important events

JANUARY

Metallica Stahl- und Fassadentechnik GmbH independent from 2020

Starting in 2020, the façade construction entity of STRABAG AG, Austria, was strategically realigned as an independent subsidiary based in Vienna under the name Metallica Stahl- und Fassadentechnik GmbH. STRABAG Metallica has been the Austrian market leader in steel, aluminium and glass façade construction for several years. The entrepreneurial independence is the next step in the further specialisation and internationalisation of the façade construction business.

FEBRUARY

Road upgrade in Uganda for € 54 million

STRABAG International has been awarded the contract to upgrade a 66 km road in Uganda. The contract foresees widening and paving the existing gravel road between the towns of Atiak and Laropi. Construction works will last for 30 months. The value of the contract is approx. € 54 million, with the project being co-financed by the European Development Fund.

STRABAG lands € 72 million infrastructure project in Hungary

The Hungarian subsidiary of STRABAG will build and modernise a 7.5 km bypass road in the city of Veszprém in western Hungary for the equivalent of € 72 million (HUF 25.333 billion). The work will be carried out in two phases: the first phase should be completed in December 2021, with phase two scheduled for completion in early 2023. In addition to strengthening the load-bearing capacity of the road, the modernisation efforts also aim at a widening to four lanes with a structural separation between the carriageways.

MARCH

Coronavirus pandemic: Austrian construction site activity temporarily suspended, warning system according to Sec 45a AMFG initiated and short-time working

Following the 98th Directive of the Federal Minister of Social Affairs in accordance with Sec 2 of the federal law on provisional measures to prevent the spread of COVID-19 (Covid-19-Maßnahmengesetz), STRABAG halted on 18 March 2020 its regular construction operations in Austria. Approximately 1,000 construction sites were affected. As a precautionary measure, STRABAG activated the “early warning system” stipulated by Sec 45a AMFG (Labour Market Promotion Act) for both its blue-collar workers and its white-collar employees in Austria. Around ten days after STRABAG had announced the temporary halt of work on its construction sites in Austria, construction activity was gradually resumed. This move was made possible by a social partner agreement reached on construction related Covid-19 protective measures. The so called 8-point plan regulates minimum distances and safety measures in the event that minimum distances cannot be maintained. Other agreements included occupational hygiene and organisational measures such as staggering the work over time. On 20 March 2020, STRABAG applied for shorttime work in its home market for three months, retrospectively on 1 March 2020, as an immediate response to the revision made to the federal short-time work directive (KUA-COVID-19).

APRIL

Contract for the construction of the HS2 high-speed rail line in Great Britain

HS2, the planned high-speed rail line in Great Britain, will link London and Birmingham over a length of 225 km. A joint venture consisting of STRABAG with a share of 32 %, Skanska and Costain received the green light for Stage 2, the realisation of the two Southern Lots S1 and S2 with a total length of just under 26 km, from the client High Speed Two (HS2) Ltd. The joint venture will complete design and construction for an estimated amount of approx. € 3.8 billion (GBP 3.3 billion).

STRABAG awarded bridge contract in Romania

STRABAG has been commissioned to build a 640 m cable-stayed bridge across the river Someș in the western Romanian city of Satu Mare. The contract, worth approx. € 30 million (RON 142 million), was signed in early April with representatives of the municipality and of STRABAG.

The cable-stayed bridge across the river Someș

International project financing for Bruck geothermal power plant

Silenos Energy Geothermie Garching a. d. Alz GmbH & Co. KG completed the project financing for the Bruck geothermal power plant. The joint subsidiary of STRABAG and RAG Austria AG won over an international banking consortium as lender for their German geothermal project. Société Générale of Luxembourg and Erste Bank Group of Vienna will finance approximately 80 % of the total investment through a loan with a term of up to 20 years. The shareholders STRABAG and RAG continue to hold 50 % each in the company. The Bruck geothermal project will supply around 14,000 households in the region with renewable energy.

€ 220 million contract for ZÜBLIN and STRABAG in Germany

Rendering of the FAIR particle accelerator facility

ZÜBLIN and STRABAG will build the extended shell of the southern section of the FAIR particle accelerator facility. When it is completed, the Facility for Antiproton and Ion Research will be the world's only particle accelerator facility for cutting-edge research into the evolution of the universe and the structure of matter. FAIR will be able to produce matter in the laboratory that otherwise only occurs in the depths of space. The facility is being built at the GSI Helmholtzzentrum für Schwerionenforschung GmbH in Darmstadt, Germany. The partners behind the customer FAIR GmbH come from Germany, Finland, France, India, Poland, Romania, Russia, Slovenia and Sweden. The contract for the extended shell of the southern section of the facility has a value of € 220 million for ZÜBLIN and STRABAG. Completion is scheduled for summer 2023.

MAY

Focus on core business after sale of railway communications

Funkwerk AG Group took over the activities of the railway communications business of STRABAG Infrastructure & Safety Solutions GmbH (SISS), Vienna. SISS, a 100 % subsidiary of STRABAG AG, Vienna, specialises in technical infrastructure solutions as well as security and communication systems and generated annual revenues of around € 3 million in railway communication systems. The purchase agreement comprises the approximately 20 employees working in this business field as well as the total assets assigned to the railway communications business, all products and product rights, and the existing order backlog. The parties to the transaction agreed not to disclose the purchase price.

JUNE

Follow-up contract for A3 motorway in Romania

STRABAG has been commissioned to build another section of the A3 motorway in Romania. The order for the 4.5 km motorway section from Ungheni to Târgu Mureș also includes a 4.7 km long, four-lane spur route. Construction works are scheduled to last for 18 months. The contract worth around € 40 million (RON 192 million) was awarded to STRABAG by CNAIR, the Romanian motorway company.

Out-of-court settlement over North-South Cologne Stadtbahn

The City of Cologne, Kölner Verkehrs-Betriebe (KVB) and the consortium Nord-Süd-Stadtbahn Köln Los Süd, in which the STRABAG subsidiary Ed. Züblin AG has a one-third stake, have agreed on an out-of-court settlement of the civil lawsuits over the collapse of the Historical Archive of the City of Cologne on 3 March 2009. All claims will be settled by payment of a total of € 600 million by the consortium. Under the settlement agreement, the consortium has also agreed to carry out, at its own expense, the refurbishment and extended completion of the structural shell of the track switching facility as well as the integration of a space for a future memorial. The STRABAG SE Group's proportionate share of the settlement amounted to € 200 million.

STRABAG Rail upgrading rail network in eastern Germany for Deutsche Bahn

STRABAG Rail will be leading a consortium with Hentschke Bau GmbH to upgrade the section between Zeithain and Leckwitz on the Leipzig–Dresden railway line for long-distance train service. The contract has a volume of around € 87 million. The approx. 10 km double-track section of rail is being completely renovated and rebuilt as part of the ongoing upgrade of the Leipzig–Dresden railway line to a high-speed link. The project is scheduled for completion in the summer of 2025 after about five years of construction.

STRABAG widening Germany's longest motorway viaduct to eight lanes

Cologne-based STRABAG AG has been commissioned to widen the Hochstraße Elbmarsch (K20), a section of the A7 motorway, from three to four lanes in each direction. At 3.84 km in length, the elevated motorway section is the longest road viaduct in Germany. The DEGES contract has a volume of more than € 200 million.

Another major contract from Deutsche Bahn

STRABAG Rail, working in a consortium with STRABAG AG, has been commissioned to upgrade the railway line between the Berlin/Brandenburg border and the Berlin outer ring for long-distance trains. The project also includes the connection of the Berlin Brandenburg Airport (BER) to the long-distance network of Deutsche Bahn. The contract has a volume of around € 105 million. Construction started in August 2020, with completion of the main construction works scheduled for January 2025.

JULY

STRABAG consortium building Bulgarian railway line for more than € 200 million

STRABAG has been picked to participate in the largest railway project in Bulgaria in the past 50 years. Together with local consortium partner GP Group AD, the publicly listed Austrian construction group was awarded Lot 3 for the modernisation of the Elin Pelin–Kostenets railway line. The contract value amounts to around € 202 million (BGN 395 million), with STRABAG holding a 51 % share. The project, being co-financed by the EU, comprises the detailed design of an 11.2 km railway line for passenger and freight traffic with operating speeds of up to 160 km/h. The consortium has also been entrusted with the construction of the line as well as eight tunnels with a total length of 5.5 km, viaducts, eleven bridges and the signalling infrastructure.

AUGUST

Federal Constitutional Court in Germany confirms parts of the complaint against German Offshore Wind Energy Act

On 20 August 2020, the German Federal Constitutional Court in Karlsruhe published a Senate resolution partially upholding a constitutional complaint against provisions contained in the German Offshore Wind Energy Act. STRABAG, through its respective project companies and together with eight other project sponsors, had submitted the constitutional complaint at the end of July 2017 to force a review of the new legal provisions for offshore wind energy that had come into force at the start of 2017. Specifically, the Offshore Wind Energy Act had the unconstitutional retroactive effect of devaluing, without compensatory provisions, investments already made by the complainants. STRABAG will examine the court's decision in detail and wait to see how the German legislature will implement the measures mandated by the Federal Constitutional Court by the deadline set for 30 June 2021.

SEPTEMBER

Official contract start of A49 PPP motorway project in Hesse

STRABAG Infrastrukturprojekt GmbH, was awarded the contract for a large motorway project in Germany under a public-private partnership (PPP) model. Besides the construction of a 31 km long section of the A49 motorway between Schwalmstadt and the Ohmtal interchange in northern and central Hesse, the PPP project also includes the design and proportionate financing as well as the maintenance and operation of the motorway over a distance of nearly 62 km between the Fritzlar junction and the Ohmtal A5/A49 interchange. The client is the Federal Republic of Germany. The project company A 49 Autobahngesellschaft mbH & Co. KG, specifically established for this purpose, is held equally (50:50) between STRABAG Infrastrukturprojekt GmbH and Meridiam Investments SAS. The PPP contract has a term of 30 years. KfW IPEX-Bank (Germany), the European Investment Bank (EIB), MEAG (Germany), KBC Bank NV, Niederlassung Deutschland, and ČSOB (Czech Republic) were brought on board to provide debt financing for the total investment sum of around € 1.3 billion.

Strengthening of market position in Czech railway construction with € 106 million order

STRABAG Rail strengthens its market position in the Czech Republic with the contract for the modernization of a 9.6 km long section of track with six level crossings from Dětmarovice to Petrovice u Karviné on the state border with Poland. STRABAG is carrying out the € 106 million contract in a consortium with Czech construction company OHL ŽS a.s. The consortium is being led by STRABAG with a share of 66.5 %. Works have already started and will last 29 months.

Expansion of the water supply network in Ghana

STRABAG has begun work on the further expansion of the water supply network in the Volta region, around 160 km northeast of Ghana's capital of Accra. The project will provide another 89,000 people with access to clean drinking water. The contract is worth around € 11.5 million and is scheduled for completion by July 2022. The current contract is the third phase in a series of projects that has been running since the autumn of 2012 with an overall contract value of around € 27.5 million for the design, delivery and construction of a functionally safe water supply system including a drinking water treatment plant and a distribution network that will benefit a total of 170,000 people.

Two major contracts for flood protection dams in Oman

The Ministry of Agriculture, Fisheries and Water Resources has commissioned the corporate subsidiary STRABAG OMAN LLC to build two flood protection dams in the capital region of Muscat. The contract has a value of € 165 million. The construction works will take 32 months (Al Jafnayn Dam) and 29 months (Al Jufainah Dam).

OCTOBER

€ 105 million contract for D55 motorway in Czech Republic

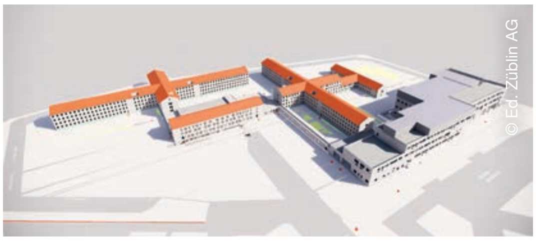
STRABAG was awarded the contract, in a consortium with Czech construction company EUROVIA CS, to build a new section of the D55 motorway in the Zlín Region. The contract is worth the equivalent of around € 105.5 million (approx. CZK 2.85 billion), with STRABAG's share amounting to 50 % of the total. Works on the 8.4 km long Babice–Staré Město section will last 42 months.

STRABAG realises first hospital expansion project in Poland using BIM 5D®

STRABAG SE is setting a new milestone in the Polish market. A consortium consisting of its subsidiaries STRABAG Sp. z o.o. of Poland and Ed. Züblin AG is realising the first-ever expansion of a hospital using the BIM 5D® (Building Information Modelling) method. The contract for the modernisation and expansion of the Bielański Hospital in Warsaw has a value of approx. € 27 million. Construction is scheduled to be completed by June 2023.

ZÜBLIN and BAM Deutschland consortium to deliver the new JVA Willich I

As general contractor, the joint venture of STRABAG subsidiary ZÜBLIN and BAM Deutschland AG is building the new Willich I prison. The contract was awarded by the client Bau- und Liegenschaftsbetrieb NRW, Münster and has a value in the low triple-digit-million euro range. The extensive project with a gross floor area of 63,661 m² includes the construction of two detention houses, a multipurpose building, a workshop building with a gym, a sports field, connecting corridors and a parking lot. The project will be constructed over a period of five years and is divided into two separate construction phases. Completion is planned by the end of 2025.



Design model

New embassy building for the Republic of Poland in Berlin

The Polish subsidiary of STRABAG SE is constructing a new embassy building in the boulevard Unter den Linden in the centre of Berlin. The client for the approximately € 60 million project is the Public Treasury of the Republic of Poland – Embassy of the Republic of Poland in the Federal Republic of Germany. The work is to be completed in the first quarter of 2023. The design, construction and subsequent operation of the new building is being realised using the BIM 5D® method.

STRABAG to upgrade an approx. 55 km long railway line in Hungary

The SR 2019 consortium, of which the Hungarian subsidiary STRABAG Rail Kft. holds a 45.34 % stake, has been executing the € 132 million contract from NIF, the Hungarian national infrastructure development company, since October this year. The 55 km single-track section between Püspökladány and Biharkeresztes is scheduled to be completed by the end of 2022.

NOVEMBER

Railway construction contract in Slovakia

The Slovak subsidiary of STRABAG, along with consortium partners EUROVIA CS a.s., Subterra a.s. and AŽD Praha s.r.o., was awarded the contract to build the new Žilina-Teplička railway station and to modernise the infrastructure of one of the most important Slovak railway junctions for a total of around € 323 million. The project is financed through EU structural funds, STRABAG's share amounts to 28 %. Work over the total length of 16.3 km is expected to last 48 months.

DECEMBER

New Sølund residential and retirement centre in Copenhagen

The new residential and retirement centre creates space for a diverse, multi-generational community.

The Danish subsidiary of STRABAG has signed a contract with the cooperative housing association Samvirkende Boligselskaber (SAB) for the turnkey construction of the new Sølund residential and retirement centre for approx. € 105 million. After completion of the building pit, ZÜBLIN will begin with the first phase of construction in the second half of 2021 and plans to complete all works in 2026. The project is based on a design by C.F. Møller Architects and Tredje Natur.

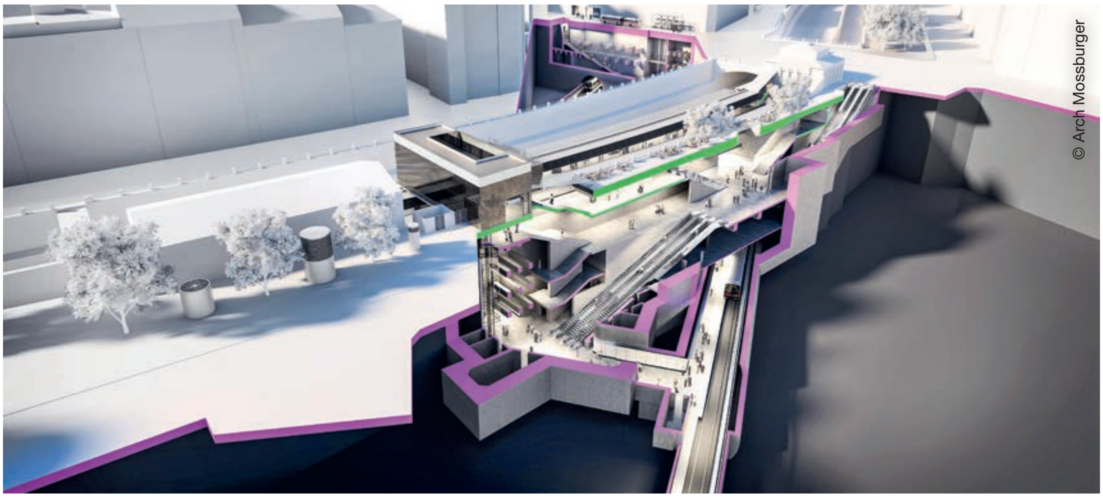
STRABAG kicks off Prague's largest construction project

STRABAG has been awarded the contract for the first phase of construction of the largest building project in the history of Prague. As consortium leader (52 %), STRABAG, together with the Czech companies Aspira Construction (32 %) and Instalace Praha (16 %), will realise on 250,000 m² around 400 flats, 8,000 m² of office space and 6,300 m² of retail space in the Smíchov City urban development area. An impressive pedestrian boulevard 1 km long and 28 m wide will run through the new development. The contract has a value of around € 85 million (CZK 2.31 billion). Work is scheduled for completion by 2024.

The first phase of construction of the Smíchov City urban development project comprises around 400 flats as well as office and retail space.

Work on metro expansion in Vienna

A consortium of Austria's two largest construction companies, STRABAG and PORR, has won the tender for the first phase of the largest connected construction project of Wiener Linien, the Vienna public transport provider. A total of 7 km of tunnel will be driven and four new stations built as part of the redirection of the U2 line. The contract value for the consortium – in which each party has 50 % – is around half a billion €. Construction is set to begin in February 2021 and will run until mid-2028.



Rendering of the U2 station Pilgramgasse (Source: City of Vienna data.wien.gv.at)

Country report

DIVERSIFYING THE COUNTRY RISK

Despite its strong presence in the home markets of Austria and Germany, STRABAG sees itself as a European company. The group has been active in Central and Eastern Europe for 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 easier to export and to use the technology and the equipment in new regions. To diversify the country risk even further, and to profit from the market opportunities in other parts of the world, STRABAG is also active internationally, i.e. in countries outside of Europe.

The STRABAG SE Group recorded a slightly smaller decline in output overall in the 2020 financial year than had been feared in the first half of the year. At € 15.4 billion, the output volume was 7 % below the level from 2019. A negative effect was exerted especially by the following factors: the loss of a key German account in Property & Facility Services resulting from an expired contract in mid-2019, the performance and completion of tunnelling projects in Chile and, of course, the temporary suspension of construction activity due to the coronavirus crisis in Austria. Other important core markets, such as Poland and the Czech Republic, were able to record an increase in output volume due to uninterrupted construction site operations.

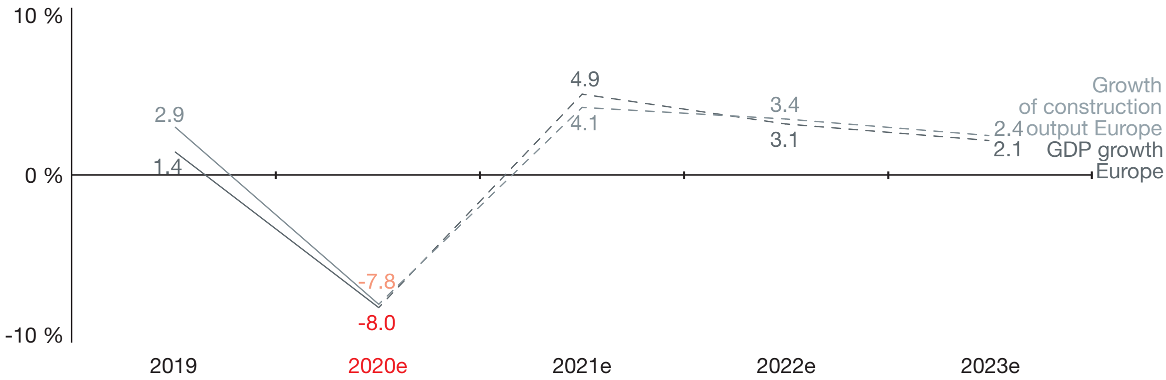
OUTPUT VOLUME BY COUNTRY

€ mln.	2020	% of total output volume 2020[1]	2019	% of total output volume 2019[1]	Δ %	Δ absolute
Germany	7,323	47	7,819	47	-6	-496
Austria	2,460	16	2,679	16	-8	-219
Poland	1,183	8	1,129	7	5	54
Czech Republic	826	5	783	5	5	43
Hungary	671	4	848	5	-21	-177
Americas	494	3	714	4	-31	-220
Slovakia	297	2	369	2	-20	-72
Benelux	262	2	318	2	-17	-55
Romania	250	2	225	1	11	25
Great Britain	226	1	126	1	79	100
Switzerland	220	1	232	1	-5	-12
Croatia	172	1	152	1	13	20
Sweden	160	1	205	1	-22	-46
Rest of Europe	159	1	217	1	-27	-58
Serbia	158	1	148	1	7	10
Middle East	119	1	148	1	-20	-29
Asia	117	1	179	1	-35	-62
Denmark	76	0	99	1	-23	-23
Bulgaria	65	0	42	0	55	23
Slovenia	59	0	49	0	20	10
Russia	52	0	71	0	-27	-19
Italy	52	0	0	0	n. a.	52
Africa	46	0	66	0	-30	-20
Total	**15,447**	**100**	**16,618**	**100**	**-7**	**-1,171**

1 Rounding differences are possible

GLOBAL DECLINE IN ECONOMIC GROWTH[1]

GROWTH COMPARISON CONSTRUCTION VS. GDP EUROPE



The global economy was shaken by the Covid-19 pandemic in 2020. After a brief recovery in the summer, the disease hit Europe with full force in the autumn. Renewed lockdowns were the result. The measures taken to contain the spread of the virus were accompanied by enormous economic costs. Closed workplaces, businesses, restaurants and hotels, along with travel restrictions, disrupted the supply chains and hindered trade. National and international demand weakened, leading to a decline in production. A further increase in unemployment as a result of business closures is to be expected.

Massive central bank interventions in response to financial market turmoil were able to improve investor confidence and helped to moderate the shock to the financial system. Most governments launched aggressive stimulus packages to slow the economic downturn.

The International Monetary Fund (IMF) expects the global economy to shrink by 4.4 % in 2020. Assuming that Covid-19-related restrictions continue to be necessary and will only be phased out gradually, the IMF forecasts global economic growth of 5.2 % in 2021.

For the EU, the IMF envisions an even sharper downturn of 7.2 % in 2020, with growth of 4.7 % expected again in 2021. The gross domestic product of the 19 Euroconstruct countries is projected to fall by around 8 % in 2020. The national rates vary widely, ranging from -1.9 % to -12.5 %. Economic growth in the EC-19 region is anticipated to return to 4.9 % as early as 2021.

ABRUPT DOWNTURN IN CONSTRUCTION SECTOR, BUT RECOVERY TO START IN 2021

The construction industry in the 19 Euroconstruct countries shrank by 7.8 % in 2020, at a similar rate as the EU economy as a whole. As recently as June 2020, the experts at Euroconstruct were expecting a decline of 11.5 %, but this forecast was revised due to the recovery of key factors and the more positive general climate.

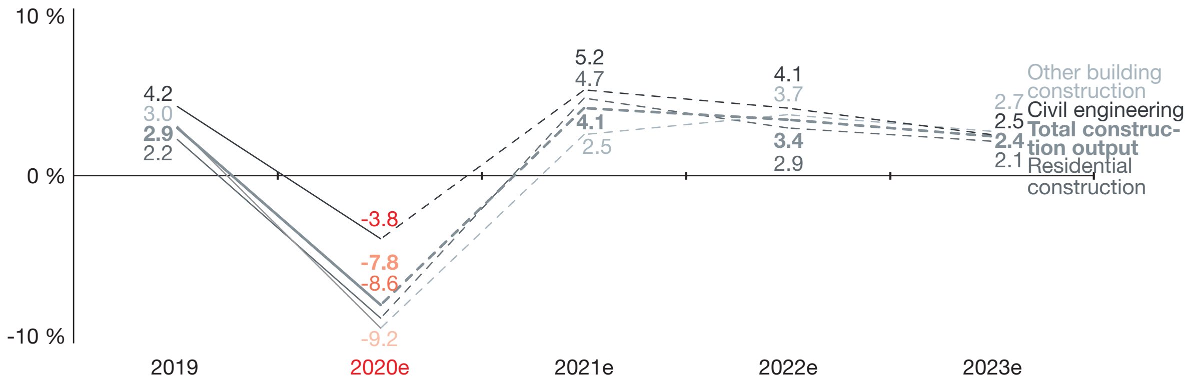
All sectors of the construction industry were affected by the Covid-19 crisis, with other building construction the hardest hit at -9.2 %, followed by residential construction with -8.6 % and civil engineering with -3.8 %. Among the “big five” countries, Germany recorded the smallest slump at -1.6 %, while France, Italy, Spain and Great Britain suffered declines between 7 % and 20 %. Finland, Norway and Portugal managed to grow in 2020.

The development of the total construction output for the 19 Euroconstruct countries corresponds to a V-shape coming into 2021, with 2020 forming the lowest point and a recovery of +4.1 % expected to begin in 2021, depending on the still uncertain development of the Covid-19 pandemic. In 2023, construction output should exceed the 2019 level by 2 %.

1 All growth forecasts as well as the particular national construction volumes are taken from the Euroconstruct and EECFA (Eastern European Construction Forecasting Association) winter 2020 reports. The indicated market share data are based on the data from the year 2019.

CIVIL ENGINEERING AS THE DRIVING SECTOR AHEAD OF RESIDENTIAL CONSTRUCTION AND OTHER BUILDING CONSTRUCTION

GROWTH COMPARISON CONSTRUCTION SECTOR EUROPE

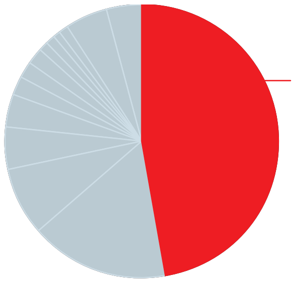


Residential construction, which at just under 50 % accounts for the largest share of the construction industry in the 19 Euroconstruct countries, generated € 734.2 billion in construction output in 2020 – 8.6 % lower than in the previous year. In absolute terms, Germany and France were again in the lead, followed by Great Britain and Italy. In terms of GDP, Finland, Germany, Denmark and Portugal achieved the highest output. Forecasts, which are subject to some uncertainty due to the impact of the Covid-19 pandemic, predict average growth of 3.2 % through 2023. Investments in residential construction are then expected to be 1 % higher than in 2019.

Other building construction, which accounts for around 30 % of the industry, declined by 9.2 % in 2020 with a construction output of € 490.4 billion. By country, Germany is the largest market for other building construction, followed by Great Britain and France. Growth was only seen in Finland and Norway in 2020, with France, Great Britain and Ireland recording the biggest downturns. Euroconstruct forecasts a moderate recovery for this sector in 2021 with growth of 2.5 %, and +3.7 % and +2.7 %, respectively, for the following years.

Civil engineering generated construction output of € 341.5 billion in 2020, 3.8 % lower than the previous year's figure. This sector accounts for around 20 % of the European construction volume. The picture in 2020 was again highly mixed. While the Nordic countries, as well as Italy, Poland and Portugal, saw investment growth between 1 % and 7.6 %, France, Ireland and Hungary fell sharply behind. The forecast for the sector is more optimistic, predicting a growth rate of 5.2 % in 2021, 4.1 % in 2022 and 2.5 % in 2023. Substantial momentum is expected from investments in road and rail networks, including metro lines. Civil engineering will therefore be the driving sector of the European construction industry in the years to come.

GERMANY



Overall construction volume: € 372.5 billion
GDP growth: 2020e: -7.0 % / 2021e: 5.0 %
Construction growth: 2020e: -1.6 % / 2021e: -0.2 %

The German economy was impacted to a considerable extent by the consequences of the Covid-19 crisis, especially in the areas of private consumption, investment and foreign trade. Euroconstruct predicts a 7 % decline in GDP for 2020. The German government's stimulus package has helped stabilise the situation, but its overall impact remains limited. In addition to the corporate sector, the public sector also sees itself burdened by lower tax revenues and additional spending. Unemployment is also on the rise, at a rate that will not slow until 2022 at the earliest. Euroconstruct expects only a slow recovery of the German economy and a plus of 5 % in 2021. Not until 2022 is the GDP expected to again grow above the value of 2019, although only slightly.

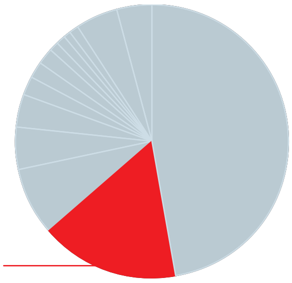
The German construction industry has weathered the crisis quite well so far. The 1.6 % decline in construction output in 2020 is largely due to weaker activity by companies as well as municipalities. For all sectors of the construction industry, an end to real growth is only expected in the medium term, regardless of short-term ups and downs due to Covid-19. In residential construction, the volume decreased only slightly by 0.8 %. This sector currently still benefits from low interest rates, the lack of investment alternatives, the strong income growth of recent years and the supply shortage. New construction will level off in the next few years and the renovation sector will stagnate, so that a slight increase of 1.8 % is still expected for 2021, followed by a decline of 0.2 % and 0.7 %, respectively, in 2022 and 2023.

Other building construction, which contracted by 3.4 % in 2020, is increasingly suffering from corporate reluctance to invest amid the Covid-19 crisis and economic uncertainty. In the medium term, however, the prospects for a slight increase are good, especially due to high demand for warehouses and in the education and healthcare sectors. Euroconstruct expects a minus of 4 % for 2021, followed by +1.2 % and +2.0 % for 2022 and 2023, respectively.

In civil engineering, the public sector dominates the field. While the federal government has been increasing its investments in 2020 and will continue to do so in 2021, the municipalities, which invest mainly in road construction and water supply, remain very cautious. Overall, the civil engineering volume declined by 1.5 % in 2020. A further reduction of 1.4 % is expected for 2021, with a plus of 1.5 % and 0.5 % forecast for the following years.

With a market share of 2.1 %, the STRABAG Group is the market leader in Germany. Its 14.5 % share of the German road construction sector is significantly higher than that of the market as a whole. With € 7,323.39 million, around 47 % of STRABAG's total group output volume was generated in Germany in 2020 (2019: 47 %). Most of the output is allocated to the North + West segment, while the property and facility services provided in Germany are allocated to International + Special Divisions.

AUSTRIA



Overall construction volume: € 43.8 billion
GDP growth: 2020e: -7.3 % / 2021e: 2.5 %
Construction growth: 2020e: -2.8 % / 2021e: 2.5 %

In 2020, the Covid-19 crisis led to the most severe slump in the Austrian economy since the Second World War. Economic and social life in the country was especially restricted by the rigorous lockdown of the second quarter. Several sectors, including tourism, were hit much harder than the construction industry. Following an easing of the government-imposed measures, the situation improved rapidly in practically all sectors of the economy in the summer, until a second lockdown in the autumn due to a dramatic increase in cases of infection resulted in a sharp drop in GDP of 7.3 %. The experts expect a return to growth of 2.5 % and 3.5 % in 2021 and 2022, respectively.

Although the Austrian construction industry had to shutter construction sites and abruptly slow down production in March 2020, the sector quickly recovered thanks to a good pre-crisis situation. Already in the summer, the volume approached nearly the same value as in previous years. Construction output in 2020 declined by only 2.8 % compared to 2019. Euroconstruct predicts growth of 2.5 % for 2021, followed by +2.1 % for 2022 and +1.8 % for 2023.

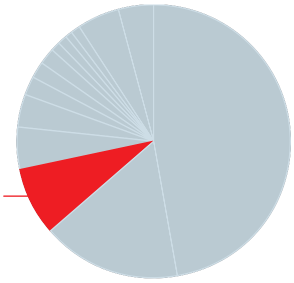
The main growth driver in recent years has been residential construction, supported by favourable financing costs. Covid-19-related bottlenecks led to a slightly negative result of -1.8 % in 2020. The next few years will be characterised by steady, though less dynamic growth. Despite a decline in building permits, government programmes for thermal refurbishments suggest stronger impulses ahead. Euroconstruct therefore predicts growth of 2.0 % for residential construction in 2021, with +1.8 % in 2022 and +2.1 % in 2023.

Other building construction experienced a downturn in 2020, which was exacerbated by the pandemic. In the end, however, the decline was weaker than originally expected. Construction activity could be resumed earlier than anticipated, and the labour market and economic indicators improved rapidly. Growth in education construction was dampened by Covid-19 but will continue in the coming years. Positive impulses are also expected in the healthcare sector from the end of 2022 at the latest. Overall, construction output in other building construction decreased by 5.0 % in 2020, according to Euroconstruct. Strong growth of 3.5 % is assumed for 2021, with a plus of around 2.5 % for each of the following years.

Civil engineering, which had benefited from the expansion of transportation infrastructures in the past two years, also saw a drop in construction output. At 0.8 %, however, the decline was less than in the other sectors. Railway projects in particular had a stabilising effect, and the framework plan by Austrian railway company ÖBB foreshadows significant growth in the coming years as well. Other focal points include the expansion of the gigabit network and of renewable energy sources for power generation. Euroconstruct therefore expects an increase in the civil engineering volume of 1.7 % for 2021, with rates of +1.2 % and +0.5 % forecast for 2022 and 2023, respectively.

The STRABAG Group generated 16 % of the total group output volume in its home market of Austria in 2020 (2019: 16 %). Austria thus continues to be one of the group's top three markets along with Germany and Poland. The output reached a volume of € 2,459.84 million in 2020. With a share of 5.9 %, STRABAG is the number one on the Austrian market. In road construction, the market share stands at 39.3 %.

POLAND



Overall construction volume: € 55.3 billion
GDP growth: 2020e: -5.1 % / 2021e: 3.2 %
Construction growth: 2020e: -3.1 % / 2021e: 0.3 %

After 25 years of permanent growth, Poland's economy experienced its first significant slump in 2020 due to the Covid-19 pandemic. Following the restrictions in the first half of the year, the economy recovered in the third quarter – partially thanks to deliberate government measures – before tighter restrictions were again imposed in November. The 5.1 % decline in GDP is mainly due to lower household and corporate spending, limited economic activity and weaker foreign demand. Euroconstruct expects continued sharp declines in private consumption and investment, with the exception of the public sector. The experts forecast moderate growth to resume in 2021 with a plus of 3.2 %, to be continued in 2022 (+4.0 %) and 2023 (+3.5 %).

The Polish construction industry was also clearly impacted by the negative consequences of the Covid-19 crisis. Despite slight growth among infrastructure projects due to public investments, activity in residential, commercial and industrial construction declined. Overall, construction output decreased by 3.1 % in 2020. Euroconstruct predicts a slight recovery of +0.3 % in 2021, with solid growth rates of +3.0 % in both 2022 and 2023.

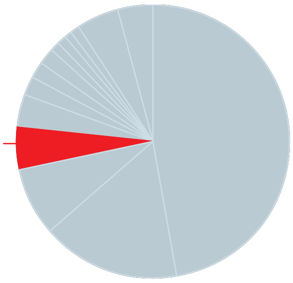
The residential construction sector in Poland has boomed in recent years, mainly due to the good economic situation, rising incomes and historically low interest rates. In 2020, market sentiment turned around as a result of the pandemic. Increasing uncertainty, rising inflation and lower household incomes dampened demand for houses and flats, resulting in a 4.4 % decline in construction volume. Euroconstruct expects a continued decline of 3.5 % in 2021, before slight increases of 1.0 % and 2.4 % in 2022 and 2023, respectively. The downward trend will be mitigated by the Polish government's Mieszkanie Plus (Apartment Plus) social housing programme.

Other building construction was hit hardest by the Covid-19 crisis. Demand for commercial buildings, restaurants, hotels and tourism and transport services decreased noticeably. On the other hand, increased demand for warehouses is anticipated due to the booming business in online retail. Spending in the healthcare sector is also expected to increase. After a significant decline in construction output of 7.0 % in 2020, Euroconstruct predicts a return to growth of 0.8 % and 4.9 % in 2021 and 2022, respectively, and an increase of 3.9 % in 2023.

After a very productive 2019, the Polish civil engineering sector continued to grow by 2.9 % in 2020, with the start and continued realisation of numerous long-term and new key infrastructure projects. Exceptional increases of almost 30 % were seen in bridge construction and tunnelling in the first three quarters, along with a boom in the construction of long-distance pipelines and railway networks. Rising public spending on infrastructure projects, especially multi-year government programmes for the construction and modernisation of transportation infrastructure, is driving the development of the Polish civil engineering sector. Euroconstruct therefore predicts growth of 2.6 % for 2021, which is expected to continue at rates of +2.5 % and +2.3 % in the following years.

As the number two in the construction sector in Poland, STRABAG realised a construction volume of € 1,183.36 million here in 2020, representing 8 % of the group's total output volume (2019: 7 %). Poland thus represents the third-largest market of the STRABAG Group. Its market share in the entire Polish construction market was 2.0 % and its share of road construction was 10.7 %.

CZECH REPUBLIC



Overall construction volume: € 22.8 billion
GDP growth: 2020e: -8.0 % / 2021e: 3.6 %
Construction growth: 2020e: -3.9 % / 2021e: -1.3 %

The Czech Republic was hit hard in 2020, and government restrictions in the wake of the Covid-19 crisis weakened or shut down parts of the economy. Federal aid programmes lacked a clear concept and often reached those affected late or not at all. As a result, Euroconstruct projects a GDP decline of 8 %. The coming years should see a return to slight growth, provided the epidemiological situation becomes stable. Nevertheless, the negative effects of rising unemployment and the economic impact on households and businesses will last quite a while longer. Euroconstruct expects GDP growth of 3.6 % in 2021, with 2.6 % and 2.1 %, respectively, in the following years.

The Czech construction industry recorded a decline of 3.9 % in 2020 as a result of the pandemic, though there were clear differences between the various sectors. While building construction, which is largely dependent on private investments, experienced heavier losses, public-sector investments for civil engineering projects remained largely stable. The biggest problems in the construction industry are the long duration of approval processes as well as the serious shortage of labour. A planned simplification with regard to building permits will only be felt from 2023 onwards. Euroconstruct forecasts a slight decline of 1.3 % for the Czech construction industry in 2021 and renewed growth of 1.9 % and 3.3 % for the following years.

In residential construction, there was little change in supply and demand in 2020, partly because real estate ownership is seen as a long-term investment opportunity. Problems arise from the shortage of supply in the central areas as well as slow construction procedures and continuously rising prices, resulting in a decline in volume of 3.4 % in 2020. In Prague, existing brownfield sites are now to be used specifically for the development of residential and office districts in the coming years.

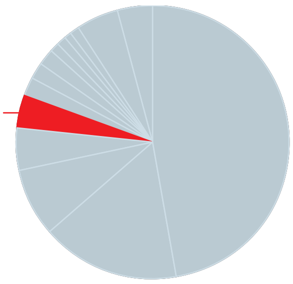
Against this backdrop, Euroconstruct predicts a slight decline of 1.4 % in residential construction in 2021, followed by growth of 0.9 % and 2.9 % in 2022 and 2023, respectively.

Other building construction has been hit hardest by the Covid-19 crisis. Retail was largely crippled by the second lockdown, government and businesses tried to maintain industrial production, and various private construction projects were postponed until at least 2021. Despite an increase in the number of projects and building sites, the investment costs for their implementation fell significantly in 2020. Overall, other building construction declined by 8.6 % in 2020. However, the number and volume of building permits issued in 2020 give hope for a rapid recovery. Accordingly, Euroconstruct expects another decline of 3.9 % for 2021, with growth of 3.1 % and 3.5 % for the following years.

The Czech civil engineering sector, with growth of 0.8 %, exhibited the best performance in 2020. The government, as the largest investor, is trying to strengthen the weakened economy by investing in transportation infrastructures. An increase in the funds earmarked for this purpose is planned for 2021 with the help of EU subsidies. As transportation infrastructure construction accounts for about two-thirds of the total civil engineering volume, Euroconstruct expects growth of 1.5 % in 2021, followed by 2.0 % in 2022 and 3.8 % in 2023.

STRABAG is the number two on the market in the Czech Republic. With an output volume of € 825.66 million in 2020, around 5 % of the group's total output (2019: 5 %) was generated in the country. The market share in the entire construction market is 3.3 % and in road construction even amounts to 16.1 %.

HUNGARY



Overall construction volume: € 15.6 billion
GDP growth: 2020e: -6.0 % / 2021e: 5.6 %
Construction growth: 2020e: -8.3 % / 2021e: -4.5 %

After dynamic growth in previous years, the Hungarian economy recorded a slump of -6.0 % in 2020, mainly due to the Covid-19 crisis. Private consumption declined and gross fixed capital formation fell by more than 10 %. According to Euroconstruct, however, these figures should recover in 2021, while inflation will remain low until 2022. The weak Hungarian forint (HUF) compared to the euro is also having a positive effect on the utilisation of EU funds. Euroconstruct therefore expects GDP to return to growth of 5.6 % in 2021, with 2019 levels (+5.1 %) to be reached again in 2022 and a plus of 4.2 % in 2023.

The Hungarian construction industry contracted by 8.3 % in 2020, with sharp declines in residential construction and civil engineering. However, a government stimulus package for residential construction, several national funds for civil engineering projects and the renewed allocation of EU funds will give the construction industry an important boost starting in 2021. According to Euroconstruct, production will fall by another 4.5 % in 2021 before significant increases of 6.2 % and 6.4 % in 2022 and 2023, respectively.

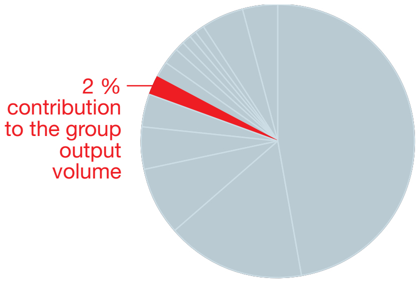
In residential construction, the number of building permits dropped drastically. Demand recovered at one point, but it again weakened significantly during the second phase of the Covid-19 restrictions. Access to housing loans became more difficult despite low interest rates in 2020, and the situation on the labour market remains tense. As a result, the volume of residential construction decreased by 13.5 % in 2020. Euroconstruct anticipates positive effects from the reintroduction of the low VAT rate for home purchases from 2021 as well as from measures at the EU level, as the European Recovery Plan is expected to generate a wave of renovations over the next ten years. Against this background, the experts expect a further decline in Hungarian residential construction of 4.1 % in 2021, followed by strong growth of 12.9 % and 10.9 % in 2022 and 2023, respectively.

After four very good years in other building construction, the number of new orders for both office and industrial buildings fell sharply in some areas in 2020. Additional impulses are expected from foreign producers who are settling in Hungary due to government incentives, however. Overall, output in other building construction remained almost at the same level in 2020, with a minus of 0.4 %. Euroconstruct sees growth potential above all in the area of renovation and modernisation. The forecasts predict another decline of 2.2 % for 2021, with a return to positive growth of 1.4 % and 0.9 % in 2022 and 2023, respectively.

Civil engineering suffered severe declines in 2020. Construction output fell by 13.2 %, with the volume of new projects dropping by 40 % in the first three quarters alone. In the medium term, Euroconstruct expects this sector to recover as well. The transition from one EU funding cycle to the next is being aided by national funds, and several mega-projects, two of which are being financed by a Chinese and by a Russian loan, respectively, are on the verge of implementation. While civil engineering output is still forecast to decline by 7.9 % in 2021, renewed strong growth of 7.7 % and of 9.9 % is expected in 2022 and 2023, respectively, partly due to the new EU funds.

The STRABAG Group generated € 670.97 million, or 4 % of its output, in Hungary in 2020 (2019: 5 %). This puts STRABAG in second place in the Hungarian construction market. Its share of the total market reached 5.0 %, that in road construction 23.6 %.

SLOVAKIA



Overall construction volume: € 5.0 billion
GDP growth: 2020e: -6.7 % / 2021e: 5.5 %
Construction growth: 2020e: -9.5 % / 2021e: 1.0 %

Slovakia's highly export-dependent economy was hit hard by the Covid-19 pandemic. Government restrictions weakened domestic and foreign demand and led to a significant economic downturn. Euroconstruct expects the GDP to decline by 6.7 % in 2020, with recovery and growth of 5.5 % predicted for 2021, followed by +2.4 % and +3.3 % in the following years.

The Slovak construction industry, which had already grown significantly less in 2019 than in the year before, was severely affected by Covid-19 and declined by 9.5 % in 2020. Reasons for this included the lack of foreign labour, problems with material procurement, and the quarantine regulations, but also reluctance on the part of private and public-sector clients. Euroconstruct expects a recovery and slight growth of 1.0 % in 2021, with an increase of 4.5 % and 2.7 % in the following years.

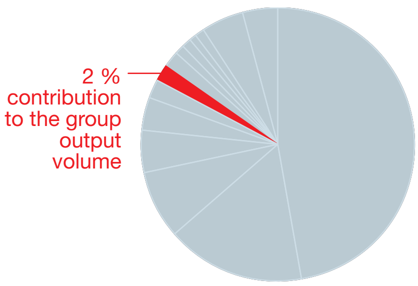
Residential construction, which had benefited significantly from low lending rates and increased demand in recent years, contracted by 12.8 % in 2020. The decline was expected, though the extent was exacerbated by the pandemic. In the medium term, Euroconstruct expects a significant recovery: after a decline of 2.8 % in 2021, the sector will return to growth of 5.1 % in 2022 and 8.1 % in 2023.

Other building construction was also strongly impacted by the Covid-19 fallout. Private investors, the most important client group, were hit hard by the restrictions, and the public sector re-examined already planned investments in education and the healthcare sector. Delays in construction and completion were the result, so that production in other building construction fell by 7.9 %. Euroconstruct expects an improvement of the situation in 2021 (-1.6 %) and predicts positive growth for the following years of 2.7 % and 3.9 %.

After painful losses in 2019 (-13.6 %), partially due to the end of EU subsidies, Slovakia's civil engineering sector recovered slightly in 2020 (-8.6 %). Large-scale transportation projects in particular are expected to lead to positive growth rates of 7.2 % and 6.1 % in 2021 and 2022, respectively, while a slight decline of 2.4 % is forecast for 2023.

With a market share of 6.8 % and an output volume of € 296.98 million in 2020, STRABAG is the market leader in Slovakia. In road construction, STRABAG's share is 13.1 %. In 2020, Slovakia contributed 2 % to the group's total output volume (2019: 2 %).

BENELUX (BELGIUM AND NETHERLANDS)



BELGIUM
Overall construction volume: € 43.9 billion
GDP growth: 2020e: -7.4 % / 2021e: 6.5 %
Construction growth: 2020e: -7.1 % / 2021e: 8.7 %

NETHERLANDS
Overall construction volume: € 84.3 billion
GDP growth: 2020e: -5.0 % / 2021e: 3.5 %
Construction growth: 2020e: -2.2 % / 2021e: -6.1 %

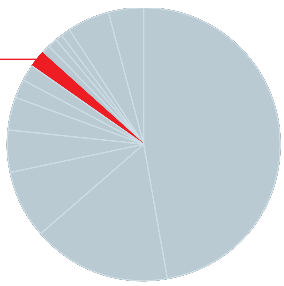
The Covid-19 pandemic also had a clearly negative impact on economic growth in Belgium and the Netherlands. Belgium was hit even harder due to the high number of infections in autumn 2020. A 7.4 % decrease in GDP is projected there for 2020, while the expected decrease in the Netherlands is 5.0 %. In both countries, government measures were able to mitigate the negative economic effects of the crisis. Economic growth is forecast again for both countries as early as 2021 (Belgium: +6.5 %, Netherlands: +3.5 %).

The **Belgian construction industry** experienced a sharp decline of 7.1 % in the reporting period; however, a significant recovery is expected as early as 2021 (+8.7 %), with Euroconstruct forecasting growth of 3.2 % and 3.6 % in the following years. Of all three sectors, only civil engineering developed positively in 2020, with +2.1 %, mainly driven by large national infrastructure projects such as the expansion of the regional high-speed rail network. In 2021, civil engineering will undergo strong growth once more (+10.2 %), followed by weaker growth in 2022 and 2023 with +0.8 % and +4.5 %, respectively. Output in residential construction fell by 7.8 % in 2020, but 2021 will bring rapid recovery and growth of 9.8 %. In the following years, the increase will level off at a plus of around 4.5 %. The main drivers are public energy efficiency and renovation programmes, such as the Walloon Social Housing Renovation Programme. Other building construction, especially new construction, is proving to be the sector most affected by the Covid-19 crisis, despite some lighthouse projects (2020: -10.8 %.) Here, too, maintenance and renovation projects are expected to recover faster than new construction. Other building construction is expected to grow by 6.3 % in 2021, and by +2.5 % and +1.8 % in the following years.

In 2020, the **Dutch construction industry** suffered its first decline (-2.2 %) after five years of strong growth. A major contributing factor to this development was a new, very restrictive law passed by the Dutch government to limit NOx emissions in environmentally sensitive regions of the densely populated country. This initially led to a halt in building permits, which, as well as the subsequent strict environmental requirements for construction projects, had a negative impact on construction output. The Covid-19 crisis brought further burdens, mainly due to a sudden shortage of labour and the decision by companies and households to postpone or refrain from major expenditures. Euroconstruct continues to expect significant negative effects on the construction industry in 2021, with a decline of 6.1 %, before a significant upturn in 2022 and 2023 with +4.6 % and +5.7 %, respectively. The impact of the pandemic on residential construction was mitigated by government measures to combat unemployment, by the low interest rates, and by the large gap between supply and demand. Nevertheless, the volume of residential construction declined by 3.1 % in the reporting period. This trend will intensify in 2021 (-5.4 %). A clear upward trend is not expected until 2022 (+5.7 %) and even more clearly in 2023 (+8.0 %). In other building construction, construction output fell in all areas with the exception of healthcare, decreasing by 2.9 %. The downturn will intensify in 2021 (-7.6 %) before the curve turns upwards again in the following years with +4.7 % and +5.6 %, respectively. Dutch civil engineering remained stable in the reporting period, with a slight increase of 0.2 %, but will fall by -5.6 % in 2021, partially due to the expected sharp decline in road construction. Euroconstruct expects a slight increase of 2.6 % and 2.1 % in the following years.

STRABAG achieved an output volume of € 261.85 million in the Benelux countries in 2020. This corresponds to a 2 % share of the group output volume (2019: 2 %).

ROMANIA



Overall construction volume: € 21.5 billion
GDP growth: 2020e: -5.2 % / 2021e: 3.3 %
Construction growth: 2020e: 3.8 % / 2021e: -2.0 %

The Romanian economy felt a clear negative impact of the Covid-19 pandemic in 2020, leading to a 5.2 % decline in GDP. Private consumption plummeted by 8.8 % and industrial production by 10.9 %. Public countermeasures resulted in higher public debt. Accordingly, the GDP forecasts for 2021 and 2022 are moderate (+3.3 % and +3.8 %, respectively).

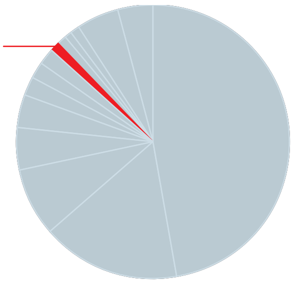
Contrary to the general economic trend, the Romanian construction industry reported positive growth of 3.8 %. While EECFA expects a minus of 2.0 % for 2021, growth of 2.8 % should be achieved again in 2022. Residential construction proved resilient to the pandemic-induced recession in 2020 with a 2.5 % increase. Thanks to rising wages and low lending rates, many residential projects were under construction in 2020, with 9 % more properties completed in the first half of the year alone than in the same period of the previous year. For 2021, however, a decline of 5.9 % is expected due to the pandemic. In 2022, residential construction should recover slightly with an increase of 0.6 % and then grow again. The development will be fuelled by the continuing low interest rates on loans, the general economic improvement and the state-funded O Familie, O Casă (One Family, One House) programme.

After a very successful year in 2019, other building construction was able to maintain its level in 2020 with a growth rate of +0.4 %. The previously booming office construction segment stagnated at +0.3 % in 2020 and will slump significantly in 2021, partly as a result of the trend towards working from home. The market for hotel construction will probably not recover until 2022 due to ongoing travel restrictions, while healthcare and education facilities promise high growth rates. Against this background, EECFA expects a decline of 2.7 % in other building construction in 2021 and an increase of 3.1 % in 2022.

Romania's civil engineering sector grew strongly in 2020, with an increase of 8.8 %, and will continue to grow significantly in 2021 and 2022 at rates of 3.5 % and 4.9 % respectively. The sector, which was the least affected by the Covid-19 crisis, is mainly financed by the state and the EU. Even as public debt rises, the government plans to continue investing in infrastructure – supported by EU funding – to boost economic recovery.

With an output volume of € 250.18 million in 2020 and a market share of 1.1 %, the STRABAG Group continues to be the market leader in the Romanian construction market. In Romanian road construction, the share of the market stands at 4.0 %.

SWITZERLAND



Overall construction volume: € 61.7 billion
GDP growth: 2020e: -3.6 % / 2021e: 3.2 %
Construction growth: 2020e: -2.0 % / 2021e: 0.6 %

The Swiss economy experienced ups and downs during the reporting period. After a significant decline in the first half of the year due to Covid-19, a recovery set in during the third quarter. The sharp increase in the number of infected persons in autumn, combined with new national and cantonal restrictions, increased the economic pressure once more. Euroconstruct therefore expects a GDP decline of 3.6 % for 2020, perhaps even 4.9 % if the pandemic situation deteriorates further. With few exceptions, all sectors of the economy are affected. Private consumption fell by 4.0 %, though an impact on the labour market will not be felt until 2021. By then, the Swiss economy should return to moderate growth of 3.2 %, with 2.4 % and 1.5 % in the following years.

The Swiss construction industry was able to partially recover from the effects of the Covid-19 crisis in the second half of 2020, but still declined by 2.0 % in the reporting period. Even without the pandemic, there would have been a slowdown in the sector, mainly due to the relatively low residential construction activity. Covid-19 is now also inhibiting commercial construction. Accordingly, the future outlook is subdued. Euroconstruct expects a slight increase of 0.6 % in 2021 and +0.4 % and +0.5 % in the following two years.

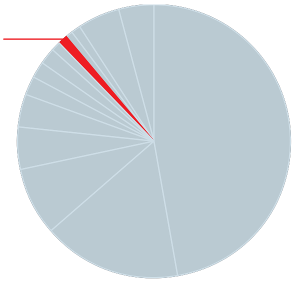
Even before the outbreak of the pandemic, the housing market in Switzerland was largely saturated. Now, ongoing uncertainty and job worries, combined with lower disposable incomes, are further weakening demand. The vacancy rate also rose sharply in 2020. Financing conditions remained attractive and new building permits were largely issued as well. Nevertheless, residential construction remained the weakest sector of the Swiss construction industry in 2020, with a minus of 3.4 %. For the following years, Euroconstruct expects stagnation with values of -0.2 % (2021), +0.1 % (2022) and -0.0 % (2023).

A slight decline (0.9 %) was recorded in other building construction. Not only investments in hotels, restaurants and commercial real estate were affected by the Covid-19 crisis, a structural change is also expected in office construction. There is still no political solution to support affected companies, at least not on a national level. In 2020, the largest construction project in Switzerland, The Circle at Zurich Airport, was finalised, and extensive construction projects by pharmaceutical and biotechnology companies as well as educational construction projects are currently underway. Other building construction will recover slightly with +0.9 % in 2021, stagnate at +0.3 % in 2022 and +0.6 % in 2023.

Civil engineering is proving to be quite resilient. After a decline of 0.8 % in the reporting year, slight increases of 1.6 %, 1.1 % and 1.3 % are expected for the following years. The two infrastructure funds of the Swiss government – for the railway and the road network – are an important stabiliser.

In 2020, Switzerland contributed € 219.69 million, or 1 % (2019: 1 %), to the total output volume of the STRABAG Group.

SWEDEN



Overall construction volume: € 45.1 billion
GDP growth: 2020e: -3.4 % / 2021e: 3.6 %
Construction growth: 2020e: -0.4 % / 2021e: -0.1 %

The Swedish economy, like the rest of Europe, was hit hard by the Covid-19 pandemic in 2020. Above all, private consumption and exports, which are very important for Sweden, declined significantly. The Swedish government and the country's central bank, Riksbank, were able to contain the effects of the crisis through targeted measures, so that the GDP fell less than originally expected, by 3.4 %, in the reporting period. Industry recovered relatively quickly, but the expected rise in unemployment in 2021 could have a negative impact on the overall economy. Euroconstruct forecasts GDP growth of 3.6 % in 2021, followed by +3.3 % in 2022 and +1.9 % in 2023.

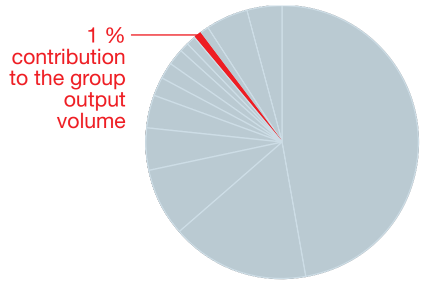
The impact of the pandemic on the Swedish construction industry varied but was only slight overall. Thanks to the less rigid restrictions compared to other European countries, construction companies reported virtually unchanged production rates. Ongoing projects also remained relatively unaffected by Covid-19, although some new projects were postponed or halted. After an already slight decline in construction volume in the previous year, the construction industry was able to approximately maintain its level in 2020 with a minus of 0.4 %. Production will also remain stable in 2021 (-0.1 %) and 2022 (+0.1 %). For 2023, Euroconstruct expects a slight increase of 1.8 %.

After two years of sharp declines, residential construction recorded a smaller decrease in 2020 (-2.4 %). Following a further decline in 2021 by the same amount, Euroconstruct forecasts a return to positive growth rates in 2022 and 2023 (+0.4 % and +2.8 %, respectively). The Covid-19-related restraint on the part of private individuals and the public sector also reduced investments in other building construction. This affected industrial buildings, retail space, hotels and restaurants, but also the healthcare and education sectors. Following the positive growth in previous years, the sector declined by 4.6 % in 2020. Euroconstruct does not expect a turnaround until 2023 (+3.0 %), while a minus of 0.8 % and 1.0 % is forecast for 2021 and 2022, respectively.

The Swedish civil engineering sector continued to grow strongly with an increase of 6.4 %. Public investments in rail infrastructure and public transport, such as the expansion of the Stockholm metro, as well as wind and hydropower projects, provided important impulses here, some of which point beyond the reporting year. Euroconstruct therefore expects growth to remain solid at 3.1 % in 2021, before weakening significantly to +1.0 % in 2022 and stagnating at -0.2 % in 2023.

The output volume of the STRABAG Group in Sweden amounted to € 160.10 million in 2020.

CROATIA



Overall construction volume: € 4.5 billion
GDP growth: 2020e: -9.6 % / 2021e: 5.7 %
Construction growth: 2020e: 0.1 % / 2021e: 5.3 %

As a country heavily dependent on tourism, Croatia was particularly hard hit by the consequences of the Covid-19 crisis in 2020. Private consumption, investments, and the export of goods and services declined massively in 2020. As a result, the GDP plummeted by 9.6 % after several years of strong growth. After an initial containment of the virus in the spring, Covid-19 infection numbers rose rapidly in the autumn, leading to a second lockdown. At the same time, the state lacked the resources to adequately sustain the economy. Delays in adopting the EU budget, a necessary prerequisite to release much-needed EU funds, exacerbated the situation. For 2021 and 2022, EECFA predicts a significant recovery of GDP with a plus of 5.7 % and 3.7 %, respectively.

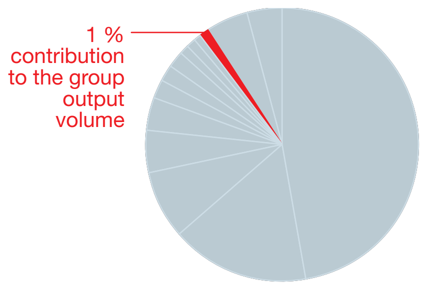
Besides the Covid-19 pandemic, the Zagreb earthquake in March 2020 also had a lasting impact on the Croatian construction industry. The reconstruction in Zagreb has been estimated to cost between € 5 billion and € 12 billion, depending on the standard required, and will take at least seven years. The pandemic has had a different impact on the various sectors of the construction industry. Overall, construction output remained stable at +0.1 % in 2020 and is expected to increase significantly again in 2021 and 2022 (+5.3 % and +3.2 %, respectively). Residential construction is proving to be relatively robust, despite the fact that the restrictions during the first lockdown led to a decline of 3.8 %. EECFA sees growth of 3.5 % in 2021 and 5.3 % in 2022.

The effects of the pandemic were much more pronounced in other building construction, with a decline of 8.2 % in 2020. Hotels, office buildings and retail properties were particularly negatively affected, industrial and warehouse construction to a slightly lesser extent. Buildings in the healthcare and education sectors, on the other hand, continue to be in strong demand. Other building construction should remain largely stable at +0.4 % in 2021, with modest growth of 2.4 % expected in 2022.

The main drivers for the remarkable 11.8 % increase in civil engineering in 2020 were pipelines, communications and power lines, with numerous water and gas projects as well as transportation infrastructure projects. EECFA expects renewed strong growth of 10.6 % for civil engineering in 2021 before flattening out again in 2022 (+1.9 %).

The STRABAG Group generated € 171.77 million in the Croatian market in 2020. It is the country's largest market participant.

SERBIA



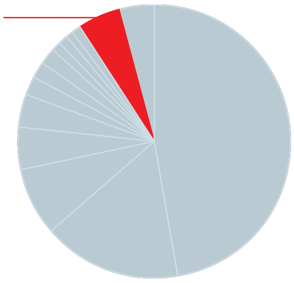
Overall construction volume: € 3.6 billion
GDP growth: 2020e: -1.0 % / 2021e: 6.1 %
Construction growth: 2020e: -10.4 % / 2021e: 2.5 %

The positive development of the Serbian economy in previous years was slowed by the pandemic in 2020. After the slight GDP decline of 1.0 %, however, a rapid upswing is forecast for the following years (2021: +6.1 %, 2022: +5.5 %). The Serbian construction industry, which boomed in 2018 and 2019, performed well under the given circumstances in 2020 despite the significant drop of 10.4 %. The main reason for the decline is the fact that several large-volume civil engineering projects were completed in 2020.

Residential construction proved strong and resilient once again in 2020, gaining 4.9 %, with apartment complexes and single-family homes especially in demand. EECFA expects the sector to grow more moderately at 1.3 % in 2021, before declining in 2022 (-3.9 %) after seven years of uninterrupted growth. Other building construction increased by only 1.1 % in 2020 after high growth rates in previous years. A decline of 4.4 % is expected in 2021, followed by a significant increase of 7.1 % in 2022. The strong growth of civil engineering in previous years experienced a sharp correction of -19.5 % in 2020, mainly due to the completion of a pipeline project in 2019. As the railway, transportation and airport segments in particular are performing well, this sector is expected to return to impressive growth figures of 6.8 % and 8.8 % in 2021 and 2022, respectively. Against this background, EECFA forecasts growth for the Serbian construction industry of 2.5 % in 2021 and 6.1 % in 2022.

The STRABAG Group generated an output volume on the Serbian market of € 157.67 million in 2020.

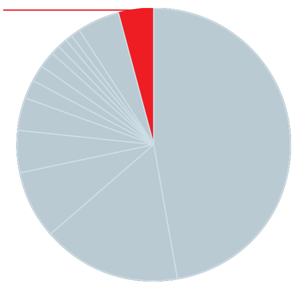
MIDDLE EAST, AMERICAS, AFRICA, ASIA



In order to make itself as independent as possible from the economic development of individual countries and so spread its country risk as widely as possible, STRABAG is also active outside of its main markets in Europe. As a rule, the company acts as a main contractor in direct export. With this in mind, the group has been present in Africa, Asia, Canada, Chile and the Middle East for many years, often even decades. STRABAG focuses on areas that are characterised by high technological expertise: civil engineering, industrial and infrastructure projects as well as tunnelling.

In 2020, the STRABAG Group generated a total € 775.82 million, or 5 %, of its total output outside Europe (2019: 7 %). The activities in non-European countries are – with a few exceptions – assigned to the International + Special Divisions segment.

GREAT BRITAIN, DENMARK, BULGARIA, SLOVENIA, ITALY, RUSSIA AND REST OF EUROPE



GREAT BRITAIN
Overall construction volume: € 181.8 billion
GDP growth: 2020e: -11.7%/2021e: 9.7 %
Construction growth: 2020e: -19.5 %/2021e: 12.6 %

DENMARK
Overall construction volume: € 37.8 billion
GDP growth: 2020e: -3.5 %/2021e: 3.3 %
Construction growth: 2020e: -0.7 %/2021e: 1.0 %

BULGARIA
Overall construction volume: € 8.5 billion
GDP growth: 2020e: -5.1 %/2021e: 2.6 %
Construction growth: 2020e: -4.9 %/2021e: 4.4 %

SLOVENIA
Overall construction volume: € 3.3 billion
GDP growth: 2020e: -6.7 %/2021e: 5.1 %
Construction growth: 2020e: -4.8 %/2021e: 0.3 %

ITALY
Overall construction volume: € 165.6 billion
GDP growth: 2020e: -10.3 %/2021e: 3.2 %
Construction growth: 2020e: -7.4 %/2021e: 6.6 %

RUSSIA
Overall construction volume: € 127.2 billion
GDP growth: 2020e: -3.9 %/2021e: 3.3 %
Construction growth: 2020e: -5.8 %/2021e: 0.3 %

Great Britain

The British economy responded to the outbreak of the Covid-19 pandemic and its aftermath with a significant downturn of 11.7 % in 2020. Although unemployment is expected to reach a peak in early 2021, Euroconstruct forecasts a substantial recovery in GDP of 9.7 % for the year as a whole. The pre-crisis level should be reached again in 2022 with a plus of 4.1 %, before settling at +1.8 % in 2023.

The British construction sector suffered an even sharper decline than the overall economy in 2020 (-19.5 %). The industry should return to strong growth in 2021 and 2022, however, with gains of 12.6 % and 8.4 %, respectively. For 2023, Euroconstruct expects a plus of 4.8 %. Especially in residential construction, which experienced the most severe slump in 2020 with -27.0 %, the situation will improve substantially in 2021, thanks in part to expected public subsidies for social housing. Euroconstruct predicts an increase of 16.4 % for this segment in 2021, followed by +8.9 % and +4.5 % in 2022 and 2023. Other building construction experienced a sharp drop of 17.1 % in 2020, with industrial, office and commercial buildings being particularly affected. However, Euroconstruct forecasts a return to growth of 11.2 % in 2021. The health care and warehouse sectors in particular are developing well. For 2022 and 2023, other building construction is expected to grow by 5.9 % and 5.1 %, respectively. In the British civil engineering sector, construction output fell by 5.5 % in 2020, primarily due to the pandemic-related construction site closures. The segment should go back to substantial growth of 7.8 % in 2021, followed by an impressive 12.8 % in 2022. For 2023, Euroconstruct expects a plus of 4.9 %. The development in civil engineering will be driven primarily by the High Speed 2 railway project and the Highways England road construction programme.

The output volume of the STRABAG Group in Great Britain in 2020 amounted to € 225.51 million.

Denmark

The fundamentally stable and robust Danish economy has so far been spared any severe effects from the Covid-19 pandemic. Thanks to the low public debt, the government's support measures to cushion the impact should not be a problem. Uncertainties other than the pandemic include the Brexit, as Great Britain is Denmark's most important trading partner. Danish GDP declined by 3.5 % in 2020, is expected to increase by 3.3 % in 2021 and should grow by 1.4 % in each of the following years.

The construction industry weathered the consequences of the Covid-19 crisis better than the economy as a whole, with negative growth of just 0.7 %. While some construction projects were delayed or suspended entirely, a number of public-sector projects were accelerated. Euroconstruct forecasts growth of 1.0 % for 2021, with 2.3 % and 2.1 % for the following two years. Residential construction remained relatively stable at -0.5 % in the reporting period. An increase of 3.1 % is expected for 2021, followed by +2.4 % in 2022 and +2.0 % in 2023. Other building construction decreased by 2.4 % in 2020. Private investments declined, and the projected "green" investments did not boom to the extent that had been hoped for. Construction output will decline by another 3.1 % in 2021 before an expected turnaround in the following years with a plus of 2.4 % and 2.5 %, respectively. The civil engineering sector grew moderately at 0.9 % in 2020. Although the government's energy and climate protection measures, as well as an infrastructure investment plan, have still not been finalised, Euroconstruct expects growth of 2.1 % in 2021 and a plus of 1.9 % in each of the following years.

The output volume of the STRABAG Group in Denmark amounted to € 76.40 million in 2020.

Bulgaria

The continuous good development of the Bulgarian economy was brought to an abrupt halt in 2020 by the Covid-19 crisis. Especially the tourism, trade and services segments suffered from the pandemic-related restrictions, while private consumption and financial measures by the government supported the economy. After a GDP decline of 5.1 % in 2020, EECFA forecasts an increase of 2.6 % and 3.7 % for 2021 and 2022, respectively.

The Bulgarian construction industry was unable to continue the strong growth trend of previous years as output fell by 4.9 % in 2020. The slump in residential construction was particularly severe (2020: -9.0 %). Here, the lower level of activity had a negative impact, especially in the area of renovation, as many households postponed planned renovation work. The continued high demand for residential property and a generous national housing renovation programme, however, are fuelling expectations of renewed growth of 4.3 % in 2021. For 2022, EECFA expects a slight minus of 1.6 %. The decline in other building construction (2020: -1.2 %) had already been forecast before the outbreak of the pandemic. EECFA expects stagnation (0.0 %) for this segment in 2021 and a slight increase of 0.4 % in 2022. Civil engineering output, starting from a very high level in 2019, decreased by 4.7 % in 2020. In the following years, it is expected to grow once more by 6.7 % and 11.0 %, respectively, thanks to the absorption of EU funds and state infrastructure investments. Given these conditions, EECFA expects the Bulgarian construction industry to grow by 4.4 % and 5.2 % in 2021 and 2022, respectively.

The STRABAG Group generated € 65.62 million on the Bulgarian market in 2020.

Slovenia

After years of steady GDP growth, the Slovenian economy experienced a drastic correction in 2020 as a result of the Covid-19 pandemic. Although the government took several measures to avoid the worst economic consequences, the crisis left a clear mark on the economy. The result was a GDP decline of 6.7 %. 2021 and 2022 should see a recovery with growth rates of 5.1 % and 3.7 % respectively, provided the spread of the virus can be contained.

The outlook for the Slovenian construction industry also remains subdued. Following a decline of 4.8 % in 2020, EECFA expects growth of 0.3 % and 1.7 % for 2021 and 2022, respectively. Especially in the area of refurbishment and renovation, significant impulses are expected from the EU funds. Due to the pandemic, residential construction, which had been very stable for years, suffered from material shortages and a lack of foreign labour. Construction output fell by 5.3 % in 2020 and will continue to contract in 2021 (-1.6 %). For 2022, EECFA expects a plus of 3.8 % in this segment. Other building construction has been hardest hit by the Covid-19 fallout, with a drop of 10.4 % in 2020 and forecasts of -1.2 % and -1.8 % for the following years. Civil engineering, which had developed very strongly in recent years, remained stable at -0.6 % in 2020. Among other things, new EU-supported projects and national investments point to a sideways movement (+2.5 %) for 2021 and slight growth of around 2.2 % for 2022.

The STRABAG Group achieved an output volume of € 58.82 million in Slovenia in 2020.

Italy

The rapid spread of the coronavirus hit the Italian economy with full force in 2020. The GDP plummeted by 10.3 %, while private consumption and investments fell even more sharply, dropping by 11.4 % and 14.6 %, respectively. For 2021, Euroconstruct expects a GDP plus of 3.2 %. Stimulus measures, EU-financed investments and the continuation of the expansionary monetary policy to stabilise the financial markets are expected to have a positive effect in this regard. A return to the 2019 level, however, is not expected until 2023 at the earliest (2022: +5.8 %, 2023: +3.5 %).

The Italian construction industry, with a decline of 7.4 %, fared better during the crisis in 2020 than the economy as a whole. The sector is expected to return to clear growth as early as 2021 (+6.6 %) and to expand by 4.5 % and 2.1 % in the following two years. Residential construction was hit hardest by the pandemic, plummeting by 10.4 % in 2020. The segment will rebound strongly as early as 2021 (+9.0 %), especially in the area of maintenance and renovation. A tax “super bonus” for energy-saving measures is expected to contribute to this development. For 2022 and 2023, Euroconstruct forecasts growth of 4.7 % and 2.0 %, respectively, for this sector.

In other building construction, which recorded a minus of 8.4 % in 2020, there was a lack of new investments in particular (-11 %). Construction output is expected to again increase moderately by 3.4 % in 2021 and by 5.3 % and 2.7 %, respectively, in the following two years. Factors driving this growth include substantial public financing guarantees and favourable refinancing conditions from the ECB. Meanwhile, Italy’s civil engineering sector continues to be robust, with a slight increase of 1.1 % in 2020. The focus remains on transportation infrastructures. Euroconstruct predicts a 5.7 % increase for civil engineering in 2021, followed by +3.4 % and +1.8 % in 2022 and 2023.

The output volume of the STRABAG Group in Italy amounted to € 51.76 million in 2020.

Russia

The Russian economy was significantly affected by the consequences of the Covid-19 pandemic in 2020. This was mainly due to the negative effects on retail sales, employment and the demand for goods and the services, as well as the sharp drop in oil prices and currency devaluation. Accordingly, the GDP declined by 3.9 %. Given the government recovery plan for 2020 and 2021, EECFA expects the economy to recover in 2021 and 2022 (+3.3 % and +3.4 %, respectively).

The economic development and the Covid-19 restrictions also had a negative impact on the Russian construction industry, which recorded a minus of 5.8 % in 2020. This was mainly due to the insufficient purchasing power of the population and the reduced business activity. Residential construction slumped by 10.5 % despite government interest rate and credit subsidies. EECFA sees another decline of 2.2 % in 2021 before a recovery is expected from 2022 onwards (+6.3 %).

In other building construction, the market for commercial and educational buildings in particular collapsed in 2020, while office construction remained stable. Construction output fell by 7.3 % in 2020 but is expected to grow again by 3.4 % and 4.6 % in the following years. The Russian civil engineering sector remained stable at -0.1 % in 2020. Following the completion of several large gas pipeline projects, numerous new infrastructure projects are about to get started, so that growth of 1.6 % and 2.0 % is expected for this segment in 2021 and 2022, respectively. According to EECFA, the Russian construction industry will stagnate in 2021 (+0.3 %) before picking up again in 2022 (+4.1 %).

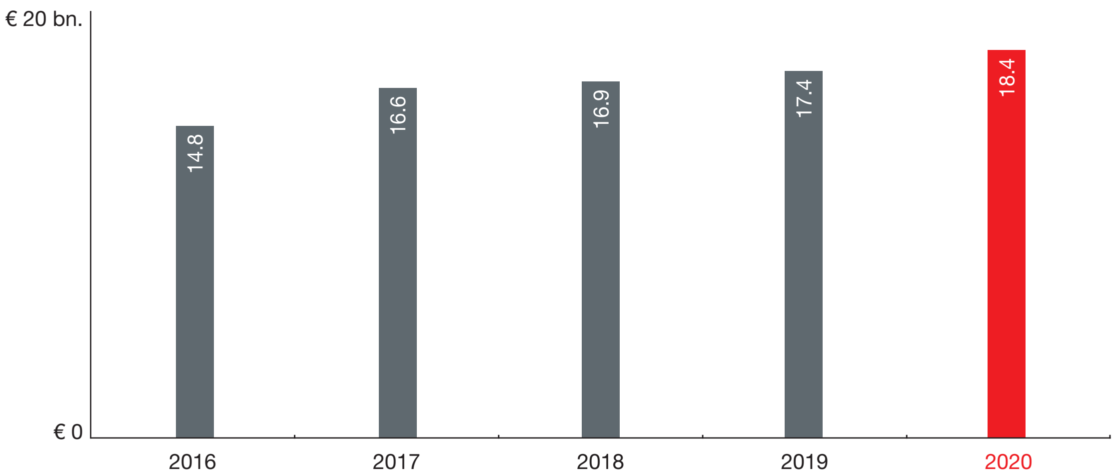
The STRABAG Group generated an output volume of € 51.60 million in Russia in 2020. In the region, STRABAG is active almost exclusively in building and industrial construction.

Order Backlog

ORDER BACKLOG BY SEGMENT AS AT 31 DECEMBER 2020

€ mln.	Total 2020	North + West	South + East	International + Special Divisions	Other	Total 2019	Δ total %	Δ total absolute
Germany	8,217	7,225	134	853	5	7,617	8	600
Great Britain	2,053	2	0	2,051	0	880	133	1,173
Austria	1,809	7	1,555	247	0	1,885	-4	-76
Poland	1,296	1,228	8	60	0	1,498	-13	-202
Czech Republic	846	0	832	13	1	761	11	85
Americas	598	1	0	597	0	1,056	-43	-458
Hungary	435	13	411	11	0	649	-33	-214
Middle East	383	0	4	379	0	281	36	102
Benelux	368	353	1	14	0	439	-16	-71
Slovakia	322	0	309	12	1	224	44	98
Asia	281	0	4	277	0	410	-31	-129
Romania	230	7	218	5	0	282	-18	-52
Denmark	229	209	0	20	0	150	53	79
Bulgaria	198	0	142	56	0	92	115	106
Croatia	174	0	173	1	0	188	-7	-14
Rest of Europe	171	12	155	4	0	156	10	15
Switzerland	150	6	143	1	0	151	-1	-1
Serbia	124	0	124	0	0	194	-36	-70
Russia	115	0	115	0	0	103	12	12
Sweden	115	95	0	20	0	171	-33	-56
Slovenia	106	0	94	12	0	39	172	67
Africa	76	0	10	66	0	69	10	7
Italy	73	0	9	64	0	116	-37	-43
Total	**18,369**	**9,158**	**4,441**	**4,763**	**7**	**17,411**	**5**	**958**

DEVELOPMENT OF ORDER BACKLOG



The order backlog as at 31 December 2020 grew to € 18.4 billion (+5 %) despite the crisis. While declines were registered in Austria, Poland and Hungary, strong growth was recorded in Germany, especially in transportation infrastructures. In September, for example, work got underway on the PPP contract for the A49 motorway project. The Smíchov City urban development project in Prague contributed to an increase in the order backlog in the Czech Republic. In Slovakia, meanwhile, the group landed a € 323 million railway construction project. Significant drivers of growth were also two large-scale projects in Great Britain. Major international projects, including a series of flood control dams in Oman, also added to the order volume.

CONSTRUCTION SITES INCLUDED IN THE ORDER BACKLOG AS AT 31 DECEMBER 2020

Category	Number of construction sites	Number of construction sites as % of total	Order backlog € mln.[1]	Order backlog as % of total
Small orders (€ 0–1 mln.)	8,244	78	1,588	9
Medium-sized orders (€ 1–15 mln.)	1,883	18	3,517	19
Large orders (€ 15–50 mln.)	290	3	4,171	23
Very large orders (>€ 50 mln.)	121	1	9,092	49
Total	**10,538**	**100**	**18,369**	**100**

Part of the risk management

The total order backlog is comprised of 10,538 individual projects. 8,200 of these, or 78 %, involve small orders with a volume of up to € 1 million each; the much smaller remaining proportion of 22 % covers medium-sized to very large orders with contract volumes of € 1 million and up. A total of merely 121 projects have a volume above € 50 million. The high number of individual contracts guarantees that the risk involved with one project does not, as far as possible, threaten the group success as a whole. The ten largest projects in the order backlog as at 31 December 2020 added up to 22 % of the order backlog.

THE TEN LARGEST PROJECTS IN THE ORDER BACKLOG AS AT 31 DECEMBER 2020

Country	Project	Order backlog € mln.[1]	as % of total order backlog
Great Britain	HS2 high-speed rail line	1,238	6.7
Great Britain	North Yorkshire Polyhalite Project	810	4.4
Germany	PPP A49 motorway	357	2.0
Germany	New rail line/airport tunnel	303	1.7
Germany	Stuttgart 21, underground railway station	292	1.6
Germany	EDGE East Side	247	1.3
Germany	Widening of K20 Hochstraße	221	1.2
Germany	FAIR particle accelerator	207	1.1
Germany	Second core rapid transit route, Munich	183	1.0
Chile	El Teniente – main access tunnel	181	1.0
Total		**4,038**	**22.0**

Financial performance

The consolidated **group revenue** for the 2020 financial year amounted to € 14,749.74 million. This corresponds to a decrease of 6 %, which is slightly lower than the decline in output. The ratio of revenue to output increased slightly from 94 % to 95 %. The operating segments North + West contributed 51 %, South + East 32 % and International + Special Divisions 18 % to the revenue.

The **changes in inventories** involve mainly real estate project developments, which continued to be very actively pursued. The **own work capitalised** relates to the construction of corporate locations and remained nearly unchanged compared to the previous year. The total of **expenses for construction materials, consumables and services used** and the **employee benefits expense**, expressed in relation to the revenue, remained stable at 88 %.

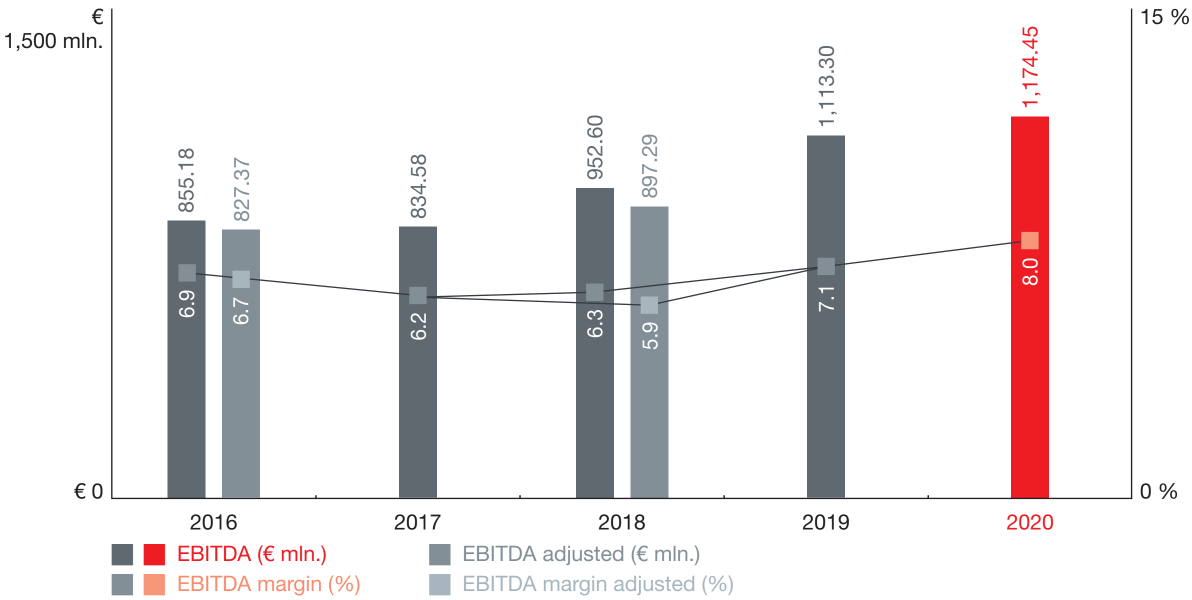
EXPENSES

€ mln.	2020	2019	Δ %
Construction materials, consumables and services used	9,304.35	10,111.85	-8
Employee benefits expense	3,713.07	3,745.15	-1
Other operating expenses	910.52	1,024.01	-11
Depreciation and amortisation expense	543.80	510.72	7

1 Rounding differences are possible.

While earnings from joint ventures, and thus **earnings from equity-accounted investments**, had been burdened by project provisions in the previous year, a positive result of € 66.21 million could be achieved in the reporting period. The decline in the **net income from investments**, which is composed of the dividends and expenses of many smaller companies or financial investments, can be explained by the absence of a positive special effect in connection with a project in the Netherlands.

DEVELOPMENT OF EBITDA AND EBITDA MARGIN[1]



In total, the **earnings before interest, taxes, depreciation and amortisation** (EBITDA) increased by 5 % to € 1,174.45 million, again topping the € 1.0 billion mark. The EBITDA margin grew from 7.1 % to 8.0 %. The **depreciation and amortisation expense** was € 33.08 million higher at € 543.80 million as a result of the high investments in previous years.

Effective tax rate: 34.6 %

The **earnings before interest and taxes** (EBIT) increased by 5 % to € 630.65 million, which corresponds to an EBIT margin of 4.3 % after 3.8 % in 2019. This development can be attributed to a combination of many positive factors, particularly in the transportation infrastructures business in the core markets, which outweighed the Covid-19-related burdens on earnings. Earnings growth was achieved in the North + West and South + East segments.

Earnings per share: € 3.85

The **net interest income** improved by € 4.74 million to € -20.60 million due to lower interest expenses for personnel-related provisions, among other things. The negative exchange rate result of € -5.35 million was comparable to that of the previous year (2019: € -5.93 million).

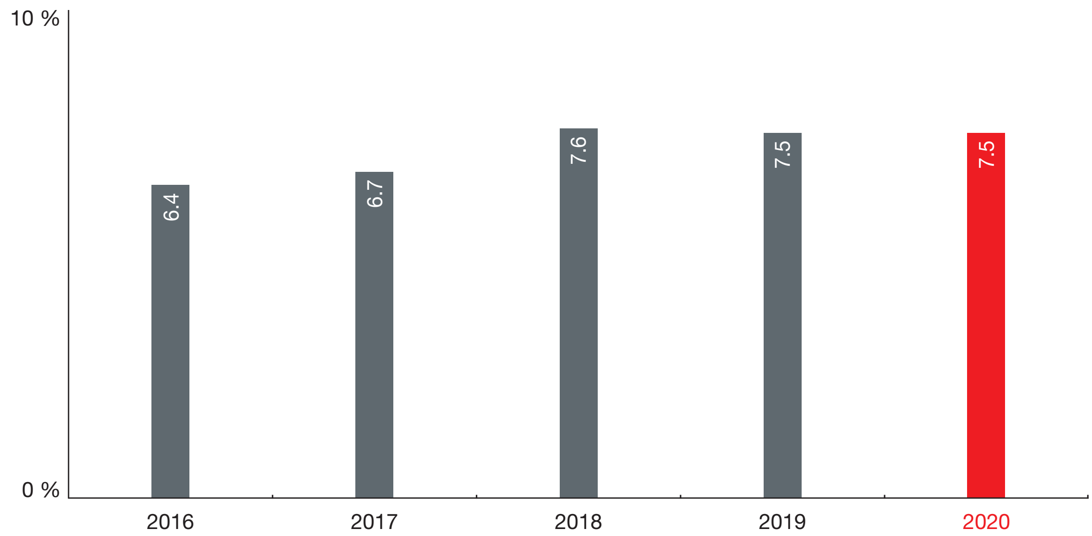
In the end, the **earnings before taxes** grew by 6 %. The income tax rate remained stable year-on-year at 34.6 %. The **net income** amounted to € 399.06 million, an increase of 5 % compared to 2019.

The earnings owed to minority shareholders amounted to € 3.84 million after € 6.86 million in the previous year. The **net income after minorities** for 2020 thus stood at € 395.22 million – an increase of 6 %. The **earnings per share** amounted to € 3.85 (2019: € 3.62).

The **return on capital employed** (ROCE)[2] remained constant at 7.5 %.

1 2016 adjusted for non-operating income in the amount of € 27.81 million.
2018 adjusted for a non-operating step-up profit in the amount of € 55.31 million.
2 ROCE = (net income + interest on debt – interest tax shield (25 %))/(average group equity + interest-bearing debt)

DEVELOPMENT OF ROCE



Financial position and cash flows

BALANCE SHEET

€ mln.	31.12.2020	% of balance sheet total[1]	31.12.2019	% of balance sheet total[1]
Non-current assets	5,135.35	42	5,249.85	43
Current assets	6,981.09	58	7,000.96	57
Equity	4,108.22	34	3,855.90	31
Non-current liabilities	2,382.85	20	2,344.53	19
Current liabilities	5,643.37	46	6,050.38	49
Total	**12,134.44**	**100**	**12,250.81**	**100**

The total of assets and liabilities, at € 12.1 billion, remained almost unchanged compared to the previous year. Worth mentioning is the increase in cash and cash equivalents by € 396.14 million to € 2,856.95 million, while trade receivables and contract assets declined with the output. Current financial liabilities decreased due to a bond repayment in the amount of € 200 million. Equity reached € 4,108.22 million, exceeding the € 4 billion mark for the first time, which was reflected in an increase in the **equity ratio** from 31.5 % to 33.9 %.

KEY BALANCE SHEET FIGURES

	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
Equity ratio (%)	31.5	30.7	31.6	31.5	33.9
Net debt (€ mln.)	-449.06	-1,335.04	-1,218.28	-1,143.53	-1,747.23
Gearing ratio (%)	-13.8	-39.3	-33.3	-29.7	-42.5
Capital employed (€ mln.)	5,258.17	5,242.91	5,552.09	5,838.71	5,815.14

Net cash position up to € 1.7 billion

A net cash position was reported as usual on 31 December 2020. This figure increased significantly to € 1.7 billion in the face of low financial liabilities and increased cash and cash equivalents.

1 Rounding differences are possible.

CALCULATION OF NET DEBT[1]

€ mln.	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
Financial liabilities	1,426.08	1,293.98	1,363.33	1,422.21	1,156.01
Severance provisions	110.02	111.10	114.68	124.68	122.55
Pension provisions	457.48	440.11	420.31	435.92	428.36
Non-recourse debt	-439.38	-389.78	-730.77	-665.53	-597.20
Cash and cash equivalents	-2,003.26	-2,790.45	-2,385.83	-2,460.81	-2,856.95
Total	**-449.06**	**-1,335.04**	**-1,218.28**	**-1,143.53**	**-1,747.23**

The **cash flow from operating activities** improved from € 1,075.94 million to € 1,279.66 million as a result of a higher cash flow from earnings and a higher reduction in working capital compared to the previous year. The expectation of a significant reduction in advance payments in 2020 and a concomitant increase in working capital to familiar levels once again failed to materialise. The **cash flow from investing activities** was less negative, mainly due to the significantly lower investments in intangible assets and property, plant and equipment. Due to Covid-19, investments were temporarily suspended in spring 2020 as a precautionary measure. The **cash flow from financing activities** showed a value of € -495.9 million after € -411.62 million in the previous year. This increase is due to a bond repayment with a higher volume than in the previous year as well as the payment of retained dividends to core shareholder MKAO “Rasperia Trading Limited”. Repayments of bank borrowings, by contrast, were down.

REPORT ON OWN SHARES

On 31 December 2020, STRABAG SE held 7,400,000 bearer shares equalling 6.7 % of the share capital. The corresponding value of the share capital amounts to € 7,400,000.00. The acquisition took place over a period from July 2011 to May 2013 to any purpose allowed by Sec 65 Para 1 (8) of the Austrian Stock Corporation Act (AktG), especially for the purpose of using own shares as acquisition currency. The average purchase price per share was € 20.79.

Capital expenditures

STRABAG had forecast net investments (cash flow from investing activities) of less than € 450 million for the 2020 financial year. In the end, they amounted to € 349.60 million.

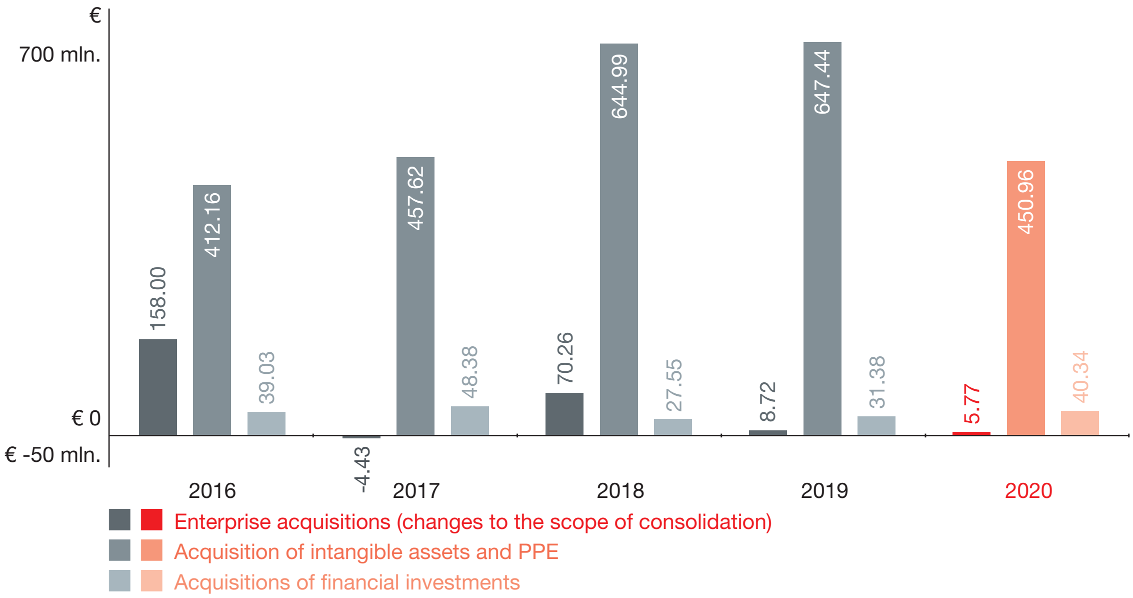
The gross investments (CAPEX) before subtraction of proceeds from asset disposals stood at € 497.07 million. This figure includes **expenditures on intangible assets and on property, plant and equipment** not including the non-cash additions to right-of-use assets of € 450.96 million, the **purchase of financial assets** in the amount of € 40.34 million and € 5.77 million from **changes to the scope of consolidation**.

Due to Covid-19, investments were temporarily suspended in spring 2020 as a precautionary measure. Most of the maintenance investments were made in the core markets of Germany, Poland and Austria, as well as in Serbia.

Expenditures on intangible assets and on property, plant and equipment during the year under report must be seen against the depreciation and amortisation expense in the amount of € 543.80 million. At € 4.52 million, goodwill impairment was higher than in the previous year.

1 The non-recourse liabilities that were considered are related to two PPP projects. Non-recourse liabilities from other PPP projects had, based on their amount, only an immaterial impact and are therefore not subtracted in the calculation of net debt.

COMPOSITION OF CAPEX



Financing/Treasury

KEY FIGURES TREASURY

	2016	2017	2018	2019	2020
Interest and other income (€ mln.)	73.90	46.90	38.62	30.97	27.89
Interest and other expense (€ mln.)	-77.68	-74.05	-66.05	-56.32	-48.49
EBIT/net interest income (x)	-112.4	-16.5	-20.4	-23.8	-30.6
Net debt/EBITDA (x)	-0.5	-1.6	-1.3	-1.0	-1.5

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 activity of building requires the constant availability of bid, contract fulfilment, pre-payment and warranty guarantees and/or sureties. The financial scope of action is thus defined by sufficient cash and cash credit lines, on the one hand, and by sufficient surety credit lines, on the other.

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

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

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 are also covered by the **issue of corporate bonds**. STRABAG SE (and its predecessor FIMAG) has regularly issued bonds on the Austrian capital market since 2002. In the 2015 financial year, the company successfully placed a € 200 million tranche with a coupon of 1.625 % and a term to maturity of seven years. With the proceeds from the issue, which were used for general business purposes such as refinancing the € 100 million bond issued in 2010 or making investments in property, plant and equipment, STRABAG SE preserved its optimal financing structure. In 2020, a bond with a volume of € 200 million was redeemed, leaving one bond in the amount of € 200 million on the market at the end of the year.

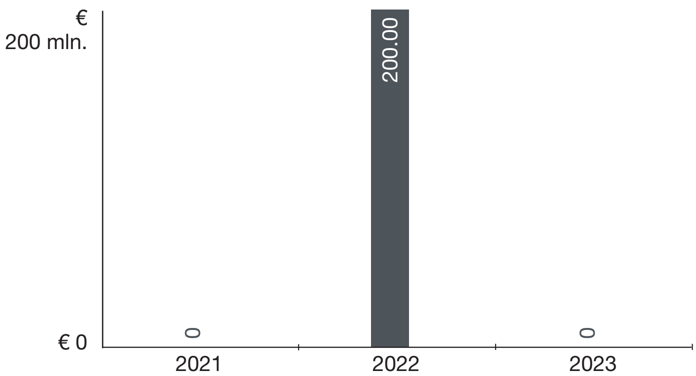
The existing liquidity of € 2.9 billion assures the coverage of the group's liquidity needs. STRABAG SE has a total credit line for cash and surety loans in the amount of € 7.9 billion. The credit lines include a **syndicated surety credit line** in the amount of € 2.0 billion and a revolving **syndicated cash credit line** of € 0.4 billion, each with a term to maturity until 2024 with two options to extend by one year each. These two credit lines were refinanced ahead of maturity in March 2019, with terms and maturities redefined. The group also has bilateral credit lines with banks. With a high degree of diversification regarding its surety and cash credit, STRABAG creates an adequate risk spread in the provision of the credit lines and secures its comfortable liquidity position.

In June 2015, Standard & Poor's (S&P) raised STRABAG SE's investment grade rating by one level from BBB-, outlook stable, to BBB, outlook stable. This rating was again confirmed in October 2020. S&P sees STRABAG SE's strengths and opportunities above all in the stable margins in an otherwise quite cyclical market environment, the strategic access to construction materials, the strong market positions and the high reputation in the credit markets.

PAYMENT OBLIGATIONS

€ mln.	Book value 31.12.2020	Book value 31.12.2019
Bonds	200.00	400.00
Bank borrowings	651.74	721.89
Lease liabilities	304.27	300.32
Total	**1,156.01**	**1,422.21**

PAYMENT PROFILE OF BONDS



Segment report

OVERVIEW OF THE FOUR SEGMENTS WITHIN THE GROUP

The business of STRABAG SE was divided into four segments in 2020, of which there are three operating segments, North + West, South + East and International + Special Divisions, and the segment Other, which encompasses the group's central divisions and central staff divisions. In 2020, the segments were comprised as follows[1]:

NORTH + WEST
Management Board responsibility: Alfred Watzl
Germany, Poland, Benelux, Scandinavia, Ground Engineering

SOUTH + EAST
M. B. responsibility: Peter Krammer
Austria, Czech Republic, Slovakia, Hungary, South-East Europe, Switzerland, Environmental Technology

M. B. responsibility: Klemens Haselsteiner
Russia

INTERNATIONAL + SPECIAL DIVISIONS
M. B. responsibility: Siegfried Wanker
International, Tunnelling, Services, Real Estate Development, Infrastructure Development, Construction Materials

OTHER
M. B. responsibility: Thomas Birtel, Christian Harder and Klemens Haselsteiner
Central Divisions, Central Staff Divisions

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

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

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

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

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

SEGMENT NORTH + WEST: CRISIS-PROOF THANKS TO STABLE CORE MARKETS

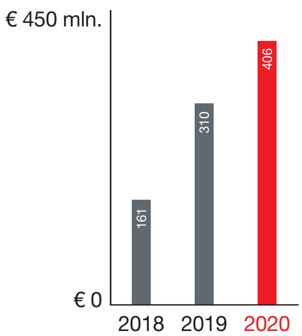
The North + West segment executes construction services of nearly any kind and size with a focus on Germany, Poland, the Benelux countries and Scandinavia. Ground engineering can also be found in this segment.

€ mln.	2020	2019	Δ 2019–2020%	Δ 2019–2020 absolute
Output volume	7,862.65	8,106.93	-3	-244
Revenue	7,461.87	7,555.75	-1	-94
Order backlog	9,158.18	8,807.66	4	351
EBIT	406.43	310.20	31	96
EBIT margin (% of revenue)	5.4	4.1		
Employees (FTE)	25,801	25,386	2	415

OUTPUT VOLUME NORTH + WEST

€ mln.	2020	2019	Δ 2019–2020 %	Δ 2019–2020 absolute
Germany	6,227	6,402	-3	-175
Poland	1,098	999	10	99
Benelux	247	285	-13	-38
Sweden	135	180	-25	-45
Denmark	71	96	-26	-25
Switzerland	22	23	-4	-1
Austria	20	28	-29	-8
Romania	19	16	19	3
Rest of Europe	18	47	-62	-29
Great Britain	3	1	200	2
Americas	2	21	-90	-19
Africa	1	4	-75	-3
Middle East	0	4	-100	-4
Czech Republic	0	1	-100	-1
Total	**7,863**	**8,107**	**-3**	**-244**

EBIT

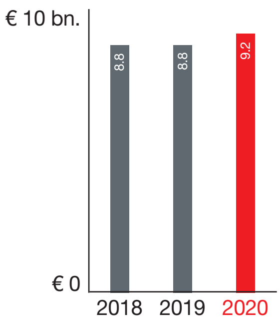


Growth in German transportation infrastructures and in Poland

The North + West segment recorded a 3 % downturn in output volume to € 7,862.65 million in 2020. In Germany, the largest market in this segment, the growth in transportation infrastructures could not quite compensate for the decline in building construction and civil engineering. Construction output also declined in Sweden and the Benelux countries, but increased by 10 % in Poland.

The revenue decreased slightly to € 7,461.87 million (-1 %). The EBIT, on the other hand, grew by 31 % to € 406.43 million. This development was mainly due to the increased earnings in Germany, both in transportation infrastructures – which benefited from the favourable weather – as well as in building construction and civil engineering. The EBIT margin reached an exceptional level of 5.4 %.

ORDER BACKLOG



High order level increased even further

The already high level of the order backlog was increased by a further 4 % as at 31 December 2020, mainly due to strong growth in Germany. The largest projects acquired in 2020 include the A49 motorway concession project and the widening of the Hochstraße Elbmarsch motorway in Hamburg. This was contrasted by the progression of work on large projects in Poland and Northern Europe.

Slight increase in the number of employees

The number of employees grew by 2 % to 25,801 in the entire segment. This increase is mainly due to the two largest markets, Germany and Poland.

Outlook: Stable development at a high level

The output volume in North + West should remain at about the same level in the 2021 financial year as the year before. The construction industry in the markets served by the segment has proved to be stable during the Covid-19 crisis so far. In the home market of **Germany**, for example, the high order backlog, and the fact that construction activity largely remained at the same dynamic level, kept the impact of the crisis to a minimum.

In the **German building construction and civil engineering** segment, the outlook for 2021 is mixed. While residential construction remained largely unaffected by the pandemic, and investment activity in the public sector is expected to increase, companies in the especially hard-hit sectors (e.g. hotels) are showing signs of restraint in placing orders for commercial building construction. In contrast, a revival of the market is expected in the office and logistics property sector. In public tenders, the lack of capacity utilisation among SMEs has led to greater competition and falling margins.

The Covid-19 crisis only had a minor impact on the execution of projects in the **German transportation infrastructures** segment in 2020. However, a crisis-related reduction in the tendering activities of private and public clients, in particular among municipalities and local authorities, resulted in high competitive pressure accompanied by declining market and construction material prices. This was especially true for the asphalt road construction business, increasingly also for other transportation infrastructure sectors.

While construction output in **Scandinavia** is expected to stagnate at a high level, a decline is anticipated for the **Benelux** countries. The situation remains tense in both the Netherlands and Belgium.

In **Poland**, the construction sector has been unexpectedly positive so far. Covid-19-related productivity constraints were felt in individual projects, but they did not have a significant impact on overall construction output. For the year as a whole, therefore, earnings are still projected to be lower due to cost inflation, though no additional burden is expected from the pandemic. The increasingly fierce price competition can be observed in all construction sectors.

SELECTED PROJECTS NORTH + WEST

Country	Project	Order backlog in € mln.	as % of total group order backlog
Germany	EDGE East Side	248	1.3
Germany	FAIR particle accelerator	207	1.1
Germany	Modernization of the main university building Bielefeld	137	0.8
Germany	MARK Munich	117	0.6
Germany	New building JVA Willich	109	0.6

SEGMENT SOUTH + EAST: IMPROVED EARNINGS ON LOWER OUTPUT

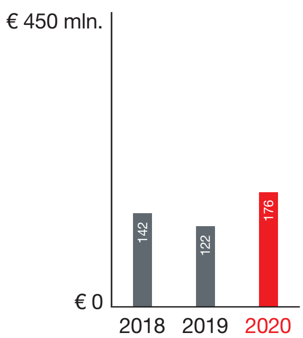
The geographic focus of the South + East segment is on Austria, the Czech Republic, Slovakia, Hungary, South-East Europe, Russia and Switzerland. The environmental technology activities are also handled within this segment.

€ mln.	2020	2019	Δ 2019–2020%	Δ 2019–2020 absolute
Output volume	4,632.60	4,915.79	-6	-283
Revenue	4,602.83	4,879.50	-6	-277
Order backlog	4,441.14	4,489.37	-1	-48
EBIT	176.35	121.97	45	54
EBIT margin (% of revenue)	3.8	2.5		
Employees (FTE)	20,512	19,850	3	662

OUTPUT VOLUME SOUTH + EAST

€ mln.	2020	2019	Δ 2019–2020 %	Δ 2019–2020 absolute
Austria	1,989	2,176	-9	-187
Czech Republic	687	636	8	51
Hungary	533	677	-21	-144
Slovakia	254	318	-20	-64
Romania	194	179	8	15
Switzerland	189	205	-8	-16
Germany	164	151	9	13
Croatia	160	131	22	29
Serbia	156	146	7	10
Rest of Europe	136	126	8	10
Bulgaria	58	36	61	22
Russia	50	67	-25	-17
Slovenia	47	42	12	5
Middle East	6	2	200	4
Italy	5	0	n. a.	5
Asia	2	17	-88	-15
Benelux	2	3	-33	-1
Africa	1	0	n. a.	1
Poland	0	3	-100	-3
Americas	0	1	-100	-1
Total	**4,633**	**4,916**	**-6**	**-283**

EBIT



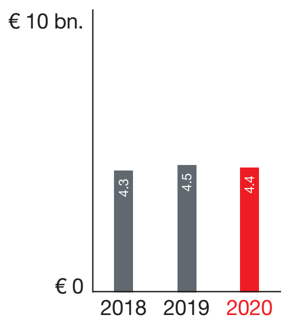
Output volume down due to Covid-19

The output volume in the South + East segment fell by 6 % to € 4,632.60 million in 2020. The decline was particularly sharp in the home market of Austria, where construction site activity had to be suspended for ten days in March due to a strict lockdown, and in Hungary. By contrast, an increase was recorded in the Czech Republic, among other countries.

The revenue amounted to € 4,602.83 million, which corresponds to a minus of 6 %. The EBIT, on the other hand, grew by 45 % to € 176.35 million, resulting in an EBIT margin of 3.8 %. The earnings improvement is due, among other things, to the absence of special charges from 2019. Apart from Austria, there were hardly any Covid-related reductions in the segment's markets.

Order backlog: Sharp decline in Hungary offset by Czech Republic and Slovakia

ORDER BACKLOG



The order backlog decreased slightly by 1 % to € 4,441.14 million. In Hungary, the contraction of the construction industry also had a correspondingly negative impact on STRABAG's order backlog, while in the Czech Republic and Slovakia, a new urban development project in Prague and a major railroad construction project, respectively, resulted in a strong increase in the order backlog. A slight decline was observed in Austria, while the other markets in Southern and Eastern Europe showed very different developments.

Slight increase in the number of employees

The number of employees increased by a total of 3 % to 20,512. Staff numbers grew especially in Romania, Croatia and the Czech Republic.

Outlook: recovery compared to 2020

It should be possible to stop the Covid-19-related revenue slowdown this year, so that a slight increase in output volume can be expected in 2021 compared to 2020.

For example, STRABAG bases its forecast for the home market of **Austria** on the assumption that construction activity in the whole of the country will at no point be suspended as it was during the first half of 2020. The order intake in building construction remains robust and allows the company to look ahead with confidence far into 2021. As usual, however, the order range in transportation infrastructure is much shorter, though tendering activity by the public sector is expected to remain at the average level.

In **Hungary**, the completion of large public-sector projects acquired in 2018 and 2019, along with the reluctance of the automotive industry to commit to new investments, led to a substantial reduction in the order backlog, which is expected to lead to a further decline in the output volume. The effects of the Covid-19 pandemic and the ongoing strong competition will continue to negatively impact the output in 2021.

The high order backlog in transportation infrastructures in the **Czech Republic** helped this segment weather the crisis in 2020. At the same time, the government accelerated and expanded its investment spending. In 2021, high output is expected especially in railway construction. In building construction, on the other hand, several major tenders have been temporarily suspended. As in **Slovakia**, private investments are being delayed in all asset and customer classes, e.g. business centres, residential buildings, car parks, hotels and projects for the automotive industry. Not least because of the politically indifferent situation in Slovakia, awards for public projects are being repeatedly postponed.

Switzerland coped relatively well with the Covid-19 crisis in 2020, with hardly any interruption in construction activity. The number of public tenders remained at about the previous year's level. On the other hand, a slight decline in demand is forecast from private clients.

The markets of **South-East Europe** continue to experience aggressive competition from Chinese and Turkish companies. Many market participants appear to be speculating on falling production costs, which is reflected in the significant number of underpriced bids. In Bulgaria and Romania, building construction tenders from both the private and public sector have come to a complete standstill. This is being compensated for in these two important markets by increased tendering activity by the public sector in infrastructure construction, especially in the railway construction segment.

The **environmental technology** business has gained in importance due to the Europe-wide discussion on reducing CO_2 emissions. The willingness of the public sector to invest remains high, with particular demand in the business fields of waste-to-energy and geothermal energy.

SELECTED PROJECTS SOUTH + EAST

Country	Project	Order backlog in € mln.	as % of total group order backlog
Slovakia	Modernization of the railway junction Žilina	90	0.5
Austria	Penzinger Strasse 76	82	0.4
Slovakia	Expressway R2 Mýtna—Kriváň	75	0.4
Czech Republic	Modernization railway track Dětmarovice—Petrovice	62	0.3
Hungary	Bypass road Veszprém	60	0.3

SEGMENT INTERNATIONAL + SPECIAL DIVISIONS: BUSINESS SECTORS AFFECTED VERY DIFFERENTLY BY THE CRISIS

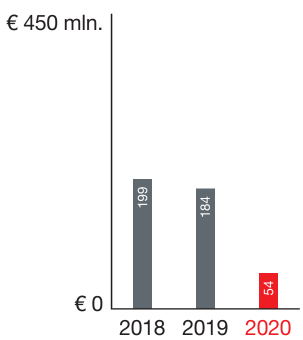
The International + Special Divisions segment includes, on the one hand, the field of tunnelling. The concessions business, on the other hand, represents a further important area of business, with global project development activities in transportation infrastructures in particular. Regardless of where the services are rendered, the construction materials business, including the company's dense network of production plants 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 in this segment. Additionally, most of the services in non-European markets are also bundled in International + Special Divisions.

€ mln.	2020	2019	Δ 2019–2020%	Δ 2019–2020 absolute
Output volume	2,811.86	3,450.57	-19	-639
Revenue	2,670.21	3,216.67	-17	-546
Order backlog	4,763.26	4,110.77	16	652
EBIT	54.04	183.97	-71	-130
EBIT margin (% of revenue)	2.0	5.7		
Employees (FTE)	21,339	25,219	-15	-3,880

OUTPUT VOLUME INTERNATIONAL + SPECIAL DIVISIONS

€ mln.	2020	2019	Δ 2019–2020 %	Δ 2019–2020 absolute
Germany	885	1,207	-27	-322
Americas	470	678	-31	-208
Austria	426	448	-5	-22
Great Britain	222	125	78	97
Czech Republic	132	140	-6	-8
Hungary	126	158	-20	-32
Asia	115	162	-29	-47
Middle East	113	142	-20	-29
Poland	79	119	-34	-40
Italy	47	0	n. a.	47
Africa	44	62	-29	-18
Slovakia	41	47	-13	-6
Romania	36	29	24	7
Sweden	24	23	0	0
Benelux	12	29	-55	-16
Croatia	11	19	-42	-8
Slovenia	9	6	50	3
Rest of Europe	6	43	-86	-37
Bulgaria	6	5	20	1
Denmark	4	3	33	1
Switzerland	2	2	0	0
Russia	1	3	-67	-2
Serbia	1	1	0	0
Total	**2,812**	**3,451**	**-19**	**-639**

EBIT

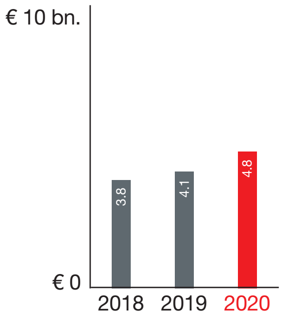


Sharp decline in output and earnings

The International + Special Divisions segment generated an output volume of € 2,811.86 million (-19 %) in 2020. This decline was mainly due to two factors: the loss of a key client in the property and facility services business in Germany in the middle of the previous year and Covid-19-related restrictions on large tunnelling projects in Chile.

The revenue decreased by 17 % to € 2,670.21 million, falling somewhat less sharply than the output volume. The EBIT decline was more drastic at -71 % to € 54.04 million, with a corresponding EBIT margin of only 2.0 %. The main reason for this development were the international markets, including Chile and Singapore, which were hit hard by the pandemic.

ORDER BACKLOG



Order backlog: Great Britain remains strong growth driver

The order backlog increased by 16 % compared to 31 December 2019. As was the case last year, two projects in Great Britain are the main drivers behind the growth: the HS2 high-speed rail line and the North Yorkshire Polyhalite Project. Internationally, two flood protection dams in Oman have boosted the order backlog since autumn. There was a significant decline in Austria and the Americas, here due to the completion of large projects in Chile.

Decline in output reflected in employee numbers

In view of the relatively large size of the individual projects in the International + Special Divisions segment, the number of employees in the various countries is subject to very strong fluctuations. Staff numbers in 2020 fell by 15 % to 21,339. This was mainly due to the transfer of employees assigned to the aforementioned key client in the property and facility services business in the middle of last year, but also to reductions in the staff-intensive markets in the Middle East and the Americas region, which were heavily affected by Covid-19.

Outlook: Covid-19 crisis also presents opportunities

The real estate markets will continue to be affected by the Covid-19 pandemic, to widely varying degrees, in the coming years. This dynamic environment will present the **real estate development** business with foreseeable risks but also with opportunities. The residential asset class continues to see strong demand. For office properties, a normalisation is expected in the medium term. The hotel and retail segments remain strongly affected by the crisis, although opportunistic acquisitions are conceivable. The demand for high-value and high-quality rented properties remains unchanged. In 2020, for example, a Frankfurt residential project was successfully sold to a German pension fund three years before completion.

Land reserves are being systematically replenished for further developments in the core markets of Germany and Austria, but also in the Central and Eastern European states. Here STRABAG Real Estate is positioning itself cautiously but sustainably for a realignment of the real estate markets “after Covid”. The acquisition focus remains unchanged, on A and B cities in Germany and Poland and on capital cities in the countries of Central and Eastern Europe. Interest continues to be seen in all asset classes, albeit with a lower weighting on hotels and retail.

The **property and facility services** sector was significantly affected by the coronavirus crisis, though there are signs of a normalisation in the business environment. In 2021, the competition is expected to intensify. The individual business areas in this segment are showing inconsistent trends. Market shares are to be expanded through a systematic acquisition strategy.

The Covid-19 pandemic has not had a serious impact on the existing **concession projects** so far. Overall, the projects are running largely undisturbed and successfully. In the medium term, the economic consequences of the crisis are likely to lead to increased tendering activity for concessions worldwide. STRABAG sees itself in a good position in this respect and will participate in such tenders around the world with interest, but on a selective basis.

Meanwhile, the impact of the pandemic is expected to weaken in the **tunnelling** sector, although construction activity on several large projects continues to be affected by the restrictions. Globally, there are signs of lively tendering activity for complex infrastructure projects involving a tunnelling component. The group’s current references for major projects (e.g. in Chile and Great Britain) are helping to increase global awareness for STRABAG’s tunnelling competence.

In the **international business**, i.e. that business which STRABAG conducts in countries outside of Europe, the environment remains difficult. The consequences of Covid-19 will continue to be strongly felt in almost all countries in 2021, for example in the Gulf states and in Africa. Opportunities will always be present, however, especially in niche areas such as test track construction, and these will continue to be pursued with interest in the future.

The **construction materials** business has so far experienced only minor disruptions. The course of business was normal in all markets, in some areas even above average. A tender gap is possible on the part of public clients, however, which could have a dampening effect on the outlook in this market segment.

SELECTED PROJECTS INTERNATIONAL + SPECIAL DIVISIONS

Country	Project	Order backlog in € mln.	as % of total group order backlog
Singapore	Deep tunnel sewage system	167	0.9
Chile	Alto Maipo	165	0.9
Oman	Al Jufainah Dam	90	0.5
Germany	New rail line/airport tunnel	88	0.5
Dubai	Hatta pumped storage power plant	83	0.5

SEGMENT OTHER (SERVICE COMPANIES AND CENTRAL STAFF DIVISIONS)

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

€ mln.	2020	2019	Δ 2019–2020%	Δ 2019–2020 absolute
Output volume	139.50	144.68	-4	-5
Revenue	14.83	16.65	-11	-2
Order backlog	6.44	3.68	75	3
EBIT	0.90	0.87	3	0
EBIT margin (% of revenue)	6.1	5.2		
Employees (FTE)	6,688	6,464	3	224

Risk management

The STRABAG Group encounters many different risks and opportunities in the course of its business activities. These risks are systematically identified and assessed using a proactive risk management system and managed in a consistent and goal-oriented manner through an appropriate risk management policy. This risk management policy is an integral part of the management system and describes a set of fixed principles and responsibilities for risk management and how to deal with the material risk categories.

RISK MANAGEMENT AS A CORE TASK OF MANAGEMENT

Risk management is a core task of the management. Risk identification and risk assessment are the responsibility of the respective management level. Our risk management process involves our integrated quality management system, supporting central divisions and central staff divisions with technical, legal and administrative service and consulting activities and the internal audit department as a neutral and independent auditing entity.

Responsibility for the implementation of the project risk management systems in the divisions has been assigned to the commercial division managers. The central division Project Risk Management System/Organisational Development/International BRVZ Coordination handles the continuous improvement and development of the risk management system for the procurement and execution of construction projects.

All STRABAG leadership employees, within the scope of their duties and responsibilities, and in accordance with the Rules of Procedure and relevant company regulations, are obliged to

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

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

RISK MANAGEMENT USING DEFINED RISK GROUPS

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

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

Additional risks exist with regard to work safety, environmental protection, quality, business continuity and supply chain.

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

EXTERNAL RISKS COUNTERED THROUGH DIVERSIFICATION

The entire construction industry is subject to **cyclical fluctuations** and reacts to varying degrees depending on region and sector. Overall economic growth, development of the construction markets, the competitive situation, the conditions on the capital markets and technological changes in construction can all result in risks. These risks are continually observed and monitored by the central departments and operating units. Changes in external risks lead to adjustments in STRABAG's organisation, its market presence and its range of services and to the adaptation of its strategic and operational planning. STRABAG further counters market risk through geographic and product-related **diversification** in order to minimise the influence of an individual market or the demand for certain services on the success of the company.

OPERATING AND TECHNICAL RISKS REDUCED THROUGH BINDING MINIMUM STANDARDS

These risks primarily include the complex risks associated with project selection and execution along with the technical risks that need to be assessed for each project, such as subsoil, geology, construction methods, technology, building materials, equipment, design, work planning, etc. An integral part of the project risk management system are minimum standards with group-wide validity for the procurement and execution of construction projects (common project standards). These comprise clearly defined criteria for the evaluation of new projects, a standardised process for the preparation and submission of bids, and integrated internal control systems serving as a filter to avoid loss-making projects. Business transactions requiring approval are reviewed and approved in accordance with the internal rules of procedure.

Depending on the risk profile, bids must be analysed by **internal commissions** and reviewed for their technical and economic feasibility. The construction and project teams can contact the experts at the central divisions BMTI, TPA, ZT and SID for assistance in assessing the technical risks and working out innovative solutions to technical problems. Project execution, monitored by monthly target/performance comparisons, is managed by the construction or project team on-site using documented procedures. At the same time, our central controlling department provides constant back-office support for the project, ensuring that risks of individual projects do not jeopardise the continued existence of the company.

FINANCIAL RISKS: ACTIVE LIQUIDITY AND RECEIVABLES MANAGEMENT

Under financial risks, STRABAG understands risks in financial matters and in accounting, including instances of manipulation. Special attention is paid to the liquidity and **receivables management**, which is secured through continuous financial planning and daily status reports. Compliance with internal commercial guidelines is ensured 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 the central divisions in general and the **internal audit department** in particular.

STRABAG is subject to interest, currency, credit and liquidity risks with regard to its assets, liabilities and planned transactions. The goal of financial risk management is to minimise these risks through ongoing financial activities. The basic principles of the financial policy are determined by the Management Board and monitored by the Supervisory Board. The implementation of the financial policy and responsibility for the ongoing risk management are the domain of the group treasury. Detailed information can be found in the Notes under item 34 Financial Instruments.

Business Compliance

ETHICAL RISKS COUNTERED WITH AN ETHICS AND BUSINESS COMPLIANCE SYSTEM

Given the risk of corruption and anti-competitive behaviour in the construction industry, STRABAG has implemented a set of tools that have proven effective in combating these problems. The rules for proper business behaviour are conveyed by the STRABAG ethics and business compliance system. These have group-wide validity. The STRABAG business compliance model is based on the Business Compliance Management System (BCMS) along with supplementary management directives, the Code of Conduct and the personnel structure defined for enforcement, consisting of the Chief Compliance Officer, the Corporate Business Compliance Officers and the Regional Business Compliance Officers as well as the internal ombudspersons and the external ombudsman. Details on the ethical risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a of the Austrian Commercial Code (UGB).

People & Workplace

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

Material human resource risks, such as recruiting bottlenecks, skilled labour shortages, fluctuation and labour law risks, are countered with a **central human resource administration** and **long-term, needs-oriented human resource development**. Human resource risks are to be reduced to a large extent through targeted recruiting of qualified specialists and leaders, extensive training activities, performance-based remuneration under compliance with labour law, and early succession planning. Additionally, systematic potential management is in place to ensure the development and career planning of company employees. Complementary initiatives to promote employee health, improve employment conditions and raise employee satisfaction further contribute to the company's attractiveness and prestige. Details on the human resource risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

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

With the increasing threat of IT risks, different measures are being implemented in the form of multistep security and anti-virus concepts, user access rights, password-controlled access, expedient data backups and independent power supply. The company is also working together with professional **specialty service providers** to ensure an efficient defence against cybercrime and is constantly reviewing its security concepts. By issuing IT usage guidelines and repeatedly informing on the necessity of risk awareness when working with information and communication technologies, we aim to ensure the security, availability, performance and compliance of the IT systems. Project ideas to improve and develop IT-related processes and control systems are evaluated and prepared through cooperation between the central divisions STRABAG Innovation & Digitalisation and BRVZ Information Technology.

INVESTMENT RISKS: SECTOR-TYPICAL MINORITY HOLDINGS OF MIXING PLANTS

The shares in mixing companies typically involve **minority interests**, as is **usual in this sector**. With these companies, economies of scope are at the fore.

LEGAL RISKS AVOIDED THROUGH EXTENSIVE RISK ANALYSIS

The central division CML Construction Services supports the risk management of the operating entities in matters of construction management and construction operation in all project phases (contract management) and provides, organises and coordinates legal advice (legal services) in this regard. Its most important tasks include comprehensive reviews and consultation in project acquisition – e.g. analysis and clarification of tender conditions, performance specifications, pre-contract agreements, tender documents, draft contracts and framework conditions – as well as support in project management.

POLITICAL RISKS: INTERRUPTIONS AND EXPROPRIATIONS CONCEIVABLE

The group also operates in countries experiencing political instability. Interruptions of construction activity, restrictions on ownership by foreign investors, and even expropriations are among the possible consequences of political changes which could have an impact on the group's financial structure. These risks are analysed during the tendering phase and assessed by internal commissions.

People & Workplace

MANAGEMENT SYSTEM FOR WORK SAFETY AND HEALTH IN PLACE

In order to control the risks related to employee safety and health, STRABAG has implemented a work safety and health management system in accordance with ISO 45001 and/or **SCC**. Moreover, the company works to maintain this system and ensures a suitable emergency organisation. Specially appointed officers and representatives ensure that the group-wide work safety standards are followed. In 2020, the country-specific safety and hygiene regulations in connection with Covid-19 had to be implemented in particular. The infection figures could be kept at a very low level in most of the Group countries due to the strict implementation. The aspects of work safety and health also form part of the evaluation of subcontractors and suppliers. Details on the risks related to employee safety and health are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

Environmental Responsibility

CERTIFIED ENVIRONMENTAL AND ENERGY MANAGEMENT SYSTEM DESIRED

STRABAG is committed to reducing the negative environmental impact of its activities as far as this is technically possible and economically feasible. The company has implemented and is maintaining an environmental and energy management system based on ISO 14001 or EMAS, ISO 50001 or equivalent and – wherever possible – seeks to minimise the use of natural resources, avoid waste and promote recycling. Details on the environmental risks are available in the Consolidated Non-Financial Report pursuant to Sec 267a UGB.

QUALITY MANAGEMENT AS COMPONENT OF THE INTEGRATED MANAGEMENT SYSTEM

In accordance with its vision and values, it is the company's aim to realise **construction projects on schedule, to the highest quality and at the best price**. This quality of the company's processes, services and products must therefore be ensured at all times. To achieve this goal, quality management forms an integral component of an integrated management system. This system is documented in the Management Manual, in group directives and in subordinated provisions.

BUSINESS CONTINUITY: RIGOROUS INCLUSION OF GROUP CENTRAL DIVISIONS

The failure of equipment and production facilities, subcontractors and suppliers, human resources, the IT system or office buildings and accommodation must not be allowed to jeopardise the continued existence of the company. For this reason, precautions are taken under a business continuity management system to ensure that incidents or **disasters only temporarily interrupt business activity** – if at all. This includes the consistent involvement of the group's own specialised central divisions, which can, for example, procure equipment, accommodation, IT systems or staff on short notice, build up long-term strategic partnerships with selected subcontractors and suppliers, and arrange for the audit of emergency scenarios in IT.

EVALUATION OF PARTNER COMPANIES TO REDUCE RISKS IN THE SUPPLY CHAIN

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

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

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

Introduction

The control structure as defined by COSO (Committee of Sponsoring Organisations of the Treadway Commission) provides the basis for describing the key features of the internal control and risk management systems with regard to the financial reporting process in the management report. The COSO framework consists of five interrelated components: control environment, risk assessment, information and communication, control activities and monitoring activities. On this basis, the STRABAG Group has set up a company-wide risk management system in accordance with generally accepted principles. The aim of the internal control system is to support the management in such a way that it is able to ensure internal controls with regard 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 Consolidated Corporate Governance Report

The corporate culture determines the control environment in which management and employees operate. STRABAG is constantly working to improve its communication and to convey its corporate values as defined in its Code of Conduct and its Business Compliance Management System (BCMS) in order to ensure moral standards, ethics and integrity within the company and in its dealings with others. The implementation of the internal control system with regard to the financial reporting process is based on internal rules and regulations. Responsibilities for internal control have been adapted to fit the corporate organisation. The internal audit department carries out periodic reviews – announced as well as unannounced – of all relevant business units as part of its responsibility for monitoring compliance with the law and corporate guidelines in the technical and commercial areas. The internal audit department also monitors the effectiveness of business compliance. During these reviews, the internal audit department analyses the legality and correctness of individual actions. The department also conducts regular, independent reviews of compliance with internal guidelines in the area of accounting. The head of the internal audit department reports directly to the CEO. The effectiveness of the work of the internal audit department is reviewed periodically by the financial auditor. The last review was carried out in the 2019 financial year.

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

Processes which are relevant to financial reporting are increasingly automated. **IT security** control activities therefore represent a cornerstone of the internal control system. The separation of sensitive activities, for example, is supported by a restrictive allocation of IT authorisations. 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 committees' work aims, among other things, to ensure compliance with accounting rules and regulations and to identify and communicate weak points and potential areas for improvement in the financial reporting process. Accounting employees receive regular training with regard to innovations in 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 and earnings of the respective segments and countries and of the liquidity. Financial statements to be published are reviewed internally by several instances within management, receiving a final appraisal by the senior accounting staff and the Chief Financial Officer before being passed on to the Audit Committee of the Supervisory Board.

Research and development

As a technology group for construction services, the STRABAG Group does business in a rapidly changing environment. It is in this context that the company applies its assets, comprised not only of its material and financial means but also of its human resources – the knowledge and know-how of its employees –, its structural and organisational capital, and its relational and market capital. The growing crossover between industries – driven by increasing societal demands, by the fast pace of technological progress, particularly in information and communications technology, and by customer demands – confront the company with ever more rapidly shifting challenges.

To take a more active role in shaping this change, and to use it for its own benefit, the STRABAG Group has given itself a more **technological focus**, embodied by a **systematic innovation management** established at the organisational level since 2014. At the beginning of 2020, the systematic innovation management activities were transferred to the **Management Board level** as part of the new Digitalisation, Innovation and Business Development Officer's responsibilities, emphasising the importance of this task.

The cooperation among the various divisions facilitates and promotes new developments across the individual business units. A special focus in 2020 was again on the continued digitalisation of processes in planning and in logistics. Generative design, a method for the algorithm-based optimisation of planning options, gives us the opportunity to investigate urban development, building and spatial concepts as well as building physics requirements by means of rapidly generated variants. Meanwhile, the **platform-based** tracking of prefabricated parts, such as stairs or façade elements, is being used in additional large construction projects. Countless time-consuming, error-prone paper-based entries during the construction process – related to work safety inspections, work status, concrete deliveries and reinforcement performance levels – are now being performed via app. The data are entered on mobile end devices suitable for construction sites, with logs and target/actual comparisons generated automatically and made available to the construction offices and back offices involved. This significantly reduces the time required for construction-related administrative tasks. In transportation infrastructures, the focus is on the road as a driver of innovation. Pilot projects have been carried out here to investigate the possibilities associated with self-driving cars or the use of pavement sensors to monitor road conditions.

Cooperation with international universities and research institutions, joint development activities with partner companies around the world, and internal research and development projects have also been a routine part of the group's daily activities for years. In overall charge of the planning and implementation of these projects within the STRABAG Group are the central divisions **STRABAG Innovation & Digitalisation** (SID), **Zentrale Technik** (ZT) and **TPA Gesellschaft für Qualitätssicherung und Innovation GmbH** (TPA), each of which report directly to a member of the Management Board.

With over 170 highly qualified employees at more than ten locations, **SID** will take the lead in initiating developments and providing expert support while maintaining a full overview of group-wide innovation activities and their measurable results. Because digitalisation must not be an end in itself, operating needs have priority and digital tools should be made available without delay. Work is also being done on the latest trends in the industry, such as robotics and automation to increase productivity.

ZT is present at 34 locations with more than 1,000 experts. With its five subdivisions of turnkey construction, structural engineering, civil engineering and tunnelling, transportation infrastructures, and construction process management, ZT provides services spanning the entire construction process, from the acquisition phase to bid processing, from general and specialist planning to construction and start of operations. In all of its activities, ZT offers innovative solutions for buildings and infrastructure, including structure, envelopes, technical equipment, building physics, construction processes and software applications. The central topics of the innovation activities include sustainable resource-efficient construction, BIM 5D®, Smart.Construction, LEAN.Construction and the end-to-end, goal-oriented system design of buildings and infrastructure.

TPA is the group's competence centre for asphalt, concrete, earthworks, geotechnics and environmental engineering, quality management and applied R&D projects for transportation infrastructures as well as building construction and civil engineering. Its main tasks include ensuring the quality of the construction materials, structures and services, the safety and improvement of the processes, as well as developing and reviewing standards for the handling and processing of construction materials. TPA employs around 1,000 people at 130 locations in 15 countries, making it one of the largest private laboratory companies in Europe.

The research focus in 2020 included the development of sensors that can be placed in asphalt or concrete roads. A study conducted at the duraBASt test site of the German Federal Highway Research Institute in Bergisch-Gladbach provided evidence that acceleration sensors can be used to measure changes in the load-bearing capacity of the bound top layer as trucks roll over it. The data was used to generate an algorithm for predicting the condition of the road as a function of the load. After three years of development work, it was also possible to obtain building approval for **DAsphalt® Silo** on behalf of Deutsche Asphalt GmbH. DAsphalt® Silo is an optimised asphalt concrete for AC 8 D L asphalt-wearing courses that can be used to reinforce and seal manure, slurry and silage leachate systems.

EFKON GmbH – a subsidiary of STRABAG – is active in intelligent traffic telematics systems, especially with regard to electronic toll collection and enforcement, a business field that requires intensive research, development and innovation activities. The focus last year was on the further development of complex toll collection and enforcement systems that blend unobtrusively into the cityscape (example: Norway, environmental zones) or can be used efficiently on motorways and expressways (example: national tolling system in Belgium). Here EFKON is increasingly using high-performance machine vision components, developed in-house, that are capable of identifying and classifying vehicles across multiple lanes. Another focus was on the more extensive vehicle integration of toll communication equipment. Several renowned vehicle manufacturers in Asia use EFKON technology in their vehicles, integrating it directly during assembly in their manufacturing plants.

The STRABAG Group spent about € 17 million on research, development and innovation activities during the 2020 financial year (2019: about € 17 million).

The majority of the **development activity** is triggered by **construction projects** in all our business areas. Here challenges or specific questions regularly arise that require a technologically new process or an innovative solution on-site. In many cases, support is offered by the aforementioned central divisions. Some issues require medium-term research and development projects, often with partner organisations.

Website Corporate Governance Report

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

Disclosures under Sec 243a Para 1 UGB

one share – one vote

1. The share capital of STRABAG SE amounts to € 110,000,000 and consists of 110,000,000 fully paid-in, no-par value shares with a pro rata value of € 1 per share of the share capital. 109,999,997 shares are bearer shares and are traded in 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 5.

2. The Haselsteiner Group (Haselsteiner Familien-Privatstiftung, Dr. Hans Peter Haselsteiner), the Raiffeisen Group (RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN reg. Gen.m.b.H, BLR Baubeteiligungs GmbH, “GULBIS” Beteiligungs GmbH), the UNIQA Group (UNIQA Insurance Group AG, UNIQA Beteiligungs-Holding GmbH, UNIQA Österreich Versicherungen AG, UNIQA Erwerb von Beteiligungen Gesellschaft m.b.H.) and MKAO “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 MKAO “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 7,400,000 no-par shares (6.7 % of the share capital) effective 31 December 2020 as these shares are held by STRABAG SE as own shares as defined in Sec 65 Para 1 (8) of the Austrian Stock Corporation Act (AktG).

3. To the knowledge of STRABAG SE, the following shareholders held a direct or indirect interest of at least 10.0 % of the share capital of STRABAG SE on 31 December 2020:

   - Haselsteiner Group .... 26.4 %
   - Raiffeisen Group .... 13.2 %
   - UNIQA Group .... 14.3 %
   - MKAO “Rasperia Trading Limited” ..... 25.9 %

4. The company itself held 7,400,000 no-par shares on 31 December 2020, which corresponds to 6.7 % of the share capital. These shares are currently intended, among others, as acquisition currency. The remaining shares of STRABAG SE, amounting to about 13.5 % of the share capital, are in free float.

5. Three shares are – as mentioned under item 1 – registered shares entered in the shareholder register. Registered shares No.1 and No. 2 require the consent of the Supervisory Board for their full or partial sale and pledging. Registered shares No. 1 and No. 3 are held by the Haselsteiner Group and registered share No. 2 is held by MKAO “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.

6. No employee stock option programmes exist.

7. No further regulations exist beyond items 2 and 5 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.

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 36 of the Notes.

Outlook

STRABAG SE expects to achieve an output volume slightly above the previous year's level in the 2021 financial year. This forecast is supported by the high order backlog. In all three segments, North + West, South + East and International + Special Divisions, no significant changes to the high output level are expected from today's perspective.

Following the extraordinary earnings situation in the past financial year, the situation should return to normal in 2021 with an EBIT margin of below 4.0 %. Given this development, the medium-term target of 4.0 % starting from 2022 seems attainable. The planning for 2021 is based, among other things, on the expectation that the earnings contributions from the traditionally strong specialty business fields of real estate development and property and facility services will weaken somewhat, but that at the same time further progress can be made in project risk management in all of our core markets. Net investments (cash flow from investing activities) are unlikely to exceed € 450 million in 2021.

Events after the reporting period

The material events after the reporting period are described in item 39 of the Notes.

Villach, 8 April 2021

The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Staff Divisions and Central Divisions BMTI, TPA as well as CML Construction Services

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

Klemens Haselsteiner
Responsibility Central Divisions STRABAG Innovation & Digitalisation as well as Zentrale Technik, Responsibility Subdivision NN Russia

Dipl.-Ing. Dr. Peter Krammer
Responsibility Segment South + East
(except Subdivision NN Russia)

Dipl.-Ing. Siegfried Wanker
Responsibility Segment
International + Special Divisions

Dipl.-Ing. (FH) Alfred Watzl
Responsibility Segment North + West

CONTENT CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

Consolidated income statement

T€	Notes	2020	2019
Revenue	(1)	14,749,744	15,668,574
Changes in inventories		17,695	24,943
Own work capitalised		5,763	6,419
Other operating income	(2)	205,809	233,142
Construction materials, consumables and services used	(3)	-9,304,347	-10,111,854
Employee benefits expenses	(4)	-3,713,069	-3,745,149
Other operating expenses	(5)	-910,529	-1,024,017
Share of profit or loss of equity-accounted investments	(6)	66,214	-21,479
Net income from investments	(7)	57,173	82,716
EBITDA		**1,174,453**	**1,113,295**
Depreciation and amortisation expense	(8)	-543,801	-510,714
EBIT		**630,652**	**602,581**
Interest and similar income		27,890	30,973
Interest expense and similar charges		-48,492	-56,315
Net interest income	**(9)**	**-20,602**	**-25,342**
EBT		**610,050**	**577,239**
Income tax expense	(10)	-210,986	-198,684
Net income		**399,064**	**378,555**
attributable to: non-controlling interests		3,847	6,860
attributable to: equity holders of the parent company		395,217	371,695
Earnings per share (€)	**(11)**	**3.85**	**3.62**

Statement of total comprehensive income

T€	Notes	2020	2019
Net income		**399,064**	**378,555**
Differences arising from currency translation		-34,743	10,013
Recycling of differences arising from currency translation		576	47
Change in interest rate swaps		-12,170	-21,217
Recycling of interest rate swaps		11,862	13,697
Change in cost-of-hedging reserves		-209	278
Recycling of cost-of-hedging reserves		-215	0
Change in currency hedging instruments		3,726	-15,241
Recycling of currency hedging instruments		13,829	9,795
Deferred taxes on neutral change in equity	(10)	-2,028	6,264
Other income from equity-accounted investments		-10,032	-6,471
Total of items which are later recognised ("recycled") in the income statement		*-29,404*	*-2,835*
Change in actuarial gains or losses		-17,513	-47,506
Deferred taxes on neutral change in equity	(10)	5,530	13,704
Other income from equity-accounted investments		-23	-156
Total of items which are not later recognised ("recycled") in the income statement		*-12,006*	*-33,958*
Other income		**-41,410**	**-36,793**
Total comprehensive income		**357,654**	**341,762**
attributable to: non-controlling interests		3,963	6,863
attributable to: equity holders of the parent company		353,691	334,899

Consolidated balance sheet

T€	Notes	31.12.2020	31.12.2019
Goodwill	(12)	449,566	453,505
Rights from concession arrangements	(13)	511,890	530,357
Other intangible assets	(14)	33,061	37,347
Property, plant and equipment	(15)	2,571,007	2,632,486
Equity-accounted investments	(16)	418,993	454,532
Other investments	(17)	187,638	175,062
Receivables from concession arrangements	(19)	561,763	599,036
Other financial assets	(22)	234,066	229,910
Deferred taxes	(18)	185,364	137,617
Non-current assets		**5,153,348**	**5,249,852**
Inventories	(19)	1,069,909	983,546
Receivables from concession arrangements	(20)	42,427	39,323
Contract assets	(21)	1,071,329	1,354,897
Trade receivables	(22)	1,511,850	1,700,729
Non-financial assets		112,377	128,397
Income tax receivables		48,147	43,715
Other financial assets	(23)	268,100	289,538
Cash and cash equivalents	(24)	2,856,954	2,460,814
Current assets		**6,981,093**	**7,000,959**
Assets		**12,134,441**	**12,250,811**
Share capital		110,000	110,000
Capital reserves		2,315,384	2,315,384
Retained earnings and other reserves		1,660,762	1,396,820
Non-controlling interests		22,074	33,695
Total equity	**(25)**	**4,108,220**	**3,855,899**
Provisions	(26)	1,224,244	1,136,915
Financial liabilities[1]	(27)	992,111	1,066,698
Other financial liabilities	(29)	105,203	92,218
Deferred taxes	(18)	61,291	48,696
Non-current liabilities		**2,382,849**	**2,344,527**
Provisions	(25)	1,008,376	893,306
Financial liabilities[2]	(26)	163,896	355,509
Contract liabilities	(21)	1,023,809	957,247
Trade payables	(28)	2,462,827	2,826,640
Non-financial liabilities		477,048	498,350
Income tax liabilities		218,481	134,971
Other financial liabilities	(29)	288,935	384,362
Current liabilities		**5,643,372**	**6,050,385**
Equity and liabilities		**12,134,441**	**12,250,811**

1 Thereof T€ 526.792 concerning non-recourse liabilities from concession arrangements (2019: T€ 597,187)
2 Thereof T€ 70.405 concerning non-recourse liabilities from concession arrangements (2019: T€ 68,339)

Consolidated cash flow statement

T€	Notes	2020	2019
Net income		399,064	378,555
Deferred taxes		-42,437	32,903
Non-cash effective results from consolidation		-2,132	-18,984
Non-cash effective results from equity-accounted investments		3,834	-16,425
Other non-cash effective results		-5,903	-14,444
Depreciations/reversal of impairment losses		544,640	515,825
Change in non-current provisions		87,296	24,171
Gains/losses on disposal of non-current assets		-54,027	-50,554
Cash flow from earnings		**930,335**	**851,047**
Change in inventories		-102,573	-24,188
Change in receivables from concession arrangements, contract assets and trade receivables		484,641	-85,763
Change in non-financial assets		13,754	-1,730
Change in income tax receivables		-5,113	-3,796
Change in other financial assets		6,540	14,945
Change in current provisions		127,863	108,228
Change in contract liabilities and trade payables		-226,277	197,227
Change in non-financial liabilities		-17,016	-18,519
Change in income tax liabilities		85,564	60,633
Change in other financial liabilities		-18,058	-22,149
Cash flow from operating activities		**1,279,660**	**1,075,935**
Purchase of financial assets		-40,338	-31,379
Purchase of property, plant, equipment and intangible assets		-450,955	-647,440
Inflows from asset disposals		131,212	105,476
Change in other financing receivables		16,255	-11,233
Change in scope of consolidation		-5,772	-8,721
Cash flow from investing activities		**-349,598**	**-593,297**
Issue of bank borrowings		1,273	16,650
Repayment of bank borrowings		-71,417	-135,248
Repayment of bonded loan		0	-18,500
Repayment of bonds		-200,000	-100,000
Change in lease liabilities		-63,689	-56,424
Change in other financing liabilities		-57,443	-4,493
Change in non-controlling interests due to acquisition		1,200	-3,586
Distribution of dividends		-105,813	-110,014
Cash flow from financing activities		**-495,889**	**-411,615**
Net change in cash and cash equivalents		**434,173**	**71,023**
Cash and cash equivalents at the beginning of the period		2,459,969	2,384,343
Change in cash and cash equivalents due to currency translation		-38,033	3,963
Change in restricted cash and cash equivalents		695	640
Cash and cash equivalents at the end of the period	**(33)**	**2,856,804**	**2,459,969**

Statement of changes in equity

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves[1]	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2019	**110,000**	**2,315,384**	**1,326,795**	**-76,076**	**-55,418**	**3,620,685**	**33,088**	**3,653,773**
Net income	–	–	371,695	–	–	371,695	6,860	378,555
Differences arising from currency translation	–	–	–	–	10,035	10,035	25	10,060
Change in currency hedging instruments	–	–	–	-5,168	–	-5,168	0	-5,168
Change in equity-accounted investments	–	–	-156	-4,349	-2,122	-6,627	0	-6,627
Change in actuarial gains and losses	–	–	-47,477	–	–	-47,477	-29	-47,506
Change in interest rate swap	–	–	–	-7,520	–	-7,520	0	-7,520
Deferred taxes on neutral change in equity	–	–	13,697	6,264	–	19,961	7	19,968
Total comprehensive income	**–**	**–**	**337,759**	**-10,773**	**7,913**	**334,899**	**6,863**	**341,762**
Transactions concerning non-controlling interests	–	–	0	0	0	0	-3,085	-3,085
Distribution of dividends[2]	–	–	-133,380	–	–	-133,380	-3,171	-136,551
Balance as at 31.12.2019	**110,000**	**2,315,384**	**1,531,174**	**-86,849**	**-47,505**	**3,822,204**	**33,695**	**3,855,899**

T€	Share capital	Capital reserves	Retained earnings	Hedging reserves[1]	Foreign currency reserves	Group equity	Non-controlling interests	Total equity
Balance as at 1.1.2020	**110,000**	**2,315,384**	**1,531,174**	**-86,849**	**-47,505**	**3,822,204**	**33,695**	**3,855,899**
Net income	–	–	395,217	–	–	395,217	3,847	399,064
Differences arising from currency translation	–	–	–	–	-34,266	-34,266	99	-34,167
Change in currency hedging instruments	–	–	–	17,131	–	17,131	0	17,131
Change in equity-accounted investments	–	–	-23	-2,593	-7,439	-10,055	0	-10,055
Change in actuarial gains and losses	–	–	-17,494	–	–	-17,494	-19	-17,513
Change in interest rate swap	–	–	–	-308	–	-308	0	-308
Deferred taxes on neutral change in equity	–	–	5,494	-2,028	–	3,466	36	3,502
Total comprehensive income	**–**	**–**	**383,194**	**12,202**	**-41,705**	**353,691**	**3,963**	**357,654**
Transactions concerning non-controlling interests	–	–	2,590	0	1	2,591	-2,111	480
Distribution of dividends[3]	–	–	-92,340	–	–	-92,340	-13,473	-105,813
Balance as at 31.12.2020	**110,000**	**2,315,384**	**1,824,618**	**-74,647**	**-89,209**	**4,086,146**	**22,074**	**4,108,220**

1 The hedging reserve includes also the cost of hedging, see item 34 Cash flow hedges.
2 The total dividend payment of T€ 133,380 corresponds to a dividend per share of € 1.30 based on 102,600,000 shares.
3 The total dividend payment of T€ 92,340 corresponds to a dividend per share of € 0.90 based on 102,600,000 shares.

Consolidated statement of fixed assets as at 31 December 2020

T€	Acquisition and production costs							
	Balance as at 1.1.2020	Additions in scope of consolida-tion	Disposals in scope of consolida-tion	Currency translation	Additions	Transfers	Disposals	Balance as at 31.12.2020
I. Intangible assets								
1. Concessions, software, licences, rights	141,627	5,752	5	-1,607	2,722	132	5,187	143,434
2. Goodwill	689,185	7,330	800	-7,256	0	0	0	688,459
3. Advances paid	149	0	0	0	39	-132	40	16
Total	**830,961**	**13,082**	**805**	**-8,863**	**2,761**	**0**	**5,227**	**831,909**
II. Rights from concession arrangements	**551,793**	**0**	**0**	**0**	**0**	**0**	**0**	**551,793**
III. Tangible assets								
1. Properties and buildings	1,564,127	500	19,563	-17,933	23,769	23,329	31,029	1,543,200
2. Right-of-use assets	381,781	0	0	-4,276	93,170	0	42,646	428,029
3. Technical equipment and machinery	2,958,911	3,047	23,857	-51,866	216,183	77,360	195,015	2,984,763
4. Other facilities, furniture and fixtures and office equipment	1,275,820	1,258	1,255	-15,432	164,410	-6,100	105,371	1,313,330
5. Advances paid and facilities under construction	119,615	0	0	-3,619	43,610	-94,589	54	64,963
6. Investment property	145,800	0	0	-47	222	0	4,087	141,888
Total	**6,446,054**	**4,805**	**44,675**	**-93,173**	**541,364**	**0**	**378,202**	**6,476,173**

T€	Accumulated depreciation									
	Balance as at 1.1.2020	Additions in scope of consolida-tion	Disposals in scope of consolida-tion	Currency translation	Additions[1]	Transfers	Disposals	Balance as at 31.12.2020	Carrying amount as at 31.12.2020	Carrying amount as at 31.12.2019
I.										
1.	104,429	4,767	5	-1,662	7,651	0	4,791	110,389	33,045	37,198
2.	235,680	0	800	-503	4,516	0	0	238,893	449,566	453,505
3.	0	0	0	0	0	0	0	0	16	149
	340,109	**4,767**	**805**	**-2,165**	**12,167**	**0**	**4,791**	**349,282**	**482,627**	**490,852**
II.	**21,436**	**0**	**0**	**0**	**18,467**	**0**	**0**	**39,902**	**511,890**	**530,357**
III.										
1.	696,481	0	18,585	-6,634	38,977	-433	20,931	688,875	854,325	867,646
2.	55,434	0	0	-751	65,416	0	20,955	99,144	328,885	326,347
3.	2,147,172	2,403	23,374	-34,408	258,167	7,068	191,119	2,165,909	818,854	811,739
4.	773,982	433	1,107	-9,392	150,251	-6,635	95,572	811,960	501,370	501,838
5.	0	0	0	0	0	0	0	0	64,963	119,615
6.	140,499	0	0	0	356	0	1,577	139,278	2,610	5,301
	3,813,568	**2,836**	**43,066**	**-51,185**	**513,167**	**0**	**330,154**	**3,905,166**	**2,571,007**	**2,632,486**

1 Of this amount, impairments of T€ 5,929, reversal of impairment losses T€ 0

Consolidated statement of fixed assets as at 31 December 2019

	Acquisition and production costs							
T€	Balance as at 1.1.2019	Additions in scope of consolida-tion	Disposals in scope of consolida-tion	Currency translation	Additions	Transfers	Disposals	Balance as at 31.12.2019
I. Intangible assets								
1. Concessions, software, licences, rights	136,929	1,810	831	-29	6,036	230	2,518	141,627
2. Goodwill	686,181	3,409	2,000	1,595	0	0	0	689,185
3. Advances paid	270	0	0	0	109	-230	0	149
Total	**823,380**	**5,219**	**2,831**	**1,566**	**6,145**	**0**	**2,518**	**830,961**
II. Rights from concession arrangements	**551,793**	**0**	**0**	**0**	**0**	**0**	**0**	**551,793**
III. Tangible assets								
1. Properties and buildings	1,553,326	401	2,642	2,677	37,131	25,309	52,075	1,564,127
2. Right-of-use assets	358,905	0	0	70	41,802	0	18,996	381,781
3. Technical equipment and machinery	2,797,411	2,486	3,525	-3,649	329,951	16,324	180,087	2,958,911
4. Other facilities, furniture and fixtures and office equipment	1,193,984	1,824	1,930	1,395	215,108	-327	134,234	1,275,820
5. Advances paid and facilities under construction	117,869	0	0	-147	59,028	-41,306	15,829	119,615
6. Investment property	146,874	0	0	18	79	0	1,171	145,800
Total	**6,168,369**	**4,711**	**8,097**	**364**	**683,099**	**0**	**402,392**	**6,446,054**

	Accumulated depreciation									
T€	Balance as at 1.1.2019	Additions in scope of consolida-tion	Disposals in scope of consolida-tion	Currency translation	Additions[1]	Transfers	Disposals	Balance as at 31.12.2019	Carrying amount as at 31.12.2019	Carrying amount as at 31.12.2018
I.										
1.	96,316	1,152	716	-183	8,712	0	852	104,429	37,198	40,613
2.	233,657	0	0	-1	2,024	0	0	235,680	453,505	452,524
3.	0	0	0	0	0	0	0	0	149	270
	329,973	**1,152**	**716**	**-184**	**10,736**	**0**	**852**	**340,109**	**490,852**	**493,407**
II.	**4,556**	**0**	**0**	**0**	**16,880**	**0**	**0**	**21,436**	**530,357**	**547,237**
III.										
1.	678,794	110	76	1,598	51,398	-591	34,752	696,481	867,646	874,532
2.	0	0	0	-1	58,607	0	3,172	55,434	326,347	0
3.	2,094,143	2,107	73	-2,264	230,765	-103	177,403	2,147,172	811,739	703,268
4.	751,078	1,341	823	1,060	142,131	694	121,499	773,982	501,838	442,906
5.	0	0	0	0	0	0	0	0	119,615	117,869
6.	141,434	0	0	0	197	0	1,132	140,499	5,301	5,440
	3,665,449	**3,558**	**972**	**393**	**483,098**	**0**	**337,958**	**3,813,568**	**2,632,486**	**2,144,015**

1 Of this amount, impairments of T€ 20,164, reversal of impairment losses T€ 7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basic principles

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

The consolidated financial statements of STRABAG SE, at the reporting date 31 December 2020, were drawn up under application of Section 245a Paragraph 2 of the Austrian Commercial 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 Commercial Code (UGB) were fulfilled as well.

In addition to a statement of total comprehensive income and the consolidated balance sheet, the financial statements include a cash flow statement in accordance with IAS 7, and a statement of changes in equity (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 2020 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 thus became mandatory on 1 January 2020.

	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 IFRS framework	1.1.2020	1.1.2020
Amendments to IAS 1 and IAS 8	1.1.2020	1.1.2020
Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform, Phase I	1.1.2020	1.1.2020
Amendments to IFRS 3 Business Combinations	1.1.2020	1.1.2020

Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform

The amendments introduce exceptions to certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as well as specific hedge accounting requirements.

In accordance with the relief provisions, there was no adjustment to the previous year and no premature adjustment of the hedging relationships was necessary.

Leases, financing arrangements and interest rate hedges concluded by the STRABAG SE Group mainly use the EURIBOR as the interest rate benchmark. EURIBOR rates have been calculated in accordance with the specifications of the EU Benchmark Regulation since 2019. The STRABAG Group therefore assumes that EURIBOR will continue to be used as the interest rate benchmark in the future.

In the international project business, certain contracts relating to lending, financing and interest rate hedging use the LIBOR or another international interest rate benchmark. If these contracts do not already contain fallback clauses, a new interest rate benchmark will be agreed with the respective contracting parties. No material economic impact is expected from the contract modifications.

The first-time adoption of the other above-stated IFRS standards had only a minor impact on the consolidated financial statements as at 31 December 2020, as the changes were only applicable in individual cases.

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 2020 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
Amendments to IFRS 16 Leases – Covid-19-Related Rent Concessions	1.6.2020	1.6.2020	minor
Amendments to IFRS 4 – Deferral of IFRS 9	1.1.2021	1.1.2021	no
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase II	1.1.2021	1.1.2021	minor
Annual Improvements to IFRS 2018–2020	1.1.2022	n. a.[1]	minor
Amendments to IFRS 3 – References to Conceptual Framework	1.1.2022	n. a.	no
Amendments to IAS 16 – Proceeds before Intended Use	1.1.2022	n. a.	minor
Amendments to IAS 37 – Onerous Contracts: Cost to Fulfilling a Contract	1.1.2022	n. a.	no
IFRS 17 Insurance Contracts	1.1.2023	n. a.	no
Amendments to IAS 1 – Presentation of Financial Statements	1.1.2023	n. a.	minor
Amendments to IAS 8 – Definition of Accounting Estimates	1.1.2023	n. a.	is being analysed
Amendments to IFRS 16 Leases – Covid-19-Related Rent Concessions	1.4.2021	n. a.	minor

Provisions for pending losses from construction contracts are recognised according to IAS 37.

The amendment to IAS 37 stipulates that, for the purpose of assessing whether a contract is onerous, all costs that relate directly to a contract must be included in estimating the cost of fulfilling that contract. The clarification of “costs to fulfil a contract” will result in no need for the company to adjust the method for assessing provisions.

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

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

DISCLOSURE PURSUANT TO SEC 5 PARA 2 OF FINANCIAL REPORTING ENFORCEMENT ACT

The consolidated financial statements of STRABAG SE as at 31 December 2018 as well as the half-year accounts as at 30 June 2018 and 30 June 2019 contain the following errors:

STRABAG SE understands the term claims to include agreed contract modifications (variation orders) as well as disputed claims for additional costs due to changes in the scope of work or due to disruption. A vague definition of claims is provided in the notes to the consolidated financial statements on page 215 of the 2018 Annual Report. While the costs incurred from claims and variation orders are recognised in profit or loss immediately when they are incurred, revenue from claims and variation orders, as explained in the notes to the consolidated financial statements, is generally recognised only after receipt of written approval by the client or, in the event that payment is received before the written approval, with the payment of the claims and variation orders itself. As a result, the revenue from contracts that are not executed under a joint agreement is almost exclusively recognised only when the claims for additional costs incurred have been approved by the client.

Claims and variation orders that are to be treated analogously to the illustrative example of IFRS 15 IE42f "Example 9 – Unapproved change in scope and price" are accordingly accounted for by the company as contract modifications under IFRS 15.18-21. IFRS 15.19 clarifies that a contract modification may exist even if the parties to the contract disagree on the scope and/or price of the modification or if they have agreed to a modification of the contract's scope but have not yet determined the corresponding price modification. As a result, the change in the transaction price must be estimated in accordance with IFRS 15.50-54 (estimating variable consideration) and IFRS 15.56-58 (constraining estimates of variable consideration), and revenue recognition only when the claim for additional costs is approved is not acceptable.

The estimate must be based on the relevant facts and circumstances, including the terms of the contract and other evidence (e.g. experience), and requires appropriate documentation within the company.

STRABAG SE was unable to distinguish the claims and variation orders reported by the relevant construction managers according to the type of claim or variation order (changes to vs. disruption of the work to be performed), nor was it able to provide suitable documentation for assessing the "high probability criterion" as defined within IFRS 15.56. As a result, STRABAG SE was unable to provide documentation showing for which claims and variation orders revenue was not recognised in the financial year and which claims and variation orders from previous periods actually led to revenue in the current financial year. Claims from different legal titles were thus combined in a single category "Claims" in an undifferentiated manner, and an estimate was made which could not be supported by experience or other documentation. Accordingly, IFRS 15.18f and IFRS 15.47ff in connection with IFRS 15.56 were applied incorrectly.

Furthermore, the information on the accounting policies for claims and variation orders in the notes is incomplete. This applies in general to the definition of claims (and variation orders) but also to the required disclosures on sources of estimation uncertainty in accordance with IAS 1.125 and disclosures of revenue recognised in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods (for example, changes in transaction price) in accordance with IFRS 15.116(c).

Claims and variation orders assume considerable proportions in the company's business, as even a medium-sized construction project often involves up to 100 claims and variation orders. Irrespective of the specific monetary impact on revenue and on earnings before taxes in the consolidated financial statements of STRABAG SE as at 31 December 2018 and in half-year accounts as at 30 June 2018 and 30 June 2019, a material accounting error therefore exists.

See STRABAG SE's website under the menu item Investor Relations > Reports > Annual Reports > 2018.

Due to the complexity of construction contracts, estimating the variable consideration is always possible only for specific individual cases. Details as to the individual claims and variation orders, counterclaims by the client, and legal and technical expert reports can be found in the individual construction files. The estimation of the variable consideration for the consolidated financial statements as at 31 December 2018 and 31 December 2019 was evaluated using random sampling and analysis. This evaluation did not reveal any material need for changes to the consolidated financial statements as at 31 December 2019 and 31 December 2018.

The missing and/or incomplete information on claims and variation orders was added to the notes to the consolidated financial statements as at 31 December 2020.

Consolidation

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

SUBSIDIARIES

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

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

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

A subsidiary is included in the consolidated financial statements from the date on which the parent company 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 2020 financial year, T€ 7,330 (2019: T€ 3,409) in goodwill arising from capital consolidation were recognised as assets. Impairments in the amount of T€ 4,516 (2019: T€ 2,024) were made.

Immaterial subsidiaries are not consolidated; these are reported at amortised cost and recognised in the item other investments.

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. Associates, joint arrangements or financial assets are initially recognised at this fair value. All previous amounts recognised to date in other income are accounted for as if the assets and liabilities of the affected entities had been sold directly.

STRUCTURED ENTITIES

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

ASSOCIATES

Entities in which the group exercises significant influence constitute associates. This is generally the case with a holding of between 20 % and 50 % of the voting rights. Investments in associates are accounted for using the equity method and recognised in the item equity-accounted investments: 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, as in the previous year, the initial equity measurement of newly acquired entities did not result in any goodwill, which is reported under equity-accounted investments.

Associates which are immaterial and therefore not recognised using the equity method, are recognised at amortised cost and accounted for in the item other investments.

JOINT ARRANGEMENTS

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

Joint ventures which are immaterial and therefore not recognised using the equity method, are recognised at amortised cost and accounted for in the item other investments.

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

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

INVESTMENTS

In accordance with IFRS 9, investments which do not constitute subsidiaries, joint ventures or associates are recognised at fair value through profit or loss and are stated under other investments.

CONSOLIDATION PROCEDURES

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

Expenses and revenues from intra-group transactions are eliminated. Results incurred from intra-group transactions that are recognised in the non-current and current assets are eliminated if they are material. Non-controlling interests are taken into consideration during the elimination of intra-group profits or losses.

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 2020 include STRABAG SE as well as all major domestic and foreign subsidiaries over which STRABAG SE either directly or indirectly has control. Associates and joint ventures are reported in the balance sheet using the equity method (equity-accounted investments).

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

Subsidiaries and equity-accounted investments included in the 2020 consolidated financial statements are given in the list of investments.

The financial year for all consolidated and associated companies, with the exception of the following companies that are included in the scope of consolidation on the basis of an interim report effective 31 December 2020, is identical with the calendar year.

Companies	Reporting date	Method of inclusion
EFKON INDIA Pvt. Ltd., Mumbai	31.3.	consolidation
Thüringer Straßenwartungs- und Instandhaltungsgesellschaft mbH & Co. KG, Apfelstädt	30.9.	equity-accounted investment

The number of consolidated companies changed in the 2019 and 2020 financial years as follows:

	Consolidation	Equity method
Situation as at 31.12.2018	**290**	**24**
First-time inclusions in year under report	4	4
First-time inclusions in year under report due to merger/accretion	11	0
Merger/accretion in year under report	-17	0
Exclusions in year under report	-3	-1
Situation as at 31.12.2019	**285**	**27**
First-time inclusions in year under report	14	2
First-time inclusions in year under report due to merger/accretion	3	0
Merger/accretion in year under report	-8	-1
Exclusions in year under report	-14	-4
Situation as at 31.12.2020	**280**	**24**

ADDITIONS TO SCOPE OF CONSOLIDATION

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

Consolidation	**Direct stake %**	**Date of acquisition or foundation**
Eraproject Immobilien-, Projektentwicklung und Beteiligungsverwaltung GmbH, Berlin	100.00	1.1.2020[1]
HUMMEL Komplementär GmbH, Frickenhausen	100.00	1.1.2020
HUMMEL Systemhaus GmbH & Co. KG, Frickenhausen	100.00	2.1.2020
ITC Engineering AG & Co. KG, Stuttgart	100.00	1.1.2020[1]
Metallica Stahl- und Fassadentechnik GmbH, Vienna	100.00	1.1.2020[1]
Nordbahnhof Projekt EPW8 GmbH & Co KG, Vienna	100.00	20.8.2020
Nordbahnhof Projekt Taborstraße 123 GmbH & Co KG, Vienna	100.00	20.8.2020
Nordbahnhof Projekt EPW8 Komplementär GmbH, Vienna	100.00	15.7.2020
Nordbahnhof Projekt Taborstraße 123 Komplementär GmbH, Vienna	100.00	15.7.2020
RM Asphalt GmbH & Co. KG, Sprendlingen	80.00	31.1.2020
STR Mély- és Magasépítö Kft., Budapest	100.00	1.1.2020[1]
STRABAG Aszfalt Kft., Budapest	100.00	1.1.2020[1]
STRABAG Dubai LLC, Dubai	100.00	1.1.2020[1]
ZÜBLIN Haustechnik Mainz GmbH, Mainz	100.00	1.1.2020[1]
Merger/Accretion		
GFR remex Baustoffaufbereitung GmbH & Co. KG, Krefeld	100.00	1.7.2020[2]
Reutlinger Asphaltmischwerk Verwaltungs GmbH, Reutlingen	100.00	19.11.2020[2]
STRABAG Dredging GmbH, Hamburg	100.00	13.11.2020[2]
at-equity		
A 49 Autobahngesellschaft mbH & Co. KG, Bad Hersfeld	50.00	1.1.2020
SRE-ECE-JV Generalübernehmer GmbH & Co. KG, Oststeinbek (formerly: IQ Generalübernehmer GmbH & Co. KG, Oststeinbek)	50.00	25.11.2020

ACQUISITIONS

Per purchase agreement dated 30 January 2020, ZÜBLIN Systemhaus GmbH & Co. KG of Stuttgart, founded in 2020, acquired the business operations of HUMMEL Systemhaus GmbH & Co. KG based in Frickenhausen by way of an asset deal.

The seller is a medium-sized company active in the fields of electrical engineering, IT and communications (ITC) and energy systems. Apart from a greater level of independence from subcontractors, the acquisition is also intended to enable the company to enter high-growth future markets.

1 Due to its increased business volumes, the company was included in the scope of consolidation of the group for the first time effective 1 January. The foundation/acquisition of the company occurred before 1 January 2020.
2 The companies listed under Merger/Accretion were merged with/accrued on already consolidated companies and as such are at once represented as additions to and removals from the scope of consolidation.

Approval by the antitrust authorities was granted on 17 March 2020. The purchase price amounted to T€ 6,000. The difference between the purchase price and the assets and liabilities measured at fair value in the amount of T€ 5,522 was recognised as goodwill. Subsequently, ZÜBLIN Systemhaus GmbH & Co. KG was renamed to HUMMEL Systemhaus GmbH & Co. KG, and its registered office relocated to Frickenhausen.

T€	**Initial consolidation**
Acquired assets and liabilities	
Goodwill	5,522
Other non-current assets	272
Current assets	5,482
Current liabilities	-5,276
Trade-off (purchase price)	**6,000**
Acquired cash and cash equivalents	-1,292
Net cash outflow from acquisition	**4,708**

Further smaller asset deals in the North + West segment resulted in goodwill of T€ 1,808.

Companies included for the first time were consolidated at the date of acquisition or a near reporting date, provided this had no significant difference to an inclusion at the date of acquisition.

From the first-time consolidation of the other companies in the 2020 financial year, the amount of T€ 2,251 (2019: T€ 264) was recognised as other income in the income statement.

Assuming a fictitious first-time consolidation on 1 January 2020 for all new acquisitions, consolidated revenue and net income would only insignificantly change in the fiscal year.

All companies which were consolidated for the first time in 2020 contributed T€ 112,850 (2019: T€ 30,701) to revenue and and with a loss of T€ 14,639 (2019: T€ 1,226) to net income after minorities.

In the year under review, the initial equity measurement of newly acquired entities resulted in net goodwill in the amount of T€ 0 (2019: T€ 20,209), which is reported under equity-accounted investments.

DISPOSALS FROM THE SCOPE OF CONSOLIDATION

As at 31 December 2020, the following companies were no longer included in the scope of consolidation:

Disposals from scope of consolidation	
BBS Baustoffbetriebe Sachsen GmbH, Hartmannsdorf	Fell below significant level
BLUMENFELD Liegenschaftsverwaltungs GmbH, Vienna	Fell below significant level
DRP, d.o.o., Ljubljana	Fell below significant level
EVOLUTION GAMMA Sp. z o.o., Warsaw	Fell below significant level
IQ Generalübernehmer GmbH & Co. KG, Oststeinbek	Partial sale
OAT Kft., Budapest	Fell below significant level
RE Projekt Errichtungs GmbH, Vienna	Liquidation
SRE Erste Vermögensverwaltung GmbH, Cologne	Fell below significant level
SRE Projekt 1 GmbH & Co. KG, Cologne	Sale
STRABAG Rail AB, Kumla	Fell below significant level
TPA SOCIETATE PENTRU ASIGURAREA CALITATII SI INOVATII SRL, Bucharest	Liquidation
Viedenska brana s.r.o., Bratislava	Fell below significant level
VIOLA PARK Immobilienprojekt GmbH, Vienna	Fell below significant level
Z-Bau GmbH, Magdeburg	Fell below significant level

Merger/Accretion[1]	
ARGE STRABAG, Cologne	Accretion
E S B Kirchhoff GmbH, Leinfelden-Echterdingen	Merger
GFR remex Baustoffaufbereitung GmbH & Co. KG, Krefeld	Accretion
Reutlinger Asphaltmischwerk Verwaltungs GmbH, Reutlingen	Merger
STRABAG Dredging GmbH, Hamburg	Merger
STRABAG Facility Services GmbH, Nuremberg	Merger
ZÜBLIN Bau GmbH, Munich	Merger
Züblin Sp. z o.o., Pruszkow	Merger

at-equity	
AMH Asphaltmischwerk Hauneck GmbH & Co. KG, Hauneck	Fell below significant level
Kieswerk Rheinbach GmbH & Co Kommanditgesellschaft, Rheinbach	Fell below significant level
Messe City Köln Generalübernehmer GmbH & Co. KG, Oststeinbek	Merger
Steinbruch Spittergrund GmbH, Erfurt	Fell below significant level
Strabag Qatar W.L.L., Doha	Fell below significant level

The disposals of assets and liabilities from deconsolidation are composed as follows:

T€	**Disposals from scope of consolidation**
Disposals of assets and liabilities	
Other non-current assets	3,475
Current assets	12,186
Non-current liabilities	-2,072
Current liabilities	-11,571
Resulting loss from deconsolidation	-164
Consideration	**1,854**
Non-cash effective purchase price component	-1,854
Disposals of cash and cash equivalents	785
Net cash outflow from deconsolidation	**785**

There were no significant restrictions on the use of assets or risks related to structured entities at the end of the reporting period.

NON-CONTROLLING INTERESTS

As of 31 December 2020, the amount of the non-controlling interests stood at T€ 22,074 (2019: T€ 33,695) in the STRABAG SE Group and is thus immaterial. The non-controlling interests comprise numerous subsidiaries and mainly affect the project development companies.

Besides the above-mentioned investments, the ownership interests in other subsidiaries in the financial year changed only insignificantly or had insignificant impact. The changes are represented in the list of investments.

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 the following companies, whose functional currency is the euro:

- AKA Alföld Koncesszios Autopalya Zrt., Budapest
- AMFI HOLDING Kft., Budapest
- BHK KRAKÓW JOINT VENTURE Sp. z o.o., Warsaw
- EVOLUTION TWO Sp. z o.o., Warsaw

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

- EXP HOLDING Kft., Budapest
- OOO “RANITA”, Moscow

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.

Monetary items in form of receivables or payables which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, a part of an entity´s net investment in a foreign operation. Currency translation differences arising on such monetary items are initially recognised in other comprehensive income and reclassified from equity to profit and loss on disposal of the net investment.

The most important currencies, including their average exchange rates, are listed under item (34) Financial instruments. Currency translation differences of T€ -34,167 (2019: T€ 10,060) were recognised directly in equity in the financial year. Forward exchange operations (hedging), excluding deferred taxes, in the amount of T€ 17,131 (2019: T€ -5,168) were recognised directly in equity.

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

Consolidated companies and equity-accounted associates and joint ventures

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

Austria		Nominal capital T€/TATS	Direct stake %
"A-WAY Infrastrukturprojektentwicklungs- und -betriebs GmbH", Spittal an der Drau		35	100.00
"SBS Strabag Bau Holding Service GmbH", Spittal an der Drau		35	100.00
"Wiener Heim" Wohnbaugesellschaft m.b.H., Vienna		741	100.00
ABR Abfall Behandlung und Recycling GmbH, Schwadorf		37	100.00
Asphalt & Beton GmbH, Spittal an der Drau		36	100.00
AUSTRIA ASPHALT GmbH & Co OG, Spittal an der Drau	TATS	500	100.00
Bau Holding Beteiligungs GmbH, Spittal an der Drau		48,000	100.00
BEWO - Projekt Q4a Reininghausstraße GmbH & Co KG, Graz		0	60.00
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
Böhm Stadtbaumeister & Gebäudetechnik GmbH, Vienna		36	100.00
BrennerRast GmbH, Vienna		35	100.00
Bug-AluTechnic GmbH, Vienna		5,000	100.00
Campus Eggenberg Immobilienprojekt GmbH, Graz		36	60.00
DC1 Immo GmbH, Vienna		35	100.00
Diabaswerk Saalfelden Gesellschaft m.b.H., Saalfelden		363	100.00
Eckstein Holding GmbH, Spittal an der Drau		73	100.00
EFKON GmbH, Raaba		28,350	100.00
Erdberger Mais GmbH & Co KG, Vienna		1	100.00
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	100.00
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
Krems Sunside Living Projektentwicklung GmbH, Vienna		35	100.00
M5 Beteiligungs GmbH, Vienna		70	100.00
M5 Holding GmbH, Vienna		35	100.00
Metallica Stahl- und Fassadentechnik GmbH, Vienna		35	100.00
Mineral Abbau GmbH, Spittal an der Drau		36	100.00
Mischek Bauträger Service GmbH, Vienna		36	100.00
Mischek Systembau GmbH, Vienna		1,000	100.00
Mobil Baustoffe GmbH, Spittal an der Drau		50	100.00
Nordbahnhof Projekt EPW8 GmbH & Co KG, Vienna		1	100.00
Nordbahnhof Projekt EPW8 Komplementär GmbH, Vienna		35	100.00
Nordbahnhof Projekt Taborstraße 123 GmbH & Co KG, Vienna		1	100.00
Nordbahnhof Projekt Taborstraße 123 Komplementär GmbH, Vienna		35	100.00
Nottendorfer Gasse 13 Kom GmbH, Vienna		35	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
Q4a Immobilien GmbH, Graz		35	60.00
Raststation A 3 GmbH, Vienna		35	100.00
RBS Rohrbau-Schweißtechnik Gesellschaft m.b.H., Linz		291	100.00
RE Beteiligungsholding GmbH, Vienna		35	100.00
RE Klitschgasse Errichtungs GmbH, Vienna		35	67.00
RE Wohnraum GmbH, Vienna		35	100.00
RE Wohnungseigentumserrichtungs GmbH, Vienna		35	100.00
Sakela Beteiligungsverwaltungs GmbH, Vienna		35	100.00
SF Bau vier GmbH, Vienna		35	100.00
SILO DREI Beteiligungsverwaltungs GmbH & Co KG, Vienna		50	100.00
SILO DREI next LBG 57 Liegenschaftsverwertung GmbH & Co KG, Vienna		200	51.00
SILO II LBG 57 - 59 Liegenschaftsverwertung GmbH & Co KG, Vienna		200	51.00
SILO ZWEI Beteiligungsverwaltungs GmbH & Co KG, Vienna		50	100.00
SQUARE One GmbH & Co KG, Vienna		1	100.00
STRABAG AG, Spittal an der Drau		12,000	100.00

STRABAG Bau GmbH, Vienna		1,800	100.00
STRABAG BMTI GmbH, Vienna		1,454	100.00
STRABAG BRVZ GmbH, Spittal an der Drau		37	100.00
STRABAG Holding GmbH, Vienna		35	100.00
STRABAG Infrastructure & Safety Solutions GmbH, Vienna		727	100.00
Strabag Liegenschaftsverwaltung GmbH, Linz		4,500	100.00
STRABAG Property and Facility Services GmbH, Vienna		1,500	100.00
STRABAG Real Estate GmbH, Vienna		44	100.00
STRABAG SE, Villach		110,000	100.00
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Vienna		440	100.00
TPA Gesellschaft für Qualitätssicherung und Innovation GmbH, Vienna		37	100.00
Wohnquartier Reininghausstraße GmbH, Graz		35	60.00
Züblin Holding GesmbH, Vienna		55	100.00
Züblin Spezialtiefbau Ges.m.b.H., Vienna		1,500	100.00

Germany		**Nominal capital T€/TDEM**	**Direct stake %**
Alpines Hartschotterwerk GmbH, Leinfelden-Echterdingen		25	100.00[1]
Baumann & Burmeister GmbH, Halle/Saale		51	100.00[1]
BHG Bitumenhandelsgesellschaft mbH, Hamburg		26	100.00[1]
BITUNOVA GmbH, Duesseldorf		256	100.00[1]
Blees-Kölling-Bau GmbH, Cologne	TDEM	2,500	100.00[1]
Blutenburg Projekt GmbH, Cologne		25	100.00[1]
CML Construction Services GmbH, Cologne		25	100.00
Deutsche Asphalt GmbH, Cologne		28	100.00[1]
DIW Aircraft Services GmbH, Stuttgart		25	100.00[1]
DIW Instandhaltung GmbH, Stuttgart		25	100.00[1]
DIW Mechanical Engineering GmbH, Stuttgart		25	100.00[1]
DIW System Dienstleistungen GmbH, Fürstenfeldbruck		25	100.00[1]
DYWIDAG International GmbH, Cologne		5,000	100.00[1]
DYWIDAG-Holding GmbH, Cologne		600	100.00[1]
Ed. Züblin AG, Stuttgart		20,452	100.00[1]
Eraproject Immobilien-, Projektentwicklung und Beteiligungsverwaltung GmbH, Berlin	TDEM	100	100.00[1]
F 101 Projekt GmbH & Co. KG, Cologne		10	100.00
F. Kirchhoff GmbH, Leinfelden-Echterdingen		23,319	100.00[1]
F.K. SYSTEMBAU GmbH, Münsingen		2,000	100.00[1]
Fahrleitungsbau GmbH, Essen		1,550	100.00[1]
Gaul GmbH, Sprendlingen		25	100.00
GBS Gesellschaft für Bau und Sanierung mbH, Leuna		513	100.00
Griproad Spezialbeläge und Baugesellschaft mbH, Cologne	TDEM	400	100.00[1]
Hexagon Projekt GmbH & Co. KG, Cologne		10	100.00[1]
HUMMEL Komplementär GmbH, Frickenhausen		25	100.00[1]
HUMMEL Systemhaus GmbH & Co. KG, Frickenhausen		10	100.00[1]
Ilbau GmbH Deutschland, Berlin		4,700	100.00
ITC Engineering AG & Co. KG, Stuttgart		100	100.00[1]
Kuhwald 55 Projekt GmbH & Co. KG, Cologne		10	100.00[1]
Lift-Off GmbH & Co. KG, Cologne		10	100.00[1]
LIMET Beteiligungs GmbH & Co. Objekt Cologne KG, Cologne		10	94.00[1]
LIMET Beteiligungs GmbH, Cologne	TDEM	50	100.00[1]
MAV Kelheim GmbH, Kelheim		25	100.00
MAV Mineralstoff - Aufbereitung und - Verwertung GmbH, Krefeld		600	50.00[2]
MAV Mineralstoff - Aufbereitung und Verwertung Lünen GmbH, Lünen		250	100.00
Mineral Baustoff GmbH, Cologne		25	100.00[1]
Mitterhofer Projekt GmbH & Co. KG, Cologne		10	100.00[1]
MOBIL Baustoffe GmbH, Munich		100	100.00[1]
NE Sander Immobilien GmbH, Sande		155	100.00[1]
PANSUEVIA GmbH & Co. KG, Jettingen-Scheppach		1,000	100.00[1]
Pyhrn Concession Holding GmbH, Cologne		38	100.00[1]
REPASS-SANIERUNGSTECHNIK GMBH Korrosionsschutz und Betoninstandsetzung, Munderkingen	TDEM	51	100.00[1]

1 For these companies, the option allowed by Sec 264 Para 3 or by Sec 264b of the German Commercial Code (HGB) was exercised.
2 The voting rights according to the contract of association amount to 50% plus one vote.

RM Asphalt GmbH & Co. KG, Sprendlingen		100	80.00
ROBA Transportbeton GmbH, Berlin		520	100.00[1]
SAT Straßensanierung GmbH, Cologne		30	100.00[1]
SF-Ausbau GmbH, Freiberg		600	100.00[1]
STRABAG AG, Cologne		7,670	100.00[1]
STRABAG BMTI GmbH & Co. KG, Cologne		307	100.00[1]
STRABAG BRVZ GmbH & Co. KG, Cologne		30	100.00[1]
STRABAG Facility Management GmbH, Berlin		30	100.00[1]
STRABAG GmbH, Bad Hersfeld		15,000	100.00[1]
STRABAG Großprojekte GmbH, Munich		18,100	100.00[1]
STRABAG Infrastructure & Safety Solutions GmbH, Cologne		1,220	100.00[1]
STRABAG Infrastrukturprojekt GmbH, Bad Hersfeld		1,280	100.00[1]
STRABAG International GmbH, Cologne		2,557	100.00[1]
STRABAG Kieserling Flooring Systems GmbH, Hamburg		1,050	100.00[1]
STRABAG Projektentwicklung GmbH, Cologne	TDEM	20,000	100.00[1]
STRABAG Property and Facility Services GmbH, Frankfurt am Main		5,000	100.00[1]
STRABAG Rail Fahrleitungen GmbH, Berlin		600	100.00[1]
STRABAG Rail GmbH, Lauda-Königshofen		25	100.00[1]
STRABAG Real Estate GmbH, Cologne		30,000	94.90
STRABAG Real Estate Invest GmbH, Cologne		26	100.00[1]
STRABAG Sportstättenbau GmbH, Lünen	TDEM	200	100.00[1]
STRABAG Umwelttechnik GmbH, Duesseldorf		2,000	100.00[1]
STRABAG Wasserbau GmbH, Hamburg		6,833	100.00
Torkret GmbH, Stuttgart		1,023	100.00[1]
TPA GmbH, Cologne		511	100.00
Turm am Mailänder Platz GmbH & Co. KG, Stuttgart		10	100.00[1]
Wolfer & Goebel Bau GmbH, Stuttgart		25	100.00[1]
Z. Brückenbau Immobiliengesellschaft mbH & Co. KG, Cologne		10	94.90[1]
Z. Holzbau Immobiliengesellschaft mbH & Co. KG, Cologne		10	94.90[1]
Z. Immobiliengesellschaft mbH & Co. KG, Cologne		10	94.90[1]
Z. Sander Immobiliengesellschaft mbH & Co. KG, Cologne		10	94.90[1]
Z. Stahlbau Immobiliengesellschaft mbH & Co. KG, Cologne		10	94.90[1]
ZDE Sechste Vermögensverwaltung GmbH, Cologne		25	100.00
Züblin Chimney and Refractory GmbH, Cologne		511	100.00[1]
ZÜBLIN Haustechnik Mainz GmbH, Mainz		25	100.00[1]
Züblin Hoch- und Brückenbau GmbH, Bad Hersfeld		2,500	100.00[1]
Züblin International GmbH, Cologne		2,500	100.00[1]
Züblin Projektentwicklung GmbH, Stuttgart		2,557	94.88[1]
Züblin Spezialtiefbau GmbH, Stuttgart	TDEM	6,000	100.00[1]
Züblin Stahlbau GmbH, Hosena		1,534	100.00[1]
ZÜBLIN Timber Gaildorf GmbH, Gaildorf		25	100.00[1]
ZÜBLIN Timber GmbH, Aichach		1,534	100.00[1]
Züblin Umwelttechnik GmbH, Stuttgart		2,000	100.00[1]

Egypt	**Nominal capital TEGP**	**Direct stake %**
Züblin Egypt LLC, Cairo	20,000	100.00

Albania	**Nominal capital TALL**	**Direct stake %**
Trema Engineering 2 sh p.k., Tirana	545,568	100.00

Belgium	**Nominal capital T€**	**Direct stake %**
N.V. STRABAG Benelux S.A., Antwerpen	6,863	100.00
N.V. STRABAG Belgium S.A., Antwerpen	32,059	100.00

Bosnia and Herzegovina	**Nominal capital TBAM**	**Direct stake %**
STRABAG d.o.o. Sarajevo, Sarajevo	10	100.00

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

1 For these companies, the option allowed by Sec 264 Para 3 or by Sec 264b of the German Commercial Code (HGB) was exercised.

"STRABAG REAL ESTATE" EOOD, Sofia	4,635	100.00
"VITOSHA VIEW" EOOD, Sofia	2,071	100.00
Chile	**Nominal capital TCLP**	**Direct stake %**
Züblin International GmbH Chile SpA, Santiago de Chile	7,909,484	100.00
Strabag SpA, Santiago de Chile	500,000	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, Aarhus	500	100.00
Züblin A/S, Aarhus	1,000	100.00
India	**Nominal capital TINR**	**Direct stake %**
EFKON INDIA Pvt. Ltd., Mumbai	50,000	100.00
Italy	**Nominal capital T€**	**Direct stake %**
STRABAG S.p.A., Bologna	10,000	100.00
Canada	**Nominal capital TCAD**	**Direct stake %**
Züblin Inc., Saint John/NewBrunswick	100	100.00
STRABAG INC., Toronto	11,700	100.00
Colombia	**Nominal capital TCOP**	**Direct stake %**
STRABAG S.A.S., Bogotá, D.C.	4,829,402	100.00
Croatia	**Nominal capital THRK**	**Direct stake %**
MINERAL IGM d.o.o., Zapuzane	10,701	100.00
POMGRAD INZENJERING d.o.o., Split	25,534	100.00
STRABAG BRVZ d.o.o., Zagreb	20	100.00
STRABAG d.o.o., Zagreb	48,230	100.00
TPA odrzavanje kvaliteta i inovacija d.o.o., Zagreb	20	100.00
Latvia	**Nominal capital T€**	**Direct stake %**
STRABAG SIA, Milzkalne	1,423	100.00
Luxembourg	**Nominal capital T€**	**Direct stake %**
SRE Lux Projekt SQM 27E, Belvaux	13	100.00
Malaysia	**Nominal capital TMYR**	**Direct stake %**
ZUBLIN PRECAST INDUSTRIES SDN. BHD., Johor	500	100.00
Moldavia	**Nominal capital TMDL**	**Direct stake %**
I.C.S. "STRABAG" S.R.L., Chisinau	279,630	100.00
Montenegro	**Nominal capital T€**	**Direct stake %**
"Crnagoraput" AD, Podgorica, Podgorica	9,779	95.32
"Strabag" d.o.o. Podgorica, Podgorica	50	100.00
The Netherlands	**Nominal capital T€**	**Direct stake %**
STRABAG B.V., Herten	450	100.00
Züblin Nederland B.V., Breda	500	100.00
Oman	**Nominal capital TOMR**	**Direct stake %**
STRABAG OMAN L.L.C., Maskat	1,000	100.00
Poland	**Nominal capital TPLN**	**Direct stake %**
BHG Sp. z o.o., Pruszkow	500	100.00
BHK KRAKÓW JOINT VENTURE Sp. z o.o., Warsaw	58	100.00
BITUNOVA Sp. z o.o., Warsaw	2,700	100.00
EVOLUTION ONE Sp. z o.o., Warsaw	50	100.00

EVOLUTION THREE Sp. z o.o., Warsaw	50	100.00
EVOLUTION TWO Sp. z o.o., Warsaw	50	100.00
Mineral Polska Sp. z o.o., Czarny Bor	19,056	100.00
POLSKI ASFALT Sp. z o.o., Krakow	1,000	100.00
SAT Sp. z o.o., Olawa	4,171	100.00
STRABAG BMTI Sp. z o.o., Pruszkow	2,000	100.00
STRABAG BRVZ Sp. z o.o., Pruszkow	500	100.00
STRABAG INFRASTRUKTURA POLUDNIE Sp. z o.o., Wroclaw	16,140	100.00
STRABAG PFS Polska Sp. z o.o., Warsaw	336	100.00
STRABAG Sp. z o.o., Pruszkow	73,328	100.00
TPA Sp. z o.o., Pruszkow	600	100.00

Romania	Nominal capital TRON	Direct stake %
ANTREPRIZA DE REPARATII SI LUCRARI A R L CLUJ SA, Cluj-Napoca	64,974	98.59
BITUNOVA Romania SRL, Bucharest	16	100.00
DISTRICT DEVELOPMENT SRL, Bucharest	69	100.00
MINERAL ROM SRL, Brasov	10,845	100.00
STRABAG SRL, Bucharest	53,866	100.00
ZUBLIN ROMANIA SRL, Bucharest	4,580	100.00

Russia	Nominal capital TRUB	Direct stake %
Ranita OOO, Moscow	10	100.00
STRABAG AO, Moscow	14,926	100.00
STRABAG BRVZ OOO, Moscow	313	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 %
Nimab Entreprenad AB, Sjöbo	501	100.00
STRABAG AB, Stockholm	50	100.00
STRABAG BRVZ AB, Kumla	100	100.00
STRABAG Projektutveckling AB, Stockholm	1,000	100.00
STRABAG Sverige AB, Stockholm	15,975	100.00
Züblin Scandinavia AB, Stockholm	100	100.00

Switzerland	Nominal capital TCHF	Direct stake %
STRABAG BMTI GmbH, Erstfeld	20	100.00
STRABAG AG, Schlieren	8,000	100.00
STRABAG BRVZ AG, Erstfeld	100	100.00

Serbia	Nominal capital TRSD	Direct stake %
STRABAG d.o.o., Novi Beograd	1,306,748	100.00
TPA za obezbedenje kvaliteta i inovacije d.o.o. Beograd, Novi Beograd	32,550	100.00

Slovakia	Nominal capital T€	Direct stake %
BITUNOVA spol. s r.o., Zvolen	1,195	100.00
ERRICHTUNGSGESELLSCHAFT STRABAG SLOVENSKO s.r.o., Bratislava-Ruzinov	7	100.00
KSR - Kamenolomy SR, s.r.o., Zvolen	25	100.00
STRABAG BRVZ s.r.o., Bratislava	33	100.00
STRABAG Pozemne a inzinierske stavitel'stvo s. r. o., Bratislava	133	100.00
STRABAG s.r.o., Bratislava	66	100.00
TPA Spolocnost pre zabezpecenie kvality a inovacie s.r.o., Bratislava	7	100.00

Slovenia	Nominal capital T€	Direct stake %
STRABAG gradbene storitve d.o.o., Ljubljana	500	100.00
STRABAG BRVZ d.o.o., Ljubljana	9	100.00

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

Thailand		**Nominal capital TTHB**	**Direct stake %**
STRABAG Industries (Thailand) Co.,Ltd., Bangkok		180,000	100.00

Czech Republic	**Nominal capital TCZK**	**Direct stake %**
BHG CZ s.r.o., Ceske Budejovice	200	100.00
BITUNOVA spol. s r.o., Jihlava	2,000	100.00
FRISCHBETON s.r.o., Prague	20,600	100.00
KAMENOLOMY CR s.r.o., Ostrava	106,200	100.00
Na Belidle s.r.o., Prague	100	100.00
SAT s.r.o., Prague	1,000	100.00
STRABAG a.s., Prague	1,119,600	100.00
STRABAG Asfalt s.r.o., Sobeslav	10,000	100.00
STRABAG BMTI s.r.o., Brno	100	100.00
STRABAG BRVZ s.r.o., Prague	1,000	100.00
STRABAG Pozemnì a inzenyrskè stavitelstvì s.r.o., Prague	100,000	100.00
STRABAG Property and Facility Services a.s., Prague	46,800	100.00
STRABAG Rail a.s., Usti nad Labem	180,000	100.00
TPA CR, s.r.o., Ceske Budejovice	1,000	100.00

Ukraine	**Nominal capital TUAH**	**Direct stake %**
Chustskij Karier, Zakarpatska	3,279	100.00
Zezelivskij karier TOW, Zezelev	13,130	100.00

Hungary		**Nominal capital THUF/T€**	**Direct stake %**
AKA Zrt., Budapest	T€	96,000	100.00
AMFI HOLDING Kft., Budapest	T€	10	100.00
ASIA Center Kft., Budapest		1,830,080	100.00
Bitunova Kft., Budapest		50,000	100.00
EXP HOLDING Kft., Budapest	T€	10	100.00[1]
First-Immo Hungary Kft., Budapest		100,000	100.00
Frissbeton Kft., Budapest		100,000	100.00
Generál Mély- és Magasépitö Zrt., Budapest		1,000,000	100.00
KÖKA Kft., Budapest		761,680	100.00
STR Holding Generál Kft., Budapest		3,000	100.00
STR Holding MML Kft., Budapest		3,000	100.00
STR Mély- és Magasépítö Kft, Budapest		3,000	100.00
STRABAG Általános Építö Kft., Budapest		1,000,000	100.00
STRABAG Aszfalt Kft., Budapest		3,000	100.00
STRABAG BMTI Kft., Budapest		2,000,000	100.00
STRABAG BRVZ Kft., Budapest		1,545,000	100.00
STRABAG Épitö Kft., Budapest		352,000	100.00
STRABAG Épitöipari Zrt., Budapest		20,000	100.00
STRABAG Generálépitö Kft., Budapest		3,000	100.00
STRABAG Rail Kft., Budapest		189,120	100.00
STRABAG Real Estate Kft., Budapest		3,000	100.00
STRABAG Vasútépítö Kft., Budapest		3,000	100.00
STRABAG-MML Kft., Budapest		510,000	100.00
TPA HU Kft., Budapest		113,000	100.00
Treuhandbeteiligung H, Budapest		10,000	100.00[1]
Züblin Kft., Budapest		3,000	100.00

United Arab Emirates	**Nominal capital TAED**	**Direct stake %**
Zublin Construction L.L.C., Abu Dhabi	150	100.00
STRABAG Dubai LLC, Dubai	300	100.00
Züblin Ground and Civil Engineering LLC, Dubai	1,000	100.00

Cyprus	**Nominal capital T€**	**Direct stake %**
BONDENO INVESTMENTS LTD, Limassol	55	100.00

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

The following list shows the equity-accounted associates and joint ventures included in the consolidated financial statements:

Austria	Nominal capital T€	Direct stake %
Lafarge Cement CE Holding GmbH, Vienna	50	30.00
Leopold Ungar Platz 3 GmbH, Vienna	35	50.00[1]
SQUARE Two GmbH & Co KG, Vienna	10	50.00[1]

Germany	Nominal capital T€/DEM	Direct stake %
A 49 Autobahngesellschaft mbH & Co. KG, Bad Hersfeld	30	50.000
AMB Asphaltmischwerke Bodensee GmbH & Co KG, Singen (Hohentwiel)	767	50.000
Bayerische Asphaltmischwerke GmbH & Co.KG für Straßenbaustoffe, Hofolding	12,300	48.33
Bodensee - Moränekies Gesellschaft mit beschränkter Haftung & Co. Kommanditgesellschaft Tettnang, Tettnang	153	33.33
FLARE Living GmbH & Co. KG, Cologne	1	50.00
Kieswerke Schray GmbH & Co. KG, Steißlingen	2,045	50.00
Messe City Cologne GmbH & Co. KG, Hamburg	100	50.00
Natursteinwerke im Nordschwarzwald NSN GmbH & Co. KG, Mühlacker	3,100	25.00
NWM Nordwestdeutsche Mischwerke GmbH & Co. KG, Großenkneten	2,000	50.00
PANSUEVIA Service GmbH & Co. KG, Jettingen-Scheppach	50	50.00
SeniVita Social Estate AG, Bayreuth	2,000	50.00
Silenos Energy Geothermie Garching a.d. Alz GmbH & Co. KG, Augsburg	1	50.00
SRE-ECE-JV Generalübernehmer GmbH & Co. KG, Oststeinbek	25	50.00[2]
Thüringer Straßenwartungs- und Instandhaltungsgesellschaft mbH & Co. KG, Apfelstädt	2,582	50.00

Colombia	Nominal capital TCOP	Direct stake %
DESARROLLO VIAL AL MAR S.A.S., Medellín	12,637,280	37.50

Croatia	Nominal capital THRK	Direct stake %
Autocesta Zagreb-Macelj d.o.o., Zagreb	88,440	50.00[1]

The Netherlands	Nominal capital T€	Direct stake %
A-Lanes A15 Holding B.V., Nieuwegein	18	24.00

Poland	Nominal capital TPLN	Direct stake %
A2 ROUTE Sp. z o.o., Pruszkow	5	50.00

Qatar	Nominal capital TQAR	Direct stake %
Züblin International Qatar LLC, Doha	200	49.00

Romania	Nominal capital TRON	Direct stake %
SOCIETATEA COMPANIILOR HOTELIERE GRAND SRL, Bucharest	41,779	35.32

Hungary	Nominal capital T€	Direct stake %
MAK Mecsek Autopalya Koncesszios Zrt., Budapest	64,200	50.00

1 There are contractual provisions concerning this joint venture that differ from the share capital.
2 former: IQ Generalübernehmer GmbH & Co. KG, Oststeinbek

Accounting policies

GOODWILL

Goodwill from a business combination is initially measured at cost. This is calculated as the excess of the consideration transferred over the identifiable assets acquired and liabilities assumed. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised, rather, it is subjected to an annual impairment test in accordance with IAS 36. The group conducts its annual test for goodwill impairment at year's end. Testing is also performed if events or circumstances indicate that the figure could be impaired. For the purpose of the impairment test, goodwill is assigned to one or more of the group's cash-generating units that should benefit from the synergy effects of the combination. The recoverability of goodwill is determined by comparing the carrying amount of the respective cash-generating unit (CGU) or units with the recoverable amount. If the goodwill is impaired, an impairment loss is recognised. The possibility of a reversal of impairment losses once the reasons for the impairment no longer apply is not foreseen for goodwill.

RIGHTS FROM CONCESSION ARRANGEMENTS

Service concession arrangements between the STRABAG Group and the public sector to build, operate, maintain and finance infrastructure facilities are treated in accordance with the requirements of IFRIC 12.

A right from a concession arrangement is recognised if the consideration does not represent an enforceable right to payment, but instead a right to charge a usage fee is granted.

The right from the concession arrangement is accounted for at the fair value of the consideration and subsequently recognised less depreciation over the period of the concession and impairment losses. If the reasons for the previously recognised impairment no longer apply, these assets are written back through profit or loss. The amount may not exceed the carrying amount that would have resulted if no impairment loss had been recognised in previous periods.

OTHER 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 ex-pen-diture attributable to the asset during its development. The construction costs for these assets comprise all construction costs directly attributable to the construction process as well as production-related overheads. Borrowing costs are capitalised for qualified assets. Research costs which do not fulfil these criteria are recognised as an expense in the period in which they are incurred. Costs that have already been recognised as an expense are not capitalised in a subsequent period.

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

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

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

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

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

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

Property, plant and equipment	Useful life in years
Buildings	10–50
Investments in third-party buildings	5–40
Machinery	3–15
Office equipment/furniture and fixtures	3–10
Vehicles	4–9

INVESTMENT PROPERTY

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

The useful life of investment property varies between 10 and 35 years. Investment property is depreciated using the straight-line method.

The presentation in the balance sheet is under property, plant and equipment.

LEASES

A lease is a contractual arrangement in which the **lessor** (owner) grants the lessee (user) the right to control an identified asset for a specified period of time in exchange for a consideration.

The STRABAG SE Group is a **lessee** of real estate properties (offices, storage spaces, etc.). A large number of the contracts are stand-alone contracts with comparatively low annual rental payments, of both limited and unlimited duration and with ordinary termination rights.

Leases are to be presented as a right-of-use asset and a corresponding lease liability in the balance sheet. The lease payments are split into a financing and a principal component. The finance costs are recognised in profit or loss over the term of the lease, resulting in a constant periodic interest rate on the remaining amount of the liability for each period. The right-of-use asset is amortised on a straight-line basis over the shorter of the two periods of useful life or term of lease.

Lease payments are made at the group's incremental borrowing rate, i.e. the rate of interest that the group would have to pay to borrow the funds necessary to obtain an asset of a similar value and at similar terms in a similar economic environment.

Payments for short-term leases and leases for which the underlying asset is of low value are recognised as an expense. Short-term leases are leases with a term of up to twelve months.

To a minor extent, the group also acts as a lessor. This essentially involves office space, in particular the Tech Gate Center in Vienna. These leases are to be classified as operating leases. Rental income from these leases is shown in other operating income.

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.

Many governments have responded to the Covid-19 pandemic by enacting various subsidy programmes to support businesses affected by the crisis. The STRABAG SE Group has received short-time work compensation, investment subsidies, accelerated tax deductions and direct aid. These financial assistance measures had only a minor overall impact on the consolidated financial statements of STRABAG SE.

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

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

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

For the purpose of determining the fair value less costs to sell, the cash-generating unit is measured from the viewpoint of an independent market participant. In calculating the value in use of an asset, on the other hand, the cash flows are considered based on the previous use. For the net cash inflows beyond the detailed planning period, individual growth rates derived from market information are determined based on 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 parameters growth rate and cost of capital for the impairment tests:

%	2020	2019
Growth rate	0.0–0.5	0.0–0.5
Cost of capital (after taxes)	5.2–8.0	5.7–6.8
Cost of capital (before taxes)	5.2–10.5	6.1–9.0

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

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

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

FINANCIAL ASSETS

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

Financial assets that are not measured at fair value through profit or loss are initially recognised at fair value plus transaction costs which are directly attributable to the acquisition.

Transaction costs which arise upon the acquisition of financial assets measured at fair value through profit or loss are immediately recognised as an expense.

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 IFRS 9, with each category having its own measurement requirements. The classification is determined at initial recognition.

For measurement and accounting purposes, financial assets are to be assigned to one of the following categories:

- Financial assets measured at amortised cost (AC)
- Financial assets measured at fair value through profit or loss
- Financial assets, classified as debt instruments under IAS 32, measured at fair value through other comprehensive income (FVOCI-debt)
- Financial assets, classified as equity instruments under IAS 32, measured at fair value through other comprehensive income (FVOCI-equity)

Financial assets measured at amortised cost

Financial assets in this category are measured at amortised cost if the objective of the business model is to hold the financial asset to collect the contractual cash flows, and the contractual terms of the instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. These are classified as current financial assets if they mature within twelve months after the reporting date or within the usual business cycle. Otherwise they are classified as non-current financial assets. As part of the subsequent measurement, financial assets measured at amortised cost are valued using the effective interest method. When applying the effective interest method, all directly attributable fees, fees paid or received, transaction costs and other premiums or discounts included in the calculation of the effective interest rate are amortised over the expected life of the financial instrument. Interest income from the application of the effective interest method is recognised through profit or loss under interest income from financial instruments.

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 payments to be made. The accumulation amount calculated annually using the effective interest method is recognised in revenue. Impairment allowances are made for expected credit losses.

Trade receivables, receivables from consortia, receivables from subsidiaries and receivables from participation companies, as well as other receivables, are measured at amortised cost less impairment allowances for expected credit losses.

Financial assets measured at fair value through profit or loss

A financial asset that is to be classified as a debt instrument under IAS 32 is measured at fair value through profit or loss if it is held for trading purposes, the cash flow criteria are not met, or it is designated as at FVPL at initial recognition. A financial asset at STRABAG is assigned to this category if it was principally acquired with an intention to sell in the short term. Derivatives also belong to this category if they are not qualified as hedging instruments. Assets in this category are recognised as current assets if the asset is expected to be realised within twelve months. All other assets are classified as non-current. Value changes of financial assets measured at fair value through profit or loss are recognised through profit or loss.

This category contains mainly securities presented under non-current financial assets.

The fair value option may be elected for financial assets which, based on the underlying business model and the contractual cash flows, are classified as measured at amortised cost if doing so eliminates or significantly reduces a measurement or recognition inconsistency. The fair value option is not elected at STRABAG.

Financial assets which represent equity instruments under IAS 32 are also measured at fair value through profit or loss. Value changes are recognised through profit or loss in the income statement.

This category contains mainly investments below 20 % that are held under other investments.

Without exception, equity instruments are measured at fair value. If an equity instrument is not held for trading purposes, there exists an irrevocable option at initial recognition to measure value changes not in the income statement but in the other comprehensive income. Equity investments recognised in the other comprehensive income may not be later reclassified to the income statement. The option is not exercised at STRABAG.

IMPAIRMENT OF FINANCIAL ASSETS AND CONTRACT ASSETS

For the recognition of impairments, STRABAG allows for expected credit losses under IFRS 9. The expected loss impairment model is used for debt instruments for which subsequent measurement is made at amortised cost. The impairment requirements under IFRS 9 are also applied to non-financial contract assets.

Equity instruments measured at fair value through profit or loss or through other comprehensive income are not within the scope of the IFRS 9 impairment requirements.

IFRS 9 outlines a three-stage model to determine the scope of the risk provision, requiring expected credit losses to be measured from initial recognition at an amount equal to the twelve-month expected credit losses or, if the credit risk has worsened significantly, the full expected credit losses over the remaining life of the financial instrument. The general impairment model (general approach) is used for receivables from concession arrangements and for current and non-current other financial assets in the group. Besides the general impairment model, the simplified impairment model (simplified approach) is used for trade receivables and for contract assets under IFRS 15. The simplified impairment model requires a risk provision equal to the expected losses over the full remaining life of the financial instrument to be recognised for trade receivables or contract assets regardless of the respective credit quality.

Application of the 30-days-past-due criterion is not useful in the construction sector, on the one hand because of incomplete performance recognition, on the other hand because contracts are often fulfilled for public-sector clients, whose internal processes to release payment may be lengthy but usually result in full and complete payment.

To determine the expected credit losses, trade receivables and contract assets are grouped into different portfolios with similar risk characteristics. In establishing the portfolios, STRABAG also considers the underlying country risk and the creditworthiness.

During the initial recognition of financial assets, STRABAG takes into consideration the probability of defaults and continually monitors the development of the credit risk in each reporting period, taking into account all reasonable and supportable information and forecasts. This includes especially the following indicators:

- internal estimate of creditworthiness by the client
- external information on creditworthiness based on the corresponding country risk

Macroeconomic information (such as market interest rates) and other forecasts are included in the assessment of the credit risk.

Besides the application of the general and the simplified impairment approach, financial assets are impaired if there is objective evidence of credit default indicators. STRABAG makes such impairments if the debtor has significant financial difficulty; if there is a high probability that insolvency proceedings will be commenced against the debtor; if a breach of contract and payment default has occurred; or if the issuer’s technological, economic, legal and market environment changes substantially.

Impairments lower the carrying amount of the financial assets. The impairment loss or gain resulting from the application of the impairment requirements is recognised through profit or loss in the other operating expense or income.

A financial asset defaults if bankruptcy proceedings have been started or it is highly probable that there is no reasonable expectation for repayment. These financial assets are then derecognised. When derecognising financial assets, STRABAG continues to undertake enforcement measures to attempt to recover the receivables that are due.

During the year under report, there were only minor changes with regard to the impairment approaches and criteria that were applied.

For more details, please refer to the section “Impact of the Covid-19 pandemic”.

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. An asset is also derecognised if the substantial risks and rewards of ownership of the asset are neither transferred nor retained but control is relinquished. If control is retained, such transferred financial assets are recognised to the extent of the continuing involvement.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

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

Derivative financial instruments are classified as financial assets measured at fair value through profit and loss or as derivatives used for hedging purposes at the date of contract conclusion. Derivative financial instruments are initially recognised at cost and measured at fair value in subsequent periods. Unrealised gains or losses on the measurement are recognised in the income statement if the conditions for hedge accounting under IFRS 9 are not met. Derivative financial instruments are stated under other financial assets or other financial liabilities.

Derivative financial instruments are measured based on observable market data (interest and exchange rates) and non-observable market data (the competition's credit rating). The fair value is determined using generally accepted methods of mathematical finance.

On application of the hedge accounting requirements, the group designates derivative financial instruments as hedging instruments to either:

- hedge the exposure to changes in the fair value of a recognised asset or liability (fair value hedge), or to

- hedge the exposure to variability in cash flows (cash flow hedge).

In the case of fair value hedge accounting, the change in the fair value of the hedged item that is attributable to the hedged risk and the change in the fair value of the hedging derivative are recognised in the income statement. Fair value hedging is not used in the STRABAG Group.

If, however, a derivative financial instrument is used as a hedging instrument in a cash flow hedge, the effective 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.

When concluding a hedging transaction, STRABAG documents the clear hedging relationship between the hedging instrument and the hedged item, the objective of its risk management, and the underlying strategy. It is also established that there exists an economic relationship between the hedged item and the hedging instrument and that credit risk does not dominate the resulting value changes. The hedging relationship's hedging ratio reflects the ratio between the designated nominal amount of the hedged item actually used by STRABAG and the designated nominal amount actually designated by STRABAG to hedge the nominal amount of the hedged item. An assessment is made at the beginning of the hedging relationship, with documentation provided continually thereafter, of whether the derivatives used in the hedge are effective or not in offsetting the changes in fair value or cash flow of the hedged item. Hedging relationships are adjusted when there are changes in the hedged item.

The critical term match method is used to determine the prospective hedge effectiveness. The retrospective determination of hedge ineffectiveness is made on the basis of the dollar offset method. The relief provided in IFRS 9 due to the interest rate benchmark reform was applied. For further details, please refer to the section "Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform".

CURRENT AND DEFERRED INCOME TAXES

The income tax payables and receivables contain mainly rights and obligations regarding 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 based on the tax regulations in the respective countries.

Deferred taxes are measured using the balance sheet liability method for all temporary 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.

CONTRACT ASSETS AND CONTRACT LIABILITIES

Regarding **construction contracts with customers**, revenue is recognised over time as required by IFRS 15, as the construction projects are built on the customers' properties and the customers thus always control the assets that are created or enhanced.

Construction is performed based on stand-alone contracts. The allocation of the transaction price to each performance obligation is made on the basis of the work estimate for the respective stand-alone item. If significant integration services are provided, a separate performance obligation is assumed. Transaction prices for construction contracts in the STRABAG SE Group are determined on the basis of the contract value agreed with the customer. Contractual penalties or bonus payments during the construction period may lead to amendments of the transaction price. These are carried with the most probable value by reason and amount on the basis of the project controlling.

Revenue recognition over time is made using the output-oriented method on the basis of the work performed. The actual work performed, and the corresponding revenue are determined at the level of the stand-alone item according to the work estimate. Because of unforeseen deviations in the budgeted costs, the best indicator here is the percentage of completion as derived directly from the actual work performed. The performance completed to date, one of the key corporate governance figures, must be directly determined by the construction site team on a monthly basis.

The contract asset represents the group's right to consideration from construction contracts with customers. If the value of a contract asset of a construction contract exceeds the payments received for it, then this is shown on the assets side under contract assets. In the opposite case, the figure is reported on the equity and liabilities side under contract liabilities.

Payments for construction contracts are usually made parallel to the performance on the basis of regular invoicing. Payments of advance consideration before the actual performance are common practice, especially in building construction. Agreements covering extended terms of payment or staggered invoicing of performance completed are made only on a case-by-case basis with special approval by the Management Board of STRABAG SE.

If it is probable that the costs exceed the recoverable proceeds, an onerous contract provision is recognised in accordance with IAS 37. Any costs directly attributable to the contract are taken into account to determine the costs. The onerous contract provision, considered individually, is recognised at the amount that is required for the completion of the obligation from the construction contract. Up to the value of the contract asset, an impairment is recognised. If the value of the respective contract asset is exceeded, an onerous contract provision is recognised on the equity and liabilities side under the current provisions.

With regard to impairment, see the section "Impairment of financial assets and contract assets".

Inventories that have not yet been used in the construction process but are already present on the construction sites are no longer accounted for as a separate asset but are instead assigned to the respective contract and recognised as a contract asset.

Claims and variation orders in connection with construction contracts involve any modification or change (actual construction progress) to the contractually agreed scope of work (agreed specifications). Due to the existing contractual agreements, these modifications to the work to be performed cannot be invoiced until the client approves the changes or agrees to their invoiceability.

Modifications or changes to the work to be performed include agreed changes to the work to be performed as well as disputed claims for additional costs due to disruption or due to changes in the scope of work.

In the event of agreed changes to the work to be performed, the client actively intervenes in the construction process and changes the scope of work. Changes to the work to be performed are regularly commissioned by the contractor before execution. In this case, a contract modification as defined by IFRS 15.18 exists in which all parties to the contract have agreed to the change in the scope of work and/or price. As a rule, the contract modification is accounted for as part of the original contract in accordance with IFRS 15.21(b), as the changes in the work to be performed are not distinct from the order before contract modification and the contract remains a single performance obligation.

Claims for additional costs arising from disruption are incurred when adjustments must be made to the construction process due to disruptions that lie within the client's sphere of influence. Claims for additional costs also arise in the case of changes ordered by the client who believes these do not result in additional costs, due, e.g. to guarantees for completeness, but which, in the opinion of the contractor, are not included in the scope of the contract. The complexity of construction contracts often leads to different legal views regarding the existence of a legal claim between the client and the contractor, which often results in protracted legal disputes.

In accordance with IFRS 15.19, the disputed claims for additional costs involve contract modifications for which the parties to the contract have not yet reached a final agreement with regard to the scope and/or price of the contract. The variable consideration from these contract modifications is therefore estimated in accordance with the provisions of IFRS 15.50-59 and recognised as revenue as part of the original contract in accordance with IFRS 15.21(b).

The estimate is based on qualitative and quantitative criteria. The large number of individual claims and variation orders in a construction project, the uncertainty over a long period of time, the individuality of the circumstances, the legal enforceability of the claim and the quality of the documentation are taken into account when estimating the variable consideration. The variable consideration is measured in such a way that there is no reversal of previously recognised revenue in subsequent periods.

The corresponding expense is recognised in profit or loss immediately when it is incurred.

The consideration for **revenue from project developments** which, on the basis of the work performed by the reporting date, are realised over time, is recorded under contract assets. The contract asset represents the group's right to considerations from project developments.

Revenue is recognised over time if a contractual agreement excludes the possibility of any alternative use and there exists a right to payment including a profit margin on the work performed. These conditions are always met if real estate projects are sold already prior to their completion.

In these cases, the revenue is recognised pro rata based on the degree of completion of the work. If the real estate projects are only partially sold, for example, in the case of owner-occupied flats, the revenue is recognised pro rata only for those parts already sold. The project is then presented pro rata under contract assets.

The advances received are offset against the cost of the contract asset. If the advances received exceed the value of the contract asset, presentation is made on the equity and liabilities side under contract liabilities.

The notes on construction contracts with customers apply by analogy.

CASH AND CASH EQUIVALENTS

The cash and cash equivalents include all liquid financial assets which at the date of acquisition or investment have a remaining term of less than three months. This comprises bank deposits, time deposits and cash on hand. Cash and cash equivalents are measured at amortised cost.

PROVISIONS

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

The company's obligation relating to defined benefit plans consists in fulfilling the promised benefits to current and former employees.

Defined contribution plans in the form of financing through third-party support funds exist for employees of Austrian subsidiaries whose employment began after 1 January 2003. The defined benefit obligations are funded by the regular payment of contributions into the employee provident fund.

PROVISIONS FOR SEVERANCE PAYMENTS

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

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 in Germany. New agreements are not concluded within the group.

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

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

In **Switzerland**, the legal regulations governing pension plans require payments to be made into pension foundations. One half of the contributions are made by the employer, the other half by the employee. The employee contributions depend on the years of service and are treated as reduction of the service cost. At retirement, the employees can choose to receive either a one-off severance payment or regular monthly pension payments.

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

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

MEASUREMENT OF SEVERANCE AND PENSION PROVISIONS

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

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

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

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

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

If the present value of a defined benefit obligation changes in response to plan amendments, the resulting effects are recognised in profit or loss as past service cost in the year of the amendment. Any income resulting from a settlement is also recognised directly in the income statement.

The company is exposed to various risks in relation to the defined contribution severance and pension plans. Besides the general actuarial risks such as the longevity risk and the interest rate risk, the group is also exposed to currency risk as well as to capital market risk or investment risk.

More information concerning the risks is available in the sensitivity analysis under item 26.

OTHER PROVISIONS

The other provisions take into consideration all realisable risks and uncertain obligations. They are recognised at the respective amount which, according to commercial judgement, is necessary at the balance sheet date to cover future payment obligations of the group. Hereby the respective amount which arises as the most probable on careful examination of the facts is recognised.

Long-term provisions are, as far as they are not immaterial, entered into the accounts at their discounted discharge amount as at the balance sheet date. The discharge amount also includes the cost increases to be considered on the reporting date. Provisions which arise from the obligation to recultivate gravel sites are allocated according to the rate of utilisation.

NON-FINANCIAL LIABILITIES

Non-financial liabilities are carried at the repayment amount. Contract liabilities under IFRS 15 are qualified as non-financial liabilities.

FINANCIAL LIABILITIES

The financial liabilities at STRABAG comprise non-derivative liabilities and derivatives with a negative fair value on the reporting date.

For measurement and accounting purposes, financial liabilities are to be assigned to one of the following categories:

- Financial liabilities measured at amortised cost (FlaC)
- Financial liabilities measured at fair value through profit or loss (FVPL)

Non-derivative financial liabilities are recognised in the consolidated balance sheet if STRABAG has a contractual obligation to transfer cash or other financial assets to another party. Initial recognition of non-derivative financial liabilities is made at fair value. Financial liabilities that are not measured at fair value through profit or loss are initially recognised at fair value plus transaction costs, which are directly attributable to the acquisition.

A financial liability is classified as current provided the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

During subsequent measurement of non-derivative financial liabilities carried at amortised cost, any premiums or discounts between the amount received and the repayment amount are spread over the financing term using the effective interest method and recognised in interest expense on an accrual basis.

A financial liability is only measured at fair value through profit or loss if it is held for trading purposes or designated as such at initial recognition. Derivatives with negative market value also belong to this category if they are not designated as hedging instruments.

Transaction costs which arise upon the acquisition of financial liabilities measured at fair value through profit or loss are immediately recognised as an expense.

The **fair value option** was not exercised for financial liabilities.

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 method.

CONTINGENT LIABILITIES

Contingent liabilities are present or possible future obligations for which 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.

REVENUE RECOGNITION

The revenue within the STRABAG SE Group comprises revenue from construction contracts with customers, which regularly account for more than 80 % of the total revenue, revenue from project developments, revenue from construction materials, revenue from facility management, and other revenue.

The **revenue from construction contracts with customers** is recognised over time as required by IFRS 15. Revenue recognition over time is made using the output-oriented method on the basis of the work performed at the reporting date.

For further information, please see the notes on contract assets.

The recognition of revenue from construction contracts performed in consortia is made over time corresponding to the actual work performed by the reporting date. Impending losses arising from further construction work are accounted for by means of appropriate depreciation.

The **revenue from project developments** is recognised at a point in time after the performance obligation is satisfied by the STRABAG SE Group and after the customer assumes control and has the opportunity to derive benefit from the project.

Alternatively, the revenue is recognised over time on the basis of the work performed by the reporting date if a contractual agreement for the STRABAG SE Group excludes the possibility of any alternative use and the contractual agreement foresees a right to payment including the profit margin on the work performed.

For real estate projects that are sold already prior to their completion, the revenue is therefore recognised pro rata and the right to payment including the profit margin is presented under the contract assets.

For further information, please see the notes on contract assets.

The **revenue from construction materials, from the facility management, and the other revenue** is recognised with satisfaction of the performance obligation upon obtainment of control by the customer.

Interest income is recognised as it accrues using the effective interest method. Interest related to concession models and default interest are part of the transaction price of contracts with customers and are therefore recognised under revenue.

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.

The revenue from dividends and the share of profits from investments are recognised if a legal right to payment exists.

NET INTEREST INCOME

Net interest income includes interest income and interest expenses as well as foreign exchange gains and losses on financing, as these are not part of the operating business. Changes in value as well as gains and losses on disposals of securities are also included in net interest income.

IMPACT OF THE COVID-19 PANDEMIC

On 11 March 2020, the World Health Organisation (WHO) officially declared Covid-19 a pandemic. STRABAG's European core markets as well as many of its international markets were and are affected to varying degrees. In March 2020, regular construction operations for all of the approximately 1,000 construction sites in the home market of Austria had to be suspended for around ten days. At the same time, construction activity continued in most other countries. The workflows were reorganised in line with the national regulations.

Due to the mostly small-scale and decentralised structures compared to other industries, the risk of simultaneous infection or quarantine of a critical portion of the workforce in the construction sector is relatively low. The Management Board of STRABAG SE has therefore been working together with the local management, the occupational safety specialists and the specialists from the service companies to continuously evaluate the risks in the individual group countries. This ensures that necessary decisions are made quickly and implemented effectively.

Risks resulting from disruptions in the supply chain due to restrictions in the movement of goods, services and people could be partially cushioned by the high level of value added in raw materials within the group. The existing construction equipment, machinery and other vehicles benefit the group in this regard as well. The construction industry in general benefited here from a high domestic value-added factor.

In terms of demand, the group sees two effects in the medium term. Among private clients, a corresponding decline in investments is expected in heavily affected industries. Given the broad positioning and the importance of the public sector in the client structure, however, this should be compensated for by the economic stimulus packages announced by the national governments and the EU.

In the property and facility services segment, on the other hand, further declines are expected in real estate management and industrial services. The extent to which the coronavirus crisis will have a sustained impact on the real estate markets and thus on the real estate development business cannot be predicted with any certainty.

Overall, the construction sector has been only slightly affected by the Covid-19 pandemic. Based on the current business development and the order backlog, there is no threat to the company as a going concern.

However, the uncertainties that nonetheless exist were taken into account in the medium-term planning prepared in December 2020. Despite falling interest rates, the weighted average cost of capital used to conduct the impairment tests increased due to higher market risk premiums and beta factors; no growth factors are used.

Increased insolvencies can be expected in the coming years following expiration of the national support and deferral programmes; in determining the ECL, a higher credit risk is therefore assumed for private clients.

ESTIMATES

The preparation of financial statements in conformity with IFRS requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenue and expenses.

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 in the section "Impairment of non-financial assets". The recoverable amount of the CGUs was determined using fair value less costs of disposal. These calculations are based on assumptions about the expected business development and the recoverable margin. Estimates about the expected business development are based on the facts and circumstances prevailing at the time of preparation of the consolidated financial statements as well as on realistic assumptions about the future development of the global and industry-specific environment. In response to changes in these underlying conditions which deviate from the assumptions and are beyond the Management Board's control, actual values may deviate from the estimated values.

All other things remaining equal, an annual 5 % decrease of the free cash flow used to calculate the recoverable amount would result in an impairment loss of T€ -3,553 (2019: T€ 0) while an isolated increase of the cost of capital by one percentage point would lead to an impairment of goodwill of T€ -7,668 (2019: T€ 0). These two effects together would trigger an impairment loss of T€ -8,319 (2019: T€ 0).

An extended sensitivity analysis was performed due to the current uncertainty from the Covid-19 pandemic. An annual decrease of 10 % in the recoverable free cash flows and a simultaneous increase of 3 percentage points in the weighted average cost of capital would result in an impairment loss of T€ -15,617.

The depreciation would relate to a Slovak concrete production company in the segment International + Special Divisions in the amount of T€ -6,792 as well as several German construction companies in the segment North + West in the amount of T€ -8,825.

(b) Recognition of revenue from construction contracts with customers and project developments

The revenue from construction contracts with customers is recognised over time. The group estimates the work performed by the reporting date as a percentage of the total volume of the order backlog as well as the remaining contract cost to be incurred. If it is probable that the production costs will exceed the recoverable proceeds, an impairment is recognised up to the value of the contract asset; if the value of the respective contract asset is exceeded, an onerous contract provision is recognised. Technically complex and demanding projects, in particular, involve the risk that the estimate of the total cost deviates considerably from the actual cost incurred.

In the event of changes to the contract's scope and/or price that remain disputed between the parties to the contract (claims and variation orders), revenue from claims and variation orders is estimated in accordance with the provisions on variable consideration under IFRS 15:50ff for the respective project. The estimate is based on qualitative and quantitative criteria.

The following factors must be taken into account when estimating the variable consideration:

- The amount of consideration is susceptible to external factors such as the actions of third parties or court rulings.
- There are different legal views regarding the contractually agreed claims.
- The uncertainty about the amount of consideration remains over a longer period of time.
- The company's experience from similar construction projects is limited by the individual nature of the projects.
- Due to the large number of individual claims and variation orders in a construction project, a contract will have a broad range of possible consideration amounts.

The actual claims arising from claims and variation orders may therefore differ from the estimated amount, especially in the case of complex construction projects with a large number of different claims and variation orders as well as counterclaims of the client.

The above also applies to over-time recognition of revenue from project developments.

(c) Equity-accounted investments

The group holds a 30 % investment in **Lafarge Cement CE Holding GmbH**. Lafarge operates cement works in Austria, Hungary, the Czech Republic and Slovenia. The carrying amount of the investment amounted on 31 December 2020 to T€ 217,181 (2019: T€ 227,846). The investment was tested for impairment by means of an impairment test.

All other things remaining equal, an annual 5 % decrease of the free cash flow used to calculate the recoverable amount would result in an impairment loss of T€ 0 (2019: T€ 0), while an isolated increase of the cost of capital by one percentage point would lead to an impairment loss of T€ 0 (2019: T€ 0). These two effects together would trigger an impairment loss of T€ 0 (2019: T€: 0).

(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 financial assets that are not traded in an active market.

(f) Rights from leases and lease liabilities

Within the STRABAG SE Group, a large number of the contracts are lease contracts with comparatively low annual rental expenses, of both limited and indefinite duration and with ordinary termination rights. The lease liability is determined by estimating the most likely duration in consideration of extension options and termination rights. All economic aspects for exercising or not exercising the options are taken into account. Deviations between the actual lease terms and these assumptions have an impact on the respective carrying amounts. The risk is reduced by the large number of stand-alone contracts, however.

(g) Severance and pension provisions

The present value of the severance and 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 severance and pension obligations are based in part on market conditions. Further information and sensitivity analyses can be found in item (26) Provisions.

(h) 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. The balance sheet item other construction-related provisions is composed of several individual projects together, however, as a result of which the risk is reduced to the individual consideration of the projects.

Provisions were formed in relation to the investigation by the Public Prosecutor's Office for Combating Economic Crimes and Corruption and the Federal Competition Authority, ongoing since mid-2017, into suspected collusion in violation of antitrust law. These provisions were adapted in the reporting period. The investigation is now looking at projects in building construction and civil engineering in the period from July 2002 to October 2017. The extent to which STRABAG will be affected negatively cannot be definitively determined until after the conclusion of the investigation. If STRABAG is determined to be in violation of antitrust law, the company could face claims for damages from its customers. These potential claims have already been taken into account in the provision. Due to the long period covered and because of the large number of construction projects involved, of which only some were executed by STRABAG, the facts of the case are extremely complex. Actual amounts may differ from the estimated amount.

Provisions for ongoing and pending legal proceedings are formed on the basis of current assessments. The outcome of these legal proceedings cannot be determined or is subject to uncertainties. The actual claims from the legal proceedings may therefore differ from the provision amounts.

Notes on the items of the consolidated income statement

(1) REVENUE

Revenue is represented as follows:

Revenue 2020

T€	North + West	South + East	International + Special Divisions	Other	Group
Business					
Construction	**7,239,493**	**4,407,277**	**1,203,687**		**12,850,457**
Germany	5,669,229	129,801	123,725		5,922,755
Austria	16,115	1,841,626	43,617		1,901,358
Poland	1,068,432	70	6,724		1,075,226
Czech Republic	0	717,186	12,443		729,629
Hungary	0	530,189	1,734		531,923
Chile	0	0	375,661		375,661
Other countries, each below € 300 million	485,717	1,188,405	639,783		2,313,905
Construction materials	**130,741**	**96,945**	**313,988**		**541,674**
Facility management	**0**	**0**	**492,752**		**492,752**
Project development	**0**	**0**	**546,103**		**546,103**
Other	**91,640**	**98,609**	**113,679**	**14,830**	**318,758**
Total	**7,461,874**	**4,602,831**	**2,670,209**	**14,830**	**14,749,744**

Revenue 2019

T€	North + West	South + East	International + Special Divisions	Other	Group
Business					
Construction	**7,323,176**	**4,649,284**	**1,278,747**		**13,251,207**
Germany	5,749,644	88,608	78,525		5,916,777
Austria	27,202	1,988,688	109,912		2,125,802
Poland	958,100	191	8,026		966,317
Czech Republic	0	659,760	18,273		678,033
Hungary	0	666,585	2,233		668,818
Chile	0	0	664,631		664,631
Other countries, below € 500 million	588,230	1,245,452	397,147		2,230,829
Construction materials	**140,322**	**122,896**	**403,820**		**667,038**
Facility management	**0**	**0**	**880,063**		**880,063**
Project development	**0**	**0**	**554,427**		**554,427**
Other	**92,253**	**107,318**	**99,617**	**16,651**	**315,839**
Total	**7,555,751**	**4,879,498**	**3,216,674**	**16,651**	**15,668,574**

Service concession arrangements to develop, design, build and finance infrastructure facilities are part of the operating business of STRABAG SE. Interest income from these concession arrangements are therefore recognised in revenue from project development amounting to T€ 59,568 (2019: T€ 63,274).

The interest income is calculated using the effective interest method.

All values presented under revenue involve revenue from contracts with customers.

In the 2020 financial year, revenue from approved claims in the amount of T€ 197,347 (2019: T€ 142,930) was recognised. The costs were already recognised in profit or loss in previous periods. This involves a large number of individual projects. Due to the complexity of construction projects, there can be numerous claims, some of which are approved during the construction process while others are negotiated only after project completion. During the execution of a construction project, therefore, new claims may arise on an ongoing basis while existing claims from previous periods may be approved. Up to 100 individual claims are quite common in a medium-sized construction project. It is therefore not possible to clearly allocate the costs to the approved claims, so that assumptions must be made when determining the value.

Revenue provides only an incomplete picture of the output volume achieved in the financial year. Output volume is a usual concept in the construction industry and at the STRABAG Group comprises the value of the produced goods and services. The total output volume of the group is therefore represented in addition to the revenue to also include the proportional output of consortia and associates:

T€	2020	2019
Germany	7,323,385	7,818,592
Austria	2,459,842	2,678,665
Poland	1,183,364	1,129,217
Czech Republic	825,659	782,779
Hungary	670,970	847,821
Americas	494,161	713,511
Slovakia	296,976	369,043
Benelux	261,852	317,736
Romania	250,175	225,501
Great Britain	225,509	126,205
Switzerland	219,688	231,951
Croatia	171,770	152,481
Sweden	160,100	205,270
Rest of Europe	159,626	216,583
Serbia	157,671	148,108
Middle East	119,035	147,964
Asia	116,844	179,062
Denmark	76,397	99,485
Bulgaria	65,622	41,858
Slovenia	58,822	48,707
Italy	51,756	0
Russia	51,598	71,420
Africa	45,786	66,013
Total output volume	**15,446,608**	**16,617,972**

(2) OTHER OPERATING INCOME

Other operating income includes insurance compensation and indemnification in the amount of T€ 45,039 (2019: T€ 56,862), exchange rate gains from currency fluctuations in the amount of T€ 5,259 (2019: T€ 3,331) as well as gains from the disposal of fixed assets without financial assets in the amount of T€ 61,873 (2019: T€ 55,967).

(3) CONSTRUCTION MATERIALS, CONSUMABLES AND SERVICES USED

T€	2020	2019
Construction materials, consumables	2,760,658	2,951,464
Services used	6,543,689	7,160,390
Construction materials, consumables and services used	**9,304,347**	**10,111,854**

Services used are mainly attributed to services of subcontractors and professional craftsmen as well as planning services, machine rentals and third-party repairs. The change of provisions for onerous contracts arising from construction contracts is included in this item.

(4) EMPLOYEE BENEFITS EXPENSES

T€	2020	2019
Wages	1,363,837	1,315,287
Salaries	1,701,138	1,769,175
Social security and related costs	594,532	603,400
Expenses for severance payments and contributions to employee provident fund	16,743	13,887
Expenses for pensions and similar obligations	10,226	12,604
Other social expenditure	26,593	30,796
Employee benefits expenses	**3,713,069**	**3,745,149**

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 proportions 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€ 11,239 (2019: T€ 12,447).

The **average number of employees** with the proportional inclusion of all participation companies is as follows:

Average number of employees (FTE)	2020	2019
White-collar workers	31,889	32,480
Blue-collar workers	42,451	44,439
Total	**74,340**	**76,919**

(5) OTHER OPERATING EXPENSES

Other operating expenses of T€ 910,529 (2019: T€ 1,024,017) mainly include general administrative costs, travel and advertising costs, insurance premiums, impairment of receivables, the balance of allocations to and utilisation of provisions, legal and advisory costs, rental and lease costs, interest expenses from concession projects and losses on the disposal of assets (excluding financial assets). Other taxes amounting to T€ 53,988 (2019: T€ 53,226) are included.

Other operating expenses include losses from exchange rate differences from currency fluctuations in the amount of T€ 48,630 (2019: T€ 22,246).

The changes in the impairments for expected credit losses under IFRS 9 in the financial year in the amount of T€ 9,749 as expense (2019: T€ 4,975 income) are included in other operating expenses.

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 EQUITY-ACCOUNTED INVESTMENTS

T€	2020	2019
Income from equity-accounted investments	37,985	44,322
Expenses arising from equity-accounted investments	-5,671	-2,891
Gains on the disposal of equity-accounted investments	0	95
Profit from construction consortia	141,564	135,449
Losses from construction consortia	-107,664	-198,454
Share of profit or loss of equity-accounted investments	**66,214**	**-21,479**

Ed. Züblin AG, a subsidiary of the STRABAG Group, is a 33.33 % consortium member for the construction of the North-South urban metro line in Cologne. In March 2009, an accident resulted in the collapse of the historical Archive of the City of Cologne as well as significant portions of two neighbouring buildings. Two people were trapped under the rubble, and rescuers were only able to recover their bodies. Provisions were made in previous years to cover the risk of damage claims against the consortium.

In June 2020, the dispute over the collapse of the Historical Archives was resolved by an out-of-court settlement. The City of Cologne's claims were settled by a € 600 million payment from the consortium. The consortium also agreed to carry out, at its own expense, the refurbishment and completion of the shell of the track switching facility including integration of a space for a future memorial.

The cost of the settlement agreement – the STRABAG SE Group's proportionate share of the settlement amounts to € 200 million – less insurance coverage and provisions made to cover this risk are shown in the item losses from construction consortia.

The losses from construction consortia in the 2019 financial year had included risk provisions for disputes involving construction consortia.

(7) NET INCOME FROM INVESTMENTS

T€	2020	2019
Investment income	69,097	90,254
Expenses arising from investments	-12,505	-12,704
Gains on the disposal of investments	4,944	10,295
Impairment and reversal of impairment losses of investments	-839	-5,111
Losses on the disposal of investments	-3,524	-18
Net income from investments	**57,173**	**82,716**

In the previous year, net income from investments included the reversal of a risk provision of T€ 20,700 from a project in the Netherlands.

(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€ 1,413 (2019: T€ 18,140) and reversal of impairment losses in the amount of T€ 0 (2019: T€ 7) were made. Impairment on goodwill amounts to T€ 4,516 (2019: T€ 2,024). For goodwill impairments we refer to the details under item (12).

Depreciation and amortisation expense of intangible and tangible assets includes depreciation and amortisation of right-of-use assets for leases in the amount of T€ 65,416 (2019: T€ 58,607).

(9) NET INTEREST INCOME

T€	2020	2019
Interest and similar income	27,890	30,973
Interest expense and similar charges	-48,492	-56,315
Net interest income	**-20,602**	**-25,342**

Included in interests and similar income are exchange rates gains amounting to T€ 10,549 (2019: T€ 5,720) and interest portions from the plan assets for pension provisions in the amount of T€ 871 (2019: T€ 1,719).

Included in interest expense and similar charges are interest components from the allocation of severance payment and pension provisions amounting to T€ 4,718 (2019: T€ 9,691) as well as currency losses of T€ 15,327 (2019: T€ 11,653).

Interest from leases in the amount of T€ 6,364 (2019: T€ 6,263) is included in the interest expenses and similar charges.

(10) INCOME TAX EXPENSES

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€	2020	2019
Current taxes	-253,423	-165,781
Deferred taxes	42,437	-32,903
Income tax expense	**-210,986**	**-198,684**

The following tax components are recognised directly in equity in the statement of total comprehensive income:

T€	2020	2019
Change in hedging reserves	-2,028	6,264
Actuarial gains/losses	5,530	13,704
Total	**3,502**	**19,968**

The reasons for the difference between the Austrian corporate income tax rate of 25 % valid in 2020 and the actual consolidated tax rate are as follows:

T€	2020	2019
EBT	**610,050**	**577,239**
Theoretical tax expenditure 25 %	152,512	144,310
Differences to foreign tax rates	11,986	5,646
Change in tax rates	214	77
Non-tax deductible expenses	16,504	40,438
Tax-free earnings	-19,664	-12,678
Additional tax payments/tax refund	17,872	17,152
Change of valuation adjustment on deferred tax assets	33,363	2,514
Others	-1,801	1,225
Recognised income tax	**210,986**	**198,684**

(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.

	2020	2019
Number of ordinary shares	110,000,000	110,000,000
Number of shares bought back	-7,400,000	-7,400,000
Number of shares outstanding as at 31.12.	**102,600,000**	**102,600,000**
Profit or loss attributable to equity holders of the parent company (consolidated profit/loss) T€	395,217	371,695
Weighted number of shares outstanding during the year	102,600,000	102,600,000
Earnings per share €	**3.85**	**3.62**

Notes on the items in the consolidated balance sheet

(12) GOODWILL

The composition of and changes in goodwill is shown in the consolidated statement of fixed assets.

The goodwill at the balance sheet date is composed as follows:

T€	31.12.2020	31.12.2019
STRABAG Cologne (N+W)	128,838	128,838
STRABAG Cologne (S+E)	61,105	61,105
Czech Republic (S+E)	69,324	71,600
STRABAG Poland (N+W)	57,635	61,736
DIW Group (incl. SPFS Austria, SPFS Czech Republic; I+S)	51,763	51,795
Ed. Züblin AG (N+W)	17,057	17,057
Germany (various CGUs; N+W)	43,076	40,262
Construction materials (various CGUs; I+S)	8,792	9,015
Other	11,976	12,097
Total goodwill	**449,566**	**453,505**

The comparison of the carrying amounts with the recoverable amounts of the cash-generating units determined by the annual impairment test showed a need for goodwill impairment of T€ 4,516 (2019: T€ 2,024). This figure is shown under depreciation and amortisation. The recoverable amount of the impaired cash-generating unit amounts to T€ 1,763 (2019: T€ 7,915).

The depreciations in the financial year relate to an asphalt mixing company with the amount of T€ 2,816 in the segment North + West, as well as an allocation to a company with focus on fabrication and installation of road surfaces in the segment International + Special Divisions with the amount of T€ 1,700.

The recoverable amount of these cash-generating units (CGUs) corresponds to their fair value less cost to sell. The necessary impairments of the cash-generating units exclusively affected goodwill; impairment was not necessary for other assets of the CGUs.

The methods of measurement are explained in the section “Accounting policies” (Impairment of non-financial assets). The method applied here is a Level 3 measurement.

Regarding the sensitivity analysis of goodwill, we refer to our notes under “Estimates (a) Recoverability of goodwill”.

The following table presents the **key assumptions** used in calculating the recoverable amount for **significant goodwill**.

There were no intangible assets with indefinite useful lives allocated to the CGUs listed below.

	Carrying amount	Methodology	Detailed planning period	Growth rate	Discount rate after tax
T€	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020
STRABAG Cologne (N+W)	128,838	FV less cost of disposal (Level 3) [2019: FV less cost of disposal (Level 3)]	4 (2019: 4)	0 (2019:0)	7.08 % (2019: 6.10 %)
STRABAG Cologne (S+E)	61,105	FV less cost of disposal (Level 3) [2019: FV less cost of disposal (Level 3)]	4 (2019: 4)	0 (2019:0)	7.53 % (2019: 6.43 %)
Czech Republic (S+E)	69,324	FV less cost of disposal (Level 3) [2019: FV less cost of disposal (Level 3)]	4 (2019: 4)	0 (2019:0)	7.77 % (2019: 6.70 %)
STRABAG Poland (N+W)	57,635	FV less cost of disposal (Level 3) [2019: FV less cost of disposal (Level 3)]	4 (2019: 4)	0 (2019:0)	8.04 % (2019: 6.82 %)
DIW Group (incl. SPFS Austria, SPFS Czech Republic; I+S)	51,763	FV less cost of disposal (Level 3) [2019: FV less cost of disposal (Level 3)]	4 (2019: 4)	0 (2019:0)	7.08 % (2019: 6.10 %)

The method used is a discounted cash flow model based on recognised valuation techniques, with the forecast of the cash flows calculated by the management on the basis of experience. An annual 5 % decrease of the cash flow and a simultaneous increase of the interest rate by one percentage point would not result in any impairment loss of the goodwill mentioned above. The key assumptions used to determine the recoverable amount were future cash flows and the cost of capital. Management does not consider that any reasonably possible change in the key assumptions would cause the carrying amount of the CGU which contains the above-mentioned goodwill to exceed its recoverable amount.

(13) RIGHTS FROM CONCESSION ARRANGEMENTS

STRABAG has held 100 % of PANSUEVIA GmbH & Co. KG of Jettingen-Scheppach since 28 September 2018.

The company concluded a concession arrangement with the Federal Republic of Germany to design, build and finance a section of the A8 motorway and to maintain and operate a section of the A8 motorway between Ulm and Augsburg.

In exchange, PANSUEVIA receives the right to charge trucks a uniform toll rate per kilometre on an approx. 57 km long concession section. The toll may be adapted annually. The term of the concession arrangement is set at 30 years and ends on 30 June 2041.

The development of the concession right can be found in the consolidated statement of fixed assets. The concession right is amortised over the term of 30 years on the basis of the use of the concession section. The annual income from the toll collections is recognised as revenue.

The right from the concession arrangement is offset by variable and fixed interest rate non-recourse financing in the amount of T€ 375,412 (2019: T€ 384,406) classified either as a current or non-current liability depending on the term to maturity. The resulting interest expenses are recognised under other operating expenses. The interest risk based on variable interest was hedged through the conclusion of interest rate swap agreements that satisfy the requirements for presentation as a cash flow hedge. The changes in the value of the interest rate swap are therefore recognised in the other comprehensive income.

(14) OTHER INTANGIBLE ASSETS

The composition of and changes in other intangible assets is shown in the consolidated statement of fixed assets.

No borrowing costs were capitalised for other intangible assets in the year under report.

Capitalised development costs

At the balance sheet date, development costs in the amount T€ 0 (2019: T€ 0) were capitalised as intangible assets.

A total of T€ 17,376 (2019: T€ 17,232) in research and development costs incurred in the 2020 financial year were recorded as expenses.

(15) PROPERTY, PLANT AND EQUIPMENT

The composition of and changes in property, plant and equipment is shown in the consolidated statement of fixed assets.

Borrowing costs in the amount of T€ 0 were capitalised for property, plant and equipment in the year under report (2019: T€ 0).

Leases

Lessee

The development of right-of-use assets from leases is shown in the consolidated statement of fixed assets.

The cash outflows from leases in the 2020 financial year break down as follows:

T€	2020	2019
Interest from leases	6,364	6,263
Redemption of leases	63,689	56,424
Variable lease payments	5,985	6,371
Payments for short-term leases	9,680	8,944
Total lease payments	**85,718**	**78,002**

Additionally, expenses for short-term equipment rentals that do not meet the leasing criteria, in the amount of T€ 153,661 (2019: T€ 161,131) were incurred in the financial year.

To a minor extent, the STRABAG Group also rents office space to third parties and thus acts as a lessor. This particularly involves the Tech Gate building in Vienna. The annual rental income amounts to T€ 2,591 (2019: T€ 2,638) and is shown in other operating income.

The carrying amount of this building as of 31 December 2020 is T€ 67,953 (2019: T€ 70,073) and is recorded under property, plant and equipment (properties and buildings). Rental income in the next year and the following five years will remain roughly constant. All leases are classified as operating leases.

Restrictions on property, plant and equipment/purchase obligations

As at the balance sheet date there were T€ 29,798 (2019: T€ 54,033) in contractual commitments for acquisition of property, plant and equipment which were not considered in the financial statements.

Restrictions exist for non-current assets in the amount of T€ 0 (2019: T€ 287).

Investment property

The development of investment property is shown separately in the consolidated statement of fixed assets. The fair value of investment property as of 31 December 2020 amounts to T€ 3,172 (2019: T€ 5,704). The fair value was determined using internal valuation reports or by employing the fair value of development land at market prices.

The internal valuations are considered Level 3 measurements as they are not based on observable market data.

The rental income from investment property in the 2020 financial year amounted to T€ 5,716 (2019: T€ 6,664) and direct operating expenses totalled T€ 5,991 (2019: T€ 6,475). Rental income in the next year and the following five years will remain roughly constant. 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€ 256 (2019: T€ 0) and losses from asset disposals in the amount of T€ 0 (2019: T€ 40) were achieved.

A reversal of impairment losses in the amount of T€ 0 was made in the financial year (2019: T€ 0).

(16) EQUITY-ACCOUNTED INVESTMENTS

T€	2020	2019
Carrying amount as at 1.1.	**454,532**	**378,617**
Change in scope of consolidation	-1,782	42,877
Acquisitions/contributions	17,792	23,250
Proportional annual results	32,314	41,526
Received distributions	-36,148	-25,016
Return of capital	-37,660	0
Proportional other income	-10,055	-6,627
Other	0	-95
Carrying amount as at 31.12.	**418,993**	**454,532**

Notes on associates

Lafarge Cement CE Holding GmbH, Vienna, is a significant associate. The group's share of the capital and voting rights amounts to 30 %. The company is accounted for using the equity method. We also refer to item (36) Notes on related parties.

The following financial information concerns the consolidated financial statements prepared in accordance with IFRS.

T€	2020	2019
Revenue	248,619	245,792
Income from continuing operations	27,918	30,470
Other income	-18,393	-10,966
Total comprehensive income	**9,525**	**19,504**
attributable to: non-controlling interests	*76*	*3*
attributable to: equity holders of the parent company	*9,449*	*19,501*

	31.12.2020	31.12.2019
Non-current assets	538,490	578,599
Current assets	117,325	144,061
Non-current liabilities	-148,519	-173,855
Current liabilities	-69,439	-75,473
Net assets	**437,857**	**473,332**
attributable to: non-controlling interests	*4,199*	*4,123*
attributable to: equity holders of the parent company	*433,658*	*469,209*

The financial information presented here can be transferred to the equity carrying amount of the Lafarge Cement CE Holding GmbH in the consolidated financial statements as follows:

T€	2020	2019
Group's share in net assets as at 1.1.	**140,762**	**143,912**
Group's share of net income from continuing operations	8,277	9,050
Group's share of other income	-5,442	-3,200
Group's share of total comprehensive income	2,835	5,850
Dividends received	-13,500	-9,000
Group's share in net assets as at 31.12.	**130,097**	**140,762**
Goodwill	87,084	87,084
Equity-carrying amount as at 31.12.	**217,181**	**227,846**

The following table arranges in aggregate form the carrying amount and the group's share of the profit and other income from associates that would be insignificant by themselves:

T€	2020	2019
Total of equity-carrying amount as at 31.12.	95,358	105,782
Group's share of net income from continuing operations	11,028	19,405
Group's share of other income	-4,400	-3,427
Group's share of total comprehensive income	6,627	15,978

Notes on joint ventures

The following table arranges in aggregate form the carrying amount and the group's share of the profit and other income from joint ventures that would be insignificant by themselves:

T€	2020	2019
Total of equity-carrying amount as at 31.12.	106,454	120,904
Group's share of net income from continuing operations	13,009	13,072
Group's share of other income	-213	0
Group's share of total comprehensive income	12,796	13,072

Notes on accumulated losses from equity-accounted investments

Proportionate losses from equity-accounted investments in the amount of T€ 9,773 (2019: T€ 6,063) were not recognised in profit or loss, as the carrying amounts of these investments already are T€ 0.

Notes on consortia

The group classifies construction consortia as joint ventures and records their earnings under share of profit or loss of equity-accounted investments. The following table shows the group's ten most important consortia with regard to the output volume in the 2020 financial year.

Construction consortia	Stake in %
ARGE A7 BERKHOF 2.BA, Germany (BERK)	80
ARGE FLUGHAFENTUNNEL, Germany (FHT)	65
ARGE KORALMTUNNEL KAT 2, Austria (KAT)	85
ARGE NEUBAU TECHNISCHES RATHAUS MANNHEIM, Germany (MANN)	40
ARGE ROHTANG PASS HIGHWAY TUNNEL LOT 1, India (ROHT)	60
ARGE TULFES PFONS, Austria (TULF)	51
ARGE TUNNEL, HAUPTBAHNHOF, Germany (THBF)	30
ARGE TUNNEL KRIEGSSTRASSE KARLSRUHE, Germany (KAR)	84
ARGE VIE T2 MKL, Austria (VIE)	50
TORONTO TUNNEL PARTNERS CJV, Canada (TOR)	50

The financial information in the 2020 financial year on these consortia is presented 100 % before consolidation and valuation approaches deviating from the consortia balance sheet if applicable.

T€	Revenue	Non-current assets	Current assets	thereof cash and cash equivalents	Non-current liabilities	Current liabilities
KAT	78,346	3,970	106,416	899	0	110,386
TULF	69,193	6,253	102,653	72,233	0	108,906
THBF	55,857	17,476	141,290	37,013	0	158,766
FHT	55,788	13,132	74,417	16,597	0	87,549
KAR	48,391	73	18,834	12,719	0	18,907
MANN	36,424	10	13,309	3,118	0	13,319
TOR	34,714	718	12,449	4,950	0	13,167
VIE	33,977	0	14,945	976	0	14,945
ROHT	24,762	3,122	38,686	6,480	0	41,808
BERK	21,199	0	3,526	228	0	3,526

In the 2020 financial year, the share of profit or loss of equity-accounted investments recorded for the above-mentioned consortia included T€ 33,784 in profits from consortia and T€ 20,680 in losses from consortia including impending losses.

The financial information in the 2019 financial year on these consortia is presented 100 % before consolidation and valuation approaches deviating from the consortia balance sheet if applicable.

T€	Revenue	Non-current assets	Current assets	thereof cash and cash equivalents	Non-current liabilities	Current liabilities
KAT	86,474	5,840	61,468	546	0	67,308
TULF	90,683	9,332	50,098	50,098	0	59,430
THBF	12,822	8,562	53,513	10,803	0	62,075
FHT	0	0	0	0	0	0
KAR	43,606	321	13,438	3,765	0	13,759
MANN	29,218	14	18,653	7,997	0	18,667
TOR	20,498	2,979	23,690	15,154	0	26,669
VIE	4,104	0	16,239	6,432	0	16,239
ROHT	47,575	4,343	37,306	5,327	0	41,649
BERK	0	0	0	0	0	0

In the 2019 financial year, the share of profit or loss of equity-accounted investments recorded for the above-mentioned consortia included T€ 12,774 in profits from consortia and T€ 11,104 in losses from consortia including impending losses.

The business transactions with the consortia in the financial year can be presented as follows:

T€	2020	2019
Work and services performed	1,008,853	1,017,209
Work and services received	11,339	39,207
Receivables as at 31.12.	478,250	532,382
Liabilities as at 31.12.	406,823	498,565

(17) OTHER INVESTMENTS

The other investments in companies include investments in subsidiaries, associated companies, joint ventures and other investments which, being immaterial, are reported as not consolidated and are not included at equity in the consolidated financial statements. Detailed information on the group's investments (shares of more than 20 %) can be found in the list of investments, which is included in the yearly financial report.

The development of the other investments in the financial year was as follows:

T€	Balance as at 1.1.2020	Currency translation	Changes in scope of consolidation	Additions	Transfers	Disposals	Impairment/ Reversal of impairment losses	Balance as at 31.12.2020
Investments in subsidiaries	86,616	-12	-4,334	18,611	-10	-5,957	-4,506	90,408
Investments	88,446	-175	8,622	3,934	10	-7,274	3,667	97,230
Other investments	**175,062**	**-187**	**4,288**	**22,545**	**0**	**-13,231**	**-839**	**187,638**

The development of the other investments in the previous financial year was as follows:

T€	Balance as at 1.1.2019	Currency translation	Changes in scope of consolidation	Additions	Transfers	Disposals	Impairment/ Reversal of impairment losses	Balance as at 31.12.2019
Investments in subsidiaries	86,071	0	-1,653	6,603	-134	-481	-3,790	86,616
Investments	99,226	215	-2,473	2,988	134	-10,323	-1,321	88,446
Other investments	**185,297**	**215**	**-4,126**	**9,591**	**0**	**-10,804**	**-5,111**	**175,062**

(18) DEFERRED TAXES

Tax accruals and deferrals recognised in the balance sheet on temporary differences between the amounts stated in the IFRS financial statements and the respective tax amounts as well as on losses carried forward developed as follows:

T€	Balance as at 1.1.2020	Currency translation	Changes in scope of consolidation	Other changes	Balance as at 31.12.2020
Intangible assets and property, plant and equipment	39,309	-293	-1,264	12,020	49,772
Financial assets	6,286	-15	0	1,649	7,920
Inventories	15,754	-368	0	11,119	26,505
Trade and other receivables	111,023	-1,719	-17	13,717	123,004
Provisions	192,112	-1,125	-449	6,932	197,470
Liabilities	46,112	-2,270	0	32,101	75,943
Tax loss carryforwards	72,932	-43	0	37,043	109,932
Deferred tax assets	**483,528**	**-5,833**	**-1,730**	**114,581**	**590,546**
Netting out of deferred tax assets and liabilities of the same tax authorities	-345,911	0	0	-59,271	-405,182
Deferred tax assets netted out	**137,617**	**-5,833**	**-1,730**	**55,310**	**185,364**
Intangible assets and property, plant and equipment	-89,493	497	-53	-21,903	-110,952
Financial assets	-6,419	0	0	-10,914	-17,333
Inventories	-20,342	1,213	0	-11,958	-31,087
Trade and other receivables	-248,827	-1,668	0	-10,979	-261,474
Provisions	-4,441	510	0	-6,752	-10,683
Liabilities	-25,085	1	8	-9,868	-34,944
Deferred tax liabilities	**-394,607**	**553**	**-45**	**-72,374**	**-466,473**
Netting out of deferred tax assets and liabilities of the same tax authorities	345,911	0	0	59,271	405,182
Deferred tax liabilities netted out	**-48,696**	**553**	**-45**	**-13,103**	**-61,291**

Deferred taxes on losses carried forward were capitalised as these can probably be offset with future taxable profits. The planning period is limited to five years.

No deferred tax assets were made for tax losses carried forward on the corporate income tax and on the German trade tax (Gewerbesteuer) totalling T€ 1,561,402 (2019: T€ 1,457,880), as their effectiveness as final tax relief is not sufficiently assured.

Of the non-capitalised losses carried forward T€ 1,423,374 (2019: T€ 1,295,907) have unrestricted use.

For the STRABAG SE tax group, Austria, deferred taxes were capitalised despite tax losses in the previous years as well as in the year under report. The recognised deferred taxes for losses carried forward amount to T€ 86,715 (2019: T€ 56,535), for the STRABAG SE tax group. This contains deferred tax assets on open one-seventh impairments in the amount of T€ 86,715 (2019: T€ 55,407). The Austrian Corporate Income Tax Act (Körperschaftsteuergesetz) requires a tax-effective impairment of investments to be claimed over a period of seven years.

The losses of the ongoing year and of the past were strongly influenced by negative special items. To avoid such negative projects, the group has continuously expanded and improved its opportunity and risk management and implemented organisational and strategic improvements. The tax planning for the STRABAG SE tax group for the next five years documents the usability of the tax loss carryforwards.

(19) INVENTORIES

T€	31.12.2020	31.12.2019
Construction materials, auxiliary supplies and fuel	225,086	229,263
Finished buildings	138,137	136,191
Unfinished buildings	291,811	263,724
Development land	354,291	291,538
Finished and unfinished goods	26,148	30,015
Payments made	34,436	32,815
Inventories	**1,069,909**	**983,546**

Impairment in the amount of T€ 3,414 (2019: T€ 5,378) was recognised on inventories excluding construction materials, auxiliary supplies and fuel. T€ 44,512 (2019: T€ 40,472) 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€ 1,294 (2019: T€ 2,253).

(20) 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 arrangement 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 revenue.

The contract also includes interest adjustment payments to be made by the Hungarian state. As a result, the state bears the interest risk from the financing of AKA. These interest adjustment payments represent a separate hedging transaction. Presentation is made as a cash flow hedge; as a result, changes in the fair value of the interest rate swap are recognised in other comprehensive income

The market value of the interest rate swap in the amount of T€ -15,068 (2019: T€ -21,747) 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€ 221,785 (2019: T€ 281,120), classified either as a current or non-current liability depending on the term to maturity. The resulting interest expense is recognised in other operating expenses.

(21) CONTRACT ASSETS AND CONTRACT LIABILITIES

The contract assets comprise the right to payment from construction contracts with customers as well as from project developments for the work performed by the reporting date. If the advances received exceed the payment rights, presentation is made under contract liabilities.

The **contractual balances** are comprised as follows:

T€	**Balance as at 31.12.2020**	**Balance as at 31.12.2019**
Contract assets (gross)	7,659,966	7,981,987
Advances received	*-6,588,637*	*-6,627,090*
Contract assets	**1,071,329**	**1,354,897**
Contract liabilities (gross)	-5,386,523	-5,861,724
Advances received	*6,410,332*	*6,818,971*
Contract liabilities	**1,023,809**	**957,247**

In the 2020 financial year, revenue was recognised in the amount of T€ 957,247 (2019: T€ 974,566) that had been contained under contract liabilities at the beginning of the financial year.

As of 31 December 2020, there are unsatisfied performance obligations from construction contracts with customers and project developments (order backlog) in the amount of T€ 14,341,218 (2019: T€ 15,026,196). The recognition of revenue from these performance obligations is expected with T€ 8,847,554 (2019: T€ 8,806,125) in the following financial year and with T€ 5,493,664 (2019: T€ 6,220,071) in the next four financial years.

In the year under report, no costs of contract initiation or contract satisfaction were capitalised as separate assets.

As is customary in the industry, the customer has the contractual right to retain part of the total amount of the invoice. As a rule, however, these retentions are redeemed by collateral (bank or group guarantees).

With regard to the contract assets and liabilities, we refer to our notes in the section "Estimates - (b) Recognition of revenue from construction contracts with customers and project developments".

(22) TRADE RECEIVABLES

Trade receivables are comprised as follows:

	31.12.2020			31.12.2019		
T€	**Total**	**thereof current**	**thereof non-current**	**Total**	**thereof current**	**thereof non-current**
Trade receivables	1,116,174	1,116,174	0	1,267,117	1,267,117	0
Receivables from consortia	342,574	342,574	0	334,780	334,780	0
Advances paid to subcontractors	53,102	53,102	0	98,832	98,832	0
Trade receivables	**1,511,850**	**1,511,850**	**0**	**1,700,729**	**1,700,729**	**0**

(23) OTHER FINANCIAL ASSETS

Other **financial assets** are comprised as follows:

	31.12.2020			31.12.2019		
T€	**Total**	**thereof current**	**thereof non-current**	**Total**	**thereof current**	**thereof non-current**
Securities	27,546	0	27,546	27,237	0	27,237
Receivables from subsidiaries	104,118	104,118	0	123,342	123,265	77
Receivables from participation companies	137,349	56,946	80,403	147,952	65,152	82,800
Other financial assets	233,153	107,036	126,117	220,917	101,121	119,796
Other financial assets total	**502,166**	**268,100**	**234,066**	**519,448**	**289,538**	**229,910**

(24) CASH AND CASH EQUIVALENTS

T€	**31.12.2020**	**31.12.2019**
Securities	3,102	3,100
Cash on hand	1,467	1,273
Bank deposits	2,852,385	2,456,441
Cash and cash equivalents	**2,856,954**	**2,460,814**

(25) EQUITY

The fully paid in share capital amounts to € 110,000,000 and is divided into 109,999,997 no-par bearer shares and three registered shares.

As at 31 December 2020, STRABAG SE had acquired 7,400,000 no-par bearer shares equalling 6.7 % of the share capital. The corresponding value of the share capital amounts to € 7,400,000. The acquisition extended between the period July 2011 and May 2013. The average purchase price per share was € 20.79.

Details as to the development of the equity of STRABAG SE are represented in the statement of changes in equity.

Long-term economic success, within the context of responsibility to our shareholders, customers, employees, suppliers, subcontractors and the company itself, is the primary entrepreneurial objective of the STRABAG Group. Working to pursue these goals, recognising opportunities and risks before and as they arise, and responsibly taking these into consideration safeguards the continuity of the group and protects the interests of the shareholders.

To guarantee the continuity of the company, the management and responsible employees assure that there is a balanced relationship between opportunities and risks during the selection of projects and assess the individual risks against the background of the overall company risk.

The group equity ratio target was defined at between 20 % and 25 % during the IPO of STRABAG SE in October 2007. The equity capital ratio is calculated from the carrying amount of the equity as at 31 December divided by the balance sheet total as at 31 December. The equity contains all parts of the equity according to the balance sheet: share capital, capital reserves, retained earnings and non-controlling interests.

The group equity ratio as at 31 December 2020 amounted to 33.9 % (2019: 31.5 %). 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.

(26) PROVISIONS

T€	Balance as at 1.1.2020	Currency translation	Changes in scope of consolidation	Additions	Utilisation	Balance as at 31.12.2020
Provisions for severance payments	124,680	-790	274	0	1,612	122,552
Provisions for pensions	435,916	26	0	0	7,586	428,356
Construction-related provisions	388,191	-12,029	-2,038	120,983	10,561	484,546
Personnel-related provisions	21,751	0	0	20	3,802	17,969
Other provisions	166,377	-2,888	-34	29,048	21,682	170,821
Non-current provisions	**1,136,915**	**-15,681**	**-1,798**	**150,051**	**45,243**	**1,224,244**
Construction-related provisions	382,549	-8,903	135	475,308	376,049	473,040
Personnel-related provisions[1]	184,780	-1,981	423	191,668	183,240	191,650
Other provisions	325,977	-1,944	-523	344,668	324,492	343,686
Current provisions	**893,306**	**-12,828**	**35**	**1,011,644**	**883,781**	**1,008,376**
Total	**2,030,221**	**-28,509**	**-1,763**	**1,161,695**	**929,024**	**2,232,620**

The **actuarial assumptions as at 31 December 2020** 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 2018-P	AVÖ 2018-P	Dr. Klaus Heubeck 2018G	BVG 2015G
Discounting rate (%)	0.52	0.52	0.52	0.16
	(2019: 0.80)	(2019: 0.80)	(2019: 0.80)	(2019: 0.25)
Salary increase (%)	2.00	0.00	dependent on contractual adaption	0.70
	(2019: 2.00)	(2019: 0.00)		(2019: 1.00)
Future pension increase (%)	n. a.	dependent on contractual adaption	1.50	0.25
			(2019: 1.50)	(2019: 0.25)
Retirement age for men	62	65	63-67	65
	(2019: 62)	(2019: 65)	(2019: 63–67)	(2019: 65)
Retirement age for women	62	60	63-67	64
	(2019: 62)	(2019: 60)	(2019: 63–67)	(2019: 64)

1 In the other personnel-related provisions plan assets in the amount of T€ 0 (2019: T€ 2,635) are deducted.

Sensitivity analysis

All other parameters remaining equal, a change in the discount rate by +/- 0.5 percentage points, a change in the salary increase by +/- 0.25 percentage points as well as a change in the pension increase by +/- 0.25 percentage points would have the following impact on the amount of the provisions for severance payments and pension obligations as at 31 December 2020:

T€	Change in discounting rate		Change in salary increase		Change in future pension increase	
Change[1]	-0.5 %-points	+0.5 %-points	-0.25 %-points	+0.25 %-points	-0.25 %-points	+0.25 %-points
Severance payments	-4,404	4,111	2,066	-2,126	n. a.	n. a.
Pension obligations	-42,304	37,835	734	-673	12,465	-12,998

Provisions for severance payments show the following development:

T€	2020	2019
Present value of the defined benefit obligation as at 1.1.	**124,680**	**114,676**
Changes in scope of consolidation/currency translation	-516	-652
Current service costs	3,279	5,441
Interest costs	742	1,435
Severance payments	-9,905	-4,057
Actuarial gains/losses arising from experience adjustments	1,916	815
Actuarial gains/losses arising from change in the discount rate	2,356	7,022
Present value of the defined benefit obligation as at 31.12.	**122,552**	**124,680**

The **development of the provisions for pensions** is shown below:

T€	2020	2019
Present value of the defined benefit obligation as at 1.1.	**638,605**	**611,441**
Changes in scope of consolidation/currency translation	887	7,173
Current service costs	7,916	8,758
Interest costs	3,976	8,256
Pension payments	-37,148	-46,250
Actuarial gains/losses arising from experience adjustments	2,402	-2,597
Actuarial gains/losses arising from change in the discount rate	16,062	51,085
Actuarial gains/losses arising from demographic changes	-969	739
Present value of the defined benefit obligation as at 31.12.	**631,731**	**638,605**

The **plan assets for pension provisions** developed as follows in the year under report:

T€	2020	2019
Fair value of the plan assets as at 1.1.	**202,689**	**191,130**
Changes in scope of consolidation/currency translation	861	6,392
Income from plan assets	871	1,719
Contributions	7,327	7,457
Pension payments	-12,627	-13,567
Actuarial gains/losses	4,254	9,558
Fair value of the plan assets as at 31.12.	**203,375**	**202,689**

1 Sign: - increase of obligation, + decrease of obligation

The **plan assets** consist of the following risk groups:

T€	31.12.2020	31.12.2019
Shares[1]	30,029	28,252
Bonds[1]	53,573	64,236
Cash	1,280	1,284
Investment funds	14,640	14,681
Real estate	13,663	13,121
Liability insurance	61,716	61,530
Other assets	28,474	19,585
Total	**203,375**	**202,689**

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 investment strategy can be adjusted on an annual basis in order to reflect market changes. Currently the split is 50 % in nominal value assets and 50 % in tangible assets.

The expected contributions to pension foundations in the following year will amount to T€ 3,575 (2019: T€ 3,809).

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€ 4,534 (2019: T€ 9,128) in the financial year.

The following amounts for pension and severance provisions were recognised in the **income statement**:

T€	2020	2019
Current service costs	11,195	14,199
Interest costs	4,718	9,691
Return on plan assets	871	1,719

The **development of the net defined benefit obligation** for pension and severance provisions was as follows:

T€	31.12.2020	31.12.2019
Severance provisions obligation	122,552	124,680
Present value of the defined benefit obligation (pension provision)	*631,731*	*638,605*
Fair value of plan assets (pension provision)	*-203,375*	*-202,689*
Pension provision obligation	428,356	435,916
Obligation total	**550,908**	**560,596**

The **maturity profile** of the benefit payments from the net defined benefit liability as at 31 December 2020 was as follows:

T€	< 1 year	1–5 years	6–10 years	11–20 years	> 20 years
Provisions for severance payments	9,218	27,478	31,111	30,664	3,179
Provisions for pensions	36,835	145,892	143,106	187,959	149,970

1 All shares and bonds are traded in an active market.

The **maturity profile** of the benefit payments from the net defined benefit liability as at 31 December 2019 was as follows:

T€	< 1 year	1–5 years	6–10 years	11–20 years	> 20 years
Provisions for severance payments	9,429	25,693	32,107	33,591	4,790
Provisions for pensions	36,572	145,239	145,843	197,840	165,760

The **durations** (weighted average term) are shown in the following table.

Years	31.12.2020	31.12.2019
Severance payments Austria	8.88	9.05
Pension obligations Austria	8.40	8.47
Pension obligations Germany	11.70	11.69
Pension obligations Switzerland	15.10	15.20

Other provisions

The construction-related provisions include warranty obligations, costs of the contract execution and subsequent costs of invoiced contracts, as well as impending losses from projects pending which are not accounted for elsewhere. The personnel-related provisions essentially include bonus obligations and premiums, service anniversary bonuses, contributions to occupational funds as well as costs of the old age part-time scheme and expenses for personnel downsizing measures. Other provisions especially include provisions for damages and litigations.

(27) FINANCIAL LIABILITIES

	31.12.2020			31.12.2019		
T€	Total	thereof current	thereof non-current	Total	thereof current	thereof non-current
Bonds	200,000	0	200,000	400,000	200,000	200,000
Bank borrowings	651,741	107,093	544,649	721,888	104,829	617,059
Lease liabilities	304,265	56,803	247,462	300,319	50,680	249,639
Financial liabilities	**1,156,006**	**163,896**	**992,111**	**1,422,207**	**355,509**	**1,066,698**

Physical securities were established to cover liabilities to banks in the amount of T€ 47,964 (2019: T€ 48,886).

The bank borrowings involve non-recourse liabilities from concession arrangements in the amount of T€ 597,197 (thereof non-current: T€ 526,792). This value amounted to T€ 665,526 (thereof non-current: T€ 597,187) in the previous year.

(28) TRADE PAYABLES

	31.12.2020			31.12.2019		
T€	Total	thereof current	thereof non-current	Total	thereof current	thereof non-current
Trade payables	2,141,827	2,141,827	0	2,357,883	2,357,883	0
Liabilities from construction consortia	321,000	321,000	0	468,757	468,757	0
Trade payables	**2,462,827**	**2,462,827**	**0**	**2,826,640**	**2,826,640**	**0**

(29) OTHER FINANCIAL LIABILITIES

	31.12.2020			31.12.2019		
T€	Total	thereof current	thereof non-current	Total	thereof current	thereof non-current
Payables to subsidiaries	101,984	101,984	0	107,827	107,827	0
Payables to participation companies	9,445	9,445	0	12,770	12,770	0
Other financial liabilities	282,709	177,506	105,203	355,983	263,765	92,218
Other financial liabilities total	**394,138**	**288,935**	**105,203**	**476,580**	**384,362**	**92,218**

(30) CONTINGENT ASSETS

On 29 June 2020, the tribunal in STRABAG SE v Libya (ICSID Case No. ARB (AF)/15/1) issued its award holding Libya in breach of the agreement between the Republic of Austria and the State of Libya for the promotion and protection of investments. The tribunal consequently awarded STRABAG damages of € 75 million plus interests, and ordered Libya to reimburse STRABAG 75 % of its legal costs and expenses, and to bear 75 % of the costs of the arbitration.

STRABAG's work in Libya, which commenced in 2006, was interrupted by the conflict in Libya that took place in 2011, and STRABAG claimed damages in the arbitration to compensate it for the loss and damage it suffered during that conflict and for works that it had already performed on the different construction projects.

It remains uncertain whether Libya will honour the award. Therefore, STRABAG is currently investigating ways in which it can enforce the amount owed. Because of the existing uncertainties no receivable was recognised.

(31) CONTINGENT LIABILITIES

The company has accepted the following **guarantees**:

T€	31.12.2020	31.12.2019
Guarantees without financial guarantees	174	174

(32) 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 liabilities as at 31 December 2020 are performance bonds in the amount of € 2.3 billion (2019: € 2.5 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 in which companies of the STRABAG Group hold a share interest.

(33) 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 from changes in the scope of consolidation were eliminated and represented in the cash flow from investing activities.

The **cash and cash equivalents** are composed as follows:

T€	31.12.2020	31.12.2019
Securities	3,102	3,100
Cash on hand	1,467	1,273
Bank deposits	2,852,385	2,456,441
Restricted cash and cash equivalents	0	0
Pledge of cash and cash equivalents	-150	-845
Cash and cash equivalents	**2,856,804**	**2,459,969**

Moreover, in construction projects executed through consortia there are cash and cash equivalents whose use can only be determined jointly with other partner companies.

The **cash flow from operating activities** in the reporting year contains the following items:

T€	2020	2019
Interest paid	31,401	36,546
Interest received	14,217	24,316
Taxes paid	154,805	122,740
Dividends received	106,676	88,144

The **cash flow from financing activities** for the financial year 2020 can be derived from the balance sheet items as follows:

T€	Bonds	Bank borrowings	Other financial liabilities[1]	Lease liabilities	Total
Balance as at 1.1.2020	**400,000**	**721,888**	**88,418**	**300,319**	**1,510,625**
Issue	0	1,273	0	0	1,273
Repayment	-200,000	-71,417	0	0	-271,417
Increase (+)/decrease (-) of financing	0	0	-57,443	-63,689	-121,132
Total cash flow from financing activities	**-200,000**	**-70,144**	**-57,443**	**-63,689**	**-391,276**
Currency translation	0	-3	-75	-3,649	-3,727
Change in scope of consolidation	0	0	0	0	0
Other changes	0	0	114	71,284	71,398
Total of non cash-effective changes	**0**	**-3**	**39**	**67,635**	**67,671**
Balance as at 31.12.2020	**200,000**	**651,741**	**31,014**	**304,265**	**1,187,020**

The cash flow from financing activities can be derived as follows:

T€	Inflow (+) Outflow (-)
Total cash flows from financing activities	-391,276
Change in non-controlling interests due to acquisition	1,200
Distribution of dividends	-105,813
Cash flow from financing activities	**-495,889**

The **cash flow from financing activities** for the financial year 2019 can be derived from the balance sheet items as follows:

T€	Bonds	Bank borrowings	Other financial liabilities[1]	Lease liabilities	Total
Balance as at 1.1.2019	**500,000**	**863,330**	**62,708**	**356,672**	**1,782,710**
Issue	0	16,650	0	0	16,650
Repayment	-100,000	-153,748	0	0	-253,748
Increase (+)/decrease (-) of financing	0	0	-4,493	-56,424	-60,917
Total cash flow from financing activities	**-100,000**	**-137,098**	**-4,493**	**-56,424**	**-298,015**
Currency translation	0	-2	-120	71	-51
Change in scope of consolidation	0	0	0	0	0
Other changes	0	-4,342	30,323	0	25,981
Total of non cash-effective changes	**0**	**-4,344**	**30,203**	**71**	**25,930**
Balance as at 31.12.2019	**400,000**	**721,888**	**88,418**	**300,319**	**1,510,625**

The cash flow from financing activities can be derived as follows:

T€	Inflow (+) Outflow (-)
Total cash flows from financing activities	-298,015
Change in non-controlling interests due to acquisition	-3,586
Distribution of dividends	-110,014
Cash flow from financing activities	**-411,615**

1 The recognition in the balance sheet was made under current and non-current other financial liabilities.

Notes on financial instruments

(34) 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, lease liabilities and trade payables.

Financial instruments overview

The **financial instruments** as at the balance sheet date were as follows:

T€	31.12.2020 Measurement category according to IFRS 9	Carrying amount	Fair value	31.12.2019 Measurement category according to IFRS 9	Carrying amount	Fair value
Assets						
Investments below 20 % (other investments)	FVPL	41,278	41,278	FVPL	32,540	32,540
Trade receivables	AC	1,458,748		AC	1,601,896	
Receivables from concession arrangements	AC	619,258		AC	660,107	
Other non-current financial assets	AC	206,520		AC	202,673	
Other current financial assets	AC	262,555		AC	288,271	
Cash and cash equivalents	AC	2,853,852		AC	2,457,713	
Securities	FVPL	27,546	27,546	FVPL	27,237	27,237
Cash and cash equivalents (securities)	FVPL	3,102	3,102	FVPL	3,101	3,101
Derivatives held for hedging purposes (receivables from concession arrangements)	Derivatives	-15,068	-15,068	Derivatives	-21,747	-21,747
Derivatives held for hedging purposes (other financial assets)	Derivatives	1,434	1,434	Derivatives	0	0
Derivatives other (other financial assets)	FVPL	4,111	4,111	FVPL	1,266	1,266
Liabilities						
Financial liabilities	FLaC	-1,156,006	-1,165,326	FLaC	-1,422,207	-1,428,844
Trade payables	FLaC	-2,462,827		FLaC	-2,826,640	
Other non-current financial liabilities	FLaC	-75,777		FLaC	-74,996	
Other current financial liabilities	FLaC	-288,681		FLaC	-367,466	
Derivatives held for hedging purposes (other financial liabilities)	Derivatives	-29,426	-29,426	Derivatives	-32,920	-32,920
Derivatives other (other financial liabilities)	FVPL	-254	-254	FVPL	-1,199	-1,199
	Measurement categories according to IFRS 9			**Measurement categories according to IFRS 9**		
	AC	5,400,933		AC	5,210,660	
	FVPL	75,783	75,783	FVPL	62,945	62,945
	FLaC	-3,983,291	-1,165,326	FLaC	-4,691,309	-1,428,844
	Derivatives	-43,060	-43,060	Derivatives	-54,667	-54,667
	Total	**1,450,365**	**-1,132,603**	**Total**	**527,629**	**-1,420,566**

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 amounts on the balance sheet date approximate their fair value. The fair value of non-current financial assets corresponds to the present value of the related payments under consideration of the prevailing market parameters as far as market values were not available.

Trade payables and other financial liabilities typically have short terms; their carrying amounts approximate the fair value. The fair value of bonds, bank borrowing and lease liabilities 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€ 202,610 (2019: T€ 407,994) and as a Level 2 measurement at T€ 962,716 (2019: T€ 1,020,850).

T€ 150 (2019: T€ 845) of cash and cash equivalents, T€ 2,577 (2019: T€ 2,672) of securities and T€ 1,815 (2019: T€ 1,755) of other financial instruments were pledged as collateral for liabilities.

The non-recourse liabilities related to concession projects (AKA and Pansuevia) are hedged using the income from concession arrangements.

The **net income effects of the financial instruments** according to valuation categories are as follows:

	2020				2019			
T€	**AC**	**FVPL**	**FLaC**	**Derivatives**	**AC**	**FVPL**	**FLaC**	**Derivatives**
Interest	16,224	0	-29,364	0	21,150	0	-34,138	0
Interest from concession arrangements	59,568	0	-19,900	-5,216	63,274	0	-22,548	-6,193
Result from investments	0	3,939	0	0	0	7,298	0	0
Result from securities	0	531	0	0	0	-803	0	0
Impairments, credit losses and reversals of impairment losses	-30,381	4,565	0	0	-16,941	861	0	0
Disposal profits/losses	0	49	0	0	0	1,863	0	0
Change in derivatives	0	3,790	0	0	0	-1,565	0	0
Income from derecognition of liabilities and payments of derecognised receivables	35	0	6,375	0	831	0	10,054	0
Net income recognised in profit or loss	**45,446**	**12,874**	**-42,889**	**-5,216**	**68,314**	**7,654**	**-46,632**	**-6,193**
Value changes recognised directly in equity	0	0	0	16,823	0	0	0	-12,688
Net income	**45,446**	**12,874**	**-42,889**	**11,607**	**68,314**	**7,654**	**-46,632**	**-18,881**

Interest from financial assets and financial liabilities is reported in net interest income, with the exception of interest from concession arrangements. Concession arrangements are part of the operating business, which is why interest income from concession arrangements is recognised in revenue and interest expenses from concession arrangements are recognised in other operating expenses.

Impairments, credit losses and reversals of impairment losses on financial assets and liabilities – excluding investments of less than 20 % as well as securities – are reported under other operating expenses or other operating income. Gains and losses on the disposal of financial receivables and liabilities are also recognised in other operating income or other operating expenses.

Income from the derecognition of liabilities as well as payments received on derecognised receivables are reported under other operating income.

Income, expenses, impairments and reversals of impairments as well as disposal gains and losses on investments of less than 20 % are recognised in net income from investments.

Income, expenses, impairments and reversals of impairments as well as disposal gains and losses on securities are recognised in net interest income.

Changes in other derivatives measured through profit or loss are recognised in net interest income.

Financial instruments measured at fair value

The **fair values as at 31 December 2020** for financial instruments measured at fair value in the balance sheet were determined as follows:

T€	Level 1	Level 2	Level 3	Total
Assets				
Investments below 20 % (other investments)			41,278	41,278
Securities	27,546			27,546
Cash and cash equivalents (securities)	3,102			3,102
Derivatives held for hedging purposes		-13,634		-13,634
Derivatives other		4,111		4,111
Total	**30,648**	**-9,523**	**41,278**	**62,403**
Liabilities				
Derivatives held for hedging purposes		-29,426		-29,426
Derivatives other		-254		-254
Total	**0**	**-29,680**	**0**	**-29,680**

The **fair values as at 31 December 2019** for financial instruments measured at fair value in the balance sheet were determined as follows:

T€	Level 1	Level 2	Level 3	Total
Assets				
Investments below 20 % (other investments)			32,540	32,540
Securities	27,237			27,237
Cash and cash equivalents (securities)	3,101			3,101
Derivatives held for hedging purposes		-21,747		-21,747
Derivatives other		1,266		1,266
Total	**30,338**	**-20,481**	**32,540**	**42,397**
Liabilities				
Derivatives held for hedging purposes		-32,920		-32,920
Derivatives other		-1,199		-1,199
Total	**0**	**-34,119**	**0**	**-34,119**

STRABAG records regroupings between the different fair-value-hierarchy levels at the end of the reporting period in which the regrouping took place.

During the financial years 2020 and 2019, 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 participants. The quoted market price for the financial instruments presented in Level 1 corresponds to the bid price on 31 December 2020.

Financial instruments in Level 2

These financial instruments are not traded in an active market. They involve exclusively derivatives held for hedging purposes and other derivatives. 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.

Financial instruments in Level 3

These financial instruments involve exclusively a large number of smaller investments below 20 % that are not traded on an active market. The fair value is determined on the basis of simplified company valuations.

The carrying amount of investments below 20 % developed as follows:

T€	2020	2019
Carrying amount as at 1.1.	**32,540**	**40,660**
Currency translation	26	201
Change in scope of consolidation	6,716	0
Additions	2,811	172
Disposals	-4,471	-8,732
Changes in fair value	3,656	239
Carrying amount as at 31.12.	**41,278**	**32,540**

Due to the broad diversification of the investments, no major fluctuations in value are expected in the future.

The following **derivatives** existed which are not offsettable but which can be set off in case of insolvency:

T€	31.12.2020			31.12.2019		
Bank	**Assets**	**Liabilities**	**Total**	**Assets**	**Liabilities**	**Total**
Deutsche Bank AG	1,434	0	1,434	0	-14,115	-14,115
KfW IPEX-Bank	0	-6,545	-6,545	0	-4,252	-4,252
Norddeutsche Landesbank	0	-7,513	-7,513	0	-4,426	-4,426
Republic of Hungary	-15,068	0	-15,068	-21,747	0	-21,747
SEB AG	0	-7,693	-7,693	0	-5,693	-5,693
Société Générale	0	-7,675	-7,675	0	-4,434	-4,434
Total derivatives held for hedging purposes	**-13,634**	**-29,426**	**-43,060**	**-21,747**	**-32,920**	**-54,667**
Bayerische Landesbank	884	0	884	27	0	27
Crédit Agricole Corp. & Investment	16	0	16	0	-267	-267
Erste Group Bank AG	0	0	0	0	-32	-32
ING Bank N.V.	0	0	0	84	0	84
Landesbank Baden-Württemberg	271	0	271	408	-900	-492
Raiffeisenbank International AG	1,086	-254	832	44	0	44
SEB AG	0	0	0	379	0	379
UniCredit Bank Austria AG	1,854	0	1,854	324	0	324
Total other derivatives	**4,111**	**-254**	**3,857**	**1,266**	**-1,199**	**67**
Total	**-9,523**	**-29,680**	**-39,203**	**-20,481**	**-34,119**	**-54,600**

No hedge accounting is used for other derivatives, but they are part of economic hedging relationships.

Principles of risk management

The STRABAG Group is subject to credit, market and liquidity risks related to its financial assets, financial 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.

The group assesses concentrations of risk with regard to interest rate risk, currency risk and credit risk as low because customers are located in different countries, belong to different industries and operate in largely independent markets.

The group's business activities are subject to market price risks that are customary in the industry. These risks are not hedged through derivatives or financial instruments but through other hedging activities including but not limited to contractual agreements.

Further explanations on risk management and financial instruments can be found in the group management report from 31 December 2020.

Interest rate risk

The financial instruments bear mainly 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€ 200,000 (2019: T€ 400,000).

For further details on the potential impact due to the interest rate benchmark reform, please refer to the section "Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform".

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 amount 31.12.2020 T€	Weighted average interest rate 2020 %
EUR	1,974,032	-0.08
PLN	294,039	0.14
HUF	127,872	0.01
CZK	152,044	0.07
Other	304,398	0.56
Total	**2,852,385**	**0.02**

Currency	Carrying amount 31.12.2019 T€	Weighted average interest rate 2019 %
EUR	1,625,584	0.03
PLN	240,694	1.20
HUF	56,051	0.01
CZK	172,962	0.66
Other	361,150	0.47
Total	**2,456,441**	**0.25**

Bank borrowings

Currency	Carrying amount 31.12.2020 T€	Weighted average interest rate 2020 %
EUR	651,741	1.03
Total	**651,741**	**1.03**

Currency	Carrying amount 31.12.2019 T€	Weighted average interest rate 2019 %
EUR	721,880	1.14
Other	8	9.55
Total	**721,888**	**1.14**

Had the interest rate level at 31 December 2020 been higher by 100 basis points, then the EBT would have been higher by T€ 23,304 (2019: T€ 18,794) and the equity at 31 December 2020 would have been higher by T€ 58,752 (2019: T€ 57,323). Had the interest rate level been lower by 100 basis points, this would have meant a correspondingly lower equity and EBT. The calculation is made based on the level of interest-bearing financial assets and liabilities as at 31 December. Tax effects from interest rate changes were not considered.

Currency risk

Due to the decentralised structure of the group, characterised by local companies in the respective countries, mainly closed currency positions appear in the balance sheet. Loan financing and investments were predominantly made by the group companies in the respective country's local currency. Receivables and liabilities from business activities mainly offset each other in the same currency.

The internal financing of companies within the group using different functional currencies resulted in an earnings-relevant currency risk. To limit this risk derivative financial instruments are transacted. The market values of these hedging transactions in the amount of T€ 3,857 (2019: T€ 67) are recognised in profit or loss in the income statement. The hedging transactions are reported under other financial assets or other financial liabilities.

Development of the important **currencies in the group**:

Currency	Exchange rate 31.12.2020: 1 € =	Average rate 2020: 1 € =	Exchange rate 31.12.2019: 1 € =	Average rate 2019: 1 € =
HUF	363.8900	354.0517	330.5300	325.7517
CZK	26.2420	26.4976	25.4080	25.6588
PLN	4.5597	4.4680	4.2568	4.299
CHF	1.0802	1.0709	1.0854	1.1111
CLP	870.6600	906.4485	843.6127	792.4677
USD	1.2271	1.1195	1.1234	1.1195
GBP	0.8990	0.8894	0.8508	0.8759

The following table shows the hypothetical changes in EBT and equity if the euro in the year **2020** had been revalued or devalued by 10 % in relation to another currency:

T€	Revaluation euro of 10 %		Devaluation euro of 10 %	
Currency	**change in EBT**	**change in equity**	**change in EBT**	**change in equity**
PLN	1,784	3,784	-1,784	-3,784
HUF	-6,018	10,622	6,018	-10,622
CHF	-2,245	-9,615	2,245	9,615
CZK	2,419	11,919	-2,419	-11,919
USD	9,483	9,483	-9,483	-9,483
Other	-11,770	-11,770	11,770	11,770

The following table shows the hypothetical changes in EBT and equity if the euro in the year **2019** had been revalued or devalued by 10 % in relation to another currency:

T€	Revaluation euro of 10 %		Devaluation euro of 10 %	
Currency	**change in EBT**	**change in equity**	**change in EBT**	**change in equity**
PLN	545	2,545	-545	-2,545
HUF	-12,250	5,903	12,250	-5,903
CHF	-3,985	-9,513	3,985	9,513
CZK	3,474	12,974	-3,474	-12,974
CLP	0	2,670	0	-2,670
USD	15,926	15,926	-15,926	-15,926
Other	-19,704	-19,704	19,704	19,704

The calculation is based on original and derivative foreign currency holdings in non-functional currency as at 31 December as well as underlying transactions for the next twelve months. The effect on tax resulting from changes in currency exchange rates was not taken into consideration.

Cash flow hedges

Currency risks in the group result when the currency of the order differs from the functional currency of the company. The planned proceeds are received in the currency of the order (for example, euro or US dollar), while a substantial part of the associated costs is made in the local currency.

The group uses foreign exchange forwards to hedge against this risk. These contracts are classified as hedges against future payments and are presented as cash flow hedges.

The group designates exclusively the spot element of foreign exchange forwards and swaps to hedge its currency risk and applies a hedge ratio of 1:1 or 100 %. The spot element corresponds to that part of the fair value that is determined exclusively on the basis of the spot exchange rate. The interest element (forward element), on the other hand, is determined from the difference between the total fair value and the cash element. The forward element is excluded from designation and recognised as cost of hedging. The key features of the foreign exchange forward or swap correspond to the hedged item.

To hedge against variable interest rate obligations, interest rate swaps are used especially with financing obligations from concession arrangements. This serves to hedge the variability of future cash flows from variable interest rate payments. Interest rate swaps are presented as cash flow hedges.

The group determines the existence of an economic relationship between the hedging instrument and the hedged item, for the purpose of assessing the effectiveness of the hedge, based on the interest rates benchmarks, terms, repricing dates and maturities of the nominal amounts.

The amounts of the hedged items as at 31 December 2020 are as follows:

Hedged item	Value changes in the basis for effectiveness measurement	Hedging reserves	Cost-of-hedging reserves
Exchange risk			
USD sale	-3,725	1,537	-103
Interest rate risk			
Interest AKA	-3,012	-21,693	0
Interest PANSUEVIA	15,183	-37,385	0
Total	**8,446**	**-57,541**	**-103**

All hedge relationships are constructed based on EURIBOR and are therefore not affected by the interest rate benchmark reform.

The amounts of the hedged items as at 31 December 2019 are as follows:

Hedged item	Value changes in the basis for effectiveness measurement	Hedging reserves	Cost-of-hedging reserves
Exchange risk			
USD sale	15,241	-16,018	321
Interest rate risk			
Interest AKA	-2,104	-33,158	0
Interest PANSUEVIA	23,321	-25,612	0
Interest A-WAY	0	0	0
Total	**36,458**	**-74,788**	**321**

The hedging instruments as at 31 December 2020 were comprised as follows:

T€ Hedge	Nominal value	Carrying amount	Balance sheet item where the hedge is presented	OCI change in value of the hedge	Cost of hedging recognised in OCI	Recycling amount from hedging reserves	Recycling amount from cost-of-hedging reserves	P&L item where the recycling value is recognised
Exchange risk								
USD sale	39,932	1,434	other financial assets	3,726	-209	13,829	-215	revenue
Interest rate risk								
Interest rate swap AKA	221,785	-15,068	receivables from concession arrangements	3,012	0	8,452	0	other operating expenses
Interest rate swaps PANSUEVIA	251,851	-29,426	other financial liabilities	-15,182	0	3,410	0	other operating expenses
Total	**513,568**	**-43,060**		**-8,444**	**-209**	**25,691**	**-215**	

Possible sources of ineffectiveness in these hedging relationships include:

- the effect of counterparty and own credit risk on the fair value of derivatives not reflected in the change in the fair value of the hedged cash flows attributable to interest rates changes
- differences in the repricing dates of the hedging instrument and the underlying transactions
- changes in the expected value of the cash flows from the underlying transaction being hedged and from the hedging instrument
- ineffectiveness arising from changes to the reference rates due to the interest rate benchmark reform

In the 2020 financial year, no amounts from value changes resulting from ineffectiveness were recognised in the income statement.

The hedging instruments as of 31 December 2019 were made up as follows:

T€ Hedge	Nominal value	Carrying amount	Balance sheet item where the hedge is presented	OCI change in value of the hedge	Cost of hedging recognised in OCI	Recycling amount from hedging reserves	Recycling amount from cost-of-hedging reserves	P&L item where the recycling value is recognised
Exchange risk								
USD sale	173,580	-15,697	other financial liabilities	-15,241	278	9,824	-29	revenue
Interest rate risk								
Interest rate swap AKA	281,120	-21,747	receivables from concession arrangements	2,104	0	10,134	0	other operating expenses
Interest rate swaps PANSUEVIA	257,875	-17,223	other financial liabilities	-23,321	0	3,310	0	other operating expenses
Interest rate swap A-WAY	0	0	other financial liabilities	0	0	253	0	interest expense
Total	**712,575**	**-54,667**		**-36,458**	**278**	**23,521**	**-29**	

In the 2019 financial year, no amounts from value changes resulting from ineffectiveness were recognised in the income statement.

On 31 December 2020, the group held the following instruments for the purpose of hedging exchange rate and interest rate fluctuation:

	Maturity		
T€	**1–6 months**	**6–12 months**	**> 1 year**
Foreign exchange forward			
Nominal amount in TUSD	30,000	19,000	
Average USD-CLP forward rate	689.40	811.72	
Interest rate swap			
Nominal amount in TEUR	33,988	33,032	406,616
Average fixed interest rate (%)	2.61	2.60	1.66

On 31 December 2019, the group held the following instruments for the purpose of hedging exchange rate and interest rate fluctuation:

	Maturity		
T€	**1–6 months**	**6–12 months**	**> 1 year**
Foreign exchange forward			
Nominal amount in TUSD	81,000	84,000	30,000
Average USD-CLP forward rate	665.88	694.09	689.40
Interest rate swap			
Nominal amount in TEUR	32,951	32,408	473,636
Average fixed interest rate (%)	2.64	2.61	1.79

The reconciliation of the equity components as at 31 December 2020 is as follows:

T€	**Hedging reserves**	**Cost-of-hedging reserves**
As at 1.1.	**-87,083**	**234**
Fair value changes		
Currency risk	3,726	-209
Interest rate risk	-12,170	0
Recycling		
Currency risk	13,829	-215
Interest rate risk	11,862	0
Deferred taxes		
Currency risk	-4,740	115
Interest rate risk	2,597	0
Change in hedging reserves from equity-accounted investments	-2,593	0
As at 31.12.	**-74,572**	**-75**

The reconciliation of the equity components as at 31 December 2019 is as follows:

T€	**Hedging reserves**	**Cost-of-hedging reserves**
As at 1.1.	**-76,148**	**72**
Fair value changes		
Currency risk	-15,241	278
Interest rate risk	-21,217	0
Recycling		
Currency risk	9,824	-29
Interest rate risk	13,697	0
Deferred taxes		
Currency risk	1,347	-87
Interest rate risk	5,004	0
Change in hedging reserves from equity-accounted investments	-4,349	0
As at 31.12.	**-87,083**	**234**

Credit risk

Credit risks arise when contractual parties do not meet their payment obligations by the date of settlement. Such risks exist with regard to payments of receivables from the operating business as well as the contractual cash flows from debt instruments in the category of measured at amortised cost (AC). To manage the credit risk from the operating business, STRABAG established a credit risk management system in line with the market rates and customers. Because of the Covid-19 pandemic in particular, loans and receivables from private clients are being monitored more closely than in the past.

The maximum credit risk of the financial assets corresponds to the carrying amounts presented in the balance sheet.

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.

STRABAG SE holds no non-financial assets as security collateral. Financial collateral is only of minor importance, as the large number of public-sector customers presents hardly any payment risk. The performance of work for private customers is largely secured by payments of advance consideration.

Impairments on trade receivables and on contract assets are determined using the simplified approach. The impairments are determined taking into consideration the country-specific risks and the creditworthiness of the customers. Due to the Covid-19 pandemic, private clients were assigned higher probabilities of default than in the previous year.

Impairments, considered individually, are also made of financial assets if the carrying amount of the financial asset 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. These impairments are composed of many individual items of which none, seen alone, is significant.

The risk provision as at 31 December 2020 for trade receivables and for contract assets developed as follows during the financial year:

T€	Trade receivables	Contract assets
Gross carrying amount as at 31.12.2020	**1,588,183**	**1,078,897**
Lifetime ECL as at 1.1.	**4,747**	**5,025**
Exchange differences/change in scope of consolidation	-63	-789
Change due to volume change	-399	-186
Change due to rating change	5,228	3,518
Lifetime ECL as at 31.12.	**9,513**	**7,568**
Impairment as at 1.1.	**110,973**	**0**
Exchange differences/change in scope of consolidation	-2,522	0
Allocation/utilisation	11,471	0
Impairment as at 31.12.	**119,922**	**0**
Net carrying amount as at 31.12.2020	**1,458,748**	**1,071,329**

In addition, impairments on other financial assets amounting to T€ 5,091 (2019: T€ 3,373) exist as at 31 December 2020.

The changes due to rating changes are mainly attributable to the assumption of an increased probability of default among private clients due to the Covid-19 pandemic.

The risk provision as at 31 December 2019 for trade receivables and for contract assets developed as follows during the financial year:

T€	Trade receivables	Contract assets
Gross carrying amount as at 31.12.2019	**1,717,616**	**1,359,922**
Lifetime ECL as at 1.1.	**6,897**	**5,268**
Exchange differences/change in scope of consolidation	-15	-18
Addition ECL proprietary projects	0	-136
Change due to volume change	-1,265	334
Change due to rating change	-870	-423
Lifetime ECL as at 31.12.	**4,747**	**5,025**
Impairment as at 1.1.	**106,920**	**0**
Exchange differences/change in scope of consolidation	159	0
Allocation/utilisation	3,894	0
Impairment as at 31.12.	**110,973**	**0**
Net carrying amount as at 31.12.2019	**1,601,896**	**1,354,897**

The following shows the gross carrying amounts of the financial assets by risk class for which the expected losses were recognised over the entire remaining term.

The risk classes were determined according to the probabilities of default depending on country risk and creditworthiness of the debtors. Below 0.55 % is assumed to be low risk, between 0.55 % and 1.2 % medium risk and above 1.2 % high risk.

The gross carrying amounts for the 2020 financial year are as follows:

T€	Trade receivables	Contract assets
Low risk	1,002,501	415,439
Medium risk	536,761	596,636
High risk	48,921	66,822
Gross carrying amount as at 31.12.2020	**1,588,183**	**1,078,897**

Due to the uncertainties caused by the Covid-19 pandemic, higher probabilities of default for private clients were applied when determining ECL, which resulted in a shift in the gross carrying amounts from low to medium risk compared to the 2019 financial year.

The gross carrying amounts for the 2019 financial year are as follows:

T€	Trade receivables	Contract assets
Low risk	1,599,946	1,247,824
Medium risk	86,445	74,733
High risk	31,225	37,365
Gross carrying amount as at 31.12.2019	**1,717,616**	**1,359,922**

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 syndicated cash and aval credit lines in the amount of € 0.4 billion (2019: € 0.4 billion) respectively € 2.0 billion (2019: € 2.0 billion). The overall line for cash and aval loan amounts to € 7.9 billion (2019: € 7.9 billion). The syndicated surety credit line contains covenants which were fulfilled at the balance sheet date.

An increased liquidity risk due to the Covid-19 pandemic could not be identified in the 2020 financial year.

The medium- and long-term liquidity needs have so far also been covered by the issue of corporate bonds. In the years 2013 and 2015, STRABAG issued bonds of € 200 million each, with a term to maturity of seven years each. In the 2020 financial year, the € 200 million bond issued in 2013 was repaid in full. As per 31 December 2020, STRABAG SE had a bond with a total volume of € 200 million on the market.

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 2020

T€	Carrying amount 31.12.2020	Cash flows 2021	Cash flows 2022–2025	Cash flows after 2025
Bonds	200,000	3,250	203,250	0
Bank borrowings	651,741	118,498	249,400	352,629
Lease liabilities	304,265	63,126	216,637	183,698
Financial liabilities	**1,156,006**	**184,874**	**669,287**	**536,327**

The trade payables and the other liabilities without derivatives essentially lead to cash outflows in line with the maturity at the amount of the carrying amounts. The payment obligations from leasing liabilities amount to T€ 66,402 for 2022, T€ 56,704 for 2023, T€ 51,603 for 2024 and T€ 41,928 for 2025.

Payment obligations as at 31 December 2019

T€	Carrying amount 31.12.2019	Cash flows 2020	Cash flows 2021–2024	Cash flows after 2024
Bonds	400,000	209,250	203,250	0
Bank borrowings	721,888	118,131	310,601	374,663
Lease liabilities	300,319	56,942	192,111	178,481
Financial liabilities	**1,422,207**	**384,323**	**705,962**	**553,144**

The payment obligations from leasing liabilities amount to T€ 56,450 for 2021, T€ 48,417 for 2022, T€ 45,409 for 2023 and T€ 41,835 for 2024.

In addition, financial guarantees in the amount of T€ 42,699 (2019: T€ 14,481) are issued. Theoretically these guarantees can be used at any time, leading to a short-term outflow of liquidity.

Segment report

(35) 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 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 as the ground engineering activities.

The segment South + East comprises the construction activities in Austria, Switzerland, Hungary, Czech Republic, Slovakia, Adriatic, Rest of Europe and Russia and the environmental engineering business.

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. The newly established entities for digitalisation, innovation and business development established on 1 January 2020 are also assigned to the segment Other.

Segment reporting for the financial year 2020

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output volume	**7,862,645**	**4,632,603**	**2,811,859**	**139,501**		**15,446,608**
Revenue	**7,461,874**	**4,602,831**	**2,670,209**	**14,830**	**0**	**14,749,744**
Inter-segment revenue	205,318	44,481	298,519	915,897		
EBIT	**406,425**	**176,349**	**54,040**	**904**	**-7,066**	**630,652**
thereof share of profit or loss of equity-accounted investments	31,131	6,925	28,078	80	0	66,214
Interest and similar income	0	0	0	27,890	0	27,890
Interest expense and similar charges	0	0	0	-48,492	0	-48,492
EBT	**406,425**	**176,349**	**54,040**	**-19,698**	**-7,066**	**610,050**
Investments in property, plant and equipment, and in intangible assets	0	0	0	544,125	0	544,125
Reversal of impairment losses, depreciation and amortisation	2,816	0	1,700	539,285	0	543,801
thereof extraordinary reversal of impairment losses, depreciation and amortisation	2,816	0	1,700	1,413	0	5,929

Segment reporting for the financial year 2019

T€	North + West	South + East	International + Special Divisions	Other	Reconciliation to IFRS financial statements	Group
Output volume	**8,106,935**	**4,915,786**	**3,450,573**	**144,678**		**16,617,972**
Revenue	**7,555,751**	**4,879,498**	**3,216,674**	**16,651**	**0**	**15,668,574**
Inter-segment revenue	158,387	94,484	309,404	912,966		
EBIT	**310,205**	**121,967**	**183,968**	**869**	**-14,428**	**602,581**
thereof share of profit or loss of equity-accounted investments	18,588	7,559	-47,719	93	0	-21,479
Interest and similar income	0	0	0	30,973	0	30,973
Interest expense and similar charges	0	0	0	-56,315	0	-56,315
EBT	**310,205**	**121,967**	**183,968**	**-24,473**	**-14,428**	**577,239**
Investments in property, plant and equipment, and in intangible assets	0	0	0	689,244	0	689,244
Reversal of impairment losses, depreciation and amortisation	0	0	2,024	508,690	0	510,714
thereof extraordinary reversal of impairment losses, depreciation and amortisation	0	0	2,024	18,133	0	20,157

Reconciliation of the sum of the segment earnings to EBT according to IFRS financial statements

Income and expense in the internal reporting are essentially shown in accordance with IFRS. An exception is income taxes, including those applicable to deferred tax, which are not considered in the internal reporting.

The basis for the internal reporting is formed by all subsidiaries. In the IFRS financial statements, earnings from companies which were not fully consolidated or reported using the equity method are recognised in conformity with dividends, transfer of earnings and/or depreciation and amortisation. For this reason, the internal reporting does not conform with EBIT and EBT in the consolidated financial statements in terms of the investment result.

Other minor differences result from entries in other consolidations.

Reconciliation of the internal reporting to IFRS financial statements is allocated as follows:

T€	2020	2019
Net income from investments	-5,497	-12,934
Other consolidations	-1,569	-1,494
Total	**-7,066**	**-14,428**

Breakdown of revenue by geographic region

T€	2020	2019
Germany	6,974,533	7,517,553
Austria	2,198,663	2,800,751
Rest of Europe	4,889,929	4,587,779
Rest of world	686,619	762,491
Revenue	**14,749,744**	**15,668,574**

Other notes

(36) 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 MKAO "RASPERIA TRADING LIMITED", controlled by Russian businessman Oleg Deripaska. 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. The receivables to the Raiffeisen Group relating from current accounts and investments amounted to T€ 714,568 (2019: T€ 322,941), the payables on 31 December 2020 to the Raiffeisen Group relating to financing and current accounts amounted to T€ 32,673 (2019: T€ 32,980). The interest income in the 2020 financial year amounted to T€ 1,986 (2019: T€ 1,179), the interest expense amounted to T€ 2,123 (2019: T€ 3,911).

Premiums for insurance contracts with the UNIQA Group were recognised as an expense in the amount of T€ 927 (2019: T€ 774).

Haselsteiner Group

The Haselsteiner Group holds 5.1 % of Strabag Real Estate GmbH, Cologne, a 5.1 % share in five real estate companies of the Züblin subgroup and 5.1 % of Züblin Projektentwicklung GmbH. The income from real estate companies attributable to the Haselsteiner Group is included in net interest income at T€ -363 (2019: T€ -93). The earnings attributable to the Haselsteiner Group for the 100 % subsidiary partnerships of STRABAG Real Estate GmbH, Cologne, are included in the net interest income in the amount of T€ 364 (2019: T€ -301). For the remaining companies, the amount recognised in income attributable to non-controlling interests in 2020 amounts to T€ 1,589 (2019: T€ 1,518). In the 2020 financial year, the dividends from the above-mentioned companies amounted to T€ 7,776 (2019: T€ 110).

The business relations between STRABAG SE and the companies of the Haselsteiner Group during the financial year are presented below.

T€	2020	2019
Work and services performed	10,063	35,954
Work and services received	6,018	5,711
Receivables as at 31.12.	12,539	19,953
Liabilities as at 31.12.	899	1,209

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 controlled by Russian businessman Oleg Deripaska.

In the 2020 financial year, as in the previous year, there were no business relations with the companies of the Basic Element Group.

The US Department of the Treasury's Office of Foreign Assets Control (OFAC) on 6 April 2018 designated various persons, including Oleg Deripaska, as so-called Specially Designated Nationals (SDN) and imposed economic sanctions on them. This also applies to companies that are more than 50 % owned by these persons, meaning that MKAO "RASPERIA TRADING LIMITED" (Rasperia), a direct shareholder of Strabag SE, must also be designated as a SDN.

On 14 September 2020 Rasperia informed STRABAG SE that Mr. Deripaska´s share in Rasperia is less than 50% and no other SDN has a share of 50% or more in Rasperia. Therefore the requirement for Rasperia to be considered as so-called blocked entity under the US sanctions regime was not met anymore.

STRABAG SE therefore paid to Rasperia the dividends withheld up to that date, less capital gains tax for the 2017 and 2018 financial years, for a total of T€ 53,722, which at 31 December 2019 had been recognised as current financial liabilities, against transfer of the "value rights" (Wertrechte).

As of 31 December 2020, no receivables or liabilities existed vis-à-vis the Basic Element Group.

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 headquarters in Vienna and office buildings in Graz are held in the real estate portfolio of subsidiaries of IDAG Immobilienbeteiligung u. -Development GmbH. The buildings are let to the STRABAG Group at the usual market conditions. Rental costs arising from both buildings in the 2020 financial year amounted to T€ 8,467 (2019: T€ 8,451). Under IFRS 16, these leases are recognised as right-of-use assets and lease liabilities. The consolidated financial statements as of 31 December 2020 show right-of-use assets of T€ 66,647 (2019: T€ 73,049) and lease liabilities of T€ 38,721 (2019: T€ 44,816). The lease liabilities are presented less the rental deposits of T€ 29,199 (2019: T€ 28,929). Other services in the amount of T€ 69 (2019: T€ 88) were obtained from the IDAG Group.

Furthermore, revenues of T€ 1,426 (2019: T€ 1,116) were made with IDAG Immobilienbeteiligung u. -Development GmbH in the 2020 financial year.

Investments in equity-accounted investments

Lafarge Cement CE Holding GmbH bundles the cement activities of Lafarge, a market leader in construction materials manufacturing, and STRABAG in the countries of Central Europe. The joint activities aim at maintaining a commensurate cement supply in the group's core countries. In 2020, STRABAG procured cement services worth T€ 29,424 (2019: T€ 23,137) from Lafarge. At the balance sheet date, there were liabilities to Lafarge Cement CE Holding GmbH Group in the amount of T€ 887 (2019: T€ 698).

The **business transactions with the other equity-accounted investments** can be presented as follows:

T€	2020	2019
Work and services performed	116,131	231,641
Work and services received	61,817	68,670
Receivables as at 31.12.	31,287	45,202
Liabilities as at 31.12.	16,047	17,249
Financing receivables as at 31.12.	75,452	78,365

For information about consortia we refer to item (16) Equity-Accounted investments.

Concerning 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 in the year under report, services worth T€ 992 (2019: T€ 386) were provided and services worth T€ 47 (2019: T€ 56) were procured. At the balance sheet dates, there were receivables in the amount of T€ 851 (2019: T€ 3) and liabilities in the amount of T€ 0 (2019: T€ 0) out of these business relations.

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€ 17,883 (2019: T€ 20,378) in the year under report. Of this amount, T€ 17,703 (2019: T€ 20,185) is attributable to the current remuneration and T€ 180 (2019: T€ 193) to severance and pension payments.

(37) NOTES ON THE MANAGEMENT AND SUPERVISORY BOARDS

Management Board

Dr. Thomas B i r t e l (CEO)
Mag. Christian H a r d e r
Klemens H a s e l s t e i n e r (since 1 January 2020)
Dipl.-Ing. Dr. Peter K r a m m e r
Dipl.-Ing. Siegfried W a n k e r
Dipl.-Ing. (FH) Alfred W a t z l

Supervisory Board

Dr. Alfred G u s e n b a u e r (Chairman)
Mag. Erwin H a m e s e d e r (Vice Chairman)
Dr. Andreas B r a n d s t e t t e r
Thomas B u l l
Mag. Kerstin G e l b m a n n
Ksenia M e l n i k o v a (since 19 June 2020)
Dr. Oleg G. K o t k o v (until 19 June 2020)

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

The total salaries of the Management Board members in the financial year amount to T€ 9,817 (2019: T€ 8,269). The severance payments for Management Board members amount to T€ 85 (2019: T€ 118). In the financial year, one member of the Management Board received an annual pension benefit of T€ 76 (2019: T€ 0) from his former employment with a group company. No pension benefits are paid to other members of the Management Board.

The remunerations for the Supervisory Board members in 2020 amounted to T€ 162 (2019: T€ 162). Neither the Management Board members nor the Supervisory Board members of STRABAG SE received advances or loans.

(38) EXPENSES FOR THE AUDITOR

The expenses for the auditor, KPMG Austria GmbH, incurred in the financial year amount to T€ 1,451 (2019: T€ 1,358) of which T€ 1,324 (2019: T€ 1,280) were for the audit of the consolidated financial statements (including the audit of separate financial statements of group companies) and T€ 127 (2019: T€ 78) for other services.

(39) EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

(40) 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 2020 will take place on 27 April 2021.

Villach, 8 April 2021

The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Staff Divisions and
Central Divisions BMTI, CML as well as TPA

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

Klemens Haselsteiner
Responsibility Central Divisions STRABAG
Innovation & Digitalisation as well as Zentrale
Technik, Subdivision NN Russia

Dipl.-Ing. Dr. Peter Krammer
Responsibility Segment South + East
(except Subdivision NN Russia)

Dipl.-Ing. Siegfried Wanker
Responsibility Segment
International + Special Divisions

Dipl.-Ing. (FH) Alfred Watzl
Responsibility Segment North + West

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 individual 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, 8 April 2021

The Management Board

Dr. Thomas Birtel
CEO
Responsibility Central Staff Divisions and
Central Divisions BMTI, CML as well as TPA

Mag. Christian Harder
CFO
Responsibility Central Division BRVZ

Klemens Haselsteiner
Responsibility Central Divisions STRABAG
Innovation & Digitalisation as well as Zentrale
Technik, Subdivision NN Russia

Dipl.-Ing. Dr. Peter Krammer
Responsibility Segment South + East
(except Subdivision NN Russia)

Dipl.-Ing. Siegfried Wanker
Responsibility Segment
International + Special Divisions

Dipl.-Ing. (FH) Alfred Watzl
Responsibility Segment North + West

1 The individual financial statements are included in the yearly financial report.

AUDITOR'S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Audit Opinion

We have audited the consolidated financial statements of

STRABAG SE,

Villach, Austria,

and its subsidiaries ("the Group"), which comprise the consolidated Balance Sheet as at 31 December 2020, and the Consolidated Income Statement and Statement of total Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and consolidated cashflows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

Basis for our Opinion

We conducted our audit in accordance with the EU Regulation No 537/2014 ("AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

Measurement of construction contracts and revenue and earnings from construction contracts

Refer to notes section (16) and (21).

Risk for the Consolidated Financial Statements

Revenue recognized in the consolidated financial statements of STRABAG SE as at 31 December 2020 mainly consists of revenue from construction contracts, which is accounted for by reference to their stage of completion (over time recognition using an output-oriented method on the basis of the work already performed). Furthermore, the item share of profit or loss of equity-accounted investments includes significant amounts of profit or loss from projects managed in cooperation with partners in construction consortia, which are also measured over time based on an output method.

The stage of completion for construction contracts, whether executed alone or in cooperation with partners, is updated on an ongoing basis by means of periodic reporting. Besides the services already performed and the order backlog, in particular taking contract deviations and supplementary claims into account, periodic reporting also includes the costs incurred to date as well as remaining costs to be incurred. The data used in the measurement of construction contracts includes estimates regarding the progress and expected outcome of the projects. Profit or loss is recognized by reference to the stage of completion of a project (over time recognition using an output-oriented method on the basis of the work already performed).

Technically complex and demanding projects, in particular, involve the risk that estimated total cost deviate considerably from actual cost incurred. Additionally, there is also a risk that receivables from construction contracts and construction consortia are not recoverable.

Our Response

We have evaluated the measurement of construction contracts and revenue and earnings from construction contracts as follows:

- Our audit procedures included the assessment of controls in connection with the recognition and measurement of construction contracts as well as detailed tests of individual cases for significant large projects and random samples of other projects.

- In the course of testing internal controls in respect of the accounting for projects, we critically analyzed the relevant controls and performed an assessment of their operating effectiveness. These controls include, on the one hand, automated IT-supported controls for the purpose of determining the relevant amounts respective in the financial statements as well as system test routines for identifying abnormalities, and on the other hand manual controls in connection with order acceptance, ongoing project management as well as project monitoring and finalization of projects.

- The tests of individual cases primarily included the following audit procedures:

  - Systematic and detailed inquiries regarding selected significant construction contracts, in order to verify the correct accounting method, particularly in respect of project risks

  - Sample-based examination of contracts in respect of their components significant to the assessment

  - Discussions with the Management Board and the operating management regarding individually significant projects in order to assess the planning assumptions.

  - A critical analysis of the internal project reporting, in order to evaluate whether all known information was taken into account in the preparation of the financial statements

  - Sample-based evaluation of the recoverability of accounts receivable from construction contracts (contract assets) and construction consortia

  - Retrospective assessment of individually significant projects in connection with estimation uncertainties

- Furthermore, we analyzed whether the required disclosures in the notes to the consolidated financial statements include all necessary explanations in regards to revenue recognized from construction contracts and construction consortia and whether they appropriately describe the significant estimation uncertainties.

Recoverability of deferred tax assets

Refer to notes section (18).

Risk for the Financial Statements

Deferred tax assets represent a significant asset of STRABAG SE.

Before offsetting, deferred tax assets recognized in the consolidated financial statements of STRABAG SE as at 31 December 2020 amount to EUR 185,364 k (thereof EUR 109,932 k from tax loss carryforwards). Furthermore, deferred tax assets were not recognized for tax loss carryforwards amounting to EUR 1,561,402 k, since utilization of the tax losses is not sufficiently assured. Recognition of deferred tax assets is based mainly on the expected realization of future taxable profits as well as tax planning opportunities available to the entity.

Due to the significance of deferred tax assets recognized and those not recognized as well as existing uncertainties in respect of their recoverability, this represents a key audit matter.

Our response

We have evaluated the recoverability of deferred tax assets as follows:

- Our audit procedures included the assessment of controls in connection with the recognition and measurement of deferred tax assets and assumptions made by the Management Board and representatives of the operating divisions in respect of future taxable profit as well as tax planning opportunities.

- We compared the estimated future profits used as input data with the planning for the group of which the Supervisory Board has taken notice.

- Furthermore, we compared the assumed earnings trend of the group with its historic data, specifically taking into account its sensitivity with regard to performance and outcome. Tax planning opportunities were analyzed particularly in regard to their feasibility.

- Furthermore, we examined whether the Notes to the consolidated financial statements include all required disclosures in connection with deferred tax assets and whether all significant estimation uncertainties have been described adequately.

Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report. We expect the annual report to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

If, on the basis of our work on the other information obtained before the date of the auditor's report, we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.

- We obtain an understanding of internal control relevant to the audit 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.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.

- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.

- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

REPORT ON OTHER LEGAL REQUIREMENTS

Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports.

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Additional Information in accordance with Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on 19 June 2020 and were appointed by the supervisory board on 19 June 2020 to audit the financial statements of Company for the financial year ending on that date.

We have been auditors of the Company, without interruption, since the consolidated financial statements at 31 March 1999.

We declare that our opinion expressed in the "Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

ENGAGEMENT PARTNER

The engagement partner is Mr Mag. Ernst Pichler.

Linz, 8 April 2021

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:
Mag. Ernst Pichler
Wirtschaftsprüfer
(Austrian Chartered Accountant)

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

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

FINANCIAL CALENDAR

Annual Report 2020	**30 April 2021**
Disclosure	7:30 a.m.
Press conference	10:00 a.m.
Investor and analyst conference call	15:00 p.m.
Trading Statement January–March 2021	**27 May 2021**
Disclosure	7:30 a.m.
Notice of Annual General Meeting	21 May 2021
Shareholding confirmation record date	8 June 2021
Annual General Meeting 2021	**18 June 2021**
Start 10:00 a.m.	
at Tech Gate Vienna	
Ex-dividend date	25 June 2021
Record date	28 June 2021
Payment date for dividend	29 June 2021
Semi-Annual Report 2021	**31 August 2021**
Disclosure	7:30 a.m.
Investor and analyst conference call	10:00 a.m.
Trading Statement January–September 2021	**16 November 2021**
Disclosure	7:30 a.m.

All times are CET/CEST. Please find the roadshow schedule on the website www.strabag.com > Investor Relations > Company Calendar.

GLOSSARY

AktG	Austrian Stock Corporation Act (Aktiengesetz)
ATX	Austrian Traded Index; the index of leading shares of the Vienna Stock Exchange (Wiener Börse)
BCMS	Business Compliance Management System
BIM	Building Information Modelling
Book value per share	Book value of equity/number of outstanding shares
BREEAM	Building Research Establishment Environmental Assessment Methodology; a rating system for environmental and social-cultural aspects of sustainable building
BRVZ	Bau-Rechen- und Verwaltungszentrum = STRABAG entity providing intercompany services in IT and administration
CAD	Computer-aided design
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 debt
Carbon footprint	Measure of carbon emissions caused by an activity
Cash flow	Cash and cash equivalents being received and spent
CDO	Chief Digital Officer
CEE	Central and Eastern Europe
CEO	Chief Executive Officer
CEST	Central European Summer Time
CFO	Chief Financial Officer
CML	Contract Management & Legal Service
CO_2	Carbon dioxide (greenhouse gas)
Code of Conduct	Guidelines which reflect the company’s policy; compliance is mandatory for all employees, directors and officers
Compliance	Abidance with applicable laws and relevant regulations
Construction value chain	The individual steps and actions required to create a product or deliver a service in the construction industry
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
COSO	Committee of Sponsoring Organizations of the Treadway Commission
COVID-19	Corona Virus Disease 2019
CPS	Common project standards
DCF method	Discounted cash flow method
DGNB	German Society for Sustainable Construction (Deutsche Gesellschaft für Nachhaltiges Bauen e.V.)
Directors’ dealings	Transactions with company securities by company directors or officers
Dividend yield	Ratio of dividend to price per share at year’s end in %
Due diligence	investigation and analysis carried out with reasonable care
Earnings per share	Net income after minorities/weighted average number of shares
EBIT	Earnings before interest and taxes
EBIT margin	Ratio of EBIT to revenue in %
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EBITDA margin	Ratio of EBITDA to revenue in %
ECB	European Central Bank
EECFA	Eastern European Construction Forecasting Association
Equity method	Method of consolidation of shares in associated companies and joint ventures; mostly companies in which STRABAG holds a stake between 20 % and 50 %
Equity ratio	Ratio of book value of equity to balance sheet total
ERP systems	Enterprise Resource Planning
Four-eyes principle	Principle according to which an activity is carried out and monitored by different persons
FTE	Full-Time Equivalents
GDP	Gross Domestic Product
Gearing ratio	Net debt/total group equity
GRI	Global Reporting Initiative
HRD	Human Resource Development
HSE	Health/safety/environment
IASB	International Accounting Standards Board, issues the IFRS
ICS	Internal control system
IFRS	Financial reporting standards and interpretations adopted by the International Accounting Standards Board (IASB)

IQM	Integrated Quality Management
ISIN	International Securities Identification Number
ISO	International Organization for Standardization
ISO 14001	International standard designed to help organisations establish environmental management systems
ISO 50001	International standard designed to help organisations establish energy management systems
LEED	Leadership in Energy and Environmental Design
NaDiVeg	Sustainability and Diversity Improvement Act (Nachhaltigkeits- und Diversitätsverbesserungsgesetz)
Net debt	Financial liabilities - non-recourse debt + severance and pension provisions - cash and cash equivalents; called net cash in case of negative result
ÖCGK	Austrian Corporate Governance Code (Österreichischer Corporate Governance Kodex)
ÖGNI	Austrian Sustainable Building Council (Österreichische Gesellschaft für Nachhaltige Immobilienwirtschaft)
Order backlog	Future revenues from contracts signed to a specific date less work already accomplished
p. a.	per annum/per year
P/E ratio	Price-earnings ratio
Payout ratio	Dividends/earnings per share in %
PPP	Public-Private Partnership; project which is funded and operated through a partnership of private investors and public-sector institutions
Risk management	An approach to recognise potential risks to the company and develop strategies to manage these risks
RMS	Risk Management System
ROCE	Return on Capital Employed; (Net income + interest on debt - interest tax shield (25 %))/(average group equity + interest-bearing debt)
SCC	Safety Certificate Contractors
SE	Societas Europaea = a public company in the European Union and the European Economic Area registered in accordance with EU corporate law
SID	STRABAG Innovation & Digitalisation
SPS	Strategic Procurement Solution
Sureties	Bank guarantees or surety bonds
Task force	A unit temporarily established to work on a single defined activity
TPA	STRABAG entity for quality assurance and innovation
UGB	Austrian Commercial Code (Unternehmensgesetzbuch)
UN	United Nations
WBI	Vienna Stock Exchange Share Index, made up of all companies listed on the Vienna Stock Exchange (Wiener Börse Index)
WHM	Workplace Health Management
WHO	World Health Organization

COMPANY INFORMATION

Owner, editor and publisher

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The Annual Report was prepared with the highest possible attention to detail. All information was verified. In case of discrepancy the German version prevails. The possibility of rounding errors, printing errors or misprints, however, cannot be completely excluded. The Annual Report contains information and forecasts related to the future development of STRABAG SE. These forecasts represent estimates made on the basis of all available information at the time of publication. Should the assumptions underlying the forecasts fail to appear, the actual results could deviate from the expectations.

Many of the projects contained in this Annual Report were carried out in joint ventures. We hereby extend a warm “thank you” to all our partners.

Copy editing: be.public Corporate & Financial Communications GmbH

Editing of the country report: Michaela Stefan-Friedl

This Annual Report is also available in German.