

Report of the Management Board
of
STRABAG SE
Villach, FN 88983 h,
on the
Authorisation of the management board, with approval of the supervisory board
to issue new shares to the exclusion of the subscription rights
(Agenda Item 6 – Authorised Capital 2014)

The members of the management board submit, as set out in Sec 170 Para 2 AktG in connection with Sec 153 Para 4 2nd sentence AktG, to the 10th Annual General Meeting of STRABAG SE on 27 June 2014 the following report of the management board of STRABAG SE, Villach.

1. STRABAG SE, based in Villach at the business address Triglavstraße 9, 9500 Villach and registered in the commercial register at the District Court in Klagenfurt under FN 88983 h, currently has 113,999,997 no-par bearer shares and three no-par registered shares. The share capital of the company currently amounts to € 114,000,000.00.
2. The management board of the company intends to propose, for approval by the 10th Annual General Meeting on 27 June 2014, the following resolution on Agenda Item 6:
 - a) the authorisation of the management board, with the approval of the supervisory board, to increase the share capital as set out in Sec 169 AktG by up to a further € 57,000,000 until 27 June 2019 by issuing up to 57,000,000 new bearer shares of stock for cash payment and/or contribution in kind – in several tranches if necessary – and, by agreement with the supervisory board, to determine the issue price, the terms of issue and the further details of the implementation of the capital increase,
 - b) the authorisation of the management board, if need be, to offer the new shares to the shareholders for subscription by way of an indirect subscription right as set out in Sec 153 Abs 6 AktG,
 - c) the authorisation of the management board, with the approval of the supervisory board, to exclude the shareholders' subscription rights if
 - (i) the capital increase is made for contribution in kind, i.e. shares are issued for the purpose of the acquisition of companies, operations, partial operations or interests in one or more companies nationally or internationally, or

- (ii) to exclude the subscription rights of shareholders for fractional amounts, or
 - (iii) to service a greenshoe option granted to one of the issuing banks.
- [Authorised Capital 2014]

and

resolution concerning the corresponding changes to the Articles of Association in Sec 4 Para 1.

3. With regard to the possibility of excluding the subscription rights during utilisation of the authorised capital, the management board must, as set out in Sec 170 Para 2 AktG in connection with Sec 153 Para 4 2nd sentence AktG, present to the Annual General Meeting a written report stating the reason for the exclusion of the subscription rights.
4. The management board of the company may issue shares from the authorised capital only with the approval of the supervisory board, whether or not the new shares are issued against cash payment or against contribution in kind and whether or not the issue is made to the exclusion of the subscription rights. The issue price, the terms of issue and the further details of the implementation of the capital increase may be determined by the management board only by agreement with the supervisory board.
5. The authorised capital of up to € 57,000,000.00 can be utilised once or several times until the proposed deadline of 27 June 2019. In total, a maximum of 57,000,000 new no-par shares can be issued from the authorised capital. In its scope, this is a renewal of the existing authorised capital as per resolution by the Annual General Meeting of 19 June 2009. This authorised capital was not yet fully utilised.
6. New shares can be issued from the authorised capital to the exclusion of the subscription rights if the disposal of the shares is made in exchange for the acquisition of companies, operations, partial operations or interests in one or more companies nationally or internationally.

The acquisition of companies, operations or partial operations may have the legal structure of a purchase of certain assets (and liabilities) of a company, operation or partial operation (asset deal) or it may take the form of an acquisition of interest in a company (share deal). Both forms of acquisition of a company or (partial) operation, namely, asset deal and share deal, will hereinafter be referred to as enterprise acquisition.

During an enterprise acquisition, payment can take the form not only of cash but also of shares in the acquiring company. This may be in the interest of both STRABAG SE as buyer and in the interest of the seller. Enterprise acquisitions in which the seller transfers the company (or interest in the company) to STRABAG SE as contribution in kind against the granting of new shares – in this case from the authorised capital – result in an increase of the share capital and thereby of the equity of STRABAG SE. While an enterprise acquisition through payment of a cash amount may result in a high liquidity outflow from the

company, enterprise acquisition by means of contribution in kind do not involve any liquidity outflows from the acquiring company (STRABAG SE); on the contrary, there is an increase in equity. There may also be cases in which, for strategic reasons, it becomes necessary and appropriate for the seller of the enterprise to acquire a small share in STRABAG SE or for the seller to demand an interest in the company as payment.

An enterprise acquisition in which the enterprise or shares in the enterprise are transferred to the company in exchange for contribution in kind to the exclusion of the subscription rights of the remaining shareholders is generally accepted as objective justification for the exclusion of the subscription rights. With regard to possible future projects of STRABAG SE, there exists an interest on the part of STRABAG SE to create the conditions for enterprise acquisitions through contribution in kind while excluding subscription rights and protecting the company's liquidity. The authorised capital allows the company to act with the necessary speed and flexibility in such transactions.

The exclusion of the subscription rights is necessary because it is the only way the company can guarantee the acquisition of an enterprise in exchange for contribution in kind without liquidity outflows and because the seller is often only prepared to transfer the company or shares thereof in exchange for an investment in the company that is of equivalent value. From STRABAG SE's point of view, it may, for strategic or organisational reasons, be necessary to include the seller in the group as shareholder. With enterprise acquisitions in exchange for contribution in kind, the seller, in the capacity of in-kind contributor, can only achieve the desired level of investment if the seller alone receives the new shares; a seller wants to achieve a (percentage) investment in STRABAG SE which corresponds to the proportional value of the seller's company in relation to the enterprise value of STRABAG SE and which gives the seller adequate voting rights (and rights of participation) in the company.

In the end, the exclusion of subscription rights is proportionate because there exists a regular special interest on the part of STRABAG SE to acquire the enterprise or shares of the enterprise in question. The interests of the existing shareholders are secured by the fact that enterprise acquisitions involve a proportionate granting of shares – as a rule, after conclusion of a business valuation. During enterprise acquisitions against contribution in kind through the issue of new shares from the authorised capital, the value of the enterprise to be transferred or of the shares of this enterprise is compared to the value of STRABAG SE; the in-kind contributor receives new shares in STRABAG SE. The existing shareholders participate in the profits of the acquired enterprise, which, as a rule, should increase as a result of synergies with STRABAG SE.

With regard to the duration of five years of the authorised capital, it is not possible at this time to provide any information as to the issue price of young shares to the seller of a company, as this depends both on the development of STRABAG SE and on the development of the STRABAG SE share price. In the cases described

here, the granting of authorisation does not necessitate information about the issue price. The existing shareholders will be informed of the issue price in that, during the issue of new shares from the authorised capital to the exclusion of the subscription rights, the management board must, at the latest two weeks prior to the resolution of the supervisory board with which the supervisory board decides on the approval of the issue of shares from the authorised capital, in analogous application of Sec 153 Para 4 2nd sentence AktG, publish another report in which, among other things, it justifies the issue price of the new shares (Sec 171 Para 1 AktG).

7. The purpose of the authorisation to exclude the subscription rights for fractional amounts is to be able to represent a practicable subscription ratio with regard to the amount of the corresponding capital increase. The new shares excluded from the subscription rights of the shareholders as free fractions are used in the best possible way for the company either through a sale on an exchange or in another way.
8. In connection with the implementation of a capital increase from authorised capital, it may become necessary to grant greenshoe options to the issuing banks. Servicing these greenshoe options may require the exclusion of subscription rights.
9. In summary, the management board of STRABAG SE concludes that an authorisation for the management board of the company, with the approval of the supervisory board and possible exclusion of subscription rights, to increase the share capital of the company by issuing new shares from the authorised capital fully complies with the legal requirements.

Villach, 9 April 2014

The Management Board